ASIAN AGRI

Sustainability Report 2023

Accelerating Our Green Commitments

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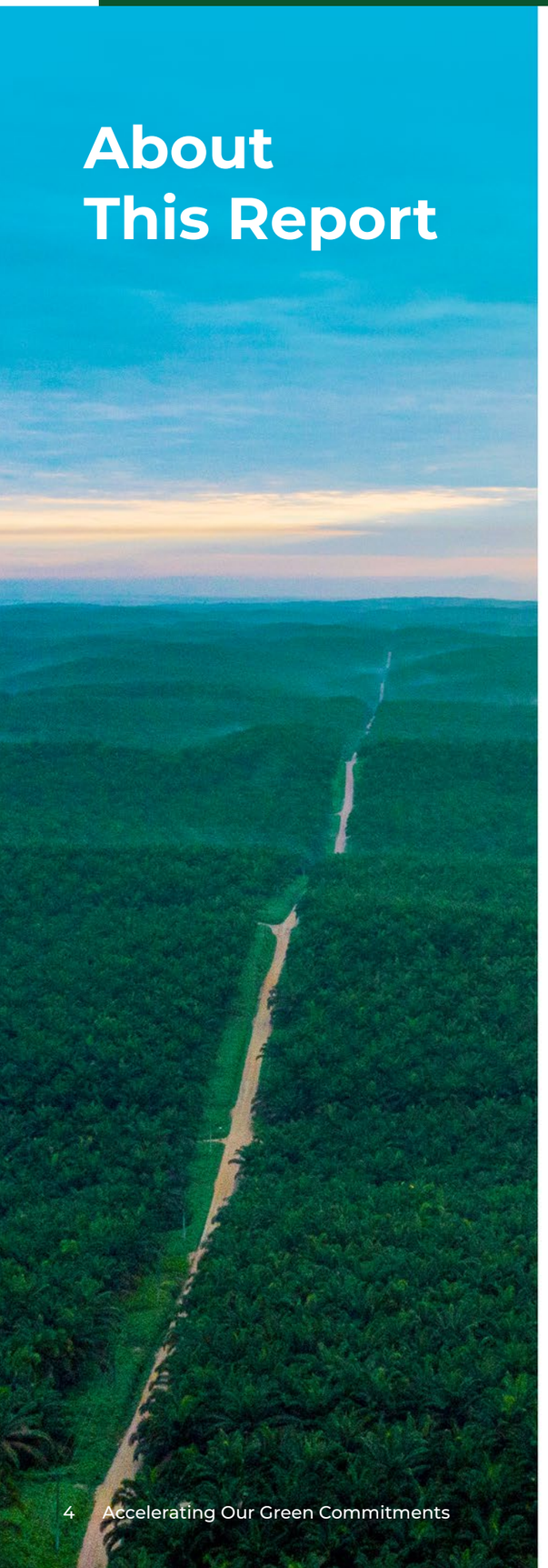
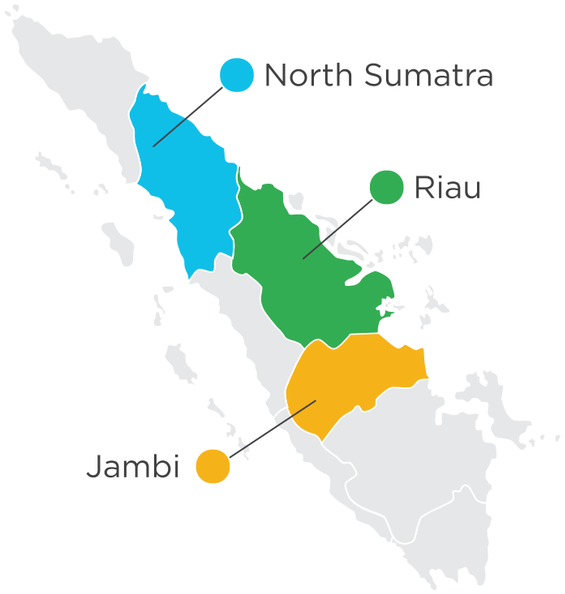
About This Report



Boundary and Scope of This Report

GRI 2-2, 2-3

Marking our seventh Sustainability Report, this document encompasses the activities and performance of Asian Agri's 13 companies under its group from January 1st to December 31st 2023, we publish Sustainability Report once a year. The operational scope of our companies spans three geographical areas, managing the following assets:



22 mills

11 Kernel Crushing Plants (KCPs)

11 biogas plants

30 of our own estates

The material topics covered in this Sustainability Report (SR) 2023 have been revised. For detailed insights into our materiality assessment, please see pages 18-22.

As a private company, we withhold certain financial details such as total assets, net sales, and total capitalization due to confidentiality reasons.

Reporting Framework

This report aligns with the Global Reporting Initiative (GRI) Standards, specifically covering GRI 1: Foundation 2021, GRI 2: General Disclosures 2021, GRI 3: Material Topics 2021, GRI 13: Agriculture, Aquaculture, and Fishing Sectors 2022, along with the latest GRI Topic Standards. We have adhered to the GRI principles for report content and quality to ensure a comprehensive account of our sustainability efforts. For a comprehensive list of disclosures cited in this report, please refer to the GRI Content Index on pages 140-147.

External Assurance

GRI 2-5

To validate the credibility of our reported data and information, we have engaged with the independent third-party assuror PT SGS Indonesia, with our Management Committee's senior executives closely involved in the selection and assurance process. The data in this report has been verified against the GRI Universal Standards 2021, the latest GRI Topic Standards, and the AA1000 Accountability Principles Standards (2018). For details on the assurance statement and the scope of data verification, please see pages 137-139.

Point of Contact

GRI 2-3

Your input is highly valued at Asian Agri, as it contributes to our ongoing efforts to enhance and align with stakeholder expectations. Please contact us here[1] for any comments or feedback regarding any aspect of our sustainability practices and data reporting.

[1] https://www.asianagri.com/en/contact-us/

Message from Our **Managing Director**

GRI 2-22

Dear Stakeholders of Asian Agri,

Since the launch of our AA2030 goals in 2022, we have been resolutely working towards attaining these targets and have made commendable progress over the past year.

2023 was marked by significant climatic challenges, including dry weather conditions triggered by El Niño[2], which adversely affected our plantation yields. This underscored the urgency of embedding climate change strategies into our operations, a commitment deeply entrenched within our AA2030 framework. Our focus on Climate Positive and Responsible and Sustainable Production Pillars, along with our longstanding No Deforestation, No Peat, No Exploitation (NDPE) commitments, reflects our proactive stance towards addressing environmental concerns.

In line with our commitment to sustainability, we prioritize harmonizing our practices with regulations across all regions of our operations and markets. As we anticipate the implementation of the European Union Deforestation Regulation (EUDR), we are proactively aligning our practices to meet the stringent requirements set forth. Our stance here not only ensures compliance but also underscores our commitment to product integrity. Our firm adherence to the NDPE commitment has long been instrumental in fostering the production of deforestation-free palm oil. We remain agile and responsive to emerging challenges by intensifying our efforts in supplier screening and enhancing traceability through digital solutions.

As we navigate towards a sustainable future, we remain steadfast to in our commitment to operational excellence, social and environmental stewardship, ensuring that we generate positive impact to both our industry and beyond.

Our Progress on AA2030

We made significant strides towards our 2030 targets across the four key pillars. Our cumulative progress in 2023 has been laudable:

Smallholder Partnership: We are among the first of palm oil companies to initiate Indonesia Sustainable Palm Oil (ISPO) certification for scheme smallholders, reaching a significant certification rate of 48% among total scheme smallholders. This is a testament to our continuous pursuit of excellence, considering the voluntary nature of ISPO certification for smallholders until 2025. We are also leading in RSPO certification for independent smallholders, having assisted with the certification of 839 farmers out of our targeted 5,000 by 2030.

Additionally, we are intensifying the replanting program for scheme smallholders and have already covered over a quarter of the total planned area.

Inclusive Growth: We are on track with our social development programs, including establishing small and medium enterprises (SMEs) for villages located in surrounding operation areas, providing vocational training, and distributing Bag-to-School packages for students. Progress for these three programs includes the establishment of SMEs in 35 out of 159 villages, the provision of training to 1,050 out of 5,000 peoples, and distribution of packages to 454 out of 5,000 students.

Furthermore, our commitment to customers' health and safety aligns with our goal of inclusive growth in contributing to a healthier community. To enhance the segregation of non-food products, we are optimizing our waste and residue facilities by upgrading seven empty bunch presses in addition to the existing facilities at our 22 CPO mills.

Climate Positive: We completed a feasibility study to build new photovoltaic panels at one of our R&D facilities and installed a new methane capture facility. For our One-to-One Ecosystem Restoration Program, we have obtained the legal permit for our restoration ecosystem area. We will actively work towards managing the existing natural ecosystems and enriching degraded areas within the concession.

Responsible and Sustainable Production: We have surpassed our target by achieving a reduction of over 50% in pesticide usage across our operations. In addition, we made progress in achieving a higher yield for prime-age palm trees, with an average of about 5.8 tons CPO/Ha, out of a targeted 8 tons CPO/Ha.

Our Pursuit of Operational Excellence

As we reflect on these milestones, we are encouraged by the momentum gained in our journey towards holistic sustainable development. We will continue to relentlessly pursue our AA2030 goals initiatives while keeping pace with evolving sustainability regulations and standards. Our overarching goal is to achieve operational excellence, ensuring that our activities are conducted with maximum efficiency and sustainability at their core.

Central to this pursuit is our ongoing investment in research and development, focusing on high-yield seeds and superior ramets. In particular, our work on Topaz seeds has yielded some breakthrough; its crossbreeding pattern is capable of delivering a potential harvest of 24 tons of FFB/Ha, surpassing the national average of 20 tons per ha. By the seventh year, the yield is projected to exceed 40 tons, a testament to our commitment to innovation and sustainability.

We are also dedicated to leveraging digital transformation to enhance productivity, efficiency, and environmental stewardship across our operations. Among other initiatives, we used palm oil data digitalization and artificial intelligence-driven automation to empower us in decision-making based on real-time data, while ensuring transparency and traceability from plantation to mill.

In 2023, our steadfast pursuit of operational excellence bore fruit. Three of our entities received the Green Rating for The Public Disclosure Programme for Environmental Compliance (PROPER) from the Ministry of Environment and Forestry. We were also honored with the Community Palm Oil Rejuvenation Program (PSR) Award presented by Indonesia's Ministry of Agriculture for achieving the highest fresh fruit bunches (FFB) productivity. These milestones exemplify our commitment to sustainable practices and our enduring partnerships with smallholder farmers.

Looking ahead, we will continue to prioritize our green commitments. In January 2024, we successfully secured a USD1 billion Sustainability-Linked Loan (SLL) together with Apical, our downstream partner and fellow member of the Royal Golden Eagle (RGE) group of companies. Key performance indicators (KPIs) focusing on traceability, renewable energy, and NDPE-compliant suppliers will help us further advance towards sustainable operations.

We stand firm in our commitment to champion smallholder partnership, exemplify best-in-class sustainability practices and maintain operational excellence. However, we also recognize that achieving sustainable development within the industry demands collective efforts from all stakeholders along the value chain. To this end, we will continue to work closely with strategic stakeholders towards a low-carbon and inclusive future.

Kelvin Tio
Managing Director

[2] Referred from NASA's Earth Observatory earthobservatory.nasa.gov/images/151481/el-nino-returns and NOAA Climate.gov climate.gov/news- features/blogs/october-2023-el-nino-update-big-cats

Our Year in Summary

2,196 Ha of our own estates replanted by 2023

1 biogas plant built in 2023

2.818 ha of smallholders' plantations replanted

100% FFB traceability to plantation and mills, as well as 100% PK traceability to mill maintained

3.09 tCO2eq/MTCPO GHG emissions and intensity calculation from our operational estates, mills, and offices, in accordance with GHG Protocol

0 fire incident occured

IDR 5.91 billion in premium sharing distributed

449 independent smallholders certified by RSPO

19 Cooperatives (KUD) certified by ISPO

145,525 MWh is generated from renewable fuels, becoming the majority source of our electricity

250 Million IDR rewarded to three villages for successful prevention of fire incident in their area

18 surrounding villages supported with SME programs, cumulatively

7 full-press machine upgraded for more efficiency recovery of waste oil

No new land-use change maintained

Fully maintained our sustainability certifications

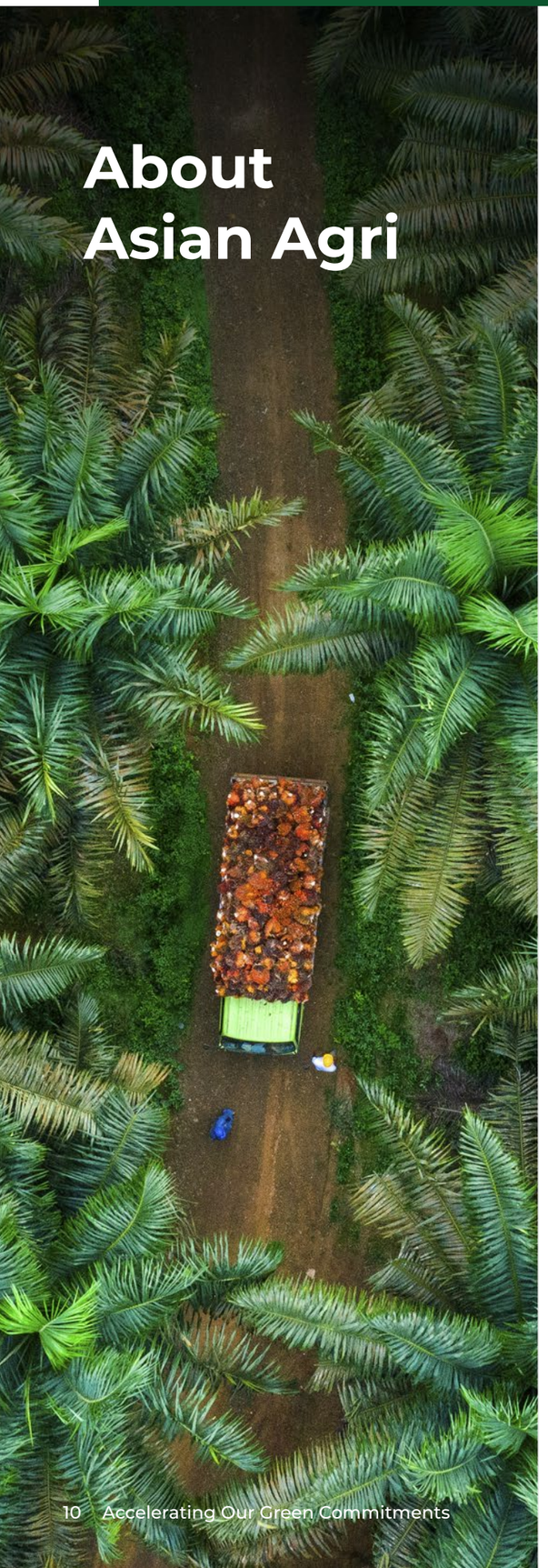
52% reduction of pesticide use

25 hours of training provided for each employee, on average

120 students scholarship awarded from Yayasan Sayap Garuda

90% reduction of methane emissions in our 11 biogas plants

90% of Biogas yield is used for power generation which is around 40% of total power generated



About Asian Agri

Asian Agri at a Glance

GRI 2-1

Asian Agri consists of a group of privately-held companies dedicated to palm oil cultivation and processing in Indonesia. Established in 1979 in North Sumatra, Asian Agri is represented by PT Inti Indosawit Subur (IIS) as its holding company, and is a member of the RGE-managed group of companies. With a robust history spanning over four decades, Asian Agri has grown into a leading palm oil producer in Asia, with an annual production capacity around one million tons of crude palm oil (CPO). We now manage 30 estates, 22 mills, 11 kernel-crushing plants (KCPs), and 11 biogas plants.

With our headquarter in Medan, our operations span across North Sumatra, Riau, and Jambi, and we have a representative office in Jakarta. Our business encompasses seedling nurseries, plantation, and the processing of Fresh Fruit Bunches (FFB) into CPO, Palm Kernel (PK), and Crude Palm Kernel Oil (CPKO). Our products cater to both domestic and international markets, primarily in Asia and Europe. In 2023, there were no significant changes in our business's size, structure, or ownership.

Our Subsidiary Companies

GRI 2-2

The holding company of Asian Agri Group is PT Inti Indosawit Subur (IIS). PT IIS and its 12 subsidiary companies are as below:

No	Company Name	Business Location
Holding Company		
	PT Inti Indosawit Subur (IIS)	Riau and Jambi
Subsidiary Companies		
1	PT Nusa Pusaka Kencana (NPK)	North Sumatra
2	PT Supra Matra Abadi (SMA)	North Sumatra
3	PT Indo Sepadan Jaya (ISJ)	North Sumatra
4	PT Rantau Sinar Karsa (RSK)	North Sumatra
5	PT Andalas Intiagro Lestari (AIL)	North Sumatra
6	PT Hari Sawit Jaya (HSJ)	North Sumatra
7	PT Saudara Sejati Luhur (SSL)	North Sumatra
8	PT Gunung Melayu (GM)	North Sumatra
9	PT Rigunas Agri Utama (RAU)	Riau and Jambi
10	PT Tunggal Yunus Estate (TYE)	Riau
11	PT Mitra Unggul Pusaka (MUP)	Riau
12	PT Dasa Anugerah Sejati (DAS)	Jambi

Our Operations in 2023

GRI 2-6

Assets

22 mills

11 kernel crushing plants (KCPs)

11 biogas plants

30 own estates

21,157 people in the workforce

Our Annual Capacity

Mills:
1,205 tons FFB / hour

KPCs:
1,200 tons PK / day

Biogas Plants:
20 MWh Potential capacity of electricity

Planted Area

Own estate:
93,873 Ha

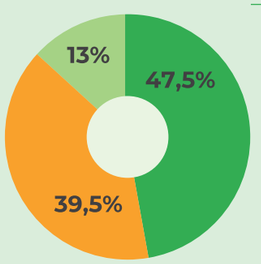
Plasma scheme smallholders:
52,899 Ha

Partnering independent smallholders:
37,208 Ha

Our Production

Total CPO:
981,405 MT

- Own estates: **466,065 MT**
- Independent smallholders and outgrower: **387,812 MT**
- Plasma scheme smallholders: **127, 528 MT**



CPO Yield:
5.33 MT CPO/ Ha

Total CPKO:
131,457 MT

Total TOPAZ seeds sold externally:
16.88 Million seeds

Our Products

Oil Palm Seeds	
Topaz Seeds	Our Oil Palm Research Station in Riau produces the superior tenera TOPAZ seeds. The five varieties of TOPAZ include TOPAZ 1 (Nigeria), TOPAZ 2 (Ghana), TOPAZ 3 (Ekona), TOPAZ 4 (Yangambi), and Topaz Ganoderma Tolerant (GT). These TOPAZ seed types are favored by many clients for their high yield production and adaptability to diverse climate conditions and regions of Indonesia.
Main products	
Crude Palm Oil (CPO)	CPO is obtained from the palm fruit's mesocarp after undergoing screening and clarification. CPO can be refined into various edible oils, such as cooking oil and margarine, oleochemicals used in detergents and lubricants, biodiesel, and lauric acid for cosmetics and soaps.
Crude Palm Kernel Oil (CPKO)	CPKO is derived from the palm fruit's kernel. Following the extraction of mesocarp, palm nut is separated from the mesocarp fibre, and then cracked and deshelled to obtain the kernel. The kernel is crushed to extract CPKO. CPKO is also utilized in various food products, including non-dairy creamers and ice cream, as well as in oleochemicals.
By-products	
Palm Kernel Expeller (PKE)	PKE is another product from the palm fruit's kernel obtained from crushed kernels, primarily utilized in animal feed.
Palm Kernel Shell	Palm Kernel Shell is extensively used as a biofuel and a substitute for coal in various industrial applications, due to its renewable and environmentally friendly properties. It is separated during the process of deshelling the palm nut to obtain the palm kernel.

Our Value Chain

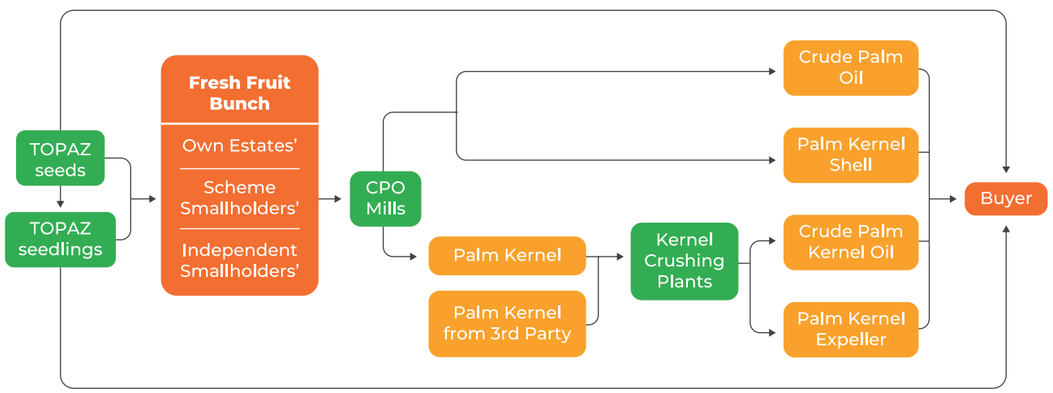
GRI 2-6

Our business encompasses a range of operations, including the production of elite DxP (tenera) seeds, cultivation, and processing of FFB at our palm oil mills and KCPs to produce CPO and CPKO. The TOPAZ seeds we cultivate are sold to our customers. Through careful nursery treatments, we ensure only the highest quality seedlings are planted in our plantations or sold to local smallholders near our Riau nursery farm. We adhere to sustainable practices in managing our 30 estates, where we harvest best quality FFB.

The harvested FFB is processed at our CPO mills. In addition, we procure FFB from more than 27,000 scheme smallholders, over 8,000 independent smallholders, as well as numerous outgrowers, small-medium oil palm companies, and agents, all in alignment with our responsible sourcing policy. Post-extraction of CPO from the mesocarp, Palm Kernels (PK) are retained for further processing. These PKs are sent to our 11 KCPs, and we also acquire additional PK from 43 third-party suppliers to produce CPKO.

The map of our 22 mills, 11 KCPs and their respective traceability report can be referred to here: Supply Chain Map[3]. Please refer to page 50-55 for more information on how we ensure supply chain traceability.

Our products, including CPO, PK, and CPKO, are then supplied to our customers for further refinement into various end products like cooking oils, biofuels, and other derivatives.



Our Purpose, Vision, and Core Values

GRI 2-23

Our mission is to enhance lives through sustainable resource development, aiming to become one of the leading, well-managed, and sustainable palm oil companies that contribute value to society at large. In pursuit of this vision, we are committed to consistently embracing and exemplifying our TOPICC Core Values in every aspect of our actions and conduct throughout the company.

Our Purpose	**Improving lives by developing resources sustainably**
Our Vision	To be one of the largest, best-managed, and sustainable palm oil companies, generating value for the **Community, Country, Climate, Customer, and Company**

Our Core Values — **TOPICC**

Team We are aligned by our common purpose and work together as a **complementary team**	**O**wnership We take **ownership** to achieve outstanding results and seek value at all times	**P**eople We develop our people to grow with us
Integrity We act with integrity at all times	**C**ustomers We understand our customers and deliver best values to them	**C**ontinuous Improvement We act with zero complacency and always strive for continuous improvement

[3] https://www.asianagri.com/en/supply-chain-map/

Our Management

GRI 2-9, 2-11, 2-12, 2-13, 2-18

Our Managing Director holds the highest authority for decision-making and oversight of the company's management and operations. The Managing Director is supported by the Management Committee, comprising senior executives such as the Head of Operations and the Group Financial Controller. This committee plays a crucial role in strategic decision-making, focusing on key areas like operations, human capital, social responsibility, finance, and information technology. Both the Managing Director and the Management Committee ensure that decisions are made with the organization's long-term interests in mind.

The performance of the Managing Director and the Management Committee is evaluated internally using a Balanced Scorecard[4]. This assessment measures the company's annual performance and identifies areas needing improvement. Based on these insights, necessary adjustments or enhancements are made to optimize business operations and organizational structure.

Please refer to our Sustainability Governance chapter on pages 26-33 to read further governance practices in Asian Agri.

[4] The Balanced Scorecard is a performance management tool widely used for strategic planning and assessment in organizations. This approach involves identifying key performance indicators (KPIs) across four perspectives: financial, customer, internal processes, and learning and growth.

Asian Agri's Milestones Over the Years

1979 Acquired 8,000 Ha landbank in North Sumatra

1981 Established its first Palm Oil Mill in Gunung Melayu, North Sumatra

1987 Group's flagship company: PT. Inti Indosawit Subur was incorporated to initiate Plasma Schemes in Jambi and Riau

1989 Established state of art R&D center in Bahilang Plantation, North Sumatra

1991 Successfully developed and handover the first plasma estate to farmers

1994 Implemented zero burn policy

1996 Our R&D Center succesfully produced TOPAZ 1, a superior seed variety which can produce higher yields

2002 Established Asian Agri Learning Institute in Buatan Plantation, Jambi

2003 Committed to no more new land expansion and developments, focusing on land intensification instead

2005 Setting up the Oil Palm Research Station (OPRS) - seed-producing facilities in Topaz, Riau

Imposed a moratorium on forest clearance and peatland development including for all smallholder partner

2006 Became RSPO Member

2007 Established tissue culture laboratorium to clone oil palms in Kerinci, Riau

Achieved the ISO14001: Environmental Standard certification for all plantations and mills within the Group

2012 Produced more than 1 million MT CPO

Launched our independent smallholders program in North Sumatra, Riau, and Jambi

2013 Became Indonesia's largest number of smallholder partners with ISCC and RSPO certification

Achieved 100% ISCC certification for own estates

Developed a Sustainability Policy which sets out our commitments to NDPE

2014 Achieved 100% ISCC certification for smallholders.

Commited to achieveing FFB Traceablity to Plantation (TTP)

2015 Initiated replanting program for scheme smallholders' plantation

Commissioned five biogas plants and six KCPs

2016 Launched FFVP in all three provinces

Launched the first traceability verification program for smallholders in Jambi

2017 100% plasma smallholders' plantations Obtained RSPO certification

Our independent smallholders with Amanah Association became the first to be ISPO certified

2018 Kick-started independent smallholders replanting

Fulfilled our 'One to One' (1:1) partnership commitment

Achieved our first ISPO certificate for a plasma scheme smallholder

Commissioned two more biogas plants and three more KCPs

2019 Achieved 100% ISPO certification for our own estates

Stopped using paraquat in all of our own estates

Completed FFB Traceability to Plantation project

Commissioned three more biogas plants

2020 Carried out SDGs prioritization exercise, to integrate with our approach to sustainability

Commissioned one more mill and one more KCP

2021 Asian Agri's smallholder partnership was featured by Grow Asia as a case study to demonstrate alignment with ASEAN RAI

Obtained waste and residue certification for 100% of our mills

2022 Launched Asian Agri 2030, our ambitious sustainability targets for 2030

Achieved 100% RSPO certification for all plantations

2023 Commissioned one more biogas plant

Engaged in Sustainability-Linked Loan, and closed the deal in January 2024

Awarded Green PROPER from MoEF for 3 Mills

Note: Abbreviations can be referred to in the Abbreviation List

Our Approach to ESG and Sustainability

Our Materiality Assessment

GRI 3-1, 3-2

Conducting a materiality assessment is a critical step in ensuring that our ESG strategy remains aligned with the evolving ESG landscape. Our last assessment was in 2021, leading us to undertake another one in 2023 to update our priorities in material topics and maintain their relevance to both our business and stakeholders. The materiality review was carried out in three stages:

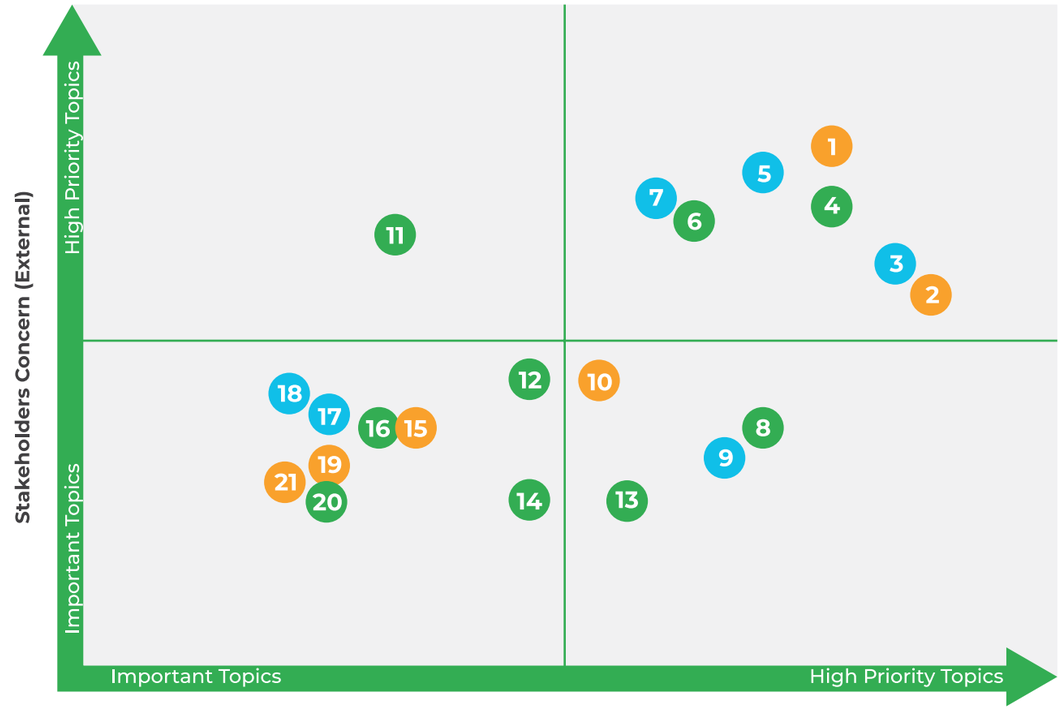
1. **Identifying Emerging Sustainability Topics**
   Through desktop research, we gained insights into current trends in reporting frameworks, palm oil certifications, and both local and international regulations. This led to the identification of 36 key ESG topics pertinent to the company and of interest to a diverse range of stakeholders.

2. **Materiality Assessment Survey and Interviews**
   An online survey was conducted, targeting selected internal and external stakeholders to gauge their views on Asian Agri's significant ESG topics and sustainability concerns. The survey asked participants to rank 36 ESG topics based on their significance to Asian Agri's management and to the stakeholders themselves. The survey obtained 44 responses, including 14 from internal stakeholders and 30 from external ones. Additionally, we conducted in-depth interviews with six external and five internal stakeholders.

   The Management Committee and other internal stakeholders were involved in this process, and we received responses from 12 external stakeholder groups, including government agencies, buyers, banks, media, vendors, smallholders/cooperatives, certification bodies, NGOs, partnership platforms, and academia.

3. **Result Assessment and Analysis**
   We thoroughly analyzed the gathered information and feedback to prioritize 21 key ESG topics based on a scoring system, and ultimately categorized them into 11 material topics. While most remained consistent, a new material topic was 'Production Optimization and Efficiency', while 'Corporate Governance' was refined to be 'Sustainability Governance'. These material topics, aligned with the four pillars of Asian Agri 2030, are detailed in this report.

Materiality Matrix of 21 Key ESG Topics



Environment

Emission and Energy Management
- 4 Emissions
- 8 Energy

Biodiversity and Conservation
- 6 Conservation of Areas with HCV & HCS
- 11 Biodiversity

Pest, Soil, and Fire Management
- 12 Fire Prevention and Management
- 13 Pesticides Use
- 16 Soil Health

Water and Waste Management
- 14 Water and Effluents
- 20 Waste

Social

Smallholder Empowerment
- 1 Smallholder Empowerment

Human Rights and Employment Practices
- 15 Human Rights
- 21 Employment and Employment Practices

Health and Safety
- 10 Occupational Health and Safety

Community Development
- 2 Local Communities Empowerment
- 19 Indirect Economic Impacts

Governance

Sustainability Governance
- 3 Sustainability Governance
- 7 Compliance with laws and regulations
- 17 Stakeholder Collaboration
- 18 Anti-Corruption

Supply Chain Traceability
- 5 Supply Chain Traceability

Production Optimization and Efficiency
- 9 Production Optimization and Efficiency

Material Topic	Definition
Sustainability Governance	Involving the highest standards in sustainability governance, conducting business with integrity, and ensuring freedom from corruption. This includes strict compliance with regulations and proactive collaboration with stakeholders.
Smallholder Empowerment	Focusing on empowering our smallholder partners by enhancing their productivity, strengthening their sustainable farming practices, and improving their livelihoods.
Supply Chain Traceability	Ensuring responsible sourcing through a fully traceable supply chain, involving rigorous monitoring and engagement with suppliers to uphold high sustainability standards.
Health and Safety	Prioritizing the prevention of work-related fatalities, injuries, and illnesses by fostering a safe and healthy work environment and ensuring the healthiness of food for consumers.
Human Rights and Employment Practices	Protecting the human rights of all workers in our operations and supply chain, also nurturing a motivated, skilled, and productive workforce through training, competitive benefits, and remuneration.
Community Development	Empowering local communities through development programs that enhance infrastructure, education, health, and cultural engagement.
Emission and Energy Management	Managing risks, reducing greenhouse gas (GHG) emissions across our operations, and increasing the use of renewable energy, methane capture, and reducing energy consumption.
Biodiversity and Conservation	Identifying, conserving, and managing High Conservation Value (HCV) and High Carbon Stock (HCS) lands and forests, including peatland management, establishing riparian zones, and preventing habitat loss to protect biodiversity.
Production Optimization and Efficiency	Optimizing yield on existing land by using superior seeds, engaging in research and development, leveraging technology, and implementing best practices to achieve maximum production efficiency.
Pest and Soil Management	Maintaining soil health and responsibly managing pesticides, fertilizers, and other chemicals to prevent land and water contamination.
Water and Waste Management	Ensuring efficient water consumption, responsible water discharge, and proper recycling of organic waste and treatment of inorganic waste.

The relevant GRI Topic Disclosures for each material topic can be referred to in our GRI index on page 140-147.

Stakeholder Engagement

GRI 2-29

Stakeholder engagement is a crucial element in the success of our business and operations. We ensure open, consistent, and transparent communication with our stakeholders, employing various channels such as forums, trainings, site visits, and consultations to gather valuable feedback that aid in enhancing our operations. We tailor the engagement methods and frequency for each stakeholder group to ensure efficiency and effectiveness. Our aim is to build strong, trust-based relationships with our stakeholders and continually meet their expectations.

The following table offers a comprehensive overview of our stakeholder engagement activities in 2023. It outlines the key stakeholder groups identified based on their interest in and impact on our business, along with the most effective engagement methods used for each group. The table also details the topics and concerns raised by these groups and our responses to them. We continuously evaluate and refine our stakeholder engagement strategies to maintain their effectiveness and relevance.

Stakeholder Group	Engagement Method and Frequency	Topics and Concerns Raised	Asian Agri's Response
Government Bodies (e.g. Ministry of Agriculture, Ministry of Environment and Forestry (MoEF), Ministry of Labors, Regency Government)	• Site visits (as required) • Seminars, forums (as required) • Sustainability reports (annually) • Annual report (annually) • Website (periodically)	• Company's compliance with regulations and NDPE commitment • Company's contribution to national agenda such as supporting smallholders and reducing GHG emissions	• Ensure clear Communication of the company's compliance to regulations and the company's performance in meeting with the standard
Buyers	• One-on-one engagement (regularly) • Sustainability reports (annually) • Website (periodically)	• Company's sustainability commitments and performance, on issues such as traceability and reducing GHG emissions	• Ensure clear communication of the company's policies and performance on issues such as traceability and reducing GHG emissions
Employees	• Internal meetings (regularly) • Training (based on topics, twice a year) • Sustainability reports (annually), annual report (annually) • Website (periodically)	• Employee welfare, development and benefits	• Regularly review and improve our approach to employee attraction, management and retention
Smallholders – independent and plasma	• One-on-one engagement (regularly, daily) • Training, field studies and other engagements through our smallholder empowerment programs (regularly)	• Support for replanting, fertilization, harvesting, certification compliance, quality seeds	• Ensure our smallholder empowerment programs are fit-for-purpose and adequately meets their needs
Local Communities	• Direct engagement through our community programs and Fire Free Village Program (regularly) • Grievance mechanism (for socialization; annually)	• Free, Prior and Informed Consent (FPIC) concerns • Company's sustainability commitments and performance, especially on education, health, infrastructure, etc.	• Ensure communication and implementation of FPIC commitments • Provide relevant and effective support through our community programs and Fire Free Village Program
Industry groups and trade associations	• One-on-one engagement (as required) • Multi-stakeholder forums and events (as required, regularly) • Sustainability reports (annually)	• Company's sustainability commitments, initiatives and • progress Opportunities for collaboration	• Attend as spokesperson in several event and FGDs Participate in exhibitions
Certification bodies (e.g. RSPO, ISPO, ISCC)	• Audits (annually) • Site visits (annually) • Training (as required) • Forums (as required) • Reporting (annually)	• Company's sustainability commitments and performance on issues such as no deforestation, no peatland development, no exploitation	• Ongoing improvements in our understanding of certification requirements • Helping to create the ISPO calculator
Non-Governmental Organizations (NGOs)	• One-on-one engagement (as required) • Multi-stakeholder forums (as required) • Sustainability reports (annually) • Website (periodically)	• Company's sustainability commitments and performance on issues such as deforestation, peatland development and traceability • Grievances lodged by stakeholders	• Ensure clear communication of all sustainability commitments through our policies and reporting • Investigate and respond to grievances raised

Stakeholder Group	Engagement Method and Frequency	Topics and Concerns Raised	Asian Agri's Response
Banks and financial institutions	• One-on-one engagement (as required) • Sustainability reports (annually), annual report (annually)	• Company's sustainability commitments, initiatives and progress • Company's financial performance • Opportunity to collaborate on smallholder replanting program	• Shared information on our sustainability policy, commitments, programs and its progress
Media	• One-on-one engagement (as required) • Multi-stakeholder forums (regularly) • Website and social media (ongoing) • Sustainability reports (annually)	• Company's sustainability commitments and performance on issues such as employee welfare, fires, smallholder partnerships, quality seeds	• Issuing press releases • Ensure clear communication of all sustainability commitments through our policies and reporting
Academia and Students	• Site visits (as required) • Educational programs – e.g. field trips for high school and university students to learn about oil palm (if programed; regularly)	• Comparison between plasma and other schemes for research and learning purposes	• Comparison between plasma and KKPA schemes for research and learning purposes
International stakeholders (e.g. European Parliament, EU Ambassadors)	• Site visits (as required) • One-on-one engagement (as required)	• Company's sustainability commitments and performance on issues such as traceability	• Build capacity and knowledge on agricultural practices in Indonesia

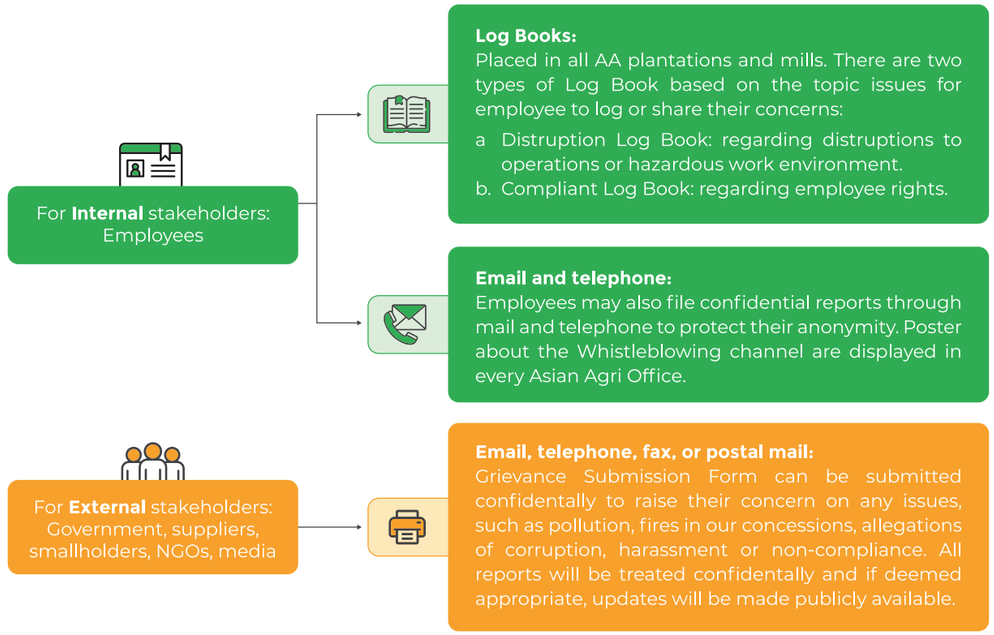
Grievance Mechanism

GRI 2-16, 2-25, 2-26

We are committed to providing a transparent process for resolving grievances raised by our stakeholders. To facilitate this, since 2014, we implemented a grievance mechanism as a means for stakeholders to voice concerns and complaints confidentially, aimed at resolving issues effectively while safeguarding them against retaliation.

These concerns may include land disputes, labor matters, human rights, Occupational Health and Safety (OHS) issues, among others. Since its inception, we have addressed all grievances received. We highly value the feedbacks from our stakeholders as a constructive method to enhance our Sustainability Policy implementation.

We provide the following channels for reporting grievances, accessible to both internal and external parties:



Critical concerns can also be communicated via the internal grievance procedure, which is disseminated to the relevant department head. If an issue is considered more critical, it can be escalated to the head of HR Department through private sessions between relevant department heads. If considered necessary, it can be raised in a larger group meeting involving the Management Commitee and the Managing Director. In 2023, no critical concerns were reported that required involving the Management Committee and the Managing Director.

For more information on our grievance reporting channels, please visit our website[5].

Process of Handling Griveance

Upon receiving a grievance through any of the mentioned channels, our Grievance Secretariat takes the initial step of identifying and verifying the potential issue. The Grievance Committee consists of key persons from various functional departments to ensure that all grievances, whether internal or external, are duly received and addressed for resolution. When a grievance is found to be legitimate, we determine the necessity for members of the relevant departments to carry out field verification.

The Grievance Secretariat is responsible for creating a time-specific action plan aimed at resolving the grievance. This team also oversees the progress of the plan and provides internal updates on the case. In instances where the grievance involves FFB suppliers, coordination, and follow-up with the Commercial Department is necessary. The department then undertakes field verification, and in cases

[5] https://www.asianagri.com/en/sustainability/grievance/

where non-compliance is discovered, the FFB supplier is urged to implement corrective actions within a three-month period. Depending on the nature of the grievance, if the FFB supplier fails to resolve the issue or adhere to the company's policies, the FFB Department may consider imposing a penalty or suspension on the supplier.

In January 2023, an external organization, the ITP2I[6]'s Plantation Environmental Study Center, filed a grievance. They alleged that Asian Agri had not adhered to the standards set by the Indonesia Sustainable Palm Oil (ISPO) Principles and Criteria and subsequently requested that the National Accreditation Committee (KAN) in Jakarta withdraw Asian Agri's ISPO certifications. In response, Asian Agri engaged with the external verifier, PT SGS Indonesia, to carry out a verification process at PT Inti Indosawit Subur (PT IIS). The verification report by PT SGS Indonesia, dated 10-12 March 2022, found that PT IIS's operational area was legally compliant with the existing regulatory requirements. The verification also included interviews with various stakeholders, including representatives from the Pelalawan Regency Environmental Service, the Pelalawan Regency Plantation and Livestock Service, and the Head of the Legal Relations Section. In January 2023, Asian Agri released a formal statement addressing the grievance, which brought the matter to a close.

All our detailed and updated grievances are published on our website[7].

Sustainability Certification

Adhering to sustainable palm oil certification schemes is a top priority for us. We recognize its vital role in enhancing our market access and unlocking potential opportunities and benefits for our business. Most of our mills and kernel crushing plants have obtained certifications such as the Indonesian Sustainable Palm Oil (ISPO), the Roundtable on Sustainable Palm Oil (RSPO), and International Sustainability and Carbon Certification (ISCC). We implement the standards and principles of these certifications throughout our plantations and mills.

Certification	Description
Indonesian Sustainable Palm Oil	A mandatory certification established in 2011 by the Government of Indonesia for all palm oil growers and millers in the country. • We have certified 100% of our plantations and mills in 2019
The Roundtable on Sustainable Palm Oil (RSPO)	A global multi-stakeholder initiative that produces an international standard for the management of sustainable palm oil. • We became a member of RSPO[8] in 2006. • We have certified 100% of our plantations in 2022. We certified 20 out of our 22 mills in 2022. The last two mills which are commercial mils are not included in the RSPO time bound plan.
The International Sustainability & Carbon Certification	An international certification system established based on the European Union (EU) Directive aimed at implementing environmentally, socially, and economically sustainable production of bio-based feedstocks and renewables in global supply chains. • We have certified 100% of our plantations and mills in 2013 • We obtained waste and residue certification for 100% of our mills in 2021.
Kosher	The OU (Orthodox Union) Kosher is the world's largest and most widely recognized kosher certification agency, certifying over 1.26 million products in 103 countries around the world. • We have been Kosher certified since 2016 for our mills and kernel crushing plants.
Good Manufacturing Practices	Certification scheme that provides independent verification and certification that the basic manufacturing practices and prerequisites necessary for the implementation of an effective Hazard Analysis Critical Control Point (HACCP) food safety program are being followed. • We have been GMP+ certified since 2015 for our palm kernel expeller products.
International Organization for Standardization 9001	Certification based on a standard developed and published by the International Organization for Standardization (ISO) titled "Quality Management Systems-Requirements". • We have obtained ISO 9001 certification for Asian Agri Learning Institute (AALI) and Topaz nursery (OPRS).
International Organization for Standardization 14001	International standard that specifies requirements for an effective environmental management system (EMS). It provides a framework that an organization can follow, rather than establishing environmental performance requirements. • We have obtained ISO 14001 certification for plantations and factories in 3 provinces: North Sumatra, Riau, and Jambi since 2005.
Green Gold Label	Sustainable certification for biomass products that has been recognized and applied throughout the world. • In December 2021, we succeeded in obtaining the GGL certificate. With this GGL certificate, Asian Agri's palm kernel shells (PKS) are ensured to come from sustainable sources.

For more information on our participation in these certifications, refer to our company website[9].

[6] Institut Teknologi Perkebunan Pelalawan Indonesia
[7] https://www.asianagri.com/en/sustainability/grievance/grievance-update/
[8] As Asian Agri is not a legal entity, we have registered our holding company, PT Inti Indosawit Subur to RSPO.
[9] https://www.asianagri.com/en/sustainability/standards-and-certifications/

Sustainability Governance

Management Approach

3-3

Operating in Indonesia's national commodity sector, which includes food products and plant-based fuels, sustainability is inextricably linked to our business operations. Recognizing the critical nature of our business, we have integrated sustainability values deeply into our operations. Our Sustainability Governance plays a pivotal role in aligning our operations with the environmental, social, and governance (ESG) pillars, ensuring continuous improvement in our company's operations, supply chain, and community interactions. This commitment to holistic sustainability management is reflective of our dedication to high standards of corporate governance, integrity, and ethical conduct.

Our alignment with ESG commitments and regulatory frameworks represents not just a response to market and consumer expectations, but a strategic choice to boost operational efficiency and to ensure long-term sustainability. Before sustainability became a mainstream trend, we were already proactively engaging in environmental protection by limiting deforestation, protection of peatland with best management practices and mitigating forest fire risks. We also place a high value on empowering local communities, aiming to generate wider societal benefits.

Sustainability practices at Asian Agri involve everyone, from workers to management, and the company collaborates with smallholders and external stakeholders to magnify these positive impacts. In pursuit of our sustainability goals, we have established a governance structure, underpinned by our Sustainability Policy, and we have set specific targets for AA2030. Fundamental to our approach are the principles of compliance, business ethics, anti-corruption, and a collaborative mindset.

Refresher training regarding company policies, including codes of conduct such as anti-corruption, is delivered to employees on a regular basis.

Business Ethics and Anti-Corruption

2-15, 205-1, 205-2, 205-3, 206-1

At Asian Agri, we uphold stringent ethical standards as outlined in our Company Policy. Simultaneously we also adhere to the RGE Global Code of Conduct as a member of the RGE Group. This comprehensive guide mandates all employees and suppliers to engage in acceptable behaviors while explicitly prohibiting practices such as corruption, bribery, anti-competitive actions, and fraud.

Key aspects of our Company Policy include the prohibition of burning, safeguarding workers' welfare, ensuring equal rights, and a strict no-tolerance policy towards child labor, sexual harassment, and violence in the workplace. Their engagement in business activities outside of Asian Agri requires prior written approval. Potential conflicts of interest are reported to department manager or HR manager, or escalated to MD if needed. We stipulate this matter clearly in our Employee Handbook for our employees, to prevent or mitigate such events from happening. Failing to comply with the requirement may lead to disciplinary actions, legal consequences, or termination. In addition, prevention of conflicts of interest also applied to new suppliers. They need to state whether or not they are related to our employees when they first apply as part of the registration process.

Our policy against anti-competitive behavior is particularly robust, forbidding actions that hinder market competition, such as price fixing, market sharing, bid rigging, or exploitation of a dominant market position. Employees are expected to adhere to Competition Laws in all interactions, including those with competitors, trade associations, customers, suppliers, and business partners.

To ensure continuous awareness and adherence to these standards, all employees receive annual updates and refreshers on the Company Policy, which also covers topics like anti-corruption and anti-bribery. The policy is also displayed in noticablenoticeable location in our offices and critical operational areas. We also assessed our operations for risks related to corruption and fraud in high-risk departments such as procurement, commercial, finance, and operations of estate and mill. The assessment provided inputs on how to strengthen our measures in preventing corruption and fraud. In 2023, we proudly report no incidents of corruption or anti-competitive behavior, reflecting our commitment to ethical business practices.

Our anti bribery and corruption procedure can be read here.[10]

[10] https://www.asianagri.com/wp-content/uploads/2023/12/anit-bribery-and-corruption-procedures-asian-agri.pdf

Compliance to Laws and Regulations

2-27

Asian Agri is dedicated to conducting its business with the highest level of integrity, ensuring full compliance with the laws and regulations of Indonesia. Our sustainability department is tasked with establishing and maintaining Key Performance Indicators (KPIs) that ensure this compliance. Sustainability is a core aspect of our company culture, monitored and reviewed at the management level, with well-defined, long-term programs in place.

For effective monitoring, we conduct regular field visits and have established internal audits conducted by special internal team. These audits comprehensively cover various areas including compliance, finance, and operational practices such as water use and waste management. In 2023, we achieved zero instances of non-compliance with Indonesian laws and regulations.

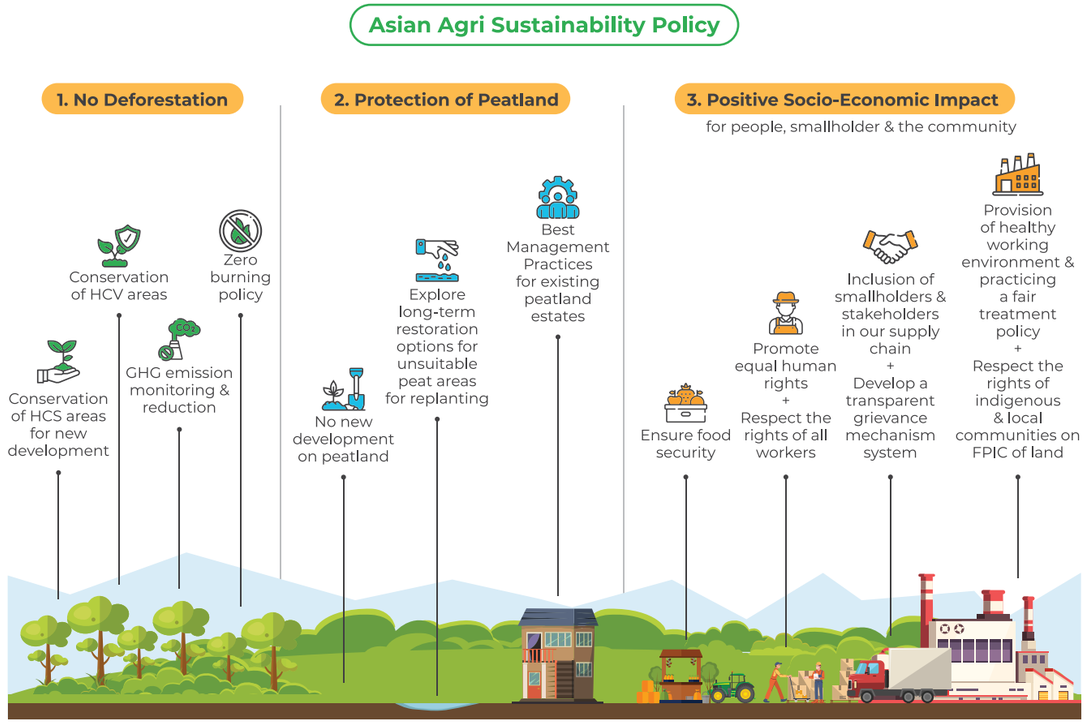
Tax compliance in Indonesia is a critical focus for us, as a demonstration of our commitment and contribution to the country and community where we operate. We strictly adhere to Indonesian tax regulations, ensuring our tax payments are accurate, timely, and in line with current laws. Our internal procedures are designed to guarantee accountability and precision in our tax contributions.

Our Sustainability Policy

GRI 2-23

Our Sustainability Policy reflects our dedication to producing palm oil and its derivatives in a manner that is reliable, responsible, and sustainable. This Policy embodies our commitment to the principles of No Deforestation, No Peat, and No Exploitation (NDPE). The aim is to safeguard high conservation value (HCV) and high carbon stock (HCS) areas, protect peatlands, and foster positive socio-economic impacts for people, smallholders, and communities.

Since 2003, we have ceased opening new land for plantation, maintaining our estate area at approximately 94,000 hectares. Our strategy focuses on enhancing yield without expanding into new land or developing new peatlands. This approach ensures we do not engage in deforestation or planting in areas cleared post our cutoff date. The estates have undergone thorough assessments and continuous studies to confirm their suitability for plantation. These evaluations include high conservation value assessments, peatland mapping and assessments, as well as social conflict mapping and Social and Environmental Impact Assessments (SEIA), enabling us to devise effective conservation and management plans.



Zero Burning' and 'No-Peat' Policy

Prioritizing the prevention of hotspots and fires is essential for our responsible operations. At Asian Agri, we understand the complexities and challenges of fire prevention and management in our industry and across Indonesia. In 1994, we implemented a stringent 'zero burning' policy for all land clearing activities related to future replanting, establishing ourselves as one of the early adopters of this policy. This zero-burning approach is an integral part of Asian Agri's company policy and is also a requirement for our suppliers and smallholders.

Additionally, we recognize the significant risk of planting on highly flammable peatlands, which can lead to forest fires. To address this, we have instituted a rigorous 'no-peat' policy, strictly prohibiting any new development on peatlands regardless of their depth. For further details on our strategies for peatland protection, please refer to pages 101-102.

Sustainability Governance

GRI 2-9, 2-12, 2-13, 2-14, 2-17, 2-24

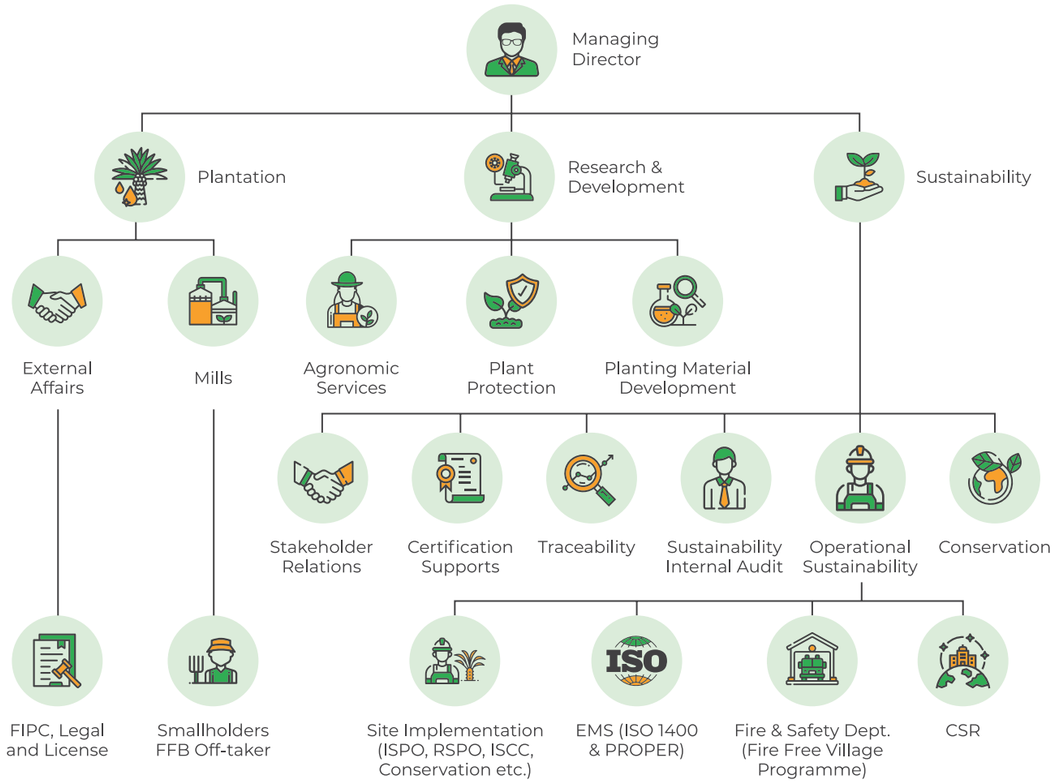
Since 2005, Asian Agri has established a dedicated sustainability team responsible for crafting the overall sustainability strategy, establishing goals and KPIs, and coordinating the implementation of initiatives with other departments. The team's responsibilities include, but are not limited to:

- Maintaining current certifications;
- Exploring potential new certifications to meet market demands;
- Addressing sustainability challenges like NDPE and grievances;
- Supporting projects like traceability and engagement with NGOs/other stakeholders; and
- Monitoring and reporting on sustainability operations across various platforms.

The Sustainability Department operates under the leadership of the Director of Sustainability and Stakeholder Relations who reports to our Managing Director, who plays a crucial role in guiding Asian Agri's business. Our Managing Director's responsibilities in sustainability governance include making key decisions, allocating resources, and overseeing the commitment to sustainability and the implementation of the NDPE policy. Regular updates on sustainability matters are provided to the Managing Director by the Head of Sustainability. Frequent meetings are held to ensure the Managing Director stays informed about important sustainability issues, such as certification statuses, project progress, performance monitoring, and sustainability reporting.

At Asian Agri, the importance of sustainability is recognized at all levels, from workers to management. This commitment is supported by systematic efforts in Asian Agri's KPIs and annual high-level reviews. In addition, our Sustainability Internal Audit team conducts a sustainability evaluation in preparation of an external audit.

Furthermore, our Managing Director and Management Committee actively enhance their understanding of sustainable development by regularly attending training sessions, workshops, seminars, and exhibitions related to sustainability. In 2023, our Deputy Managing Director and senior executives from plantation, mill, or R&D Departments attended several regional events thatwhich covered sustainability topics. Some of those events included the Indonesia Palm Oil Conference (IPOC) in Bali, the International Oil Palm Conference (IOPC) in Bali, and the Malaysian Palm Oil Board's International Palm Oil Congress & Exhibition (PIPOC) in Kuala Lumpur.



Our sustainability performance are assessed and included in various benchmark ratings. Since 2015, we have been assessed annually by the Sustainable Palm Oil Transparency Toolkit (SPOTT). We have also been submitting our response to the CDP Forest (formerly 'Carbon Disclosure Project') since 2018.

As part of our compliance program, our company participates in the Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup (PROPER/Public Disclosure Program for Environmental Compliance) under Indonesia's Ministry of Environment and Forestry. Digitalization helps us in monitoring our mills' performance against PROPER indicators.

Asian Agri 2030 – Our Contribution to the SDGs

GRI 2-22

Asian Agri is actively aligning its operations with the United Nations Sustainable Development Goals (UN SDGs), contributing significantly to both Indonesia's broader needs and the specific needs of local communities. We have undertaken an initial assessment to identify how our business strengths intersect with these goals and to ensure our activities are in line with the 17 indicators of the UN SDGs.

Beginning 2022, we launched our new sustainability strategy, Asian Agri 2030, also known as AA2030. This strategy is anchored in carefully defined Key Performance Indicators (KPIs) and targets, bringing our sustainability efforts in line with the SDGs. AA2030 encompasses targets across four key pillars: fostering beneficial partnerships with smallholders, supporting community growth, advancing climate protection efforts, and ensuring responsible production practices. The performance related to the AA2030 targets will be presented at the beginning of each chapter.

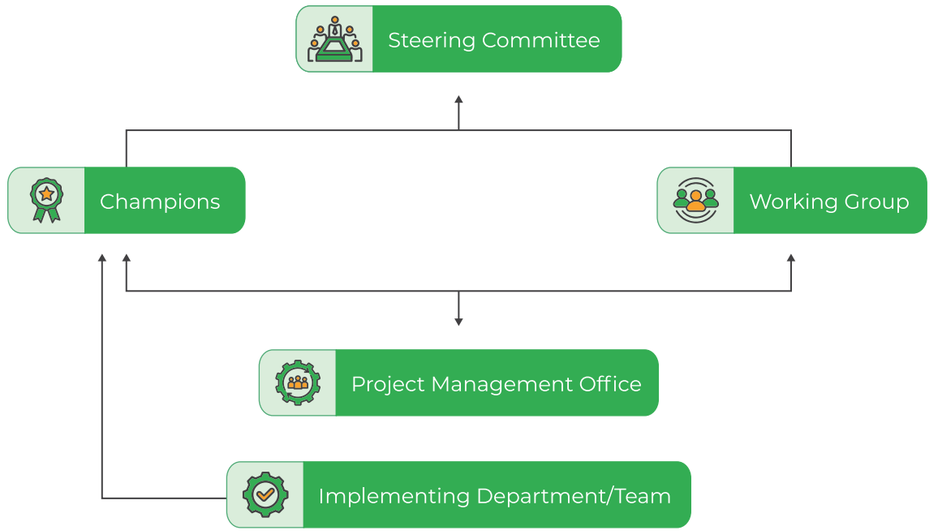
SDG Target Aligned with AA 2030

Further details on our AA2030 progress are available here[11]

[11] https://www.asianagri.com/aa2030/

AA2030 Governance

To ensure that our business operations align with AA2030, we have established the AA2030 Governance structure. This structure is overseen by a steering committee, led by Asian Agri's Managing Director and including Directors from RGE, providing strategic oversight for the AA2030 strategy. We have designated several AA2030 Champions, including roles like the Head of Operation and Head of Sustainability, to provide operational leadership and oversee strategy implementation. These champions are supported by the AA2030 Project Management Office and the Implementing Departments/Teams. Additionally, our AA2030 working groups are responsible for implementing and communicating our strategy. Both the AA2030 Champions and Working Groups are required to regularly report their progress and performance updates to the steering committee.



Stakeholder Collaboration and Membership

GRI 2-28

We believe in the importance of collaboration to enhance our operational quality, strengthen community relationships, and retain our workforce, all of which contribute to improved company performance. By engaging in partnerships, we stay abreast of the latest developments and best practices in sustainable palm oil. Our ongoing collaborative efforts include the long-standing Free Fire Village Program with the Fire-Free Alliance (FFA), detailed on page 103. In addition, we have programs focused on empowering smallholders, including our SMILE program, detailed on pages 47-49.

Collaborative efforts enable us to amplify our positive impact. For instance, in 2023 we formed partnerships with the Tanoto Foundation and the Government of Pelalawan Regency to aid in reducing stunting rates, aligned with the Government's initiatives.[12]

[12] https://www.asianagri.com/id/media-publikasi/berita/komitmen-cegah-stunting-asian-agri-dan-tanoto-foundation-tandatangani-mou-dengan-pemkab-pelalawan/

We also facilitated collaborations between our partner smallholders in three KUDs in Riau and three in Jambi with banks and the Badan Pengelola Dana Perkebunan Kelapa Sawit (BPDPKS/The Palm Oil Plantation Fund Management Agency) for the Perjanjian Kerja Sama (PKS) Program Peremajaan Sawit Rakyat (PSR). Through this, Asian Agri provides comprehensive support to partner farmers from the initial stages to the production phase. Our assistance for smallholders for replanting can be read on page 43-45.

Our subsidiary, PT Inti Indosawit Subur, was recognized with the People's Palm Oil Replanting Program (PSR) Award for the highest Fresh Fruit Bunch (FFB) productivity under the Partnership scheme by the Minister of Agriculture of the Republic of Indonesia. This award highlights our success in partnering with the Sawit Subur Village Unit Cooperative (KUD/Koperasi Unit Desa), resulting in higher-than-average FFB productivity.

Furthermore, we have established partnerships and memberships with various national and international organizations and associations, as listed below:

No	Membership
1	Roundtable on Sustainable Palm Oil (RSPO)
2	Fire-Free Alliance (FFA)
3	Tropical Forest Alliance 2020
4	Sustainability Assurance & Innovation Alliance (SUSTAIN)
5	Indonesia Employers Association (APINDO)
6	Indonesian Palm Oil Producers Association (GAPKI)
7	Badan Kerja Sama Perusahaan Perkebunan Sumatera (BKSPPS)
8	Indonesian Bioenergy Power Producers Association (APLIBI)
9	Indonesian Germplasm Expedition Consortium
10	Oil Palm Genome Project (OPGP) Consortium

Furthermore, we have established partnerships and memberships with various national and international organizations and associations, as listed below:

What's next?

1. Maintaining adherence to our Sustainability Policy and compliance with Indonesian laws, regulations and other certification.
2. Consistently monitoring our sustainability performance and formulating strategies for improvement based on ongoing evaluations.
3. Keeping abreast of the latest trends and proactively preparing for future developments.

SMALLHOLDER PARTNERSHIP

"We are very grateful and wish to express our deepest gratitude to the Indonesian Government through BPDPKS, and to Asian Agri as our partner company, for providing extensive support to us since we entered the replanting phase. This includes all necessary preparations and requirements for both the field rejuvenation process and for alternative economic training while our oil palms are not yet producing. The smallholders who are members of the KUD Jaya Makmur no longer feel worried and are fully prepared to undertake replanting."

– Sudiyono, Scheme Smallholder, Head of KUD Jaya Makmur - Riau

"Before obtaining certification through the SMILE program, the prices I received for FFB were only average, and I often struggled to get a more reasonable selling price. This made it difficult for me to support my family. However, after receiving RSPO (Roundtable on Sustainable Palm Oil) certification, I was able to enjoy various benefits that have changed my life. I apply sustainable practices and various efficiency techniques in my oil palm plantations to increase yields. "

– Khairul Anam, Independent Smallholder, Head of Koperasi Konsumen Tebing Tinggi Pangkatan Sejahtera (KTTPS) - North Sumatra

At Asian Agri, our deep engagement with smallholders and our supply chain is central to promoting sustainable farming practices and enhancing livelihoods. We firmly believe that the prosperity of our business is closely linked with the growth and development of our smallholder partners, making their empowerment a key aspect of our industrial and business strategy.

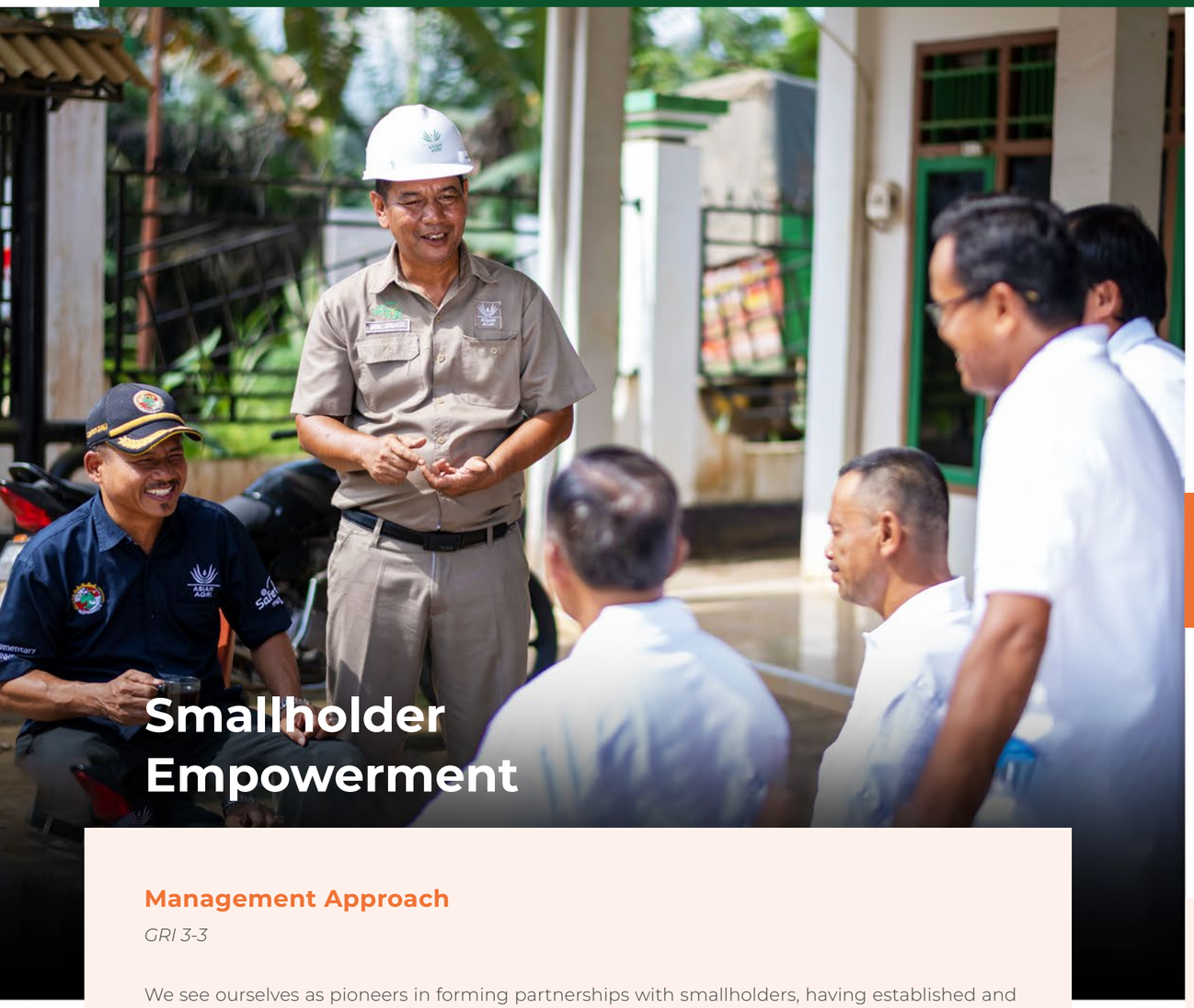
Through consistent and open engagement, we have built a supply chain that is both transparent and ethical, thereby bolstering the traceability and sustainability of our products. Our commitment extends to providing training, essential facilities, and market access, supporting both scheme and independent smallholders in our operational regions. These efforts are geared towards increasing their productivity, financial gains, and capacity for effective environmental management.

This strategy aligns with our dedication to contributing to the SDG targets, specifically targeting SDG 2 (Zero Hunger) and SDG 9 (Industry, Innovation, and Infrastructure), as we continue to pioneer industry best practices and innovative solutions.

AA2030 Targets and Performance for Smallholder Partnership

Targets	Our Progress in 2023
Double smallholder income through replanting program	**1.07x Tons FFB/ha as of 2023** average productivity for all replanted plantations, from the baseline of 15 tons FFB/ha. The early replanted palm tree, at the age of eight years old, can already achieve 1.71x Tons FFB/ha. *The status in 2023 is lower than that in 2022 because there are more newly replanted palm trees with the age of 2-4 years in the calculation, which can only achieve 0.9x tons FFB/ha.*
100% completion of smallholders' replanting program	**Up to 29% completed** Replanted more than 15,422 ha of smallholder land since 2016, including 2,818 ha replanted in 2023 alone.
100% ISPO certification for smallholders[13]	**48% completed** Cumulatively, 37 out of 76 KUDs have been ISPO audited and 26 KUDs have already obtained ISPO certificates. Of these, 19 certified in 2023 only. The other five KUDs have completed Audit Stage 1, while six others have reached Audit Stage 2.
5,000 independent smallholders to be RSPO certified	**839 independent smallholders are RSPO certified in 2023** We started RSPO certification for independent smallholders in our Corporate Shared Value (CSV) program in 2020.

[13] ISPO certification for smallholders is still a voluntary scheme until 2025 (referring to Presidential Regulation No. 44/2020)



Smallholder Empowerment

Management Approach

GRI 3-3

We see ourselves as pioneers in forming partnerships with smallholders, having established and maintained strong, collaborative relationships for over 35 years. Our fundamental belief is in fostering mutually beneficial relationships, ensuring that our business growth also promotes the development of smallholders and local communities. This approach has led to lasting positive impacts on the local economy, environment, and community welfare, while also upholding the human rights of smallholders.

For Asian Agri, collaborating with smallholders is vital, as more than 50% of our CPO is produced from the FFB they supply. We integrate these partnerships into our business framework, treating smallholders as essential partners. To date, we work with a total of more than 35,000 scheme and independent smallholders. We remain true to our commitment to not open new land for plantations. To then ensure that we have ample and sustainable supply of FFB feedstock for our mills, we are focused on extending our best practices to lands managed by smallholders, including independent smallholders. We maintain an inclusive approach, acknowledging that smallholders manage around 40%[14] of the nation's oil palm planted area and are central to our community-focused strategy.

To address the challenge of declining yields, replanting has become a key priority through to 2030. While replanting our estates, we encourage scheme smallholders to do the same, particularly using our superior TOPAZ seeds. Financial readiness continues to be a challenge for smallholders, but a collaborative commitment from Asian Agri and other stakeholders, including BPDPKS, will drive the realization of replanting efforts. The primary goal of replanting is to enhance CPO production per hectare as a measure of productivity.

Our initiatives are designed to enhance the productivity, profitability, and sustainability of smallholders' yields, with the aim of achieving enduring outcomes in these areas:

Economic Impact

Contribute to the Government of Indonesia's strategic plan for sustained economic growth and rural development.

Social Impact

Improve smallholder livelihood, finances, and entrepreneurship, contributing to their increased overall quality of life.

Enviromental Impact

Increase yield productivity without further land expansion, promote alternative land clearing methods, prohibit the use of fires, and implement sustainable farming practices

Doubling smallholder income through replanting program

We have set an ambitious goal to double the income of our smallholders by 2030, primarily by doubling their yield productivity through our replanting program. Our current baseline yield is 15 tons of FFB per hectare, a rate impacted by decreased productivity due to aging trees and the challenges of harvesting tall palms. We will conduct annual monitoring of the average yield productivity of our smallholders participating in the replanting program, with the objective of doubling their FFB yield.

[14] https://www.solidaridadnetwork.org/wp-content/uploads/2023/04/Briefing-paper-EUDR-and-palm-oil-smallholders.pdf

Asian Agri's Journey in Empowering Smallholders

Empowering and collaborating with smallholders has been central to Asian Agri's operations since our establishment. We work with two categories of smallholders: scheme smallholders and independent smallholders.

Scheme Smallholders

Scheme smallholders, also called plasma smallholders, are participants in the Indonesian Government's Plasma Transmigration Program (Perkebunan Inti Rakyat), a program initiated in 1987. The program facilitated the relocation of rural farmers to palm oil cultivation regions, allocating them 0.5 hectares for housing and farming, with the addition of two hectares for oil palm cultivation. These smallholders are supported through partnerships with local companies, such as Asian Agri, one of the early participants in the program. These partnerships often involve contractual or credit agreements to aid their livelihood and crop production.

Asian Agri received **'Best Partnership Program' award at the Palm Oil Smallholders Association** (Asosiasi Petani Sawit Inti Rakyat/Aspekpir) Awards 2023, underscoring our strong commitment to enhancing the lives of smallholders.

Riau

Regency	District/Village
Pelalawan	Ukui, Buatan, Penarikan
Kampar	Gunung Sahilan
Indragiri Hulu	Peranap

Jambi

Regency	District/Village
West Tanjung Jabung	Tungkal Ulu
Batang Hari	Muara Bulian
Tebo	Bunga Tebo

Scheme Smallholders	Riau	Jambi	Total
Number of scheme smallholders	14,725	12,357	27,082
Number of scheme smallholder groups	691	522	1,213
Number of scheme smallholder cooperatives	38	38	76
Total planted area by scheme smallholders (Ha)	**29,450**	**23,449**	**52,899**

Independent Smallholders

In contrast to scheme smallholders, independent smallholders operate without contractual ties to specific companies or organizations. They independently finance and manage their plantations, leading to varied sizes of plantation holdings. Many of these smallholders, particularly those with smaller landholdings, often lack access to sustainable farming practices, quality planting materials, and financial resources. There has been increased effort both internationally and nationally to enhance the livelihoods of independent smallholders. Details of our initiatives to support independent smallholders can be found on page 46-47.

Milestones

The following timeline highlights key milestones that we have achieved in our journey.

1987 Pioneered the **smallholder scheme in Riau and Jambi** through the Government of Indonesia's Transmigration program (PIR-Trans)

1991 Successfully **developed the land and handed ownership** of our first scheme plantation back to smallholders

2005 Imposed a **moratorium on forest clearance & peatland development,** including for all our smallholder partners, and focused on improving land productivity

2014 Achieved **100% ISCC certification** for our scheme smallholders

2013 Achieved milestone of having Indonesia's **largest number of smallholders partners with ISCC and RSPO certification**

2012 Launched our **independent smallholders program in** North Sumatra, Riau and Jambi

2015 Initiated our **replanting program** for our scheme smallholders

2017 Our independent smallholders with Amanah Association became the **first to be ISPO certified**

100% scheme smallholders have
- **Fully repaid the loan** they received from Asian Agri in 1987
- **Achieved RSPO certification**

2018 Succeed in achieving our **'One to One' partnership commitment,** when 1 Ha of our own plantations is matched with 1 Ha of smallholder plantations

Secure **the first ISPO certification in Riau**

Achieved our first ISPO certification for a scheme smallholder (KUD Bakti Potalo)

Started the replanting program for our independent smallholders

ISCC and RSPO certification for our 100% of palm oil produced by our scheme smallholders

2020 Launched the **Smallholder Inclusion for better Livelihood & Empowerment** (SMILE)

2021 Grow Asia, a non-profit organization established by the World Economic Forum and the ASEAN Secretariat, **featured our smallholder program** as a responsible investment case study in Indonesia's palm oil sector

2023 Awarded the PSR Award for **outstanding FFB productivity** by the Ministry of Agriculture

2022 Secured our **first ISPO certification in Jambi** (KUD Makmur Rezeki)

Established our commitment to **secure ISPO certification for our scheme smallholders** as part of our AA2030 pillar

Supporting Our Scheme Smallholders

GRI 413-1, 13.23.4

At Asian Agri, one of our primary objectives is to assist scheme smallholders in sustaining high production levels through our dedicated smallholder programs. We collaborate with these smallholders by offering various forms of support. As part of our commitment to support smallholders, we share part of the premiums earned from sustainable palm oil by investing the amount in scheme smallholder programs.

In 2023, we distributed the premium sharing totaling

IDR 5.91 billion

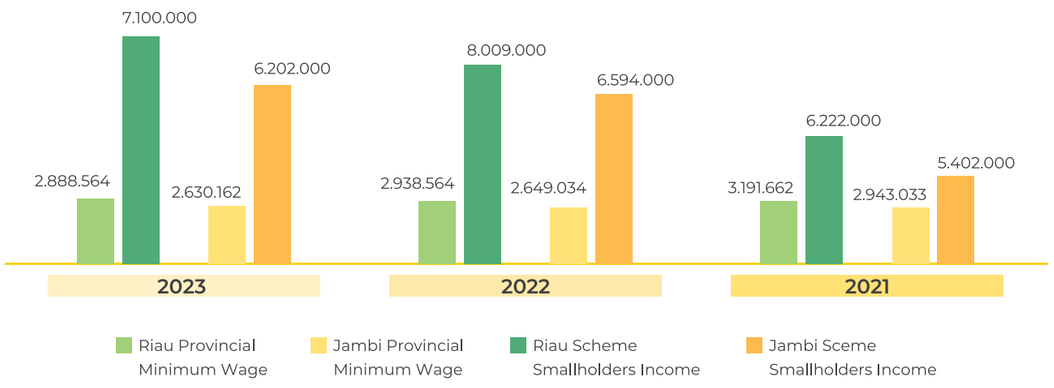
to fund various programs, which include, but are not limited to:

- Improving agronomic skill and knowledge;
- Livestock cultivation
- Renovating and building village and plantation infrastructures

The significant increase compared to 2022 is due to the realization of programs from previous years carried over to 2023.[15]

As of 2023, smallholders in Riau have seen their gross earnings rise to approximately 1.95 times the provincial minimum wage, while those in Jambi now earn about 1.84 times their provincial minimum wage. Compared to 2022, our smallholders in Riau and Jambi observed a decrease due to lower production and lower FFB price in 2023.

Scheme smallholder income trends compared with provincial minimum wage in IDR[16]



[15] The premium sharing is separate from the CSR budget and is aimed at smallholders, for which the total amount of assistance is not disclosed.
[16] Provincial wage figures in 2021 are taken from the Circular Letter of the Indonesian Ministry of Labour Number 11/HK04/X/2020 regarding the Determination of the Minimum Wage for 2021 during the COVID-19 Pandemic

Establishing Strong Partnerships through our Plasma Management Team

At Asian Agri, we have established a Plasma Management Team, consisting of over 100 specialized personnel, to comprehensively oversee our scheme smallholder programs. This team is responsible for engaging with our smallholder cooperatives, assisting them with both technical and commercial matters, including the management of Fresh Fruit Bunch (FFB) sales and daily monitoring of our Best Management Practices (BMP) guidelines.

The Plasma Manager, along with assistants and foremen, regularly hold meetings with representatives from scheme smallholder cooperatives and farmer groups. These gatherings are crucial for maintaining open, transparent, and direct communication between Asian Agri and our scheme smallholders, offering a platform to discuss any technical challenges or grievances they might have. By establishing a dedicated Plasma Management Team, Asian Agri aims to establish a strong partnership that builds on trust and transparency with our scheme smallholders.

Our Programs

- **Knowledge Sharing on Palm Oil Management**
- **Obtaining Sustainability Certifications**
- **Replanting**
- **Fire Awareness and Prevention**

Knowledge Sharing on Palm Oil Management

We regularly engage in knowledge-sharing sessions with our smallholders to enhance their understanding of industry best practices. Our dedicated team at Asian Agri frequently conducts educational and training sessions for our smallholders. Our routine training program covers five key areas:

1. Oil Palm Best Management Practices;
2. Update training on ISPO and RSPO certification;
3. First Aid, along with Occupational Health, Safety, and Environment (OHSE) practices;
4. Fire Prevention techniques; and
5. Replanting programs, including comparative studies with other smallholders.

In 2023, we successfully provided these training sessions to approximately 1.100 smallholders and their representatives.

Asian Agri is devoted to closely collaborating with smallholders to facilitate the implementation of replanting. We engage in continuous communication to fully understand their needs and provide the necessary support. Specialized assistance is also extended to smallholders with limited resources to develop their smaller-scale plantations.

Obtaining Sustainability Certifications

GRI 13.23.3

We prioritize ensuring that our smallholders adhere to the same sustainability standards we follow by helping them obtain relevant certifications. This assistance includes preparing their plantations to meet the criteria of established certifications such as the Roundtable on Sustainable Palm Oil (RSPO), the Indonesian Sustainable Palm Oil (ISPO), and the International Sustainability and Carbon Certificates (ISCC).

The process of meeting these standards offers smallholders numerous advantages, including specialized training, continuous support, and guidance for certification assessments. Obtaining these certifications also allows smallholders to command a premium price for their produce and lead to increased profits. These additional earnings can then be reinvested into their operations, such as attending external trainings and workshops, building and/or renovating cooperative buildings and supporting infrastructure, developing livestock farming as an alternative source of income, thereby enhancing their overall quality of life. It is important to note that certifications are issued both for the plantations and the produced oil. Currently, all our scheme smallholders' plantations are RSPO and ISCC certified. As part of our AA2030 goals, we aim to have all cooperatives under scheme smallholders ISPO certified and to secure RSPO certification for 5,000 independent smallholders by 2030.

Below is an overview of our targets and progress regarding the certification for smallholders:

Certification	Asian Agri's Journey	Target	2023 Progress
RSPO	• **In 2012,** we received the first RSPO certification of our scheme smallholder. • **In 2017,** we assisted certifications for 100% of our scheme smallholder plantations in Riau and Jambi.	• RSPO certification for 5,000 independent smallholders by **2030**	• Certified 449 independent smallholders in 2023
ISPO	• **In 2017,** our independent smallholders in Amanah Association obtained the first ever ISPO certification for independent smallholders in Indonesia • **In 2018,** we achieved the first ISPO certification for our scheme smallholders in KUD Bukit Potalo	• Begin ISPO certification as mandated by the Government by **2024.** • 100% ISPO certification for smallholders by **2030.**	• 27 cooperatives (KUD) audited for ISPO certification in 2023 alone. 19 of them were certified in 2023
ISCC	• **In 2013,** we achieved the first certification for our scheme smallholders • **In 2014,** we completed 100% of the certifications for our scheme smallholders	Maintain the certifications of scheme smallholders	Maintain the certifications of scheme smallholders.

One of the scheme smallholder from KUD Karya Jaya in Jambi who participated in the oil palm replanting program offered by Asian Agri.

Replanting

Oil palms require up to three years after replanting to become productive, a period during which smallholders often experience a significant drop in income due to the inability to sell FFB. This financial challenge can lead smallholders to postpone replanting, resulting in reduced yields and income from aging trees.

As part of our AA2030 targets, our aim is to help 100% of smallholders, or approximately 60,000 ha, in completing the replanting program by 2030. Since the initiation of the first replanting in 2016 and continuing through to 2023, we have provided support to smallholders over a total area of 15.422 ha, representing approximately 29% of the smallholder area.

Leading by example is key in our replanting program. Asian Agri sets the standard by initiating the replanting process, demonstrating the importance and benefits of replanting to smallholders. We focus on showcasing the yield improvements from replanting, particularly using high-quality TOPAZ seeds.

Our comprehensive replanting program offers support in three main areas:

Financial Assistance

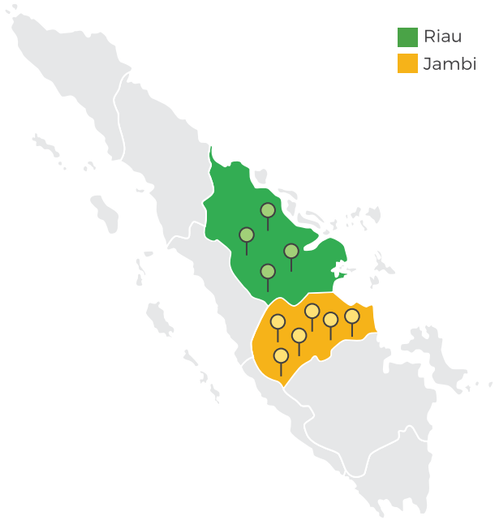
We prioritize scheme smallholders in accessing TOPAZ seedlings and assist them in purchasing resources needed for replanting by facilitating their access to funding. Asian Agri serves as a guarantor for smallholders obtaining loans from banks, financial institutions, or the Indonesian Palm Oil Plantation Fund Management Agency (BPDPKS). We recognize the national significance of the replanting program for sustainable palm oil and actively collaborate with public institutions like BPDPKS to provide financial aid to smallholders. Access to funds enables the purchase of superior seeds, crucial for enhancing harvests and overall productivity, given the 25-year productive lifespan of oil palms.

Land Preparation

Our commitment to sustainability extends to assisting smallholders in preparing their land for replanting. This involves a process that spans six months; responsibly felling old trees, chipping the wood, tilling and fertilizing the soil, setting up planting points, and finally holding the soil.

Alternative Livelihood Sources

We recognize the financial strain during the growth period of new oil palms, hence assistance is provided to smallholders in finding alternative income sources. This includes providing cattle, day-old chickens, fish, goats, cows, and kelulut (stingless honeybees), along with vegetable seeds for farming. Diversifying income sources is crucial, hence, we also support the development of non-agricultural ventures like handicraft production. Our goal is to help smallholders navigate the waiting period and ensure the sustained well-being of their communities.



Cooperatives (Koperasi Unit Desa/KUD) that made progress the replanting program within 2023 include:

Riau

Location	Cooperative
Ukui, Riau	KUD Sumber Makmur
	KUD Trani Maju
	KUD Tani Bahagia
	KUD Usaha Tani

Jambi

Location	Cooperative
Tungkal Ulu, Jambi	KUD Warga Desa
	KUD Harapan Jaya
Muara Bulian, Jambi	KUD Barokah
	KUD Budi Sari
	KUD Karya Cipta Bersama
Bungo Tebo, Jambi	KUD Sawit Sumay makmur

Participation in Replanting has Benefited KUD Sawit Subur Members

KUD Sawit Subur's members undertook a replanting initiative and achieved a successful first harvest just 28 months post-planting in June 2021. Between 2019 and 2022, under the guidance of Asian Agri and with the support of BPDPKS, KUD Sawit Subur's FFB productivity reached an impressive 19.19 tonnes per hectare annually, within three years of the replanting program. This achievement is a testament to the PSR program's capacity to enhance palm oil production efficiency. Through the PSR Program, members received BPDPKS Fund support amounting to IDR 30 million per hectare, enabling each smallholder to garner up to IDR 60 million for two hectares.

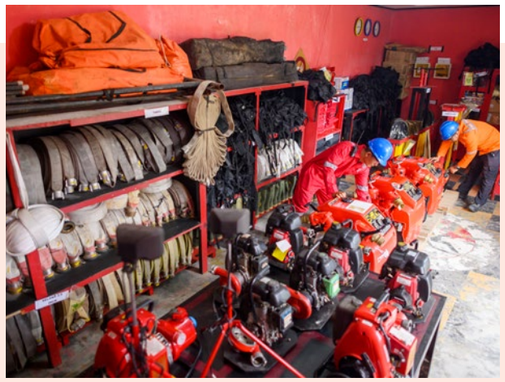
To efficiently manage the income from this initiative, the KUD, in collaboration with a bank, established an escrow account. This was pivotal in ensuring the proper distribution of proceeds after the 48-month growth period of the plantation. From the first harvest, the cooperative accumulated savings of IDR 14 billion, after covering expenses such as labor, transportation, and management costs. In addition, the KUD allocated a holiday bonus of IDR 5 million to each of its 269 members in 2022.

This success was further recognized when PT Inti Indosawit Subur, a unit of Asian Agri, received the PSR Award for outstanding FFB productivity through a partnership from Indonesia's Minister of Agriculture in February 2023. The award recognized the effective partnership with KUD Sawit Subur, leading to productivity rates that exceeded the national average.

This accomplishment exemplifies the synergistic partnership between corporate entities, financial institutions, government agencies, and farmers. It reflects Asian Agri's dedication to improving farmer livelihoods through collaborative efforts and robust management practices. This commitment aligns with Asian Agri's 2030 vision, focusing on enhancing farmer welfare and productivity through strategic partnerships.

Fire Awareness and Prevention

Aligned with our zero-burning policy, we actively collaborate with our smallholders to enhance their understanding and ability in utilizing alternative land-clearing methods. This effort involves supplying them with heavy machinery and offering training to facilitate land clearing without the need for slash-and-burn practices.



For more details on this initiative, please refer to the Fire-Free Village Programme section on pages 103-107.

Supporting Our Independent Smallholders

GRI 13.23.3, 13.23.4

Independent smallholders, who constitute a significant portion of Indonesia's plantation sector, often face challenges in implementing sustainable agronomic practices. These challenges can stem from various factors, including limited awareness of best practices, inadequate management support, and restricted access to funding. Consequently, they often experience lower yields and reduced profits.

At Asian Agri, we understand the critical dependence which independent smallholders place on their plantations for their livelihoods and are committed to promoting sustainable palm oil production and management among them. We view them as vital partners within our supply chain, contributing about to approximately half of our FBB supply. This partnership is strategic, as it allows us to increase our collaboration with independent smallholders while maintaining a stable supply from our own plantations and scheme smallholders.

Asian Agri has initiated various programs to support independent smallholders, including the Corporate Shared Value (CSV) since 2012 and Smallholder Inclusion for Better Livelihood & Empowerment (SMILE) program. In 2023, independent smallholders were supplying 43% of Asian Agri's total FFB demand, with 7.4% of this coming from our CSV program.

Corporate Shared Value (CSV) Program

Our CSV program currently assists 8,079 independent smallholders across North Sumatra, Riau, and Jambi, overseeing a combined total of 37,417 hectares of land.

Independent Smallholder under Corporate Shared Value	North Sumatra	Riau	Jambi	Total
Number of CSV smallholders	2,160	2,034	3,885	**8,079**
Total planted area by CSV smallholders (ha)	14,520	7,733	15,165	**37,417**

This program is developed from the successes garnered from our scheme smallholder initiatives, with a primary goal to extend our resources to aid independent smallholders. The support provided includes:

- Offering training on best practices in palm oil production and management;
- Assisting in the formation of legal entities like cooperatives;
- Enhancing access to quality seeds, equipment, and funding for replanting; and
- Assisting in obtaining sustainability certifications.

In 2023, our efforts enabled nearly 1,373 smallholders to pursue the RSPO Certification through the RSPO Independent Smallholder Standard (RISS) certification scheme. As a part of the AA2030 initiative, 449 independent smallholders have successfully achieved RSPO certification in 2023 alone.

The Smallholder Inclusion for better Livelihood & Empowerment (SMILE) Program

Launched in 2020, the SMILE program is a collaborative effort involving Asian Agri, Apical, and Kao Corporation. This initiative represents a comprehensive collaboration within the supply chain, uniting Asian Agri as an upstream producer, Apical as a mid-stream processor, exporter, and trader, and Kao Corporation as a downstream producer.

The program's goal is to support around 5,000 independent smallholders managing about 18,000 hectares in North Sumatra, Riau, and Jambi by 2030. Through tailored engagements, webinars, and workshops, our specialists provide guidance to these smallholders to enhance their yields, manage their estates effectively, achieve sustainability certifications, and ultimately gain premium returns from their certified palm oil production. The program not only aims to improve smallholders' welfare through higher prices for certified palm oil but also addresses their limited bargaining power and vulnerability to market fluctuations. In addition, it seeks to create a collaborative platform to foster a more sustainable and traceable supply chain.

For RSPO certifications within this program, we have engaged in partnerships with various organizations. Our collaboration with FORTASBI[17], which began in 2021, focuses on managing KUDs in North Sumatra and Riau, while Yayasan Setara Jambi was focusing on KUDs in Jambi. In 2023, Bentang Oasis continue our support efforts in Jambi. These partnerships are crucial in equipping independent smallholders with the necessary needs and resources to meet the standards of sustainable oil palm production referring to RISS.

Structured in three phases stretching from 2021 to 2030, the SMILE program is dedicated to aiding smallholders in obtaining RSPO certification and securing direct premiums from KAO as buyer. Our goal is to empower independent smallholders to become self-reliant and to embrace sustainable practices in their oil palm plantations. Our support is customized to ensure independent smallholders not only able to obtain but also able to maintain their RSPO certificates continously.

[17] Forum Petani Kelapa Sawit Berkelajutan Indonesia

Benefits of the SMILE Program to KTTPS Cooperative: Highlighting a Fruitful Partnership

Khairul Anam, an independent smallholder managing an oil palm plantation in Labuhanbatu, serves as the Head of the Koperasi Konsumen Tebing Tinggi Pangkatan Sejahtera (KTTPS) Cooperative in North Sumatra. Initially, Anam faced challenges due to a lack of knowledge and resources, which affected his ability to manage the plantation effectively and earn sufficient income. His partnership with Asian Agri, which began in 2018, and his subsequent involvement in the SMILE Program in 2020, marked a significant turning point for him.

Through the SMILE Program, Anam received training in Best Management Practices (BMP) and essential sustainability principles for oil palm cultivation. Asian Agri's support was instrumental in helping Anam and other independent smallholders achieve globally recognized certifications. Before certification, Anam's plantation produced about one metric ton per hectare. After certification, his yield increased dramatically to 2.5 metric tons per hectare, contingent on favorable weather and conditions. Members' participation in the SMILE program led to an average 60% increase in yields through sustainable methods.

Achieving RSPO certification was a challenging journey that required dedication and consistency. Their efforts culminated in receiving this prestigious certification in July 2022. Anam and his fellow farmers were also able to sell Fresh Fruit Bunches (FFB) at more competitive prices after joining the SMILE program.

Anam's story is an example for other smallholders facing challenges, such as limited market access, financial constraints, and a lack of knowledge in sustainable cultivation. The success of the program also sparked interest among other smallholders, leading to a significant expansion of KTTPS's membership, which grew by 220% from 239 to 775 members.

His success, alongside his colleagues at KTTPS, stands as a testament to the positive change that partnerships like those with Asian Agri, in collaboration with Apical and Kao Corporation, can bring. Anam, along with representatives from Asian Agri and Apical, shared their experiences in a panel discussion titled "Inclusive Growth: Smallholders in Japan's Palm Oil Value Chain" at the JaSPON x RSPO Conference and Members Engagement Forum in Japan. This event organized by the RSPO and held from 11 October to 12 October, 2023, highlighted the pivotal role of smallholders in sustainable palm oil production.

What's next?

- We are committed to consistently enhancing and broadening our initiatives to strengthen our support for smallholders.
- By improving communication with smallholders and reinforcing our collaborations with stakeholders, we aim to better achieve smallholders' replanting goals, particularly by using our TOPAZ seeds.
- We aim to increase the scope of our CSV program by establishing more partnerships with independent smallholders.
- Continuously seek feedback from smallholders, experts, external consultants, NGOs, and certification bodies is a priority for us, as it helps monitor our progress and performance. We are also dedicated to addressing any grievances that arise.

Responsible Supply Chain

Management Approach

GRI 3-3

At the heart of our ability to deliver Asian Agri's products to our customers is the commitment of a responsible supply chain. This commitment is key to minimizing our environmental and social impact, ensuring that we adhere to sustainable, ethical, and fair standards across our operations. It also helps us prevent human rights violations in our supply chain, particularly concerning safe working conditions and the prevention of child and forced labor among our suppliers. Our supply chain, which includes Asian Agri's plantations, mills, scheme, and independent smallholders, plays a vital role in influencing the development of the local economy, environment, and communities due to the scale of our business.

Traceability is a core part of our commitment, offering assurance to global customers of our palm oil products. We are attuned and prepared for heightened regulations, like the European Union Deforestation Regulations (EUDR), required to enter Europe markets.

Long before these regulations became a focal point, Asian Agri has already been implementing a traceable supply chain since 2014. Our proactive approach begins with the identification of the supply chain, includes visits to FFB suppliers' oil palm plantations, the completion of compliance documents, and verification using GPS coordinates to overlay the National Spatial Map of Indonesia, ultimately leading to the implementation of polygon mapping for FFB suppliers.

While we can ensure complete traceability within our operations, achieving this with smallholders requires additional attention and careful implementation to meet set criteria. Our commitment extends to ensuring traceability with our partnering smallholders, demonstrating our dedication to responsible and transparent business practices.

We are leveraging on technology and digitalization to improve our processes, focused on enhancing traceability through digital means. This approach is designed to establish a more efficient and reliable traceability system.

Our FFB and PK Suppliers

Our FFB suppliers range from smallholders with plantations smaller than 25 hectares to outgrowers who might own plantations larger than 25 hectares. These smallholders deliver their produce to our mills through several different channels, such as:

- **Direct,** where smallholders directly sell their produce to us
- **Group,** through associations and cooperatives such as Koperasi Unit Desa (KUD), Asosiasi, and *Gabungan Kelompok Tani (Gapoktan)*
- **Agents/Dealers,** through an independent intermediary

Meanwhile, our Kernel Crushing Plants (KCP) receive PK from both our own mills and third-party mills located in North Sumatra, Riau, and Jambi. The table below provides a list of our KCP suppliers:

Region	2023	2022	2021
North Sumatra	19	13	13
Riau	16	6	9
Jambi	8	8	13
Number of suppliers[18]	**43**	**27**	**32**

In 2023, we saw a decrease in new FFB suppliers compared to previous years' trends. This decline was due to a reduced availability of FFB, resulting from the low crop cycle of 2023 and increased competition from other new palm oil mills. Meanwhile, our PK suppliers saw an increase, as we broadened our supplier base to address the challenge of each supplier providing a relatively small quantity. The table below highlights the number of our new suppliers over the past three years:

	2023	2022	2021
New FFB Suppliers	28	41	27
New PK Suppliers	23	9	7

[18] Some suppliers are supplying to more than one KCP, so the total might not be the sum of each region.

Commercial Department

We established a Commercial Department in 2014 to manage FFB and PK traceability within our operations and supply chain. The Department comprises of two essential roles: FFB and PK Sourcing Officer and FFB Quality Officer, reporting to the Sourcing Manager.

The Sourcing Officer is responsible for identifying potential new suppliers, verifying their documentation, conducting site visits, and engaging with them to ensure compliance with our sustainability policies and requirements. Meanwhile, our FFB Quality Officer is tasked with monitoring the quality of the received FFB in each mill. Through these roles, we aim to ensure that our supply chain is both sustainable and meets the highest quality standards.

Maintaining 100% Traceability

GRI 13.23.2

FFB Traceability to Plantation Level

For Asian Agri, traceability is a crucial component of our commitment to ensure a sustainable supply chain. Ensuring traceability allows us to track our FFB and products right back to their source plantations. It provides assurance of the legal sourcing of our resources and their production in areas free from environmental and social conflicts.

Our pledge to achieve 100% FFB traceability was made public in 2014. Since 2017, we had attained full traceability to the plantation level. Our approach includes a well-structured strategy for supplier identification and engagement underpinned by comprehensive sourcing guidelines. We leverage advanced technology, remote sensing, and online monitoring tools to gather precise and current traceability information. This initiative not only enhances our business operations but also offers significant benefits to our smallholders by improving their monitoring, management, and financial access through technology use.

As we continue to maintain 100% FFB Traceability, our ongoing effort is to refine the process of gathering traceability data from all our suppliers and maintain comprehensive records related to our FFB sources. Understanding the potential challenges faced by smallholders in data collection, we work together with external partners to assist smallholders in gathering their data efficiently.

Below is a timeline that outlines the significant steps towards achieving complete FFB traceability to plantations:

2014
- Committed to achieving FFB Traceability to plantations
- Initiated our journey by listing our FFB suppliers

2016
Engaged The Sustainable Trade Initiative (IDH) and Yayasan Setara Jambi on Independent Smallholders' FFB Traceability in Jambi

2018
Completed third-party assurance process to our 100% FFB Traceability by Meo Carbon Solutions – SNV covering 20,000 smallholders in North Sumatra and Riau Provinces

2017
- Achieved 100% FFB Traceability to plantations
- Created a Commercial Department to support our ambitions

2019
Published a joint statement between Asian Agri, Meo Carbon Solutions and SNV providing assurance to 100% FFB Traceability

2020
Traced and mapped 10,000 independent smallholders to their plantations, completing our collaboration with IDH and Yayasan Setara Jambi

2023
- Re-verifying the GPS coordinates of oil palm plantations belonging to FFB suppliers, particularly for those less than 4 hectares, and develop polygon maps for areas of 4 hectares or more.
- Re-ensuring FFB Suppliers's compliance towards Indonesian laws and regulations
- Enhancing our traceability through digital means, as part of EUDR compliance preparation

Refer to pages 38-39 and 42 to see the percentage of smallholders who have obtained sustainability certifications, the majority of whom supply our FFB.

PK Traceability to Mill Level

We have maintained 100% PK traceability to mills since 2018. We ensure all our PK suppliers for our KCPs can be traced. Information regarding our PK suppliers and its coordinate location are available and verified on our website[19].

[19] https://www.asianagri.com/en/supply-chain-map/

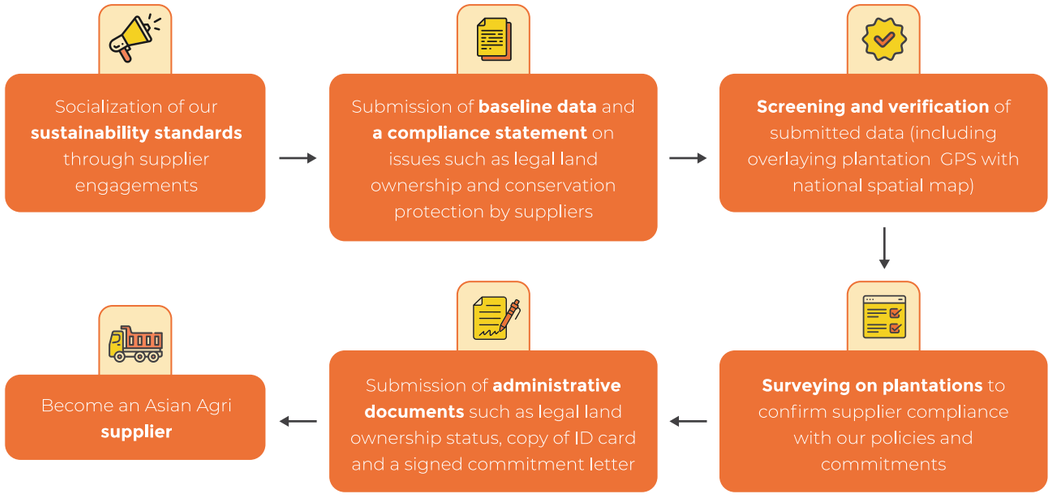
Ensuring Supplier Compliance

GRI 308-1, 308-2, 414-1, 414-2

Ensuring that our suppliers adhere to our sustainability standards is vital for a collaborative effort across our supply chain towards fulfilling our sustainability goals. At Asian Agri, we focus on two main methods to guarantee supplier compliance: engaging with suppliers about our sourcing policies and monitoring their practices. These processes are particularly necessary for independent smallholders, who are relatively new in partnering with us compared to scheme smallholders, with whom we have established long-term partnerships.

1. Engagements on Sourcing Policy

Independent smallholders are introduced to our sustainability standards at the beginning of their journey to become suppliers for Asian Agri. These standards are a part of our No Deforestation, No Peat, and No Exploitation (NDPE) policies, as well as our sourcing guidelines. During this stage, we ask smallholders to share their data and information with us. We then carry out a series of checks and verifications to ensure they meet our standards. The steps of this process are outlined in the chart below:



Some key examples of the data that we require from our suppliers include:

- Name and address of suppliers (for personal or legal entities);
- Plantation and mill GPS coordinates;
- Plantation area in hectare (Ha);
- Estimated production; and
- Any relevant required documents.

All FFB suppliers have gone through the environmental impact screening stage. This is especially important for smallholder schemes, which supply around 24% of the total FFB we receive, because of their connection to certification. In addition, every new FFB and PK supplier (3rd party) is required to make a statement, one of which must address social aspects such as the prohibition of forced or child labor. During 2023, there were no scheme smallholders considered to have significant negative impacts, as evidenced by their certificates, which are still valid and have been extended.

Starting in 2023, to comply with EUDR requirements, we have strengthened our screening of suppliers to include those that are deforestation-free, with a cutoff date of 31 December 2020. We also enhance and update all active FFB suppliers by re-verifying the GPS coordinates of oil palm plantations belonging to FFB suppliers, particularly for those less than four hectares, and develop polygon maps for areas of four hectares or more.

Furthermore, we ensure their compliance with laws and regulations in Indonesia, including, but not limited to, land use rights, environmental protection, forest management and biodiversity conservation, third-party rights, human rights protected under international law, the principle of free, prior, and informed consent (FPIC) as set out in the UN Declaration on the Rights of Indigenous Peoples, and tax, anti-corruption, trade, and customs regulations.

FFB supply by smallholders and outgrowers will be covered by a due diligence statement that includes three sections: the collected information, risk assessments, and risk mitigation. We must document the collected information, perform risk assessments, implement risk mitigation, review these annually, and make them available to authorities upon request.

For more information on our suppliers, refer to our supply chain map.[20]

2. Supplier Monitoring

To ensure transparency throughout our value chain, Asian Agri actively monitors our FFB and PK suppliers, particularly during their registration process and when there are concerns about new land development in restricted areas.

Our monitoring process involves deploying teams to inspect supplier plantations, especially those near high-risk areas. We collect coordinates from the perimeter of these plantations (in a polygon shape) to verify that no oil palms are cultivated in prohibited areas. This information helps us map plantation locations and cross-check them against provincial spatial plan maps, ensuring legality and compliance with environmental standards. Each supplier is given a certain amount of FFB that they can supply, based on the size of their plantation. If there is a sudden increase in the amount of FFB, we investigate the supplier(s) to see if there might be an expansion ofthe plantation(s) into prohibited areas.

Random checks and surveys are also conducted on our suppliers' plantations to mitigate and prevent any breaches of our social and environmental policies, such as child or forced labor. In instances of policy violations, we undertake a thorough verification process to decide the appropriate course of action. Major violations lead to immediate suspension, while minor issues, like failure to use personal protective equipment (PPE) or incomplete driver registrations, result in warnings and the formulation of a corrective action plan. These plans typically include a three-month deadline for resolution after the incident has been formally reported.

What's next?

- We remain committed to implementing best practices across our operations to uphold the integrity of our business and ensure transparency and traceability in our supply chain.

- We will improve our traceability methods by digitizing our supply chain custody processes.

[20] https://www.asianagri.com/en/supply-chain-map/

INCLUSIVE GROWTH

"Our AA2030 commitment has been running and will continue to do so. We control the implementation through the dedication of our committees and champions. We evaluate the performance regularly and our management involve a lot in our journey to achieve the goals. We are now on track to achieve the goals."

- Boston Ritonga, Head of Human Resources Operations at Asian Agri

Our business is fundamentally people-centric, and our growth and success are deeply intertwined with our workers, employees, surrounding communities, and consumers. We adhere to international standards, respecting and supporting human and labor rights as outlined in the Universal Declaration of Human Rights (UDHR) and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. Furthermore, our commitment extends to the United Nations Guiding Principles on Business and Human Rights (UNGPs), aiding Asian Agri in shaping our human rights principles and policies. This commitment encompasses all employees and workers, including temporary staff, as well as our suppliers and partners.

In our efforts to respect and advocate for the rights of local and Indigenous peoples, we strictly adhere to the principles of Free, Prior, and Informed Consent (FPIC) in all operations impacting them, in accordance with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and RSPO principles.

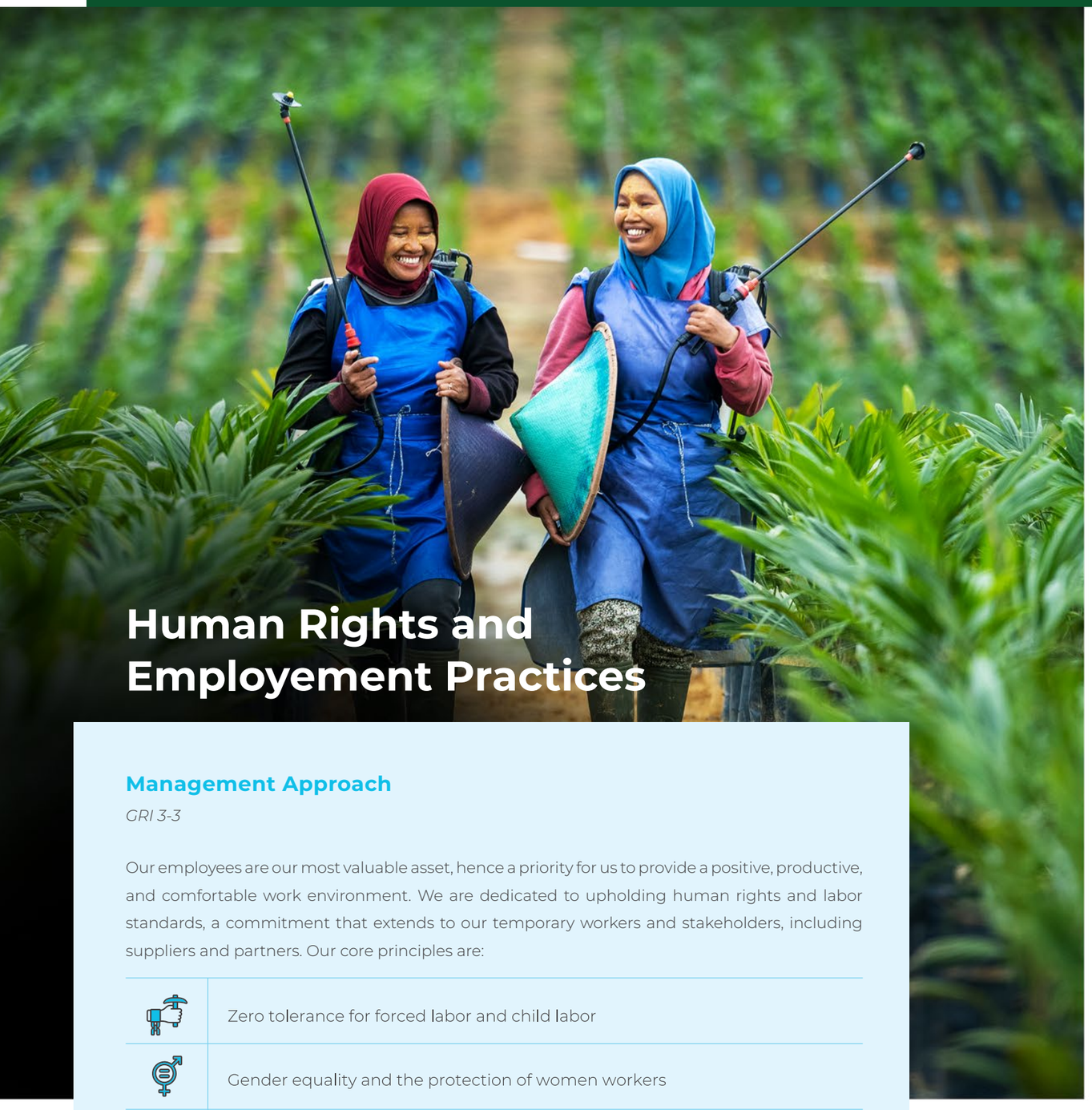
We are dedicated to attracting and retaining a skilled workforce, fostering a respectful and inclusive workplace, ensuring safe and healthy working conditions, upholding worker rights, and contributing to the development of local communities. These commitments are integral to our AA2030 targets, particularly under the inclusive growth pillars. The pillar focuses on enhancing quality of life through:

- Promoting Quality Education by providing educational support to underprivileged children near our operational areas;
- Vocational Training to enhance worker skills in areas like palm oil harvest theory, management, and mechanics; and
- Micro, Small, and Medium Enterprises (MSME) support by providing training and capital to people in our operational areas.

AA2030 Targets and Performance for Inclusive Growth

Targets	Our Progress in 2023
Zero extreme poverty surrounding our operational area	**21 % achieved** We provided vocational training for 1,050 out of 5,000 people, equipping them with proper skills. This training was offered to a diverse group, including workers, students and villagers from surrounding communities.
Establishment of a small-medium enterprise that covers more than 500,000 ha	**22% achieved** We supported the establishment of SME programs in 35 out of 159 surrounding villages across three provinces.
Provide 5,000 sets of school essentials to children through our Bag-to-School program[21]	• Identified school-age children in the surrounding community to determine priority targets. • **9.1 % achieved** We provided 454 education packages out of total 5,000 packages to students.
Optimize recovery of waste oil	**13 press machines upgraded/added in 2023 alone** Upgrading and/or adding thirteen presses to our ten mills Full-press machines allow for more efficient recovery of waste oil.

[21] This is a new name for the previously-mentioned 'Provide quality education access through 5,000 scholarship awards'. The program is similarly aimed to provide support to children in continuing their education.



Human Rights and Employement Practices

Management Approach

GRI 3-3

Our employees are our most valuable asset, hence a priority for us to provide a positive, productive, and comfortable work environment. We are dedicated to upholding human rights and labor standards, a commitment that extends to our temporary workers and stakeholders, including suppliers and partners. Our core principles are:

	Zero tolerance for forced labor and child labor
	Gender equality and the protection of women workers
	Equal opportunities, non-discrimination, and a harassment-free workplace
	Supporting worker rights to freedom of association and collective bargaining

Recognizing the evolving nature of our industry and workforce, we continuously monitor labor rights risks across our operations. This is achieved through various means, such as audits, daily checks, worker committees, and trade unions. We are committed to regularly updating our policies, standard procedures, and processes to ensure the welfare of both our workers and subcontractors is protected and upheld.

We prioritize enhancing productivity, improving employee benefits and welfare, and offering fulfilling career and growth opportunities. Our commitment includes ensuring fair wages and a decent living wage for our workers, fostering an inclusive work environment with fair treatment policies that respect employee values and human rights. We also focus on providing competitive remuneration and social security for employees and their families, in compliance with applicable laws.

Our Employee Profile

GRI 2-7, 2-8, 401-1

As of December 2023, our company has a workforce of 21,157, comprising 1,110 employees and 20,047 workers. These individuals are stationed across various locations including Jakarta, North Sumatra, Jambi, and Riau, working in our estates, mills, and offices.

The employee segment includes staff roles such as assistants, managers, and higher positions They work from headquarters and regional offices, as well as in estates and mills. Their work, among other responsibilities, includes supervising the day-to-day activities of mill and plantation workers or managing operations.

The worker segment includes non-staff roles such as foremen, harvesters, fertilizers, drivers, and security personnel. Their responsibilities involve operating machinery, harvesting FFB, fertilization, site security, and other operational tasks. The employment contracts for our workers are categorized into permanent and temporary, with 9,541 and 10,506 employees in each category, respectively.

The table below represent the number of employee and worker based on terms of employment, region, and gender.

Year	2023			2022			2021		
Gender	**Female**	**Male**	**Total**	**Female**	**Male**	**Total**	**Female**	**Male**	**Total**
Number of employees and workers	4,599	16,558	21,157	4,977	16,579	21,556	4,917	16,387	21,304
Number of employees	124	986	1,110	116	920	1,036	104	908	1,012
Number of workers	4,475	15,572	20,047	4,861	15,659	20,520	4,813	15,479	20,292
Number of permanent workers	586	8,955	9,541	625	9,664	10,289	597	9,043	9,640
Number of temporary workers	3,889	6,617	10,506	4,352	6,915	11,267	4,320	7,344	11,664

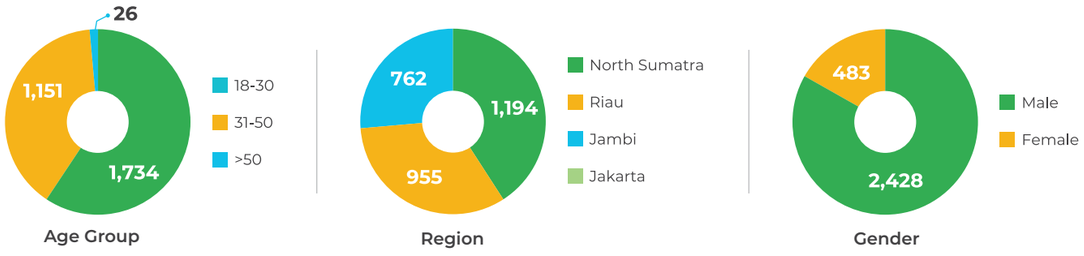
Year	2023					2022					2021				
Region	North Sumatra	Riau	Jambi	Jakarta	Total	North Sumatra	Riau	Jambi	Jakarta	Total	North Sumatra	Riau	Jambi	Jakarta	Total
Number of employees and workers	8,728	8,328	4,069	32	21,157	8,744	8,525	4,254	33	21,556	8,972	8,457	3,849	26	21,304
Number of employees	498	386	194	32	1,110	479	349	175	33	1,036	447	365	174	26	1,012
Number of workers	8,230	7,942	3,875	-	9,541	8,265	8,176	4,079	-	20,520	8,525	8,092	3,675	-	20,292
Number of permanent workers	4,439	4,252	1,928	32	10,651	4,304	4,118	1,834	33	10,289	3,916	4,013	1,685	26	9,640
Number of temporary workers	4,289	4,076	2,141	-	10,506	4,440	4,407	2,420	-	11,267	5,056	4,444	2,164	-	11,664

Over the last three years, the total workforce has remained relatively stable. However, fluctuations may occur in line with the business's cyclical activities. In our oil palm plantations, we experience high and low cropping seasons; the high crop period spans from June to October, followed by the low crop period from November to May. The seasonal nature of harvesting impacts our employment strategies, often necessitating additional labor for harvesting and transporting FFBs during the high crop season. In the low crop season, these temporary workers might be reassigned to tasks like fertilizing, manuring, and weeding.

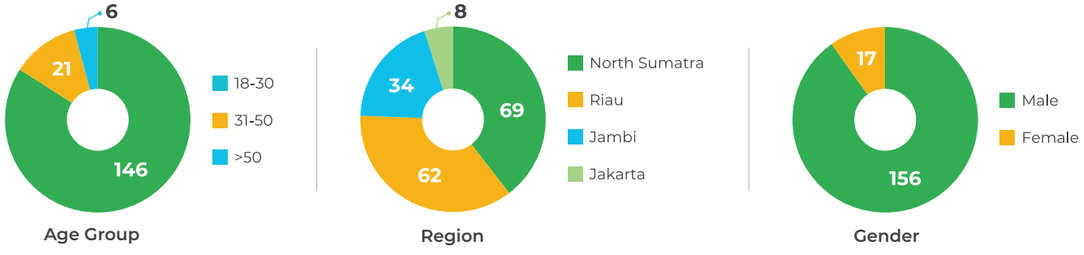
Unforeseen events, such as significant pest or disease outbreaks might also require hiring more workers. Although Asian Agri does not expand its land area, workforce adjustments can happen during replanting phases. We may have a reduction in the workforce during replanting, with adjustments back to normal levels typically occurring within two years.

The chart and table below represent the total number and rate of new employee hires during the reporting period, by age group, gender, and region.

Number and rate of worker hired in 2023



Number and rate of employee hired in 2023



Percentage of new workers and employees against the total workforce

Age Group			Region				Gender	
18-30	31-50	>50	Jakarta	North Sumatra	Riau	Jambi	Male	Female
8.9%	5.5%	0.2%	0.0%	6.0%	4.8%	3.8%	12.2%	2.4%

Upholding Human Rights

GRI 2-23

At Asian Agri, commitment to safeguarding human rights throughout our supply chain is a top priority. To offer in-depth guidance on this matter, we carried out a Human Rights Assessment with external expertise at the close of 2019 and the start of 2022. This initial assessment shaped the foundation of our Human Rights Policy, established in December 2019.

In January 2023, we updated our Human Rights Policy to better align with national and international standards and to include more provisions.

Our Human Rights policy:

- Acts in accordance with:
  - The International Bill of Human Rights;[22]
  - The UN Guiding Principles on Business and Human Rights;
  - The Internal Labor Organizations' (ILO) Declaration on Fundamental Principles and Rights at Work; and
  - The UN Declaration on the Rights of Indigenous People.
- Adheres to local and national laws as well as relevant international treaties ratified by the Indonesian Government.
- Respects the ten principles of the United Nations Global Compact.[23]
- Refers to international standards and voluntary initiatives that address human rights challenges.

This policy is mandatory for all our employees and business divisions, and we also advocate for our suppliers to adhere to similar human rights standards. It details our approaches to ensuring employee rights, addressing human rights concerns, engaging with stakeholders, offering a channel for grievances, and upholding governance. The policy encompasses areas such as equal opportunity, harassment prevention, union freedom, women's rights, and the prohibition of child and forced labor. Our System and Operational Audit team is responsible for the ongoing monitoring and regular review of this policy.

Our Human Rights Policy can be read here[24].

[22] Universal Declaration of Human Rights, International Covenant on Economic, Social and Cultural Rights, and International Covenant on Civil and Political Rights.
[23] Asian Agri respects the principles of the UN Global Compact, but we have not been a signatory of the UN Global Compact.
[24] https://www.asianagri.com/wp-content/uploads/2023/12/human-rights-policy-asian-agri.pdf

Forced Labor and Child Labor

GRI 408-1, 409-1

Asian Agri maintains a stringent policy against forced and child labor in all company operations, extending this policy to all employees of our subcontractors. To ensure subcontractor adherence, we mandate the signing of a commitment letter that affirms a zero-tolerance stance towards forced and child labor. In cases of policy violation, we enforce severe penalties, including the possibility of contract termination. In addition, our policy extends to our suppliers, requiring them to refrain from bringing their children to work on plantations.

We offer childcare and educational facilities to children to prevent them from lingering or playing in plantations. Our staff conducts daily inspections in our work areas to enforce this policy.

Diversity, Gender Equality, Equal Opportunities, and Non-Discrimination

GRI 405-1, 406-1

We are committed to fostering a diverse and inclusive workplace where non-discrimination and equal opportunities are paramount. Our approach ensures fair treatment of all employees, regardless of their ethnicity, national origin, religion or belief, disability, gender, sexual orientation, union membership, political views, or age. This encompasses all aspects, from recruitment and evaluation to working conditions and representation. We actively work to prevent violence and harassment against women and are dedicated to enhancing their inclusion in our workplace. Women make up 21.7 % of our total workforce in 2023.

To further our commitment, we have established a Gender Equality Committee, which conducts biannual meetings to address issues related to discrimination, harassment, and equal opportunities. Additionally, this committee organizes workshops and knowledge-sharing sessions on health, family matters, and other relevant topics.

At Asian Agri, we have a zero-tolerance policy for any form of bullying, harassment, and violence in our workplaces. Embracing our corporate responsibility, we are committed to honoring human rights and fostering a work environment founded on mutual trust and respect. This expectation has been clearly communicated to all our employees, along with guidance on where to seek help. In 2023, we did not receive any reports of discrimination from our employees.

The table below represents the individuals within the organization's governance bodies/board and employee by gender, age, and other indicators of diversity, i.e. ethnicity.

Employee Category	2023		2022		2021	
	Male	Female	Male	Female	Male	Female
Board	100%	0%	100%	0%	100%	0%
Senior Managers	94%	6%	94%	6%	91%	9%
Middle Managers	85%	15%	88%	12%	90%	10%
Staff	89%	11%	89%	11%	90%	10%
Total	89%	11%	89%	11%	90%	10%

Employee Category	2023			2022			2021		
	18-30	31-50	≥51	18-30	31-50	≥51	18-30	31-50	≥51
Board	0%	0%	100%	0%	0%	100%	0%	0	100%
Senior Managers	0%	45%	55%	0%	49%	51%	0%	49%	51%
Middle Managers	2%	78%	20%	0%	78%	22%	2%	78%	21%
Staff	69%	28%	3%	62%	34%	3%	58%	37%	5%
Total	50%	39%	11%	45%	44%	11%	42%	46%	12%

Ethnicity	2023	2022	2021
Batak	25.5%	27.7%	28.5%
Chinese	1.6%	1.5%	1.3%
Javanese	40.9%	42.2%	42.8%
Minang/ Malay	11.4%	12.3%	11.2%
Others	20.6%	16.3%	16.2%

Freedom of Association and Collective Bargaining

GRI 2-30, 407-1

At Asian Agri, we acknowledge the vital role of labor unions in fostering positive relationships and dialogue between workers and the company. Recognizing the right of our workers to collective bargaining and union membership, we fully support their freedom to participate in these activities. Currently, 100% our permanent workers are members of a labor union.

Being part of a labor union enables our workers to effectively communicate their needs and goals. Through the Indonesian Worker Union (*Pimpinan Pusat Serikat Pekerja Seluruh Indonesia Sumatra* or PP SPSI), we have established a collective work agreement that has been ratified by all 160 member companies of the Agency for Corporation of Sumatra Plantation (*Badan Kerja Sama Perusahaan Perkebunan Sumatera* or BKSPPS). This agreement addresses various aspects of employment, including working hours, days, leave, wages, overtime rates, holiday allowance (THR), social security and assistance, health and safety, and termination procedures. In case of disputes, PP SPSI Sumatra aids workers in approaching the Manpower Office for mediation. They also support in escalating matters to the governmental labor service or the courts if necessary. In addition, some of our employees are members of the Indonesian Trade Union Confederation (*Konfederasi Serikat Buruh Seluruh Indonesia* or KSBSI), which offers comparable advantages to PP SPSI Sumatra.

Human Rights and Security

GRI 410-1

At Asian Agri, we understand the importance of our security personnel not just in protecting our operational areas but also in playing a crucial role in maintaining good relationships with the local communities and respecting human rights.

We mainly recruit our security staff from the local areas around our operations. We also outsource personnel from certified security providers to guard our significant facilities, such as COPPU and AALI. Our security teams receive training in security practices as part of our Human Resources Module, as well as in environmental and operational security. The training is conducted in-house at Asian Agri and is occasionally supported by military and police personnel. Approximately half of our security personnel have received training on Human Rights topics.

We continuously evaluate the performance of our security personnel to ensure they do not misuse their use of force or violate human rights in the community.

Fair Wages and Employee Benefits

GRI 2-20, 202-1, 201-3, 401-2, 401-3, 405-2

Asian Agri is committed to ensuring that the compensation and incentives provided to our workforce are reflective of their contributions and supportive of their well-being. In line with the 2018 RSPO Principle and Criteria, we performed a Decent Living Wage (DLW) analysis in 2023, as done in previous years, to guarantee fair wages and benefits for all our employees. This calculation adheres to RSPO guidelines for DLW implementation and is annually verified by auditors. The findings confirm that our workforce receives wages and benefits that meet RSPO DLW standards.

When setting initial salaries for new hires across all levels, we consider various factors including their qualifications, expertise, prevailing market salary rates, internal and external benchmarking, and previous employment history. In 2023, the remuneration and employment conditions for all our workers, from entry-level to temporary staff, were in compliance with, or exceeded, the local minimum wage standards in their respective provinces and districts. Our basic salary structure does not discriminate based on gender. Differences in base salaries for employees are based on criteria such as educational background, skills, and experience. Some of the benefits we offer our workers and employees include:

Benefit	Employees	Workers
Healthcare insurance	✓	✓
Performance bonuses and incentives	✓	✓
Allowances (e.g. house, car)	✓	✓
Trainings	✓	✓
Leaves (including marriage, sick, and parental)	✓	✓
Scholarship for children	✓	✓
Special awards (e.g. length of service)	✓	✓

Through the Sayap Garuda Foundation, we offer scholarships to the children of employees and workers who demonstrate strong academic performance at the elementary, middle, and high school levels. This initiative serves as a gesture of support and recognition from the company towards the parents.

Scholarship recipients in 2023 are as the following:

Region	Elementary School	Junior High School	Senior High School	Total
North Sumatra	22	13	8	43
Riau	28	15	8	51
Jambi	10	8	8	26
Grand Total	60	36	24	120

Asian Agri is dedicated to creating a workplace that supports families by offering parental leave for both mothers and fathers, adhering to Indonesian regulations.

		North Sumatra		Riau		Jambi		Jakarta		Total	
		Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Total employees entitled to parental leave		266	4,173	331	3,921	103	1,825	10	22	710	9,941
Total employees that took parental leave		11	167	27	91	3	30	0	1	41	289
Total employees returned to work after parental leave ended in 2023	Number	11	167	27	89	3	30	0	1	41	287
	Rate	100%	100%	100%	98%	100%	100%	-	100%	100%	99%
Total employees returned to work after parental leave ended and still employed 12 months after leave	Number	11	167	27	89	3	30	0	1	41	287
	Rate	100%	100%	100%	98%	100%	100%	-	100%	100%	100%

Salary Increment, Bonus, and Retirement Package

At Asian Agri, the approach to determining salary increments is tailored to different categories of staff. For workers, increments are evaluated annually, considering individual performance, current role and salary, and internal equity. This process also integrates external economic conditions and market benchmarking for similar positions. The Compensation & Benefit Manager, an independent entity, conducts these evaluations and presents the findings to the Board of Directors for decision-making.

In contrast, salary adjustments for employees are informed by local minimum wage regulations and collective bargaining agreements with unions. Operational and Strategic Human Resources teams undertake this assessment, with the Managing Director making the final decision. Notably, permanent employees receive an additional performance-based review.

Both workers and employees are eligible for bonuses. Workers' bonuses are determined based on individual performance, the company's overall performance as measured by the Balanced Scorecard, and market benchmarking. For permanent employees, bonuses are based on company performance, individual KPI achievements, and industry standards.

Asian Agri also provides comprehensive retirement information in its employee handbook. This includes details on retirement age, joint employee-company contributions to old age security benefits, pensions calculated per Law Number 11 of 2020 and Government Regulation 35 of 2021, and company-granted severance payments or awards. Moreover, there is an option for contractual re-employment on an annual basis, subject to mutual agreement.

Employee Facilities

We are committed to supporting our employees and their families who reside on-site in mills and estates by providing access to the following essential facilities:

Housing	Residents are provided with standard furniture, water supply from the mill or estate, electricity, and building maintenance services.
Health facilities	Each estate and mill features a clinic and an ambulance, both of which are freely accessible to all employees and their families.
Education	We offer free childcare, preschool, and elementary school education. Additional educational facilities such as school buses and libraries are also provided.
Transport	Vehicles are available for convenient travel within and across the estates.
Sports facilities	Sports amenities, including soccer fields, tennis and badminton courts, and other facilities, are available for recreational activities.
Places of worship	Churches and mosques are constructed or renovated in every estate and mill to cater to the spiritual needs of the community.

Training and Development

GRI 404-1,404-2

Our goal is to offer our employees the chance for both professional and personal growth. To achieve this, we have implemented various training and development programs. These initiatives are crucial for attracting and retaining top talent, fostering a culture of continuous improvement, boosting productivity, and improving workplace engagement and relationships.

Our training programs cater to a wide range of needs, including mandatory training, skill development, specialized training for entry-level positions, and programs targeting high-risk categories, such as safety training, first aid, and emergency response. We also offer agricultural training covering topics, such as harvesting, fertilization, and other BMP activities. Our HR team also provided a transition assistance program or retirement preparation program for individuals nearing retirement.

The Learning & Development team is responsible for planning and meeting training objectives. Some programs are designed to be recurring, such as the annual refresh of Standard Operating Procedures (SOPs). We also emphasize gathering feedback post-training to develop action plans and tracking the implementation of training in the workplace.

Training for senior management and above, including directors, encompasses both general and ESG-specific content. While leadership programs that integrate ESG topics are part of this, we also provide training focused explicitly on ESG and sustainability.

In terms of delivery methods, we use a mix of offline and online platforms. For training specific to plantation operations, it is generally conducted in-person, spanning one to two days, and facilitated by our Human Resource and Operation teams. These sessions are either held at central locations such as AALI Riau or through collaborative sessions with partners. This approach not only enhances field capacity but also facilitates the gathering of employees from various areas for comprehensive training.

Workday is our primary online platform, offering a range of voluntary learning modules in both technical and soft skills. We aim to strengthen and simplify access to learning resources for our employees, enhancing their ability to engage with and benefit from our diverse training program.

At Asian Agri, we recognize our workforce who demonstrate excellent work and leadership in their roles. Among others, **Evan Apransyah,** a foreman at Badang Estate in Jambi, **has been awarded the title of Best Foreman.** He serves as the cornerstone of harvest supervision. Armed with cutting-edge technology through the Asian Agri Connected Plantations (AACP), Evan oversees the detailed monitoring and evaluation of harvest data across the entire estate. Moreover, he encourages and empowers his team without any discrimation.

Training Program for New Graduates

Each year, we invite approximately 200 – 250 fresh graduates from universities across Indonesia to be trained at our Asian Agri Learning Institute (AALI). Established in 2002, AALI is based in Pangkalan Kerinci, Riau. The institute's Plantation Center of Excellence (PCoE) programs equip them with skills such as horticulture, mill processing, management, leadership, and certification. The program is designed to educate and train prospective planters and managers in sustainable palm oil production.

There are five PCoE Graduate Trainee Programs available, depicted below

Estate Assistant Training (EAT)
To support the work in plantation sites (estate)

Mill Assistant Training (MAT)
To assist in operations at the palm oil mill or kernel-crushing plant

Administration Assistant Training (AAT)
To take care of administrative matters

Traction Assistant Training (TAT)
To work in the workshop and be responsible in the transport and heavy machinery used in the estates

Commercial Officer Training (COT)
To serve commercial-related work, in particular FFB sortation

The program includes:

Classroom Sessions (3 months) — Taught by industry experts and our experienced employees regarding sustainable palm oil production as well as introduction to our internal sustainability policy and commitment.

On-the-job Training (3 months) — Practical session where the trainee are sent to our mills, estates, or plasma smallholder partners.

Evaluation — After six months, trainees are evaluated based on their performance, competence, and character and their suitability to be employed by Asian Agri.

After a competitive selection process, trainee performance is evaluated against employment suitability criteria during their training period. In 2023, we trained 321 of university graduates, with 259 of them now employed with us. To ensure continuous competency and skill development, employees undergo a further assessment two years post-placement. This evaluation focuses on their performance, the practical application of their knowledge, and their adaptability to the work environment.

Training Program for Employees and Workers

We also offer various training programs for our employees, including:

No.	Type of Training	Training Topics
1.	**Technical Training**	• Basic Fire, • Job Safety Analysis Training, • First Aider, • Refreshment of Machinery and Equipment Standard Operating Procedure, • Sustainability Awareness, • ISO 140001:2015 Training, • 2023 Renewal Annual Tax Return, and • Business Improvement Workshop.
2.	**Soft-skills Training**	• Analytical Creative Thinking, • Change Management, • Effective Communication and Presentation Skill, • Leadership and People Management, • Enhancing Stakeholder Negotiation Skills, • Finance & Accounting Sharing Session (LEAN), • Leading with Emotional Intelligence, • Time & Energy Management, • Training Need Analysis, Problem Solving and Decision Making, • People Manager Mastery, • Supervisory Management, and • Self and Team Development.
3.	**Certification**	• EMS: ISO 14001: 2015 Interpretation and Internal Audit, • P&C RSPO Lead Auditor Training, • General HSE Expert Certification, • Technical Electrical Engineering Competency Certification, • Hazardous Waste Operator Certification, • Drone Pilot Certification, • Hazardous Waste Management Certification, • Officer of Water Pollution Certification, • Officer of Air Pollution Certification, • Officer of Operational Wastewater Management Certification, and • Officer of Operational Installation Air Pollution Certification
4.	**International/ National Seminar**	• Human Rights Due Diligence Training, • The Indonesian Palm Oil Conference 2023, • International Oil Palm Conference 2023 The International Society for Oil Palm Breeders 2022, • The Malaysian Oil Scientists' & Technologists' Association (MOSTA) Agronomy Workshop, • Palm Oil Mill Conference & Exhibition 2023, • Indonesia Palm Oil Expo (PALMEX) 2023, • Palm Oil Business and Ecosystem Profile Training, • The International Palm Oil Congress and Exhibition 2023, • Refreshment for New ISPO, • Transfer Pricing Guidelines 2022 for Intragroup Loans, and • Cash Pooling, Hedging, Financial Guarantee.
5.	**Workshop**	• Development Day for Human Resources Operations and • Human Resource Workshop.
6.	**Outreach Program**	• Host and Presenter Training

Certain training initiatives are grouped into specific programs, including:

- **Refresher Training on Technical and Soft Skills:** This program aims to enhance or maintain employees' technical and soft skills. It includes training in heavy equipment operation, boiler management, mill standard operating procedures, safety, and basic fire fighting techniques.

- **Young Assistant Development Program:** This program focuses on sustaining and developing the competencies of employees within their first two years of job placement.
- **Management Development Program:** Targeted at employees in management roles, this program enhadership, change management, decision-making, and finance.
- **Foreman Training Program:** Non-staff foremen participate in a comprehensive process that includes staff entry training, selection, skill enhancement, and promotion. Initially conducted based on specific needs, this program now appears to be implemented on an annual basis
- **New Product Introduction Training:** Implemented in partnership with vendors, this training helps employees familiarize with new products.

We partnered with the RSPO to train a batch of **RSPO Smallholder Academy Master Trainers** under the Smallholder Trainer Academy program at the Asian Agri Learning Institute (AALI) in Riau. This initiative trained 42 people, including our employees and our smallholder partners in the SMILE program. Prospective master trainers were equipped with the skills to conduct their own trainings, effectively deliver information, interact with trainees, and create easily understandable materials.

The table below shows the number of training sessions held.

Employee Category	2023	2022	2021
Senior Management	10	7	11
Middle Management	60	68	70
Employees	92	106	70
Workers	31	36	20
Total	193	217	171

Our average training hours per employee in 2023 is 24.87. The table below shows the number of employees who received training sessions.

Employee Category	2023	2022	2021
Senior Management	20	45	42
Middle Management	314	528	626
Employees	2,155	2,050	1,638
Workers	3,776	2,486	1,259
Total	6,265	5,109	3,565

Note: One employee could receive more than one training per year

Performance Review

GRI 404-3

Our Performance Management System (PMS) facilitates regular and annual performance reviews for our employees. 100% of staff-level and above employees undergo an annual review process in 2023. This approach helps employees to pinpoint their strengths and areas needing improvement, thereby encouraging a culture of open feedback within our company.

At the beginning of each year, employees participate in performance planning discussions with their line managers. These initial discussions are followed by mid-year and end-of-year performance evaluations, which are conducted using the appraisal forms provided in our HR system.

What's next?

- We continue our rigorous oversight against child and forced labor in our operations, ensuring continual vigilance to prevent these practices.
- We will continue to strengthen employee-union relationships, supporting this vital connection.
- We aim to encourage worker use of our daycare facilities, offering a safe and nurturing space for their children.
- We will consistently ensure fair employee wages, exceeding local minimums, and periodically review and adjust workforce benefits.
- We will continue practicing best practices to retain our talented workforce.
- We will continue improving our training and development programs, ensuring they effectively support employee growth and skill development.

Health and Safety

Management Approach

GRI 3-3

Safety is a fundamental priority and a collective responsibility at our company. We are committed to fostering and sustaining a culture of safety throughout our business operations. Recognizing health and safety as not only a fundamental human right, but also a key factor in ensuring operational productivity and employee performance is crucial. The potential consequences of fatalities and major incidents, both in human and financial terms, are substantial.

We believe that robust health and safety management can bring about reduced workplace injuries and illnesses, increased worker productivity, enhanced company reputation, long-term health benefits, and sustainable work practices. However, if not properly implemented, it can lead to fatalities, injuries, and illnesses. These incidents can incur costs, cause operational disruptions, and pose compliance challenges.

Occupational health and safety (OHS) is a dynamic field, evolving with changes in our operational landscape and company innovations. We recognize the critical importance of OHS in preventing and mitigating the risks of accidents and illnesses among our workers, employees, and contracted third-party workers. To this end, we continuously update and enforce our OHS policies, plans, and standards. Our goal is to maintain a safe working environment across all operations, with a target of zero fatalities and disabilities.

Occupational Health and Safety

GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-7, 403-8

Occupational Health and Safety (OHS) Management System

We have established and implemented an OHS management system, known as SMK3, conforming to the Republic of Indonesia's Government Regulation No. 50 of 2012. This regulation pertains to the Implementation of Occupational Safety and Health Management System. Our aim is to minimize health and safety risks across all our workplaces, aligning with international standards such as ISO 14001:2015 and ISO 45001:2018. This requirement is mandatory for all our workers, employees, subcontractors, and suppliers involved in various activities, including those at plantations, mills, KCPs, biogas plants, offices, and other operational areas.

In preparing the SMK3 in accordance with the regulation, we carried out identification of potential hazards, risk assessment and control; reviewed the causes and consequences of dangerous events; and assessed the efficiency and effectiveness of the resources provided. We also conduct regular monitoring and evaluation of OHS performance, and review and improve SMK3 performance.

To ensure rigorous adherence to these standards, our Health, Safety and Environment (HSE) department conducts structured supervision. This approach mandates that each operational unit, whether a factory or plantation, is overseen by a dedicated OHS Expert officers (Ahli K3 Utama).

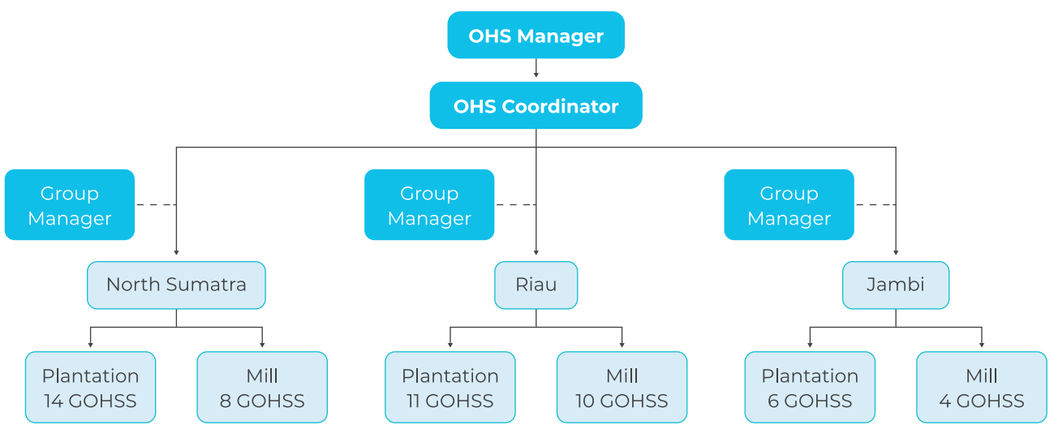
OHS Committees

Our OHS committee is structured across various levels of governance to maintain a strong approach to OHS. The structure includes:

The OHS Manager, who leads the HSE Department at our Regional office. This role is pivotal in defining OHS objectives, policies, and plans. In addition, the OHS Manager oversees, monitors, and reviews our company's OHS performance.

The OHS Coordinator, who, alongside Group Managers, supervises the General OHS Specialist (GOHSS).

The GOHSS works at each of our estates, plantations, and mills. Assisted by OHS officers, they conduct regular inspections to ensure compliance with safety protocols and standards. Their responsibilities include identifying potential hazards, providing ongoing or refresher training, and ensuring the availability and condition of safety equipment. Monthly meetings are held to evaluate performance, address safety issues, and discuss concerns, which are then reported to the OHS Manager. A summary and the outcomes of these meetings are reported quarterly to the Local Employment Agency.



Health and Safety Awareness Training

Our OHS Committees are dedicated to fostering a culture of safety through annual training sessions and safety drills, mandatory for all employees and workers. These trainings encompass a range of vital topics including basic safety protocols, first aid, hazard and risk identification, safe handling of hazardous materials, understanding of OHS regulations and permits, emergency response strategies, and firefighting techniques. We actively seek participant feedback to keep our training content up to date with the latest national and international OHS regulations and standards.

Each morning, we hold refresher sessions for our workforce before they begin their day in the plantations and mills. These sessions are crucial for reinforcing the correct use of Personal Protective Equipment (PPE) and promoting responsible, safe working practices. We also distribute monthly safety bulletins and display safety notices prominently on warning boards in medium to high-risk areas, including entry points.

The Hierarchy of Controls

Our workforce faces daily health and safety risks. In plantations, they might encounter dangers such as animal bites, injuries from falling fruits, cuts, bruises, and chemical exposure. In Palm Oil Mills and Kernel Crushing Plants (KCPs), hazards include slips, falls, fires, burns, and machine-related accidents. To address these risks, we utilize the hierarchy of controls:

1. **Elimination:** We aim to remove hazards at the source. This includes avoiding tools, ingredients, and methods prohibited by international and national laws. For example, we've ceased using WHO-classified Class 1A and 1B hazardous pesticides and chemicals listed under the Stockholm and Rotterdam Conventions, particularly Paraquat.

2. **Substitution:** Inappropriate tools can lead to hazards. We opt for safer alternatives, like using harvest poles with electrical insulation to reduce electrocution risks near power lines.

3. **Engineering Controls:** Our goal is to prevent hazards from reaching workers. This can involve modifying equipment, workspace redesign, protective barriers, and ventilation. An example is setting re-entry warning boards to keep workers away from areas sprayed with chemicals for three days.

4. **Administrative Controls:** We implement procedures to minimize hazard exposure. A key practice is conducting a job safety analysis (JSA) before any high-risk activities, identifying potential risks in the work process.

5. **PPE:** We provide essential PPE such as helmets, gloves, boots, goggles, masks, earmuffs, and high-visibility clothing, tailored to specific workplace requirements. Workers are not permitted to start work without the appropriate PPE.

We evaluate these five levels to determine the most effective measures for protecting our workers from hazards. Risk reduction often involves multiple controls. Through this hierarchy, we aim to decrease worker exposure and lower the incidence of work-related illnesses and injuries.

Joint muster roll call activity as one of the steps that Asian Agri has taken to remind the importance of work safety for employees.

Hazard Identification, Risk Assessment, and Incident Investigation

With regards to hazard identification and risk assessment, if any inappropriate practices are found, field workers could fill and submit a report form to the complaint book in each site office. These reports can be filed anonymously and confidentially if deemed necessary, hence workers are protected from reprisals. In addition, we value any input from our workers regarding their safety concerns at work. Their concerns will serve as input to updates the SOP or Working Instructions.

We regularly convene with foremen and worker representatives to gather their insights on OHS matters. Their active participation in field investigations is crucial, as their feedback informs our mitigation strategies, particularly for field operations. Furthermore, we emphasize reporting new routine tasks as a preventative measure to identify potential hazards and risks.

We empower our workers to exercise stop work authority in cases of imminent danger due to unsafe conditions or behaviors, and to promptly report such instances or any incidents to the OHS Officer via email or phone. This communication is key to continuously updating our hazard and risk assessments and enhancing our OHS management systems. Our OHS specialists revise risk assessments following every incident or near miss, and these assessments are crucial for sustainability certification audits.

In the event of an incident, the responsible OHS officer at the plantation or mill conducts an investigation. This includes filing an incident report and performing a site investigation within 48 hours, which involves interviewing witnesses and collecting physical evidence. Following the investigation, the OHS team recommends measures to prevent future occurrences.

For major incidents, the Head Office OHS team visits the site within 48 hours to investigate, document the incident, and propose preventive strategies. This practice is integral to improving the implementation of Hazard Identification, Risk Assessment, and Determining Controls (HIRADC) in our work culture.

To foster a culture of safety and increase awareness among our employees, we recognize units with zero incidents or significant reductions in accident rates with awards, reinforcing the value of safety in daily operations.

Safeguarding Workers Health

GRI 403-6

To enhance medical accessibility, first aid kits are readily available in every office, mill, workshop, and plantation foremen carry them along with chemical Material Safety Data Sheets (MSDS) for immediate reference in case of chemical exposure.

Health posts, acting as extensions of our clinics, are strategically located across plantations and mills to manage minor injuries. Clinics, situated in each estate or cluster of estates, handle more serious medical cases. They provide necessary treatments, issue medical clearances, and facilitate hospital referrals for severe or specialized cases.

We conduct annual medical check-ups for all workers, with biannual checks for those regularly exposed to elements like heat, noise, and chemicals. These examinations are carried out by third-party lab personnel in our clinics.

Our health insurance coverage extends to all employees, workers, and their families, ensuring free treatments and medications. We also support community health through Integrated Healthcare Centers (Posyandu) for pregnant women and children, collaborate with Badan Kependudukan dan Keluarga Berencana Nasional (BKKBN) for birth control initiatives, and partner with Badan Penyelenggara Jaminan Sosial (BPJS) for family health services. This includes the Program Pengelolaan Penyakit Kronis (Prolanis) for workers and their families dealing with conditions like diabetes.

In addition, we conduct health workshops led by company doctors to encourage disease prevention, emergency first responder and healthier lifestyle. To promote mental well-being, our operational units organize refreshing activities such as sports events, outings, entertainment nights, and religious day celebrations.

Our Sehat Taman Raja Clinic team in Jambi received the 2023 Best Utilization Work Accident Service Centre Award from the National Social Security Agency (BPJS) in Jambi.

Our Performance

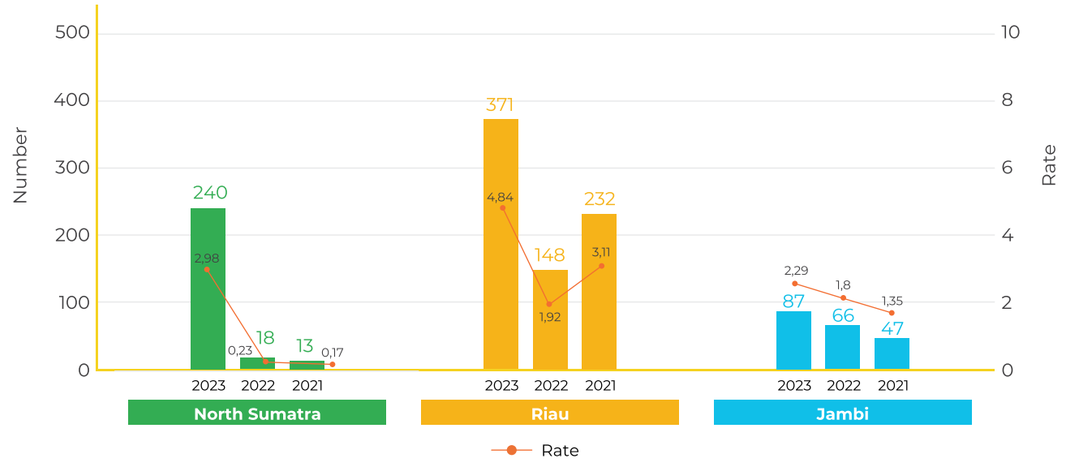
GRI 403-9

At Asian Agri, we recognize the potential for high-consequence injuries, such as disabilities and fatalities, arising from work-related activities. These include risks associated with working at heights, exposure to hazardous substances, the dangers of operating plant machinery leading to cutting and crushing incidents, electric shocks, fire-related tasks, and working in confined spaces. To safeguard our employees against these hazards, we ensure they receive thorough training, are equipped with appropriate safety gear, and follow established safety procedures.

The reported work-related injuries in our operation typically include incidents such as machinery-related injuries, being struck by falling FFB, cuts from work tools and heavy equipment, slips and falls, chemical exposure, animal-related injuries, accidents during commutes to and from work sites, and burns resulting from fire or exposure to steam, liquids, or heat from engines.

The rise in the number of accidents recorded in 2023 can be attributed to more meticulous documentation following the redefinition of injury categorizations. Our records now encompass a wider range of minor accidents, whereas previously, the focus was predominantly on major accidents.

Number and rate high-consequence work-related injury:[25]



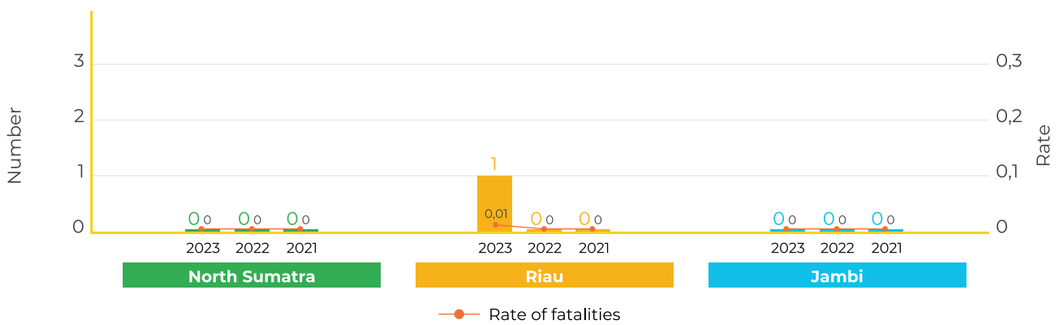
Number and rate of recordable work-related injuries:[26]

Region	Year	Number of recordable work-related injuries		Rate of recordable work-related injuries	
		Male	Female	Male	Female
North Sumatra	2023	234	6	2.91	0.07
	2022	15	3	0.19	0.04
	2021	13	0	0.17	0.00
Riau	2023	352	19	4.60	0.25
	2022	138	10	1.79	0.13
	2021	211	21	2.83	0.28
Jambi	2023	83	4	2.18	0.11
	2022	64	2	1.75	0.05
	2021	45	2	1.29	0.06

[25] Number of high-consequense work-related injuries x 200,000/man-hours; Man-hours: Number of workers x scheduled working days x 7 hours per day.
[26] Recordable work-related injuries include medical aid, permanent disabilities, and fatalities.

In 2023, we regret to report that there was one case of fatality at one of our mills in Riau, caused by an individual slipping and falling in the mill area. We have conducted an investigation and are updating the HIRADC for the mill to prevent similar incidents in the future. We also provided compensation to the heirs in accordance with regulations.

Number and rate of fatalities:[27]



Number of hours worked per region

Year	Number of Hours Worked [hr/year]		
	North Sumatra	Riau	Jambi
2023	16,802,171	15,315,536	7,598,646
2022	15,638,494	15,453,447	7,313,510
2021	14,912,072	14,919,137	6,970,441

Consumer Health and Safety

Ensuring Food Safety

GRI 416-1, 416-2, 13.10.4, 13.10.5

At Asian Agri, a core commitment is to ensure the health, hygiene, and safety of our products for consumers. Food safety is paramount in affirming the benefits of palm oil, which is rich in saturated and unsaturated oils, vitamin E, beta-carotene, and antioxidants, all beneficial for consumer health.

We source our FFB from various suppliers, with whom we work with the majority to ensure the FFB quality. Our growing number of suppliers has been certified with RSPO, ISPO, and ISCC. Although these certifications do not focus exclusively on food safety, adherence to them can contribute to safer food products by promoting sustainable agricultural practices. Statistics for scheme and partnering independent smallholders who have obtained those certificates can be found on pages 38 and 44.

We also focus on meeting stringent requirements for diverse dietary needs. Since 2016, our mills and Kernel Crushing Plants (KCPs) have been Kosher certified, ensuring our products and production processes are free from non-Kosher substances.

A key goal under our AA2030 initiative is to enhance the recovery of waste oil, demonstrating our commitment to segregating food-grade oil from non-food-grade oil. By the end of 2021, all our 22 mills were equipped with waste and residue oil recovery facilities. This allows us to separate low-quality oils (used for non-food purposes) from high-quality Crude Palm Oil (CPO), producing healthier food-grade CPO. These facilities are crucial in preventing contaminants like 3-MCPD (chloropropanols) and GE (Glycidyl fatty acid esters) from mixing with pure CPO extracted from palm mesocarps.

In 2023, we proudly report no incidents of non-compliance related to the health and safety impacts of our products, nor any recalls due to food safety concerns.

What's next?

- We will continue undertaking regular evaluations and ongoing enhancements of our Occupational Health and Safety (OHS) management system.
- We will persist in upgrading the quality and services of our medical facilities, guaranteeing that all our workers and employees have access to our health services.
- We will consistently uphold our 100% food-grade CPO standard while exploring opportunities to optimize the management of waste and residual oil.

[27] Number of fatalities x 200,000/man-hours; Man-hours: Number of workers x scheduled working days x 7 hours per day.

Community Development

Management Approach

GRI 3-3

Our business is inherently intertwined with our deep collaboration with local communities. Our community development initiatives focus on two key groups: the scheme smallholders who have been our partners since 1989, and the local communities residing near our operational areas. Empowering local communities is crucial for us, as it represents our way of giving back to society and securing the social license to operate. Details on how we empower scheme smallholders are outlined on page 40-46.

We aim to leverage the positive impacts of our community development program. We seek to realize economic development, skills and knowledge transfer, and infrastructure development. To prevent potential social envy or dependency among the locals, our programs are tailored to support local champions who can be independent, as well as to engage with communities from various villages, as programmed by our CSR Team.

Our Sustainability Policy clearly commits to respecting the human rights of local communities in all areas of our operation. This includes a dedication to protecting the rights of Indigenous peoples, should they be present. Moreover, we are devoted to providing support and improving the economic conditions of rural communities.

Our enduring partnerships with communities and village unit cooperatives are instrumental in addressing significant issues that affect communities in our operational zones. We have set a goal to eliminate extreme poverty in the communities surrounding our operations, MSME empowerment for an area of 500,000 hectares, to enhance educational opportunities through the provision of 5,000 sets of school essentials and vocational training for 5,000 individuals by 2030.

Protecting the Rights of Indigenous People and Local Communities

GRI 13.14.3, 13.14.4

At Asian Agri, we are committed to upholding the rights of indigenous and local communities. None of our operations are located in areas where the presence of indigenous people is evident, which enables us to avoid encroaching on indigenous lands. We also ensure that the free, prior, and informed consent (FPIC) of Indigenous people and local communities is sought and respected for any projects or operations that might impact them or their territories. Our processes are designed to be fair, transparent, and legal.

Our focus is currently on replanting and intensifying productivity on existing land. We obtain FPIC before any replanting to guarantee that local communities are fully informed and are able to negotiate terms. Our FPIC procedure involves:

- Conducting initial studies to identify landowners and the oil palm trees due for replanting;
- Identifying KUDs, associations, and farmers for engagement and discussion about the program;
- Preparing materials for discussions with KUDs, associations, and farmers, covering details like the replanting process, socio-economic impacts, risks, and benefits; and
- Allowing sufficient time for smallholders to consider, communicate, and negotiate before deciding on replanting.

At Asian Agri, we emphasize mutual respect in our interactions and discussions. We respect the decisions of farmers who choose not to participate in replanting or when a consensus is not reached. We ensure all farmers involved in our replanting program have given their informed consent, fully understanding all aspects of the process.

Resolving Community Grievance

We address complaints and conflicts from local communities through our effective grievance mechanism system, striving to manage all grievances responsibly and to achieve mutually beneficial outcomes for all involved parties. In addition, we have a specialized team of approximately 154 employees dedicated to managing and fostering engagement and communication with smallholders and local communities. This approach helps to preempt misunderstandings that could lead to conflict, while also nurturing strong relationships with our smallholders and the communities surrounding them. Local community members can report their grievances through our formal grievance mechanism. The process is detailed on page 23.

Social and Environmental Impact Assessment (SEIA)

In compliance with Indonesian government regulations, we have carried out a social and environmental impact assessment (SEIA), which adheres to the principles of FPIC before initiating any significant projects. This SEIA represents a continuation and update of our environmental impact assessment (Analisis dampak lingkungan, or AMDAL). Furthermore, we collaborated with Lingkar Komunitas Sawit (LINKS), an independent social consulting organization, to refine our strategies for managing the social dimensions of our impact assessments for 5 units in 2022.

In 2023, we collaborated with PT Aihika Sawala Ekotropika to undertake social impact evaluations for three of our units in North Sumatra: PT Nusa Pusaka Kencana (one estate), PT Indo Sepadan Jaya (one mill, one estate), PT Rantau Sinar Karsa (one estate).

Driving Local Community Development

GRI 203-1, 203-2, 413-1, 413-2

In line with our AA2030 vision, we have established ambitious goals to bolster local communities through our Corporate Social Responsibility (CSR) initiatives across all operational areas. Each of our subsidiaries tailors these CSR programs to support local initiatives and objectives that the regional government is aiming to achieve. During the Regional Development Planning Meeting (Musyawarah Perencanaan Pembangunan - Musrenbang), we collaboratively identify and select potential programs, assessing community needs that are represented by village heads, and ensuring the sustainability of the programs.

We also recruit local workers, who constitute the majority of our workforce. Our recruitment process is conducted within each subsidiary unit, primarily attracting workers from nearby areas within the province. Additionally, all units adhere to our standards for worker housing, accommodating those who may come from distant locations.

In 2023, we invested **297 million IDR** for local development[28].

Asian Agri's CSR Program focuses on the following categories and our contribution in 2023, including, but are not limited to:

Economy	Aligned with our AA2030 objectives, our community development program is dedicated to eradicating extreme poverty for a monthly income of IDR 500,000. This initiative focuses on villages situated within a 5-10 km radius of our mills or plantations. We have identified 159 villages in Riau (62), North Sumatra (43), and Jambi (54). To support these communities, we facilitate the establishment of Micro, Small and Medium Enterprises (MSMEs), tailored to their potential. Our support includes training programs under 'UMKM Naik Kelas' and the provision of business equipment such as livestock equipment and materials. • Distributed more than 100,000 fish seeds/hatchlings, 200 day-old chicks, and 88 goats. • Provided business equipment for more than 10 new SMEs. • Conducted 'UMKM Naik Kelas 2023' training for 20 SMEs at the AALI training facility. • Held socialization events for SMEs in 19 villages
Education	We are committed to enhancing local education quality through: • Physical support, including renovating schools, facilities, and infrastructure, providing amenities, constructing libraries, and improving sanitation. • Non-physical support, offering teacher training and scholarships from elementary to university level through the Sayap Garuda Foundation. • Distributed 454 education packages as part of AA2030. • Supported the renovation or improvement of infrastructure for more than 10 schools. • Conducted capacity-building sessions for more than 50 educators.
Infrastructure	We took part in constructing roads to stimulate economic activities in remote villages, drilling wells for clean water, improving drainage and sanitation facilities, and building places of worship, including mosques and churches. Infrastructure, such as road access, contributes to ease of access and the economy of the communities around our operations. The establishment or renovation of public facilities such as schools, places of worship, or community halls is expected to enable educational activities and help improve the welfare of the surrounding community. More importantly, environmental infrastructure, such as water wells, is crucial in providing access to water for the community. • Provided material support for 11 worship places • Supported >25km road maintenance
Health	We focus on improving healthcare quality by: • Operating Pos Pelayanan Terpadu (Posyandu) or Integrated Services Posts for free examinations and organizing blood donation drives; • Providing vitamins to pregnant women and supplemental food for toddler nutrition; and • Renovating clinics, ensuring medicine availability, and supplying medical devices. • Provided stunting prevention training for 6 health clinics and provided supplementary food for >400 pregnant mothers and toddlers, including 3,210 boiled chicken eggs • Conducted blood donation event with >160 donors • Provided free medical check up for >200 people
Environment	Our environmental efforts include planting fruit trees along riverbanks near our operations to prevent erosion and provide fruit for local communities. We also work with the local communities through our Fire Free Village Program. Refer to pages 82-85 for further details. • Developed water well for >5 villages • Planted >150 fruit trees
Social and Culture	We actively support sporting, cultural, and religious events within the local community. Annually, we sponsor sports events, such as volleyball, football, and badminton, marking significant occasions such as Indonesia's Independence Day or the anniversary of our mills. Our support extends to cultural and religious celebrations, including breakfasting during Ramadhan, Halal bi halal following Eid al-Fitr, and providing meals for Christmas and Chinese New Year. In addition, we distribute essential food packages to families in need in areas surrounding our operations during Ramadhan. • Distributed >3,500 packages of underprivileged people • Distributed >35,000 Liter cooking oil support Provided tambourines and traditional custome as a form of local art to more than 3 villages
Disaster Relief	To assist communities affected by natural disasters, we distribute essential supplies like groceries, clothing, first aid, and medicines. These efforts are often in collaboration with other companies, universities, and local institutions. We deploy advance teams to disaster sites to ensure targeted and effective aid delivery. • Provided 2.600 kg rice and supporting box noodles as part flood relief

Our community development is also expected to bring indirect economic impacts to the local communities. These indirect impacts may include increased market access for smallholders, improvement of human capital, enhanced infrastructure, technology and knowledge spillover and multiplier effect on local economy. Besides, we also carefully manage our programs to limit the potential social and cultural disruption in the community.

We also acknowledge the potential negative impacts that may arise, which generally include the release of POME waste into river bodies. Nevertheless, we suppress the negative impacts to a minimum as we regularly monitor our effluent's water parameters before releasing them into the river. We also become extra careful during the rainy season to prevent waste ponds from overflowing.

[28] This amount is not exhaustive and does not include CSR funds primarily aimed at smallholders as part of the smallholder empowerment program.

Asian Agri Boosts Education and Economic Growth in Jambi and North Sumatra

Asian Agri, under its subsidiary PT Dasa Anugrah Sejati Kebun Taman Raja (PT DAS KTR), has made significant contributions to education and local economic development in two Jambi villages. The initiative included distributing school essentials, such as uniforms, notebooks, shoes, and bags to students of various educational levels, as well as supporting Package C recipients. In addition, we are enhancing local economies through livestock farming, legume cultivation, and bolstering Small and Medium-sized Enterprises (SMEs).

The Lubuk Lawas Village Head commended PT DAS KTR for their impactful AA2030 assistance in 2023, encompassing both educational aid and alternative economic ventures. He also expressed hopes for expanded training programs in areas such as livestock farming.

Furthering these efforts, Asian Agri's units, PT Supra Matra Abadi Kebun Aek Nabara (PT SMA-KAN) and PT Indo Sepadan Jaya (PT ISJ), have also provided educational and economic support in two North Sumatran villages. This includes supplying school materials to 30 students across various educational levels and aiding local entrepreneurs with business equipment in Perbaungan and Kampung Padang Villages. The plan extends to support 44 students and three entrepreneurs in three villages this year.

Coordination with local governments and schools ensures the targeted distribution of assistance, aligning aid with those most in need. For MSMEs, collaborations with village authorities help identify and support aspiring entrepreneurs, with a portion of their profits reinvested in the community.

Support for MSME development includes providing essential equipment like mixers and gas stoves for pastry businesses in Perbaungan Village and renovations, electrical installations, and hairdressing tools in Kampung Padang Village. The educational aid covers a range of necessities, including school uniforms, shoes, bags, writing materials, and other educational resources.

Asian Agri continues to empower MSMEs as part of AsianAgri2030. Among others, **we have provided training, business assistance, and equipment such as cash registers and barcode scanners to Budiharti, owner of a Kepok Banana Chips Tebing Tinggi,** North Sumatra. 'In 2016, I started this small banana chips business after seeing an opportunity to make kepok bananas more desirable by adding various flavors. Now, my market is not only in North Sumatra but also in Malaysia,' she said.

Contributing to Food Security in the Community

GRI 13.9.1

Recognizing that adequate food is a fundamental human right essential to the enjoyment of all other rights, Asian Agri has integrated food security into our Sustainability Policy. Under the pillar of Positive Socio-economic Impact for People, Smallholders, and the Community, our commitment is steadfast: to strengthen the food security of local communities. This effort ensures their land use choice and secures future food options. We take our responsibility seriously, ensuring that communities near our plantations are not only empowered, but also have sustainable food sources.

Palm oil, being the most consumed vegetable oil globally, positions our business as an important player of food supply. Our operations affect food affordability, quantity, quality, and accessibility. A key goal is to provide a steady supply of high-quality palm oil to the market, meeting customer demand without significant hurdles. We aim to avoid market monopolies to maintain affordability.

Our approach to food security includes enhancing land productivity using superior planting material, like TOPAZ. For details on our production optimization and efficiency strategies to minimize food loss, see page 119. We believe in the potential of organic practices to improve soil health, productivity, and the resilience of food production. Our sustainable land management practices are detailed on pages 130-134.

Since our early years, collaboration with smallholders and local communities has been pivotal. Initiatives include cattle, poultry, fishery, beekeeping, and the cultivation of fruit trees and vegetables. Today, we persist in supporting smallholders and communities in food security through alternative income assistance and CSR programs. During critical periods, such as post-replanting and pre-harvest, providing alternative income assistance is a priority. We also partner with cooperatives (KUD) to offer knowledge, technical, and financial support in food farming. Our 'No-burn incentives' reward system focuses on socio-economic enhancement in villages, including farming diversification beyond oil palms. Our goal is to diversify food sources in surrounding areas, creating alternative income streams and maintaining environmental balance amidst our oil homogenous palm plantations.

Asian Agri Held Maggot and Azolla Cultivation Training[29]

We conducted a training session for the MSME Advancement Program 2023, titled 'Presenting Alternative Animal Feed to Achieve an Optimal Livestock Ecosystem'. One of the primary challenges faced by local MSMEs, especially in the fisheries and livestock sectors, is the high cost of feed. This situation significantly influences the increase in operational costs, potentially reducing the profits from livestock businesses.

To address this, we collaborated with the founder of the Ibnu Al-Mubarok Waste Bank in North Sumatra, who has experience in creating alternative animal feeds, such as maggot and azolla cultivation. The cost of maggot cultivation feed is reportedly cheaper compared to traditional animal feeds like pellets, the prices of which have been continuously rising.

What's next?

- We will focus on advancing our AA2030 objectives within the local community, which include empowering MSMEs, providing scholarships, and offering vocational training programs.

- We will continue sustaining our collaboration with local cooperatives and village leaders, fostering strong relationships with the community and aiding their development through our CSR initiatives.

Pak Abu, from Lalang Kabung village in Pelalawan Riau, is one of the beneficiaries of our CSR goat breeding program, which aims to empower the community surrounding our operations.

[29] https://www.asianagri.com/id/media-publikasi/berita/asian-agri-gelar-pelatihan-budidaya-maggot-dan-azolla/

CLIMATE POSITIVE

"We are grateful to Asian Agri for assisting local governments in protecting their communities from the dangers of forest and land fires through the Fire Free Village Programme. Hopefully, this initiative will serve as a model for future businesses by protecting all of our locations from the threat of fire. This activity is also encouraging the community to protect their territory from fire hazards."

- Mr. Aspan, Regent of Tebo, Jambi Province

"Asian Agri is the first palm oil company to give its commitment toward beyond sustainability practices and SDG's targets as well as carbon neutrality by 2030. Other companies are hoped to follow suit, both those in the palm oil plantation sector and outside, so that Indonesia can achieve the SDGs and zero carbon emission target by 2030."

- Mr. Fadhil Hasan, Expert Staff to The Vice President of The Republic of Indonesia

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Palm oil plantations are vulnerable to climate change risks, with their heavy reliance on rainwater and ample sunshine. In 2023, plantations in the region produced low yields due to prolonged dry season. During this phase, rainfall intensity decreases, and as the dry period become more intense, oil palm yields are likely to reduce. In addition, low amounts of rainfall pose a threat to our peatlands as it can amplify their release of methane into the atmosphere.

Prolonged dry season in 2023, similar to its occurrence in 2019, diminished our crop productivity, a challenge also faced by other companies in the sector. These dry conditions were made worse this year by the return of El Niño[30]. While El Niño is a cyclical event, its adverse effects can be exacerbated over the years as the climate changes. In response, companies are expected to implement adaptation measures that require time and cost, such as reducing evapotranspiration from oil palms.

We at Asian Agri recognize the climate change risks to our operations, and we are motivated to contribute to improving the global climate and addressing climate change. Addressing the adverse impacts of climate change is also part of our commitments to upholding human rights. According to the Office of the United Nations High Commissioner for Human Rights (OHCHR), the effects of climate change significantly impact human rights, including the rights to life, food, health, and water[31].

We are committed to achieving carbon neutrality for our land by 2030. We also aim to continuously reduce our greenhouse gas (GHG) emissions from our operations. In our efforts to do so, we are promoting the use of renewable energy, and aim to utilize 100% renewable energy for our operations by 2030. In addition, we are committed to continuously reduce methane emissions from our mill operations by capturing them with methane capture facilities in our biogas plants and using them as part of our renewable energy source.

AA2030 Targets and Performance for Climate Positive

Targets	Our Progress in 2023
One-to-one Restoration Ecosystem (RE) area	We had obtained the legal permit for RE area and we will continue our commitment to maintain the existing natural ecosystem as well as to do the enrichment on the degraded area in the concession
Net-Zero Emissions[32] from land use	We continued our initiatives in avoiding and reducing GHG emissions and the activities in the RE area which expected to absorb carbon dioxide released into the atmosphere.
Optimize methane capture facilities for all mills	We added one biogas plant with methane capture facility in Riau in December and continued to conduct feasibility studies towards the possibility to add more methane capture facilities at our mills, in the future.
100% renewable energy for our operations	We continued the review of suitable and effective installation of Solar PV to replace existing power generation using fossil fuel in our operations.

[30] Referred from NASA's Earth Observatory earthobservatory.nasa.gov/images/151481/el-nino-returns and NOAA Climate.gov climate.gov/news-features/blogs/october-2023-el-nino-update-big-cats

[31] Retrieved from OHCHR publication on Understanding Human Rights and Climate Change: ohchr.org/sites/default/files/Documents/Issues/ClimateChange/COP21.pdf

[32] Our goal encompasses efforts to reduce, avoid, and, if possible, eliminate sources of greenhouse gas (GHG) emissions. This goal has not yet been validated by an external assessor to ensure alignment with standards, such as the Science Based Targets initiative (SBTi).

Emissions and Energy Management

Management Approach

GRI 3-3

The plantation and business operations of palm oil companies, including ours, are associated with emitting carbon dioxide and methane gas. These emissions result from land conversion, the use of palm oil mill effluent (POME) without proper treatment, peatland cultivation, the application of fertilizer and chemical pesticides, fuel consumption, and activities related to water use. To mitigate these risks, palm oil companies must implement robust measures to reduce emissions from their plantations and mills through sustainable practices.

Sustainable palm oil production is recognized for its lower carbon footprint compared to conventional methods[33]. At Asian Agri, we are dedicated to adhering to sustainable palm oil standards, actively working to reduce or avoid GHG emissions as we shift towards low-carbon practices. We have adopted major initiatives in our business over the years, such as NDPE (No Deforestation, No Peat, No Exploitation) policies and the establishment of biogas plants, demonstrating our long-term commitment to low-carbon practices.

We are also committed to managing 100,000 hectares of restored ecosystems in areas outside our concessions, aimed at absorbing the carbon dioxide we emit through extensive conservation efforts that we will conduct. In addition, we are ramping up investments in renewable energy sources as part of our strategy to reduce our reliance on fossil fuels and aim to power all our operations with 100% renewable energy by 2030.

In December 2023, we commenced the operation of a new biogas plant in Riau. For our mill operations, we are increasing efforts to optimize boilers and improve fuel efficiency.

Pursuit of Energy Efficiency and Renewable Energy Use

GRI 302-1, 302-3, 302-4, 302-5

Almost all of the energy consumed, measured in terajoules, is powered by renewable energy sources, with only a small portion from non-renewable sources. Renewable fuels, such as biomass and biogas, are primarily used to generate electricity for our operations. We transform our organic waste into biomass fuel, further supporting renewable energy production for our mills. Simultaneously, we leverage POME for our biogas plants, which also helps capture methane, preventing its release into the atmosphere. These practices embody our commitment to energy circularity and reinforcing our shift away from non-renewable fuels in our plantations and mills. Since 2020, all our operations have complied with the government's mandate to use B30 biofuel, upgrading to B35 in February 2023.

Energy Source	Procurement	Electricity Generator	Main usage
Renewable: Fiber and palm kernel shell (so-called biomass)	By-products in our mills	Steam turbine	The electricity is used to operate our mills and KCPs.
Renewable: Biogas	Captured using our biogas plants	Gas engine Steam turbine	The electricity is used for: • Our mills and KCPs • Our housing complex • Sale to State Electricity Company's (Perusahaan Listrik Negara/ PLN) grid, when feasible
A mixture of renewable and non-renewable: Biodiesel (B35)	Procured from a third party	None	B35 is mainly used for transportation and heavy equipment for cultivation and field maintenance.
		Diesel generator	We use B35 biodiesel in generators to support our mill operations, particularly during firing up when the boiler cools down in the morning, and for our housing complexes that are too distant from our mill and the power grid.

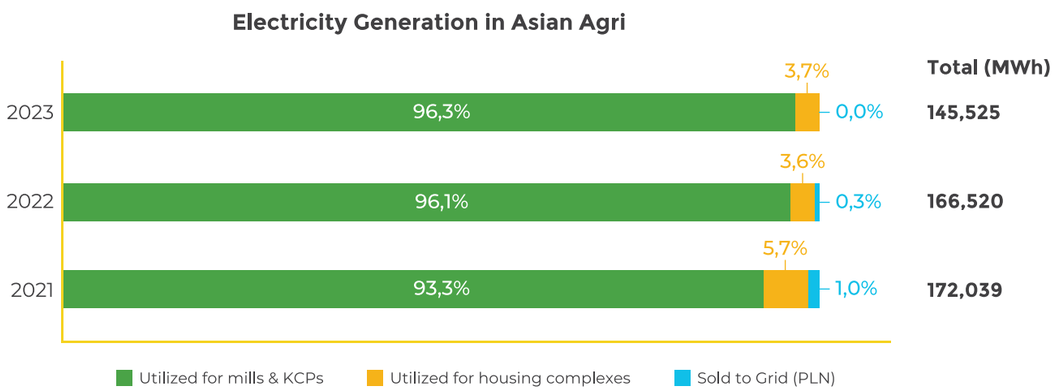
[33] According to the study by Jannick Schmidt and Michele De Rosa in 2019 titled Comparative Life Cycle Assessment of RSPO-certified and Non-certified Palm Oil lca-net.com/publications/show/comparative-life-cycle-assessment-of-rspo-certified-and-non-certified-palm-oil

The table below shows the total energy consumption within our organization (Terajoules/ TJ). In 2023, we observed a decrease in total energy consumption compared to 2022, as we processed less FFB, leading to reduced mill utility and CPO production.

Energy consumption	2023	2022	2021
Fuel consumption			
Total fuel consumption from non-renewable sources	335	361	348
Total fuel consumption from renewable sources	9,250	11,222	10,250
Electricity consumption			
Electricity consumption (purchased from the grid)	29	24	23
Electricity sold			
Electricity sold (from self-generated electricity)	0	2	6
Total energy consumption[34]	9,614	11,605	10,615
CPO Production (MT)	981,405	1,162,645	1,070,247
Intensity of energy consumption (TJ / MT CPO)	0.0098	0.00998	0.00992

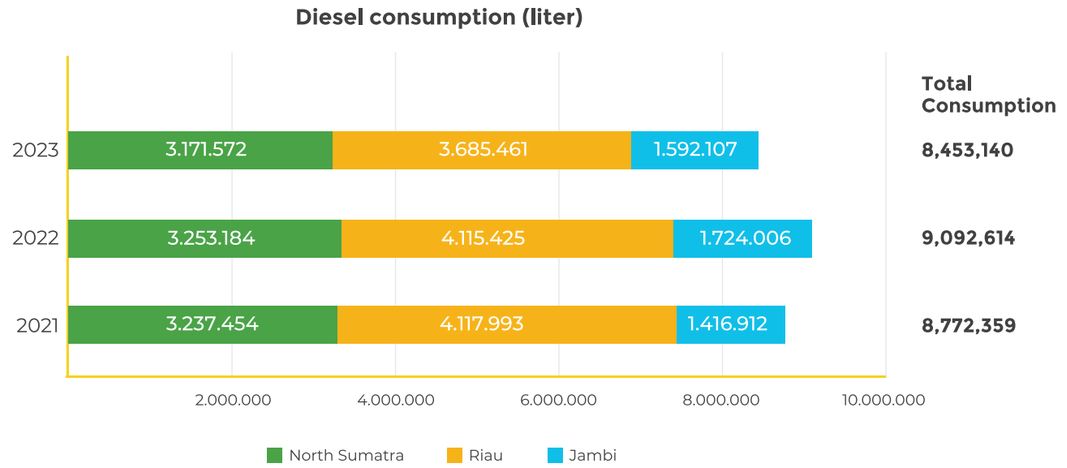
Note: Asian Agri does not purchase or sell energy for heating, cooling, and steam

We utilize our fuel, primarily sourced from renewable resources and a small portion from non-renewable sources, to generate electricity as outlined below. In 2023, our electricity generation decreased by 12.6% from 2022. This decrease was due to a decline in FFB supply and CPO production, which impacted the availability of POME and consequently led to a reduction in gas and power production. On the other hand, we did not sell electricity to PLN in 2023, as all generated electricity was utilized for internal purposes.



We also utilize diesel fuel directly for transportation and machineries, as shown on the next page. In 2023, our diesel consumption decreased compared to 2022 due to a reduction in mill utility and transportation activities, which was in line with the decline in FFB supply for CPO production.

[34] Total energy consumption is calculated from the total fuel consumption (renewable and non-renewable) plus the electricity consumption purchased from the grid minus the electricity sold



Our GHG Emissions

GRI 305-1, 305-2, 305-4, 305-5

We employed an operational control approach that encompassed carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O) gases. We utilized a tool for our emission calculation developed by external consultants in accordance with ISO 14064-1 and the GHG Protocol.

The table below indicates the organizational boundaries of the GHG accounting.

Emission Source	GHG Protocol Scope 1 & 2
Estates	33 (30 Own Estates + 3 Scheme Smallholders Estate)
Mills	22 in total (inclusive of entities with biogas plants and KCPs)
KCPs	
Biogas Plants	
Offices	4 (Head Office Medan, Pekanbaru Regional Office, Jambi Regional Office, and Jakarta Representative Office

We recognize that the majority of our emissions come from:

- Plantation: Peatland oxidation, land conversion, and fertilization
- Mill: Methane emission from our POME

The table below presents the total Scope 1 and Scope 2 GHG emissions and intensity. Our total Scope 1 & 2 GHG emissions in 2023 experienced a slight decrease, while biogenic emissions and emission intensity increased compared to 2022.

Scope	2023	2022	2021
Scope 1 GHG emissions (tCO2eq)	3,027,269	3,096,458	3,170,401
Scope 2 GHG emissions (tCO2eq)	6,754	5,657	5,878
Total Scope 1 and 2 GHG emissions (tCO2eq)	3,034,023	3,102,116	3,176,279
Biogenic emissions	774,363	858,085	5,108
CPO Production (MT)	981,405	1,162,645	1,070,247
Scope 1 & 2 GHG emission intensity (tCO2eq/ MT CPO)	3.09	2.67	2.97

The Global Warming Potentials (GWP) figures used were sourced from the IPCC Fifth Assessment Report (AR5). At Asian Agri, our biogenic emissions originate from biodiesel B35 used in our stationary and mobile diesel engines, palm kernel shells and palm fiber.

Reducing Our Carbon Footprint

At Asian Agri, we have established a GHG footprint reduction target, as disclosed in our latest submission of the Annual Communication of Progress (ACOP) to the RSPO. Our baseline average GHG footprint for all certified management units, per tonne of crude palm oil, was set in 2022 and is sitting at 4.48 tCO2e/tCPO. Our goal is to reduce this by 0.07 tCO2e/tCPO annually until 2030. To that end, we have been striving to reduce our emissions by 2% every year, starting from 2021.

To reduce our carbon footprint, we continue to use multiple strategies with different approaches across our supply chain, as detailed below.

Plantation

- Zero Burning, No New Development on Peatland, and Peat Management
- Reducing the Usage of Pesticides and Chemicals
- Protecting Conservation and Natural Ecosystems Area
- Efficiency in Heavy Equipments and Transportation Usage
- Enrichment on Degraded Areas (e.g Riparian Zones)
- Investment in Potential Renewable Energy Sources (e.g., Solar PV)

Mills & Kernel Crushing Plants

- Turning POME into Energy through Biogas Plants
- Utilizing FFB By-Products as Renewable Energy Sources
- Reducing Energy Consumption and Improving Energy Efficiency

Our Plantations

Process of Handling Griveance

We mitigate GHG emissions from fire incidents by reinforcing the zero burning principle and minimizing emissions from peat oxidation through the no new development on peatland principles in our policy. We acknowledge that peatland oxidation, where development on peatland releases significant amounts of stored carbon into the atmosphere, can greatly contribute to our GHG emissions. Please refer to page 29 for our zero burning and no new development on peatland policy. For more details on our peatland protection strategy, please refer to pages 101-102.

Protecting Conservation Areas and Restoring Ecosystems

Besides safeguarding areas within our estates that possess High Conservation Values (HCV) and High Carbon Stock (HCS), we are actively working to offset our emissions by committing to the restoration of degraded land, equivalent in size to our total landholding. This initiative, known as our One-to-One Restoration commitment, is aimed to be completed by 2030. It serves multiple purposes, including the acquisition of carbon credits from the preserved ecosystem. For detailed information on our strategies for protecting conservation areas and restoring ecosystems, please refer to pages 100-101.

Enrichment on Degraded Areas (e.g. Riparian Zones)

We also adopt a proactive approach to carbon sequestration through the rehabilitation of degraded areas, such as riparian zones or forests with low biodiversity value. This enrichment occurs in the areas surrounding our estates, where we plant fruit trees either in designated set-aside areas or in those near local villages, in collaboration with local communities. Furthermore, we plan to restore degraded areas beyond our operational boundaries, aiming to match the size of our own estates. This initiative will contribute to our AA2030 targets.

Reducing the Use of Pesticides and Chemicals

We acknowledge that the utilization of fertilizers, pesticides, and other chemicals can contribute to our GHG emissions. In line with our strategic approach, we have been actively pursuing sustainable practices. This includes partially replacing synthetic fertilizers with organic fertilizers derived from our EFB and POME.

In addition, we are implementing a 4C fertilizer stewardship approach, focusing on “Correct dosage, Correct method, Correct timing, and Correct placement”, along with a site-specific fertilizer program. We are also adopting an Integrated Pest and Disease Management (IPM & IDM) approach. This approach relies on biological and ecological methods to reduce our reliance on chemicals for pest control, eventually contributing to lower carbon emissions.

For further details on our chemical usage approach, please refer to pages 132-137.

Efficiency in Heavy Equipments and Transportation Usage

We aim to optimize the use of heavy equipment and trucks to achieve fuel efficiency and reduce emissions. This includes strategies like transporting FFB and EFB in single trips to avoid unnecessary return journeys without loads. We ensure that our heavy equipment performs multiple tasks in a single operation to maximize efficiency. Additionally, maintenance on heavy equipment is done on time to ensure smooth and effective operations.

Investment in Potential Renewable Energy Sources (e.g., Solar PV)

We strive to reduce our consumption of fossil fuels for power generation. Previously, we relied on electricity purchased from the grid or generated by our diesel generators to power public facilities surrounding our plantation area, such as streetlamps, housing complexes, and buildings such as worship places and halls. We plan to reduce our dependence towards current non-renewable energy sources by shifting towards solar PV for electricity generation. In 2023, we continued our review of the suitable and effective installation of solar power, ensuring it aligns with regulations in Indonesia.

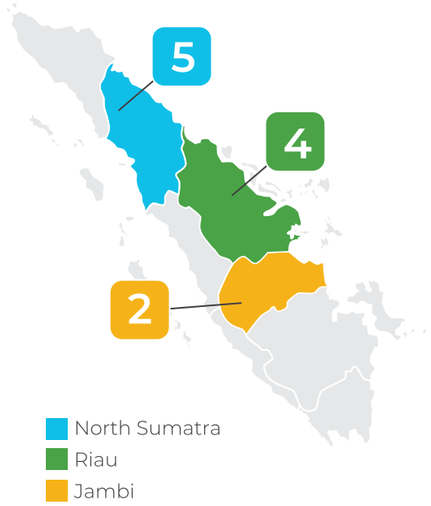
Our Mills Operations

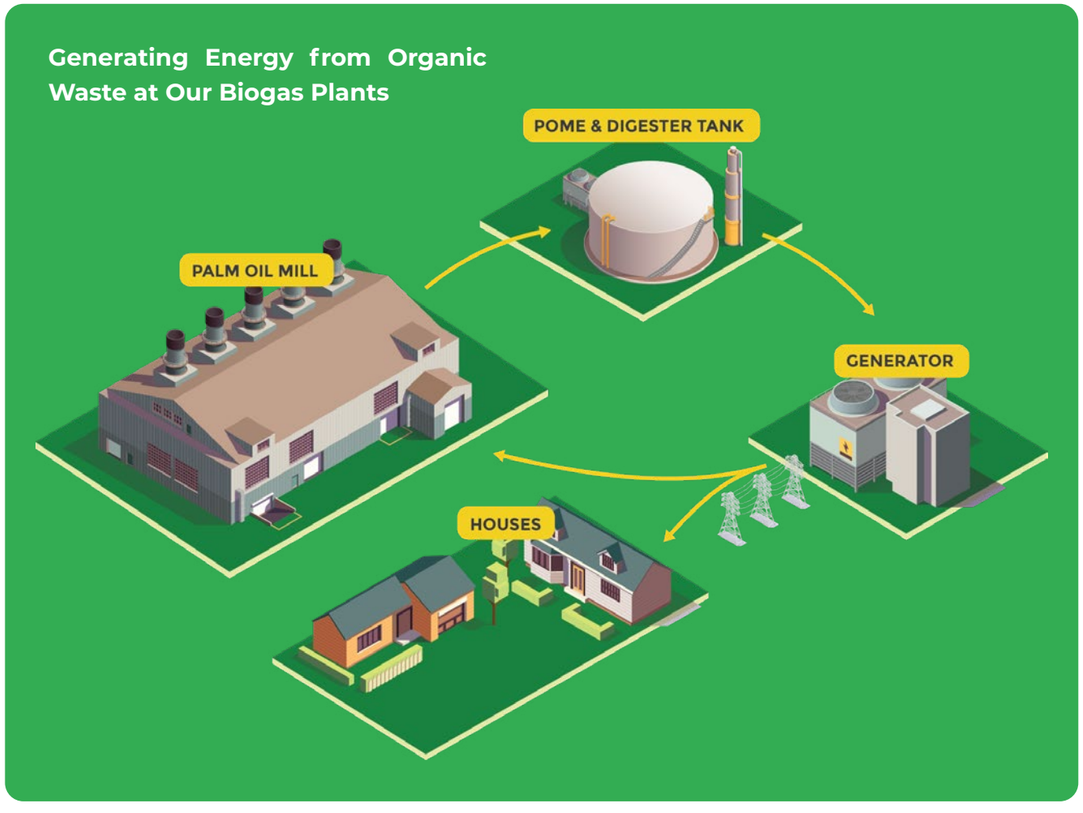
Turning POME into Energy through Biogas Plants

We are currently operating 11 biogas plants equipped with methane capture technology in our mills. These plants support our multiple objectives of reusing organic waste, adopting renewable energy, reducing GHG emissions, and ensuring the safe discharge of effluent.

Our biogas plants are equipped with methane capture technology, capable of capturing up to 90% of the methane produced, aligning with GHG emission calculations. This technology is recognized as one of the most effective strategies for lowering carbon emissions associated with milling operations. Capturing and utilizing methane, a potent greenhouse gas, can significantly reduce the environmental impact compared to releasing it into the atmosphere.

Subqequently, we generate power by combusting methane gas, which can reduce our diesel consumption for power generation in our operations and housing. The total potential production is 20 MWh of electricity.





1. **POME From Palm Oil Mill:** Our biogas plants are integrated with our palm oil mills, utilizing the abundant biomass waste, known as Palm Oil Mill Effluent (POME), from the milling process.
2. **POME Treatment in Digesters:** This effluent is processed in digester tanks, where microorganisms convert it into methane through the anaerobic digestion process.
3. **Energy Production:** The methane gas produced is then channeled to the power plant, generating between 1.2 and 2.2 MW of electricity per biogas plant, depending on the configuration of one or two gas engines.
4. **Utilization of Generated Electricity:** The electricity produced supports our operations, including palm oil mill and KCPs, powers our housing complexes within the estates, and is sold to the grid when possible.

Utilizing FFB By-Products as Renewable Energy Sources

We ensure no by-product of FFB goes to waste, transforming them into fuel. Asian Agri has long embraced the use of biomass fuel as a renewable energy source. Across all our mills, we utilize fiber and palm shells as biomass fuel in our boilers, opting for these sustainable resources over coal or diesel fuel. In addition to meeting our internal needs, we sell any surplus biomass, such as kernel shells, to third parties to promote the use of renewable fuels outside of our operations.

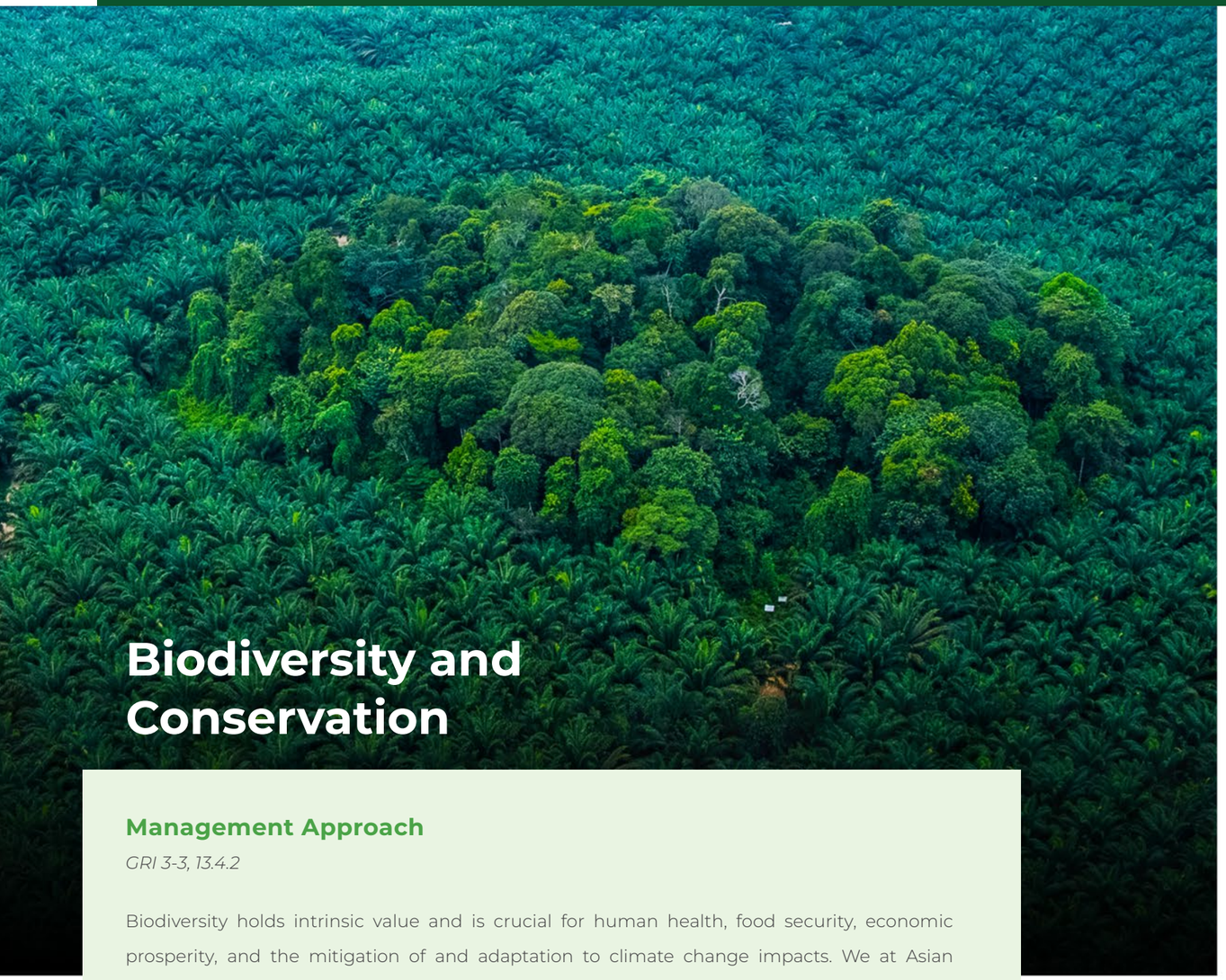
Reducing Energy Consumption and Improving Energy Efficiency

We are constantly exploring ways to enhance the efficiency of our daily operations and improve our energy management. Our commitment to sustainable practices is demonstrated through various initiatives, including:

- Conducting biannual monitoring of air emissions from boiler chimneys and generators that adheres to ISO 14001 Environmental Management System procedures. This monitoring is performed by our internal team and verified by external third parties.
- Tracking the energy consumed per ton of CPO, PK, and CPKO produced, including through the use of the Supervisory Control and Data Acquisition (SCADA) system. This data helps us analyze energy efficiency and devise targeted strategies for process improvement.
- Enhancing fuel efficiency by investing in technologies that enable higher production levels with lower energy consumption in our mills.
- Promoting energy conservation among our employees to foster an eco-friendly mindset. This includes multiple reminders to reduce consumption of electricity, air conditioning, and water throughout our operational areas.

What's next?

- We will continuously reduce our emissions, we plan to gradually add methane capture facilities for all of our remaining mills where possible.
- We will continue to make progress on the procurement and installation of solar panels for our operation.
- We will optimize our fertilizer use efficiently with our 4 approaches: Correct Dosage, Correct Method, Correct
- Timing, and Correct Placement
- We will continue to reduce the use of chemical pesticides and optimize the use of biological control for our pest management.



Biodiversity and Conservation

Management Approach

GRI 3-3, 13.4.2

Biodiversity holds intrinsic value and is crucial for human health, food security, economic prosperity, and the mitigation of and adaptation to climate change impacts. We at Asian Agri are dedicated to conserving biodiversity and natural capital within our concessions and the surrounding areas. We have designated areas of HCS and HCV for ongoing ecosystem preservation.

Our current estates, including those owned by our plasma smallholders, were established in the 1990s on degraded forests with low biodiversity value, having received concession permits from the government. Seventy five percent of our plantation is on mineral soil, while the remaining 25% is on peat soil, which receives our special attention.

Our approach to conserving biodiversity involves preventing fires through collaboration with external stakeholders, including local communities. Furthermore, we have initiated efforts to conserve and restore 100,000 hectares of natural ecosystems outside our plantation area. This is part of our commitment to enhancing biodiversity value and carbon storage capacity.

Our Focus on Replanting

We prioritize replanting and optimizing yields in our existing estates and those of the smallholders by enforcing a moratorium on forest clearance and new peatland development since 2003. In recent years, replanting has been our primary focus, as we plant new trees to replace mature oil palms that are less productive. Additionally, the quality of FFB tends to decline as the palm tree ages beyond its prime, usually around 25 to 26 years old.

The replanting process encompasses these steps:

- Our planning involves evaluating characteristics like the age and productivity of palm trees, conducting soil analysis, and performing feasibility studies. We target replanting our own estates for 3,000 - 4,000 hectares annually, approximately 3-4% per year.
- We cut down trees instead of burning them, in line with our ‘zero burning’ policy.
- We leave the leaves and fronds to decompose naturally, enriching the soil and serving as fertilizer for the new saplings.
- We then plant leguminous cover plants.
- Following this, we plant TOPAZ seedlings.
- The entire land preparation process will take a period of six months to complete.

We also continuously provide support to our plasma and independent smallholders throughout the replanting process and maintain close collaboration with them. As part of our AA2030 initiative, our ambition is to assist 100% of our smallholders in completing the replanting program. We are dedicated to raising smallholders’ interest in joining the replanting program and addressing challenges that might hinder their participation.

By the end of 2023, we have completed replanting around 70% of our own estates, and since 2016, we have replanted more than 15,400 hectares of smallholder land, which includes approximately 2,800 hectares in 2023 alone.

Commitment to One-to-One Restoration Area

GRI 304-3

Under the AA2030 initiative, we want to manage, restore, and conserve the ecosystems of 100,000 hectares of land by 2030, matching our 100,000 hectares of cultivated land. The primary focus will be on preserving ecosystems within these areas and restoring tracts of land where the ecosystem has degraded. Once we secure the necessary permits, we aim to diligently implement our restoration strategies. Our AA2030 ambitions include achieving a net offset of our annual emissions through the carbon reductions gained from our conservation, restoration, and enrichment activities by 2030.

We have identified several locations across Indonesia with significant potential for ecosystem restoration and carbon sequestration. To ensure the success of our restoration initiatives, we strictly adhere to the required legal procedures to acquire permits and comply with environmental regulations in all areas. As of 2023, we are making progress in securing the ecosystem restoration permits, which we expect to proceed in several phases over the coming years.

Protecting Conservation Areas and Biodiversity

GRI 304-1, 304-2, 304-4

Preserving High Conservation Value and High Carbon Stock Areas

In alignment with our Sustainability Policy, we have carried out essential evaluations across all our properties, which include HCV assessments, HCS assessments, peatland surveys, and Social and Environmental Impact Assessments (SEIA) before initiating new plantings.

Our HCS assessments were completed by a Technical Committee consisting of six scientists with extensive experience. We finalized our HCV assessments for all Asian Agri companies by 2014. These assessments were performed by third-party assessors approved by the RSPO and reviewed by independent experts, aligned with our commitments to sustainability certifications. We ensure that all HCV evaluations are carried out by licensed professionals recognized by the High Conservation Value Resource Network's (HCVRN) Assessor Licensing Scheme (ALS), and we extend this standard to our suppliers as well.

The scope of these assessments encompasses various environmental factors, such as the quality of habitats, soil conditions, the presence of peat, and river health. These comprehensive assessments have allowed us to designate specific HCV areas for conservation, taking preventive actions to protect these zones from any developmental activities that could harm the environment and the habitat of diverse species. Such measures are crucial for maintaining the microclimate within our plantations.

We also designate riparian buffers and sites of significant cultural importance to the local communities. These riparian zones act as vital safeguards for water sources that are utilized by neighboring communities. We also devise and execute plans for their conservation and management.

We acknowledge that our operations might pose impacts of fire and pollution towards water bodies, which can impact biodiversity. Therefore, we implement a rigorous system of fire prevention and effluent management. Further reading can be found on page 102-103 and 123-125.

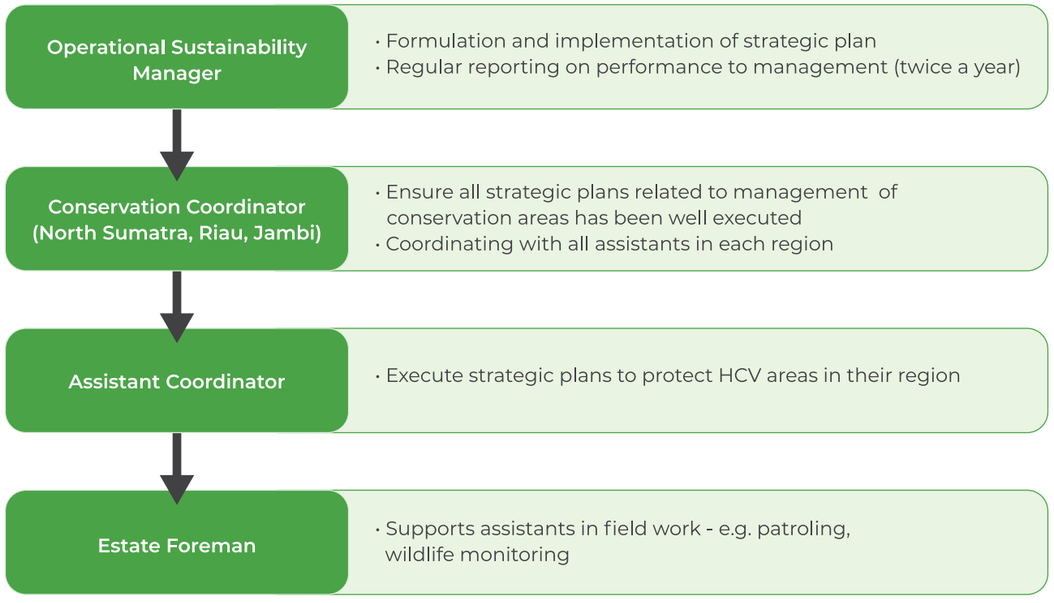
Within our concessions, we have identified several species listed as Critically Endangered and Endangered on the IUCN Red List, such as the scaly anteater, milky stork, silvery gibbon, crab-eating and southern pig-tailed macaque, greater green leafbird, and yellow-handed mitered langur. Biannual monitoring is conducted to maintain the conservation of these species' habitats and to verify any positive ecological changes, such as habitat enrichment. Detailed information about the endangered species inhabiting our concessions is accessible on our website[35].

None of our managed areas are located in, border, or overlap with protected regions. The nearest conserved forest, Tesso Nilo National Park, is situated approximately 16 kilometers from our Ukui estate.

Implementation Approach

We enforce a strict policy that forbids the capture, hunting, and fishing of endangered species. To raise awareness among local populations, we have displayed signboards prohibiting trapping, hunting, fishing, and unauthorized entry in these protected zones. In addition, HCV and HCS topics are included in training programs for smallholders, to secure their understanding and cooperation in preserving these areas. We also engage with neighboring communities to protect areas of significant sociocultural importance.

We have a team of field personnel tasked with daily patrols and documentation of endangered species. If a breach of our biodiversity policy is discovered, individuals involved will receive a warning or, in cases of significant violations, face legal prosecution. To ensure the implementation of these management plans, we have established a dedicated team to oversee the process:



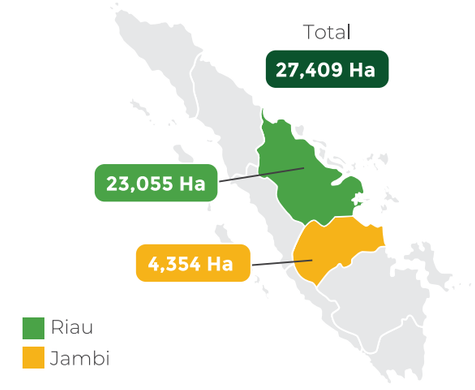
Peat Management

GRI 13.5.1

We currently oversee seven estates located in North Sumatra and Riau which have portions of peatland, accounting for approximately 25% of our overall plantation area, while we do not have any estate on peatland in Jambi. All our peatland estates were planted in the 1990s, and we are committed to no new development on peat, irrespective of its depth.

We take meticulous care in managing peatlands within our operational area. We recognize that poorly managed peatland can potentially emit more N2O, which contributes to the GHG emissions of our land. Our goal is to restore and maintain the peatland ecosystem's vital role as a carbon sink, thus preventing the release of organic material into the atmosphere. We achieve this goal through our Sustainability Policy which places significant emphasis on peat soil, which contains 65% or more organic matter, as it is crucial to our environmental commitments. Inadequate peat soil management can not only lead to environmental degradation but also to reduced oil palm productivity in peatland areas.

Before new replanting, our R&D peat experts conduct mapping and assessments, producing a map to safeguard areas from new development. Our replanting on peatland is carefully assessed and does not exceed the areas we have previously planted. For peatland areas unsuitable for replanting, we collaborate with stakeholders and communities to explore long-term restoration or alternative uses. Our specialists are tasked with identifying the specific properties of our peatlands, such as maturity and porosity, to inform the most effective water management strategies.



[35] https://www.asianagri.com/en/sustainability/sustainability-policy/zero-deforestation/

We safeguard peatland quality in our concessions, preserving its organic content and averting emissions, by adhering to RSPO-endorsed best practices. The aim is to maintain the water level and reduce the rate of soil subsidence. We strive to enhance the contact between organic materials and oil palm roots, prevent the release of methane, reduce the risk of fire, and preserve peatland biodiversity. Some key measurements that we take when assessing our peatland are:

- Drainage Level Measurement: We assess drainage capacity five years before replanting in peatland, gauging land suitability. This informs our water management strategy, employing bunds, water gates, and weirs to prevent monsoon-related water ingress that could harm peatlands. Our protocol mandates maintaining water levels between 50-70cm from ground level throughout the year, achieved by installing water barriers or gates on each drainage channel.
- Subsidence Level Measurement: To uphold peatland integrity, we install subsidence poles at strategic locations, monitoring peat subsidence levels on a monthly basis.

Conserving Our Environment Through Fire Prevention and Mitigation

For over four decades, we have consistently enhanced our fire prevention and mitigation strategies. Human actions, such as discarding cigarette butts and burning trash, can create hotspots that may pose a risk of igniting forest fires. However, a hotspot does not necessarily indicate an active forest fire but rather suggests the possibility of fire use in a specific area. To address this, we continually improve our efforts to raise awareness among smallholders and the broader community. This includes installing informative signboards and bolstering our community-based initiatives, such as the Fire Free Village Program (FFVP).

Asian Agri takes the responsibility of fire prevention seriously. Our training programs at the Asian Agri Learning Institute consistently incorporate fire prevention and emergency response techniques to all new trainees. We also provide yearly refresher courses for our employees and workers in various locations, ensuring they are well-versed in detecting fire risks, carrying out fire drills, and applying basic firefighting methods.

In partnership with local firefighting services, we have put in place the following robust emergency response procedures to promptly address hotspots or fire outbreaks:

- We have a dedicated team that uses satellite imagery to monitor hotspots.
- Our Emergency Response Teams, which consist of specially trained employee representatives, are ready to tackle emergencies effectively.
- We maintain a ready supply of firefighting tools and infrastructure to quickly respond to and control fires.

The Fire Team at the Buatan One Mill in Riau was able to extinguish a fire in just 2 minutes and 46 seconds during a nighttime simulation, well under the target of three minutes. This is part of our training for emergency preparedness, protecting staff and equipment, and safeguarding the environment and nearby communities.

Monitoring Hotspots

Our fire prevention effort includes regular monitoring of hotspot alerts from our internal Fire Prevention and Management team, satellite data, and feedback through our grievance mechanisms. In 2023, we succeeded in maintaining zero fire incidents. There was one detected hotspot within our concessions, which prompted our Fire Prevention and Management team to conduct prompt investigations and on-site verification, subsequently confirming the absence of actual fires. We also welcome any grievances on suspected hotspots from stakeholders like the RSPO. Our investigation reports are documented in the grievance log[36].

Year	Own Estates		Smallholders		Surrounding Communities	
	Number of hotspots	Number of Fires	Number of hotspots	Number of Fires	Number of hotspots	Number of Fires
2023	1	0	8	0	180	0
2022	7	0	2	0	104	0
2021	4	0	1	0	344	0

Collaboration for a Fire-Free Indonesia

Asian Agri joined the Fire-Free Alliance (FFA) in 2016, concurrently with our initiation of the FFVP. The FFA is a collaborative, voluntary initiative bringing together companies from the forestry and agriculture sectors, non-governmental organizations (NGOs), and other entities committed to collectively seek sustainable solutions to eliminate fires in Indonesia. As a member, we contribute data and insights to the FFA Secretariat and engage in dialogue with fellow members to enhance the collective approach to addressing the challenges of ongoing fires and cross-border haze in Indonesia. Our participation in the FFA allows us to exchange best practices learned from our fire prevention experiences, such as those gained through our FFVP, with other members, while also gaining insights from their initiatives.

Fire Free Village Programme (FFVP)

GRI 413-1

We at Asian Agri believe that collaborating with local communities is crucial for achieving our goal of zero fire incidents. The launch of FFVP started with 10 villages- eight in Riau and two in Jambi. The FFVP is an inclusive initiative aimed at motivating and assisting local communities in adopting non-burn alternatives for land clearing. This approach to community involvement has been recognized as an effective fire prevention strategy.

The prevention of forest fires has emerged as a critical national concern, prioritized by the government, private sector, and local communities alike. Through the implementation of the FFVP, Asian Agri collaborates extensively with key stakeholders, including the Indonesian National Armed Forces, police forces, the Environmental Affairs and Forestry Ministry's Fire Task Force "Manggala Agni", and local village communities. Our cooperative efforts encompass a range of activities, such as conducting joint patrols and sharing knowledge and training.

[36] https://www.asianagri.com/en/sustainability/grievance/grievance-update/

By 2023, our efforts had expanded to include 16 villages across Riau and Jambi, covering an area of 343,276 hectares to prevent fires. The number of villages and their areas remained the same as the coverage in 2022, but the population increased in 2023. The selection of these villages for the FFVP was based on their proximity to our operations and their vulnerability to fires, such as being situated in peatland regions or having a history of recurrent fire incidents.

The table below represents the number of Villages in our FFVP.

Number of Fire-Free Villages	Villages	Total Land Covered (Ha)	Population in 2023
Riau	1. Rantau Baru 2. Tambak 3. Lubuk Ogong 4. Segati 5. Bagan Limau 6. Sotol 7. Lalang Kabung 8. Delik 9. Kuala Terusan	173,006	32,529
Jambi	1. Teriti 2. Muara Sekalo 3. Semambu 4. Tuo Sumay 5. Suo-Suo 6. Lubuk Bernai 7. Lubuk Lawas	170,270	18,186

Working with Potential Villages

We undergo the following steps before including new villages in the FFVP:

1. Fire RIsk Evaluation

We utilize our own data analysis along with satellite hotspot trends to identify villages at high risk of fires.

2. Collaboration with Government Agencies

We partner with governmental bodies like the Coordination Board of Agriculture, Fishery and Forestry (Bakorluh) and the Estate Agency (Dishutbun) to obtain external support and align with broader regional agenda.

3. Signing off agreement with village head

Asian Agri and village head will sign an agreement, after the administration and technical support have been set up.

4. Selection and Training of Village Crew Leaders

We select a number of village crew leaders from individuals who meet the criteria and will be tasked with key responsibilities such as conducting patrols and liaising with the authorities. We equip them with skills in fire prevention and mitigation.

Implementation of the FFVP

The focus area of the FFVP is to continue with fire prevention programs, such as:

Monitoring	Monitoring of Hotspots by Regular Patrol and Using Satellite Imagery	See page 103 on the monitoring of hotspots.
Capacity Building	Raising Awareness for Communities Living Around Forest Areat	We actively involve the local community to increase their understanding of the adverse health effects caused by fire and smoke. Building community awareness is a crucial step in mitigating fire risks, especially since hotspots often originate within nearby communities. To achieve this, we have established a team composed of our estate managers, village crew leaders, FFVP participants known as the Fire Aware Community (Masyarakat Peduli Api), and sub-village heads. This team is responsible for coordinating and sharing information about fire incidents both within our operational areas and in the surrounding community. For prompt communication, members use instant messaging services and mobile phones to report incidents to us.
	Training Community Leaders of Village Crew Leaders	Once a village chief agrees to participate in the FFVP, our Human Resources department selects village crew leaders from the community, prioritizing individuals with robust physical health, a background in firefighting, and strong communication skills. Their key duties are centered around fire prevention, organizing patrols, extinguishing fires, and liaising with local leaders and authorities.

		These leaders are trained to be advocates for fire prevention and experts in fire suppression techniques. The training is delivered through collaborations with Manggala Agni, the police, the Human Resource Training Center of the Ministry of Environment and Forestry, NGOs, the Instructor Coordination Board, and the Training Center for Environment and Forestry. Participants in the Community Fire Crew Leaders program receive up to 52 hours of theoretical instruction at the Training Center for Environment and Forests and engage in three days of hands-on practice. The curriculum covers essential skills such as operating GPS-based Android devices, conducting fire patrols, educating the community on fire safety and prevention, and taking part in controlled fire drills. The Community Fire Crew Leaders also take part in patrols and discussions with villagers or government officials, facilitated by the support of village chiefs and security forces.
Assistance and Incentive	 Providing Assistance to Local Communities in Land Clearing Without Burning	We educate communities about alternative approaches to avoid the use of slash-and-burn techniques for land clearing. Our focus is on sustainable practices that involve no fire, prevent harm to peatlands, maintain soil health, and utilize felled trees to enrich soil nutrients. Our support extends through the implementation phase, where we provide any necessary equipment, including the loan of heavy machinery.
	 Providing 'No-Burn' Incentives to Develop the Local Economy	We will reward the villages that successfully prevent fires in their village for one year with a reward equivalent to IDR100 million. Meanwhile, a partial reward equivalent to IDR50 million is given to villages that limit burning to under one hectare. Instead of distributing the reward in cash, we provide funding that they can use to develop the local economy and infrastructure. The rewarded villages have utilized the reward for the construction of roads, bridges, and places of worship, or the setting up of businesses such as motorcycle wash stations and handicraft stalls.

Distribution of 'No-Burn Incentives'

We have distributed a total of IDR 2.95 billion to incentivize villages involved in the FFVP since 2017 to prevent fires in their communities, with IDR 250 million distributed in 2023 alone.

Year	Number of Villages	Amount Distributed (IDR)
2021	4	200 million
2022	4	350 million
2023	3	250 million

Collaborative Efforts of Asian Agri, Local Community, and Government to Prevent Fires

Asian Agri, in collaboration with the local community and government, is taking proactive steps to combat forest and land fires during the second dry season of 2023. On 31 May, 2023, at the Buatan plantation in Pangkalan Kerinci, Pelalawan, Riau, the company hosted fire prevention training and simulations. This initiative responds to the forest and land fire emergency alert declared by the Riau Governor in February 2023.

During the execution of the training, Asian Agri partners with a diverse group of stakeholders, including the Pelalawan District Police Head, the National Agency for Disaster Management (BPBD) of Pelalawan District, the Pelalawan District Plantation and Livestock Service, the Pelalawan District Environmental Service, the Civil Service Police Head, and the Pelalawan District Fire Service, alongside the Pangkalan Kerinci District Military Command and the Pangkalan Kerinci Police Chief. Additionally, representatives from neighboring villages to the Asian Agri plantation and members of the Fire Aware Community (FAC) in Riau Province are also invited to participate.

This training aims to enhance the skills and knowledge of the plantation's firefighting team in both fire prevention and extinguishing techniques. This enhancement will enable them to better predict and manage fire outbreaks within the plantation areas and the adjacent community lands.

The Pelalawan Police Chief, AKBP Suwinto, expressed his appreciation for the initiative, emphasizing the importance of preparedness in personnel, equipment, and firefighting techniques. He highlighted the critical need for synergy among government bodies, businesses, and the community to collaboratively ensure the land remains fire-free.

On different occasions, the Segati Fire Free Village, supported by Asian Agri and the FAC, has intensified fire patrols since April in collaboration with the army forces, police personnel, and Manggala Agni to prevent fires in Segati Village and its vicinity.

What's next?

- We will maintain our commitment to intensifying operations on the same plot of land without any new land use changes.
- We have identified several locations in Indonesia that we consider suitable for ecosystem restoration. Currently, we are in the process of obtaining an ecosystem restoration permit, which we expect to secure in the coming years.
- We will continue evaluating and improving our approaches to biodiversity management and conservation efforts.
- We will continue to strengthen conservation practices including our water management in peat areas and fire prevention through the FFVP.

RESPONSIBLE AND SUSTAINABLE PRODUCTION

"As we strive for continuous improvement in our business practices, aiming to become one of the best-managed and most sustainable palm oil companies, we have detailed our approach to optimizing CPO yield and operational efficiency in the Responsible and Sustainable Pillar. We consistently improve our production through the use of quality seeds, Research & Development, mechanization, and process digitalization.

To date, we maintain all of our sustainability certifications at 100%. In 2023, we improved our waste oil recovery by adding seven bunch press machines and enhance the use of digital tools in our operations, such as drone spraying and AI-based application. We also continue to implement circularity initiatives by recycling our organic materials into energy or fertilizer."

– Mr. Bukit Sanjaya, Deputy Managing Director, Asian Agri

At Asian Agri, our mission is to conduct our production responsibly and sustainably. We are committed to continuous improvement in agricultural practices, manufacturing processes, and reducing chemical use to deliver the highest quality products to our consumers.

We strive to align our production with SDG 12, which focuses on Responsible Consumption and Production. This goal is particularly relevant in the agricultural sector, especially for palm oil production, capturing the attention of various stakeholders, including our consumers. SDG 12 emphasizes the sustainable management and efficient use of natural resources, enhancement of waste management practices, reduction of food waste, and adoption of renewable energy sources.

Our business is guided by a vision to become one of the largest, best managed, and most sustainable palm oil companies, creating value for the Community, Country, Climate, Customer, and Company. This vision is underpinned by our core value of Continuous Improvement, which motivates us to constantly seek innovative ways to enhance our operations.

We believe that engaging in responsible and sustainable production is crucial to achieving our Climate Positive Pillar goals. As we aim to become a circular company, we are confident that our efforts in waste recycling, integrated pest and disease management relying on biological approaches, responsible chemical use, and soil management will advance our commitment to reducing our carbon footprint and addressing the challenges posed by climate change.

AA2030 Targets and Performance Responsible and Sustainable Production

Target	Our Progress in 2023
No new land use change for plantations	Committed to not open up new land for plantation No land expansion is our living commitment since 2003 and it will remain our commitment moving forward.
Promote eco-green for sustainable operations	• Maintain 100% sustainability certifications. • Almost 90% reduction of methane emissions in our 11 biogas plants. • Almost 90% of Biogas yield is used for power generation which is around 40% of total power generated.
Implementing circular economy best practices	Continuously improving the circularity of our operations in every aspect, one of which is recycling our organic waste to be used as fertilizer or using methane gas from POME to generate power. Implementing circular economy for us is like a journey that has no end. We aim to continuously seek ways to improve our circularity.
Reduce 50% of pesticide use	By 2023, we were able to reduce pesticide use by up to 52%. Using integrated biological pest control such as introduction of natural predator, host plants, selective spraying, and spraying pesticide using drone.

Production Optimization and Efficiency

Management Approach

GRI 3-3

At Asian Agri, our approach to optimizing production and efficiency involves investing in high-quality seeds, conducting R&D for best agricultural practices, and embracing innovation and technology. We regularly benchmark our Crude Palm Oil (CPO) yield per hectare and strive to maintain our status as one of the top players in the industry.

Oil palm plantations require extensive labor, not just for planting and harvesting but also for data collection. We are transitioning to the use of drones and sensors for data collection, aiming to gather more accurate data for better decision-making. We employ mechanization and optimization both in the estate, where drones are used for various purposes from survey to fertilizing, and in the mills, where technology is utilized to reduce production losses through continuous process monitoring.

Our efforts toward improvement extend beyond the R&D team, involving all employees. Asian Agri encourages every team member to seek more efficient, productive, and sustainable operational methods. We will reward and recognize those who make significant contributions. We also believe that improvements can occur in everyday tasks, and when approached innovatively, can lead to substantial results.

Investing in A Good Seed

Since its establishment, Asian Agri has dedicated itself to advancing research to enhance the quality and quantity of oil palm production. In 1992, we established the Asian Agri's Oil Palm Research Station (OPRS) with a specialized team of 21 researchers who developed the Topaz seeds. This effort involved selecting and crossbreeding elite oil palm seeds to create varieties that yield superior results in diverse environments.

Additionally, the Topaz seeds are designed to enable smallholder farmers to increase their yields without expanding their land, addressing the challenges they face in accessing advanced tools, techniques, and quality planting materials.

The Topaz palm seeds are particularly valued for their adaptability to marginal lands and their high-yield potential. OPRS conducts extensive testing to determine the productivity of Topaz seeds under different soil conditions, focusing on areas traditionally considered infertile and challenging for oil palm cultivation. Our research has led to varieties well-adapted to thrive even in such conditions.

A major advancement for Asian Agri has been the Topaz DxP seed, known for its high FFB and oil yields in soils that are less fertile, have low rainfall, relatively resistant to disease, and exhibit slow vertical growth that enable easier harvesting. The development of the seeds has been progressive, from DxP Series 1 through to Series 4, with each series building on the last to select the finest DxP Topaz Series 4 seeds. In terms of performance, from the third to sixth years, the improved Topaz variety averages 40.5 tons of FFB per hectare per year, with a Crude Palm Oil (CPO) yield of 29.7% and a palm kernel yield of 4.1%.

Following the Decree of the Minister of Agriculture Nos. 57, 58, 59, and 60/KPTS/SR.120/I/2004 dated 16 January, 2004, Asian Agri received authorization on 31 July, 2004, in Pekanbaru, Riau, to distribute, sell, and use the DxP Topaz seed varieties. With the capacity to produce 25 million germinated seeds annually, Asian Agri stands as one of the largest palm oil seed sellers in Indonesia, distributing millions of quality palm seeds from Sumatra to Papua and even internationally.

Since the beginning of 2017, Topaz seed production has aligned with the ISO 9001:2015 Quality Management System (QMS), an enhancement from the ISO 9001:2008 system. The ISO certification ensures our operations are efficient, continuously monitored, and internally audited to meet high standards. Adopting a QMS underscores our commitment to customer satisfaction.

Research and Development (R&D)

Our sustainability initiatives are anchored by a strong R&D program, with our R&D Department playing a crucial role in equipping our management team with continuous productivity-based technology packages. We are committed to exploring innovative solutions to enhance agricultural practices, such as increasing land productivity, effective pest and disease management, improving oil extraction rates, optimizing fertilizer use, soil improvement, and waste reduction. Given the risks posed by climate change to palm oil cultivation, conducting research to find adaptation and mitigation strategies, along with necessary adjustments to our agricultural practices, is essential.

To bolster our research efforts, the Asian Agri R&D Centre has established an analytical laboratory that offers technical analysis services and training to enhance knowledge, skills, and awareness in leveraging technology for sustainable, high-yield harvests. Our laboratories hold accreditation from the National Accreditation Commission for ISO 17025:2017, which outlines general laboratory operation requirements, and ISO 9001:2015 for Quality Management Systems. They are assessed annually and have consistently achieved high ranks in laboratory sample accuracy tests by the Wageningen Evaluating Programs for Analytical Laboratories (WEPAL) at Wageningen University.

Our R&D team comprises 51 experienced researchers and 376 research technicians specializing in various fields such as agronomy, soil science, pest and disease control, breeding, biotechnology, and tissue culture, underpinning our commitment to innovation and excellence in sustainable agriculture.

Our R&D Center is equipped with the following capabilities:

Tebing Tinggi, North Sumatra	**Analytical Laboratory**	Conducting nutrient analysis of leaves, assessment of fertilizers and compost quality, monitoring oil palm health, and analyzing wastewater and FFB components.
	Agronomy	Providing expert guidance to plantation operations through Best Management Practices.
	Pest & Disease Laboratory	Developing Integrated Pest and Disease Management (IPM & IDM) technologies and strategies, along with offering expert advice for managing plantations' pest and disease issues.
	Statistics and Data Management	Analyzing experimental data from Agronomy, Pest & Disease, and Breeding studies and overseeing the digital library
	Soil & Survey	Conducting comprehensive soil surveys and mapping to enhance understanding of soil characteristics (such as type, fertility, topography, and boundaries).
Pangkalan Kerinci, Riau	**Clonal Oil Palm Propagation Unit (COPPU)**	Generating high-quality clones (superior ramets) using advanced tissue culture methods.
	Molecular Biology Laboratory	Enhancing planting materials through the application of Marker-Assisted Selection and Genomic Selection techniques.
Topaz, Riau	**Oil Palm Research Station (OPRS)**	Overseeing breeding experiments and producing high-yield oil palm seeds.
Various locations	**Test Fields**	Facilitating the evaluation of fertilizers, bioagents for pest and disease control, progeny trials, and the collection of genetic resources across various agroclimatic conditions.

Mechanization and Digitalization

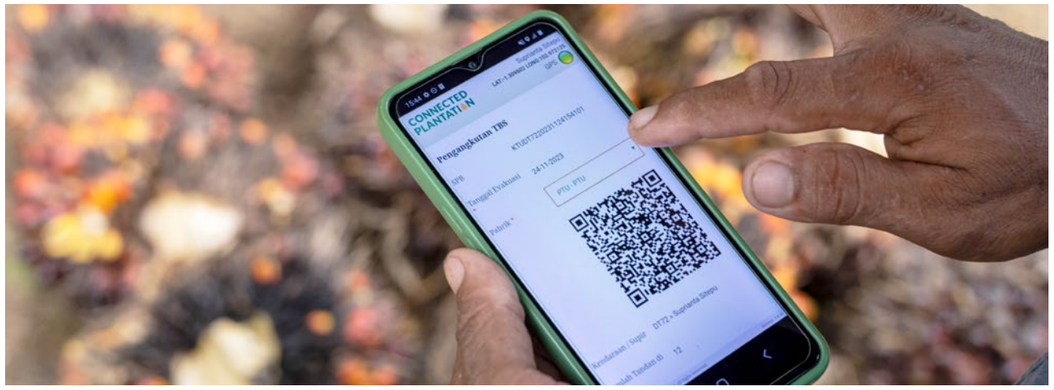
Embracing our Continuous Improvement (CI) value, we consistently seek out innovative methods and technologies to enhance quality, boost productivity, and reduce costs. Our CI efforts extend to mechanization and digitalization. Our goal in adopting automated machinery and digital tools is not to immediately replace the workforce with technology but to provide our employees with resources that enhance production efficiency and accuracy while minimizing human error and safety risks.

With each new machine or technology we introduce, we update our Standard Operating Procedures (SOPs) and address any emerging risks. We also engage in capacity building for our employees, enabling them to fully leverage technology and digital tools within our business. This is complemented by the implementation of a solid Change Management framework. Asian Agri is dedicated to the investment in Human Capital development, arming our staff with the appropriate knowledge and skills, thereby facilitating their growth and helping them to achieve their utmost potential.

Mechanization

Ensuring the quality of Fresh Fruit Bunches (FFB) harvested from our estates involves the rapid and efficient transport of these FFBs to our mills for processing. Given the substantial volume of FFBs that need to be moved, enhancing collection and transportation efficiency is essential for achieving high productivity and lowering costs. However, we recognize the challenges of fully implementing mechanization, such as varying topographies.

To address this, we have integrated mechanization in the form of Tractor Grabbers and Bin Trucks for the evacuation of our crops. This not only increases our output but also reduces the physical strain on our workers, thereby improving occupational health and safety. Furthermore, we are exploring mechanization options for routine field tasks like fertilizer application, harvesting, and maintenance, aiming to refine these processes further.



Digitalization

In addition to mechanization, Asian Agri has also embarked on a Digital Transformation journey. Some of examples of our Digital initiatives include:

GPS-enabled Tablets for Field Data Acquisition	Our field personnel utilize GPS-enabled tablets to gather data during estate activities, such as harvesting, quality inspections, water management, security patrols, and crop protection. The use of these tablets allows for geo-tagged data collection, ensuring that all activities can be traced back to their specific block. Truck drivers are also equipped with tablets to monitor crop evacuation from the fields in near-real-time, enhancing transport efficiency and reducing delays. All collected data is centralized in our data center and is accessible from both the estate offices and the Central Command Center. This traceable data facilitates improved operational planning and enables advanced analytics for informed decision-making by management at both the Regional and Head Offices. Looking ahead, Asian Agri plans to extend this initiative to our smallholders to boost their productivity and enhance traceability.
Drone and tablet for plantation operation	We established a drone operations team since 2015, utilizing drones for tasks such as mapping, aerial imaging, tree counting, pre-planting spraying, and crop protection. Equipped with advanced technologies like Real-Time Kinematics and Multispectral sensors, these drones deliver accurate and consistent results, leading to quality improvements, productivity gains, and cost savings. Drones are also used to spray fertilizers, including macro granular types such as potash and ammonium sulfate. We also use them to spray pesticides, adhering to R&D recommendations and safety protocols. Typically, these drones are operated over flat or gently undulating terrain.
Tablet for mill operations	Our mills have been benefitting from tablet use for data collection across various activities, including FFB grading, product dispatch, quality control, maintenance, and inventory management. The integration of tablets with other systems, such as weighbridges and Enterprise Resource Planning (ERP), ensures data accuracy, enhances control, promotes proactive measures, and reduces human error, further streamlining mill operations.
Artificial Intelligence (AI) for automatic counting and detection:	The Digital Transformation Department at Asian Agri is tasked with leveraging AI technology to enhance business operations. It has successfully developed an AI model capable of counting oil palm trees using aerial photography and detecting plant health by flying a drone equipped with multispectral sensors. The current development project includes an AI application to count FFB at collection points and to detect the maturity level of FFB received at the factory. The data for this model was collected using DSLR and smartphone cameras through a mobile Android application, in collaboration with the Estate and Mill Department to expedite data collection.

Our Pursuit for Improvement

Over the next few years, our research will focus on enhancing the efficiency of fertilizer application through technology-driven precision agricultural techniques. This emphasis is critical in light of rising fertilizer costs and the need to meet sustainability standards. We plan to conduct site-specific fertilizer trials in the coming year.

As part of our AA2030, we aim to reduce 50% of pesticide use by 2030. We also aim to utilize drones for applying pesticides and fertilizers. This method is anticipated to be more efficient, ensure better distribution, and align with our 4C principles, thereby reducing the use of inorganic fertilizers. This approach represents one of the innovations on our roadmap toward advancing our agricultural practices to the next level. In addition, we will pursue advanced methods for pest and disease control, such as employing more aggressive and effective strains of bioagents and optimizing ecosystem services to achieve this goal.

While our research aims to improve agricultural practices on our plantations, we are also committed to enhancing operations in our mills. This includes improving water efficiency and circulation within the mill processes. We also seek ways to achieve more fuel-efficient production.

In our mill operations, we have introduced new tools that allow laboratory analysis in just 5 minutes, enabling almost real-time adjustments to minimize oil loss. We traditionally used to take samples to the lab for oil loss analysis using conventional extraction methods, which could take up to a day. This meant we could not fine-tune the process on the same day. This new system began as a pilot for several months ago in one of our mills, and we plan to expand it to the rest of our mills in 2024. As these methods are new, we plan to redefine our Standard Operating Procedures (SOPs) for data monitoring.

Starting from 2023, we are in the process of procuring new machinery to enhance energy efficiency. Our primary focus is on reducing methane emissions and eliminating breakdowns, as breakdowns hinder productivity and increase production costs. We also optimized our fuel usage to improve overall efficiency in 2023.

Our core value of Continuous Improvement is exemplified by the efforts of Selvia Harefa. She is a Nursery Assistant at our Buatan Plantation in Riau who invented a mechanical drill, transforming the way our nursery team plants Topaz seeds. With the mechanical drill, a single worker can now create almost four times as many planting holes in a single shift. This achievement not only demonstrates our commitment to innovation and efficiency but also has earned Selvia Harefa a well-deserved spot in the top three of the Asian Agri Innovation Award for the Riau region.

Eliminating Losses

GRI 13.9.1

Asian Agri is dedicated to enhancing efficiency throughout its operations, with a key focus on minimizing losses. Despite losses being sometimes inevitable at various production stages, our strategies are designed to mitigate them as much as possible. Our methods include:

- **Collecting Loose Fruits:** Our workers meticulously handpick oil palm loose fruits to ensure no fruit is wasted during the harvesting process. We also gather loose fruits from the time they are unloaded from the truck until they reach the fruit lorry for sterilization, including those that may get stuck in the loading ramp.

- **Optimizing Oil Extraction:** We strive to achieve optimal extraction of oil content from FFB and EFB. By upgrading our machinery to provide better pressure and improving facilities to distinguish between food and non-food grade oil, we enhance our ability to utilize waste and residue oil fully. This not only optimizes our use of resources but also reduces oil losses due to inefficient extraction processes.

- **Preventing Oil Leakage:** To avoid crude palm oil (CPO) leakage, our mill workers regularly inspect and maintain mill equipment as a preventive measure.

Through these targeted strategies, Asian Agri is committed to reducing waste and maximizing productivity, reflecting our commitment to sustainability and operational excellence.

What's next?

- We will continue to improve and strengthen our R&D, mitigating risks related to labor and materials. The focus will be on increasing productivity without compromising quality.

- We will continue investing in innovation and developing value-added products to help diversify our offerings and potentially open new markets, including those created by changes in weather patterns.

- We will ensure effective cost management and navigate supply price fluctuations without compromising the quality of our plantation processes.

- We will continue to support smallholders by assisting with their replanting efforts and helping to provide access to fertilizers.

Water and Waste Management

Management Approach

GRI 3-3

At Asian Agri, we acknowledge the oil palm sector's potential impact on environmental degradation, including water stress and waste pollution, due to its substantial water requirements and the generation of large quantities of both liquid and solid organic waste. We recognize the importance of responsible agricultural practices; hence we aim to manage our waste effectively by reusing and recycling as much by-products as possible. This commitment helps ensure the right to a healthy environment and safe resource access for our communities, underpinning our efforts to support sustainable living conditions.

Access to fresh water is recognized as a fundamental human right, crucial for human life and well-being. Much of the water used in our oil palm cultivation comes from rainwater, which avoids the exploitation of groundwater or surface water sources. We also recognize the potential of some organic by-products as resources for biomass energy, animal feed, or fertilizers, which supports circularity measures. Conversely, improper disposal methods like incineration without energy recovery or landfilling can transform these by-products into harmful waste, leading to negative environmental effects such as GHG emissions and water pollution. Our approach emphasizes sustainable management of resources to mitigate these impacts.

Our Water Usage

GRI 303-1, 303-3, 303-5

Water stands as the primary element in our operations, prompting us to gauge and oversee water-related metrics to guarantee its sustainable use. Our plantations are rainfed and have no-irrigation systems, even during drier seasons. Water serves various purposes in our ecosystem, including:

	Power Generation Water plays a critical role in generating power through our steam turbines.
	FFB Sterilization The process of steam sterilizing FFBs aids in detaching fruits from their clusters. This method also softens the fruit's flesh, making oil extraction easier, and reduces the risk of damaging the kernel.
	Domestic Use Our employees and their families utilize water daily for various needs, such as drinking, cleaning, and cooking.
	Watering for Nurseries Seedlings in nurseries depend on a steady supply of water for growth.

To meet our needs, we depend on two Freshwater sources below:

Surface water (Rivers) Utilized for the operations of our mills and for use in our housing complexes (occupied by our employees/workers and their families). All water withdrawn is treated to ensure chemical content is safe for daily use.	**Groundwater** Mainly for domestic and agricultural purposes, such as irrigation in nurseries beyond the reach of our mill pumps.

Within our Environmental Impact Assessment, we evaluate water risk before initiating new projects, ensuring that we refrain from operating in water-stressed regions. Prior to use, raw water undergoes treatment and monitoring based on standard quality parameters, including pH, silica, total hardness, chlorine level, and alkalinity. The total volume of withdrawn water is consistently measured and monitored across all our mills, with none sourced from water-stressed areas.

The table below illustrates our water withdrawal categorized by source and region (Mega Liters, ML), along with our total water consumption for the current reporting period.

Region	2023		2022		2021	
	Surface Water	Ground Water	Surface Water	Ground Water	Surface Water	Ground Water
North Sumatra (ML)	1,744.19	573.00	1,901.52	576.56	1,946.34	594.54
Riau (ML)	2,777.68	361.21	3,330.31	352.77	3,112.71	347.99
Jambi (ML)	1,434.05	150.62	1,630.13	158.85	1,498.18	159.53
Total (ML)	**5,955.92**	**1.084.88**	**6,861.96**	**1,088.18**	**6,557.23**	**1,102.10**
Total Water Withdrawn (ML)	7,040.80		7,950.13		7,659.29	
Total Water Discharge[37] (ML)	458.17		416.56		81.06	
Total Water Consumption (ML)	6,582.63		7,533.57		7,678.23	
CPO production (MT)	981,405		1,162,645		1,070,247	
Water intensity (Kilo Liter (KL or meter cubic or m^3) / MT CPO produced)	6.71		6.48		7.17	

Water Management

Our sustainable water management practices involve sourcing water for our mills from adjacent rivers, which is either channelled or pumped into our reservoirs. Following purification at our water treatment facilities, this water supports both mill processing and domestic needs. Recognizing the shared nature of river resources with other companies and surrounding communities, we place a high priority on the environmental integrity of our water discharge. We rigorously monitor and manage the quality of discharged water, ensuring all parameters meet the accepted environmental thresholds. This approach underscores our commitment to environmental stewardship and community well-being.

In addition, we are actively pursuing the water circularity uses to enhance water efficiency across our operations. By implementing biogas generation from wastewater, we are significantly reducing our water footprint. Additionally, our standalone mills are equipped with wastewater treatment plants, underscoring our commitment to sustainable water management.

While we are keen to reuse larger amounts of water, challenges remain due to the current state of technology, especially due to the high organic content in our wastewater that complicates recycling efforts. In light of these obstacles, we are collaborating with technology providers to explore viable recycling solutions. Meanwhile, we have improved our sterilization processes to be more water-efficient by integrating SCADA systems for automatic monitoring of pressure and other parameters, which has led to more judicious use of water. This technology is utilized in all our biogas operations, further enhancing efficiency.

[37] Total water discharge is only based on POME and exclude domestic wastewater discharge.

With regards to water intensity, we maintain stable metrics by adhering to the industry benchmark of using one ton of water per ton of FFB. Our water intensity currently ranges from 0.9 to 1 ton of water per ton of FFB, reflecting our effective water management practices within the mills.

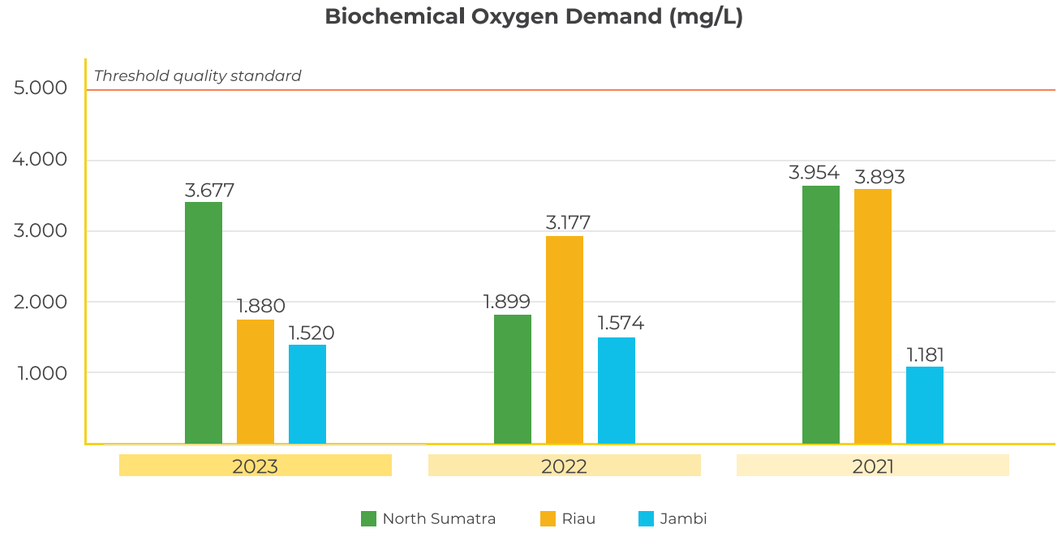
Safe Discharge of Effluents

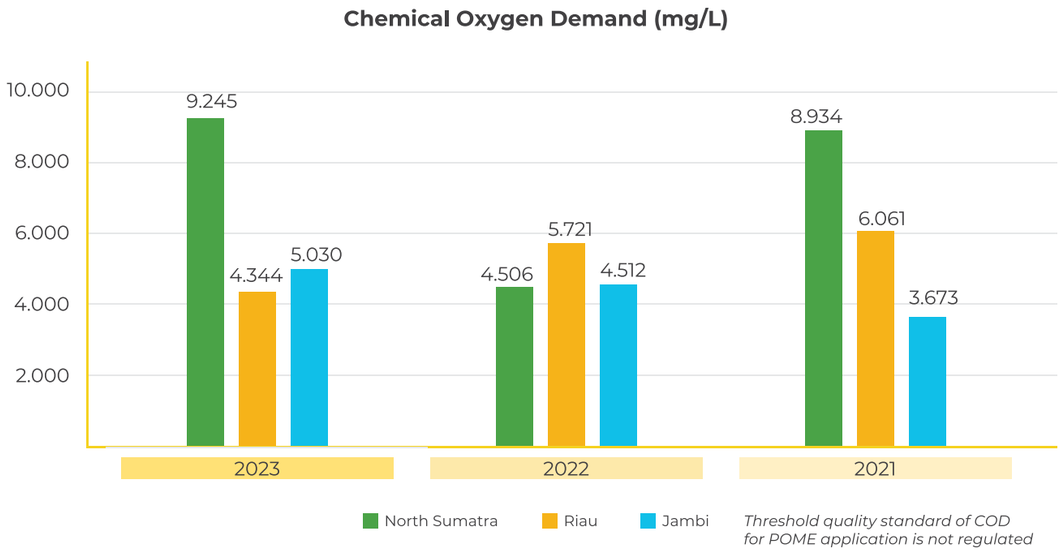
GRI 303-2, 303-4

Before discharging effluents from our operations into water bodies or land, we rigorously treat and monitor both the quality and quantity. At certain mills, POME serves as a vital feedstock for biogas plants, whereas other facilities treat POME using open pond wastewater systems. To reduce levels of biological oxygen demand (BOD) and chemical oxygen demand (COD), we employ circulation pumps in these ponds. In addition, we use sprayers and aerator pumps to enhance oxygen absorption into the POME, effectively lowering the COD and BOD levels to comply with regulatory standards before discharge.

POME is rich in essential nutrients such as nitrogen, phosphorus, potassium, magnesium, and calcium, making it an excellent organic fertilizer. The application of POME to land will provide supplemental water and nutrients. This practice is particularly beneficial in sustaining crop yields during periods of low rainfall and in regions susceptible to drought. We apply POME as supplementary organic fertilizer in our plantations across North Sumatra, Riau, and Jambi, adhering to the Minister of Environment Decree No. 28 of 2003. This decree mandates that for land application, POME must not exceed a BOD of 5,000 mg/L and must have a pH range of 6 – 9, without setting a COD threshold for such applications.

Below are the graphs of POME for land application as an organic fertilizer.





Conversely, our plantations located on peatlands in North Sumatra have specific management practices and cannot apply POME as organic fertilizer. Therefore, the POME produced by the mills near our peatland is required to discharge into natural water bodies, such as rivers. These mills are committed to continuously monitoring the effluent's quality to ensure they meet the regulatory standards.

These mills report they water discharge into the river through the Ministry of Environment and Forestry's (MoEF) Online Continuous Wastewater Quality Monitoring System (Sistem Pemantauan Kualitas Air Limbah secara Terus Menerus dan Dalam Jaringan/SPARING). Continuous reporting is carried out 24 hours a day with the assistance of sensors and a data logger connected to a computer. This system collects data on wastewater parameters such as pH, COD, Total Suspended Solids (TSS), and the volume of wastewater. These mills are also candidates for PROPER, which requires reporting through SPARING as one of the mandatory requirements .

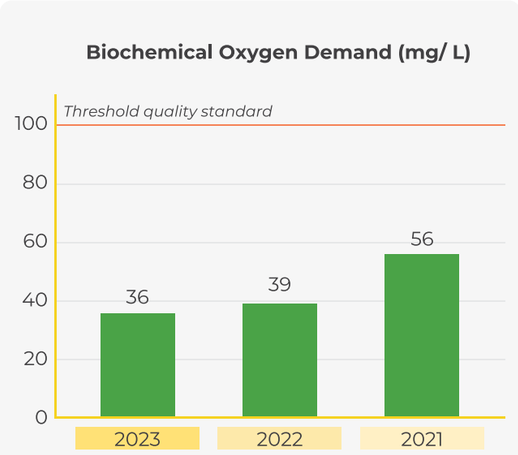
In addition, we conduct monthly assessments of the river's downstream for COD, BOD, and pH levels. The outcomes consistently align with the regulatory requirements[38].

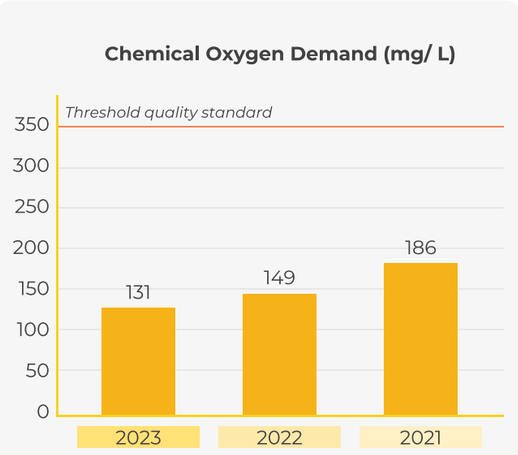
Our POME discharge to the river adheres to the Minister of Environment and Forestry Regulation No. 5 of 2014. We monitor three key parameters of maximum quality standards in the regulation: a BOD of 100 mg/L, a COD of 350 mg/L, and a pH range of 6 – 9.

In 2023, we maintain our success to keep our effluent levels below the regulated limits. Our POME discharge is classified as suitable for freshwater environments. The pH of effluent discharge into rivers for our palm oil mill in North Sumatra and Riau in 2023 was 7.0 and 7.85 respectively, and 7.3 in average. The BOD and COD levels of our POME are as follows:

[38] According to Ministry of Environment and Forestry Regulation No. 1 Year 2021

The graphs below represent the quality of POME discharged into rivers.





Waste Management

GRI 306-1

Besides water, we also manage our waste responsibly. For every ton of FFB processed, approximately 15-20% are Empty Fruit Bunches (EFB), about 11-12% are fibers, and 4-5% are palm kernel shells. Additionally, a significant volume of POME is produced. This liquid waste contains high levels of organic materials, oil, and grease, with a COD exceeding 50,000 mg/L and a BOD of over 25,000 mg/L. If released without treatment, it poses a significant risk to aquatic ecosystems.

Reducing our Organic Waste

GRI 306-2, 306-3, 306-4, 306-5

Asian Agri has long embraced a circular economy approach in its operations, ensuring that by-products are not wasted through our best practices in plantations and mills. As our Crude Palm Oil (CPO) production grows, the generation of organic waste also increases. We are committed to minimizing waste and reincorporating it into our operational cycle.

Plantation Waste	**Oil Palm Fronds**	These are used as soil mulch and fertilizer in oil palm plantations due to their nutrient-rich composition. Annually, oil palm fronds contribute about 14 tons per hectare, whereas oil palm trunks are only available during the replanting phase.
	Oil Palm Trunks	

Mill Waste	**Empty Fruit Bunch (EFB)**	These serve as organic fertilizer and help in retaining soil moisture. EFBs are transported from the mill back to the plantation, where they are strategically placed around and between trees to enrich the soil.
	Mesocarp Fiber	In our mills, EFBs and PKS are utilized as a renewable fuel source for boilers that power steam turbines. Notably, a significant portion of PKS, 88.41% in 2023, is sold to third parties due to its economic value, while palm kernel expellers are entirely marketed as livestock feed.
	Palm Kernel Shell (PKS)	
	Palm Oil Mill Effluent POME)	Employed as a fertilizer in a flatbed system after it meets specific quality standards, POME is pumped back to plantations, particularly those near palm oil mills. Additionally, POME serves as a crucial feedstock for our biogas power plants. These facilities not only treat POME but also produce clean energy, contributing to our sustainability efforts.

Type of Waste	2023			2022			2021		
	Waste generated	Waste diverted from disposal[39]	Waste directed to disposal[40]	Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal
EFB (MT)	872,553	618,755	-	1,008,519	775,625	-	899,145	899,145	-
Fiber [MT]	615,188	615,188	-	732,306	732,306	-	637,836	637,836	-
Shell [MT]	288,372	33,435	-	346,089	48,964	-	318,259	55,492	-
Total Solid Waste [MT]	1,776,113	1,267,378	-	2,086,914	1,556,895	-	1,855,240	1,592,473	-
POME [Mega Litre]	2,551	2,092	458.17	3,049	2,632	416.56	2,842	2,761	81.06

In 2023, our total organic waste production is lower than the previous two years. Compared to 2022, in 2023, our solid organic waste has decreased by 15% and the POME by 16%. This is in line with the decrease in CPO production this year due to the low crop cycle, considering CPO production is directly proportional to the waste produced.

The figures representing gaps for waste not recycled within our operations are sold for further reuse or recycling by third parties, to be used as raw material or fuel.

[39] Waste diverted from disposal includes waste that is redirected from directly reaching a landfill or incinerator to alternative processes, such as recycling, reusing, or repurposing. We mainly divert our organic waste to be used as fertilizer or land application.

[40] Waste directed to disposal includes waste that is sent to a landfill, incinerator, or other disposal operation, whether it is onsite through our own facilities or offsite by a third party. In the case of our POME, it is sent to a water body after careful treatment.

Managing Inorganic Waste

GRI 2-4, 306-2, 306-3, 306-4, 306-5

In addition to handling organic waste, we also address inorganic waste. Non-hazardous waste, including household or office waste, is gathered, and disposed of at designated landfills within our concessions. Meanwhile, other waste types, such as metal scrap, are collected by third-party companies for recycling or suitable reuse. There is no inorganic waste that is directed to disposal.

Concerning hazardous inorganic waste, we engage licensed service providers to manage and treat such waste in compliance with government environmental regulations. Prior to collection, hazardous waste is stored in designated areas, and its status is closely monitored. The table below provides details on the annual generation of hazardous inorganic waste from our operations.

Type of Waste	Hazardous Waste Generation [MT]			Disposal operations by hazardous waste contractors
	2023	2022	2021	
Used lubricant	116.38	59.19	53.30	Incinerated for power generation [DT], with energy recovery]
Chemical packaging	32.86	18.98	18.56	Incinerated [DT]
Lube filters	18.35	8.43	8.11	Incinerated [DT]
Battery	11.88	4.56	7.04	Recycled as raw material [DF]
Medical waste	1.14	0.48	0.57	Incinerated [DT]
Electronic waste	1.39	0.82	0.77	Incinerated, or recycled as raw material (glass tube/bulb) [DT, DF]
Used air filter	0.26	0.11	0.11	Incinerated [DT]
Used resin, used cartridge for water treatment	0.00	1.09	0.28	Incinerated [DT]
Total	**182.26**	**93.66**	**88.75**	

Note:
1. The quantity of hazardous waste reported in the 2022 Sustainability Report has been restated here with the correct amount.
2. Disposal operations by contractor: [DF]: Diverted from Disposal, [DT]: Directed to Disposal

The amount of inorganic waste in 2023 grew to almost double that of 2022, due to an increase in replanting areas, especially in North Sumatra and Jambi. This led to increased use of heavy equipment and maintenance activities, such as changing oil, oil filters, and batteries, as well as an increase in fertilizer packaging.

Monitoring Our Performance

Asian Agri consistently conducts internal benchmarks that align with industry standards for water usage, chemical management, and effluent treatment. These benchmarks are monitored monthly and categorized into three levels: green, yellow, and red, allowing us to gauge our environmental performance accurately. In addition, we engage in external benchmarking to compare our performance against that of our industry peers.

Our performance evaluation is multifaceted. A quality control team, which covers all mills, conducts independent evaluations, and reports directly to the Head of Mill Operations. Furthermore, we have a quality assurance team responsible for overseeing both the estates and mills. This quality assurance process involves teams from Asian Agri to ensure comprehensive evaluation from within and at group level.

This rigorous monitoring and evaluation process not only provides insights into our operational performance but also offers valuable feedback on areas for improvement, enhancing our commitment to environmental stewardship and operational excellence.

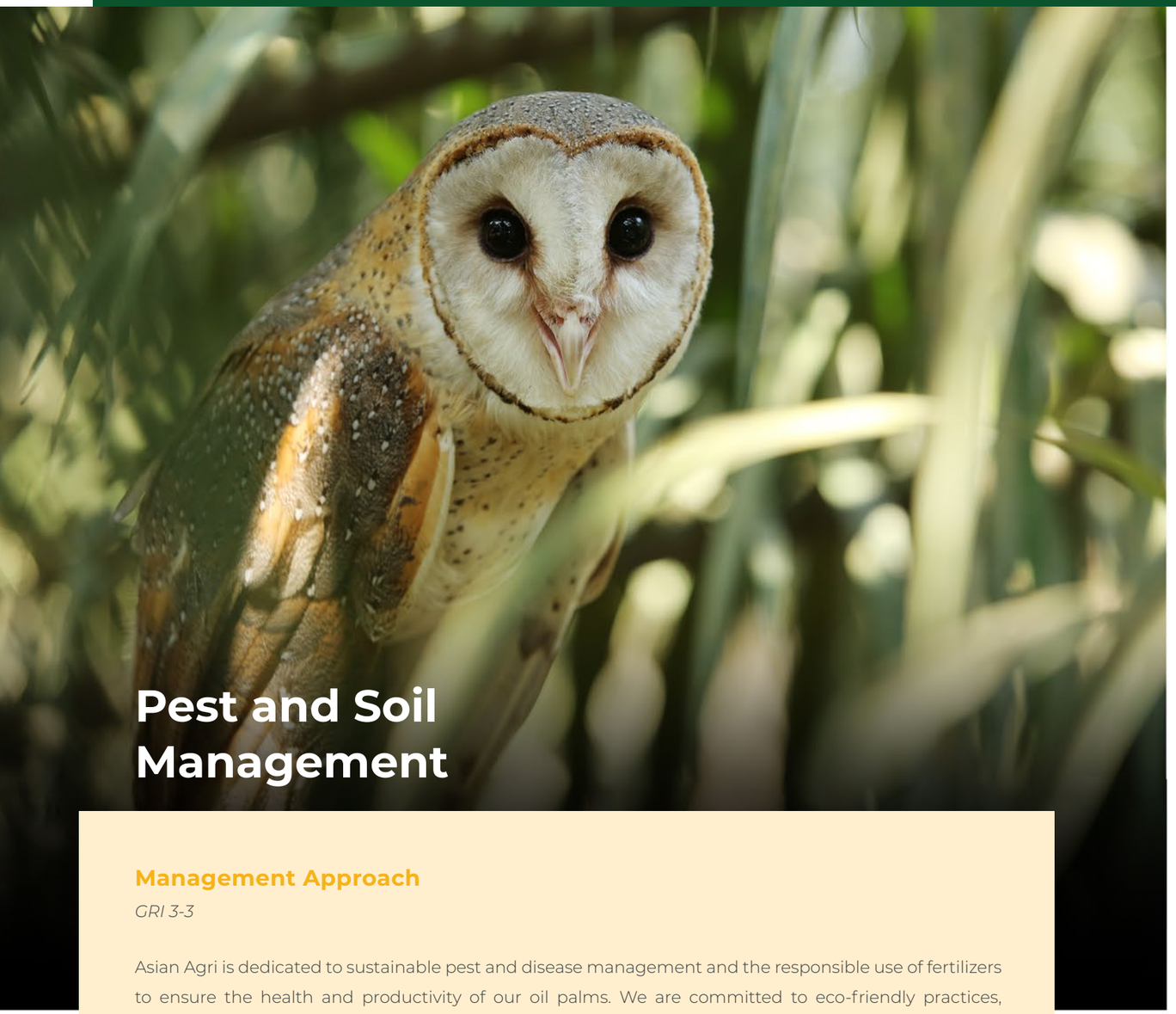
Three Asian Agri Companies Are Honoured with Green PROPER Awards

Three business units of Asian Agri were honored with the Green Company Performance Rating Program (PROPER) award for the 2022-2023 period by the Ministry of Environment and Forestry (KLHK). The awarded units are PT Inti Indosawit Subur II Tungkal Ulu, PT Rigunas Agri Utama PMKS Bungo Tebo, and PT Dasa Anugrah Sejati PMKS Taman Raja. They were recognized for their exceptional environmental management practices that surpass government mandates.

Reflecting on our growth, we transitioned from receiving one blue PROPER award last year to embracing industry best practices. By learning from others and actively incorporating these practices, we have enhanced our estate and mills management towards greater compliance. As we recognize our position as a global business with products reaching worldwide markets, we thus commit to not only meet but exceed future environmental standards as part of our proactive approach to sustainability.

What's next?

- We will continue in monitoring and ensuring that waste disposal adheres to regulatory standards.
- We will continue to maintain and monitor water consumption intensity (ton CPO/ton water) to guarantee efficient water use in mill operations.
- We will also establish specific targets and action plans aimed at reducing water consumption.



Pest and Soil Management

Management Approach

GRI 3-3

Asian Agri is dedicated to sustainable pest and disease management and the responsible use of fertilizers to ensure the health and productivity of our oil palms. We are committed to eco-friendly practices, avoiding the unsustainable use of chemical fertilizers and pesticides, focusing instead on maintaining our plantation's ecological balance and safeguarding our community's health. This approach not only keeps our crops healthy but also protects the natural environment of our plantations, aligning with our principle of promoting a healthy living environment for everyone involved.

We recognize the potential risks associated with pesticide use, including adverse health effects and environmental impact. We therefore advocate for sustainable agricultural practices that contribute to climate change mitigation. Agriculture can significantly aid in carbon sequestration, with initiatives aimed at increasing soil carbon stocks to counteract the rise in atmospheric CO2. Through the adoption of regenerative farming and land-use practices focused on soil health, we underscore agriculture's pivotal role in environmental sustainability and the global effort to address climate change.

Integrated Pest and Disease Management (IPM and IDM)

GRI 13.6.1, 13.6.2

We implement an IPM and IDM approach in our plantations, in line with standards established under the Agronomy Policy Manual (APM). This means that while we do use chemicals to control pests and diseases, it is done selectively and used in combination with other biological and ecological controls.

Our R&D team plays a crucial role in determining suitable strategies and developing innovations to control pests and diseases in an environmentally friendly and resource-efficient manner. They continuously monitor the environment in our plantation area and inform us if a specific intervention is needed. Our field personnel also play an important role in maintaining close observation of the plants. In addition, they are given the opportunity to innovate and introduce new approaches for IPM and IDM.

Integrated Pest Management

- Pest Surveillance
- Biological and Ecological Controls
- Selective Application of Pesticides

Pest Surveillance

Early warning systems for a targeted pesticide application

Vigilant pest monitoring forms the foundation of Asian Agri's IPM and IDM efforts. We use a diverse set of tools for regular pest population surveillance, implementing early warning systems to identify and contain potential pest outbreaks. This proactive approach facilitates targeted pesticide applications. The collected data not only aids in deciding the most suitable pest control methods but also ensures precise pesticide dosage. Through pest surveillance, we optimize product efficacy while minimizing environmental impact.

Biological and Ecological Pest Controls

Natural methods to reduce the pest population

We at Asian Agri recognize that natural interventions have fewer adverse effects on the environment and consistently endeavor to minimize the use of chemical substances. Our preferred approach is to combat pests by harnessing their natural predators and enhancing the ecological environment to support a sustainable natural pest-predator ecosystem.

Our oil palms face potential threats from various species of pests found mostly in peat soils, including rhinoceros beetles, leaf-eating caterpillars, woolly caterpillars, bagworms, bunch moths, rodents, and termites. For instance, adult rhinoceros beetles frequently target oil palm shoots and young palms, causing substantial damage and, in severe cases, leading to the death of the palm tree.

The below encompasses our strategies for biological control:

- In our plantations, we focus on breeding and raising predatory species that target pests.
    - We cultivate a type of assassin bug (e.g., *Sycanus sp.*) within our estate's insectary, releasing them periodically to bolster the natural predator populations in the fields. These bugs are instrumental in controlling nettle caterpillars, a prevalent pest. To preserve the natural habitats for these predatory insects, we minimize the use of weed sprays.
    - In addition, we construct habitats for barn owls *(Tyto alba)* to encourage their roosting and breeding. These owls serve as effective natural predators of rodents, using their sharp hearing to pinpoint prey. A specialized team at Asian Agri is responsible for monitoring and ensuring the well-being of these owls.
- Applying natural pathogens: As an alternative to chemical pesticides, we use turally occurring pathogens such as bacteria, fungi, and viruses, which are harmless to humans and environmentally safe. Examples include:
    - Bt bacteria *(Bacillus thuringiensis)* to target the oil palm bunch moth *(Tirathaba rufivena)*,
    - Fungi Metarhizium sp. to combat the rhinoceros beetle *(Oryctes rhinoceros)*,
    - Nucleopolyhedrovirus (NPV) solution against the cotton leafworm *(Spodoptera litura)*, and
    - A virus derived from sick nettle caterpillars *(Parasa lepida)* used to infect and control healthy nettle caterpillar populations.

We broaden our approach with ecological pest control, focusing on managing the ecosystem to suppress pests, by:

- Cultivating predator-friendly plants: We grow certain plants known to attract and support predatory insects. For instance, white alder *(Turnera subulata)* and coral vine *(Antigonon leptopus)* are cultivated across numerous sections of our plantation to serve as host plants for predators of the nettle caterpillar, alongside senna *(Cassia cobanensis)* for bagworm predators.
- Eliminating pest breeding grounds: By analyzing pest surveillance data, we identify and dismantle breeding sites to curb pest populations.

We also implement direct pest control by installing traps. We place nets at strategic locations within our plantation, applying sex pheromones to attract adult rhinoceros beetles, which then become trapped. In addition, lights paired with food bait are set up to capture moths.

Selective Application of Pesticides

Using selected pesticides in targeted dosage and application

When biological control measures prove insufficient to contain pest attacks within predetermined thresholds, we employ chemical pesticides on our oil palms, employing targeted methods such as trunk injection, root infusion technology, or spraying young palm shoots and axils.

Our procurement is limited to registered pesticides, with vigilant monitoring of their types and dosages. Since November 2019, we have prohibited the use of pesticides classified under World Health Organization (WHO) Class 1A and Class 1B except for specific circumstances, chemicals listed in the Stockholm and Rotterdam Conventions, as well as paraquat.

In prioritizing the safety of our workers during pesticide and chemical handling, we ensure the provision of adequate Personal Protective Equipment (PPE) and conduct training on the proper application of each pesticide type. This includes imparting knowledge on stopping work when hazards reach a critical point. To safeguard the health of our personnel, those with frequent pesticide exposure undergo biannual medical check-ups. Pregnant workers are reassigned to safer roles until they are permitted to resume work involving chemicals.

We introduced drone technology for spraying chemicals to treat pests and diseases in our plantation, guided by recommendations from our Research & Development Department. Subsequent ground validation revealed an effectiveness rate exceeding 95%. Efforts to further optimize drone spraying applications are currently underway. Additionally, this technology minimizes workers' exposure to chemicals and enhances the efficiency and quality of chemical usage.

Intensity of active ingredients in pesticides application based on type (in kg or L/ hectare)

Type	2023	2022	2021
Herbicide	1.0640	1.1662	1.0990
Insecticide	0.1006	0.6519	0.8830
Rodenticide	0.0046	0.0019	0.0014
Fungicide	0.0022	0.0019	0.0005

We disclose the intensity of active ingredients in pesticides applied, compared to the total pesticide volume, to make the intensity of pesticide use more comparable per unit area and to focus more on the use of active pesticide ingredients.

Intensity of active ingredients of pesticides applied in 2023, classified by toxicity hazard levels based on the World Health Organization's recommended classification of pesticides by hazard (in kg or L/ hectare)

WHO Class	Toxicity Level	2023	2022	2021
Class IA	Extremely hazardous	0.0000	-	0.0000
Class IB	Highly hazardous	0.0046	0.0019	0.0014
Class II	Moderately hazardous	0.2202	0.7525	0.5063
Class III	Slightly hazardous	0.8977	0.9453	0.9654
Class IV	Unlikely to present acute hazard in normal use	0.0488	0.1222	0.5107

Our use of Class IA and IB pesticides covers our need for rodenticides, which are only used in exceptional circumstances due to the limitations of safer alternatives with similar effectiveness. We manage our use of rodenticides with great care, especially when they come into contact with our personnel.

In 2023, we observed an increase in our rodenticide usage compared to 2022, prompted by the need to control an increasing mouse population. This surge in mice numbers is attributed to the abundance of fruitlets or fruit bunches, mostly unripe, becoming more accessible as more areas are replanted.

Integrated Disease Management

Our research team has also directed its efforts toward identifying the most effective techniques and approaches for combating plant disease. Notably, we have engineered a novel planting material with enhanced resistance to diseases, specifically targeting Ganoderma boninense. This pathogenic fungus poses a significant threat to oil palms, particularly their roots, and is the causal agent of Basal Stem Rot disease. This disease has the potential to cause substantial mortality among oil palms, thereby posing the risk of premature replanting cycles.

Our R&D team has devised an IDM strategy to combat this pathogen, incorporating the following measures:

- **Surveillance:** Conducting regular censuses and removing infected oil palms to mitigate the risk of infection spreading to healthy palms.
- **Disease-resistant planting material:** Cultivating oil palm varieties that are tolerant to the pathogen, exemplified by the Topaz GT D x P variety, a breakthrough developed by our in-house researchers.
- **Biological Disease Control:** Inoculating oil palm seedlings with a fungal bioagent for additional protection. Our R&D team introduced endophytic Trichoderma spp. to oil palms during nursery screening, demonstrating its effectiveness in suppressing G. boninense infections.
- **Soil Management:** Implementing proper land preparation to diminish the quantity of G. boninense inoculum in the soil.

Maintaining Soil Health

GRI 13.5.1

Maintaining healthy soil is crucial for producing oil palm and upholding our commitment to sustainability. It's vital to safeguard the organic matter in the topsoil against degradation and minimize soil erosion, particularly as three-quarters of our estates are situated on mineral soil in a humid, tropical climate. We create and utilize soil maps of our estates to inform our soil management strategies.

Currently, with many of our oil palms approaching 30 years of age, enhancing soil health has become increasingly important. Replanting offers a significant advantage in this regard, as it helps replenish the soil's organic content and boosts its overall health.

We maintain the health of our soil by employing the following methods

Physical	• Terracing and stacking pruned oil palm fronds along the contour of estates using slopes to reduce surface run-off. • Constructing planting terraces and soil traps to reduce soil erosion in steeper areas • Selective weeding to avoid removing certain plants which protect the soil.
Biological	• Implementing proper land preparation to diminish the quantity of G. boninense inoculum in the soil Planting legume cover crops in newly cleared areas before planting oil palms to restore the nitrogen level. In the mature phase of the oil palm tree lifecycle, we also maintain a good cover of mixed natural vegetation on selected lanes where we stack the fronds. The cover may include ferns which are also kept as host plant.
Chemical	• Applying fertilizers properly to maintain the balance of soil minerals and their physical structure.

Responsible Fertilizer Usage

GRI 13.5.1

The application of fertilizer is not only fundamental to our oil palm cultivation but also a crucial element in preserving soil health. Conversely, improper use of inorganic fertilizer may have adverse effects on our workers, the environment, and local communities. For instance, excessive fertilization can result in significant contamination of groundwater and waterways.

To address this, Asian Agri has adopted an approach to inorganic fertilizer application based on the 4C stewardship principles: Correct dosage, Correct method, Correct timing, and Correct placement. Simultaneously, we strive to minimize the use of inorganic fertilizers by substituting them with organic fertilizers derived from our waste by-products. In the application of fertilizers, we prioritize the health and safety of our workers, employing similar practices as those applied in pesticide application.

Site-specific Fertilizer Program

In our commitment to a sustainable path that prevents the excessive use of fertilizers, Asian Agri employs a 'site-specific' fertilizer program for our plantations. A specialized team within our Research and Development (R&D) department is tasked with offering recommendations for the appropriate application of both organic and inorganic fertilizers, guided by the "balanced nutrient budget" concept. These recommendations are tailored to each specific field, recognizing the distinct plant characteristics, soil profiles, and microclimate of each site.

Through the 4C fertilizer stewardship approach, we aim to achieve maximum yield with minimal fertilizer dosage. Additionally, we conduct annual leaf tissue analyses and soil surveys every five years to monitor the health of our oil palms. The R&D team continuously assesses new, cost-effective fertilizer technologies to enhance nutrient uptake efficiency, minimize losses, and reduce environmental pollution.

Using Organic Fertilizers

Our mills generate a considerable volume of waste by-products, including EFB, POME, and decanter solids. Presently, we utilize 100% of these waste by-products for land application on mineral soils, adhering to the regulations and guidelines established by the Ministry of Agriculture. This practice offers multiple advantages:

- It reduces the risk of pollution.
- It enhances soil sustainability by adding organic matter and nutrients, and by helping to retain moisture.
- It is cost-effective, as it allows for the partial replacement of inorganic fertilizers with organic waste.

Using Inorganic Fertilizers

While organic fertilizers provide numerous benefits, they alone cannot meet all the nutritional needs of our oil palms. Therefore, we supplement them with inorganic fertilizers.

Inorganic fertilizers are especially crucial for the growth of younger oil palms, particularly between the ages of 8 to 20 years, when their nutrient requirements are highest. We stop the application of fertilizers when the oil palms are about 23 years old or two years before they are scheduled to be cut down.

To ensure the responsible use of inorganic fertilizers, we actively monitor their application and assess their impact on crop health and productivity. We employ a 4C stewardship approach to keep the use of inorganic fertilizers within safe limits, thereby preventing the excessive use of chemicals that could harm the environment.

Region	2023	2022	2021
Mature Plant			
North Sumatra	1.15	1.09	1.28
Riau	1.05	1.10	1.18
Jambi	1.22	1.14	1.23
Average	**1.12**	**1.10**	**1.23**
Immature Plant			
North Sumatra	0.60	0.60	0.60
Riau	1.11	0.85	0.59
Jambi	0.65	0.98	0.89
Average	**0.73**	**0.76**	**0.70**

What's next?

- We will continue our efforts to find new strategies for reducing our use of pesticides and to discover innovative methods in biological control. Our R&D team will maintain close collaboration with our plantation teams to identify eco-friendly interventions.

- We will keep on with our replanting efforts while focusing on improving the health of the soil.

SGS

ASSURANCE STATEMENT

SGS INDONESIA'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE THE ASIAN AGRI SUSTAINABILITY REPORT 2023

NATURE OF THE ASSURANCE/VERIFICATION
PT. SGS Indonesia was commissioned by Asian Agri to conduct an independent assurance of the Sustainability Report 2023. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in this report.

INTENDED USERS OF THIS ASSURANCE STATEMENT
This Assurance Statement is provided with the intention of informing all Asian Agri's stakeholders.

RESPONSIBILITIES
The information in the Report and its presentation are the responsibility of the directors or governing body and the management of Asian Agri. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform Asian Agri's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE
The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognised assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:
- SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
- AA1000ASv3 Type 2 (AA1000AP Evaluation plus evaluation of Specified Performance Information) with level of assurance is Moderate.

Assurance has been conducted at a moderate level of scrutiny

SCOPE OF ASSURANCE AND REPORTING CRITERIA
The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:
- Global Reporting Initiative Sustainability Reporting Standards 2021 (in accordance) and GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022
- AA1000 Accountability Principles (2018)

ASSURANCE METHODOLOGY
The assurance comprised a combination of pre-assurance research and interviews with relevant accountable managers and employees at the representing office at Jakarta , and site visit to :
- Taman Raja both mill and estate in Jambi Province
- Tungkal Ulu both mill and estate in Jambi Province

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- Negeri Lama both mill and estate in North Sumatera Province
- Gunung Melayu 1 both mill and estate in North Sumatera Province

The external bodies and stakeholders were also interviewed, example :

- Community beneficiaries of the mill and estate CSR programmes in surrounding Taman Raja both mill and estate in Jambi Province
- Community beneficiaries of the mill and estate CSR programmes in surrounding Tungkal Ulu both mill and estate in Jambi Province
- Labor Union of Taman Raja both mill and estate in Jambi Province
- Labor Union of Tungkal Ulu both mill and estate in Jambi Province

Asian Agri Sustainability report 2023 covers PT. Inti Indosawit Subur as parent company and 12 subsidiaries. Companies operates in 3 Provinces, North Sumatera Province, Riau Province and Jambi Province.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

Some statements and data within the scope were not assured due to lack of accessible records during the timescale allowed for assurance, and these are clearly marked throughout the Report.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from Asian Agri, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with International Register of Certificated Auditors (IRCA), Environmental Management System (EMS) Lead Auditor, Quality Management System (QMS) Lead Auditor, Occupational Health and Safety Assessment Series (OHSAS) Lead Auditor , Round Table on Sustainable Palm Oil (RSPO) Auditor, International Sustainability and Carbon Certification (ISCC) Auditor. Some members of the assurance team have completed the IRCA Corporate Responsibility Training Programme and have experience of auditing in Palm Oil Estate and Crude Palm Oil Plant and are internationally renowned for their expertise in sustainability.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the assurance work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

QUALITY AND RELIABILITY OF SPECIFIED PERFORMANCE INFORMATION

It is recommended to improve internal system and control by implementing data validation on primary source data.

ADHERENCE TO AA 1000 ACCOUNTABILITY PRINCIPLES STANDARD (2018)

Inclusivity

Asian Agri has made a commitment to be accountable to those on whom it has an impact or who have an impact on it as stated in policies such as Environmental Policies, High Carbon Stock Conservation, Green House Gases Monitoring and Mitigation, and Zero Burning Policy, Code of Conduct Policy. Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

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Materiality

Asian Agri has identified stakeholders and issues that are material to each group of stakeholders and the Report addresses these at the appropriate level to reflect their importance and priority to these stakeholders. Asian Agri determine materiality aspects based on crucial issues and concerns of stakeholders that collected by interview and online survey to stakeholders including employees, buyers, smallholders, certification bodies, NGO, consultants, academics, banking, governments. Materiality which to be high priority issues are sustainability governance, smallholder empowerment, supply chain traceability, health and safety, human rights and employment practices, community development, emission and energy management, biodiversity and conservation, production optimization and efficiency, pest and soil management, and water and waste management.

Responsiveness

Asian Agri has responded to stakeholder's issues that may affect its sustainability performance and is addressed through decisions, actions and performance, as well as communication with stakeholders.

Impact

Asian Agri has identified and fairly represented impacts that were monitored and measured. Asian Agri has established processes to monitor, measure and evaluate impacts that lead to effective decision making management within organization.

ADHERENCE TO GLOBAL REPORTING INTIATIVE SUSTAINABILITY REPORTING STANDARDS (2021)

In our opinion, the Asian Agri Sustainability Report 2023 is presented in accordance with the Global Reporting Initiative Sustainability Reporting Standards 2021 and GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022 and fulfills all the required content and quality criteria.

Foundation

In our opinion, the content and quality of the report adheres to the GRI Reporting Principles of Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability context, Timeliness and Verifiability.

General Disclosures

All the General disclosures required for reporting in accordance with the Global Reporting Initiative Sustainability Reporting Standards 2021.

Material Topics

Asian Agri disclose material topics that represent an organization's most significant impacts on the economy, environment, and people, in accordance with Global Reporting Initiative Sustainability Reporting Standards 2021 and GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022.

Signed:
For and on behalf of SGS Indonesia

AA1000
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000-8/V3-CCH37

Waras Putri Andrianti
Business Assurance Director
Jakarta, Indonesia
29 April 2024

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GP5008 Issue 7

GRI Index

Statement of use	Asian Agri has reported in accordance with the GRI Standards for the period of January 1 until 31 December 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	GRI 13: Agriculture, Aquaculture and Fishing Sectors

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	2-9	Governance structure and composition	15, 30	
	2-10	Nomination and selection of the highest governance body		Confidentiality constraint Given Asian Agri is a group of private companies, we restrict to disclose the matter
	2-11	Chair of the highest governance body	15	
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	2-13	Delegation of responsibility for managing impacts	15, 29-30	
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	2-25	Processes to remediate negative impacts	23-24	
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	2-28	Membership associations	32-33	
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	205-3	Total number and nature of confirmed incidents of corruption	27	13.26.4
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	27	13.25.2
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GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	40-47	13.12.2
GRI 13.23. Supply Chain Traceability	13.23.3	Report the percentage of sourced volume certified to internationally recognized standards that trace the path of products through the supply chain, by product and list these standards.	42, 47	13.23.3
	13.23.4	Describe improvement projects to get suppliers certified to internationally recognized standards that trace the path of products through the supply chain to ensure that all sourced volume is certified.	39-47	13.23.4
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	308-2	Negative environmental impacts in the supply chain and actions taken	55	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	51, 54-55	
	414-2	Negative social impacts in the supply chain and actions taken	55	
GRI 13.23. Supply Chain Traceability	13.23.2	Describe the level of traceability in place for each product sourced, for example, whether the product can be traced to the national, regional, or local level, or a specific point of origin (e.g., farms, hatcheries, and feed mill levels).	53-54	13.23.2
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GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	78-79	13.10.2
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	13.10.4	Report the percentage of production volume from sites certified to internationally recognized food safety standards, and list these standards.	79	13.10.4
	13.10.5	Report the number of recalls issued for food safety reasons and the total volume of products recalled.	79	13.10.5
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	413-2	Operations with significant actual and potential negative impacts on local communities	83	
GRI 13.14: Right of Indigenous People	13.14.3	List the locations of operations where indigenous peoples are present or affected by activities of the organization.	81	13.14.3
	13.14.4	Report if the organization has been involved in a process of seeking free, prior, and informed consent (FPIC) from indigenous peoples for any of the organization's activities	81	13.14.4
GRI 13.9 Food Security	13.9.1	• Describe the effectiveness of actions and programs on food security at local, regional, national, or global levels. • Report partnerships which the organization is part of that address food security, including engagement with governments. • Describe policies or commitments to address food loss in the supply chain.	85-86	13.9.1
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GRI Standard	GRI Number	Disclosure	Page	GRI Sector Standard Reference
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GRI 3: Material Topics 2021	3-3	Management of material topics	98, 102-103, 107-108	13.3.1, 13.4.1
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	304-2	Significant impacts of activities, products and services on biodiversity	98-100	13.3.3
	304-3	Habitats protected or restored	99	13.3.4
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	100	13.3.5
GRI 13.4: Natural Ecosystem Conversion	13.4.2	Report the percentage of production volume from land owned, leased or managed by the organization determined to be deforestation- or conversion-free, by product, and describe the assessment methods used.	29, 99	13.4.2
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GRI 3: Material Topics 2021	3-3	Management of material topics	112-119	
GRI 13.9 Food Security	13.9.1	• Describe the effectiveness of actions and programs on food security at local, regional, national, or global levels. • Report partnerships which the organization is part of that address food security, including engagement with governments. • Describe policies or commitments to address food loss in the supply chain.	119	13.9.1
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GRI 3: Material Topics 2021	3-3	Management of material topics	120, 126-128	13.7.1, 13.8.1
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	121-122	13.7.2
	303-2	Management of water discharge related impacts	123-125	13.7.3
	303-3	Water withdrawal	121-122	13.7.4
	303-4	Water discharge	122-125	13.7.5
	303-5	Water consumption	121-123	13.7.6
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	125-126	13.8.2
	306-2	Management of significant waste-related impacts	125-127	13.8.3
	306-3	Waste generated	126-127	13.8.4
	306-4	Waste diverted from disposal	126-127	13.8.5
	306-5	Waste directed to disposal	126-127	13.8.6
PEST AND SOIL MANAGEMENT				
GRI 3: Material Topics 2021	3-3	Management of material topics	130-136	
GRI 13.6 Pesticide Use	13.6.1	• Describe the pest management plan of the organization, including the rationale for the selection and application of pesticides and any other practices of pest control. • Describe actions taken to prevent, mitigate and/or remediate negative impacts associated with the use of extremely and highly hazardous pesticides. • Describe the actions, initiatives, or plans to switch to less hazardous pesticides and actions taken to optimize pest control practices. • Describe the training provided to workers on pest management and the application of pesticides.	131-134	13.6.1
	13.6.2	• Report the volume and intensity of pesticides used by the following toxicity hazard levels - Extremely hazardous; - Highly hazardous; - Moderately hazardous; - Slightly hazardous; - Unlikely to present an acute hazard.	133-134	13.6.2
GRI 13.5 Soil Health	13.5.1	• Describe the soil management plan, including: - a link to this plan if publicly available; - the main threats to soil health identified and a description of the soil management practices used; - the approach to input optimization, including the use of fertilizers.	101-102, 134-136	13.5.1

List of Abbreviation

A	**AALI**	Asian Agri Learning Institute
	AA2030	Asian Agri's goals for 2030
	AI	Artificial Intelligence
	AMDAL	Analisa Dampak Lingkungan; Environmental Impact Assesssment
B	**BOD**	Biochemical Oxygen Demand
	BPDPKS	Badan Pengelola Dana Perkebunan Kelapa Sawit; Indonesia Oil Palm Plantation Fund Management Agency
C	**CDP**	Carbon Disclosure Project
	COD	Chemical Oxygen Demand
	CPO	Crude Palm Oil
	CSR	Corporate Social Responsibility
	CPKO	Crude Palm Kernel Oil
	CSV	Corporate Shared Value
D	**DLW**	Decent Living Wage
E	**EFB**	Empty Fruit Bunch
	ESG	Environmental, Social and Governance
	EU	European Union
	EUDR	EU Deforestation Regulation
F	**FAC**	Fire Awareness Community
	FFA	Fire Free Alliance
	FFB	Fresh Fruit Bunch
	FFVP	Fire-Free Village Programme
	FPIC	Free, Prior and Informed Consent
G	**GHG**	Green House Gas
	GMP	Good Manufacturing Practice
	GRI	Global Reporting Initiative
H	**HCS**	High Carbon Stock
	HCV	High Conservation value
	HCSA	High Carbon Stock Approach
	HSE	Health, Safety and Environment
I	**IDR**	Indonesian Rupiah
	IDM	Integrated Disease Management
	ILO	International Labour Organisation
	IPCC	Intergovernmental Panel on Climate Change
	IPM	Integrated Pest Management
	ISCC	International Sustainability and Carbon Certification
	ISO	International Organization for Standardisation

List of Abbreviation

	ISPO	Indonesia Sustainable Palm Oil
	IUCN	International Union for Conservation of Nature
J	**JSA**	Job Safety Analysis
K	**KCP**	Kernel Crushing Plant
	KPPA	Kredit Koperasi Primer untuk Anggota
	KUD	Koperasi Unit Desa
M	**MT**	Metric Ton (1,000 kilograms)
	ML	Mega Liter (1,000,000 liters)
N	**NGO**	Non Governmental Organization
	NDPE	No Deforestation, No Peat and No Exploitation
	NPP	New Planting Procedures
O	**OHCHR**	Office of the United Nations High Commissioner for Human Rights
	OHS	Occupational Health and Safety
	OPRS	Asian Agri's Oil Palm Research Station
P	**PK**	Palm Kernel
	PKS	Palm Kernel Shell
	POME	Palm Oil Mill Effluent
	PPE	Personal Protective Equipment
	PROPER	Public Disclosure Program for Environmental Compliance
R	**R&D**	Research and Development
	RGE	Royal Golden Eagle
	RSPO	Roundtable on Sustainable Palm Oil
S	**SDG**	Sustainable Development Goals
	SEIA	Social and Environmental Impact Assessments
	SMILE	SMallholder Inclusion for better Livelihood & Empowerment
	SPOTT	Sustainable Policy Transparency Toolkit
T	**tCO2e**	Tons of carbon dioxide equivalent
	TJ	Tera Joules
	TNI	Tentara Nasional Indonesia; Indonesian National Armed Forces
	TOPICC	Complimentary Team, Ownership, People, Integrity, Customer, Continuous Improvement (Asian Agri's core values)
U	**UDHR**	Universal Declaration of Human Rights
	UNGP	UN Guiding Principles on Business and Human Rights
	UNSDG	United Nation Sustainable Development Goals

Glossary

AMDAL / Environmental Impact Assessment (EIA): The assessment by which the anticipated impacts on the environment of a proposed development or project are measured. If the likely impacts are unacceptable, design measures or other relevant mitigation measures can be taken to reduce or avoid these effects.

ASEAN RAI: The ASEAN Guidelines on Promoting Responsible Investment in Food, Agriculture and Forestry (ASEAN RAI) is a regionally-adopted, voluntary framework to guide investment decision making for both private and public sector actors. Formally adopted by the ASEAN Ministers of Agriculture and Forestry in 2018, ASEAN RAI includes 10 social, environmental, and governance (ESG) principles about how to avoid risks and have positive impact specifically in the food, agriculture and forestry sectors.

B30: A type of biodiesel with a fuel blend containing bio content of 30%. This was rolled out by the Indonesian government in January 2020 to reduce reliance on fossil fuels.

B35: A type of biodiesel with a fuel blend containing bio content of 35%. This was rolled out by the Indonesian government in February 2023, as the continuation of B30 program.

Biofuel: A fuel that is produced from biomass – i.e. plant material or animal waste

Biogas: Gas produced by the anaerobic digestion or fermentation of organic matter, such as manure, sewage sludge, municipal solid waste, biodegradable waste or any other biodegradable feedstock. Biogas produces methane and carbon dioxide and can be used as fuel.

Biological Oxygen Demand (BOD): A measure of the dissolved oxygen needed by microorganisms during the oxidation of reduced substance in waters and wastes.

Chemical Oxygen Demand (COD): The amount of oxygen needed to oxidize the organic matter present in water.

Collective Bargaining: The ongoing process of negotiation between representatives of workers and employers to establish the conditions of employment.

Deforestation: Conversion of forest to another land use or long-term reduction of the tree canopy cover. This includes conversion of natural forest to tree plantations, agriculture, pasture water reservoirs and urban areas but excludes timber production areas managed to ensure the forest regenerates after logging.

Effluent: Liquid waste from industrial activity

Fire-Free Village Programme: A fire management pilot program which provides training, equipment and economic incentives to local communities to help prevent fire. Members of the Fire Free Alliance (FFA), including APRIL, Asian Agri, IOI Group, Musim Mas, Sime Darby, Wilmar International Limited, are currently implementing their own FFVPs as part of their membership commitments.

Free, prior and informed consent (FPIC): Free, Prior and Informed Consent (FPIC) is a specific right that pertains to indigenous peoples and is recognised in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). It allows them to give or withhold consent to a project that may affect them or their territories. Once they have given their consent, they can withdraw it at any stage. Furthermore, FPIC enables them to negotiate the conditions under which the project will be designed, implemented, monitored and evaluated.

Freedom of Association: The right of a person to join with other people, for example, as a union, to defend their labour rights.

Fresh Fruit Bunches (FFB): The fruit from the oil palm which is then processed into crude palm oil and palm kernel. This is the raw material for palm oil mills.

Forced Labour: Work that is performed involuntarily and under the menace of any penalty. It refers to situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as manipulated debt, retention of identity papers or threats of denunciation to immigration authorities.

Greenhouse Gas (GHG) Emissions: Gas in the atmosphere that absorbs and emits radiation within the thermal infra-red range. This process is the fundamental cause of the greenhouse effect. The primary GHG emitted from palm oil mill are carbon dioxide, methane and nitrous oxide.

High Carbon Stock (HCS): HCS forests are those identified through the HCS Approach as forested areas to be prioritized for protection from conversion. HCS are divided into six classifications which are Open land (OL), Scrub (S), Young Generating Forest (YRF), Low Density Forest (LDF), Medium Density Forest (MDF), and High Density Forest (HDF).

High Carbon Stock Approach (HCSA): A methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed. The methodology was developed with the aim to ensure a practical, transparent, robust, and scientifically credible approach that is widely accepted to implement commitments to halt deforestation in the tropics, while ensuring the rights and livelihoods of local peoples are respected.

High Conservation Values (HCV): Biological, ecological, social or cultural values which are considered outstandingly significant or critically important, at the national, regional or global level (source: HCV Resource Network).

Hotspot: An indicator of a potential fire at a particular site on the ground.

Indonesia Sustainable Palm Oil (ISPO): A policy adopted from Circular Letter No.092/TU.200/E-ISPO/9/2012 by the Ministry of Agriculture on behalf of the Government of Indonesia with the aim to improve the competitiveness of the Indonesian palm oil on the global market and contribute to the objective set by the President of the Republic of Indonesia to reduce greenhouse gases emissions and draw attention to environmental issues.

Indigenous Communities: Indigenous communities are distinct social and cultural groups that share collective ancestral ties to the lands and natural resources where they live, occupy or from which they have been displaced. The land and natural resources on which they depend are inextricably linked to their identities, cultures, livelihoods, as well as their physical and spiritual well-being.

Integrated Disease Management (IDM): The practice of using a range of measures to prevent and manage diseases in crops. Hazard analysis is used to identify the potential for infection so that preventative or curative measures can be put in place to minimise the risk of disease infection and spread.

Integrated Pest Management (IPM): An ecosystem-based strategy that focuses on long-term prevention of pest damage through a combination of techniques such as biological control, habitat manipulation, modification of cultural practices, and use of resistant varieties.

International Sustainability and Carbon Certification (ISCC): The first international certification system that can be used to prove sustainability and greenhouse gas savings for all kinds of biomass and bio-energy based on EU Renewable Energy Directive's (RED) requirements. The ISCC seal proves that biomass was produced in an environmentally friendly way. ISCC also covers social sustainability principles and thus provides more security for companies.

Kernel Crushing Plant (KCP): A plant that processes palm kernel into Crude Palm Kernel Oil (CPKO).

Koperasi Unit Desa (KUD): Village cooperatives

Net Zero: A target of completely negating the amount of greenhouse gases produced, by reducing emissions and implementing methods of absorbing carbon dioxide from the atmosphere.

No Deforestation, No Peat and No Exploitation (NDPE): An important policy for the palm oil industry on sustainable palm oil adopted by companies. NDPE policies include commitments to the following: Free, Prior and Informed Consent (FPIC) for indigenous and other local communities, zero burning, preventing poor working conditions, and preserving High Conservation Value (HCV) areas, High Carbon Stock (HCS) areas and peatlands.

Non Governmental Organisation (NGO): An organization that is neither a part of a government nor a conventional for-profit business.

Palm Oil Mill Effluent (POME): One of the by-products of the Fresh Fruit Bunch process.

Palm Kernel: The edible seed of the oil palm fruit, which yields two types of oil: palm oil and palm kernel oil.

Palm Kernel Shell: The byproduct of palm kernel oil production, which can be used as biofuel.

Palm Oil: An edible vegetable oil produced from the fruit of oil palm trees. It is a versatile oil that can be used for a wide variety of products, from cooking oil to food products and cosmetics.

Peatland: Terrestrial wetland ecosystems in which waterlogged conditions prevent plant material from fully decomposing. Peatlands store more carbon than all other vegetation types combined. They are known to cover at least 3% of global land surface and are important for preventing and mitigating the effects of climate change.

Plasma Transmigration Programme (Perkebunan Inti Rakyat): A programme initiated by the Indonesian government to encourage the development of smallholder plantations with the assistance and cooperation of plantation companies (the nucleus) which assist and support the surrounding community plantations (the plasma).

PROPER: Public Disclosure Program for Environmental Compliance, commonly referred to as PROPER, is designed to promote adherence to environmental management laws and regulations within the industry. It is an annual program held by the Ministry of Environment and Forestry. The PROPER ratings fall into two main categories: compliance, which includes blue, red, and black ratings, and beyond compliance, which is marked by gold and green ratings. Gold represents the highest achievement, while black signifies the lowest rating, indicating non-compliance.

Provincial Spatial Planning: A general spatial plan for the province which is an elaboration of the National Spatial Planning (RTRWN). It contains: objectives, policies, strategies for spatial planning for the province; provincial spatial structure plan; provincial spatial pattern plan; determination of provincial strategic areas; directions for the use of provincial space; and directions for controlling the use of provincial space. The preparation of the RTRWP must refer to the RTRWN, guidelines for spatial planning, and regional long-term development plans.

Smallholders: Farmers who grow oil palm, alongside with subsistence crops, where the family provides the majority of labour and the farm provides the principal source of income, and the planted oil palm area are is less than 50 hectares. More than 3 million smallholders and small-scale farmers make a living from palm oil globally. There are 2 types of smallholders mentioned in this report: Independent and Plasma Scheme Smallholders.

Social and Environmental Impact Assessments (SEIAs): A process for predicting and assessing the potential environmental and social impacts of a proposed project, evaluating alternatives and designing appropriate mitigation, management and monitoring measures.

Transboundary Haze: Consists of smoke, dust, moisture, and vapour suspended in air to impair visibility. Haze pollution can be said to be "transboundary" if its density and extent is so great at source that it remains at measurable levels after crossing into another country's air space. Haze pollution can originate from large-scale forest and land fires characterised by a high concentration of particulate matter.

Roundtable on Sustainable Palm Oil (RSPO): An organization that unites stakeholders from 7 sectors of the palm oil industry: oil palm producers, processor or traders, consumer goods manufacturers, retailers, banks/ investors, and environmental and social non-governmental organization (NGOs) to develop and implement global standards for sustainable palm oil. RSPO is a global, multi-stakeholder initiatives on sustainable palm oil.

Sustainability: A balancing act where business decisions take into account the impact they may have on the triple bottom line aspect of sustainability which are social, environment, and economic

Stakeholder: Refers to any group, individual, member or system that affects or can be affected by company's actions

Traceability: A process for tracing palm oil throughout the supply chain from source of FFB origin.

'Zero-burn' policy: A policy towards land clearing where either logged over secondary forests or an old area of plantation tree crops such as oil palm are cut, chipped, stacked and left on site to decompose naturally.

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