



KENCANA AGRI LIMITED
SUSTAINABILITY REPORT 2023

RESPONSIVE TO IMPROVEMENT, TARGET-DRIVEN

*TANGGAP PERBAIKAN,
SIGAP TARGET*







RESPONSIVE TO IMPROVEMENT, TARGET-DRIVEN

The core theme encapsulates Kencana Agri's proactive approach to adaptability and action-oriented goals. It underscores the company's pledge to swiftly pinpoint areas for improvement and promptly implement changes. By prioritizing a target-driven mindset, Kencana Agri emphasizes agility in achieving sustainability objectives. This theme mirrors the company's steadfast commitment to ongoing evolution and innovation in practices, ensuring alignment with sustainability goals and fostering a culture of responsiveness and agility for sustainable growth.

Table of Contents

03 Theme

06 Performance Highlight

06 About This Report

09 About Kencana Agri

15 Message from Our Chairman and CEO



19 Sustainability at Kencana Agri

20 Kencana's Sustainability Strategy

24 Stakeholder Engagement

26 Materiality Assessment

31 Corporate Governance

32 Governance Structure

33 Governing Sustainability

34 Ethics and Risk Management

35 External Initiatives & Associations

37 Sustainable Operations & Products

39 Achieving Product Excellence

44 Traceability In Our Supply Chain

44 Ensuring Product & Service Quality

46 Customer & Marketplace

49 Environmental Management & Compliance

- 50 Environmental Management System
- 51 Energy
- 52 GHG Emissions & Intensity
- 54 Air Quality
- 56 Water Consumption
- 58 Palm Oil Waste Management: Plantation and Mill
- 60 Hazardous Waste Management
- 61 Integrated Pest Management
- 64 Nature Conservation
- 64 Fire Prevention
- 64 Climate Change

67 Social Community Development

- 68 Our Social Community Development Focus
- 70 Plasma Partnership

75 Our People

- 76 Human Resources Relation & Management
- 77 Workforce Profile and Distribution
- 78 Fair & Competitive Remuneration
- 80 Benefits & Welfare of Our Employees and Their Families
 - 81 Training & Development
 - 84 Protecting Human Rights
 - 84 Diversity and Inclusion
 - 87 Against Forced Labour and Child Labour
 - 87 Occupational Health and Safety
- 91 Safety Performance
- 93 Occupational Health Performance

- 99 Third Party GRI Accordance Check and SG Requirement Check Statement
- 101 TCFD Disclosure Summary
- 103 GRI Content Index





Performance Highlight



ACHIEVEMENT & TARGET	TARGET	2021	2022	2023
To Ensure Zero Fatality	0 (Zero)	0 (Zero)	3 (Three)	0 (Zero)
Zero fire incident in our concession (execute zero burning policy)	0 (Zero)	0 (Zero)	0 (Zero)	0 (Zero)
To ensure all estates and mills that have been appointed to be assessed according to PROPER, achieving at least a Blue rating	Blue or Higher	Blue: SWK, AKM Green: AIK	Green (PROPERDA): SKL Blue (PROPERNAS): SWK, AKM, SKL Blue (PROPERDA): AIK, AEK	Blue (PROPERNAS): SWK, AKM, SKL Blue (PROPERDA): AIK, SKL, AEK
ISPO Certification for all plantations and mills in the operational phase	Certify operational estates and mills by 2030	PT. SWK has succeeded in ISPO and ISCC recertification, PT. AIK, PT. AKM, and PT. SKL succeeded in maintaining certification through surveillance audit	PT. SWK has succeeded in ISCC recertification, PT AKM has succeeded in ISPO recertification, PT. AIK, PT. SWK, and PT. SKL succeeded in maintaining certification through surveillance audit	PT. SWK has succeeded in ISCC recertification, PT SKL has succeeded in ISPO recertification, PT. AIK, PT. SWK, and PT. AKM succeeded in maintaining certification through surveillance audit PT. AEK succeeded in applying ISPO principle and achieved certification in January 2024



About This Report

The sustainability report of Kencana Agri (also known as "Kencana" or "the Group") provides an overview of the company's sustainability strategy, values, activities, and performance. More specifically, the report prioritizes topics that were determined to be the most important through our materiality evaluation. The study highlights Kencana's commitment to develop ourself as an oil palm plantation group that is both responsible and environmentally conscious in our operations. By doing this, it offers stakeholders insight into our endeavors to address challenges and our ongoing progress in fulfilling our commitments and responsibilities concerning sustainability.

Reporting Period, Date of Most Recent Report, and Reporting Cycle [GRI 2-3]

The 2023 Sustainability Report delves into the specifics of our operations throughout the period from January 1, 2023, to December 31, 2023. As part of our annual tradition, we release this sustainability report, marking the eighth consecutive year of such publications by Kencana. Notably, our previous Sustainability Report for 2022 was unveiled in April 2023.

Reporting Standards

The present sustainability report has been developed in accordance with the principles and standards specified by the Global Reporting Initiatives ("GRI") Standards and the listing rule 711A ("LR 711A") of the Singapore Exchange Securities Trading Limited ("SGX-ST") regarding sustainability reporting. The decision to implement the GRI framework was based on its extensive utilization and worldwide recognition, which enabled the group's disclosures to be more readily compared with those of their industry counterparts. By considering the amendments to the SGX-ST Listing Rules that will come into effect on January 1, 2022, and the most recent updates to the GRI Universal Standards 2021, Kencana has ensured that the information and disclosures contained in this report are in accordance with the most recent requirements and standards.

Determining the Report Content, Materiality, and Scope Boundary

[GRI 3-1, 2-2]

For the entire fiscal year 2023, the Sustainability Report compiles information pertaining to economic, social, and environmental factors. In each reporting cycle, Kencana carefully evaluates the Sustainability

Report for accuracy, completeness, and impartiality. Furthermore, we place a high priority on addressing both existing and developing material challenges related to sustainability and stakeholders' interests. The GRI's Reporting Principles prioritize timeliness, comparability, accuracy, balance, and clarity in this report's information disclosure.

When determining the content of the Sustainability Report, four fundamental GRI Standards principles serve as a guide:

1. STAKEHOLDER ENGAGEMENT

We work with both internal and external stakeholders in formal and informal ways through thorough reviews and assessments to figure out what issues are most important to our business and processes.

2. SUSTAINABILITY CONTEXT

We show how our business and processes affect people's lives, the environment, and the economy by talking about our performance regarding to sustainability.

3. MATERIALITY

Our attention is directed towards subjects encompassing governance, environmental, and social aspects that are considered critical by our stakeholders.

4. COMPLETENESS

Our Sustainability Report covers all important topics in significant depth, so stakeholders can evaluate how well we did during the reporting time.



The scope of this Sustainability Report includes Kencana's activities in Indonesia and our marketing office in Singapore. It does not include any activities carried out by third parties outside Kencana's operational areas. Our Annual Report 2023 covers all subsidiary firms in our consolidated financial statement, including Kencana's financial performance:

- PT Sawindo Kencana ("SWK"),
- PT Alamraya Kencana Mas ("AKM"),
- PT Agro Inti Kencanamas ("AIK"),
- PT Sawit Kaltim Lestari ("SKL"),
- PT Agri Eastborneo Kencana ("AEK"),
- PT Delta Subur Permai ("DSP"), and
- PT Loka Indah Lestari ("LIL")

Verification and Assurance [GRI 2-5]

The information contained in this Sustainability Report has been subjected to extensive internal scrutiny to guarantee its precision and dependability, in accordance with Kencana's core values of transparency, accountability, and comparability. The Ministry of Environment and Forestry of the Republic of Indonesia provided consultation on submitting and verifying all data and information related to International Sustainability and Carbon Certification ("ISCC"), Indonesian Sustainable Palm Oil ("ISPO"), and Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan ("PROPER") ratings.

In addition, to assure adherence to the GRI Standard Core Option and SGX requirements for this report, Kencana sought the assistance of an impartial third party, the National Center for Sustainability Reporting (NCSR). Despite the fact that a third-party assurance was not carried out for this Sustainability Report, it is something that should be taken into consideration for any future reporting initiatives.

Significant Change or Restatement

[GRI 2-4, 2-6]

When compared to the prior report, there has not been any significant change in Kencana's reporting structure, nor has there been any change to the organization, operations, or supply chain. Additionally, there is no restatement of information from the preceding period that is included in this sustainability report.

Accessibility

This Sustainability Report has been produced in a restricted quantity to show support for the principles of conservation. We strongly advise all relevant parties to access the Sustainability Report 2023 of Kencana Agri through our website, www.kencanaagri.com.

Contact Us [GRI 2-3]

Input from our stakeholders is crucial for us to consistently enhance our reporting and sustainability processes. We invite all readers and stakeholders to share their recommendations, ideas, views, comments, or criticism by contacting us at the following address:



Kencana Agri Ltd Indonesia Office

Kencana Tower, 9th Floor,
Business Park Kebon Jeruk
Jalan Raya Meruya Ilir No. 88,
Jakarta 11620 - Indonesia

About Kencana Agri

[GRI 2-1] [GRI 2-6]



Kencana, an Oil Palm plantation corporation, conducts our principal activities in Indonesia, with a specific emphasis on the production and cultivation of palm oil through the processing of fresh fruit bunches (FFB). The organization started trading publicly on the primary board of the Singapore Exchange ("SGX") on July 25, 2008.

Kencana currently oversees Oil Palm plantations spanning a total of 66,846 hectares across the islands of Sumatra, Kalimantan, and Sulawesi. These plantations contain both the nucleus and plasma estates. Two kernel crushing facilities have a daily capacity of 435 metric tons, while seven palm oil mills have a combined processing capacity of 335 metric tons per hour.

Kencana's main products include crude palm oil (CPO), palm kernels (PK), palm kernel cakes (PKC),

and crude palm kernel oil (CPKO). Kencana obtains FFB for the production of these products through a variety of channels, including third-party purchases, plasma producers, and our plantations. The company provides services to a wide range of customers, which includes well-known local and worldwide trade enterprises, refineries, and oleochemical industries. In addition to our logistical services, Kencana's port and compounding facilities oversee the storage and transportation of its products.

Kencana's substantial development potential is due to the fact that the majority of our trees are still in their productive stages, maturing between seven and eighteen years. In the future years, as the company's palm trees reach maturation, it also expects FFB production to increase, which will further bolster growth prospects.



Kencana oversees an extensive value chain, including strategically interconnected facilities such as bulking, palm oil mills, plantations, and kernel processing plants — all aimed at supporting our operations.

Plantation

Our oil palm plantations are strategically located in Sumatra, Kalimantan and Sulawesi.

Total planted Area: **66,846 Ha**

- Nucleus: **50,436 Ha**
- Plasma: **16,410 Ha**

Processing

We have seven palm oil mills and two kernel crushing plants in Sumatra, Kalimantan, and Sulawesi.



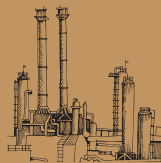
7 (SEVEN) PALM OIL MILLS

Total Processing Capacity:
335 MT/hour



2 (TWO) KERNEL CRUSHING PLANTS

Total Processing Capacity:
435 MT/day



Products

We obtain our primary products, CPO, CPKO, PKC, and PK, from the fresh fruit bunches source from our plantations, plasma farmers, and third-party purchases.

Main Products & Supporting Business

- Crude Palm Oil (“CPO”)
- Crude Palm Kernel Oil (“CPKO”)
- Palm Kernel Cake (“PKC”)
- Palm Kernel (“PK”)

Renewable By-Products

Empty Fruit Bunches, Liquid Waste, Kernel Shells, Fibre.



Supporting Business

Our bulking facilities complement and support our plantation operations by providing storage for our products.



GROWTH » EXCELLENCE » INTEGRITY

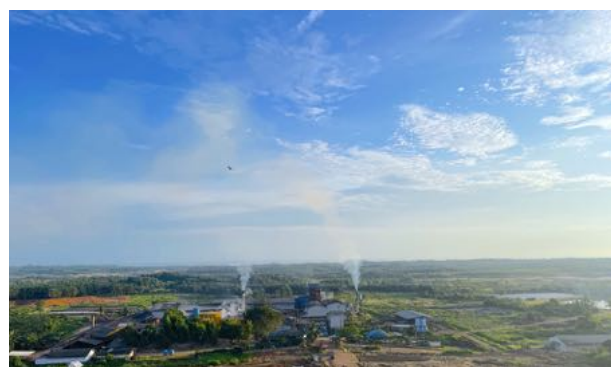


Kencana is committed to enhancing the environmental sustainability of our operations as part of our corporate social responsibility (often known as "CSR"). We adopt ecologically friendly methodology that improve our plantation processes, such as zero-burning and zero-waste management. Moreover, we evaluate our operations in accordance with well-established sustainable certification systems like ISCC and ISPO, we are working towards these certification for all of our plantations in accordance with the mandates of the Indonesian government, in addition to other sustainability certifications. A list of the subsidiaries of Kencana that have obtained the certification is shown below.

ISPO and ISCC Certification

Subsidiaries	ISPO	ISCC
PT Sawindo Kencana (SWK)	✓	✓
PT Alamraya Kencana Mas (AKM)	✓	
PT Sawit Kaltim Lestari (SKL)	✓	
PT Agro Inti Kencanamas (AIK)	✓	
PT Agri Eastborneo Kencana (AEK)	✓	

Kencana ISPO and ISCC Certifications as of the end of December 2023



Company Data Sheet

[GRI 2-1, 2-6, 2-7]

Company Name	Kencana Agri Limited
Business Sectors	Oil Palm Plantations
Markets	Indonesia, China, Singapore, Malaysia, India and Europe
Customers	Reputable trading companies, refineries and oleochemical companies
Ownership & Legal Form	Listed Company
Date of Establishment	26 September 2007
Issued and Fully Paid Capital	US\$93.560 million
Number of shares:	287,011,177
Revenue 2023	US\$ 136.366 million
Net Profit (Loss) After Tax 2023	(US\$ 283,000)
Registered Office Address	36 Armenian Street #03-02, Singapore, 179934
Principal Office Address	Kencana Tower, 9 th Floor Business Park Kebon Jeruk Jl. Meruya Ilir Raya No.88, West Jakarta 11620, Indonesia
Number of Operations	<ul style="list-style-type: none"> • 12 nucleus estates in Indonesia • 7 Palm Oil Mills of 335MT/hour total processing capacity • 2 Kernel Crushing Plants of 435 MT/day total processing capacity
Total FFB Production 2023	775,280 MT
Total Assets	US\$ 293.257 million
Total Liabilities	<ul style="list-style-type: none"> • Current : US\$ 104.383 million • Non-current : US\$ 158.296 million
Shareholders' Equity	US\$ 30.578 million

* Sales value is determined by market price at the time of transactions





Vision [\[GRI 2-1\]](#)

To be a leading sustainable palm oil producer and supplier of choice for both local and global markets.

Mission [\[GRI 2-1\]](#)

To expand our plantation business through sustainable and environmentally-friendly best management practices whilst reinforcing our responsibility as a good corporate citizen.

Business, Operation & Value Chain [\[GRI 2-6\]](#)

Our integrated value chain consists of plantation areas (land), kernel plants, palm oil mills, and logistical services, among other components. Kencana ensures that it implements sustainable business practices in every facet of its operations.

Our palm plantations in Sulawesi, Sumatra, and Kalimantan, Indonesia, are effectively established on undeveloped territory. As of December 31, 2023, out of the total planted area, 64%, or 42,586 hectares, have reached the prime stage. Illustrated below are the classifications of the remaining areas: young mature, mature, or old mature.

REVIEW OF OPERATIONAL PERFORMANCE

Snapshot of our plantation profile

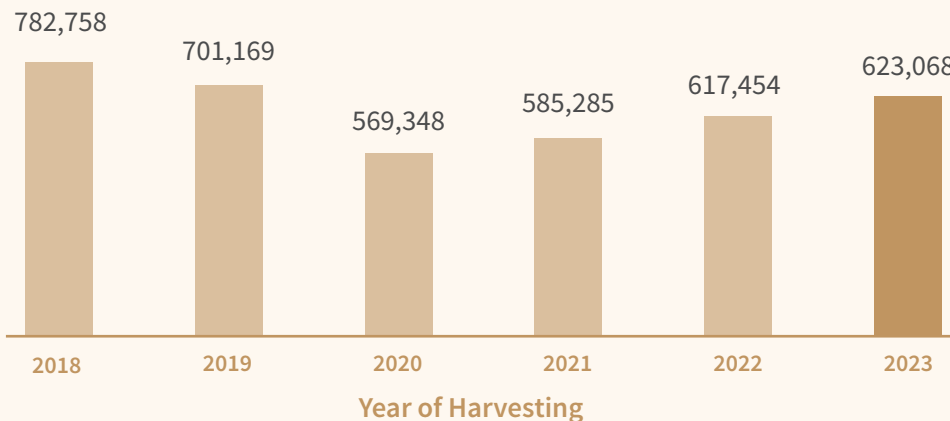
Age Profile

Plantations	Immature	%	Young Mature	%	Prime Mature	%	Old Mature	%	Total	%
Nucleus	2,783	6%	8,717	17%	32,224	64%	6,712	13%	50,436	100%
Plasma	2,258	14%	1,207	7%	10,362	63%	2,583	16%	16,410	100%
Total	5,041	7%	9,924	15%	42,586	64%	9,295	14%	66,846	100%

INCREASE IN THE PRODUCTION VOLUME

The Group's production of Nucleus FFB increased by 5,614 MT from 617,454 MT in FY2022 to 623,068 MT in FY2023 due to some of our immature plantations have entered into the young mature stage.

FFB Production Trend (Nucleus)

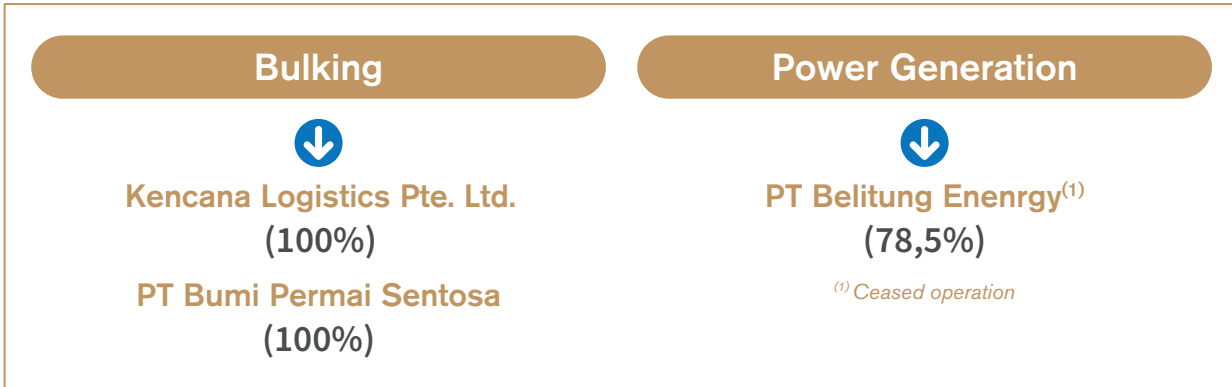


Typically, oil palm trees commence fruiting around the age of 3 years, with yields gradually rising until reaching peak production between 7 to 18 years, after which they begin to decline.

Oil palm age parameters	Immature	Young mature	Prime mature	Old mature
Oil Palm Age	1 - 3 years	4 - 6 years	7 - 18 years	> 18 years



Corporate Structure [GRI 2-6]



Message from Our Chairman and CEO

[GRI 2-22]

"At Kencana Agri, we are not just focused on growth. We are committed to growing responsibly."

Albert Maknawi

Executive Director and CEO

Henry Maknawi

Executive Chairman





Dear Stakeholders,

Kencana Agri is proud to present our 2023 Sustainability Report, reflecting our unwavering commitment to sustainable palm oil production and the continuous improvement of our Environmental, Social, and Governance (ESG) initiatives.

As we navigate the dynamic world of sustainable palm oil production, our journey over the past year has been both challenging and immensely rewarding. At Kencana Agri, our focus extends beyond growth; we're dedicated to growing responsibly. This entails prioritizing sustainability across all facets of our operations—Environmental, Social, and Governance (ESG)—ensuring that our progress benefits not only our company but also the planet and its people.

Expanding upon our achievements from the previous year, we have continued to strengthen our commitment to zero deforestation, deepen community involvement, and elevate the welfare of our employees. Our proactive environmental management strategies have notably reduced both energy and water consumption, reaffirming our pledge to minimize the ecological footprint of our operations and products.

In our sustainability journey, Kencana Agri places a strong emphasis on product excellence, quality, and continual yield and productivity improvement within our plantations. This past year, our investments in agricultural technologies have led to enhancements in yield. As a result, we achieved a total production volume of 775,280 metric tons (nucleus and plasma plantations).

Kencana also continues to ensure that our palm oil products meet the highest standards in terms of quality and sustainability. These efforts not only reflect our commitment to environmental stewardship but also ensure that we can meet the growing global demand for sustainable palm oil, driving forward our mission to produce responsibly, with an unwavering focus on quality, efficiency, and sustainability. As of the end of 2023, 5 of our plantations and mills are ISPO certified.

A Continued Commitment to the Environment

Our dedication to environmental stewardship remains steadfast, with significant strides made in reducing our energy and water consumption. We have rigorously adhered

to no deforestation policies, ensuring that our expansion does not come at the expense of our planet's precious forests. Our efforts to minimize our ecological footprint are reflected in the tangible improvements in our operational efficiencies and the reduction of greenhouse gas emissions. Several notable environmental achievements this year namely 6 BLUE PROPER Ratings.

Empowering Communities

Our responsibility extends beyond environmental stewardship to fostering positive and sustainable development within the communities we operate. This year, we have intensified our efforts in responsible community engagement, focusing on health, education, and economic empowerment programs. Our initiatives are designed not just to support, but to uplift, providing the tools and opportunities for communities to thrive alongside our business.

One of our flagship community programs has been focusing on empowering local plasma farmers through sustainable agricultural practices, aiming to improve their livelihoods while promoting environmental stewardship. By providing training in Tilapia farming, Freshwater Fisheries, Coffee cultivation training, Brown Sugar Production, and Purun handicraft training. We have seen remarkable improvements in community welfare and agricultural productivity. This initiative not only underscores our commitment to social responsibility but also enhances the sustainability of the palm oil industry at the grassroots level.

Other community development programs continue to foster community health, quality education, and basic infrastructure, directly aligning with the United Nations Sustainable Development Goals (SDGs). By enhancing access to community health through various health programs (SDG 4), improving educational outcomes through support for local schools and scholarships (SDG 4), empowering farmers and local communities to achieve economic growth (SDG 8), and developing sustainable infrastructure projects (SDG 9), Kencana Agri hopes that we are not only contributing to the well-being of our communities but also driving forward the global agenda for sustainable development, an embodiment of our commitment to creating a sustainable future for all.

Upholding Governance and Integrity

Kencana Agri has continued to uphold the highest standards of integrity and transparency. Our commitment to ethical business practices is unwavering, and we have strengthened our governance structures to ensure accountability and compliance with international and local sustainability standards and certifications. Climate Change Adaptation and Alignment with TCFD Recommendations.

As the global climate continues to change, Kencana Agri acknowledges the critical importance of adapting to these changes and mitigating related risks. We are committed to strengthening our resilience of climate variability and extremes, ensuring the longevity and sustainability of our agricultural practices. To this end, we are actively implementing adaptation strategies that include diversifying our crop species, improving water management systems, and enhancing soil health to better withstand climate-related stresses.

In line with our commitment to transparency and accountability, Kencana Agri aligns with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We recognize that providing information about climate-related risks and opportunities is essential for our stakeholders to make informed decisions. Our TCFD-aligned reporting includes:

1. **Governance:** Our board and management's role in overseeing climate-related issues is clearly defined, demonstrating our leadership's engagement in environmental responsibility.
2. **Strategy:** We have integrated climate risk assessment into our strategic planning, ensuring we consider both the short and long-term implications of climate change on our business operations.
3. **Risk Management:** We are identifying, assessing, and managing climate-related risks across our entire value chain, incorporating them into our overall risk management framework.
4. **Metrics and Targets:** We are developing and using climate-related metrics and targets to gauge and improve our environmental performance, including reductions in GHG emissions and energy efficiency improvements.

Kencana Agri is continuously enhancing our strategies to not only comply with current regulations and standards but to be ahead of the curve in anticipating climate scenarios. By doing so, we aim to safeguard our operations, our workers, and the communities we serve, ensuring the sustainable growth of Kencana Agri in harmony with the environment.

Looking Ahead

The path to sustainability is a continuous journey, and while we are proud of our achievements, we remain focused on the challenges and opportunities ahead. We are committed to continually improve our sustainability practices and driving innovation.

As we look to the future this year, Kencana Agri is starting to further delve into climate strategy, aiming to gradually align our operations with global sustainability targets. We will also continue to improve our sustainability strategy by developing a clear roadmap and targets for our material ESG topics which we will introduce in the next period. Our goal is to drive positive change in sustainable palm oil production.

Closing This Remark

None of our achievements would have been possible without the dedication of our employees, the support of our stakeholders, and the collaboration of the communities we are a part of. As Kencana Agri continues on this journey, we are reminded of the importance of our shared commitment to sustainability. Together, we are not just growing, we are growing responsibly, ensuring a sustainable future for all.

Sincerely,

Henry Maknawi

Executive Chairman

Albert Maknawi

Executive Director and CEO



Sustainability at Kencana Agri

Kencana
Agri prioritizes
sustainability,
striving to minimize
environmental impact
and promote social
responsibility across
our operations.





The palm oil business operates within a complex and dynamic market influenced by various factors. Palm oil serves as a versatile and widely used commodity, finding its applications across diverse industries such as food, cosmetics, and biofuels. One significant aspect of its market presence is its role in the production of biodiesel, where palm oil serves as a renewable and sustainable alternative to conventional fossil fuels. With increasing global concerns about climate change and the need to reduce greenhouse gas emissions, the demand for biodiesel derived from palm oil has grown substantially. Additionally, palm oil biomass is increasingly being explored as a potential substitute for coal in power generation, offering a renewable energy source that can help mitigate carbon emissions.

However, the exponential growth of the palm oil industry has brought forward significant environmental and social implications. Environmental concerns stem from deforestation, habitat destruction, and biodiversity loss associated with palm oil cultivation, particularly in regions rich in biodiversity such as Southeast Asia. The conversion of forests and peatlands into oil palm plantations contributes to carbon emissions, exacerbates climate change, and threatens the survival of endangered species. Additionally, the expansion of oil palm plantations has led to conflicts over land rights, displacement of indigenous communities, and concerns regarding labor rights, including instances of child labor and poor working conditions.

In response to these challenges, Kencana Agri has made a steadfast commitment to sustainability across our palm oil operations. The company adheres to stringent sustainability standards and certification schemes, such as the Indonesian Sustainable Palm Oil (ISPO) and the International Sustainability and Carbon Certification (ISCC), to ensure responsible practices. Kencana Agri's sustainability initiatives encompass environmental conservation efforts, including forest conservation and biodiversity preservation, as well as social responsibility measures aimed at safeguarding the rights and well-being of local communities and workers. By prioritizing sustainable palm oil production practices and embracing transparency and accountability, Kencana Agri strives to mitigate the adverse impacts of our operations on the environment and society while contributing to the long-term viability of the palm oil industry.

[GRI 2-25]

Kencana's Sustainability Strategy

[GRI 2-23, 2-24]

Established in 2015, our sustainability strategy at Kencana encompasses not only our core operations but also those of our subsidiaries and affiliated entities under our management purview. With an unwavering commitment to sustainable practices that align with environmental regulations, we prioritize the implementation of best management practices across all facets of our business. Our aim is to preserve the natural environment while fostering socio-economic growth for all stakeholders through continuous evaluation and enhancement of our operational processes.

At Kencana, our sustainability strategy is structured around three key pillars: environmental management, community development and social impact, and human rights and workplace initiatives. Through these pillars, we endeavor to uphold our responsibilities to the environment, support the well-being of local communities, and ensure the rights and welfare of our employees are safeguarded. Our approach underscores our dedication to responsible corporate citizenship and our ongoing efforts to drive positive change within our sphere of influence.



KENCANA SUSTAINABILITY STRATEGY

[GRI 2-23][GRI 2-24]

Environment Management

- No deforestation of high carbon stock (“HCS”) forest areas and no further land clearing of potential HCS areas until the results of the proposed HCS study are adopted.
- No deforestation of high conservation value (“HCV”) areas
- Apply a zero-burning policy for new planting and replanting
- Refrain from undertaking new development on peat land of any depth
- Endeavour to align ourselves with the industry practices and standards generally adopted by the market in relation to sustainable palm oil production.

Community Development and Social Impact

- Continually develop our plasma program based on applicable Indonesian laws and regulations.
- Facilitate the inclusion of qualified smallholders into the supply chain.
- Implement corporate social responsibility programs
- Respect the rights of indigenous and local communities to give or withhold their Free, Prior, and Informed Consent (FPIC) on lands to which they hold legal, communal, or customary rights in line with applicable government regulations.
- Endeavor to resolve complaints and conflicts through an open transparent and consultative process
- Respect land tenure rights.

Human Rights and Workplace

- Respect and support the Universal Declaration of Human Rights.
- Respect and recognize the rights of all workers, including contract, temporary and migrant workers.
- Comply with minimum wage policies.
- Prohibit child labour and forced labour at every stage of our operations.
- Promote a healthy and safe working environment



Stakeholder Engagement

[GRI 2-29]

"Kencana Agri is dedicated to fostering transparent and collaborative relationships with all stakeholders, prioritizing open communication and mutual respect in our interactions."

In today's dynamic business environment, stakeholder engagement has become increasingly crucial as organizations navigate a myriad of social, environmental, and ethical challenges. Recognizing this, Kencana has prioritized robust stakeholder engagement initiatives since 2015, driven by comprehensive materiality assessments. These assessments ensure that our sustainability efforts remain aligned with the evolving concerns and expectations of our diverse stakeholder groups. Stakeholder engagement at Kencana encompasses a wide array of individuals and entities, including shareholders, customers, employees, government entities, regulatory bodies, NGOs, and local communities.

At the core of our stakeholder engagement strategy is the aim to foster trust, mutual understanding, and collaboration. We believe in actively listening to stakeholders' voices, incorporating their feedback into our decision-making processes, and addressing their needs and concerns. This approach not only enhances transparency and accountability but also strengthens our relationships with stakeholders and builds goodwill within the communities where we operate.



Our stakeholder engagement efforts extend beyond mere compliance with regulatory requirements; they are integral to our commitment to sustainable business practices. By maintaining open channels of communication, conducting regular consultations, and collaborating with stakeholders on key initiatives, we strive to create shared value for all parties involved. Furthermore, our proactive approach to stakeholder engagement ensures that we remain responsive to emerging issues and challenges, driving continuous improvement and innovation across our operations.

The following steps were adopted by the Group to ensure stakeholder engagement effectiveness:

- **Identify stakeholders:**

The first step is to identify all stakeholders who may be affected by or have an interest in Kencana's business and activities.

- **Prioritize stakeholders:**

Once all stakeholders are identified, prioritize them based on their level of influence, importance, and interest towards the Group.

Kencana Agri's Stakeholder Engagement Principles

- **Develop a stakeholder engagement plan:**

Create a plan that outlines how Kencana engages with each stakeholder group. This includes methods of communication, frequency of engagement, and specific objectives for each group.

- **Communicate with stakeholders:**

Establish regular communication channels with stakeholders to keep them informed about our activities. This can include face-to-face meetings, newsletters, social media, and other forms of communication.

- **Listen actively to stakeholders:**

We Listen to stakeholders' concerns, feedback, and suggestions with an open mind. Actively engage with them and take their input into account when making decisions.

- **Address stakeholder concerns:**

We respond efficiently to stakeholder concerns and take action to address them. This can help build trust and strengthen relationships with stakeholders.

- **Monitor and evaluate engagement:**

We regularly monitor and evaluate stakeholder engagement to assess its effectiveness and identify areas for improvement. We also incorporate feedback from stakeholders to make changes to the engagement plan as needed.

In addition, our engagement principles reference the AA1000 Stakeholder Engagement Standards ("SES") 2015 that are based on Inclusivity, Materiality, and Responsiveness, are further described below.



INCLUSIVITY

Our stakeholders are those who have a direct interest in our business and those who are impacted by our business and how we operate.

MATERIALITY

Stakeholder engagement process in Kencana helps us identify and manage current and emerging issues.

RESPONSIVENESS

We strive to monitor the environmental changes in which we operate to ensure stakeholder concerns are identified and managed continuously. The Group recognizes that material issues can be very complex with diverging stakeholder expectations. However, it is our commitment to manage these expectations in a transparent, prudent, and fair manner.



The table below provides an overview of the efforts involved in our group's focus on stakeholder engagement. [GRI 2-29]

Summary of Stakeholders Engagement Methods and Topics Discussed In 2023

Stakeholders	Basis of Identification	Topics/Issues Arisen and Discussed	Engagement Method	Frequency
Shareholders & Investor	D, R, I	Shareholders and investors seek to maximize their long-term shareholder returns and their key interests are in the Group's financial performance, growth strategy, risk management including ESG risks and the Group's mitigation plans.	Meetings upon request	Annually and upon request
Suppliers	D, R, I	Strong, effective relationship with our suppliers is essential for both our suppliers' and our business operations. Their key interests are in the Group's fair treatment, responsible procurement practices, safety and legal requirements and compliance.	Meetings, surveys and audits	Upon request
Customers	D, R, I	The quality of our customers' products is highly dependent on our products sold to them. The key topics discussed are in product quality, health safety and environment excellence and the Group's sustainable practices.	Meetings, surveys and audits	Upon request
Governments and Regulators	D, R, I, T, DP, P	Governments shape the business environments in which we operate, affecting how businesses are run and also create new opportunities. The key areas that we engage in are land tenure, health, safety and environmental requirements, as well as how we operate as a company in relation to securities, taxation, intellectual property, competition and conditions of trade and export and infrastructure access.	Public forums and regular meetings	Upon request
Employees	D, R, I, P	Employees are the most valuable asset and contribute to the Group's performance. Their key concerns are remuneration and benefits, corporate direction and growth plans, labor and human rights, workplace health and safety, especially matters relating to COVID-19 pandemic.	Based on training matrix	As planned
Local Community	R, T, I, DP, P	As a responsible organization, we strive to minimize any negative impacts to the local communities, enhancing their quality of life. Their key concerns are employment and local procurement practices, biodiversity conservation and volunteer programs.	Feedback and awareness meetings, stakeholder forums for complaints, grievance resolution and other ad hoc engagement	Upon request
NGO and Civil Society Organizations	T, I, DP	NGOs and civil society organisations, both local and global, have a critical role in our society and in the governance of the world's natural resources. The key topics discussed are climate change, human rights violations and bribery and corruption.	Meetings and dialogues	Upon request

Note: Basis of Stakeholder Identification

- **Dependency (D):** Kencana has a dependency on someone or an organization and vice versa
- **Responsibility (R):** Kencana has legal, commercial and/or ethical responsibility towards someone or an organization
- **Tension (T):** Someone or an organization influences Kencana's operations related to certain economic, social, and environmental issues
- **Influence (I):** Someone or an organization has an influence over Kencana or other strategy or stakeholder policy
- **Diverse Perspective (DP):** Someone or an organization has different opinions that could affect the current situation and/or create new actions
- **Proximity (P):** Someone or an organization is geographically located near Kencana's operations

Materiality Assessment [GRI 3-1][GRI 3-2]



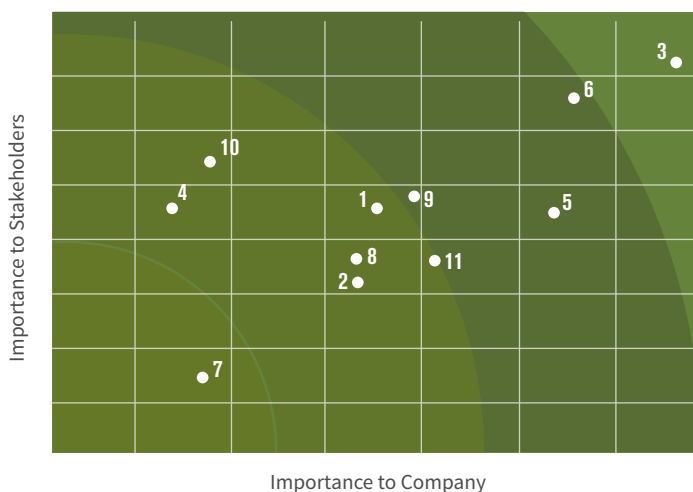
In order to review material ESG matters in light of current global and local trends as well as emerging legislative development, a materiality assessment is conducted yearly. This year's materiality evaluation included participation from all stakeholder groups. We had a total of 106 responses, an increase over the previous year, with 88 respondents coming from our internal stakeholders. This rise in respondents' involvement enabled us to conduct a more comprehensive review of Kencana's material ESG factors.

Overall, the list of material issues is mostly comparable to the results in 2021 materiality assessment, with our top five (5) topics being Community Development,

Climate, Health and Safety, Governance, and Water. In line with global concerns and past results, COVID-19 prevention has shifted up in the materiality assessment, reflecting our stakeholders' notable increase in concern.

On that note, this year we added two material topics of diversity and climate-related operational and financial risk as this has become a mandatory requirement from the Singapore Stock Exchange. This feedback will assist us in evaluating and improving our sustainability practices and transparency to meet the expectations of our stakeholders. The results of this materiality assessment and Kencana's response to these ESG issues are presented in the following matrix illustration:









Materiality Assessment Results



- 1 Zero Burning & Fire Prevention
- 2 Employees Training, Development & Welfare
- 3 Socio-economic Development and Empowerment of the Local Community
- 4 Achievement of the Company's Goals
- 5 Occupational Health and Safety
- 6 Climate-related operational and financial risk
- 7 Diversity in the workplace
- 8 Fulfillment of Sustainability Certification Requirement
- 9 Ethics, Integrity, and Governance
- 10 Product Quality
- 11 Water And Effluent Management




Material Topics List, Explanations and Kencana's Response

Material Issues and Strategic Commitment [GRI 3-2]	Where Impacts Occur				Risk/Opportunities [GRI 3-3]	Management Approach & Evaluation Parameters [GRI 3-3]	Detailed discussion in Chapter
	Head Office	Plantation with Mills	Plantation	External Parties			
ZERO BURNING & FIRE PREVENTION  	✓	✓	✓	✓	<ul style="list-style-type: none"> • Forest fires pose health & safety risk to our employees, reputational and possibly financial risks to the Group. Moreover, forest fires cause negative impacts to climate change. • Adopting zero burning policies and implementation for fire prevention measures would minimize such risks. 	<ul style="list-style-type: none"> • Apply a zero-burning policy in respect of new planting and replanting. • Holding regular fire hazards management training and simulations. • Organizing joint trainings with The Ministry of Environment and Forestry/Manggala Agni. • We conduct community socializations and encourage locals to embrace zero burning practices. Additionally, we collaborate with them to prevent fires in the area. 	Environmental Management & Compliance
EMPLOYEES TRAINING, DEVELOPMENT WELFARE   	✓	✓	✓		<ul style="list-style-type: none"> • A workforce that is lack of relevant and up-to-date skills and knowledge will result in inefficiencies in operations and affect product quality. • Ensuring a skilled workforce increases productivity and product quality. Enhancing our employees' skills can help them in their long-term career prospects. • With employees and their families living in our estates, it is essential that well-being is taken care of. In particular, education for their children. Without proper education, children may lose competitiveness in the future workforce. • Providing proper education and care to our employees' children would help them in their child development. 	<ul style="list-style-type: none"> • Providing training sessions for employees at all levels and positions tailored to their respective job roles. • Ensuring all employees' children in our estates have access to education. • Providing child day care facilities within our estates. • Encouraging our employees by rewarding those who have worked with us for 15 (fifteen) years and 25 (twenty five) years. 	Our People
SOCIO-ECONOMIC DEVELOPMENT AND EMPOWERMENT OF THE LOCAL COMMUNITY   	✓	✓	✓		<ul style="list-style-type: none"> • Any conflict in the local community could results in reputational or financial impacts, disruption to operations. • Ensuring socio-economic development and empowerment in the local community improves their quality of life and builds a better environment to live in. 	<ul style="list-style-type: none"> • Implemented multiple programs enabling the local communities to earn a more sustainable income for themselves, have better healthcare and education, and enjoy proper infrastructures. 	Social Community Development

Material Issues and Strategic Commitment [GRI 3-2]	Where Impacts Occur				Risk/Opportunities [GRI 3-3]	Management Approach & Evaluation Parameters [GRI 3-3]	Detailed discussion in Chapter
	Head Office	Plantation with Mills	Plantation	External Parties			
ACHIEVEMENT OF THE COMPANY'S GOALS 	✓	✓	✓		<ul style="list-style-type: none"> Excelling in our business and achieving company goals is critical in maintaining our shareholders' and investors' trust and confidence. Understanding our shareholders' and investors' interest and concerns and regular engagement and reporting can enhance their trust and confidence to the Group. 	<ul style="list-style-type: none"> We hold regular engagements, informing and reporting them on the Group's progress and performance. 	Sustainable Operation & Products
OCCUPATIONAL HEALTH AND SAFETY 	✓	✓	✓	✓	<ul style="list-style-type: none"> Our operations involve heavy equipment/ machinery, and any safety lapses can expose the Group to reputation and regulatory risks. In respect to Covid-19, transmission of virus will disrupt operations and failure to enforce the safe management measures will lead to regulatory fines. Compliance to safety work procedures and anticipating any workplace hazards can help to prevent incidents in the Group. 	<ul style="list-style-type: none"> Providing regular health checks. Organizing Occupational Health & Safety (OHS) trainings. Enforce safe management measures in our workplace. 	Our People
FULFILMENT OF SUSTAINABILITY CERTIFICATION REQUIREMENT 	✓	✓	✓	✓	<ul style="list-style-type: none"> Demand for sustainable products and services are increasing and any operations that cause negative impacts to the environment, economy and people will lose their competitive advantage, resulting in loss of revenue. Achieving sustainability certification will increase our credibility and boost confidence in our customers. 	<ul style="list-style-type: none"> Adopting the principles from ISPO, ISCC, and PROPER within our operations. Conduct ISPO surveillance audit and recertification audit for ISCC annually. Providing clear traceability to guarantee that our CPO and FFB were produced in and by reputable sources. 	Sustainable Operation & Products
ETHICS, INTEGRITY, AND GOVERNANCE 	✓	✓	✓		<ul style="list-style-type: none"> Non-compliance to laws and regulatory requirements can erode our shareholders' and investors' trust or may cause the Group to lose the license to operate. By having a strong corporate governance in Kencana can provide assurance to our stakeholders, including investors and customers. 	<ul style="list-style-type: none"> Conducting an independent audit with the cooperation of the Audit & Risk Committee and Internal Audit team which will directly report to the Board of Directors. 	Corporate Governance



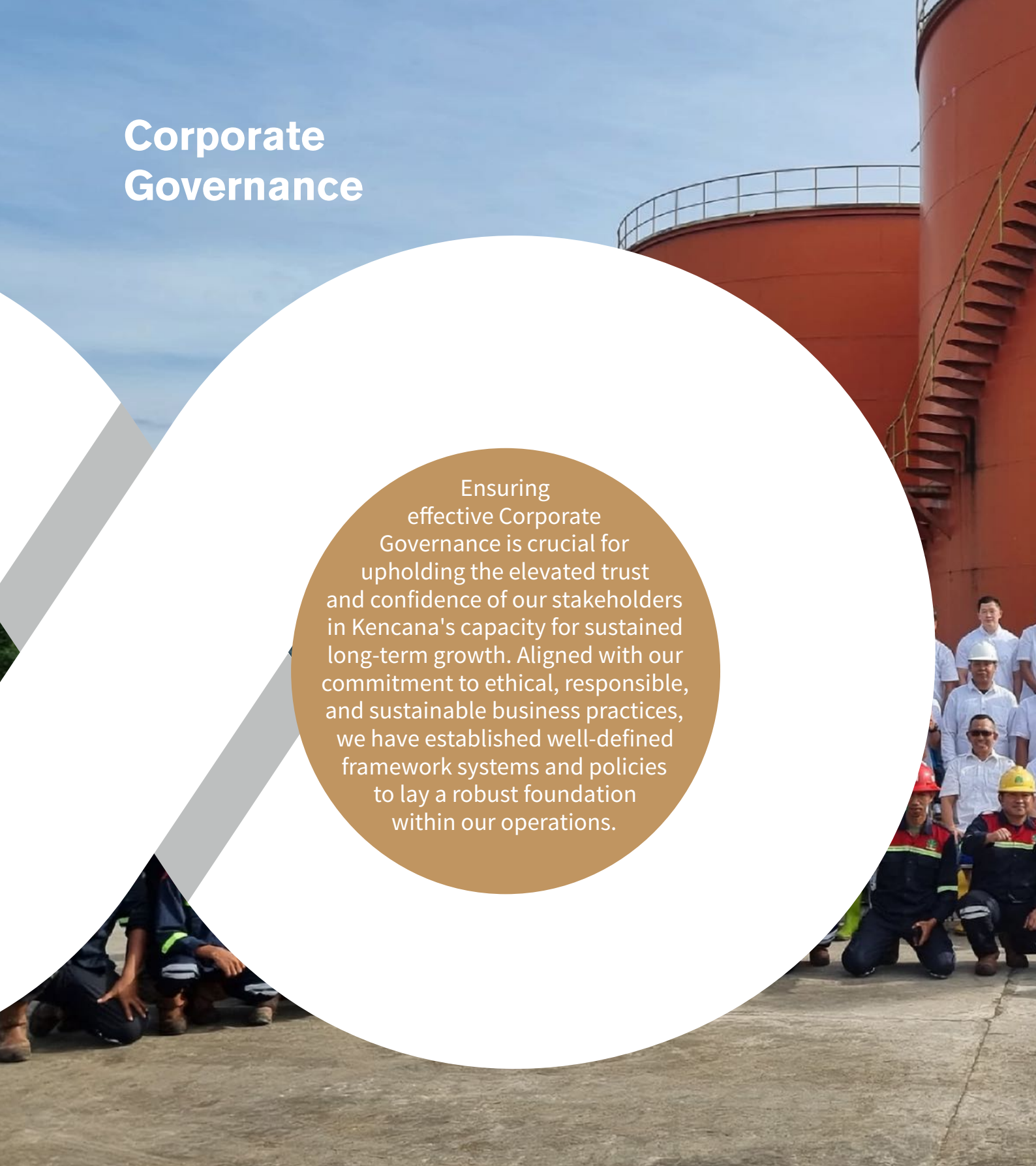
Material Issues and Strategic Commitment [GRI 3-2]	Where Impacts Occur				Risk/Opportunities [GRI 3-3]	Management Approach & Evaluation Parameters [GRI 3-3]	Detailed discussion in Chapter
	Head Office	Plantation with Mills	Plantation	External Parties			
PRODUCT QUALITY  	✓	✓	✓		<ul style="list-style-type: none"> Our customers are highly dependent on the quality of our products that we supply to them. Product quality is a key factor in gaining customers' trust and achieving the Group's goals and targets. Consistently delivering products that meet customers' needs and requirements will increase the chances of them to select Kencana as their first choice. 	<ul style="list-style-type: none"> Ensuring GMP is implemented in a sound manner, which includes good harvesting management and block issues identification. Ensuring the continuity of product sales to maintain minimum stock. Implementing a "first in, first out" inventory management method maintains FFB freshness and integrity, with close monitoring of CPO and kernel stocks. 	Sustainable Operation & Products
WATER AND EFFLUENT MANAGEMENT  	✓	✓	✓		<ul style="list-style-type: none"> Water is a precious natural resource and shortage of water/ water pollution can pose a risk to operations and the livelihood for employees and the local communities. Good and efficient water management can preserve our resources, ensuring efficient use and safety in the environment. 	<ul style="list-style-type: none"> Implementation of the Group's water management systems which has been designed with careful consideration and comprehensive hydrology, agronomy, and topography studies, as well as environmental and social impacts. Implementing POME management in our Wastewater Treatment Plant through Cooling Ponds, Mixing Ponds, Anaerobic Ponds, and Settling Ponds. Utilizing all of our production POME as fertilizers back into the field on areas that have already been licensed for land application. It is important to note that the Group does not discharge any of our POME into rivers. 	Environmental Management & Compliance
DIVERSITY IN THE WORKPLACE 	✓	✓	✓		<ul style="list-style-type: none"> Diversity, including gender diversity has been one of the world's spotlight when discussing on Sustainable Development. Many studies have shown that providing equal opportunity to women and facilitating more women to be able to work, can positively impact economies, particularly in emerging economies such as Indonesia. 	<ul style="list-style-type: none"> As a response to this global spotlight on gender equality, this year Kencana introduced a group-wide Board Diversity Policy. We planned to have the policy socialized to all operations in the following year. Beyond our corporate office, we continue to encourage our operations to involve more women in their local communities in our supply chain and through community development programs. 	Our People, Social Community Development

Material Issues and Strategic Commitment [GRI 3-2]	Where Impacts Occur				Risk/Opportunities [GRI 3-3]	Management Approach & Evaluation Parameters [GRI 3-3]	Detailed discussion in Chapter
	Head Office	Plantation with Mills	Plantation	External Parties			
<p>CLIMATE RELATED RISK AND OPPORTUNITIES</p> 	✓	✓	✓		<ul style="list-style-type: none"> Climate-related risks and opportunities refer to the potential impacts of climate change on an organization's operations, financial performance, and reputation. These risks and opportunities can arise from a range of factors, such as changes in weather patterns, regulatory frameworks, and consumer preferences. 	<ul style="list-style-type: none"> Kencana has been in the process of identifying and assessing climate-related risk and opportunities impact to our business and Group' assets. We understand that it is important for us to have a good understanding on climate-related risks and opportunities, so we can develop strategies to manage and capitalize on them. Our action plan regarding climate related risk and opportunities include conducting risk assessments, setting emissions reduction targets, and engaging with stakeholders on climate-related issues. By addressing climate-related risks and opportunities, we believe that the Group can enhance our resilience, improve our financial performance, and in the long run contribute to a more sustainable future. 	



Corporate Governance

Ensuring effective Corporate Governance is crucial for upholding the elevated trust and confidence of our stakeholders in Kencana's capacity for sustained long-term growth. Aligned with our commitment to ethical, responsible, and sustainable business practices, we have established well-defined framework systems and policies to lay a robust foundation within our operations.







To bring Kencana's vision to fruition, the Group is devoted to embodying exemplary corporate governance ("GCG"). Embedded within our corporate values and culture, these principles encompass accountability, fairness, and transparency.



Governance Structure [GRI 2-9]

As part of our strategic planning to ensure the utmost transparency and accountability to key stakeholders, the board of directors is entrusted with the overall administration, encompassing the consideration of sustainability issues such as environmental and social factors. This is undertaken to safeguard shareholders' interests and foster confidence among investors. Similarly, a non-discrimination policy, endorsed by our President Director, has been incorporated into the company policy and is consistently communicated to all subsidiaries. This reflects Kencana's commitment to promoting non-discrimination within the company's governance structure.

In the spirit of fortifying robust governance for the Group, the Board has instituted several board committees, namely the Nominating Committee ("NC"), the Remuneration Committee ("RC"), and the Audit & Risk Management Committee ("ARC"). The specific roles of each committee are outlined below.

KENCANA'S BOARD COMMITTEES

• Nominating Committee (NC)

ROLE: Overseeing the establishment of a formal and transparent process for all appointments to the Board and Key Management Personnel.

• Remuneration Committee (RC)

ROLE: Ensuring the structured development of remuneration packages for individual directors and key management personnel. The process aims to link rewards to both corporate and individual performance, ensuring fair compensation for their contributions to overall performance.

• Audit and Risk Management Committee (ARC)

ROLE: Supports the Board in safeguarding Group assets, maintaining proper accounting records, and establishing effective internal controls. The primary goal is to ensure the Group's management creates and sustains an effective control environment. The ARC also oversees internal audit and risk management functions.



For more information on Kencana's corporate governance strategy, please refer to the Corporate Governance Report of the Kencana Annual Report 2023 on page 21.

Governing Sustainability

[GRI 2-12, 2-13, 2-14]

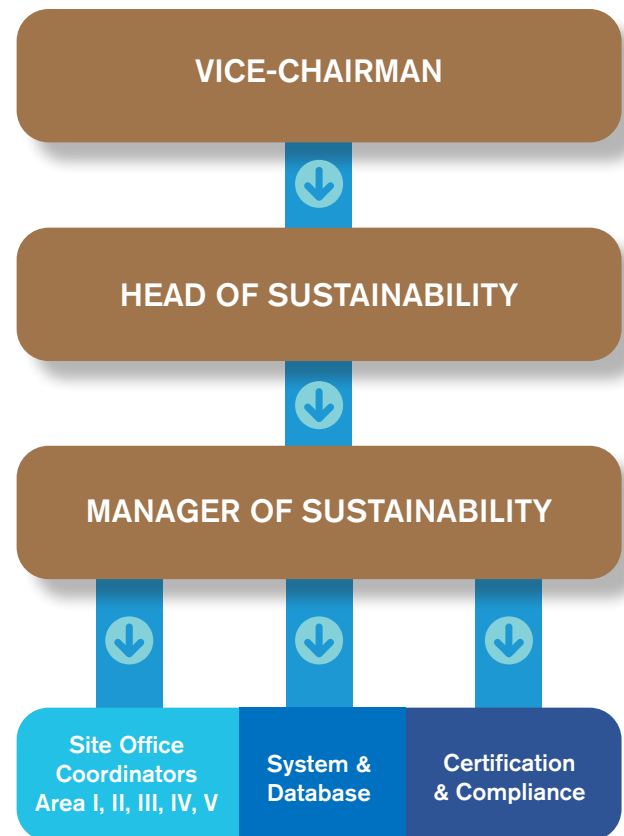
The Board assumes responsibility for overall sustainability, integrating ESG concerns into Kencana's strategic formulation. The Vice Chairman, appointed by the board of directors, leads the implementation of sustainability initiatives to enhance Kencana's sustainability profile. As a board member, the Vice Chairman oversees the execution of the sustainability strategy, evaluating the overall sustainability performance.

To support these efforts, a dedicated sustainability team, comprising the Head of Sustainability, the Manager of Sustainability, and coordinators in both the Head Office and Site Office, is established. This team facilitates engagements, management monthly reviews, and reports on sustainability-related strategies and plans annually. [GRI 2-12][GRI 2-13]

The Sustainability Team manages the sustainability agenda, encompassing strategy development, action plan monitoring, oversight of sustainability initiatives, and advising the Board on significant ESG matters for the overall materiality assessment. These efforts contribute to strategic planning and the creation of long-term value. Additionally, sustainable risk management is ingrained in the Group's risk management structure and falls under the purview of the Board through the ARC. Further information on the evaluation process of the BOC/BOD can be found in the Annual Report on page 29. [GRI 2-13][GRI 2-14][GRI 2-18]



SUSTAINABILITY TEAM STRUCTURE



The Kencana Sustainability Team plays a pivotal role in assisting the highest governance body within our Group in overseeing Kencana's due diligence and various processes aimed at identifying and managing the organization's impacts on the economy, environment, and society. We actively engage with stakeholders to support these processes, including communicating outcomes and addressing stakeholder feedback and concerns to enhance our sustainability practices. The Vice Chairman consistently reviews the effectiveness of these processes during ARC meetings, ensuring ongoing enhancements in sustainability performance. Through maintaining an open and transparent relationship with stakeholders and continuously evaluating our sustainability processes, Kencana underscores our dedication to sustainable development and responsible business practices. [GRI 2-12]



To ensure effective sustainability governance, continuous education is vital for keeping the Company’s board members informed about the latest developments and trends in the rapidly evolving field of sustainability. Kencana addresses this by implementing a comprehensive training program based on a needs assessment, covering topics such as climate change, environmental impact, social responsibility, and governance. We collaborate with experts, including academics, business executives, and sustainability consultants, who conduct training sessions and provide advice on sustainability-related matters.

Fostering a sustainability culture is a key focus for us. We integrate sustainability considerations into our decision-making processes, making it a central element of our values and purpose. This approach reflects our commitment to having a knowledgeable board capable of addressing sustainability challenges, thereby advancing a sustainable future for the company. [\[GRI 2-17\]](#)

Throughout 2023, the Board actively engaged in forums and workshops centered on Environmental, Social, and Governance (ESG) topics, underscoring our dedication to sustainability and responsible business practices. The highlights of our participation include:

- The 19th Indonesian Palm Oil Conference and 2024 Price Outlook took place in Bali, focusing on the theme "Enhancing Resilience Amid Market Uncertainty," offering valuable insights for addressing challenges in the palm oil industry.
- Participation in the POC 2023: Palm & Lauric Oils Price Outlook Conference & Exhibition in Kuala Lumpur, contributing to our understanding of market dynamics and price outlooks.
- Attendance at the EEF 2023: Eurasian Economic Forum in Moscow, focusing on "Eurasian Integration in a Multipolar World," offering opportunities to explore economic cooperation and integration in the Eurasian region.
- Involvement at the Neste Sustainability Workshop in Bali, facilitating the exchange of best practices and strategies for advancing sustainability initiatives within our organization.

These engagements demonstrate our proactive approach to staying informed about industry trends and collaborating with stakeholders to drive sustainable development.

DRIVING OPERATIONAL EXCELLENCE: CEO'S ONSITE MEETINGS AT SITE OFFICES



In 2023, the CEO initiated the 3M- Monthly Management Meeting for Site Offices, transitioning from remote Zoom sessions to onsite visits at each operational region, alternatingly. The leadership team from the Head Office, including managers, heads, DCOO, CFO, and CEO, embarked on these visits with specific objectives in mind: ensuring operational alignment with management directives, evaluating both operational and financial performance to ensure progress towards established goals, fostering effective communication centered around analyzed data rather than assumptions, and facilitating strategic decision-making involving inter-departmental collaboration. The agenda for these meetings included inspections of operational activities in plantations and factories as per approved work plans, facilitating information exchange and coordination to address major challenges faced at Site Offices in field operations, and providing guidance to Head Office departments regarding ongoing issues and improvements in implementation. These initiatives reflect our commitment to proactive management and continual improvement across our operations.

Ethics and Risk Management

[GRI 2-15, 2-16, 2-25, 2-26]

Safeguarding our stakeholders and ensuring sustainable business outcomes involves effective risk management. The Board is dedicated to conducting business with integrity, adhering to high ethical standards, and complying with all relevant laws and regulations across all the Groups. We maintain a zero-tolerance stance towards fraud and corruption.

To reinforce a strong ethical foundation throughout Kencana, the Board has adopted a Code of Ethics. This code, grounded in values and principles, guides the corporate culture and decision-making of every director, officer, and employee. The goal is to instill the Code of Ethics in every aspect of Kencana's operations.

Our Code of Ethics comprises the following values:

1. Compliance with any applicable laws and regulations
2. Maintain the Group's reputation and assets
3. Prevent any conflict of interest between personal and corporate matters
4. Integrity in data and facts recording
5. Contribute to a harmonious work environment
6. Prevent any abuse of power related to personal/family matters
7. Prohibition to engage in any immoral activities
8. Continuous learning/knowledge development

In Kencana, preventing conflicts of interest is a crucial aspect of our Group Code of Ethics. We have set up clear policies and procedures to ensure that our employees, officers, and directors uphold integrity and honesty and prioritize the best interests of the Group and our stakeholders. Our policies mandate employees to disclose any possible conflicts of interest and abstain from participating in decisions where they have a personal interest. Regular training sessions are conducted to educate our employees on the significance of avoiding conflicts of interest and how to recognize and handle potential conflicts that may arise.

In Kencana, preventing conflicts of interest is a vital aspect of our Group Code of Ethics. We have implemented policies and procedures to ensure that our employees, officers, and directors act with integrity, honesty, and in the best

interests of the Group and our stakeholders. Our policies mandate employees to disclose any potential conflicts of interest and abstain from decision-making when they have a personal interest. Regular training sessions are conducted to educate our employees on the importance of avoiding conflicts of interest and how to identify and manage potential conflicts that may arise during their work. By prioritizing transparency and ethical behavior, we aim to foster a culture of trust and accountability within our Group.

The ARC was established to support the Board by overseeing financial report integrity, the efficiency of internal controls, and risk management. To identify key risks, particularly ESG risks, and to provide oversight on management, the ARC regularly reviews internal control policies and procedures.

Kencana places a strong emphasis on maintaining a culture of integrity, considering it fundamental to fostering long-term value and business sustainability. Consequently, the ARC oversees a whistleblowing platform, allowing employees to raise concerns about possible improprieties through phone calls or emails. Procedures are in place for independent investigations and follow-up actions. Further information on communication of critical concerns can be found in Kencana Agri's Annual Report on page 38. [GRI 2-16]

KENCANA AGRY WHISTLEBLOWING REPORTING CHANNELS:

Telephone: 0812-1074-123

Email: internal.audit@kencanaagri.com

External Initiatives & Associations [GRI 2-26; 2-28]

Kencana remains committed to sustainable agriculture, aligning with our vision to be a leading producer and supplier of sustainable palm oil globally and locally. This commitment is demonstrated through our certifications, including ISPO and ISCC. Additionally, the Group actively participates in several associations, including Gabungan Pengusaha Kelapa Sawit Indonesia ("GAPKI"), ISCC, and ISPO.



Sustainable Operations & Products

Kencana Agri demonstrates proactive dedication to sustainability, emphasizing an unwavering commitment to incorporating sustainable practices across our operations, and delivering products that meets environmental and social standards.

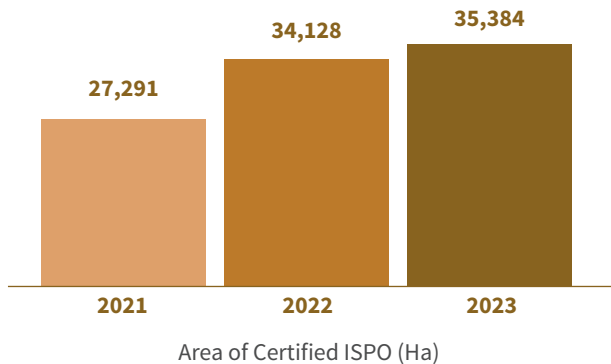




Palm oil, renowned for its versatility, finds application in numerous products, spanning from food, shampoo, and toothpaste to animal feed and alternative fuels. Its efficiency in oil production, coupled with its minimal resource requirements compared to other crops, renders it an appealing choice for farmers seeking stable income in Indonesia. Recognizing the significance of palm oil in both production and consumption, Kencana is committed to ensuring the sustainable production of high-quality products to meet the demands of our customers.

Through sustainable practices and a focus on quality, Kencana aims to uphold our commitment to environmental and social responsibility. By minimizing environmental impact and promoting ethical production methods, we strive to deliver products that not only meets stringent standards but also contribute positively to the communities and ecosystems where they are produced.

Area of Certified Estates (Nucleus)



Volume of ISPO Certified Palm Oil Products

ISPO CERTIFIED OWN (NUCLEUS) PALM OIL PRODUCTS	2021	2022	2023
Total CPO Production (Ton)	149,646	163,251	171,467
Certified FFB Production (Ton)	327,839	340,244	401,824
Certified CPO Production (Ton)	68,681	76,548	83,187
Compared to Total CPO Production (%)	46.0%	46.9%	48.5%

Achieving Product Excellence

In the 2023 report, Kencana's operational scope encompasses 7 mills and 12 nucleus oil palm plantations, covering a total planted area of 66,846 hectares. Of this, 16,410 hectares are allocated for our plasma smallholders. During the reporting period, the Group generated a total of 775,280 tonnes of Fresh Fruit Bunches (FFB), comprising 623,068 tonnes from the nucleus estate and 152,212 tonnes from the plasma estate. Notably, there was an increase in yield compared to the previous year, with a yield of 13.1 tons per hectare for our nucleus operations and 10.8 tons per hectare for our plasma operations, indicating improved productivity. Anticipating further yield enhancements in subsequent years, we attribute this progress to the maturation of oil palms and increased prime-age cultivation.

Furthermore, Kencana has maintained a commendable Oil Extraction Rate (OER) of 20.9%, which can be attributed to enhancements in the FFB handling system. Particular attention has been given to optimizing the FFB unloading process from collection sites to the loading ramp, aiming to minimize losses and maximize efficiency throughout the extraction process.



Kencana’s Production Volumes

Products	Volume (tons)		
	2021	2022	2023
Fresh Fruit Bunches – Processed	710,804	801,052	818,624
Fresh Fruit Bunches – Produced	719,522	767,862	775,280
CPO – Crude Palm Oil	149,646	163,251	171,467
Palm Kernel	33,841	37,453	36,844
Yield ton FFB/Ha (Nucleus)	12.2	12.3	13.1
Yield ton FFB/Ha (Plasma)	9.7	10.8	10.8

In the realm of palm oil production, there are frequent concerns regarding deforestation, habitat destruction for endangered species, greenhouse gas emissions, forced labor, and child labor. As part of our unwavering commitment to sustainability, we diligently adhere to the principles and standards set forth by ISCC, ISPO, and PROPER across all facets of our operations. Our mills

and estates undergo rigorous evaluation by independent third-party organizations to ensure strict compliance. These rigorous evaluation process underscores our dedication to upholding the highest environmental and ethical standards in our industry.



Expanding Horizons:

KENCANA AGRI GROUP'S NEWEST PALM OIL MILL

In a strategic move to expand operations, Kencana Agri Group has unveiled our seventh palm oil mill at PT Loka Indah Lestari, located in North Molosipat Village, Gorontalo. Construction began in 2022 and concluded with the mill's commissioning in March 2023. The inauguration, attended by CEO Albert Maknawi and Gorontalo's Regent Saipul A. Mbuinga, highlighted the company's commitment to sustainable development.

The mill processes Fresh Fruit Bunches (FFB) from LIL and PT Sawit Tiara Nusa, sister companies of the group, and is expected to significantly contribute to the targeted 1 million metric tons of production. Moreover, the mill's engagement with local communities through employment and partnerships underscores the company's dedication to inclusive growth and responsible business practices.

Infrastructure Optimization:

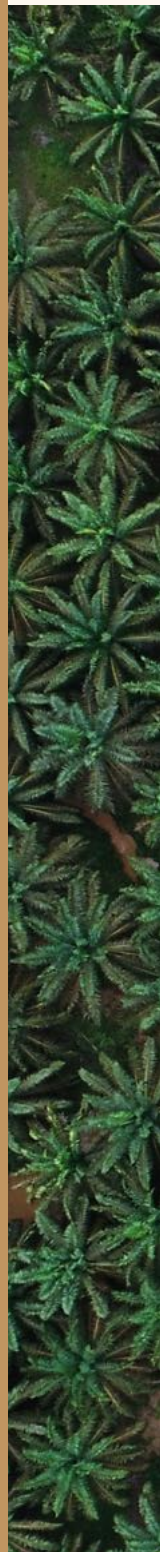
INTEGRATION OF STONE CRUSHER

In our ongoing commitment to operational excellence, the Company prioritizes the maintenance of plantation road infrastructure ensuring timely transportation and shipments such as Fresh Fruit Bunches (FFB) and Crude Palm Oil (CPO) products, amongst others.

PT AIK Kencana Agri Group's plantation has implemented innovative solutions, notably the integration of a stone crusher. This equipment transforms large stones into smaller sizes, providing essential materials for infrastructure improvements internally. This initiative has significantly boosted cost efficiency, reducing external procurement costs and expediting road repair and maintenance plans.

Moreover, the stone crusher's impact extends beyond operational benefits. It improved access between neighboring villages, potentially expediting community development initiatives. This underscores our commitment to supporting local communities in their socio-economic growth endeavors.

Through such strategic endeavors, Kencana Agri Group remains dedicated to operational efficiency, cost management, and community engagement, setting benchmarks for responsible corporate practices.







ISPO, ISCC and PROPER Certifications

ISCC



ISCC, an international certification system, was established in accordance with the European Union directive on renewable raw materials for the production of biofuels, food, feed, and chemicals. It emphasizes the importance of avoiding cultivation on restricted areas, reducing greenhouse gas emissions, and ensuring social sustainability.

Since 2015, Kencana has been an active participant in ISCC and has obtained Sustainable Palm Oil certifications. This certification represents 6.35 % of the total CPO produced by the group in 2023.

ISPO



ISPO initiated by the Government of Indonesia, aims to ensure the sustainability of oil palm production. At Kencana, we have implemented sustainability strategies across our plantations to align with ISPO certification criteria. Our adoption of ISPO encompasses various aspects, including compliance with laws and regulations, best management practices of plantations, environmental and natural resource management, transparency, worker welfare, social responsibility, economic environment, and sustainable business improvement.

We conduct routine ISPO surveillance audits annually and recertification audits as necessary across all our estates and companies. This year, SKL successfully renewed their ISPO certification having passed the recertification assessment, while AIK, SWK, and AKM maintained their certification through surveillance audits. AEK completed the ISPO certification process in December 2023, and obtained the ISPO certificate in January 2024.

PROPER



PROPER was initiated by the Ministry of Environment and Forestry of the Republic of Indonesia. It is an initiative for public disclosure of environmental and social performance ratings that comprise five ratings, namely: Gold (Excellence), Green (Beyond Compliance), Blue (Compliance), Red (Poor), and Black (Very Poor).

PROPER was implemented in all our operation areas. We work together with the regional and national PROPER Committee in conducting regular reviews and assessments to ensure that PROPER principles are implemented thoroughly and properly at all plantations.

This year, Kencana Agri achieved a 6 Blue rating (Compliance) in PROPERDA and PROPERNAS, which means our estates and mills adhere to the compliance standards of Indonesia's Ministry of Environment and Forestry.

6 BLUE PROPER RATING (Compliance) PROPERDA and PROPERNAS



Table below summarizes PROPER, ISCC, and ISPO certifications status of our operational areas as of 31 December 2023

Subsidiaries	Certificate	Ranking/Certification Status	Validity	Institute/ Certification Body
Sawindo Kencana	Proper National	Blue	2022 - 2023	Ministry of Environment and Forestry
	ISCC	New Certificate	09/03/2023 - 08/03/2024	TUV NORD
	ISPO	Certified: Surveillance II	19/01/2021 - 18/01/2026	Mutu Hijau Indonesia
Alamraya Kencana Mas	Proper National	Blue	2022 - 2023	Ministry of Environment and Forestry
	ISPO	Certified: Surveillance I	25/03/2022 - 24/03/2027	Mutu Hijau Indonesia
Agro Inti Kencanamas	Proper Regional	Blue	2022 - 2023	Department of Environment, East Kalimantan Province
	ISPO	Certified: Surveillance IV	22/03/2019-21/03/2024	SAI Global
Sawit Kaltim Lestari	Proper National	Blue	2022 - 2023	Ministry of Environment and Forestry
	Proper Regional	Blue	2022 - 2023	Department of Environment, East Kalimantan Province
	ISPO	New Certificate	06/11/2023 - 05/11/2028	Mutu Hijau Indonesia
Agri Eastborneo Kencana	Proper Regional	Blue	2022 - 2023	Department of Environment, East Kalimantan Province
	ISPO	Stage II ISPO: NCR Closed	24/01/2024 - 23/01/2029	Mutu Hijau Indonesia
Agrojaya Tirta Kencana	ISPO	Stage I ISPO	On Progress	Mutu Hijau Indonesia

Traceability In Our Supply Chain [\[GRI 416-2\]](#)

Kencana is committed to promoting sustainable palm oil production practices throughout our supply chain, recognizing the crucial roles of both customers and suppliers in fostering more responsible practices. Emphasizing the significance of traceability, we prioritize ensuring the long-term sustainability of palm oil production. By implementing robust traceability measures, Kencana can effectively identify supply bases, assess supplier performance against our sustainability standards, and engage with suppliers to drive continuous improvement initiatives.

Our overarching goal is to enhance transparency across our supply chain, offering stakeholders greater visibility into our operations. As part of this commitment, stakeholders now have access to comprehensive tracking capabilities for all Fresh Fruit Bunch (FFB) products entering and leaving our company, a measure implemented as of December 2023.

Ensuring Product & Service Quality [\[GRI 416-1; 416-2\]](#)

At Kencana, we recognize the paramount importance of delivering superior products to our discerning customers. Our unwavering commitment is to provide them with products and services of the highest quality, prioritizing safety and health considerations above all else.

To uphold these standards, our operations are meticulously designed to adhere to stringent safety and quality protocols. Employing a "first in, first out" inventory management approach ensures the freshness and integrity of our Fresh Fruit Bunch (FFB), with careful monitoring of stocks of Crude Palm Oil (CPO) and kernel. Despite facing various challenges, we remain steadfast in our efforts to ensure timely harvesting, maintain cleanliness at collection points, and conduct routine maintenance at our mills to mitigate any potential disruptions that may impact the production and quality of our products, particularly with regard to Free Fatty Acid ("FFA") levels.



We obtained an average FFA level of **3.5%**, which is lower than last year's 3.94% and below the recommended maximum of 4.5%. This has positively impacted the quality of CPO.

In line with industry standards, Kencana Agri has integrated best practices and Good Management Practices (GMP) into our Standard Operating Procedures (SOP). We prioritize the meticulous and ongoing process of eliminating pollutants from our value chain, ensuring adherence to rigorous quality standards throughout our operations. Regular quality and operational audits, alongside comprehensive training on GMPs and SOPs, are conducted to equip our workforce with the necessary knowledge and skills.

Throughout the reporting period, Kencana remained fully compliant with all regulations and voluntary guidelines pertaining to the health and safety aspects of our products and services. Our steadfast objective is to maintain an impeccable track record, striving for zero accidents related to the health and safety of the products and services we provide. [\[GRI 2-27\]](#)

Revitalizing Growth: REPLANTING INITIATIVES AT PT SAWINDO KENCANA



Established in 1995 as the flagship plantation of the Kencana Agri Group, PT Sawindo Kencana is currently undergoing extensive replanting efforts. Initiated in September 2022, this program aims to cover 1,848 hectares by 2023. In a symbolic gesture, the Chairman of Kencana Agri Group inaugurated the replanting by personally overseeing the first planting on the site.

To support this initiative, PT Sawindo Kencana has sourced the oil palm germinated seeds and prepared the nursery locations, emphasizing the importance of high-quality seedlings from certified providers aiming at high yield. Expected benefits include improved Palm Fruit Bunches (FFB) quality and increased productivity.

Highlighting their dedication, the top management team actively participated in the inaugural planting ceremony on November 29, 2023, signaling a commitment to the plantation's revitalization and sustainable future.



Customer & Marketplace [\[GRI 416-2\]](#)

At Kencana Agri, our clientele encompasses palm oil refiners, traders, brokers, oleochemical companies, and fast-moving consumer goods companies (FMCG), each with diverse requirements and product specifications. As such, ensuring customer satisfaction remains a paramount performance indicator for our Group, with regular assessments conducted to gauge and meet our customers' expectations effectively.

We prioritize fostering strong customer relationships, routinely engaging with them through various channels such as visits, meetings, conferences, and expos. Amidst the challenges posed by the COVID-19 pandemic in FY2021, our interactions primarily transitioned to virtual platforms to ensure continuity in communication and service delivery. Committed to delivering top-notch products and services, Kencana upholds rigorous standards for quality and safety, as evidenced by the absence of regulatory noncompliance complaints throughout the reporting period. [\[GRI 416-2\]](#)



Environment Management and Compliance

Our commitment extends beyond regulatory compliance, as we actively pursue initiatives to minimize our environmental footprint, conserve natural resources, and mitigate climate change.





Kencana recognizes the critical role that weather and environmental factors play in our operations, including soil conditions, water quality and availability, humidity, and light exposure. Sustainability is ingrained in every aspect of our organization, from our overarching business strategy to the daily practices of our employees.

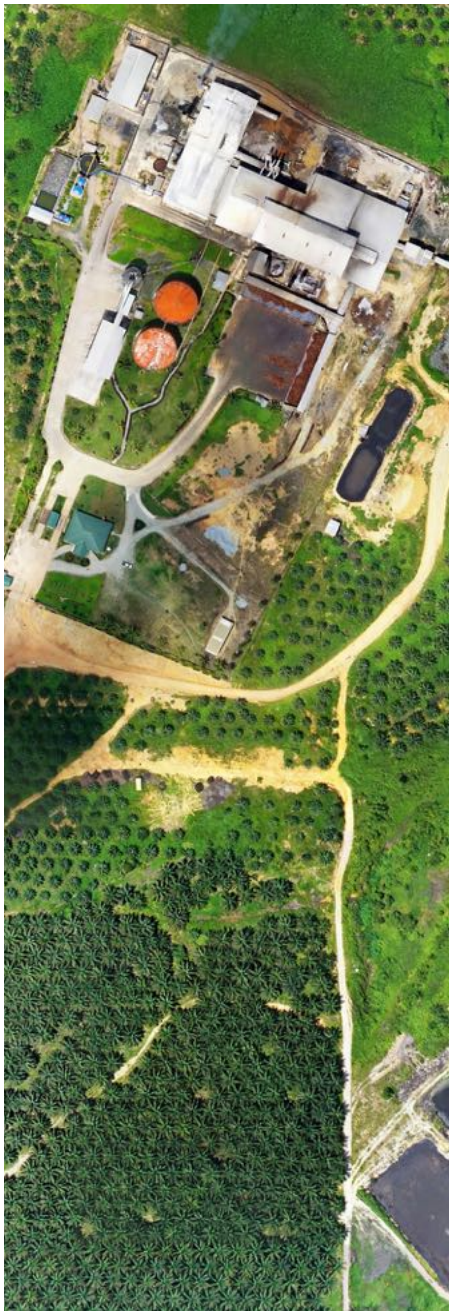
We are committed to ongoing efforts to reduce our environmental impact through the implementation of efficient practices aimed at minimizing energy and water consumption, as well as waste generation. Adhering to industry best practices, we ensure proper processing and disposal of waste, effluents, and chemicals to protect the environment, wildlife, and the communities surrounding our operational areas.

Environmental Management Systems

Since its inception in 2015, our Environmental Sustainability Policy has served as the cornerstone for identifying, managing, monitoring, and controlling environmental issues. We have implemented robust systems and processes to ensure efficient resource utilization and compliance with regulations. This includes strict adherence to all relevant laws, regulations, and environmental obligations. The policy encompasses nine key areas, outlined below: [\[GRI 2-23\]](#)



In addition to our commitment to sustainable land cultivation and biodiversity conservation, we adhere to industry best practices and benchmark ourselves against national and international standards. These include PROPER, ISPO, ISCC, the Law of the Republic of Indonesia No. 5/1990 concerning the Conservation of Living Resources and Their Ecosystem, and Good Agricultural Practices (GAP).



Energy Consumption & Intensity

[GRI 302-1, 302-3, 304-5]

In our operations, equipment accounts for a significant portion of energy consumption. Therefore, it is imperative that we implement energy-saving measures to minimize usage, enhance efficiency, and explore alternative fuels for power generation. Routine maintenance ensures optimal equipment performance, reducing energy consumption and operational disruptions.

Our energy predominantly originates from sustainable sources, notably biomass derived from mill waste materials like shells and fiber. Other sources include fuel for generators, machinery, light vehicles, and grid-supplied power.

Our total energy usage for the year amounted to 179,851 GJ.



Energy Consumption [GRI 302-1]

Energy Sources	2021		2022		2023	
	Volume	GJ	Volume	GJ	Volume	GJ
BIOMASS						
Shells (tonnes)	49,756	785.05	53,633	846.21	48,207	760.61
Fibre (tonnes)	88,851	1,081.79	100,132	1,219.15	97,689	1,189.40
Empty Fruit Bunch (tonnes)	15,032	145,722.23				
Total Energy Consumption		147,589.07		2,065.37		1,950.01
NON-RENEWABLES						
Diesel-vehicles, machinery (litres)	1,362,827	48,925	2,119,084	76,075	2,281,358	81,901
Diesel-electricity generation (litres)	1,522,484	54,657	1,344,692	48,274	1,489,770	53,483
Total energy consumption from non-renewables (GJ)		103,582.66		124,349.56		135,383.50
THIRD PARTY ELECTRICITY						
Grid electricity from PLN (kWh)	859,304	30,934.94	1,012,258	36,441.29	1,181,033	42,517.17
Total Energy Consumption (GJ)		282,107		162,856		179,851

Conversion Factor
 1 kcal 4.184 Joule
 Net Caloric Value*
 Shell 3,771 kcal/kg
 Fiber 2,910 kcal/kg
 EFB 2,317 kcal/kg
 Lhv Fuel**
 Diesel 35.9 MJ/Litre
 Petrol 32.2 MJ/Litre
 1 KWH 0.0036 GJ

* Using reference of NCV analysis conducted in 2009 by SUCOFINDO Bekasi
 ** Liquid Fuel Measurement and Conversion", The U.S. Department of Agriculture (USDA), File C6-87, Oct 2008

Restatement of energy data for 2021 and 2022 was conducted due to changes in the data collection boundaries and energy calculation methods.



Energy Intensity [GRI 302-3]

	Unit	2021	2022	2023
Total Energy Consumption	GJ	282,107	162,856	179,851
Total FFB Processed	Tons	710,804	801,052	818,624
Energy Intensity based on FFB Processed	GJ/Ton	0.40	0.20	0.22

0.22

GJ/ton of Fresh Fruit Bunches (FFB) processed energy consumption intensity



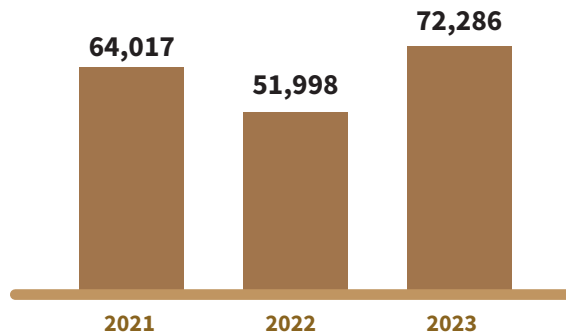
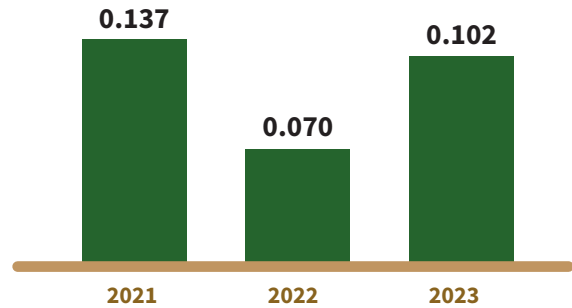
GHG Emissions & Intensity [GRI 305-4]

GHG emissions are recognized for their role in global warming, which subsequently contributes to climate change, leading to more frequent and intense weather patterns that impact agricultural operations and human livelihoods.

At Kencana, we maintain stringent policies to ensure no new development occurs on peatland, alongside commitments to zero deforestation and burning for new developments and land preparation. Additionally, we implement GHG-reduction strategies, including the utilization of biomass for fertilization and fuel replacement in generators and boilers, reducing emissions from fertilizer and diesel fuel consumption, and minimizing diesel generator use in housing estates by connecting to the government power grid.

To monitor our GHG emission performance, we employ GHG emission intensity metrics, calculated by dividing total emissions from various sources by the overall output volume. This method aligns with Regulation No. 41 of the Ministry of Environment and Forestry of the Republic of Indonesia and complies with the ISCC EU System 205 V.3.0 standard and ISPO GHG Calculation V9.1.

In 2023, our five subsidiaries, SWK, AKM, AIK, SKL, and AEK, undertook thorough audits to evaluate greenhouse gas emissions across scope 1 and scope 2. These audits underscored our dedication to sustainability and yielded crucial insights into our environmental footprint.

Total GHG Emissions (tonCO₂) [GRI 305-4]

Total GHG Emissions (tonCO₂/ton FFB) [GRI 305-4]


Note: The GHG emission intensity data for 2022 and 2023 have undergone auditing.

Air Quality

 [GRI 305-7]

Our company specifically measures the levels of sulfur dioxide, carbon monoxide, and nitrogen dioxide on a regular basis in each and every one of our estates and mill zones. Our company ensures that each air quality measurement meets the permissible quality standards established by the local administrations in

all operational regions and the Ministry of Environment and Forestry of Indonesia. By the end of fiscal year 2023, the air quality at each of our operational locations will be in accordance with the Air Quality and Air Pollution Control Standards established by the Indonesian government.

Operations	Average Results		*Quality Standard	Unit	
	Parameter	Value			
Sawindo Kencana	Up Wind	SO ₂	30	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	14	200	µg/Nm ³
	Down Wind	SO ₂	30	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	16	200	µg/Nm ³
Alamraya Kencana Mas	Up Wind	SO ₂	32	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	24.5	200	µg/Nm ³
	Down Wind	SO ₂	34	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	29	200	µg/Nm ³
Agro Inti Kencanamas	Up Wind	SO ₂	40	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	28	200	µg/Nm ³
	Down Wind	SO ₂	31	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	34	200	µg/Nm ³



Operations	Average Results		*Quality Standard	Unit	
	Parameter	Value			
Sawit Kaltim Lestari	Up Wind	SO ₂	30	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	13.5	200	µg/Nm ³
	Down Wind	SO ₂	32.5	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	18.5	200	µg/Nm ³
Agri Eastborneo Kencana	Up Wind	SO ₂	30	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	15	200	µg/Nm ³
	Down Wind	SO ₂	30.5	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	17	200	µg/Nm ³
Delta Subur Permai	Up Wind	SO ₂	35	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	27.5	200	µg/Nm ³
	Down Wind	SO ₂	32	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	27.5	200	µg/Nm ³

Note: Environmental Quality Standards based on Indonesian Government Regulation No. 22 of 2021 concerning the Implementation of Environmental Protection and Management

Water Consumption

[GRI 303-1, 303-2, 303-3]

At Kencana Agri, we prioritize sustainable water conservation efforts. Through vigilant monitoring, innovative practices, and collaborative initiatives, we strive to reduce water consumption, prevent pollution, and safeguard local water reservoirs for future needs. In our operations, we exclusively utilize river water, abstaining from groundwater sources. Rigorous monitoring and precise measurements are employed to uphold stringent quality standards for water usage and discharge across all our milling activities.

Our operations in Bangka (Sumatra) and Kalimantan are situated in areas classified as having low water stress, as indicated by the Asian Development Bank's Indonesia Water Studies (2019), owing to their lower

population density and industrial activity compared to Java. Prior to the construction of our mills, thorough Environmental Impact Assessments (EIA) were conducted to identify potential environmental hazards, including risks to local ecosystems and communities dependent on water resources.

To mitigate these risks, we employ advanced computer modeling and simulation techniques to design effective water management systems tailored to each location. Our approach includes promoting responsible water consumption through programs focused on reducing extraction, promoting recirculation and reuse, and ensuring the quality of discharged water. We also implement monitoring systems, including the installation of monitoring wells in surrounding areas, to assess water quality on a regular basis.

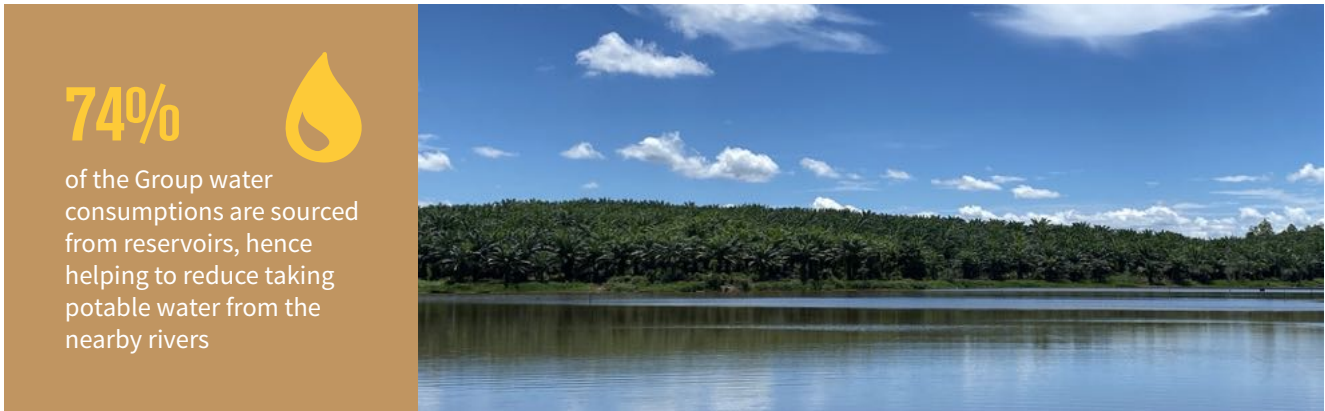
Furthermore, we integrate wastewater treatment systems into our waste management processes to safely and sustainably discharge treated wastewater back into water bodies. Through comprehensive research, we have developed water management systems designed to control water flow, prevent flooding, reduce erosion, and maintain water supply for our plantation regions, particularly during the dry season. Additionally, we have implemented measures such as terracing, water gate systems, and cover crop planting to enhance habitat quality for our trees.

During the reporting period, we utilized a total of 1,165,800 cubic meters of water from reservoirs and rivers, with the majority sourced from rainwater reservoirs. Our water usage is primarily sourced from reservoirs (70%) and rivers bordering our estate regions (30%). Despite increased operational activities, we achieved a 4,24% improvement in water efficiency, with water intensity reduced to 1.50 cubic meters per ton of Fresh Fruit Bunch (FFB), reflecting our commitment to sustainable water management practices.

Operational Region **	Area Water Source	2021		2022		2023	
		Withdrawal Volume (m3)	%	Withdrawal Volume (m3)	%	Withdrawal Volume (m3)	%
Bangka	Reservoir*	206,447	20	221,841	21	208,067	18
South Kalimantan	River^	274,597	26	247,001	23	208,690	18
East Kalimantan	Reservoir 1*	110,954	11	137,320	13	200,515	17
	Reservoir 2*	171,344	16	216,305	21	176,069	15
	Reservoir 3*	243,843	23	159,714	15	278,945	24
Central Sulawesi	River^	42,310	4	70,316	7	93,514	8
Total Water Consumption (m ³)		1,049,494	100	1,052,497	100	1,165,800	100
Water Intensity (m ³ per ton FFB)		1.44 m ³ per ton FFB		1.32 m ³ per ton FFB		1.49 m ³ per ton FFB	

Note:

- *Recycled water
- ^Potable Water
- ** All operational areas are categorized as non-water stress areas - based on Asian Development Bank: Indonesia Water Studies (2019)
- All water withdrawal is freshwater with TDS <=1000 mg/L



Palm Oil Waste Management: Plantation and Mill

[GRI 303-4, 306-1, 306-2, 306-3]

In alignment with our commitment to waste reduction, Kencana implements robust waste management practices across our palm oil mills and plantations, emphasizing recycling and responsible disposal methods wherever feasible. We actively engage with local authorities and communities to address waste-related concerns and ensure compliance with regulations. Throughout FY2023, we received no significant complaints regarding our waste management practices.

Solid waste generated from our manufacturing processes, such as empty fruit bunches (EFB), mesocarp fiber, and palm kernel shells, undergoes repurposing into energy sources, organic fertilizers, or mulch. EFB, for instance, serves as an effective mulch to enhance soil fertility and inhibit weed growth. Additionally, our palm oil mill effluent (POME) is converted into fertilizer, contributing

to improved soil nutrient absorption and potentially enhancing oil palm crop yields. Our meticulous monitoring ensures that the POME application adheres to strict quality standards, with all POME utilized as fertilizer across our operational sites in FY2023.

This proactive approach ensures minimal environmental impact, with no POME released into water bodies, and stringent quality parameters maintained well below authorized thresholds, reflecting our unwavering commitment to sustainability. POME from our mills amounted to 659,464 m³ and was utilized as fertilizer in FY2023. POME quality parameter monitoring is expressed using a median Biological Oxygen Demand ("BOD") of 648 mg/L, which is substantially below the authorized BOD threshold of 5,000 mg/L.

Palm Oil Waste	Utilisation	Unit	Total Amount Recovered & Recycled		
			2021	2022	2023
Empty Fruit Bunches	Fertilizer (Mulch)	Ton	106,662	124,961	140,205
Mesocarp Fibers	Biomass fuel	Ton	88,851	100,132	97,689
Shells	Biomass fuel	Ton	49,756	53,633	48,207
Palm oil mill effluent (POME)	Fertilizer (Land Application)	m ³	708,118	808,539	659,464

In 2023, we achieved a remarkable 18,44% reduction in palm oil mill effluent (POME) land application, with volumes decreasing to 659,464 m³ from the previous 808,539 m³. Additionally, there was a notable increase of 12.2% in the use of fertilizer (mulch). These improvements can be credited to enhancements in infrastructure, operational processes, and the proficiency of our personnel in implementing the land application procedure.

Subsidiaries	POME BOD 2023		Outlet Regulated Max. Quality Standard	Unit	Outlet Discharge Destination
	Inlet	Outlet			
Sawindo Kencana	18,907	469	5,000	mg/L	Land application as fertilizer
Alamraya Kencana Mas	11,798	539			
Agro Inti Kencanamas	14,508	363			
Sawit Kaltim Lestari	24,430	1,083			
Agri Eastborneo Kencana	17,768	1,029			
Delta Subur Permai	13,094	404			
Average POME Biological Oxygen Deman (BOD)	16,751	648			

SKL'S DONATION DRIVE FOR SUSTAINABLE FARMING

SKL's contribution to the local government program in Kutai Kertanegara involved the donation of 7,740.5 metric tons of material to PT Kukar Sejahtera Dambaan Etam. This material was intended for processing into organic fertilizer, a sustainable agricultural input. The resulting fertilizer will be distributed to communities in the Kutai Kertanegara area. This initiative aims to support local farmers and enhance agricultural productivity in the region.



Hazardous Waste Management

[GRI 306-1, 306-2, 306-3]

In the course of our palm oil production operations, the generation of hazardous waste is inevitable. These hazardous materials encompass a range of items, including used lubricants, rags, batteries, filters, empty paint cans, printer cartridges, and medical waste such as needles from health clinics. At Kencana, we prioritize the proper management and disposal of hazardous waste, ensuring strict compliance with governmental regulations governing our handling and disposal.

Our dedicated team of employees rigorously follows standardized operating procedures (SOPs) for waste management, meticulously segregating, labeling, and securely storing hazardous materials in designated fire-resistant temporary storage facilities. These facilities are equipped with comprehensive safety measures, including spill control kits, alarms, firefighting equipment, shower/eyewash stations, and first aid kits. Regular inspections conducted by the Regional

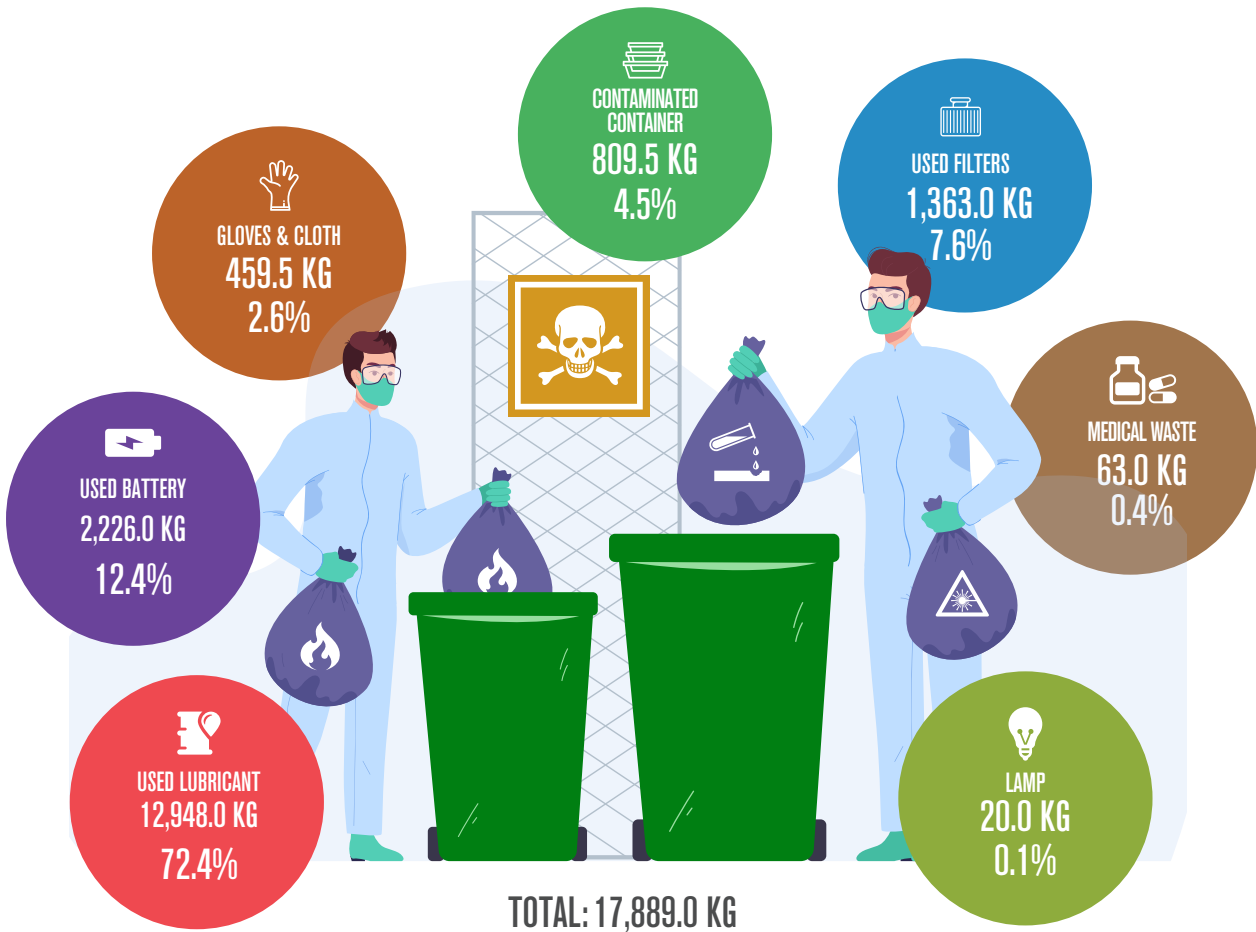


Environmental Agency attests to the adherence to our waste storage and handling protocols, with all facilities maintaining valid permits.

To ensure the safe and compliant disposal of hazardous materials, we engage licensed third-party vendors authorized to treat, recycle, and transport such waste in accordance with national regulations and international best practices. In the case of medical waste, we collaborate closely with local Community Health Centers to facilitate the secure incineration of medical waste originating from our clinics. Subsequently, all third-party carriers furnish Kencana

with hazardous waste shipment manifests, serving as documented evidence for submission to the Ministry of Environment and Forestry.

Moreover, our Health and Safety Officers stationed at each site undergo comprehensive training to proficiently monitor and uphold waste management protocols in line with regulatory requirements. In the fiscal year 2023, a total of 17,899 kilograms of hazardous waste was generated, with no incidents of significant spills reported, underscoring our commitment to responsible waste management practices.



Integrated Pest Management

Pests pose a significant challenge in agricultural activities, with uncontrolled populations of rodents and insects causing damage to crops and impacting productivity. At Kencana, we recognize the importance of adopting sustainable pest management practices to minimize reliance on chemical solutions and uphold our commitment to environmental stewardship. As such, we have implemented a multifaceted approach encompassing mechanical, biological, and minimal chemical interventions to address pest infestations.

In our quest for sustainable pest management, we have conducted extensive research and testing since 2015, focusing on leveraging natural predators to mitigate pest populations. Notably, we have successfully introduced owls into our plantations as a means of controlling rodent populations. Presently, with a population of 45 adult owls, we have witnessed effective pest control against rodents, insects, and other crop-damaging pests. This approach not only minimizes reliance on chemical

pesticides but also promotes biodiversity within our plantations, fostering a healthier ecosystem.

Additionally, we have strategically planted specific plant species known for their pest-repellent properties, such as *Turnera subulata*, *Turnera ulmifolia*, *Antigonon leptopus*, *Cassia tora*, and *Nephrolepis*. These plants provide a habitat for natural predators of for major leaf-eating pests of oil palms, including bagworms and caterpillars, further enhancing our pest management efforts. Moreover, to address the threat posed by *Metisanaplana* caterpillars in Central Sulawesi, we have implemented a targeted planting strategy incorporating *Turnera Subulata*, *Turneraulmifolia*, *Cassia tora*, *Euphorbia heterophylla*, and *Antigonon leptopus* alongside palm oil fields. By providing nectar and pollen to parasitic insects and natural predators, these plants effectively regulate pest populations, contributing to sustainable agricultural practices at Kencana.

Protecting Oil Palm Trees:

THE ROLE OF TRICHODERMA FUNGI IN GANODERMA PREVENTION



Utilizing *Trichoderma* fungi as a preventive measure against *Ganoderma* infestation in oil palm trees represents a proactive and sustainable agricultural strategy. *Trichoderma* establishes a protective shield around the roots, effectively thwarting *Ganoderma* spores and mitigating potential damage. This approach not only reduces dependency on chemical pesticides but also fosters soil health and boosts plant vitality, thereby ensuring the long-term productivity and sustainability of oil palm plantations. The development of *Trichoderma* fungi as a preventative measure against *Ganoderma* infestation involves inoculating selected *Trichoderma* isolates onto sterilized corn-growing media.



Symbiotic Solutions:

RESEARCHING COMPANION PLANTS AND INSECTS

Seeding and planting beneficial plants in palm oil areas is a key aspect of Kencana Agri's research efforts. This involves carefully integrating companion plants and insects with palm oil trees to create a symbiotic ecosystem. Through rigorous research and advanced laboratory techniques, Kencana Agri identifies companion plants that provide various benefits.



Beneficial plants such as *Turnera subulata*, *Turnera omnifolia*, and *Antigonon leptopus* will be seeded and planted in oil palm areas as host plants for parasitoid insects of UPDKS (Oil Palm Leaf-eating Caterpillar). These plants produce nectar that is necessary for parasitoid insects such as *Apanteles erionotae*, *Fornicia sp.*, and *Chaetoxorista javana*.



Sycanus dichotomus is a predatory insect that can help control UPDKS. If the number of UPDKS exceeds the economic threshold, introducing *Sycanus* can be beneficial. The research team found that *Sycanus* can eat up to 6 caterpillars per day. Currently, the Agronomy Research team is observing this species.

Senna Multijuga is also being studied. This plant is an alternative for controlling all types of horn beetles, including *Oryctes rhinoceros*, *Calcosoma atlas*, and *Xylotrupes gideon*. It is being developed by oil palm plantations and the Kencana Agri Research Team as a step towards reducing the use of pesticides. The horn beetle is a harmful organism that can cause delayed growth in the immature phase and even death in oil palm plants. *Senna Multijuga* plants produce natural insecticides that attract horned beetles while also killing them.



Nature Conservation [\[GRI 304-1, 304-3\]](#)

In alignment with global commitments to combat deforestation, as highlighted at COP26, Kencana recognizes our role in preserving Indonesia's rich biodiversity and vast rainforests, which are essential for the planet's ecological balance. To address potential impacts stemming from our palm oil operations, we have instituted robust measures aimed at biodiversity conservation and environmental protection.

Our commitment begins with comprehensive biodiversity assessments conducted prior to establishing new plantations, ensuring the identification and preservation of High Conservation Value (HCV) areas. Upholding a stringent No Deforestation, No Peat, and No Exploitation

(NDPE) policy across all operations, we safeguard critical ecosystems and wildlife habitats. Additionally, we establish buffer zones surrounding conservation areas, execute ecological restoration initiatives, and adopt sustainable land use practices to minimize our ecological footprint.

Moreover, Kencana actively collaborates with conservation organizations to promote biodiversity conservation and protection, fostering partnerships that amplify our collective impact. Through these concerted efforts, we are steadfast in our mission to mitigate adverse biodiversity impacts and uphold our responsibility to future generations. [\[GRI 304-2\]](#)

As of the end of 2023, Kencana's palm oil operations in Indonesia have significantly contributed to environmental conservation, restoration, and protection. Our strategies align with Sustainable Development Goals (SDGs) 12, 13, and 15, encompassing responsible consumption and production, climate action, and life on land. Key components of our approach include:

- No deforestation in high carbon stocks (“HCS”) forest regions, and no additional land clearance in potential HCS areas until the proposed HCS study's findings are implemented.
- Preservation of high conservation value
- Adopting a zero-burning policy with respect to new and replanted trees.
- No new development on peat land (“NDPE”), regardless of any depth.
- Take steps to accept industry practices and standards for sustainable palm oil.

Our nature conservation efforts involve continuous enhancement of High Conservation Value (HCV) area monitoring, capacity building, community engagement, and collaboration with various stakeholders. Leveraging frameworks such as the High Conservation Value Resources Network (HCVRN) and the High Carbon Stock Approach (HCSA), along with adherence to ISPO and ISCC standards, we ensure rigorous oversight and management of biodiversity-rich areas.

We are committed to safeguarding river borders, nurturing indigenous trees within High Conservation Value (HCV) areas, promoting awareness among local communities, monitoring river water quality, and cataloging wildlife species. Our efforts include documenting all wildlife encountered within our estates and providing detailed assessments for species classified as vulnerable or higher on the protected species list, as specified in Ministry of Environment and Forestry Regulation No. P.106 of 2018. Through regular internal audits conducted by our sustainability team, we uphold transparency and accountability, ensuring compliance with regulations governing the preservation of flora and fauna.



AS OF 31 DECEMBER 2023,
A TOTAL OF MORE THAN

9,475.23 hectares

AT OUR PALM OIL ESTATES
IS CONSERVED





MEET OUR NEIGHBOURS [GRI 304-4]

The subsequent overview encapsulates the high conservation value flora and fauna identified within each operational region of the Group:



BEKANTAN
(*Nasalis larvatus*)
VULNERABLE (VU)



ELANG BRONTOK
(*Nisaetus cirrhatus*)
VULNERABLE (VU)



ANOA DATARAN RENDAH
(*Bubalus depressicornis*)
ENDANGERED (EN)



ELANG SULAWESI
(*Nisaetus lenceolatus*)
VULNERABLE (VU)



ANOA PEGUNUNGAN
(*Bubalus quarles*)
ENDANGERED (EN)



ELANG-ULAR SULAWESI
(*Spilornis rufipectus*)
VULNERABLE (VU)



KANGKARENG PERUT-PUTIH
(*Anthracoceros albirortris*)
VULNERABLE (VU)



KURA - KURA
(*Orlitia borneensis*)
NEAR THREATENED (NT)

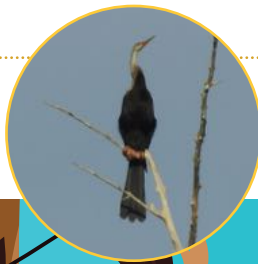


ELANG HITAM
(*Ictinaetus malayensis*)
VULNERABLE (VU)

Babirusa (*Babirusa babirusa*) Vulnerable (VU) - Julang sulawesi (*Aceros cassidix*) Vulnerable (VU) - Kangkareng sulawesi (*Penelopides exarhatus*) Vulnerable (VU) - Monyet hitam sulawesi (*Macaca nigrescens*) Vulnerable (VU) - Tiung (*Gracula religiosa*) Least Concern (LC) - Cekakak belukar (*Halcyon smyrnensis*) Least Concern (LC) - Elang bondol (*Haliastur indus*) Least Concern (LC) - Lutung merah (*Presbytis rubicunda*) Near Threatened (NT) - Burung-madu kelapa (*Anthreptes malacensis*) Least Concern (LC) - Burung-madu sepahraja (*Aethopyga siparaja*) Least Concern (LC) - Cabai panggul-kelabu (*Dicaeum monticolom*) Least Concern (LC) - Cekakak Cina (*Halcyon pileata*) Least Concern (LC) - Cekakak merah (*Halcyon coromanda*) Least Concern (LC) - Cikrak sulawesi (*Phylloscopus sarsinorum*) Vulnerable (VU) - Elang-alap ekor-totol (*Accipiter trinitatus*) Vulnerable (VU) - Elang-alap kecil (*Accipiter nanus*) Vulnerable (VU) - Elang-alap kepala kelabu (*Accipiter griseiceps*) Vulnerable (VU) - Sikep Madu Sulawesi (*Pernis celebensis*) Vulnerable (VU)



ELANG IKAN KECIL
(*Ichthyophaga humilis*)
VULNERABLE (VU)



PECUKULAR ASIA
(*Anhinga melanogaster*)
LEAST CONCERN (LC)



TIONG EMAS
(*Gracula religiosa*)
LEAST CONCERN (LC)



KUCING HUTAN
(*Felis bengalensis*)
VULNERABLE (VU)



RUSA
(*Cervus unicolor*)
VULNERABLE (VU)



RAJA UDANG
(*Alcedo meninting*)
LEAST CONCERN (LC)



KUNTUL KECIL
(*Egretta garzetta*)
LEAST CONCERN (LC)



CEKAKAK SUNGAI
(*Todirhamphus chloris*)
LEAST CONCERN (LC)



ELANG TIKUS
(*Elanus caeruleus*)
LEAST CONCERN (LC)

- Musang air (*Cynogale bennetti*) Near Threatened (NT) - Kuntul kerbau (*Bubulcus ibis*) - Least Concern (LC) - Tupai tanah (*Lariscus insignis*) Near Threatened (NT) - Bangau hitam (*Ciconia episcopus*) - Least Concern (LC) - Enggang Cula (*Buceros rhinoceros*) Vulnerable (VU) - Landak (*Hystrix brachyura*) Vulnerable (VU) - Bajing tanah (*Lariscus insignis*) Near Threatened (NT) - Beo (*Gracula religiosa*) Least Concern (LC) - Elang laut perut putih (*Haliaeetus leucogaster*) Vulnerable (VU) - Trenggiling (*Manis javanica*) Vulnerable (VU) - Alapalap Capung (*Microhierax fringillarius*) Vulnerable (VU) - Bangau Tongtong (*Leptoptilos javanicus*) Vulnerable (VU) - Kipasan Belang (*Rhipidura javanica*) Vulnerable (VU) - Lutung Kelabu (*Trachypithecus cristatus*) Vulnerable (VU) - Orangutan Kalimantan (*Pongo pygmaeus* spp. *morio*) Vulnerable (VU) - Pecukular Asia (*Anhinga melanogaster*) Least Concern (LC) - Rusa Sambar (*Rusa Unicolor*) Near Threatened (NT) - Takur Warna-warni (*Psilopogon mystacophanos*) Vulnerable (VU)



Preserving Nature's Treasures:

A STUDY OF HIGH CONSERVATION VALUE AND HIGH CARBON STOCK IN PT. AEK

In 2023, PT. AGRI EASTBORNEO KENCANA (AEK) undertook a comprehensive assessment of High Conservation Value (HCV) and High Carbon Stock (HCS) within our Estate Concession (HGU) area. This evaluation encompassed Environmental Impact Studies (ANDAL), environmental impact assessments, and detailed soil surveys. Within the HGU territory, AEK identified HCS forests, delineating them into six distinct categories of HCV, alongside the presence of peatlands. The total expanse of HCV-HCS in PT. AEK's HGU area spans 1,211.48 hectares, constituting 12.60% of the company's overall landmass (9,615.41 hectares).

Fire Prevention [\[GRI 304-1\]](#)

In Indonesia, the management of forest fires is not just a matter of safeguarding the environment but also critical to protecting lives, communities, and livelihoods. With its vast expanses of tropical forests and peatlands, Indonesia is particularly vulnerable to the devastating effects of forest fires, which can ravage landscapes, pollute the air, and endanger human health.

At Kencana, our plantations are strategically designed to efficiently combat fires, with canals constructed to create barriers between plants and high-risk zones. Additionally, we maintain small patrol boats and vehicles equipped with water pumps around these canals for rapid response.

Preventing forest fires is a cornerstone of our approach with emphasizing education and capacity-building alongside firefighting capabilities. We enforce a strict zero-burn policy and collaborate with government agencies on community-based preventive programs. Our internal HSE-certified firefighting specialists conduct regular training sessions for subsidiary employees, covering fire monitoring, management, and emergency procedures.

Utilizing satellite mapping software since 2018, we track hotspots nationwide, facilitating coordinated monitoring efforts between our estates and Jakarta headquarters. Thanks to these proactive measures, there were no reported fires across Kencana's operations during the reporting period.



Unity in Action:

FOREST FIRE PREVENTION EFFORTS IN EAST KALIMANTAN

The government of East Kalimantan Province has launched a comprehensive forest and land fire prevention program, fostering collaboration among state-owned and private enterprises through joint fire drills and simulations. In Kutai Kartanegara District, SKL took the lead in hosting the Karhutla (Forest and Land Fire) Drill, actively participating in scenario development and providing simulation equipment under the guidance of the military (TNI). The primary objective is to cultivate proficient teams for fire prevention and mitigation, promoting mutual support and community involvement through the establishment of Kelompok Tani Peduli Api (KTPA) alongside other neighbouring plantation companies in addition to those within the Kencana Agri Group. Moreover, SKL extends our support to KTPA by supplying firefighting equipment. This collaborative effort involves various stakeholders, including the military, police, local government authorities, and community organizations like KTPA, showcasing a unified approach to forest fire management and prevention.

The participants in the forest and land fire prevention program encompass a diverse array of entities crucial to its success. These include Indonesian National Defence Forces (TNI), Indonesian National Police (Polri), Indonesian National Police (Satpol PP), Muara Kaman sub-

district, DLHK (Environmental Agency), Dishub (Transportation Agency), and village authorities from Sedulang, Muara Kaman Ulu, Liang Buaya, and Sabintulung. Additionally, the involvement of KTPA from these villages, along with BPBD (Badan Penanggulangan Bencana Daerah), Disbun (Dinas Perkebunan), and ORMAS RKB (Remaong Kutai Berjaya), further strengthens the collaborative effort in forest fire prevention and management.

Through the active engagement of these participants, the forest and land fire prevention program exemplifies a concerted effort to safeguard the region's natural resources and communities. By fostering partnerships and leveraging collective expertise, the initiative aims to enhance readiness and response mechanisms, preventing the impact of forest fires and preserving the ecological integrity of East Kalimantan Province.

SKL has been recognized by the Regent of Kutai Kertanegara for our efforts in forest and land fire control during the El Niño period. This award highlights SKL's commitment to environmental management and sustainable practices. By effectively managing forest and land fires, SKL not only contributes to environmental preservation but also strengthens positive relationships with the community and enhances our reputation as a responsible corporate citizen.





Climate Change [GRI 201-2]

Amidst the evolving landscape of climate change, its repercussions have become increasingly tangible, impacting not only the environment but also the livelihoods of individuals. In recent years, erratic weather phenomena have emerged as a significant concern, directly affecting the agricultural sector and posing challenges to crop yields, as well as the safety and well-being of our workforce. In response, as part of our comprehensive risk management strategy, we remain committed to diligently evaluating and disclosing climate-related risks in alignment with SGX Listing Rules in our FY2023 Sustainability Report.

At Kencana, we have embarked on a thorough process of identifying and evaluating the potential impacts of climate-related risks and opportunities on our operations and assets. Acknowledging the importance of this endeavor,

we strive to gain comprehensive insights into these dynamics to inform the development of robust strategies for mitigation and adaptation. Our proactive approach encompasses a spectrum of initiatives, including rigorous risk assessments, the establishment of emissions reduction targets, and active engagement with stakeholders to address pertinent climate-related concerns.

By proactively addressing climate-related challenges and seizing associated opportunities, we aim not only to fortify our resilience but also to enhance our financial performance. Through concerted efforts and strategic interventions, we endeavour to pave the way toward a more sustainable future, wherein our actions contribute meaningfully to environmental stewardship and long-term viability.

CLIMATE-RELATED RISKS

- **Physical risks:** These are risks associated with the physical impacts of climate change, such as extreme weather events, sea-level rise, and drought. These risks can affect our infrastructure, supply chains, and operations.
- **Transition risks:** These are risks associated with the transition to a low-carbon economy, such as changes in policy, regulation, and market preferences. These risks can affect our financial performance and reputation.
- **Liability risks:** These are risks associated with legal liability for the impacts of climate change. For example, legal action for contributing to greenhouse gas emissions that contribute to climate change.

CLIMATE-RELATED OPPORTUNITIES

- **Energy efficiency and renewable energy:** Kencana can reduce our greenhouse gas emissions and save costs by implementing energy-efficient measures and investing in renewable energy.
- **Innovation and new products:** The transition to a low-carbon economy presents us with opportunities for innovation and the development of new products and services.
- **Improved stakeholder relations:** We take action to address climate change and hence can improve our relationships with stakeholders, including customers, employees, investors, and local communities.





As we look ahead, Kencana remains steadfast in recognizing the critical importance of evaluating our exposure to climate-related risks and opportunities. In line with this commitment, we are dedicated to formulating comprehensive strategies aimed at effectively managing and leveraging these dynamics to our advantage. By proactively addressing climate-related challenges, we aspire to bolster our resilience, enhance the Group's financial performance, and ultimately foster a pathway towards a more sustainable future.

In pursuit of these objectives, our forthcoming endeavours will focus on conducting meticulous risk assessments, establishing ambitious emissions reduction targets, and actively engaging with stakeholders on pertinent climate-related issues. Furthermore, we are poised to undertake climate scenario analysis, leveraging commonly utilized pathways to gain deeper insights into the potential implications for our operational and human capital assets in the years to come.

At present, Kencana has identified and initiated a thorough examination of these established climate scenario pathways. Our ongoing efforts are geared towards comprehensively assessing each pathway's implications, particularly in terms of greenhouse gas emissions trajectories and associated global warming projections. Armed with these insights, we are well-positioned to make informed decisions and formulate strategic interventions that seamlessly integrate climate-related risks and opportunities into our operational framework.

Currently, Kencana is in the process of reviewing and studying three distinct climate scenario pathways for potential utilization in forthcoming climate assessments:

- **Representative Concentration Pathways (RCPs):**

This collection comprises four trajectories of greenhouse gas concentrations formulated by the Intergovernmental Panel on Climate Change (IPCC). Ranging from RCP2.6 to RCP8.5, these pathways delineate varying levels of emissions scenarios. They span from low-emissions scenarios, such as RCP2.6, aiming to limit global warming to below 2°C, to high-emissions scenarios, such as RCP8.5, which pose heightened risks of catastrophic global warming.

- **Shared Socioeconomic Pathways (SSPs):**

Consisting of five narrative scenarios, SSPs delineate potential future socioeconomic landscapes, encompassing factors like population growth, economic prosperity, and energy consumption. These pathways are deployed in conjunction with RCPs to craft integrated climate scenarios, enabling a nuanced exploration of the intricate interplay between societal development and climate dynamics.

- **Paris Agreement scenarios:**

Crafted specifically to evaluate the viability of realizing the long-term temperature objectives outlined in the Paris Agreement, these scenarios prioritize stringent emissions mitigation measures. Aimed at limiting global warming to well below 2°C, with efforts directed towards capping it at 1.5°C above pre-industrial levels, these pathways advocate for rapid and profound emissions reductions in the near term, culminating in achieving net-zero greenhouse gas emissions by mid-century.



Social Community Development

[GRI 203-2, 413-1]

Kencana recognizes the importance of contributing positively to the well-being and development of these communities striving create lasting positive impact and build stronger, more resilient communities for the future.





In today's evolving economic landscape, the significance of Environmental, Social, and Governance (ESG) considerations has escalated, intertwining sustainable practices with a company's overall success. At Kencana, we recognize that our actions hold varying degrees of economic, social, and environmental impact on the communities we engage with, both directly and indirectly. Our enduring success hinges on fostering meaningful partnerships within the communities we operate in, underscoring our commitment to being a responsible corporate citizen. We recognize that our operations pose potential socioeconomic impacts if not managed properly. [GRI 413-2]

Therefore, through our Community Growth Program, we aim to foster the long-term development of the

communities we serve by addressing their specific needs and maintaining robust relationships with local stakeholders. By proactively engaging with community members, we endeavour to enhance livelihoods and catalyse socioeconomic progress. Moreover, Kencana diligently monitors and manages the potential impacts of our operations on these communities, ensuring that our activities align with their interests and contribute positively to their well-being. All of our Corporate Social Responsibility (CSR) initiatives adhere to pertinent regulations, including the Law of the Republic of Indonesia, Government Regulations, and Finance Ministry Regulations, thereby ensuring the implementation of suitable CSR programs across all our operations.



Our Social Community Development Focus [GRI 203-2]

In our corporate approach, the Community Development Program of the Group is strategically designed and executed, with specific target areas identified to address the unique needs of local communities. Through collaborative efforts, we forge partnerships with community members, aiming to empower and foster their positive growth.

Our social community development endeavors are guided by four key focal points:

EMPOWERING LOCAL COMMUNITIES

The Group is dedicated to improving community livelihoods by fostering partnerships that bolster local economic growth. Our Plasma Partnership initiative, launched in 1997, has consistently supported smallholders in achieving sustainable growth by establishing inclusive agribusiness ventures in our operational areas. Additionally, we collaborate with indigenous and local communities through a range of plasma scheme partnerships.

FOCUS 1



FOSTERING ENGAGEMENT & GOOD RELATIONSHIP

Active involvement with local communities is paramount in fostering positive relationships and driving community development forward. Kencana adopts a proactive approach that encourages broad and constructive dialogue, prioritizing the establishment of long-term partnerships. We provide accessible channels for communities to voice environmental or social concerns, backed by robust processes and systems designed to address issues openly, transparently, and through consultation.

FOCUS 2



FOCUS 3



RESPECTING THE RIGHTS OF INDIGENOUS PEOPLE

Kencana's operational sites are situated in close proximity to regions where Indigenous or local communities hold rights to their territories and have explicit authority over land development. We steadfastly uphold the rights of Indigenous peoples and local communities regarding their lands, territories, and resources. Our commitment extends to preserving biodiversity in these areas while ensuring the protection of their rights.

FOCUS 4



SUPPORTING BETTER WELFARE

The Group remains steadfast in its dedication to fostering rural development and enhancing the quality of life through our Community Development Programs and job creation initiatives. As part of our commitment, a portion of our revenue is allocated to social programs focused on education, supporting teachers, healthcare, and enhancing public infrastructure.



Throughout the year 2023, Kencana Agri has engaged in various social community initiatives, reflecting our sincere commitment to serving the needs of society.

These endeavors encompassed a wide range of initiatives, carefully crafted to address the diverse needs of the communities we have the privilege to serve.

KENCANA PRODUKTIF

The CSR program "Kencana Produktif" focuses on supporting local community empowerment initiatives related to economic development. This program is designed to offer knowledge and opportunities to the community, enabling them to harness their potential for economic improvement. By enhancing the community's economic status, it fosters mutual advancement and growth for both the community and the organization.

Tilapia Farming Program by Karang Taruna of Pengguren Jaya Village

The Tilapia Farming program was initiated in response to the required activities for the Karang Taruna (youth organization) and the Head of Pengguren Jaya Village. PT AIK collaborated with the community development team, the Youth Organization, and the Village teams to brainstorm and agree on the program. The village provided 2 plastic tarpaulins measuring 2X3 meters, while the company contributed 1500 fish fry, 3 sacks of feed, and 2 brooms.

Community Empowerment of Coffee Farmers and Craftsmen (Kohiman)

This initiative aims to empower the local community by providing them with knowledge sharing, training, fertilizer (made from solid waste generated during FFB processing), financial assistance, product processing equipment, and marketing support for product sales. This program involves planting cassava and coffee, processing them into products such as ground coffee and cassava chips, and preparing them for sale. The program is still ongoing and the Company is continuing to monitor and coach the group's implementation of the activities.

Freshwater Fisheries

This program is part of Kencana Agri's Area III CSR initiative aimed at empowering the community in Sabintulung Village by fostering productive groups. ATK and SKL provided fish fry and starter feed to support this initiative. The group conducts regular monitoring at least once a month to ensure the progress of the demonstration plot activities and evaluate any challenges. During the harvest season, the fishermen's group and the Group will collaborate in distributing and selling the harvest outputs. The Nelayan Bersama Community and Nelayan Maju Mandiri Community Program is still ongoing. The company is monitoring and guiding the implementation of activities for these groups.



The Development of Aren Sugar Producing Method

A new method was introduced to improve the quality of palm sugar. This involved changing the cone-shaped palm sugar mould to a rectangular one. Practical training was also provided on the process of filtering nira as an ingredient for sugar making and the processing of palm sugar. As a result of this method, the palm sugar produced has a distinctive aroma and a longer shelf life. The Group provided assistance by supplying palm sugar-making equipment, including sugar moulding tools and measuring cups, as well as offering training, regular mentoring, and marketing support for the product. The program is carried out by the community, under the guidance and monitoring of the company. Furthermore, the company provides support for the marketing of the products.

Development of Purun Handicraft

The Community Development team recognized the potential of purun plants found around Sabintulung Village. Purun is a wild plant that grows in swamps, resembling grass, and is highly flammable. Therefore, due to its easy availability and cost-effectiveness, as well as its ability to reduce the risk of land fires, it is utilized by making crafts. The program began in October 2022, when the Company introduced it to the Sabintulung Village community. Twenty women expressed interest in participating. The Company helped organise the 'Purun Craft' training programme by providing trainers and regular coaching. The community now independently carries out the programme, which is still guided and monitored by the company. Furthermore, the company assists with marketing the products.





KENCANA BERPRESTASI

The Kencana Berprestasi program was initiated following an internal evaluation of educational requirements. The objectives are to optimize the potential of children in both academic and non-academic fields and to facilitate and support the improvement of the quality of education and access to adequate education facilities.

Improving the Quality of Kindergarten/Early Childhood Education

In AKM, where there exists a kindergarten/preschool, the current indoor and outdoor educational infrastructure falls short of requirements. To address this gap, the program focuses on enhancing the quality and quantity of educational facilities. This includes the provision of indoor thematic teaching tools and the installation of outdoor play equipment such as swings, slides, and climbing frames, aiming to create a more conducive learning environment.

Meanwhile, in AIK, residents of Charli Afdeling housing, Delta, and palm oil mill housing face challenges accessing the nearest kindergarten due to distance and poor road conditions during the rainy season. Limited shuttle transportation further complicates matters, as kindergarten drop-offs must align with the return hours of junior high school students. In response, AIK's community development program has taken the lead in establishing a Kindergarten/Early Childhood School. The program is currently ongoing across all Afdeling locations, with the company providing operational support in the form of learning equipment, teacher honorarium, and regular monitoring to ensure the success of the initiative.



The Cooperation in the Management of Education Program with SDN 06 Fillial Sedulang and Yayasan Budi Utomo Sedulang

The program aims to facilitate access to education by enhancing nearby schools, creating a conducive teaching and learning environment, and supporting qualified educators and teachers. Targeting both the schools within our operational area and nearby local schools, our initiative focuses on monitoring activities, improving access and facilities, and meeting the teaching and learning requirements of the schools. Located in KM 10 Sedulang Village, a school building was found to be in poor condition and inactive. Recognizing its potential, our Community Development Area III team collaborated with Yayasan Budi Utomo in July 2022 to rehabilitate the building and its infrastructure. Activities included repairing damaged structures, cleaning the premises, and painting the building. Furthermore, we provided essential furniture and learning tools and supported teachers' salaries. The program, initiated in July 2022, remains ongoing with comprehensive operational support from the company, including complete learning equipment, teacher honorarium, school transportation facilities, and regular monitoring of infrastructure and other facility needs.



KENCANA BERBUDAYA

Our program is central to our community development efforts, dedicated to preserving and promoting cultural heritage in our operational areas.

Cultural Preservation: Kencana's Contribution to Erau Adat Tradition

Erau Adat symbolizes the revered traditional customs of the indigenous Dayak tribe in Kalimantan, Indonesia, encompassing a rich tapestry of animist beliefs, artistic expressions, and cultural practices. At the heart of this heritage lies the harvest festival, a poignant occasion where gratitude is expressed for agricultural abundance and blessings are sought for the future. The Erau Adat Benua Tuha in Sabintulung Village, Muara Kaman District, stands as a poignant testament to this enduring legacy, underscoring the profound cultural significance embedded within Kalimantan's communities. In alignment with our commitment to community engagement, Kencana actively supports the preservation and promotion of this tradition. Since 2022, through strategic partnerships with three subsidiaries, we provided essential support to the local government in organizing the first Erau Adat Benua Tuha celebration following the pandemic. Our contributions included financial assistance for event logistics, as well as material resources, heavy equipment, and construction aid, ensuring the seamless execution of this cherished cultural event.

TESTIMONY

In a heartening testimony, **Mr. Armawan**, the Head of Riwang Village, expresses gratitude to PT AIK for their invaluable support in improving the village road infrastructure.

Road to Prosperity:

"Thank you to PT AIK for assisting in the improvement of the village road in Riwang. This has resulted in a smoother road surface, facilitating easier access for the community to engage in economic activities (business or work) and meet their daily needs," said Mr. Armawan.

PT AIK'S CONTRIBUTION TO VILLAGE DEVELOPMENT

[GRI 203-1]

PT AIK's dedication to enhancing the village road underscores our commitment to community welfare and sustainable development. By investing in infrastructure improvements, the company not only improves the quality of life for the community but also fosters economic growth and prosperity in the region.





Community Rewards:

PT AKM'S IMPACTFUL INITIATIVES IN MANGKA AND BATUAH VILLAGES

PT AKM has been honored by the Head of Mangka Village for our efforts in providing clean water to the community during prolonged drought. Facing difficulties due to water scarcity, PT AKM constructed boreholes as a source of clean water and regularly distributed water to the households surrounding Mangka Village. This initiative has significantly alleviated the daily water needs of the villagers, showcasing PT AKM's dedication to community welfare.

Furthermore, PT AKM received recognition from the Head of Batuah Village for enhancing accessibility for daily activities. Through routine road maintenance and the construction of a bridge in Kampung Ruray, Batuah Village, PT AKM has facilitated easier access for residents to neighboring villages, enabling them to engage in economic activities and meet household needs more conveniently. These initiatives have garnered immense gratitude from the residents, reflecting PT AKM's commitment to improving local infrastructure and community well-being. Additionally, PT AKM's efforts in training, education, and employing the local workforce have earned a commendation from the Department of Labor and Transmigration of Kota Baru District, further underscoring the company's commitment to local empowerment and sustainable development.



Building Futures:

PT SKL'S SCHOLARSHIP PROGRAM ACKNOWLEDGED BY KUTAI KARTANEGARA

PT SKL has been recognised by the Regent of Kutai Kartanegara District for our participation in the Scholarship Financing Program for Outstanding Students of Kutai Kartanegara. Under this program, PT SKL sponsored the education of Laediya Amara, a student from SMPN 4 Muara Kaman, who successfully passed the selection process for admission to SMK Wikrama 1 Garut for the academic year 2023/2024. Laediya excelled in the Academic Potential Test (Tes Potensial Akademik - TPA) and interviews, securing a place as a student in the Qur'an Memorization program at SMK Wikrama 1 Garut. PT SKL has committed to funding her education for a period of three years.



Cultural Legacy:

PT DSP'S COMMITMENT TO RAJA BANGGAI TOMB PRESERVATION

Within the concession areas of PT DSP lies the revered Raja Banggai Tomb "Haji Sukuran Aminuddin Amir" and an accompanying museum, both of significant historical value to the Banggai kingdom. Recognized as a high conservation area, preserving this site is crucial to safeguarding the cultural heritage and traditions of the region. To this end, PT DSP has embarked on extensive efforts to rehabilitate and maintain the tomb's facilities, museum, and adjacent mosque. Through restoration work and landscape upkeep, the company aims to ensure the longevity of these cultural assets and enhance their accessibility for future generations.

Furthermore, PT DSP actively engages with local communities and stakeholders to raise awareness about the historical significance of the site. Collaborative initiatives are undertaken to instill a sense of pride and ownership among the local populace, fostering cultural appreciation and sustainable development within the region. By investing in the preservation of tangible heritage and promoting cultural awareness, PT DSP contributes to the conservation of the Banggai kingdom's rich legacy while fostering community involvement in heritage preservation efforts.



Advocating for Children:

APSAI'S ROLE IN PROTECTING CHILDREN'S RIGHTS IN KUKAR

On December 5, 2023, the management of the Asosiasi Perusahaan Sahabat Anak Indonesia (APSAI) in Kutai Kartanegara (Kukar) Regency for the period 2023-2028 was officially inaugurated by the General Secretary of APSAI in Tenggarong. Ferdinan Sinaga, Manager Legal Comdev Area 3, was appointed as the vice chairman of APSAI's management. This appointment reflects the company's commitment to upholding the rights and protection of children, as well as advancing their welfare in Kukar Regency.

APSAI was established to prioritize the welfare of Indonesian children, serving as a platform for synergy and acceleration in child protection efforts, especially to ensure the participation of the private sector in Indonesia, including in Kukar. In this organization, companies in Kukar collaborate to advocate for children's rights in the workplace as well as generally in Kukar regency, fulfilling their roles through programs to fulfill children's rights to life, growth and development, protection, and participation.

PT SKL through APSAI Kukar engages in various activities aimed at promoting the welfare and rights of children in the region. This includes initiatives such as sharing sessions with children in orphanages during the holy month of Ramadan, fostering a sense of community and support during this significant time. Additionally, APSAI collaborates with the local government to celebrate National Children's Day in Kukar, organizing events and activities that promote the well-being and empowerment of children. Through these endeavors, APSAI not only advocates for the rights of children but also actively contributes to creating a nurturing and supportive environment for them to thrive in Kutai Kartanegara.





Plasma Partnership [GRI 413-1]

Plasma Partnership established itself in 1997 to promote the growth of robust socio-economic communities capable of supporting themselves near our operational facilities. Providing local smallholder farmers by providing practical training and high-quality seed stock, advising on the procurement and use of fertilizer and pesticides, introducing new farming technologies, and assisting with land titling and FFB transport to palm oil mills are all examples of how our plasma partnership programs share the best practices with these farmers.

Plasma planting requires at least twenty percent of the land to be planted, as stipulated by the requirements of the Indonesian government. We maintain a sustainable partnership with our plasma supplier, adhering to

the stipulations and working together to address any potential adverse effects through appropriate channels of communication and grievance resolution. Our organization's plasma cooperation program has benefited farmers in a variety of ways, both socially and economically, as a consequence of the plasma cooperation program by our organization.

The quality of life in Tempilang, a small town located close to our SWK operations, has significantly improved over the past twenty years, resulting in significant socioeconomic growth for the surrounding region and the people who live there. A cultural festival named Ruahan will be held annually to express gratitude for the increased crop output.

Our plasma partnership program consists of the following three main components:



KKPA (Kredit Koperasi Primer untuk Anggota - Credit for Members of Primary Cooperative)

Kencana supports local communities through this program by contributing to the development of their plantations. We collaborate extensively with financial institutions and cooperatives, and in order to aid smallholder farmers in obtaining the necessary funds, we serve as a guarantor. Furthermore, in order to ensure the success of their plantation development, we offer mentoring and training sessions covering fundamental financial management, cooperative management, effective agricultural practices, and administrative strategies.



KKSR (Kebun Kelapa Sawit Rakyat - Community's Oil Palm Plantation)

The objective of this initiative is to provide assistance and empowerment to local communities so that they may enhance their standard of living by establishing palm oil plantations on uncultivated territories within government-owned regions. In order to foster partnerships with local governments, Kencana ensures the procurement of raw materials from the KKSR plantation through a guarantee of output.



Revitbun (Revitalisasi Perkebunan - Plantation Revitalization)

Kencana actively participates in government programs, including a nationwide initiative launched by the Indonesian government to promote the development of domestic plantations through expansion, revitalization, and rehabilitation of various agricultural commodities such as corn and palm oil. We help local farmers and communities develop plantation areas, cultivation methods, agronomic practices and technologies, production processes, and product marketing by applying our knowledge whilst investment capital will be supported by The Indonesian government.

Unity in Action:

EMPOWERING PLASMA FARMERS: PT SWK'S INITIATIVE WITH SINGLE-CABIN VEHICLES

To support the operational activities of the plasma plantation, PT SWK facilitates single-cabin vehicles to meet the operational needs of the KKPA Bina Tani Sawit plasma. This is aimed at streamlining daily activities in the field and enhancing the efficiency of plasma farmers' work. With this facility in place, it is hoped that farmers can more easily and quickly carry out various activities related to the management of the plasma plantation, such as monitoring plant growth, maintenance, and transportation of harvested crops. Moreover, this initiative also reflects PT SWK's commitment to supporting the development of sustainable plantation sectors and improving the welfare of farmers.





Our People

Human capital is the foundation of our business growth and the greatest asset in Kencana. To continue growing and building a high-performing company, we are committed in building a safe, fair and empowering work environment for our employees.





Human Resources Relation & Management

At Kencana, we recognize the significant contributions of our workers to the Group's success and prioritize maintaining high employee satisfaction and talent retention for operational excellence. Our focus is on the growth and development of our employees, and we believe that regular performance and career development reviews play a crucial role in achieving this goal. We're proud to share that 100% of our employees undergo these reviews regularly, providing opportunities for goal setting, feedback, and skill development. Through these reviews, our aim is to foster a culture of continuous learning and improvement, supporting our employees in reaching their personal and professional aspirations. We believe that investing in our employees not only benefits them individually but also contributes to the long-term success of the Group. [\[GRI 404-3\]](#)

Kencana is dedicated to solid employment policies and aspires to be an employer of choice. Our hiring process adheres to strict non-discrimination and fairness criteria, ensuring equal opportunities regardless of gender, race, religion, or age. The ratio of basic salary and remuneration for women to men in similar positions is 1:1 emphasizing pay equity. We offer competitive salary packages for full-time employees, accompanied by various perks such as

medical benefits, insurance, and leave plans. Additionally, allowances for transportation, food, as well as health, employment, and pension social security are provided to ensure the well-being of our workers. [\[GRI 405-2\]](#)

Kencana aims to maintain a positive relationship with our employees by continuously assessing our performance to ensure compliance with current laws, national legislation, and industry best practices. Our key focus areas include:

- Ensuring compliance with all legal obligations and regional labor regulations in all operational locations.
- Cultivating a communicative culture, including the development of our Collective Bargaining Agreement to cover and protect all employees. [\[GRI 2-30\]](#)
- Establishing strong relationships with employees through a culture of trust and cooperation.
- Providing fulfilling job experiences, a safe and healthy work environment, and mutual respect.
- Offering various facilities, including competitive pay, incentives, retirement benefits, and opportunities for career advancement. Our commitment extends to providing adequate facilities and services for our employees' families.



KENCANA AGRI'S PARTNERSHIP WITH THE UNIVERSITY OF LAMPUNG (UNILA) TO DEVELOP FUTURE LEADERS

Kencana Agri's collaboration with the University of Lampung (Unila) in the campus hiring event signifies a strategic partnership aimed at sourcing top talent. Through this initiative, Kencana Agri aims to tap into the pool of skilled graduates and professionals from Unila, as well as candidates from outside the university to fill positions in our basic management development program. By participating in such events, Kencana Agri not only gains access to a diverse talent pool but also demonstrates our commitment to supporting local educational institutions and fostering career opportunities for students and alumni. This collaboration underscores Kencana Agri's proactive approach to talent acquisition and our dedication to nurturing future leaders in the industry.



FOSTERING FAIRNESS: THE ROLE OF LKS BIPARTIT IN UPHOLDING EMPLOYEE RIGHTS

In commitment to uphold the rights of our employees, the company has established the Lembaga Kerjasama Bipartit, known as LKS Bipartit. This initiative spans two areas covering PT AIK and PT AKM and PT SKL, PT AEK and PT ATK respectively. LKS Bipartit serves as a communication and consultation platform regarding industrial relations within the company. Its members consist of both employers and labor unions duly registered with the responsible labor authority.

LKS Bipartit functions as an effective communication channel and consultation forum between employers and representatives of labor unions or workers. It aims to foster industrial relations conducive to the sustainability, growth, and development of the company, ensuring the welfare of workers is prioritized. This includes addressing employment-related issues and grievances. The primary objective of establishing LKS Bipartit within our company is to cultivate harmonious, dynamic, and equitable industrial relations.

Through the collaborative efforts within LKS Bipartit, we are dedicated to nurturing a work environment where mutual understanding and fairness prevail, ensuring the prosperity and well-being of all stakeholders involved.





Workforce Profile and Distribution [\[GRI 2-7, 202-2, 401-1\]](#)

Kencana Agri has a total of 8,270 employees as of December 31, 2023, comprising 2,808 permanent and 5,463 non-permanent employees. Our workforce is entirely made up of Indonesian citizens. Similarly, all members of our Board of Directors are Indonesian. [\[GRI 202-2\]](#)

Workforce Profile by Gender, Age and Nationality

Total of Employees [GRI 2-7]		Region					Total	Percentage
		Jakarta- Head Office	Singapore Office	Sumatra	Kalimantan	Sulawesi		
Gender [GRI 401-1]								
Male	Permanent	95	0	384	1818	221	2518	30%
	Non-Permanent	7	0	235	2361	1738	4341	52%
Female	Permanent	44	1	26	201	18	290	4%
	Non-Permanent	6	0	114	687	314	1121	14%
Age								
18-30 years old		15	0	289	1920	1019	3243	39%
30-50 years old		98	1	422	2898	1127	4546	55%
>50 years old		39	0	48	249	145	481	6%
The Worker Origin								
Local		126	0	661	2000	1681	4468	54%
Non-Local		26	1	98	3067	610	3802	46%
Total		152	1	759	5067	2291	8270	100%

Note: there are no "part-time employees," and no "non-guaranteed employees"

New Recruitment [GRI 401-1]	Region					Total
	Jakarta- Head Office	Singapore Office	Sumatra	Kalimantan	Sulawesi	
By Gender						
Male	24	0	2	35	26	87
Female	6	0	0	1	0	7
By Position						
Chief/Directors	0	0	0	0	0	0
Head/General Manager	0	0	0	0	0	0
Senior Manager	1	0	0	4	0	5
Manager	3	0	0	9	2	14
Senior Assistant/Senior Officer	3	0	0	1	7	11
Assistant/Officer	21	0	2	22	17	62

Turnover by Gender and Position

Turnover [GRI 401-1]	Region					Total
	Jakarta- Head Office	Singapore Office	Sumatra	Kalimantan	Sulawesi	
By Gender						
Male	12	0	2	57	26	97
Female	1	0	0	0	1	2
By Position						
Chief/Directors	0	0	0	0	0	0
Head/General Manager	1	0	0	1	1	3
Senior Manager	1	0	0	7	0	8
Manager	2	0	0	9	4	15
Senior Assistant/Senior Officer	4	0	0	10	5	19
Assistant/Officer	4	0	2	30	17	53
Operative	1	0	0	0	0	1

Fair & Competitive Remuneration

[GRI 202-1 , 402-2]

We are dedicated to ensuring our staff receives equitable remuneration packages. Our salary and reward structures are merit-based, with individual performance as a key determinant. We conducted salary benchmarking to ensure that Kencana's compensation aligns with industry

standards and the broader market. It's noteworthy that all our Group employees, spanning from operational to entry-level positions, receiving compensation at or above the local minimum wage ("UMR") in each of our business locations for both genders.





In order to provide our permanent and non-permanent employees with compensation packages that are fair and competitive, the group's incentive system includes additional advantages, such as those listed below.

Remuneration and Benefits [GRI 401-2]	Permanent			Non-Permanent	
	Staff		Non-Staff, KTH, KTB	PKWT	PHL
	SO	HO			
Salary	√	√	√	√	√
Positional Allowance	√	√	x	x	x
Regional Allowance	√	x	x	x	x
Helper Allowance	√	x	x	x	x
Transportation Allowance	x	√	x	x	x
Meal Allowance	x	√	x	x	x
Leave Allowance	√	√	x	x	x
Religious Holiday Allowance	√	√	√	√	√
Annual Leaves	√	√	√	√	x
Day off (Absent) Permit In Accordance with Article 93 Paragraph 4 Law 13 Year 2003	√	√	√	√	x
Health Social Security	√	√	√	√	x
Employment Social Security	√	√	√	√	√
Pension Social Security	√	√	√	√	x

Benefits & Welfare of Our Employees and Their Families

Transportation services are extended to workers in the Group's mills and estates, and to ensure the safety and convenience of our employees' families, schools and daycare facilities are strategically located near the estate. Collaborating with local religious leaders, we organize various activities, including religious events, moral education, and character-building initiatives, aiming to provide students with a high-quality education.

In line with Sustainable Development Goal 4, which emphasizes quality education, Kencana recognizes the significance of excellent education, particularly in light of the COVID-19 pandemic causing worldwide school closures. In 2023, the Group initiated programs prioritizing the education quality of our employees' children. The focus is on enhancing village schools to elevate students' capabilities. Additionally, Kencana invested in upgrading infrastructure and public facilities in employee housing complexes. Through these initiatives, our goal

is to enhance access to quality education and create a conducive learning environment, positively impacting both students and their families. This endeavor reflects our commitment to a sustainable future.



Building Solidarity:

KENCANA'S FUTSAL COMPETITION FOR EMPLOYEE ENGAGEMENT

To promote employee solidarity and encourage regular sports participation, Kencana organized a Futsal Tournament as part of our Kencana League program. The tournament featured 112 teams from 12 Site Offices (SO) and the Jakarta Head Office (HO), progressing from preliminary rounds at each SO to area elimination and semifinals at PT SKL. In the semifinals, PT AKM's Evonik Team and PT ATK's T.F.A United Team emerged as finalists, competing in the final held in Sentul, where PT AKM emerged as the champions. To conclude the competition, the finalists celebrated their victory with a tour of Jakarta.





Training & Development [GRI 404-1]

At Kencana, we view continuous and in-depth learning and development for our staff as a crucial aspect in our business. We strongly put emphasis offering training opportunities to employees for both career and personal growth. This includes formal training, mentoring, and on-the-job technical training, with mandatory participation in development education seminars for each department. The training program is designed to meet the Group's needs and ensure compliance with regulations.

In 2023, our focus remained on building capabilities to ensure ongoing learning and development across all business levels from Directors to frontline workers at our estates and mills. Our staff received a total of 56,882 training hours, averaging 6.94 manhours per male employee and 6.55 manhours per female employee. This underscores our commitment to continuous improvement and skill development for our entire workforce.

Training Hours by Gender [GRI 404-1]	Number of Employee	Training Hours	Average training hours/ Employee (per year)
Male	6,859	47,578	6.94
Female	1,411	9,244	6.55
Total	8,270	56,822	6.87

MORE THAN
56,822
 man-hours
 of trainings
 WERE PROVIDED
 THROUGHOUT 2023



Training Hours by Position	Participants		Training Hours		Number of Employees	
	Male	Female	Male	Female	Male	Female
Chief/Directors	3	-	48	-	5	1
Head/General Manager	37	8	465	113	6	4
Senior Manager/Manager	208	6	2,244	69	75	8
Senior Assistant/Senior Officer	154	3	1,657	39	72	11
Assistant/Officer	880	67	15,883	2,272	242	36
Operative	1,147	346	27,280	6,751	6,459	1,351
Grand Total	2,429	430	47,578	9,244	6,859	1,411

Training Topics [GRI 404-2]	Gender	
	Male	Female
Mill and Estate Operational related	445	90
Audit and Certification	101	42
Sustainability	24	10
Administration, Finance, Tax, Business related	227	29
Fire management system	270	6
K3 and Environmental related	111	59
HR related topics	199	125
Leadership and motivational	473	16
Legal, Social and CSR related	7	1
Management Trainee and New Employee Orientation	259	43
Continuous Improvement	314	9
Total	2,430	430





Driving Innovation: THE EVOLUTION OF CONTINUOUS IMPROVEMENT IN KENCANA AGRI

As one of Kencana League's competition programs, Continuous Improvement (CI) is a competition where employees are encouraged to propose new innovations in their technical work, whether for improving mill production process, agronomy, support activities, or transportation engineering.

These innovations stem from problem analysis aimed at addressing root issues within their respective domains. In 2023, an initial selection was conducted where participants from each Site Office (SO) presented their innovations to SO management (Managers and General Managers) serving as judges, resulting in 12 participants for each SO passing the selection. Finalists from each Site Office (SO) were chosen at the area and regional levels by Area Managers and General Managers respectively. A semifinal stage, conducted via Zoom with oversight from the Deputy Chief Operating Officer (DCOO) and all Heads of the Head Office (HO), resulted in the selection of six finalists who would proceed to the final stage. These six finalists are:

Name of Finalists [GRI 404-1]	Title of CI Program	Company
Imam Makhruf	Paku Sakti sebagai Alat Kontrol Pemupukan	PT AEK
Arfin Ahmad Azhar	Penerapan Surat Izin Mengemudi Perusahaan (SIM-Per)	PT ATK
Juni Hutagalung	Pembuatan Press Cage Empty Bunch	PT SKL
Nur Songko	Alat Until Pupuk Komodo	PT LIL
Samsul Arifin	Pemisahan Bibit Double Tone Tanpa Membongkar Media Tanam	PT SWK
Zaitun	Pipa Bypass Pengurang Lembur	PT DSP

The finalists then underwent trials over several months towards the final stage, collecting data and conducting in-depth analyses regarding the impact of their innovations. Finals will be held in 2024 in Jakarta, where the evaluation will be conducted by the COO, CEO, CFO, and Board of Directors, considering the positive impact on issues and the effectiveness in terms of cost and time. The program aims to motivate employees to pursue sustainable improvements, resolve issues and generate benefits for the company.



Empowering Excellence:

ENHANCING COMPETENCIES THROUGH TRAINING AT PT SKL

The Training and Development Department actively conducts training sessions to enhance employees' competencies in their respective fields. Stemming from the issue of inaccuracies in daily job reporting, both supervisors and foremen are undergoing training in administration and reporting procedures. Emphasis is placed on regular reporting to ensure that data reported to supervision is accurate, precise, and organized. Additionally, newly promoted supervisors and foremen are enrolled in the Supervisor Management Development Program (SMDP), while new assistants undergo the Basic Management Development Program (BMDP) for three months to meet competency requirements.

For employees already in managerial roles, refresher courses in BMDP and SMDP are conducted for one month. PT SKL has also partnered with Kutai Kartanegara University in a recruitment program for the SMDP, focusing on hiring local fresh graduates. These initiatives demonstrate the company's commitment to continuous learning and development, ensuring that employees are equipped with the necessary skills and knowledge to excel in their roles.



Protecting Human Rights

As a reputable palm oil company, our commitment extends to ensuring the protection of human rights. We are dedicated to uphold these rights and aligning our operations with the principles outlined by the United Nations Global Compact Initiative.

Fostering positive relationships with labor unions has always been a priority for the Group, aiming to better understand and safeguard the rights and obligations of both employees and employers. Collaborating closely with labor unions, we establish the Group's Collective Labor Agreement. Regular meetings take place between local management and union representatives elected by members, ensuring representation for each unit in the Group.

In addition, a grievance procedure is in place to address worker dissatisfaction through complaint submissions. Upon receiving a complaint letter, the employee's supervisor engages in communication to comprehend the concern, negotiate, and reach a mutually satisfactory agreement.

At Kencana, employees have the option to participate in unions, and we actively encourage constructive communication between employees and management, either directly or through these unions. As of December 31, 2023, 1,204 employees are registered members of various labor unions across our operations.



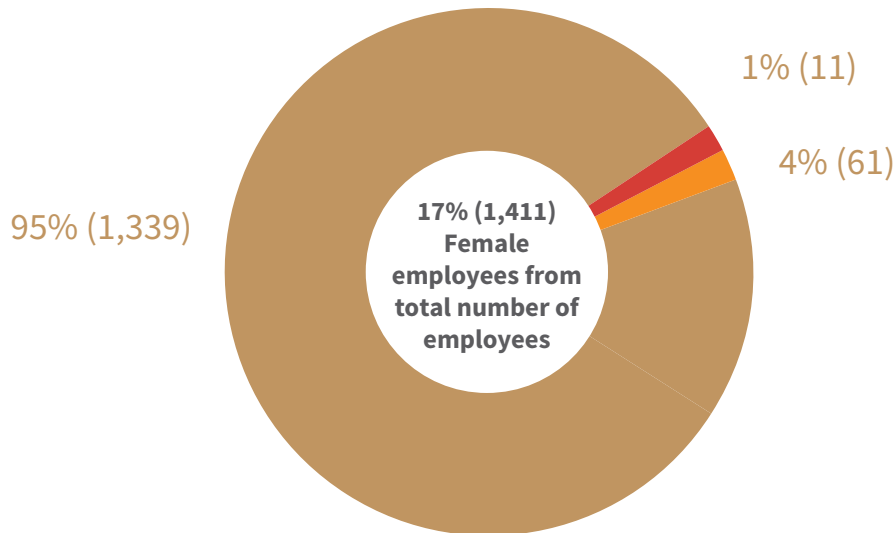
Subsidiaries	Registered Labor Unions	Total Employees Registered as Member (employees)
SWK	SPSI Reformasi	362
SKL	SBSI Hukatan	343
AKM	SBSI Hukatan	162
AEK	SBSI Hukatan	120
ATK	SBSI Hukatan	217

Diversity and Inclusion [\[GRI 405-1\]](#)

Embracing diversity in our workforce enriches our company with new insight, adding value to the Group. We are dedicated to nurturing a diverse and inclusive workplace, valuing and empowering every employee and worker. Our policy is carefully crafted to ensure equitable treatment for all, irrespective of race, color, gender, age, national origin, religion, sexual orientation, political preference, marital status, citizenship, disability, or any other legally protected factor, including various minority aspects.

This commitment is evident throughout all Human Resources ("HR") processes, spanning recruitment, promotions, training, development, and retirement. Our transparent hiring and pay policies are merit-based, encouraging women to pursue and advance their careers in the palm oil plantation industry. As of the end of FY2023, we have a total of 1,411 female employees, constituting 17% of our workforce.

FEMALE REPRESENTATION IN WORKFORCE



- Percentage of female employees in our plantation operations
- Percentage of female employees staff levels (HO, plantations, and mills)
- Percentage of female employees in our mills

Board of Directors [GRI 405-1]	Origin of Country		Total
	Indonesian	Singaporean	
Gender			
Male	5	1	6
Female	1	0	1
Age			
18-30 years old	0	0	0
30-55 years old	2	1	3
>55 years old	4	0	4
Grand Total			7

Workforce Profile Based on Position [GRI 405-1]	Quantity		Total
	Male	Female	
Chief/Directors	5	1	6
Head/General Manager	6	4	10
Senior Manager	21	1	22
Manager	54	7	61
Senior Assistant/Senior Officer	72	11	83
Assistant/Officer	242	36	278
Operative	6,459	1,351	7,810
Grand Total	6,859	1,411	8,270

Against Forced Labour and Child Labour [GRI 408-1, 409-1]

At Kencana, we strongly stand against forced labor and child labor. We do not support any form of child exploitation or abuse. To ensure this, we have strict rules and values implemented across all our farms, mills, and workplaces. We don't hire anyone below the age of 18, and our recruiting specialists thoroughly check the identity cards of potential employees. We are committed to eliminating child labor and taking steps to support children's rights, provide access to education, and prevent child labor. We also offer daycare facilities at our sites, ensuring our employees can work with peace of mind about their children's safety.

At Kencana, we take the issue of forced labor seriously and strictly prohibit it in our operations and supply chain. Our employees are paid on time, and we do not withhold their identity documents or personal items without their consent. Employment terms and conditions are clearly explained to all workers before they start, contracts are provided in their language, and we strictly prohibit any bonds or deposits as conditions of employment.

Occupational Health and Safety [GRI 403-1, 403-2, 403-7, 403-8]

At Kencana, we believe that a safe working environment leads to a healthy, motivated, and productive workforce. We consider our workers as part of our family, and their health, safety, and well-being are our top priorities. Our Occupational Health and Safety (OHS) management and practices cover all employees and workers in our operational locations. Our OHS systems comply with the Indonesian Ministry of Labor's regulations, ensuring a safe and healthy workplace for everyone.

Regulations followed:

- Government Regulation No. RI. 50 of 2012 concerning the Implementation of Occupational Safety and Health Management Systems,
- Regulation of the Minister of Agriculture of the Republic of Indonesia No. 38 of 2020 concerning the Implementation of Indonesian Sustainable Oil Palm Plantation Certification/ISPO,
- Regulation of the Minister of Environment and Forestry of the Republic of Indonesia No. 1 of 2021 concerning the Rating Program for Company Performance in Environmental Management,
- Principles of the ISCC document.



The standards for Occupational Health & Safety in our group are governed by a comprehensive set of policies, standards, and local regulations. We follow standardized procedures (SOPs) that cover eight (8) focus areas:

<p>Enforcing strict procedures for the use of all personal protective equipment (PPE)</p> 	<p>Safety procedures for contractors and guests</p> 	<p>First aid response to accidents</p> 	<p>Work safety inspections</p> 
<p>Work safety supervision</p> 	<p>Waste and chemical management</p> 	<p>Zero burning policy</p> 	<p>Emergency Action Plan and Response for the occurrence of fire</p> 

To guarantee the health and safety of our employees, we closely monitor the application of rules and procedures, conducting regular risk assessments to identify potential hazards related to specific locations and activities. If any incidents occur, we thoroughly investigate them and implement remedial and preventative measures to prevent their recurrence.

Kencana's Occupational Health and Safety (OHS) standard emphasizes identifying the most common safety hazards and implementing essential controls. Each operational site evaluates additional controls to manage risks, aiming for the goal of zero fatalities while adhering to local regulations.

We prioritize open communication and collaboration between management and workers. Formal joint meetings are held annually, providing a platform for employees to express their opinions and contribute to decision-making, particularly on matters impacting their health and safety, in alignment with local legislative requirements and labor union agreements. [\[GRI 403-4\]](#)

We seek input from subject matter experts, external consultants, and operational teams to establish, implement, and evaluate our OHS standards. These standards, rooted in recognized risk management and system recommendations, guide our practices. Additionally, we collaborate with business partners, ensuring they adhere to Kencana's ethical standards, encompassing health, safety, and environmental considerations.

Safety Performance [GRI 403-2, 403-5]

Ensuring a safe and healthy workplace for all our employees is a top priority at Kencana. We follow a comprehensive approach to identify hazards, assess risks, and investigate incidents related to Occupational Health and Safety (OHS).

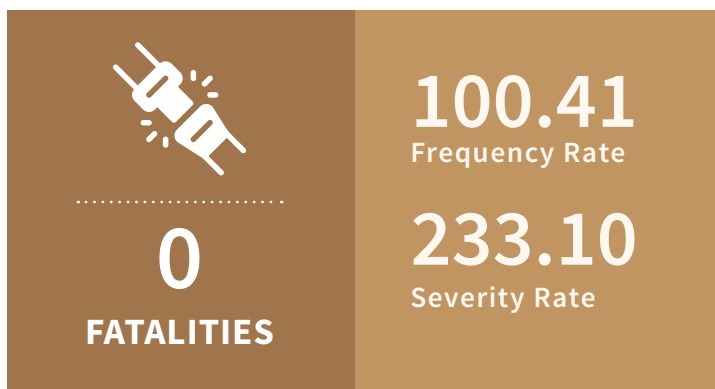
Regular hazard identification and risk assessments are conducted in our operations, including plantations and mills, to pinpoint potential risks. In case of incidents, thorough investigations are carried out to identify root causes and implement corrective actions to prevent similar occurrences. Our OHS policies and procedures are routinely reviewed and updated to stay effective and aligned with industry best practices.

We demonstrate our commitment to OHS through regular training programs and by providing necessary personal protective equipment for our employees. First aid and emergency responses are conducted regularly across all estates and mills to ensure employees are well-informed about safety tasks, obligations, and associated risks.

In FY2023, 170 employees received training on Occupational Health and Safety topics relevant to their line of work, ensuring their safety and well-being. As of the end of 2023, Kencana has 6 certified OHS officers who monitor work accidents and report

to the Sustainability Department. These officers have undergone various OHS-related trainings, both internal and external, including first aid and fundamental occupational safety and health training.

While our goal is zero fatalities, unfortunately, three fatalities occurred this year. We deeply regret these incidents and extend our sincere condolences to the affected families. This serves as a learning experience, and we are committed to reinforce a safety culture across our operations. We will continue to strengthen our OHS implementation and communication to ensure a safe and healthy environment for our employees and contractors.



Severity Rate = number of recordable work-related injuries/ number of hours worked 1,000,000



Occupational Health Services [GRI 403-3, 403-6]



Our health facilities on each estate collaborate with local community health centers (Puskesmas) and the COVID-19 Special Forces (Satgas COVID-19) to implement standard COVID-19 prevention, tracing, and treatment procedures. Resident physicians and trained paramedic teams from HIPERKES (Company Hygiene and Occupational Health) are actively involved in these efforts.

As part of Kencana's policy, our workers are entitled to annual medical check-ups (MCU), which include regular COVID-19 health screening and monitoring. These MCU activities are conducted in partnership with community health clinics mandated by the local government, regional hospitals, or the local Provincial Health and Safety Centre. The check-ups cover general physical health, audio-spirometry, lung, eyesight, and cholinesterase as part of our comprehensive MCU programs.

We consistently emphasize and enforce that pregnant female employees or workers should not work with or be exposed to harmful chemicals, prioritizing the health and safety of our female workforce. Pregnant employees also have access to maternity screening and check-ups at our on-site clinics, along with other necessary support.

In FY2023, a total of 985 employees and workers underwent medical check-ups.

Medical Check Ups for Employees	Number of Participants
Cholinesterase	299
Spirometry	392
Audio-spirometry	294
Total	985

Third-Party GRI Accordance Check and SGX Requirement Check Statement

IACR0322404KS



National Center for Corporate Reporting

Laporan Kesesuaian dengan Standar GRI Statement of GRI Standards in Accordance Check

National Center for Corporate Reporting (NCCR) telah melakukan pengecekan kesesuaian dengan Standar GRI 2021 atas Laporan Keberlanjutan Kencana Agri Limited 2023 ("Laporan"). Pengecekan dilakukan untuk memberikan gambaran tentang sejauh mana Standar GRI 2021 telah diterapkan dalam Laporan tersebut. Pengecekan ini bukan merupakan opini atas kinerja keberlanjutan maupun kualitas informasi yang dimuat dalam Laporan tersebut.

Kami menyimpulkan bahwa Laporan ini telah disusun merujuk pada Standar GRI 2021.

Jakarta, 25 April 2024

The National Center for Corporate Reporting has conducted a GRI Standards 2021 in Accordance Check on Kencana Agri Limited Sustainability Report 2023 ("Report"). The check communicates the extent to which the GRI Standards 2021 has been applied in the Report. The check does not provide an opinion on the sustainability performance of the reporter or the quality of the information provided in the Report.

We conclude that this report has been prepared with reference to the GRI Standards 2021.

Jakarta, April 25, 2024

National Center for Corporate Reporting
GRI Standards Aligning Service



Andrew K. Twohig, BCom, BA (Hons), MA, CSRA
Director



**Statement on SGX Compliance
Number: SGXC031404KS**

The National Center for Corporate Reporting (NCCR) conducted an SGX Compliance Check on Kencana Agri Limited Sustainability Report 2023 (“Report”). The check communicates the extent to which *the SGX-ST Listing Rules, Practice Note 7.6, Sustainability Reporting Guide* has been applied in the Report.

The check does not provide an opinion on the sustainability performance of the reporter or the quality of the information provided in the report.

We conclude that this Report complied with the SGX-ST Listing Rules, Practice Note 7.6, Sustainability Reporting and the Recommendations of the Task Force on Climate-related Financial Disclosures. (October 2021)

Singapore, 18th April 2024
For and on Behalf of NCCR,

A handwritten signature in blue ink, appearing to read 'Dr. Lee C G, John', is written over a horizontal line.

Dr. Lee C G, John
Certified Sustainability Practitioner No. 30-24-1001
Certified Sustainability Reporting Assurer No A-10-1811-001



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TCFD Disclosure Summary [GRI 201-2]

In 2023, as mandated by the Singapore Exchange (SGX), Kencana Agri reaffirms our unwavering commitment to reporting following the Task Force on Climate-Related Financial Disclosures (TCFD) framework. Aligning with SGX regulations underscores our dedication to transparency, accountability, and sustainability in our operations. By adhering to TCFD guidelines, we aim to provide shareholders, investors, and stakeholders with comprehensive insights into the financial risks and opportunities associated with climate change, enabling them to make informed decisions that drive value and promote long-term resilience.

Kencana Agri recognizes the importance of integrating climate-related considerations into our corporate strategy, risk management practices, and disclosure frameworks. Through our steadfast commitment to TCFD reporting, we prioritize proactive engagement with stakeholders, transparently communicating our climate-related risks, opportunities, and resilience strategies. As a responsible corporate citizen, we remain committed to leveraging TCFD reporting to enhance corporate governance, foster sustainable growth, and contribute to global efforts to mitigate climate change.

A dedicated segment within the 2023 Sustainability Report succinctly outlines Kencana Agri's methodologies in managing climate-related risks and capitalizing on associated opportunities, which are aligned with the four key pillars delineated by TCFD.

TCFD Pillar	Recommendation	Approaches/Initiatives
Governance	Describe the board's oversight of climate-related risks and opportunities.	Kencana Agri's board, including the CEO and Executive Vice Chairman, oversees climate-related risks and opportunities through our Audit Risk Committee (ARC). This oversight is operationalized via a Risk Working Group comprising 14 committee members from diverse functional areas including operations, finance, commercial, legal, sustainability, and centralized purchasing & logistics, ensuring a holistic governance approach.
	Describe management's role in assessing and managing climate-related risks and opportunities.	The Risk Working Group, meeting bi-annually, plays a critical role in the on-the-ground assessment and management of climate-related risks and opportunities. This group evaluates the effectiveness of risk mitigation strategies, embedding risk control directly into the business processes and ensuring that management actions align with the strategic guidance provided by the ARC.
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Kencana Agri has started a systematic approach in identifying climate-related risks and opportunities across our operations, categorizing them into external and internal risks including strategic, operational, financial, and compliance risks. This comprehensive identification process feeds into our strategic planning cycles—short (1-3 years), medium (3-5 years), and long-term (>5 years)—ensuring that climate considerations are integral to corporate strategy.
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Our risk register, which assesses risks through a 5W analysis and root cause identification, highlights the direct impact of climate variables on production and financial outcomes. The significant influence of weather conditions on agricultural productivity has been a focus, with recent years emphasizing the mitigation of production risks due to climate variability, including the critical impact of phenomena like El Niño.
	Describe the resilience of the organization's strategy, considering different climate-related scenarios, including 2°C or lower scenarios.	We are currently assessing how we can conduct a thorough climate scenario analysis with connected information to our production and financial projection for each of the recommended scenarios. Nevertheless, in facing climate-related impacts, Kencana has implemented various adaptive measures, such as land application using Palm Oil Mill Effluent (POME) to retain water during drought conditions and cost control adjustments in response to production volume shortfalls. Our continuous focus on improving productivity through core business enhancements and innovative research on disease control underpins our adaptive capacity and resilience in various climate scenarios.

TCFD Pillar	Recommendation	Approaches/Initiatives
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	Kencana Agri employs an integrated process for identifying and assessing climate-related risks, encompassing climate-related considerations into our risk register, especially those that can impact our production output, hence our profitability. This process involves a detailed assessment of the potential impact and likelihood of identified risks, informing our strategic and operational responses.
	Describe the organization's processes for managing climate-related risks.	Our risk management strategy emphasizes both structural and operational controls, including infrastructure improvements and internal cost management. Initiatives such as the use of POME for land application and the introduction of biological controls like Trichoderma for disease management exemplify our integrated approach to risk management.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Climate-related risk management at Kencana Agri is seamlessly integrated into our overall risk management framework, ensuring that climate considerations are embedded within all levels of decision-making and operational planning. This is ensured through the Audit Risk Committee (ARC) and our Risk Working Group comprising 14 committee members from diverse functional areas including operations, finance, commercial, legal, sustainability, and centralized purchasing & logistics, ensuring a holistic governance approach.
Metrics & Target	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Description of Metrics and Targets Used to Assess Climate-related Risks & Opportunities: <ul style="list-style-type: none"> • Production Volume: Kencana Agri meticulously tracks production volume metrics, understanding that climate variability directly impacts crop yield. Key components include weather conditions, water availability, disease control efficacy, and the quality of seedlings used. These metrics are crucial for forecasting and adapting to climate impacts, with strategies such as deploying drought-resistant seed varieties and utilizing advanced disease management practices to ensure resilience. To mitigate climate-related risks to production, Kencana Agri aims to enhance crop resilience through advanced agronomic practices, including the adoption of disease-resistant crop varieties and the implementation of effective water management systems. These efforts are geared towards not only maintaining but increasing production volume in the face of climatic challenges. • Cost Efficiency: Operational cost efficiency is another critical metric, especially in the context of fluctuating production volumes due to climate variability. Kencana Agri focuses on energy efficiency and mechanization projects, like fertilizer application using spreaders, to reduce reliance on manual labor and increase precision in resource use. Cost efficiency also encompasses the innovative use of technology, such as drones for pest control, which significantly reduces costs and improves the accuracy and efficiency of pesticide application. • Certification Goals: Achieving ISPO certification across all operations by 2030 is a key sustainable performance metric. This goal not only demonstrates Kencana Agri's commitment to sustainable palm oil production but also serves as a benchmark for measuring progress towards environmental stewardship and social responsibility. The certification process requires adherence to stringent environmental and social criteria, providing a clear framework for continuous improvement. • Research and Development for Plant Resilience and Health: Kencana Agri continues to conduct research and development to create more effective disease management solutions, such as the development of Trichoderma and Mycorrhiza variants tailored to combat endemic fungal threats like Ganoderma. These R&D efforts are crucial for maintaining crop health and yield in the face of changing climate conditions. • Wildlife Conservation: An innovative approach to natural pest management involves the expansion of owl breeding programs, reducing the need for chemical fertilizers and pesticides. This not only contributes to the ecological balance within the plantation areas but also aligns with global environmental conservation goals. • Additional Metrics: Kencana Agri also utilizes advanced technologies for operational efficiency, including drone technology for tree counting and mapping. This not only reduces operational cost but also enhances the accuracy of operational data, leading to better decision-making. The exploration of mechanization through stone crushers for cost-efficient road maintenance within plantation areas showcases innovative approaches to reducing operational costs and environmental impact. By focusing on these metrics and targets, Kencana Agri demonstrates a comprehensive strategy for managing climate-related risks and seizing opportunities for sustainable growth. These efforts underscore the company's commitment to operational excellence, environmental stewardship, and the well-being of the communities in which it operates.
	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Please see our sustainability report page 54 for this information and our approach to emission control.

GRI Content Index

Statement of use	Kencana Agri Limited has reported the information cited in this GRI content index for the period 01 January 2023 – 31 December 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organizational details	11, 14, 16
	2-2 Entities included in the organization’s sustainability reporting	9
	2-3 Reporting period, frequency and contact point	9, 10
	2-4 Restatements of information	10
	2-5 External assurance	10
	2-6 Activities, value chain and other business relationships	10, 11, 14, 16, 18
	2-7 Employees	14, 86
	2-9 Governance structure and composition	36 and Provided in Annual Report page 21
	2-10 Nomination and selection of the highest governance body	Provided in Annual Report page 40
	2-11 Chair of the highest governance body	Provided in Annual Report page 21
	2-12 Role of the highest governance body in overseeing the management of impacts	37
	2-13 Delegation of responsibility for managing impacts	37
	2-14 Role of the highest governance body in sustainability reporting	37
	2-15 Conflicts of interest	39
	2-16 Communication of critical concerns	39
	2-17 Collective knowledge of the highest governance body	38
	2-18 Evaluation of the performance of the highest governance body	37
	2-19 Remuneration policies	Provided in Annual Report page 29
	2-20 Process to determine remuneration	Provided in Annual Report page 30
	2-21 Annual total compensation ratio	Provided in Annual Report page 31
	2-22 Statement on sustainable development strategy	19
	2-23 Policy commitments	24, 25, 52
	2-24 Embedding policy commitments	24, 25
	2-25 Processes to remediate negative impacts	24, 39
	2-26 Mechanisms for seeking advice and raising concerns	39
	2-27 Compliance with laws and regulations	48
	2-28 Membership associations	39
	2-29 Approach to stakeholder engagement	26, 28
	2-30 Collective bargaining agreements	84

GRI Content Index

GRI Standard	Disclosure	Location
GRI 3: Material Topics 2021	3-1 Process to determine material topics	9, 29
	3-2 List of material topics	9, 29
GRI 3: Material Topics 2021	3-3 Management of material topics	
	201-2 Financial implications and other risks and opportunities due to climate change	68, 101
GRI 202: Market Presence 2016	3-3 Management of material topics	30-33
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	87
	202-2 Proportion of senior management hired from the local community	86
GRI 203: Indirect Economic Impacts 2016	3-3 Management of material topics	30-33
	203-1 Infrastructure investments and services supported	77
	203-2 Significant indirect economic impacts	70, 72
GRI 302: Energy 2016	3-3 Management of material topics	30-33
	302-1 Energy consumption within the organization	53
	302-3 Energy intensity	53, 54
	302-5 Reductions in energy requirements of products and services	53, 54
GRI 303: Water and Effluents 2018	3-3 Management of material topics	30-33
	303-1 Interactions with water as a shared resource	56
	303-2 Management of water discharge-related impacts	56
	303-3 Water withdrawal	56
	303-4 Water discharge	58

GRI Content Index

GRI Standard	Disclosure	Location
GRI 304: Biodiversity 2016	3-3 Management of material topics	30-33
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	62, 66
	304-2 Significant impacts of activities, products and services on biodiversity	62
	304-3 Habitats protected or restored	62
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	64
GRI 305: Emissions 2016	3-3 Management of material topics	30-33
	305-4 GHG emissions intensity	54, 55
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	55
GRI 306: Waste 2020	3-3 Management of material topics	30-33
	306-1 Waste generation and significant waste-related impacts	58, 59
	306-2 Management of significant waste-related impacts	58, 59
	306-3 Waste generated	58, 59
GRI 401: Employment 2016	3-3 Management of material topics	30-33
	401-1 New employee hires and employee turnover	86, 87
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	88
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	30-33
	403-1 Occupational health and safety management system	95
	403-2 Hazard identification, risk assessment, and incident investigation	95, 97
	403-3 Occupational health services	98
	403-4 Worker participation, consultation, and communication on occupational health and safety	97
	403-5 Worker training on occupational health and safety	98
	403-6 Promotion of worker health	95
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	95
403-8 Workers covered by an occupational health and safety management system	95	
GRI 404: Training and Education 2016	3-3 Management of material topics	30-33
	404-1 Average hours of training per year per employee	90, 92
	404-2 Programs for upgrading employee skills and transition assistance programs	92
	404-3 Percentage of employees receiving regular performance and career development reviews	84
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	30-33
	405-1 Diversity of governance bodies and employees	94, 95
	405-2 Ratio of basic salary and remuneration of women to men	84

GRI Content Index

GRI Standard	Disclosure	Location
GRI 408: Child Labor 2016	3-3 Management of material topics	30-33
	408-1 Operations and suppliers at significant risk for incidents of child labor	90, 92
GRI 409 : Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	92
GRI 413: Local Communities 2016	3-3 Management of material topics	30-33
	413-1 Operations with local community engagement, impact assessments, and development programs	106
	413-2 Operations with significant actual and potential negative impacts on local communities	106
GRI 416: Customer Health and Safety 2016	3-3 Management of material topics	30-33
	416-1 Assessment of the health and safety impacts of product and service categories	47
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	47, 49





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