

# SUSTAINABILITY REPORT 2021

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GOLDEN AGRI-RESOURCES LTD

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The cover photo entitled "This tough lady's name is Khotima" was taken by Uti Heriansyah. We are committed to offering women equal opportunities in our operations.

## Our ESG Focus Areas





# ABOUT THIS REPORT

This Sustainability Report provides an account of our progress and challenges in managing our most critical sustainability topics in FY2021.

Unless otherwise stated, this report does not include the Company's activities outside of Indonesia, where the majority of our operations are based. We have prepared this report in accordance with Global Reporting Initiative (GRI) Standards – Core option. We have used the GRI reporting framework since we began reporting on our ESG performance in 2011 and continue to use it as it is the most widely-used reporting framework globally. The full GRI content index can be found on the [GAR website](#).

Our report also contains disclosures recommended in the Agricultural Products Sustainability Accounting Standard (Industry Standard, Version 2018-10) that was developed by the Sustainability Accounting Standards Board (SASB). The SASB disclosure index can be found on [our website](#).

## ASSURANCE

We have not sought third party assurance for this year's sustainability report. However, the information related to our material topics including High Carbon Stock (HCS), High Conservation Value (HCV) and Free, Prior and Informed Consent (FPIC) is reviewed by certification bodies such as the Roundtable on Sustainable Palm Oil (RSPO). This provides verification and credibility to the information and data submitted in this report. Control Union has also verified our No Deforestation, No Expansion on Peat and No Exploitation (NDPE) Implementation Reporting Framework (IRF) data. We are planning to seek assurance for selected indicators in the next sustainability report.

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



by Bobi Riharno



# CHAIRMAN'S STATEMENT

## DEAR STAKEHOLDERS,

We are delighted to mark the financial year 2021 (FY2021) as a record year for Golden Agri-Resources Ltd (GAR). Going through a difficult COVID-19 year in 2020 taught us to anticipate the unexpected and become more adaptable and resilient. Powered by our robust integrated business model, we have focused on harnessing technology to serve the change in consumers' preference towards healthier and more sustainable products. This has provided a strong foundation for us to fully benefit from the increase in crude palm oil (CPO) prices, performing better and emerging stronger amidst the ongoing pandemic.

Palm oil continues to play a critical role in meeting growing demand amid extreme tightness in global vegetable oil supply and easing pandemic restrictions in major consuming countries. In FY2021, CPO FOB market prices remained strong throughout the year, around 69 percent higher than the previous year's average. At the beginning of 2022, international CPO prices have achieved multiple record highs in line with other commodities as global economies continue to recover.

## STRENGTHENING OUR ESG EFFORTS

As we continued to work on responsible palm production in 2021, we also identified ESG



**Implementation of the GAR Social and Environmental Policy remained on track. Using lessons learnt during the pandemic, we continued to leverage technology and pushed ahead on critical initiatives such as achieving full traceability for our palm supply chain.**





matters needing more attention, including our response to climate change and addressing GHG emissions. This year, we are reporting Scope 1 and Scope 2 emissions for all of GAR's operations for the first time. We are also working on reporting Scope 3 emissions and are developing a strategy for GHG emissions reduction.

Implementation of the **GAR Social and Environmental Policy or the GSEP** remained on track. Using lessons learnt during the pandemic, we continued to leverage technology and pushed ahead on critical initiatives such as achieving full traceability for our palm supply chain.

As of the end of 2021, we had achieved 95 percent TTP for our entire palm supply chain. Our supply chain is not static and there is always some turnover every year. New suppliers joining our supply chain require time to build capacity to implement TTP. We are engaging actively with these and the very few suppliers who have yet to complete their TTP, and have devised action plans to support them.

We continued to register thousands of smallholders under our Ksatria Sawit programme, which aims to accelerate TTP. As of the end of 2021, about 118,000 farmers were registered under the programme.

We are now focusing our resources on the next phase of supply chain transformation to deepen our engagement and design more targeted programmes to support our suppliers in their sustainability journey.

On the environmental front, we maintained our strict adherence to our Zero Burning Policy, and as a result, 99.97 percent of our area was not affected by fire. We also continued our collaborative efforts with villages on fire prevention, and to date, 90 villages are participating in the Desa Makmur Peduli Api programme.

Employee and community well-being remained a priority with the pandemic in its second year. We helped more than 140,000 people, including our employees, get vaccinated and supplied over 60 tonnes of liquid oxygen and 12 oxygen concentrators to local communities and hospitals in Indonesia. Aside from this we continued to provide PPE such as masks as well as health packages to thousands of medical frontliners.

Our continuing work in each of these areas supports the **UN Sustainable Development Goals**, particularly goals related to Responsible Consumption and Production (SDG12), Protection of Life on Land (SDG15) and Partnerships for the Goals (SDG17).

In November 2021, Ms Anita Neville was appointed Chief Sustainability and Communications Officer (CSCO) for GAR. As CSCO, Ms Neville is responsible for the company's overall sustainability and communications strategy. Former Managing Director of Sustainability and Strategic Stakeholder Engagement, Agus Purnomo, has moved into a senior advisory role.

We are prioritising a stronger response to climate change and stepping up efforts to reduce GHG emissions. We are also preparing to implement the Task Force on Climate-related Financial Disclosure (TCFD) recommendations. In addition, in line with our commitment to continuous improvement, the company will identify ESG related areas to intensify our efforts.

### EMBRACING THE FUTURE

While implementing automation and mechanisation in our integrated operations, we develop in-house technology to transform the way we operate. We are developing a digitally enabled agribusiness based on the concept of Industry 4.0. This new phase in industrial development focuses on interconnectivity, automation, artificial intelligence, and real-time data. We believe that it is imperative to embrace technological advancement to systematically build advantages into our business operations, to sustain our superior productivity and cost competitiveness as well as to help us implement responsible production practices.

Looking forward, growing affluence and evolving technology are changing our customers, further creating exciting opportunities for our product offering. We envisage next-generation value-seeking consumers to expand their demands from affordability and taste to products that are healthier, responsibly sourced and customised to their preferences. As our research and technology investments focus on these important game changers, we can differentiate ourselves and boost the value creation of our business.

The firm set of results achieved in FY2021 demonstrates our business's resilience and competitive strengths. It is also the result of the hard work of our employees. The Board appreciates the ingenuity and perseverance of all employees who have professionally endeavoured to achieve the Company's vision.

**FRANKY OESMAN WIDJAJA**  
Chairman and Chief Executive Officer  
30 June 2022



# ESG PERFORMANCE UPDATE

KEY MATERIAL TOPICS	PROGRESS	FUTURE TARGETS	STATUS
 <p><b>CONSERVATION OF HIGH CARBON STOCK (HCS) FORESTS AND PEATLANDS; CONSERVATION OF BIODIVERSITY AND HIGH CONSERVATION VALUE (HCV) AREAS; PREVENTING FIRE AND HAZE</b></p> <p>Contributing to UN SDG:</p>  	<ul style="list-style-type: none"> <li>• Conservation planning with communities temporarily on hold due to ongoing pandemic</li> <li>• To date, engaged with 22 villages, covering over 237,000 hectares</li> <li>• Reached agreement to conserve 43,000 hectares of forests</li> <li>• Submitted HCS assessments for six companies for review by High Carbon Stock Approach (HCSA) in 2021</li> </ul>	<ul style="list-style-type: none"> <li>• Continue rollout of conservation planning with communities, subject to ongoing pandemic situation</li> <li>• Target another six companies' HCS assessments to be reviewed by HCSA</li> </ul>	ON TRACK
	<ul style="list-style-type: none"> <li>• Physical rehabilitation of 2,600 hectares Peat Ecosystem at PT Agrolestari Mandiri (PT AMNL), West Kalimantan: over 1,100 hectares revegetated to date; long-term water management plan implemented</li> <li>• Carried out conservation of peat ecosystems according to Government of Indonesia regulations in 14 companies</li> </ul>	<ul style="list-style-type: none"> <li>• Continue with the physical rehabilitation of PT AMNL peat ecosystem and revegetation of the surrounding area – final target: 2,000 ha to be rehabilitated; 600 ha for community projects</li> <li>• Continue peat conservation/restoration in line with government regulations</li> </ul>	ON TRACK
	<ul style="list-style-type: none"> <li>• Conservation work carried out on 400 hectares of mangrove swamps in South Kalimantan</li> <li>• 100 hectares of riparian buffer zones in Papua and Kalimantan revegetated; to date 2,800 hectares of riparian zones revegetated</li> </ul>	<ul style="list-style-type: none"> <li>• Continue work on mangrove swamps and on protecting key species there such as Proboscis monkeys</li> <li>• Continue to maintain riparian buffer zones</li> </ul>	ON TRACK
	<ul style="list-style-type: none"> <li>• 99.97% of GAR area NOT affected by fire in 2021</li> <li>• To date, 90 villages under long-term fire prevention programme, Desa Makmur Peduli Api (DMPA)</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to strengthen fire mitigation efforts</li> <li>• Continue to work with communities on long-term fire prevention through DMPA</li> </ul>	ON TRACK
	<ul style="list-style-type: none"> <li>• Release of orangutans under programme with Orangutan Foundation International (OFI) temporarily on hold due to ongoing pandemic</li> <li>• 127 orangutans released since 2011</li> </ul>	<ul style="list-style-type: none"> <li>• Release 160 orangutans by 2022/2023 (timetable is being impacted by ongoing pandemic)</li> </ul>	RESCHEDULED



# ESG PERFORMANCE UPDATE

KEY MATERIAL TOPICS	PROGRESS	FUTURE TARGETS	STATUS
 <p><b>RIGHTS OF COMMUNITIES AND INDIGENOUS PEOPLES</b></p>	<ul style="list-style-type: none"> <li>Participatory Mapping (PM) which aims to respect and safeguard community FPIC rights rolled out in 171 villages</li> </ul>	<ul style="list-style-type: none"> <li>PM programme has been concluded successfully. In the future, PM will only be carried out in new developments/acquisitions</li> </ul>	<b>COMPLETED</b>
	<ul style="list-style-type: none"> <li>No incidents of FPIC violations or violations of rights of indigenous peoples in 2021</li> </ul>	<ul style="list-style-type: none"> <li>Continue to implement FPIC and safeguard community and indigenous peoples' rights</li> </ul>	<b>ON TRACK</b>
 <p><b>LABOUR RELATIONS AND HUMAN RIGHTS; OCCUPATIONAL HEALTH AND SAFETY AND EMPLOYEE WELL-BEING</b></p>	<ul style="list-style-type: none"> <li>No incidents of discrimination or abuse reported in 2021</li> <li>59,000 employees (66 percent) represented by 123 unions</li> </ul>	<ul style="list-style-type: none"> <li>Continue to maintain peaceful and productive industrial relations through open dialogue, fair labour practices, and respectful communication in the workplace</li> </ul>	<b>ON TRACK</b>
	<ul style="list-style-type: none"> <li>Number of fatalities decreased year-on-year</li> </ul>	<ul style="list-style-type: none"> <li>Continue to instil awareness of OHS and safe practices in all operations and amongst contractors</li> <li>Aim for zero fatalities and declining trend in workplace accidents</li> </ul>	<b>ON TRACK</b>
 <p><b>TRACEABILITY AND SUPPLY CHAIN TRANSFORMATION; SUPPLIER INCLUSIVENESS AND SMALLHOLDER LIVELIHOODS</b></p> <p>Contributing to UN SDG:</p>   	<ul style="list-style-type: none"> <li>95% of palm supply chain fully traceable</li> <li>Around 118,000 smallholders registered under the Ksatria Sawit TTP programme</li> </ul>	<ul style="list-style-type: none"> <li>Support new and existing suppliers to complete their TTP</li> <li>Focus on Phase 2 of supply chain transformation: more targeted interventions for suppliers to ensure compliance with NDPE principles</li> </ul>	<b>ON TRACK</b>
	<ul style="list-style-type: none"> <li>28 online workshops and webinars for suppliers</li> <li>All suppliers assessed annually for GSEP compliance</li> <li>Support for 100% of plasma smallholders</li> <li>Supported Independent Farmers Replanting scheme and other programmes for independent smallholders</li> </ul>	<ul style="list-style-type: none"> <li>Continue with capacity building events to assist and support suppliers to improve practices</li> <li>Continue to promote smallholder support schemes</li> </ul>	<b>ON TRACK</b>



# ESG PERFORMANCE UPDATE

KEY MATERIAL TOPICS	PROGRESS	FUTURE TARGETS	STATUS
 <p><b>CORPORATE GOVERNANCE, ETHICS AND INTEGRITY</b></p>	<ul style="list-style-type: none"> <li>No significant cases of bribery or corruption in 2021</li> <li>Annual mandatory online refresher courses and e-testing on the Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>Maintain zero tolerance for bribery and corruption</li> <li>Continue to ensure employees understand the standards of ethical behaviour required</li> </ul>	<b>ON TRACK</b>
 <p><b>YIELD IMPROVEMENT</b></p> <p>Contributing to UN SDG:</p> 	<ul style="list-style-type: none"> <li>Produced about 1.1 million clones of Eka 1 and Eka 2 (clonal planting materials) to date, capable of producing more than 10 tonnes/ha/year of CPO</li> </ul>	<ul style="list-style-type: none"> <li>Continue cloning programme for replanting</li> <li>Continue R&amp;D into other aspects of yield improvement including climate change resilience/adaptation</li> </ul>	<b>ON TRACK</b>
 <p><b>PRODUCT QUALITY AND SAFETY</b></p>	<ul style="list-style-type: none"> <li>All specialty fat, branded margarines and shortening are trans-fat free</li> <li>R&amp;D into material development for pouches for cooking oil for better recyclability</li> </ul>	<ul style="list-style-type: none"> <li>Continue R&amp;D to improve recyclability of packaging materials</li> </ul>	<b>COMPLETED</b>



# ESG PERFORMANCE UPDATE

KEY MATERIAL TOPICS	PROGRESS	FUTURE TARGETS	STATUS
 COMMUNITY RELATIONS AND EMPOWERMENT	<ul style="list-style-type: none"><li>Maintained social and community programmes for all our estates</li><li>60 Community Economic Empowerment projects</li></ul>	<ul style="list-style-type: none"><li>Continue to empower communities and multiply the positive impacts of our business through a range of education, healthcare, social and economic empowerment programmes</li></ul>	ON TRACK
 WOMEN, DIVERSITY AND INCLUSION	<ul style="list-style-type: none"><li>No incidents of discrimination or harassment</li><li>Maintained an average female to male salary ratio of 1.04</li><li>Appointed female non-executive independent director to GAR Board</li></ul>	<ul style="list-style-type: none"><li>Continue to ensure equal opportunities regardless of race, colour of skin, religion, gender, national origin or any other class</li></ul>	ON TRACK



# ESG PERFORMANCE UPDATE

KEY MATERIAL TOPICS	PROGRESS	FUTURE TARGETS	STATUS
 <p><b>OPERATIONAL FOOTPRINT: GREENHOUSE GAS (GHG) EMISSIONS; WATER; USE OF FERTILISERS, PESTICIDES AND CHEMICALS; WASTE</b></p> <p>Contributing to UN SDG:</p> 	<ul style="list-style-type: none"> <li>• Calculated Scope 1 and Scope 2 GHG emissions for whole of business</li> <li>• Continued with Intergated Pest Management to minimise herbicide and pesticide use</li> <li>• Reused or recycled all liquid and solid waste from CPO production process</li> </ul>	<ul style="list-style-type: none"> <li>• Work on reporting Scope 3 GHG emissions</li> <li>• Develop strategy for emissions reduction by end 2022</li> <li>• Explore the use of advanced technology (e.g. AI) to maximise the efficient use of water and fertiliser</li> <li>• Continue Integrated Pest Management to minimise herbicide and pesticide use</li> <li>• Maintain reuse of all solid and liquid waste generated from CPO production process</li> <li>• Explore further reduction/recycling of waste in downstream operations</li> </ul>	<p><b>NEEDS WORK</b></p> <p><b>ON TRACK</b></p> <p><b>ON TRACK</b></p>
 <p><b>CLIMATE CHANGE ADAPTATION</b></p>	<ul style="list-style-type: none"> <li>• Continued R&amp;D efforts to produce more drought and disease resistant seeds at SMARTRI</li> <li>• Continued R&amp;D on other adaptive agronomic practices</li> </ul>	<ul style="list-style-type: none"> <li>• Continue R&amp;D on adaptive planting materials and agronomic practices</li> </ul>	<p><b>ON TRACK</b></p>



# ABOUT GAR

*GAR and its subsidiaries form one of the leading integrated palm oil plantation companies in the world.*

GAR's integrated operations focus on the technology-driven production and distribution of an extensive portfolio of palm-based products. GAR encompasses an efficient end-to-end supply chain, from responsible production to global delivery. Its primary activities are located in Indonesia and include cultivating and harvesting oil palm trees; extracting crude palm oil (CPO) and palm kernel (PK) from fresh fruit bunches (FFB); and processing into a broad range of industrial and consumer products such as cooking oil, margarine, shortening, biodiesel and oleochemicals; as well as merchandising palm products throughout the world. For other GAR activities please refer to the [GAR Annual Report](#).

GAR has been listed on the Singapore Exchange since 1999. Per 10 March 2022, GAR's shares are 49.44 percent publicly owned and 50.56 percent owned by Flambo International Ltd, an investment company owned by The Widjaja Family Master Trust (2). A simplified corporate structure including principal operating subsidiaries can be found on our [website](#).

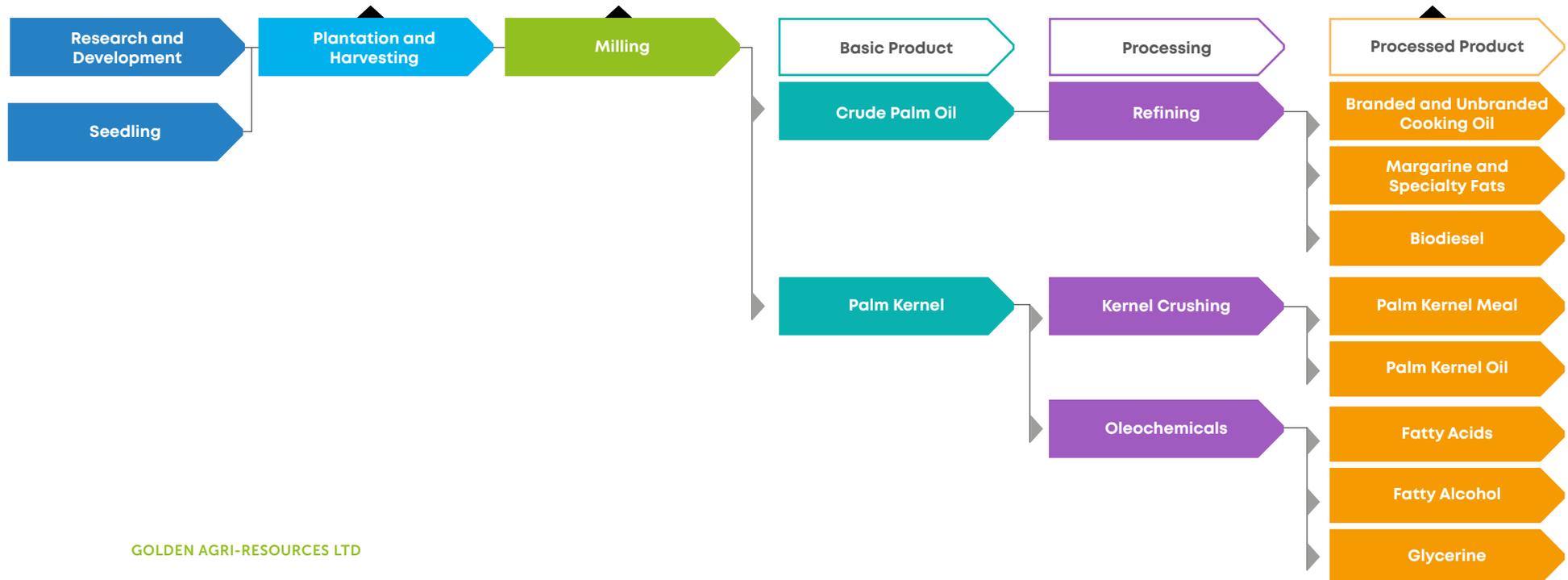
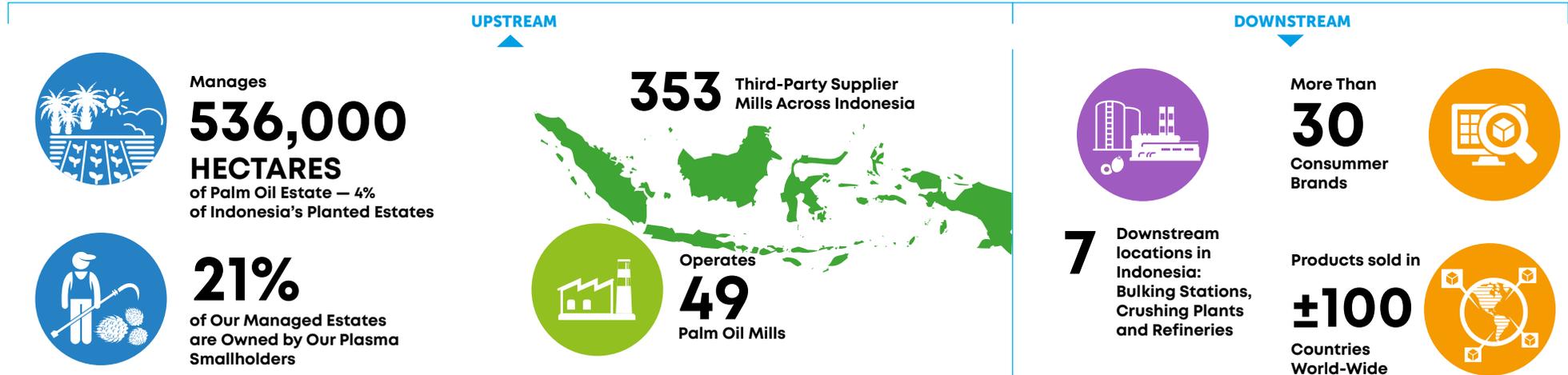


by Dwi Arianda Rahman



# ABOUT GAR

## Value Chain of Our Business in Indonesia





## ABOUT GAR

### OUR FINANCIAL PERFORMANCE



**US\$10.18**  
BILLION

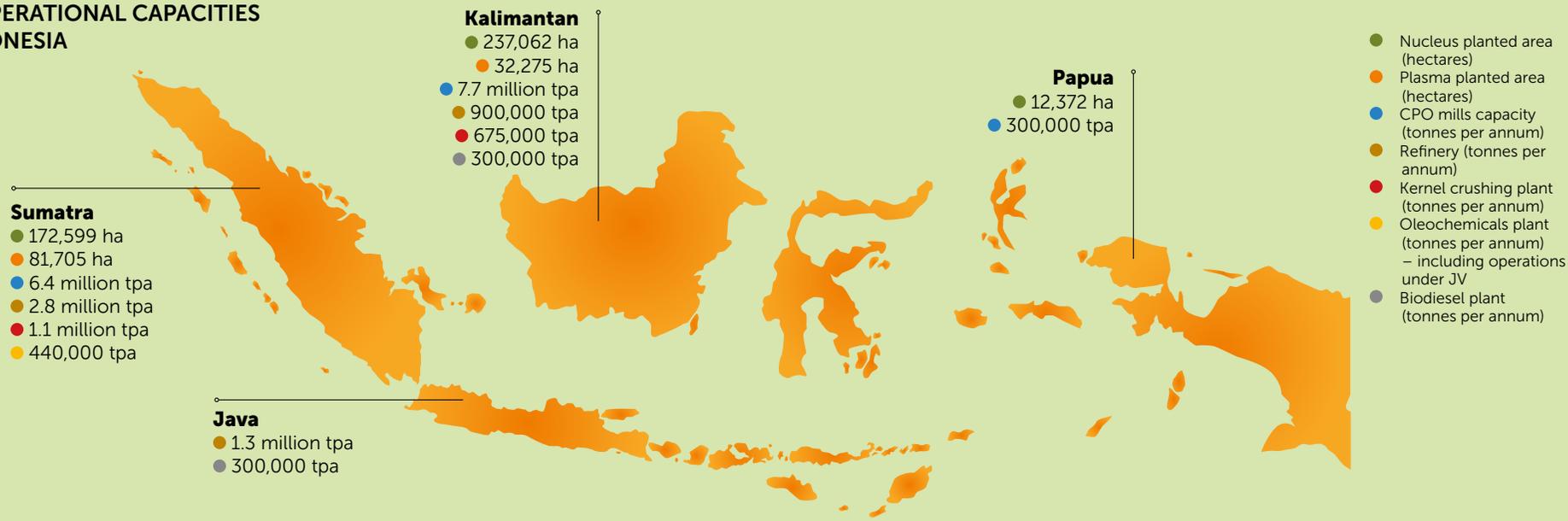


**US\$1.21**  
BILLION



**US\$603**  
MILLION

### OUR OPERATIONAL CAPACITIES IN INDONESIA



### OUR JOB CREATION IN INDONESIA



Created employment for over

**169,700**  
PEOPLE IN INDONESIA

**69,000**  
PERMANENT EMPLOYEES

**28,500**  
FIXED-TERM EMPLOYEES

**72,200**  
PLASMA SMALLHOLDERS

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





# ABOUT GAR

## PALM OIL AND SUSTAINABLE DEVELOPMENT

Palm oil plays a critical role in food security as the world continues to see rising population growth and a corresponding rise in demand for food and vegetable oil.

This tropical crop has the highest yield of any oil crop and makes more efficient use of land and requires less input such as pesticides and fertilisers in its production than any other vegetable oil. Extremely versatile, it can be processed to form a wide range of products with different melting points, consistencies and characteristics, serving a myriad of uses, from food to cosmetics to cleaning products.

Palm oil development has lifted millions of small farmers in countries like Malaysia and Indonesia out of absolute poverty. A farmer cultivating oil palm can earn at least seven times more than a farmer planting rice. Palm oil estates also bring critical infrastructure and facilities such as schools and clinics for rural, remote areas contributing to higher standards of living, well-being and paving the way for greater social mobility.

Over the years, the sector has attracted controversy and criticism. Many leading producers have responded constructively and taken steps to stop practices such as deforestation, biodiversity loss and exploitation. Pioneering measures have emerged from the sector including No-deforestation, No-peat and No-exploitation (NDPE) policies. The challenge will be to ensure that these practices become the norm throughout the entire sector.

As a long-time practitioner of responsible production, GAR recognises these challenges and opportunities, especially as we head toward the deadline of 2030 for achieving the UN Sustainable Development Goals. We continue to believe that when done right, palm oil can take the lead amongst agribusinesses, to contribute to a more sustainable future focused on conserving the environment, ending poverty, providing decent work and economic growth, reducing inequalities, and championing responsible production and consumption.

## *Palm Oil's Contribution to Indonesia's Economy*



**16**  
**MILLION**  
Jobs (direct/indirect)



**US\$28.5**  
**BILLION**  
palm oil exports from Indonesia in 2021<sup>3</sup>



**Palm Oil Farmer Earns at Least**

**7X**  
more than Subsistence Farmer<sup>4</sup>

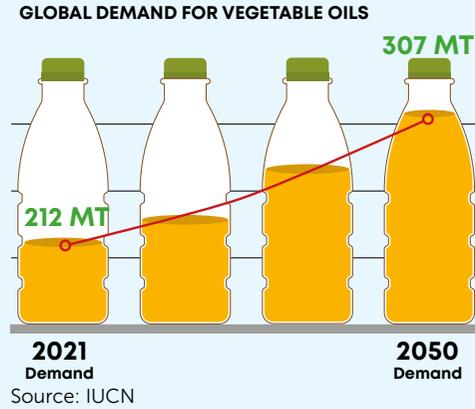
<sup>3</sup> Statista  
<sup>4</sup> SPOTT





## ABOUT GAR

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

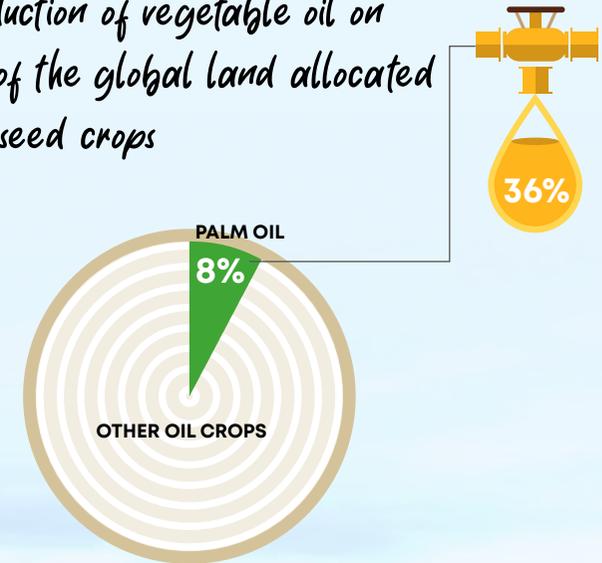


*Land required to produce 1 Tonne of major types of oil:*



Source: Oil World – data processed

*Oil palm produces 36% of world production of vegetable oil on 8% of the global land allocated to oilseed crops*



by Gheza Angger Wijaya



# OUR ESG APPROACH

## BOARD STATEMENT

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

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



by Klementino  
Armando Kosat





## OUR ESG APPROACH

We have long understood that our longevity as a business relies on adopting sustainable operational practices. We fully recognise the value of protecting the natural environment, which houses rich biodiversity and provides vital ecosystem services, essential to an agribusiness such as our own. At the same time, the palm oil industry supports economic growth and millions of livelihoods in Indonesia. We need to balance both realities.

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

The GSEP establishes firm commitments and targets to drive progress. In line with our commitment on continuous improvement, we will update our approach to keep up with emerging concerns, as well as global and local trends.

GAR provides ongoing training for employees on the GSEP. To date, over 76,000 employees have received sustainability-related training including training on the GSEP. We continuously share and require all of our suppliers to acknowledge our GSEP principles and commitments.



**I think GAR is among three or five companies which started the sustainability journey earlier than the rest of the industry. Being in the pioneering team, GAR has many interesting experiences, lessons learned, and has also shaped the discussion in many ways. It's among the first to support the RSPO. It's the company which created the methodology of High Carbon Stock. And we are not doing it out of altruism, we are doing it out of necessity. We needed to demonstrate that we are committed to sustainability. And after we and a few others started doing it, it became a demand from the market.**

**We beefed up our resources and personnel and we started delivering. Sustainability needs to be implemented by everybody. We made sustainability the new norm in our operations, so that you will find the same consistent sustainability practices.** 



– **AGUS PURNOMO**, Senior Advisor, Sustainability



# OUR ESG APPROACH

## Our Sustainability Milestones





# OUR ESG APPROACH



## SUSTAINABLE DEVELOPMENT GOALS

### GAR AND THE UN SUSTAINABLE DEVELOPMENT GOALS

The United Nations has set 2030 as the deadline to achieve the Sustainable Development Goals (SDGs). The SDGs represent an interrelated and holistic framework of the most pressing challenges facing humanity and require urgent actions from all actors.

As a business operating in the palm oil industry, GAR plays a role in supporting many of the 17 SDGs for example through our provision of clinics and support of schools as well as jobs in local communities. However, as part of our strategic approach, we have chosen to report on the goals where we can make the most meaningful contributions.

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

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

As an agribusiness, GAR is committed to the sustainable production of palm oil as a key food ingredient. While palm oil is already the highest-yielding vegetable oil crop in the world, we continue our R&D efforts to develop even higher yielding seeds and planting materials that are resilient to diseases and droughts resulting from climate change. This will help GAR contribute to the growing demand for vegetable oil, while reducing pressure on the need for more agricultural land. Another area of R&D involves developing palm oil with a better nutritional profile such as high oleic palm oil. For more information please see page [38](#).

Our focus on productivity and improving agronomic practices extends to our plasma and independent smallholders. We support them to generate decent incomes, while adopting practices that protect the environment. We also work with local communities on community economic empowerment programmes, which help to improve farmers' agricultural practices and grow crops ranging from organic vegetables to coffee. For more information please see page [43](#).

(Relates to SDG Targets: 2.3; 2.4)

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

At GAR we do this through actions that include minimising the waste we generate, as well as recycling and reusing as much as we can. Since 2015, we have recycled all of our waste from the production of CPO in our upstream operations. We are also working towards phasing out harmful chemical substances in our operations. For example, we have stopped using the herbicide paraquat, while continuing to practice Integrated Pest Management using a combination of natural solutions and biological controls for pests. For more information please see page [60](#).

Industry certification also forms part of GAR's ongoing commitment to adopt best practices and standards in responsible production while allowing us to meet the growing demand for certified sustainable palm oil. We continue to actively participate in relevant certification schemes, including RSPO, ISCC and ISPO. For more information please see page [36](#).

These GSEP commitments also apply to our supply chain. We are currently helping our suppliers to improve their practices in these areas. For more information please see page [32](#).

(Relates to SDG Targets 12.2; 12.4; 12.5)

Forests provide critical ecosystem services, host a large amount of biodiversity and support the livelihoods of indigenous peoples. As a palm oil company operating mainly in Indonesia, we acknowledge that we have an important role to play in ensuring the protection of forest areas.

GAR currently oversees and supports the conservation of 240,000 hectares of forest, directly and indirectly. This includes 79,900 hectares of HCS and HCV areas across our operations which we have been identified for conservation. In addition, we have taken a landscape approach, working with local communities around and beyond our concession areas on conservation. This includes Participatory Mapping (PM) and Participatory Conservation Planning (PCP). To date, this has resulted in agreements to protect around 43,000 hectares of forests. We are also supporting the commitments to conserve around 117,000 hectares of forests by our suppliers. For more information please see Page [55](#).

GAR also continues to implement our long-term fire prevention programme with the community. For more information please see page [58](#).

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



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

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

(Relates to SDG Targets 17.16)



## OUR ESG APPROACH

### GOVERNANCE

We are committed to the highest standards of corporate governance, and to complying with the principles of the Code of Corporate Governance, reviewed last in 2018. The make-up of our board is an important part of our approach to corporate governance. Currently, the board has eight members, including five independent directors, who exercise objective judgment in our corporate affairs. The board is headed by GAR's Chairman and CEO, Mr Franky O. Widjaja, and is responsible for overseeing all aspects of our business. A full list of our board of directors and their profiles can be found on our [website](#) and in the [GAR Annual Report](#).

The board and senior management are fully involved in and support GAR's sustainability commitments under the GSEP which includes issues related to environmental management; social and community; labour and OHS; and supply chain. A Sustainability Committee (SC), which is chaired by Ms Jesslyne Widjaja, Corporate Strategy and Business Development Director, oversees all matters related to responsible business. The SC comprises the senior leadership team from the upstream, downstream and corporate business units as well as the Chief Sustainability and Communications Officer and other staff members of the Sustainability and Communications Division.

The SC reports directly to the Chairman and CEO and the Board quarterly, and meets regularly to oversee the development, implementation and monitoring of the GSEP and our performance across all our business operations.

The Sustainability and Communications Division was created in November 2021 as part of a reorganisation of the Sustainability Directorate and Group Corporate Communications. Ms Anita Neville was appointed Chief Sustainability and Communications Officer (CSCO). As CSCO, Ms Neville is responsible for the company's overall sustainability and communications strategy. Former Managing Director of Sustainability and Strategic Stakeholder Engagement, Mr Agus Purnomo, has moved into a senior advisory role.

Over the years we have continued to invest additional resources with the aim of embedding responsible palm practices in our day-to-day operations. We have a sustainability team of over 250 staff in Jakarta and in the field working to implement our sustainability measures. We employ specialists to oversee and handle key areas such as conflict resolution, HCS/HCV management, fire prevention, community consent (FPIC), grievance management and health and safety. The Sustainability and Communications Division also works with colleagues in Human Resources on labour issues to ensure fair labour practices are upheld, in line with the GSEP.

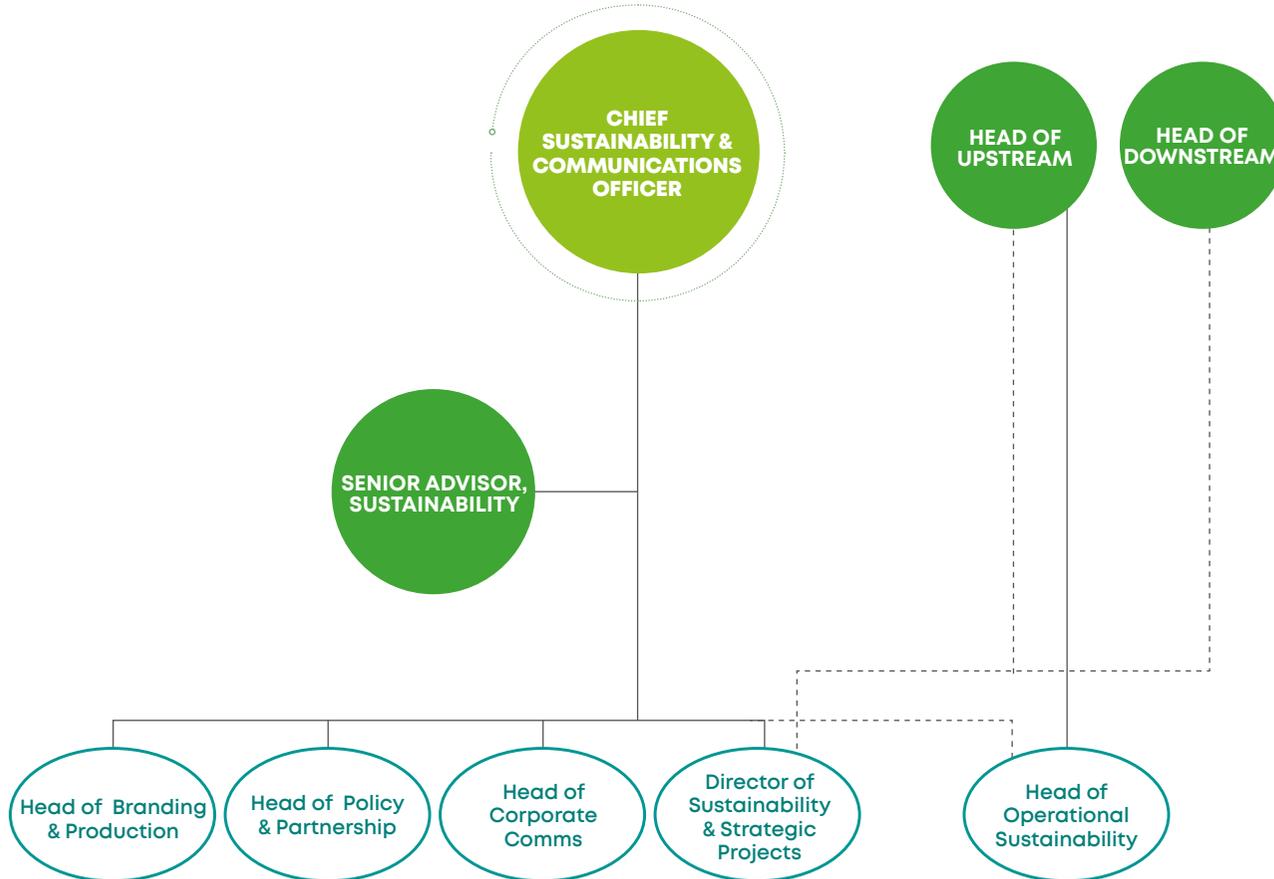




## OUR ESG APPROACH

### Organisation Chart

Sustainability and Communications Division



We have defined our own sustainability journey. We don't see sustainability as just a requirement. Sustainability will continue to be part of our journey, purpose, and vision in the future. We will also be aiming to go above and beyond what is required in things like RSPO certification for example. We are willing to go very far to make sure that we achieve that vision. ”



– **JESSLYNE WIDJAJA**, Director, Corporate Strategy and Business Development



## OUR ESG APPROACH

### ETHICS AND COMPLIANCE

At GAR, we are committed to pursuing our business objectives with integrity and in compliance with the law. We comply with applicable laws in all the countries in which we do business, including all anti-bribery and corruption regulations. Additionally, GAR does not make any corporate political contributions. No significant cases of bribery or corruption were reported in 2021.

We expect all our employees, contractors, suppliers and business partners to adhere to the [GAR Code of Conduct](#), which is communicated annually to our existing and new employees. The Code is purposefully designed to be practically applicable to our day-to-day business, with definite guidelines on acceptable and unacceptable behaviour. It applies to all employees as well as Board members. It also details avenues for raising concerns and whistleblowing procedures, encouraging employees to report any possible improprieties, in confidence and without fear of retaliation. All complaints are investigated thoroughly by a specialised investigation team. If any violations are found, appropriate sanctions are imposed. Any such findings are reported to the Board on a quarterly basis.

The Code also emphasises the Company's commitment to fair employment practices; diversity; and its stand against discrimination and zero tolerance for harassment or abuse. No cases of harassment and abuse were reported in 2021.

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

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

The Supplier Code of Conduct is given to suppliers and acknowledged during onboarding. This acknowledgement is required every two years thereafter.

### RESPONSIBLE HANDLING OF GRIEVANCES

In 2015, GAR established a Grievance Procedure to ensure that as a company, we are responsive to any grievances raised by external parties which may involve our third-party suppliers. It helps us to address a wide range of concerns, including those related to our most material issues. The full list and details of our grievances, both closed and ongoing, is updated regularly, and can be viewed on our [website](#).

### 2021 GRIEVANCES

New grievances	15
New grievances closed	6
Pre-2021 grievances closed	31

The [NGO Mighty Earth](#) has consistently rated us as the top palm oil company in resolving grievances.

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

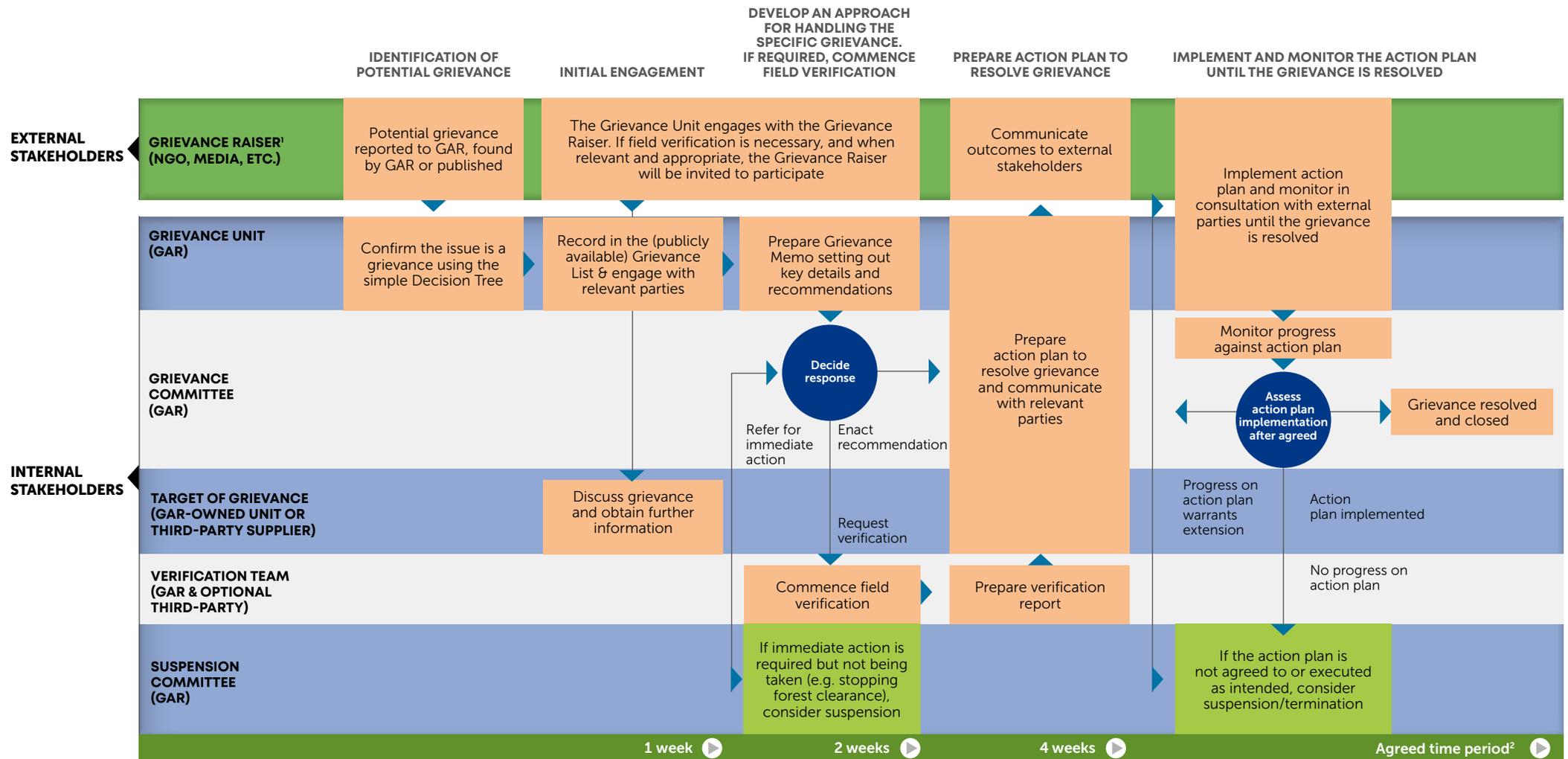


by Ricki Hamdani  
Sinaga



# OUR ESG APPROACH

## Our Grievance Procedure



1 The Grievance Raiser may nominate a third party to act on their behalf.

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



## OUR ESG APPROACH

### MONITORING, EVALUATION AND REPORTING

Under the GSEP we are committed to monitoring, evaluating and reporting our performance. We seek to provide regular updates on our progress on several key using a variety of channels. Our website is regularly updated with information on our supply chain mapping, fire incidents, conservation, community engagement and grievance cases. Other channels of reporting include public reports such as the [GAR Annual Report](#) and the [GAR Sustainability Report](#). We also participate annually in several disclosure platforms including [CDP](#) (which incorporates [Task Force on Climate-related Financial Disclosures \(TCFD\)](#) recommendations and elements of the [Accountability Framework Initiative](#)), [SPOTT](#), [FTSE4Good](#) and [DJSI or S&P Global Corporate Sustainability Assessment](#). We are also using the [No Deforestation, No Expansion on Peat and No Exploitation \(NDPE\) Implementation Reporting Framework \(IRF\)](#) to report on NDPE compliance within our supply chain.

### PARTNERSHIPS FOR RESPONSIBLE PALM OIL

We need a multi-stakeholder approach to advance responsible practices throughout the palm oil sector. As such, we are partnering with a wide range of stakeholders in various areas.

Currently, we have projects in environmental management; social and community development; smallholder development; and health, labour and welfare.

These projects often involve diverse stakeholders ranging from major customers to academic institutions and CSOs and others. Together we are working on finding solutions to issues such as peat conservation; addressing GHG emissions; improving smallholder and community welfare and livelihoods; and working to ensure smallholders move towards more sustainable practices.



by Adindha Surya Anugraha



# MATERIALITY

In 2021, we worked with a specialist sustainability consultancy to review our material sustainability topics. This process covered our entire value chain and built on our previous in-depth materiality assessment last conducted in 2017. We followed a three-stage approach including topic identification; stakeholder engagement; and analysis and validation. For more details on our materiality assessment, see our [website](#).

The results of our assessment revealed that topics including Fire and Haze, High Carbon Stock (HCS) forests and High Conservation Value (HCV) areas, and Labour relations and human rights continue to be a priority for GAR and our stakeholders. Climate change adaptation and waste have also gone up in relative importance. In addition, we also identified two new topics, Energy and Cybersecurity and Data Protection. See the full list of our material sustainability topics and tables showing where they are important in our value chain on the next page.

## *GAR's Material Sustainability Topics*

### **PRIORITY ESG TOPICS**

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

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

### **RELEVANT ESG TOPICS**

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

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





# MATERIALITY

Plantation



Processing



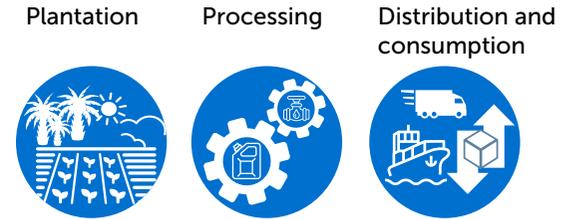
Distribution and consumption



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



# MATERIALITY



Plantation

Processing

Distribution and consumption



## SUSTAINABILITY TOPIC

## DESCRIPTION

### WORK ENVIRONMENT AND INDUSTRIAL RELATIONS

<b>Labour relations and human rights</b>	Promoting fair, equitable and positive relations with our workforce, respecting human and labour rights, ensuring no child or forced labour.	●	●	●
<b>Occupational health &amp; safety and employee well-being</b>	Fostering a safe and healthy work environment, preventing any work-related illness, injury and accidents, and promoting the well-being of employees.	●	●	●
<b>Talent attraction, retention and development</b>	Managing current and future talent needs through attraction, retention, training and development.	●	●	●
<b>Women, diversity and inclusion</b>	Empowering women across the business and in our communities. Promoting a culture of diversity and inclusion in our operations.	●	●	●

### MARKETPLACE AND SUPPLY CHAIN

<b>Corporate governance, ethics and integrity</b>	Conducting all business activities with integrity and in accordance with the highest ethical and governance standards, in line with GAR's Code of Conduct.	●	●	●
<b>Cybersecurity and data protection</b>	Protecting our systems against cyberattacks and safeguarding personal data from intentional or accidental destruction, modification or disclosure.	●	●	●
<b>Product quality and safety</b>	Adhering to best practice, product quality and safety standards, as well as safeguarding consumers' health.	●	●	●
<b>Supply chain traceability and transformation</b>	Achieving and maintaining traceability of palm oil products to mill and to plantation. Engaging with suppliers to ensure compliance with our policy and responsible practices.	●	●	●
<b>Supplier inclusiveness and smallholder livelihoods</b>	Supporting the socio-economic development and inclusiveness of smallholder suppliers.	●	●	●



# STAKEHOLDER ENGAGEMENT

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

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

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

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



## Our Key Stakeholders



## Some key outcomes of our stakeholder engagement:

- Participatory Conservation Planning with the community and Community Economic Empowerment programmes (see page [43-35](#), [55](#))
- Peat conservation and management programme (see page [55-56](#))
- Long-term fire prevention programme with the community (see page [57-58](#))
- Orangutan conservation (see page [56-57](#))
- R&D programmes with international universities (see page [57](#))
- Supply chain transformation (see page [27-34](#))
- Smallholder support programmes (see page [32-33](#))
- Active participation in the RSPO (see page [36-37](#))



# TRANSFORMING OUR SUPPLY CHAIN

## Supporting:



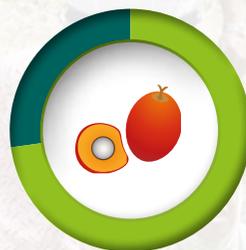
To ensure our products are responsibly produced, we have to ensure that our suppliers also operate according to the GSEP and our ESG standards. We have focused much time and resources to transform our supply chain in recent years. Our initiatives in this area also assure our customers that supply chain risks are being mitigated and minimised.

## OUR PALM SUPPLY CHAIN

Our procurement comprises crude palm oil (CPO) and palm kernel (PK) for our downstream business in Indonesia. In 2021, these raw materials were sourced from 353 third-party mills and 49 GAR-owned mills in Indonesia. Fresh fruit bunches (FFB), the feedstock for the mills, are supplied by our own nucleus estates, third-party estates, thousands of individual farmers (plasma and independent), as well as brokers and agents who buy from farmers. Procurement of CPO and PK, and procurement of FFB from third parties, account for around 71 and 14 percent, respectively, of our Indonesian subsidiaries' procurement spend.

About 55 percent of CPO and PK for our refineries is sourced from third-party suppliers. Based on the high purchasing volume of this critical input to our products, and the environmental and social risks associated with purchasing these raw materials, we consider these GAR's critical suppliers.

## SHARE OF PROCUREMENT SPEND ON CRITICAL RAW MATERIALS



CPO and PK  
**71%**

FFB  
**14%**



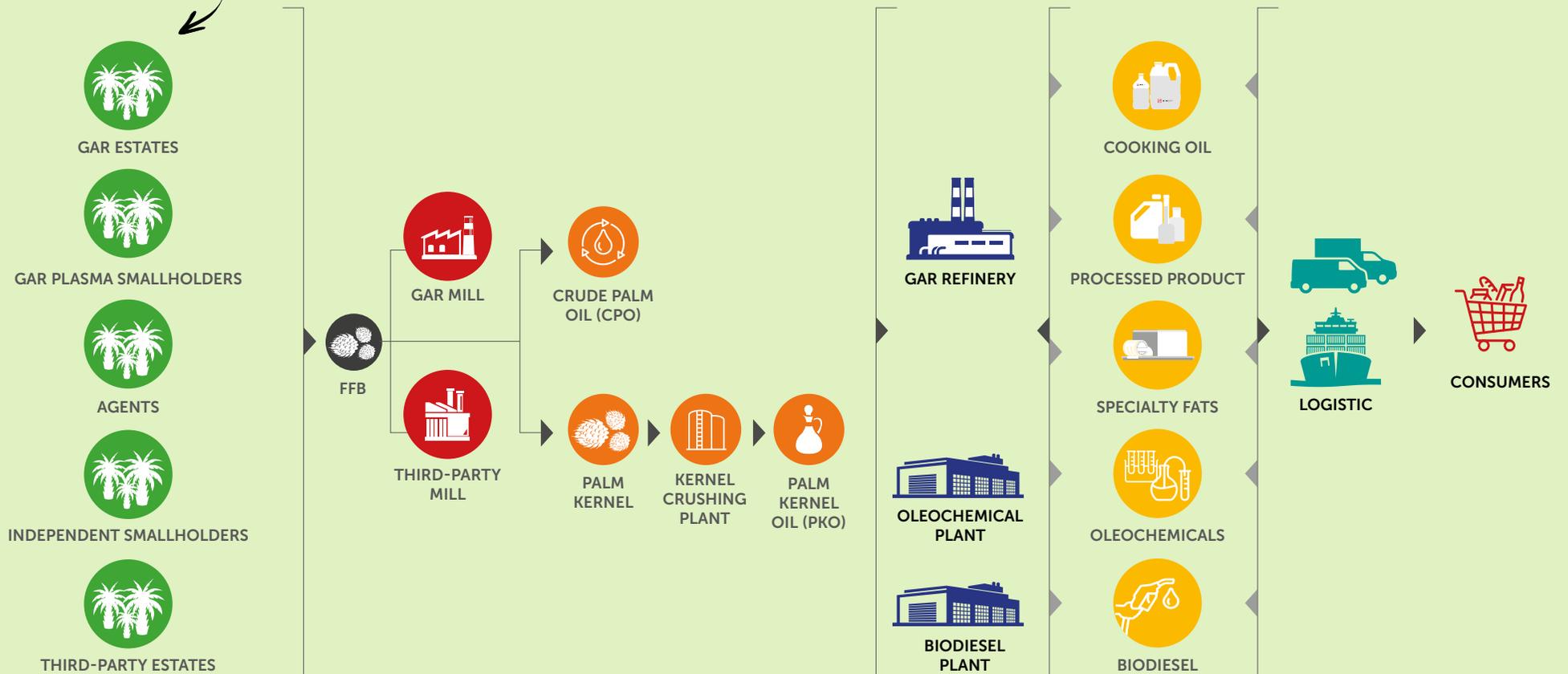


# TRANSFORMING OUR SUPPLY CHAIN



## Palm Supply Chain

95% palm oil supply chain fully traceable at end-2021





# TRANSFORMING OUR SUPPLY CHAIN

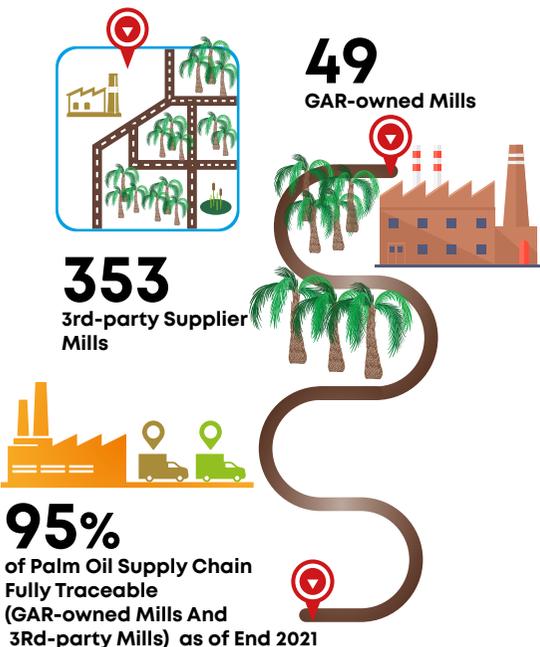
## OTHER SUPPLIERS

We also procure other products and services to run our business. Significant spending for our upstream operations includes fertilisers sourced from 32 Indonesian-based accounting for 33 percent of procurement spend. Other procurements include materials, spare parts and services; fuel and tires; food; tools; and consumables. In addition, food such as rice, noodles and milk is procured for our employees and form part of their non-monetary benefits.

## TRACEABILITY TO THE PLANTATION

We continued to progress on our key initiative to achieve full Traceability to the Plantation (TTP). As of end-2021, we had achieved 95 percent TTP for our entire palm supply chain. However, our supply chain is

## FULL TRACEABILITY TO THE MILL:



## PHASE 2 OF SUPPLY CHAIN TRANSFORMATION:



More Targeted Intervention and **SUPPLIER SUPPORT PROGRAMMES**



Supporting Smallholders via **INDEPENDENT FARMERS REPLANTING PROGRAMME**



Supporting Supplier Conservation of **117,000 ha** of Forests

not static. New suppliers joining our supply chain require time to build capacity to implement TTP. We are engaging actively with them and the very few suppliers who have yet to complete their TTP, and have devised action plans to support them to achieve TTP. We are also exploring ways to build a database of TTP-compliant suppliers for future sourcing.

We continued registering smallholders under the **Ksatria Sawit programme**, which aims to accelerate TTP. This initiative reaches out to areas where many of our supplier mills buy from smallholders and traces their agents and farmers. Around 118,000 farmers were registered under the programme by the end of 2021.

TTP has given us greater clarity and understanding of our supply chain. Using this information, we can now focus on the next phase of supply chain transformation, deepening our engagement and designing more targeted programmes to support our suppliers in their sustainability journey. For example, we **partner with some of our major customers** on programmes designed to reach out to Tier 2 suppliers like smallholders and agents.

We continued to make progress in extending forest conservation in our supply chain. We share the importance of complying with our no deforestation commitments, guiding our suppliers to adopt best practices and helping them formalise their own no deforestation policies. Since we began our deep engagement with suppliers, over half of them (involving 75 percent of third-party volume) have carried out HCV and/or HCS assessments. This demonstrates a deep level of commitment by our suppliers towards delinking deforestation from palm production.

From our supply chain mapping, we also know that in 2021, 54 percent of our supplying mills or 58 percent of supply by volume, was RSPO and/or ISPO certified.

## Supply chain certification

	Number of mills	Percentage	Volume	Percentage
ISPO	175	50	2,180,166	56
RSPO	99	28	943,138	24
ISPO and/ or RSPO	189	54	2,263,848	58



# TRANSFORMING OUR SUPPLY CHAIN

FFB supply profile of third-party suppliers

FFB supply to mills	% mill	% volume
Own plantation only	8	8
Own and external plantation	62	72
External plantation only	18	17
Unknown	12	3
<b>TOTAL</b>	<b>100</b>	<b>100</b>

Additionally, we can offer our customers detailed supply chain deforestation monitoring information. Our monitoring involves getting deforestation alerts from various sources such as satellite monitoring services and providers like Satelligence or RADD. These are then analysed by location and verified by our team using supplier traceability profiles. Based on this, we can assign a deforestation-free score to our refineries and their supply base, thus giving our customers further assurance that the products they buy from us are delinked from deforestation.

## SUPPLIER ENGAGEMENT, ASSESSMENT AND TRAINING

**118,000**  
Smallholders Registered Under Ksatria Sawit TTP Programme

**28** Virtual SMART SPOT and SMART SEED Workshops

Dedicated **SUPPLIER SUPPORT TEAM**

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

Aside from commercial considerations, all new suppliers are screened using environmental and social criteria, in line with our GSEP commitments. In addition, all GAR-owned mills and existing third-party supplier mills are assessed for GSEP compliance annually through desk research and spatial analysis. We also conduct site visits to suppliers, especially high-risk ones, to document and understand the gaps and difficulties they face in adopting responsible practices.

We can determine a risk ranking for each supplier based on our findings. High-risk suppliers are prioritised for site visits

and deep engagement. Every year, we aim to visit at least 20 critical, high-risk suppliers. In 2021, due to the continuing pandemic, we continued with remote assessments.

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





# TRANSFORMING OUR SUPPLY CHAIN

## GAR's Supplier Assessment 2021

### New Suppliers in 2021:



**25** DIRECT and **7** INDIRECT Potential Suppliers Screened Based on Environmental and Social Criteria



**31** Qualified as Suppliers

### Existing Supplier Assessment in 2021

**132 (37%)** 3rd-party suppliers Assessed Through Site Visits/Remote Assessments



**149 (42%)** 3rd-party Suppliers have Significant Impact Based on Desk Study, Site Visit/Remote Assessment And Grievances



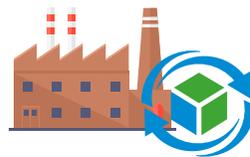
**225 (64%)** 3rd-party suppliers completed self-assessments

all **(100%)** suppliers assessed through spatial analysis and publicly reported information

**130 (37%)** 3rd-party Suppliers have Environmental Risks

**141 (40%)** 3rd-party Suppliers have Social and Labour Risks

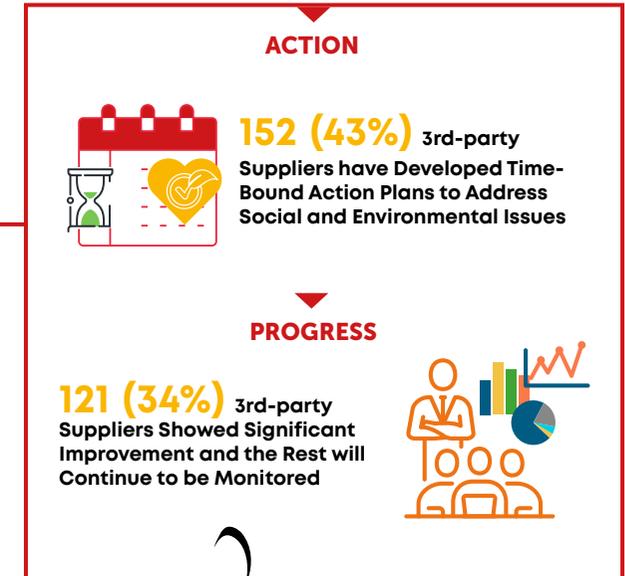
All Suppliers:  
Low Risk: **178 mills (44%)**  
Medium Risk: **148 mills (37%)**  
High Risk: **76 mills (19%)**



#### Types of risk:

Environmental: potential deforestation, peat management, fire, GHG emissions, waste management

Social and labour: human rights, community development, land tenure, OHS, workplace diversity, grievance handling.



*Significant improvement = if they become ISPO / RSPO certified; have NDPE policy; join Ksatria Sawit Program; and their grievance status is "closed" and/or "monitoring"*

GAR uses the **No Deforestation, No Expansion on Peat and No Exploitation\* Implementation Reporting Framework (NDPE IRF)**. This additional methodology tracks our supply chain's performance on NDPE and communicates this progress to our stakeholders. The tables below show the percentage of CPO and PKO volume of supply classified by NDPE criteria. The results have been verified by **Control Union**.

\* We are trialling a template for reporting on "no-exploitation"



# TRANSFORMING OUR SUPPLY CHAIN

No-deforestation progress at production level for CPO 2021:

Allocation Criteria: No Deforestation	Percentage (CPO)
Awareness	2
Commitments	8
Progressing	2
Delivery	88

No-peat progress at production level for CPO 2021:

Allocation Criteria: No Peat	Percentage (CPO)
Awareness	1
Commitments	6
Progressing	3
Delivery	90

No-deforestation progress at production level for PKO 2021:

Allocation Criteria: No Deforestation	Percentage (PKO)
Awareness	3
Commitments	13
Progressing	1
Delivery	83

No-peat progress at production level for PKO 2021:

Allocation Criteria: No Peat	Percentage (PKO)
Awareness	2
Commitments	8
Progressing	2
Delivery	88

After conducting these assessments, we can help our suppliers improve through capacity building, tailored training programmes and the sharing of best practices. We proactively help suppliers review their policies,

including providing recommendations on strengthening SOPs in various areas such as environmental management and labour relations. We have shared and emphasised the importance of the GSEP with all (100 percent) of our suppliers.

In 2021, using lessons learnt during the initial phase of the pandemic, we continued our supplier training sessions leveraging technology and online tools. GAR's supply chain transformation team held 28 online events on diverse topics like environmental management, labour issues, Omnibus law, traceability, and good agronomic practices.

We have found that most of our suppliers are receptive and open to recommendations for improvement. Engagement is our preferred option with suppliers, but suppliers deemed non-compliant will no longer be part of our supply chain, especially after repeated outreach. For example, in 2021, we stopped sourcing from one supplier for non-compliance with the GSEP.



by Hamza Aqila  
Atma Nugroho

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

Our [grievance process](#) allows us to respond quickly to any issues related to our suppliers' ESG performance. We operate a transparent and accountable system where stakeholders can inform us of issues. We also monitor our suppliers' performance and detect potential issues through internal monitoring. If needed, we will conduct ad-hoc site visits to verify the grievance. Our engagement is reported regularly on our [Grievance List](#). Case studies that highlight our suppliers' action plans are published on our [website](#). As a result of our efforts, the CSO, Mighty Earth, has consistently ranked [GAR as the top palm oil company in resolving grievances](#).

2021 Grievances

New grievances	15
New grievances closed	6
Pre-2021 grievances closed	31

## SUPPORTING SMALLHOLDERS

Smallholders are a critical part of Indonesia's palm supply chain, with over two and a half million farmers controlling 40 percent of palm oil estates. Therefore, the challenge of improving smallholder livelihoods and productivity must be addressed if we are to improve the industry and ensure the widespread adoption of responsible practices.



## TRANSFORMING OUR SUPPLY CHAIN

Support for  
**72,200**  
Plasma Smallholders

**WORKING WITH PARTNERS**  
to Help Smallholders Become More Sustainable

Helping Independent Smallholders with **FINANCING AND OTHER AID**

In 2021, over 72,200 plasma smallholders supplied about 20 percent of our total intake of FFB. While GAR does not own the plasma plantations, they are closely integrated into our management system. We take the lead in promoting their success while adhering to the GSEP. In 2021, our plasma smallholders achieved a CPO yield of around 4.3 tonnes per hectare, which is higher than the national average in Indonesia of about 3.3 tonnes per hectare.

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

We also extend help to independent smallholders. GAR has been a strong supporter of the Independent Farmers Replanting Scheme (PSR) since its launch in 2014. The programme encourages independent smallholders to replant with better quality, higher-yielding seeds, which will help boost productivity and incomes while potentially reducing the demand for

new agricultural land. It gives farmers access to financing, helping them sustain their livelihoods during the four years it takes for the new seedlings to mature.

Since 2014, GAR has helped 2,300 independent farmers secure financing from state-owned banks for replanting, covering an area of around 4,600 hectares.

Through our Smallholders Development Programme, GAR has provided technical assistance to independent farmers in East Kalimantan since 2013. As a result, farmers have access to high-yielding seeds, fertilisers, herbicides, and heavy equipment rental.

Our R&D division, SMARTRI, also runs regular training programmes for smallholders. Each year, they train several hundred farmers in agronomic practices, focusing on integrated pest management and fertiliser management. Beneficial plants are given to the farmers to be planted in their fields and function as biological controls of herbivores. SMARTRI staff also visit smallholder farms to help solve pest outbreak issues or nutrient deficiency cases.

Our efforts with our supply chain and smallholders help contribute to UN SDG 12, aiming to ensure sustainable consumption and production patterns.

### RESPECTING HUMAN RIGHTS IN OUR SUPPLY CHAIN

Addressing salient labour and human rights issues within our supply chain is the next step in developing deeper support for key suppliers.

While we have not detected actual forced or child labour cases, we have noted risks within some parts of our supply chain, whether through a lack of formal policies or through certain actions which can be perceived as indications of irresponsible labour practices.

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

### PARTNERSHIPS TO HELP SMALLHOLDERS

GAR is partnering with multiple stakeholders on projects to transform the palm oil industry. These projects include support for smallholders to help them adopt responsible practices and improve their livelihoods. These efforts are part of the next phase of our supply chain transformation work.





## TRANSFORMING OUR SUPPLY CHAIN



### *Smallholder Rurality Project*

GAR is working with Nestlé, and the Earthworm Foundation to support smallholders in Langga Payung, Sumatra. We have mapped smallholder estates and trained three villages in Participatory Land Use Mapping techniques.

We also conducted training on the use of locally available materials to make organic fertiliser and best agricultural techniques to improve yields and soil health. Farmers were also empowered to share their knowledge with other community members.

We established a sample plot for horticulture projects to help promote livelihood diversification and food security. New crops include sweet corn, tomatoes, red beans, peanuts, onions, and rice.

### *Supporting smallholders towards sustainability*

The programme assists independent smallholders in Riau and Sumatra in their journey towards sustainability. GAR deploys our expertise in sustainable agricultural practices to train the farmers and convince them of the long-term benefits of such practices.

Our technology partner, Koltiva, develops the technology platforms and, through their field teams, help to train mill staff, agents, and farmers to use the system. The project also moves GAR and our business partners towards traceability to the supplying plantation.

GAR is currently supported by Mars and Fuji Oil in this programme and, as of the end of 2021, has reached out to 1,505 (of 4,000) targeted smallholders, 45 agents, and nine independent mills.

The programme will continue into 2022 and 2023 and, in some environmentally vulnerable areas, will include a deforestation monitoring programme.



### *Smallholder mapping project*

GAR is working with NESTE, one of our largest customers, to boost independent smallholder sustainability. We are collaborating with NESTE to bring about Smallholder Group Certification for the supply of certified palm oil. The project is based in Indonesia and focuses on a group of farmers in the Siak District in the Riau province. We aim to help independent farmers adopt sustainable practices and gain wider market access. This is aligned with GAR's and NESTE's sustainability policies.





# CARING FOR OUR CUSTOMERS AND CONSUMERS

## OUR CUSTOMERS

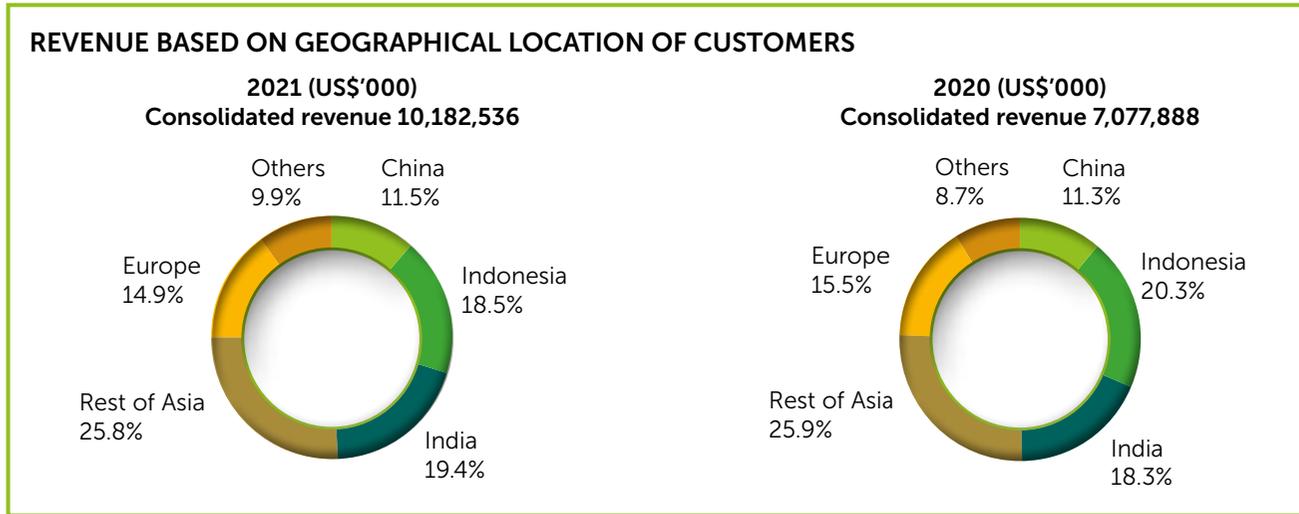
Our palm products are mainly sold as raw materials to industrial customers in the food, FMCG, energy and animal feed industries. We market our products in bulk, industrial and branded form, domestically as well as in international markets. Read more about our diversified range of products in the [GAR Annual Report 2021](#).

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





## CARING FOR OUR CUSTOMERS AND CONSUMERS



### PROVIDING CERTIFIED SUSTAINABLE PALM OIL

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

Our latest certification data is updated regularly on our [website](#).

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

Over 265,000 hectares of plantations, including smallholder plantations of over 51,000 hectares, 31 mills, nine kernel crushing plants, six refineries, seven bulking stations and one oleochemicals plant have received RSPO certification.

GAR plays an active role in the RSPO. Mr. Agus Purnomo, GAR's Senior Advisor, is on the RSPO Board of Governors. In addition, GAR's CSCO, Ms. Anita Neville, is Co-Chair of the Market Development Standing Committee.

We participate in various RSPO working groups, including peatland; biodiversity and conservation; human rights; Jurisdictional and Supply Chain Certification; smallholders; the Principles and Criteria (P&C) National Interpretation Task Force; the Dispute Settlement Facility Advisory Group and the RSPO Trademark Taskforce.

### INTERNATIONAL SUSTAINABILITY AND CARBON CERTIFICATION (ISCC)

Over 244,000 hectares of plantations, including smallholder plantations of over 51,000 hectares, 26 mills, six refineries, 11 bulking stations and two biodiesel plants, have received ISCC certification.

ISCC certification is a global certification which aims to ensure sustainable production and use of all kinds of biomass in global supply chains. ISCC is based on implementing



by Achmad Sandi Sabli



## CARING FOR OUR CUSTOMERS AND CONSUMERS

the highest sustainability requirements in ecological sustainability, social sustainability, compliance with laws and international treaties, monitoring of GHG emissions and good management practices.

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

### INDONESIAN SUSTAINABLE PALM OIL (ISPO)

GAR also participates in the ISPO Scheme developed by the Indonesian Ministry of Agriculture. The standard aims to improve the competitiveness of Indonesian palm oil in world markets, meet Indonesia's commitment to reduce greenhouse gases and address environmental issues.

Over 241,000 hectares of plantations and 36 mills have received ISPO certification.

### BIOFUEL PRODUCTION

Our two biodiesel plants continued to fully utilise their 600 thousand tonnes annual capacity, contributing to the fulfilment of the B30 biodiesel mandate in Indonesia.

We received an additional volume allocation totalling 745 thousand kilo litres in 2021. For 2022, the volume allocated to GAR has increased by four percent to 774 thousand kilo litres. We are in the process of expanding our biodiesel capacity by 1,500 tonnes per day in South Kalimantan.

### OUR CONSUMERS

Aside from distributing palm oil to industrial customers, we also sell edible oil and food products directly to end consumers in markets like Indonesia, China and India. Please see our [website](#) for a complete list of our products and brands. For more information on our consumer markets and future business strategy, please refer to the [GAR Annual Report 2021](#).

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

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

- All six palm oil refineries are RSPO SCC and ISCC-certified.
- All six palm oil refineries in Indonesia are accredited with ISO 9001.
- Three palm oil refineries have ISO 22000 certification, recognising that they adhere to strict international food safety standards.
- Four palm oil refineries have FSSC 22000 food safety certification.
- All six palm oil refineries in Indonesia are accredited with ISO 14001, recognising that they have implemented an effective environmental management system (EMS).
- All six palm oil refineries in Indonesia are accredited with ISO 45001, recognising that they have implemented management systems of occupational health and safety to reduce occupational injuries and diseases
- All six palm oil refineries are Halal-certified.
- All six palm oil refineries are Kosher-certified.
- Our PKE, PFAD, and PKFAD products at four plants have obtained GMP+B2 certification.
- Five plants have CPPOB certification (Good Manufacturing Practices for Processed Food).
- Ready-to-eat margarine and cooking oil products from the Surabaya refinery are SNI certified.
- Five plants are registered with BPOM (National Agency of Drug and Food Control).

There were no cases of non-compliance with regulations related to marketing, advertising and labelling of our products in 2021. There were no product recalls in 2021.

We recognise consumer concerns about the health and safety aspects of our end products. Our Downstream Research and Development department is actively addressing this area. GAR continues to focus on minimising the occurrence of 3-monochloropropane diol (3-MCPD) precursors following the European Food Standards Authority revision of 3-MCPD and glycidyl fatty acid esters (GE) levels. Our business successfully tackles the 3MCPD/GE issue holistically, for example, by minimising Free Fatty Acids (FFA) in CPO and optimising refining techniques. We are also continuing to optimise identification methods for 3-MCPD and GE esters. GAR participates in the FAPAS UK 3-MCPDE, 2-MCPDE and GE proficiency tests with satisfactory results every year. Read more about our efforts [here](#).

SMART has in-house laboratories in two of our sites: Surabaya and Marunda, which are ISO 17025 certified and can test for 3-MCPDE, 2-MCPDE and GE. Both



by Pramita



## CARING FOR OUR CUSTOMERS AND CONSUMERS

laboratories have been accredited for these 3-MCPDE, 2-MCPDE and GE parameters by National Accreditation Committee (KAN).

We have put considerable effort into removing trans-fatty acids from our products, and our margarine, shortening and specialty products are now trans-fat free. They are also soy-allergen free.

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

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

We are also carrying out long-term R&D to improve the recyclability of our cooking oil pouches. A material development study has been carried out using mono-materials instead of the multiple current materials. Mono-material pouches are easier to recycle. Machine trials have been completed, and the department is now monitoring and observing product shelf-life.

We conduct annual customer satisfaction surveys on our retail and bulk products. This effort is part of our internal quality management system and is audited and verified under ISO 9001:2015 certification. Results of the most recent survey show that customers are generally happy with our overall service as well as the quantity and quality of our goods.





# ENGAGING AND EMPOWERING THE COMMUNITY

Social and Environmental  
Impact Assessments at

**100%**  
plantations



Social and community  
programmes at

**100%**  
plantations



**UPGRADING RURAL  
COMMUNITIES:**  
roads, bridges, places of  
worship, community halls



by Aldi Nanda Chaniago



## ENGAGING AND EMPOWERING THE COMMUNITY

We continued to support our employees and the communities in and around our plantations during the pandemic. We helped thousands of our employees get vaccinated. We also provided liquid oxygen and oxygen concentrators as well as masks and other personal protective equipment (PPE) for employees, communities and medical personnel. We distributed health packages for thousands of frontline medical workers, in appreciation for their dedication.

Our 60 Community Economic Empowerment programmes continued to support local communities' food security and boost incomes. Other critical facilities which we maintain in the rural areas provided key services during the pandemic with over 300,000 people seeking medical attention at our 107 clinics in 2021.



### COVID-19 AID:

Helped  
**140,000**  
People Get  
Vaccinated



Spraying of  
Disinfectant in  
30 Villages for  
**>1,000**  
Households



**330** Medical  
Personnel Treated



**60** TONNES  
of Liquid Oxygen  
Provided



**>33,000**  
Fabric Masks for  
Local Communities



**>307,000**  
Patients at



**12** Oxygen  
Concentrator  
Machines for  
Regional Public  
Hospitals



**5,300**  
Food Packages to



**107** Clinics



**>3,650**  
Recipients Affected  
by COVID-19

Vitamin and Health  
Packages to  
**16,400**  
Medical Personnel



**60** COMMUNITY  
ECONOMIC  
EMPOWERMENT  
PROJECTS:  
Increase Income;  
Improve Food  
Self-Sufficiency and  
Resilience; Support  
Conservation Goals



The palm oil sector plays an important role in the rural development of communities in countries like Indonesia. In addition to providing employment opportunities, we focus on respecting the rights of indigenous and local communities. We build critical infrastructure such as roads, schools, and healthcare and improve communities and farmers' livelihoods through income-earning opportunities.

To ensure we do not adversely impact local communities, we carry out Environmental and Social Impact Assessments (EIA and SIA) at the site of our operations before any new developments. The results are shared with the local communities. In addition, all of our plantations have social community engagement and development plans. What we do in the community contributes to many of the aims of UN SDGs, especially tackling poverty, improving infrastructure, and reducing inequalities.

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



## ENGAGING AND EMPOWERING THE COMMUNITY

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



Participatory Mapping for FPIC:  
**171**  
villages since 2015

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

- Without pressure and intimidation (free);
- Before an activity that has impact on the surrounding communities is carried out (prior);
- With sufficient knowledge about the activity and its impact on the surrounding communities (informed);
- So they may express agreement or disagreement to such activity (consent).

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

Our rollout of Participatory Mapping (PM), including land tenure studies, seeks to ensure FPIC is implemented properly. We have now completed PM at 171 villages. In the future, PM will only be carried out in new developments or acquisitions. See the section on Environmental Management for further details.

In 2021, there were no incidents of FPIC violations or violations of the rights of indigenous peoples.

### RESPONSIBLE CONFLICT RESOLUTION

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

Our conflict management system maps all conflicts related to our operations and develops action plans to address them. It incorporates transparent monitoring and reporting, the option for the 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, and the option of a third-party mediator. We categorically reject the use of violence in any dispute.

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

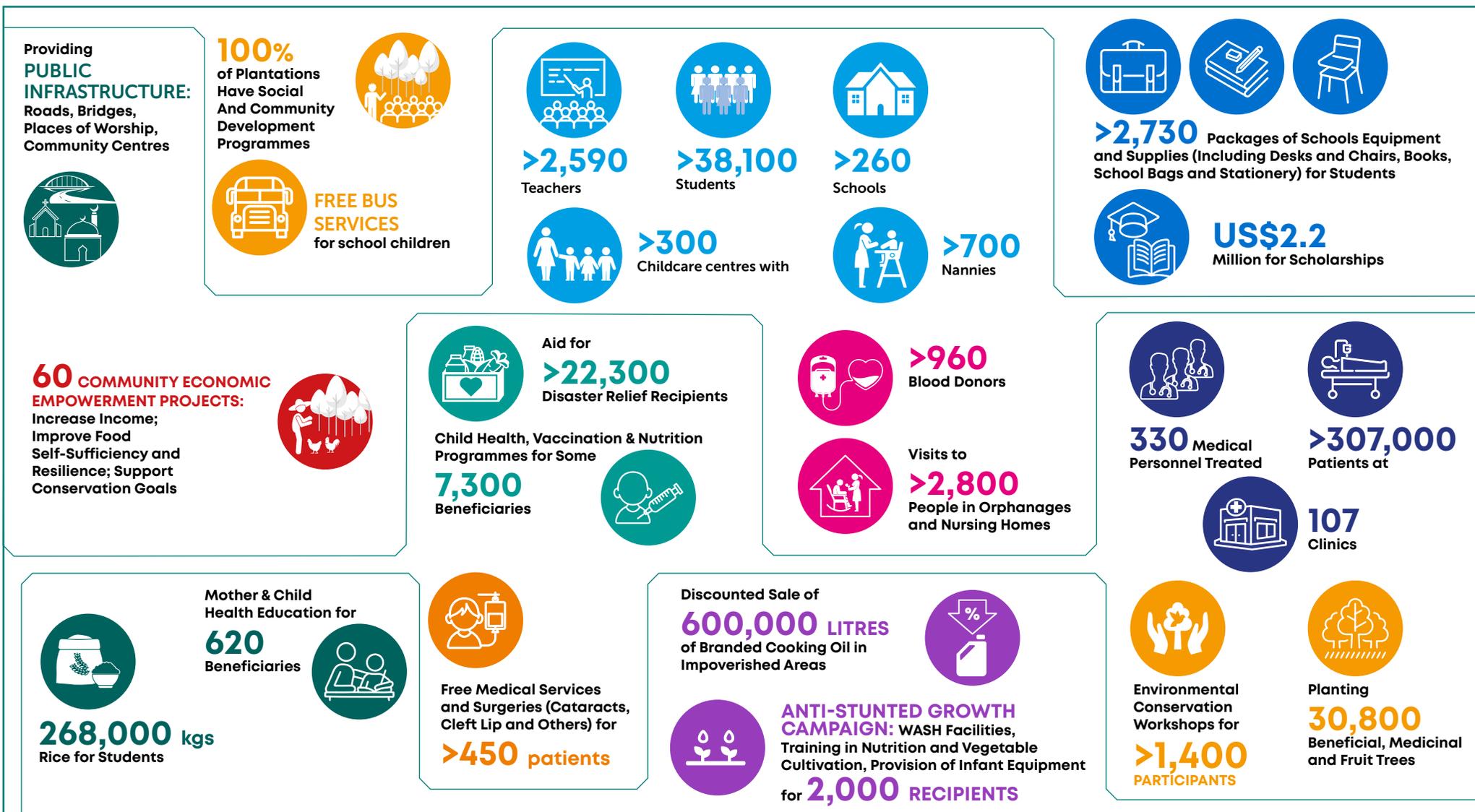


by Lim Tjiu Han



# ENGAGING AND EMPOWERING THE COMMUNITY

## Investing in Communities





## ENGAGING AND EMPOWERING THE COMMUNITY

GAR aims to help multiply the positive impacts of the palm oil business through a range of education, healthcare, social and economic programmes for communities. In 2021, some of our annual community programmes which required close social interaction remained curtailed due to the ongoing pandemic.

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

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

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

In line with the nine years of compulsory education required by the Indonesian government, we ensure that each estate has educational facilities ranging from kindergarten to sixth grade. Additionally, we make sure that every region has a junior high school for our employees and local communities' children.

We help improve the well-being of local communities by providing access to healthcare in remote and rural areas, which would otherwise be poorly served. We currently mobilise more than 330 medical personnel at 107 clinics. During a crisis like the pandemic, these

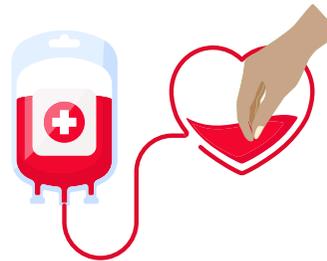
facilities have proven to be vital in serving the community. In 2021, these clinics received over 300,000 patients due to Covid-related procedures such as Covid-19 tests and treatment.

### OUR EMPLOYEES IN THE COMMUNITY

We involve and mobilise our staff for various causes.

For example, we urge employees and tenants at our corporate headquarters in Jakarta and our operation units to participate in regular blood donation drives for the Indonesian Red Cross.

More than 960 blood donors comprising employees and local community members participated in 2021. We also encourage our employees to contribute funds regularly to the Tzu Chi Foundation.



### COMMUNITY ECONOMIC EMPOWERMENT

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

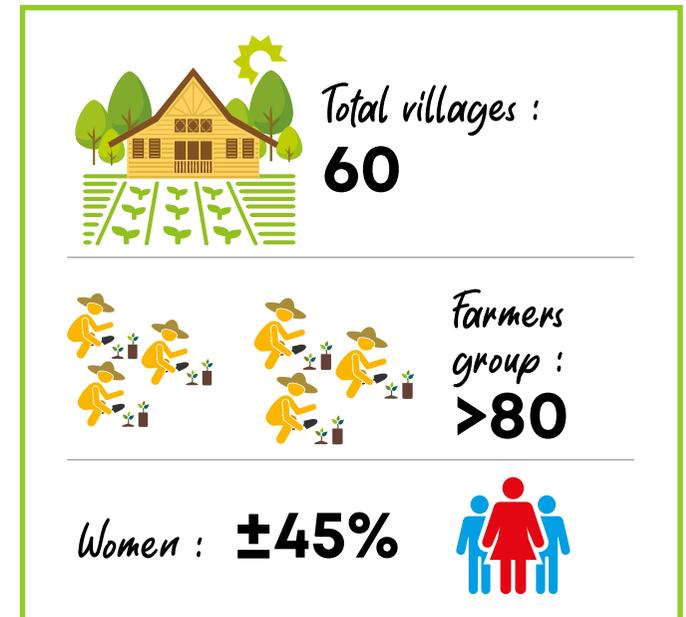
Since 2016, 60 **Community Economic Empowerment projects have been launched**. These have allowed



communities to grow extra food for their own use and improve food security. For example, communities in several villages are taught to grow vegetables, such as water spinach, spinach, chilli, mung bean, breed livestock, and fish. As a result, communities can save up to IDR 300,000 a month in expenses per household. Surplus crops can also be sold to earn an additional monthly income of up to IDR 500,000 per household.

We also help train the farmers to process their crops and products. As the farmers are mostly in remote areas, their finished products need to have a longer shelf life. This is achieved, for example, by turning the harvested crops into packaged dried goods.

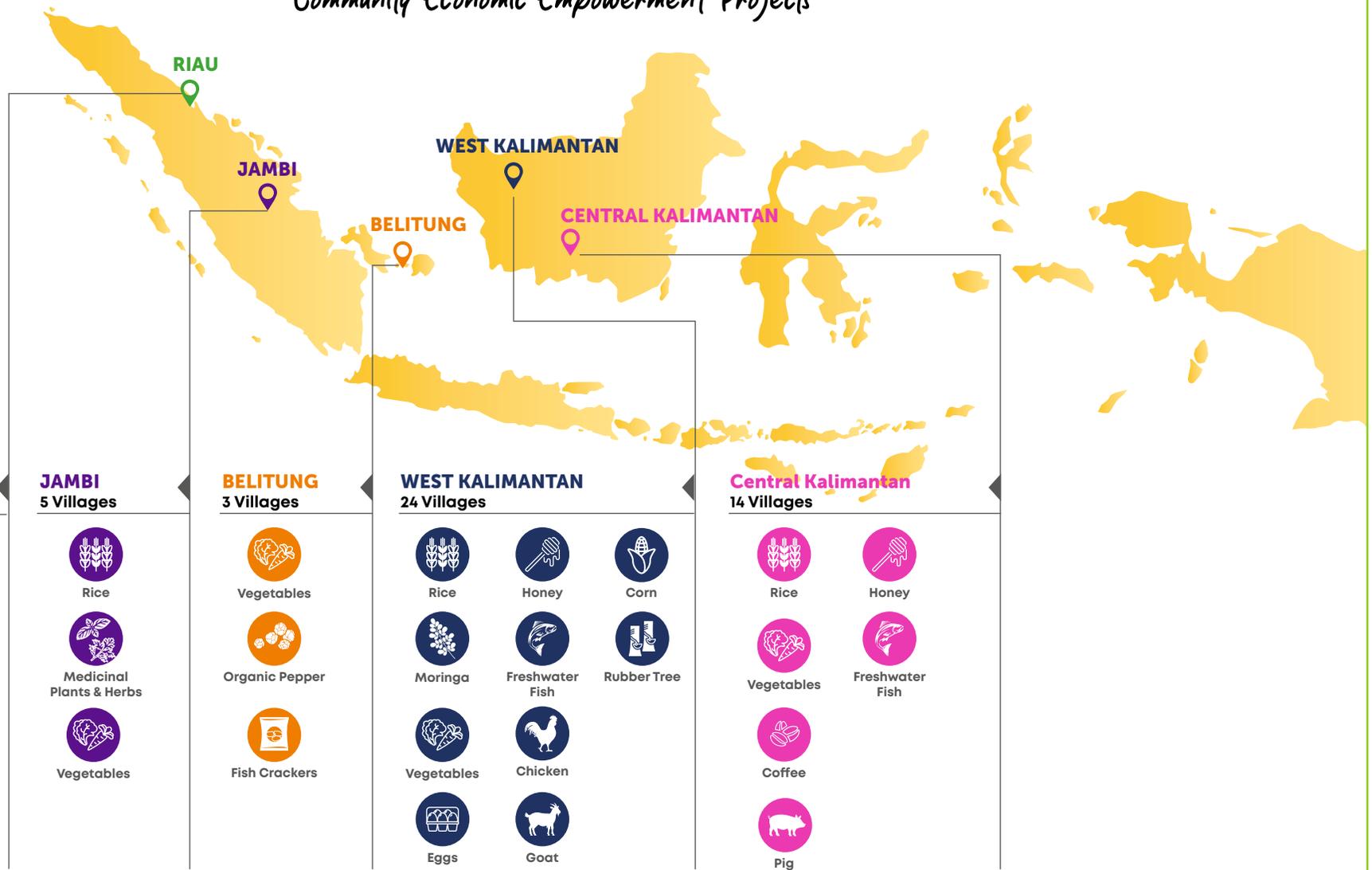
### Community Economic Empowerment Participation





# ENGAGING AND EMPOWERING THE COMMUNITY

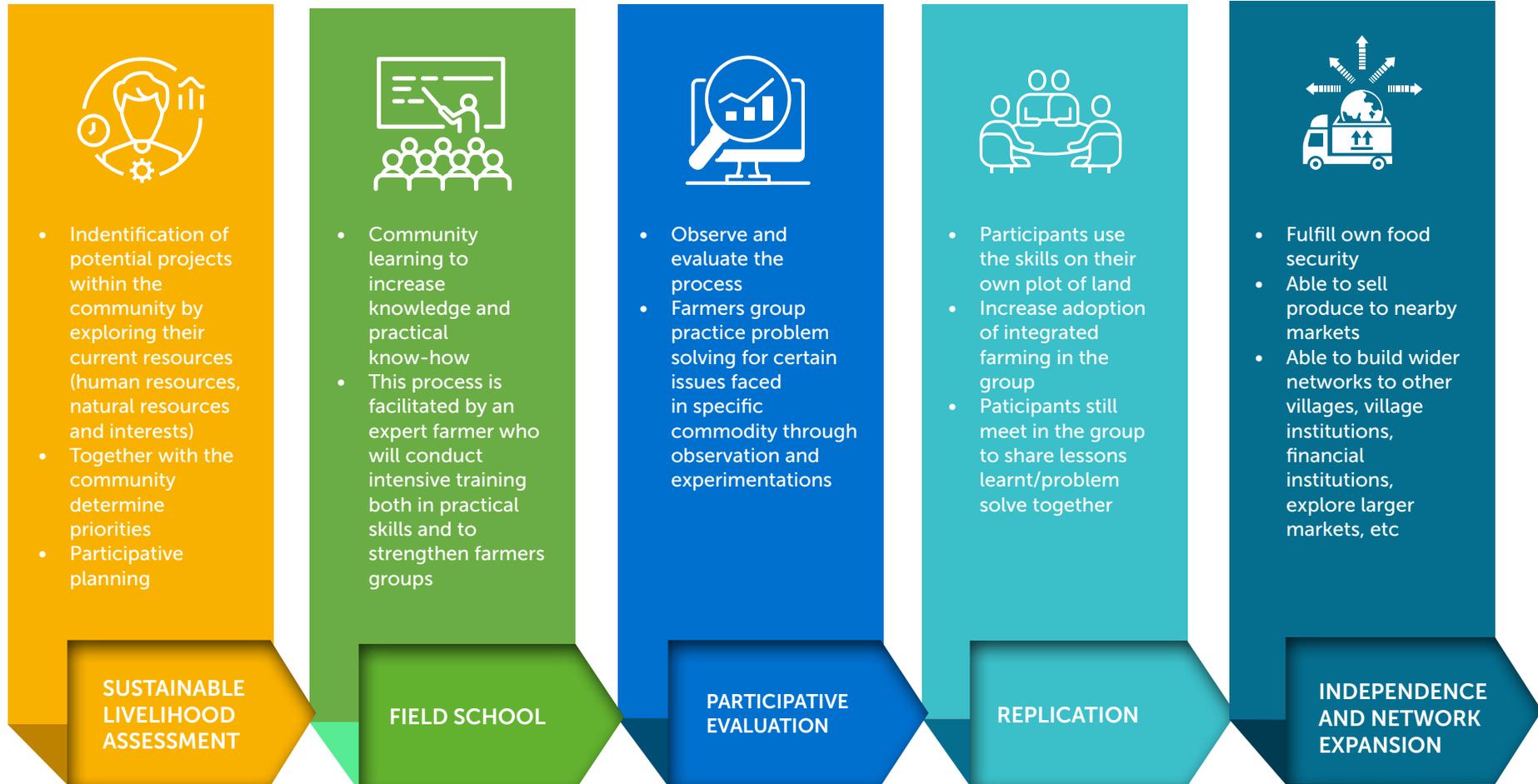
## Community Economic Empowerment Projects





## ENGAGING AND EMPOWERING THE COMMUNITY

### Community Economic Empowerment Programme Stages





# OUR PEOPLE



We Created Employment for

**169,700**

People in Indonesia,



Including

**72,200**

Plasma Smallholders



Palm oil has brought massive economic benefits to poor, rural populations in tropical countries like Indonesia and Malaysia. Some 16 million people are estimated by the United Nations Development Programme to be directly and indirectly involved in the sector in Indonesia, and the country earned 28.5 billion USD in export revenue from palm oil in 2021. The industry plays a huge role in supporting key Sustainable Development Goals (SDGs) such as no poverty (SDG 1), decent work and economic growth (SDG 8) and reducing inequalities (SDG 10).

At GAR, we provide employment for over 169,700 people in Indonesia, including 72,200 plasma scheme smallholders. Employee well-being, fair labour practices, and workers' rights are part of our GSEP commitments. We also aim to foster a safe working environment, empower women and promote a culture of diversity.



by Faizal Kusuma Jati



## OUR PEOPLE

### PAYING FAIR WAGES AND EMPLOYEE BENEFITS

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

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

Full-time workers also receive free healthcare for themselves and their families, company housing, water, electricity and free education for their children from kindergarten to junior high. In addition, GAR provides basic necessities such as rice.

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

### RECOGNISING, RESPECTING AND STRENGTHENING WORKERS' RIGHTS

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

Our commitment to fair labour practices is also emphasised in our company Code of Conduct and employment practices. GAR's equal opportunities policy



for employment bans discrimination based on race, national origin, religion, disability, gender, sexual orientation, union membership and political affiliation. Employees enter into employment freely and are not required to deposit identity papers or money.

We are also engaging our supply chain and helping them build capacity to improve their labour standards and practices, including prohibiting child labour. This is part of our effort to help them comply with the GSEP and adopt responsible practices.

### PROHIBITING CHILD LABOUR

As per regulations, the minimum age for employment in GAR in any capacity is 18 years. We aim to prevent all forms of child labour. We rigorously enforce these principles at our plantations, mills and other workplaces. Our recruitment officers check identification cards against the candidate's schooling records, such as their school diploma, to ensure that we only employ people aged 18 and

above. We also provide schools and daycare centres for our workers' children, allowing parents to send their children somewhere safe while at work. There are more than 300 childcare centres with over 700 nannies across our estates.

GAR is also a member of the [Partnership in Action Against Child Labour in Agriculture](#) – a collaboration involving the government, private sector and CSOs with the aim to eliminate child labour in the Indonesian agricultural sector.

### DIVERSITY AND GENDER EQUALITY

We believe in promoting gender equality in the workplace. However, the manual and physically demanding nature of agricultural work means that specific jobs continue to be more suited to male rather than female employees. For example, male workers perform physical tasks such as harvesting FFB, weighing between 23-27 kg each, and carrying them to trucks for transport to the mills. On the other hand, women generally do lighter physical jobs such as collecting loose fruit during harvesting.



## OUR PEOPLE



Many women in rural areas prefer flexible work arrangements. It gives them the time for other responsibilities such as tending to the household; childcare; looking after family gardens, and small commercial enterprises.

We have zero tolerance for sexual harassment. We conduct extensive training and socialisation for all estate and mill workers to ensure this is understood. Gender committees with representatives from labour unions and management have been set up to promote female participation and advancement in the workplace. These committees also handle sexual harassment complaints. When a case of harassment is reported either formally or informally, the relevant committee investigates the situation to determine whether further sanctions or law enforcement actions are needed. During the investigation, the committee also provides assistance and support to the victim. In 2021, no cases of harassment or abuse were reported.

### FREEDOM OF ASSOCIATION AND TRADE UNION MEMBERSHIP

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

Each of our units has union representatives elected by members. They regularly meet with local management representatives in bipartite forums to discuss and resolve issues. In 2021, 59,000 employees (66 percent) were represented by 123 labour unions across our operations.

**123** labour unions  
representing

**59,000**  
employees



### EMPLOYEE DEVELOPMENT AND ENGAGEMENT

GAR spent more than IDR 42.65 billion in 2021 on training and development in our Indonesian operations.

We have implemented an Objective & Key Results (OKR) approach to achieving business results. Regular performance feedback is a crucial aspect of OKR. This is being carried out through Workday, an HR digital platform. Using this platform, all GAR employees will undergo a career development and Key Performance Indicator (KPI) review at least once a year.

The direct involvement of leaders is crucial for our success in developing talent. Through the Talent & Productivity Committee, we provide leaders with a platform to collectively discuss and drive initiatives to develop talent. This platform has enabled our leaders to develop action plans for all talent. In 2021, over 2,200 hours of the Care-Do-Win leadership programme were conducted.

We conducted an Employee Engagement Survey called the Engagement Temperature Check in 2021. This inaugural survey serves as a benchmark to measure employee engagement and to understand which HR aspects need to be improved. As a result, improvement initiatives will be launched and monitored.

The pandemic has encouraged us to continue accelerating the development of several digital platforms for employee training and development. We completed the development of our own online Learning Management System with programmes such as "Asah Kemampuan", a programme to measure the technical knowledge of our Agronomy Assistants; and "Belajar Efektif Aktif Mandiri" (BEAM), a learning ecosystem with various online training modules for our employees in the Downstream business units.

We also have programmes to ensure a robust succession pipeline for critical positions, such as Basic Management Development Programme (BMDP) for both Upstream and Downstream units; the Digital Talent Programme as our graduate programme for the Information Technology department; and the Vocation Programme for our Downstream business unit. Our objective is to groom internal talent for critical roles.

We actively carry out sustainability training, including on the GSEP. To date, over 76,000 employees have been trained.

For more details on employee training, see the [GAR Annual Report 2021](#).

### CREATING A SAFE AND HEALTHY WORKPLACE

With nearly a hundred thousand employees across our operations, we take our responsibility to provide a safe and healthy workplace very seriously. Our Occupational Health and Safety (OHS) management system aims to





## OUR PEOPLE



by Carniaman Zega

minimise workplace accidents, fatalities and other adverse health impacts and covers all employees. The OHS systems that we implement are based on national and international frameworks. National requirements include Indonesian national OHS standards (regulation no. 50 (2012)). Our OHS system is based on various certifications, including ISO 14001, OHSAS 18001 and ISO 45001. Sustainable palm oil certification OHS requirements are also considered, including the Principles and Criteria of RSPO, ISCC and ISPO.

Additionally, our Indonesian operations under SMART are certified under the SMK3 (Sistem Manajemen Keselamatan dan Kesehatan Kerja) OHS management system, in recognition of good OHS management and implementation. Sixteen units have SMK3 certification. We plan to have another eight mills certified in 2022. These certifications are valid for three years, and a new audit is carried out before renewal.

We currently have over 200 OHS experts within our workforce and conduct periodic training for all employees in accordance with national regulations. More than 3000 of our employees have received OHS training.

In compliance with Law No. 1 of 1970 on Occupational Safety, each unit has an OHS Supervisory Committee, which promotes cooperation between management and employees on OHS. On average, the committees for our plantations and mills have 40 members, with 60 percent worker representation. The committee meets monthly to review OHS data and performance. In addition, monthly safety briefings are given to employees.

Work-related hazards are assessed through Hazard Identification and Risk Analysis and conducting OHS Cross Inspections to record unsafe actions and conditions. The Safety Committee considers hazards and risks and determines suitable action to address them. This can include additional training, reviewing and strengthening safety SOPs, and ensuring Personal Protective Equipment (PPE) is adequate and worn by employees.

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

### WORKPLACE ACCIDENTS

We regret to report two fatalities involving our employees and one fatality involving our contractor in 2021. The causes of the fatal incidents included a personal vehicular accident, electrocution and injury caused by machinery.

We take the health and safety of our employees and contractors very seriously – we have investigated each accident thoroughly. Action plans have been implemented to prevent future occurrences, including emphasising road safety and reinforcing the need to follow safety rules when

working with machinery. We continuously work on instilling stronger OHS awareness and practices throughout all our operations and aim for a declining trend in fatalities and workplace accidents.

### HEALTHCARE AND WELL-BEING

We are committed to providing our entire workforce with access to healthcare. We have 107 clinics throughout our operations and more than 330 medical personnel providing free medical services for our workers. These clinics provide critical primary care, especially in rural, remote settings and played a vital role during the global pandemic.



by Indah Puspita Sari

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

Talks on various health topics are held regularly to promote employee wellness. Discussions include Covid-19 measures, the prevention of HIV, and the dangers of drug addiction.



## OUR PEOPLE

Employees are also educated regarding ergonomics and work fatigue. In addition, we provide healthy menus based on medical advice at staff canteens to promote better nutrition for our employees. Sports and recreational facilities for employees such as basketball and badminton courts are also provided.

The safety of our workers and their families is of utmost importance, particularly in isolated rural areas. We employ security guards for our operations in Indonesia to ensure that our plantations and surrounding communities are secure. Our security guards must 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.



### *Employee well-being during COVID-19*

We continued to ensure that our employees stayed safe and healthy during the ongoing global pandemic. We have helped thousands of our employees get vaccinated and distributed thousands of masks. Management measures at the workplace including mask-wearing, temperature checks, frequent disinfection, cleaning, safe distancing and self-testing continued to be implemented. We comply with the guidelines issued by authorities wherever we operate.





## OUR PEOPLE

### PROFILE OF EMPLOYEES

	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Permanent	51,996	18,124	52,716	18,277	<b>51,748</b>	<b>17,260</b>
Fixed term	18,589	12,034	19,557	12,239	<b>17,394</b>	<b>11,155</b>
Full-time	67,285	26,388	68,261	25,874	<b>65,075</b>	<b>23,392</b>
Part-time	3,300	3,861	4,012	4,642	<b>4,067</b>	<b>5,023</b>
New hires	1,418	408	1,544	538	<b>2,217</b>	<b>561</b>
New hire rate	2.7%	2.3%	2.9%	2.9%	<b>4.3%</b>	<b>3.3%</b>
Turnover	1,425	385	3,679	1,254	<b>4,733</b>	<b>2,229</b>
Turnover rate	2.7%	2.1%	7.0%	6.9%	<b>9.1%</b>	<b>12.9%</b>

### LOWEST WAGE RATE AND MINIMUM LEGAL WAGE<sup>1</sup>

Region	GAR lowest monthly wage (IDR)	Provincial minimum wage (IDR)	Ratio of GAR's lowest monthly wage and provincial minimum wage
Sumatra	2,653,018	2,653,018	1:1
Kalimantan	2,692,000	2,692,000	1:1
Papua	3,655,032	3,655,032	1:1

### RATIO OF BASIC SALARY OF WOMEN TO MEN

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

### EMPLOYEE GENDER PROFILE

	Male	Female
Board	87.5%	12.5%
Senior Management	82.5%	17.2%
Middle Management	82.0%	18.0%
Junior Management	82.1%	17.9%
<b>Overall workforce</b>	<b>82.1%</b>	<b>17.9%</b>

### EMPLOYEE AGE PROFILE

Age Group	Board	Senior Management	Middle Management	Junior Management	Average
<30	0%	0%	2%	35%	30%
30 – 50	0%	55%	68%	58%	59%
>50	100%	45%	30%	7%	11%

<sup>1</sup> This refers to the lowest legal minimum wage listed among the provinces where GAR has operations. Indonesia's 2021 list of legal minimum wages in different provinces can be found at [wageindicator](#).



## OUR PEOPLE

### OHS INDICATORS

	2019	2020	2021
Number of fatalities (US)	5	2	2
Rate of fatalities (US)	0.03	0.01	0.01
Number of fatalities (US contractors)	0	0	0
Rate of fatalities (US contractors)	0	0	0
Number of fatalities (DS)	1	0	0
Rate of fatalities (DS)	0.09	0	0
Number of fatalities (DS contractors)	0	2	1
Rate of fatalities (DS contractors)	0	0.36	0.2
Number of recordable work-related injuries (US)	781	489	528
Rate of recordable work-related injuries (per 1,000,000 work hours)	4.09	2.09	2.8
Number of recordable work-related injuries (DS)	25	7	4
Rate of recordable work-related injuries (per 1,000,000 work hours)	2.5	0.47	0.4
Number of recordable work-related injuries (US contractors)	1	7	2
Rate of recordable work-related injuries (US contractors)	0.32	2.51	0.56
Number of recordable work-related injuries (DS contractors)	15	3	2
Rate of recordable work-related injuries (DS contractors)	2.65	0.54	0.40

	2019	2020	2021
Lost Time Injury Frequency Rate (US)	2.88	2.09	1.98
Lost Time Injury Frequency Rate (DS)	0.12	0.43	0.4
Main types of work-related injuries	Falls, cuts, struck by falling FFB, injured by vehicles/machinery, personal vehicular accidents, contact with dangerous wild animals, electrocution.		

### AVERAGE HOURS OF TRAINING IN 2021

#### BY EMPLOYEE LEVEL

Level	Average training hours
Staff	3
Middle Management	5
Senior Management	7

#### BY EMPLOYEE GENDER

	2021
Male	4
Female	1



# OUR ENVIRONMENTAL MANAGEMENT



Supporting:



As a long-established agribusiness, we are keenly aware that we must operate responsibly to protect the environment and ecosystem services vital to wildlife and local communities and crucial to our business. Working in Indonesia, home to some of the richest biodiversity on Earth and

rainforests that are key to mitigating climate change, heightens this sense of responsibility.

Environmental management is a key pillar of our sustainability policy. We have invested heavily in time and resources to implement this core

tenet of the GSEP. We are committed to protecting ecosystems by focusing on conserving High Carbon Stock (HCS) forests and High Conservation Value (HCV) areas, protecting biodiversity, tackling climate change, and managing waste and water use responsibly.



by Uti Heriansyah



# OUR ENVIRONMENTAL MANAGEMENT

## Forest and Biodiversity Conservation

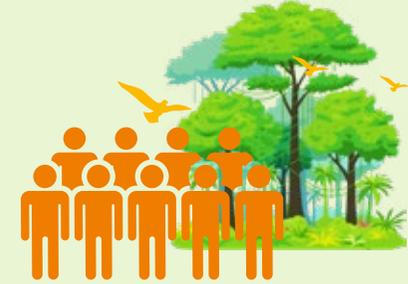


**79,900 ha**

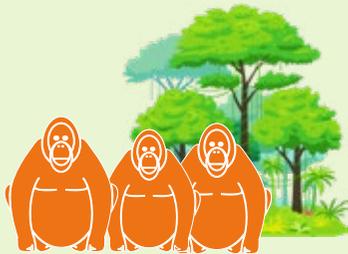
**CONSERVATION AREA (HCV/HCS);**  
Forest conservation helps store large amounts of carbon and maintains fresh water resources



**SUPPORTING SUPPLIER CONSERVATION COMMITMENTS OF 117,000 ha** of forests



**PROTECTION PRODUCTION PARTNERSHIPS:**  
**43,000 hectares** under community conservation planning



**127 ORANGUTANS** released since 2011



**99.97%** of GAR area NOT affected by fires in 2021



**90 VILLAGES**

in Desa Makmur Peduli Api programme to reduce fires



**CDP RATING A- FOR FORESTS**



## OUR ENVIRONMENTAL MANAGEMENT

We currently maintain 79,900 hectares of conservation area consisting of **High Carbon Stock** (HCS) forests and **High Conservation Value** (HCV) areas. To put this into perspective, this area is larger than Singapore.

We take a landscape approach to conservation beyond the boundaries of our concessions. For example, we work with local communities on conservation partnerships. This began in 2015 when we started carrying out Participatory Mapping (PM) – a process to help villages map out critical areas such as customary boundaries and land necessary for food security. This map is then lodged with and formally recognised by the authorities, clarifying land tenure rights and enabling villages to gain access to government development funds for the first time.

The mapping lays the foundation for further dialogue on conservation through our **Participatory Conservation Planning (PCP)** process. Our intensive consultative approach considers local community concerns, needs and aspirations. These include food security requirements, the ability to earn a decent living and maintain a good quality of life. Part of this process involves designing suitable Community Economic Empowerment projects for the local community, which helps them earn better income without opening more forests.

We have finished rolling out PM in 171 villages across our concessions. PCP is temporarily on hold, subject to the ongoing pandemic situation. Notwithstanding, we have convinced several communities to set aside some 43,000 hectares of HCS forests for conservation to date. We also support our suppliers' commitments to protect around 117,000 hectares of HCS and HCV areas. Suppliers are expected to comply with our no-deforestation and no-peat commitments. In addition, they are guided in best practices, helping them formalise their own no deforestation policies. We also actively monitor deforestation in our supply chain. As a

result, since we began our deep engagement with suppliers, more than half of our suppliers have carried out HCV and HCS assessments, which involves additional commitment, time and monetary resources.

Altogether, through our landscape approach and work with local communities and suppliers, we currently support, directly and indirectly, the conservation of nearly 240,000 hectares of forest. We are also involved in landscape initiatives in Siak and Aceh Tamiang.

Please see our latest **CDP disclosure on Forests** for further details on our forest conservation efforts and risk mitigation. Since 2018, the CDP has awarded us a score of A- in this area.

### PEAT CONSERVATION AND REHABILITATION



#### PEAT ECOSYSTEM REHAB IN WEST KALIMANTAN:

**1,100 ha** revegetated;  
long-term water management plan implemented

We strictly enforce our No-Peat policy. We do this by mapping and demarcating the peat areas in our concessions and ensuring no development takes place in those areas. Furthermore, since 2014, we have not started any new development on our nucleus plantations in favour of focusing on yield improvement.

### MANAGED PEAT AREA: PLANTED AND NON-PLANTED 2021



● Planted: 85%  
● Non-planted: 15%

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

We have revegetated 1,100 hectares of the area as a buffer zone and monitor and maintain optimum water levels to keep the peat area wet. We are also implementing a water management plan developed with the University of Tanjungpura. This is a critical long-term step to keep the peat area wet and reduce the risk of peat fires which contribute to haze. Community Economic Empowerment projects have been implemented for the local community in tandem with the physical rehabilitation of the area. This helps on two fronts: improving food security and livelihoods and forest conservation. We are partnering with customers and sustainability experts on the project.





## OUR ENVIRONMENTAL MANAGEMENT

### Peat rehabilitation projects to fight climate change

GAR, together with L'Oreal (2017-2020), Nestle (2021 onwards), and the support of the South Pole Group, are rehabilitating and conserving more than 2,000 hectares of degraded peatlands in GAR's subsidiary, PT Agro Lestari Mandiri (PT AMNL), in West Kalimantan.

The project covers hydrological management and ecological restoration of peatland within the surrounding villages. Along with rehabilitating 2,000 hectares of peatland, 600 hectares are allocated for sustainable livelihood programmes for nine villages around the concession. The livelihood programmes help villagers grow their own and more varied food. Villagers then sell excess crops in local markets to generate additional income.

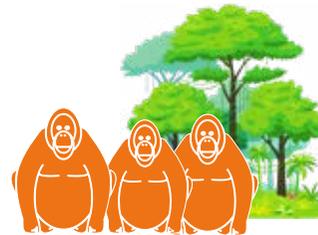


### BIODIVERSITY CONSERVATION, RIPARIAN ZONE REHABILITATION AND MANGROVE SWAMP CONSERVATION



**2,800 ha**  
**RIPARIAN ZONE REHABILITATED**  
– essential for biodiversity and ecosystem services

**400 ha MANGROVE SWAMPS CONSERVED** – species such as Proboscis monkey protected



**127 ORANGUTANS**  
released since 2011

We have identified the rare and endangered species within our concessions and surrounding areas through HCV assessments carried out by licensed HCV assessors. See our [website](#) for our complete 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.

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

We educate our employees, local communities and related stakeholders on the importance of protecting rare and endangered species. Orangutan conservation is a particular focus for GAR. Under our partnership with [Orangutan Foundation International \(OFI\)](#) we have supported the release of 127 rehabilitated orangutans back to the wild since 2011. The programme was temporarily on hold during 2021 due to the ongoing pandemic. We still aim to



## OUR ENVIRONMENTAL MANAGEMENT

release 160 orangutans by 2022 or 2023, subject to the ongoing pandemic. Our OFI partnership agreement also focuses on local community and school education programmes on the protection of orangutans.



Riparian buffer zones play a crucial role in providing wildlife habitats and maintaining water systems. We revegetated another 100 hectares of riparian zones in Papua and Kalimantan. To date, we have revegetated 2,800 hectares of riparian zones across our areas in Indonesia.

Our research division, SMARTRI, continues to carry out research and international collaboration with

Cambridge and Southampton universities in the BEFTA and RERTA projects. These projects are researching ways to maximise biodiversity by increasing habitat complexity in palm oil plantations and riparian zones. This contributes to better ecosystem services which also helps improve productivity in plantations. The programme also includes research on the impacts of El Niño on plantations and how understory and biodiversity management can help boost resistance and recovery in the face of droughts.



Conservation work was also carried out on 400 hectares of mangrove swamps in South Kalimantan. We are working with various stakeholders to maintain and improve the habitats for multiple species, including Proboscis monkeys.



### LONG-TERM PREVENTION OF FIRE AND HAZE

Through strict adherence to our Zero Burning Policy, 99.97 percent of the GAR area was fire-free during 2021. Our fire prevention measures include having more than 10,000 Emergency Response Personnel on standby across our

**90 VILLAGES**  
in Desa Makmur Peduli Api community programme to reduce fires



**ZERO BURNING POLICY:**  
**99.97%** of area NOT  
AFFECTED by fire in 2021



**10,000**  
EMERGENCY RESPONSE  
personnel to suppress fires



**FIRE MONITORING AND REPORTING**  
CONTINUOUSLY IMPROVED





## OUR ENVIRONMENTAL MANAGEMENT

plantations. Our estates are also equipped with fire-fighting equipment.



We continue to support our fire-free programme, Desa Makmur Peduli Api (DMPA). To date, 90 villages have been enrolled in the programme. The programme aims to help build capacity in local communities to prevent and fight fires. Longer-term measures include educating school children about fire hazards and helping the community shift away from using fire to clear agricultural land.

### REDUCING GHG EMISSIONS

We are committed to reducing the Greenhouse Gas (GHG) emissions from our operations and are working on a strategy to reduce emissions for all GAR operations.

GAR is one of the signatories of the [Agricultural Commodity Traders Statement of Purpose at COP26](#) and is committed to a 1.5C trajectory.

Our conservation of HCS forests, which retain large carbon stores, is one way we contribute to the avoidance of emissions. A significant source of GHG emissions comes from Palm Oil Mill Effluent (POME), which emits methane if left untreated. POME treatment is one of our main GHG emissions reduction activities. We also carry out methane capture at seven mills.

In 2021, Scope 1 GHG emissions for all GAR operations were 3,359,693 tCO<sub>2</sub>e, and Scope 2 GHG emissions were 324,565 tCO<sub>2</sub>e. Total emissions were lower by 12 percent compared to 2020. This was partly due to lower POME volumes and lower steam and power requirements in downstream operations.

Plantations are seen as being carbon neutral during their rotation cycle.

At the end of the plantation rotation cycle, most of the biomass above and below ground will be removed, leading to emissions. Replanting is necessary to ensure continued productivity, and is carried out based on the age profile of the trees, the soil they are planted on and other commercial considerations. Thus, the area being replanted will vary every year. As a result of replanting activity, emissions and absorption within the plantation area will also vary year-on-year and can result in swings from being a net absorber to a net emitter.

After consulting with experts, GAR has therefore decided to separate plantation emission dynamics from its annual emission reporting.

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

### WASTE RECYCLING AND REUSE



**100% ORGANIC CPO  
PRODUCTION WASTE**  
reused/recycled as fuel & fertiliser

Under our Zero Waste Policy, we aim to reuse, recover and recycle. We reuse or recycle all CPO production waste in our upstream operations. This waste includes solid and liquid waste. Solid waste consists of empty fruit bunches (EFB) of oil palm, fibre and shells. Liquid waste or POME is generated from the processing of FFB to CPO. We use both types of waste as organic fertiliser and fuel.

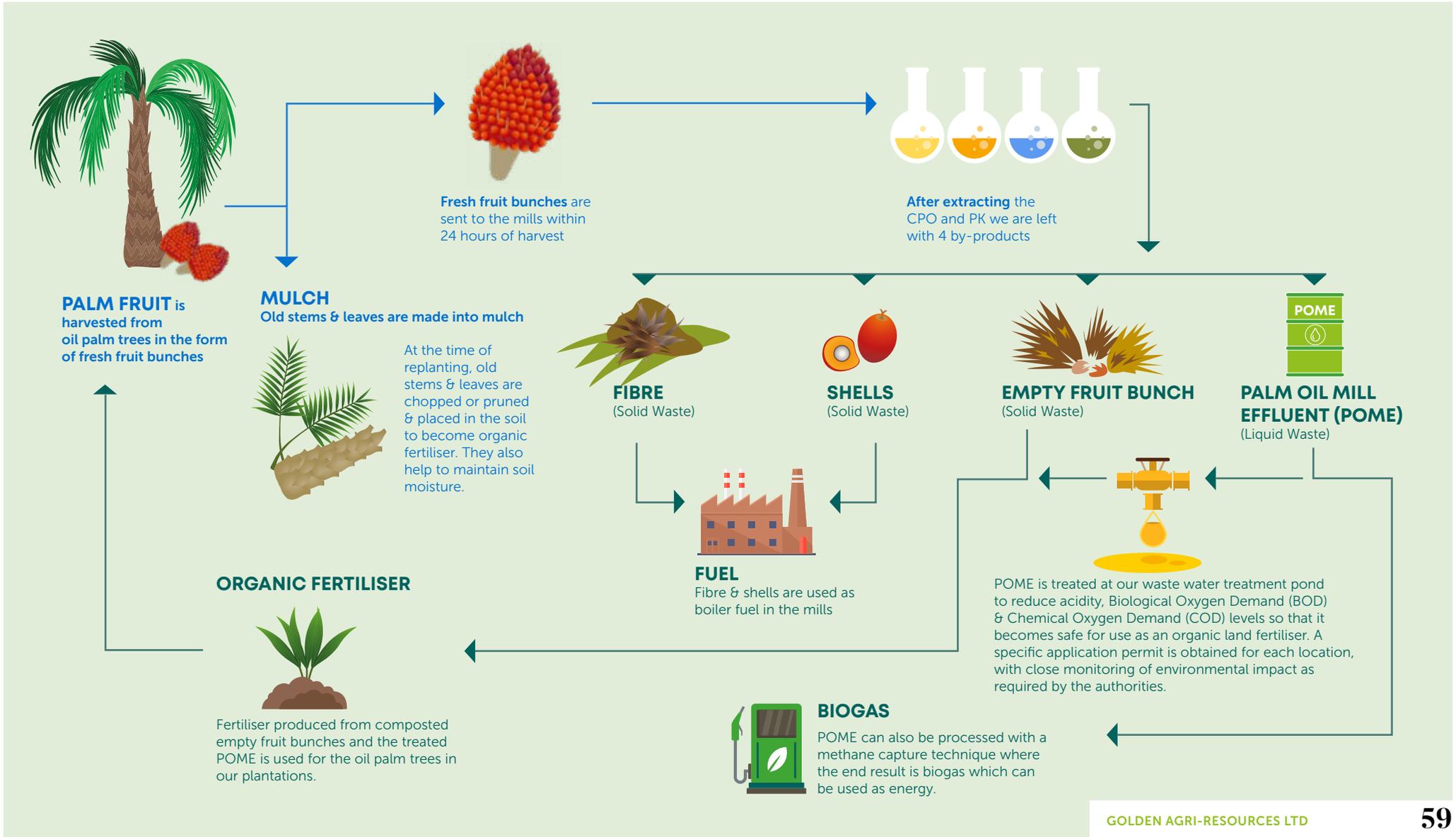
Our downstream waste is disposed of through municipal landfills or incinerators. In addition, hazardous waste is collected for proper disposal by authorised third parties.





# OUR ENVIRONMENTAL MANAGEMENT

## Recycling Waste at each CPO Production Stage





## OUR ENVIRONMENTAL MANAGEMENT

### MANAGING OUR WATER FOOTPRINT

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

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

Palm oil trees need adequate amounts of water to grow. As such, we have not developed plantations in water-stressed areas. Our plantations are rain-fed and not irrigated.

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

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

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

### INTEGRATED PEST MANAGEMENT



#### Integrated Pest Management

We have adopted an Integrated Pest Management (IPM) approach, which combines cultural, mechanical, biological and chemical means to control pests while minimising economic, public health and environmental risks.

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

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

### MONITORING AND MINIMISING THE USE OF PESTICIDES



#### NO Paraquat

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

- Insecticides and rodenticides are used only as a final resort when the population of herbivores and rats are above an acceptable level and is no longer controllable through natural or biological solutions.
- The utilisation of herbicides is mainly to maintain appropriate access to the palms for their maintenance and harvesting. A selective strategy is implemented to minimise the use of herbicides.
- In addition, SMARTRI is continuously looking for alternative solutions to reduce the utilisation of herbicides through the use of more efficient and less environmentally damaging new molecules or through innovative products.

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

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

### MAINTAINING SOIL FERTILITY

GAR implements best agricultural management practices to maintain and enhance soil fertility through a comprehensive mineral nutrition management plan. We aim to minimise the quantity of fertiliser applied whilst maximising yields. This reduces the pressure to open more land and minimises the risk of soil degradation from oil palm cultivation.

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



# OUR ENVIRONMENTAL MANAGEMENT

## YIELD IMPROVEMENT

Part of our long-term strategy for responsible and sustainable agriculture centres on yield improvement. The ability to obtain higher yields from existing agricultural land through better seed stock means higher revenue while potentially reducing the need for more agricultural land.

Following years of R&D, GAR launched super high-yielding seeds Eka 1 and Eka 2, capable of producing over 10 tonnes/hectare/year of CPO in 2017. This is almost three times higher than the current national average in the Indonesian palm oil industry. SMARTRI and **SMART Biotechnology Centre** are now working on creating sufficient clonal seed stock to be planted in the estates in the next few years. To date, around 1.1 million clones have been produced for replanting.



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

With climate change in mind, SMARTRI is also continuing to develop more climate-resilient varieties that are more drought-resistant and look at strains that can better adapt to high CO<sub>2</sub> content in the

atmosphere. The biotech division is looking into developing genetic molecular markers for selecting drought-resistant seeds and clones.

GAR also uses precision agriculture which aims to maximise yield through more precise application of inputs such as fertiliser and chemicals – doing more with less. It also involves maximising the efficiency of field practices and harnessing new technology like AI.

## MONITORING ENVIRONMENTAL IMPACT

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

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

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

In 2021, four units received warning letters from the regional authorities about environmental management and other environmental administration matters. Two of the cases have been successfully resolved, and the other two are being actively resolved. GAR did not incur any fines or penalties for violations of environmental regulations. There were no industrial accidents or spills.

## PROPER ACHIEVEMENT

Since 2007, GAR has participated in the Indonesian Ministry of Environment's national public environmental reporting

initiative known as the Programme for Pollution Control, Evaluation and Rating (PROPER). The programme uses a colour-coded rating to assess water and air pollution control, hazardous waste management and environmental impact. PROPER also considers other indicators, including the effects of a company's community development programmes; progress of biodiversity conservation efforts; efficiency of water management; and innovations in emissions reduction, waste management and energy efficiency.

In 2021, 32 GAR mills passed the PROPER assessment with a Blue rating. Four of our downstream facilities have also achieved a Blue rating. To ensure that we are aligned with PROPER requirements, internal audits and training are carried out in the company's mills and operations.

## PROPER RATING SYSTEM

<b>GOLD</b>	For businesses/activities that have successfully displayed environmental management effort and achieved excellent results.
<b>GREEN</b>	For businesses/activities that have displayed environmental management effort and achieved results better than those required by regulation.
<b>BLUE</b>	For businesses/activities that have displayed environmental management effort, and have achieved the minimum standard required by regulation.
<b>RED</b>	For businesses/activities that have displayed environmental management effort, but have achieved only part of the minimum standard required by regulation.
<b>BLACK</b>	For businesses/activities that do not display significant environmental management effort.

1 Ganoderma boninense is a major pathogen that affects the oil palm tree and eventually kills it



## OUR ENVIRONMENTAL MANAGEMENT

### GHG EMISSIONS

	2019	2020	2021
Scope 1 emissions (tCO <sub>2</sub> e)	3,820,820	3,898,297	3,359,693
Scope 2 emissions (tCO <sub>2</sub> e)	287,227	285,248	324,565
Biogenic emissions (tCO <sub>2</sub> e)	2,465,726	2,411,070	2,042,722
Emissions intensity (tCO <sub>2</sub> e/tonne CPO produced)	0.82	0.88	0.67

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

Emissions intensity has been restated due to a change in methodology.

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

### WATER CONSUMED AND RECYCLED (M<sup>3</sup>)

	2019	2020	2021
Freshwater consumption <sup>2</sup> (flowmeters)	15,926,850	14,071,871	13,095,739
Seawater consumption	2,956,312	3,002,579	3,707,520
Third party (for eg. municipal) water consumption	1,283,532	1,223,680	1,262,200
Produced water consumption	11,481	0	0
Water consumption per metric ton of CPO <sup>3</sup>	4.27 <sup>4</sup>	4.11	3.91
Water recycled/reused <sup>5</sup>	236,866	733,150	656,606

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

3 Based on water used solely for production process.

4 Less CPO was produced in 2019 and 2020 compared to 2021.

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

6 100 percent disposed by authorised third party.

7 100 percent disposed by authorised third party.

### HAZARDOUS WASTE (TONNES)

	2019	2020	2021
Upstream hazardous waste <sup>6</sup>	558	526	502
Downstream hazardous waste <sup>7</sup>	104,413	142,172	125,438

### UPSTREAM NON-HAZARDOUS WASTE (100% REUSED)

TYPE OF WASTE	Total Quantity Produced & Reused (tonnes)	Reused as
Fibre	1,409,157	Fuel
Shell	670,760	Fuel
EFB	2,405,421	Organic fertiliser
*POME	6,047,474	Organic fertiliser

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

### PESTICIDES USED (KG OR L ACTIVE INGREDIENTS PER HA)

TYPE	2019	2020	2021
<b>20</b>			
Acaricides *	0.000	0.000	0.000
Fungicides *	0.006	0.003	0.002
Herbicides **	0.506	0.594	0.605
Insecticides	0.037	0.093	0.087
Rodenticides	0.004	0.016	0.010
<b>Total:</b>	<b>0.553</b>	<b>0.706</b>	<b>0.703</b>
* Used only in nurseries		** Zero paraquat since 2016	
<b>note: glyphosate</b>	0.404	0.479	0.483

### BIOPESTICIDES USED FOR TOTAL GAR (KG COMMERCIAL PRODUCTS)

TYPE	2019	2020	2021
Bacillus thuringiensis	0	0	0
Cordyceps	24	0	0
Mycorhyza	861,586	201,989	117,301
Trichoderma	909,894	177,114	172,817
Virus	0	0	160
<b>Total:</b>	<b>1,771,527</b>	<b>379,103</b>	<b>230,277</b>

The utilisation of biopesticides is mainly used during replanting in order to reduce the risk of disease development.



## PHOTO FEATURE: BIODIVERSITY AND PALM OIL

*Most of the photos featured in this year's report were taken by our employees. Biodiversity protection is a key sustainability commitment. These photos, many taken by our staff monitoring flora and fauna, show the diverse species that can be found in and around our plantations.*





## PHOTO FEATURE: BIODIVERSITY AND PALM OIL



by Bobi Riharno



## PHOTO FEATURE: BIODIVERSITY AND PALM OIL



by Forest Conservation  
and Management  
Departement



by Herlian



by Klementino Armando Kosat



# PHOTO FEATURE: BIODIVERSITY AND PALM OIL





# PHOTO FEATURE: BIODIVERSITY AND PALM OIL



by Herlian



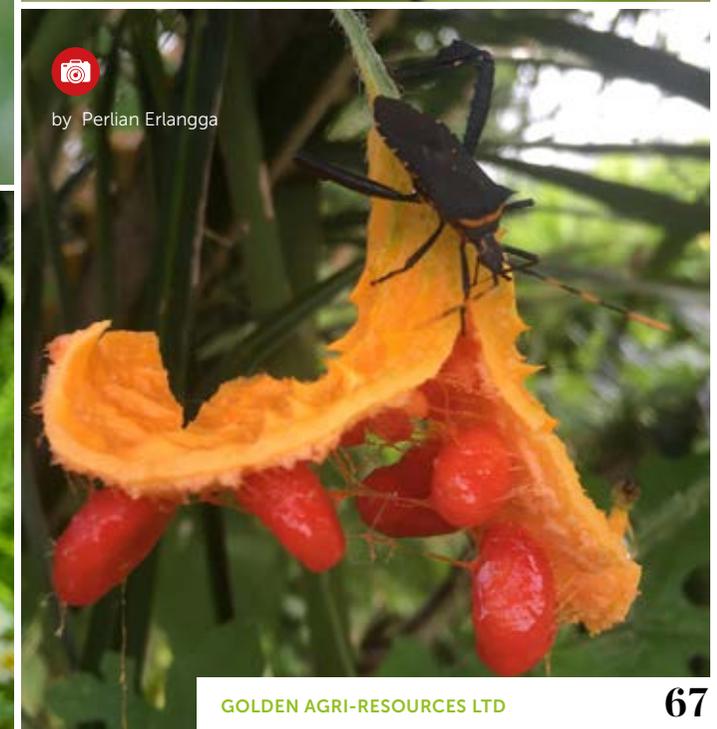
by Ahmad Nurrofiq



by Agung Setyawan



by Aldi Nanda



by Pertian Erlangga



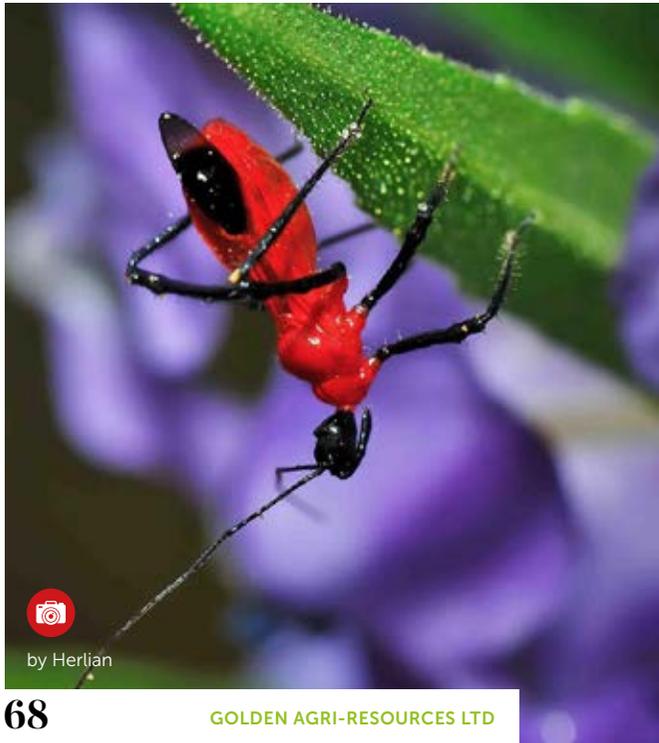
# PHOTO FEATURE: BIODIVERSITY AND PALM OIL



by Rudy



by Uti Heriansyah



by Herljan



by Bobi Riharno



by Uti Heriansyah



by Herljan



# UNITED NATIONS GLOBAL COMPACT (UNGC)

The UNGC is a voluntary sustainability initiative for business to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. GAR, through its subsidiary SMART has subscribed to the UNGC principles since 2006. In 2018, GAR became a signatory of the UNGC signifying our continuing commitment.

As a signatory member, we understand the importance of the ten core principles and are committed to following them in our everyday operations. We also support the UN Sustainable Development Goals (SDGs).

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

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

 <b>HUMAN RIGHTS</b>	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.	page <a href="#">33, 36, 40-41</a>
 <b>LABOUR</b>	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation	page <a href="#">47-48</a>
 <b>ENVIRONMENT</b>	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.	page <a href="#">53-62</a>
 <b>ANTI-CORRUPTION</b>	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	page <a href="#">20</a>



# GLOSSARY

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



# FEEDBACK AND CONTACT

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

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