Corporate Social Responsibility Program - Bakrie Sumatera Plantations

Submitted by: Bakrie Sumatera Plantations

**Public-Private Dialogue on Investment -
Corporate Social Responsibility for Local
Communities
Jakarta, Indonesia
30 January 2013**

Bakrie Sumatera Plantations

CORPORATE SOCIAL RESPONSIBILITY PROGRAM
PT. BAKRIE SUMATERA PLANTATIONS TBK
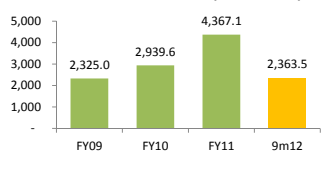
By:

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Indonesia
2013

Creating a New Cycle
Balancing Economic Aspirations
with Ecological and Social Imperatives

Bakrie Sumatera Plantations
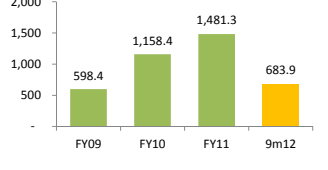
COMPANY OVERVIEW

- Established in 1911 as a plantation and processing natural rubber company, PT Bakrie Sumatera Plantations Tbk ("UNSP") now **evolving into an integrated agrobusiness company with three area of businesses**:
  1. Palm Oil Plantation and Processing
  2. Rubber Plantation and Processing
  3. Oleochemicals Processing
- **Operating in the fertile soil of Sumatra** with the infrastructure that supports the **expansion to Kalimantan**.
- Manages **more than 123,000 Ha planted area**, with a healthy balance of 81 % mature and 19 % immature.
- Currently **operates 11 factories** with a total combined production capacity reached 700,000MT per year.
- **Committed toward the environment** that shown by several awards and certifications earned **including ISO 14001 and RSPO**.
- With the support of **more than 20,000 employees**, UNSP ready to take additional value from its Palm Oil and Rubber Plantations industries for all stakeholders.
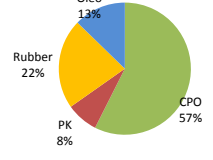
UNSP – Sales (IDR Billion)

	FY09	FY10	FY11	9m12
	2,325.0	2,939.6	4,367.1	2,363.5

UNSP – EBITDA (IDR Billion)

	FY09	FY10	FY11	9m12
	598.4	1,158.4	1,481.3	683.9

UNSP –9m12 Revenue Contribution

- Oleo 13%
- Rubber 22%
- CPO 57%
- PK 8%

MILESTONES

Year	Event
1911	Established as Rubber Company under the name NV Hollandsch Amerikansse Plantage Matschappij as
1966	Acquired by Bakrie & Brothers
1987	Diversify into palm oil via establishment of North Sumatra Unit
1990	Listed on the Jakarta Stock Exchange and Surabaya Stock Exchange
1991	Renamed to PT Bakrie Sumatera Plantations Tbk
2004	Stock Split and Rights Issue I
2007	Rights Issue II and Warrant series 1 Establishment of Agri Resources BV to develop further palm oil plantation in Sumatra
2008	Expansion to Kalimantan via establishment of IGI Ltd
2010	Rights Issue III and Warrant series 2 Non organic growth for palm oil and rubber Entered oleochemical business Obtained RSPO Certification for North Sumatera Unit Cooperation with ASD Costa Rica in developing seed garden
2011	100-year anniversary of UNSP
2012	70-year anniversary of Bakrie Group

VISION & MISSION OF BSP

MISSION

Optimum Core Value Creation
Environmentally Friendly Operations

VISION

Most Improved
Trusted

BUSINESS LINE

Palm Upstream	Rubber	Oleochemical

Highly Confidential Internal Use Only

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PHILOSOPHY, VISION & MISSION OF BSP CSR

PHILOSOPHY (Three Bakrie Generations)

' Every rupiah that's Bakrie generate must be giving benefit to people'
(*H. AHMAD BAKRIE*)

' CSR is not merely about charity and donation, but also about social investment included in the corporate strategic planning ' (*ABURIZAL BAKRIE*)
' In future, Bakrie shall be known not only as Bakrie Business Group, but also as Bakrie Social Group ' (*ANINDYA N. BAKRIE*)

VISION

The attainment of harmonious relation and cooperation as well as the self-reliance of the communities within the areas of operation
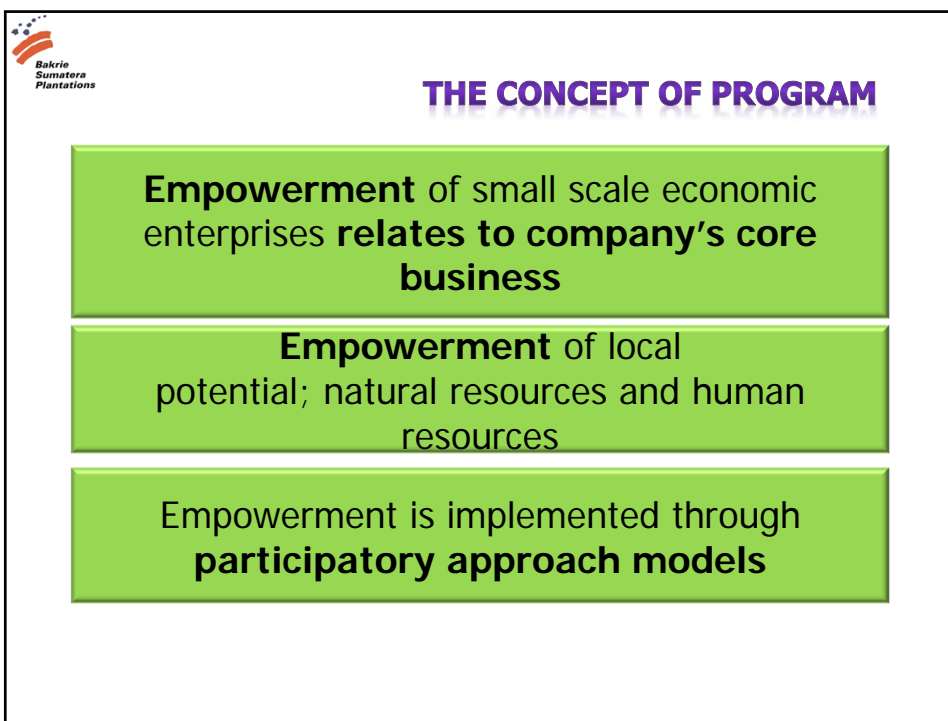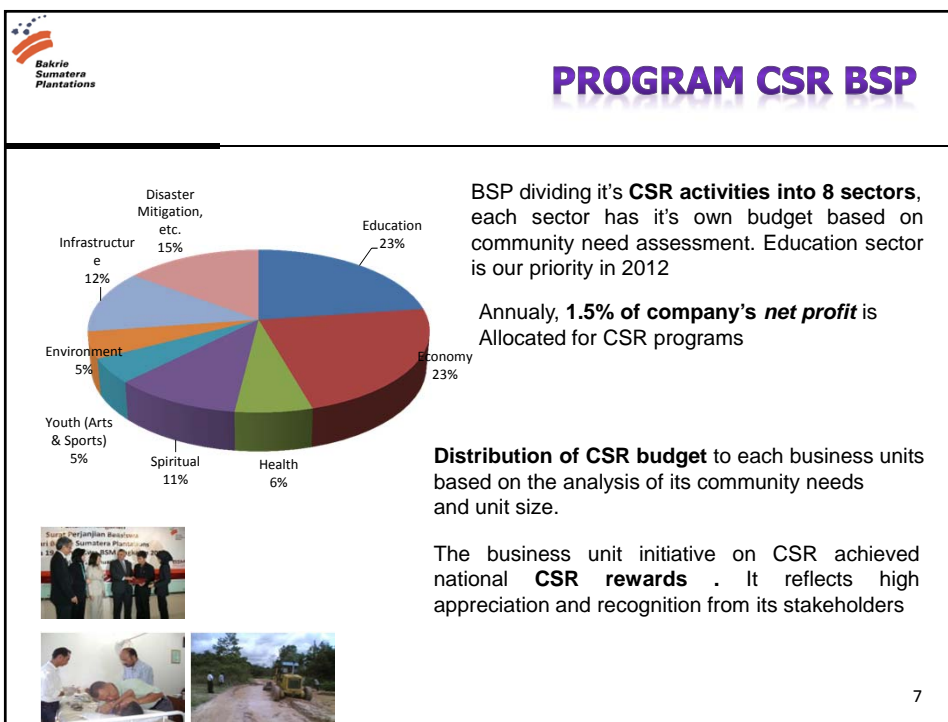
MISSION

1. To develop activities related to education, economy, health, religious affairs, environmental protection and infrastructure in a sustainable manner in order to enhance the economy and welfare of local societies
2. To enhance the effectiveness and efficiency of CSR/CD management program through the encouragement of public participation

CSR ROAD MAP

	2011	2012	2013	2014	2015
OBJECTIVE	**Foster harmonious conditions** within the company's environment **Prevent and handle conflict** appropriately through the CSR blueprint approach Ensure **transparent and accountable** implementation of CSR program management				
STRATEGIC THEME	Develop and maintain **Organization sustainability**			Development of **self-reliant and sustainable** (admirable) organization	
STRATEGY FOCUS	Reorientation based on ISO 26000 SR and MDGs	Adjustment and implementation of CSR SOP based on ISO 26000 SR & MDGs	Organization and development of public socio-economic intitutions	Development of social network and priority programs	Solidification of CSR Programs and strengthening of institutional capacity on access to sustainable resources

PROGRAM CSR BSP

Bakrie Sumatera Plantations

Education 23%

Disaster Mitigation, etc. 15%

Infrastructure 12%

Environment 5%

Youth (Arts & Sports) 5%

Spiritual 11%

Health 6%

Economy 23%

BSP dividing it's **CSR activities into 8 sectors**, each sector has it's own budget based on community need assessment. Education sector is our priority in 2012

Annualy, **1.5% of company's *net profit*** is Allocated for CSR programs

Distribution of CSR budget to each business units based on the analysis of its community needs and unit size.

The business unit initiative on CSR achieved national **CSR rewards .** It reflects high appreciation and recognition from its stakeholders

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THE CONCEPT OF PROGRAM

Bakrie Sumatera Plantations

Empowerment of small scale economic enterprises **relates to company's core business**

Empowerment of local potential; natural resources and human resources

Empowerment is implemented through **participatory approach models**

EMPOWERMENT OF RUBBER FARMERS GROUP IN BENGKULU

BSP's rubber business operations (plantations and factory) at Bengkulu Province is managed under PT. Air Muring and PT. Julang Oca Permana

BENGKULU PROVINCE

BACKGROUND OF PROGRAM

- Less productive traditional rubber tapping system practices in kg and lifetime
- Less optimum production quality
- Rubber products are selling system concern

INITIATIVE AND ACTIVITY

- Company conduct technical assistance and training program (Best Practice of Tapping System).
- To develop farmer's cooperative as an agency that helps farmers selling their product directly to company.
- To share knowledge about cooperative management.

IMPACT OF PROGRAM

The development of farmer's cooperative business : mini market, transportation services, saving for crop replanting purposes (2010 asset = Rp.7 million, 2011 asset = Rp.656 million).

IMPACT OF PROGRAM

Improvement of farmers welfare due to income increase.
(Rp. 5 million/month to Rp.8 million/month for every 2 hectares and rubber price Rp.10.000,-/kgs).

IMPACT OF PROGRAM

Tapping system improvement increase quality and quantity of rubber production from (increasing by 10%-30%) .

AWARD

Platinum Award Indonesian CSR Award 2011 for Economic Program

PLASMA PARTNERSHIP IN JAMBI

BSP's palm business operations (plantations and mill) at Jambi Province is managed under PT. Agrowiyana and PT. Sumbertama Nusapertiwi

PIR Trans Program at Jambi is conducted in coordination with government transmigration program.

JAMBI PROVINCE

BAKRIE SUMATERA PLANTATIONS

BACKGROUND OF PROGRAM

- The farmers around the company operations have not optimally utilize their idle land.
- Average income of farmers less than Rp.400.000,- per month
- Low local economic growth due to limitations access to market, bank etc.

BAKRIE SUMATERA PLANTATIONS

INITIATIVE AND ACTIVITY

- To develop partnership with local farmers.
- To develop farmer's cooperative as a company partner to manage the plantation.
- To conduct training and technical assistance for plasma farmers.

IMPACT OF PROGRAM

Before — After

- The development of cooperative business : mini market, transportation services, chemicals and machinery supplies
- improvements of rural economic.
- Increasing local labor absorption (around 80% employees from local manpower)

IMPACT OF PROGRAM

Before — After

- Increasing income (average income of Rp.3-4millon/month/household, increase ± 400% than before)
- Economical growth in plasma area (Tebing Tinggi is transforming from village into sub district in 2010)

AWARD

Social Enterpreneur Award 2010   Platinum GKPM Award 2009

JOINT UTILIZATION OF IDLE LAND FOR VEGETABLE CULTIVATION IN JAMBI

BACKGROUND

- Idle land have not been optimally utilized.
- Vegetables demand is supported from outside area.
- Some of local farmer is landless and their income less than Rp.1 million/month/household

INITIATIVE AND ACTIVITY

- To cultivate vegetable crops in partnership with local community.
- To conduct training and technical assistance on vegetable cultivation techniques.
- To develop farmer's cooperative as a formal business institution

IMPACT OF PROGRAM

- Increasing of local community income (additional income of Rp.300 thousand/month/household, from 3 Hectare land)
- Regional economic growth

YOUTH EDUCATION PROGRAM

THE CONCEPT OF PROGRAM

- The program is implemented by providing positive activities for young people
- The program is directing so that young people give positive contribution in the social company activities.
- to reduce social and security issues for the company operational activities.

**INDEPENDENT BOYSCOUT ACTIVITIES
AT RUBBER FACTORY IN NORTH SUMATERA I**

*Bakrie
Sumatera
Plantations*

BACKGROUND

- It is observed that the potential of the youth is not optimal
- Less positive activities for youth community in the company premises

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INITIATIVE AND ACTIVITY

- To conduct independent boy scout activities in company's surroundings area.
- To provide professional mentoring to lead boy scout activities.
- To provide tools and infrastructure needed to support the activities.
- To educate the youth about discipline, physical and mental training, and entrepreneurship.

IMPACT OF PROGRAM

Positive activity of the youth in various activities within the company

AWARD

KSN Platinum Award 2010 for youth program