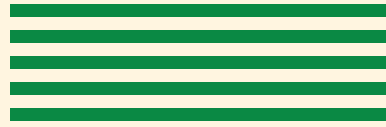




Musim Mas' Priority Landscapes Strategy 2024





Executive Summary

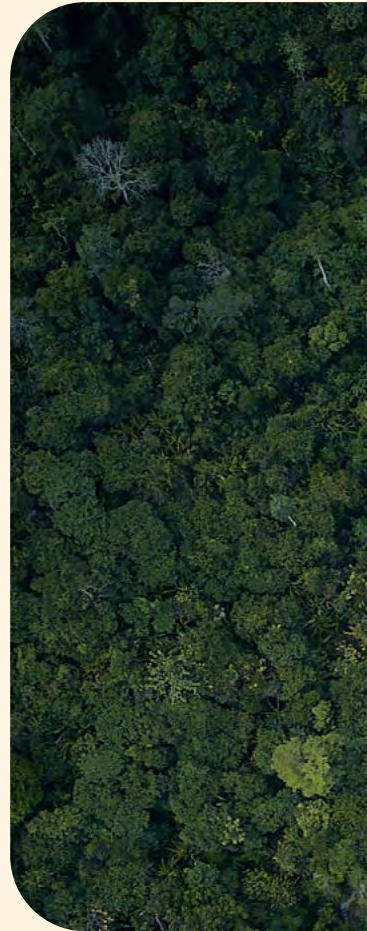
In 2020, Musim Mas launched the [Aceh Strategy](#), a comprehensive initiative designed to ensure compliance with its No Deforestation, No Peat, and No Exploitation (NDPE) commitment across its supply base in that province. This strategy aimed at environmental stewardship while fostering economic and social development for oil palm smallholders in Aceh, a critical sourcing area for the company. Progress on the Aceh Strategy has since been documented and published in annual Aceh Reports.

Building on the success of the Aceh Strategy, Musim Mas is now expanding its landscape strategy to include **Riau, North Sumatra, South Sumatra, Central Kalimantan, and West Kalimantan**. This expansion fulfills a key component of the Group's updated NDPE Roadmap to 2025, which commits to developing landscape strategies for all the Group's remaining key sourcing regions. Rather than creating separate strategies for

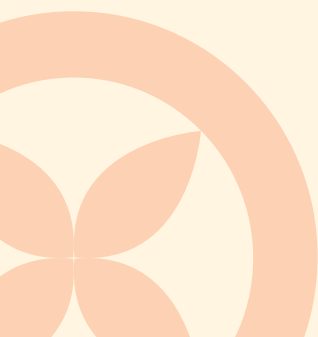
each landscape, this comprehensive sourcing strategy will cover all remaining priority oil palm landscapes of the Musim Mas Group.

The targets and objectives of this new strategy are aligned with the Aceh Strategy, ensuring a cohesive approach to sustainable and responsible palm oil production across all of the Group's priority landscapes. This new strategy will cover the period of 2023 – 2025 for Riau, North Sumatra, South Sumatra, Central Kalimantan, and West Kalimantan, with the aim to combine all landscape procurement strategies by 2025.

With the introduction of this expanded landscape strategy, Musim Mas will provide progress updates on targets in a consolidated report from 2024 onwards. By December 2025, the Group aims for complete alignment with sector roadmap milestones, providing concrete and measurable updates on its priority landscapes.



Our Landscape Approach



Musim Mas Expanded Landscape Strategy

After launching Musim Mas' first Sustainability Policy in 2014, the Group identified the need for an effective implementation strategy to ensure compliance across its supply base. Targeted interventions were needed, and to implement these effectively, Musim Mas focused efforts towards priority landscapes. These priority landscapes - Aceh, Riau, North Sumatra, South Sumatra, Central Kalimantan, and West Kalimantan - were identified through a comprehensive assessment across Indonesia, evaluating environmental risks and key operations.

Aceh was prioritized first due to the critical importance of the Leuser Ecosystem, which required immediate attention. However, the expanded landscape strategy maintains a balanced approach, ensuring all identified regions receive the necessary focus and resources. Following the conceptual framework of the Aceh Strategy, the expanded strategy has three major approaches: **Assurance**, **Engagement**, and **Monitoring & Response** to ensure NDPE compliance across the supply chain.



The Group's priority landscapes strategy consists of three focal approaches:

Approach A: Engagement

Engagement entails outreach to all producers in priority areas to inform them of NDPE requirements, ensuring alignment with Musim Mas' sustainability goals. The Group focuses on various engagement efforts with the different types of producers.

Supplier workshops, a cornerstone of the Group's approach, are strategically conducted in key sourcing areas to foster understanding and commitment to NDPE principles among mills. These workshops serve as pivotal platforms for knowledge dissemination and collaboration, setting the groundwork for sustainable practices. The Group also extends its outreach beyond mills to encompass outgrowers and plantations supplying Fresh Fruit Bunches (FFB) to mills. By broadening the engagement scope, Musim Mas hopes to strengthen the foundation of responsible sourcing across priority landscapes.

New supplier mills in the Group's supply chain after 2023 will receive an NDPE requirements briefing before the commencement of purchases.

Musim Mas' independent smallholder engagement strategy prioritizes enhancing production capabilities while simultaneously promoting adherence to NDPE requirements. Through targeted initiatives focusing on productivity, best management practices, and replanting, the Group empowers smallholders to thrive sustainably while upholding its commitment to forest conservation. Outreach initiatives for smallholders are strategically delivered via Musim Mas' internal programs (Train the Smallholders) and local extension services supported by the Group (Smallholders Hubs: Train the Trainers).

Moreover, Musim Mas recognizes its role as a catalyst for change beyond its direct operations. By progressively supporting other entities in delivering similar programs across priority landscapes, the Group aims to catalyze a broader movement towards sustainability, driving positive change at scale.



Key Objectives



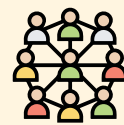
Inform and Educate Suppliers

Conduct outreach in priority areas to inform suppliers of NDPE requirements and align with sustainability goals, utilizing various engagement efforts.



Empower Smallholders and Enhance Sustainable Practice

Prioritize enhancing the production capabilities of independent smallholders while promoting NDPE adherence through targeted initiatives.



Drive Collective Action and Scale Impact

Act as catalysts for broader sustainability initiatives by supporting similar programs with other entities, fostering a movement towards sustainability and driving positive change at scale.

These objectives encapsulate the key aspects of Engagement, which aims to inform, empower, and drive collective action among stakeholders towards NDPE compliance.





Targets

- **By the end of 2025**, all supplying mills have signed a written agreement that they, as well as their supply base, are compliant with Musim Mas' NDPE requirements, or have adopted equivalent NDPE policies and/or public commitments.
- **By the end of 2025**, relevant staff from all supplying mills in priority landscapes and their primary FFB suppliers (plantations, main FFB traders, farmers cooperatives, if any) must participate in a supplier workshop organized by Musim Mas. Joint workshops with other CPO/PK/palm product buyers will be explored to engage mills and outgrowers undergoing new plantation development in high-risk areas.
- **By the end of 2025**, Musim Mas aims to have approximately 1,500 independent smallholders in selected regions - Riau and West Kalimantan - trained on best management practices (BMP) and NDPE requirements. This engagement will build upon the experiences obtained through the Musim Mas' Smallholders Hubs in Aceh, involving the support and training of local government extension officers who will eventually conduct outreach to smallholders. Additionally, Musim Mas will amplify smallholder engagement via the Smallholders Hubs by securing financial or in-kind support from additional partners.
- **By 2025**, Musim Mas aims to support 7,000 independent smallholders in achieving RSPO certification to enhance their access to international markets and 5,000 independent smallholders in obtaining ISPO certification.

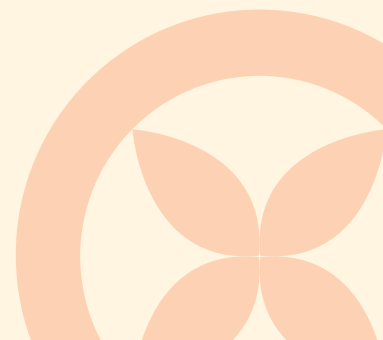


Approach B: Assurance

Procedures are in place and are being implemented to document, monitor, and verify the supply bases of Musim Mas' suppliers. This begins with establishing systems to identify, assess, monitor, and achieve NDPE compliance by supplying mills and Fresh Fruit Bunches (FFB) suppliers within the landscapes of the five priority provinces. The Assurance element of the Group's priority landscape strategy comprises three key components to assure that the mills supplying crude palm oil (CPO) and/or palm kernel to Musim Mas are NDPE compliant:

- **Traceability to Plantation:** Utilizing Musim Mas' risk-based supply shed approach or an equivalent (e.g. a traceability management system) to identify the locations where FFB is produced. This traceability information will be used to ensure NDPE compliance.
- **Risk Management Framework:** Assess potential No Deforestation and No Peat (NDP) risks within the identified production areas through Musim Mas' NDP Risk Management Framework (RMF), which systematically evaluates and mitigates risks associated with non-compliance.
- **Grievance Mechanism:** In the event of a non-compliance despite the Group's best efforts, Musim Mas' Grievance Resolution Process via the Controlled Purchase Protocol (CPP)¹ will ensure that all non-compliances are captured and addressed effectively. The Group will verify mills with critical grievance cases.

¹ The CPP is a procedure which spells out deliverables and targets that a non-compliant mill has to achieve before full resumption of purchases.



Key Objectives



Established and Robust Systems

Establish robust procedures and systems to ensure NDPE compliance across all supplier bases, including thorough documentation, effective risk mitigation of supplying mills and FFB suppliers, vigilant monitoring, and resolution of grievances.

The objective of Assurance is to ensure having robust systems that provide companies with the necessary tools and processes to uphold NDPE compliance.

Targets

- **By the end of 2025**, all supplying mills will have conducted a comprehensive identification of their supply sheds and sources of FFB. For RSPO-certified mills, this process will involve a thorough review of their RSPO audit reports to identify and analyze the supply shed. It is imperative that all RSPO members operate in compliance with the most recent RSPO Principles and Criteria at a corporate-group level, and have systems in place to ensure that third-party suppliers adhere to Musim Mas' NDPE policy.
- **By the end of 2025**, all mills will have undergone assessment using the Risk Management Framework (RMF) methodology and will have been engaged accordingly. To enhance the RMF, Musim Mas will conduct plausibility checks to validate the Traceability to Plantation (TTP) data received.
- **By the end of 2025**, on-site verification will be extended for mills with critical grievance cases.

Approach C: Monitoring and Response

The Monitoring objective includes proactive measures to detect and verify deforestation at the landscape or jurisdictional level. This encompasses deforestation monitoring by Musim Mas' internal monitoring team using the Earthqualizer (EQ) platform, as well as acting on information shared through the Integrated Deforestation Alert (IDA) system and other active stakeholders. These monitoring efforts enable timely and relevant responses to deforestation alerts, ensuring immediate and effective action.

Handling Deforestation Alerts

In alignment with the Group's NDPE commitment, confirmed deforestation alerts in the land holdings of existing suppliers will be treated as grievance cases. Severe cases will trigger the CPP, which may potentially lead to the cessation of business. Grievance cases will involve plantations supplying a particular mill, and where possible, engagement with these plantations will be conducted either directly or through third parties.

Addressing Broader Landscape Risks

At the landscape or jurisdictional level, the expansion of oil palm by independent smallholders and outgrowers, both legally and illegally, continues to pose risks to Musim Mas' NDPE-free supply chain. The trafficking of Fresh Fruit Bunches (FFB) from illegal





sources is particularly concerning. Therefore, it is essential to look beyond the Group's immediate supply chain and address NDPE risks holistically at a landscape or jurisdictional scale. By integrating these anticipatory measures, Musim Mas aims to stay ahead of deforestation trends, mitigating risks before they manifest and fostering sustainable development in all operational landscapes.

Collaboration for Holistic Solutions

Addressing these broader NDPE risks requires collaboration with local governments, buyers, fellow traders, NGOs, donors, local communities, and farmer organizations. Joint outreach programs are essential to support spatial planning, legalizing land titles for smallholders, engaging affected parties, and addressing immediate on-the-ground issues.

Proactive Measures and Community Benefits

Musim Mas is committed to proactive and innovative forest and peatland monitoring, landscape-level High Conservation Value (HCV) and High Carbon Stock (HCS) mapping, and stakeholder collaboration through multi-stakeholder platforms and initiatives. These efforts aim to reduce deforestation and peatland development outside concessions while improving the livelihoods of local communities and ensuring smallholder inclusion.

Key Objectives



Proactive Monitoring and Detection

Utilize advance monitoring systems and stakeholder information to detect and verify deforestation activity at the landscape or jurisdictional level.



Effective Deforestation Alert Response

Ensure decisive actions are taken in response to deforestation alerts, using established protocols to manage and mitigate impacts effectively.



Collaborative and Anticipatory Risk Management

Engage in collaborative efforts with stakeholders to address NDPE risks holistically, incorporating anticipatory measures.

Proactive monitoring, effective deforestation alert response, and collaborative risk management ensure Musim Mas maintains NDPE compliance by detecting, addressing, and preventing deforestation risks across the supply chain.

Targets

- **By the end of 2025**, deforestation alert and field-checking partnerships will be fully operational in the priority landscapes.
- **By 2025**, grievances related to Musim Mas suppliers detected through monitoring platforms and stakeholder information (e.g., EQ, Mighty Earth, IDA) will decrease compared to the 2020 baseline as a result of the engagement and assurance measures implemented under Approaches A and B.





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