



**APICAL SET TO BOOST SMALLHOLDERS'
LAND PRODUCTIVITY WITH NEW-GENERATION SEEDLINGS**

*Crop harvest expected to increase by 50 percent and double overall returns
over the commercial life cycle of the oil palm*

SINGAPORE, 13 MAY 2015 – Apical Group, a processor and trader of palm oil, will work with one of Indonesia's leading oil palm growers Asian Agri, to distribute new-generation seedlings to its smallholders for the replanting of their aging palms, that will see land productivity increase by 50 percent in the new cycle. Initial analysis indicates that the increased harvests will potentially double profit margins.

The development of these seedlings, formed through extensive years of research by the Asian Agri Research Institute, signals both companies' commitment to improve the sustainability of Indonesia's palm oil sector through a greater focus on increasing yields of the country's existing oil palm plantations.

This insight was shared today by President of Apical Group, Dato Yeo How, during his remarks at the 2nd Singapore Dialogue on Sustainable World Resources organized by the Singapore Institute of International Affairs.

Speaking at the panel on "Commodities outlook: Impact of falling prices", Dato Yeo noted that Indonesia's palm oil businesses can adapt to the impact of falling commodity prices without exerting more pressure on land use.

"Low commodity prices are a timely reminder about the importance of constantly improving productivity and cost efficiency. As Indonesia becomes more industrialised, the palm oil industry will face serious labour shortage, higher costs, and greater environmental pressures. Focusing on substantially increasing yields of existing planted areas rather than expanding continuously into marginal land will be a more sustainable way forward," said Dato Yeo.

A successful replanting phase is critical to the subsequent maturity and production of oil palm fruits. Widely recognised as the most efficient oilseed crop in the world, oil palms have an average productive life span of about 25 to 30 years, and start producing fruit bunches 3 years after planting.

With smallholders accounting for almost 40 percent of Indonesia's total palm oil production, Apical recognises the positive impact it can bring to smallholders if they are given assistance to upgrade their agronomic practices and better seedlings for replanting.

This initiative reflects Apical's long-standing belief in engaging all stakeholders throughout its supply chain to bring about meaningful collaboration and effect positive change. It comes on the back of Apical's support for the New York Declaration on Forests at the United Nations Climate Summit in September 2014.

As a founding member of the Business Council for Sustainable Development Singapore and a member of the Roundtable on Sustainable Palm Oil (RSPO), Apical regards forest conservation, food security, and the socio-economic welfare of the local communities and stakeholders as a responsible way of conducting its business.

About Apical

Apical Group Ltd is one of the largest exporters of palm oil in Indonesia, owning and controlling an extensive spectrum of the palm oil business value chain from sourcing to distribution. It is also engaged in the refining, processing and trading of palm oil for both domestic use and international export. Its operations are located in Indonesia and China, and include four refineries, one biodiesel plant, one fatty acid splitting plant and a kernel crushing plant.

Apical's business is built on a reliable and broad sourcing network in Indonesia, while integrating refinery assets at strategic locations in Indonesia and China. These are bolstered by efficient logistic channels supported by Apical's own infrastructure to deliver to a wide range of clients from international trade houses to local industrial buyers.

With its unique business model, Apical has been able to control quality, address sustainability and food safety issues, while running highly efficient operations at its world-class refineries and integrated storage and bulking facilities.

Apical is a founding member of the Business Council for Sustainable Development Singapore since 2012. It is also a member of the Roundtable on Sustainable Palm Oil (RSPO) and the International Sustainability and Carbon Certification (ISCC). In 2014, Apical Group became a signatory to the Sustainable Palm Oil Manifesto and established a sustainable Palm Oil Policy Statement in which Apical is committed to building a traceable and transparent palm oil supply chain. Apical is also a signatory to the New York Declaration on Forests.

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