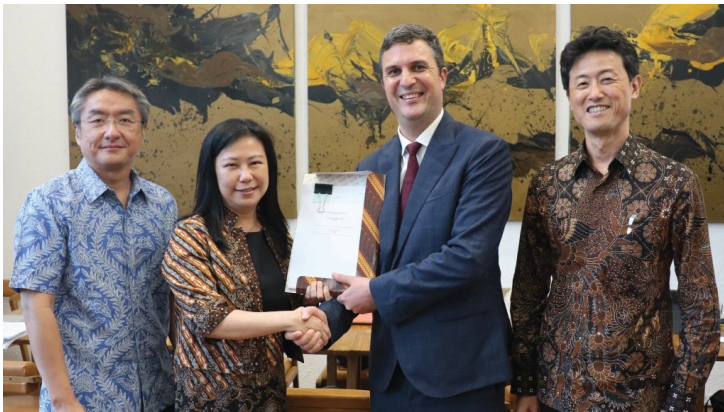


## ADB, DSNG sign sustainability-linked loan to support agroforestry in Indonesia

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The Asian Development Bank (ADB) signed a \$15 million loan facility with PT Dharma Satya Nusantara Tbk (DSNG) to help the company expand sustainable wood processing, rural livelihood development, and climate-resilient agroforestry in Java, Indonesia.

The ADB proceeds will finance capital expenditure to implement energy-efficient and water-saving processes, and procurement of cultivated native Indonesian Sengon and Jabon trees. Farmed native trees can be a sustainable alternative to natural timber, preventing deforestation and supporting biodiversity.

DSNG sources timber from Central, East, and West Java. The majority of Sengon and Jabon trees are cultivated by smallholder farmers and intercropped with various other crops including coffee, corn, and rice. As well as enabling the utilisation of otherwise unproductive land, intercropping trees with food crops can reduce erosion, enhance soil health, and in many cases improve crop yields.

“The region faces increasing climate shocks, impacting livelihoods, food, water, and health for millions of people with women disproportionately affected,” said ADB’s Private Sector Operations Department Senior Investment Specialist Carine Donges. “ADB’s assistance will promote sustainable and inclusive agroforestry, preventing deforestation and supporting biodiversity, while demonstrating how the private sector can improve rural livelihoods and climate resilience through innovative sourcing models and by providing training to farmers.”

A \$500,000 technical assistance grant administered by ADB will provide capacity building in climate-resilient agricultural practices for complex agroforestry systems and financial literacy to about 4,000 farmers, at least 1,200 of them women.

As a sustainability-linked loan, this financing demonstrates ADB's and DSNG's commitment to a low-carbon and climate-resilient future. It is DSNG's first sustainability-linked financing, with adjustments in pricing upon achieving pre-defined annual sustainability targets, including training farmers to obtain forest management certification from the Forest Stewardship Council. The sustainability-linked loan has received an independent second-party opinion, consistent with industry principles.

"Sustainability is embedded in how DSNG runs its business, and we are constantly driving ourselves to achieve value and positive impacts. This sustainability-linked loan with ADB dovetails with our vision to be a business that is responsible for our people, our planet and our common prosperity," said Jenti Widjaja DSNG Director. "By incorporating sustainability metrics through key aspects of our business, from our supply chain and operations to financing, we aim to strengthen the alignment between creating value and delivering positive impacts for all of our stakeholders in our wood business."