



2022
Sustainability Report



REBORN



REBORN

The pandemic has taught all of us a lesson that balancing economic ambition with environment consciousness and social progress is a must if we want to thrive together sustainably as a society. This lesson learned showed that sustainability has become even more crucial for us moving forward.

Kencana Agri uses the momentum brought by the recovering global economy to rebuild, rejuvenate, and revisit how we do our business, our conduct, and our sustainability commitment. We use this momentum to revive our company to become stronger and better - stronger and better in producing high quality products for our customers, stronger and better in providing a rewarding working experience for our people, stronger and better in providing sustainable social impacts to the communities wherever we operate.

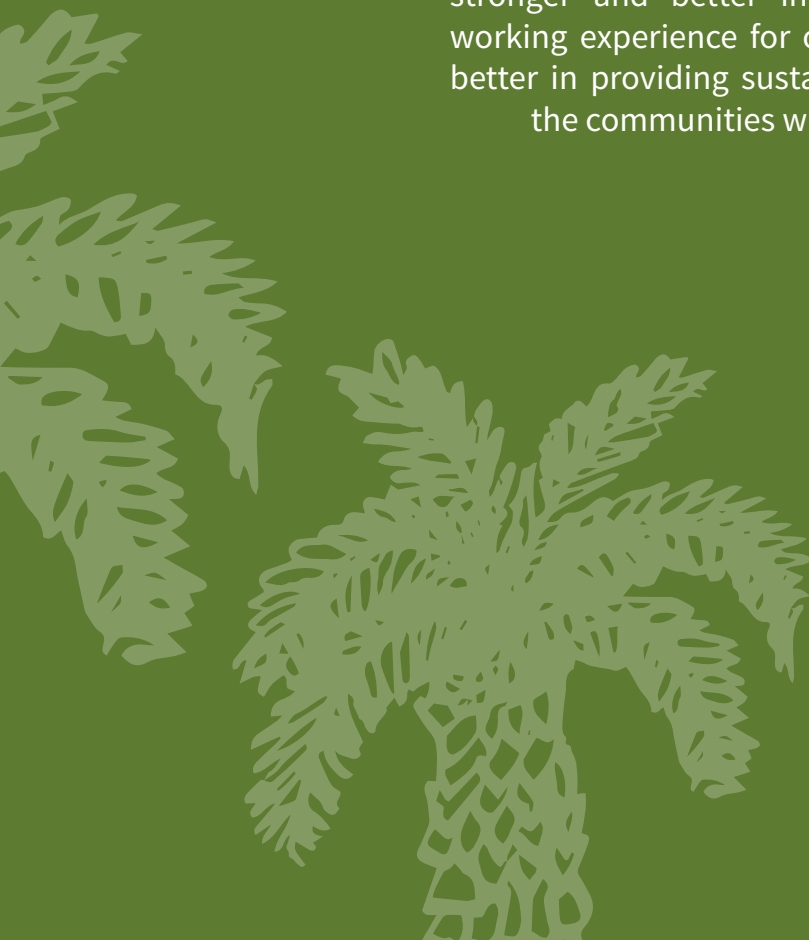
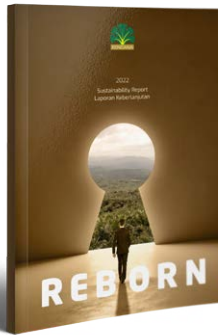




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Performance Highlight

ACHIEVEMENT & TARGET	TARGET	2020	2021	2022
TO ENSURE ZERO FATALITY	0 (Zero)	0 (Zero)	0 (Zero)	3
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 : SWK, AKM, SKL, AEK, AIK	<ul style="list-style-type: none"> • BLUE : SWK, AKM • GREEN : AIK 	<ul style="list-style-type: none"> • GREEN (PROPERDA): SKL • BLUE (PROPERNAS): SWK, AKM, SKL • BLUE (PROPERDA): AIK, AEK
ISPO CERTIFICATION for all plantations and mills in the operational phase	Certify operational estates and mill by 2020	<ul style="list-style-type: none"> • SWK has succeeded and ISCC re-certification • SWK, AIK, AKM, and SKL succeeded in maintaining certificate through surveillance audit 	<ul style="list-style-type: none"> • SWK has succeeded in ISPO and ISCC re-certification • AIK, AKM, and SKL succeeded in maintaining certificate through surveillance audit 	<ul style="list-style-type: none"> • SWK has succeeded in ISCC re-certification, AKM has succeeded in ISPO re-certification • AIK, SWK, and SKL succeeded in maintaining certificate through surveillance audit





About This Report



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

Reporting Period, Date of Most Recent Report and Reporting Cycle

[GRI 2-3]

This 2022 Sustainability Report covers data and information of our activities from 01 January 2022 to 31 December 2022. We publish our sustainability report annually and this is Kencana's seventh Sustainability Report. It is a continuation of the Kencana's Sustainability Report 2021 that was published in May 2022.

Reporting Standards

The report has been prepared with reference to the Global Reporting Initiatives ("GRI") Standards Core option and sustainability reporting requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rule 711A ("LR 711A"). The GRI framework was chosen for this reporting as it is the most widely used and recognized standards for reporting globally, providing higher comparability of the Group's disclosures with its peers. Kencana is well informed of the amendments of SGX-ST Listing Rules on 1 January 2022 and the latest update of the GRI Universal Standards 2021 for content and disclosures discussed in this report.

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

Our Sustainability Report include materials pertaining to the three main aspects of environmental, social, and economic factors throughout FY2022. In each reporting cycle, Kencana reviews the content of the Sustainability Report for accuracy, completeness, and balanced reporting. In addition, Kencana ensures that current and emerging material issues pertaining to sustainability and the interests of our stakeholders are addressed. The disclosures made in this report are in line with GRI's Reporting Principles for defining report quality, namely accuracy, balance, clarity, comparability, reliability, and timeliness.

Determination of the Sustainability Report content is based on the four GRI Standards principles. as listed below:

1. Stakeholder Engagement

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

2. Sustainability Context

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

3. Materiality

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

4. Completeness

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

This Sustainability Report covers Kencana’s operations throughout Indonesia and marketing office in Singapore, excluding activities of third parties conducted outside of Kencana's operational areas. Data and information on the Kencana's financial performances are taken from our Annual Report 2022 covering all subsidiary companies as included in consolidated financial statement, including:

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

Verification and Assurance [GRI 2-5]

The contents of this Sustainability Report were reviewed and verified to ensure accuracy and reliability through a thorough internal verification process. This ensures that Kencana cooperates with the comparability principle, transparency principle and accountability principle. In particular, all data and information for Indonesia Sustainable Palm Oil (“ISPO”), International Sustainability and Carbon

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

In addition, Kencana has engaged a third independent party, National Center for Corporate Reporting (NCCR) - previously was known as National Center for Sustainability Reporting (NCSR) to ensure that this report complies with GRI Standard 2021 (“With Reference” option) and SGX requirements. A third-party assurance is not conducted for this Sustainability Report but will be considered for the future reporting.

Significant Change or Restatement

[GRI 2-4, 2-6]

There has been no significant change in relation to the reporting structure, neither to the organization, operational, and supply chain compared to the previous report. There is also no restatement of information on this sustainability report from previous period.

Accessibility

In supporting the nature of conservation, this Sustainability Report has been printed in limited numbers. We encourage all stakeholders to obtain a copy of Kencana Agri’s Sustainability Report 2022 from our website www.kencanaagri.com.

Contact Us [GRI 2-3]

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

Kencana Agri Ltd Indonesia Office

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





About Kencana Agri [GRI 2-1] [GRI 2-6]

As a palm oil plantation company, Kencana hosts its primary activity in Indonesia, which mainly includes the cultivation of palm oil and the processing of Fresh Fruit Bunches (FFB). The group is also officially listed on the main board of the Singapore Exchange (“SGX”) since the 25th of July 2008.

Currently, Kencana manages a combined total of 68,152 hectares of palm oil plantations, these are spread across the islands of Sumatra, Kalimantan, and Sulawesi, both nucleus and plasma. As of date, the Group owns 6 palm oil mills with a total processing capacity of 305 MT/hour and 2 kernel crushing plants with a capacity of 435 MT/day.

Kencana’s main products are Crude Palm Oil (CPO), Palm Kernel (PK), Palm Kernel Cake (PKC) and Crude

Palm Kernel Oil (CPKO). FFB is harvested through a wide spectrum of sources ranging from our plantations, plasma farmers, and purchases from third parties, to produce our main products, CPO, PK, CPKO, and PKC. We work with a wide range of clients, including prominent local and international trading companies, refineries, and oleochemical firms. Our port & bulking facilities and logistical services handle the management of product storage and transportation.

Kencana has significant potential in growth, due in part, to its relatively young profile of palm oil trees, which mature within the prime of 7 to 18 years. Moreover, we project that in the next couple of years, as our palm trees reach their mature phase, we will see an increase in the production of more FFB.



Kencana's integrated value chain comprises plantations, palm oil mills, kernel crushing plants and bulking facilities to support and complement our plantation operations.

Plantation

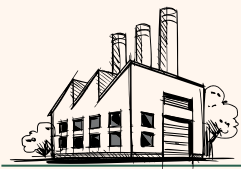
Our oil palm plantations are strategically located in Sumatra, Kalimantan and Sulawesi.

Total planted Area* : 68,152 Ha

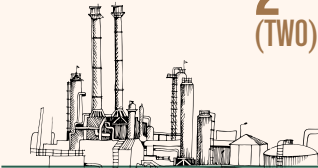
- Nucleus : 51,683 Ha
- Plasma :16,469 Ha

Processing

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



6
(SIX) **PALM OIL MILLS**
Total Processing Capacity:
305 MT/hour



2
(TWO) **KERNEL CRUSHING PLANTS**
Total Processing Capacity:
435 MT/day



Products

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

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

Main Products & Supporting Business

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

Renewable By-Products

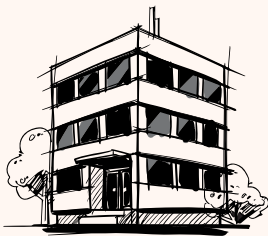
Empty Fruit Bunches, Liquid Waste, Kernel Shells, Fiber.

Supporting Business

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

Note:

* Inclusive of 888 Ha of Nucleus and 117 Ha of Plasma which belongs to KAM that has been classified as Asset Held for Sale, following the Proposed Disposal announced on 23 November 2021. The transaction was completed in February 2023.



Operational Regions Map

- Singapore Office and Jakarta Office
- Oil palm estate
- (GRI 102) ★ Kernel crushing plant
- ◆ Palm oil mill
- ▲ Bulking terminal

GROWTH » EXCELLENCE » INTEGRITY

In terms of corporate social responsibility ("CSR"), Kencana is dedicated to improving environmental sustainability. This is evident in our efforts to implement procedures that are not only, environmentally friendly but also enhance our processes in our plantation such as zero-burning and zero waste management. In addition, we compare our operations against well-established sustainable certification systems such as ISCC and ISPO which we strive to attain for all of our plantations as mandated by the Indonesian government, as well as other sustainability certifications. The accomplishment of each certification for Kencana’s subsidiaries is listed below.

ISPO and ISCC Certification

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



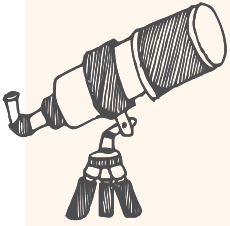
Company Data Sheet

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

Company Name	Kencana Agri Limited
Business Sectors	Oil Palm Plantations
Markets	Indonesia, China, Singapore, Malaysia, India and Europe
Customers	Reputable trading companies, refineries and oleochemical companies in Indonesia, Malaysia and other countries
Ownership & Legal Form	Listed company in the Singapore Stock Exchanges (SGX)
Date of Establishment	26 September 2007
Issued and Fully Paid Capital	US\$287.01 million
Total Number of Employees as of 2022	8,253
Revenue 2022*	US\$152,541 million
Net Profit (Loss) After Tax 2022	US\$2,618 million
Registered Office Address	36 Armenian Street #03-02, Singapore, 179934
Principal Office Address	Kencana Tower, 9 th Floor Business Park Kebon Jeruk Jl. Meruya Ilir Raya No.88, West Jakarta 11620, Indonesia
Number of Operations	<ul style="list-style-type: none"> • 13 nucleus estates in Indonesia • 6 Palm Oil Mills of 305MT/ hour total processing capacity • 2 Kernel Crushing Plants of 435 MT/day total processing capacity
Total FFB Production 2022	617,454 MT
Total Liabilities	<ul style="list-style-type: none"> • Current : US\$92,201 million • Non-current : US\$176,822 million
Shareholders’ Equity	US\$30,532 million

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





Vision [GRI 2-1] [GRI 2-22]

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

Mission [GRI 2-1] [GRI 2-22]

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



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

The various components of our integrated value chain include plantation areas (land), palm oil mills, kernel crusher plants, bulking facilities, logistical services, and renewable biomass power plants. All of which, Kencana is dedicated to, in ensuring that sustainable business practices are applied throughout all of its operation.

Strategically situated in Sumatra, Kalimantan and Sulawesi, Indonesia, our palm plantations were all successfully cultivated from greenfield land. As of 31 December 2022, 57% of the total planted area, representing 39,110 hectares, has reached prime mature age, while the rest remain at its young mature, immature, and old mature stage as depicted in below.

REVIEW OF OPERATIONAL PERFORMANCE

Snapshot of our plantation profile

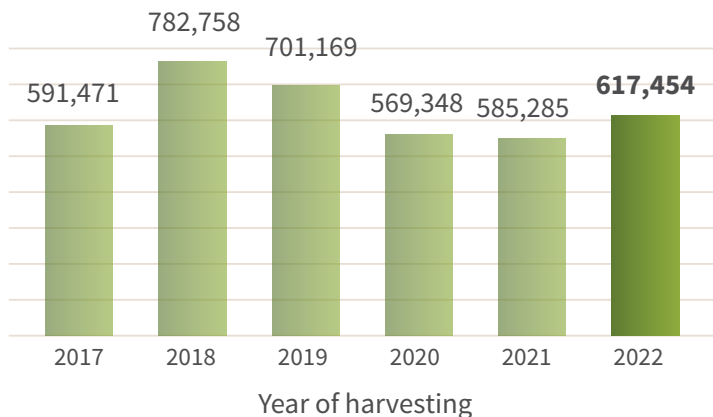
Age Profile	Immature 1-3 years	%	Young mature 4-6 years	%	Prime mature 7-18 years	%	Old mature >18 years	%	Total	%
Nucleus	1,291	2%	13,778	27%	29,258	57%	7,356	14%	51,683	100%
Plasma	2,540	15%	2,154	13%	9,852	60%	1,923	12%	16,469	100%
Total	3,831	6%	15,932	23%	39,110	57%	9,279	14%	68,152	100%



INCREASE IN THE PRODUCTION VOLUME RESULTING FROM HIGHER YIELDS

The Group's production of Nucleus FFB increased by 32,169MT from 585,285MT in FY2021 to 617,454MT in FY2022 due to higher average FFB yields as some of our immature plantations has entered into young mature stage.

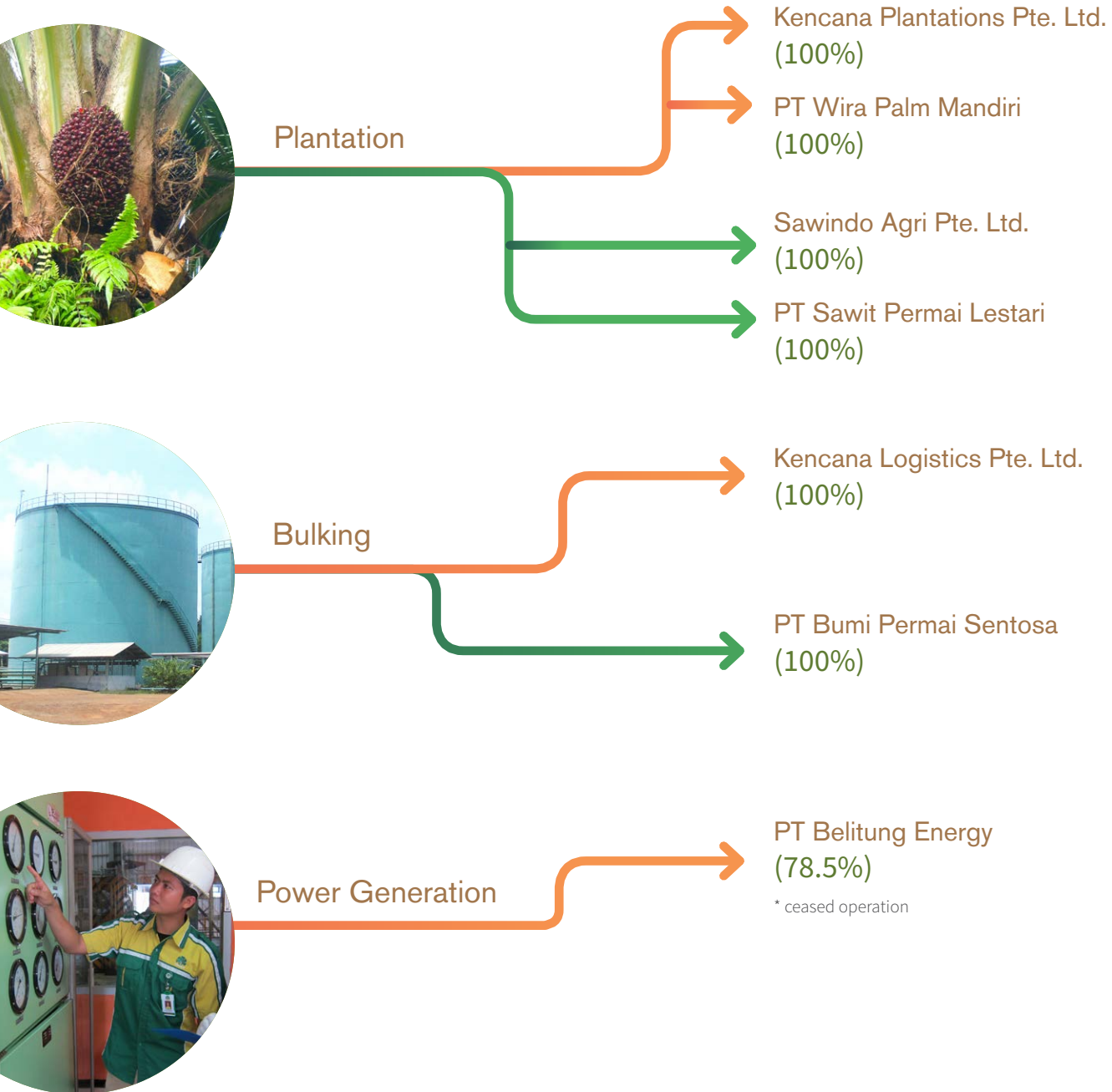
FFB Production Trend (Nucleus)



In general, oil palm trees start bearing fruit at 3 years and gradually increase until it reaches the peak production phase between 7 to 18 years before starting to fall.

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

Corporate Structure [GRI 2-6]



Message from Our Chairman and CEO

[GRI 2-22]

"Kencana is highly devoted to establishing our business based on the best management practices, and we believe that our efforts in sustainability are key to ensuring long-term success."

Albert Maknawi
Executive Director and CEO



Henry Maknawi
Executive Chairman



Dear Stakeholders,

I am pleased to present the Kencana Agri Sustainability Report for FY2022. As we continue to grow and expand our business, we remain steadfast in our commitment to sustainable, environmentally friendly, and regulation-complying standards. Kencana is highly devoted to establishing our business based on the best management practices, and we believe that our efforts in sustainability are key to ensuring long-term success.

First, We Listen To Our Stakeholders

We recognize the importance of stakeholder engagement and the vital role that it plays in achieving our sustainability goals. We are committed to engaging with our stakeholders on a regular basis to ensure that we understand their concerns and that they are aware of our progress. Through open and honest dialogue, we can build strong relationships that support our mutual goals of sustainability and social responsibility.

In response to the changing landscape of sustainability, we have added two new materiality topics to our report: climate-related financial disclosures and diversity in the workplace. We recognize that climate change poses a significant risk to our business, and we are committed to taking action to mitigate this risk. Additionally, we recognize that diversity and inclusion are essential to building a strong, resilient, and innovative organization.

Fostering ESG Governance of The Group

At Kencana, we understand the importance of strong ESG (Environmental, Social, and Governance) governance in fostering sustainable business practices. As such, we have made significant efforts to ensure that our ESG governance is integrated into our business operations, culture, and decision-making processes. Our ESG governance framework comprises policies, procedures, and systems that enable us to identify, assess, and manage ESG risks and opportunities.

We have established Kencana's Sustainability Team which oversees the development and implementation of our ESG strategy and initiatives. This team comprises

senior executives and representatives from various departments and is responsible for monitoring and reporting on our ESG performance. Additionally, we conduct regular ESG training sessions to ensure that our Board members and employees understand the importance of ESG and their role in supporting our sustainability efforts. By fostering strong ESG governance, we can ensure that our operations align with the expectations of our stakeholders and contribute to a sustainable future.

Mitigating our Environmental Impacts

We are proud to report that our overall energy usage is 41,742.49 GJ this year, 274.03 GJ lower compared to the previous period, meaning we manage to achieve a more energy-efficient operation in 2022. Furthermore, in terms of energy intensity, we achieved a reduced energy consumption intensity of 0.05 GJ/ton FFB processed in FY2022, which is a 16.67% reduction from the previous year's energy intensity. This means that we managed to use less energy to process more FFB in our operations, which is a great achievement for our team.

Water is a critical resource for our operations, and we are committed to managing it efficiently. The Group's total water use is 70% from reservoirs and 30% from rivers bordering our estate regions. Meanwhile, we managed to achieve a lower water intensity of 1.32 m³ per ton FFB, which means we were 8.33% more efficient in our water consumption compared to the previous period. Our team has worked hard to achieve this result, and we are proud of their efforts.

Continue to Invest in Our People & Upholding Human Rights in The Workplace

We believe that investing in our people is critical to our long-term success. More than 7,857 man-hours of training were provided throughout 2022 for Kencana employees. Additionally, we have reactivated our Management Trainee (MT) program, which will be conducted at the Training Center of Area 2 and 3. The program was carried out through SMDP and BMDP training with a total of 87 participants. We believe that



investing in our people is critical to building a strong, resilient organization.

As a responsible palm oil firm, we are accountable for human rights protection. We are dedicated to upholding human rights and aligning our operations and plans with the widely recognized principles outlined by the United Nations Global Compact Initiative. Our policy is designed to ensure that no employee or worker is treated unfairly because of their race, color, gender, age, national origin, religion, sexual orientation, political preference, marital status, citizenship, disability, or any other legally protected factor, as well as other minority aspects.

In addition to our commitment to human rights, we also recognize the importance of promoting diversity and inclusion in the workplace. We have introduced a board diversity policy this year to ensure that our board of directors is representative of the diverse communities we serve. We believe that diverse perspectives and experiences bring valuable insights that help us make better decisions and improve our performance.

Unfortunately, we have to report that there were three fatalities this year. We deeply regret this and offer our sincere condolences to the families and loved ones affected by these tragic events. We take this as a lesson learned and will redouble our efforts to foster a culture of safety across our operations. We will review and strengthen our occupational health and safety (OHS) implementation and communication to ensure that our employees and contractors work in a safe and healthy environment.

Growing Together with The Communities

In terms of social performance, this year we achieved the Corporate Social Responsibility Award of Passer District, which recognizes our efforts to create sustainable value for the communities where we operate.

One of our proudest achievements this year was supporting the preservation and promotion of Dayak culture through the “Erau Adat Benua” at

Sabintulung Village. We are also proud to report that we achieved the Corporate Social Responsibility Award of Passer District, which is a testament to our dedication to social responsibility.

We also continue to support our plasma farmers through our plasma partnership programs. Through this program we share the best practices with local smallholder farmers by providing practical training and high-quality seed stock, advising on fertilizer and pesticide procurement and use, introducing new farming technologies, and assisting with land titling and FFB transport to palm oil mills. We believe that these partnerships are essential to building a sustainable and resilient supply chain.

Closing This Remark

Thank you all stakeholders for your unwavering support and trust in Kencana’s sustainability journey. We recognize that our success is built upon the hard work and dedication of our employees, and we extend our heartfelt gratitude to each and every one of them.

As we move forward, we remain steadfast in our dedication to responsible palm oil production, sustainable business practices, and upholding the highest standards of ESG governance. We will continue to collaborate with our stakeholders and local communities to find innovative solutions to the challenges we face and to create value for all our stakeholders in a way that respects the environment and upholds human rights.

We believe that by working together, we can achieve a more sustainable future for us all. Thank you once again for your support, and we look forward to continuing this journey with you.

Warm Regards,

Henry Maknawi
Executive Chairman

Albert Maknawi
Executive Director and CEO



Sustainability at Kencana Agri

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





B14

Jml kecambah : 2.431

Tgl Tanam : 27.09.2022

Jenis/Asal : Sacfindo

Persilangan : Dxp MT Gano

Palm oil is widely used in a variety of products that are used in our daily lives, including food, shampoo, toothpaste, animal feed, and alternative fuels, thanks to its extensive range of uses and adaptability. In addition, compared to other oil-producing crops, palm is a crop that produces a large volume of oil year-round while using considerably less area. Effectively making it a highly desirable attractive crop for Indonesian farmers whose livelihoods depend on the production and sale of palm oil.

However, there are several "ESG" (environment, social, and governance) problems associated with palm oil extraction. Environmental sustainability concerns related to palm oil include deforestation, habitat destruction, biodiversity loss, and greenhouse gas emissions. The production of palm oil has been linked to deforestation and the conversion of high-conservation-value forests, such as rainforests and peatlands, into oil palm plantations. This has resulted in the loss of habitat for endangered species, such as orangutans and tigers, and contributed to climate change through the release of carbon dioxide and other greenhouse gases.

Social sustainability concerns related to palm oil include land rights, labor rights, and community health and well-being. The expansion of oil palm plantations has sometimes resulted in the displacement of indigenous and local communities, the violation of land rights, and the exploitation of workers, including child labor.

With consideration to these ESG challenges, Kencana has been active in implementing and promoting sustainable palm oil through certification and strict ESG monitoring at all operations, from our estates to our mills. Kencana sustainability commitments and initiatives are aligned with national and international best practices in sustainable palm oil. We aim to continue to uphold our commitment and initiatives in sustainable palm oil through our Sustainability Strategy and promoting sustainable palm oil production and trade through the implementation of environmental and social standards of No Deforestation, No Peat Development, and Respect for Human Rights. [GRI 2-25]

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

Our sustainability strategy was established in 2015 and applies to all Kencana activities, as well as those of its subsidiary businesses and related firms over which Kencana has management authority.

With a strong focus on sustainable, environmentally friendly and regulation-complying standards, Kencana is highly devoted to establishing our business based on the best management practices. We seek to maintain our natural environment while also providing socioeconomic benefits to all stakeholders via balanced evaluation and ongoing improvement in our operations.

Kencana's sustainability strategy comprises of 3 pillars; environment management, community development and social impact, and human rights and workplace.



ENVIRONMENT MANAGEMENT

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



COMMUNITY DEVELOPMENT AND SOCIAL IMPACT

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

HUMAN RIGHTS AND WORKPLACE

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

Stakeholder Engagement

[GRI 2-29]

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

Stakeholder engagement is increasingly important in today's complex and interconnected world, where organizations must navigate a variety of social, environmental and ethical issues. By engaging with stakeholders in meaningful ways, we can build stronger relationships, enhance reputation and create shared value for all stakeholders.

Since 2015, Kencana has conducted materiality assessments with our stakeholders in order to prioritize and respond to the ESG concerns that develop as a result of the demanding business climate. This is done with the aim of fostering mutual respect and understanding of our continuing progress toward our sustainability goals.

Stakeholder engagement at Kencana refers to the process of involving individuals or groups who have an interest in our business and activities, including in our decision making, planning, and implementation.

We define stakeholders as individuals whose lives our operations have a major impact on, those who have a vested interest in our sustainability performance, and those in public positions who have influence over our activities. Among these stakeholders are shareholders and investors, suppliers and customers, the government and regulators, employees, the local community and small holders/plasma farmers, non-governmental organizations, and civil society groups.

Our purpose of stakeholder engagement is to encourage effective communication, build trust, and ensure that the concerns and needs of all stakeholders are considered and addressed which can lead to better decision-making, better relationships, and ultimately, better outcomes for Kencana's business success and our stakeholders.

In Kencana, we involve various strategies to achieve effective stakeholder engagement, such as regular communication, consultation, collaboration, and active listening. It also includes a proactive, both formal and informal approach, which is carried out to fully encompass our stakeholder's sustainability concerns and issues with a strong emphasis on guaranteeing that their key interests in these areas are aligned with that of the Group.

Kencana stakeholder engagement also incorporates our commitment to transparency and accountability, as well as a willingness to adapt and respond to feedback from stakeholders.

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

- **Identify stakeholders:**

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

- **Prioritize stakeholders:**

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

- **Develop a stakeholder engagement plan:**

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

- **Communicate with stakeholders:**

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

- **Listen actively to stakeholders:**

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

- **Address stakeholder concerns:**

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

- **Monitor and evaluate engagement:**

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

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



KENCANA AGRI'S STAKEHOLDER ENGAGEMENT PRINCIPLES

INCLUSIVITY

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

MATERIALITY

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

RESPONSIVENESS

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

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

Summary of Stakeholders Engagement Methods and Topics Discussed In 2022

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

Note: Basis of Stakeholder Identification

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

Materiality Assessment

[GRI 3-1][GRI 3-2]

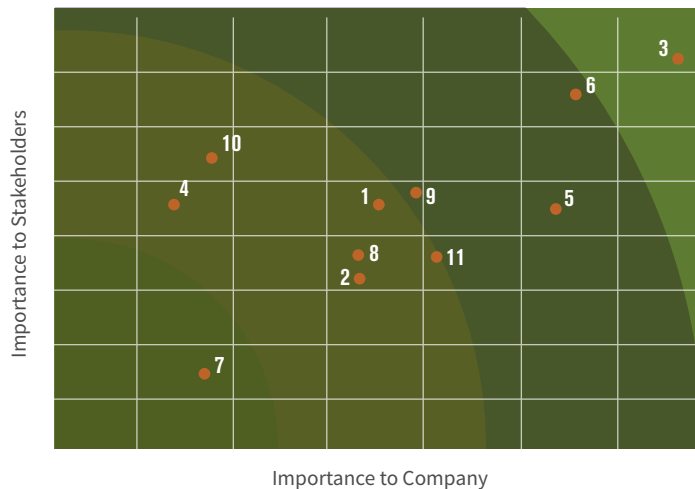
In order to review material ESG matters in light of current global and local trends as well as emerging legislative development, a materiality assessment is conducted yearly. This year's materiality evaluation included participation from all stakeholder groups. We had a total of 106 responses, an increase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

Overall, the list of material issues are mostly comparable to the results in 2022 materiality assessment, with our top five (5) topics being Labour Welfare, Occupational

Safety, Health and Environment, Company Target Achievement, Product Quality and Zero Burning and Fire Prevention. COVID-19 was no longer a major concern amongst our stakeholder as the world recover from the pandemic.

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









Materiality Assessment Results














- ❶ Zero Burning & Fire Prevention
- ❷ Employees Training, Development & Welfare
- ❸ Socio-economic Development and Empowerment of the Local Community
- ❹ Achievement of the Company's Goals
- ❺ Occupational Health and Safety
- ❻ Climate-related operational and financial risk
- ❼ Diversity in the workplace
- ❽ Fulfillment of Sustainability Certification Requirement
- ❾ Ethics, Integrity, and Governance
- ❿ Product Quality
- ⓫ Water And Effluent Management




2022 Material Topics List, Explanations and Kencana’s Response [GRI 3-3]

Material Issues and Strategic Commitment [GRI 3-2]	Where Impacts Occur				Risk/Opportunities	Management Approach & Evaluation Parameters [GRI 3-3]	Detailed discussion in Chapter
	Head Office	Plantation with Mills	Plantation	External Parties			
ZERO BURNING & FIRE PREVENTION  	✓	✓	✓	✓	<p>Forest fires pose health & safety risk to our employees, reputation and possibly financial risks to the Group. Moreover, forest fires causes negative impacts to climate change.</p> <p>Adopting zero burning policies and implementation for fire prevention measures would minimize such risks.</p>	<p>Apply a zero-burning policy in respect of new planting and replanting.</p> <p>Holding regular fire hazards management training and simulations.</p> <p>Organizing joint trainings internally.</p> <p>Conducting socializations and encouragement for the local communities and villagers regarding zero burnings.</p>	<p>Environmental Management & Compliance</p> <p><i>Reference: ISPO</i></p>
EMPLOYEES TRAINING & DEVELOPMENT 	✓	✓	✓		<p>A workforce that is lack of relevant and up-to-date skills and knowledge will result in inefficiencies in operations and affect product quality.</p> <p>Covid 19 pandemic has disrupted business as usual, and some employees are required to work from home (WFH). Equipping our employees with digital skills are essential to minimize any work disruption.</p> <p>Ensuring a skilled workforce increases productivity and product quality. Enhancing our employees’ skills can help them in their long-term career prospects.</p>	<p>Implementation of Best Management Development Program (BMDP) aiming to enhance technical competence of our people, especially in operational, agronomy, process, and workshop.</p> <p>Conducting trainings for all employees, including operators and foremen.</p> <p>Sharing of Information Technology (IT) skills and provided step-by-step guides for employees in using electronic signature policy.</p>	<p>Our People</p> <p><i>Reference: GRI 404 - Training & Education</i></p>
EMPLOYEES’ WELFARE  	✓	✓	✓		<p>With employees and their families living in our estates, it is essential that their well-being is taken care of. In particular, education for their children. Without proper education, children may lose competitiveness in the future workforce.</p> <p>Providing proper education and care to our employees’ children would help them in their child development.</p>	<p>Ensuring all employees’ children in our estates have access to education.</p> <p>Providing and improving child day care facilities within our estates.</p> <p>Encouraging our employees by rewarding employees who have worked with us for 15 years with a Golden Pin Award.</p>	<p>Our People</p> <p><i>Reference: GRI 202 - Market Presence</i></p>
SOCIO-ECONOMIC DEVELOPMENT AND EMPOWERMENT OF THE LOCAL COMMUNITY   	✓	✓	✓		<p>Any conflict in the local community could results in reputation or financial impacts, disruption to operations.</p> <p>Ensuring socio-economic development and empowerment in local community improves their quality of life and builds a better environment to live in.</p>	<p>Implemented multiple programs enabling the local communities to earn a more sustainable income for themselves, have better healthcare and education, and enjoy proper infrastructures.</p>	<p>Social Community Development</p> <p><i>Reference: GRI 413 - Local Community</i></p>

Material Issues and Strategic Commitment [GRI 3-2]	Where Impacts Occur				Risk/Opportunities	Management Approach & Evaluation Parameters [GRI 3-3]	Detailed discussion in Chapter
	Head Office	Plantation with Mills	Plantation	External Parties			
ACHIEVEMENT OF THE COMPANY'S GOALS 	✓	✓	✓		<p>Excelling in our business and achieving company goals is critical in maintaining our shareholders' and investors' trust and confidence.</p> <p>Understanding our shareholders' and investors' interest and concerns and regular engagement and reporting can enhance their trust and confidence to the Group.</p>	<p>Implemented a program called BMDP at all levels starting from upper management up to plantation workers in order to support the Group's most important goal of 2019, which is maintain and if possible increase the Group's EBITDA in the challenging year of 2019 as the palm oil industry was faced with a decreasing seasonal</p> <p>We hold regular engagements, informing and reporting them on the Group's progress and performance.</p>	<p>Sustainable Operation & Products</p> <p><i>Reference: GRI 416 - Customer Health & Safety</i></p>
OCCUPATIONAL HEALTH AND SAFETY 	✓	✓	✓	✓	<p>Our operations involve heavy equipment/ machinery, and any safety lapses can expose the Group to reputation and regulatory risks.</p> <p>In respect to Covid-19, transmission of virus will disrupt operations and failure to enforce the safe management measures will lead to regulatory fines.</p> <p>Compliance to safety work procedures and anticipating any workplace hazards can help to prevent incidents in the Group.</p>	<p>Providing Regular health checks.</p> <p>Organizing Occupational Health & Safety (OHS) trainings.</p> <p>Enforce safe management measures in our workplace</p>	<p>Our People</p> <p><i>Reference: GRI 403 - Occupational Health & Safety</i></p>
FULFILMENT OF SUSTAINABILITY CERTIFICATION REQUIREMENT  	✓	✓	✓	✓	<p>Demand for sustainable goods and services are increasing and any operations that cause negative impacts to the environment, economy and people will lose their competitive advantage, resulting in loss of revenue.</p> <p>Achieving sustainability certification will increase our credibility and boost confidence in our customers.</p>	<p>Adopting the principles from both ISPC, ISCC and PROPER ISPO and ISCC within our operations.</p> <p>Conduct ISPO surveillance audit, PROPER assessment and recertification audit for ISCC annually.</p> <p>Providing clear traceability to guarantee that our CPO and FFB were produced in and by reputable sources.</p>	<p>Sustainable Operation & Products</p> <p><i>Reference: GRI 417 - Marketing & Labeling</i></p>
ETHICS, INTEGRITY, AND GOVERNANCE  	✓	✓	✓		<p>Non-compliance to laws and regulatory requirements can erode our shareholders' and investors' trust or may cause the Group to lose the license to operate.</p> <p>By having a strong corporate governance in Kencana can provide assurance to our stakeholders, including investors and customers.</p>	<p>Conducting an independent audit with the cooperation of the Audit & Risk Committee and Internal Audit team which will directly report to the Board of Directors.</p>	<p>Corporate Governance</p> <p><i>Reference: GRI 2-7 Compliance with Law & Regulation</i></p>

Material Issues and Strategic Commitment [GRI 3-2]	Where Impacts Occur				Risk/Opportunities	Management Approach & Evaluation Parameters [GRI 3-3]	Detailed discussion in Chapter
	Head Office	Plantation with Mills	Plantation	External Parties			
PRODUCT QUALITY  	✓	✓	✓		<p>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.</p> <p>Consistently delivering products that meet customers' needs and requirements will increase the chances of them to select Kencana as their first choice.</p>	<p>Ensuring GMP is implemented in a sound manner, which includes good harvesting management and block issues identification.</p> <p>Ensuring the continuity of product sales to maintain minimum stock.</p>	<p>Sustainable Operation & Products</p> <p><i>Reference: GRI 416 - Customer Health & Safety</i></p>
WATER AND EFFLUENT MANAGEMENT  	✓	✓	✓		<p>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.</p> <p>A good water and effluent management can preserve our resources, ensuring efficient use and safety in the environment.</p>	<p>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</p> <p>Implementing POME management in our Wastewater Treatment Plant through Cooling Ponds, Mixing Ponds, Anaerobic Ponds, and Settling Ponds.</p> <p>Conducting laboratory test to monitor the quality of water intake and effluent produced.</p> <p>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.</p>	<p>Environmental Management & Compliance</p> <p><i>Reference: GRI 303 - Water & Effluents</i></p>
DIVERSITY IN THE WORKPLACE 	✓	✓	✓		<p>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.</p>	<p>As a response to this global spotlight on gender equality, this year Kencana introduced a group-wide Board Diversity Policy. We planned to have to policy socialized to all operations in the following year.</p> <p>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.</p>	<p>Our People, Social Community Development</p> <p><i>Reference: GRI 405 - Diversity & Equal Opportunity</i></p>

Material Issues and Strategic Commitment [GRI 3-2]	Where Impacts Occur				Risk/Opportunities	Management Approach & Evaluation Parameters [GRI 3-3]	Detailed discussion in Chapter
	Head Office	Plantation with Mills	Plantation	External Parties			
CLIMATE RELATED RISK AND OPPORTUNITIES 	✓	✓	✓		<p>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.</p>	<p>Kencana has been in the process of identifying and assessing climate-related risk and opportunities impact to our business and Group' assets. We understand that it is important for us to have a good understanding on climate-related risks and opportunities, so we can develop strategies to manage and capitalize on them.</p> <p>Our action plan regarding climate related risk and opportunities include conducting risk assessments, setting emissions reduction targets, and engaging with stakeholders on climate-related issues. By addressing climate-related risks and opportunities, we believe that the Group can enhance our resilience, improve our financial performance, and in the long run contribute to a more sustainable future.</p>	<p>Environmental Management & Compliance</p> <p><i>Reference: GRI 302 - Energy GRI 305 - Emissions</i></p>

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





Corporate Governance

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







To actualize Kencana’s vision, the Group is dedicated to implementing exemplary corporate governance (“GCG”). These concepts include accountability, fairness, and transparency, all of which are strongly encoded into our corporate values and culture.

Governance Structure [GRI 2-9]

As part of its strategic formulation to ensure the highest level of transparency and accountability to key stakeholders, the board of directors is charged with the responsibility of general administration, which includes the consideration of sustainability concerns e.g. environmental and social factors. This is done with the aim of protecting shareholders’ interests and promoting investors’ confidence. Likewise, a no-discrimination policy has been amended into the company policy as signed by our President Director. This is also routinely conveyed to all subsidiaries as an effort for Kencana to work towards non-discrimination in the governance of the company structure.

In the spirit of establishing strong governance for the Group, the Board has established numerous board committees, namely the Nominating Committee (“NC”), the Remuneration Committee (“RC”), and the Audit & Risk Management Committee (“ARC”). The role of each committee is described below.

KENCANA’S BOARD COMMITTEES

- **Nominating Committee (NC)**
ROLE: Ensuring that there is a formal and transparent process for all Board appointments and Key Management Personnels.

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

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

Footnote:

For more information on Kencana’s corporate governance strategy, please refer to the Corporate Governance Report of the Kencana Annual Report 2022

Governing Sustainability

[GRI 2-22, 2-12, 2-13, 2-14]

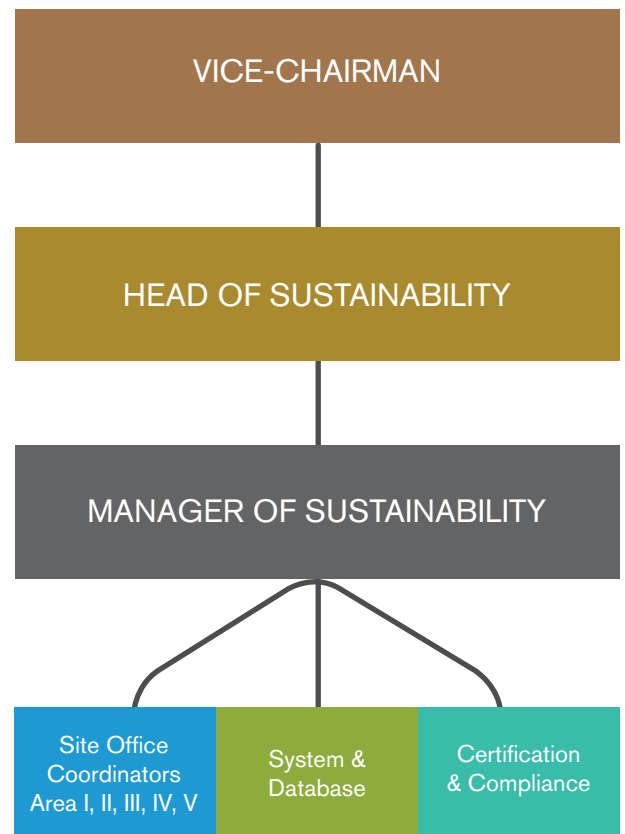
The Board is responsible for overall sustainability and incorporates ESG concerns into Kencana's strategy design. The board of directors nominated the Vice Chairman to lead the execution of sustainability ideas and activities in an effort to increase Kencana's sustainability. As a member of the board of directors, the Vice Chairman is in charge of executing sustainability strategy, overseeing, and assessing overall sustainability performance.

The Vice Chairman is supported by a carefully constructed sustainability team comprised of the Head of Sustainability, the Manager of Sustainability, and coordinators both in the Head Office and Site Office to create the necessary engagements, reviews, and reports on sustainability-related strategy and plans. [GRI 2-12][GRI 2-13]

The sustainability agenda which includes strategy, roadmap, monitoring of action plan, sustainability initiative oversight and advising the Board on material ESG matters that contribute to the overall materiality assessment all fall under the responsibility of the Sustainability Team. This is then utilized for strategic planning and long-term value creation. Moreover, sustainable risk management is embedded into the Group's risk management structure and remains under the Board through the ARC. [GRI 2-13][GRI 2-14][GRI 2-18]



SUSTAINABILITY TEAM STRUCTURE



Kencana Sustainability Team helps the highest governance body in our Group to play a critical role in overseeing Kencana's due diligence and other processes to identify and manage the organization's impacts on the economy, environment, and people. We engage with stakeholders to support these processes, including the outcomes of these processes, and how Kencana considers stakeholder feedback and concerns to improve its sustainability practices. Through the ARC meeting, our Vice Chairman has been consistent in reviewing the effectiveness of the processes to ensure continuous improvement in sustainability performance. By maintaining an active and transparent relationship with its stakeholders and continuously reviewing its sustainability processes, Kencana demonstrates our commitment to sustainable development and responsible business practices. [GRI 2-12]

To be able to have effective sustainability governance, continuous education is essential to ensure the Company’s board members are up to date on the most recent advancements and trends in sustainability, which is a field that is rapidly evolving.

In ensuring board competence in sustainability-related matters and recent updates, Kencana creates a thorough training program based on training needs assessment, covering a range of sustainability-related subjects like climate change, environmental impact, social responsibility, and governance. We also work closely with various experts and invite subject-matter specialists to conduct training sessions or offer advice

on sustainability-related topics. These professionals might be academics, business executives, or sustainability consultants.

We believe that fostering a culture of sustainability is an important step that we need to take on. Hence, we incorporate sustainability considerations into our decision-making processes and make sustainability a central component of our values and purpose. It is part of our strategy and commitment to having a competent board member who pose the knowledge and abilities required to decide on sustainability-related problems so the Group can advance a sustainable future for their company. [GRI 2-17]

Sustainability-related topic training for Kencana’s Board Members in FY2022 [GRI 2-17]

No	Topic	Length (hours)	Quantity		Manhours	
			Male	Female	Male	Female
1	LED - Environmental, Social and Governance Essentials (Core)	4	1	0	4	0
2	Sustainability E-Training for Directors	4	5	1	20	4
TOTAL		8	6	1	24	4



Ethics and Risk Management

[GRI 2-15, 2-16, 2-25, 2-26, 2-27]

An integral aspect of protecting our stakeholders and managing sustainable outcomes for our business is risk management. The Board is committed to ensuring that all The Groups do business with integrity, in accordance with high business ethical standards, and in accordance with all applicable laws and regulations. Furthermore, we sustain these standards with zero tolerance for fraud and corruption.

To enforce a Code of Ethics which serves as the fundamentals for corporate culture and decision-making from every director, officer, and employee, the Board of Directors has adopted the code based on values and principles with the aim of ingraining the Code of Ethics in all sectors of Kencana.

Our Code of Ethics comprises the following values:

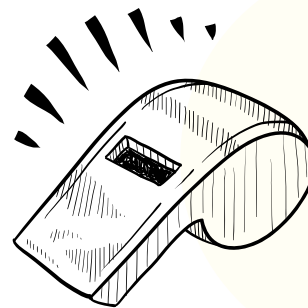
1. Compliance with any applicable laws and regulations
2. Maintain the Group's reputation and asset
3. Prevent any conflict of interests between personal and corporate matters
4. Integrity in data and facts recording
5. Contribute to a harmonious work environment
6. Prevent any abuse of power related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

At Kencana, avoiding conflicts of interest is an integral part of our Group Code of Ethics. We have established policies and procedures to ensure that our employees, officers, and directors act with integrity, honesty, and in the best interests of the Group and its stakeholders. These policies require our employees to disclose any potential conflicts of interest and to recuse themselves from any decision-making process in which they have a personal interest. Additionally, we conduct regular training sessions to educate our employees on the importance of avoiding conflicts of interest and how to identify and manage potential conflicts that may arise

in the course of their work. By prioritizing transparency and ethical behavior, we aim to build a culture of trust and accountability within our Group.

The ARC was established to assist the Board by providing oversight of financial report integrity, internal controls efficiency, and risk management. To identify key risks, especially ESG risks and oversight on management, the ARC regularly examines internal control policies and procedures.

Kencana places a strong emphasis on the maintenance of a culture of integrity as the Group believes it is fundamental to fostering long-term value and business sustainability. As such the ARC oversees a whistleblowing platform for our employees to raise concerns about any possible improprieties through phone call or emails. Procedures are also in place for an independent investigation and follow-up actions to be carried out. [GRI 2-16]



KENCANA AGRICULTURE WHISTLEBLOWING REPORTING CHANNELS:

Telephone:
0812-1074-123

Email:
internal.audit@
kencanaagri.com

External Initiatives & Associations

[GRI 2-26; 2-28]

Kencana continues to embrace sustainable agriculture in accordance with our vision of being the top sustainable palm oil producer and supplier for both local and worldwide markets, as evidenced by our ISPO and ISCC certifications.

On top of all this, the Group is an active member of a variety of associations, namely Gabungan Pengusaha Kelapa Sawit Indonesia (“GAPKI”), ISCC, ISPO.



Sustainable Operations & Products

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



With an array of properties and functions, palm oil is extremely versatile and therefore found in a wide range of products from food, shampoo, and toothpaste to animal feed and alternative fuels. Furthermore, compared to other oil-producing crops, palm is a crop that produces a large volume of oil year-round while using considerably less area, fertilizer, pesticides, and energy. Naturally making palm oil an attractive crop for farmers in Indonesia especially as a source of constant and stable income. Because of this dependence from producers and consumers, Kencana aims to produce the highest quality of products sustainably for our customers.

Area of Certified Estates (Nucleus)

ISPO CERTIFIED OWN ESTATES (NUCLEUS) AREA	2020	2021	2022
Total Nucleus Planted Area (Ha)	51,680	51,680	51,683
Certified Area (Ha)	27,291	27,291	27,291
Compared to Total Nucleus Area (%)	52,8%	52,8%	52,8%

Volume of ISPO Certified Palm Oil Products

ISPO CERTIFIED OWN (NUCLEUS) PALM OIL PRODUCTS	2020	2021	2022
Total CPO Production (Ton)	148,837	149,646	163,251
Certified FFB Production (Ton)	231,308	327,839	340,244
Certified CPO Production (Ton)	49,078	68,681	76,548
Compared to Total CPO Production (%)	33.0%	46.0%	46,9%

Achieving Product Excellence

As of the end of 2022, Kencana operates a total of 6 mills and 13 nucleus oil palm plantations with a total of 68,152 ha of planted area, 16,469 ha of which will be dedicated for our plasma smallholders. This year, the Group generated 617,454 tonnes of FFB from the nucleus estate and 150,408 tones of FFB from the plasma estate, for a total of 767,862 tonnes of FFB . In contrast to the previous year, we reported a greater yield of 12.3 tons/ha for our nucleus and 10.8 tons/ha for our plasma operations this year. We anticipate higher FFB yields in the future years as a result of an increase in the percentage of oil palm reaching prime age.

Aside from that, we also managed to maintain a high Oil Extraction Rate ("OER") at 20.4% due to improvements in our FFB handling system, particularly throughout the FFB unloading process from collection locations to the loading ramp to reduce loss.





Kencana's Production Volumes

Products	Volume (tonnes)		
	2020	2021	2022
Fresh Fruit Bunches – Processed	689,917	710,804	801,052
Fresh Fruit Bunches – Produced	702,633	719,522	767,862
CPO – Crude Palm Oil	148,837	149,646	163,251
Palm Kernel	33,396	33,841	37,453
Yield ton FFB/Ha (Nucleus)	11.9	12.2	12.3
Yield ton FFB/Ha (Plasma)	9.7	9.7	10.8

The palm oil business is frequently linked to deforestation, the destruction of endangered species habitats, GHG emissions into the atmosphere, forced labor, and child labor. As part of our commitment to sustainability, we actively pursue ISCC, ISPO,

and PROPER principles and standards in all of our activities. Third-party independent organizations evaluated our mills and estates to ensure that our execution meets the high standards of those requirements.

ISPO, ISCC and PROPER Certifications

ISCC



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

Kencana has been an active member since 2015 and have achieved Sustainable Palm Oil certification from ISCC for 10.76% of our eligible nucleus palm oil plantation area which represents 7,331 hectares of plantations that equal to 12,083 tons of CSPO, and equivalent to 7.4% of the total CPO produced by the group in 2022. This year, our subsidiary, SWK has succeeded in the re-certification process of ISCC.

ISPO



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

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

We conduct routine ISPO surveillance audits on an annual basis and re-certification audits as required at all estates and companies. This year, AKM has succeeded in ISPO re-certification, meanwhile, AIK, SWK, and SKL also succeeded in maintaining their certification through surveillance audit.



PROPER Achievement

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

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

This year, Kencana Agri achieved 1 Green rating (Beyond Compliance) in PROPERDA and 5 Blue rating (Compliance) in PROPERDA and PROPERNAS, which means our estates and mills adhere to the compliance standards of Indonesia’s Ministry of Environment and Forestry.

1

GREEN PROPER RATING
(Beyond Compliance)
PROPERDA

5

BLUE PROPER RATING
(Compliance) PROPERDA
and PROPERNAS




Table below summarizes PROPER, ISCC, and ISPO certifications status of our operational areas as of 31 December 2022:

Company Name	Certificate	Ranking/Certification Status	Period Institute/ Certification Body	Institute/ Certification Body
Sawindo Kencana (SWK)	Proper National	Blue	2021-2022	Ministry of Environment and Forestry
	ISCC	New Certificate	09/03/2022 - 08/03/2023	TUV NORD
	ISPO	Certified: Surveillance II	19/01/2021-18/01/2026	Mutu Hijau Indonesia
Alamraya Kencana Mas (AKM)	Proper National	Blue	2021-2022	Ministry of Environment and Forestry
	ISPO	New Certificate	25/03/2022 - 24/03/2027	Mutu Hijau Indonesia
Agro Inti Kencanamas (AIK)	Proper Regional	Blue	2021-2022	Department of Environment, East Kalimantan Province
	ISPO	Certified: Surveillance III	22/03/2019-21/03/2024	SAI Global
Sawit Kaltim Lestari (SKL)	Proper National	Blue	2021-2022	Ministry of Environment and Forestry
	Proper Regional	Green	2021-2022	Department of Environment, East Kalimantan Province
	ISPO	Certified: Surveillance IV	27/07/2018-26/07/2023	SAI Global
Agri Eastborneo Kencana (AEK)	Proper Regional	Blue	2021-2022	Department of Environment, East Kalimantan Province
	ISPO	In progress		Mutu Hijau Indonesia

Traceability In Our Supply Chain

[GRI 416-1; 416-2]

Kencana believes that the best practices in sustainable palm oil production must be implemented across the supply chain, and both customers and suppliers play important roles in more sustainable and responsible palm oil production. We also emphasize the importance of traceability in our supply chain as it is critical to guaranteeing the long-term viability of palm oil production. In doing so, Kencana is able to locate supply bases, analyze the performances of suppliers against our own sustainability strategy and interact with suppliers to promote continuous improvement by tracing supply flows.

Our aim is to increase transparency for all stakeholders, especially within our supply chain. This is evident in the fact that all stakeholders are now able to track all FFB products coming out and into the company as of December 2022.

Ensuring Product & Service Quality [GRI 416-1; 416-2]

Our consumers place a significant value on the quality of the items we provide them. We are devoted to providing our clients with high-quality, safe products and services that have no detrimental effects on their health or safety.

Kencana operations are developed to guarantee that our products meet the highest standards and safety criteria. To assure the freshness of our FFB, we use a "first in, first out" inventory management strategy, with limited stocks of CPO and kernel. Despite various challenges, we were able to harvest on time, keep collecting points clean, and undertake routine mill maintenance to limit any breakdowns that may influence the production and quality of our Free Fatty Acid ("FFA").





We obtained an average FFA level of

3.93%

this year, which is lower than the maximum recommended level of 4.5%.

We have adopted the industry best practices and Good Management Practices ("GMP") in our Standard Operating Procedures ("SOP"). We concentrate on the difficult, lengthy, and continual process of removing pollutants from the value chain. To guarantee that our staff is adequately versed in the operations, we undertake regular quality and operational audits, quality assurance, and training of all employees on GMPs and SOPs.

There was no noncompliance with rules or voluntary guidelines concerning the health and safety implications of our products and services throughout the reporting period. Kencana's goal is to have no accidents involving health and safety for the products and services that we offer. [GRI 2-27]

Customer & Marketplace

[GRI 416-2]

Our customers include palm oil refiners, traders, brokers, oleochemical companies, and fast-moving consumer goods companies ("FMCG") with multifarious requirements and product specifications. Therefore, customers' satisfaction is one of the Group's key performance metrics that we regularly measure since it is critical for us to understand our customers' expectations in order to achieve high customer satisfaction.

To establish a good customer relationship, we routinely engage customers through a variety of means such as visits, meetings, conferences, expos, etc. Because of the Covid-19 epidemic in FY2021, we primarily connect with our buyers and consumers through virtual meetings and events. The Group is entirely devoted to providing our clients with the greatest products and services while also protecting their health and safety. Kencana reported no complaints with regulatory noncompliance for product quality and safety throughout the reporting period. [GRI 416-2]



Environment Management and Compliance

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



Scorlines

As a palm oil company, Kencana is heavily reliant on weather and natural environmental factors such as soil condition, water quality and quantity, humidity, and light condition. This is why, it is only natural that sustainability is interwoven in all elements of our organization, from our business strategy to Kencana's employees' everyday lives.

We strive for continual progress in mitigating our environmental impact by introducing efficiency methods to minimize energy, water usage, and waste creation, as well as by adopting good industry practices. Our activities generate waste, effluents, and chemicals, which are processed and disposed of properly to safeguard our environment, animals, and the communities surrounding our operational regions.



Environmental Management Systems

Our Environmental Sustainability Policy establishes the foundation for identifying, managing, monitoring, and controlling environmental concerns since 2015. Systems and processes are in place to guarantee effective resource utilization and compliance to regulations. This involves adhering to all applicable laws, regulations, and other environmental obligations. This policy has 9 areas as shown below:

Environmental Sustainability Policy Focus Areas



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

Energy Consumption & Intensity

[GRI 302-1, 302-3, 302-4, 304-5]

The equipment in our activities consumes a substantial quantity of energy. As a result, it is critical that we minimize our energy consumption by employing energy-saving measures such as improving energy efficiency and seeking alternative fuels for power generation. Regular maintenance is conducted on our equipment to guarantee that it is running properly and reliably, minimizing energy usage and disturbance to the operation.

The majority of our energy comes from sustainable sources, such as biomass made from mill waste materials like shells and fiber. Fuel for our generators, machinery, and light autos, as well as grid-supplied power, are some of our other energy sources.

As of 2022, Kencana is no longer using Empty Fruit Bunches (EFB) as energy sources for our operations. EFB generated from our operations are sold to other companies to be used for biomass electricity generation.

Our overall energy usage is 41,742.49 GJ this year, 274.03 GJ lower compared to the previous period, meaning we manage to achieve a more energy-efficient operation in 2022. [GRI 302-4]



Energy Consumption [GRI 302-1]

Energy Sources	Unit	2020		2021		2022	
		Volume	GJ	Volume	GJ	Volume	GJ
BIOMASS							
Shells	Tons	48,294.19	761.98	49,756.31	785.05	56,633.00	846.21
Fiber	Tons	86,239.63	1,050.71	88,850.55	1,081.79	100,132.00	1,219.15
Empty Fruit Bunches	Tons	27,596.66	267.53	15,031.70	145.72	-	-
Total Energy from Biomass	GJ		2,080.22		2,012.57		2,065.37
NON RENEWABLES							
Diesel – Vehicles, Machinery, housing	Litre	78,622.00	2,822.00	99,221.00	3,562.03	71,724.00	2,575.00
Diesel-electricity generation (litres) in Mills	Litre	1,026,630.00	36,856.00	928,925.50	33,348.43	931,989.00	33,458.00
Total Energy from Non Renewables	GJ		39,678.00		36,910.46		36,033.00
THIRD PARTY ELECTRICITY							
Grid Electricity from PLN	KWH	1,324,016.00	4,766.46	859,304.00	3,093.49	1,012,258.00	3,644.13
Total Energy Consumption	GJ		46,524.68		42,016.52		41,742.49

Conversion Factor

1 kcal	4.184 Joule	* Using reference of NCV analysis conducted in 2009 by SUCOFINDO Bekasi
Net Caloric Value*		
Shell	3,771 kcal/kg	
Fiber	2,910 kcal/kg	
EFB	2,317 kcal/kg	** Liquid Fuel Measurement and Conversion", The U.S. Department of Agriculture (USDA), File C6-87, Oct 2008
Lhv Fuel**		
Diesel	35.9 MJ/Litre	
Petrol	32.2 MJ/Litre	
1 KWH	0.0036 GJ	

In terms of energy intensity, we achieved a reduced energy consumption intensity of 0.05 GJ/ton FFB processed in FY2022, which is a 16.67% reduction from the previous year's energy intensity. This means that we managed to use less energy to process more FFB in our operations. [GRI 302-5]

Energy Intensity [GRI 302-3]

	Unit	2020	2021	2022
Total Energy Consumption	GJ	46,256.44	42,016.52	41,742.49
Total FFB Processed	Tons	689,917	710,804	801,052
Energy Intensity based FFB Processed	GJ/Ton	0.07	0.06	0.05



16.67%

REDUCTION OF ENERGY INTENSITY IN 2022 COMPARED TO 2021 ENERGY INTENSITY [GRI 302-5]



GHG Emissions & Intensity

[GRI 305-4]

GHG emissions have been known to lead to global warming, which in turn contributes to climate change. As a result, unpredictable and intense weather happens more frequently, having an influence on agricultural operations and human livelihoods.

Kencana has rigorous policies in place to guarantee that no new development, regardless of depth, occurs on peatland, as well as no deforestation and zero burning for new developments and land preparation. Furthermore, we have undertaken GHG-reduction strategies such as:

- Using biomass as a fertilizer and a fuel replacement for generators and boilers
- Lowering emissions from fertilizer and diesel fuel consumption in our estate and business.
- Minimizing the use of diesel generators in housing estates by connecting them to the government


power grid and monitoring electricity use. Because power supplied by the grid produces less GHG than electricity supplied by diesel generators, we strive to use grid electricity wherever practical.

We track our GHG emission performance using GHG emission intensity, which is determined by dividing the total GHG emissions from transportation, fuel consumption, fertilizer application, and activities at mills and plantations by the total output volume for the time. This follows Regulation No. 41 of the Ministry of Environment and Forestry of the Republic of Indonesia, dated 1999, and a GHG calculation tool that is consistent with the ISCC EU System 205 V.3.0 standard.

In FY2022, we measured the GHG emission intensity for our two key operations SWK and AKM which constitutes 30% of the Group's total production volume. These 2 operations represent our pilot program, and we will gradually use the developed technique for the remaining activities over the following few years.

Total GHG Emissions Intensity [GRI 305-4]

Major Operations	Total GHG Emissions Intensity (kgCO ₂ eq./dry-ton CPO)		
	2020	2021	2022
PT Sawindo Kencana	628.31	662.55	694.20
PT Alamraya Kencana Mas	775.71	732.93	702.03



Air Quality [GRI 305-7]

In particular, SO₂, CO, and NO₂ levels are closely monitored on a regular basis in all of our estates and mill zones. We warrant that every air quality measure satisfies the standards for acceptable levels of quality set by the local governments in each operational region

as well as Indonesia's Ministry of Environment and Forestry. All of our operational sites' air quality will be in compliance with Indonesian government standards for air pollution control and air quality in FY2022.

Operations	Average Results		*Quality Standard	Unit	
	Parameter	Value			
Sawindo Kencana	Up Wind	SO ₂	30	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	17.5	200	µg/Nm ³
	Down Wind	SO ₂	30	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	20	200	µg/Nm ³
Alamraya Kencana Mas	Up Wind	SO ₂	30	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	25.5	200	µg/Nm ³
	Down Wind	SO ₂	32.5	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	30.5	200	µg/Nm ³
Agro Inti Kencanamas	Up Wind	SO ₂	40	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	30.5	200	µg/Nm ³
	Down Wind	SO ₂	30	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	37.5	200	µg/Nm ³

Operations	Average Results		*Quality Standard	Unit	
	Parameter	Value			
Sawit Kaltim Lestari	Up Wind	SO ₂	30	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	15.5	200	µg/Nm ³
	Down Wind	SO ₂	30	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	21	200	µg/Nm ³
Agri Eastborneo Kencana	Up Wind	SO ₂	30	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	16	200	µg/Nm ³
	Down Wind	SO ₂	30	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	20.5	200	µg/Nm ³
Delta Subur Permai	Up Wind	SO ₂	30	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	30.5	200	µg/Nm ³
	Down Wind	SO ₂	30	150	µg/Nm ³
		CO	1145	10,000	µg/Nm ³
		NO ₂	27	200	µg/Nm ³

Quality standard is based on Indonesia Regulation for Air Quality Standard PP RI No. 22 Year 2021

Water Consumption

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

Water is an essential component of life; thus it is critical that we maintain a clean and readily available water supply, free of pollution and waste. All of the water utilized in Kencana's milling operations is derived from rivers; we do not use groundwater. We meticulously measure and monitor our water use and discharged water quality.

Water stress areas are classified as areas where water (surface water) availability and rainfall are high, while population and industrial activities are low. Our main operations in Bangka (Sumatra) and on the island of Kalimantan do not fall under a water stress area, as they have a lower population and activity than that of Java according to the Asian Development Bank: Indonesia Water Studies (2019).

Environment Impact Assessments ("EIA") were done prior to the building of our mills to identify all the relevant environmental hazards connected with the project, including water risks to the natural ecosystem and local residents reliant on the water supply for their livelihoods. After identifying the danger, the Group uses computer software modeling and simulation to assist in the construction of an effective water management system for each location.

We apply optimal water management strategies to guarantee effective water consumption. We conduct 3R programs to reduce groundwater and surface water extraction, promote water recirculation and reuse, and ensure the quality of water discharged to water bodies. In the neighboring areas, the Group installs monitoring wells. These wells are regularly covered,

protected, and maintained. Representatives from the Regional Environmental Agency examine the quality of the water within the wells on a regular basis as part of the PROPER assessment, and regulators have detected noncompliance with our discharged water quality.

To maximize the use of wastewater generated by our activities and to discharge it back to waterbodies safely and sustainably, our wastewater treatment systems are integrated into our entire waste management. Utilizing comprehensive hydrological, agronomical, and topographical research, the water management system was built to accurately control and monitor water flow, preventing flooding, reducing erosion, and maintaining water supply for our plantation regions

during the dry season. In addition, as part of our efforts to provide our trees with a better habitat, we constructed a terracing system, a water gate system in low-lying areas, and cover crop planting.

The Group took a total of 1,052,497 m³ of water from reservoirs and rivers during the reporting period. The majority of the reservoirs we utilize are from rainwater. The Group's total water use is 70% from reservoirs and 30% from rivers bordering our estate regions. Meanwhile, we managed to achieve a lower water intensity of 1.32 m³ per ton FFB, which means we were 8.33% more efficient in our water consumption compared to the previous period.

Water Withdrawal [GRI 303-3]

Operational Region **	Water Source	2020		2021		2022	
		Withdrawal Volume (m ³)	%	Withdrawal Volume (m ³)	%	Withdrawal Volume (m ³)	%
Bangka	Reservoir*	227,471	23%	206,447	20%	221,841	21%
South Kalimantan	River^	158,433	16%	274,597	26%	247,001	23%
East Kalimantan	Reservoir 1*	140,074	14%	110,954	11%	137,320	13%
	Reservoir 2*	150,460	15%	171,344	16%	216,305	21%
	Reservoir 3*	258,258	26%	243,843	23%	159,714	15%
Central Sulawesi	River^	55,273	6%	42,310	4%	70,316	7%
Total Water Withdrawal (m ³)		989,969	100%	1,049,494	100%	1,052,497	100%
Water Intensity (m ³ per ton FFB)		1.43 m ³ per ton FFB		1.44 m ³ per ton FFB		1.32 m ³ per ton FFB	

Note:

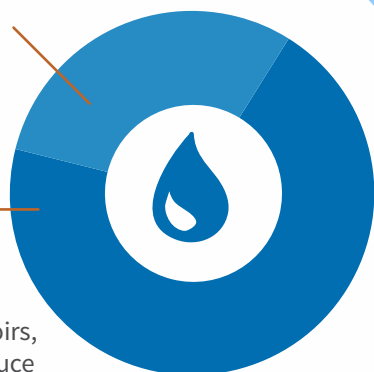
- *Recycled water
- ^Potable Water
- ** All operational areas are categorized as non-water stress areas - based on Asian Development Bank: Indonesia Water Studies (2019)
- All water withdrawal is freshwater with TDS <=1000 mg/L
- Central Sulawesi operations (PT Delta Subur Permai) started its full operation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

30%

Of water withdrawal used by the Group are sourced from nearby rivers

70%

of the Group water consumptions are sourced from reservoirs, hence helping to reduce taking potable water from the nearby rivers



Palm Oil Waste Management: Plantation and Mill

[GRI 303-4, 306-1, 306-2, 306-3, 306-4, 306-5]

As part of its commitment to reducing waste production, Kencana employs the finest waste management techniques on its mills and estates that produce palm oil, collecting and recycling garbage whenever practical. As part of our efforts to reduce any current or potential waste-related impacts, we also collaborate with local governments and communities to understand and address their needs and concerns. Regarding our compliance with regulations and treatment of palm oil waste, there were no significant complaints from the nearby community in FY2022.

Empty fruit bunches ("EFB"), mesocarp fiber, and palm kernel shells are examples of solid waste generated by our manufacturing operations. They are not disposed of at Kencana but rather repurposed as energy or fuel and composted or mulched as organic fertilizer. EFB is used as mulch to retain moisture, promote soil fertility, and inhibit weed growth.

Furthermore, our waste product, palm oil mill effluent (or "POME"), is converted into fertilizer and applied to the ground. According to our 2014–2019 study, using POME as fertilizer helps the soil absorb more nutrients, potentially improving oil palm crop yields from 6 to 8 tons per acre. We reapplied 100% of our POME output as fertilizer to the field in locations that have previously been granted land application licenses based on the conclusions of those studies.

No POME is released into waterbodies from the Group's operational locations as a result of our efforts. 100% of our POME from our mills amounted to 808,539 m³ was utilized as fertilizer in FY2022. POME quality parameter monitoring is expressed using a median Biological Oxygen Demand ("BOD") of 799 mg/L, which is substantially below the authorized BOD threshold of 5,000 mg/L.

Volume of Waste Recovered and Recycled

Palm Oil Waste	Utilisation	Unit	Total Amount Recovered & Recycled		
			2020	2021	2022*
Empty Fruit Bunches	Fertilizer & biomass fuel	Ton	144,883	106,662	124,961
Mesocarp Fibers	Biomass fuel	Ton	86,240	88,851	100,132
Shells	Biomass fuel	Ton	48,294	49,756	53,633
Palm oil mill effluent (POME)	Fertilizer	m ³	504,959	708,118	808,539

*) Note: As of 2022, empty fruit bunches are only used as fertilizers and no longer used as biomass fuel

This year, we increased our POME land application by 14.18% to 808,539 m³ from 708,118 m³, thanks to improved infrastructure and operational processes,

as well as our people's abilities to perform the land application process.

POME Quality Monitoring and Parameters

Operations	POME BOD 2022		Outlet Regulated Max. Quality Standard	Unit	Outlet Discharge Destination
	Inlet	Outlet			
Sawindo Kencana	12,058	596	5,000	mg/L	100% Land application as fertilizers
Alamraya Kencana Mas	14,017	1,245			
Agro Inti Kencanamas	18,820	1,398			
Sawit Kaltim Lestari	20,428	452			
Agri Eastborneo Kencana	16,055	935			
Delta Subur Permai	6,008	165			
Average POME Biological Oxygen Deman (BOD)	14,564	799			

Hazardous Waste Management

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

As part of the palm oil production process, hazardous waste is created. Used lubricants, rags, batteries, filters, empty paint cans and printer cartridges, and needles from health clinics are examples of these wastes. Kencana manages and disposes of hazardous material properly, adhering strictly to government regulations on hazardous waste disposal.

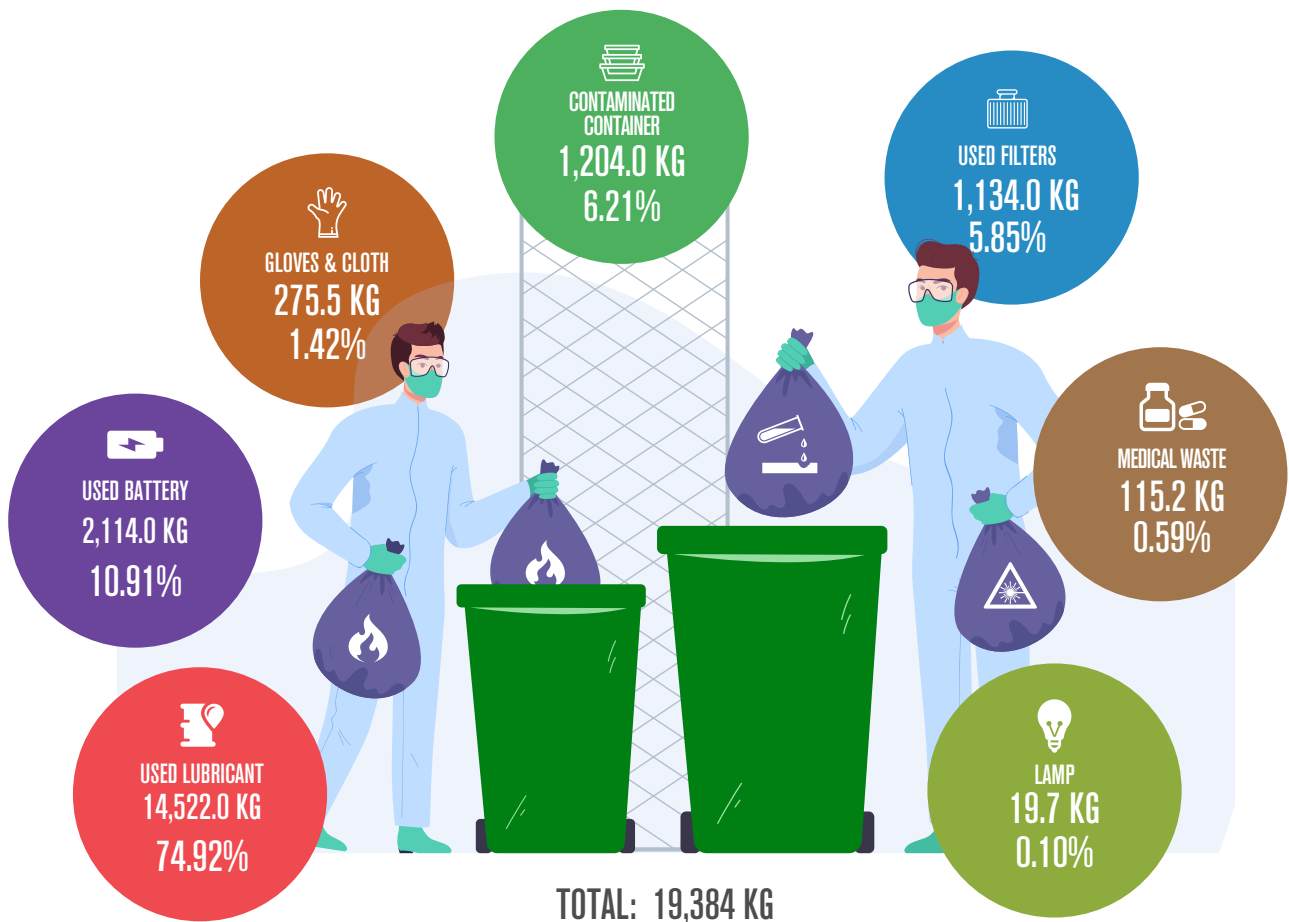
Our employees closely adhere to waste management SOPs to separate, label, and store hazardous materials securely and safely in fire-resistant temporary storage facilities. These storage buildings are outfitted with spill control kits, alarms, firefighting equipment, shower/eyewash stations, and first aid kits. The Regional Environmental Agency inspects our waste storage and

handling facilities on a regular basis, and we hold valid facility permits.

We contract a licensed third-party that is permitted to further treat, recycle and transport hazardous materials for proper disposal in compliance with national regulations and international best practices. In particular, for medical waste, we collaborate with local Community Health Centers to safely incinerate medical waste from our clinic. All of our third-party carriers would then provide a hazardous waste

shipment manifest, which Kencana would utilize as proof to submit to the Ministry of Environment and Forestry.

Furthermore, our Health and Safety Officers at each location have been fully trained and are able to monitor and guarantee that waste management techniques follow the requirements. In 2022, a total 19,384 kg of hazardous waste was generated and there were no reports of any significant spills.



Integrated Pest Management

Pests are a common problem in agricultural activity. Uncontrolled rat populations, for example, cause damage to fronds, oil palm blooms, and fruits, reducing productivity dramatically. Rhinoceros beetles, bunch moths, bagworms, and nettle caterpillars are other prevalent pests.

To combat this Kencana has adopted pest management approaches to minimize chemical usage in line with our view on sustainability. Therefore, we have utilized a combination of sustainable agricultural practices such as mechanical, biological, and chemical solutions for pest mitigation. Pesticides and chemical fertilizers have the potential to harm the environment as well as our workers' health and safety. As a result, we strive to avoid utilizing them in pest management.

We have been undertaking thorough research and testing to incorporate the use of natural predators for pest management since 2015. We raised and released owls that prey on rats in our plantation to manage the rat population.

Currently, we have a total of 141 adult owls who help us control rodents, insects, and other pests that

can damage our crops. Additionally, using owls as pest management can improve biodiversity in the plantation, as it encourages the presence of other wildlife species that rely on a healthy ecosystem.

Also, we planted certain plant species, such as *Turnera subulata*, *Turnera ulmifolia*, *Antigonon leptopus*, *Cassia tora*, and *Nephrolepis*, which are natural predators of major leaf-eating pests of oil palms, such as bagworms and caterpillars, in addition to the rats.



Furthermore, to combat *Metisanaplana*, a bothersome caterpillar native to West and Central Sulawesi, the Group planted *Turnera Subulata*, *Turneraulmifolia*, *Cassia tora*, *Euphorbia heterophylla*, and *Antigonon leptopus* alongside palm oil fields in each block. These plants produce nectar and pollen, which provide food for parasitic insects and natural predators which effectively bring the number of pests under control.

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

World leaders, including Indonesia, have pledged to eliminate deforestation by 2030 at the most recent Conference of Parties ("COP26"). This is especially important for Indonesia, which is home to one-third of the world's rainforests.

Kencana's operations in the palm oil industry have potential significant impacts on biodiversity, especially on forests and wildlife. As a responsible and sustainable company, we acknowledge the importance of preserving the environment and biodiversity. To mitigate these potential impacts, we have implemented several measures, including conducting biodiversity

assessments before establishing new plantations and identifying High Conservation Value (HCV) areas. We also implement a strict No Deforestation, No Peat, and No Exploitation (NDPE) policy across our entire operations. We have also established buffer zones around conservation areas, conducted ecological restoration programs, and implemented sustainable land use practices. Furthermore, we have developed partnerships with conservation organizations to promote biodiversity conservation and protection. Through these actions, we are committed to reducing our negative impacts on biodiversity and preserving it for future generations. [GRI 304-2]

Up to the end of 2022, Kencana's palm oil operations in Indonesia has been contributing significantly to the conservation, restoration, and protection of the natural environment and biodiversity.

Our policies and strategies are in line with SDGs 12 (Responsible Consumption and Production), 13 (Climate Action), and 15 (Life on Land), and include the following:

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

Our approach to nature conservation includes ongoing improvement of our High Conservation Value (“HCV”) area monitoring, internal capacity building, involvement with surrounding communities and other oil palm

plantation companies, as well as collaboration with academic and research institutions, non-governmental Organizations (“NGOs”), and governmental organizations. To identify these regions, we employ The High Conservation Value Resources Network (“HCVRN”) and the High Carbon Stock Approach (“HCSA”), as well as the ISPO and ISCC standards.

We are committed that all new development areas have HCV studies conducted by authorized independent HCV assessors, and we adopt a management approach that focuses on the following major aspects:

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



18,081
hectares

area at our plantations are maintained as conservation areas.

The following description summarizes high conservation value flora and fauna as identified in each of the Group's operational areas.

Operational Areas (Subsidiaries)	Total Conservation Area (Ha)	Protected Species	
		Flora	Fauna
Sawindo Cemerlang External Identification Team: PT Amas Interconsult	5,468.76	<ul style="list-style-type: none"> • Anggrek 1 (<i>Cattleya orchid</i>) • Anggrek 2 (<i>Cymbidium orchid</i>) • Anggrek tebu (<i>Grammatophyllum speciosum</i>) • Anggrek Bawang (<i>Pholidota chinensis</i> Lindl.) 	<ul style="list-style-type: none"> • Julang sulawesi (<i>Aceros cassidix</i>) • Kangkareng sulawesi (<i>Penelopides exarhatus</i>) • Tiung (<i>Gracula religiosa</i>) • Elang hitam (<i>Ictinaetus malayensis</i>) • Cekakak sungai (<i>Todirhamphus chloris</i>) • Elang tikus (<i>Elanus caeruleus</i>) • Elang-ular sulawesi (<i>Spilornis rufipectus</i>) • Elang sulawesi (<i>Nisaetus lenceolatus</i>) • Anoa Pegunungan (<i>Bubalus quarles</i>) • Monyet hitam sulawesi (<i>Macaca nigrescens</i>) • Babirusa (<i>Babyrousa babyrousa</i>) • Anoa Dataran Rendah (<i>Bubalus depressicornis</i>)
Sawit Tiara Nusa External Identification Team: PT Amas Interconsult	2,206.06	<ul style="list-style-type: none"> • Anggrek 1 (<i>Cattleya orchid</i>) • Anggrek 2 (<i>Cymbidium orchid</i>) • Anggrek tebu (<i>Grammatophyllum speciosum</i>) • Anggrek Bawang (<i>Pholidota chinensis</i> Lindl.) 	<ul style="list-style-type: none"> • Julang sulawesi (<i>Aceros cassidix</i>) • Kangkareng sulawesi (<i>Penelopides exarhatus</i>) • Tiung (<i>Gracula religiosa</i>) • Elang hitam (<i>Ictinaetus malayensis</i>) • Cekakak sungai (<i>Todirhamphus chloris</i>) • Elang tikus (<i>Elanus caeruleus</i>) • Elang-ular sulawesi (<i>Spilornis rufipectus</i>) • Elang sulawesi (<i>Nisaetus lenceolatus</i>) • Anoa Pegunungan (<i>Bubalus quarles</i>) • Monyet hitam sulawesi (<i>Macaca nigrescens</i>) • Babirusa (<i>Babyrousa babyrousa</i>) • Anoa Dataran Rendah (<i>Bubalus depressicornis</i>)
Karunia Alam Makmur External Identification Team: PT Amas Interconsult	9,817.41	None	<ul style="list-style-type: none"> • Sikep Madu Sulawesi (<i>Pernis celebensis</i>) • Elang sulawesi (<i>Nisaetus lenceolatus</i>) • Cekakak merah (<i>Halcyon coromanda</i>) • Cekakak Cina (<i>Halcyon pileata</i>) • Elang-ular sulawesi (<i>Spilornis rufipectus</i>) • Cekakak sungai (<i>Todirhamphus chloris</i>) • Elang tikus (<i>Elanus caeruleus</i>) • Cikrak sulawesi (<i>Phylloscopus sarasinorum</i>) • Elang-alap kecil (<i>Accipiter nanus</i>) • Elang-alap kepala kelabu (<i>Accipiter griseiceps</i>) • Elang-alap ekor-totol (<i>Accipiter trinotatus</i>) • Burung-madu kelapa (<i>Anthreptes malacensis</i>) • Burung-madu sepahraja (<i>Aethopyga siparaja</i>) • Cabai panggul-kelabu (<i>Dicaeum monticulum</i>) • Elang bondol (<i>Haliastur indus</i>)

Operational Areas (Subsidiaries)	Total Conservation Area (Ha)	Protected Species	
		Flora	Fauna
Sawindo Kencana Internal Identification Team: Sustainable, GIS, Kebun	107.32	Kantong Semar (<i>Nepenthes gracilis</i>)	<ul style="list-style-type: none"> • Elang tikus (<i>Elanus Caerulleus</i>) • Cekakak belukar (<i>Halcyon smyrnensis</i>) • Musang air (<i>Cynogale bennetti</i>) • Cekakak sungai (<i>Todirhamphus chloris</i>) • Kuntul kecil (<i>Egretta garzetta</i>)
Alamraya Kencana Mas Internal Identification Team: Sustainable, GIS, Kebun	231.59	None	<ul style="list-style-type: none"> • Bekantan (<i>Nasalis lavartus</i>) • Kucing hutan (<i>Felis Bengalensis</i>) • Tupai tanah (<i>Lariscus insignis</i>) • Elang hitam (<i>Ictinaetus malayensis</i>) • Kangkareng perut (<i>Anthracoceros albirostris</i>) • Kuntul kerbau (<i>Bubulcus ibis</i>) • Raja Udang (<i>Alcedo meninting</i>) • Cekakak belukar (<i>Halcyon smyrnensis</i>)
Sawit Kaltim Lestari Internal Identification Team: Sustainable, GIS, Kebun	112.73	Kantong Semar (<i>Nepenthes gracilis</i>)	<ul style="list-style-type: none"> • Kucing hutan (<i>Felis Bengalensis</i>) • Landak (<i>Hystrix brachyura</i>) • Lutung merah (<i>Presbytis rubicunda</i>) • Rusa (<i>Cervus unicolor</i>) • Kuntul kecil (<i>Egretta garzetta</i>) • Elang tikus (<i>Elanus caerulleus</i>) • Raja Udang (<i>Alcedo meninting</i>) • Kura - kura (<i>Orlitia borneensis</i>) • Bangau hitam (<i>Ciconia episcopus</i>) • Enggang Cula (<i>Buceros rhinoceros</i>) • Elang Bondol (<i>Haliastur indus</i>) • Bekantan (<i>Nasalis lavartus</i>)
Agro Inti Kencana Mas Internal Identification Team: Sustainable, GIS, Kebun	137.29	Kantong Semar (<i>Nepenthes gracilis</i>)	<ul style="list-style-type: none"> • Kucing hutan (<i>Felis Bengalensis</i>) • Trenggiling (<i>Manis javanica</i>) • Lutung merah (<i>Presbytis rubicunda</i>) • Rusa (<i>Cervus unicolor</i>) • Bajing tanah (<i>Lariscus insignis</i>) • Kuntul kecil (<i>Egretta garzetta</i>) • Beo (<i>Gracula religiosa</i>) • Raja Udang (<i>Alcedo meninting</i>) • Kura - kura (<i>Orlitia borneensis</i>) • Cekakak sungai (<i>Todirhamphus chloris</i>) • Elang tikus (<i>Elanus caerulleus</i>) • Elang laut perut putih (<i>Haliaeetus leucogaster</i>)
TOTAL	18,081.16		



MEET OUR NEIGHBOURS

[GRI 304-4]



ELANG HITAM - BLACK EAGLE (*Ictinaetus malayensis*)

IUCN Near Threatened

Elang Hitam, or the Black Eagle (*Ictinaetus malayensis*), is a fascinating bird of prey that inhabits the forests and woodlands of Southeast Asia. This majestic bird is known for its striking appearance, with its dark plumage and distinctive crest. Despite being a large bird, the Elang Hitam is an elusive and secretive species, which makes it difficult to spot in the wild.

The Elang Hitam is a member of the Accipitridae family, which includes hawks, eagles, and kites. It is one of the largest eagles in Southeast Asia, with a wingspan of up to 1.5 meters. This bird is a powerful predator, feeding on a variety of prey, including mammals, birds, and reptiles. The Elang Hitam is also known for its impressive flying abilities, soaring high above the forest canopy in search of food. However, like many other bird species, the Elang Hitam is facing threats such as habitat loss and fragmentation due to deforestation and human activities. Conservation efforts are underway to protect this magnificent bird and its habitat, but more needs to be done to ensure its survival for future generations.



JULANG SULAWESI - KNOBBED HORNBILL (*Aceros cassidix*)

IUCN Vulnerable

The Julang Sulawesi, or the Knobbed Hornbill (*Aceros cassidix*), is a unique bird species found only in the forests of Sulawesi, an island in Indonesia. This bird is known for its striking appearance, with a large casque or horn-like structure on its bill, which gives it its name. The Julang Sulawesi is also known for its distinctive call, which can be heard echoing through the forests of Sulawesi. This bird plays a vital role in the ecosystem, helping to disperse seeds and maintain forest diversity.

Despite its important ecological role, the Julang Sulawesi is facing threats such as habitat loss due to deforestation and hunting for its casque, which is considered a valuable commodity in some cultures. According to the International Union for Conservation of Nature (IUCN), the Julang Sulawesi is currently listed as a Vulnerable species, with a decreasing population trend. Conservation efforts are underway to protect this species and its habitat, including the establishment of protected areas and community-based conservation programs.



KANTONG SEMAR - SLENDER PITCHER PLANT

(Nepenthes gracilis)



IUCN Vulnerable

Kantong Semar, or the Slender Pitcher Plant (*Nepenthes gracilis*), is a unique and fascinating carnivorous plant species found in Southeast Asia. This plant is known for its distinctive appearance, with a long and slender stem and a deep pitcher-shaped structure that traps and digests insects. The Kantong Semar is a popular attraction among plant enthusiasts and nature lovers, but it is also facing threats due to habitat loss and over-collection for the horticultural trade.

The International Union for Conservation of Nature (IUCN) has listed the Kantong Semar as a Vulnerable species, indicating that it is at risk of becoming endangered if current trends in habitat loss and over-collection continue. Despite its importance to the ecosystem as a predator of insects and other small animals, the Kantong Semar is facing severe habitat loss due to deforestation and agricultural expansion. In addition, the plant is highly sought after by collectors, leading to unsustainable levels of harvest in some areas. Conservation efforts are underway to protect this species, including the establishment of protected areas and the promotion of sustainable horticultural practices.

ANGGREK TEBU - SUGAR CANE ORCHID

(Grammatophyllum speciosum)



IUCN Vulnerable

Anggrek tebu, also known as the Sugar Cane Orchid (*Grammatophyllum speciosum*), is a magnificent and striking species of orchid that is native to Southeast Asia. This orchid is known for its large and beautiful blooms, which can range in size from a few inches to over a foot in diameter. The Anggrek tebu gets its name from its association with sugar cane plantations, as it often grows in trees near these agricultural areas. However, the species is also under threat due to habitat loss, over-collection for the horticultural trade, and climate change.

Despite its popularity among plant enthusiasts, the Anggrek tebu is considered a Vulnerable species by the International Union for Conservation of Nature (IUCN). This means that it is at risk of becoming endangered if conservation efforts are not implemented to protect the species and its habitat. The Anggrek tebu is under threat from deforestation, particularly in the Philippines and other parts of Southeast Asia where it is being cleared for agricultural purposes. In addition, the species is also under threat from over-collection for the horticultural trade, as its large and striking blooms make it a popular choice for collectors. Climate change is also having an impact on the Anggrek tebu, as changes in temperature and rainfall patterns can affect its growth and reproductive success. It is important to take action to protect this magnificent and important species and its habitat for future generations.

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

Indonesia is susceptible to forest fires, which pose a significant risk to both our staff and the community that live in and surrounding our estates. Apart from causing damage to dwellings and property, the heavy layer of haze degrades air quality and creates health problems not only in the local population but also in neighboring nations.

Our plantations are planned and designed to put out flames efficiently and effectively in order to better control forest fires. Canals were built between our plants and high-risk fire zones. Small fireboats and police vehicles equipped with water pumps are always on standby around the canal's perimeter.

Fire prevention is vital to Kencana. Preventing forest fires eliminates the need to put them out in the first place. We feel that education and capability building are more successful than world-class suppressing capabilities. We implement a zero-burn policy and collaborate with government authorities on a variety of community and education-based preventative programs to guarantee that all required safeguards are taken to prevent fires.

Firefighting training are conducted by Kencana Agri's internal HSE-certified firefighting specialists to the employees in each subsidiaries. In this training, our employees learned to monitor, manage, and extinguish forest fires, as well as how to conduct emergency procedures such as evacuations during such events.

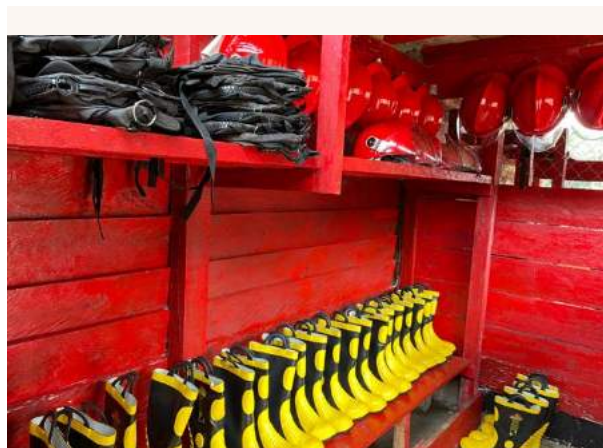
Since 2018, we have been employing satellite mapping software to identify the reported location of the hotspots around our plantations. This program helps to improve the coordination in the Group and allows our estates and Jakarta headquarter to undertake joint monitoring of hotspots situated throughout Kencana's estates. During the reporting period, there were no fires in any of Kencana's operation locations.

Climate Change [GRI 201-2]

Climate change has begun to start affecting people's livelihoods, particularly in recent years. Unpredictable and harsh weather patterns have a direct influence on our agriculture industry, harming crop yield as well as the health and safety of our employees. As a result, as part of our risk management approach, we will continue to assess climate-related risks and disclose them in our FY2022 Sustainability Report disclosures in accordance with SGX Listing Rules.

Kencana has been in the process of identifying and assessing climate-related risks and opportunities impact on our business and Group's assets. We understand that it is important for us to have a good understanding of climate-related risks and opportunities, so we can develop strategies to manage and capitalize on them.

Our action plan regarding climate related risk and opportunities includes conducting risk assessments, setting emissions reduction targets, and engaging with stakeholders on climate-related issues. By addressing climate-related risks and opportunities, we believe that the Group can enhance our resilience, improve our financial performance, and in the long run contribute to a more sustainable future.



The climate-related risk we have identified includes:

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

Climate-related opportunities we have identified includes:

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

Moving forward, Kencana understands the importance of assessing our exposure to climate-related risks and opportunities and developing strategies to manage and capitalize on them. We hope by addressing climate-related risks and opportunities, the Group can enhance our resilience, improve the Group's financial performance, and in the long run contribute to a more sustainable future.

The next phase of our action plan related to climate-related disclosures is to conduct risk assessments, set emissions reduction targets, and engage with stakeholders on climate-related issues, including climate scenario analysis using the commonly used climate scenario pathways toward our operational and human capital assets performance capabilities in future reports.

Kencana has identified commonly used climate scenario pathways and is currently still in the process of studying and assessment of each pathway. These pathways shall depict potential future trajectories of greenhouse gas emissions and associated global warming. We will use these trajectories to assess the impacts of climate change on our operations and financial bottom line, so we make a well-informed decision and strategy formulation that integrated climate-related risks and opportunities.

These are the 3 climate scenario pathways that Kencana is currently reviewing and studying to be used in future climate assessments by the Group:

1. Representative Concentration Pathways (RCPs):

A set of four greenhouse gas concentration trajectories developed by the Intergovernmental Panel on Climate Change (IPCC) for use in climate models. The RCPs range from RCP2.6, which represents a low-emissions scenario in which global warming is limited to below 2°C, to RCP8.5, which represents a high-emissions scenario associated with a potentially catastrophic level of global warming.

2. Shared Socioeconomic Pathways (SSPs):

A set of five narrative scenarios that describe potential future socioeconomic developments, including population growth, economic development, and energy use. The SSPs are used in conjunction with the RCPs to develop integrated climate scenario pathways that explore the interactions between social and economic development and climate change.

3. Paris Agreement scenarios:

These are climate scenario pathways developed to assess the feasibility of meeting the long-term temperature goals of the Paris Agreement, which aims to limit global warming to well below 2°C and pursue efforts to limit it to 1.5°C above pre-industrial levels. These scenarios typically involve rapid and deep emissions reductions in the near term, followed by net-zero greenhouse gas emissions by mid-century.



Social Community Development

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







With the increase in relevance of ESG aspects in today's shifting economy, sustainable practices are no longer detached from a company's social and financial success. Kencana's long-term success is based on our reputation as a valuable partner in the communities we serve. We acknowledge that our actions can have varied degrees of economic, social, and environmental repercussions on our communities, whether directly or indirectly.

Through Kencana's Community Growth Program, we are hopeful that we can contribute to the long-term development of our communities. Understanding the community's particular requirements and keeping healthy connections with local people are critical for improving livelihoods and contributing to local socioeconomic development. As a result, Kencana regularly works with local stakeholders to monitor and manage any potential impact of our activities on the communities. [GRI 203-2]

All our corporate social responsibility ("CSR") programs in accordance with the Law of the Republic

of Indonesia No. 40 year 2007 point 74 and government regulation No. 47 year 2012 on Environmental Social Responsibility of Limited Liability Company; as well as government regulation No. 93 year 2010 and Finance Ministry Regulation No. 76/PMK.03/2011 dated 5 April 2011 on Deductible Donations. All operations of Kencana adhere to these regulations and conduct suitable CSR programs in each operation.

Our Social Community Development Focus [GRI 203-2] [GRI 413-1]

The Group's Community Development Program is planned and implemented with particular target areas to better fulfill the needs of the communities. Through our initiative, we form partnerships with local communities, empowering and positively developing them.

Our social community development initiatives and strategies have four focal points:

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

EMPOWERING THE LOCAL COMMUNITIES

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

FOCUS 1



FOSTERING ENGAGEMENT & GOOD RELATIONSHIP

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

FOCUS 2



FOCUS 3



RESPECTING THE RIGHTS OF INDIGENOUS PEOPLE

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

FOCUS 4



SUPPORTING BETTER WELFARE

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

Supporting the Preservation and Promotion of Dayak Culture:

THE “ERAU ADAT BENUA” AT DESA SABINTULUNG

[GRI 203-2, 413-1]

Erau Adat is a term that refers to the traditional customs and practices of the indigenous people of Kalimantan, Indonesia particularly the Dayak tribe.

The Dayak tribe, which is the largest indigenous group in Kalimantan, has a rich and diversity of customs and beliefs that have been passed down from generation to generation. These include animist beliefs, traditional music and dance, and elaborate handicrafts.

An important aspect of Erau Adat is the celebration of the harvest festival, which is held to thank the spirits for a successful harvest and invoke their blessings for the future. Erau Adat is one of the oldest cultural celebration in Indonesia and an important cultural heritage of the people of Kalimantan. Erau Adat Benua Tuha is one of the traditions and ancestral heritage that has existed since the establishment of the Kutai Ing Martadipura kingdom which was carried out in one of the oldest villages in Kutai Kartanegara district, namely Sabintulung Village, Muara Kaman District.

As part of Kencana’s continuous community engagement and development programs, we join the efforts to preserve and promote this tradition for future generations. In 2022 through three of our subsidiaries, Kencana supported the local government in holding the first Erau Adat Benua Tuha celebration post-pandemic. Our support include monetary support to help the arrangement of the celebration event also material, heavy equipment and construction assistance to support the event.



DISASTER RELIEF JOINT EFFORTS FOR CIANJUR EARTHQUAKE WITH THE MINISTRY OF AGRICULTURE OF THE REPUBLIC OF INDONESIA [GRI 203-2, 413-1]

The Ministry of Agriculture of the Republic of Indonesia presented an award for Kencana for the Company's support in disaster relief program for Cianjur earthquake which was coordinated by the Ministry of Agriculture on 24 November 2022. Kencana have provided 25 tents as a temporary shelter for the citizen who affected by the incident.



Kencana's social community programs were born from the results of identifying the needs and potentials of the village and the people through discussion with the local. From the identification results, a summary

of various social community programs that were conducted throughout 2022 by the Group and our subsidiaries are presented as the following:

Program Name	Program Objective and Target Beneficiaries	Program Descriptions	Timeline	Progress and Achievements
<p>KENCANA PRODUKTIF</p> <p>Kencana strives to utilise the potential in terms of human resources and available land to produce goods with economic value that can help the community and employees in their daily needs and for their welfare and livelihood.</p>				
<p>1. “Kebun Taman Gizi” (Nutrition Garden)</p>	<ul style="list-style-type: none"> Optimize the potential of human resources and land available around employee housing. Produce sources of vegetables, fruits and spices for employees. Reducing the cost of kitchen needs. Enhance a more harmonious partnership among employees. Meet the nutritional needs of the family. <p>The main target beneficiaries of the program is the wives of employees and women employees who live in the housing complex of AKM , AIK, ATK, and SKL and the PKK members of the nearby Village.</p>	<p>The activities of the program in AIK, AKM, ATK, and SKL, began with social needs assessment involving the women living in the employee housing complex and the foremen and assistants of the afdeling to obtain the design of the program to be carried out. This program is an internal and external company empowerment program for the employees and the locals in order to create a productive individuals in meeting the needs of vegetables, fruit and spices by utilizing potential areas in the employee housing environment and the nearby village. The program consists several trainings, such as the method of making the plant's permanent beds, the compost by decomposing the bacteria, and organic fertilizer, and finally the planting method. Furthermore, the company assist the team by giving advice, monitoring and evaluating the implementation along the program regularly</p>	<ul style="list-style-type: none"> AKM Started in April 2021 (Continuous Program) AIK Started in March, 2021 (Continuous Program) ATK Started in June 2021 (Continuous Program) SKL Started in August 2021 (Continuous Program) Pengguren Village Started in September 2018 (Continuous Program) Cipari Makmur Village Started in July 2018 (Continuous Program) 	<p>This program has been a continuous and sustainable program.</p> <p>The vegetables resulting as the harvest output of the program can help reducing kitchen expenses as the harvest is distributed to the members and also sold to the market and employees' residential to obtain cash as operational costs, which is used to buy more vegeteables and plants seeds.</p> <p>The next step of this program is to expand the program reach to the external communities. In 2022, the Taman Gizi program was implemented together with the Apotek Hidup program. A socialization was conducted to the Mangka villagers. The socialization was attended by 10 women from the TP PKK board of Mangka Village.</p>
<p>2. Monitoring External Community Development / Partner Village</p>	<ul style="list-style-type: none"> Ensuring activities are carried out in a sustainable manner. Providing motivation and knowledge to group members. Ensuring to have a well developed and productive business. 	<p>Monitoring external community development is carried out monthly for fostered villages which have started the program since 2018, namely Brown sugar producer in Riwang Village, PKK Teams of Kebun Taman Gizi Pengguren jaya. Whilst the program in Dasa Wisma Pangguren Jaya Village has only started in 2020.</p>	<p>Started in September 2018 (Continuous Program)</p>	<p>The programs in PKK teams have been running well and have been expanded to other businesses, such as vegetables and spice farms. Currently, a new business activity of 500 tilapia fish fisheries and 1000 catfish fisheries has been developed. The community has also built a gazebo for community group meetings.</p>

Program Name	Program Objective and Target Beneficiaries	Program Descriptions	Timeline	Progress and Achievements
<p>3. Tilapia Seedlings Program by Karang Taruna of Pengguren Jaya Village</p>	<ul style="list-style-type: none"> Optimizing potential and improving business skills for the young people in Pengguren Jaya Village. Improving the productivity of young people in the economic aspect. Achieving a harmonious partnership with the local community around the village. Fortifying young people from negative activities. <p>The objectives of this program is that the young people of Pengguren Village have productive activities so that they are not easily carried away by negative activities.</p>	<p>This program was motivated by the required activities for the Karang Taruna (youth organization) and the Head of Pengguren Jaya Village.</p> <p>Then AIK through the community development team brainstormed with the Youth Organization and Village teams, so it was agreed that a Tilapia Fisheries program would be carried out. The village provided 2 plastic tarpaulins with a size of 6 square meters, while the company contributed 1,500 fish seedlings, 3 sacks of feed, and 2 brooms.</p>	<p>Started in July 2021 (Continuous Program)</p>	<p>There are 5 new tarpaulin pond owned by the local community for tilapia and catfish fisheries. The fish have been sold in stages to the locals and the employees and then some of the profit from the sales are used to purchase more fish seeds.</p>
<p>4. Freshwater Fisheries</p>	<ul style="list-style-type: none"> Optimizing the potential of human resources and land available around community housing. Provide opportunities for communities/community groups to increase productivity and welfare. <p>The target of this program is carried out at the Kelompok Nelayan Bersama, and the Kelompok Nelayan Maju Mandiri, Sabintulung Village.</p>	<p>This program is part of the implementation of the Group's program in the field of community empowerment in Sabintulung Village where we foster productive groups. ATK and SKL assisted in the provision of fish seeds and starter feed. During this activity, the Group conducts regular monitoring at least once a month to ensure the progress of the demonstration plot activities and evaluate if there are any challenges. Furthermore, during harvest season, the fishermen group and the Group will cooperate in distributing and sale of the harvest outputs.</p>	<p>Nelayan Bersama Community and Nelayan Maju Mandiri Community Started in Oktober 2021 (Continuous Program)</p>	<p>The fish is suitable for sale. Currently, the fish have been sold in stages to residents and company employees and the proceeds from the sales are used to purchase more fish seeds.</p>



Program Name	Program Objective and Target Beneficiaries	Program Descriptions	Timeline	Progress and Achievements
<p>5. Community Empowerment of Coffee Farmers and Craftsmen (Kohiman)</p>	<ul style="list-style-type: none"> • Providing knowledge and opportunities for the community to develop their potential in order to improve the economy. • Improve the community's economy by providing a source of family income, which resulting the community and the Group can advance and grow together. <p>The target beneficiaries of the program are the members of nearby village.</p>	<p>This activity is formed as a community empowerment, where the company sees the potential possessed by the community around the company and then provides support in the form of sharing knowledge, training, providing fertilisers (solid waste from FFB processing), providing financial assistance for activities, providing product processing equipment, and marketing in product sales. This program contains cassava and coffee planting activities, then processing products made from cassava and coffee into ready-to-sell products, such as ground coffee, cassava chips, etc.</p>	<p>Started in July 2019 (Continuous Program)</p>	<p>The program is still running actively. The products were produced and distributed well over the district and the company. The profits benefits the team a lot.</p>
<p>6. The Development of Aren Sugar Producing Method</p>		<p>This program was conducted by introducing a new method that can improve the quality of palm sugar, which includes changing the cone-shaped palm sugar mould to a rectangular one. In addition, practical training was conducted on the process of filtering nira as an ingredient for sugar making and the processing of palm sugar. This method resulted in palm sugar that has a distinctive aroma and longer shelf life. The Group provided assistance in the form of palm sugar-making equipment such as sugar moulding tools, measuring cup equipment, in addition to training, regular mentoring, and the product's marketing.</p>	<p>Started in September 2018 (Continuous Program)</p>	<p>The palm sugar that has been produced is marketed at the Village Excellence Product Exhibition in the Paser district, so that it can help enhance the visibility and reputation of Riwang Village and provide inspiration because of the palm sugar products that have good quality and the characteristic shape and the package made of woven Nipah leaves. Palm sugar products have become popular and in high demand. Improving the quality of palm sugar has also increased the economic value of the product.</p>



Program Name	Program Objective and Target Beneficiaries	Program Descriptions	Timeline	Progress and Achievements
<p>7. Development of Purun Weaving Craft</p>	<ul style="list-style-type: none"> Optimizing the potential of human and natural resources available around employee housing complex. Improve the economy and creativity of the local communities. <p>The target beneficiaries of the program are the locals of Sabintulung Village.</p>	<p>The Comdev team saw the potential of purun plants found around Sabintulung Village. Purun is a wild plant that grows in swamps resembling grass and is flammable. Therefore, seeing from the source that is easily obtained and does not require costs, besides that it can reduce the risk of land fires, it is utilized by making crafts.</p> <p>This program started in October 2022, where the Company has socialized this program to the Sabintulung Village community and there are 20 women who are interested in participating. The Company contributed in organizing Purun craft training by bringing in trainers and conducting regular coaching.</p>	<p>Started in October 2022</p>	<p>To date, the participating communities have produced several products in the form of bags, caps, and sandals. The products have been sold at the district level and have been displayed at exhibitions and events organized by the district government. For the next plan, handicraft products will be added in the form of vests.</p>



Program Name	Program Objective and Target Beneficiaries	Program Descriptions	Timeline	Progress and Achievements	
<p>KENCANA BERPRESTASI</p> <p>Kencana strives to improve supporting infrastructure and facilities for educational activities and ease of access to education for children and employees to create more quality human resources and increase children's opportunities to fulfil their rights to receive early education.</p>					
<p>1.</p>	<p>Taman Pintar</p>	<ul style="list-style-type: none"> Optimizing the potential of our employees and their children through education. Growing a smart and virtuous generation. Improve the welfare of employee families in accessing proper education. Cost efficiency in terms of transportation to school. Helping employees to be more focused at work. Building harmonious relationship with our employees. 	<p>In AIK and AKM, library activities are held in the form of the Taman Pintar program. Each Taman Pintar provides a collection of approximately 274 books which include school reading books from kindergarten to high school level, hobby books, health books, cookbooks, folklore, and other general knowledge. Junior and senior high school students help manage the Taman Pintar program.</p>	<p>Started in March 2021 (Continuous Program)</p>	<p>The library runs as scheduled 3 times a week for students.</p>
<p>2.</p>	<p>Improving the Quality of Kindergarten/ Early Childhood Education [GRI 203-1]</p>	<p>The target of this program is to enhance the quality of education and foster the development of children and also our employees.</p>	<p>In AKM, there is a kindergarten/preschool but the indoor and outdoor educational infrastructure is inadequate. For this reason, this program aims to improve the quality and quantity of learning education facilities and infrastructure which includes indoor thematic teaching educational tools and outdoor play facilities such as swings, slides, and climbing frames.</p> <p>In AIK, Charli afdeling, Delta afdeling and palm oil mill housing is quite a distance of 15 km to the nearest kindergarten location, and when the rainy season arrives will experience problems with poor road conditions. In addition, shuttle transportation vehicles are limited, and kindergarten drop-offs must coincide with the return hours of junior high school students. Looking at these hardships, AIK through the community development program took the initiative to spearhead the opening of a Kindergarten / Early Childhood School.</p>	<ul style="list-style-type: none"> AKM Started in September 2021 (Continuous Program) AIK Started in October 2021 (Continuous Program) 	<p>The kindergarten/early childhood school in AKM has been provided with educational facilities, also indoor and outdoor playground equipment.</p> <p>The kindergarten/early childhood school has been in operation involving teachers and children of employees.</p> <p>In 2022, the program was carried out at 7 Afdeling and 1 Plasma, with a total of 81 students by equipping more facilities and infrastructure to support school activities, such as baby swings, indoor play equipment, bathing and eating and drinking equipment, cleaning kits, etc.</p>

Program Name	Program Objective and Target Beneficiaries	Program Descriptions	Timeline	Progress and Achievements
<p>3. Cooperation in the Management of Kindergarten, Elementary, Middle and High School Education with SDN 06 Fillial Sedulang and Yayasan Budi Utomo Sedulang. [GRI 203-1]</p>	<ul style="list-style-type: none"> Facilitate access to education by improving nearby schools. Creating a conducive teaching and learning environment by improving access to school infrastructure and facilities. Supporting qualified educators and teachers. <p>The target beneficiaries of the program is the school inside the company operation and the nearby local school.</p>	<p>Located in KM 10 Sedulang Village, the school building was in poor condition and was inactive. The Community Development Area III team saw the potential to reactivate the school building, therefore in July 2022, we collaborated with Yayasan Budi Utomo as the manager of KM 10 school, carried out rehabilitation for the building and its infrastructure.</p> <p>We repaired damaged building structures, cleaned the location of the area, and painted the building. We also support the program by supplying tables, chairs, cabinets, and other complementary learning tools. Moreover, the teachers' salary was also supported by the company.</p>	<p>Started in July 2022 (Continuous Program)</p>	<p>Currently, the school has 8 rooms that are used for elementary and junior high school students. In addition to the KM 10 Sedulang school, the primary school 006 also carried out the program to make the teaching and learning process safer and more comfortable.</p>



Program Name	Program Objective and Target Beneficiaries	Program Descriptions	Timeline	Progress and Achievements	
<p>KENCANA SEHAT</p>					
<p>Kencana seeks to educate the community and employees about knowledge and awareness in improving and maintaining personal and family health by utilising human resources and traditional ingredients that have been produced within the area.</p>					
<p>1.</p>	<p>Kebun Apotek Hidup (Pharmacy Garden Program) [GRI 203-1]</p>	<ul style="list-style-type: none"> Increasing knowledge about the methods and types of herbal medicine that are beneficial. Providing understanding and awareness to employees of the benefits of traditional herbal medicine for personal and family health. Preserving sources of traditional herbs that are cheap, efficacious, and available around the environment. Utilizing human resources and land that can be used for activities. <p>The main target beneficiaries of the program are women employees and employees' wife in the housing complex.</p>	<p>Kebun Farmasi Hidup (Pharmacy Garden Program) is the implementation of the Healthy Kencana program in constructive synergy with the Productive Kencana Program.</p> <p>The implementation of the Kebun Farmasi Hidup program was started by planting various types of herbs that are efficacious for herbal medicine, among others: Red Ginger, White Ginger, Kencur, Temulawak, Turmeric, Temu Ireng, Temu Putih, Temu Mangga and Kunyit Putih.</p> <p>The Kebun Farmasi Hidup takes place in the same location as the vegetable and fruit gardens (Kebun Taman Gizi).</p> <p>This program has been conducted continuously at AKM's mills housing complex which is managed by Cakrawala group (wife of our employees), and in AIK Delta estate housing complex which is managed by Mawar group (wife of our employees).</p>	<ul style="list-style-type: none"> AKM and AIK Started in April 2021 (Continuous Program) ATK Started in June 2021 (Continuous Program) SKL Started in August 2021 (Continuous Program) 	<p>The current pharmacy garden has been successful in harvesting the herbs. Some of the herbs are used by the members for household needs to make medicinal herb drinks, such as Beras Kencur, Turmeric Tamarind and Temulawak, and the others are sold over the employees' housing complex, which the profit will be used to buy more herbs seed.</p>
<p>2.</p>	<p>Traditional Herbal Medicine Drinks Making Training</p>	<ul style="list-style-type: none"> Providing knowledge and insight as well as skills on traditional herbal medicine making. Fostering the development of traditional herbal medicine ancestral heritage. Reducing dependence on the use of chemical drugs. <p>The target beneficiaries of the program are our employees' wives and women employees.</p>	<p>This training is in a conjunction program with the Pharmacy Garden program.</p> <p>The training was held for 1 day, with training materials consisting of 20% theory and 80% practice, so that participants can practice herbal medicine making activities directly.</p> <p>The training material consists of 3 types highly popular herbal medicine drinks, namely;</p> <ul style="list-style-type: none"> Beras Kencur Kunyit Asam Temulawak 	<ul style="list-style-type: none"> AKM 30 November 2021 7 June 2022 AIK 16 December 2021 	<p>In AKM: The training went well, with 23 enthusiastic participants from the targeted 25 participants or 92% participatory rate</p> <p>In AIK: The training went well, the participants were very enthusiastic, attended by 27 people, exceeding the target of 25 people or 108% participatory rate.</p> <p>In 2022, the program was continued by providing more batches of participants, which is 15 people from the North plantation of AKM estate housing complex, in the making of Beras Kencur and Kunyit Asam.</p>



Plasma Partnership [GRI 413-1]

Plasma Partnership was founded in 1997 and aimed at fostering the development of strong self-sufficient socio-economic communities around our operational sites. Our plasma partnership programs share the best practices with local smallholder farmers by providing practical training and high-quality seed stock, advising on fertilizer and pesticide procurement and use, introducing new farming technologies, and assisting with land titling and FFB transport to palm oil mills.

According to Indonesian government regulations, a minimum of 20% planted land is necessary for plasma planting. We comply with the requirement and continue to work together with our plasma

partner sustainably, including in overcoming any potential negative impacts through proper grievance mechanisms and communication forums. Our plasma partnership initiative has resulted in a slew of beneficial social and economic outcomes for farmers.

For example, during the last 20 years, the quality of life in Tempilang, a tiny town near our SWK's activities, has improved dramatically, resulting in strong socioeconomic development for the area and local residents. Their productivity has expanded so dramatically that an annual cultural celebration, Ruahan, is planned to honor their harvest.

Our plasma partnership program is divided into three major programs, which are detailed below:



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

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



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

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



Revitbun (Revitalisasi Perkebunan - Plantation Revitalization)

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



MEET OUR PLASMA FARMERS

” The company provided the equipment, such as Grader, to help us repairing and maintaining the village road, as well as providing the rice for the member of our community whose are underprivileged and the elders. The Group also helps us in providing school transportation for our children to their school. All of these assistance has positive impacts to the welfare of our community, particularly in infrastructure, socio-economy, and education. On behalf of the community in Mangka Village, we want to thank AKM and Kencana. We pray the Group can further grow and be successful, so we can continue to grow with AKM and Kencana.”

Yohanes Leki
Head Village of Mangka Village

” We are happy to be part of AKM’s plasma farmers, which is comprises an area of 2,140 hectares that is cultivated by the local community of West Pamukan and North Pamukan District. We have seen improvements of welfare and livelihood of the member of our plasma cooperatives ever since the plasma program was established. We hope that the Group will continue to grow and be successful, hence can provide sustainable positive benefits for the locals like us.”

Ujang Rianto
Plasma Farmer – KTU BTP Cooperatives





Our People

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



Human Resources Relation & Management

At Kencana, we acknowledge that our workers contribute significantly to the Group's success, and emphasize the importance of maintaining our high employee satisfaction and talent retention for operational excellence.

We prioritize the growth and development of our employees, and believe that regular performance and career development reviews are crucial in achieving this. We are proud to announce that 100% of our employees receive these reviews on a regular basis, providing opportunities for goal setting, feedback, and skill development. Through these reviews, we aim to foster a culture of continuous learning and improvement, and to support our employees in achieving their personal and professional aspirations. We believe that investing in our employees in this way not only benefits them individually, but also contributes to the long-term success of the Group. [GRI 404-3]

Kencana is focused on delivering solid employment policies and eventually being an employer of choice. Our hiring procedure follows stringent non-discrimination and fairness criteria, regardless of gender, race, religion, or age. 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]

For full-time employees, we provide competitive salary packages that include a wide range of perks such as medical benefits, insurance, and leave plans. Kencana provides allowances ranging from transportation to food allowances as well as health, employment, and pension social security to ensure our workers' well-being.

Kencana aspires to maintain a positive connection with our employees and will continue to analyze our performance to ensure compliance with current laws, national legislation, and benchmarking against industry best practices. Our primary areas of interest are as follows:

- Ensuring the Company complies with all legal obligations and regional labor regulation wherever we operate.
- Building a communicative culture, including in developing our Collective Bargaining Agreement in which we ensure all our employees are covered and protected by this agreement.
- Endeavoring to create strong relationships with our employees, via a culture of trust and cooperation.
- Offering a variety of fulfilling job experiences, a safe and healthy work environment, and mutual respect.
- Providing various facilities for our employees, such as competitive pay, incentives, retirement benefits, and career advancement. In addition, our commitment will be extended to their families including facilities and services.

Workforce Profile and Distribution [GRI 2-7, 202-2, 401-1]

Kencana Agri has a total of 8,253 employees as of December 31, 2022, comprising 2,920 permanent and 5,333 non-permanent employees. Our workforce is entirely made up of Indonesian citizens. Similarly, all members of our Board of Directors are Indonesian. [GRI 202-2]



Workforce Profile by Gender, Age and Nationality

Total of Employees [GRI 2-7]		Region					Total	Percentage
		Jakarta- Head Office	Singapore Office	Sumatra	Kalimantan	Sulawesi		
Gender								
Male	Permanent	103	0	408	1,937	214	2,662	32%
	Non-Permanent	9	0	150	2,422	1,580	4,161	50%
Female	Permanent	42	1	24	170	21	258	3%
	Non-Permanent	5	0	81	787	299	1,172	14%
Age								
18-30 years old		25	0	50	357	212	644	8%
30-50 years old		96	1	230	2,053	883	3,263	40%
>50 years old		38	0	383	2,906	1,019	4,346	53%
The Worker Origin [GRI 202-2]								
Local		118	0	537	2,049	1,483	4,187	51%
Non-Local		41	1	126	3,267	631	4,066	49%
Total		159	1	663	5,316	2,114	8,253	100%

New Recruitment by Gender, Position and Age

New Recruitment 2022 [GRI 401-1]	Region					Total
	Jakarta- Head Office	Singapore Office	Sumatra	Kalimantan	Sulawesi	
By Gender						
Male	38	0	7	87	48	180
Female	10	0	0	0	1	11
By Position						
Chief/Directors	0	0	0	0	0	0
Head/General Manager	0	0	0	0	0	0
Senior Manager	5	0	0	5	1	11
Manager	4	0	0	15	10	29
Senior Assistant/Senior Officer	4	0	1	6	5	16
Assistant/Officer	33	0	6	61	33	133



Turnover by Gender and Position

Turnover 2022 [GRI 401-1]	Region					Total
	Jakarta-Head Office	Singapore Office	Sumatra	Kalimantan	Sulawesi	
By Gender						
Male	20	0	1	75	32	128
Female	7	0	0	3	1	11
By Position						
Chief/Directors	0	0	0	0	0	0
Head/General Manager	2	0	0	0	0	2
Senior Manager	1	0	0	3	2	6
Manager	4	0	0	16	6	26
Senior Assistant/Senior Officer	4	0	0	10	8	22
Assistant/Officer	15	0	1	49	17	82
Operative	1	0	0	0	0	1

Fair & Competitive Remuneration [GRI 202-1]

We are committed to providing our staff with fair and competitive remuneration packages. Our salary and awards systems are based on performance. Salary benchmarking was performed to verify that Kencana's compensation were in line with the industry and broader market. All of our Group workers, including operative and entry-level jobs, are paid at or above the local minimum wage ("UMR") in each of our business locations.

Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage

Regions	Ratios of Standard Entry Level Wage Compared to Local Minimum Wage [GRI 202-1]	
	Permanent	Non-Permanent
Sumatra	3.11	1
Kalimantan	4.41	1
Sulawesi	4.43	1



Benefits to Permanent and Non-Permanent Employees

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

Benefits & Welfare of Our Employees' and Their Families

We are dedicated to the welfare of our whole staff, including their families, since we believe it is our responsibility as an accountable employer. Transportation services are provided to our workers who work in the Group's mills and estates. To uphold the utmost safety and convenience of our employees' families, we installed schools and day care facilities for their children near the estate. We also work with local religious leaders to arrange religious activities, moral education, and character-building initiatives to cater the students with a high-quality education.

In keeping with SDG Goal 4, quality education, Kencana recognizes the need of excellent education

in growing our future generation, particularly during the Covid-19 pandemic, which resulted in school closures throughout the world. In 2022, the Group carried out programs that prioritize on the quality of education of our employees' children. The program focuses on improving village schools to enhance the capacity of students. In addition, Kencana also had invested in upgrading the infrastructure and public facilities in employee housing complexes. Through these two programs, our goal is to provide better access to quality education and create a conducive environment for learning, which will benefit both the students and their families, hence can create a positive impact that will last for generations to come.



Training & Development [GRI 404-1]

At Kencana, we consider long-term and in-depth staff learning and development a critical component of the business. We place a significant emphasis on providing employees with training opportunities for career and personal development by creating practices and competencies that enable our people to attain operational excellence.

Employees are provided with a range of learning options. Including formal training, mentoring, and on-the-job technical training. Each department is obliged to attend our development education seminars. The

training and education program is designed to fulfill the needs of the Group such as our duty to comply with regulations.

In 2022, the Group continued to focus on capability building to guarantee continual learning and development of our employees across our businesses, from our Directors to our frontline workers at our estates and mills. Our staff received a total of 7,857.5 hours of training, with average training manhours per employee at 5.79 manhours per employee for our male staff and 4.56 manhours per employee for our female staff.

Training Hours by Gender

Training Hours By Gender <small>[GRI 404-1]</small>	Number of Employee	Training Hours Provided	Average (Manhours/ Employee)
Male	1,140	6,604.5	5.79
Female	275	1,253.0	4.56
Total	1,415	7,857.5	



More than
7,857
training man-hours were provided throughout 2022

Training Hours By Position

Training Hours By Position [GRI 404-1]	Number of Participants		Manhours	
	Male	Female	Male	Female
Head/General Manager	3	1	9	3
Senior Manager/Manager	78	1	492	3
Senior Assistant/Senior Officer	61	1	403	1
Assistant/Officer	305	42	2,695	149
Operative	615	221	2,382	1,026
MT Asisten	44	-	352	-
MT Mandor & Admin	34	9	272	72
Grand Total	1,140	275	6,605	1,253

Training Topics

Training Topics Categories	Number of Participants	
	Male	Female
Operational-related topics	183	128
Business-related topics	10	7
Fire Management System	352	10
OHS and Environmental	267	93
HR	2	1
Leadership and motivational	261	9
ISPO and ISCC Audit System	49	18
Risk Management and Legal Compliance	10	5
Sustainability Reporting	6	4
Grand Total	1,140	275



KENCANA MANAGEMENT TRAINEE (MT) PROGRAM

[GRI 203-2, 413-1]



Starting in 2022, Kencana has reactivated our Management Trainee (MT) program, which will be conducted at the Training Center of Area 2 and 3. The program was carried out through SMDP and BMDP training with a total of 87 participants.

The MT program is designed for fresh graduates who are interested in starting their careers in the Company. This program aims to provide them with the necessary skills and knowledge to become future leaders in Kencana. Participants will undergo training and development in various areas, including leadership, communication, and technical skills related to their respective fields.

Through the MT program, Kencana hopes to attract young, talented individuals who are willing to grow and learn with us. By providing them with the opportunity to develop their skills and knowledge, Kencana can ensure that they are ready to take on future roles and responsibilities.

Furthermore, the MT program is an essential part of Kencana's efforts to ensure a continuous supply of competent and skilled personnel. As we grow and expand, it is crucial to have a pool of well-trained professionals who can contribute to the organization's success.



Protecting Human Rights [GRI 2-30]

The Group, as a responsible palm oil firm, is accountable for human rights protection. We are dedicated to upholding human rights and aligning our operations and plans with the widely recognized principles outlined by the United Nations Global Compact Initiative.

The Group has constantly prioritized the development of positive ties with labor unions in order to better understand and safeguard the rights and obligations of both employees and employers. We collaborate closely with labor unions to construct the Group's Collective Labor Agreement.

The Group has constantly prioritized the development of positive ties with labor unions in order to better understand and safeguard the rights and obligations of both employees and employers. We collaborate closely with labor unions to construct the Group's Collective Labor Agreement.

Local management and member-elected union representatives often conduct regular meetings. Every unit in the Group is represented by at least one union representative. Furthermore, we have a grievance procedure in place for our workers to file a letter of dissatisfaction if they have any complaints. After submitting a letter, the employee's supervisor will call them to further understand their concern, negotiate, and reach an agreement that is acceptable to both sides.

Employees at Kencana have the option to participate in unions. We urge our employees and workers to communicate constructively with management, either directly or through these unions. As of December 31, 2022, we have 1,205 employees registered as members of various labor unions across our activities.

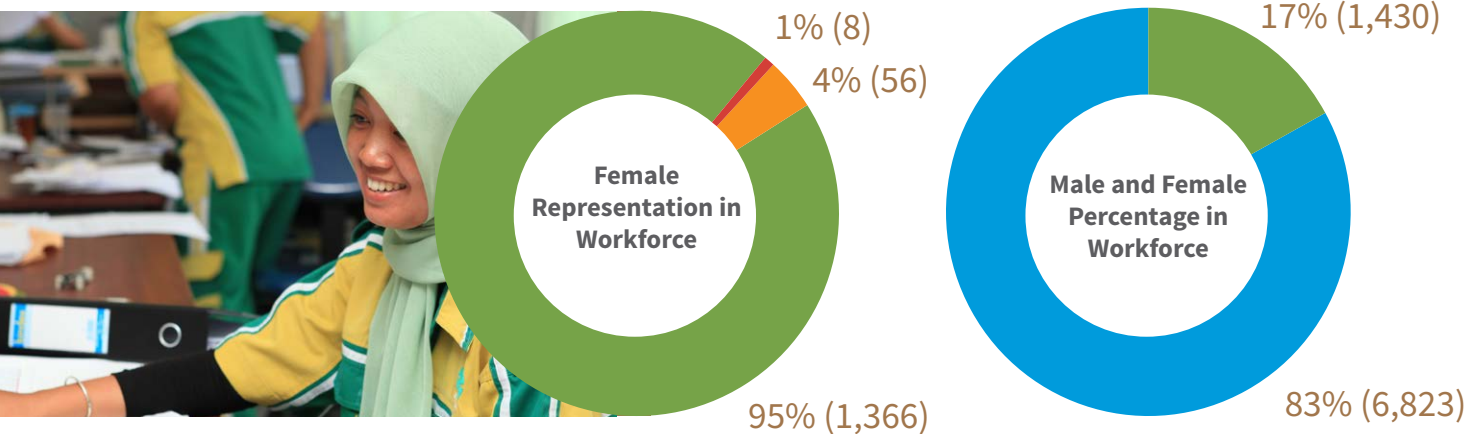
List of Labor Union and Total Number of Kencana Employees Registered as Member

Subsidiaries	Registered Labor Unions	Total Employees Registered as Member (employees)
SWK	SPSI Reformasi	388
SKL	SBSI Hukatan	101
AKM	Serikat Alamraya Kencana Mas	162
	Serikat Pelita PT.AKM	217
AEK	SBSI Hukatan	120
ATK	SBSI Hukatan	217

Diversity and Inclusion [GRI 405-1]

Diversity in our workforce may bring fresh insights to our company and operations, adding value to the Group. We are dedicated to creating a diverse and inclusive workplace by respecting and empowering all employees and workers. Our policy is designed to ensure that no employee or worker is treated unfairly because of their race, color, gender, age, national origin, religion, sexual orientation, political preference, marital status, citizenship, disability, or any other legally protected factor, as well as other minority aspects.

All of our Human Resources ("HR") procedures, including recruiting, promotions, training, development, and retirement, demonstrate our dedication. Our hiring and pay policies are transparent and based on merit and capabilities. We welcome women who wish to join and advance their careers in the palm oil plantation industry. We have a total of 1,430 female employees by the end of FY2022, which represents 17% of all our employees.



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

Board of Directors Compositions

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

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

Among the primary industries susceptible to forced labor and child labor are agriculture, forestry and logging, and food processing. Kencana is adamantly opposed to forced labor and child labor, and we do not condone any sort of child exploitation or abuse.

We strive to eliminate all types of child labor, and we strictly implement our rules and values at all of our farms, mills, and other workplaces. Our minimum age for recruitment in any capacity is 18 years, and all potential employees must have their identity cards checked by our recruiting specialists. Furthermore, we prioritize efforts to provide our children with access to school, defend children's rights, and prohibit child labor. The Group provides daycare facilities for our employees and workers at all operating sites, allowing them to work without worrying about their children's safety and well-being.

We take the threat of forced labor seriously at Kencana, and we prohibit any type of forced labor in our operations or supply chain. Our employees' salaries and remuneration are paid on time, and their identity

Workforce Profile by Position and Gender

Workforce Profile Based on Position [GRI 102-8]	Quantity	
	Male	Female
Chief/Directors	5	1
Head/General Manager	8	3
Senior Manager	22	1
Manager	53	6
Senior Assistant/Senior Officer	77	11
Assistant/Officer	239	33
Operative	5,808	1,986
Grand Total	6,212	2,041

documents and personal items are not withheld without consent. Employment terms and conditions are presented and explicitly explained to all workers prior to any work engagements with appropriate time for review, contracts are provided in both the worker's language, and posting bonds or making deposits as a condition of employment is prohibited.

Occupational Health and Safety [GRI 403-1, 403-2, 403-7, 403-8, 403-9]

Kencana acknowledges that a safe working environment will result in a workforce that is healthy, motivated, and productive, we strive to treat our workers like family, and their health, safety, and well-being are among our top considerations.

Kencana's Occupational Health and Safety ("OHS") management and practices extend to all employees and workers working in our operational locations. Our OHS management systems comply with the Indonesian Ministry of Labor's Sistem Manajemen Kesehatan dan Keselamatan Kerja (SMK3), as well as the following regulations:

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

The Group-wide policy, standards, and local regulations and processes govern these standards. Our SOPs for Occupational Health & Safety encompass eight (8) focus areas, which are:



To ensure our employees' rights to healthy and safe working conditions, we monitor the application of OHS rules and procedures. Risk assessments are conducted on a regular basis to identify possible hazards linked to the location and activity. Kencana's OHS standard identifies the most prevalent safety hazards with the minimal controls that must be implemented. Each operational site evaluates additional controls that may be necessary to manage its risks in order to fulfill the goal of zero deaths while adhering to local regulatory

standards. When identifying control measures, a control hierarchy is applied. Any incident that occurs will be examined, and remedial and preventative measures will be put in place to prevent it from happening again.

Formal joint management and workers meetings are held at least once a year, in accordance with local legislative requirements and our labor union agreements. Employers are properly represented by

their representatives, and they engage in decision-making by expressing their opinions and providing input on issues impacting their health and safety. [GRI 403-4]

Subject matter experts, external consultants, and operational and functional people were called in as needed to help establish, implement, and evaluate our OHS standards and practices, which are based on acknowledged risk management and management system recommendations. Furthermore, we work with our business partners, such as vendors and suppliers, to ensure that they meet Kencana's ethical standards, which include health, safety, and the environment.



HEALTH & SAFETY TRAINING AND FIRE PREVENTION PREPAREDNESS TRAINING AT KENCANA AGRI [GRI 403-5]



When it comes to health and safety at work (OHS), Kencana ensures that we have expert personnel who understand all aspects of safety, including fire risks. For this reason, three OHS personnel underwent training and obtained Fire Expert certification. After obtaining the certification, they then trained employees in each area internally, with a total of 200 employees participating.

This training is essential because fire is one of the most serious risks. Therefore, it is important for us to have a well-trained OHS team that can handle emergency situations that may arise. Employees trained in fire prevention measures can help reduce risks and ensure the safety of all employees in the workplace.

In addition, as preparation for the dry season, a total of 88 employees received Manggala Agni training. This training is a crucial step that must be taken by the company so that the plantation and PKS teams are prepared to face the possibility of fires during a long and dry season.

By ensuring that our employees are well-trained in OHS fire prevention, the company can minimize risks and ensure employee safety. In addition, by reducing fire risks, companies can also minimize negative impacts on the surrounding environment and the community.



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

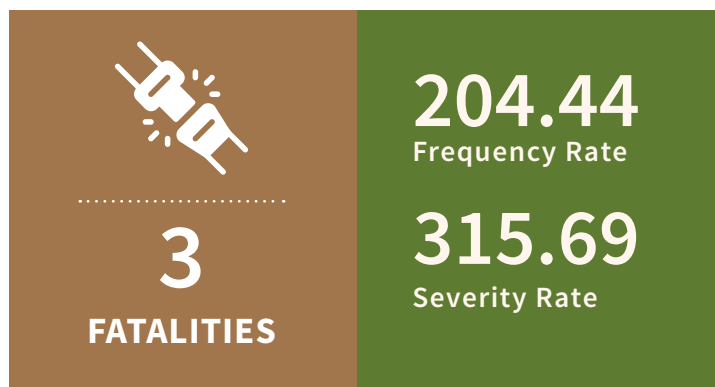
Kencana recognizes the importance of maintaining a safe and healthy workplace for all employees, and as such, we have implemented a comprehensive approach to hazard identification, risk assessment, and incident investigation related to Occupational Health and Safety (OHS).

We conduct regular hazard identification and risk assessments to identify potential hazards and risks in our operations, including in our plantations and mills. In the event of an incident, we conduct thorough investigations to identify the root cause and take corrective action to prevent similar incidents from occurring in the future. Our OHS policies and procedures are regularly reviewed and updated to ensure that they are effective and aligned with industry best practices. Our commitment to OHS is also demonstrated through the implementation of regular training programs and the provision of necessary personal protective equipment for our employees. First aid and emergency responses are carried out on a regular basis throughout all estates and mills to ensure that all employees are completely informed of their safety tasks and obligations, as well as any dangers connected with their activity. We are continuously working towards improving our OHS performance and ensuring that our operations remain safe for all employees.

In FY2022, 317 employees have been trained or socialized in about Occupational Health and Safety related topics and specific topics to their line of works to ensure their safety and well-being in performing the works.

As of the end of 2022, Kencana has a total of 7 OHS certified officers who monitor work accidents and report to the Sustainability Department. Our officers have received a variety of OHS-related trainings, both internal and external, including first aid instruction and fundamental occupational safety and health training.

Kencana's strives to record zero fatalities in our operations. Unfortunately, we have to report that there were three fatalities this year. We deeply regret this and offer our sincere condolences to the families and loved ones affected by these tragic events. We take this as a lesson learned and will redouble our efforts to foster a culture of safety across our operations. We will review and strengthen our occupational health and safety (OHS) implementation and communication to ensure that our employees and contractors work in a safe and healthy environment.



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

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



Our health facilities on each estate worked along with the neighborhood Puskesmas (community health center) and the COVID-19 Special Forces (Satgas COVID-19) to execute standard COVID-19 preventative tracing and treatment procedures. Our resident physicians and HIPERKES (Company Hygiene and Occupational Health) trained paramedic teams were also involved.

Our workers are entitled to yearly medical check-ups ("MCU") under Kencana's policy, in addition to the usual COVID-19 health screening and monitoring. The MCU activities are carried out in collaboration with community health clinics required by the local government, regional hospitals, or the local Provincial Health and Safety Centre. Checks on general physical health, audio-spirometry, lung, eyesight, and cholinesterase are all part of our MCU programs.

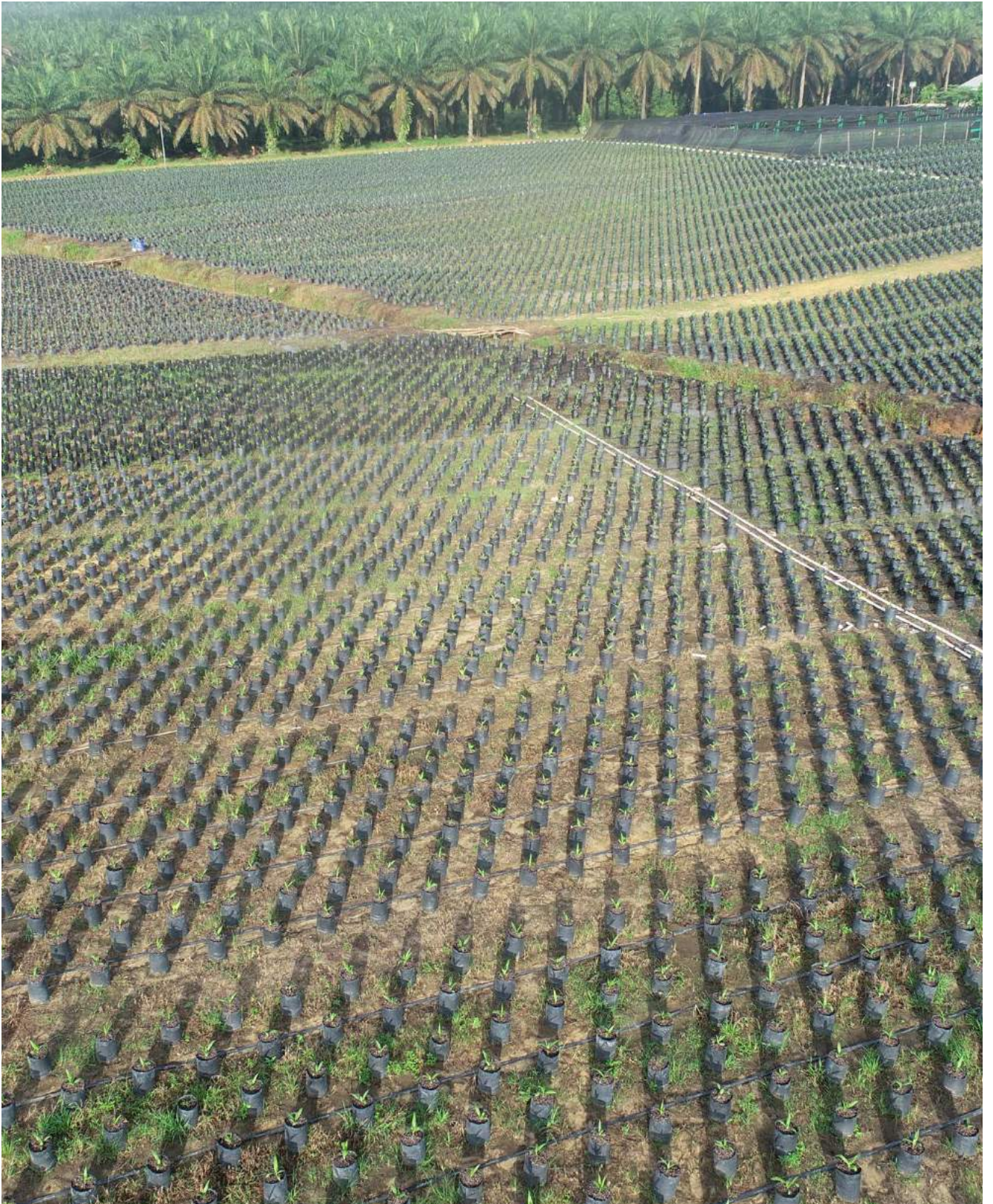
We firmly and regularly enforce that no pregnant female employees or workers work with or are exposed to chemical chemicals in order to further protect our female employees' health and safety. They will also have access to maternity screening and checkups at our on-site clinics while they are pregnant, as well as other duties.

In FY2022, as many as 1,032 employees and workers have received medical check-ups shown in.

Medical Check Ups

Medical Check Ups for Employees	Number of Participants
Cholinesterase	278
Spirometry	320
Audio-spirometry	254
General Physical Health	180
Total	1,032





Third Party GRI Accordance Check and SGX Requirement Check Statement

IAC0162304KS



National Center for Corporate Reporting

Statement of GRI Standards in Accordance Check

The National Center for Corporate Reporting has conducted a GRI Standards in Accordance Check on Kencana Agri Limited Sustainability Report 2022 (“Report”). The check communicates the extent to which the GRI Standards has been applied in the Report. The check does not provide an opinion on the sustainability performance of the reporter or the quality of the information provided in the Report.

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

Jakarta, 20 April 2023

National Center for Corporate Reporting
GRI Standards Aligning Service

A handwritten signature in black ink, appearing to read 'Andrew K. Twohig'.

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



National Center for Corporate Reporting

The National Center for Corporate Reporting (NCCR) conducted an SGX Compliance Check on Kencana Agri Limited Sustainability Report 2022 (“Report”). The check communicates the extent to which *the SGX-ST Listing Rules, Practice Note 7.6, Sustainability Reporting Guide* has been applied in the Report.

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

We conclude that this Report complied with the SGX-ST Listing Rules, Practice Note 7.6, Sustainability Reporting.

Singapore, 17th April 2023
For and on Behalf of NCCR,



Dr. Lee C G, John

Certified Sustainability Practitioner No. 30-22-1001

Certified Sustainability Reporting Assurer No A-10-1811-001

GRI Content Index

Statement of use	Kencana Agri Limited has reported the information cited in this GRI content index for the period 01 January 2022 – 31 December 2022 with reference to the GRI Standards.
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