

# Bumitama's ESG Journey: Achievements, Challenges & Goals



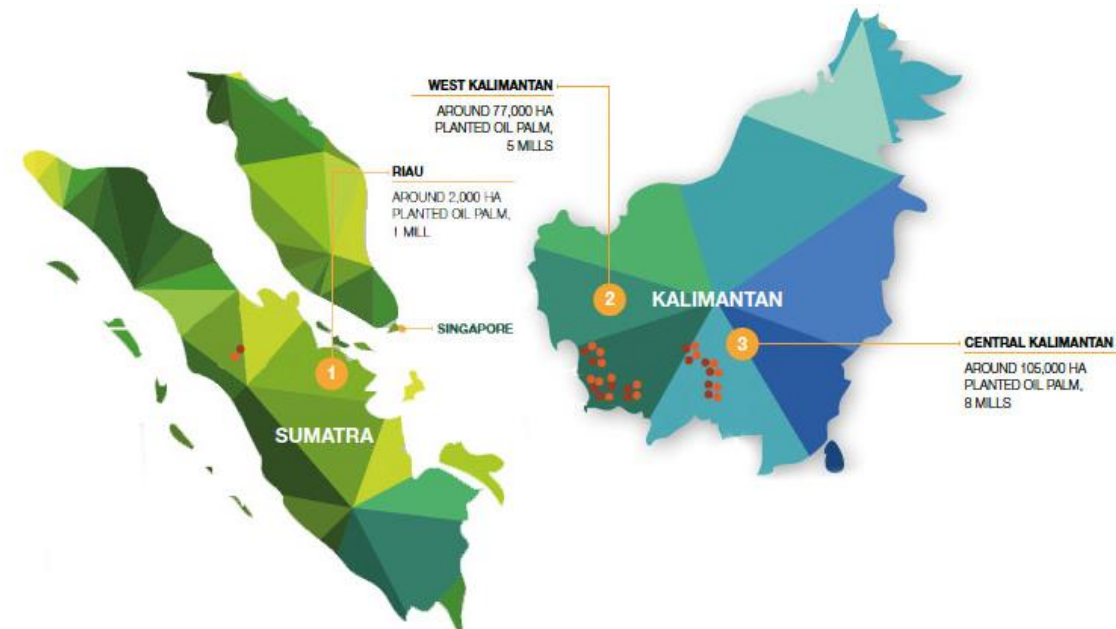
Bumitama Agri Ltd

10 March 2021

# About Bumitama



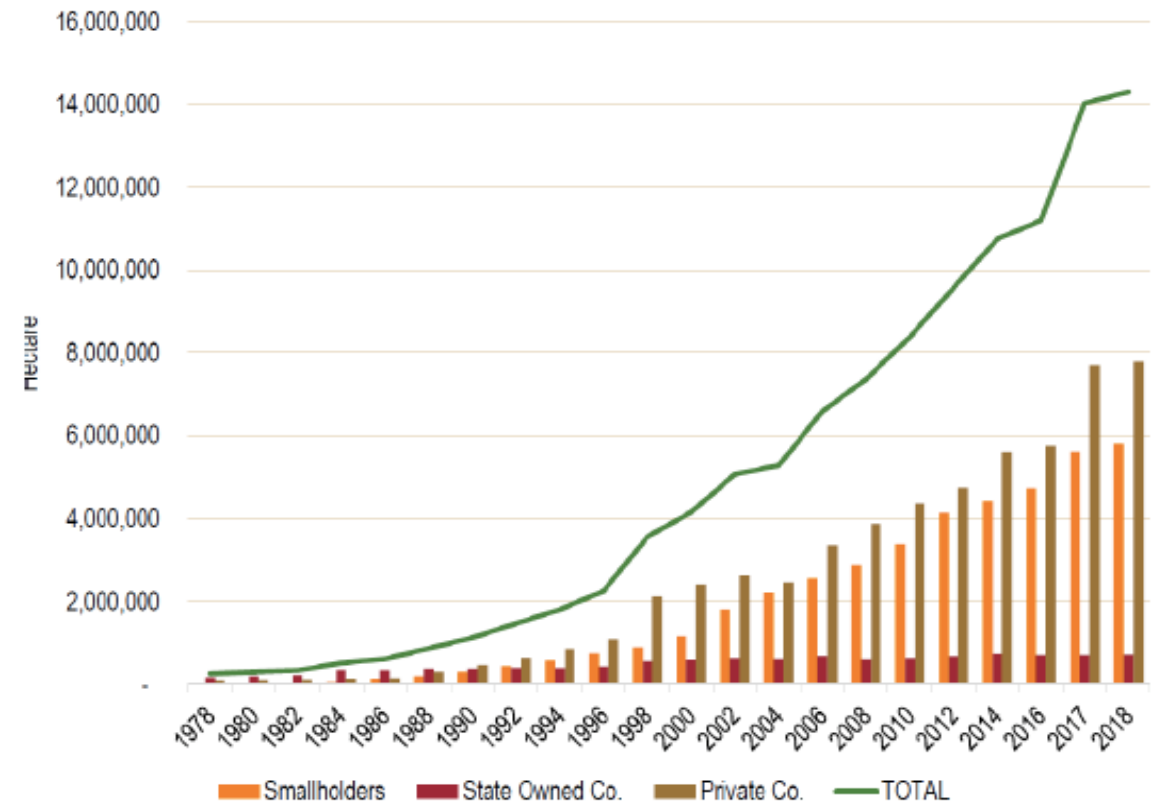
- Bumitama Agri Ltd. Is a producer of CPO and PK with 14 mills and having a total of 188,000 ha of planted areas (29.3% plasma) in Central Kalimantan, West Kalimantan and Riau
- HQ in Singapore and Jakarta
- Bumitama adopted a Sustainability policy of No Deforestation, No Peat, No Exploitation in 2015;
  - Its essence is in the **creation of common vision that can be embraced by multiple stakeholders**
  - Bumitama strives to contribute to the greater global goal of looking after our planet, while providing for improved livelihoods and respecting the rights and aspirations of both our own employees and our local communities



# The Oil Palm Industry's Contribution To Indonesia



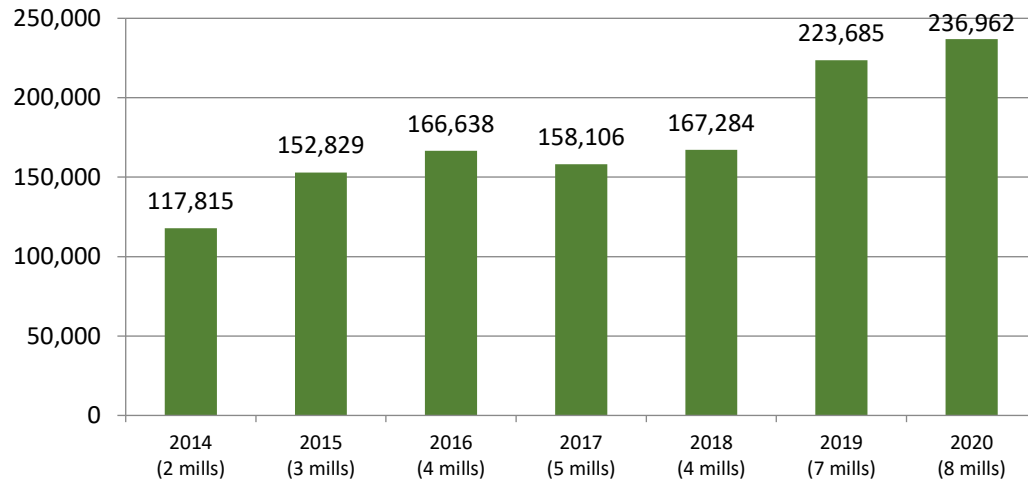
- Palm oil is the most productive vegetable crop, requiring less resources and providing more yield per hectare than other crops
- Indonesia had 14.6 million hectares of palm oil in 2019, with over 40% smallholders
- Palm oil significantly contributes to national development, with export value of USD 16 billion in 2019 and significant growth of domestic demand
- **Palm oil provides 17 million jobs**, including **2 million smallholder farmers**, who on average earn 61% more than minimum wage and 163% more than padi farmers



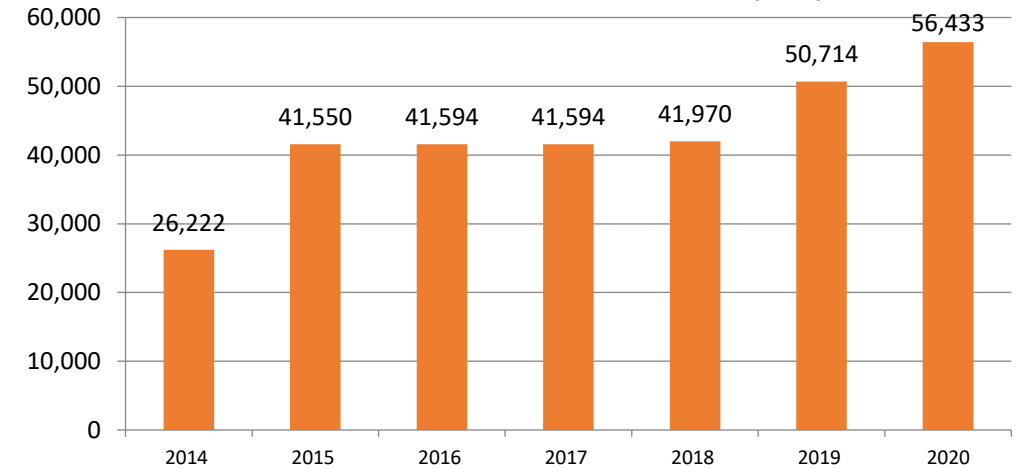
# Bumitama Certification Programme



### CSPO & CSPK (MT) Production



### Total RSPO Certified Area (HA)

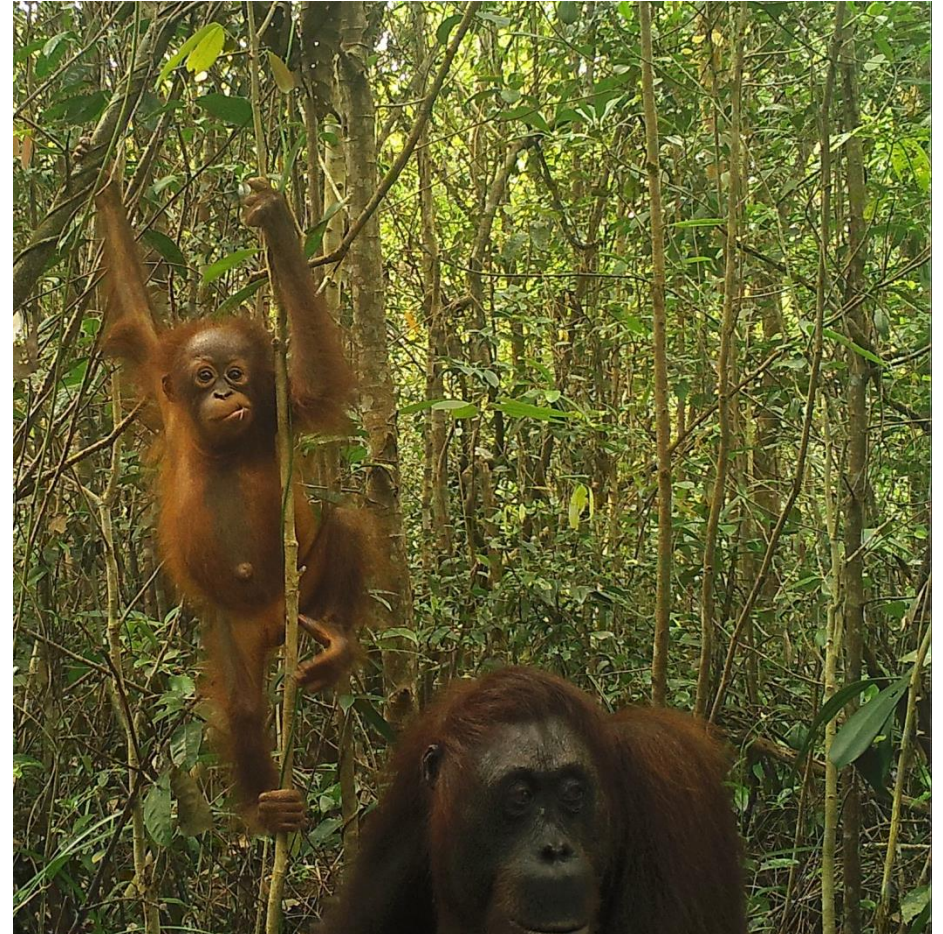


- Voluntary RSPO Certification Plans (conditional to obtainment of HGU status):
  - Nucleus by 2022
  - Plasma by 2023
  - Independent Smallholders by 2024
- Mandatory ISPO Certification Plans in line with the RSPO
- ISO certification of 14001 (environment management)

# Halting Biodiversity Loss - Sustainable Forest Management



- Indonesia has the 3rd largest tropical forest in the world, with nearly 50 million people depending on its ecosystems for their livelihoods
- **Bumitama conserves nearly 40,000 ha of HCV, HCS and peat areas** with the aim to reduce the loss of natural habitats and biodiversity
  - BBCP – Collaborative multi-stakeholder landscape conservation programme with wildlife corridor with biodiversity specialist organisations
  - Partnership in PONGO Alliance for alternative approach to orangutan habitat management in fragmented landscapes
  - Rehabilitation of mangrove in Kalteng – 150 hectares of coastal area in partnership with local government and schools





# Climate Change and Resources Management



- Out of all conservation areas – 48% are identified as containing good structural forest
  - Land cover gain of 1,192 ha in 2020
  - Targeting 10% forest gain by 2025
- FlyForest – piloting accelerated reforestation using drones
- Conserving 6,115 ha of peat, essential in providing clean water and mitigate the impacts of climate change, with peat restoration programme and BMPs for planted peat areas
- Comprehensive fire management utilising real-time data and collaboration with local communities
- Methane capture for electricity production and POME/EFB composting at all mills
- 80% of planted area free from rodenticide use, using natural predators – barn owl programme



# Sustainable Agriculture for Community Impact



- **Poverty rate in Indonesia dropped** from 23.4 % to 9.8% between 1999 – 2020
  - Agriculture (oil palm), positioned in rural areas has been the driving force behind the decrease
- Bumitama **employs over 30,000 workers** with minimum starting wages 10-20% higher than the regional minimum wage – supporting families with healthcare, education, sembako/food basket and rice parcel;
- Plasma scheme of over 55,000 hectares (29.3% of planted area) providing income for local communities, including local contractors, suppliers and other spill-over businesses



# Supporting Communities for Self-Sufficient Villages



**Bumitama works with 112 villages** near its concessions;

- We build on existing social impact assessments and biodiversity management plans, with consideration for impacts beyond the boundaries of company permits
- **Improving the capacity of community** – Programme by the CSR team, Bumitama Foundation & BCU
  - 50% “B” accreditation of surrounding (external - non Bumitama) schools in 5 years
  - Skills programme for local youth, 2020 has trained 132 youths
- **Income Generating Activity (IGA)** programme
  - IGA Sawit: helping independent smallholders to harvest & transport FFBs to mill with lower cost
  - IGA Non-Sawit: advancing the economy of external & internal community, e.g. local handicraft, chicken farms, agriculture, Social Forestry cross-cutting programme
- **Improving the resilience of our villages**
  - Village Development Index as self-sufficient accreditation, in terms of economic, health & social resilience

VDI ranking	Score	2020	2016
Very Underdeveloped	1	9	44
Underdeveloped	2	24	56
Developing	3	54	11
Advanced	4	15	1
Independent	5	10	0
	Total	112	112
	<b>Avg score</b>	2.94	1.72



# Inclusion of the Local Communities



- Bumitama has been providing community groups with alternative livelihoods - **Capacity building and sustainable economic development for 64 groups**
- Working with plasma farmers and independent farmers
  - **Additional income generation** from Ikan Patin business-model for plasma smallholders in Kalteng
  - Bumitama **blacksmith buyback programme**; launched in 2013, now 9 groups and expanding product range from just dodos for harvesting
- Teluk Pulai near Tanjung Puting National Park
  - Employment from Bumitama provided financial means for other businesses e.g. harvesting 60 swiftlet nests generating additional income of IDR 70 mil to IDR 80 mil per season
  - **Community giving back to environment** by reforesting



# Social Forestry – Improving Livelihoods of Forest Communities



- **Village Level Land-use Planning (VLLP)** - trialed for 8 villages under the BBCP in 2017, identified areas for protection, production, proposed improvements and potential new sustainable livelihoods
- **Social Forestry permits for 35 years** – collaboration with local communities and regional government for Desa Tanjung Medan, Simpang Tiga Sembelangan, & Sungai Melayu – **8,500 ha**
- Developed 6 business units to help **provide long-term sustainable income** and protection of biodiversity & forests:
  - Tanjung Medan: freshwater fishery and chili peppers (**59 involved**)
  - STS: candlenuts and jengkol - stinky beans (**44 locals involved**)
  - Sungai Melayu: clean water supply and forest fruits (**21 involved**)
- Bumitama shares responsibility and provides funding in co-management of social forestry areas with local communities
- **Long-term planning for effective company-community partnership**





# Education and Promoting the Rights Of Children



- Bumitama provides quality **education to 5,300 children** of our employees through **38 internal schools, 124 childcare centres** (2,000 children) and more than 10 external partnership schools;
  - In last 10 years 8,446 children have graduated from our schools
  - Bumitama provides for 15 years of education, from early childhood pre-school to vocational senior-high
  - All Bumitama's schools are **ranked within top 75%** of provincial schools
- Adiwiyata Green School promotion programme - 9 schools certified at Provincial and 3 at National level
- Monitoring and **providing nutritious diet for children** at risk of stunted development



# Employee Food Security and Healthy Lifestyle



- **Our workers** enjoy salary and in-kind benefits that cover and exceed their food cost + housing cost + non-food non-housing costs such as clothing, transportation, education, healthcare and personal hygiene
- Employee vegetables, poultry, and fish farming in idle estate land (ex-nurseries etc.)
  - **76 community farms** for employees on 58 hectares
  - **256 fish farming ponds**
  - Mitigation against potential food supply shortages, providing nutritious and fresh food during the Covid-19 pandemic
- **Community food-source** programme:
  - Learn, harvest and replicate interactive training centres using integrated farming as best management practice for alternative livelihoods in Kalteng (KMB) and Kalbar (GMS)





# Promoting Gender Equality



- Bumitama has a zero-tolerance policy on gender discrimination and sexual harassment
- Women make up 28% of our workforce
- Bumitama promotes gender equality and inclusion of women into the industry
- Set up Gender Committees at each of our sites
  - Championing gender-related initiatives, fair treatment and protecting reproductive rights
- Working with Ibu2 PKK and empowering women through participation in community economic development programmes, such as mushroom farming programme in Kalteng
- Breastfeeding facilities for all plantation units by 2023 – already 19 units operating



# Challenges in ESG Implementation



- General biasness and double standard against the palm oil industry which does not apply for other crops
- Dominating negative narrative - need better dissemination of objective information on sustainable palm oil production and its ethical context
- Financing support and stakeholder cooperation for such activities is lacking
- Financial obligation from a sustainable run company compared to one that is not, is similar
- High cost for such activities
- Low premium for sustainable companies

