

REA signs agreements with cooperatives in furtherance of the SHINES Programme for smallholders (SmallHolder INclusion for Ethical Sourcing)

Empowering Livelihoods Through Partnerships: PT REA KALTIM PLANTATIONS Strengthens Commitments to Smallholders and Communities with SHINES

Balikpapan, Indonesia, February 6, 2025 — PT REA KALTIM PLANTATIONS (REA) continues to expand its commitment to empowering smallholders and communities by strengthening strategic partnerships to improve livelihoods and ensure sustainable palm oil production. Today, REA has formalised two significant agreements by signing a Memorandum of Understanding (MOU) for the SmallHolder INclusion for Ethical Sourcing (SHINES) Programme, along with another MOU for the SHINES-Koltiva project, involving five cooperatives surrounding REA's operations. These agreements emphasize their commitment to fostering sustainable and inclusive growth within the palm oil industry.

Strengthening Community and Smallholder Initiatives

For years, REA has actively supported community development through a range of initiatives designed to improve economic resilience, enhance access, and promote sustainable agricultural practices. Among REA's key efforts include:

- **Community Training and Skill Development:** REA has conducted various training programmes to assist local communities, including motorcycle repair training for youth, teacher training initiatives, and community-based programmes centred on economic empowerment. These efforts equip individuals with essential skills, aiding in the enhancement of livelihoods and the creation of sustainable income opportunities.
- **Smallholder Capacity Building:** Through ISPO and RSPO certification training, REA has assisted smallholders in navigating the complexities of sustainable certification by providing training on sustainable agricultural practices and replanting programs, among others, ensuring they meet industry standards.
- **Scholarship and Educational Support:** REA offers scholarships to students in nearby communities, alleviating the financial strain on families and promoting access to quality education. They also organise scholarship awareness programmes to ensure that youth surrounding their operations are aware of higher education opportunities in the palm oil industry.

These initiatives exemplify REA's long-standing commitment to improving livelihoods and promoting economic resilience. REA further reinforces its smallholder initiatives through formalised partnerships as an extension of their broader efforts.

Strengthening Smallholder Livelihoods through SHINES

One of the key initiatives under REA's smallholder empowerment strategy is the SmallHolder INclusion for Ethical Sourcing (SHINES) Programme. The SHINES Programme, launched by REA in collaboration with corporate partners on 10 Oct 2024, aims to address the challenges that independent smallholders (ISHs) face in meeting evolving regulatory and market requirements to achieve compliance with the European Union Deforestation Regulation (EUDR) and secure RSPO certification, ensuring they remain integral to the global sustainable palm oil supply chain.

SHINES adopts a holistic approach to achieving regulatory compliance while fostering inclusivity, forest conservation, and improved livelihoods for smallholders.

To formalise this commitment, REA signed an MOU with Koperasi Perkebunan Belayan Sejahtera, Korperasi Perkebunan Gotong-Royong, Korperasi Perkebunan Tunas Harapan, Korperasi Perkebunan Bina Wana Sejahtera and Korperasi Karya Penoon, marking an important step in supporting 600 independent smallholders in Kutai Kartanegara, East Kalimantan.

Through SHINES, these smallholders will gain access to training, technical support, and sustainable agricultural practices. Additionally, once EUDR regulations come into effect by the end of this year, participating farmers is expected to receive market incentive for compliance, improving their economic opportunities.

Expanding Support Through Training and Traceability Initiatives

Alongside the SHINES MOU, REA entered into a second agreement with the same five cooperatives to establish a structured support program for SHINES in partnership with Koltiva, a leading agritech company specialising in supply chain traceability. In this collaboration, Koltiva will offer extensive training for smallholders, providing them with essential skills such as polygon mapping, implementing traceability systems, adopting sustainable good agricultural practices (GAPs), and helping them secure Surat Tanda Daftar Budidaya (STDB). This initiative will not only help farmers in fulfilling regulatory obligations but also boosting their productivity and sustainability in the long term profitability.

A Collaborative Approach to Sustainability

Speaking at the signing ceremony, Dr. Bremen Yong, REA's Group Chief Sustainability Officer, stated:

"Our long-standing commitment to smallholders and communities extends beyond mere compliance. We focus on securing their future in a rapidly evolving industry. By strengthening partnerships with cooperatives and experts like Koltiva, we ensure that smallholders are not left behind. These agreements represent more than just documents; they reflect a collective vision of sustainable growth, economic empowerment, and inclusivity."

Taufik, Acting Head of the Department of Cooperatives and SMEs in Kukar, added, *"We fully support PT REA KALTIM PLANTATIONS' efforts in advancing cooperatives and independent oil palm farmers. Cooperatives and independent oil palm farmers are part of the SMEs (small and medium enterprises) sector, which is a key focus of various government agencies."*

The signing of this Memorandum of Understanding is part of the sustainability process through the SHINES program, ensuring that independent oil palm farmers near PT REA KALTIM PLANTATIONS are further empowered, with their production being able to reach the European Union and other global markets.

We hope that all parties involved will uphold their commitment to this agreement so that the farmers can truly 'shine.' The government is ready to support and collaborate with PT REA KALTIM PLANTATIONS and the cooperatives involved. We will use today's initiative as an example for other companies to follow."

Suhartono, Acting Subdistrict Head of Kembang Janggut, also stated, *"We fully support the initiatives undertaken by PT REA KALTIM PLANTATIONS. Hopefully, this programme will assist farmers and cooperatives in obtaining certification schemes recognised in global markets."*

With the signing of the MOU, the SHINES Programme will officially commence its activities in early 2025, including but not limited to mapping smallholder lands, capacity building and assisting smallholders with legal documentation for the RSPO and EUDR certification process.

SHINES will monitor progress using measurable outcomes, including the number of smallholders certified, hectares of forest protected, and increased market incentive for sustainable palm oil.

Over the next three years (2025–2027), the SHINES programme aims to support certification processes, promote sustainable GAPs practices, protect biodiversity, and safeguard local forests. Ultimately, it aims to foster inclusivity by empowering smallholders and providing economic resilience across our supply chain.