Sustainable palm oil
Challenges and solutions

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Let it go. Let it out.
Let it all unravel.
Let it free and it can be
A path on which to travel.
Strategic importance of palm oil to Indonesia

Critical role of palm oil industry in Indonesia’s development

Concerns over the impact of the industry

Focus on working with multi-stakeholders to find solutions to sustainable palm oil production.
GAR Forest Conservation Policy

• GAR’s FCP in collaboration with The Forest Trust (TFT) to ensure that GAR has a no deforestation footprint. Various stakeholders including Greenpeace have provided inputs.

• FCP focuses on

- No development on peat and high conservation value forest areas
- No development on high carbon stock forests
- Free prior informed consent
- Comply all relevant laws and National Interpretation of RSPO P &C

• Applicable to all the plantations that GAR owns, manages or invests in regardless of the stake.

• Ultimately, the conserved High Carbon Stock (HCS) area can revert to its natural ecological function as a forest.
Putting policy into action

• GAR carried out fieldwork in collaboration with TFT and other stakeholders.

• A provisional definition of exceeding 35 tC/ha is used as HCS forest definition. This definition may change.

• GAR will share the results of the fieldwork when finalised.

• GAR commits to leading the investigation and to promoting the adoption of this new HCS concept across the palm oil industry.
FCP fieldwork: stratification

PT KPC satellite image

After unsupervised classification process
FCP fieldwork: multi-stakeholder participation

The palm oil plantation developed through this approach would have been assessed for a full range of values, including:

- Government rules and regulations
- HCV and peat
- HCS areas

High conservation value forests
High carbon stock forests
Community use areas
River riparian
Peat
Update on FCP fieldwork

In total, 418 plots were measured in four concessions in Central and West Kalimantan.

<table>
<thead>
<tr>
<th>Period</th>
<th>Concession</th>
<th>Plots measured</th>
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</thead>
<tbody>
<tr>
<td>Feb - Jun</td>
<td>PT KPC</td>
<td>254</td>
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<tr>
<td></td>
<td>PT PIP</td>
<td>48</td>
</tr>
<tr>
<td>Jul - Oct</td>
<td>PT PGM</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>PT BAT</td>
<td>105</td>
</tr>
</tbody>
</table>
Holistic approach: complementary policies

- Implemented the Social & Community Engagement Policy (SCEP).
- Yield Improvement Policy in progress.
- Guide and shape GAR's decisions in engaging communities.
- Engaged multi-stakeholder approach to develop policies.
- The SCEP process includes consultations with the Government of Indonesia and local stakeholders like Yayasan Dian Desa which were facilitated by Indonesian NGO, LINKS.
Challenges

Local communities
- Development of plasma

Ecology
- Low biodiversity
- Capability to regenerate

Government and industry
- Economic development
- Job creation
- Poverty alleviation
- Tax revenues

Patch size
- Minimum size
- Connectivity
Solutions through multi-stakeholder collaboration

<table>
<thead>
<tr>
<th>Local communities</th>
<th>Ecology</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Multi-stakeholder collaboration to find solutions to convince local communities on value of conservation</td>
<td>• Multi-stakeholder collaboration to find solutions to manage and conserve HCS areas</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Government and industry</th>
<th>Patch size</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Support to establish and implement land swap process</td>
<td>• Commission studies of patch size and connectivity</td>
</tr>
<tr>
<td>• Support of key industry players</td>
<td></td>
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</table>
Thank you
“Businesses must look forward to be innovative and look for sustainable solutions.”

“companies like GAR prove to be pioneers and inspire other businesses to follow.”

26 September 2011
Erik Solheim
Norwegian Minister of Environment
“The principle behind the SMART-Nestle-Forest Trust is that of partnership – a partnership that uses the dynamic of the market to improve forest governance and is “climate-smart”.

That’s smart business.”

12 October 2011
Stephen O’Brien
UK DFID Minister