



Bumitama Agri Ltd.
Excellence Through Discipline



Sustainability Policy

13 August 2015



Preamble

Bumitama Agri Ltd. is an Indonesian oil palm plantation group of companies ("Bumitama" or the "Group"), listed on the Singapore Exchange since 2012. The Group's core business activities are cultivation of oil palm trees, harvesting and processing fresh fruit bunches ("FFB") into crude palm oil ("CPO") and palm kernel. Most of our plantation land bank is located in Central and West Kalimantan, Indonesia.

Our vision is to be a leading palm oil producer focused on the continuous improvement of productivity, cost efficiency and growth. Our mission is to enhance shareholder's value; to improve the benefits and quality of life of our employees; to improve the welfare of the local communities and the environment. Our vision and mission can be achieved through a balanced approach which integrates sustainability into all aspects of plantation management and our long-term business strategy which is captured under the "4P" of: People, Planet, Product and Profit.

In 2013, we realised that our policies and practices on sustainability were no longer in line with global expectations. Consequently, we affirmed our commitment to the Roundtable on Sustainable Palm Oil ("RSPO") by transferring our membership from PT

Bumitama Gunajaya Agro to Bumitama Agri Limited. In 2014, we successfully achieved certification under the RSPO scheme for the first two of our management units. The Group also divested and/or terminated management contracts from several business units where legal compliance was overly challenging. We have also addressed various formal complaints and grievances from civil society organisations.

As a responsible grower in Indonesia, we recognise that the palm oil industry must address concerns on deforestation, climate change and social injustice. As such in 2014, the Group commenced trials to assess the relevancy and viability of this "No Deforestation, No Peat, No Exploitation" policy.



Our Commitments

Bumitama is committed to adopt with immediate effect, the following “No Deforestation, No Peat and No Exploitation” policy:

Forest Conservation and Sustainable Land Use

- We commit to the protection, restoration and/or co-management¹ of forests and other areas identified as having **High Conservation Value** (“HCV”) by competent, accredited assessors.²
- We subscribe to the **High Carbon Stock** (“HCS”) approach and will protect all forest identified using the HCS approach³. We will implement the HCS approach in consultation with the local communities using Free, Prior and Informed Consent (“FPIC”), agronomic practicality and with a view to long-term conservation benefits. We will support efforts to integrate the HCS approach into government policy.
- We ensure that there will be no new planting on **peatland**⁴, regardless of depth. Best Management Practices are implemented in existing plantations with peat areas. We will rehabilitate peatland when and where necessary and viable⁵ and peatland area will be conserved during replanting when assessed by experts.
- We enforce zero-burning policy in land development and replanting, and ensure that effective **fire prevention and fire fighting** management are in place.
- We will work to progressively record and monitor **Greenhouse Gas Emissions** from our plantations and mills and implement strategies for emissions reduction, with emphasis on palm oil mill effluent by using our current policy as baseline. Policy implementation reports will capture emissions reduction actions.



- We will ensure that our activities do not lead to any long-term impacts on surface and ground **water quality and availability**. We will take all reasonable measures to mitigate impacts during site development activities and will collaborate with local water users in our plantations and mills to monitor water quality and assist them to address concerns collectively.
- Bumitama is committed to **Integrated Pest Management** practices to reduce the usage of chemical pesticides. Pesticides that are categorised as World Health Organisation Class 1A or 1B listed by the Stockholm or Rotterdam Conventions are not used, except in specific and urgent situations. The use of Paraquat will be eliminated.
- The Group strives to minimise chemical fertiliser use, and will adhere to best scientific, site specific and sound approaches in fertiliser usage in plantations. **Nutrient recycling** is maximised to improve moisture, nutrients and carbon in the soil.





Respect for Local Community Rights

- We respect the rights of indigenous people and other local communities to give or withhold their **free, prior and informed consent** to development of land to which they hold legal, communal or customary rights. We identify local communities' tenure and user rights through participatory Social Impact Assessment and engage in fair and informed negotiations over access rights to land and other natural resources.
- Bumitama commits to encourage and support communities in the immediate vicinity of its lease areas with **sustainable economic development** options, also when these communities do not opt for oil palm development.
- We embrace partnership approaches to managing the **landscapes** within and around the boundaries of plantation areas in order to sustain diverse landscapes that contribute to long-term food and income security and environmental integrity. We will work with local communities and government, academics and other experts to determine the most practical and appropriate, economical and sustainable use of HCV, HCS and peatland set-asides, including sustainable use by the local community inside and in the immediate vicinity of our plantations.
- Bumitama engages with **plasma smallholders** on the basis of a fair, transparent and accountable partnership. We support plasma smallholders through education and help them to apply best practices to improve productivity to a comparable benchmark of productivity of our plantations. Furthermore, we will support plasma smallholders within our supply base to become compliant with RSPO standards.



Respect for Workplace Human Rights

- We respect **worker's rights** in accordance with local and national laws, regulations and practices; including the International Labour Organisation requirements for decent work and core conventions on child labour, forced or compulsory labour, freedom of association, and elimination of discrimination. We respect and support the Universal Declaration of Human Rights for all workers, including contract, temporary and migrant workers. The Group and its suppliers/sub-contractors shall ensure all workers are paid a wage that is equal to the legal minimum wage. We commit to ethical recruitment and securing of a healthy and safe working environment for all of our employees, contractors and visitors.
- The Group will launch a **code of ethical conduct and integrity**; strive to implement Good Corporate Governance on all levels of the workforce and operations.





Traceability and Responsible Sourcing

Certification

We will pursue our **traceability** objectives by:

- a) Tracking and monitoring land development in sensitive areas;
- b) Developing a “supply shed” approach to map out the supply base of each of our CPO mills. The supply shed approach will include conducting survey of traders and independent smallholders that supply FFB to our mills and assisting them to comply with our policy. We will communicate with stakeholders in our supply shed to inform them about our sourcing policy regularly;
- c) Ensuring FFB processed by our mills is traceable to our own estates and plasma smallholders;
- d) Ensuring that FFB is purchased from legal and responsible sources; and
- e) Working with all supply chain stakeholders including the local traders and smallholders on FFB traceability.

Certification represents independent affirmation of our best management practices on the ground. The Group will secure certification as required by law and/or global CPO markets.

Certification of the management units that have obtained Land Use Rights Permit (“HGU”) will be realised along the time-bound plans submitted to and published on the RSPO website. For other management units, the Group will duly implement the Principle & Criteria of the RSPO and Indonesian Sustainable Palm Oil (“ISPO”) and the RSPO New Planting Procedure (“NPP”), Remediation and Compensation Procedure (“RCP”) and Guidance for Smallholders.



Scope

All provisions in this policy, with no exception, apply to all plantations and/or mills in our subsidiaries, associates and those which we manage. For new acquisitions, the provisions in this policy will guide the Group towards compliance within a challenging time-bound plan.

Bumitama Agri Limited Executive Directors are advised to embrace a comparable “No Deforestation, No Peat and No Exploitation” policy in their investment into palm oil plantation companies.

Implementation and Enforcement

We acknowledge the importance and challenge on the implementation and enforcement of this policy.

Bumitama will roll out a series of detailed policies and/or Standard Operating Procedures. We will establish assessment procedures to determine conformance, inclusive of relevant parties as mentioned in this policy. We will conduct regular communication, and provide guidance and assistance to help them achieve compliance with this policy.

We strive to amicably resolve **conflicts and complaints** with all parties in an open, transparent and constructive manner through our complaints and whistle-blowing procedures, in addition to the RSPO complaints mechanism. Significant non-compliance of this policy will be monitored and reported to the company's Board. The corrective measures taken, where appropriate, will be publicly reported.



Engagement

As new information and knowledge comes to light, either through our experience or through others' research or experience, Bumitama will make adjustment where and when necessary and improve in a consistent and economic manner with viable best practices. Bumitama will collaborate with local communities, local government, academics, civil society, neighbouring companies and other stakeholders to further contribute to our sustainability efforts.

There are several platforms that strive to define, enhance and implement sustainability standards for the palm oil industry, such as: the RSPO, Palm Oil Innovation Group ("POIG"), Sustainable Palm Oil Manifesto ("SPOM"), the HCS Approach Steering Group, Indonesian Palm Oil Pledge ("IPOP") and ISPO. Bumitama welcomes all initiatives that strive to promote the transformation of the palm oil industry towards sustainability. We do not exclusively commit to any of these platforms but we are open to share our experiences and learn from these initiatives. We commit to **continuous improvement** in our policies and implementation.

Reporting and Transparency

Bumitama will report the progress of the implementation of this policy twice per year. Full sustainability reporting will be published biennially. Our sustainability reporting will be compliant with the identified core Global Reporting Initiative (GRI) Sustainability Reporting Guidelines within the next three years. Our RSPO main assessment and annual surveillance public summary reports are accessible on the RSPO website. The Group publishes its major sustainability milestones and events in its Annual Report and/or on the company's website.





Endnotes

1. Co-management involves our partnership with local communities and expert organisations.
2. As defined in the Indonesian HCV Toolkit (HCV Resource Network, 2009).
3. High Carbon Stock (HCS) assessments are used to identify forest with significant carbon value for conservation, with the primary goal of mitigating greenhouse gas emissions caused by forest conversion. HCS is identified through a combination of vegetation stratification based on interpretation of remote sensing images and field checks, and consideration of the ecological and regenerative capacity of the degraded forest. The methodology for assessing and conserving HCS is defined in the HCS Approach Toolkit (http://highcarbonstock.org/wp-content/uploads/2015/04/HCS-Approach-Toolkit_Full-version.pdf).
4. Peatland is defined as soil containing greater than 65% organic matter with depth of more than 50cm.
5. For existing plantations on peat, BMPs are defined as those included in Criterion 4.3 of RSPO Manual on Best Management Practices for existing oil palm cultivation on peat, June 2012. (http://www.rspo.org/file/RSPO_BMP_1_Update_24_April_2013_small.pdf):
Peat restoration is defined as restoring natural vegetation and drainage regimes on peat where feasible, and working with experts, stakeholders and communities to implement best practices set out in the RSPO Manual on BMPs for Management and Rehabilitation of Natural Vegetation Associated with Oil Palm Cultivation on Peat, 2012. (http://www.rspo.org/file/BMP_manual_2_update_24_april_2013_small.pdf)



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