



Building A Resilient Future

SUSTAINABILITY REPORT
LAPORAN KEBERLANJUTAN

2021



BUILDING A RESILIENT FUTURE

Our 2021 Sustainability Report provides details on each of these issues as well as Kencana Agri's response to the on-going fights against the COVID-19 pandemic and how we embrace the emerging megatrends that are reshaping our world and how Kencana Agri realign our strategy and business to build a resilient society and sustainable human progress.

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ABOUT THIS REPORT



This Sustainability Report covers Kencana Agri's ("Kencana" or "the Group") sustainability strategy, principles, initiatives, and performance and focuses on the issues that we have determined to be of greatest importance through our materiality assessment. Our efforts highlighted in this report, affirms Kencana's commitment in building a sustainable and responsible palm oil company. Through this Sustainability Report, we provide our stakeholders an overview of our approach to sustainability challenges and continuous progress in meeting our sustainability commitments.

Reporting Period, Date of Most Recent Report and Reporting Cycle

[GRI 102-50, 102-51, 102-52]

This 2021 Sustainability Report covers data and information of our activities from 01 January 2021 to 31 December 2021. We publish our sustainability report annually and this is Kencana's sixth Sustainability Report. It is a continuation of the Kencana's Sustainability Report 2020 that was published in May 2021.

Reporting Standards

[GRI 102-54, 102-12]

The report has been prepared in accordance with the Global Reporting Initiatives ("GRI") Standards Core option and sustainability reporting requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rule 711A ("LR 711A"). The GRI framework was chosen for this reporting as it is the most widely used and recognized standards for reporting globally, providing higher comparability of the Group's disclosures with its peers. Kencana is well informed of the amendments of SGX-ST Listing Rules on 1 January 2022 and GRI Universal Standards and will comply to the new amendments in our next Sustainability Report. GRI content index is available on page 86 of this report.

Determining the Report Content, Materiality, and Scope Boundary [GRI 102-46]

Our Sustainability Report include materials pertaining to the three main aspects of environmental, social, and economic factors throughout FY2021. In each reporting cycle, Kencana reviews the content of the Sustainability Report for accuracy, completeness, and balanced reporting. In addition, Kencana ensures that current and emerging material issues pertaining to sustainability and the interests of our stakeholders are addressed. The disclosures made in this report are in line with GRI's Reporting Principles for defining report quality, namely accuracy, balance, clarity, comparability, reliability, and timeliness.

Determination of the Sustainability Report content is based on the four GRI Standards principles. These four principles are:

1. Stakeholder Engagement

We identify both internal and external stakeholders, engage them through formal and informal approaches. A comprehensive internal review and assessment of the key aspects and impacts were conducted, and they represent the most material topics of our Group's business and operations.



2. Sustainability Context

We demonstrate how the Group's business and operations impact on economic, environmental, and social conditions that are material and relevant to us by presenting our performance in the wider context of sustainability.

3. Materiality

We focus on topics covering environmental, social and governance factors and are of utmost importance to our stakeholders.

4. Completeness

Our Sustainability Report covers the scope and depth of material topics that enable stakeholders to assess our performance in the reporting period.

This Sustainability Report covers Kencana's operations throughout Indonesia and marketing office in Singapore, excluding activities of third parties conducted outside of Kencana's operational areas. Data and information on the Kencana's financial performances are taken from our Annual Report 2021 covering all subsidiary companies as included in consolidated financial statement, including: [\[GRI 102-4\]](#) [\[GRI 102-45\]](#) [\[GRI 102-46\]](#)

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

Verification and Assurance [\[GRI 102-12\]](#)

The content in the Sustainability Report were reviewed and the accuracy and reliability of the statements were verified through Kencana's thorough internal verification processes and reviews, ensuring that they are in line with comparability principle, transparency principle and accountability principle. In particular, all data and information for Indonesia Sustainable Palm Oil ("ISPO"), International Sustainability and Carbon

Certification ("ISCC") and Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan ("PROPER") ratings from the Ministry of Environment and Forestry of the Republic of Indonesia have been submitted and verified by the competent authority accordingly.

In addition, Kencana has engaged a third independent party, National Center for Sustainability Reporting (NCSR) to ensure that this report is in compliance with GRI Standard Core Option and SGX requirements. A third-party assurance is not conducted for this Sustainability Report but will be considered for the future reporting.

Significant Change or Restatement

[\[GRI 102-10, 102-48, 102-49\]](#)

There has been no significant change in relation to the reporting structure, neither to the organization, operational, and Kencana's supply chain compared to the previous report. In this report, we include restatement for energy consumption and energy intensity data which was driven by adjustment on calculation approach. Explanation for both restatements are stated in the relevant sections of this report.

Accessibility

In supporting the nature of conservation, this Sustainability Report has been printed in limited numbers. We encourage all stakeholders to obtain a copy of Kencana Agri's Sustainability Report 2021 from our website www.kencanaagri.com.

Contact Us [\[GRI 102-53\]](#)

Feedback from our stakeholders is vital for us to continually improve our reporting and sustainability practices. We welcome all readers and stakeholders to send us your suggestions, ideas, views, comments, or feedback by contacting:

Kencana Agri Ltd Indonesia Office

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



ABOUT KENCANA AGRI



Kencana is a palm oil plantation company with primary activity located in Indonesia. Officially listed on the main board of the Singapore Exchange ("SGX") on 25 July 2008, the Group has engaged mainly in the cultivation of palms oil and processing of Fresh Fruit Bunches (FFB).

The Group now operates a total 68,150 hectares of oil palm plantation, both nucleus and plasma, which are located in the islands of Sumatera, Kalimantan, and Sulawesi. There are currently has six palm oil mills with total processing capacity of 305 tonnes per hour and

two kernel crushing plants with capacity of 435 tonnes per day. The Groups also is currently developing our 7th palm oil mill in Gorontalo province with a capacity of 30 tonnes per hour.

Kencana's main products are Crude Palm Oil (CPO), Palm Kernel (PK), Palm Kernel Cake (PKC) and Crude Palm Kernel Oil (CPKO). With a relatively young profile of palm oil trees within the prime mature ranges of 7 - 18 years, Kencana has a strong growth potential. Our palm oil trees will soon enter their mature phase, increasing our FFB production in the next few years.



Plantation

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

Total planted Area : 68,150 Ha

- Nucleus : 51,680 Ha
- Plasma : 16,470 Ha

Processing

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

6 (SIX)



PALM OIL MILLS

Total Processing Capacity:
305 MT/hour

2 (TWO)



KERNEL CRUSHING PLANTS

Total Processing Capacity:
435 MT/day

Products [GRI 102-2, GRI 102-6, GRI 102-7]

Our main products are CPO, CPKO, PKC, and PK which are derived from the fresh fruit bunches harvested from our plantations our plasma farmers, and purchases from third parties.

Our products are typically sold to reputable trading companies, refineries, and oleochemical companies, among others, in Indonesia, Malaysia and other countries.

Main Products & Supporting Business

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

Renewable By-Products

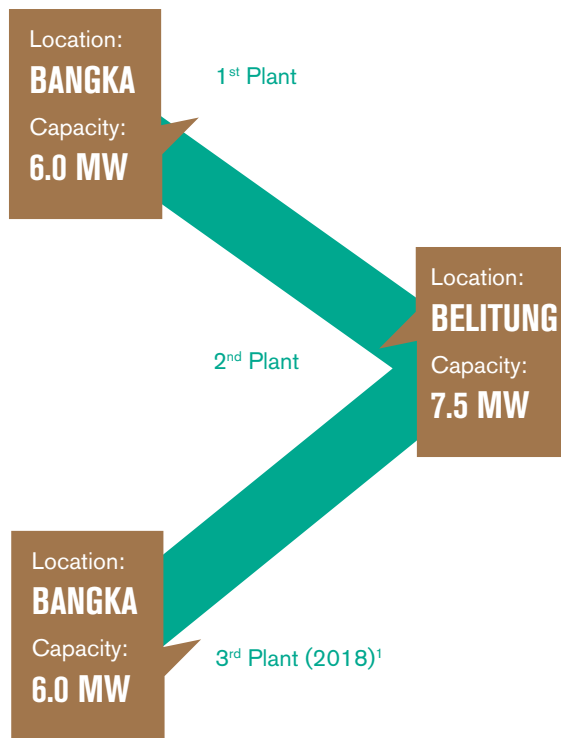
Empty Fruit Bunches, Liquid Waste, Kernel Shells, Fiber.

Supporting Business

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

The “green” electricity generated by our renewable biomass power plants in are mainly sold to the state-owned electricity company (*Perusahaan Listrik Negara* - PLN).

Biomass Power Plants



Note:

(1) As announced on 10 February 2022, the Company has completed the Proposed Disposal of PT Cahaya Permata Gemilang (“CPG”). Following completion of the Proposed Disposal, the Group has ceased to have any shareholding interests in PT Cahaya Permata Gemilang and its subsidiaries, PT Listrindo Kencana and PT Energy Karya Persada.

(2) Ceased operations



GROWTH » EXCELLENCE » INTEGRITY



Kencana is committed in enhancing environmental sustainability and Corporate Social Responsibility (“CSR”) as a company. We have improved our processes by adopting environmentally friendly practices in our plantation development such as zero-burning and zero waste management. In addition, we benchmark our operations against well-established sustainable certification system such as ISCC and ISPO and will strive to attain ISPO certifications for all our plantations as required by the Indonesian government, as well as other sustainability certifications. The following list the achievement of the respective certification for Kencana’s subsidiaries.

ISPO and ISCC Certification

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

Our operations of the three renewable biomass power plants in Bangka- Belitung Islands helps to reduce carbon emissions by supplying green electricity to the neighboring communities. The supplied electricity is produced by palm kernel shells, fiber mesocarp and empty fruit bunches (“EFB”).

Company Data Sheet

[GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7]

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 in Indonesia, Malaysia and other countries
Ownership & 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 2021	7,046
Revenue 2021*	US\$128.45 million
Net Profit (Loss) After Tax 2021	US\$16.79 million
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"> • 13 nucleus estates in Indonesia • 6 Palm Oil Mills of 305MT/hour total processing capacity • 2 Kernel Crushing Plants of 435 MT/day total processing capacity
Total FFB Production 2021	719,522 MT
Total Liabilities	<ul style="list-style-type: none"> • Current : US\$112.42 million • Non-current : US\$191.04 million
Shareholders’ Equity**	US\$30.77 million

* Sales value is determined by market price at that time of transactions
 **Detailed information on shareholder structure and ownership are presented in our Annual Report FY2021 on page 126-127.





Vision [GRI 102-16]

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

Mission [GRI 102-16]

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 & Value Chain [GRI 102-2, 102-7, 102-9]

Our integrated value chain comprises of plantation areas (land), palm oil mills, kernel crushing plants, bulking facilities, logistics services, and renewable biomass power plants. Kencana is committed to ensure that sustainable business practice is applied in all our operation activities.

Our oil palm plantations are strategically located in the Sumatera, Kalimantan and Sulawesi, Indonesia. All our current plantations were successfully cultivated from greenfield land. As of 31 December 2021, 57% of the total planted area, representing 39,006 hectares, has reached prime mature age, while the rest is still at its young mature, immature stage, and old mature as shown in below.

Age Profile of Our Plantations

Age Profile	Immature 1-3 years	%	Young mature 4-6 years	%	Prime mature 7-18 years	%	Old mature >18 years	%	Total	%
Nucleus	3,849	7%	11,270	22%	29,203	57%	7,358	14%	51,680	100%
Plasma	2,680	16%	1,998	12%	9,803	60%	1,989	12%	16,470	100%
Total	6,529	10%	13,268	19%	39,006	57%	9,347	14%	68,150	100%

Main Products & Supporting Business [GRI 102-2, 102-7, 102-9]

Our main products, CPO, CPKO, PKC and PKO are derived from the FFB harvested from our plantations, plasma farmers, and purchases from third parties. We serve a wide range of customers, from domestic and international reputable trading companies, refineries, to oleochemical companies. Storage and transportation of the products are managed by our port & bulking facilities and logistics services. The electricity generated from our renewable biomass power plants are mainly supplied to the state-owned electricity company (Perusahaan Listrik Negara - PLN). More details are listed below.



Main Products and Supporting Business Details

- 1 Main Products**
 - » Crude Palm Oil (“CPO”)
 - » Crude Palm Kernel Oil (“CPKO”)
 - » Palm Kernel Cake (“PKC”)
 - » Palm Kernel (“PK”)
- Renewable By-Products**
 - » Empty Fruit Bunches, Liquid Waste, Kernel Shells, Fiber.



- 2 Port & Bulking Facilities** Total Capacity: **15,500 MT**

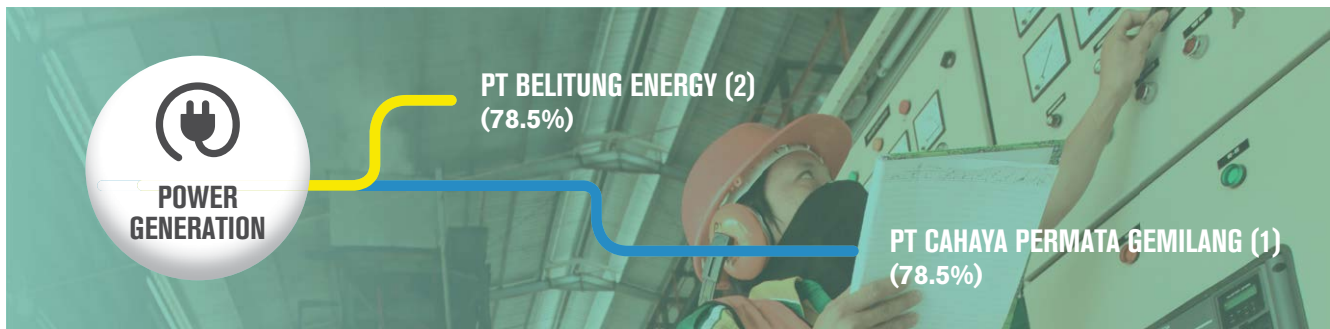
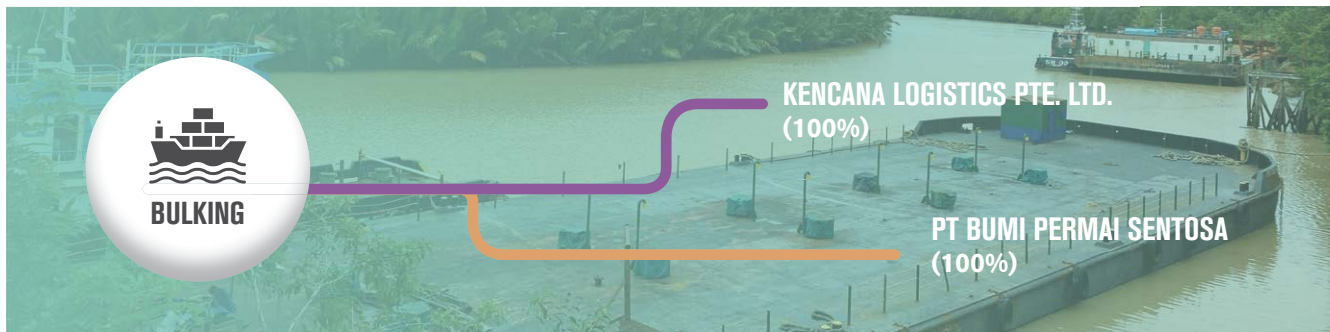
3 Biomass Power Plants		
1st Plant (2005)⁽¹⁾	2nd Plant (2009)⁽²⁾	3rd Plant (2018)⁽¹⁾
Location: BANGKA	Location: BELITUNG	Location: BANGKA
Capacity: 6.0 MW	Capacity: 7.5 MW	Capacity: 6.0 MW

Note:

⁽¹⁾ As announced on 10 February 2022, the Company has completed the Proposed Disposal of PT Cahaya Permata Gemilang (“CPG”). Following completion of the Proposed Disposal, the Group has ceased to have any shareholding interests in PT Cahaya Permata Gemilang and its subsidiaries, PT Listrindo Kencana and PT Energy Karya Persada.

⁽²⁾ Ceased operations

Corporate Structure



Note:

⁽¹⁾ As announced on 10 February 2022, the Company has completed the Proposed Disposal of PT Cahaya Permata Gemilang (“CPG”). Following completion of the Proposed Disposal, the Group has ceased to have any shareholding interests in PT Cahaya Permata Gemilang and its subsidiaries, PT Listrindo Kencana and PT Energy Karya Persada.

⁽²⁾ PT Belitung Energy owns 1 biomass power plant with capacity of 7.5 MW and has ceased operations.

Message from Our Chairman and CEO

[GRI 102-14] [GRI102-15]

“We will continue to build our Group on the belief that to be a sustainable business we must balance our business ambitions with the progress of society and the sustainability of the planet”



Albert Maknawi
Executive Director and CEO

Henry Maknawi
Executive Chairman

Dear Stakeholders,

We are pleased to present Kencana Agri's FY2021 Sustainability Report to you in which we describe our sustainability policies and actions. This 6th sustainability report outlines our performance, challenges in producing responsible palm oil. We continue to view sustainability as one of the key pillars in our Group's Strategy that is of paramount importance to our long-term success.

Kencana Agri strives to put our best effort in everything that we do so we can build a resilient and sustainable business. The Group has been working to manage risk, overcome challenges innovatively, and in combating the pandemic that has shackled us for the last two years. In time like this, our first priority was protecting our workplace, which we did by enacting strict protocols to protect our frontline workers. As a result, we managed to maintain our operational activities with no significant disruptions delivering our best products and services to our customers and supporting to meet the global demand of sustainable and responsible palm oil products.

Kencana's sustainability strategy comprises of three pillars namely environment management, community development and social impacts, human rights and workplace. We continuously review and refine our sustainability strategy to meet local challenges and global megatrends. Continuing the previous years' efforts, in FY2021 we have strengthened, expanded, and clarified our strategies to better support our sustainability efforts.

Supporting The United Nation Sustainable Development Goals (SDGs)

We understand the importance of sustainable and responsible practices especially in the palm oil sector. We understand the concerns raised by our stakeholders and we are committed to provide solutions to that concerns while at the same time supporting global

demand of sustainable palm oil products. In doing so, it is our commitment to support our planet and people. To that end, The Group has aligned our objectives with the United Nations' SDGs.

Environment Management

The recent Paris Agreement highlights the urgent need to further cut emissions to prevent a catastrophic increase in average global temperatures. We're making efforts to reduce the environmental impact of our operations by reducing our greenhouse gas emissions, water, energy and waste. In 2021, the Group's energy consumption intensity based on FFB processed was at 0.06 GJ/MT.

We have improved the efficiency of our facilities and vehicles, finding alternative uses for reusing and recycling water. Throughout the year, 70% of our water consumption was sourced from our own water reservoir, hence reducing intake and withdrawal from new potable water from the environment.

Moreover, in the environmental aspects, we continue to engage with industry certification bodies for our operations as part of the Group continuous improvement commitment, namely Indonesian Sustainable Palm Oil (ISPO), International Sustainability & Carbon Certification (ISCC), and PROPER (Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan – Corporate Environmental Performance Assessment Rating Program) from the Indonesian Ministry of Environment and Forestry. We are happy to report that this year, we managed to achieve Green PROPER rating (beyond compliance) for one of our subsidiaries, an improvement from its last year's rating.

Community Development And Social Impact

In regard to our social impacts, Kencana Agri recognizes that we are part of the community and we have an obligation to bring positive contribution to the lives

of the families in our local communities. We are fully committed towards the Plasma scheme and continue our positive progress in establishing additional areas for the benefit of neighbouring communities.

The Group has also conducted various program to support the local communities in which we operate. Each of our community development program was designed together with the local communities in each operational area. We do this because we understand the diversity of culture and local wisdom in Indonesia must be embedded into our social community program to ensure its success, effectiveness, and sustainability.

To make sure that all our programs are truly impactful and well-suited to the local communities' needs, local government social performance targets, in program design, execution, monitoring, and improvement, we continue to build two-way communication and open feedbacks channels for the community to provide us with inputs and suggestions. Thanks to these approaches, in FY2021 Kencana Agri reached "satisfactory" rating for our Community Satisfaction Index for our community development programs and engagement activities.

Human Rights And Workplace

Recently, our business has faced more challenges from the environmental and social issues. Kencana Agri believes we must be able to fully utilize all talent in the organization, and also attract new talent. The group has trained our managers and actively measuring our progress. More than 16,991 training man-hours were provided throughout 2021.

The Pandemic has reminded us that the health, wellbeing and safety of people cannot be taken for granted. As of 31 December 2021, the Group managed to record zero fatality in our plantations and mills. As our commitment towards occupational health, a total of 518 employees and workers has received medical check-ups throughout the year.

Moreover, we are committed to ensuring that the rights of all people working in our operations are respected. The Group is committed not to endorse any human exploitation, including forced labour and child labour.

Moving Forward

On behalf of management and employees at Kencana Agri, we want to assure our stakeholders that we will continue to build our Group on the belief that to be a sustainable business we must balance our business ambitions with the progress of society and the sustainability of the planet. For us, our long-term success is determined by not only the well-being of the people, but also the environment, and we act on this responsibility not because we have to but because it is the right thing to do.

We also believe that the Group's success has been driven by the support and trust of all stakeholders. We want to thank our people – our employees and business partners whose hard work and dedication will ensure that we thrive in building a sustainable business. Also, we want to thank all stakeholders for their continued support and trust.

With the continuous commitment by our Group and stakeholders' support and trust, we are confident that we will be able to face most challenges ahead of us. As we focus on meeting our own sustainability goals, we will continue making steady progress towards sustainability.

Sincerely Yours,

Henry Maknawi

Executive Chairman

Albert Maknawi

Executive Director and CEO



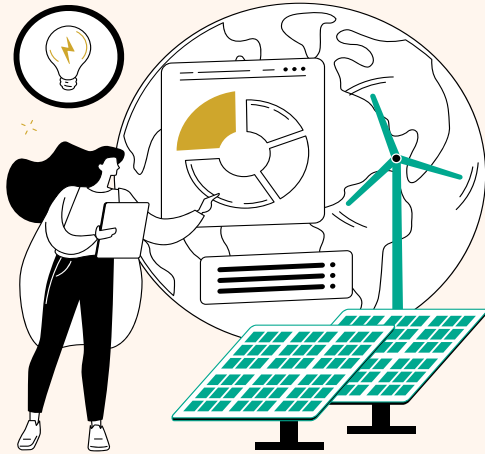


SUSTAINABILITY AT KENCANA AGRI

It is our responsibility,
as a palm oil company
to strive to produce
high quality palm oil
sustainably for the
society.







Due to its versatility and the many different properties and functions that palm oil possess, it can be widely found in our everyday lives ranging from food, shampoo, toothpaste to animal feed and alternative fuels. In addition, it is a highly efficient crop that require a much lesser land area to produce a high quantity of oil, all year round as compared to other oil-producing crops. This makes it an attractive crop for farmers in Indonesia and farmers depend on palm oil for a steady income.

However, production of palm oil causes certain Environment, Social and Governance (“ESG”) issues. It is one of the bigger drivers for deforestation, that would result in biodiversity issues, destroying habitats for wildlife and emitting Greenhouse Gases (“GHG”). Some social issues include forced and child labor.

Considering these ESG issues and the urgency to move towards a low carbon economy, it is our responsibility, as a palm oil company to strive to produce high quality palm oil sustainably to the society.

KENCANA ENERGY SUSTAINABILITY STRATEGY

ENVIRONMENT MANAGEMENT

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





COMMUNITY DEVELOPMENT AND SOCIAL IMPACT

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



HUMAN RIGHTS AND WORKPLACE

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

Stakeholder Engagement [GRI 102-42, 102-43]

"Stakeholder engagement is crucial in ensuring Kencana’s sustainability plan, policies and programs accurately reflect and address the interests of all those we serve and engage with."

Since 2015, we engage with our stakeholders for materiality assessments to prioritize and respond to the ESG issues that arise the challenging business environment, building mutual respect and understanding of the ongoing progress in achieving our sustainability goals.

We identify our stakeholders those on whom our operations have a significant impact; those with a vested interest in our sustainability performance; and those in public positions who influence our activities. They include Shareholders and investors, Suppliers and customers, Government and regulators, Employees, Local community and small holders / plasma farmers, non-governmental organizations and civil society organizations.

Our stakeholder engagement process includes a proactive, both formal and informal approach, is carried out to fully understand our stakeholder’s sustainability concerns and issues with a view to ensuring that their key interests in these areas are aligned with that of the Group.

The 6-steps stakeholder engagement and materiality analysis adopted by the Group consist of the following:

1. Identifying a list of sustainability issues that are relevant to the Group’s operations and stakeholders
2. Collecting stakeholder’s opinions and feedback through digital channels such as online surveys on material issues

3. Reviewing and assessing stakeholder’s feedback
4. Responding to stakeholder’s issues and concerns
5. Prioritizing material topics
6. Getting validation from the Board

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

Stakeholder Engagement Principles

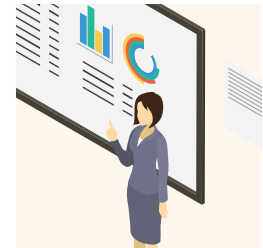
INCLUSIVITY

For Kencana Agri, our stakeholders are those who have a direct interest in our business and those who are impacted by our business and how we operate.



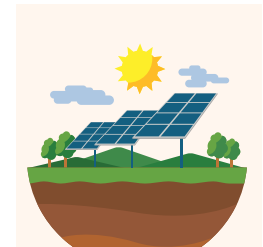
MATERIALITY

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



RESPONSIVENESS

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



The following descriptions provide an overview of the efforts involved in our group's focus on stakeholder engagement. [\[GRI 102-40, 102-42, 102-43, 102-44\]](#)

Stakeholders Engagement Methods and Topics Discussed

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

Stakeholders	Basis of Identification	Topics/Issues Arisen and Discussed	Engagement Method	Frequency
NGO and Civil Society Organizations	T, I, DP	NGOs and civil society organizations, both local and global has a critical role in our society and in the governance of the world's natural resources. The key topics discussed are climate change, human rights violations and bribery and corruption	Meetings and dialogues	Upon Request

Note: Basis of Stakeholder Identification

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

Materiality Assessment

[GRI 102-29, 102-47, 103-1, 103-2, 103-3]

Materiality assessment is conducted on a yearly basis to review the material ESG matters against current global and local trends and emerging regulatory development. All stakeholder groups were involved in this year's materiality assessment. We have a total of 106 respondents, an increased number of respondents compared to last year, of which 88 respondents are from our internal stakeholders. The involvement of more respondents allowed us to conduct a more comprehensive review of Kencana's material ESG factors.









Overall, the list of material issues is broadly similar to the results in 2020 materiality assessment, with our top five topics as Labour Welfare, Occupational Safety, Health and Environment, Company Target Achievement, Product Quality and Zero Burning and Fire Prevention. In line with global concerns, Covid-19 prevention has shifted up in the materiality assessment, reflecting our stakeholders notable increase concern in this aspect. The materiality assessment results and Kencana's response to the ESG risks are shown below. This feedback will help us to evaluate and improve on our sustainability practices and disclosure to align with our stakeholders' expectations.







Materiality Assessment Results








- 1 Zero Burning & Fire Prevention
- 2 Employees Training & Development
- 3 Employees Welfare
- 4 Socio-economic Development and Empowerment of the Local Community
- 5 Achievement of the Company's Goals
- 6 Occupational Health and Safety
- 7 Fulfilment Of Sustainability Certification Requirement
- 8 Ethics, Integrity, and Governance
- 9 Product Quality
- 10 Water and Effluent Management
- 11 COVID-19 Prevention

Kencana's Response to Material Topics

Material Issues and Strategic Commitment [GRI 103-1]	Where Impacts Occur				Risk/Opportunities [GRI-102-15]	Management Approach & Evaluation Parameters [GRI 103-2, GRI 103-3]	Detailed discussion in Chapter
	Head Office	Plantation with Mills	Plantation	External Parties			
ZERO BURNING & FIRE PREVENTION  	✓	✓	✓	✓	<ul style="list-style-type: none"> Forest fires poses health & safety risk to our employees, reputational and possibly financial risks to the Group. Moreover, forest fires causes 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 internally Conducting socializations and encouragement for the local communities and villagers regarding zero burnings. 	Environmental Management & Compliance
EMPLOYEES TRAINING & DEVELOPMENT 	✓	✓	✓		<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. Covid 19 pandemic has disrupted business as usual, and some employees are required to work from home (WFH). Equipping our employees with digital skills are essential to minimize any work disruption. Ensuring a skilled workforce increases productivity and product quality. Enhancing our employees' skills can help them in their long-term career prospects. 	<ul style="list-style-type: none"> Implementation of Best Management Development Program (BMDP) program which is aiming to enhance technical competence of our people, especially in operational, agronomy, process, and workshop. Conducting trainings for all employees, including operators and foremen. Sharing of Information Technology (IT) skills and provided step-by-step guides for employees in using electronic signature policy. 	Our People
EMPLOYEES' WELFARE  	✓	✓	✓		<ul style="list-style-type: none"> 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 in competitiveness in future workforce. Providing proper education and care to our employees' children would help them in their child development. 	<ul style="list-style-type: none"> Ensuring all employees' children in our estates have access to education. Providing and improving child day care facilities within our estates. Encouraging our employees by awarding employees who have worked with us for 15 (fifteen) years with a Golden Pin Award. 	Our People
SOCIO-ECONOMIC DEVELOPMENT AND EMPOWERMENT OF THE LOCAL COMMUNITY   	✓	✓	✓		<ul style="list-style-type: none"> Any conflict in the local community could results in reputational or financial impacts, disruption to operations. Ensuring socio-economic development and empowerment in local community improves their quality of life and build a better environment to live in. 	Implemented multiple programs enabling the local communities to earn a more sustainable income for themselves, have better healthcare and education, and enjoy proper infrastructures.	Social Community Development

Material Issues and Strategic Commitment [GRI 103-1]	Where Impacts Occur				Risk/Opportunities [GRI-102-15]	Management Approach & Evaluation Parameters [GRI 103-2, GRI 103-3]	Detailed discussion in Chapter
	Head Office	Plantation with Mills	Plantation	External Parties			
ACHIEVEMENT OF THE COMPANY'S GOALS 	✓	✓	✓		<p>Excelling in our business and achieving company goals is critical in maintaining our shareholders' and investors' trust and confidence.</p> <p>Understanding our shareholder's and investors' interest and concerns and regular engagement and reporting can enhance their trust and confidence to the Group.</p>	<p>Implemented a program called BMDP at all levels starting from high management up to plantation workers in order to support the Group's most important goal of 2019, which is maintain and if possible increase the Group's EBITDA in the challenging year of 2019 as the palm oil industry was faced with a decreasing seasonal</p> <p>We hold regular engagements, informing and reporting them on the Group's progress and performance.</p>	Sustainable Operation & Products
OCCUPATIONAL HEALTH AND SAFETY 	✓	✓	✓	✓	<p>Our operations involve heavy equipment/ machinery, and any safety lapses can expose the Group to reputation and regulatory risks.</p> <p>In respect to Covid-19, transmission of virus will disrupt operations and failure to enforce the safe management measures will lead to regulatory fines.</p> <p>Compliance to safety work procedures and anticipating any workplace hazards can help to prevent incidents in the Group.</p>	<p>Providing Regular health checks.</p> <p>Organizing Occupational Health & Safety (OHS) trainings.</p> <p>Enforce safe management measures in our workplace</p>	Our People
FULFILMENT OF SUSTAINABILITY CERTIFICATION REQUIREMENT  	✓	✓	✓	✓	<p>Demand for sustainable goods 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.</p> <p>Achieving sustainability certification will increase our credibility and boost confidence in our customers.</p>	<p>Adopting the principles from both ISPC, ISCC and PROPER ISPO and ISCC within our operations.</p> <p>Conduct ISPO surveillance audit, PROPER assessment and recertification audit for ISCC annually.</p> <p>Providing clear traceability to guarantee that our CPO and FFB were produced in and by reputable sources.</p>	Sustainable Operation & Products
ETHICS, INTEGRITY, AND GOVERNANCE  					<p>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.</p> <p>By having a strong corporate governance in Kencana can provide assurance to our stakeholders, including investors and customers.</p>	<p>Conducting an independent audit with the cooperation of Audit & Risk Committee and Internal Audit team which will directly report to the Board of Directors.</p>	Corporate Governance

Material Issues and Strategic Commitment [GRI 103-1]	Where Impacts Occur				Risk/Opportunities [GRI-102-15]	Management Approach & Evaluation Parameters [GRI 103-2, GRI 103-3]	Detailed discussion in Chapter
	Head Office	Plantation with Mills	Plantation	External Parties			
PRODUCT QUALITY  	✓	✓	✓		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 meets customers' needs and requirements will increase the chances of them to select Kencana as their first choice.	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.	Sustainable Operation & Products
WATER AND EFFLUENT MANAGEMENT  	✓	✓	✓		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. A good water and effluent management can preserve our resources, ensuring efficient use and safety in the environment.	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. Conducting laboratory test to monitor the quality of water intake and effluent produced. Utilizing all of our production POME as fertilizers back into the field on areas that have already been licensed for land application. It is important to note that the Group does not discharge any of our POME into rivers.	Environmental Management & Compliance
COVID-19 PREVENTION 	✓	✓	✓	✓	Covid-19 has resulted in operations disruptions and poses threat to employees and local communities health. Implementation of safe management measures and creating a clean and safe environment will minimize the transmission of the virus.	We work together with various stakeholders to ensure all COVID-19 health protocols are followed by our employees at work, and at home with their families. We also work with local communities and local government institution in the fight against COVID-19 in our operational areas. Provide COVID-19 vaccination to all employees and their families.	Our People, Social Community Development

This year, Kencana Agri is in the process of reviewing our sustainability targets for each material ESG aspects. We are expecting to publish and report a more refined targets in our future reports for the forthcoming year.





CORPORATE GOVERNANCE

A proper implementation of Corporate Governance is critical for maintaining our stakeholders' high levels of trust and confidence in Kencana's ability for long term growth. Committed to our goal in conducting our business ethically, responsibly, and sustainably, we established structured framework systems and policies for creating a strong foundation in our operations.







Kencana Agri is committed to implementing Good Corporate Governance (“GCG”) of the highest standards. The implementation of the GCG principles such as accountability, fairness and transparency are instrumental in realizing Kencana’s vision and therefore embedded in our corporate values and culture.

Governance Structure [GRI 102-18]

The Board of Directors is entrusted with the responsibility of the overall management of the Group including considering sustainability issues e.g environmental and social factors, as part of its strategic formulation and ensure transparency and accountability to key stakeholders. The Board is committed to ensuring high standards of corporate governance so as to ensure transparency, to protect shareholders’ interests and promote investors’ confidence. Furthermore, as the Group’s commitment towards non-discrimination in the governance of company structure, no discrimination policy has been embedded into the company policy which is signed by our President Director and routinely socialize to all subsidiaries.

Dedicated to establishing a strong governance for the Group, the Board has established various Board Committees, namely the Nominating Committee (“NC”), the Remuneration Committee (“RC”) and the Audit & Risk Management Committee (“ARC”). The role of each committee is described in as follows:

Kencana’s Board Committees

- **Nominating Committee (NC)**

ROLE: Ensuring that there is a formal and transparent process for all Board appointments.

- **Remuneration Committee (RC)**

ROLE: Ensuring that the process for fixing remuneration packages for individual directors and key management personnel are structured so as to link rewards to corporate and individual performance and are they are fairly rewarded for their individual contributions to overall performance.

- **Audit and Risk Management Committee (ARC)**

ROLE: Assists the Board in discharging their responsibility to safeguard the Group’s assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in the Group. The ARC also reviews and supervises the internal audit functions of the Group.

Footnote:

For more information on Kencana’s corporate governance strategy, please refer to the Corporate Governance Report of the Kencana Annual Report 2021



Governing Sustainability

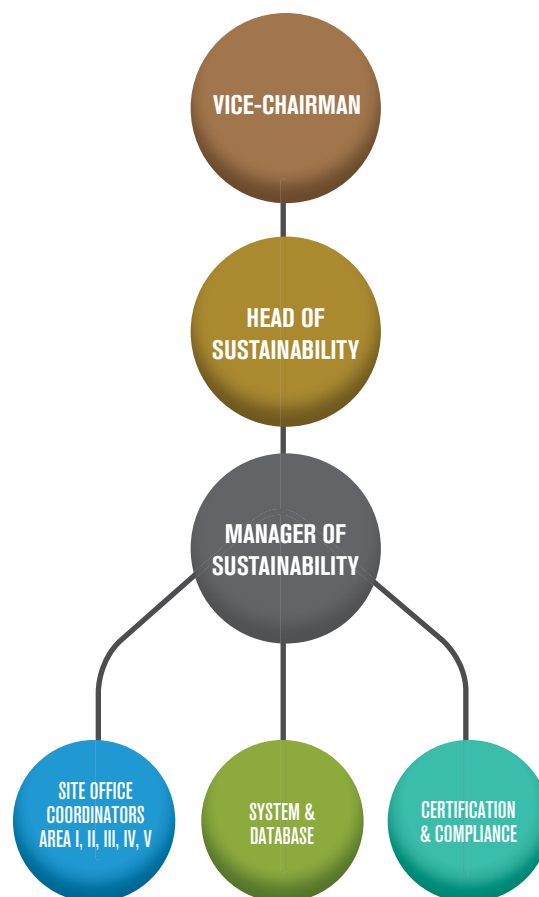
[GRI 102-18, 102-19, 102-20, 102-26, 103-3]

The Board has overall responsibility for sustainability and integrates ESG factors in the formulation of Kencana's strategy. To strengthen Kencana's sustainability governance, the Board appointed Vice Chairman to lead the implementation of the sustainability initiatives and activities. Vice Chairman sits in the Board and is responsible for implementing sustainability strategy, managing, and monitoring overall sustainability performance.

A Sustainability Team comprising of Head of Sustainability, Manager of Sustainability, and coordinators both in Head Office and Site Office supports Vice Chairman in to conducting necessary engagement, review and reporting on related sustainability strategy and plans.

The Sustainability Team sets the Group sustainability agenda, including strategy, roadmap, monitoring of action plan, overseeing the execution of sustainability initiatives and advises the Board on material ESG matters that contribute to the overall materiality assessment, which is utilized by the Board for strategic planning and long-term value creation. Sustainability risk management is built into the Group's risk management structure and remains under the Board through the ARC. Sustainability Team hold three meetings a year, together with the ARC meeting.

Sustainability Team Structure



Ethics and Risk Management

[GRI 102-11, 102-16, 102-17]

Risk management is important to protect our stakeholders while driving sustainable outcomes for our business. The Board is determined to conduct business with integrity, consistent with the high standards of business ethics, and in compliance with all applicable laws and regulatory requirements. We ensure all The Groups uphold corporate ethics with zero tolerance for fraud and corruption.



The Group has enforced a Code of Ethics that are based on values and principles. It serves as the fundamentals for working etiquette and decision making that has been adopted by the Board of Directors and applies to every director, officer, and employee in all our companies. The Code of Ethics is disseminated to all employees of the Group and is embedded in Kencana's culture.

Our Code of Ethics comprises the following values:

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

The ARC is set up to assist the Board with ensuring the integrity of financial reporting and the adequacy and effectiveness of the system of internal controls and risk management. The ARC regularly reviews internal control policies and procedures to effectively identify key risks, including ESG risk, monitor control measures and management actions as part of the risk management process.

Maintaining culture of integrity is essential to ensuring long-term value and business sustainability. The Group has established a whistleblowing platform for our employees to raise concerns on any possible improprieties through phone call or email. Our Whistleblowing Policy is overseen by the ARC. Procedures are in place for an independent investigation and follow-up actions to be taken.

Whistleblowing reporting channels:

Telephone: 0812-1074-123

Email: internal.audit@kencanaagri.com

External Initiatives & Associations

[GRI 102-12, 102-13]

Align with our vision to be the leading sustainable palm oil producer and supplier of choice for both local and global markets, Kencana continue to adopt sustainable agricultural practices, and this is supported by our certifications with the ISPO and ISCC.

In addition, the Group has participated actively as a member in a number of associations, namely: Gabungan Pengusaha Kelapa Sawit Indonesia ("GAPKI"), ISCC, and ISPO.



CSR AWARDS ACHIEVEMENT

THE 2021 PASER REGENCY CORPORATE SOCIAL RESPONSIBILITY

The Paser Regency Corporate Social Responsibility Awards is organized annually by the Paser Regency Government to recognize the efforts and contributions from companies to the Sustainable Development Goals (SDGs) through community development programs. The award has 3 categories: Social Development, Economic Development, and Environmental Development.

For a program to be eligible to join the awards, the program must be carried out in a consistent manner for at least 3 years in a row, on top of complete documentation of the programs which includes program photos, stakeholders and beneficiaries testimonies, and the concept deck of the programs design and planning.



1
GOLD
MEDAL



5
SILVER
MEDALS



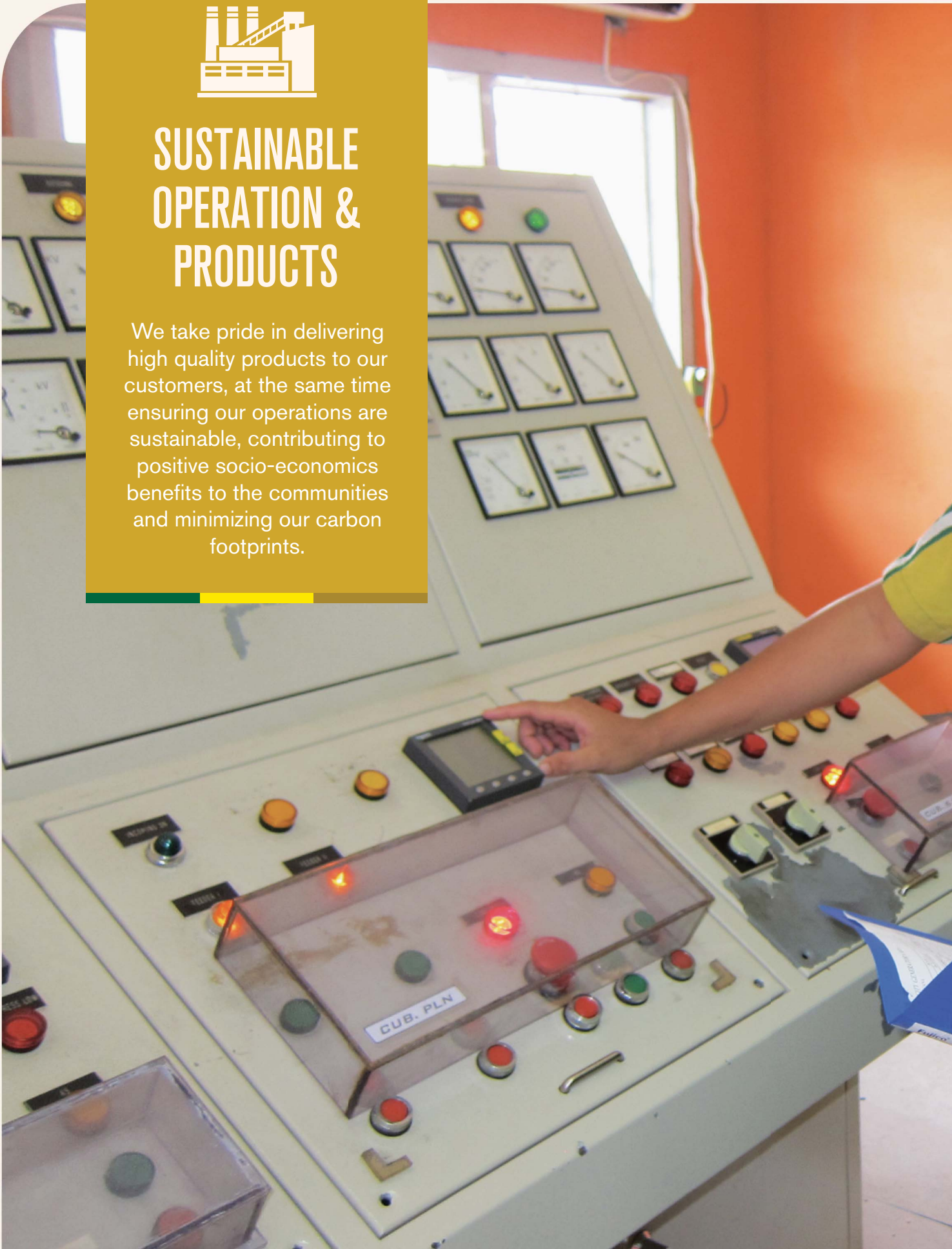
Our subsidiaries, PT AIK has participated in the awards. We achieve 5 Silver Medals and 1 Gold Medal for our flagships programs as follows:

1. Empowerment of Palm Sugar Innovation in Riwang Village – Silver award
2. Environmental Friendly Agricultural Innovation / Nutrition Garden (Taman Gizi) of Pengguren Jaya Village PKK Team – Silver award
3. Empowerment of Dasa Wisma (Gender) Pengguren Jaya Village – Silver award
4. Construction of retention basin in Riwang and Pengguren Jaya Villages – Silver award
5. Utilization of Marginal Land with Palm Oil Planting – Silver award
6. Improvement of Road/Bridge Infrastructure in 4 Villages Around the operational sites. – Gold award



SUSTAINABLE OPERATION & PRODUCTS

We take pride in delivering high quality products to our customers, at the same time ensuring our operations are sustainable, contributing to positive socio-economics benefits to the communities and minimizing our carbon footprints.





Palm oil is nearly used in everything ranging from food, shampoo, toothpaste to animal feed and alternative fuels. Palm oil is an extremely versatile oil that has many different properties and functions that makes it so useful and so widely used. Furthermore, it is a more efficient crop compared to other oil-producing crops. A high quantity of oil can be produced over smaller area of land, all year round and they require much lower quantities of fertilizer, pesticides, and energy. Hence, palm oil is an attractive crop for farmers in Indonesia, contributing to their income. With the importance of palm oil in today’s world, Kencana strives to produce high quality products sustainably to our customers.

Achieving Product Excellence

In 2021, We operate 6 mills and 13 nucleus oil palm plantations with a total of 68,150 ha of planted areas within our palm oil plantations and 16,470 ha of this

total planted areas are dedicated for our plasma smallholders.

This year, the Group produced 585,285 tonnes and 134,237 tonnes of FFB from the nucleus and plasma estates respectively, totaling to 719,522 tonnes of FFB which then processed in our mills to produce a total of 149,646 tonnes CPO. In comparison to previous year, we recorded a higher yield of 12.2 ton/ha and 9.7 ton/ha for our nucleus and plasma operations respectively this year. We would be expecting to see a higher FFB yield in coming years as a result of an increase in the percentage of oil palm reaching their prime age.

We have maintained a high Oil Extraction Rate (“OER”) of 21.1% this year as a result of improvement in our FFB handling mechanism, especially during the FFB unloading process from gathering points to the loading ramp to minimize loss.

Kencana’s Production Volumes

Products	Volume (tonnes)		
	2019	2020	2021
Fresh Fruit Bunches – Processed	896,729	689,917	710,804
Fresh Fruit Bunches – Produced	885,624	702,633	719,522
CPO – Crude Palm Oil	187,889	148,837	149,646
Palm Kernel	43.266	33.396	33.841
CPKO	-	-	-
PKC	-	-	-
Yield ton FFB/Ha (Nucleus)	14.9	11.9	12.2
Yield ton FFB/Ha (Plasma)	13.7	9.7	9.7



Often, palm oil industry is associated to deforestation, destroying habitat of endangered species, emission of GHG into the atmosphere, forced labor and child labor. As part of our commitment to sustainability, we actively work towards ISCC, ISPO and PROPER

principles and criteria in all of our operations. Our mills and estates have been audited by third-party independent parties to assure that our implementation adheres to the high standards of those standards.

ISCC

ISCC is an international certification system that was established based on European Union directive on renewable raw products for producing biofuel, food, feed, and chemicals. ISCC outlines the need to avoid planting on no-go areas, GHG emission reduction, and social sustainability.

Kencana has been an active member since 2015 and have achieved Sustainable Palm Oil certification from ISCC for 7.78% of our eligible nucleus palm oil plantation area which represents 7.331 hectares of plantations that equal to 13,338 tonnes of CSPO, and equivalent to 8.91% of the total CPO produced by the group in 2021.

ISPO

ISPO was initiated by the Government of Indonesia to ensure the sustainability of the production of oil palm. Kencana has implemented sustainability strategies at our plantations that comply with ISPO certification main assessment criteria. The ISPO aspects that we adopts are:

1. Compliance of laws and regulations
2. Best management practice of plantation
3. Management of environment, natural resource, biodiversity
4. Implementation of transparency
5. Responsibility for Workers
6. Social Responsibility & Economic Environment
7. Sustainable Business Improvement.

We conduct routine ISPO surveillance audits on an annual basis and re-certification audits as required at all estates and companies. Currently, 4 out of 6 of our subsidiaries are ISPO certified.

PROPER Achievement

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

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

This year, Kencana Agri achieved 1 Green PROPER rating (Beyond Compliance) and 2 Blue PROPER rating (Compliance), which means our estates and mills adhere to the compliance standards of the Indonesia's Ministry of Environment and Forestry.





1 GREEN PROPER RATING (Beyond Compliance) For Agro Inti Kencanamas



2 BLUE PROPER RATING (Compliance) For Sawindo Kencana and Alamraya Kencana Mas

Certifications Achieved for Kencana’s Subsidiaries

Company Name	Certificate	Ranking/Certification Status	Period Institute/ Certification Body	Institute/ Certification Body
Sawindo Kencana (SWK)	Proper National	Blue	2020-2021	Ministry of Environment and Forestry
	ISCC	New Certificate	29/01/2021-28/01/2022	TUV NORD
	ISPO	Certified: Surveillance 1	19/01/2021-18/01/2026	Mutu Hijau Indonesia
Alamraya Kencana Mas (AKM)	PROPER NATIONAL	Blue	2020-2021	Ministry of Environment and Forestry
	ISPO	Certified: Surveillance 4	06/12/2016-05/12/2021	SAI Global
		Recertification	Progress	Mutu Hijau Indonesia
Agro Inti Kencanamas (AIK)	PROPER REGIONAL	Green	2020-2021	Department of Environment, East Kalimantan Province
	ISPO	Certified: Surveillance 2	22/03/2019-21/03/2024	SAI Global
Sawit Kaltim Lestari (SKL)	PROPER REGIONAL	Red*	2020-2021	Department of Environment, East Kalimantan Province
	ISPO	Certified: Surveillance 3	27/07/2018-26/07/2023	SAI Global
Agri Eastborneo Kencana (AEK)	Proper Regional	Red*	2020-2021	Department of Environment, East Kalimantan Province
	ISPO	In progress		SAI Global

Note:

- Red PROPER rating was due to administrative sanction given by The Regent of Kutai Kartanegara, which was one of the evaluation criteria in PROPER. We have taken actions to close the finding related to the sanction taken and in December 2021 the Regent of Kutai Kartanegara had lifted the sanction officially through an official letter.

Area of Certified Estates (Nucleus)

Certified Own Estates (Nucleus) Area	2019	2020	2021
Total Nucleus Planted Area (Ha)	67,722	68,150	68,150
Certified Area (Ha)	27,291	27,291	27,291
Compared to Total Area (%)	40.3%	40.0%	40.0%

Volume of Certified Palm Oil Products

Certified Own (Nucleus) Palm Oil Products	2019	2020	2021
Total Nucleus CPO Production (Ton)	187,899	148,837	149,646
Certified CPO Production (Ton)	60,912	49,078	54,423
Compared to Total CPO Production (%)	40.9%	33.0%	36,4

Traceability In Our Supply Chain

Implementing best practice in sustainable palm oil production must be a done throughout the supply chain and both buyers and suppliers have critical roles to play in a more sustainable and responsible palm oil production. Traceability in our supply chain is an important aspect in ensuring the production of palm oil is sustainable. By tracing supply flows, we can map our supply base, evaluate supplier performance against our sustainability policy, and engage with our suppliers to drive continuous improvement.

We strive to make our supply chain as transparent as possible to all stakeholders. As of the end of December 2021, all FFB products coming out and into the Group are traceable to any of our stakeholders.

Ensuring Product & Service Quality

[GRI 103-1, 103-2, 103-3, 416-2]

Our customers are highly dependent on the quality of our products that we supply to them. We are committed to deliver high quality and safe products and services to our customers, ensuring there is no negative impacts to their health and safety.

Operations in Kencana is designed to ensure our products are of the highest standard and safety requirements. To ensure the freshness of our FFB, we adopt a “First in First out” methodology for managing our FFB inventory, maintaining low stockpiles for CPO

and kernel. Despite Covid 19 pandemic, we managed to have sufficient labor to carry out our harvesting on schedule, maintain collection point cleanliness and perform regular maintenance to our mill to minimize any breakdown that could affect production and quality of our Free Fatty Acid (“FFA”). This year we successfully achieved the FFA level of 4.01% which is lower than the maximum preferred level of 4.5%. [GRI 416-1]

We adopt industry best practices and Good Management Practices (“GMP”) and incorporate them in our Standard Operating Procedures (“SOP”). We focus on the complex, extensive and ongoing process of eliminating contaminants from the value chain. Regular quality and operational audits, quality assurance, training of all employees on GMPs and SOPs are conducted to ensure our employees are well trained in the operations.

During the reporting period, there is no non-compliance with regulations or voluntary codes concerning the health and safety impacts of our products and services. Kencana’s target is to maintain no health and safety related incidents for the products and services that we provide. [GRI 416-2]

Customer & Marketplace

[GRI 103-1, 103-2, 103-3, 416-2]

Our customers range from palm oil refiners, traders, brokers, oleochemical companies, and Fast-Moving Consumer Goods companies (“FMCG”) who have different requirements and product specification. It is important for us to understand our customers’ expectations to achieve high customers’ satisfaction and hence, customers’ satisfaction is one of the Group’s key performance indicators that we monitor on a regular basis.

We establish good relationships with our customers by engaging regularly through different means such as visits, meetings, conference, expo, and many others. Due to Covid-19 pandemic in FY2021, we mainly carry out engagements with our buyers and customers through virtual meetings and events.

The Group is fully committed to delivering our best products and services to our customers and protecting their health and safety. During the reporting period, Kencana had no issues of regulatory non-compliance concerning product quality and safety.







ENVIRONMENTAL MANAGEMENT & COMPLIANCE

We proactively measure and manage our environment impact to safeguard our environment, conserving our natural resources.





Our business is highly dependent on weather conditions and our natural environment including but not limited to soil condition, water quality and quantity, humidity, and light condition. Hence, sustainability is embedded in all aspects of our business ranging from our business strategy, operations to Kencana’s employees’ daily lives. We strive for continuous improvement in minimizing our environment footprint

by adopting good industry practices, implementing efficiency measures to reduce energy, water use and waste generation. The waste, effluents and chemicals resulted from our operations are treated and disposed responsibly, protecting our environment, wildlife and the communities surrounding our operational areas. [\[GRI 103-1\]](#)

Environmental Management Systems

[\[GRI 103-2\]](#)

Since 2015, our operations are guided by our Environmental Sustainability Policy which reinforces our commitment to work towards sustainable production. Our Environmental Sustainability Policy sets out the framework which guides how we identify, manage, monitor, and control environmental issues. Systems and procedures are in place to ensure proper use and management of resources and compliance to applicable laws, regulations, and other environmentally oriented requirements. This policy has 9 areas as shown below:

Environmental Sustainability Policy Focus Areas



In addition, we adopt industry’s good practices and benchmark ourselves against national and international standards such as PROPER, ISPO, ISCC, Law of the Republic of Indonesia No. 5/1990 concerning the Conservation of Living Resources and Their Ecosystem, and Good Agricultural Practices (GAP) for our land cultivation and biodiversity conservation practices.

Energy [GRI 103-1, 103-2, 103-3, 302-1, 302-3]

Our operations uses a significant amount of energy for running the equipment. Thus, it is important for us to reduce our energy consumption by implementing energy reduction measures such as increasing energy efficiency and sourcing for alternative/ renewable fuel for power generation. Regular maintenance of our equipment is performed to ensure they are operating optimally and reliably, minimizing their energy consumption and disruption to the operation.

Our energy sources are mostly from renewables such as biomass from shell and fiber which are by-products from the milling process. Other energy sources are diesel for our generators, machineries and light vehicles and electricity supplied from the grid.

In FY2020, there was an increase in both of total energy consumption and energy intensity compared to FY2019. This is due to the enhancement in our energy consumption monitoring and data collection by including our energy usage for the operational activities in SWK, LK and EKP. It is our target to ensure that our energy consumption data are complete, comprehensive, and accurate.

In FY2021, we completed our energy consumption data gathering and calculation with the energy consumption from the usage of Empty Fruit Bunches (EFB) for our boilers. Hence, we represent energy consumption data from the last three years adding the EFB.

Energy Consumption

Energy Sources	Unit	2019		2020		2021	
		Volume	GJ	Volume	GJ	Volume	GJ
BIOMASS							
Shells	Tonnes	59,606.00	940.58	48,294.19	761.98	49,756.31	785.05
Fiber	Tonnes	106,440.00	1,295.37	86,239.63	1,050.71	88,850.55	1,081.79
Empty Fruit Bunches	Tonnes	35,155.45	340.81	27,596.66	267.53	15,031.70	145.73
Total Energy from Biomass	GJ		2,576.76		2,080.22		2,012.57
NON RENEWABLES							
Diesel – Vehicles, Machinery, housing	Litre	165,563.00	5,943.71	78,622.00	2,822.53	99,221.00	3,562.03
Diesel-electricity generation (litres) in Mills	Litre	975,122.60	35,006.90	1,026,629.95	36,856.02	928,925.50	33,348.43
Total Energy from Non Renewables	GJ		40,954.61		39,678.55		36,910.46
THIRD PARTY ELECTRICITY							
Grid Electricity from PLN	KWH	118,320.00	425.95	1,324,016.00	4,766.46	859,304.00	3,093.49
Total Energy Consumption	GJ		43,957.32		46,525.23		42,016.52

Restatement on energy data calculation

Calculation approach this year has changed. Previously, Kencana used the total electricity data generated from biomass and convert this figure into energy (GJ). However, this year we changed that calculation approach and use biomass volume and convert it into energy using each calorific values of fibre, shells, and EFB. Based on this restatement, we present data from 2019 up to 2021 using the new calculation approach. Starting in 2020, energy data also includes purchased electricity from SWK, LK, and EKP operations which was previously not covered. Hence, increasing our consolidated use of purchased electricity. In 2021 we added the use of Empty Fruit Bunches (EFB) for biomass, which helped us to reduce the use of purchased electricity for 2019, 2020, and 2021 data.

Conversion Factor

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

* Using reference of NCV analysis conducted in 2009 by SUCOFINDO Bekasi

** Liquid Fuel Measurement and Conversion", The U.S. Department of Agriculture (USDA), File C6-87, Oct 2008

We believe that using renewable energy reduces our carbon footprint and we will strive to continue to increase on and off-site renewable energy usage in our operations.

Energy Intensity [GRI 302-3]

	Unit	2019	2020	2021
Total Energy Consumption	GJ	43,957.32	46,525.23	42,016.52
Total FFB Processed	MT	896,729	689,917	710,804
Energy Intensity based FFB Processed	GJ/MT	0.05	0.07	0.06



153,600
+ tonnes

OF BIOMASS (SHELLS, FIBER, AND EMPTY FRUIT BUNCHES) USED AS ALTERNATIVE SOURCES OF ENERGY IN OUR OPERATIONS

GHG Emissions & Intensity

[GRI 103-1, 103-2, 103-3]

GHG emissions causes global warming which contributes to climate change. As a result, unpredictable and extreme weather occurs more frequently, impacting on agriculture operations and livelihoods of human.

In Kencana, we have strict policies in place to ensure no new development on peatland regardless of depth, no deforestation and zero burning for new developments and land preparation. On top of that, we have implemented GHG reduction measures such as:

- Utilizing biomass as fertilizer and an alternative fuel substitute for generators and boilers
- Reducing emissions from the use of fertilizers and diesel fuel in our estate and factories.
- Reducing the use of diesel generators in the housing estates by connecting them to government electricity grid and monitoring of the electricity usage. As the electricity supplied from the grid emits less GHG as compared to the electricity supplied from the diesel generators, we aim to use the grid electricity whenever possible.

We monitor our GHG emission performance using GHG emission intensity which is calculated using the total GHG emission from plantation operations, mills operations, transportation, fuel consumption, and application of fertilizers over the total production volume of the period. This is in accordance with the Regulation of the Ministry of Environment and Forestry of the Republic of Indonesia Number 41 Year

1999 and GHG calculation tool compliant with the ISCC EU System 205 V.4.0 standard.

In FY2021, we have quantified the GHG emission intensity for our major two operations SWK and AKM which accounts for 30% of the total Group's production volume. These two operations are our pilot program, and we will implement the established methodology for the rest of the operations progressively in the next few years.

Emission Intensity [\[GRI 305-4\]](#)

Major Operations	Total GHG Emissions Intensity (kgCO ₂ eq./dry-ton CPO)		
	2019	2020	2021
PT Sawindo Kencana	651.67	628.31	662.55
PT Alamraya Kencana Mas	833.76	775.71	732.93



Air Quality Monitoring
[\[GRI 305-7\]](#)

We conduct routine air quality monitoring at all our estate and mills areas at all operations, specifically SO₂, CO, and NO₂. We ensure all air quality parameters are within the quality standards set by The Ministry of Environment and Forestry of Indonesia, as well as local authorities at each operational area. In FY2021, the air quality at our all our operational sites complies with the prevailing regulations regarding air pollution control and air quality parameters set by the Indonesian government.



Operations	Average Results		Quality Standard	Unit	
	Parameter	Value			
Sawindo Kencana	Up Wind	SO ₂	30	900	µg/Nm ³
		CO	1145	30,000	µg/Nm ³
		NO ₂	22.5	400	µg/Nm ³
	Down Wind	SO ₂	30	900	µg/Nm ³
		CO	1145	30,000	µg/Nm ³
		NO ₂	25.5	400	µg/Nm ³
Alamraya Kencana Mas	Up Wind	SO ₂	30	900	µg/Nm ³
		CO	1145	30,000	µg/Nm ³
		NO ₂	30	400	µg/Nm ³
	Down Wind	SO ₂	30	900	µg/Nm ³
		CO	1145	30,000	µg/Nm ³
		NO ₂	32.5	400	µg/Nm ³
Agro Inti Kencanamas	Up Wind	SO ₂	34.5	900	µg/Nm ³
		CO	1145	30,000	µg/Nm ³
		NO ₂	35.5	400	µg/Nm ³
	Down Wind	SO ₂	30	900	µg/Nm ³
		CO	1145	30,000	µg/Nm ³
		NO ₂	36.5	400	µg/Nm ³
Sawit Kaltim Lestari	Up Wind	SO ₂	32.5	900	µg/Nm ³
		CO	1145	30,000	µg/Nm ³
		NO ₂	27.5	400	µg/Nm ³
	Down Wind	SO ₂	30.5	900	µg/Nm ³
		CO	1145	30,000	µg/Nm ³
		NO ₂	33	400	µg/Nm ³

Operations	Average Results		Quality Standard	Unit	
	Parameter	Value			
Agri Eastborneo Kencana	Up Wind	SO ₂	30	900	µg/Nm ³
		CO	1145	30,000	µg/Nm ³
		NO ₂	27	400	µg/Nm ³
	Down Wind	SO ₂	30	900	µg/Nm ³
		CO	1145	30,000	µg/Nm ³
		NO ₂	28.5	400	µg/Nm ³
Delta Subur Permai	Up Wind	SO ₂	32	900	µg/Nm ³
		CO	1145	30,000	µg/Nm ³
		NO ₂	30.5	400	µg/Nm ³
	Down Wind	SO ₂	30	900	µg/Nm ³
		CO	1145	30,000	µg/Nm ³
		NO ₂	32	400	µg/Nm ³





Water Consumption

[GRI 103-1, 103-2, 103-3, 303-1, 303-2, 303-3]

Water is a crucial element to life and hence it is important for us to maintain a clean and available water supply, ensuring there is no pollution or any wastage. In Kencana, all the water used for our milling operations is withdrawn from rivers and we do not use groundwater. We diligently track and monitor our water usage and discharged water quality.

Our major operations are located in Bangka (Sumatra) and Kalimantan Island. Both Sumatra and Kalimantan island are not identified as water stress area according to Asian Development Bank: Indonesia Water Studies (2019) as water (surface water) availability and rainfall are high while population and industrial activities are relatively lower than Java which is classified as water stress area.

Before construction of our mills, Environment Impact Assessments (“EIA”) was conducted to identify all potential relevant environmental risks associated to the project, including water risks to the natural ecosystem and local communities relying on the water

source for their livelihoods. With the risk identified, the Group uses computer software modelling and simulation to aid in the designing of an optimal water management system for each area.

We adopt best water management practices to ensure the efficient use of water. We implement 3R programs, reducing withdrawal from groundwater and surface water, increase recirculation and reuse of water. The Group install monitoring wells in surrounding areas. These wells are covered, secured, and maintained regularly. As part of the PROPER assessment, representatives from the Regional Environmental Agency inspect the quality of the water within the wells regularly and there is non-compliance reported from regulators regarding our water discharged quality

The water management system is designed with comprehensive hydrology, agronomy, and topography studies, enabling accurate control, and monitoring of water flow and thus prevent flooding, minimize erosion, secure the water supply for our plantation areas during the dry season. Furthermore, we also developed

watergate system in low lying areas, terracing system, and cover crops planting, were among these efforts for creating a better environment for our trees.

During the reporting period, the Group withdrew a total 1,049,494 m³ water from reservoirs and

rivers. Most of the reservoirs we use sourced from rainwater. Total water usage by the Group consists of 70% from reservoirs and the remaining 30% from rivers surrounding our estate areas. Meanwhile, we maintained our water intensity at 1.44 m³ per ton FFB this year.

Water Withdrawal

Operational Region **	Water Source	2019		2020		2021	
		Withdrawal Volume (m ³)	%	Withdrawal Volume (m ³)	%	Withdrawal Volume (m ³)	%
Bangka	Reservoir*	308,823	23	227,471	23	206,447	20
South Kalimantan	River [^]	207,805	15	158,433	16	274,597	26
East Kalimantan	Reservoir 1*	129,606	10	140,074	14	110,954	11
	Reservoir 2*	397,977	29	150,460	15	171,344	16
	Reservoir 3*	316,111	23	258,258	26	243,843	23
Central Sulawesi	River [^]	-NA	-NA	55,273	6	42,310	4
Total Water Withdrawal (m ³)		1,360,323	100	989,969	100	1,049,494	100
Water Intensity (m ³ per ton FFB)		1.51m ³ per ton FFB		1.43 m ³ per ton FFB		1.44 m ³ per ton FFB	

Note:

- *Recycled water
- [^]Potable Water
- ** All operational areas are categorized as non-water stress areas - based on Asian Development Bank: Indonesia Water Studies (2019)
- All water withdrawal is freshwater with TDS <=1000 mg/L
- Central Sulawesi operations (PT Delta Subur Permai) started its full operation in 2020.



Palm Oil Waste Management: Plantation and Mill

[GRI 103-1, 103-2, 103-3, 306-1, 306-2, 306-3, 306-4]

“It is our commitment to continue prioritizing and optimizing the use of organic fertilizers, such as the application of EFB for mulching that can help retain soil moisture which is important during dry seasons, and application of POME that have high organic matter to improve and maintain soil fertility.”



Kencana is committed to reducing the amount of waste we generate and adopts waste management best practice for our palm oil estates and mills, recovering and re-using waste where possible. As part of our efforts to reduce any actual and potential waste-related impacts, we engage with the local authorities and communities to understand their requirements and concerns. In FY2021, no significant complaints from the surrounding communities or sanctions from the regulators regarding our palm oil waste management and compliance was reported.

The solid waste that are produced from our production processes include empty fruit bunches (“EFB”), mesocarp fiber, and palm kernel shells. In Kencana, they are not disposed but are reused as energy or fuel and composed or mulched as organic fertilizer. EFB is applied as mulch to conserve moisture, improve soil fertility, and reduce weed growth.

In addition, our byproduct, palm oil mill effluent (“POME”) is reused as a fertilizer through land application. Our studies from 2014 to 2019 showed that POME application as fertilizers help add extra nutrients to the soil hence might boost yields of oil palm production from 6 to 8 ton/ha. Based on those studies, we put into use 100% of our production POME as fertilizers back into the field on areas that have already been licensed for land application. Through our efforts, no POME is discharged from the Group operational sites into waterbodies. As a result, 708,118m³ of POME from our mills in FY2021 was reused as fertilizer. The quality parameter monitoring for POME is expressed using a median Biological Oxygen Demand (“BOD”) which was recorded at 983mg/L, well below the regulated standard of BOD level at 5,000 mg/L.

Volume of Waste Recovered and Recycled

Palm Oil Waste	Utilisation	Unit	Total Amount Recovered & Recycled		
			2019	2020	2021
Empty Fruit Bunches	Fertilizer & biomass fuel	Ton	178,819	144,883	106,662
Mesocarp Fibers	Biomass fuel	Ton	106,440	86,240	88,851
Shells	Biomass fuel	Ton	59,606	48,294	49,756
Palm oil mill effluent (POME)	Fertilizer	m ³	539,501	504,959	708,118

This year we managed to significantly increase land application of our POME by 40.2% to 708,118 m³ which

were driven by better infrastructures and operating procedures, as well as the competencies of our people in doing the land application process.

POME Quality Monitoring and Parameters

Operations	POME BOD 2021		Outlet Regulated Max. Quality Standard	Unit	Outlet Discharge Destination
	Inlet	Outlet			
Sawindo Kencana	11,711	462	5,000	mg/L	Land application to the soil as fertilizers
Alamraya Kencana Mas	35,334	726			
Agro Inti Kencanamas	41,075	2,393			
Sawit Kaltim Lestari	28,980	1,083			
Agri Eastborneo Kencana	39,944	1,176			
Delta Subur Permai	5,186	60			
Average POME Biological Oxygen Deman (BOD)	27,038	983			

Hazardous Waste Management

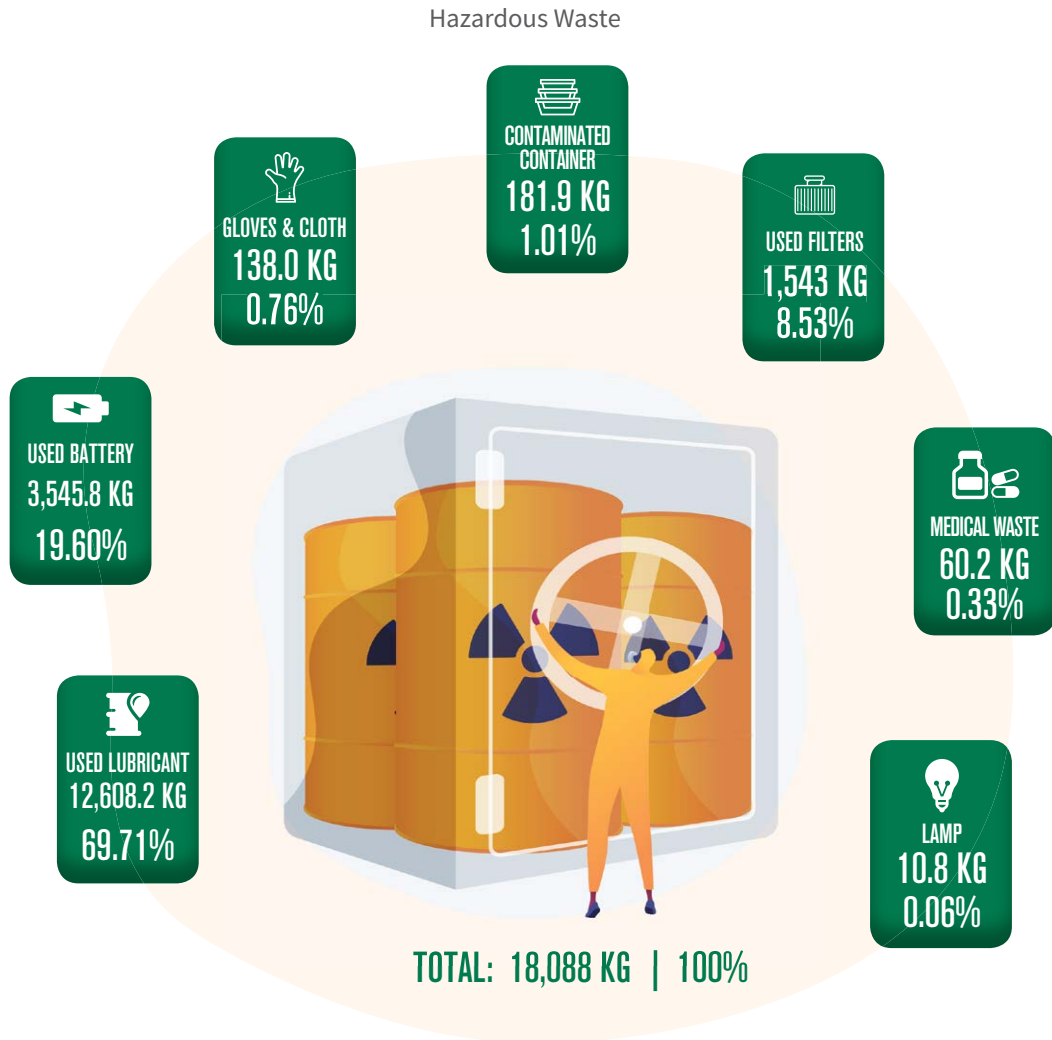
[GRI 103-1, 103-2, 103-3, 306-1, 306-2, 306-3]

Hazardous wastes are generated as part of palm oil production process. These wastes include used lubricants, used rags, used batteries, used filters, empty paint cans and printer cartridges, and needles from health clinics. In Kencana, we manage and dispose hazardous waste responsibly and fully adhere to the government regulations on hazardous waste handling.

Our employees follow the waste management SOPs strictly to segregate, label and store hazardous securely and safely in fire resistant temporary storage facilities. These storage facilities are equipped with accidental spill containment kits, alarms, firefighting gears, shower/eyewash and first aid kits. Our waste storage and handling facilities are inspected regularly by the Regional Environmental Agency and have valid facility permits.

We engage authorized and licensed third party to further process, recycle, and transport hazardous wastes for proper disposal in accordance with national legislations and international best practices. Particularly for medical waste, we work with the local Community Health Centers to incinerate the medical waste from our clinic in a safe manner. All our third-party carriers would then issue a manifest of handling of hazardous waste transport which Kencana will use as proof to report to the Ministry of Environment and Forestry. Furthermore, our Health and Safety Officers at each site has been properly trained and are qualified to monitor and ensure that the waste management practices are in accordance with the rules.

In FY2021, total 18,088 kg of hazardous waste is generated and there were no reports of any significant spills.



Integrated Pest Management

Pests is a common issue in the agricultural practice. For instance, uncontrolled rat populations damage fronds, oil palm flowers, and fruits, thereby significantly affecting yield. Other common pests include rhinoceros beetles, bunch moths, bagworms, and nettle caterpillars.

Kencana’s integrated pest management approach to minimize chemicals usage. Instead, we use a combination of good agricultural practices such as mechanical, biological, and chemical solutions to mitigate the pest issue. Usage of pesticides and chemical fertilizers may harm the environment and

our workers’ health and safety. Hence, we aim to avoid using them in our pest management.

Since 2015, we conducted rigorous research and trials to implement the use of natural predators in our pest management. To control the rat’s population, we bred and released owls which feed on rats in our plantation. Besides the use of rats, we planted specific plants species such as *Turnera subulata*, *Turnera ulmifolia*, *Antigonon leptopus*, *Cassia tora*, and *Nephrolepis* which are natural predators of major leaf eating pests of oil palms, including bagworms and caterpillars. Furthermore, to control *Metisanaplana*, the Group planted *Turnera Subulata*, *Turneraulmifolia*, *Cassia tora*, *Euphorbia heterophylla*, and *Antigonon leptopus*

at each block alongside palm oil crops. These plants contain nectar and pollen that serve as a food source for parasitic insects and natural predators of caterpillars, ultimately bringing pest populations under control.



Nature Conservation

[GRI 103-1, 103-2, 103-3, 304-1, 304-3]

During the most recent Conference of Parties (“COP26”), world leaders, including Indonesia has agreed to end deforestation by 2030. This is particularly significant to Indonesia as it is home to a third of the world's rainforests. With our palm oil operations located in Indonesia, Kencana plays an important role in conserving, restoring, and protecting natural habitat and biodiversity.

Our policy and strategy are aligned with SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), SDG 15 (Life on Land) and they include:

- No deforestation in high carbon stocks (“HCS”) forest areas and no further land clearing potential HCS areas until the results of the proposed HCS study are adopted.
- Preservation of high conservation value
- Apply a zero-burning policy in respect of new planting and replanting.
- No new development on peat land (“NDPE”), regardless of any depth.
- Strive to adopt industry practices and standards regarding sustainable palm oil

Our approach towards nature conservation includes continual improvement of our High Conservation Value (“HCV”) area monitoring, internal capacity building, engagement with local communities and other oil palm plantation companies, as well as partnerships with academic and research institutions, Non-governmental Organizations (“NGOs”) and

governmental organizations. We use The High Conservation Value Resources Network (“HCVRN”) and High Carbon Stock Approach (“HCSA”), as well as the ISPO and ISCC standard to identify these areas.

We ensure to conduct HCV studies for all new development areas, through accredited independent HCV assessors, and implements a management strategy that focuses on these following key aspects:

- Preservation of river border lines.
- Cultivation local trees in HCV area
- Educating the local community on the importance of preserving HCV areas.
- Regularly monitoring river water quality.
- HCV areas are regularly monitored and audited by the internal sustainability team.
- Recording every wildlife species found in the estates, and taking notes of those classified as vulnerable and above on the list of protected species under Ministry of Environment and Forestry Regulation No. P.106 of 2018 on Preservation of Flora and Fauna.

18,081 hectares

As of 31 December 2021, a total of more than 18,081 hectares at our palm oil estates is conserved



As part of this commitment, in FY2021, one of our subsidiaries, AEK conducted HCV HCS studies in September 2021.



Taman Gizi (Nutrition Garden) at Housing Estates

Our employees' families reside in the housing estates in the plantations and Kencana always seek out creative programs to improve their quality-of-life in the area.

In FY2021, our subsidiaries South and East Kalimantan has started a Nutrition Garden program in the housing estates. The aim of this project is to optimize our use our land resources around the area for growing vegetables and fruits, meeting the nutritional needs of their families.

This program was carried in several stages to ensure the success of the program. Assessment was done to identify the program needs and training on planting and making of fertilizers were provided to the employees' families. We provided continuous assistance to them and closely monitor and evaluate the program to track the program's effectiveness.

Not only does this program provide alternative food source for our employees and their families, the excess harvested vegetables and fruits are sold to the nearby markets and the revenue were used for farm operational needs to maintain its activities continually, such as repair of rickshaws and provision of seeds.



Fire Prevention [GRI 103-1, 103-2, 103-3, 304-1, 304-3]

Indonesia is vulnerable to forest fires and these forest fires pose a huge risk for both our employees and the communities living in and around our estates. Apart of houses or property damages, the thick layer of haze affects the air quality and causes health issues not only the local community but also neighboring countries.

To better manage forest fires, our plantations are planned and design to put out fires efficiently and effectively. Canals were constructed between our plantations with areas with high fire risks. Small fireboats and patrol cars which are equipped with water pumps are always in standby in the perimeter of those canals.



In Kencana, we recognize that fire prevention is also important. Preventing forest fires would eliminate the need to put out forest fires in the first place. We believe education and capability building is more effective than having a world-class suppression capability. We have established a zero burning policy and cooperate with government authorities on a range of community and education-based prevention initiatives to ensure all necessary precautions are taken to ensure fires are prevented.

Firefighting trainings by Kencana's internal HSE certified specialists team were provided to all employee. In these trainings, our employees learned to monitor, manage, and extinguish forest fires, as well as how to conduct emergency procedures such as evacuations during such events.

Since 2018, we implemented the use of satellite mapping program that has the capability to track hotspots throughout the country. This program can be accessed by the Group's fire department including our top management to enable our estates and the Jakarta head office to conduct joint monitoring of hotspots located throughout the perimeter of Kencana's estates. During the reporting period, zero fire incidents has occurred at all Kencana's operation areas.

Climate Change

Particularly in recent years, the rising threat of climate change has caused destructive effects to the planet and livelihoods. Unpredictable and extreme weather patterns directly impact on our agriculture business, affecting the production yield and our employee's health and safety. Hence, as part of our risk management process, we will continue to identify climate-related risks and include in our disclosures in FY2022 Sustainability Report, complying to SGX Listing Rules.



SOCIAL COMMUNITY DEVELOPMENT

Kencana remains committed to giving back and positively impact the community both economically and socially.





With the rise of the importance of ESG factors in this changing economy, sustainable practices are no longer separated from a business' social and financial performances. Kencana's long-term success is built on being a valued partner to the communities we serve in. We recognize that our activities can have varying degrees of economic, social, and environmental impacts, directly or indirectly, on our communities. [\[GRI 103-1, 103-3\]](#)

We believe that we can contribute to the sustainable development of our communities through the Group's Community Development Program. Understanding the unique needs of the community and maintaining positive relationships with local communities is fundamental for enhancing livelihoods and contribute to the local socio-economic development. Hence, Kencana proactively engages with the local stakeholders for monitoring and managing any possible impact in our operations to the communities. [\[GRI 203-2, 413-1\]](#)

All our corporate social responsibility ("CSR") programs comply with the Law of the Republic of Indonesia No. 40 year 2007 point 74 and Government Regulation No. 47 year 2012 on Environmental Social Responsibility of Limited Liability Company; and Government Regulation No. 93 year 2010 and Finance Ministry Regulation No. 76/PMK.03/2011 dated 5 April 2011 on Deductible Donations. All operations of Kencana adheres to this regulations and conduct the suitable CSR programs in each operation.

Our Social Community Development Focus

[\[GRI 103-2\]](#)

To better serve the needs of the communities, the Group's Community Development Program is designed and with specific focus areas for implementation. Through our program, we forge partnerships with the local communities, empowering and developing communities positively.





We have four focus in our social community development programs and strategy, they are:

EMPOWERING THE LOCAL COMMUNITIES

The Groups focuses on partnerships with local communities that support local economic growth. This focus on the Group initiatives which include the plasma partnership that the Group initiated in 1997. The Group consistently supports smallholders to grow sustainably through the establishment of inclusive agribusiness where we operate. We are also work with indigenous and local communities through various plasma scheme partnerships.

FOCUS 1



FOSTERING ENGAGEMENT & GOOD RELATIONSHIP

Proactive engagement with the local communities is essential for building good relationship, hence, positively impacting on the development of the communities. Kencana's approach creates opportunities for a broad and constructive dialogue with a focus on long-term relationships. Kencana provide avenues for communities to reach out to us for any environment or social issues. Kencana has processes and systems in place for handling such issues to ensure they are managed in an open, transparent, and consultative manner.

FOCUS 2



FOCUS 3



RESPECTING THE RIGHTS OF INDIGENOUS PEOPLE

Our operations' locations are near areas which have rights to Indigenous or local territories and the explicit right to develop their own land. In Kencana, we always respect the rights of Indigenous peoples and local communities' lands, territories and resources and seek to protect their rights as well as conserving biodiversity in the areas.

FOCUS 4



SUPPORTING BETTER WELFARE

The Group is committed to support rural developments, improving the quality of life through our Community Development Programs and job creation. Part of our revenue will be set aside for social programs that are centred on education, honourer teachers support, healthcare, and improvements of public infrastructure.



Plasma Partnership

[GRI 103-1, 103-2, 103-3, 203-2, 413-1]

Plasma Partnership was launched in 1997 with the goal to support the growth of independent and strong socio-economic communities surrounding our operational sites. Our plasma partnership programs share the best practices with local smallholder farmers, providing practical trainings and quality seed stock, advising on fertilizers and pesticide procurement and utilization, introducing new farming technologies, and assisting with land titling and transporting of FFB to palm oil mills.

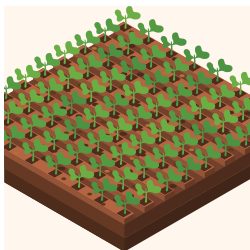
According to Indonesia government regulation, a minimal 20% planted area is required for the planted area of plasma. We comply with requirement and continue to work together with our plasma partner in a sustainable manner, including in overcoming any potential negative impacts through proper grievance mechanism and communication forums. Our plasma partnership program has resulted in numerous positive social-economic impacts for the farmers. For instance, the quality-of-life of a small village called Tempilang near our SWK's operations has improved significantly, generating positive benefits of socio-economic development for the area and the local communities for the last 20 years. Their yield has increased remarkably that a cultural event, Ruahan is organized to celebrate their harvest annually.

Our plasma partnership program comprises of three main programs below:



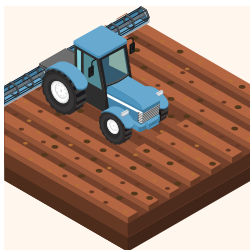
KKPA (Kredit Koperasi Primer untuk Anggota - Credit for Members of Primary Cooperative)

Through this program, Kencana support the local communities by providing funds for developing their plantation. We work closely with banks and cooperatives, and we act as the guarantor to assist smallholder farmers in securing the funds. On top of that, we ensure the success of their plantation development by providing training and mentoring sessions on good agricultural practices, administration, cooperative management, basic financial management, and more.



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

This program aims to empower the local communities and support them to improve their welfare through the utilization of uncultivated lands in the government owned region as palm oil plantation. Kencana collaborates with local governments by offering the KKSR plantation purchasing output guarantee of the KKSR plantation output as our raw material



Revitbun (Revitalisasi Perkebunan - Plantation Revitalization)

Kencana actively participates in government programmes and this program is a national program initiated by the Indonesia Government to help accelerate the growth of local plantations through expansion, revitalization, and rehabilitation of various crop commodities, including palm oil and corn. We provide our expertise in helping to develop plantation areas, cultivation, agronomy practices and technology, production process and product marketing for the local farmers/communities. Indonesian government will provide the fundings for investment.



TILAPIA FISH CULTIVATION PROGRAM FOR THE YOUTH OF PENGGUREN JAYA VILLAGE [GRI 413-1]



Together with the Youth Organization and Village Office teams, PT AIK organized the Tilapia Fish Cultivation Program for the youths in Pengguren Jaya Village. The goal of this program is allowing the youths to engage in healthy and productive activities. This is also aligned to the goal of the Youth Organization and the Village Head of Pengguren Jaya.



This program was started in July 2021 and Kencana has donated 1,500 fish seeds and 3 sacks of feed. As of 31 December 2021, there are already 5 new tarpaulin ponds owned by the community with tilapia and catfish, helping the local community to be self sustain in obtaining health food sources for their families, and providing productive, positive, and income-generating activities for the local youth.



TRAINING FOR THE VILLAGE COMMUNITIES [GRI 413-1]



In FY2021, we shared our expertise in the agricultural practices with several village communities and local farmers with the aim to empower and build self-resilience local communities. These training programs on appropriate rural technology and sustainable agriculture were requested by Mangka, Sengayam Villages, West Pamukan District and Kotabaru Regency.



Throughout 2021, we held a total of 3 training sessions in July 2021, October 2021, and November 2021. During the training, we taught the participants production of decomposing bacterial, household waste treatment for organic fertilizers and making organic fertilizer from plantation waste. The training programs were well received with full attendance for all the training conducted.



OUR PEOPLE

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







Human Resources Relation & Management

[GRI 103-1, 103-2, 103-3]

At Kencana, we recognize our employees contribute greatly to the success of the Group and it is important to ensure our high employee satisfaction and talent retention for operation excellence.

Kencana is committed to strive for the best to provide good employment policy and eventually become a choice employer. Our recruitment process adheres to the strict guidelines on non-discrimination and fairness, regardless of gender, ethnicity, religion, or age. We offer competitive remuneration packages with additional benefits.

We offer competitive compensation packages that includes a wide variety of employee benefits such as such as medical benefits, insurance and leave schemes for full time employees. Kencana offers allowances ranging from transportation to meal allowances and health social, employment, and pension social securities, ensuring the well-being of our employees.

Kencana strives to build a constructive relationship with our people and will continue to evaluate our performance to ensure compliance to prevailing regulations, national law, and benchmark with industry best-practices. Our key focus areas are:

- Ensuring the Company complies with all legal obligations and regional labor regulation everywhere we operate.
- Building a communicative culture, including in developing our Collective Bargaining Agreement in which we ensure all our employees are covered and protected by this agreement.
- Endeavoring to create solid relations with our employees, based on a culture of trust and cooperation.
- Providing various a rewarding working experience, safe and healthy working environment, and mutual respect.
- Providing various facilities for our employees, including attractive remuneration, bonuses, retirement benefits, and career development. In addition, our commitment has been extended to their families, The Group also ensures to offer facilities and services with coverages that extend to their families.





Workforce Profile and Distribution

[GRI 102-8, 401-1]

As at 31 December 2021, Kencana Agri employed 7,046 employees including 2,593 permanent employees and 4,453 non-permanent employees. Our workforce are 100% Indonesian citizens. All of our Board of Directors are Indonesians. Details of our workforce profile are described below:

Board Compositions

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

Workforce profile by gender, age and nationality

Total of Employees [GRI 102-8]	Region					Total	Percentage	
	Jakarta-Head Office	Singapore Office	Sumatra	Kalimantan	Sulawesi			
Gender								
Male	Permanent	94	0	414	1668	186	2362	34
	Non-Permanent	0	0	90	2503	863	3456	49
Female	Permanent	42	0	25	78	86	231	3
	Non-Permanent	0	0	61	777	159	997	14
Age								
18-30 years old	12	0	150	1839	508	2509	36	
30-50 years old	108	0	437	3141	767	4453	63	
>50 years old	16	0	3	46	19	84	1	
The Worker Origin								
Local	136	0	443	1248	751	2578	37	
Non-Local	0	0	147	3778	543	4468	63	
Total	136	0	590	5026	1294	7046	100	

New Recruitment by Gender, Position and Age

New Recruitment 2021 [GRI 401-1]	Region					Total
	Jakarta-Head Office	Singapore Office	Sumatra	Kalimantan	Sulawesi	
By Gender						
Male	10	0	4	67	21	102
Female	4	0	1	1	0	6
By Position						
Chief/Directors	0	0	0	0	0	0
Head/General Manager	0	0	0	2	1	3
Senior Manager	1	0	0	4	1	6
Manager	3	0	2	13	2	20
Senior Assistant/Senior Officer	2	0	0	10	2	14
Assistant/Officer	8	0	3	39	15	65



Turnover by Gender and Position

Turnover 2021 [GRI 401-1]	Region					Total
	Jakarta-Head Office	Singapore Office	Sumatra	Kalimantan	Sulawesi	
By Gender						
Male	5	0	4	58	21	88
Female	6	0	2	4	0	12
By Position						
Chief/Directors	0	0	0	0	0	0
Head/General Manager	0	0	0	1	0	1
Senior Manager	1	0	0	1	0	2
Manager	3	0	2	9	1	15
Senior Assistant/Senior Officer	4	0	0	4	4	12
Assistant/Officer	3	0	4	47	16	70
Operative	0	0	0	0	0	0

Fair & Competitive Remuneration

[GRI 202-1, 401-2, 103-1, 103-2, 103-3]

We are committed to ensuring that our compensation packages for our employees are fair and competitive. Our compensation and rewards policies are

performances-based. Salary benchmarking was conducted to ensure the relevance of Kencana’s salaries with the industry and overall market. All our employees across the Group, including operative and entry level positions, are paid at or above the local minimum wage (“UMR”) at each operation areas.

Standard entry level wage by gender compared to local minimum wage

Regions	Standard Entry Level Wage Compared to Local Minimum Wage [GRI 202-1]	
	Permanent	Non-Permanent
Sumatra	3.24	1
Kalimantan	3.51	1
Sulawesi	2.39	1





Benefits to Permanent and Non-Permanent Employees

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



Benefits & Welfare of Our Employees' and Their Families

We are committed to the well-being of our entire workforce, including their family members as we believe this is part of our obligation as a responsible employer. Transportation facilities are made available to our employees who are working in the Group's mills and estates. To ensure the safety and provide more convenience to our employees' family members, we built schools and day care facilities for their children within the estate's vicinity. We collaborate with local

religious leaders to organize religious activities, moral education, and character-building programs, providing quality education for the children.

In line with SDG Goal 4, quality education, Kencana understands the importance of quality education in developing our next generation, especially during the times of Covid-19 pandemic, when we saw closure of schools across the globe. In FY2021, we have initiated Kencana's Achievement Program which aims to develop our employees' children's potential by making education readily accessible to them.



TAMAN PINTAR PROGRAM: NURTURING OUR FUTURE GENERATION

[GRI 413-1]



Through our internal assessment, we identified the areas that we can contribute to improve the education quality for our employees' children. One of the 2 priorities was the need to have a space for school-age children to have access to educational material in order to gain more knowledge and insights.



In FY2021, we have launched Smart Park which is a library for our employees' children. Smart Park provides a collection of books, an approximate total of 274 books suitable for ages from kindergarten to high school. The collection includes topics ranging from health, cooking, folklore and other general knowledge. Smart Park is managed by middle and high school students and operate 3 times per week.



IMPROVING KINDERGARTEN/NURSERY EDUCATION

[GRI 203-1]



The second priority that we identified through our internal assessment is improving our existing kindergartens/ nursery education. The existing indoor and outdoor educational media are not sufficient and further enhancements can be made.

In FY2021, we have improved our educational media in the kindergartens and nursery education by adding indoor thematic teaching aids, and outdoor play facilities such as swings, slides and playground.



In addition, we have opened more new kindergartens and schools for the estates and mills housing. In these areas, the nearest kindergarten/ school is on an average 15km away which cause inconvenience for the children, especially during rainy season when the road conditions can be poor. On top of that, there is limited transportation for the children during peak hours when most of the school children return home from school. With the opening of these kindergartens, our employees can be more assured of the children's education and safety, bring more convenience to them.



Training & Development

[GRI 103-1, 103-2, 103-3, 404-1]

At Kencana, we believe long-term and in-depth learning and development for employees is a very important aspect of the business. We place much emphasis in providing training opportunities to employees for the purpose of career and personal development by developing practice and capabilities that empower our people to pursue operating excellence.

Employees receive a variety of learning opportunities in the form of formal training, mentoring and on-the-job technical training. We have development education

programs, and each department is required to attend. The training and education program is arranged based on the Group requirement, including our obligation to meet government regulations.

In FY2021, we continue to focus on our capability building work to ensure the continuous learning and development of our people despite the COVID-19 pandemic across our operations, from our Directors to our frontline operatives in our estates and mills. On average our employees attended 9.68 hours of training, higher than previous year of 5.59 hours.

Training Hours by Gender

Training Hours By Gender [GRI 404-1]	Number of Employee	Training Hours Provided	Average (Manhours/ Employee)
Male	1,807	15,656.0	8.66
Female	125	1,335.8	10.69
Total	1,932	16,991.8	

Training Hours by Position

Training Hours By Position [GRI 404-1]	Quantity		Manhours	
	Male	Female	Male	Female
Chief/Directors	0	0	0	0
Head/General Manager	7	5	40	49
Senior Manager/ Manager	101	2	812	8
Senior Assistant/Senior Officer	115	7	1,444	116
Assistant/Officer	543	34	6,975	565
Operative	1,041	77	6,385	599
Total	1,807	125	15,656	1,336



More than
16,992



training man-hours were
provided throughout 2021



Training Topics

No.	Training Topics Categories	Number of Participants		Total Participants
		Male	Female	
1	Operational-related topics	816	44	860
2	Tax, Financial, Business-related topics	36	7	43
3	Fire Management System	107	7	114
4	OHS and Environmental-related topics	379	36	415
5	HR related topics	14	5	19
6	Leadership and Motivational	392	24	416
7	ISPO and ISCC Audit System	51	0	51
8	Risk Management and Legal Compliance related topics	12	2	14
Grand Total		1,807	125	1,932

Protecting Human Rights [\[GRI 102-41\]](#)

As a responsible palm oil company, Kencana has the responsibility in protecting human rights. We are committed to respecting human rights and align our operations and strategies with the universally accepted principles established by the United National Global Compact Initiative.

The Group has consistently placed emphasis in building constructive relationships with unions to understand the protect the employees' and employers' rights and obligations. We actively engage with Labor Unions in developing the Group's Collective Labor Agreement.

Our Collective Labor Agreement is a written legal contract which covers industrial relations, working hours, remuneration, out-of-post assignments and transfers, social security and welfare, occupational health and safety, and employment termination. According to the agreement, the rights of our employees have been socialized and are written within the Group's

regulations. All of our employees are protected and covered by our Collective Labor Agreement.

Regular meetings are held between union representatives who are elected by the members and the local management. Every unit in the Group has at least a union representative to speak for them. In addition, we have a grievance system for our employees to express any of their complains by filing a letter of Grievance. Once a letter is filed, the employees' superior would contact them to further understand their complaint, discuss and reach to a solution that is agreeable to both parties.

In Kencana, employees have the right to choose to join or not join the unions. We encourage our employees and workers to have a constructive dialogue with the management, both directly or through these unions. As of 31 December 2021, we recorded as many as 1,232 employees are registered member in various labor unions across our operations.



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	415
SKL	SBSI Hukatan	101
AKM	Serikat Alamraya Kencana Mas	162
	Serikat Pelita PT.AKM	217
AEK	SBSI Hukatan	120
ATK	SBSI Hukatan	217

Diversity and Inclusion

[GRI 103-1, 103-2, 103-3, 405-1]

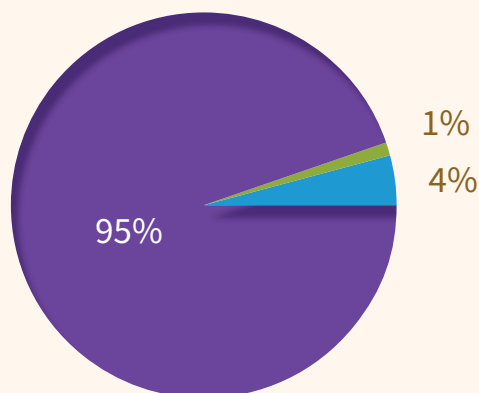
Diversity in our workforce can provide new and different perspectives to our business and operations, value adding to the Group. We are committed to build a diverse and inclusive work environment, respecting all employees and workers' rights and empowering them.

Our policy is structured to ensure all employees or workers are treated without discrimination on that basis of their race, color, gender, age, national origin, religion, sexual orientation, political choice, marital status, citizenship, disability, or any other legally protected factor and other minority aspects.

Our commitment is reflected in all our Human Resources ("HR") processes, including recruitment, promotions, training, development and retirement. Our recruitment process and remuneration policy are transparent and fair based on merit and competencies. We open our doors to women who wants to join and build their career in the palm oil plantation sector.

By the end of FY2021, we have a total of 1,228 females employees, which represents more than 17% of all our employees. While in the senior management level, 5 out of 25 Senior Managers and Head level were female. Our indicators of diversity in our workforce is detailed in below.

Percentage of Female Employees



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





Workforce Profile by Position and Gender

Workforce Profile Based on Position [GRI 102-8]	Quantity		Total
	Male	Female	
Chief/Directors	6	1	7
Head/General Manager	7	4	8
Senior Manager	18	1	15
Manager	45	4	43
Senior Assistant/Senior Officer	75	13	81
Assistant/Officer	197	31	232
Operative	5006	1638	5,337
Grand Total	5354	1692	5,723

Note: Workforce profile by position and age will be added in future reports as Kencana is improving data gathering and categorization as our continuous improvement of our Sustainability Report

Against Forced Labour and Child Labour

[GRI 103-1, 103-2, 103-3, 408-1, 409-1]

Agriculture, forestry and logging, and food processing are among the key industries vulnerable to forced labor and child labor. Kencana is adamant in our position against forced labor and child labor and does not tolerate any forms of child exploitation or child abuse.

We aim to prevent all forms of child labor, and we rigorously enforce our policies and principles at all our plantations, mills and other places of work. Our minimum age for employment in any capacity is 18 years and it is mandatory for our recruitment officers to check identification cards of all prospective employees. Furthermore, we priorities our efforts in providing our children with access to education, protecting the rights of children and preventing child labor. The Group provides day care facilities at all operational sites for our employees and workers, allowing them to work without worrying for their children’s safety and well-being.

In Kencana, we address the risk of forced labor seriously and prohibits any form of forced labor in our operations or supply chain. All salaries and remuneration are paid to our employees on time and their identification documents and personal belongings are not withheld from them, unless with their consent. Employment terms and conditions are provided and explained clearly to all employees prior to any work engagements with adequate time for review, providing contracts in both the worker’s language, and prohibiting requirements to post bonds or make deposits as a condition of employment.





Occupational Health and Safety [GRI 103-1, 103-2, 103-3, 403-1, 403-2, 403-7]

In Kencana, we treat our employees as part of the family and their health, safety and well-being is one of our priorities. Building a safe working environment will also lead to a healthy, motivated, and productive workforce.

Kencana's Occupational Health and Safety ("OHS") management and practices apply to all employees and workers working in our operational areas. Our OHS management systems are in accordance Sistem Manajemen Kesehatan dan Keselamatan Kerja (SMK3) from the Indonesia's Ministry of Labor and also adhering to these following regulations:

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

These standards are governed by the Group-wide policy and standards, as well as local regulatory requirements, standards and procedures.

Our SOPs for Occupational Health & Safety covers eight focus areas, which are:



We monitor the implementation of OHS policies and procedures to protect our employees' rights for healthy and safe working conditions. Risk assessments are carried out regularly to identify the potential risks associated with the work activity and area. The Group's OHS standard defines the most common safety risks and their minimum controls measures. Each operational site assesses further controls that may be required to manage its specific risks to meet the objective of zero fatalities and follow local regulatory requirements. A hierarchy of controls are used when identifying control measures. Any incident occurred will be investigated and corrective and preventive measures will be implemented to prevent reoccurrence.

Aligned with local regulatory requirements and our agreements with the labor unions, formal joint

management and workers meetings are conducted at least once a year. Employers are well represented by their representatives and participate in decision-making, expressing their views and feedbacks on matters affecting their health and safety.

If necessary, subject matter experts, external consultants, and operational and functional personnel were engaged to participate in the development, implementation, and evaluation of our OHS standard and practices, which are based on recognized risk management and management system guidelines. In addition, we engage with our business partners such as our vendors and suppliers to ensure they comply to Kencana's expectations of ethical standards, including health, safety, and environment.



CARING FOR OUR EMPLOYEES' HEALTH AND SAFETY DURING PANDEMIC

[GRI 413-1]



Since the outbreak of COVID-19, the Group has placed high emphasis on our employees' health by ensuring that measures are taken and government regulations properly followed, keeping them safe from potential exposure. We adopt and implement strict practices to ensure our operational activities can be sustained in the most safety manner possible for our employees and workers. Beyond putting effective health measures in place to keep employees and workers healthy and safe, we also ensure that their mental well-being is being cared for amidst lockdowns and various other restrictions being imposed.

In addition, Kencana established COVID -19 Task Force Team that is chaired by General Affairs Manager. This Task Force Team has established guidelines to help us fight and prevent COVID-19 throughout the Group, which covers:

General Guidelines:

- Implemented Work from home ("WFH") schedule according to the applicable governor's regulations, and encourage mandatory request if there are documents or items that must be taken from the office.
- Coordinated with building management to prevent guest visits and un-schedules / authorized employees from entering the building during WFH and lockdown.
- Not allowing guests and couriers to enter the area of the work environment.
- Installed disinfectant spray booths.
- Provided designated bathrooms for employees who use public transportations.
- Assigned employees whose home located far away from the office and/or employees who use public transportation for WFH
- Moved reception to lobby are to help screen and prevent guests / outsiders from entering working areas
- Distributed thermometers to the Site Office for routine body temperature check of all workers.
- Distributed free cloth masks to employees.

At The Office/Working Area:

- Mandatory body temperature check for all employees and visitors before entering the Group's premises and working areas.
- Mandatory use of face masks for all employees.
- Continuous socialisation on COVID-19 through informative posters, including virus transmission, preventions, and COVID-19 Call Centre information.
- Provision of free mask on site and at working areas should employees forgot/lost their masks.
- Free face masks for all employees
- Making hand sanitizers booths available in various areas throughout our working areas, namely all entrance to working spaces and meeting rooms.
- Routine sterilizations of public spaces and often touched surfaces, such as elevator buttons, door handles, toilet areas, photocopy machines, and room dividers.
- Routine ventilation by opening windows to ensure ample circulation in working areas.
- Conduct fogging after working hours
- Routine serology test for all employees. Should any employee's test result come up as reactive, then PCR Swab Test will be performed.
- Implement social distancing at all working areas, including re-setting tables, seating areas, and working cubicle, and room dividers.
- Limiting out-of-office or out-of-home activities/duties as much as possible, except for extremely urgent matters, and the provision of vitamins for all employees should they need to perform out-of-office duties.
- Provision of medicines and vitamins for employees who are infected by COVID-19, and assistance to contact and registration to reference hospitals or quarantine facilities for employees with severe conditions.





MASS COVID-19 VACCINATION FOR OUR EMPLOYEES & THEIR FAMILIES



Kencana ensure the health of our people during the pandemic through ensuring access to COVID-19 vaccination. Kencana joined the Indonesia’s government vaccination program through the Vaksin Gotong Royong scheme, and up to the end of 2021, we managed to provide first dose vaccination for 4,737 employees and their families, meanwhile 3,386 employees and their families had received full dose COVID-19 vaccination.

Safety Performance [GRI 403-5]

Regular safety audits and safety trainings are important for maintaining a safe working environment. The Group implements procedures and prepare facilities that can ensure safety. First aid and emergency responses are conducted regularly across all estates and mills in making certain that all workers are fully aware of their safety roles and responsibilities, or any risks associated with their activities. In FY2021, a total of 749 employees are trained in Occupational Health and Safety.

We currently have a total of 7 OHS certified officers whose responsibility include but not limited to monitoring the work accidents and reporting to the

Sustainability Department. Our officers are well-trained and have attended in various trainings both internal and external related to the OHS including first aid training and basic occupational safety and health training.

Kencana’s target is to have zero fatality in our operations. As of 31 December 2021, the Group managed to record zero fatality in our plantations and mills and recorded a total of 581 lost working days with Severity Rate of 300.53 from our 6 operational sites across Indonesia.



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



Health and Safety Management at Kencana Agri [GRI 403-3, 403-6]

In our combat against COVID-19, our health facilities in each estate, with our resident doctors and HIPERKES (Company Hygiene and Occupational Health) certified paramedic teams collaborated with the local Puskesmas (community health center) and local COVID-19 Special Forces (Satgas COVID-19) to conduct routine COVID-19 prevention tracing, and treatment measures.

Besides the routine COVID-19 health screening and monitoring, our employees are entitled to annual medical check-ups (“MCU”) under Kencana’s policy. The MCU programs are carried out together with the local government-mandated community health clinics, regional hospitals, or the local Provincial Health and Safety Centre. Our MCU programs include checks on general physical health, audio-spirometry, lung, vision and cholinesterase.



To further safeguard our female employees' health and safety, we strictly and routinely ensure no pregnant female employees or workers work with or being exposed to chemical substances. During pregnancy, they will be allocated to other functions and entitled to maternity screening and checks in our on-site clinics.

In FY2021, as many as 518 employees and workers have received medical check-ups.

Medical Check Ups

Medical Check Ups for Employees	Number of Participants
Cholinesterase	175
Spirometry	68
Audio-spirometry	144
General Physical Health	131
Total	518





KEBUN APOTIK HIDUP, ALL NATURAL MEDICINAL HERB GARDEN [GRI 403-6]



Traditionally, herbs can be used to improve our health or can have medical uses. In FY2021, we have started The Kebun Apotik Hidup initiative in our housing estates, where traditional herbal medicine such as red ginger, white ginger, turmeric is planted. The garden is managed by our employees or their families.

The goal of this program is to introduce the benefits of herbs to our employees and their families, creating awareness and knowledge of the use of herbs in them. As a result, we hope our employees can utilize the knowledge and grown herbs for their own well-being. Through our Kebun Apotik Hidup initiative, our employees have made the traditional herbal drink, Kunyit Asam from the harvested turmeric in the garden.



TRAINING ON MAKING TRADITIONAL HERBAL DRINK

[GRI 403-6]



Alongside with our Kebun Apotik Hidup initiative, we aim to educate or employees and their families on making their own traditional herbal drink to promoting good health and hence reducing the dependency on chemical synthesized medicine.

The 2 trainings conducted received good responses from our employees and their families with 1 training exceeding the targeted class size of 25 participants. Our trainer is our very own employee, Ibu Eka also known as "Mama Angel". She owns a traditional herbal medicine business and have the experience in making herbal drink.



The training consists of 20% theory and 80% hands-on practice. The participants were provided with the ingredients and kitchenware during the training session to make their own herbal drinks namely, herbal drinks beras kencur, kunyit asam and herbal medicine using curcuma.

Third Party GRI Accordance Check and SGX Requirement Check Statement



Accordance Check SGX Standards

The National Center for Sustainability Reporting (NCSR) conducted an SGX Compliance Check on Kencana Agri Limited Sustainability Report 2021 ("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, 28 April 2022
On Behalf of NCSR,

Dr. Lee CG, John
Certified Sustainability Practitioner No. 30-20-1001
Certified Sustainability Reporting Assurer No A-10-1811-001

IAC0042204JT



Statement GRI Standards Core in Accordance Check

The National Center for Sustainability Reporting (NCSR) has conducted a GRI Standards in Accordance Check on Kencana Agri Limited Sustainability Report 2021 ("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 in accordance with the GRI Standards: Core option.

Jakarta, 22 April 2022

National Center for Sustainability Reporting

A handwritten signature in black ink, consisting of a stylized 'D' followed by a horizontal line and a vertical line, representing the name Dewi Fitriasaki.

**Dewi Fitriasaki, Ph.D., CSRA, CMA
Director**

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