

**AAA Oils & Fats Pte Ltd**

80 Raffles Place
#50-01 UOB Plaza 1
Singapore 048624
Tel: +65 6216 9368
Fax: +65 6538 4668

Apical (Malaysia) Sdn Bhd

Level 6, Tower 2
Avenue 5, Bangsar South City
No. 8 Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel: +603 2785 7977
Fax: +603 2785 8999



OUR SUSTAINABLE FOOTPRINT

At Apical, we focus on leaving a sustainable footprint by improving the social well-being of communities, protecting ecological systems, and improving economic efficiency. This is Apical's commitment towards meeting the needs of both the current and future generation through responsible and sustainable development. Together with our network of stakeholders, we intend to grow our footprint and emerge future-positive solutions.



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ABOUT THIS REPORT

102-1, 102-52, 102-54

Boundary and Scope

102-45, 102-46, 102-49, 102-50

This report contains information for FY2020, unless otherwise stated. It focuses on our operations in Indonesia, which includes six refineries, three bio-diesel plants, one kernel crushing plant and one oleochemical plant. One of our refineries in Indonesia, PT Padang Raya Cakrawala, began operations in October 2020. Information on this refinery is provided where available. We have also indicated where information or data is included on our refinery in China and bio-diesel plant in Spain.

In addition to this report, sustainability-related information is also available on our [Sustainability Progress Dashboard](#) which is regularly updated.



Apical Group Pte. Limited (Apical) is a fully integrated global palm oil company that manages the mid- and downstream business of palm oil production. Sustainability is the core to our business. This commitment is reflected in our vision as we constantly strive to improve lives by developing resource sustainably.



This Sustainability Report 2020 marks our fifth year of providing a transparent account of our performance and progress we have made in integrating sustainability into our operations and/or practices. This report includes:

- **Feature stories:** Apical's traceability to plantation since the first reporting; A-SIMPLE Framework for stakeholder engagement; SMILE programme designed specifically for palm oil smallholders; Supply chain risk management through technology, and more
- Supporting links to our web content outlining details on specific sustainability topics

Our sustainability report is published on an annual basis and has been prepared in accordance with the GRI Standards: Core option. For a full list of disclosures referenced in this report, please refer to the [GRI Content Index](#).

External Assurance

102-56

Apical has engaged Control Union to provide independent limited assurance for selected key sustainability disclosures in this report.



Please refer to pages 81-82 for the assurance statement and scope of data assured.

Contact

102-53

As part of our continuous effort to improve and meet stakeholder expectations, we welcome feedback and recommendation on any aspect of our approach to sustainability and reporting. Please address your feedback to:

Bremen Yong,
Director of Sustainability for Apical Group

bremen_yong@apicalgroup.com





Dear Stakeholders,

I am pleased to present our 2020 Sustainability Report. 2020 was truly an unprecedented year, with the ongoing global pandemic throwing the world off its course. At Apical, we remained true to our values and commitments, placing sustainability at the heart of everything we do to emerge stronger together.



PRESIDENT'S STATEMENT

102-14

Our Performance in 2020

To be able to meet the expected increase demand for palm oil, we built a new refinery in Padang, West Sumatra which started operating in October 2020 and expanded the capacity of our PT Kutai Refinery Nusantara (KRN) in Kalimantan. Despite the COVID-19 pandemic, the demand for palm oil continued to grow and our team worked safely to keep operations going and continue to serve our global customers. As a result of these actions, we are pleased to report a record year in terms of positive growth and the quantity of palm oil and palm oil products handled, traded and processed, which increased from 8.7 million tonnes in 2019 to 8.9 million tonnes in 2020.



Navigating the Pandemic

Impacting the global economy and lives across the globe, COVID-19 brought social issues to the fore. At the onset of the pandemic, we took decisive actions to ensure the health and safety of our employees and implemented measures aligned with recommendations from the respective local governments where we operate. To support our local communities, we contributed personal protective equipment and food staples to healthcare workers and volunteers. We also raised awareness among our employees and the community to stay safe during the pandemic and practise good hygiene. Although it was a challenging year, Apical remained steadfast in progressing towards our sustainability commitments.

Our Traceability Achievement

While navigating the pandemic continues to take precedence, 2020 was also a year to reflect on our No Deforestation, No Peat and No Exploitation (NDPE) progress.

As a mid-stream processor, exporter and trader of palm oil, we have an important role to play in influencing our suppliers to adopt sustainable practices. To do that,



we worked hard to improve the traceability of our products. In 2020, three of our refineries achieved a 99.3% traceability to plantation for existing suppliers. This was not an easy accomplishment given the complexities of the palm oil supply chain. Since 2015, we continued to maintain a 100% traceability to supplying mills. Through traceability, we are able to identify and work with at-risk suppliers to improve their sustainability practices and ensure alignment with our NDPE commitments.

Other Progress in 2020

A large part of our sustainability efforts involves engaging with our suppliers through our Anchor Programmes to support the adoption of sustainable practices. With COVID-19 resulting in movement restrictions, we had to adapt and use online engagements instead. We introduced the Collaborative Action through Remote Engagement (CARE) initiative, where selected suppliers were required to perform a Supplier Self-Assessment (SFA) along with remote verification to determine their compliance risks. In the same year, we launched the Apical Sustainability IMPLExitation Framework (A-SIMPLE Framework) to ensure effective implementation of our Sustainability Policy as well as to align sustainability practices across our operations and supply chain. Due to COVID-19, some of our other programmes such as SUSTAIN, were put on hold.

PRESIDENT'S STATEMENT

Within our own operations, we continued to implement our "Kaizen" or continuous improvement initiatives across our energy and water use, as well as waste generated. In 2020, we achieved a 9.6% reduction in emissions intensity compared to 2019.

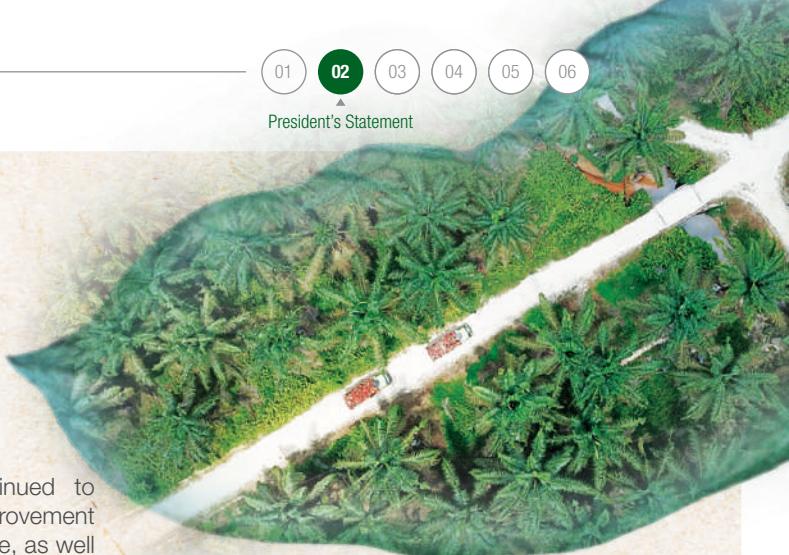
To ensure that our employees continue to benefit from training and learning opportunities, we offered selected courses on our Workday Learning online platform for easy access.

On the community front, we continued to run projects to improve the livelihoods of the communities where we operate. One example is our *Rumah Pintar* project which is aimed at training women to become entrepreneurs by turning their hobbies into a source of income, thus improving the livelihood of their families.

We also continued investing in community infrastructure such as the refurbishment of the *Posyandu Suka Bumi*, an integrated health care centre and the building of a Mosque near our PT Asianagro Agungjaya Tanjung Balai refinery. We launched a new initiative in collaboration with Kao Corporation and Asian Agri to support smallholders. The SMAllholder Inclusion for better Livelihood & Empowerment (SMILE) is a 10-year partnership initiative aimed at helping independent smallholders improve their yields, acquire sustainability certification, and eventually secure premiums from selling certified palm oil. This programme was launched in October 2020 and will commence in 2021.

Looking Ahead

As the palm oil industry continues to make good progress towards no deforestation, there is also an increased focus on labour issues. For Apical, this means continuing to ensure good labour practices are followed within our operations as well as our supply chain.



Yours sincerely,

DATO' YEO HOW

President

2020 HIGHLIGHTS



ABOUT APICAL GROUP

Company Overview

102-2, 102-3, 102-5, 102-10

Apical is a leading exporter of palm oil in Indonesia, focusing on the midstream and downstream aspects of the palm oil value chain. This includes sourcing, refining, processing, trading and distributing palm oil and its products for domestic and international markets. RGE Pte Ltd provides management services to Apical and other world-class resource-based manufacturing companies, delivering quality end-products to businesses and millions of people around the world.

- Driving sustainability throughout our business operations
- 01 An extensive and traceable sourcing network in Indonesia
- 02 Our business model is built on four core strengths:
- 03 Integrated refinery assets that are efficient and strategically located in Indonesia, China and Spain
- 04 Efficient logistics channels to deliver quality products

Incorporated in 2006 and headquartered in Singapore, Apical owns and operates 11 state-of-the-art processing facilities worldwide - six refineries, three biodiesel plants, a kernel crushing plant and an oleo chemical plant. A new refinery, Padang Raya Cakrawala (PT PRC), located in Padang, West Sumatera, started operations in October 2020. In 2020, total purchase volume of palm oil and oil palm products for Apical whole processing facilities is 8.65 million MT.

As at end 2020, PT PRC has a total production capacity of 1,190,000 tonnes per annum for refined CPO products and biodiesel. We have also expanded our PT KRN refinery in Balikpapan to deliver a higher production capacity.

 For more information on our products, please see the section on Customers and Consumers, as well as our website.

Vision and Values

102-16

“To be a LEADING, SUSTAINABLE and GLOBAL integrated edible oils player.”

To fulfil this vision, we are guided by the following set of core values:

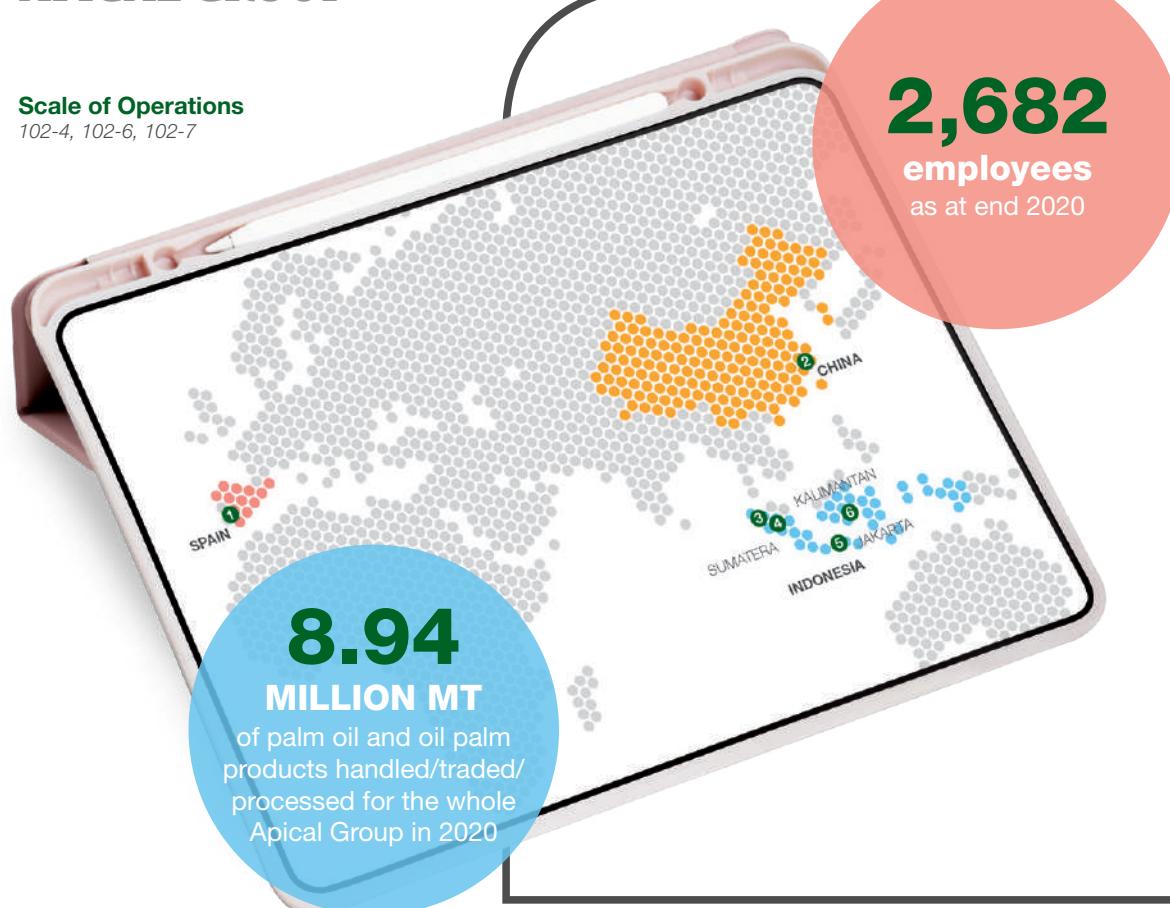


New refinery, PT Padang Raya Cakrawala

ABOUT APICAL GROUP

Scale of Operations

102-4, 102-6, 102-7



We operate the following facilities:

01**Refining and Fractionation**

- CPO
- CPKO

02**Crushing of Palm Kernels**

Kernel Crushers

03**Production of**

- Shortening
- Margerine
- Powder Fat
- Biodiesel
- Crude Glycerin
- Crude Fatty Acid

04**Production of**

- Fractionated Fatty Acid
- Refined Glycerin

05**Merchandising and distribution of CPO and PPO to the global market**

CPO & PPO Distribution

6 refineries

PT Asianagro Agungjaya Tanjung Balai (PT AAJTB)
Sumatera, Indonesia
2020 Production:
3,610,750 MT (includes refined CPO and CPKO products, refined crude fatty acids and refined glycerin)
Sustainability Certification:
RSPO & ISCC EU

PT Sari Dumai Sejati (PT SDS)
Sumatera, Indonesia
2020 Production:
87,631 MT

PT Asianagro Agungjaya Marunda (PT Marunda)
Jakarta, Indonesia
2020 Production:
851,488 MT

PT Kutai Refinery Nusantara (PT KRN)
Kalimantan, Indonesia
2020 Production:
1,360,009 MT

PT Padang Raya Cakrawala (PT PRC)
West Sumatra, Indonesia
2020 Production:
180,883 MT

Excelic Food Technology Co Ltd
Nanjing, China
2020 Production:
94,477 MT

3 biodiesel plants

Bio-Oils La Rabida
Huelva, Spain
2020 Production:
261,486 MT

PT Cemerlang Energi Perkasa (PT CEP)
Sumatera, Indonesia
2020 Production:
377,310 MT

PT Kutai Refinery Nusantara (PT KRN)
Kalimantan, Indonesia
2020 Production:
277,216 MT

Sustainability Certification:
ISCC EU

1 fats splitting plant (oleo JV)

PT Apical KAO Chemicals (PT AKC)
Sumatera, Indonesia
2020 Production:
110,459 MT

Sustainability Certification:
RSPO & ISCC EU

We serve a range of customers



Palm oil traders



Biofuel manufacturers



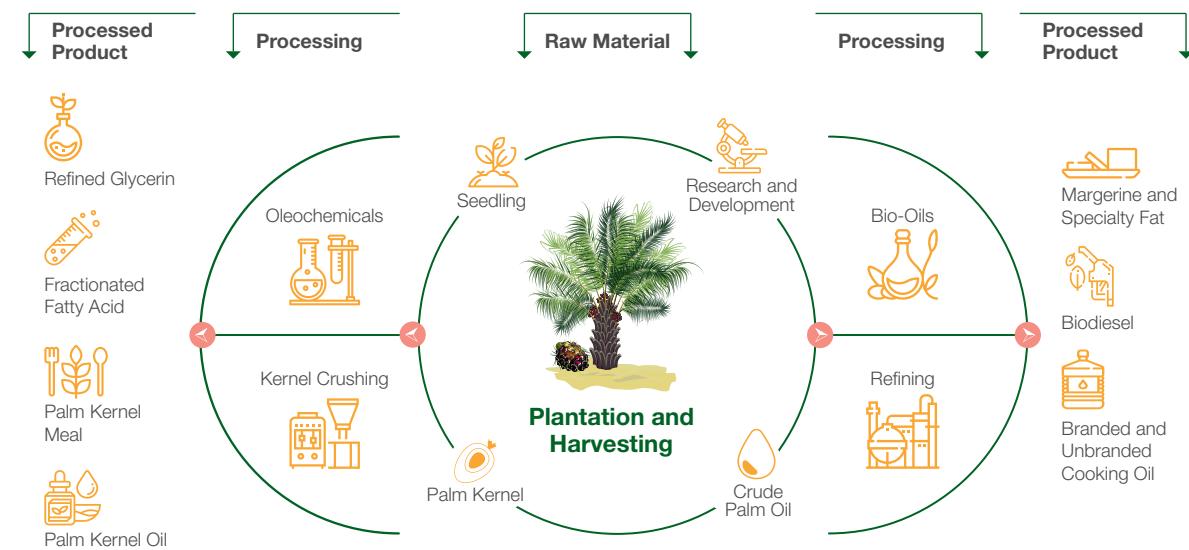
Consumer goods manufacturers

1 palm kernel crushing

PT Sari Dumai Sejati (PT SDS)
Sumatera, Indonesia
2020 Production:
361,483 MT

Sustainability Certification:
RSPO & ISCC EU

7.57 MILLION MT
2020 palm oil production for the processing facilities



OUR APPROACH TO SUSTAINABILITY

102-11



“As a leading, global integrated palm oil company, Apical’s purpose is to improves lives by developing resources sustainability.”

Our approach to sustainability is guided by our founder, Sukanto Tanoto's 5Cs business philosophy – that our operations should be good for the community, country, climate, customer, and only then will it be good for the company.

In our sustainability journey, we aim to minimise our impact on the environment, improve the lives of the communities where we operate, provide fair employment opportunities and meeting the needs of our customers. We also seek to influence positive transformation within our supply chain. Realising

these commitments will help us build resilience against risks facing our business and support a thriving communities around us.

We regularly review our material sustainability topics to ensure they remain relevant to our business and stakeholders. We engaged both key internal and external stakeholders as part of our materiality assessment. Details of the assessment and a list of identified material topics are provided in the [Appendix](#).

Apical's Sustainability Policy

103-2

Published in September 2014, Apical's Sustainability Policy serves as our roadmap in guiding the group's efforts towards becoming a sustainable global processor and trader of palm oil.

Apical's Sustainability Policy

Apical aims to build a traceable and transparent palm oil supply chain that is committed to:



The protection of high conservation value (HCV) areas and high carbon stock (HCS) areas



The protection of peat regardless of depth



Driving positive socio-economy impact for people and communities

Our policy commitments extend to all of Apical's subsidiaries and to the refineries that we own and manage. The realisation of these commitments requires us to work with our suppliers in the adoption of sustainable practices and ensure that our palm oil is sourced responsibly. Developed in 2015, our Sourcing Policy details our commitment to sourcing from suppliers who agree to comply with our Sustainability Policy.

Refer to our website for more information on our policy commitments and sourcing strategy.

We are in the process of developing APICAL2030, a 10-year sustainability commitment with ambitious targets and actions plans. We will be revising our Sustainability Policy in parallel with the development of APICAL2030, which will be introduced in our next report.

OUR APPROACH TO SUSTAINABILITY

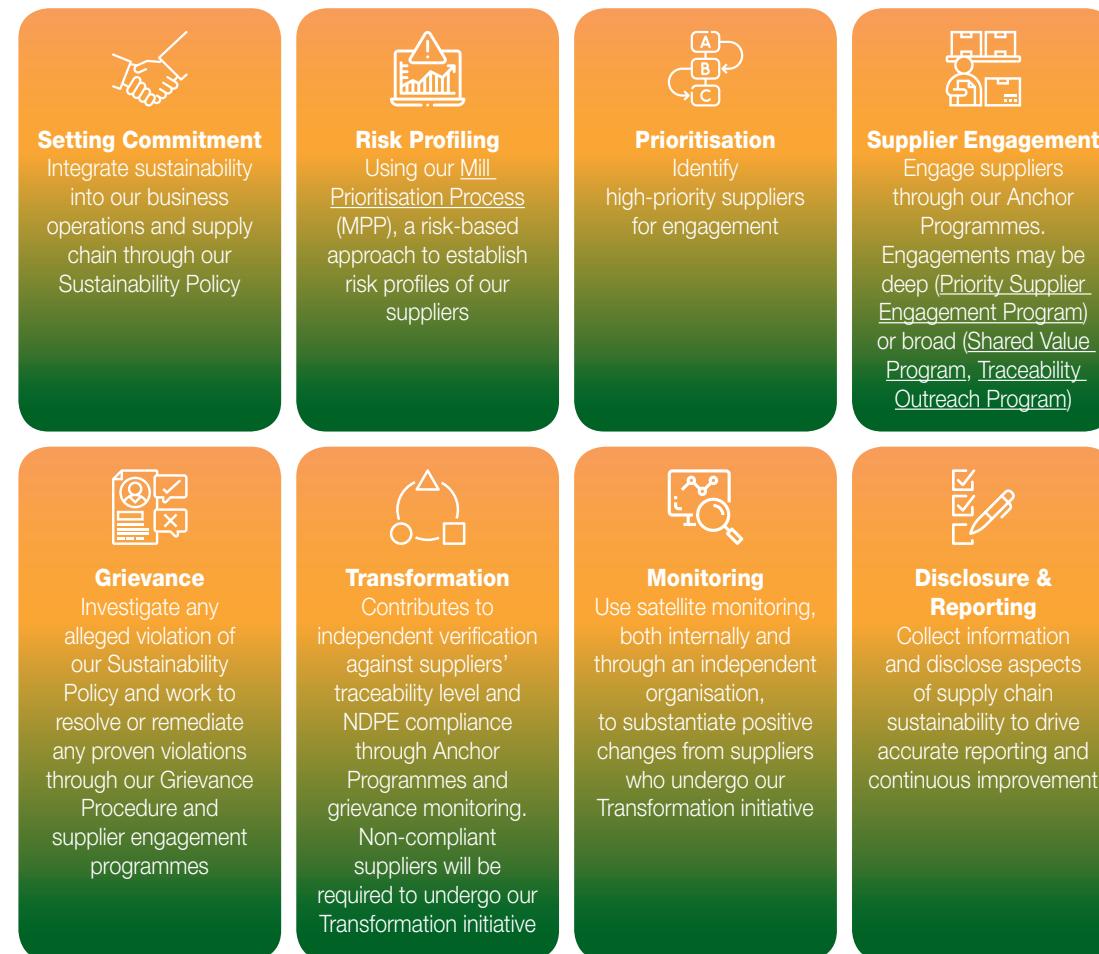
Apical Sustainability IMPLementation Framework (A-SIMPLE Framework)

103-2

In 2020, we launched the A-SIMPLE Framework to ensure the effective implementation of our Sustainability Policy as well as align sustainable practices across our operations and supply chain. This framework aims to help our suppliers achieve compliance against the NDPE commitments.

This is key to Apical's sustainability journey as we drive transformative change in the palm oil sector and reduce supply chain risks. This also helps to increase our buyer's confidence and meet the demand for sustainable products.

The A-SIMPLE Framework includes the following components:

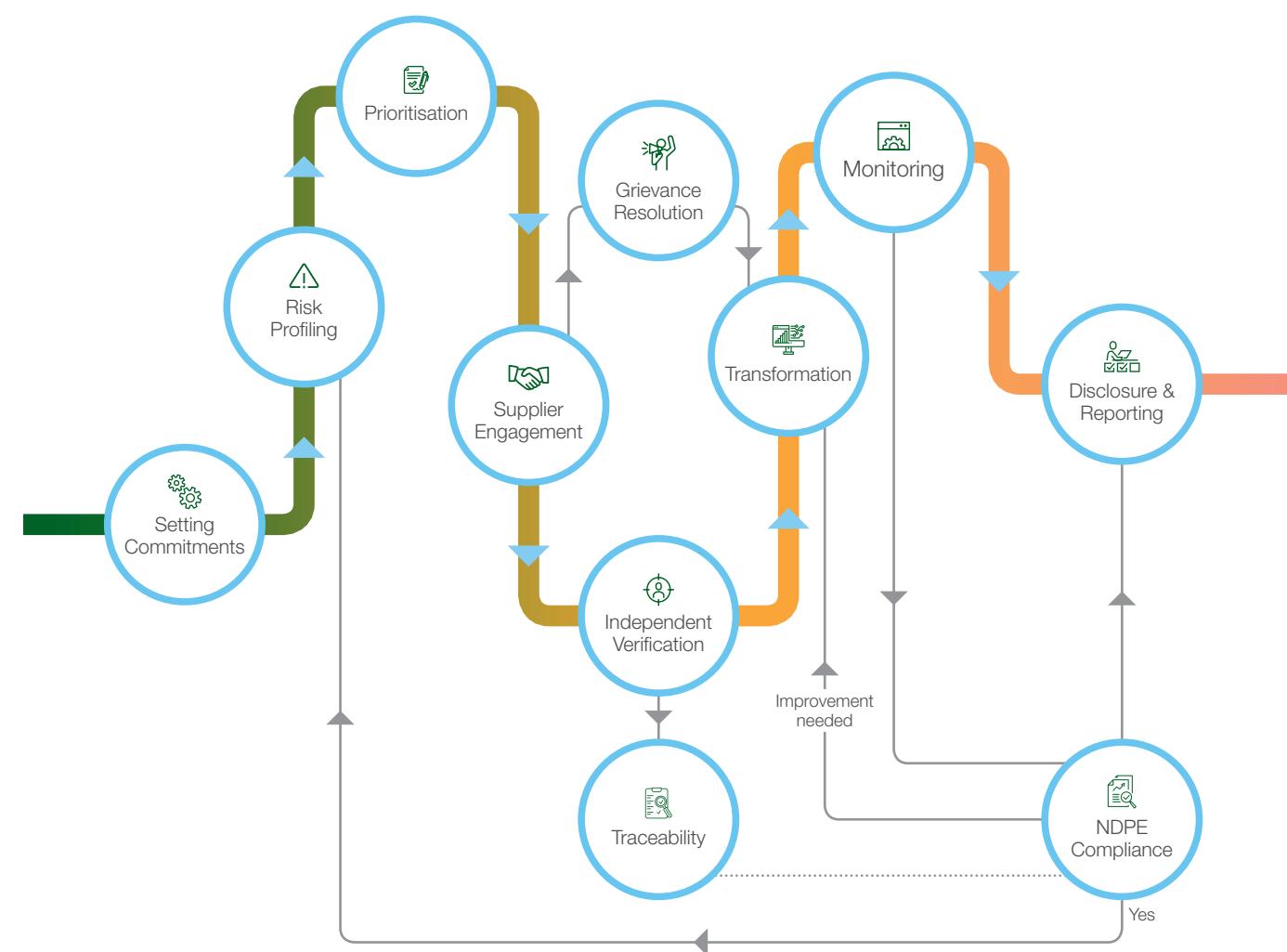


A-SIMPLE Framework

Goals

- ▲ Support business expansion
- ▲ Sustainable sourcing (mt)
- ▼ Supply chain risk profile

Apical Sustainability Implementation Framework (A-SIMPLE Framework)



For more details on how Apical is supporting and engaging with suppliers, see section on [Working with Suppliers](#).

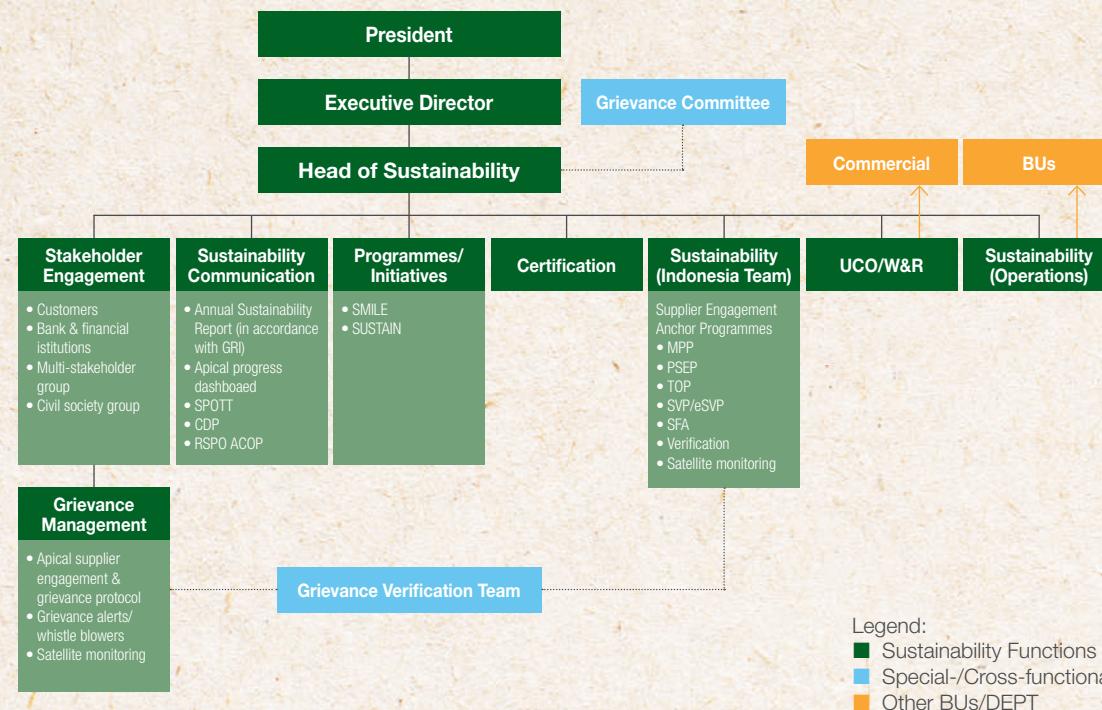
OUR APPROACH TO SUSTAINABILITY

Corporate Governance

102-18, 102-19, 102-20, 103-2, 103-3

The Apical Board of Directors (BoD) is the highest governing body responsible for driving the group's direction towards sustainable growth. The BoD and President, supported by the senior management team, are tasked with strategic and operational implementation; embedding the company's core values driving key initiatives; making investment and divestment decisions; and managing risks. Sustainability topics are discussed at Board meetings which are held twice a year. The President, supported by the Executive Director, Head of Sustainability and various business heads, ensures sustainability is integrated into the various roles within business and functional units.

Governance Structure



We also have dedicated Sustainability teams based in Kuala Lumpur, Pekanbaru, Medan, Jakarta, Balikpapan and Dumai. The Sustainability teams are tasked with implementing and monitoring our commitments.

In addition to these teams, a dedicated Social, Security and Licensing (SSL) department is established at each of the refineries that we own to handle social and licensing matters according to national regulations and our group's Sustainability Policy. The SSL team also looks after Corporate Social Responsibility (CSR) programmes which aims to improve livelihoods in local communities. The various teams and the Head of Sustainability meets at least once a month to review performance on sustainability commitments and identify areas of improvement.

Ethics and Compliance

102-16, 102-17, 103-2, 103-3, 205-3, 307-1, 419-1

Apical is committed to conducting all business activities with integrity and in accordance with strict legal and ethical standards. As a member of RGE Group, all BoD members and Apical employees must adhere to the RGE Global Code of Conduct (RGE Code). The RGE Code provides guidance on how employees should behave in line with our Core values. The RGE Code is disseminated as part of our new hire orientation programme. The RGE Code provides guidance on how employees should behave in line with our values.

All employees at Apical has a responsibility to report illegal, irregular, dangerous or unethical activities, which are in breach of the RGE Code and related policies, without the risk of reprisal. Employees should communicate issues to their reporting manager or a Human Resource representative as a first point of contact. For more severe cases, employees are encouraged to contact the Internal Audit Confidential Hotline.

Apical complies with the various tax systems in the jurisdictions where we operate. The Group conducts monthly tax reviews to ensure all key tax positions such as transfer pricing, cross border transactions, tax compliance and tax-planning decisions are taken. Key decision making for tax matters are undertaken collectively between the Group and the corporate office tax team to ensure checks and balances.

In 2020, there were no cases of breach of the RGE Code, including corruption. There were also no significant fines and non-monetary sanctions for non-compliance with laws and regulations in the environmental, social and economic area.

Grievance Procedure

102-17, 103-2, 103-3

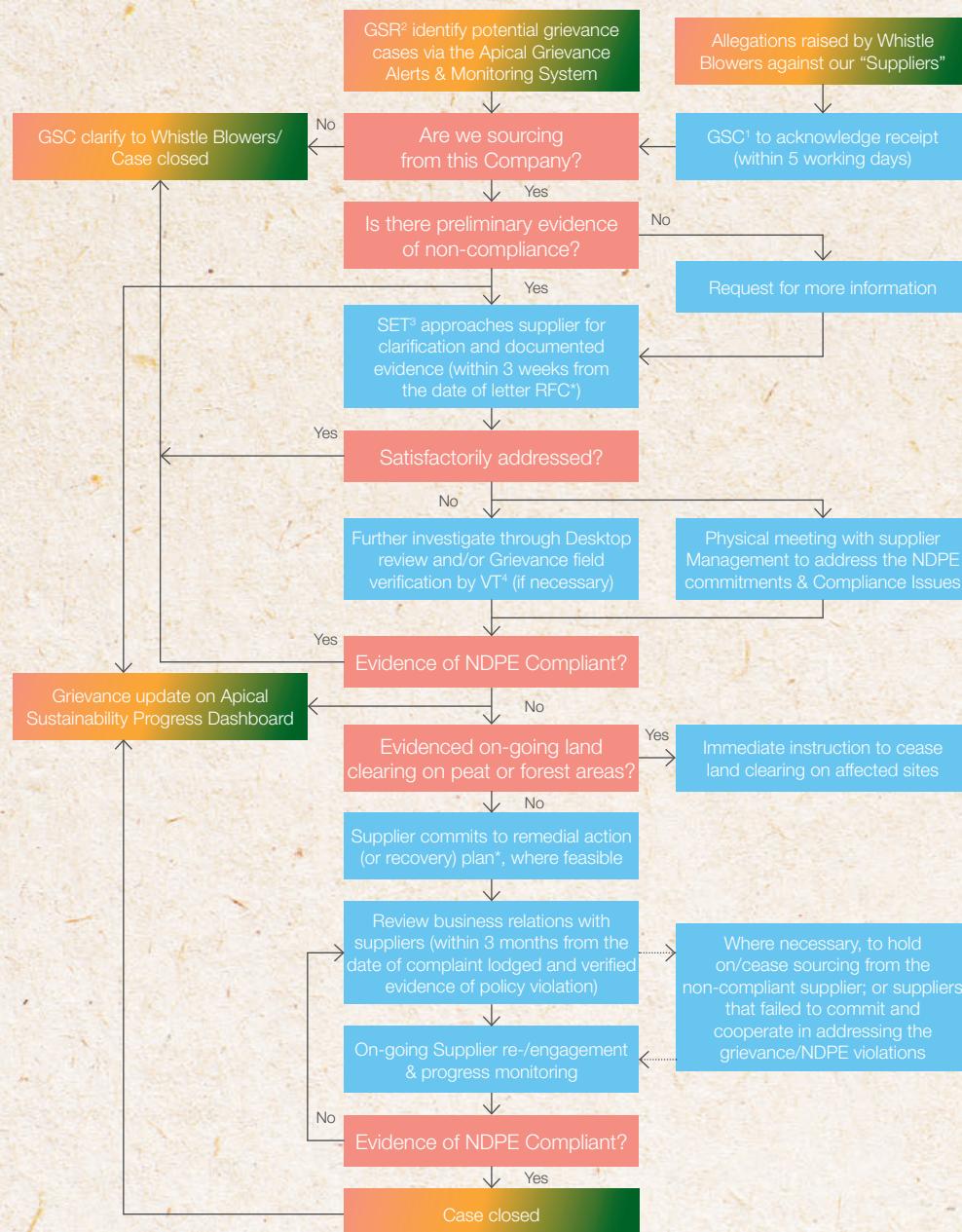
Apical has set up a robust grievance handling process for all stakeholders to raise concerns related to our business or our supplier's practices. This helps to ensure that the standards set out in our policies are being adhered to. All grievances raised are dealt with in a transparent and accountable manner. The grievance process is managed and implemented by our Grievance Steering Committee (GSC), Grievance Secretariat, Stakeholder Engagement Team and Verification Team.

The Apical Grievance Procedure covers all activities related to the management of stakeholders' concerns. Our grievance process includes a whistleblowing channel and a Grievance Alert System that delivers prompt notifications on matters raised against Apical or our suppliers. Our process of dealing with a grievance is illustrated in the diagram on the following page with further details available online.

In 2020, there were six grievances raised against our suppliers. These grievances were related to sourcing from protected areas and clearing of forest. Details of the grievances raised is available on our website. In addition to grievances tracked at a group-level, each refinery also has their own grievance management process. Grievances handled at the operational level are not covered in this report.

OUR APPROACH TO SUSTAINABILITY

Apical Grievance Process Flow



Partnership, Memberships and Certification

102-12, 102-13

Sustainability issues within the palm oil sector are complex and cannot be solved by one company alone. Achieving our sustainability goals requires collaboration with not just our supply chain partners, but also across other stakeholder groups.

Since November 2017, Apical has been a partner of the Tropical Forest Alliance 2020 (TFA 2020). TFA 2020 is a global public-private partnership that brings together governments, private sector, and civil society organisations to exchange knowledge, expertise and best practice on forest and ecosystem conservation.

In September 2018, Apical co-founded the Sustainability Assurance & Innovation Alliance (SUSTAIN) with a group of companies comprising oil palm growers, consumer goods manufacturers, not-for-profit organisations and technology leaders. SUSTAIN was founded

with the aim to build collaborations, align efforts and help create an industry-wide solution for palm oil traceability and sustainability. For more information on SUSTAIN, please refer to the section on Working with Suppliers and Smallholders.

We continue to play an active role in certification and membership organisations, such as the Roundtable on Sustainable Palm Oil (RSPO) – including the RSPO P&C Review Taskforce and the RSPO Indonesia National Interpretation Working Group, the International Sustainability and Carbon Certification (ISCC), and the Indonesian Sustainable Palm Oil (ISPO). We also contribute to standard revisions at industry level and at the same time, interact with and benchmark against fellow members to keep ourselves abreast with emerging trends and new standards.



Apical Sustainability team continuously engage with our suppliers to understand challenges and issues on the ground

OUR APPROACH TO SUSTAINABILITY

Supporting the United Nations Sustainability Development Goals (UN SDGs)

The ongoing COVID-19 pandemic has further emphasised the need for sustainable development. Introduced in 2015, the UN SDGs provides a shared blueprint for governments, businesses and society to tackle the world's most pressing challenges by 2030. In 2019, we conducted a prioritisation exercise to identify the SDGs, which we are able to best support and advance. We prioritised six SDGs and further categorised them into **core** and **catalytic** goals. Core goals are those that have the strongest alignment with the company's operations and sustainability commitments, while catalytic goals are those where Apical believes we can make a positive impact.

Core Goals



Catalytic Goals



While we have identified six priority goals, we recognise that all 17 SDGs are interconnected and we may indirectly support the other goals through our activities. Our APICAL2030 plan, which is currently in development aims to strengthen our commitment towards realising the SDGs through measurable targets and action plans.



SDG1: No Poverty

How Apical is Contributing

- Providing job opportunities to local community, with wages that at least meet or are above the minimum requirements
- Working with communities to help them develop new skills such as vegetable growing, goat farming, and cake making, allowing them to diversify their source of income
- Contributing to infrastructure improvement projects as well as access to services such as healthcare

Relevant SDG Targets

- 1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions
- 1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance



Local communities harvesting chillies in Lubuk Gaung, Dumai

SDG 2: Zero Hunger

How Apical is Contributing

- Introduced the chilli growing and goat farming programmes as a food source and alternative livelihood to local communities
- Launched the SMILE programme in October 2020 to help independent oil palm smallholders in Indonesia to improve their yields

Relevant SDG Targets

- 2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations including infants, to safe, nutritious and sufficient food all year round
- 2.3 By 2030, double the agricultural productivity and the incomes of small-scale food producers, particularly women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets, and opportunities for value addition and non-farm employment



Uplifting communities through alternative livelihood opportunities such as goat farming

OUR APPROACH TO SUSTAINABILITY



SDG 7: Affordable and Clean Energy

How Apical is Contributing

- Working with the government on the implementation of the B20 fuel blend in Indonesia
- Continuing to collaborate with the government on the B30 mandate (fuel blend with a bio-content of 30%)
- Continuing to look for ways to reduce our electricity consumption and improve our energy efficiency

Relevant SDG Targets

- 7.2 Increase substantially the share of renewable energy in the global energy mix by 2030
- 7.3 Double the global rate of improvement in energy efficiency by 2030



Our team carries out R&D to improve product quality



SDG 8: Decent Work and Economic Contributions

How Apical is Contributing

- Continuing to provide decent work opportunities, respecting human and labour rights, and maintaining a safe work environment
- Working closely with our suppliers through our Anchor Programmes to ensure fair labour practices within our supply chain are employed

Relevant SDG Targets

- 8.7 Take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labour, eradicate forced labour, and by 2025 end child labour in all its forms including recruitment and use of child soldiers
- 8.8 Protect labour rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment



We ensure positive labour practices across our supply chain including gender equality and non-discrimination policies



SDG 12: Responsible Production and Consumption

How Apical is Contributing

- Sourcing responsibly from suppliers who comply with our Sustainability Policy
- Engaging with suppliers through our Anchor Programmes to facilitate the adoption of more sustainable practices
- Implementing continuous improvement or "Kaizen" projects internally to reduce the amount of waste generated, reuse wastewater and waste, as well as other efficiency projects

Relevant SDG Targets

- 12.4 By 2020, achieve environmentally sound management of chemicals and all wastes throughout their life cycle in accordance with their release to air, water and soil to minimise their adverse impacts on human health and the environment
- 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse



Nurturing oil palm seedlings to ensure its quality before it is being transplanted for field planting



SDG 15: Life on Land

How Apical is Contributing

- Continuing to engage with our suppliers through our Anchor Programmes to protect forest areas with high carbon stock (HCS) and high conservation value (HCV)

Relevant SDG Targets

- 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests, and increase afforestation and reforestation



We drive industry-level change toward NDPE commitment, including delivery within our supply chain

OUR COMMITMENTS AND PROGRESS

103-2, 103-3

Sustainability Issues	2019 Commitment(s)	Progress in 2020	Future Targets
High Priority Issues			
Emissions reduction	<ul style="list-style-type: none"> Establish an emissions baseline for our operations in 2020 Continue to engage our suppliers on reducing their greenhouse gas (GHG) emissions 	<ul style="list-style-type: none"> Replaced the use of coal with palm kernel shells as fuel for boiler at our AATJB refinery Continued to support suppliers on reducing GHG emissions through training on the process and benefits of getting the ISCC 	<ul style="list-style-type: none"> To explore opportunities where Apical can reduce GHG emissions as part of the development of APICAL2030, a 10-year sustainability commitment
Grievance handling	<ul style="list-style-type: none"> Strengthen internal monitoring on potential grievances within our supply chain and proactively address or resolve all potential issues 	<ul style="list-style-type: none"> Six grievances raised against our suppliers relating to sourcing from protected areas and clearing of forest, of which 2 have been resolved and closed 	<ul style="list-style-type: none"> Continue to address grievances in a timely manner in accordance with our robust grievance procedure
Product quality and safety	<ul style="list-style-type: none"> Maintain zero incidences of non-compliance with regulations concerning the health and safety of our products Implement laboratory information management system (LIMS) 	<ul style="list-style-type: none"> No incidences of non-compliance with regulations and voluntary codes concerning the health and safety impacts of our products 	<ul style="list-style-type: none"> Maintain zero incidences of non-compliance with regulations concerning the health and safety of our products (ongoing)
Protection of forests and biodiversity	<ul style="list-style-type: none"> Continue to work with our suppliers to ensure no deforestation within our supply chain Continue to work with our suppliers to ensure no new development on peat, as well as proper management of planted peat areas 	<ul style="list-style-type: none"> Continued to engage with our suppliers to protect HCV, HCS and peat areas 	<ul style="list-style-type: none"> Continue to work with our suppliers to ensure no deforestation within our supply chain (ongoing) Continue to work with our suppliers to ensure no new development on peat, as well as proper management of developed peat areas (ongoing)

Sustainability Issues	2019 Commitment(s)	Progress in 2020	Future Targets
High Priority Issues (cont'd)			
Rights of indigenous and local communities	<ul style="list-style-type: none"> Strengthen the social requirements for our supply chain in our policy 	<ul style="list-style-type: none"> Updating of Apical's Sustainability Policy is under way No incidents involving the rights of indigenous peoples at our sites or related to our suppliers 	<ul style="list-style-type: none"> Finalise the update of our Sustainability Policy to strengthen social requirements within our supply chain
Supplier Engagement, including smallholder development	<ul style="list-style-type: none"> Continue to engage suppliers through our Anchor Programmes 	<ul style="list-style-type: none"> Engaged with 14 mills through our Collaborative Action through Remote Engagement (CARE) initiative, which serves as a temporary replacement for our Priority Supplier Engagement Programme (PSEP) Engaged with 451 supplying mills through our Traceability Outreach Programme (TOP) Organised two virtual Shared Value Programme (SVP) workshops attended by 184 suppliers Launched a new SMallholder Inclusion for better Livelihood & Empowerment (SMILE) programme which is currently in planning stage 	<ul style="list-style-type: none"> Continue to engage suppliers constructively to progress traceability efforts and ensure policy compliance Engage with 5,000 smallholders through SMILE programme
Traceability	<ul style="list-style-type: none"> Maintain full traceability to palm oil mills Achieve 100% traceability to plantations by 2020 	<ul style="list-style-type: none"> Maintained 100% traceability to the supplying mills Achieved 99.28% traceability to plantation (TTP) for three of our facilities Achieved 98.83% TTP for new CPKO suppliers for four of our facilities 	<ul style="list-style-type: none"> Maintain full traceability to palm oil mills (ongoing) Achieve 100% traceability to plantations by 2022
Worker's health, safety and well-being	<ul style="list-style-type: none"> Maintain zero work-related fatalities 	<ul style="list-style-type: none"> Maintained zero work related fatalities since 2016 	<ul style="list-style-type: none"> Maintain zero work-related fatalities (ongoing)

OUR COMMITMENTS AND PROGRESS

Sustainability Issues	2019 Commitment(s)	Progress in 2020	Future Targets
Moderate Priority			
Climate Action	<ul style="list-style-type: none"> Continue to explore opportunities to build business and community resilience against the impacts of climate change 	<ul style="list-style-type: none"> Strengthened our commitment to mitigate the effects of climate change taking into consideration expanding the Mangrove programme to peatlands in the future 	<ul style="list-style-type: none"> Continue to explore opportunities to build business and community resilience against the impacts of climate change
Community livelihood and empowerment	<ul style="list-style-type: none"> Continue to invest in community infrastructure Continue to run community programmes (e.g. helping villages diversify their sources of income) 	<ul style="list-style-type: none"> Continued to conduct skills training programme to help the communities diversify their source of income (e.g. goat farming, onion and chilli growing) Continued with the Rumah Pintar project, training women to be entrepreneurs Invested in infrastructure projects (e.g. road repair and maintenance) 	<ul style="list-style-type: none"> Continue to invest in community infrastructure (ongoing) Continue to run community programmes to improve livelihoods (ongoing)
Employee wages and benefits	<ul style="list-style-type: none"> Continue to comply with the minimum wage regulations in each country where we operate in 	<ul style="list-style-type: none"> Ensured all employees of Apical received wages that are equal to or above the minimum requirements set by the respective local regulations 	<ul style="list-style-type: none"> Continue to comply with the minimum wage regulations in each country where we operate in (ongoing)
Fire prevention and management	<ul style="list-style-type: none"> Continue to assess suppliers' risk to fire incidences and engage them on fire prevention efforts 	<ul style="list-style-type: none"> Continued to evaluate new suppliers on potential risks of fire incidences adjacent to the mills, as well as assess their level of preparedness in case of a fire incidence Supported our key supplier Asian Agri in their Fire Free Village Program (FFVP) engagement with 16 villages – 9 in Riau and 7 in Jambi - covering about 343,000 hectares 	<ul style="list-style-type: none"> Continue to assess suppliers' risk to fire incidences and engage them on fire prevention efforts (ongoing)
Governance and business ethics	<ul style="list-style-type: none"> Continue to embed TOPICC in our People Manager Workshops in 2020 	<ul style="list-style-type: none"> No incidences of corruption reported 	<ul style="list-style-type: none"> Continue to embed TOPICC in our People Manager Workshops on a year-by-year basis

Sustainability Issues	2019 Commitment(s)	Progress in 2020	Future Targets
Moderate Priority (cont'd)			
Human rights, including child labour	<ul style="list-style-type: none"> Strengthen our policy on social requirements within our supply chain 	<ul style="list-style-type: none"> Updating of Apical's Sustainability Policy is under way No reported cases or incidents of abuse or discrimination within our operations 	<ul style="list-style-type: none"> Finalise the update of our Sustainability Policy to strengthen social requirements within our supply chain
Innovation	<ul style="list-style-type: none"> Implement the Apical Sustainability Assurance System (ASAS) Continue collaborating with peers and innovate business processes through SUSTAIN 	<ul style="list-style-type: none"> SUSTAIN was temporarily on hold in 2020 due to pandemic and to proceed with selection of best deployment platform moving forward 	<ul style="list-style-type: none"> Explore converting used cooking oil into biodiesel, in a shift towards a circular approach
Sustainability standards and certifications	<ul style="list-style-type: none"> To achieve RSPO or relevant certification for all our existing processing facilities by 2022* 	<ul style="list-style-type: none"> 3% of our palm oil and oil palm products processed are RSPO certified Increased volume of RSPO-certified raw materials sourced by 20% compared to 2019 16% increase in ISCC-certified raw materials sourced compared to 2019 	<ul style="list-style-type: none"> To achieve RSPO or relevant certification for all our existing processing facilities by 2022*, and for all new refineries to obtain certification within three years from the commencement of operations or acquisitions
Training and development	<ul style="list-style-type: none"> Ensure our employees have the necessary skills to carry out their work 	<ul style="list-style-type: none"> Conducted virtual learning sessions due to COVID-19, including the use of our Workday Platform and Zoom 	<ul style="list-style-type: none"> Continue utilising Workday Platform and Zoom to provide training to all employees
Waste management	<ul style="list-style-type: none"> Continue to adopt best practice in waste management 	<ul style="list-style-type: none"> Ensured safe and sustainable management and disposal of waste 	<ul style="list-style-type: none"> Explore waste management approaches through APICAL2030
Water management	<ul style="list-style-type: none"> Continue to look for opportunities to reduce the use of water Review and revise our water intensity target in 2020 	<ul style="list-style-type: none"> Continued to recycle wastewater generated during operational usage 	<ul style="list-style-type: none"> Continue to explore opportunities to reduce water consumption through the development of APICAL2030

Note:

* Updated as at 31 December 2021

WORKING WITH SUPPLIERS

103-1, 103-2, 103-3, 102-9, 204-1

“
Apical's endeavour to make sustainable palm oil the norm requires our suppliers to be on board.
”



We actively engage our suppliers and bring them along with us on our sustainability journey to build a traceable and transparent palm oil supply chain. This strategy not only helps us to minimise supply chain risks and ensure our products are sustainably sourced, it also expands our suppliers' access to global markets.

Our Supply Chain Profile

As a midstream processor, exporter and trader, Apical mainly procures Crude Palm Oil (CPO), Crude Palm Kernel Oil (CPKO) and palm kernel (PK) for our refineries and plants. Apical does not own any upstream assets or facilities such as plantations and mills. We rely on third party supplying mills to provide us with raw materials.

In Indonesia

420

direct CPO supplying mills

119

direct CPKO suppliers

100%

of our procurement spend for our Indonesian operations is from local suppliers

28% & 3%

of our procurement spend is on local suppliers for our operations in China and Spain respectively

Note:
i. CPKO suppliers are different from CPO mills as palm kernel will have to be processed at the kernel crushing plant before reaching our refineries.
ii. The figures above cover only our facilities in Indonesia. External suppliers for our facilities in Spain and China are not included in the figures above.

Note: Local suppliers are defined as those based locally, in the same region.

Fresh fruit bunches (FFB), the raw material for the production of CPO and PK, come from oil palm plantations, which include third-party commercial estates as well as independent and associated smallholder farmers. Dealers or brokers who buy FFB from a variety of sources also form part of the supply chain.

Traceability of Supplying Palm Oil Mills

[103-1, 103-2, 103-3]

Palm oil traceability can be complex as it involves multiple players from growers, mills, to traders. Nevertheless, Apical remains committed to ensuring sustainability in the entire supply chain, from cultivation to consumption.

With increased traceability, we are able to identify and engage with high-risk suppliers to support the improvement of their practices. We will cease working with suppliers if they do not comply with our requirements.



Traceability to Mill

A majority of our supplying mills are located within the provinces of Riau, North Sumatera, Jambi, and Kalimantan. This includes our major long-term supplier Asian Agri. About 99.6% of our palm oil products are sourced directly from supplying mills. Only 0.4% of our palm oil products are sourced from a trading company.

For supplying mills to be traceable, they are required to provide accurate information on the GPS coordinates of the mill's location, the name of the company and mill, and specific address. The information is verified by our sustainability consultants CORE (Proforest & Daemeter), using an updated master database.

WORKING WITH SUPPLIERS

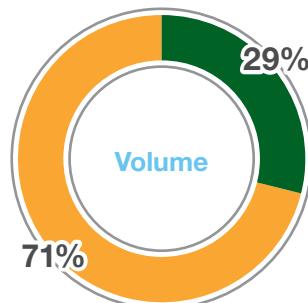
Maintained **100%**

traceability to supplying mills
since 2015



Suppliers' FFB source

- Own Estate
- Third-party Plantations



Suppliers' FFB source

- Own Estate
- Third-party Plantations

The names and coordinates of all supplying third-party mills are published on their respective Traceability Declaration Document (TDD), which is updated quarterly and can be assessed on our [website](#).

Working Towards 100% Traceability to Plantation Level

Achieving traceability to plantation (TTP) is an ongoing process as some of the commercial mills we source from purchase their FFB from aggregators, which adds an additional layer of complexity to the upstream supply chain.

FFB Sources	Estimated percentage of palm oil supplied to our refineries*
Estate (<25 and >25 ha)	54.04%
Smallholders (Organised as cooperatives, groups or linked to mills)	16.20%
Dealers (Sourced from independent smallholders)	29.76%

Plantations are required to be in close proximity to mills as FFB needs to be processed within 24 hours of harvest to maximise yield and the quality of oil extracted. Achieving traceability to a mill thus provides an indication of the approximate location of their FFB suppliers.

We have improved our TTP year-on-year. In 2016, we recorded 27% TTP. In the last five years, Apical expanded the coverage of our TTP. Although we were not able to meet our target to achieve 100% TTP by 2020, we remain committed to our goal and have revised our target to 2022.

To help us achieve our TTP target, we have developed a methodology with Earthworm Foundation and initiated our Traceability Outreach Programme (TOP), targeting all suppliers, especially in Riau, Jambi, North Sumatra and Kalimantan. More information can be found in the *Engagement Through Our Anchor Programmes* section of this report.

TTP Progress



Notes:

- For reporting year 2016-2019, our TTP percentage combine data for both new and existing suppliers.
- For reporting year 2020, we separated our TTP percentage into two categories, which are new and existing suppliers. The split is for tracking purposes to help Apical ensure that all existing suppliers commit to a traceable and transparent supply chain as outlined in our Sustainability Policy while new suppliers abide by a time-bound commitment.



WORKING WITH SUPPLIERS

Engagement Through Our Anchor Programmes [103-2, 103-3, 308-2, 414-2]

Building a transparent and sustainable supply chain cannot be achieved through traceability alone. Our Anchor Programmes helps us to prioritise and engage with suppliers to ensure they meet the commitments and standards set out in our Sustainability Policy. They include the Priority Supplier Engagement Programme (PSEP); Traceability Outreach Programme (TOP); Shared Value Programme (SVP); Suppliers Self-Assessment (SFA) and the Strategic Engagement Programme (STEP). In 2020, we introduced a new virtual engagement programme called the Collaborative Action through Remote Engagement (CARE) due to the COVID-19 pandemic.

We only procure from suppliers who agree to comply with our Sourcing Policy through a written declaration. These suppliers are required to provide information on their own supply chain for Apical to perform risk analysis based on geospatial and non-spatial indicators. We screen 100% of our palm oil suppliers in Indonesia prior to their inclusion into our supply chain. Suppliers identified as high risk will be prioritised for engagement.

As of end 2020, 100%

of supplying CPO mills have been engaged through at least one of our Anchor Programmes

Mill Prioritisation Process (MPP)

The MPP is a risk-based supplier assessment to identify priority mills for in-depth engagement through our other Anchor Programmes. It serves as the basis for:

- Identifying which mills to engage
- Transforming high-risk mills through assessment activities on the field such as PSEP where our team conducts field visits for enhanced interaction and communication
- Determining whether a deep or broad engagement strategy is required



The MPP process involves analysing geospatial and non-spatial parameters to identify potential sustainability risks associated with the supplying mills. Geospatial parameters identify risks linked to fire, deforestation, protected areas, and peatlands within a 50km radius of a supplying mill.

Non-spatial parameters focus on identifying issues related to communities, smallholders, and ongoing grievances that may occur in a mill's FFB supply chain, based on publicly reported information from sources such as the media and external reports.

All of our suppliers are assessed under the MPP. Mills with long-term business relations with Apical or have been identified as having significant potential environmental and social impacts are prioritised for engagement through our PSEP.

Risk levels of our suppliers are updated monthly based on the parameters of the MPP. As at 31 December 2020, there were 60 supplying mills identified as having significant potential environmental and social impacts including deforestation, development on peatland, FFB sourcing from protected areas, violation of human rights, illegal burning and worker exploitation. These mills were prioritised for engagement through our CARE.

Priority Supplier Engagement Programme (PSEP)

The PSEP is designed to assess our high-risk suppliers, prioritised through our MPP. The assessment criteria include suppliers' level of compliance with Apical Sustainability Policy as well as relevant industry standards.

The PSEP assessment focuses on six guiding principles

Monitoring legal compliance	Protection of key conservation value areas: HCV, HCS and peatland	Environmental impact management, including waste and chemical management	Respect of people and communities, including labour and human rights	Creation of shared value	Traceability

Apical conducts field visits for suppliers identified for PSEP as it enables personal interaction that facilitates effective communication. Deeper engagement provides us with a better understanding of our suppliers and their practices, which helps to identify gaps for improvement.

WORKING WITH SUPPLIERS

We provide detailed guidance on the development of Standard Operating Procedures (SOPs) and sustainability management systems. After the PSEP visits, we proactively maintain working relationships with the suppliers to ensure recommended action plans are implemented. Where necessary, Apical provides assistance and guidance for other social and environmental matters. Since the introduction of PSEP in 2015, our sustainability team has visited 45 mills. Due to ongoing COVID-19 pandemic, Apical introduced CARE as a temporary replacement for PSEP.

Conducted 45 PSEP visits

since 2015 to improve compliance with our policy requirements

Collaborative Action through Remote Engagement (CARE)

Through CARE, selected suppliers are required to perform a self-assessment verification to determine their compliance risks in the supply chain.

The verification process is conducted through an online platform which allows our sustainability team to conduct desktop analysis before engaging with the selected suppliers remotely. Following the verification process, Apical develops action plans for suppliers with gaps in sustainability practices, including aligning with our NDPE commitments.

14

suppliers engaged through CARE in 2020

Traceability Outreach Programme (TOP)

TOP was launched in 2017 to provide knowledge and simplified solutions for supplying mills on aspects including the collection and management of traceability data of their FFB suppliers.

The programme uses an ‘outside-in’ approach as we view suppliers as co-contributors to improving traceability of the palm oil industry. The TOP seeks to verify and incorporate the data collected to build an interactive mapping platform to assist suppliers in identifying and managing landscape level issues based on the location of their FFBs source.

412

supplying mills engaged through TOP in 2020

Shared Value Programme (SVP)

Apical's SVP was designed in partnership with Earthworm Foundation, Proforest and Daemeter. Our SVP strives to support continuous improvement among our priority suppliers through the delivery of workshops. The workshops cover issues specific to our suppliers' location, latest market trends, and benefits of international certification schemes such as RSPO and ISCC.

SVP participants gain insights into the importance of palm oil traceability, responsible sourcing from smallholders, Indonesia's regulatory updates on peat, mill operations and plantations, HCV and HCS requirements, environmental management and monitoring, as well as issues on labour rights.

Since the launch of the SVP in 2015, industry subject matter experts from RSPO, Earthworm Foundation, Proforest, Daemeter, ISPO and Setara Jambi have delivered talks and shared knowledge with the participants. Besides these sharing sessions, this programme also facilitates active discussions among participants enabling them to take ownership of some of the solutions they proposed.

In 2020, we held two virtual workshops (e-SVP) in light of in-person meeting restrictions. The first e-SVP held in July 2020 was catered to kernel crushing plant. Issues covered included sustainability requirements in the global market, TTP, and other sustainability concerns in Indonesia. The second virtual workshop was held in November 2020 for refineries covering HCV and HCS management, as well as fair employment of temporary workers. A total of 184 suppliers attended both e-SVP sessions.

346

mills engaged through SVP and e-SVP as at end 2020

Suppliers Self-Assessment (SFA)

To support our suppliers in assessing their operations' compliance with our NDPE commitments, as well as ensuring risks within our supply chain are identified, Apical developed the SFA tool in 2019.

The tool proved particularly useful during the COVID-19 pandemic as it allowed us to engage our suppliers through a self-completed questionnaire that served to identify gaps in supplier practices against our Sustainability Policy commitments and other relevant requirements such as ethical conduct, corruption and fraud. Apical will engage suppliers with identified gaps via our PSEP, CARE and SVP/e-SVP. For our bio-oils refinery in Spain, all suppliers are required to provide sustainability certifications or comply with ISCC requirements.

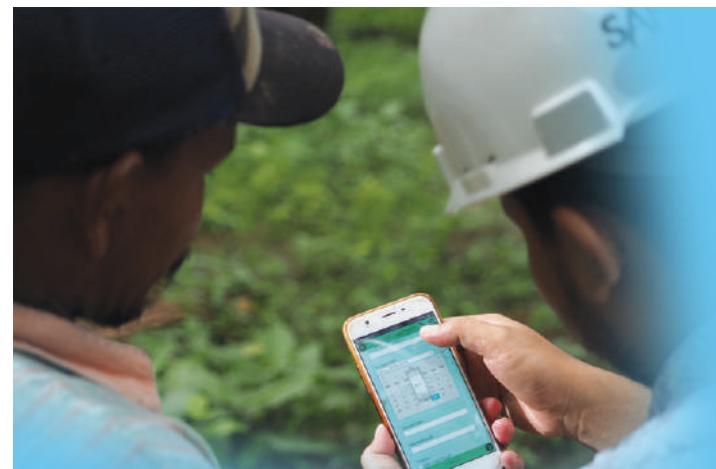
366

suppliers have performed self-assessment verification using the SFA questionnaire as at end 2020



Our visit to suppliers in 2019. We have moved to virtual engagement since 2020 due to COVID-19

WORKING WITH SUPPLIERS



Using Technology to Manage Supply Chain Risk

Supply chain transparency is an imperative for Apical's business growth and success. A key challenge we faced is the mapping and monitoring of our suppliers and their practices on the ground. To overcome this challenge, Apical leveraged on several digitalisation opportunities.

Location technology

Apical uses geographic information system (GIS) to monitor the movement of palm oil through our supply network. This informs and allows Apical's sustainability team to prioritise and formulate follow-up actions through our Anchor Programmes against suppliers found to have violated our Sustainability and/or Sourcing Policies. Through GIS-based monitoring, we can trace all palm oil from our suppliers back to the mill and plantations.

We provide quarterly updates on our GIS efforts on our website. Some of the metrics we publish include the list of supplying mills and the GPS coordinates of the mill's locations.

Satellite Imagery

With the availability of the global earth observation satellite, organisations can now more easily detect deforestation. Apical uses the forest monitoring tool known as Global Forest Watch (GFW) Pro, which is made available by the World Resources Institute and tracks forests destroyed or lost to fire. The volume and quality of information from GFW Pro supports Apical in making smarter decisions and ensuring greater transparency among our suppliers.

GFW Pro allows for the locations of all the mills, which our suppliers are required to provide, to be inserted into the system.

GFW has several alert systems that identify new forest clearings in real-time.



One of the many alert systems is GLAD alerts, which are updated every eight days. This system analyses the most recent satellite images and compares them to historical data to identify where trees have been lost or cut.

Our Sustainability team receives GLAD alerts periodically. Apical started using both GLAD alerts and GFW Pro since 2019.

Blockchain Technology

We believe collaboration is key to establishing a transparent and sustainable supply chain. Apical is a pioneer member of the Sustainability Assurance & Innovation Alliance (SUSTAIN), which aims to:

- Improve data collection and communication NDPE progress
- Work towards greater smallholder inclusion in the sustainable palm oil supply chain
- Avoid duplication of efforts and resources through an integrated collaborative system built on blockchain

Members and partners of SUSTAIN include palm oil producers, technical service organisations, palm product buyers, system and technology providers and other interested parties. In 2019, SUSTAIN conducted a pilot traceability programme with one of our suppliers located in the Batanghari Regency of Jambi, Indonesia. This pilot project was conducted as part of a User Acceptance Testing (UAT) and change management, involves data collection using an application and is still on-going. Outcomes of this pilot programme will be shared in our next sustainability report.

Handling Grievances Against Suppliers

103-3, 308-2

Apart from our own monitoring activities, issues within our supply chain may also be identified by our stakeholders. Concerns can be raised through the Apical Grievance Procedure outlined in the section on Our Approach to Sustainability.

Suppliers who are suspended are required to provide clear evidence of compliance with our NDPE commitments and grievance resolution for re-inclusion into our supply chain. For suppliers where evidence of deforestation has been identified, we will review our transactions with them on a case-by-case basis depending on the nature and significance of the impacts.

In 2020, there were six grievances raised against our suppliers related to the clearing of forests and peatland. About 12.4% of our total supplying mills were implicated in grievance issues as reported in our Grievance Tracker on our website. A full list of our grievances, their status and progress toward resolution is published on our [website](#).

ENVIRONMENTAL MANAGEMENT

103-1, 307-1

As Apical's activities are primarily in palm oil processing, we remain committed to sustainably managing natural resources and mitigating the impact of our operations on our environment.

Managing Our Environmental Footprint

GHG Emissions

103-1, 103-2, 103-3

Apical is committed to doing our part by progressively reducing our GHG emissions. As part of the development of our APICAL2030 framework, we will be looking to evaluate and ensure the resilience of our business and the communities against the impact of climate change.

We aim to improve the energy efficiency within our operations through our “Kaizen” initiative, or continuous improvement projects. Improving our energy efficiency will result in GHG emissions reduction and cost savings. For example, our Tanjung Balai refinery in Indonesia replaced the use of coal with palm kernel shells as fuel for the boiler, reducing GHG emissions and waste generated. From mid-2020, our Marunda refinery started partially substituting coal with spent earth to generate process steam. Through this move, the refinery reduced coal consumption by approximately eight metric tonne/day and



We manage our greenhouse gas (GHG) emissions and water consumption every year through various initiatives. Our facilities also responsibly manage effluent discharge and waste, and conduct regular monitoring to ensure compliance with the local laws and regulations. In addition to reducing our direct environmental impact, we also work with our suppliers to ensure they adopt responsible practices. In 2020, we had no significant fines and non-monetary sanctions for non-compliance with environmental regulations.

it reduced our carbon footprint significantly, thereby supporting Apical's drive towards sustainable growth.

The increase in Scope 1 and 2 emissions in 2020 is due to the expansion of our facilities and data inclusion of additional refineries, where available. Overall, our emissions intensity improved by 9.6% compared to 2019. Apart from our own operations, we also support our suppliers on reducing their GHG emissions. This is mainly through educating them on the process and benefits of getting ISCC certification for their operations.

Future plans on reducing our GHG emissions will be outlined in our APICAL2030 framework which is in development.

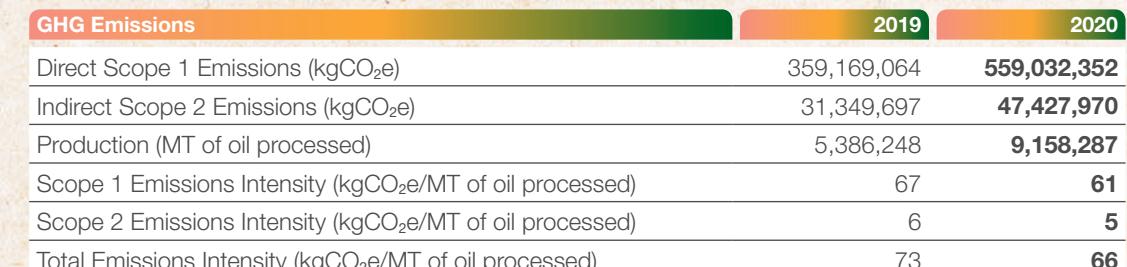
Energy Consumption in GHG



Notes

- i. Data coverage for 2020 includes all our facilities except for Excelic refinery in China.
 - ii. Conversion factors are obtained from Biograde V 4d, 2014, Econivent 3.3, ISCC 205 V 3.0.
 - iii. Coal makes up 89% of our total fuel consumption from non-renewable sources. Apical does not consume fuel from renewable sources.

GHG Emissions and Emissions Intensity

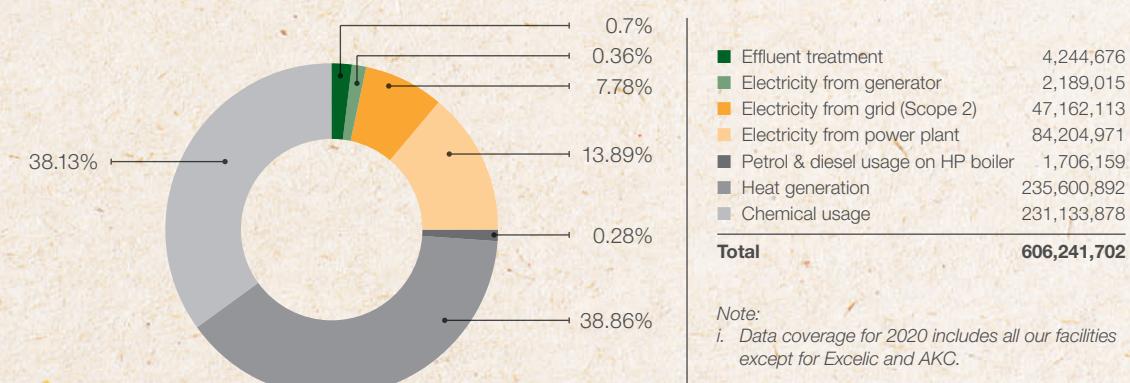


Notes

- Notes:

 - i. GHG emissions are based on the operational control approach.
 - ii. Data coverage for 2020 includes all our facilities except for AKC and Excelic refinery in China.
 - iii. Data coverage for 2019 includes SDS, AAJ Marunda, KRN, Bio-oils, AAJTB and CEP.
 - iv. Calculation of GHG emissions is based on the ISCC Emission 205.
 - v. MT of oil processed reported includes the volume of oil reprocessed and the GHG calculation methodology refers to ISCC 205 Green House Gas Emissions version 3.0

GHG Emissions by Source (KgCO₂e)



344

- Note:
i. Data coverage for 2020 includes all our facilities except for Excelic and AKC.

ENVIRONMENTAL MANAGEMENT

Water Management

103-2, 103-3, 303-1, 303-2

Apical is committed to using water efficiently and reducing the need to withdraw freshwater where possible. We withdraw water for use in our processing facilities from sources including the sea, rivers and municipal supplies. We evaluate the possibility of water-related impacts as part of our environmental impact assessment prior to the development of our refineries.

Water Withdrawal by Source (Megalitres)

303-3

	Freshwater (<1000mg/L Total Dissolved Solids)	Other Water (>1000mg/L Total Dissolved Solids)
Surface water	1,092.5	0
Groundwater	465.6	0
Seawater	860.0	6,322.4
Produced water	47.09	0
Third-party water	505.3	0
Total	2,970.5	6,322.4

Notes:

- i. Apical does not withdraw water from water-stressed areas.
- ii. Data coverage for 2020 includes all our facilities except for AKC.

Water Consumption (Megalitres)

303-5

Processing Facility	2017	2018	2019	2020
SDS	484.5	583.9	2,105.7	2,380.7
KRN	NA	510.8	569.2	192.2
Marunda	281.3	292.4	360.0	367.5
AAJTB	NA	102.0	94.8	58.8
PRC	NA	NA	NA	67.9
Excelic	34.3	43.6	53.0	51.1
Bio-Oils	250.9	272.3	297.8	308.7
Total	1,051.0	1,805.0	1,374.8	3,426.9

Notes:

- i. Data for water consumption are obtained from flowmeters.
- ii. Data coverage for 2020 includes all our facilities. Data for SDS covers the whole complex, which includes SDS refinery, CEP, and AKC.

Water Consumption Intensity (m³ of water per tonne of oil processed)

Processing Facility	2017	2018	2019	2020
SDS	0.51	0.24	0.46	0.10
KRN	NA	0.38	0.59	0.28
Marunda	0.45	0.31	0.51	0.45
CEP	NA	NA	NA	0.40
AAJTB	NA	1.09	1.09	0.00067
PRC	NA	NA	NA	0.39
AKC	NA	NA	NA	1.50
Excelic	1.19	0.90	0.53	0.5
Bio-Oils	1.03	0.94	0.97	1.14

Notes:

- i. Data for water consumption are obtained from flowmeters.
- ii. Data coverage for 2020 includes all our facilities.
- iii. There was about 17.5% increase in water consumption intensity in Bio-Oils due to increased processing in waste raw materials, tank repair and installation of hydraulic proofs in the facility.

We continue to practice zero wastewater discharge at four of our refineries: AAJTB, KRN, AAJ Marunda and Bio-oils. Wastewater at these sites is treated and reused for our cooling towers, fire hydrants, or domestic purposes such as cleaning. Our refineries use the activated sludge process to treat effluent water, which includes the utilisation of microorganisms as well as chemicals such as coagulants, flocculants, caustic soda and biocide.

If not adequately treated, the discharge of wastewater impact the water quality of the receiving waterbody. Where discharge is necessary, we ensure the quality of the effluent water meets the local regulatory standard. Where our refineries are located next to rivers, we monitor the quality of the river water to ensure that there is no negative impact from our operations.



ENVIRONMENTAL MANAGEMENT

Water Discharge by Destination

303-4

For refineries in Indonesia, the BOD and COD discharge limit complies with the Indonesian Ministry of Environment Regulation No. 5 (2015). For example, besides complying the local regulation, our SDS refinery also provides lab test results, mandatory for reporting to the Indonesian Environment Impact Management Board (BAPEDAL) on a quarterly basis.

By Destination (Megalitres)	
Surface water	434.2
Groundwater	258.0
Seawater	328.3
Produced water	0
Third-party water sent for use by other organisations	16.6
Total	1,037.1

Note:

Data coverage for 2020 includes all our facilities except for PRC.

Waste Management

103-2, 103-3, 306-1, 306-2, 306-3, 306-4, 306-5

Apical's main operations involve the processing of CPO and PK obtained from our suppliers which generates waste such as spent bleaching earth, used oil, lamps and batteries. For effluents, see section on Water Management. Apical aims to reduce, reuse and recycle waste generated where possible. All hazardous waste generated are stored at warehouses. Both hazardous and non-hazardous wastes are collected and disposed of by licensed contractors with the appropriate transport and disposal permits. For our Bio-oils refinery, we verify environmental authorisations before signing a management contract with the third-party contractor.

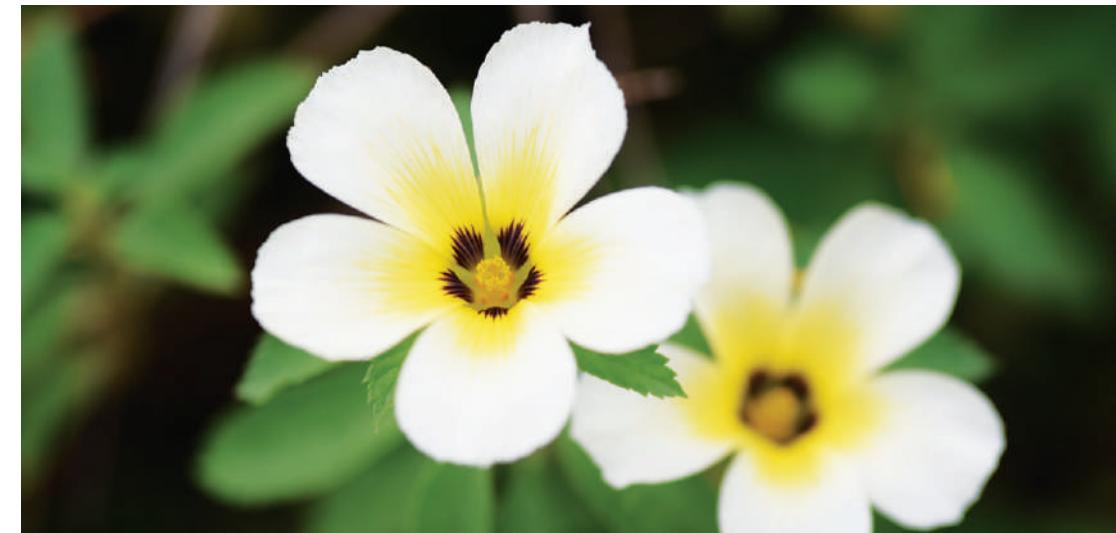
Apical has dedicated emergency response teams at our refineries. The teams are regularly trained to prevent and deal with accidental oil spillage. In 2020, there were two oil spill incidents in SDS. No injuries were reported in both incidents.

Quantity of Waste Generated, Diverted from Disposal and Directed to Disposal

Waste Type	Waste Generated	Waste Directed to Disposal	Waste Diverted from Disposal
Hazardous	486,715.66	137,256.26	310,930.38
Non-hazardous	101,668.28	32,984.00	54,100.28
Total	588,383.94	170,240.257	365,030.66

Notes:

- i. The amount of waste diverted from and to disposal includes waste that is stored on site that may not have been generated in 2020.
- ii. The quantity of waste is weighed internally by Apical and also provided by third-party contractors who we engage for disposal.
- iii. Waste management protocol in Indonesia complies with Government Regulation No 101 in 2014, while our facilities in Spain and China complies with relevant local regulations.



Working With Suppliers on Environmental Conservation

Protecting Forests and Biodiversity

103-1, 103-2, 103-3, 304-2

Apical does not own any plantations but recognises the risks of deforestation and loss of biodiversity associated with our upstream supply chain if monitoring and control mechanisms are not in place. We are committed to protecting HCV, HCS and peatlands, and work with our suppliers to meet local, international and our own sustainability standards. We do not knowingly source from suppliers associated with deforestation of protected areas.

Through the spatial analysis of our MPP, Apical assesses all new mills in our supply chain for potential risks, including deforestation and encroachment. These suppliers have to provide relevant environmental legal documents. We then prioritise mills, which are identified as high-risk for further ground assessments through our PSEP.

During our PSEP visits, we work with suppliers to identify, manage and monitor significant biological, ecological, social or cultural values through the HCV Approach and geospatial analysis. We also work with our suppliers to adopt a credible HCS identification procedure by subscribing to the HCS Approach based on field trials and scientist recommendations.

Introduced in 2019, our SFA helps suppliers assess their own operations' compliance with our commitments to NDPE. We will work with suppliers found in breach of our policy through the implementation of corrective action plans. Should these suppliers fail to comply or implement corrective action plans, we will take additional measures and where necessary, review our business relationship.

For more information on our supplier engagement programmes, see section on Working with Suppliers.

Where applicable, we support conservation efforts relating to biodiversity, riparian zones (areas bordering rivers and other bodies of surface water) and HCV areas. This aligns with RSPO Principles & Criteria 5.2 and 7.3.

We are committed to controlling any illegal or inappropriate hunting of all species across all our operation areas, including rare or threatened species listed under the IUCN Red List and Indonesia's National Law of Protected Species. Only hunting by local communities for subsistence that does not cause a decline in the population of local species is allowed. These requirements also apply to our suppliers.

ENVIRONMENTAL MANAGEMENT

Protecting Peatland Areas and Soil

Apical is committed to ensuring we do not contribute to new developments on peatland areas with 65% or more organic soil, regardless of the depth. For suppliers with pre-existing plantations on peatland, we conduct regular engagement and workshops to ensure best management practices are adopted. This includes effective water management to maximise oil palm yield and minimise GHG emissions in existing peat estates. We also provide guidance on proper water management and monitoring plans, ensuring that water table depth is maintained at appropriate levels. For areas where existing peat is unsuitable for replanting, we collaborate with stakeholders and community experts to explore options for long-term restoration or alternative use.

Our engagement with suppliers includes communicating good practices on enhancing soil fertility as well as minimising soil erosion and degradation. We also recommend the avoidance of extensive planting on marginal and fragile soils if necessary.

Pesticides that are classified as 1A or 1B by the World Health Organisation or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are prohibited to be used by all suppliers. Use in exceptional circumstances will need to be validated by a due diligence process, or when authorised by government authorities for pest outbreaks. Our commitment to minimise the use of chemicals, including pesticides and chemical fertilisers applies to all suppliers.



Environmental Management



Fire Prevention and Management

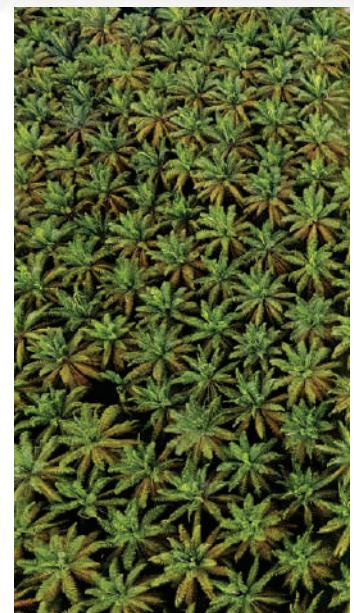
103-1, 103-2, 103-3

The clearing of land for agriculture purposes through open burning releases GHGs, contributing to climate change and transboundary haze in the region. Apical is committed to the strict enforcement of a “zero burn policy” which applies to all our suppliers. While larger plantations are able to use alternative methods of land clearing for their new plantings and replanting, smallholders are often unable to do the same due to financial constraints. Open burning is also seen by some smallholders as a means to improve soil fertility and reduce the need for fertilisers.

Fires that are started during dry season can spread to adjacent plantations by wind or underground burning when the water table is low. It is therefore important to assist and raise awareness among smallholders on the practice of zero burning. Apical published a guidance on our website to support our suppliers on prevention, early detection and control of open burning in oil palm plantations. Within our own refineries, we require health and safety managers to organise regular fire prevention trainings.

In 2020, we supported our key supplier Asian Agri in their Fire Free Village Program (FFVP) engagement with 16 villages – 9 in Riau and 7 in Jambi - covering about 343,000 hectares. The FFVP's purpose was to raise awareness on fire prevention and management.

We will continue to identify opportunities to collaborate with suppliers, neighbouring companies, relevant governmental bodies and local communities on fire prevention.



LABOUR RELATIONS

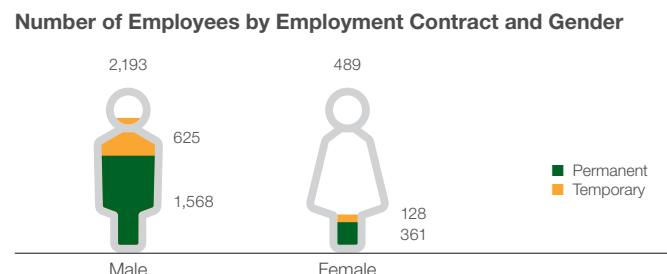
103-1

Apical is committed to providing decent employment opportunities, while respecting human and labour rights. This includes providing fair compensation and benefits, promoting career growth and development as well as a work environment that is safe, secure and free of discrimination. This helps us to attract the best talent and ensure our employees grow with the company and realise their full potential. We are also committed to ensuring fair employment practices are upheld by our suppliers.

Employee Profile

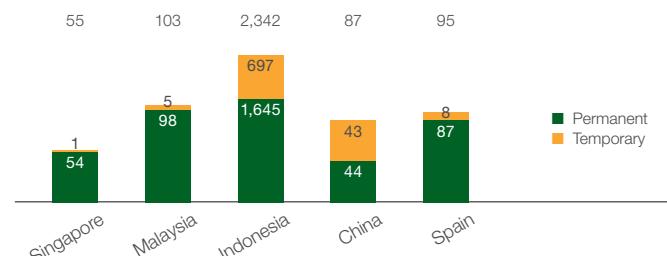
102-7, 102-8

A total of 2,682 employees across our offices, refineries and plants, support our operations as at end 2020. The majority (72%) are permanent employees, with 87% based in Indonesia where most of our plants are located.



Note: Data coverage includes our offices, refineries and plants in Singapore, Malaysia, Indonesia, China and Spain.

Number of Employees by Employment Contract and Region



Note: Apical does not have any part-time employees and there are no significant variations in the numbers reported above.



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Labour and Human Rights

Apical is committed to upholding the ILO Declaration on Fundamental Principles and Rights at Work, which aims to respect and promote principles and rights in four categories: freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour and the elimination of discrimination in respect of employment and occupation.

Fair wages and benefits

103-1, 103-2, 103-3, 401-2

All our employees receive wages that meet or are above the minimum level defined by local and provincial regulations, where applicable. Minimum wages are set according to the cost of living,

factoring in the prices of local goods and services, as well as general living expenses.

In addition, all our permanent and temporary employees receive a range of benefits that include life and medical insurance as well as optical and dental care. Apical also gives monthly rewards in the form of daily groceries, such as cooking oil, to eligible employees who achieve a good attendance record.

In Indonesia, housing facilities are provided for out-of-town employees in some locations where we operate. We also have a Motorcycle Ownership Programme (MOP) which offers subsidised loans to some of our permanent employees for the purchase of a motorcycle, the typical mode of transport in the country.

Ratios of Lowest Monthly Wages in Each Region in Indonesia by Gender Compared to Local Minimum Wage

202-1

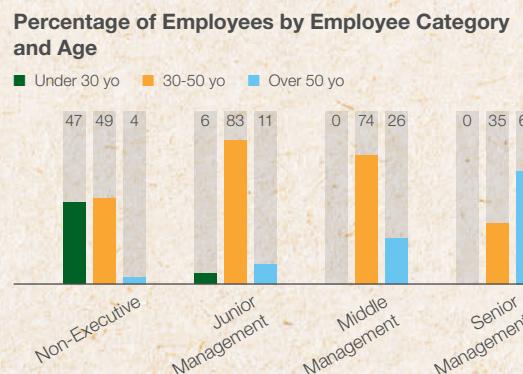
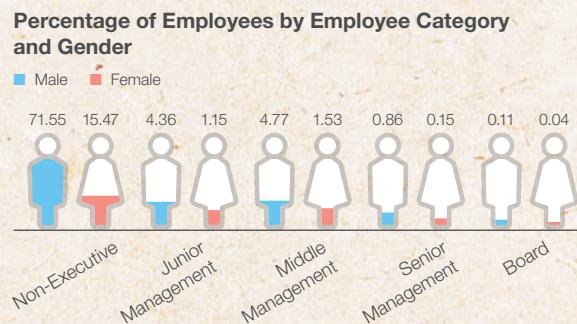
Region	Monthly legal minimum wage (IDR)	Apical's lowest monthly wage - Male (IDR)	Apical's lowest monthly wage - Female (IDR)	Ratio (Legal minimum wage: Lowest male wage)	Ratio (Legal minimum wage: Lowest female wage)
Dumai	3,383,834	3,383,834	3,399,380	1:1	1:1
Marunda	4,267,349	4,380,168	4,380,168	1:1.03	1:1
Tg Balai	2,822,425	2,829,000	2,860,000	1:1	1:1.01
Bagendang	2,991,946	3,030,146	3,022,646	1:1.01	1.01
Padang	2,484,041	2,507,500	2,510,000	1:1.01	1:1
Medan	3,222,556	3,222,557	3,372,557	1:1	1:1.05
Balikpapan	3,069,315	3,069,316	3,082,713	1:1	1:1

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LABOUR RELATIONS

Diversity and Equal Opportunities 103-2, 103-3, 405-1, 406-1

Apical is committed to promote an inclusive and diverse workplace that is free from harassment and discrimination based on gender identity, age, race, sexual orientation, religion, family or marital status. We hire based on experience and skills, and reward employees based on merit. There was no incidence of discrimination reported in 2020.



Note: Apical does not disclose Board member breakdown as the company is not publicly listed.

Freedom of Association and Trade Membership 102-41, 407-1

All our employees have the rights to exercise freedom of association and collective bargaining by forming or becoming members of labour unions on their free will. In Indonesia, this is mandated by Law and Regulation No 21/2000 on Trade/Labour Unions and is in line with the International Labour Organization Convention No 98 on the freedom of organisation and collective bargaining.

Our Human Resource department regularly engages with union representatives and employees.

In 2020, 54% of our employees were covered by collective bargaining agreements. The percentage of employees covered by collective bargaining agreement is lower in comparison to last year as our employee headcount increased in 2020 due to operation expansion.

Child Labour 408-1

We adhere to local employment regulations and do not permit or tolerate any form of child labour in our operations. All our employees are at least 18 years of age. All job applicants must provide identity cards as proof of their age before joining our workforce.

We recognise that there is a risk of children assisting family members at plantation sites. To mitigate this risk within our supply chain, we ensure our direct suppliers are aware of and abide by Apical's policy against child labour through our supplier engagement and assessment process. See the section on Working with Suppliers for more details.



Employee training and development is a key element of our talent strategy.



Apical understands that employee training and development is a long-term initiative that brings various benefits from improved performance and engagement, to increased productivity and adherence to quality standards.



Training and Development

404-1, 404-2

Employee training and development is a key element of our talent strategy. By providing ample opportunities to attend trainings and develop new skills, employees are not only able to perform their tasks better and more productively, they are also more engaged. Apical provides on-the-job training and courses catered to each employees' level of experience and functional expertise.

All new hires are required to undergo an on-boarding and orientation programme to be trained on the company's core values and code of conduct. We also provide general technical training

programmes covering topics such as first aid, food safety, certification, and industry standards. The Driving License Process (DLP) is a key technical training programme which provides our operations and maintenance teams with the knowledge, professional competence, and experience that are needed to be able to perform their jobs at a world-class level.

Apart from improving technical capabilities, we also provide training in business and managerial skills to enable our employees to take on leadership roles. For example, our SDS refinery prepares our employees to take on managerial roles through an Engineer Trainee Programme. Throughout 2020, SDS has also organised a wide array of training programmes to boost the knowledge and performance of employees at all levels. Examples of such training courses include water pollution and air pollution control certification training courses.

For our jetty personnel, we organised programmes such as the International Ship and Port facility (ISPS) Code training course to provide them with the understanding on meeting the standards.

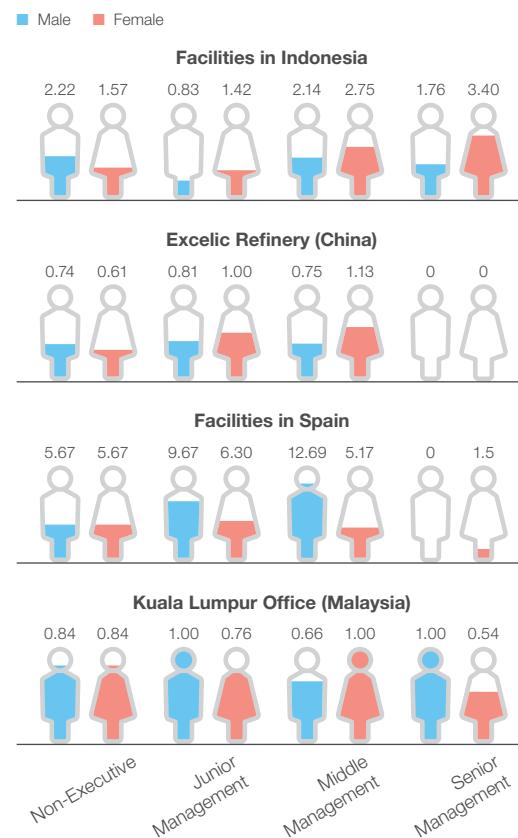
In 2019, Apical set up an Assessment Centre to help employees assess and map their soft skills and competencies in order to prepare them for career development and progression. Each employee will have their own Individual Development Plan (IDP) tailored to improve his or her competencies.



LABOUR RELATIONS

Due to the COVID-19 pandemic, it was difficult to conduct face-to-face training. However, we were able to tap on our Workday Learning online platform, conduct virtual training sessions for SDS and KRN.

Average Hours of Training per Year per Employee by Gender and Employee Category



Health, Safety and Well-being

403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7

Protecting the health and safety of our employees remains a top priority for us. We implemented an Occupational Health and Safety (OHS) management system, aimed at minimising risks and ensuring a safe and healthy workplace. For facilities in Indonesia, the OHS management system is rolled out in accordance with its national regulation No 50 Year (2012) and it covers all our workers, activities and workplaces. The OHS system in other facilities in Spain and China are implemented in accordance with local regulations.

In Indonesia, licensed personnel are appointed to conduct hazard identification, risk assessment and risk control (HIRARC) for all our refineries and processing plants annually and as needed. These licensed personnel have undergone the nationally recognised OHS Expert Training course. The results of HIRARC are used to identify measures to minimise potential risks from occurring in the workplace.

We also provide our employees with the appropriate Personal Protective Equipment (PPE) for the activities they are undertaking. Only authorised personnel who are certified as physically fit are allowed to operate machinery and harmful chemicals within our facilities. All employees in Indonesia are required to undergo safety briefings and OHS trainings including first aid and firefighting.

Health and safety information is also communicated to workers using several channels, such as regular safety talks, notice board bulletins and messaging platforms like WhatsApp. At our SDS refinery, daily safety patrols and inspections are conducted.

A Health & Safety (H&S) Committee is set up in every refinery in Indonesia with oversight of the implementation of our OHS management system. The committees include representatives from the different operating units and is made up of management and employees. The committees meet once a month and are tasked with responsibilities that include reviewing the current status of workplace H&S, gathering feedback on H&S concerns from employees and disseminating the latest H&S information. Our OHS system is continuously being improved through regular feedback from the committees.

Employees are encouraged to report any work-related hazards and hazardous situations to the respective unit representative member of the H&S committee. These reports will be discussed with the H&S committee who will then decide on the appropriate action. Should a work-related incident occur, it will be investigated by a dedicated H&S Officer in every plant who is tasked with ensuring OHS procedures are implemented and comply with regulations.

Depending on the severity of the incident, the H&S Officer may call for a meeting with the committee to discuss it within 24 hours and develop measures to mitigate and prevent similar incidents in future. Workers are also given a stop-work authority should they encounter a situation, which they perceive as unsafe. We also regularly engage with our suppliers to ensure that they meet Apical's OHS standards. For more information, see the section on Working with Suppliers.

Zero

Work-related fatalities in the last five years



Hazards that pose a risk of high-consequence injury include faulty equipment and tripping hazards. These hazards have been determined through our risk assessment. In 2020, there was one high-consequence injury which occurred at SDS due to a fall.



Firefighting training at PT Inti Indosawit Subur's Buatan I mill in Riau

LABOUR RELATIONS

High-consequence work-related injuries

	2020		2019		2018		2017	
	Number	Rate per 1 million hours worked	Number	Rate per 1 million hours worked	Number	Rate per 1 million hours worked	Number	Rate per 1 million hours worked
Employees	1	0.10	4	1.00	0	0	0	0
Contractors	0	0	1	0.46	0	0	0	0.21

Note: Data covers all of our operations.

Recordable work-related injuries

	2020		2019		2018		2017	
	Number	Rate per 1 million hours worked	Number	Rate per 1 million hours worked	Number	Rate per 1 million hours worked	Number	Rate per 1 million hours worked
Employees	8	0.81	7	1.75	12	2.80	7	1.77
Contractors	6	1.01	12	5.48	11	2.07	32	3.43

Note: Data covers all of our operations.

Apical provides access to healthcare services to our employees through employee medical insurance.

In Indonesia, employees are able to visit clinics covered under Badan Penyelenggara Jaminan Sosial (BPJS) Insurance Scheme, a mandatory scheme by law for our employees in Indonesia. These clinics are located near our operations and can be accessed by our employees during and after working hours.

Employees in Spain and China are entitled to similar medical coverage. All our employees are required to go through a health screening prior to joining the company, and annually thereafter. Our SDS refinery regularly disseminate health awareness information covering topics such as tips on a healthy lifestyle as well as the risks from smoking.

Managing the COVID-19 Pandemic

The COVID-19 pandemic has changed the way we work and manage employees. Since the outbreak of COVID-19, Apical has taken various measures to ensure our workplace meet strict OHS standards. This helps to minimise our employees' risks of exposure to the virus and to ensure that Apical can continue operating safely and smoothly.

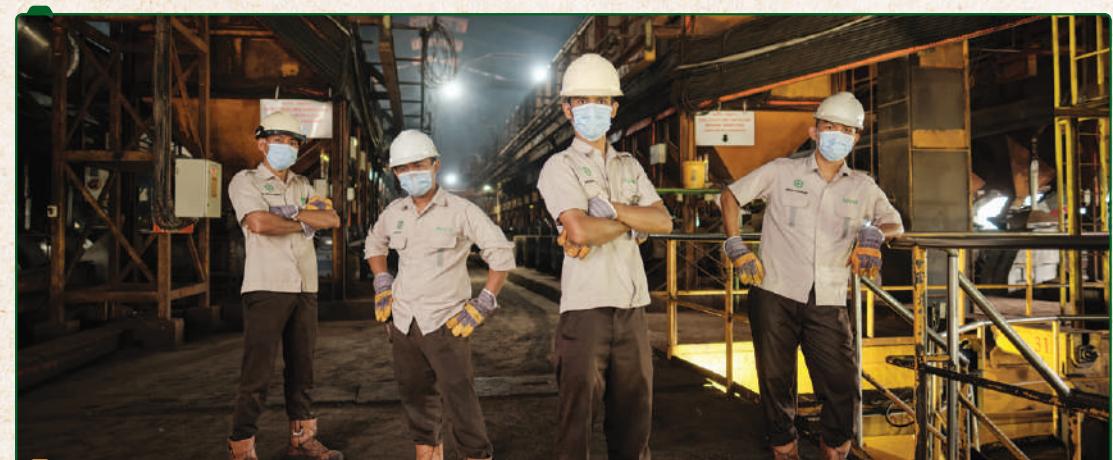
At the onset of the pandemic, we rolled out the Business Continuity Plan across the organisation.

When employees were allowed to return to work, we ensured face masks and hand sanitiser were available within our premise. All employees are required to comply with strict COVID-19 prevention measures at workplace. Other safety measures enforced include social distancing and regular temperature checks. A guidebook on COVID-19 prevention measures to raise awareness amongst our employees was developed by Marunda and distributed to all employees.

Each facility is equipped with different resources to ensure that operations can continue to run smoothly and efficiently. For our refinery in Nanjing, China,



employees were provided with open VPN, which enabled them to access our company systems outside of the office. For our biodiesel plant in Huelva, Spain, laptops were provided to employees to facilitate the new norm of working from home. At our new PRC refinery, fingerprint scanning was switched to facial recognition to reduce physical contact and curb the spread of COVID-19. We also provided training and development opportunities through online platforms. Recognising that the COVID-19 pandemic may impact individual's mental health, surveys were sent out periodically to employees in Spain to gauge their well-being during the lockdown period.



All employees are required to comply with strict COVID-19 prevention measures at workplace

COMMUNITY LIVELIHOOD

103-1

As one of the biggest agricultural exports, palm oil contributes significantly to the Indonesian economy. The palm oil industry has helped to alleviate rural poverty and improved livelihoods through the creation of jobs, provision of basic infrastructure and access to essential services such as healthcare and education.

If managed improperly, palm oil operations may result in social conflicts and have potentially adverse consequences on the livelihoods and well-being of local and indigenous communities. Apical seeks to maintain positive relations with these communities by respecting their rights and improving their livelihoods through community empowerment and development activities.



Local communities harvesting chilies in Lubuk Gaung, Dumai

Community Livelihood

Respecting the Rights of Indigenous and Local Communities

103-2, 103-3, 411-1, 413-2

Apical respects the legal and customary rights of local communities in land tenure and ownership. Any access or use of such land for development must be carried out in compliance with the Free, Prior and Informed Consent (FPIC) procedure, the RSPO Principles & Criteria and the United Nations Declaration on the Rights of Indigenous Peoples or ILO 169.

Since our facilities are located in designated industrial zones, our operations are unlikely to have a direct impact on the rights of indigenous communities. Apical engages accredited consultants and government agencies to carry out environmental impact analysis or *Analisis Mengenai Dampak Lingkungan* (AMDAL) for any new developments and/or expansion projects that may affect surrounding communities and the environment in Indonesia.

Apical plays an active role in preventing land conflicts within our supply chain. We require our upstream suppliers to conduct rigorous assessments to determine whether there is land belonging to indigenous people and local communities that will be affected by new developments. If the proposed development project has a potential to affect their land, the FPIC procedure must be implemented. To guide our suppliers in applying the FPIC process, we have developed an FPIC guideline which is available on our website.



FREE

A self-directed process by those affected to voluntarily give consent without coercion, intimidation or manipulation.

PRIOR

Consent is sought sufficiently in advance of any activities commencing or being authorised.

INFORMED

Indigenous group being impacted receive satisfactory information on the key points of the project.

CONSENT

The decision is made collectively by the right holders and reached through a customary decision-making process of the communities.

Should the need arise, we aim to resolve social conflicts with all relevant parties in a fair and transparent manner through Apical's Grievance Procedure. In 2020, there were no incidents involving the rights of the indigenous peoples at our sites or related to our suppliers.

COMMUNITY LIVELIHOOD

Empowering Communities

103-2, 103-3

Apart from job opportunities, Apical supports income diversification among local communities by providing training programmes to develop their skills. For example, our SDS refinery in Lubuk Gaung, Dumai implemented the *Kelompok Usaha Bersama* programme which aims to equip residents with skills related to growing onion and chilli as well as goat farming. Through a collaboration with the local agriculture department, we taught local farmers to plant, grow and harvest chilli. As of 2020, the chilli farmers were managing 21 farms, harvesting 0.5kg of chilli every two weeks. The goat farming programme saw an increase in the number of goats farmed, from 10 in 2018 when it was first introduced to 87 in 2020. Throughout 2020, our SDS refinery provided PKE pulp as additional feed for the goats on a monthly basis.

Our SDS refinery also continued to run the *Rumah Pintar* project which aims to provide a unique collaborative space to



share knowledge and improve participants' skills in various areas. This includes training women to become entrepreneurs by turning their hobbies into a source of income. In 2020, we supported the opening of a new barbershop which is managed by local women who participated in this programme. The programme also trained aspiring female bakers.

In 2020, we also held English Language lessons for 26 children from local communities aged between nine and 12 as part of the project. However, the face-to-face lessons have been put on hold due to the coronavirus outbreak and its continuity will be reviewed in 2021.

Supporting Smallholders

While smallholders contribute significantly to the production of palm oil in Indonesia, they continue to face challenges in productivity and meeting sustainability standards. Apical is committed to helping smallholders adopt sustainable practices and facilitating their inclusion in our supply chain.



Empowering Oil Palm Smallholders through the SMILE Programme



In October 2020, Apical joined two other leading companies across our palm oil supply chain – Kao Corporation and Asian Agri – to launch a new sustainability initiative to help independent smallholders in Indonesia. Through this collaboration, we hope to work towards building a more sustainable supply chain.



Through customised seminars and workshops, the SMILE team:



Educate farmers on improving their yields, sustainably managing their farms, and the importance of staying committed to no deforestation, zero-burning and no exploitation



Provide support for smallholders to obtain RSPO Certification by 2030



Provide training on implementing robust safety measures across their estates including the use of fire extinguishers and PPE such as safety helmets and gloves

All activities will be implemented in accordance with the framework provided by the RSPO. As part of the RSPO's requirements and the companies' commitment to supporting the realisation of the UN Sustainable Development Goals (SDGs), the SMILE programme also includes empowerment initiatives for communities.

Throughout the implementation of SMILE, the three companies will regularly engage with various stakeholders such as non-governmental organisations (NGOs), non-profit organisations (NPOs), and community leaders. This is to ensure the delivery of high quality training and adequate allocation of equipment. The programme is currently in the planning stage and will commence in 2021.

The new initiative, named SMAllholder Inclusion for better Livelihood & Empowerment programme or SMILE, is an 11-year collaboration between the three companies. The initiative aims to help independent smallholders improve their yields, obtain sustainability certification, and eventually secure premiums from selling certified palm oil, in order to increase their income.

The SMILE programme seeks to bridge the knowledge gap independent smallholders have in technical farming expertise by engaging them and leveraging on the success that Asian Agri has from working with smallholders. The programme will bring together a team of experts with extensive experience in the areas of plantation management and agronomy to work with 5,000 independent smallholders that manage approximately 18,000 ha of plantations in the provinces of North Sumatra, Riau and Jambi.

Apart from the new SMILE initiative, Apical continued to work with Setara Jambi and CORE on the Responsible Sourcing from Smallholder (RSS) programme. RSS is developed by SHARP, a multi-stakeholder partnership. The programme has been piloted at both PT TKWL and another mill PT Asia Sawit Lestari in Batanghari Regency, Jambi, providing training to a total of 220 farmers to assist them in adopting best practices in sustainable and responsible agriculture. The programme is currently on hold due to the COVID-19 pandemic.

COMMUNITY LIVELIHOOD

Community Investment

203-1

Apical invests in a variety of programmes to improve the living standards and well-being of local communities in areas where we operate. These programmes are decided through active dialogue and engagement with the communities to identify their needs, and include the provision of basic infrastructure and access to key services like healthcare and education.

Selected initiatives in 2020

Our SDS refinery invested in the construction of a bathroom at Al A'la Mosque, the biggest mosque in Sungai Sembilan sub-district, as well as repaired a 150-metre road used by locals from 30 households.

The RGE Founder's Day 2020 was commemorated globally in November to December 2020. As part of the special occasion, we financed the refurbishment of Posyandu Suka Bumi, an integrated healthcare centre, on top of providing 20 plastic chairs. This facility is used by 660 households and provides services such as weight assessment and

vaccination for babies, as well as nutrition to babies and mothers.

Our AAJ TB refinery financed the building of a mosque - Musholla Al Amin – which is located close to the plant. We also provided basic food aid to underprivileged individuals and orphans.

Our CSR activities were also extended to communities in KBN and Kelurahan Cilincing areas. For example, our team in Marunda provided food aid to fire victims in Kalibaru.



Supporting local communities amidst COVID-19 pandemic

The COVID-19 pandemic has affected people from all walks of life. Apical continues to support our local communities during this crisis by assessing the needs and challenges the communities face.

Since the coronavirus outbreak, our operations were engaged in prevention and awareness campaigns for the local communities. We distributed facemasks, hand sanitiser and soap, as well as COVID-19 guidebooks to local communities in Kamp. Pitung and conducted disinfection fumigation at Kel.Kalibaru in Cilincing.

Although our refinery in PRC only began operations in 2020, the team also partook in activities in the fight against COVID-19. This included the distribution of food packages to communities affected by the

pandemic in Gaung, Kelurahan Gates Nan in May 2020. In September 2020, we distributed PPE such as hazmat suits, hand sanitiser and facemasks to the Padang Government.

At SDS, our team donated PPE which included 3,000 medical grade masks, 3,000 medical grade gloves, 225 pieces of hazmat suits, and 30 pieces of ICU protective suits to the Dumai regional public hospital. These donations were in support of medical frontline workers who continue to play a vital role in fighting the spread of the pandemic.



OUR CUSTOMERS AND CONSUMERS

102-2, 102-6



Apical's customers include palm oil traders, biofuel manufacturers, retailers, wholesalers, consumer goods manufacturers and other businesses in the fast-moving consumer goods (FMCG) industry.



Ensuring Product Quality and Safety

103-1, 103-2, 103-3, 416-2

At Apical, we pride ourselves in supplying edible oils that are safe and of high quality. We ensure this through the implementation of continuous improvement measures and operating in line with the relevant global standards.

We regularly appoint independent third-party certification bodies to verify the standards of our products. Our palm oil products are Good Manufacturing Practice (GMP) and Hazard Analysis Critical Control Point (HACCP) certified for food safety.

Products from our Indonesian refineries are Halal and kosher certified as well as in compliance with the Indonesian National Standard (SNI) for product quality. We adhere to the Palm Oil Refiners Association of Malaysia's (PORAM) standards for PPO and tailor our product specifications according to our customers' requirements. End products from our AAJ Marunda refinery are also certified in line with the Foundation Food



Safety System Certification (FSSC) 22000 ver 4.1 THE FSSC 22000 focuses on the Food Safety Management System of an organisation and is recognised for meeting the highest standards globally.

Other than certifications, we have also implemented various programmes to further ensure the quality and safety of our products. This includes GMP refreshment training for all employees, biannual internal audits, and inhouse training by credible external providers on implementing international standards. Our Excelic refinery in China has also developed standard operating procedures to prevent and manage food fraud as well as allergens.

There were no incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of our products in 2020.

We supply them with a range of quality edible oils, from crude palm oil (CPO) and crude palm kernel oil (CPKO) to various forms of processed palm oil (PPO), processed palm kernel oil (PPKO), as well as refined soybean oil (RBDSBO), all of which can be further processed into value-added products. Apart from the domestic market in Indonesia, Apical's products are also sold to other parts of Asia, Europe, America, Australasia and Africa.

We work closely with our customers to meet their market needs and requirements for safe, high-quality, traceable and sustainable palm oil. We also proactively provide updates to our customers on our sustainability progress.

Protecting Consumer Health

103-2, 103-3

Apical continuously strives to ensure its products bring health benefits to consumers. During the refining process, high temperatures are applied to achieve the desired quality and safety specifications. This results in the production of co-contaminants 3-monochloropropane-1, 2-diol or 3-chloropropane-1, 2-diol (3-MCPD) and glycidyl esters (GE) in refined oils and fats. Due to growing health concerns related to these substances, the European Union (EU) has set maximum levels for GE while the European Food Standards Authority (EFSA) has set a tolerable daily intake for 3-MCPD.

To help us adhere to the requirements set by EU and EFSA, we adopted the latest technology in analytical science for the testing of oil and fats in products, including the detection of trace elements. This includes the use of gas chromatograph, head space gas chromatograph, ICP-AES and trace elemental analyser to detect contaminants in raw materials and final products. In 2019, our SDS refinery commissioned a CPO washing plant, which together with modified process control, reduces the level of 3-MCPD and GE in refined products.

Certifying Sustainable Palm Oil

102-12, 103-1, 103-2, 103-3

Third-party certification helps to demonstrate that our products are sustainable. We adopt the standards set by the RSPO, ISPO and ISCC in our operations.

In 2020, the volume of RSPO-certified and ISPO-certified raw materials sourced increased by about 16%, compared to 2019.

Apart from certifying our own operations, we also reinforce the importance of certification to our suppliers and support them in achieving the relevant certificates. Our Supplier Engagement Team (SET) was set up to forge greater FFB traceability and boost production of sustainable palm oil through globally recognised certification schemes such as the RSPO and ISCC. We also provide technical support in the form of guidance and implementation manuals to help suppliers to kick-start their certification process.

We engage with our global customers such as Bunge, Cargill, Kao Corporation, Neste and Unilever through collaboration and knowledge sharing on the latest developments in relation to sustainability requirements of the market. This supports continuous improvements and innovation.

For more information, see the section on Working with Suppliers.



Packaging process for one of our products at AAJ Marunda

OUR CUSTOMERS AND CONSUMERS



Roundtable on Sustainable Palm Oil (RSPO)

An RSPO member since 11 August 2011, Apical have been reporting on our sustainability efforts through the RSPO Annual Communications of Progress (ACOP) since 2014. Our refineries in Indonesia have obtained the RSPO Supply Chain Certification since 2012. Our aim is to achieve RSPO or relevant certification for all our existing processing facilities by 2022*, and for all new refineries to obtain certification within three years from the commencement of operations or acquisitions.

*Note:
* Updated as at 31 December 2021*



Indonesian Sustainable Palm Oil (ISPO)

Apical supports the ISPO launched by the Indonesian Ministry of Agriculture in 2011 to create a single national standard for sustainable practices in the palm oil sector. The checklist used during our PSEP is based on the ISPO Standard for mills.



International Sustainability and Carbon Certification (ISCC)

The ISCC has been established as the first certification system for sustainable biomass and biofuels. Apical has been adhering to its principles since 2010 to meet customer demand for products with low GHG footprint. As of 2020, five of our refineries and about 10.1% of our palm oil and oil palm products processed are ISCC certified.

Volume of Certified Raw Materials Sourced

Certification	Certified Raw Material Sourced	Volume (MT)			
		2017	2018	2019	2020
RSPO	CPO, PKO	57,090	177,456	191,937	221,780
ISCC	CPO	987,655	560,498	717,706	830,242
Non-certified	CPO, PKO	4,664,246	5,597,708	7,049,972	7,139,539

Note: Refer to section on Scale of Operations for certifications obtained by each of our facilities.

In 2020, the volume of **RSPO-certified and ISPO-certified raw materials sourced increased by about 16%**, compared to 2019.

Leveraging Technology to Meet Customer Needs

103-2, 103-3

Many of our key buyers only purchase palm oil which is traceable or certified as sustainable. We seek to ensure that robust traceability and sustainability information is made available to our customers.

Our Excelic refinery in China has developed an Electronic Traceability System to maintain product traceability. This system, which requires our Quality Control Superintendent to input related information for all raw materials and finished products, is sponsored by the Food and Medicine Monitoring Bureau of Jiang Su Province.

We embarked on the development of Apical Sustainability Assurance System (ASAS) in 2017. It is an internal digitalisation initiative aimed at enhancing our palm oil supply chain management system to better manage

suppliers' data. The system enables us to monitor, track, manage and report CPO and CPKO traceability and sustainability information in a timely manner and with the highest level of accuracy and detail. We completed the development phase of ASAS in 2018 and initiated the User Acceptance Testing phase for the system in 2019. Due to the ongoing pandemic, this project is on hold temporarily.

Separately, we successfully launched the Plant Information management System (PIMS) covering most of our plants from processing, utility, desalination and power. The PIMS system will be used for data analysis to improve productivity and process efficiency. In 2020, SDS created Quality Control dashboard from PIMS integration.



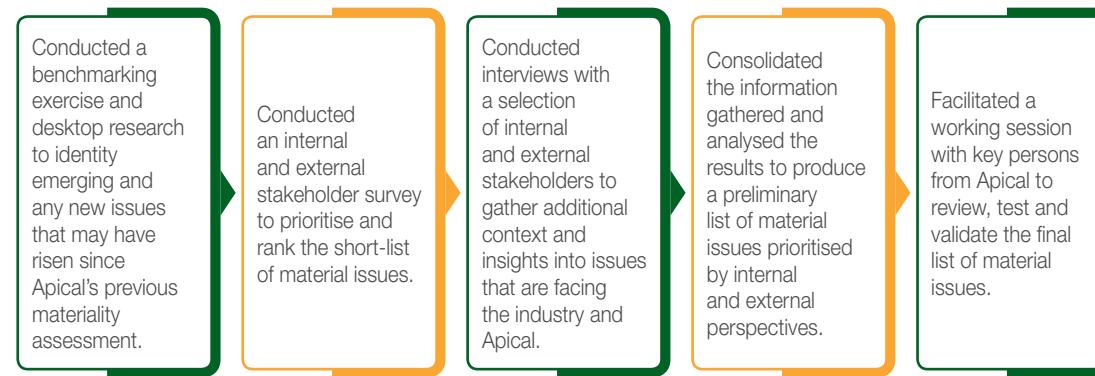
APPENDIX: MATERIALITY AND STAKEHOLDER ENGAGEMENT

Materiality Assessment

102-46, 102-47, 102-49, 103-1

In 2019, we conducted a materiality assessment to ensure we are addressing and reporting on the issues that are important to our stakeholders and our business. The process involved gathering quantitative and qualitative feedback from key internal and external stakeholders. External stakeholder groups engaged as part of the assessment include suppliers, customers, non-governmental organisations (NGOs), banks and others.

Our materiality review process comprised the following stages:



The 20 material issues remain unchanged from the previous reporting in 2019, as we did not conduct materiality assessment in 2020. We made continuous improvement in the material issues identified in 2019, particularly in facilities in Indonesia.

Material Issues	Priority
Emissions reduction: Managing and reducing GHG emissions and maximising of energy efficiency	High
Grievance handling: Ensuring that proper grievance handling and mechanisms are in place	High
Product quality and safety: Ensure goods brought to market do not cause harm to the user and that they comply with laws and regulation	High
Protection of forests and biodiversity: Working with our suppliers to prevent deforestation and protection of biodiversity, HCS, HCV and peatland areas	High
Rights of indigenous and local communities: Respecting community rights by freely informing communities of licences, government and company policies regarding land development, as well as ensuring FPIC and compliance with local and national laws on land offers	High

Material Issues	Priority
Supplier engagement, including smallholder development: Having constructive engagement with suppliers for policy compliance and traceability, and supporting the socio-economic development and welfare of smallholders that form part of our supply chain	High
Traceability: Working with suppliers and industry partners to ensure the traceability of raw materials	High
Workers' health, safety and well-being: Ensuring that the company's workers and contractors are provided with safe, suitable and sanitary work facilities, and are provided with protective equipment and training necessary to perform their tasks safely	High
Climate action: Working with the community and stakeholders to build our resilience and strengthen our commitment to mitigate the effects of climate change	Moderate
Community livelihood & empowerment: Contributing to local communities in terms of jobs, income opportunities, education and skills, and the development of shared infrastructure	Moderate
Employee wages and benefits: Providing fair wages and benefits to employees	Moderate
Equal rights & opportunities: Providing equal rights and opportunity to all employees free of discrimination	Moderate
Fire prevention and management: Working with farmers and communities to prevent and suppress forest fires, especially in carbon-rich peat lands	Moderate
Governance and business ethics: Conducting our business activities ethically and in accordance with the highest governance standards	Moderate
Human rights, including child labour: Preventing the risk of forced, bonded or child labour occurring in the supply chain or workforce and promoting freedom of association and trade membership	Moderate
Innovation: Innovating and leveraging technology to enhance sustainability, traceability and business processes	Moderate
Sustainability standards and certifications: Ensuring that our sustainability performance is upheld by externally recognised certifications and standards (such as RSPO)	Moderate
Training and development: Supporting employee training and providing development opportunities	Moderate

MATERIALITY ASSESSMENT

Material Issues	Priority
Waste management: Ensuring safe and sustainable management and disposal of waste	Moderate
Water management: Minimising water pollution and maximising water efficiency in our operations through the use of best practice management systems	Moderate

Notes:

High priority issues: Issues that are of high relevance to the business as well as high impact on society and the environment. They form the focus of our sustainability efforts and communication.

Moderate priority issues: Issues that are of ongoing importance to Apical and of medium concern to stakeholders. We actively manage and report on these issues as appropriate.

Stakeholder Engagement

102-21, 102-40, 102-42, 102-43, 102-44

The sustainability issues facing the palm oil industry are often complex and multi-faceted. Engaging with our key stakeholders is important to help us achieve our sustainability goals and form long-term relationships based on trust and a willingness to collaborate.

We engage with our stakeholders through multiple channels, promoting a two-way dialogue that enables us to gather feedback on how we can improve as well influence our stakeholders towards better practices.

Our key stakeholders have been identified based on their knowledge, relevance, and impacts to Apical. Our major stakeholder engagement efforts for 2020 are summarised in the table below.

Stakeholder Group	Engagement Method & Frequency	Topics & Concerns Raised	Apical's Response
Customers & Consumers	<ul style="list-style-type: none"> One-on-one communication (periodic) Conference calls (regularly) Sustainability Report (annually) Presentations and meetings (ad hoc) Apical Website (ad hoc) Apical Sustainability Dashboard (ad hoc) Survey (periodically) Materiality assessment (every 2-3 years) Consumer Focus Group Discussions 	<ul style="list-style-type: none"> Apical's sustainability commitments, initiatives and progress to achieve policy commitments Traceability update and customer data requirements Grievances on Apical's operations and/or suppliers Partnerships and collaborations on joint community/conservation projects Service improvements for customers 	<ul style="list-style-type: none"> Engaged with at least 15 major customers mainly on requests for traceability information, inquiries on grievance matters related to our supply chain and information on our sustainability initiatives. Customers now have a better understanding of our sustainability progress, challenges and achievements Embarked on new partnerships including SUSTAIN

Stakeholder Group	Engagement Method & Frequency	Topics & Concerns Raised	Apical's Response
Banks & financial institutions	<ul style="list-style-type: none"> E-mail updates (regularly) One-on-one meetings (periodic) Sustainability Report (annually) Apical Website (ad hoc) Apical Sustainability Dashboard (ad hoc) Survey (periodically) Materiality assessment (every 2-3 years) Site visits (ad hoc) 	<ul style="list-style-type: none"> Apical's sustainability commitments, initiatives and progress Apical's financial performance 	<ul style="list-style-type: none"> Hosted Netherlands based ABN Amro bankers in 2018 in Riau, showing them around our facilities. Provided updates on our company performance and plans for the future Shared information on our sustainability policy, commitments, programmes and its progress
Civil Society Groups	<ul style="list-style-type: none"> One-on-one meetings (regularly) Sustainability Report (annually) Apical Website (ad hoc) Apical Sustainability Dashboard (ad hoc) Survey (periodically) Materiality assessment (every 2-3 years) Multi-stakeholder forums (regularly) Site visits (ad hoc) 	<ul style="list-style-type: none"> Apical's Sustainability commitments, initiatives and progress Update on NDPE commitments (especially 'No exploitation') Improvements in transparency Traceability updates Grievances on Apical's operations and/or suppliers Partnerships and collaborations on joint community/conservation projects 	<ul style="list-style-type: none"> Collaborated with various NGOs, including WWF, to halt deforestation and identify illegal suppliers in the Riau province Partnered with Yayasan Setara Jambi to increase traceability and strengthen smallholders engagement in Jambi and Riau provinces Hosted Founder of 2030 Secretariat in Riau to provide deeper understanding on our sustainability initiatives and smallholder programmes Engaged with NGOs on the resolution of grievance cases

MATERIALITY ASSESSMENT

Stakeholder Group	Engagement Method & Frequency	Topics & Concerns Raised	Apical's Response
Industry groups, trade associations and certification bodies	<ul style="list-style-type: none"> One-on-one meetings (regularly) Multi-stakeholder forums (regularly) Sustainability Report (annually) Apical Website (ad hoc) Apical Sustainability Dashboard (ongoing) Survey (periodically) Materiality assessment (every 2-3 years) Multi-stakeholder forums and events (regularly) 	<ul style="list-style-type: none"> Opportunities for collaboration on landscape level initiatives Palm oil certification Traceability verification 	<ul style="list-style-type: none"> Presented on SUSTAIN at Japan Sustainable Palm Oil Conference (JaSPOC 2018) Presented on SUSTAIN at Enterprise Singapore's Sustainability Forum Participated in all certification updates and new requirements such as RSPO and ISCC Provided feedback on policy revision to the RSPO Principles & Criteria (P&C) Review Task Force Took part in the consultation group for the ISPO organised by KEHATI (The Indonesian Biodiversity Foundation)
Employees	<ul style="list-style-type: none"> Annual appraisals and PRP Townhall meetings (annually) Major festivals celebrations (annually) HR training programmes (ongoing) Apical Website (ad hoc) Apical Sustainability Dashboard (ongoing) Materiality assessment (every 2-3 years) 	<ul style="list-style-type: none"> Workplace Health and Safety procedures Training and development opportunities Communication of Sustainability policy and initiatives in responsible palm oil Strategic direction of the business Awareness of company policies including Code of Conduct and TOPICC core values 	<ul style="list-style-type: none"> Continued to communicate our Sustainability Policy to employees internally through presentations

Stakeholder Group	Engagement Method & Frequency	Topics & Concerns Raised	Apical's Response
Local community		<ul style="list-style-type: none"> Dialogue with community groups and representatives facilitated by our dedicated SSL team (regularly) Outreach programmes to improve livelihood (annually) Apical's grievance mechanism to understand and address community concerns including FPIC and environmental conservation (ongoing) Complaint handling, grievance procedures and conflict resolution engagement (ad hoc) Surveys (periodically) 	<ul style="list-style-type: none"> Prioritised employment opportunities to local communities Conducted Social and Environment Impact Assessments and ensured better communication on FPIC Increased in community investments and programmes to improve well-being, infrastructure and basic needs Prevention of fire outbreak with Free Fire Village Programmes
Governments and regulatory bodies		<ul style="list-style-type: none"> One-on-one meetings (ad hoc) Multi-stakeholder forums and events (regularly) Consultations (regularly) Apical Website (ad hoc) Apical Sustainability Dashboard (ongoing) Materiality assessment (every 2-3 years) Field visits (regularly) Survey (periodically) 	<ul style="list-style-type: none"> Provided up to date with documentation on compliance for Apical and our suppliers Discussion with the Coordinating Ministry of Economic Affairs on supply chain transparency and traceability Updated Ministry on SUSTAIN initiative
Suppliers including smallholders		<ul style="list-style-type: none"> Anchor Programmes One-on-one communication (ongoing) Apical Website (ad hoc) Sustainability Report (annually) Apical Sustainability Dashboard (ongoing) Materiality assessment (every 2-3 years) Survey (periodically) 	<ul style="list-style-type: none"> Information on compliance with Apical's Sustainability Policy and standards including traceability requirements Clarification on grievances lodged on supplier's operations Risk assessments of supply chains Gaps in traceability data collection Supplier screening and monitoring

GRI CONTENT INDEX

102-55

This report has been prepared in accordance with the GRI Standards: Core option. The table below presents our GRI content index, which specifies each of the GRI Standards used in the report with a reference where the information can be found. Where we were not able to meet the GRI Standards reporting requirements, we have included in the table the reason for omission.

GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Page references/ Reasons for omission
General Disclosures			
GRI 102: General Disclosures 2016			
		Organisational Profile	
	102-1	Name of the organisation	2
	102-2	Activities, brands, products, and services	8, 60 Webpage: https://www.apicalgroup.com/our-business/products/
	102-3	Location of headquarters	8
	102-4	Location of operations	10
	102-5	Ownership and legal form	8
	102-6	Markets served	10, 60
	102-7	Scale of the organisation	10, 46 We do not report on net sales and total capitalisation as we are not a publicly listed company
	102-8	Information on employees and other workers	46
	102-9	Supply chain	28
	102-10	Significant changes to the organisation and its supply chain	8
	102-11	Precautionary Principle or approach	12
	102-12	External initiatives	19, 61
	102-13	Membership of associations	19
	Strategy		
	102-14	Statement from senior decision-maker	4-6

GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Page references/ Reasons for omission
General Disclosures (cont'd)			
		Ethics and Integrity	
	102-16	Values, principles, standards, and norms of behaviour	8-9, 16-17
	102-17	Mechanisms for advice and concerns about ethics	17
		Governance	
	102-18	Governance structure	16
	102-19	Delegating authority	16
	102-20	Executive-level responsibility for economic, environmental, and social topics	16
	102-21	Consulting stakeholders on economic, environmental, and social topics	16, 64
		Stakeholder Engagement	
	102-40	List of stakeholder groups engaged	66-69
	102-41	Collective bargaining agreements	48
	102-42	Identifying and selecting stakeholders	66
	102-43	Approach to stakeholder engagement	66-69
	102-44	Key topics and concerns raised	66-69
		Reporting Practice	
	102-45	Entities included in the consolidated financial statements	2
	102-46	Defining report content and topic Boundaries	2, 64
	102-47	List of material topics	64-66

GRI CONTENT INDEX

GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Page references/ Reasons for omission
General Disclosures (cont'd)			
Reporting Practice (cont'd)			
102-48	Restatements of information	There are no restatements in this report	
102-49	Changes in reporting	2	
102-50	Reporting period	2	
102-51	Date of most recent report	6 September 2020	
102-52	Reporting cycle	2	
102-53	Contact point for questions regarding the report	3	
102-54	Claims of reporting in accordance with the GRI Standards	2	
102-55	GRI content index	70-80	
102-56	External assurance	3	
Material Issues			
Our Approach to Sustainability			
Governance and Business Ethics			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	64-65
	103-2	The management approach and its components	13, 16, 26
	103-3	Evaluation of the management approach	16, 17, 26
GRI 205: Anti-Corruption 2016	205-3	Confirmed incidents of corruption and actions taken	17
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	17, 38
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	17

GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Page references/ Reasons for omission
Material Issues (cont'd)			
Our Approach to Sustainability (cont'd)			
Grievance Handling			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	64
	103-2	The management approach and its components	24, 37
	103-3	Evaluation of the management approach	16, 24, 37
Working with Suppliers and Smallholders			
Supplier Engagement, including Smallholder Development			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	28, 64-65
	103-2	The management approach and its components	25, 28-29, 32-35, 56-57
	103-3	Evaluation of the management approach	16, 25, 28-29, 32-35, 56-57
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	28
	308-1	New suppliers that were screened using environmental criteria	29
	308-2	Negative environmental impacts in the supply chain and actions taken	37
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	29
	414-2	Negative social impacts in the supply chain and actions taken	37

GRI CONTENT INDEX

GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Page references/ Reasons for omission
Material Issues (cont'd)			
Working with Suppliers and Smallholders (cont'd)			
Traceability			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	29, 64-65
	103-2	The management approach and its components	14-15, 25, 29-31
	103-3	Evaluation of the management approach	16, 25, 29-31
Environmental Management			
Climate Action			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	64-65
	103-2	The management approach and its components	44
	103-3	Evaluation of the management approach	16
Emissions Reduction			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	38, 64-65
	103-2	The management approach and its components	24, 38-39
	103-3	Evaluation of the management approach	16, 24, 38-39
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	39
	305-2	Energy indirect (Scope 2) GHG emissions	39
	305-4	GHG emissions intensity	39

GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Page references/ Reasons for omission
Material Issues (cont'd)			
Environmental Management (cont'd)			
Fire Prevention and Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	45
	103-2	The management approach and its components	26, 45
	103-3	Evaluation of the management approach	16, 26, 45
Protection of Forests and Biodiversity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	43, 64-65
	103-2	The management approach and its components	24, 43
	103-3	Evaluation of the management approach	16, 24, 43
GRI 304: Biodiversity 2016	304-2	Significant impacts of activities, products, and services on biodiversity	43
Water Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	38, 64, 66
	103-2	The management approach and its components	27, 40-41
	103-3	Evaluation of the management approach	16, 27, 40-41
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	40
	303-2	Management of water discharge-related impacts	40
	303-3	Water withdrawal	40
	303-4	Water discharge	41
	303-5	Water consumption	40

GRI CONTENT INDEX

GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Page references/ Reasons for omission
Material Issues (cont'd)			
Environmental Management (cont'd)			
Waste Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	38, 64, 66
	103-2	The management approach and its components	27, 42
	103-3	Evaluation of the management approach	16, 27, 42
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	42
	306-2	Management of significant waste-related impacts	42
	306-3	Waste generated	42
Labour Relations			
Employee Wages and Benefits			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	46-47, 64-65
	103-2	The management approach and its components	26, 47
	103-3	Evaluation of the management approach	16, 26, 47
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	47
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	47

GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Page references/ Reasons for omission
Material Issues (cont'd)			
Labour Relations (cont'd)			
Equal Rights and Opportunities			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	46, 48, 64-65
	103-2	The management approach and its components	26, 48
	103-3	Evaluation of the management approach	16, 26, 48
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	48
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	48
Human Rights and Child Labour			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	46, 48, 64-65
	103-2	The management approach and its components	26, 48
	103-3	Evaluation of the management approach	16, 26, 48
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	48
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	48
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	47

GRI CONTENT INDEX

GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Page references/ Reasons for omission
Material Issues (cont'd)			
Labour Relations (cont'd)			
Training and Development			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	46, 49-50, 64-65
	103-2	The management approach and its components	27, 49-50
	103-3	Evaluation of the management approach	16, 27, 49-50
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	49-50
	404-2	Programmes for upgrading employee skills and transition assistance programmes	49-50
Worker Health, Safety and Well-being			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	46, 50, 64-65
	103-2	The management approach and its components	25, 50-53
	103-3	Evaluation of the management approach	16, 25, 50-53
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	50
	403-2	Hazard identification, risk assessment, and incident investigation	50
	403-3	Occupational health services	50
	403-4	Worker participation, consultation, and communication on occupational health and safety	50
	403-5	Worker training on occupational health and safety	50

GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Page references/ Reasons for omission
Material Issues (cont'd)			
Labour Relations (cont'd)			
Worker Health, Safety and Well-being (cont'd)			
GRI 103: Management Approach 2016	403-6	Promotion of worker health	50
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	50
	403-9	Work-related injuries	51-52
Community Livelihood			
Community Livelihood and Empowerment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	54, 56, 64-65
	103-2	The management approach and its components	26, 54, 56-59
	103-3	Evaluation of the management approach	16, 26, 56-59
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	58
GRI 413: Local Communities 2016	413-2	Operations with significant actual and potential negative impacts on local communities	55
Rights of Indigenous and Local Communities			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	54, 64
	103-2	The management approach and its components	25, 55
	103-3	Evaluation of the management approach	16, 55
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	55

GRI CONTENT INDEX

GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Page references/ Reasons for omission
Material Issues (cont'd)			
Our Customers and Consumers			
Innovation			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	64-65
	103-2	The management approach and its components	27, 63
	103-3	Evaluation of the management approach	16, 27, 63
Product Quality and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	60, 64
	103-2	The management approach and its components	24, 60
	103-3	Evaluation of the management approach	16, 24, 60
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	60
Sustainability Certifications and Standards			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	61, 64-65
	103-2	The management approach and its components	27, 61-62
	103-3	Evaluation of the management approach	16, 27, 61-62



INDEPENDENT ASSURANCE STATEMENT

Control Union Certifications was commissioned by Apical Group (PTE.) Limited to conduct an independent assurance of Apical Sustainability Report 2020.

The information in the Sustainability Report is the exclusive responsibility of Apical Group (PTE.) Limited. Control Union Certifications was not involved in the preparation of any material included in this document.

The responsibility of Control Union is to express an opinion concerning the information including graphs, tables and statements included in the Report, within the assurance scope mentioned below, with the purpose to inform all the Interested Parties.

Assurance Scope

The assurance engagement has been planned and performed in accordance with Global Reporting Initiative (GRI) standards. The assurance process involves verification of the following aspects:

Inclusivity:

Engagement with stakeholders in the report development process and their involvement in organizational decision making

Apical has a step-by-step mechanism for identifying who their stakeholders are and the means by which these stakeholders need to be engaged. These various stakeholders are engaged by numerous ways including one-on-one dialogues, focus groups, outreach programmes, periodic surveys and townhall meetings.

The results of this stakeholder engagement form part of the inputs in target setting and prioritization of material topics at the highest organizational level.

Materiality:

Identification of issues in the report that are relevant and significant to the organization's stakeholders, the presence of and the extent to which these material issues are disclosed in the report

The topics that Apical's stakeholders considered material in 2019 were still relevant in 2020. These material topics have been identified through qualitative and quantitative stakeholder feedback. These topics have also been prioritized according to their societal impact and relevance to Apical as an organization.

Responsiveness:

Acting on stakeholder issues and provision of feedback through decisions, actions, performance and communication

Apical addresses stakeholder concerns through their grievance handling procedure. The outcomes of the grievance handling mechanism include among others set targets and short and long term commitments. These outcomes, their respective status and progress are publicly communicated by Apical in their annual sustainability report and published on their website.

Impact:

Monitoring, measurement and providing accountability for how the actions of the organization affect the economy, the environment, society, stakeholders or the organization itself

Apical has a dedicated team that is responsible for monitoring their commitments and progress and that of their suppliers. In 2020, there were six (6) grievances raised against Apical's suppliers in relation



to clearing of forests and peatland. Additionally, 12.4% of the total supplying mills of Apical Group were implicated and this list is publicly available on the Grievance Tracker on their website.

Level of Assurance

The level of Assurance is used to determine the depth of detail that an assurance provider uses to identify if there are material errors, omissions or misstatements. The level of assurance for this report is moderate.

Methodology

- Review of the text of the report (pre-assurance research)
- Review of internal and external documentary evidence produced by Apical
- Review of approach to data collection at company level
- Audit of data presented in the Report including a detailed review of a sample of data
- Review of a selection of internal performance documents
- Remote visits to the head office
- Remote interviews with persons in charge of producing the Report

Conclusions

Based on our modest assurance process, nothing has come to our attention that causes us to believe that the scope (subject matter) as detailed above and presented in the report is not presented fairly in accordance with the criteria.

Hence, our work confirms that the information included in the sustainability report is reliable and objective, and is presented clearly and understandably.

A handwritten signature in black ink, appearing to read "Prakhar Goel".

Prakhar Goel

Program Manager

04/08/2021