



PT Astra Agro Lestari Tbk



PROGRESS REPORT ON
SUSTAINABILITY

FIRST QUARTER
UPDATE 2022

INTRODUCTION

The first quarter of 2022 started with the launching of our 5-Year Action Plan which took almost six months for development following the evaluation of the implementation of 3-Year Action Plan in the same year. During this quarter, we moved forward to implement targets defined in the 5-Year Action Plan (all of which can be viewed through the following link: <https://www.astra-agro.co.id/wp-content/uploads/2020/01/AAL-Sustainability-Action-Plan-1.pdf>). Detail of activities to achieve our targets are described in the following chapters.

HCV MANAGEMENT

HCV ASSESSMENT PROGRESS

As updated in the previous report, we are assisted by Daemeter Consulting and EcoNusantara in achieving our HCV assessment targets. In this reporting period, one subsidiary is in pre-assessment stage and eight subsidiaries have entered the scoping study stage, where the internal team together with related consultants are analysing biophysics and social-economic conditions in the comprehensive assessment area (see the scoping study stage on this [page](#)). HCV assessment planning for 2022 and achieved progress can be seen in the table below:

Table 1. HCV assessment planning for 2022 and its progress

Stage	Target Until December 2022	Realization Q1 2022	Realization Q2 2022	Realization Q3 2022	Realization Q4 2022
Pre-assessment	8 PTs	1 PT	-	-	-
Scoping Study	2 PTs	8 PTs	-	-	-
Full assessment	4 PTs	-	-	-	-
Public Consultation	2 PTs	-	-	-	-
Completion of assessment (Accumulated number of subsidiaries)	3 PTs	-	-	-	-

REHABILITATION PROGRAM

Last year, we managed to plant more than 20,000 forest trees (± 120 ha) spread across 20 subsidiaries, with the surviving trees reaching 95%. During this period, we have planted 4,007 trees (13% of the 2022 planting target of 30,000 trees) for riparian restoration. In addition to our in-house nursery for the seeds, we also procured some batches of seeds from seed suppliers in East Kalimantan and West Sulawesi. The seeds that we planted are a combination of fast-growing plants with local and endemic plants. In these planting activities, we were assisted by the local contractors (local people) to carry out the tree planting activities.

FIRE PREVENTION

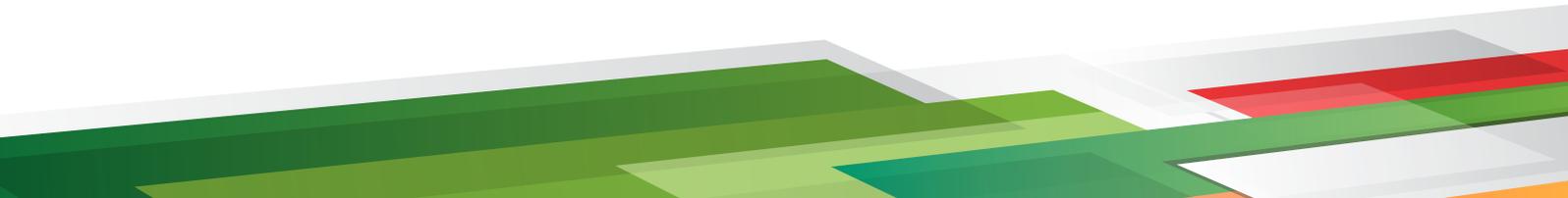
During this semester, no fire incidents were identified in all our subsidiaries. We recorded the decline in rainfall occurring in late March in the Riau, Aceh, and Jambi regions, while in other areas (South Kalimantan, Central Kalimantan, East Kalimantan, and Central Sulawesi) rainfall continues to be high (please see www.bmkg.go.id).

FIRE MANAGEMENT SYSTEM

We engaged Manggala Agni to conduct a fire management system audit. In this quarter, we consulted on a plan, system, and agreement for commencing the verification activities. We estimate, in the next quarter, agreed timeline and steps will be completed.

FIRE MONITORING IN SUPPLIERS' OPERATION AREA

We regularly monitor hotspots/firespots across all of our suppliers. This activity is carried out through spatial monitoring, if a hotspot/fire spot is detected in the supplier's plantation concession, there will be a warning/notification so that we can identify information quickly and follow up with verification and confirmation with the concerned supplier. We are currently monitoring all suppliers (Including group level) with a coverage area of more than 250,000 Ha. During this period, we did not identify any warnings/notices regarding hotspots/fire spots in the concerned monitoring areas. The



hotspot/fire spot spatial monitoring system that we currently use has been able to provide nearly accurate and fast information on the hotspot/fire spot from the area of interest.

FIRE PREVENTION INITIATIVES WITH THE COMMUNITY AND RELATED PARTIES

We have formed 102 MPA groups as of Q1 2022 and we are in the preparation of forming additional MPA in subsidiaries in Sulawesi. At present, we have identified a village of fire-prone areas, community activities, potential causes of fires, and the potential economic development of the community. Key important steps have been made including intensive engagement with village officials, community, and district government concerning a plan to establish new MPAs. The action plan includes formation of MPA personnels and necessary trainings to enhance their knowledge and capacity.

Strengthening the Community Cares About Fires (MPA) group to become an independent MPA

As of Q1 2022, we have formed 20 independent MPA and this year we plan to develop two potential MPA to become independent MPA that focus on two villages in South Kalimantan. In this period, we have carried out several preparatory activities such as:

1. Mapping vulnerable areas in MPA activity areas
2. Reviewing MPA activities in fire prevention programs (patrol mechanism, communication, and MPA team skills in fire prevention).
3. Mapping Program to improve the economy of MPA group members by assessing the skills possessed by MPA. This process takes four to six months.

GHG EMISSIONS

Throughout the first quarter of 2022, AAL has been in consultation with Engie Impact and with the South Pole during 2021 to conduct an in-depth review of GHG calculation. The assessment includes re-identification of sources of emissions for all subsidiaries and to re-calculate GHG emissions annually covering scope 1 and scope 2. We have

also been working to set up emission reduction targets by using the emission value of 2019 as a reference for the reduction target.

For the Q1 2022 period, we are in progress verifying the calculation of GHG emission values by the BVI auditor and PWC auditor. This audit is very important to ensure that all data used for GHG calculation is credible and trusted.

CONSERVATION OF PEATLANDS

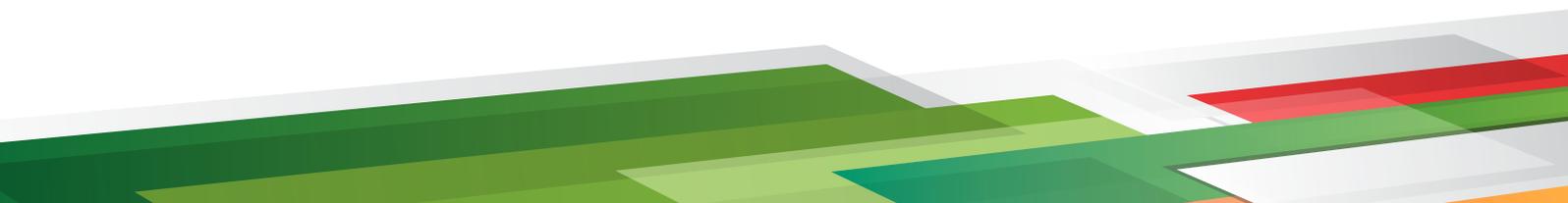
Sustainable Peatland Management

The Company routinely monitors its peat management in accordance with applicable regulations. These activities are carried out under the supervision of the Ministry of Environment and Forestry (KLHK). Monitoring is carried out mainly on water level and subsidence parameters which we then report periodically to KLHK. It is conducted according to the Company's commitment to implementing best management practices on peatlands to prevent damage and degradation of peatlands.

We also intensively engaged with KHLK to work together to evaluate areas that are included in the Peat Hydrological Unit (PHU). The ultimate goal of the project is to have a clear picture of the PHU including land use and peat dome. This project is very important to determine necessary actions to protect peat-dome area and ensure that cultivated peatland area are managed sustainably. This will take a long-term journey as it needs massive field work-survey. The first meeting was conducted in the end of last year and in this quarter, activity was mostly focused on data verification as a foundation to build up systematic fieldwork.

Priority Smallholder Partners on Peatlands

As explained in the previous report, as many as 8% (more than 4,700) of smallholders are located in indicative peatland after overlaid with the indicative peatland map from the KLHK. During this quarter, our team has been working on sharpening the target based on village risk status, farmer groups, volume and frequency of FFB supply. The result will be updated in the next report.



RESPONSIBLE CPO SOURCING

TRACEABILITY TO MILL

For this quarter we continue to maintain a 100% traceability of CPO/PKO sourced from 46 mills (25 internal and 21 external) where the details of the supplier composition and the list of suppliers can be seen in the traceability report [here](#), and the list of suppliers is available on the company's website [here](#).

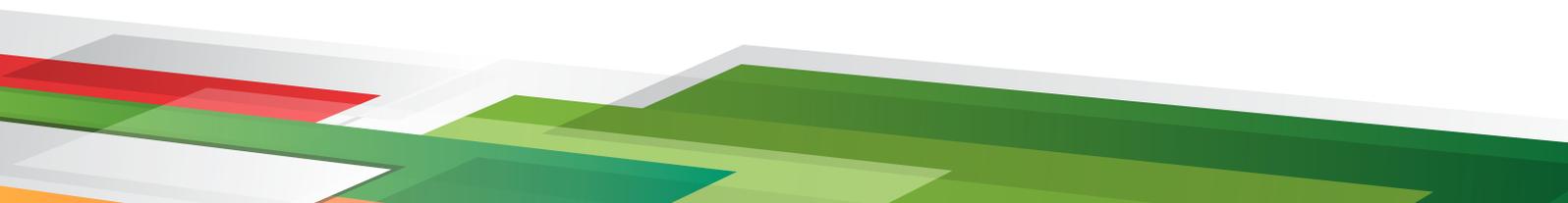
ALIGNING SUPPLIERS WITH AAL'S SUSTAINABILITY ASSESSMENT MECHANISM

We use Sustainability Assessment Tool (SAT) to evaluate our suppliers in term of capacity in fulfilling our requirement. This is also useful to determine kind of assistance they need to be fully in-line with our Sustainability Policy.

We also identified three major challenges as follows:

- (1) Company policy: some of our suppliers have yet to have a company sustainability policy. We also identified the absence of SOPs on several assessment criteria and work plans related to sustainability aspects assessed in the SAT.
- (2) Lack of documenting sustainability related activities: We identified some companies are not able to provide records of the implementation of sustainability related practices that result in the assessment indicators related to documentation of activities such as reports, minutes, recapitulation, etc. have yet to be fulfilled.
- (3) Supporting Human capital. Some companies do not have a dedicated division and human capital specifically addressing on sustainability related issue.

Of the three challenges, the implementation aspect became the biggest challenge in the process of fulfilling the SAT and follow by the company's policy.



POTENTIAL SUPPLIER VIOLATIONS

Based on the findings and verifications carried out in the first quarter of 2022, there were no violations committed by direct suppliers in our supply chain or by affiliated subsidiaries in our suppliers' parent companies. For more detail on our list of grievances and how they are handled, please visit [this page](#).

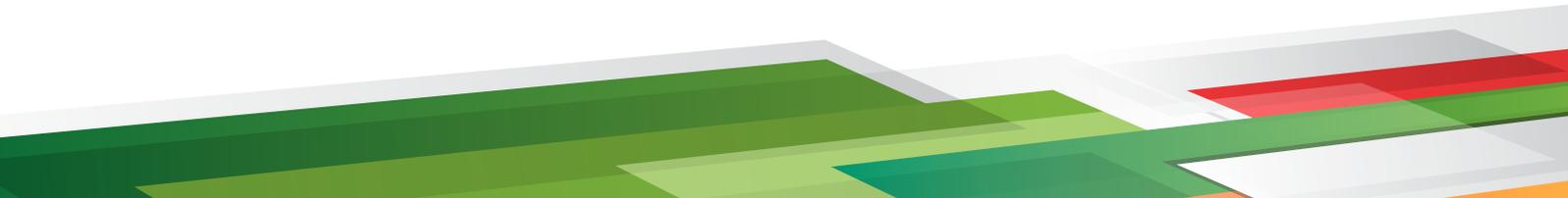
FFB SOURCING SMALLHOLDERS SUPPORT

1. TRACEABILITY OF FFB SUPPLY

In the first quarter, we still maintain the commitment & consistency of 100% traceability of FFB sources with the composition of the volume of FFB received consisting of 41% sourced from owned plantations, 5% sourced from associated plantations, and 54% sourced from the third party/independent suppliers. Traceability reports for each mill can be accessed through [this page](#).

2. SUPPORT PROGRAM FOR FFB SUPPLIERS

During this period, we have worked with 48,000 traceable smallholders. As shown in Figure 1, the majority of traceable smallholders are still at the introduction stage of our program and the needs assessment must be adjusted to account for the program being provided. For the remainder, smallholders are free to choose which specific programs fit their needs. We remain consistent in supporting our FFB supplier partners and smallholders by providing access to infrastructure, various training programs, and operational training programs to improve the ability of smallholders to manage their plantations to increase productivity in accordance with sustainable management practices.



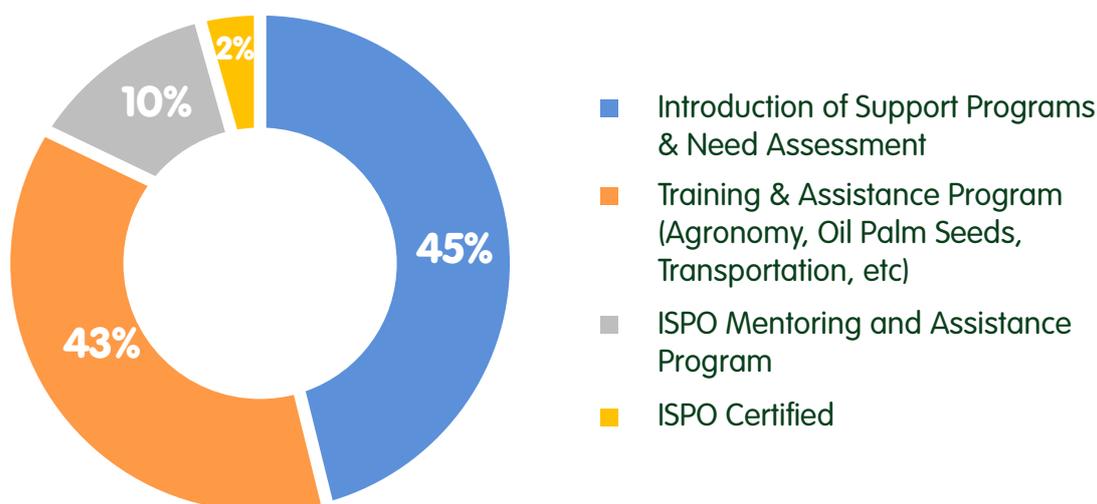


Figure 1. Implementation of support programs for FFB suppliers as of Q1 2022

Below is a continuation of trainings and assistance programs, especially towards independent smallholders that we continue to provide along with their progress throughout Q1 2022:

a. Training and Capacity Building

We continue online training and capacity building programs for partners and smallholders covering both operational and sustainability aspects. In Q1, we conducted four training sessions (seven materials) with as many as 237 smallholders participating.

b. Facilitating Partnership Support Programs

During this period, we facilitate our networking partners in financing and procuring oil palm seeds, fertilizers, and provision of transport units for TBS evacuation. Below is a continuation of facilitating programs throughout Q1 2022:

Table 2. Details of facilitating partnership support programs

No.	Support Program	Networking Partners	Smallholders	Location	Quantity
1.	Financing and Procurement of Oil Palm Seeds	4	86	West Sulawesi and Central Kalimantan	Procuring $\pm 86,000$ oil palm seeds
2.	Financing and Procurement of Fertilizer	64	109	Aceh, Jambi, Riau, Central Kalimantan, and Central Sulawesi	Received volume $\pm 1,613$ tons
3.	Financing Procurement of FFB Transportation Units	66	207	Riau, Jambi, Central Kalimantan, and West Sulawesi	Transported volume of $\pm 11,192$ tons

ORANG RIMBA PROGRAMS

DISTRIBUTION OF FOOD

For 2022, we continue to provide and deliver food for 313 families (1,197 individuals). For this first quarter, the company has distributed 3,750 kg of rice and 313 packages each month from January to March, totaling 11.25 tons of rice and 939 packages. This program is beneficial for the Orang Rimba group and ensures that they do not experience starvation. During the food distribution, the company facilitator also socializes with the Orang Rimba group to find out their needs such as whether they need health services besides routine services and whether there are suggestions for upcoming programs.



Figure 2. Distributing essential food packages for the Nggrip Orang Rimba group

ACCESS TO EDUCATION

General picture of school-age children enrolling education program

Based on PT SAL's data collection in Q1 2022, there are 521 school-age children and 393 children who have attended both formal and non-formal schools. In this quarter, there are an additional two children attending school compared to the previous quarter.

School-age children enrolled education program

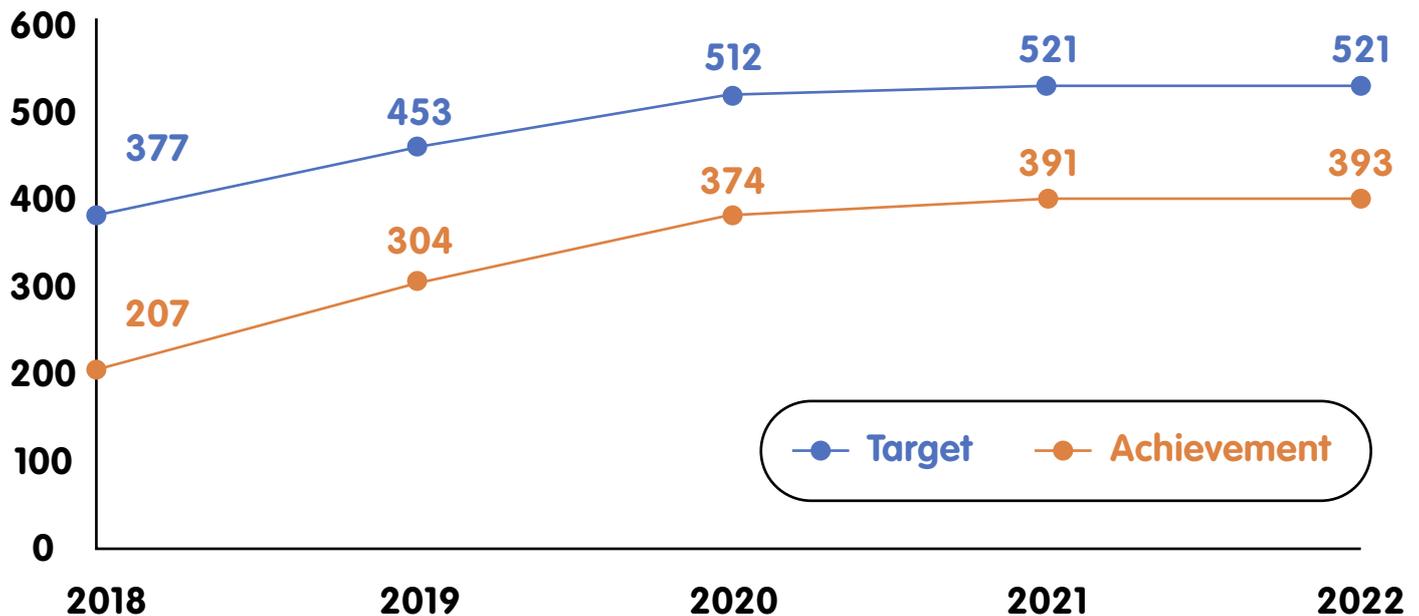


Figure 3. Education Program Recipients

Higher education program

There are three students enrolled higher education program, two are at UNJA (Jambi State University) and one at Bogor Polbangtan, namely Bejujung and Besar who are both currently in their fourth semester of Diploma studies in the Agribusiness Department, Jambi University and the other is MT. Fauzan at the Department of Agricultural Extension in Bogor Polbangtan (Bogor Agricultural Development Polytechnic). At the time of the Covid-19 pandemic, most of their studies were conducted online at Wisma Madu Rimbo, a place that the Company provided for Orang Rimba children who attend school far from their homes.

The company provides facilities in the form of laptops, internet network facilities and learning assistance during online classes. Nevertheless, they also have field practice activities around the house, such as the task of planting vegetables in polybags, horticultural crop surveys, and survey prices of basic necessities in traditional and modern markets.

All of these activities remain under supervision and assistance by PT SAL. For every learning activity, during online they always coordinate and discuss if there are problems and needs that must be prepared.

At present they have carried out lecture activities face to face. For those at Jambi University, we facilitate with places of residence while they study in Jambi, and for Fauzan who studies in Bogor Agricultural Development Polytechnic have been facilitated with the dormitory in the campus. All of that is inseparable from good cooperation between the company and the campus in providing educational services for the Orang Rimba.

It is hoped that with the education services that we provide, the Orang Rimba are able to compete in employment, adapt to an ever-changing social environment, socialize with communities of other cultural backgrounds and ethnic groups, and become more open-minded and not easily discouraged.



Figure 4. Fauzan as he conducts an online class



Figure 5. Learning Studio for Bepayung group

ACCESS TO HEALTHCARE

The company routinely provides health services to the Orang Rimba groups, either at the company clinic or through direct visits to the Orang Rimba settlements. Learning from the previous years, in 2022 the implementation of health programs was more structured well and routinely despite recovering from the Covid-19 pandemic. The health program is divided into three sub-programs, namely a preventive program which includes Posyandu, family planning services and additional food (BMT), promotive programs that are involved in personal and environmental health counselling and curative programs in the form of treatment. Posyandu activities are carried out routinely once a month, family planning services are carried out in accordance with the request of the Orang Rimba, while the provision of additional food is carried out in two groups. Routine counselling is carried out twice a month in each

sub-group or commonly called a group, which has now developed into 14 groups. Treatment activities are carried out routinely once a week in each group.

During the first quarter of 2022, the company provided health services to an average of 30 Orang Rimba every month. Meanwhile, health education and counselling activities are attended by 80 people per month on average. From 2008 to Q1 2022, the health services provided by the company have been accessed by 831 Orang Rimba.

ACTIVE COLLABORATIONS

Some activities involving FKPS-SAD that have been carried out in the first quarter of 2022 are as follows:

- 1. Merdeka Student Exchange Program**

The Merdeka Student Exchange (PMM) activity with the purpose of introducing the culture and the existence of the Orang Rimba which was carried out in Kampung Madani SAD Lubuk Jering Village by presenting all Orang Rimba Air Hitam residents, activities were carried out on January 10, 2022. Students from various universities were so enthusiastic about interacting with the Orang Rimba directly. With this activity, it is hoped that the Orang Rimba are motivated in pursuing education.

- 2. Shredded Catfish for the Orang Rimba of Air Hitam**

The shredded catfish training was held in March 2022 at H. Jailani's house and was followed by the Orang Rimba from the Air Panas group, the event was attended by Babinsa and the Bukit Suban Village Government as well. In this activity, we brought in a trainer from the Jambi University where the participants learned the process of making shredded catfish and immediately practiced making the products. With this training, it is hoped that the Orang Rimba community can take advantage of the results of the catfish pond cultivation business into high-selling value products.

- 3. Orang Rimba Coordination Meeting in Air Hitam**

This coordination meeting was attended by the Head of Lubuk Jering Village, the Head of Jernih Village, the Orang Rimba figures, the Resort Head of the TNBD, Jenang, Temenggung, and the Orang Rimba community. The purpose of this coordination meeting was to bridge the connection and provision of

information to Orang Rimba residents, Orang Rimba relations with the government, the local communities, and the Company. In addition to strengthening the existence of Jenang, Temenggung, and Orang Rimba customs in addressing social change and the demands of the times so that the Orang Rimba can be more independent. At the coordination meeting, it was emphasized that the Orang Rimba community, the company, and the village communities had no conflicts. This forum can function as a channel for the aspirations of the Orang Rimba as well as a forum for information on Orang Rimba Empowerment Programs.

Agricultural Learning Center (ALC)

a. SULUH RIMBO SIKAR

The Sikar's Suluh Rimbo ALC has various of commodity plants, including chili. In this first quarter, focused on fostering Sikar groups in growing chilies. Big green chili is the choice of varieties planted, this type of green chili can be harvested for the first time at the age of 70-75 days after planting. ALC Sikar group has started their first harvest with yields reaching 4-5 kg of chilies. Harvesting is done every three days during the harvesting season. The maintenance of chili plants is our concern as a team whose job is to foster the Orang Rimba group and provide them with good and proper farming knowledge. They are happy with this chili planting program because they can harvest chilies from their own farm. Planting chilies is more effective and more popular now than tubers such as cassava, taro, sweet potato, and fruits such as papaya, banana, etc. because many Orang Rimba like spicy food for their daily meals. By planting and harvesting chilies, they do not need to go to the market to buy chilies which are pricy now. In addition to the chili plants, Sikar's Suluh Rimbo ALC is also planted with tubers such as taro, cassava, and sweet potato.



Figure 6. Chili harvest in the Suluh Rimbo ALC

b. SULUH RIMBO AIR PANAS

At Suluh Rimbo Air Panas, there are many varieties of plants, one of which is banana of Kepok and Lili varieties. Currently, the Air Panas Orang Rimba group can harvest the bananas once a month and distribute among them. In addition, they also grow California papayas and Wulung coconuts. In addition, they are also planting Batara areca used for plantation fences.

As time passes, we discovered several obstacles to the Suluh Rimbo Air Panas plantation implementation. Amongst them is due to the plantation being vast and not fenced, where many wild animals dig or eat plants that are starting to grow.

Currently, the Suluh Rimbo Air Panas is in the land preparation phase for planting chilies. Their interest in planting chili motivated by the success of Suluh Rimbo Sikar. The company will continue to monitor and assist the maintenance process until harvesting.



Figure 7 and 8. Harvesting bananas & preparing chili planting media in Suluh Rimbo Air Panas

Chicken farming Program in Saidun group & Ngepas group

a. CHICKEN FARMING PROGRAM IN SAIDUN GROUP

In 2020, the Company helped the Saidun group with a chicken farming program for 19 families. Each family gets one pair of chickens. The chicken farming program in the Saidun group throughout 2021 was quite successful from the initial provision of the

program, with 38 chickens raised to 120 chickens. Currently, the company continues to assist and evaluate the chicken program in the Saidun group to remain consistent in development.



Figure 9. Chicken farm in Saidun group

b. CHICKEN FARMING PROGRAM IN NGEPAS GROUP

In Q1 of 2022, the company provided chicken farming assistance for Ngepas groups in Merangin district. Currently, chickens are in the process of fattening and mating until they lay eggs and grow. For the initial stage, each family provides with one pair of chickens. There are eight families from the Ngepas group joining this chicken farming program. The company's staff provides them with assistance and mentoring during the farming process.



Figure 10. Residents of Orang Rimba Ngepas group make cages for chicken farming



Prosper with the Nation

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