



Bumitama Agri Ltd

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NEWS RELEASE

Bumitama Reports on the Progress of ASMR

Jakarta, 26 November 2015 – We would like to share with our stakeholders updates on PT Andalan Sukses Makmur's (ASMR) High Carbon Stock efforts, in line with Bumitama Agri Limited and its group (Bumitama) newly launched Sustainability Policy of "No Deforestation, No Peat and No Exploitation" of August 2015. This report also clarifies concerns raised in Greenpeace Report titled "Indonesia's Forests: Under Fire" dated 19 November 2015. ASMR is a subsidiary of Bumitama.

Moratorium Maps of Indonesia and Peat of ASMR

In accordance with the point 3d of INPRES (Instruction of the President of Indonesia) 10/2011 and INPRES 6/2013, revision of the indicative moratorium map made by the Ministry of Forestry of the Republic of Indonesia (MoF) shall be made every six (6) months. The reason why the map is called "indicative" and is subjected to regular revisions is because the Government and other related stakeholders are still in the on-going process of identification/validation/verification and development of a more accurate peatland map.

The MoF makes revisions by taking into account recent ground surveys, changes in spatial planning, data on recent land use and inputs from the public. Any inconsistency of data and information on peatland between moratorium map and physical condition on the ground can result in ground survey carried out by Balai Besar Penelitian dan Pengembangan Sumberdaya Lahan Pertanian (BB SDLP), as stipulated in point 8 and 9 of all decrees issued by MoF on designation of indicative moratorium map from revision 1 to 8 (v1 – v8).

As seen from Image 1, sections of the western and southwestern areas of ASMR were covered by the moratorium map v4 at the time when ASMR was given the location permit. ASMR had requested verification and sent two letters to MoF in April and August 2013, seeking for revision of the moratorium map based on the result of BB SDLP ground survey.

The MoF responded by excluding all areas inside ASMR in its fifth revision of the indicative moratorium map dated 13 Nov 2013. The moratorium map v5 (Image 2) shows that there is no peatland under moratorium in ASMR concession.



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Image 1: Moratorium map v4

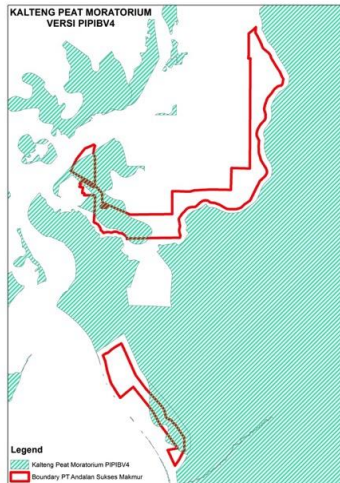


Image 2: Moratorium map v5

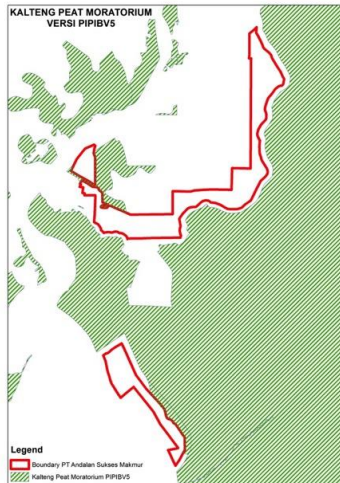
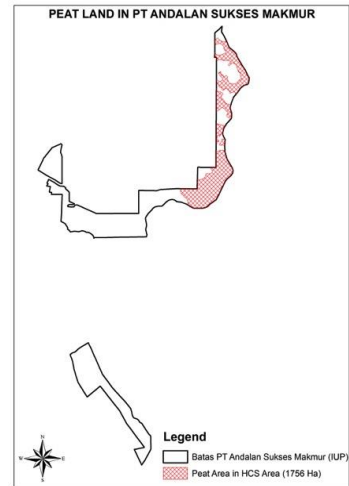


Image 3: Peat delineation surveys result



ASMR however did not just stop with this survey. In support of sustainability initiative; based on recommendation by a third party assessor appointed by the RSPO; and HCV assessment in early 2013, a detailed peat delineation survey was conducted in April 2014, concurrently with the Rapid High Carbon Stock (RHCS) assessment. The result of this assessment announced on 12 September 2014¹ shows 1,756 ha of peat². The delineation survey identified new areas of peat, which were not covered by the moratorium map v4 (refer to Table 1 and Image 3 for the peatland of ASMR). As informed in the 12 September 2014 announcement and reinforced by the Sustainability Policy, this peatland has been set-aside and will not be opened for oil palm. The peat delineation survey results also showed that there is no peat in the central region of ASMR highlighted in Greenpeace Report on page 16.

Potential HCS area

In response to the changing global trend in sustainability, changing policy of buyers and as well as to provide practical knowledge in reviewing and reformulating new environmental and social policies, Bumitama commenced to pilot RHCS assessment for 55,000 ha of its landbank; including the ASMR concession. The summary of the potential HCS area of ASMR as per HCS assessment and peat delineation survey is shown in the table 1 below (extracted from the 12 September 2014 announcement).

¹ News Release 12 September 2014 - Bumitama Pilots High Carbon Stock Assessment
http://ir.bumitama-agri.com/common/download/download.cfm?companyId=AMDA-WWON6&fileid=781378&filekey=61299DCE-3C37-47E0-AB42-76B14598FB9D&filename=12Sep2014_News_Release-Rapid_HCS_Pilot-12092014_1_.pdf

² For definition of peat refer to Bumitama's Sustainability policy
http://files.shareholder.com/downloads/AMDA-WWON6/2944084857x0x846020/77847980-62D3-4B91-BAE4-E49BCE53FFB0/Bumitama_-_Sustainability_Policy.pdf



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Table 1: Results of HCS assessment and peat delineation as of 12 September 2014

| PT ASMR | ha |
|--|-------|
| Total area size | 7,000 |
| HCV* | 94 |
| HCS** | 2,469 |
| Peat** | 1,756 |
| Agroforestry | - |
| Total developed & potentially developable area | 4,437 |

*excludes 809 ha of Tanjung Harapan

** these areas may overlap

Risk assessment

After the announcement, ASMR carried out a risk assessment for the potential HCS set-asides. The report revealed for the central area displayed on page 16 of the Greenpeace Report to be in the proximity of a village, local road and river (about 1km only). Canals build by the local government prior to 2010 as a source of non-saline water for local communal use have also partially contributed to degradation of this area (refer to April-June 2015 progress report to RSPO³). Signs of community logging and clearing of land were also documented⁴ during periodic patrolling of the area. According to the conclusions of the risk assessment, this presents a high risk of the possible set-aside vegetation being degraded by human related activities.

Rapid Biodiversity Study & Consultation with Community and Local Government

A Rapid Biodiversity (RBD) Assessment (made public in RSPO website⁵) was also conducted in April – May 2015 with a local NGO Yayasan Pendidikan Konservasi Alam. The RBD assessment concluded that the area/zone under review (an area of 462 ha) consists of *belukar tua*/old shrub, most of which have been logged or used

³ ASMR April-June 2015 progress report to RSPO
<http://www.rspo.org/files/download/ace61efba18bb14>

⁴ ASMR progress reports to RSPO
<http://www.rspo.org/files/download/ace61efba18bb14>
<http://www.rspo.org/files/download/6751043d90a2567>
<http://www.rspo.org/files/download/ce9b13c09b239c2>

⁵ RSPO report containing results of the Biodiversity study
<http://www.rspo.org/files/download/ace61efba18bb14>



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by community in the past; as can be seen from standing trees which are dominated by trees of *Macaranga* sp., shrub plants and liana such as *Uncaria* sp. The study revealed that there are no plants with status of CR (Critically Endangered) in the region and there are only two species with EN (Endangered) status (*Shorea leprosula* and *Shorea macrophylla*). The area has limited carrying capacity for wildlife, including orangutan because of its limited size and external threats of hunting and community logging.

Based on the results of Social Impact Assessment (SIA) (conducted with the HCVA), the community in Sekonyer and Bedaun village reserve the rights for cultivating the area, because it has been historically owned and harvested by them. However, looking at the development opportunities of their neighbors, ASMR was also continuously urged by the local community and local government to open up the area in discussion (456 ha). In response to the community request, a public consultation was organised on 16 June 2015 with all stakeholders, involving local community, NGOs and local government to communicate ASMR's intent to conserve the area. The community and the local government reiterated their demand to open the whole area; further supported by a letter to the company. Considering the size of the investment cost, the community prefers to work with ASMR under a partnership scheme (plasma). Following the events above, an agreement was made with the community and the local government, that only 234 ha will be opened while the remaining 222 ha would be potential HCS area (high priority patch) with connectivity to riparian/buffer area.

Image 4: Satellite image from Landsat 8 used in the Greenpeace Report

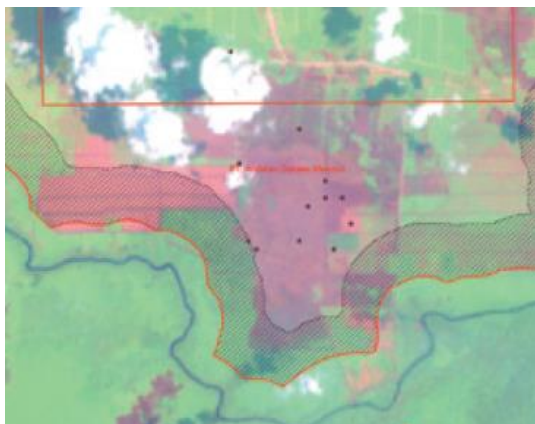
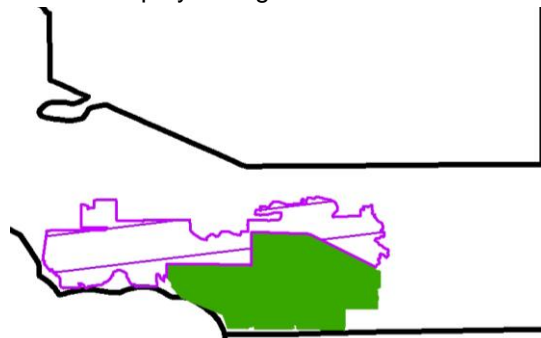


Image 5: Boundary* of ASMR with the area of 234 ha agreed to be opened for plasma in purple, while the potential HCS of 222 ha is displayed in green



* ASMR have been operating based on IUP permit and related boundary map, which does not correspond with the boundary displayed in Image 4.

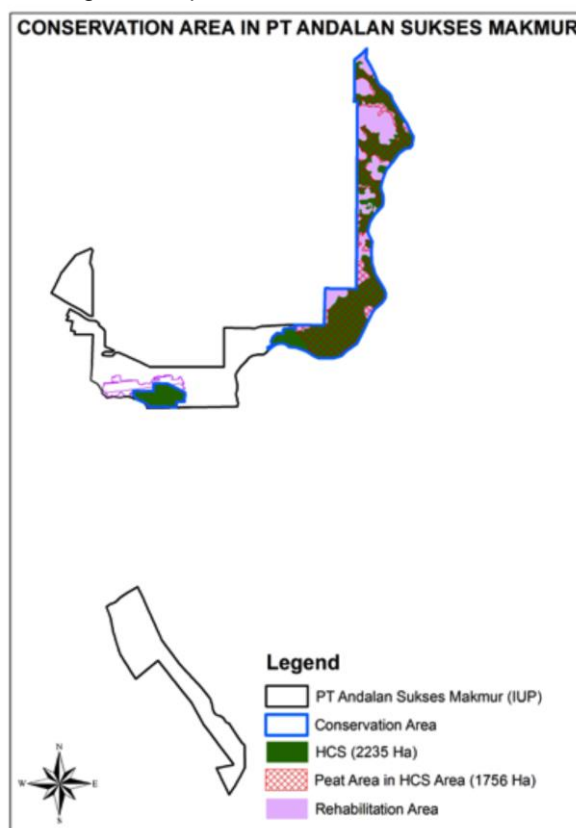


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ASMR has identified additional areas that could potentially be conserved creating a single larger area, improving the carrying capacity compared to dislocated patches of vegetation, optimising the land use for more effective conservation strategy. This conservation strategy is still on the drawing board, subject to the FPIC procedure. However, ASMR had initiated rehabilitation of mangrove with the community and other stakeholders, and planning alternative livelihood programmes (non-forest timber products and eco-tourism related projects).

Image 6: Proposed conservation area



This map displays the potential areas selected to be set aside for conservation, subject to FPIC procedure. In the central part of the concession, the purple striped area was cleared for a plasma estate upon strong requests from local community and local government; and based on the results of several assessments and studies.

After careful consideration and to ensure high degree of success, the smaller plantable patches in purple on the whole north-eastern part of the concession are considered for conservation together with the HCS (in green) and peatland (in red check) area.

Fire Management and Mitigation in ASMR

Bumitama welcomes the recent activity of the government in relation to prevention of fires, mainly the:

1. The INPRES no 11/2015 dated 24 October 2015; resulting in
2. The circular letter of the MoF banning peat planting, based on INPRES no 11/2015 in the cabinet meeting on 4 November 2015; and
3. Peraturan Gubernur 49/2015 issued by the Governor of Central Kalimantan revoking the governmental regulation (Peraturan Gubernur 15/2010 issued by the Governor of Central Kalimantan) allowing use of fire for land clearing by the local community on 2nd November 2015.



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Bumitama enforces zero-burning policy – strictly no use of fire for land clearing and waste disposal within its plantations and plasma developments. In its efforts to monitor, prevent, manage and mitigate impacts of forest especially during drought seasons of Indonesia, Bumitama has taken measures and established system to effectively counter fires at both the central management and operation level of ASMR:

- **Fire intelligence and monitoring system** – Bumitama established a weekly Hotspot Forecast and daily Fire Alert mechanism by using intelligence of NASA and Badan Meteorologi, Klimatologi dan Geofisika (BMKG), to distribute alerts to management units including ASMR as a proactive action for fire management. Bumitama maintains detailed documentation, inclusive of register of fire incidents (refer to Image 7) noting the location and size of the affected area, the cause and duration of the fire;
- **Fire prevention involving local community** – Bumitama has strengthened fire control and prevention through a series of training programmes including simulation exercise on fire fighting to dedicated emergency response teams and local community. Bumitama also cooperated with Manggala Agni in training and refresher programme for employees and local community; worked with the local community in fire prevention; (refer to Image 8)
- **Fire management and mitigation system** – We have established a command control center for effective communication and instructions; carried out routine patrol activities in prioritised areas with high degree of vulnerability and potential hazard; collaborated with Taman Nasional Tanjung Puting (TNTP) in the construction of two 10 meter tall fire watchtowers, one in Teluk Pulau area and one near to Kumai Hilir; the third watchtower is being planned for the Sekonyer area. There are dedicated brigade personnel in operational area equipped with adequate firefighting equipment (heavy excavators, water compressors and water tank vehicles) and prepared to ensure timely and effective response to fire incidences; and
- **Collaborative efforts** – Bumitama work closely with local community and relevant authorities, amongst others with the Manggala Agni and Badan Konservasi Sumber Daya Alam (BKSDA), in joint effort to prevent and manage fire. Bumitama also reports to the authorities and the Police for all fire incidences (refer to Image 9).

Despite our best efforts, fires occasionally occur in our concessions, particularly during dry season. The sources of fire for most of these incidents are sparks from land that was not compensated to the local community, cigarette butts or external fires blown to our concession; which was the cause of the fire mentioned in the Greenpeace Report (refer to an extract from a sample fire report in Image 7). Fire damaged HCS areas will be reforested with ready seedlings from our nursery of indigenous plants.



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Image 7: Extract from the ASMR register of fire incidents

| PT. ANDALAN SUKSES MAKMUR | | | |
|----------------------------------|------------------------|---------------|---------------------|
| Laporan Kebakaran Lahan | | | |
| No. Dokumen | : 21/Sust-ASMR/IX/2015 | Berlaku mulai | : 16 September 2015 |
| Unit | : KHLE | Halaman | : 1 dari 3 |

No. Laporan

| I. PERISTIWA | |
|---------------------|---------------------------------------|
| 1. Keadaan Darurat | : Kebakaran Lahan |
| 2. Waktu Kejadian | : 7-8 September dan 15 September 2015 |
| 3. Lokasi | : Divisi 3 KHLE |
| Blok | : F 74 |

| II. KRONOLOGI DAN KEMUNGKINAN BAHAYA LANJUTAN | |
|--|----------|
| A. Awal Diketahui Kebakaran | |
| Beberapa hari sebelum tanggal 7 diketahui bahwa api berada dalam lahan milik warga Desa Sekonyer. Api kemudian menjalar sampai di sisi parit batas blok F74. Pada tanggal 7 September api, diketahui sudah ada masuk ke dalam blok F74 oleh karyawan yang kebetulan melintasi area tersebut pada jam 17.00 WIB. Diduga api berasal dari lahan warga yang sudah terbakar sebelum tanggal 7 September. | |
| B. Tindakan yang diambil | |
| Tim Kesiapsiagaan Tanggap Darurat (TKTD) melakukan tindakan pemadaman api dg peralatan: | |
| 1. Damkar | : - Unit |
| 2. Mobil Tangki Unit Semprot | : - Unit |
| 3. Kap Solo | : - Unit |
| 4. Mesin Robin | : 4 Unit |
| C. Kondisi api saat ini dan kemungkinan dampak yang timbul | |
| Kondisi api sudah padam pada tanggal 8 September, namun menyala kembali pada tanggal 15 September. Diduga api berasal dari area yang sama yaitu lahan warga di area parit batas yang berbatasan dengan blok F74 dimana tidak ada pemadaman api dari pemilik lahan. Kemungkinan dampak yang timbul adalah api menjalar sampai hutan HCS dengan ancaman UU lingkungan hidup | |

Demikian laporan ini kami buat dengan sebenarnya, kemudian diverifikasi dan disetujui oleh pejabat perusahaan terkait agar dapat digunakan sebagaimana mestinya.

Kumai, 16 September 2015

| | | |
|---|---|--|
| <p>Disetujui</p>  <p>Burhanuddin Saragih Manager ASMR</p> | <p>Diketahui</p>  <p>M. Juhari Koord. Tanggap Darurat</p> | <p>Disiapkan</p>  <p>Ery Yustian Sekretaris P2K3</p> |
|---|---|--|



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PT.BUMITAMA GUNAJAYA ABADI

Laporan Kebakaran Lahan

| | | | |
|-------------|------------------------|---------------|---------------------|
| No. Dokumen | : 21/Sust-ASMR/IX/2015 | Beriaku mulai | : 16 September 2015 |
| Unit | : KHLE | Halaman | : 3 dari 3 |

| Foto | Keterangan |
|---|---|
|  | Tim Damkar PT. ASMR bersiap untuk pemadaman api pada tanggal 7 September 2015 |
|  | Pemadaman pada tanggal 15 September 2015 pukul 21.00 WIB |
|  | Pemadaman oleh tim Damkar pada tanggal 16 September 2015 pukul 08.00 WIB |



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Image 8: ASMR assisting the community to put out the fire



Assisting community of Kumai Hilir to put out fire in September 2015



Extinguishing fire in community of Kumai Hilir in September 2015



Fire fighting in Sekonyer




Fire fighting coordination meeting in Teluk Pulai in August 2015



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Image 9: Fire report to the District Head of Kumai and the Chief of Police for Kumai

 **PT ANDALAN SUKSES MAKMUR**
BGA GRUP AREA 5B

Nomor surat : 19 / Sustainability – ASMR / IX / 2015
Dari : Sustainability PT.ASMR
Hal : **Pemberitahuan kebakaran**

Kepada Yth : Bapak Camat Kumai
Bapak KAPOLSEK Kumai

Di - Tempat

Kami sampaikan bahwa telah terjadi kebakaran di lahan milik PT. Andalan Sukses Makmur (PT. ASMR) dengan berita acara dan peta terlampir.

Upaya preventif yang Kami lakukan sebelum terjadi kebakaran adalah sebagai berikut :

1. Membuat tata ruang kebun dengan sistem blok per blok dengan irigasi dan sekat air di antara bloknnya
2. Pembukaan lahan dengan sistem *zero burning*
3. Pemasangan papan himbauan dilarang membakar untuk warga
4. Membuat parit batas (*boundary*) yang memisahkan area lahan warga dengan lahan milik PT. ASMR

Upaya yang Kami lakukan pada saat terjadi kebakaran adalah sebagai berikut :

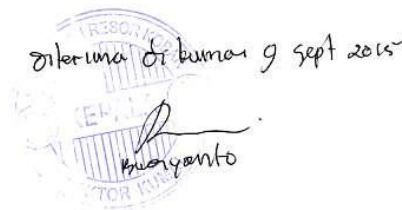
1. Pengerahan karyawan untuk pemadaman api
2. Pemadaman api dengan melakukan penyiraman memakai mesin robin

Demikian yang dapat kami sampaikan, atas perhatian dan kerja samanya diucapkan terima kasih.

Hormat Kami,



Burhanuddin Saragih
Estate Manager



For further information, please email:

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Lim Sian Choo
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