



Indonesia as the Largest CSPO Producer: Continuous Commitment

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Outline

- 1 International market for green products
 - Trade protectionism and APEC's failure
 - CSPO uptakes
- 2 Business environment
 - Indonesian growers milestones
 - Internal and external Challenges
- 3 Indonesian CSPO & Growth Opportunity
- 4 Wrapped-up Notes






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INTERNATIONAL MARKET FOR GREEN PRODUCTS

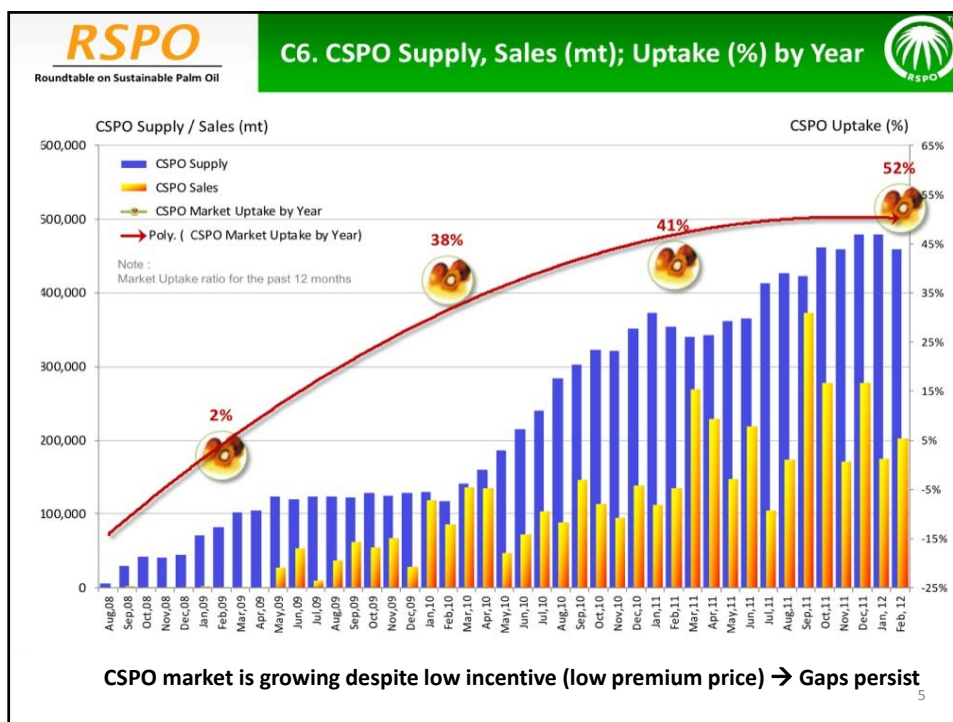
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Trade Protectionism and APEC's Failure

- ➔ APEC in September 2012 failed to include CPO as one of the 54 eco-friendly products in APEC
 - ❖ 54 categories: cover more than 300 items, i.e. chopsticks, bicycles, turbines, generators, and bamboo products
 - ❖ APEC's failure is narrowing Indonesia's CPO (whether CSPO or not) to penetrate global market through tariff reduction facility
- ➔ Is the (developed & developing countries) market really prepared for eco-friendly CPO/CSPO?
 - ❖ Trade barriers and protectionism: NODA EPA, REDD+, Food labeling in Australia and NZ
- ➔ What to do with low premium rate and uptakes level?

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RSPO
Roundtable on Sustainable Palm Oil

Table 1 : Key Statistics for Certification, Production, Capacity, Supply, Sales & Uptake

Summary as of 31 July 2012

		2008	2009	2010	2011	2012 Total	Jul'12	2008-2012 Total
Certification	No of SCC Companies	n/a	n/a	n/a	n/a	45	6	183
	No of SCC Facilities	n/a	n/a	n/a	n/a	103	8	378
	No of Grower certified	5	5	9	10	5	0	34
	No of Palm Mills Certified	16	18	43	58	23	4	158
Production	Production Area (ha)	106,384	264,952	644,816	1,130,969	-	1,302,998	(> todate)
Annual Production Capacity	FFB (mt)	2,151,916	5,709,784	16,066,742	26,680,440	-	29,349,738	(> todate)
	CSPO (mt)	619,012	1,473,912	3,522,207	5,573,202	-	6,300,062	(> todate)
	CSPK (mt)	154,335	338,740	803,999	1,296,488	-	1,468,694	(> todate)
Supply	CSPO (mt)	163,364	1,357,511	2,773,567	4,798,512	3,568,124	545,864	12,661,078
	CSPK (mt)	41,811	321,322	640,316	1,111,998	828,513	127,296	2,943,959
Sales	CSPO Sales through SG, MB	0	98,044	438,515	831,010	469,877	67,341	1,837,446
	CSPO Sales Through B&C	4,452	245,813	842,619	1,659,516	1,464,459	123,648	4,216,859
	CSPKO Sales through B&C	3,520	6,636	82,464	269,665	161,049	4,595	523,334
	Total CSPO Sales	4,452	343,857	1,281,134	2,490,526	1,934,336	190,989	6,054,305
Uptake	CSPO Sales / Supply (mt)	2.7%	25.3%	46.2%	52.0%	54.2%	35.0%	-

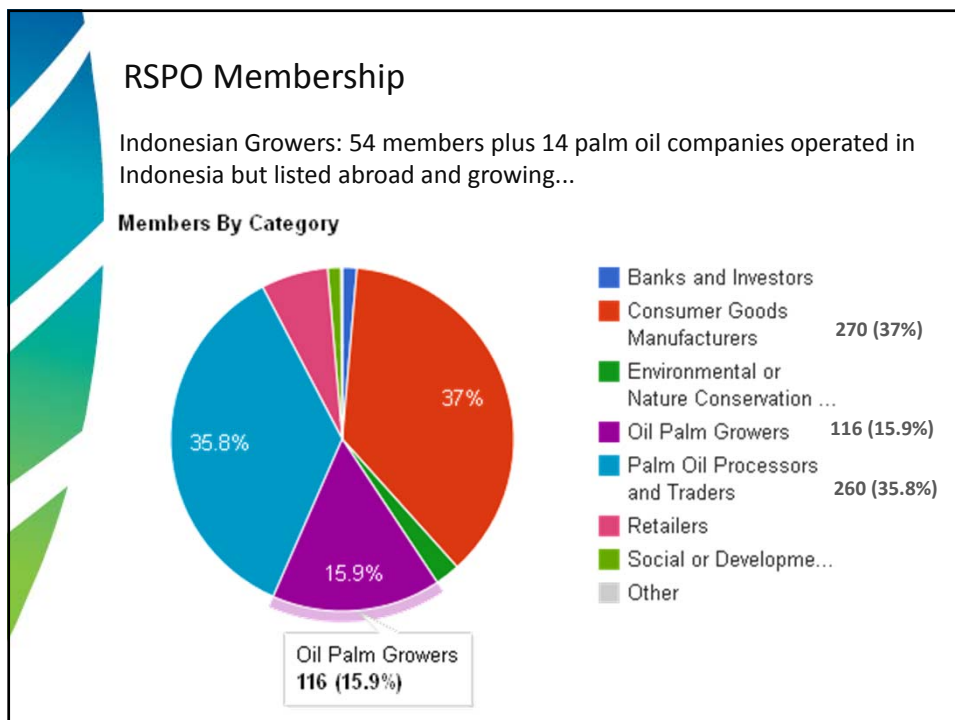
CSPO BUYERS 2011

Top 10 suppliers & buyers of CSPO certificates, GreenPalm (B&C)
(registered palm oil certificate owners and certificates redeemed to date, as of 31 December 2011)

Name of supplier	Country of origin	No. of certs ever issued	Name of buyer	Country of origin	No. of certs ever redeemed
SIME DARBY FUTURES TRDNG SDN BHD	Malaysia	1,274,033	UNILEVER SUPPLY CHAIN COMPANY AG	Switzerland	1,415,015
WILMAR TRADING PTE.LTD	Singapore	689,826	KRAFT FOODS INTERNATIONAL	United Kingdom	125,960
PT PP LONDON SUMATRA INDONESIA	Indonesia	404,084	J&J CONSUMER COMPANIES INC -CILAG	USA	101,142
INTER -CONTINENTAL OIL & FATS PTE	Singapore	360,838	NESTLE S.A.	Switzerland	85,334
UNITED PLANTATIONS BERHAD	Malaysia	347,774	IKEA SUPPLY AG	Sweden	60,000
SA SIPEF NV	Belgium	324,525	KELLOGG COMPANY	USA	41,081
KUALA LUMPUR KEPONG BERHAD	Malaysia	186,544	PREMIER FOODS GROUP LTD	United Kingdom	39,407
CARGILL - HINDOLI (SMALLHOLDERS)	Indonesia	176,571	AAK UK LTD	United Kingdom	33,593
CARGILL - HINDOLI	Indonesia	168,222	FRIESLANDCAMPINA	Netherlands	27,825
INTI INDOSAWIT SUBUR PT	Indonesia	144,126	VANDEMOORTELE GROUP	Belgium	25,050
Top 10 - sub total		4,076,543	Top 10 - sub total		1,979,033
All producers - total	27 companies	4,727,790	All buyers - total	222 companies	2,496,482

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BUSINESS ENVIRONMENT: INTERNAL AND EXTERNAL CHALLENGES



Internal and External Challenges

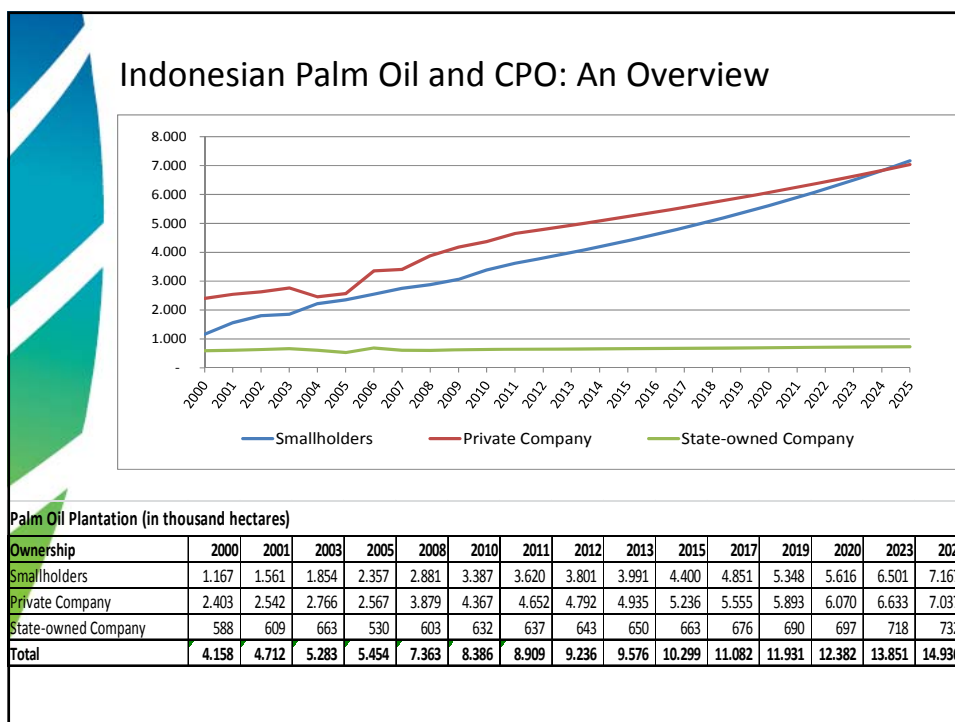
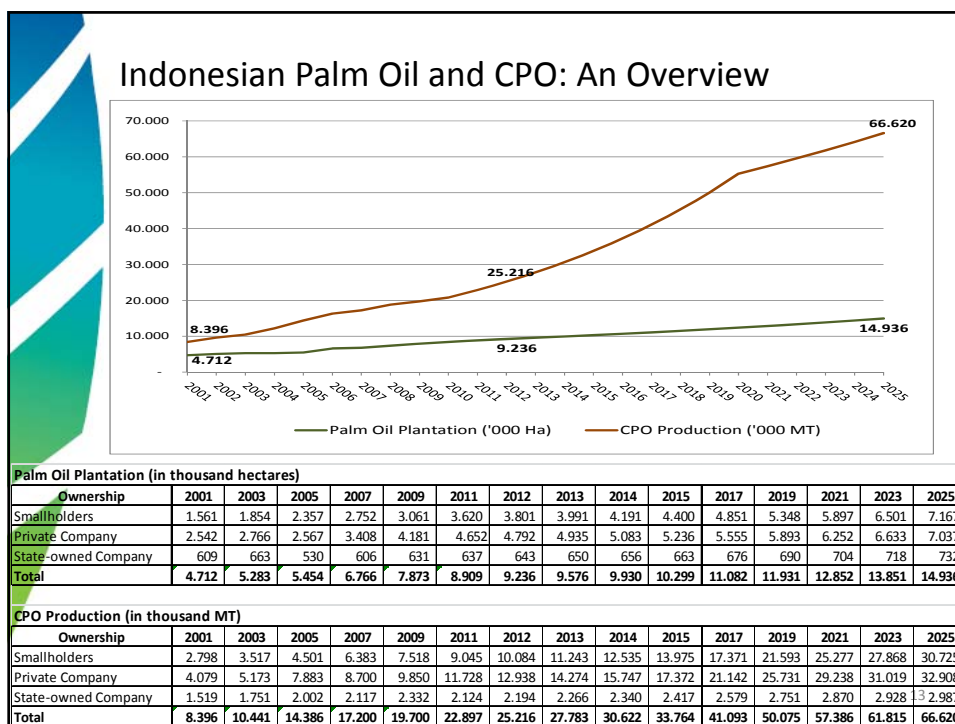
Internal	External
<ul style="list-style-type: none"> • Skepticism and suspicion from business association and the Government • ISPO 	<ul style="list-style-type: none"> • Low premium price? • Low market uptakes
<ul style="list-style-type: none"> • Governance • Social issues • Legal certainty 	<ul style="list-style-type: none"> • Anti-palm oil movement • Trade barriers • Other sustainability certifications • Individual companies-introduced sustainability certification
<ul style="list-style-type: none"> • No coherent efforts on CSPO campaign 	<ul style="list-style-type: none"> • Visibility of RSPO • RSPO's Relevance • Making the new vision work! • Quo Vadis RSPO?



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INDONESIA CSPO & GROWTH OPPORTUNITY

RSPO will transform markets to make sustainable palm oil the norm

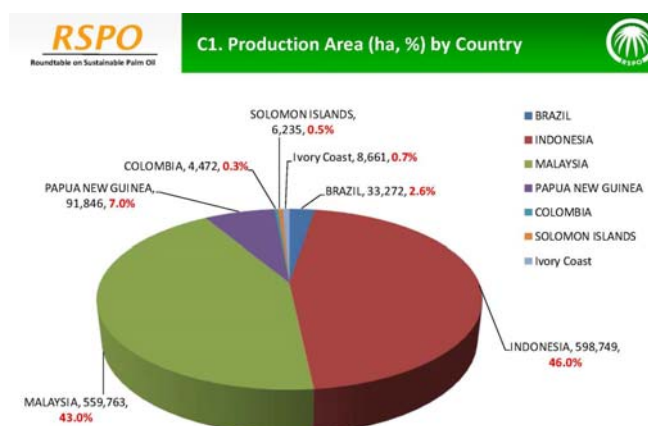


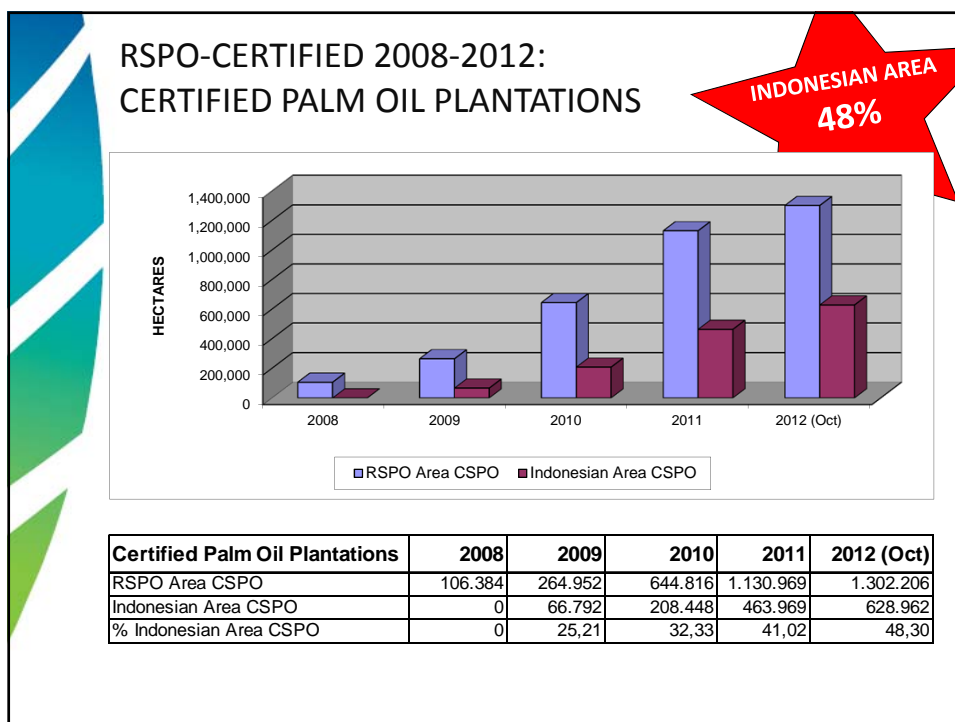
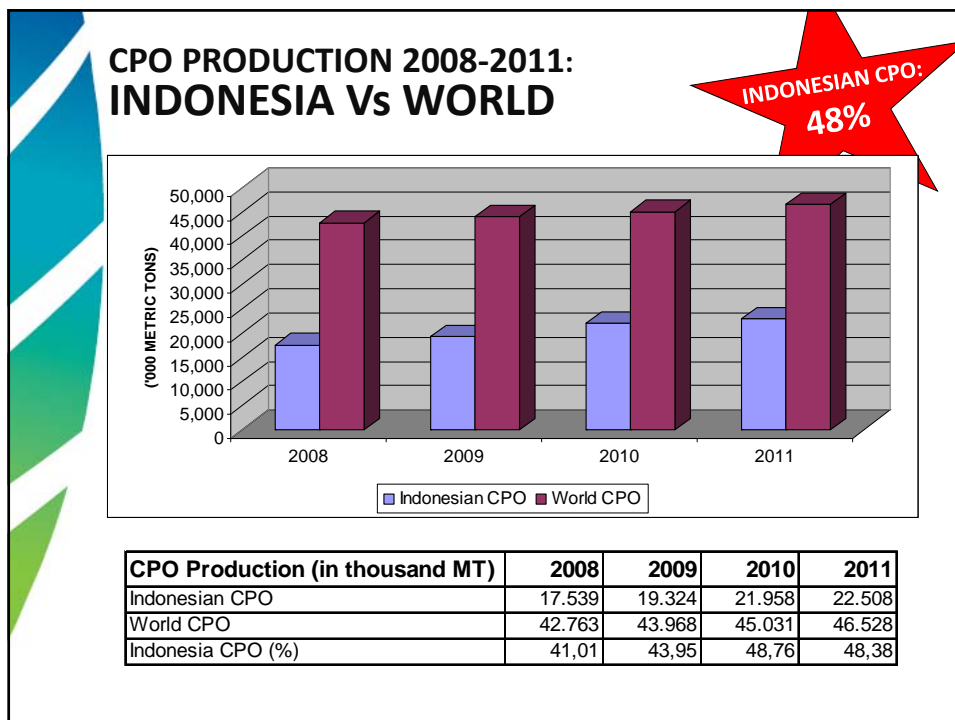
Favorable Indonesian Policy

1. Further development in a sustainable way
2. Prioritizing smallholders
 - Improve farmers' access to capital, agriculture inputs
 - Enact 20% mandatory partnership 'smallholders' program
 - Enhance smallholders development and productivity:
 - Support for certification program: ISPO
 - Building infrastructure
 - Vision 35:26 (productivity 35 ton TBS/year, OER 26%)
 - Plantation expansion
3. Value Added & Efficiency
 - Fostering value added palm oil-based –downstream industry
 - Tapping any potential developments and building infrastructure
 - Biofuels, alternative energy

Indonesian Growers: A Key RSPO's Stakeholder

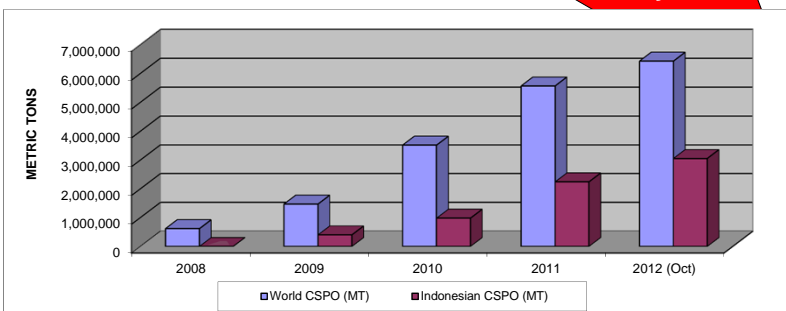
- ❖ RSPO has revolutionized the Indonesian Palm Oil Industry
 - ✓ Rising the bar of the industry standard: improved productivity
 - ✓ Environmental and social responsibility
 - ✓ Set a high value/good corporate citizen platform





INDONESIAN CSPO: 2008 - 2012

INDONESIAN CSPO
48%



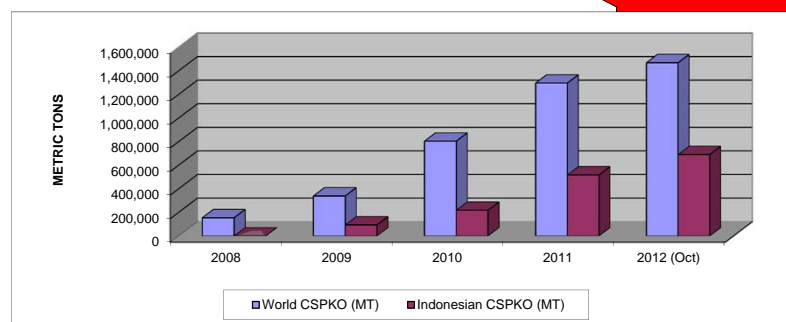
CSPO Production	2008	2009	2010	2011	2012 (Oct)
World CSPO (MT)	619.012	1.473.912	3.522.207	5.573.202	6.432.103
Indonesian CSPO (MT)	0	403.474	984.046	2.245.375	3.059.537
Indonesian CSPO (%)	0	27,37	27,94	40,29	47,57

CSPO Producers:

(1) Indonesia : 3,059,537 MT (47%); (2) Malaysia : 2,754,853 MT (42.8%); (3) Papua New Guinea: 435,331 MT (6.8%); (4) Brazil: 125,793 MT (2.0%); (5) Solomon Island: 28.830 MT (0.4%); (6) Colombia: 22.000 MT (0.3%); (7) Ivory Coast: 5.760 MT (0.1%)

INDONESIAN CSPKO: 2008 - 2012

INDONESIAN CSPKO
47%



CSPO Production	2008	2009	2010	2011	2012 (Oct)
World CSPKO (MT)	154,335	338,740	803,999	1,296,488	1,468,694
Indonesian CSPKO (MT)	0	93,746	218,143	517,733	690,253
Indonesian CSPKO (%)	0	27,67	27,13	39,93	47,00

INDONESIA GROWTH FORECAST





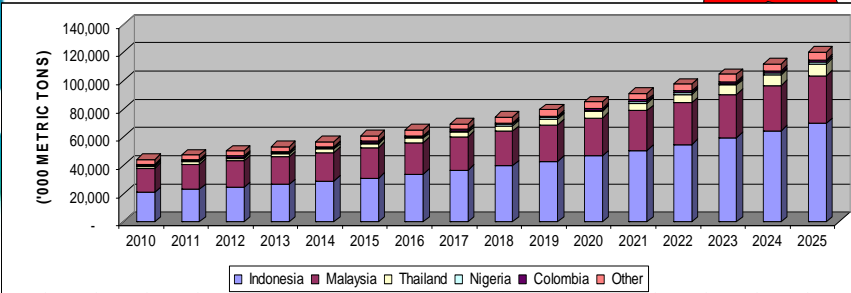
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CPO, CSPO and Production Area

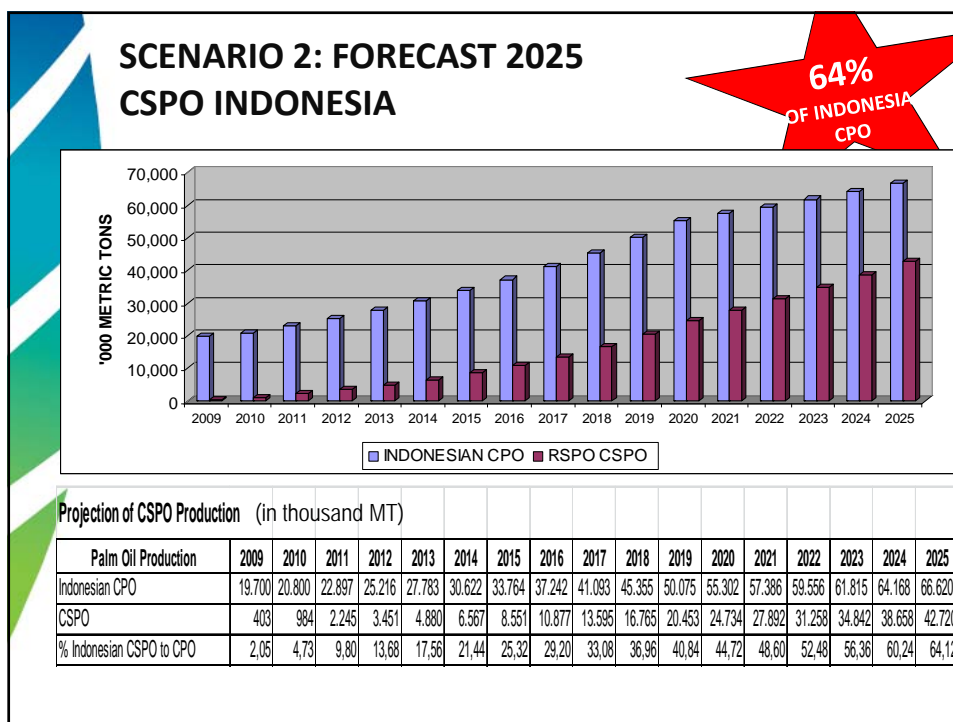
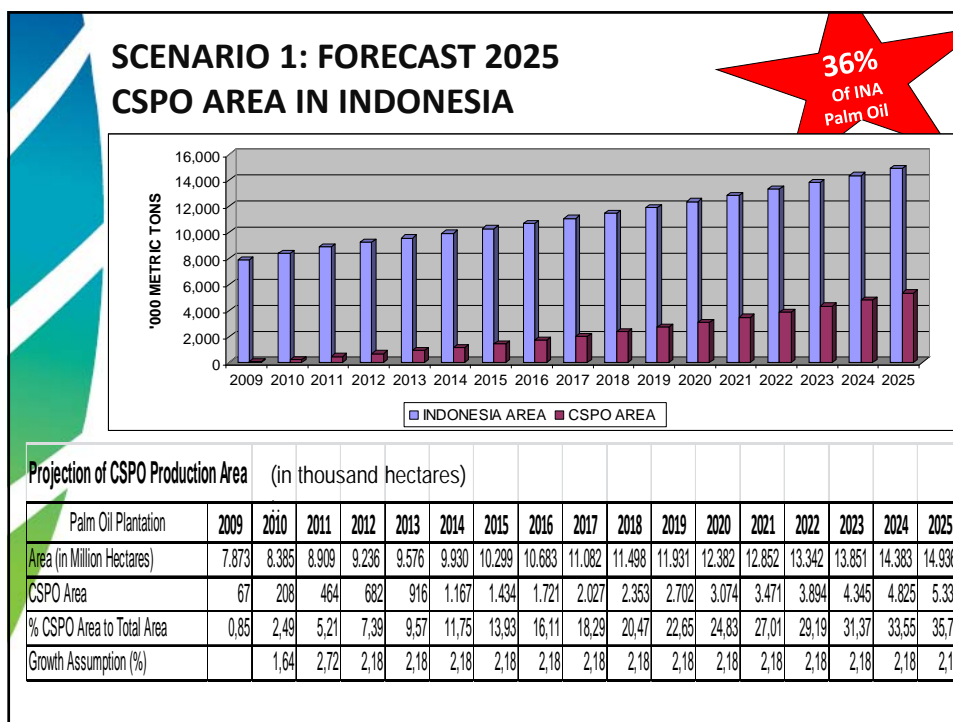
CPO PRODUCTION: INDONESIA VS. WORLD - FORECAST 2025

**57% of Global CPO
Production
in 2025**



Country	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Indonesia	20,800	22,897	25,216	27,783	30,622	33,764	37,242	41,093	45,355	50,075	55,302	57,386	59,556	61,815	64,168	66,620
Malaysia	16,994	17,793	18,629	19,505	20,421	21,381	22,386	23,438	24,540	25,693	26,901	28,165	29,489	30,875	32,326	33,845
Thailand	1,500	1,683	1,888	2,119	2,377	2,667	2,993	3,358	3,767	4,227	4,743	5,321	5,970	6,699	7,516	8,433
Nigeria	850	862	874	886	899	911	924	937	950	963	977	990	1,004	1,018	1,033	1,047
Colombia	810	848	888	930	973	1,019	1,067	1,117	1,170	1,225	1,282	1,342	1,406	1,472	1,541	1,613
Other	3,077	3,197	3,322	3,451	3,586	3,726	3,871	4,022	4,179	4,342	4,511	4,687	4,870	5,060	5,257	5,462
Total	44,031	47,280	50,817	54,673	58,878	63,469	68,483	73,964	79,961	86,525	93,716	97,892	102,295	106,938	111,841	117,020
Growth (%)	3.0	7.4	7.5	7.6	7.7	7.8	7.9	8.0	8.1	8.2	8.3	4.5	4.5	4.5	4.6	4.6

Sources : MoA, IPOB, MPOB, FAS USDA, Oilworld, InfoSAWIT Data Centre 2012.



Wrapped-up Notes:

1. Indonesian growers are committed champions of sustainability
 - Survive and thrive against all odds in domestic and global environment
 - Steady growths: membership, certified estates/mills, and CSPO production
 - Indonesian CSPO will grow from 48% of Global CSPO now to 57% in 2025

2. Continuous commitment: trailblazers to set a new bar for sustainability standards
 - ISPO as a showcase of institutionalization of sustainability principles
 - Partnership of GAR – TFT – Greenpeace
 - Musim Mas Commitment on 100% CSPO Production
 - Indonesian Growers Caucus and FORMISBI (Indonesian Forum on SPO) as CSPO Advocates

Wrapped-up Notes:

3. Demand for a balanced and fair shared-responsibility of all RSPO members: ***Quid pro quo!***
 - Recognition of RSPO Certificate's values against competing sustainability certifications
 - Incentives for CSPO: boosting premium price and uptakes
 - Growers representations in RSPO: producing country reps and smallholders
 - Revamped RSPO Secretariat: Improved member services, advocacy roles
 - Unequivocal Members' Commitment
 - Tangible efforts to advocate CSPO uses and mitigate anti-palm oil movement.
 - Real responsibilities of other stakeholders: P&C for supply chains

“Revised P&Cs must be fair, reasonable, realistic, workable and acceptable by all, particularly Growers as the most affected party!”

