



PRESS RELEASE

Indonesian Oil Palm Estate Fund Agency (BPDPKS) Handed the IDR 6,75 Billion of Replanting Fund to Asian Agri's Smallholders

Riau, 20 April 2016 – The Indonesia Government continues its support for the sustainable management of oil palm plantations through the disbursement of IDR 6.75 billion in replanting funds to 135 Asian Agri partnered smallholders, who are members of Mulus Rahayu Cooperative today.

Head of Mulus Rahayu Cooperative, Pawito Saring was among the first Indonesia oil palm smallholder representatives to receive the replanting fund from President Director of Indonesian Oil Palm Estate Fund Agency (BPDPKS), Bayu Krisnamurthi. Mr Bayu was accompanied by Senior Executive Vice President of Bank Syariah Mandiri, Muhammad Busthami and Managing Director of Asian Agri, Kelvin Tio.

The replanting fund disbursement ceremony was also attended by the Director of Annual Plants, Directorate General of Plantation of the Ministry of Agriculture, Dwi Pratomo, Riau and Siak district local authorities, as well as smallholders who committed to follow oil palm plantation replanting program.

President Director of Indonesian Oil Palm Estate Fund Agency (BPDPKS), Bayu Krisnamurthi said, "Oil palm is a top sector that contributes significantly to the Indonesian economy. After 25 years, we need to rejuvenate the palm oil industry to ensure high productivity according to industry needs, sustainable development, and improved welfare for smallholders and communities."

Mr Bayu said that in 2016, there are seven projects covering 4,200 hectares of oil palm plantations that had been prepared for replanting. Mostly are located in South Sumatra and Riau. He stressed the importance of involving all stakeholders in the oil palm plantation replanting program. In addition to collaborating with the local government and smallholders, the program still requires support from the banks, private companies, universities and NGOs to effectively manage sustainable oil palm plantations.

After the replanting fund disbursement, the BPDPKS, smallholders and Asian Agri will sign the MoU for next oil palm plantation replanting. "BPDPKS facilitates and supports the implementation of the collaboration agreement between smallholders, banks, and palm oil company," said Bayu.

Managing Director Asian Agri, Kelvin Tio said, "Asian Agri and smallholders have been collaborating for 29 years, and today, this oil palm plantation replanting programme represents Asian Agri and plasma smallholders' commitment and will see them through to the next planting cycle. This is a successful example of Private-Public Partnership in Indonesia's palm oil industry.

"This long-term partnership is based on trust, and we will both improve smallholders' welfare. We are strongly committed to sustaining this partnership," added Mr Kelvin Tio.

On 5th April, Mulus Rahayu Cooperative smallholders were the first replanting fund recipients, disbursed by the government through BPDPS.

Head of Mulus Rahayu Cooperative, Pawito Saring said, "We thank the Indonesia Government, BPDPKS and Asian Agri, who have supported us in replanting. With this fund, we hope to raise confidence in other smallholders' to join the replanting program."

Mr Pawito mentioned that oil palm plantations have improved smallholder livelihoods, which include improving their children's education. He added that due to these improvements, many smallholder partners have already made the Haj and Umrah pilgrimage.

The Mulus Rahayu Cooperative, located in Delima Jaya village, Kerinci Kanan Regency, Siak District, Riau Province, comprises 6 farmer groups and 135 members, received the replanting fund from BPDPKS for replanting 310 hectares.

Asian Agri plans to support the replanting of 2,402 hectares of smallholders' plantations in 2016. In 2017, the company will support about 4,000 hectares in Riau and Jambi.

Mr Kelvin Tio stated, "The public-private partnership is an excellent model for the palm oil industry as it has the same goal of increasing smallholder welfare. We are ready to share our over 29 years' of smallholder partnership experience in managing sustainable palm oil and improving smallholder livelihood."

About Asian Agri:

Asian Agri is one of the leading private companies in Indonesia producing crude palm oil (CPO) since 1979 and employs around 25,000 people today. Since 1987, Asian Agri has been a pioneer of the Indonesian government's Trans-National Government Migration (PIR-Trans) program. Today, the company manages 100,000 Ha of land and partners 29,000 smallholder families in Riau and Jambi who operate 60,000 Ha of palm oil plantation.

Asian Agri's success in becoming one of the leading CPO companies has been acknowledged internationally with the ISO 14001 certification for all of its operations. Its Learning Institute in Pelalawan, Riau, as well as its nursery research center in Kampar, Riau are ISO 9001 certified. In addition, Asian Agri's R&D Center in

Tebing Tinggi has also obtained certification by the International Plant-Analytical Exchange at the WEPAL lab at Wageningen University in The Netherlands, for its high standards.

Aside from its success in becoming a leading CPO producer with the most advanced technology, Asian Agri is also committed to preserving the environment.

More than 80% of both owned plantations in North Sumatra, Riau & Jambi provinces & scheme smallholder plantations in Riau & Jambi provinces have been RSPO certified.

All plantations have also been ISCC-certified (International Sustainability & Carbon Certification), including plantation owned by smallholders

Out of 13 mills have received certification from ISPO (Indonesian Sustainable Palm Oil where as the remaining mills have gone through stringent ISPO audit process. It is targeted to have both RSPO & ISPO certification completed by 2015

Asian Agri, guided by its triple-bottom line principles, is committed to be reliable, responsible and sustainable production of quality palm oil and its derivative products. We operate in an environment where the welfare of the surrounding community is crucial to the sustainability of our business operation.

In April 2014, we signed the Sustainable Palm Oil Manifesto and Indonesian Sustainable Palm Oil Pledge. The Manifesto and Oil Palm Pledge both set out the standards and commitment for Asian Agri in relation to traceability and sustainable supply chain. The commitment includes the implementation of no-deforestation, protection of peat lands and contribution towards to the social-economic development of the local community.

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