



PRESS RELEASE

Responding to the New Normal, Asian Agri Leverages Technology to Continue Fulfilling Sustainability Commitments

Jakarta, 10 June 2020 – While COVID-19 has introduced new challenges to its palm oil operations, Asian Agri remains steadfast in fulfilling its sustainability commitments by leveraging technology to ensure sustainable operations by conducting remote audits for internal and external parties, monitoring and verifying data reports, as well as engaging stakeholders via videoconferencing solutions.

Bernard Riedo, Director of Sustainability & Stakeholder Relations Asian Agri shared the company's commitment as well as other insights from the palm oil industry with journalists in a virtual gathering hosted by Asian Agri.

In the same meeting, Indonesian Economist Dr. Fadhil Hasan also shared his perspectives on the impact of the pandemic on Indonesian palm oil commodities. "Before the spread of COVID-19, palm oil production was already projected to slow down. There were at least two factors that caused this. First, the El-Niño phenomenon in 2019 led to fruit quality decline. The fruit did not ripen quickly and the weight also decreased. Second, the low commodity prices in 2019 had caused financial difficulties, especially for the oil palm smallholders. "

Fadhil explained that financial difficulties experienced by oil palm smallholders and companies also forced them to reduce fertilisation. In general, reduced fertiliser use, estimated at a 30-40% decrease, as well as the El-Niño drought contributed to ineffective fertilization, ultimately lowering annual productivity.

The dynamics in palm oil trade have also changed, stemming from newly issued policies from a number of countries and resulting in a slowing down of the economic and social lives of palm oil growers, producers and consumers. In Indonesia, Fadhil said that CPO exports decreased by 12% from January to April 2020 compared to the same period in 2019. In contrast, export value increased by 9%. Meanwhile, domestic CPO consumption in the same period showed a 6% increase compared to the same period in 2019.

The optimism of business players in the palm oil sector is the key to improve the industrial performance as the palm oil commodity is also one of the backbones of the Indonesian economy. Along with the implementation new anti-COVID19 measures, Asian Agri, which operates in North Sumatra, Riau and Jambi Provinces, continues to fulfil its commitment to sustainability.

"We are implementing the health protocols, both in plantations and CPO mills, in accordance with the Indonesian Government's policies. We also coordinate with local governments in adapting to the new normal," Bernard said.

Asian Agri's sustainability commitment covers environmental, community and company aspects of its stakeholders. Bernard said, "Achievements of the Asian Agri sustainability program in 2019 included: 100% ISPO (Indonesian Sustainable Palm Oil) certification; 100% of Asian Agri's plasma smallholders maintaining RSPO (Roundtable Sustainable Palm Oil) and ISPO (Indonesia Sustainable Palm Oil) certification. In 2019, two Associations of Independent Smallholders (KUD) in Jambi Province obtained RSPO certificates, to total of 4 RSPO-certified KUDs that are RSPO certified partners with more than 2,000 hectares area; and Asian Agri achieved 100% traceability. We are also working with an independent institution to update the traceability system."

Bernard also added the company's notable achievement in 2019 – surpassing the target of achieving the ["One to One" Partnership Commitment programme](#). Launched in 2017, the programme aimed to match the area managed by its partner smallholders with the company's own land bank, thereby increasing productivity without land conversion. "By the end of 2019, the total area managed by our partner smallholders, both plasma and independent, has reached more than 101,000 hectares; exceeding the company's 100,000 hectares."

The new normal has also urged people and companies to adapt to patterns of activities that refer to health protocols while adopting the availability of digital technology in everyday life. Apart from the audits, meetings, and data verification, Asian Agri is also exploring new potential markets for certified products and palm oil processor and trader Apical. "We have obtained [RSPO, ISCC, GMP + and ISPO certifications](#). This is an added value to explore opportunities with potential markets," said Bernard.

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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