

## Moving Towards Smallholders Sustainability with a SMILE, a Progress Update 2022

**3 April 2023, Jakarta** – The SMallholder Inclusion for better Livelihood & Empowerment (SMILE) programme, a joint initiative between Apical and Asian Agri, together with their downstream partner, has made significant progress in 2022. SMILE, an initiative focused on promoting inclusion, has brought positive changes to smallholders. The programme has been successful in creating a more inclusive environment for independent smallholders (ISH), allowing them to thrive and succeed.

The lack of support for independent smallholders has become a growing concern in the industry. Independent smallholders in the palm oil industry face significant challenges due to limited expertise and resources. Unlike scheme smallholders who receive technical and financial support from plantation companies, independent smallholders are self-financed and often struggle to compete in the market. Without access to the same resources as scheme smallholders, independent smallholders face difficulties in maintaining their operations and achieving sustainable practices.

As the demand for sustainable palm oil continues to increase, it is crucial that independent smallholders receive the support they need to compete in the market and contribute to the industry's sustainability efforts. SMILE aims to improve the livelihoods of smallholder farmers in Indonesia by providing them with access to training, resources, and RSPO certification.

Peter Setiabudi, Director of Indonesia Operations, Apical Group opened the event with the highlights of the business challenges faced by the downstream industry today, where we identified that farmers in Indonesia, totaling up to 2.74 million households (according to BPS data for 2020) are great partners for companies like Apical, Asian Agri and Kao. Together, we can improve the living standards by providing mentoring support that can help to educate good farming practices, land intensification through Best Management Practices and finally being able to implement sustainability.

"We are delighted to share updates on the progress of the SMILE program," said Bremen Yong, Director of Sustainability, Apical Group, "Since its inception in 2020, the programme has been making a positive impact on the lives of smallholder farmers in Indonesia. For Apical, as one of the largest processors, traceability and certifications our supply chain is key to the industry. This programme has benefitted everyone, and for Apical through this programme, we are assured that we can source certified palm oil."

The SMILE programme has been successful in providing smallholder farmers with access to training on sustainable farming practices and enhancing their yields. The programme aims to pave the way for achieving RSPO certification, thereby promoting sustainable practices in the industry.

In 2022, the SMILE Programme has successfully audited and certified a total of 390 independent smallholders. This achievement is a testament to the programme's commitment to promoting sustainable and responsible practices in the agricultural industry. Of these, 239 are from North Sumatra and 151 from Jambi.

Through rigorous auditing and certification processes, the programme ensures that independent smallholders meet the highest standards of quality and sustainability. By doing so, the programme

helps to protect the environment, support local communities, and promote ethical business practices.

One smallholder who has benefited from the programme is Khairul Anam, Head of Koperasi Konsumen Tebing Tinggi Pangkatan Sejahtera (KKTTPS), Tebing Tinggi Village, Labuhanbatu District, North Sumatera, said: "I would like to thank the SMILE programme for helping us. Through this program, we have received education and training on palm oil cultivation and sustainability solutions in obtaining the RSPO certification, as well as receiving premium once the RSPO certification is achieved." He added that "I hope that through this collaboration, we can continue moving forward and encourage more smallholders to join the SMILE programme."

For Khairul Anam, not only has the programme brought many benefits since he received his first RSPO certification in 2022 such as better yields in the plantation, better management practices to manage the plantation, helps protect the environment, and through better yields and a consistent supply to improve his life. The success of this first phase also has helped KKTTPS in receiving better facilities from the SMILE Programme that also leads to more smallholders interested in joining.

In 2023, SMILE programme aims to:

1. Phase 1: 238 Riau ISHs has been audited in February 2023. Currently, the ISHs are pending RSPO certificate issuance.
2. Phase 2:
  - a. Increase registration of ISH of more than 2,300 farmers
  - b. Target to support RSPO certification for 1,284 ISH by 2023

"We are committed to continuing our efforts to improve the livelihoods of smallholder farmers in Indonesia," said Ivan Novrizaldie, Asian Agri Head of Sustainability. "We believe that by working together, we can make a real difference in the lives of these farmers and their families."

SMILE is part of Asian Agri and Apical's sustainability commitment; AA2030 and Apical2030 which to empowers smallholders by promoting their inclusion in the industry and we are excited to see the positive impact it continues to have on smallholders and their communities.

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### **About Apical Group**

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 food, feed, oleochemicals and renewable fuel needs across industries.

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 make a more meaningful impact even as we continue to grow our business and deliver innovative solutions to our customers.

### **About Asian Agri**

Asian Agri is one of Indonesia's largest palm oil producers. Found 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 of approximately 40,000 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. 100% 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).

For more information, please visit the Asian Agri website: <https://www.asianagri.com/en/>

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