



PT Astra Agro Lestari Tbk

ASTRA AGRO LESTARI 5-Year Sustainability Action Plan

(2021 – 2025)

INTRODUCTION


Astra Agro strongly believes that sustainable palm oil is essential for the wellbeing of society and the environment, and for sustainable economic development in Indonesia. As one of the largest palm oil producers in Indonesia, AAL currently operates 43 upstream subsidiaries, consisting of forty three (43) estates and thirty one (31) mills across Sumatra, Kalimantan and Sulawesi, and downstream facilities represented by three (3) refineries. The company has more than 34,000 employees and sources about 50% of its fresh fruit bunches (FFB) from around 64,000 smallholders.

To achieve a sustainable business, Astra Agro launched its Sustainability Policy in September 2015, which becomes the company's operational guidelines. To ensure its Sustainability Policy runs effectively in the field, Astra Agro has established 3-Year Action Plan 2018-2020 which its execution period has been completed. However, we are aware that the implementation on the ground is not perfect. Covid-19 pandemic is one reason why some activities are delayed to achieve its targets and many challenges are identified during

the process. Hence, Astra Agro collaborated with Daemeter as an independent third party to conduct an evaluation of the implementation of the 3-Year Action Plan in order to provide a more comprehensive foundation for next actions in improving the implementation of Sustainability Policy and enlarging its impact on the wider ecosystem.

Based on Daemeter's assessment results, many programs have achieved their targets, however some need improvements to meet the expected targets. With a milestone of achievement and improvement recommendation from Daemeter, we are now stepping into more comprehensive action plan for 5 years (2021 - 2025).



An aerial photograph of a tropical landscape. A dirt road winds through a dense forest of palm trees. In the center, a tall communication tower stands out. Below the tower, a small village with several buildings is visible. The image is partially covered by green geometric shapes in the top left and bottom right corners.

The 5-Year Action Plan was prepared by taking into account not only the result of evaluation from third party, but also lesson learned from previous experiences in implementing 3-Year Action Plan including (1) challenges and obstacles found during the process, (2) inputs from our key stakeholders we received during the implementation of the Action Plan (3) identification of future challenges.

The formulation of the 5-Year Action Plan is a further step of Astra Agro's consistency in fulfilling its sustainability policy including conserving forests and peatlands; to uphold human, labour and community rights; and also, to support sustainability program across its subsidiaries and supplier bases.

The 7 Thematic Action Plan



1. NO DEFORESTATION



1.1. New planting in Associated Smallholder Plantations (ASP)

- All new planting¹ in associated smallholder plantations² developed in affiliation with AAL perform integrated HCV/HCS assessments in accordance with HCVN Common Guidance and Indonesian National Toolkit (NI).

1.2. AAL subsidiaries

- No new plantings on potential HCV/HCS areas in AAL's concessions.
- The remainder of AAL's subsidiaries are to undergo HCV re-assessments following the HCVN Common Guidance and Indonesian National Toolkit (NI) by 2025.
- Continue riparian rehabilitation program across all subsidiaries based on AAL's long-term rehabilitation plans as well as annual monitoring to ensure the program meets its targets.

1.3. Prioritized third-party sourcing landscapes

- Developing a comprehensive program for maintaining the integrity of existing HCV/HCS areas and mitigating the risks associated with them on the three prioritized landscape as has been previously determined.

¹ Planned or proposed planting on land not previously cultivated with oil palm

² Associated smallholder plantations are community owned plantations located on community owned lands outside of AAL's HGU that are developed and operated by Astra at the invitation of a community. A portion of the profits are paid directly to the community.



2. NO BURNING

2.1. Zero Burn Policy

- Zero burn policy is maintained to effectively eliminate all potential fire risks for all of AAL's subsidiaries and applied in all supply chain.

2.2. Fire Prevention System

- AAL's existing fire management system, including the fire auditing system, will be updated to cover current and future challenges with the assistance of credible third parties and rolled out of across all of AAL's operations to achieve "Zero Fire" targets.
- Engage with authorized agencies including the local government and/or police force to validate the readiness of the fire prevention and mitigation measures in compliance with existing regulations.
- Ensure that CPO and FFB suppliers are in compliance with existing regulations and AAL's sustainability policy.

2.3. Fire Prevention with Community and Related Parties

- Strengthen the existing 88 MPA groups including 17 self-sufficient MPA groups, encourage another eight groups to reach self-sufficiency, and establish an additional 22 new groups.
- Enlargement of fire prevention initiatives in six different districts through strengthening the involvement of related parties.





3. GHG EMISSION



4. CONSERVATION OF PEATLAND

3.1. GHG Reduction Strategy

- The GHG reduction strategy is directed in a way where it is aligned with the government's National Commitments. A comprehensive study will be conducted to set up a roadmap for long-term GHG emissions reduction planning.

4.1. Conservation of Peatland

- AAL's peatland management practices are reported to the Ministry of Environment and Forestry to comply with National Regulations.
- The Company's Sustainable Peatland Management (SPM system) assessment is annually updated in accordance with government policy and current challenges.
- All subsidiaries with peatland, by the end of 2025, will be graded "Very Good" based on our sustainable peatland management (SPM system) assessment.
- FFB suppliers operating on peatland are mapped and need assessment will be conducted in order to determine the assistance needed to employ best management practices.





5. RESPECT FOR HUMAN RIGHTS



5.1. Human Rights Strategy Development and Deployment

- A Human Rights strategy aligned with the United Nations Guiding Principles on Business and Human Rights will be established by the end of 2021 and will then be implemented across the Company's entire operations and its supply chain accordingly.

5.2. Community Rights and FPIC

- Standard operating procedures for FPIC processes have been updated in collaboration with relevant experts prior to the commencement of any new operation.
- Continue the improvement of the conflict resolutions mechanism through in-depth reviews with credible experts to produce a system that ensures the resolution of conflicts through open, transparent, and consultative processes.
- Continuous efforts to develop a long-term strategy to resolve Suku Anak Dalam (Orang Rimba) issues through the engagement of a multistakeholders initiative and wider stakeholders.

5.3. Grievance Mechanism

- AAL's established grievance mechanism continues to take into account the inputs of stakeholders and experts so as to improve our standardized system that can best accommodate users and stakeholders.

5.4. Worker Rights and Health and Safety

- Continue to explore alternative means of minimizing the risk of exposure to hazardous material and preventing fatal accidents through the implementation of an overarching safety culture.



6. RESPONSIBLE SOURCING



6.1. Supply Chain Traceability and Transparency

- Maintain 100% traceability to mill for AAL's three (3) refineries and list of direct suppliers to AAL's refineries published in quarterly basis.
- 100% traceability FFB at the plantation level to AAL's 31 mills will be reached by the end 2021 and this will be followed by mappings based on risk levels to determine the necessary Action Plan to ensure that our FFB sourcing is aligned with our sustainability commitments.
- Ensure that AAL's CPO suppliers have implemented the necessary mechanisms to trace and document their FFB sources to be in line with AAL's Sustainability Policy.

6.2. Due Diligence Process for New Suppliers

- AAL's due diligence process continues to be applied to potential suppliers

6.3. Ensuring and Monitoring Supplier Compliance

- All suppliers are required to undergo AAL's Sustainability Assessment mechanism in order to determine the level of assistance needed so as to comply with AAL's sustainability commitments.
- If violations towards our sustainability commitments are discovered, a corrective action plan will be developed and its implementation will be properly monitored.



7. SMALLHOLDER & FFB SUPPLIER



7.1. Smallholder Strategy Enhancement

- Existing smallholder strategy is updated to capture future challenges for the purpose of increased smallholder inclusion.
- By the end of 2025, there is a 10% increase in the total number of independent smallholders joining AAL's Smallholder Program.

7.2. Increase Understanding of Smallholders and FFB Suppliers to be in Line with AAL's Sustainability Policy

- Direct suppliers and smallholders knowledge in relation to AAL's sustainability principles are strengthened.
- Relevant training and technical assistance are provided to traceable associated and independent smallholders supplying all mills to address key identified smallholder needs and sustainability risks.



Prosper with the Nation

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