



Projects in the Aceh Landscape

Report 2022/23



Introduction

In 2020, Musim Mas launched a five-year strategy and roadmap for the Aceh Landscape, which details the objectives and targets for implementing our No Deforestation, No Peat, and No Exploitation (NDPE) policy¹ in the landscape. Aceh is a priority landscape because of the unique value of the biodiverse ecosystem.

Why is Aceh so important?

Aceh is home to five million Indonesians from over ten ethnic groups. 87% of the Leuser Ecosystem, one of the world's most biologically diverse and threatened tropical forest landscapes, lies within the Aceh Province.

While we do not have an operational presence in Aceh, and the province only constitutes less than 10% of our total supply base, we recognise the importance of Aceh as a biodiversity hotspot, and collaborate closely with stakeholders in Aceh to support change on the ground.

Aceh Strategy

The Strategy comprises three objectives with measurable targets to indicate progress.

Objective A - Engagement, which entails outreach to supplying mills and their FFB suppliers to convey NDPE requirements and the possible consequences of non-compliance.

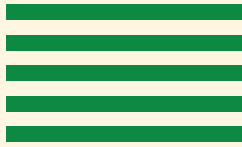
Objective B - Assurance, which has components to ensure that the mills supplying crude palm oil (CPO) and palm kernels (PK) to Musim Mas are NDPE compliant.

Objective C - Monitoring and Response, which contains proactive elements to detect, verify, and respond to deforestation at the landscape or jurisdictional level.

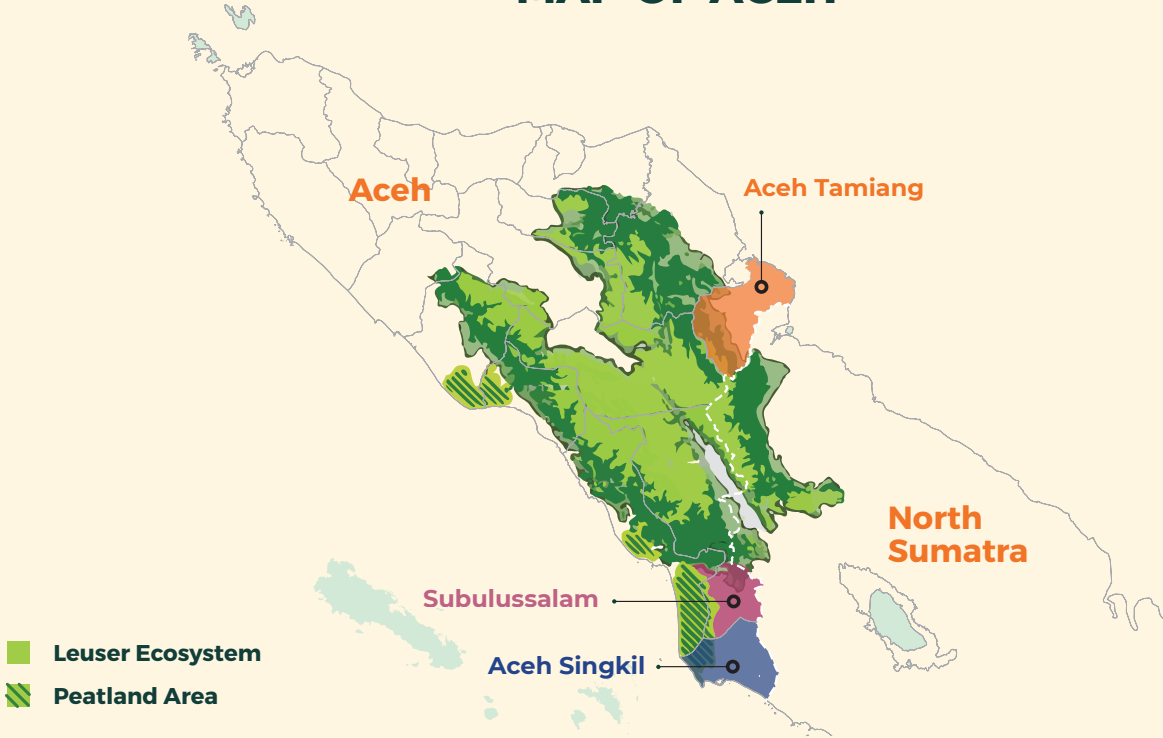


¹Our NDPE commitments are made clear in our 2020 Sustainability Policy.

Highlights of Our Progress in Aceh



MAP OF ACEH



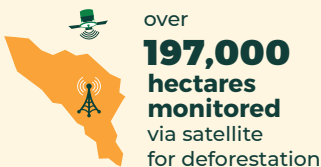
Partnerships



Smallholders



Supplier monitoring



Data between Jan 2022 – Jun 2023



Objective A



Engagement

We reach out to supplying mills and their FFB suppliers, in key sourcing areas to inform and comply with NDPE requirements through Suppliers Workshops and our Training for Trainers: Smallholders Hub Program.

- Topics for suppliers include NDPE Policy, Traceability to Plantation (TTP), Self-Assessment Tool (SAT) requirements, whereas emphasis for smallholders is on capacity building, Good Agricultural Practices (GAP), financial literacy and certification requirements are covered.

Engagement with Suppliers

Recognising the importance of building synergy with our peers, we worked with Golden Agri Resources (GAR) to raise awareness on NDPE commitment to Aceh producers. Following the joint suppliers workshop done in Subulussalam in 2019, we held more workshops in 2022. The first round of workshops were held in March 2022, at Aceh Timur and Tamiang, with 55 participants. Another workshop was held in November at Subulussalam, with a total of 53 participants.

These workshops aim to refresh the suppliers’ knowledge of NDPE, to build capacity on the Indonesia Sustainable Palm Oil (ISPO) requirements – Indonesia’s mandatory national sustainable palm oil certification, and on grievance handling. The workshops were attended by our suppliers, Fresh Fruit Bunches (FFB) dealers, and smallholders. Government representatives, civil society organizations (CSOs), and Technical Service Organizations (TSOs) attended the workshops as well.



2025 Target

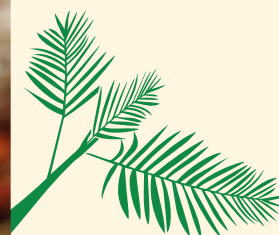
All supplying mills to commit to our NDPE requirements or have an equivalent policy or public commitments. Their FFB suppliers are informed and committed to the same NDPE commitments.

Progress as of June 2023, unless otherwise stated

Aceh Tamiang	Aceh Singkil	Subulussalam	Aceh Timur	Other regions*
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Maintained 100% of supplier mills committed to NDPE policy.

**Other regions include Aceh Jaya, Aceh Barat, Aceh Utara, Nagan Raya and Bireuen.*



Engagement with Suppliers – Smallholders

We established our first **Training for Trainers: Smallholders Hub** in October 2020 in the Aceh Tamiang district. In 2021, we launched two more Smallholders Hubs in the Aceh Province – Aceh Singkil and Subulussalam. Musim Mas is looking into building future Hubs in other districts – Aceh Timur and Aceh Selatan. Our progress in the different districts is as follows:

Aceh Tamiang

1. The first Smallholders Hub established in Aceh in 2020 is part of the Verified Sourcing Area (VSA) initiative led by the Sustainable Trade Initiative (IDH).
 - Musim Mas collaborates with IDH, the Aceh Tamiang District Government, *Forum Konservasi Leuser (FKL)*, *Pusat Unggulan Perkebunan Lestari (PUPL)*, downstream actors (Unilever, PepsiCo), and suppliers, including those outside our supply chain to have Aceh Tamiang verified as a producer of deforestation-free and traceable commodities.
2. One of our field assistants in Aceh Tamiang assisted the USAID Sustainable Environmental Governance Across Regions (SEGAR) program in delivering Good Agricultural Practices (GAP) training for 120 smallholders, in September 2023.
3. Musim Mas will support PUPL in establishing an oil palm training center as a foundation to scale up GAP knowledge for independent smallholders. The land for the center is provided by the district government.





Aceh Singkil

1. Musim Mas initiated a Smallholders Hub in Aceh Singkil and partnered with General Mills in February 2021. General Mills has been funding the first three years of the program.
 - The program targets independent smallholders from villages neighbouring the Leuser Ecosystem to improve their farm management skills and reduce deforestation.
 - The project will extend to 2024, and will include new training modules on gender and youth inclusion, and build upon existing financial literacy training, incorporating more advanced content.
2. Musim Mas also collaborates on a research project with *Eidgenossische Technische Hochschule Zurich* (ETH Zurich), the University of Cambridge and Indonesia's *Institut Pertanian Bogor*.
 - The research project aims to investigate the conditions under which supply chain sustainability initiatives can lead to reduced deforestation in the palm oil sector in Indonesia while safeguarding producers' inclusion. Norm-based intervention approach was implemented in this research.
 - Musim Mas will deliver the GAP, NDPE and financial literacy trainings. Earthqualizer supports us in liaising with the village government, and coordinate the training programs.
 - The trainings started in March 2023 and will end in June 2028. The final output of this project will be a report on the impacts of GAP, NDPE and financial literacy training on farmers' behaviour.
3. The Aceh Singkil District Government and IDH play an important role in establishing the PUPL also known as the Center of Excellence for Sustainable Plantations.
 - The PUPL is an important part of IDH's Production, Protection and Inclusion (PPI) Compact – a landscape agreement between public, private sectors, civil society stakeholders. It aims to make land more productive, improve livelihoods, and protect natural resources.
 - Musim Mas has been at the forefront of the effort to communicate with stakeholders to support the PUPL.





Subulussalam

- The Smallholders Hub in Subulussalam kicked-off in November 2021 to address deforestation outside of concessions areas. It is supported by AAK and Nestlé, with funding for the first two years of a five-year program.
 - An extension of the collaboration with AAK and Nestlé is under discussion.
 - The next phase will focus on gender and youth inclusion, and build upon existing financial literacy training, incorporating more advanced content.

Aceh Timur

- The PPI Compact's Memorandum of Understanding (MoU) for Aceh Timur was signed by FKL, Aceh Timur District Government, IDH and witnessed by Musim Mas, *Gabungan Pengusaha Kelapa Sawit Indonesia* (GAPKI), *Kesatuan Pengelolaan Hutan* (KPH), *Kontak Tani Nelayan* (KTNA) and other stakeholders in August 2023.
- Musim Mas together with IDH, FKL and PUPL will collaborate in Aceh Timur for a Smallholders Hub.
 - The project aims to improve the productivity of smallholders in Aceh Timur through a series of capacity building activities that will be led by the Musim Mas smallholders' team, FKL and PUPL.
 - The target is to conduct socialization on sustainable palm oil in November and December 2023. The Smallholders Hub will commence in January 2024.
 - The project targets to train at least 40 Village Extension Officers (VEOs) and 1,000 smallholders in Aceh Timur.



2025 Target

2 Smallholders Hubs are established.

Progress as of June 2023, unless otherwise stated

Status: Exceeded target

We exceeded our target of establishing two Smallholders Hubs in Aceh. As of June 2023, three Smallholders Hubs have been established, and a fourth Smallholder Hub is under way.

Aceh Tamiang	Aceh Singkil	Subulussalam	Aceh Timur
<ul style="list-style-type: none"> Smallholders Hub established in 2020 Trained 73 village extension officers Trained 2,495 smallholders Conducted training in 40 villages 	<ul style="list-style-type: none"> Smallholders Hub established in February 2021 Trained 75 village extension officers Trained 1,383 smallholders Conducted training in 28 villages 	<ul style="list-style-type: none"> Smallholders Hub established in November 2021 Trained 117 village extension officers Trained 803 smallholders Conducted training in 27 villages 	<ul style="list-style-type: none"> District-level MoU for PPI Compact in Aceh Timur signed in August 2023. Target to conduct socialization on sustainable palm oil in November and December 2023. The Smallholders Hub will commence in January 2024.

As Musim Mas ponders the future of our Smallholder Hubs, we are looking for ways to scale up our efforts and diversify the type of training offerings to the smallholders. We look for ways to amplify the work by coordinating and training others who have similar resources to invest in jurisdictions and smallholders, and by communicating our work extensively among selected stakeholders.





Objective B



Assurance

We ensure that the mills supplying CPO and/or Palm Kernel to Musim Mas are NDPE compliant. We do this through various methods:

- Traceability to Plantation
- Risk-based due diligence
- Our in-house verification teams

Risk-Based Approach in our Aceh Strategy

In 2021, Musim Mas launched the [No Deforestation and No Peat \(NDP\) Risk Management Framework \(RMF\)](#) to assess risks. The RMF assessment utilizes Traceability to Plantation (TTP) data from suppliers. Our RMF provides a more accurate methodology to assess the risk of non-compliances with regards to NDP requirements of our own operations and third-party suppliers which includes mills, plantations, smallholders, and outgrowers.

Mapping out the risks allows us to focus on high-risk mills by engaging suppliers to ensure compliance. Since then, 100% of suppliers in Aceh have gone through our risk-based assessment using our RMF methodology. The mills are classified as low-, medium- or high-risk.

The result of the RMF assessment is as follow:



The RMF assessment relies on TTP data and spatial analysis. As such, we continuously find ways to update and improve our database. This year, we will update the data source in the RMF analysis to further enhance the assessment.



2025 Target

- Musim Mas will develop tools to conduct risk-based assessments for mills and their supply bases, identify higher-risk mills, and develop mitigation efforts.
- Musim Mas ensures that TTP data from suppliers is collected and analyzed. A plausibility check methodology is developed, and checks will be carried out. (*Note: This is now combined with risk-based assessment using TTP data to identify the risk*).

Progress as of June 2023, unless otherwise stated

Status: Achieved

100% of suppliers in Aceh have gone through risk-based assessment. The mills are classified as low-, medium- or high-risk

Aceh Tamiang	Aceh Singkil	Subulussalam	Aceh Timur	Other regions*
<ul style="list-style-type: none"> • 0 high-risk mills • 1 medium-risk mills • 9 low-risk mills 	<ul style="list-style-type: none"> • 0 high-risk mills • 0 medium-risk mills • 9 low-risk mills 	<ul style="list-style-type: none"> • 0 high-risk mills • 0 medium-risk mills • 2 low-risk mills 	<ul style="list-style-type: none"> • 0 high-risk mills • 2 medium-risk mills • 3 low-risk mills 	<ul style="list-style-type: none"> • 0 high-risk mills • 2 medium-risk mills • 12 low-risk mills

*Other regions include Aceh Jaya, Aceh Barat, Aceh Utara, Nagan Raya and Bireuen.

Supplier Grievances

Four new grievances were filed against our suppliers in Aceh via the Musim Mas grievance mechanism in 2022. All four grievances were based on Rainforest Action Network (RAN) reports. Three grievances alleged indirect sourcing of FFB from farms that encroach the boundaries of the Rawa Singkil Wildlife Reserve. One grievance alleged that there is indirect sourcing of FFB from farms responsible for encroachment into the Leuser Ecosystem.



2025 Target

- ♦ Musim Mas actively supports the Radar Alerts for Detecting Deforestation (RADD) platform in Aceh Timur, Aceh Tamiang, Aceh Singkil, Aceh Selatan, and Subulussalam.
- ♦ Musim Mas will also support field verification through the RADD platform.

Progress as of June 2023, unless otherwise stated

- ♦ The RADD platform is no longer active. Musim Mas now utilizes the Global Forest Watch's (GFW) Integrated Deforestation Alerts (IDA) which is a combination of GLAD, GLAD-S2 and RADD to supplement deforestation monitoring in our supply chain.
- ♦ Supplier verification was implemented for cases raised and processed through our Grievance Mechanism.

Aceh Tamiang	Aceh Singkil	Subulussalam	Aceh Timur	Other regions*
Verified 1 mill with grievance case	Verified 2 mills with grievance cases	Verified 1 mill with grievance case	0 mill with grievance case	0 mill with grievance case

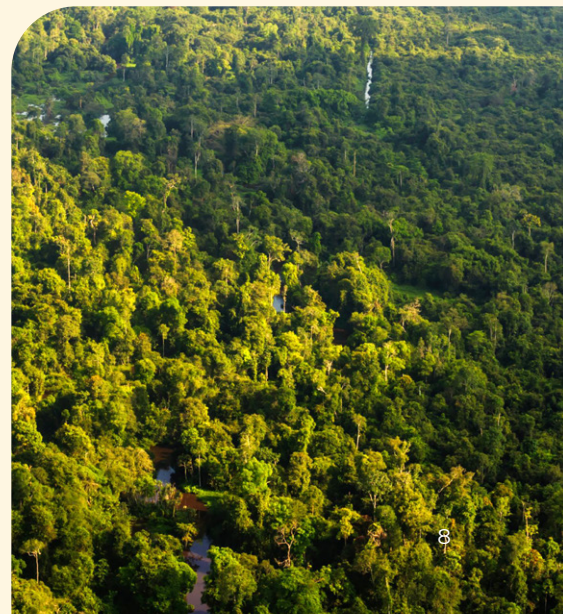
*Other regions include Aceh Jaya, Aceh Barat, Aceh Utara, Nagan Raya and Bireuen.



Summary of supplier grievance cases in Aceh

Year	Raised	Resolved	Active
Jan 2022 - June 2023	4	3	1

Following our Grievance Mechanism, we have processed these cases through spatial analysis, direct engagement with affected suppliers, and both online and on-site verification process. Action plans are developed accordingly based on the result of these steps. We communicate the progress of these cases to the grievance raiser including our efforts to ensure adequate traceability and NDPE compliance systems for supplying mills.



Mill Names	Grievance Cases
<p>PT Global Sawit Semesta (PT GSS)</p>	<p>September 2022 RAN published an article on Mr. Mahmudin's illegal farm (Carbon Bomb Scandals). The report alleged Mr. Mahmudin supplied to PT GSS through a broker - CV Natama Prima.</p> <p>November 2022 Musim Mas conducted site verification to verify the case as reported by RAN. Based on the actions taken by PT GSS, including stopping sourcing from the reported farms and committing to follow the identified improvement plan for the implementation of NDPE commitment, we consider the case resolved.</p>
<p>PT Bangun Sempurna Lestari (PT BSL)</p>	<p>September 2022 RAN published an article on Mrs. Nasti's illegal farm (Carbon Bomb Scandals). The report alleged Mrs. Nasti supplied to PT BSL through a broker – Alpian.</p> <p>October 2022 We conducted a site verification at PT BSL. Considering the actions taken by PT BSL, including stopping sourcing from the reported farm and committing to follow the identified improvement plan for the implementation of NDPE commitment, we consider the case resolved.</p>
<p>PT Runding Putra Persada (PT RPP)</p>	<p>September 2022 RAN published an article on Mr. Mahmudin's illegal farm (Carbon Bomb Scandals). The report alleged Mr. Mahmudin supplied to PT RPP.</p> <p>October 2022 RAN published another article providing further information on Mr. Mahmudin's farm extends beyond the boundary to the Rawa Singkil Wildlife Reserve.</p> <p>November 2022 - July 2023 We have conducted several site visits with other refiners to verify the information provided by RAN. We have also agreed to an action plan for PT RPP, CV BI, and Mr. Mahmudin.</p> <p>Following Mr Mahmudin's refusal to fulfill the agreed action plan, CV BI and PT RPP excluded Mr. Mahmudin (collection point and farm) from their supply chain.</p> <p>We continue to monitor the progress of the action plan's completion and implementation.</p>
<p>PT Bumi Sama Ganda (PT BSG)</p>	<p>December 2022 RAN published an article titled "Notorious Rainforest Destroyer Caught Taking Palm Oil To Global Market". The report highlighted alleged deforestation case at PT Nia Yulided Bersaudara (PT NYB), and identified that FFB from PT NYB entered PT BSG's supply chain through UD Makmur Jaya.</p> <p>Based on our engagement, PT BSG clarified that FFB deliveries from UD Makmur Jaya only lasted for two weeks due to changes in PT BSG's site team. Their last supply from UD Makmur Jaya was on 14th November 2022.</p> <p>The case is considered resolved.</p>

Details of these cases are available in [Musim Mas Grievance page](#).

Objective C



Monitoring and Response

We proactively detect and verify deforestation at the landscape and jurisdictional level by:

- Monitoring deforestation through our internal Geographic Information System (GIS) analysis teams, Earthqualizer’s platform, and reports by Leuser Watch, Mighty Earth, other stakeholders.
- Supporting the artificial intelligence innovation to detect the deforestation more accurately and in near real time.
- Outreach programs to external stakeholders to collaborate and tackle issues on the ground.

A key element is satellite and radar monitoring, which we are involved in through several collaborations. We are working with Earthqualizer to ensure that mapped supplier concessions are continuously monitored. We support alert systems such as GFW’s Integrated Deforestation Alerts system to supplement deforestation monitoring in our supply chain.

Musim Mas worked with organisations such as IDH, the local government, and other relevant stakeholders to complete the jurisdictional-level indicative assessment of the Aceh Tamiang and Aceh Timur landscape using the High Conservation Value (HCV) and High Carbon Stock Approach (HCSA). For more info, please click this [link](#).



2025 Target

Musim Mas will contribute to the first indicative HCV/HCSA landscape assessment in Aceh Timur.

Progress as of June 2023, unless otherwise stated

Status: Achieved

Aceh Tamiang

Aceh Timur

Partnered with *Yayasan Ekosistem Lestari* (YEL). Completed the jurisdictional-level indicative HCV-HCS Assessment of Aceh Tamiang and Aceh Timur.



2025 Target

Musim Mas will leverage innovative satellite imagery analysis for prioritized villages, engaging communities, and extension work for smallholders.

Progress as of June 2023, unless otherwise stated

Status: Ongoing

Aceh Tamiang

Aceh Singkil

Subulussalam

Aceh Timur

Musim Mas is supporting the IDA. It is an innovative platform by the GFW and supports agencies/universities that provides deforestation alerts through multiple analytical systems, namely GLAD, GLAD-S2 and RADD. The platform can detect changes in primary forests as well as planted areas and younger forests.

Conclusion

From 2022 until mid-2023, we achieved and exceeded most of the targets within the Aceh Strategy. The key highlights during this period are not only the ones implemented by our internal team, but also the ones we are driving through multi-stakeholder efforts.

The signing of the MOU under the Production, Protection and Inclusion (PPI) Compact in Aceh Timur is a major milestone to drive more involvement of other stakeholders in the supply chain to support the Aceh Landscape. We work very hard to support such initiatives, and to align our programs with a strategic intervention at the landscape level.

However, we recognize that our monitoring work may not always yield the results that we hope for, especially with regard to some grievance cases. Because we are not constantly present in the landscape, our suppliers require time to fully map their supply sheds, and to support the establishment of effective traceability systems. We welcome inputs and grievance reports from civil society organizations and other stakeholders to enhance our monitoring and response work.

Continuous work towards supply chain integrity is needed. The grievance cases featured in this report demonstrate our efforts to improve the practices of our suppliers required to fulfil their NDPE commitment through in-depth engagement and direct assistance.

We are committed to maintain the result we have attained so far, and to continue to explore further innovations and collaboration for greater impact. In 2024, Musim Mas will build on its current commitments and efforts through the following initiatives:

1. Continue monitoring deforestation in our supply sheds, including the districts of Aceh Tamiang, Aceh Singkil, Subulussalam, Aceh Timur and Aceh Selatan.
2. Invest in new landscape or jurisdictional programs in Aceh Selatan that aim to prevent deforestation for oil palms inside the Rawa Singkil Wildlife Reserve.

