



PUSHING BOUNDARIES

20/20 SUSTAINABILITY REPORT
LAPORAN KEBERLANJUTAN







PUSHING BOUNDARIES

2020 is the year that changes everything. It changes how we live, how we interact with each other, and how we do business. It made us revisit our priorities. It made clear that human progress stands on a delicate balance of social, economy and environmental elements.

For Kencana Agri, 2020 is the year that tested our sustainability strategy implementation and The Group's commitment towards sustainability. Our priority this year, first and foremost, is to ensuring the health and safety of our people, sustaining our business and operational, and at the same time maintaining our commitment to the highest standard of environmental and governance practices, as well as continuing our social contribution to the local communities where we operate.

To do so, we need to go the extra mile, put extra efforts, get out of our comfort zone, be innovative, and push all boundaries in everything we do so we can persevere all the challenges and come out stronger.

Table of Contents



03 Theme

06 About This Report

09 About Kencana Agri



15 A Message from
Our Chairman & CEO



19 Sustainability
at Kencana Agri

- 20 We Believe that Palm Oil Can be Sustainable
- 21 We Support Sustainable Development Goals (SDGs)
- 24 Stakeholder Engagement
- 26 Materiality – What Matters, To Whom It Matters, and When It Matters



31 Corporate
Governance

- 32 Governance Structure
- 32 Board's Supporting Committees
- 33 Governing Sustainability
- 33 Communication with Stakeholders
- 34 Ethics and Risk Management
- 35 External Initiatives & Associations



37 Sustainable Operation & Products

- 39 Primary Operations
- 42 PROPER Achievements
- 44 Traceability In Our Supply Chain
- 44 Ensuring Product & Service Quality
- 46 Customer & Marketplace



49 Environmental Management & Compliance

- 50 Environmental Management System
- 51 Energy
- 52 GHG Emissions & Intensity
- 54 Air Quality Monitoring
- 56 Water Consumption
- 58 Palm Oil Mill Effluent Management
- 60 Hazardous Waste Management
- 61 Integrated Pest Management
- 64 Nature Conservation
- 64 Fire Prevention



67 Social Community Development

- 68 Our Social Community Development Focus
- 70 Plasma Partnership
- 70 Community Development Program



75 Our People

- 76 Management Approaches
- 76 Human Resources Relation & Management
- 77 Workforce Profile and Distribution
- 78 Fair Remuneration
- 80 Ensuring The Welfare of Our Employees' and Their Families
- 81 Training & Development
- 84 Protecting Human Rights
- 84 Upholding Diversity and Inclusion
- 87 Against Forced Labour and Child Labour
- 87 Occupational Health and Safety
- 91 Health and Safety Management at Kencana Agri
- 92 Safety Performance
- 93 Health Checks & Performance
-
- 94 Third Party GRI Accordance Check and SGX Requirement Check Statement
- 96 GRI Standards Content Index



About This Report



In 2020, the Kencana Agri Sustainability Report focuses the information and data that represent our commitment to be a sustainable and responsible palm oil company. Our endeavors and performances are reflected throughout our value chain from our plantations, mills, the surrounding local communities, and the quality and traceability of products. In addition, this report is also our commitment to provide our stakeholder with an overview of our approach to sustainability challenges and the many ways we are responding.

Reporting Period [\[GRI 102-50\]](#)

This 2020 Sustainability Report covers data and information of our activities within the period of 01 January 2020 – 31 December 2020.

Date of Most Recent Report and Reporting Cycle [\[GRI 102-51\]](#) [\[GRI 102-52\]](#)

This Report is our fifth year with the latest report of 2019 fiscal year was published in May 2020. We publish this sustainability report annually.

Reporting Guidelines [\[GRI 102-12\]](#)[\[GRI 102-54\]](#) [\[GRI 102-55\]](#)

This report is prepared in accordance with GRI Standards criteria by the Global Reporting Initiative (GRI) and the SGX Sustainability Reporting Guideline. We adopt the Global Reporting Initiatives (GRI) Standards as a framework for our reports and Singapore Stock Exchange (SGX) Sustainability Reporting Guideline as a structure and content guidance and requirements. Hence, this report has been prepared in accordance with GRI Standards: Core Option.

Readers can easily identify the content in relevance to this Sustainability Report with Standards indicators included on each related page. A complete list of all GRI Standards aspects and indicators can be found on page 96 [\[GRI 102-55\]](#)

Determining the Report Content, Materiality, and Scope Boundary [\[GRI 102-46\]](#)

The boundaries and content of this report is based solely on the Group's business. Our Sustainability Report contains the latest information and data related to sustainability practices along with current stakeholder interests. Our Sustainability Report will include materials pertaining to the three main aspects of environmental, social, and economic factors throughout the FY2020. This Report quality takes into account the principles of balance, comparability, accuracy, timeliness, clarity, and reliability.

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

1. Stakeholder Engagement

Our Stakeholder engagement engaged and considered the responses from both internal and external stakeholders and performed a thorough internal review and assessment of key sustainability aspects and impacts which represents the most critical areas of our Group's business and operations.

2. Sustainability Context

Our Sustainability context includes all sustainability issues that are material and relevant to the Group



and our stakeholders at the local, regional or even global level which are appropriate to our business and operations.

3. Materiality

This Sustainability Report contains material and boundary aspects based on issues that significantly influence The Group and stakeholders. Material areas that will be reported in this reporting discussion covers environmental, social and governance factors (“ESG factors”).

4. Completeness

The Sustainability Report cover material topics, Indicators and definition of the report boundary. It is supported by complete data and information for that scope and reporting period.

Our performance data and Information covers the Group’s operations throughout Indonesia and marketing office in Singapore, excluding activities of third parties conducted outside of Kencana Agri’s operational areas. Data and information on the Group’s financial performances are taken from the Group’s Annual Report 2020 covering all subsidiary companies, including PT Sawindo Kencana, PT Alamraya Kencana Mas, PT Agro Inti Kencanamas, PT Sawit Kaltim Lestari, PT Agri Eastborneo Kencana and PT Delta Subur Permai. [102-45]

Verification and Assurance [GRI 102-56]

Our Kencana Agri Sustainability Report content are in line with comparability principle, transparency principle and accountability principle. We are ensuring our qualitative and quantitative information are in line with these principles. For that, we have implemented thorough verification processes and internal reviews. Specifically for areas that have PROPER, ISPO and ISCC certifications, all data and information have been submitted and verified by the competent authority accordingly.

All external assurance bodies has been reviewed and selected by Kencana Agri’s Sustainability Team,

which include the Group Vice Chairman as the highest decision maker in the organization.

This year, Kencana Agri has conducted GRI Standards accordance check and SGX check by a third independent party, to ensure that this report is in compliance with GRI Standard Core Option and SGX requirements. For the third party assurance for the sustainability report currently not conducted and may be performed for future reporting.

Significant Change or Restatement

[GRI 102-10] [GRI 102-48][GRI 102-49]

There was additional one operation in this reporting year, which was PT Delta Subur Permai. Other than that, there has been no significant change in relation to the reporting structure, neither to the organization, operational, and the Group’s 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 2020 can be access from our website www.kencanaagri.com.

Contact Us [GRI 102-53]

We welcome all readers and stakeholders give us suggestions, ideas, constructive criticism and opinions regarding the content of this Sustainability Report on how we can improve future reports by contacting:

Kencana Agri Ltd

Indonesia Office

Kencana Tower, 8th Floor
Business Park Kebon Jeruk
Jalan Raya Meruya Ilir No.88
Jakarta Barat 11620
Indonesia

About Kencana Agri



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

The Group now operates a total 68,150 hectares of oil palm plantation, both nucleus and plasma, which are located in the islands of Sumatera, Kalimantan, and Sulawesi. There are currently has 6(six) palm oil mills with total processing capacity of 305 tonnes per hour and 2 (two) kernel crushing plants with capacity of 435 tonnes per day.

Kencana Agri has strong growth potential ahead supported with a relatively young profile of palm oil trees with a weighted average of 12 years. These palm oil trees will soon enter their prime mature phase, driving up the potential for strong FFB production growth in the next few years. Our main products are Crude Palm Oil (CPO), Palm Kernel (PK), Palm Kernel Cake (PKC) and Crude Palm Kernel Oil (CPKO).

A strong commitment towards environmental sustainability and Corporate Social Responsibility (“CSR”), we are conduct a sustainable expansion on our operational areas. We have adopted environmentally



friendly practices in our plantation development such as zero-burning and zero waste management. Moreover, we adopt sustainable certification system such as the International Sustainability & Carbon Certification (ISCC) and the Indonesian Sustainable Palm Oil (ISPO).

Two of the Kencana's subsidiaries, PT Sawindo Kencana and PT Alamraya Kencana Mas, have been certified by both ISPO and International Sustainable and Carbon Certification ("ISCC"), while PT Sawit Kaltim Lestari (SKL) and Agro Inti Kencanamas (AIK) have both attained ISPO certification. The Group strives to attain Indonesian Sustainable Palm Oil ("ISPO") certifications for all its plantations as required by the Indonesian government, as well as other sustainability certifications.

The Group continues to operate 3 (three) renewable biomass power plants in Bangka- Belitung Islands, whilst working together with the state-owned electricity company, PT Perusahaan Listrik Negara ("PLN"). Our power plants supply "green" electricity to the neighbouring communities by solely run on palm kernel shells, fiber mesocarp and empty fruit bunches (EFB).



Company Data Sheet

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

Company Name	Kencana Agri Limited
Business Sectors	Oil Palm Plantations
Markets	Indonesia, China, Singapore, Malaysia, India and Europe
Customers	Reputable trading companies, refineries and oleochemical companies in Indonesia, Malaysia and other countries
Ownership & Legal Form	Listed Company
Date of Establishment	26 September 2007
Issued and Fully Paid Capital	US\$287,011,177
Total Number of Employees as of 2020	5,723
Revenue 2020	US\$104,284,000
Net Profit (Loss) 2020	US\$4,021,000
Registered Office Address	36 Armenian Street #03-02, Singapore, 179934
Principal Office Address	Kencana Tower, 8 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
Sales Volume of CPO	169,060MT
Total Liabilities	<ul style="list-style-type: none"> • Current : US\$110,453,000 • Non-current : US\$210,291,000
Shareholders' Equity	US\$13,691,000

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

* Kencana Agri sell our product in bulk with no specific brands



Operational Regions Map

[GRI 102-4]

- Singapore Office and Jakarta Office
- Oil palm estate
- ★ Kernel crushing plant
- ◆ Palm oil mill
- ▲ Bulking terminal
- Biomass power plant ¹

¹ Joint venture with ENCO Sdn. Bhd. in Bangka & Belitung



Vision [GRI 102-16]

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

Mission [GRI 102-16]

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



Plantation

Our total planted area for both nucleus and plasma is at 68,150Ha, in which 51,680Ha of it is nucleus and 16,470Ha of it is plasma. As of 31 December 2020 70% of the total planted area has reached prime mature and old mature age, while the rest is still at its young mature and immature stage.

Our oil palm plantations are strategically located in the Sumatera, Kalimantan and Sulawesi, Indonesia. All our current plantations were successfully cultivated from greenfield land.

Age Profile

Age Profile	Immature	%	Young Mature	%	Prime Mature	%	Old Mature	%	Total	%
Nucleus	3,899	8%	11,268	22%	29,267	56%	7,246	14%	51,680	100%
Plasma	2,680	16%	1,998	12%	9,869	60%	1,923	12%	16,470	100%
Total	6,579	10%	13,266	20%	39,136	57%	9,169	13%	68,150	100%

Note on Oil Palm Age Parameters:

- Immature: 1-3 years
- Young Mature: 4-6 years
- Prime Mature: 7-18 years
- Old Mature: >18 years

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

The Group's commitment to ensure that sustainable business practice is applied in all of our operation activity with integrated value chain comprises of plantation areas (land), palm oil mills, kernel crushing plants, bulking facilities, logistics services, and renewable biomass power plants to support and complement our plantation operations.

Processing

Our Group manages three palm oil mills and two kernel crushing plants which located in Sumatra and Kalimantan, Indonesia. We have developed an integrated operation with equipped the latest and environmentally friendly technology to ensure that all of our processes uphold the values of sustainable business and produce high quality product.

6 (SIX)



PALM OIL MILLS

Total Processing Capacity:
305MT/hour

2 (TWO)



KERNEL CRUSHING PLANTS

Total Processing Capacity:
435MT/day

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

Our main products are derived from the fresh fruit bunches (FFB) harvested from our plantations, plasma farmers, and purchases from third parties. We serve a wide range of customers, from domestic and international reputable trading companies, refineries, to oleochemical companies.

Our port & bulking facilities and logistics services complement and support our plantation operations by providing storage facilities and transportation for our products.

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

3 Main Products

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

Renewable By-Products

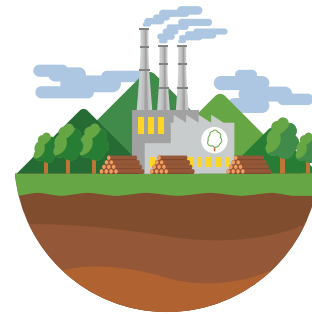
- » Empty Fruit Bunches, Liquid Waste, Kernel Shells, Fibre.



Port & Bulking Facilities



Biomass Power Plants



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

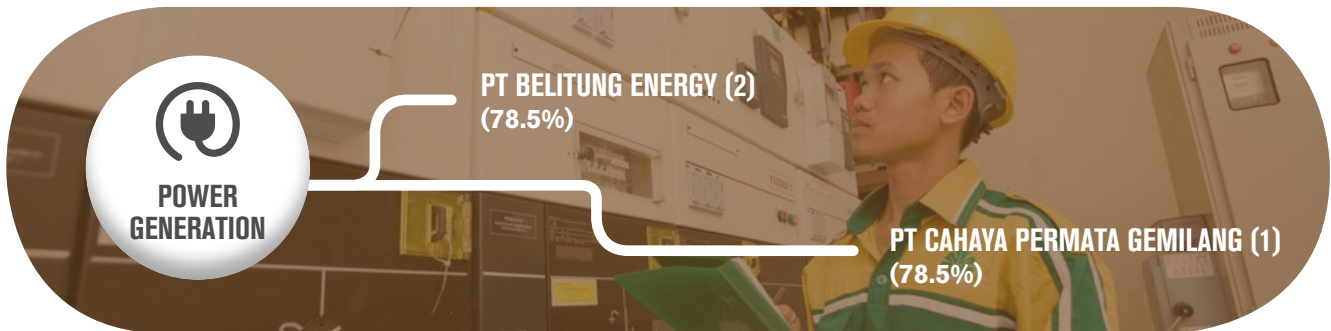
Note:

⁽¹⁾ As announced on 31 October 2019, 12 December 2019, 23 January 2020, 24 March 2020, 5 May 2020 and 5 March 2021, the Company and its wholly-owned subsidiary, PT Sawindo Kencana, entered into a Conditional Share Sale and Purchase Agreement with PT Kencana Energi Lestari Tbk (“KEL”) to dispose its 78.5% equity interests in a subsidiary, PT Cahaya Permata Gemilang (“CPG”). CPG indirectly owns 2 biomass power plants with total capacity of 12 MW. As at the date of the report, the transaction is held in abeyance pending further negotiation with KEL.

⁽²⁾ Ceased operations



Corporate Structure



Note:

⁽¹⁾ As announced on 31 October 2019, 12 December 2019, 23 January 2020, 24 March 2020, 5 May 2020 and 5 March 2021, the Company and its wholly owned subsidiary, PT Sawindo Kencana, entered into a Conditional Share Sale and Purchase Agreement with PT Kencana Energi Lestari Tbk (“KEL”) to dispose its 78.5% equity interests in a subsidiary, PT Cahaya Permata Gemilang (“CPG”). CPG indirectly owns 2 biomass power plants with total capacity of 12 MW. As at the date of the report, the transaction is held in abeyance pending further negotiation with KEL.

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

A Message from Our Chairman & CEO

[GRI 102-14]

"Continuing the Social and
Environmental Sustainably
Drive Amid the Global
Pandemic Crisis."



Albert Maknawi
Executive Director and CEO

Henry Maknawi
Executive Chairman

Dear Stakeholders,

On behalf of Kencana Agri, it is our pleasure to present Kencana Agri's sustainability report for the year ended 31 December 2020 (FY2020).

The global COVID-19 pandemic has significantly disrupted most sectors of the businesses across the supply chain and we are no exception. We have to acknowledge that 2020 was indeed a challenging year where we had to prioritize resources & relook at how the business is functioning. Despite these challenges, we are committed to ensure that we abide by sustainable practices to achieve business, social and environmental sustainability.

During this pandemic crisis, we had implemented new regulations and Standard Operating Procedures "SOP" in order to adapt the impacts brought about by the pandemic and hopefully, we will emerge stronger thereafter. We strictly observed governments' COVID-19 protocols while we strived to work efficiently and aim to deliver a desirable outcome to our stakeholders. I am thankful and proud that everyone in Kencana Agri held hands and worked together as members of one entity, pushing boundaries and overcoming hurdles together to ensure that our Company's sustainability is maintained.

Palm Oil as Part of Our Sustainable Future

The oil palm industry is a major global agricultural player. It only occupies a small area of the total area under agriculture today, but it accounts for approximately 1/3 of all the oils and fats produced in the world. Besides, it secures jobs for many millions of people globally, most of whom are smallholder farmers who depend on this crop for their livelihood. More than 50 percent of the products we use on a daily basis uses palm oil as one of its base ingredients. Items ranging from food and beverages, soap, beverages, packaging, to biofuel. The versatile uses of palm oil have made it

a commodity that is immensely crucial to sustain life and society.

Indonesia geographical location attracts the soil and climate conditions that are highly suitable palm oil cultivation and this give rise higher yield and better-quality produce compared to those from other countries. Indonesia's natural condition and strategic location have made us the world's biggest producer of palm oil. With increasing global population and better living standards, the demand for palm oil will undoubtedly continue to grow. According to data from the Ministry of Trade of Indonesia, despite the COVID-19 pandemic, demand for the commodity continued to grow. Indonesia's annual palm oil export registered an increase of 13.65% to US\$ 22.97 billion in 2020 as compared to the preceding year.

Bringing More Value, Less Impact

Sustainability at Kencana Agri is based on our core belief that palm oil can and should be a business rooted in sustainability. To that end, our sustainability strategies and initiatives focus on how we can provide "More Value, Less Impact" in the areas of our operations.

Kencana Agri strives to develop our operations based on best management practices that are sustainable and environmentally friendly, whilst reinforcing our responsibility as a good corporate citizen. We follow conducts and principles of No Deforestation of high carbon stock areas and the preservation of high conservation value areas, no burning and no new planting on peat of any depth as well as no exploitation of human rights. Hence, our buyers and consumers can rest assured that our palm oil is produced with the highest commitment and compliance to responsible and sustainable palm oil standards, namely the Indonesian Sustainable Palm Oil (ISPO), International Sustainability & Carbon Certification (ISCC), and PROPER (Program Penilaian Peringkat Kinerja Perusahaan Dalam Pengelolaan Lingkungan

– Corporate Environmental Performance Assessment Rating Program) from the Indonesian Ministry of Environment and Forestry.

Through the “More Value, Less Impact” as the Company’s umbrella commitment and initiatives towards sustainable palm oil we can better monitor and evaluate its progress on a continual basis, particularly in key areas, such as: Economic and Operational Performance, Community Development & Inclusive Business, Workplace, Environmental Management & High Conservation Value (HCV) Areas, and Protecting & Respecting Human Rights.

Actively Contribute to the Achievement of Sustainable Development Goals (SDGs)

[GRI 102-12]

We see Sustainable Development Goals (SDGs) as an opportunity to contribute and provide benefits to the stakeholders and the society at large. We adhere to the global goals that we work for together as part of the global community.

We have embedded some of the SDGs goals related to our sustainability initiative of “More Value, Less Impact”, including SDGS 1 - No Poverty, SDGS 3 - Good Health and Well Being, SDGS 4 - Quality Education, SDGS 5 - Gender Equality, SDGS 6 - Clean Water and Sanitation, SDGS 8 - Decent Work and Economic Growth, SDGS 10 - Reduce Inequalities, SDGS 12 - Responsible Consumption and Production, SDGS 13 - Climate Action, SDGS 14 - Life Below Water, SDGS 15 - Life on Land, and SDGS 16 - Peace Justice and Strong Institutions.

Moving Forward

The versatility of palm oil has made it a commodity that is immensely crucial to sustain life and the progress of society. Its versatility spans over many products which are essential to our daily life. We believe that it

will continue to play a central role in many products present and future.

We want to thank our stakeholders for their continued trust and support in our endeavor and journey towards sustainability. Kencana Agri will always be an active player in sustainable palm oil and to push our boundaries in ensuring that production of palm oil can be sustainable.

Sincerely Yours,

Henry Maknawi
Executive Chairman

Albert Maknawi
Executive Director and CEO







SUSTAINABILITY AT KENCANA AGRI

Kencana Agri believes that palm oil can be sustainable when managed in a responsible manner. To that end, our sustainability strategy and initiatives focus on how The Group can provide “More Value, Less Impact” everywhere we operate.



We Believe that Palm Oil Can be Sustainable

Palm oil is everywhere. It's in our food, soap, beverages, packaging, to our fuel. The versatility of palm oil has made it a commodity that is immensely crucial to sustain life and the progress of society. It plays a central role in our lives. From food security and alternative low- carbon energy. Palm oil is indeed part of the future.

Indonesia is blessed the soil and climate in which palm oil can be optimally cultivated with relatively higher yield compared to other palm oil producing countries. Indonesia's natural condition has made us the world's biggest producers of palm oil. With increasing global population and living standard, the demand of palm oil in the future will continue to grow. According to the Ministry of Trade data, despite the pandemic, Indonesia's palm oil recoded an increase of 13.65% in export value amounted to US\$ 22,97 billion in 2020.

New technologies and approaches open the possibility to ensure the sustainability of palm oil value chain, including increase in yield, the use of its waste as fertilizer to increase soil fertility, to the use of palm oil products as biofuel.

Kencana Agri believes in sustainability and sustainable palm oil. To that end, our sustainability strategy and initiatives focus on how The Group can provide "More Value, Less Impact" everywhere we operate.

The Group has been consistent in the implementation of the highest standard of sustainable and responsible palm oil throughout our operations. We are committed to zero burning and the preservation of Indonesia's rich and unique bio diversities, as well as the rich cultural values wherever we operate. Furthermore, we also believe that being sustainable means growing sustainably with the local community and contributing to regional and local communities' developments through our community development programs, infrastructure developments, collaborations with the local governments, knowledge transfer, and jobs for the local. These sprit apply to all our operations and our people.





We Support Sustainable Development Goals (SDGs) [GRI 102-12]

As a corporate citizen and part of the global community, Kencana Agri acknowledges the importance of supporting the Sustainable Development Goals (SDGs) as our common efforts to actualize a better future for the next generation that all of us can be proud of. We selected the SDGs Goal that are relevant to our operations and link these SDGs Goals to our sustainability strategy “More Value, Less Impact” so we can better monitor and evaluate it progress on a continual basis.

Sustainability at Kencana Agri: More Value, Less Impact

The Group was built from its humble beginning in Bangka Island, Indonesia in 1996. We have been working hand-in-hand and growing together with our stakeholders along those years, and we will continue to do so for more year to come. We believe that our success is built from the mutual respect and beneficial relationship with them.

On that note, at the heart of our sustainability strategy is an Indonesia phrase of “gotong royong”, which means working together to achieve a common goal. It has been the underlying ethics that drives everything that we do, the decision we make, and how we interact with our stakeholders. It drives our sustainability strategy to bring “More Value, Less Impact” which embedded into Kencana Agri Environmental Sustainability Policy.

The provisions of this policy apply to all operations of Kencana Agri Limited (Kencana Agri, its subsidiary companies and any associated companies where Kencana Agri has management control.



Kencana Agri is fully mindful of our role to uphold and constantly improve on our sustainability efforts for our current business operations, as well as ensuring that our activities do not harm the environment. Moreover, we believe that it is pertinent to comply with the applicable law and regulation in the operational areas.

Various initiatives aim to maintain the highest possible welfare standards for our workforce whilst simultaneously also focusing on improving on our environmental footprint. Moreover, we also committed in uplifting the socioeconomic conditions of our employees, local communities, and smallholders (plasma farmers).

Being a good corporate citizen, we strive to ensure that all our operations comply with all applicable legal requirements and seek guidance from the local authorities and local communities whenever there is any conflicts between the provisions of this sustainability policy and the prevailing applicable rules and regulations.





ECONOMIC & OPERATIONAL PERFORMANCE

We must do well, so we can provide sustainable benefits for our stakeholders through:

- Optimal Production yield
- Solid Revenues
- Healthy Operating profit (EBITDA / EBIT)



COMMUNITY DEVELOPMENT & INCLUSIVE BUSINESS

We build trust and create values with the local community everywhere we operate through:

- Growing together with the community and help improve the quality of life of the local community through various empowerment program.
- Continually develop out plasma program based on applicable Indonesian laws and regulations and facilitate the inclusion of qualified smallholders into the supply chain.



WORKPLACE

We aspire to be an employer-of-choice and providing a rewarding working experience, through:

- Promote a health & safe working environment
- Training & Education
- Respecting Human and Employees' Rights
- Diversity & Equal Opportunity
- Respect and recognize the rights of all workers, including contract, temporary and migrant workers.
- Comply with minimum wage policies.
- Prohibit child labor and forced labor at every stage of our operations.

MORE VALUE



SUSTAINABILITY STRATEGY & POLICY [GRI 102-15]

LESS IMPACT

ENVIRONMENTAL MANAGEMENT & HCV AREAS

Ensuring the responsibility of our palm oil products from the very start and throughout the process, through:

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



MANAGING OUR ECO-FOOTPRINTS

We strive to manage our eco-footprint from our operations, from energy, emission, water to waste, and biodiversity, by managing:

- Energy & Emission
- Water and Effluent
- Effective Waste Management
- Protecting Biodiversity



PROTECTING & RESPECTING HUMAN RIGHTS

We built our success on the principle of mutual respect with all stakeholders, especially the local communities and our workers. Therefore we:

- Respect and support the Universal Declaration of Human Rights.
- Respect the right 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.
- Fair, transparent and consultative grievance mechanism process
- Respects land tenure rights.



Stakeholder Engagement

"We recognize our responsibility to listen to our stakeholders view and take account of their interests and concerns."

Our business and operations touch the lives and livelihood of many people around Indonesia. Our palm oil products are used by millions of consumer and various industries across the globe. We recognize our responsibility to listen to our stakeholders view and take account of their interests and concerns.

We have identified stakeholder groups, which include:

- Shareholders and investors,
- Suppliers and customers
- Government and regulators
- Employees,
- Local community and small holders / plasma farmers
- Non-governmental organizations and civil society organizations

Stakeholder engagement in Kencana Agri is driven by the desire to build mutual respect and understanding of the ongoing tasks needed to achieve key sustainability goals. The stakeholder engagement process which includes a proactive and both formal and informal approach, is carried out to fully understand our stakeholder's sustainability concerns and issues with a view to ensuring that their key interests in these areas are aligned with that of our Group. By getting to know our stakeholders, we are able to better understand what they want and how the companies' plans and actions will affect their expectation.



Our engagement principles are based on Inclusivity, Materiality, and Responsiveness.



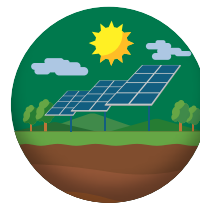
INCLUSIVITY

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



MATERIALITY

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



RESPONSIVENESS

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



The following tables provide an overview of the efforts involved in our group's focus on stakeholder engagement.
[\[GRI 102-15\]](#) [\[GRI 102-40\]](#) [\[GRI 102-42\]](#) [\[GRI 102-43\]](#) [\[GRI 102-44\]](#)

Stakeholders	Basis of Identification	Topics/Issues Arisen and Discussed	Engagement Method	Frequency
Shareholders & Investor	D, R, I	Our investors have trusted us with their investment and, in return, they expect a financial return. But they are increasingly focused on how that return is made. They want to invest in companies that behave responsibly across environmental, social and governance (ESG) measures.	Meetings upon request	Annually and upon request
Suppliers and Customers	D, R, I	We could not produce the CPO that is essential to human progress without our suppliers, who help us at every stage of our business. Our customers turn them into the products upon which the modern world is built. We recognise that building trust with these critical stakeholders, and keeping it, requires us to deliver on our promises consistently, and to act with transparency, respect and integrity.	Meetings, surveys and audits	Upon request
Governments and Regulators	D, R, I, T, DP, P	Governments, both central and provincial or regional are also critical stakeholders for our business. We regularly engage officials at all three levels on matters from land tenure, and 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, as well as infrastructure access.	Public forums and regular meetings	Upon request
Employees	D, R, I, P	This year, our employees faced unique challenges, from working through the COVID-19 pandemic, maintaining productivity at work, and keeping the engagement with fellow employees		Based on training matrix
Local Community	R, T, I, DP, P	Communities are the places where we operate, where we live, and work, and call home. But more than that, communities are made up of people – employees, Indigenous peoples, suppliers and neighbours – with whom we strive to build long-term, positive partnerships. Our strength is built upon their strength. We recognise that, in parts of our business, we have work to do to meet our own standards on open, transparent engagement. We continue to strive to engage consistently and honestly with communities on a number of issues: from inclusive business and knowledge sharing for the local plasma holders jobs, local procurement to the impact of our operations on the local environment.	Feedback and awareness meetings, stakeholder forums for complaints, grievance resolution and other adhoc engagement	Upon Request



Stakeholders	Basis of Identification	Topics/Issues Arisen and Discussed	Engagement Method	Frequency
NGO and Civil Society Organizations	T, I, DP	Civil society organisations, whether local or global, play an important role in our society and in the governance of the world’s natural resources. We believe that preventing and addressing the world’s many complex, multifaceted environmental, social and governance challenges, such as climate change, human rights violations and bribery and corruption, can only be achieved through genuine dialogue and engagement with civil society and other stakeholders.	Meetings and dialogues	Upon Request

Note: Basis of Stakeholder Identification

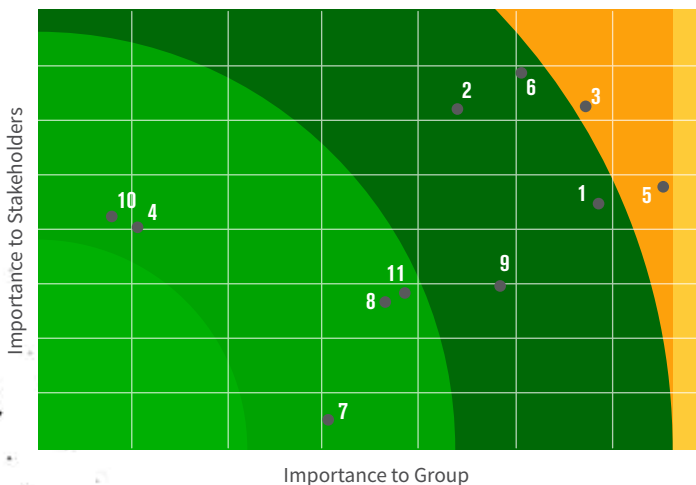
- Dependency (D): Kencana Agri has dependency on someone or an organizations, or vice versa
- Responsibility (R): The Company has legal, commercial and/or ethical responsibility towards someone or an organization
- Tension (T): Someone or an organization has influence towards Kencana Agri’s related to 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 – What Matters, To Whom It Matters, And When It Matters

Every year, Kencana Agri conducts an assessment to revisit materiality aspects for our report. We involved 42 respondents in this year materiality assessment, 29 respondents from our internal stakeholder groups and 13 respondents from our external stakeholders groups. By using GRI standards, all the crucial issues and concerns relevant to our operations and within

our supply chain during the reporting period are collected and analysed, resulting in a list consisting of 11 topics, which illustrated below. [GRI 102-47]

These materiality topics represent the concerns and expectations of our stakeholders, as well as the list of topics that we believe present the greatest risks and opportunities for our business sustainability. Our materiality analysis helps to allocate our resources where we can provide the most value to stakeholders.



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



Kencana Agri's Materiality Issues and Our Strategy and Approach in 2020

No	Material Issues and Strategic Commitment [GRI 103-1]	Where Impacts Occur				Management Approach & Evaluation Parameters [GRI 103-2, GRI 103-3]	Detailed discussion in Chapter
		Head Office	Plantation with Mills	Plantation	External Parties		
1	<p>ZERO BURNING & FIRE PREVENTION</p> <p>As our commitment on Responsible Palm Oil Business practices, we applies a Zero Burning Policy and is proactively engaged in fire prevention activities</p>	✓	✓	✓	✓	<ul style="list-style-type: none"> • Holding regular fire hazards management training and simulations • Organizing joint trainings with The Ministry of Environment and Forestry / Manggala Agni • Conducting socializations and encouragement for the local communities and villagers regarding zero burnings. 	Environmental Management & Compliance
2	<p>ACHIEVEMENT OF THE COMPANY'S GOALS</p> <p>It is always our commitment to develop a plantation business based on best management practices that are sustainable and environmentally friendly, and also seeks, wherever possible, to ensure compliance with applicable government rules and regulations in areas where we operate.</p>	✓	✓	✓		<p>Implementing a program called BUSI (Budaya Eksekusi or Culture of Execution) at all levels starting from high management up to plantation workers in order to support the Group's most important goal of 2019, which is maintain and if possible increase the Group's EBITDA in the challenging year of 2019 as the palm oil industry was faced with a decreasing seasonal trend of the palm oil market price.</p>	Towards Sustainable Operation & Products
3	<p>EMPLOYEES' WELFARE</p> <p>We strive to ensure employee empowerment and improvement of working conditions through the implementation of best practice management</p>	✓	✓	✓		<ul style="list-style-type: none"> • Ensuring all employees' children in our estates have access to education. • Providing child day care facilities within our estates. • Encouraging our employees by awarding employees who have worked with us for 15 (fifteen) years with a Golden Pin Award. 	Our People
4	<p>OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENT</p> <p>Promoting a healthy and safe working environment for our people is our priority.</p>	✓	✓	✓	✓	<ul style="list-style-type: none"> • Providing Regular health checks. • Organizing Occupational Health & Safety (OHS) trainings. 	Our People
5	<p>PRODUCT QUALITY</p> <p>It is our commitment to ensure Good Manufacturing Practices ("GMP") are applied and reflected within all of our Standard Operating Procedures ("SOP").</p>	✓	✓	✓		<ul style="list-style-type: none"> • Ensuring GMP is implemented in a sound manner, which includes good harvesting management and block issues identification. • Ensuring the continuity of product sales to maintain minimum stock. 	Towards Sustainable Operation & Product
6	<p>EMPLOYEE TRAININGS AND DEVELOPMENTS</p> <p>We believe the importance of providing best training and development programs in order to enhance employees' knowledge and skills to better equip them towards their career advancement.</p>	✓	✓	✓		<ul style="list-style-type: none"> • Implementing a program called BUSI (Budaya Eksekusi or Culture of Execution) at all levels starting from high management up to plantation workers. • Conducting trainings for foremen. 	Our People



No	Material Issues and Strategic Commitment [GRI 103-1]	Where Impacts Occur				Management Approach & Evaluation Parameters [GRI 103-2, GRI 103-3]	Detailed discussion in Chapter
		Head Office	Plantation with Mills	Plantation	External Parties		
7	ETHICS, INTEGRITY AND GOVERNANCE Our Management are committed to ensuring high standards of corporate governance so as to ensure transparency, to protect shareholders' interests and promote investors' confidence.	✓	✓	✓		Conducting an independent audit with the cooperation of Audit & Risk Committee and Internal Audit team which will directly report to the Board of Directors.	Corporate Governance
8	FULFILMENT OF SUSTAINABILITY CERTIFICATION REQUIREMENT We commit to adopt sustainable agricultural practices through ISPO and ISCC certifications.	✓	✓	✓	✓	<ul style="list-style-type: none"> Adopting the principles from both ISPO and ISCC within our operations. To ensure that all companies that have attained ISPO and ISCC certifications to maintain our product quality, an ISPO surveillance audit which is conducted annually, while a recertification audit for ISCC is also being conducted on an annual basis. Providing clear traceability to guarantee that our CPO and FFB were produced in and by reputable sources. 	Towards Sustainable Operation & Products
9	LOCAL ECONOMY EMPOWERMENT AND DEVELOPMENT Growing together with the community, it is our obligation to improve the quality of life of the local community through various empowerment program.	✓	✓	✓		Improving the quality of life of the communities where we operate by enabling them to earn a more sustainable income for themselves, have better healthcare and education, and enjoy proper infrastructures to maintain a better environment to live.	Social Community Development
10	WATER AND EFFLUENT MANAGEMENT We recognize the important of controlling and mitigating any impacts on water quality as well as recover palm oil mill effluent as fertilizer substitute.	✓	✓	✓		<ul style="list-style-type: none"> Implementation of the Group's water management systems which has been designed with careful consideration and comprehensive hydrology, agronomy, and topography studies, as well as environmental and social impacts Implementing POME management in our Wastewater Treatment Plant through Cooling Ponds, Mixing Ponds, Anaerobic Ponds, and Settling Ponds. Utilizing all of our production POME as fertilizers back into the field on areas that have already been licensed for land application. It is important to note that the Group does not discharge any of our POME into rivers. 	Environmental Management & Compliance

No	Material Issues and Strategic Commitment [GRI 103-1]	Where Impacts Occur				Management Approach & Evaluation Parameters [GRI 103-2, GRI 103-3]	Detailed discussion in Chapter
		Head Office	Plantation with Mills	Plantation	External Parties		
11	COVID-19 PREVENTION The COVID-19 pandemic has changed the way we work, we live, how we interact with each other. It is one of our utmost priorities to make sure all health protocols are followed by our employees, workers, and their families to ensure the sustainability of our livelihood as a community.	✓	✓	✓	✓	We work together with various stakeholders to ensure all COVID-19 health protocols are followed by our employees at work, and at home with their families. We also work with local communities and local government institutions in the fight against COVID-19 in our operational areas.	Our People Social Community Development







CORPORATE GOVERNANCE

Kencana Agri recognizes the importance of building and maintaining stakeholder's trust with a proper implementation of Corporate Governance that creates a strong foundation for the Group's operations and conducts with proper ethical, responsible and sustainable business practices.



Kencana Agri implemented good corporate governance (“GCG”) in this competitive and challenging business world. Therefore, the Group's seek to remain accountable to customers, shareholders, business partners, employees and other stakeholders. We also committed to the following principles such as accountability, fairness and transparency in order to boost corporate value.

Governance Structure [GRI 102-18]

Kencana Agri's Governance ensures transparency with high governance standards to protect and strengthen long-term value and returns of the Group for its shareholders. Therefore, to maintain this strategic direction, the Board of Directors is responsible for this consisting of 7 (seven) members with vast expertise and strong track record in palm oil and several other industries.

Every year, the Board of Directors meets regularly to review the Group's overall performance, to deliberate on specific issues including major acquisitions and disposals, to approve the annual budget and to approve the release of the quarterly, half-yearly and year-end financial results. In 2020, due to the pandemic all board meetings were held through online platform. In addition to the scheduled meetings, ad-hoc board briefings, conference calls and physical meetings are held as warranted by particular circumstances or as deemed appropriate by the Board members.

Kencana Agri's Board of Directors

- **Executive Chairman:**
HENRY MAKNAWI
- **Executive Director and CEO**
ALBERT MAKNAWI
- **Vice-Chairman and Independent Director:**
TENGGU ALWIN AZIZ
- **Executive Vice Chairman:**
RATNA MAKNAWI
- **Lead Independent Director:**
SOH YEW HOCK
- **Independent Director:**
SIM IDRUS MUNANDAR
- **Non-Executive and Non-Independent Director:**
DARWIN INDIGO

Board's Supporting Committees

In carrying out its duties, The Board is supported by its Committees consisting of namely the Nominating Committee (NC), the Remuneration Committee (RC) and the Audit & Risk Management Committee (ARC). These Committees have been established and is empowered to make decisions on matters within its terms of reference.

- **Nominating Committee (NC)**

The Nomination Committee is responsible for the formal and transparent recruitment of candidates for the board of directors and the senior leadership of corporations and other organizations. The NC has taken a process for assessing the performance of the Board as a whole instead of individual assessment

- **Remuneration Committee (RC)**

The Remuneration Committee was formed to assist the Board in designing remuneration packages for each director. With Integrity and ethically, RC will work within the principle that the remuneration should be structured to link rewards to corporate and individual.

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

The Audit and Risk Committee was formed to assist the board in creating and maintaining an effective internal control system to safeguard the Group's assets, and integrity of the operations of the Group, and to ensure compliance with relevant regulations and legislations applicable in the Company, including those related to sustainability issues. The ARC has undertaken an annual review of the audit and non-audit services provided by the external auditors to satisfy it that the nature and extent of such services will not prejudice the independence and objectivity of the auditors before recommending their re-nomination to the Board.

Governing Sustainability

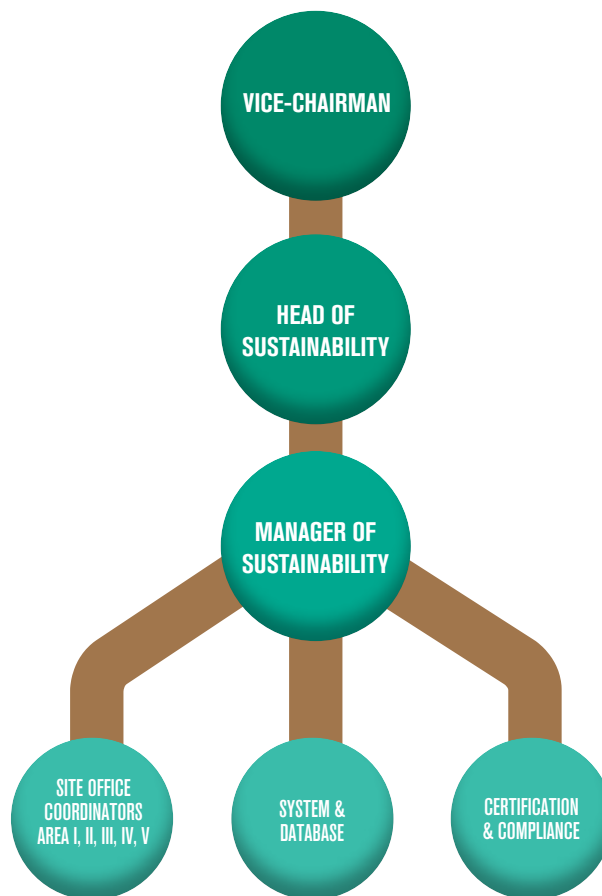
[GRI 102-18][GRI 102-19][GRI 102-20][GRI 102-26][GRI 103-3]

Governing Sustainability is carried out by The Group conducts its businesses, now and in the future by taking into account environmental, social and other issues. In this regard, the Board has appointed the Vice Chairman to lead the implementation of sustainability initiatives and activities, supported by a Sustainability Team. The Team consists of Head of Sustainability, Manager of Sustainability, and coordinators both in Head Office and Site Office to conduct necessary engagement, review and reporting on related sustainability strategy and plans.

The Sustainability Team's role is to provide advice and assistance to the Board in monitoring the decisions and actions of management in achieving Kencana Agri' goal to be a sustainable organisation. Included in the process of Identification of Material Issues, the Team reports to the Board on the results and receives related feedbacks that will take effect on the formulation of the Group's sustainability policies, targets, and plans. Sustainability risk management is built into the Group's risk management structure and remains under the Board through the Audit Committee. Sustainability Team hold three meetings a year, together with the Audit & Risk Committee meeting.

As sustainability topics and issues can be closely inter-related with each other, the three aspect of sustainability (economic, environmental, and social) are monitored in a collective manner by Kencana Agri Sustainability Team. This way, we ensure our Vice Chairman can obtain a comprehensive overview of the three aspects of sustainability implementation and challenges in the Group, so the team can make a well-informed decision towards our sustainability measures.

Sustainability Team Structure



Communication with Stakeholders

Kencana Agri acknowledged that stakeholder engagement as an important in developing a company's management and sustainability strategies. The Company's approach to stakeholder engagement is to ensure that it has a good understanding of the key stakeholders' concern and expectation, and develop practical and responsive sustainability strategies. In addition, we understand the importance of communicating effectively with shareholders and are committed to utilize SGXNET to publish information



on the Group's dealings or any news release about the Group. Through this channel, price sensitive information is also prudently updated and released to the public to mitigate possible complications. Our stakeholders can also obtain any information online whether it be financially or operationally related. However, the timing of said release dates is determined to cause the least disruption to the Group as possible.

To maintain this transparency, we publish annual reports and proactively encourage shareholder participation in the AGM, both by attending the meetings and voting. AGMs notices are also published in local newspapers and made available on the SGXNET. All results of AGMs will be announced or issued within the assigned period and made available on the Group's website. The Group strictly does not engage in selective disclosure. The Group communicates with its shareholders through its corporate website <http://www.kencanaagri.com>.

Ethics and Risk Management

[GRI 102-16][GRI 102-17]

Compliance and risk management at Kencana Agri are two inseparable aspects of internal control in managing corporate governance. We ensure all The Groups uphold corporate ethics with zero tolerance for fraud and corruption. To mitigate any potential risks, Kencana has enforced a Code of Ethics that are based on values and principles. It serves as the fundamentals for working etiquette and decision making that has been adopted by the Board of Directors and applies to every director, officer, and employee in all our companies.

Code of Ethics comprises values which include:

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

Kencana Agri has a Risk Management Committee is assigned and responsible to assist the Board, through the Audit and Risk Management Committee to continuously identify, review and monitor the key risks, control measures and management actions as part of the risk management process.

In carrying out its duties, the Group's risk management committee conducts a meeting quarterly and identifies its key risks to assess the effectiveness of the risk management and internal control systems, especially dealing with financial, operational, compliance and climate change risks. Furthermore, these risks are reviewed and are subsequently reported to the Audit board and the Risk Committee.

As part of Kencana Agri's risk management principles, the Group took our utmost attention to precautionary approaches in everything that we do, including our operational impacts to the environment and society. This precautionary approaches and principles are embedded into our management systems and operational control measures, which are based on the Plan-Do-Check-Action cycle to ensure its consistency

and continuous improvement. This way, we aim to minimize any negative impacts and boost the value of our presence for the stakeholders. [GRI 102-11]

To keep the code of ethics running well, Kencana Agri has developed a whistleblowing policy and mechanism. Contact points to file reports in fraud, corruption, and other risk had been defined and socialized to all employees through various communication channels, such as on-site posters. For external parties, they can file report through phone or email which is published in our website. The Group ensures anonymity and protects the whistleblowers in case of a report.

Throughout 2020, the Group did not receive any reports of fraud, corruption, and other risk through our whistleblowing channels. [GRI 102-17]

External Initiatives & Associations

[GRI 102-12][GRI 102-13]

Kencana Agri is committed to Complying with third-party sustainability certification standards by adopting sustainable agricultural practices through certification with the ISPO and ISCC certifications. In addition, we are also committed to developing community through various agendas and initiatives by working with peers and other stakeholders to implement these across our business.

Through these external partnerships or initiatives, we maintain and encourage our stakeholders to have more sustainable businesses, which will benefit to the people and the planet, as well as fulfil expectations of our stakeholders. This is done to maintain our sustainability throughout the company's supply chain.

To date, the Group has participated actively as a member in a number of associations, namely: *Gabungan Pengusaha Kelapa Sawit Indonesia* (“GAPKI”), Indonesian Palm Oil Conference (“IPOC”), ISCC, ISPO and ISO (PC 248).



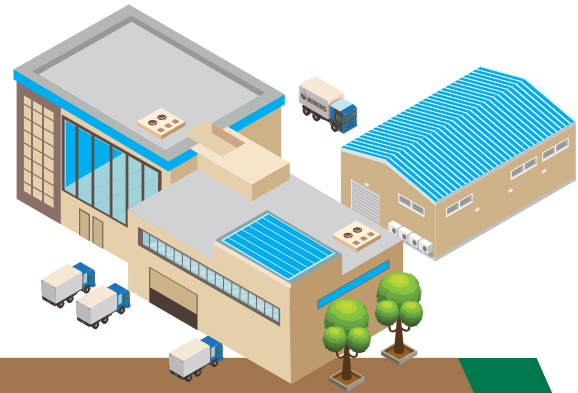




SUSTAINABLE OPERATION & PRODUCTS

Sustainable operation and products at Kencana Agri is all about ensuring productivity and product quality go hand-in-hand with our sustainability commitments. Hence, we can meet our customers demand and at the same time deliver socio-economic benefits to the communities while minimizing our eco-footprint.





Kencana Agri Sustainability Performance Checker SUSTAINABLE OPERATION & PRODUCTS

WHAT WE SAY WE DO	TARGET	HOW WE LIVE UP TO OUR COMMITMENT		
		2018	2019	2020
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	Blue: SWK, AKM, SKL, AEK Green: AIK (PROPERDA KALTIM)	Blue: SWK, AKM, SKL, AEK, AIK
ISPO Certification for all plantations and mills in the operational phase.	Certify operational estates and mill by 2020	PT. SKL became 3rd estate to receive ISPO Certification	PT. AIK became 4th estate to receive ISPO Certification	PT SWK has succeeded in ISPO and ISCC re-certification

Palm oil is a highly versatile crop. It is one of the main ingredients for many of our daily needs, from our foods, beauty, alternative fuels, to household cleaning products. It has many uses, namely foaming, binding, stabilizing, and many more. It is the most land-efficient crop, with a much greater yield per hectare than other oils like sunflower, rapeseed, or soy. For these reasons, it is the most commonly produced vegetable oil in the world. According to the World Wild Fund (WWF), palm oil supplies 35% of the world's vegetable oil on just 10% of the land. To get the same amount of oil from other sources, we would need around 4 to 10 times more land.

The palm oil industry brings trade, income, and jobs to economies around the world. It employees millions

of smallholders farmers. Approximately 4.5 million people rely on the palm oil industry for the livelihood.

The demand of palm oil globally will continue to grow with the increasing global population and living standard. According to the Ministry of Trade data, despite the pandemic, Indonesia's palm oil recorded an increase of 13.65% in export value amounted to US\$ 22,97 billion in 2020. Growing demand coupled with increasing environmental concerns means that to continue to be viable, more sustainable approaches is required.

Here at Kencana Agri, we have been committed in our practices and approach to ensure a sustainable future for palm oil. As a member of the ISCC and ISPO, we

committed to achieve No Deforestation, No Peat and No Exploitation (NDPE) everywhere we operate. We also strive to increase traceability and transparency through our operations by utilizing technology, empowering smallholders, and working with the industry, NGOs, and government on the ground.

Primary Operations

Our operations include the development of oil palm plantations, cultivation of oil palm, management of estates, milling of FFB to produce Crude Palm Oil (CPO) and Palm Kernel Oil (PKO).

In 2020, We operate 6 mills and 13 nucleus oil palm plantations with a total of 68,150 ha of planted areas within our palm oil plantations and 16,470 ha of this total planted areas are dedicated for our plasma smallholders.

This year, the Group produced 569,348 tonnes and 133,285 tonnes of fresh fruit bunches (FFB) from the nucleus and plasma estates respectively, totalling to 702,633 tonnes of FFB which then processed in our mills to produce a total of 148,837 tonnes CPO. We recorded a yield of 11.92 ton/Ha and 9.70 ton/Ha for our nucleus and plasma operations respectively this year.

Products	Volume (tonnes)		
	2018	2019	2020
Fresh Fruit Bunches - Processed	979,115	896,729	689,917
Fresh Fruit Bunches – Produced	992,722	885,624	702,633
CPO – Crude Palm Oil	197,149	187,889	148,837
CPKO	-	-	-
PKC	-	-	-
Yield ton FFB/Ha (Nucleus)	16.70	14.90	11.92
Yield ton FFB/Ha (Plasma)	16.00	13.70	9.70



Sustainability Certifications [GRI 102-12]

Kencana Agri has been actively implementing ISCC, ISPO and PROPER Principles and Criteria in all of our operations. Our mills and estates have been audited by third-party independent parties to assure that our implementation adheres to the high standards of those standards.

ISCC Progress

ISCC is an international certification system that was established based on an EU 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 Agri adopt ISCC principles in PT Sawindo Kencana. By the end of 2020, We have achieved Sustainable Palm Oil certification from ISCC for 10.8% of our eligible nucleus palm oil plantation area which represents 7,331 hectares of plantations that equal to 14,207 tonnes of CSPO, and equivalent to 9.5% of the total CPO produced by the group in 2020.

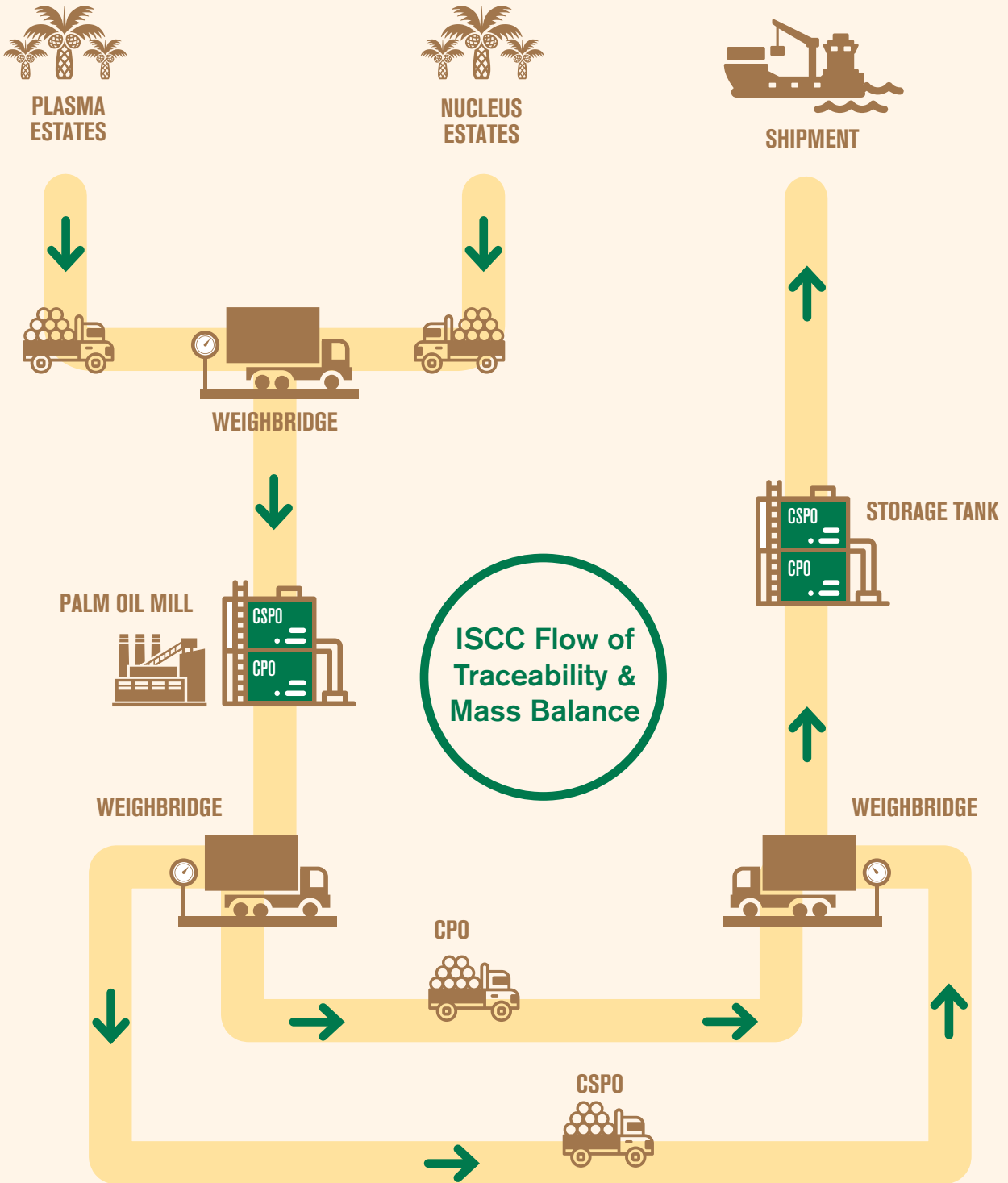


ISPO Progress

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 are in compliance with ISPO certification main assessment criteria. ISPO aspects that we adopts include: Legality, Plantation Management, Protection and Utilization of Primary Forest and Peat land , Environment Management, Responsibility for Workers, Social Responsibility & Economic Environment , and Sustainable Business Improvement.

We conduct routine ISPO surveillane audits on an annual basis and re-certification audits as required at all estates and companies. In 2020, PT Sawindo Kencana achived new certificate from Mutu Hijau Indonesia.





PROPER Achievements

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 of our operation areas. We work together with regional and national

PROPER Committee in conducting regular reviews and assessments. I to ensure that PROPER principles were implemented thoroughly and properly at all plantations.

This year, Kencana Agri achieved 5 (five) Blue PROPER, which means our estates and mills adhere to the compliance standards of the Indonesia's Ministry of Environment and Forestry.

The following summarizes PROPER, ISCC, and ISPO certifications status of our operational areas as of 31 December 2020:

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

Certified Own Estates (Nucleus) Area	2020	2019	2018
Total Nucleus Planted Area (Ha)	68,150	67,722	67,612
Certified Area (Ha)	27,291	27,291	21,669
Compared to Total Area (%)	40.0%	40.0%	31.8%

Certified Own (Nucleus) Palm Oil Products	2020	2019	2018
Total Nucleus CPO Production (Ton)	148,837	187,899	197,149
Certified CPO Production (Ton)	49,078	60,912	53,891
Compared to Total CPO Production (%)	33.0%	40.9%	36.2%



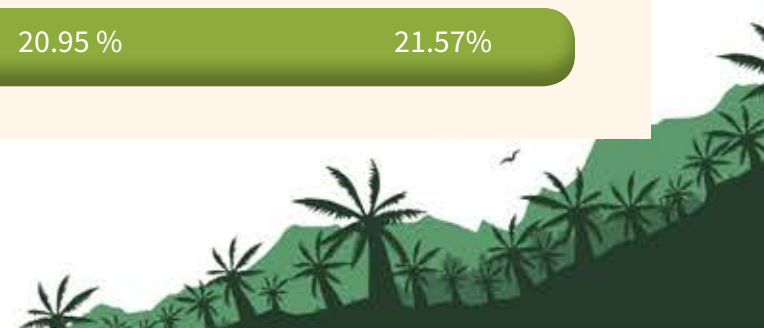
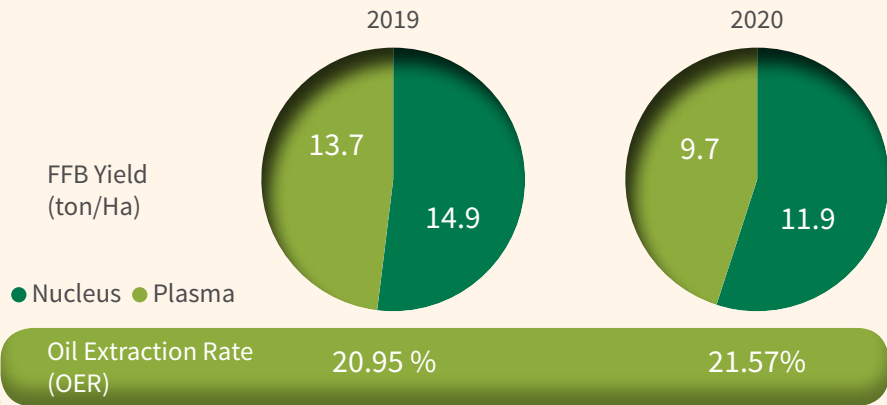
Yield and Extraction Improvement

At Kencana Agri, we continuously seek to improve our yield and extraction rates, which are dependent on a combination of complex factors, including weather and changes in climate, pest, soil types, as well as agricultural practices, such as fertilisation and harvesting efficiency. To improve our yield, we implement a number of practices, namely fertilisation using land application of biomass from our processing process to increase soil fertility, which also help use to reuse and manage our biomass, increase mechanisation such as the use of fertiliser spreader, and empty fruit bunches spreader.

In 2020, the average FFB yields were 11.9 tonnes (nucleus) and 9.7 tonnes (plasma) per hectare, while our Oil Extraction Rate (“OER”) was 21.57 %. The OER increase in 2020 was as a result of improvement in our FFB handling mechanism, especially during the FFB unloading process from gathering points to the loading ramp to minimize loss, hence increasing our overall OER.

The Group’s current processed FFB derived mostly from 71% production of our prime mature oil palms (nucleus and plasma). We would expect to see a higher FFB yield in coming years as a result of an increase in the percentage of oil palm reaching their prime age.

The OER increase in 2020 was as a result of improvement in our FFB handling mechanism, especially during the FFB unloading process from gathering points to the loading ramp to minimize loss, hence increasing our overall OER.



Traceability In Our Supply Chain



Traceability in our supply chain is an important aspect in actualizing a sustainable palm oil production. Kencana Agri traces supply flows so we can map our supply base, evaluate supplier performance against our sustainability policy, and engage with our suppliers to drive continuous improvement. We strive to make our supply chain as transparent as possible to all stakeholders.

As of the end of December 2020, 100% of all FFB products coming out and into the Company are traceable to any of our stakeholders. Our ability to provide product traceability guarantees that our CPO and FFB were produced in and by reputable sources.

Ensuring Product & Service Quality [GRI 416-1]

Kencana Agri builds quality into our products and services. From service perspective, we strive to provide the best services and prompt response to our customers, from the very first encounter, to delivery and after sales services. From production perspectives, this means a Groupwide commitment to eliminate errors at every stage of production process, which includes FIFO treatment for FFB to ensure freshness, maintaining low stockpiles for CPO & kernel, ensuring sufficient labour to support harvesting rotation, clean condition of collection point (TPH) and minimising mill breakdown amongst others, to maintain the quality of our FFA. This year we successfully managed to achieve the FFA level of 3.98% for all (100%) of our products, which is lower than the maximum preferred level of 4.5%.

We strengthen these practices by implementing the industry best practices and continually improve the effectiveness of our quality management system. We have adopted Good Management Practices (“GMP”) which reflected within all of our Standard Operating Procedures (“SOP”). Along with regular quality and operational audits and quality assurance, we conduct routine training and socialization to all employees and workers on the GMP and SOP to ensure everybody aware, understand, and have the same spirit toward quality as we are.





HOW OUR PALM OIL IS MADE

Palm oil is one of the most widely-used ingredients globally. It can be found in almost every products we use every day, from soap, shampoo, cakes, to our coffee creamer. It is even currently being used as alternative fuel with lower carbon footprint. Every part of the palm oil fruits and trees can be utilized for our needs.

As a proud producer of palm oil, Kencana Agri ensures that quality is instilled every step of our value chain, from seeds to our mills, up to deliver to our customers.

At The Nursery

Seeds are grown in our nursery for about 8-12 months before it was planted in our plantation. Kencana Agri only uses top quality seeds with high yield and more resistant to pests than regular oil palm, hence we can maintain the quality and productivity of our palm plantation.

Planting The Seedlings

Seedling of 8-12 months old are planted in our nursery where they received daily watering and careful upkeep before being transplanted to our plantations.

Upkeep & Harvest

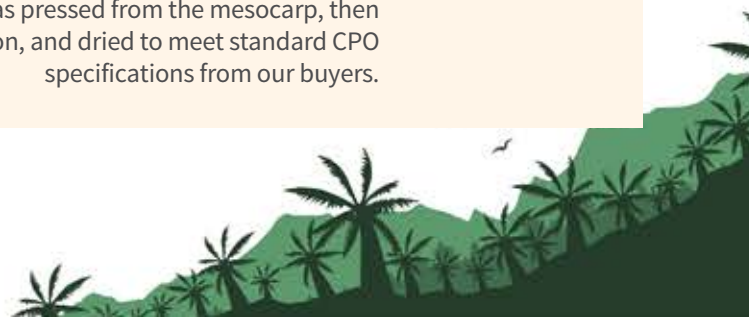
In the plantations, the trees are treated with fertilizers to ensure their optimum growth. After 30 month, these trees are considered mature and are ready for harvest. Harvesting process will be repeat every 7-10 days. Fresh Fruit Bunches (FFB) obtained from this harvesting process will be transported to our mills to be further processed.



At The Mill

At our mills, the FFB is first sterilized using steam then stripped from the bunches. This process helps deactivates any enzymes which may cause the FFB to deteriorate in quality. Any waste from the stripping process is reused. The fibres from the oil palm processing is currently being used as fuel in our mills' boilers. Meanwhile the empty fruit bunches are returned to the soil in our plantations where they help retaining soil moisture. When these empty bunched are naturally decomposed, they will become organic fertilizers for our trees in the plantation, creating a close loop system of waste management.

After the stepping process, the palm fruit is then processed into two main products: Crude Palm Oil (CPO) and Palm Kernel (PK). CPO is extracted from the mesocarp or flesh of the fruit, while PK was processed from the seed. CPO was pressed from the mesocarp, then the oil is clarified to ensure it is free from contamination, and dried to meet standard CPO specifications from our buyers.





Customer & Marketplace

Kencana Agri serves both domestic and international markets. We supply high quality palm oil products for palm oil refiners, traders, brokers, oleochemical companies, and fast-moving consumer goods companies (FMCG).

We understand each of our buyers and customers have different requirements and product specifications, and we strive to work together with each and every one of them to deliver the accurate specification for their unique requirements.

We maintain close relationships and two-way communications with our buyers and customers through various media, including visits, meetings, conferences, expos, and many others. For 2020, due to the COVID-19 pandemic, we continue to carry out engagements with our buyers and customers through virtual meetings and events.

As part of our commitment, we monitor customers' satisfaction on a regular basis as one of The Group's key

performance indicators. We appreciate feedbacks from our customers related to our products and services as the foundation to achieve sustainability. Moreover, it is our commitment to comply with all prevailing regulations regarding production, distribution, and traceability.

Respecting our customers' privacy is essential to maintaining their trust in our business. Managing privacy risks effectively is core to compliance, our customers' engagement and satisfaction. Our privacy policies and framework govern how we collect, use and manage our customers' information in order to ensure the confidentiality of their personal data and communications.

In 2020, The Group maintains full compliance towards prevailing and related product sales contracts, marketing communication practice or any conduct related to anticompetitive behaviour regulations in all operational areas.



Working Hand-in-Hand with Our Buyer for Sustainable Palm Oil Supply Chain

We believe the palm oil industry are striving and working together to achieve sustainability. Implementing best practice in sustainable palm oil production must be a joint effort through the supply chain. Both buyer and suppliers have critical roles to play in more sustainable and responsible palm oil production.

Kencana Agri is a supplier to some of the world's major palm oil buyers. We work together with our buyers to ensure the sustainability principles in palm oil are upheld throughout the supply chain, including ours. On this note, each contract that we signed with our buyer is integral to NDPE Commitment Agreement. As part of this agreement, Kencana Agri fulfilled Supplier Self-Assessment (SSA) and Traceability to Plantation (TTP) requirements from our buyer as this is integral to our buyer monitoring mechanism in ensuring sustainable palm oil principles and implementation were carried out throughout the supply chain.







ENVIRONMENTAL MANAGEMENT & COMPLIANCE

We work continuously and consistently to protect and preserve the lands from which we nurture and grow our palm trees.



As the most versatile vegetable oil, palm oil is used in both food and non-food products globally. It also has the highest yield compared to any alternative oil crops, making palm oil as the crop with the most efficient use of land. However, with the increase in demand for palm oil, concern on the environmental impacts of the industry is also growing.

As a palm oil producer, our business clearly depends on the sustainability of the environment. Therefore environmental stewardship and combating climate change are extremely vital to us. Moreover, we

acknowledge that this is a common challenge faced by the global community. So we pledge to be green through and through. This means ensuring everything that we do uphold the best environmental practices, from soil fertility, land cultivation, good agricultural practice, production process, waste management, protection of rare, threatened and endangered species while focusing efforts towards wildlife conservation, also our ongoing efforts to increase energy efficiency, emission reduction, preserve water quality and, where possible, to reduce the usage of chemicals.

Environmental Management Systems

In 2015, Kencana Agri established a Group-wide Environmental Sustainability Policy, which provides us with the standards and tools to minimize and mitigate our impacts to the environment and to assure that our products is traceable and sustainable. This policy has 9 focus areas, which are:



On top of that, to foster our environmental management system implementation and to build a systematic and effective environmental engagement protocol, we adopt various standards and practices, namely PROPER from the Ministry of Environment and Forestry of Indonesia, Indonesian Sustainable Palm Oil

System (ISPO), International Sustainability & Carbon Certification (ISCC), Law of the Republic of Indonesia No. 5/1990 concerning the Conservation of Living Resources and Their Ecosystem, and Good Agricultural Practices (GAP) for our land cultivation and biodiversity conservation practices.

Energy

Energy consumption is closely linked to climate change. Therefore, energy has been one of the focal points in our sustainability focus areas. We strive to enhance energy efficiency throughout our operations and utilize palm oil waste as biofuel to generate electricity for our operations. [GRI 103-1]

We categorize our energy source into three category: biomass from shell and fibre which we use to generate electricity, non-renewables sources such as fuels and petrol for our diesel generators, machineries, and lights vehicles, and third party grid electricity from the state-owned electricity company.

In 2020, our total energy consumption was amounted to 98,156.52 Gigajoule. 55% of our total energy consumption in 2020 was sourced from biomass as alternative fuel, which was used to generate electricity for our mills from steam turbines that are fuelled by kernel shells and leftover fruit fibre. Using biomass as alternative sources of energy not only helps manage input costs, but also reduces our carbon footprint. The total electricity generated by these biofuels in 2020 was amounted to 14,920,016 KWH, represent 79% of our total electricity usage of 2020.

Energy Consumption [GRI 302-1]

Energy Sources	2017		2018		2019		2020	
	Volume	GJ	Volume	GJ	Volume	GJ	Volume	GJ
BIOMASS								
Shells (tonnes)	50,639	799.08	68,304	1,077.84	59,606	940.58	48,294	761.98
Fibre (tonnes)	90,427	1,100.49	121,972	1,484.40	106,440	1,295.37	86,240	1,050
Total Electricity Generated From Biomass (Kwh)	15,644,219	56,319.19	21,101,608	75,965.79	11,863,802	42,709.69	14,920,016	53,712.06
NON RENEWABLES								
Diesel-vehicles, machineries, housing (litres)	192,703	6,918	173,096	6,214	165,563	5,944	78,622	2,822
Diesel-electricity generation (litres)	1,127,750	40,486	1,075,380	38,606	975,123	35,010	1,026,630	36,856
Total Non Renewables (Liter)	1,320,453	47,404	1,248,476	44,820	1,140,686	40,954	1,105,252	39,678
THIRD PARTY ELECTRICITY								
Grid Electricity from PLN (KWH)	111,993	403.17	126,099	453.96	118,320	425.95	1,324,016	4,766.46
Total Energy Consumption				121,239.75		84,089.64		98,156.52

Note:

In 2020, we expand our energy consumption monitoring and data gathering, which include grid electricity usage for operational activities from SWK, LK, and EKP. These expansion of grid electricity monitoring data has impacted the total energy consumption in 2020, which is significantly higher than the previous years when grid electricity data were only covered grid electricity usage in our estates' housings facilities.

Conversion Factor

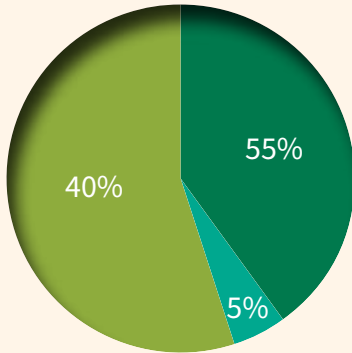
1 kcal	4,184 Joule
Net Caloric Value*	
Shell	3.771 kcal/kg
Fibre	2.910 kcal/kg
Lhv Fuel**	
Diesel	35,9 MJ/Litre
Petrol	32,2 MJ/Litre
1 KWH = 0.0036 GJ	

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

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



Energy Consumption 2020



● Biomass ● Non Renewable
● Grid Electricity

Energy Intensity [GRI 302-3]

	Unit	2018	2019	2020
Total Energy Consumption	GJ	121,239.75	84,089.64	98,156.52
Total Oil Production	MT	197,149	187,899	148,837
Energy Intensity based on Oil Production	GJ/MT	0.61	0.45	0.66

In 2020, similar to our total energy consumption, our energy intensity was increased due to the energy consumption monitoring data expansion which now include grid electricity usage for operational activities from SWK, LK, and EKP. These expansion of grid electricity monitoring data has impacted the total energy consumption in 2020, hence our overall energy intensity, which was significantly higher than the previous years when grid electricity data were only covered grid electricity usage in our estates' housings facilities.



55%

of our total energy consumption in 2020 was sourced from biomass as alternative fuel, totalling to more than 53 Gigajoule



79%

of our total electricity usage of 2020 was generated by steam turbines that are fuelled by kernel shells and leftover fruit fibre, generating more than 14 million KWH of electricity.

GHG Emissions & Intensity

Kencana Agri committed to reduce greenhouse gas (GHG) emission from our operations and existing plantations progressively. We strictly prohibiting new development on peatland regardless of depth and enforcing a strict no deforestation, also zero burning policy and practices for new developments and land preparation. On top of that, We have been consistent in our strategies to reduce GHG emissions at all operations by:

- Utilizing biomass as fertilizer and an alternative fuel substitute for generators and boilers. Also reducing emissions from the use of fertilizers and diesel fuel in our estate and factories.
- Monitoring the use of generators for housing electricity. Housings in estates are connected to the government grid whenever possible, thus reducing emissions from diesel generators.

Regarding quantitative performance of the Group's GHG emissions reduction initiatives, currently Kencana Agri is focusing on two of our firsts operations that represents approximately 30% of productions, which are PT Sawindo Kencana and PT Alamraya Kencana Mas. Using lesson learned from these two significant operations in its GHG emission reduction initiatives, we will progressively and gradually expand GHG emissions monitoring, calculation, and reduction to all operations.

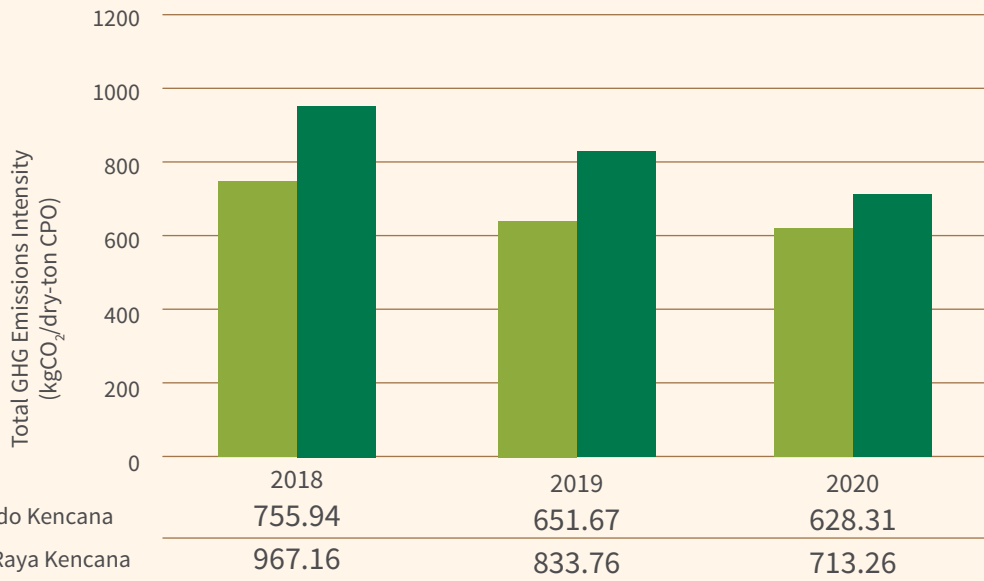
We use GHG emission intensity to monitor our overall GHG emission performance which includes total GHG emission from plantation operations, mills operations, transportation, fuel consumption, and application of fertilizers associated with the total production volume of the period. The Group refers to the Regulation of the Ministry of Environment and Forestry of the Republic of Indonesia Number 41 Year 1999 and GHG calculation tool compliant with the ISCC EU System 205 V.3.0 standard in conducting GHG emission monitoring and calculations.

GHG Emission Intensity From Significant Operations [GRI 305-4]

Major Operations	Total GHG Emissions Intensity (kgCO ₂ eq./dry-ton CPO)		
	2018	2019	2020
PT Sawindo Kencana	755.94	651.67	628.31
PT Alamraya Kencana Mas	967.16	833.76	713.26



GHG Emissions Intensity from Major Operations



Air Quality Monitoring

We conduct routine air quality monitoring at all of our estate and mills areas at all operations, specifically SO₂, CO, and NO₂. We continue to strive in maintaining all air quality parameters are within the quality standards set by The Ministry of Environment and Forestry of Indonesia, as well as local authorities at each operational area. We can report that throughout 2020, all of our operations are comply with the prevailing regulations regarding air pollution control and air quality parameters set by the Indonesian government.

2020 Air Quality Monitoring Results (SO_x, NO_x, and CO) [GRI 305-7]

Operations	Average Results		Quality Standard	Unit	
	Parameter	Value			
Sawindo Kencana	Up Wind	SO ₂	30	900	µg/Nm ³
		CO	1,145	30,000	µg/Nm ³
		NO ₂	47	400	µg/Nm ³
	Down Wind	SO ₂	30.5	900	µg/Nm ³
		CO	1,199.6	30,000	µg/Nm ³
		NO ₂	59	400	µg/Nm ³
Alamraya Kencana Mas	Up Wind	SO ₂	54	900	µg/Nm ³
		CO	1,172.5	30,000	µg/Nm ³
		NO ₂	49	400	µg/Nm ³
	Down Wind	SO ₂	56	900	µg/Nm ³
		CO	1,254.1	30,000	µg/Nm ³
		NO ₂	54.5	400	µg/Nm ³
Agro Inti Kencanamas	Up Wind	SO ₂	30	900	µg/Nm ³
		CO	1,172.5	30,000	µg/Nm ³
		NO ₂	21.5	400	µg/Nm ³
	Down Wind	SO ₂	31.5	900	µg/Nm ³
		CO	1,199.5	30,000	µg/Nm ³
		NO ₂	44	400	µg/Nm ³



Operations	Average Results		Quality Standard	Unit	
	Parameter	Value			
Sawit Kaltim Lestari	Up Wind	SO ₂	30	900	µg/Nm ³
		CO	1,145	30,000	µg/Nm ³
		NO ₂	33.5	400	µg/Nm ³
	Down Wind	SO ₂	32.5	900	µg/Nm ³
		CO	1,145	30,000	µg/Nm ³
		NO ₂	44	400	µg/Nm ³
Agri Eastborneo Kencana	Up Wind	SO ₂	30	900	µg/Nm ³
		CO	1,145	30,000	µg/Nm ³
		NO ₂	30.5	400	µg/Nm ³
	Down Wind	SO ₂	30.75	900	µg/Nm ³
		CO	1,145	30,000	µg/Nm ³
		NO ₂	43.5	400	µg/Nm ³
Delta Subur Permai	Up Wind	SO ₂	30	900	µg/Nm ³
		CO	1,145	30,000	µg/Nm ³
		NO ₂	20	400	µg/Nm ³
	Down Wind	SO ₂	30.5	900	µg/Nm ³
		CO	1,145	30,000	µg/Nm ³
		NO ₂	39	400	µg/Nm ³



Water Consumption

Water is life. Therefore the availability and sustainability of clean water is essential for our sustainability. From business point of view, maintaining a clean and uninterrupted supply of water constitutes one of the most critical components in sustainable palm oil production. Water is crucial not only for the well-being of our crops but also in other areas of our operations such as the well-being of our workers and to generate steam for processing. [GRI 103-1][GRI 303-1]

Based on the Asian Development Bank: Indonesia Water Studies (2019), Java island is identified as water stress area due to high population and industrial activities. Kalimantan dan Sumatera islands are not categorized as water stress area as water (surface water) availability and rainfall are high while population and industrial activities are relatively lower than Java.

Our major operations are located in Bangka (Sumatera) and Kalimantan island, hence non-water stress areas. Nevertheless, The Group impose a strict water strategy to ensure the availability and sustainability of water as share resources. The Group's water strategy includes:

reducing withdrawal from groundwater and surface water, increase recirculation and reuse of water, and ensuring the quality of water discharge to water bodies.

We adopt best water management practices to ensure the efficient use of water. We implement 3R programmes, as well as the installation and integration of wastewater treatment systems with our overall waste management. The objectives are to maximise the utilisation of wastewater from our operations and to be able to discharge it back to water bodies safely and responsibly. We developed our water management system with comprehensive hydrology, agronomy, and topography studies which enable accurate control and monitoring of water flow. Kencana Agri also puts into consideration on environmental conservation aspects. Moreover, we conducted assessment on social impact of our system. [GRI 103-2][GRI 303-1]

Further evaluation has been done on the effectiveness and impact on our water management system started from the construction phase. The Group uses computer software modelling and simulation of the system, thus

aiding the Group in designing an optimal system for each particular area. [GRI 103-3][GRI 303-1]

All the water used for our milling operations is withdrawn from rivers and we do not use groundwater. Various initiatives has been conducted to ensure water conservation by maintaining optimal water condition, thereby creating an ideal environment for palm oil

cultivation. Our water management system aims to prevent flooding, minimise erosion, and to secure the water supply for our plantation areas during the dry season. Moreover, we also developed Watergate system in low lying areas, terracing system, and cover crops planting, were among these efforts for creating a better environment for our trees. [GRI 103-2][GRI 303-1]

Water Withdrawal [GRI 303-4]

Operational Region **	Water Source	2018		2019		2020	
		Withdrawal Volume (m³)	%	Withdrawal Volume (m³)	%	Withdrawal Volume (m³)	%
Bangka	Reservoir*	347,385	21.5	308,823	23%	227,471	23%
South Kalimantan	River^	389,681	24.1	207,805	15%	158,433	16%
East Kalimantan	Reservoir 1*	236,492	14.6	129,606	10%	140,074	14%
	Reservoir 2*	153,234	9.5	397,977	29%	150,460	15%
	Reservoir 3*	489,616	30.3	316,111	23%	258,258	26%
Central Sulawesi	River^	-NA	-NA	-NA	-NA	55,273	6%
Total Water Consumption (m³)		1,616,408	100	1,360,323	100%	989,969	100%
Water Intensity (m³ per ton FFB)		1.65 m³ per ton FFB		1.52 m³ per ton FFB		1.43 m³ 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.

Throughout 2020, the Group withdrew a total 989,969 m³ water from reservoirs and rivers. Most of the reservoirs we use sourced from rainwater. Total water usage by the Group consists of 78% from reservoirs and the remaining 22% from rivers surrounding our estate

areas. Meanwhile, our water intensity this year was 1.43 m³ per ton of FFB processed which was more efficient compared to the previous year’s water intensity, which was 1.52 m³ per ton of FFB produced.



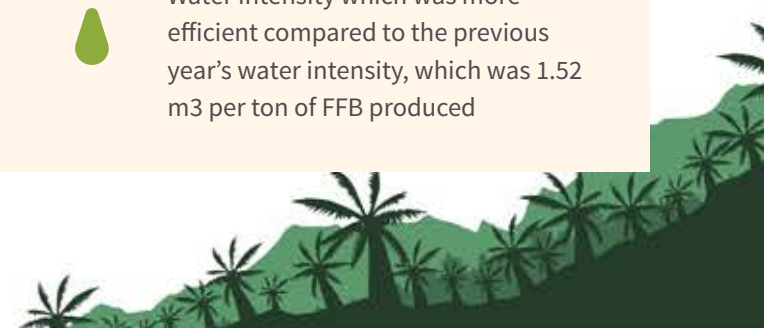
78%

of our total water withdrawal in 2020 was taken from reservoirs which was mainly sourced from rainwater.



1.43 m³ / FFB processed

Water intensity which was more efficient compared to the previous year’s water intensity, which was 1.52 m3 per ton of FFB produced



Palm Oil Waste Management: Plantation and Mill [GRI 306-1][GRI 306-2]



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

Kencana Agri follows waste management best practice for our palm oil estates and mills and we seek to recover and re-use all waste where possible. The solid waste produced from our production processes include empty fruit bunches (EFB), mesocarp fibre, and palm kernel shells. These are used as energy or fuel and composed or mulched as organic fertiliser. EFB is applied as mulch to conserve moisture, improve soil fertility, and reduce weed growth.

We also generate palm oil mill effluent (POME) which is used as a fertiliser through land application. Our studies from 2014 to 2019 showed that POME application as fertilisers help add extra nutrients to the soil hence might boost yields of oil palm production from 6 to 8 ton/ha. Based on those studies, we put into use 100% of our production POME as fertilisers 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 waterbodies.

On top of that, in order to protect the quality of groundwater and prevent any risk of contamination from our activities or waste, The Group install monitoring wells in surrounding areas. These wells are covered, locked and maintained regularly. As part

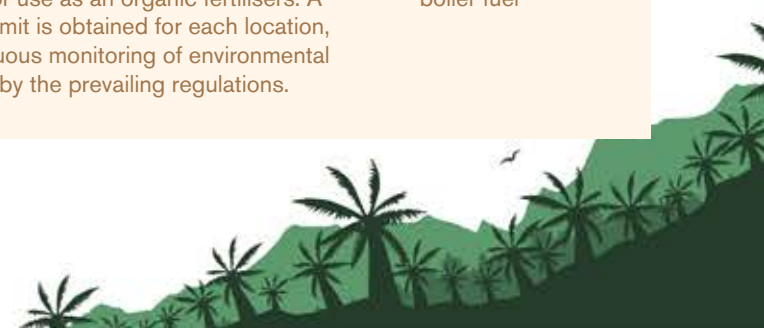
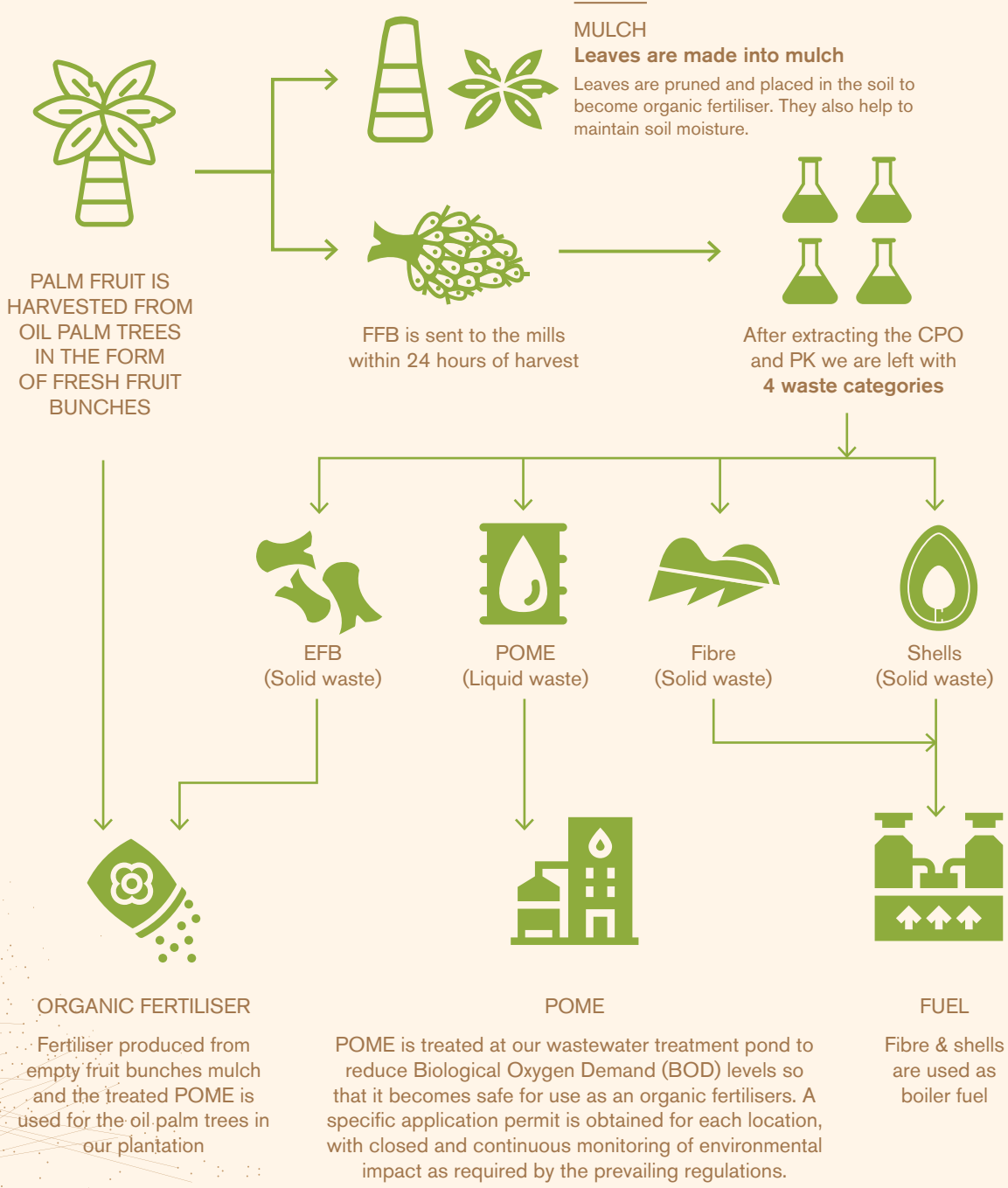
of the PROPER assessment, representatives from the Regional Environmental Agency inspect the quality of the water within the wells regularly.

Furthermore in 2020, five of our mills improved their waste management system, particularly in handling empty fruit bunches (EFB) waste. Previously, EFB were stockpiled in a designated areas in our mills, which now directly loaded to trucks to be transported back to our estates to be used as organic fertilisers. This way we managed to minimise and to some extent eliminate leachate from those stockpiles and created a more neat, safe, and clean working areas in our mills.

Throughout 2020, we can report there is no significant complaints from the surrounding communities or sanctions from the regulators regarding our palm oil waste management and compliance.



A HOLISTIC & CIRCULAR APPROACH IN PALM OIL WASTE MANAGEMENT



Total Palm Oil Waste Generated and Diverted from Disposal [GRI 306-3][GRI 306-4]

Palm Oil Waste	Utilisation	Unit	Total Amount Recovered & Recycled [GRI 306-3]			
			2017	2018	2019	2020
Empty Fruit Bunches	Fertiliser & biomass fuel	Ton	143,408	204,913	178,819	144,883
Mesocarp Fibres	Biomass fuel	Ton	90,427	68,304	106,440	86,240
Shells	Biomass fuel	Ton	121,972	68,304	59,606	48,294
Palm oil mill effluent (POME)	Fertiliser	m3	617,878	619,283	539,501	504,959

As many as 504,959 m3 of POME from our mills in 2020 was reused as fertilizer. The quality parameter monitoring for POME is expressed using a median Biological Oxygen Demand (BOD) which was recorded

at 509 mg/L. This number is below the regulated standard of BOD level at 5,000 mg/L. We 100% of our POME as fertilisers for our plantations.

Operations	POME Biological Oxygen Demand (BOD)		Outlet Regulated Max. Quality Standard	Unit	Outlet Discharge Destination
	Inlet	Outlet			
Sawindo Kencana Lestari	12,827	808	5,000	mg/L	Land application to the soil as fertilisers
Alamraya Kencana Mas	36,333	538	5,000	mg/L	
Agro Inti Kencanamas	26,334	447	5,000	mg/L	
Sawit Kaltim Lestari	32,237	970	5,000	mg/L	
Agri Eastborneo Kencana	11,577	186	5,000	mg/L	
Agri Eastborneo Kencana	10,662	105	5,000	mg/L	
Average POME Biological Oxygen Deman (BOD)	21,661	509			

Hazardous Waste Management

[GRI 306-1][GRI 306-2]

On top of the palm oil waste, our operations generate various type of waste. The Group has always been committed towards the regular monitoring of the use of waste, especially those categorized as hazardous materials, which consists of used lubricants, used rags, used batteries, used filters, empty paint cans and printer cartridges, and needles from health clinics. We adhere to the government regulations on hazardous waste handling

At all operations hazardous waste is safely segregates, labelled and stored in a secure, fire resistant temporary

storage facilities. Our storage facilities are equipped with accidental spill containment kits, alarms, firefighting gears, shower/eyewash and first aid kits. Our waste storage and handling facilities are inspected regularly by the Regional Environmental Agency. We committed to that our plantation have up to date facility permits.

We work with authorized and licensed third party to further process, recycle, and transport hazardous waste for proper disposal in accordance with national legislations and international best practices. Each type

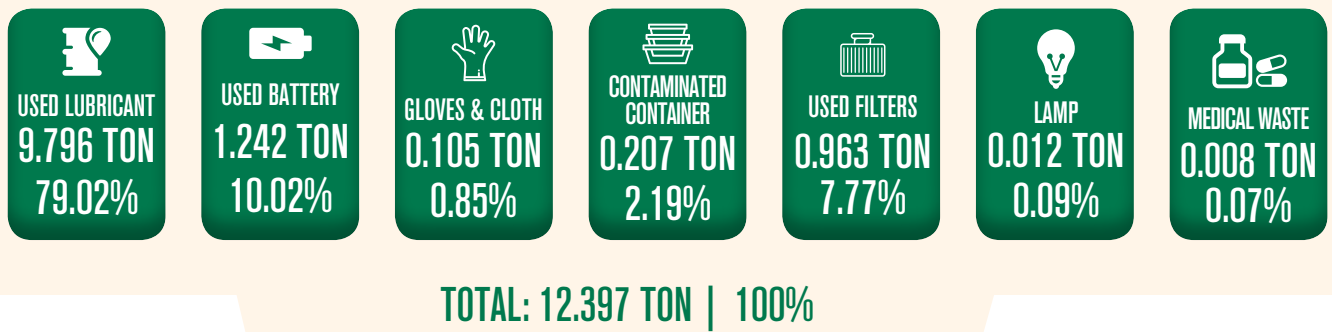
of hazardous waste will be handled in accordance with the regulations and procedure stipulated by the government. Particularly for medical waste, we collaborate with local Community Health Centres to incinerate the medical waste from our clinic in a safe manner.

All third-party carrier would then issue a manifest of handling of hazardous waste transport which

Kencana Agri will use as proof to report to the Ministry of Environment and Forestry. Our Health and Safety Officers at each site has been properly trained and are qualified to monitor and ensure that the waste management practices are in accordance with the rules.

In 2020, there were no reports of any significant spills. [GRI 306-3]

Type of Hazardous Waste [Volume (Ton)-Percentage %] [GRI 306-3]



Integrated Pest Management

Kencana Agri’s integrated pest management approach is a combination of good agricultural practice, cultural, mechanical, biological, and chemical strategi to control pest. Through this approach we aim to minimise the use of chemicals, including pesticides and chemical fertilisers to achieve the optimum yield, hence mitigate negative impacts to the environment and our workers’ health and safety.

The Group implement non-chemical pest control measures in our plantation to minimise the use of chemicals to sustainably maintain pest populations within economic thresholds with minimal harm to local ecosystems. Since 2015, through the measure of using natural predators have help us control and significantly reduce the use of chemical pesticide in all operations.





OWL TO THE RESCUE

Rats is the most common pest found in our palm oil plantation estates. They can consume food as much as 10% of their body weight daily and bring food to their nest up to 40 times per day. In palm oil plantation rats contribute to the damaging of fronds, oil palm flowers, and fruits, thereby significantly affecting yield.

As an Integrated Pest Management solution, Kencana Agri has been controlling rat population by breeding and releasing owls. They are natural predators of rats and serve as an optimal solution. By applying this measure, we have been able to minimise chemical rat bait use in the plantation since 2011 at all estates.

As for other most common pests in our operations such as rhinoceros beetles, bunch moths, bagworms, and nettle caterpillars, we planted species of plants known to attract natural predators of the major leaf eating pests of oil palms, including bagworms and caterpillars to flourish by planting *Turnera subulata*, *Turnera ulmifolia*, *Antigonon leptopus*, *Cassia tora*, and *Nephrolepis*.

Moreover, to control *Metisanaplana*, a pesky caterpillar native to West and Central Sulawesi region, the Group cultivates *Turnera Subulata*, *Turnera ulmifolia*, *Cassia tora*, *Euphorbia heterophylla*, and *Antigonon leptopus* which are planted at each block alongside palm oil crops. These plants contain nectar and pollen that serve as a food source for parasitic insects and natural predators of caterpillars, ultimately bringing pest populations under control.





OWL

Owls help us control rat population. Thanks to our owl troops we managed to control rats, reach our optimum yield, and minimise the use of harmful chemical pesticides. We placed nest boxes around the perimeter of our plantations to invite barn owls to nest.

By the end of 2020, our estates are home to a total 242 adult Owls (*Tyto alba*), 272 juveniles as well as 151 unhatched eggs. These 242 adult Owls help us safeguard up to 12.673 Ha.



TURNERA SUBULATA

Turnera subulata is extensively cultivated throughout our estates as biological control for leaf-eating pests. The flower is the perfect home for *Sycanus*, a type of insect that hunts caterpillars and worms that can damage oil palms. This beautiful flower has been helping us to suppress and minimise pest attack.



MEET OUR PEST CONTROL TROOPS



TURNERA ULMIFOLIA

Turnera Subulata blooms every 8 AM in the morning. This flower is originally from Mexico and the West Indies. Aside from helping make the plantations look more colorful, the flower is also the perfect home for *Sycanus*. The flower becomes a food source and host plant for *Sycanus*, the predators of leaf-feeding worms, so that the pest attack can be controlled and minimised.

ANTIGONON LEPTOPUS

Antigonon leptopus is regarded as an environmental weed in many parts of the world. It is flowering shrubs which host a range of predators of leaf-eating pests. This powerful beauty helps us in our integrated pest management approaches.





Nature Conservation

The New York Declaration on Forest (NYDF) recognise the need to restore 150 million hectares of degraded land and forest by 2020 and 350 million hectares by 2030. Kencana Agri aspires to take part and do our part in this global efforts. For us conserving, restoring, and protecting natural habitat and biodiversity is immensely crucial for sustainability, hence it is integral to Kencana Agri's environmental and sustainability policy and strategy.

Our policy and strategy include:

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

These practices are aligned and support the SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), SDG 15 (Life on Land).

Kencana Agri's NDPE policy emphasises than high carbon stock (HCS) forest and high conservation value (HCV) areas in all estates with in our operations must be protected and conserved. We use The High Conservation Value Resources Network (HCVRN) and High Carbon Stock Approach (HCSA), as well as the ISPO and ISCC standard to identified these areas.

Our approach towards nature conservation includes continual improvement of our High Conservation Value (HCV) area monitoring, internal capacity building, engagement with local communities and other oil palm plantation companies, as well as partnerships

with academic and research institutions, NGOs and governmental organizations.

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

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

As of December 2020, a total of more than 18,081 hectares at our palm oil estates is conserved. [\[GRI 304-4\]](#)

Fire Prevention

Forest fires pose a huge risk for both our employees and the communities living in and around our estates. It also jeopardises the livelihoods of the local community and impacts to our operations requiring resources to be diverted to suppress any fires risk.

We are taking proactive measures to ensure that we explore further ways to develop more robust fire prevention measures. Our plantations are designed to help us manage the risk of fire better and faster. Canals were constructed between our plantations with areas with high fire risks. Small fireboats and patrol cars which are equipped with water pumps are always in standby in the perimeter of those canals



We recognise that investment in fire prevention through education and capability building is more effective than having a world-class suppression capability. We cooperate with government authorities on a range of community and education-based prevention initiatives to ensure that fires are not started within our concessions and take all necessary precautions to ensure fires are prevented.

We collaborate with the Manggala Agni team, a special unit under the Ministry of Environment and Forestry specially appointed to control forest fires, in firefighting simulations training for our Kalimantan estates. The training that our team received from Manggala Agni was specifically aimed to monitor, manage, and ultimately eliminate forest fires, as well as how to conduct emergency procedures such as evacuations during such events.



45
employees

from Kencana Agri (AEK, SKL, and ATK) joined firefighting simulation trainings from Manggala Agni in 2020 as an continuous effort to monitor, manage, and ultimately eliminate forest fires, as well as how to conduct emergency procedures such as evacuations during such events.



47
security personals

From our Kutai region operations (SKL, AEK, and ATK) were trained to backup and support the local fire fighters in fire prevention and handling management. Training for our security personals were conducted internally by our certified OHS team.

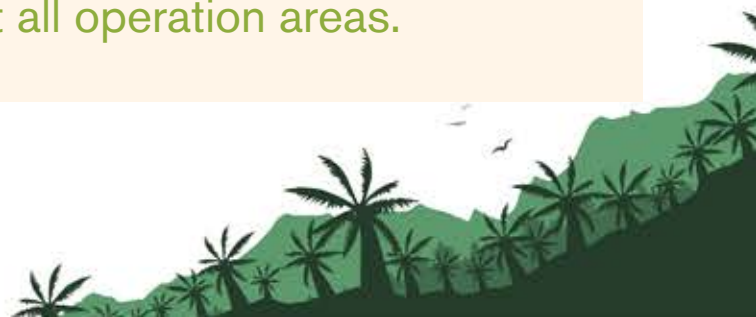


In order to advance our prevention initiatives, we have utilized a satellite mapping program that has the capability to track hotspots throughout the country since 2018. This program is implemented Group-wide at all operation, including fire management and monitoring by our top management at the Group's head office. This way, our estates and the Jakarta head office can conduct joint monitoring of hotspots located throughout the perimeter of Kencana Agri's estates.



ZERO

Fire incident throughout
2020 at all operation areas.







SOCIAL COMMUNITY DEVELOPMENT

Kencana Agri is committed to empowering and developing local communities with this sustainability both economically and socially.



Kencana Agri believes that the sustainability of the company's business is inseparable from the communities. Therefore, we have an obligation to monitor and manage any possible impact in our operations toward the local communities. Kencana Agri is committed to empowering and developing local communities with this sustainability both economically and socially. [GRI 103-1]

The Group always maintains positive relationships with the communities wherever we operate by engaging in upholding the rights of indigenous and local people through constructive engagements. This is done in order to avoid conflicts with or among local communities from occurring in the first place. During the event of a conflict, we make efforts to have a responsible and peaceful resolution process.

All corporate social responsibility (CSR) programs comply with the Law of the Republic of Indonesia No. 40 year 2007 point 74 and Government Regulation No. 47 year 2012 on Environmental Social Responsibility of Limited Liability Company; and Government Regulation No. 93 year 2010 and Finance Ministry Regulation No. 76/PMK.03/2011 dated 5 April 2011 on Deductible Donations. [GRI 103-3]

Our Social Community Development Focus [GRI 103-2]

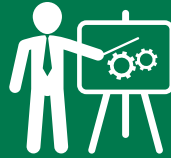
The Group's Community Development Program is designed and planned according to the specific needs of the communities and based on the Group's focus area of implementation. In addition, we also have partnerships with local communities in order to improve community empowerment and foster community self-reliance.





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

FOCUS 1:



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 2:



Fostering Engagement & Relations

Kencana Agri continues to engage and maintain relationships with all stakeholders including the communities where we operate. Our engagement approach is proactive communication with communities. This approach creates opportunities for a broad and constructive dialogue with a focus on long-term relationships.

We also provide opportunities for the community around the company operation to file complaints about social or environmental problems occurs resulted from the negative impact of the Company's operations. The company is ready to deal with the system handling, and the emergence of a conflict or complaint. The Group will resolve any issue in an open, transparent and consultative manner.

FOCUS 3:



Respecting The Rights of Indigenous and Local People

Several of our activities are located near areas that have certain cultural and traditions attached to them. For that, we always respect and protect the rights of communities living within and around our operations. In addition, we apply Kencana Agri's agricultural and business practices to respect the biodiversity conservation and the rights of the people to live and have a better life.

FOCUS 4:



Supporting Better Welfare

The Group always strives to improve the welfare and condition of the surrounding communities by to drive positive socio-economic impact for the people and communities. This is implemented through job creation, investments in plasma projects and community development programmes centred on education, healthcare and infrastructure.



Plasma Partnership [GRI 203-2][GRI 413-1]

In accordance with Government regulation regarding the planted area of plasma which requires a minimum planted area of 20%, Kencana Agri has succeeded in exceeding the specified conditions, namely 70%. Our plasma partnership program carries out various practical training, quality seed stock, advice on fertiliser and pesticide procurement and usage, exposure to new farming technologies, assistance with land titling and transportation of FFB to palm oil mills.

Our plasma partnership program has presented numerous positive social-economic impacts for the farmers. For instance, Our plasma partnership at PT Sawindo Kencana which located near a small village called Tempilang has managed to generate positive benefits of socio-economic development for the area and the local communities for the last 20 years. Even the harvesting season is celebrated annually by the locals by hosting a cultural event called Ruahan.

In general, our plasma partnership program consists of three main programs, which are:

- 

• **KKPA (Kredit Koperasi Primer untuk Anggota - Credit for Members of Primary Cooperative)**
This program provides funds for local communities to plantation development. For this program, Kencana Agri collaborates with banks and cooperatives, while the Group acts as guarantor. We provide training and mentoring sessions for local farmer cooperatives and their members on good agricultural practices, administration, cooperative management, basic financial management, and more.
- 

• **KKSR (Kebun Kelapa Sawit Rakyat - Community's Oil Palm Plantation)**
This program has an empowerment program for local communities and supports them to improve their welfare through the utilisation of uncultivated lands in the government owned region as palm oil plantation. This program 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)**
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. The Group collaborates with the government and provides our expertise in carrying out this program by helping to develop plantation areas, cultivation, agronomy practices and technology, production process and product marketing for the local farmers/communities, while the government provides the loan for investment.

Community Development Program [GRI 413-1]

This year, Kencana has deployed several community development programs, namely the Vegetable, Fruit and Spices (Taman Gizi) Cultivation Program, and the Palm Sugar Development Program. Collaborating with local communities leaders and local institutions,

these program aims to help the community to recognize and develop their potential so that it can becomes a source of family income. Through such programs, we want to mutually grow with the community where we operate.



TAMAN GIZI

Building an Economically and Food Independent Community



We started the Taman Gizi and Palm Sugar Development Program in late September 2018. It was first initiated by an socio-economic assessments on the needs and economic potentials of the villages and its surrounding areas.

The assessment results showed that there was a vast potentials in the area for the cultivation of vegetables, fruit and spices as there are constant need of vegetables, fruit and spices from the local community in the villages and its surrounding region, which then still majorly supplied from and dependant to other region. On the other hand, there is an increasing need of jobs and income for the locals.

After a consultative engagement with the local communities leaders and members, we designed Taman Gizi - Vegetable, Fruit and Spices Cultivation Program. The program aims to create an economically and food independent community. The program encompasses several key activities, namely assistance in the provision of vegetable seeds, material for fertilisers, and routing training and mentoring session which is conducted once a week every Sunday.

We are targeting the local communities members in Pengguren Jaya Village, Batu Engau in the region of Paser as the main beneficiaries of this program, totalling to 28 PKK members. Routine socializations of the Taman Gizi program is continuously carried out together with the village official to support the sustainability of the program and maintain participants' enthusiasm.





This program covers the following practical training activities:

1. Producing Local Micro Organisms (MOL) from natural materials, which will be used as compost or organic fertilizer processing materials.
2. Producing organic fertilizers that utilize plantation and agricultural waste, such as jangkos, solids, and rice husks, and using MOL as a decomposing material.
3. Making permanent beds as a medium for growing vegetables, where this method has the advantage, namely the land that does not need to be hoed again.
4. Nursery particular type of fruits, vegetables, and spices, namely spinach, kale, bok-choy, long beans, green beans, chilies, etc. Fruits include papaya, banana and spices, namely lemongrass, ginger, kencur, and many others.
5. Planting seeds and seedlings training
6. Plant maintenance training
7. Basic marketing training

In its development, the Taman Gizi program has expanded and integrated into a government program called Dasa Wisma Program that now covers of three neighbourhood associations.

The program has been successful in knowledge transfer and skill enhancement for the local community in vegetable, fruit and spice cultivation, which ultimately help them to generate income and improve welfare. Weekly harvests are first distributed to the participant of the program for their own consumption and sold to the local villages market to generate revenues.



RIWANG SPECIALITY SUGAR:

Local Artisanal Palm Sugar with Unique Taste



Palm sugar local industry development has been one of Kencana Agri's flagship community development program in the Riwang Village. We support this program through the provision of sugar molding tools, measuring cup equipment, routine training, regular mentoring, and basic marketing class for the local sugar makers.



This year, our program beneficiaries has successfully introduced new methods that can improve the quality of palm sugar. This improved method was Initiated by Mr. Ngalim, our Community Development officer. One of the local palm sugar makers in Riwang Village, Mr. Adi interested in this special method that gives a distinctive aroma and longer shelf life. Mr. Adi is now able to produce up 2 to 5 kilograms of this specialty sugar in a day and market it IDR 24,000 per kilograms.

To market this special sugar, we help the local sugar makers to join and display their products in Paser Region's Superior Village Product Exhibition. Continuous participation in such expo has brought up Riwang Village as household name as specialty sugar producing village, especially with the unique taste, shape and packaging material which are made from woven Nipah leaves. In the future, we plan to continue to support this programs and introduce the Paser's speciality artisanal sugar to a wider market.





OUR PEOPLE

Our people is the foundation of our business and we believe that supporting the wellbeing of our people and promoting an inclusive and diverse culture are vital for maintaining a competitive advantage for Kencana Agri's sustainability.



Kencana Agri Sustainability Performance Checker

OUR PEOPLE

WHAT WE SAY WE DO	TARGET	HOW WE LIVE UP TO OUR COMMITMENT		
		2018	2019	2020
To Ensure Zero Fatality	0 (Zero)	0 (Zero)	0 (Zero)	0 (Zero)
Zero fire incident in our concession	0 (Zero)	0 (Zero)	2 (Two) fire incidents	0 (Zero)

Management Approaches

To ensure the sustainable growth of the Company and our business, we must ensure our operations perform well and that means safely, productively, cost-effectively, and reliably. We invest in our people to drive this performance. [\[GRI 103-1\]](#)

We engage more than 5,700 employees. We aspire to empower them to work in safer, more creative and rewarding ways. We trust and collaborate to drive performance and give our people more say, new capabilities and tools, and new avenues for technology and innovation. [\[GRI 103-2\]](#)

We provide competitive remuneration to reward employees for their expertise and commitment to our business strategy and long-term success. Our remuneration approach is design to inspire our people, despite their gender, race, and religion to excel and embrace our core objective and values. We invest in people and capability to deliver high performance and our aspiration for equal opportunity and a diverse workforce. We drive continuous improvement through respect for diversity, self-accountability, a hunger to learn and a “go-beyond” mindset. [\[GRI 103-2\]](#)

Kencana Agri’s approach toward the development and empowerment of our employees covers various aspects of human resources, namely health & safety, remuneration, welfare, competencies development, and basic human rights. We continue to evaluate our performance in these aspects of human resources management in accordance with the prevailing regulations, national law, and benchmark with industry best-practices. [\[GRI 103-2\]](#)[\[GRI 103-3\]](#)

Human Resources Relation & Management

Kencana Agri strives to build a constructive relationship with our people. In doing so, we focus on several key areas, namely: [\[GRI 103-2\]](#)

- Ensuring the Company complies with all legal obligations and regional labour regulation everywhere we operate.
- Building a communicative culture, including in developing our Collective Bargaining Agreement in which we ensure all of our employees are covered and protected by this agreement.
- Endeavouring to create solid relations with our employees, based on a culture of trust and cooperation.



- Providing various a rewarding working experience, safe and healthy working environment, and mutual respect.
- Providing various facilities for our employees, including attractive remuneration, bonuses, retirement benefits, and career development. In addition, our commitment has been extended to their families, The Group also ensures to offer facilities and services with coverages that extend to their families.

Workforce Profile And Distribution

We are committed that our presence and operations in Indonesia can help create jobs for the local talents and local communities, hence help provide decent work and socio-economic developments. By the end of 2020, Kencana Agri employed 5,723 employees including 1,935 permanent employees and 3,788 non-permanent employees. Our workforce are 100% Indonesian citizens. All of our Board of Directors are Indonesians.

2020 Human Resources Profile of Kencana Agri Ltd.

Total of Employees [GRI 102-8]		Region					Total	Percentage
		Jakarta- Head Office	Singapore Office	Sumatra	Kalimantan	Sulawesi		
Gender		134	1	474	4,043	1,071	5,723	
Male	Permanent	90	0	314	1,175	195	1,774	31%
	Non-Permanent	0	0	129	2,367	741	3,237	57%
Female	Permanent	44	1	25	74	17	161	3%
	Non-Permanent	0	0	6	427	118	551	10%
Age		134	1	474	4,043	1,071	5,723	
18-30 years old		11	0	116	1,019	397	1,543	27%
30-50 years old		104	1	357	2,970	658	4,090	71%
>50 years old		19	0	1	54	16	90	2%
The Worker Origin		134	1	474	4,043	1071	5,723	
Local		134	1	305	1,110	752	2,302	40%
Non-Local		0	0	169	2,933	319	3,421	60%
Total		134	1	474	4,043	1,071	5,723	

Up to 2020, Kencana Agri does not employs part-time employees

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

Workforce Profile Based on Position [GRI 102-8]	Quantity		Total
	Male	Female	
Chief/Directors	6	1	7
Head/General Manager	4	4	8
Senior Manager	14	1	15
Manager	39	4	43
Senior Assistant/Senior Officer	69	12	81
Assistant/Officer	196	36	232
Operative	4,684	653	5,337
Grand Total	5,012	711	5,723



New Recruitment 2020 [GRI 401-1]	Region					Total
	Jakarta- Head Office	Singapore Office	Sumatra	Kalimantan	Sulawesi	
By Gender						
Male	5	0	2	21	6	34
Female	3	0	0	0	0	3
By Position						
Chief/Directors	1	0	0	0	0	0
Head/General Manager	1	0	0	0	0	0
Manager	2	0	0	0	0	0
Senior Manager / Manager	1	0	1	1	0	3
Senior Assistant/Senior Officer	1	0	0	5	3	5
Assistant/Officer	2	0	1	15	3	21

Turnover 2020 [GRI 401-1]	Region					Total
	Jakarta- Head Office	Singapore Office	Sumatra	Kalimantan	Sulawesi	
By Gender						
Male	9	0	2	32	13	56
Female	4	0	0	0	0	4
By Position						
Chief/Directors	0	0	0	0	0	0
Head/General Manager	1	0	0	2	0	3
Senior Manager	3	0	1	2	0	6
Manager	2	0	0	4	1	7
Senior Assistant/Senior Officer	2	0	1	9	3	15
Assistant/Officer	4	0	0	15	9	28
Operative	1	0	0	0	0	1

In 2020, new recruits data and turnover are yet to be presented based on age group. We will improve the availability of this data in our future reports.

Fair Remuneration [GRI 202-1]

We provide competitive and fair remuneration to reward employees for their expertise and commitment to our business sustainability and long-term success. Our remuneration approach is designed to inspire our employees to be their best and to embrace our core objective and shared values. Remuneration and compensation are all based on competency, achievement, and experience.

In ensuring a fair and decent remuneration for all employees, including operative and entry level positions, we ensure all compensation is above the local minimum wage (UMR) at each operation area as described below: [GRI 202-1]



Regions	Standard Entry Level Wage Compared to Local Minimum Wage [GRI 202-1]	
	Permanent	Non-Permanent
Sumatra	3.86	1
Kalimantan	3.80	1
Sulawesi	2.83	1



There is no difference in entry level salary for either male or female employees.

As part of our incentives system, the Group will give bonuses and/or incentives subject to Group financial performance and employee performance. The benefits for all of our employees are explained in the table below.

Remuneration and Benefits [GRI 401-2]	Permanent			Non-Permanent
	Staff		Non Staff	
	SO	HO		
Salary	✓	✓	✓	✓
Positional Allowance	✓	✓	✗	✗
Regional Allowance	✓	✗	✗	✗
Helper Allowance	✓	✗	✗	✗
Transportation Allowance	✗	✓	✗	✗
Meal Allowance	✗	✓	✗	✗
Leave Allowance	✓	✓	✗	✗
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*	✓	✓	✓	✗

Note: These remuneration and benefits are applicable to all employees of the Group at all operational regions

*) In accordance with Indonesia's prevailing law and regulations on labor, the provided Health Social Security, Employment Social Security and pension social security include protection on safety incidents which can cause disabilities and work fatalities. These coverages will be periodically reviewed to follow the prevailing regulations in Indonesia.



Ensuring The Welfare of Our Employees' and Their Families

On top of the remuneration and benefits for our employees, The Group extends our employees' benefits to their families as we believe this can help us to attract and retain the best talents to work and grow together.

One of our flagship employees' families benefit programs focused on quality education and day care centre for the children of our employees, which include transportation facilities for our employees and workers who are working in our mills and estates. Considering convenient and safety, we build schools and day care facilities for the children of our employees within the estate's vicinity.

We hope through these education and day care centre facilities, our employees can rest assured the well-being, safety, education, and development of their children while they can continue working. We also collaborate with local religious leaders to organize religious activities, moral education, and character building program for the children in these schools and day care centre.

In line with SDG Goal 4 regarding quality education, The Group will continue to foster this facilities and education programs for the long run and gradually expand its implementation throughout our operational areas.

Primary School Project for the Children of Our Employee and the Surrounding Communities [GRI 413-1]

We believe that quality education is the bedrock of a sustainable socio-economic development. Therefore, in 2018 we initiated primary education program in Kutai Kartanegara, East Kalimantan. We built a primary school in the vicinity of PT. Sawit Kaltim Lestari.

The school was completed in 2019 and is currently in use for our workers' children from 3 estates and 2 mills in Kutai Area owned by The Group. We provide school bus facilities for the students of our schools, and these facilities is available at every of our estates for free.

The school, which is a filial school of the SDN 02 School in Muara Kaman, has 6 classes from grade one to grade six. There are currently 9 teachers which includes one teacher for each grade, one Islamic education teacher, one Christian education teacher, and one physical education teacher.



We further improved the facilities in this school. We are building a canteen facilities where students and teachers can enjoy a healthy and hearty meals, which is targeted to be completed by 2021/2022.

In 2019 the number of children attending school is 107, and in 2020 increase to 126 children, all were employees' children.





Training & Development

In developing and nurturing the talent of our employees, Kencana Agri believes in long-term and in-depth learning and development, by developing practice and capabilities that empower our people to pursue operating excellence.

In 2020, the focus of our capability building work was to ensure the continuous learning and development of our people despite the COVID-19 pandemic across our operations, from our Directors to our frontline operatives in our estates and mills.

We provide our employees with the best training and development programs to enhance their knowledge and skills to equip them towards their career advancement. We have development education programs, and each department is required to attend. The training and education program is arranged based on the Group requirement, including our obligation to meet government regulations.

A total of 1,733 employees has participated on the trainings program with total of 9,601 trainings hours or an average of 5.49 training hours/employee for our male employees and 5.68 trainings hours/employee for our female employees.

Training Hours By Gender [GRI 404-1]	Number of Employee	Training Hours Provided	Average (Manhours/Employee)
Male	1,629	8,937	5.49
Female	117	664	5.68
Total	1,746	9,601	

Training Hours By Position [GRI 404-1]	Quantity		Manhours	
	Male	Female	Male	Female
Chief/Directors	1	0	8	0
Head/General Manager	11	6	99	25
Senior Manager/ Manager	188	18	1,000	45
Senior Assistant/Senior Officer	213	23	914	58
Assistant/Officer	279	52	2,253	518
Operative	937	18	4,664	19
Total	1,629	117	8,937	664
Grand Total	1,746		9,601	



Our trainings and development program covered various topic which is relevant for the Group business development and facilitated by both internal and external facilitators. In 2020, as many as 10 categories

of training topics groups, from operational, business, leadership, motivational, OHS, environment, fire management, CSR, risk management, and legal compliance related topics.



No.	Training Topics Categories	Number of Participants		Total Participants
		Male	Female	
1	Operational-related topics	268	9	277
2	Audit	49	1	50
3	Business-related topics	7	3	10
4	Fire Management System	265	1	266
5	OHS and Environmental-related topics	735	14	749
6	HR related topics	139	63	202
7	Leadership and Motivational	46	0	46
8	CSR and Social related topics	32	5	37
9	Risk Management and Legal Compliance related topics	13	5	18
10	Other	75	16	91
Grand Total		1629	117	1746





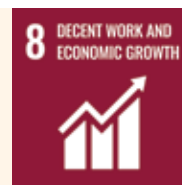
Continuous Collaboration with Golden Agri Resources (GAR) Towards Sustainable and Responsible Palm Oil

Kencana Agri, through one of our largest operations PT Sawit Kaltim Lestari, continues our collaboration with Golden Agri Resources (GAR) in a joint Sustainability Development Program study, which aimed to improve sustainability practices especially on product traceability, health and safety, workers' capabilities and competencies, and many more.

Following last year assessment visit and training series by Verité and GAR team members from Indonesia, Vietnam and the Philippines, this year training series were focused on Occupational Health and Safety (OHS) topics with the objective to create a healthy and safe working environment for workers and visitors. A series OHS training topic were carried out in March 2020, including OHS Root Cause Analysis using Participatory Action Oriented Training (PAOT) ILO Method involving 30 employees as participants.

The PAOT ILO Method is a simple and easy method in identifying occupational hazard risks in various working areas. Through this method and training series, our workers are able to identify and provide their simple, easy and practicable improvement ideas, helping us in creating, building and fostering safety culture comprehensively throughout our operation.

On top of that, GAR has been actively support us as one of their suppliers through on-line knowledge sharing sessions, namely trainings seminars,



group discussion. The COVID-19 pandemic in 2020 did not subdue this collaboration with GAR in knowledge sharing and workers competencies improvement. As many as 68 employees from Kencana Agri participated in these knowledge sharing sessions which were all held through online platforms with various topics, namely:

- Global Forest Watch Webinar,
- Fair Employment of Casual Workers,
- Setting Fair Targets and Wage Policies,
- Mitigate Risk of Child Labour,
- Planning and Implementation of Participative Community Empowerment Programs,
- Handling Social Grievance and Conflict Resolutions,
- FPIC Implementation in Sustainable Palm Oil Industry,
- Social Dialogue and Effective Negotiation in Palm Oil Supply Chain, and
- Sustainability Report as an Effort Towards Compliance and Seizing Global Markets.



Protecting Human Rights

Kencana Agri is committed to aligning out operations and strategies with the universally accepted principles in the area of human rights and labour established by the United National Global Compact Initiative.

We ensures the rights of workers and employees to establish and join or not to join organization of their

own choosing. We continue to ensure this right is freely exercise. Up to the end of 2020, we recorded as many as 950 employees are registered member in various labour unions across our operations. We encourage our employees and workers to have a constructive dialogue with us, both directly or through these unions.

Subsidiaries	Registered Labor Unions	Total Employees Registered as Member (employees)
PT SWK	SPSI Reformasi	312
PT SKL	SBSI Hukatan	101
PT AKM	Serikat Alamraya Kencana Mas	100
	Serikat Pelita PT.AKM	100
PT AEK	SBSI Hukatan	120
PT ATK	SBSI Hukatan	217

Furthermore, the Group has been consistent in building a constructive relationships with unions. We involve Labour Unions in the process of developing the Group's Collective Labour Agreement that aims to protect employees' and employers' rights and obligations.

Our Collective Labour Agreement is a written legal contract which covers industrial relations, working hours, remuneration, out-of-post assignments and transfers, social security and welfare, occupational health and safety, and employment termination. According to the agreement, the rights of our employees have been socialized and are written within the Group's regulations. All (100%) of our employees are protected and covered by our Collective Labour Agreement. [\[GRI 102-41\]](#)

Each of our units has union representatives, elected by members, who meet with local management representatives regularly to discuss and resolve issues.

In order to have a good synergy with our people, The Group has develop a grievance system for our employees. Through this system, our employees can express their complains by filing a letter of Grievance. Once a letter is filed, the employees' superior would get in touch with them to further discuss their complaint and provide solutions that is agreeable to both parties.

Upholding Diversity and Inclusion

Kencana Agri promotes equal opportunities and fair treatment in employment and occupation. We treat every employees and workers with respect and respect their contribution to The Group basis on individual merit. On that note we are committed to treating our people without discrimination on that basis of their race, colour, gender, age, national origin, religion, sexual orientation, political choice, marital status, citizenship, disability, or any other legally protected factor and other minority aspects.



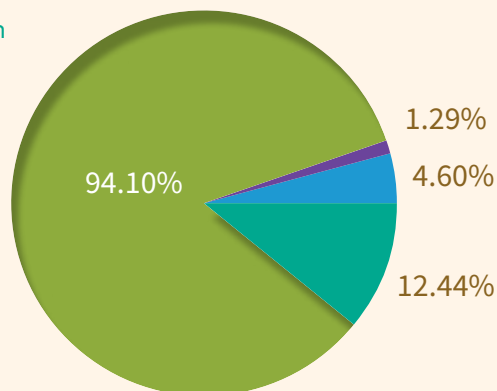
We are committed to be an inclusive employer. This means providing opportunities to local communities to join our us as our employees or temporary workers in working areas which best suit to their competencies and skills.

This commitment also represented in The Group’s policy towards our female employees and workers. Our recruitment process and remuneration policy are transparent and fair on the basis of merit and competencies. We open our doors to women who wants to join and build their career in the palm oil plantation sector.

By the end of 2020, we have a total of 712 females employees, which represents more than 12.44% of all our employees. While in the senior management level, 5 out of 23 Senior Managers and Head level were female. [GRI 405-1]

Moreover, the Group provides training sessions to ensure the candidates are fully equipped to take on greater responsibility. We also support the career development for our female employees in every positions. All of our female employee has the equal opportunity for trainings and career development.

Female representation in workforce Percentage (%)



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







Against Forced Labour and Child Labour

We identified that the palm oil industry is exposed to the risk of child labour which is driven by the nature of its operations and the culture and socio-economic condition of the local workers, especially at plantation estates operations.

Looking at this risk, Kencana Agri establish a strong position towards child labour. Child labour is strictly prohibited at Kencana Agri. We against all forms of exploitation of children. We aim to prevent all forms of child labour, and we rigorously enforce these principles at all our plantations, mills and other places of work. The minimum age for employment in any capacity is 18 years. On that note, our recruitment officers check identification cards of all prospective employees. Furthermore, the Group provides day care facilities at all operational sites for our employees and workers so they do not bring their children to the workplace and rest assured for the child safety and well-being while the parents are at work. [GRI 408-1]

Regarding forced labour, the Group strictly against forced labour of any kind. We address key risks of forced labour including, but not limited to, prohibiting workers paying fees for employment, requiring employment terms and conditions to be provided and explained clearly to all employees prior to any work engagements with adequate time for review, providing contracts in both the worker's language, and prohibiting requirements to post bonds or make deposits as a condition of employment. [GRI 409-1]

Occupational Health and Safety

Our highest priority is the health and safety of our operations, including our employees, workers, and the communities in which we operate. Particularly in the time of the COVID-19 pandemic, our commitment towards and practice of health and safety remain resolute. Kencana Agri's value of Sustainability articulates health and safety as fundamental elements in the way we conduct our business.



Putting the Health and Safety of Our People First During Pandemic

Our top priority in 2020 as we navigate through the pandemic, the health and safety of our people and the communities in which we operate must always come first. We adopt and implement a strict new normal practice to ensure our operational activities can be sustained in the most safety manner possible for our employees and workers.

As one of our earliest prevention measures against COVID-19 was in March 2020 we halt all activities at our schools, closed road access and all social places, including religious premises. We strictly follow all directions and guidelines provided by the authorized institution on COVID-19 protocols, especially in working areas.

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



General Guidelines:

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





At The Office / Working Area

- Mandatory body temperature check for all employees and visitors with Thermogun before entering the Group's premises and working areas.
- Mandatory use of face masks for all employees.
- Continuous socialisation on COVID-19 through informative posters, including virus transmission, preventions, and COVID-19 Call Center information.
- Provision of free mask on site and at working areas should employees forget/lost their masks.
- Free face masks for all employees
- Making hand sanitizers booths available in various areas throughout our working areas, namely all entrance to working spaces and meeting rooms.
- Routine sterilizations of public spaces and often touched surfaces, such as elevator buttons, door handles, toilet areas, photocopy machines, and room dividers.
- Routine ventilation by opening windows to ensure ample circulation in working areas.
- Conduct fogging after working hours
- Routine serology test for all employees. Should any employee's test result come up as reactive, then PCR Swab Test will be performed.
- Implement social distancing at all working areas, including re-setting tables, seating areas, and working cubicle, and room dividers.

- Limiting out-of-office or out-of-home activities/duties as much as possible, except for extremely urgent matters, and the provision of vitamins for all employees should they need to perform out-of-office duties.
- Provision of medicines and vitamins for employees who are infected by COVID-19, and assistance to contact and registration to reference hospitals or quarantine facilities for employees with severe conditions.



5 batch

of serology test were conducted throughout 2020, covering all employees and workers.



Kencana Agri obtained positive response from Jakarta Provincial Government COVID-19 authority and Satpol PP for our COVID-19 preparedness.





Utilizing Technology to Maintain Productivity During the Pandemic

The COVID-19 pandemic has pushed many businesses to think outside the box. Here at Kencana Agri we turn to technology and innovation to maintain the productivity of our people during this pandemic, both at work and at home.

Our Information Technology (IT) Department introduced various initiatives which help our people to navigate through this pandemic and keeping their productivity at work. These initiatives includes:

- Work from Home (WFH) policy and tips and trick
- Various socialization materials also policy and procedures, including online meeting platform IT security tips
- Strengthen the Kencana Share Server, which can be accessed safely both from the office (WFO) and from home (WFH)

- Development of Kencana Agri online KPI dashboard and weekly report
- Employee online attendance system
- The use of electronic signature policy, including step-by-step guide how to make one.
- Provision of new computers, additional laptops and laptop rental services for our employees in various departments, including 35 laptops that were rented to our employees to enable then working from home.
- Enhancement of broadband internet connections to support remote working schemes throughout our operations



ALL HANDS ON DECK:

Ensuring the Availability of Quality and Safe Face Mask for Our Employees

The fight against the pandemic needs the efforts and active participation from everybody. Initiated by one of our Health Safety and Environment Team in PT SKL, Mr. Mawan and his wife, we actively join hands in the efforts of ensuring the availability of affordable face masks for our employees. Mr. Mawan and his wife was triggered by the lack



supply of quality, comfortable, and safe face masks in the area. Mr. Mawan initiated face masks production with his family following the face masks specifications from the Ministry of Health and World Health Organization (WHO). A total of more than 820 pieces of face masks were distributed to the employees of PT SKL and PT ATK.

Health and Safety Management at Kencana Agri [GRI 403-1]

Our working environments by their nature potentially expose our people to various risks, including health and safety risks. This is why our objective is to identify those risks and implement controls. Our assessments of health and safety risks also include potential community impacts and controls to manage these broader impacts.

Kencana Agri's Occupational Health and Safety (OHS) management and practices are governed by the Group-wide policy and standards for OHS management and zero fatalities target, as well as local regulatory requirements, standards and procedures. The Group's OHS standard defines the most common safety risks and their minimum controls measures. Each operational site assesses further controls that may be required to manage its specific risks to meet the objective of zero fatalities and follow local regulatory requirements.

We commit to monitor the implementation of OHS policies and procedures to protect our employees' rights for healthy and safe working conditions.

Furthermore, we also continue to improve the quality of our facilities across the regions and conduct socialization of the OHS materials.

If necessary, subject matter experts, external consultants, and operational and functional personnel were engaged to participate in the development, implementation and evaluation of our OHS standard and practices, which are based on recognised risk management and management system guidelines such as SMK3.

Formal joint management-worker health and safety committees are established as necessary by each operation site and are driven by local regulatory requirements and covered in a formal agreement with labour unions. [GRI 403-4]

Safety committee at each operation are responsible to plan, manage, monitor, and take necessary decision to continuously improve the implementation of OHS management system in their respective operation in a consistent manner in accordance with the prevailing regulation by the government and referring to best practice in OHS, such as ISO 45000.



Safety committee meetings are held on a regular basis, if necessary, on a daily, weekly, or monthly basis. Safety data are monitored and reported continuously in accordance with the prevailing regulation and reported to the Group sustainability team. [GRI 403-4]

Kencana Agri's Standard Operation Procedures for Occupational Health & Safety covers 8 focus areas, which are: [GRI 103-2]



Safety Performance

We emphasise the need for safe working environment, and regularly audit the safety of our work conditions, which must meet The Group's corporate standards. The Group implements procedures and prepare facilities that can ensure safety.

Moreover, we regularly conduct trainings such as first aid and emergency responses regularly across all estates and mills in making certain that all workers are fully aware of their safety roles and responsibilities or any risks associated with their activities. [GRI 403-5]

We currently had a total of 6 OHS certified officers. The officers are responsible to monitor all work

accidents and report to the Sustainability Department for verification and evaluation. Our officers have participated in carious trainings both internal and external related to the OHS materials. The trainings include first aid training and basic occupational safety and health training. In 2020, a total of 749 employees received numerous Occupational Health and Safety training. [GRI 403-5]

As for The Group's safety performance in 2020, we managed to record zero fatality in our plantations and mills and recorded a total of 374 lost working days with Severity Rate of 839.34 from our 6 operational sites across Indonesia.



**ZERO
FATALITY**
throughout 2020

349

Lost Working Days (LWD)

255.61

Severity Rate



Health Checks & Performance

Due to the spread of COVID-19 outbreak in 2020, Kencana Agri takes the extra mile and extra efforts to ensure the health of our employees and workers, as well as their families and the local communities as our top priority. Prevention measures that were taken throughout the Group in combating the spread of COVID-19 includes development of new policies and procedures, such as Work From Home, and strict restriction Work From Office in accordance with health protocols stipulated by the Indonesian Government and the World Health Organization.

Our health facilities in each estates, with our resident doctors and HIPERKES (Company Hygiene and Occupational Health) certified paramedic teams joint forces with the local Puskesmas (community health centre) and local COVID-19 Special Forces (Satgas COVID-19) conduct routine socialization of COVID-19 prevention tracing, and treatment measures.

On top of the routine COVID-19 health screening and monitoring, Kencana Agri maintains a firm focus on the health of our people through annual medical check-ups (MCU), especially for our employees and workers who are exposed to high occupational health risk areas, such as noise and exposures to chemicals.

MCU programs is carried out together with the local Puskesmas, Regional Hospitals, or the local Provincial Health and Safety Centre. Our MCU checks focusing on general physical health, audio-spirometry, lung, vision and cholinesterase. [GRI 403-3]

Furthermore, we strictly and routinely ensure no pregnant female employees or workers work with or being exposed to chemical substances. During pregnancy, they will be allocated to other functions and entitled to maternity screening and checks in our on-site clinics. [GRI 403-3]

In 2020, as many as 445 employees and workers have received medical check-ups.

Medical Check Ups for Employees	Number of Participants
Cholinesterase	87
Spirometry	89
Audio-spirometry	123
General Physical Health	146
Total	445



Third Party GRI Accordance Check and SGX Requirement Check Statement



Statement GRI Standards in Accordance Check

The National Center for Sustainability Reporting (NCSR) has conducted a GRI Standards in Accordance Check on Kencana Agri Limited Sustainability Report 2020 ("Report"). The check communicates the extent to which the GRI Standards has been applied in the Report. The check does not provide an opinion on the sustainability performance of the reporter or the quality of the information provided in the report.

We conclude that this report has been prepared in accordance with GRI Standards - Core option.

Jakarta, 25 May 2021

National Center for Sustainability Reporting



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



NATIONAL
CENTER FOR
SUSTAINABILITY
REPORTING

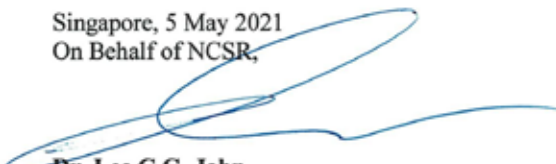
Statement on SGX Compliance

The National Center for Sustainability Reporting (NCSR) conducted an SGX Compliance Check on Kencana Agri Limited Sustainability Report 2020 ("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, 5 May 2021
On Behalf of NCSR,



Dr. Lee C G, John
Certified Sustainability Practitioner No. 30-21-1001
Certified Sustainability Reporting Assurer No A-10-1811-001

GRI Standards Content Index [GRI 102-55]

Material Aspects	Reported Index	Remarks	Reported on Page
General Standard Disclosure			
Organizational Profile	102-1	Name of the organization	10
	102-2	Activities, brands, products, and services	10; 12; 13
	102-3	Location of headquarters	10
	102-4	Location of operations	10; 11
	102-5	Ownership and legal form	10
	102-6	Markets served	10
	102-7	Scale of the organization	10; 12; 13
	102-8	Information on employees and other worker	77
	102-9	Supply chain	12; 13
	102-10	Significant changes to the organization and its supply chain	8
	102-11	Precautionary principle or approaches	35
	102-12	External initiatives	7; 21; 35; 40
	102-13	Memberships of associations	35
Strategy	102-14	Statement from senior decision-maker	15-18
	102-15	Key impacts, risks, and opportunities	23; 25-26
Ethics and Integrity	102-16	Value, principles, standards, and norm of behavior	12; 34
	102-17	Mechanisms for advice and concerns about ethics	34; 35
Governance	102-18	Governance structure	32; 33
	102-19	Delegating authority	33
	102-20	Executive-level responsibility for economic, environmental and social topics	33
	102-26	Role of highest governance body in setting purpose, values and strategy	33
Stakeholder Engagement	102-40	List of stakeholder groups	25-26
	102-41	Collective bargaining agreements	84
	102-42	Identifying and selecting stakeholders	25-26
	102-43	Approach to stakeholder engagement	25-26
	102-44	Key topics and concern raised	25-26
Reporting Practice	102-45	Entities included in the consolidated financial statement	8
	102-46	Defining report content and topic boundaries	7
	102-47	List of material topics	26
	102-48	Restatements of information	8
	102-49	Changes in reporting	8
	102-50	Reporting period	7
	102-51	Date of most recent report	7
	102-52	Reporting cycle	7
	102-53	Contact point for questions regarding the report	8
	102-54	Claims of reporting in accordance with the GRI standards	7
	102-55	GRI content index	7
102-56	External assurance	8	

Material Aspects	Reported Index	Remarks	Reported on Page
ECONOMIC			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	27-29; 76
	103-2	The management approach and its components	27-29;76
	103-3	Evaluation of the management approach	27-29; 76
GRI 201: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	78; 79
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	27-29; 68
	103-2	The management approach and its components	27-29; 68
	103-3	Evaluation of the management approach	27-29; 68
GRI 203: Indirect Economic Impact 2016	203-2	Significant indirect economic impacts	70
ENVIRONMENTAL			
Energy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	27-29; 51
	103-2	The management approach and its components	27-29;51
	103-3	Evaluation of the management approach	27-29; 51
GRI 302: Energy 2016	302-1	Energy Consumption within the organization	51
	302-3	Energy intensity	52
Water			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	27-29;56
	103-2	The management approach and its components	27-29; 56; 57
	103-3	Evaluation of the management approach	27-29;56
GRI 303: Water and Effluents 2018	303-1	Total water withdrawal by source	56; 57
	303-4	Water discharge	57
Biodiversity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	27-29; 64
	103-2	The management approach and its components	27-29; 64
	103-3	Evaluation of the management approach	27-29; 64
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	64
Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	27-29; 52
	103-2	The management approach and its components	27-29; 53; 54
	103-3	Evaluation of the management approach	27-29; 53; 54
GRI 305: Emissions 2016	305-4	GHG emissions intensity	53
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	54-55
Effluents and Waste			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	27-29;58
	103-2	The management approach and its components	27-29; 58
	103-3	Evaluation of the management approach	27-29; 58
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	58; 60
	306-2	Management of significant waste-related impacts	58; 60
	306-3	Waste generated	60; 61
	306-4	Waste diverted from disposal	60



Material Aspects	Reported Index	Remarks	Reported on Page
SOCIAL			
Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	27-29; 76
	103-2	the management approach and its components	27-29; 76
	103-3	Evaluation of the management approach	27-29;76
GRI 401 : Employment 2016	401-1	New employee hires and employee turnover	78
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	79
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	27-29; 91
	103-2	the management approach and its components	27-29; 91; 92
	103-3	Evaluation of the management approach	27-29; 91
GRI 403: Occupational Health & Safety 2018	403-1	Occupational health and safety management system	91
	403-3	Occupational health services	93
	403-4	Worker participation, consultation, and communication on occupational health and safety	91; 92
	403-5	Worker training on occupational health and safety	92
Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	27-29; 76
	103-2	The management approach and its components	27-29; 76
	103-3	Evaluation of the management approach	27-29; 76
GRI 404: Occupational Health & Safety 2016	404-1	Average hours of training per year per employee	81
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	27-29; 76
	103-2	The management approach and its components	27-29; 76
	103-3	Evaluation of the management approach	27-29; 76
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	77; 85
Child Labour			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	27-29; 76; 87
	103-2	The management approach and its components	27-29; 76;87
	103-3	Evaluation of the management approach	27-29; 76
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	87
Forced or Compulsory Labor			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	27-29; 76; 87
	103-2	The management approach and its components	27-29; 76;87
	103-3	Evaluation of the management approach	27-29; 76
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	87
Local Communities			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	27-29; 76; 68
	103-2	The management approach and its components	27-29; 76;68
	103-3	Evaluation of the management approach	27-29; 68
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	70; 80
Customer Health Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	27-29;44
	103-2	The management approach and its components	27-29;44
	103-3	Evaluation of the management approach	27-29;44
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	44



KENCANA AGRI LIMITED

Singapore office:

36 Armenian Street #03-02

Singapore 179934

Tel: (65) 6636 8998

Fax: (65) 6636 9289

Email: info@kencanaagri.com

Indonesia office:

Kencana Tower, 8th Floor,

Business Park Kebon Jeruk,

Jalan Raya Meruya Ilir No.88,

Jakarta Barat 11620, Indonesia

Tel: + 62 21 5890 8188

Fax: + 62 21 5890 8170

www.kencanaagri.com