



PT Astra Agro Lestari Tbk



PROGRESS REPORT ON **SUSTAINABILITY**

FIRST QUARTER **UPDATE 2021**

INTERNAL EVALUATION OF THE IMPLEMENTATION OF 3 YEAR ACTION PLAN

Astra Agro experienced a tough year in 2020 which presented us with many challenges due to the Covid-19 pandemic. Due to the restrictions imposed by the Covid-19 pandemic, our team had to develop alternative means to ensure that we continue to implement our Sustainability Policy as planned, all the while ensuring that the health and safety of our workers is the top priority.

2020 is the final year of the implementation of our 3-Year Action Plan. Since the end of 2020, we have been engaging with CORE to conduct in depth assessments of our 3-Year Action Plan's implementation covering both our accomplishments as well as areas where our performance still require improvements. At the end of the project, the recommendations for the next Action Plan will be generated from this assessment. The evaluation of our 3-Year Action Plan activities is expected to be completed in June 2021.

In the first quarter of 2021, a routine national assembly was held during the early part of the year involving all sustainability team members from all of Astra Agro's subsidiaries, with the aim being to formulate a strategy for the implementation of work programs and strengthening our internal foundation. There were two main objectives with the first being (1) updates on the national and global palm oil industry covering the latest sustainability issues, updates on the latest regulations, and developments in the global palm oil market in which various relevant speakers were present. The second area of importance was (2) the formulation of a work program implementation strategy for 2021, in which all team members were given the opportunity to present creative ideas and methods for implementing programs on the field based on their previous experiences. This includes the sharing of experiences in implementing certain work programs in particular regions such as the development of an independent MPA through a multi-stakeholder cooperation approach and riparian river restoration which also involves multiple stakeholders. The sharing of experiences is very effective, especially with regard to activities that have gone on to become success stories as these can then serve as models for development in other areas.



HCV UPDATES

Review of our HCV management system

In line with our ongoing HCV reassessment, we also conducted a review of our HCV Management and Monitoring system with CORE. This review was for the purpose of fine-tuning the management of the updated common guidance as well as processing inputs from experts/specialists in HCV-HCS Management and Monitoring. The review was conducted in two subsidiaries, namely the Singkil Site and the Penajam Site which were selected based on the landscapes' complexities and their respective biodiversity.

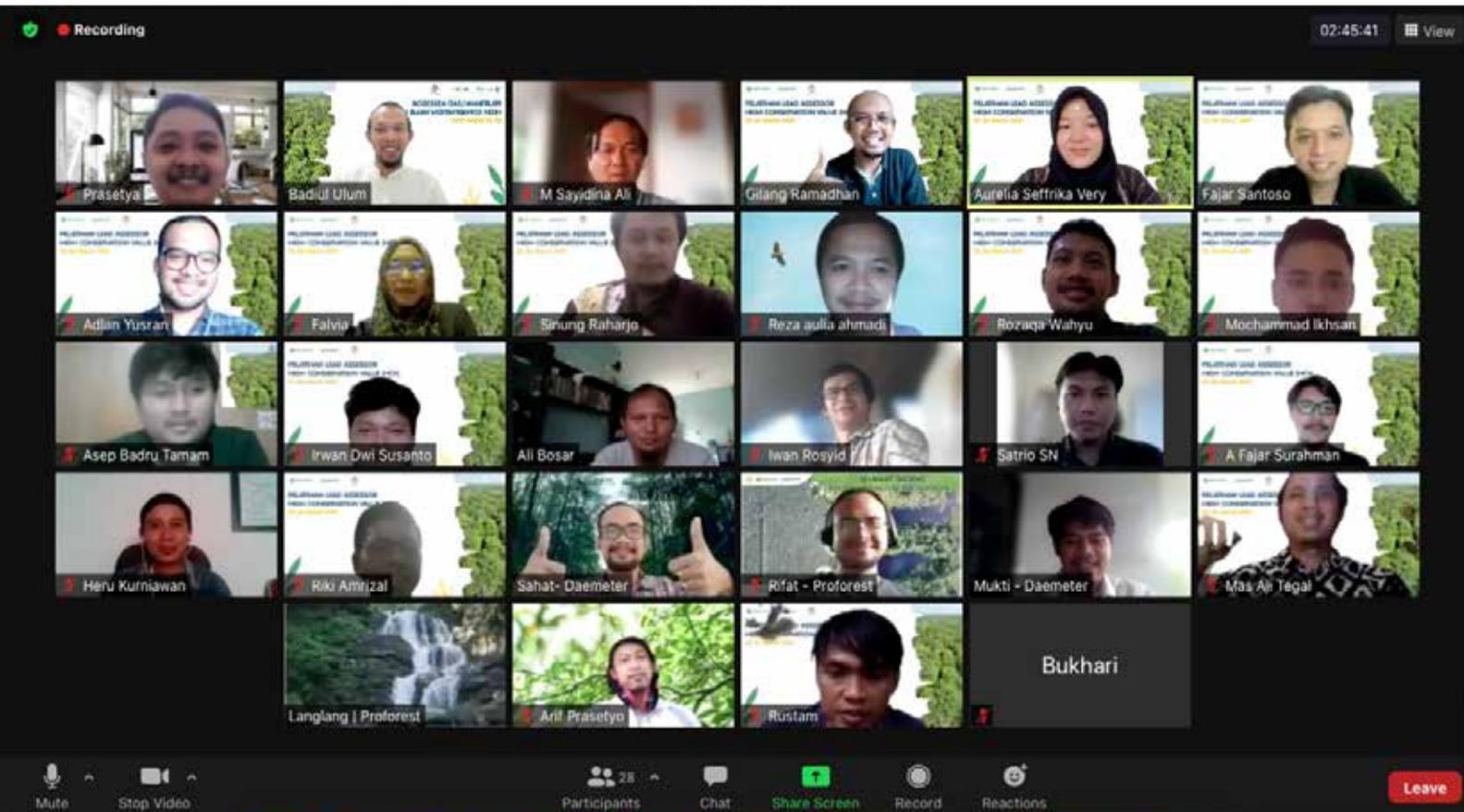
Our initial plan and activities were carried out in mid-2020 by way of document reviews and field visits. However, because of the Covid-19 pandemic, we were forced to adjust our activities schedule to suit the existing conditions leading to the reviewing stage of our plan being conducted remotely which was completed in the Q1 2021 period. This entire process consisted of assessing the management and monitoring SOPs to serve as the standard for conservation area management, the reporting of field activities and other supporting documents, and the conducting of deep interviews with practitioners in the field.

HCV Lead Assessor Training

We conducted the HCV lead assessor training in March 2021. This training was originally planned to be done last year, but we were forced to postpone due to the start of the Covid-19 pandemic (<https://www.astra-agro.co.id/wp-content/uploads/2020/09/Sustainability-progress-report-Q2-2020.pdf>). CORE decided to facilitate the training required via online means while still referring to the provisions of the HCVN.

This particular training is one of our strategies for increasing the capacity and competency of the team who are trained in HCV management as well as part of our efforts to ensure that HCV assessments are carried out in accordance with HCVN standards. The training is conducted according to the standard syllabus for HCV Assessor Training Courses from HCVN ([A-Training-Syllabus-Nov.pdf](#) (hcvnetwork.org)).





HCV ALS online training

FIRE PREVENTION

The dynamics of rainfall in the first quarter of 2021 were recorded to be quite sharp in several regions in Indonesia. Based on monitoring by the Meteorology, Climatology, and Geophysics Agency (www.bmkg.go.id), a decrease in rainfall (<50 mm) occurred from February to mid-March in the Riau and Aceh regions, and increased again towards the end of March 2021 (> 100 mm). We always ensure that all of our subsidiaries are prepared to adapt with changing climates. As a result of our preparations and alertness, no fire spots were found in the concessions.

Community Cares about Fire (Masyarakat Peduli Api/MPA)

To date, we have established 88 MPA groups with 17 having already become independent MPAs with self-sufficiency from both a technical and financial standpoint. As of Q1 2021, there was no records of fire spots in villages where MPA teams are present.



Multi-stakeholder Initiatives

In the wider landscape, the issue of recurring fires in local community areas necessitates a multi-stakeholder approach in which the relevant knowledge brought by each participating party can be used to develop more efficient strategies for identifying the root causes of these fires and developing a comprehensive solution

These multi-stakeholder initiatives were developed in six subsidiaries spread across four provinces, namely Riau, South Kalimantan, East Kalimantan, and Central Sulawesi, all of which are known to be fire prone. In this report, we would like to highlight in which we used a multi-stakeholder approach model to study cases of repeat wildfires in the landscape of the Hulu Sungai Selatan District of South Kalimantan. These multi-stakeholder initiatives involved the surrounding smallholder communities, plantation companies, and local governments with a focus on the landscape of the South Hulu Sungai-South Kalimantan district, covering an area of \pm 5,000 ha. This initiative is still in its early stages. We conducted a baseline study on the makeup of the landscape and the socio-cultural complexity of the area.

Based on the preliminary results, the area we covered is located between two different watersheds, namely Barito River and Nagara River. Agricultural land that is used by the community becomes a stretch of inundation during the rainy season and drought during the dry season. Therefore, the agricultural system used is seasonal agriculture and is highly dependent on natural conditions; horticultural cultivation can only be done during the dry season because during the rainy season, the land conditions are less than ideal due to the lands being submerged in water. The social structure of the community there consists of three seasonal farming communities composed of 176 farmers from Pandak Daun, Pakan Dalam, and Paramian. Unfortunately, the local agricultural patterns continue to exhibit land clearing by way of burning.

As of this report, our study on the cultural complexity of the area and its people is still on going as we realize the need for us to engage with more parties so as to obtain all the necessary information to better understand the area before moving on to an in depth analysis of the entire landscape.



PEAT MANAGEMENT

We monitored all the parameters of sustainable peat management in accordance with government requirements and regulations. For this purpose, we conducted training on monitoring and operations of peat monitoring tools for our monitoring team in the field, so that the monitoring process of all parameters can be carried out correctly. The workforce behind our water management system on the ground is supported by a well-structured team with different responsibilities which includes analytical staff, supervisors, and field workers.

RESPONSIBLE CPO SOURCING

Traceability of CPO Supply Sources

In the Q1 2021 period, all CPO supply sources were 100% traceable and originated from 38 mills (19 internal and 19 external). Details of the list of supplier names can be found at <https://www.astra-agro.co.id/sustainability/supplier-list>

Table 1 Number of CPO Suppliers supplying our refineries during Q1 2021

SUPPLIER DESTINATION						
Suppliers	Refinery			Trading	Trading & Refinery	Total Suppliers
	Kreasi Jaya Adhikarya	Tanjung Sarana Lestari	Tanjung Bina Lestari			
Internal	6	13	0	0	0	19
External	2	0	0	15	2	19
Total						38

Supplier Support Program

We continue to provide support program to suppliers in accordance with their needs In the first quarter period of 2021,

all of our suppliers have completed their self-assessment of the implementation of sustainability principles using the sustainability assessment tool (SAT). We further assist and mentor suppliers who have difficulties in meeting the criteria and indicators. Assistance is provided in the form of input related to documents that need to be provided, as well as offering technical workshops/training related to greenhouse gas mitigation, management of HCV / HCS areas, etc.

It was through this mentoring process during the Q1 period that we found an increase in positive results for several assessment criteria, especially in the criteria for mitigating GHG emissions, wherein several suppliers have developed SOPs related to the inventory of emission sources, calculation of GHG emissions, and GHG mitigation. This is achieved by comparing the results of the initial SAT assessment with the supplier's efforts and progress in filling in the gaps in their operations. The improvements made by suppliers show their efforts in implementing sustainability principles in their companies.

For Q1 2021, we provided assistance to two suppliers in Riau and Jambi in preparation for ISPO certification.

With regard to the first supplier, we have been providing assistance to them since 2019, where we routinely monitor their progress in meeting the required sustainability principles. At the start of mentoring, the supplier was able to meet the ISPO certification requirements with a compliance rate of 60% and was left with 106 gaps that had to be met. Through online consultations and meetings, we routinely monitored the progress of the supplier in fulfilling these gaps until this first quarter period when suppliers conduct ISPO stage one audits. The supplier in question was able to achieve a score of 93.41% on the assessment indicators and now only have 26 gaps to rectify.

As for the second supplier, the assistance we provide helps the supplier measure and determine their readiness for their ISPO certification process. We conducted an online mentoring process in collaboration with CORE through document assessment methods, video recordings, and live broadcasts for the process of field visits and interviews with related parties. The results we found show that the supplier's compliance level with the necessary sustainability principles is below 50% which no doubt requires further improvements with regard to several aspects. However, during the mentoring process, the suppliers showed their commitment to fulfilling the principles of sustainability and were committed to gradually filling the gaps they found.



Analysis of the Potential Risks of Third Party Suppliers

Based on the findings and verifications conducted in Q1 2021, there were no violations committed by direct suppliers in our supply chain or by subsidiaries affiliated in our supplier parent groups. For more detail, the list of complaints and their handling can be seen at: <https://www.astra-agro.co.id/sustainability/grievance-list>.

FFB SOURCING & **SMALLHOLDERS INCLUSION**

Traceability of FFB Supply

Our FFB traceability for this quarter is composed of 45% sourced from nucleus estates, 5% sourced from associated plantations and 50% sourced from third party/independent suppliers. Overall, we have achieved a total FFB traceability of 87%, an increase of 3% in comparison to what was achieved in Q4 2020 with the addition of ± 4,500 smallholders. In total, the number of traceable smallholders (association & independent smallholders) amounts to ± 48,500.

Internal Team Capacity Building

In order to strengthen the capacity of our field team so that they are capable of properly disseminating the implementation of sustainability principles towards smallholders through various stages, we conducted a refresher and reinforcement of material regarding the general aspects of sustainability through an online webinar. We also specifically discussed the new ISPO scheme, principles, and criteria that are in accordance with Ministry of Agriculture No. 38/2020.

Support Program for FFB Suppliers

We continue our support program for smallholders by providing them with access to infrastructure, microfinance various kinds of training and coaching programs as well as operational assistance to improve smallholders' capabilities in managing their plantations for improved productivity and in accordance with sustainable management practices.



In summary, the number of smallholders participating in each stage of program based on their needs can be seen in figure 1

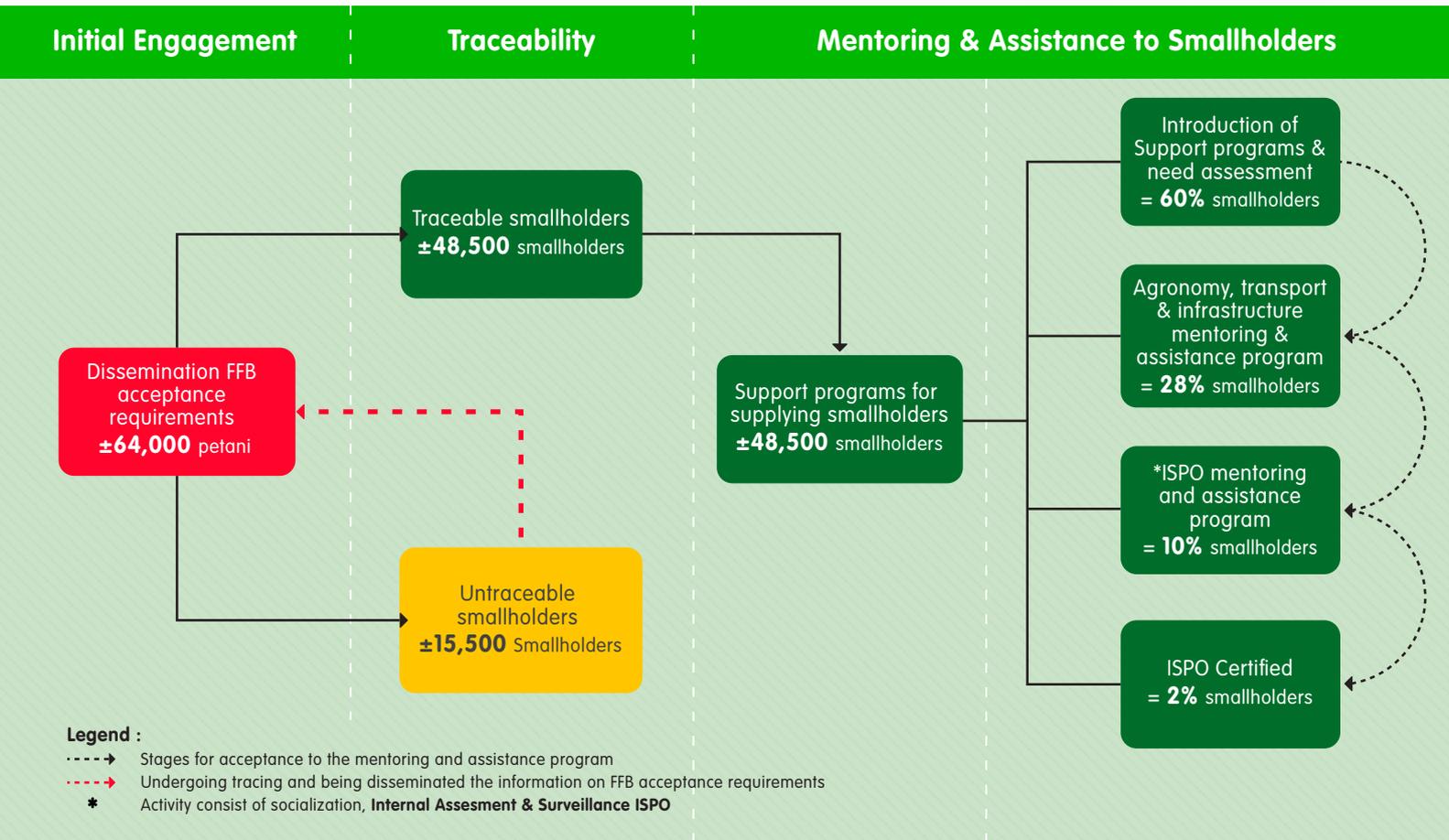


Figure 1 Implementation of FFB supplier support programs from 2019 to Q1 2021

In detail, our assistance program for smallholders will be described as follows:

a. **Training and Capacity Building**

In the Q1 2021 period, we continued the training and capacity building program for partners and smallholders which were divided into 2 batches. The first batch is an introduction to basic agronomy and the second batch is the more advanced stage. The activities were held online due to the social restrictions imposed by the ongoing Covid-19 pandemic. Details of the activities are shown in the following table:



Table 2 Capacity building program during Q1 2021

Capacity Building	Material	Number of attendees (smallholders)
Batch 1	<ul style="list-style-type: none"> - Basic agronomy in oil palm cultivation - Weed control - Integrated pest management - Identification of nutrient deficiency symptoms in oil palm plants 	379 (under 100 networking partners)
Batch 2	<ul style="list-style-type: none"> - Effective harvesting methods - Maintenance Management and Upkeep - Formation and Management of Smallholder Institutions 	308 (under 112 networking partners)

b. Operational Support for Oil Palm Seeds and Seedlings

In Q1 2021, we assisted one of our partners in Jambi in obtaining \pm 10,000 oil palm seeds for \pm 50 ha of smallholder plantations. The quality and quantity of seeds are guaranteed, competitively priced, and the company continues to provide assistance until reaching the advanced stages of plant maintenance. We also provide assistance with regard to land preparation and the nursery process through the Company's competent staff/mentors.

c. Fertilizer and microfinance

Access to fertilizer and micro-financing is facilitated through our engagement with fertilizer providers and microfinance institutions (MFIs). Through this scheme, smallholders have direct access to fertilizers at much lower prices (cost savings from the distribution chain) while also having beneficial access to micro-financing schemes. With the Company functioning as the facilitator, the level of trust in financial institutions has increased in providing financing access for smallholders. As of Q1 2021, there are an additional 90 smallholders (under 13 networking partners) participating in this program so that in total, we have now assisted 161 smallholders (under 50 networking partners) spread across the Provinces of Aceh, Riau, Central Kalimantan, West Sulawesi, and Central Sulawesi.



d. **Support for Operational Transportation**

The operational transportation support program in the first quarter involved a total of 407 smallholders (under 90 networking partners) spread across 10 subsidiaries in the provinces of Riau, Central Kalimantan, Jambi, and West Sulawesi. In addition to the familiar faces, there are also new participants with as many as 17 smallholders (under seven networking partners) joining in. Some of the benefits of this program for smallholders include FFB being completely transported to the mills (no leftover FFB), and the harvesting process and evacuation of FFB from the collection site (TPH) to the mills is far more scheduled/organized.

WORKERS PROTECTION FROM COVID-19 TRANSMISSION

The fulfillment of workers' rights is a continuous effort for the sustainability of the company. Workers receive occupational health and safety guarantees, proper living facilities equipped with free electricity and water, access to quality education for workers' children, decent wages and various other benefits.

Changing Behavior to Adapt to the Covid-19 Pandemic

Since the time of the Covid-19 pandemic, the health and safety of workers and their families has become the company's top priority. Various programs to prevent the spread of Covid-19 have been carried out strictly and continuously. Covid-19 prevention protocols such as wearing masks, maintaining distance, and washing hands routinely have become habits of employees and families. The company restricts field visits by HO representatives and third parties. Employees are also restricted in and out of the plantation area for urgent needs. Employees, with their respective awareness, are also expected not to take leave if there is no urgent need. If forced to take leave, employees are required to carry out the health protocol set by the company, and when they return to the plantation, they are required to carry out a PCR test and quarantine at the halfway house provided by the company.



Clean Water and Sanitation

Over the course of the Covid-19 pandemic, access to clean water, good sanitation and implementation of personal hygiene are very important to maintain the health of workers and their families. This is in line with the WASH4WORK (Water Sanitation and Hygiene for Work) program initiated by UNICEF, which invites the business sector to support the provision of access to water, sanitation and personal hygiene. The implementation of personal hygiene for workers and their families was further improved by providing hand washing stations equipped with soap in every home and public place. The habit of washing hands is one of the PHBS (Clean and Healthy Lifestyle) which is very effective in preventing the transmission of Covid-19.

Education

During the Covid-19 pandemic, the children of workers can continue to receive education while still being mindful their health and safety. The 10,734 workers' children who attend company-owned schools and state-run schools around the plantation are now conducting their studies and all of their learning activities through the "Study from Home" (BDR) program. The Company has provided access to quality education for workers' children through 60 private schools that have been built, as well as assistance for workers' children who attend public schools around the plantation area. The risk of transmission is greater when attending school, especially for the children of workers who attend public schools outside of the plantation area.

The BDR program is carried out in a hybrid method, namely online and offline. Some school-works are done by workers' children online. However, teaching and learning activities are carried out offline in the vicinity of the housing complex. Every day, no less than 478 teachers from the company, regularly come to the workers' housing to provide guidance for the children of workers who are studying through BDR.

The BDR program serves as one of the steps for the company in providing protection for the children of workers from the danger of contracting Covid-19. Therefore, BDR activities are carried out by implementing strict health protocols. Before and after learning activities, children have always been accustomed to washing their hands with soap and running water.





Children have been accustomed to washing their hands even before BDR's implementation

Protection of Women

The rights of women workers have been fulfilled in accordance with what is stated in the Collective Labor Agreement (PKB) between trade unions, as representatives of workers, and management. In January 2021, the company increased the protection of female workers through our policy on Protection of Women and Anti-Discrimination. Through this policy, the company appointed a Committee for Environmental, Safety and Health Development (P2LK3) to carry out its function as Protection of Women and Anti-Discrimination (PWAD). This is done to ensure that the company and its subsidiaries become a workplace free from discriminatory actions for all employees, protect women workers from sexual harassment and violence, and protect the safety and health of women.

ORANG RIMBA

For this first quarter report of 2021, we continue to implement our ongoing programs with the details pertaining to our progress being reported as follows:

Food provision

- a. **Routine Food Distribution**
In continuation from the previous quarters,

11 tons of rice and 939 food packages have been distributed for 313 families as of Q1 of 2021. This routine program continues to run through the arrangement of scheduled meetings with each Orang Rimba group during this Covid-19 pandemic.

It should be noted that these meetings are conducted in accordance with Covid-19 Health and Safety protocols including the wearing of masks and the maintaining of appropriate distances when distributing food packages.



Routine food distribution for targeted Sikar Group – Desa Mentawak

Economic Program

Economic programs for the Orang Rimba were developed based on their interests and inclinations. This program was steadily developed over time undergoing various periods of trial and error as well as periods of success. In this report, we highlight chicken breeding and catfish program as a lesson learned, while the rest of other economic programs are still in the early stage.

- **Chicken Breeding Program for Saidun Group**

Our chicken breeding program continues to exhibit positive results. There is no better indication of this than the efforts of one particular group of recipients that was able to raise their chickens to grow up

to twice or even three times their size from when the program was first rolled out.

This program grew out of the Saidun Group's proposal for a small-scale additional income program. The chicken commodity was chosen as a result of a recommendation from the Saidun Group, who saw chicken as the best solution. The company and all participants, a total of 19 families, reached an agreement. Each participant will prepare a cage for this program, while the Company will provide seeds and a mentoring process. Among the assistance activities carried out are:

- i. Provide vaccines to increase chicken endurance so that they are less susceptible to disease.
- ii. Chicken coop hygiene control supervision
- iii. Provide facilities for chicken breeders who can serve as role models for knowledge sharing.
- iv. Village government participation in program implementation
- v. Organize discussions to assist in the resolution of common issues. For example, if a disease strikes, causing the death of chickens, etc.

From 2020 and up until the first quarter of 2021, they were able to turn a flock of only 38 chickens and raised them to increase to 120 chickens in just a matter of 12 months. Their ability to breed that many chickens within that time span is proof of their dedication and commitment as the process was certainly no easy feat. This program is aimed at all households (19 families) in the Saidun Group and looks to makes use of their own backyards.

- **Catfish Cultivation Program**

Similar to the farming of chickens in Saidun's group, this catfish cultivation program is also managed individually and guarantees a steady flow of income for Pak Tarib.

The Company's mentoring process consists of the following steps:

- i. Conduct regular visits to discuss the participants' challenges
- ii. Facilitate the provision of clean water sources.



- iii. Invite experts from outside the region, both from the cultivation sector and from the government (Jambi Freshwater Aquaculture Center), to share their knowledge and experiences.
- iv. Provide feed and assist in reminding participants to feed at the start of the program's implementation.

In addition, the Company also provides assistance in marketing catfish through the development of an abon ikan (shredded fish) program. Abon Ikan, or shredded fish is a type of food common in Indonesia.

To accommodate this, we worked together with Prakarsa Madani Institute to implement a program for the purpose of training the Orang Rimba on the production of shredded fish. This training was held at a location known for its shredded fish making managed by the Pudak Village Women's Farmer Group, Kumpeh Ulu District, Muaro Jambi Regency. The training was attended by four Orang Rimba families (Rasid, Nyeluduk, Danu, Rahmat) from the Nangkus Group. From this activity, the participants were taught the necessary skills for making shredded fish and they themselves were encouraged by the success of residents who were able to convert opportunities from small businesses into home-grown industries.

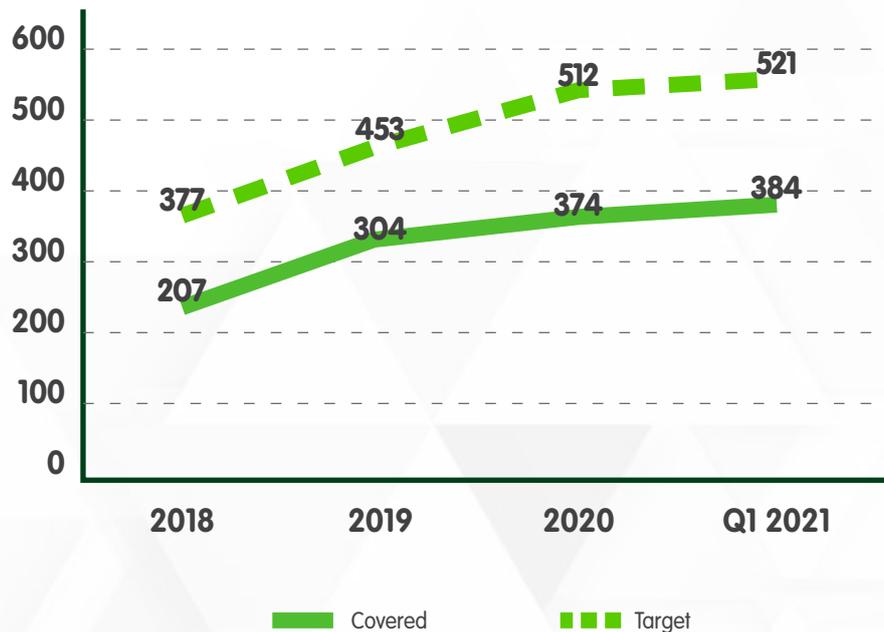
Education Program

- a. **Increase in the target number of educational programs and increase in the number of assisted students.**

At the start of 2021, our target number increased to 521 children from the previous 512 following an increase in the number of children entering school-eligible age (Graph 1). The number of students enrolled in our education program increased by 10 individuals from the Meriau Sub-group, exhibiting an increase in student enrolment since the fourth quarter of 2020, thus bringing the total number of assisted students to 384 compared to the previous quarter's 374.



Graph 1 Number of school-aged children enrolling in our education program



b.

“Study from Home” Approach and Activities

With the Covid-19 pandemic still looming, the Company continues to employ a “Study from Home” method for Orang Rimba students with various home-based learning activities being applied as follows:

- Proactively visiting the students’ houses/makeshift tents to provide them with homework and monitoring them regularly
- These proactive visits are also made to Orang Rimba students residing in the forest, especially prioritizing Orang Rimba groups who call the forest their home.
- We ensure that our monitoring of their work is in accordance with Covid-19 Health and Safety protocols through the wearing of masks and maintaining safe distances between our staff and them.
- Teachers also made sure to inform and remind the students on the importance of their health and safety through the implementation of the Company’s protocols to prevent the

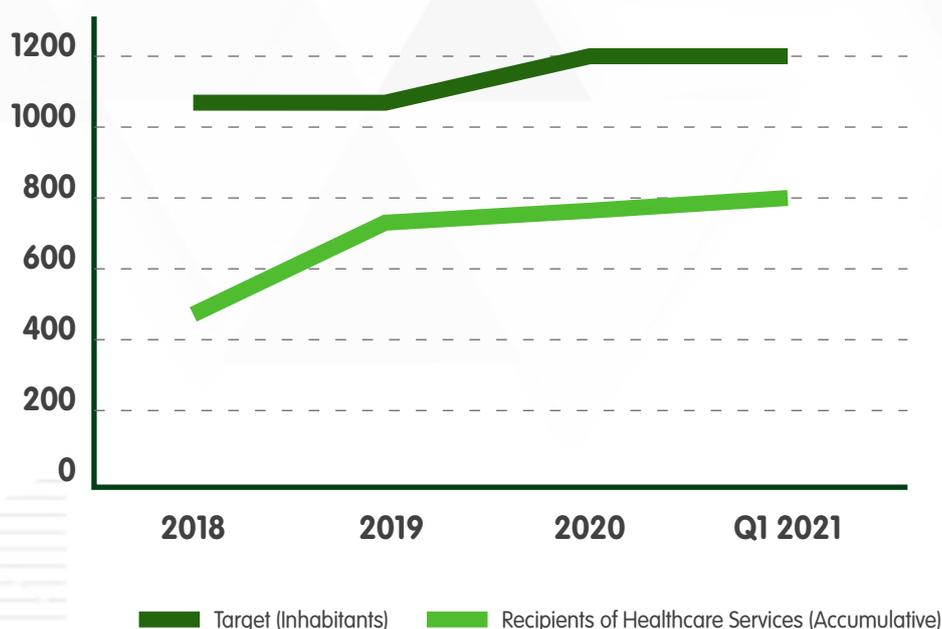


Teachers visit the homes of Orang Rimba students to teach while adhering to Covid-19 Health and Safety Protocols

Healthcare Program

We continue to provide the necessary health services for the Orang Rimba. Since 2018, accumulated health services have reached 809 people as of this first quarter period. The gradual increase in the number of people who have received healthcare services can be seen in the following graph:

Graph 2 Number of people receiving health services



Identification Cards

As has been previously reported in our Q4 2020 Progress Report, the record-keeping of Identification Cards is a continuous effort in tandem with the Population Civil Registry Agency. Recording activities were held again in March 2021, chiefly for Orang Rimba groups in the Air Hitam Sarolangun area who have yet to receive ID cards. Based on our observations, as of this period, as many as 349 Orang Rimba residents living around the Company's operational area have already received ID cards. This is a notable increase from last quarter's 329 residents. With ID card in hand, the Orang Rimba have the opportunity to access public services provided by the government.

Empowering the Role of Women

Active Role of Women in promoting the importance of the posyandu (Intergrated Health Care Service).

There are currently 11 Orang Rimba women functioning as the driving force behind five of the six Integrated Healthcare Center (Posyandu) that are serving eight Orang Rimba groups. They have been mentored and taught to master basic skills by health workers such as the measuring of height and weight, writing down records on Health Cards (KMS), First Aid for Accidents (P3K) and education on Clean and Healthy Living.

The duties of posyandu cadres consist of organizing posyandu operational activities every month and to monitor the health of infants, toddlers, and pregnant women who are in their respective groups. What is important to note is that posyandu participants do not just consist of those from the Orang Rimba but are also recruited from among villagers who live in harmony with the Orang Rimba community. The list of posyandu cadres from the Orang Rimba Community can be seen in the following table

Table 3 List of Posyandu cadres from the Orang Rimba Community

No.	NAME OF POSYANDU	ORANG RIMBA CADRE	SUB-GROUP
1.	Nurul Islam	2 Individuals	Afrizal
2.	Punti Kayu	4 Individuals	Saidun
3.	Tunas Bangsa	2 Individuals	Sikar
4.	Mawar	2 Individuals	Pak Jang
5.	Rafflesia	1 Individuals	Tarib
TOTAL		11 Individuals	

Educational Opportunities for Teenage Girls

As of this report, eight teenage girls aged 13-15 through our scholarship scheme, are enrolled in formal education at junior and senior high school (SMP and SMA). This just goes to show how far Orang Rimba women have come as they now have the opportunity to pursue an education when in the not too distant past, they were often only presented with the option of marriage at this particular stage in their lives. These female students now have the opportunity to become role models for other young girls in their communities who wish to seek an education as well.





Prosper with the Nation

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