



Bumitama Agri Ltd

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NEWS RELEASE

Bumitama Refers To Greenpeace Report Named “Dirty Bankers – How HSBC Is Financing Forest Destruction For Palm Oil”

Jakarta, 19 January 2017 – Bumitama Agri Ltd and its group (Bumitama or the Group) refers to Greenpeace report released on 17 January 2017 titled “Dirty Bankers – How HSBC Is Financing Forest Destruction For Palm Oil” (Report).

With the launch of the Sustainability Policy in August 2015, Bumitama has committed to adhere to the principles of “No deforestation, No Peat, No Exploitation” (NDPE) for all mills and plantations in our subsidiaries, associates and managed companies.

Claims on deforestation, peat and HCV clearing on PT ASMR

We have on many occasions been in dialogue with Greenpeace and had posted responses to their reports. We appreciate their concern, while we wish to reiterate that:

- There was no breach of peat moratorium, as explained on pages 1 - 2 of the [Report on progress of ASMR](#);
- There was no deforestation or clearing of peat & High Conservation Value (HCV), as explained on pages 2 - 4 of the same Report. Out of the Plantation Business license (IUP) area of 7,000 ha, 2,563 ha of peatland, potential High Carbon Stock (HCS) & HCV has been set aside (36.6%) for conservation, as explained on pages 3 – 5 of the same Report. Less than 4,000 ha had been developed, leaving the balance of the community land enclaved during the HGU process;
- The matter of fires was explained on pages 5 – 10 of the same Report;
- The [second Sustainability Policy update](#) showcases some of the conservation and CSR activities in PT ASMR;
- There is no overlap or encroachment between the boundary of the IUP and the Tanjung Puting National Park (TNTP). PT ASMR returned 809 ha in Tanjung Harapan back to the West Kotawaringin Government in November 2013.

Complaints and PT LSM

Under the Sustainability Policy, Bumitama handles any arisen conflicts through bilateral engagement with relevant parties in an open, equitable, objective, transparent, legal and constructive manner. All past complaints lodged against the



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operations of Bumitama were resolved through engagement with the complainants, followed with independent verification and supplementary assessments, such as Peat delineation survey, [Rapid High Carbon Stock](#) assessment and Rapid Biodiversity study. Complaint updates can be found at the relevant RSPO website, with some of the quarterly progress reports as follows;

PT ASMR: [reply to RSPO CP, progress report October – December 2014, progress report January – March 2015, progress report April – June 2015](#)

PT LSM: [progress report October – December 2014, progress report January – March 2015, progress report April – June 2015](#)

Claims on not following RSPO P&C & NPP in KBAS

In our operations we work towards the adherence to the RSPO New Planting Procedure (NPP) and our Sustainability Policy; key activities like peer review and Assessor Licensing Scheme (ALS) review of HCV assessment, HCS assessment in accordance with the HCS Approach Toolkit, peat delineation and Social Impact Assessment (SIA) are conducted prior to any land clearing.

However, unfamiliarity with the new NPP procedure at the time when planting began in 2010 and lack of follow up caused the NPP for the KBAS 1&2 only to be rectified in 2015. We could not complete the process on time, due to a suspension of our CB and implementation of sanction in accordance with the [RSPO announcement](#), whereby new planting areas (developed after January 2010) that has not gone through the NPP process will not be able to trade the CPO and PK as CSPO and CSPK for the first 3 years after its certification. The NPP for the remaining area of KBAS-3 which was submitted in October 2016 will undergo the same sanction because of the two smallholder groups, that want to work with us and who's land lies inside of KBAS permit.

Claims on uncertified land and expired licenses based on the Prospectus

Bumitama is operating legally, in accordance with the various laws and regulations of Indonesia. The complete information was already provided in the Initial Public Offering Prospectus ("Prospectus"), but due to the "cut & paste" editing, the information looks distorted. Full version of the prospectus can be seen [here](#).

- Development of the 119,162 ha mentioned in the Prospectus for oil palm plantation is based on the rights of the IUP holder and is therefore not uncertified. Both the older (UU 18/2004) as well as the current (UU 39/2014) Plantation Act recognise the Plantation Business Licence (IUP) as the permit for a plantation company to cultivate land.



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- Application for the extension of expired Ijin Lokasi has been requested and the Group has applied for “*the Hak Guna Usaha certification in respect of 101,820 hectares of the land under the expired Ijin Lokasi*” (page 49 of the Prospectus). The explanations continues on page 155, stating that “*extension of expired Ijin Lokasi is not usually required for land that is in the more advanced processes of obtaining Hak Guna Usaha certification (i.e. the Kadastral process and the Panitia B stage). As at the Latest Practicable Date, 101,820 hectares of our Group’s expired Ijin Lokasi (excluding land under Plasma Programme) are under the application process for Hak Guna Usaha certification.*”

Claims on fires in Bumitama concessions

Bumitama strictly applies its No Burning Policy for all land preparation and development in all of its plantations and plasma developments. In 2015 the FIRMS system recorded two hotspots in the area of KBAS-3; as indicated by the HCV Summary Report, the local community burned some of the areas for traditional agriculture. Based on these findings, we have adopted a comprehensive fire management plan, which includes education of communities inside and around our plantation on negative impacts of burning, awareness building, monitoring of areas with high risk of fire occurrence using FIRMS, and regular patrolling and fire drills.

The location in PT LSM marked by the GPS coordinates on the few first pages of the Report, contains no HCV. There was no burning recorded in this area, which can be confirmed by the Greenpeace’s own fire tracking maps Globalforestwatch.org. In the wet season, this area often floods with water from the rain on the upper part of the Pawan river outside of LSM concession.

Other matters

In response to the matter of the HSBC Bank we would like to reiterate that Bumitama has fully paid all HCBC Bank loans in early 2015.

Boundaries of all of Bumitama’s palm oil plantations were submitted to RSPO in compliance with the Resolution 6G from the 2013 RSPO General Assembly, despite the ongoing discourse on the legality of the disclosure of e-maps in Indonesia.



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Going Forward

Although the journey has not been easy, we will continue with our sustainability plan; some of the agenda that we have identified for 2017 is as follows:

- Collaborative landscape-based project in PT Gemilang Makmur Subur (GMS) in West Kalimantan with a broad participation of stakeholders including IDH Sustainable Trade Initiative & Aidenvironment, that combines co-management of environmental corridor and peatland conservation programme with livelihood improvement and smallholder projects with local communities and others;
- Certification programme focused on schemed smallholders, conducting independent smallholders certification and productivity scheme, whilst continuing with our own certification;
- Programmes on reduction of the greenhouse gas;
- Continuing with supply chain and traceability;
- Establish clear assessment procedures;

We are very grateful to have partners that support our plans and initiatives. It has given us the opportunity to learn and grow together with them. We look forward to open discussion and constructive inputs from all stakeholders.

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