



Cultivating Growth, Harvesting the Future

2025 SUSTAINABILITY REPORT





Cultivating Growth, Harvesting the Future

Growth begins at the source. In how we manage our land, nurture our trees, and operate with discipline across every stage of our value chain. At Kencana Agri, growth is not measured by volume alone, but by the strength, quality, and responsibility that underpin it. From this foundation, we harvest more than output.

We create value for our stakeholders, for the environment, and for the future we help shape. Each drop of palm oil reflects this balance: delivering today, while sustaining tomorrow.



Performance Highlight

Achievement & Target	Target	2023	2024	2025
TO ENSURE ZERO FATALITY	0 (Zero)	0 (Zero)	0 (Zero)	0 (Zero)
Zero fire incident in our concession (execute zero burning policy)	0 (Zero)	0 (Zero)	0 (Zero)	0 (Zero)
To ensure all estates and mills that have been appointed to be assessed according to PROPER, achieve at least the blue rating	Blue or Higher	Blue (PROPERNAS): PT. SWK, PT. AKM, PT. SKL Blue (PROPERDA): PT. AIK, PT. SKL , PT. AEK	Blue (PROPERNAS): PT. SWK, PT. AKM Green (PROPERDA): PT. AIK, PT. SKL, PT. AEK	Blue (PROPERNAS): PT. SWK , PT. AKM Blue (PROPERDA): PT. AIK, PT. SKL, PT. AEK
ISPO Certification for all plantations and mills in the operational phase	Certify operational estates and mill by 2030	PT. SWK has succeeded in ISCC re-certification, PT AKM has succeeded in ISPO re-certification PT. AIK, PT. SWK, and PT. SKL succeeded in maintaining certificate through surveillance audit	PT. SWK has succeeded in ISCC re-certification, PT SKL has succeeded in ISPO re-certification PT. AIK, PT. SWK, and PT. AKM succeeded in maintaining certificate through surveillance audit PT. AEK succeeded in applying ISPO principle and achieved certificate in January 2024	PT. SWK has succeeded in ISPO re-certification PT. AKM, PT. SKL, PT. AIK, PT. AEK succeeded in maintaining certificate through surveillance audit PT. ATK succeeded in applying ISPO principle and achieved certificate in January 2025

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Board of Directors Message



Albert Maknawi
Executive Director and CEO

Henry Maknawi
Executive Chairman



Dear Stakeholders,

As a plantation company whose operations are connected to natural ecosystems, agricultural productivity, and rural communities, sustainability has always been central to Kencana Agri's long-term strategy. The Board of Directors recognises that responsible management of environmental and social impacts is essential to supporting the resilience of our operations and sustaining long-term value creation for our shareholders.

The palm oil industry continues to evolve under increasing expectations from regulators, investors, and consumers regarding environmental stewardship, supply chain transparency, and responsible business practices. At the same time, palm oil is still a vital commodity that contributes significantly to global food supply and rural economic development. Navigating these dynamics requires companies to operate with strong governance, disciplined operational practices, and a forward-looking approach to sustainability.

Against this backdrop, Kencana Agri stays committed to strengthening our sustainability practices while maintaining operational efficiency and responsible growth.

In 2025, Kencana Agri processed 898,505 tonnes of FFB and produced 187,295 tonnes of CPO — while maintaining zero fire incidents, achieving PROPER Blue ratings across all assessed estates, and expanding ISPO-certified CPO coverage from 44% to 57% of nucleus production.

Integrating Sustainability into Business Strategy

At Kencana Agri, Sustainability is not treated as a standalone initiative within the Group, but rather as an integral component of how we manage our plantations, mills, and supply chain. The Board and senior management continue to strengthen the integration of sustainability considerations into our corporate governance, operational decision-making, and risk management processes.

As global reporting expectations evolve, including the growing emphasis on sustainability-related financial disclosures, the Group continues to enhance the way we identify, monitor, and manage sustainability risks and opportunities. This includes strengthening our internal processes for tracking environmental performance, managing operational risks related to climate variability, and improving transparency in our sustainability reporting.

Responsible Plantation Management

Responsible agricultural practices is the foundation of our sustainability approach. The Group continues to implement environmentally responsible plantation management practices designed to maintain land productivity while protecting surrounding ecosystems.

We uphold a strict zero-burning policy in land preparation and prioritise agronomic practices that support soil health and long-term plantation productivity. Biological pest control methods and responsible fertilizer management are implemented to reduce environmental impact while maintaining crop yields.

Within our milling operations, we promote resource circularity by recycling palm oil mill by-products such as empty fruit bunches and palm oil mill effluent for use as organic fertilizer. This approach reduces operational waste while contributing to soil enrichment within our plantations.

During 2025, the Group processed approximately 898,505 tons of fresh fruit bunches (FFB) and produced 187,295 tons of crude palm oil (CPO) across our operations. Through our waste recycling initiatives, approximately 304,100 tons of biomass residues were repurposed for plantation use or energy generation.

In addition, biomass residues generated from palm processing continue to serve as a source of renewable energy within our operations, enabling the Group to generate approximately 2,167 GJ of renewable energy during the year.

These initiatives demonstrate our commitment to improving operational efficiency while strengthening environmental management practices.

Strengthening Traceability and Partnerships

Supply chain integrity and traceability are becoming increasingly important across the global palm oil industry. Investors and downstream buyers are placing greater emphasis on responsible sourcing practices and transparency across the value chain.



Kencana Agri continues to strengthen its approach to supply chain management by enhancing engagement with suppliers and promoting responsible cultivation practices across our sourcing network. Improving traceability within the palm oil supply chain allows the Group to better manage potential environmental and social risks while supporting responsible production standards.

Smallholder farmers remain an important component of the broader palm oil ecosystem. Through our plasma partnership programmes and community engagement initiatives, we seek to support smallholder development by facilitating access to markets, improving agricultural productivity, and promoting responsible plantation practices.

These partnerships contribute to inclusive economic development while reinforcing the long-term sustainability of the palm oil value chain.

During the year, Kencana Agri continued to support 16,670 Ha of plasma smallholders across 67,885 Ha of cultivated land, contributing to inclusive economic development in the communities surrounding our operations.

Governance and Sustainability Oversight

[GRI 2-22]

Strong governance is fundamental to ensuring that sustainability considerations are embedded in the Group's long-term strategy. As a company listed on the Singapore Exchange, Kencana Agri maintains a governance framework that emphasises transparency, accountability, and responsible corporate conduct.

The Board of Directors continues to oversee sustainability-related risks and opportunities as part of its broader responsibility for corporate governance and risk management. Regular discussions between the Board and management ensure that sustainability performance, environmental compliance, and stakeholder concerns are appropriately considered in strategic decision-making.

In 2025, the Group maintained compliance with applicable environmental regulations across its operations and continued to enhance internal policies and procedures related to sustainability governance and risk management.

The Group also continues to strengthen its sustainability disclosures to improve transparency and provide investors and stakeholders with a clearer understanding of how sustainability considerations are integrated into business strategy and operational management.

Looking Ahead

The sustainability landscape for the palm oil industry will continue to evolve as governments introduce new regulations, investors place greater emphasis on environmental performance, and global supply chains demand higher standards of transparency.

The Board believes that maintaining strong sustainability practices will remain essential to safeguarding the long-term resilience and competitiveness of Kencana Agri. Going forward, we will continue to strengthen our environmental management practices, enhance supply chain transparency, and improve the quality of our sustainability disclosures.

By doing so, we aim to support responsible growth while contributing positively to the communities and ecosystems in which we operate.

On behalf of the Board of Directors, we would like to express our appreciation to our employees, business partners, shareholders, and local communities for their continued trust and support. Your commitment is essential as we continue our journey toward sustainable value creation.



Warm Regards,

On behalf of the Board of
Directors and Commissioner
Kencana Agri Group Ltd.,

Henry Maknawi
Executive Chairman

Albert Maknawi
Executive Director and CEO



About This Report

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

Kencana Agri Ltd (“Kencana”) is an integrated palm oil plantation company with primarily operating in Indonesia, involving oil palm cultivation, Fresh Fruit Bunch (FFB) processing, and downstream palm oil and kernel production. The Company has been listed on the Singapore Exchange (SGX) since 25 July 2008, demonstrating our long-term commitment to transparency, good corporate governance, and responsible business conduct.

Kencana oversees approximately 68,000 hectares of oil palm plantations across Sumatra, Kalimantan, and Sulawesi, including both nucleus estates and plasma smallholder schemes. This integrated setup ensures a stable supply chain, promotes inclusive economic participation, and bolsters long-term resilience. Additionally, Kencana operates two kernel crushing plants with a total capacity of 435 metric tons per day and 7 (seven) palm oil mills with a combined throughput of 335 metric tons per hour, facilitating efficient processing and maintaining quality control throughout the entire value chain.

The Company’s primary products include Crude Palm Oil (CPO) and Palm Kernels (PK). To maintain consistent

and flexible production capabilities, Kencana sources FFB from a diverse array of suppliers, including our own estates, plasma smallholders, and third-party suppliers, all of whom comply with rigorous quality, legality, and sustainability standards. The Company serves an extensive customer base, including domestic and international trading houses, refineries, and oleochemical producers, securing a strong position in both regional and global palm oil markets.

Kencana offers not only production but also logistical and handling solutions, including storage, bulk handling, and transportation, all supported by specialized port and compounding facilities. This integrated infrastructure improves supply chain reliability, optimizes cost efficiency, and increases responsiveness to market demand.

Kencana’s growth outlook depends on a relatively youthful plantation profile, with many oil palm trees aged between seven and eighteen years, representing the most productive phase. As these plantations mature, the Company anticipates a gradual increase in FFB output, supporting medium- to long-term growth and operational scalability.





Operational Regions Map

- Singapore Office and Jakarta Office
- Oil palm estate
- ★ Kernel crushing plant
- ◆ Palm oil mill
- ▲ Bulking terminal



**GROWTH
EXCELLENCE
INTEGRITY**

Operational Footprint and Business Scope

Plantation Operations

Kencana strategically positions our oil palm plantations across Sumatra, Kalimantan, and Sulawesi, enabling geographic diversification and enhancing operational resilience.

- Total planted area: **67,885 hectares**
- Nucleus estates: **51,215 hectares**
- Plasma smallholders: **16,670 hectares**

This plantation structure supports inclusive growth by integrating smallholders into the Company's supply chain, while simultaneously ensuring the maintenance of consistent agronomic standards.

Processing Facilities

Kencana operates an integrated processing network designed to facilitate efficient FFB conversion and uphold quality control across various regions.

Palm Oil Mills

- Number of mills: 7
- Total processing capacity: 335 metric tons per hour

Kernel Crushing Plants

- Number of plants: 2
- Total processing capacity: 435 metric tons per day

Products and Markets

Kencana's main products are derived from Fresh Fruit Bunches sourced from nucleus estates, plasma farmers, and carefully selected third-party suppliers, all of whom must adhere to established quality and sustainability standards.

Main Products:

- Crude Palm Oil (CPO)
- Palm Kernel (PK)

The Company distributes our products to trading companies, refineries, and oleochemical industries in Indonesia.

Renewable By-products

Kencana also produces renewable by-products derived from our milling processes, including:

- Empty Fruit Bunches
- Liquid waste
- Kernel shells
- Fibre

These by-products are managed in line with waste minimization and resource utilization principles.

Supporting Business

Kencana's bulking and storage facilities support plantation and processing operations by improving logistics efficiency, inventory management, and supply reliability.

Environmental Commitment and Operational Footprint

Kencana integrates environmental sustainability into our operational and corporate strategies, acknowledging responsible plantation management as essential for long-term value creation. The Company implements environmentally responsible practices throughout our estates and processing plants, including zero-burning land management, zero-waste policies, and continuous efforts to improve resource efficiency throughout the entire value chain.

Kencana conducts regular assessments of our operational performance against recognized sustainability certification frameworks, including the Indonesian Sustainable Palm Oil (ISPO) standards. In accordance with Indonesian regulatory requirements and international market expectations, the Company remains committed to attaining comprehensive certification across all qualifying plantations and processing facilities, while ensuring compliance with applicable environmental and social safeguards.

Sustainability considerations are integrated into daily plantation and mill operations, supported by standardized operating procedures, monitoring mechanisms, and periodic assessments. Through these efforts, Kencana aims to balance productivity, environmental stewardship, and social responsibility while strengthening market credibility and stakeholder confidence.

Kencana ISPO Certifications as of the End of December 2025

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

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

Company Name	Kencana Agri Limited
Business Sectors	Oil Palm Plantations
Markets	Indonesia
Customers	Reputable trading companies, refineries and oleochemical companies in Indonesia
Ownership & Legal Form	Listed Company
Date of Establishment	26 September 2007
Issued and Fully Paid Capital	US\$287.01 million
Total Number of Employees as of 31 December 2025	8,592
Revenue 2025	US\$ 198.65 million
Net Profit After Tax 2025	US\$ 18.44 million
Registered Office Address	36 Armenian Street #03-02, Singapore, 179934
Principal Office Address	Kencana Tower, 9th Floor Business Park Kebon Jeruk Jl. Meruya Ilir Raya No.88, West Jakarta 11620, Indonesia
Number of Operations	13 nucleus estates in Indonesia 7 Palm Oil Mills of 335MT/hour total processing capacity 2 Kernel Crushing Plants of 435 MT/day total processing capacity
Total FFB Production 2025	639,835 MT (Nucleus Plantation)
Total Liabilities 2025	<ul style="list-style-type: none"> • Current : US\$ 79.17 million • Non-current : US\$ 127.51 million
Shareholders' Equity 2025	US\$56.88 million

Company's Vision and Mission



Vision [GRI 2-1]

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

Mission [GRI 2-1]

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





Corporate Structure [GRI 2-6]

Plantation



Kencana Plantations Pte. Ltd.
(100%)

PT Wira Palm Mandiri
(100%)



Sawindo Agri Pte. Ltd.
(100%)

PT Sawit Permai Lestari
(100%)

Bulking



Kencana Logistics Pte. Ltd.
(100%)

PT Bumi Permai Sentosa
(100%)



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

Kencana operates an integrated palm oil value chain encompassing plantation management, palm oil milling, kernel crushing, downstream compounding facilities, logistics services, and renewable biomass power generation. This integrated structure enables the Company to oversee operations effectively, ensure product quality, and embed sustainability principles throughout every stage of production.

Sustainable business practices are emphasized throughout Kencana's operations, including land development, agronomic management, processing efficiency, and the use of by-products. Operational integration enables the Company to optimize resource use, manage risks effectively, and adapt to changing regulatory and market demands.



Operational Performance's Review

Plantation Footprint and Maturity Profile

Kencana's oil palm plantations are strategically located across Sulawesi, Sumatra, and Kalimantan, Indonesia. All estates are developed on previously undeveloped land, in accordance with applicable land-use regulations and sustainability commitments.

As of 31 December 2025, a significant portion of the Company's cultivated area has reached productive maturity, supporting yield stability and fostering long-term growth in production. Kencana maintains ongoing surveillance of plantation maturity to optimize harvesting strategies and yield performance, and to refine replanting plans. The maturity profile of both nucleus and plasma plantations provides a foundation for consistent Fresh Fruit Bunch (FFB) production over an extended period.

Snapshot of Plantation Age Profile – Nucleus and Plasma

Plantations	Immature 1 – 3 years	%	Young Mature 4-6 years	%	Prime Mature 7-18 years	%	Old Mature >18 years	%	Total	%
Nucleus	4,194	8	8,913	17	24,932	49	13,176	26	51,215	100
Plasma	2,506	15	565	3	9,140	55	4,459	27	16,670	100
Total	6,700	10	9,478	14	34,072	50	17,635	26	67,885	100

This age distribution reflects a balanced plantation structure that supports both near-term production performance and future yield continuity.

Increase in Production Volume Driven by Yield Improvement

Kencana's nucleus FFB production has increased by 17% compared with the previous year, primarily due to higher average yields resulting from the progression of a portion of immature plantations into the young mature stage. This transition has contributed positively to production volumes, supported by improved agronomic practices and plantation management.

Oil palm trees typically begin bearing around the age of three years, with yields steadily increasing and reaching their maximum productivity between seven and eighteen years. Subsequently, these yields gradually decline in more mature plantations. Kencana's plantation profile is, therefore, thoughtfully designed to optimize productivity while strategically planning for future replanting cycles.

FFB Production Trend — Nucleus, 2017–2025

2017	2018	2019	2020	2021	2022	2023	2024	2025
591,471	782,758	701,169	569,348	585,285	617,454	623,068	547,461	639,835

Operational Implications

The maturing plantation base strengthens production resilience, improves yield consistency, and boosts processing efficiency across mills. By coordinating plantation age management with downstream capacity, Kencana maintains operational reliability and strategically positioning the business for sustainable growth.

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

The Sustainability Report for fiscal year 2025 provides a comprehensive overview of Kencana Agri's economic, social, and environmental performance from 1 January to 31 December 2025. Kencana maintains a rigorous internal review process during the preparation of this report to ensure that disclosures are accurate, balanced, objective, and reliable.

The Company remains committed to identifying and addressing both existing and emerging sustainability challenges relevant to our operations and stakeholders. The compilation of this report adheres to the GRI Reporting Principles, which ensure the quality and integrity of our disclosures by ensuring that information is provided timely, comparable, accurate, balanced, and clear.

Application of GRI Reporting Principles

This report has been prepared with reference to the GRI Standards. The development of this Sustainability Report is guided by the following four key principles of the GRI Standards:

1. Stakeholder Engagement

Kencana engages with stakeholders via both official and unofficial channels. These inputs, combined with internal assessments, help identify relevant sustainability topics aligned with the Company's activities, risks, and operations.

2. Sustainability Context

The report outlines Kencana's sustainability performance in environmental, social, and economic contexts, showing how our activities influence sustainable development at local, national, and industry levels.

3. Materiality

The report focuses on governance, environmental, and social topics important to Kencana's business, long-term value, and stakeholders.

4. Completeness

This Sustainability Report comprehensively covers all material topics, enabling stakeholders to assess Kencana's sustainability performance over the reporting period.

Reporting Scope and Boundary

The scope of this Sustainability Report includes Kencana's operational activities in Indonesia and our marketing office in Singapore. Activities carried out by third parties outside Kencana's operational oversight are excluded from the reporting boundary.

In accordance with the Company's Annual Report, the Sustainability Report covers all subsidiary entities included in Kencana's consolidated financial statements, namely:

- PT Sawindo Kencana ("PT. SWK"),
- PT Indotrast ("PT. IDT"),
- PT Alamraya Kencana Mas ("PT. AKM"),
- PT Agro Inti Kencanamas ("PT. AIK"),
- PT Sawit Kaltim Lestari ("PT. SKL"),
- PT Agri Eastborneo Kencana ("PT. AEK"),
- PT Agrojaya Tirta Kencana ("PT. ATK"),
- PT Agro Sawitmas Lestari ("PT. ASL"),
- PT Delta Subur Permai ("PT. DSP"),
- PT Sawindo Cemerlang ("PT. SCEM"),
- PT Wira Mas Permai ("PT. WMP"),
- PT Loka Indah Lestari ("PT. LIL"), and
- PT Sawit Tiara Nusa ("PT. STN").

Reporting Standards and Frameworks [GRI 2-3]

Kencana Agri's sustainability report, referred to as "Kencana" or "the Group," outlines the company's sustainability framework, fundamental principles, initiatives, and performance metrics. The report emphasizes key issues identified through our materiality assessment. The report showcases Kencana's commitment to being a responsible and environmentally conscious palm oil producer. Our objective is to inform stakeholders about our efforts to address challenges and our ongoing progress in fulfilling our sustainability commitments and responsibilities.

This Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, with reference to the GRI Universal Standards 2021, and in compliance with the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Rule 711A on sustainability reporting. Kencana Agri is progressively enhancing its climate-related disclosures in alignment with IFRS S2 and SGX's phased implementation roadmap.

02: About this report

The GRI framework was selected for its international recognition and widespread adoption, supporting consistency and comparability among industry peers. Furthermore, the report demonstrates alignment with relevant Indonesian sustainability regulations and certification requirements relevant to the palm oil sector.

Kencana has consistently published sustainability reports for ten consecutive years, demonstrating its commitment to transparency, accountability, and ongoing improvement in sustainability disclosure. The previous Sustainability Report, which pertains to the 2024 reporting period, was published in April 2025.

Restatements [GRI 2-4, 2-6]

Beginning in 2024, Kencana expanded its Scope 1 GHG calculation boundary to include land-use change (LUC) and process emissions from palm oil mill effluent (POME), resulting in materially higher reported totals compared to prior years. 2023 GHG data is presented under the prior methodology and is therefore not directly comparable to 2024–2025 figures. Subcategory 2023 Scope 1 and 2 data on the restated basis is not available.

Internal Review [GRI 2-5]

All information and data disclosed have undergone rigorous internal verification and review processes to ensure their accuracy and consistency with operational records. The Company's highest governance body and senior executives are informed of and provide oversight on the reporting process, including considerations related to external assurance, as part of strengthening overall governance practices.

Throughout the preparation of this report, Kencana engaged with relevant internal departments and reviewed official documentation pertaining to sustainability certifications and regulatory compliance, including Indonesian Sustainable Palm Oil (ISPO), and the Program for Pollution Control, Evaluation, and Rating (PROPER), where applicable.

To ensure adherence to the GRI Standards 2021 Option and SGX sustainability reporting requirements, The report underwent an independent review as part of the Company's

efforts to enhance the quality and completeness of its sustainability disclosures. While external assurance has not been conducted for the current reporting period, the Company is evaluating its implementation in future reporting cycles to further enhance the credibility of its disclosures.

Feedback [GRI 2-3]

Kencana values stakeholder feedback to be a vital input for improving both sustainability performance and the quality of reporting. This Sustainability Report is published in limited quantities to promote resource efficiency and environmental conservation.

The full Sustainability Report is accessible on the Company's official website at www.kencanaagri.com. Stakeholders are encouraged to submit their feedback, comments, or suggestions regarding this report or Kencana's sustainability initiatives through the contact information provided below:



Kencana Agri Ltd - Indonesia Office

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



SUSTAINABILITY GOVERNANCE



➤ **Through robust governance systems and continuous improvement, we aim to build trust with stakeholders.**

At Kencana Agri, strong governance is the foundation of our commitment to responsible and sustainable business practices. We uphold high standards of transparency, integrity, and accountability across all levels of the organization, guided by the principles of Good Corporate Governance (GCG) and aligned with relevant regulatory frameworks.

Our governance structure enables effective oversight of sustainability and climate-related risks, with the Board of Directors playing a central role in setting strategic direction and monitoring performance. This is further supported by dedicated committees and cross-functional teams that ensure compliance, ethical conduct, and alignment with our long-term sustainability goals.

Governance Structure [GRI 2-9]

At Kencana Agri, effective governance is fundamental to delivering long-term value and maintaining stakeholder trust. The Board of Directors holds overall responsibility for corporate governance, which includes integrating environmental and social considerations into business strategy. This governance framework supports transparent decision-making, reinforces investor confidence, and safeguards the interests of both shareholders and wider stakeholders.

To uphold ethical standards across the organization, Kencana has adopted a non-discrimination policy that reflects our core values of fairness, inclusivity, and equality. This policy, endorsed by the President Director, is embedded into corporate procedures and consistently applied across all subsidiaries, reinforcing our culture of integrity and ethical conduct.

In line with our governance principles, the Board has formed three main committees to provide oversight in critical areas: the Nominating Committee (NC), the Remuneration Committee (RC), and the Audit and Risk Management Committee (ARC). These committees support structured governance, accountability, and regulatory compliance.

The Nominating Committee ensures that Board and senior management appointments follow a transparent and merit-based selection process. The Committee reviews candidate qualifications, defines selection criteria, and recommends appointments that align with Kencana's strategic direction and leadership needs.

The Remuneration Committee is responsible for designing fair and competitive compensation policies. This includes overseeing salaries, incentives, and benefit structures to ensure alignment with business objectives while meeting industry benchmarks and regulatory obligations.

Meanwhile, the Audit and Risk Management Committee plays a critical role in monitoring the Company's financial integrity and internal control systems. The ARC conducts periodic audits, reviews compliance with laws and regulations, and ensures effective risk management strategies are in place. These efforts help maintain operational resilience and foster a secure business environment.

Sustainability Governance at Kencana Agri [GRI 2-9, 2-12, 2-13, 2-14]

Kencana Agri is committed to integrating sustainability into all levels of governance, ensuring that environmental, social, and climate-related considerations are reflected in our decision-making, strategic planning, and risk management. This approach aligns with the IFRS Sustainability Disclosure Standards S1 and S2 and reinforces our responsibility to deliver long-term stakeholder value through responsible business conduct.

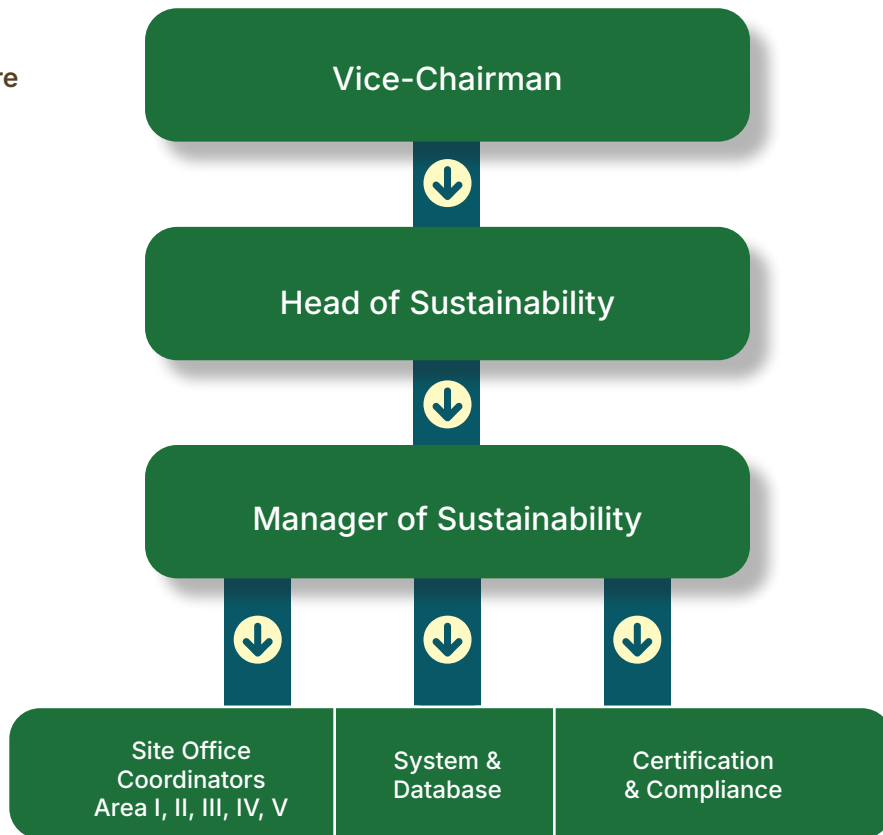
Oversight of sustainability is anchored at the Board level, where the Board of Directors provides strategic guidance on ESG risks and opportunities. The Board regularly reviews sustainability progress and outcomes, ensuring alignment with our corporate strategy and risk management priorities. The Vice Chairman plays a pivotal leadership role in overseeing the implementation of sustainability initiatives and evaluating performance across the organization.

Supporting the Board is a cross-functional Sustainability Team, led by the Head of Sustainability and Manager of Sustainability, with representatives from key operational units. This team operates across both the Head Office and Site Offices and is responsible for driving sustainability strategy, coordinating ESG initiatives, and preparing sustainability disclosures in accordance with applicable standards.

The Sustainability Team's work includes facilitating stakeholder engagement, conducting management reviews, and advising leadership on material sustainability issues. Monthly reviews and annual reporting ensure the integration of ESG matters into the Company's broader objectives. The highest governance body is responsible for reviewing and approving the reported information, including the Company's material topics. The review process involves consolidation and validation by the Sustainability Team and relevant functions, followed by management review and final approval by the Board. This structure fosters a proactive and accountable culture that is aligned with our sustainability vision.



Sustainability Team Structure



In addition, a dedicated Risk Working Group has been established to focus on climate-related risks. The group includes members from operations, finance, commercial, legal, logistics, and sustainability teams. Meeting biannually, the group systematically assesses emerging and existing climate risks, reviews mitigation measures, and ensures that climate considerations are embedded into operational practices.

Kencana's approach is fully aligned with IFRS S2 which emphasize the governance body's role in overseeing climate-related risks and opportunities. We ensure that governance structures are designed to support effective identification, evaluation, and response to climate-related risks and opportunities.

Kencana embeds ESG accountability into our broader corporate governance structure. Sustainability risk management is overseen by the Audit and Risk Management Committee (ARC), which ensures internal controls, compliance, and accurate financial reporting are maintained while incorporating ESG performance reviews. This process supports effective oversight of sustainability impacts and outcomes.

Overall, our sustainability governance framework is designed to be dynamic and responsive, fostering transparency, accountability, and long-term resilience. By strengthening our governance foundation, Kencana ensures that ESG is not merely a compliance requirement, but a driver of performance, stakeholder trust, and sustainable growth.



Board Competency [GRI 2-17]

To further strengthen governance capabilities, Kencana ensures that the Board remains informed on sustainability trends and best practices. In 2025, members of the Board actively participated in sustainability forums and ESG training sessions. These activities support informed oversight, regulatory preparedness, and collaborative engagement with stakeholders.

The Company also collaborates with external experts, consultants, and academics to provide sustainability insights and technical guidance. These engagements help reinforce the Board's ability to integrate ESG into corporate strategy, particularly in areas such as climate change, labor rights, biodiversity, and supply chain responsibility.

Sustainability Performance and Accountability [GRI 2-18] [GRI 2-19] [GRI 2-20] [GRI 2-10]

To embed sustainability into business decision-making, Kencana Agri integrates ESG priorities into the key performance indicators (KPIs) of the board and relevant management personnel. ESG metrics are tailored to align with specific functional roles and are cascaded across departments to encourage shared responsibility and performance. This approach reinforces our commitment to sustainable business practices and supports long-term value creation for stakeholders. The Board is chaired by an Executive Chairman. The nomination and selection process, as well as remuneration policies and their determination, are disclosed in the Annual Report (AR). Board and committee evaluations are conducted internally (non-independent) on a periodic basis, with the frequency as disclosed in the Annual Report, page 23.

Stakeholder Engagement



Kencana Agri is committed to maintaining open, transparent, and inclusive stakeholder engagement as a core element of responsible business conduct and sustainable value creation. The company proactively engages with stakeholders to understand their perspectives, address their concerns, align expectations, and reinforce trust throughout our operations. Through constructive dialogue and collaboration, Kencana aims to ensure that our business activities positively contribute to economic development, social well-being, and environmental stewardship.

In an increasingly complex operating environment, proactive stakeholder engagement is critical to identifying and managing social, environmental, and ethical risks and opportunities. Since 2015, Kencana has implemented structured stakeholder engagement processes, guided by periodic materiality assessments, enabling the Company to align our sustainability priorities with stakeholder expectations and evolving regulatory and market demands.

Beyond regulatory compliance, stakeholder engagement advances Kencana's sustainability vision by facilitating the creation of shared value. Through consistent communication, consultation, and collaborative initiatives, we strengthen relationships with principal stakeholder groups, anticipate emerging issues, and integrate stakeholder insights into our decision-making processes. This approach supports continuous improvement, innovation, and operational resilience.

Stakeholder Engagement Framework

To ensure that engagement activities are consistent, effective, and outcome-oriented, Kencana employs a structured engagement framework covering the following stages:

- **Stakeholder Identification**
Identify individuals and groups that may influence or be affected by the Company's operations and decisions.
- **Stakeholder Prioritization**
Stakeholders are prioritized by influence, dependency, and relevance to the Company's sustainability objectives.
- **Engagement Planning**
Engagement plans outline communication channels, frequency, and goals for each stakeholder group.
- **Open Communication**
Regular communication channels like meetings, reports, workshops, and digital platforms ensure timely and transparent information exchange.
- **Active Listening and Feedback Integration**
Stakeholder feedback is collected and assessed, with relevant inputs incorporated into policies, programs, and operational improvements.
- **Issue Resolution**
Addressed concerns with follow-up actions to reinforce accountability and build long-term relationships.
- **Continuous Evaluation**
Engagement effectiveness is periodically reviewed to improve interactions and strengthen stakeholder trust.

Stakeholder Engagement Principles

Kencana's stakeholder engagement approach is guided by the following principles aligned with the AA1000 Stakeholder Engagement Standards (SES) 2015:

Inclusivity

Kencana engages stakeholders affected by or interested in our operations, promoting open dialogue and collaboration to build mutual understanding and relationships.

Materiality

Stakeholder engagement facilitates the identification of material sustainability issues, ensuring Kencana's strategies focus on matters that matter most to stakeholders and the business.

Responsiveness

Kencana remains responsive to stakeholder concerns by tracking environmental changes and addressing issues transparently and promptly.



04: Stakeholder engagement

Stakeholder Engagement Overview [GRI 2-29]

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

Membership Associations [GRI 2-28]

Kencana actively participates in industry associations to support responsible palm oil development and ongoing sustainability improvements. Their involvement with these associations complements their compliance with certification schemes such as ISPO, ensuring alignment with both national and international sustainability expectations.

Key memberships include:

- Gabungan Pengusaha Kelapa Sawit Indonesia (GAPKI)
- Indonesian Sustainable Palm Oil (ISPO)







Sustainability Commitment And Approach

Sustainability Framework [GRI RI 2-24]

Sustainability has been a core part of Kencana's operational approach since 2015, integrated into our main business activities as well as within subsidiaries and affiliated entities we manage. We are dedicated to implementing best management practices in alignment with relevant environmental regulations, ensuring that our operations not only support business continuity but also promote environmental responsibility and social-economic growth. Through ongoing assessment and continuous improvement, we aim to minimize our environmental impact while creating sustainable value for all stakeholders.

Kencana's sustainability framework is guided by three main pillars: environmental management, community development and social impact, and human rights and workplace initiatives. These pillars shape our efforts to protect the environment, empower local communities, and promote the rights, well-being, and growth of our workforce. By integrating these principles into our operations and decision-making, Kencana reaffirms its dedication to responsible business practices and strives to create long-term positive impacts throughout our value chain.

Kencana Sustainability Strategy

Environment Management	Community Development and Social Impact	Human Rights and Workplace
<ul style="list-style-type: none"> No deforestation of high carbon stock ("HCS") forest areas and no further land clearing of potential HCS areas until the results of the proposed HCS study are adopted. No deforestation of high conservation value ("HCV") areas. Apply a zero-burning policy for new planting and replanting. Refrain from undertaking new development on peat land of any depth. Align operations with ISPO standards and applicable RSPO principles for sustainable palm oil production, subject to annual certification review. 	<ul style="list-style-type: none"> Continually develop our plasma program based on applicable Indonesian laws and regulations. Facilitate the inclusion of qualified smallholders into the supply chain. Implement corporate social responsibility programs. Respect the rights of indigenous and local communities to give or withhold their Free, Prior, and Informed Consent (FPIC) on lands to which they hold legal, communal, or customary rights in line with applicable government regulations. Endeavor to resolve complaints and conflicts through an open transparent and consultative process. Respect land tenure rights. 	<ul style="list-style-type: none"> Respect and support the Universal Declaration of Human Rights. Respect and recognize the rights of all workers, including contract, temporary and migrant workers. Comply with minimum wage policies. Prohibit child labour and forced labour at every stage of our operations. Promote a healthy and safe working environment.



Material Topics

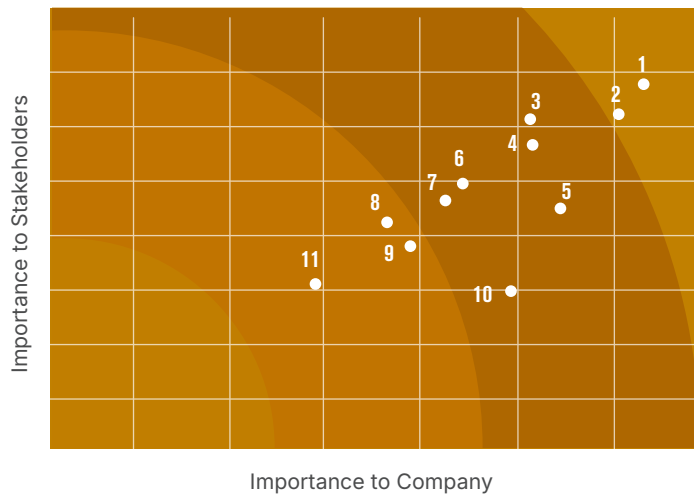
Kencana Agri conducts a structured materiality assessment to identify, evaluate, and prioritize key sustainability issues for its operations and stakeholders. This process involves engaging with internal and external stakeholders to gather diverse insights, helping the Company determine relevant ESG topics. The assessment outcomes guide Kencana Agri’s sustainability priorities and disclosures, aligning with stakeholder expectations, industry standards, and strategic goals.

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

Kencana Agri conducts its materiality assessments to identify and prioritize key sustainability issues, involving stakeholders like employees, investors, customers, suppliers, regulators, and communities. This process ensures topics reflect stakeholder expectations and changing sustainability trends, following key stages.

Identification	Stakeholder	Prioritization	Validation	Reporting
Kencana Agri determines relevant sustainability topics by assessing economic, environmental, social, and governance (ESG) considerations. The identification process draws on input from internal functions, industry developments, regulatory frameworks such as GRI and IFRS S2, as well as relevant studies and publications to ensure alignment with recognized global standards and best practices.	Kencana Agri engages a broad range of stakeholders—including employees, customers, investors, communities, suppliers, non-governmental organizations, and regulators—primarily through surveys and consultations. This engagement helps ensure that the selected material topics reflect stakeholder perspectives, expectations, and key areas of concern.	Identified topics are evaluated and prioritized based on their level of impact and strategic importance to the Company. This process enables Kencana Agri to focus on issues that are most relevant to its sustainability objectives, while ensuring that critical topics are addressed through appropriate monitoring and management actions.	The most significant material topics are subsequently reviewed and validated by Senior Management and the Board of Directors. This step ensures leadership oversight and alignment between sustainability priorities and the Company’s long-term strategic direction.	Kencana Agri discloses its material sustainability topics in this report in accordance with principles of comparability, accuracy, clarity, balance, and transparency. The disclosed topics are also mapped against the United Nations Sustainable Development Goals (UN SDGs), reflecting the Company’s contribution to global sustainability priorities.








Materiality Assessment Results








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



In 2025, Kencana did not conduct a full external materiality reassessment. Instead, the Company performed an internal review involving key departments including Sustainability, Operations, Risk Management, and Senior Management. This review confirmed that the eleven material topics identified in the previous assessment remain relevant and appropriate for our business context. Climate-related operational and financial risk continues to be ranked as the most material topic due to increasing regulatory requirements, physical risks from climate variability, and growing stakeholder expectations.

The internal review also considered emerging developments such as the IFRS Sustainability Disclosure Standards (S2), and evolving SGX reporting expectations. No significant changes to the material topics were required.

Material Issues and Strategic Commitment [GRI 3-2]	Where impact occurs				Risk/Opportunities [GRI 3-3]	Management Approach & Evaluation Parameters [GRI 3-3]	Detailed discussion in Chapter
	Head Office	Plantation with mills	Plantation	External parties			
Zero Burning & Fire Prevention 	✓	✓	✓	✓	<ul style="list-style-type: none"> Forest fires pose health & safety risk to our employees, reputational and possibly financial risks to the Group. Moreover, forest fires cause negative impacts to climate change. Adopting zero burning policies and implementation for fire prevention measures would minimize such risks. 	<ul style="list-style-type: none"> Apply a zero-burning policy in respect of new planting and replanting. Holding regular fire hazards management training and simulations. Organizing joint trainings with The Ministry of Environment and Forestry/ Manggala Agni. We conduct community socializations and encourage locals to embrace zero burning practices. Additionally, we collaborate with them to prevent fires in the area. 	Environment
Employees Training, Development Welfare  	✓	✓	✓		<ul style="list-style-type: none"> A workforce that is lack of relevant and up-to-date skills and knowledge will result in inefficiencies in operations and affect product quality. Ensuring a skilled workforce increases productivity and product quality. Enhancing our employees' skills can help them in their long-term career prospects. With employees and their families living in our estates, it is essential that well-being is taken care of. In particular, education for their children. Without proper education, children may lose competitiveness in the future workforce. Providing proper education and care to our employees' children would help them in their child development. 	<ul style="list-style-type: none"> Providing training sessions for employees at all levels and positions tailored to their respective job roles. Ensuring all employees' children in our estates have access to education. Providing child day care facilities within our estates. Encouraging our employees by awarding employees who have worked with us for 15 (fifteen) years and 25 (twenty five) years with Gold. 	Social
Socio-economic Development and Empowerment of the Local Community  	✓	✓	✓		<ul style="list-style-type: none"> Any conflict in the local community could results in reputational or financial impacts, disruption to operations. Ensuring socio-economic development and empowerment in the local community improves their quality of life and builds a better environment to live in. 	<ul style="list-style-type: none"> Implemented multiple programs enabling the local communities to earn a more sustainable income for themselves, have better healthcare and education, and enjoy proper infrastructures. 	Social
Achievement of the Company's Goals 	✓	✓	✓		<ul style="list-style-type: none"> Excelling in our business and achieving company goals is critical in maintaining our shareholders' and investors' trust and confidence. Understanding our shareholders' and investors' interest and concerns and regular engagement and reporting can enhance their trust and confidence to the Group. 	<ul style="list-style-type: none"> We hold regular engagements, informing and reporting them on the Group's progress and performance. 	Social
Occupational Health and Safety 	✓	✓	✓	✓	<ul style="list-style-type: none"> Our operations involve heavy equipment/ machinery, and any safety lapses can expose the Group to reputation and regulatory risks. Compliance to safety work procedures and anticipating any workplace hazards can help to prevent incidents in the Group. 	<ul style="list-style-type: none"> Providing regular health checks. Organizing Occupational Health & Safety (OHS) trainings. Enforce safe management measures in our workplace. 	Social

05: Sustainability Commitments and Approach

Material Issues and Strategic Commitment [GRI 3-2]	Where impact occurs				Risk/Opportunities [GRI 3-3]	Management Approach & Evaluation Parameters [GRI 3-3]	Detailed discussion in Chapter
	Head Office	Plantation with mills	Plantation	External parties			
Climate related risk and opportunities 	✓	✓	✓		<ul style="list-style-type: none"> Climate-related risks and opportunities refer to the potential impacts of climate change on an organization's operations, financial performance, and reputation. These risks and opportunities can arise from a range of factors, such as changes in weather patterns, regulatory frameworks, and consumer preferences. 	<ul style="list-style-type: none"> Kencana continues to strengthen its understanding of climate-related risks and opportunities and their potential impacts on the business and the Group's assets. The Company recognizes the importance of proactively assessing these factors in order to support informed decision-making and to develop appropriate strategies to manage risks while capturing potential opportunities. Our action plan in relation to climate-related risks and opportunities includes conducting risk assessments and engaging with stakeholders on climate-related matters. Through these efforts, the Group aims to enhance its resilience to climate-related developments and strengthen its long-term business sustainability. 	Risk Management
Diversity in The Workplace 	✓	✓	✓		<ul style="list-style-type: none"> Diversity, including gender diversity has been one of the world's spotlight when discussing on Sustainable Development. Many studies have shown that providing equal opportunity to women and facilitating more women to be able to work, can positively impact economies, particularly in emerging economies such as Indonesia. 	<ul style="list-style-type: none"> As a response to this global spotlight on gender equality, this year Kencana introduced a group-wide Board Diversity Policy. We planned to have the policy socialized to all operations in the following year. Beyond our corporate office, we continue to encourage our operations to involve more women in their local communities in our supply chain and through community development programs. 	Social
Fulfilment Of Sustainability Certification Requirement 	✓	✓	✓	✓	<ul style="list-style-type: none"> Demand for sustainable products and services are increasing and any operations that cause negative impacts to the environment, economy and people will lose their competitive advantage, resulting in loss of revenue. Achieving sustainability certification will increase our credibility and boost confidence in our customers. 	<ul style="list-style-type: none"> Adopting the principles from both ISPO, and PROPER within our operations. Conduct ISPO surveillance audit annually. Providing clear traceability to guarantee that our CPO and FFB were produced in and by reputable sources. 	Social
Ethics, Integrity, and Governance 	✓	✓	✓		<ul style="list-style-type: none"> Non-compliance to laws and regulatory requirements can erode our shareholders' and investors' trust or may cause the Group to lose the license to operate. By having a strong corporate governance in Kencana can provide assurance to our stakeholders, including investors and customers. 	<ul style="list-style-type: none"> Conducting an independent audit with the cooperation of the Audit & Risk Committee and Internal Audit team which will directly report to the Board of Directors. 	Governance
Product Quality 	✓	✓	✓		<ul style="list-style-type: none"> Our customers are highly dependent on the quality of our products that we supply to them. Product quality is a key factor in gaining customers' trust and achieving the Group's goals and targets. Consistently delivering products that meets customers' needs and requirements will increase the chances of them to select Kencana as their first choice. 	<ul style="list-style-type: none"> Ensuring GMP is implemented in a sound manner, which includes good harvesting management and block issues identification. Ensuring the continuity of product sales to maintain minimum stock. Implementing a "first in, first out" inventory management method maintains FFB freshness and integrity, with close monitoring of CPO and kernel stocks. 	Social

Material Issues and Strategic Commitment [GRI 3-2]	Where impact occurs				Risk/Opportunities [GRI 3-3]	Management Approach & Evaluation Parameters [GRI 3-3]	Detailed discussion in Chapter
	Head Office	Plantation with mills	Plantation	External parties			
Water And Effluent Management  	✓	✓	✓		<ul style="list-style-type: none"> Water is a precious natural resource and shortage of water/ water pollution can pose a risk to operations and the livelihood for employees and the local communities. A good water and effluent management can preserve our resources, ensuring efficient use and safety in the environment. 	<ul style="list-style-type: none"> Implementation of the Group's water management systems which has been designed with careful consideration and comprehensive hydrology, agronomy, and topography studies, as well as environmental and social impacts. Implementing POME management in our Wastewater Treatment Plant through Cooling Ponds, Mixing Ponds, Anaerobic Ponds, and Settling Ponds. Utilizing all of our production POME as fertilizers back into the field on areas that have already been licensed for land application. It is important to note that the Group does not discharge any of our POME into rivers. 	Environment



Climate Governance and Oversight

Kencana Agri recognizes that climate change presents both physical and transition risks that may affect plantation productivity, operational costs, supply chain reliability, and long term financial performance. The Company therefore integrates climate-related risk oversight within its corporate governance and enterprise risk management structure in alignment with IFRS Sustainability Standards S1 and S2.

Oversight of sustainability and climate-related risks resides with the Board of Directors, which is responsible for ensuring that climate considerations are incorporated into strategic decision-making, operational risk management, and capital allocation. The Board reviews climate-related risk exposures, evaluates mitigation effectiveness, and ensures alignment with the Company's long term sustainability and financial objectives.

Operational responsibility for managing climate-related risks is delegated to the Audit and Risk Management Committee, supported by a cross-functional Risk Working Group comprising representatives from operations, sustainability, finance, commercial, procurement, and legal functions. The Risk Working Group convenes biannually to systematically:

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

Through this governance structure, climate-related risks and opportunities are embedded into corporate strategy, operational planning, and financial management processes. This approach ensures that climate-related considerations are addressed consistently across the organization and that the Company remains prepared to respond to evolving environmental and regulatory conditions.

Risk Identification and Assessment

Indonesia accounts for more than half of global palm oil production and the industry is inherently sensitive to climate variability. Changes in rainfall patterns, rising temperatures, and extreme weather events may directly influence crop productivity, harvesting cycles, logistics reliability, and plantation infrastructure.

Kencana Agri operates plantations and palm oil processing facilities across several regions in Indonesia. Each operational area has unique climate characteristics and environmental conditions that influence the type and severity of climate related risks faced by the Company.

To manage these risks, Kencana Agri implements a structured climate risk identification and assessment process that is integrated within the Company's enterprise risk management framework. The process evaluates both physical and transition risks based on their likelihood, potential operational disruption, and possible financial implications.

Operational monitoring conducted during 2025 provided additional insights into the Company's exposure to climate-related risks. During the reporting year, several estates experienced periods of heavy rainfall and prolonged wet conditions, resulting in flooding, localized operational disruptions, and damage to certain trees. In addition, estate roads were affected by the intense rainfall, causing temporary delays in the transportation of Fresh Fruit Bunches (FFB). These conditions led to increased operational costs, particularly in relation to infrastructure repairs, maintenance, and logistics management.

In light of these observations, the Company has considered the potential impacts of physical climate-related risks as part of its ongoing risk monitoring processes, including the assessment of potential financial exposures in the preparation of the financial statements.

Despite these operational challenges, mill operations remained stable with no recorded mill downtime, and plantation health indicators such as abortive fruit formation, flowering abnormalities, and leaf stress did not show significant deterioration during the reporting period. These findings indicate that while climate variability is beginning to influence operational efficiency, the Company's plantation assets demonstrated resilience during the year.

Water management monitoring also identified localized excess water conditions in certain estates located in East Kalimantan. The Company responded by strengthening drainage systems and enhancing water management practices to maintain plantation productivity and reduce operational risk.

These operational observations are incorporated into the Company's ongoing climate risk assessment process, enabling management to continuously refine mitigation strategies and improve operational resilience.

Climate Sensitivity Analysis for the Palm Oil Industry in Indonesia

Palm oil production is highly dependent on stable climatic conditions. Oil palm trees require consistent rainfall, moderate temperatures, and stable soil moisture conditions to maintain optimal productivity.

Changes in these environmental conditions may affect fruit development, oil extraction rates, harvesting cycles, and plantation infrastructure. As a result, even moderate climate variability may influence plantation performance and operational efficiency.

Climate Sensitivity Factors

Climate Factor	Impact on Palm Oil Industry
Temperature rise	Higher temperatures may stress oil palm trees and reduce fruit development and oil content
Rainfall variability	Insufficient rainfall may lead to drought related yield declines while excessive rainfall may cause flooding and harvesting delays
El Niño events	Prolonged drought conditions may reduce Fresh Fruit Bunch production by 10 to 30 percent
Extreme weather	Storms and floods may damage plantation infrastructure and disrupt transport logistics
Soil moisture changes	Reduced soil moisture retention may affect crop productivity and increase irrigation requirements

Operational monitoring in 2025 confirmed that rainfall variability represents one of the most relevant climate risk factors affecting plantation operations. Heavy rainfall conditions affected logistics efficiency and infrastructure maintenance, particularly in plantation road networks. However, plantation productivity indicators remained generally stable during the reporting period.

Climate Related Risks and Mitigation Measures

Physical Risks

Risk Type	Risk Category	Description	Potential Impacts	Mitigation Measures
Physical Risk	Acute	Increased frequency and severity of extreme weather events including heavy rainfall, floods, droughts, and storms	Reduced crop yields, damaged trees, operational disruption, infrastructure damage, increased operating costs	Drainage infrastructure improvements, water management systems, infrastructure reinforcement, weather monitoring
Physical Risk	Chronic	Long term climate pattern changes including rainfall variability and temperature increases	Yield variability, soil erosion, increased plantation maintenance costs	Climate resilient agronomic practices, soil conservation programs, water retention management

Operational monitoring during 2025 indicates that rainfall related infrastructure stress represents the most immediate physical climate risk to plantation operations.

Transition Risks

Risk Category	Description	Potential Impacts	Mitigation Measures
Policy and regulatory	Increasing sustainability disclosure requirements and environmental regulations	Increased compliance costs and reporting obligations	Implementation of IFRS aligned sustainability reporting and certification programs
Market	Growing demand for sustainably produced palm oil	Market access risks for producers that do not meet sustainability expectations	Expansion of certification and sustainable production practices
Technology	Adoption of climate resilient agricultural technologies	Capital investment and training requirements	Precision agriculture adoption and mechanization
Reputation	Increasing stakeholder scrutiny regarding environmental performance	Potential reputational risk and investor confidence impacts	Transparent ESG disclosure and stakeholder engagement

Climate Related Opportunities

While climate change introduces operational risks, it also creates opportunities for companies that invest in climate resilience and sustainable agricultural practices.

Opportunity Category	Description	Potential Impacts	Strategic Measures
Resource efficiency	Increased use of renewable and biomass energy	Lower energy costs and reduced reliance on fossil fuels	Utilization of biomass residues from palm oil processing
Products and markets	Growing demand for certified sustainable palm oil	Improved market access, premium pricing, and stronger brand positioning	Sustainability certification and responsible production
Resilience and adaptation	Climate adaptive plantation management	Yield stability and operational continuity	Climate scenario analysis and agronomic innovation

Climate Related Risks by Operational Region (GRI 201-2)

Kencana Agri's plantations are located across several regions in Indonesia with different climate risk profiles. This regional climate risk assessment enables the Company to prioritize mitigation investments and operational monitoring in areas with higher climate exposure.

Operational Region	Key Climate Risks	Operational Exposure	Mitigation Strategy
Sumatra (Bangka Belitung)	Rainfall variability, drought during El Niño periods	Plantation productivity and soil moisture stability	Water conservation practices and resilient planting materials
Kalimantan (South, East, North)	Heavy rainfall, flooding risk, haze events	Infrastructure disruption and logistics delays	Drainage systems, fire prevention programs, road reinforcement
Sulawesi (Central Sulawesi and Gorontalo)	High rainfall intensity and persistent humidity	Flooding risk and pest pressure	Flood resilient infrastructure and integrated pest management
Corporate level (Jakarta and Singapore)	Climate disclosure and regulatory developments	ESG governance and financial disclosure obligations	Climate governance oversight and IFRS aligned reporting

Climate Risk Heatmap by Operational Region

This simplified heatmap summarizes the relative exposure of each operational region to major climate risks identified through the Company's risk assessment process. The table presents a qualitative overview of climate-related risks across the Company's key operational regions, based on regional climate vulnerability patterns identified in the BAPPENAS Indonesia Climate Change Sectoral Roadmap and supplemented by the Company's operational risk assessment. This regional perspective supports the Company's approach to identifying location-specific climate risks and developing targeted mitigation and adaptation strategies to strengthen operational resilience.

Region	Flood Risk	Drought Risk	Extreme Rainfall	Logistics Disruption	Pest and Disease
Sumatra	High	High	Medium	Medium	Medium
Kalimantan	High	Medium	High	High	Medium
Sulawesi	Low	Medium	Medium	Medium	High
Corporate Level (Jakarta)	Medium	Low	Medium	Medium	Low

Climate Scenario Analysis

Kencana Agri conducts qualitative climate scenario analysis based on the Network for Greening the Financial System scenarios to evaluate potential impacts of different climate transition pathways on the Company's operations and financial performance.

The analysis considers three scenarios:

NGFS Scenario	Key Characteristics	Potential Impacts on Kencana Agri Operations and Business	Our Strategic Response
Orderly Transition (1.5 – 2°C alignment)	<ul style="list-style-type: none"> Gradual regulatory shifts Incremental adoption of low carbon technologies Predictable transition policies and investor expectations 	<ul style="list-style-type: none"> Low compliance costs Need for ongoing technology investments such as precision agriculture Changing market demand toward sustainable products Growth of green finance expected over time as banks increasingly align with ASEAN and Indonesia Green Taxonomies, directing capital toward climate resilient investments including sustainable palm oil 	<ul style="list-style-type: none"> Accelerate ISPO certification by 2030 Gradual introduction of sustainable agricultural practices such as drones and biological controls Enhance precision agriculture and mechanization including fertilizer spreaders and drone technology Strengthen governance oversight through the Audit and Risk Management Committee Align operations with emerging green taxonomies, strengthen ESG credentials, and develop a pipeline of sustainable projects to access green finance opportunities

05: Sustainability Commitments and Approach

NGFS Scenario	Key Characteristics	Potential Impacts on Kencana Agri Operations and Business	Our Strategic Response
Disorderly Transition (Late Action Scenario)	<ul style="list-style-type: none"> • Sudden implementation of stringent climate policies • Significant disruptions in markets and supply chains • High carbon price volatility 	<ul style="list-style-type: none"> • Moderate compliance and operational costs • Heavy capital investment requirements • Potential market access disruptions due to rapid policy changes • Volatile pricing for key resources such as fertilizer and fuel • Green finance growth expected over time as banks increasingly align with ASEAN and Indonesia Green Taxonomies, directing capital toward climate resilient investments including sustainable palm oil 	<ul style="list-style-type: none"> • Accelerate ISPO certification across all plantations by 2030 • Immediate implementation of robust emissions monitoring and reporting aligned with IFRS S2 guidelines (paragraphs 21–23) • Strengthen cross functional Risk Working Group coordination • Enhance stakeholder communication to maintain transparency and trust • Align with green taxonomies and strengthen ESG credentials to access emerging sustainable finance opportunities
Hot House World (High emissions scenario, >3°C warming)	<ul style="list-style-type: none"> • Limited global action on climate change • Severe increase in physical climate risks including extreme weather and chronic climate shifts • Long term adverse impacts on agricultural productivity 	<ul style="list-style-type: none"> • Disruption to harvesting, transport, and mill operations from floods, droughts, and extreme weather. • Yield volatility from rising temperatures and changing rainfall patterns. • Higher pest and disease pressure increasing plantation costs. • Water stress affecting estates, mills, and nearby communities. • Damage to roads, bridges, and operational assets increasing repair costs. • Tighter buyer requirements potentially affecting market access. • Higher financing and insurance costs from growing climate scrutiny. 	<ul style="list-style-type: none"> • Upgrade drainage, roads, water storage, and critical estate infrastructure. • Apply climate-smart agronomy, fertiliser optimisation, and replanting strategy. • Strengthen pest and disease management programmes. • Improve water efficiency, storage, and watershed management. • Enhance emergency response and business continuity readiness. • Advance ISPO certification, traceability, and responsible sourcing. • Embed climate risk into ERM, capital planning, and stakeholder engagement.



Operational Climate Impact in 2025

Operational monitoring during 2025 indicates that climate variability had measurable effects on plantation infrastructure and logistics operations. While plantation productivity indicators remained stable, certain operational activities were affected by heavy rainfall and prolonged wet conditions.

Several estates reported infrastructure pressure related to high rainfall intensity, particularly affecting estate roads and Fresh Fruit Bunch transportation. Temporary transport delays occurred in certain locations due to road conditions following intense rainfall events. These disruptions required additional operational interventions such as road maintenance and equipment deployment to maintain harvesting and transport continuity.

Water management monitoring also identified flood and localized excess water conditions in several estates located in East Kalimantan. In response, the Company strengthened drainage systems and implemented additional water management measures to maintain soil stability and protect plantation productivity.

Despite these operational challenges, mill processing activities remained stable during the reporting period with no recorded mill downtime. Plantation health indicators including abortive fruit formation, flowering development, and leaf stress also remained within normal operational ranges.

These observations indicate that while climate variability has begun to influence operational efficiency, the Company's plantation assets demonstrated resilience during the year. The operational insights from 2025 are integrated into the Company's ongoing climate risk assessment process and inform future infrastructure planning, agronomic management, and capital investment decisions.

Climate Factor	Operational Impact	Business Implication	Response Measures
Heavy rainfall	Estate road damage in several plantations	Temporary transport delays and higher maintenance costs	Road maintenance and reinforcement
Prolonged wet conditions	Logistics disruption during harvesting periods	Increased operational management effort	Improved transport coordination
Excess water conditions in certain estates	Localized drainage pressure, flood	Potential soil instability if unmanaged, damaged trees	Strengthened drainage and water management systems
Rainfall driven fruit maturation	Shift in harvesting timing	Operational adjustments in harvesting schedules	Adaptive agronomic planning

Incorporating Climate Considerations into Corporate Planning

Kencana Agri integrates insights from climate risk assessments and scenario analyses into its strategic planning, operational risk management, and capital allocation processes.

Climate related considerations inform operational priorities including infrastructure maintenance, plantation water management, and agronomic planning. Operational observations from 2025, including rainfall related logistics disruption and localized water management challenges, have been incorporated into ongoing risk monitoring and operational planning activities.

The Audit and Risk Management Committee, supported by the Risk Working Group, periodically reviews climate risk assessments and mitigation strategies. This oversight structure ensures that climate related risks and opportunities are integrated into corporate governance, operational management, and financial decision making processes.

Through this integrated approach, Kencana Agri continues to strengthen operational resilience while positioning the Company to respond effectively to evolving climate related challenges.



Environmental Management and Compliance

“Sustainability underpins our growth strategy, driving responsible resource management, biodiversity protection, and continuous efforts to reduce our environmental footprint.”

Environmental Stewardship and Long-Term Value Creation

For Kencana Agri, environmental sustainability is fundamental to safeguarding long-term operational resilience and value creation. Agricultural performance is closely linked to natural conditions—including soil integrity, water availability, ecosystem health, and climate variability—which directly influence productivity and business continuity. As such, environmental considerations are integrated into strategic planning, risk management, and operational execution across our plantations and mills.

Our sustainability approach focuses on managing environmental impacts while supporting responsible growth. Through disciplined resource management, efficiency improvements, and impact mitigation measures, we seek to reduce our environmental footprint without compromising operational performance. Particular attention is given to waste management, effluent control, and chemical handling to prevent environmental degradation and protect biodiversity, ecosystems, and surrounding communities. This integrated approach enables Kencana Agri to operate responsibly while adapting to evolving environmental and regulatory expectations.

Environmental Governance and Management Framework [GRI 2-23]

Environmental oversight at Kencana Agri is anchored by our Environmental Sustainability Policy, which establishes clear principles, responsibilities, and controls for managing environmental risks and impacts. The policy provides a structured foundation for our environmental management framework, ensuring consistent implementation across operations and alignment with applicable regulations.

Supporting this policy are systems and procedures designed to optimize the use of natural resources, monitor environmental performance, and maintain regulatory compliance. We place strong emphasis on meeting all relevant environmental laws, permits, and industry requirements, while continuously strengthening internal controls and monitoring mechanisms. The policy is structured around nine key focus areas that guide implementation and performance management, as outlined below.

To reinforce accountability and performance consistency, Kencana Agri aligns its environmental practices with recognised national and international standards. These include PROPER, ISPO, the Law of the Republic of Indonesia No. 5/1990 on the Conservation of Biological Resources



and Their Ecosystems, and Good Agricultural Practices (GAP). Regular benchmarking against these frameworks supports continuous improvement and ensures alignment with stakeholder and regulatory expectations.

Energy Use and Operational Efficiency [GRI 302-1, 302-3, 302-5]

Managing Energy Demand Across Operations

Energy management is a material focus area for Kencana Agri, given the energy-intensive nature of plantation and milling activities. Machinery and equipment account for a significant share of total energy consumption, making operational efficiency and performance optimization critical priorities. To manage energy demand, we implement initiatives aimed at improving efficiency, reducing avoidable consumption, and strengthening maintenance practices to ensure optimal equipment performance.

Routine and preventive maintenance programs play a key role in minimizing energy losses, extending asset life, and reducing the risk of operational disruptions. In parallel, we continue to assess opportunities for alternative energy sources that can support both efficiency improvements and emissions reduction over time.

Renewable energy remains an important component of our energy profile, with biomass derived from mill by-products, such as shells and fiber, providing a substantial portion of energy used in operations. Additional energy sources include generator fuel, heavy equipment, light vehicles, and electricity purchased from the grid.

Energy Consumption [GRI 302-1]

Energy Sources	2023		2024		2025	
	Volume	GJ	Volume	GJ	Volume	GJ
BIOMASS						
Shells (tonnes)	48,207	761	42,779	675	48,690	768
Fibre (tonnes)	97,689	1,189	99,179	1,208	114,912	1,399
Total Electricity Generated from Biomass	145,896	1,950	141,958	1,883	163,601	2,167
NON RENEWABLES						
Diesel-vehicles, machineries, housing (litres)	2,281,358	81,901	1,759,480	63,165	3,509,148	125,978
Diesel-electricity generation (litres)	1,489,770	53,483	1,574,927	56,540	1,961,989	70,435
Total Non Renewables	3,771,128	135,384	3,334,407	119,705	5,471,137	196,414
THIRD PARTY ELECTRICITY						
Grid Electricity from PLN (KWH)	1,766,363	63,589	2,203,357	79,321	2,061,233	74,204
TOTAL ENERGY CONSUMPTION		200,923		200,909		272,786

Note: The 2025 data is derived from 12 subsidiaries, whereas the 2023–2024 data is derived from 7 subsidiaries.

Energy Intensity [GRI 302-3]

	UNIT	2023	2024	2025
Total Energy Consumption	GJ	200,923	200,909	272,786
Total Oil Production	MT	171,467	163,489	187,295
Energy Intensity based on Oil Production	GJ/MT	1.17	1.23	1.46
Total FFB Processed	MT	818,624	767,321	903,883
Energy Intensity based on FFBs Processed	GJ/MT	0.25	0.26	0.30





Climate Emissions Management and Performance

[GRI 305-4]

Climate Risk, Emissions Oversight, and Future Readiness

Climate change presents material physical and transition risks to agricultural operations, including increasing climate variability that may affect yields, operational stability, and surrounding communities. Greenhouse gas (GHG) emissions management is therefore embedded within Kencana Agri's broader environmental governance framework, with policies and operational controls designed to reduce emissions while strengthening long-term resilience.

Our approach prioritises emissions avoidance and reduction at source, particularly through land-use controls, energy management, and operational efficiency. At the same time, we are strengthening systems and data capabilities to support broader emissions coverage in future reporting periods.

Land Use Controls and Emissions Avoidance

Responsible land-use management is central to our emissions strategy. Kencana Agri maintains a strict prohibition on new development on peatland and upholds zero-deforestation and zero-burning commitments across all land preparation activities. These measures are critical in preventing emissions associated with land-use change and protecting high-carbon ecosystems.

By embedding these commitments into operational planning and monitoring, we aim to avoid emissions before they occur, supporting both environmental protection and regulatory compliance.

Operational Emissions Reduction Measures

Emissions reduction initiatives focus on practical, operational actions with measurable impact. Biomass derived from mill by-products is utilised both as organic fertilizer and as a renewable fuel source for generators and boilers, reducing dependence on fossil fuels. Additional measures include optimising fertilizer application, reducing diesel fuel use, and transitioning selected residential and operational facilities from diesel-powered generators to the national electricity grid.

These initiatives contribute to lowering both absolute emissions and emissions intensity while supporting operational efficiency.

Driving Operational Decarbonisation Through Integrated Emission Reduction Measures

Kencana Agri continues to implement targeted operational measures to reduce greenhouse gas (GHG) emissions across its plantation and milling activities, focusing on energy efficiency, fuel substitution, and resource optimisation. These initiatives address key emission sources across the operational value chain and are embedded within day-to-day estate and mill practices.

Key emission reduction measures implemented include:

- **Heat Recovery Optimisation (Economiser Systems)**
Reuse of waste heat from boiler exhaust gases to support sterilisation processes, improving thermal efficiency, reducing fuel consumption, and lowering direct CO₂ emissions from mill operations.
- **Logistics and Transportation Efficiency**
Implementation of optimised Fresh Fruit Bunch (FFB) transportation routes, including double handling route arrangements, to reduce diesel consumption and associated emissions.
- **Biomass Utilisation as Renewable Fuel**
Use of palm kernel shells and fibre as biomass fuel in boilers, reducing reliance on fossil fuels and supporting a lower-carbon energy mix within mill operations.
- **Integrated Pest Management (IPM)**
Application of biological pest control methods, including the use of natural predators and host plants, to reduce dependency on chemical pesticides and minimise environmental impact.
- **Precision Application Technology (Emdek Turbo Mini Spreader)**
Deployment of precision equipment to optimise fertilizer and agrochemical application, ensuring accurate dosage, reducing excess chemical use, and lowering indirect emissions from over-application.

Through these integrated measures, Kencana Agri strengthens control over operational emission sources, enhances resource efficiency, and reduces environmental impact. This approach supports the Company's broader climate commitments while reinforcing resilience and sustainability performance in an increasingly carbon-conscious operating environment.

Emissions Measurement, Intensity Tracking, and Scope 3 Readiness

Kencana Agri tracks emissions performance using GHG intensity metrics that measure emissions relative to production output, enabling consistent monitoring and comparison over time. GHG calculations are conducted in line with GHG Protocol standards and guidance, with alignment to ISPO GHG Calculation methodology version 9.1.

In 2025, emissions were calculated, where GHG emissions (Scope 1, Scope 2, and biogenic emissions) have been calculated across all subsidiaries using an enhanced and consistently applied methodology, and internally reviewed to ensure accuracy and reliability. In parallel, we are enhancing data management systems, supplier engagement processes, and methodological alignment to support future assessment and disclosure of relevant Scope 3 emission categories as data availability and reliability improve. **[GRI 305-3]**

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

Description	Units	2025	2024	2023
Scope 1 (Direct emissions from operational owns or controls)	Ton CO ₂ eq	305,783	305,559	*
Scope 2 (Indirect emissions from purchased energy)	Ton CO ₂ eq	2,177	2,359	*
Total Emission (Scope 1+Scope 2)	Ton CO₂ eq	307,960	307,918	72,286
Emission Intensity (Scope 1+Scope 2)	Ton CO₂ eq/ton CPO produced	1.64	1.88	0.42

Note: * The breakdown of emissions into Scope 1 and Scope 2 was not available for 2023.

Emission Intensity (per unit production)

1.64 tCO₂eq / ton CPO (2025)

YoY: -12.8% (2024→2025)

NDC BAU annual growth rate: +0.4%/year (2010–2030) implying efficiency gains required to decouple



Air Emissions Management and Compliance

[GRI 305-7]

Biogenic GHG Emissions

Description	Units	2025	2024	2023
Biogenic	Ton CO ₂ eq	151,316	131,235	*

Note: *Biogenic emissions have been calculated and disclosed starting from 2024.

Managing Air Quality Risks Across Operations

Air quality management forms an important part of Kencana Agri's environmental risk control framework, particularly in areas where plantation and milling activities may generate atmospheric emissions. To manage these risks, we implement routine monitoring across all estates and mill zones, focusing on key regulated pollutants such as sulfur dioxide, carbon monoxide, and nitrogen dioxide.

This monitoring enables early identification of potential exceedances and supports timely corrective action, ensuring continued protection of employee health, surrounding communities, and the environment.

Monitoring Outcomes and Regulatory Alignment

Air quality monitoring results are regularly assessed against applicable regulatory thresholds established by local authorities and the Ministry of Environment and Forestry of Indonesia. Monitoring outcomes provide assurance that operational emissions remain within permitted limits and inform ongoing improvement measures.

As of the end of 2025, air quality assessments confirmed that all operational sites were in compliance with Indonesia's air quality and air pollution control standards. This performance reflects Kencana Agri's continued commitment to minimizing atmospheric emissions and maintaining responsible environmental practices across operations.

07: Environmental Management and Compliance

PT	Average			Quality Standard	Unit
	Source	Parameter	Total		
Sawindo Kencana	Down Wind	SO ₂	30.6	150	µg/Nm ³
		CO	1145.1	10,000	µg/Nm ³
		NO ₂	26.6	200	µg/Nm ³
Belitung Energy	Down Wind	SO ₂	26.4	150	µg/Nm ³
		CO	1145.1	10,000	µg/Nm ³
		NO ₂	17.55	200	µg/Nm ³
Indotruster	Down Wind	SO ₂	28.65	150	µg/Nm ³
		CO	1145.1	10,000	µg/Nm ³
		NO ₂	22.3	200	µg/Nm ³
Alamraya Kencana Mas	Down Wind	SO ₂	35	150	µg/Nm ³
		CO	632	10,000	µg/Nm ³
		NO ₂	21.5	200	µg/Nm ³
Agro Inti Kencana Mas	Down Wind	SO ₂	34	150	µg/Nm ³
		CO	632	10,000	µg/Nm ³
		NO ₂	25.5	200	µg/Nm ³
Agro Sawitmas Lestari	Down Wind	SO ₂	26.5	150	µg/Nm ³
		CO	632	10,000	µg/Nm ³
		NO ₂	14.5	200	µg/Nm ³
Sawit Kaltim Lestari	Down Wind	SO ₂	45	150	µg/Nm ³
		CO	632	10,000	µg/Nm ³
		NO ₂	13	200	µg/Nm ³
Agri Eastborneo Kencana	Down Wind	SO ₂	39	150	µg/Nm ³
		CO	632	10,000	µg/Nm ³
		NO ₂	12	200	µg/Nm ³
Agrojaya Tirta Kencana	Down Wind	SO ₂	25	150	µg/Nm ³
		CO	632	10,000	µg/Nm ³
		NO ₂	13.5	200	µg/Nm ³
Delta Subur Permai	Down Wind	SO ₂	35.9	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	33.05	200	µg/Nm ³
Sawindo Cemerlang	Down Wind	SO ₂	31.5	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	27.7	200	µg/Nm ³
Wira Mas Permai	Down Wind	SO ₂	31.4	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	27.75	200	µg/Nm ³
Langgeng Nusa Makmur	Down Wind	SO ₂	31.95	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	26.1	200	µg/Nm ³
Loka Indah Lestari	Down Wind	SO ₂	36	150	µg/Nm ³
		CO	797.5	10,000	µg/Nm ³
		NO ₂	37.01	200	µg/Nm ³
Sawit Tiara Nusa	Down Wind	SO ₂	29.01	150	µg/Nm ³
		CO	752.5	10,000	µg/Nm ³
		NO ₂	31.5	200	µg/Nm ³

Ambient air quality monitoring in 2025 was conducted at downwind locations to represent areas potentially impacted by operational activities, covering parameters SO₂, NO₂, and CO. The reported values represent the average of two monitoring periods conducted during the year, with all individual measurements remaining below the applicable regulatory standards in accordance with Government Regulation of the Republic of Indonesia No. 22 of 2021 on Environmental Protection and Management. The results indicate that emission levels are effectively managed and operational impacts remain controlled, while upwind monitoring was performed as a baseline reference to support comparative analysis and confirm that ambient air quality conditions remain within acceptable limits.



Water Resources Management and Performance

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



Water Risk Management and Resource Stewardship

Effective water management is essential to the long-term sustainability of Kencana Agri's operations. Water availability and quality directly influence agricultural productivity, ecosystem health, and community well-being. Our water stewardship approach focuses on reducing consumption, preventing contamination, and safeguarding local water resources through systematic monitoring and responsible operational controls.

Water Sourcing and Site Context

Kencana Agri sources water exclusively from surface water bodies, primarily rivers and reservoirs, and does not extract groundwater. This approach supports the preservation of groundwater reserves and helps maintain local ecological balance. Our estates in Sumatra and Kalimantan are located in areas classified as low water-stress regions, reflecting lower population density and industrial activity relative to other parts of Indonesia.

Prior to mill development, comprehensive Environmental Impact Assessments (EIAs) were conducted to evaluate potential risks related to water availability, discharge quality, and ecosystem impacts. These assessments inform site-specific water management strategies and infrastructure design.

Operational Controls, Monitoring, and Water Efficiency

Water use and discharge at milling operations are governed by strict quality control and monitoring requirements to ensure compliance with applicable environmental standards. Advanced modelling and simulation tools are applied to design water management systems tailored to local conditions, enabling efficient water use while safeguarding discharge quality.

Operational measures include water reduction, recirculation, and reuse initiatives, supported by wastewater treatment systems integrated into broader waste management processes. Monitoring wells are installed in surrounding areas to track water quality and support early detection of potential impacts.

Beyond process controls, landscape-level measures, such as terracing, water gate systems, and cover crop planting are implemented to improve water retention, manage erosion, and reduce flood risk, particularly during dry periods.

Water Use Performance and Efficiency Trends

During 2025, total water withdrawal increased to 1,434,529 cubic meters, primarily sourced from reservoirs, with the remainder drawn from adjacent river systems. The increase in total water consumption was mainly driven by higher operational activity and a significant rise in Fresh Fruit Bunch (FFB) processing volumes. In addition, the data for this year has been collected from all subsidiaries operated, providing a more comprehensive representation of the Group's water usage.

Despite this increase, the Company achieved improved water efficiency, as reflected by a reduction in water intensity to 1.59 cubic meters per ton of FFB, compared with 2024 water intensity performance of 1.61 cubic meters per ton of FFB, representing an 1.2% improvement year-on-year. This indicates that water use grew at a slower rate than production, demonstrating continued progress in operational efficiency and responsible water management.

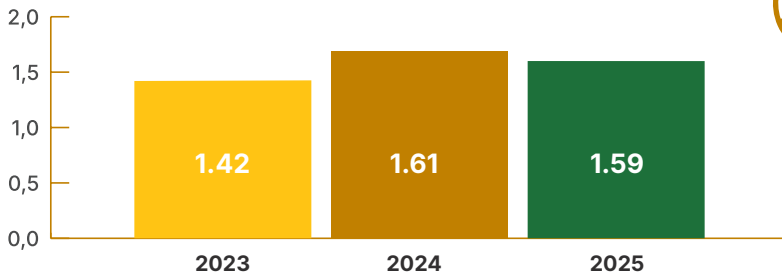
Water Withdrawal [GRI 303-3][GRI 303-5]

Operational Region	Main Water Source	Unit	2023	2024	2025
Bangka	Reservoir (Recycled)	m ³	208,067	225,968	233,236
South Kalimantan	River (Potable)	m ³	208,690	223,942	224,365
East Kalimantan	Reservoir (Recycled)	m ³	655,529	524,848	629,519
North Kalimantan	Reservoir (Recycled)	m ³			541
Central Sulawesi	River (Potable)	m ³	93,514	94,538	160,681
Gorontalo	River (Potable)	m ³		167,208	186,187
Total Water Consumption		m ³	1,165,800	1,236,505	1,434,529
Total FFB Processed		Ton	818,624	767,321	903,883
Water Intensity		m ³ /ton FFB	1.42	1.61	1.59

Note:

- All operational areas are categorized as non-water stress areas - based on Asian Development Bank: Indonesia Water Studies (2019).
- All water withdrawal is freshwater with TDS <=1000 mg/L.
- Water consumption figures presented in this report are calculated using a different methodology from the Annual Report. The variation reflects adjustments in operational boundaries and data consolidation approaches to better represent actual water usage across the Group.
- In 2025, data has been collected from 12 subsidiaries in accordance with the defined reporting scope, while in 2023 - 2024, the data collected from 7 subsidiaries.

Water Intensity (m³ per ton FFB)



1.2%

improvement year-on-year for water intensity per ton FFB processed, indicating that water use grew at a slower rate than production, demonstrating continued progress in operational efficiency and responsible water management.





Waste and By-Product Management Across Operations

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

Integrated Waste Governance and Operational Controls

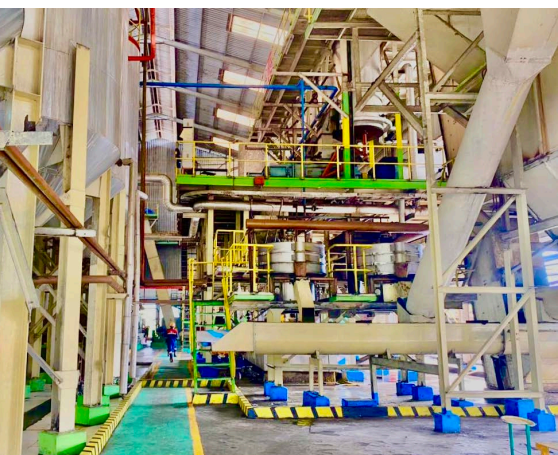
Waste management is a core component of Kencana Agri's environmental management framework, supporting regulatory compliance, operational efficiency, and community trust. Across plantations and mills, structured systems are in place to reduce waste generation, promote reuse and recycling, and ensure safe handling and disposal where necessary. Engagement with local authorities and surrounding communities forms part of this approach, supporting transparency and timely resolution of waste-related concerns.

During 2025, no material complaints were recorded in relation to waste management practices, reflecting the effectiveness of existing controls and stakeholder engagement processes.

Valorisation of Plantation and Mill By-Products

Palm oil operations generate a range of organic by-products, including empty fruit bunches (EFB), mesocarp fiber, and palm kernel shells. Rather than treating these materials as waste, Kencana Agri prioritises their productive use within a circular resource model.

EFB is applied as mulch to improve soil structure, enhance nutrient retention, and suppress weed growth, while mesocarp fiber and shells are utilised as renewable fuel sources for energy generation. These practices reduce reliance on external inputs and contribute to improved resource efficiency across operations.



07: Environmental Management and Compliance



Palm oil mill effluent (POME) is processed and utilised as organic fertilizer, supporting nutrient recycling and improved crop productivity. This approach reduces waste volumes while delivering agronomic benefits.

POME Management, Monitoring, and Environmental Safeguards

The management and utilisation of Palm Oil Mill Effluent (POME) are governed by strict operational procedures and regular monitoring to ensure compliance with environmental standards across all operational sites.

In 2025, the Company generated 708,952 cubic meters of POME, all of which was fully utilised through land application as organic fertilizer, with no discharge into surface water bodies. The increase in POME volume compared to 2024 (583,391 m³) was in line with higher Fresh Fruit Bunch (FFB) processing volumes, reflecting increased operational activity.

The Company continuously monitors key quality parameters, including Biological Oxygen Demand (BOD), which remained well below regulatory thresholds, demonstrating the effectiveness of treatment processes and application controls.

Through this approach, Kencana Agri reinforces commitment to circular resource use, pollution prevention, and responsible waste management, while supporting soil health and reducing reliance on synthetic fertilizers.

Palm Oil Waste [GRI 306-3][GRI 306-4] [GRI306-5]	Utilisation	Unit	Total Amount Recovered & Recycled		
			2023	2024	2025
Empty Fruit Bunches	Fertilizer & biomass fuel	Ton	140,205	152,329	140,499
Mesocarp Fibres	Biomass fuel	Ton	97,689	99,179	114,912
Shells	Biomass fuel	Ton	48,207	42,779	48,690
Palm oil mill effluent (POME) - Land Application	Fertilizer	m3	659,464	583,391	708,952

Operations	2025		Outlet Regulated Max. Quality Standard	Unit	Outlet discharge destination
	Inlet	Outlet			
Sawindo Kencana	9,180	948	5,000	mg/L	Land application to soil as fertilizers
Alamraya Kencana Mas	21,180	958	5,000	mg/L	
Agro Inti Kencanamas	18,715	664	5,000	mg/L	
Sawit Kaltim Lestari	15,377	990	5,000	mg/L	
Agri Eastborneo Kencana	26,885	1,631	5,000	mg/L	
Delta Subur Permai	20,954	328	5,000	mg/L	
Loka Indah Lestari	18,251	430	5,000	mg/L	
Average POME Biological Oxygen Deman (BOD)	18,715	920			

Hazardous Waste Control and Regulatory Compliance

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

Hazardous Waste Risk Identification and Oversight

Certain hazardous waste streams arise unavoidably from plantation, milling, and supporting activities. These include used oils and lubricants, contaminated materials, batteries, filters, empty chemical containers, electronic consumables, and medical waste generated from on-site health facilities. Given the potential environmental and occupational risks, Kencana Agri manages hazardous waste under a structured control framework that prioritises safety, traceability, and full regulatory compliance.

Segregation, Storage, and Internal Controls

Hazardous waste handling is governed by detailed Standard Operating Procedures (SOPs) that ensure waste is properly segregated, clearly labelled, and stored in designated temporary storage facilities. These facilities are designed to minimise risk and are equipped with fire-resistant structures, spill containment systems, alarm mechanisms, fire suppression equipment, emergency eyewash stations, and first aid provisions.

Routine inspections and oversight by relevant environmental authorities provide external assurance that storage practices remain compliant with regulatory requirements, with all facilities operating under valid permits.

Treatment, Disposal, and Traceability Assurance

Final treatment and disposal of hazardous waste are carried out exclusively through licensed third-party service providers with certified capabilities in waste treatment, recycling, and transportation. Medical waste is managed separately and securely incinerated through authorised healthcare partners to eliminate contamination risks.

All hazardous waste movements are documented through official manifests issued by service providers and submitted to the Ministry of Environment and Forestry, ensuring full traceability and accountability throughout the disposal process.

Capability Building and Performance Monitoring

To maintain effective implementation, on-site Health and Safety Officers receive regular training to monitor compliance, enforce procedures, and respond to potential incidents. During 2025, total hazardous waste generated amounted to 26,393 kilograms, with no significant spill incidents recorded. This performance reflects the effectiveness of Kencana Agri's hazardous waste controls and its continued commitment to safe, compliant, and responsible waste management.



Type of Hazardous Waste	2025	%
	(Kg)	
Used Lubricant	17,861.4	67.86%
Used Battery	4,982.3	18.77%
Gloves and Cloth	681.5	2.57%
Contaminated container	982.1	3.70%
Used filter	1,769.9	6.66%
Lamp	2.4	0.01%
Medical waste	113.0	0.43%
TOTAL	26,392.5	100%



Integrated Pest Management and Ecosystem-Based Controls

Managing Agricultural Risks Through Sustainable Practices

Effective pest management is essential to maintaining crop health, productivity, and long-term land sustainability. Uncontrolled pest populations, particularly rodents and insects, pose material operational risks if not managed appropriately. At Kencana Agri, pest control is approached through environmentally responsible methods that minimise reliance on chemical pesticides while supporting ecosystem balance.

Our Integrated Pest Management (IPM) framework applies a hierarchy of controls, prioritising mechanical and biological interventions, with chemical treatments used only where necessary and under controlled conditions. This approach reduces environmental impact while maintaining effective protection against pest-related crop losses.

Biological Controls and Biodiversity Enhancement

Investment in nature-based pest control solutions has been a key focus of our IPM strategy. Since 2015, Kencana Agri has supported biological control initiatives aimed at reducing rodent populations through natural predators. The owl conservation programme remains a central component of this strategy, contributing to lower rodent activity, reduced chemical pesticide use, and enhanced biodiversity across plantation areas.

As of 2025, the programme supports 291 adult owls and 23 owlets across 416 shelters, reinforcing the role of biodiversity in supporting sustainable agricultural practices.

Habitat Management and Natural Pest Suppression

In addition to biological controls, habitat management plays an important role in pest prevention. Selected plant species are cultivated to attract beneficial insects that act as natural predators of leaf-eating pests such as bagworms and caterpillars. These plantings create balanced micro-ecosystems that help suppress pest populations naturally. Examples of beneficial plant species cultivated include *Antigonon*, *Turnera ulmifolia*, *Turnera subulata*, *Celosia sp.*, *Euphorbia*, *Stachytarpetta*, *Cassia tora*, and *Cratogeomys sp.*, which support habitats for predator and parasitoid insects such as *Sycanus dichotomus*, *Sycanus falleni*, *Brachymeria sp.*, *Euchantecona sp.*, *Spinaria spinator*, *Apanteles alueta*, *Pediobius sp.*, *Buysmania oxymora*, *Cosmolestes picticeps*, and *Chaetexorista javana*.

In regions where pest pressure is higher, including parts of Central Sulawesi, supplementary plant species are introduced to further strengthen natural predator presence and reduce reliance on chemical interventions. Additional initiatives by the HPT Team in Area 3, including owl breeding and predator development programs, are further described in the dedicated section.

Sustaining Productivity Through Ecosystem-Based Approaches

Through the combined application of biological controls, habitat enhancement, and selective intervention, Kencana Agri has established a resilient, ecosystem-based pest management system. This integrated approach supports stable crop yields, reduces environmental impact, and aligns agricultural productivity with long-term environmental stewardship.



Scaling Ecosystem-Based Pest Management

Kencana continued to advance the implementation of ecosystem-based pest management practices across our plantations in 2025. This approach integrates biological controls, habitat enhancement, and selective intervention, including the cultivation of beneficial plant species to attract natural predators of key pests such as bagworms and caterpillars.

During the year, these practices have been routinely implemented across multiple subsidiaries, including PT AEK, PT AKM, PT SCEM, PT LIL, PT SWK, and PT AIK, marking a transition from research-driven trials to broader operational application. This progression reflects our efforts to embed nature-based solutions into day-to-day plantation management, while gradually reducing reliance on chemical pesticides.

In addition, the HPT Team in Area 3 has developed supporting initiatives, including an owl breeding program where newly hatched owls are transferred to breeding facilities and raised until they are sufficiently mature to be placed in gupon for distribution and utilization across other subsidiaries in need. The team has also developed breeding and rearing facilities for natural predators of oil palm leaf-eating pests, such as *Sycanus dichotomus*, a predator of caterpillars (ulat api).

Looking ahead, we plan to expand the implementation of this approach across all remaining operational units by 2026, reinforcing our commitment to ecosystem-based pest management and long-term agricultural sustainability.



Grievance Mechanism — Resolution Update

Kencana maintains an open grievance channel for stakeholders to raise concerns related to environmental, social, and governance matters across our operations and supply base. All grievances received are logged, investigated, and resolved in accordance with Grievance Standard Operating Procedure.

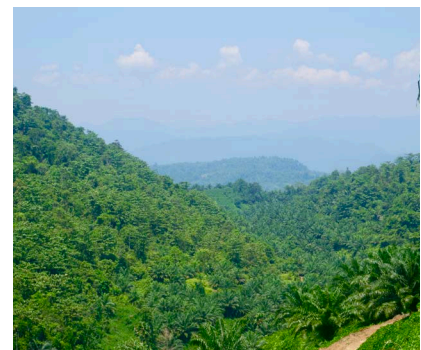
A grievance was raised concerning land clearing activities within the concession area of PT Loka Indah Lestari (PT LIL), an FFB supplier within the Kencana Agri supply base. The concern related to potential clearing in High Carbon Stock (HCS) designated zones, inconsistent with Kencana Agri Group's No Deforestation, No Peat, No Exploitation (NDPE) Policy.

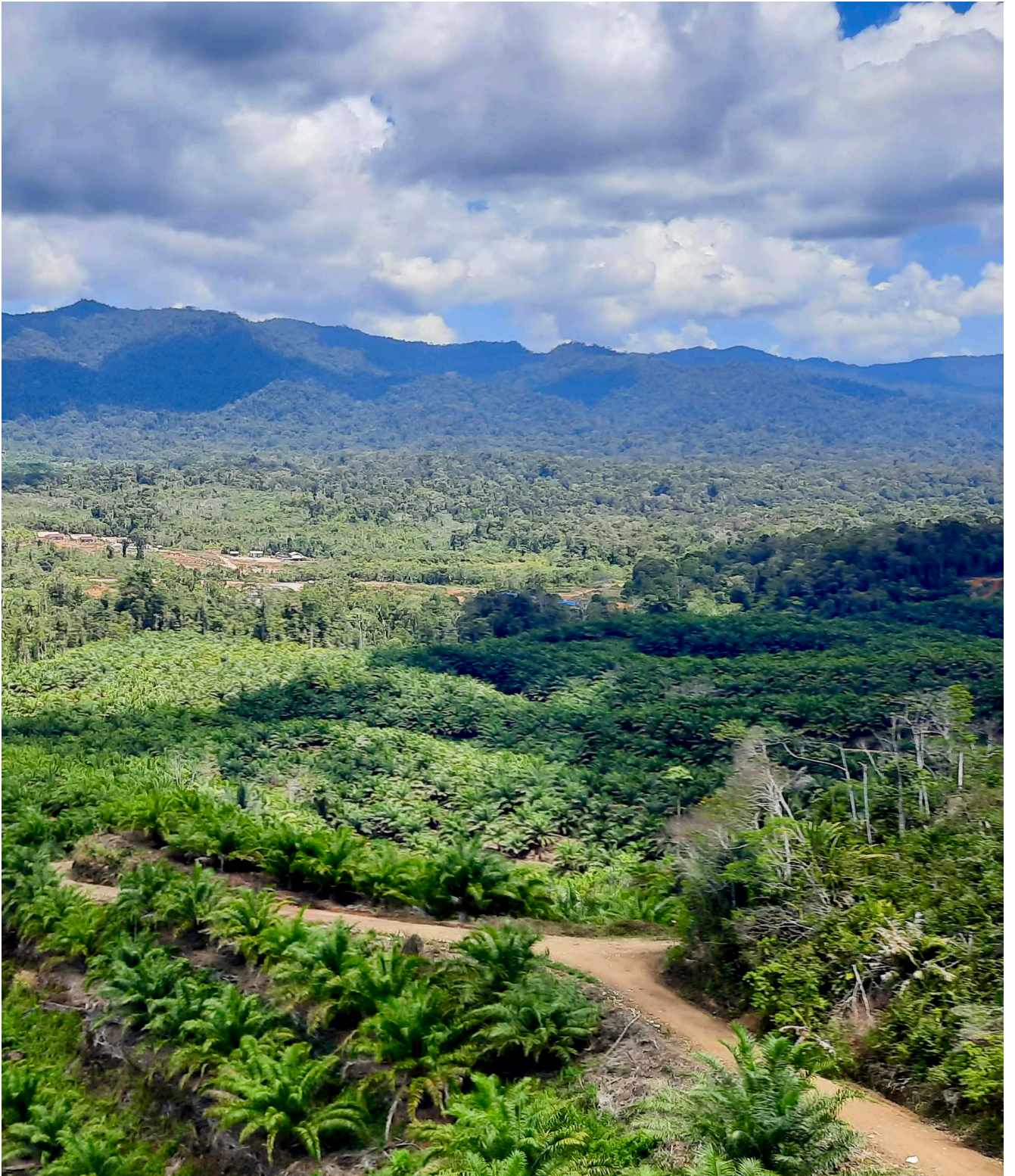
Upon investigation, legacy clearing of 270.96 hectares within HCS areas was confirmed. No clearing was identified within High Conservation Value (HCV) areas.

PT Loka Indah Lestari responded with two formal instruments, a Commitment Letter and a Clarification and Commitment Reaffirmation addressed to all buyers. The following corrective commitments are now binding:

- Full moratorium on all land clearing within the PT LIL concession, effective 1 February 2026, covering all HCV and HCS areas to remain in force until remediation review is completed
- Comprehensive review of all land development programs for NDPE alignment.
- HCV/HCS assessment of the Integrated Conservation Land Use Plan (ICLUP) using internationally recognised methodologies
- Corrective Action Plan to be developed and implemented with independent expert partners.
- Periodic public disclosure of corrective action progress

Kencana is actively monitoring PT LIL's implementation against these commitments. Any future development within the concession will only proceed upon completion of the HCV/HCS assessment and independent verification of remediation outcomes. Progress will be disclosed in the next reporting cycle.





Biodiversity and Landscape Stewardship [GRI 304-1, 304-2, 304-3]

Nature-Related Risk Management and Responsibility

Biodiversity conservation is a critical component of Kencana Agri's approach to responsible land stewardship. Indonesia's forests and ecosystems play an essential role in maintaining ecological stability, regulating climate, and supporting livelihoods. As an agricultural producer operating within these landscapes, we recognise the potential impacts associated with land use and actively manage nature-related risks across our operations.

Our biodiversity strategy is designed to prevent ecosystem degradation, protect critical habitats, and support long-term environmental resilience, in alignment with international sustainability commitments and national conservation priorities. Our operations may have direct impacts, such as land development affecting habitats, as well as indirect impacts from surrounding activities that may place pressure on biodiversity, which are managed through NDPE commitments, HCV and HCS assessments, and ongoing monitoring.

Land-Use Planning, Safeguards, and NDPE Commitments

Biodiversity considerations are embedded at the earliest stages of land-use planning. Comprehensive biodiversity and environmental assessments are conducted prior to any new development to identify High Conservation Value (HCV) areas and other sensitive ecosystems. As of 31 December 2025, a total of 9,475,23 hectares across our estates have been identified and set aside as HCV areas. These areas are clearly demarcated, regularly monitored, and protected from encroachment. We also refrain from developing on peatland of any depth. These findings inform operational planning and ensure that conservation measures are integrated into land management practices.

Kencana Agri enforces a strict No Deforestation, No Peat, and No Exploitation (NDPE) policy across all operations. This includes prohibitions on development in High Carbon Stock (HCS) areas, a zero-burning policy for land preparation and replanting, and a complete ban on development on peatlands of any depth. Buffer zones, ecological restoration activities, and sustainable land-use practices are implemented to further reduce environmental impacts and protect landscape integrity.

Conservation Partnerships and Standards Alignment

To strengthen biodiversity outcomes, Kencana Agri collaborates with conservation organisations and aligns its practices with recognised national and international frameworks. Our conservation approach is guided by methodologies from the High Conservation Value Resources Network (HCVRN) and the High Carbon Stock Approach (HCSA), while maintaining compliance with ISPO certification requirements.

These partnerships and standards provide technical guidance, independent validation, and continuous improvement mechanisms for biodiversity protection efforts.

Monitoring, Restoration, and Species Protection

Biodiversity protection is supported through ongoing monitoring of HCV areas, targeted restoration initiatives, and capacity-building programs for operational teams. Community engagement forms part of this approach, helping to strengthen local stewardship and conservation awareness.

Specific initiatives include riverbank protection, reforestation using native tree species, and regular wildlife monitoring across estates. Species assessments are conducted with particular attention to those classified as vulnerable or endangered under applicable national regulations. Internal audits led by the sustainability function provide ongoing assurance of compliance and transparency.

Alignment with Global Sustainability Goals

Kencana Agri's biodiversity initiatives contribute to broader sustainability objectives and remain aligned with the United Nations Sustainable Development Goals, particularly SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), and SDG 15 (Life on Land). Through sustained implementation of robust land-use controls and conservation measures, we continue to support long-term ecosystem health while enabling responsible agricultural production.



Total conservation area as of **9.475,23 Ha**
(as of 31 December 2025)

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

PT	Luasan Area Konservasi (Ha)	Daftar Spesies Flora/Fauna Dilindungi	
		Flora	Fauna
Loka Indah Lestari Tim Identifikasi External (PT Amas Interconsult)	5468,76	Anggrek 1 (Cattleya orchid) Anggrek 2 (Cymbidium orchid) Anggrek tebu (Grammatophyllum speciosum) Anggrek Bawang (Pholidota chinensis Lindl.)	Julang sulawesi (Aceros cassidix) Kangkareng sulawesi (Penelopides exarhatus) Tiung (Gracula religiosa) Elang hitam (Ictinaetus malayensis) Cekakak sungai (Todirhamphus chloris) Elang tikus (Elanus caeruleus) Elang-ular sulawesi (Spilornis rufipectus) Elang sulawesi (Nisaetus lenceolatus) Anoa Pegunungan (Bubalus quarles) Monyet hitam sulawesi (Macaca nigrescens) Babirusa (Babyrousa babyrussa) Anoa Dataran Rendah (Bubalus depressicornis)
Sawit Tiara Nusa Tim Identifikasi External (PT Amas Interconsult)	2206,06	Anggrek 1 (Cattleya orchid) Anggrek 2 (Cymbidium orchid) Anggrek tebu (Grammatophyllum speciosum) Anggrek Bawang (Pholidota chinensis Lindl.)	Julang sulawesi (Aceros cassidix) Kangkareng sulawesi (Penelopides exarhatus) Tiung (Gracula religiosa) Elang hitam (Ictinaetus malayensis) Cekakak sungai (Todirhamphus chloris) Elang tikus (Elanus caeruleus) Elang-ular sulawesi (Spilornis rufipectus) Elang sulawesi (Nisaetus lenceolatus) Anoa Pegunungan (Bubalus quarles) Monyet hitam sulawesi (Macaca nigrescens) Babirusa (Babyrousa babyrussa) Anoa Dataran Rendah (Bubalus depressicornis)
Sawindo Kencana Tim Identifikasi Internal (Sustainable, GIS, Kebun)	107,32	Kantong Semar (Nephentes gracilis)	Elang tikus (Elanus Caeruleus) Cekakak belukar (Halcyon smyrnensis) Musang air (Cynogale bennetti) Cekakak sungai (Todirhamphus chloris) Kuntul kecil (Egretta garzetta)
Alamraya Kencana Mas Tim Identifikasi Internal (Sustainable, GIS, Kebun)	231,59	Tidak Ditemukan	Bekantan (Nasalis lavartus) Kucing hutan (Felis Bengalensis) Tupai tanah (Lariscus insignis) Elang hitam (Ictinaetus malayensis) Kangkareng perut (Anthracoceros albirostris) Kuntul kerbau (Bubulcus ibis) Raja Udang (Alcedo meninting) Cekakak belukar (Halcyon smyrnensis)
Sawit Kaltim Lestari Tim Identifikasi Internal (Sustainable, GIS, Kebun)	112,73	Kantong Semar (Nephentes gracilis)	Kucing hutan (Felis Bengalensis) Landak (Hystrix brachyura) Lutung merah (Presbytis rubicunda) Rusa (Cervus unicolor) Kuntul kecil (Egretta garzetta) Elang tikus (Elanus caeruleus) Raja Udang (Alcedo meninting) Kura - kura (Orlitia borneensis) Bangau hitam (Ciconia episcopus) Enggang Cula (Buceros rhinoceros) Elang Bondol (Haliastur indus) Bekantan (Nasalis lavartus)

07: Environmental Management and Compliance

PT	Luasan Area Konservasi (Ha)	Daftar Spesies Flora/Fauna Dilindungi	
		Flora	Fauna
Agro Inti Kencana Tim Identifikasi Internal (Sustainable, GIS, Kebun)	137,29	Kantong Semar (<i>Nepenthes gracilis</i>)	Kucing hutan (<i>Felis Bengalensis</i>) Trenggiling (<i>Manis javanica</i>) Lutung merah (<i>Presbytis rubicunda</i>) Rusa (<i>Cervus unicolor</i>) Bajing tanah (<i>Lariscus insignis</i>) Kuntul kecil (<i>Egretta garzetta</i>) Beo (<i>Gracula religiosa</i>) Raja Udang (<i>Alcedo meninting</i>) Kura - kura (<i>Orlitia borneensis</i>) Cekakak sungai (<i>Todirhamphus chloris</i>) Elang tikus (<i>Elanus caeruleus</i>) Elang laut perut putih (<i>Haliaeetus leucogaster</i>)
Agri Eastborneo Kencana Tim Identifikasi External (CV Greenera)	1211,48	None	Lutung Kelabu (<i>Trachypithecus cristatus</i>) Bekantan (<i>Nasalis larvatus</i>) Orangutan Kalimantan (<i>Pongo pygmaeus</i> spp. morio) Rusa Sambar (<i>Rusa Unicolor</i>) Pecukular Asia (<i>Anhinga melanogaster</i>) Bangau Tongtong (<i>Leptoptilos javanicus</i>) Elangikan Kecil (<i>Ichthyophaga humilis</i>) Elang Brontok (<i>Nisaetus cirrhatus</i>) Alapalap Capung (<i>Microhierax fringillarius</i>) Kangkareng Perut-putih (<i>Anthracoseros albirortris</i>) Takur Warna-warni (<i>Psilopogon mystacophanos</i>) Kipasan Belang (<i>Rhipidura javanica</i>) Tiong Emas (<i>Gracula religiosa</i>)
TOTAL	9.475,23		



Fire Risk Management and Emergency Preparedness [GRI 304-1]

Climate-Driven Fire Risk and Preventive Controls

Forest and land fires represent a material environmental and operational risk, particularly as climate variability and prolonged dry periods increase fire susceptibility. Kencana Agri addresses this risk through a proactive fire management framework that emphasises prevention, early detection, and rapid response to protect ecosystems, assets, and surrounding communities.

Fire risk considerations are integrated into operational planning, with heightened vigilance during periods identified as high-risk based on climatic and seasonal conditions.

Early Warning Systems and Risk Monitoring

To strengthen preventive capacity, Kencana Agri has enhanced its early warning systems by incorporating meteorological data and real-time fire risk indicators. These tools support forward-looking risk assessment, enabling early identification of elevated fire risk and the timely deployment of mitigation measures before incidents occur.

This data-driven approach improves situational awareness and supports informed decision-making during critical periods.

Operational Readiness and Community Engagement

Dedicated fire response teams are maintained across operational areas and remain on standby throughout the dry season. Routine patrols, equipment checks, and emergency drills are conducted to ensure readiness and effective coordination in the event of a fire incident.

Community engagement is a key component of fire prevention efforts. Fire awareness programmes are implemented in collaboration with local communities to promote early detection, safe fire management practices, and coordinated response. These initiatives strengthen local capacity and reinforce shared responsibility for landscape protection.

Protecting Ecosystems and Operational Continuity

Through strengthened prevention systems, operational preparedness, and community collaboration, Kencana Agri continues to reduce fire-related risks and environmental impacts. This integrated approach supports ecosystem protection, regulatory compliance, and long-term operational resilience in the face of evolving climate-related challenges.



Strengthening Fire Preparedness Through Joint Simulations, Training, and Multi-Stakeholder Coordination

In line with our ongoing approach to fire risk management, we continued to strengthen our forest and land fire (karhutla) prevention and preparedness efforts through coordinated field activities and capacity building initiatives.

Building on practices disclosed in previous reporting periods, we conducted joint fire preparedness drills and simulation exercises on 7 August 2025, involving a total of 371 participants from our internal firefighting teams, neighbouring plantation companies, community groups, and relevant government institutions. The activity was led by HSE Specialists from PT SKL, PT AEK, and PT ATK, aimed at enhancing coordination, response readiness, and communication effectiveness in managing potential fire incidents.

In addition, we continued to strengthen technical capabilities through fire management training conducted by Manggala Agni, with participation from 60 personnel from PT AKM on 21 April 2025. The training covered key aspects of early detection, preventive measures, fire suppression techniques, and incident reporting systems.

Through this integrated and collaborative approach, we aim to ensure that our operations remain well-prepared and responsive, while aligning with broader landscape-level fire prevention efforts and reinforcing our commitment to environmental protection and responsible plantation management.

Social Responsibility and Inclusive Growth

PERESMIAN GEDUNG SEKOLAH
SDN MANGKA
FILIAL PT. ALAMRAYA KENCANA MAS

SELASA
08 JULI 2025 | PT. Alamraya Kencana Mas
Kencana Agri Ltd

"By empowering our workforce and engaging local communities, we create shared value that supports social well-being and sustainable development."

Our People and Social Value Creation

Building a Responsible and Inclusive Workplace

At Kencana Agri, our people and communities are central to long-term business sustainability and operational resilience. We are committed to fostering a safe, inclusive, and accountable work environment while generating positive socioeconomic outcomes for the communities connected to our operations. Social considerations are integrated throughout our value chain to ensure that our business practices support ethical standards, workforce well-being, and sustainable value creation.

We aim to deliver products that meet recognised international standards and evolving customer expectations, while ensuring that our workforce is supported through fair employment practices and robust social safeguards.

Fair Compensation, Development, and Workforce Well-Being [GRI 2-7; 202-1; 202-2; 401-1; 404-1; 405-1]

Kencana Agri is committed to fair and equitable remuneration practices, including gender pay equity, with equal compensation for women and men performing comparable roles. Employee remuneration packages are designed to remain competitive and include comprehensive benefits such as healthcare coverage, insurance, leave entitlements, and allowances for transportation and meals, supporting both employees and their families.

To strengthen human capital and long-term productivity, we invest in training and development programmes that support career progression, skills enhancement, and innovation. These initiatives equip employees with the capabilities needed to adapt to changing operational demands and contribute meaningfully to continuous improvement.

Human Rights, Labour Practices, and Social Safeguards [GRI 2-23; 2-30; 408-1; 409-1]

Respect for human rights is embedded in Kencana Agri's operational standards and labour practices. We uphold the right to freedom of association and support lawful union participation, while maintaining strict prohibitions against forced labour and child labour. No individuals under the age of 18 are employed across our operations.

Open communication and structured employee representation are supported through formal mechanisms, including collective bargaining arrangements that are designed to protect employee rights and promote fair and transparent working conditions. These practices contribute to a culture of trust, accountability, and mutual respect.

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

Protecting the health and safety of our workforce is a fundamental responsibility. Kencana Agri maintains occupational health and safety systems aligned with regulatory requirements and recognised best practices. Employees have access to health services and routine medical assessments, supported by preventive safety measures and ongoing risk monitoring. The occupational health and safety management system is implemented across all operational sites, covering substantially all (100%) employees and workers under the Company's operational control.

By embedding health, safety, and well-being into daily operations, we aim to minimise workplace risks and foster a safe, productive working environment that supports long-term workforce resilience.



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

Diversity, Equity, and Equal Opportunity

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

Building an Inclusive and Resilient Workforce

Diversity, equity, and inclusion form a core pillar of Kencana Agri's human capital strategy and support the Company's long-term resilience and decision-making capacity. A workforce that reflects diverse perspectives enhances innovation, operational effectiveness, and the ability to adapt to evolving business and social expectations.

Fair Employment Practices and Non-Discrimination

Kencana Agri is committed to providing a respectful and equitable working environment for all employees, regardless of gender, ethnicity, religion, age, or other personal characteristics. We uphold policies that prohibit discrimination, forced labour, and child labour, and we actively safeguard the rights of workers to fair treatment and equal opportunity.

All employment-related decisions including recruitment, training, performance evaluation, promotion, and remuneration are based on merit, performance, and qualifications. These practices are supported by consistent policy enforcement, internal monitoring, and grievance mechanisms to ensure accountability and transparency.

Advancing Gender Diversity and Opportunity

We actively encourage female participation and career progression across both operational and leadership roles, recognising the importance of gender diversity within the palm oil industry. As of the reporting year, women represented 1,712 employees, accounting for 20% of the total workforce. Ongoing initiatives focus on strengthening leadership pipelines, expanding access to development opportunities, and supporting an inclusive workplace culture.

Future Readiness and Continuous Improvement

Looking ahead, Kencana Agri continues to assess diversity-related risks and opportunities as part of its broader workforce planning and organisational resilience efforts. While specific targets may evolve over time, our approach remains focused on continuous improvement, alignment with emerging best practices, and readiness to support future disclosures as expectations around human capital reporting continue to develop.

Female Representation in Workforce	%	Total
Percentage of female employees from total number of employees	20%	1,712
Percentage of female employees in our plantation operations	18.9%	1,625
Percentage of female employees in our mills	0.2%	17
Percentage of female employees staff levels (HO, plantations and mills)	0.8%	70



Board Of Directors [GRI 405-1]	Origin of Country		Total
	Indonesian	Non-Indonesian	
Gender			
Male	4	2	6
Female	1	0	1
Age			
18-30 years old	0	0	0
30-50 years old	2	0	2
>50 years old	3	2	5
Grand Total			7



14.3%
Women on Board

Workforce Profile Based on Position [GRI 405-1]	Quantity		Total
	Male	Female	
Chief/Directors	4	1	5
Head/General Manager	6	3	9
Senior Manager	22	2	24
Manager	53	6	59
Senior Assistant/Senior Officer	69	14	83
Assistant/Officer	263	44	307
Operative	6,463	1,642	8,105
Grand Total	6,880	1,712	8,592



Workforce Composition and Local Employment Commitment [GRI 202-2]

Kencana Agri fosters an inclusive workplace designed to enable all employees to contribute effectively and develop over the long term. Our workforce strategy prioritises stability, capability development, and organisational resilience, recognising people as a critical driver of operational continuity and future readiness.

In 2025, the Group employed a total workforce of 8,592 employees, comprising 2,956 permanent and 5,636 non-permanent personnel. This balanced workforce structure supports both operational flexibility and long-term capability retention across our operations.

All employees, including members of the Board of Directors, are Indonesian nationals. This reflects our strong commitment to local employment, national talent development, and responsible governance, while reinforcing alignment with local labour regulations and socio-economic priorities.

Workforce Diversity by Gender, Age and Nationality

Total of Employees [GRI 2-7]		Region					Total	Percentage
		Jakarta- Head Office	Singapore Office	Sumatra	Kalimantan	Sulawesi		
Gender								
Male	Permanent	94	-	349	1,886	343	2,672	31%
	Non-Permanent	13	-	318	2,247	1,630	4,208	49%
Female	Permanent	45	1	26	194	18	284	3%
	Non-Permanent	9	-	129	888	402	1,428	17%
Age								
18-30 years old		32	-	354	1,868	1,130	3,384	39%
30-50 years old		89	1	414	3,048	1,086	4,638	54%
>50 years old		40	-	54	299	177	570	7%
The Worker Origin								
Local		142	-	747	1,300	1,405	3,594	42%
Non-Local		19	1	75	3,915	988	4,998	58%
Total		161	1	822	5,215	2,393	8,592	100%

Note:

- There are no "part-time employees" and no "non-guaranteed employees."
- The data presented are based on internal records using a headcount approach (not FTE), and generally reflect the position at the end of the reporting period.



New Recruitment Diversity by Gender, Position and Age

New Recruitment	Region					Total
	Jakarta	Singapore	Sumatra	Kalimantan	Sulawesi	
By Gender	33	0	2	60	31	126
Male	26	0	2	59	29	116
Female	7	0	0	1	2	10
By Age						
18-30 years old	25	0	1	22	11	59
30-50 years old	7	0	1	35	18	61
>50 years old	1	0	0	3	2	6
By Position						
Chief/Directors	0	0	0	0	0	0
Head/General Manager	1	0	0	0	0	1
Senior Manager	1	0	0	3	2	6
Manager	0	0	0	6	6	12
Senior Assistant/Senior Officer	1	0	0	2	2	5
Assistant/Officer	30	0	2	49	21	102
Operative	0	0	0	0	0	0

Turnover Diversity by Gender and Position

Turnover	Region					Total
	Jakarta	Singapore	Sumatra	Kalimantan	Sulawesi	
By Gender	16	0	4	62	28	110
Male	12	0	4	62	28	106
Female	4	0	0	0	0	4
By Age						
18-30 years old	2	0	0	17	5	24
30-50 years old	9	0	2	42	16	69
>50 years old	5	0	2	3	7	17
By Position						
Chief/Directors	1	0	0	0	0	1
Head/General Manager	2	0	1	0	0	3
Senior Manager	2	0	1	3	1	7
Manager	1	0	0	7	5	13
Senior Assistant/Senior Officer	3	0	0	4	5	12
Assistant/Officer	7	0	2	48	17	74
Operative	0	0	0	0	0	0

Fair, Inclusive, and Resilient Employment Practices

[GRI 2-30; 202-1; 404-3; 405-2; 407-1]

Talent Development and Performance Enablement

Kencana recognises its workforce as a core driver of operational resilience and long-term value creation. Our people strategy prioritises employee engagement, capability development, and retention, ensuring the organisation remains adaptive and competitive amid evolving operational and regulatory conditions.

Structured performance and career development reviews are embedded across the Group, providing employees with regular opportunities for objective feedback, goal alignment, and skills progression. These reviews support continuous learning, succession planning, and workforce readiness, while reinforcing accountability and performance excellence. In 2025, all (100%) of employees at staff level and above underwent formal performance and career development reviews, covering all employees within the defined scope.

Equitable Compensation and Fair Employment Standards

We are committed to fair and transparent employment practices across all stages of the employee lifecycle. Recruitment, advancement, and remuneration decisions are governed by non-discrimination principles and based solely on merit, competence, and performance.

Kencana upholds pay equity across comparable roles, with equal base salary and remuneration structures applied consistently regardless of gender. Compensation practices are aligned with, and meet or exceed, applicable regional minimum wage requirements, ensuring income security and regulatory compliance across all operational locations. The ratio of basic salary and remuneration of women to men with the same position and responsibility is 1:1. We provide competitive pay packages with added benefits. [GRI 405-2]

Region	Wage Ratio to Minimum Wage	
	Permanent	Non-Permanent
Sumatra	3.60	1
Kalimantan	3.91	1
Sulawesi	4.03	1

Employee Well-Being and Benefits Framework

To support workforce stability and well-being, the Group provides a comprehensive and competitive benefits framework covering health protection, financial security, and social safeguards. These provisions are designed to promote employee welfare, productivity, and long-term retention while reinforcing Kencana’s position as a responsible employer.

Building Solidarity: Kencana's Futsal Competition for Employee Engagement

Kencana organized a Futsal Tournament as part of the Kencana League program to promote employee solidarity and encourage regular sports participation. The event united 112 teams from 12 subsidiaries, progressing through preliminary rounds with the semifinals held at PT AKM, Desa Sengayam on October 30, 2025.

The final match took place in Puncak, Bogor, on November 20, 2025, featuring Evonik Team of PT AKM and The Ripe's Team of PT SWK. The Evonik Team of PT AKM emerged as the champion, marking the pinnacle of employee engagement and collaboration within the Group.



Workforce Engagement and Collective Representation

Open dialogue and constructive engagement are central to our employee relations approach. Formal mechanisms, including Collective Bargaining Agreements, establish clear protections for employee rights and provide structured platforms for engagement between management and the workforce.

A significant proportion of employees participate in union representation across our operations, reinforcing freedom of association and enabling transparent, good-faith dialogue. These arrangements strengthen trust, mitigate labour-related risks, and support organisational continuity. The Company has not identified any operations or suppliers at significant risk of violating freedom of association or collective bargaining rights. These rights are supported through the implementation of collective bargaining agreements, open communication channels, and compliance with applicable labour regulations across all operational areas.

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

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

Strengthening Industrial Relations Through Bipartite Cooperation Forums

Kencana Agri has established Bipartite Cooperation Institutions (LKS Bipartit) across all subsidiaries as a formal mechanism to support constructive industrial relations. These forums serve as platforms for communication and consultation between management and employee representatives, including labour unions.

Through regular monthly meetings, LKS Bipartit facilitates the discussion of employee concerns, the development of action plans, and the monitoring of issue resolution. This structured engagement strengthens coordination, promotes transparency, and fosters harmonious, dynamic, and fair industrial relations, supporting long-term organisational stability and workforce well-being.



Compliance, Governance, and Continuous Improvement

Kencana's employment policies are fully aligned with Indonesian labour regulations and guided by recognised best practices. Ongoing reviews of labour standards, workplace conditions, and employee feedback inform continuous improvement initiatives across the Group.

Key priorities include maintaining full legal compliance, fostering open communication, sustaining positive labour relations, ensuring safe and healthy working environments, and providing meaningful career pathways supported by competitive incentives. These efforts collectively strengthen human capital resilience and position the Group for sustainable, long-term growth.

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

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

Workplace Conduct, Dignity, and Grievance Protection

[GRI 406-1]

Zero Tolerance for Discrimination and Harassment

Kencana Agri is committed to fostering a work environment grounded in dignity, safety, and mutual respect. The Group maintains a zero-tolerance stance toward discrimination, harassment, intimidation, or any form of inappropriate conduct within the workplace. During the reporting period, no incidents of discrimination were reported. These principles are embedded in corporate policies and reinforced through leadership accountability and operational oversight.

Confidential Reporting and Whistleblowing Safeguards

To support early identification and resolution of workplace concerns, Kencana has established accessible and confidential grievance mechanisms. Employees are encouraged to raise concerns without fear of retaliation, ensuring psychological safety and reinforcing trust in organisational governance. All reports are handled in accordance with defined escalation and resolution protocols to ensure fairness, confidentiality, and timely response.

Awareness, Training, and Cultural Reinforcement

Workplace conduct standards are reinforced through regular awareness initiatives and training programmes aimed at promoting ethical behaviour, inclusion, and professional integrity. These initiatives strengthen employee understanding of acceptable conduct while enhancing organisational resilience by reducing conduct-related risks.

By embedding respect, fairness, and accountability into daily operations, Kencana strengthens workforce engagement, safeguards human capital, and reinforces a resilient organisational culture aligned with long-term sustainability objectives.

2025 Training Highlight:

Kencana Agri delivered structured training across all subsidiaries in 2025, with

5,338
employees completing a total of

36,951
manhours of training.

Key focus areas included occupational health & safety, estate operations, and sustainability compliance — ensuring workforce readiness across all operational tiers.



Safeguarding Labor Rights and Ethical Employment

[GRI 408-1; 409-1]

Zero Tolerance for Forced and Child Labor

Kencana Agri maintains an uncompromising position against forced labor and child labor across all operations and throughout the value chain. Respect for fundamental human rights is a core element of our human capital strategy and operational governance framework. All employment practices are designed to comply fully with Indonesian labor regulations and align with internationally recognized labor standards. In 2025, No incidents of child labor were identified. Child labor screening is embedded in the supplier onboarding process and annual field compliance audits.

Child Protection and Responsible Employment Practices

The Group strictly prohibits the employment of individuals below the legal working age. Robust identity verification procedures are implemented during recruitment to prevent underage employment and protect vulnerable groups. To further support employee welfare, access to education and childcare facilities is provided at operational locations, reinforcing family well-being and workforce stability.

Fair, Transparent, and Voluntary Employment

All employment relationships at Kencana Agri are entered into voluntarily and governed by clearly defined terms and conditions. Employment contracts are communicated transparently and provided in languages understood by workers to ensure informed consent. The Group prohibits any form of coercion, debt bondage, or retention of personal documents, and ensures wages are paid in full and on time without unlawful deductions.

Ethical Recruitment and Oversight

Kencana does not permit recruitment fees, deposits, or any practices that could lead to bonded labor. Continuous monitoring and internal controls are in place to identify and mitigate labor-related risks, strengthening workforce resilience and ensuring long-term compliance with evolving regulatory and stakeholder expectations.

Through these measures, Kencana Agri reinforces ethical labor practices, protects human capital, and upholds its responsibility to operate with integrity and accountability across all levels of the organization.

Employment, Training and Education

[GRI 3-3; 404-1; 404-2]

Strategic Approach to Human Capital Development

Kencana Agri recognises that a skilled, adaptable, and engaged workforce is fundamental to long-term business resilience and operational performance. Continuous learning and capability development form a core pillar of the Group's human capital strategy, ensuring employees are equipped to meet evolving operational, regulatory, and sustainability demands.

Training programmes are designed to support both professional advancement and personal growth, with content tailored to the specific requirements of roles across estates, mills, and corporate functions.

Structured Training and Skills Enhancement Framework

The Group delivers a structured and multi-layered training framework that includes:

- **Formal Learning Programmes**
Targeted training covering operational excellence, sustainability practices, leadership development, and role-specific technical competencies.
- **On-the-Job Development and Mentorship**
Practical, hands-on learning supported by experienced supervisors and mentors, particularly for new employees and those transitioning into expanded responsibilities.
- **Mandatory Compliance and Safety Training**
Regular training to ensure employees understand applicable regulations, workplace safety standards, and operational risk controls.
- **Function-Specific Capacity Building**
Tailored educational sessions addressing specialised needs, such as agronomy training for plantation teams and technical upskilling for mill operations personnel.

This structured approach ensures training remains relevant, practical, and aligned with business priorities while supporting workforce readiness and productivity.

Training Coverage and Workforce Reach

During 2025, Kencana Agri implemented training initiatives across all organisational levels, from senior leadership to frontline employees operating in estates and mills. Employees collectively completed 36,951 manhours of training, with an average of 7.00 manhours per male employee and 6.67 manhours per female employee.

This sustained investment in learning and development reinforces the Group's commitment to building internal capability, strengthening talent pipelines, and supporting long-term organisational performance in an increasingly complex operating environment.



Training Hours by Gender in 2025 [GRI 404-1]

Training Hours By Gender [GRI 404-1]	Number of Employees	Training hours	Average training hours/ Employee (per year)
Male	4,064	28,452	7.00
Female	1,274	8,499	6.67
Total	5,338	36,951	6.92

More Than
36,951
 Man-Hours of Trainings were Provided throughout 2025

Training Hours by Position [GRI 404-1]

Training Hours By Position	Participants		Training hours		Number of Employees	
	Male	Female	Male	Female	Male	Female
Chief/Directors	0	0	0	0	4	1
Head/General Manager	2	0	6	0	6	3
Senior Manager/Manager	83	1	597	9	75	8
Senior Assistant/Senior Officer	37	1	229	3	69	14
Assistant/Officer	895	139	7,223	1,038	263	44
Operative	3,047	1,133	20,398	7,449	6,460	1,645
Grand Total	4,064	1,274	28,452	8,499	6,877	1,715

Training Topics [GRI 404-2]

Training Topics	Gender	
	Male	Female
Estate Operational related	666	304
Mill and Bulking Operational related	98	6
Maintenance, Workshop, Tektrans Civil Infrastructure	187	10
Sustainability and Environmental	55	41
Fire Management System	358	50
Safety and Health	722	238
Administration	71	47
Tax related	18	11
HR related	127	70
New Employee Orientation	208	5
Leadership and Motivational	40	28
Mentality	1,426	428
Company Culture	88	36
TOTAL	4,064	1,274

2025 Training Achievement

7.00 hours

average training per male employee

6.67 hours

average training per female employee

Kencana Agri delivered training programs across all organizational levels, from operational staff to senior management. This investment in employee development strengthens operational excellence and supports compliance with ISPO certification requirements.



Occupational Health, Safety, and Workforce Well-Being

[GRI 3-3; 403-1;
GRI 403-4; 403-8 403-10]

Governance and Regulatory Alignment

Protecting the health, safety, and well-being of our workforce is a fundamental responsibility of Kencana Agri and a critical enabler of long-term operational resilience. The Group implements a comprehensive Occupational Health and Safety (OHS) management framework that is fully aligned with Indonesian regulatory requirements and recognised international standards.

Our OHS framework is structured in accordance with applicable national legislation and certification requirements, including government regulations on occupational safety management systems, Indonesian Sustainable Palm Oil (ISPO) standards and environmental performance rating frameworks this alignment ensures consistent safety performance across all estates, mills, and supporting operations.

Kencana has established OHS Committees (P2K3 — Panitia Pembina Keselamatan dan Kesehatan Kerja) across all estate and mill operations, in compliance with Indonesian Government Regulation No. 50/2012 on SMK3. Each committee includes management representatives and elected worker representatives, meeting monthly to review incident reports, hazard assessments, and corrective actions.

In 2025, 100% of Kencana's direct employees are covered by the Company's OHS management system. Contractor workers are required to comply with Kencana's OHS standards as a condition of site access.

Systematic Risk Management and Operational Controls

Kencana Agri applies a proactive, risk-based approach to workplace safety. Regular hazard identification and risk assessments are conducted across all operational areas to identify potential safety exposures associated with plantation, mill, and support activities.

When incidents occur, structured investigations are undertaken to determine root causes and implement corrective and preventive actions. Safety procedures, controls, and work instructions are reviewed and strengthened on a continuous basis to ensure alignment with evolving operational conditions and industry best practices.

Workforce Engagement and Safety Culture

A strong safety culture is reinforced through open communication and active workforce participation. Formal safety dialogues between management and employees are conducted annually, providing a platform for employees to raise concerns, share feedback, and contribute to safety improvements.

To further enhance safety performance, Kencana Agri leverages input from internal operational teams, industry specialists, and external advisors. Health, safety, and environmental expectations are also extended to contractors and business partners to ensure consistent standards are applied across the value chain.

Comprehensive OHS Framework

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



Training, Competency, and Oversight

Targeted OHS training is mandatory for employees and contractors, with programmes tailored to specific job roles and operational risks. Training focuses on hazard awareness, safe work practices, emergency preparedness, and regulatory compliance.

During the reporting period, 1,368 employees participated in OHS training programmes. The Group is supported by 7 certified OHS officers who oversee safety implementation, incident monitoring, and reporting, with direct accountability to the Sustainability function.

Significant Occupational Hazards and Workplace Accident Risks

Throughout 2025, the Occupational Health and Safety (OHS) team conducted hazard identification, risk assessments, monitoring, and follow-up actions across all operational areas and subsidiaries. Based on these evaluations, the following significant workplace hazards and risks have been identified, along with control measures to mitigate potential accidents:

High-Risk Activities, Potential Impact, and Control Measures [GRI 403-2][GRI 403-5]

High-Risk Activity	Potential Significant Impact	Control Measures
Falling fronds/thorns	Injuries due to falling palm fronds or exposure to sharp thorns	Harvest training (proper tool use, safe frond cutting, and correct harvesting techniques) Strict supervision by site supervisors Regular inspections by HSE specialists
Sharp work tools (harvesting knives, machetes)	Cuts, lacerations, or severe hand injuries	Training on the safe use of work tools PPE awareness campaigns (use of protective gloves, tool guards) Strict supervision by site supervisors Regular inspections by HSE specialists
Traffic accidents	Injuries due to vehicle collisions or unsafe road conditions	Installation of safety signs, including speed limits Road safety awareness campaigns for employees and contractors

Safety Outcomes and Continuous Improvement

Throughout the reporting year, the OHS team conducted ongoing hazard monitoring, risk assessments, and follow-up actions across all subsidiaries and operational sites. These activities informed the identification of key occupational hazards and the implementation of appropriate control measures to reduce the likelihood and severity of workplace incidents.

Kencana Agri remains firmly committed to the objective of zero fatalities. In the reporting period, no fatal incidents were recorded, reflecting the effectiveness of our preventive controls and our continued focus on safeguarding employees and contractors. To enhance transparency and reporting, the Company expanded occupational health and safety data to all subsidiaries, leading to increased Frequency and Severity Rates this year, offering a more comprehensive safety performance view.

No fatalities or recordable cases of work-related ill health were identified for employees and non-employees. Health and safety risks are primarily related to operational activities such as exposure to falling objects, use of sharp tools, and traffic-related incidents, which may result in physical injuries. These risks are identified through routine assessments and managed through appropriate control measures, including training, supervision, inspections, and the use of personal protective equipment (PPE). All relevant workers are included, and data are based on internal OHS records. [GRI 403-10]



The 2025 data is derived from 12 subsidiaries, whereas the 2023–2024 data is derived from 7 subsidiaries.

Occupational Health Services and Preventive Care

[GRI 403-3; 403-6]

Integrated Approach to Employee Health Management

Kencana Agri recognises that proactive health management is essential to sustaining workforce productivity, operational continuity, and long-term business resilience. The Group provides structured Occupational Health Services designed to prevent work-related illnesses, support early detection of health risks, and ensure access to appropriate medical care across all operational locations.

Access to Medical Care and Health Infrastructure

Through long-standing partnerships with local hospitals, clinics, and community health centres, Kencana Agri provides employees with access to basic medical services at no cost. Estate-based health facilities operate in coordination with public healthcare providers (Puskesmas), supported by qualified physicians and paramedics who have completed accredited occupational health training.

These partnerships ensure that health services are delivered in accordance with applicable medical standards while remaining accessible to employees working in remote plantation and mill locations.

Preventive Screening and Health Monitoring [GRI 403-7]

All employees are eligible to participate in an annual Medical Check-Up (MCU) programme. The scope of examinations includes general physical assessments, respiratory and lung function testing, vision screening, and cholinesterase monitoring where relevant to occupational exposure risks.

Medical check-ups are conducted in collaboration with government-authorized health clinics, regional hospitals, or provincial occupational health centres to ensure compliance with regulatory health requirements. This preventive approach supports early identification of potential occupational health issues and enables timely intervention and follow-up care.

Protection of Vulnerable Workers and Special Health Measures

Specific safeguards are implemented to protect employees who may face heightened health risks. Pregnant employees are protected from chemical exposure through task adjustments and preventive controls, supported by maternity health screenings and ongoing monitoring provided through on-site clinics.

In 2025, 1,634 employees participated in medical check-up programmes, reflecting the Group's continued commitment to safeguarding employee health and promoting long-term workforce well-being.

Medical Check-Ups

Medical Check Ups for Employees	Number of Participants
Cholinesterase	726
Spirometry	628
Audio-spirometry	280
General	297
Total	1,634

Community Development and Shared Value Creation

[GRI 203-2; 413-1]

Strategic Approach to Social Investment

At Kencana Agri, social responsibility is embedded within our business strategy as a driver of long-term resilience, stakeholder trust, and inclusive growth. Community development initiatives are designed not only to meet regulatory expectations but to create shared value by strengthening social systems in the regions where we operate. This approach reflects our belief that sustainable business performance is inseparable from the well-being of surrounding communities and the preservation of social cohesion.

Our social investment framework balances economic contribution, environmental responsibility, and social welfare, reinforcing Kencana Agri's role as a responsible corporate citizen and long-term partner to local stakeholders.

Focus Areas for Community Development

Kencana Agri's community programmes are structured around key development priorities that respond to local needs and regional contexts. These include livelihood enhancement, access to education and healthcare, and initiatives that support economic participation and self-reliance. In parallel, we promote responsible agricultural practices and environmental awareness to support sustainable land use and long-term community resilience.

Programme design and implementation are informed by regular engagement with local governments, community representatives, non-governmental organisations, and industry partners. Through this collaborative approach, we continuously refine our initiatives to ensure relevance, effectiveness, and measurable impact.

Our Social Community Development Focus

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

Our social community development center around four main focal points:

Focus	Description
EMPOWERING LOCAL COMMUNITIES	We are committed to strengthening local livelihoods by fostering partnerships that drive economic growth. Since 1997, our Plasma Partnership Initiative has supported smallholders in building sustainable agribusiness ventures within our operational areas. We also collaborate with indigenous and local communities through various plasma scheme partnerships, ensuring inclusive and long-term economic benefits.
FOSTERING ENGAGEMENT & GOOD RELATIONSHIP	Engaging with local communities is essential to fostering positive relationships and promoting sustainable development. Kencana takes a proactive and transparent approach, encouraging open dialogue and long-term partnerships. We provide accessible channels for communities to raise environmental and social concerns, supported by clear processes to address them effectively.
RESPECTING THE RIGHTS OF INDIGENOUS PEOPLE	Kencana operates near regions where Indigenous and local communities hold land rights and decision-making authority over development. We are committed to upholding their rights, preserving biodiversity, and ensuring that their lands, territories, and resources are protected and managed responsibly.
SUPPORTING BETTER WELFARE	We actively support rural development and improved quality of life through our Community Development Programs and job creation initiatives. A portion of our revenue is dedicated to education, teacher support, healthcare, and public infrastructure, reinforcing our long-term commitment to social progress.

Responding to Community Needs Through Disaster Relief and Infrastructure Support

Following periods of moderate to high rainfall in 2025, several areas in Pohuwato Regency, experienced landslides and flooding that disrupted access to key community routes, including agricultural roads used by local residents. In response to these conditions, Kencana Agri, through PT Loka Indah Lestari (PT LIL), mobilised resources to support emergency recovery efforts in affected villages.

In February, the Company deployed heavy equipment to clear landslide debris and restore approximately 4 kilometres of road access across Desa Marisa - Tahele, enabling communities to safely resume daily activities and agricultural operations. Furthermore, emergency food assistance packages, such as rice, oil, instant noodles, eggs, and others, were distributed to affected households. In January, assistance was distributed to Desa Telaga and Desa Tahele, Kecamatan Popayato, while in June, support was extended to Desa Tuweya and Desa Bohusami, Kecamatan Wanggarasi.. These coordinated efforts, carried out in collaboration with local authorities and communities, contributed to the timely restoration of mobility, supported community recovery, and reinforced the Company's role in strengthening local resilience during crisis situations.



Dudewulo Community Leader Praises PT LIL for Job Creation and SME Empowerment

The relationship between the palm oil company PT Loka Indah Lestari (PT LIL) and the local community continues to develop positively. This was directly stated by Zulkifli Guamo, a community leader from Dudewulo Village, who believes the company is becoming more committed to supporting the welfare of local residents. According to Zulkifli, PT LIL's efforts in community empowerment are tangible and experienced directly by residents.

"As a community leader in Dudewulo Village, I observe that PT LIL's relationship with the community has continued to strengthen over time. I have seen firsthand PT LIL's work in empowering the community. There are numerous job opportunities within the company and support for SMEs. The company also supports mangrove groups to start independent ventures, particularly coastal-based SMEs," he said.

He explained that the various concrete steps taken by the company are a strong reason for his appreciation. One of these is the creation of numerous job opportunities for local residents. Not only does PT LIL provide employment, but it also supports the development of community businesses. Zulkifli noted that the company has recently supported a mangrove group in a village under its mentorship. This programme has even been integrated into the company's planning as a form of ongoing support. Furthermore, according to Zulkifli, the company's activities that require external services often involve the local community. This is seen as a tangible demonstration of the company's commitment to the local economy.

PT LIL Among the Sponsors of the Successful 22nd Pohuwato Anniversary B'day Running Event

PT Loka Indah Lestari (LIL) was among the sponsors of the B'day Running event held to celebrate the 22nd anniversary of Pohuwato Regency. The event, which took place on Saturday 22 February 2025 at the Pohon Cinta Beach area, generated great enthusiasm from the public and various organisations. This initiative was launched by Karang Taruna in partnership with the Panua Running Community (PRC), and received support from multiple parties, including both government and private sector organisations.

As one of the sponsors, PT. Loka Indah Lestari (LIL), also participated and contributed to enlivening the event. This support serves as a token of appreciation for the strong synergy between PT. Loka Indah Lestari and the Pohuwato Regional Government. PT. LIL's Area Manager, Suparyo, expressed his delight at the opportunity to be involved in this series of celebrations and stated that the company remains dedicated to supporting and participating in positive activities such as this.

Meanwhile, the Chairman of the B'Day Running Organising Committee, Abdul Karim Pakaya, said that this event was organised to celebrate Pohuwato's anniversary and thanked the sponsors who helped make it a success.

Also attending the event were the Deputy Regent of Pohuwato, Iwan S. Adam; the Chairman of the Pohuwato Regional People's Representative Council, Beni Nento; the Regional Secretary, Iskandar Datau; and the Assistant for Government Affairs, Arman Mohamad.

The B'Day Running event was attended by 600 participants, not only from Pohuwato Regency but also from various areas in Gorontalo, and even from outside the province such as Palu, Central Sulawesi, and North Sulawesi. The presence of participants from various regions demonstrates the high level of public interest in this sporting event and support for the celebrations marking the anniversary of Pohuwato Regency.



Community Engagement and Programme Delivery in 2025

During the reporting period, Kencana Agri implemented a range of social initiatives across our operational areas, reinforcing constructive relationships with local communities. These activities were tailored to address diverse socioeconomic needs and were delivered through structured engagement processes to ensure inclusivity and local participation.

Economic Empowerment Through *Kencana Produktif* [GRI 203-1]

Kencana Produktif is a flagship community development initiative focused on strengthening economic capability and self-sufficiency within local communities. The programme provides access to knowledge, skills development, and income-generating opportunities that enable participants to improve household resilience and economic outcomes.

By supporting community-based economic activities and skills enhancement, *Kencana Produktif* contributes to sustainable local development while fostering shared progress between Kencana Agri and the communities in which we operate. The programme is implemented through various initiatives, including support for national food security through corn planting, employee-based food resilience programmes (such as fishery and vegetable cultivation), village road maintenance, and basic needs assistance through food distribution, reaching multiple operational areas and surrounding communities. These initiatives contribute to improving local infrastructure, enhancing food security, and strengthening community livelihoods, with no significant negative impacts identified. The support provided is primarily in the form of in-kind contributions and operational support, rather than commercial or profit-driven engagements.

Supporting National Food Security with Corn Planting Program

As part of its contribution to Indonesia's food security agenda, eleven subsidiaries of Kencana Agri Group actively participated in the national one-million-hectare corn planting program initiated by President of the Republic of Indonesia, Prabowo Subianto.

The Company supported the program through the provision of land, high-quality corn seeds, agricultural equipment, and workforce, demonstrating its commitment to strengthening local agricultural productivity and community resilience.

On 5 June 2025, PT Sawindo Kencana, together with the Vice Regent of West Bangka, the Regional Police Chief, BULOG, and local government representatives, conducted a Grand Corn Harvest, marking a key milestone in the implementation of this initiative.

This program reflects the Company's role in advancing national food self-sufficiency, while creating shared value for surrounding communities and contributing to broader sustainable development priorities.



Strengthening Rural Connectivity and Community Infrastructure Through Village Road Maintenance Program

All subsidiaries of Kencana Agri consistently carry out annual village road maintenance as part of the Group's commitment to supporting rural accessibility and community development.

In 2025, routine maintenance was conducted across 18 village roads, including the provision of equipment and materials. This included the delivery of approximately 170 truckloads of stone to support improvement works on two key village roads.

Beyond road infrastructure, subsidiaries also contributed to community facilities. PT LIL provided 520 steel bars for the construction of a mosque fence, while PT AEK supported the clearing of mosque grounds through the provision of heavy equipment.

Through these initiatives, Kencana Agri continues to enhance local infrastructure, mobility, and community well-being, while fostering stronger relationships with surrounding communities.



Promoting Internal Food Resilience through Employee Food Security Initiative

Several subsidiaries of Kencana Agri implemented internal food resilience programs to support the well-being of employees at the estate (afdeling) level.

In 2025, PT AIK cultivated approximately 3,500 tilapia fingerlings in Afdeling Alfa, contributing to a sustainable source of protein for employees. Meanwhile, PT SWK and PT DSP managed vegetable gardens to support self-sufficiency and daily consumption among employees.

In addition, PT SWK (Afdeling Echo & Alfa) developed a catfish farming program, providing land, feed, and fish stock as part of an integrated internal food self-sufficiency initiative.

Through these efforts, Kencana Agri strengthens employee welfare, food security, and community resilience within its operational areas, while fostering a culture of sustainability at the grassroots level.



Supporting Vulnerable Communities through Basic Needs Access: Food Distribution Program

PT AKM continued its commitment to social responsibility through a regular food distribution program targeting vulnerable groups in surrounding communities.

In 2025, the Company distributed approximately 900 kg of rice per month to 35 beneficiary households, including low-income families, the elderly, and persons with disabilities in Desa Batuah and Desa Mangka.

This initiative reflects Kencana Agri's ongoing efforts to support basic needs access for vulnerable communities, ensuring food security and improving quality of life through sustained and inclusive social support programs.





Education and Youth Development: *Kencana Berprestasi*

Kencana Berprestasi was developed in response to identified gaps in educational access and learning support within communities surrounding our operations. The programme is designed to nurture the potential of children and youth across both academic and non-academic disciplines, recognising education as a critical foundation for long-term social and economic resilience.

Through targeted educational assistance, learning enrichment activities, and improvements to educational facilities, *Kencana Berprestasi* seeks to expand access to quality education and create pathways for future opportunity. By investing in youth development, Kencana Agri contributes to the cultivation of capable, confident, and empowered future generations who can participate meaningfully in local development.

Investing in Education and Future Generations: Education Support Program

To date, the Company has provided educational and learning facilities to eight kindergartens and early childhood education centres (TK/PAUD), as well as three elementary schools. In addition to supplying materials such as books, stationery, desks, and chairs, the company also funds teachers' and administrators' salaries. Currently, there are 46 teachers and 625 students enrolled in the school.

In 2025, the Company completed the construction of a school at PT AKM to enhance access for employees' children within the company's premises. Construction commenced in 2024, with the opening ceremony held on 8 July 2025, attended by PT AKM's management and operational staff. The Company also provided supporting facilities for learning activities, including stationery, chairs, and tables.

Simultaneously, construction of an elementary school at PT AIK commenced in 2025, with completion expected in 2026.

Furthermore, to facilitate access for employees' children to nearby schools, the company also provides 24 combi vans or buses to transport students from elementary, middle, and high school levels.





Cultural Preservation and Community Identity: *Kencana Berbudaya*

Kencana Berbudaya is a core component of Kencana Agri's community development framework, dedicated to preserving and celebrating cultural heritage within the regions where we operate. The programme recognises that cultural identity plays a vital role in strengthening social cohesion, community pride, and intergenerational continuity.

Through support for local traditions, cultural activities, and community-led initiatives, *Kencana Berbudaya* contributes to the protection of cultural assets while fostering meaningful engagement between the Company and local stakeholders. This approach reinforces mutual respect, strengthens social capital, and supports the long-term resilience of communities alongside economic development.

Strengthening Community Bonds Through Religious Engagement: Ramadan Safari Program

Kencana Agri Group conducted its annual Ramadan Safari 1446 H, engaging with communities through visits to mosques and prayer facilities across villages surrounding its operational areas.

The program included the provision of religious facility support, such as fans, Al-Qur'an, prayer mat, essential raw foods and other essential equipment, to enhance the comfort and functionality of worship places. Contributions were made across multiple locations, around operational areas within eleven subsidiaries of Kencana Agri Group.

Beyond material support, the Ramadan Safari serves as an important platform to strengthen relationships between Company management and local communities, fostering trust, inclusivity, and social cohesion.



Fostering Social Solidarity and Community Relations: Eid al-Adha Qurbani Contribution (1446 H / 2025)

In celebration of Eid al-Adha 1446 H, all subsidiaries of Kencana Agri contributed to surrounding communities through the provision of qurbani (sacrificial) cattle, distributed to local governments and mosques in villages around the Company’s operational areas.

Contributions included six cattle and 75 kg of meat accumulated from five subsidiaries of Kencana Agri Group.

As a recurring annual initiative, this program reflects the Company’s commitment to social care, cultural values, and community engagement, while strengthening relationships and fostering goodwill with local communities.



Preserving Cultural Heritage and Local Traditions

Kencana Agri recognizes the importance of protecting and celebrating local cultural heritage as part of its commitment to sustainable community engagement.

In 2025, PT SKL, PT AEK, and PT ATK participated as sponsors in the Pesta Adat Erau in Tenggara and Sabintulung, Kutai Kartanegara, supporting one of the region’s most significant traditional cultural events.

In addition, PT SKL conducted the Pelas Tanah ritual, a traditional Kutai ceremony aimed at purifying the land and surrounding environment, led by local customary leader Mr. Yanto Effendi of Sabintulung. The event also included interfaith prayers (Muslim and Christian) and the Belian ritual performed by the Sabintulung Traditional Council.

Through these initiatives, Kencana Agri contributes to the preservation of indigenous culture, respect for local wisdom, and strengthening of social harmony, while fostering meaningful connections with local communities.



Supporting Spiritual Well-being and Inclusivity

PT SKL and PT ATK organized a Bible Study Program during the school holiday period for children of employees who are Christian and Catholic (aged 5 and above).

The program was facilitated by pastors and church community leaders, providing a structured platform for children to engage in positive activities and deepen their understanding of religious teachings during the holiday season.

This initiative reflects Kencana Agri’s commitment to embracing diversity, fostering inclusivity, and supporting the spiritual well-being of employees and their families, while creating a supportive and values-driven workplace environment.



Supporting Religious Inclusion through Community Worship Facilities – GKOI

To support the spiritual well-being of employees, Kencana Agri facilitated the formal establishment of a church at PT SKL in collaboration with the Gereja Kristen Oikumene Indonesia (GKOI). Following official affiliation with the GKOI Synod, the church was inaugurated through a formal consecration ceremony conducted by the Synod Council.

This milestone enables the church to operate legally and provide a full range of religious services, including regular worship, Sunday school, baptisms, weddings, and other religious activities. Through this initiative, the Company reinforces its commitment to inclusivity, respect for diversity, and the holistic well-being of employees and their families.



Smallholder Empowerment and Plasma Partnerships

[GRI 413-1][GRI 413-2]

Long-Term Socioeconomic Collaboration

Established in 1997, Kencana Agri's Plasma Partnership programme is designed to strengthen the economic resilience and self-reliance of communities located near our operational areas. The programme supports local smallholder farmers through structured partnerships that integrate them into the palm oil value chain while promoting sustainable agricultural practices.

Participating farmers receive access to technical guidance, quality planting materials, modern agronomic practices, and operational support, including assistance with fertilizer and pesticide application, land administration processes, and the logistics required to transport Fresh Fruit Bunches (FFB) to processing facilities. Through knowledge-sharing and continuous engagement, the programme aims to improve farm productivity, income stability, and long-term land stewardship.

Regulatory Alignment and Partnership Governance

In accordance with Indonesian regulatory requirements, a minimum portion of plantation land is allocated to plasma development. Kencana Agri maintains long-standing, transparent partnerships with plasma smallholders to ensure regulatory compliance and mutual accountability.

Open communication channels and formal grievance mechanisms are in place to address operational, social, or commercial concerns in a timely and constructive manner. This governance approach supports trust, continuity, and shared value creation between the Company and its plasma partners.

Community Impact and Local Development Outcomes

Over time, the Plasma Partnership has generated tangible socioeconomic benefits for participating farmers, contributing to improved livelihoods and broader rural development. In communities surrounding our operations, the programme has supported increased economic activity, improved household welfare, and stronger community cohesion.

In areas such as those surrounding the Company's operations in Tempilang, sustained plasma engagement has contributed to long-term improvements in local living standards and economic vitality. These outcomes are reflected not only in economic indicators but also in the continuation of community cultural traditions, such as annual harvest celebrations that acknowledge improved agricultural outcomes and shared prosperity.

Community Risk Management [GRI 413-2]

While Kencana's operations generate significant positive socioeconomic outcomes, the Company recognizes potential negative impacts associated with land use, infrastructure activities, and operational presence. These include dust and noise from mill operations, traffic from FFB transport, and land-use change impacts on local livelihoods adjacent to expansion areas.

Kencana manages these risks through: community consultation prior to operational changes, grievance mechanisms accessible at each site, regular community impact assessments, and dedicated community relations officers in each operational region. In 2025, all received community grievances were all resolved.



Key Components of the Plasma Partnership

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



Kaleidoscope of Impact: Operational and Social Excellence in Action

Kencana Agri’s approach to sustainability is reflected not only in large-scale programmes but also in a series of targeted, operational-level initiatives implemented across its estates, mills, and employee communities. These initiatives, while diverse in scope, collectively reinforce operational discipline, workforce well-being, and social resilience.

Through this integrated approach, the Company demonstrates how continuous improvements at the operational level contribute meaningfully to long-term sustainability performance and shared value creation.

1 Advancing Product Quality Through AI-Enabled Grading Systems

At PT SWK, the Company has strengthened quality control processes through the deployment of AI-based grading technology using the AGATE system. This initiative supports ongoing mill operations during replanting periods by ensuring that Fresh Fruit Bunches (FFB) sourced from surrounding areas meet defined quality standards.

The AGATE system automates the classification of FFB ripeness, delivering grading accuracy of up to 97% while enabling real-time data capture and reducing reliance on manual processes. By enhancing consistency in raw material selection, this initiative contributes to improved Crude Palm Oil (CPO) quality and reinforces operational efficiency.



2 Strengthening Plantation Oversight Through Operational Control (Opscont)

Kencana Agri has established a dedicated Operational Control (Opscont) function across all subsidiaries to enhance plantation performance and FFB quality. Supported by digital monitoring systems, Opscont enables objective assessments of harvesting practices, equipment readiness, and field conditions across estates.

The programme also ensures alignment between Daily Work Plans and actual production outcomes, strengthening operational discipline and improving reporting accuracy. Through this structured approach, the Company enhances traceability, reinforces compliance with standard operating procedures, and supports consistent operational performance.



3 Enhancing Workplace Safety Through Structured Mill Inspection Programmes

To strengthen safety performance, Kencana Agri has implemented a structured Occupational Health, Safety, and Environment (HSE) inspection programme across all palm oil mills. Monthly inspections conducted by HSE Specialists cover key operational areas, including processing stations, powerhouses, water treatment facilities, and workshops.

Inspection findings are systematically reviewed and translated into corrective action plans with defined accountability and timelines. Complemented by 5K2S performance evaluations and recognition mechanisms, this programme fosters a proactive safety culture and drives continuous improvement in workplace safety standards.



4 Promoting Employee Well-Being Through the "Perumahan Asri" Initiative

In 2025, Kencana Agri introduced the "Perumahan Asri" initiative to enhance the quality of employee living environments across its operations. Led by the Training and Development function, the programme encourages employees to maintain clean, organised, and well-maintained housing areas through a structured assessment framework.

Evaluations are based on environmental cleanliness, organisation, greenery, creativity, and availability of shared facilities. The initiative not only improves living conditions but also fosters employee engagement, strengthens community pride, and contributes to overall workforce well-being.



5. Strengthening Employee Engagement Through the "Sapa Karyawan" Programme

Kencana Agri continues to strengthen employee relations through its "Sapa Karyawan" programme, a structured weekly engagement initiative implemented across all subsidiaries. The programme facilitates direct dialogue between employees and management through visits to employee housing areas.

Employee feedback on welfare, working conditions, and employment-related concerns is systematically documented and followed up through defined action plans. This approach enhances transparency, builds trust, and reinforces the Company's commitment to employee well-being and long-term workforce retention.



Governance Practices



Ethics and Risk Management [GRI 2-15, 2-16, 2-25, 2-26]

Strong governance and effective risk management remain critical foundations in maintaining stakeholder confidence and ensuring resilient business growth. Kencana Agri continues to reinforce a culture of integrity and ethical conduct, guided by a zero-tolerance policy for fraud, bribery, corruption, and any practices inconsistent with responsible business standards. Our Code of Ethics, applicable to all directors, officers, and employees, serves as the principal reference for decision-making, emphasizing legal compliance, transparency, responsible use of authority, avoidance of conflicts of interest, and protection of data integrity and Company reputation.

Preventing conflicts of interest remains a priority. Policies require mandatory disclosure of potential conflicts and prohibit participation in related decisions. In addition, recurring ethics and compliance training enables employees to identify and manage ethical dilemmas, strengthening culture and accountability at all levels.

The oversight of governance performance and enterprise-wide risk management is overseen by the Audit & Risk Management Committee (ARC), which monitors internal controls, the accuracy of financial reporting, and significant risk exposures, including ESG-related risks. Through structured internal review processes, the ARC ensures adherence to regulatory standards and sustainability objectives. To improve transparency and responsible reporting, Kencana maintains an independent whistleblowing mechanism, accessible via phone and email, facilitating secure reporting and corrective actions.

In 2025, Kencana reported no significant incidents of non-compliance with the relevant laws and regulations, characterized by occurrences resulting in financial penalties or official warnings. The Company's objective for 2025 and subsequent years is to maintain this zero-incident performance through strengthened internal controls, consistent policy enforcement, and proactive compliance oversight. The ARC also oversees the implementation and follow-up of whistleblowing reports via independent investigation processes, ensuring accountability and fair resolution. Further information pertaining to critical concern reporting can be found in Kencana Agri's 2025 Annual Report, page 34.

In 2025, Kencana recorded zero significant instances of non-compliance with applicable environmental, labour, or other laws and regulations. No fines, sanctions, or legal enforcement actions were issued against the Company or our subsidiaries during the reporting period.

Kencana Agri Whistleblowing Reporting Channels:

Telephone: 0812-1074-123

Email: internal.audit@kencanaagri.com

Cyber Security and Data Privacy

In response to the increasing complexity of cyber threats and heightened global data protection regulations, Kencana employs a risk-based cybersecurity governance framework to protect operational systems, personal data, and confidential business information. Our cybersecurity strategy incorporates continuous improvement of IT safeguards, system resilience, and early detection capabilities.

We adhere to regional and national privacy regulations, including emerging data residency and digital security requirements in Indonesia and other jurisdictions where we operate. Kencana performs regular cybersecurity audits, penetration testing, and continuous monitoring of critical systems. To strengthen internal readiness, the Company provides ongoing training, security notifications, and awareness programs for all employees, building a culture of cyber vigilance.

Through these efforts, we aim to maintain operational reliability, safeguard digital infrastructure, and reduce technology-related risks.

Sustainable Supply Chain Management

Kencana Agri is committed to maintaining a responsible, transparent, and sustainable palm oil supply chain, in accordance with ISPO, and national environmental compliance programs. The Company adopts best management practices that emphasize traceability, resource efficiency, environmental stewardship, and the protection of human and community rights.

Industry Certifications & Compliance Excellence

Kencana Agri consistently strengthens our commitment to responsible and sustainable palm oil production by complying with internationally recognized and national certification standards such as ISPO and Indonesia's PROPER environmental rating program. These certifications demonstrate accountable agricultural practices, transparent operational processes, and continuous improvement in environmental stewardship and social responsibility.

Indonesian Sustainable Palm Oil (ISPO)

Kencana remains fully aligned with the Indonesian Sustainable Palm Oil (ISPO) mandatory certification system, which strengthens industry competitiveness through verified environmental stewardship, responsible labor and community practices, legal compliance, and systematic plantation management. The ISPO certification is pivotal in demonstrating disciplined governance and responsible operational practices throughout our plantations and mills.

In 2025, thorough surveillance audits and certification renewals were successfully conducted across numerous subsidiaries, demonstrating consistent adherence to sustainability standards and continuous performance improvement. These achievements are supported by ongoing initiatives, including the implementation of zero-burning practices, zero-waste and circular economy strategies, and the use of biomass renewable energy, all of which contribute to reducing emissions and improving operational efficiency.



PROPER Environmental Rating Program

The PROPER program, overseen by the Ministry of Environment and Forestry (KLHK), assesses corporate environmental performance based on a comprehensive set of criteria. These encompass regulatory compliance, emissions and waste management, water efficiency, hazardous waste handling, biodiversity conservation, community development, and environmental innovation. The ratings are categorized as Gold (Excellent), Green (Beyond Compliance), Blue (Compliant), Red (Non-Compliance), and Black (Severe Violation).

Kencana actively participates in both national and regional PROPER assessments and continues to demonstrate consistent and favorable results across its operations, with a strong record of Blue (compliance) and Green (beyond compliance) ratings. This reflects disciplined environmental management, regulatory adherence, and ongoing improvement efforts supported by collaboration with government agencies and technical teams.

In 2025, Kencana's plantation and mill entities achieved 5 Blue ratings, highlighting ongoing improvements in environmental compliance and transparency in performance. We remain committed to attaining higher levels of recognition through innovation and strengthening of sustainability initiatives.

5 BLUE PROPER RATING

(Beyond-Compliance) PROPER Regional

The table below summarizes the certification statuses of PROPER and ISPO within our operational areas as of 31 December 2025:

PT	Certificate	Ranking/Certification Status	Certification Period	Institute/Certification Body
Sawindo Kencana	Proper National	Blue	2024 - 2025	Kementerian Lingkungan Hidup
	ISPO	New Certificate	19/01/2026 - 18/01/2031	Mutu Hijau Indonesia
Alamraya Kencana Mas	Proper National	Blue	2024 - 2025	Kementerian Lingkungan Hidup
	ISPO	Certified: Surveillance III	25/03/2022 - 24/03/2027	Mutu Hijau Indonesia
Agro Inti Kencanamas	Proper Regional	Blue	2024 - 2025	Dinas Lingkungan Hidup Provinsi
	ISPO	Certified: Surveillance I	24/07/2024 - 23/07/2029	Mutu Hijau Indonesia
Sawit Kaltim Lestari	Proper National	Blue	2024 - 2025	Dinas Lingkungan Hidup Provinsi
	ISPO	Certified: Surveillance II	06/11/2023 - 05/11/2028	Mutu Hijau Indonesia
Agri Eastborneo Kencana	Proper Regional	Blue	2024 - 2025	Dinas Lingkungan Hidup Provinsi
	ISPO	Certified: Surveillance I	24/01/2024 - 23/01/2029	Mutu Hijau Indonesia
Agrojaya Tirta Kencana	ISPO	New Certificate	07/02/2025 - 06/02/2030	Mutu Hijau Indonesia

Certification & Environmental Performance Outlook

Kencana's sustained certification achievements reaffirm our commitment to transparent, responsible, and resilient palm oil operations. By persistently investing in governance frameworks, internal controls, and responsible resource management, the Company is well-positioned to maintain and enhance its performance, especially in expanding ISPO coverage and achieving improved PROPER outcomes.

Looking ahead, Kencana will continue strengthening compliance readiness, developing supplier capabilities, and fostering operational innovation to facilitate sustainable long-term value creation and deliver measurable year-on-year improvements in PROPER, ISPO, and emissions intensity performance across operational entities.

Supply Chain Transparency & Traceability

[GRI 308-1, 308-2, 414-1, 414-2]

Kencana is committed to maintaining a supply chain that is responsible, transparent, and guided by strong ethical standards. This is supported by systematic supplier due diligence, compliance screening, and ongoing performance monitoring. All suppliers, including independent smallholders, are expected to follow standards related to sustainability, legality verification, human rights, and fair labor practices. These standards are assessed through onboarding assessments, periodic audits, and capacity-building programs.

To improve traceability and accountability, Kencana has implemented end-to-end traceability systems covering traceability-to-mill and traceability-to-plantation for all Fresh Fruit Bunch (FFB) supply streams, enabling full tracking from origin to processing facilities. These systems support risk profiling, deforestation-free verification, and responsible sourcing assurance, aligning with evolving global sustainability expectations and market requirements.

The Company continues to strengthen supplier engagement through comprehensive training on good agricultural practices, compliance readiness, and productivity improvement, especially for smallholders. Through collaboration with government institutions, certification bodies, and industry partners, Kencana promotes responsible supply chain transformation and reaffirms our commitment to sustainable palm oil production.







Sustainable Operations & Products



Product and Service Quality

Kencana Agri continues to uphold our commitment to delivering high-quality, safe, and sustainably produced palm oil that meets global market expectations. Our operational philosophy prioritizes process integrity, production efficiency, and ongoing quality improvement, ensuring that our products serve various downstream sectors—including food processing, personal care, oleochemicals, and renewable energy—while also contributing to positive economic and environmental outcomes.

Our 2025 approach focuses on precision-driven quality management, increased traceability across the supply chain, and operational discipline, underpinned by robust quality assurance protocols and strict adherence to Good Agricultural Practices (GAP), Good Manufacturing Practices (GMP), and comprehensive Standard Operating Procedures (SOPs) throughout all estates and mills. Regular internal and independent audits serve to strengthen compliance, safety standards, and alignment with regulatory requirements.



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

Kencana Agri is committed to maintaining the utmost standards of quality, safety, and reliability in our palm oil products through rigorous process supervision, disciplined production management, and strict compliance with internationally recognized operational and sustainability standards. We implement systematic monitoring from harvesting through processing and logistics activities to guarantee product integrity and consistency.

To maintain product freshness and prevent quality deterioration, we implement a First-In, First-Out (FIFO) inventory methodology supported by calibrated storage and handling systems for Crude Palm Oil (CPO) and palm kernels. These measures, complemented by mill modernization initiatives, optimized harvesting schedules, improved fruit evacuation logistics, and rigorous sanitation protocols, facilitate consistent product quality and bolster operational reliability.



4.3%

average FFA level in 2025
(below recommended benchmark of 4.5%)

In 2025, Kencana Agri achieved an average Free Fatty Acid (FFA) level of 4.3%, demonstrating an improvement from 4.4% in 2024 and consistently remaining well below the industry benchmark of $\leq 4.5\%$. This underscores the company's commitment to superior oil quality standards. Operational productivity remained steady, with the total planted area extending to 67,885 hectares, comprising 51,215 hectares of nucleus estates and 16,670 hectares of plasma plantations. Total Fresh Fruit Bunch (FFB) production approximated 785,833 tonnes, supporting a consistent Oil Extraction Rate (OER) of 20.8%, despite evolving climatic and infrastructure-related challenges.

Operational Highlights	Units	Volume (tons)		
		2023	2024	2025
Fresh Fruit Bunches – Processed	MT	818,624	767,321	898,505
Fresh Fruit Bunches – Produced	MT	775,280	680,478	785,833
Oil Production - CPO	MT	171,467	163,489	187,295
Average FFB Yield (Nucleus)	MT/Ha	13.1	11.5	13.6
Average FFB Yield (Plasma)	MT/Ha	10.8	9.2	10.3
Oil Extraction Rates - CPO	%	20.9%	21.3%	20.8%
Sales Volume - CPO	MT	174,598	173,323	203,314

2025 Operational Highlight | Mill Innovation

▾ AGATE AI Grading System

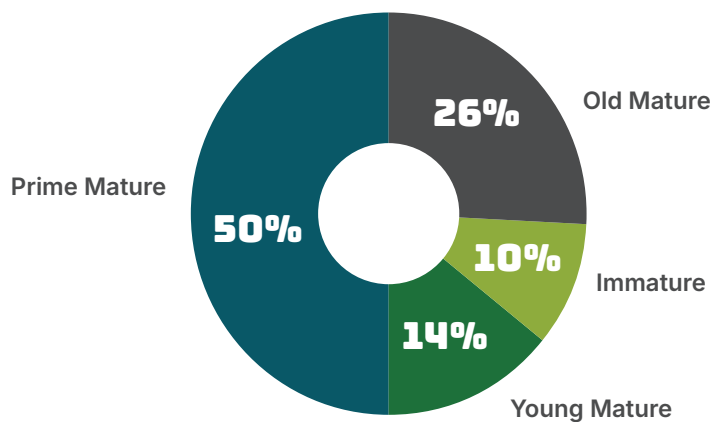
To enhance Fresh Fruit Bunch (FFB) intake management during replanting activities, PT Sawindo Kencana (SWK) implemented AGATE, an AI-powered grading system that automates ripeness classification at the mill reception point. The system processes incoming third-party FFB (buah P3) with approximately 97% accuracy, enabling consistent enforcement of quality standards while reducing reliance on manual inspection.

▾ Key Outcomes:

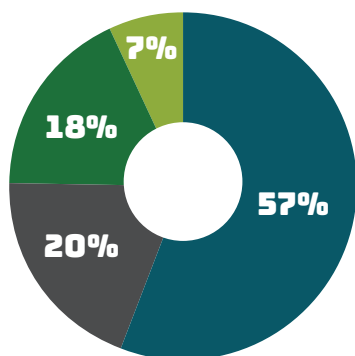
- **97% Grading Accuracy**
AI-driven classification ensures consistent and objective ripeness assessment at intake
- **Improved CPO Quality**
Higher-quality feedstock leads to better oil extraction outcomes
- **Reduced Quality Variability**
Minimised intake of over-ripe and under-ripe FFB
- **Enhanced Traceability**
Stronger monitoring from reception through processing
- **Operational Efficiency**
Reduced manual grading effort and improved processing flow

➤ **"AI-enabled grading improves consistency, quality, and traceability at the point of intake."**

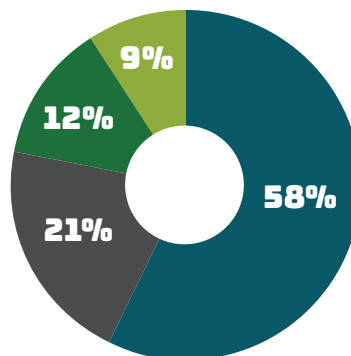




Planted Profile (Ha)



**51,215 HA
NUCLEUS**



**16,670 HA
PLASMA**

● 1-3 years (Immature)
 ● 4-6 years (Young mature)
 ● 7-18 years (Prime mature)
 ● >18 years (Old mature)

10: Sustainable Operations and Products

To ensure optimal performance, we rigorously implement Good Agricultural Practices (GAP), Good Manufacturing Practices (GMP), and comprehensive Standard Operating Procedures (SOPs) across all operational units. These measures are consistently reinforced through regular internal and third-party audits, alongside continuous employee competency development.

Throughout 2025, there were no recorded incidents of non-compliance concerning product quality, safety, or regulatory standards, thereby emphasizing our reliability as a supplier and the robustness of our governance and quality assurance systems. [GRI 2-27; 416-2]

Kencana Agri continues strengthening its competitive position through consistent quality performance — evidenced by zero product non-compliance incidents in 2025 and sustained ISPO certification, alongside efficient production systems and deepening integration of sustainability into operations.

Sustainability and Supply Chain Integrity

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

Responsible Sourcing & Traceability [GRI 308-1; 308-2; 414-1; 414-2]

Kencana remains committed to building a responsible, transparent, and traceable supply chain that supports deforestation-free and ethically aligned palm oil production. Suppliers and partner smallholders are integrated into structured governance processes, including due-diligence screening, legality verification, and periodic audits.

45%

ISPO Certified Nucleus Plantations 2025

In 2025, ISPO-certified plantation coverage increased to 45% of the total nucleus legal area, while 57% of CPO production was fully certified under ISPO standards. The Company also expanded its digital traceability infrastructure, enabling comprehensive traceability-to the mill and to-plantation (TTP) across all FFB supply channels, supported by digital field reporting and blockchain-based verification.

Area of Certified Estates (Nucleus)

ISPO Certified Own Estates (Nucleus) Area	2023	2024	2025
Total Nucleus Legal Area (Ha)	109.948	109.948	109.948
Certified Area (Ha)	35.384	49.028	49.028
Compared to Total Nucleus Area (%)	32%	45%	45%

Volume of ISPO Certified Palm Oil Products

ISPO CERTIFIED OWN (NUCLEUS) PALM OIL PRODUCTS	2022	2023	2024	2025
Total FFB Production (Ton)	617,454	623,068	547,461	639,835
Total CPO Production (Ton)	163,251	171,467	163,489	187,295
Certified FFB Production (Ton)	340,244	401,824	453,449	525,535
Certified CPO Production (Ton)	76,548	83,187	71,345	107,124
Compared to Total CPO Production (%)	47%	49%	44%	57%
Compared to Total FFB Production (%)	55%	64%	62%	82%

Independent third-party evaluations were conducted across mills and estates to verify performance against ISPO and PROPER standards, thereby supporting transparent reporting and facilitating ongoing improvements. Kencana remains committed to strengthening collaborations with suppliers and smallholders through targeted training, promotion of good agricultural practices, and providing access to agronomic and financial literacy programs.

Customer Satisfaction and Market Leadership

[GRI 416-2]

Our customers include refiners, oleochemical manufacturers, brokers, commodity traders, and FMCG manufacturers across both domestic and regional markets. We implement a systematic engagement model—consisting of product performance, technical consultations, and active participation in industry forums—to align supply capabilities with evolving quality standards and the specific requirements of our customers.

Zero Non-Compliance

In 2025, Kencana Agri maintained zero incidents of regulatory non-compliance related to product quality, safety, labeling, or customer health impacts—underscoring our commitment to reliability and responsible business conduct.



ZERO

regulatory non-compliance

➤ In 2025, Kencana achieved zero cases of regulatory non-compliance related to product quality or safety, reinforcing our reliability and reputation as a trusted global supplier.

2025 Key Achievements in Sustainable Operations

Key Indicator	2023	2024	2025	Trend
Total Planted Area (ha)	66,846	67,885	67,885	Stable
Nucleus vs Plasma (ha)	50,436 16,410	51,283 16,602	51,215 16,670	⬆️ Improved distribution
FFB Production (tonnes)	775,280	680,478	785,833	⬆️ Improved efficiency
Average FFA (%)	3.5%	3.8%	4.3%	⬇️ Continuous improvement
OER (%)	20.9%	21.3%	20.8%	⬆️ Productivity maintained
Certified CPO Production (Ton) Compared to Total CPO Production (%)	49%	44%	57%	⬆️ Certification expansion
Certified FFB (Ton) Compared to Total TBS Production (%)	64%	62%	82%	⬆️ Increased coverage
Regulatory Non-Compliance Cases	0	0	0	● Maintained
Traceability to Plantation	Partial	Expanded	100% FFB Traceable	⬆️ Full traceability achieved
Digital Monitoring Systems	Pilot stage	Partial deployment	Full deployment	⬆️ Technology modernization



Looking Ahead — Advancing Sustainable Value in Operations and Products

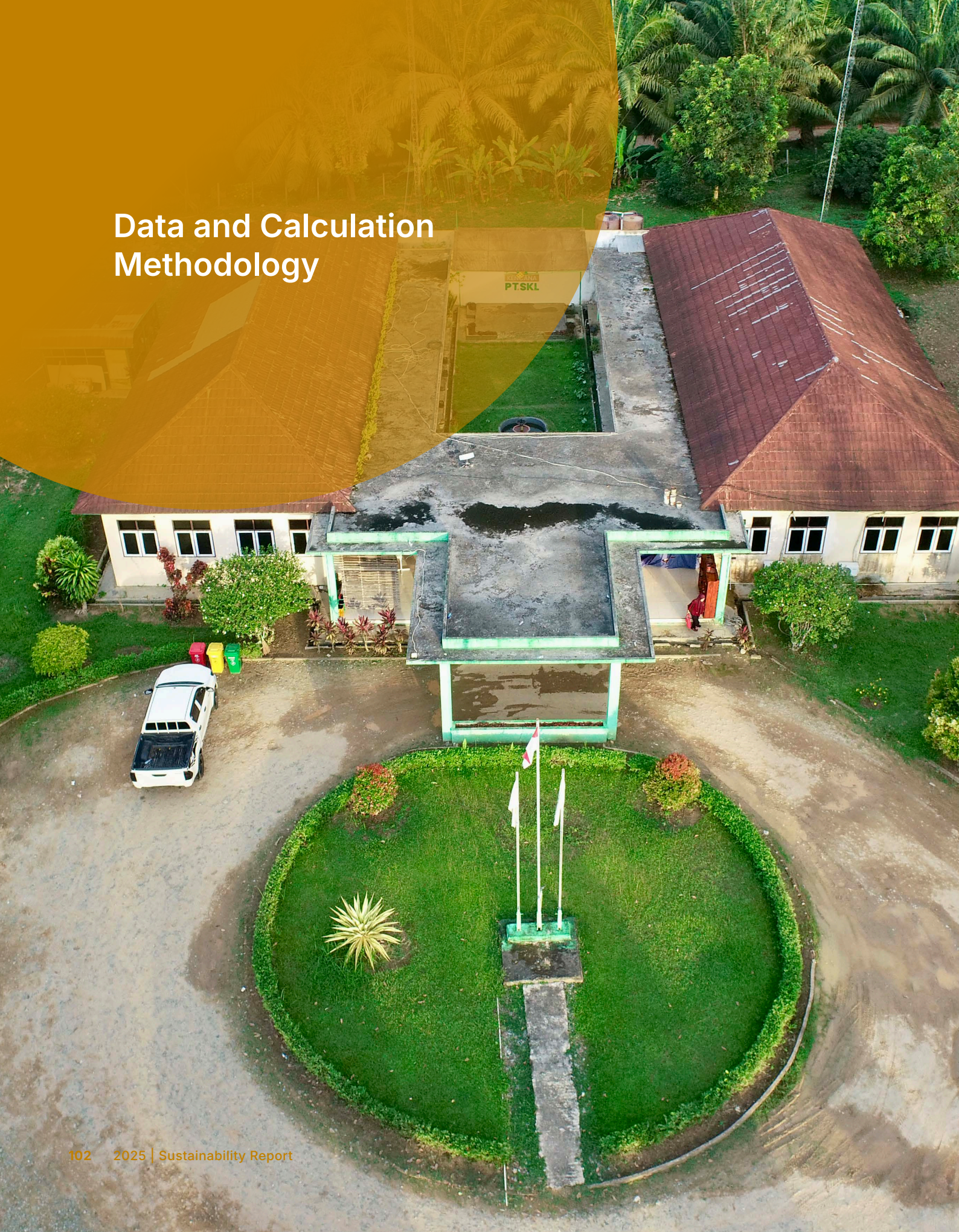
Kencana Agri will persist in improving sustainable operational performance and product excellence through targeted initiatives, including:

- The expansion of certification coverage seeks to achieve full ISPO compliance throughout nucleus estates and integrated supply chains.
- Efforts are underway to improve end-to-end traceability through the implementation of digital tracking systems and alignment with smallholder practices.
- Additionally, there is a focus on accelerating mill modernization and improving process efficiency to enhance oil recovery, minimize material losses, and support emissions-reduction objectives.
- Supplier engagement is being strengthened through ESG-based performance evaluations, field audits, and comprehensive training programs.
- Furthermore, the adoption of precision agriculture and digital technologies is being promoted to enhance resource efficiency and bolster climate resilience.



KENCANA
GROWTH EXCELLENCE INTEGRITY
SKLMILL

Data and Calculation Methodology



Environmental [GRI 302-1][GRI 302-3][GRI 305-1][GRI 305-2][GRI 305-3]

1. Energy Consumption: At Kencana Agri, energy consumption includes both purchased electricity and the fuel used in our operations. Fuel usage data is translated into energy values (in gigajoules/ GJ) based on the Lower Heating Value (LHV) parameters from the IPCC 2006 Guidelines for National Greenhouse Gas Inventories.
2. Greenhouse Gas (GHG) Emissions: Our GHG emissions are calculated following the GHG Protocol: A Corporate Accounting and Reporting Standard (2004), using operational control as the boundary. Scope 1 (direct) emissions include emissions from LUC, waste, fuel, and chemical use, while Scope 2 (indirect) emissions relate to purchased electricity. The gases considered are CO₂, CH₄, and N₂O. Emission calculations are based on activity data multiplied by relevant emission factors and converted into CO₂ equivalent (CO₂e) using GWP values based on the IPCC Fifth Assessment Report (2014). Emission factors are primarily referenced from IPCC guidelines and relevant national sources. For Scope 2, we use the most recent grid electricity emission factors from national energy authorities, applying the location-based method.
3. Intensity Metrics : We calculate energy consumption intensity in gigajoules per ton of Fresh Fruit Bunches (GJ/ton FFB), following industry standards for energy efficiency in palm oil production. For greenhouse gas (GHG) emissions, we measure the intensity in kilograms of CO₂ equivalent per dry-ton of Crude Palm Oil (kgCO₂ eq./dry-ton CPO), providing an accurate measure of our carbon footprint relative to production.
4. Boundary Change Note: The GHG calculation tools applied in 2023 differs from that used in 2024 and 2025. While emissions in 2023 are using ISPO GHG Calculator Version 9.1, the Company adopted the WRI GHG Calculator starting in 2024. Nevertheless, both calculator tools using GHG Protocol as the methodology reference. As a result, 2023 GHG data is not directly comparable to 2024–2025 figures. 2023 Scope 1 and 2 subcategory figures on the restated basis are not available.

Social

1. Employment Data: Kencana Agri does not employ workers under non-guaranteed hour contracts. From 2022 to 2023, workforce numbers decreased as we focused on efficiency. In 2023, we also started reporting on workers, including security, cleaning, and dispatch staff. The figures are as of December 31, 2025.



GRI Content Index



GRI Content Index

Statement of use	Kencana Agri Limited has reported the information cited in this GRI content index for the period 01 January 2025 – 31 December 2025 with reference to the GRI Standards
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organizational details	13; 16
	2-2 Entities included in the organization's sustainability reporting	19
	2-3 Reporting period, frequency and contact point	19;20
	2-4 Restatements of information	20
	2-5 External assurance	20
	2-6 Activities, value chain and other business relationships	13;16; 17;20
	2-7 Employees	16; 63
	2-9 Governance structure and composition	23; Annual Report page 21
	2-10 Nomination and selection of the highest governance body	25, Annual Report page 28
	2-11 Chair of the highest governance body	Annual Report page 24
	2-12 Role of the highest governance body in overseeing the management of impacts	23
	2-13 Delegation of responsibility for managing impacts	23
	2-14 Role of the highest governance body in sustainability reporting	23
	2-15 Conflicts of interest	89
	2-16 Communication of critical concerns	89
	2-17 Collective knowledge of the highest governance body	25
	2-18 Evaluation of the performance of the highest governance body	25
	2-19 Remuneration policies	25; Annual Report page 30
	2-20 Process to determine remuneration	25; Annual Report page 30
	2-21 Annual total compensation ratio	25; Annual Report page 32
	2-22 Statement on sustainable development strategy	8-11
	2-23 Policy commitments	43; 63
	2-24 Embedding policy commitments	31
	2-25 Processes to remediate negative impacts	89
	2-26 Mechanisms for seeking advice and raising concerns	89
	2-27 Compliance with laws and regulations	98
	2-28 Membership associations	28
	GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement
2-30 Collective bargaining agreements		63

12: GRI Content Index

GRI Standard	Disclosure	Location
GRI 3: Material Topics 2021	3-1 Process to determine material topics	19; 32
	3-2 List of material topics	32
	3-3 Management of material topics	33-35
GRI 201: Financial Performance 2016	3-3 Management of material topics	33-35
	201-2 Financial implications and other risks and opportunities due to climate change	38; 66
GRI 202: Market Presence 2016	3-3 Management of material topics	33-35
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	63; 68
	202-2 Proportion of senior management hired from the local community	63
GRI 203: Indirect Economic Impacts 2016	3-3 Management of material topics	33-35
	203-1 Infrastructure investments and services supported	80
	203-2 Significant indirect economic impacts	78
GRI 302: Energy 2016	3-3 Management of material topics	33-35
	302-1 Energy consumption within the organization	43;44
	302-3 Energy intensity	43; 44
	302-5 Reductions in energy requirements of products and services	43
GRI 303: Water and Effluents 2018	3-3 Management of material topics	33-35
	303-1 Interactions with water as a shared resource	49
	303-2 Management of water discharge-related impacts	49
	303-3 Water withdrawal	49; 50
	303-4 Water discharge	50
GRI 304: Biodiversity 2016	3-3 Management of material topics	33-35
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	58; 61
	304-2 Significant impacts of activities, products and services on biodiversity	58
	304-3 Habitats protected or restored	58
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	59-60
GRI 305: Emissions 2016	3-3 Management of material topics	33-35
	305-1 Direct (Scope 1) GHG emissions	47
	305-2 Energy indirect (Scope 2) GHG emissions	47
	305-3 Other indirect (Scope 3) GHG emissions	
	305-4 GHG emissions intensity	47
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	47

GRI Standard	Disclosure	Location
GRI 306: Waste 2020	3-3 Management of material topics	33-35
	306-1 Waste generation and significant waste-related impacts	53
	306-2 Management of significant waste-related impacts	53
	306-3 Waste generated	53
GRI 401: Employment 2016	3-3 Management of material topics	33-35
	401-1 New employee hires and employee turnover	63
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	70
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	33-35; 74
	403-1 Occupational health and safety management system	74
	403-2 Hazard identification, risk assessment, and incident investigation	76
	403-3 Occupational health services	77
	403-4 Worker participation, consultation, and communication on occupational health and safety	74
	403-5 Worker training on occupational health and safety	76
	403-6 Promotion of worker health	77
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	77
	403-8 Workers covered by an occupational health and safety management system	74
	403-9 Work-related injuries	76
	403-10 Work-related ill health	74
GRI 404: Training and Education 2016	3-3 Management of material topics	33-35
	404-1 Average hours of training per year per employee	72;73
	404-2 Programs for upgrading employee skills and transition assistance programs	63
	404-3 Percentage of employees receiving regular performance and career development reviews	68
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	33-35; 64
	405-1 Diversity of governance bodies and employees	63; 64; 65
	405-2 Ratio of basic salary and remuneration of women to men	64; 68
GRI 406: Nondiscrimination 2016	3-3 Management of material topics	33-35; 64
	406-1 Incidents of discrimination and corrective actions taken	64; 70
GRI 407 : Freedom of Association and Collective Bargaining 2016	3-3 Management of material topics	33-35
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	68

12: GRI Content Index

GRI Standard	Disclosure	Location
GRI 408: Child Labor 2016	3-3 Management of material topics	33-35
	408-1 Operations and suppliers at significant risk for incidents of child labor	63; 64; 71
GRI 409 : Forced or Compulsory Labor 2016	3-3 Management of material topics	33-35
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	63; 64; 71
GRI 413: Local Communities 2016	3-3 Management of material topics	33-35
	413-1 Operations with local community engagement, impact assessments, and development programs	78
	413-2 Operations with significant actual and potential negative impacts on local communities	85
GRI 416: Customer Health and Safety 2016	3-3 Management of material topics	33-35
	416-1 Assessment of the health and safety impacts of product and service categories	95
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	95; 98; 99

IFRS SDS Industry-based guidance on implementing climate-related disclosure metrics (Volume 20 – Agricultural Products)

Table 1. Sustainability Disclosure Topics & Accounting Metrics

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	2025 Performance
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	Metric tons (t) CO ₂ -e	FB-AG-110a.1	305,783 tCO ₂ e
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	FB-AG-110a.2	<ul style="list-style-type: none"> Kencana is exploring opportunities to install solar panels and transition its truck fleet to electric vehicles in order to reduce GHG emissions. Biomass utilisation for energy generation was expanded in 2025, with 2,167 GJ of renewable biomass energy generated, displacing equivalent diesel consumption Increased usage of biomass and biofuels to generate steam and electricity
	Fleet fuel consumed, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-110a.3	196,414 GJ 0.79%
Energy Management	(1) Operational energy consumed (2) percentage grid electricity (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-130a.1	1. 272,786 GJ 2. 27.20% 3. 0.79%
Water Management	(1) Total water withdrawn (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m ³), Percentage (%)	FB-AG-140a.1	1,434,529 cubic meters of water Water-tress Score Sulawesi Tengah, Gorontalo - 0.37 Kalimantan Selatan - 0.22 Kalimantan Timur - 0.00 Kalimantan Utara - 0.00 Kepulauan Bangka Belitung - 0.00
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	FB-AG-140a.2	<ul style="list-style-type: none"> Construction of ditch as water catchment as water reservoir during dry seasons Flapgate to control floods and waterflow. Development of drought-tolerant planting materials Precision irrigation/drainage systems Continuous R&D for crop resilience (e.g., fungal disease resistance) POME and EFB application on soil to improve its organic content Maintain cover crops and humidity

13: IFRS SDS Industry-based Guidance on implementing Climate-related Disclosure metrics

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	2025 Performance
Water Management	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	FB-AG-140a.3	Zero
Ingredient Sourcing	Identification of principal crops and description of risks and opportunities presented by climate change	Discussion and Analysis	n/a	FB-AG-440a.1	Page 39
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by cos	FB-AG-440a.2	All of our products sourced from low baseline water stress regions

Table 2. Activity Metrics

Activity Metric	Category	Unit Of Measure	Code	2025 Performance
Production by principal crop	Quantitative	Metric tons (t)	FB-AG-000.A	FFB: 785,833 MT CPO: 187,295 MT
Number of processing facilities	Quantitative	Number	FB-AG-000.B	Palm Oil Mills Number of mills: 7 Kernel Crushing Plants Number of plants: 2
Total land area under active production	Quantitative	Hectares	FB-AG-000.C	67,885 hectares
Cost of agricultural products sourced externally	Quantitative	Presentation currency	FB-AG-000.D	37.77 Million USD





SGX Core
ESG Metrics

Environmental

Topic	Metric	Unit	Framework Alignment	2025 Performance
GHG emissions	Absolute emissions: (a) Total; (b) Scope 1, Scope 2; (c) Scope 3, if applicable	tCO ₂ e	GRI 305-1, GRI 305-2, GRI 305-3, TCFD	(a) Total: 307,960 tCO ₂ e (b) Scope 1: 305,783 tCO ₂ e Scope 2: 2,177 tCO ₂ e (c) Scope 3: Not tracked
	Emission intensity: (a) Total; (b) Scope 1, Scope 2; (c) Scope 3, if applicable	tCO ₂ e/ organisation- specific metric	GRI 305-4, TCFD	(a) Total: 1.64 tCO ₂ e / tonne CPO (b) Scope 1+2: 1.64 tCO ₂ e / tonne CPO (c) Scope 3: N/A Denominator used: CPO production = 187,295 tonnes
Energy consumption	Total energy consumption	MWh/GJ	GRI 302-1, TCFD	272,786 GJ
	Energy consumption intensity	MWh/GJ/ organisation- specific metric	GRI 302-3, TCFD	0.30 GJ/MT FFB
Water consumption	Total water consumption	ML/m ³	GRI 303-5, TCFD	1,434,529 m ³
	Water consumption intensity	ML/m ³ / organisation- specific metric	TCFD	1.59 cubic meters per ton of FFB
Waste generation	Total hazardous waste generated (B3 waste)	Ton	GRI 306-3, TCFD	26.39 ton
	Total non-hazardous waste generated (non-B3 waste)	Ton	GRI 306-3, TCFD	EFBs: 184,172 ton Fibers: 114,912 ton Shells: 51,313 ton POME: 685,569 m ³
Deforestation & Land Use	Total land cleared for plantation expansion	Hectares	GRI 304-2	270.96 Hectares Note: PT LIL is committed a moratorium on land expansion in all new development areas, particularly those identified as High Conservation Value (HCV) and High Carbon Stock (HCS), until comprehensive assessments and required remediation actions are completed in line with applicable regulations and international sustainability standards.
	Peatland conversion for palm oil plantations	Hectares	GRI 304-2	0 Hectares no peatland converted to palm oil plantations in 2025.
Biodiversity & Conservation	Conservation areas within plantation sites	Hectares	GRI 304-3	9,475.23 ha
	Restoration efforts for degraded land	Hectares	GRI 304-3	0 Hectares

Social

Topic	Metric	Unit	Framework Alignment	2025 Performance
Gender diversity	Current employees by gender	Percentage (%)	GRI 405-1	Male 80% Female 20%
	New hires and turnover by gender	Percentage (%)	GRI 401-1	New hires • Male : 1.35% • Female : 0.12% Turnover • Male : 1.23 % • Female : 0.05%
Age diversity	Current employees by age	Percentage (%)	GRI 405-1	18-30 years old. :39% 30-50 years old : 54% >50 years old. : 7%
	New hires and turnover by age group	Percentage (%)	GRI 401-1	New hires • 18-30 years old : 0.69% • 30-50 years old : 0.71% • >50 years old : 0.07% Turnover • 18-30 years old : 0.28% • 30-50 years old : 0.80% • >50 years old : 0.20%
Employment	Total turnover	Number and percentage (%)	GRI 401-1	110 1.28%
	Total number of employees	Number	GRI 2-7	8,592
Development & training	Average training hours per employee	Hours/number of employees	GRI 404-1	6.92 hours
	Average training hours per employee by gender	Hours/number of employees	GRI 404-1	Male 7.00 hours Female 6.67 hours
Occupational health & safety	Fatalities	Number of cases	GRI 403-9, MOM (Singapore)	0 (Zero)
	High-consequence injuries	Number of cases	GRI 403-9, MOM (Singapore)	0 (Zero)
	Recordable injuries	Number of cases	GRI 403-9, MOM (Singapore)	1,786
	Work-related ill health cases	Number of cases	GRI 403-10, MOM (Singapore)	0 (Zero)

Governance

Topic	Metric	Unit	Framework Alignment	2025 Performance
Board composition	Board independence	Percentage (%)	GRI 2-9	29%
	Women on the board	Percentage (%)	GRI 2-9, GRI 405-1	14.3%
Management diversity	Women in the management team	Percentage (%)	GRI 2-9, GRI 405-1	20% of the entire management team
Ethical behaviour	Anti-corruption disclosures	Discussion & number of standards	GRI 205-1, GRI 205-2, GRI 205-3	We adopt Indonesia's Anti-Bribery and Anti-Corruption Management System into the Company's Code of Conduct and Whistleblowing Policy and Mechanism. The Company conducts periodic assessments of corruption-related risks and monitors any confirmed incidents; further information, including risk coverage, identified risks, incidents, related actions, and legal cases, is disclosed in the Annual Report.
	Anti-corruption training for employees	Number and percentage (%)	GRI 205-2	Anti-corruption training module is being developed and is planned to be deployed in 2026 for all employees.
Certifications	List of relevant certifications	List	SGX commonly reported metric	Page 91
Alignment with frameworks	Alignment with disclosure practices	GRI/TCFD/SASB/SDGs/Others	SGX-ST Listing Rules	Page 19
Assurance	Assurance of sustainability report	Internal/external/none	GRI 2-5, SGX-ST Listing Rules	None

Third Party Accordance Check

IAC0582604JT



National Center for Corporate Reporting

Statement of GRI Standards in Accordance Check

The National Center for Corporate Reporting has conducted a GRI Standards in Accordance Check on Kencana Agri Limited Sustainability Report 2025 ("Report"). The check communicates the extent to which the GRI Standards has been applied in the Report. The check does not provide an opinion on the sustainability performance of the reporter or the quality of the information provided in the Report.

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

Jakarta, 24 April 2026

National Center for Corporate Reporting
GRI Standards Aligning Service



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



Statement on SGX Compliance Number: SGXC031404KS

The National Center for Corporate Reporting (NCCR) conducted an SGX Compliance Check on Kencana Agri Limited Sustainability Report 2025 (“Report”). The check communicates the extent to which the SGX-ST Listing Rules Practice Note 7.6, Sustainability Reporting Guide has been applied to the Report.

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

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

Singapore, 20th April 2026
For and on behalf of NCCR,

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

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



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