



## PRESS RELEASE

### **Asian Agri Supports Farmers' Cooperatives with Palm Oil Premiums**

Jakarta, April 10, 2018 - Oil palm, as one of the country's largest exports, is a solution to alleviate poverty in Indonesia. Asian Agri supports the welfare of farmers by sharing premiums from the sale of sustainable palm oil with the plasma farmers who are involved in the palm oil farmers' cooperatives. Today, Asian Agri symbolically handed a fund comprising premiums from the sale of palm oil to 12 heads of Village Unit Cooperatives (KUD) which are partners with Asian Agri.

Secretary of the Ministry of Cooperatives and Small and Medium Enterprises (SMEs) of the Republic of Indonesia Ir. Agus Muharam, M.SP witnessed the symbolic handover of premiums to the farmers.

The presence of oil palm in Indonesia supports the increase of the community's income, especially those living in areas near plantations. The oil palm industry thereby contributes to the government's efforts to improve the overall quality of life in these communities. It also supports the third point of the National Priority Agenda (Nawa Cita) about building Indonesia up from the village level, which is also Asian Agri's focus through collaboration with the Ministry of Cooperatives and SMEs.

#### **Handed Sustainable Palm Oil Premium**

In 2016, a fund of IDR 3.69 billion generated from palm oil sales was distributed to 72 partner cooperatives of Asian Agri, which comprised 30,000 plasma farmers in Riau and Jambi.

"The sharing of palm oil sales is an example of a good relationship between a company and its partners, as shown by Asian Agri and its partner farmers," Agus said.

In line with the Ministry of Cooperatives and SMEs, Director-General of Plantations at the Ministry of Agriculture, Ir. Bambang, MM also affirmed the government's support in the implementation of sustainable agronomic practices by companies in partnership with farmers.

"Indonesia must face the challenges of the international market in terms of establishing traceability of the source of sustainable palm oil supply," Bambang said.

The Ministry of Agriculture encourages all oil palm farmers to obtain sustainability certifications, including ISPO and RSPO so that Indonesian palm oil products are accepted by the international market and farmers have an incentive to sell sustainable palm oil.

The sharing of premiums with farmers is a form of appreciation by Asian Agri to its partner farmers, for their efforts to consistently implement sustainable practices in managing their palm oil plantations. This implementation of sustainable practices undertaken by farmers ensures the quality of fruit and palm oil produced, which is in demand both in domestic and international markets.

Asian Agri Director of Corporate Affairs Dr M. Fadhil Hasan revealed that Asian Agri's partnership with farmers through cooperatives focuses on the intensification and transfer of knowledge about the best palm oil management practices with the farmers.

"We view our partnership with farmers as the core of the company's main business model, where the role of farmers cannot be separated from Asian Agri, and the welfare of the farmers in turn is part of our responsibility," said Fadhil.

Asian Agri has achieved 30 years of partnership with palm oil smallholders. In 2018, Asian Agri's partner relationship with plasma farmers resulted in a positive achievement, in which all of Asian Agri's partner plasma farmers received RSPO certification, after having previously received ISCC certification.

"This year marks a positive achievement for Asian Agri and our plasma farmers, as all the farmers have been successfully certified, enabling them to gain more value from the fresh fruit bunches they produce," he continued.

"We hope these premiums can be utilized as best as possible and benefit the farmers collectively through their cooperatives for the management of their palm oil plantations, as well as other things which can improve their quality of life," said Fadhil.

Pawito Saring, one of Asian Agri's partner plasma farmers who attended the event, explanation that a partnership with Asian Agri was the solution to farming.

"From the beginning, our partnership with Asian Agri was not only limited to them training us, as they also provide assistance and guidance about practicing good and proper palm oil management. We are encouraged to develop skills and insights into sustainable and environmental practices through various trainings and facilities provided. As a result, we are now able to get certification and we feel that this this, along with the premiums, will greatly benefit us and our cooperatives," said Saring.

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#### **About Asian Agri:**

*Asian Agri is one of Indonesia's largest palm oil producers since 1979. Today, the company manages 100,000 hectares of land and employs over 25,000 people. A pioneer of the Indonesian government's Trans-National Government Migration (PIR-Trans) program, Asian Agri works with 30,000 plasma smallholders in Riau and Jambi who operate 60,000 hectares of palm oil plantations, as well as independent smallholders, bringing about positive impact on their quality of life and economic development.*

*Implementing a strict "no burn" policy and best practices in sustainable plantation management, Asian Agri has helped its smallholder partners improve productivity, yield and supply chain traceability, while assisting them obtain certifications. The company's mills are technologically advanced and energy self-sufficient, minimizing greenhouse gas emissions.*

*Asian Agri is a member of the Roundtable on Sustainable Palm Oil (RSPO). More than 86% of both owned plantations in North Sumatra, Riau & Jambi provinces and 100% of scheme smallholder plantations in Riau & Jambi provinces have been RSPO certified. All plantations, including those owned by smallholders, have been certified by ISCC (International Sustainability & Carbon Certification). More than 91% of plantations and mills owned by Asian Agri have been ISPO (Indonesian Sustainable Palm Oil) certified.*

*The company's operations are ISO 14001 certified, while its Learning Institute and nursery research center in Riau province, Indonesia are both ISO 9001 certified. Asian Agri's R&D Center in North Sumatra was also given a certification by the International Plant-Analytical Exchange at the WEPAL lab at Wageningen University in The Netherlands, for its high standards.*

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