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Risk Alert: Astra Agro Lestari Subject to National and International Scrutiny over Alleged Corruption, Money Laundering, and Human Rights Abuses

Multiple government investigations into corruption, United Nations inquiries into human rights abuses, and civil society lawsuit highlight urgent need for accountability and justice

December 2024

Foreword

Over the past several years, Friends of the Earth groups have published numerous reports with documented evidence of sustained environmental, governance, and human rights abuses by Indonesian palm oil company Astra Agro Lestari and its subsidiaries. This has included highlighting land grabbing, environmental degradation, violence, intimidation and criminalization against Human Rights Defenders, and permitting irregularities and other governance violations by AAL and its subsidiaries PT Agro Nusa Abadi, PT Lestari Tani Teladan, and PT Mamuang operating in Central and West Sulawesi.

Friends of the Earth's June 2024 [report](#) *Cultivating Conflict: How Astra Agro Lestari, Brands, and Big Finance Capitalize on Indonesia's Governance Gaps* revealed that AAL's violations are more widespread than initially documented and extend beyond three subsidiaries operating in Sulawesi. The report revealed that 17 AAL subsidiaries' concessions overlap with over 17,000 hectares of Indonesia's forest estate, at least 1,100 hectares of AAL's palm oil plantations in Indonesia's forest estate appear to be illegal, and additional AAL subsidiaries are operating without the required cultivation permit (HGU). The report also documented cases of intimidation by company staff.

In October, Indonesian news agencies [reported](#) that the Indonesian Attorney General's Office was investigating corruption in the management of palm oil plantations between 2005 and 2024. The Attorney General's Office confirmed that the investigation is examining [illegal palm oil management in forest areas](#), including the release of forest areas for palm oil operations. In November, it was [reported](#) that at least three AAL subsidiaries were subject to an investigation into alleged corruption and money laundering in palm oil operations by the Central Sulawesi High Prosecutor's Office.

Also in November, Indonesian civil society organization TuK filed a [lawsuit](#) against Indonesian bank Bank Mandiri, AAL, and PT ANA for alleged environmental and human rights abuses. TuK stated that it had filed the lawsuit to hold financial institutions accountable for funding environmental destruction, community rights violations, and illegal practices.



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In addition to growing legal and governance risks presented by AAL's permitting irregularities, governance violations, and alleged corruption and money laundering, AAL continues to be implicated in ongoing allegations of human rights abuses. In October, seven United Nations Special Rapporteurs – including Special Rapporteurs on the right to food, on the human right to a clean, healthy and sustainable environment, on the promotion and protection of the right to freedom of opinion and expression, on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context, on the situation of human rights defenders, on the rights of Indigenous Peoples, and on the human rights to safe drinking water and sanitation – and two UN working groups – Working Group on the issue of human rights and transnational corporations and other business enterprises and Working Group on the rights of peasants and other people working in rural areas – issued letters to [Astra Agro Lestari \(AAL\)](#), its parent companies [Jardine Matheson](#) and [Astra International](#), and representatives of the governments of [Indonesia](#) and [China](#), raising concerns over allegations of land grabbing, violations of Indigenous Peoples' rights, environmental degradation, intimidation and criminalization of environmental Human Rights Defenders, restricting farmers' access to land for cultivation, and operating without required legal permits.

Given the increased national and international scrutiny over AAL's alleged violations, it is untenable for companies and investors to continue to ignore or minimize the adverse impacts posed by AAL's operations. Consumer brands and agribusiness traders, which insist on including AAL's conflict palm oil in their supply chains while pointing to their sustainability policies – despite a growing body of evidence of violations, risk being exposed for greenwashing and non-compliance with international frameworks including the [UN Guiding Principles on Business and Human Rights](#), [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct](#), and upcoming legislation to [halt trade in deforestation-related products](#) and [address harmful supply chains](#). Corporate engagement with AAL has largely been a black box, failed to advocate for meaningful redress for impacted communities, and has not led to improvements for rightsholders or notable reforms to corporate governance practices. Financiers that continue to provide investment to AAL and its parent companies Jardine Matheson, Jardine Cycle and Carriage, and Astra International face significant material, legal, and operational risks.

Corruption Investigations

On October 3, the Deputy Attorney General for Special Crimes (Jampidsus) of the Attorney General's Office [conducted raids](#) on the office of the Ministry of Environment and Forestry (KLHK) as part of an investigation into corruption in the management of palm oil



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plantations between 2005 and 2024. The Attorney General's Office confirmed that the investigation was examining [illegal palm oil management in forest areas](#), including the release of forest areas for palm oil operations.

In November, a [news report](#) identified three AAL subsidiaries operating in Central Sulawesi – PT Agro Nusa Abadi, PT Rimbunan Alam Sentosa (RAS), and PT Sawit Jaya Abadi (SJA) – as subject to a regional investigation into alleged corruption and money laundering in the palm oil industry. According to the report, numerous current and former AAL executives and staff have been called for questioning by the Central Sulawesi High Prosecutor's Office. The news report stated that alleged land grabbing by one AAL subsidiary had caused state financial losses of approximately IDR 79 billion (USD\$5 million) and identified alleged corruption and further permitting irregularities in AAL's operations in Sulawesi.

Notably, Friends of the Earth's June 2024 [report](#) *Cultivating Conflict: How Astra Agro Lestari, Brands, and Big Finance Capitalize on Indonesia's Governance Gap* identified numerous governance violations and permitting irregularities by AAL, which appear to be coming to the light. The June 2024 report stated that all three of the AAL subsidiaries named in the Central Sulawesi High Prosecutor's investigation lacked the required cultivation permit (HGU). As documented in the report, AAL disputed this requirement; however, the Central Sulawesi High Prosecutor's investigation indicates that AAL may be in breach of government laws and regulations. The June 2024 report found that PT RAS's plantation business permit (IUP) overlaps with a state company's HGU, which is a permitting irregularity that should prevent it from operating, implying that the company's operations may be illegal. The report also revealed that 17 AAL subsidiaries' concessions overlap with over 17,000 hectares of Indonesia's forest estate and at least 1,100 hectares of AAL's palm oil plantations in Indonesia's forest estate appear to be illegal.

Additionally in November, Indonesian civil society organization TuK filed a [lawsuit](#) against Indonesian bank Bank Mandiri, AAL, and AAL subsidiary PT ANA for environmental and human rights abuses. TuK stated that it had filed the lawsuit to hold financial institutions accountable for funding environmental destruction, community rights violations, and illegal practices.

There are at least two ongoing government investigations into corruption in the palm oil industry in Indonesia, which highlights the high-risk context of corruption and uneven implementation of the rule of law in the country. Given that these investigations are examining many of the issues previously raised by civil society groups, companies and investors must critically examine their own due diligence processes to identify existing



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gaps, as well as take firmer action aimed at achieving accountability. Companies and investors tied to AAL must recognize the substantial governance risks posed by AAL and take definitive action by suspending sourcing and investments in the company as well as ensuring access to justice for affected communities.

United Nations Scrutiny

In October, seven United Nations Special Rapporteurs and two UN working groups to [Astra Agro Lestari](#) (AAL), its parent companies [Jardine Matheson](#) and [Astra International](#), and representatives of the governments of [Indonesia](#) and [China](#), raising concerns over alleged land grabbing, violations of Indigenous Peoples' rights, environmental degradation, intimidation and criminalization of environmental Human Rights Defenders, restricting farmers' access to land for cultivation, and operating without required legal permits. Many of the alleged abuses have been well-documented for years by civil society organizations and impacted communities calling for the return of land taken by AAL without consent.

The UN letters outline structural harms across the Indonesian industrial palm oil industry and state concerns that AAL may be in violation of "rights to housing, land and property, adequate food, safe drinking water and the human right to a clean, healthy and sustainable environment of affected farmers communities and Indigenous Peoples." The letters were sent in October and only made public in December. Unfortunately, neither AAL nor its parent companies (or government representatives) responded despite requests to do so within two months.

Threats of Violence, Intimidation and Criminalization

Since 2022, Friends of the Earth groups have documented various cases of [violence](#), [intimidation](#), and [criminalization](#) linked to AAL's operations. Numerous Human Rights Defenders have been [jailed](#), while others have been intimidated by company staff who have approached them in their villages and homes. On multiple occasions, Indonesia's paramilitary Mobile Brigade Corps (Brimob) has appeared alongside AAL companies to intimidate and threaten impacted communities.

In November, new [reports](#) of violence, intimidation, and threats of criminalization emerged linked to AAL's operations in Central Sulawesi. According to community members, on two separate occasions in October, AAL subsidiary PT Agro Nusa Abadi forcibly harvested palm oil fruit on lands claimed by communities alongside Brimob. On October 8, community members reported that Brimob officers fired shots to suppress protests against PT ANA's

actions. On October 22, Brimob threatened to confiscate palm oil fruit from farmers in Bungintimbe village, while PT ANA harvested on contested lands. On October 29, [police](#) named six community members from North Morowali as alleged perpetrators of palm oil fruit theft from PT ANA and issued a summons.

The November update also included reports from community members that AAL's implementation of its unilaterally dictated action plan intentionally excluded community members critical of AAL's operations from village meetings, with roads being blocked off to prevent participation and discussions held behind closed doors.

Accountability

For several years, Friends of the Earth groups have documented sustained environmental, governance, and human rights violations by AAL and its subsidiaries across Indonesia. Today, ongoing Indonesian government investigations into corruption and money laundering and UN scrutiny highlight the growing risks posed to companies and investors tied to AAL, the failures of engagement to reform the company's approach, and the growing need for accountability aimed at achieving remedy and redress.

Following reports of ongoing human rights abuses and increased national and international scrutiny for AAL's violations, consumer brand Procter & Gamble [announced](#) in December 2024 that it would be suspending all palm oil sourcing from AAL and its subsidiaries.

In light of these developments:

- Consumer brands and agribusiness traders should fully suspend all palm oil sourcing from AAL and all subsidiaries until conflicts are resolved, grievances redressed, and remedy provided consistent with communities' demands, including returning land taken without consent, restoring degraded ecosystems, and providing compensation for loss of lands and livelihoods.
- Financiers should exclude all investment, loans, bonds, and shareholdings in AAL and parent companies Jardine Matheson, Jardine Cycle & Carriage and Astra International until conflicts are resolved, grievances redressed, and remedy provided consistent with communities' demands, including returning land taken without consent, restoring degraded ecosystems, and providing compensation for loss of lands and livelihoods.
- Companies and investors should examine their existing due diligence and sustainability policies to address gaps that allow for business support when clear environmental, governance, and human rights violations persist and shift



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investments away from industrial agribusiness sectors responsible for systematic environmental and human rights abuses.

- The Government of Central Sulawesi alongside the national government and relevant federal agencies should establish a remediation taskforce to ensure a resolution to ongoing conflicts between AAL and impacted communities and ensure the restoration of community rights.
- The Roundtable on Sustainable Palm Oil should deny AAL's membership in the body until conflicts are resolved, grievances redressed, and remedy provided consistent with communities' demands, including returning land taken without consent, restoring degraded ecosystems, and providing compensation for loss of lands and livelihoods.