



## Asian Agri: A Case Study on Responsible Investment into Palm Oil in Indonesia

**Jakarta, Indonesia, 10 December 2021** – Asian Agri, a leading palm oil company with the largest number of palm oil smallholders in Indonesia, and a member of the RGE group of companies, has been used as a case study to demonstrate alignment with the ASEAN Guidelines on Responsible Investment in Food, Agriculture and Forestry (ASEAN RAI). Published by Grow Asia as part of a series of case studies, [Asian Agri's case](#) outlines the company's journey in its investment into palm oil smallholder partnership programmes in Indonesia. Key highlights include: Asian Agri's successful partnership with its smallholders including its engagement with them to identify their replanting needs and requirements, as well as the implementation of a revenue sharing model to encourage a sense of shared responsibilities.

In addition, Asian Agri has leveraged technology and training for partner smallholders to intensify production (through replanting on the same land) to minimise the likelihood of deforestation and degradation. Asian Agri continues to build strong private-public partnerships to ensure the government programmes and funding schemes will meaningfully help to overcome the challenges on the ground.

Kelvin Tio, Managing Director at Asian Agri said, "Encouraging more smallholders to go into replanting is an essential element of our business strategy, so we must understand what smallholders need to succeed."



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The sustainability commitment that has been implemented by Asian Agri is a form of the company's values. "At Asian Agri, we work and subscribe to our core values, which are the 5Cs – community, country, climate, customers, and the company. We continue to strive for the best quality and highest productivity to lower economic, environmental, and social costs," he added.

In 2017, Asian Agri established its One to One Partnership Commitment, with a target to match each hectare of plantation owned by the company with one hectare of land owned by smallholder farmers. Asian Agri provides smallholders with a market for their crops, and on-going support to raise living standards and boost yields of their plantations, such as training, assistance and modern equipment. Asian Agri also provides smallholders with alternative sources of income when oil palms reach the end of their useful lives and must be replanted. To date, Asian Agri has partnered with more than 30,000 smallholders, bringing about positive impact on their lives and the sustainable palm oil management in Indonesia.

In 2020, as part of its One to One Partnership Commitment, Asian Agri invested about USD 2.7 million into the smallholder partnership programme, covering the costs of about 200 field staff experts, cash incentives for higher quality yield, and premium sharing for Roundtable on Sustainable Palm Oil (RSPO) and International Sustainability and Carbon Certification (ISCC) certified palm oil.

The ASEAN RAI published Guidelines on Promoting Responsible Investment in Food, Agricultural and Forestry, a regionally-contextualised framework that ensures private investments achieve critical development targets while minimising negative impact. These guidelines were adopted by the ASEAN Ministers of Agriculture and Forestry (AMAF) in 2018. Grow Asia is a multi-stakeholder platform that aims to strengthen food security and sustainable agriculture in the ASEAN region.

### **About Asian Agri:**

Asian Agri is one of Indonesia's largest palm oil producers. Founded in 1979, the company today manages 100,000 hectares of plantation land and employs over 25,000 people. A pioneer of the Indonesian government's Trans-National Government Migration (PIR-Trans) program, Asian Agri currently works with 30,000 Plasma Scheme smallholders in Riau and Jambi who operate 60,000 hectares of palm oil plantations, and independent smallholders who manage a total 41,000 hectares.

Implementing a strict "no burn" policy since 1994 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 (PT Inti Indosawit Subur) is a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2006. More than 86% of its owned plantations in North Sumatra, Riau & Jambi provinces and 100% of Plasma Scheme smallholder plantations in Riau & Jambi provinces have been RSPO certified. All its owned plantations and those owned by scheme smallholders ISCC (International Sustainability & Carbon Certification) certified since 2014. In 2019, the company also achieved 100% ISPO (Indonesian Sustainable Palm Oil) certification.

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 laboratory at the Center for Research and Development in Tebing Tinggi is accredited by the National Accreditation Committee under the ILAC Mutual Recognition Arrangement (ILAC MRA).