



PT Astra Agro Lestari Tbk

PROGRESS REPORT ON **SUSTAINABILITY**

THIRD QUARTER
UPDATE 2021



ASTRA AGRO LESTARI THIRD QUARTER 2021 PROGRESS REPORT

INTRODUCTION

In this report our activities are focused on the continuation of our rehabilitation efforts for riparian and mangroves, biodiversity monitoring, updating our traceability to plantation efforts, preventing and mitigating fires as well as further empowering MPA groups, and continuing to assist the Orang Rimba community living around our plantations in any way that we can.

HCV MANAGEMENT

Riparian Rehabilitation

In continuation of our rehabilitation programs especially at riparian areas, as of the third quarter, we have now planted 23,254 trees spread across 23 subsidiaries, which has exceeded our target for this year of planting 20,978 trees. This is a significant increase in comparison to the 12,996 trees planted during the second quarter. The success of our trees planting program is supported by the development of our in-house nursery in West Sulawesi and Kumai which is a solution to the scarcity of seeds from third parties.



Picture 1. Riparian rehabilitation planting

Mangrove Rehabilitation

Outside of our concessions, AAL has also contributed greatly to the protection and conservation of coastal borders that are close to our operational areas. In the Kilangan

Village of Aceh Singkil, this conservation program has been in effect since 2018 with the involvement of the farmer group Hutan Payau and the Environmental Agency of Aceh Singkil. As of the third quarter 2021, the Company has planted 29,900 mangrove seeds, which is equivalent to 12 ha.



Picture 2. Mangrove Rehabilitation Planting

Biodiversity Management – Monitoring Key Species

The Company continues its routine monitoring of key species so as to ensure the sustainability of the population and the natural habitat surrounding it. The following is a summary of our monitoring efforts in the concession areas as of the third quarter of 2021:

Table 1. Monitoring of Key Species

Species/Location	Status as of Q3 2021	Focused Activities in Q3 2021
Proboscis Monkey (<i>Nasalis larvatus</i>) (Central Kalimantan)	<ul style="list-style-type: none">Monitoring is still carried out in two habitats namely riparian and swamp forests that we have set as a permanent point. The two areas in this period were dominated by flooding due to high rainfall.	Expansion of monitoring areas

Species/Location	Status as of Q3 2021	Focused Activities in Q3 2021
Proboscis Monkey (<i>Nasalis larvatus</i>) (Central Kalimantan)	<ul style="list-style-type: none"> The field conservation team expands the monitoring area into two locations that are measured ± 1.7 km of swamp forest habitat and ± 5.1 km of lowland forest. In both new monitoring locations, we not did find any proboscis monkey populations despite the close distance to the permanent observation point and river flow. We suspect that the lack of a discovery of the proboscis monkey population is caused by the lack of fruit-producing plants and/or leaves commonly consumed by the species in these areas. 	Expansion of monitoring areas
Müller's Bornean Gibbon (<i>Hylobates muelleri</i>) (East Kalimantan)	<ul style="list-style-type: none"> Monitoring has been expanded to the limits of concession's borders due to the identification of a forest habitat connection. A population of gibbons was discovered in the forest areas of our concession connected with forests in the management of other oil palm plantations. We discovered as many as one adult male, one adult female, and one adolescent. 	Expansion of monitoring areas in the border forests with other companies (Connecting Habitat)
Hornbill Groups (Bucerotidae) (East Kalimantan)	<ul style="list-style-type: none"> Five species with varying numbers of individuals have been observed, namely bushy crested hornbills (<i>Anorrhinus galeritus</i>), wrinkled hornbills (<i>Aceros corrugatus</i>), black hornbills (<i>Anthracoceros malayanus</i>), oriental pied hornbills (<i>Anthracoceros albirostris</i>), and rhinoceros hornbills (<i>Buceros rhinoceros</i>). 	Expansion of monitoring areas especially in border forests with other companies (Connecting Habitat)

Species/Location	Status as of Q3 2021	Focused Activities in Q3 2021
Tonkeana Macaque (<i>Macaca tonkeana</i>) (West Sulawesi)	<ul style="list-style-type: none"> • Six Tonkean macaque (Boti Monkey) groups have been monitored in the area, including one newly identified group as of this period. This new group consists of six individuals (two adults, two teenagers and two infants). • The field conservation team expanded the monitoring areas into two locations: riparian and low-land forests which were ± 5 km and ± 3 km respectively from our permanent observation point. Both locations did not exhibit any Tonkean macaque populations 	Expansion of monitoring areas and enrichment of sleep trees and feed according to the species based on the monitoring results.



Picture 3. Rhinoceros hornbill

FIRE PREVENTION

Quarterly Updates on Hotspots Across the Dry Season

For this third quarter, the dry season continues into the July - September period and due to further decrease in rainfall and rising temperatures, our studies and findings have shown an increase in hotspots across all key areas with the most alarming being Aceh, Riau, Jambi, Central Kalimantan, South Kalimantan, East Kalimantan, and West Sulawesi. Guided by our fire prevention protocol, with the increase of hotspots, we have increased our preparedness level from standby one to Emergency Fires in accordance with our fire prevention system.

Table 2. Comparison of rainfall with hotspots for Q3 2021

No.	AREA	JULY		AUGUST		SEPTEMBER	
		Rainfall (mm)	Hotspots	Rainfall (mm)	Hotspots	Rainfall (mm)	Hotspots
1	Aceh	393.7	44	165.8	38	224.8	91
2	Riau	91.3	584	199.1	176	310.7	199
3	Jambi	186.2	305	138.8	93	348.4	179
4	Central Kalimantan	263.6	215	349.8	180	421.5	302
5	South Kalimantan	63.8	295	161.4	242	121.7	286
6	East Kalimantan	155.1	445	450.7	399	420.9	892
7	West Sulawesi	32	79	319.7	26	115.3	55
8	Central Sulawesi	126.6	218	122.8	177	94.5	152

Sumber:

https://dataonline.bmkg.go.id/data_iklim
<http://modis-catalog.lapan.go.id/monitoring/hotspot/index>

Fire Mitigation Activities

For this third quarter, we recorded two fires outside of our concession and one fire spread into our concession which was originally started outside of it. As with most fires that occur outside of our concession, they were largely caused by the local communities' attempts to clear out land for agricultural purposes and/or for fishing.

In the case of the fire that was recorded in our operational area, this fire was originally started outside of our concession. For visualization, the fire started in a patch of unmanaged land that was a mere eight meters away from our concession boundaries.

All three fires were promptly extinguished due to the combined efforts of the Company's Emergency Preparedness and Response team, the local MPA group, and the local authorities. As for the one fire that spread into our concession, the Company quickly moved to increase security along the boundary areas near the unmanaged land stationing more patrols and monitoring personnel.



Picture 4. Fire team preparation

Community Cares about Fires (Masyarakat Peduli Api/MPA)

As of the third quarter of 2021, we have established 89 MPA groups with 20 of these groups having already become independent with significant self-sufficiency in their technical expertise as indicated by their performance on the field when tackling fires and also from a financial management angle. This is an increase compared to what was reported in our Q1 2021 report.



Picture 5. Economic support program for MPA

CPO SOURCING

For this third quarter period, the report will be focusing on the movement of CPO suppliers, support programs to suppliers in the implementation of sustainability standards, and monitoring potential violations by suppliers.

1. Traceability of CPO Supply Sources

In this quarter, 100% traceable CPO sources originating from 44 mills (23 internal and 21 external) have been maintained. Details of the list of external supplier names can be found at <https://www.astra-agro.co.id/sustainability/supplier-list>

Table 3. CPO Supply Sources for Trading & Refinery in Q3 2021

DESTINATION						
Mills	Refinery			Trading	Trading & Refinery	Total Suppliers
	Kreasi Jaya Adhikarya	Tanjung Sarana Lestari	Tanjung Bina Lestari			
Internal	9	7	-	-	7	23
External	2	-	-	17	2	21
				Total		44

2. Supplier Support Program

In the Q3 period, our Support Program is still provided to suppliers in accordance with their respective needs including the implementation of a Sharing Session Webinar and Community-related Sharing Sessions, Monitoring the Progress of filling SAT gaps, Technical Assistance related to GHG emissions calculations, and fulfilling the gaps found in the results of certification assessments

a. Sharing Session related to workforce and community

For this Q3 period, we continue to provide routine socialization regarding our Sustainability Policy to suppliers, not only to share issues that are currently in development, but also to introduce new suppliers in this quarter to AAL's Sustainability Policy.

This quarter's sharing sessions raised the issue of human rights especially pertaining to labor and the community as a whole. We specifically discussed the policies implemented by the Company during Covid-19 pandemic in our plantation operations, the establishment of the gender committee as one of the efforts to improve women's protection and anti-discrimination, as well as CSR programs and the company's efforts in handling of existing problems or grievances/complaints.

Furthermore, in the discussion process, the human rights topic attracted considerable attention from participants with many questions raised and discussions related to the formation of a gender-based committee, starting from determining committee membership, programs run by the committee (e.g., accommodating and handling grievances including sexual harassment and discrimination cases, socialization, assisting victims, and also the problems or challenges faced by the gender committee).

b. Aligning Suppliers with AAL's Sustainability Policy Using SAT Device

As we have explained in our previous report, we routinely monitor our suppliers as they fulfill the SAT requirement gaps across a period of three to six months to observe the supplier's progress in meeting the required sustainability aspects. For the third quarter, we always provide support to our suppliers for the fulfillment of gaps through discussion or technical assistance.

Our mentoring results indicate that there was an increase in the average SAT score of suppliers to 81% which was previously 79%. We consulted our suppliers in relation to GHG emissions reductions especially suppliers that only operate mills and suppliers have developed SOPs pertaining to GHG starting from inventory, mitigation, and the calculation of GHG emissions.

c. Technical assistance for suppliers in GHG calculation

As previously elaborated upon in our prior report, there are still gaps related to reducing GHG emissions. We realize that in addition to



inadequate SOPs, many of the suppliers do not understand how to take inventory and calculate greenhouse gas emissions. So, for this quarter we initiated technical assistance "Inventory and Calculation of GHG emissions in the Palm Oil Industry" which was attended by 30 participants from 20 companies. In general, companies that have not been able to meet the assessment indicators related to GHG are companies that only operate mills.

In this session, we specifically discussed the sources of GHG emissions both from plantations and mills, and emission calculation methods for each oil palm plantation activity. In addition, the simulation of GHG emissions calculation is held using the ISPO GHG calculator alongside the suppliers.

d. Assistance in Certification Preparation

Regarding assistance in preparing for certification that we jointly conducted with suppliers in Jambi in Q1 2021 and Riau in 2019, we strive to assist companies in meeting the requirements of the assessment results. The first supplier until this period, was in the process of fulfilling 57 requirements from a total of 103 and two of them were already fulfilled. We also offer suppliers direct consultation with a certification team related to the fulfillment of gaps.

As for the second supplier, this period saw an increase where the company, which had previously reached a value of 93.41% in the results of the ISPO Stage 1 assessment, has currently increased to 95.61% with 15 criteria that have yet to be fulfilled in comparison to 26 criteria in the first quarter report.

3. Analysis of potential supplier violations

Based on the findings and verifications carried out in the third quarter of 2021, 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: <https://www.astra-agro.co.id/sustainability/complaint>.

FFB SOURCING SMALLHOLDERS SUPPORT

Traceability of FFB Supply

For third quarter of 2021, our FFB supply source is composed of 43% from nucleus plantations, 5% from associated plantations, and 52% from third party/self-supporting suppliers. With all of this combined, our volumetric total for FFB traceability stands at 97% which is a three percent increase from the previous quarter. During this quarter we also managed to trace additional $\pm 6,500$ smallholders. This would bring the total number of traceable smallholders, be they associated or independent, to $\pm 59,000$.

Support Program for FFB Suppliers

As shown in Table 4, the majority of 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.

In a similar pattern to the previous quarter, for the associated smallholders we continue to provide assistance in the way of plantation operational guidance and monthly updates. As for the independent smallholders, our continued support programs for them are elaborated upon further below.

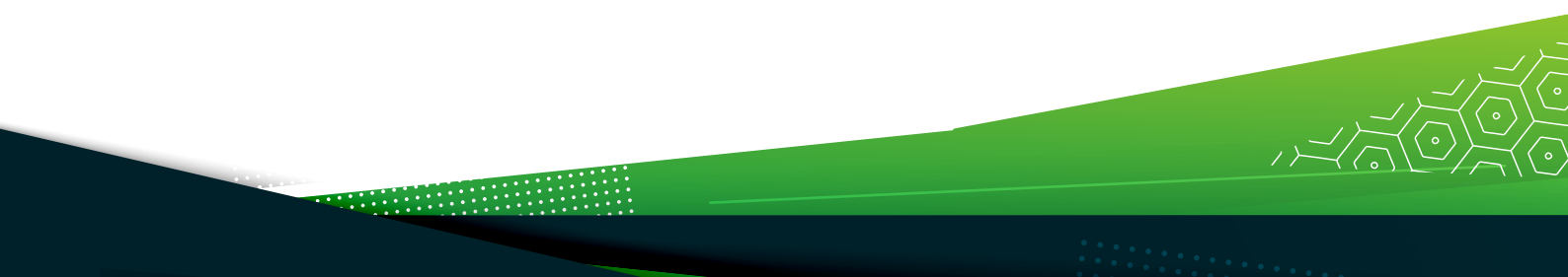
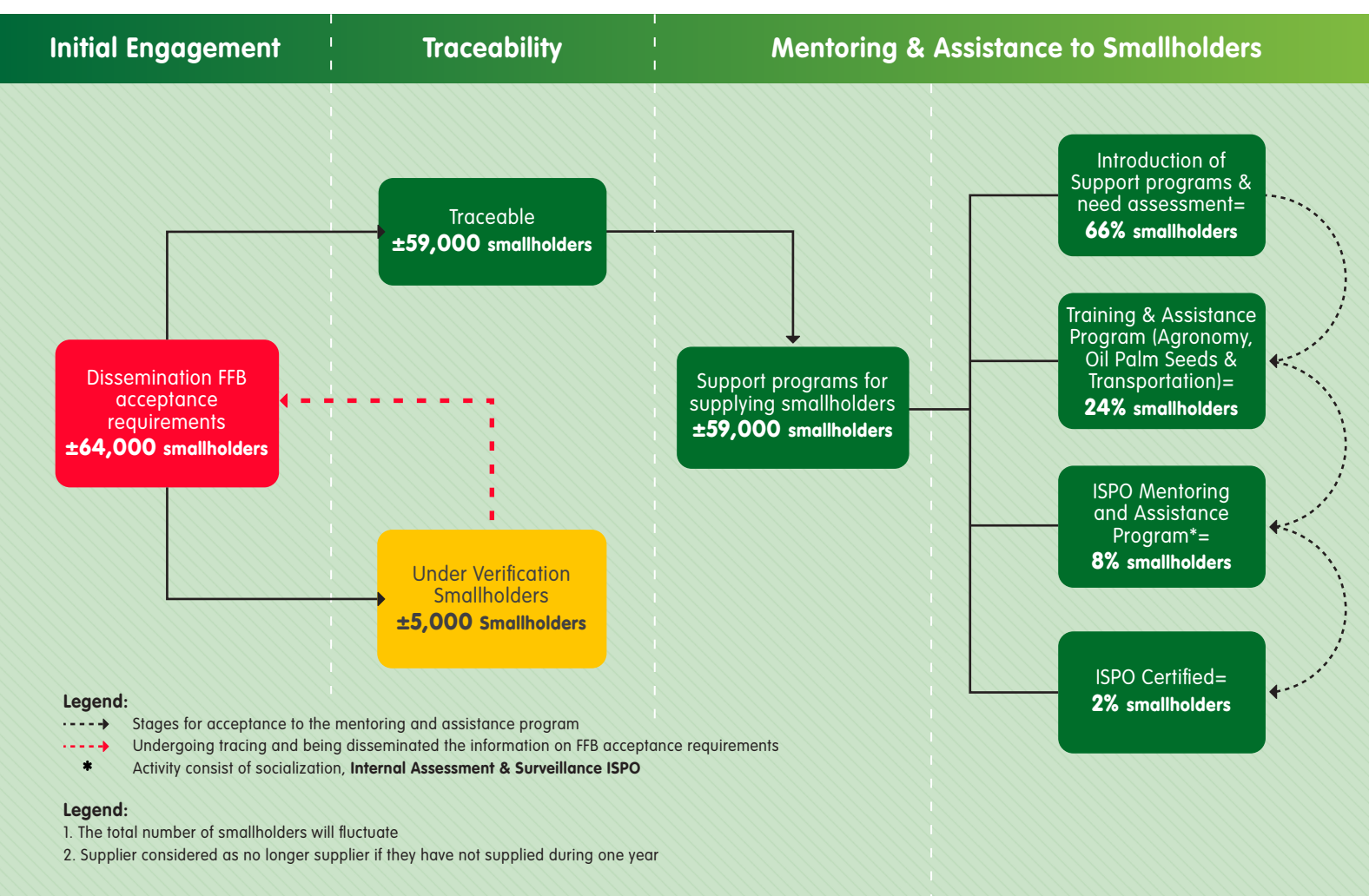


Table 4. Implementation of support programs for FFB suppliers from 2019 to Q3 2021



a. Training and Capacity Building

For Q3 2021, we developed training and capacity building programs for both our partners and smallholders by providing them with know-how on operational aspects as well as additional knowledge pertaining to health and the ethics that come with making use of social media as we also felt these were worthy of concern towards our suppliers. The goal of this training is to assist our partner in making use of social media to create social networks, forums, etc., for communication and information sharing. Furthermore, we also wanted to inform them of certain laws pertaining to the use of social media when wanting to protest or express complaints/grievances. In Q3, there were 372 participants who attended this training program. The total participants during 2021 are 945 smallholders. The materials details of the training can be seen below:

Table 5. Capacity building program during Q3 2021

Capacity Building	Material
Operational Aspects	<ul style="list-style-type: none">- Technical regarding land preparations- Technical regarding oil palm nursery- Technical implementation of castration and sanitation on immature plants- Oil palm plantation treatment techniques using chemicals
Media Handling Training	<ul style="list-style-type: none">- Poise and caution when using social media
Health Aspects	<ul style="list-style-type: none">- Men at risk of breast cancer- How healthy lifestyles can prevent cancer- Covid-19 awareness

Note: The participants in each theme can be the same participants

b. Operational Support for Oil Palm Seeds and Seedlings

During this quarter, we assisted six networking partners in the provinces of Jambi, West Sulawesi, and Central Sulawesi in obtaining ±22,800 oil palm seeds for 14 smallholders. In total, as of Q3 2021, we helped our networking partners obtain ±37,800 oil palm seeds that will be used by 45 smallholders whether it would be for replanting purposes or substitutions/oil palm plantings. Consistently, we also provide assistance to our networking partners regarding land preparations and nurseries via guidance from competent field staff.

c. Fertilizer and Financing Support

For Q3 2021, we received 147 new smallholders that participated in our program and with these new additions we have assisted 313 smallholders (under 64 networking partners) with the distribution of 3,906 tons of fertilizer applied to smallholders plantations in the provinces of Aceh, Riau, East Kalimantan, Central Kalimantan, West Sulawesi and Central Sulawesi.

d. Support for Operational Transportation

Our operational transportation support program has seen the involvement of 507 smallholders (116 networking partners) in total as of Q3 2021 with regard to managing and providing transportation units for the evacuation of FFB from fruit collecting locations (TPH) to mills. This networking partners spread across the provinces of Riau, Jambi, Central Kalimantan, and West Sulawesi with a total transport volume of 48,200 tons.

Surveillance Guidance for ISPO Plasma

During this period, the company has consistently provided technical assistance to KUDs in the Riau area, which has entered its third year of surveillance period. In the surveillance activities carried out by the Certification Body, this KUD managed to meet all the ISPO requirements and was entitled to continue to obtain the ISPO certificate that had been achieved so far.

PROGRESS REPORT - ORANG RIMBA


ASSISTANCE TO ENSURE THE AVAILABILITY OF BASIC FOOD FOR THE ORANG RIMBA GROUPS

The distribution of staple foods is still routinely carried out in the third quarter of 2021. During Q3 2021, the total amount of food provided included 11 tons of rice and 939 food packages for 313 family heads. In total, the 313 Orang Rimba families have received 33 tons of rice and 2,817 food packages as of the third quarter of 2021.

EDUCATIONAL ASSISTANCE

1. Addition of Newly Enrolled Students

Entering the 2021/2022 school year, the government-managed formal school (from elementary level to high school/vocational level) has opened registration for new students. During this period, the company facilitated 127 students in the form of uniforms and school supplies. The number of formal students has



increased compared to previously only 101 students. The majority comes from learning studio students who have started formal education at the elementary school level. Meanwhile the total number of students assisted is still 391 students as well as the previous period.

2. The Minister of Education's Appreciation towards Three Students Supported by the Company

Minister of Education, Culture, Research and Technology of the Republic of Indonesia Nadiem Makarim met with three students of PT SAL Orang Rimba on September 21st, 2021. Nadiem appreciated three students, who had studied higher education. Two of them are currently studying in the Diploma 3 Jambi Diploma Program, while another is studying the Diploma 4 Program in Bogor Polbangtan. Through this meeting, Nadiem delivered a message to these three students encouraging them to inspire and set examples for the next generation of Orang Rimba to pursue education.



Picture 6. Minister of Education Nadiem Makarim Embraces Three Students of the Rimba People Assisted by PT SAL

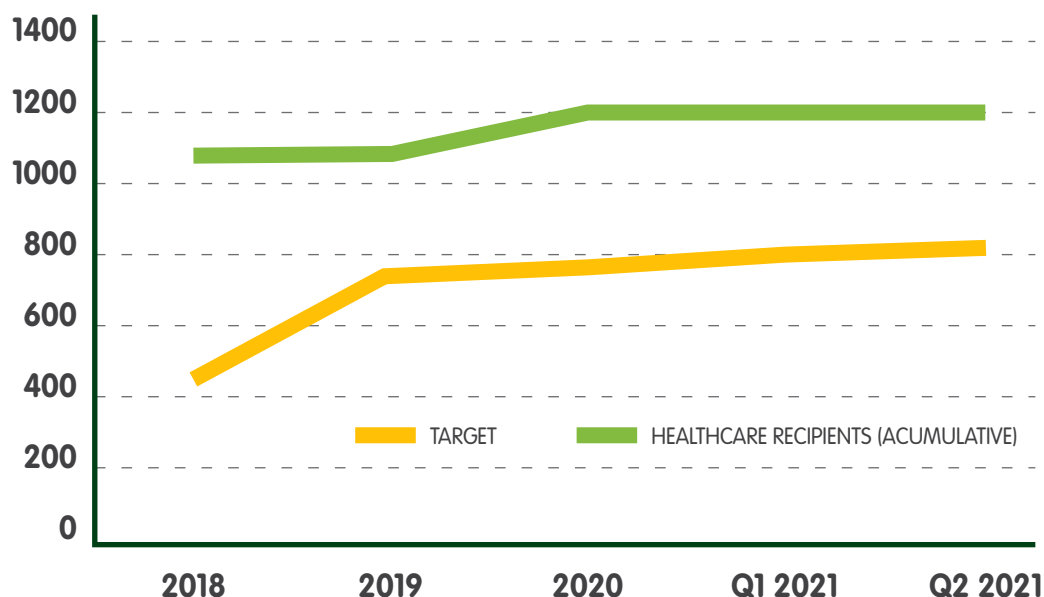
News about the Nadiem Makarim meeting the three students can be accessed through the following link.

<https://www.antaranews.com/berita/2409245/nadiem-puji-anak-muda-Orang-Rimba-yang-lanjutkan-pendidikan>

HEALTHCARE SERVICES

Since 2018, our health services have accumulatively reached 832 people as of the Q3 2021 period. Health service reception can be seen in the following figure.

CURATIVE HEALTH SERVICES



Graph 1. Graph of Health Program Services for the Orang Rimba

DEVELOPMENT OF ECONOMIC SOURCES

We have provided alternative income sources for the Orang Rimba. These alternative sources are still running and continue to be in effect as of the third quarter of 2021.

Table 6. List of economic program for Orang Rimba

No.	PROGRAM	YEAR LAUNCHED	DESCRIPTION
1	Catfish Cultivation	2018	Demonstration Plot and Mentoring of Catfish Cultivation
2	Chicken Breeding	2018	Provision of Chicken Farm Facilities
3	Softshell Turtle Shelter	2018	Facilitate Turtle Shelter Pool
4	Jernang Cultivation Program	2018	Cultivation of Jernang Plants in the National Park Area
5	Agricultural Learning Center	2018	Establishment of Agricultural Learning Center through the Making of an Agricultural Demonstration plot, Consultation and Counseling Process
6	Rubber Nursery Training	2019	Training for the Orang Rimba to Develop Rubber Plant Nursery Skills
7	Horticulture Program	2020	Facilitate the Horticulture Plant Program within the National Park Area

During this period, the Company developed new alternative sources of income for Orang Rimba residents who did not yet have a steady income. The company started from the Saidun Sub Group who lives in the Punti Kayu River area through two (2) micro business programs, namely program.

a. Catfish Business Opportunity

This program is motivated by the relatively high demand for animal protein sources in this group but supply is still insufficient. So far, the nearest market in Bukit Suban Village is only held on certain days once a week, so access to this protein source is limited. Seeing this opportunity, Bukhori, one of the residents of the Saidun Sub-Group, discussed with the program facilitator from the Company on the potential opportunity to supply groups who are need of animal-based proteins. Through a lengthy discussion, it was mutually agreed that the Company would facilitate business opportunities for buying and selling catfish for Bukhori as an additional source of income. This program has been implemented in the form of assistance for tarpaulin ponds, pond equipment, weighing scales and ready-to-eat catfish as initial capital. The catfish are sourced from farmers in the surrounding villages, one of which comes from Pak Tarib's pond, who has previously succeeded in cultivating catfish facilitated by the Company.

b. Catfish Cultivation in the Betaring Sub-Group

This program was proposed from Sudi, a resident of the Betaring Sub-group as they requested PT SAL to provide the necessary facilities for catfish cultivation. PT SAL then fulfilled the request by supplying 10-12 cm long catfish weighing as much as 20 kg. Sudi manages the catfish behind his house using a ground pool. Meanwhile, the water source is obtained from a well near the Putri Tijah Learning Studio which is aslo facilitated by PT SAL.



c. Enrichment of the National Park through the Planting of Jernang

As one of our long-term economic sources, PT SAL and Balai TNBD rolled out the Enrichment Program for Bukit Duabelas National Park through the planting of jernang. The jernang plant, as has been explained in previous reports, is a high-economic value plant that the Orang Rimba are very familiar with. Jernang is shared and divided by way of a group system for four Temenggung (group leader) of the Rimba. The jernang distributed via this method are the *Daemonorps draco* (Jernang bonor) type whose sap has high economic value. Planting jernang on the lands of each Temenggung region was carried out by the relevant Temenggung/members of his group together with National Park officers. The plantings are then followed by fertilization using compost fertilizer. In order to facilitate monitoring and the checking of jernang conditions, the National Park officers constructed signboards for each of them containing numbers and planting years. Monitoring activities of jernang conditions after being planted will be routinely monitored by the National Park officers who serve as companions for each group.

d. Food and other Basic Needs

Similar to the catfish efforts, food and basic needs also originated from the problem faced by residents, where to get the nearest main ingredient must travel four to five kilometers from the settlement. Nepak, one of the residents of Saidun's sub-group saw the problem as a promising business opportunity and had started it from a small scale. In an effort to develop the business, PT SAL and Nepak communicate with each other so that the businesses can serve as an alternative source of income. Therefore, in this second quarter, the Company provided (a) the assistance process, especially financial records, (b) business capital in the form of goods such as wash soap, bath soap, mosquito repellents, sugar and fried oil, and (c) finding goods suppliers at a more favourable prices.

FOLLOW-UP TO THE MATCHING FUND PROGRAM

As stated in the previous report, PT SAL and Jambi University (UNJA) are implementing the Matching Funds program which is controlled by the Ministry of Education. This Matching Funds program will focus on three fields. First, is economic empowerment which includes inventory and processing of medicinal herbs/plants in the National Park and the cultivation/manufacturing of endemic and forestry plants. Second, educational empowerment, related to the renovation and preparation of the learning module of the Orang Rimba, drafting the policy of the educational model of the Orang Rimba. Third, social empowerment, including the integration of the social system of the Orang Rimba with the villages/local government, facilitating population registration for the Orang Rimba and organizing focus group discussions in order to develop better legal awareness. The Matching Funds Activity Plan can be seen in the following table.

Table 7. The Matching Funds program

No.	CATEGORY	ACTIVITY	PURPOSE/AIM
1	Economic Empowerment	Development of ethnomedical and nutraceutical of the Orang Rimba	Increase the added value of biological resources for the development of traditional medicines based on the health behavior of the people of the Orang Rimba
		Cultivation of economically endemic species	Development of several endemic species that are economically valued for the source of alternative income for the Orang Rimba
		Strengthening of Durability and Food Independence of the Orang Rimba community	Utilization of local food biodiversity and buffer areas for the Food Sources of the Orang Rimba community
2	Educational Empowerment	Remodelling the educational model of the Orang Rimba	Formulate the educational model of the Orang Rimba who have conformed with formal education and accommodate local charges
		Legalization of Alternative Schools for the Orang Rimba	Formulate regulations that cover the existence of alternative schools of the Orang Rimba
		Legal Awareness	Providing an understanding of the state law for the Orang Rimba and Local Laws (customs) of the Orang Rimba for other communities around the National Park

No.	CATEGORY	ACTIVITY	PURPOSE/AIM
3	Social Empowerment	Initiation for the preparation of village regulations through the integration of the Orang Rimba's Group Leader Organization into the Village Government Organization	Formulate regulations at the village level that can accommodate the existence of the Orang Rimba Government Organizations in the Village Government
		Facilitating the socio-economic integration of the Orang Rimba community with the surrounding village communities	Encourage increasing social and economic interactions between the two community groups
		Advocating the strengthening of the capacity of government systems for the functionaries of the Orang Rimba Temenggung	Provide debriefing for functionaries of the organization to be involved in the village government

Fully supported activities by the Director General of the Ministry of Education, Culture and Directorate General of Higher Education for Research and Development will involve around 40 students from various scientific disciplines (study program) for four months, starting in September to December 2021.

PT SAL and UNJA have conducted audience and program socializations and disseminations to various related parties to explain the concepts, ideas and plans for the activities to be carried out. The audience is also held to experience and receive the required inputs. The audience and socialization were held on September 4th-5th, 2021 in the village of Bukit Suban, Air Hitam, which was attended by the Tenggana and Temenggung of the Orang Rimba.

The Minister of Education appreciated the cooperation between UNJA and PT SAL who successfully implemented the Orang Rimba's empowerment model through the Matching Funds program. This was conveyed while visiting Jambi University on September 20th, 2021. News about this can be accessed through the following link.

<https://www.jpnn.com/news/nadiem-makarim-tertarik-matching-fund-universitas-jambi-untuk-suku-anak-dalam>



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