



PT Astra Agro Lestari Tbk



PROGRESS REPORT ON
SUSTAINABILITY
SECOND QUARTER
UPDATE 2022

INTRODUCTION

This second quarter report covers a number of milestones in the 5-Year Action Plan including HCV reassessments for the remainder of the Company's subsidiaries, continuing our rehabilitation program, internal fire management audits, empowering local communities to combat fires, the calculation of the Company's total GHG emissions value, providing support to our CPO suppliers so that they may align with the Company's Assessment Mechanism, the support we provide to our FFB suppliers, and finally our continued collaboration with the Orang Rimba communities and relevant parties.

HCV MANAGEMENT

MILESTONE HCV ASSESSMENT BY 2022

As of to date, two of our subsidiaries in Riau province have done a full assessment which reached 50 percent of our target this year, five companies are entering the pre-assessment stage and six companies are in scoping study stage. With assistance from Daemeter Consulting and Eco-Nusantara, our HCV report updating activities are still on track to meeting this year's target.

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	5 PTs	-	-
Scoping Study	2 PTs	8 PTs	6 PTs	-	-
Full assessment	4 PTs	-	2 PTs	-	-
Public Consultation	2 PTs	-	-	-	-
Completion of assessment (Accumulated number of subsidiaries)	3 PTs	-	-	-	-

REHABILITATION PROGRAM

In Q2 2022, our ecosystem rehabilitation made progress to plant 1,934 trees. Therefore in 2022, a total of 5,941 trees planted which covered an area of ± 30 hectares spread across nine subsidiaries (sites of West Aceh, Aceh Singkil, West Sulawesi, East Kutai, ndragiri Hulu, Rokan Hulu). Thus, we have now achieved around 20% of our plan to plant 30,000 trees in 2022. In addition, we procured seeds from seed suppliers in West Sulawesi, East Kalimantan, Aceh, and Riau. In this planting activity, we were assisted by local contractors (local people) in West Sulawesi and East Kalimantan to carry out tree planting activities. All planted trees are maintained regularly to ensure the trees grow well. Restoration program was initiated in 2010 and overall, we have planted 147,151 trees covering ± 359 Hectares area.

Table 2. Increased number of planted trees in Q2 2022

Region	Total PTs	Q1 2022	Q2 2022	QTD (Quarter-to-Date)
Aceh	3	10	893	903
East Kalimantan	1	-	40	40
Riau	2	-	575	575
West Sulawesi	3	3,997	426	4,423
Total		4,007	1,934	5,941

FIRE PREVENTION

We recorded a decrease in rainfall occurred in May in the Riau and East Kalimantan regions, while in other regions (South Kalimantan, Central Kalimantan, Central Sulawesi, West Sulawesi) rainfall is still high (please see www.bmkg.go.id).

There are no hotspots in our concessions and supplier monitoring area, however our team continue to work together with stakeholders to anticipate possible land-fire that might happen (Figure 1). Documentation of these activities can be accessed in the following link:

1. <https://news.prokal.co/read/news/10689-persiapan-hadapi-kemarau-polsek-babulu-dan-pt-stn-gelar-latihan-bersama>
2. <https://mediakaltim.com/pt-wkp-giat-kesiapsiagaan-hadapi-musim-kemarau-bersama-kepolisian/>
3. <https://kaltara.tribunnews.com/2022/06/07/cegah-terjadinya-karhutla-pt-skp-dan-pt-cnl-gelar-simulasi-pemadaman-kebakaran-lahan-perkebunan>



Figure 1. Strengthen team preparation together with local police and MPA

A regular internal audit was conducted for subsidiaries to evaluate their readiness to face the upcoming dry season, with results shown in Table 3. The six subsidiaries that fall into the yellow category have absence of an MPA because the formation of MPAs is focused first on High-risk areas [category red] and will continue to be developed in the middle-risk area. Thus, the progress of the six subsidiaries is currently in the stage of communication engagement with local stakeholders at the village level to explore the potential for establishing MPAs.

We also ensure the readiness of each subsidiary in fire prevention and mitigation, which is verified by external parties namely from the local police, the Plantation Service and the Environmental Service. With examiners covering the readiness of documents, equipment, teams, water sources and cooperation, the verification results share a total of 18 subsidiaries ready in anticipating fires. As for the other ten subsidiaries will be verified in the next period.

Table 3. Categories of Internal Audit fire management system

No	Category	Compliance with standard (%)	Achievement (total PT)	Description
1	Green	>90	22	Ready in anticipation of forest and land fires (internal and external*)
2	Yellow	75-90	6	Ready in anticipation of forest and land fires (internal)
3	Red	<75	-	Not ready (internal and external)

*Internal: readiness to anticipate fires in the concession;
 External: community empowerment to anticipate fires (establishment of MPA)

In this second quarter, one MPA has been developed to make in total 103 MPAs.



Figure 2. MPA establishment in West Sulawesi

We routinely provide guidance and socialization to our existing MPAs. These activities are good media for discussion and bridging good communication among the Company, community, and other related stakeholders. Following links are the activities that has been carried out:

1. <https://kalsel.antaraneews.com/berita/332969/pt-sam-sosialisasikan-pencegahan-karhulta-kepada-masyarakat-daha-utara>
2. https://www.singkilterkini.net/2022/06/pt-plb-gelar-sosialisasi-dan-pembinaan_22.html



Figure 3. Socialization of Forest and Land Fires alerts to the Community

GHG EMISSIONS

We have completed GHG calculation for Scope 1 and 2 assisted by Engie Impact, a Sustainability and Energy Management Consulting company. We use GHG protocol as a guidance in calculating GHG emission for operational activities. We record GHG emission from 2019, 2020, and 2021 are 1,234, 1,078, and 1,159 (in million-ton CO₂) respectively. This includes contribution from biogenic emission (POME) around 60%-70%. We use emission value of 2019 as reference for reduction targets. Our record on GHG emission for the last six months is 484,259 tCO₂. This number is much lower compared to our record in the same semester last year that reached 571,115 tCO₂. This is due to the decreased amount of POME resulted from decreased FFB entering to our mills. We are now still in the process of developing forecasting GHG emission and setting up our reduction targets that will be launched in Q3.

RESPONSIBLE CPO SOURCING

TRACEABILITY TO MILL

1. Traceability of CPO/PKO Supply Sources

In this quarter, we continue to maintain a 100% CPO/PKO traceability commitment sourced from 40 mills (22 internal and 18 external) where the details of information related to the composition and list of suppliers can be seen in the [traceability report](#) and the [list of suppliers](#) available on the Company's website. There was a decrease in the volume of transaction by 64% compared to the volume received in the previous period.

2. Traceability of FFB Sources from CPO/PKO Third Party Suppliers

The average traceability of third-party suppliers has reached 88% compared to the previous year which was around 73%, with details per supplier category can be seen in the table below:

Table 4. Average result traceability of FFB sources from third party supplier

Supplier Categories	2021 Average	2022 Average
Suppliers without plantations	42%	70%
Suppliers with peat	30%	85%
Suppliers with HCV/HCS	79%	90%
Suppliers with HCV/HCS and peat	89%	95%
All Suppliers	73%	88%

POTENTIAL SUPPLIER VIOLATIONS

Based on the findings and verifications carried out in the second quarter of 2022, there were no violations committed by direct suppliers in our supply chain or by affiliated subsidiaries in our suppliers' parent groups. 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 second quarter, we remain maintain the commitment & consistency of 100% traceability of FFB sources with the composition of the volume of FFB received consisting of 42% sourced from owned plantations, 5% sourced from associated plantations, and 53% sourced from the third party/independent suppliers. Traceability reports for each mill can be accessed through [this page](#).

2. SUPPORT PROGRAM FOR FFB SUPPLIERS

We continue to support our partners and FFB supplying smallholders to increase their productivity and to be in line with our Sustainability Policy. As of Q2, we have worked with 52,500 traceable smallholders. The following are the continuation of several operational developments and assistance programs, especially for independent smallholders that we continue to provide along with their progress throughout Q2 2022:

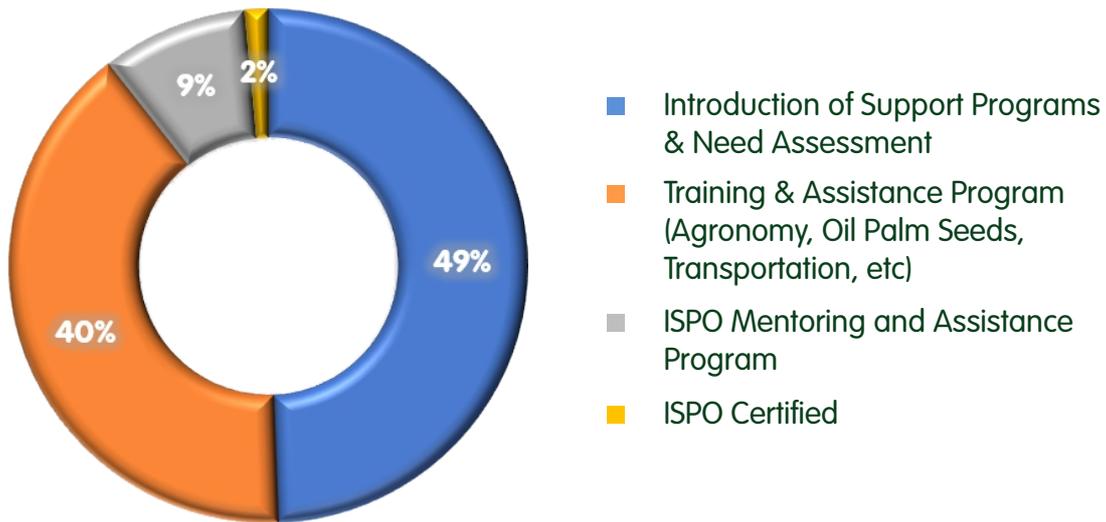


Figure 4. Implementation of support programs for FFB suppliers as of Q2 2022

Below is a continuation of trainings and assistance programs towards the increased independent smallholders that we continue to provide along with their progress throughout Q2 2022:

a. Training and Capacity Building

During Q2 2022, our training and capacity building programs were carried out online. We conducted five training sessions on ten topics related to operational and sustainability aspects. We recorded 244 partners and smallholders participating in the training, most of them had also taken part in the Q1 period's training. There have been 312 smallholders who have participated overall in 2022.

b. Facilitating Partnership Support Programs

We continue to facilitate our networking partners in financing and procuring oil palm seeds, fertilizers, and provision of transport units for FFB evacuation. Below is a continuation of facilitating programs throughout Q2 2022:

Table 5. Details of increased smallholder partnership support programs as of Q2 2022

No	Support Program	Networking Partners			Smallholder			Quantity			Location
		Q1	Q2	QTD	Q1	Q2	QTD	Q1	Q2	QTD	
1	Financing and Procurement of Oil Palm Seeds	4	12	16	86	43	129	Procuring ± 86,000 oil palm seeds	Procuring ± 51,450 oil palm seeds	Procuring ± 137,450 oil palm seeds	Jambi, West Sulawesi and Central Kalimantan
2	Financing and Procurement of Fertilizer	64	23	87	109	84	195	Received volume ± 1,613 tons	Received volume ± 1,075 tons	Received volume ± 2,688 tons	Aceh, Jambi, Riau, Central Kalimantan and Central Sulawesi
3	Financing Procurement of FFB Transportation Untis	66	16	82	207	90	297	Transported volume of ± 11,192 tons	Transported volume of ± 15,577 tons	Transported volume of ± 26,769 tons	Riau, Jambi, Central Kalimantan and West Sulawesi

ORANG RIMBA PROGRAMS

DISTRIBUTION OF FOOD

During Q2 2022, the Company routinely carried out food distribution assistance programs for 313 targeted Orang Rimba families with a total of 313 food packages and 3,750 kg of rice every month. As of Q2 2022, we have distributed 1,878 food packages and 22.5 tons of rice.



Figure 5. Food distribution for Orang Rimba Betaring group

ACCESS TO EDUCATION

General picture of school-age children enrolling education program

The Company continues to support Orang Rimba children to pursue the highest possible education. Until Q2 2022, we continue to develop and provide assistance to 12 Learning Studios spread across Merangin and Sarolangun districts. The learning studio is managed with a teaching and learning process approach that adapts to the traditional environment of the Orang Rimba, so that the children of the Orang Rimba learn freely. This learning studio is a non-formal education facility that provides basic education services to prepare Orang Rimba children to continue to the next level of education in formal school. As reported in Q1 2022, there are 521 school-age children and 393 children had attended both formal and non-formal schools with various levels. In this academic year, there are two children who graduated from senior high school/vocational school, namely Jupri and Asrofi from the Ngelam group. Jupri graduated from the Pekanbaru Forestry Vocational School and Asrofi graduated from the Rawa Jaya 4 Public Vocational School. After graduating, Jupri wants to pursue his dream to be an army or police officer so he plans to enroll in the Military or Police Academy. Whilst Asrofi prefers to run a business, he plans to implement what he has learned in the vocational school as a mechanic by opening up a workshop.



Figure 6. Jupri graduation process at SMK Forestry Pekanbaru

Higher Education Program

As for the three children who are now still continuing their study at universities, namely Bejunjung and Besar at Jambi University and Fauzan at Polbangtan Bogor, are still in their fourth semester. Bejunjung and Besar who majored in Agribusiness, are currently conducting research together with their friends in the area of Bukit Duabelas National Park where they live. Fauzan who majored in Agricultural Extension at Polbangtan Bogor is currently doing field practice or internship in Garut city accompanied by lecturer from Polbangtan Bogor.



Figure 7. Fauzan while doing internship activities.

ACCESS TO HEALTHCARE

The Company continues to provide and develop health services to Orang Rimba which are carried out by PT SAL medical officers who are accompanied and fostered by the relevant Health Agencies. Health service activities and programs are evaluated periodically so that they can run effectively and optimally.

Posyandu services are routine activities that are carried out once a month, while family planning services are carried out by requests of Orang Rimba residents. Regular counseling is carried out twice a month in each group, which has now grown to 14 groups. Whilst medical check-up and treatment activities are carried out regularly once a week in each group.

During Q2 2022, an average of 15 people per month used health check-up services for treatment only. Meanwhile, counseling has a high demand with an average attendance of 80 people per month. As of Q2 2022, our health services have reached 843 people.



Figure 8. Health & medical counseling activities for Orang Rimba residents

ACTIVE COLLABORATIONS

Identity Card for Orang Rimba

The Company continues to encourage and assist the targeted Orang Rimba to obtain ID cards so they can access various public services provided by the government. Recording ID cards for Orang Rimba is a special activity since Orang Rimba do not always visit villages or cities. Thus, to accelerate this activity, the Company in collaboration with the Population and Civil Registration Office took the initiative to visit the Orang Rimba settlement in a special car equipped with the necessary equipment.

Throughout 2022, the Company continues to carry out the program for recording ID cards and validating family cards for the Orang Rimba community in collaboration with the Population and Civil Registration office, the Bukit Suban Village Government, and Pematang Kabau Village Government. As of to date, 49.58% (358 people) of Orang Rimba residents already have ID cards from a total of 722 eligible people from 313 families in Sarolangun and Merangin districts.

As of Q2 2022, most of the Orang Rimba who already have an ID card have been able to access public services such as education, health, and social assistance. The following is the distribution of Orang Rimba residents who have obtained access to public services from the government:

Table 6. Orang Rimba residents who have access to public services in the form of social assistance, education assistance, and health assistance from the government

Related Agencies	Beneficiaries		Information
	Sarolangun District	Merangin District	
Health Department	249 Families / 996 Persons	64 Families / 201 Persons	KIS (Healthy Indonesia Card)
Social Services Agency	8 Families / 19 Students	-	KIP (Indonesia Smart Card), Orang Rimba students who get KIP are students who attend public school
Social Services Agency	173 Families	64 Families	BLT (Direct Cash Assistance), BST (Cash Social Assistance) & BPNT (Non-Cash Program Assistance)

AGRICULTURAL LEARNING CENTER (ALC)

a. Suluh Rimbo Sikar

The achievements of this program are starting to be enjoyed by the Orang Rimba community. Suluh Rimbo Sikar manages an area of 6,000 m², the land has been planted with various types of plants such as chili, sweet potato, cassava, taro, and areca nut. In the first quarter of 2022, Orang Rimba Sikar succeeded in harvesting 4-5 kg of chili in the first harvest, the chili harvesting process continues until the second quarter of 2022 considering that chili plants can be harvested up to 10-15 times. The total yield of chili until the second quarter of 2022 is 90 kg. The chili harvest is used by the Sikar group to meet household needs. Fulfillment of chili independently to cook spices without having to buy them at the store has succeeded in reducing family costs.



Figure 9. Chili harvest in Suluh Rimbo food security plantation

In the second quarter of 2022, Suluh Rimbo Sikar also harvested sweet potatoes, cassava and taro. The total harvest of sweet potatoes reached 160 kg, cassava 210 kg, and taro 96 kg. The harvest is then divided equally among as many as 12 Heads of Families. The harvest is used by the Orang Rimba for family food. Orang Rimba usually manages these tubers by boiling them directly and eating them with fish or meat.



Figure 10. Harvesting taro and cassava in Suluh Rimbo Sikar

Suluh Rimbo Sikar's achievements in the second quarter of 2022 showed positive results, and these achievements became the starting point in realizing more sustainable food sources and livelihoods in the future. We will continue to encourage and strengthen Suluh Rimbo Sikar by giving them training in good agricultural practices and increasing the planting area.

b. Suluh Rimbo Air Panas

Suluh Rimbo Air Panas currently has a two-hectare agricultural learning center. In the first quarter of 2022, Orang Rimba in Suluh Rimbo Air Panas learns about cultivating Lilies and Kapok banana, California papaya, and Wulung coconut. In the second quarter of 2022, Suluh Rimbo Air Panas focused on cultivating chili plants. Chili plants were chosen because their harvests will be sold to the market for alternative sources of income, considering their good economic value. A total of 1,500 chili plants have been successfully planted on an area of one-hectare of intercropping with banana plants. Meanwhile, another one hectare of land is currently in the process of plowing and preparing for planting. The next target in the third and fourth quarters is for Suluh Rimbo Air Panas to be able to produce and harvest crops that were previously managed by the Orang Rimba community.



Figure 11. Observing the growth of chili and banana plants in Suluh Rimbo Air Panas

CAKE MAKING TRAINING IN TEMENGGUNG NANGKUS GROUP

In addition to providing training in ALC, the Company has also developed several other trainings as reported in the previous quarterly reports. The latest training program is making pastries for the women/mothers of the Temenggung Nangkus Group in the Air Panas area. The purpose of this activity is to provide positive activities and make Orang Rimba mothers more productive. The Nangkus group is the target of the program because this group has settled and lived a decent life in the village area and has socialized with other communities around the area so that the development of their soft skills needs to be honed and their free time can be more productive.

The training is carried out by providing information and knowledge about potential business opportunities that can be a source of income and is continued by teaching how to make cakes and pastries. Furthermore, to make use of Orang Rimba mothers' free time, this activity is also carried out due to the consumptive habits of Orang Rimba residents so the skill can be an opportunity for them to open business spaces in their own communities.



Figure 12. Cake making training for Orang Rimba parents



Prosper with the Nation

PT Astra Agro Lestari Tbk

Jakarta Head Office

**Jln. Puloayang Raya Blok OR I
Kawasan Industri Pulogadung
Jakarta 13930 - Indonesia**

 **(+62-21) 4616 555**

 **(+62-21) 4616 682 / 4616 689**

 **sustainability@astra-agro.co.id**

 **www.astra-agro.co.id**