Success story of Musim Mas achieving 100% RSPO certification in Indonesia

31st October, 2012

Presented by Dr Gan Lian Tiong, Musim Mas Group Head of Sustainability

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Musim Mas is a fully integrated palm oil corporation with operations spanning the entire palm oil value chain from upstream to midstream and downstream operations.

Musim Mas’ operations spans over 11 countries: Indonesia (base), Singapore, Malaysia, Myanmar, India, China, Germany, Italy, Spain, UK and USA.

The Group’s upstream oil palm plantations are located in North Sumatra, Riau, South Sumatra, West Sumatra, Central Kalimantan and West Kalimantan.

The mid and down stream operations are kernel crushing, refining and manufacturing of specialty fats, biodiesel, oleochemicals including fatty acids, fatty alcohol and glycerine, soap, palm wax and fine chemicals.
The Group’s supply chain is managed through strategically located bulking installations and transportation assets to provide efficient logistics solutions.

Musim Mas Group employs 28,500 people.

Musim Mas is the 1st Indonesian member of RSPO.

The Group’s palm oil mills with directly managed estates and scheme smallholders are 100% RSPO certified.
SUSTAINABLE PALM OIL PRODUCTION ENTAILS:

“legally compliant,
economically viable,
environmentally appropriate, and
socially beneficial
management and operations.”
This is delivered through the application of the RSPO Principles and Criteria for Sustainable Palm Oil Production, and the accompanying indicators and guidance.

Verification of compliance with this standard is through certification by accredited certification body. The unit of certification shall be the mill and its supply base:

- The unit of certification must include both directly managed land (or estates) and associated smallholders and outgrowers, where estates have been legally established with proportion of lands allocated to each.
- All the FFB from the directly managed lands (or estates) shall be produced to certifiable standards.
- The mill will develop and implement a plan to ensure that 100% of associated smallholders and outgrowers are of certifiable standard within 3 years.


Musim Mas is especially proud of being the FIRST Indonesian plantation to be certified.
RSPO Certification – P&C

Our Smallholders Scheme in West Sumatra received RSPO Certification on 17th June 2010

FIRST in Indonesia

RSPO Certification – P&C and SCCS

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Note: All POMs have been SCCS verified

RSPO SCCS Certified

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Musim Mas believes that a holistic and integrated approach needs to be taken to achieve sustainability by the whole company.

RSPO P&C should be the basis for managing the enterprise and not just a means to certification.

Management of sustainability at Musim Mas involves:

- A new management structure.
- Management system based on RSPO P&C.
- Phased implementation of activities.
Managing for Sustainability

Musim Mas Steering Committee on Sustainability

- Formulate policies to meet RSPO P&C (environmental, social and economic)
- Establish processes for identifying opportunities for improvement
- Provide support and resources (people, time, funds)
- Establish measures (KPIs)
- Monitor and review progress of performance against KPIs
- Provide Reward and Recognition system
- Establish processes for effective engagement of stakeholders (NGOs etc)
- Communicate Musim Mas commitment and progress on sustainability
MUSIM MAS POLICY ON SUSTAINABILITY

We at Musim Mas are committed to conduct our businesses in an environmentally appropriate, socially responsible & economically viable manner while meeting the quality expectations of our customers.

In our pursuit of corporate excellence, we shall:

• Abide by RSPO Code Of Conduct
• Comply with all applicable laws and legal requirements
• Ensure occupational safety and health in the work place
• Contribute and actively involve in community development
• Develop, implement and improve environmentally responsible practices
• Communicate our effort on sustainability to our internal and external stakeholders
Managing for Sustainability

BUILDING BLOCKS OF MANAGEMENT SYSTEM FOR PRODUCTION OF SUSTAINABLE PALM OIL

PROCESS

PRINCIPLE 2: Compliance of applicable laws and regulations

PRINCIPLE 3: Commitment to long term economic and financial viability

PRINCIPLE 4: Use of appropriate best practice by growers & mills

PRINCIPLE 5: Environmental responsibility & conservation of natural resources

PRINCIPLE 6: Responsible consideration of employees and affected people

PRINCIPLE 7: Responsible development of new plantations

PRINCIPLE 8: Commitment to continuous improvement in key areas

ASSESSMENTS

DRIVER (1) DRIVER (2) ENABLER

GREEN PRODUCTIVITY

RESULTS

Inculcate Sustainability Culture

Managing for Sustainability

STEERING COMMITTEE

MANAGEMENT SYSTEM

Inculcate Sustainability Culture
# Managing for Sustainability

## PHASED IMPLEMENTATION

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## Social Impact Assessment & Management

Stakeholders Consultation

REALIGNMENT TO MEET RSPO P&C REQUIREMENTS:
1. GROUP POLICIES
2. SOPs
3. VERIFIERS
4. INTERNAL AUDITS
5. HCV/SIA STUDIES
6. SOCIALIZATION
Training

Senior Management

Management

Executives & Field Supervisors

Mill Staff & Workers

Field Workers & Sprayers

Artisans and Drivers
CONTINUOUS IMPROVEMENT THROUGH GREEN PRODUCTIVITY

Green Productivity (GP) is a strategy for enhancing productivity and environmental performance for overall socio-economic development. It is the application of appropriate productivity and environmental management tools, techniques, technologies to reduce the environmental impact of organization’s activities, goods and services.

Ensures profitability
Enhances Quality of Life
Reduces environmental impact

Measurement & Monitoring

MUSIM MAS RESULTS SCORECARD
Conclusions

- Top management commitment is a prerequisite to drive sustainability throughout the company.
- A well structured training programme is crucial to cascade the requirements of the P&C and to develop sustainability culture across all levels of staff and workers.
- Practical and realistic SOPs and monitors must be used to extract maximum social, environmental, legal and economic benefits.
- Regular review of all processes and documentation is necessary to ensure continuous improvement.
- Attention to details will ensure a successful sustainability culture and certification to RSPO P&C.