



Asian Agri Distributes Premiums of Certified Palm Oil Sales to Support Smallholder Commitment to Sustainability

Pekanbaru, 21 March 2019 – Asian Agri has distributed more than IDR 4 billion in premiums from the sale of certified sustainable palm oil to smallholder farmers.

A total of IDR 4,318,363,440 in 2017 palm oil premiums was handed over to the representatives of 72 Village Unit Cooperatives (KUD) in Riau and Jambi, witnessed by Drs. H. Syamsuar M.Sc., the Governor of Riau, and Fadhil Hasan, Asian Agri's Corporate Affairs Director.

"The sharing of premiums is part of our partnership program to help smallholders prosper and encourage them to manage their plantation sustainably," said Fadhil.

The palm oil premiums recognise smallholders for their commitment to sustainability through certifications such as RSPO.

"The premium sharing to smallholders aims to continuously motivate them to implement best practices, so that they can maintain their certification. We hope it helps to answer the sustainability issues that are currently faced by the industry," Fadhil said.

Supporting Sustainable Palm Oil Management

Oil palms are the most productive vegetable oil-producing plant, so the industry must be able to face the challenges and negative issues raised by producers of other vegetable oil commodities. The partnership between companies and smallholders is one of the answers to help smallholders to reduce deforestation and ensure environmentally friendly management following international standards.

"The Provincial Government of Riau would like to thank the company (Asian Agri) for empowering smallholders to implement sustainable oil palm management that supports the smallholders' welfare," said H. Syamsuar.

"This partnership model between Asian Agri and farmers that focuses on sustainability can hopefully be an example and inspire the building of a competitive palm oil industry," Fadhil stressed that partnerships between companies and farmers in managing oil palm plantations must be mutually beneficial. "The partnership program must be able to provide benefits. Not only to those who are partners, but also bring benefits to the environment in real terms."

Through the company's sustainability policy, Asian Agri consistently applies best practices in all of its operational areas. The same practices are also applied to smallholder partners. In addition to obtaining

certification, managing plantations in a sustainable manner also allows smallholders to increase production and thereby their income, while having a positive impact on the environment.

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). The company has also been 100% 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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