



Contact: communications@proforest.net

RELEASE: Major industry players and government announce collaboration to drive sustainable palm oil production in Siak District, Riau, Indonesia

Agreement for collaboration between Siak District government, international palm oil purchasing and consumer goods companies - Cargill, Danone, Musim Mas, Neste, PepsiCo, Sinar Mas Agribusiness and Food, Unilever and CORE (Proforest and Daemeter) drives efforts for sustainable oil palm production in the region.

4 July 2019

Otonomi Expo, Jakarta, Indonesia

Siak government, together with a coalition of companies comprising Cargill, Danone, Musim Mas, Neste, PepsiCo, Sinar Mas Agribusiness and Food, and Unilever, as well as Daemeter and Proforest, today announced a collaboration to implement a new landscape program. The announcement was made during the Otonomi Expo of the Association of Indonesian Districts (Apkasi), where special attention was given to regional competitiveness of districts in their readiness to achieve the Sustainable Development Goals.

The private sector coalition will support the Siak Green District Initiative in its efforts to achieve sustainable palm oil, aligning the delivery of their palm oil sourcing commitments with the development goals of the District. Specific objectives of the collaboration include the development of a multi-stakeholder platform as a mechanism for discussion and alignment, as well as driving deforestation-free supply chains that support local communities and empower smallholders, in line with the Siak Green District vision and policy framework.

With this kind of new collaboration to deliver a joint vision of a Green Siak district, we hope that all communities, NGOs and private sector do have concern for the environment, particularly on peatland and forest area so fire will not happen again".

(Drs. H. Alfedri, Head of Siak District)

The Siak District in the Riau province of Indonesia is a long-established palm oil production area, with significant numbers of independent smallholder producers. The district is home to important social and environmental values, many of which have been adversely affected by agricultural expansion in the past. The District's independent smallholders need support to move toward responsible palm oil production, and its remaining protected areas such as Giam Siak Kecil Biosphere Reserve and Zamrud National Park would benefit from enhanced, long term protection. These factors have motivated diverse stakeholder groups in the district to unite to take action.

Notable efforts to achieve a sustainable landscape that balances production and protection goals in Siak

have been in place since 2017. The Siak District Government – in collaboration with the NGO coalition Sedagho Siak – has adopted the concept of a ‘**Siak Green District**’. This commits them to pursuing a balance between environmental conservation and improving the economy for the benefit of local people. Siak District is championing the Green District Initiative as one of the founders and partners of the Sustainable District Platform or Lingkar Temu Kabupaten Lestari (LTKL). LTKL is a collaborative partnership to promote formation of sustainable jurisdictions.

Meanwhile, companies producing and purchasing palm oil from the region are increasingly pursuing deforestation-free supply chains that respect workers’ and human rights, and contribute to improving the livelihoods of smallholder farmers. These commitments are often referred to as NDPE: no deforestation, no peat and no exploitation. Companies with NDPE commitments have begun working with their suppliers to trace their supply to the farm level, identify risks on the ground and take action to mitigate these risks. However, experience to date has shown that most sustainability challenges are shared by many suppliers and cannot be solved by individual companies alone. This has led companies to recognize that collaboration with government and other parties is necessary and desirable to achieve responsible production at scale.

Building on these landscape ideas, a coalition of seven companies comprising Cargill, Danone, Musim Mas, Neste, PepsiCo, Sinar Mas Agribusiness and Food and Unilever, and facilitated by Daemeter and Proforest¹, came together to support and strengthen implementation of the Siak Green District Initiative. The companies, in partnership with LTKL, Sedagho Siak, and Climate and Land Use Alliance (CLUA), are working together to build a road map to support the transformation towards sustainable palm oil in the Siak District.

“Daemeter and Proforest have worked closely throughout this challenging, exciting process to build common ground among diverse interests of the Coalition member companies, and to lay foundations for long-term collaboration with Siak District government and other local partners. Throughout this process, we have been deeply impressed by the sustained commitment of Coalition members and local partners to talk openly and constructively, to take risks, and to move from theory to practice in collaborative landscape approaches. The Siak program holds significant potential. It’s been a privilege to support the program, and we look forward to its future successes.” – Gary Paoli, CORE (Daemeter and Proforest)

¹ Also referred to as CORE – the Consortium of Resource Experts

ABOUT THE PARTIES

Cargill

Cargill's 155,000 employees across 70 countries work relentlessly to achieve our purpose of nourishing the world in a safe, responsible and sustainable way. Every day, Cargill connects farmers with markets, customers with ingredients, and people and animals with the food they need to thrive. Cargill combines 153 years of experience with new technologies and insights to serve as a trusted partner for food, agriculture, financial and industrial customers in more than 125 countries. Side-by-side, they are building a stronger, sustainable future for agriculture.

Danone

Dedicated to bringing health through food to as many people as possible, Danone is a leading global food & beverage company built on three businesses: Essential Dairy and Plant-Based Products, Waters, Specialized Nutrition. Danone aims to inspire healthier and more sustainable eating and drinking practices, in line with its vision - Danone, One Planet, One Health- which reflects a strong belief that the health of people and the health of the planet are interconnected. Building on health-focused categories, Danone commits to operating in an efficient and responsible manner to create and share sustainable value. Danone holds itself to the highest standards in doing business, as reflected by its ambition to become one of the first multinationals certified as B Corp. With products sold in over 120 markets, Danone generated sales of € 24.7 billion in 2018.

PT Musim Mas

Headquartered in Singapore, Musim Mas Group ("Musim Mas") is a private limited company with a presence in 13 countries. We operate across every link in the palm oil supply chain, managing 194,204 hectares of plantations in Indonesia – including 7,170 hectares of infrastructure – as well as milling, refining and manufacturing sites across Asia-Pacific and Europe.

Musim Mas strives to conform to the most stringent sustainability standards. We have been active members of the Roundtable on Sustainable Palm Oil (RSPO) since its inception in 2004, and the RSPO standard is embedded at the core of our strategy for sustainable oil palm cultivation. We have been independently verified against the Palm Oil Innovation Group (POIG)'s leading criteria for responsible Palm Oil production in 2019.

Neste

Neste (NESTE, Nasdaq Helsinki) creates sustainable solutions for transport, business, and consumer needs. Our wide range of renewable products enable our customers to reduce climate emissions. We are the world's largest producer of renewable diesel refined from waste and residues, introducing renewable solutions also to the aviation and plastics industries. We are also a technologically advanced refiner of high-quality oil products. We want to be a reliable partner with widely valued expertise, research, and sustainable operations.

Sustainability is an integral part of our strategy. It is also integrated into our values that guide everything we do. All palm oil used by Neste has been fully traceable all the way to the plantation level since 2007, and 100% certified since 2013. We source palm oil only from carefully selected suppliers and from known and documented sources.

PepsiCo

PepsiCo products are enjoyed by consumers more than one billion times a day in more than 200 countries and territories around the world. PepsiCo generated more than \$64 billion in net revenue in 2018, driven by a complementary food and beverage portfolio that includes Frito-Lay, Gatorade, Pepsi-Cola, Quaker and Tropicana. PepsiCo's product portfolio includes a wide range of enjoyable foods and beverages, including 22 brands that generate more than \$1 billion each in estimated annual retail sales.

Guiding PepsiCo is our vision to Be the Global Leader in Convenient Foods and Beverages by Winning with Purpose. “Winning with Purpose” reflects our ambition to win sustainably in the marketplace and embed purpose into all aspects of the business. For more information, visit www.pepsico.com

Sinar Mas Agribusiness and Food

Sinar Mas Agribusiness and Food operates with a total planting area in Indonesia reaching more than 500,202 hectares (including plasma smallholders) as at 31 March 2019, located in Indonesia. It has integrated operations focused on the production of palm-based edible oil and fat.

Focus on sustainable palm oil production, its primary activities in Indonesia include cultivating and harvesting of oil palm trees; processing of fresh fruit bunch into crude palm oil (CPO) and palm kernel; refining CPO into value-added products such as cooking oil, margarine, shortening, biodiesel and oleochemicals; as well as merchandising palm products throughout the world. It also has operations in China and India including a deep-sea port, oilseeds crushing plant, production capabilities for refined edible oil products as well as other food products such as noodles.

In Indonesia, all Golden Agri-Resources’ (GAR’s) palm oil related businesses operate under the Sinar Mas Agribusiness and Food brand. Outside of Indonesia, the majority of GAR-owned entities operate under the GAR brand. When talking about GAR’s total business interests in Indonesia, Sinar Mas Agribusiness and Food is used.

Founded in 1996, GAR was listed on the Singapore Exchange in 1999 and has a market capitalisation of US\$2.6 billion as at 31 March 2019. Flambo International Limited, an investment company, is currently GAR’s largest shareholder, with a 50.35 percent stake. GAR has several subsidiaries, including PT SMART Tbk which was listed on the Indonesia Stock Exchange in 1992. GAR is focused on responsible palm oil production.

For more information about Sinar Mas Agribusiness and Food, visit www.smart-tbk.com

Unilever

Unilever is one of the world’s leading suppliers of Beauty & Personal Care, Home Care, and Foods & Refreshment products with sales in over 190 countries and reaching 2.5 billion consumers a day. It has 161,000 employees and generated sales of €51 billion in 2018. Over half (59%) of the company’s footprint is in developing and emerging markets. Unilever has more than 400 brands found in homes all over the world, with popular brands in Indonesia including Pepsodent, Lux, Lifebuoy, Dove, Sunsilk, Clear, Rexona, Vaseline, Rinso, Molto, Sunlight, Wall’s, Royco, Bango and more.

Since 2010 we have been taking action through the Unilever Sustainable Living Plan to help more than a billion people improve their health and well-being, halve our environmental footprint and enhance the livelihoods of millions of people as we grow our business. While there is still more to do, we are proud to have been recognised in 2018 as sector leader in the Dow Jones Sustainability Index and as the top ranked company in the Globecan/SustainAbility Global Corporate Sustainability Leaders survey, for the eight-consecutive year.

For more information about Unilever and its brands, please visit www.unilever.com.

For more information on the USLP: www.unilever.com/sustainable-living/

Lingkar Temu Kabupaten Lestari (LTKL) / Sustainable Districts Association

Lingkar Temu Kabupaten Lestari ((LTKL) is a collaboration forum established and managed by the district governments to better implement sustainable development. LTKL was established by 8 district governments

in July 2017. By February 2019, LTKL has 11 district members in 8 Indonesian provinces and operates alongside the Association of Indonesian District Governments (APKASI). Through LTKL, district members are supported to design and implement development scenario which balances economic, social, and environmental aspects through multi stakeholders collaboration within each district and among the district members. As a forum, LTKL also seeks to connect the needed support from national and global development partner networks and stakeholders, including civil society, academics, and private sector to achieve districts sustainable development.

For more information about Lingkar Temu Kabupaten Lestari, visit www.kabupatenlestari.org

Daemeter

Daemeter is a leading independent consulting firm that focuses on promoting sustainable development through responsible and equitable management of natural resources. Providing services to forestry, agriculture, finance, energy, mining and the international development sectors, our clients span multinational business, NGOs, governments, and research organizations. Daemeter is headquartered in Indonesia, with offices in USA and projects mainly across Asia Pacific. Daemeter team comprises advisors, technical experts, field, staff and project managers, with decades of combined experience across a range of disciplines. With a diverse, multinational team, Daemeter applies international standards of best practice within limitations imposed by national contexts, stakeholder concerns, and local operating conditions.

Proforest

Proforest is a not-for-profit group that works with governments, producers and other private sector partners, as well as civil society organisations and NGOs to help manage and source natural resources sustainably. This includes work with production and supply chain companies globally, to support responsible smallholder development across agricultural commodity sectors. Proforest provide the secretariat for the SHARP Programme, which brings together the private sector in collaboration with other stakeholders including financial institutions, governments, NGOs and smallholders themselves. Through the SHARP Programme Proforest are developing tools to support smallholder capacity development. For example, the Responsible Sourcing from Smallholder approach and a simplified HCV tool for smallholders.