

SUSTAINABILITY JOURNAL



Volume 5 - January 2013

MUSIM MAS SPONSORS
A "GARDEN"

CERTIFICATION
MILESTONES

COMPLYING TO
ENVIRONMENTAL
REGULATION THE
PROPER WAY

MUSIM MAS PROFESSOR
OF SUSTAINABILITY:
CORPORATIONS MAY
BENEFIT FROM A
SUSTAINABILITY INDEX

BARN OWL:
THE RAT BUSTER IN THE
PLANTATIONS

Gardens by the Bay
acknowledges
Musim Mas Group
for the generous support of the
World of Palms

Foreword

Since September 2012, the Group has achieved the full Roundtable on Sustainable Palm Oil (RSPO) Certification for all its plantations in Indonesia.

In January 2013, Musim Mas also became the first plantation to be awarded Indonesian Sustainable Palm Oil (ISPO) Certification.

This issue also commemorates the 10th anniversary of Inter-Continental Oils and Fats (ICOF), the marketing arm of the Musim Mas Group. The celebration was marked by the sponsorship of the World of Palms, the horticultural attraction in the Gardens by the Bay, Singapore. This is an initiative to educate the general public about the value of oil palm as the provider of the most consumed vegetable oil in the world.

Readers will also have the opportunity to take a glimpse of the Group's operational practice for Integrated Pest Management (IPM) and the environmental performance rating of the downstream division.

Executive Chairman
Musim Mas Group

Musim Mas sponsors a

Different species of palm trees adorn the World of Palms situated in one of the world's most technologically advanced green spaces, the Gardens by the Bay ("the Gardens") in Singapore.

"We are proud to be associated with the Gardens by the Bay and hope our gift will enhance the Gardens for all to own, enjoy and cherish," said Dr Gan Lian Tiong, Head of Sustainability, Musim Mas.

The World of Palms is sponsored by Musim Mas to commemorate the 10th anniversary of Inter-Continental Oils & Fats (ICOF), the marketing arm of Musim Mas.

ICOF is responsible for selling value-added palm oil products via a global network. The sponsorship also aims to promote the value of the oil palm tree which produces oil palm fruits. Palm oil – an important global commodity – is derived from the oil palm fruits.



“garden”

With 35% share of the vegetable oil market, palm oil is the most widely consumed vegetable oil in the world. Its use runs the gamut of food and industrial applications: cooking oil, margarine, detergents, cosmetics and increasingly, biofuel.

The horticultural attraction is the latest venue on the reclaimed land of Singapore’s new downtown in Marina Bay, and incorporates principles of environmental sustainability to reduce energy consumption. These energy saving initiatives include photovoltaic cells to harvest solar energy and an energy efficient cooling system to replicate the cool-dry and cool-moist climates in the hot and humid island-state.

Most importantly, it was built as a model for sustainable development and conservation, in line with Musim Mas’ goal to promote eco-friendly initiatives. The Group hopes that this sponsorship will promote eco-sustainability in other cities too.

“While we are always eager to share our knowledge and love for the natural world with our visitors, we are sometimes constrained by resources. This is why we rely on the support of the corporate sponsors who want to make a contribution to the community,”

Mr Kenneth Er, Chief Operating Officer,
the Gardens by the Bay



Certification milestones



First major player to be 100% RSPO certified

Musim Mas is pleased to announce that it has achieved full Roundtable on Sustainable Palm Oil (RSPO) certification for all its plantations in Indonesia, making it the first major player to achieve this significant milestone in the history of sustainable palm oil.

Annual RSPO certified palm oil production capacity is about half a million metric tons, representing 8% of the total RSPO certified palm oil in the world.

This milestone was announced during the 10th Annual Roundtable Meeting on Sustainable Palm Oil (RSPO) scheduled in December 2012. Held in Singapore, the annual meeting was the world's largest sustainable palm oil meeting, providing a vital platform for stakeholders to discuss crucial issues.

The certification excludes new land development and acquisitions. All new land development and acquisitions will follow the requirements of the RSPO New Planting Procedure.

First ISPO certified

In January 2013, Musim Mas became the first plantation to be awarded the certificate for Indonesian Sustainable Palm Oil (ISPO).

Launched by the Minister of Agriculture on 29 March 2011, ISPO is mandatory for all palm oil companies in Indonesia. All oil palm plantations must be certified by 2014.

The certification scheme dovetails with the Group's commitment to the production of sustainable palm oil. The national reach of ISPO means that it has the potential to improve the entire plantation industry too.

Continuous improvement is a requirement in the pursuance of sustainability. Despite these milestones, Musim Mas recognises that there is more work to be done and will continue to incorporate sustainability into all its operations.

Complying to environmental regulation the **PROPER** way

Musim Mas Oleochemicals Division in Indonesia was awarded the PROPER Green rating (Manufacturing category) in 2012, having attained the Blue rating in 2011 and 2010.

This improved rating was achieved only after overcoming several challenges, the Oleochemicals Division has to achieve full compliance for all the environmental aspects of PROPER, as compared to a Blue rating, where a 95% compliance would suffice. The Division also has to provide a two-year track record of Blue rating. As the Division worked on an ISO 14000 environmental management certification earlier, the process of obtaining a PROPER Green rating became relatively easier. Moreover, the Division uses natural gas and biomass as energy feedstock, a cleaner alternative.

Launched in June 1995, the PROPER rating award is an initiative by the Ministry of Environment, known in English as the Programme for Environmental Performance Rating or in Indonesian term, "*Program Penilaian Peringkat Kinerja*

Perusahaan dalam Pengelolaan Lingkungan." PROPER is an information disclosure system which grades factories against the regulatory standards, based on five colours: gold, green, blue, red and black (in descending order), similar to how the coloured belts work for practitioners of Japanese martial arts. Unlike karate, in PROPER terms, black indicates the worst performance, while Green and Gold indicate that the company has gone beyond statutory requirements.

PROPER covers environmental aspects such as air pollution control, water pollution control, hazardous waste management, Environmental Impact Assessments (EIA) and marine pollution control.

Seen as an innovative policy instrument when it was introduced, the PROPER rating system works in tandem with existing government regulations and mobilises external agencies such as local communities, non-governmental organisations (NGOs) or the media.



**Musim Mas
Oleochemicals
Division has been
awarded the Green
rating in 2012.**



Corporations may benefit from a sustainability index

“Corporations may benefit from a well formulated national sustainability index to assess their environmental and social performance,” according to Professor Kenneth Richards from the National University of Singapore (NUS).

A recently appointed Musim Mas Professor of Sustainability, Professor Richards works to encourage research in the sustainability arena, and educate future business leaders on the commercial potential for sustainable practices. Professor Richards was the keynote speaker at the Sustainability Breakfast Forum held on 15 November 2012 in Singapore, organised by the NUS Business School’s Centre for Governance, Institutions and Organisations, as well as the Chartered Institute of Management Accountants.

The forum gathered the top corporate and academic representatives in the sustainability arena. The other speakers included Mr James Bruce, the Chief Financial Officer of Unilever Southeast Asia and Australasia, Mr Graham Owens, Director of KPMG Advisory and Mr Thomas Thomas, the Executive Director of the Singapore Compact for CSR.

The main topic discussed at the forum was the benefits of a national sustainability index. A sustainability index measures the overall progress towards environmental and social sustainability, by providing a composite profile of the environmental and social stewardship, using a compilation of indicators derived from underlying data.

Devising sustainability indices is a huge challenge because these indices may be subjective and often involve trade-offs. For example, how to ensure the indices are complex enough to include the technicalities, yet simple enough for a layperson to understand and use them effectively? Sustainability indices are often tailored to the requirements of the users and should not be used as broad indicators.

Despite the limitations, corporations can still benefit from a national index, especially since few Asian corporations make it to the global sustainability rankings such as the Global 100 Most Sustainable Corporations, Dow Jones Sustainability Indices and the FTSE4Good Index Series. A national or regional index will raise the environmental and social performance standards, easing the pathway to global rankings.



Barn Owl:

the rat buster in the plantations

The barn owl (*Tyto alba*), with its ghostly pale and heart-shaped face disc, coupled with its eerie and raspy calls, is the silent predator of the night. During the day, this owl roosts in hidden, quiet places. At night, it will hunt on buoyant wing beats to search for rats, primarily by the sounds emitted by these rodents.

Rats are considered a menace in the oil palm plantations, as they feed on the young stems in the immature palms, while in matured palms, they feed on the fruits. Rats can slow down the growth of immature young oil palm trees and in severe cases, death of the trees.

The barn owl serves as an effective natural predator of rats. A pair of barn owls can consume about 1,500 to 1,800 rats per year. The barn owl can hunt over wide areas, travelling up to five to seven km in one night.

The use of the barn owl to control the rat population is part of Musim Mas' Integrated Pest Management (IPM) system. By understanding the life cycles of pests and their interaction with the environment, pest damage can be managed in the most economical way with the least possible risk to people, property and the environment.

When there is an outbreak of rats, the plantations will need to combine the use of barn owls with safe chemical options. The key to a successful pest management is regular census on the population of the barn owls and assess the rat damage to the palms and fruits. Musim Mas has developed expert monitoring teams in all plantations.

As an ongoing effort to encourage more these "rat busters" to reside in the plantations, more nest boxes have been installed across the Group's plantations.



The use of the barn owl to control the rat population is part of Musim Mas' Integrated Pest Management (IPM) system.

2012 Sustainability Diary

First Quarter

1. Meeting with the USA Environmental Protection Agency (EPA)
2. Malaysian Palm Oil Association (MPOA) / Indonesian Grower Roundtable on Sustainable Palm Oil (RSPO) Meeting
3. Incentives for Sustainability in Business: Palm Oil, Rubber and Cocoa, organised by Indonesian Ministry of Agriculture, the European Union Delegation to Indonesia, the United Kingdom Department for International Development and WWF Indonesia.

Second Quarter

1. Roundtable on Sustainable Palm Oil (RSPO) Biodiversity High Conservation Value Working Group (BHCV WG) and Compensation Task Force (CTF) meeting
2. Roundtable on Sustainable Palm Oil (RSPO) Indonesian Member Forum

Third Quarter

1. Launch of Carrefour's Ecoplanet brand of cooking oil in Jakarta

Fourth Quarter

1. Visit by representatives from the USA Environmental Protection Agency (EPA) and Indonesian Palm Oil Association (GAPKI) to view Musim Mas' estate and methane capture facilities
2. Musim Mas sponsorship of the World of Palms at the Gardens by the Bay, Singapore
3. Roundtable on Sustainable Palm Oil (RSPO) 10th Annual Meeting and 9th Annual General Assembly of members
4. Roundtable on Sustainable Palm Oil (RSPO) Greenhouse Gas (GHG) Working Group 2: Workshop on GHG Palm Calculator



This newsletter is published by the Musim Mas Group. Comments and suggestions are welcome. Please contact sustainability@musimmas.com or visit the Group's website at www.musimmas.com



Printed on 100% Recycled Paper