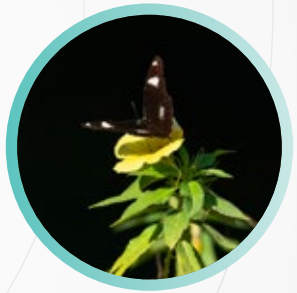
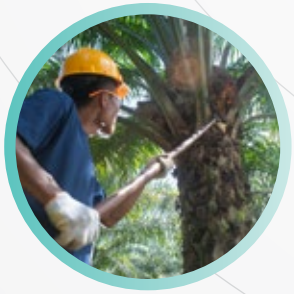
IndoAgri

SUSTAINABILITY REPORT

2023





CONTENTS

ABOUT INDOAGRI, OUR VISION, MISSION AND VALUES
(GRI 2-1)

Indofood Agri Resources Ltd (IndoAgri) is listed on the Singapore Exchange (SGX) and headquartered in Singapore. IndoAgri and its subsidiaries operate plantation and processing facilities to produce palm oil, rubber, sugar, cocoa, and tea. The group also performs research & development (R&D), seed breeding, manufacturing and marketing of award-winning edible oil brands.

Our Vision is to become a leading integrated agribusiness and a world-class agricultural research and seed breeding company.

Our Mission drives us: to be a high-yield, low-cost producer that continuously improves its people, processes and technology to deliver at the highest standards of quality.

Our Values guide our work: with discipline as the basis of our way of life, we conduct our business with integrity, we treat our stakeholders with respect, and together we unite to strive for excellence and continuous innovation.

OUR POLICY
(GRI 2-1)

Our Sustainable Agriculture Policy (Policy) is approved and signed at Board level and guides all our sustainability programmes. It is available on our website and applies to all our operations, including our plasma smallholders and other third-party suppliers from whom we purchase for our factories. Key policy commitments to deliver sustainably produced products are:

- No deforestation; conservation of High Conservation Value (HCV) and High Carbon Stock (HCS) areas
- No planting on peat regardless of depth
- No burning
- Respect for Labour and Human Rights, including Freedom of Association and non-discrimination
- Free Prior and Informed Consent (FPIC)

Read more online

OUR SUSTAINABILITY REPORT (GRI 2-3, 2-6)

IndoAgri is proud to present its 12th annual Sustainability Report for the financial year 2023. This report has been prepared in accordance with the Global Reporting Initiative (GRI) 2021 Standards and complies with the rules 711A and 711B of the Singapore Exchange Securities Trading (SGX-ST) Listing Manual and is in line with the SGX-ST Listing Rules Practice Note 7.6 Sustainability Reporting Guide.

We have chosen the GRI reporting standards and principles to ensure stakeholder inclusiveness, accuracy, clarity, reliability, and comparability of the information presented in this report. We are also disclosing in line with the Task Force on Climate-related Financial Disclosures (TCFD) framework. Please see page 27 for more details.

This report communicates our performance and progress against our Policy commitments and targets relating to our material topics for the financial year 2023. This report should be read alongside our Annual Report and website. Relevant links are provided in the report. IndoAgri has obtained third-party assurance for this report.

The scope of the work performed is indicated in the external assurance report on the next page.

We welcome your feedback or questions at sustainability@indofoodagri.com. The GRI Content Index and previous reports are available online.

Reporting Scope

The scope of this report covers our most dominant crop, oil palm, which occupies 83% of our total planted area, and our rubber operations, which occupy 5% of our total planted area. There are no significant changes to the size, structure or ownership of our company compared to the previous report.

Our financial, employee, community and health & safety data constitute the whole Group (all operations in the scope of this report). Our responsible sourcing and product data include only our downstream refinery operations.

Our environmental data includes the following sites in our palm oil and rubber operations:

63
out of 83 sites
ISPO-certified/audited
Oil palm plantations

27
out of 27 Palm oil mills,
all of which are either
ISPO or PROPER certified/
audited

5
out of 5
PROPER-certified/
audited refineries

7
out of 7 sites
Rubber plantations

3
out of 3 sites
Rubber factories

Monitoring fauna in one of our plantations in Pengadan Estate, Kutai Timur, East Kalimantan

EXTERNAL ASSURANCE REPORT
(GRI 2-5)

Moores Rowland

Independent Assurance Statement
Report No. 0424/BD/0026/JK

To the Management of Indofood Agri Resources Ltd.,

We were engaged by Indofood Agri Resources Ltd. ('IndoAgri') to provide assurance in respect to its Sustainability Report 2023 ('the Report'). The assurance engagement was conducted by a multidisciplinary team with relevant experience in sustainability reporting.

Independence

We carried out all our assurance undertakings with independence and autonomy having not been involved in the preparation of any key part of the Report, nor did we provide any services to IndoAgri during 2023 that could conflict with the independence of the assurance engagement.

Assurance Standards

Our work was carried out in accordance with ISAE3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

Level of Assurance

By designing our evidence-gathering procedures to obtain a limited level of assurance based on ISAE3000, readers of the report can be confident that all risks or errors have been reduced to a very low level, although not necessarily to zero.

Scope of Assurance

The scope of our work was restricted to the following selected information:

- Product Safety, Quality, and Halal
- Climate Change and GHG Emissions
- Energy Management
- Water Management
- Employee Health & Safety and Well-being

Responsibility

IndoAgri is responsible for the preparation of the Report and all information and claims therein, which include established sustainability management targets, performance management, data collection, etc. In performing this engagement our responsibility to the management of IndoAgri was solely for the purpose of verifying the statements it has made in relation to its sustainability performance, specifically as described in the selected information, and expressing our opinion on the conclusions reached.

Methodology

In order to assess the veracity of certain assertions and specified data sets included within the report, as well as the systems and processes used to manage and report them, the following methods were employed during the engagement process:

- Review the report, internal policies, documentation, management and information systems

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- Interview relevant staff involved in sustainability-related management and reporting
- Follow data trails to the initial aggregated source, in order to check samples of data to a greater depth.

Limitations

Our scope of work was limited to a review of the accuracy and reliability of selected sustainability performance-related information. It was not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Report, as the engagement was not performed continuously throughout the preparation period, and the procedures performed were undertaken on a test basis.

Conclusions

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Report has not been properly prepared and presented, in all material respects.

All key assurance findings are included herein, while detailed observations and follow-up recommendations have been submitted to IndoAgri management in a separate report.

Jakarta, April 5, 2024

James Kallman
Chief Executive Officer

Moores Rowland is an international organization specializing in auditing, accounting and outsourcing, tax, legal and advisory, business and human rights services. Moores Rowland is a member of Praxity AISBL, the world's largest Alliance of independent and unaffiliated audit and consultancy companies.

With more than 65,000 professionals operating in 120 countries across the globe, each sharing the same values and sense of responsibility, Praxity is served by Moores Rowland in Indonesia, one of the leading sustainability assurance providers.

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CEO STATEMENT

(GRI 2-22)

Our 12th annual sustainability report on our Environmental, Social and Governance (ESG) performance is guided by a formal materiality process and has been approved by the IndoAgri Board.

Dear Stakeholders,

In an environment of inflationary pressures and continuing global tensions, IndoAgri has remained committed to its sustainability goals. Furthermore, in a year when the top three long-term risks identified by the World Economic Forum have all related to climate change, we have dedicated additional resources to comprehensively understand the risks and opportunities such changes may have on our business.

The nature of our agribusiness operations means we are particularly exposed to the effects of a heating climate, and while we have included related risks in our enterprise risk management (ERM) processes for many years, in 2023, we incorporated additional climate-related physical and transitions risks into our detailed ERM framework. Using climate forecasts up to 2051 and other sources of data, we assessed key physical risks relating to flooding, water deficit, and fire, and took additional steps to more precisely quantify potential financial impacts to our business, using the results to ultimately inform our business strategy.

Our inflexible commitment to No Deforestation, No Peat, No Exploitation remains, and continues to guide our judgement and activities. We prioritise responsible production of palm oil and edible oils, seeking a sustainable balance between economic benefits, environmental protection, and social well-being for all stakeholders.

Minimising greenhouse gas emissions is important to us and our position as a vertically integrated agribusiness allows us to optimise resource use from plantation to product, reducing our overall footprint. 99% of the energy consumed at our palm oil mills comes from renewable sources such as palm shell and fibre, and we are extending the use of renewables across our operations. Already, two rubber factories, two sugar factories, one tea factory, and one cocoa factory benefit from renewable energy generated from palm shells and sugarcane bagasse. We are committed to further expanding these sustainable practices across our operations.

In September, we watched the launch of Indonesia's Carbon Trade Exchange (IDX Carbon) with interest. While we are currently concentrating on reducing our own carbon emissions, we may contemplate the use of high-quality offsets in the future.

We are on track to achieve our goals of ISPO certification for all nucleus estates and mills by the end of 2024. Currently, 89% of our estates are ISPO certified, along with 21 of 27 mills and 85% of nucleus CPO production. With regards our efforts to ensure transparency and traceability across our supply chain, all fresh fruit bunches (FFB) and palm kernels processed in our mills are traceable to their source estate, and 100% of processed CPO can be traced to the respective mills.

Ensuring high product quality and safety standards is critical to our business, and our efforts are validated by certifications to local and international food safety standards, including both the Indonesia National Standard (SNI) and ISO 9001 for our refineries. In November 2023, we completed the process of obtaining additional Halal certifications for all our palm oil products.

Beyond our core business, we are committed to supporting the communities where we operate. Our Posyandu healthcare facilities provide vital services such as educational programs for expectant mothers and medical screenings for children and are accessible to all community members. Furthermore, our Rumpin educational centres empowered over 10,000 individuals in 2023 with tutoring and training opportunities.

Sadly we experienced two fatalities in 2023: one at our sugar plantations during repair work and another at our oil palm plantations. We have extended our deepest condolences and have worked to support the employees' families. We have reviewed the circumstances and have taken remedial action to prevent similar incidents from happening again. The safety of our employees is our top priority, and we reiterate our unwavering commitment to creating a safe and secure work environment for all.

I recognise and appreciate the support and engagement of all IndoAgri employees in our ongoing pursuit of our sustainability goals. In 2023, the combined resilience, determination, and innovative spirit of our staff led to tangible progress towards our objectives. I look forward to continued collaborative efforts yielding benefits for IndoAgri, our stakeholders, and the communities and environments with which we interact.

Mark Julian Wakeford
Chief Executive Officer and Executive Director

2023 AT A GLANCE

BUSINESS AND PEOPLE

Vertically integrated agribusiness

293,429 hectares of nucleus planted area
83% under oil palm
17% other crops
27 mills
5 refineries
5 rubber processing plants
2 sugar factories

Workforce representation

68% of our permanent operational employees are registered with a union
32% covered by Company Regulations

Labour conditions and safety

100% elimination of Paraquat (since Mar 2018)
100% SMK3 management system sites
60 sites with SMK3 gold rating

Child labour

No registered worker <18 years old

ENVIRONMENT

Preventing deforestation

Zero clearance of primary forest, degradation of HCV areas, new planting on peat regardless of depth, or burning
24,936 hectares of HCV areas identified
100% of sites have HCV Management and Rehabilitation plans

Energy and water consumption

4% reduction in energy intensity in mills (2020 baseline)
24% increase of energy intensity in refineries (2020 baseline)
2% reduction of water intensity in mills (2020 baseline)
27% increase of water intensity in refineries (2020 baseline)
99% of fuel used in mills from renewable sources
100% of milling waste reused by estates and mills

Climate change & GHG emissions

1% reduction in GHG emissions from estate and palm oil mill operations

COMMUNITY

Health facilities

189 clinics
168 Posyandu
60 doctors
160 midwives/nurses
34 ambulances

Education facilities

124 day care centres
1,482 day care centre visitors
150 schools
733 teachers
13,377 students
15 Rumah Pintar
14,307 Rumah Pintar vistors

SOURCING AND PRODUCT

Quality

100% refineries completed annual audits on quality assurance

Food Safety/Quality Management System

100% certified with ISO 9001/ FSSC 22000
100% of non-raw material suppliers (packaging and ingredients) – completed food safety audit
100% of products and refineries are Halal-certified

ISPO-certification

89% of all estates' hectarage ISPO-certified
85% of nucleus CPO production ISPO-certified

Supply chain traceability and transparency

100% of FFB processed in mills traceable to estates
100% of CPO processed in refineries traceable to mills
100% of PK processed in kernel crushers traceable to estates

OUR APPROACH TO SUSTAINABILITY

An employee recording oil palm seedlings at the SAIN nursery, Pekanbaru, Riau

Material topics	Goal/target	Updates for 2023
Responsible Business Conduct (RBC)	Zero cases of bribery and corruption	Zero confirmed incidents of bribery and corruption in our operations in 2023

GOVERNANCE AND MANAGEMENT
(GRI 2-3, 2-6)

We employ a comprehensive framework of policies, targets, certifications, standards, and programmes to shape our sustainability approach and effectively address the risks and opportunities associated with our material topics. Adhering to ISPO certification requirements for oil palm, and the specifications outlined in the Indonesian Government's PROPER environmental standard, contributes to our ability to uphold our pledge of good governance. This includes our NDPE commitments of no deforestation, no planting on peatland regardless of depth, no exploitation, and also includes avoidance of burning practices while supporting smallholders, and safeguarding land rights and human rights.

We ensure that our partners align with our standards and understand the significance of involving both internal and external stakeholders in implementing our plans. The data pertaining to our sustainability efforts is recorded in an SAP enterprise resource planning system, enabling us to monitor our advancement against set targets. Our management approach undergoes scrutiny through a combination of internal and external audits, analysis of performance trends, and the review of feedback from stakeholders. Our routine internal audits, monitoring processes, and assessments adhere to various auditing frameworks and standards, including ISPO, ISO 14001 Environmental Management System, and the ISO 9001 Quality Management System. Our audits comprehensively cover all our operations, including our environmental controls, and by adhering to these standards we also meet relevant Government environmental regulations.

SUSTAINABILITY MANAGEMENT

Commitment
- Mission
- Policies
- Code of Conduct
- Values

Planning
- Government policy
- Corporate business systems
- Sustainability programmes

Action
- R&D
- Management systems
- Certifications
- Stakeholder engagement
- Internal collaboration
- Training

Assess to Improve
- Indicators
- Targets
- Evaluation through audit
- Materiality review

Reporting
- Annual report
- Sustainability report
- Website

SUSTAINABILITY GOVERNANCE
(GRI 2-9, 2-12, 2-14)

Board Statement

The Board assumes overall responsibility for the governance of sustainability at IndoAgri, including the assessment and management of climate-related risks. It incorporates sustainability and climate considerations into the formulation of our business strategy and supervises the management and monitoring of our ESG impacts and material topics, including the annual validation and approval of these material topics.

The Board receives support in monitoring and managing sustainability issues from the management level Sustainability Think Tank (STT), led by our CEO. During quarterly Board meetings, the STT provides reports on sustainability performance, updates on recent sustainability developments, and communicates decisions made in response to these developments. At these meetings, the STT also provides updates on climate-related risks and opportunities, including progress against goals and targets for addressing climate-related issues. The Board considers the information presented at these meetings when making strategic choices or other significant decisions.

The validation and approval of material topics occurs during a Board meeting where the STT presents reporting recommendations for consideration. The Board is tasked with reviewing and approving the annual sustainability report before its publication.

We are dedicated to avoiding adverse effects on the environment, the economy, and the communities in which we operate, including any potential impacts on human rights. The precautionary principle guides our approach to managing material ESG topics.

Our Board remains informed about our sustainability performance through updates provided by our STT. These updates include information relating to climate-related issues. Chaired by our CEO, the STT consists of Executive Directors, Chief Operating Officers, the ERM unit, the R&D team, and sustainability representatives from each business unit. Additionally, our Audit and Risk Management Committee (AC & RMC) receives quarterly updates on material sustainability risks and associated concerns. Both the ERM and AC & RMC assist the Board in overseeing and reviewing emerging and priority group risks, including climate-related risks, risk management, and internal controls. To encourage sustainable practices, executives' compensation is linked to the achievement of specific sustainability targets and performance indicators that are relevant to their areas of responsibility.

The STT is responsible for executing the strategy in relation to climate change matters, in accordance with their delegated authority, as well as being accountable for a range of metrics, including climate-related performance metrics. The STT also assists the Board with overseeing climate-related performance including risk identification, monitoring and management, implementation of the Group's strategy, policies, targets and goals, and process in relation to climate-related matters, health and safety, and community matters. The STT reviews relevant frameworks for identification, management, and reporting of climate risks, and recommends climate-related key performance metrics for performance evaluation of the CEO and other Directors.

Whistleblowing Policy and Grievance Mechanism (GRI 2-16, 2-25, 2-26, 3-3, 205-1, 205-2)

We are dedicated to upholding ethical conduct and maintain a strict stance against any type of corruption. These expectations also extend to our suppliers. All new employees undergo induction training relating to our Code of Conduct, which explicitly prohibits bribery, gratification, and corruption of any form. We also ensure that all our employees remain familiar with our anti-corruption policy through annual anti-corruption training held on our online platform. In addition, our whistleblowing policy empowers employees to report concerns without the fear of reprisal by ensuring confidentiality for those who report. The whistleblowing procedures we have implemented are available in Indonesia's national language. In 2023, we received twelve whistleblowing reports. Three of these reports were fully investigated, with one case related to misconduct and the other two reports were closed as unproven cases. The other nine reports are still under investigation. Additional details on our whistleblowing policy can be found in our Annual Report.

In order to ensure employees and community members have access to the grievance process, we have implemented both internal and external mechanisms. The procedure for internal grievances is routinely communicated to our employees via email and during morning briefings. The external complaints procedure is shared with village heads and communities in the areas where we operate. Our internal audit teams periodically assess the input and output of our grievance mechanisms to ensure their effectiveness. Our Board is kept up to date of all grievances received by the respective company representatives during the quarterly Board meetings.

Details of our programmes, certifications, management systems, R&D innovation, sustainability governance structure, and stakeholder engagement can be found online

Signboard prohibiting extortion at Belani Elok POM, Musi Rawas Regency, South Sumatra

Risk Management, Business Continuity and Supply Chain Resilience

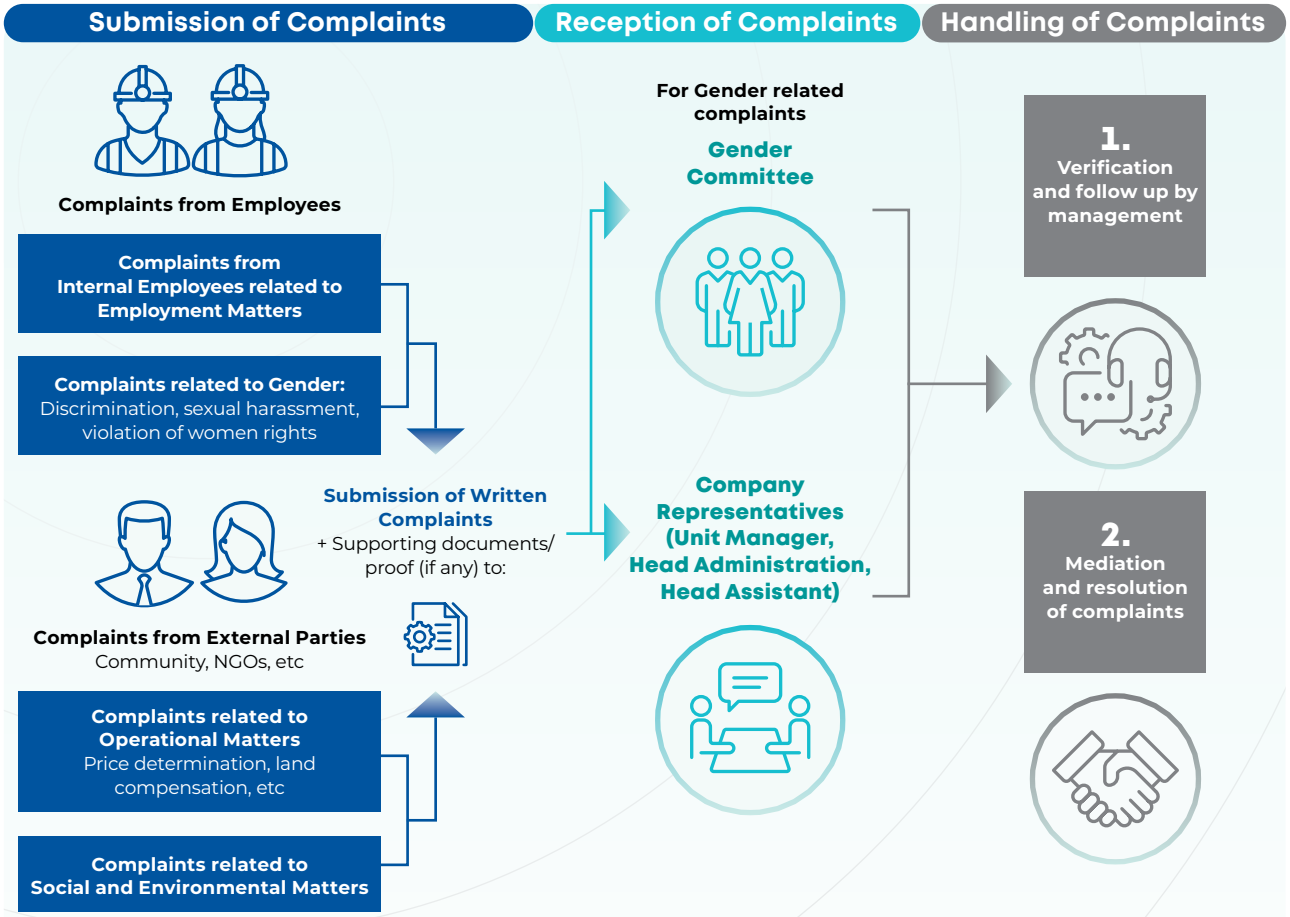
We work closely with our suppliers to proactively anticipate and plan for potential supply disruptions. Monitoring government regulations and other restrictions is integral to minimising any interruptions in the delivery of our products to customers. Furthermore, we maintain ample stock of our products on e-commerce platforms, ensuring their continual availability.

The ERM team collaborates across departments to mitigate the impact of a spectrum of risks. The ERM team is responsible for maintaining the ERM framework and system, which, along with robust corporate governance practices and well-defined internal controls, serve as additional layers of defense against overarching risks and uncertainties. The ERM team collaborates with risk owners, managers, and the internal audit department to conduct quarterly risk assessments, evaluating the overall effectiveness of risk control measures. These risk assessments evaluate corruption risk at all our operations.

Management has identified corruption as one of the risks facing our business. Consequently, the company has implemented various mitigation controls to manage this risk. We have communicated the Code of Conduct which comprises two policies on Company Business Ethics and Working Ethics of Employees to all employees. Any violation shall be considered a breach of employment contract which may result in disciplinary action. If staff have witnessed or suspect bribery, our policies indicate that it should be reported via the company's established whistleblowing channels. We also conduct due diligence on all third-parties vendor and suppliers.

The AC & RMC convenes quarterly meetings with the ERM team, providing quarterly reports to the Board. These reports encompass findings on significant impacts and recommendations for risk mitigation measures. We continue to update our business continuity scenarios to address changing global events and concerns, such as an increased focus on climate-related risks, and inclusion of more comprehensive scenarios for possible future pandemics.

GRIEVANCE MECHANISM



MATERIAL TOPICS AND MANAGEMENT (GRI 3-1, 3-2)

Our Sustainability Think Tank (STT) oversees the monitoring of our material topics, and our Board conducts an annual review of these key issues. This process guarantees that the topics stay pertinent and are in harmony with both business and stakeholder expectations. To determine our material topics we undertook a thorough three-stage review in collaboration with an independent consultant:

1. IDENTIFICATION OF MATERIAL TOPICS

We conducted benchmarking against peers and industry-specific ESG topics using desktop research, comparing the results with previously identified material topics. This process allowed us to pinpoint potential emerging topics while taking into account our sustainability context and referencing ESG ratings such as SPOTT, Sustainalytics, and MSCI.

2. STAKEHOLDER ENGAGEMENT AND REVIEW

A stakeholder engagement exercise was performed during initial identification of our material topics. 'Pandemic Resilience' was removed from our FY2023 Sustainability Report, leaving a total of 14 material topics. These topics were reviewed and validated by the STT.

3. VALIDATION

After a presentation by the STT at a Board meeting, the Board validated the final list of 14 material topics.

Smallholders meeting in Musi Rawas, South Sumatra

All our material topics are managed under a set of six Sustainability Programmes, which conduct activities in compliance with our Policy. Through our Programmes, we contribute towards 16 UN Sustainable Development Goals (SDGs).

Sustainability Programmes	Corresponding SDGs	Material topics governed by or indirectly influenced by the programme	
GROWING RESPONSIBLY Sets the policy framework for high standards of corporate governance and professional integrity.		• Responsible Business Conduct (RBC) • Product Quality and Safety • Climate Change and GHG Emissions	• Water, Waste and Effluents • Use of Fertilisers, Pesticides and Chemicals
SUSTAINABLE AGRICULTURE AND PRODUCTS Drives the adoption of sustainable practices in crop cultivation and the operation of refineries and mills.		• Protection of Forests, Peatland and Biodiversity • Fire Control and Haze Prevention • Climate Change and GHG Emissions	• Water, Waste and Effluents • Use of Fertilisers, Pesticides and Chemicals • Occupational Health and Safety (OHS) • Yield Resilience and Innovation
SAFE AND TRACEABLE PRODUCTS Aims to ensure that all our CPO-derived products are traceable, safe, and beneficial for human consumption.		• Supply Chain Traceability and Transparency • Sustainability Certification	• Product Quality and Safety • Yield Resilience and Innovation
SMALLHOLDERS Covers our efforts with the plasma and ex-plasma farmers, and supports the Indonesian government's Nucleus-Plasma scheme through the development of inclusive supply chains.		• Smallholder Engagement and Livelihoods • Community Rights and Relations • Water, Waste and Effluents	• Use of Fertilisers, Pesticides and Chemicals • Yield Resilience and Innovation
WORK AND ESTATE LIVING Covers aspects relating to safety, health and well-being of our workers and their families, and to human rights.		• Human, Child and Labour Rights • Community Rights and Relations • Occupational Health and Safety (OHS) • Yield Resilience and Innovation • Protection of Forests, Peatland and Biodiversity	• Fire Control and Haze Prevention • Climate Change and GHG Emissions • Water, Waste and Effluents • Use of Fertilisers, Pesticides and Chemicals
SOLIDARITY Seeks to improve the quality of life in the estates through capacity building, education and financial support.		• Smallholder Engagement and Livelihoods • Protection of Forests, Peatland and Biodiversity • Fire Control and Haze Prevention • Climate Change and GHG Emissions • Water, Waste and Effluents	• Use of Fertilisers, Pesticides and Chemicals • Community Rights and Relations • Occupational Health and Safety (OHS) • Yield Resilience and Innovation • Human, Child and Labour Rights

Details on our Programmes can be found online

OUR APPROACH TO KEY SUSTAINABILITY FOCUS AREAS

Environmental Protection (GRI 3-3)

Our commitment to environmental conservation is outlined in our Sustainable Agriculture Policy, which is approved by the Board. The policy includes documentation of our goal to certify all refineries and factories to ISO 14001. Recognising our responsibility towards minimising adverse impacts on the environment, we strive to act prudently in managing our resource consumption. In our efforts to safeguard forests, peatland, and biodiversity, we consistently assess environmental risks and actively preserve areas designated as High Conservation Value (HCV) and High Carbon Stock (HCS). We are committed to providing updates, through our annual sustainability reports, on how we are managing our impact upon the environment. On a monthly basis we also submit an online report relating to our environmental impacts to the Ministry of Environment (KLHK). Our commitment to report regularly on our environmental impacts is documented in our SAP.

The detrimental effects of forest fires and haze on local and global ecosystems and communities are a focal point. We adopt a decisive approach by closely monitoring hotspots and engage stakeholders in fire prevention initiatives.

Our approach to resource consumption and waste disposal is responsible, adhering to Indonesian government laws and regulations governing water-related activities. Additionally, we repurpose 100% of our milling waste, using it as organic fertiliser and as an energy source for our boilers. We continuously explore innovative ways to replace synthetic chemicals with natural, environmentally friendly alternatives, aiming to reduce the use of fertilisers, pesticides, and other chemicals in cultivating oil palm sustainably.

Environmental protection is bolstered through cooperation and collaboration across the value chain. There is an expectation that all of our suppliers adhere to our sustainability standards as outlined in our Sustainable Agriculture Policy, with this being a legal requirement for all of our larger suppliers and all of our commodity suppliers, including smallholders. Our ERM framework and whistle-blowing mechanisms play a crucial role in ensuring compliance with relevant environmental regulations and mitigating associated risks.

Acknowledging the climate crisis as both a risk and an opportunity, we understand its impact on the ecosystems of our plantations, the communities in which we operate, and the stakeholders throughout our agribusiness value chain. To address risks relating to climate change such as water scarcity and unpredictable weather patterns, we engage in both mitigation and adaptation actions. Our efforts include an increase in the use of renewable energy, enhancements in energy efficiency, and the reduction of greenhouse gas (GHG) emissions. Additionally, we invest in R&D to produce seeds more resistant to extreme weather conditions. Our analysis of our exposure to climate risk aligns with the framework established by the TCFD, with further details provided in the Climate Change and GHG Emissions section on page 22.

Stork-billed Kingfisher (Pelargopsis capensis), one of the bird species found around our plantation in East Kalimantan

Responsible Sourcing (GRI 3-3)

Our customers expect our supply chains to be transparent and for us to engage in responsible sourcing practices. The trust our customers place in our products and in knowing the origin of raw materials is integral to our commercial success. We actively promote best practice among our suppliers, urging them to maintain transparency throughout their supply chains and to operate responsibly. Regular assessments and audits of our suppliers are conducted to ensure compliance with standards. Additionally, we engage in collaborative efforts with smallholders, assisting them in building capacity and enhancing the quantity and quality of their yields.

To establish the traceability of each tonne of palm oil, we record the following:

- Name, parent company, address
- GeoCoordinates of plantation[1] and mill
- Nucleus or plasma KUD/group farmers profile and data
- Refinery dispatch number
- Certification status

Within the agribusiness sector, adherence to third-party sustainability certifications is crucial for implementing best practices and providing assurance to our stakeholders. The ISPO certification, established and mandated by the Indonesian Government, is an essential element in fulfilling our policy and commitments. As a demonstration of our dedication to responsible sourcing, we aim to achieve 100% ISPO certification for all our mills and nucleus estates by the end of 2024.

Smallholders are pivotal contributors to the palm oil industry, constituting over 40% of all oil palm cultivation in Indonesia. Recognising the significant role played by this group, we actively support and engage with our smallholders through diverse capacity-building and training programmes.

FFB sorting process in Begerpang POM, Deli Serdang, North Sumatra

Additionally, we help the smallholders with whom we collaborate in their efforts to achieve ISPO certification.

In order to alleviate the need to convert new land and sustain ongoing commercial success, our R&D efforts are concentrated on refining agronomy techniques and elevating seed yield and quality. The outcomes of these initiatives enhance the resilience of our crops to withstand the impacts of a warming climate.

People (GRI 3-3)

The holistic welfare of our employees is integral to our achievements. Our commitment to uphold and safeguard the rights of our workers, in compliance with Indonesian law, the UN Universal Declaration on Human Rights, and the codes of practice endorsed by the International Labour Organization (ILO) as ratified by the Republic of Indonesia[2], is outlined in our Sustainable Agriculture Policy and Labour Policy. We endeavour to offer our workers stable incomes, secure working environments, and enhanced job prospects. Stringent measures are implemented across all our sites to prevent forced labor or child labor.

All IndoAgri employees receive salaries exceeding the legal minimum wage mandated in their respective regions. This considers sector variations, the cost of living in each province, and any collective labor agreements in place. To ensure a decent living wage, we offer additional benefits such as housing, healthcare, and education to all permanent employees and their families. We support our employees' rights to collective bargaining, and they are free to register with their preferred labor union.

Safety is paramount in our workplaces, and we provide secure environments for our employees. Our robust Occupational Health and Safety (OHS) management system is designed to minimise adverse health impacts and prevent accidents. All our sites are equipped with SMK3 (Indonesian OHS standard) management systems and all workers undergo annual refresher training to ensure operational compliance. Additionally, workers are briefed and receive training on safety standards and operating procedures before commencing work each morning.

Our Training and Development programmes offer professional development and career progression opportunities for our employees, helping to address our need for skilled and capable human resources.

1 This includes batch barcodes for FFB from our South Sumatra plasma estates.

2 The nine "core" ILO Conventions ratified by Indonesia are:

i. Forced Labour Convention, 1930 (No. 29);
ii. Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87);
iii. Right to Organise and Collective Bargaining Convention, 1949 (No. 98);
iv. Equal Remuneration Convention, 1951 (No. 100);
v. Abolition of Forced Labour Convention, 1957 (No. 105);
vi. Discrimination (Employment and Occupation) Convention, 1958 (No. 111);
vii. Minimum Age Convention, 1973 (No. 138);
viii. Worst Forms of Child Labour Convention, 1999 (No. 182);
ix. Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187)

Community Relations (GRI 3-3)

As a prominent palm oil company, we acknowledge our capacity to bring about positive impacts on the lives of those residing in and around the areas where we operate. We uphold the rights of our communities, including the FPIC rights of indigenous people affected by our operations. Building and maintaining robust relations with these stakeholders is a deliberate effort, and we strive to address their needs.

Our commitment extends to compliance with Indonesian law, the UN Universal Declaration on Human Rights, and the codes of practice endorsed by the ILO and ratified by the Republic of Indonesia.

We are dedicated to empowering local communities and enhancing socio-economic well-being. Through our Work and Estate Living Programme, we actively support communities and collaborate with local governments to promote economic development. Additionally, we facilitate access to healthcare and education.

Learning activities in our high school facility in Sungai Dua Estate, Rokan Hilir, Riau

Product Integrity (GRI 3-3)

Ensuring product quality and safety is paramount to our business success. Given the widespread use of palm oil in both edible and non-edible products, maintaining elevated standards of product quality and process safety is imperative. We achieve this through food safety management systems and quality assurance implemented at our refineries, as outlined in our Quality Policy and Sustainable Agriculture Policy. Our commitment to these standards is validated by certifications to local and international food safety standards, including Indonesia National Standard (SNI) for 5 refineries, ISO 9001 for 5 refineries, and FSSC 22000 for 1 refinery.

We conducted our routine internal audit trainings for all 5 refineries in 2023, including the Bitung plant that went through its first ISO 9001 audit and obtained the certification during the year. The ISO 9001 audits did not raise any significant issues.

Meeting the expectations of our customers for full product traceability and fulfilling regulatory requirements for comprehensive information on ingredients and nutritional content are key priorities. We diligently comply with all regulations concerning food safety, consumer protection, quality, nutrition, labeling, and advertising. Our batch coding system allows us to trace all supplied CPO back to their source milling sites. Furthermore, our products and refineries receive certifications from approved Halal certification systems such as LPPOM MUI, The Assessment Institute for Foods, Drugs, and Cosmetics, and the Indonesian Council of Ulama.

In November 2023, we completed the process of obtaining Halal certifications for all our palm oil products.

BUSINESS OVERVIEW

INTRODUCTION

We operate as a diversified and vertically integrated agribusiness, covering the entire value chain from plantation management and crop production to the processing, refining, branding, and marketing of edible oil products. We run processing facilities dedicated to producing palm oil, rubber, sugar, cocoa, and tea.

In Indonesia, our oil palm estates are predominantly situated in rural Sumatra and Kalimantan, while our refineries are primarily located in major cities including Jakarta, Medan, Surabaya, and Bitung.

FFB harvesting process in Cipta Graha Estate, Kutai Timur, East Kalimantan

CAPTURING VALUE ACROSS OUR OPERATIONS IN INDONESIA (GRI 2-6)

SEED BREEDING

At our R&D centres, we engineer more efficient, resilient seeds and planting materials.

2
R&D centres

seeds

PLANTATIONS

In nucleus and smallholders' plantations, we grow oil palm, sugar cane, rubber, cocoa and tea in a responsible manner.

Planted area (hectares)

244,337 oil palm

16,238 rubber

13,384 sugar cane

19,470 other crops

293,429 nucleus area covering all crops

90,867 plasma partnership for oil palm and rubber

Partnership

>54,000
plasma smallholders

MILLS

At our mills, we process FFB into CPO and CPKO, latex into crumb and sheet rubber, and sugar cane into sugar.

FFB processing capacity

27 palm oil mills

7.2M tonnes of FFB per year

3.4M tonnes of FFB from our nucleus estates, plasma, and third parties milled into **708,000** tonnes of CPO and **175,000** tonnes of PK in 2023

743,000 tonnes of CPO sold: **75%** to IndoAgri refineries, **25%** to external parties

Rubber processing capacity

5 (3 crumb and 2 sheet) rubber facilities

33,000 tonnes of crumb and sheet rubber per year

Cane crushing capacity

2 sugar cane mills

2.2M tonnes of sugar per year

REFINERIES

At our refineries, we refine CPO into higher value edible oil and fat (EOF) products.

CPO processing capacity

5 refineries

1.7M tonnes of CPO per year

CUSTOMERS & CONSUMERS

Our EOF products are used by consumers for daily living and by customers as input for their products.

83%
of EOF products serve domestic consumers

All our consumer cooking oil brands are **fortified with Vitamin A**

WORKFORCE PROFILE (GRI 2-7, 2-8)

48,043
WORKFORCE

32,733
permanent employees

7,834
short-term employees

7,476
seasonal contract workers

17% female

83% male

95%
based in field and processing sites

90%
based in Sumatra and Kalimantan

5%
based in head and regional offices

10%
based in Java and Sulawesi

Additional employee statistics are provided in the Appendix.

Oil Palm: Our Principal Crop

Our Agribusiness Group addresses the evolving needs of our customers and stakeholders through our two seed breeding R&D centres: PT Sumatra Bioscience (Sumbio) in North Sumatra and PT Sarana Inti Pratama (SAIN) in Pekanbaru. The oil palm seeds developed at these centres utilise renowned breeding populations from Southeast Asia and Africa, resulting in high-yielding seed material that is free of genetically modified organisms.

As of December 31, 2023, 10% of our total planted oil palm estate areas, covering 244,337 hectares, were categorised as immature estates. The average age of our oil palm trees is 19 years, with 13% being under seven years old, a crucial indicator for predicting our future CPO production.

Rubber

Our rubber operations are spread across North and South Sumatra, East Kalimantan, and Sulawesi. In the year 2023, we achieved a rubber production of 4,700 tonnes in the form of sheet and cup lump rubber. Of the total rubber product, including sheet rubber and crumb rubber, 47% was sold within the domestic market, while the remaining portion was exported.

Our Other Crops

In Indonesia, our agricultural endeavours extend to other crops such as sugar, cocoa, and tea.

In Brazil, our involvement in sugar operations is facilitated through a 36.21% joint venture known as CMAA. In the year 2023, CMAA achieved notable production figures, crushing a record 9.5 million tonnes of sugar cane and producing 703,000 tonnes of raw sugar, 352,000 m^3 of ethanol, and 426,000 MWh of electricity, catering to both export and domestic markets. Furthermore, CMAA successfully obtained Bonsucro certification for 3.5 million tonnes of sugarcane, accounting for 73% of its total cane produced by CMAA.

Our Edible Oil Products

Over 83% of our Edible Oils and Fats (EOF) are distributed within the Indonesian market, with the remaining portion allocated for export.

In the Indonesian market, our cooking oils are available under renowned brands such as *Bimoli*, *Bimoli Spesial,* and *Happy*. Additionally, our consumer margarine and shortening products are marketed under the *Amanda*, *Palmia,* and *Royal Palmia* brands. The industrial counterparts of these products are branded *Amanda*, *Delima*, *Malinda*, *Palmia,* and *Simas*.

Our edible oil products

PROTECTING OUR ENVIRONMENT

INTRODUCTION

The Indonesian Archipelago stands out as one of the most biodiverse regions globally. However, the environment and society face challenges from the growing impact of extreme weather patterns and other consequences of climate change. IndoAgri is dedicated to functioning as a responsible agribusiness, safeguarding our ecosystems, and fostering resilience and long-term sustainability.

This section details our commitments and advancements in environmental protection, covering aspects such as fire control, climate change mitigation and adaptation, resource efficiency, waste management, and chemical usage.

Aligned with SDGs

Material topics and focus areas:

- Protection of forests, peatland and biodiversity
- Fire control and haze prevention
- Climate change and GHG emissions
- Water, waste and effluents
- Use of fertilisers, pesticides and chemicals

Scope of section

Palm oil and rubber operations

Simpai (Presbytis melalophos), one of the protected animals in our conservation area at Musi Rawas, South Sumatra

UPDATES FOR 2023

In this section

Protection of forests, peatland and biodiversity

- **No** primary forest clearance on our sites
- **No** degradation of HCV areas
- **No** new planting on peatland since 2013
- **Maintained** healthy water levels

Fire control and haze prevention

- **Zero** burning for land clearing and replanting
- **Trained** fire control team in every estate

Climate change and GHG emissions

- **1%** reduction in GHG emissions from estate and palm oil mill operations
- **99%** of fuel used in palm oil mills is from renewable products

Water, waste and effluents

- **2%** reduction of water intensity in mills compared to 2020 baseline
- **27%** increase of water intensity in refineries compared to 2020 baseline
- **100%** hazardous waste disposed by an accredited 3rd party
- **65%** of non-hazardous waste sent for recycling
- **100%** of milling waste reused by estates and mills

PROTECTING OUR ENVIRONMENT

Material topics	Goal/target	Updates for 2023
Climate Change and GHG Emissions	3% Energy intensity reduction by 2025 based on 2020 baseline across all oil palm operations	4% reduction in energy consumption intensity per tonne of FFB processed in mills compared to 2020 baseline
	2% Energy intensity reduction by 2025 based on 2020 baseline across all refinery operations	24% increase in energy consumption intensity per tonne of material produced at our refineries compared to 2020 baseline*
	Reduce GHG emissions per tonne of palm product	1% reduction in Total GHG emissions from mills and estate operations
Water, Waste and Effluents	3.5 % Intensity reduction across all oil palm operations and refineries (per tonne of FFB processed in mills or material produced in refineries) by 2025, based on 2020 baseline	• 2% reduction of water intensity in mills compared to 2020 baseline • 27% increase of water intensity in refineries compared to 2020 baseline*
	Maintain effluent levels to be within local regulation thresholds	All effluent levels within regulation thresholds
Fire Control and Haze Prevention	Continue to strengthen fire mitigation procedures	Completed 27 fire control training days in 35 estates in 2023
	Continue to engage local communities and villages on fire-fighting and prevention	Engaged 108 villages on fire prevention since 2016

* *2023 energy and water intensity per tonne of material produced at our refineries increased against 2020 baseline. This was mainly due to lower processed material volumes and fluctuations in the quality of raw materials. In terms of 2023 absolute consumption, it recorded a reduction against 2020 baseline.*

Material topics	Goal/target	Updates for 2023
Protection of Forests, Peatland and Biodiversity	Compliance with our policy of no deforestation and zero HCV loss	No primary forest or HCV land was affected during new planting and replanting in 2023
Use of Fertilisers, Pesticides and Chemicals	To achieve 100% use of available organic fertiliser (Empty Fruit Bunches (EFBs) and Palm Oil Mill Effluent (POME) from our mills)	Achieved
	Improve Integrated Pest Management to reduce reliance on chemical pesticide use	2% decrease in pesticides used compared to 2022

PROTECTION OF FORESTS, PEATLAND AND BIODIVERSITY (GRI 3-3, 304-1, 2, 3, 4)

We recorded zero primary forest clearance and degradation of HCV areas in 2023.

Our Sustainable Agriculture Policy serves as the guiding framework for our operations and the implementation of our procedures and practices. Our commitment extends to the preservation of HCV and HCS areas.

The HCS Approach Toolkit is instrumental in determining whether specific land areas are suitable for cultivation or should be conserved. The identification of HCV areas is conducted through both internal assessments and third-party accredited evaluations. Our designated HCV areas encompass riparian zones, indigenous land, and habitats for endangered species.

HCV Management and Rehabilitation Plans Across all IndoAgri sites

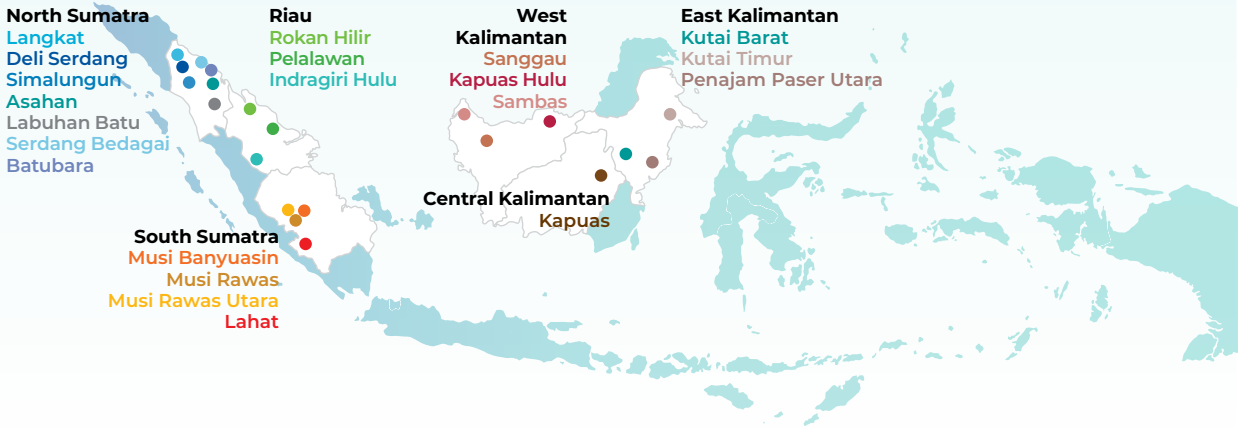
We enforce a stringent zero-tolerance policy across all our operations and suppliers, prohibiting logging, burning, and the hunting of all species and wildlife. To deter these activities and control access, warning signs are strategically installed, and boundary pits are established along the perimeters of HCV areas. Accredited assessors have evaluated and approved our HCV Management Plans and all our sites have dedicated HCV Rehabilitation Plans, as indicated on the map showcasing their locations. Our team of trained HCV personnel actively manages and monitors these areas on a monthly basis through patrols. Vegetation growth and wildlife activities are monitored during these patrols and the team creates a conservation plan for the protection of any wildlife found to be on the IUCN Red List. We provide an annual summary report to the government conservation agency (BKSDA).

To date, we have identified **24,936 hectares** of HCV areas across our sites

All of our sites have HCV Management Plans in place to monitor any disturbances to HCV areas

All of our sites have HCV Rehabilitation Plans to enhance biodiversity and promote afforestation, especially in riparian areas

Since 2016, we have planted approximately **195,732 trees** in over **783 hectares** of HCV areas



Before any new planting occurs, mandatory HCV and HCS assessments are conducted. During the new planting and replanting activities in 2023, no primary forest or HCV areas were adversely affected. Regular training on HCV Monitoring and Rehabilitation is provided to estate employees to ensure their knowledge of HCV management and best practices remains current and applicable.

Recognising the critical role of biodiverse ecosystems in supporting life on Earth, we acknowledge that our business impacts biodiversity levels in our plantations. Our commitment is to minimise this impact and safeguard biodiversity within our HCV areas. Our HCV assessments enable us to identify protected species inhabiting our concessions and surrounding areas. In locations where we have operations near national conservation areas (such as East Java), we implement buffer zones to reduce the chance of our operations affecting the conservation areas. Biodiversity monitoring, interviews with local communities, and the use of drones aid in tracking biodiversity indicators and the health of key species in HCV areas. Compliance reports containing data analysis and monitoring results are regularly submitted (BKSDA).

In 2022, we initiated a research project in collaboration with the government to conserve the protected Bekantan (Proboscis) monkey within an existing concession area. While this collaboration ceased in 2023, we have continued to perform monitoring of the species. The project involves understanding the location of the monkeys, determining population numbers, and ensuring the preservation of their habitat. Additionally, we voluntarily assist the Government in protecting Taman Nasional Meru Betiri in East Java, near one of our estates. Our contribution to this conservation program includes supporting security patrols and ensuring the protection of adjacent HCV areas, which serve as a buffer zone to the conservation area. This not only enhances wildlife habitat protection but also provides additional water catchment space.

From September to December 2023, we took part in a national inventory exercise conducted by the Ministry of Forestry. This activity was conducted in East Java and involved the installation of camera traps to monitor the disruption caused to wildlife, specifically leopards, monkeys and squirrels.

HCV monitoring in Begerpang Estate, Deliserdang Regency, North Sumatra

The full list of protected species on our estates which are on the IUCN Red List or Indonesia's national conservation lists can be found on our website.

Reducing Risks, Enhancing Ecology: IndoAgri's Tree Planting and Compost Programs

In an effort to rehabilitate the land around riverbanks previously cultivated with oil palm, IndoAgri has launched several innovative programs. One of these initiatives involves tree planting along the riverbank areas. The goal of this activity is to enhance the biodiversity of flora surrounding the river. The solution involves utilising the reservoir area for planting vegetation to create a balanced ecosystem, improving hydrology, and reducing the risk of landslides.

What makes this initiative particularly noteworthy is the exclusive use of Compost Fertiliser for the planted trees. This compost is crafted from decomposed organic materials such as plant residues, straw, and fruit peel. It serves as an ideal choice to naturally enhance soil fertility. Additionally, POME is utilised, containing organic substances that contribute as a carbon source in the composting process.

Tree planting not only adds greenery to the soil but also mitigates landslide risks. The use of compost fertiliser derived from domestic waste, coupled with POME bacterial starter, reduces GHG emissions, resulting in a positive impact on the environment. IndoAgri's holistic approach showcases a commitment to sustainable practices in riverbank rehabilitation.

Since 2013, there has been no new planting on peatland, and water levels in peatland under our control have been maintained.

A significant portion of the world's soil carbon, about one-third, is stored in peatland. If this peatland undergoes drainage or burning, it can release a substantial volume of carbon dioxide, a primary GHG contributing to the climate crisis. In 2023, the Ministry of Agriculture conducted a comprehensive evaluation of our peatland and issued an official decree designating specific areas as deep peatland. The government is actively evaluating companies to ensure their adherence to peatland protection measures, requiring the submission of monthly reports for ongoing monitoring and annual reports for auditing purposes. IndoAgri strictly prohibits any new development on peat, regardless of its depth, and adheres to the relevant regulations set forth by the Government of Indonesia. Approval for all nucleus planting programmes is required at the IndoAgri Executive Board level.

Our HCV management approach is also applicable to peatland, as detailed on pages 17-18. Additionally, we maintain a minimum water table depth for our cultivated peatland, collaborating closely with various stakeholders, including the Ministry of Environment and Forestry, Ministry of Agriculture, and peat experts, to ensure compliance. For more details on our commitment to peatland protection, please refer to our Sustainable Agriculture Policy on our website.

Our initiatives involve monitoring water levels on estates through peat subsidence measurement, GIS remote sensing, and 3D flood risk modeling. Canal engineering techniques are applied to ensure adequate water distribution during dry periods. Hydrographic and topographic mapping of peatland plantings have been conducted for submission to the Government of Indonesia.

IndoAgri conducts annual meetings with local government officials, labour unions, local non-governmental organisations (NGOs), and community representatives. These discussions provide a platform for stakeholders to voice and address any specific environmental concerns they may have.

In recognition of our efforts, IndoAgri received the Katadata Corporate Sustainability Award (KCSA) in September 2023. This is presented by the Katadata Insight Center, a data analytics firm, in appreciation of companies that implement sustainable systems and other initiatives to increase positive impacts on the environment.

Peatland monitoring in Muara Merang Estate, Musi Banyuasin, South Sumatra

PT SIMP receives Social Champion Award at Kata Data Awards 2023 for Sustainable Initiatives

Presentation of the certificate by the KataData award representative to the Head of Sustainability of PT SIMP, Mr. Muhammad Waras

PT Salim Ivomas Pratama Tbk (PT SIMP) has once again received recognition at the Katadata Awards 2023, this time in the category of Social Champion. The award is bestowed upon companies deemed to implement various initiatives to enhance positive impact on the environment and create sustainable systems. The Green Initiative Award, presented in this context, was conferred during the culmination of the Sustainability Action for The Future Economy (SAFE) 2023 event held at the Grand Ballroom Kempinski in Jakarta on Tuesday, September 26, 2023.

The Green Initiative Award is an annual event organised by Katadata. This year, the SAFE Forum centred around the theme “Let’s Take Action,” aiming to facilitate collaborative efforts among diverse stakeholders united by a mission to make Indonesia a greener nation.

This recognition highlights companies that embrace sustainable business practices, emphasising commitments to low emissions, clean energy transition, the use of environmentally friendly technology and materials, and the establishment of a sustainable value chain. These companies demonstrate leadership and commitment to responsibly preventing environmental damage, preserving biodiversity, and improving the efficiency of natural resource management.

FIRE CONTROL AND HAZE PREVENTION
(GRI 3-3)

Forest fires have severe, detrimental effects on the environment and society, ranging from the loss of life and decreasing levels of biodiversity to adverse health consequences for nearby communities. Additionally, fires impose enduring commercial, reputational, and financial costs on businesses. IndoAgri mandates strict compliance with zero-burning regulations for all operations and suppliers, as outlined in our Policy. Mechanised land clearing, especially for non-productive oil palms, is mandatory, with best practices shared with local communities.

IndoAgri adopts a proactive approach to fire prevention, employing robust hotspot monitoring and stakeholder education strategies. Our Enterprise Risk Management (ERM) team outlines our response strategy to fire risks and related scenarios. Daily monitoring of satellite images from the National Oceanic and Atmospheric Administration (NOAA) and the U.S. National Aeronautics and Space Administration (NASA) is conducted, and cross-referenced with IndoAgri's concession maps to identify hotspots. On-the-ground checks by estate managers and specialist fire teams verify potential hotspots, with constant communication ensuring a prompt and effective response to fire risks.

In 2022, we partially automated the satellite image monitoring process, streamlining the download and review of images. This increased efficiency allowed staff to focus more on analysis and investigation. Our training program, conducted in collaboration with the Ministry of Environment and Forestry, the military, police, and local government, has continued to expand. Our estates are equipped with firefighting vehicles and equipment, and our fire specialists receive regular training in fire prevention and response. In 2023, IndoAgri delivered 27 fire control training days across 35 estates. We monitored both our estates and the surrounding areas, where in total there were 1,655 hotspot notifications, resulting in 114 fire incidents, of which only 10 occurred inside our estates.

In 2023, we constructed an additional 15 fire towers and now have 222 towers across all estates, with plans to increase this number, particularly in hotspot areas and on boundaries with local communities. Since 2016 we have implemented community collaboration programs to enhance local capacity and knowledge for fire prevention, engaging a total of 108 local villages and 18 smallholders in 2023. Education of field staff, smallholders and communities is a key part of our fire risk management approach – without an understanding of the risks and potential consequences, both to the environment and to our plantations, other elements of our strategy such as the digital notification solution, would be much less effective.

Digitalisation of Hotspot Notification System

We have initiated a new project that entails the installation of hotspot sensors within the estate. If hotspots are detected, field workers receive alerts directly on their mobile phones. The development of the application commenced in May 2023 and underwent thorough testing in June 2023, after the dry season. The mobile application not only delivers hotspot notifications but also features functionality enabling users to capture photos, which are then sent back to the management for review and storage. We are also able to lower the automatic alert threshold if we believe an area is at increased risk of fire. By the end of 2023, the system was fully implemented at 80 estates, with another 11 estates at Gunta Samba being the latest location benefiting from the digital notification solution in January 2024. Once the system reaches a state of maturity, we hope to expand the user base so that local community members and smallholders can use the application.

Fire monitoring in Cipta Graha Estate, Kutai Timur, East Kalimantan

CLIMATE CHANGE AND GHG EMISSIONS (GRI 3-3)

The threat climate change poses to our environment and to the prosperity of future generations is undeniable. As a substantial agribusiness, the evident repercussions of climate change on our operations are manifest: escalating temperatures contribute to a heightened occurrence of forest fires and drought, while intensified and prolonged rainfall results in more frequent flooding. Over the last two years we have been actively assessing our susceptibility to climate risk in alignment with the TCFD framework. A summary of the identified risks, along with other relevant disclosures, is provided on page 25. In our pursuit of strategies to adapt to a shifting climate, we acknowledge our role in mitigating climate change.

Adapting to climate change

The predominant impacts we confront due to climate change are rainfall-related, particularly the heightened frequency of flooding in our plantations in lowland areas. Floods pose challenges as they can contaminate natural water sources, complicate the transportation of clean water to operational sites, and disrupt plantation activities. This results in damage to infrastructure and delays in transporting FFB.

To minimise the comprehensive effects of rainfall-related risks, we rely on forecasts from the Meteorology Climatology and Geophysics Council (BMKG) for planning and meticulously map the topography of the land to reinforce areas prone to flooding. Additionally, we continue to implement preventive initiatives such as improving the efficiency of drainage systems, enhancing road accessibility during wet seasons, and deploying additional fire protection measures in dry seasons.

Our mitigation efforts (GRI 305-5)

We proactively take measures to mitigate our impact on the climate, with initiatives and policies covering forest protection, peatland and biodiversity preservation, the use of renewable energy, effluent composting, fire control and haze prevention. These efforts collectively contribute to reducing carbon emissions by maintaining ecosystem integrity.

We employ four key methods to curtail energy use and enhance efficiency across our operations. Firstly, we have implemented ISO 50001 certified energy management systems (EnMS) in several refineries and mills. Secondly, we have optimised the combustion chambers of our boilers by reducing oxygen content, resulting in more efficient energy utilisation. Thirdly, we have improved the reuse of condensate water from boilers, reducing the overall water and energy required for operation. Finally, continuous review and maintenance of our boilers, along with optimisation of operational parameters, ensure maximum efficiency. Our sustainability team collaborates with colleagues from the Indofood Group to focus on best management practices.

Given that 99% of the fuel used in all our mills comes from renewable energy, our primary focus is on increasing the percentage of renewable fuel in our refineries. Since the start of 2018, the Lubuk Pakam Refinery in North Sumatra has switched entirely from using coal to palm shell for its boilers. Efforts are also underway to eventually replace coal with palm shell in our Surabaya and Bitung refineries. Additionally, we have initiated a pilot project to measure the energy consumption in our shell-powered boilers, with plans to extend the application of this solution to other mills after successful testing.

99% of fuel used in mills is from renewable sources

23 energy managers and 6 energy auditors across all facilities, who identify and implement energy reduction initiatives

While our mills constitute a small portion of our overall non-renewable energy consumption, we are evaluating the installation of solar panels at remote sites not connected to the state electricity grid (currently 13 of 27 mills are using grid electricity). A previous project planned for our refinery in Surabaya was unfortunately discontinued due to the effect a change in government regulations had on the third-party provider we had identified.

We have adopted best practices in our crop operations, leveraging the success stories of our palm oil operations. Notably, two rubber factories, two sugar factories, one tea factory, and one cocoa factory are using renewable energy from palm shells and sugarcane bagasse. As we implement various energy efficiency initiatives across our operations, we monitor and perform audits to determine levels of success. The successful initiatives will be rolled out to other facilities, keeping in mind that no two factories will be exactly alike.

The energy consumption per tonne of FFB processed at our mills remained constant at 2.16 GJ/tonne in 2023 compared to 2022[3]. In addition, the energy consumption per tonne of material produced at our refineries decreased by 1% from 1.22 GJ/tonne in 2022 to 1.21 GJ/tonne in 2023. Energy consumption per tonne of rubber produced in our rubber factories decreased by <1% from 25.92 GJ/tonne in 2022 to 25.86 GJ/tonne in 2023.

Detailed energy consumption data can be found on pages 62-63 in the Appendix.

3 *In the 2022 Sustainability Report, the figure of 2.13GJ/tonne related to only PROPER and/or ISPO-certified estates and mills. For FY2023, we have expanded the scope to include all oil palm estates and mills and have provided the comparable figure for FY2022.*

GREENHOUSE GAS (GHG) EMISSIONS

Peat emissions constitute 82% of our primary GHG emissions, primarily attributed to naturally occurring, low-level methane emissions rather than peat disturbance. As some estates within our scope are situated in peat areas, peat contributes significantly to the majority of our GHG emissions. Other sources of GHG emissions include methane from Palm Oil Mill Effluent (POME), fuel usage in mills and FFB transport, chemical usage in mills and plantations, and nitrous oxide emissions from fertilisers.

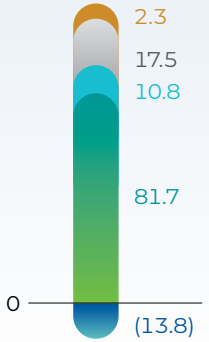
Total emissions from mills and estate operations experienced a 1% decrease from 2022 to 2023. This decrease is largely attributed to lower energy consumption and lower waste production.

We are actively expanding the number of facilities with an energy management system certified to the ISO 50001 standard. Currently, two refineries are certified, and two palm oil mills are mid-way through the ISO 50001 certification process.

To address methane emissions, we have achieved up to an 80% reduction at three of our aerated bunker composters compared to conventional anaerobic composting. Plans are underway to install aerated bunker composters in additional mills, further reducing our GHG emissions. While carbon credits can be utilised to offset our GHG emissions, we currently have no plans to do so and believe that we can do more before we turn to carbon credits.

For detailed emissions data, refer to page 60 in the Appendix.

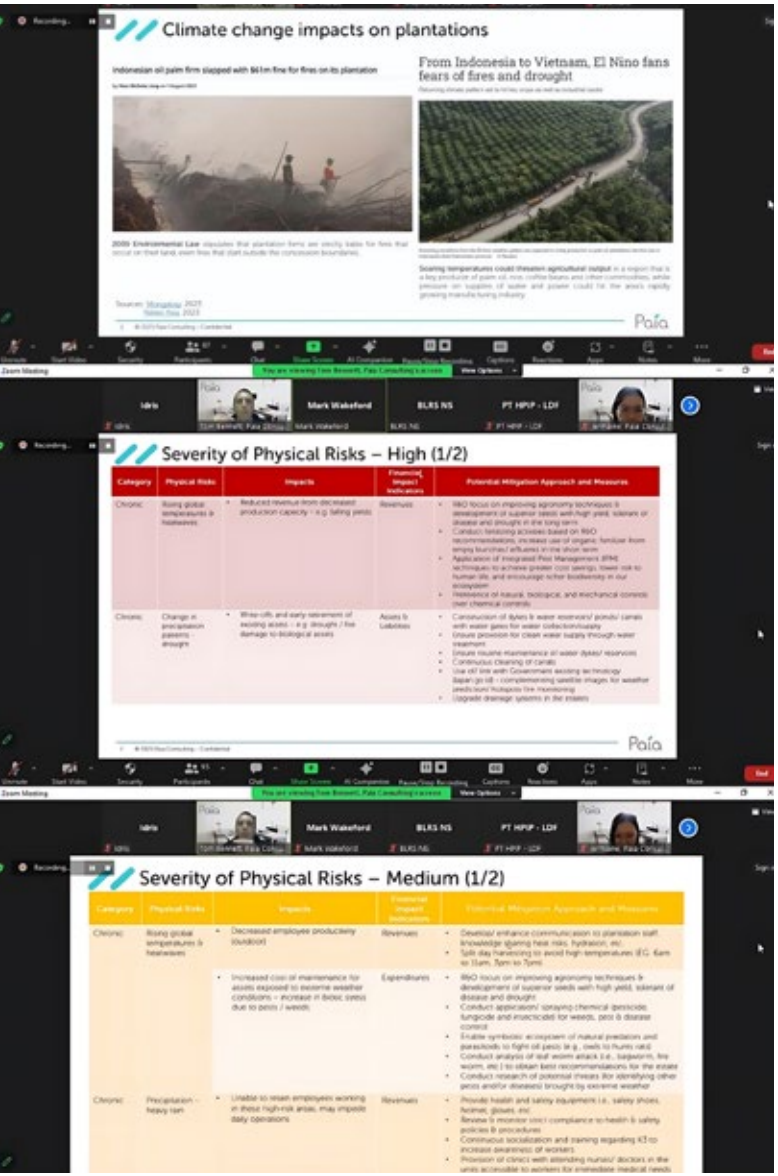
GHG Emissions from Mills and Estate Operations (%)



- Carbon sequestration from oil palm
- Peat emissions
- N_2O from fertiliser
- Methane from POME
- Fuel usage from transport of FFB

Note: Emissions from (1) fuel usage in estates, (2) chemical usage in mills and plantations, (3) emissions from electricity usage and (4) fuel usage in mills are minimal (total 1.5%).

Energy consumption monitoring in our Lubuk Pakam Refinery, Deliserdang, North Sumatra



TCFD training was conducted online and attended by the Board of Directors and management

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Risk and Opportunity Management

The nature of our agribusiness operations means we are particularly exposed to climate-related risks. While we have included climate-related risks in our ERM processes for many years, in 2022 we took steps to align our activities with the recommendations of the TCFD. In 2023, we further incorporated additional physical and transition risks into our detailed ERM framework which will help streamline the process in identifying, assessing, managing and monitoring these risks. The ERM team works closely with the research, sustainability, and operational teams to assess all climate risks and incorporate them into a risk assessment matrix, based on financial and operational impacts. For physical risks relating to flooding, water deficit, and fire, we have more precisely quantified the financial impacts to determine mitigation levels and justify expenditure.

Scenario Analysis

We conducted our first climate scenario analysis exercise in accordance with TCFD recommendations in 2022. This was updated with additional areas of focus in 2023. Specifically, we performed a detailed yield analysis using data from a number of sources including: ten years of internally-generated regional research data relating to temperature ranges and FFB yield effects, and World Bank climatic projection data for Indonesia up to 2051. Our analysis enabled us to identify potential impacts on FFB yields and prompted the identification of additional mitigation initiatives required for flooding risk. We ascertained that our current levels of risk mitigation were sufficient for water deficit and fire risk. Over the two years, we have performed a comprehensive analysis, identifying potential climate-related risks and opportunities and examining the potential consequences of two warming scenarios: <2°C above pre-industrial levels by the year 2100 (in alignment with the Paris Climate Accord), and 4°C (representing the current status quo) for our operations in Indonesia.

The first scenario assumes ambitious measures are implemented to mitigate the worst effects of climate change, capping the temperature increase at 2°C in line with the International Energy Agency (IEA) 2°C Scenario. This scenario assumes extensive policy action and the consequent implications of transitional risk as society moves towards a low-carbon economy. The latter scenario reflects a business-as-usual status, with no alterations to policies or actions, anticipating a 4°C rise in global temperatures and heightened physical impacts of climate change in line with the Representative Concentration Pathway (RCP) 8.5 high GHG emissions scenario from the International Panel for Climate Change (IPCC)'s fifth assessment report (AR5).

The results of the analysis are summarised in the table on the following pages. The main risks identified can be categorised into two types: physical risks and transition risks. Key opportunities are linked to offerings in new markets, efficient resourcing, and products and services.

4°C Scenario: Business-as-usual

Based on the definition provided by the IPCC, the business-as-usual scenario is described as "without additional mitigation efforts beyond those in place today". By the end of the century, global warming will lead to increased frequency, severity and geographical distribution of acute and chronic weather conditions such as tropical cyclones, increased precipitation, heat waves and rising sea levels.

The impacts of physical risk resulting from climate change are already slowly manifesting as seen globally and is likely to increase exponentially over the next few decades as global emissions continue to peak. Therefore, IndoAgri has categorised the physical risks identified as long-term risks, where the impact is likely to peak beyond the time horizon of seven to ten years. This provides sufficient time for us to identify and develop mitigation strategies that will help build long-term business resilience around our operations.

Category	Physical risks	Country	Impacts	Impacts	Financial impact indicators
Chronic	**Rising global temperature and heatwaves** A 4°C increase in global mean temperature is likely to bring about the onset of frequent heatwaves, leading to heat-related injuries, decreased productivity of employees and/or tenants, damage to physical assets and other negative effects on daily operations.	Indonesia	• Reduced revenue from decreased production capacity such as falling yields	🔴	Revenue
			• Reduced revenue and higher costs from negative health impacts on workforce	🔴	Revenue
			• Decreased employee productivity (outdoor)	🟡	Revenue
			• Increased cost of maintenance for assets exposed to extreme weather conditions – increase in biotic stress due to pests/weeds	🟡	Expenditure
			• Increased cost of R&D relating to drought/ pest-resistant oil palm variations	🟢	Expenditure
Chronic	**Change in precipitation patterns – drought** As global temperature rises, the frequency of droughts occurring has increased and this can sometimes lead to forest fires, negatively impacting our operations.	Indonesia	• Write-offs and early retirement of existing assets subject to drought	🔴	Assets & Liabilities
Chronic	**Water stress** Through climate modelling, the UNFCCC reported that Indonesia is likely to experience increased water scarcity.	Indonesia	• Increased cost of processing or interruptions in production/capacity, but not significant risk in our areas of operation	🟢	Expenditure
Acute	**Tropical cyclones** Indonesia is ranked 23/191 countries by the 2019 INFORM Risk index for tropical cyclones. While most of IndoAgri's operations are located in areas that are less prone to tropical cyclones (low to medium risk), the relative frequency of them occurring will be expected to increase due to ocean warming and may impact IndoAgri.	Indonesia	• Increased cost of operations or interruption of production capacity, indirect effects of infrastructure damage (e.g. roads)	🟡	Expenditure
			• Increased labour costs - unable to retain employees working in these high-risk areas, may impede daily operations	🟡	
Acute & Chronic	**All risks affecting IndoAgri assets**	Indonesia	• Increase in insurance costs	🔴	Expenditure
Acute & Chronic	**Precipitation – heavy rain** The combination of rising sea levels and global warming may lead to an increased frequency of heavy rain where flooding is likely to occur.	Indonesia	• Yields will be affected; unable to retain employees working in these high-risk areas; will impede daily operations through infrastructure damage (e.g. to roads)	🔴	Revenue

Legend: 🔴 Higher risk 🟡 Medium risk 🟢 Lower risk

Category	Physical risks	Country	Impacts	Impacts	Financial impact indicators
Chronic	**Effects caused by changing environment (e.g. Increased levels of CO_2/methane)** Based on the IPCC report, GHG emissions will negatively impact air, soil, and water quality. This exacerbates direct climatic impacts on yields. Warming also negatively affects crop and grassland quality as well as harvest stability.	Indonesia	• Reduced revenue from decreased production capacity – yields compromised by surface ozone and increasing GHG; reductions in efficacy of herbicides	🟡	Revenue
Chronic	**Rising sea levels** With some of our palm oil operations located near the coast, particularly those in Sumatra, the risk of rising sea levels and flooding makes them vulnerable.	Indonesia	• Write-offs and early retirement of existing assets due to damage/loss of assets as a result of rising sea levels	🟢	Revenue; Expenditure; Assets & Liabilities

Less than 2°C Scenario: Aggressive mitigation

The <2°C scenario is developed based on an accelerated shift towards a low-carbon economy, a necessity to curtail global warming below the 2°C threshold by the end of the century. This transition towards a low-carbon economy has the potential to mitigate the severity of physical risks associated with climate change. However, the scenario assumes that stringent global policies will be enacted, resulting in significant changes in policy, law, technology, and markets, thereby posing a variety of financial and reputational risks. Given the dependency on both climate and economic factors that could emerge between the short (one to three years) to medium (four to six years) term, the assessment of the extent and severity of transition risks can be difficult to ascertain. Due to the nature of transition risks (usually policies) that emerge in the short-to-medium term, their impact is likely to surpass that of physical risks, which are expected to become significant beyond the medium term.

Category	Transition risks	Country	Impacts	Impacts	Financial impact indicators
Policy and legal	**Carbon tax** Implementation of carbon tax puts a financial cost on the amount of GHG emissions produced.	Indonesia	• Increased tax liabilities	🔴	Assets & Liabilities; Expenditure
	Government policies/regulations To transit towards a low-carbon economy, a range of measures would be implemented.	Indonesia	• Write-offs and early retirement of existing assets – e.g. loss of peatland plantations	🔴	Assets & Liabilities; Expenditure
			• Increased cost due to reduced availability of concessions	🟡	
			• Increased cost of compliance and potential non-compliance (e.g. permits/licenses/water testing/ waste management)	🟡	

Legend: 🔴 Higher risk 🟡 Medium risk 🟢 Lower risk

Category	Transition risks	Country	Impacts	Impacts	Financial impact indicators
Technology	**Cost of transition to lower emissions technology** Deployment of emerging low-emissions technologies will slowly displace old systems in order to achieve low-emissions targets.	Indonesia	• Increased cost to adopt/deploy new practices and processes	🟡	Expenditure
			• Increased capital expenditure in technology development/deployment.	🟢	
Reputation	**Increased stakeholders' concerns** Unsustainable operational practices may lead to stakeholders' negative perception of IndoAgri's contribution to a low-carbon economy.	Indonesia	• Reduction in capital availability and investment	🔴	Capital & Financing; Revenue
	Changing consumer behaviour With the shift towards a low-carbon economy, consumers are starting to reduce their demand in products that do not meet a certain environmental threshold.		• Reduced demand for goods and services resulting from unsustainable practices	🟢	
	Stigmatisation of sector The industry in which IndoAgri operates has historically been subject to criticism relating to unsustainable environmental practices.		• Negative impacts on workforce management (e.g. talent management and employee retention) may affect daily operations. • Decreased production capacity (e.g. supply chain disruption, suppliers are more cautious about who they are supplying to)	🟢	
Market	**Change in consumers' behaviour** Consumers are increasingly taking into account the climate-related risks in a product, resulting in a shift in demand for sustainable goods and services as climate-related risks.	Indonesia	• Reduced demand for goods and services due to shift in consumer preferences for more sustainable product/services	🟢	Revenue

Legend: 🔴 Higher risk 🟡 Medium risk 🟢 Lower risk

Opportunities

In the face of climate change challenges, IndoAgri is still able to capitalise on opportunities that arise from addressing transition risks related to climate change. The shift toward a low-carbon economy opens avenues for potential cost savings through enhanced operational efficiencies and enables access to new business opportunities. The rising demand for low-emission products and services also stimulates innovations that can position IndoAgri as a frontrunner, enabling the maintenance of its competitive edge in the industry.

Category	Opportunity	Country	Benefits	Financial impact indicators
Resource efficiency	**New technologies** Improving operational efficiency across energy and water and can result in direct cost savings over time.	Indonesia	• Reduced operational cost and optimisation of resource efficiency – e.g. efficiencies offered by use of milling waste as boiler fuel	Reduced expenditure
Market	**Access to new markets** IndoAgri's effort to mitigate climate risks opens more opportunities for collaboration and partnership in the sustainability space.	Indonesia	• Increased revenue through demand for more sustainable goods and services – consumers shift from less efficient oils	Increased revenue
Energy sources	**Energy sources** Investments and switch towards renewable energy reduces not only global GHG emissions but also potentially help IndoAgri save on energy costs.	Indonesia	• Reduced operational costs – e.g. Installation of biogas generation facilities throughout operations • Reduced exposure to increases in energy costs/carbon taxes	Reduced expenditure
Products and services	**Sustainable products and services** Providing low-emissions products from seeds that require less resources to grow increase IndoAgri's competitiveness and capitalises on shifting consumer preferences.	Indonesia	• First-mover advantage if peers are behind in innovation – e.g. new revenue streams from intercropping with crops most suited to changing environment; continued development of efficient, resilient seeds and planting materials	Increased revenue
Resilience	**Investor expectations** Investors are increasingly expecting companies to show their resilience against a transition towards a low-carbon economy.	Indonesia	• Increase in capital availability and investment – investors increasingly expecting to see climate risk evaluated credibly and effectively	Increased availability of capital & financing

WATER, WASTE AND EFFLUENTS (GRI 2-27, 3-3, 303-1, 2, 3, 4, 5)

Water plays a fundamental role in our operations, and the effective management of water resources is crucial for both environmental health and the well-being of the communities in our operational areas. In the face of changing climatic conditions, the global risk associated with water availability has become increasingly significant, even in tropical and subtropical regions. Our engagement with water, for which our Chief Operating Officer is responsible, encompasses withdrawal, consumption, and discharge, and strictly adheres to Indonesian laws.

We are committed to protecting natural waterways and have implemented buffer zones between our operations and water sources where needed. We have obtained relevant permits that delineate the sources of water withdrawal, the volume of water consumption, and the quality requirements for discharge. Prior to acquiring these permits, regulatory authorities conduct impact assessments pertaining to the water withdrawals from our operations. Armed with these permits, we conscientiously extract water from rivers and the ground, ensuring that our water-related activities align with government regulations. Additionally, we collaborate with our suppliers to ensure their adherence to water-related regulations, particularly those concerning wastewater treatment.

Water use efficiency

Water consumption is meticulously managed across our estates, mills, and refineries, with specific considerations for various sources:

- Our rubber and oil palm estates in tropical Indonesia rely entirely on seasonal rainfall for irrigation.
- In mills, 88% of the water is sourced from rivers, while the remaining portion is derived from groundwater and rain-harvesting.
- Within our refineries, 78% of the water is procured from municipal sources, with the remainder originating from groundwater.
- In rubber factories, 88% of the water is drawn from rivers, while the remaining share comes from groundwater.
- Water utilised in our offices and site accommodation within plantations is sourced from groundwater and rain-harvesting.

Water Treatment Plant in Ampanas POM, Kutai Timur, East Kalimantan

Within our mills and refineries, we reuse steam condensate in our boilers, contributing to reductions in both water and energy consumption.

- Mills: In 2023, we utilised 1.00 m^3 of water per tonne of FFB processed; a 2% improvement compared to 2022.
- Refineries: We used 0.09 m^3 of water per tonne of material produced, leading to a 10% decrease compared to 2022.
- Rubber Sites: For rubber processing, we used 39.79 m^3 of water per tonne, indicating a 1% decrease reduction compared to 2022.

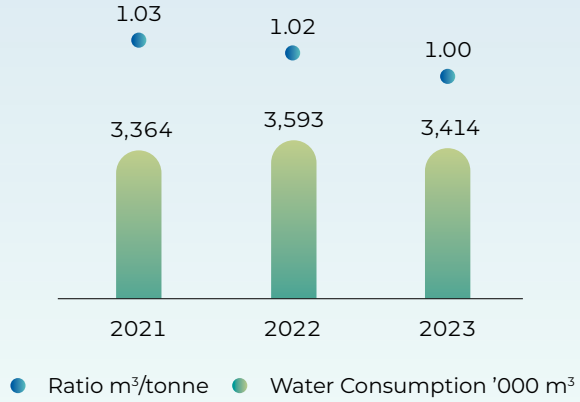
All of our operational sites undergo mandatory Environmental Impact Assessments ('AMDAL') during their initial development phases. These assessments identify water sources crucial for sustaining local biodiversity and surrounding communities, as detailed in HCV assessments on pages 17-18. Additionally, Indonesia's Ministry of Energy and Mineral Resources (ESDM) requires that a permit be obtained before water is withdrawn. In 2023, we recorded no instances of non-compliance relating to water use or wastewater management.

Waste and effluent management (GRI 306)

To enhance operational efficiency, reduce costs, and minimise environmental impact, we rigorously implement waste and effluent management measures. All our sites employ waste management systems in compliance with Indonesian regulations, guided by PROPER and ISO 14001 standards (refer to page 61 in the Appendix for our PROPER ratings and ISO 14001 certification data).

- Mills: In 2023, the average production of hazardous waste per mill was 0.96 tonnes (compared to 0.95 tonnes in 2022).
- Refineries: The total hazardous waste generated in 2023 was 23,245 tonnes (compared to 21,215 tonnes in 2022), with 76% attributed to spent bleaching earth. Additionally, non-hazardous waste totalled 2,164 tonnes in 2023 (compared to 2,176 tonnes in 2022), with 65% directed for recycling and the remaining 35% sent to landfill.
- Rubber Factories: The average production of hazardous waste per factory in 2023 was 0.40 tonnes (compared to 0.59 tonnes in 2022).

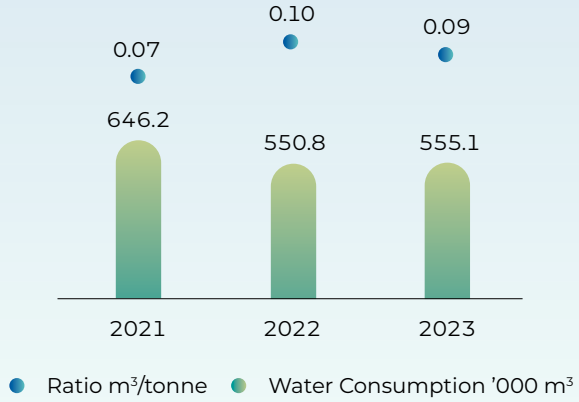
Water consumption in palm oil mills



Note: Data from ISPO- and PROPER certified/audited palm oil mills (23 out of 27 mills). Water consumption ratio covers industrial usage in each mill. Ratio is based on average consumption in m^3 per tonne of FFB processed.

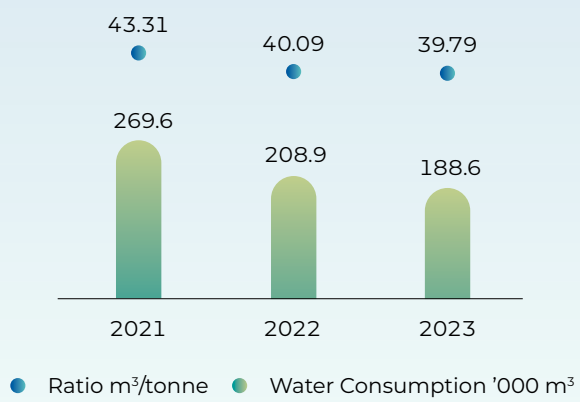
Data provided in 2022 report represented 22 mills. Prior year data has been updated in this report in line with increased scope.

Water consumption in refineries



Note: Data from five refineries based on water consumption per tonne of material produced, in six processes: (i) tank yard (ii) refining CPO (iii) fractionation (iv) margarine (v) cooking oil filling and (vi) finished goods warehousing. Calculations are based on metered volumes. Water content of product is excluded.

Water consumption in rubber factories



Note: Data from 3 factories with 3 crumb rubber and 2 sheet rubber processing lines. Water consumption ratio covers industrial usage in each factor. Ratio is based on consumption in m^3 per tonne of rubber produced.

Using palm oil mill effluent as organic fertiliser, Ampanas Estate, Kutai Timur, East Kalimantan

Milling waste, comprising solid non-hazardous components like EFBs, fibre, and shells, is entirely repurposed by our estates and mills as either organic fertiliser or fuel for our boilers. In 2023, the total mass of milling waste reached 1,448,674 tonnes, down from 1,466,912 tonnes in 2022.

The effluent generated during milling, known as POME, is a byproduct of the FFB to CPO processing. Both solid waste and POME are managed in strict adherence to regulatory controls. Mill wastewater, including POME, undergoes on-site treatment. POME is composted in aerated bunker composters at three of our mills, leading to reductions in GHG emissions.

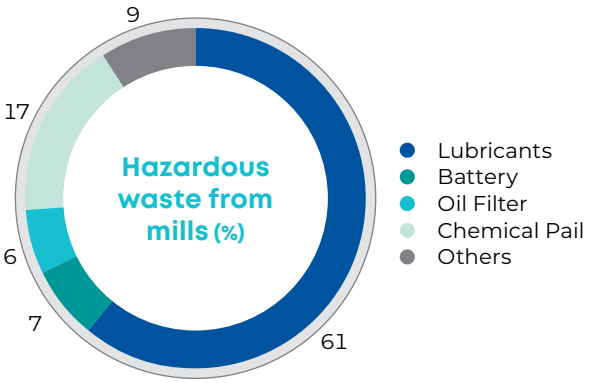
- Mill effluent volume: In 2023, 1,687,739 m^3 of wastewater was produced from our 27 mills, marking a 6% decrease from 2022 (1,799,494 m^3).
- Mill effluent quality: At the 27 mills, the median Biological Oxygen Demand (BOD) was 1,143 mg/l (2022: 1,364 mg/l), and the median Chemical Oxygen Demand (COD) was 4,103 mg/l (2022: 4,773 mg/l).

The effluent quality remains compliant with regulatory controls, and all effluents undergo treatment before release into water courses or municipal sewers.

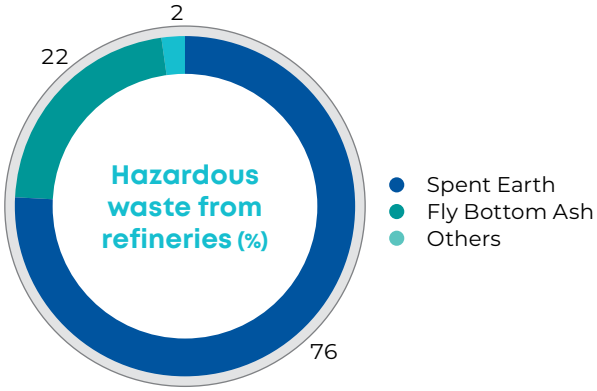
- Refinery effluent volume: 264,384 m^3 of wastewater was produced in 2023 (2022: 268,781 m^3).
- Refinery effluent quality: The median BOD was 20 mg/l (2022: 17 mg/l), and the median COD was 63 mg/l (2022: 51 mg/l).

We are committed to engaging with the government, and as part of our obligations, we are required to undergo annual assessments relating to BOD and COD in collaboration with the Ministry of Environment and Forestry. Our assessments ensure that our BOD and COD remain within government parameters.

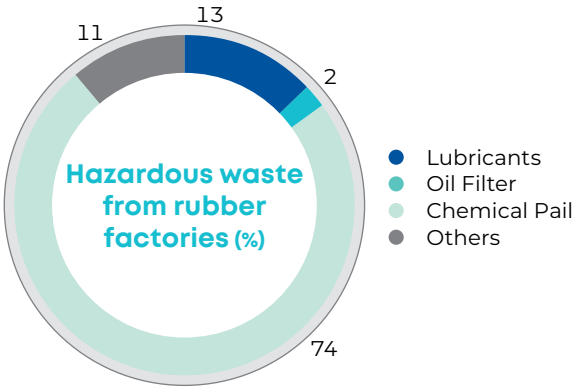
In 2023, there were no recorded spills of effluent, CPO, or diesel during harvesting, processing, or transportation; IndoAgri faced no fines or law enforcement sanctions relating to environmental regulations; and there were no significant complaints from stakeholders concerning the environment. All hazardous waste, totaling 100%, is disposed of in accordance with national regulations and transported by an accredited third-party.



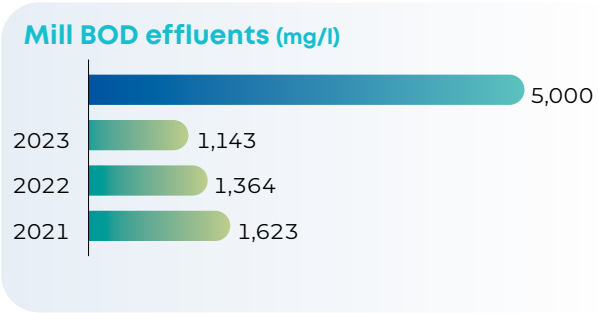
Note: Data from ISPO and/or PROPER audited and certified mills (23 mills). "Others" comprise rags, electric lamps, paint cans, clinical and laboratory waste, used cartridges, and contaminated goods.

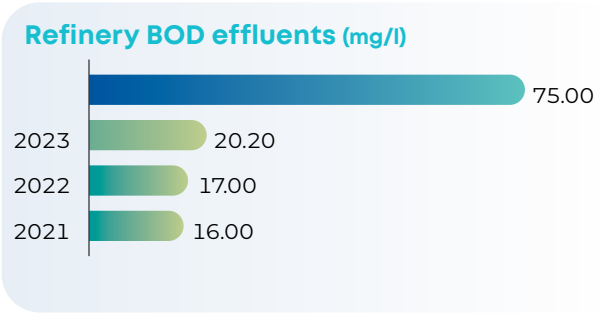


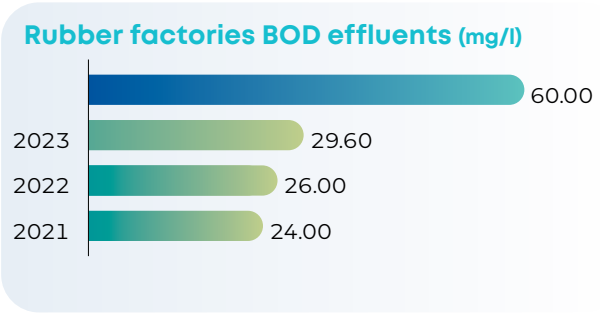
Note: Data from 5 refineries. "Others" consist of batteries, filter oil, lubricants, electric lamps, rags, clinical waste, carbon waste, sludge waste, used nickel catalysts, contaminated packaging and gloves, and used print cartridges.

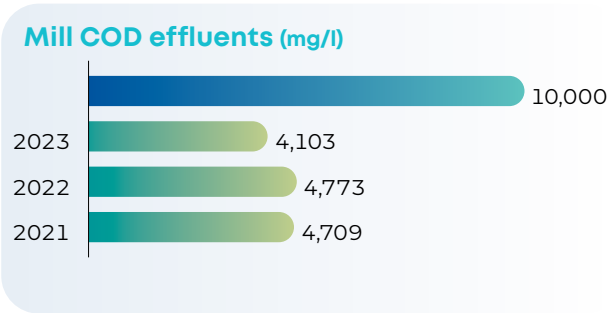


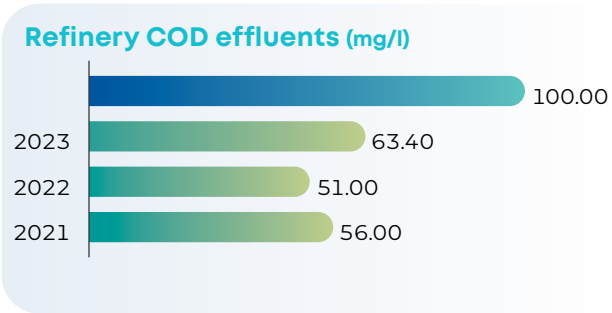
Note: Data from 3 rubber factories. "Others" comprise used turpentine, rags, electric lamps, paint cans, clinical and laboratory waste, used cartridges, and contaminated goods.

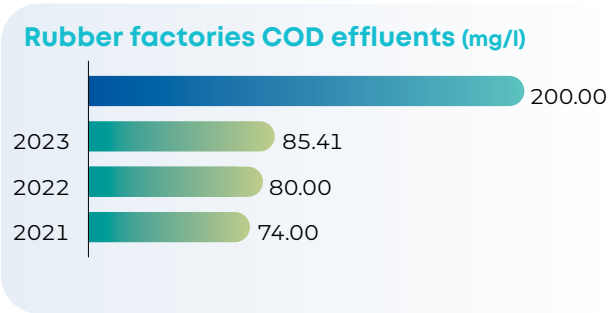












IndoAgri's median BOD and COD (mg/l)

Maximum limit set by government regulation (mg/l)

USE OF FERTILISERS, PESTICIDES AND CHEMICALS (GRI 3-3, 301-1)

Globally, oil palm stands out as the most efficient oilseed crop[4] when considering the yield per hectare of land used. However, we continuously explore opportunities to enhance our palm oil yield with the intention of minimising our environmental impact. (see page 39 for Yield Resilience and Innovation section).

Fertiliser Consumption

Fostering a healthy and high-yielding crop hinges on the critical use of fertilisers. We are committed to the use of organic fertilisers, while minimising the reliance on chemical alternatives. As such, we continue to assess alternative fertiliser options, including controlled-release fertilisers and those derived from palm fronds. Additionally, we are expanding the implementation of soil and water enhancement technologies and exploring more nature-based improvements. The tailoring of appropriate fertiliser dosage is dependent on key factors such as soil productivity and the age of trees in each plantation block. We carry out fertiliser administration during planting and replanting, complemented by the utilisation of leguminous cover crops to manage atmospheric nitrogen and enhance soil quality. Recycling Empty Fruit Bunches (EFBs) and Palm Oil Mill Effluent (POME) as soil improvers and compost further accentuates our sustainability efforts and commitment. To prevent dilution and depletion, we refrain from applying the fertilisers during heavy rain and carry them out during appropriate intervals.

Integrated Pest Management (IPM)

IndoAgri is committed to not using pesticides classified Class 1A and 1B by the World Health Organisation and abides by both the Stockholm Convention and the Rotterdam Convention. We require that our suppliers also meet these conditions. We apply IPM techniques to effectively address the environmental and health impacts associated with chemical pesticides. The deployment of natural, biological, and mechanical controls has enabled us to reach substantial cost savings, minimise potential risks to human life, and enrich the biodiversity in our ecosystem. Chemical pesticides are only employed as a last resort when other controls have proven ineffective. Our ongoing initiatives include the development of bio-pesticides such as Trichoderma and Cordyceps for managing plant diseases and treating infected palms as well as getting rid of pests. The Trichoderma acts as a preventive action for oil palm against Ganoderma disease by mixing with soil in nursery stage and application in the holes during oil palm field planting. On the other hand, Cordyceps application is part of Integrated Pest Management with the intention to control the nettle caterpillar population in its larger larvae stage.

In 2023, we used a total of 84 tonnes of biopesticides. Since March 2018, IndoAgri eliminated the use of Paraquat, a toxic chemical pesticide, from our operations to avoid any potential health risks to our workers. A few examples of controls from our IPM include:

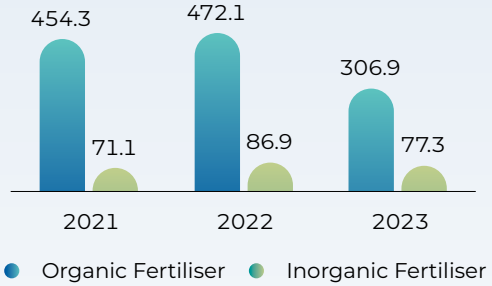
- barn owls to control rat populations in our estates;
- leguminous cover crops to suppress weeds;
- encouraging natural habitats for predators and parasites of leaf-eating insects; and
- use of pathogens i.e. viruses and fungi to control leaf-eating insects.

In addition to biopesticides, we also reduced the use of herbicides through a new weed solution, which decreases herbicide use by up to 50% without reducing the ability to kill weeds. This has meant that any negative environmental impacts from the use of herbicides such as air, water and soil pollution and loss of biodiversity have been significantly reduced. Coupled with the new weed solution, we are also employing the Micron Herbi 4 sprayer. Unlike a conventional cap sprayer, this sprayer helps to reduce the amount of water required from 120 litres per hectare area to around 10 litres per hectare, resulting in economic and environmental benefits.

On managing the ulat pemakan daun kelapa sawit (UPDKS – bagworm and nettle caterpillar) population in our endemic estates, we doubled the rearing and release of predatory bugs in comparison to last year. We also carried out a UPDKS census and found no significant attacks that required the use of insecticides. Despite the UPDKS population being under control, our main challenge faced this year is the emergence of the Asian rhinoceros beetle (Oryctes rhinoceros) which is currently in its larvae stage making it difficult to spot.

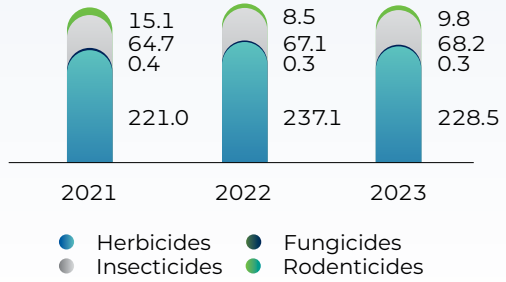
We recorded a 2% decrease in total pesticide consumption from 313,000 litres in 2022 to 306,000 litres in 2023. This decrease was caused by more efficient use compared to the previous year. We will continue to enhance our pest monitoring and detection capabilities in an effort to reduce the use of pesticides.

Fertiliser consumption ('000 tonnes)



Note: Scope of data is 63 ISPO certified/audited oil palm estates and 7 rubber estates.

Pesticide consumption ('000 litres)



Note: Scope of data is 63 ISPO certified/audited oil palm estates and 7 rubber estates.

4 *Murphy DJ (2014) The future of oil palm as a major global crop: opportunities and challenges, Journal of Oil Palm Research, 26, 1-24.*

RESPONSIBLE SOURCING

INTRODUCTION

As a key participant in the agriculture industry, we recognise the importance of procuring responsibly both environmentally and socially. Hence, we are committed to upholding a supply chain that is both traceable and transparent. To fulfil this commitment, we collaborate with our smallholders and suppliers, ensuring their operations align with our Sustainable Agriculture Policy. We also place heavy emphasis on continuous innovation and R&D, where we create planting materials and agronomy techniques. This initiative aims to foster yield resilience and sustainability not only within our operations but also among our smallholders and throughout the broader palm oil industry. For our rubber and palm oil operations, IndoAgri only sources from within Indonesia.

In this section, we report on our work with our estates and independent suppliers to comply with our Policy.

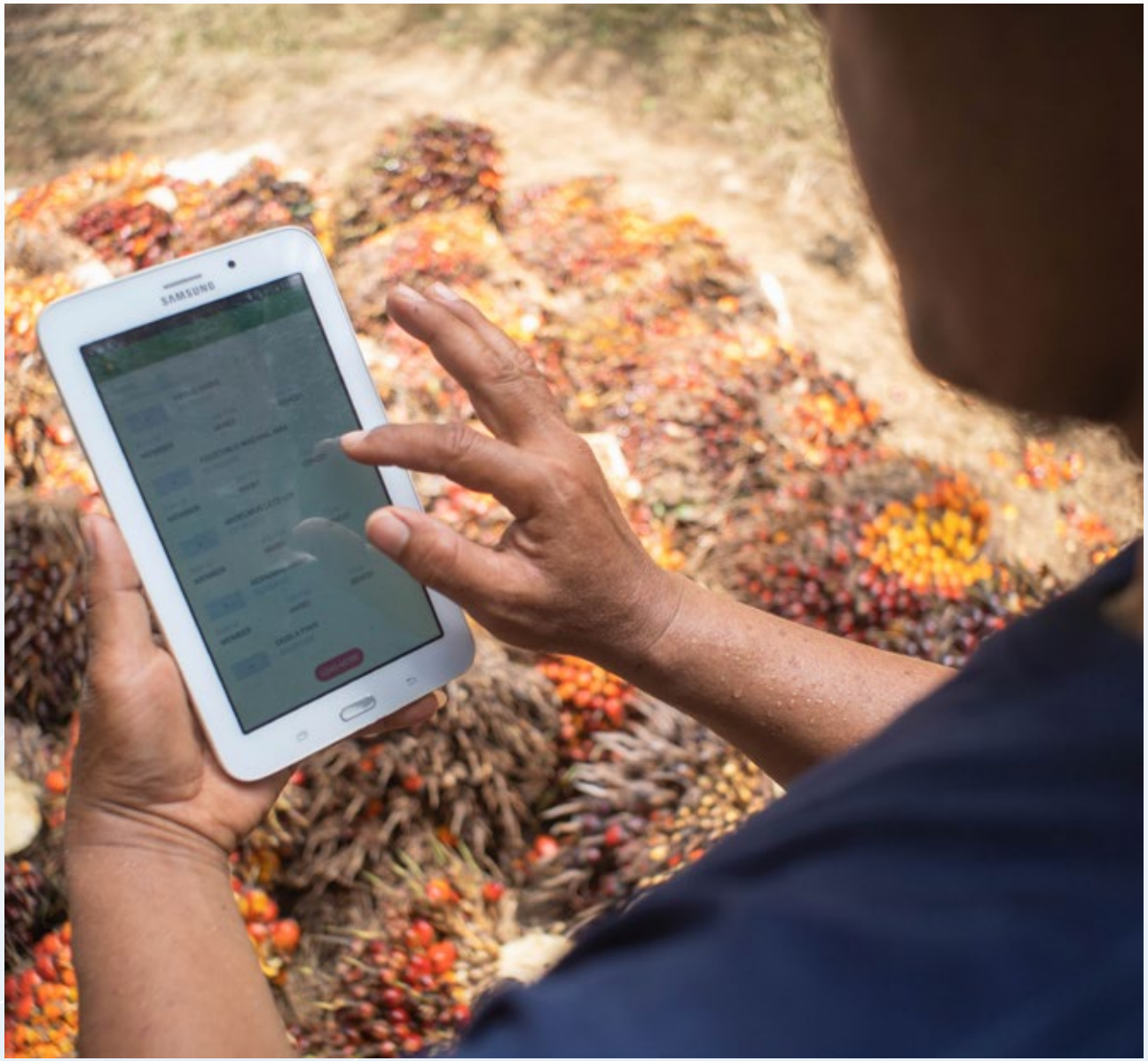
Aligned with SDGs

Material topics and focus areas:

- Sustainability certification
- Supply chain traceability and transparency
- Yield resilience and innovation
- Smallholder engagement and livelihoods

Scope of section

Palm oil operations



Recording of harvest results using a real time system at Ampanas Estate, East Kutai, East Kalimantan

UPDATES FOR 2023

In this section

Sustainability certification

89% of all estates' hectarage is ISPO certified

85% of nucleus CPO production is ISPO certified

Supply chain traceability and transparency

100% of FFB processed in mills is traceable to estates

100% of CPO processed in refineries is traceable to mills

100% of PK processed in kernel crushers is traceable to estates

100% of mills audited to Policy requirements

Yield resilience and innovation

3,843 hectares of replanted area monitored by drones

Smallholder engagement and livelihoods

100% of plasma smallholders comply with our Policy

RESPONSIBLE SOURCING

Material topics	Goal/target	Updates for 2023
Sustainability Certification	By end 2024: ISPO certification for all nucleus estates	Achieved 89% of hectarage*
	By end 2024: ISPO certification for all mills	Achieved certification for 21 out of 27 mills. Additional 3 mills have undergone first round audits and one has been subject to the second round of audit*
	By 2025: 100% of CPO we refine is ISPO-certified	On track. 75% of CPO we refined in 2023 was ISPO-certified
Supply Chain Traceability and Transparency	Capacity-building for third-party CPO suppliers	Online stakeholder engagement in 2023 due to pandemic restrictions
	By end 2025: 100% of our KUD will be ISPO certified	One KUD certified as of 2023, the other 10 are undergoing the audit process
Yield Resilience and Innovation	Annual replanting supplied by ganoderma-tolerant seeds since 2018	Achieved 100%

* *Figures cover hectarage or number of mills that are already certified or have completed ISPO first stage audit. The certificate release date is subject to the accreditation period of the certifying body. Hectarage data are based on planted areas on 31 December 2021.*

SUSTAINABILITY CERTIFICATION
(GRI 3-3, 308-1)

Mandated for all oil palm growers in Indonesia, ISPO is a national certification which was created with the goal of cultivating a sustainable plantation industry. At the moment, the Indonesian Government is working towards securing international accreditation for ISPO to enhance the competitiveness and acceptance of Indonesian palm oil products in global markets.

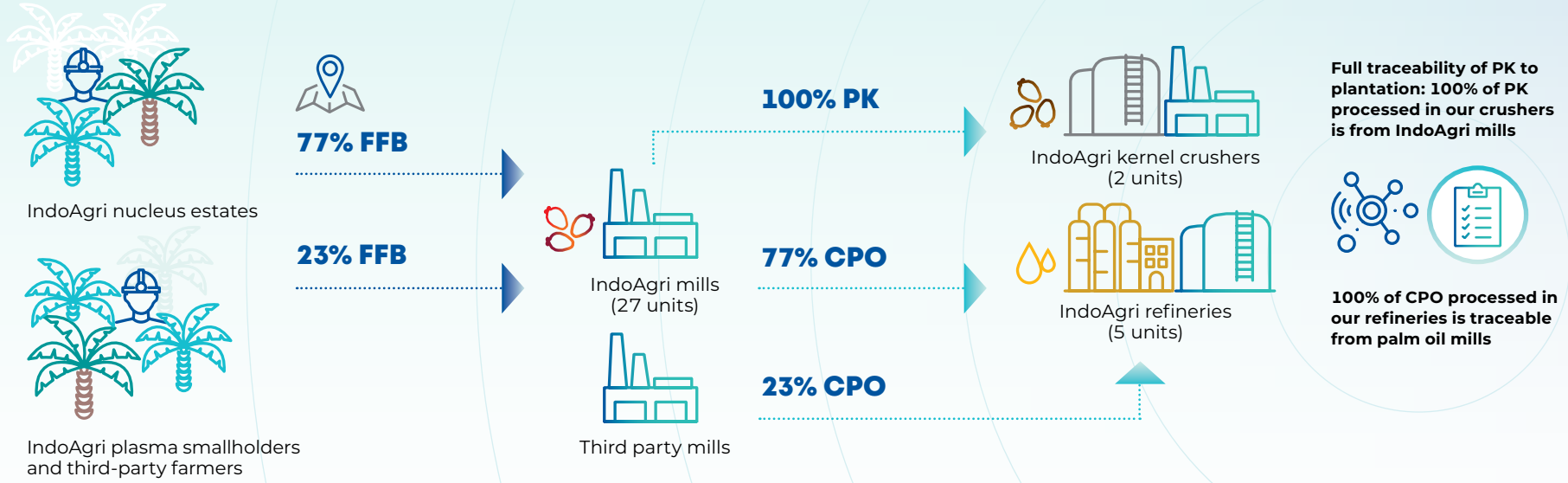
All of the IndoAgri plantations have registered for ISPO certification, with 89% of our plantation area already certified. That said, the high cost of achieving the ISPO certification deters many smallholders. We are dedicated to supporting our smallholders in achieving ISPO certification, enabling them to meet the compliance deadline of 2025 (refer to page 40). IndoAgri has an agreement in place with the farmers to provide a loan to cope with the financial pressure of obtaining the certification.

SUPPLY CHAIN TRACEABILITY AND TRANSPARENCY (GRI 2-6, 308-1, 414-1)

INDOAGRI'S PALM OIL SUPPLY CHAIN TRACEABILITY

Plantations ▷ **Mills** ▷ **Refineries/Crushers**

Full traceability from plantations to IndoAgri mills:
100% of FFB processed in IndoAgri mills are from our nucleus and plasma estates



Plantations

With our Sustainable Agriculture Policy as the basis of our sustainable operations, we aim for 100% compliance with our policy requirements for all our plantations, including those of plasma smallholders. This is done through conducting annual audits to ensure adherence, encompassing comprehensive reviews of key commitments around no deforestation, conservation of HCV and HCS areas, no planting on peat, no burning, and respect for labour and human rights, as well as FPIC.

Our smallholders are expected to meet the same FFB quality criteria as our nucleus plantations. Hence, we provide support by enhancing their agronomy practices and provide financial assistance in obtaining the ISPO certification (refer to page 40).

Mills

Formal acceptance of our Sustainable Agriculture Policy is mandatory for all IndoAgri mills and third-party suppliers. As part of our comprehensive risk management and audit process, we conduct annual risk assessments to assess the risk levels associated with our own mills so that appropriate controls can be put in place to minimise the risks and resulting impacts. Additionally, a systematic record of crucial information, including the names, parent companies, ownership details, organisational structure, scale of operations, and location coordinates of all our third-party suppliers is maintained as part of a clear audit trail.

FFB loading process at MPI Mill, East Kutai, East Kalimantan

Supplier engagement and assessment

(GRI 3-3, 308-1)

Sustainable supply chains and procurements practices can bring about positive impacts on the environment, the economy, and society, encompassing human rights considerations. Therefore, we ensure that our sustainable procurement practices promote accountability, transparency, and fair opportunity. This is aligned with our commitment to ISPO and our Sustainable Agriculture Policy. The scope of our Policy includes our nucleus and plasma estates, our mills, and all of our third-party CPO suppliers. Commodity suppliers, including smallholders, must adhere to the procurement contract, a legally binding agreement, that references our Policy. In instances of non-compliance, we support suppliers through a six-month period to implement corrective actions based on ISPO guidelines. However, persistent instances of non-compliance will ultimately lead to a severance of our business relationship.

Given that over 75% of our CPO is produced by our own mills, our emphasis on Policy compliance audits is directed towards our internal supply chain. In 2023, we conducted 605 visits, workshops, and audits covering 100% of our mills and their supplying estates. Beyond evaluating Policy compliance, our reviews also centre on:

- agronomy (good agricultural practices, yield, soil health, crop protection);
- responsible operations (safety, biodiversity, peatland, fire risk, human rights, community engagement, FPIC);
- efficiency of operations (energy and water consumption, GHG emissions, waste production); and
- compliance with Government regulations and ISPO certifications.

To ensure that our third-party CPO suppliers remain aware of their obligations, we consistently engage with them. We do so by aiding them in the planning of mitigating measures and capacity-building in response to significant audit findings from the reviews that are conducted annually for all CPO suppliers against our Policy.

Our refineries are currently undergoing certification for the ISO 50001 Energy Management System. Being certified ISO 50001 implies that the quality of CPO produced by both our mills and third-party suppliers are subjected to more rigorous standards and this enhanced CPO quality translates to reduced processing time and energy consumption. Each CPO shipment received undergoes a quality assessment and suppliers falling short of our quality requirements are granted a grace period for compliance. However, persistent non-compliance will lead to the discontinuation of our business relationship. In 2023, our Sungai Dua and Sel Lakitan palm oil mills were audited as part of ISO 50001 certification preparation and we aim to have more of our palm oil and sugar mills audited in 2024.

In 2023, no sourcing from suppliers was disrupted due to reasons of non-compliance with our Policy or our CPO quality requirements. While all suppliers must meet regulatory and commercial conditions, we treat them equally with respect to price, quality, and capacity.

We implement initiatives to improve the agricultural productivity and sustainability certification of our smallholders to achieve a more resilient supply chain (see page 40). We also run various community projects which aim to improve local socio-economic development and provide micro-enterprise opportunities (see page 49).

Human rights assessment in our supply chain

Our human rights assessments align with guidelines provided by our Sustainable Agriculture Policy, Labour Policy, ISPO certification, Indonesian government regulations, and the ratified ILO conventions. Certified internal auditors conduct assessments against these standards annually on high-risk suppliers, their risk status being determined based on publicly available information. Any instances of non-conformity are duly reported for subsequent action. To strengthen our suppliers' knowledge of human rights, we conduct training together with the Gabungan Pengusaha Kelapa Sawit Indonesia (GAPKI) also known as the Indonesia Palm Oil Association (IPOA).

Our ISPO-certified operation units undergo external audits annually by independent bodies. ISPO audits also encompass criteria for assessing human rights risks with regards to new suppliers. The competence and expertise gained through the ISPO certification process also serves to inform and guide other IndoAgri sites which are preparing for ISPO certification. Consequently, 100% of our ISPO-certified units were formally assessed for labour and human rights risk in 2023. Similar audit standards and control reviews guide the annual assessment of our non-ISPO-certified units by certified internal auditors.

Where workers from our supply chain have concerns, they can raise concerns through our grievance and whistleblowing mechanisms. This includes workers from second tier suppliers. There were no reported breaches related to human rights through our whistleblowing mechanism in 2023.

More information on our commitment to respecting human rights can be found on page 45.

Developing Trichoderma and Cordycep as bio-pesticides in Bah Lias Research Station, Simalungun, North Sumatra

YIELD RESILIENCE AND INNOVATION
(GRI 3-3)

The increase in yield plays a pivotal role in driving revenue growth for both IndoAgri and our smallholders. With an improvement in efficiency, both IndoAgri and our smallholders benefit as it reduces the necessity for land conversion for agriculture use. Our ISO 9001-certified Bah Lias and SAIN Research Stations (BLRS) specialise in producing oil palm seeds capable of yielding up to 34 tonnes of FFB per hectare. While some of these seeds are utilised in our own plantations, a significant portion is sold to external entities.

Palm oil yield is influenced by several factors, including tree age, seed quality, soil and weather conditions, plantation management procedures, and the timely harvesting and processing of FFB. To increase the yield of palm oil, our agronomy research teams continue to experiment with improved techniques, such as improving fertiliser application in immature palms, trunk chipping and fallowing to prevent Ganoderma disease in the palm trees. In this process, we have managed to develop advanced planting materials with a shorter duration to maturity for harvest and higher oil content.

We continue to improve the oil palm seedling growth through the use of selected Trichoderma root-endophyte as it provides access to better nutrients in the soil. In addition, another Trichoderma isolate was applied for the immunisation of the seedlings protecting them against Ganoderma infections. As they mature, they will be planted in the endemic Ganoderma areas. To monitor the health of our oil palms and their leaf nutrient status, SAIN continues to utilise Sentinel satellite imagery together with normalised difference vegetation index (NDVI) and raster band analysis respectively.

Besides improving oil palm seedling growth internally, the BLRS continues the collaboration works with other research institutions, to identify genetic level information associated with Ganoderma tolerant traits in oil palm. In 2023, we also made progress in the novel traits programme where some palms planted in 2021 have already produced bunches, with the colour of the produced fruit matching the ortet[5].

5 *The ortet is the original parent plant from which the produced palm derives.*

SMALLHOLDER ENGAGEMENT AND LIVELIHOODS (GRI 3-3)

Smallholders play a significant role in the production of palm oil as they cultivate over 40% of oil palm land in Indonesia. This source of livelihood has elevated millions of rural households from poverty and contributed to reducing disparities between urban and rural populations. Given the collective environmental impact of these smallholders and the influence of the palm oil industry on them, it is imperative to incorporate these farmers into sustainable palm oil production approaches.

To align with ISPO compliance by 2025, smallholders are mandated to meet certain criteria. In line with this, IndoAgri remains committed to supporting and aiding our smallholders and independent smallholders in obtaining certification. We offer free training and socialisation to farmers, and assist them in establishing financial independence to overcome the substantial compliance costs.

The ISPO certification encompasses a range of industry best practices, including the maintenance and protection of High Conservation Value (HCV) areas, plantation management procedures, adherence to labour regulations, and legal considerations related to health and safety. We equip smallholders with the knowledge necessary to meet these requirements through our training initiatives. Training areas such as guidance on managing riparian areas within HCV zones and ensuring water availability in fields, particularly crucial during periods of drought are available. The transfer of this knowledge empowers our smallholders to implement improved cultivation and harvesting processes, resulting in both reduced environmental impact and increased income.

In 2023, eleven KUDs submitted for ISPO certification. One of these KUDs is now ISPO-certified while the remaining ten are still undergoing the audit process. We are also working with the rest of our smallholders to help them achieve compliance. It is targeted that all our KUDs will be ISPO certified by 2025.

IndoAgri has implemented a smallholder assistance programme. In addition to assisting with ISPO certification, a dedicated team supports KUDs in implementing best management practices, providing administration advice, and guiding environmental management and reporting. Examples include the Rejuvenation Scheme (Peremajaan Sawit Rakyat, PSR) which encompasses the replanting of areas where oil palm trees have already matured, in a partnership with smallholders. To help smallholders cope with price volatility, we purchase FFB from smallholders at prices determined by Dinas Perkebunan. This government body obtains input from IndoAgri and from other sources, including smallholders, to establish an acceptable price. Lastly, we provide high quality oil palm seeds at subsidised rates to the farmers under the Seedling Provision Programme. As a result, we managed to obtain a new partnership with KUD Sumber Sawit Nusantara Cooperative comprising of 268 hectares of land.

With increased temperature experienced across Indonesia in 2023, we carefully monitored hotspots to reduce the number of fire incidents. We provide smallholders with water pumps to help combat fires. Furthermore, to provide a clean and potable water source, we are working to create small reservoirs within estates.

We hope that by engaging the smallholders across our business operations, it will result in benefits to all parties. Moving forward, we hope to continue forging good relations with the farmers and KUDs so that trust is built, and operations function effectively.

Transformation Through Partnership: The Positive Impact of IndoAgri on Smallholder Farmers in Bumi Jaya Village

Sularno, a 60-year-old smallholder farmer from Bumi Jaya Village, Kaubun District, East Kutai Regency, East Kalimantan, is happy to share stories about the benefits he has obtained as a partner with IndoAgri over the last 15 years.

"Previously, our village was marginalised and economic conditions were very difficult. However, since collaborating with IndoAgri Group in 2007, many positive changes have occurred," said Sularno with a beaming face.

Sularno has experienced a significant increase in income through palm oil plantation activities. The company's stable harvest results and competitive prices have enabled him to send his children to college.

"IndoAgri provides training and technical assistance that helps us increase crop yields. With that, I can repair my house and provide a better education for my grandchildren," he added.

Apart from that, the presence of the company has also brought about changes in infrastructure in Bumi Jaya Village. Roads that were once difficult to navigate have now been improved, making transportation of harvests easier and speeding up distribution.

"Now our village is more alive and growing. We thank IndoAgri for having a positive impact on us small-scale oil palm farmers," concluded Sularno with a smile.

Sularno, a 60-year-old smallholder farmer from Bumi Jaya Village, Kaubun District, East Kutai Regency, East Kalimantan

OUR PEOPLE

INTRODUCTION

The agricultural sector is a crucial contributor to economic growth in rural Indonesia. In 2023, IndoAgri played a substantial role by providing employment to over 48,000 individuals and collaborating with approximately 54,000 plasma farmers. We are committed to establishing safe and healthy workplaces that prioritise the protection of human rights and well-being.

This section serves as a comprehensive overview of our efforts and advancements in enhancing labour conditions, as well as ensuring the safety of all workers. It reflects our ongoing commitment to fostering a work environment that not only complies with regulatory standards but also goes above and beyond to create positive and sustainable impacts on the lives of our employees and the communities we operate in.

Aligned with SDGs

Material topics and focus areas:

- Occupational health and safety
- Human, child and labour rights
- Training and development

Scope of section

All IndoAgri operations

Our employees at MPI Mill, Kutai Timur, East Kalimantan

UPDATES FOR 2023

In this section

Occupational health and safety

2 fatalities

25% increase in rate of high-consequence work-related injuries (excluding fatalities)

24% decrease in rate of recordable work-related injuries

9 sites obtained zero accident awards from the Ministry of Labour

Human, child and labour rights

No forced labour or child labour

Comply with minimum wage regulations

Free to participate in labour union of choice for all workers

Full compliance with government labour law

Training and development

59,184 hours of employee training (approximately 7,398 man-days)

OUR PEOPLE

Material topics	Goal/target	Updates for 2023
Occupational Health and Safety (OHS)	Zero fatalities (across total workforce)	We regret to report 2 fatalities, 1 each in our sugar and palm oil operations

OCCUPATIONAL HEALTH AND SAFETY (OHS) (GRI 3-3, 403-1,2,3,4,5,6,7,8)

OHS System and Committee

IndoAgri acknowledges the significant responsibility we have for the health and safety of our employees and strongly believes in our commitment to ensuring a safe and secure working environment. Our OHS management system applies to all of IndoAgri's operations, workers, and workplaces.

Our OHS management system aligns with the SMK3 (Sistem Manajemen Keselamatan dan Kesehatan Kerja), Indonesia's national OHS management system. Furthermore, it adheres to the OHS requirements stipulated in the ISPO certification, alongside meeting other relevant certification standards.

Each operational site within IndoAgri features an OHS committee, officially registered with the Ministry of Manpower. Comprising a committee head, OHS expert, security guard, and assistants, this committee plays an imperative role in ensuring compliance with IndoAgri's OHS management system. The committee also serves as the primary response team in emergencies, accidents, and near misses. All incidents, including near misses, are rigorously investigated by the OHS expert. These experts identify the root cause of incidents and hold discussions with workers to recommend corrective actions, which are subsequently monitored for implementation and effectiveness by the Supervision Division.

OHS Training and Standard Operating Procedures (SOP)

To further equip our workforce with safety skills, OHS training sessions, including basic first aid delivery, are regularly conducted. This empowers workers to be the first responders and provide initial aid in the event of accidents at our sites. Daily meetings and safety briefings are organised for workers across our estates, mills, refineries, and factories, emphasising the proper use of Personal Protective Equipment (PPE) and fostering a safety-oriented mindset. We also strategically place danger warning signs within our estates to serve as constant reminders for workers to remain vigilant of their surroundings beyond training and briefings.

IndoAgri has established clear SOPs aligning with national regulations to ensure the well-being of our employees.

These SOPs apply to all employees, particularly those engaged in high-risk environments – such as chemical sprayers, generator operators in estates, welders, boiler operators in mills, heavy equipment operators, those in engine rooms, workers handling effluent, and security officers. Given the increased risk of chemical, respiratory, or audiometric-related health issues, these employees undergo yearly health checkups regulated by SMK3 to identify potential health problems. Detailed test results are provided to workers, who may also be involved in health audits. Those identified at risk are temporarily transferred to lower-risk roles until subsequent test results normalise.

Conducting regular risk assessments is integral to the identification of potential hazards that could impact the safety and well-being of our employees. The Hazard Identification and Risk Assessment Tool (HIRAT) is used in the performance of comprehensive risk assessments at each estate and is subject to monthly reviews by the OHS committee. Following the identification of hazards, they undergo a risk level assessment, prioritising high-risk hazards for monitoring and control measures. Subsequently, the OHS committee working together with the workers will determine appropriate responses.

To strengthen our risk assessment process, both internal and external safety audits are conducted using the HIRAT form. In these audits, follow-up actions are identified, ensuring a continuous improvement cycle in both hazard and risk management. Workers have the autonomy to withdraw themselves from hazardous situations and in instances where workers are prevented from doing so, these can be reported through IndoAgri's grievance mechanism (see page 06 in Our Approach to Sustainability chapter) or their labour union, providing an additional avenue for expressing concerns. Workers can also voice their concerns directly at daily safety briefings or monthly meetings with their respective OHS committees.

We regret to report two fatalities in 2023; one each at our sugar and oil palm plantations. Both incidents were investigated, and corrective actions have been implemented to prevent future reoccurrence. Our company supported the families of our employees from the time of the incidents and ensured release of the dependants' pensions. We also helped our employees' families obtain compensation from Indonesia's social security system (BPJS).

Morning parade and safety equipment inspection at Cipta Graha Estate, Kutai Timur, East Kalimantan

We aim to achieve zero accidents and occupational diseases by carrying out activities to monitor the potential risks that occur in all work areas and obtain a Zero Accident Gold standard certification award. The human resources department will develop a Health and Safety training programme for all levels of employees so they can work more effectively and efficiently and also reduce absentee rate, increasing productivity and profits in the process. We will also continue to conduct regular safety outreach to employees, socialisation of K3, socialisation to prevent forest and land fires and PPE use supervision.

We are pleased to report that there were no recordable cases of work-related ill-health in 2023.

Safety Certification

As of 2023, all 60 of our estates and factories sites have achieved SMK3 Certification. Out of which, 10 mills – seven palm oil, one rubber, one cocoa, and one tea have achieved SMK3 Gold certification. To ensure compliance, we provide annual SMK3 refresher training for workers across all our sites and in cases of non-compliance, we impose penalties in the form of warning letters, and they will be terminated if non-compliance persists after the issuance of three warning letters. In addition, poor safety records will impact their performance ratings and render them ineligible for bonuses. This is to encourage workers to inculcate good health and safety habits and practices.

As 53% of our rubber products are exported internationally, all our rubber operations are also certified to the international ISO 45001 standard. This international standard provides a framework for organisations to manage and improve their occupational health and safety performance. It emphasises a proactive approach, risk prevention, and continual improvement to ensure a safe and healthy work environment.

Data on our units certified to SMK3, and ISO 45001 is on pages 64-65 in the Appendix.

Our clinic facility in Pahu Makmur Estate, Kutai Barat, East Kalimantan

Healthcare provisions for our employees

Access to quality healthcare is essential for our workers, particularly as a significant proportion of our operations take place outdoors, exposing them to inevitable climatic conditions. To address this, we operate facilities like first-aid posts and clinics, ensuring that workers can promptly access good healthcare provisions such as receiving the necessary medical care and attention at the first instance. Moreover, our medical officers conduct health reviews during daily morning briefings and will send workers back if they are not fit for work that day. As we operate plantations, wildlife occurrence is common and hence, to enhance worker preparedness for encounters with dangerous wildlife, we provide training. The training serves to equip them in recognising potential risks and understand appropriate actions in such situations.

We ensure that an onsite medical team is available so that in cases of accidents, they can immediately conduct analysis and provide first aid. If an injury is severe, the medical team will facilitate the transfer of the injured worker to the nearest trauma centre or another care facility, contingent on trauma centre accessibility. Return to work for injured workers is also only approved upon the submission of appropriate documentation and clearance from healthcare professionals.

Recognising the paramount importance of upholding high Occupational Health and Safety (OHS) standards, we extend this commitment not only to our direct operations but also across our entire value chain. In line with our contractual agreements, suppliers are expected to comply with IndoAgri's OHS policies in conjunction with government regulations. We actively encourage compliance among our smallholders, facilitated by a designated smallholder assistant in each KUD. As of 2023, seven out of 12 KUDs have successfully met SMK3 and ISPO requirements, and passed the initial stage of external audits conducted by TUV Rheinland Indonesia. The remaining KUDs will undergo the same process within the next two years.

Detailed OHS data is on page 61 in the Appendix.

Security Guards (GRI 410-1)

In addition to workers' health and well-being, ensuring the physical safety of our workers and their families remains a key priority. To help achieve this, we deploy security guards who play a crucial role in maintaining a secure operational environment.

For security guards to be able to properly handle non-criminal cases while upholding basic human rights, our security team receives comprehensive training. This training is conducted at our dedicated training centre, in collaboration with military commando units and local police. Emphasising mental and physical strength, the training aims to equip our security officers with the skills needed to provide professional and trustworthy security services in full compliance with the law.

Security guard training in Riam Indah Estate, Muwi Rawas, South Sumatra

HUMAN, CHILD AND LABOUR RIGHTS

(GRI 3-3, 406-1, 407-1, 408-1, 409-1)

IndoAgri has implemented mitigation measures to ensure that the risk level for operations or suppliers identified as being exposed to forced or child labour has been reduced to a minimal level.

Respecting the rights of our employees and ensuring fair representation are core principles that guide our commitment. Our adherence extends to full compliance with national and local laws, encompassing regulations on employees' freedom of association and collective bargaining, equitable remuneration, reasonable working hours, non-discrimination, equal opportunities, and the elimination of forced and child labour. These principles are explicitly outlined in our comprehensive Labour Policy.

Seasonal contract workers (GRI 2-8)

As the agricultural sector is subject to seasonal workloads, we consequently engage contract workers when needed. We often hire these workers from local communities and priority is accorded to family members of permanent employees. Contract employment in seasonal agricultural work remains attractive in rural Indonesia due to the flexibility offered. This flexibility allows workers to allocate time for other personal commitments such as household responsibilities or engage in other income generating activities such as cultivating their own crops and running small businesses.

As stipulated in our Labour Policy, the terms of our employment contracts, covering working conditions and wages, strictly align with Government regulations, our Code of Conduct, our Policy, and the Principles and Criteria of ISPO. All seasonal workers are registered in our fingerprint recognition system to prevent any non-registered individuals from working on our sites. IndoAgri provides opportunities for deserving seasonal workers to be offered permanent roles, contingent on job availability, allowing them to earn greater income. Announcements for job vacancies are made during daily morning briefings and posted on the announcement boards of our estates, mills, and the respective village head offices. Having considered their skills and duration of service, in 2023 IndoAgri hired 1,015 contract workers (including seasonal contract workers) as permanent staff.

Child labour

Adhering strictly to Indonesian laws, individuals below the age of 18 are prohibited from working at our sites. Our comprehensive employee database confirms that no registered IndoAgri worker is under 18 years old. Detailed in our Labour Policy are proactive measures aimed at preventing the occurrence of child labour. We recognise the significance of education in redirecting children away from fields, and as such, we offer free education and day care facilities for the children of our employees in estates.

As part of our thorough application process, which includes age and identity checks, all employment contracts explicitly incorporate a clause forbidding child labour in agricultural production. To reinforce this commitment, signs are prominently displayed across our plantation areas, reminding workers not to bring children. Disciplinary action is promptly taken against those who fail to comply with this directive.

Diversity and equal opportunity

IndoAgri is committed to the principle of equal opportunity and the active inclusion of women in all facets of our operations. To show our commitment, we dedicate resources to identifying and addressing any existing barriers to inclusion. This begins right from the recruitment process where we hire based on merit (regardless of ethnicity, race, gender, and religion) and ensure no discrimination.

As a male-dominated sector, we do our part in providing training and guidance on diversity issues, with particular focus on equality between men and women. Within the framework of our Labour Policy, which is approved at Board-level, the role of Gender Committees in all work units is outlined, emphasising our advocacy for women's interests both in the workplace and at home. We have a zero-tolerance policy against sexual harassment. Employees are reminded of this, and related expectations, through regular socialisation initiatives, ensuring that all workers are well-versed in our gender policies. These initiatives include organising routine activities that provide employees with a platform to voice concerns relating to discrimination and sexual harassment.

In accordance with Indonesian labour laws, all female permanent workers are entitled to maternity and menstrual leave. Jobs of new mothers are reserved while they are on maternity leave. In 2023, 223 women took maternity leave (2022: 210), 84% or 188 women returned to the same job position (2022: 75%). The rest remained on leave or chose to leave the company. In 2023, there were no incidents of discrimination or harassment reported via our whistleblowing facility or to our Gender Committees.

Freedom of association (GRI 2-30)

We comply with the Indonesian law on freedom of association and regularly communicate to all employees their right and freedom to register with their preferred labour union and bargain collectively. We believe there are no sites where the right to freedom of association is at significant risk. At the end of 2023, 68% (2022: 73%) of our permanent operational employees were registered with a union. The remainder are covered by a company regulation known as Peraturan Perusahaan which complies with government labour regulations.

Our employees can refer to the Labour Policy that details the collective bargaining process. To ensure that we reach an amicable agreement, we regularly engage the labour unions through bipartite meetings to discuss labour issues, benefits and workloads of our employees. Through these meetings, we are better able to cater to our employees' needs in a peaceful manner, minimising the disruption of operational activities and lawful collective labour agreements are made available to all workers.

IndoAgri's Commitment to Freedom of Association as the Foundation for Balanced Employee Relations

IndoAgri's commitment to freedom of association not only reflects the company's social responsibility but also serves as a fundamental basis for establishing a balanced relationship between management and labour. Rabin Suhardi, the leader of the All-Indonesia Workers Union (SPSI) at the Kayangan Plantation unit (41 years old), welcomes the company's stance that grants full freedom for workers to join labour unions. **"IndoAgri is a place that understands the importance of freedom of association. As a union leader, I feel that our views and aspirations are valued,"** expressed Rabin.

"The communication with workers in decision-making is very open. Every opinion is respected, and union representatives are actively involved in the decision-making process. This creates a fair and transparent working environment," he added.

Rabin stated that freedom of association at IndoAgri is not just a right but also the foundation for the company's success. **"With the freedom to associate, employees feel heard and respected. This creates high motivation and strong collaboration among the team,"** he passionately stated.

He hopes that the harmonious communication established will continue in the future for the benefit of both employees and the company as a whole. **"Freedom of association is not just empty words here; it is a reality we enjoy every day. This is evidence that employee well-being and company sustainability can be achieved through collaboration and respect for workers' rights,"** emphasised Rabin Suhardi.

Rabin Suhardi, the leader of the All-Indonesia Workers Union (SPSI) at the Kayangan Plantation unit

Fair wages and access to benefits

We are committed to ensuring fair compensation for all IndoAgri employees, detailed in our Labour Policy. Each worker is guaranteed a wage that meets or exceeds the minimum wage set by their respective regional governments, and, for all permanent operational staff (ie non-office-based employees), we provide a rice allowance, housing, schooling and free medical services to ensure all workers can have a decent standard of living.

IndoAgri has implemented a range of initiatives aimed at enhancing employee benefits, incentives, and overall job satisfaction. In addition to competitive remuneration, our Work and Estate Living Programme provides employees with comprehensive amenities, including housing, sports facilities, places of worship, educational institutions such as schools, and medical facilities. Please refer to page 48 for our section on Community Relations and page 51 for more information on healthcare and education facilities made accessible and free-of-charge to both employees and their dependants. Moreover, IndoAgri employees enjoy the benefits of a government pension scheme, supplementary contributions from the company, and retirement packages aligned with the Indonesian government's BPJS insurance scheme.

Data on remuneration as a percentage of the minimum legal wage is on page 61 in the Appendix.

TRAINING AND DEVELOPMENT

(GRI 3-3, 404-3)

Recognising that our employees are our most valuable asset, we consistently strive to enhance the effective management of our human capital. We understand that the provision of training opportunities, development programmes, and career enhancement initiatives will elevate our employees' existing skillsets, increase their productivity and reduce turnover, contributing to a skilled, adaptable and motivated IndoAgri workforce.

Guided by the principles of Total Quality Management, our modules and initiatives are meticulously designed to uplift the career development, job satisfaction, and overall well-being of our employees. By fostering continuous learning and skill enhancement, our employees are better equipped to navigate challenges and seize opportunities, with a particular emphasis on developing transferable skills that will prove invaluable in the long run.

For individuals aspiring to secure leadership roles and advance their careers, a diverse array of programmes are provided. These include Managerial Development and Administrative Development programmes for aspiring estate, mill, and refinery managers. In 2023, we continued with our hybrid training programmes, conducting some virtually and others in person. Training covers a spectrum of topics, encompassing environmental sustainability and technical agricultural skills, along with soft skills such as conflict resolution, effective leadership and problem-solving.

We report 4% of permanent employee turnover in 2023, compared to 2% in 2022. Employee statistics and other data on training hours, turnover rate and new hires are in the Appendix, on pages 63-64.

To allow our employees to have a better idea of areas of improvement and where their strengths lie, all employees, staff-level and above, go through an annual appraisal process. The performance of each individual is recorded in a balanced scorecard, which tracks their performance against individual targets. The scorecard focuses on crop, cost, conditions and social practices, as well as cultural change and learning. Based on the results of the appraisal and scorecard, IndoAgri is able to reward and retain high performance employees with a competitive remuneration package and encourage other employees to perform better.

Jahra's Two Decade Journey: A Tale of Success and Equality at PT Lonsum

Jahra, at the age of 40, vividly remembers the beginning of her journey at PT PP London Sumatra Indonesia Tbk (PT Lonsum) and notes that she has spent half of her life as an employee at PT Lonsum. With two decades of experience, she has found happiness and success in her career path, earning recognition among her colleagues for her courage and exceptional dedication to her work. Throughout her twenty years at PT Lonsum, Jahra has not only achieved career success but also enjoyed various benefits on par with her male counterparts. The company's leadership acknowledged her outstanding contributions, granting her recognition equal to that of her male colleagues. Jahra has always been treated fairly and without gender-based discrimination.

"I feel very happy and proud to be a part of PT Lonsum all these years. Working here is not just a job; it has become a significant part of my life. I am grateful because, for twenty years, PT Lonsum has not only provided me with opportunities for growth but also bestowed recognition and benefits equal to my male colleagues. I feel appreciated and treated equally, without gender discrimination. It is truly an honor for me," she said.

"I want to express my appreciation to the management, colleagues, and the entire PT Lonsum family for their support and trust throughout this journey. It has been an extraordinary experience, and I am optimistic about continuing to give my best to this company and the entire team in the future. Thank you, PT Lonsum, for making my career journey so meaningful and satisfying," she proudly added.

Jahra, an employee at PT Lonsum

COMMUNITY RELATIONS

INTRODUCTION

We take pride in nurturing positive community relations, considering this a fundamental element of our ongoing success. Actively attuned to the concerns raised by local stakeholders, we are committed to promoting inclusive growth for rural communities in Indonesia. As an agribusiness, we uphold the land rights of indigenous people and contribute to the safety, health, and well-being of the communities where we operate.

In this section, we explain our progress on maintaining good relations with our host communities, contributing to their positive development and ensuring their well-being.

Aligned with SDGs

Material topics and focus areas:

- Community rights and relations

Scope of section

All IndoAgri operations

Posyandu activity in Sungai Dua Estate, Rokan Hilir, Riau

UPDATES FOR 2023

In this section

Land Rights

Full compliance with all Indonesian regulations on land rights and land management

Health facilities and services

189 clinics in estates

168 Posyandu

60 doctors

160 midwives/nurses

34 ambulances

Education facilities

124 day care centres

1,482 day care centre visitors

150 schools

733 teachers

13,377 students

15 Rumah Pintar

14,307 Rumah Pintar visitors

Community projects

7/20 Rumah Pintar are financially self-sufficient

COMMUNITY RELATIONS

Material topics	Goal/target	Updates for 2023
Community Rights and Relations	Comply with all Indonesian laws and regulations on land rights and land management	Full compliance with regulations
	Maintain zero incidents of FPIC violations on new development area	Zero incidents of FPIC violations in new development areas

COMMUNITY RIGHTS AND RELATIONS

(GRI 3-3, 411-1, 413-1)

We are committed to making a positive impact on the well-being of the communities in which we operate. As an agribusiness operating in rural Indonesia, our goal is to enhance the socio-economic status not only of our employees and their families but also of the communities surrounding our operations. In addition to offering employment opportunities to thousands in remote areas, we actively contribute to the holistic development of these communities.

Our commitment extends beyond economic aspects, encompassing initiatives in education, healthcare, infrastructure development, microenterprise support, agricultural practices, cultural preservation, and humanitarian living. By engaging in these multifaceted endeavours, we aim to create a sustainable and thriving environment for the local community, generating a positive ripple throughout the regions in which we are situated.

Land Rights

IndoAgri is committed to the right of FPIC, with these principles being embedded into the policies and processes we have created for working with communities and authorities on land tenure and rights. We remain steadfast in upholding the rights of communities and indigenous people facing challenges arising from the complex land tenure systems in rural Indonesia. We believe in fostering open and transparent negotiation, inclusive decision-making, and clear agreements.

We are committed to going beyond mere regulatory compliance and make efforts to advance the livelihoods of our farmers, suppliers, and their families. This is achieved through community development and engagement programmes which are implemented across all our estates. In all our land transactions, we ensure strict compliance with both Indonesian laws and our Policy. Prior to developing an estate, we conduct an Environmental Impact Assessment (AMDAL) and a Social Impact Assessment (SIA). These assessments serve to

identify baseline conditions and anticipate social impacts of development. All of our operations have been through the AMDAL and SIA processes, in accordance with Indonesian law. The assessment results, along with our land development plans, are shared with the local village government and community for their input and approval.

In cases involving land compensation, we have established certification and confirmation processes for verification of ownership, ensuring that the rightful individuals are compensated, with the village head present as a witness. For any land rights matters, members of the local community have the option to file complaints with the Indonesian government or IndoAgri through our Grievance Mechanism. Our Grievance Mechanism captures the complaints, requiring supporting documents as proof, see page 06. Complaints addressed to the government typically involve the local government office or land agency office (BPN). In 2023, there were no recorded incidents of FPIC violations, violations of the rights of indigenous peoples, or significant land rights issues that arose involving IndoAgri.

In addition to capturing complaints regarding FPIC violations, our Grievance Mechanism also captures complaints encompassing other operational, social and environmental matters. The relevant company representatives will receive these complaints and proceed to verify, follow-up, and mediate to achieve resolution. Issues can also be raised during community engagement events, such as during regular stakeholder meetings and fire trainings days.

Read more in our Sustainable Agriculture Policy

PT Lonsum Supports Farmers and Cooperatives in Deliserdang Through FPKM Activities

PT PP London Sumatra Indonesia Tbk (PT Lonsum) in the Deliserdang Area has provided assistance to cooperatives and farmers around Kebun Sei Merah and Bagerpang in Deliserdang Regency as part of the Facilitation of Community Garden Development (FPKM) initiative. The assistance includes 28,350 kg of fertiliser and 808 kg of Marshal 5G pesticide distributed to 428 partner farmers covering an area of 565.75 hectares in multiple districts.

Aswin Indra, PT Lonsum's Area Manager for Agronomy, expressed that this aid is an embodiment of consistent sustainable agricultural practices. He thanked the authorities and the local community for their support in implementing the FPKM activities. **"We hope that PT Lonsum's FPKM activities bring positive value to the surrounding community and serve as the beginning of other partnership initiatives,"** said Aswin.

According to Aswin, FPKM PT Lonsum is part of PT Lonsum's partnership obligation, representing 20 percent of the area under the Hak Guna Usaha (HGU) as mandated by regulations. The provision of fertilisers and pesticides is deemed crucial for farmers, with Marshal 5G assistance preventing damage to young oil palm shoots.

Tommy Bukit, Head of Plantations at the Agriculture Department of Deliserdang Regency, welcomed PT Lonsum's facilitation and reminded plantations over 250 hectares to implement FPKM. He hoped that the assistance could be optimised by farmers. Feriandi, Chairman of the Cooperative Marketing for Independent Farmer Partners, added that farmers anticipate long-term benefits from this assistance, particularly in producing high-quality oil palm fruit.

"In the long run, we hope to purchase the yields from the community's oil palm plantations. We aspire for the sustainability of this program and anticipate further innovations from PT Lonsum to provide broader benefits," Feriandi concluded.

Handover activity of fertilisers and pesticides to farmers and cooperatives around Sei Merah and Bagerpang Gardens, Deliserdang Regency, North Sumatra

Growing Green: SMP and SMA Tunas Bangsa's Journey towards Environmental Excellence

In the midst of the expansive palm oil plantation in Sungai Dua Estate, Rokan Hilir Regency, there is a junior and senior high school that stands out from the rest. SMP and SMA Tunas Bangsa, established in 2001, not only serve as educational institutions but also as platforms to shape students into agents of change in preserving the environment.

Upon entering the school gate, students are greeted by lush ornamental plants and foliage that embrace the school area. The spirit of environmental conservation instilled by IndoAgri, the school foundation owner, has guided the school's journey towards extraordinary achievements. In 2016, SMP and SMA Tunas Bangsa successfully obtained the National Adiwiyata Certificate, providing evidence of their commitment to integrate environmental education into every aspect of school life.

Every day, students actively engage in various environmental activities, ranging from tree planting and organic waste management to participation in nature conservation projects around the palm oil plantation. They not only learn from books but also from real-life experiences that provide a profound understanding of the importance of preserving nature.

The National Adiwiyata achievement in 2016 was not the end of their journey. In 2023, the certificate was successfully renewed as acknowledgment of their ongoing efforts to sustain environmental preservation. This reflects the strong synergy between the school and IndoAgri in creating an educational environment that educates, empowers, and cares for the surrounding environment.

Teti Ryana, the Head of SMP Tunas Bangsa, proudly acknowledges the school's achievements. **"This success is not only the school's accomplishment but also the result of a close collaboration between us as educators, students, and IndoAgri. Every day, we strive to provide education that not only enlightens but also shapes our children's characters to be environmentally conscious individuals."**

SMP and SMA Tunas Bangsa in the palm oil plantation of Sungai Dua have become an inspirational model for other schools, proving that education and environmental sustainability can synergise to nurture a generation that cares and takes responsibility for our planet. **"Of course, thanks to the entire extended family of SMP and SMA Tunas Bangsa, including IndoAgri, who have collectively contributed to realising the vision and mission of our school's sustainability. Let's continue to collaborate for a greener and more sustainable future!"** she added.

Teti Ryana (in the middle), the Head of SMP Tunas Bangsa

Access to Healthcare

We believe that access to healthcare is imperative not only for our employees and their families but also for the wider community. As such, at each of our operating sites, our employees and their families have access to clinics and first aid posts. On a broader community level, we operate Posyandu with the aim of providing monthly health check-ups for mothers and infants, administering vaccinations, providing food and nutritional supplements, and offering counselling services that focus on nutrition assistance and maternal and child health. Additionally, these Posyandu are also equipped with infrastructure to promote maternal and infant healthcare.

In 2023, more than 1,700 children under five years old, 260 pregnant women, and 400 breastfeeding mothers participated in Posyandu where activities were held monthly. To support pregnant mothers, we initiated socialisation programmes focusing on maintaining a healthy lifestyle throughout their pregnancies. Through the programme, these mothers are able to receive routine medical checkups and our employees' children also have access to health screening services in collaboration with the District Health Centre.

Although we have managed to help many children, pregnant women, and mothers, we are conscious that there is always more that can be done. Moving forward, we will be developing promotional material to emphasise the benefits and importance of Posyandu. We will also adapt counselling and educational awareness sessions at Posyandu to focus on stunting prevention and the importance of balanced and healthy nutrition. In addition, we will be performing an annual monitoring and needs assessment on Posyandu and will replenish and refresh medical equipment and supplies as required.

As of 2023, we have 189 medical clinics in our estates, 168 Posyandu and 34 ambulances, supported by 160 midwives and nurses, and 60 doctors. Data on IndoAgri's healthcare facilities across Indonesia is on page 65 in the Appendix.

It is with regret that we announce the closure of our Cleft Lip Surgery Programme after discussion with healthcare experts. We are proud that this programme helped 451 beneficiaries and carried out 515 surgeries, returning the children their confidence and bright smiles.

Sewing training activities in Rumpin, Dolok Estate, Simalungun, North Sumatra

Access to Education

In our commitment to providing educational access to the community, we have established "Rumah Pintar" (Rumpin) or 'Smart Houses' within our oil palm plantations. These Rumpin facilities are equipped with books, amenities for children, and computer workstations. Students in need of extra academic support, especially in subjects like Mathematics and Physics, can seek assistance from the Rumpin tutors. Additionally, the Rumpin fosters financial self-sufficiency by offering local community members the opportunity to sell their artisanal products at these locations. Dancing and singing classes are also available, developing a holistic education for the children.

In 2023, we operated 15 Rumpin that received a total of 14,307 visitors. The most visited location was our book centre, which is also acts as a library. Seven out of 20 Rumah Pintar were financially self-sufficient, and with the help of 20 tutors, have educated and upskilled 14,307 visitors. Data on IndoAgri's education facilities across Indonesia is on page 65 in the Appendix.

A Rumpin revitalisation project started in 2022 continued into 2023. We are upgrading facilities and recruiting additional tutors so that the Rumpin can continue to serve as centres for community events and children can continue to benefit from a conducive learning environment and seek help on academic subjects outside of school.

Community resilience and food security

As an agribusiness, we are cognisant of the impacts of the climate crisis not only on our business but also on general food production and supply chains. As such, this has prompted the development of our PROKLIM projects as part of Indonesia's national programme aimed at enhancing community resilience and food security. These projects focus on addressing climate change effects by implementing mitigation measures and adapting existing processes and infrastructure in agriculture, waste management, and energy consumption.

Through our PROKLIM projects, we contribute to strengthening community resilience, reducing GHG emissions, enhancing local-level coordination for delivering climate change policies, and creating opportunities for villages to adopt low-carbon technologies. Examples of successful initiatives include supporting crop diversification, which has not only generated additional income but also fortified food security for households. Our PROKLIM projects also involve assistance in water management and the installation of facilities to protect communities against the impacts of floods, landslides, and drought.

The introduction of the PROKLIM Principles and Criteria, offering guidance on PROKLIM implementation, has resulted in additional IndoAgri units participating in the programme. Our aim is to provide more support to units for the implementation of PROKLIM, and to provide more communities with a safeguard and protection against the escalating impacts of climate change. We are currently preparing the sites for the PROKLIM Programmes with reference to other successful sites that have implemented PROKLIM.

Inculcating sustainability in daily living

In order to promote sustainable practices outside the workplace, we have introduced the IndoAgri Care & Ownership programme, led by the spouses of our plantation employees. This programme is designed to foster environmental protection and promote sustainable behaviour among our employees and their families throughout our entire operational area, spanning from plantations to factories and offices. The programme emphasises the reduction of paper and plastic usage, effective waste management, and conservation of water and energy resources.

In 2023, we conducted nine training sessions for plasma farmers with a total of 278 participants from the Riau province. The training materials included Oil Palm Cultivation, Teaching Factory, and Socialisation of Tax Reporting for Farmers. Looking ahead, we want to assist more farmers in procuring organic fertiliser, and to provide technical assistance to plasma areas, so that farmers are able to produce better quality oil palms. We also aim to develop oil palm cultivation modules as guidance for plasma farmers.

Utilisation of land around an employee's housing area for farming at Cibaliung Estate, Rokan Hilir, Riau

A simple vegetable garden in front of an employee's house at Begerpang POM, Deliserdang, North Sumatra

PRODUCT INTEGRITY

INTRODUCTION

Our commitment is unwavering when it comes to providing products that are safe, healthy, and of the highest quality, instilling trust in our consumers. We uphold rigorous standards in food quality and safety and engage in responsible product marketing. In the following section, we elaborate on our safety protocols, our initiatives contributing to consumer health, and our endeavours in consumer engagement.

Aligned with SDGs

Material topics and focus areas:

- Product quality and safety

Scope of section

EOF products

Bimoli Packaging in our refinery in Lubuk Pakam, North Sumatra

UPDATES FOR 2023

In this section

Food Safety/Quality Management System

100% certified with ISO 9001/ FSSC 22000

100% of non-raw material suppliers (packaging and ingredients) – completed food safety audit

100% of products and refineries are Halal-certified

PRODUCT INTEGRITY

Material topics	Goal/target	Updates for 2023
Food Safety/Quality Management System	Quality and safety: comply with ISO 9001/FSSC 22000 food safety management system	Full compliance
	Quality and safety: comply with Halal certification system	All products are Halal-certified
	Quality: complete annual audit on quality assurance	Audit completed for all refineries
	Quality: complete annual food safety audits for raw material suppliers	100% (Big Five)* of supply tonnage to our refineries comes from sources that are audited annually on food safety
	Continue to meet and exceed nutritional requirements as per Indonesian law	Met and exceeded all nutritional requirements as per Indonesian law
	Food Safety comply with Good Manufacturing Practices Standard by National Agency for Drug and Food Control of Indonesia (BPOM)	All refineries certified GMP standard by National Agency for Drug and Food Control of Indonesia (BPOM)

* *Big Five refers to the top five raw material suppliers based on raw material tonnage supplied to our refineries.*

PRODUCT QUALITY AND SAFETY

(GRI 3-3, 416)

We understand the importance of developing a culture of food safety within our organisation. A pervasive attitude towards quality excellence not only leads to increased consumer satisfaction and brand reputation but helps mitigate product safety risks and streamlines our regulatory compliance efforts. Importantly, it contributes to a culture of continuous improvement and enhances the attractiveness of the company to skilled and competent staff.

Food safety

We take pride in the creation of products that are both safe and of high quality, earning the trust of our consumers. Our adherence to elevated production standards is ensured through formal change management processes. Regular training is provided to our Quality Control and Quality Assurance teams, responsible for ensuring product quality, covering aspects such as hygiene, safety, and Halal risk and control, keeping them abreast of the latest food safety standards. The Sustainability Head oversees all aspects of food safety operations and strategy at IndoAgri. Additionally, annual audits on hygiene, sanitation, and housekeeping are conducted for our production sites and suppliers. We also perform regular testing of our emergency recall procedures; the last simulation was conducted in November 2023.

We have implemented a comprehensive product recall process, involving incident identification, investigation, corrective actions and knowledge sharing. In 2023 there were zero product recalls. Regular assessments are performed to ensure our procedures remain effective, reflecting our commitment to regulatory compliance and proactive product safety management.

We have implemented the latest standards mandated by FSSC 22000 (version 5.1), which is a part of the Global Food Safety Initiative (GFSI) and have received self-assessment evaluations from all vendors, with their assurance of their commitment against engaging in fraud. In 2023, one new packaging vendor affirmed their adherence to this principle. Therefore, 100% of our packaging and material vendors have now committed to anti-fraud engagement.

Furthermore, our remaining four refineries were awarded the "Good Manufacturing Practices" certification in 2023, confirming our implementation of best-practice processes and meaning all five plants are now certified. This voluntary certification facilitates product export and is valid for five years. In 2023, IndoAgri did not have any non-conformance with the FSSC 22000 standards.

All our product packaging complies with Indonesian National food safety standards. To meet the requirements of packaging standard Perka BPOM No.20 2019, which necessitates 'migration' testing standards to confirm that product contamination does not occur during transit or storage, independent third-party testing is conducted. As of the end of 2023, 100% of our packaging had successfully been tested, despite the absence of an official compliance date.

In 2023, we reported zero incidents of non-compliance with regulations and voluntary codes related to the health and safety impacts of our products.

Quality control laboratory at Lubuk Pakam Refinery, North Sumatra

Nutrition

More than 80% of our EOF products are distributed within the domestic Indonesian market. Our cooking oils are presented under the *Bimoli*, *Bimoli Spesial*, and *Happy* brands, while our consumer margarine and shortening products are packaged and sold under the *Amanda*, *Palmia* and *Royal Palmia* brands.

Given the increasing prevalence of diet-related illnesses, including undernutrition, micronutrient deficiencies, and obesity, we prioritise enhancing the nutritional profile of our products. This involves eliminating partial hydrogenated fat and substituting it with interesterified (IE) oil. As partial hydrogenated fat contains trans-fat, we are actively advancing our research and development capabilities in IE oil production and have completed the elimination of trans-fat from all our consumer products. Moreover, we have concluded trans-fat elimination trials for our industrial products and, while our aim of completing the substitution testing for three of the remaining eight industrial products by the end of 2023 was delayed, we are still committed to full substitution for all industrial products. We have also eliminated glycidyl ester (GE) and 3MCPD (3-monochloro-propanediol esters) for our margarine and shortening products produced at our Surabaya plant, in line with international expectations.

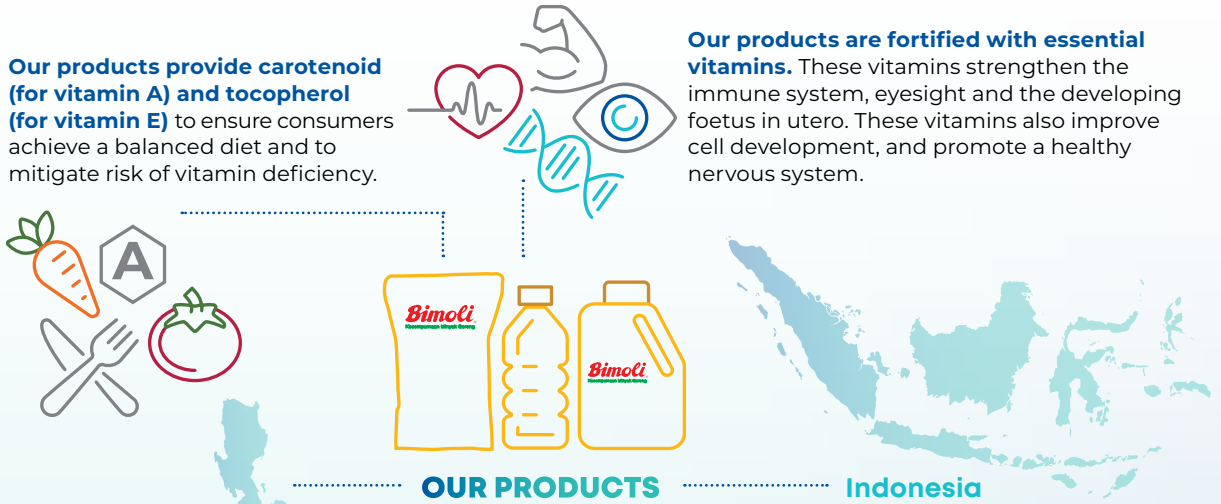
Since January 2020, all our consumer pack cooking oil brands have been fortified with Vitamin A in alignment with national requirements.

Read more online

NUTRITION FACTS

Our products provide carotenoid (for vitamin A) and tocopherol (for vitamin E) to ensure consumers achieve a balanced diet and to mitigate risk of vitamin deficiency.

Our products are fortified with essential vitamins. These vitamins strengthen the immune system, eyesight and the developing foetus in utero. These vitamins also improve cell development, and promote a healthy nervous system.



We take vitamin fortification beyond compliance. Whilst vitamins A and D are mandated by Indonesian law, as a manufacturer of high-quality food products, we aim to contribute to the healthy diet of Indonesians. For example, we have also added vitamins E, B1, B2, Niacin, Folic Acid and B12 in our table margarine.

Our exported cooking oils to the Philippines are further enriched with vitamin A, as required by regulations in that market.

Palm oil contains the right sorts of fat (saturated and unsaturated fatty acids) which promote healthy growth, supple skin and energy storage. **Palm oil is free of cholesterol and trans-fat.**

PRODUCT INFORMATION, PACKAGING AND MARKETING (GRI 417-1,2)

Our marketing and communication of product information adhere to both national and export market requirements, along with industry-specific regulations. We also have in place a responsible procedure to guide our marketing team's publishing of product information. To comply with allergen management requirements set by the National Agency for Drug and Food Control of Indonesia (BPOM), we are obliged to provide allergen information on the packaging of all our products.

As of 2023, we have achieved a 100% allergen disclosure rate on our domestic margarine and shortening packaging. Recognising our role in contributing to the Indonesian government's targets on plastic waste reduction, our product packaging aligns with the Indonesian policy on Extended Producer Responsibility. We are actively exploring recyclable packaging options with our suppliers, and ongoing testing involves a recyclable, transparent, multi-layer standing pouch, although our original hope of a viable product by 2025 has been delayed due to issues experienced with the innovative new technology being employed. To comply with Indonesia's policy (Permen LHKRI no. P.75 Tahun 2019) prohibiting the use of PVC, in 2023 we stopped using this form of plastic in our shrink cap seals. This means that PVC is not used in any form of our packaging.

In 2023, IndoAgri continued to contribute cooking oil to the Ministry of Trade's *Minyakita* cooking oil brand, supporting the fulfillment of the Domestic Market Obligation (DMO) for packaged cooking oil in accordance with government-determined volume allocations.

Cooking demonstrations are hosted on our Instagram page, @Palmia_ID, and receive positive responses from individual consumers and small to medium-sized enterprises (SMEs). We also continue to publish recipes on our website, another successful initiative.

CUSTOMER SERVICE AND SATISFACTION

Our brands are widely recognised, and our products are known for their high quality and competitive pricing. We actively engage with consumers to address their concerns regarding product quality, regularly communicating our sustainability progress and responsible supply chain practices. We investigate areas of concern and implement improvements based on valuable feedback. Additionally, we conduct annual customer satisfaction surveys to gather insights on product and service quality. Our customer satisfaction report, published in January 2024, provided the results of our annual survey for 2023: of 117 customers contacted, 95 indicated a high level of satisfaction with our products.

To ensure that any consumer feedback related to our products and services is promptly addressed, we utilise Indofood Group's centralised Customer Service Centre. This facility is accessible through toll-free lines or email. A systematic process ensures that each comment is recorded in a Customer Complaint Form. We have also established communication channels through our website and social media platforms, including Instagram and Facebook. All feedback received is responded to within two weeks. In 2023, we received 12 pieces of feedback from customers, primarily related to product inquiries, and each inquiry was duly addressed in line with our procedures.

Minyakita brand cooking oil packaging at the Lubuk Pakam Refinery, North Sumatra

APPENDIX - DATA SUMMARY

ENVIRONMENTAL DATA

Energy Consumption in Mills (GRI 302-1,3,4)

Energy Consumption	2021		2022		2023	
	Gj ('000)	%	Gj ('000)	%	Gj ('000)	%
Fibre	4,564	64%	4,794	63%	4,699	63%
Palm Shell	2,472	35%	2,730	36%	2,561	36%
Total from renewable fuel	**7,035**	**98%**	**7.524**	**98%**	**7,260**	**99%**
Diesel	109	2%	113	2%	93	1%
Electricity	11	0%	8	0%	9	0%
Total from non renewable fuel	**120**	**2%**	**121**	**2%**	**103**	**1%**
Total Energy Consumption	**7,156**	**100%**	**7,645**	**100%**	**7,362**	**100%**
GJ per tonne of FFB Processed	**2.20**		**2.16**		**2.16**	

Note: Our intensity figures refer to the energy types listed for mills and refineries as shown and are based on energy consumed within the organisation. Data are not currently available on the overall breakdown of electrical, heating, cooling, and steam energy consumed: we are reviewing the data on these. No energy is sold off site. Data from palm oil mills (27 out of 27 mills). Percentage figures are rounded off.

Energy Consumption in Refineries (GRI 302-1,3,4)

Energy Consumption	2021		2022		2023	
	Gj ('000)	%	Gj ('000)	%	Gj ('000)	%
Palm Shell	110	1%	80	1%	74	1%
Palm Olein	-	0%	-	0%	-	0%
Total from renewable fuel	**110**	**1%**	**80**	**1%**	**74**	**1%**
Diesel*	68	1%	27	0%	39	0%
Coal	573	7%	442	6%	432	6%
Gas**	7,479	89%	6,398	90%	6,658	90%
Electricity	174	2%	131	2%	127	2%
Total from non renewable fuel	**8,293**	**99%**	**6,998**	**99%**	**7,255**	**99%**
Total Energy Consumption	**8,403**	**100%**	**7,078**	**100%**	**7,328**	**100%**
GJ per tonne of Material Produced	**0.94**		**1.22**		**1.21**	

* *Includes High Speed Diesel Oil and Marine Fuel Oil.*
** *Includes Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG).*
Note: Data from five refineries (out of five) are based on consumption per tonne of material produced, in six processes: (i) tank yard (ii) refining CPO (iii) fractionation (iv) margarine (v) cooking oil filling and (vi) finished goods warehousing. Data are not currently available on the breakdown of electrical, heating, cooling and steam energy consumed. Percentage figures are rounded off.

Energy Consumption in Rubber Factories (GRI 302-1,3,4)

Energy Consumption In OC Mills	2021		2022		2023	
	Gj ('000)	%	Gj ('000)	%	Gj ('000)	%
Palm Shell	14	8%	14	10%	11	9%
Rubber Wood	182	88%	116	86%	105	86%
Total from renewable fuel	**156**	**96%**	**129**	**96%**	**116**	**95%**
Diesel	2	1%	2	1%	2	1%
Electricity	4	3%	4	3%	5	4%
Total from non-renewable fuel	**5**	**4%**	**6**	**4%**	**7**	**5%**
Total Energy Consumption	**162**	**100%**	**135**	**100%**	**123**	**100%**
GJ per tonne of Rubber Produced	**26.08**		**25.92**		**25.86**	

Note: Data from 3 factories with 3 crumb rubber and 2 sheet rubber processing lines. Percentage figures are rounded off.

GHG Emissions (GRI 305-1,2,3,4)

Emission Sources	Description	2021		2022		2023	
		tCO_2e ('000)	tCO_2e/tonne	tCO_2e ('000)	tCO_2e/tonne	tCO_2e ('000)	tCO_2e/tonne
Direct Emission Estate	Land Conversion	(122)	(0.18)	(165)	(0.22)	(165)	(0.22)
Direct Emission Estate	Peat emissions	1,014	1.52	977	1.29	977	1.32
Direct Emission Estate	N_2O from fertiliser	108	0.16	133	0.18	129	0.17
Direct Emission Estate	Fuel usage in the estates	0.00000428	0.00000001	0.00000043	0.00000001	0.00000036	0.00000001
Direct Emission Mill	Methane from POME	190	0.29	214	0.28	209	0.28
Direct Emission Mill	Fuel usage in the mills	6	0.01	7	0.01	7	0.01
Direct Emission Estate and Mill	Chemical usage in the mills and plantations	3	0.00	3	0.00	5	0.00
Indirect Emission Mill (Scope 2)	Electricity emission	2	0.00	1	0.00	2	0.00
Transportation Emission (Scope 3)	Fuel usage from transport of FFB	34	0.05	33	0.04	35	0.05
Total Emissions from Mills and Estate Operations		**1,235**		**1,204**		**1,197**	
Emissions per tonne of Palm Product			**1.85**		**1.59**		**1.62**

PROPER Evaluation and ISO 14001 Certification Status (GRI 2-27)

Region	PROPER (Total number of IndoAgri facilities: 27 mills, 5 factories, 5 refineries)	ISO 14001 Certification
Sumatra	11 mills, 2 factories and 1 refinery Under Review KLHK: 1 mill	17 mills and 1 refinery
Kalimantan	7 mills	8 mills
Java	3 refineries and 2 factories	2 refineries
Sulawesi	1 refinery and 1 factory	Factory and refinery implemented ISO 14001 (yet to be certified)

PROPER is the Indonesian Government's Environmental Management evaluation. Participation in the PROPER audit is subject to approval by the Indonesian Ministry of Environment and Forestry.

- Environmental management procedures are above the expected compliance level
- Environmental management procedures are in compliance with national regulatory standards
- Environmental management efforts are in place but do not fully comply with national regulatory standards

SOCIAL DATA

Health and Safety Data (GRI 403-9, 10)

	2021	2022	2023
Fatalities	2	1	2
Rate of fatalities as a result of work-related injury[6]	0.019	0.008	0.020
Rate of high-consequence work-related injuries (excluding fatalities)[7]	0.010	0.008	0.010
Rate of recordable work-related injuries[8]	1.92	2.16	1.64
Number of cases of recordable work-related ill-health	0	0	0

Lowest Monthly Remuneration and Minimum Legal Wage: Male and Female

Region	Minimum Legal Wage (IDR)			Indoagri lowest monthly remuneration (IDR)			Indoagri lowest monthly remuneration as a % of minimum legal wage		
	Male	-	Female	Male	-	Female	Male	-	Female
Java	4,901,798	-	1,986,670	4,902,000	-	1,986,670	100%	-	100%
Sumatra	3,769,082	-	2,800,790	3,826,750	-	3,115,790	102%	-	111%
Kalimantan	3,561,020	-	2,661,842	3,954,770	-	3,155,050	111%	-	119%
Sulawesi	3,485,000	-	2,690,668	3,486,000	-	2,691,000	100%	-	100%

6 *Rate of fatalities as a result of work-related injury is calculated as follows: No. of fatalities as a result of work-related injury x 1,000,000 divided by Total Hours Worked.*
7 *Rate of high-consequence work-related injuries (excluding fatalities) is calculated as follows: No. of high-consequence work-related injuries (excluding fatalities) x 1,000,000 divided by Total Hours Worked.*
8 *Rate of recordable work-related injuries is calculated as follows: No. of recordable work-related injuries x 1,000,000 divided by Total Hours Worked.*

Ratio of remuneration by gender and employee category (GRI 405-2)

Region	Remuneration ratio
	Men: Women
Manager and Senior Manager	1 : 1
Supervisor	1 : 1
Staff	1 : 1
Administrative/Operational	1 : 1

Employee Statistics (GRI 2-7, 2-8 and 405-1)

	18 – 24 Years		25 – 35 Years		36 – 45 Years		≥ 46 Years		TOTAL	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Education										
Academy and University (Strata 1, 2 and 3)	121	71	892	308	622	227	522	132	2,157	738
Diploma (D1-D4)	33	12	244	137	233	144	130	75	640	368
Senior High School	1,447	118	5,257	589	4,741	449	3,395	275	14,840	1,431
Junior High School	566	53	2,363	462	3,178	664	2,186	379	8,293	1,558
Primary School	1,253	135	3,873	776	5,258	1,641	3,657	1,425	14,041	3,977
Total	**3,420**	**389**	**12,629**	**2,272**	**14.032**	**3,125**	**9,890**	**2,286**	**39,971**	**8,072**
Level										
Manager and Senior Manager	-	-	5	4	93	21	274	33	372	58
Supervisor	-	1	64	33	155	31	153	28	372	93
Staff	122	53	672	110	356	48	324	47	1,474	258
Administrative/Operational	3,298	335	11,888	2,125	13,428	3,025	9,139	2,178	37,753	7,663
Total	**3,420**	**389**	**12,629**	**2,272**	**14,032**	**3,125**	**9,890**	**2,286**	**39,971**	**8,072**
Region										
Sumatra	1,877	97	7,995	1,057	9,252	1,644	6,238	1,310	25,362	4,108
Kalimantan	1,368	232	3,616	1,017	3,534	1,240	2,108	822	10,626	3,311
Java	167	58	852	185	753	194	1,069	132	2,841	569
Sulawesi	8	2	166	13	493	47	475	22	1,142	84
Total	**740**	**81**	**8,313**	**881**	**11,506**	**1,535**	**8,333**	**1,344**	**39,971**	**8,072**

	18 – 24 Years		25 – 35 Years		36 – 45 Years		≥ 46 Years		TOTAL	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Status										
Permanent Employee	740	81	8,313	881	11,506	1,535	8,333	1,344	28,892	3,841
Non Permanent Employee	1,842	137	2,731	473	1,301	485	628	237	6,502	1,332
Seasonal Workers	838	171	1,585	918	1,225	1,105	929	705	4,577	2,899
Total	**3,420**	**389**	**12,629**	**2,272**	**14,032**	**3,125**	**9,890**	**2,286**	**39,971**	**8,072**

New Hires (GRI 401-1)

	18 – 24 Years		25 – 35 Years		36 – 45 Years		≥ 46 Years		TOTAL	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Region										
Sumatra	52	3	227	5	41	3	10	1	330	12
Kalimantan	13	-	90	4	32	3	12	1	147	8
Java	1	-	15	11	3	-	-	-	19	11
Sulawesi	-	-	1	-	-	-	-	-	1	-
Total	**66**	**3**	**333**	**20**	**76**	**6**	**22**	**2**	**497**	**31**

Resignations (Excluding Contract Workers)

	18 – 24 Years		25 – 35 Years		36 – 45 Years		≥ 46 Years		TOTAL	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Region										
Sumatra	27	-	384	19	358	28	291	33	1,060	80
Kalimantan	159	20	265	41	182	49	55	19	661	129
Java	17	17	50	19	20	4	29	5	116	45
Sulawesi	-	-	2	-	9	-	32	3	43	3
Total	**203**	**37**	**701**	**79**	**569**	**81**	**407**	**60**	**1,880**	**257**

Turnover rate (GRI 401-1)

	18 – 24 Years		25 – 35 Years		36 – 45 Years		≥ 46 Years	
	Male	Female	Male	Female	Male	Female	Male	Female
Region								
Sumatra	1%	0%	5%	2%	4%	2%	5%	3%
Kalimantan	12%	9%	7%	4%	5%	4%	3%	2%
Java	10%	29%	6%	10%	3%	2%	3%	4%
Sulawesi	0%	0%	1%	0%	2%	0%	7%	14%
Total				**4%**				

Training hours (GRI 404-1)

	Total Participants		Employee Training Hours	
	Male	Female	Male	Female
Level				
Manager and Senior Manager	611	49	2,541	300
Supervisor	334	105	2,425	656
Staff	2,547	345	23,214	2,036
Administrative/Operational	3,450	314	25,789	2,224
Total	**6,942**	**813**	**53,968**	**5,216**

	Average Training Hours per Employee	
	Male	Female
Manager and Senior Manager	4	6
Supervisor	7	6
Staff	9	6
Administrative/Operational	7	7
Average	**8**	**6**

SMK3 Certification

Type	2021	2022	2023
Gold Rating	**55**	**60**	**60**
Palm Oil	41	45	45
Rubber	5	6	6
Tea	2	2	2
Cocoa	2	2	2
Refinery	3	3	3
Research	1	1	1
Bulking	1	1	1
Silver Rating	**9**	**7**	**7**
Palm Oil	8	6	6
Rubber	1	1	1

ISO 45001:2018 Certification

Type	2021	2022	2023
Total Certified	**13**	**13**	**13**
Refinery	2	2	2
Rubber	5	5	5
Tea	2	2	2
Cocoa	2	2	2
Office	2	2	2

COMMUNITY DATA

Medical Facilities

Medical facilities	North Sumatra	South Sumatra	Kalimantan	Riau	Java	Sulawesi	Total
Division Clinic	42	31	17	38	2	1	**131**
Central Clinic	11	24	15	4	2	2	**58**
Ambulances	2	14	12	5	1	0	**34**
Doctors	1	2	1	3	0	0	**7**
Visiting Doctors	18	22	10	0	2	1	**53**
Midwife/Nurses	51	49	24	30	4	2	**160**
Posyandu	57	34	18	43	14	2	**168**

Education Facilities

School Facilities	North Sumatra	South Sumatra	Kalimantan	Riau	Java	Sulawesi	Total
Day Care Centres	12	29	55	27	1	0	**124**
Kindergarten	27	25	5	33	3	4	**97**
Primary Schools	5	17	1	17	1	1	**42**
Secondary Schools	2	1	0	4	0	0	**7**
High Schools	1	0	0	3	0	0	**4**
Teachers	91	165	21	428	17	11	**733**
Rumah Pintar	4	7	1	2	0	1	**15**

GLOSSARY

Analisis Dampak Lingkungan (AMDAL)
An environmental impact assessment which companies are required by law to undertake when starting a business or activity that will have an impact on the environment in Indonesia.

Badan Penyelenggara Jaminan Sosial (BPJS)
An authorised body established by the Indonesian Government to provide medical coverage for Indonesian citizens and residents.

Biodiversity
The variety of life forms within a particular ecosystem, biome, or habitat.

Biological Oxygen Demand (BOD)
A measure of the degree of water pollution by the amount of dissolved oxygen needed by aerobic biological organisms in a body of water to break down organic materials.

Carbon Footprint
A measure of the total amount of greenhouse gases, including carbon dioxide, methane and nitrous oxides, emitted directly or indirectly by an organisation, event, product or person.

Child Labour
A person under 18 years of age, according to Indonesian law, who is engaged in work that is mentally, physically, socially or morally dangerous and harmful, and that interferes with that person's schooling.

Crude Palm Oil (CPO)
Oil produced from oil palm fruits in milling process.

Food Safety System Certification (FSSC) 22000
A food safety certification scheme based on the existing internationally recognised standard ISO 22000 and complemented by other technical standards. This certification aims to provide an effective framework for the development, implementation and continual improvement of a food safety management system (FSMS).

Forced Labour
A person who is coerced to work under the threat of violence, intimidation, or undue stress of penalty.

Free Prior Informed Consent (FPIC)
Consent which represents the rights of a community to give or withhold its consent to proposed projects that may affect the lands it customarily owns, occupies or uses.

Fresh Fruit Bunch (FFB)
The fruit bunch harvested from the oil palm tree.

Global Reporting Initiative (GRI)
A non-profit organisation that promotes economic sustainability and develops an international standard for sustainability reporting.

Greenhouse Gas (GHG)
Gases, such as carbon dioxide, methane and nitrous oxide, which trap solar radiation and contribute to climate change and ozone destruction.

High Carbon Stock (HCS)
An area of land with large amounts of carbon and high biodiversity value.

High Conservation Value (HCV)
HCV land comprises certain critical ecological or socio-cultural attributes. A key part of HCV management is ensuring activity in forests does not have a negative impact on the critical ecological and socio-cultural attributes, a process that aligns with ISPO's requirements.

High-consequence work-related injury
According to the GRI Standards, a high-consequence work-related injury (excluding fatalities) is defined as an injury from which the worker cannot or is not expected to recover fully to pre-injury health status within 6 months.

HCV Assessment
Recording ecological or socio-cultural attributes is part a process that aligns with ISPO's requirements. HCV assessments use accredited third-party assessors.

Integrated Pest Management
The use of ecological pest control techniques to reduce pest populations and replace pesticides and other harmful intervention to minimise risks to human health and the ecosystem.

Indonesian Sustainable Palm Oil (ISPO)
A government effort led by the Ministry of Agriculture to support sustainable palm oil agriculture in Indonesia.

ISO 14000 series
A family of international standards for addressing environmental management.

Koperasi Unit Desa (KUD)
Village unit cooperatives to improve the economic and social well-being of rural communities in relation to agricultural activities.

No Deforestation
No new development on HCV areas within IndoAgri's operations and no primary forest clearance.

Nucleus
A system developed by the Indonesian Government for estates (nucleus) owned by plantation companies to develop oil palm plots (plasma) near their own plantation for smallholders.

Palm Kernel (PK)
Seed of the oil palm fruit, which is processed to extract crude palm kernel oil (CPKO) and other by-products.

Panitia Pembina Keselamatan dan Kesehatan Kerja (P2K3)
A health and safety committee responsible for monitoring IndoAgri's compliance to the SMK3 in the estates, mills and refineries.

Palm Oil Mill Effluent (POME)
Liquid waste or sewage produced from the palm oil milling process or refinery.

Plasma or Scheme Smallholder
Plasma smallholders are farmers who participated in the Plasma Transmigration Program (Perkebunan Inti Rakyat, also known as PIR-Trans), organised by the Indonesian government in 1987. Under the scheme, villagers from rural parts of Indonesia were relocated to oil palm growing areas and allocated with two hectares of farming land. The plasma farmers were partnered with local companies for initial financing of development and land preparation, planting materials, and technical knowledge. In return for this assistance, smallholders are committed to selling their crops to the company at a price set by the government.

Programme for Pollution Control, Evaluation and Rating (PROPER)
An Indonesian regulatory mechanism based on public disclosure of pollution records and environmental performance.

Recordable work-related injury
According to the GRI Standards, a recordable work-related injury is defined as any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, loss of consciousness, or significant injury or ill health diagnosed by a physician or licensed healthcare professional.

Sistem Keselamatan dan Kesehatan Kerja (SMK3)
Occupational health and safety management system according to Indonesia regulation.

Social Impact Assessment (SIA)
A methodology for analysing, monitoring and managing the social consequences of planned interventions and the social change processes arising from these interventions.

Stakeholders
A person, group, organisation, member or system that affects or can be affected by an organisation's actions.