



STATEMENT ON Cofe's REMOVAL OF AAL FROM WATCH LIST

We welcome Norway's Council on Ethics' recommendation to cease the observation of PT Astra Agro Lestari Tbk (**AAL**), on the basis that there is no longer an unacceptable risk of serious environmental damage relating to the development and operation of oil palm plantations.

The following is the section of the Council's recommendation related to AAL:

- Recommendation to discontinue observation

The Council considers that there is no longer an unacceptable risk of serious environmental damage relating to the development and operation of oil palm plantations by Astra's subsidiary PT Astra Agro Lestari Tbk (AAL). The Council therefore recommends that observation of Astra be discontinued. AAL operates oil palm plantations in Sumatra, Kalimantan and Sulawesi through 43 subsidiaries.

- The Council has submitted observation reports to Norges Bank in 2018, 2019 and 2020.

The Council's observation of Astra and AAL has focused particularly on how AAL conserves and manages biodiversity and areas of high conservation value (HCV) in its concessions. During the observation period, AAL has not opened up any new areas of peat or forest, and has undertaken to preserve High Carbon Stock (HCS) forests, peat and HCVs. The company's sustainability strategy, which rests on a policy of zero deforestation, no conversion of peatlands and respect for human rights, has been operationalised through three-year action plans. AAL has introduced systems to prevent forest fires, preserve peatland and avoid deforestation in its supply chain.



During the observation period, the Council has also raised the impact of the company's operations on the Orang-Rimba people – a semi-nomadic Indigenous people who live in extreme poverty at the margins of the plantation concession operated by one of AAL's subsidiaries. For several years, AAL has assisted with food aid, health services and the provision of schooling and educational services to improve the families' living standards. In the last few years, AAL has also initiated processes to improve the more long-term outlook for the Indigenous groups. Although the Council understands that the public authorities and other actors are responsible for finding solutions, it considers that AAL still has an important role to play in these endeavours to safeguard the Orang-Rimba's living areas and livelihoods.

The Council is aware of reports of conflict between local communities and three of AAL's subsidiaries but has not investigated these in further detail. However, the Council presumes that AAL's new sustainability action plan will underpin intensified efforts to protect biodiversity and strengthen AAL's endeavours in the area of human rights and conflict resolution."

The full report of the Council can be found in its website.