Fostering Inclusivity

Fostering Inclusivity is the main theme for Apical’s 2022 Sustainability Report. We believe that progress on our sustainability commitments must happen through meaningful collaborations with our stakeholders, suppliers, and communities. At Apical, we continue to deepen partnerships with our suppliers to enhance their traceability and NDPE commitments, work with civil societies and NGOs to empower local communities, and utilise digital tools to accurately monitor our environmental commitments.

Advancing inclusivity is fundamental as we aspire to go beyond achieving environmental, social and governance compliances, and create opportunities that generate benefits for everyone.

Scan here for more information. This Sustainability Report is available at https://www.apicalgroup.com/resource-library/sustainability-report-2022/
ABOUT THIS REPORT

Sustainable Business Today for a Better Tomorrow

Reporting Framework

Our sustainability journey is reported in accordance with the GRI Universal Standards 2021.

We look to address the gaps in our sustainability performance by benchmarking our sustainability processes and performance against our peers and evolving global standards.

Boundary and Scope of this Report

GRI 2-2, 2-3

Our sustainability reports are published annually, containing information from the previous Financial Year (FY). This report contains information for FY2022, unless otherwise stated. The reporting period of this report is 1 January 2022 – 31 December 2022, which is aligned to our financial reporting period. The report is published on 21 June 2023.

The scope of the report includes environmental, social and governance performance for the Group’s operations across Indonesia, China, and Spain – eight refineries, four biodiesel plants, two kernel crushing plants and five oleochemical plants. Further sustainability-related information is available on our Sustainability Progress Dashboard, which we update regularly. The entities within Apical Group report on their sustainability performance across all our material topics, where sustainability data consolidated across all our entities are given equal weightage in the reporting.

External Assurance

GRI 2-5

Apical continuously strive to improve the quality of our non-financial disclosures to improve the reliability of our reports.

Approved by the President, the Executive Director, the Head of Sustainability, and the Head of each refinery, Apical has obtained external assurance on the sustainability data disclosed in this report from the independent assurance provider, Control Union Certifications B.V. Control Union Certifications independent status to Apical is assured by professional ethics and guided by the firm’s internal governance. Control Union Certifications is one of the first certification bodies involved in sustainable Palm oil certification, upholding clause 5.2 of International Organisation for Standardisation (ISO)/IEC 17021-1:2015 (Conformity assessment — Requirements for bodies providing audit and certification of management systems — Part 1: Requirements) and clause 4.2 of ISO /IEC 17065: 2012 (Conformity assessment — Requirements for bodies certifying products, processes, and services).

Control Union Certifications conducted independent assurance on selected disclosures, specifically:

- The materiality topics of Apical includes engagement with stakeholders;
- The engagement process with stakeholders during organisational decision making; and
- Apical’s responses to stakeholders’ feedback and grievances through the company’s actions, performance, and communication.

The assurance engagement covered Apical’s operations and activities in Indonesia, China, and Spain. The moderate level of assurance serves to ensure the credibility of the sustainability data disclosed in this report.

Point of Contact

GRI 2-3

We value and appreciate all feedback to enhance the relevancy of our reporting and meet the needs and expectations of stakeholders. Please direct any questions or comments pertaining to our sustainability initiatives or reporting to:

Bremen Yong, Director of Sustainability for Apical Group
bremen_yong@apicalgroup.com

Scan here for Apical’s Sustainability Progress Dashboard at https://www.apicalgroup.com/sustainability/progress-dashboard/

The scope and outcome of the external assurance is reported to The President, the Executive Director, the Head of Sustainability to ensure they remain informed by the firm’s sustainability reporting assurance status.

Refer to pages 144-145 for the full assurance statement and the scope of data assured.
DEAR STAKEHOLDERS,

I am pleased to present our 2022 Sustainability Report. In the past year, we have witnessed changing trends unique to the palm oil industry and pivotal events on a global scale that reaffirm the importance of sustainability commitments.

DATO’ YEO HOW
President

The last couple of years have been very demanding for the palm oil industry as it grapples to adequately serve the global food supply chain in the face of challenges materialised by the pandemic, shipping-related shortages and the Russia-Ukraine war which caused a spike in energy and fertiliser prices. These challenges have resulted in rising food inflation and volatile prices. In response, governments have implemented policies such as price controls and export bans to ensure sufficient supply and affordable prices of cooking oil and to protect smallholders from high input costs and price volatility. Overcoming these hurdles and navigating government policies entails the fulfilment of diverse and sometimes opposing stakeholders’ interest, while also achieving progress on sustainability within the industry. This is no easy task and it is only possible with the combined efforts from all vested stakeholders that support values of inclusivity and positive engagement.

Hence, Fostering Inclusivity is the main theme for Apical’s 2022 Sustainability Report. This theme was chosen because we acknowledge that without the meaningful collaborations and conversations with our stakeholders, suppliers and communities, continued progress would not have been possible, especially considering the challenges faced by everyone. Fostering Inclusivity is particularly important this year as we aspire to deepen our partnerships through avenues that generate positive business, societal and environmental benefits for our suppliers, the communities we operate in, our customers and Apical. That means working closely with our suppliers to enhance their traceability credentials, improving their returns, listening to communities on how we can support their needs better, and providing platforms for knowledge sharing and consultations to advance inclusive actions.

On a global scale, the Intergovernmental Panel of Climate Change (IPCC), the world’s leading climate science body, has issued a stark warning that deep and sustained emissions cuts are required to keep climate change within manageable levels. As palm oil is a crucial commodity ubiquitous in large-scale applications, I believe that a mindful and inclusive approach is necessary to manage palm oil production responsibly in a way that generates large-scale positive impacts. As an industry leader, we are fully committed to this.

Apical2030 Progress
Apical2030 encapsulates our ambition to drive transformative changes in the palm oil sector and create positive social, environmental, and business impact. The framework consists of time-bound targets across four strategic pillars: Transformative Partnerships, Climate Action, Green Innovation, and Inclusive Progress. These targets align with the Group’s 5Cs business philosophy, sustainability ambitions and nine United Nations Sustainability Development Goals (UNSDGs) we prioritised.

Since the launch of the Apical2030 sustainability framework, I am pleased to announce that we have made significant progress on our targets. Under the Transformative Partnerships pillar, we achieved most of the targets we set for 2022. To meet our goal for “100% Traceability Verification by 2025”, we sought to verify at least 25% of our suppliers. We exceeded this target by developing a Traceability Verification Guidance and verifying 30% of our suppliers. We also fulfilled the initial targets we set to be 100% No Deforestation, No Peat and No Exploitation (NDPE) compliant by 2025, demonstrated through delivering our NDPE IRF programme to 91.4% of our suppliers, inducting 33% of the supplying mills into our Anchor programmes, and monitoring 100% of our suppliers using satellite technology to ensure compliance. These achievements signify a new chapter in the relationship with our suppliers, they indicate a collaborative and transparent approach to contribute to our sustainability journey.

We have also begun the planning process for our remaining targets. In Climate Action, we are conducting research and development on new technology and decarbonisation as well as exploring various carbon accounting tools. For our Green Innovation pillar, we have implemented wastewater recycling at PT Sari Dumai Oleo - Marunda (SDO (M)), and exploring alternatives to carbon intensive energy sources. Under Inclusive Progress, we have identified implementation partners to establish our Sustainable Living Village (SLV) programme.

In 2023 and beyond, we are working diligently to kickstart our initiatives and implement more ambitious targets. We will continue to prioritise fostering partnerships with our suppliers and communities to ensure we are on track to achieve the Apical2030 targets.

*5Cs business philosophy of doing what is good for the community, country, climate, customer and only then, will it be good for the company.*
Progress in 2022

The global demand for palm oil remains robust. We achieved 12.16 million tonnes of palm oil and oil palm products sold in 2022, a 9.55% increase from 2021. This heightened demand is characterised by our customers wanting higher quality palm oil that is sourced sustainably. This complements our traceability goals to engage all our suppliers to undergo third-party verification by 2025. To achieve this, our Traceability Verification Guidance, together with our existing supplier engagement programmes and remote satellite monitoring systems are key enablers in creating a supply chain that is fully compliant with our NDPE commitments.

I am also proud of the progress we have made on Apical’s circular economy efforts, which cuts across our Climate Action and Green Innovation pillars. I believe Apical has a strong business model that fosters circular economy while meeting our customers demand for high quality palm oil. Our vertically and horizontally integrated operations means that the raw palm oil goes through the most stringent requirements and ensures that the refined oil is of the highest quality. Any waste and residual oil are repurposed into biodiesel. In addition, the by-products from our downstream and upstream operations can be converted to value-added feed for livestock in our Animal Nutrition department. We are closely working with our suppliers to reduce their methane and greenhouse gas (GHG) intensity, while also exploring ways to reduce the environmental impact of our own operations. I am confident that the synergy created from our operational set-up and close collaboration with suppliers will deepen our circular economy efforts in the future.

Another key focus for Apical is to enhance our community efforts through conducting workshops for micro-entrepreneurs, investing in community infrastructure projects and providing aid for families affected by floods. Most notably, the SMAllholder Inclusion for better Livelihood & Empowerment (SMILE) programme, launched in 2020, together with Kao and Asian Agri, provides support for independent smallholders to boost their yields through access to sustainable palm oil certification schemes. In Phase 1 of the programme, we were able to support 390 smallholders to get certified and now as we commence Phase 2 (2022-2027), we aim to help over 2,000 smallholders get certified. Fundamental to this programme are trainings and workshops on sustainable yield improvement techniques and guidance on achieving the Roundtable on Sustainable Palm Oil (RSPO) certification.

As we continue to intensify our sustainability work, I am pleased to see that we have been recognised for our efforts. Apical maintained its top three position as the most transparent palm oil company based on the Sustainable Palm Oil Transparency Toolkit Assessment (SPOTT) 2022, our score increased from 89.4% to 91.7%. We were also awarded significant achievements in three categories by Sustainable Business Awards (SBA) Indonesia: Sustainability Strategy, Supply Chain Management, and Business Ethics & Responsibility.

Looking Forward to 2023 and beyond

As we progress through 2023 and towards the future, our sustainability commitments must remain core to Apical. This must happen as we keep abreast of the challenges ahead that we believe offer us avenues of opportunities to collaborate and innovate. For instance, Apical and the larger palm oil industry will face increasingly stringent reporting requirements that necessitate better tracking systems to accurately measure our energy and emissions data. Subsequently, we are prioritising a stronger response to climate change and stepping up efforts to reduce GHG emissions. Since most of our emissions are Scope 3 which originate with our suppliers, we must continue engaging with them regularly to decarbonise their operations. Our key customers will soon be able to request for information about our carbon footprint in Apical’s operations, which supports our commitment to transparency. Such information will also be useful for our suppliers to implement GHG reduction measures. We are also revising our sustainability policy and are preparing to implement the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Another challenge lies in the dynamic regulatory landscape concerning the production, import and export of palm oil. Within our existing markets and as we expand into new ones, we are faced with regulations that determine how we retail our products, such as the European Union’s recently implemented regulation on Deforestation-free Products. Apical has responded to this trend by committing to a deforestation-free supply chain and working with suppliers and partners to ensure responsible practices.

We are establishing the Apical Deforestation-Free Due Diligence Framework; an independent verification exercise will be piloted this year.

We also believe education is key through holding multi-stakeholder forums to address concerns surrounding palm oil and its production methods, raising awareness on sustainably sourced palm oil is critical to achieve the buy-in from the necessary parties. Fundamental to our approach is collaboration with all stakeholders – industry partners, customers, palm oil companies, NGOs and independent smallholders. Their support in spearheading our sustainability ambitions remain crucial to embed responsible business in the palm oil sector. Thank you to all our partners and stakeholders for your support. I wish you all good health and success for the year ahead.

Yours sincerely,

Dato’ Yeo How
Company Overview

Apical Group Pte. Limited (Apical) is a leading vegetable oil processor with an expanding global footprint. Our vertically integrated midstream refining and value-added downstream processing make us an integral supplier that supports the needs of various industries namely food, feed, oleochemicals and renewable fuel. With integrated assets in strategic locations spanning Indonesia, China and Spain, Apical operates numerous refineries, oleochemical plants, renewable fuel plants and kernel crushing plants.

Through joint ventures and strategic partnerships, Apical also has processing and distribution operations in Brazil, India, Pakistan, Philippines, Middle East, Africa, USA and Vietnam.

As the second largest vegetable oil processor with a 14% global market share, Apical owns three of the top 10 largest refineries in Indonesia, enabling significant economies of scale. Apical is privately-owned and our global headquarters is located in Singapore.

In 2022, we commissioned our Oleochemical plant at PT Kutai Refinery Nusantara (KRN) to serve our growing market share in China, North Asia and the Americas. KRN’s strategic location, integrated infrastructure, highly efficient operations, and private port enables active trade flows. It is a multi-product processing facility for palm and lauric oils, fatty acids, renewable fuel and kernel crushing. Apical’s growth is built on the foundations of sustainability and transparency, and motivated by our strong belief that we can contribute to a circular economy for a more meaningful impact even as we continue to grow our business and deliver innovative solutions to our customers.

Vision and Values

Our vision is to be the most reliable integrated processor of sustainable vegetable oil and value-added downstream products.

To fulfil this vision, we are guided by our 5Cs business philosophy of doing what is good for the community, country, climate, customer and only then, will it be good for the company.

Apical also acts in accordance to a set of core values, which is known as TOPICC. Apical strongly believes in sustainable growth and is committed to our role as a responsible global corporate citizen.
We operate the following facilities:

**Refining and Fractionation**
- Margarine
- Butter Oil Substitute
- Shortening and Filling Fats
- Pan Release Agent
- Cocoa Butter Substitute
- Cocoa Butter Replacer
- Dairy Fat Replacer
- Spread Fats and Filling Fats
- Hardener Fats
- Frying Fats
- Cooking Oil
- Animal Nutrition
- Biodiesel
- Crude Glycerine
- Crude Fatty Acids

**Production of**
- Margarine
- Refined Glycerine
- Soap Noodles

**Kernel Crushing**
- Crushing of Palm Kernels

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

- CPO & PPO Distribution

**Oleochemical Plants**

- PT Apical KAO Chemicals (AKC) (Oleo JV)
  - Dumai, Riau, Indonesia
  - Sustainability Certification: RSPO

- PT Sari Dumai Sejati (SDS)
  - Dumai, Riau, Indonesia
  - Sustainability Certification: RSPO

- PT Sari Dumai Oleo (SDO (D))
  - Dumai, Riau, Indonesia
  - Sustainability Certification: RSPO

- PT Sari Dumai Oleo - Marunda (SDO (M))
  - Marunda, Jakarta; Indonesia
  - Sustainability Certification: RSPO & ISCC EU

- PT Kutai Refinery Nusantara (KRN)
  - Balikpapan, East Kalimantan; Indonesia

**Palm Kernel Crushing Plants**

- PT Kutai Refinery Nusantara (KRN)
  - Balikpapan, East Kalimantan; Indonesia
  - Sustainability Certification: RSPO

- PT Sari Dumai Sejati (SDS)
  - Dumai, Riau, Indonesia
  - Sustainability Certification: RSPO & ISCC EU

**Bio-Oils Plants**

- PT Sari Dumai Oleo (SDO (D))
  - Dumai, Riau, Indonesia
  - Sustainability Certification: RSPO & ISCC EU

- PT Sari Dumai Oleo - Marunda (SDO (M))
  - Marunda, Jakarta; Indonesia
  - Sustainability Certification: RSPO & ISCC EU

- PT Sari Dumai Oleo (SDO (D))
  - Dumai, Riau, Indonesia
  - Sustainability Certification: RSPO

- PT Sari Dumai Sejati (SDS)
  - Dumai, Riau, Indonesia
  - Sustainability Certification: RSPO & ISCC EU
Our products
Apical’s key business segments include Bulk Oils, Functional & Specialty Fats, Oleochemicals, Animal Nutrition and Renewable Fuel.

OLEOCHEMICALS
Present in many everyday products, oleochemical is increasingly gaining traction as consumers and brands opt for sustainable, natural and eco-friendly alternatives. With our wide range of fatty acids, refined glycerine and soap noodles, we have the right starting materials for personal care items, cleaning detergents, cosmetics, engine lubricants, PVC materials and many others.

FUNCTIONAL & SPECIALTY FATS
Our sustainable vegetable oils, including its derivatives are suitable for various food applications. It improves functionality and ensures superior quality for Bakery, Chocolate & Confectionery, Convenience Food and Culinary among others. As food preferences continue to evolve, Apical has a wide range of products to suite the requirements of food manufacturers.

RENEWABLE FUEL
Studies have proven that Renewable Fuel reduces greenhouses gases significantly to preserve atmospheric quality. At Apical, our Renewable Fuel is versatile, cleaner and made from renewable natural resources. It is used to power transportations around the world while fuelling the modern economies. By-products from Apical’s palm oil processing facilities are converted into renewable fuel at Bio-Oils, Apical’s refinery in Huelva, Spain. For more information on the circularity and innovation involved in this line of product, please refer to page 76.

ANIMAL NUTRITION
Feed fats are essential to animal nutrition. The quantity of oil and fat that should be used in animal diets differ according to the species and their digestive systems. In 2022, Apical expanded into the Animal Nutrition business segment with Optymax, our well formulated Animal Nutrition range for ruminants, swine, poultry and others. These products are made from sustainably sourced fatty acids and are formulated to help farmers boost the energy, milk yields and consistent productivity of their livestock.
## 2022 HIGHLIGHTS

### Sustainability Approach and Governance
- Maintained top three position as the most transparent Palm Oil company by SPOTT with a score of 91.7%.
- Awarded five categories by Sustainable Business Awards (SBA) Indonesia:
  - Significant Achievement in 3 categories: Sustainability Strategy, Supply Chain Management, and Business Ethics & Responsibility.
  - Top achiever in two categories: Land Use and Biodiversity, and Stakeholder Management.
- Green PROPER Award presented by the Ministry of Environment and Forestry to PT AsiaAgro Agungjaya Manulata (AAJ Manulata) for showing commitment beyond mandatory environmental legislation and laws.
- Secured a total of US$787 million of sustainability-linked loan.
- Achieved a B Score from CDП’s Forests Questionnaire.
- Committed to Apical2030 targets and roadmap across four strategic pillars.
- Continued commitment to prioritise nine UNSDGs that are aligned to our targets.

### Supply Chain Management
- Maintained 100% traceability to supplying mills since 2015.
- Won a Gold Award for ‘Asia’s Best Supply Chain Reporting’ at the Asia Sustainability Reporting Awards (ASRA).
- Achieved 99.98% Traceability to Plantations (TPP) for all our refineries.
- Achieved 98.4% Traceability to Plantations for CPKO suppliers.
- Achieved 91.4% for Delivering Category No-Deforestation based on the No Deforestation, No Peat and No Exploitation Integrated Reporting Framework (NDPE IRF) verified by Peterson Control Union.
- Engaged 100% of suppliers through at least one of our Anchor Programmes.
- Utilised remote-sensing technology using platforms such as Global Forest Watch (GFW) Pro, Global Land Analysis (GLAD), and Radar for Detecting Deforestation (RADDD) to monitor 100% of our suppliers.

### Social and Environment
- 10.47 hours average training per employee.
- Planted 5,000 mangrove trees with Jakarta’s Park and Forest Service, and Yayasan Pecinta Alam Bahari, a marine environmental conservation NGO.
- Engaged 3,018 smallholders through our SMILE programme.
- Sponsored 7.8 kilometers of road maintenance and rehabilitation in Indonesia.
- Provided 704 Ramadan Packages to low-income and underprivileged individuals and households.
- Conducted a Baking Skill Improvement Class for 130 small business owners.
- Distributed 153 educational goods such as books, teaching instruments, and study furniture to students.
- Contributed to local economic development by providing supplies for chilli, goat, and longan farmers to increase yield.
- Sponsored scholarships for 12 students in Balikpapan.

### Inclusive Progress
- Support 30 villages through Sustainable Living Village by 2030.
- Support 5,000 independent smallholders to achieve certification by 2030.

### Transformative Partnerships
- **100% NDPE Compliant by 2025**
  - Achieved 91.4% for Delivering Category No-Deforestation based on the NDPE IRF verified by Peterson Control Union.
  - Engaged 62 mills through CARE and PSEP in 2022.
  - Engaged a total of 152 mills since 2015.
  - Satellite monitoring systems independently verified by Earthqualiser.

- **100% Traceability Verification by 2025**
  - Developed Traceability Verification Guidance with Proforest & Daemeter.
  - Verified 30% of suppliers.

- **Protect and/or conserve 150k ha forest and/or peatland**
  - Completed 100% of supply chain satellite mapping.
  - Identified approximately 466,888 ha of forest within and outside of the concession in priority areas in Aceh, Kalimantan Timur and Paser.
  - Mobilised resources to target the establishment of 6 SLVs by 2026 in Aceh.

- **Collaborate with suppliers to promote clean energy through 20 biogas plants**
  - Conducting research and development on new technology and circular solutions.
  - Target to build 2 biogas plants by 2024.

### Climate Action
- **Reduce 50% GHG emission intensity in our production against 2020 baseline by 2030**
  - Conducting research and development on new technology and decarbonisation.
  - Finding alternative to carbon intensive energy sources.
  - In progress of finalising Scope 3 evaluation.
  - Developing Scope 3 Reduction Measures and conducting capacity training for internal Scope 3 assessment utilising a carbon profiling template.
  - Exploring various carbon management software platforms.
  - Exploring potential nature-based solutions.

### Green Innovation
- **Derive 38% of total energy use from renewable and clean energy sources**
  - Implemented wastewater recycling at SOO (M).
  - Exploring efficiencies in refined oil and biodiesel production at the BOH refinery.
  - Improve water use intensity by 30% through circular solutions.

### Inclusive Progress
- **Support 30 villages through Sustainable Living Village by 2030**
  - Mobilised resources to target the establishment of 6 SLV in the next 3 years.

- **Support 5,000 independent smallholders to achieve certification by 2030**
  - Engaged 3,018 independent smallholders (ISH).
  - Supported 390 ISH to be RSPO-certified.

Status:
- In Progress
- In Exploration Phase
At Apical, sustainability lies at the heart of our business, guiding our decision-making and operational practices. We adopt a 5Cs business philosophy that prioritises the welfare of the community, country, climate, and customer, which in turn generates value for the company. Our vision of being a leading integrated processor of sustainable vegetable oil is underpinned by our commitment to foster inclusivity. We maintain an open communication with our stakeholders and will continue working collaboratively to ensure their needs and concerns are addressed to the best of our ability.

The versatility and yield efficiency that palm oil offers are the primary reasons that it remains one of the most widely produced, consumed, and traded vegetable oils in the world. However, traditional production of palm oil is increasingly scrutinised for its impact on the environment, particularly climate change. The process of land conversion for palm oil plantations releases greenhouse gases (GHG) which contributes to global warming. Traditional production of palm oil typically involves the use of unsustainable and harmful practices such as slash-and-burn agriculture which exacerbates deforestation, loss of biodiversity, and soil degradation. The growing demand of palm oil is often met at the expense of people – the displacement of local communities from illegal land acquisition that revokes their human rights to shelter, food, and water, to the use of child labour or forced labour, or poor working conditions with limited access to social protections.

On the flip side, the impacts of climate change – natural hazards, can affect the palm oil production yields. Considering these issues, sustainable and environmentally friendly methods of producing palm oil becomes more critical. Improved production methods could involve the adoption of practices that promote biodiversity, soil health, and reduction of unsustainable farming methods. Apical advances these measures in our supply chain to mitigate the negative impacts on the environment and contribute to the long-term sustainability of the industry.

Since 2014, Apical established our Sustainability Policy committing to NDPE to protect the areas where we impact and boost the well-being of local communities and ecosystems. In 2020, we launched the A-SIMPLE Framework to drive inclusive transformation across Apical’s supply chain.

With the widespread demand for palm oil, it is crucial for Apical to support environmental conservation and community development, while exploring more sustainable production methods for the environment and our communities.

Our sustainability strategies are aligned with the expectations of our stakeholders through the identification of material sustainability topics. These material topics form the basis of Apical 2030, comprising four pillars of Transformative Partnerships, Climate Action, Green Innovation, and Inclusive Progress. We conduct periodic reviews of the material topics to ensure their ongoing relevance to our business and stakeholders. Details on our materiality assessment and the list of identified material topics are included in the Appendix.

Materiality Assessment

Materiality assessments are integral for Apical Group to identify sustainability matters that are important and relevant to the Group’s business and stakeholders. For this sustainability report, the prioritisation of our material topics remains the same from the previous year, 2021, when we conducted a materiality review. Our materiality assessment process involved collecting qualitative and quantitative feedback from key internal and external stakeholders. Internal stakeholders comprise of senior management, while external stakeholders include selected suppliers, customers, partners, industry body representations and Non-Profit Organisations (NPOs) representatives.

We worked with a third-party consultant to review and update our materiality matrix through a three-stage process summarised in the table below:
Our material topics are listed and ranked in the matrix below. The x-axis represents the importance of each topic to the business, while the y-axis represents the importance of each topic to Apical from the perspective of external stakeholders. We have provided more information on the definition of our material issues in the Materiality Assessment and Stakeholder Engagement section in pages 121-129.

Apical2030: Sustainability, the Heart of Our Business

The dedication in harmonising our sustainability strategy through various stakeholder programmes and initiatives, including the launch of Apical2030, was recognised during The Sustainable Business Awards (SBA) 2022. This is the second consecutive year that Apical has won awards at the SBA.

The SBA honours businesses that have demonstrated outstanding performance in environmental and social sustainability within specific Southeast Asia markets. The award acknowledges the best practices implemented by these companies, serving as an example for other corporations to follow. Of the 12 award categories, Apical was proudly recognised for Significant Achievement in three categories including “Sustainability Strategy”.

SBA is organised by Global Initiatives in partnership with PwC Indonesia, Indonesia Business Council for Sustainable Development, World Business Council for Sustainable Development and Indonesian Chamber of Commerce.

Apical2030 was proudly launched in 2022 as a roadmap that facilitates driving transformative changes in the palm oil sector – focusing on creating a positive social, environmental, and business impact. The roadmap guides our decisions and actions with the aim of achieving sustainable growth and value creation for the Company and our stakeholders.

Apical2030 was developed to reflect the heart of our business, ensuring a balance between managing business, environmental and social development. We aim to collaborate extensively with our partners, suppliers, and local communities through ten ambitious and time-bound targets set, across four strategic pillars: Transformative Partnerships, Climate Action, Green Innovation, and Inclusive Progress. The targets were developed in reference to the Group’s 5Cs business philosophy, our Environment, Social and Governance (ESG) targets, and nine UNSDGs.
Achieving sustainable development requires collective effort – it necessitates collaboration with our stakeholders, particularly our suppliers, to actualise our sustainability goals. Apical has implemented various sustainability initiatives over the years to ensure traceability, NDPE Compliance and continues to support our suppliers in their adoption of sustainable operational practices. We intend to deepen our engagements with our suppliers through four targets:

- Collaborate with suppliers to achieve a 100% NDPE compliant supply chain by 2025
- Collaborate with suppliers to promote clean energy through 20 biogas plants
- Engage 100% of suppliers for traceability independent verification by 2025
- Partner with suppliers to protect and/or conserve 150,000 ha of forest and peatland by 2030

The impacts of climate change on our global systems are increasingly apparent over the past few years – extreme weather events of high severity have affected food production and labourers working in the industry. Apical understands the role we can play to reduce our climate impact. As such, two targets were established – a short-term target and a long-term target - to mitigate emissions from its operations and value chain. The targets were designed with Indonesia’s Nationally Determined Contributions (NDC), our peers, stakeholders, and customers in mind.

- To reduce 50% GHG emission intensity in our production against 2020 baseline1 by 2030
- Achieve net zero by 2050

Our final target to achieve net zero by 2050 has been developed with reference to requirements stipulated by the Science Based Targets initiative (SBTi).

Establishing sustainable systems for production and consumption is important to Apical. We have adopted an approach that promotes continuous improvement known as “Kaizen,” to effectively manage our energy and water consumed, and waste generated. Enhancing our equipment and process efficiency will lead to cost savings and the reduction of waste generation.

The Green Innovation targets aim to track our progress in effectively utilising technology, and our resource management capabilities. The targets supplement our Climate Action initiatives to create a synergy between our strategies for the climate and environment.

- To derive 38% of total energy use from renewable and clean energy sources
- Improve water use intensity by 30% through circular solutions

We aim to enhance the welfare of the communities in which we operate by introducing localised initiatives that address the needs and desires of the community. Investing in local communities, including our suppliers, provides opportunities for Apical to develop positive relationships that could generate mutual benefits. The goals focus on community empowerment and improving livelihoods.

- Supporting communities through 30 Sustainable Living Villages2 by 2030
- Supporting 5,000 independent smallholders to achieve certification by 2030

The baseline year may be changed to a more recent year where necessary.

SLV: Stakeholder inclusive programme that nurtures sustainable livelihood models through collaboration with partners, communities, and villagers, towards improving community resilience and livelihood sustainability.
 OUR APPROACH TO SUSTAINABILITY

Apical Sustainability Policy
GRI 2-23, 2-27, 2-30

At Apical, we place great importance on sustainable development and have made sustainability the core of our business. Numerous initiatives and programmes have been implemented to build a transparent, traceable, and sustainable palm oil supply chain. Apical’s Sustainability Policy was developed to affirm our commitment in engaging our suppliers, to uphold our sustainability policy and to support them on their respective sustainability journey. This ensures that our palm oil is sourced responsibly.

The Sustainability Policy established since 2014 sets out our commitments to “No Deforestation, No Peat and No Exploitation” – or NDPE with the objective to protect High Conservation Value (HCV) and High Carbon Stock (HCS) areas, protection of peatlands, and drive positive socio-economy impact for people, smallholders, and communities.

The Sustainability Policy was developed in reference to external guidance and expertise, and engagement with stakeholders. It refers to the following:

Methodology of HCS Approach7 published by Greenpeace
Engagement constructively with multi-stakeholder HCS
Review of Independent HCV assessments by HCV Resource Network
Collaboration with stakeholders on peat protection as defined by RSPO and peat experts

Apical’s Sustainability Policy upholds international guidelines such as the Universal Declaration of Human Rights, United Nations Guiding Principles on Business and Human Rights, International Labour Organisation Fundamental Principles and Rights at Work, and International Bill of Human Rights. Specifically, the policy encourages stakeholders that share a direct relationship with Apical to support the following:

Strict prohibition of child labour in any of Apical’s operations
Condemn and take action against any form of sexual harassment and abuse especially to women
Respect the rights of 68% workers to form or become a member of labour union and the right for collective bargaining
Provide a safe working environment and practice of fair treatment for employees - including contract, temporary and migrant workers, where values and rights are respected
Facilitate inclusion of smallholders, outgrows and small fresh fruit bunch (FFB) suppliers into our sustainable sourcing supply chain in a fair, transparent and accountable partnership
Respect the rights of indigenous and local communities and obtain their free, prior and informed consent (FPIC) before the utilisation of their lands to which they hold legal, communal or customary rights to

Methodology of HCS Approach7 published by Greenpeace
Engagement constructively with multi-stakeholder HCS
Review of Independent HCV assessments by HCV Resource Network
Collaboration with stakeholders on peat protection as defined by RSPO and peat experts

Our Sustainability Policy extends to all Apical’s subsidiaries, and to the refineries that we own and manage. Our suppliers are subjected to our Sustainability Policy as detailed in Apical’s Sourcing Policy. We ensure our commitments are made known to our suppliers through our various supplier Anchor Programmes including the annual Shared Value Programme (SVP).

Internally, the Sustainability Policy is communicated to employees through various channels provided by Human Resources. Workshops, annual refresher trainings, and onboarding trainings are utilised to ensure all employees are aware of their role in promoting our sustainability commitments within the organisation.

We are in the process of revising our Sustainability Policy to ensure it remains relevant to our operations and stakeholders. The revision is expected to be completed by 2023.

7 Robust scientific data on HCS methodology was unavailable in 2014. Nonetheless Apical has applied the UN precautionary principle by referencing the best available data then for assessing HCS land areas.

Refer to our website for more information on our policy commitments and sourcing strategy.
A-SIMPLE Framework

GRI 3-3

In 2020, Apical launched the A-SIMPLE Framework to implement our sustainability practices, and policies throughout our operations and supply chain. The Framework enables our suppliers to achieve compliance against the NDPE commitments thereby reducing supply chain risks. In turn, we fulfil the expectations of our stakeholders, and meet our customers’ demand for products that are sustainably sourced and produced. The core principle of the Framework lies in proactive engagement with our suppliers to continuously improve their operations and achieve value in all segments of the supply chain.

The A-SIMPLE Framework is comprised of the following components:

**SETTING COMMITMENT**
Apical’s Sustainability Policy drives our ambition to be sustainable in all our business operations and supply chain.

**RISK PROFILING**
Our Mill Prioritisation Process (MPP) helps identify the risk profiles of our suppliers.

**PRIORITISATION**
Apical has developed a process that identifies high-priority suppliers for frequent engagement. This process utilises our MPP framework to categorise suppliers according to high, medium, or low risk. Each supplier’s risk category determines the additional Anchor Programmes they must undergo.

**SUPPLY ENGAGEMENT**
Apical fosters engagement through our supplier Anchor Programmes that takes an inclusive approach to work with our suppliers and ensure they meet commitments and standards set out in our Sustainability Policy. This is comprised of the Priority Supplier Engagement Programme (PSEP), the Shared Value Programme (SVP), and the Traceability Outreach Programme (TOP). We also developed the Suppliers Self-Assessment (SFA) tool to help suppliers identify any gaps with our NDPE policy. The Collaborative Action Remote Engagement (CARE) was developed during the COVID-19 pandemic to overcome physical distancing restrictions and engage with our suppliers virtually.

**GRIEVANCE**
An investigation is conducted when the sustainability policy is violated. Our Grievance Procedure and supplier engagement programmes provide guidelines on formulating remediation measures.

**TRANSFORMATION**
Through Apical’s Anchor Programmes and grievance monitoring process, we contribute to external verification of our suppliers’ traceability level and NDPE compliance. Non-compliant suppliers must complete our Transformation initiative.

**MONITORING**
Apical monitors the progress of our suppliers and verify positive benefits through the use of satellite monitoring, and an independent verification organisation.

**DISCLOSURE & REPORTING**
We regularly collect information on our supply chain for disclosure and reporting purposes. Apical assess the collected data to understand trends and identify gaps for improvement.

Corporate Governance
GRI 2-7, 2-9, 2-11, 2-12, 2-13, 2-14, 3-3, 205-3, 206-1

In addition to the acknowledgement Apical received for our “Sustainability Strategy” by the SBA 2022, Apical was acknowledged for Significant Achievement in the “Business Ethics & Responsibility” category.

The award is a testament to our efforts in fostering a sustainably-managed business. Apical will work towards continual improvement of our business in the categories we have been acknowledged for and strive towards recognition in the other award categories.
The success of an organisation’s sustainability strategies and goals is dependent on good corporate governance, ensuring transparency, accountability, and responsible operations. Apical is committed to achieving its business objectives in compliance with the national laws and regulations in countries we operate and maintaining the highest standards of business ethics across operations. Our employees and suppliers are required to comply with the Code of Conduct that outlines acceptable and unacceptable behaviour, such as anti-bribery, anti-corruption, anti-competitive behaviour, and anti-fraudulent practices. The Code enforces policies that encourages sustainable farming methods, protection of workers’ welfare, promotion of equal rights, and has zero tolerance for child labour, sexual harassment, and violence in the workplace. We extend our governance principles to our suppliers through Apical’s Code of Procurement Ethics (COPE).

In 2022, we recorded zero new or outstanding non-compliance with the national laws and regulations of countries where we operate. We recorded zero incidents of corruption and anti-competitive behaviour.

### Sustainability Governance

Apical Board of Directors (BoD) assumes the highest level of responsibility in steering Apical towards a path of sustainable development. The senior management team comprising of the President, the Executive Director, and the Head of Sustainability assume responsibility for the review and approval of information presented in the Apical sustainability report. The review process follows a hierarchical approach, beginning with the Head of Sustainability’s approval then subjected to further review by the Executive Director before final approval is granted by the President.

Supported by the senior management team, the BoD and President are responsible for the strategic and operational management of Apical. This includes ensuring the company’s core values are incorporated in key sustainability initiatives, making informed investment and divestment decisions, and managing environmental and social risks. Their oversight is supported by the discussion on material sustainability topics of Apical during bi-annual Board meetings.

The senior management team, which includes the Executive Director, Head of Sustainability, and other business leaders, is primarily responsible for ensuring sustainability is integrated across all business and functional units. Sustainability is one of the key functions that the Executive Director oversees.

The Head of Sustainability is aided by dedicated sustainability teams located in Kuala Lumpur, Pekanbaru, Medan, Jakarta, Balikpapan, and Dumai. These teams oversee the implementation of Apical’s sustainability commitments and monitoring of the progress. Monthly meetings are held between the Head of Sustainability and the respective teams to monitor and assess the sustainability performance of the company and to determine opportunities for improvement.

### PALM BOARD RISK COMMITTEE

Reviews trading risk, enterprise risk, sustainability, and risk performance.

### BOARD OF DIRECTORS (QUARTERLY)

Highest governing body responsible for driving direction and journey towards sustainable growth.

### COMMERCIAL RISK COMMITTEE

Reviews and approves Group and individual profit center trading targets and limits.

### SENIOR MANAGEMENT TEAM

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. Sustainability is also one of the key function that the Executive Director oversees.

### SUSTAINABILITY DEPARTMENT

The various teams and the Head of Sustainability meet at least once a month to review performance on sustainability commitments and identify areas of improvement.

### Stakeholder Engagement

- Certification & Verification
- Supply Chain Management
- Grievance Management
- Programme/Initiative
- Sustainability Communication

The success of an organisation’s sustainability strategies and goals is dependent on good corporate governance, ensuring transparency, accountability, and responsible operations. Apical is committed to achieving its business objectives in compliance with the national laws and regulations in countries we operate and maintaining the highest standards of business ethics across operations.
Ethics and Compliance  
**GRI 2-27, 206-1**

Apical is committed to upholding integrity in all business dealings, in accordance with legal and ethical standards. The Code of Conduct requires employees to comply with all applicable anti-trust and competition laws in countries where we operate. There are no reported incidents of anti-competitive behaviour, anti-trust monopolistic practice involving Apical in 2021 and 2022.

The BoD and Apical employees are expected to adhere to the Code of Conduct, which provides guidance on employees’ behaviour in line with our Core Values - TOPICC. New employees are provided with the Code of Conduct and Apical’s Core Values during their orientation programme, while current employees undergo periodic training to refresh their understanding of Apical’s core values.

Our commitment to business ethics is extended to our suppliers. Apical ensures that our suppliers abide with the COPE, which details commitments to ethical conduct and the prohibition of corruption. Apical is deeply committed to ensuring the integration of sustainable practices to our business operations, as we believe it will lead to our long-term success and provide benefits to our stakeholders.

**Risk Management**  
**GRI 207-2**

Apical embeds a robust risk management system into our business to ensure high environmental, social and potential risks are adequately identified and mitigated across our operations. Our risk management framework references the ISO 31000:2009 – Risk management standards. The framework outlines a series of protocols to identify and assess risks based on their impact severity and likelihood of occurrence, allowing Apical to mitigate and monitor risks that may impact our operations or stakeholders.

Highly consequential risks, including ESG concerns, are conveyed to the Risk Management Committee (RMC) for follow-up actions. The RMC is headed by Apical’s President and meets on a bi-annual basis to manage key strategic risks.

All employees receive ABC training and are encouraged to raise concerns about suspected misconduct or malpractice to either the relevant department heads or in accordance with our Whistleblowing Policy.

In 2021 and 2022, there are no breaches of the Code of Conduct, including corruption. There are no significant fines and non-monetary sanctions for non-compliance with laws and regulations in the environmental, social, and economic area.

**Anti-Corruption and Anti-Bribery**  
**GRI 205-2, 205-3**

Apical recognises its corporate responsibility and is cognisant of the importance of upholding integrity in its business conduct. We have an Anti-Bribery and Corruption (ABC) Policy that all employees must abide to comply with the applicable ABC Laws. The policy highlights a zero-tolerance approach to non-compliance across all Apical’s operations.

All Apical employees and any person who performs services and/or acts for and on behalf of Apical including contractors, suppliers, consultants, agency staff and business partners are required to comply to this policy. Any cases of non-compliance are subject to investigations and disciplinary proceedings including termination of employment and/or termination of third party contracts.

The ABC policy refers to all types of corrupt practices and key areas of risk but not limited to:

- Active bribery
- Passive bribery
- Illicit enrichment
- Facilitation of tax evasion
- Conflicts of interest
- Political donations
- Engagement of Business Partners
- Interactions with Public and Government Officials and lobbying
- Gifts and hospitality
- Sponsorships and donations
- Recruitment
- Facilitation or Grease Payments and personal safety payments

**Tax Management**  
**GRI 207-1, 207-2**

Apical seeks to comply with the tax systems in countries we operate in, including Indonesia, Singapore, Malaysia, Spain and China. We exercise reasonable steps in determining and following the interpreted intent of the respective tax legislatures. Our tax strategy is comprehensive and aims to ensure we follow relevant tax laws.

Our Tax Policy outlines our statement, method of reporting on tax-related matters, and tax strategy. Apical ensures that all key tax positions, tax compliance and tax-planning decisions are taken in compliance with our Policy. Any initiatives that impact corporate structures and business models must be approved by the Business Group President or Managing Director on the tax implications before a final decision is made. To ensure compliance with tax regulations, we work with external tax consultants on matters of uncertainty in relation to taxation.

We are committed to crafting a tax approach that is linked to the business imperatives and sustainability commitments of Apical.

Feedback Channels for Stakeholders  
**GRI 2-25, 2-26**

Apical recognises that the materiality of sustainability topics is shaped by the interests of our stakeholder groups. As such, we value and commit to proactive and constructive engagements to gather input from stakeholders.

Our approach to stakeholder engagement involves a two-way process where we actively seek feedback and share the progress and updates on our sustainability programmes and initiatives. We welcome the input of our key stakeholders as much as we proactively seek to communicate with them.
We provide our stakeholders with a clear avenue to question or raise concerns about Apical or our suppliers’ practices. Our grievance mechanism is intended for stakeholders to communicate with Apical on potential and actual negative impacts. Separately, Apical had established a whistleblowing mechanism for stakeholders to raise concerns or seek clarifications over our business and/or our suppliers’ practices.

**Grievance Management**

**GRI 2-25**

Our stakeholders are entitled to raise concerns about and/or seek remediation for potential and actual negative impacts. Apical established a robust grievance procedure that have referenced the RSPO Principles & Criteria 2018 in grievance design and implementation. The grievance mechanism is managed and implemented by the company through our Grievance Steering Committee (GSC), Grievance Secretariat, Stakeholder Engagement Team and Grievance Verification Team (GVT). The GSC is headed by the President and Executive Director of Apical that oversees and communicates grievance reports every month through a Financial Reporting Meeting (FRM) and on an ad-hoc basis for urgent reports to the BoD.

The grievance procedure is available on our website where stakeholders can contact Apical during business hours via our phone numbers on our website.

The Apical Grievance Process Flow outlines the robust grievance management process to ensure that our policy standards are properly adhered to. Apical will seek to continuously monitor our grievance management system to allow for improvements in the future.

On an operational level, each of our refinery has their own grievance management process.

Any issues raised against Apical or our suppliers through either of our channels will be thoroughly investigated in a transparent and accountable manner. We ensure that appropriate remedial actions are in place for all confirmed grievances and complaints.
OUR APPROACH TO SUSTAINABILITY

The dedication and collaboration of all stakeholders are necessary to maintain a transparent and sustainable chain.

In 2022, there were five grievances raised against our suppliers through our grievance channel. Three grievances raised were land-related – deforestation, and illegal plantation, one grievance is in relation to a local community, and one relating to alleged affiliation to suspended companies from the three subsidiaries supplying to Apical.

The full list of grievances, along with their status, are available on our website. [https://www.apicalgroup.com/sustainability/grievance/grievance-tracker/](https://www.apicalgroup.com/sustainability/grievance/grievance-tracker/)

About 4% of our total supplying mills were implicated in grievance issues, as reported in our Grievance Tracker on our website. The total area of illegal/non-compliant deforestation recorded after December 2015 until December 2022 for all our suspended suppliers is 65,193.71 ha.

Suppliers are required to cooperate in addressing any grievance and/or allegations made against them in violation of our Policies and commit to remediation and/or grievance resolution proposal within a stipulated timeline. Any evidence on proven deforestation, suppliers’ shall commit to stop land clearing and perform HCS assessment and appropriate response measures to halt deforestation.

About 4% of all Apical employees to report any illegal, irregular, dangerous, or unethical activities that breach the Code of Conduct and our other company policies. We ensure that employees can do so without the risk of reprisal.

We expect our employees to communicate any issues they encounter to their reporting manager or a Human Resource representative as a first point of contact. Alternatively, a whistleblowing form is available online on Apical’s website including the relevant contact details to submit a grievance/grievance-resolution proposal within a stipulated timeline. Any evidence or flag concerns related to our operations or our suppliers’ practices through formal channels, anonymously. The whistleblowing mechanism is accessible to internal stakeholders – our employees, and other external stakeholders.

It is the responsibility of all Apical employees to report any illegal, irregular, dangerous, or unethical activities that breach the Code of Conduct and our other company policies. We ensure that employees can do so without the risk of reprisal.

Whistleblowing

GRI 2-26

Operated by Apical – the GVT, the robust whistleblowing channel enables our stakeholders to provide information or flag concerns related to our operations or our suppliers’ practices through formal channels, anonymously. The whistleblowing mechanism is accessible to internal stakeholders – our employees, and other external stakeholders.

It is the responsibility of all Apical employees to report any illegal, irregular, dangerous, or unethical activities that breach the Code of Conduct and our other company policies. We ensure that employees can do so without the risk of reprisal.

Whistleblowing

GRI 2-26

Operated by Apical – the GVT, the robust whistleblowing channel enables our stakeholders to provide information or flag concerns related to our operations or our suppliers’ practices through formal channels, anonymously. The whistleblowing mechanism is accessible to internal stakeholders – our employees, and other external stakeholders.

The challenges related to sustainability in the palm oil industry are complex and thus require collective effort to progress towards sustainable production. To achieve our sustainability goals, Apical fosters collaborative partnerships with suppliers and other stakeholders impacted by our supply chain. A healthy partnership improves our operating processes and promotes retention of our workers.

Collaborating with external stakeholders is essential to keep abreast of the latest developments and best practices in palm oil production. As such, Apical established partnerships through memberships with both national and international organisations and associations to collaborate on specific initiatives.

Partnerships, Memberships, and Certifications

GRI 2-28

The full list of companies, along with their status, are available on our website. [https://www.apicalgroup.com/sustainability/whistleblowing/](https://www.apicalgroup.com/sustainability/whistleblowing/)

Apical strives to hold ourselves accountable by maintaining transparency in our sustainability efforts. We undergo annual public assessments - Sustainable Palm Oil Transparency Toolkit (SPOTT) since 2019 and submission of our response to the CDP Forest (formerly ‘Carbon Disclosure Project’) since 2020. In 2022, we were invited to submit our response to another area of focus in CDP – Climate Change.

Apical Group Sustainability Report 2022
### Certifications

**Indonesian Sustainable Palm Oil**
- A mandatory local certification established in 2011 by the Government of Indonesia for all palm oil production and millers in the country.
  - 100% of our suppliers adhere to the Priority Supplier Engagement Programme (PSEP) checklist

**The International Sustainability & Carbon Certification (ISCC)**
- An international certification system established as the first certification system to ensure sustainable production of bio-based feedstocks and renewables in global supply chains.
  - 80% of refineries are certified by ISCC as of 2022, up from 74%
  - 100% of our biodiesel facilities are certified by ISCC as of 2022

**The Roundtable on Sustainable Palm Oil (RSPO)**
- A global multi-stakeholder initiative aims for an international standard for the management of sustainable palm oil.
  - Certified RSPO Supply Chain Certification since 2012
  - 88% of refineries are certified by RSPO. Apical aims to achieve 100% of RSPO or relevant certification for processing facilities in 2023

**International Organization for Standardization (ISO) 9001**
- Certification published by the ISO in ensuring quality management systems requirements.
  - Obtained ISO 9001 certification for 78% of our plants

**International Organization for Standardization (ISO) 14001**
- Certification by ISO that specifies requirements for effective environmental management system – in efficient use of resources, energy, and waste reduction.
  - Obtained ISO 14001 certification for 22% plant across Indonesia and China

---

### Halal Certification

Depending on the operational location different entities were engaged to certify Apical’s production facilities “halal” certified. The scope of certification differs in each plant.

Examples of certification bodies are The Indonesian Council of Ulama (Majelis Ulama Indonesia) and LPPOM MUI from Indonesia.
- 100% of refineries in Indonesia are halal certified

### Kosher Certification

Depending on the operational location – different entities were engaged to certify Apical’s production facilities as “kosher” certified. The scope of certification differs in each plant.

Examples of certification bodies are Rabbi Mordechai Abergel, Orthodox Union, and Singapore Kashruth Services Pte Ltd.
- 100% of refineries in Indonesia are kosher certified

Further information on our participation in these certifications is available on our website. [https://www.apicalgroup.com/about/overview/standards-certifications/](https://www.apicalgroup.com/about/overview/standards-certifications/)
Summary of Relevant SDG Targets to Achieve by 2030

1.2 Reduce at least by half the proportion of men, women and children of all ages living in poverty
1.4 Ensure all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, and access to basic services, ownership and control over land and other forms of property, inheritance, and natural resources

Apical’s Initiatives
- Providing job opportunities to the local community, with wages that at least meet or are above the minimum requirements
- Working with communities to develop new skills such as vegetable growing, goat farming, cassava chips and baking, allowing them to diversify their source of income
- Tracking of grievances experienced by external stakeholders on ESG issues within the supply chain
- Continuation of SMILE programme launched in 2020 to support independent palm oil smallholders in Indonesia to secure sales premium from sale of certified palm oil

For more information on the relevant initiatives, refer to chapters on Transformative Partnerships and Inclusive Progress.

Summary of Relevant SDG Targets to Achieve by 2030

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

Apical’s Initiatives
- Apical ensures their palm oil products are Hazard Analysis Critical Control Point (HACCP) certified for food safety, and is halal and kosher certified
- Continuation of the SMILE programme launched in 2020, to help independent oil palm smallholders in Indonesia to improve their livelihoods and obtain certification
- Provided affordable cooking oil in effort to support Indonesia Government’s Cooking Oil for People (MigorRakyat) programme
- Continuation of chilli growing and goat farming programmes as a food source and alternative livelihood to local communities

For more information on the relevant initiatives, refer to chapters on Green Innovation and Inclusive Progress.

Summary of Relevant SDG Targets to Achieve by 2030

7.2 Substantially increase the share of renewable energy in the global energy mix
7.3 Double the global rate of improvement in energy efficiency

Apical’s Initiatives
- Plans to build a mini hydropower in KRN to generate up to 270 kWh of energy from the use of sea water
- Piloting a two-year study on biodiesel production from high acidity vegetal waste oils produced in refineries
- Ongoing plans to expand the installation of solar panels to SDS. Current cumulative capacity across our operational facilities – KRN and PRC is 6,057 kw

Supporting the UNSDGs

The United Nations Sustainable Development Goals (UNSDGs), established in 2015, offers a common framework for governments, businesses, and society to address the most urgent global challenges by 2030. We have identified nine UNSDGs that are of priority to Apical. These SDGs leverages on the company’s strengths to support the needs of the communities where we operate and is strongly aligned with the Apical2030 goals.

Our contributions towards the SDGs are highlighted in respect to each of the nine prioritised goals. Additional information is available in the relevant chapters as stated.

2 Target years are mainly 2030, unless stated otherwise.
Summary of Relevant SDG Targets to Achieve by 2030

8.7 Take immediate and effective measures to prohibit and eliminate the worst forms of child labour by 2025, including recruitment and use of child soldiers, eradicate forced labour
8.8 Protect labour rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants

Apical’s Initiatives

- Continue to uphold our Sustainability Policy to provide decent work opportunities, respecting human and labour rights, and maintaining a safe work environment
- Work closely with our suppliers through ongoing Apical Anchor Programmes to ensure fair labour practices are employed within our supply chain

For more information on the relevant initiatives, refer to chapters on Our Approach to Sustainability and Transformative Partnerships.

8 Target years are mainly 2030, unless stated otherwise.

Apical2030 Pillar: Transformative Partnerships

Summary of Relevant SDG Targets to Achieve by 2030

12.2 Achieve sustainable management and efficient use of natural resources
12.4 Achieve environmentally sound management of chemicals and all wastes throughout their life cycle - in regard to air, water and soil to minimise adverse impacts on human health and the environment, by 2020
12.5 Substantially reduce waste generation through prevention, reduction, recycling, and reuse

Apical’s Initiatives

- Continuously improve operational processes and resource efficiency to reduce energy usage, reduce waste generation, and reuse wastewater and waste
- Apical’s upstream and downstream factories produce by-products and waste, which can be converted to value added feed for livestock
- Implemented wastewater recycling at SDO (M)
- Utilisation of woodbark and palm kernel shell (biomass) is 6.99% of total fuel used. The goal is to reduce CO2-equivalent emissions from the consumption of coal in 2020, by 30%

For more information on the relevant initiatives, refer to chapters on Climate Action and Green Innovation.

12 Target years are mainly 2030, unless stated otherwise.

Apical2030 Pillar: Climate Action

Summary of Relevant SDG Targets to Achieve by 2030

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
13.2 Integrate climate change measures into national policies

Apical’s Initiatives

- Partner with our suppliers to protect and/or conserve forest and peat areas
- Collaboration with external associations to stay abreast of best practices and development within palm oil production
- Expand emission reduction activities – e.g., reforestation, use of less carbon intensive energy sources, and methane capture projects
- Ongoing Scope 3 carbon emissions assessment, to identify and address emission hotspots
- Explore carbon management software tool to better measure, manage, and report Apical’s carbon emissions
- Ongoing Scope 3 carbon emissions assessment, to identify and address emission hotspots
- Explore carbon management software tool to better measure, manage, and report Apical’s carbon emissions
- Partner with our suppliers to protect and/or conserve forest and peat areas
- Collaboration with external associations to stay abreast of best practices and development within palm oil production
- Expand emission reduction activities – e.g., reforestation, use of less carbon intensive energy sources, and methane capture projects
- Ongoing Scope 3 carbon emissions assessment, to identify and address emission hotspots
- Explore carbon management software tool to better measure, manage, and report Apical’s carbon emissions

For more information on the relevant initiatives, refer to chapters on Climate Action and Green Innovation.

14 Target years are mainly 2030, unless stated otherwise.

Apical2030 Pillar: Climate Action

Summary of Relevant SDG Targets to Achieve by 2030

14.1 Prevent and significantly reduce marine pollution, in particular from land-based activities, including marine debris and nutrient pollution, by 2025
14.2 Sustainably manage and protect marine and coastal ecosystems including strengthening their resilience and acting on restoration to achieve healthy and productive oceans, by 2020

Apical’s Initiatives

- Manage coastal ecosystems – mangrove planting and conservation
- Establish proper guidance on wastewater discharge in compliance with local regulations
- Minimise usage of pesticides and chemical fertilisers, as applicable to our suppliers

For more information on the relevant initiatives, refer to chapters on Climate Action and Green Innovation.

For more information on the relevant initiatives, refer to chapters on Climate Action and Green Innovation.

2 Target years are mainly 2030, unless stated otherwise.
Background

At Apical, we recognise the importance of collaborating closely with our key stakeholders and suppliers to build a more responsible and sustainable supply chain. Given that a significant portion of our business activities entail working with many suppliers throughout the value chain of our products and Apical does not own plantations or mills, we are committed to reconfiguring the way we conduct our operations internally and empowering our stakeholders to generate positive impacts along the supply chain. Collaboration is fundamental to this pillar to push for greater accountability with our suppliers that provide us with the raw materials of palm oil.

The Transformative Partnerships pillar encompasses several initiatives that ensure the traceability of our products and enable our suppliers to adopt sustainable practices. These practices specifically center around No Deforestation, No Peat and No Exploitation (NDPE) compliance, traceability, deforestation-free and conservation.

<table>
<thead>
<tr>
<th>Transformative Partnerships Targets</th>
<th>Progress</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaborate with suppliers to achieve a 100% NDPE compliant supply chain by 2025</td>
<td>• Achieved 91.4% for Delivering Category No-Deforestation based on the NDPE IRF, verified by Peterson Control Union</td>
<td>In Progress</td>
</tr>
<tr>
<td></td>
<td>• Engaged 62 mills through CARE and PSEP in 2022</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Engaged a total of 152 mills since 2015</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Satellite monitoring systems independently verified, Earthqualiser</td>
<td></td>
</tr>
<tr>
<td>Engage 100% suppliers for traceability independent verification by 2025</td>
<td>• Developed Traceability Verification Guidance with Proforest &amp; Daemeter</td>
<td>In Progress</td>
</tr>
<tr>
<td></td>
<td>• Verified 30% of Apical’s suppliers independently by certification body</td>
<td></td>
</tr>
<tr>
<td>Partner with suppliers to protect and/or conserve 150,000 ha forest and peat areas by 2030</td>
<td>• Completed 100% of supply chain satellite mapping</td>
<td>In Progress</td>
</tr>
<tr>
<td></td>
<td>• Identified forest within priority areas totalling approximately 10,000 ha in Aceh</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Mobilised resources to target the establishment of 6 SLVs by 2026 in Aceh</td>
<td></td>
</tr>
<tr>
<td>Collaborate with suppliers to promote clean energy through 20 biogas plants</td>
<td>• Conducting research and development on new technology and circular solutions</td>
<td>In Exploration</td>
</tr>
<tr>
<td></td>
<td>• Target to build 2 biogas plants by 2024</td>
<td>Phase</td>
</tr>
</tbody>
</table>
6A. Working With Suppliers

Management Approach
GRI 3-3

We developed Apical’s Sourcing Policy in 2015 to improve the traceability and transparency of our supply chain. As we are aware of the impacts of palm oil, we abide by the following guidelines:

- No deforestation of High Conservation Value (HCV) lands and High Carbon Stock (HCS) areas
- The protection of peat areas, regardless of depth
- Drive positive socio-economic impact for people and local communities

Apical’s subsidiaries, and the refineries we own and manage fall under the purview of our Sourcing Policy, and we have several grievance procedures in place. For instance, suppliers who have violated our Sourcing Policy will be disciplined in a procedure overseen by our Grievance Steering Committee. The Committee will make the final decision on whether further actions need to be taken, such as suspending a supplier. A Grievance Secretariat is also put in place to investigate whistle-blower complaints and grievance alerts.

Inclusivity in Partnerships
GRI 3-3

Our approach to working closely with our suppliers to manage Apical’s value chain is grounded in two frameworks. This approach highlights our commitment to driving inclusive partnerships with our suppliers to achieve alignment on our sustainability ambition and progress.

The first framework is the A-SIMPLE Framework, launched in 2020, to implement our sustainability practices, and policies throughout our operations and supply chain. The Framework enables our suppliers to achieve compliance against the NDPE commitments thereby reducing supply chain risks. In turn, we fulfill the expectations of our stakeholders, and meet our customers’ demand for products that are both sustainably sourced and produced. More information is provided in our Approach to Sustainability chapter in pages 16-40.

In addition to Apical’s A-SIMPLE Framework, we are also a member of the Active Working Group for the No Deforestation, No Expansion on Peat and No Exploitation Implementation Reporting Framework (NDPE IRF). Our participation in this framework enables us to fulfill our support for sustainable palm oil and work closely with suppliers, traders, and mills to comply with our policies and regulations. The NDPE IRF ensures we are complying with our NDPE commitments, and provides guidelines on monitoring progress, identifying gaps in our supply chain and finding solutions to close the gaps.

Our NDPE IRF results are verified by a third-party reviewer every year. We will continue to comply with the NDPE framework as part of our commitment to responsibly manage natural resources and mitigate the environmental impact of our operations.

In 2022, Apical Group was awarded the Gold Award for ‘Asia’s Best Supply Chain Reporting 2021’ at the Asia Sustainability Reporting Awards (ASRA). Now in its 7th year running, the ASRA is one of the most prestigious accolades for sustainability reporting.

Our Supply Chain Profile
GRI 2-6, 204-1

Apical is a mid-stream processor, exporter, and trader. This means we do not own any plantation or mills. Our main feedstock are Crude Palm Oil (CPO), Crude Palm Kernel Oil (CPKO) and Palm Kernel (PK), which are procured from third-party mills. These products are processed at Apical-owned refineries.

Our Supply Chain Profile in Indonesia

- 409 CPO supplying mills
- 116 CPKO suppliers
- 169 PK suppliers

Notes:
- CPKO supplies Apical with palm kernel oil which is extracted from palm kernel, while CPO suppliers Apical with palm oil.
- The above figures only cover our facilities in Indonesia. External suppliers from our operations in China and Spain are excluded.
- Some of our direct CPO supplying mills also supply PK.

96% of our procurement spend for our Indonesian operations is from local suppliers
3% and 1% of our procurement spend are on local operations in Spain and China, respectively

Notes:
- Local suppliers are defined as those based in the same region.

To manufacture CPO and CPKO, fresh fruit bunches (FFB) are used as the raw material, which is sourced from third-party commercial estates and independent smallholder farmers. Apical buys FFB that are sourced from a mixture of different dealers, who may procure the FFB from various suppliers.

6.09% of the total volume of CPO sourced comes from traders
1.91% of the total volume of CPKO sourced comes from traders

Traceability of Our Palm Oil
GRI 3-3

An important element of our sustainability ambitions is achieving traceability in our supply chain. This is key as the palm oil supply chain is highly fragmented, comprising of numerous upstream and downstream players. Implementing the traceability of our palm oil involves working closely with all our suppliers, particularly high-risk suppliers, to support and improve their operations. Any suppliers found to be non-compliant will have their contracts with us terminated.
**Traceability to Mill**

Most of our supplying mills are located in the provinces of Riau, North Sumatra, Jambi, and Kalimantan, this includes mills of Asian-Agri, our long-term supplier. 93.91% of our palm oil products are sourced from supplying mills and the remainder is procured from a few trading companies.

**Maintained 100% traceability to supplying mills since 2015**

We require all supplying mills to provide precise and accurate information on their business operations and geographic information such as their Global Positioning System (GPS) coordinates, legal company name and mill address to be recorded in a comprehensive Traceability Declaration Document (TDD). TDDs are publicly accessible on our website and they are updated on a quarterly basis. The GPS coordinates are validated by two independent organisations, Proforest and Daemeter, they verify the data against a master database and satellite imagery. Once validated, a unique identification code is generated and store to a Universal Mill List (UML) which serves as a common database for the palm oil industry. The UML is developed by World Resources Institute (WRI), Rainforest Alliance and Daemeter, they verify the data against a master database and satellite imagery. Once validated, a unique identification code is generated and stored in a comprehensive Universal Mill List (UML) which serves as a common database for the palm oil industry.

Additionally, our Traceability to Mill initiatives help us better estimate the locations of FFB suppliers. Given that Apical purchases FFB from dealers who in turn, purchase their FFB suppliers from different sources, achieving traceability for FFB is a challenge. However, as FFB need to be processed within 24 hours of harvest to achieve highest quality of oil, and that plantations must be within 24 hours reach of a mill, we have developed a methodology to triangulate the locations of FFB suppliers. Doing so has given us deeper insight, though still approximate understanding of FFB suppliers.

**Traceability to Plantation**

Because of the complex links in the palm oil supply chain, tracing the origin of our feedstock to the plantation level is difficult because of how vast the number of plantations are and the purchasing methods of our suppliers. We nonetheless remain committed to our goal of achieving a traceable supply chain.
Verifying Traceability

We carry out data verification of traceability data by third-party organisations to ensure data accuracy and completeness.

- TTD verified by Proforest and Daemeter
- TTP verified by Control Union
- NDPE IRF verified by Control Union
- GRI and SPOTT verified by Control Union

We have implemented methods to verify the self-reported traceability data submitted by Apical’s direct and upstream suppliers. Validating the accuracy of our suppliers’ data is a key step in our commitment to build a transparent supply chain. We partnered with CORE to develop a set of criteria to assess the validity of supplier data.

We developed our Traceability Verification Guidance which provides step-by-step instructions on verifying data through protocol standardisation across our operations. The guidance aligns the process among supply chain actors by standardising the criteria and requirements for each actor to conduct and verify the traceability of their Tier 1 suppliers. Subsequently, all actors within our supply chain are expected to encourage Tier 1 suppliers to utilise the guidance on their suppliers to further strengthen traceability commitments.

The Guidance was developed in alignment with existing protocols such as the NDPE IRF, the ISO 14001 and 9001 standards.

The following flow chart illustrates Apical’s simplified supply chain and the expected responsibilities for traceability verification by each supply chain actor.

The following table illustrates Apical’s NDPE IRF verification outcomes for 2022.

<table>
<thead>
<tr>
<th>Product</th>
<th>Delivering Category No-Deforestation (%)</th>
<th>No-Peat (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPO</td>
<td>91.4</td>
<td>91.3</td>
</tr>
<tr>
<td>PK</td>
<td>89.0</td>
<td>89.7</td>
</tr>
</tbody>
</table>

Managing Supply Chain Risk through Technology

Digitalisation and innovation are key enablers for Apical to achieve supply chain transparency, by helping us verify suppliers’ data as well as understanding the potential environmental impacts of their activities. Given the resource intensive nature of our business, environmental impact management is a fundamental focus area for us, and we are leveraging on different technologies to operationalise our commitments.

The following table illustrates Apical’s NDPE IRF verification outcomes for 2022.

<table>
<thead>
<tr>
<th>Product</th>
<th>Delivering Category No-Deforestation (%)</th>
<th>No-Peat (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPO</td>
<td>91.4</td>
<td>91.3</td>
</tr>
<tr>
<td>PK</td>
<td>89.0</td>
<td>89.7</td>
</tr>
</tbody>
</table>
The Radar for Detecting Deforestation (RADD) is another tool that we employ, it uses satellite data to detect deforestation in real time. Organisations such as the Global Forest Watch, and WRI have utilised RADD to carry out forest management and law enforcement activities against illegal deforestation.

By combining the use of GLAD and RADD systems, Apical’s satellite monitoring systems allows us to accurately monitor land use activities and detect deforestation activities in near real time across its supply chain. The accuracy of these tools allows us to detect deforestation quickly with greater confidence to alert suppliers to take response measures for land clearing greater than 1 hectare. They also provide valuable insights for our stakeholders in the palm oil industry who are committed to sustainable and responsible sourcing practices.

The Sustainable Living Village (SLV) Programme is a stakeholder-inclusive programme that nurtures sustainable livelihood models through working with partners, communities and villagers. The aim is to improve community resilience and livelihood sustainability at the village and landscape levels.

The SLV centres on creating environmental benefits, closing knowledge gaps, and reducing inequality through 4 key tailored initiatives in enhancing livelihood, forest protection, supply chain transformation and supporting landscape collaboration through the Production, Protection, and Inclusion (PPI) Compact.

In January 2023, Apical signed a memorandum of understanding with Yayasan Inisiatif Dagang Hijau (IDH), a social enterprise that works with businesses, banks, governments and civil society to create sustainable outcomes. The MOU marks the beginning of a three-year partnership, with Aceh Singkil identified as a priority landscape to establish the SLV.

Aceh Singkil is key to protecting the Leuser Ecosystem, which contains 2.6 million hectares of tropical forest and keystone species such as the orangutan, rhino, Sumatra tiger and Sumatran elephant. Deforestation in Aceh Singkil due to illegal land conversion for oil palm plantations threatens the ecosystem’s health.

The Landscape project in Aceh Singkil aims to establish 6 villages in which approximately 10,000 hectares are forest areas with potential conservation.

Engagement Through our Anchor Programmes
GRI 2-24, 308-1, 308-2, 414-1, 414-2

Alongside traceability, developing a solid relationship with our suppliers is essential to the creation of a transparent and sustainable supply chain. In order to achieve this, we put in place a number of efforts to work with our suppliers and encourage their adherence to our sustainability policy. These programmes include the Priority Supplier Engagement Programme (PSEP), Traceability Outreach Programme (TOP), Shared Value Programme (SVP), and Suppliers Self-Assessment, which are also known as our Anchor Programmes (SFA).

We have launched the Collaborative Action Engagement (CARE) initiative to interact virtually with our suppliers in light of the COVID-19 pandemic. In order to keep our suppliers informed of important advancements in sustainability, Apical has been working on a project with Proforest and Daemeter. This project, which suppliers can access on an upskilling platform, seeks to encourage a culture of information sharing and increase supplier awareness of innovations in sustainability. In line with our Fostering Inclusivity theme, we will research efforts or programmes to enhance supplier diversity and inclusion as well as the integration of historically underrepresented groups throughout our supply chain.
All suppliers must formally affirm their compliance with our Sourcing Policy in writing as part of the onboarding process. Before they are incorporated into our supply chain, we examine all our Indonesia palm oil suppliers. Engagement will be prioritised for suppliers that meet our risk assessment criteria for high risk.

Our process for prioritising suppliers is captured in the flowchart. This process utilises our MPP and NSS process to categorise suppliers based on their risk profiles and subsequently to be prioritised for further engagement via our Anchor Programmes.

As of end-2022, we engaged 100% of our suppliers for at least one of our Anchor Programmes (SFA, CARE, etc.).

We regularly monitor our suppliers and provide updates on their risk levels each month. In 2022, we identified 41 mills that were found to have significant actual and potential negative social and environmental impacts. These risks include labor exploitation, illegal burning, deforestation, peatland development, FFB sourcing from protected areas, and human rights violations. Of the suppliers identified, 13% were prioritised for engagement through PSEP.

Priority Supplier Engagement Programme (PSEP)

As a follow-up with the MPP, the PSEP is intended to evaluate our high-risk suppliers based on their degree of compliance with our Sustainability Policy, and any applicable industry standards.

The PSEP assessment focuses on six guiding principles:

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

To identify areas for development and establish rapport, Apical conducts field visits with suppliers chosen under PSEP. We provide thorough advice as part of these visits to assist our suppliers in creating reliable Standard Operating Procedures (SOPs) and sustainability management systems. We check in with our suppliers periodically to make sure the recommended action plans are being followed, and where appropriate, we provide advice on additional social and environmental issues.

As a solution to overcome challenges of travel restrictions due to COVID-19, we launched the CARE programme in 2020 as an extension of PSEP to ensure continuous verification of our supply chains. Today, it is used for low risk suppliers. To detect possible compliance concerns in their supply chain, high-risk suppliers are expected to complete a self-assessment housed on an online portal as part of CARE. Our sustainability team does desktop analysis to confirm all evaluation results before communicating remotely with suppliers to learn more about their conditions. Apical then creates action plans to remedy any gaps and improve adherence to our NDPE policy.

133 supplier mills have been engaged via CARE since 2020
The Apical Anchor programmes allowed us to create a supply chain management system for our suppliers and smallholders. This has helped to guarantee the traceability of the raw materials from where the fruit was plucked, the legal status of the land, best farming practices and how to ensure fair and safe working conditions for all workers. Our working relationship with smallholders have improved significantly while their yield have grown substantially.

We have benefitted greatly from the CARE Programme, which has allowed us to meet our sustainability requirements.”

Ivan Hadian Saputra, Manager of PT. Petaling Mandraguna

Traceability Outreach Programme (TOP)

Established in 2017, TOP provides a multitude of tools to our providing mills such as details on the best methods for managing traceability data. Our “outside-in” strategy for engaging suppliers, in which they are seen as co-creators in our quest to enhance the traceability of the palm oil business, is embodied by TOP. By combining the data we gather as part of TOP, we want to create an interactive mapping platform that will enable suppliers to handle landscape-level problems in accordance with the location of their FFB source.

In 2022, we held one SVP workshop attended by 115 participants (62 in-person, 53 online attendees)

These workshops focused on topics such as emission reduction, employee and labour standards, Apical2030 and regulations such as the EU proposal for Deforestation-free Products. Subject matter experts facilitated these workshops, which we also leveraged to sought buy-in to identify opportunities for collaboration between Apical and our suppliers.

Participants from Indonesia attended the workshop and experts from World Resources Institute, TÜV Rheinland, PT Buana Wirasubur Sakti, and Earthworm Foundation shared their knowledge and perspectives.

We aim to hold similar workshops twice annually starting from 2023.

Suppliers Self-Assessment (SFA)

The SFA tool was launched in 2020, it enables our suppliers to complete a self-administered questionnaire that assesses their compliance with our NDPE policy and identify risks in their supply chain. Any supplier identified as high-risk by the SFA are requested to refer to the PSEP, CARE and SVP to undertake corrective action.

The SFA tool was instrumental in allowing us to remain connected with our suppliers when COVID-19 restrictions were enforced, and we continue to utilise this tool today.

408 supplier mills have been engaged via SFA since 2020

Human Rights and our Supply Chain
GRI 408-1, 409-1

As the issue of human rights within supply chains grows in importance, we are deepening our focus to work closely with our suppliers on respecting human rights and create safe working environments for everyone.

To drive a positive socio-economic impact for people and communities in our operations and our supply chains, we have implemented several measures to ensure safe and healthy working environments.

We have put in place several labour and human rights commitments in our sustainability practices, as outlined in our Sustainability Policy:

Firstly, we recognise and support the Universal Declaration of Human Rights, promote equal rights, and strictly condemn and prohibit child labour in any of our operations. We also condemn any form of sexual harassment and abuse

Respect the right of all workers to form or become the member of labour union on their free will and the right for collective bargain

Provide a safe and healthy working environment and practicing a fair treatment policy where the employees, values and rights are respected including contract, temporary and migrant workers

Support gender mainstreaming initiatives and do not condone to any form of human rights violations or discrimination in our organisation

Work in a fair and transparent manner to resolve verifiable complaints and conflicts with all parties

Develop a transparent grievance mechanism system to ensure that all grievances and conflicts are dealt and handled in an accountable manner

The commitments above extends to Apical’s subsidiaries, refineries and suppliers, in addition to complying with local laws and regulations. We are also in the midst of developing a separate Human Rights Policy that aligns to internationally recognised human rights standard such as the UNHCR, UNGP and ILO; Apical’s operations and its value chains will be expected to comply with the policy.
Our Programme/Initiatives

SUPPLIER ANCHOR PROGRAMMES

1. Mill Prioritisation Programme (MPP)
   **A risk-based approach used to identify priority mills for deeper engagement that involves analysing geospatial and non-spatial parameters to identify potential sustainability risks associated with the supplying mills. All of our suppliers are assessed under the MPP. Risk levels are updated monthly based on the parameters of the MPP.**

   **Progress:**
   - 540 supplying mills engaged since 2015

2. Priority Supplier Engagement Programme (PSEP)
   **Assesses our high-risk suppliers, prioritised through the MPP, on their level of compliance with our Sustainability Policy and other industry standards. We engage with our suppliers through desktop and field verification to facilitate their compliance with our Sustainability and Sourcing Policy via various initiatives under our Anchor Programme. To ensure their compliance, we verified the information gathered based on a set of ESG related checklist via the PSEP programme.**

   **Progress:**
   - 7 PSEP visits conducted in 2022

3. Collaborative Action through Remote Engagement (CARE)
   **As a solution to overcome challenges of travel restrictions during the pandemic, we launched the CARE programme in 2020 as an extension to PSEP to ensure continuous verification of supply chain effectively. Through CARE, complaint information collected from suppliers will be assessed remotely, to determine their compliant level and associated risks in the supply chain. Suppliers compliance level will be verified against Apical’s Sustainability Policy, industry standards, and in fulfilment to NDPE IRF requirements.**

   **Progress:**
   - 55 supplying mills engaged in 2022

4. Shared Value Programme (SVP)
   **Apical has implemented SVP for our suppliers as a broad engagement approach. We provide capacity building to suppliers on a selection of topics that take into account regional issues specific to the location of suppliers. The SVP covers the latest market trends and benefits of international certification schemes such as RSPO and ISCC.**

   **Progress:**
   - 370 suppliers engaged through SVP and e-SVP since 2016

5. Traceability Outreach Programme (TOP)
   **Apical has implemented TOP to provide knowledge and simplified solutions for the suppliers of our refineries on how to collect and manage the traceability data of their FFB suppliers. This programme takes an “outside-in” approach where suppliers are seen as co-contributors of solutions to make the industry more traceable.**

   **Progress:**
   - 407 active supplying mills engaged through TOP in 2022

**Supplier Self Assessment**
Suppliers to complete a self-administered questionnaire that assesses their compliance with our NDPE policy and identify risks in their supply chain.

**Progress:**
- 408 supplier mills have been engaged since 2020

**New Supplier Screening**
Conduct spatial and non-spatial analysis to all the potential supplier before entering into our supply chain. This is to reduce the risks of any non-compliant supplier entering into Apical supply chain.

**Progress:**
- All suppliers engaged upon entry to supply chain

**Our Next Steps**
Moving forward, we will continue to work with our suppliers using the above mentioned measures while exploring new avenues for deeper and more meaningful engagement. We have outlined specific targets for 2023 and look forward to diligently collaborating with our suppliers.

**Transformative Partnerships Targets**

<table>
<thead>
<tr>
<th>2023 targets</th>
<th>2023 targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Achieve &gt; 90% NDPE IRF delivery</strong></td>
<td><strong>Engage 40% of mills through CARE and PSEP initiatives</strong></td>
</tr>
<tr>
<td><strong>Continue achieving 100% supply chain satellite monitoring</strong></td>
<td><strong>Verify 50% of suppliers</strong></td>
</tr>
</tbody>
</table>

**Engage 100% suppliers for traceability independent verification by 2025**

**Collaborate with suppliers to promote clean energy through 20 biogas plants**

**Build 2 biogas plants by 2024**

6B. Protecting Environment

**Management Approach**
**GRI 3-3**

Palm oil is a ubiquitous ingredient with multipurpose applications, its popularity is characterised by its versatility and cost-efficiency. At the same time, we are aware of the resource intensive nature of palm oil production and are committed to implementing measures that ensure sustainable production while minimising our environmental impact.

Whilst a significant portion of Apical’s environmental impact originates from our own direct operations of palm oil processing facilities, we also work closely with our suppliers to encourage them to adopt sustainable production practices. None of our managed operations are located in or contains a portion of protected areas.
Protecting Forest and Biodiversity

Although we do not own any plantations, we understand that if the necessary monitoring and control systems are not put in place, deforestation and biodiversity loss might happen in our upstream supply chain. At Apical, we are dedicated to preserving peatlands, HCV and HCS regions. To operationalise on these commitments, we aim to partner with our suppliers to protect and/or conserve 150,000 hectares of forest and peatlands by 2030. This means that we will work with our suppliers to achieve their goals as well as local, global, and personal sustainability standards. It also means we do not knowingly source palm oil from suppliers that deforest in protected areas.

We evaluate any new mills that are added to our supply chain for possible concerns, such as deforestation and encroachment, using our MPP and spatial analysis. Our suppliers are mandated to provide necessary paperwork that they are complying with environmental laws and regulations. Any mills that have been identified as high-risk are requested to complete additional assessments via Apical’s PSEP and CARE programmes, the latter of which is now used on low-risk suppliers to complete a self-assessment on an online platform. The results are then evaluated by our sustainability team, Apical will then work with suppliers to create action plans to close gaps and improve adherence to our NDPE policy.

For 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 collaborate with them to implement a reliable HCS identification method by adhering to the HCS Method based on field tests and scientific advice.

In 2022, there were 2 cases of deforestation recorded in our supplier operations, with the affected area totalling 32.24 hectares. Upon further investigation, we suspended one supplier for non-compliance. The total area of deforestation recorded after December 2015 until December 2022 for all our suspended suppliers is 65,193.71 hectares.

In addition to our supplier anchor programmes, we are operationalising on our Apical2030 commitment to protect HCV and HCS including mangrove and peatland in 1 priority area: Aceh totalling 10,000 hectares. A total of six villages in the area have been identified that could potentially be established as SLV by 2026, communities where a concerted effort to not removed forested areas by the inhabitants living there. The DFV model will also include reforestation and afforestation activities such as restoring degraded areas with tree seedlings, establishing nurseries and conducting trainings on proper conservation practices.

Our SFA, which was introduced in 2019, makes it easier for suppliers to evaluate how well their own operations adhere to our current NDPE policy. Any suppliers that are found to have violated our policy will be required to create and implement corrective action plans. Additional actions will be taken, including a reassessment of our business relationship, if suppliers fail to comply or implement corrective action plans.

Additionally, and where relevant, we support conservation efforts that focuses on biodiversity, HCV areas, and riparian zones (defined as areas bordering rivers and other bodies of surface water). These activities are in alignment with RSPO Principles and Criteria 5.2 and 7.3.

We are committed to protecting the endangered species listed under the IUCN Red List and Indonesia’s National Law of Protected Species and we uphold the elimination of any illegal or inappropriate hunting activities across all our operations. Our suppliers are expected to abide to this commitment. The only exemption apply to local communities that hunt for subsistence and do not cause significant declines to a species’ population.

In 2022, 155,657 hectares of peatland are being monitored for conservation purposes in accordance to the Directorate of Peat Degradation Control of Indonesia.

We prohibit our suppliers from using pesticides classified under 1A or 1B by the World Health Organisation, or are listed in the Stockholm or Rotterdam Conventions, including paraquat. If the use of any of these restriction pesticides are required under exceptional circumstances, a due diligence process must be conducted. We are committed to ensuring that all suppliers minimise the use of chemicals including pesticides and chemical fertilisers.

In 2022, 155,657 hectares of peatland are being monitored for conservation purposes in accordance to the Directorate of Peat Degradation Control of Indonesia.
Fire Prevention and Management
GRI 3-3

Slash-and-burn practices are commonly used to clear land for agricultural purposes. The emissions from such practices cause transboundary haze and exacerbate climate change. We strictly enforce a “zero burn” policy, which applies to all our suppliers. To enable this, we published guidance on our website to support our suppliers on prevention, early detection and control of open burning in oil palm plantations. In these guidelines, we emphasise how fires that start during dry season can spread to adjacent plantations by wind or underground burning when the water table is low.

While larger plantations can use alternative methods of land clearing, smallholders are often unable to do so due to financial constraints. Slash-and-burn is also regarded by smallholders as a viable way to improve soil fertility and reduce the need for fertilisers. As such, including smallholders in our fire prevention and management approach is crucial. It is necessary to create awareness among smallholders on the practice of zero burning and offer aid for smallholders to find alternative sustainable solutions. In 2022, we continued to support our key supplier Asian Agri in the implementation of its Fire-Free Village Programme (FFVP) to engage with 16 villages in Riau and Jambi. Covering about 343,276 hectares in Riau and Jambi, the programme aims to raise awareness on fire prevention and management. Our strategic collaboration with Asian Agri contributes to our goal of achieving 20 Deforestation Free Villages as part of the Transformative Partnerships pillar of our Apical2030 roadmap.

Our Programme/Initiatives

A stakeholder-inclusive programme that nurtures sustainable livelihood models through working with partners, communities and villagers. In relation to environmental protection, the programme aims to protect approximately 10,000 hectares of forest through supply chain monitoring and conservation. Communities, suppliers and NGOs are important actors to generate value for this programme.

An engagement programme to raise awareness and support on Asian Agri Fire Safety, fire prevention and management.

Progress:
Baseline studies and scoping assessments are currently being conducted to develop benchmarks on demographic data in villages and trainings for farmers

16 villages in Riau and Jambi were engaged

Progress:
Our Next Steps

In 2023, we will intensify our efforts to deepen partnerships with our suppliers and relevant stakeholders on initiatives concerning environmental protection. We are specifically exploring avenues to establish the Sustainable Living Villages in Aceh Singkil and East Kalimantan. We have outlined specific targets for 2023 below.

Inclusive Progress 2030 Targets
Partner with suppliers to protect and/or conserve 150,000 ha forest and peat areas by 2030

2023 Targets
• Conduct focus group discussions with approximately five villages in East Kalimantan
• Kickstart SLV in East Kalimantan
• Mobilise programme implementation for SLVs in priority area in Aceh

Smallholder Capacity Building
Progress:
• Developed an incubation pilot to hold participatory conservation for communities living near forest frontiers attended by 53 farmers managing land areas totalling 13.71 hectares
• Trained 50 farmers on GAP and ISPO processes
• Trained 36 farmers on HCV/HCS
• Conducted SVP workshop in August 2022 attended by 85 participants from 25 companies
Background

Global palm oil demand is expected to grow by 5% year on year in 2023 due to its versatility for different applications and cost efficiency. Inadvertently, the expansion of supply to meet the growing demand will come with increasing carbon emissions. The Intergovernmental Panel on Climate Change’s (IPCC) Fifth Assessment Report (AR5) synthesis report released in 2023 emphasised that every fraction of a degree of warming will escalate future climate risk rapidly, even limiting global temperature rise to 1.5 degree Celsius is not safe for all. Being the second largest vegetable oil processor with a significant global market share, it is important for market leaders like Apical to ensure sustainable production and processing of palm oil. Hence, we aim to minimise our emissions while the demand for palm oil continues to grow amidst the climate crisis. By developing the Apical2030 Sustainability Roadmap to drive climate-related performance improvements, we are committed to taking urgent action to combat climate change.


7.10 guidelines, monitor GHG operations based on RSPO P&C 7.10 guidelines, monitor GHG emission, SDO (M) has a new friendly alternatives. To reduce GHG emission, SDO (M) has a new

Apical2030 Targets and Performance for Climate Action

<table>
<thead>
<tr>
<th>Climate Action Targets</th>
<th>Progress</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce 50% GHG emission intensity in our production against 2020 baseline</td>
<td>• Recorded 25% reduction of Scope 1 and 2 GHG emissions intensity by 2030 from a 2020 baseline</td>
<td>In progress</td>
</tr>
<tr>
<td>Net-zero by 2050</td>
<td>• Total Scope 1 &amp; 2 emissions of 1,795,214 tCO2e</td>
<td>In progress</td>
</tr>
</tbody>
</table>

7A. Managing our Environmental Footprint

Management Approach

GRI 3-3

Climate change remains the defining crisis of the century. Recognising the role we play in its mitigation, we designated Climate Action as one pillar of our Apical2030 framework. Under this pillar, we aim to reduce the GHG emissions intensity of our production by 50% by 2030 from a 2020 baseline and reach net zero by 2050. These time-bound and measured goals developed under the Apical2030 chart our vision for climate action and ensures accountability while we operationalise this vision through various policies and initiatives in 2022.

Our Sustainability Policy was designed to effectively manage and minimise our impact on the environment. Specific to GHG, the policy requires Apical to identify the sources of GHG emission, conduct GHG calculation of all our operations based on RSPO P&C 7.10 guidelines, monitor GHG emission and strive to progressive reduction when it is environmentally and economically feasible.

Several internal control systems and protocols were also established in accordance with local laws and regulations by the Ministry of Environment and Forestry in the Republic of Indonesia. For example, we adhere to “Peraturan Menteri Negara Lingkungan Hidup Nomor 07 Tahun 2007” for the use of biomass and coal in boilers. In 2022, we had no significant fines or non-monetary sanctions for non-compliance with environmental regulations.

For the potential and actual physical and transition climate risk pose to the business, Apical recognises the recommendations made by the Task Force on Climate-related Financial Disclosure (TCFD) and is planning to address identified gaps by 2023 and report in line with the best practices recommended by the TCFD in 2024.

To achieve these ambitious goals, we intend to:

- Substitute the use of coal in our powerplants and boilers with greener alternatives.
- Replace diesel-forklift with electric-forklift.
- Deploy nature based solutions.

Our climate action strategy involves substituting the use of coal in our refineries with more environmentally friendly alternatives. To reduce GHG emission, SDO (M) has a new High-Pressure Boiler powered by natural gas fuel replacing coal boiler since September 2022. This has led to an estimated emission reduction of 42% as compared to using coal boiler. The site is also installing two boiler units - New Boiler: OTH (Natural Gas Fuel) and MPS Boiler (Natural Gas Fuel). In addition, they have started replacing diesel-generated forklifts with electric forklifts. In SDS, there is an increase of three electric forklifts and nine forklifts. In SDS, there is an increase of three electric forklifts and nine new electric forklifts facilitated in SDO (D) from 2021 and 2022 respectively.

Apical has also implemented nature-based solution to abate carbon emissions, 5,000 mangrove trees were planted in Dumai and Jakarta, Indonesia.
For Apical’s GHG emissions calculation, we adopted the operational control consolidation approach outlined in ‘GHG Protocol Corporate Standards’. Gases included in the calculations are CO$_2$, CH$_4$, and N$_2$O. Global Warming Potential rates utilised were extracted from IPCC AR5 assessment report based on a 100-year timeframe. The main sources of our Scope 1 emissions are from stationary combustion, mobile combustion, refrigerant combustion among others and emissions from wastewater treatment plants and sources of Scope 2 emissions are consumption of electricity from the national grid. Some of the frameworks adopted in our calculations are: ISO 14064-1 and GHG Protocol. Data were first collected directly from gas and electricity meter then logged into our proprietary Sustainability Impact Measurement System (SIMS) by the respective data owners. Our Green Innovation chapter outlines more details on SIMS.

We have selected 2020 as our base year. We observe a positive reduction trend over the last three years for our Scope 1 and 2 emission intensity against 2020 with 43.8% and 25% reduction in 2021 and 2022 respectively. This means we have progressed well reaching the half-way mark of our goal to reduce 50% GHG emission intensity in our production against 2020 baseline. However, we acknowledge that our emission intensity in 2022 increased by 35% from 2021 due to the expansion of our business facilities. The inclusion of emissions from waste water treatment plants in SDO (D) and SDS also led to the increase in emissions. We strive to reduce reliance on fossil fuels as an energy source. Apical is still in the progress of assessing and procuring suitable vendors that will enable a proper transition to utilising biomass and renewable sources of energy.

The following emission disclosures are third party verified by Control Union.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021 (YOY)</th>
<th>2022 (YOY)</th>
<th>2022 (2020 baseline)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Scope 1 emissions (tCO2e)</td>
<td>1,193,469</td>
<td>1,146,008$^2$</td>
<td>1,471,721</td>
<td></td>
</tr>
<tr>
<td>Indirect Scope 2 emissions (tCO2e)</td>
<td>69,296</td>
<td>125,357$^2$</td>
<td>124,198</td>
<td></td>
</tr>
<tr>
<td>Biogenic Emissions</td>
<td>6,892</td>
<td>12,424</td>
<td>199,295</td>
<td></td>
</tr>
<tr>
<td>Total Oil Processed (MT)</td>
<td>7,863,435</td>
<td>14,685,261</td>
<td>15,186,960</td>
<td></td>
</tr>
<tr>
<td>Emissions Intensity (tCO2e/MT of oil processed)</td>
<td>0.16</td>
<td>0.09</td>
<td>0.12</td>
<td></td>
</tr>
<tr>
<td>Percentage decrease/increase in Scope 1 &amp; 2 emission intensity</td>
<td>-</td>
<td>-43.8% (Y0Y)</td>
<td>+35% (Y0Y)</td>
<td>-25% (baseline)</td>
</tr>
</tbody>
</table>

Notes:
1. The emissions intensity is calculated by dividing the total scope 1 & 2 emissions and Biogenic emission by the total volume of oils processed by each facility.
2. The 2021 data is revised and re-calculated based on ISO 14064-1 and GHG Protocol (Corporate Reporting Standard).
3. Data covers our operations which include AKC, SDS, SDO (D), AAJ Marunda, SDO (M), AAJ Tj Balai, KRN, PRC, EF T and BOH.
4. Please find the source of emission factors and conversion factors utilised on page 149.

AAJ Marunda clinched the green rating under PROPER Award from Indonesia Ministry of Environment and Forestry for the 2nd consecutive year.

The PROPER Awards, also known as Program Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup, is an assessment programme by the Indonesia Ministry of Environment and Forestry that aims to raise the bar on environmental compliance and stewardship of businesses in Indonesia. Over 2,500 companies from sectors such as oil and gas, manufacturing, agro-industry, etc., were assessed and assigned PROPER Awards from Black representing “not in compliance” to Green and Gold representing “beyond compliance.”

The PROPER Award is a programme for companies to show commitment beyond the existing mandatory environmental legislation and laws. Companies are assessed for their processes in lifecycle assessment, energy efficiency, emission reduction, water efficiency, wastewater load reduction, hazardous waste reduction, reduction and utilisation of non-hazardous waste, biodiversity protection, community empowerment, and disaster responses. This year, life cycle assessments and vaccination programmes that are part of the disaster response to support government vaccination programmes were added to the assessment criteria.

We are proud of the AAJ Marunda team to go beyond baseline compliance standards by deploying nature-based solutions, increasing use of renewable energy sources, and maintaining machinery and equipment to maximise efficiency and energy usage.
CLIMATE ACTION

Our Programme/Initiatives

Quantifying GHGs

<table>
<thead>
<tr>
<th>Activity type</th>
<th>Location</th>
<th>Description of Activity</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 3 measurement</td>
<td>All operations</td>
<td>Evaluate our Scope 3 emissions, identify emission hotspots in our supply chain and reduce them to achieve net zero by 2050</td>
<td>• Undergoing Scope 3 assessment process</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Developing Scope 3 Reduction Measures by benchmarking against industry peers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Internal capacity training on Scope 3 emissions</td>
</tr>
</tbody>
</table>

Methane capture

<table>
<thead>
<tr>
<th>Activity type</th>
<th>Location</th>
<th>Description of Activity</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dumai, Indonesia</td>
<td>1. Explore reducing emissions by capturing methane, purifying it into renewable natural gas (biomethane) with the purpose of substituting natural gas</td>
<td>• In progress</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Current status: Engineering design and material procurement</td>
<td></td>
</tr>
</tbody>
</table>

Carbon management software

<table>
<thead>
<tr>
<th>Activity type</th>
<th>Location</th>
<th>Description of Activity</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All operations</td>
<td>Employ a carbon management software to improve measurement, management, planning and reporting of GHG emissions</td>
<td>• In progress</td>
</tr>
</tbody>
</table>

Nature-Based Solutions

<table>
<thead>
<tr>
<th>Activity type</th>
<th>Location</th>
<th>Description of Activity</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afforestation and restoration of mangroves</td>
<td>Dumai, Indonesia</td>
<td>The reforestation and afforestation of land around our operational facilities</td>
<td>• SDS: Completed restoration of 2,000 Mangroves</td>
</tr>
<tr>
<td></td>
<td>Manunda, Indonesia</td>
<td></td>
<td>• AAJ Marunda: Completed restoration of 3,000 Mangroves</td>
</tr>
<tr>
<td>Forest protection</td>
<td>Aceh, Indonesia</td>
<td>Launch of SLV to protect and conserve the forests</td>
<td>• 150,000 ha forest conservation and protection</td>
</tr>
</tbody>
</table>

Greener Alternatives

<table>
<thead>
<tr>
<th>Activity type</th>
<th>Location</th>
<th>Description of Activity</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Usage of green alternatives for powerplants and boilers</td>
<td>Jakarta, Indonesia</td>
<td>1. SDO (M) installed Gas Fired HP Boiler (4tph) as replacement of Coal Fired HP Boiler on June 2021</td>
<td>• Estimated emission reduction of 42% when using NG as compared to using coal for this particular High Pressure Boiler</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. AAJ Marunda changed the fuel of 4 units of High Pressure Boiler from CNG (that was transported by truck trailer) to pipe line-NG (that is transported via Pipeline)</td>
<td>• Estimated 60,228 kgCO₂eq/a of emission reduction from trucking emission</td>
</tr>
</tbody>
</table>

Transition to electric forklift

<table>
<thead>
<tr>
<th>Activity type</th>
<th>Location</th>
<th>Description of Activity</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jakarta, Indonesia</td>
<td>Substitute diesel forklift with electric forklift to reduce GHG emissions</td>
<td>• SDS: Increase of 6 electric forklifts from 1 in 2021</td>
</tr>
<tr>
<td></td>
<td>Dumai, Indonesia</td>
<td></td>
<td>• SDO (D): 9 new electric forklifts in 2022</td>
</tr>
</tbody>
</table>

Our Next Steps

We will continue substituting coal with palm kernel shell in Apical’s powerplants, SDS and SDO (D) as well as for our boilers in SDO (D) and SDO (M), and woodpulp at KRN. We aim to potentially reduce our emissions per day by 35% through better utilisation of our operations. Furthermore, we will continue our collaboration with Jakarta’s and Forest Service to support the Indonesian government’s mangrove rehabilitation programme with a target of 600,000 ha by 2024. Our commitment to explore other technologically-enabled solutions will be continued in 2023 as we explore partnerships to trial methane capture technologies and carbon management software to improve our environmental data tracking capabilities.
GREEN INNOVATION

Background

Apical is on a journey to enable company-wide transformation and create a truly sustainable operation. This will only be possible when we leverage on relevant and appropriate technologies to enable a faster and smoother transition into an increasingly sustainable operation. To ensure we are leveraging on innovation to scale and accelerate the sustainable transformation of our operations, we set up the following targets for our energy and water usage under Apical2030 “Green Innovation” pillar.

Apical2030 Targets and Performance for Green Innovation

<table>
<thead>
<tr>
<th>Green Innovation Targets</th>
<th>Progress Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>38% of total energy consumption to be obtained from renewable and clean energy sources as compared to 2020 baseline</td>
<td>In progress</td>
</tr>
<tr>
<td>• 6.99% of total energy consumption to be obtained from renewable and clean energy sources in 2022</td>
<td></td>
</tr>
<tr>
<td>• 33% increase of renewable energy source from 2020</td>
<td></td>
</tr>
<tr>
<td>Improve water use intensity by 30% through circular solutions as compared to 2020 baseline</td>
<td>In Progress</td>
</tr>
<tr>
<td>• Water intensity of our operations were 0.000456 megalitres/MT of oil processed</td>
<td></td>
</tr>
<tr>
<td>• 14% increase from 2020</td>
<td></td>
</tr>
</tbody>
</table>

8A. Ensuring Sustainable Operation

Management Approach

Leveraging on innovation to accelerate our transition to a more sustainable operation means being open to adoption of technologies such as renewable energy, energy efficiency digital solutions and circular solutions which include utilising biodiesel and conducting life-cycle assessment of our products. We are governed by internal policies covering topics such as biomass sustainability, energy as well as waste handling.

We ensure all our waste from AKC, SDS and SDO (D) are disposed to legal vendors who have official permits from the government. The waste transported by legal vendors can be monitored to their final destination. Transportation data carrying waste will enter the festronic system such as transportation date, number of vehicles, the amount of waste, the type of waste, name transporter and name of the manager. Apical monitors our waste disposal through the system to verify that the waste has arrived at its final destination. For SDO (M), the refinery sends quarterly report of all environmental compliance data to the Ministry of Environmental and Forestry Republic of Indonesia and Environmental Agency of Jakarta Province with the SIMPEL and WASDAL portal.

AAJ Marunda is currently preparing a programme to re-use Softener’s Backwash & Regeneration water by 100% and reducing city water consumption by 5%. This implementation will ensure greater compliance in the 3R (Reduce, Reuse, and Recycle) Programme and will also help towards achieving the Zero Discharge milestone.

We are committed to reducing our operational impacts by managing our energy sources, water withdrawal and consumption, and waste generation via these technologies. In addition to improving our own direct operations, we also work with our suppliers to help them adopt sustainable production practices.

To achieve these ambitious goals, we intend to:

- Repurpose waste as boiler fuel
- Improve energy efficiency through measures such as insulating tanks
- Recycle wastewater
- Developing circular products (ie. Biodiesel)
- Install solar panels at our facilities
**GREEN INNOVATION**

One key Green Innovation development in 2022 involves the development and completion of a proprietary internal platform called Sustainability Impact Management System (SIMS). With SIMS, we can collect, consolidate and visualise the following data for ease of monitoring of Apical2030 targets and reporting:

- Monthly environmental data such as carbon emissions, energy, water and waste
- Yearly finance-related data such as sales, volume, purchase of palm oil
- Yearly supplier and traceability, conservation data
- Yearly Occupational Safety and Health data
- Yearly Partnership/Community

**Current Issues**

With the 10 time-bound targets and its accompanying KPIs, there are many programmes and initiatives that we would have to track and measure impact.

**SIMS Background**

**Background**

1. Apical’s impact measurement & monitoring system
2. For all key users from operations and BUs
3. Tracks Apical2030 targets and KPIs
4. Track progress of Apical2030 implementation
5. Progress Dashboard
6. Reporting by ESG, UNSDGs & Apical2030 KPIs

**Results**

1. Centralised and consolidated data
2. Seamless data integration
3. Easy tracking of targets/KPIs and measure impacts
4. Reduce human errors
5. Improve data accuracy and consistency
6. Increase productivity

---

**Energy Management**

**GRI 302-1, 302-3, 302-4**

Under Green Innovation, we aim to derive 38% of our total energy use from renewable and clean energy sources. In recent years, we have made progress towards our goal from a mere 0.68% in 2021 to almost 7% of renewable and clean energy sources. This is due to an increased consumption of biomass sources such as palm kernel shell, wood bark, straw and rice chaff utilised as biofuel.

We also embarked on several energy efficiency initiatives, including the installation of insulating tanks to reduce steam consumption for heating. We switched conventional incandescent light bulbs to LED lights at our KRN, PRC, AAJ Marunda and SDO (D) refineries with 80%, 98%, 65% and 91.17% of light bulbs were upgraded respectively. To further our renewable energy goal, Apical plans to build a mini hydropower in KRN to generate up to 270 kWh of energy from the use of sea water. We have also installed five and 12 units of solar-cell lighting at our AAJ Marunda and SDO (M) sites. A few solar expansion projects, particularly for SDO, are undergoing discussions with contractors, consultants to support Apical on our Green Innovation targets.

**Water Management**

**GRI 303-1, 303-2, 303-3, 303-4**

At Apical, we believe that water is a shared resource that must be conserved and protected, given it is a crucial component in our value chain. Generally, water is needed to operate our refineries and crushing plants. It is used to extract oil, generate power and steam in boilers as well as to dilute pollutants to achieve stipulated water quality standards. We continuously track our water usage and implement several initiatives to enhance our water resilience. Most of the water used in our processing facilities is sourced from the sea, river, and municipal suppliers. To minimise freshwater withdrawal, Apical optimises water efficiency and reuse wastewater where possible.

---

**Apical2030 Target:**

**Improve water use intensity by 30% through circular solutions**

---

**Table: Energy Consumption**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel consumption from non-renewable sources (Gj)</td>
<td>16,863,646</td>
<td>16,319,004</td>
<td>20,821,454</td>
</tr>
<tr>
<td>Fuel consumption from renewable sources (Gj)</td>
<td>68,137</td>
<td>116,439</td>
<td>1,610,231</td>
</tr>
<tr>
<td>Electricity purchased for consumption (Gj)</td>
<td>338,164</td>
<td>590,204</td>
<td>590,826</td>
</tr>
<tr>
<td>Total energy consumption (Gj)</td>
<td>17,269,947</td>
<td>17,025,647</td>
<td>23,022,511</td>
</tr>
<tr>
<td>Percentage of renewable and clean energy sources (%)</td>
<td>0.39</td>
<td>0.71</td>
<td>6.99</td>
</tr>
</tbody>
</table>

**Notes:**

1. Energy consumption is based on the addition of fuel consumption from non-renewable sources, fuel consumption from renewable sources and electricity purchased for consumption as per GRI 302-1: Energy consumption within the organisation.
2. Coal makes up 85% of our total fuel consumption from non-renewable sources (90% in 2021). The remaining fuel is derived from diesel, liquefied petroleum gas, gasoline/petrol and natural gas.
3. Fuel consumption from renewable sources includes biomass.
4. Data covers operations which include AKC, SDS, SDO (D), AAJ Marunda, SDO (M), AAJ Tj Balai, KRN, PRC, EF T and BOH.
5. We enhanced our methodology and frameworks used for the 2022 Sustainability Report. As such, the 2021 data was revised based on the latest industry protocol and guidelines.
In 2022, our total water consumption increased by 21% as compared to 2021. In addition, the water intensity of our operations was 0.000456 ML/MT of oil processed. This increase is due to use of Brackish Water Reverse Osmosis for anaerobic WWTP which requires more water, addition of new buildings for employees and their families which led to higher household water usage as well as use of water for cooling towers of power plant at SDS. At KRN, there is a new facility and glycerine refinery in 2022.

Water Consumption Intensity (Megalitres/Megatonnes)

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil processed (MT)</td>
<td>9,158,287</td>
<td>14,685,261</td>
<td>15,186,960</td>
</tr>
<tr>
<td>Total water consumption (ML)</td>
<td>3,427</td>
<td>5,721</td>
<td>6,922</td>
</tr>
<tr>
<td>Water Intensity (ML/MT)</td>
<td>0.0004</td>
<td>0.00039</td>
<td>0.000456</td>
</tr>
</tbody>
</table>

Notes:
1. Data for water consumption are obtained from flowmeters.
2. Data covers our operations which include AKC, SDS, SDO (D), AAJ Marunda, SDO (M), AAJ Tj Balai, KRN, PRC, EF T and BOH.
3. Water Intensity for 2021 is restated.

Despite the increase in water consumption, we carried out initiatives for water recycling and efficiency in BOH and KRN featured below:

**REDUCED 210,240 TONNE PER ANNUM OF RAW WATER AT KRN BY INSTALLING HIGH-PRESSURE FLASH TANK**

An average of 43 tonnes per hour (tph) of High Pressure (HP) steam were produced and used in KRN. Of which, only 1.78 tonnes are returned to power plant. In 2022, a HP flash tank was installed, and it is estimated to can be increased to 24 ton/hr. 55% of total steam produced. This means that the flash tank will increase condensate return by 12 times, from 1,78 tph to 24 tph, reducing annual consumption of raw water by 210,240 tonne per annum.

**REDUCED 6-8% STEAM CONSUMPTION BY ENSURING OPERATIONAL EXCELLENCE FOR ACID ESTERIFICATION PROCESS**

Steam is produced in boilers and powered by natural gas. Acid Esterification Unit is the biggest steam consumer in the plant analysed by metric tonne of product. This initiative maximised energy and water resources available by optimising heating parameters in the following manner:

1. Heating up the reaction to 135 °C with steam at 8 bar, the steam would drop from 1,135 kg/h to 861 kg/h that involves 24% steam reduction in the unit.
2. Heating up the reaction to 120 °C with steam at 4 atm, the steam consumption would drop from 977 kg/h that involves 699 kg/h 28% steam reduction in the unit.

The above operating conditions will drive in a reduction 250 kg/h steam consumption (6-8% of initial consumption).

We evaluate the possibility of water-related impacts as part of our environmental impact assessment prior to the development of our refineries. Going forward, we will continue to explore opportunities to reduce the water consumption intensity of our operations. As a result, we evaluated our water consumption in relation to the water stress of the area and minimised our water withdrawal from areas experiencing water stress.

**Total Water Withdrawal (Megalitres)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total water withdrawal</td>
<td>3,427</td>
<td>0</td>
<td>9,765*</td>
</tr>
</tbody>
</table>

* 2021 Water Withdrawal figure is a restatement.

**Water Withdrawal by Source (Megalitres)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface water</td>
<td>2,030</td>
</tr>
<tr>
<td>Groundwater</td>
<td>5,012</td>
</tr>
<tr>
<td>Seawater</td>
<td>0</td>
</tr>
<tr>
<td>Produced Water</td>
<td>0</td>
</tr>
<tr>
<td>Third-party Water</td>
<td>659</td>
</tr>
<tr>
<td>Total</td>
<td>7,701</td>
</tr>
</tbody>
</table>

**Notes:**
1. Data covers our operations which include AKC, SDS, SDO (D), AAJ Marunda, SDO (M), AAJ Tj Balai, KRN, PRC, EF T and BOH.
2. Our AAJ Tj Balai refinery in Sumatra, Indonesia draws water from the river which has been deemed as water-stressed due to it being shallow.

For wastewater discharge, we practise zero wastewater discharge at three of our refineries: AAJ Tj Balai, KRN and AAJ Marunda. Wastewater at these sites is treated and reused in our cooling towers, fire hydrants or for domestic purposes, such as cleaning. Our refineries use the activated sludge process to treat effluent water. This process employs the use of microorganisms and chemicals, such as coagulants, flocculants, caustic soda and biocide. If insufficiently treated, the discharge of wastewater can undermine the water quality of the receiving waterbody. Where discharge is necessary, we ensure that the quality of the effluent water meets the local regulatory standard. Where our refineries are located next to rivers, we also monitor water quality from the rivers to ensure that there is no negative impact from our operations. SDO (M) implemented a reverse osmosis system to reuse wastewater and reduce water withdrawal.
# Green Innovation

## Water Quality Parameters

<table>
<thead>
<tr>
<th>Water Quality Parameters</th>
<th>Indonesia - Dumai</th>
<th>Indonesia - Marunda</th>
<th>Indonesia - Tanjung Balai</th>
<th>Indonesia - Padang</th>
<th>Indonesia - Kutai</th>
<th>China</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biochemical Oxygen Demand (BOD), mg/L</td>
<td>100</td>
<td>19.33</td>
<td>16</td>
<td></td>
<td>100</td>
<td>14</td>
<td>6.53</td>
</tr>
<tr>
<td>Chemical Oxygen Demand (COD), mg/L</td>
<td>350</td>
<td>58.5</td>
<td>149</td>
<td></td>
<td>350</td>
<td>54.27</td>
<td>40.2</td>
</tr>
</tbody>
</table>

### Group level – 2022

#### Water Discharge by Destination (ML)

<table>
<thead>
<tr>
<th>Types of Water</th>
<th>Total Dissolved Solids &lt;1,000 mg/L</th>
<th>Total Dissolved Solids &gt;1,000 mg/L</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface water</td>
<td>71</td>
<td>0</td>
<td>71</td>
</tr>
<tr>
<td>Groundwater</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Seawater</td>
<td>606</td>
<td>4,283</td>
<td>4,890</td>
</tr>
<tr>
<td>Third-party water sent for use to other organisations</td>
<td>18</td>
<td>0</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>695</strong></td>
<td><strong>4,283</strong></td>
<td><strong>4,978</strong></td>
</tr>
</tbody>
</table>

#### Water Discharge by All Areas and Water Stress Areas (ML)

<table>
<thead>
<tr>
<th>Areas</th>
<th>Total Dissolved Solids &lt;1,000 mg/L</th>
<th>Total Dissolved Solids &gt;1,000 mg/L</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>All areas (excluding water stress areas)</td>
<td>695</td>
<td>4,283</td>
<td>4,978</td>
</tr>
<tr>
<td>Area with water stress</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>695</strong></td>
<td><strong>4,283</strong></td>
<td><strong>4,978</strong></td>
</tr>
</tbody>
</table>
Waste Management

Indonesia generates approximately 7.8 million tons of plastic waste annually with 4.9 million tons of plastic waste is mismanaged.1 With most of our facilities located in Indonesia, Apical aims to reduce, reuse and recycle the waste we generate whenever possible and minimise our impact on the existing national waste issue. We also ensure that all materials are handled appropriately from production to disposal. We also collaborate actively with our suppliers to encourage them to adopt best practices in relation to waste management.

Since Apical’s core business involves the processing of CPO and PK, we generate a range of hazardous and non-hazardous waste products. Our hazardous waste includes substances such as spent bleaching earth from our refineries, fly ash and bottom ash from power plants, while our non-hazardous waste ranges from paperboards to pruning scraps. For more information on the effluents we generate, see the section on Water Management.

To ensure the safety of our employees, all hazardous waste is stored at dedicated warehouses, while both hazardous and non-hazardous waste are collected and disposed of by licensed contractors. For our Bio-oils refinery, we verify environmental authorisations before signing a management contract with the third-party contractor. We established dedicated emergency response teams at each our refineries and provide our employees with regular training to prevent and respond to accidental oil spillage. We have maintained our prevailing record of zero accidental spills since 2018.

In 2022, our waste generation increased by 28% and disposal by recovery option decreased as compared to 2021. This is due to the usage of high-calorie coal that produces higher amount of fly ash as compared to lower calorie coal. In SDO (D), the new facilities such as oleochemical plant, biodiesel plant as well as warehouse results in higher waste generation.

### Waste Diverted from Disposal by Recovery Option in 2022 (MT)

<table>
<thead>
<tr>
<th>Type of Waste</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hazardous Waste</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reuse</td>
<td>16,357</td>
<td>0</td>
</tr>
<tr>
<td>Recycle</td>
<td>14</td>
<td>3,565</td>
</tr>
<tr>
<td>Other recovery options</td>
<td>309</td>
<td>217</td>
</tr>
<tr>
<td>Non-hazardous Waste</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recycle</td>
<td>284</td>
<td>71</td>
</tr>
<tr>
<td>Biological Treatment</td>
<td>5,302</td>
<td>0</td>
</tr>
<tr>
<td>Other recovery options</td>
<td>4,145</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>26,411</td>
<td>22,393</td>
</tr>
</tbody>
</table>

Notes:
1. The amount of waste diverted from and to disposal includes waste that is stored on site that may not have been generated in 2021.
2. The quantity of waste is weighed internally by Apical and also provided by third-party contractors who we engage for disposal.

### Waste Directed to Disposal by Recovery Option in 2022 (MT)

<table>
<thead>
<tr>
<th>Type of Waste</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hazardous Waste</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landfill</td>
<td>1,501</td>
<td>1,379</td>
</tr>
<tr>
<td>Incineration (with energy recovery)</td>
<td>8,385</td>
<td>0</td>
</tr>
<tr>
<td>Incineration (without energy recovery)</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Other disposal options</td>
<td>129,809</td>
<td>168,142</td>
</tr>
<tr>
<td>Non-hazardous Waste</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landfill</td>
<td>19</td>
<td>203</td>
</tr>
<tr>
<td>Incineration (with energy recovery)</td>
<td>17</td>
<td>50</td>
</tr>
<tr>
<td>Incineration (without energy recovery)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other disposal options</td>
<td>15,840</td>
<td>20,842</td>
</tr>
<tr>
<td>Total</td>
<td>147,190</td>
<td>199,001</td>
</tr>
</tbody>
</table>

Notes:
1. The amount of waste diverted from and to disposal includes waste that is stored on site that may not have been generated in 2021.
2. The quantity of waste is weighed internally by Apical and also provided by third-party contractors who we engage for disposal.

—

1 World Bank (2021) Plastic Waste Discharges from Rivers and Coastlines in Indonesia
Carving out a new circular economy business segments using waste

Apical seeks to utilise the waste we produce as we believe they provide us with opportunities to innovate. Apical has two new Circular Economy business segment: Renewable Fuel and Animal Nutrition. For renewable fuel, we convert our wastes from CPO Mills, Palm Oil Refineries, and used cooking oil into renewable fuel. Wastes from Apical’s palm oil processing facilities are converted into refined oil and also renewable fuel at Bio-Oils, Apical’s refinery in Huelva, Spain. We also partner with various associations and communities such as Yayasan Tunas Muda Care, Yayasan Rumah Harum, Tanoto Foundation and Bank Sampah (Kami Box) to obtain used cooking oil.

Our refineries, collection facilities, storages attained International Sustainability and Carbon Certification (ISCC). We are currently in the process of certifying our mills as well. Through proper waste collection system, and dedicated storage for waste products.

Our Programme/Initiatives

**Energy Management**

<table>
<thead>
<tr>
<th>Activity type</th>
<th>Location</th>
<th>Description of Activity</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tank Insulation</td>
<td>Dumai, Indonesia</td>
<td>Insulation to reduce energy required to keep the tanks at the optimal temperature</td>
<td>• 97 tanks insulated</td>
</tr>
</tbody>
</table>
| Installation of LED lighting | Kalimantan, Padang, Marunda and Dumai, Indonesia | Changed conventional incandescent light bulb to LED light to improve energy efficiency | • KRN: 80% of the facility is using LED lighting  
• PRC: 98% of the facility is using LED lighting  
• SDO (D): 91% of the facility is using LED lighting  
• AAJ Marunda: 65% of the facility is using LED lighting |
| Replace incandescent streetlights | Marunda and Dumai, Indonesia | Installed solar-cell lighting (250 watt) to reduce energy usage | • 5 units at AAJ Marunda  
• 12 units at SDO (M) |
| Increase renewable energy sources | Balikpapan, Dumai, Tanjung, Balai and Marunda, Indonesia | Increase in use of palm kernel shell, wood bark, straw and rice chaff | • 6.99% of energy source is from palm kernel shell, wood bark and rice chaff |

**Water Management**

<table>
<thead>
<tr>
<th>Activity type</th>
<th>Location</th>
<th>Description of Activity</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Management</td>
<td>Huelva, Spain</td>
<td>Installed a system to recover a steam condensate line from 293E1 (reboiler of Methanol Distillation Column) to feed 291E1 (Reaction Heat Exchanger)</td>
<td>• Heating up the reaction to 120 °C with steam at 4 atm, the steam consumption would drop from 977 kg/h that involves to 699 kg/h 28% steam reduction in 291E1</td>
</tr>
<tr>
<td></td>
<td>Balikpapan, Indonesia</td>
<td>Increase condensate return to reduce consumption of raw water</td>
<td>• Appx 25,920 m³ of condensate have been returned</td>
</tr>
</tbody>
</table>

Apical Group Sustainability Report 2022
Waste Management

<table>
<thead>
<tr>
<th>Activity type</th>
<th>Location</th>
<th>Description of Activity</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste Management</td>
<td>All refineries in Dumai, Indonesia</td>
<td>100% compliance to environmental government regulation. Programmes include: 1. Provision of an oil skimmer and emergency response procedures and drills (regular implementation based on schedule) 2. Ensure all the waste (B3 and Non-B3) disposed by legal vendors 3. Achieve and Maintain PROPER Certification 4. Cooperation with OSCT (Oil Spill Combat Team) in the prevention, handling and control of oil spills at sea (SDS and SDO (D))</td>
<td>0 oil spills at sea incidents</td>
</tr>
<tr>
<td>SDO (M)</td>
<td>Submit online reports with environmental data to Local Government (quarterly basis) with SIMFEL and WASDAL</td>
<td>Operationalise plans to build a hazardous waste and non-hazardous waste storage building</td>
<td></td>
</tr>
<tr>
<td>AAU</td>
<td>Recycle of reject/damage jerry can 2. Sell non-hazardous waste such as plastic bottle, outer box, and others with economic value to third party 3. Send hazardous waste to third party for treatment hazardous waste 4. Reduce coal consumption in Medium Pressure Boiler</td>
<td>Achieved Green Proper certification</td>
<td></td>
</tr>
</tbody>
</table>

Our Next Steps

Apical will continue to increase our renewable energy sources through four solar projects at KRN, SDS, SDO (D) and PRC. Feasibility studies and technical evaluation were completed for SDS and SDO (D)'s solar projects. Currently, we are at engineering design stage and expect the projects to produce up to 3,039 MWh/a and 5,081 MWh/a for the first phase respectively. We have just completed the engineering design phase of utilising sea water to generate 270 kwh at KRN and will proceed with the next phase in 2023. We are also actively exploring the idea of promoting clean energy through 20 biogas plants.

To further reduce our water consumption intensity in 2023, we plan to install High Pressure flash tank in KRN, it is estimated that the condensate return can be increased to 24 ton which is 55% of total steam produced, reducing Apical's annual consumption of raw water by 210,240 ton per annum.

8B. Delivering Best Quality Products

Management Approach

GRI 3-3

Apical aims to provide our customers with safe, high-quality, traceable, and sustainably-sourced palm oil. We manufacture our products in compliance with the food safety regulations that are applicable to the palm oil industry in the markets where we conduct our operations.

Our production processes undergo strict quality control procedures, complying with international quality and food safety standards such as the ISO 9001 in 78% of our plants. We strive to continually improve the number of our plants that are ISO certified as our operational facilities grow. Other local and international certifications that Apical’s products adhere to are elaborated in this chapter.

Our approach to ensuring our product safety and quality is two-fold:

- Investing in technologies to detect contamination in our products and improve product traceability including the cultivation processes e.g. pesticides usage.
- Improve the management and supply chain of our palm oil production by referencing local and international best practices and complying to pertinent quality certification schemes.

The importance of product quality in our business is made apparent with our RMC Board’s commitment to review the potential and actual risks identified relating to product quality on a quarterly basis during board meetings.

Ensuring Product Quality and Safety

GRI 3-3, 416-2

Apical registers our products for certification under widely recognised quality assurance standards to build trust and credibility with our customers, regulators, and other stakeholders. Such quality certifications are testament to the safety and effectiveness of our products, which safeguards the health and well-being of consumers and prevent costly recalls. To ensure our products align with these standards, we engage Bureau Veritas and Sucofindo Jakarta as independent third-party certification bodies for the verification of our food safety management systems and partake in re-verification processes when required.
Our palm oil products are voluntarily certified under the Good Manufacturing Practice (GMP) certification scheme and/or the Hazard Analysis Critical Control Point (HACCP) certification. GMP is a system that ensures products in several industries including food industries are produced according to controlled quality and safety standards. HACCP is a management system that is designed to ensure a systematic analysis and control of biological, chemical, and physical hazards associated with food safety. It covers the entire process from the procurement and handling of raw materials to manufacturing, distribution and consumption of the finished product.

Protecting Consumer Health
GRI 3-3, 416-2

At Apical, we are committed to providing safe palm oil products that uphold the well-being of our customers. The adoption of technologies assists our product safety and quality checks in minimising the presence of unhealthy co-contaminants. Co-contaminants are produced during the refining process when high temperatures are applied to achieve the desired product quality and safety specifications.

The European authorities, namely the European Union (EU) and the European Food Standards Authority (EFSA), have taken measures to address the increasing health concerns associated with these substances. This includes establishing a maximum threshold for allowable levels of co-contaminants to ensure the safety of food products.

Apical adopted the latest technology in analytical science to detect trace elements and measure our products’ oil and fat content, to ensure compliance with the EU and EFSA requirements. The digital solution is employed at the start and the end of the palm oil production process to detect the presence of contaminants in raw materials and the final products. It utilises various tools like a gas chromatograph, inductively coupled plasma atomic emission spectroscopy, and a trace elemental analyser.

We continue to invest in Research & Development to further minimise contaminants. Our latest project that is still in the early stages involves adding double deodorant towers to further reduce the deodorisation temperature, to lower co-contaminants such as GE.

Co-contaminants such as 3-monochloropropane-1, 2-diol or 3-chloropropane-1, 2-diol (3-MCPD) and Glycidyl Esters (GE).
As the world continues to emerge from the impacts of the COVID-19 pandemic, Apical has continued to improve. The overall volume of CPO and PKO was certified in 2021, reaching 400,267 MT as per the certification process requirements. Apical expanded rapidly in its production in the last two years to meet the spike in demand for palm oil, towards the end of the pandemic status of COVID-19. Given that the certification process requires some time, it led to a 88% of our refineries being RSPO Certified.

Apical has developed a dedicated Supplier Engagement Team that focuses on accelerating the progress of our FFB traceability and certification initiatives by providing suppliers with a series of resources, including formulated guidelines and implementation manuals, and technical support to kickstart their certification journeys. Refer to our Working with Suppliers chapter for more information on our collaborative efforts with our suppliers.

Our Programme/Initiatives

Quality Assurance Standards

<table>
<thead>
<tr>
<th>Activity type</th>
<th>Location</th>
<th>Description of Activity</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMP Certification</td>
<td>All palm oil products from all operations</td>
<td>Registered palm oil products for Good Manufacturing Practice certification.</td>
<td>100% of our palm oil products are GMP certified</td>
</tr>
<tr>
<td>HACCP Certification</td>
<td>All palm oil products from all operations</td>
<td>Registered palm oil products for Hazard Analysis Critical Control Point certification.</td>
<td>100% of our palm oil products are HACCP certified</td>
</tr>
<tr>
<td>FSSC 22000 v5.1</td>
<td>Marunda, Indonesia</td>
<td>Ensured all products from the AAJ Marunda refinery are Food Safety System Certification 22000 v5.1 certified.</td>
<td>100% of palm oil products from AAJ Marunda are FSSC 22000 v5.1 certified</td>
</tr>
<tr>
<td>ISO 17025: Testing and calibration laboratories</td>
<td>Marunda, Indonesia</td>
<td>Certified the laboratories of the AAJ Marunda refinery.</td>
<td>The refinery has progressed in the application process of ISO 17025 certification – the certification audit stage has been completed</td>
</tr>
<tr>
<td>Halal Certification</td>
<td>Indonesia</td>
<td>Ensure operational facilities are Halal certified to comply with the Indonesian National Standard.</td>
<td>100% of our refineries are Halal certified in Indonesia</td>
</tr>
<tr>
<td>Kosher Certification</td>
<td>Indonesia</td>
<td>Ensure operational facilities are Kosher certified to comply with the Indonesian National Standard.</td>
<td>100% of our refineries are Kosher certified in Indonesia</td>
</tr>
</tbody>
</table>

Apical expanded rapidly in its production in the last two years to meet the spike in demand for palm oil, towards the end of the pandemic status of COVID-19. Given that the certification process requires some time, it led to a 88% of our refineries being RSPO Certified.

As the world continues to emerge from the impacts of the COVID-19 pandemic, Apical has continued to improve the proportion of our palm oil products - specifically for CPO and PKO, that are certified. We have ramped up our efforts to achieve 9% and will continue to do so.

<table>
<thead>
<tr>
<th>Certification Type</th>
<th>Raw Material</th>
<th>Volume (MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>RSPO</td>
<td>191,937</td>
<td>221,780</td>
</tr>
<tr>
<td>ISCC</td>
<td>717,706</td>
<td>830,242</td>
</tr>
<tr>
<td>Non-certified</td>
<td>7,049,972</td>
<td>7,139,559</td>
</tr>
<tr>
<td>Total certified (%)</td>
<td>11%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Apical is dedicated to improving our traceability procedures to provide our customers with relevant information in a transparent and accessible manner. At our EFT refinery in China, an Electronic Traceability System was developed to enhance product traceability. This system was sponsored by the Food and Medicine Monitoring Bureau of Jiang Su Province, which mandates the sharing of information on all raw materials and finished products by the EFT refinery Quality Control Superintendent.

The implementation of the Electronic Traceability System has resulted in the reduction of unannounced government supervision by 75%.

We remain engaged with our key global customers, such as Bunge, Cargill, Kao Corporation, Neste and Unilever on the harmonisation of social standards across our organisations. We refer to SEDEX, an internationally widely used standard for social audits. SEDEX allows organisations to gain supply chain visibility – assessing supply chain risks associated with our people and working conditions, to ensure compliance with legislations. As a collective, we are currently discussing with SEDEX on the best internal audit approach for Apical.

Apical places great emphasis on the importance of certification schemes for our suppliers and we support them in achieving relevant certificates especially for RSPO. Apical had established a dedicated Supplier Engagement Team that focuses on accelerating the progress of our FFB traceability and certification initiatives by providing suppliers with a series of resources, including formulated guidelines and implementation manuals, and technical support to kickstart their certification journeys. Refer to our Working with Suppliers chapter for more information on our collaborative efforts with our suppliers.

Our Programme/Initiatives

Quality Assurance Standards

<table>
<thead>
<tr>
<th>Activity type</th>
<th>Location</th>
<th>Description of Activity</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMP Certification</td>
<td>All palm oil products from all operations</td>
<td>Registered palm oil products for Good Manufacturing Practice certification.</td>
<td>100% of our palm oil products are GMP certified</td>
</tr>
<tr>
<td>HACCP Certification</td>
<td>All palm oil products from all operations</td>
<td>Registered palm oil products for Hazard Analysis Critical Control Point certification.</td>
<td>100% of our palm oil products are HACCP certified</td>
</tr>
<tr>
<td>FSSC 22000 v5.1</td>
<td>Marunda, Indonesia</td>
<td>Ensured all products from the AAJ Marunda refinery are Food Safety System Certification 22000 v5.1 certified.</td>
<td>100% of palm oil products from AAJ Marunda are FSSC 22000 v5.1 certified</td>
</tr>
<tr>
<td>ISO 17025: Testing and calibration laboratories</td>
<td>Marunda, Indonesia</td>
<td>Certified the laboratories of the AAJ Marunda refinery.</td>
<td>The refinery has progressed in the application process of ISO 17025 certification – the certification audit stage has been completed</td>
</tr>
<tr>
<td>Halal Certification</td>
<td>Indonesia</td>
<td>Ensure operational facilities are Halal certified to comply with the Indonesian National Standard.</td>
<td>100% of our refineries are Halal certified in Indonesia</td>
</tr>
<tr>
<td>Kosher Certification</td>
<td>Indonesia</td>
<td>Ensure operational facilities are Kosher certified to comply with the Indonesian National Standard.</td>
<td>100% of our refineries are Kosher certified in Indonesia</td>
</tr>
</tbody>
</table>
GREEN INNOVATION

Certification Schemes

<table>
<thead>
<tr>
<th>Activity type</th>
<th>Location</th>
<th>Description of Activity</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSPO Certified Products</td>
<td>Indonesia</td>
<td>Register our palm oil products (CPO and PKO) to be RSPO-certified.</td>
<td>• 400,267MT of RSPO-certified palm oil raw materials</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Target to reach 100% certified by 2025.</td>
<td>• 24.73% increase from 2021</td>
</tr>
<tr>
<td>RSPO Supply Chain Certification</td>
<td>Indonesia</td>
<td>Registered our refineries to the RSPO Supply Chain Certification.</td>
<td>• 100% of refineries obtained the RSPO Supply Chain certification</td>
</tr>
<tr>
<td>ISCC Certified Product</td>
<td>All operations</td>
<td>Registered palm oil and palm oil products (CPO) to be International Sustainability &amp; Carbon certified.</td>
<td>• 613,019MT of our palm oil and oil palm products processed are ISCC certified</td>
</tr>
<tr>
<td></td>
<td>All operations</td>
<td>Registered our refineries to be International Sustainability &amp; Carbon certified.</td>
<td>• 80% of refineries are certified by ISCC</td>
</tr>
<tr>
<td></td>
<td>All operations</td>
<td>Registered our biodiesel facilities are ISCC certified</td>
<td>• 14.98% increase from 2021</td>
</tr>
</tbody>
</table>

Digital Solutions

<table>
<thead>
<tr>
<th>Activity type</th>
<th>Location</th>
<th>Description of Activity</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Traceability</td>
<td>Nanjing, China</td>
<td>Developed a system to enhance product traceability in collaboration with the Food and Medicine Monitoring Bureau of Jiang Su Province.</td>
<td>• Improve traceability of palm oil products by 75% in 2022</td>
</tr>
</tbody>
</table>

Stakeholder Engagement

<table>
<thead>
<tr>
<th>Activity type</th>
<th>Location</th>
<th>Description of Activity</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palm Oil Refiners Association of Malaysia</td>
<td>Malaysia</td>
<td>Remain engaged in the trade association for organisations in the downstream palm oil business.</td>
<td>• Industry developments including market reports, legislation updates and procedure developments</td>
</tr>
<tr>
<td>Apical Key Customers</td>
<td>All operations</td>
<td>Engaged with 10 major customers including Bunge, Cargill, Kao Corporation, Neste and Unilever.</td>
<td>• Provided developments on Apical's sustainability activities; especially on supply chain matters - including traceability, grievances, and NDPE IRF</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Supporting our customers with refinery audits on their request, as Apical continually improve the our refinery standards</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Involving our customers in multi-stakeholder Palm Oil Collaboration Group (POCG) to drive collaborative approaches on sustainability focus areas</td>
<td></td>
</tr>
</tbody>
</table>

Our Next Steps

Apical is committed in maintaining the certification of our operational facilities – refineries and plants, while working on expanding the range of our certified palm oil products through international certification schemes like the RSPO and ISCC.

Apical plans to invest in innovative technology solutions to enhance our production processes and the quality of our palm oil products by reducing co-contaminants. We look forward to improving the traceability of our supply chain with the digitalisation of respective data, including on suppliers’ performance, in the future.

We will also continue to collaborate with external stakeholders – palm oil trade associations across the countries where we operate, and our key customers. By adopting an inclusive approach with our stakeholders, we aim to empower both internal and external actors to explore new solutions that address issues around product safety and quality standards.
### INCLUSIVE PROGRESS

**GRI 2-24**

#### Background

The fourth pillar of Apical2030; Inclusive Progress, underscores our commitment to improve the livelihoods and quality of life for communities, particularly those located near our supplying mills and plantations. The complexity of the palm oil value chain includes the involvement of numerous actors from independent farmers, smallholders to large aggregators. This pillar was created with the intent to ensure that local communities and smallholders reap the benefits from the palm oil value chain.

Palm oil operations carry the potential to adversely impact communities, giving rise to social conflicts and poverty. To prevent this, Apical takes a proactive approach to maintain positive relations with these communities by providing opportunities to improve their livelihoods.

Through the Inclusive Progress pillar, we hope to empower communities within Apical’s landscape and supply value chain by implementing tailored initiatives. These initiatives specifically support communities at the village level and enable independent smallholders to improve their earnings through certification.

#### Apical2030 Targets and Performance for Inclusive Progress

<table>
<thead>
<tr>
<th>Inclusive Progress Targets</th>
<th>Progress</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support 30 villages through Sustainable Living Village by 2030</td>
<td>• Identified 6 potential villages in Aceh Singkil</td>
<td>In Progress</td>
</tr>
<tr>
<td></td>
<td>• Partner with IDH, YEL, and FKL for the SLV in Aceh</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Partnered with Solidaridad for scoping exercise in East Kalimantan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Partnered with Solidaridad to identify potential villages in East Kalimantan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Exploring potential areas in West Kalimantan</td>
<td></td>
</tr>
<tr>
<td>Support 5,000 independent smallholders to achieve certification by 2030</td>
<td>• Engaged 3,018 independent smallholders (ISH)</td>
<td>In Progress</td>
</tr>
<tr>
<td></td>
<td>• 628 smallholders participated in the SMILE Programme</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Certified 390 ISH under RSPO</td>
<td></td>
</tr>
</tbody>
</table>

#### 9A. Improving Community and Smallholder Lives

**Management Approach**

**GRI 3-3, 2-24**

Our management approach begins from the acknowledgement that healthy communities with the agency and autonomy to improve their livelihoods are the foundation to a well-functioning society. We recognise the role we play, through active collaboration with our suppliers and key stakeholders, to improve the lives of those living close vicinity of our operations. We regularly engage with the communities and their leaders, non-profit organisations (NGOs), and suppliers to understand the role Apical can play in supporting their needs.

This collaboration is also important in resolving some of the key issues faced by communities in relation to the palm oil industry, such as land disputes that arise due to conflicting ownership claims over land plots between smallholders, state-owned agencies, and industry actors. To manage these conflicts, our suppliers are required to acknowledge and respect the rights of indigenous and local communities as part of this commitment. In order to evaluate if new activities would have an impact on areas that belong to indigenous people and local communities, we request that our upstream suppliers do a thorough analyses. Our suppliers are expected to follow national laws and use the Free, Prior, and Informed Consent (FPIC) procedure if a development project has the potential to have an impact on their property. We have created an FPIC guideline, which is available on the Apical website, to assist our suppliers in using this guideline.

Grievances from the community are handled and resolved through a specific Grievance Process as illustrated in the flowchart above. Most of the grievances received are on inaccessible infrastructure and air pollution issues. Community members are encouraged to reach out via in-person meetings, phone call or WhatsApp to provide information on the nature of their grievance. Our Grievance Process enables a fair and transparent system of conflict resolution and addressing community concerns.

**Respecting the Rights of Indigenous People and Local Communities**

**GRI 3-3, 2-23, 411-1, 413-2**

Apical respects the legal and customary rights of local communities to own and occupy property in land tenure and ownership. We ensure that our operations and suppliers abide by the following instruments:

- **UNGP**
- **International Bill of Human Rights**
- **ILO Fundamental Principles and Rights at Work**
- **Universal Declaration of Human Rights**
- **10 UN Global Compact Principles**
We also take precautionary measures to ensure that use or access of such land for development but be carried out in accordance with the FPIC guidelines, the RSPO Principles & Criteria, and the United Nations Declaration on the Rights of Indigenous Peoples or ILO 169. The same standards are placed on our suppliers to maintain these recognised legal and customary land rights.

It is highly unlikely that our operations directly affect the rights of indigenous groups because our facilities are located in designated industrial zones. For any new developments and expansion projects that might have an impact on the environment, we work with qualified consultants and government organisations to conduct environmental impact analysis, or Analisis Mengenai Dampak Lingkungan (AMDAL).

Apical plans to develop a stand-alone Human Rights Policy that aligns with internationally recognised human rights standards such as the Universal Declaration of Human Rights (UDHR), United Nations Guiding Principles on Business and Human Rights (UNGPs) and ILO requirements. We aim to publish this document in 2023.

**Entrepreneurship/SMEs**

<table>
<thead>
<tr>
<th>Community activity type</th>
<th>Location</th>
<th>Description of Activity</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbershop</td>
<td>Dumai</td>
<td>Supported youths to establish and operate a barbershop</td>
<td>• Approximately 17 customers walk-ins daily • IDR64 million is the estimated value generated from this economic activity</td>
</tr>
<tr>
<td>Baking Skill Improvement Class</td>
<td>Marunda</td>
<td>Sponsored small business owners to attend a baking class</td>
<td>• 130 attendees</td>
</tr>
<tr>
<td>Cassava Chips</td>
<td>Balikpapan</td>
<td>Created a support plan with the Spicy Cassava Chips Trade Association to improve productivity and operations of micro-entrepreneurs</td>
<td>• 3 micro-entrepreneurs selected</td>
</tr>
<tr>
<td>Salt Glycerin</td>
<td>Dumai</td>
<td>Provided salt glycerin, commonly used as a fertiliser, to farmers</td>
<td>• 10 farmer groups benefitted • 100 tonnes of salt glycerin provided</td>
</tr>
</tbody>
</table>

Nurul Fatiha possessed an ambition to sell her homemade chilli cassava chips. Realising this dream was made possible as her business was one of the recipients of this initiative. Apical and BRI signed an MOU with Nurul Fatiha to grow her business. Cooking oil will be provided from Apical while BRI will provide microfinance loans.

**Empowering Communities**

GRI 203-1, 203-2, 413-1, 413-2
### Inclusive Progress

#### Education

<table>
<thead>
<tr>
<th>Community activity type</th>
<th>Location</th>
<th>Description of Activity</th>
<th>Outcome</th>
</tr>
</thead>
</table>
| Educational Goods                      | Dumai      | Donated books and learning tools to MTS Nurul Islam School, and study chairs to Bunga Tanjung Adult Numeric and Literacy school | • 114 books and 29 learning apparatus donated  
• 10 study chairs donated                                                          |
| After-School Enrichment Classes        | Marunda    | After-school enrichment classes provided for students from community near the Marunda refinery | • 30 students attended                                                                            |
| Training for Teachers                  | Balikpapan | Training for teachers to improve their teaching methods and school curriculum            | • 40 teachers attended                                                                             |
| Educational Scholarships               | Balikpapan | Provided scholarship assistance for high-achieving students from low-income households  | • 12 students received scholarships                                                                  |
| Math Tuition                           | Balikpapan | Sponsored weekly after-school math enrichment classes to improve students’ mathematical skills | • 21 students attended these classes regularly from January to December 2022                    |
| School Construction and Investments in Education | Balikpapan | Sponsored the construction of schools                                                   | • 2 schools - 1 elementary and 1 junior high were constructed  
• 219 students in attendance; 132 at the elementary level and 87 at the junior high level  
• IDR748 million invested in 2022 for the construction, management and maintenance of the schools |

#### Provision Essentials

<table>
<thead>
<tr>
<th>Community activity type</th>
<th>Location</th>
<th>Description of Activity</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>COVID-19 Vaccinations</td>
<td>Medan</td>
<td>Partnered with the Medan City Government to provide COVID-19 vaccinations for children</td>
<td>• 2,500 vaccinations were dispensed</td>
</tr>
</tbody>
</table>
| Provision of affordable Cooking Oil Programme | Papua  | Due to the surge in cooking oil prices at the end of 2021, Apical supported the Indonesian’s government to provide cooking oil at affordable prices for regions throughout Indonesia | • Transported 13,200 litres of Apical’s premium Camar cooking oil to the Papua region  
• Apical subsidised the price of oil in Sorong City in Papua |
| Provision of affordable Cooking Oil Programme during Ramadan | East Jakarta, Marunda, Dumai, Balikpapan, Padang | During Ramadan Apical held a bazaar that features stalls selling cooking basics and provided cooking oil | 27,000 litres of discounted cooking oil was distributed to communities around our operations   |
| Provision of affordable Cooking Oil Programme during Ramadan | Riau | Partnered with Sahabat RAPP to distribute subsidised cooking oil to local communities in Riau |                                                                                                      |
We partnered with Jakarta’s City Labour Service to train 130 ENTREPRENEURS on how to run F&B businesses successfully while encouraging them to use locally grown and manufactured ingredients.

Apical helps local communities diversify their sources of income by enhancing their skills through training programmes. For example, in partnership with the local agricultural department, our SDS refinery in Lubuk Gaung, Dumai, established the Kelompok Usaha Bersama programme, to train farmers growing chilli. To date, our chilli farmers have grown 120 trees on 120 farms, with 50% of the chilli sold to the Apical Group.

In addition, our goat farming programme observed an increase in the number of goats reared, from 138 in 2021 to 195 in 2022. This has resulted in an estimated value of USD3,400 from selling goats.

Additionally, our goat farming programme observed an increase in the number of goats reared, from 138 in 2021 to 195 in 2022. This has resulted in an estimated value of USD3,400 from selling goats.

To counter the global rise of the cooking oil prices, Apical participated in initiatives throughout Indonesia to donate cooking oil or provide them at subsidised prices. Over 76,200 litres of cooking oil was provided to recipients in Papua, East Jakarta, Riau, Balikpapan, and Padang. This has resulted in an estimated value of USD3,400 from selling goats.

We have also provided Education-related support and investment. We provided 153 educational goods such as books, teaching apparatus, and study chairs, these items have greatly improved students’ learning environment. Furthermore, we engaged with 51 students and 40 teachers on various after-school learning programmes and training, respectively. The purpose of the training for teachers was to identify gaps in their teaching methods and improve school curriculum.

For example, the Rumah Pintar project at our SDS refinery in Lubuk Gaung, Dumai, offers a platform for beneficiaries to collaborate and learn new skills. In 2021, we supported the opening of a barbershop operated by local youth, this year we recorded an average of 17 customers received by the barbershop on a daily basis generating sales of USD4,300.

A baking skill improvement class was organised for small business owners. We signed an agreement with a Spicy Cassava Chips Group to support microenterprises through offering assistance on business planning and improving food packaging quality. Currently, Apical is working with 3 microenterprises to improve their productivity.

We have also provided Education-related support and investment. We provided 153 educational goods such as books, teaching apparatus, and study chairs, these items have greatly improved students’ learning environment. Furthermore, we engaged with 51 students and 40 teachers on various after-school learning programmes and training, respectively. The purpose of the training for teachers was to identify gaps in their teaching methods and improve school curriculum.

To counter the global rise of the cooking oil prices, Apical participated in initiatives throughout Indonesia to donate cooking oil or provide them at subsidised prices. Over 76,200 litres of cooking oil was provided to recipients in Papua, East Jakarta, Riau, Balikpapan, and Padang. This has resulted in an estimated value of USD3,400 from selling goats.

We have also provided Education-related support and investment. We provided 153 educational goods such as books, teaching apparatus, and study chairs, these items have greatly improved students’ learning environment. Furthermore, we engaged with 51 students and 40 teachers on various after-school learning programmes and training, respectively. The purpose of the training for teachers was to identify gaps in their teaching methods and improve school curriculum.

For example, the Rumah Pintar project at our SDS refinery in Lubuk Gaung, Dumai, offers a platform for beneficiaries to collaborate and learn new skills. In 2021, we supported the opening of a barbershop operated by local youth, this year we recorded an average of 17 customers received by the barbershop on a daily basis generating sales of USD4,300.

A baking skill improvement class was organised for small business owners. We signed an agreement with a Spicy Cassava Chips Group to support microenterprises through offering assistance on business planning and improving food packaging quality. Currently, Apical is working with 3 microenterprises to improve their productivity.

We have also provided Education-related support and investment. We provided 153 educational goods such as books, teaching apparatus, and study chairs, these items have greatly improved students’ learning environment. Furthermore, we engaged with 51 students and 40 teachers on various after-school learning programmes and training, respectively. The purpose of the training for teachers was to identify gaps in their teaching methods and improve school curriculum.

For example, the Rumah Pintar project at our SDS refinery in Lubuk Gaung, Dumai, offers a platform for beneficiaries to collaborate and learn new skills. In 2021, we supported the opening of a barbershop operated by local youth, this year we recorded an average of 17 customers received by the barbershop on a daily basis generating sales of USD4,300.

A baking skill improvement class was organised for small business owners. We signed an agreement with a Spicy Cassava Chips Group to support microenterprises through offering assistance on business planning and improving food packaging quality. Currently, Apical is working with 3 microenterprises to improve their productivity.
Inclusive Progress

Social

<table>
<thead>
<tr>
<th>Community activity type</th>
<th>Location</th>
<th>Description of Activity</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooking oil Donations</td>
<td>Dumai, Balikpapan</td>
<td>Provided cooking oil for various communities</td>
<td>66,716 litres of cooking oil provided</td>
</tr>
<tr>
<td>Waste Management</td>
<td>Balikpapan</td>
<td>Sponsored outreach activities to educate Salok Baru Village</td>
<td>Donated IDR7,750 million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>on proper recycling techniques</td>
<td>30 participants</td>
</tr>
<tr>
<td>Donations to various</td>
<td>Dumai, Marunda,</td>
<td>Sponsored for the coordination of religious activities and</td>
<td>Donated 2 cows to Ala’la mosque</td>
</tr>
<tr>
<td>religious-affiliated</td>
<td>Balikpapan</td>
<td>celebrations</td>
<td>and Alhuda mosque as part of Eid</td>
</tr>
<tr>
<td>activities and</td>
<td></td>
<td></td>
<td>al-Adha celebrations</td>
</tr>
<tr>
<td>organisations</td>
<td></td>
<td></td>
<td>IDR400 million donated</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Christmas care packages donated</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>to recipients in Salok Baru Village</td>
</tr>
<tr>
<td>Dengue Prevention</td>
<td>Marunda</td>
<td>Donated mosquito coils and food packages, and organised</td>
<td>160 participants</td>
</tr>
<tr>
<td></td>
<td></td>
<td>an outreach session on dengue prevention</td>
<td></td>
</tr>
<tr>
<td>Life Jackets Provision</td>
<td>Balikpapan</td>
<td>Donated life jackets to students crossing rivers in Salok Baru</td>
<td>IDR200 million donated to purchase life jackets for students</td>
</tr>
<tr>
<td></td>
<td></td>
<td>to get to school, and fishermen</td>
<td>150 life jackets provided for fishermen</td>
</tr>
</tbody>
</table>

Apical makes investments in a range of initiatives to raise the quality of life and general well-being of communities where we do business. These programmes, developed through consultation with the community, are meant to improve access to essential services like healthcare and education as well as the provision of basic infrastructure.

In 2022, Apical embarked on several infrastructure-related projects. We provided clean water for numerous communities in Dumai, resulting in 340 beneficiaries and 1 mosque with access to clean water. We also sponsored road maintenance and rehabilitation for 7.8 kilometres of road and pavement in Dumai.

We were also involved in several community investment activities that emphasised the social needs and well-being of our beneficiaries. We provided support for 15 households living near our refineries in Balikpapan impacted by floods.

704 Ramadan packages were distributed to different recipients ranging from low-income and underprivileged individuals and households, and mosques in Dumai and Balikpapan. We donated an additional nearly USD600,000 (IDR9.2 billion) to a wide range of initiatives such as Independence Day celebrations, improving waste management practices, purchasing life jackets, and religious celebrations such as Eid Adha, Eid al-Fitr, and Christmas.

Inclusive Progress

Stunting, the impaired growth and development that children experience from poor nutrition and repeated illnesses, is an area of concern in Indonesia where it is estimated that 24.4% of children under five are stunted. In rural areas, higher rates of stunting are recorded due to limited medical access and support to prevent it. In response, we coordinated outreach sessions for pregnant women in Dumai, Balikpapan, and Marunda to reduce stunting rates in villages surrounding refineries.

These outreach sessions included informational classes for pregnant women on stunting prevention and distributing biscuits and milk high in nutrition to be fed to young children. Collaboration was a key enabler as we worked with various stunting task forces, such as at Lubuk Gaung Village, to drive community-level interventions such as trainings on stunting prevention and management. We also sponsored for trainees to become certified Kaders on stunting prevention, 31 Kaders receiving training on stunting and monitoring measures, and the development of three collaboration plans to continue the momentum of stunting prevention services in the future.

As a result, our intervention recorded 86 pregnant women being educated on stunting knowledge and support to prevent it. In response, we coordinated outreach sessions for pregnant women in Dumai, Balikpapan, and Marunda to reduce stunting rates in villages surrounding refineries.

For more information, please visit our Inclusive Progress section.
The SLV Programme aims to improve community resilience and livelihood sustainability at the village and landscape levels. The SLV programme intends to uplift and nurture communities, and alleviate poverty by fostering inclusion and improving livelihoods while providing environmental protection. Apical will be collaborating with local partners - Yayasan Ekosistem Lestari and Forum Konservasi Leuser – to implement customised initiatives that are suited to the needs of villagers and communities.

The 4 key priorities of the SLV are:

**COMMUNITY**
Enhance livelihood resilience

**ECOSYSTEM**
Forest protection & conservation

**SUPPLY CHAIN**
Driving supply chain transformation

**PARTNERSHIPS**
Collaboration with local government and relevant stakeholders

The 4 key priorities of the SLV are:

- Establish sustainable livelihood model in 6 villages
- Protect approx. 13,000 hectares of forest through supply chain monitoring & conservation
- Assist 1,000 independent smallholders through supply chain monitoring through use of technology
- Support formation of Production, Protection, and Inclusion (PPI) Compact in Aceh Singkil

In the first phase of the SLV programme, we aim to carry out HCS assessment, introduce forest honey production and recruit 1,000 farmers working on approximately 2,000 hectares of farmland. Farmers growing palm oil and honey are identified as prioritised beneficiaries to be a part of the SLV.

Baseline studies and scoping assessments are currently being conducted to develop benchmarks on demographic data in villages and trainings for farmers. In 2023 and beyond, our findings will help us develop livelihood models and deploy them in 6 targeted villages by 2026.

The SLV is a sustainability empowerment programme that will certainly have a positive impact, as well as media education for the people in Singkil about the importance of protecting the environment and forests, which have a direct economic impact on them when they take good care of the area.

The SLV programme is adapted to the needs of the community and has a holistic landscape approach, for example, the potential development of honey that exists around the Singkil peat swamp. By developing honey livestock, the communities would need to take care of the bee habitat which is related to non-deforestation activities around the honey development area.

It is our great hope that the village community who will be carrying out SLV activities will change their mindset about the meaning of conservation activities.

Muhammad Yakob Ishadamy, Conservation Director Yayasan Ekosistem Lestari
A sizeable share of Indonesia’s overall production of palm oil is produced by smallholders. Although they play a crucial role in the sector, smallholders must overcome considerable obstacles to increase palm oil output while adhering to increasingly stringent sustainability standards.

To address these challenges, a new sustainability initiative was launched in 2020 to help independent smallholders in Indonesia. The ‘SMallholder Inclusion for better Livelihood & Empowerment Programme’ (SMILE) was established by Apical Group, KAO Corporation and Asian Agri. The support provided through this 10-year programme has two broad objectives. Firstly, it is aimed at improving livelihoods by increasing smallholder productivity through the application of sustainable agricultural practices including reduced herbicide usage, and secondly, to support environmental management and protection through compliance to sustainable palm oil standards.

The SMILE programme has gathered a team of knowledge practitioners in agronomy, and plantation management to upskill 5,000 independent smallholders managing approximately 18,000 hectares of plantations in the provinces of North Sumatra, Riau and Jambi.

The SMILE team has implemented specific measures to meet its objectives:

- Educate farmers on improving their yield, utilising sustainable farm management practices and the importance of no deforestation, zero-burning and no exploitation commitments
- Support smallholders to achieve RSPO certification by 2030
- Conduct training on implementing safety measures and hazard training such as fire extinguishers, and encourage safety helmets and glove use

Under Phase 2 of the SMILE programme, which will run from 2022 to 2027, we aim to target 2,759 smallholders managing 8,831 hectares of plantations mainly located in North Sumatra in addition to Riau and Jambi. We continue to engage with and monitor the progress of the smallholders we engaged in Phase 1 and apply the findings of the polygon mapping for all smallholder estates and gap analysis for our smallholders. Engagement with smallholders continues to be of utmost priority for us in Phase and Phase 3 (2025 – 2050) of the SMILE programme. As of the end of 2022, the SMILE programme has benefited approximately 3,018 independent smallholders.

We ensure that all activities under the SMILE programme are implemented in accordance to the RSPO framework and are aligned to the UNSDGs. Empower initiatives that focus on the communities is a key activity supporting this commitment.

Apical Group, KAO Corporation and Asian Agri regularly engage with community heads, NGOs, non-profit organisations (NPOs) to provide high-quality training and identify any areas of improvement for more meaningful engagements.

Prior to joining the SMILE Programme, Pak Anam cultivated oil palm using minimal equipment and knowledge passed by word-of-mouth from other farmers and his own farming knowledge without knowing if these practices were effective or good for the environment. His decision to join the Programme came about from an outreach session organised by SMILE together with the KKTTPS (Koperasi Konsumen Tebing Tinggi Pangkatan Sejahtera). Pak Anam was interested in the RSPO certification that smallholders will be able to achieve by joining the SMILE Programme.

Since joining the programme, Pak Anam has benefitted greatly from numerous trainings that has helped increase his knowledge on sustainable oil palm cultivation. Some of the trainings, taught by experts, which Pak Anam benefitted greatly include:

- Good Agricultural Practices (GAP) on Oil Palm Cultivation
- Group Dynamics
- Basic Fire
- Emergency First Aid
- Free, Prior and Informed Consent (FPIC)
- RSPO Principles and Criteria
- High Conservation Value

The SMILE Programme brings many benefits for farmers like Pak Anam. Firstly, there is an increase in the production of oil palm yields. He now has proper knowledge on Good Agricultural Practices and how it impacts the surrounding environment. Pak Anam has also received additional income from the sale of RSPO certified credits and resulted in an increase in Pak Anam’s income, which consequently has provided him with greater financial security. Pak Anam has also enjoyed being an active participant in the SMILE Programme where he is encouraged to take part in engagements both nationally and internationally to share his experience with other smallholders. The inclusive nature of the SMILE Programme and its focus on implementing scientifically-backed cultivation practices in smallholders has reaped great benefits for Pak Anam and other registered SMILE participants.
Provided salt glycerin, commonly used as a
Supported youths to establish and operate a
Maintaining the operations of micro-entrepreneurs
Baking Skill
Dumai, Indonesia
Continued supporting baking skill as an additional source of income for farmers
• Supported 12 farmers
• 120 chilli trees grown
• IDR17.2 million is the estimated value generated from chilli farming

Goat Farming
Dumai, Indonesia
Continued supporting goat farming as an additional source of income for farmers
• 24 farmers supported
• 175 goats reared since 2019
• IDR50 million is the estimated value generated from goat farming since 2019

Longan Trees
Dumai, Indonesia
Delivered drum units to be used as planters for farmers to grow longan trees
• 15 drum units delivered
• 29 longan trees planted

Parrot Fish
Balikpapan, Indonesia
Donated cash to support parrot fish cultivation farm
• IDR7 million donated

Entrepreneurship/SMEs
Activity Type
Location
Description of Activity
Outcome
Barbershop
Dumai, Indonesia
Supported youths to establish and operate a barbershop
• Approximately 17 customers walk-in daily
• IDR64 million is the estimated value generated from this economic activity

Baking Skill Improvement Class
Jakarta, Indonesia
Supported small business owners to attend a baking class
• 130 attendees

Cassava Chips
Balikpapan, Indonesia
Created a support plan with the Spicy Cassava Chips Trade Association to improve productivity and operations of micro-entrepreneurs
• 3 micro-entrepreneurs selected

Salt Glycerin
Dumai, Indonesia
Provided salt glycerin, commonly used as a fertilizer, to farmers
• 10 farmer groups benefitted
• 100 tonnes of salt glycerin provided

Education
Activity Type
Location
Description of Activity
Outcome
Educational Goods
Dumai, Indonesia
Donated books and learning tools to MTS Nural Islam School, and study chairs to Bunga Tanjung Adult Numeric and Literacy school
• 114 books and 29 learning apparatus donated
• 10 study chairs donated

After-School Enrichment Classes
Marunda, Indonesia
After-school enrichment classes provided for students from community near the Marunda refinery
• 30 students attended

Training for Teachers
Balikpapan, Indonesia
Training for teachers to improve their teaching methods and school curriculum
• 40 teachers attended

Educational Scholarships
Balikpapan, Indonesia
Provided scholarship assistance for high-achieving students from low-income households
• 12 students received scholarships

Math Tuition
Balikpapan, Indonesia
Sponsored weekly after-school math enrichment classes to improve students’ mathematical skills
• 21 students attended these classes regularly from January to December 2022

School Construction and Investments in Education
Balikpapan, Indonesia
Sponsored the construction of schools
• 2 schools - 1 elementary and 1 junior high were constructed
• 219 students in attendance, 132 at the elementary level and 87 at the junior high level
• IDR748 million invested in 2022 for the construction, management and maintenance of the schools
Environment

AAJ Marunda Refinery was recognised with a certificate of appreciation in November 2022 from the Jakarta Government Parks and Forestry Department at the Jakarta Collaboration Festival, attended by the Governor of Jakarta.

Activity Type | Location | Description of Activity Outcome | Activity Outcome
--- | --- | --- | ---
Mangrove Planting | Dumai, Indonesia, Jakarta, Indonesia | Participated in planting mangroves as they provide numerous benefits to the surrounding ecosystems and protect water quality | 5,000 mangrove trees planted
Mangrove Conservation Workshop | Balikpapan, Indonesia | Supported a workshop on the importance of mangrove conservation | IDR2 million donated, 50 participants from youth groups and local NGOs attended

Our Next Steps

Moving forward, we will continue to invest in the local communities through various initiatives focusing on local economic development, health and well-being, education, and infrastructure. Apical is committed to providing support through donations and sponsorships for under-privileged members of society where it aligns with our community empowerment targets. Our specific targets for 2023 are summarised in the table below.

Beyond providing monetary aid, we will also continue to collaborate with local agencies and community heads and explore more ways to uplift the needs of the communities and smallholders. By including the needs of our beneficiaries and tailoring the appropriate support, this approach highlights our focus to foster inclusivity. We want to empower all segments of society to play more proactive roles in shaping a sustainable future.

Activity Type | Targets | Goals
--- | --- | ---
Education | Increase the performance of the Programme for International Student Assessment (PISA) by 20% from baseline levels | Conduct training for 40 teachers via aPItAR, Provide reading books and learning materials for 800 students, Aim to support 5 schools in total
Health | Reduce stunting cases by 30% from the baseline in recipient villages | Conduct BBC training to 40 posyandu cadres, Aim to provide outreach trainings on stunting for 4 villages, Provide nutritional foods to reduce stunting incidences for 150 infants
Empowerment | Increase the income of beneficiaries by 20% from baseline levels by 2030 | Aim to support 10 groups of farmers, women and microenterprises, 4 villages, and 130 people through capacity building, and providing assistance on improving their business plans
Sustainable Living Villages | Support 30 villages through Sustainable Living Village by 2030 | Develop livelihood models and deploy them in 6 targeted villages once baseline studies are conducted
Social | Improve the livelihoods of villagers living near refineries | Provide support to 750 households and 1,500 villagers living near refineries on religious, cultural and social events, Provide support to 5,000 independent smallholders to achieve certification
Supporting smallholders | Support 5,000 independent smallholders to achieve certification | To conduct audit with participation from approximately 1,105 smallholders in North Sumatra and Jambi for RSPO certification

9B. Looking After our People

Management Approach

GRI 3-3

At Apical, we believe that our employees play a critical role in achieving our long-term success. To unlock their potential, we prioritise respecting their rights, acknowledging their abilities, and providing opportunities for their professional development. We aspire to attract and retain the best diverse pool of diversified talents by creating a good work environment that is physically safe for their beings, enriches our employees in mind through their personal development, and offering desirable benefits and compensation.

We strive to cultivate an environment of inclusivity where our fair treatment policy is upheld, and our employees’ values and human rights are respected. We ensure their welfare is provided for through competitive remuneration in line with applicable laws.

Our efforts aim to boost the well-being and creativity of our employees, while fostering an innovative culture within our workforce. Our ultimate goal is to build a long-term mutually beneficial relationship with our employees.

We expect our suppliers to similarly maintain fair employment practices. We hold our suppliers to the same high standards and expect them to uphold fair employment practices.

Our internal policies and the Code of Conduct guide our actions in the domains of:

**RECRUITMENT**

We practice fair and non-discriminatory hiring strategies and recognise the dynamic nature of skill functions across the organisation

**PERFORMANCE MANAGEMENT**

We conduct an annual performance review for all employees and provide tools for employees to develop their talent and skills

**WORKING CONDITIONS**

We provide safe, secure and fair working conditions that enable individuals to thrive

**COMPENSATION AND BENEFITS**

We provide equitable and competitive remuneration packages that are aligned to local and provincial regulations, and adequate provisions for full-time employees to support their well-being.
Employee Profile
GRI 2-7, 401-1, 405-1
By the close of 2022, our total workforce comprise 3,377 full-time employees within our global offices, refineries, and plants. Majority of our personnel (approximately 75%) are permanent employees, with the remaining 25% as our temporary employees. 88% of our permanent employees are based in Indonesia, where most plants are located. Apical does not hire part-time employees or workers due to the nature of our business.

Gender diversity of full-time employees

<table>
<thead>
<tr>
<th></th>
<th>Total Employees</th>
<th>Permanent Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3,377</td>
<td>2,773</td>
</tr>
<tr>
<td>Total Employee</td>
<td>2,546</td>
<td>19%</td>
</tr>
<tr>
<td>Total</td>
<td>831</td>
<td>14%</td>
</tr>
<tr>
<td></td>
<td>88%</td>
<td>86%</td>
</tr>
</tbody>
</table>

Full-time employees in Apical by operational country

<table>
<thead>
<tr>
<th></th>
<th>Total Employees</th>
<th>Permanent Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3,377</td>
<td>2,979</td>
</tr>
<tr>
<td>Total Employee</td>
<td>2,546</td>
<td>88%</td>
</tr>
<tr>
<td></td>
<td>831</td>
<td>90%</td>
</tr>
</tbody>
</table>

Total Employee Turnover*

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Country</th>
<th>Total Employee Turnover: 777</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-30</td>
<td>Indonesia</td>
<td>549 (34%)</td>
</tr>
<tr>
<td>31-50</td>
<td>Singapore</td>
<td>35 (24%)</td>
</tr>
<tr>
<td>&gt;50</td>
<td>China</td>
<td>6 (4%)</td>
</tr>
</tbody>
</table>

Total New Employee Hire

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Country</th>
<th>Total Employee Hire in %: 34%</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-30</td>
<td>Indonesia</td>
<td>82 (29%)</td>
</tr>
<tr>
<td>31-50</td>
<td>Singapore</td>
<td>64 (35%)</td>
</tr>
<tr>
<td>&gt;50</td>
<td>China</td>
<td>1,024 (34%)</td>
</tr>
</tbody>
</table>

There are 1.4% variation in the employee numbers reported in 2022 compared to during and between prior reporting periods. We had experienced a relatively higher turnover, among employees between aged 18-30 of our employees in Malaysia. While we understand that employees depart from the company for various reasons, we actively seek the opinions of departing employees to improve our human resource policies and hiring practices. Overall, Apical’s employee size has remained constant with a growth of 1.44% in 2022.

* Employee turnover data in percentage is calculated using the total number of employees in each location where Apical operates in.

* New employee hire data in percentage is calculated using the total number of employees in each location where Apical operates in.
Fair wages and Employee benefits
GRI 202-1, 202-2, 401-2, 401-3, 405-2

Apical ensures our employees receive salaries above the local and provincial regulations’ minimum wage requirements. We review our compensation packages annually against the cost of living, national labour regulations in countries where we operate, and against compensation from those of our peers to ensure they remain competitive. We also ensure that our compensation is internally equitable according to one’s workload, scope of responsibility, complexity and level of work. When assessing an individual’s performance, it is assessed against Apical’s balance scorecard of quality, productivity, cost effectiveness, core values, sustainability and long-term growth. Across our operations, the pay gap between gender is at parity, except for Medan, Indonesia where male employees earn 3% more than female employees. Our workers’ basic salaries are not based on gender, and any variation in employee base pay is determined by factors such as educational background, skills, nature of the job and experience.

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

<table>
<thead>
<tr>
<th>Region / Country</th>
<th>Currency</th>
<th>Monthly Legal Minimum Wage</th>
<th>Lowest Monthly Wage</th>
<th>Ratio&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dumai, Indonesia</td>
<td>IDR</td>
<td>3,414,160 3,414,160</td>
<td>1:1 1:1</td>
<td></td>
</tr>
<tr>
<td>Marunda, Indonesia</td>
<td>IDR</td>
<td>4,490,168 4,490,168</td>
<td>1:1 1:1</td>
<td></td>
</tr>
<tr>
<td>Tg Balai, Indonesia</td>
<td>IDR</td>
<td>2,829,107 2,915,517</td>
<td>1:1 1:1.03</td>
<td></td>
</tr>
<tr>
<td>Bagendang, Indonesia</td>
<td>IDR</td>
<td>3,014,732 3,014,372</td>
<td>1:1 1:1</td>
<td></td>
</tr>
<tr>
<td>Padang, Indonesia</td>
<td>IDR</td>
<td>2,512,539 2,550,000</td>
<td>1:1.01 1:1</td>
<td></td>
</tr>
<tr>
<td>Medan, Indonesia</td>
<td>IDR</td>
<td>3,370,645 3,370,645</td>
<td>1:1.03 1:1</td>
<td></td>
</tr>
<tr>
<td>Balikpapan, Indonesia</td>
<td>IDR</td>
<td>3,118,397 3,145,114</td>
<td>1:1.01 1:1</td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>EUR</td>
<td>1,167 1,597 1,597</td>
<td>1:1.37 1:1</td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>MYR</td>
<td>1,500 2,800 2,800</td>
<td>1:1.87 1:1</td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>SGD</td>
<td>Nil 3,800 3,800</td>
<td>Nil Nil</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>RMB</td>
<td>2,280 2,590 2,580</td>
<td>1:1.14 1:1.13</td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> The cost of living determines the minimum wage levels, considering the prices of local goods, services, and other living expenses.

<sup>b</sup> Ratio = Monthly legal minimum wage / Apical’s lowest month wage (male or female).

Workers in Balikpapan, Dumai, Tanjung Balai and Padang receive a Decent Living Wage remuneration, sufficient to afford a decent standard of living for the worker and her or his family.
Apical also made sure to offer relevant and desired employee benefits to our permanent and temporary employees, examples were:

- **Parental Leave**
  - Permanent and temporary employees
- **Medical Insurance**
  - Permanent and temporary employees
- **Dental and Optical Care**
  - Permanent and temporary employees
- **Transport Allowance**
  - Permanent employees in Indonesia only
- **Retirement Provision**
  - Permanent and temporary employees that are non-expatriates, below aged 60 in Malaysia
  - Permanent and temporary employees that are non-expatriates in Singapore

We review our benefits programme annually and will adjust accordingly when it is required.

**Parental Leave**

Apical is committed to providing a family-friendly workplace and support all parents on their parenting journey with necessary resources such as providing parental leave. We have achieved at least 86% rate of return to work as well as 67% retention rate after parental leave with 100% rate of return to work in Indonesia and Malaysia. To increase retention, we plan to review Apical's employee benefits regularly to ensure employee welfare is addressed, provide training to develop and upskill our employees, and review our compensation and benefits including reward systems for top-performing staff.

### Table: Parental Leave (Maternity & Paternity)

<table>
<thead>
<tr>
<th>Item</th>
<th>Indonesia</th>
<th>Malaysia</th>
<th>China</th>
<th>Singapore</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gender</td>
<td>Total</td>
<td>Gender</td>
<td>Total</td>
<td>Gender</td>
</tr>
<tr>
<td>Parental Leave (Maternity &amp; Paternity)</td>
<td>Male</td>
<td>Female</td>
<td>Total</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Total number of employees that were entitled to parental leave</td>
<td>2,529</td>
<td>450</td>
<td>2,979</td>
<td>53</td>
<td>64</td>
</tr>
<tr>
<td>Total number of employees that took parental leave</td>
<td>188</td>
<td>18</td>
<td>206</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>
| Returned to Work
  - Total number of employees that returned to work in the reporting period after parental leave ended | 188 | 18 | 206 | 1 | 2 | 3 | 0 | 0 | 0 | 0 | 0 | 5 | 1 | 6 |
  - Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work | 181 | 16 | 197 | 1 | 1 | 2 | 0 | 0 | 0 | 0 | 0 | 5 | 1 | 6 |
| Rate
  - Return to work rate | 100 | 100 | 0 | 0 | 0 | 86 |
  - Retention rate | 96 | 67 | 0 | 0 | 0 | 100 |
Freedom of Association and Trade Union Membership

By establishing or joining labour unions, our employees have the right to freedom of association and collective bargaining. In Indonesia, this is mandated by Law No. 21 of 2000 Concerning Trade Union/Labour Union, which is aligned with the International Labour Organisation Convention No. 98 on the freedom of organisation and collective bargaining. 68% of our staff members were covered by collective bargaining agreements as of 2022. In addition, our Human Resources department regularly engages our employees and union representatives.

11 Apical does not disclose Board member breakdown by age group as company is not publicly-listed.
**Inclusive Progress**

**Child Labour**

We firmly prohibit the use of any form of child labour in our operations and comply to local employment laws. All of our staff members are at least 18 years old, and new applicants must declare and verify their age before being hired. We are aware that there is a chance that kids will help out family members on plantation sites. To mitigate this risks, our direct suppliers must go through our engagement and assessment procedure to comply with Apical’s policy against child labour.

**Training and Development**

GRI 404-1, 404-2a, 404-3

At Apical, we go beyond taking care of our employees to investing in their growth within the company. It is important that we invest in the growth of our employees by providing upskilling opportunities and equipping them with important skills to safeguard their future employability. We also recognise the efforts of our employees and aim to develop their career during their time in Apical.

Training and development of our employees is key to talent retention, engagement, and employee experience. Apical provide on-the-job training and courses customised to the employees’ level of experience and functional expertise. Through these trainings, we believe employees will be more engaged and productive.

All new hires are required to complete an on-boarding and orientation programme on our core values and code of conduct. We also provide general technical training programmes on topics such as first aid, food safety, certification, and industry standards. Of these technical training programmes, the Driving License Process (DLP) provides our operations and maintenance teams with the knowledge and experience to perform their jobs with excellence. For our jetty personnel, we organised programmes such as the International Ship and Port Facility Security (ISPS) Code training course to provide them with an understanding on meeting the standards. At several of our sites, we also offer International Maritime Organisation training to upskill employees to respond to oil spillages; Occupational Health and Safety of Forklifts for forklift operators; and General and Chemical Occupational Health and Safety to help staff manage and act on potential hazards in the workplace.

---

**Locations of Operation**

<table>
<thead>
<tr>
<th>Locations of Operation</th>
<th>Employee Category</th>
<th>Average number of training hours provided to employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td><strong>Group Level</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>9.86</td>
<td>13.29</td>
</tr>
<tr>
<td>Non-executive</td>
<td>9.93</td>
<td>12.75</td>
</tr>
<tr>
<td>Junior management</td>
<td>11.17</td>
<td>23.43</td>
</tr>
<tr>
<td>Middle management</td>
<td>10.47</td>
<td>13.45</td>
</tr>
<tr>
<td>Senior management</td>
<td>4.08</td>
<td>5.35</td>
</tr>
<tr>
<td><strong>Indonesia</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>9.48</td>
<td>9.74</td>
</tr>
<tr>
<td>Non-executive</td>
<td>9.70</td>
<td>10.15</td>
</tr>
<tr>
<td>Junior management</td>
<td>7.32</td>
<td>5.00</td>
</tr>
<tr>
<td>Middle management</td>
<td>8.10</td>
<td>4.25</td>
</tr>
<tr>
<td>Senior management</td>
<td>5.30</td>
<td>0.67</td>
</tr>
<tr>
<td><strong>Malaysia</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>21.26</td>
<td>42.89</td>
</tr>
<tr>
<td>Non-executive</td>
<td>22.53</td>
<td>51.61</td>
</tr>
<tr>
<td>Junior management</td>
<td>29.83</td>
<td>74.67</td>
</tr>
<tr>
<td>Middle management</td>
<td>28.27</td>
<td>11.64</td>
</tr>
<tr>
<td>Senior management</td>
<td>7.38</td>
<td>8.83</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>0.07</td>
<td>0.18</td>
</tr>
<tr>
<td>Non-executive</td>
<td>0.09</td>
<td>0.20</td>
</tr>
<tr>
<td>Junior management</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Middle management</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Senior management</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Singapore</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>8.74</td>
<td>10.69</td>
</tr>
<tr>
<td>Non-executive</td>
<td>43.00</td>
<td>18.00</td>
</tr>
<tr>
<td>Junior management</td>
<td>18.00</td>
<td>4.50</td>
</tr>
<tr>
<td>Middle management</td>
<td>0.18</td>
<td>18.00</td>
</tr>
<tr>
<td>Senior management</td>
<td>0.63</td>
<td>5.14</td>
</tr>
<tr>
<td><strong>Spain</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>26.60</td>
<td>24.80</td>
</tr>
<tr>
<td>Non-executive</td>
<td>26.53</td>
<td>10.95</td>
</tr>
<tr>
<td>Junior management</td>
<td>32.37</td>
<td>26.68</td>
</tr>
<tr>
<td>Middle management</td>
<td>22.43</td>
<td>34.61</td>
</tr>
<tr>
<td>Senior management</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>
In addition to providing a whole suite of training for our employees, we are committed to growing our employees in their career by charting out their Individual Development Plan (IDP) yearly. Employees and managers will discuss the strengths and areas of development as well as career aspirations of the employee. The purpose of this joint IDP exercise is to encourage employees to take ownership of their own development and for managers to guide them so that they can be more engaged, productive and have a long and meaningful career with the company. For performance assessment, it is a yearly cycle, starting from goal setting, mid-year review and year end closing. All employees are required to set KPIs for the year and these will be monitored throughout the year. At the end of the calendar year, we will review the results achieved against the KPIs set to determine the performance ratings. In 2022, 91% of total employees, who joined before 1 October 2022, received a regular performance and career development review.

<table>
<thead>
<tr>
<th>Locations of Operation</th>
<th>Employee Category</th>
<th>Percentage of employees receiving regular performance and career development reviews</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Male</td>
</tr>
<tr>
<td>Group Level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>91%</td>
<td>90%</td>
</tr>
<tr>
<td>Non-executive</td>
<td>91%</td>
<td>90%</td>
</tr>
<tr>
<td>Junior management</td>
<td>88%</td>
<td>80%</td>
</tr>
<tr>
<td>Middle management</td>
<td>90%</td>
<td>91%</td>
</tr>
<tr>
<td>Senior management</td>
<td>93%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Our Assessment Centre augments this process by assessing the employee’s soft skills and competencies and plan for their career development and progression. Each employee will have their own customised plan for upskilling. We continued to invest in our employees’ development by subscribing to the Workday Learning platform. As an all-in-one talent management platform, Workday allows our employees to profile their strengths, master new skillsets and attend informative courses. We supplemented the resources available on the Workday platform by uploading courses tailored to our business needs.

In 2022, we held Apical Share and Learn sessions with internal speakers on topics such as “Palm Oil as a healthy dietary oil”, “Business Dynamics for the palm oil business” and “Apical’s Biodiesel business and recent response to Domestic Mandatory Obligation (DMO) programme” to bring our employees up to speed with our latest business developments.

To support all our managers, newly promoted managers as well as soon-to-be promoted managers on their leadership journey, we have designed a global manager training programme covering topics like procurement, supply chain, finance, management skills, HR, quality, product and cost. It was designed to equip our managers with relevant knowledge and skills to be effective and successful in their roles.

Apical Kuala Lumpur conducted 6 different courses for 234 employees in 2022 to improve office productivity, critical thinking, leadership, and communication skills.

1. Six thinking hats - Critical thinking skills
2. Microsoft excel beginner - Excel skills
3. Incoterms - Shipping procedures and documentations
4. Effective Communication Practices - Communication skills
5. LEAN Six Sigma Yellow Belt - Productivity
6. New Joiners Orientation

In our Malaysia office, we conducted seven in-house training for employees. This is in addition to self-enrolled courses that were approved by their Head of Departments and paid for by the company. The ‘Incoterms 2020’ training was the most well-received with 60 attendees from various departments such as shipping operations, oleochemicals, functional fats and finance department. Our shipping, contract and sales admin employees learnt about Incoterms 2020 version and understood the responsibilities of buyers and sellers for the delivery of goods under sale contracts. The training helped our staff to specify who is responsible for paying for and managing the shipment, insurance, documentation, customs clearance, and other logistical activities. In 2023, the Malaysia office intends to conduct Microsoft Excel Intermediate courses to further develop our employee’s data analytics skills.

Safety, Health and Well-being
GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 403-10

The health and safety of our employees are our utmost priority at Apical. We have established an Occupational Health and Safety Management System (OHSMS) to promote work safety, prevent accidents, improve the work environment, and maintain employee health. In Indonesia, the system has been implemented in accordance with the national regulation No 50 Year (2012), PERMEN 05 Tahun 2018 tentang Keselamatan dan Kesehatan Kerja Lingkungan Kerja,UU No. 1 /1970 about Occupational Health and Safety, UU No. 13 / 2003 about Employment and PP No. 50 / 2012 about Occupational Health and Management System. The system covers all our workers, activities, and workplaces. Similarly, the OHS systems of our facilities in China is implemented based in accordance with local regulations - the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases, while Spain is in accordance with the European and National regulations related to several subjects such as occupational health and safety prevention, health control, and coordination of business activities with subcontractors and on the other hand in accordance with the voluntary standard ISO 45001:2018 occupational health and safety management system.
We have appointed licensed Apical personnel in Indonesia to carry out hazard identification, risk assessment and risk control (HIRADC) for all operations on both an annual and ad hoc basis. These licensed personnel have completed the nationally recognised OHS Expert Training course. The HIRADC process includes the following steps:

1. Identify all activities or processes in the plant from the start to the end
2. Identification of hazards and risks of each stage of the process
3. Calculating the level of risk (based on severity and likelihood)
4. Determine mitigation measures using the risk control hierarchy
5. The preparation of HIRADC involves all parties who have competence and understand the refinery production process

The results of HIRARC procedures are used to identify measures that reduce workplace hazards. 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 also required to undergo safety briefings and OHS trainings, including first aid, hazardous material handling and firefighting. Within our own refineries, we require health and safety managers to organise regular fire prevention trainings and conduct routine checks on all fire equipment. For SDO (M), policies like SOP-SDO-HSE 008 (Emergency Conditions and Evacuation) and IK SDO HSE 010 about Emergency Conditions were implemented to ensure effective evacuation procedures. In 2022, there are zero fire incidents in all our facilities, and we achieved 100% implementation of Hot Work Permit.

As part of Apical’s OSH Management System Policy and emergency, preparedness, we enroll our employees in firefighting and first aid trainings to equip them with the necessary skills should any hazards, including fire-related ones, take place at work sites.

At our facilities located in Dumai, we conduct annual training for all 160 employees on basic firefighting skills, fire-fighting safety and fire drill safety evacuation. A total of 103 employees were trained for first aid training to ensure all employees are well-prepared to respond to any incidents. In AAJ Marunda, similar trainings on fire and evacuation drills and proper fire hydrant use was conducted to employees in 2022.

We provide appropriate PPE such as helmet, safety goggles and full mask respirator to minimise the risk of injury among employees. We also regularly disseminate health and safety information to our workers through safety talks, notice board bulletins and messaging platforms like WhatsApp. At our SDS refinery, daily safety patrols and inspections are conducted.

Workers are also given the authority to stop work should they feel unsafe. At SDO (M), we have a near miss observation card reporting system. Workers can file a report and provide details of the hazard and the actions taken to mitigate it.

Employee-driven culture of continuous improvement

To create a sense of responsibility for ensuring excellence in product quality and operational safety, we actively include employees in our efforts to foster a culture of innovation and safety among employees. Our SDS and SDO (D) plants developed the Opportunity for Improvement (OFI) programme for employees to pitch ideas that enhance product quality or operational safety.

Ideas or recommendations that improve product quality are considered as a Quality Opportunity for Improvement (QOFI), while recommendations that enhance operational safety are considered as a Safety Opportunity for Improvement (SOFI). Both QOFI and SOFI recommendations are evaluated against our modified impact-effort matrix, which assesses employee submissions based on their potential impact, cost of implementation and probability of success. Following a review by our top management, employees who submitted the best QOFI and SOFI for the month will be awarded IDR500,000. In 2022, we gave out a total of 13 best SOFI QOFI awards.

In addition, we have set up a Health & Safety (H&S) Committee in every refinery in Indonesia to oversee the implementation of our OHS management system. The committees are comprised of representatives from different operating units and are made up of managerial and non-managerial staff. They meet once a month and are responsible for reviewing the status of workplace H&S, gathering employee feedback, and disseminating the latest H&S information. The regular feedback provided by committees helps us refine our OHS system. Employees are also encouraged to report any work-related hazards and hazardous situations to their respective unit representative in the H&S committee. To ensure that workers are protected from reprisals, retaliation against anyone who raises concerns will result in disciplinary action up to and including termination of employment. These reports are discussed among H&S committee members, who will then decide on an appropriate action. All work-related incidents will be investigated by a dedicated H&S Officer, who is responsible for ensuring the implementation of OHS procedures and the overall regulatory compliance of the facility. Depending on the severity of the incident, the H&S Officer may call for a meeting with the committee within 24 hours, before developing measures to mitigate and prevent recurrences.
All suppliers and business partners are required to complete a checklist to ensure their compliance with our labour and safety rules before their first visit to our sites. In addition, we will conduct a safety induction and provide mandatory PPE for business partners before entering our work areas. Apart from managing the contractors who work on our sites, we also regularly engage with our suppliers to ensure that they meet our OHS standards. For more information, see the section on Working with Suppliers.

A high-consequence injury is defined as an injury from which a worker cannot fully recover within six months. Regrettably, there were two incidents that were reported in 2022. The first incident involved an employee at the KCP plant injured his hand while cleaning the medium suction air cyclone machine. We carried out an investigation and will be installing a cover guard in the rotating engine areas as well as socialising all employees on updated SOP for the machine.

The second incident involved a laceration of a contractor’s right toe at the KCP plant. Apical investigated and will be creating detailed work instructions for cleaning buffer tank, conduct general and specific area inspection and socialise all employees on updated SOP when cleaning buffer tank. We are deeply saddened to report that there was one fatality in 2022. This incident was caused by the fall of a forklift on the driver’s leg. Apical will install roadside guardrail, ensure only operators with operation permit or license can operate the equipment, carrying and socially all employees on updated SOP for the machine.

All workers including contractors in all facilities are covered by an occupational health and safety management system. Some of the common work-related ill health are respiratory-related issues, skin and eye irritation, body aches as well as hearing issues. Our employees have access to healthcare services through their employee medical insurance and medical cards. In Indonesia, employees can visit clinics covered under the Badan Penyelenggara Jaminan Sosial (BPJS) Insurance Scheme, a mandatory scheme by law. These clinics are located near our operations and can be easily accessed by our employees during and after working hours. Employees in Spain and China are entitled to similar medical coverage. All our employees are offered a health screening prior to joining Apical, and annually thereafter. In 2022, we had two cases of recordable work-related ill health relating to respiratory issues and limb pain and zero fatalities relating to ill health. We have taken the following actions to eliminate hazard and minimise risk:

- Use of proper PPE
- Monitoring air quality and installing blowers
- Process improvement to cut potential hazard
- Providing respiratory emergency equipment (SCBA, Oxycane)
- Routine maintenance of piping, equipment, and facilities
- Health preventive planning & hygiene risk assessment

<table>
<thead>
<tr>
<th>RECORDABLE WORK-RELATED INJURIES</th>
<th>Employees</th>
<th>Contractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Rate per million hours worked</td>
<td>1.69</td>
<td>1.07</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FATALITIES AS A RESULT OF WORK-RELATED INJURIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fatalities: Work-Related Injuries</td>
</tr>
<tr>
<td>Number</td>
</tr>
<tr>
<td>Rate per million hours worked</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HIGH-CONSEQUENCES WORK-RELATED INJURIES (EXCLUDING FATALITIES)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-Consequences: Work-Related Injuries</td>
</tr>
<tr>
<td>Number</td>
</tr>
<tr>
<td>Rate per million hours worked</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LOSS DAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss Day: Work-Related Injuries</td>
</tr>
<tr>
<td>Total Number of Loss Day</td>
</tr>
<tr>
<td>NEAR MISSES</td>
</tr>
<tr>
<td>Total Number of Near Misses</td>
</tr>
<tr>
<td>TOTAL NUMBER OF HOURS WORKED</td>
</tr>
</tbody>
</table>
INCLUSIVE PROGRESS

Our Programme/Initiatives

<table>
<thead>
<tr>
<th>Employee-related activity</th>
<th>Location</th>
<th>Description of Activity</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity for Improvement Programme</td>
<td>SDS and SDO (D)</td>
<td>The programme encouraged employees to pitch ideas that enhance product quality or operational safety.</td>
<td>13 best SOFI/QOFI awards were given</td>
</tr>
<tr>
<td>Health seminars</td>
<td>SDS and SDO (D)</td>
<td>• Health seminars with Graha Yasmin Hospital on Lung disorders in workers. • Health seminars with Puskesmas Sungai Sembilan on Occupational Health for Women.</td>
<td>• 33 attendees • 21 attendees</td>
</tr>
<tr>
<td>Personal development training</td>
<td>Kuala Lumpur, Malaysia</td>
<td>Conducted courses on office productivity, critical thinking, leadership, and communication skills.</td>
<td>Conducted 6 different courses for 234 attendees</td>
</tr>
<tr>
<td>First-aid training session</td>
<td>Dumai, Indonesia</td>
<td>Acquire basic knowledge on first aid.</td>
<td>103 people trained</td>
</tr>
<tr>
<td>Basic fire training</td>
<td>Dumai, Indonesia</td>
<td>Acquire basic knowledge on fire prevention, suppression and fire fighting.</td>
<td>160 people trained</td>
</tr>
<tr>
<td>Team building event</td>
<td>Dumai, Indonesia</td>
<td>Organised a team building event with three different type of CSR activities for 79 employees.</td>
<td>79 people attended</td>
</tr>
</tbody>
</table>

Team Work, Makes the Dream Work

Apical Group held a team building event with key personnel across all operations in June 2022. 79 employees were involved in CSR activities, 24 at Mangrove tree Planting, 22 at Community School, 21 Dumai Local Communities and the remaining 11 participants joined the Plant Tour at SDS.

Our Next Steps

In 2023, we will continue to secure benefits and the health, safety and well-being of our people as they are key to our successful business and smooth operations. We will continue to target zero fatalities, occupational illness, and work-related injuries in the future, which entails regularly training our employees and reviewing our OHS framework to update our protocols and guidelines.

We will continue to engage our employees by celebrating several cultural events such as Chinese New Year, Eid, and Christmas.

Definition of material issues

GRI 3-2, 3-3

GOVERNANCE

Board and Executive Compensation, Independence and Diversity

Compensation, accountability, independence, and gender diversity of the company’s board and senior management in addition to sustainability governance and incentives.

Business Ethics

Organizational standards governing the actions and behaviour of individuals (e.g., prevention of anti-competitive practices; working against corruption; extortion, money-laundering, and bribery) to ensure that business principles and integrity are upheld.

Compliance

Compliance is either a state of being in accordance with established laws, regulations, standards and ethical practices that apply to the organization, or the process of becoming so.

Anti-Corruption

Commitment to avoid or eliminate corruption, extortion, and bribery, including requiring high compliance standards, within the company’s global operations and supply chain.

Zero-tolerance Conduct / Grievance Mechanisms

Culture of zero tolerance towards bad conduct (internally or externally) and that employees feel free to speak up without fear or retaliation, including setting up formal channels (e.g., whistle-blower channels) for employees, contractors, and third-partied to report on issues.

Access to Remedy

Ability to take appropriate steps to ensure that if a human rights abuse occurs in the supply chain, victims have access to effective grievance mechanisms (mechanisms that are legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on dialogue and engagement).

Systemic Risk Management

Assessing and managing financial and business risk throughout the entire company system to prevent major disruptions that may harm economies and societies at large (e.g., financial crisis).

Transparency

Disclosure of information regarding labour, health and safety, environmental practices, business activities, structure, financial situation, and performance, in accordance with applicable regulations and prevailing industry practices.
ENVIRONMENT

GHG Emissions
The emission into the earth’s atmosphere of any of various gases (water vapour, carbon dioxide, methane, nitrous oxide, and ozone) that contribute to the greenhouse effect. Any targets, programmes, or resources dedicated towards decarbonization, and carbon neutrality also fall into this category, in addition to air pollution control.

Climate Change Strategy
Efforts to develop strategies to mitigate and adapt to climate change (e.g., renewable energy procurement); as well as efforts to manage the impacts of climate change across the company’s value chain. This would also cover the efficient use of natural resources.

Deforestation
Encouraging management practices to avoid deforestation across company’s value chain. This includes company’s commitment to removing commodity-driven deforestation from its supply chains, in addition to remediation, recovery, and/or restoration of forest loss.

Water Use
Implementation of a systematic approach conserve, reduce use of, and reuse water in company operations and supply chain, and to stimulate water conservation within its sphere of influence.

Waste
Implementation of a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle waste. This also refers to the management of materials and waste throughout the product lifecycle – extracting maximum value whilst in use, and recovering and regenerating materials at the end of each service life – in order to realise the full business and environmental value of material inputs.

Biodiversity
Company operations can have adverse impacts on local ecosystems (e.g., forests) through consumption of raw materials and land use, especially where operations are sited in biologically sensitive areas. Companies can also undertake conservation efforts to monitor biodiversity loss, promote reforestation, etc.

EMLOYEES

Diversity and Inclusion
A workplace where all employees are treated with dignity and fairness, without discrimination in employment based on gender, ethnicity, religion, nationality and sexual orientation.

Employee Health, Safety and Well-being
Managing the risk of employees and workers’ safety and improving their health and wellness, including relevant trainings, insurance programmes and initiatives to improve work-life balance.

Training and Development
Efforts to provide employees with training and practices on innovative business systems to allow for promotion within the company and/or advancement externally.

Compensation and Benefits
Payment an employee receives for services renders and extra incentives offered by the company to its employees, including legally required benefits.

Freedom of Association
The right of all workers to form and join trade unions of their own choosing, to bargain collectively, and to engage in peaceful assembly, as well as respect the right of workers to refrain from such activities.

Empowering Communities
Process of diversification and enhancement of economic and social activity on a local scale in a territory where the company is operating / sourcing, with the aim of improving resilience and enhancing livelihoods.

Supporting Human Rights
Approaches, policies, and due diligence processes that enable directing finance to avoid harm to human rights at a minimum, and to maximise the potential in fulfilling human rights.
**Sustainable Agriculture**
Maintaining sustainable agriculture practices with regard to the company’s direct suppliers, contract animal producers, and feed grain growers. This involves understanding the impact of agricultural operations on the environment and local communities, and making conscious efforts to mitigate potential negative impacts. This category also entails efforts to develop innovative technologies and products that mitigate and adapt to climate change.

**Labour Standards in the Supply Chain**
Efforts to eliminate all forms of forced and compulsory labour, such as child labour and human trafficking; affirm employees’ right of freedom of association and recognition of the right to collective bargaining; ensure occupational health & safety of workers and the humane treatment of workers in the supply chain.

**Supply Chain Traceability and Transparency**
Traceability refers to a company’s ability to track the movement of products along its supply chain, while transparency refers to the disclosure of clear traceability information to consumers and stakeholders. Companies can leverage technological monitoring approaches (e.g. remote sensing, satellite imagery, etc.) to identify risk hotspots and achieve traceability and transparency.

**Supplier Diversity & Inclusiveness**
Efforts to diversify company procurement relationships and integrate traditionally underrepresented groups, such as women-owned businesses or local community businesses.

**Serving Smallholder Farmers**
Collaborative efforts to overcome challenges and effectively serve smallholder farmers, with the aim of improving their livelihoods.

---

**Stakeholder Engagement**
GRI 2-29

Apical received the "TOP ACHIEVER" Award for "Stakeholder Management"

We work closely with different stakeholder groups to enable Apical to systematically identify, analyze, plan and implement our sustainability commitments. Our stakeholders are vital in ensuring the needs of key business partners, civil groups, NGOs, communities and our customers are met. Our method of stakeholder engagement emphasizes inclusivity as we maintain to involve our stakeholders regularly on relevant topics. Our key stakeholders have been identified based on their experience, relevance and impact to Apical. We value the feedback from our stakeholders as we believe their opinions are key to generating sustainable value that benefits everyone in the value chain.

<table>
<thead>
<tr>
<th>Stakeholder Groups</th>
<th>Engagement Method &amp; Frequency</th>
<th>Topics &amp; Concerns Raised</th>
<th>Apical’s Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers &amp; Consumers</td>
<td>One-on-one communication (periodic)</td>
<td>Apical’s sustainability commitments, initiatives and progress to achieve policy commitments</td>
<td>Engaged with more than 10 major customers mainly on requests for traceability information, inquiries on grievance matters related to our supply chain and information on our sustainability activities. Customers how have a clearer understanding of our sustainability progress, challenges and targets</td>
</tr>
<tr>
<td></td>
<td>Conference calls (regularly)</td>
<td>Updates to traceability and customer data requirement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sustainability Report (annually)</td>
<td>Grievances on Apical’s operations and/or suppliers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Presentations and meetings (ad-hoc)</td>
<td>Partnerships and collaborations on joint community/conservation projects</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Apical Website (ad-hoc)</td>
<td>Service improvements for customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Apical Sustainability Dashboard (ad-hoc)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Survey (periodically)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Materiality Assessment (every 2-3 years)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consumer Focus Group Discussions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PRODUCTS AND SERVICES**

**Product Quality and Safety**
Products should be safe for consumers and manufactured in a way that meets appropriate quality assurance standards, suitable certifications, and applicable regulations.
### MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT

#### Stakeholder Groups

**Banks & Financial Institutions**
- 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)
- Bankers roadshow (ad-hoc)

**Civil Society Groups**
- 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)
- Site visits (ad-hoc)
- Multi-stakeholder forums (regularly)

**Industry groups, trade associations and certification bodies**
- One-on-one meetings (regularly)
- Multi-stakeholder forums (regularly)
- Sustainability Report (annually)
- Apical Website (ad-hoc)
- Apical Sustainability Dashboard (ad-hoc)
- Survey (periodically)
- Materiality Assessment (every 2-3 years)
- Multi-stakeholder forums and events (regularly)

#### Engagement Method & Frequency

- Topics & Concerns Raised
- Apical’s Response

#### Topics & Concerns Raised
- Apical’s sustainability commitments, initiatives and progress
- Apical’s financial performance
- Grievances
- Collaborated with the Earthworm Foundation to establish a smallholder cooperative pilot project in East Kalimantan with the aim of obtaining ISPO certification
- Engaged with NGOs on the resolution of grievance cases

#### Apical’s Response
- Provided information on our sustainability policy and commitments, programmes and progress on our targets
- Provide update on past and ongoing grievance cases and clarity on cases based on information published online

### MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT

#### Stakeholder Groups

**Employees**
- Annual appraisals and PRP
- Townhall meetings (annually)
- Major festival celebrations (annually)
- HR training programmes (ongoing)
- Apical Website (ad-hoc)
- Apical Sustainability Dashboard (ad-hoc)
- Materiality Assessment (every 2-3 years)

**Apical’s Response**
- Workforce 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 the Code of Conduct and TOPICC core values
- Continued to communicate our Sustainability Policy to employees internally through presentations
- Assembled a Taskforce for Apical2030 to incorporate employee inputs during target-setting
- Conducted sharing session related to Science-based targets and the NPC Impact Assessment Framework

### ABOUT APICAL InCLUSIvE PROGRESS 2022

#### MATERIALITY ASSESSMENT

- Traceability verification
- Palm oil certification
- Opportunities for collaboration on landscape level initiatives
- Palm oil certification
- Traceability verification
- Participated in RSPO, ISPO and ISCC certification updates and new requirements
- Provided policy revision feedback 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)

### APICAL2030 HIGHLIGHTS

- Responsive to Science-based targets, initiatives and progress
- Update on NDPE commitments (especially ‘No exploitation’)
- Improvements in transparency
- Traceability updates
- Engaged with NGOs on the resolution of grievance cases

### INNOVATION

- Active participation in the Palm Oil Collaboration Group (POCG) under several work streams such as Active Working Group (AWG), Production and Protection Beyond Concession (PPBC WG), Social Issues Working Group (SIWG), Independent Verification Working Group since 2020

### APICAL2030 HIGHLIGHTS

- Contributed a problem statement for the SEA OIC
- RSPO Membership since 12 August 2011 and Participation in RSPO Annual Roundtable event as a voting member
- Provided information on the implementation of the Code of Conduct and TOPICC procedures, including the Code of Conduct and TOPICC core values
- Contributed to the development of the Code of Conduct and TOPICC core values
- Continued to communicate our Sustainability Policy to employees internally through presentations
- Assembled a Taskforce for Apical2030 to incorporate employee inputs during target-setting
- Conducted sharing session related to Science-based targets and the NPC Impact Assessment Framework
## Materiality Assessment and Stakeholder Engagement

**Local Community**
- Dialogue with community groups and representatives facilitated by our 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)

### Topics & Concerns Raised
- Address community concerns including FPIC
- Ensure the local community reaps the benefits that palm oil brings such as better infrastructure, access to employment opportunities
- Fire prevention

### Apical’s Response
- Prioritised employment opportunities to local communities
- 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**
- One-on-one meetings (ad-hoc)
- Multi-stakeholder forums and events (regularly)
- Consultations (regularly)
- Apical Website (ad-hoc)
- Apical Sustainability Dashboard (ad-hoc)
- Materiality Assessment (every 2-3 years)
- Field visits (regularly)
- Survey (periodically)

### Topics & Concerns Raised
- Compliance with government policies and regulations
- Communications around Apical’s policies and actions in responsible palm oil
- Alignment of Apical’s initiatives with government policies, especially in HCV/ HCS areas and smallholder development

### Apical’s Response
- Provision of updated documents on compliance of Apical and our suppliers

**Suppliers including smallholders**
- Anchor Programmes
- One-on-one communication (ad-hoc)
- Apical Website (ad-hoc)
- Sustainability Report (annually)
- Apical Sustainability Dashboard (ad-hoc)
- Materiality Assessment (every 2-3 years)
- Survey (periodically)

### Topics & Concerns Raised
- 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

### Apical’s Response
- Capacity building to ensure suppliers use best practices when it comes to sustainability in their operations and ensure responsible production, aligned with Apical’s sustainability policy
- Enhances fire prevention measures by cooperating with Asian Agri on its Fire Free Village Programme

**Media**
- Apical Website (ad-hoc)
- Apical Sustainability Dashboard (ad-hoc)
- Events (periodically)

### Topics & Concerns Raised
- Updates on Apical’s sustainability initiatives e.g. SMILE
- Discussion with employees
- Updates to DMO

### Apical’s Response
- Continued engagement for updates to Apical’s sustainability initiatives
- Highlighted benefits of sustainable palm oil
- Ensure availability of cooking oil due to DMO
- Continued engagement through our Anchor Programmes
- Engaged with 3,018 smallholders through our SMILE Programme

**Stakeholder Groups**
- Supplier screening and monitoring

### Topics & Concerns Raised
- Continued supplier engagement through our Anchor Programmes
- Engaged with 3,018 smallholders through our SMILE Programme
- Updates on Apical’s sustainability initiatives
This report has been prepared in accordance with the GRI Universal Standards (GRI 1: Foundation, GRI 2: General Disclosures, GRI 3: Material Topics) and GRI 13: Agriculture, Aquaculture, and Fishing Sector Standards. Several topics in GRI 13 are not relevant to Apical’s operations as a palm oil refinery company hence, not all standards in GRI 13 are reflected below. Where we were not able to the GRI Standards reporting requirements, we have included reasons for omission in the table.

### GRI Standard
<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>GRI Disclosure Number</th>
<th>GRI Disclosure Title</th>
<th>Section References/ Reasons for Omission</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Disclosures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 2: General Disclosures 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-1</td>
<td>Organisation Details</td>
<td>About Apical</td>
<td>8, 10-11</td>
<td></td>
</tr>
<tr>
<td>2-2</td>
<td>Entities included in the organisation's sustainability reporting</td>
<td>Reporting Framework</td>
<td>2</td>
<td>10-11</td>
</tr>
<tr>
<td></td>
<td></td>
<td>About Apical</td>
<td>2-2b to 2-2c: Not Applicable</td>
<td></td>
</tr>
<tr>
<td>2-3</td>
<td>Reporting period, frequency and contact point</td>
<td>Reporting Framework; Point of Contact</td>
<td>2-3</td>
<td></td>
</tr>
<tr>
<td>2-4</td>
<td>Restatements of information</td>
<td>Climate Action – GHG Emissions</td>
<td>Apical has updated data for GHG Emissions, Energy Management and Water Management based on an updated calculation methodology. This provides a more accurate inventory of Apical's environmental data. We utilised the 100-Year Global Warming Potential (GWP) figures for Methane (CH4) and Nitrous Oxide (N2O), which was updated in the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Green Innovation – Energy Management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Green Innovation – Water Management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-5</td>
<td>External assurance</td>
<td>External Assurance</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>
### APPENDIX 1: GRI CONTENT INDEX

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>GRI Disclosure Number</th>
<th>GRI Disclosure Title</th>
<th>Section References/ Reasons for Omission</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Disclosures (cont’d)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 2: General Disclosures 2021 (cont’d)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governance (cont’d)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-18</td>
<td>Evaluation of the performance of the highest governance body</td>
<td>We do not report as we are not a publicly-listed company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-19</td>
<td>Remuneration policies</td>
<td>We do not report as we are not a publicly-listed company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-20</td>
<td>Process to determine remuneration</td>
<td>We do not report as we are not a publicly-listed company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-21</td>
<td>Annual total compensation ratio</td>
<td>We do not report as we are not a publicly-listed company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy, Policies, and Practices</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-22</td>
<td>Statement on sustainable development strategy</td>
<td>President’s Statement</td>
<td>4-7</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Our Approach to Sustainability – Apical2030</td>
<td>19-21</td>
<td></td>
</tr>
<tr>
<td>2-23</td>
<td>Policy commitments</td>
<td>Our Approach to Sustainability</td>
<td>16-40</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inclusive Progress</td>
<td>86-88</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Materiality Assessment and Stakeholder Engagement – Stakeholder Engagement</td>
<td>125-129</td>
<td></td>
</tr>
<tr>
<td>2-24</td>
<td>Embedding policy commitments</td>
<td>Our Approach to Sustainability</td>
<td>16-40</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transformative Partnerships – Engagement through Our Anchor Programmes</td>
<td>49-54</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inclusive Progress – Improving Community and Smallholder Lives</td>
<td>86-102</td>
<td></td>
</tr>
<tr>
<td>2-25</td>
<td>Processes to remediate negative impacts</td>
<td>Our Approach to Sustainability</td>
<td>29-32</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Feedback Channels for our Stakeholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-26</td>
<td>Mechanisms for seeking advice and raising concerns</td>
<td>Our Approach to Sustainability</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Feedback Channels for our Stakeholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transformative Partnerships – Engagement through Our Anchor Programmes</td>
<td>49-52</td>
<td></td>
</tr>
<tr>
<td>2-27</td>
<td>Compliance with laws and regulations</td>
<td>Our Approach to Sustainability – Corporate Governance</td>
<td>22-23, 28-29</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>GRI Disclosure Number</th>
<th>GRI Disclosure Title</th>
<th>Section References/ Reasons for Omission</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Disclosures (cont’d)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 2: General Disclosures 2021 (cont’d)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy, Policies, and Practices (cont’d)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-28</td>
<td>Membership associations</td>
<td>Our Approach to Sustainability – Partnerships, Memberships, and Certifications</td>
<td>33-35</td>
<td></td>
</tr>
<tr>
<td>Stakeholder Engagement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-29</td>
<td>Approach to stakeholder engagement</td>
<td>Our Approach to Sustainability – Materiality Assessment</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Materiality Assessment and Stakeholder Engagement</td>
<td>125-129</td>
<td></td>
</tr>
<tr>
<td>2-30</td>
<td>Collective bargaining agreements</td>
<td>Our Approach to Sustainability – Apical Sustainability Policy</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inclusive Progress – Looking after our People</td>
<td>109-111</td>
<td></td>
</tr>
<tr>
<td>Material Issues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-1</td>
<td>Process to determine material topics</td>
<td>Our Approach to Sustainability – Materiality Assessment</td>
<td>17-18</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Materiality Assessment and Stakeholder Engagement</td>
<td>125-129</td>
<td></td>
</tr>
<tr>
<td>3-2</td>
<td>List of material topics</td>
<td>Our Approach to Sustainability – Materiality Assessment</td>
<td>17-18</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Materiality Assessment and Stakeholder Engagement</td>
<td>121-129</td>
<td></td>
</tr>
<tr>
<td>Governance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board and Executive Compensation, Independence and Diversity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Apical2030 Highlights</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Our Approach to Sustainability – Corporate Governance</td>
<td>22-23, 25-32</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inclusive Progress – Training and Development</td>
<td>112</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Materiality Assessment and Stakeholder Engagement</td>
<td>121-129</td>
<td></td>
</tr>
<tr>
<td>GRI 405: Diversity and Equal Opportunity 2016</td>
<td>405-1</td>
<td>Diversity of governance bodies and employees</td>
<td>405-1: We do not report as we are not a publicly-listed company</td>
<td>104-105, 110</td>
</tr>
</tbody>
</table>
## APPENDIX 1: GRI CONTENT INDEX

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>GRI Disclosure Number</th>
<th>GRI Disclosure Title</th>
<th>Section References/Reasons for Omission</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance (cont’d)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Business Ethics</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Our Approach to Sustainability – Ethics and Compliance</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Materiality Assessment and Stakeholder Engagement</td>
<td>121-129</td>
</tr>
<tr>
<td>GRI 206: Anti-competitive Behaviour 2016</td>
<td>206-1</td>
<td>Legal actions for anti-competitive behavior, anti-trust, and monopoly practices</td>
<td>Our Approach to Sustainability – Ethics and Compliance</td>
<td>28</td>
</tr>
<tr>
<td><strong>Compliance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Our Approach to Sustainability – Ethics and Compliance</td>
<td>28</td>
</tr>
<tr>
<td>GRI 207: Tax 2019</td>
<td>207-1</td>
<td>Approach to tax</td>
<td>Our Approach to Sustainability – Tax Management</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>207-2</td>
<td>Governance, control, and risk management</td>
<td>Our Approach to Sustainability – Risk Management, Tax Management</td>
<td>28-29</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Our Approach to Sustainability – Whistleblowing</td>
<td>32</td>
</tr>
<tr>
<td><strong>Anti-Corruption</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Our Approach to Sustainability – Corporate Governance</td>
<td>25-26</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Our Approach to Sustainability – Ethics and Compliance</td>
<td>28</td>
</tr>
<tr>
<td>GRI 205: Anti-corruption 2016</td>
<td>205-2</td>
<td>Communication and training about anti-corruption policies and procedures</td>
<td>Our Approach to Sustainability – Anti-Corruption and Anti-Bribery</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>205-3</td>
<td>Confirmed incidents of corruption and actions taken</td>
<td>Our Approach to Sustainability – Anti-Corruption and Anti-Bribery</td>
<td>29</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>GRI Disclosure Number</th>
<th>GRI Disclosure Title</th>
<th>Section References/Reasons for Omission</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Zero-tolerance Conduct/Grievance Mechanism</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Our Approach to Sustainability – A-SIMPLE Framework</td>
<td>24-25</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Our Approach to Sustainability – Feedback Channels for Stakeholders</td>
<td>29-32</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Transformative Partnerships – Management Approach</td>
<td>42</td>
</tr>
<tr>
<td><strong>Access to Remedy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Our Approach to Sustainability – A-SIMPLE Framework</td>
<td>24-25</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Our Approach to Sustainability – Feedback Channels for Stakeholders</td>
<td>29-32</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Transformative Partnerships – Management Approach</td>
<td>42</td>
</tr>
<tr>
<td><strong>Systemic Risk Management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Our Approach to Sustainability – Materiality Assessment</td>
<td>17-18</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Our Approach to Sustainability – Corporate Governance</td>
<td>25-28</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Materiality Assessment and Stakeholder Engagement</td>
<td>121-129</td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Our Approach to Sustainability – Materiality Assessment</td>
<td>17-18</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Our Approach to Sustainability – Corporate Governance</td>
<td>25-28</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Materiality Assessment and Stakeholder Engagement</td>
<td>121-129</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Climate Action</td>
<td>60-61</td>
</tr>
</tbody>
</table>
### APPENDIX 1: GRI CONTENT INDEX

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>GRI Disclosure Number</th>
<th>GRI Disclosure Title</th>
<th>Section References/ Reasons for Omission</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment (cont’d)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GHG Emissions (cont’d)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 305: Emissions 2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>305-1</td>
<td>Direct (Scope 1) GHG emissions</td>
<td>Climate Action – GHG Emissions</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>305-2</td>
<td>Energy indirect (Scope 2) GHG emissions</td>
<td>Climate Action – GHG Emissions</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>305-3</td>
<td>Other indirect (Scope 3) GHG emissions</td>
<td>Not disclosed as Apical is currently in the process of quantifying Scope 3 emissions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>305-4</td>
<td>GHG emissions intensity</td>
<td>Climate Action – GHG Emissions</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>305-5</td>
<td>Reduction of GHG emissions</td>
<td>Climate Action – GHG Emissions</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>305-6</td>
<td>Emissions of ozone-depleting substances (ODS)</td>
<td>Not disclosed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>305-7</td>
<td>Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions</td>
<td>Not disclosed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Climate Change Strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Climate Action – Managing our Environmental Footprint, Climate Action – Climate Action Strategy</td>
<td>61</td>
<td></td>
</tr>
<tr>
<td>GRI 302: Energy 2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>302-1</td>
<td>Energy Consumption within the organisation</td>
<td>Green Innovation – Energy Management</td>
<td>69</td>
<td></td>
</tr>
<tr>
<td>Deforestation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Apical2030 Highlights, Our Approach to Sustainability – Apical Sustainability Policy, Partnerships, Memberships and Certifications, Supporting the UNSDGs, Transformative Partnerships, Climate Action</td>
<td>15, 22-23, 33-35, 36-40, 41-59, 60-65</td>
<td></td>
</tr>
<tr>
<td>Water Use</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Green Innovation – Ensuring Sustainable Operations</td>
<td>66-68</td>
<td></td>
</tr>
<tr>
<td>GRI 303: Water and Effluents 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>303-1</td>
<td>Interactions with water as a shared resource</td>
<td>Green Innovation – Water Management</td>
<td>69-73</td>
<td></td>
</tr>
<tr>
<td>303-2</td>
<td>Management of water discharge related impacts</td>
<td>Green Innovation – Water Management</td>
<td>69-73</td>
<td></td>
</tr>
<tr>
<td>303-3</td>
<td>Water withdrawal</td>
<td>Green Innovation – Water Management</td>
<td>69-73</td>
<td></td>
</tr>
<tr>
<td>303-4</td>
<td>Water discharge</td>
<td>Green Innovation – Water Management</td>
<td>69-73</td>
<td></td>
</tr>
<tr>
<td>303-5</td>
<td>Water consumption</td>
<td>Green Innovation – Water Management</td>
<td>69-73</td>
<td></td>
</tr>
<tr>
<td>Waste</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Green Innovation – Management Approach, Waste Management</td>
<td>66, 74-76</td>
<td></td>
</tr>
<tr>
<td>GRI 306: Waste 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>306-1</td>
<td>Waste generation and significant waste-related impacts</td>
<td>Green Innovation – Waste Management</td>
<td>74-76</td>
<td></td>
</tr>
<tr>
<td>306-2</td>
<td>Management of significant waste-related impacts</td>
<td>Green Innovation – Waste Management</td>
<td>74-76</td>
<td></td>
</tr>
<tr>
<td>306-3</td>
<td>Waste generated</td>
<td>Green Innovation – Waste Management</td>
<td>74-76</td>
<td></td>
</tr>
<tr>
<td>306-4</td>
<td>Waste diverted from disposal</td>
<td>Green Innovation – Waste Management</td>
<td>74-76</td>
<td></td>
</tr>
<tr>
<td>306-5</td>
<td>Waste directed to disposal</td>
<td>Green Innovation – Waste Management</td>
<td>74-76</td>
<td></td>
</tr>
<tr>
<td>Biodiversity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Our Approach to Sustainability – Transformative Partnerships – Working with Suppliers on Environmental Conservation</td>
<td>16</td>
<td></td>
</tr>
</tbody>
</table>

---

Sustainability Report 2022
## Appendix 1: GRI Content Index

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>GRI Disclosure Number</th>
<th>GRI Disclosure Title</th>
<th>Section References/ Reasons for Omission</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment (cont’d)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biodiversity (cont’d)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 304: Biodiversity 2016</td>
<td>304-2</td>
<td>Significant impacts of activities, products and services on biodiversity</td>
<td>Transformative Partnerships – Working with Suppliers on Environmental Conservation</td>
<td>56-57</td>
</tr>
<tr>
<td></td>
<td>304-3</td>
<td>Habitats protected or restored</td>
<td>Transformative Partnerships – Working with Suppliers on Environmental Conservation</td>
<td>56-57</td>
</tr>
<tr>
<td>Employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversity and Inclusion</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Inclusive Progress – Looking After our People</td>
<td>103</td>
</tr>
<tr>
<td>GRI 401: Employment 2016</td>
<td>401-1</td>
<td>New employee hires and employee turnover</td>
<td>Inclusive Progress – Employee Profile</td>
<td>104-105</td>
</tr>
<tr>
<td>GRI 405: Diversity and Equal Opportunity 2016</td>
<td>405-1</td>
<td>Diversity of governance bodies and employees</td>
<td>Inclusive Progress – Employee Profile</td>
<td>104-105</td>
</tr>
<tr>
<td>Employee Health, Safety and Well-being</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Inclusive Progress – Safety, Health and Well-being</td>
<td>115-119</td>
</tr>
<tr>
<td>GRI 403: Occupational Health and Safety 2018</td>
<td>403-1</td>
<td>Occupational health and safety management system</td>
<td>Inclusive Progress – Safety, Health and Well-being</td>
<td>115-119</td>
</tr>
<tr>
<td></td>
<td>403-2</td>
<td>Hazard identification, risk assessment, and incident investigation</td>
<td>Inclusive Progress – Safety, Health and Well-being</td>
<td>115-119</td>
</tr>
<tr>
<td></td>
<td>403-3</td>
<td>Occupational Health Services</td>
<td>Inclusive Progress – Safety, Health and Well-being</td>
<td>115-119</td>
</tr>
<tr>
<td></td>
<td>403-4</td>
<td>Worker participation, consultation, and communication on occupational health and safety</td>
<td>Inclusive Progress – Safety, Health and Well-being</td>
<td>115-119</td>
</tr>
<tr>
<td></td>
<td>403-5</td>
<td>Worker training on occupational health and safety</td>
<td>Inclusive Progress – Safety, Health and Well-being</td>
<td>115-119</td>
</tr>
<tr>
<td>Compensation and Benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Inclusive Progress – Looking After our People</td>
<td>103</td>
</tr>
<tr>
<td>GRI 202: Market Presence 2016</td>
<td>202-1</td>
<td>Ratios of standard entry level wage by gender compared to local minimum wage</td>
<td>Inclusive Progress – Fair wages and employee benefits</td>
<td>106-109</td>
</tr>
</tbody>
</table>
### APPENDIX 1: GRI CONTENT INDEX

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>GRI Disclosure Number</th>
<th>GRI Disclosure Title</th>
<th>Section References/ Reasons for Omission</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees (cont’d)</td>
<td>Compensation and Benefits (cont’d)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 202: Market Presence 2016 (cont’d)</td>
<td>202-2</td>
<td>Proportion of senior management hired from the local community</td>
<td>Inclusive Progress – Fair wages and employee benefits</td>
<td>106-109</td>
</tr>
<tr>
<td>GRI 401: Employment 2016</td>
<td>401-2</td>
<td>Benefits provided to full-time employees that are not provided to temporary or part-time employees</td>
<td>Inclusive Progress – Fair wages and employee benefits</td>
<td>106-109</td>
</tr>
<tr>
<td></td>
<td>401-3</td>
<td>Parental leave</td>
<td>Inclusive Progress – Fair wages and employee benefits</td>
<td>106-109</td>
</tr>
<tr>
<td>GRI 405: Diversity and Equal Opportunity 2016</td>
<td>405-2</td>
<td>Ratio of basic salary and remuneration of women to men</td>
<td>Inclusive Progress – Fair wages and employee benefits</td>
<td>106-107</td>
</tr>
<tr>
<td>Freedom of Association</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Inclusive Progress – Looking After our People</td>
<td>103</td>
</tr>
<tr>
<td>GRI 407: Freedom of Association and Collective Bargaining 2016</td>
<td>407-1</td>
<td>Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</td>
<td>Our Approach to Sustainability – Apical Sustainability Policy</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Inclusive Progress – Diversity and Equal Opportunity</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>109-111</td>
</tr>
<tr>
<td>Society (cont’d)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Empowering Communities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Inclusive Progress – Empowering Communities</td>
<td>86-92</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Inclusive Progress – Community Investment</td>
<td>93-97</td>
</tr>
<tr>
<td>GRI 411: Rights of Indigenous Peoples 2016</td>
<td>411-1</td>
<td>Incidents of violations involving rights of indigenous peoples</td>
<td>Inclusive Progress – Respecting the Rights of Indigenous People and Local Communities</td>
<td>86-97</td>
</tr>
<tr>
<td>Supporting Human Rights</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Inclusive Progress – Empowering Communities</td>
<td>86-97</td>
</tr>
<tr>
<td>GRI 413: Local Communities 2016</td>
<td>413-1</td>
<td>Operations with local community engagement, impact assessments, and development programmes</td>
<td></td>
<td>86-97</td>
</tr>
<tr>
<td></td>
<td>413-2</td>
<td>Operations with significant actual and potential negative impacts on local communities</td>
<td>Inclusive Progress – Empowering Communities</td>
<td>88-92</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Inclusive Progress – Community Investment</td>
<td>93-97</td>
</tr>
<tr>
<td>GRI 401: Employment 2016</td>
<td>401-2</td>
<td>Benefits provided to full-time employees that are not provided to temporary or part-time employees</td>
<td>Inclusive Progress – Fair wages and employee benefits</td>
<td>106-109</td>
</tr>
<tr>
<td>GRI 405: Diversity and Equal Opportunity 2016</td>
<td>405-2</td>
<td>Ratio of basic salary and remuneration of women to men</td>
<td>Inclusive Progress – Fair wages and employee benefits</td>
<td>106-107</td>
</tr>
<tr>
<td>Freedom of Association</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Inclusive Progress – Looking After our People</td>
<td>103</td>
</tr>
<tr>
<td>GRI 407: Freedom of Association and Collective Bargaining 2016</td>
<td>407-1</td>
<td>Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</td>
<td>Our Approach to Sustainability – Apical Sustainability Policy</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Inclusive Progress – Diversity and Equal Opportunity</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>109-111</td>
</tr>
<tr>
<td>Supply Chain</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsible Procurement Practices</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Transformative Partnerships</td>
<td>42</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Certifying Palm Oil to be Sustainable</td>
<td>81-85</td>
</tr>
</tbody>
</table>

---

Note: The above table provides a summary of GRI disclosures, including references to sections and reasons for omission. The full content can be found in the main report.
### APPENDIX 1: GRI CONTENT INDEX

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>GRI Disclosure Number</th>
<th>GRI Disclosure Title</th>
<th>Section References/ Reasons for Omission</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply Chain (cont’d)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsible Procurement Practices (cont’d)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 308: Supplier Environmental Assessment 2016</td>
<td>308-1</td>
<td>New suppliers that were screened using environmental criteria</td>
<td>Engagement Through our Anchor Programmes, Working With Suppliers on Environmental Conservation</td>
<td>49-55, 55-57</td>
</tr>
<tr>
<td>308-2</td>
<td>Negative environmental impacts in the supply chain and actions taken</td>
<td>Managing Supply Chain Risk through Technology, Engagement Through our Anchor Programmes, Working With Suppliers on Environmental Conservation</td>
<td>32, 47-48, 49-55, 55-57</td>
<td></td>
</tr>
<tr>
<td>GRI 414: Supplier Social Assessment 2016</td>
<td>414-1</td>
<td>New suppliers that were screened using social criteria</td>
<td>Engagement Through our Anchor Programmes</td>
<td>49-55</td>
</tr>
<tr>
<td>414-2</td>
<td>Negative social impacts in the supply chain and actions taken</td>
<td>Engagement Through our Anchor Programmes, Working With Suppliers on Environmental Conservation</td>
<td>49-55, 55-57</td>
<td></td>
</tr>
<tr>
<td>Sustainable Agriculture</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Our Approach to Sustainability, Transformative Partnerships, Certifying Palm Oil to be Sustainable</td>
<td>16-18, 41-59, 81-83</td>
</tr>
<tr>
<td>Labour Standards in the Supply Chain</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Transformative Partnerships</td>
<td>41-42</td>
</tr>
<tr>
<td>GRI 408: Child Labour 2016</td>
<td>408-1</td>
<td>Operations and suppliers at significant risk for incidents of child labour</td>
<td>Human Rights and our Supply Chain, Respecting the Rights of Indigenous People and Local Communities, Inclusive Progress – Diversity and Equal Opportunity</td>
<td>53, 87-88, 88-111</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>GRI Disclosure Number</th>
<th>GRI Disclosure Title</th>
<th>Section References/ Reasons for Omission</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply Chain (cont’d)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labour Standards in the Supply Chain (cont’d)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 409: Forced or Compulsory Labour 2016</td>
<td>409-1</td>
<td>Operations and suppliers at significant risk for incidents of forced or compulsory labour</td>
<td>Human Rights and our Supply Chain, Respecting the Rights of Indigenous People and Local Communities, Inclusive Progress – Diversity and Equal Opportunity</td>
<td>53, 87-88, 88-111</td>
</tr>
<tr>
<td>Supply Chain Traceability and Transparency</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Transformative Partnerships</td>
<td>41-42</td>
</tr>
<tr>
<td>Traceability of Our Palm Oil</td>
<td>3-3</td>
<td></td>
<td>Transformative Partnerships</td>
<td>43-47</td>
</tr>
<tr>
<td>Managing Supply Chain Risk through Technology</td>
<td>3-3</td>
<td></td>
<td>Transformative Partnerships</td>
<td>47-48</td>
</tr>
<tr>
<td>Working With Suppliers on Environmental Conservation</td>
<td>3-3</td>
<td></td>
<td>Transformative Partnerships</td>
<td>55-59</td>
</tr>
<tr>
<td>Certifying Palm Oil to be Sustainable</td>
<td>3-3</td>
<td></td>
<td>Transformative Partnerships</td>
<td>81-83</td>
</tr>
<tr>
<td>Supplier Diversity &amp; Inclusiveness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Transformative Partnerships</td>
<td>41-42</td>
</tr>
<tr>
<td>GRI 204: Procurement Practices 2016</td>
<td>204-1</td>
<td>Proportion of spending on local suppliers</td>
<td>Transformative Partnerships – Our Supply Chain Profile</td>
<td>43</td>
</tr>
<tr>
<td>Serving Smallholder Farmers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Transformative Partnerships</td>
<td>41-42, 59-69</td>
</tr>
<tr>
<td>Products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product Quality and Safety</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3</td>
<td>Management of Material Topics</td>
<td>Green Innovation – Ensuring Product Quality and Safety, Green Innovation – Protecting Consumer Health &amp; Certifying Palm Oil to be Sustainable</td>
<td>79-80, 81-85</td>
</tr>
</tbody>
</table>
INDEPENDENT ASSURANCE STATEMENT

Control Union (Malaysia) Sdn Bhd (hereinafter referred to as “Control Union”) was commissioned by Apical Group (PTE.) Limited (hereinafter referred to as “Apical”) to undertake an independent assurance of Sustainability Report 2022.

Apical is responsible for the collection, analysis and preparation of the information in the Sustainability Report. Control Union was not involved in the preparation of any material included in the report, except for the issuance of this Independent Assurance Statement.

The responsibility of Control Union is to express an opinion concerning the information included in the Sustainability Report within the assurance scope mentioned below, with the purpose to inform all the Interested Parties. Control Union’s assurance engagement is based on the assumption that all data and information provided is reliable and in good faith.

Scope of Assurance

Apical’s Sustainability Report was developed using Global Reporting Initiative (GRI) standards. Thus, assurance has been planned and performed for applicable sustainability performance disclosures presented by Apical in the Sustainability Report. Control Union multi-disciplinary verification team performed the assurance process that involves verification of the following aspects:

Inclusivity:

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

Apical has continuously engaged with various groups of stakeholders, which resulted in several notable engagements related to environmental, social and governance for the period of 2022. The results of maintaining open stakeholder dialogue and through multiple platforms and programmes allow Apical to better understand critical issues that are of importance to and affect each stakeholder group. The outcome from the stakeholder engagements has served as inputs for several sustainability focused initiatives launched by Apical.

Materiality:

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

The ESG-related material topics are identified and prioritised through comprehensive review with their sustainability reporting consultant, survey with employees and engagement with Apical’s external stakeholders. 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, 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. Apical also engages with their stakeholders through various channels (including but not limited to surveys, engagement, collaboration and outreach programmes, group meetings, remote meetings) and this ensures a two-way dialogue between both parties. Through such engagements, notable results are obtained for example, formed partnerships, receiving sustainability-linked loan and programmes such as Sustainable Living Village (SLV) programme.

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 presented by Apical
- Review of approach to data collection at company level
- Audit of data presented in the Report including a detailed review of sample data
- Review of a selection of internal performance documents
- Remote visits to the head office and sampled operational units
- Interviews of personnel with relevant divisions at operational units and person in charge of producing the report at the head office

Independence and quality control

Control Union Certifications, operating in more than 70 countries in six continents, offer one of more than 100 available programmes. It is affirmed that Control Union and the auditors are free from bias and conflict of interests with the Organization. The auditors performing the data check have proven track records in the review of similar assignments and qualified according to industry leading third party certification programs of the palm and forestry sector.

Conclusion

Based on our moderate 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.

For and on behalf of Control Union (Malaysia) Sdn Bhd,

Signed: Ebnu Holdooin Shawal

Date: 12th June 2023

Lead Verifier

Signed: Supun Nigamuni

Date: 12th June 2023

Managing Director
3-MCPD  3-monochloropropane-1, 2-diol or 3-chloropropane-1, 2-diol
AAJ Marunda  PT Asianagro Agungjaya Marunda
AAJ Tj Balai  PT Asianagro Agungjaya Tanjung Balai
ABC  Anti-Bribery and Corruption
ACOP  Annual Communications of Progress
AKC  PT Apical KAO Chemicals
AMDAL  Analisis Mengenai Dampak Lingkungan
ARS  Fifth Assessment Report
A-SIMPLE Framework  Apical Sustainability Implementation Framework
ASRA  Asia Sustainability Reporting Awards
AWG  Active Working Group
B3 Waste  Hazardous and Toxic Waste
BoD  Board of Directors
BOH  Bio-Oils La Rabida Huelva
BPSJ  Badan Penyelenggara Jaminan Sosial
CARE  Collaborative Action Remote Engagement
COP  Car Ownership Programme
COPE  Code of Procurement Ethics
CPKO  Crude Palm Kernel Oil
CPO  Crude Palm Oil
CSR  Corporate Social Responsibility
DLP  Driving License Process
DMO  Domestic Mandatory Obligation
EFSA  European Food Standards Authority
EFT  Excelic Food Technology Co Ltd
ESG  Environment, Social and Governance
EU  European Union
EUR  Euro
FFB  Fresh Fruit Bunches
FKL  Forum Konservassi Leuser
FPIC  Free, Prior and Informed Consent
FSSC  Food Safety System Certification
FY  Financial Year
GAP  Good Agricultural Practices
GE  Glycidyl Esters
GFW  Global Forest Watch
GHG  Greenhouse Gas
GIS  Geographic Information System
GLAD  Global Land Analysis & Discovery
GMP  Good Manufacturing Practice
GPS  Global Positioning System
GRI  Global Reporting Initiative
GRMD  Group Risk Management Department
GSC  Grievance Steering Committee
GVT  Grievance Verification Team
HACCP  Hazard Analysis Critical Control Point
HCS  High Carbon Stock
HCV  High Conservation Value
HIRARC  Hazard Identification, Risk Assessment and Risk Control
HP  High Pressure
IDH  Yayasan Inisiatif Dagang Hijau
IDP  Individual Development Plan
IDR  Indonesian Rupiah
ILO  International Labour Organisation
IPCC  Intergovernmental Panel on Climate Change
ISCC  International Sustainability and Carbon Certification
ISH  Independent Smallholders
ISO  International Organisation for Standardisation
ISPO  Indonesian Sustainable Palm Oil
ISPS  International Ship and Port Facility Security
KPIs  Key Performance Indicators
KRN  PT Kutai Refinery Nusantara
ML  Mega Litres
MOU  Memorandum of Understanding
MPP  Mill Prioritisation Process
MT  Metric Tonnes
MYR  Malaysian Ringgit
NDPE  No Deforestation, No Peat and No Exploitation
NDPE IRF  No Deforestation, No Peat and No Exploitation Implementation Reporting Framework
NGOs  Non-governmental Organisations
NPOs  Non-profit Organisations
OFI  Opportunity for Improvement
OHS  Occupational Health and Safety
PK  Palm Kernel
POCG  Palm Oil Collaboration Group
PPBC WG  Production and Protection Beyond Concession Working Group
**APPENDIX 3: GLOSSARY OF TERMS**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPE</td>
<td>Personal Protective Equipment</td>
</tr>
<tr>
<td>PRC</td>
<td>PT Padang Raya Cakrawala</td>
</tr>
<tr>
<td>PROPER</td>
<td>Program Penilaian Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup</td>
</tr>
<tr>
<td>PSEP</td>
<td>Priority Supplier Engagement Programme</td>
</tr>
<tr>
<td>QOFI</td>
<td>Quality Opportunity for Improvement</td>
</tr>
<tr>
<td>RADD</td>
<td>Radar for Detecting Deforestation</td>
</tr>
<tr>
<td>RMB</td>
<td>Renminbi</td>
</tr>
<tr>
<td>RMC</td>
<td>Risk Management Committee</td>
</tr>
<tr>
<td>RSPO</td>
<td>Roundtable on Sustainable Palm Oil</td>
</tr>
<tr>
<td>SAIL</td>
<td>Singapore Agri-Food Innovation Lab</td>
</tr>
<tr>
<td>SBA</td>
<td>Sustainable Business Awards</td>
</tr>
<tr>
<td>SDO (D)</td>
<td>PT Sari Dumai Oleo - Dumai</td>
</tr>
<tr>
<td>SDO (M)</td>
<td>PT Sari Dumai Oleo - Marunda</td>
</tr>
<tr>
<td>SDS</td>
<td>PT Sari Dumai Sejati</td>
</tr>
<tr>
<td>SET</td>
<td>Supplier Engagement Team</td>
</tr>
<tr>
<td>SFA</td>
<td>Suppliers Self-Assessment</td>
</tr>
<tr>
<td>SGD</td>
<td>Singapore Dollar</td>
</tr>
<tr>
<td>SIMS</td>
<td>Sustainability Impact Measurement System</td>
</tr>
<tr>
<td>SLV</td>
<td>Sustainable Living Villages</td>
</tr>
<tr>
<td>SMILE</td>
<td>Smallholder Inclusion for better Livelihood &amp; Empowerment</td>
</tr>
<tr>
<td>SOFI</td>
<td>Safety Opportunity for Improvement</td>
</tr>
<tr>
<td>SOPs</td>
<td>Standard Operating Procedures</td>
</tr>
<tr>
<td>SPOTT</td>
<td>Sustainability Policy Transparency Toolkit</td>
</tr>
<tr>
<td>SSL</td>
<td>Social, Security and Licensing</td>
</tr>
<tr>
<td>SVP</td>
<td>Shared Value Programme</td>
</tr>
<tr>
<td>TCFD</td>
<td>Task Force on Climate-related Financial Disclosure</td>
</tr>
<tr>
<td>TDD</td>
<td>Traceability Declaration Document</td>
</tr>
<tr>
<td>TOP</td>
<td>Traceability Outreach Programme</td>
</tr>
<tr>
<td>TPH</td>
<td>Tonnes Per Hour</td>
</tr>
<tr>
<td>TTP</td>
<td>Traceability to Plantation</td>
</tr>
<tr>
<td>UDHR</td>
<td>Universal Declaration of Human Rights</td>
</tr>
<tr>
<td>UML</td>
<td>Universal Mill List</td>
</tr>
<tr>
<td>UNGPs</td>
<td>United Nations Guiding Principles on Business and Human Rights</td>
</tr>
<tr>
<td>UNSDGs</td>
<td>United Nations Sustainable Development Goals</td>
</tr>
<tr>
<td>YEL</td>
<td>Yayasan Ekosistem Lestari</td>
</tr>
</tbody>
</table>

**Notes:**

1. **List of Conversion Factors**

   Conversion factors used to calculate energy consumption were derived from:
   - ISCC Emission 205 methodology
   - CDP Technical Note: Conversion of fuel data to MWh
   - Elgas (2021), LPG (propane) Gas Unit Conversions: Gas in kg, Litres, MJ, kWh & m³

   Conversion factors used to calculate emissions intensity were derived from:
   - 2006 IPCC Guidelines for National Greenhouse Gas Inventories
   - American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) blend composition
   - JEC Well to tank report V5, 2020 EU- 205 ISCC
   - Intergovernmental Panel on Climate Change, (2014) Fifth Assessment Report
   - PLN (Perusahaan Listrik Negara) (2020) Sustainability Report 2020
   - UK Government conversion factors for company reporting of greenhouse gas emissions

2. Based on the latest industry protocol and guidelines, we enhanced our methodology and frameworks used for the 2022 Sustainability Report. Please refer to the 2016-2021 Sustainability Reports for past data