



PRESS RELEASE

Asian Agri Commits to a Strong Policy on Sustainable Sourcing of Palm Oil

Jakarta, Indonesia, 16 May 2014 – Asian Agri today announced efforts to fortify its policy in responsible sourcing for its supply chain. The policy requires Asian Agri’s independent smallholders and third-party palm oil suppliers to provide legal documentation of its Fresh Fruit Bunches (FFB) sources. This will ensure that the company’s FFB supply comes from legal sources – preventing encroachment of natural forest and protected areas, stopping illegal cultivation activities, and establishing a sustainable supply chain.

“Asian Agri believes that this is a win-win solution for all parties and also encourages other independent smallholders to get certified and ensure that their FFB is acceptable in the international market,” said Kelvin Tio, Managing Director of Asian Agri.

To ensure that all its oil palm FFB are from legal sources, Asian Agri’s suppliers will have to agree to a process to meet legal compliance for their oil palm FFB and Asian Agri will investigate all reports from NGOs and/or public regarding illegal FFB supplied to Asian Agri. The Company commits to take immediate corrective action against any supplier who is found to provide illegal FFB. Any supplier proven to contravene the policy will be suspended immediately. To lift the suspension, the supplier will be required to conduct corrective actions. Should they be found continuing to supply from non-legal sources, a full termination of their agreement with Asian Agri will be issued.

As part of this commitment, Asian Agri has terminated a number of independent smallholders and third-party suppliers – including Tani Bahagia Cooperative, located around Tesso Nilo National Park that have failed to prove the legality of their FFB source (their termination was effective April 2014). This policy is intended to ensure that all FFB received in Ukui mills are all from legal sources.

Since 2011, Asian Agri has provided guidance to many independent smallholders and third-party suppliers about the importance and process of how to obtain a legal status for the land they operate on. Asian Agri and WWF have collectively provided assistance to the Amanah Cooperative to successfully obtaining the first RSPO (Roundtable on Sustainable Palm Oil) certification for independent smallholders in Indonesia.

Protecting and Conserving the Environment

Asian Agri is committed to applying this policy, in order to remove illegal and unknown FFB sources from its supply chain and processing facilities in Indonesia. The company will be continuously refining its due diligence system, in verifying the FFB source, to ensure its compliance with applicable legal requirements. Asian Agri will be seeking support and technical advice from key stakeholders such as WWF-Indonesia and relevant authorities.

Asian Agri has long been a supporter in protecting the environment. The company has been a member of the RSPO since 2006 and will continue supporting its farmers in obtaining RSPO certification, as it works towards being fully RSPO certified by 2018.

In-line with RSPO, Asian Agri is also fully committed to ISPO (Indonesian Sustainable Palm Oil), and targeting to meet the Indonesian government's objective of being fully ISPO certified by 2014.

The company is also one of the largest ISCC (International Sustainability and Carbon Certification) crude palm oil producers in Indonesia, in-line with the EU Renewable Energy Directive Standards.

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Note to Editors:

- Since 2011, Asian Agri has been constantly communicating with its independent smallholders and third-party suppliers regarding the importance of the "legality" of their land status. Having legal documents in place, is not always priority for small holders, as they balance many factors (e.g. overlapping land rights, customary land rights) while trying to provide a decent living for their family. We believe that applying strict legal requirements is the right way forward.
- Asian Agri believes that implementing this commitment can help independent smallholders understand the importance of legal documentation, how to implement sustainable practices, and how to get independent smallholders certified.
- The same process has been implemented by the Amanah Cooperative, which has successfully obtained the first RSPO certification for independent smallholders in Indonesia.
- Asian Agri encourages other independent smallholders to follow the Amanah Cooperative way to get certified to ensure that their FFB accepted in the international market.
- Certification process of RSPO for the Amanah Cooperative was a form of collaboration between WWF and Asian Agri.

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) programme. 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 Centre 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.

Asian Agri's Buatan & Ukui plantations in Riau and Tungkal Ulu & Muara Bulian plantations in Jambi have received the RSPO (Roundtable on Sustainable Palm Oil) certification and also Buatan & Ukui Smallholders in 2012 continued by Tungkal Ulu & Muara Bulian Smallholders in 2013. Asian Agri has managed to achieve ISCC certification for all owned estate and smallholders scheme plantations. As a Mandatory Certification, by 2013 Asian Agri has managed to achieve ISPO Certification for Buatan, Ukui, Tungkal Ulu & Muara Bulian plantations and committed to meet government objective to have fully certified by 2014.

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