



Bumitama Agri Ltd
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NEWS RELEASE

BUMITAMA CLARIFIES ON THE ARTICLE PUBLISHED BY THE NEW YORK TIMES

Bumitama shares the global concern of the adverse effects of deforestation, fires and draining of peat on global climate change. Like our peers and other RSPO members, we have since August 2015 adopted the No Deforestation, No Peat and No Exploitation (NDPE) policy. Bumitama resolutely stands by its Sustainability Policy commitments and adheres to the RSPO P&Cs in all of its operations.

We have taken note of the article published in the New York Times (NYT) on 20 November 2018, which had made mentions of our plantations PT Bumitama Gunajaya Abadi (BGB) and PT Andalan Sukses Makmur (ASMR). We thank the author for providing us an opportunity to respond, but it was a very limited avenue; through 6 questions with little detail and no specific coordinates or photos of the locations visited.

We wish to reiterate parts of our replies, which did not make it into the print as well as extracts of relevant information from our published reports and news releases, so a more complete picture is presented on what was mentioned in reply to the article.

PT Bumitama Gunajaya Abadi (BGB)

Bumitama cares for its communities, respecting their rights and fostering their aspirations by providing them with good livelihoods. We offer local economic empowerment and food security programmes and develop plasma scheme for our communities. In the establishment of BGB, our company accepted the invitation for development from the local villages and partnered with them in a 50/50 plantation sharing arrangement, with its almost 9,000 individual farmers under plasma smallholder schemes. Such arrangement is unique for it far exceeds the regulatory requirement for 20% plasma allocation.

With the exception of Mr. Gelombang and the group of 15 people lead by him, none of our smallholders disputed allotment of their planted land parcels by the plasma cooperatives or claimed forged signatures in plasma refinancing loan of which the company stands as guarantor. We are undergoing a facilitated RSPO Complaints procedure, to address their claims together with the village and cooperative management teams and have identified potential settlement options. Our active engagement with the complainants is showing promising results. We however believe that in the interest of amicable outcome of the process the parties should avoid communication outside of the RSPO framework and refer all interested



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stakeholders to the RSPO Complaints tracker and the information contained therein. We denounce any forms of bribery or corruption; in dealings with business partners and regulatory bodies, Bumitama commits to ethical conduct in accordance with the applicable laws, RSPO P&Cs and our own internal Code of Conduct.

PT Andalan Sukses Makmur (ASMR)

PT ASMR consists of two pieces of land, one hugging the Sekonyer river on its western banks and the other one by the coast of the Kumai Bay. In the coastal area, the village of Teluk Pulai was resettled here from the Tanjung Puting National Park (TNTP) more than 20 years ago, but the new location did not provide land for livelihood. Due to lack of development opportunities combined with inaccessibility, the people were struggling to find means of subsistence. When the regional government finally zoned cultivation land for this village, Bumitama accepted the local's people proposal to start development here, although we knew it was going to be challenging due to proximity of the National Park and its non-economical distance and size.

ASMR first conducted HCV assessment, which identified an area of 809 ha as potential orangutan feeding ground. This was in 2013 returned to the West Kotawaringin Government for conservation. We followed with a rapid High Carbon Stock Approach study that determined that 2,469 ha of forest and peat area would be set-aside for conservation.

Our recent patrol identified one land clearing activity just outside of ASMR that encroached into the buffer zone of TNTP. We assume it is the same as the one mentioned by the NYT journalist. Prior to the article, ASMR, the village head and the National Park management approached the owner - local entrepreneur from Kumai to dissuade and warn him that such planting violates the Indonesian Law on Conservation of Natural Resources and Ecosystems, and that Bumitama would not purchase fruits from developments that cleared forest or peat in violation of its Policy. We are still persuading him to reforest the land with our assistance. We will publish all such cases in the Grievance section of the Bumitama Sustainability dashboard in the coming months.

Fire prevention and fire management form an essential part of our sustainable plantation operation. Fires present environmental and health risk and contradict good management practices. Therefore a strict No Burning Policy is enforced in all our land preparation and plantation developments. We work with villagers in our plantations to provide alternative means of land clearing to restrict their use of fire and train/equip them for fire management. Despite our best endeavors, fires do occasionally happen in our concessions, particularly during extremely hot and dry



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seasons. We inform the local authorities on all occurrences and publish annual numbers of fires in our Sustainability Report.

We are committed to rehabilitate set-aside areas which have degraded or burned, together with the local communities. Some of the ongoing programmes in the areas surrounding the TNTP are:

1. Active rehabilitation of a forest partially burned during the 2015 El Niño
Bumitama provided seedlings of indigenous tree species to the community for planting. All planting has now completed and is being monitored, to ensure the plants are growing well.
2. Planting mangrove to prevent coastal erosion
In the village of Teluk Pulai, the natural mangrove ecosystem damaged by wave erosion and harvesting of wood is gradually restored to prevent abrasion threatening the community dwellings.
3. Rehabilitation of the Lamandau Wildlife Reserve
Across the Kumai River, Bumitama collaborates with Orangutan Foundation UK in rehabilitation of the Lamandau Wildlife Reserve with the help of the children from our Adiwiyata Green schools.

Our rehabilitation programmes have generated strong community interest, which has allowed us to spin off more community projects, especially in harvesting of non-timber forest products such as pandan for weaving of souvenirs, forest honey, herbal leaves or swallow nests for traditional medicine.

We understand the far-reaching implications of national policies allowing the use of oilseed crops for biodiesel from countries such as United States of America (US) or European Union. However we question using palm oil to highlight this plight created by the governmental policies. Besides being the most efficient oil in terms of productivity compared to other oil seeds such as soy, the palm oil industry has the highest volume of certified oil under a global multi-stakeholder standard, the RSPO.

Moreover, the global development of oil palm plantations predates the US biodiesel policy mentioned in the NYT article. In Indonesia, the expansion of palm oil sector powers the economy in the poorest parts of rural areas. Nationwide the industry provides jobs for over 17 million people; including more than 2 million smallholders, who accounted for over 40% of the total Indonesian oil palm hectareage. It is largely thanks to the palm oil development that the poverty rate in Indonesia fell from 23.4% in 1999 to 10.1% in 2017.

There are many drivers of deforestation, but as pointed out in the Union of Concerned Scientists article named *Ending Tropical Deforestation: Have We Got Our*



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Priorities Backwards? the pledges to address it are often reversed to its sources. While more than a half of the oil palm companies committed to end deforestation, only about a fifth of the soy farmers and tenth of the beef producers had done so. However it is the soy which causes about twice the amount of the deforestation of palm oil, and beef that is accountable for almost ten times the area of forest lost.

Bumitama upholds its NDPE pledge and invites all stakeholders to work together in making a sustainable, deforestation free palm oil the norm.

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