

Sustainability
Report
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Bumitama Agri Ltd.
Excellence Through Discipline



ABOUT THIS REPORT

REPORT CYCLE

Welcome to Bumitama Agri Ltd.'s fourth biennial Sustainability Report covering the calendar years 2019 and 2020. We also include a detailed sustainability update in our annual reports and publish ongoing updates on material issues on our website. Our stakeholders can review our progress via the annual communication of progress accessible on the Roundtable on Sustainable Palm Oil (RSPO) page.

SCOPE

This report covers all Bumitama operations in Central Kalimantan, West Kalimantan and Riau, Indonesia. Data is representative up to 31 December 2020 unless otherwise stated, and historical benchmark data is provided as available. Besides impacts within our organisational boundaries, the report also covers material aspects for all plasma smallholders and some limited information on our suppliers, including independent smallholders.

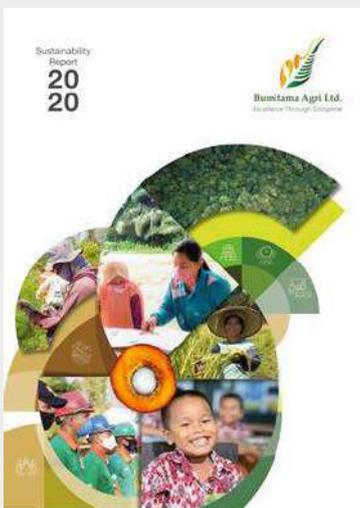
ASSURANCE

We have not engaged in third-party assurance as we believe that our multiple certification audits provide adequate assurance on our performance for our stakeholders. However, as in previous reports, we have engaged Eric Wakker, Senior Adviser to Earthqualizer and an expert in palm oil sustainability practices, to provide a review of the report. Most of our content is also included in our RSPO audit reports.

MATERIALITY AND ENGAGEMENT

We have sought to provide an appropriate context for our performance throughout this report, particularly of the unique social and environmental landscapes in Kalimantan and Riau, Indonesia. In determining the most material topics, we collaborated with Helikonika, a consultancy with extensive palm oil disclosure experience. Formal stakeholder consultation took place with two programme implementation partners and independent smallholder groups. Internally, we also engaged our department heads and operational teams at a local and site level. We have also benchmarked our report content against disclosure platforms such as the Zoological Society of London's (ZSL), Sustainable Palm Oil Transparency Initiative (SPOTT), and CERES Reporting Guidance for Responsible Palm.

Based on this analysis and our internal discussions we have reviewed our Materiality Matrix to reflect the changes in stakeholder expectations over the last two years. This can be found on page 55.



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Chairman's Welcome



It is with great pride and gratitude that I present our latest Sustainability Report, covering the period from 2019 to 2020. We are publishing this report amid a once-in-a-century health crisis: the COVID-19 pandemic. It is a time when communities, families and businesses are having to adapt to new ways of living and working. Bumitama is no exception: many of our employees have been unable to travel to our sites, and we have had to make significant changes to our standard operating procedures. Nevertheless, I am pleased to note that the pandemic has had a limited impact on our operations and our sustainability efforts have continued mostly unimpeded.

Our concerted efforts to gain complete Roundtable on Sustainable Palm Oil (RSPO) certification continues apace. We have now achieved certification for eight mills and 56,433 hectares (ha) – 42.5% of our planted area. I am particularly proud of our first two groups of plasma smallholders that are now certified, adding another 1,899 ha to our total certified area. While the 2018 RSPO P&C has brought about some changes and introduced new challenges, we believe that we are well positioned and will continue to meet the enhanced requirements.

In a year where COVID-19 has claimed upwards of two million lives worldwide, we have directed much of our effort to fighting the pandemic. In addition to our requirements on strict hygiene, Personal Protective Equipment, and social distancing, we have introduced anti-gen testing to allow for essential travel and limit the spread of the virus within our teams. We are now exploring the potential roll-out of a vaccine for our employees and our neighbouring rural communities. The pandemic has also highlighted the importance of our ongoing efforts to safeguard food security. Together with our employees, we are operating food gardens and assisting local communities in setting up fish farms, alongside similar initiatives.

Despite these immediate concerns, we have not abandoned our quest to continue combating deforestation and the ongoing challenge of fire and haze, each with potential significant impacts on human health and regional ecosystems. Bumitama has made steady progress in both areas. We have reorganised and strengthened our fire management team; adding an expert fire manager, while investing heavily in additional fire prevention and alertness infrastructure, including modern technology that provides us with near real-time information on the existing fire dangers. Partnering with other companies and local authorities in the region, we have expanded our outreach to smallholders



“

Shaped by the commitments of our Sustainability Policy and the journey of its implementation, it has become our aspiration to make a difference, not just in the present, but for many generations to come. I want Bumitama to be a force for good and help build strong livelihoods for the people who live in and around our operations while protecting the unique forests and ecosystems that are so crucial to our planet.

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and villages through the Fire Free Village programme. This effort closely aligns with our conservation programme, supported by a new dedicated department responsible for protecting and conserving our set-aside areas, led by a conservation manager. Both departments report directly to our Chief Operating Officer and coordinate their activities with the Sustainability and Corporate Social Responsibility department.

Bumitama has always strived to improve the livelihoods of those within the landscapes surrounding our operations. We continue to increase our capacity to ensure that we have the skills and manpower to deliver on our commitments, while exploring new partnerships to engage with our communities and employees. This has enabled us to improve schools, provide better sanitation, and offer new development opportunities, not just within our operations but also within the local community. Shaped by the commitments of our Sustainability Policy and the journey of its implementation, it has become our aspiration to make a difference, not just in the present, but for many generations to come. I want Bumitama to be a force for good and help build strong livelihoods for the people who live in and around our operations while protecting the unique forests and ecosystems that are so crucial to our planet.

During this journey, we have realised that while one-off donations and projects can yield benefits, robust change requires a long-term commitment spanning decades. Consequently, the Board of Bumitama, together with the local villages and partnering organisations, will allocate resources and funding for a period of 25-35 years to build a social forestry partnership programme designed to bring long-term benefits to the area. This is a new and exciting venture for us and demonstrates our care and commitment for the betterment of our local communities around us and I look forward to sharing more details with you as the project unfolds.

I would like to conclude by offering my best wishes and heartfelt thanks to our employees, as well as our commercial, civil society and community partners. You have all had to work under difficult circumstances this past year, but have continued undeterred to make solid progress despite the many challenges. As we look forward to the coming year and a hopeful easing of the pandemic-related conditions, I would like to take this opportunity to wish you all a safe and healthy 2021.

Gunawan H. Lim

Executive Chairman and
Chief Executive Officer

Statement from Lead Independent Director



It is our pleasure to present Bumitama's 2019–2020 Sustainability Report. As a Board, we welcome Bumitama's level of accountability and transparency. It is the cornerstone for building strong relationships with our commercial and financial partners, as well as regulators and civil society.

Sustainability has been at the top of the company's agenda for a long time. Over the past few years, it has become increasingly apparent that only companies that set – and meet – high standards for their environmental, social and governance (ESG) performance will prosper. This is particularly true in the palm oil sector, which is subject to extraordinary scrutiny in the global marketplace.

As a company operating in the agricultural sector of a developing country with rich biodiversity, it is paramount that we support local social development and biodiversity protection, while also addressing broader issues such as global climate change. In partnership with local communities, our commitment to supporting long-term social forestry projects is an example of our dedication to these goals. Indeed, we pledge to make our operations carbon neutral by 2030.

We are also mindful of the clear link between what happens on the ground and how this can impact the wider regional or global context. For example, we have witnessed how a small fire in Kalimantan can rapidly blanket the entire region in a thick haze. Consequently, we have invested heavily in fire prevention and educating smallholders without whose help, this would not be possible.

We are also facing the challenge of a lifetime: a pandemic that is continuing to wreak havoc on livelihoods and human health across the planet. Bumitama is continuously exploring how we can help limit the spread and protect our employees while sharing our practices with other stakeholders.

For most global sustainability challenges, Bumitama needs collaboration to effect real change, and we are always seeking multi-stakeholder initiatives to leverage our contribution. Partners such as the RSPO, the Fire Free Alliance, and the PONGO Alliance are critical for our ability to tackle larger issues, not to mention our strong relationships with local and global NGOs, communities, and all levels of government.

Sustainability is also becoming an imperative from a business perspective as regulators, and financial services demand more stringent ESG performance. As listing requirements raise the bar for non-financial disclosure, banks and investors are adopting rigorous ESG frameworks, making it a critical factor in our access to finance. We welcome and encourage such scrutiny, and the potential opportunities to develop financial instruments such as green bonds.

As sustainability is increasingly linked to regulatory compliance and access to finance, the Board must ensure adequate oversight by demanding robust accountability and compliance frameworks. A significant development during the last year has been the elevation of our Enterprise Risk Management function. It has rapidly grown from a small team to a full department with direct reporting to the Board and Audit Committee. We have broadened the team's remit to encompass a broader set of issues, such as health and safety compliance, fire protection, and other areas essential for our sustainability policies.

Our Board members remain very engaged and participate in regular site visits. These are tremendously beneficial for understanding how the company operates and assessing employee housing and conditions, and the social and environmental landscape. These insights make us more effective and create better accountability between the Board and the company's operations.

Creating sustainable jobs and livelihoods and respecting the rights of local communities while battling deforestation and fire prevention is no easy endeavour. However, we are confident that Bumitama's robust policies, combined with strong operational capacity and accountability, can make a real difference, now and in the years to come.

Lee Lap Wah George
Lead Independent Director

Report Review: Eric Wakker



Bumitama Agri's Sustainability Report 2020 offers excellent insight into the group's sustainability risk exposure, implementation of 'No Deforestation, No Peat, No Exploitation' (NDPE) policy and RSPO standards and *on-the-ground* outcomes.

Anybody working in the field of oil palm sustainability should take note of Bumitama's remarkable sustainability deliverables. Bumitama's slight shortfall in terms of total certified land bank is generously made up by the company's novel approaches to development and conservation in the landscapes where its subsidiaries operate.

Having been at significant risk of supply chain exclusion merely seven years ago, Bumitama has come a long way. It has sorted out a range of compliance issues with plantation development, conservation and land conflict handling. It has become a key contributor to RSPO's grievance handling, and having to answer buyers' information requests about product traceability and other issues, Bumitama developed excellent understanding of sustainability risks. It is also among the industry's top performers in terms of sustainability reporting.

The company reorganised its RSPO membership in 2013 and it launched its own comprehensive NDPE policy in 2015. The sustainability team was continuously challenged to uphold these commitments. Company management continued to acquire land whilst the outside world is still on a roll: re-entry of old grievances, changeable government policies, episodes of extended drought and most recently, COVID-19.

Yet, this fourth sustainability report shows that Bumitama progresses with meaningful on-the-ground sustainability deliverables. These go well beyond the basics of aforementioned policies. The company is evolving into a true driver of rural sustainability. It proactively works to generously settle its conservation liabilities, and it does so in close partnership with local communities, many of whom foremost expect to see basic economic development in their villages, just like most government agencies look upon the private sector to deliver just that. As such, Bumitama's approach to conservation must be comprehensive, consultative and collaborative.

With a conservation area of almost 40,000 ha, Bumitama outranks several major trader-refiners in terms of conservation delivery. The company will be helping to care for an even larger area, through its Co-Management Agreements with local communities in support of social forestry. Having entered into two separate Co-Management Agreements for long-term support for 7,700 ha of village forests in West Kalimantan so far, consultations for additional agreements – also in Central Kalimantan – are ongoing.

This is not to suggest that all conservation areas are fully secure, thick tropical rainforests. Illegal logging, hunting and mining and fire outbreak have degraded considerable portions of these areas. But rather than to fence off conservation areas, the company's integrated approach commands that it closely collaborates with local communities to address these risks. Meanwhile, to recreate healthy forest habitats, Bumitama has embarked in an interesting reforestation trial, FlyForest.

The company performed remarkably well during the reporting period (2019-2020). Nonetheless, some realities do not bend easily to best effort and intent. Of course, the COVID-19 outbreak in 2020 inevitably slowed down the sustainability team. Furthermore, the company has seen a worrisome rise in workforce accident rates, and it faced an unprecedented spike in fire outbreak in 2019. This report identifies such non-compliance risks, and it outlines in adequately broad strokes how the company is addressing them, such as the hiring of a full-time fire management coordinator. A second position filled in Bumitama's sustainability team is a full-time conservation manager.

About the Reviewer

Eric Wakker represents MY Transform SB in Malaysia. He is also a senior advisor to Earth Equalizer Foundation in Indonesia. Eric has reviewed and commented on earlier drafts of this Sustainability Report before issuing his final commentary.

Report Review: Eric Wakker

I have always encouraged Bumitama to integrate its previous existing CSR programme with its Sustainability Policy. Many companies continue to split or confuse these fields of interest. This is a shame because in Indonesia, one cannot succeed without the other. I acknowledge that it is easier to call for integration than that it is to realise it. Bumitama's sustainability reports give stakeholders – myself included – increasingly rich insights in the contributions that oil palm companies play in delivering sustainable development in remote, rural areas.

Plantation companies walk the fine line between being expected to fill the gaps in formal governance on the one hand, whilst on the other being held to account for failures in development and sustainability, often without regard for the role of other actors. It is impressive how a company like Bumitama understands and accepts this precarious role. It wisely took the initiative to commission a review of earlier Social Impact Assessments. Having identified no less than 112 villages in the immediate landscape of the company's operations, in this sustainability report, Bumitama reports initial progress against Indonesia's Village Development Index (VDI) which is structured along five dimensions: Basic Services, Infrastructure Condition, Transportation, Public Services and Village Government Functioning. Rightly acknowledging that attribution is not exclusive to the company's credit, reporting against the VDI is – in the end – highly material nonetheless. Importantly, it complements the more one-dimensional indicators for conservation, planted areas and profit. It means, that if VDI rankings were to drop some time in future, the company would care.

And it already does. Besides several food security initiatives described in previous reports, a good example of an upscaled initiative is briefly presented in this report, wherein one Bumitama's subsidiary in Central Kalimantan partnered up with local government agencies, a specialised entrepreneur and smallholder communities. Like many plantation workers, the latter had become overly dependent on cash income from the now dominant commodity in their region: oil palm. When FFB prices were previously depressed, these communities no longer had a buffer to absorb impact. Bumitama realised the importance of retaining and restoring diversity in their surroundings. Not only through conservation areas, but through economic diversification. This report describes the fish farming SME project for the first time, addressing some potential concerns over sustainability. I recommend that the company provides more insight in the distribution of costs and benefits of the project.

In the previous reporting period, the industry was under considerable NGO pressure to publish their land bank maps and conservation liabilities. Since then, this pressure has largely dissipated. Bumitama has not been able to take up the industry's sole lead in these areas, as previously suggested. Instead, the company looks to the RSPO as the appropriate platform for pushing the rules and sharing information in appropriate detail. It has made updated maps available to RSPO and this report presents an update on the review status of Bumitama's conservation plans, as RSPO last updated its data in November 2019.

With regards to strengthened due diligence of land acquisition through potentially related land agents, the revised policy of 2018 approved by the Board of Directors in 2019 is still being incorporated in the company's Standard Operating Procedures. I recommend that the company publishes the essential content of its new policy as it may offer potential for adoption elsewhere. Meanwhile, the policy itself has not been material for the reporting period because no new entities with land bank were acquired.

Instead, the sustainability team has put more effort into third-party supplier monitoring. Whilst this is already common practice among trader-refiners, Bumitama's efforts are to be appreciated because very few – if any – other pure growers have commenced supplier monitoring in line with their NDPE policy. NGOs will appreciate that even though most of Bumitama's third-party suppliers are independent smallholders, persistent non-compliance will trigger supply chain exclusion. The baseline approach, however, is to identify non-compliance risk and to assist suppliers to comply. Traders will appreciate how Bumitama's efforts have led to very high levels of traceability to plantation.

Finally, it is interesting to see the evolution of reference frameworks that guide Bumitama's respective sustainability reports. Whereas initially it referenced against the generic Global Reporting Initiative (GRI) Standards, the current report is more concerned with sector specific scorecards. Bumitama's previous sustainability report has received high rankings against ZSL's SPOTT and this report is likely to retain that status. It is important to note that these scorecards primarily measure quality of reporting. I recommend Bumitama's sustainability team to familiarise itself with the Accountability Framework initiative (AFi) whose guidance documents offer a wealth of inputs for the upcoming Sustainability Policy review. I expect that reporting scorecards will later be aligned with AFi, which is not a reporting framework in itself.

Objectives and Targets



Objective	Target	Target Year	Progress and status as of December 2020, unless otherwise stated
Forest Conservation and Sustainable Land Use			
Reduce rodenticide use	60% of total planted areas to be rodenticide-free	2020	Achieved. New target of 85% by 2022. 81.4% of total planted area free from rodenticide
Protect and increase Kalimantan's orangutan population	Continue expanding partnerships with reputable orangutan conservation organisations	Ongoing	On Track Continuation of existing partnerships, exploring an alternative approach to orangutan habitat management with PONGO Alliance
	New Target: 30% reduction in GHG intensity using 2016 as a baseline	2030	On Track In 2020, our GHG emissions intensity was 1.56 MT CO ₂ e/MT CPO, 4% lower than 2016 baseline
Reduction of greenhouse gases	Trials for alternative GHG emissions reductions through composting and solid separation	2019	Partially achieved. Target revised to 2021. 11 composting facilities contributed to reduction of emissions from POME 1 solid separation facility scheduled for construction in 2021
	Revised Target: Complete construction of 3 methane capture facilities	2023	On Track (target revised from 2 facilities) Commercial operation of 1 biogas facility by Q2 2021. Ground breaking of 2 additional facilities by 2022
Water efficiency and protecting local water sources	New Target: Water usage intensity from mill production decreased to 1.2 m ³ /MT FFB	2022	On Track Water usage intensity was 1.26 m ³ /MT FFB
Conserve, protect and rehabilitate all forests	New Target: Annual deforestation in set-aside areas < 0.1%; Forest cover increase by 10%	2025	On Track Throughout 2020 we have identified vegetation gain of 2,091 ha, while across all areas less than 42 ha of forest was lost
	New Target: ZERO Fires inside concession areas	2023	On Track Reorganised fire management approach and introduced Triple Zero Target Programme

Objectives and Targets



Objective	Target	Target Year	Progress and status as of December 2020, unless otherwise stated
Respect for Human Rights in the Workplace			
Reduction in accident rates	Revised Target: ¹ 75% reduction against our 2020 baseline with annual stepwise targets	2025	2020 Analysis of Rising Accident Rates <ul style="list-style-type: none"> - Identified root causes of high frequency and severity rates - Introduced TZTP to build a culture of health and safety awareness and competence - Established dedicated road safety training programme - Peer harvester training programme to address accident rates
	Zero fatalities	Ongoing	Not Achieved 4 fatalities in 2019 and 3 fatalities in 2020
Promoting and protecting the rights of women and children	Breastfeeding facilities available at all RSPO certified units	2020	Partially Achieved 19 sites over 5 certified management units and our Jakarta head office have breastfeeding facilities available
	Breastfeeding facilities available company-wide	2023	On Track
	Promote Adiwiyata green education at 12 Bumitama schools and 3 external schools at district-level or higher	2022	On Track In 2020, 2 schools were recognised at national-level, 6 at provincial-level, and 5 at district-level
Traceability and Responsible Sourcing			
New developments with HCV and HCS approach assessments	Integrate HCV and HCS assessments in line with RSPO P&C 2018 requirements	Ongoing	Achieved for 2019–2020 4 HCV-HCSA assessments conducted
	Review execution and effectiveness of SIA for certified units	Ongoing	On Track 2019–2020 social impact re-assessment (SIA) covered 50 of the 87 SIA assessed in 2010–2013 to help us understand our impact on the community beyond the FPIC process
	Review execution and effectiveness of HCV, HCS and peat management for all units	2020	Achieved Conducted assessment of the state of HCV and HCSA areas to help design plans for interventions, protecting conservation areas and improving forest cover
Maintain clear sustainability policies and commitments	New Target: Review Sustainability Policy	2021–2022	On Track
	New Target: Review Bumitama’s social commitments and measures	2022	On Track In 2017 we piloted programme to assess and improve the rights of children and women at two sites. Continued in 2020 with scoping and reviewing our social-related policies, before launching a new policy or integrating within our revised Sustainability Policy in 2022



¹ Target previously reported as 40% against our 2017 baseline. This has been revised, now with a target year.



Objective	Target	Target Year	Progress and status as of December 2020, unless otherwise stated
Traceability and Responsible Sourcing			
Ensure our FFB is traceable and purchased from legal and responsible sources	95% traceability of FFB supplied by smallholders and external suppliers	2019 & beyond	Achieved, Continuous Target 98.8% of all FFB and 95.4% of external FFB are mapped and traceable to plantation. We will continue tracing new external FFB suppliers.
	Achieve RSPO certification for all mills and estates	2022	On Track. Target 2022 or 1 Year After Obtaining HGU Targets adjusted due to pandemic-related restrictions
	Subject to land title, achieve RSPO certification for all plasma and external smallholders	2024	On Track Two plasma smallholder groups and one independent smallholder group certified
Ensure operations are certified as required by law or leading sustainability standards	Every certified mill with third-party supply has a group of smallholders in productivity improvement and certification programme	2022	On Track 9 smallholder groups in the programme. In 2020, COVID-19 disrupted our plans. We plan to work with 6 independent smallholder groups and certify 2 for 2021.
	Establish RSPO segregated mills	2021-2022	On Track Conducted a feasibility study for establishing segregated mills; further planning required
	Achieve ISO 14001 for 3 mills	2021	On Track
	Achieve ISO 14001 for all mills	2023	1 certified to date



Respect for Local Community Rights			
Free, Prior and Informed Consent (FPIC)	For new planting, documentation evidencing that negotiations have complied with FPIC on legal, customary or user land rights	2020	Completed for all new plantings FPIC carried out for new planting at PT Hungarindo Persada
	New Target: Ensure FPIC is followed at existing, locally acquired plantations	2025	On Track Developing procedures and conducting assessments. Any identified non-compliance registered as an internal grievance
	No complaints received relating to existing planting	Ongoing	Achieved in 2019 and 2020 No new RSPO complaints received. Since 2018, 2 have been closed, and 1 is still ongoing. One of the closed RSPO cases is being addressed under the Bumitama grievance procedure

2019 – 2020 Highlights



FOREST CONSERVATION AND SUSTAINABLE LAND USE

- Managing **39,310 ha** of conservation areas: **16.8%** of total land bank
- Began two 35-year social forestry programmes with communities in West Kalimantan
- BBCP protecting and managing biodiversity, a particular highlight is a new-born baby orangutan
- Ketapang Production, Protection, Inclusion Compact signed: restoring up to **20,000 ha** of rainforest
- FlyForest drone reforestation programme introduced
- New dedicated conservation and fire departments
- Improved fire prevention and management programme
- Developing an alternative approach to orangutan habitat management under PONGO Alliance
- Avoided **10% of total POME GHG emissions** through a co-composting programme
- **81.4%** of total planted area is free from rodenticide, up from **42.3%** in 2018
- Ranked **7th out of 350** companies from 6 commodity sectors in the 2020 Global Canopy Forest 500 assessment



RESPECT FOR HUMAN RIGHTS IN THE WORKPLACE

- COVID-19 business continuity plan and protocols established across the Group
- Developed Triple Zero Target Programme (TZTP) to address workplace accidents, fires and environmental grievances
- Conducted tracking Bumitama's wages and benefits for decent living wage benchmarking
- Reviewed social policies to improve employee rights, with a focus on gender and children
- Increased provision of training through the Bumitama Corporate University



TRACEABILITY AND RESPONSIBLE SOURCING

- **4 additional mills** RSPO certified (total 8); our certified area is now **43.4%** of total certifiable area
- **42%** increase in RSPO certified volume since 2018
- 4th mill ISPO certified
- **98.8%** of all FFB traceable to plantation
- Increased effort to guide suppliers in meeting Bumitama sustainability commitments
- Constant monitoring of land cover change within suppliers' boundaries



RESPECT FOR LOCAL COMMUNITY RIGHTS

- **38 Bumitama schools** – bringing education to almost **5,300 enrolled students**
- **124 childcare centres** caring for over 2,000 children
- Improved the nutritional intake of local children
- To date, 9 Bumitama schools have been recognised at provincial level and 3 at national under the Adiwiyata programme for green and sustainable education
- Almost **30%** of our planted area is for plasma smallholders – **10% over mandatory level**
- First two groups of plasma smallholders RSPO certified in 2019, spanning **1,899 ha**
- Established a fish farming SME to support Mitra Bahaum plasma programme cooperative
- 1st independent smallholder group was RSPO-certified with Bumitama's support in 2018
- Working with 9 other smallholder groups to gain certification, targeting 2 to pass in 2021
- Since 2016, **10 out of the 112** villages surrounding our operations have been classified as 'independent' on the government's Village Development Index
- Piloted a fire-free land clearing and fertiliser programme that uses wood vinegar
- Promoted community farming initiatives for non-timber forest products (NTFP)



39,310 ha
conservation
area



43.4%
of certifiable area
RSPO certified,
4 additional mills



98.8%
of all FFB traceable



5,300
enrolled students acrossed
38 schools managed by
Bumitama Foundation

About Bumitama

BUSINESS IN BRIEF

Bumitama Agri Ltd (Bumitama or the Group) is a leading producer of Crude Palm Oil (CPO) and Palm Kernel (PK).



187,917 ha
total planted area



14 CPO mills

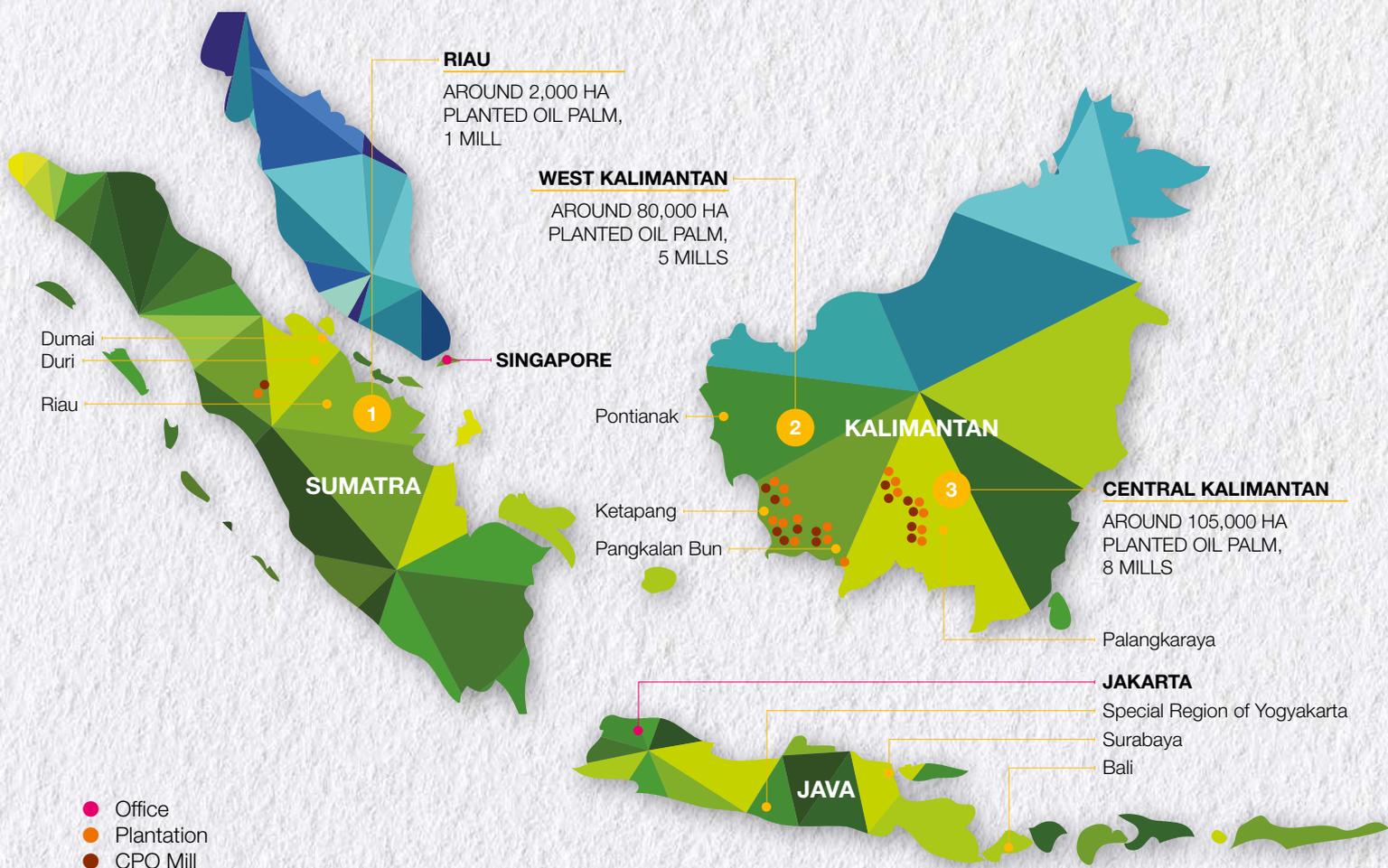
mills owned and operated with a processing capacity of 6.03 million tonnes of Fresh Fruit Bunches (FFB) annually.



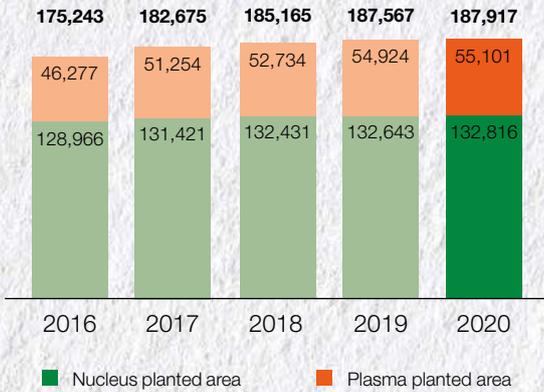
29.3%
of our total planted area is dedicated to smallholders



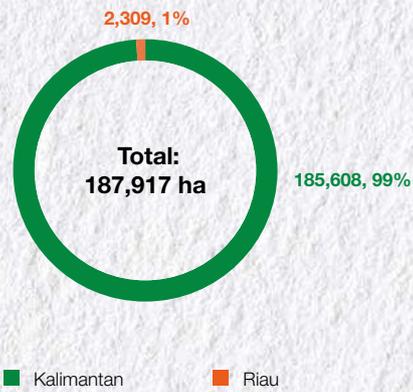
31,400
employees (approx.)



PLANTED AREA 2016-2020 (ha)



PLANTED AREA BY REGION 2020 (ha, %)



FINANCIAL OVERVIEW AND OWNERSHIP STRUCTURE

In 2019, our revenue decreased by 8.2% from the previous year. This was primarily caused by weaker palm oil prices from industry oversupply in the first half of the year. However, in 2020 our revenue increased by 18.3% to IDR 9.1 trillion - our highest recorded. This can be attributed to higher CPO prices and tightened industry supply. Although, we have experienced the limitations brought by the COVID-19 pandemic, we have managed to maintain strong operational and financial management.

Bumitama is listed on the Singapore Stock Exchange under the stock symbol SGX: P8Z. As of year-end 2020, 52.28% of Bumitama shares are held by companies controlled by the Lim family. A further 32.1% are controlled by IOI Corporation and its majority shareholders, the Lee family. For a full overview of Bumitama's company structure, please see our Annual Report.



234,000 ha
total landbank

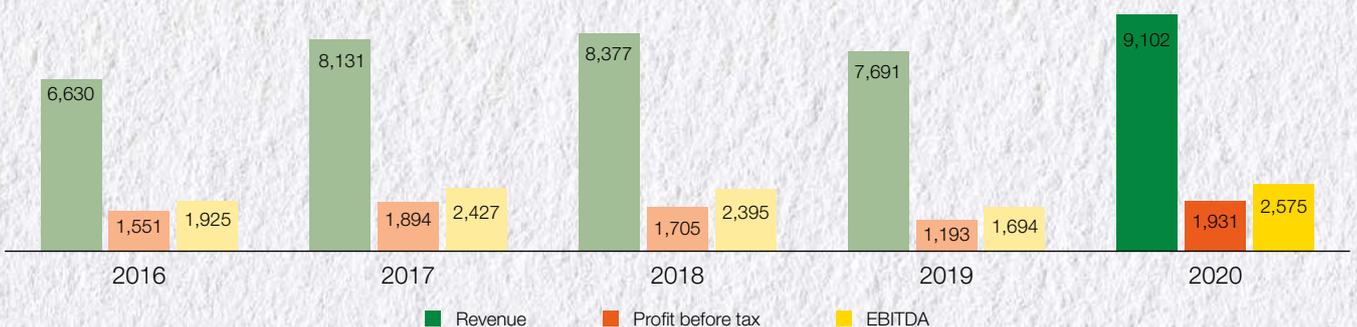


132,816 ha
of nucleus estates and
55,101 ha of plasma area



27%
of the FFB sourced in 2020
came from third-party suppliers

FINANCIAL OVERVIEW 2016-2020 (IDR Billion)



Note: Revenue for FY2018 has been reclassified.

About Bumitama

OPERATIONS

There have been no new acquisitions since our last report. In 2019, we submitted a new 3,700 ha development plan through the RSPO New Planting Procedure (NPP) for PT Hungarindo Persada at West Kalimantan. During the last two years, we have planted 2,752 ha of new plantings in our Kalimantan estates.

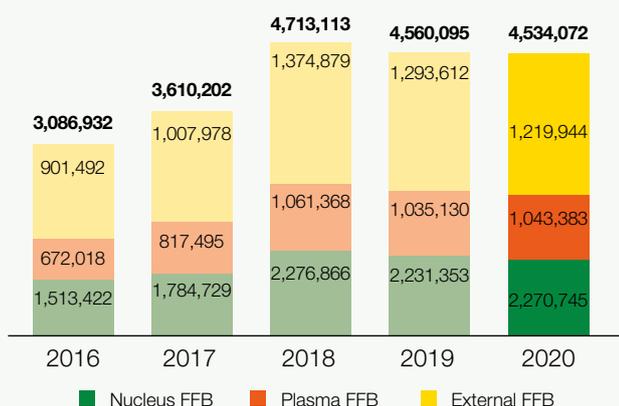
AGRICULTURAL PRODUCTIVITY

Our key focus for growth is on increasing productivity on our existing land, rather than acquisitions and new plantings. This is essential given the limited opportunities for land bank expansion in light of our commitment to avoid development on peat, high carbon stock (HCS) or high conservation value (HCV) areas.

Our FFB yield and CPO extraction rates have remained relatively stable since 2018, but we are investing heavily in research and development to enhance productivity in both areas. Our Research, Quality Control and Engineering department and agronomists are continually exploring ways to increase yield, oil content and FFB weight.

We are in the process of commissioning a tissue culture centre in Palangkaraya. This centre will identify the most productive and suitable seeds for our replanting programme from 2021 onwards. These seeds are developed from a tissue culture that combines the genome of different plants to provide us with high yielding trees that are potentially less susceptible to the effects of climate change.

FFB PRODUCTION BY SOURCE 2016-2020 (MT)



PRODUCTIVITY 2016-2020



OUR CUSTOMERS

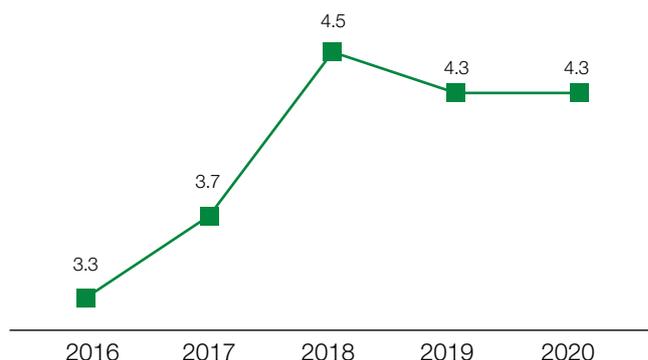
Processing FFB from own and third party oil palm plantations, Bumitama produces CPO and PK that is sold to our customers further downstream.



CPO certified to RSPO standards is sold through the RSPO certification trading system for trade under the mass balance system. In 2020, Bumitama began a feasibility study for establishing segregated mills to offer segregated RSPO certified oil to the marketplace. Although Bumitama had initially planned

to establish segregated mills in 2019, this was postponed to 2021 to allow us to gather information, develop logistical capability and capacity, and make additional infrastructure investments, such as land and storage tanks.

CPO YIELD PER MATURE HECTARE 2016-2020 (MT/ha)



Our Approach to Sustainability

Bumitama understands that sustainable practices, engagement and accountability are critical for us and the industry to succeed.

The basis for our sustainability efforts is strict legal compliance and adherence to RSPO standards, and civil society monitoring and engagement. We also recognise that, as a leading palm oil producer in Indonesia, we must set an example by going beyond what is required and addressing legitimate on-the-ground needs. Since the outbreak of COVID-19, it has become even more crucial to safeguard our workforce's wellbeing and ensure business continuity – but never at the expense of environmental protection. The current circumstances demand

a need to be resilient and agile by implementing a business continuity plan and a set of operational protocols.

Our Sustainability Policy outlines our principles and commitments to produce palm oil sustainably and responsibly. We developed the Policy with our core focus on People, Planet and Prosperity and its provisions apply across our operations, subsidiaries, associates, and those that we manage. Although reference to external suppliers may not be explicit, they fall under the scope of our associates. Therefore, all our suppliers must adhere to the provisions within this Policy.

KEY PILLARS OF OUR SUSTAINABILITY POLICY

Forest conservation and sustainable land use

No peat; protection of HCV and HCS landscapes; reduction of chemical fertiliser and pesticide usage; elimination of paraquat; and prevention of fire.



Respect for local community rights

Recognition of FPIC; efforts towards sustainable economic development models; and fair, transparent and accountable partnerships with plasma smallholders.



Respect for human rights in the workplace

Recognition of ILO core conventions and the UN Universal Declaration on Human Rights – including a ban on forced and child labour, elimination of discrimination, provision of fair wages and working hours, and respect for freedom of association; the provision of a healthy and safe working environment; and ethical conduct, including efforts to eliminate corruption.



Traceability and responsible sourcing

Tracking and monitoring land development in sensitive areas; ensuring that all FFB processed is traceable to our own estates, plasma smallholders, local traders and independent smallholders, and ensuring that FFB is purchased from legal and responsible sources.



Although our Policy remains unchanged, our priorities are guided by enhanced sustainability requirements, impact assessments, and stakeholder engagement. We use a landscape approach that goes beyond our boundaries, and we work with stakeholders within these areas to protect the environment, address socio-economic challenges, and boost community livelihoods. Our programmes are dedicated and designed to engage our local communities, such as our social forestry support programme in West Kalimantan. We are continuously improving our internal capacity to monitor, support and ensure supplier compliance with our Policy commitments.

Sustainability is a continually evolving practice. We plan to review and update our Sustainability Policy in 2021 – 2022 to ensure it demonstrates how our programmes have developed since the Policy was first implemented five years ago. We also plan to explore the UN's SDG's further and discover where Bumitama can develop and advance. We will work to ensure the Policy reflects developments in palm oil sustainability and buyer expectations.

Our Approach to Sustainability

SUPPLY CHAIN TRACEABILITY AND RESPONSIBLE SOURCING

95.4%

of third party FFB traceable to plantation

27%

total supply from external parties

98.8%

of all FFB mapped and traceable

ASSESSING THE RISK OF SUPPLIERS

As we know the origin of our supply we are able to focus on addressing problematic areas with higher environmental and social risks. Our pre-screening process maps all existing and new suppliers using publicly available data and information disclosed by our suppliers. We compare these maps to a specially developed risk map covering a 50-kilometre radius from our mills. This identifies and evaluates key suppliers and sites that require our support on issues such as land legality, productivity, deforestation, fires, and community grievances.

Using our supply chain categorisation (see Appendix 1), we establish whether we can conduct business with the supplier. Those deemed High Risk are automatically excluded and become ineligible to become Bumitama suppliers. However, this approach relies primarily on self-declaration and we have found instances where the provided information was incorrect

or limited. This has been especially apparent with FFB traders or agents who are direct purchasers of the FFB. We aim to address this in our traceability-based smallholder engagement programme and will regularly report on our progress.

In 2021, we will expand our zoning approach for FFB purchased from second or third tier suppliers.

WORKING WITH SUPPLIERS TO MEET SUSTAINABILITY COMMITMENTS

Currently, 29 outgrowers and 69 independent smallholder groups have their performance verified with a questionnaire based on Bumitama's Sustainability Policy. To ensure the sourced FFB complies with regulations and originates from an official, legal supplier, we implement checks and conduct follow-up inspections to confirm the date of planting, analyse FFB samples, and substantiate plantation coordinates. We also have dedicated teams to educate FFB suppliers on implementing our Policy.

Bumitama holds its suppliers accountable whenever we find their performance contravenes their sustainability commitment. For those suppliers found in non-compliance with regulations on spatial planning, forestry zones, and peat areas, we encourage them to work with us so that they can comply with our policy commitments. We terminate contracts of suppliers who do not take remedial action or refuse to comply with our policy.

From **2021**, we will



Develop a policy commitment checklist and carry out random assessments of our suppliers.



Conduct training and knowledge sessions on:

- Agronomy training and counselling.
- Land legality
- RSPO certification
- FPIC, legality, and sustainability management and compatibility.
- Bumitama Sustainability policy commitments



Develop guidance for corrective action for those suppliers who are non-compliant with our commitments but are keen to address the issues to avoid contract termination.

MONITORING LAND COVER CHANGE

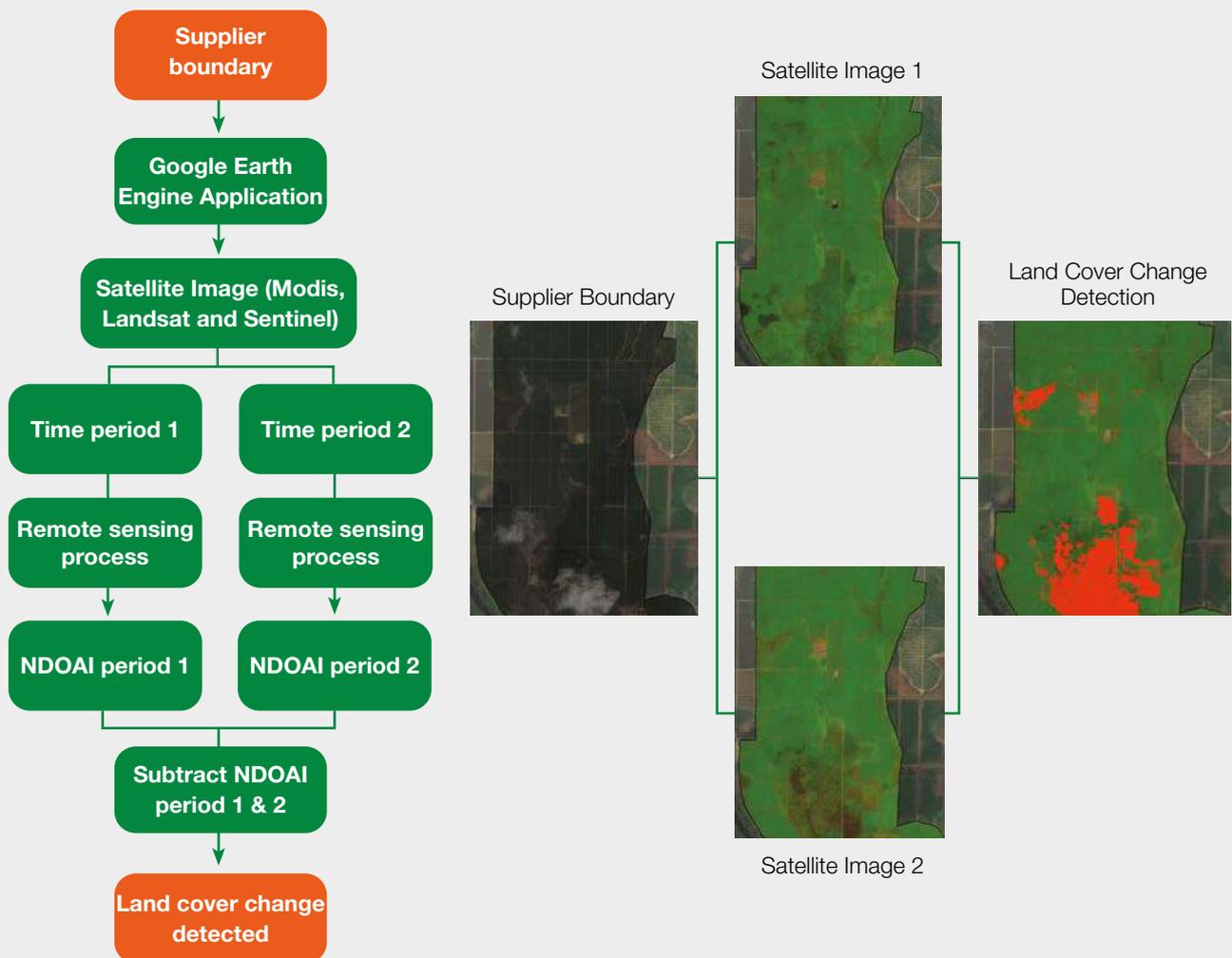
One of our key supplier commitments is no land clearing before HCV & HCS assessment, as per the RSPO New Planting Procedure. We have developed a satellite monitoring system to assess land cover changes in our suppliers' areas. The system uses GIS remote sensing via the Google Earth Engine, a code-based programme to detect any changes.

Any detected changes are verified and addressed with the supplier. If confirmed, we request that corrective action and restoration of non-compliant deforestation or land conversion is undertaken. No interest to do so or inaction will result in ceasing of business relations.

LAND USE CHANGE ANALYSIS FLOW DIAGRAM AND PROCESS ILLUSTRATION

How Does it Work?

Within the Google Earth Engine, the dark shaded area represents the boundary based on the supplier's permit, overlaid with satellite images of time periods one and two. A remote sensing process produces an index value of vegetation loss, NDOAI. From the results, changes in land cover are confirmed and highlighted in red. This shows where the vegetation was cleared in the period between the specified dates.



Our Approach to Sustainability

GOVERNANCE AND MANAGEMENT

Corporate Governance and Sustainability Management

Bumitama upholds high standards of corporate governance, integrity and professionalism across all our activities and operations. The Board provides management oversight and leads the development of corporate strategies while being responsible for ensuring that our company's corporate governance practices are aligned with the Singapore Code of Corporate Governance.

Our Board comprises six members: three independent directors, one non-executive and two executive directors. It includes three Singaporeans, two Indonesians, and one Malaysian member and reflects the diverse professional and educational backgrounds required to ensure that all aspects of our operations are adequately represented. There is currently one female board member. Mr Lim Gunawan Hariyanto is our CEO and chairman of the Board. To ensure sufficient oversight, the company has appointed an independent lead director, and a separate Board member who chairs all Board committees.

The Board oversees the company's Sustainability Policy strategy, and our CEO champions our sustainability principles. Sustainability performance, emerging issues, critical concerns and progress against targets is reviewed at each meeting – which is now on a quarterly basis. Our senior management team handles oversight and the implementation of our Sustainability Policy and oversees all stakeholder consultation on sustainability matters. All annual and biennial sustainability statements and reports are reviewed and approved by the Board.

As part of our ongoing efforts to remain responsive to ever-evolving issues we have implemented some organisational changes. In 2020, we expanded the group to include a new department responsible for our conservation areas, led by a dedicated conservation manager. We have also reorganised the fire management team and introduced a group fire manager. Both personnel report directly to our Chief Operating Officer and coordinate their activities with the Sustainability and CSR team.

We have also recently launched a holistic programme for 2021–2025 called the Triple Zero Target Programme. You can check out our step-wise targets below.

STEP-WISE TARGETS FOR TRIPLE ZERO TARGET PROGRAMME: 2021–2025

Year	Accident frequency and severity rates (y-o-y)	Fire	Environmental incidents
2021	5% reduction	Zero fires in planted areas	Quality uniformity of environmental management monitoring (100% related documents available and monitored by head office)
2022	10% reduction	Zero fires in planted and conservation areas	Environmental management reporting to the government on time and following the provisions
2023	15% reduction	Zero fires inside concessions	No environmental incidents leading to charges against the company
2024	20% reduction	Zero fires inside concessions	No environmental incidents leading to charges against the company
2025	25% reduction	Zero fires inside concessions	No environmental incidents leading to charges against the company

Ethics and Integrity

Integrity remains the cornerstone of our business. It is only by conducting our business to the highest ethical standards we can ensure business continuity, stakeholder respect and local community support. The Bumitama Code of Conduct guides

us when dealing with our business partners, regulatory bodies, and employees. The Code applies to all Bumitama employees, the Board of Directors, and other individuals working on behalf of the company. The Code of Conduct can be found on our website.

SUSTAINABILITY MANAGEMENT STRUCTURE 2020



Grievances and Whistleblowing

Our grievance procedure is a structured Group-wide approach for handling complaints. The system is available to all estate employees and each head office and protects the complainant's anonymity. The grievance procedure also addresses third-party compliance issues and land conflicts. Although it is open for internal complaints, grievances can also be raised through external platforms, such as the RSPO complaints process.

Since 2018, two complaints registered through the RSPO have been closed. As detailed in our last Sustainability Report, the first of the two cases involved a community in Central Kalimantan and the disputed terms of land surrender for a Plasma scheme with our subsidiary, PT Bumitama Gunajaya Abadi (BGB). After the stakeholders' clarification, supported by a series of alternative livelihood programmes for the community involved, the complaint was closed in June 2020 after it was concluded that the matter should be resolved internally between the cooperative management and the communities. PT BGB remains in contact with both parties to facilitate an amicable settlement of any outstanding issues.

The second case was raised in January 2019 through the RSPO complaints process involving our subsidiary in Ketapang, PT Agriplus. This included concerns over plasma scheme arrangements, the land acquisition process and conservation of traditional community food-source areas. The case was withdrawn in July 2019 as both Bumitama, and Link-AR Borneo agreed to resolve the disagreements through Bumitama's internal grievance procedure. We continue to work

with local communities to develop the identified areas as a potential source of income from non-timber forest products.

A case against our subsidiary, PT Hatiprima Agro, was reopened in 2017 after initially being closed in 2015. This case concerned the legality and processes surrounding the acquisition of PT LMS in Central Kalimantan. The allegations implied Bumitama had sought to circumvent relevant legal permit and RSPO requirements. We provided a detailed overview of the case and our substantive response in the 2016 Sustainability Report, and the RSPO Complaints Panel has ordered a legal review of the documentation. We will continue to provide ongoing updates of this, and any other raised grievances on our website.

Besides the formal RSPO complaints process, we also monitor issues raised through other channels, such as social media, NGO reports or buyer enquiries. These are recorded using our in-house grievance tracker and logged on our website. Our policy is to engage proactively with interested stakeholders and address any raised issues through the public domain.

We have a well-established whistleblowing policy and associated procedures approved by our Board's Audit Committee. This enables our employees, customers, suppliers, contractors or local community members to raise concerns. The policy guarantees confidential reporting without fear of reprisal; anonymous disclosures are accepted, and anonymity is preserved.

Our Approach to Sustainability

CERTIFICATION AND ENGAGEMENT

RSPO

In 2014, we obtained our first certification against the RSPO Principles and Criteria (P&C). Over the last two years, we have achieved certification for four additional mills: Bukit Makmur Mill, Pembangunan Raya Mill, Suka Damai Mill, and Bukit Tunggul Jaya Mill. Now we have a total of eight mills certified. With their supply base, this brings our certified area to 56,433 ha, up from 41,970 ha – a 34.5% increase. This comprises 43.4% of total certifiable area. With the new certification, we are proud to announce that our first two groups of plasma smallholders became certified, adding another 1,899 ha of certified planted areas, just over 3% of total certified area. Our total certified volume rose to 236,962 tonnes – 42% more than in 2018.

Pandemic-related travel restrictions have delayed our certification programme and put on hold all our audits for new certificates planned in 2020. Consequently, we have amended our targets to complete certification of all our mills by 2022 or one year after obtaining HGUs, and all plasma smallholders by 2024 (See Appendix 3 for Timebound Plan).

ISPO, ISO, AND ISCC

In 2019, our fourth plantation subsidiary, PT Agro Sejahtera Manunggal, was certified under the Indonesian Sustainable Palm Oil (ISPO), launched in 2012 as a mandatory requirement for Indonesian oil palm growers. For details of our ISPO certification plan see Appendix 4.

Our mill in Riau, PT Rohul Sawit Industri, is certified against ISO 14001 for its environmental management system. We had intended to certify two additional mills against ISO 14001 by



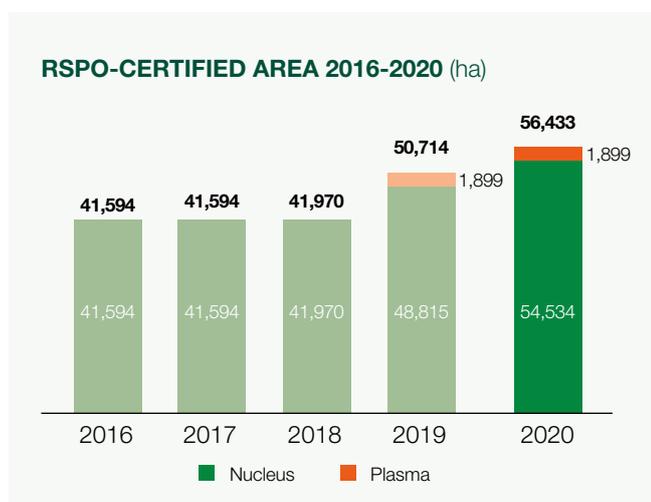
2020 but have revised our target to certify three mills by the end of 2021. We aim to achieve certification for all remaining mills by 2023, while planning to proceed with the International Sustainability and Carbon Certification (ISCC) in 2022, after conducting the necessary training and readiness assessments.

PROPER

Program Kinerja Pengelolaan Lingkungan Perusahaan (PROPER), or the Health, Safety and Environmental Aspect Assessment, is the Indonesian Government's programme for rating corporate environmental and social sustainability performance management. PROPER is conducted annually by the Ministry of Environment and Forestry (KLHK) by assessing companies' performance through a transparency mechanism and public disclosure process. This includes how we manage environmental and biodiversity issues, community development, hazardous waste disposal and energy utilisation. PROPER performance is then classified into five categories: Black is the lowest, followed by Red, Green, and Blue. Gold is the highest category. At the end of 2020, two of Bumitama's management units were classified under the blue and red certification categories.

STAKEHOLDER ENGAGEMENT

Bumitama understands that effective stakeholder engagement is crucial for building long-term solutions to industry-wide challenges. We are always seeking alternative ways of strengthening our stakeholder engagement efforts – focusing particularly on partnerships and community engagement. Our stakeholders include investors, customers, employees, non-governmental organisations, industry groups, and government agencies.





Notable partnerships/affiliations in 2019 – 2020:

- **Member of the RSPO since 2007** and co-chair of the RSPO Complaints Panel
- Member of the **RSPO No Deforestation Task Force, the Peatlands Working Group, the Human Rights and Social Compliance Working Group, Shared Responsibility Working Group, Jurisdiction Working Group, Decent Living Wage Subgroup, Biodiversity High Conservation Value Working Group, and Standard Standing Committee**
- Partnering with **PONGO Alliance** as a steering committee member to enhance biodiversity protection and develop a fresh approach to management of orangutan habitats in fragmented landscapes (see page 25)
- Engaging with IDH – **The Sustainable Trade Initiative** under the landscape-based collaborative Bumitama Biodiversity and Community Project (BBCP) (see page 25)
- Partnership in the **Ketapang Production, Protection, Inclusion (PPI) Compact** to protect one million hectares of forest (see page 24)
- Partnership with **Earthqualizer** in community alternative livelihood development programmes under the social forestry platform (see page 39)
- Partnership with the **Institute of Agricultural Stiper Yogyakarta (INSTIPER)**, capacity building programmes to develop future unit leaders (see page 49)
- Partnership with the **National Development Planning Agency (Bappenas) and the Ministry of Fisheries and Maritime Affairs** in a fish farming project with the plasma cooperative (see page 50)

For more details, please refer to our stakeholder engagement table on page 54.



2020 SPOTT assessment

68.3%
score

25th/100

2020 Global Canopy Forest 500

63%
score

7th/350
firms in six
commodity sectors

Forest 500 assesses companies at parent-level and includes its subsidiaries' commitments in its scope of review.

Environment

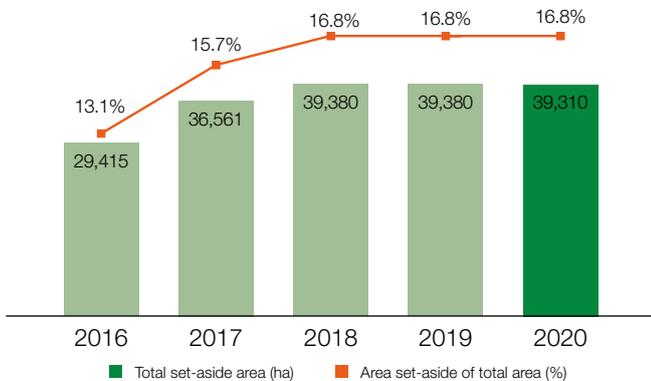
We are committed to conserving natural resources and protecting and enhancing the existing natural environment and its biodiversity. Our No Deforestation, No Peat, No Exploitation (NDPE) commitments cement our role in protecting the landscapes where we operate through partnerships with local stakeholders and invited experts.

BIODIVERSITY PROTECTION AND CONSERVATION

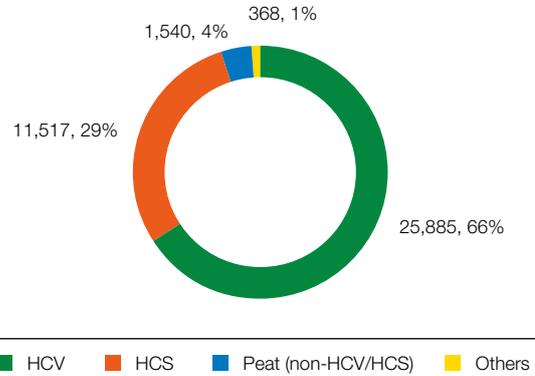
To appropriately understand the area allocated to us under a permit, we undertake a series of assessments and analysis prior to any development. These assessments include: High Conservation Value (HCV) and High Carbon Stock (HCS), peat, land use and land-use change, and social impact. We work in line with the RSPO New Planting Procedure (NPP), and our assessments guide our responsible planting approach throughout our operations.

During 2019 and 2020, we conducted four integrated HCV-HCS assessments that identified 2,024 ha that would be set-aside for conservation². As of 2020, the total of our conservation area is 39,310 ha. This amounts to 16.8% of our total land bank.

CONSERVATION AREA SET-ASIDE 2016-2020



CONSERVATION AREA BY TYPE 2020 (ha, %)



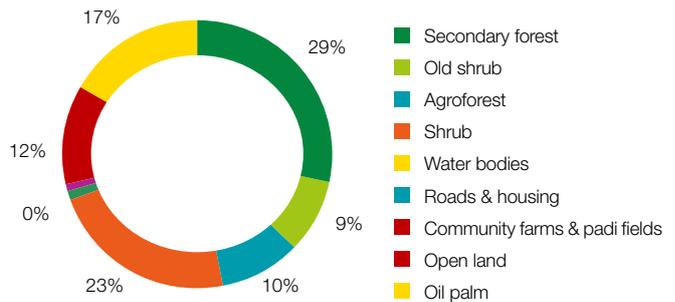
Notes:

- 'Others' includes areas important for preserving HCV and HCS areas such as potential wildlife corridors or buffer zones, not identified by the assessments as conservation areas.
- The total peat area conserved is 6,115 ha, however some are classified under HCV and HCS areas. To avoid double-counting, the conserved peat shown are neither HCS nor HCV.

Approximately 66% of this land is HCV area, 29% is identified as HCS, and 4% is peat. The remaining 1% are other conserved areas, not identified by HCV or HCSA assessments.

By applying remote sensing technology, we have identified that approximately 48% of our conservation areas is forested. Analysing the land cover change during 2020, we have calculated a vegetation gain of 2,091 ha, while less than 42 ha of forest were lost across all areas. We will identify the causes and rehabilitate wherever possible. Our target is to increase forest cover in conservation areas by 10% by 2025, while keeping annual forest loss below 0.1%. We will work with local villages to identify programmes that provide communities with income opportunities and prevent further deforestation.

LAND COVER AT SET-ASIDE AREAS 2020 (%)



² The HCV area increased by 2,105 ha and HCS decreased by 82 ha as it was classified as non-HCS area after assessment.



Bumitama recognises that there was a gap in our adherence with the RSPO Principles and Criteria (P&C) prior to the publication of our Sustainability Policy in 2015. We commit to working with the RSPO and industry experts and have significantly improved our compliance. We also work with the RSPO on assessing and addressing our outstanding RaCP liabilities through suitable compensation programmes that fulfil the criteria. At the end of 2020 we had six units undergoing the Land Use Change Analysis (LUCA) review process, with 28 already approved by the RSPO.

Managing Conservation Areas

Across our operations, we have dedicated and specialised teams to manage our conservation work and we have recently increased their capacity through the appointment of a committed manager to oversee our initiatives and progress at Group level. Our experts have been trained in biodiversity monitoring using spatial monitoring and reporting tools (SMART), human-orangutan conflict mitigation, and camera trap development for future results analysis. The teams regularly conduct conservation patrols for wildlife and indigenous species, while recording the progress of restoration activities, monitoring any endangered or vulnerable species³ and looking for any signs of illegal activity. It has become increasingly common for our forest rangers to encounter loggers and hunters in our West Kalimantan conservation areas. This has become more prevalent

in the areas managed under the Bumitama Biodiversity and Community Project (BBCP) and the wider forested landscape since the 2018 opening of a mining road crossing through our forested areas. We have since implemented robust security enhancement measures and are now closely collaborating with local law enforcement to stop any illegal deforestation and protect the local biodiversity from the risks of illegal hunting and forest fires. Although, the legal status of this set-aside area makes the availability of enforcement avenues and protection very challenging.

We are delighted to report that in early 2020 a baby orangutan was born in our Ketapang operations conservation area. Given that the IUCN Red List has seen a decline of critically endangered orangutan populations, the birth of this baby orangutan in our conservation area is a sign of our progress. A small victory for our team who have put their heart into this programme.

Conservation Through Landscape Approaches

Although the pandemic has brought much of the world to a standstill, our conservation efforts are still ongoing. About 37% of our conservation area falls under our dedicated BBCP area in Ketapang, West Kalimantan, while other conservation programmes and initiatives cover the remaining 63%. We regularly monitor wildlife such as sun bears, monkeys, forest cats, and various endemic species of birds.

³ The International Union for Conservation of Nature (IUCN) Red List species identified in Bumitama's regions of operation can be found on page 58.

Environment

BBCP and the PT DAS Wildlife Migration Corridor

The BBCP is a collaborative programme between Bumitama and IDH – the Sustainable Trade Initiative. The programme was established in 2016 to conserve areas in one of our subsidiaries, the strategically located PT Gemilang Makmur Subur (GMS). Bornean orangutans thrive amongst many other iconic species in this landscape and it has been our aim to use our conservation areas to create a wildlife biodiversity migration corridor between the Sungai Putri peat swamp forest and the protected Gunung Tarak forest that directly links Gunung Palung National Park.

Areas on both sides of the route are home to endemic, rare and endangered species of flora and fauna. The unique biodiversity and its carbon-rich peat swamp forests were at risk of deforestation due to plantation development. We acquired PT Damai Agro Sejahtera (PT DAS) and immediately released a stop work order to prevent further destructive land clearing. Assessments were conducted with the help and support of expert organisations and these confirmed the existence of habitats of high-conservation species and carbon stocks. These were set-aside to be managed under the BBCP, enhancing and protecting the landscape's biodiversity.

Local communities are essential in our conservation work, both to leverage their role as the original stewards of the forest, and to mitigate the potential threat of deforestation from community plantation development, illegal logging, and frequent fires. We involve them in restoration initiatives using tree species yielding non-timber forest products (NTFP), offering communities an alternative to deforestation. Those familiar with the forest are invited to become members of our forest ranger teams or to join courses on natural integrated farming methods at our Brajang training centre.



Part of the programme also focuses on smallholders and farmers. We deliver efficient production training and introduce best practices for palm oil management. This programme contributes to an assessment conducted for Nebraska University and Bentang Kalimantan on a sample of 200 of our independent smallholders.

The Ketapang Landscape PPI Compact

In 2017, Bumitama's work in the Sungai Putri landscape was recognised by the Governor of West Kalimantan when our set-aside areas were declared an essential ecosystem zone, or *Kawasan Ekosistem Esensial* (KEE). This aligned with the province's Green Growth Plan, an ambitious yet crucial



Stakeholder commentary by Fitriani Ardiansyah, Country Director and Executive Chairman | Aris Wanjaya Programme Manager, Landscapes and Commodities (IDH)

Based on our experience in West Kalimantan, Bumitama's commitments go beyond their concessions. A key component of their success is an openness to working with other stakeholders, including competitors at adjacent plantations, to achieve a common goal. The BBCP is an example of how companies should lead their conservation efforts. Bumitama understands that although it has a past, the organisation is willing to make positive changes backed by concrete actions.

It is positive to see the work Bumitama is doing with the BBCP and now partnering with stakeholders, including governments, for the Production Protection Inclusion Compact. We are keen to see how Bumitama can replicate the successes from West Kalimantan for their other sites. It is imperative that their Ketapang work is not seen in isolation but can reflect a Group-level ambition to be a transformational force in Indonesia.

Bumitama's top-level commitments are also seen on the ground in West Kalimantan. These need to be ensured for the long run. The company is an excellent communicator, and there is unity across all levels of management. However, there is scope to build on its field-level employee capacity to integrate their big-picture sustainability perspective into their business-as-usual practice. It would also help Bumitama's commercial teams directly connect their buyers and potential partners with their field-level sustainability departments.

About:

IDH works in the West Kalimantan landscape. They aim to transform critical landscapes, sourcing areas to improve productivity for concessions and smallholders, strengthening environmental protection, and facilitate smallholder inclusion. IDH and Bumitama have ongoing projects in two of Bumitama's West Kalimantan concessions.

Fitriani oversees IDH programmes in Indonesia and Malaysia and handles high-level engagement. Aris is the technical liaison who connects Bumitama's senior managers and implements units and other partners on the ground, including local government representatives.

strategy to create sustainable regional solutions through multi-stakeholder coordination and cooperation. In 2019, a memorandum of understanding was signed for the Production, Protection, Inclusion (PPI) Compact. This Compact is designed by IDH in partnership with the Ketapang District Government to collaborate with key stakeholders in protecting one million ha of forest cover, including 90,000 ha of HCV/HCS areas within agricultural land. By 2022, the Compact aims to restore up to

20,000 ha of forest and peatland, develop sustainable palm oil production, and increase smallholders' livelihoods.

Bumitama is a PPI Compact pioneer and one of the first signatories. The initiative was driven by the landscape collaboration compacts developed and implemented under the BBCP and the South Ketapang Cagar Alam landscape programmes.



Between 250 and 300 orangutans can be found in at least 22 small forest patches in the protected areas of Bumitama's and neighbouring Austindo Nusantara Jaya's (ANJ) oil palm estates. They are located between two large orangutan populations in the Gunung Palung National Park and Sungai Putri peat swamp forest.

It has been standard industry practice to relocate orangutans in multifunctional landscapes. However, we have realised there can be a more practical and planned approach to support and manage their livelihoods. Bumitama is working with PONGO Alliance to explore a new concept of orangutan habitat management in our Ketapang conservation areas. Once fully developed, our plan will support the future management of remaining habitats and corridors, providing guidelines for companies managing fragmented landscaped in conservation planning.

Environment

FlyForest: Disseminating Seeds from Above

The manual planting of seedlings is a useful but time-consuming approach to rehabilitation, especially given the size of some areas. In December 2020, we began trialling a new technique using remote-controlled drones to disseminate seeds in the re-forestation of approximately 800 ha in PT DAS as part of the BBCP programme. This approach allows the rehabilitation of inaccessible areas, such as swamp terrains or unsafe areas for humans.

This method combines different types of seeds from local tree species to imitate natural forest cover. It comprises unique species that will initially provide a canopy for other trees, food for wildlife, and non-timber forest products (NTFP) for local communities. If drone seeding for forest rehabilitation is a success, it will result in a drastic decrease in labour costs in terms of time, money and physical labour compared to manual reforestation.

This large-scale project is the first of its kind in the palm oil industry. We are monitoring its progress, and will share our findings with our peers as guidelines for conservation area rehabilitation.

Forest Rehabilitation and Restoration

Since our Sustainability Policy launch in 2015, we have committed to restoring all non-compliant deforestation or conversion across our sites. This has developed into various programmes that have been implemented throughout our operations.

Our forest rehabilitation programme comprises several stages, from identifying rehabilitation areas to preparing and planning implementation on the ground. We use various techniques matched to different restoration areas. From natural rehabilitation through assisted manual reforestation to drone seeding under our FlyForest programme.

In Desa Teluk Pulai, Central Kalimantan, Bumitama supported local communities in mitigating coastal erosion by rehabilitating 40 ha of mangrove. In July 2019, the programme resumed when we invited local schoolchildren to learn about mangroves and their role in a balanced ecosystem. The youngsters also planted 500 seedlings for nursery cultivation.

STEPPING UP OUR FIRE PREVENTION MEASURES

Fires pose a significant threat to biodiversity conservation efforts, oil palm productivity, the surrounding communities and our employees' health and safety. We focus on early detection, quick response and prevention.

Despite proactive measures, our concessions witnessed 314 fires in 2019 alone. Most of these fires were caused by extreme weather events and our employees and firefighters worked tirelessly to bring them under control.

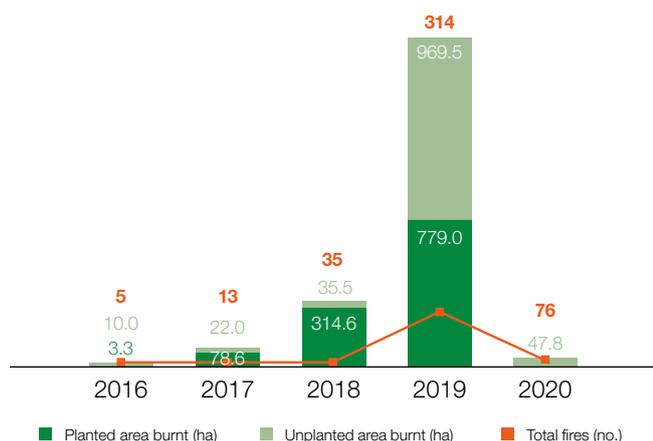
The increase in fires is no longer limited to an El Niño cycle and they present reoccurring disastrous effects that require a long-term solution. We undertook an extensive study of their causation at three of our most impacted concessions: PT Gunajaya Karya Gemilang (GKG), PT Damai Agro Sejahtera (DAS) and PT Agro Sejahtera Manunggal (ASM). We discovered that most were caused by arid vegetation in fire-prone land or by community land-preparation activities that were propelled by winds. The fires consumed vegetation far beyond the owner's land.





Traditional community land-clearing methods persisted in 2020. Through our hotspot monitoring and verification system, we identified 99 hotspots within and around our concessions, of which 95 were within concessions. There were 76 fire incidents confirmed inside our concession areas, resulting in 47.8 ha of burned land. These were easier to control due to wet weather and none of our plantation area was affected as burning was limited to community-owned land, enclaved inside our permits. We are working closely with these communities to minimise any fire use for land clearing. As part of our new Triple Zero Target Programme, we have set targets for zero fires within our concessions by 2023.

TOTAL FIRES AND AREA BURNT WITHIN CONCESSIONS 2016-2020



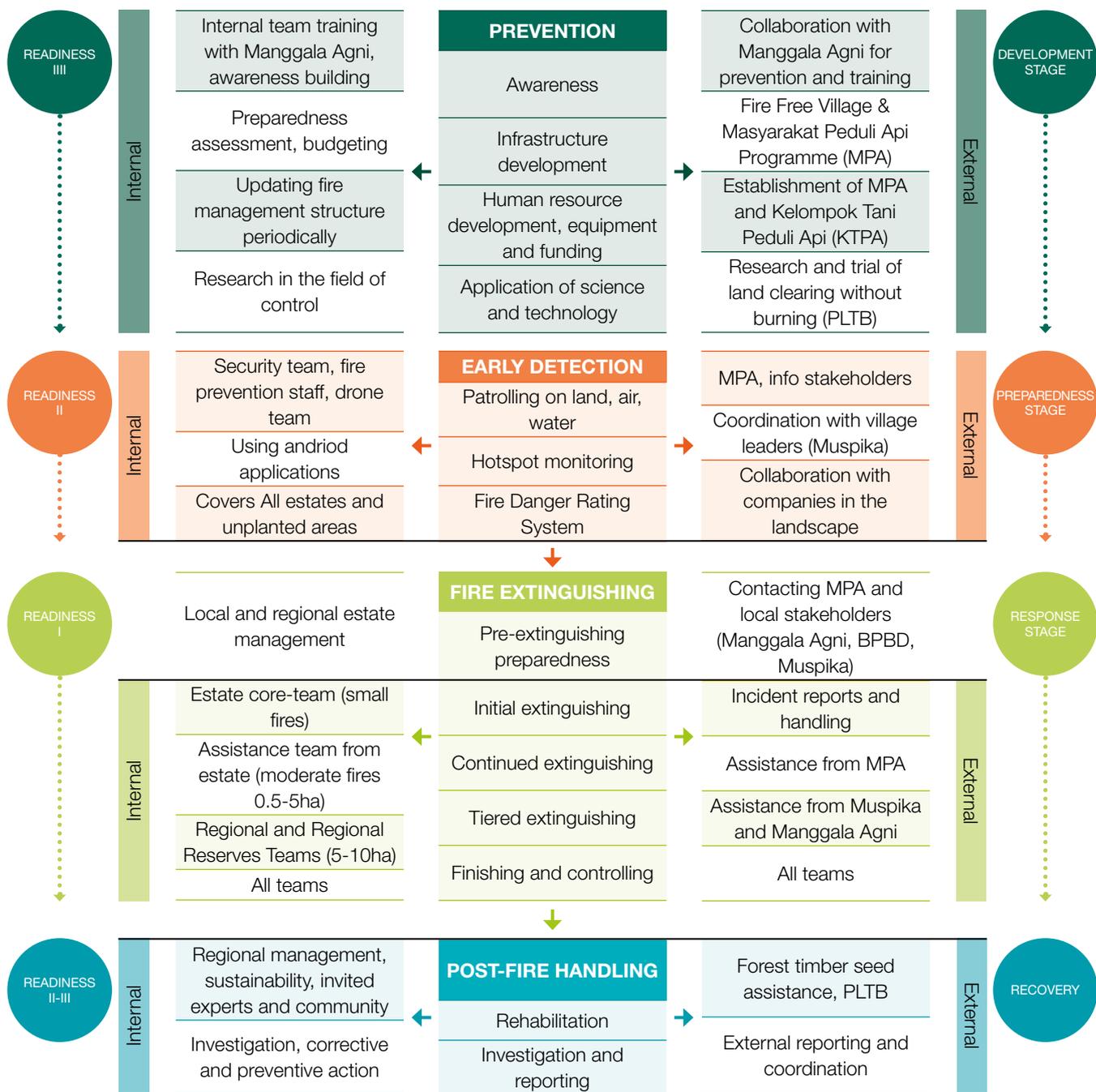
In 2020, we took further steps by identifying gaps in our processes and implement changes through a holistic fire prevention and fire management programme. We have reorganised our fire management operational structure and appointed a dedicated fire prevention specialist. We are also:

- Positioning firefighting teams at estate and central command-level to improve agility and response times
- Sharing information and conducting patrols with local offices to identify potential anomalies
- Improving water availability by constructing ponds, wells, and water gates
- Training new and existing employees on fire management with specialists from *Manggala Agni*, a Ministry of Forestry fire unit that specialises in forest fire prevention and control

In 2021, we will explore the use of innovative technology to assist with fire prevention. Initiatives such as intelligent weather stations that provide advanced fire risk analysis, real-time hotspot monitoring, and drone surveillance, will enable our teams to receive real-time updates of emerging fire risks. This advanced readiness will help facilitate quick response times and minimise the risk of fires spreading out of control.

Environment

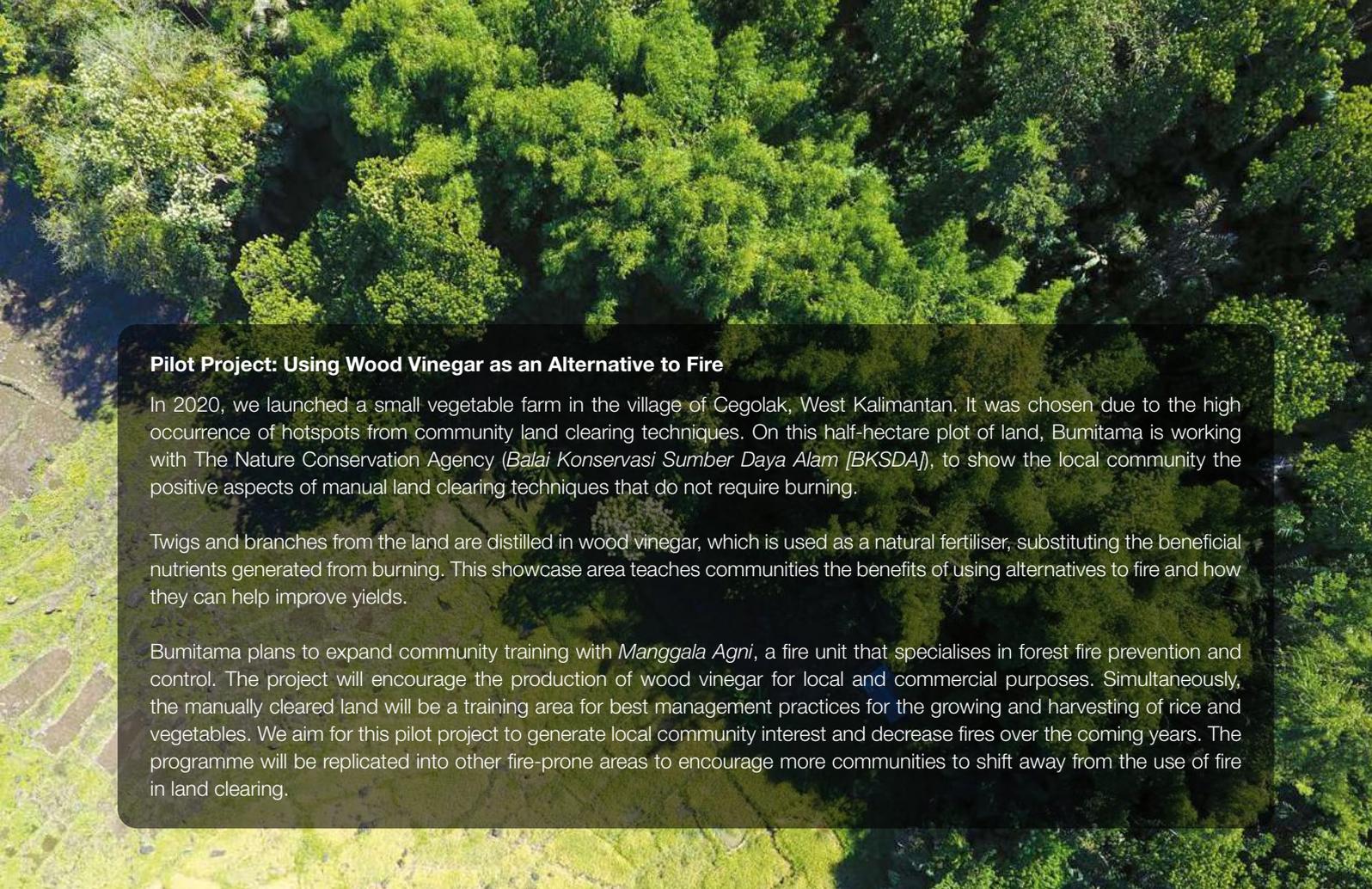
BUMITAMA FIRE MANAGEMENT FLOW CHART



Partnering with Local Communities to Manage Fire Risks

Local community activities, include traditional burning methods to prepare land for planting. This has been identified as the most prevalent cause of fires inside and around our concessions.

To encourage systemic change, there is a necessity for companies and communities to support each other in developing practical alternatives. We engage communities in our Fire Free Village programme, continuously consulting and educating on the risks of using fire. We reward villages that



Pilot Project: Using Wood Vinegar as an Alternative to Fire

In 2020, we launched a small vegetable farm in the village of Cegolak, West Kalimantan. It was chosen due to the high occurrence of hotspots from community land clearing techniques. On this half-hectare plot of land, Bumitama is working with The Nature Conservation Agency (*Balai Konservasi Sumber Daya Alam [BKSDA]*), to show the local community the positive aspects of manual land clearing techniques that do not require burning.

Twigs and branches from the land are distilled in wood vinegar, which is used as a natural fertiliser, substituting the beneficial nutrients generated from burning. This showcase area teaches communities the benefits of using alternatives to fire and how they can help improve yields.

Bumitama plans to expand community training with *Manggala Agni*, a fire unit that specialises in forest fire prevention and control. The project will encourage the production of wood vinegar for local and commercial purposes. Simultaneously, the manually cleared land will be a training area for best management practices for the growing and harvesting of rice and vegetables. We aim for this pilot project to generate local community interest and decrease fires over the coming years. The programme will be replicated into other fire-prone areas to encourage more communities to shift away from the use of fire in land clearing.

remain fire-free with in-kind incentives, such as firefighting equipment and portable agricultural machinery. We also train community members in fire mitigation and seek their help in firefighting.

Recent 2020 provincial regulations in West and Central Kalimantan have resulted in a potential setback to our initiative. The regulation explicitly endorses the community's entitlement to use fire for land preparation under specific circumstances. Regulators continue to limit large-scale forest fires through approval processes but do allow burning relating to the

cultural needs of Indigenous Peoples. While we are respectful of the rights of indigenous communities, we have found that many communities are usually unaware of the very specific dispensations of this law. Under our existing fire programmes, *Desa Bebas Api* and *Masyarakat Peduli Api*, we have increased our partnerships with community leaders, regularly conducting joint community outreach sessions and helping to clarify the new regulations. Our approach involves informing neighbouring landowners of planned fire use, forming fire-breaks, or mobilising standby fire extinguishers. While encouraging compliance with these regulations, we continue to promote alternative land clearing techniques.



Environment



GREENHOUSE GAS ACCOUNTABILITY

Climate change and fluctuating weather patterns pose a significant risk to the livelihoods and safety of communities, fragile ecosystems, and agricultural supply chains. Bumitama is firmly committed to progressively reducing our greenhouse gas (GHG) emissions.

Our primary source of emissions is land-use change, making up 35.9% of total, followed by emissions released from palm oil mill effluent (POME) at 30.1%. In 2020, our overall net emissions from all mills amounted to 1,600,411 tonnes of carbon dioxide equivalent (MT CO₂e/year).

Our total GHG emissions intensity calculated for all our mills was 1.56 tonnes of carbon dioxide equivalent per tonne of crude palm oil produced (MT CO₂e/MT CPO). The increase from previously reported data can be attributed to the scope of our calculation. This has now doubled, to include all of our mills and plantation land, inclusive of smallholder supply.

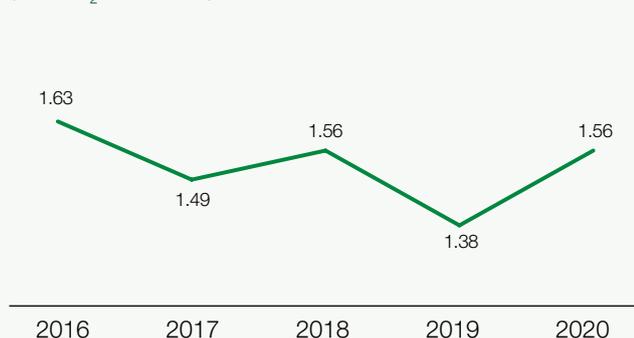
Implementing our holistic GHG reduction strategy, we have set a 30% reduction target in GHG emissions intensity by 2030 from our 2016 baseline of 1.63 MT CO₂e/MT CPO. The 2016 baseline uses Version 3.0.1 of the PalmGHG calculator, making data comparable.

We currently use Version 4.0 of the RSPO PalmGHG calculator to track the progress of all of our mills.

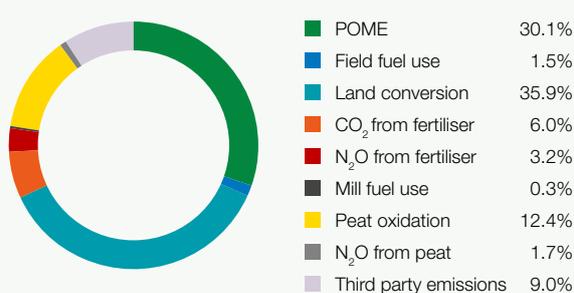
Our long-term plan for reducing GHG emissions comprises:

- Avoiding deforestation and any development on peat (imbedded in 2015 Sustainability Policy)
- Reduction of methane emissions in mills through methane capture facilities, composting, belt press and other methods of extracting the solids from the mill ponds
- Exploration of alternative energy sources such as solar panels as a replacement for generator sets or biodiesel

GHG EMISSIONS INTENSITY 2016-2020
(MT CO₂e/MT CPO)



GROSS EMISSIONS BY TYPE 2020 (%)



Note: 2016 to 2019 data is calculated intensity for RSPO-certified mills only, while 2020 is for all 14 mills.

Methane Capture of Palm Oil Mill Effluent (POME) Emissions

About 30.1% of our emissions are methane from POME. Bumitama aims to reduce these emissions through improving waste management at our mills. We have started with the construction of biogas facilities that convert methane emanating from POME into electricity, which can then be channelled back into the local electricity grid. We are on track to complete construction of one methane capture facility in Riau for commercial operations by 2021 and begin with the construction of two in Central Kalimantan in 2022. Similar facilities will progressively be developed at our other mills, depending on the viability of converting the resulted biogas methane into electricity. Bumitama will partner with expert organisations to channel the electricity to the grid and operate our facilities. Where this is not viable, we will install other devices to treat our wastewater, such as belt press solid separation.

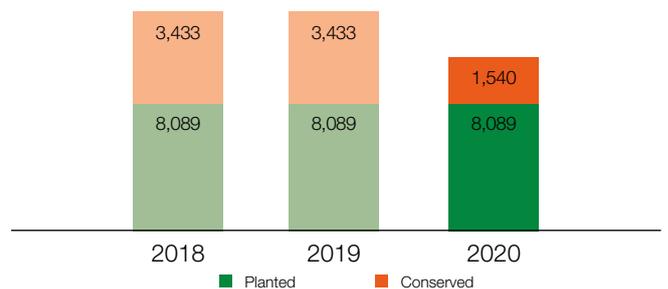
Additional reduction of GHG emissions comes from our composting facilities that feed an aerobic process to reduce and prevent methane release during organic matter breakdown. Bumitama operates 11 composting sites, with another three in late stages of construction. In 2020, 10% of our total POME produced was fed into these facilities, to produce compost for land application. This helped us achieve further reductions in GHG due to a decrease in demand for use of chemical fertilisers. We are currently assessing the total reduction and will report on our progress separately.



Conserving Peat Areas

Bumitama recognises that peat oxidation in existing plantings is the source of 13.5% of our emissions. Consequently, we are committed to no new planting on peat, to restore peatland wherever possible, and to apply best management practices in existing plantings. We have 9,629 ha of peat across our land bank, of which 8,089 ha is existing plantings (4.3% of our total planted area). We have recorded a decrease in conserved peat areas, due to a reclassification of existing planted areas to HCV category in a recent joint HCV/HCS assessment.

PEAT AREA PLANTED AND CONSERVED 2018-2020 (ha)



Note: decrease in conserved peat areas is due to reclassification as HCV, not a result of planting activities

As part of the BBCP, we conducted an assessment for restoring peatland at PT DAS with the Malaysian NGO Global Environment Centre. As part of our strategy to develop a holistic water management strategy, Bumitama installed water gates that block the existing canals and raise the water levels. We are continuously analysing the results over an extended period. In the same year, we also reported zero hotspots in PT DAS, an area that has been historically prone to fires.

Environment

INTEGRATED PEST MANAGEMENT AND CHEMICALS

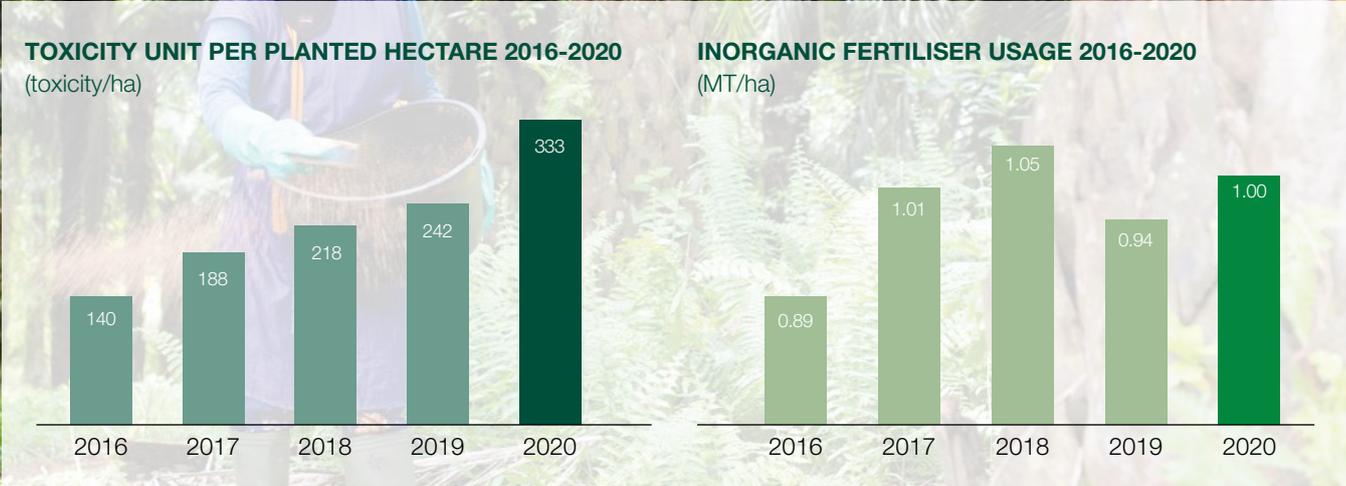
We remain committed to minimising and mitigating the environmental impact of chemical pesticides. Bumitama uses synthetic pesticides only as a last resort and under the strictest of conditions. This may include the use of small amounts of rodenticide, insecticide or fungicide to contain a particularly aggressive outbreak of pests. We aim to eliminate all highly toxic, bioaccumulative and/or persistent pesticides across our operations.

Our Integrated Pest Management Strategy

Our integrated pest management (IPM) strategy prioritises the use of natural and mechanical pest reduction solutions and encourages biological controls such as beneficial plants, pathogens and bacteria. This approach is better for the environment and maintains healthy populations of natural predators. We also employ manual techniques and mechanical traps. To date, our R&D department has successfully developed and applied the following solutions to some of our problems:



ISSUE	STRATEGY
<p>Stem rot disease from <i>Ganoderma</i> fungus</p>	<p>Bumitama grows the <i>Trichoderma</i> fungus to mitigate <i>Ganoderma</i>. This is applied to the affected plant and surrounding healthy plants to inhibit the development of the disease. <i>Trichoderma</i> production uses palm oil fibre waste. In 2020, 3.7 tonnes were produced and distributed across all Bumitama plantations.</p> <p>Bumitama also produces <i>Arbuscular mycorrhizae</i>, which is applied to oil palm plants during the seedling phase to increase immunity against <i>Ganoderma</i>. In 2020, 4.1 tonnes were produced and distributed across all our plantations</p>
<p>Oil palm leaf-eating caterpillars causing defoliation</p>	<p>Bumitama routinely plants flora to attract predators and parasitoid natural enemies, as an alternative to oil palms. These include eight o'clock flowers (<i>Turnera subulata</i>), bridal tear flowers (<i>Antigonon leptopus</i>), and Chinese ketepeng (<i>Cassia cobanensis</i>).</p> <p>Bumitama has also developed a means of biological control, using <i>Cordyceps militaris</i>. This is an entomopathogenic fungus that is the natural enemy of the caterpillar pupa. By 2020, application of this fungus has helped us control caterpillar pests over 356 ha, thus substituting the chemical pesticide.</p>
<p>Rats attacking oil palm plants</p>	<p>Bumitama uses barn owls (<i>Tyto alba</i>) to help curb rodent infestation. To help increase the owl population, we have built shelters and artificial nests (<i>gupon</i>) across our plantation areas. By the end of 2020, we recorded 879 adults, 341 chicks and 297 eggs across our operations.</p> <p>Consequently, total rodenticide use has decreased drastically since 2018. As of December 2020, 81.4% of our total planted area is free from rodenticide, increasing from 42.3% from 2018. Our revised goal is for 85% of our total planted area to be rodenticide-free by 2022.</p>



To suppress specific weeds, we are also currently trialling the use of Fluroxypyr, a selective herbicide that does not harm young palm trees during application.

Monitoring Toxicity and Inorganic Fertiliser

To better understand our chemical footprint, we monitor toxicity levels from applied herbicides per planted area. Toxicity levels fluctuate due to the cyclical nature of plantings. This occurs due to young plants requiring greater amounts of herbicide, the sporadic outbreaks of pests, or overly wet conditions from precipitation. This method of measuring toxicity enables us to monitor the impact of long-term chemical use more accurately. Our toxicity use per hectare has increased year-on-year since 2016, mostly due to an improvement of recording data on usage. Despite this, our toxicity levels fall well within the accepted range for the industry. We will conduct an in-depth study to assess the recorded increase and implement further programmes, such as the application of premium products, to minimise chemical use in our operations.

To reduce our reliance on inorganic fertiliser, we have also adopted a zero-waste management policy for CPO production. Empty Fruit Bunches (EFB) are recycled as ground cover material and organic fertiliser, when combined with POME in the process of co-composting.

Every Bumitama employee that handles hazardous chemicals is given extensive safety training. We equip each worker with personal protective equipment (PPE) and mandate showering at the end of each shift. All hazardous chemicals are kept in locked storage facilities per requirements set out by the Indonesian Government and the RSPO P&C requirements. We also ensure that pregnant or nursing women do not work in or near areas where pesticides are used or stored.

81.4%
of total planted
area is free from
rodenticide



Environment



WATER USAGE AND QUALITY

Clean and safe water is vital for our employee and local community health, wildlife, aquatic ecosystems, and our palm oil mills. Therefore, minimising the risk of surface water or groundwater contamination from fertiliser misuse or other field practices is an absolute priority.

We are exploring ways to determine water risks in and around our concessions. Bumitama is currently reviewing our internal processes and facilities to determine local river conditions. We aim to document and monitor the impact of our activities on surface and groundwater quality and availability. The study will help identify mitigation strategies and establish long-term management plans to benefit stakeholders within and beyond our operational boundaries.

Mill and plantation operations account for most of our water usage. River water is extracted for use in processing mills, while rainwater is harvested to supply housing areas, communities and other operational activities. Rainwater reserved for firefighting and other contingencies is stored in ponds constructed near

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In 2019, there was a slight increase in mill water usage intensity before decreasing to 1.26 m³ of water for each tonne of FFB processed (m³/MT FFB) in 2020.

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our plantations. In 2019, there was a slight increase in mill water usage intensity before decreasing to 1.26 cubic meters of water for each tonne of FFB processed (m³/MT FFB) in 2020. This is in line with our peers and industry best practice. We will progressively implement programmes to reduce our water usage levels in production to 1.2 m³ of water for each tonne of FFB processed by 2022. We will also explore comprehensive water usage assessments and develop plans for its reduction, including at estate housing and offices.

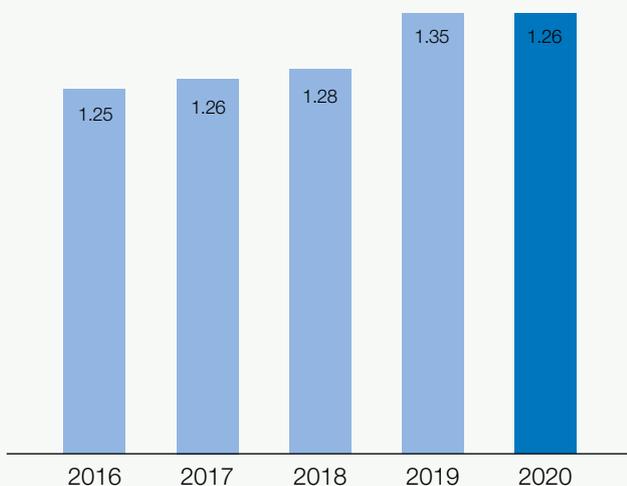




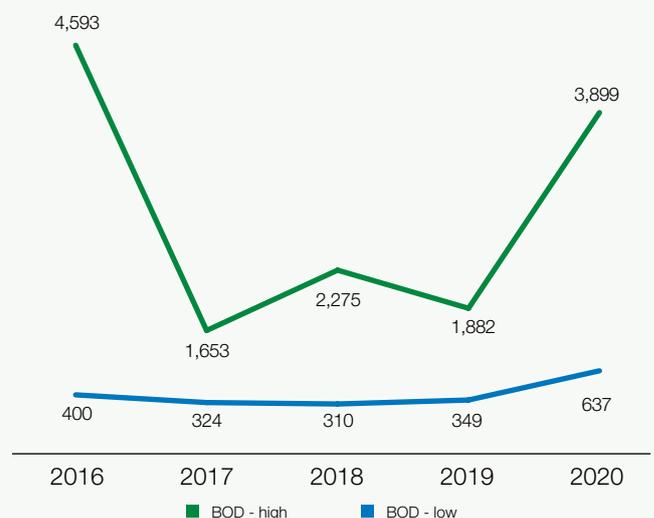
POME from our mills is collected in ponds where it is treated before being applied to land as fertiliser. All nutrients are recycled back into the plantation as POME is rich in organic matter. We monitor POME quality considering: chemical oxygen demand (COD), biological oxygen demand (BOD), ammoniac nitrogen content, nitrate content, pH, total dissolved solids and total suspended solids. BOD levels are strictly managed and kept below regulatory thresholds of 5,000 parts per million (PPM) on outlets to land application.

We have an ongoing programme to research the optimal use of POME for land application to reduce our reliance on inorganic fertiliser. Based on the available knowledge, the BOD-rich POME has the potential to replace between 50% to 75% of inorganic urea in our planted areas. Besides applying treated POME to our palms, 10% of our total untreated POME is directly diverted to co-composting sites where it is mixed together with the EFB. This reduces total emissions by replacing more than 50% of the required application of potassium chloride and urea and is a natural fertiliser that improves soil quality as well as increases yield.

MILL WATER USAGE INTENSITY 2016-2020 (m³/MT FFB)



BIOLOGICAL OXYGEN DEMANDS LEVEL 2016-2020 (ppm)



Note: The legal threshold is 5,000 ppm.

People

Bumitama would not be the company we are without the people who live and work in and around our operations. We always strive to ensure we meet the needs of our employees, their families and seek to improve the livelihoods of the local communities.

RESPONSIBLE BUSINESS PRACTICE DURING COVID-19

In early 2020, the COVID-19 pandemic rapidly spread worldwide, threatening human health, local livelihoods and the global economy. Although urban areas in Indonesia were initially hit the hardest because of high mobility and greater population density, rural communities are increasingly vulnerable with limited healthcare provision and a general lack of awareness of appropriate prevention protocols.

As a responsible employer and active partner of the local communities, Bumitama has taken proactive steps ahead of the government to protect the health and safety of our employees. In early March 2020, we launched the Bumitama Business Continuity and Crisis Management Plan. Intended to prevent the virus from spreading around our estates while ensuring minimal disruption to day-to-day business operations, the plan set out emergency policies, established crisis management centres, and prevention measures for our operations and surrounding areas.

As the pandemic developed, we realised that it is not a one-off threat, but a long-term challenge where preparedness is vital. Consequently, our protocols will remain in place to allow us to remain prepared and adaptive. Bumitama will be cognisant of

the possibility of future pandemics and will act accordingly to increase education and knowledge sharing.

COMMUNITY LAND RIGHTS AND PARTNERSHIPS

Integrating our operations through partnerships with local communities is crucial to the way we operate. With 112 villages surrounding our operations, we build on the principles of inclusion and adopt a participatory approach in managing land and natural resources. In our engagements, we are guided by the principles of Free, Prior and Informed Consent (FPIC) and conduct social impact assessments before all new developments. We are committed to respecting and upholding the rights of all Indigenous and local communities, including their legal and customary land tenure rights.⁴ Our commitment extends beyond FPIC principles.

During 2019 and 2020, we re-assessed the social impact of our operations on 50 surrounding villages. This comes after the first social impact assessment which took place from 2011 to 2013 for 87 villages. We aim to understand the impact of our policies, programmes and partnerships on community and employee livelihoods beyond the outcomes from the FPIC processes. Recommendations collected from the re-assessments help us improve our social-related policies and allow us to develop tailored programmes to address the identified issues.

We will apply our findings to our current operations and will specifically address the dust from our operations. We are also always researching new methods to enhance our efficiency, to ensure our productivity is not limited to the availability of farm land.



4 In accordance with the UN Declaration on the Rights of Indigenous Peoples and International Labour Organization Conventions, specifically no. 169.

MAIN FINDINGS FROM THE SOCIAL IMPACT RE-ASSESSMENT

POSITIVE IMPACTS	NEGATIVE IMPACTS
<p>Economic development and productivity initiatives</p> <ul style="list-style-type: none"> Improved local trade opportunities Increased advantageous opportunities for local businesses and contractors Higher-income from land acquisition Greater local employment opportunities Steady income for smallholders under the plasma programme Improved smallholder plantation yields Overall community welfare improvement <hr/> <p>CSR programmes and infrastructure development</p> <ul style="list-style-type: none"> New and improved infrastructure, health facilities and other public facilities Increased access and availability of educational facilities 	<ul style="list-style-type: none"> Communities are becoming over dependent on Bumitama’s operations to support their livelihoods Communities experience dust from Bumitama operations A decrease in the availability of farming land

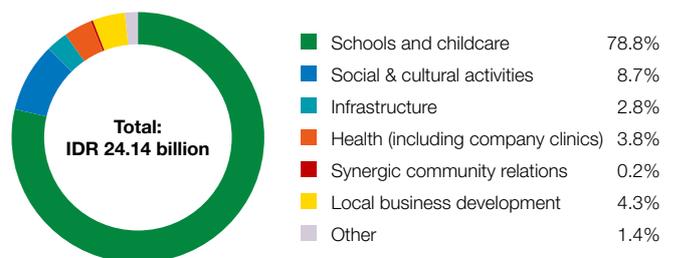
Bumitama is committed to providing business and work opportunities for local communities by employing workers from areas surrounding our operations. About 50% of mill and estate employees are local to the regions in which we operate, while the remaining are migrant employees from other areas of Indonesia.

We strive to provide the local communities with tangible and long-term benefits from our partnerships. As of 2020, 24 communities participate in 40 ongoing community development programmes. Our programmes support a range of services including: medical care, childcare, education, food security programmes, religious activities, sports competitions, and group activities. We also provide incentives for communities to support and engage in the protection, restoration, and co-management of our conservation areas.

Our community programmes align with our conservation work by engaging local communities in alternative livelihood programmes that do not result in forest encroachment and/or fires. We actively support economic development from initiatives such as non-timber forest products (NTFP) or eco-tourism. Examples of NTFP include successful trials of edible bird nest cultivation, honey from stingless bees, and an exploration of local forest resources with apparent market demand. Constant engagement and an inclusive approach to land-use planning reduces the risk of conflict and ensures that communities are given an opportunity to influence decisions.



CSR EXPENDITURE 2020 (%)

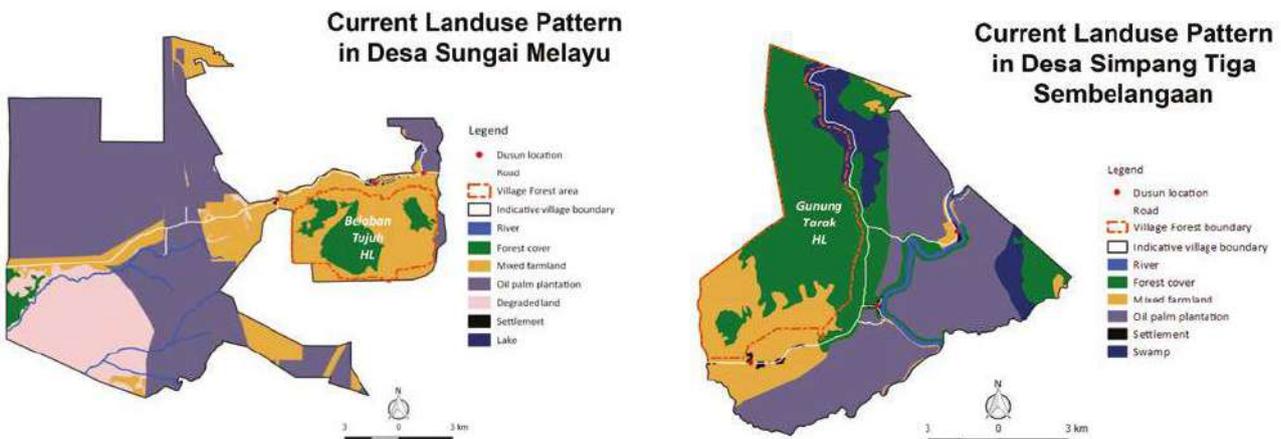


Note: Synergic community relations refers to projects undertaken in collaboration with local authorities, law enforcement, etc.

LONG-TERM SOLUTIONS FOR LONG-TERM CHALLENGES: 35-YEAR SOCIAL FORESTRY PROGRAMMES

Through participative village-level land-use planning (VLLP), initially conducted in 2017, we have explored conservation area connectivity throughout the Region of Ketapang. Working with our partners and communities, we identified potential livelihood improvements from sustainable land use and forest rehabilitation programmes.

This collaborative spatial land-use assessment identified several issues of concern. Due to government land-zoning allocation, the availability of non-forest land in the village is insufficient – leaving only small areas for livelihoods or food sources. Traditional land-use practices exacerbated this situation through dangerous and ineffective burning for land preparation, poor quality seeds, cultivation shifts and unsuitable management practices that result in low yields and an insufficient food source.



This programme would connect our BBCP programme, the Governors' Green Growth plan and the Ketapang's Regent PPI Compact. The aim is to reduce deforestation and fire occurrences while promoting sustainable livelihoods and the diversification of income by generating marketable products sourced from the NTFP in the protected area.

Intensive engagement with our partners and relevant stakeholders has culminated in two 35-year social forestry licences being awarded by the Ministry of Environment and Forestry to the villages of Sungai Melayu and Simpang Tiga Sembelangaan (STS). Communities set up the village forest management units to develop and execute their forest management plans, applying shared responsibility and commitment under the Company-Community Co-Management agreements.



In 2020, the first year of our programme, several business units were established to create benefits from the social forest areas, such as drinking water, freshwater fish farms, chilli pepper and forest fruit cultivation, candlenuts, and bean products. The programme will be further strengthened by restoration groups planting indigenous tree species in designated forest rehabilitation areas.

To help the communities enforce the social forestry permit requirements on community-managed state-owned forest land, Bumitama will support participating communities through:

- Setting up management governance and providing administrative guidance to ensure smooth operations
- Training in the application of business models and an introduction to credit and funding facilities
- Fire prevention equipment, training, and outreach
- Product market access and contracts with off-takers
- Equipment and seedlings for the rehabilitation of forest areas
- Capacity building and mentoring to achieve independence after the fifteenth year of the programme

The social forestry partnerships with our communities present the next chapter of our operations management, establishing a closer connection with the surrounding landscapes and its stakeholders. Through these long-term partnerships we will develop stronger relationships with our communities, better plan socio-economic development for contribution to alleviating poverty and social injustice, and develop sustainable forest management practices. In conjunction with our existing independent smallholder programme, the social forestry collaboration has the potential to reduce deforestation rates in the wider region and increase production yields of existing smallholder plantations.

Social forestry programmes promote regional multilevel, multi-stakeholder and cross-sector collaboration and deliver solutions to address more significant issues and provide expanded benefits to the involved parties. We are optimistic that the principles of our co-management partnerships will be adopted to build scalable solutions that could be used to address many future challenges in developing a sustainable jurisdiction on PPI Compact principles.

Addressing Carbon and Biodiversity Through Social Forestry

In 2019, Earthqualizer conducted a carbon assessment and biodiversity identification in five villages with social forestry potential around Bumitama concessions, including the villages of Simpang Tiga Sembelangaan and Sungai Melayu. The forest area in these villages is home to various flora and fauna species, some of which the IUCN Red List categorises as rare, threatened and endangered species. Through our co-management agreements, we are working with local communities to protect and improve these habitats, specifically through programmes that focus on limiting deforestation and fires. The amount of carbon stored in the existing forests will be used as a baseline. Linking it with the current deforestation trends, it will allow us to calculate the estimated carbon emissions from avoided deforestation and forest restoration over the next 35 years. The resulted carbon offsets have the potential to be monetised for additional funding for programme and encourage the communities to protect the forests from deforestation and fires.



People



Stakeholder commentary by Adriani Zakaria, Chairman | Devis Rachmawan, Landscape Project Manager | Eka Kurnia, Senior Landuse Mapping Officer, Earthqualizer (EQ)

Working with the biggest concession holder in Ketapang, Earthqualizer's partnership with Bumitama is strategic in bringing the most benefits to communities. The social forestry programme is a clear example of how important it is for companies and communities to work together and co-manage areas through village land-use plans. The co-management is also about knowledge sharing between the community and company. Through this potential partnership, we can achieve some of our objectives to promote equality of forests and land tenure by legalising access to state forests in social forestry schemes. Bumitama's social forestry support programme aligns with RSPO guidelines for NDPE recovery plans and implementation in line with the RSPO guiding principle on long-lasting additionality. However, we find it also adds a locality aspect through the dedicated approach with the surrounding communities.

Moving forward, there is a need to develop a recovery plan to support the long-term co-management agreement with these villages. This is especially important when recovery efforts are replicated or used as a model for other companies. It is also imperative that employers have adequate capacity to focus on the recovery commitments. This will accelerate innovation for the future transformation of Bumitama's role in the palm oil industry.

We believe that Bumitama is a sustainability champion. There is a strong commitment to sustainability at the senior level, and at site level Bumitama employees have demonstrated serious resolve in the programmes they implemented. However, to ensure the success of this support programme, there could be greater communication efforts for understanding the group's sustainability commitments and transforming the capabilities and capacity of their on-the-ground employees to see them through. The social forestry work provides a unique opportunity for Bumitama's people to expand their horizons and understand what it means to go beyond conservation and bring something more meaningful to communities by helping to legalise their land.

We commend Bumitama's social forestry approach as this is unique to the industry and can be regarded as a breakthrough in the absence of clarity in what it means to transform the palm oil industry. This is a commitment to a CSR programme that is more advanced than ever, by balancing biodiversity protection and community economic improvement while supporting the targets of the central government for legalising access through social forestry schemes. The programme will address issues related to alternative incomes for communities and also ensure the involvement of women. Bumitama remains a company that focuses on transforming the sustainability of the palm oil industry, both now and in the future.

About:

Bumitama is Earthqualizer's trusted partner in the Ketapang landscape (formerly through Aidenvironment). The parties work together to implement recovery plans within the area, focusing on conservation, sustainable production, and working with different commodities in different communities. Working with the local communities, Bumitama and EQ engage in long-term co-management programmes of village forest areas under the social forestry scheme.

IMPROVING THE DEVELOPMENT STATUS OF SURROUNDING VILLAGES

While we seek to benefit our surrounding communities, we must ensure they do not become overly dependent on our company and resources. This was an issue identified in our SIA re-assessment. As our operations mature, we need to ensure that the local communities evolve into thriving, independent

villages. In 2016, the Indonesian Government developed the *Indeks Desa Membangun* (IDM) (the Village Development Index). These indicators measure the economic, social and environmental development of communities across Indonesia. The yearly ranking allows us to understand how the villages respond to our programmes and how we can design plans to counteract identified shortcomings

Overview of the IDM Assessment Indicators:



Social Resilience Index

Education
Health
Social capital
Settlement



Economic Resilience Index

Diversity of community production
Access to trade centres and market
Access to logistics
Access to banking and credit
Regional openness



Ecological/Environmental Resilience Index

Environment quality
Natural disasters
Disaster response

Status of Bumitama's 112 Ring Villages

We analysed the ranking of 112 villages directly adjacent to our operations, referred to as our 'first ring', comparing their scores in 2020 to 2016. Only one of the villages was considered advanced (rank 4) in 2016, and none were categorised as independent (rank 5). Today, ten villages have been classified as independent, with 15 as advanced and 54 as developing (rank 3). We are exploring ways to engage with the remaining 33 to help them become more self-reliant.

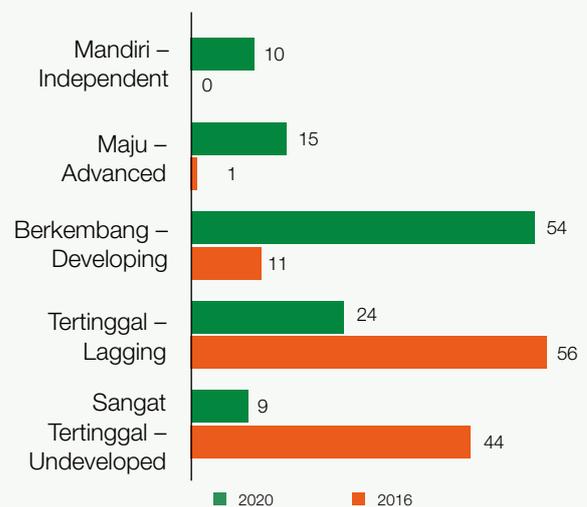
To internally measure their progress, we used an average of the ranking numerical score. In 2016, our villages scored an average of 1.72. In 2020, the same villages improved by 70% to 2.94. Most notable is the progress in West Kalimantan, where the average score rose from 1.66 to 3.30. Although our support cannot be seen in isolation compared to village stakeholder initiatives, this method helps demonstrate the positive impact our programmes have on local communities.

AVERAGE SCORES FOR EACH REGION 2016 VS 2020

Region	No. of villages	2016	2020
West Kalimantan	53	1.66	3.30
Central Kalimantan	52	1.69	2.54
Riau	7	2.43	3.14
Total	112	1.72	2.94

Note: A score of 1–5 is awarded for each tier, with 1 for *tertinggal* and 5 for *mandiri* villages. An average is then calculated.

IDM RANKING OF BUMITAMA RING VILLAGES 2016 VS 2020 (no.)



The village of Sungai Melayu in Ketapang is an excellent example of growth. The local community's receptive attitude towards our programmes, combined with the tenacity of village government officials, has propelled their score from lagging (2) to independent (5) in just four years. We are also planning to support other villages across the different development levels to raise their environmental, social and economic wellbeing and achieve a higher score in the process.

People

CHILDREN'S RIGHTS AND EDUCATION

A key priority for Bumitama is to support children in our community. 78.8% of our CSR budget is allocated to ensure high levels of care and education.

The Bumitama Foundation operates 38 Bumitama schools and provides education to almost 5,300 enrolled students. We also have 124 childcare centres caring for over 2,000 pre-school age children. About 60% of students are children of Bumitama employees, while the remaining are children from the surrounding communities. Our teachers are trained to understand and accommodate the requirements of all students, including those with disabilities. In 2019, there were four children with disabilities attending our schooling programmes. While two students are still in secondary school, the eldest of the four has enrolled in a Bumitama apprenticeship programme and intends to be a future employee.

Bumitama participate in the Adiwiyata Initiative, a programme introduced by the Indonesian Education and Environment ministries in 2006. The programme's aim is to develop environmental consciousness through school that will carry through to adulthood. In 2020, five of our schools teaching green and sustainable education were recognised at district level, while another six were awarded at provincial level, and two at the national level. A total of 13 Bumitama schools received this accolade. This puts us in an excellent position to reach our goal of recognition for twelve Bumitama schools and three external schools we partner with at district-level. In the longer outlook of 2025, we aim to have 50% of our schools recognised at the national level.

We have also been focused on supporting high-achieving students. In 2020, one of Bumitama's schools, SMPN1 Sungai Melayu Rayak, won first place for a scientific writing competition organised by the regional government's research and development agency (*Balitbangda*).

Maintaining Access to Education during COVID-19

School closures caused by the pandemic have negatively impacted children's education and social and physical development. To minimise these effects, Bumitama has adopted alternative options for students to ensure that children continue their development.

Replacement measures and facilities have been rolled out to allow students to continue their studies from home. Our teachers have used online platforms, such as WhatsApp, Google Hangouts or Zoom, to provide material, monitor attendance, and track homework submission.

For those without Internet access, school employees physically visit students' homes to provide and collect classwork material, while ensuring that proper COVID-19 protocols are observed. This has also been a way of supporting parents in keeping their children on track.

During 2020, our schools enrolled 1,566 children, ranging from kindergarten to junior-high level. We have adapted our enrolment systems in three ways to maximise admissions:

- A parallel system: upon graduation, principals help with registration for the next school
- An online system: telephone and mobile messaging for those with Internet access
- An offline system: through our estate offices, which then forward the child's application to the relevant school

Strict measures were also adhered to during student graduations. Out of 38 Bumitama Foundation schools, all 1,192 students successfully graduated despite not being physically present at school during their final year. Online graduation ceremonies were conducted for those with Internet access. For those remaining students, teachers and Bumitama school administrators delivered certificates to the children's homes.

Recognising the trust our schools have earned from the local communities, we will continue to adapt and implement measures to prioritise access to education for all children in and around our operations.

Providing Nutritious Food for Children in the Community

Our doctors, clinics and CSR teams work with the Indonesian Family Welfare Movement (*Pemberdayaan Kesejahteraan Keluarga*) to ensure that pre-school and young children are provided sufficient nutrition and balanced diets. We help supplement their diet with vitamins, wheat snacks and locally-sourced whole foods such as honey, green bean porridge and eggs.

In 2020, the Bumitama Foundation began working with regional doctors on a programme designed to monitor and support child development. From April to August 2020, 13 children were monitored and provided with a balanced and nutritious diet. As of September 2020, 11 of these children were no longer at risk of hindered development from their diet, while the remaining two are receiving special assistance to address the problem further. We aim for our programme to allow these, and in the future many more children to benefit from a healthy lifestyle.

FOOD SECURITY AND COMMUNITY FARMING

To provide fresh and healthy food for our workers, we have developed food source areas in our West and Central Kalimantan operations. As the pandemic has disrupted fresh produce supply chains, Bumitama has sequestered idle company land and converted inactive estate nurseries into vegetable, poultry, and fish farms. We have allocated 58 ha for vegetable farming, and helped build - 256 ponds for fish, so that our employees will have access to fresh and nutritious food during the pandemic. This covers employees in 76 farming groups across all areas of operation. This has been an important source of nutrition for our employees – particularly during the pandemic. The CSR team distributed the harvested crops, fresh meat and eggs to our employees to ensure their diet is well balanced and supports a healthy immune system.



“
Under our regular programme, Bumitama supports a range of local community livelihood and food security programmes. At our Central Kalimantan operations, we have a centre that employs a ‘show and replicate’ system for communities and workers for programmes such as small-scale poultry farming or rice and maize cultivation.
”

Under our regular programme, Bumitama supports a range of local community livelihood and food security programmes. At our Central Kalimantan operations, we have a centre that employs a ‘show and replicate’ system for communities and workers for programmes such as small-scale poultry farming or rice and maize cultivation. A similar site around 20 ha has been established as part of the Bumitama Biodiversity Conservation Programme. In addition to growing fruit trees and organic produce, the areas function as demonstration pilots and training facilities for our employees and the surrounding communities. The participants can manage land, and harvest produce in interactive training on alternative livelihoods such as developing small-scale agriculture and integrated natural farming methods.

Poultry Farming as an Alternative Source of Income

Bumitama continuously seeks ways of helping our communities to generate sustainable income streams. Many of their livelihoods depend on a single commodity such as rubber or palm that are at risk of volatile prices. One such initiative was undertaken by PT Karya Makmur Bahagia where they partnered with the nearby village of Rantau Tampang to establish poultry farms that raise organic chickens for sale and consumption.

Our Mentaya Region partner organic chicken cultivation group has been operating since November 2017, raising natural chicken without the use of synthetic chemicals. Their feed comes from organic vegetables, and the bran is from organic rice grains. Apart from providing additional sources of income, we hope that the chicken cultivation developed with the Rantau Tampang villagers can be an economic empowerment initiative that will increase local food security and be replicated by other villages.

People



OUR EMPLOYEES

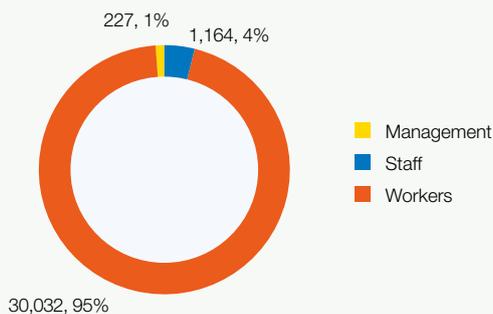
Bumitama employs more than 31,000 people across Central Kalimantan, West Kalimantan and Riau. Their safety, job satisfaction, and productivity is our utmost priority. We are guided by the employment rights set out in local laws and regulations, while we adhere to the International Labour Organization (ILO) core conventions and principles of the Universal Declaration of Human Rights. Our Human Resource management team understands that fair and competitive conditions for all our employees create a positive relationship between employers and employees. This also leads to higher motivation and employee engagement.

WAGES AND BENEFITS

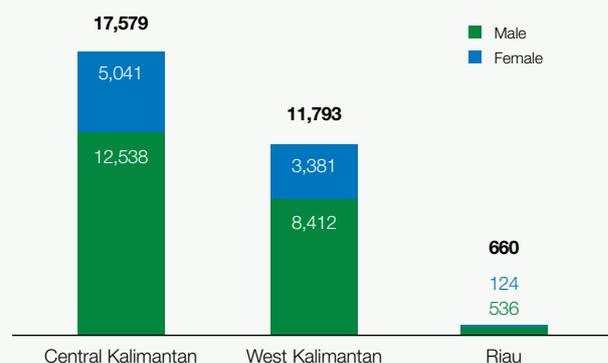
All Bumitama workers receive employment contracts and are paid above the local minimum wage. Our permanent employees are provided additional benefits such as free accommodation, clean running water, rice, electricity, healthcare, education, and holiday bonuses. These are contractual benefits and form part of their terms of employment. Piece-rate work completed by harvesters, for example, is clearly identified on individual payslips.

Despite the economic challenges faced by many due to the ongoing pandemic, salaries and wages for Bumitama employees and workers were maintained, and additional in-kind compensation continued to be provided.

EMPLOYEES BY CATEGORY 2020 (no., %)



WORKERS BY REGION AND GENDER 2020 (no.)



WAGES AND BONUSES FOR A DECENT LIVING OF OUR EMPLOYEES

In 2020, we carried out sample gap analyses between Bumitama's minimum wage in three provinces and in-kind benefits against the RSPO Guidance for Implementing a Decent Living Wage (DLW) released in June 2019. The aim was to benchmark the wages and in-kind benefits paid and provided to our workers and their families.

DLW vs Bumitama wages and in-kind benefits for workers with families 2020 (IDR)

	Riau	Central Kalimantan	West Kalimantan
Provincial minimum wage	2,888,563	2,890,093	2,399,698
Calculated DLW (food cost + housing cost + NFNH cost)	2,838,685	2,614,623	2,981,450
Total employees' wages and value of benefits (including rice allowances)	3,321,875	3,254,071	3,127,625
Difference (IDR)	(+) 483,190	(+) 639,448	(+) 146,175
Difference (%)	(+) 17%	(+) 24%	(+) 5%

Note: DLW covers all costs related to food, housing, and non-food non-housing (NFNH) such as clothing, transportation, education, healthcare and personal hygiene

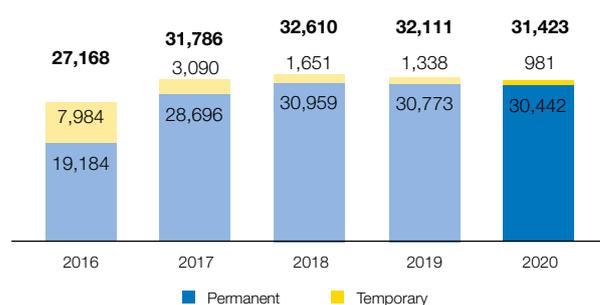
From the gap analyses it was established that our employees with families receive salaries that meet the minimum legal requirements and are considered to fulfil the decent living wage requirements. Even when the 2.5% average inflation rate for Indonesia (across 2019 and 2020) is taken into consideration, our salaries were still above the legal requirements. The same was calculated for employees without families, which also satisfied the DLW terms.

It has been a long-term objective for Bumitama to reduce the proportion of workers on temporary contracts. We believe permanent employees form a more productive workforce and provide job security to our employees. Since 2014, we have made significant progress: currently, only 3.1% of our employees are on temporary contracts for seasonal tasks, compared to 29.4% in 2016. These temporary workers are entitled to some health insurance benefits (BPJS – government covered insurance), such as work accident insurance and healthcare centre access.

Workers also enjoy annual leave and maternity leave provisions per Indonesian government regulations. The minimum wage rate is based on the governor's decree resulting from a tripartite (government-workers association-business association) discussion and agreement. Contracts are provided in Bahasa Indonesia, employees must sign and indicate they fully understand their rights before beginning employment.

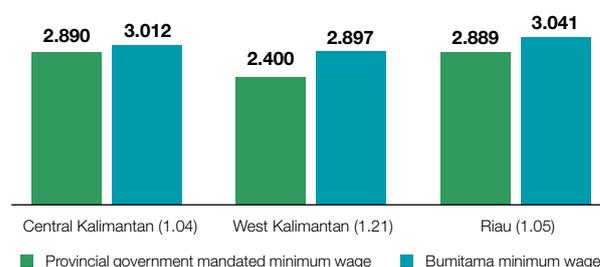
Over the past two years, we invested in the rebuilding and upgrading of our plantation workers' housing facilities. It is one of our priorities to continue improving employee living standards, while providing them with skills training and career development opportunities to increase their earning potential.

EMPLOYEES BY CONTRACT TYPE 2016-2020 (no.)



Note: 2016 data for permanent employees restated.

MINIMUM WAGE BY REGION 2020 (million IDR) (and ratio exceeding mandatory wage)



Note: IDR rounded to nearest thousand

People

HEALTH AND SAFETY

The health and safety of all Bumitama's employees has always been a major priority across our operations – especially during the current pandemic. We have remained vigilant and implemented measures to keep our employees safe and minimise the risk of infection.

Bumitama operates 12 central clinics and 40 branch clinics spread across our operations. These centres are conveniently located for all our workers, dependents and community members.

Throughout 2019 and 2020, we have continued our focus on improving safety. To do so, we have:

- Conducted training and increased competency for specialised, high-risk jobs that require special government licences. Examples of such roles include; welders, pressure vessel operators at steriliser and boiler facilities, heavy equipment and lift operators, medical personnel, general environmental health and safety (EHS) experts, and civil engineers for infrastructure and construction work
- Periodically monitored and evaluated EHS targets
- Coordinated virtual meetings between head office and operational sites to get direct feedback from local management and updates on accident rates, health and safety programmes, and the implementation of programmes

Reducing LTIR and Frequency Rates Through Dedicated Programmes

In 2020, we recorded 47.7 injuries per one million working hours (lost time incident rate [LTIR]), and an average of 75.6 days lost due to injuries per one million working hours (severity rate) – a concerning increase over previous years. However, discussions with teams on the ground, suggest that the increase may be due to increased employee awareness of how accidents are recorded. Comprehensive data has given us a

deeper understanding of the type of conditions where accidents are likely to happen, and the most common accident types.

Results have shown that harvesters have the most frequent accidents – amounting to 70–75% of all accidents. To address this, we have created a peer-model training programme. We pair highly productive harvesters with harvest trainers with high levels of safety accountability. Consequently, checks on PPE usage and the reporting of unsafe acts and conditions through a smartphone application have increased.

We also note of high lost time incident rate from road accidents occurring in our plantations. We have collaborated with external vendors, such as Mitsubishi, to conduct training on safe driving. Due to the pandemic, training is currently taking place online, instead of in-person.

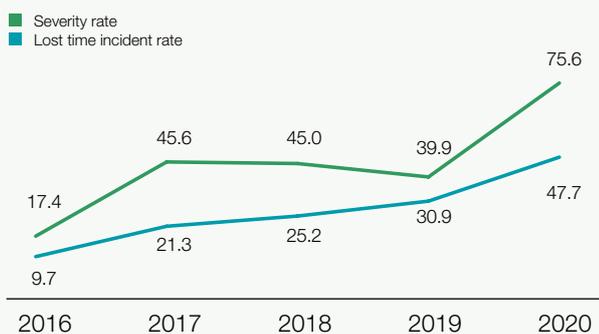
Our analysis shows that we have effective policies but need to develop compliance. Therefore, we have prepared a holistic programme for 2021–2025 called Triple Zero Target Programme, with annual stepwise reduction targets towards zero fatalities, zero environmental incidents and zero fires. We aim for this initiative to reduce lost time incident and frequency rates by 75% by 2025.

See page 18 for the Triple Zero Target Programme stepwise targets.

Fatalities

We are saddened to report the following fatalities in 2019 and 2020: there were two from traffic accidents; one from drowning at our plantation; one as a result of being hit by debris from a refuse vehicle; one from an accident while pruning palm fronds; one from a fall at one of our mills; and one during car maintenance.

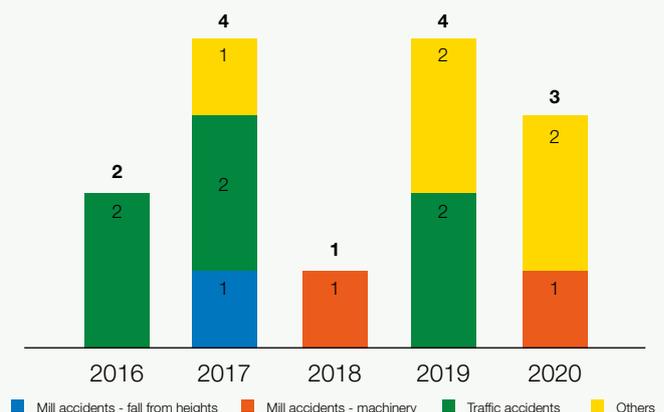
ACCIDENTS 2016-2020



Notes:

- Lost time incident rate: recordable injuries x 1,000,000 / total working hours
- Severity rate: total days lost x 1,000,000 / total working hours

FATALITIES 2016-2020 (no.)





We take every fatality seriously. The causes of each incident are determined, our facilities are thoroughly checked for any malfunctions, and corrective actions are taken to minimise the likelihood of future occurrences.

Promoting Health and Safety Reporting Through a Public Awareness Programme

Bumitama has introduced a smartphone application to more efficiently report on health and safety conditions at the workplace. The application aims to increase awareness and address employee concerns regarding any dangerous conditions our employees might encounter, whether at the workplace, at home or on the road.

The platform made it easy for employees to provide constructive feedback, thereby improving workplace safety. Bumitama received a significant number of enthusiastic reports from participants, including some from areas outside of smartphone signal availability. We received 85 reports within the first ten days – 54% related to unsafe conditions and 46% associated with dangerous acts carried out by employees, contractors or road users. Management promptly addressed the complaints and followed up with reprimands, danger warnings and, on some occasions, direct repairs at mills, plantations or housing units. We hope to roll out this programme permanently and on a broader scale, to be available to all our employees.

ACTION PLAN PROGRESS

Programme	Action Plan	Progress
Standards and Procedures	SOP review and update. Check compliance with new regulations and standards	Ongoing with the help of an external consultant
System	Continue to fully implement 5R in mills and plantations (following the Japanese 5S approach of sort, set in order, shine, standardise and sustain)	Ongoing
Training Health and Safety	Evaluation of environment, health and safety (EHS) operator permits (boiler, electricity, heavy vehicle and transportation, medical practitioner, certified first aider, and health and safety expert)	Ongoing
	Training and certification for operators (<i>Surat Ijin Operator</i>)	Ongoing
	EHS training for EHS officer	Completed in 2020
	Annual fire management training	Completed in 2020
Review and Monitoring Implementation	A workplace health and safety audit has been completed by quality control (plantation and mill). The sustainability department will conduct a H&S audit integrated with RSPO and ISPO certification, regularly inspected by a H&S officer	Ongoing, in collaboration with internal audit department providing assurance
Health and Safety Infrastructure	Availability and readiness of safety tools at each unit safety (such as a poisonous gas measurement unit)	Implemented at all mills: gas detectors, thermal gun, lux meter, sound level meter

People

FREEDOM OF ASSOCIATION

Bumitama respects the right of all our employees to join and form associations of their choice and to engage in collective bargaining. Approximately 1,800 employees are members of trade unions, while others are part of bipartite cooperation institutions (LKS Bipartite). LKS Bipartite representation is available at each Bumitama unit. Through union and bipartite representatives, forums and meetings are held to communicate and consult on matters such as wages, benefits and leave. Workers' unions and LKS bipartite forums are accessible across all our operations, and union representatives meet with management regularly. We do not interfere in the workings or structure of either. Over the past two years, we have not experienced labour disputes or industrial actions.

BONDED LABOUR AND MIGRANT WORKERS

It is our core belief that workers must be entitled to freedom of employment and movement. Work must be voluntary, and all forms of bonded, indentured or prison labour are prohibited. We have not identified such forms of labour as a risk to our operations. We do not employ foreign or migrant workers. A local workforce is hired directly by our operations, but in some instances, we use external agencies to recruit employees from other regions in Indonesia. All agents commit to our stated prohibitions through signed contracts. We do not withhold personal documents or any other form of collateral that inhibits the free movement of workers.

CHILD LABOUR

Child labour has long been recognised as a major industry concern, and the Government of Indonesia has established a robust legal and policy framework to mitigate this. In addition to complying with national regulations, Bumitama enforces a strict ban on hiring employees below 18 years of age whether in permanent or temporary positions. We explicitly prohibit employees from bringing children to the field and continue raising awareness about the associated risks, especially during high crop seasons. We provide our employees' children with quality daycare and schooling during working hours, and we monitor attendance and investigate if children are routinely absent.

In 2017 we began work on a programme to assess and improve the rights of children and women at two of our pilot sites. These pilots are being used to establish a benchmark to compare practices across our other plantations and with other industry players. This programme has been created under the auspices of Indonesia's Ministry of Women's Empowerment and Children's Protection, RSPO, and a global organisation that promotes children's rights. In 2020, we began scoping and reviewing our social policies and will include outcomes based on these findings. We aim to launch a new policy or integrate this within our revised Sustainability Policy in 2021 or 2022.



NON-DISCRIMINATION

Bumitama has a zero-tolerance policy on gender discrimination and sexual harassment. We operate an anonymous sexual harassment reporting mechanism and scrutinise every report received. Although we recognise that the oil palm industry is traditionally male-dominated, we strive to promote gender equality. We support the inclusion of women across all our operations and are exploring ways to achieve a more gender-balanced workforce. As of December 2020, women make up 27.6% of our workforce. Of the total 8,663 women employed, 13 hold managerial positions. Since June 2017, we have had one female member on our Board of Directors, who is also our department head for investor relations. All women are paid the same as their male counterparts, according to their level of employment.

Dedicated gender committees have been organised for each of our estates. These bodies champion head office and on-site gender-related initiatives. Part of their role is to ensure fair and equitable treatment of women, while observing and protecting reproductive rights.

In March 2019, we established two pilot sites with breastfeeding facilities and introduced eight more facilities later that year. As of December 2020, we have 19 facilities at five certified units across our Group and our head office in Jakarta. We aim for the facilities to be companywide by 2023.

GENDER DISTRIBUTION 2016-2020 (%)



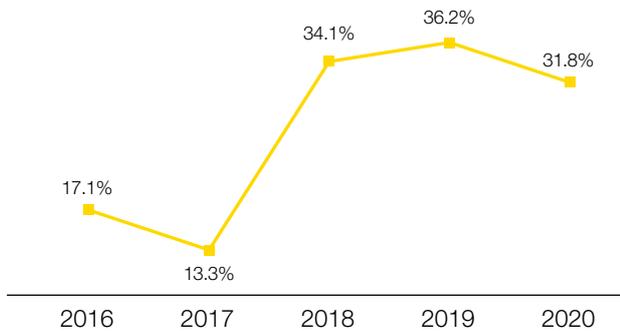


EMPLOYEE DEVELOPMENT AND RETENTION

As the palm oil sector continues to grow throughout the region, it is crucial that Bumitama is well regarded in the industry. There has been a decrease in turnover from 2018 levels, from 34.1% to 31.8%, thanks to our workplace benefits and employee programmes.

EMPLOYEE TURNOVER 2016-2020 (%)

Permanent staff and workers



Couples' programme and employee retention programmes

In 2016, we launched an inter-regional labour force programme, *Tenaga Kerja – Antar Kerja Antar Daerah (TK AKAD)*. The initiative is dedicated to lowering the turnover rates among our employees by providing job opportunities for couples who wish to work together. In addition, we improved 93 housing units and 13 public facilities, including sports and child daycare centres, provided regular benefits such as subsidised basic goods (*sembilan bahan pokok (sembako)*), and provided motorised vehicle facilities for our workers and their spouses. Our plans for 2021 include incentivising the best harvesters in all regions with a paid-for pilgrimage (*Umroh*).

TRAINING AND DEVELOPMENT

Bumitama continues to focus on employee growth through training and development programmes. We offer our employees three levels of training:

- An introductory programme for all employees that aims to increase competencies (including performance coaching)
- Specific development programmes that aim to fill competency gaps within an individual specialisation
- Workshops and meetings to keep employees abreast of crucial developments

Our training centres build on employees' proficiency in agronomy, mill operation, and administration. Our training aligns with the company's corporate identity, emerging best management practices, and standard operational practices. The training modules also cover company values, attitudes, and competencies, and is now publicised through our learning centres. We have continued to run tailored training sessions for different employee groups, with over 2,600 employees having benefitted to date.

Bumitama Corporate University

In 2018, the Bumitama Academy was remodelled into the Bumitama Corporate University. The University's purpose is to ensure a continuous scheme of training modules to enhance our recruitment processes, advance competence development, and elevate leadership development at all organisational levels. Partnering with the Institute of Agricultural Stiper Yogyakarta (INSTIPER), we established programmes to strengthen managerial and leadership capacity among our future unit leaders. The University first identifies talent and employee potential for specific roles within the company. It then provides tailor-made advanced learning programmes for developing the knowledge and skills to become experts in their specialised area. The University also offers mandatory certification programmes for specific health and safety positions, heavy machinery operation, and specialised aspects of mill operation. The e-learning platform has increased our training programmes reach and efficiency by offering a flexible learning structure and access to supplementary training material. In the last two years, 1,300 employees have used this platform to access online courses with 69 currently available modules.

In 2020, the training exercises were conducted through webinars that focused on specific topics including fire management and monitoring, HCV & HCS monitoring management, health and safety, and waste management. We also engage the local community with our University for training on a variety of areas, including; hydroponic farming, welding, and servicing motorbike or electronic equipment. Our Human Resource department regularly updates the platform with new modules and evaluates the programme results against regular training programmes at our physical learning centres.

People

SMALLHOLDER PARTNERSHIPS

Smallholders play an integral role in the global palm oil industry and the Indonesian landscape. Of all the FFB processed at Bumitama mills, almost 50% is sourced from smallholders: 23% from smallholders from Bumitama plasma schemes and 26.9% from independent smallholders and outgrowers near our mills.

While the growth in small-scale farming brings many economic and social benefits to rural communities, smallholder farmers face challenges in adopting sustainable best practices. Therefore, we continue to support smallholders throughout our supply chain to ensure that all FFB originates from legal and responsible sources. We do so by mapping smallholder activity and monitoring high-risk areas.

PLASMA SCHEMES

We have allocated and developed 29.3% of our total planted area, 55,101 ha for smallholder schemes in Kalimantan and Riau. This is an increase from 52,734 ha in 2018, or 4.5%. The total

smallholder planted area is almost 10% more than Indonesia's 20% regulatory requirement. Plasma members enjoy their share in the plasma plantation profits – after deduction of interest and loan instalments, plantation costs and a management fee.

Under our management, Bumitama supports the plasma smallholders towards RSPO certification. The first group was officially certified in early 2019, covering 1,899 ha at our PT Masuba Citra Mandiri (Riau) and PT Agro Sejahtera Manunggal (West Kalimantan) operations – 3.4% of total plasma planted area. We aim to achieve RSPO certification for all plasma schemes by 2024.

We have additional Plasma Advantage Programmes to develop engagement with specific smallholder groups on alternative livelihood programmes. Despite 2020 travel restrictions caused by the pandemic, we have continued our focus on plasma-level projects.

FIRST SME PLASMA PROGRAMME: FISH FARMING IN CENTRAL KALIMANTAN

As part of our Plasma Advantage Programme, Bumitama is bringing alternative livelihood opportunities to a local community in Central Kalimantan under the Mitra Bahaum cooperative. The silver catfish farming project will provide complementary revenue to the oil palm planting business for plasma members associated with our PT Bumitama Gunajaya Abadi (BGB). The programme is in partnership with the National Development Planning Agency (*Bappenas*) and the Ministry of Fisheries and Maritime Affairs. The programme is a several-year, multi-faceted project modelled as a small-medium enterprise business. Instead of providing handouts, it will enable the villagers to generate their own income and support their livelihoods. It is crucial to support income diversification for these villages to counter the negative impacts they are susceptible to oil palm and rubber market.

Six ponds have been set up, with two additional under construction. We train locally hired staff and members of the plasma cooperative to become project managers in the fish farming business, which requires understanding matters of production, human resources, marketing, finance and legal issues. In the next phase, six additional ponds will be set up to train and build local capacity on fish breeding. When the project reaches full maturity, we expect five tonnes of silver catfish to be produced monthly under the cooperatives management.

This programme benefits from a combination of modern fishery techniques and traditional local knowledge, whilst also supporting a circular waste management process. We have since adapted the process, using naturally fermented waste from palm oil production combined with locally produced maggots and larvae to feed the fish. Once the catfish reach an optimal weight of 300-500 grams for consumption, they can then be harvested.

While the prospect of sustainable income from regular harvests is attractive, it has not been without issues. In 2020, the ponds were affected by severe floods, allowing most of the fish to escape through rivers and other waterways. We are now marketing the product to both national companies and local buyers in the West Kotawaringin Regency. The SME is also marketing the catfish directly to end-users, such as employee cooperatives within the region, restaurants and hotels.



INDEPENDENT SMALLHOLDERS AND OUTGROWERS

Independent smallholders are critical in making sustainable palm oil a reality. Unlike plasma schemes, they are not contracted by a mill and have less access to resources for becoming sustainable producers. As part of our social responsibility efforts, we emphasise independent smallholder capacity building by actively engaging and guiding them to obtain sustainability certifications such as the RSPO.

Since 2018, we have expanded our independent smallholder and outgrower programmes. We engage external suppliers in programmes and training on best oil palm plantation practices, including appropriate fertiliser application, weed management, and harvesting. Our approach aims to improve the quality and minimise the harvesting of immature FFB. The next step is to assist independent smallholders in becoming RSPO certified. To further develop our ‘supply shed’ approach to traceability, we started a pilot project to trace FFB supply from mill to smallholder at our certified Pundu Nabatindo Mill (PNBM) in Central Kalimantan. We have also supported independent smallholder groups in West Kalimantan and Riau in the replanting process, assisting with BPDP funding for a portion of the cost (40%), and acting as the guarantor in their bank loan for the balance.

RSPO CERTIFICATION PROGRAMME FOR 2021

All independent smallholders will adopt the new independent smallholder RSPO certification guidance. We have dedicated certification programmes available to our 98 external suppliers, of which nine groups or cooperatives are currently enrolled. These have a combined supply base of about 123,000 tonnes of FFB, or 10% of our total external FFB received in 2020. This will be in addition to the supply we receive from Kelompok Tani Tenera – the first independent smallholder that we assisted to become RSPO certified in 2018.

Our previous independent smallholder certification plans were disrupted because of the pandemic. We could not proceed with the physical training as scheduled. Online sessions were challenging because of technology illiteracy and restricted internet access among local farmer groups. However, we will continue our engagement through training sessions with our smallholders on our revised RSPO certification programmes. In 2021, five of the nine independent smallholders enrolled in the certification programme are on track for certification, while another is due to begin training for certification.

Our target is for every certified mill with third-party supply to include a group of smallholders in productivity improvement and certification programmes by 2022 – leading to smallholder certification by 2024.

CERTIFICATION PROGRAMME PLANS FOR INDEPENDENT SMALLHOLDERS IN 2021

Targeted Smallholders	Programme Activities	Target
Kelompok Tani Tenera	Surveillance Audit	
Kelompok Tani Karya Bersama	Certification Audit	
Koperasi Unit Desa Bangkit Usaha Makmur	Training and support in certification audit	2021
Rio Gunung Panjang	Training and preparation for certification	
Kalimas Mandiri	Training and preparation for certification	

People



STAKEHOLDER COMMENTARY: PAK SUGIARNO, HEAD OF FARMERS | KELOMPOK TANI TENERA

After receiving RSPO certification in 2018, we have benefited from a more structured administration system, improved yields and enhanced environmental requirements compliance. The certification, and our partnership with Bumitama, also guarantee that all our FFB will be purchased regardless of crop season.

We have been working with Bumitama since 2016, primarily towards the preparation process for RSPO certification and the RSPO audit process. Bumitama has always been helpful, not only during training and consultation sessions but in helping guide us during post-certification in any matters related to RSPO or sustainable agriculture. After the first year of certification, and following consultation with Bumitama and their approval, we decided to be independent through the Book and Claim supply chain model.

About:

In March 2018, the Tenera Farmers Group (Kelompok Tani Tenera) was the first independent smallholder group to receive RSPO certification with Bumitama's support. Tenera, which has an internal supply base of 970 hectares and an external supply base of 1,170 hectares, supplies between 50,000 and 60,000 tonnes of FFB to PNBM and other mills in the area annually.

PARTNERSHIP WITH KOPERASI UNIT DESA (KUD) BANGKIT USAHA MAKMUR

In June 2018, Bumitama partnered with Bangkit Usaha Makmur, a group of smallholders that form the cooperative of the Bencah Kesuma village in Riau. There are around 400 smallholders in this group with about 900 ha of land. Bangkit Usaha Makmur was previously a plasma holder within the state-owned

PT Perkebunan Nusantara (PTPN), a plantation that became independent after their contract expired. Our partnership with them is primarily to assist in financing their replanting programme and to guide them in their RSPO certification journey.



STAKEHOLDER COMMENTARY: KHOIRUM – HEAD OF THE VILLAGE COOPERATIVE | KOPERASI UNIT DESA (KUD) BANGKIT USAHA MAKMUR

As an independent smallholder, we faced some initial hurdles to our replanting programme when the Palm Oil Plantation Fund Management Agency (BPDPKS) and financial institutions required a buyer guarantor to facilitate our loan application. We partnered with Bumitama to be our guarantor. This sped up our replanting strategy and subsequent loan approval.

Apart from financial and technical help, our Bumitama partnership has impacted our operational sustainability as we are required to comply with the traceability aspect of Bumitama’s Sustainability Policy. Bumitama also helps coordinate our ISPO certification – a BPDPKS requirement, alongside with the voluntary RSPO certification that will be done concurrently.

Besides a stable increase in revenue from FFB sales, the certification process will improve organisational and agronomy understanding, and adherence to legality requirements. It has also enhanced independent farmers’ welfare and provided an opportunity for farmer groups to move towards sustainable palm oil cultivation and guaranteed year-round purchase of FFB. We are currently preparing for certification in mid-2021 and hope to continue receiving Bumitama’s guidance for financial management skills and business development.

About:

Bangkit Usaha Makmur were previously plasma of a state-owned company that became independent after their contract expired. They are now working with Bumitama to achieve RSPO certification in 2021.

SMALLHOLDER PRODUCTIVITY RESEARCH PROGRAMME

Bumitama is currently supporting a four-year research programme on the productivity levels of independent smallholders operating on mineral soil that supply our Ketapang mill in West Kalimantan.

The programme, first initiated in 2018, will help over 200 independent smallholders with fertiliser intervention, new planting materials, and estimate potential increases in productivity. The programme is being implemented by IDH and funded by NICFI through Nebraska University.

Stakeholder Engagement Table

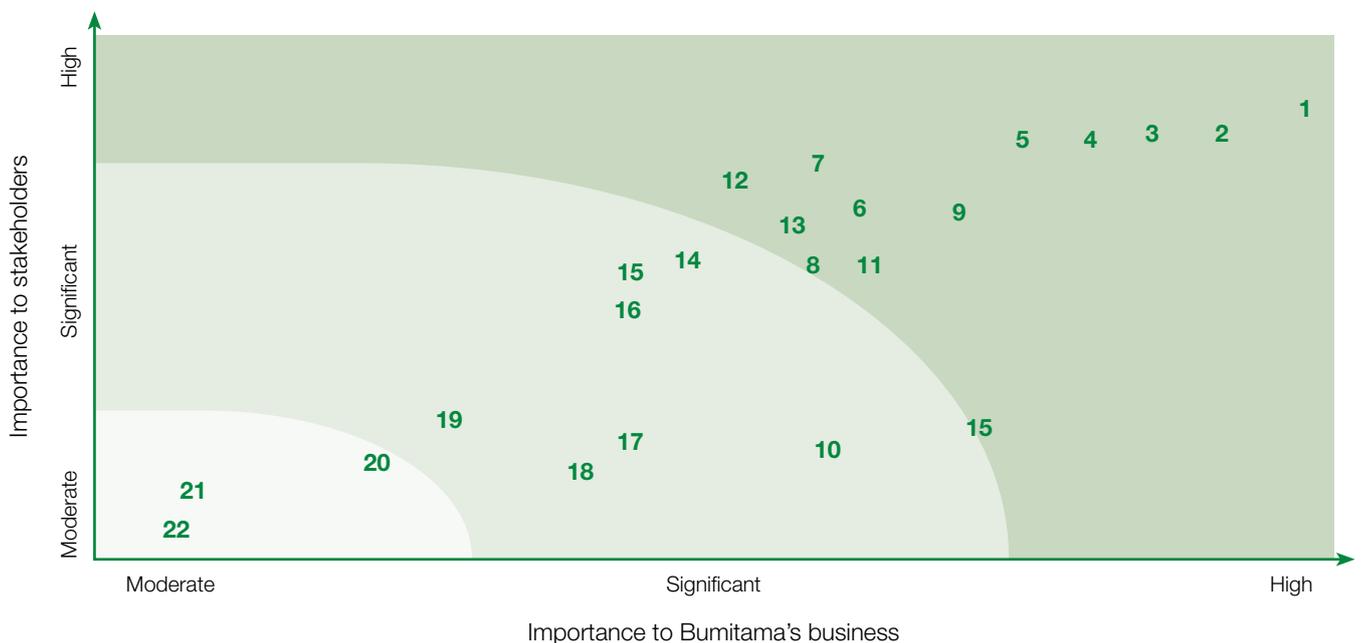
Stakeholder group	Objectives	Method of engagement	Frequency
Industry associations and certification bodies	<ul style="list-style-type: none"> Engagement as part of formal audits and verification assessments Compliance with sustainability standards Improvement of sustainability standards 	<ul style="list-style-type: none"> Working groups & task forces Multi-stakeholder forums One-on-one meetings Formal audits and verification assessments 	<ul style="list-style-type: none"> Ad hoc/quarterly Ad hoc/monthly Quarterly Monthly
Local communities	<ul style="list-style-type: none"> Safeguard community lands' ownership and observe FPIC principles Provide communities with improved livelihoods and minimise any negative impacts of Bumitama's operations on the local communities Design programmes to address identified issues Collaborate in co-management of conservation areas and fire prevention 	<ul style="list-style-type: none"> Participatory company-community land ownership assessment and grievance reporting Community programmes SIA re-assessments Focus Group Discussions (FGD) and dialogues with community representatives Social Forestry, BBCP, conservation and rehabilitation programmes <i>Desa Bebas Api, Masyarakat Peduli Api, PLTB</i> programme 	<ul style="list-style-type: none"> Continuous process Continuous process Once every 3 years As required/at least twice a year Continuous process Monthly/ continuous process
Customers and buyers	<ul style="list-style-type: none"> Communicate on policies and implementation progress Respond and address potential grievances Engage in landscape partnerships 	<ul style="list-style-type: none"> Multi-stakeholder forums Direct meetings and engagement Annual and sustainability reporting News releases and Bumitama website Regional projects and partnerships 	<ul style="list-style-type: none"> Ad hoc/quarterly Ad hoc/monthly Annually Monthly Continuous process
Employees and workers	<ul style="list-style-type: none"> Build awareness on company policies Develop employee skills and knowledge through training and conduct performance and feedback review Improve health and safety measures and workplace conditions Support livelihoods and welfare 	<ul style="list-style-type: none"> Training programmes, Bumitama Corporate University, E-learning Website, company media updates, social media Assessments and improvements to workplace conditions, collaboration with experts Company events and cultural/religious celebrations Trade union and in-house workers groups meeting 	<ul style="list-style-type: none"> Continuous process Monthly Continuous process Throughout the year Ad hoc/monthly
Financial institutions	<ul style="list-style-type: none"> Communicating on Sustainability Policy and implementation progress Addressing Environmental, Social and Corporate Governance (ESG)-related enquiries 	<ul style="list-style-type: none"> Regular meetings with analysts, bankers and investors Direct queries Annual and sustainability reporting SGX updates and Bumitama website 	<ul style="list-style-type: none"> Quarterly Ad hoc/monthly Annually Monthly
Government and regulatory bodies	<ul style="list-style-type: none"> Building mutual understanding of requirements and alignment of policies Establishing strong relationships with government and regulatory bodies 	<ul style="list-style-type: none"> Direct meetings Multi-stakeholder forums 	<ul style="list-style-type: none"> Ad hoc/monthly Ad hoc/quarterly
NGOs & CSOs	<ul style="list-style-type: none"> Address industry-related sustainability concerns, market standards and issues Collaborations on conservation and social programmes 	<ul style="list-style-type: none"> Conservation projects and partnerships Multi-stakeholder forums Working groups & task forces Direct meetings and constant engagement Annual and sustainability reporting News releases and Bumitama website 	<ul style="list-style-type: none"> Continuous process Ad hoc/quarterly Ad hoc/monthly Ad hoc/annually Annually Monthly
Independent and plasma smallholders	<ul style="list-style-type: none"> Compliance with Bumitama sourcing requirements and policies Smallholder programme, training and support in certification 	<ul style="list-style-type: none"> Training programmes for schemed and independent smallholders, productivity, RSPO certification Fruit traceability and mapping, training Assistance in land certification process Fire management and training 	<ul style="list-style-type: none"> Throughout the year/ Continuous process Throughout the year/annually

Materiality Matrix

Since the previous report, some topics have increased in importance: fire and haze, labour conditions, health and safety, sustainability certification, greenhouse gas emissions, and anti-corruption and ethics. We have new indicators, or updated indicator names, specifically around: COVID-19 and business

continuity, community development, employee capacity and resources, children's rights and education, and gender and equal opportunities. Also, our productivity and operational efficiency indicator now covers two previous standalone topics, namely, operational efficiency and revenue.

No.	Topics
1	Legal/regulatory compliance
2	COVID-19 and business continuity
3	Deforestation/HCS/HCV/peat
4	Traceability and supply chain monitoring
5	Fire and haze
6	Community development and CSR
7	Smallholder inclusiveness
8	Labour conditions
9	Health and safety
10	Land complaints/FPIC
11	Sustainability certification
12	Transparency and accountability
13	Employee capacity and resources
14	Wildlife and biodiversity conservation
15	Greenhouse gas emissions
16	Children's rights and education
17	Gender and equal opportunities
18	Productivity and operational efficiency
19	Share value
20	Anti-corruption and ethics
21	Pesticides and chemical usage
22	Water impacts



Appendices

Appendix 1

Determining Supply Chain Risks Based on Zoning

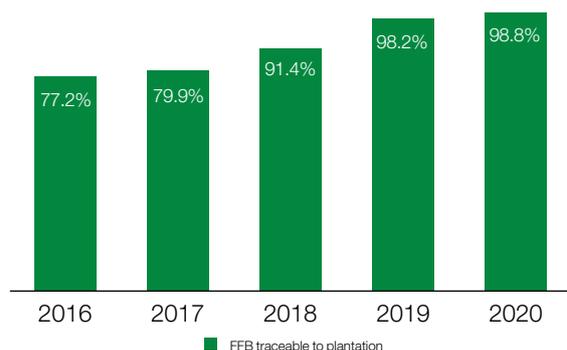
Our suppliers are grouped in the following categories:

- Low Risk
 - Suppliers with plantations in *areal penggunaan lain* (APL) areas only, without supply from forested areas.
- Potential Risk
 - Suppliers with plantations where cultivation is allowed, but may be in forested areas those identified as peat (KHG – *Budidaya*, based on government maps).
- High Risk
 - Suppliers with plantations partially in KHG – *Lindung*, protected forests, natural reserves, national park areas.

Appendix 2

Progress in FFB Traceability to Plantation

FFB TRACEABILITY 2016-2020 (%)



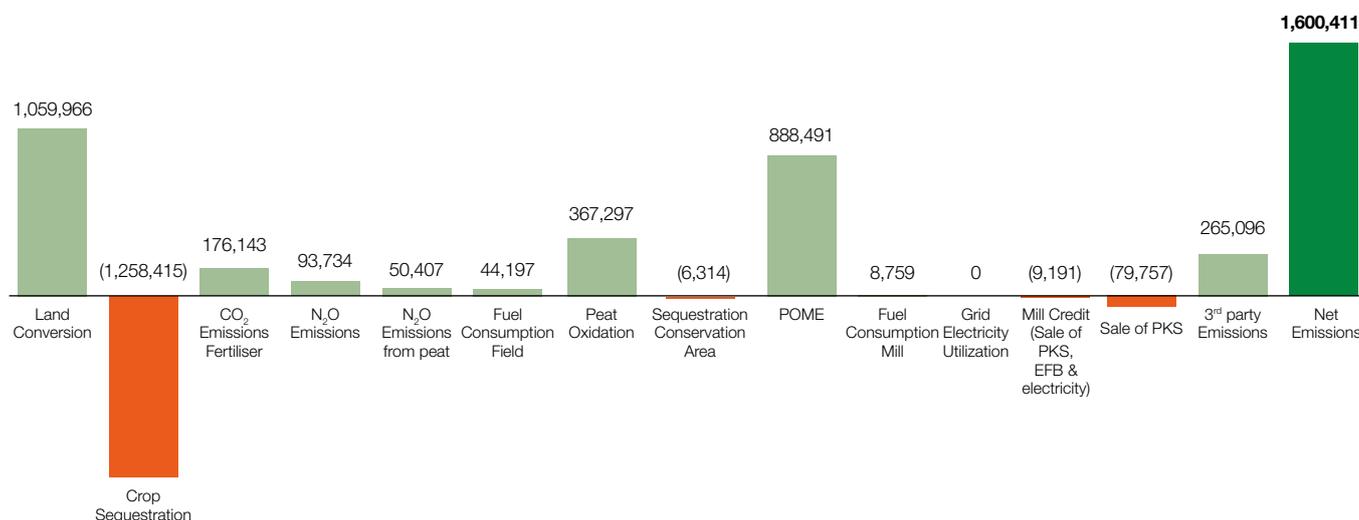
Appendix 4

ISPO Certification Plan

Plantation	ISPO audit status	Comment	Target year
PT KMB, PT GKG, PT GKS	Certified in 2018	-	
PT ASM	Certified in 2019	-	
PT WNL, PT RSI, PT MCM, PT LSM	Stage 2	Will proceed to certification after rectifying audit gaps	2021
PT LGI, PT NAS	Stage 2	Will continue certification together with RSPO certification according to the timebound plan	2021
PT BGB	Stage 2	Preparing for re-audit	
PT WNA, PT NKU, PT KBAS, PT ISL	Stage 1	Will continue certification together with RSPO certification according to the timebound plan	2022
Other PTs	-	Will enter Stage 1 when we required criteria are met	

Appendix 5

EMISSIONS SOURCES AND SINKS 2020 (MT CO₂e/year)



Appendix 3

RSPO Certification Time Bound Plan

Region	Mill	Supply base	Timebound plan/status
Central Kalimantan	Pundu Nabatindo Mill	PT Windu Nabatindo Lestari (WNL)	2014 (certified)
		Independent smallholders (Kelompok Tani Tenera)	2018 (certified)
		Koperasi Harapan Abadi	2021 (revised target)
		PT Fajar Bumi Nabati (FBI)	2022 (revised target)
		PT Gemilang Subur Maju (GSM)	
	Katari Agro Mill	PT Windu Nabatindo Lestari (WNL)	2016 (certified)
	Gunung Makmur Mill	PT Karya Makmur Bahagia (KMB)	2014 (certified)
		Plasma PT KMB	2021 (revised target)
		Independent smallholders (Kelompok Tani Karya Bersama)	2021 (revised target)
		PT Tanah Tani Lestari (TTL)	2022 (revised target)
	Plasma PT TTL		
	Bukit Makmur Mill	PT Karya Makmur Bahagia (KMB)	2019 (certified)
		PT Langgeng Makmur Sejahtera (LMS)	2022 (revised target)
		Plasma PT KMB	2021 (revised target)
	Sungai Cempaga Mill	PT Windu Nabatindo Abadi (WNA)	2022 (revised target)
		PT Nabatindo Karya Utama (NKU)	
	Selucing Mill	PT Windu Nabatindo Sejahtera (WNS)	2022 (revised target)
Kotawaringin Mill	PT Bumitama Gunajaya Abadi (BGB)	2022 (revised target)	
	PT Bumitama Gunajaya Abadi (BGB)		
Lamandau Mill	PT Andalan Sukses Makmur (ASMR)	2022 (revised target)	
	PT Investa Karya Bakti (IKB)		
West Kalimantan	Kendawangan Mill	PT Gunajaya Karya Gemilang (GKG)	2016 (certified)
		PT Gunajaya Ketapang Sentosa (GKS)	
		Plasma PT GKG	
	Pembangunan Raya Mill	PT Agro Sejahtera Manunggal (ASM)	2019 (certified)
		Plasma ASM	2019 (certified)
		PT Gunajaya Harapan Lestari (GHL)	2021 (revised target)
	Sungai Rasau Mill	PT Karya Bakti Agro Sejahtera (KBAS)	2021 (revised target)
		PT Agriplus (AGP)	2022 (revised target)
	Bukit Tunggul Jaya Mill	PT Ladang Sawit Mas (LSM)	2020 (certified)
		PT Lestari Gemilang Intisawit (LGI)	2021 (revised target)
		PT Agro Manunggal Sawitindo (AMS)	
		PT Gemilang Makmur Subur (GMS)	
		PT Sejahtera Sawit Lestari (SSL)	2022 or one year after obtaining HGU
		PT Nabati Agro Subur (NAS)	
		PT Karya Makmur Langgeng (KML)	
	PT Damai Agro Sejahtera (DAS)		
	Bukit Belaban Mill	PT Sentosa Prima Agro (SPA)	2021
PT Raya Sawit Manunggal (RSM)			
PT Wahana Hijau Indah (WHI)			
Riau	Suka Damai Mill	PT Hungarindo Persada (HPE)	2022 or one year after obtaining HGU
		PT Masuba Citra Mandiri (MCM)	2019 (certified)
		Plasma PT MCM	

Appendices

Appendix 6

IUCN RED LIST OF THREATENED SPECIES IDENTIFIED IN BUMITAMA'S REGIONS OF OPERATION

Based on HCV assessments and re-assessments conducted.

IUCN Status	Common and binomial names	West Kalimantan and Riau	Central Kalimantan
Critically endangered	<i>Pongo pygmaeus</i> (Bornean orangutan) ⁵	√	√
	<i>Manis javanica</i> (Sunda pangolin)	√	√
Endangered	<i>Hylobates albibarbis</i> (agile gibbon) ⁶	√	
	<i>Nasalis larvatus</i> (proboscis monkey) ⁵	√	√
	<i>Ciconia stormi</i> (Storm's stork)	√	
	<i>Acridotheres javanicus</i> (Javan myna)		√
	<i>Aonyx cinerea</i> (Asian small-clawed otter)		√
	<i>Rusa timorensis</i> (Javan rusa)		√
	<i>Rusa unicolor</i> (Sambar deer)	√	√
	<i>Chloropsis sonnerati</i> (Greater green leafbird)		√
	<i>Cuora amboinensis</i> (Amboina box turtle)	√	√
	<i>Ducula pickeringii</i> (Grey imperial pigeon)	√	√
Vulnerable	<i>Helarctos malayanus</i> (Sun bear)	√	√
	<i>Leptoptilos javanicus</i> (Lesser adjutant)	√	√
	<i>Lutra perspicillata</i> (Smooth-coated otter)		√
	<i>Macaca nemestrina</i> (Southern pig-tailed macaque)		√
	<i>Neofelis nebulosa</i> (Clouded leopard)		√
	<i>Numenius arquata</i> (Eurasian curlew)		√
	<i>Nycticebus coucang</i> / <i>Nycticebus brachycephalus</i> (Sunda slow loris)		√
	<i>Nycticebus menagensis</i> (Philippine slow loris)	√	
	<i>Ophiophagus Hannah</i> (King cobra)	√	√
	<i>Trachypithecus cristatus</i> (Silvery lutung)	√	√
	<i>Presbytis frontata</i> (White-fronted surilli) ⁵	√	√
	<i>Prionailurus bengalensis</i> / <i>Felis bengalensis</i> (Leopard cat)		√
	<i>Pycnonotus zeylanicus</i> (Straw-headed bulbul)	√	√
	<i>Rheithrosciurus macrotis</i> (Tufted ground squirrel)		√
	<i>Setornis criniger</i> (Hook-billed bulbul)		√
	<i>Siebenrockiella crassicollis</i> (Black marsh turtle)	√	√
	<i>Sus barbatus</i> (Bornean bearded pig)	√	√
<i>Cephalopachus bancanus</i> (Horsfield's tarsier)	√	√	
<i>Tomistoma schlegelii</i> (False gharial)		√	
<i>Treron capellei</i> (Large green pigeon)	√	√	

5 Not found in Sumatra - Riau

6 Not found in Kalimantan

Base Data

Category/Indicator	Measurement unit	2020	2019	2018	2017	2016
ECONOMIC						
Revenue	IDR billion	9,102	7,691	8,377 ⁷	8,131	6,630
Profit before tax	IDR billion	1,931	1,193	1,705	1,894	1,551
EBITDA	IDR billion	2,575	1,694	2,395	2,427	1,925
Basic earnings per share	IDR per share	645	392	627	682	572
LAND AND PLANTATION						
Total land area	ha	234,000	234,000	234,000	233,000	225,000
	Total (ha)	187,917	187,567	185,165	182,675	175,243
Oil palm planted area	Old and mature (ha)	173,464	170,053	162,815	158,083	147,513
	Immature (ha)	14,453	17,514	22,350	24,592	27,730
	Kalimantan (ha)	185,608				
	Riau (ha)	2,309				
	Total (ha)	132,816	132,643	132,431	131,421	128,966
Nucleus planted area	Old and mature (ha)	120,643	117,590	113,238	110,699	104,970
	Immature (ha)	12,173	15,053	19,193	20,722	23,996
	Total (ha)	55,101	54,924	52,734	51,254	46,277
Plasma planted area	Old and Mature (ha)	52,821	52,463	49,577	47,384	42,543
	Immature (ha)	2,280	2,461	3,157	3,870	3,734
Average age	Years	10.6	9.8	8.9	8.7	8.0
Trend & ratios (Plasma Planted)	% by ha	29.3%	29.3%	28.5%	28.1%	26.4%
Production volume						
Fresh fruit bunches (FFB) - nucleus	MT	2,270,745	2,231,353	2,276,866	1,784,729	1,513,422
FFB - plasma	MT	1,043,383	1,035,130	1,061,368	817,495	672,018
FFB total - nucleus and plasma	MT	3,314,128	3,266,483	3,338,234	2,602,224	2,185,440
FFB purchased from third parties	MT	1,219,944	1,293,612	1,374,879	1,007,978	901,492
Crude palm oil (CPO)	MT	1,024,548	1,035,201	1,043,045	818,835	701,304
Palm kernel (PK)	MT	215,691	213,065	208,311	166,224	138,175
Productivity						
FFB yield per mature hectare	MT/ha	19.0	19.1	20.4	16.4	14.6
CPO yield per mature hectare	MT/ha	4.3	4.3	4.5	3.7	3.3
Indonesian Industry	MT/ha	4.0	3.9	3.9	3.6	3.6
CPO extraction rate	%	22.6%	22.7%	22.1%	22.7%	22.7%
PK extraction rate	%	4.8%	4.7%	4.4%	4.6%	4.5%

7 Reclassified.

Base Data

Category/Indicator	Measurement unit	2020	2019	2018	2017	2016
EMPLOYEES						
Total number of employees	No.	31,423	32,111	32,610	31,786	27,168
By contract type	Permanent (no.)	30,442	30,773	30,959	28,696	19,184
	Temporary (no.)	981	1,338	1,651	3,090	7,984
By category (Permanent)	Management (no.)	227	206	200	188	167
	Staff (no.)	1,164	1,088	1,078	1,068	956
	Workers (no.)	30,032	30,817	31,332	30,530	26,045
By region (workers only)	Kalimantan	29,372				
	Riau	660				
By gender						
Total	Male (no.)	22,760	23,437	23,891	23,369	19,927
	Female (no.)	8,663	8,674	8,719	8,417	7,241
Management	Male (no.)	214	195	190	178	159
	Female (no.)	13	11	10	10	8
Staff	Male (no.)	1,060	974	965	956	840
	Female (no.)	104	114	113	112	116
Workers	Male (no.)	21,486	22,268	22,736	22,235	18,928
	Female (no.)	8,546	8,549	8,596	8,295	7,117
Employee turnover - Permanent staff & workers only	%	31.8%	36.2%	34.1%	13.3%	17.1%
Employee turnover - permanent staff & workers, incl. casual workers	%	35.4%	38.5%	39.0%	32.8%	28.1%
Minimum starting wage by Group and Province						
Group	IDR/month	3,006,662	2,531,403	2,600,426	2,441,994	2,202,443
Central Kalimantan	IDR/month	3,012,385	2,617,205	2,628,416	2,407,552	2,289,868
West Kalimantan	IDR/month	2,897,352	2,395,050	2,562,000	2,480,000	2,110,000
Riau	IDR/month	3,041,068	2,686,757	2,617,500	2,516,812	2,325,000
Minimum Wage: National Requirements by Province						
Central Kalimantan	IDR/month	2,890,093	2,615,735	2,421,305	2,227,307	2,057,558
West Kalimantan	IDR/month	2,399,698	2,211,266	2,046,900	1,882,900	1,739,400
Riau	IDR/month	2,888,563	2,662,025	2,464,154	2,266,722	2,095,000
Minimum wage ratio: Company vs National Requirements by Province						
Central Kalimantan	Ratio by IDR	1.04	1.00	1.09	1.08	1.11
West Kalimantan	Ratio by IDR	1.21	1.08	1.25	1.32	1.21
Riau	Ratio by IDR	1.05	1.01	1.06	1.11	1.11

Category/Indicator	Measurement unit	2020	2019	2018	2017	2016
HEALTH AND SAFETY						
Lost time incident rate (LTIR)	Incidents per 1,000,000 working hours	47.7	30.9	25.2	21.3	9.7 ⁸
Severity rate	Average no. of lost time per incident	75.6	39.9	45.0	45.6	17.4
Fatalities	No. of accidents	3	4	1	4	2
COMMUNITY AND CSR						
Total CSR expenditure	IDR billion	24.14	23.45	21.49	18.80	9.95
- Schools and childcare	%	78.8%	77.9%	75.0%	69%	61%
- Social & cultural activities	%	8.7%	10.6%	16.4%	13%	9%
- Infrastructure	%	2.8%	6.1%	4.0%	9%	3%
- Health (including company clinics)	%	3.8%	1.7%	1.4%	2%	2%
- Synergic community relations (projects undertaken in collaboration with local authorities, law enforcement etc.)	%	0.2%	0.2%	1.9%	4%	10%
- Local business development	%	4.3%	2.3%	0.9%	2%	4%
- Others	%	1.4%	1.2%	0.5%	1%	11%
Schools	Units No.	38	38	37	36	36
Teachers	Persons No.	300	315	298	275	298
Students	Persons No.	5,281	5,167	4,984	4,746	4,486
Childcare centres	Units No.	124	124	125	119	126
Children	Persons No.	2,067	2,053	2,423	2,373	2,192
Central clinics	Units No.	12	11	12	10	7
Branch clinics	Units No.	40	43	41	38	42
Ambulances	Units No.	14	14	13	13	11
Doctors	Persons No.	6	4	4	5	4
Paramedics	Persons No.	113	105	100	105	89
ENVIRONMENT						
Emissions intensity⁹	MT CO ₂ e/MT CPO	1.56	1.38	1.56	1.49	1.63
Fertiliser usage per hectare	MT/ha	1.00	0.94	1.05	1.01	0.89
Herbicide usage per hectare	litres/ha	3.16	2.84	2.52	1.86	1.40
Toxicity units per planted hectare	Toxicity/ha	333	242	218	188	140
Water usage - by mill	m ³ /MT FFB	1.26	1.35	1.28	1.26	1.25
Biological oxygen demand - New mill	PPM (range)	637 - 3,899	349 - 1,882	310 - 2,275	324 - 1,653	400 - 4,593

8 Restated.

9 2016 to 2019 data is calculated intensity for RSPO-certified mills only, while 2020 is for all 14 mills.

Base Data

Category/Indicator	Measurement unit	2020	2019	2018	2017	2016
Conservation area						
Total conservation area	ha	39,310	39,380	39,380	36,561	29,415
HCV	ha	25,885				
HCS	ha	11,517				
Peat (non-HCV/HCS) ¹⁰	ha	1,540				
Others	ha	368				
Fires within concessions	No.	76	314	35	13	5
Planted area burnt	ha	0	779.0	314.6	78.6	3.3
Unplanted area burnt	ha	47.8	969.5	35.5	22.0	10.0
CERTIFICATION						
RSPO certified area	ha	56,433	50,714	41,970	41,594	41,594
RSPO certificates	No.	8	7	4	5	4
Certified Sustainable Palm Oil (CSPO) & Certified Sustainable Palm Kernel (CSPK)	MT	236,962	223,986	167,284	158,106	166,638
ISPO certificates	No.	4	4	3	3	1
NPP notifications	Notification	0	1	0	1	3
eTrace License	No.	8	7	4	5	4
RSPO complaint cases	No.	7	7	6	6	6
Active cases	No.	1	2	2	2	1
Closed cases for monitoring	No.	0	0	0	1	1
Closed cases	No.	6	5	4	3	4
Suppliers and traceability						
FFB traceability	%	98.8	98.2	91.4	79.9	77.2
External suppliers	No.	98				

¹⁰ Total peat area conserved is 6,115 ha, however some area is now classified under HCV and HCS areas. The data shown is kept separate to avoid double-counting.

GRI Content Index

The Global Reporting Initiative (GRI) is a multi-stakeholder standard for sustainability reporting that provides companies guidance on content and potential indicators. GRI is the first and most widely adopted global standard for sustainability reporting and has been designed to enhance global comparability and the quality of information on environmental and social impacts. Reports based on the GRI Standards should provide a balanced and reasonable representation of an organisation's positive and negative contributions towards the goal of sustainable development.

There are two options for preparing a report in accordance with the GRI Standards: Core and Comprehensive. This report has been prepared in accordance with the Core option.

GRI CONTENT INDEX		
Disclosure		Section, page or reason for omission
GRI 102: General Disclosures 2016		
Organisational Profile		
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102-6	Markets served	About Bumitama, 12 Operations, 13 Our customers, 14
102-7	Scale of the organisation	About Bumitama, 12-14 Operations, 13 Annual Report, 2-3, 8
102-8	Information on employees and other workers	About Bumitama, 12 Our employees, 44-45
102-9	Supply chain	Supply chain traceability and responsible sourcing, 16-18 Smallholder partnerships, 50-53
102-10	Significant changes to the organisation and its supply chain	No major changes in the reporting period
102-11	Precautionary Principle or approach	Our approach to sustainability, 15 Biodiversity protection and conservation, 22-23 Stepping up our fire prevention measures, 26-29 Note: RSPO requires a precautionary approach
102-12	External initiatives	Our approach to sustainability, 15 Certification and engagement, 20 Stakeholder engagement table, 54 Biodiversity Protection and Conversation, 22
102-13	Membership of associations	Stakeholder engagement, 20-21 Stepping up our fire prevention measures, 26
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Glossary

Biodiversity The diversity (number and variety of species) of plant and animal life.

Biological Oxygen Demand (BOD) The amount of oxygen used when organic matter undergoes decomposition by micro-organisms. Testing for BOD is done to assess the amount of organic matter in water.

Bumitama Biodiversity and Community Project (BBCP) A collaborative programme co-founded by Bumitama and IDH – the Sustainable Trade Initiative to explore how wildlife protection can co-exist with sustainable production as part of a collaborative and landscape-based approach to land use.

Carbon Dioxide Equivalents (CO₂e) A universal standard of measurement against which the impacts of releasing (or avoiding the release of) different greenhouse gases can be evaluated.

Effluent Water discharged from one source into a separate body of water, such as mill process water.

Extraction Rate The amount of oil extracted from oil palm fruit at a mill. Crude palm oil (CPO) is extracted from the flesh; palm kernel oil (PKO) from the nut.

Free, Prior and Informed Consent (FPIC) The principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or otherwise use.

Fresh Fruit Bunch (FFB) Bunches harvested from the oil palm tree. The weight of the fruit bunch ranges between 10 kg to 40 kg depends on the size and age.

Global Reporting Initiative (GRI) A multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators.

Greenhouse Gas (GHG) Gases in the atmosphere that absorb and emit radiation within the thermal infrared range. The primary greenhouse gases in the Earth's atmosphere are water vapour, carbon dioxide, methane, nitrous oxide, and ozone.

High Conservation Values (HCVs) Areas with HCVs are natural habitats which are of outstanding significance or critical importance due to their high biological, ecological, social or cultural values. These areas need to be appropriately managed in order to maintain or enhance those identified values. There are six possible HCVs that can be identified, covering environmental and social aspects of a natural forest.

High Carbon Stock Approach (HCSA) The HCSA is a global methodology used in agricultural land development planning that is currently applied in fragmented tropical landscapes on mineral soils in the humid tropics. The methodology distinguishes HCS forest areas for protection from degraded lands with low carbon and biodiversity values that may be considered for development.

Independent Director According to the Listing Manual of SGX, an independent director is one who has no relationship with the company, its related corporations (i.e. a corporation that is the company's holding company, subsidiary or fellow subsidiary), its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company.

Independent Smallholder Small growers with less than 50 hectares, which are self-financed, managed, and equipped and are not bound to any one mill. They may deal directly with local mill operators of their choice or process their own palm oil using personal or community manual palm oil presses.

Integrated Pest Management (IPM) The careful consideration of all available pest control techniques and subsequent integration of appropriate measures that discourage the development of pest populations and keep pesticides and other interventions to levels that are economically justified and reduce or minimise risks to human health and the environment. IPM emphasises the growth of a healthy crop with the least possible disruption to agro-ecosystems and encourages natural pest control mechanisms.

International Labour Organization (ILO) A tripartite world body representative of labour, management and government, and is an agency of the United Nations. It disseminates labour information and sets minimum international labour standards called "conventions", offered to member nations for adoption.

Indonesian Sustainable Palm Oil (ISPO) A mandatory certification scheme regulated by the Indonesian Ministry of Agriculture that aim to improve Indonesian palm oil competitiveness in the global market align with objective set by the President of Indonesia to reduce greenhouse gas emissions from Indonesian oil palm plantations and operations.

IUCN Red List Based in Switzerland, the International Union for Conservation of Nature and Natural Resources (also known as The World Conservation Union) is an organisation involved in the preservation of natural resources. IUCN publishes the Red Data Book, which lists the endangered species of every nation.

Mass Balance The RSPO system which allows for mixing of RSPO-certified and non-certified palm oil at any stage in the supply chain provided that overall company quantities are controlled. The mass balance model is constructed in such a way that volumes of RSPO certified product shipped will never exceed volumes received by the end-user.

New Planting Procedure (NPP) The RSPO NPP consists of a set of assessments and verification activities to be conducted by RSPO grower members and certification bodies prior to a new oil palm development, in order to help guide responsible planting and ensure that social and environmental requirements have been met. The NPP report goes through a 30-day public consultation and planting and associated development can only begin once the NPP is complete and RSPO approval is granted.

Non-Executive Director A board director who does not currently hold other employment with the company. Unlike an independent director, a non-executive can have significant financial interests or close personal ties to the company.

Non-Governmental Organisation (NGO) Is used in this report to refer to grassroots and campaigning organisations focused on environmental or social issues.

Outgrowers Farmers, where the sale of FFB is exclusively contracted to the unit of certification. Outgrowers may be smallholders.

PalmGHG Calculator The RSPO PalmGHG calculator is a tool that calculates the emissions generated and sequestered from activities and processes engaged during agricultural and mill stages. Refer to detailed scope and boundaries here.

Palm Oil Mill Effluent (POME) A by-product of processed FFB.

Peat An accumulation of partially decayed vegetation matter. Peat forms in wetlands or peat lands, variously called bogs, moors, muskegs, pocosins, mires, and peat swamp forests. Land with soil having more than 65% organic matter is considered peatland.

Plasma Schemes A programme initiated by the Indonesian government to encourage the development of smallholders' plantations with the assistance and cooperation of plantation companies (the nucleus) which assist and support the surrounding community plantations (the plasma).

Roundtable on Sustainable Palm Oil (RSPO) A multi-stakeholder organisation based in Kuala Lumpur, Malaysia, that has developed a certification scheme for sustainable palm oil. All RSPO members must comply with the RSPO Principles and Criteria (P&C), a set of stringent standards for the production of sustainable palm oil.

Segregated The segregated supply-chain model assures that RSPO-certified palm oil and its derivatives delivered to the end-user come only from RSPO-certified sources. It permits the mixing of RSPO-certified palm oil from a variety of sources.

Stakeholders Any group or individual who are affected by or can affect a company's operations.

Social Forestry The management of forests for the benefits of local communities. It includes aspects such as forest management, forest protection, and afforestation of deforested lands with the objective of improving the rural, environmental, and social development.

Sustainability A term expressing a long-term balance between social, economic and environmental objectives. Often linked to sustainable development, which is defined as "development that meets the need of current generations without compromising the needs of future generations".

Toxicity A measure of the degree to which a substance is harmful to living organisms. Toxicity in agricultural chemicals is measured using the LD50 methodology, i.e. the toxicity units corresponding to a lethal dose for 50% of a population of rats.

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