

SMILE Programme Continues To Improve Smallholders' Livelihoods

Pekanbaru, Sumatra, Indonesia, 9 May 2023 — Apical, Asian Agri, and Kao have embarked on a joint visit to the Koperasi Unit Desa (KUD) of the smallholders - KUD Anugerah in Riau. The event encompassed a constructive dialogue session between the smallholders of KUD Anugerah and representatives from the three companies. During the dialogue session, the Smallholder Inclusion for better Livelihood & Empowerment (SMILE) programme was introduced and the roles played by Apical, Asian Agri, and Kao were introduced to attendees. The participants also had the opportunity to participate in a guided tour of the smallholder plantation, school area, and residences, enabling them to gain valuable insights into the local community's efforts in promoting sustainable agricultural practices.

Apical, Asian Agri, and Kao joined forces to introduce the SMILE programme in 2020. The programme addresses the challenges smallholders face as they strive to enhance palm oil production while upholding the stringent sustainability criteria. The SMILE programme has yielded promising results in enhancing the smallholders' livelihoods thus far.

The SMILE programme has made tremendous strides since its inception in October 2020, with 3,018 smallholders engaged and 390 smallholders certified by the Roundtable on Sustainable Palm Oil (RSPO). The SMILE programme plans to audit three new KUDs in 2023, with participation from approximately 1,105 smallholders in North Sumatra and Jambi. The programme will continue to implement and build upon the activities that have been proven successful. These activities include:

1. Gap analysis for RSPO certification requirement;
2. Offer assistance in implementing the necessary procedures for achieving RSPO certification;
3. Capacity building and trainings for smallholder groups;
 - Improve yield productivity through sustainable good agriculture practices (GAP);
 - Implement robust safety measures;
 - Protect and conserve ecosystem and biodiversity while practicing zero-burning;
4. Implement FFB traceability and monitoring by conducting polygon mapping of smallholders' plantations; and
5. Guarantee uptake of smallholders' FFB at a premium.

The SMILE programme is specifically designed to assist independent smallholders in overcoming obstacles by reducing their costs by at least 30% and enhancing their yields through access to knowledge, training, and resources. Participating smallholders will sell their sustainable palm oil at a premium. By prioritising sustainable and inclusive practices through SMILE, the aim is to boost the smallholders' income, thereby improving their livelihoods and fostering long-term sustainability.

"We are proud of the positive impact that the SMILE programme has had on smallholders' livelihoods and the communities in which they reside," said Bremen Yong, the Director of Sustainability at Apical. "Our goal is to promote inclusivity and sustainability by equipping

smallholders with the necessary resources to empower and inspire them in adopting responsible agricultural practices."

The SMILE programme combines the strengths of Apical, Asian Agri and Kao to help smallholders improve their livelihoods and empower them to become active participants in sustainable agriculture. Nobuyoshi Yamaguchi, Kao's Vice president of Procurement expressed great enthusiasm in joining the initiative, "The SMILE programme aligns with Kao's commitment to sustainability and inclusivity. We are excited to be part of this initiative and look forward to contributing to its success."

"Through the SMILE programme, we are able to create positive change in the lives of smallholders," said Ivan Novrizaldie, Asian Agri's Head of Sustainability. "By having the smallholders take part in the SMILE programme through various trainings and audit preparations, we are able to promote awareness on the importance of sustainable practises while bridging the knowledge gap."

KUD Anugerah's Head thanked Apical, Asian Agri and Kao for their contributions to the SMILE programme, "We extend our gratitude to Apical, Asian Agri, and Kao for the SMILE programme, which has contributed to the improvement of our livelihoods and the advancement of sustainable agriculture practices. We look forward to continuing our collaboration and making strides towards a better tomorrow."

According to Guntur Cahyo Prabowo, Acting Head of the Smallholder Programme at RSPO, the effectiveness of solutions hinges on the practical implementation of shared responsibility. He underscores the significance of inclusive collaborations with partners in both oil palm producing and consuming regions, ensuring representation from multiple stakeholders across the supply chain and affected communities. RSPO has strengthened its partnership with local organisations in producing regions to enhance the inclusion of smallholders, enabling them to engage in the sustainable palm oil supply chain and enhance their livelihoods. Furthermore, RSPO has introduced a dedicated standard specifically designed for independent smallholders. Guntur Cahyo Prabowo emphasizes the necessity for collective action to bridge the gap between the supply and demand of RSPO certified palm oil.

The SMILE program is in line with the "Inclusive Progress" pillar of Apical2030 and the "Smallholder Partnership" pillar of Asian Agri2030. By promoting sustainable and inclusive practices, the SMILE programme aims to create a brighter future for smallholders and their communities.

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About Apical

Apical is a leading vegetable oil processor with an expanding global footprint. Our vertically integrated mid-stream refining and value-added downstream processing makes us an integral supplier that supports the needs of various industries namely food, feed, oleochemicals and renewable fuel, including sustainable aviation fuel (SAF) which enables a great reduction of CO2 emissions.

With integrated assets in strategic locations spanning Indonesia, China and Spain, Apical operates numerous refineries, oleochemical plants, renewable fuel plants and kernel crushing plants. Through joint ventures and strategic partnerships, Apical also has processing and distribution operations in Brazil, India, Pakistan, Philippines, Middle East, Africa, USA and Vietnam.

Apical's growth is built on the foundations of sustainability and transparency, and motivated by our strong belief that we can contribute to a circular economy for a more meaningful impact, even as we continue to grow our business and deliver innovative solutions to our customers.

For more information, please visit www.apicalgroup.com

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 20,000 people. A pioneer of the Indonesian government's Trans-National Government Migration (PIR-Trans) program, Asian Agri currently works with 30,000 Scheme smallholders in Riau and Jambi who operate 60,000 hectares of oil palm plantations, and independent smallholders who manage more than 39,000 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, minimising greenhouse gas emissions. All business units of Asian Agri has the Indonesian Sustainable Palm Oil (ISPO). Currently, all Asian Agri's plantations in North Sumatra, Riau & Jambi provinces and Scheme smallholder plantations in Riau & Jambi provinces have been 100% RSPO (Roundtable on Sustainable Palm Oil) certified. In addition, ISCC (International Sustainability & Carbon Certification) has been achieved by all plantations owned by Asian Agri and the smallholders it supports. The company's operations (CPO mills and KCPS) are ISO 14001 certified, while its Learning Institute and nursery research center in Pelalawan, 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).

About Kao

<https://www.kao.com/global/en/>

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