

SUSTAINABILITY JOURNAL



Volume 3 - January 2012



MUSIM MAS AT RT9

Annual RSPO meeting

TOWARDS A BETTER TOMORROW

Musim Mas supports education of local communities

MUSIM MAS SUPPORTED EVENT AT NUS

A Talk by Mr. John Elkington - "World on Edge of a Sustainable Development"

RSPO NEW PLANTING PROCEDURE

A case study in West Kalimantan

A SUCCESSFUL KKPA STORY

The Musim Mas experience

FOREWORD

The Musim Mas business is driven by the core values of People, Planet and Prosperity. We always strive to maintain a balance among these key sustainability elements.

While continuing to support the RSPO, Musim Mas is preparing for Indonesian Sustainable Palm Oil (ISPO) certification. Our Group looks forward to reaping synergies between the two certification systems.

I could not agree more with Mr. John Elkington, a guest speaker at a Musim Mas supported event at the National University of Singapore, that sustainability principles need to be embedded in a company's strategic thrust and DNA. In Musim Mas we use an all-encompassing definition of sustainability which is applied across all company activities. We strive to be a trail blazer in sustainability and to make it very much a part of our corporate culture.

I hope you enjoy reading this issue.

Bachthiar Karim

Executive Chairman

Musim Mas Group

MUSIM



November 2011 saw the convening of the 9th Roundtable Meeting on Sustainable Palm Oil (RT9) in Kota Kinabalu, Sabah, Malaysia. The meeting attracted the participation of more than 1,000 delegates from 34 different countries representing all sectors in the palm oil supply chain. The theme of the meeting was

RSPO Certified: Transforming the Market



MAS_{AT} RT9



Eleven Musim Mas companies with a planted hectarage of about **84,000 Hectares** have achieved RSPO Certification with a collective volume of **450,000 Tons** CSPO annually.

The Group is the first to achieve certification in Indonesia and is currently one of the largest producers of CSPO in the world.

RT9 covered all aspects of the production and use of Certified Sustainable Palm Oil (CSPO). Special focus was put on how CSPO could become the norm in the market. Most major consumer companies have already declared year 2015 as the deadline to use only CSPO in their products.

Musim Mas views the annual RSPO meeting as an important event bringing together all stakeholders and has actively participated in RSPO activities since 2004. Musim Mas was a financial sponsor for RT9 and sent a high level delegation to the event, comprising Heads of Sustainability, Plantations, Processing, Marketing, Strategy and Planning. "We feel that it is important for our senior management to keep abreast of major CSPO developments and to interact with stakeholders," said the Group Executive Chairman Mr Bachtiar Karim.

At RT9 Musim Mas shared its experience in the implementation of the RSPO New Planting Procedure (NPP) in 3 of its companies in West Kalimantan which have acquired the right to develop a



total of 27,360 hectares. Dr. Gan Lian Tiong explained how strict adherence to the NPP required High Conservation Value (HCV) areas to be specified and how Social Impact Assessments were carried out after all license and permits were in place. "Some 19,477 hectares, or 71% of the total area, have been earmarked for planting which means that a substantial area has been set aside in compliance with all the guidelines," said Dr Gan.

The delegates also participated in the RSPO General Assembly (GA8) which was held immediately after RT9.

TOWARDS A BETTER TOMORROW

Musim Mas Group firmly believes that education is one of the key pillars to provide a bright future for our next generation. Musim Mas always goes the extra mile to ensure that the children of its plantation workers, and those in the community in which it operates, have access to proper education.

Under the patronage of Anwar Karim Foundation, Musim Mas Group has built five kindergartens/ primary schools on its Sumatra and Kalimantan estates.

The five schools are:

1. **Sekolah Maju Mandiri I** located at **PT. Musim Mas Sorek North, Riau**
2. **Sekolah Maju Mandiri II** located at **PT. Musim Mas Sorek South, Riau**
3. **Sekolah Andalan Generasi** located at **PT. Agrowiratama, West Sumatra**
4. **Sekolah Bakti Sejati** located at **PT. Berkat Sawit Sejati, South Sumatra**
5. **Sekolah Sejahtera Mandiri** located at **PT. Sukajadi Sawit Mekar, Central Kalimantan**

Currently, a total of about 3,000 study in these schools. Musim Mas also implements the GNOTA scholarship program which is specially aimed at underprivileged children.

Musim Mas employs experienced and dedicated teachers and ensures that the schools follow the National Standard Curriculum (KTSP). Most schools have been accredited by the authorities. Students are provided with facilities such as computer labs and games rooms. They also enjoy the comfort of travelling to school in shuttle buses. Student life is further enriched by extra-curricular activities such as well-equipped marching bands trained by special instructors.

As the saying goes: "You reap what you sow." The commitment of Musim Mas to education has yielded some good results which are evident from the achievements of its students. In the academic field, they have won prizes in the District and the Regency Science Olympiads. On a non-academic level they have been champions in various sporting events.

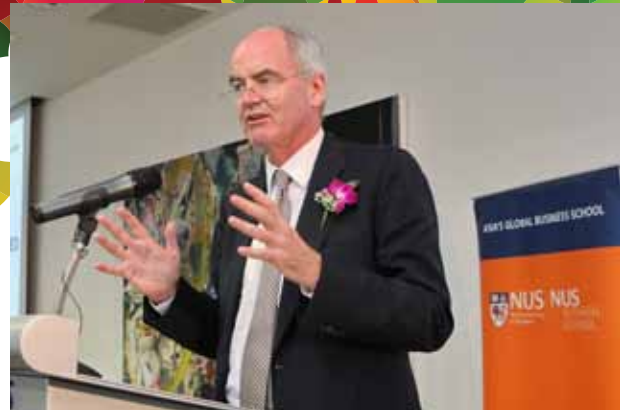




Musim Mas Supported Event at NUS:

A Talk by

Mr. John Elkington -



“WORLD ON EDGE OF A SUSTAINABLE DEVELOPMENT”

Speaking to a 100-strong audience that included CSR heads of businesses and representatives from environmental NGOs, Mr. Elkington struck a cautionary note on the unprecedented and systemic crisis that the world faces across multiple dimensions in sustainability such as food, water and climate.

“The difference is how all of these are now intimately linked in ways that weren’t visible before,” the Founding Partner and Executive Chairman of Volans, a social innovation business, and co-founder of British consultancy firm SustainAbility, said. The Briton was in 2004 described by BusinessWeek as a “Dean of corporate responsibility movement for three decades” and has also been named by British media as one of the “1000 Most Influential People” in London.

Quoting a worldwide survey of 766 CEO’s in which 81% thought that they had “embedded” sustainability in their business -- a belief Elkington termed “complete nonsense” -- he warned that companies ran the risk of complacency if they failed to work through the deeper structural implications of sustainability issues

and to address them in the long term and with inter-generational equity.

The world faces a potential 15 billion population by the end of the century and businesses will have to consider a “very different” demographic context. “It is unimaginable what that level of human population will do, but we can’t simply be pessimistic,” he said.

Urging businesses to take up the challenge and aim for a zero negative impact on the environment, he drew a parallel to the 1940s when pilots frequently crashed in their attempts to fly faster than the speed of sound before finally succeeding in breaking through the sound barrier.

Elkington believed the world was now similarly on the edge of a revolution in breaking through what he termed the “sustainability barrier”. “It seems to be an immense challenge, almost unspeakably difficult, but I’m sure we will break through it,” he said.

RSPO NEW PLANTING PROCEDURE

A case study in West Kalimantan

Mekar Sari Villagers

The RSPO New Planting Procedure (NPP) requires member companies to publicly announce their expansion plans. Only after verification by the RSPO accredited certification body that the social and environmental requirements have been met can the new planting operation commence.

PT. Agrowiratama is one of the three companies in Musim Mas Group that has implemented NPP for a new development. Preparation work for NPP started in 2009. Notification was placed

on the RSPO website as part of the Free Prior Informed Consent (FPIC) process.

This FPIC process provided an opportunity for local civil organisations and communities to discuss with the company all related issues before the start of new operations. It also gave local communities a chance to participate in the smallholder schemes.

Although PT. Agrowiratama had been granted location permit for 9,000 hectares, more than 1,000 hectares land concession was exempted after consultations with the local community. This has earned praise from various NGOs, best summarised in one of the publicised comments as follows: "A reform of the local laws is needed so that land rights are recognized. At present, we can only rely on voluntary standards to have local communities' land rights respected. In this case Musim Mas acted responsibly. Unfortunately, it is not always the case for all companies."



Their main income source (Rubber tree)

Mekar Sari Village



A SUCCESSFUL KKPA STORY

– The Musim Mas Experience

PT. Agrowiratama, a member of the Musim Mas Group, had the distinction of assisting its schemed smallholder cooperatives (KKPA) to become the first in Indonesia to achieve RSPO certification. Since receiving this certification on 17th June 2010, smallholders in Musim Mas Group have received a lot of attention from external parties as a role model. Recently, one of the KKPA cooperatives in PT. Agrowiratama (Koperasi Sawit Bersama I) received an additional award as the Best KKPA Smallholder Cooperative in the West Pasaman Regency.

With the successful implementation of the KKPA scheme, the living standards of those smallholders under Musim Mas Group Plantations have improved greatly. This can be gauged by the rapid growth of earnings which increased in 2011 by at least 50% from 2010.



With the increase in profits from the KKPA plantations, the smallholder cooperatives have made contributions to build a mosque, a kindergarten and a community indoor sports center as well as providing alms to the less fortunate. Evidently, the smallholders of the KKPA scheme under Musim Mas Group Management share the same vision - **People, Planet and Prosperity.**



2011 SUSTAINABILITY DIARY OF EVENTS

FIRST QUARTER

- RSPO Biodiversity Technical Committee Meeting
- Joint visit with Zoological Society of London to review Dangku Tiger Conservation Project
- Official opening of Methane Recovery and Utilisation Plant in PT. Musim Mas, Pangkalan Lesung
- The National University of Singapore visit
- German Parliamentarians visit

SECOND QUARTER

- RSPO Greenhouse Working Group 2 Meeting
- Workshop on High Conservation Value and Social Impact Assessments
- Seminar on Indonesia Sustainable Palm Oil by Indonesian Palm Oil Board
- Stakeholder Consultation Meetings for CDM projects
- Musim Mas Plantation Division Improvement Day
- Research Study on Palm Oil and Sustainable Development in PT. Musim Mas by students of University of Paris IV (Sorbonne)
- Smallholders of PT. Musim Mas featured in a WWF video in commemoration of its 50th anniversary

THIRD QUARTER

- RSPO Biodiversity and High Conservation Value Meeting
- Presentation on Musim Mas Smallholders Scheme at CSR Asia Summit
- Workshop on conserving High Conservation Value Habitat in oil palm landscapes by Zoological Society of London
- Review of Gunung Leuser National Park Orangutan Habitat Restoration Programme
- The Center for International Forestry Research visit

FOURTH QUARTER

- Sustainability Talk by John Elkington at NUS
- Socialisation of Indonesian Sustainable Palm Oil Workshop
- ProForest (IFC) Practitioners Consultation Meeting
- 9th Annual Roundtable Meeting on Sustainable Palm Oil & 8th Annual General Assembly
- National Seminar on Oil Palm Development versus Conservation of Wildlife
- Indonesian Sustainable Palm Oil and Greenhouse Gas Emission Seminar
- Registration of Pangkalan Lesung CDM by UNFCCC
- PT. Musim Mas receives *Primaniyarta Award (Best Exporter Award)*
- PT. Musim Mas receives the 2011 *Frost & Sullivan Indonesia Excellence Award: Oleochemical Company of the Year*



Printed on 100% Recycle Paper

This newsletter is published by the Musim Mas Group. Comments and suggestions are welcome. Please contact Dr. Gan Lian Tiong at email: liantiong.gan@musimmas.com or visit our website at: www.musimmas.com