



Sustainable Future



Kencana
Agri Limited

2024
Sustainability
Report

Sustainable Future

"This year's sustainability report theme "Sustainable Future" reflects a core part of Kencana Agri's business strategy. Guided by the IFRS Sustainability standards, we continue and have been consistent to focus on practical, essential aspects of sustainability: protecting biodiversity, nurturing healthy soils, and optimizing water usage. We believe that these efforts enhance the resilience of our operations and ensure our agricultural practices are environmentally sound. This responsible approach helps us maintain sound growth and align with global sustainability goals as we are committed to doing our part to operate sustainably, supporting both our business and the environments in which we operate."





Performance Highlight





Achievement & Target	Target	2022	2023	2024
To ensure zero fatality	0 (ZERO)	3	0 (ZERO)	0 (ZERO)
Zero burning for land clearing 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, achieve at least the blue rating	BLUE or HIGHER	GREEN (PROPERDA): PT SKL BLUE (PROPERNAS): PT SWK, PT AKM, PT SKL BLUE (PROPERDA): PT AIK, PT AEK	BLUE (PROPERNAS): PT SWK, PT AKM, PT SKL BLUE (PROPERDA): PT AIK, PT SKL, PT AEK	BLUE (PROPERNAS): PT SWK, PT AKM GREEN (PROPERDA): PT AIK, PT SKL, PT AEK
ISPO certification for all plantations and mills in the operational phase	Certify operational estates and mill by 2030	<ul style="list-style-type: none"> PT SWK has succeeded in ISCC re-certification, PT AKM has succeeded in ISPO re-certification PT AIK, PT SWK, and PT SKL succeeded in maintaining certificate through surveillance audit 	<ul style="list-style-type: none"> PT SWK has succeeded in ISCC re-certification, PT SKL has succeeded in ISPO re-certification PT AIK, PT SWK, and PT AKM succeeded in maintaining certificate through surveillance audit PT AEK succeeded in applying ISPO principle and achieved certificate in January 2024 	<ul style="list-style-type: none"> PT AIK has succeeded in ISPO re-certification PT SKL, PT SWK, and PT AKM succeeded in maintaining certificate through surveillance audit PT AEK and PT ATK succeeded in applying ISPO principle and achieved certificate in January 2024 and February 2025, consecutively

Note: For names of these subsidiaries, please refer to page 19.

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Board of Directors Statement

"Our sustainability approach ensures that we not only comply with current regulations but also anticipate future challenges."



Albert Maknawi
Executive Director and CEO

Henry Maknawi
Executive Chairman

Dear Stakeholders,

As we present the 2024 Sustainability Report, Kencana Agri's Board of Directors acknowledges our responsibility and commitment to integrating sustainability deeply within our operations. This year marks another progress in our journey, with notable advancements towards our Environmental, Social, and Governance (ESG) goals. Our report outlines the strides we have made, reflecting our dedication to sustainable development and transparent communication with our stakeholders.

Sustainability Governance and Strategic Alignment

At Kencana Agri, our commitment to sustainability is woven into the very fabric of our corporate governance. The Board of Directors, supported by our dedicated Sustainability Committee, ensures that sustainability remains at the forefront of our strategic agenda. This year, we have further strengthened our governance frameworks, integrating sustainability considerations more deeply across all aspects of our business operations.

Our governance structure is designed to ensure that sustainability is not just a checkbox but a driving force in our decision-making processes. The Board receives regular updates from the Sustainability Committee, which is equipped with experts in environmental management, social responsibility, and corporate governance. This committee plays a crucial role in guiding the Board on sustainability-related matters, including identifying potential risks and opportunities that could impact our business and our communities.

Moreover, this year has marked a significant advancement in our reporting practices as we aligned our processes with the IFRS Sustainability Disclosure Standards. This alignment ensures that our sustainability reporting meets global standards for transparency and accountability, making our disclosures not only comprehensive but also comparable and reliable.

By adopting these international standards, we are committing to a level of disclosure that reassures our stakeholders of our dedication to not only maintaining but enhancing our sustainability efforts. This commitment to transparency is vital as it reinforces our accountability and supports our ongoing efforts to lead in sustainable practices within the palm oil industry.

01: Board of Directors Statement

As we continue to navigate the complexities of sustainability, our governance structure is designed to evolve, ensuring that we remain adaptive and responsive to the changing sustainability landscape. We are committed to continuous improvement, regularly evaluating our sustainability initiatives to align them more closely with our long-term corporate goals and the evolving expectations of our stakeholders.

Through this governance and strategic alignment, Kencana Agri is demonstrating our unwavering commitment to leading responsibly and sustainably. Our sustainability approach ensures that we not only comply with current regulations but also anticipate future challenges.

Environmental Stewardship

In our commitment to environmental sustainability, Kencana Agri has maintained over 9,475.23 hectares of High Conservation Value (HCV) forests, actively contributing to biodiversity conservation and ecosystem services. Our no-deforestation pledge and zero-burn policies have been rigorously implemented, helping us progress towards our goal of a minimal environmental footprint.

We continued to strengthen our commitment to climate action through enhanced carbon management initiatives. In 2024, three of our subsidiaries earned Green Certificates in the PROPER assessment, reflecting our dedication to environmental excellence. Additionally, we completed the calculation of greenhouse gas (GHG) emissions across all subsidiaries, establishing a solid foundation for monitoring and achieving our emission reduction targets. These initiatives align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), reinforcing our readiness to meet evolving climate-related reporting expectations.

Social Responsibility

Kencana Agri is committed to enhancing the well-being of our communities. In 2024, we expanded our support for over 16,602 hectares of plasma smallholders, improving their agricultural practices and ensuring sustainable livelihoods. Our community engagement



programs, focused on education, health, and economic development, have reached thousands, demonstrating our commitment to social responsibility.

Also, our adherence to labor standards and human rights is unwavering. We ensure that all our employees and stakeholders in the supply chain are treated with respect and dignity, upholding the highest ethical standards. In 2024, we continued to enhance our labor practices, ensuring compliance with both local and international regulations.

Sustainability Achievements and Recognition

In 2024, we established the foundation for enhanced transparency and traceability throughout our operations, signifying a crucial first step toward more sustainable palm oil production. Although we are still at the onset of this journey, these initial initiatives demonstrate our strong commitment to developing solid systems that foster accountability and long-term sustainability.

We have also been proactive in pursuing certifications that affirm our sustainability commitments. As of 2024,



the majority of our operations are certified under the Indonesian Sustainable Palm Oil (ISPO) standard, and we are making strides towards achieving 100% certification across all subsidiaries.

Challenges and Future Directions

While we celebrate our achievements, we also recognize the challenges ahead. The global landscape for palm oil is evolving, with increasing demands for sustainability and transparency. In response, Kencana Agri will continue to innovate and adapt, ensuring that our practices not only meet current standards but also set new benchmarks for sustainability in the industry.

The path to full ISPO certification and the expansion of our TCFD-aligned to IFRS Sustainability reporting requires continuous improvement and adaptation. We are committed to addressing these challenges head-on, ensuring that Kencana Agri remains steadfast in sustainable agricultural practices.

Closing This Remarks

The Board of Directors of Kencana Agri expresses its sincere gratitude to all our employees, partners, and

stakeholders who have contributed to our sustainability journey. We are inspired by the progress we have made and are committed to continuing our efforts to create a sustainable future for all.

As we move forward, we are consistent in upholding our responsibilities to our planet and its people, building on the strong foundation we have established to achieve even greater heights in sustainability.

Yours Truly,

On Behalf of Kencana Agri

Henry Maknawi

Executive Chairman

Albert Maknawi

Executive Director and CEO

About This Report



Corporate Profile [GRI 2-1][GRI 2-6]

Kencana is a palm oil plantation corporation that conducts its principal activities in Indonesia, focusing primarily on the cultivation of palm oil and the processing of fresh fruit bunches (FFB). The company went public on the Singapore Exchange (SGX) on July 25, 2008.

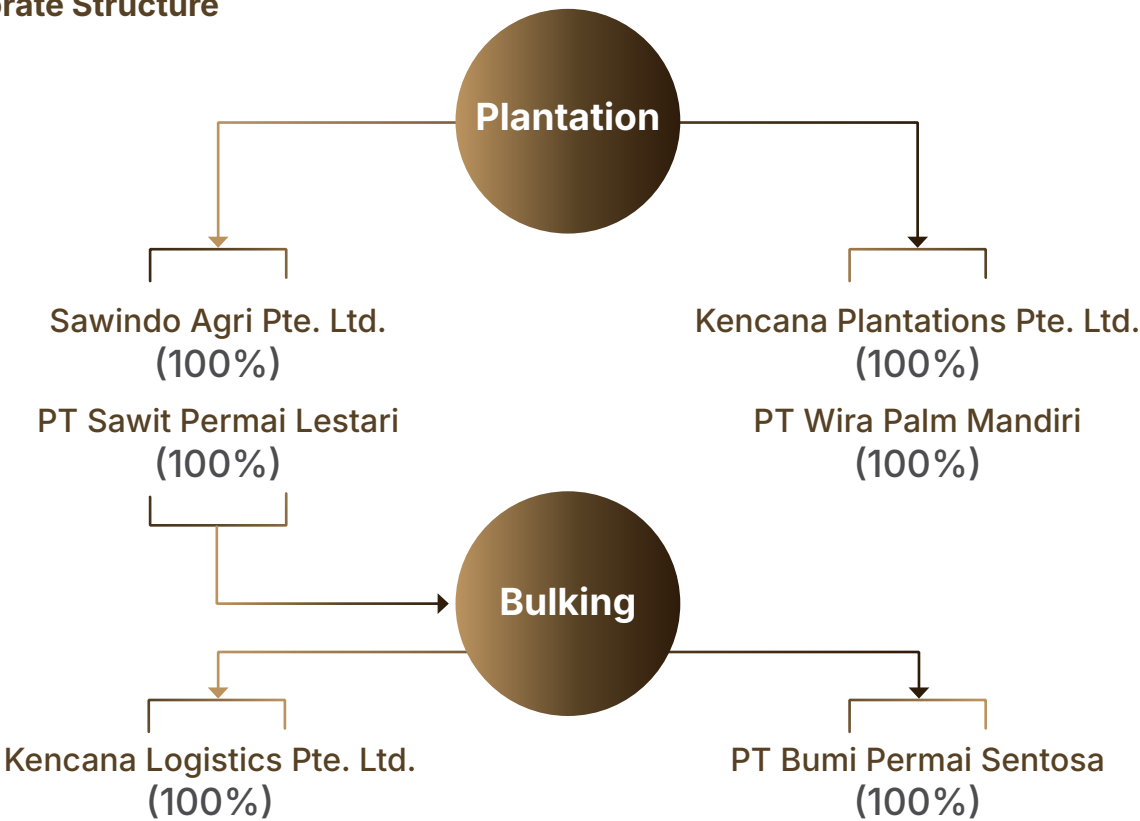
Kencana manages palm oil plantations covering 67,885 hectares on the islands of Sumatra, Kalimantan, and Sulawesi. These include both the nucleus and plasma estates. The company has two kernel crushing plants, with a total daily capacity of 435 metric tons per day, and seven palm oil refineries that together can process 335 metric tons per hour. Kencana's key products are crude palm oil (CPO), palm kernels (PK), palm kernel cakes (PKC), and crude palm kernel oil (CPKO). To produce these vital products, Kencana sources fresh fruit bunches (FFB) through various channels, including third-party purchases,

plasma producers, and its own plantations. The company serves a wide range of customers, including well-known local and international trading firms, refineries, and oleochemical industries. In addition to its production capabilities, Kencana provides logistical services, managing the storage and transportation of its products through its port and compounding facilities.

Kencana has significant development potential because most of its palm oil trees are still in the early stages, maturing between seven and eighteen years. As the trees mature, the company anticipates an increase in Fresh Fruit Bunch (FFB) production, which will enhance its growth prospects.

Kencana has a well-rounded value chain that includes strategically connected facilities such as bulking facilities, palm oil refineries, plantations, and kernel processing plants. Each element plays a vital role in enhancing our plantation operations.

Corporate Structure





Plantation	Processing	Products	Supporting Business
<p>Our oil palm plantations are in Sumatra, Kalimantan, and Sulawesi.</p> <p>Total planted area: 67,885 Ha</p> <ul style="list-style-type: none">• Nucleus: 51,283 Ha• Plasma: 16,602 Ha	<p>Our operations include seven palm oil mills and two kernel crushing plants located in Sumatra, Kalimantan, and Sulawesi.</p> <p>Palm Oil Mills</p> <ul style="list-style-type: none">• No. of mills: 7• Total processing capacity: 335MT/ hour <p>Kernel Crushing Plants</p> <ul style="list-style-type: none">• No. of plants: 2• Total processing capacity: 435 MT/ day	<p>Our main products, including CPO, CPKO, PKC, and PK, are sourced from fresh fruit bunches collected from our plantations, plasma farmers, and third-party suppliers. We distribute our products to reliable trading companies, refineries, and oleochemical industries in Indonesia, Malaysia, and beyond.</p> <p>Main Products & Supporting Business</p> <ul style="list-style-type: none">• Crude Palm Oil ("CPO")• Crude Palm Kernel Oil ("CPKO")• Palm Kernel Cake ("PKC")• Palm Kernel ("PK") <p>Renewable By-Products</p> <p>Empty Fruit Bunches, Liquid Waste, Kernel Shells, Fibre.</p>	<p>Our bulking facilities enhance and support our plantation operations by offering storage solutions for our products.</p>



02: About This Report

Kencana is dedicated to advancing environmental sustainability as part of its Corporate Social Responsibility (CSR). We implement eco-friendly practices to enhance our plantation operations, including zero-burning and zero-waste management. Additionally, we continuously assess our performance against recognized sustainability certification standards such as ISCC, ISPO, and PROPER, striving to achieve full certification across all our plantations in line with Indonesian government requirements and other sustainability benchmarks. Below is a list of Kencana's subsidiaries that have obtained these certifications.

Kencana ISPO and ISCC Certifications as of the end of December 2024

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)	✓	



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 and Legal Form	Listed Company
Date of Establishment	26 September 2007
Issued and Fully Paid Capital	US\$287.01 million
Total Number of Employees as of 2024	7,556
Revenue 2024 (x1,000)	US\$ 153,734
Net Profit (Loss) After Tax 2024 (x1,000)	US\$ 11,942
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">• 547,461 MT FFB production from nucleus estate in 2024• 7 Palm Oil Mills of 335MT/hour total processing capacity• 2 Kernel Crushing Plants of 435 MT/day total processing capacity

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-in class management practices whilst reinforcing our responsibility as a good corporate citizen.

Business, Operation and Value Chain [GRI 2-6]

Our integrated value chain comprises several components, including plantation areas (land), kernel crusher plants, palm oil mills, compounding facilities, logistical services, and renewable biomass power plants. At Kencana, we emphasize sustainable business practices across all aspects of our operations.

Our palm plantations are located in Sulawesi, Sumatra, and Kalimantan, Indonesia, and are strategically established on previously undeveloped land. As of December 31, 2024, 56% of our total planted area, equivalent to 38,220 hectares, has reached the prime mature stage. Below, we outline the classifications of the remaining areas: immature, young mature, and old mature.

Review Of Operational Performance

Snapshot of our plantation profile

Age Profile

Plantations	Immature	%	Young Mature	%	Prime Mature	%	Old Mature	%	Total	%
Nucleus	3,665	7%	8,833	17%	28,715	56%	10,070	20%	51,283	100%
Plasma	2,202	14%	1,401	8%	9,505	57%	3,494	21%	16,602	100%
Total	5,867	9%	10,234	15%	38,220	56%	13,564	20%	67,885	100%

Decrease in the Production Volume Due to Weather Conditions

In 2024, weather conditions had a significant impact on the Group's oil palm production. Unseasonal rainfall and temperature fluctuations disrupted the growth cycle of the trees, particularly during the critical flowering and fruiting stages. Excessive rainfall caused waterlogged soils, reducing productivity, and delaying harvesting, while periods of extreme heat further stressed the palms, affecting both yield and fruit quality. Although these challenges were partially mitigated through ongoing plantation management efforts, they ultimately led to lower yields and reduced production of both CPO and PK compared to the previous year. Yield performance declined from 13.1 MT/ha in FY2023 to 11.5 MT/ha in FY2024, and nucleus FFB production dropped from 623,068 MT to 547,461 MT over the same period.

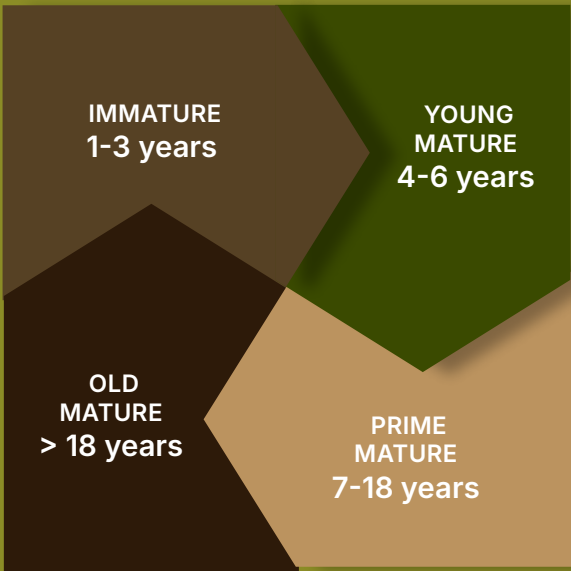


FFB Production Trend (Nucleus)



In general, oil palm trees begin bearing fruit at around 3 years of age, with yields gradually increasing until they reach peak production between 7 and 18 years, after which productivity begins to decline.

Oil Palm Age Parameters



Report Scope Boundary, Report Content and Materiality [GRI 3-1, 2-2]

The Sustainability Report for fiscal year 2024 presents a comprehensive overview of our economic, social, and environmental performance. Kencana takes great care in evaluating this report each cycle, ensuring that it is precise, thorough, and objective. We are dedicated to addressing both current and emerging sustainability challenges that matter to our stakeholders. The GRI's Reporting Principles guide us in providing timely, comparable, accurate, balanced, and clear information in our disclosures.



The development of the Sustainability Report is guided by the following four key principles of the GRI Standards:

- **Stakeholder Engagement:** We work with internal and external stakeholders in formal and informal ways. We conduct thorough reviews and assessments to determine what issues are most important to our business and processes.
- **Sustainability Context:** We illustrate how our business practices impact the lives of individuals, the environment, and the economy by discussing our performance within the broader framework of sustainability.
- **Materiality:** We focus on governance, environmental, and social topics deemed critical by our stakeholders.
- **Completeness:** Our Sustainability Report addresses all key topics in depth, enabling stakeholders to evaluate our performance during the reporting period effectively.

The scope of this Sustainability Report encompasses the activities of Kencana within Indonesia and our marketing office located in Singapore. It does not include any activities carried out by third parties outside of Kencana's operational jurisdictions. Our Annual Report for the year 2024 incorporates all subsidiary entities within our consolidated financial statement, inclusive of Kencana's environmental data 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).

On top of those subsidiaries, the following subsidiaries are also included in the coverage of employment data, social performance, conservation area, and the implementation of the zero-burning policy:

- PT Agrojaya Tirta Kencana (ATK),
- PT Indotrust (IDT),
- PT Agro Sawitmas Lestari (ASL),
- PT Sawit Tiara Nusa (STN),
- PT Sawindo Cemerlang (SCEM), and
- PT Wira Mas Permai (WMP).

For GHG emissions reporting in this report, we have included all subsidiaries consolidated in our 2024 Financial Statements and Annual Report.

Reporting Standards and Frameworks

Kencana Agri's sustainability report (referred to as "Kencana" or "the Group") outlines the company's sustainability strategy, core values, initiatives, and performance metrics. Specifically, it emphasizes key topics identified through our materiality assessment. The report showcases Kencana's dedication to evolving as a responsible and environmentally aware palm oil company. It aims to inform stakeholders about our initiatives to address challenges and our ongoing progress in upholding our sustainability commitments and responsibilities.

Kencana has consistently published sustainability reports for nine consecutive years, demonstrating our commitment to transparency and accountability. The 2024 Sustainability Report covers our operations from January 1 to December 31, 2024, providing a comprehensive review of our progress. Our previous report, covering 2023, was released in April 2024. [\[GRI 2-3\]](#)

This sustainability report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards and the Singapore Exchange (SGX-ST) Listing Rule 711A (LR 711A) on sustainability reporting. The GRI framework was selected for its global recognition and wide adoption, facilitating greater comparability with industry peers. Furthermore, Kencana has aligned this report with the latest updates to the GRI Universal Standards 2021 and the amendments to the SGX-ST Listing Rules that took effect on January 1, 2022, ensuring compliance with the most up-to-date sustainability reporting requirements.

Restatements [GRI 2-4, 2-6]

In comparison with the last report, Kencana's reporting structure, organization, operations, and supply chain have not undergone significant changes. Additionally, this sustainability report does not include any updates or restatements of information from the previous period.

Internal Review and External Assurance [GRI 2-5]

This Sustainability Report reflects a commitment to transparency, accountability, and comparability, which are core values of Kencana. We have thoroughly reviewed the information within to ensure its accuracy and reliability. Additionally, we consulted with Indonesian Government and auditors from Certification Bodies (CB) to validate all data and information related to the International Sustainability and Carbon Certification (ISCC), the Indonesian Sustainable Palm Oil (ISPO), and the assessment of *Program Penilaian Peringkat Kinerja Perusahaan* (PROPER).

To ensure compliance with the GRI Standard Core Option and SGX requirements for this report, Kencana engaged the National Center for Sustainability Reporting (NCSR) as an impartial third party. While a third-party assurance was not conducted for this Sustainability Report, it is advisable to consider this process for future reporting initiatives.

Feedback [GRI 2-3]

We are pleased to present our Sustainability Report, created in limited quantities to emphasize our dedication to conservation. We encourage all interested parties to visit our website at www.kencanaagri.com to access the Kencana Agri Sustainability Report 2024.

Your feedback is invaluable in helping us improve our reporting and sustainability initiatives. We invite all readers and stakeholders to share their recommendations, ideas, comments, or critiques by reaching out to us using the contact information provided below:

Kencana Agri Ltd Indonesia Office

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



A close-up, high-resolution photograph of a large pile of palm oil fruit (bunches of palm oil fruit). The fruit is a mix of bright orange and deep red colors, with some showing signs of being processed or damaged. The texture is highly detailed, showing the individual fruits and their stems.

Sustainability Governance

Kencana ensures transparency and accountability in all business operations, fostering ethical leadership and responsible decision-making. Sustainability is embedded into our governance framework, aligning with industry standards and regulatory expectations.

Governance Structure [GRI2-9]

Kencana ensures transparency and accountability in governance to protect stakeholders' interests as part of our strategic planning. The Board of Directors is responsible for the overall administration, including considering sustainability factors such as environmental and social issues. This governance approach strengthens investor confidence while safeguarding shareholder value.

To reinforce ethical business practices, Kencana has established a non-discrimination policy endorsed by the President Director and integrated into Company policies. This policy is consistently communicated across all subsidiaries and emphasizes our commitment to fairness, equality, and inclusive governance.

In alignment with our commitment to strong governance, the Board has established three key committees to oversee critical functions. These committees ensure structured decision-making, ethical leadership, and compliance with industry standards.

The Nominating Committee (NC) ensures a fair and transparent appointment process for the Board and Key Management Personnel. It sets selection criteria, evaluates candidates, and recommends appointments that align with Kencana's strategic goals. By maintaining a merit-based approach, the NC strengthens governance and leadership quality.

The Remuneration Committee (RC) develops competitive and performance-driven compensation structures. It ensures that salaries, incentives, and benefits are fair, aligned with business goals, and motivate employees. The RC also ensures compliance with industry standards and regulatory requirements.

The Audit and Risk Management Committee (ARC) oversees financial integrity, internal controls, and risk management. It ensures accurate financial records, regulatory compliance, and strong risk mitigation strategies. Through robust audits and assessments, the ARC helps maintain a secure and well-managed business environment.

Governing Sustainability

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

The Board of Directors is responsible for integrating sustainability into Kencana's strategic planning, ensuring sustainability is embedded in business decisions. To strengthen this commitment, the Vice Chairman leads the implementation of sustainability initiatives, overseeing their execution and evaluating overall performance. This leadership ensures that sustainability remains a core focus on driving long-term growth and stakeholder value.

To support these efforts, Kencana has established a dedicated Sustainability Team, which includes the Head of Sustainability, the Manager of Sustainability, and coordinators at both the Head Office and Site Offices. This team is responsible for facilitating stakeholder engagements, conducting monthly management reviews, and preparing annual reports on sustainability-related strategies and performance.

The Sustainability Team oversees key sustainability initiatives, including strategy development, monitoring action plans, and advising the Board on material ESG issues. Their work ensures that sustainability is not only a compliance requirement but also a driver of value creation, supporting Kencana's commitment to responsible business practices.

Additionally, sustainability risk management is integrated into the Group's overall risk framework, with oversight provided by the Audit and Risk Management Committee (ARC). This ensures that ESG risks are proactively identified and managed, aligning with the Company's broader governance structure. Further details on the Board and Committee evaluation process are available in Kencana's Annual Report, page 26.



Sustainability Team Structure



The Kencana Sustainability Team plays a central role in supporting the highest governance body within our Group to oversee due diligence and processes aimed at identifying and managing the organization's impacts on the economy, environment, and society. By actively engaging with stakeholders, the team communicates outcomes, addresses feedback, and incorporates concerns to strengthen Kencana's sustainability practices. The Vice Chairman regularly reviews the effectiveness of these processes during Audit and Risk Management Committee (ARC) meetings, ensuring continuous improvement in sustainability performance.

Through transparent stakeholder relationships and ongoing evaluation of sustainability processes, Kencana demonstrates its commitment to sustainable development and responsible business practices. This approach not only enhances accountability but also reinforces the Company's dedication to creating long-term value for all stakeholders while minimizing its environmental and social footprint.

To uphold effective sustainability governance, Kencana ensures its Board remains knowledgeable about sustainability trends and evolving best practices. To support this, Kencana has developed a comprehensive training program based on a needs assessment, covering key topics such as climate change, environmental impact, social responsibility, and governance.

We collaborate with experts, academics, business leaders, and sustainability consultants to provide training sessions and strategic guidance. These engagements help strengthen the Board's ability to integrate sustainability considerations into decision-making, ensuring that sustainability remains a core element of our corporate values and business strategy.

Fostering a strong sustainability culture is a key priority at Kencana. By embedding sustainability into governance and corporate decision-making, we ensure that the Board is well-equipped to address sustainability challenges and drive long-term value creation for the Company and our stakeholders.

In 2024, the Board actively participated in ESG forums and workshops, reinforcing Kencana's commitment to responsible business practices and sustainable development. One of our Board members, Kent Surya, joined the Sustainability E-Training for Directors this year. This session provided valuable insights into industry trends and regulatory expectations, strengthening our ability to collaborate with stakeholders and enhance our sustainability approach.





Kencana Agri is committed to open, transparent, and inclusive stakeholder engagement, ensuring that all stakeholders are heard and considered in our decision-making process. By fostering collaboration and trust, we actively engage with stakeholders to address concerns, align expectations, and drive sustainable business growth. Our approach prioritizes mutual value creation, ensuring that our operations contribute positively to both our business and the communities we serve.

In an increasingly complex business environment, proactive stakeholder engagement is essential for addressing social, environmental, and ethical challenges. Since 2015, Kencana has prioritized structured engagement initiatives guided by comprehensive materiality assessments. These assessments help us align our sustainability strategies with the evolving needs and expectations of key stakeholders, ensuring that our efforts remain relevant and impactful.

Beyond compliance, stakeholder engagement is central to Kencana's sustainability vision. Through open communication, regular consultations, and collaborative initiatives, we create shared value and promote responsible business growth. This proactive approach allows us to anticipate challenges, drive continuous improvement, and foster innovation, ensuring a more sustainable and resilient future.

To enhance the effectiveness of stakeholder engagement, Kencana follows a structured approach that ensures meaningful interactions and continuous improvement:

- **Stakeholder Identification:** We identify all individuals and groups who may be affected by or have an interest in Kencana's business and activities.
- **Prioritization:** Stakeholders are prioritized based on their level of influence, importance, and interest in the Group's operations and sustainability efforts.
- **Engagement Planning:** A comprehensive engagement plan is developed, outlining the communication methods, frequency, and objectives for each stakeholder group.
- **Open Communication:** We establish regular communication channels, such as meetings, newsletters, and digital platforms, to keep stakeholders informed and engaged.

- **Active Listening:** Kencana values stakeholder feedback and incorporates their insights into decision-making processes to ensure their concerns are addressed.
- **Issue Resolution:** We proactively respond to stakeholder concerns, fostering trust and long-term relationships through transparent actions.
- **Continuous Evaluation:** Our engagement practices are regularly monitored and assessed to measure effectiveness and drive continuous improvement. Stakeholder feedback is integrated into our engagement strategy to enhance future interactions.

Kencana Agri's Stakeholder Engagement Principles

INCLUSIVITY

Kencana engages with stakeholders who are directly impacted by or have an interest in our business operations. We prioritize open dialogue and collaboration to foster meaningful relationships and mutual understanding.

MATERIALITY

Our stakeholder engagement process enables us to identify and address both existing and emerging challenges. By understanding stakeholder concerns, we ensure that our sustainability initiatives align with business priorities and industry developments.

RESPONSIVENESS

We actively monitor environmental and operational changes to remain responsive to stakeholder needs. Recognizing the complexity of material issues and diverse expectations, Kencana is committed to managing concerns with transparency, fairness, and accountability to support long-term sustainability and responsible business practices.

04: Stakeholder Engagement

Additionally, our stakeholder engagement approach aligns with the AA1000 Stakeholder Engagement Standards (SES) 2015, which emphasize Inclusivity, Materiality, and Responsiveness as key principles guiding our interactions and decision-making processes.

Stakeholder Engagement [GRI 2-29]

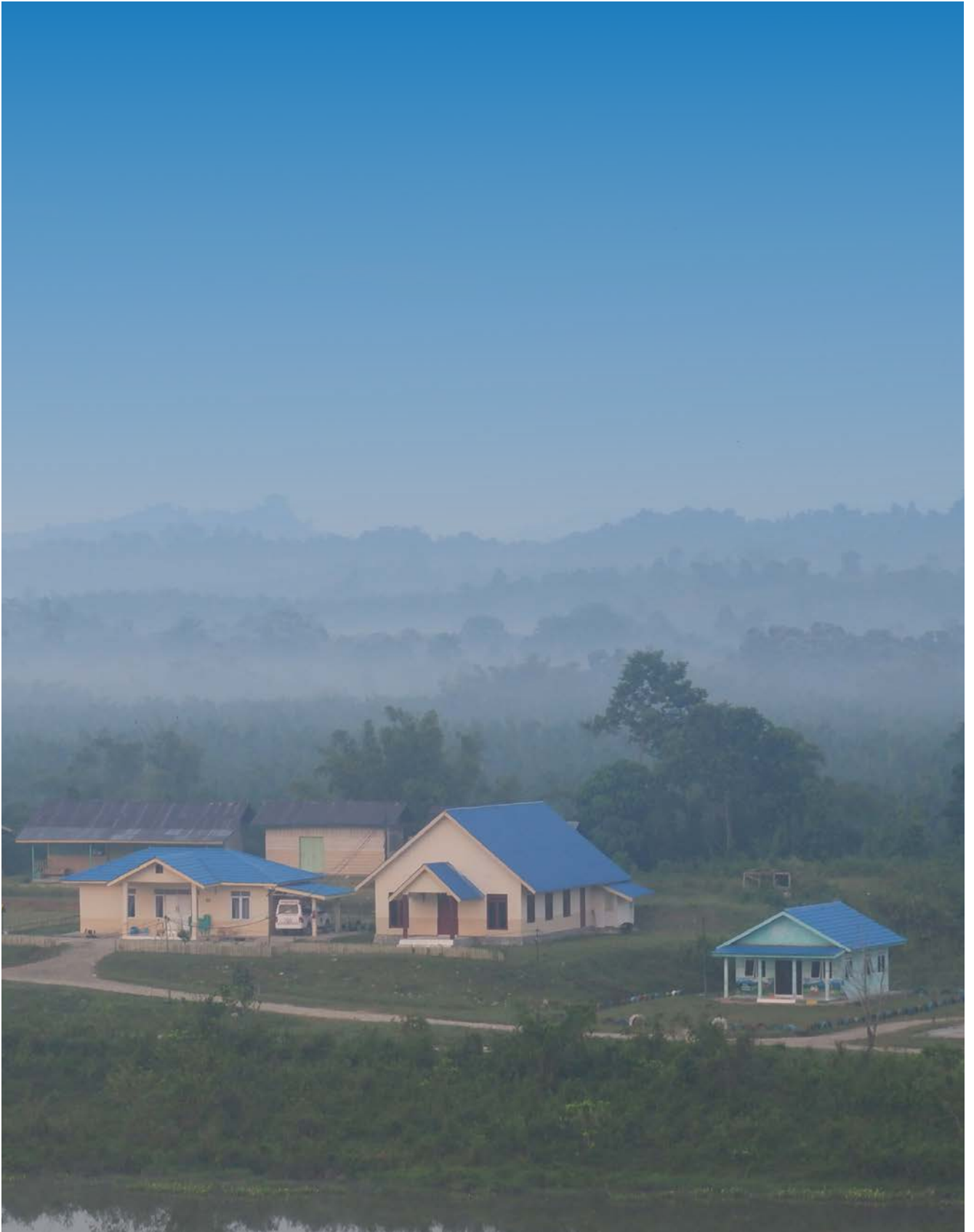
Stakeholder Group	Engagement Method	Frequency	Key Issues/Concerns	How Feedback is Integrated
Employees	Surveys, town halls, training programs	Quarterly, annually	Remuneration and benefit, workplace safety, career development, diversity	Implementing workplace safety measures, expanding training programs, and promoting diversity initiatives
Customers	Meetings, direct engagement	Biannually, ongoing	Product quality, sustainability standards	Enhancing product offerings and strengthening traceability in the supply chain
Investors and Shareholders	Annual general meetings, reports, analyst briefings	Annually, quarterly	Financial performance, ESG risks	Improving ESG disclosures and aligning with global sustainability reporting standards
Local Communities	Community meetings, social impact assessments	Biannually, as needed	Environmental impact, local development programs, employment, local procurement	Increasing investment in local education and conservation initiatives
Suppliers and Business Partners	Supplier audits, workshops, collaborative initiatives	Annually, ongoing	Ethical sourcing, supply chain transparency	Strengthening supplier codes of conduct and improving traceability
Government and Regulators	Compliance audits, policy dialogues	Annually, as required	Regulatory compliance, industry standards	Ensuring compliance with regulations and maintaining transparency with authorities
NGOs and Civil Society Organizations	Partnerships, roundtable discussions	Annually, as needed	Human rights, environmental conservation	Integrating NGO feedback into sustainability policies and launching conservation initiatives



Membership Associations [GRI 2-28]

Kencana is dedicated to advancing sustainable agriculture, reinforcing our vision to be a trusted leader in sustainable palm oil production and supply both globally and locally. Our commitment is reflected in our adherence to industry-recognized certifications, such as ISPO and ISCC, which ensure responsible and ethical practices across our operations. Additionally, Kencana actively engages in key industry associations, including:

- Gabungan Pengusaha Kelapa Sawit Indonesia (GAPKI),
- ISCC, and
- ISPO.



Sustainability Commitment and Approach

An aerial photograph of a large-scale palm oil plantation. The image shows a dense grid of young palm trees stretching towards the horizon. A narrow, light-colored dirt road or path cuts through the center of the plantation, leading the eye from the foreground into the distance. The background features a range of low, hazy mountains under a clear sky. The overall color palette is dominated by the vibrant green of the palm fronds and the earthy tones of the soil and distant landscape.

Sustainability Framework [GRI 2-23][GRI 2-24]

Since 2015, Kencana has embedded sustainability into our core operations, subsidiaries, and affiliated entities under our management. We are dedicated to implementing best management practices that comply with environmental regulations, ensuring that our business activities contribute to both environmental preservation and socio-economic development. Through continuous evaluation and improvement, we strive to minimize our ecological footprint while fostering sustainable growth for all stakeholders.

Our sustainability strategy is built on three fundamental pillars: environmental management, community development and social impact, and human rights and workplace initiatives. These pillars guide our efforts to protect the environment, support local communities, and uphold employee rights and well-being. By integrating these principles into our operations, Kencana reinforces our commitment to responsible corporate citizenship, driving long-term positive change across our value chain.

Kencana Sustainability Strategy [GRI 2-23][GRI 2-24]

Environment Management	Community Development and Social Impact	Human Rights and Workplace
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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

Material Topics

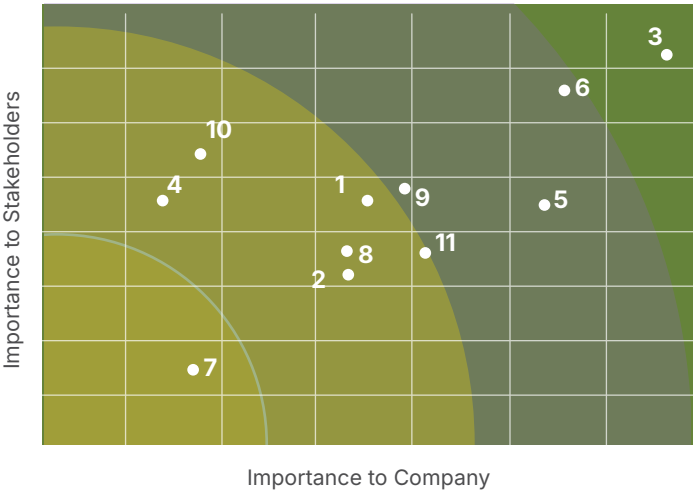
Kencana Agri's materiality assessment process is structured to identify, prioritize, and address key sustainability issues that impact both our business operations and stakeholders. Through active engagement with internal and external stakeholders, this assessment ensures that our sustainability priorities align with emerging industry trends, stakeholder expectations, and Kencana's strategic objectives.

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

Kencana Agri's materiality assessment follows a structured, multi-step approach to identify and prioritize the most critical sustainability issues. Conducted annually, this process incorporates insights from a diverse group of stakeholders, including employees, investors, customers, suppliers, regulators, and community representatives. The key steps in this assessment include:

IDENTIFICATION	STAKEHOLDER	PRIORITIZATION	VALIDATION	REPORTING
Kencana Agri identifies key sustainability issues by considering, Environmental, Social, and Governance (ESG) factors. Insights are drawn from internal teams, industry trends, regulatory guidelines (GRI, IFRS S2), and existing literature to align with global best practices	Kencana Agri engages employees, customers, investors, communities, suppliers, NGOs, and regulators through surveys to ensure our material topics reflect stakeholder concerns and expectations	Kencana Agri prioritizes material issues based on their impact and strategic relevance, ensuring alignment with sustainability goals. Key issues are escalated for action and monitoring	The top-priority material issues are reviewed and validated by Senior Management and the Board of Directors. This process ensures leadership endorsement and commitment, aligning sustainability priorities with Kencana Agri's long-term business objectives	Kencana Agri reports on key material issues with a focus on comparability, accuracy, clarity, balance, and transparency. These issues are aligned with the UN Sustainable Development Goals (UNSDGs), showcasing our commitment to global sustainability objectives

Materiality Assessment Results



- 1 Zero Burning and Fire Prevention

2 Employees Training, Development and 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 and Evaluation Parameters [GRI 3-3]	Detailed discussion in Chapter
	Head Office	Plantation with Mills	Plantation	External Parties			
Zero Burning and Fire Prevention 	✓	✓	✓	✓	<ul style="list-style-type: none"> Forest fires pose health and 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 and 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


05: Sustainability Commitments and Approach

Material Issues and Strategic Commitment [GRI 3-2]	Where Impacts Occur				Risk/Opportunities [GRI 3-3]	Management Approach and Evaluation Parameters [GRI 3-3]	Detailed discussion in Chapter
	Head Office	Plantation with Mills	Plantation	External Parties			
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
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 and 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 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 and Safety (OHS) trainings Enforce safe management measures in our workplace 	Our People

Material Issues and Strategic Commitment [GRI 3-2]	Where Impacts Occur				Risk/Opportunities [GRI 3-3]	Management Approach and Evaluation Parameters [GRI 3-3]	Detailed discussion in Chapter
	Head Office	Plantation with Mills	Plantation	External Parties			
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 and 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 and Risk Committee and Internal Audit team which will directly report to the Board of Directors 	Governance Practices
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 and Products

05: Sustainability Commitments and Approach

Material Issues and Strategic Commitment [GRI 3-2]	Where Impacts Occur				Risk/Opportunities [GRI 3-3]	Management Approach and Evaluation Parameters [GRI 3-3]	Detailed discussion in Chapter
	Head Office	Plantation with Mills	Plantation	External Parties			
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 and 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, since 2023, Kencana has established a group-wide Board Diversity Policy. We have consistently communicated this policy to all relevant parties within the Group 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 	Social

Material Issues and Strategic Commitment [GRI 3-2]	Where Impacts Occur				Risk/Opportunities [GRI 3-3]	Management Approach and Evaluation Parameters [GRI 3-3]	Detailed discussion in Chapter
	Head Office	Plantation with Mills	Plantation	External Parties			
Climate Related Risk and Opportunities 	✓	✓	✓		<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 	Environmental Management and Compliance



Risk Management



Risk Governance and Oversight

Kencana Agri has established clear governance structures to effectively manage sustainability and climate-related risks, aligned with IFRS Sustainability Standards S1 and S2. In this section, we disclose Kencana Agri's governance processes for overseeing and managing sustainability-related risks and opportunities, including climate risks.

At the highest governance level, oversight responsibility resides with the Board of Director (BOD), comprising senior executives such as the Chief Executive Officer (CEO) and Executive Vice Chairman. The BOD provides strategic guidance, reviews the effectiveness of climate-related risk management, and ensures comprehensive alignment with the company's broader sustainability goals and financial strategies.

Operational management of climate-related risks is delegated to a dedicated cross-functional Risk Working Group. This group includes experts from key departments such as operations, finance, commercial, legal, sustainability, and centralized purchasing and logistics. The Risk Working Group convenes bi-annually to systematically:

- Identify and assess emerging and existing climate-related risks.
- Review the effectiveness and implementation of risk mitigation actions.
- Monitor progress on previously identified risks and reassess their impact.
- Ensure climate-related risk considerations are embedded into operational practices and strategic planning.

This structured approach to governance and oversight is consistent with IFRS Sustainability Standards, specifically IFRS S1, Paragraph 24: Governing body's role in overseeing sustainability-related risks and opportunities, and IFRS Sustainability Standard S2, Paragraph 4: Requirements related to governance of climate-related risks and opportunities.

Risk Identification and Assessment

Indonesia accounts for over 55% of global palm oil production, yet its industry faces increasing risks from climate change. A single El Niño event can reduce yields by up to 30%, leading to supply shortages and price volatility. As a major palm oil producer, Kencana Agri operates in a sector where even small climate fluctuations—such as irregular rainfall or temperature shifts—can directly impact yields, costs, and long-term profitability. Understanding these risks is crucial for business resilience.

Kencana Agri implements a structured process for identifying and assessing climate-related risks, integrating these risks thoroughly into the Company's broader enterprise risk management system. The identification and assessment process leverages several detailed methodologies, including the 5W (Who, What, When, Where, Why) analysis, designed to clearly pinpoint the root causes of risks, their likelihood, and potential impacts.







This approach helps determine specific climate risks and their associated direct financial implications, prioritizing risks based on severity, probability, and strategic relevance to the company.

Kencana Agri continually updates its risk assessment, responding dynamically to the evolving climate context and integrating findings into strategic and operational planning. Regular risk reviews ensure up-to-date and relevant assessments of potential impacts on the company's production, supply chain reliability, and financial outcomes. This meticulous assessment process aligns closely with IFRS Sustainability Standard S2 (Paragraphs 17-23), ensuring accurate disclosure and robust management of climate-related risks.

Climate Sensitivity Analysis for the Palm Oil Industry in Indonesia

Climate sensitivity refers to how changes in temperature, rainfall, and extreme weather events impact palm oil production. In Indonesia, the world's largest palm oil producer, climate shifts directly influence yields, operational costs, and supply chain stability.

Climate Sensitivity Factors in Indonesia’s Palm Oil Industry

Climate Factor		Impact on Palm Oil Industry in Indonesia	
	Temperature Rise	Higher temps (>30°C) can stress palm trees, reducing fruit development, and oil content	
	Rainfall Variability	Too little rain leads to drought & yield drops; too much causes flooding, root rot, and harvesting delays	
	El Niño Events	Prolonged drought reduces FFB (Fresh Fruit Bunch) yields by 10-30%	
	Extreme Weather (Storms, Floods)	Damages plantations, erodes soil, disrupts transport, and supply chains	
	Soil Moisture Changes	Poor water retention leads to lower productivity and increased irrigation costs	

Indonesia's palm oil industry is highly climate-sensitive, relying on consistent rainfall and moderate temperatures for optimal yields. Even slight climate variations—such as irregular rainfall, rising temperatures, or extreme weather events—can disrupt production, impact financial performance, and increase operational risks.

To address these challenges, the following climate risk and opportunity analysis for Kencana Agri is structured in alignment with IFRS Sustainability Standards (S1 & S2) and follows the Task Force on Climate-Related Financial Disclosures (TCFD) framework:

Risk Type	Risk Category	Description	Potential Impacts	Mitigation Measures
Physical Risk	Acute	Increased frequency and severity of extreme weather events (e.g., drought, El Niño, flooding) adversely impacting crop yields	<ul style="list-style-type: none">• Reduced crop yields• Increased operational costs due to logistics disruption and higher insurance premiums• Reduced workers' productivity due to extreme weather conditions• Increased fire risk	<ul style="list-style-type: none">• Use of Palm Oil Mill Effluent (POME) for drought mitigation• Construct ditches as water catchment areas and reservoirs as preparation measures during dry seasons• Flapgate to control floods and water flow• Advanced agronomic practices, water management systems, and building embankments• Maintain cover crops and humidity
	Chronic	Changes in long-term climate patterns, such as prolonged droughts or rainfall variability affecting soil health and the feasibility of continual planting	<ul style="list-style-type: none">• Long-term yield declines• Increased production costs and capital expenditure	<ul style="list-style-type: none">• Development of drought-tolerant planting materials• Precision irrigation/drainage systems• Continuous R&D for crop resilience (e.g., fungal disease resistance)• POME and EFB application on soil to improve its organic content• Maintain cover crops and humidity

Risk Type	Risk Category	Description	Potential Impacts	Mitigation Measures
Transition Risk	Policy and Regulatory	Stricter regulations around climate-related disclosures, emissions management, and sustainability certifications (e.g., ISPO)	<ul style="list-style-type: none"> Increased compliance costs Potential fines/legal liabilities 	<ul style="list-style-type: none"> ISPO certification for all plantations by 2030 Enhanced climate-related disclosures aligned with IFRS S2 Proactive regulatory engagement
		Stricter regulatory frameworks mandating carbon emissions reporting, climate-risk assessments, and sustainability certifications	<ul style="list-style-type: none"> Higher operational and administrative costs Risk of non-compliance penalties 	<ul style="list-style-type: none"> IFRS-aligned sustainability reporting (S1 & S2) Continuous enhancement in emissions reporting Conduct regular compliance training
	Market	Changing consumer/investor preferences towards sustainable palm oil products	Limited market access and reduced demand for commodities not aligned to market requirement	<ul style="list-style-type: none"> ISPO certification and sustainable branding initiatives Commit and show clear progress toward GHG reduction and sustainability implementation Ensure compliance with NDPE policies Stakeholder engagement for transparency and confidence-building
	Technology	Transition to advanced agricultural technologies (precision farming, drones, biological controls) to mitigate climate impacts	<ul style="list-style-type: none"> High initial investment costs Costs related to training 	<ul style="list-style-type: none"> Investment in drones for precision agriculture and stay abreast of future technological development Adoption of mechanized equipment for operations Development of biological disease management
	Reputation	Increased stakeholder scrutiny and demand for robust sustainability and climate action disclosures	<ul style="list-style-type: none"> Potential reputational damage Loss of investor confidence and access to financing 	<ul style="list-style-type: none"> Comprehensive ESG reporting aligned to IFRS S1 and S2 Active stakeholder engagement and transparent communication Regular ESG benchmarking

Seizing Climate-Related Opportunities

While climate risks threaten yields and financial stability, they also create opportunities for companies like Kencana Agri to lead in sustainable palm oil production. Investments in climate adaptation, such as drought-resistant crops, improved water management, and renewable energy, can enhance long-term resilience and open doors to premium sustainability markets.



06: Risk Management



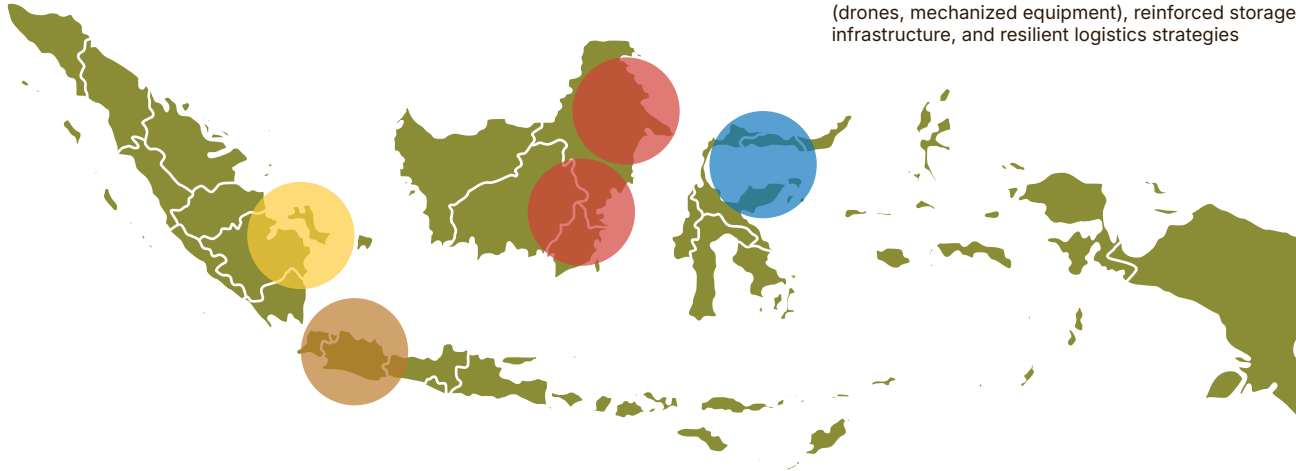


Opportunity Category	Description	Potential Impacts	Strategic Measures to Optimize Opportunity
Resource Efficiency	Intensive utilisation of low-emission energy	<ul style="list-style-type: none">• Reduced operating cost and exposure to energy prices• Reduced reliance on fossil fuel	<ul style="list-style-type: none">• Increased usage of biomass and biofuels to generate steam and electricity.• Explore opportunities and possibilities to convert operational vehicles to EV, and utilization of solar panels.
Products and Markets	Development of sustainable product offerings that meet increasing market demands for certified sustainable palm oil.	<ul style="list-style-type: none">• New market access• Improved brand positioning	<ul style="list-style-type: none">• Accelerated adoption of ISPO certification• Sustainable product innovation• Targeted marketing and communication of sustainability credentials
Resilience and Adaptation	Strengthening organizational resilience through effective climate risk management, innovation in adaptive agricultural practices, and scenario planning aligned with IFRS S2.	<ul style="list-style-type: none">• Yield stabilization• Increased reputation	<ul style="list-style-type: none">• Scenario analysis aligned to IFRS S2 requirements• Investment in resilient plantation management practices.• Proactive R&D in climate-adaptive agricultural technologies



Climate-Related Risks and Opportunities by Operational Region [\[GRI 201-2\]](#)

Kencana Agri operates palm oil plantations and associated facilities through our subsidiaries across various regions in Indonesia. Each operational area faces distinct climate-related risks, requiring targeted management strategies, each characterized by unique environmental conditions and climate vulnerabilities in those regions. Recognizing that these distinct regional risks are essential for effective climate risk management aligned with IFRS Sustainability Standards S1 and S2 (Paragraphs 21-23).

The following table summarizes key climate-related risks and specific mitigation strategies tailored to our operational contexts of each region and our proactive measures to address climate challenges to secure long-term operational resilience and sustainability performance on the Company by each subsidiary.

Operational Region	Operational Descriptions	Climate-Related Risks	Mitigation Strategy
Sumatra (Kepulauan Bangka Belitung) 	Palm oil plantations, Fresh Fruit Bunch (FFB) processing facilities, Crude Palm Oil (CPO) logistic and storage services	<ul style="list-style-type: none"> Prolonged drought conditions linked to El Niño events and exposure from open land areas Increased risk of land fires during dry seasons Extreme weather disruptions, including heavy rainfall and strong winds Soil erosion and lightning hazards associated with intense storms Logistical vulnerabilities, such as transport delays or damage to infrastructure due to flooding or storm-related disruptions Note: Drought intensity in this region mirrors the extreme dry conditions experienced in South Kalimantan (Kalimantan Selatan) 	<ul style="list-style-type: none"> Drought-resistant seedling development, precision water management systems, fire prevention and rapid-response teams, promote water conservation and monitoring, erosion-control mechanisms Integrated landscape management, targeted biodiversity programs (owl breeding for pest control), adoption of precision agriculture technologies (drones, mechanized equipment), reinforced storage infrastructure, and resilient logistics strategies
Kalimantan (South, East and North Kalimantan) 	Palm oil plantations, Fresh Fruit Bunch (FFB) processing facilities, Crude Palm Oil (CPO) logistic and storage services	<ul style="list-style-type: none"> Land fires Haze events Drought (El Niño events) Rainfall variability Regulatory compliance risks Logistics vulnerabilities due to extreme weather events 	<ul style="list-style-type: none"> Fire prevention and rapid-response teams, peatland restoration programs, biodiversity initiatives (owl breeding programs), achieving ISPO certification by 2030, community engagement in conservation programs, flood-resilient infrastructure, drought-resistant seedling development, precision water management systems, fire prevention and rapid-response teams, promote water conservation and monitoring Adoption of precision agriculture technologies (drones, mechanized equipment), reinforced storage infrastructure, and resilient logistics strategies
			
Sulawesi (Central Sulawesi and Gorontalo) 	Palm oil plantations, fresh fruit bunch (FFB) processing, Crude Palm Oil (CPO) logistic and storage services	<ul style="list-style-type: none"> Distinctive high-rainfall pattern causing soil erosion and flooding Extreme weather events disrupting plantation operations Biodiversity risks from expansion Higher pest and disease pressure due to persistent humidity 	Flood-resilient infrastructure, integrated landscape management (contour planting and terracing), biodiversity conservation areas, erosion-control mechanisms, achieving ISPO certification by 2030, fire prevention and rapid-response teams
Corporate Level (Jakarta and Singapore HQ) 	Group oversight, corporate governance, risk management, ESG strategy and disclosure alignment	Regulatory and compliance risks (IFRS alignment, SGX mandates), reputational risk related to ESG compliance	Audit and Risk Management Committee (ARC), cross-functional Risk Working Group, IFRS-aligned climate disclosures (IFRS S1 and S2), strategic ESG stakeholder engagement

Climate Scenario Analysis:
A Qualitative Approach Based
on NGFS Scenarios

In alignment with IFRS S2 (Paragraphs 15-17), Kencana Agri undertakes qualitative climate scenario analyses guided by the Network for Greening the Financial System (NGFS) scenarios. The analysis explores how different future climate pathways could impact Kencana Agri’s operations, financial performance, and long-term strategic resilience.

The qualitative assessment considers three NGFS-defined climate scenarios:

- **Orderly Transition:** Gradual transition to a low-carbon economy.
- **Disorderly Transition:** Sudden, late transition leading to abrupt economic and regulatory shifts.
- **Hot House World:** Limited climate action with extensive global warming, intensified physical risks.

The implications and our strategic response under these scenarios are detailed below.

NGFS Scenario	Key Characteristics	Potential Impacts on Kencana Agri Operations and Business	Our Strategic Response
Orderly Transition (1.5 - 2°C alignment)	<ul style="list-style-type: none">• Gradual regulatory shifts• Incremental adoption of low-carbon technologies• Predictable transition policies and investor expectations	<ul style="list-style-type: none">• Low compliance costs• Need for ongoing technology investments (precision agriculture)• Changing market demand towards sustainable products• Green fund growth may be slow at first but is inevitable, as banks are already preparing to support it. The ASEAN Taxonomy and Indonesia’s Green Taxonomy will guide sustainable investments, including in palm oil, helping direct funding toward climate-resilient practices	<ul style="list-style-type: none">• Accelerate ISPO certification (by 2030)• Gradual introduction of sustainable agricultural practices (drones, biological controls)• Enhance precision agriculture and mechanization efforts (fertilizer spreaders, drones)• Strong governance via Audit and Risk Management Committee (ARC) oversight• Align with green taxonomies, strengthen ESG credentials, and build a pipeline of sustainable projects to access emerging green finance opportunities
Disorderly Transition (Late action scenario)	<ul style="list-style-type: none">• Sudden implementation of stringent climate policies• Significant disruptions in markets and supply chains• High carbon price volatility	<ul style="list-style-type: none">• Moderate compliance and operational costs• Heavy capital investment requirements• Potential market access disruptions due to rapid policy changes• Volatile pricing for key resources (fertilizer, fuel)• Green fund growth may be slow at first but is inevitable, as banks are already preparing to support it. The ASEAN Taxonomy and Indonesia’s Green Taxonomy will guide sustainable investments, including in palm oil, helping direct funding toward climate-resilient practices	<ul style="list-style-type: none">• Accelerate ISPO certification for all plantations by 2030• Immediate implementation of robust emissions monitoring and reporting aligned to IFRS S2 guidelines (paragraph 21-23)• Enhance cross-functional Risk Working Group response mechanisms• Strong stakeholder communication to maintain trust and transparency• Align with green taxonomies, strengthen ESG credentials, and build a pipeline of sustainable projects to access emerging green finance opportunities

NGFS Scenario	Key Characteristics	Potential Impacts on Kencana Agri Operations and Business	Our Strategic Response
Hot House World (High emissions scenario, >3°C warming)	<ul style="list-style-type: none"> Limited global action on climate change Severe increase in physical climate risks (extreme weather events, chronic climatic shifts) Long-term adverse impacts on agricultural productivity and resource availability 	<ul style="list-style-type: none"> Significant declines in plantation productivity due to frequent and intense droughts, floods, and extreme weather Increased operational and infrastructure damage Higher operational costs from climate adaptation and recovery activities Severe biodiversity and ecological impacts leading to operational disruption and regulatory risks Economic ripple effects, such as reduced palm oil supply making cooking oil a luxury item, potentially driving up the cost of essential goods 	<ul style="list-style-type: none"> Extensive adoption of drought-resistant and disease-resistant planting materials (R&D initiatives) Implementation of robust water retention systems (e.g., POME land application) Expansion of mechanization and technology-driven plantation management (drones, automated equipment) Reinforce infrastructure, road maintenance, erosion control practices Proactive biodiversity conservation strategies (owl breeding, habitat conservation) Comprehensive contingency and business continuity planning

Integration into Strategic and Financial Planning

We integrate insights from qualitative climate scenario analyses into our strategic planning, operational risk management, and capital investment decisions, fully aligned with IFRS Sustainability Standard S2 (Paragraphs 15-17). The outcomes of these analyses directly inform resource allocation, budgeting, and operational priorities, enhancing our resilience to climate-related risks and leveraging potential opportunities.

Our Audit and Risk Management Committee (ARC), supported by a dedicated cross-functional Risk Working Group, conducts regular reviews and updates of scenario analyses, embedding climate considerations deeply within our corporate governance and decision-making processes. This structured oversight ensures continuous integration of climate risks and opportunities across all company levels, thereby safeguarding our operational and financial resilience against climate uncertainty.





Environmental Management and Compliance

"Committed to sustainability, we strive to balance growth with responsibility—protecting forests, conserving biodiversity, and reducing our environmental footprint for a greener future."

Introduction

Kencana understands that environmental conditions range from soil health and water availability to climate patterns, which are fundamental to the sustainability of our operations. Our commitment to sustainability is deeply embedded in our corporate strategy and daily operational practices. We continuously strive to minimize our environmental footprint by adopting responsible resource management practices, enhancing energy and water efficiency, and reducing waste. By aligning with industry best practices, we ensure that waste, effluents, and chemicals are managed responsibly, safeguarding the environment, biodiversity, and the well-being of communities around our plantations.

Environmental Management Systems [GRI 2-23]

Environmental Sustainability Policy remains central to addressing, monitoring, and managing environmental challenges. We have developed strong systems and protocols to optimize resource use while ensuring full regulatory compliance. This commitment extends to strict adherence to environmental laws, industry regulations, and best practices. The policy focuses on nine core areas, which are detailed below.



07: Environmental Management and Compliance

Beyond our dedication to sustainable land management and biodiversity protection, we align our practices with industry-leading standards and regularly benchmark against both national and international frameworks. These include PROPER, ISPO, ISCC, the Law of the Republic of Indonesia No. 5/1990 on Conservation of Biological Resources and Their Ecosystems, and Good Agricultural Practices (GAP).

Energy Consumption & Intensity

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

Energy Management in Operations

Efficient energy use is a key priority in our operations, as equipment remains one of the largest contributors to overall consumption. To address this, we actively implement energy-saving initiatives, improve operational efficiency, and explore alternative fuel sources for power generation. Regular maintenance plays a crucial role in optimizing equipment performance, helping to reduce both energy consumption and potential disruptions.

A significant portion of our energy comes from renewable sources, particularly biomass derived from mill byproducts such as shells and fiber. Additional energy sources include generator fuel, machinery, light vehicles, and electricity from the grid. In 2024, we achieved a significant reduction in the use of non-renewable energy sources, reinforcing our commitment to a cleaner and more sustainable energy mix. Our total energy consumption for the year reached 200,909 GJ.



Energy Consumption [GRI 302-1]

Energy Sources	2022		2023		2024	
	Volume	GJ	Volume	GJ	Volume	GJ
BIOMASS						
Shells (tonnes)	53,633	846	48,207	761	42,779	675
Fibre (tonnes)	100,132	1,219	97,689	1,189	99,179	1,208
TOTAL ELECTRICITY GENERATED FROM BIOMASS	153,764	2,065	145,896	1,950	141,958	1,883
NON RENEWABLES						
Diesel-vehicles, machineries, housing (litres)	2,119,084	76,075	2,281,358	81,901	1,759,480	63,165
Diesel-electricity generator (litres)	1,344,692	48,274	1,489,770	53,483	1,574,927	56,540
TOTAL NON RENEWABLES	3,463,776	124,349	3,771,128	135,384	3,334,407	119,705
THIRD PARTY ELECTRICITY						
Grid Electricity from PLN (KWH)	1,706,492	61,434	1,766,363	63,589	2,203,357	79,321
TOTAL ENERGY CONSUMPTION		187,848		200,923		200,909

Energy Intensity [GRI 302-3]

	UNIT	2022	2023	2024
TOTAL ENERGY CONSUMPTION	GJ	162,856	179,851	200,909
Total Oil Production	MT	163,251	171,467	163,489
Energy Intensity based on Oil Production	GJ/MT	1.00	1.05	1.23
Total FFB Processed	MT	801,052	818,624	767,321
Energy Intensity based on FFBs Processed	GJ/MT	0.20	0.22	0.26

GHG Emissions and Intensity [GRI 305-4]

Greenhouse Gas (GHG) Emissions Management

The impact of GHG emissions on global warming is well-documented, with climate change leading to increasingly severe and unpredictable weather patterns that affect both agricultural productivity and communities. Understanding these risks, we have established strict policies to mitigate our environmental footprint.

At Kencana, we are committed to responsible land management, ensuring that no new developments occur on peatland while upholding our zero-deforestation and zero-burning commitments for land preparation. Our emission reduction strategies focus on utilizing biomass as both a fertilizer and a renewable fuel source for generators and boilers. Additionally, we actively work to lower emissions by optimizing fertilizer use, reducing diesel fuel dependency, and transitioning residential areas from diesel-powered generators to the national power grid.

We use GHG intensity metrics to systematically track our emissions performance, which measure emissions relative to total production output. This approach is guided by the GHG Protocol standards and aligns with ISPO GHG Calculation V9.1, as well as international standards such as the ISCC EU System 205 V.3.0.

In 2024, we had calculated all our subsidiaries' GHG emission values of all our subsidiaries, which include Scope 1, Scope 2, and biogenic emissions. This initial assessment signifies a significant step forward in advancing our sustainability journey and enhancing our carbon management approach. The methodology used for GHG emissions reporting in this year's report has been enhanced from the previous year and applied consistently across all subsidiaries. While the data has not yet been externally verified, it has undergone internal review to ensure accuracy and reliability.

Total GHG Emissions [GRI 305-1][GRI 305-2][GRI 305-4]

Description	Units	2024	2023	2022
Scope 1	Ton CO ₂ eq	305,559		
Scope 2	Ton CO ₂ eq	2,359		
Total Emission	Ton CO ₂ eq	307,918	72,286	51,998
Emission Intensity	Ton CO ₂ eq/ton CPO	1.883	0.42	0.32
Biogenic	Ton CO ₂ eq	131,235		

07: Environmental Management and Compliance

Air Quality [GRI 305-7]

Maintaining air quality is a critical aspect of our environmental management efforts. Across all our estates and mill zones, we conduct regular monitoring of key air pollutants, including sulfur dioxide, carbon monoxide, and nitrogen dioxide. This proactive approach ensures that air quality remains within the regulatory limits set by local authorities and the Ministry of Environment and Forestry of Indonesia (Kementrian Lingkungan Hidup dan Kehutanan - KLHK).

By the close of the 2024 fiscal year, air quality assessments confirmed that all our operational sites complied with Indonesia's Air Quality and Air Pollution Control Standards. This ongoing commitment reflects our dedication to minimizing atmospheric pollution and upholding environmental best practices.

No.	PT	Average			Quality Standard	Unit
		Source	Parameter	Total		
1	PT Sawindo Kencana (SWK)	Up Wind	SO ₂	26	150	µg/Nm ³
			CO	1,145	10,000	µg/Nm ³
			NO ₂	13.5	200	µg/Nm ³
		Down Wind	SO ₂	26	150	µg/Nm ³
			CO	1,145	10,000	µg/Nm ³
			NO ₂	16	200	µg/Nm ³
2	PT Alamraya Kencana Mas (AKM)	Up Wind	SO ₂	35	150	µg/Nm ³
			CO	1,145	10,000	µg/Nm ³
			NO ₂	18	200	µg/Nm ³
		Down Wind	SO ₂	41.5	150	µg/Nm ³
			CO	1,145	10,000	µg/Nm ³
			NO ₂	22.5	200	µg/Nm ³
3	PT Agro Inti Kencanamas (AIK)	Up Wind	SO ₂	37	150	µg/Nm ³
			CO	1,145	10,000	µg/Nm ³
			NO ₂	22	200	µg/Nm ³
		Down Wind	SO ₂	45.5	150	µg/Nm ³
			CO	1,145	10,000	µg/Nm ³
			NO ₂	24	200	µg/Nm ³
4	PT Sawit Kaltim Lestari (SKL)	Up Wind	SO ₂	34.5	150	µg/Nm ³
			CO	1,145	10,000	µg/Nm ³
			NO ₂	13	200	µg/Nm ³
		Down Wind	SO ₂	51	150	µg/Nm ³
			CO	1,145	10,000	µg/Nm ³
			NO ₂	16	200	µg/Nm ³

No.	PT	Average			Quality Standard	Unit
		Source	Parameter	Total		
5	PT Agri Eastborneo Kencana (AEK)	Up Wind	SO ₂	38	150	µg/Nm ³
			CO	1,145	10,000	µg/Nm ³
			NO ₂	15	200	µg/Nm ³
		Down Wind	SO ₂	41	150	µg/Nm ³
			CO	1,145	10,000	µg/Nm ³
			NO ₂	14.5	200	µg/Nm ³
6	PT Delta Subur Permai (DSP)	Up Wind	SO ₂	43	150	µg/Nm ³
			CO	1,145	10,000	µg/Nm ³
			NO ₂	25.5	200	µg/Nm ³
		Down Wind	SO ₂	42	150	µg/Nm ³
			CO	1,145	10,000	µg/Nm ³
			NO ₂	24	200	µg/Nm ³
7	PT Loka Indah Lestari (LIL)	Up Wind	SO ₂	29.1	150	µg/Nm ³
			CO	440	10,000	µg/Nm ³
			NO ₂	27.6	200	µg/Nm ³
		Down Wind	SO ₂	0	150	µg/Nm ³
			CO	0	10,000	µg/Nm ³
			NO ₂	0	200	µg/Nm ³



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

Water conservation is a key pillar of our sustainability strategy at Kencana Agri. Through continuous monitoring, innovative management practices, and collaborative efforts, we focus on reducing consumption, preventing contamination, and preserving local water resources for long-term sustainability.

Our operations rely exclusively on river water, avoiding the use of groundwater to maintain ecological balance. We enforce strict quality control measures across all milling activities, ensuring that both water usage and discharge comply with rigorous environmental standards. Our estates in Bangka (Sumatra), Sulawesi, and Kalimantan are located in regions classified as low water-stress areas, as identified in the Asian Development Bank's Indonesia Water Studies (2019). This is largely due to lower population density and industrial activity compared to Java. Before constructing our mills, we conducted comprehensive Environmental Impact Assessments (EIA) to evaluate potential environmental risks, particularly concerning water availability and ecosystem health.

To address these risks, we leverage advanced computer modeling and simulation tools to develop customized water management systems for each location. Our approach includes promoting efficient water use through reduction, recirculation, and reuse initiatives while also ensuring the quality of discharged water. We have

installed monitoring wells in surrounding areas to regularly assess water quality, and wastewater treatment systems are integrated into our waste management processes to safely return treated water to the environment.

Beyond water treatment, we implement measures to improve water retention and mitigate environmental impact. Strategies such as terracing, water gate systems, and cover crop planting help control erosion, reduce flooding risks, and maintain adequate water supply, particularly during dry seasons.

During the reporting period, we utilized 1,236,505 cubic meters of water from reservoirs and rivers, with rainwater reservoirs accounting for the majority of our supply. Our water sourcing was distributed between reservoirs (58%) and river systems bordering our estates (42%). Although total water consumption increased by 6% compared to the previous year, this increase was mainly due to the expansion of operations and the addition of new regions, such as Gorontalo. Despite these changes, we upheld efficient water management across our operations.

In 2024, we processed a slightly lower volume of Fresh Fruit Bunches (FFB), resulting in a water intensity of 1.61 m³ per ton of FFB. This outcome underscores the importance of continuous improvement, and we are already implementing targeted strategies to optimize water usage across all sites.



Operational Region **	Area Water Source	2022		2023		2024	
		Withdrawal Volume (m ³)	%	Withdrawal Volume (m ³)	%	Withdrawal Volume (m ³)	%
Bangka	Reservoir*	221,841	21%	208,067	18%	225,968	20%
South Kalimantan	River^	247,001	23%	208,690	18%	223,942	20%
East Kalimantan	Reservoir 1*	137,320	13%	200,515	17%	159,398	14%
	Reservoir 2*	216,305	21%	176,069	15%	141,432	13%
	Reservoir 3*	159,714	15%	278,945	24%	224,018	20%
Central Sulawesi	River^	70,316	7%	93,514	8%	94,538	8%
Gorontalo	River^					167,208	14%
Total Water Consumption (m ³)		1,052,497	100%	1,165,800	100%	1,236,505	100%
Total FFBs Processed (Ton)		801,052		818,624		767,321	
Water Intensity (m ³ per ton FFB)		1.32		1.42		1.61	

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
- Central Sulawesi operations (PT Delta Subur Permai) started their full operation in 2020.

Palm Oil Waste Management: Plantation and Mill [GRI 303-4, 306-1, 306-2, 306-3]

At Kencana, waste reduction is a fundamental part of our sustainability strategy. We have implemented comprehensive waste management systems across our palm oil mills and plantations, prioritizing recycling, repurposing, and responsible disposal. By actively collaborating with local authorities and communities, we ensure compliance with environmental regulations while addressing any waste-related concerns. In FY2024, our commitment to effective waste management was reflected in the absence of any significant complaints regarding our practices.

Our operations generate various forms of solid waste, including empty fruit bunches (EFB), mesocarp fiber, and palm kernel shells. Rather than disposing of these byproducts, we maximize their value by converting

them into renewable energy sources, organic fertilizers, or soil enhancers. EFB, for example, is widely used as mulch to enrich soil fertility and suppress weed growth. Additionally, palm oil mill effluent (POME) is processed into organic fertilizer, promoting better nutrient absorption and contributing to higher crop yields.

To ensure the responsible application of POME, we enforce rigorous monitoring protocols, maintaining strict quality standards across all operational sites. In FY2024, all POME generated—totaling 583,391 m³—was utilized as fertilizer, with none discharged into water bodies. Our commitment to environmental stewardship is demonstrated by the consistently low Biological Oxygen Demand (BOD) levels in our POME, which averaged 809 mg/L—significantly below the regulatory threshold of 5,000 mg/L. This approach not only minimizes environmental impact but also reinforces our dedication to circular economy principles and sustainable resource management.

07: Environmental Management and Compliance

Palm Oil Waste	Utilisation	Unit	Total Amount Recovered and Recycled		
			2022	2023	2024
Empty Fruit Bunches	Fertiliser	Ton	124,961	140,205	152,319
Mesocarp Fibres	Biomass fuel	Ton	100,132	97,689	99,179
Shells	Biomass fuel	Ton	53,633	48,207	42,779
Palm oil mill effluent (POME) - Land Application	Fertiliser	m ³	808,539	659,464	583,391

In 2024, we enhanced our organic waste utilization by increasing the use of Empty Fruit Bunches (EFB) as organic fertilizer and biomass fuel. The total amount of EFB recovered and recycled reached 152,319 tons, reflecting an 8.6% increase from 2023. These advancements were driven by improvements in infrastructure, streamlined operational processes, and the enhanced expertise of our personnel in executing land application practices efficiently. This progress highlights our commitment to advancing circular economy practices by transforming palm oil waste into valuable agricultural inputs that enhance soil health and support sustainable plantation management.

Operations	2024		Outlet Regulated Max. Quality Standard	Unit	Outlet Discharge Destination
	Inlet	Outlet			
PT Sawindo Kencana (SWK)	11,977	445	5,000	mg/L	Land application to soil as fertilisers
PT Alamraya Kencana Mas (AKM)	14,058	641	5,000	mg/L	
PT Agro Inti Kencanamas (AIK)	20,597	402	5,000	mg/L	
PT Sawit Kaltim Lestari (SKL)	23,732	1,117	5,000	mg/L	
PT Agri Eastborneo Kencana (AEK)	28,394	1,678	5,000	mg/L	
PT Delta Subur Permai (DSP)	11,014	569	5,000	mg/L	
PT Loka Indah Lestari (LIL)	16,999	1,246	5,000	mg/L	
Average POME Biological Oxygen Demand (BOD)	18,295	809			



Hazardous Waste Management and Compliance [GRI 306-1, 306-2, 306-3]

Hazardous waste generated from our activities includes used lubricants, rags, batteries, filters, empty paint cans, printer cartridges, and medical waste like needles from on-site health clinics. Recognizing the environmental and safety risks associated with such waste, we are committed to its proper handling, storage, and disposal in full compliance with government regulations.

Our waste management team adheres to Standard Operating Procedures (SOPs) to ensure hazardous materials are safely segregated, labeled, and stored in fire-resistant temporary storage facilities. These storage areas are equipped with essential safety measures, including spill containment kits, alarm systems, fire suppression equipment, emergency eyewash stations, and first aid kits. Regular inspections conducted by the Regional Environmental Agency confirm our strict adherence to regulatory waste storage protocols, with all facilities operating under valid permits.

To guarantee the safe disposal of hazardous waste, we engage certified third-party service providers who specialize in waste treatment, recycling, and transportation, ensuring compliance with both national regulations and international best practices. Medical waste is securely incinerated through partnerships with local Community Health Centers, preventing any risk of contamination. Every shipment of hazardous waste is documented through manifests provided by our third-party vendors, which serve as official records submitted to the Ministry of Environment and Forestry.

Additionally, our on-site Health and Safety Officers undergo rigorous training to monitor and enforce waste management procedures, ensuring compliance with all applicable standards. In FY2024, we generated a total of 24,226.6 kilograms of hazardous waste, with zero significant spill incidents, reinforcing our commitment to responsible waste handling and environmental stewardship.

Type of Hazardous Waste	2024	%
	(Kg)	
Used Lubricant	17,779.0	73.39%
Used Battery	3,504.0	14.46%
Gloves and Cloth	317.0	1.31%
Contaminated container	581.2	2.40%
Used filter	1,977.0	8.16%
Lamp	4.1	0.02%
Medical waste	64.3	0.27%
TOTAL	24,226.6	100%

Integrated Pest Management for Sustainable Agriculture

Managing pest populations is a critical aspect of sustainable agriculture, as unchecked infestations of rodents and insects can significantly impact crop health and productivity. At Kencana, we prioritize environmentally responsible pest control methods, reducing our dependence on chemical pesticides and fostering long-term ecological balance. Our integrated pest management strategy incorporates a combination of mechanical, biological, and minimal chemical interventions to mitigate pest threats effectively.

Since 2015, we have invested in extensive research to enhance natural pest control solutions. One of our most successful initiatives has been the introduction of owls into our plantations as a biological control measure against rodents. The Owl Conservation Initiative currently supports 45 adult owls and 4 owlets across 233 shelters, significantly reducing rodent activity and chemical pesticide use while enhancing estate biodiversity. This sustainable approach demonstrates our commitment to eco-friendly operations and ecosystem preservation.



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Beyond biological controls, we have incorporated strategic planting techniques to repel pests naturally. By cultivating plant species such as *Turnera subulata*, *Turnera ulmifolia*, *Antigonon leptopus*, *Cassia tora*, and *Nephrolepis*, we provide habitats for beneficial insects that act as natural predators to leaf-eating pests like bagworms and caterpillars. In Central Sulawesi, where *Metisa plana* caterpillars pose a particular threat, we have expanded our approach by planting *Euphorbia heterophylla* alongside these pest-repelling plants to further support natural predator populations.

Through these combined efforts, we have established a sustainable, ecosystem-based pest management approach that safeguards crop yields while preserving environmental integrity.



Boosting Efficiency through Fertilization Mechanization

To enhance operational efficiency in the field, the company has implemented mechanized fertilization using the Emdek Turbo Mini Fertilizer Spreader. This innovation is aimed at optimizing both cost and time by reducing labor-intensive workdays and accelerating the overall fertilization process. By adopting this technology, the company continues to improve productivity while maintaining effective nutrient distribution across plantation areas.



Biodiversity Conservation

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

As part of the global effort to combat deforestation, in line with commitments made at COP26, we acknowledge our responsibility to preserve Indonesia's diverse ecosystems and rainforest landscapes, which play a crucial role in maintaining ecological balance. Recognizing the potential environmental impact of palm oil cultivation, we have implemented comprehensive measures to safeguard biodiversity and protect natural habitats.

Our conservation efforts begin with detailed biodiversity assessments conducted before any new plantation development. This ensures the identification and protection of High Conservation Value (HCV) areas, allowing us to integrate environmental safeguards into our land management practices. We strictly adhere to a No Deforestation, No Peat, and No Exploitation (NDPE) policy across all operations, preventing habitat loss and preserving critical ecosystems. In addition, we implement ecological restoration programs, maintain buffer zones around conservation areas, and employ sustainable land-use strategies to reduce our environmental footprint.

Beyond internal initiatives, we actively collaborate with conservation organizations to strengthen biodiversity protection efforts. By fostering these partnerships, we amplify our impact and reinforce our commitment to sustainable practices that support the long-term health of ecosystems. Through these continued efforts, we remain dedicated to minimizing our ecological impact and ensuring a sustainable future for generations to come.

As of December 2024, our palm oil operations in Indonesia continued to drive meaningful progress in environmental conservation, restoration, and protection. Our initiatives remain firmly aligned with Sustainable Development Goals (SDGs) 12 (Responsible Consumption and Production), 13 (Climate Action), and 15 (Life on Land), reinforcing our commitment to sustainable practices.

At the core of our environmental strategy are key commitments:

- Preventing deforestation in High Carbon Stock (HCS) forest areas.



- Preserving High Conservation Value (HCV) ecosystems to safeguard biodiversity.
- Enforcing a strict zero-burning policy for all new planting and replanting activities.
- Maintaining a No Deforestation, No Peat, No Exploitation (NDPE) policy, prohibiting development on peatlands of any depth.
- Adopting and integrating industry-recognized sustainability standards for responsible palm oil production.

To enhance biodiversity protection, we actively strengthen our monitoring of HCV areas, invest in capacity-building programs, and engage local communities in conservation initiatives. Our conservation framework is guided by internationally recognized methodologies, including the High Conservation Value Resources Network (HCVRN) and the High Carbon Stock Approach (HCSA), while adhering to ISPO and ISCC certification requirements.

Additionally, we implement targeted initiatives such as riverbank protection, reforestation with native tree species, and continuous wildlife monitoring. Our teams conduct thorough assessments of species found within our estates, with a particular focus on those classified as vulnerable or endangered under the Ministry of Environment and Forestry Regulation No. P.106 of 2018. Regular internal audits, led by our sustainability division, ensure compliance with environmental regulations and uphold transparency in our conservation efforts. Through these sustained actions, we reaffirm our dedication to responsible land management and long-term ecosystem preservation.

07: Environmental Management and Compliance

Strengthening Bilateral Ties: Swedish Delegation's Visit to PT Agrojaya Tirta Kencana

In conjunction with the Swedish delegation's visit to East Kalimantan from September 2–5, 2024, a working visit to PT Agrojaya Tirta Kencana (PT ATK) was held on Tuesday, September 3, 2024. The delegation, led by His Excellency Mr. Daniel Blockert, the Swedish Ambassador to Indonesia, included 11 team members. PT ATK was chosen as a representative of peatland plantation companies implementing best management practices (BMP) for sustainable peatland management.

The visit, supported by the Kutai Kartanegara Plantation Service and CIFOR, aimed to share knowledge on sustainable peatland management practices and further strengthen the bilateral relationship between Indonesia and Sweden. The delegation's engagement with PT ATK exemplified the ongoing commitment to environmental stewardship and the collaborative efforts between the two nations.





9,475.23 Ha
Area conservation

Overview of High Conservation Value Flora and Fauna Across Our Operational Regions [GRI 304-4]

Company Name	Conservation Area (Ha)	List of Protected Flora and Fauna Species	
		Flora	Fauna
PT Loka Indah Lestari	5,468.76	<ul style="list-style-type: none"> • Anggrek 1 (<i>Cattleya orchid</i>) • Anggrek 2 (<i>Cymbidium orchid</i>) • Anggrek Tebu (<i>Grammatophyllum speciosum</i>) • Anggrek Bawang (<i>Pholidota chinensis</i> Lindl.) 	<ul style="list-style-type: none"> • Julang Sulawesi (<i>Aceros cassidix</i>) • Kangkareng Sulawesi (<i>Penelopides exarhatus</i>) • Tiung (<i>Gracula religiosa</i>) • Elang Hitam (<i>Ictinaetus malayensis</i>) • Cekakak Sungai (<i>Todirhamphus chloris</i>) • Elang Tikus (<i>Elanus caeruleus</i>) • Elang-ular Sulawesi (<i>Spilornis rufipectus</i>) • Elang Sulawesi (<i>Nisaetus lenceolatus</i>) • Anoa Pegunungan (<i>Bubalus quarles</i>) • Monyet Hitam Sulawesi (<i>Macaca nigrescens</i>) • Babirusa (<i>Babyrousa babyrussa</i>) • Anoa Dataran Rendah (<i>Bubalus depressicornis</i>)
Sawit Tiara Nusa	2,206.06	<ul style="list-style-type: none"> • Anggrek 1 (<i>Cattleya orchid</i>) • Anggrek 2 (<i>Cymbidium orchid</i>) • Anggrek Tebu (<i>Grammatophyllum speciosum</i>) • Anggrek Bawang (<i>Pholidota chinensis</i> Lindl.) 	<ul style="list-style-type: none"> • Julang Sulawesi (<i>Aceros cassidix</i>) • Kangkareng Sulawesi (<i>Penelopides exarhatus</i>) • Tiung (<i>Gracula religiosa</i>) • Elang Hitam (<i>Ictinaetus malayensis</i>) • Cekakak Sungai (<i>Todirhamphus chloris</i>) • Elang Tikus (<i>Elanus caeruleus</i>) • Elang-ular Sulawesi (<i>Spilornis rufipectus</i>) • Elang Sulawesi (<i>Nisaetus lenceolatus</i>) • Anoa Pegunungan (<i>Bubalus quarles</i>) • Monyet Hitam Sulawesi (<i>Macaca nigrescens</i>) • Babirusa (<i>Babyrousa babyrussa</i>) • Anoa Dataran Rendah (<i>Bubalus depressicornis</i>)
PT Sawindo Kencana	107.32	Kantong Semar (<i>Nepenthes gracilis</i>)	<ul style="list-style-type: none"> • Elang Tikus (<i>Elanus Caeruleus</i>) • Cekakak Belukar (<i>Halcyon smyrnensis</i>) • Musang Air (<i>Cynogale bennetti</i>) • Cekakak Sungai (<i>Todirhamphus chloris</i>) • Kuntul Kecil (<i>Egretta garzetta</i>)

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Company Name	Conservation Area (Ha)	List of Protected Flora and Fauna Species	
		Flora	Fauna
PT Alamraya Kencana Mas	231.59	Tidak Ditemukan	<ul style="list-style-type: none"> • Bekantan (<i>Nasalis lavartus</i>) • Kucing Hutan (<i>Felis Bengalensis</i>) • Tupai Tanah (<i>Lariscus insignis</i>) • Elang Hitam (<i>Ictinaetus malayensis</i>) • Kangkareng Perut (<i>Anthracosceros albirostris</i>) • Kuntul Kerbau (<i>Bubulcus ibis</i>) • Raja Udang (<i>Alcedo meninting</i>) • Cekakak Belukar (<i>Halcyon smyrnensis</i>)
PT Sawit Kaltim Lestari	112.73	Kantong Semar (<i>Nepenthes gracilis</i>)	<ul style="list-style-type: none"> • Kucing Hutan (<i>Felis Bengalensis</i>) • Landak (<i>Hystrix brachyura</i>) • Lutung Merah (<i>Presbytis rubicunda</i>) • Rusa (<i>Cervus unicolor</i>) • Kuntul Kecil (<i>Egretta garzetta</i>) • Elang Tikus (<i>Elanus caerulleus</i>) • Raja Udang (<i>Alcedo meninting</i>) • Kura-kura (<i>Orlitia borneensis</i>) • Bangau Hitam (<i>Ciconia episcopus</i>) • Enggang Cula (<i>Buceros rhinoceros</i>) • Elang Bondol (<i>Haliastur indus</i>) • Bekantan (<i>Nasalis lavartus</i>)
PT Agro Inti Kencanamas	137.29	Kantong Semar (<i>Nepenthes gracilis</i>)	<ul style="list-style-type: none"> • Kucing Hutan (<i>Felis Bengalensis</i>) • Trenggiling (<i>Manis javanica</i>) • Lutung Merah (<i>Presbytis rubicunda</i>) • Rusa (<i>Cervus unicolor</i>) • Bajing Tanah (<i>Lariscus insignis</i>) • Kuntul Kecil (<i>Egretta garzetta</i>) • Beo (<i>Gracula religiosa</i>) • Raja Udang (<i>Alcedo meninting</i>) • Kura-kura (<i>Orlitia borneensis</i>) • Cekakak Sungai (<i>Todirhamphus chloris</i>) • Elang Tikus (<i>Elanus caerulleus</i>) • Elang Laut Perut Putih (<i>Haliaeetus leucogaster</i>)
PT Agri Eastborneo Kencana	1211.48	None	<ul style="list-style-type: none"> • Lutung Kelabu (<i>Trachypithecus cristatus</i>) • Bekantan (<i>Nasalis larvatus</i>) • Orangutan Kalimantan (<i>Pongo pygmaeus</i> spp. <i>morio</i>) • Rusa Sambar (<i>Rusa Unicolor</i>) • Pecukular Asia (<i>Anhinga melanogaster</i>) • Bangau Tongtong (<i>Leptoptilos javanicus</i>) • Elangikan Kecil (<i>Ichthyophaga humilis</i>) • Elang Brontok (<i>Nisaetus cirrhatus</i>) • Alapalap Capung (<i>Microhierax fringillarius</i>) • Kangkareng Perut-putih (<i>Anthracosceros albirostris</i>) • Takur Warna-warni (<i>Psilopogon mystacophanos</i>) • Kipasan Belang (<i>Rhipidura javanica</i>) • Tiong Emas (<i>Gracula religiosa</i>)
TOTAL	9,475.23		

Fire Hazard Prevention [GRI 304-1]

In 2024, Kencana continues to reinforce its fire prevention and response strategies, recognizing that climate change and shifting weather patterns heighten the risk of forest and land fires. Beyond structural defenses, we have expanded our early warning systems by integrating advanced meteorological data and real-time fire risk assessments. This allows us to anticipate high-risk periods and deploy mitigation measures ahead of time.

Moreover, we have strengthened collaboration with local communities, establishing fire awareness programs that train villagers in early detection and safe fire suppression techniques. Our dedicated fire response teams remain on high alert throughout the dry season, conducting routine patrols and readiness drills to ensure swift action in the event of an emergency. Through these initiatives, Kencana upholds its unwavering commitment to environmental stewardship and the protection of surrounding ecosystems.

Fire Prevention and Suppression Capacity Building

To strengthen fire prevention and emergency response capabilities, a total of 45 personnel equivalent to 3 firefighting teams from DSP and SCEM participated in specialized fire management training conducted by Manggala Agni from 13 to 15 December 2024.

The training program was designed to enhance both knowledge and operational readiness in handling land and forest fires (karhutla). The modules delivered included:

- Forest and land fire control policy and institutional framework.
- Basic theory of forest and land fires.
- Early detection systems for karhutla.
- Preventive measures for fire risk reduction.
- Fire suppression techniques and command system coordination.
- Reporting systems for fire incidents.

This initiative underscores the company's commitment to environmental protection and operational preparedness, particularly in areas prone to fire-related risks.



| Social



At Kencana Agri, we are committed to cultivating a safe, inclusive, and accountable workplace while generating beneficial socioeconomic impacts for communities and ecosystems. We prioritize sustainable practices throughout our value chain, providing high-quality products that align with global standards and consumer expectations. [GRI 413-2]

We maintain gender pay equity with equal salaries and compensation for women and men in similar positions. Our compensation packages are competitive and include medical benefits, insurance, leave entitlements, and allowances for transportation and meals, prioritizing the well-being of our employees and their families. Additionally, we offer training opportunities that promote career advancement and personal development, equipping our employees with the skills necessary to foster innovation and improve productivity. [GRI 2-7; 202-2; 202-1; 401-1; 401-2; 404-1; 405-1]

Upholding human rights is essential to our operations. We support fair labor practices, such as the right to join unions, and implement a strict policy against forced and child labor, ensuring that no employee under 18 is employed. Cultivating a communicative culture, including the development of our Collective Bargaining Agreement to cover and protect all employees, reinforces

our commitment to fair working conditions. Embracing diversity enriches our business by bringing fresh perspectives and promoting an inclusive culture. [GRI 2-23; 2-30; 408-1; 409-1]

The health and safety of our employees are our highest priorities. We offer extensive health services and conduct regular medical check-ups while upholding strict occupational health and safety standards to guarantee a safe working environment. By embedding these values, we are committed to fostering a responsible and sustainable business that benefits all stakeholders. [GRI 403-1; 403-2; 403-7; 403-8]

Diversity and Equal Opportunity

[GRI 3-3, 405-1, 405-2, 406-1, 408-1, 409-1]

At Kencana Agri, we acknowledge that a diverse and inclusive workforce is essential for promoting innovation, resilience, and sustained success. We are dedicated to establishing an equitable work environment where all employees—regardless of gender, ethnicity, religion, age, or other characteristics—are afforded equal opportunities to excel. Our policies guarantee that employment decisions, encompassing hiring, promotions, and compensation, are predicated on merit, performance, and qualifications.

“At Kencana Agri, we acknowledge that our diverse and inclusive workforce serves as the foundation for our business growth and constitutes our most valuable asset. We remain committed to cultivating a safe, equitable, and empowering work environment that fosters high performance and supports the ongoing success of our employees.”



Diversity and Inclusion [GRI 405-1]

We acknowledge that diversity fortifies our Company by introducing innovative perspectives and improving decision-making processes. Our policies guarantee equitable treatment in all human resource procedures, encompassing recruitment, promotions, training, and retirement. We uphold transparent and meritocratic hiring and compensation practices, promoting female

representation, and career progression within the palm oil industry.

As of December 31, 2024, 1,397 women are employed across the Group, representing 18% of our workforce. We remain committed to increasing gender diversity in leadership roles and operational positions. [GRI 405-1]

Female Representation in Workforce	%	Total
Percentage of female employees from total number of employees	18%	1,397
Percentage of female employees in our plantation operations	94%	1,319
Percentage of female employees in our mills	1%	14
Percentage of female employees staff levels (HO, plantations and mills)	5%	64

Board of Directors [GRI 405-1]	Origin of Country		Total
	Indonesian	Singaporean	
Gender			
Male	4	1	5
Female	1	0	1
Age			
18-30 years old	0	0	0
30-50 years old	2	0	2
>50 years old	3	1	4
Grand Total			6



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	25	1	26
Manager	50	7	57
Senior Assistant/Senior Officer	76	12	88
Assistant/Officer	238	39	277
Operative	5,754	1,338	7,092
Grand Total	6,154	1,402	7,556



Moreover, Kencana Agri is dedicated to creating an inclusive workplace that provides every employee the chance to thrive. As of December 31, 2024, Kencana Agri employs a total of 7,556 employees, comprising 2,612 permanent and 4,944 non-permanent employees. We employ exclusively Indonesian nationals across our entire workforce, including the Board of Directors, highlighting our dedication to local employment and governance. [\[GRI 202-2\]](#)

Workforce Diversity by Gender, Age and Nationality

Total of Employees [GRI 2-7]		Region					Total	Percentage
		Jakarta-Head Office	Singapore Office	Sumatra	Kalimantan	Sulawesi		
Gender								
Male	Permanent*	95	-	357	1,637	237	2,326	31%
	Non-Permanent*	8	-	211	2,330	1,284	3,833	51%
Female	Permanent	44	1	29	198	14	286	4%
	Non-Permanent	7	-	87	758	259	1,111	15%
Age								
18-30 years old		23	-	232	1,724	761	2,740	36%
30-50 years old		88	1	400	2,932	880	4,301	57%
>50 years old		43	-	52	267	153	515	7%
The Worker Origin								
Local		154	-	500	1,658	1,012	3,324	44%
Non-Local		-	1	184	3,265	782	4,232	56%
Total		154	1	684	4,923	1,794	7,556	100%

Note:

*We do not employ "part-time employees", or somebody who has flexible workhours (on-off basis).

*Based on Indonesian Labor Law, "non permanent employee" or "Perjanjian Kerja Waktu Tertentu (PKWT)" refer to contract worker that the contract needs to be renewed at end of period. While "permanent employee" or "Perjanjian Kerja Waktu Tidak Tertentu (PKWTT)" refer to indefinite time employment.



New Recruitment Diversity by Gender and Position [GRI 401-1]

New Recruitment	Region					Total
	Jakarta-HO	Singapore	Sumatra	Kalimantan	Sulawesi	
By Gender						
Male	19	0	2	43	22	86
Female	3	0	1	2	0	6
By Position						
Chief/Directors	0	0	0	0	0	0
Head/General Manager	0	0	0	0	1	1
Senior Manager	0	0	0	0	0	0
Manager	1	0	0	4	1	6
Senior Assistant/Senior Officer	3	0	1	7	6	17
Assistant/Officer	18	0	2	34	14	68



Turnover Diversity by Gender and Position [GRI 401-1]

Turnover	Region					Total
	Jakarta-HO	Singapore	Sumatra	Kalimantan	Sulawesi	
By Gender						
Male	16	0	3	47	24	90
Female	1	0	0	0	1	2
By Position						
Chief/Directors	0	0	0	0	0	0
Head/General Manager	0	0	0	0	1	1
Senior Manager	0	0	1	2	0	3
Manager	1	0	0	7	3	11
Senior Assistant/Senior Officer	4	0	0	5	4	13
Assistant/Officer	12	0	2	33	17	64
Operative	0	0	0	0	0	0

Commitment to Fair and Inclusive Employment Practices

At Kencana, we recognize that our employees are central to the Group's success, and we are committed to maintaining high employee satisfaction and talent retention to achieve operational excellence. Our focus is on the growth and development of our workforce, and we believe that regular performance and career development reviews are essential in supporting employees to reach their full potential.

We are proud that 100% of our employees undergo regular performance and career development reviews, ensuring opportunities for goal setting, constructive feedback, and skill enhancement. This commitment fosters a culture of continuous learning and improvement, empowering

employees to achieve their personal and professional aspirations while contributing to the long-term success of the Group. [\[GRI 404-3\]](#)

Kencana is dedicated to fair employment practices and aspires to be an employer of choice. Our hiring process follows strict non-discrimination and fairness principles, ensuring equal opportunities regardless of gender, race, religion, or age. In line with our commitment to pay equity, the ratio of basic salary and remuneration for women and men in similar positions is 1:1. We also adhere to Indonesia's Upah Minimum Regional (UMR) standards, ensuring all employees receive salaries at or above the regional minimum wage. [\[GRI 405-2; GRI 202-1\]](#)

Region	Wage Ratio to Minimum Wage	
	Permanent	Non-Permanent
Sumatra	2.30	1
Kalimantan	2.40	1
Sulawesi	2.63	1



08: Social

To support the well-being and financial security of our employees, we provide a comprehensive benefits package, including:

- Medical coverage, insurance, and pension contributions.
- Transportation allowances and food subsidies.
- Health, employment, and retirement social security programs.

We prioritize open communication and active employee involvement to foster an inclusive and transparent workplace. Our Collective Bargaining Agreement (CBA) establishes clear frameworks to protect employees' rights and facilitate dialogue between management and employees. As of December 31, 2024, a total of 1,204 employees are affiliated with various unions across our operations, reinforcing our commitment to workers' rights and open dialogue. [GRI 2-30; 407-1]

Additionally, we focus on maintaining a positive relationship with employees by continuously assessing our policies and performance to ensure compliance with national labor laws and industry best practices. Our key priorities include:

- Ensuring legal compliance across all operational locations.
- Encouraging open communication and employee feedback.
- Building strong relationships based on trust and cooperation.
- Providing fulfilling job experiences in a safe and healthy work environment.
- Offering career development opportunities alongside competitive compensation and incentives.

List of Labor Union and Total Number of Kencana Employees Registered as Member

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



Furthermore, our employment policy is fully compliant with Indonesian labor laws and actively promotes fairness, respect, and equal opportunity for all employees. Below is a comprehensive list of our incentive systems for both permanent and non-permanent employees, which provide equitable and competitive compensation packages.





Benefits of Permanent and Non-Permanent Employees [GRI 401-2]

Description	Permanent			Non-Permanent
	Staff		Non Staff	
	SO	HO		
Basic Salary	✓	✓	✓	✓
Position Allowance	✓	✓	x	x
Regional Allowance	✓	x	x	x
Helper Allowance	✓	x	x	x
Transport Allowance	x	✓	x	x
Lunch Allowance	x	✓	x	x
Leave Allowance	✓	✓	x	x
Religious Holiday Allowance	✓	✓	✓	✓
Annual Leave	✓	✓	✓	x
Leave of Absence	✓	✓	✓	x
Health Social Security	✓	✓	✓	x
Employment Social Security	✓	✓	✓	✓
Retirement Social Security	✓	✓	✓	x

Promoting a Safe and Respectful Workplace [GRI 406-1]

Kencana Agri is committed to maintaining a safe, respectful, and harassment-free work environment wherein all employees feel valued and safeguarded. We have instituted stringent anti-discrimination and anti-harassment policies, which guarantee that:

- Any form of workplace discrimination, harassment, or unfair treatment is strictly prohibited, and there are clear procedures for reporting and addressing complaints.
- Employees can access confidential grievance mechanisms, enabling them to report concerns without fear of retaliation.
- Regular awareness programs and training sessions are conducted to reinforce ethical workplace conduct and inclusivity.

Creating a culture of mutual respect and fairness allows all employees to thrive in a positive, professional, and supportive environment.

Fostering Harmonious Industrial Relations through the Kencana Dialogue Forum

On December 12–13, 2024, Kencana Agri Ltd.'s Area 2 and 3 successfully convened the Kencana Dialogue Forum 2024 at Hotel Amaris in Samarinda. The event brought together key stakeholders—including employees, management, plantation leaders, labor union representatives, and local government agencies—to strengthen communication, align on the company's operational programs, and support the 2025 work plan. The forum served as a strategic platform to promote open dialogue, mutual respect, and collaboration, with a core focus on enhancing industrial relations and ensuring compliance with labor regulations.

In addition to structured discussions, the forum incorporated team-building activities to foster trust and unity among participants. This initiative reinforced the company's commitment to sustainable employee relations and its broader Environmental, Social, and Governance (ESG) objectives. By advocating for inclusive dialogue and fair labor practices, the event demonstrated Kencana Agri's dedication to human rights protection and social responsibility—key pillars of long-term business sustainability. The success of the forum not only deepened employee engagement but also cultivated a more positive and collaborative corporate culture across the organization.



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

Kencana Agri upholds a zero-tolerance policy regarding forced labor and child labor throughout all our operations and supply chains. We are committed to ensuring that our workplaces embody ethical practices, fairness, and adherence to labor rights standards by strictly complying with Indonesian labor laws as well as international regulations, including:

- No employment of employees under 18 years old, with rigorous identity verification in place to prevent child exploitation.
- Providing access to education and daycare facilities at all operational sites supports employees and their families.
- Prohibit forced labor, ensure all employment terms are clearly communicated, and provide contracts in workers' native languages.
- Timely wage payments without withholding wages, personal belongings, or identity documents without consent.
- No recruitment fees or bonded labor ensure that no employee is obligated to pay deposits or surrender documents as a condition of employment.

Employment, Training, and Education [GRI 3-3, 404-1]

At Kencana Agri, we acknowledge that continuous learning and development are essential for our Company success. We are dedicated to providing training opportunities that facilitate both the professional and personal advancement of our employees, customized to meet the specific requirements of diverse roles within the Company.

Training and Development Programs

Our comprehensive training initiatives encompass:

- **Formal Training Sessions:** Covering industry-specific skills, sustainability practices, and leadership development to enhance competencies across all levels.
- **On-the-Job Learning and Mentorship:** Providing hands-on experience and guidance, particularly for new hires and those transitioning into new roles.
- **Mandatory Compliance and Safety Training:** Ensuring all employees are well-versed in regulatory

requirements and safety protocols relevant to their positions.

- **Department-Specific Educational Seminars:** Tailored programs addressing the unique needs of different departments, such as agronomy workshops for plantation staff or technical training for mill operators.

Through these training initiatives, Kencana Agri ensures that each employee receives the support and resources necessary to excel in their specific roles contributing to the overall success and sustainability of the company.

In the year 2024, we focused on enhancing the capabilities of our workforce at all levels, encompassing directors to frontline employees within our estates and mills. Our personnel collectively accrued a total of 62,596 training hours, with an average of 6.92 hours per male employee and 7.72 hours per female employee. This commitment underscores our unwavering dedication to skill enhancement and continuous development throughout the Group.

Training Hours by Gender [GRI 404-1]

Training Hours by Gender [GRI 404-1]	Number of Employees	Training Hours	Average Training Hours/Employee (per Year)
Male	7,981	55,225	6.92
Female	955	7,371	7.72
Total	8,936	62,596	7.00

More Than

62,596

Man-Hours of Trainings were Provided Throughout 2024



Training Hours by Position [\[GRI 404-1\]](#)

Training Hours by Position	Participants		Training Hours	
	Male	Female	Male	Female
Chief/Directors	13	-	120	-
Head/General Manager	127	28	1,609	328
Senior Manager/Manager	740	25	8,925	248
Senior Assistant/Senior Officer	318	45	3,705	360
Assistant/Officer	1,509	124	11,689	969
Operative	5,274	733	29,178	5,466
Grand Total	7,981	955	55,225	7,371

Training Topics [\[GRI 404-2\]](#)

Training Topics	Training Hours	
	Male	Female
Estate Operational	12,370	999
Mill and Bulking Operational	2,065	26
Maintenance, Workshop, Technic, Transportation, Civil, and Infrastructure	4,273	-
Sustainability and Environmental	2,157	353
Fire Management System	3,511	9
Safety and Health	1,049	108
Administration	1,707	2,129
Finance, Tax, Bussiness	933	568
Human Resources	4,191	824
Management Trainee and New Employee Orientation	1,320	9
Legal and Social	200	56
Leadership and Motivational	9,957	480
Continuous Improvement	2,090	442
Mentality	4,102	900
Company Culture	5,300	468
TOTAL	55,225	7,371



Driving Innovation: The Evolution of Continuous Improvement in Kencana Agri

As part of the Kencana League, the Continuous Improvement (CI) program serves as a platform for employees to present practical innovations aimed at enhancing technical performance in areas such as mill operations, agronomy, support functions, and transport engineering. These initiatives originate from structured problem-solving efforts and are designed to address root causes, improve efficiency, and reduce operational costs.

In 2023, participants from each Site Office (SO) submitted their proposals, which were evaluated by SO management. A semifinal selection process followed, led by Area Managers and General Managers, resulting in six finalists. These finalists underwent a trial period and further analysis throughout the year. The final stage of the competition was held in 2024 in Jakarta, with presentations assessed by the CEO, COO, CFO, and Area Managers from all regions.

After a comprehensive evaluation, Zaitun from PT Delta Subur Permai (DSP) was announced as the 2024 CI Program winner with the innovation titled “Menurunkan Persentase Lembur Operator WTP dengan Pemasangan Pipa Sakti”, a solution aimed at reducing overtime through process improvement.

Final assessments were based on four key criteria:

1. Impact of the idea on improving work processes, cost, time, or quality.
2. Ease of implementation in the workplace.
3. Supporting documentation, including data, photos, or videos explaining the estimated benefits.
4. Effectiveness of presentation and Q&A delivery during the final judging session.



Occupational Health and Safety

[GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10]

At Kencana Agri, we place utmost importance on the health, safety, and well-being of our workforce, acknowledging that our employees represent our most valuable asset. Our Occupational Health and Safety (OHS) management system is entirely in compliance with Indonesian labor laws and adheres to industry best practices, which include:

- Government Regulation No. 50 of 2012 concerning the implementation of Occupational Safety and Health Management Systems.
- Minister of Agriculture Regulation No. 38 of 2020, which governs the Indonesian Sustainable Palm Oil (ISPO) certification requirements.

- Minister of Environment and Forestry Regulation No. 1 of 2021, which mandates corporate environmental performance ratings.

We perform regular risk assessments, enforce stringent safety protocols, and conduct thorough incident investigations to uphold a safe working environment throughout all our plantations and mills.

Comprehensive OHS Framework

Our OHS policies and procedures are governed by structured Standard Operating Procedures (SOPs) that cover eight (8) critical focus areas:



We advocate for open communication regarding workplace safety by conducting annual formal meetings between management and employees, thereby ensuring that employee concerns are acknowledged and addressed. Our safety standards are perpetually enhanced through contributions from industry experts, operational teams, and external consultants. Furthermore, we collaborate with business partners and contractors to guarantee adherence to our health, safety, and environmental ethics.

Safety Performance and Training [\[GRI 403-2, 403-5\]](#)

At Kencana Agri, we are steadfastly dedicated to the objective of zero fatalities while consistently enhancing workplace safety. Our strategy encompasses:

- Regular hazard identification and risk assessments across plantations and mills.
- Comprehensive incident investigations to determine root causes and implement corrective measures.
- Routine review and updates of OHS policies to align with industry best practices.
- Mandatory OHS training programs specifically tailored to meet job-related safety requirements.

Significant Occupational Hazards and Workplace Accident Risks

Throughout 2024, the Occupational Health and Safety (OHS) team conducted hazard identification, risk assessments, monitoring, and follow-up actions across all operational areas and subsidiaries. Based on these evaluations, the following significant workplace hazards and risks have been identified, along with control measures to mitigate potential accidents:

High-Risk Activities, Potential Impact, and Control Measures

High-Risk Activity	Potential Significant Impact	Control Measures
Falling fronds/ thorns	Injuries due to falling palm fronds or exposure to sharp thorns	<ul style="list-style-type: none">• Harvest training (proper tool use, safe frond cutting, and correct harvesting techniques)• Strict supervision by site supervisors• Regular inspections by HSE specialists
Sharp work tools (harvesting knives, machetes)	Cuts, lacerations, or severe hand injuries	<ul style="list-style-type: none">• Training on the safe use of work tools• PPE awareness campaigns (use of protective gloves, tool guards)• Strict supervision by site supervisors• Regular inspections by HSE specialists
Traffic accidents	Injuries due to vehicle collisions or unsafe road conditions	<ul style="list-style-type: none">• Installation of safety signs, including speed limits• Road safety awareness campaigns for employees and contractors

In FY2024, a total of 894 employees participated in Occupational Health and Safety (OHS) training, thereby enhancing awareness and compliance with safety protocols. As of the conclusion of FY2024, we employ 7 certified OHS officers who are tasked with supervising workplace accidents and reporting directly to the Area Manager in each region and Sustainability Department.

Despite our ongoing efforts, we are pleased to report that there have been no fatalities in FY2024, which exemplifies our commitment to upholding a safe and healthy work environment for all employees and contractors.

0	94.8	434.66
Fatalities	Frequency Rate	Severity Rate

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



Occupational Health Services

[GRI 403-3, 403-6]

Kencana Agri places a high priority on employee health by offering comprehensive Occupational Health Services. Since the year 2000, we have established partnerships with local hospitals and clinics to provide complimentary basic medical care, which includes regular health check-ups. Our estate health facilities work in collaboration with community health centers (Puskesmas) to execute standardized health procedures, with the support of resident physicians and paramedics who have undergone HIPERKES training.

Our occupational health services are driven by the identification of work-related hazards and health risk assessments at each operational site, ensuring targeted and preventive care for all categories of workers, including permanent, contract, and temporary personnel.

In alignment with our commitment to workplace health, all employees are entitled to participate in an annual Medical Check-Up (MCU). This examination encompasses general physical health screenings, lung function evaluations, eyesight assessments, and cholinesterase monitoring. These check-ups are administered in collaboration with government-authorized health clinics, regional hospitals, or local Provincial Health and Safety Centers, thereby ensuring adherence to established regulatory health standards. The MCU program is instrumental in the early detection of occupational health risks, facilitating prompt intervention and preventive initiatives.

We rigorously implement policies safeguarding pregnant employees from chemical exposure and offer maternity screenings and support at our on-site clinics. In FY2024, 1,145 employees received medical check-ups.

In addition to occupational screenings, we promote worker well-being through health education and awareness programs covering nutrition, mental health, and healthy lifestyles. These voluntary and confidential services are accessible to all employees, including contract and site-based workers.

Medical Check-Ups

Medical Check Ups for Employees	Number of Participants
Cholinesterase	410
Spirometry	398
Audiometry	295
General	300
Total	1,145



Social Community Development

[GRI 203-2, 413-1]

At Kencana Agri, Corporate Social Responsibility (CSR) transcends being merely a regulatory obligation; it represents a fundamental commitment to nurturing long-term sustainability and shared value for all stakeholders. The company acknowledges that responsible business practices are imperative for ensuring the well-being of our employees, communities, and the environment. By integrating CSR into the Company's core operations, Kencana Agri endeavours to generate a positive and enduring impact that extends beyond mere profitability, thereby reinforcing our position as a responsible corporate citizen. The Company espouses the belief that sustainability is attained through a harmonious balance between economic advancement, environmental stewardship, and social welfare—an approach that bolsters resilience and promotes inclusive growth.

Kencana Agri's CSR initiatives are strategically designed to address fundamental aspects of community development, environmental conservation, and stakeholder engagement. The company is dedicated to improving local livelihoods through education, healthcare, and economic empowerment, while simultaneously implementing best practices in sustainable agriculture and resource management. Through continuous collaboration with local governments, non-governmental organizations (NGOs), and industry stakeholders, Kencana Agri persistently enhances our CSR programs, thereby driving significant and meaningful change in the regions where the Company operates.

Our Social Community Development Focus

Our corporate strategy incorporates the Group's Community Development Program, which is deliberately crafted to target the distinct needs of local communities. By working together, we establish partnerships with community members to empower and promote their positive development. Our social community development center around four main focal points:



EMPOWERING LOCAL COMMUNITIES

We are committed to strengthening local livelihoods by fostering partnerships that drive economic growth. Since 1997, our Plasma Partnership Initiative has supported smallholders in building sustainable agribusiness ventures within our operational areas. We also collaborate with indigenous and local communities through various plasma scheme partnerships, ensuring inclusive and long-term economic benefits.

FOCUS 1



FOSTERING ENGAGEMENT & GOOD RELATIONSHIP

Engaging with local communities is essential to fostering positive relationships and promoting sustainable development. Kencana takes a proactive and transparent approach, encouraging open dialogue and long-term partnerships. We provide accessible channels for communities to raise environmental and social concerns, supported by clear processes to address them effectively.

FOCUS 2



FOCUS 3



RESPECTING THE RIGHTS OF INDIGENOUS PEOPLE

Kencana operates near regions where Indigenous and local communities hold land rights and decision-making authority over development. We are committed to upholding their rights, preserving biodiversity, and ensuring that their lands, territories, and resources are protected and managed responsibly.

FOCUS 4

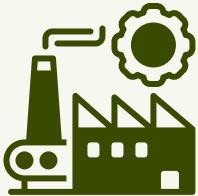


SUPPORTING BETTER WELFARE

We actively support rural development and improved quality of life through our Community Development Programs and job creation initiatives. A portion of our revenue is dedicated to education, teacher support, healthcare, and public infrastructure, reinforcing our long-term commitment to social progress.

Strengthening Community Engagement in 2024

In 2024, Kencana Agri actively participated in various social initiatives, reinforcing our commitment to supporting local communities. These programs were thoughtfully designed to address diverse community needs, ensuring meaningful and lasting impact.



KENCANA PRODUKTIF

Kencana Produktif is our CSR initiative focused on economic empowerment within local communities. This program provides knowledge and opportunities that help communities develop their skills and enhance their economic potential. By supporting sustainable economic growth, we create shared progress for both the community and our organization.

Empowering Communities Through Sustainable Catfish Farming



As part of its commitment to community development, PT Sawindo Kencana (SWK) continues to promote economic empowerment in the regions where it operates. In Sinar Surya Village, the company has launched a catfish farming program to support local livelihoods through innovative economic initiatives.

On December 12, 2024, PT Sawindo Kencana (SWK) provided extensive assistance for catfish cultivation, covering pond rehabilitation, seed distribution, and feed supply. This initiative ensures that farmers receive support from the breeding stage to harvest, equipping them with the necessary resources to boost their income and enhance food security in the area.

Empowering Youth Through Sports Initiatives



In 2024, PT Wira Mas Permai (WMP), a subsidiary of Kencana Agri Ltd, actively supported youth development by sponsoring sports competitions organized by local Karang Taruna (youth organizations). By contributing Rp 30,000,000 to fund events in Desa Toiba on October 24, 2024, and in Desa Malik on December 21, 2024, PT Wira Mas Permai (WMP) promoted healthy and active lifestyles while guiding young people away from negative influences. These initiatives provided opportunities for youths to excel in sports and fostered values such as teamwork, discipline, and community spirit, underscoring the company's commitment to human capital development and youth empowerment.



KENCANA BERPRESTASI

Kencana Berprestasi was established following an internal assessment of educational needs. This program aims to unlock the potential of children in both academic and non-academic fields while improving access to quality education and better learning facilities. Through this initiative, we strive to create brighter opportunities for future generations.

Investing in Early Childhood Education: New Facilities of TK/PAUD by SKL

As part of its commitment to community development and education, PT Sawit Kaltim Lestari (SKL) initiated the construction of an early childhood education center (TK/PAUD) in 2023. The facility was officially inaugurated on October 10, 2024, marking a significant step in enhancing access to quality education for young children in the surrounding community.





KENCANA BERBUDAYA

Our program is central to our community development initiatives, focusing on preserving and promoting cultural heritage in the regions where we operate.



Preserving Banggai's Cultural Heritage

In 2024, Kencana, through our subsidiaries PT Delta Subur Permai (DSP), reaffirmed its dedication to cultural preservation by continuing its support for safeguarding the Raja Banggai Tomb of Haji Sukuran Aminuddin Amir, a sacred historical site within its concession area. This landmark, along with its museum, traditional house (rumah adat), and mosque, embodies the rich heritage of the Banggai Kingdom and is classified as a high conservation area. Routine monitoring and rehabilitation efforts, including restoration projects and landscape upkeep, ensure the integrity and accessibility of these culturally significant assets for future generations.

In addition to physical preservation, we actively collaborate with local communities to promote the site's historical importance. Awareness campaigns and cooperative initiatives with community members and cultural stakeholders foster a shared sense of pride and ownership.

Honoring Heritage: Kencana's Support for the Erau Adat Benua Tuha Tradition

As part of our continued commitment to cultural preservation and community empowerment, Kencana, specifically Area 3, has played an active role in supporting Erau Adat Benua Tuha—a deeply rooted tradition of the indigenous Dayak community in Kalimantan. This cultural celebration, centered around gratitude for agricultural prosperity and hopes for future blessings, reflects the spiritual and artistic richness of Dayak heritage. Held in Sabintulung Village, Muara Kaman District, the festival serves not only as a celebration but as a living symbol of cultural identity for local communities.

Since 2022, Kencana, through collaboration with three of its subsidiaries, has partnered with local authorities to revive and sustain this post-pandemic cultural milestone. Our support included financial backing, logistical resources, heavy equipment, and construction assistance to ensure the smooth and meaningful execution of the event.





Religious Programs

Kencana is dedicated to enhancing the spiritual well-being of communities by honoring and promoting religious practices in its operational regions. Through a range of CSR initiatives, we aid in maintaining religious harmony and cultural values.

Kencana Agri Commemorates Easter with Kids from the Orphanage

In alignment with our Corporate Social Responsibility (CSR) initiatives, PT Sawit Kaltim Lestari (SKL) celebrated Easter 2024 by engaging with children from the orphanage Panti Asuhan Sun Shine located in Samarinda city. The purpose of this event was to foster joy and provide support to underprivileged children, thereby reinforcing the company's dedication to community welfare.

Employees and volunteers collaboratively coordinated entertainment, storytelling, and group activities, in addition to distributing gifts and essential donations. Beyond mere material support, this initiative cultivated hope and connection, thereby reflecting Kencana Agri's commitment to social responsibility.



Fostering Social Harmony during Ramadan

In 2024, Kencana Agri supported community engagement activities in recognition of key religious and cultural moments observed by local communities. To mark Ramadan, the Company participated in a series of initiatives across our operational locations, demonstrating its respect for local traditions and commitment to social harmony.

As part of the Ramadan Safari program, conducted from March - April, Kencana representatives visited local mosques to engage in communal prayers, religious lectures, and shared meals with surrounding communities. The program also included honorariums for religious speakers and financial support for local mosque activities, strengthening relationships and fostering a sense of solidarity between the Company and the communities where it operates.



Community Support during Eid al-Adha

As part of its continued commitment to social responsibility and community engagement, Kencana Agri supported the 2024 Eid al-Adha celebrations by donating livestock—comprising cattle—to communities surrounding its operational areas. This annual initiative reflects the Company's ongoing efforts to support local cultural and religious practices while fostering positive relationships with surrounding communities.



Supporting Spiritual Growth: Construction and Inauguration of the Oikumene Church

Demonstrating our ongoing commitment to supporting the spiritual needs of our communities, construction of the Oikumene at PT Sawit Kaltim Lestari (SKL) began in October 2023. After a year of development, the church was officially inaugurated on October 10, 2024.

The church now serves as a venue for regular weekly worship and has become a central location for significant religious celebrations, including the 2024 Christmas service. This initiative reflects the Company's commitment to fostering inclusive spiritual spaces and enhancing communal harmony across its operational areas.





Infrastructure Support [GRI 203-1]

Enhancing local infrastructure is central to Kencana's initiatives aimed at boosting the quality of life in nearby communities. We prioritize the development and restoration of public facilities to promote better access and foster long-term resilience within the community.



Improving Clean Water Access for Local Farmers

PT Delta Subur Permai (DSP) took significant steps to improve clean water accessibility for local farming communities by constructing a water well and pump system along the jalan tani (farm road) in Seseba Village. This initiative specifically benefited corn and coconut farmers, enhancing daily productivity and access to essential resources. By delivering this vital infrastructure, PT DSP not only addressed a critical community need but also bolstered agricultural resilience and improved the quality of rural life, reflecting its commitment to sustainable livelihoods and grassroots infrastructure development.



Kencana Agri completes the Atang Bangkong Bridge, Enhancing Connectivity in Paser Regency

In September 2024, PT Agro Inti Kencanamas (AIK), a subsidiary of Kencana Agri, successfully finalized the construction of the Atang Bangkong Bridge in Riwang Village, Batu Sopang District, Paser Regency, East Kalimantan. This initiative pertaining to Corporate Social Responsibility (CSR), entailing an investment of approximately IDR 400 million, was accomplished within a one-month timeframe.

The bridge, constructed with premium-grade steel, possesses the capability to support loads of up to 55 tons. This infrastructure substantially enhances mobility for the residents of Riwang and adjacent villages, while also facilitating the transportation requirements of Kencana Agri's palm oil operations.



Infrastructure Support

Restoring Connectivity through Village Bridge Rehabilitation

In August 2024, PT Sawindo Cemerlang (SCEM) contributed to community infrastructure by supporting the rehabilitation of a village bridge in Ondo-Ondolu. The company provided materials, including timber, while construction was completed collaboratively with local residents through a gotong royong (mutual cooperation) effort. The project restored critical access between villages, eased daily commutes, and stimulated local economic activities, demonstrating PT Sawindo Cemerlang (SCEM) commitment to community well-being and resilient infrastructure.





Health and Well-being

Ensuring access to quality healthcare is a fundamental pillar of Kencana's community development initiatives. Through a range of targeted health programs, we strive to enhance public health outcomes and promote the overall well-being of the communities we serve.

Kencana Agri - Area 3 Launches First Blood Donation Drive

In May 2024, Kencana Agri - Area 3, which includes the subsidiaries PT Sawit Kaltim Lestari (SKL), PT Agrojaya Tirta Kencana (ATK), and PT Agri Eastborneo Kencana (AEK), conducted our inaugural blood donation event. This initiative was held in Sabintulung Village, Muara Kaman District, Kutai Kartanegara Regency, and received participation from a significant number of employees.

This initiative highlights the company's dedication to social and environmental responsibility, with the objective of fostering positive impacts on community health and well-being. In partnership with the Indonesian Red Cross (PMI) of Kutai Kartanegara, the event further supported local governmental programs that promote regular blood donation.

By facilitating such activities, we are not only contributes to life-saving efforts but also cultivates a culture of empathy and civic responsibility among the Company's workforce.



Caring for Community Health through a Mass Circumcision Program in Batui

In 2024, PT Delta Subur Permai (DSP), one of our subsidiaries, reaffirmed our dedication to community welfare by organizing a mass circumcision (khitanan) program as part of its ongoing CSR activities in the Batui District. Held at the PT DSP clinic in partnership with Puskesmas Batui, the event served 15 children from Honbola Village and the sub-districts of Lamo, Balantang, and Tolando.

The program provided essential health services to local families in a safe and supportive environment. To further encourage the children, each participant received a gift package containing school supplies and a sarong.

Plasma Partnership [GRI 413-1]

Established in 1997, the Plasma Partnership aims to foster strong, self-sustaining socio-economic communities near our operational sites. Through this initiative, we provide local smallholder farmers with essential resources, including practical training, high-quality seedlings, guidance on fertilizers and pesticides, modern farming technologies, and support with land titling and FFB transportation to palm oil mills. By sharing best practices, we help farmers improve productivity and long-term sustainability.

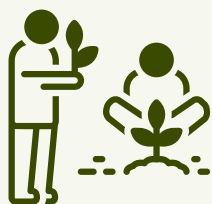
As mandated by the Indonesian government, at least 20% of plantation land must be allocated for plasma planting. We maintain a sustainable partnership with plasma suppliers, ensuring compliance with regulations while addressing any challenges through open communication and grievance resolution mechanisms. This partnership has delivered both social and economic benefits to participating farmers, strengthening rural livelihoods.

One example of our program's impact can be seen in Tempilang, a town near our SWK operations, where plasma partnerships have significantly improved living standards and regional economic growth over the past 20 years. To celebrate the success of local agriculture, the community hosts the annual Ruahan Festival, a cultural tradition expressing gratitude for improved harvests.



Key Components of the Plasma Partnership

Program	Description
KKPA (Kredit Koperasi Primer untuk Anggota – Cooperative Credit Scheme)	This program supports local communities in developing their plantations. We collaborate with financial institutions and cooperatives to help smallholder farmers access funding, often serving as a guarantor. To ensure success, we provide mentorship and training in financial management, cooperative administration, agricultural best practices, and operational efficiency.
KKSR (Kebun Kelapa Sawit Rakyat – Community Oil Palm Plantations)	This initiative empowers local communities to develop palm oil plantations on underutilized government-owned land. Kencana facilitates partnerships with local governments and ensures guaranteed procurement of raw materials from KKSR plantations to provide farmers with stable market access.
Revitbun (Revitalisasi Perkebunan – Plantation Revitalization)	As part of a nationwide government initiative, this program focuses on the expansion, revitalization, and rehabilitation of agricultural commodities such as palm oil and corn. Kencana supports farmers by enhancing cultivation techniques, agronomic practices, production processes, and market access. The Indonesian government provides investment capital to drive these improvements.



Koperasi Bina Tani Sejahtera and PT Sawindo Kencana Collaborate on Replanting of Palm Oil Plantations

In October 2024, Koperasi Bina Tani Sejahtera and PT Sawindo Kencana (SWK) established a formal strategic partnership aimed at revitalizing plasma palm oil plantations in the West Bangka Regency of Bangka Belitung. This agreement, facilitated by the Food Security and Agriculture Office of West Bangka Regency, aspires to enhance productivity and foster the economic welfare of local farmers.

This collaboration is in accordance with the Indonesian government's Palm Oil Replanting Program (PSR), which allocates financial support totaling IDR 60 million per hectare via the Palm Oil Plantation Fund Management Agency (BPDPKS).

By utilizing available governmental initiatives and cultivating robust partnerships, Koperasi Bina Tani Sejahtera and PT Sawindo Kencana (SWK) endeavor to guarantee the long-term sustainability and profitability of palm oil agriculture in the region.



Governance Practices



Ethics and Risk Management

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

Managing risks effectively is crucial to safeguarding stakeholder interests and ensuring long-term sustainability. Kencana's Board of Directors is committed to conducting business with integrity, adhering to high ethical standards, and complying with all applicable laws and regulations. The Company maintains a zero-tolerance policy toward fraud and corruption, reinforcing a strong governance framework.

To uphold ethical business practices, the Board has adopted a Code of Ethics that guides the corporate culture and decision-making process for all directors, officers, and employees. This code is designed to ensure that ethical principles are embedded in every aspect of Kencana's operations and business conduct.

Our Code of Ethics is built on key values, including legal compliance, protecting the Company's reputation, preventing conflicts of interest, and ensuring data integrity. It also emphasizes creating a harmonious work environment, preventing abuse of power, prohibiting unethical activities, and fostering continuous learning. These principles serve as the foundation for ethical decision-making within the Company.

Preventing conflicts of interest is a core aspect of Kencana's governance framework. Employees, officers, and directors are required to disclose potential conflicts and abstain from decision-making when personal interests are involved. Clear policies and procedures have been established to ensure transparency, accountability, and fairness in all business dealings.

Preventing conflicts of interest is a key aspect of Kencana's Group Code of Ethics. The Company has established clear policies and procedures to ensure that employees, officers, and directors act with integrity, honesty, and in the best interests of stakeholders. Employees are required to disclose potential conflicts and refrain from participating in decisions where personal interests are involved.

To strengthen ethical awareness, regular training sessions are conducted to help employees identify, manage, and prevent conflicts of interest. These initiatives reinforce transparency and ethical behavior, fostering a culture of

trust and accountability within the Group. By embedding these principles in daily operations, Kencana ensures responsible decision-making across all levels of the organization.

Kencana conducts regular training sessions on identifying and handling conflicts of interest. These initiatives help employees understand the importance of ethical decision-making and ensure that they uphold the Company's values of honesty, integrity, and responsible corporate governance.

The Audit and Risk Management Committee (ARC) plays a critical role in supporting the Board by overseeing financial integrity, internal controls, and risk management. The ARC regularly reviews internal policies and procedures to identify and manage key risks, particularly those related to ESG and corporate governance. This oversight strengthens Kencana's commitment to business sustainability and ethical leadership.

Kencana's ARC team has assessed all operations and found no significant corruption risks. In 2024, we remain committed to maintaining zero significant corruption incidents, reinforcing our dedication to ethical business practices.

Additionally, in 2024, there were no major instances of non-compliance with laws and regulations, defined as cases leading to monetary fines or official warnings. Our 2025 target is to sustain this zero-incidence record, ensuring continued regulatory compliance and responsible operations.

As part of its governance framework, the ARC also oversees Kencana's whistleblowing platform, enabling employees to report concerns confidentially via phone calls or emails. Independent investigations and follow-up actions are conducted to ensure accountability. More details on critical concern reporting are available in Kencana Agri's Annual Report, page 36.

Kencana Agri Whistleblowing Reporting Channels:

Telephone: 0812-1074-123
Email: internal.audit@kencanaagri.com



Cybersecurity and Data Privacy

Kencana employs a robust, risk-based approach to proactively manage cyber threats, ensuring the protection of company assets, personal data, and business information for customers, partners, and stakeholders. We have established comprehensive cybersecurity policies and frameworks while continuously enhancing employee awareness to mitigate potential risks.

We strictly comply with data protection regulations across all regions where we operate, incorporating requirements from global and national data privacy laws. As regulations on data collection, processing, and sharing vary by country, Kencana works closely with local regulatory authorities to align our systems with data residency requirements.

To foster a cyber-aware culture, we conduct regular cybersecurity training, share informative bulletins, and provide employees with best practices to strengthen digital security awareness. Additionally, our IT and cybersecurity measures are continuously monitored and reviewed to maintain cyber resilience and safeguard operational integrity.

Sustainable Supply Chain

Kencana is dedicated to maintaining a sustainable supply chain by adhering to ISPO and ISCC certifications, ensuring responsible palm oil production. We implement best management practices across our plantations, focusing on environmental conservation, worker welfare, and resource efficiency. Regular audits and recertification assessments help us maintain compliance and continuously improve our sustainability efforts.

In addition, Kencana actively participates in Indonesia's PROPER program, achieving a Blue Rating for compliance and Green Rating for beyond compliance with environmental and social Indonesia's regulations. Through ongoing assessments and collaboration with regulatory bodies, we enhance traceability, reduce environmental impact, and promote responsible sourcing, reinforcing our role as a leader in sustainable palm oil production.





ISCC	ISPO	PROPER
<p>The International Sustainability and Carbon Certification (ISCC) is a globally recognized certification system that aligns with the European Union's directives regarding renewable raw materials for biofuels, food, feed, and chemicals. It emphasizes essential sustainability principles, which include the protection of no-go areas, the reduction of greenhouse gas emissions, and the promotion of social sustainability.</p> <p>Since 2015, we have actively participated in ISCC, showcasing our dedication to sustainable palm oil production. In 2024, our subsidiary, SWK, has been applying ISCC principle as our commitment to stringent environmental and social standards.</p>	<p>Kencana Agri remains resolute in our commitment to the sustainable production of palm oil, ensuring that the Company's operations are in accordance with the Indonesian Sustainable Palm Oil (ISPO) certification standards. Our extensive sustainability strategy encompasses compliance with legal frameworks, the adoption of best management practices, environmental stewardship, transparency, employee welfare, social responsibility, and ongoing business improvement initiatives.</p> <p>In 2024, we performed routine ISPO surveillance audits across all our estates and subsidiaries. Notably, PT Agro Inti Kencanamas (AIK) successfully renewed our ISPO certification after a comprehensive recertification assessment. Likewise, PT Sawit Kaltim Lestari (SKL), PT Sawindo Kencana (SWK), and PT Alamraya Kencana Mas (AKM) retained their certifications through thorough surveillance audits. Furthermore, PT Agri Eastborneo Kencana (AEK) finalized the ISPO certification process in December 2023 and received the ISPO certificate in January 2024.</p> <p>Our dedication to sustainable practices is further demonstrated through the enforcement of zero-burning policies, the establishment of zero-waste management protocols, and the utilization of biomass power facilities for the generation of renewable electricity. These initiatives not only mitigate our environmental impact but also contribute to the economic development of the communities in which we operate.</p>	<p>The Program for Penilaian Peringkat Kinerja Perusahaan (PROPER), established by the Ministry of Environment and Forestry in Indonesia, functions as a public disclosure mechanism aimed at assessing environmental and social performance. This program classifies performance into five distinct ratings: Gold (Excellence), Green (Beyond Compliance), Blue (Compliance), Red (Poor), and Black (Very Poor).</p> <p>We have integrated PROPER assessments across all operational domains. We engage in close collaboration with both regional and national PROPER committees to conduct regular evaluations, thereby ensuring the comprehensive implementation of PROPER principles throughout our plantations and mills.</p> <p>In the year 2024, we achieved a total of 2 Blue ratings (Compliance) in national (PROPERNAS) and 3 Green ratings (Beyond Compliance) in regional (PROPERDA) assessments. This outcome indicates that our estates and mills conform to the compliance standards established by the Ministry of Environment and Forestry of Indonesia (Kementerian Lingkungan Hidup dan Kehutanan - KLHK). These consistent ratings serve as a testament to our steadfast commitment to adhering to environmental regulations and our dedication to sustainable practices within the palm oil industry.</p>



Table below summarizes PROPER, ISCC, and ISPO certifications status of our operational areas:

PT	Certificate	Ranking/Certification Status	Certification Period	Institute/ Certification Body
PT Sawindo Kencana (SK)	PROPER National	Blue	2023 - 2024	The Ministry of Environment and Forestry
	ISCC	Certificate Renewal	09/03/2023 - 08/03/2024	TUV NORD
	ISPO	Certified: Surveillance IV	19/01/2021- 18/01/2026	Mutu Hijau Indonesia
PT Alamraya Kencana Mas (AKM)	PROPER National	Blue	2023 - 2024	The Ministry of Environment and Forestry
	ISPO	Certified: Surveillance II	25/03/2022 - 24/03/2027	Mutu Hijau Indonesia
PT Agro Inti Kencanamas (AIK)	PROPER Regional	Green	2023 - 2024	Dinas Lingkungan Hidup Provinsi (Provincial Environmental Agency)
	ISPO	Certificate Renewal	24/07/2024 - 23/07/2029	Mutu Hijau Indonesia
PT Sawit Kaltim Lestari (SKL)	PROPER Regional	Green	2023 - 2024	Dinas Lingkungan Hidup Provinsi (Provincial Environmental Agency)
	ISPO	Certified: Surveillance I	06/11/2023 - 05/11/2028	Mutu Hijau Indonesia
PT Agri Eastborneo Kencana (AEK)	PROPER Regional	Green	2023 - 2024	Dinas Lingkungan Hidup Provinsi (Provincial Environmental Agency)
	ISPO	New Certificate	24/01/2024 - 23/01/2029	Mutu Hijau Indonesia
PT Agrojaya Tirta Kencana (ATK)	ISPO	New Certificate	07/02/2025 - 06/02/2030	Mutu Hijau Indonesia



Moreover, Kencana is committed to building a responsible and ethical supply chain, ensuring that all sourcing and production processes align with sustainability standards. We collaborate closely with suppliers, smallholders, and industry partners to promote traceability, fair labor practices, and environmental responsibility across our operations. By adhering to ISPO and ISCC certification standards, we uphold deforestation-free, ethical, and sustainable palm oil production.

To enhance transparency and accountability, Kencana actively monitors supply chain activities through strict compliance measures and regular assessments. We work with suppliers to strengthen sustainable sourcing practices, minimize environmental impact, and uphold social and human rights standards. Through continuous collaboration and capacity-building initiatives, we aim to create a resilient, responsible, and future-ready supply chain that contributes to long-term business growth.

In 2024, Kencana remains focused on reinforcing traceability throughout our supply chain. We recognize the critical role of both customers and suppliers in maintaining responsible sourcing practices and ensuring long-term sustainability. By implementing robust traceability measures, we can track supply origins, assess supplier performance against sustainability criteria, and drive continuous improvements across our operations.

As part of our commitment to transparency, we provide stakeholders with enhanced visibility into our supply chain. Since December 2023, we have introduced comprehensive tracking systems for all Fresh Fruit Bunch (FFB) products, ensuring full traceability from plantation to market. This initiative reflects our dedication to responsible sourcing and sustainable palm oil production.





Sustainable Operations and Products

Product and Service Quality

At Kencana Agri, we are dedicated to the production of high-quality, safe, and sustainable palm oil that adheres to international standards, all while upholding ethical and responsible business practices. Through the implementation of stringent quality controls, sustainable sourcing methods, and operational efficiencies, we provide support to various industries including food production, cosmetics, and biofuels, concurrently fostering a positive socioeconomic and environmental impact.

Our approach focuses on continuous improvement, enhanced traceability, and customer-centric approaches, thus ensuring compliance with the highest industry standards. By integrating innovation, transparency, and collaboration, we aspire to establish new benchmarks in product excellence and sustainable palm oil production.



Commitment to Product Excellence and Operational Efficiency [GRI 416-1; 416-2]

Kencana Agri is committed to delivering high-quality, safe, and sustainable palm oil products by integrating rigorous quality control measures, operational excellence, and compliance with global standards. Our production processes are meticulously monitored to ensure product integrity, with strict adherence to industry regulations.

A "first in, first out" inventory system preserves the freshness of Fresh Fruit Bunches (FFB), while effective stock management practices for Crude Palm Oil (CPO) and palm kernel prevent degradation. Through optimized harvesting techniques, stringent hygiene protocols, and regular mill maintenance, we consistently achieve low Free Fatty Acid (FFA) levels—a key benchmark for premium CPO quality. In 2024, we achieved an average FFA level of 3.8%, remaining well below the industry threshold of 4.5%.

In 2024, we obtained an average FFA level of **3.8 %** which is lower than the maximum recommended level of 4.5%

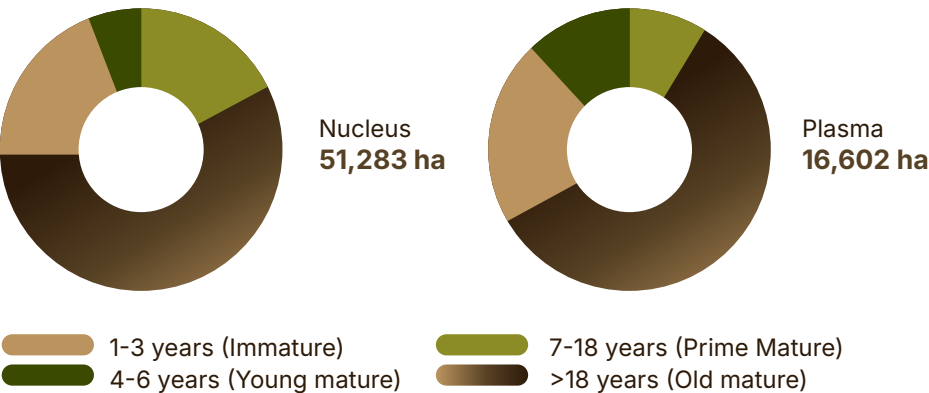
At the same time, efficiency and productivity are fundamental to our operations. In 2024, we managed a total of 67,885 hectares of planted area, consisting of 51,283 hectares of nucleus estates and 16,602 hectares of plasma. Our total FFB production this year reached 680,478 tonnes. By enhancing FFB handling systems and optimizing logistics from collection points to loading ramps, we improved processing efficiency, minimized losses, and maintained a relatively stable Oil Extraction Rate (OER) of 21.3%, which ensured optimal yield and production consistency.

10: Sustainable Operations and Products

Operational Highlights	Units	Volume (tons)		
		2022	2023	2024
Fresh Fruit Bunches – Processed	MT	801,052	818,624	767,321
Fresh Fruit Bunches – Produced	MT	767,862	775,280	680,478
Oil Production - CPO	MT	163,251	171,467	163,489
Average FFB Yield (Nucleus)	MT/Ha	12.3	13.1	11.5
Average FFB Yield (Plasma)	MT/Ha	10.8	10.8	9.2
Oil Extraction Rates - CPO	%	20.4%	20.9%	21.3%
Sales Volume - CPO	MT	165,769	174,598	173,323

Kencana’s Operational Highlights and Trends

Planted Profile



To maintain top industry standards, we implement Good Manufacturing Practices (GMP), Good Agricultural Practices (GAP), and Standard Operating Procedures (SOPs) in our daily operations. We strengthen these practices through regular internal and external audits, thorough employee training, and continual process improvements. In 2024, we fully complied with all relevant regulations and voluntary certifications, reporting no incidents of noncompliance related to product health and safety. [\[GRI 2-27 ;416-2\]](#)

Kencana Agri enhances our market position by focusing on quality, efficiency, and sustainability, thereby providing lasting value to customers and stakeholders. We are dedicated to responsible operations and ongoing innovation, ensuring our palm oil production aligns with the highest industry standards while fostering economic development and environmental responsibility.

Sustainability and Supply Chain Integrity

Driven by our core values, we emphasize sustainable practices throughout our supply chain, providing high-quality products that satisfy global standards and consumer expectations.

Kencana Agri is dedicated to achieving operational efficiency while prioritizing environmental responsibility and ethical sourcing. We incorporate sustainable practices throughout our value chain to ensure that palm oil production adheres to global standards and supports local communities, industry demand, and ecosystem conservation. Our sustainability strategy emphasizes responsible sourcing, efficient resource use, and transparent supply chain management to foster a lasting positive impact.

In 2024, we reinforced our commitment to sustainability by increasing our ISPO-certified estate coverage to 87% of our total nucleus planted area, demonstrating our dedication to responsible plantation management. Additionally, 43% of our total CPO production was certified under ISPO standards, ensuring higher traceability and compliance with sustainability benchmarks. To further enhance transparency, we implemented blockchain technology to monitor and verify sourcing practices, strengthening accountability across our supply chain. We also invested in precision agriculture, optimizing land and water use while reducing fertilizer consumption to minimize environmental impact. [\[GRI 416-1, GRI 416-2\]](#)

Area of Certified Estates (Nucleus)

ISPO CERTIFIED OWN ESTATES (NUCLEUS) AREA	2022	2023	2024
Total Nucleus Planted Area (Ha)	51,683	50,436	51,276
Certified Area (Ha)	34,128	35,384	44,647
Compared to Total Nucleus Area (%)	66%	70%	87%

Volume of ISPO Certified Palm Oil Products

ISPO CERTIFIED OWN (NUCLEUS) PALM OIL PRODUCTS	2022	2023	2024
Total CPO Production (Ton)	163,251	171,467	163,489
Certified FFB Production (Ton)	340,244	401,824	453,449
Certified CPO Production (Ton)	76,548	83,187	71,345
Compared to Total CPO Production (%)	46,9%	49%	43%

87% of our total nucleus planted area is ISPO-certified

10: Sustainable Operations and Products

To reinforce responsible operations, nearly all of our mills and estates underwent independent evaluations conducted by third-party assessors in 2024. This initiative was aimed at verifying compliance with international sustainability standards, including ISCC, ISPO, and PROPER.

As of December 2024, stakeholders have the capability to monitor Fresh Fruit Bunch (FFB) products throughout our supply chain, thereby enhancing both visibility and trust. Moving forward, we are committed to integrating innovation, transparency, and collaboration into our operations to establish new benchmarks in sustainable palm oil production, thus ensuring long-term value for our customers, stakeholders, and the environment. Details regarding certification status can be found in governance practices.

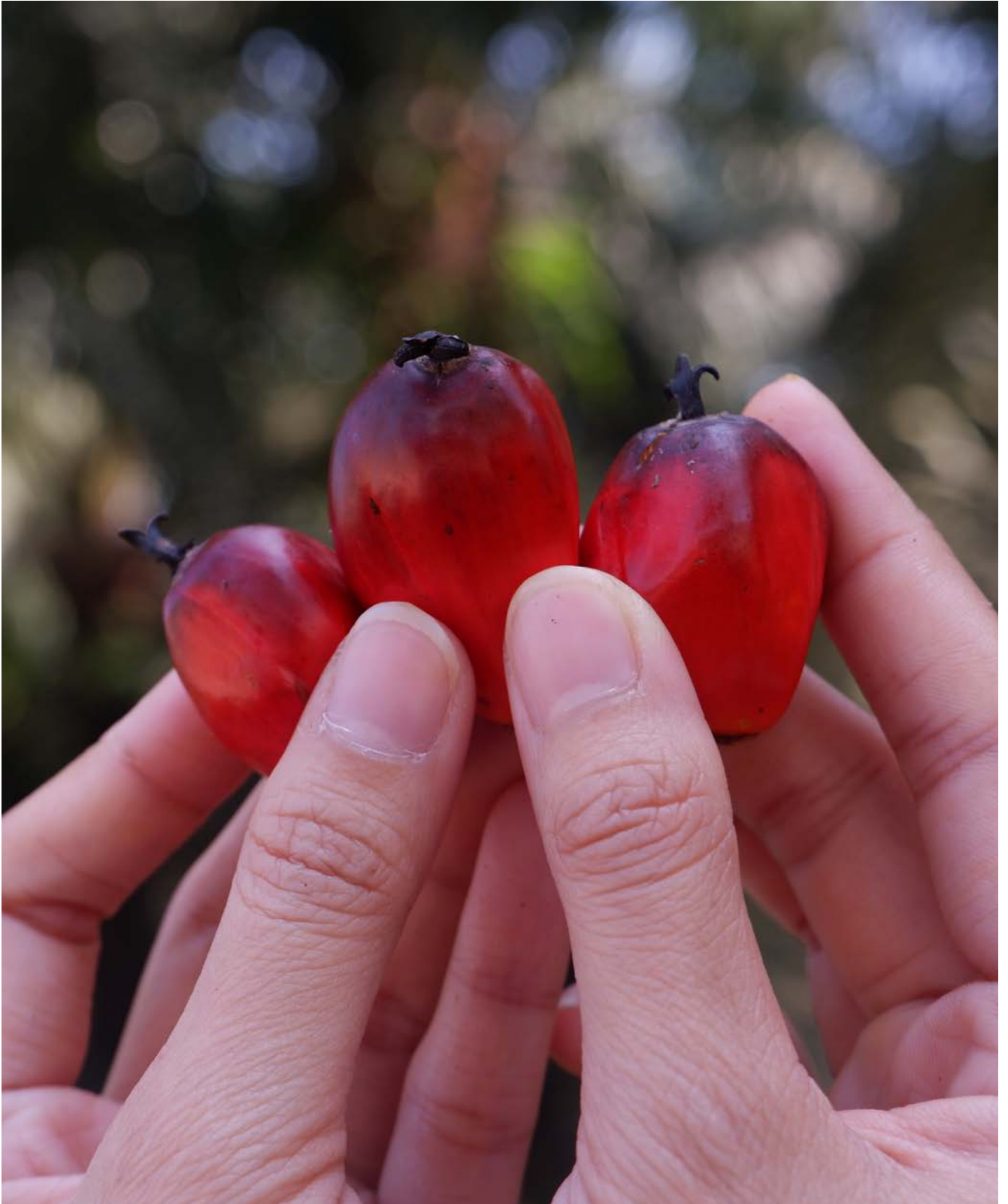
Customer Satisfaction and Market Leadership [\[GRI 416-2\]](#)

We serve a diverse clientele, which includes palm oil refiners, traders, brokers, oleochemical companies, and fast-moving consumer goods (FMCG) enterprises. Our Company places a high priority on fostering robust customer relationships and maintaining consistent product excellence. Through regular engagement, participation in industry conferences, and direct consultations, we ensure our products are aligned with the specific needs of our customers.

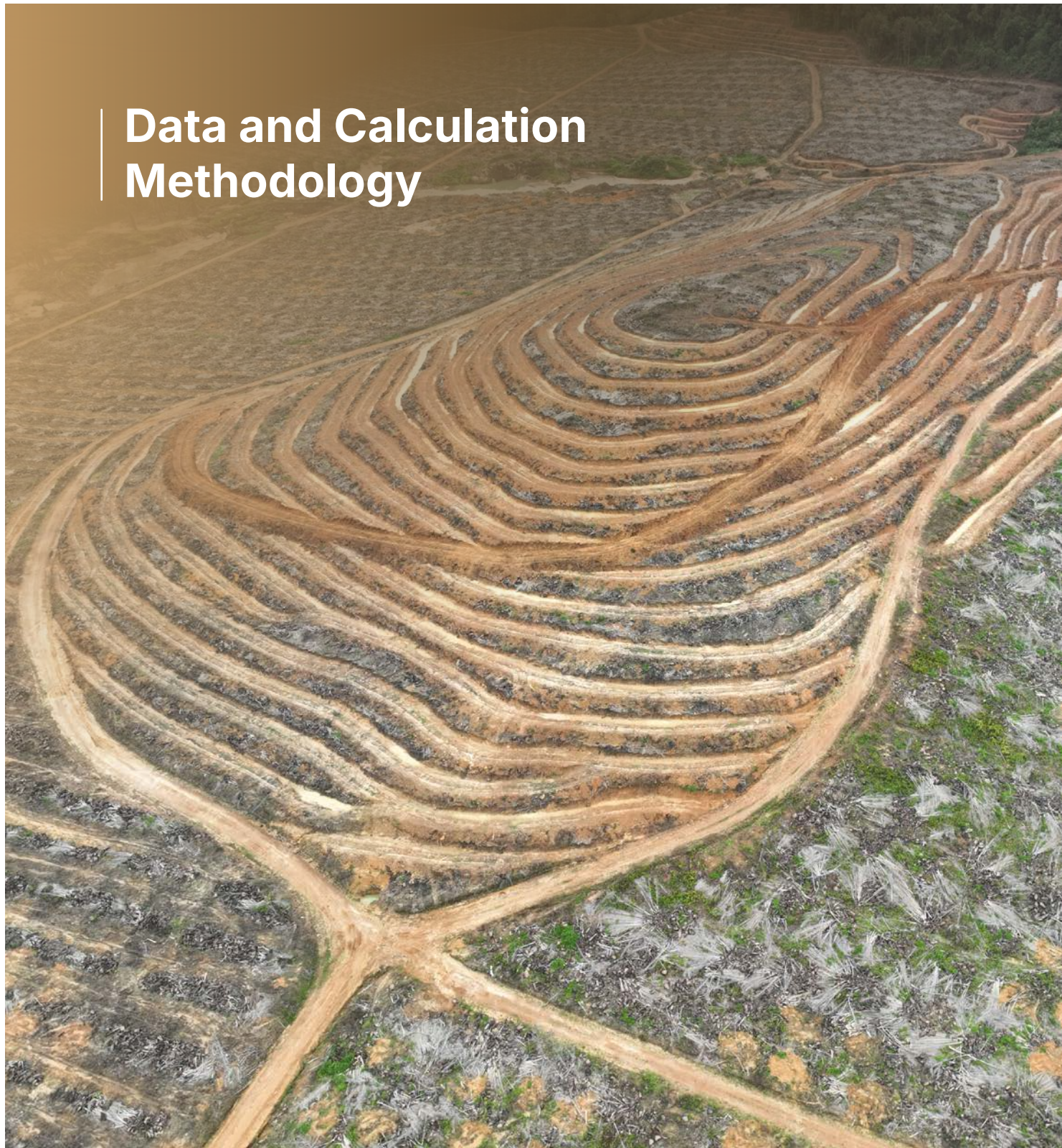
ZERO regulatory non-compliance

In the year 2024, we achieved a record of zero instances of regulatory noncompliance concerning product quality and safety, thereby reaffirming our status as a trusted supplier in the global market.





Data and Calculation Methodology

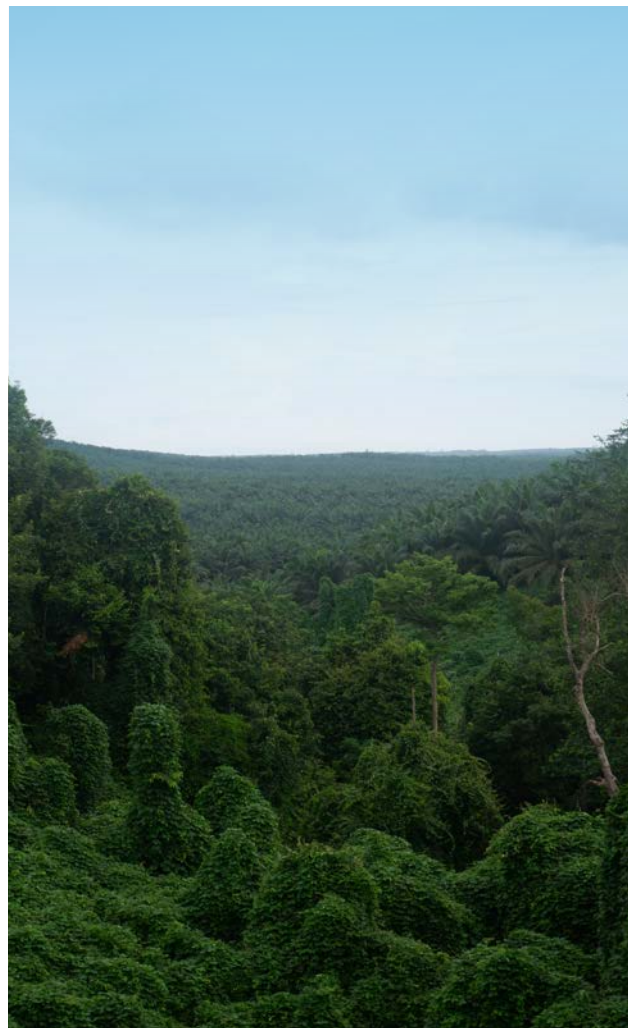


Environmental

Energy Consumption: At Kencana Agri, energy consumption encompasses purchased electricity and fuel used across our operations. Fuel consumption data is converted to energy values using the Lower Heating Value (LHV) parameters from the IPCC 2006 Guidelines for National Greenhouse Gas Inventories.

Greenhouse Gas (GHG) Emissions: We calculate our GHG emissions based on the GHG Protocol: A Corporate Accounting and Reporting Standard (2004), adopting operational control as the boundary. Scope 1 (direct) emissions include those from LUC, waste, fuel and chemical usage, while Scope 2 (indirect) emissions pertain to purchased electricity. The gases considered in these calculations are CO₂, CH₄, and N₂O. Emission factors are sourced from the GHG Protocol 2022, with Global Warming Potential (GWP) values referenced from the IPCC Fifth Assessment Report (2014). For Scope 2 emissions, we utilize the latest available grid electricity emission factors from the respective national energy authorities, applying the location-based method.

Intensity Metrics: We compute energy consumption intensity using gigajoules per ton of Fresh Fruit Bunches (GJ/ton FFB) processed, ensuring alignment with industry best practices for energy efficiency in palm oil operations. For greenhouse gas (GHG) emissions, we measure intensity in kilograms of CO₂ equivalent per ton Crude Palm Oil (kgCO₂ eq./ton CPO) to accurately reflect our carbon footprint per unit of production.



Social

Employment Data: Kencana Agri does not engage employees under non-guaranteed hour contracts. In 2023 and 2024, our employee numbers decreased slightly compared to the previous year, reflecting the ongoing optimization of our workforce. From 2022 to 2023, we reported a reduction in our workforce, while continuing to focus on improving operational efficiency. Additionally, in 2023, we began reporting on workers who are not direct employees but whose work is controlled by the organization. This group includes security personnel, cleaning contractors, and dispatch staff. The reported figures represent headcount as of 31 December 2024.

GRI Content Index

Statement of use		Kencana Agri Limited has reported the information cited in this GRI content index for the period 01 January 2024 – 31 December 2024 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	13, 16, 17	
	2-2 Entities included in the organization's sustainability reporting	18	
	2-3 Reporting period, frequency and contact point	19, 20	
	2-4 Restatements of information	19	
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	2-7 Employees	16, 61, 63	
	2-9 Governance structure and composition	22, Annual Report page 26	
	2-10 Nomination and selection of the highest governance body	Annual Report page 29, 41	
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	2-13 Delegation of responsibility for managing impacts	22	
	2-14 Role of the highest governance body in sustainability reporting	22	
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GRI Content Index

GRI Standard	Disclosure	Location
GRI 3: Material Topics 2021	3-1 Process to determine material topics	18, 30
	3-2 List of material topics	30, 31-35
	3-3 Management of material topics	31-35
GRI 201: Financial Performance 2016	3-3 Management of material topics	40
	201-2 Financial implications and other risks and opportunities due to climate change	40
GRI 202: Market Presence 2016	3-3 Management of material topics	61
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	61
	202-2 Proportion of senior management hired from the local community	65
GRI 203: Indirect Economic Impacts 2016	3-3 Management of material topics	74
	203-1 Infrastructure investments and services supported	81
	203-2 Significant indirect economic impacts	74
GRI 302: Energy 2016	3-3 Management of material topics	
	302-1 Energy consumption within the organization	46
	302-3 Energy intensity	46, 47
	302-5 Reductions in energy requirements of products and services	46
GRI 303: Water and Effluents 2018	3-3 Management of material topics	50
	303-1 Interactions with water as a shared resource	50
	303-2 Management of water discharge-related impacts	50
	303-3 Water withdrawal	50
	303-4 Water discharge	51
	303-5 Water consumption	106

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GRI Standard	Disclosure	Location
GRI 304: Biodiversity 2016	3-3 Management of material topics	55
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	55
	304-2 Significant impacts of activities, products and services on biodiversity	55
	304-3 Habitats protected or restored	55
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	57-58
GRI 305: Emissions 2016	3-3 Management of material topics	47
	305-1 Direct (Scope 1) GHG emissions	47
	305-2 Energy indirect (Scope 2) GHG emissions	47
	305-4 GHG emissions intensity	47
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	48
GRI 306: Waste 2020	3-3 Management of material topics	51
	306-1 Waste generation and significant waste-related impacts	51, 53
	306-2 Management of significant waste-related impacts	51, 53
	306-3 Waste generated	51, 53
GRI 401: Employment 2016	3-3 Management of material topics	61
	401-1 New employee hires and employee turnover	61, 64
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	61, 67
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	71
	403-1 Occupational health and safety management system	61, 71
	403-2 Hazard identification, risk assessment, and incident investigation	61, 71, 72
	403-3 Occupational health services	71, 73
	403-4 Worker participation, consultation, and communication on occupational health and safety	71
	403-5 Worker training on occupational health and safety	71, 72
	403-6 Promotion of worker health	71, 73
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	61, 71
	403-8 Workers covered by an occupational health and safety management system	61, 71
	403-9 Work-related injuries	71, 72
	403-10 Work-related ill health	71
GRI 404: Training and Education 2016	3-3 Management of material topics	69
	404-1 Average hours of training per year per employee	61, 69, 70
	404-2 Programs for upgrading employee skills and transition assistance programs	70
	404-3 Percentage of employees receiving regular performance and career development reviews	65
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	61
	405-1 Diversity of governance bodies and employees	61, 62
	405-2 Ratio of basic salary and remuneration of women to men	61, 65

GRI Content Index

GRI Standard	Disclosure	Location
GRI 406: Non-discrimination 2016	3-3 Management of material topics	61
	406-1 Incidents of discrimination and corrective actions taken	61, 67
GRI 408: Child Labor 2016	3-3 Management of material topics	61
	408-1 Operations and suppliers at significant risk for incidents of child labor	61, 68
GRI 409 : Forced or Compulsory Labor 2016	3-3 Management of material topics	61
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	61, 68
GRI 413: Local Communities 2016	3-3 Management of material topics	74
	413-1 Operations with local community engagement, impact assessments, and development programs	74, 84
	413-2 Operations with significant actual and potential negative impacts on local communities	61
GRI 416: Customer Health and Safety 2016	3-3 Management of material topics	93
	416-1 Assessment of the health and safety impacts of product and service categories	93, 95
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	93, 95, 96

IFRS SDS Industry-based Guidance on Implementing Climate-related Disclosure Metrics (Volume 20 – Agricultural Products)

Table 1. Sustainability Disclosure Topics & Accounting Metrics

Topic	Metric	Category	Unit Of Measure	Code	2024 Performance
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	Metric tons (t) CO ₂ -e	FB-AG-110a.1	305,559
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	FB-AG-110a.2	Kencana is exploring opportunities to install solar panels and convert our trucks to EV-based in order to reduced our GHG emission. Increased usage of biomass and biofuels to generate steam and electricity
	Fleet fuel consumed, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-110a.3	119,705 GJ 0.94%
Energy Management	1. Operational energy consumed 2. percentage grid electricity 3. percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-130a.1	1. 200,909 GJ 2. 39.48% 3. 0.94%
Water Management	1. Total water withdrawn 2. total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m ³), Percentage (%)	FB-AG-140a.1	1,236,505 cubic meters of water Water-tress Score Sulawesi Tengah, Gorontalo - 0.37 Kalimantan Selatan - 0.22 Kalimantan Timur - 0.00 Kalimantan Utara - 0.00 Kepulauan Bangka Belitung - 0.00
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	FB-AG-140a.2	<ul style="list-style-type: none"> • Construction of ditch as water catchment as water reservoir during dry seasons • Flapgate to control floods and waterflow. • Development of drought-tolerant planting materials • Precision irrigation/drainage systems • Continuous R&D for crop resilience (e.g., fungal disease resistance) • POME and EFB application on soil to improve its organic content • Maintain cover crops and humidity

Topic	Metric	Category	Unit Of Measure	Code	2024 Performance
Water Management	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	FB-AG-140a.3	Zero
Ingredient Sourcing	Identification of principal crops and description of risks and opportunities presented by climate change	Discussion and Analysis	n/a	FB-AG-440a.1	page 41
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by cos	FB-AG-440a.2	All of our products sourced from low baseline water stress regions

Table 2. Activity Metrics

Activity Metric	Category	Unit Of Measure	Code	2024 Performance
Production by principal crop	Quantitative	Metric tons (t)	FB-AG-000.A	Page 94
Number of processing facilities	Quantitative	Number	FB-AG-000.B	Page 14
Total land area under active production	Quantitative	Hectares	FB-AG-000.C	Page 17
Cost of agricultural products sourced externally	Quantitative	Presentation currency	FB-AG-000.D	248.86 billion

SGX Core ESG Metrics

Environmental

Topic	Metric	Unit	Framework Alignment	2024 Performance
GHG emissions	Absolute emissions: (a) Total; (b) Scope 1, Scope 2; (c) Scope 3, if applicable	tCO ₂ e	GRI 305-1, GRI 305-2, GRI 305-3, TCFD	(a) 307,918 (b) Scope 1 : 305,559 scope 2: 2,359 (c) -
	Emission intensity: (a) Total; (b) Scope 1, Scope 2; (c) Scope 3, if applicable	tCO ₂ e/ organisation- specific metric	GRI 305-4, TCFD	(a) 1.883 ton CO ₂ eq/ton CPO produced (b) 1.883 ton CO ₂ eq/ton CPO produced) (c) -
Energy consumption	Total energy consumption	MWh/GJ	GRI 302-1, TCFD	200,909 GJ
	Energy consumption intensity	MWh/GJ/ organisation- specific metric	GRI 302-3, TCFD	0.26 GJ/MT
Water consumption	Total water consumption	ML/m ³	GRI 303-5, TCFD	1,236,505 cubic meters of water
	Water consumption intensity	ML/m ³ / organisation- specific metric	TCFD	1.61 m ³ per ton of FFB
Waste generation	Total hazardous waste generated (B3 waste)	Ton	GRI 306-3, TCFD	24.23 Ton
	Total non-hazardous waste generated (non-B3 waste)	Ton	GRI 306-3, TCFD	0
Deforestation & Land Use	Total land cleared for plantation expansion	Hectares	GRI 304-2	372 Hectares of new openings by 2024
	Peatland conversion for palm oil plantations	Hectares	GRI 304-2	0 Hectares no peatland converted to palm oil plantations in 2024.
Biodiversity & Conservation	Conservation areas within plantation sites	Hectares	GRI 304-3	9,475.23 Ha
	Restoration efforts for degraded land	Hectares	GRI 304-3	0 Hectares

Social

Topic	Metric	Unit	Framework Alignment	2024 Performance
Gender diversity	Current employees by gender	Percentage (%)	GRI 405-1	Male : 81.51 % Female : 18.49%
	New hires and turnover by gender	Percentage (%)	GRI 401-1	New hires • Male : 1.32% • Female : 0.22% Turnover • Male : 1.38 % • Female : 0.07%
Age diversity	Current employees by age	Percentage (%)	GRI 405-1	• 18-30 years old : 36% • 30-50 years old : 57% • >50 years old : 7%
	New hires and turnover by age group	Percentage (%)	GRI 401-1	New hires • 18-30 years old : 32% • 30-50 years old : 61% • >50 years old : 7% Turnover • 18-30 years old : 22% • 30-50 years old : 50% • >50 years old : 28%
Employment	Total turnover	Number and percentage (%)	GRI 401-1	92 ; 1.16 %
	Total number of employees	Number	GRI 2-7	7,556 Employees
Development & training	Average training hours per employee	Hours/number of employees	GRI 404-1	7.00
	Average training hours per employee by gender	Hours/number of employees	GRI 404-1	Male : 6.92 Female : 7.72
Occupational health & safety	Fatalities	Number of cases	GRI 403-9, MOM (Singapore)	0 (Zero)
	High-consequence injuries	Number of cases	GRI 403-9, MOM (Singapore)	562 cases
	Recordable injuries	Number of cases	GRI 403-9, MOM (Singapore)	144 cases
	Work-related ill health cases	Number of cases	GRI 403-10, MOM (Singapore)	0 cases

Governance

Topic	Metric	Unit	Framework Alignment	2024 Performance
Board composition	Board independence	Percentage (%)	GRI 2-9	2 Board Independence
	Women on the board	Percentage (%)	GRI 2-9, GRI 405-1	16.67%
Management diversity	Women in the management team	Percentage (%)	GRI 2-9, GRI 405-1	1%
Ethical behaviour	Anti-corruption disclosures	Discussion & number of standards	GRI 205-1, GRI 205-2, GRI 205-3	We adopt Indonesia's Anti-Bribery and Anti-Corruption Management System into the Company's Code of Conduct and Whistleblowing Policy and Mechanism.
	Anti-corruption training for employees	Number and percentage (%)	GRI 205-2	Anti-corruption training module is being developed and is planned to be deployed in 2025 for all employees.
Certifications	List of relevant certifications	List	SGX commonly reported metric	page 90
Alignment with frameworks	Alignment with disclosure practices	GRI/TCFD/SASB/SDGs/Others	SGX-ST Listing Rules	Page 19
Assurance	Assurance of sustainability report	Internal/external/none	GRI 2-5, SGX-ST Listing Rules	Page 20

Third Party Accordance Check Statement

IAC0162304KS



National Center for Corporate Reporting

Statement of GRI Standards in Accordance Check

The National Center for Corporate Reporting has conducted a GRI Standards in Accordance Check on Kencana Agri Limited Sustainability Report 2024 ("Report"). The check communicates the extent to which the GRI Standards 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, 20 April 2025

National Center for Corporate Reporting
GRI Standards Aligning Service

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




National Center for Corporate Reporting

The National Center for Corporate Reporting (NCCR) conducted an SGX Compliance Check on Kencana Agri Limited Sustainability Report 2022 (“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.

Singapore, 20th April 2025
For and on Behalf of NCCR,



Dr. Lee C G, John
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