

REA launches SHINES – supporting smallholders in sustainable palm oil production



Empowering Smallholders through Shared Responsibility with the launch of the SmallHolder INclusion for Ethical Sourcing (SHINES) Programme

Indonesia, as the world's largest palm oil producer, relies on smallholders for 41% of its production, which significantly contributes to the country's 59% share of the global output. With evolving regulations and standards aimed at combating climate change and deforestation, there is a heightened sense of urgency for companies and governments to ensure that the necessary measures are taken to align with these changes. PT REA KALTIM PLANTATIONS (REA) and its corporate partners are aware that independent smallholders (ISHs) face considerable challenges in carrying out their day-to-day operations while striving to improve their yield and concurrently comply with increasingly stringent regulations. As a result, the ISHs may be increasingly excluded from the palm oil supply chain due to the lack of capacity and resources to adhere to the upcoming regulations, thus resulting in lower productivity and profitability.

In response to this issue, REA and its partners are launching a new programme called SHINES (SmallHolder INclusion for Ethical Sourcing), to be implemented from 2025 to 2027. The SHINES programme aims to drive transformative changes in the palm oil industry by embracing shared responsibility and fostering inclusivity across the value chain.

Through collaboration between REA and the corporate partners, SHINES is committed to empowering smallholders by adopting an inclusive approach to achieving regulatory compliance and meeting market requirements such as the European Union Deforestation Regulation (EUDR). This will involve providing technical training, transferring knowledge, and enhancing capacity and skills to improve sustainable good agricultural and best management practices in accordance with relevant regulations and standards. “For independent smallholders, regulatory compliance can seem like an overwhelming hurdle. SHINES addresses this by equipping them with the skills and knowledge needed to meet evolving regulations, such as the EUDR. RSPO is proud to support initiatives like SHINES that embrace our shared responsibility in achieving our vision of sustainable palm oil production, while safeguarding the livelihoods of smallholders and enhancing their role in the supply chain.” Joseph D'Cruz, CEO of RSPO.

The programme targets bringing relevant stakeholders along REA's supply chain, from independent smallholders and FFB processors (by REA) to refineries and FMCG companies, to ensure that at least 600 independent smallholders in the vicinity of REA's plantations in the Kutai Kartanegara district of East Kalimantan are achieving EUDR-compliance and RSPO-certification, progressively by 2027.

The SHINES programme goes beyond regulatory compliance by taking a holistic approach. It aims to safeguard and preserve surrounding forests, protect natural ecosystems, and improve biodiversity connectivity in the landscape. This is achieved by promoting sustainable agricultural practices. The collective efforts of REA and the corporate partners will also work towards nurturing the community's livelihoods by supporting the premiums they receive from oil palm off-taking. Dr. Bremen, chief sustainability officer of REA, stated, "Smallholder inclusion is key to sustainable development. SHINES presents a strong business case that unites stakeholders together to drive positive changes across the value chain".

SHINES was developed based on four key focus areas: ensuring EUDR compliance and RSPO certification for 600 ISHs, collaborating with smallholder communities to protect forest beyond concession spanning approximately 10,000 hectares, and implementing livelihood community programmes in 6 target villages.

As part of the launch event, a fireside chat was held to address the challenges of EUDR compliance for smallholder farmers. RSPO, REA, Control Union and the corporate partners shared their perspectives on how companies can support smallholders adapting to evolving regulatory requirements while sustaining productivity and profitability. The SHINES programme creates an enabling environment that allows smallholders to remain integral to the global sustainable palm oil supply chain.

The launch of SHINES between REA and the corporate partners marks the beginning of a meaningful collaboration among palm oil supply chain actors. Luke Robinow, president director of REA, stated, "The SHINES Programme represents a significant step forward in our efforts to develop a palm oil industry that is both sustainable and inclusive. Through collaboration with our partners and smallholder farmers, we aim to promote inclusivity and make a positive impact on the environment and the communities that depend on oil palm cultivation for their livelihoods."