For Immediate Release

GAR and SMART implement pilot on High Carbon Stock forest conservation

Pilot to be catalyst for multi-stakeholder engagement process to find solutions for sustainable and no deforestation palm oil production

Jakarta, Singapore, 13 March 2013 - Golden Agri-Resources Ltd (GAR) together with its subsidiary PT SMART Tbk (SMART) today announce that they will implement a pilot project in PT Kartika Prima Cipta (KPC), West Kalimantan, Indonesia on High Carbon Stock (HCS) forest conservation to ensure a no deforestation footprint. This pilot follows from the publication of a High Carbon Stock Forest Study Report (the Report) by GAR and SMART in collaboration with global non-profit The Forest Trust (TFT) and Greenpeace (together, the Team) on 4 June 2012. The Report is a result of extensive fieldwork conducted under GAR's Forest Conservation Policy (FCP).

The FCP, launched on 9 February 2011, builds on GAR's earlier sustainability efforts. The FCP focuses on no development on land containing HCS forests, High Conservation Values (HCV) and peat lands; respect for indigenous and local communities and compliance with all relevant laws and regulations as well as internationally accepted certification principles and criteria. The FCP applies to all the plantations that GAR owns, manages or invests in regardless of the stake.

Following the launch of the FCP, the Team conducted fieldwork in West and Central Kalimantan as part of the HCS forest study to develop a practical, scientifically robust and cost effective methodology to define and identify HCS areas for conservation.

The study categorised areas into different strata based on measurements of carbon in the above ground biomass. The study found that six strata could be identified and these correlated with different average carbon stocks. These are:

- **High Density Forest (HK3)** – Remnant forest or advanced secondary forest close to primary condition;
- **Medium Density Forest (HK2)** – Remnant forest but more disturbed than High Density Forest;
- **Low Density Forest (HK1)** – Appears to be remnant forest but highly disturbed and recovering (may contain plantation/mixed garden);
- **Old Scrub (BT)** – Mostly young regrowth forest, but with occasional patches of older forest within the stratum;
- **Young Scrub (BM)** – Recently cleared areas, some woody regrowth and grass-like ground cover;
- **Cleared/Open Land (LT)** – Very recently cleared land with mostly grass or crops, few woody plants.

Since the publication of the Report, the Team has been holding wider discussions with various stakeholders to gather feedback on the study and the outcomes. Feedback from meetings with representatives from the Government of Indonesia, including the Bupati (District Head) and local leaders, has been open and constructive. Furthermore, an HCS Methodology Focus Group Discussion was held on 17 July 2012 in Bogor, Indonesia.

Experts attended the meeting from local academia, government, trade organisations, TFT, Greenpeace, SMART and GAR. The meeting concluded that overall, the HCS methodology detailed in the Report is scientifically acceptable, and a number of recommendations for improvement were made.

For the purpose of the pilot, the Team defines HCS as comprising BT, HK1, HK2 and HK3 areas. The implementation of the HCS approach will depend on the result of the pilot and after consultations with stakeholders.

Besides PT KPC, GAR is conserving HCS forests in seven other concessions with new plantings in West and Central Kalimantan. HCS areas work out to be about 19,000 hectares, or 15% of total concession area in these eight concessions.

However, there are challenges such as the current legal framework for successful HCS conservation. GAR begins the pilot process at PT KPC to address these challenges. The purpose of the pilot is to establish a framework for successful HCS conservation by the broader palm oil industry.

To be successful in HCS conservation, the Team needs to engage with other stakeholders to find solutions to the existing challenges. The pilot will act as a catalyst to foster further multi-stakeholder dialogue on solutions to conserve HCS forests. During the pilot, the Team will continue to engage with the Government of Indonesia, civil society organisations, local and indigenous communities, key growers and other stakeholders in the Indonesian palm oil industry.

Under this multi-stakeholder engagement process, all parties (Government of Indonesia, civil society organisations, local and indigenous communities, key growers and others) need to identify HCS areas, develop an enabling legal framework for HCS conservation, and implement measures to conserve HCS. The roles of the stakeholders in ensuring successful HCS forest conservation are elaborated in the attached PowerPoint presentation, “HCS Forest Conservation Pilot Project” dated 13 March 2013.

The pilot is expected to take 12 months. During the pilot, GAR will ensure that it fulfils its plasma commitments according to the government laws and regulations. The company will also continue its compensation process for land owned by the community.

Daud Dharsono, President Director of SMART said: “It is vital that all stakeholders work together to find solutions for sustainable palm oil production. By embarking on the pilot, the Team comprising GAR, SMART, TFT and Greenpeace hopes to create a platform for all stakeholders to work together to enable HCS conservation, which will drive the long-term sustainable growth of the Indonesian palm oil industry.”

Scott Poynton, Executive Director of TFT said: “GAR deserves credit for leading this multi-stakeholder engagement process to ensure no deforestation palm oil. The global market is increasingly demanding no deforestation palm oil. Only those companies who deal with the HCS issue will be able to meet this demand. This is a challenge not only for Indonesia but for the entire global palm oil industry.”

As a leading palm oil player in Indonesia, GAR hopes to continue leading the industry in finding concrete solutions for sustainable palm oil production to meet the rising demands of the commodity and at the same time, ensure the long-term sustainable growth of the

industry. GAR is committed to adopting the best industry practices and standards, managing the environment responsibly and empowering the communities where it operates, while maximising long-term shareholder value.

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About Golden Agri-Resources Ltd (“GAR")

GAR is the world’s second largest palm oil plantation company with a total planted area of 463,400 hectares (including smallholders) as at 31 December 2012, located in Indonesia. It has integrated operations focused on the production of palm-based edible oil and fat.

Founded in 1996, GAR is listed on the Singapore Exchange since 1999 with a market capitalisation of US$6.8 billion as at 31 December 2012. Flambo International Limited, an investment company, is GAR’s largest shareholder, with a 49.95% stake. GAR has several subsidiaries, including PT SMART Tbk which is listed on the Indonesia Stock Exchange since 1992.

GAR is focused on sustainable palm oil production. In Indonesia, its primary activities include cultivating and harvesting of oil palm trees; processing of fresh fruit bunch into crude palm oil (“CPO”) and palm kernel; and refining CPO into value-added products such as cooking oil, margarine and shortening. It also has integrated operations in China including a deep-sea port, oilseeds crushing plants, production capabilities for refined edible oil products as well as other food products such as noodles.

About PT SMART Tbk (“SMART”)

SMART is one of the largest, publicly-listed, integrated palm-based consumer companies in Indonesia with a total planted area of 138,931hectares (including smallholders) as at 30 September 2012. It has integrated operations focused on the production of palm-based edible oil and fat.

Founded in 1962, SMART is listed on the Indonesia Stock Exchange since 1992. SMART is a subsidiary of Golden Agri-Resources Ltd ("GAR"), the world's second largest palm oil plantation company which is listed on the Singapore Exchange.

SMART is focused on sustainable palm oil production. Its primary activities include cultivating and harvesting of oil palm trees, processing of fresh fruit bunch into crude palm oil ("CPO") and palm kernel, and refining CPO into value-added products such as cooking oil, margarine and shortening.

Besides bulk and industrial oil, SMART's refined products are also marketed under several brands such as Filma and Kunci Mas. Today, these brands have been recognised for their high quality and command significant market share in their respective segmentation in Indonesia.

SMART also manages all oil palm plantations of GAR. This relationship benefits SMART with its economies of scale in plantation management, information technology, research and development, sourcing of raw material, and access to a wide domestic and international marketing network.

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HCS Forest Conservation Pilot Project

13 March 2013
Jakarta, Indonesia

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Agenda

1. Recap of milestones
2. Land impact analysis
3. HCS forest conservation pilot project
4. HCS forest patch selection process
5. Successful pilot criteria
6. Next steps

1. Recap of milestones

Recap of milestones

1. Feb 2011: Launch of Forest Conservation Policy (FCP)

2. Jun 2012: Publication of HCS Forest Study Report

3. H2 2012:
   - Getting inputs on Study
   - Mapping the HCS conservation areas
   - Updating “go” zones
   - Communicating benefits

GAR Forest Conservation Policy (FCP)

- Builds on GAR's pre-existing commitments
- GAR's FCP is developed in collaboration with The Forest Trust (TFT) to ensure that GAR has 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 international certification P&C

- Ultimately, the conserved High Carbon Stock (HCS) area can revert to its natural ecological function as a forest
- Applicable to all the plantations that GAR owns, manages or invests in regardless of the stake

HCS Forest Study Report

- The HCS Forest Study Report was published by GAR/SMART in collaboration with TFT and Greenpeace following the completion of the HCS forest fieldwork conducted under GAR's FCP.
- The Report was presented by GAR/SMART, TFT and Greenpeace (the Team) at the REDD+ Task Force Seminar on 5 Jun 2012 in Jakarta.

Summary of HCS Forest Study findings

The findings indicate that vegetation cover can be used to

- Estimate the level of carbon stocks
- Stratify into different classes to broadly represent different carbon stocks

They also indicate that

- A practical and robust method to identify HCS in GAR's concessions in Kalimantan
- Needs further testing and field work as a reliable predictive tool for HCS forest across Indonesia

Summary of HCS Forest Study findings

Six strata can be identified	
HK3	Remnant forest or advanced secondary forest close to primary condition
HK2	Remnant forest but more disturbed than High Density Forest
HK1	Appears to be remnant forest but highly disturbed and recovering (may contain plantation/mixed garden)
BT	Mostly young re-growth forest, but with occasional patches of older forest within the stratum
BM	Recently cleared areas, some woody re-growth and grass-like ground cover
LT	Very recently cleared land with mostly grass or crops, few woody plants

High density forest: HK3

Medium density forest: HK2

Low density forest: HK1

Old scrub: BT

Young scrub: BM

Cleared/open Land: LT

Benefits of HCS initiative

- Supports the President of Indonesia's emission reduction targets.
- Establishes common understanding and definition of degraded land for palm oil development.
- Enhances market value of palm oil as "deforestation free".
- Uses a collaborative platform for multi-stakeholders to find solutions for sustainable palm oil.

2. Land impact analysis

Conservation of HCS forests

GAR is conserving HCS forests in eight concessions with new plantings in West and Central Kalimantan.

Concession	Concession Area[1]	Unplantable[2]	Plantable Area		
			Planted[3]	Not planted	Total
PT KPC	20,164	5,105	2,816	12,243	15,059
7 other concessions[4]	107,683	20,462	35,492	51,729	87,221
Total	**127,847**	**25,567**	**38,308**	**63,971**	**102,280**

Notes:

1. Concession areas are calculated by map processing software.
2. Unplantable area includes: HCV, peat and areas conserved under government regulations.
3. Planted area as of December 2012.
4. These concessions are PT ALM, PT BAT, PT BNM, PT CNG, PT KGP, PT PGM and PT PIP.

Findings of stratification

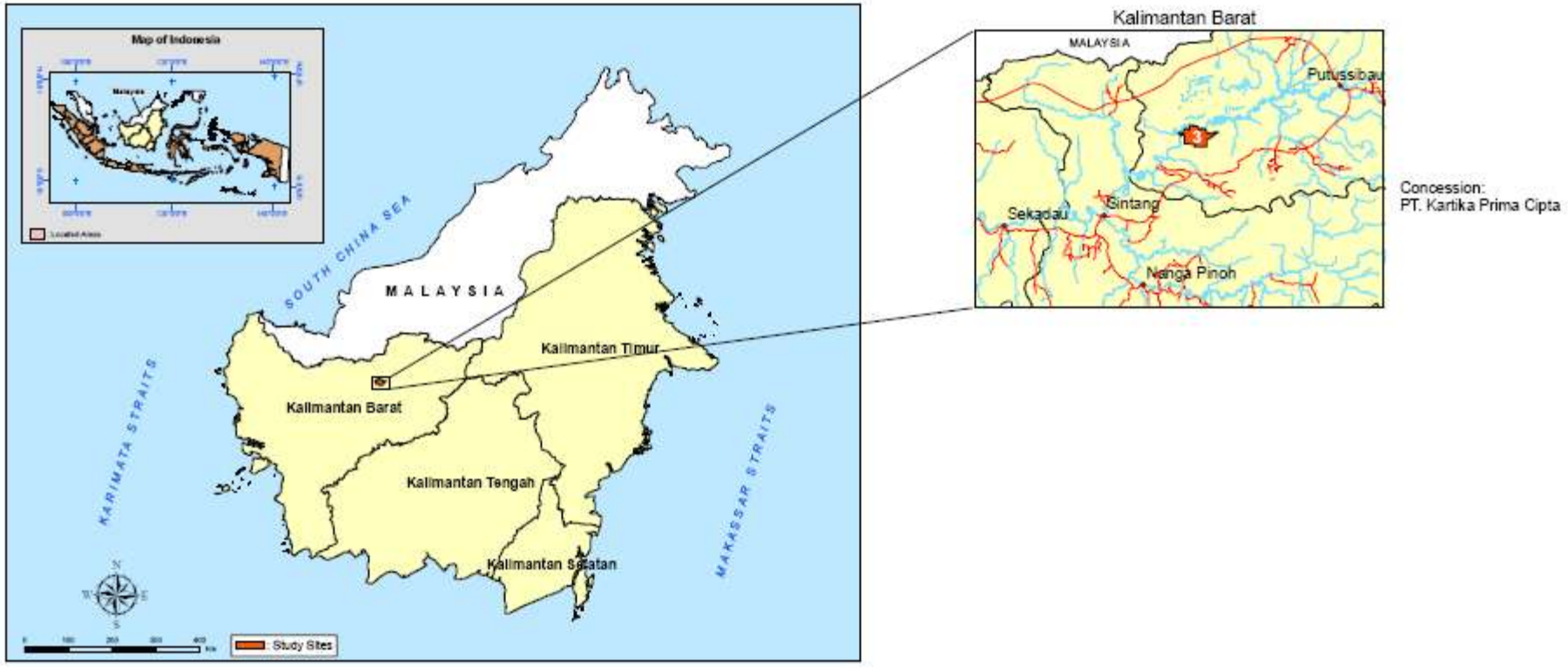
Stratification of not-yet planted areas in the eight concessions.

Concession	HK3	HK2	HK1	BT	BM	LT	Total
PT KPC	610	478	739	1,293	2,228	6,895	12,243
7 other concessions	0	137	7,824	8,023	20,599	15,146	51,729
Total	**610**	**615**	**8,562**	**9,316**	**22,827**	**22,041**	**63,971**

Note:
Land cover stratification is based on satellite images taken in 2012, except for PT BAT which used satellite imagery dated 2010.

3. HCS forest conservation pilot project

Pilot project in PT KPC



Purpose of the pilot

1. To develop solutions involving communities, government and industry to conserve HCS land.

2. To address challenges such as the current legal framework for successful HCS forest conservation.

3. To be catalyst for multi-stakeholder engagement process to establish a framework for successful HCS forest conservation by the broader palm oil industry.

Scope of pilot

- For the purpose of the pilot, HCS is defined as comprising BT, HK1, HK2 and HK3 areas.
- The pilot to take 12 months.
- GAR will ensure that it fulfils its plasma commitments.
- GAR will continue its compensation process for land owned by the community.
- Besides PT KPC, HCS forests in seven other concessions will also be conserved.

4. HCS forest patch selection process

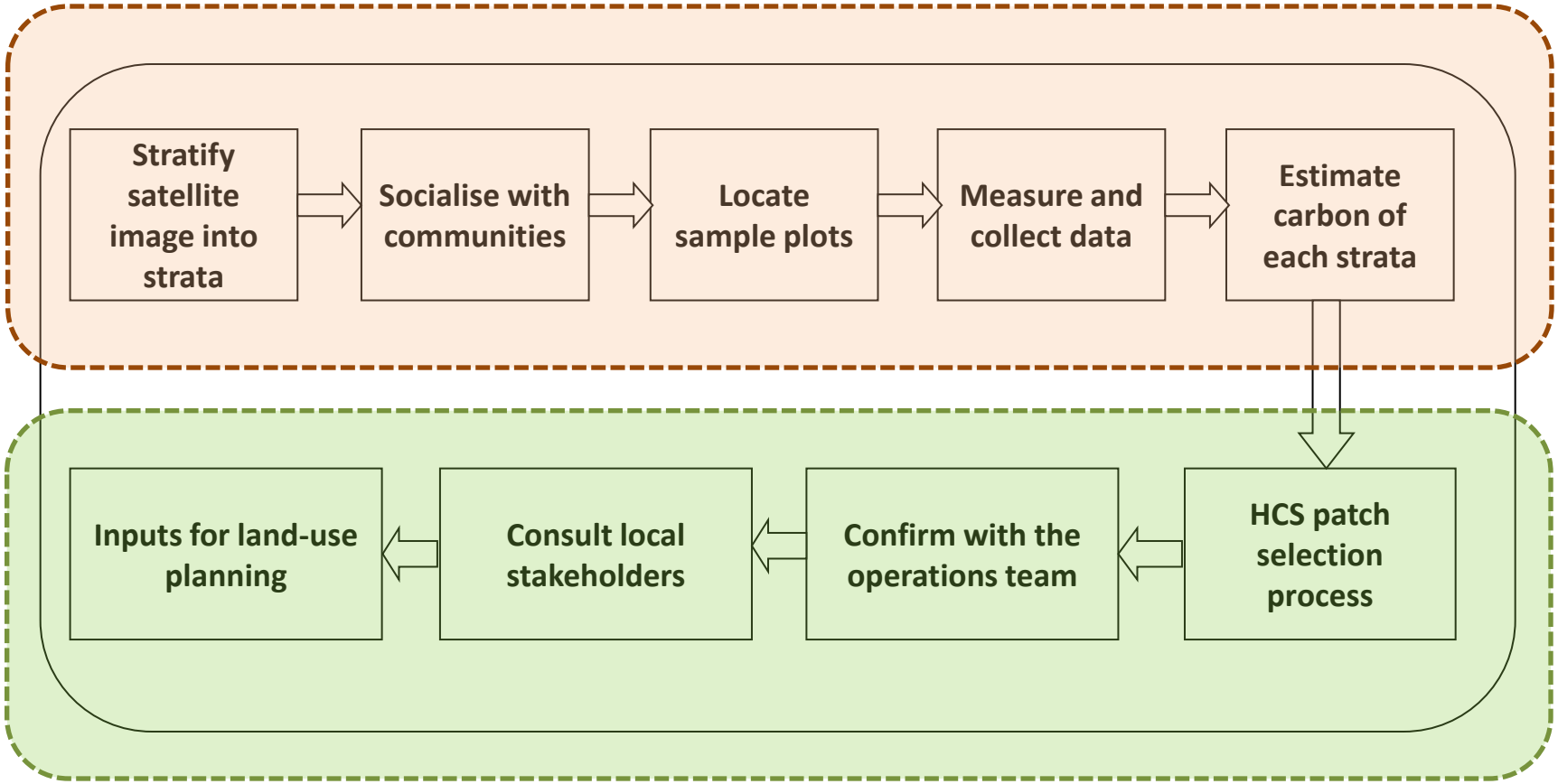
HCS forest patch selection process

- Objective is to identify viable patches that can maintain or revert to their natural ecological function as a forest.

- Incorporates general conservation principles such as size, shape, core area, connectivity, etc.

- Process also takes into account social and operational considerations.

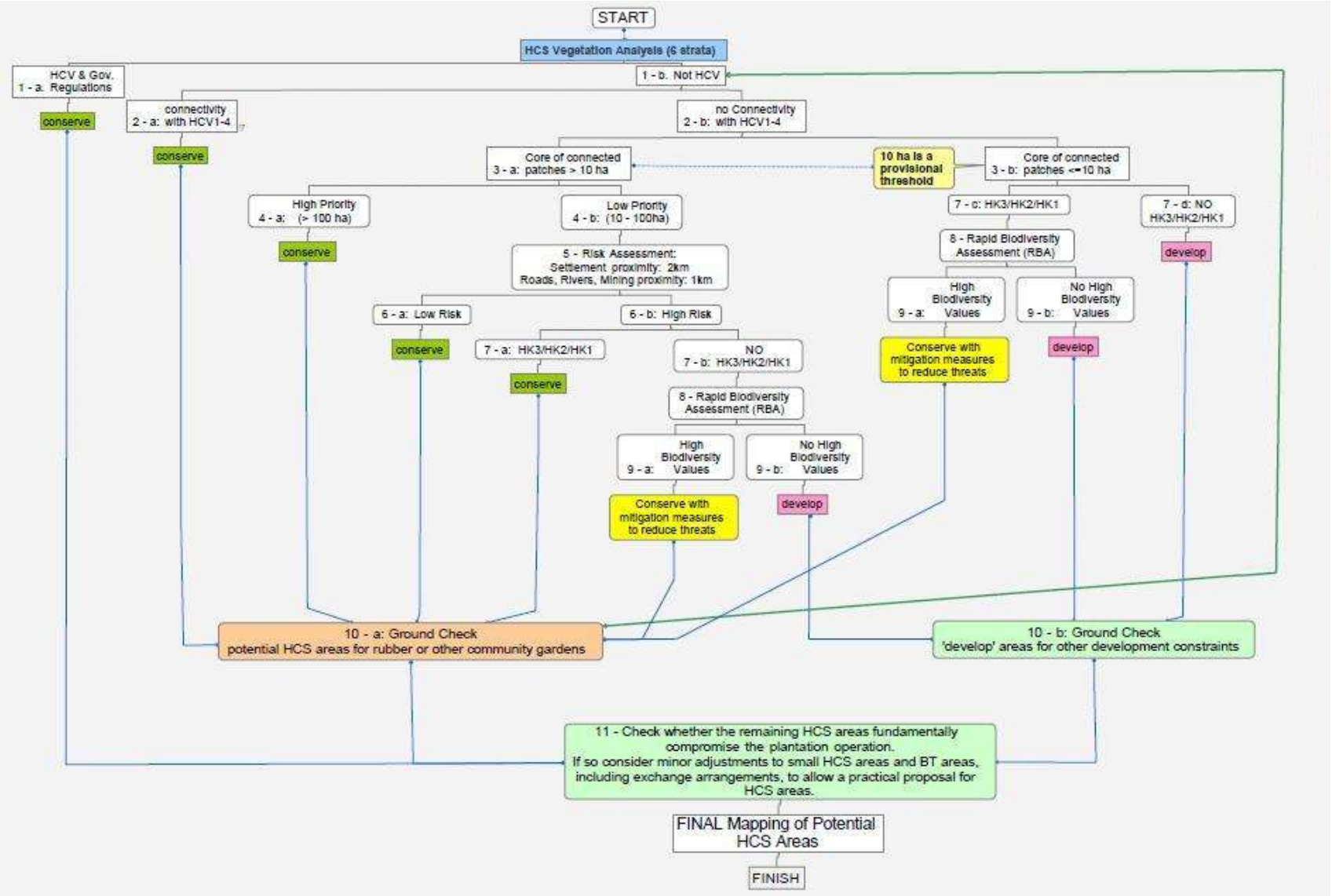
HCS implementation process



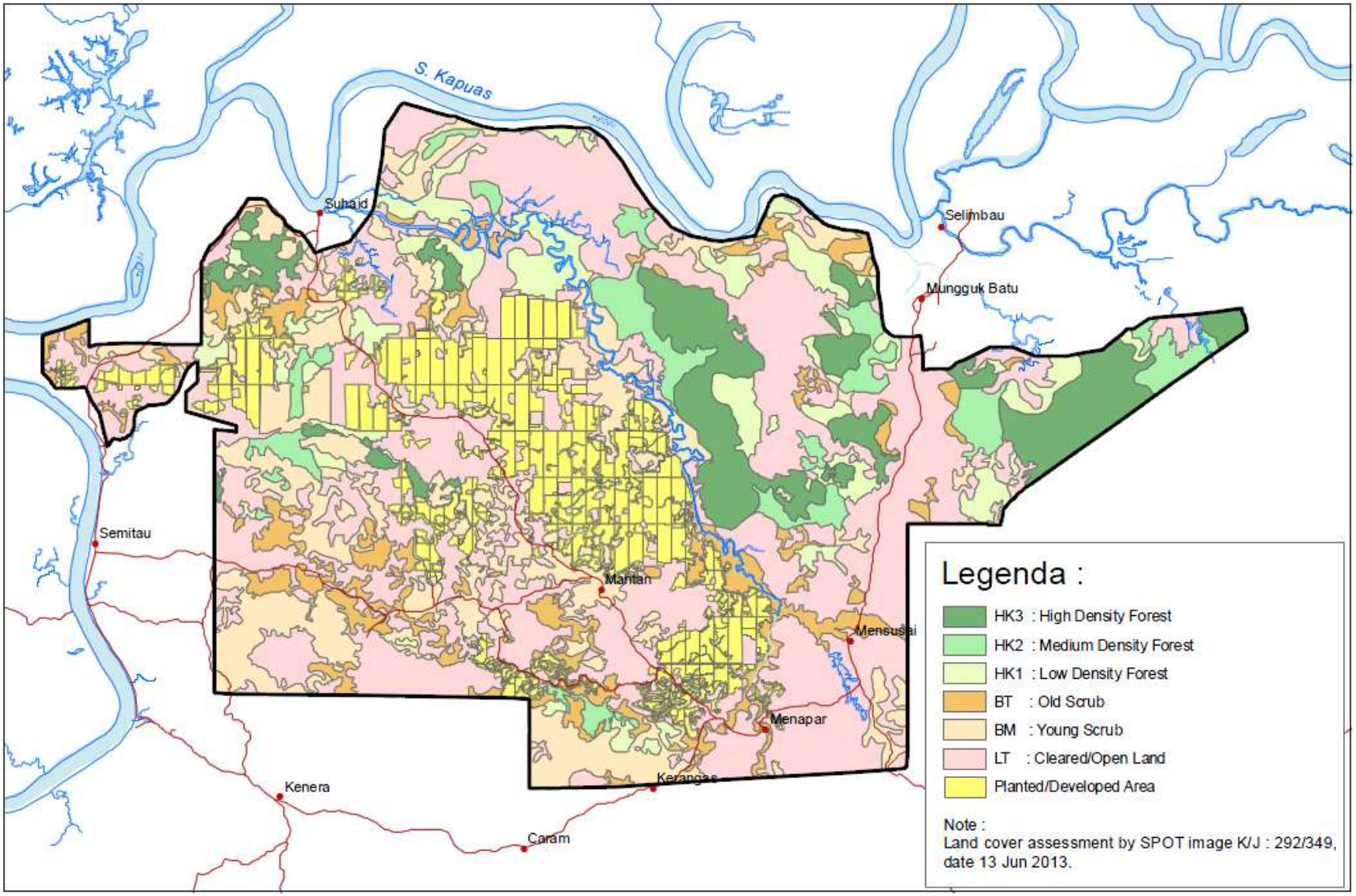
Summary of patch selection process

1. Overlay with HCV
2. Core and connectivity analysis
3. HCV1-4 connectivity
4. Prioritisation
5. Risk assessment
6. Review of presence of HK1/HK2/HK3
7. Rapid Biodiversity Assessment
8. Final mapping of potential HCS areas

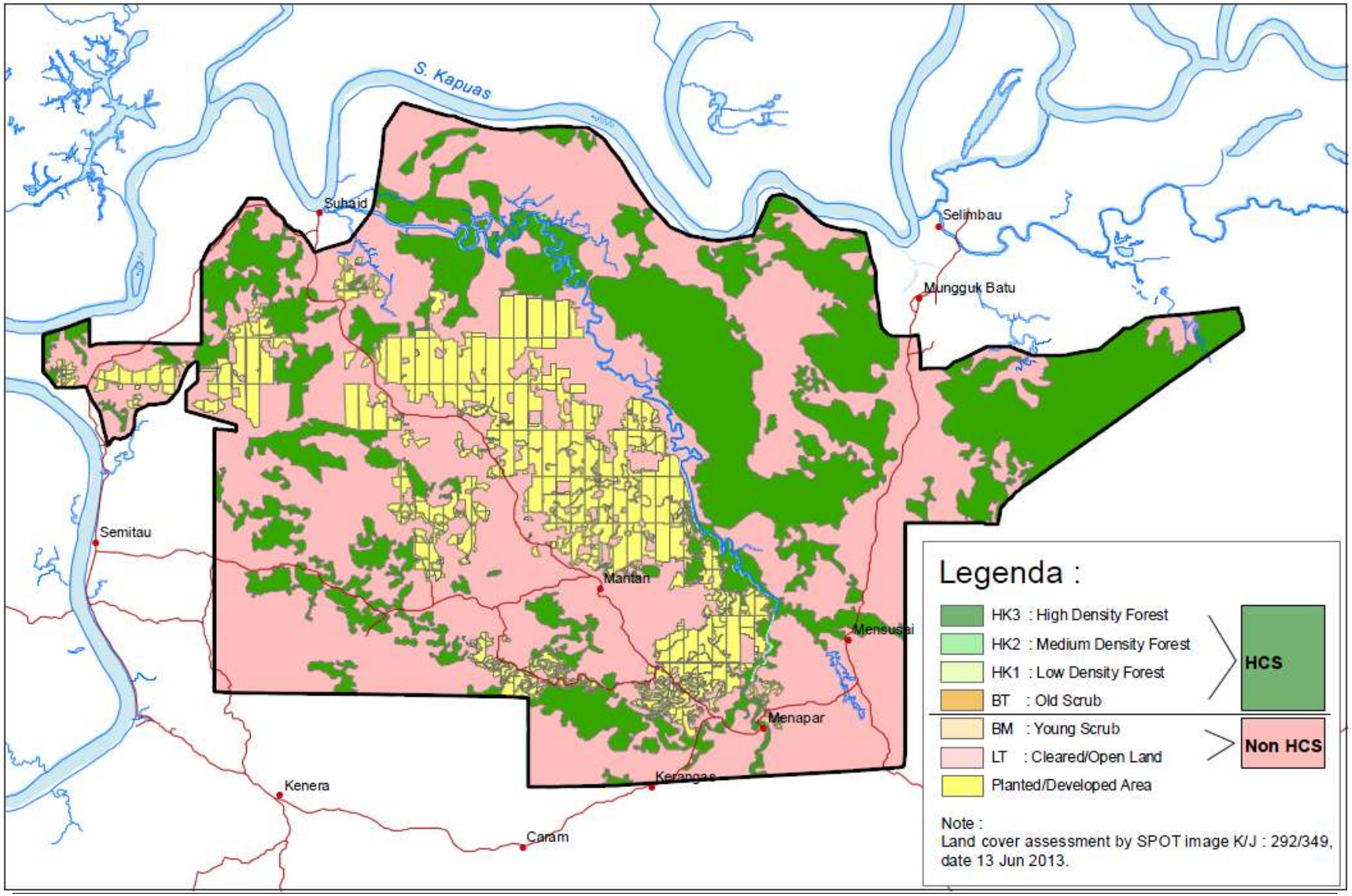
Patch selection decision tree



PT KPC stratification map



HCS and non-HCS



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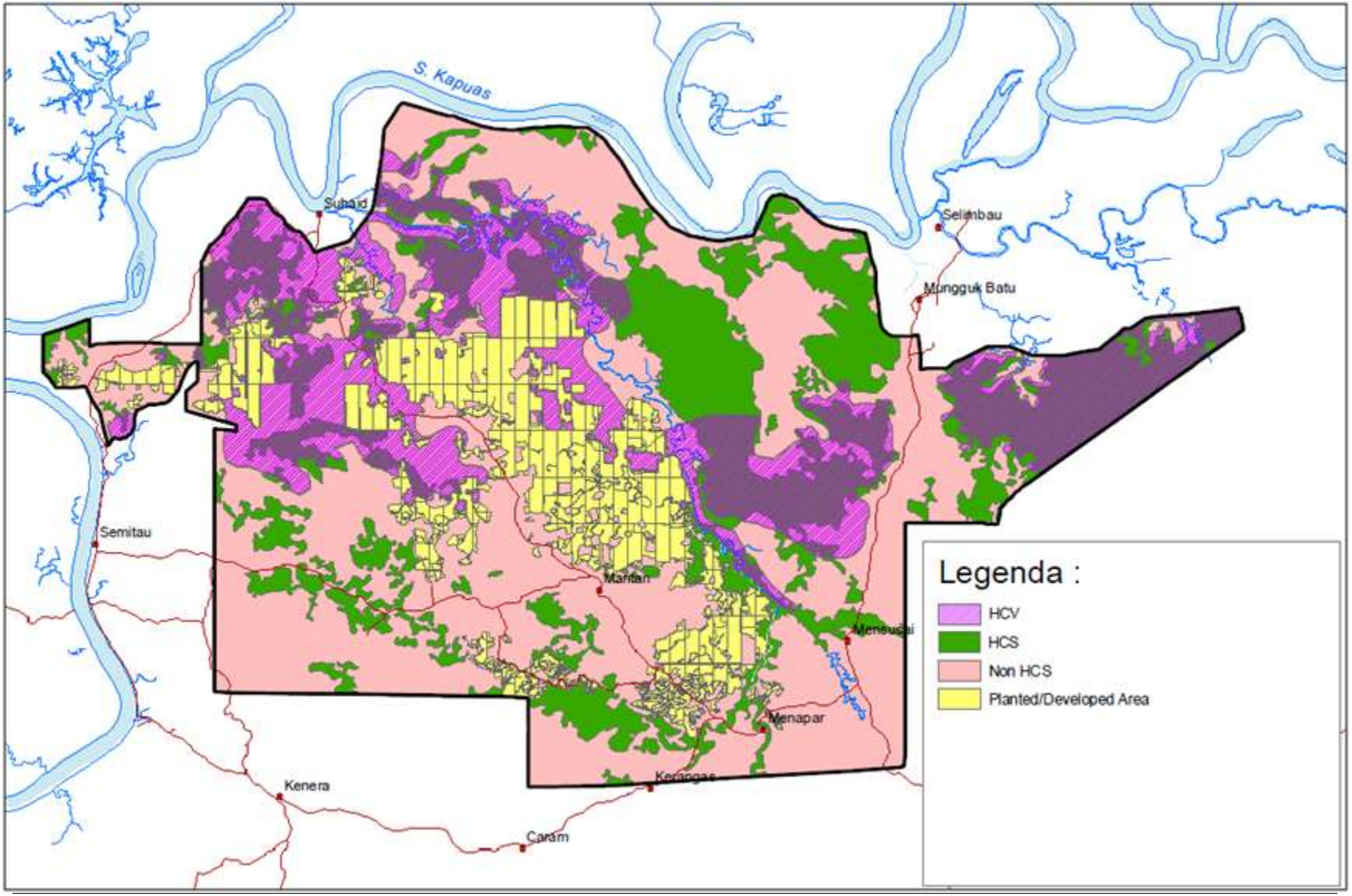
HCS overlaid with HCV



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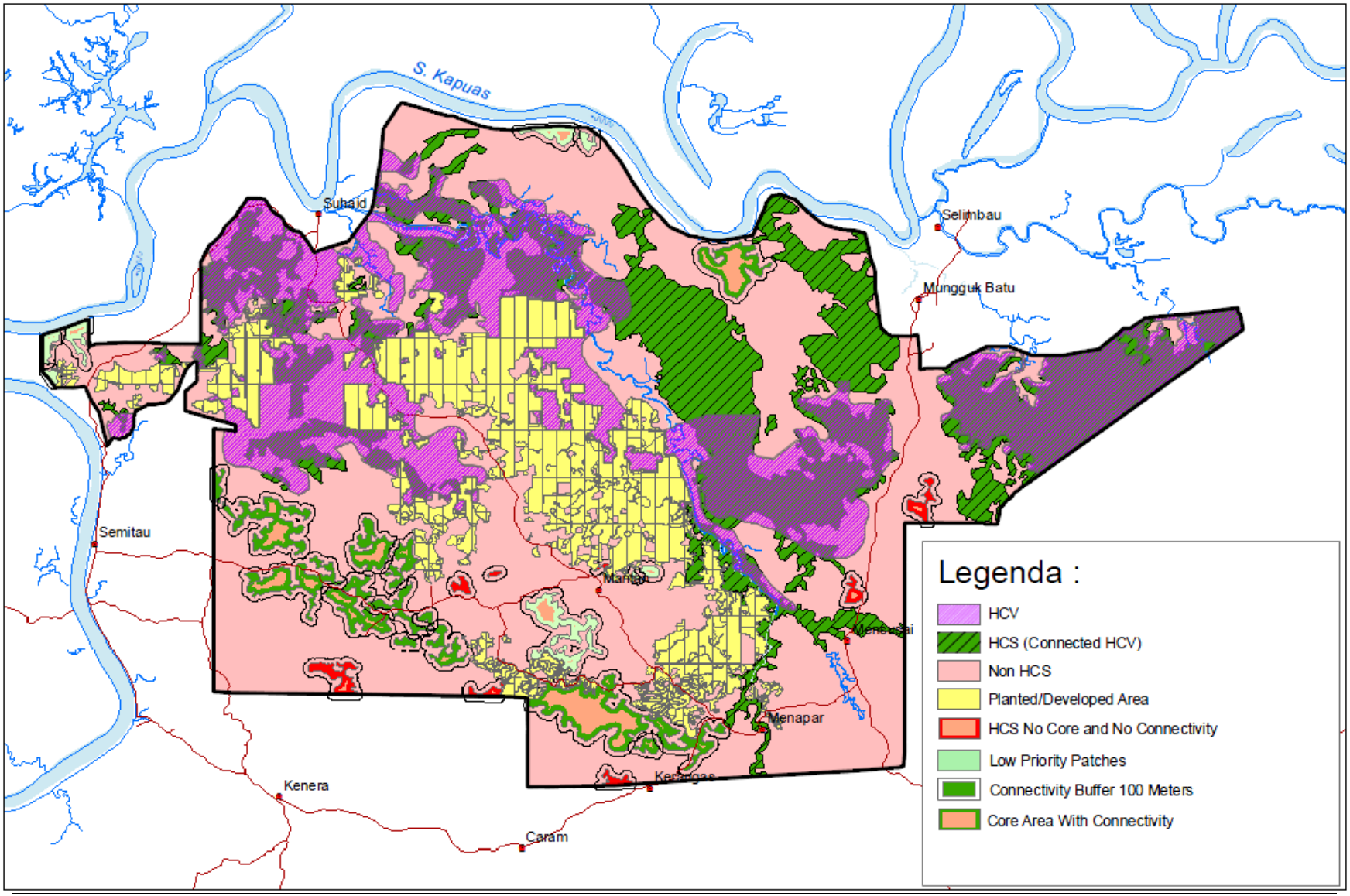
Connectivity and core areas



5. Successful pilot criteria

Achieving success: Multi-stakeholder collaboration

Communities

Value and protect HCS land

Industry

Support and adopt HCS policy

Government

Policies to protect HCS land and implement land swap

Community buy-in

1. Fulfill plasma commitments for compensated land.
2. Approved compensation plan for BT, HK1, HK2 and HK3.
3. Approved plan to protect HCS land with community involvement.

Government buy-in

1. Amend abandoned land policy to protect HCS land.
2. Implement land swap policy to facilitate land swap.
3. Map “no-go” HCS zones on moratorium indicative map.

Industry buy-in

1. At least ten key growers adopt HCS.

2. Key growers implement their respective pilot projects before GAR's next phase roll out.

3. GAPKI, Gabungan Pengusaha Perkebunan Indonesia (GPPI) and RSPO adopt HCS.

Successful pilot criteria

1. Community buy-in
1.1 Fulfill plasma commitments for compensated land.
1.2 Approved compensation plan for BT, HK1, HK2 and HK3.
1.3 Approved plan to protect HCS land with community involvement.
2. Government buy-in
2.1 Amend abandoned land policy to protect HCS land.
2.2 Implement land swap policy to facilitate land swap.
2.3 Map “no-go” HCS zones on moratorium indicative map.
3. Industry buy-in
3.1 At least ten key growers adopt HCS.
3.2 Key growers implement their respective pilot projects before GAR’s next phase roll out.
3.3 GAPKI, Gabungan Pengusaha Perkebunan Indonesia (GPPI) and RSPO adopt HCS.

Next steps

The Team
• Commences pilot implementation in PT KPC
• Continues to engage the Government of Indonesia, civil society organisations, local and indigenous communities, key growers and other stakeholders in the Indonesian palm oil industry

To be successful, all stakeholders need to
• Identify land that contains HCS
• Develop an enabling legal framework for HCS conservation
• Implement measures to conserve HCS

Thank you

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Q&A