Program Keberlanjutan PT SMART Tbk (Golden Agri Resources/GAR)

Dr Haskarlianus Pasang
Head of Sustainability Policy and Compliance
1. Tantangan Keberlanjutan di Industri Sawit

Interconnected Issues in Value Chain

- Fire & Haze
- GHG Emissions
- Biodiversity & Forest protection
- FFB Sourcing (Traceability)
- GHG Emissions
- Waste Mgt
- Water Consumption

- Land Tenurial & Rights
- Food Security
- Indigenous Culture
- Fair Pricing
- Pre-financing of smallholders
- Community education
- Social Acceptance
- Independent smallholders
- Legality

- Low productivity
- Food Security
- Labour and employment rights
- Safety issues
- Access to materials/technology
- Access to information
- Occupational Health & Safety
- Labour and employment rights

- Deforestation
- Biodiversity Loss
- Soil erosion
- GHG Emissions
- Land rights
- Transparency
- Access to technology
- Logistical challenges
- Energy efficiency
- FFB Uptake
- Transport

- Land Preparation
- PLANTATION: INPUT
- TRADER/BROKER OF FFB
- MILL: CPO & PKO PRODUCTS
- FFB Uptake
- Occupational Health & Safety
- Labour and employment rights

- TRANSPORT/SHIPPING
- BUYER
- PROCESSOR
- DISTRIBUTION/MARKETING CUSTOMER

- TRANSPORT
- Independent smallholders
- Legality
- Water Consumption
- Energy efficiency
- FFB Uptake
- Transport

- Land Preparation
- Land Tenurial & Rights
- Food Security
- Indigenous Culture
- Fair Pricing
- Pre-financing of smallholders
- Community education
- Social Acceptance
- Independent smallholders
- Legality

- Low productivity
- Food Security
- Labour and employment rights
- Safety issues
- Access to materials/technology
- Access to information
- Occupational Health & Safety
- Labour and employment rights

- Fire & Haze
- GHG Emissions
- Biodiversity & Forest protection
- FFB Sourcing (Traceability)
- GHG Emissions
- Waste Mgt
- Water Consumption

- Land Tenurial & Rights
- Food Security
- Indigenous Culture
- Fair Pricing
- Pre-financing of smallholders
- Community education
- Social Acceptance
- Independent smallholders
- Legality

- Low productivity
- Food Security
- Labour and employment rights
- Safety issues
- Access to materials/technology
- Access to information
- Occupational Health & Safety
- Labour and employment rights

- Fire & Haze
- GHG Emissions
- Biodiversity & Forest protection
- FFB Sourcing (Traceability)
- GHG Emissions
- Waste Mgt
- Water Consumption

- Land Tenurial & Rights
- Food Security
- Indigenous Culture
- Fair Pricing
- Pre-financing of smallholders
- Community education
- Social Acceptance
- Independent smallholders
- Legality

- Low productivity
- Food Security
- Labour and employment rights
- Safety issues
- Access to materials/technology
- Access to information
- Occupational Health & Safety
- Labour and employment rights
1999: Listed on the Singapore Stock Exchange

The largest palm oil companies in Indonesia (171 plantations)

Revenue: more than USD 7.5 Billion

Net profit: USD 74 Million

Total Production: 2.17 Million tonnes of crude palm oil (CPO) dan 545,000 tonnes of palm kernel (PK)

From 46 Mills with a total annual capacity of 13.30 Million tonnes

From 46 Mills with a total annual capacity of 13.30 Million tonnes

Produced yield of 20.50 Tonnes/Ha of Fresh Fruit Bunch

Manages more than 502,800 Hectares of palm oil estates – 4% of Indonesia’s planted estates

489 supplier mills across Indonesia

Owns 46 Palm oil mills

Released 100 wild-born formerly captive orangutans since 2011

Reduced more than 431,000 CO2eq of GHG emission reduction since 2015

Conserved more than 7,700 Hectares in 10 villages through Community Conservation Partnership

Conserved approximately 72,000 Hectares of HCV and HCS area

173,700 Jobs in Indonesia

51,000 Permanent employees

69,100 Smallholders

53,600 Fixed-term employees

Source: GAR Annual Report 2017
Our updated and enhanced sustainability policy
The GAR Social and Environmental Policy (GSEP) is our updated and enhanced sustainability policy. The GSEP integrates and builds on the principles in our previous sustainability policies.

<table>
<thead>
<tr>
<th>Environmental Management</th>
<th>Social and Community Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>No development on Peatlands, HCV, and HCS area as well as improving yields to reduce pressure on new land development</td>
<td>Positive economic, social and community development for indigenous people and local communities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Work Environment and Industrial Relations</th>
<th>Marketplace &amp; Supply Chain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognizing, respecting, and strengthening the rights of all our workers</td>
<td>Traceable and transparent supply chains</td>
</tr>
</tbody>
</table>
3. Beberapa pendekatan keberlanjutan: Nilai Karbon Tinggi/NKT

Initiate High Carbon Stock (HCS) approach with Greenpeace and The Forest Trust (2011)

<table>
<thead>
<tr>
<th>Potential HCS Areas</th>
<th>May Be Developed</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Density Forest (HDF)</td>
<td>Scrub (S)</td>
</tr>
<tr>
<td>Medium Density Forest (MDF)</td>
<td>Cleared / Open Land (OL)</td>
</tr>
<tr>
<td>Low Density Forest (LDF)</td>
<td>Very recently cleared land with mostly grass or crops, few woody plants</td>
</tr>
<tr>
<td>Young Regenerating Forest (YRF)</td>
<td>Recently cleared areas, some woody regrowth and grass-like ground cover</td>
</tr>
</tbody>
</table>

**High Carbon Stock (HCS) Forest**

**Degraded Lands (Former Forest)**

**HCS Threshold**
3. Beberapa pendekatan keberlanjutan: Nilai Karbon Tinggi/NKT

Initiate HCS approach with Greenpeace and The Forest Trust (2011)
2. Participatory Conservation Planning (PCP): *The Process*

**Initial data:**
- Participatory Mapping
- High Conservation Value Report
- High Carbon Stock Value

**PCP**

**Impact on the Communities**
- Have a full understanding of the importance of Natural Resources on landscape context
  - Protect and Develop the Natural Resources
- Formulating village spatial planning
- Formulating village regulation

**GAR’s Achievement**
- Conducted PM in 12 PTs
- In total 58 Villages
- Located in
  - West Kalimantan
  - Central Kalimantan

**Final Conservation Map**
- Management Plan for Stakeholder
- *Peraturan Desa* Draft
2. Participatory Conservation Planning (PCP): *End Product*

3. Beberapa pendekatan keberlanjutan: Perencanaan Konservasi Partisipatif
Desa Makmur Peduli Api (DMPA): The Process

“We are using the approach of ‘Mind’ and ‘Heart’ in Community Empowerment”
3. Beberapa pendekatan keberlanjutan: Desa Makmur Peduli Api

3. Desa Makmur Peduli Api (DMPA)

DMPA Program Launch

Land Preparation Without Burning

MSA Village Patrol

Integrated Farming Programme
Supply Chain Sustainability

4. Beberapa program keberlanjutan: Kemampuhatelusuran

Traceability to plantation (TTP)

- 88% TTP for GAR mills in 2016
- 100% TTP GAR mills in 2017
- 15 GAR mills full TTP in 2016
- 100% 3rd-party mills in 2020
- Full traceability to mills: 429 independent supplier mills in 2016

Special workshops and training for suppliers to help them with responsible practices
Main Objective: To facilitate and support the independent smallholders to adopt sustainable practices and to acquire ISPO certificate.

**Government’s Related Institutions**
- Environmental Management and Monitoring Registration Letter (SPPL) – Government of East Kalimantan
- Smallholder Plantation Registration Letter (STD-B) – Ministry of Agriculture

**GAR**
- Facilitate and coordinate a meeting between Government’s related institutions, ISPO commission, Participated Cooperatives, and Smallholders.

**ISPO Commission**
- A support for the independent smallholders in order to acquire ISPO certificate
- To provides a socialization for the smallholders

**Target Beneficiary:** 231 Smallholders
**Total area:** ± 839 Ha
**ISPO Auited**

4. Beberapa program keberlanjutan: Sertifikasi petani mandiri – ISPO
“Combining demands from buyers for risk mitigation in supply chains with support to smallholders to help them improve their livelihoods and production.”

Responsible Sourcing From Smallholders (RSS)

PILLAR 1: MINIMUM REQUIREMENTS
- Land rights and conflicts
- Deforestation and land conversion
- Labour rights and working conditions

EXCLUDING UNACCEPTABLE PRACTICES

PILLAR 2: SUPPORT FOR SMALLHOLDERS
- Better agricultural practices
- Improved livelihoods and institutions
- Better yields and food security

BUILDING CAPACITY & PROVIDING BENEFITS

RSS

Pillar 1
- Preparation and Scoping
- Scoping potential
- Support Needs

Pillar 2
- Assess risk related to core issues in supply base
- Undertake needs assessment
- Implement system to mitigate risk
- Activities to address identified needs

Develop Support Plan

Implementation

Review

4. Beberapa program keberlanjutan: Pilot Proyek RSS dengan SNV (Koperasi Mulia Bakti)

ISCC 2nd Smallholder Certification?
Thank You