

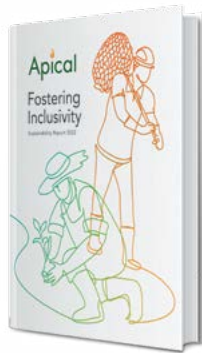
Apical

Fostering Inclusivity

Sustainability Report 2022



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/>



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ABOUT THIS REPORT

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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.



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

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.


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.

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



PRESIDENT'S STATEMENT

GRI 2-22

PRESIDENT'S STATEMENT



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 philosophy¹, 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, including 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.

¹ 5Cs business philosophy of doing what is good for the community, country, climate, customer and only then, will it be good for the company.

PRESIDENT'S STATEMENT

PRESIDENT'S STATEMENT



WE ACHIEVED A RECORD YEAR WITH 12.16 MILLION TONNES OF PALM OIL AND OIL PALM PRODUCTS SOLD IN 2022, A 9.55% INCREASE FROM 2021.



WE CONTINUED TO INCREASE OUR RENEWABLE ENERGY USAGE AND IMPLEMENTED VARIOUS ENERGY EFFICIENCY MEASURES, BRINGING US CLOSER TO OUR TARGET OF REDUCING OUR GREENHOUSE GAS EMISSIONS INTENSITY BY 50% BY 2030 AND REACHING NET ZERO BY 2050.

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

ABOUT APICAL

GRI 2-1, 2-6, 2-7

ABOUT APICAL

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.

We are 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.

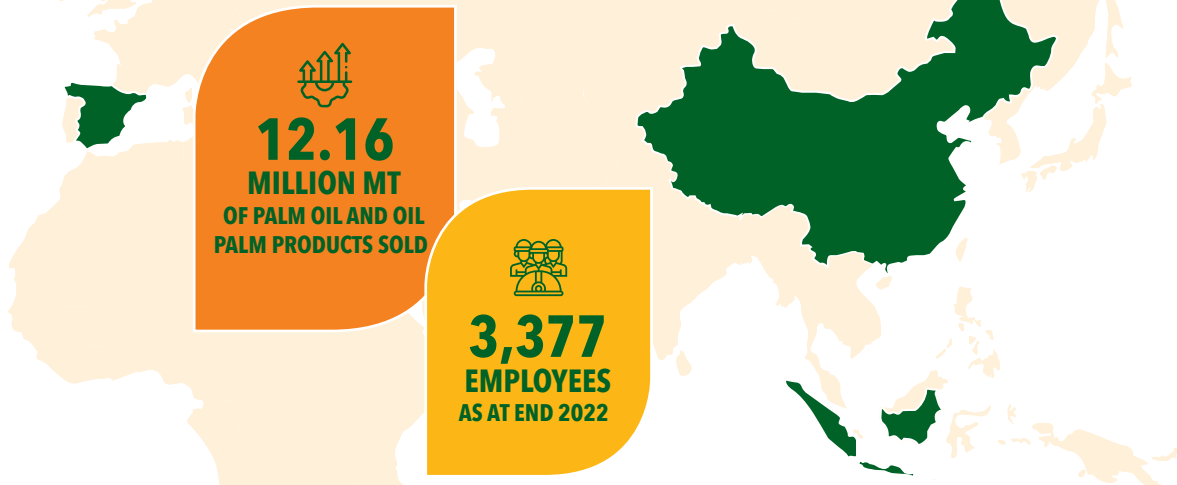
To fulfil this vision, we are guided by our 5Cs business philosophy of doing what is good for the community, country, climate, customer and only then, will it be good for the company.

<p>TEAM</p> <p>We are aligned by our common purpose and work together as a complementary team</p>	<p>OWNERSHIP</p> <p>We take ownership to achieve outstanding results and seek value at all times</p>	<p>PEOPLE</p> <p>We develop our people to grow with us</p>	<p>INTEGRITY</p> <p>We act with integrity at all times</p>	<p>CUSTOMER</p> <p>We understand our customers and deliver best value to them</p>	<p>CONTINUOUS IMPROVEMENT</p> <p>We act with zero complacency and always strive for continuous improvement</p>
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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.



ABOUT APICAL



ABOUT APICAL

Refineries

- **PT Asianagro Agungjaya Tanjung Balai (AAJ Tj Balai)**
Tanjung Balai, North Sumatra; Indonesia
Sustainability Certification: RSPO & ISCC EU
- **PT Sari Dumai Sejati (SDS)**
Dumai, Riau; Indonesia
Sustainability Certification: RSPO & ISCC EU
- **PT Asianagro Agungjaya Marunda (AAJ Marunda)**
Marunda, Jakarta; Indonesia
Sustainability Certification: RSPO & ISCC EU
- **PT Padang Raya Cakrawala (PRC)**
Padang, West Sumatra; Indonesia
Sustainability Certification: RSPO & ISCC EU (WR)
- **Excelic Food Technology Co Ltd (EFT)**
Jiangsu, China
Sustainability Certification: RSPO* & ISCC EU
- **PT Kutai Refinery Nusantara (KRN)**
Balikpapan, East Kalimantan; Indonesia
Sustainability Certification: RSPO & ISCC EU
- **PT Sari Dumai Oleo (SDO (D))**
Dumai, Riau; Indonesia
Sustainability Certification: RSPO & ISCC EU
- **Bio-Oils La Rabida (BOH)**
Huelva, Spain
Sustainability Certification: ISCC EU

* Obtained in March 2023

Biodiesel Plants

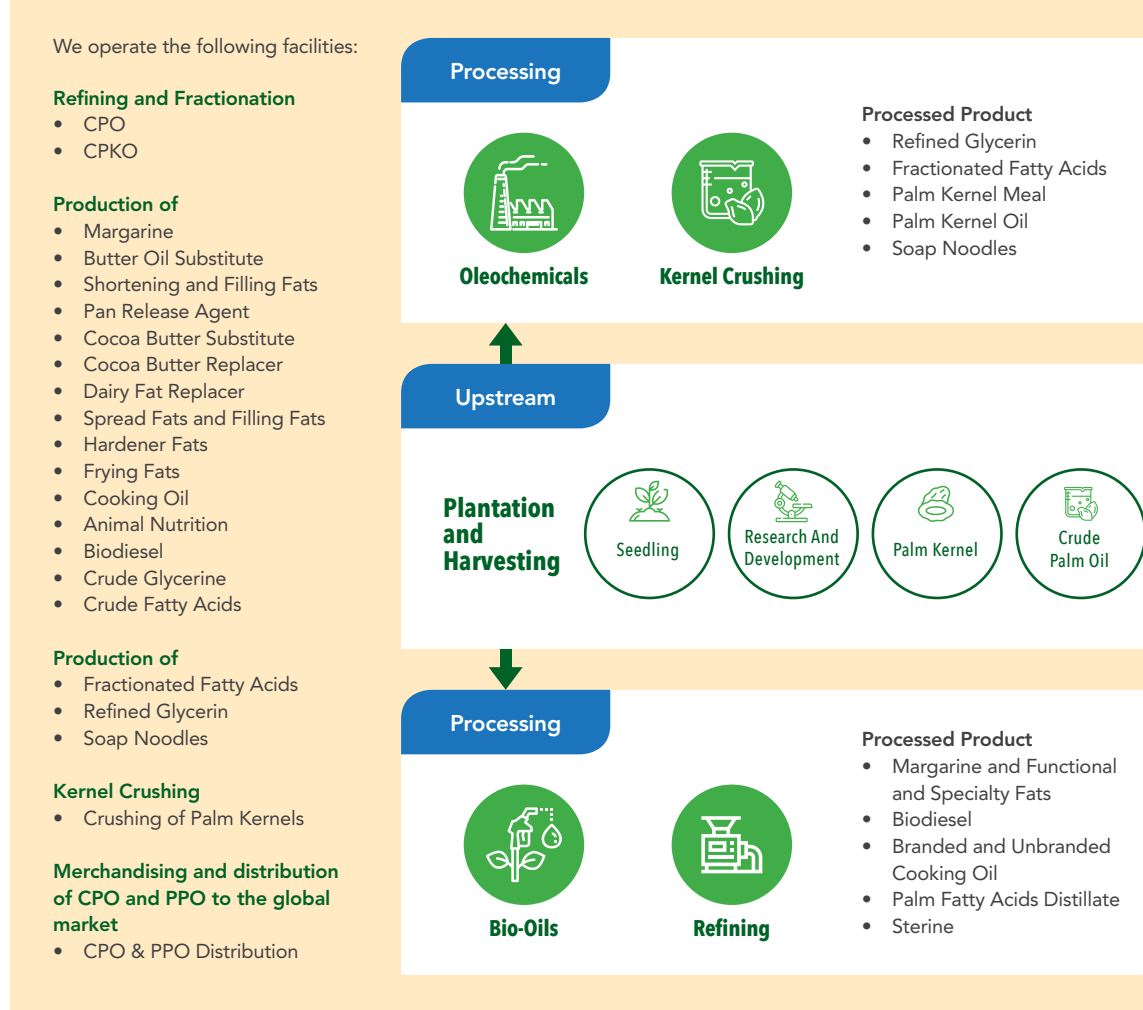
- **Bio-Oils La Rabida (BOH)**
Huelva, Spain
Sustainability Certification: ISCC EU
- **PT Sari Dumai Oleo (SDO (D))**
Dumai, Riau; Indonesia
Sustainability Certification: ISCC EU
- **PT Kutai Refinery Nusantara (KRN)**
Balikpapan, East Kalimantan; Indonesia
Sustainability Certification: RSPO & ISCC EU
- **PT Sari Dumai Sejati (SDS)**
Dumai, Riau; Indonesia
Sustainability Certification: ISCC EU

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

Oleochemical Plants

- **PT Apical KAO Chemicals (AKC) [Oleo JV]**
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

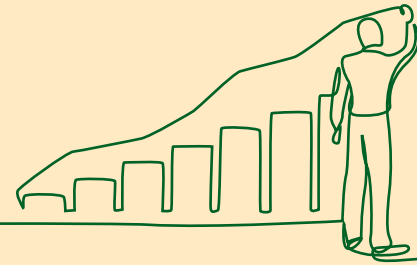


ABOUT APICAL

ABOUT APICAL

Our products

Apical's key business segments include Bulk Oils, Functional & Specialty Fats, Oleochemicals, Animal Nutrition and Renewable Fuel.



BULK OILS

Apical's bulk oil business focuses on the selling of refined palm oil, palm olein, palm stearin, palm kernel oil and palm kernel olein among others.



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 greenhouse 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 Asianagro Agungjaya Marunda (AAJ Marunda) 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 CDP'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 (TTP) 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 (RADD) 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



APICAL2030 HIGHLIGHTS

Transformative Partnerships

Target	Progress	Status
100% NDPE Compliant by 2025	<ul style="list-style-type: none"> 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 	<input type="radio"/>
100% Traceability Verification by 2025	<ul style="list-style-type: none"> Developed Traceability Verification Guidance with Proforest & Daemeter Verified 30% of suppliers 	<input type="radio"/>
Protect and/or conserve 150k ha forest and/or peatland	<ul style="list-style-type: none"> Completed 100% of supply chain satellite mapping Identified approximately 468,888 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 	<input type="radio"/>
Collaborate with suppliers to promote clean energy through 20 biogas plants	<ul style="list-style-type: none"> Conducting research and development on new technology and circular solutions Target to build 2 biogas plants by 2024 	<input checked="" type="radio"/>

Climate Action

Target	Progress	Status
Reduce 50% GHG emission intensity in our production against 2020 baseline by 2030	<ul style="list-style-type: none"> 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 	<input checked="" type="radio"/>
Net Zero by 2050	<ul style="list-style-type: none"> Exploring various carbon management software platforms Exploring potential nature-based solutions 	<input type="radio"/>

Green Innovation

Target	Progress	Status
Derive 38% of total energy use from renewable and clean energy sources	<ul style="list-style-type: none"> Implemented wastewater recycling at SDO (M) Exploring efficiencies in refined oil and biodiesel production at the BOH refinery 	<input checked="" type="radio"/>
Improve water use intensity by 30% through circular solutions		<input type="radio"/>

Inclusive Progress

Target	Progress	Status
Support 30 villages through Sustainable Living Village by 2030	<ul style="list-style-type: none"> Mobilised resources to target the establishment of 6 SLV in the next 3 years 	<input type="radio"/>
Support 5,000 independent smallholders to achieve certification by 2030	<ul style="list-style-type: none"> Engaged 3,018 independent smallholders (ISH) Supported 390 ISH to be RSPO-certified 	<input type="radio"/>

In Progress In Exploration Phase

OUR APPROACH TO SUSTAINABILITY

OUR APPROACH TO SUSTAINABILITY



GRI 2-23, 2-24

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.

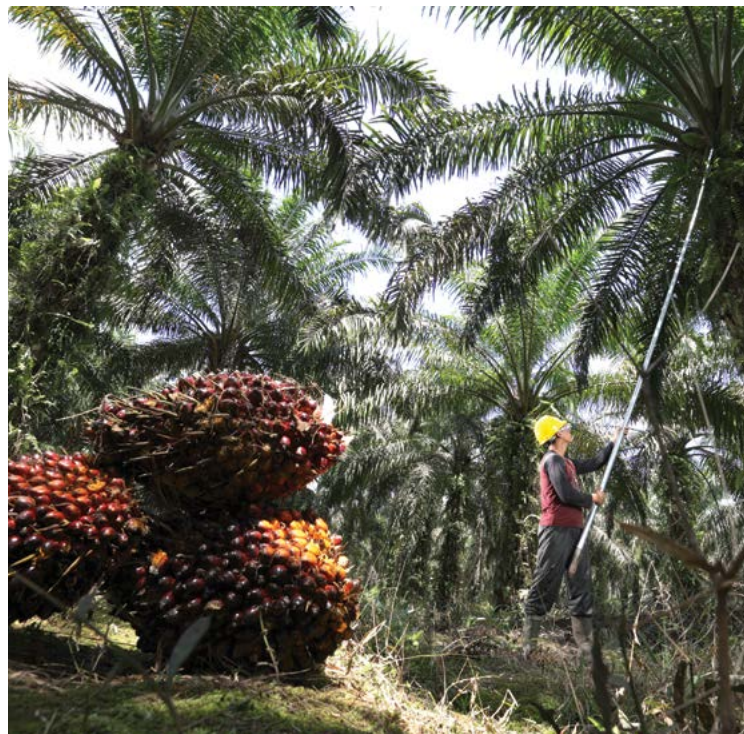
The versatility and yield efficiency that palm oil offers are the primary reasons that it remains one of the most widely produced, consumed, and traded vegetable oils in the world. However, traditional production of palm oil is increasingly scrutinised for its impact on the environment, particularly 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

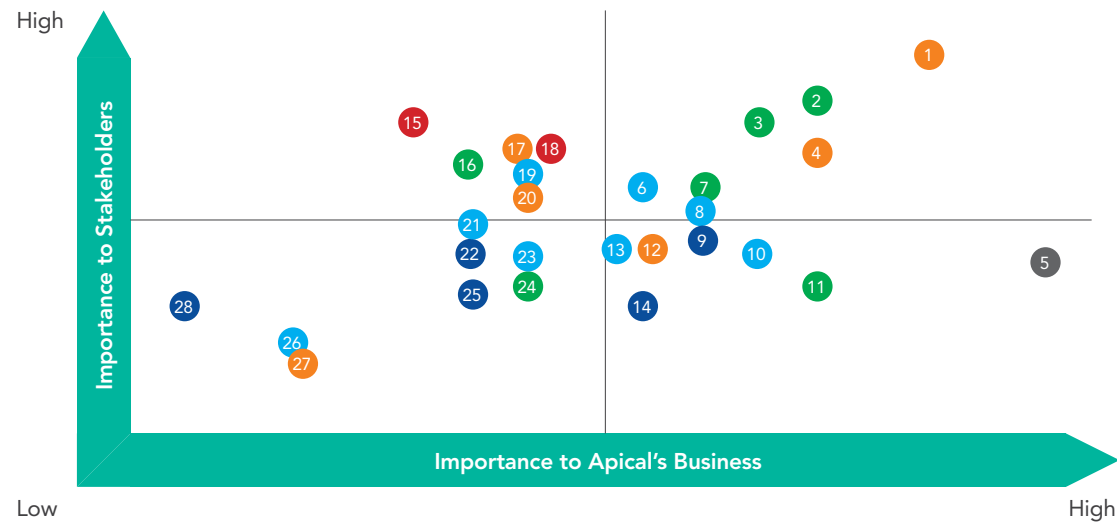
Materiality assessments are integral for Apical Group to identify sustainability matters that are important and relevant to the Group's business and stakeholders. For this sustainability report, the prioritisation of our material topics remains the same from the previous year, 2021, when we conducted 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:

BENCHMARKING	INSIGHTS	MATERIALITY
<p>Activities</p> <ul style="list-style-type: none"> Reviewed internal documentation, past materiality assessments, and global frameworks such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) Benchmarked our materiality assessments against that of our peers Developed a list of 28 issues based on the impacts of Apical's direct operations and value chain on the economy, environment and people. These impacts are either actual or potential, and can be positive or negative 	<p>Activities</p> <ul style="list-style-type: none"> Created an interview questionnaire to gather insights from stakeholders on current and emerging sustainability focus areas and their impact on Apical's business priorities The interviews also aim to identify areas of risk where Apical can find mitigation measures, and areas of opportunity in which the most value can be generated for Apical's business, employees, communities, and the environment Conducted one-on-one interviews with six internal stakeholders and 14 external stakeholders to rank the identified issues 	<p>Activities</p> <ul style="list-style-type: none"> Reviewed the findings from stakeholder engagements and cross-referenced with Apical's internal benchmarking process to develop a materiality matrix Finalised the materiality assessments and business insights Presented the materiality assessments to the top management for approval

OUR APPROACH TO SUSTAINABILITY

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.



GOVERNANCE

- 6 Business Ethics
- 8 Zero-tolerance Conduct/ Grievance Mechanisms
- 10 Systemic Risk Management
- 13 Compliance
- 19 Transparency
- 21 Access to Remedy
- 23 Anti-corruption
- 26 Board and Executive Compensation, Independence and Diversity

ENVIRONMENT

- 2 Deforestation
- 3 GHG Emissions
- 7 Climate Change Strategy
- 11 Waste
- 16 Biodiversity
- 24 Water Use

EMPLOYEES

- 9 Employee Health, Safety and Well-Being
- 14 Training and Development
- 22 Diversity and Inclusion
- 25 Compensation and Benefits
- 28 Freedom of Association

SOCIETY

- 15 Supporting Human Rights
- 18 Empowering Communities

SUPPLY CHAIN

- 1 Supply Chain Traceability and Transparency
- 4 Responsible Procurement Practices
- 12 Sustainable Agriculture
- 17 Labour Standards in the Supply Chain
- 20 Serving Smallholder Farmers
- 27 Supplier Diversity & Inclusiveness

PRODUCTS AND SERVICES

- 5 Product Quality and Safety

OUR APPROACH TO SUSTAINABILITY

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.



OUR APPROACH TO SUSTAINABILITY

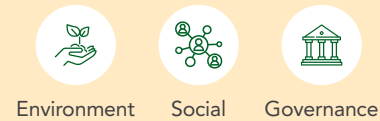
OUR APPROACH TO SUSTAINABILITY

Our Apical2030 targets are closely linked to:

5Cs Business Philosophy



ESG



TRANSFORMATIVE PARTNERSHIPS

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

CLIMATE ACTION

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).

GREEN INNOVATION

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

INCLUSIVE PROGRESS

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 Village² by 2030

Supporting 5,000 independent smallholders to achieve certification by 2030

¹ The baseline year may be changed to a more recent year where necessary.

² 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 Approach¹ published by Greenpeace
-  Review of Independent HCV assessments by HCV Resource Network
-  Engagement constructively with multi-stakeholder HCS
-  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
-  Facilitate inclusion of smallholders, outgrowers and small fresh fruit bunch (FFB) suppliers into our sustainable sourcing supply chain in a fair, transparent and accountable partnership
-  Condemn and take action against any form of sexual harassment and abuse especially to women
-  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
-  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

¹ 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.

OUR APPROACH TO SUSTAINABILITY



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.



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

OUR APPROACH TO SUSTAINABILITY

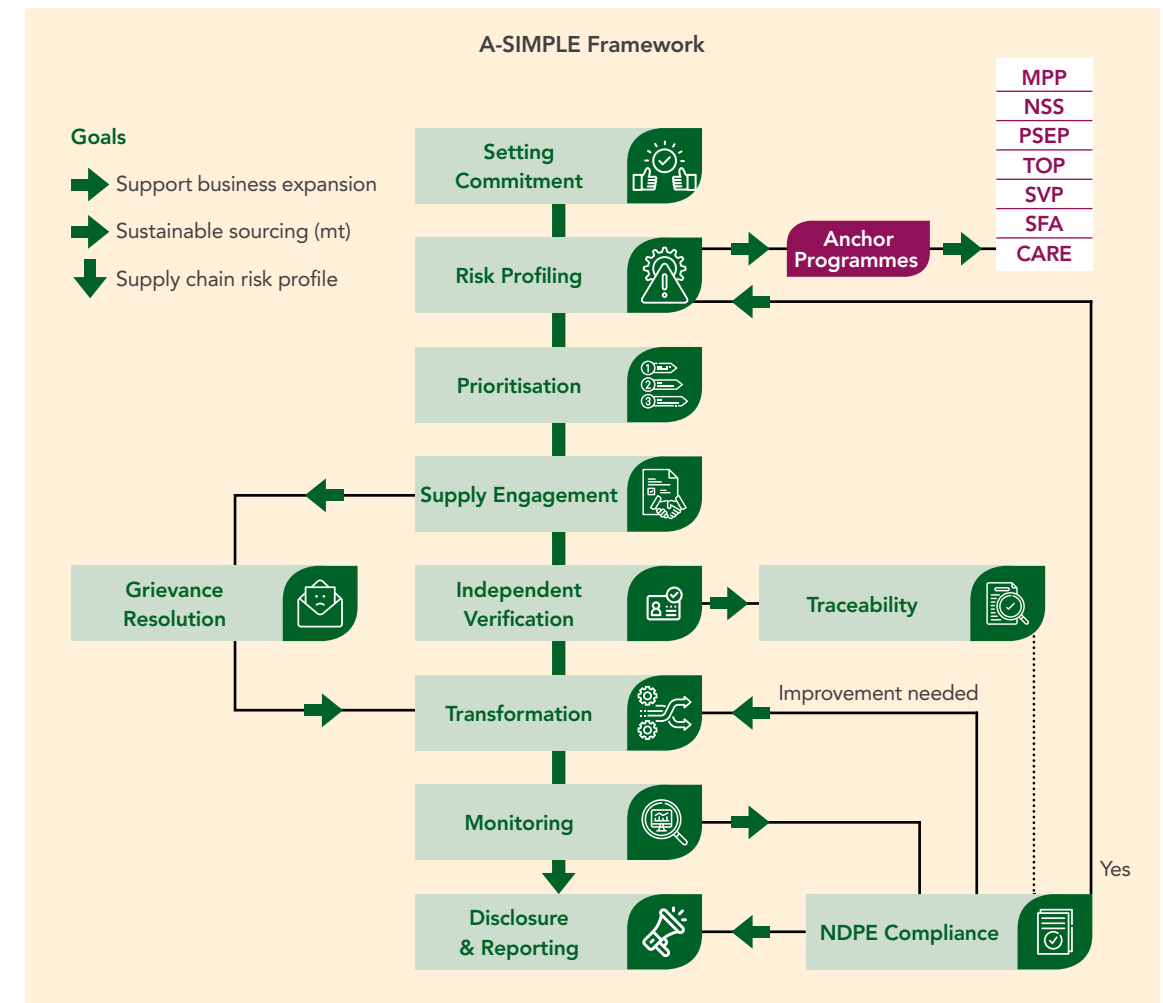
OUR APPROACH TO SUSTAINABILITY

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:



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.

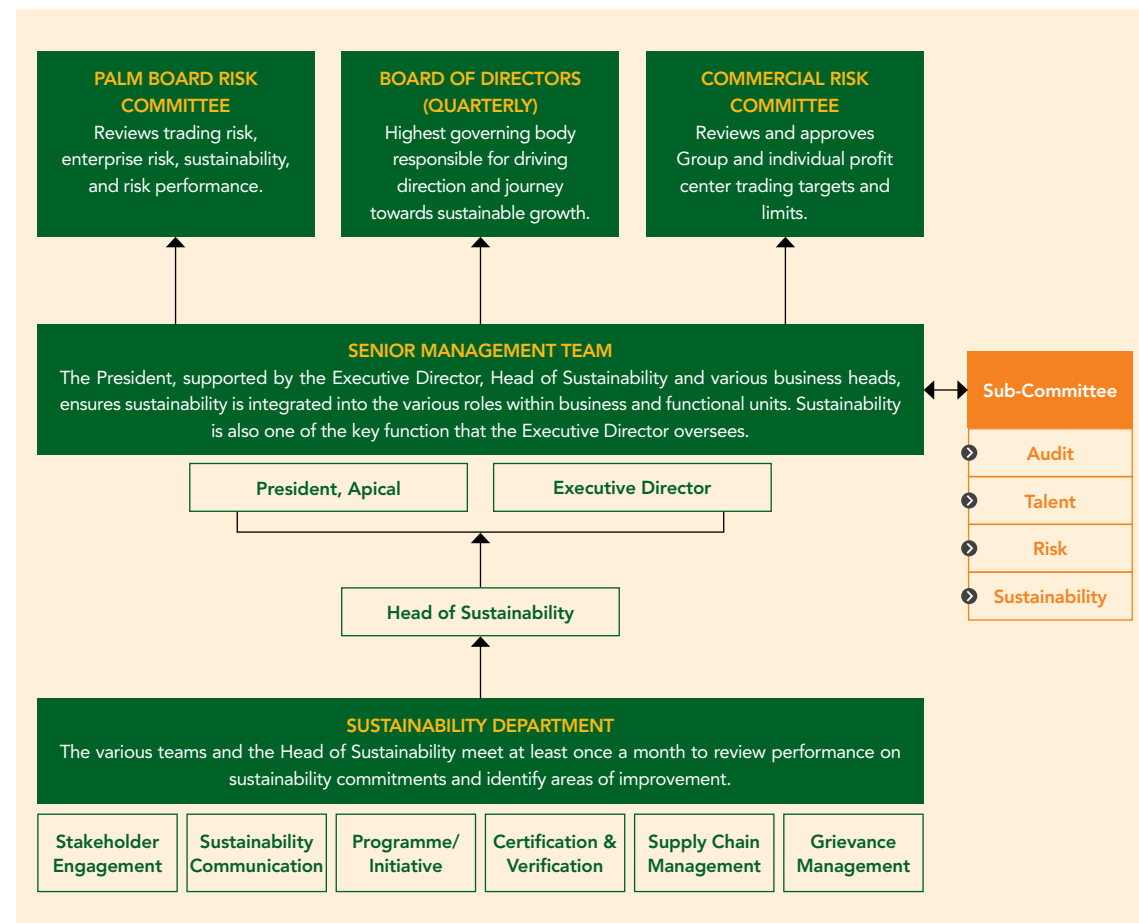
OUR APPROACH TO SUSTAINABILITY

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.



OUR APPROACH TO SUSTAINABILITY

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.

Our dedicated sustainability team oversees tasks include but are not limited to:

- Advising the Board on Apical Group's sustainability strategy, considering material ESG matters to the Group and our operations
- Engaging stakeholders to ensure their concerns on ESG are considered and addressed
- Monitoring the implementation and incorporation of Apical2030 and sustainability initiatives
- Managing supply chain transparency by monitoring and keeping abreast to latest technology e.g. satellite monitoring to mitigate supply chain risks
- Implementing initiatives to remain engaged with our suppliers and to ensure development of a transparent and sustainable supply chain. Apical created A-SIMPLE Framework to assist our suppliers on their sustainability journey according to Apical's policies. To facilitate adoption of sustainable practices, we devised the Anchor Programmes for our suppliers
- Ensuring proper certification standards across our refineries and products to commit to responsible production and operational practices of the palm oil sector
- Employing third-party verifications for our traceability data

Each of our refineries has a dedicated Social, Security and Licensing (SSL) department that oversees social and licensing matters, in accordance with national regulations and our Sustainability Policy. The department also oversees Corporate Social Responsibility (CSR) programmes aimed at enhancing the livelihoods of local communities.

OUR APPROACH TO SUSTAINABILITY

GRI 3-3



Risk Management

GRI 207-2

Apical embeds a robust risk management system into our business to ensure high environmental standards 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.

On the operational level, Apical has a Group Risk Management Department (GRMD) consisting of the Health and Safety Executive managers and Finance personnel from each of our sites. The GRMD is responsible for the implementation of our Group-wide approach to report, investigate and follow-up on non-compliances. The GRMD maintains a risk register which is reviewed on a quarterly basis. Potential and outstanding actual risks are then reported to the Chief Financial Officer, President, and RMC.

GRMD ensures effective communication of its goals, targets, policies and procedures to the Board and employees through diverse platforms such as the corporate website, training sessions and induction programmes.

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.

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

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.

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.

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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.

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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.

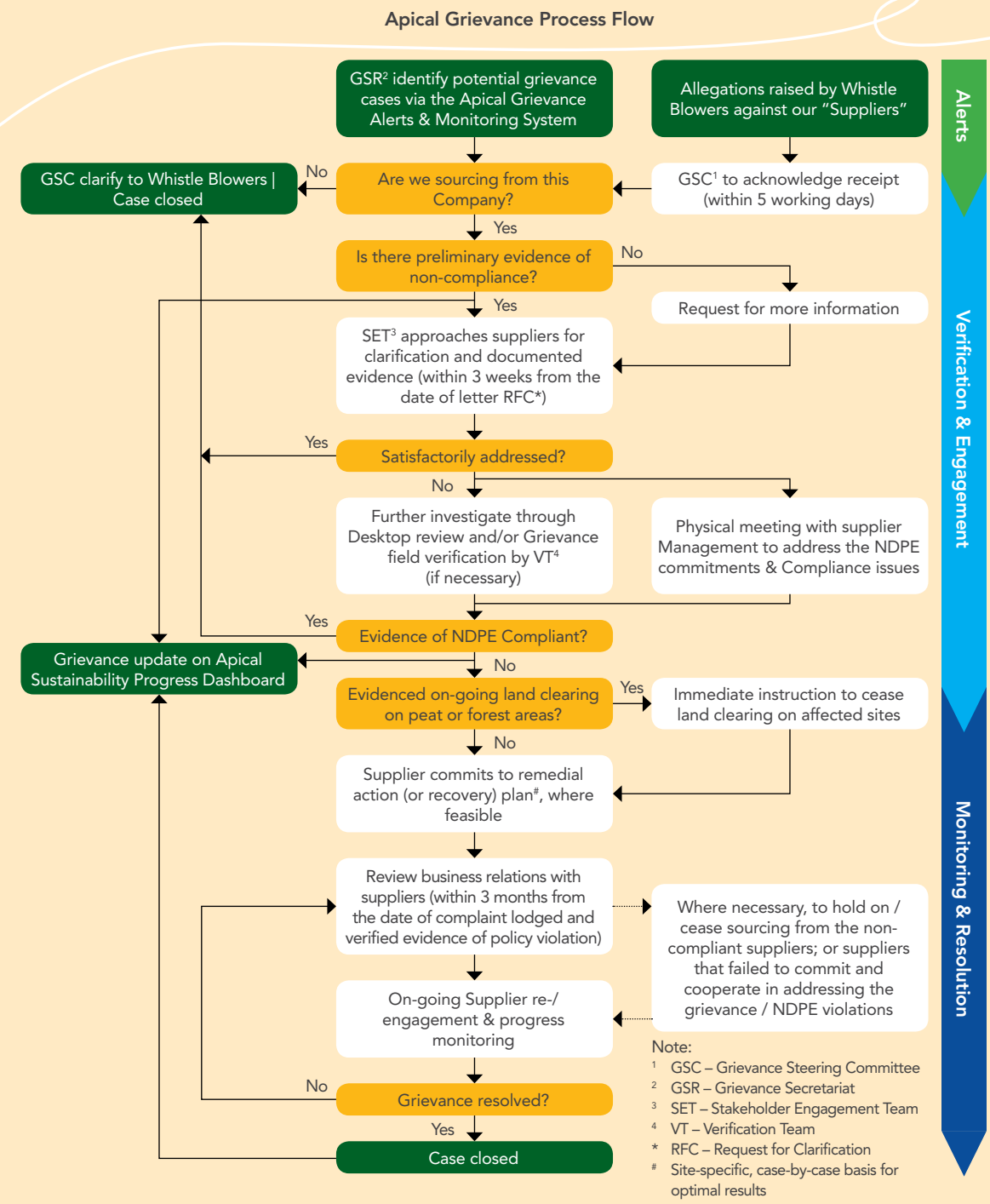
The grievance procedure is available on our website where stakeholders have access to the system 24/7 through emailing the grievance submission form. Grievances can be reported anonymously through an email or a letter to the Grievance Secretariat, without the fear of reprisals. This enables third-party to represent the stakeholder in reporting grievances. Alternatively, stakeholders can contact Apical

during business hours via our phone numbers on our website.

The Apical Grievance Process Flow outlines the robust grievance mechanism we have implemented 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. Grievances handled at the operational level are not covered in this report.

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.



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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.

Total Grievance Cases Received in 2022			
Total cases received	Cases Investigated	Cases Resolved	Cases under monitoring
5	100%	0%	100%

Total Accumulated Grievance Cases since 2015			
Total cases received	Cases Investigated	Cases Resolved	Cases under monitoring
58	100%	67%	33%

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.

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.



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

Suppliers are required to cooperate in addressing any grievance and/or allegations made against them in violation of our Policies and commit

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.

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 the form to. The whistleblowing channel shares an email address with the grievance mechanism.

All instances of whistleblowing are reviewed by the dedicated GVT.



For further information on the whistleblowing mechanism, visit our website. <https://www.apicalgroup.com/sustainability/traceability-grievance/#grievancewhistleblowing>

Partnerships, Memberships, and Certifications

GRI 2-28

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.

Membership Associations

- 1 Fire-Free Alliance (FFA)
- 2 Indonesia Employers Association (APINDO)
- 3 International Sustainability and Carbon Certification (ISCC)
- 4 Palm Oil Refiners Association of Malaysia
- 5 Roundtable on Sustainable Palm Oil (RSPO)
 - Supply chain standards
- 6 Singapore Agri-Food Innovation Lab (SAIL)
- 7 Sustainability Assurance and Innovation Alliance (SUSTAIN)
- 8 The Tropical Forest Alliance 2020
- 9 The Palm Oil Collaboration Group
 - No Deforestation, No Expansion on Peat and No Exploitation;
 - Integrated Reporting Framework Working Groups;
 - Independent Verification on Deforestation Fire Working Group;
 - Production and Protection Beyond Concession Working Group; and
 - Social Issue Working Group.

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.

This year, Apical received a SPOTT score of **91.7%**, maintaining our top three ranking out of 100 companies assessed



Complying with sustainable palm oil certification schemes is essential for our business to gain better access to markets and unlock potential opportunities and benefits. With the continuous expansion of our production facilities, we are proud to have achieved the following this year.






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Certifications

<p>Indonesian Sustainable Palm Oil</p> 	<p>A mandatory local certification established in 2011 by the Government of Indonesia for all palm oil production and millers in the country.</p> <ul style="list-style-type: none"> 100% of our suppliers adhere to the Priority Supplier Engagement Programme (PSEP) checklist
<p>The International Sustainability & Carbon Certification</p> 	<p>An international certification system established as the first certification system to ensure sustainable production of bio-based feedstocks and renewables in global supply chains.</p> <ul style="list-style-type: none"> 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
<p>The Roundtable on Sustainable Palm Oil</p> 	<p>A global multi-stakeholder initiative aims for an international standard for the management of sustainable palm oil.</p> <ul style="list-style-type: none"> 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
<p>International Organization for Standardization 9001</p> 	<p>Certification published by the ISO in ensuring quality management systems requirements.</p> <ul style="list-style-type: none"> Obtained ISO 9001 certification for 78% of our plants
<p>International Organization for Standardization 14001</p> 	<p>Certification by ISO that specifies requirements for effective environmental management system – in efficient use of resources, energy, and waste reduction.</p> <ul style="list-style-type: none"> Obtained ISO 14001 certification for 22% plant across Indonesia and China

<p>Halal Certification</p> 	<p>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.</p> <p>Example of certification bodies are The Indonesian Council of Ulama (Majelis Ulama Indonesia) and LPPOM MUI from Indonesia.</p> <ul style="list-style-type: none"> 100% of refineries in Indonesia are halal certified
<p>Kosher Certification</p> 	<p>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.</p> <p>Examples of certification bodies are Rabbi Mordechai Abergel, Orthodox Union, and Singapore Kashruth Services Pte Ltd.</p> <ul style="list-style-type: none"> 100% of refineries in Indonesia are kosher certified
	<p>Further information on our participation in these certifications is available on our website. https://www.apicalgroup.com/about/overview/standards-certifications/</p>



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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.




Apical2030 Pillar: Inclusive Progress

Summary of Relevant SDG Targets to Achieve by 2030²

- 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 premiums from sale of certified palm oil

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




Apical2030 Pillar: Inclusive Progress

Summary of Relevant SDG Targets to Achieve by 2030²

- 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.

² Target years are mainly 2030, unless stated otherwise.




Apical2030 Pillar: Green Innovation

Summary of Relevant SDG Targets to Achieve by 2030²

- 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

 For more information on the relevant initiatives, refer to Green Innovation chapter.

OUR APPROACH TO SUSTAINABILITY

OUR APPROACH TO SUSTAINABILITY



Apical2030 Pillar: Transformative Partnerships

Summary of Relevant SDG Targets to Achieve by 2030²

- 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*.




Apical2030 Pillar: Transformative Partnerships

Summary of Relevant SDG Targets to Achieve by 2030²

- 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*.




Apical2030 Pillar: Climate Action

Summary of Relevant SDG Targets to Achieve by 2030²

- 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

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




Apical2030 Pillar: Climate Action

Summary of Relevant SDG Targets to Achieve by 2030²

- 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*.

² Target years are mainly 2030, unless stated otherwise.

² Target years are mainly 2030, unless stated otherwise.

OUR APPROACH TO SUSTAINABILITY

TRANSFORMATIVE PARTNERSHIPS



Apical2030 Pillar: Climate Action

Summary of Relevant SDG Targets to Achieve by 2030²

15.2 Implement sustainable management of all forests, halt deforestation, restore degraded forests, and increase afforestation and reforestation globally, by 2020

Apical's Initiatives

- Continue engagement with suppliers through our Anchor programmes and A-SIMPLE framework to ensure compliance with our NDPE commitments, and protect HCS forest areas and HCV land
- Improve TTM and TTP verification of our mills and refineries using established Apical Traceability Guidance created with Daemeter and Proforest
- Ongoing traceability verification process of our suppliers based on Apical Traceability Guidance
- Tracking of grievances experienced by external stakeholders on ESG issues within the supply chain

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




Apical2030 Pillar: Transformative Partnerships

Summary of Relevant SDG Targets to Achieve by 2030²

- 17.16 Enhance global partnership for sustainable development that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, particularly developing countries
- 17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships

Apical's Initiatives

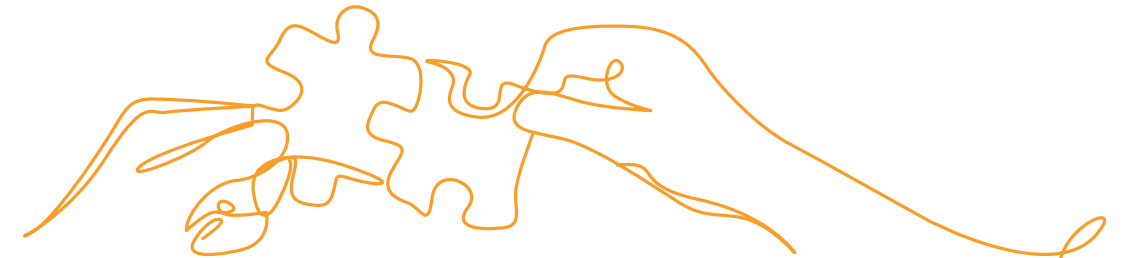
- Implementation of a database system to assist Apical in the management and monitoring of ESG data across the organisation
- Engage suppliers through the Anchor Programmes to ensure compliance, promote traceability and facilitate the adoption of more sustainable practices
- Collaborate with public stakeholders – local authorities and NGOs to support Sustainable Development goals of Indonesia:
 - Yayasan Inisiatif Dagang Hijau (IDH);
 - Yayasan Ekosistem Lestari (YEL);
 - Forum Konservasi Leuser (FKL);
 - Solidaridad; and
 - Earthqualiser.

 For more information on the relevant initiatives, refer to chapters on *Our Approach to Sustainability, Transformative Partnerships, Green Innovation and Inclusive Progress*.

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.



Apical2030 Targets and Performance for Transformative Partnerships

Transformative Partnerships Targets	Progress	Status
Collaborate with suppliers to achieve a 100% NDPE compliant supply chain by 2025	<ul style="list-style-type: none"> • 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 	In Progress
Engage 100% suppliers for traceability independent verification by 2025	<ul style="list-style-type: none"> • Developed Traceability Verification Guidance with Proforest & Daemeter • Verified 30% of Apical's suppliers independently by certification body 	In Progress
Partner with suppliers to protect and/or conserve 150,000 ha forest and peat areas by 2030	<ul style="list-style-type: none"> • Completed 100% of supply chain satellite mapping • Identified forest within priority areas totalling approximately 10,000 ha in Aceh • Mobilised resources to target the establishment of 6 SLVs by 2026 in Aceh 	In Progress
Collaborate with suppliers to promote clean energy through 20 biogas plants	<ul style="list-style-type: none"> • Conducting research and development on new technology and circular solutions • Target to build 2 biogas plants by 2024 	In Exploration Phase

² Target years are mainly 2030, unless stated otherwise.

TRANSFORMATIVE PARTNERSHIPS

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.

TRANSFORMATIVE PARTNERSHIPS

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

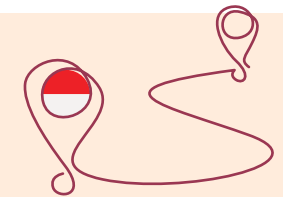
CPO supplying mills

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.

TRANSFORMATIVE PARTNERSHIPS

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 databased 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 with inputs from Proforest and Daemeter.

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 processes 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.

FFB Sources

49.4% of the total volume of FFB from the supplying mills are sourced from their own estates

50.6% of the total volume of FFB from the supplying mills are sourced from third-party plantations

CPO Mill

59.7% of our supplying mills sourced FFB from their own estates

40.3% of our supplying mills sourced FFB from third-party estates

PK Mill

58.9% of our supplying mills sourced FFB from their own estates

41.1% of our supplying mills sourced FFB from third-party estates

Traceability to Plantation

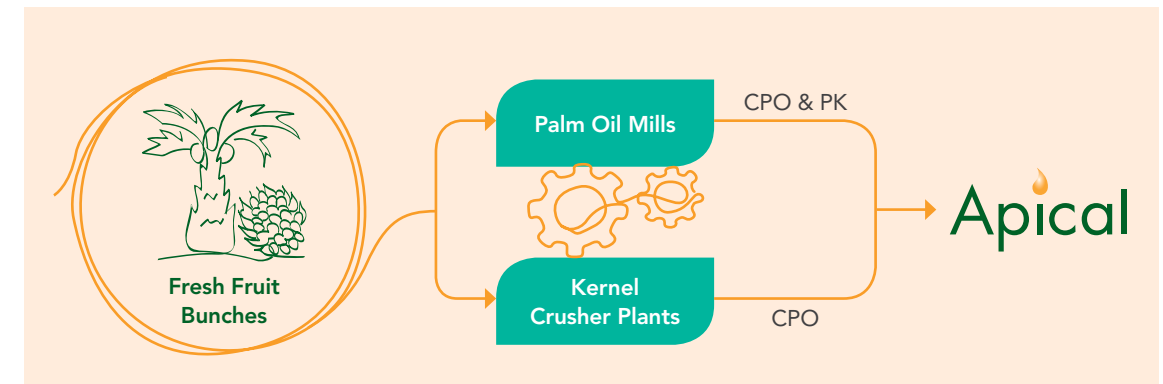
Because of the complex links in the palm oil supply chain, tracing the origin of our feedstock to the plantation level is difficult because of how vast the number of plantations are and the purchasing methods of our supplying mills. We nonetheless remain committed to our goal of achieving a traceable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

TRANSFORMATIVE PARTNERSHIPS

FFB Sources	Estimated Percentage of Palm Oil Supplied to Our Refineries
Estate (<25 ha and ≥ 25 ha)	57.95%
Cooperatives/Schemed/Smallholder Groups	13.28%
Dealers (sourced from independent smallholders)	28.77%

To achieve our traceability to plantation targets, we developed a method in our Traceability Outreach Programme (TOP) to our suppliers in Riau, Jambi, North Sumatra, Aceh and Kalimantan. As our supply chain is a complex ecosystem that is constantly moving, we engage with our suppliers to implement TTP. For new suppliers, this means working closely with them to build capacity and awareness of TTP. We also pay close attention to the few suppliers that have yet to complete their TTP, through designing action items to support them on their journey.

Our Engagement Through our Anchor Programmes chapter provides more detail on this initiative. Moving forward, we hope to achieve year-on-year improvement on our targets.



FFB Sources	2020	2021	2022
CPO Suppliers	Existing suppliers 99.3% for three refineries and/or facilities	99.7% for four refineries and/or facilities	99.9% for five refineries and/or facilities
	New suppliers 98.8% for four refineries and/or facilities	99.3% for five refineries and/or facilities	99.7% for five refineries and/or facilities
CPKO Suppliers	92.5% for four refineries	96.0% for four refineries	98.4% for five refineries
PK Suppliers	95.1% achieved for one kernel crushing plant	96.1% achieved for two kernel crushing plants	97.0% achieved for two kernel crushing plants

Note: Since 2020, we separated our TTP percentage into two categories, which are new and existing suppliers. This distinction allows Apical to ensure that all existing suppliers commit to a traceable and transparent supply chain, as outlined in our Sustainability Policy, while new suppliers abide by a time-bound commitment.

TRANSFORMATIVE PARTNERSHIPS

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

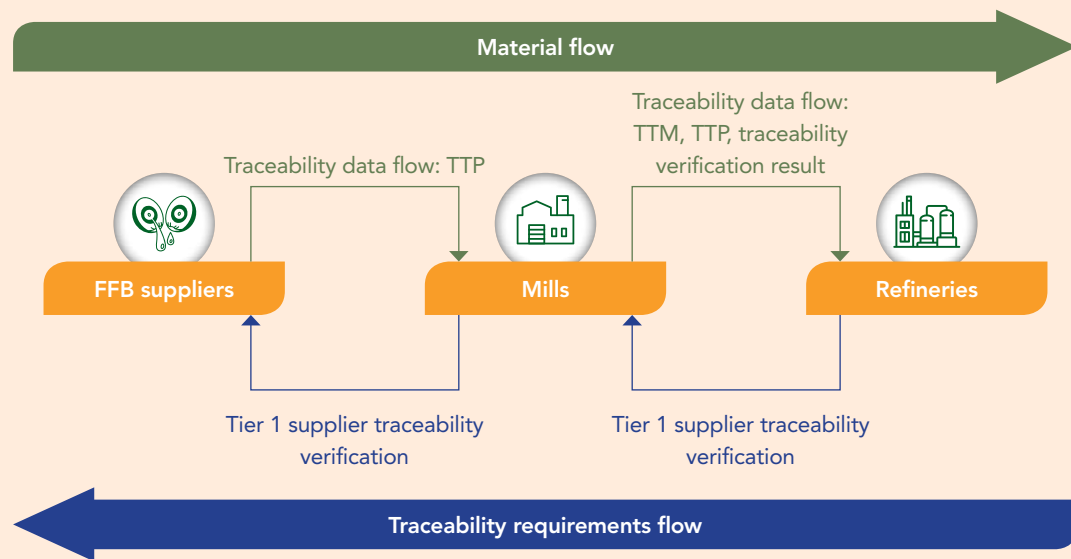
We have implemented methods to verify the self-reported traceability data submitted by Apical's direct and upstream suppliers. Validating the accuracy of our suppliers' data is a key step in our commitment to build a transparent supply chain. We partnered with CORE to develop a set of criteria to assess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



TRANSFORMATIVE PARTNERSHIPS

Assessment Outcome of Apical's NDPE IRF Verification (January 2021 – December 2022)

January – December 2021

Product	Delivering Category	
	No-Deforestation (%)	No-Peat (%)
CPO	88.6	92.4
PK	72.7	91.7

January – December 2022

Product	Delivering Category	
	No-Deforestation (%)	No-Peat (%)
CPO	91.4	91.3
PK	89.0	89.7

We are proud to announce that we exceeded our 2022 target to verify 25% of our suppliers, 30% of our suppliers were verified. In 2023, we aim to verify 50% of our TTP data by a third-party verification vendor.

Apical2030 Target:
Engage **100%** of our suppliers for independent verification of traceability data by 2025

To enhance the effectiveness of Apical's TTP programme, we also introduced the Risk Calibrated Approach (RCA) which is a method to deepen our understanding of site-specific risks our suppliers could potentially experience and their capacity to fulfil NDPE commitments.

NDPE IRF

In line with Apical's commitment to achieve NDPE-compliance across our operations, we collaborated with industry stakeholders to develop NDPE IRF, a reporting tool that enables companies to analyse and track their progress on their NDPE commitments.

In 2022, we achieved 91.4% for Delivering Category No-Deforestation on our suppliers' risk profile. Our results were verified using the NDPE IRF Data verification protocol developed by Peterson and underwent further verification by Control Union.

In 2023, we aim for 92% of our suppliers to be verified under the Delivering Category No-Deforestation.



Apical2030 Target:
Collaborate with suppliers to achieve a **100%** NDPE-compliant supply chain by 2025

Managing Supply Chain Risk through Technology GRI 3-3, 308-2

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.

TRANSFORMATIVE PARTNERSHIPS

Supply Chain Mapping

Geographic Information System (GIS) technology is utilised to track the movement of palm oil through our supply network. These inspections enable us to identify suppliers acting in violation of our Sourcing Policies and/or Sustainability commitments; such suppliers must then undergo protocols according to our Anchor Programmes.

We also publish the outcomes of our GIS activities on our website on a quarterly basis, primarily the list of supplying mills and their GPS coordinates.

Satellite Imagery

Apical utilises satellite monitoring to track topographical changes in an area which helps detect

deforestation in high-priority regions. We use a forest monitoring tool called Global Forest Watch (GFW) Pro, developed by the World Resources Institute. Satellite monitoring has helped us to better manage our supply chain and progress on our 'no deforestation' commitments and demonstrate regulatory compliance.

The GFW Pro enables the system to be updated with all mill locations, which our suppliers are mandated to disclose. Also, it has many alarm systems that can instantly spot forest clearings. Apical uses the GLAD alerts out of these systems since they are updated often (every eight days) and match new satellite photos to historical data. Since 2019, we have been utilising the GFW Pro and GLAD alerts to automate our supply chain transparency processes and help us make more accurate decisions.

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.



TRANSFORMATIVE PARTNERSHIPS

Landscape project plan in Aceh, Indonesia



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).

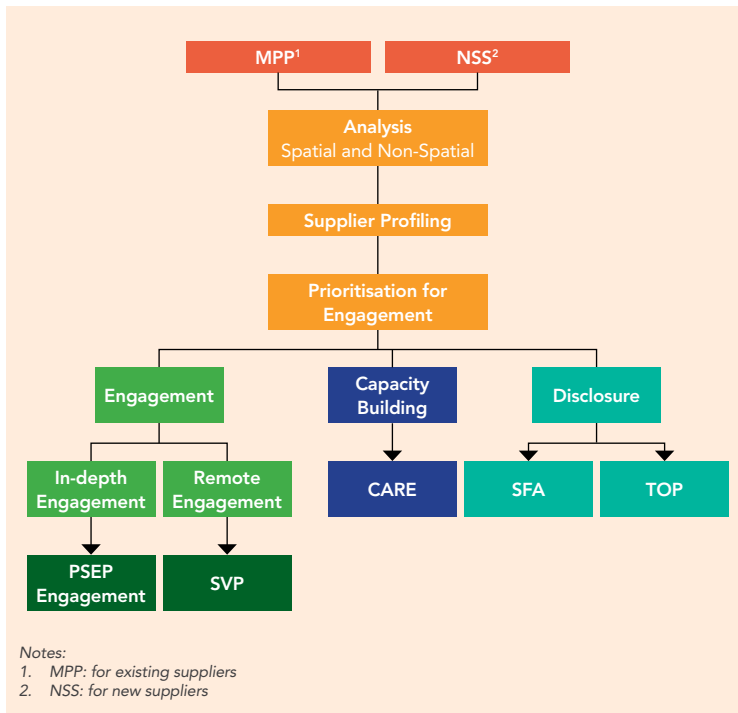
We have launched the Collaborative Action Remote Engagement (CARE) initiative to interact virtually with our suppliers in light of the COVID-19 pandemic. In order to keep our suppliers informed of important advancements in sustainability, Apical has been

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.

TRANSFORMATIVE PARTNERSHIPS

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.)

Mill Prioritisation Process (MPP)

The MPP is a risk-based supplier assessment to identify priority mills. It allows us to:

- Determine which mills to contact
- Improve high-risk mills through engagement and socialisation
- Identify whether a detailed engagement approach is required

We analyse a set of variables to quantify risk under the MPP. These variables include examining the land usage within a 50-kilometer radius of a mill that supplies raw materials, and non-spatial parameters, which examine qualitative data on a mill's interactions with nearby communities and smallholders. All of our suppliers are evaluated according to the MPP, and high-risk mills who have been doing business with us for a long time are given priority for engagement through the PSEP.

540 mills engaged through MPP since 2015

TRANSFORMATIVE PARTNERSHIPS

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:

- Monitoring legal compliance
- 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



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.

Our sustainability team has visited **53** mills since PSEP was implemented in 2015

Collaborative Action Remote Engagement (CARE)

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

TRANSFORMATIVE PARTNERSHIPS



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 Saputro,
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.

Shared Value Programme (SVP)

Apical's Shared Value Programme, created in collaboration with the Earthworm Foundation, Proforest, and Daemeter, consists of a series of workshops that provide our suppliers access to insider market information and best practices. Since the programme's inception in 2015, we have welcomed a wide spectrum of business professionals to encourage

knowledge exchange and lively debate among participants. We highlight the advantages of global certification programmes like the RSPO at these meetings and inform our suppliers of the most recent environmental regulations.



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.



TRANSFORMATIVE PARTNERSHIPS

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 grievance 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 UNHR, UNGP and ILO; Apical's operations and its value chains will be expected to comply with the policy.

TRANSFORMATIVE PARTNERSHIPS

TRANSFORMATIVE PARTNERSHIPS

Our Programme/Initiatives

SUPPLIER ANCHOR PROGRAMMES

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

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

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, compliant 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

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

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	2023 targets
Collaborate with suppliers to achieve a 100% NDPE compliant supply chain by 2025	<ul style="list-style-type: none"> Achieve > 90% NDPE IRF delivery Engage 40% of mills through CARE and PSEP initiatives Continue achieving 100% supply chain satellite monitoring
Engage 100% suppliers for traceability independent verification by 2025	<ul style="list-style-type: none"> Verify 50% of suppliers
Collaborate with suppliers to promote clean energy through 20 biogas plants	<ul style="list-style-type: none"> 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.

TRANSFORMATIVE PARTNERSHIPS

Working With Suppliers on Environmental Conservation

GRI 3-3, 304-2, 304-3, 308-1, 308-2, 414-2

Apical was awarded the **"Top Achiever in Land Use and Biodiversity"** for Sustainable Business Awards in June 2022



Apical2030 Target:
Partner with suppliers to protect and/or conserve **150,000 ha** of forest and peat areas by 2030

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.

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.



TRANSFORMATIVE PARTNERSHIPS

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, 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.

Focus group discussions have commenced to collate opinions from the communities and community leaders. We have also set midterm targets to establish 4 SLV in East Kalimantan by 2026.

Protecting Peatland Areas and Soil

Apical does not contribute to new developments in peatland areas comprised of 65% or more organic soil, regardless of their depth. We conduct workshops with any suppliers working with pre-existing plantations on peatland to encourage them to adopt best practices concerning peatland management. These consists of efficient water management practices that improve oil palm yield while limiting GHG emissions on existing peat estates. We also guide our suppliers to ensure that the water table is maintainable at an appropriate depth through proper water management and monitoring guidelines. If an area with existing peat is found to be unsuitable for replanting, we work with knowledge experts, and relevant stakeholders to explore options for long-term restoration or alternative use.

Our other engagement efforts include utilising practices that protect soil fertility while minimising soil erosion and degradation. Our suppliers are also encouraged to avoid planting on marginal and fragile soils which may cause a nutrient imbalance in the soil composition.

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.

TRANSFORMATIVE PARTNERSHIPS

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

Sustainable Living Village

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.

Progress:

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

Fire-Free Village Programme

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

Progress:

16 villages in Riau and Jambi were engaged

TRANSFORMATIVE PARTNERSHIPS

Smallholder Capacity Building

Apical worked closely with the Earthworm Foundation to help conduct a deforestation risk analysis for all suppliers in East Kalimantan. The analysis comprised of desktop research and on-the-ground checks for deforestation risks. The aim is to build a better understanding on social issues driving deforestation and improve livelihoods through community engagement.



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

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



CLIMATE ACTION

GRI 3-3, 305-1, 305-2, 305-4, 305-5

CLIMATE ACTION

Background

Global palm oil demand is expected to grow by 5%¹ 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 all². 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.

¹ Fitch Rating (2023) <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/agriculture/010523-palm-markets-to-moderate-in-2023-as-blending-mandates-support-cpo-chinas-uco-exports-rise>.

² Sophie Boehm and Clea Schumer (2023) WRI: Top Findings from the IPCC Climate Change Report 2023.

Apical 2030 Apical2030 Targets and Performance for Climate Action

Climate Action Targets	Progress	Status
Reduce 50% GHG emission intensity in our production against 2020 baseline	<ul style="list-style-type: none"> Recorded 25% reduction of Scope 1 and 2 GHG emissions intensity by 2030 from a 2020 baseline 	In progress
Net-zero by 2050	<ul style="list-style-type: none"> Total Scope 1 & 2 emissions of 1,795,214 tCO₂e 	In progress



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 charts out 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 ensure a company-wide collective effort towards Apical2030, all refineries are developing KPIs to achieve the targets. KPIs are being developed with corresponding projects to be implemented. Starting in 2023, we will also have bi-annual progress meetings organised by the Sustainability Department with the President and Executive Director as co-chairs. All the heads of the Business Units are expected to provide updates, progress and future plans for their projects related to Apical2030.

Climate Action Strategy

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 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.

CLIMATE ACTION

CLIMATE ACTION

GHG Emissions

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

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 CO₂, CH₄ and N₂O. 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.

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

Notes:

- 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.
- The 2021 data is revised and re-calculated based on ISO 14064-1 and GHG Protocol (Corporate Reporting Standard).
- Data covers our operations which include AKC, SDS, SDO (D), AAJ Marunda, SDO (M), AAJ Tj Balai, KRn, PRC, EF T and BOH.
- Please find the source of emission factors and conversion factors utilised on page 149.

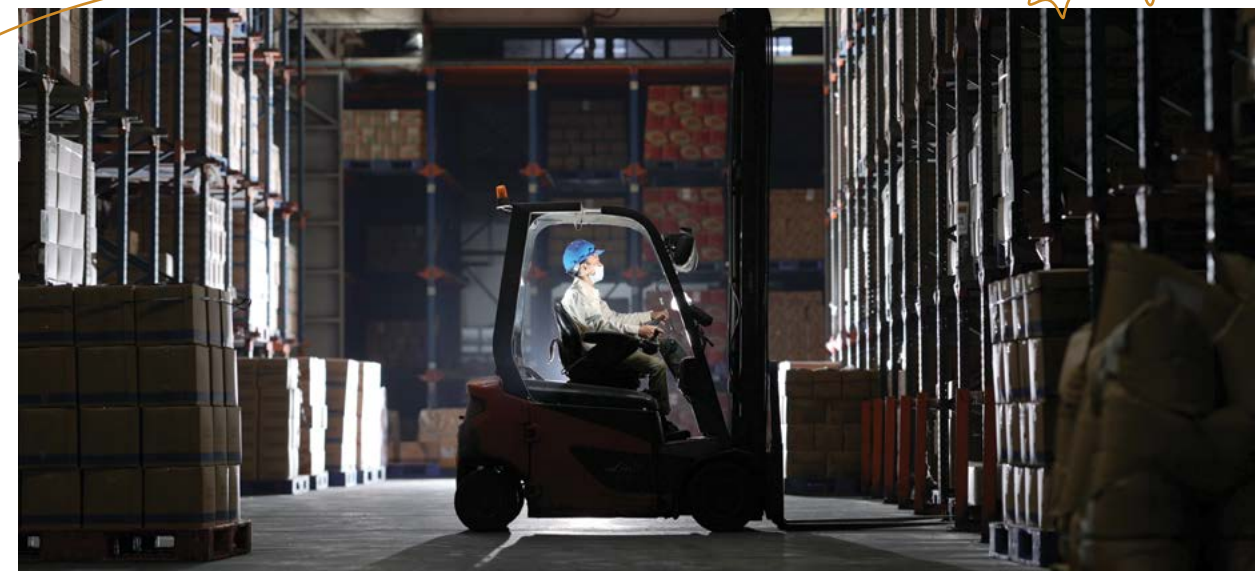
AAJ Marunda clinched the green rating under PROPER Award from Indonesia Ministry of Environment and Forestry for the 2nd consecutive year.

The PROPER Awards, also known as Program Penilaian 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

CLIMATE ACTION

Our Programme/Initiatives

Quantifying GHGs			
Activity type	Location	Description of Activity	Outcome
Scope 3 measurement	All operations	Evaluate our Scope 3 emissions, identify emission hotspots in our supply chain and reduce them to achieve net zero by 2050	<ul style="list-style-type: none"> Undergoing Scope 3 assessment process Developing Scope 3 Reduction Measures by benchmarking against industry peers Internal capacity training on Scope 3 emissions
Methane capture	Dumai, Indonesia	<ol style="list-style-type: none"> Explore reducing emissions by capturing methane, purifying it into renewable natural gas (biomethane) with the purpose of substituting natural gas Current status: Engineering design and material procurement 	<ul style="list-style-type: none"> In progress
Carbon management software	All operations	Employ a carbon management software to improve measurement, management, planning and reporting of GHG emissions	<ul style="list-style-type: none"> In progress

Greener Alternatives			
Activity type	Location	Description of Activity	Outcome
Usage of green alternatives for powerplants and boilers	Jakarta, Indonesia	<ol style="list-style-type: none"> SDO (M) installed Gas Fired HP Boiler (4tph) as replacement of Coal Fired HP Boiler on June 2021 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) 	<ul style="list-style-type: none"> Estimated emission reduction of 42% when using NG as compared to using coal for this particular High Pressure Boiler Estimated 60,228 kgCO₂eq/a of emission reduction from trucking emission
Transition to electric forklift	<ul style="list-style-type: none"> Jakarta, Indonesia Dumai, Indonesia 	Substitute diesel forklift with electric forklift to reduce GHG emissions	<ul style="list-style-type: none"> SDS: Increase of 6 electric forklifts from 1 in 2021 SDO (D): 9 new electric forklifts in 2022

Nature-Based Solutions			
Activity type	Location	Description of Activity	Outcome
Afforestation and restoration of mangroves	<ul style="list-style-type: none"> Dumai, Indonesia Marunda, Indonesia 	The reforestation and afforestation of land around our operational facilities	<ul style="list-style-type: none"> SDS: Completed restoration of 2,000 Mangroves AAJ Marunda: Completed restoration of 3,000 Mangroves
Forest protection	<ul style="list-style-type: none"> Aceh, Indonesia 	Launch of SLV to protect and conserve the forests	<ul style="list-style-type: none"> 150,000 ha forest conservation and protection

Reporting			
Activity type	Location	Description of Activity	Outcome
TCFD reporting and capacity building	All operations	Conduct internal capacity building workshops for relevant business units and Heads of Departments to understand TCFD recommendations	<ul style="list-style-type: none"> Appointed an external consultant to conduct workshops

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 woodbark 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 Park 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

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.

Apical 2030 Targets and Performance for Green Innovation

Green Innovation Targets	Progress	Status
38% of total energy consumption to be obtained from renewable and clean energy sources as compared to 2020 baseline	<ul style="list-style-type: none"> 6.99% of total energy consumption to be obtained from renewable and clean energy sources in 2022 33% increase of renewable energy source from 2020 	In progress
Improve water use intensity by 30% through circular solutions as compared to 2020 baseline	<ul style="list-style-type: none"> Water intensity of our operations were 0.000456 megalitres/MT of oil processed 14% increase from 2020 	In Progress

8A. Ensuring Sustainable Operation

Management Approach

GRI 3-3, 306-1, 306-2

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



Recycle wastewater



Improve energy efficiency through measures such as insulating tanks



Developing circular products (ie. Biodiesel)



Install solar panels at our facilities

GREEN INNOVATION

GREEN INNOVATION

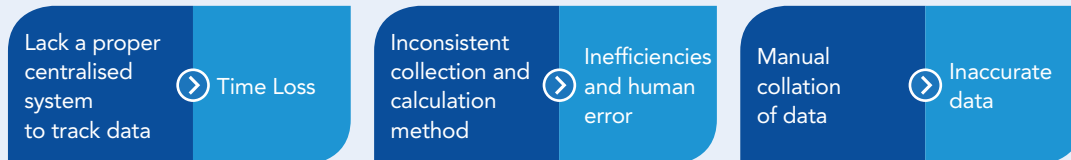


One key Green Innovation development in 2022 involves the development and completion of a proprietary internal platform called Sustainability Impact Management System (SIMS). With SIMS, we can collect, consolidate and visualise the following data for ease of monitoring of Apical2030 targets and reporting:

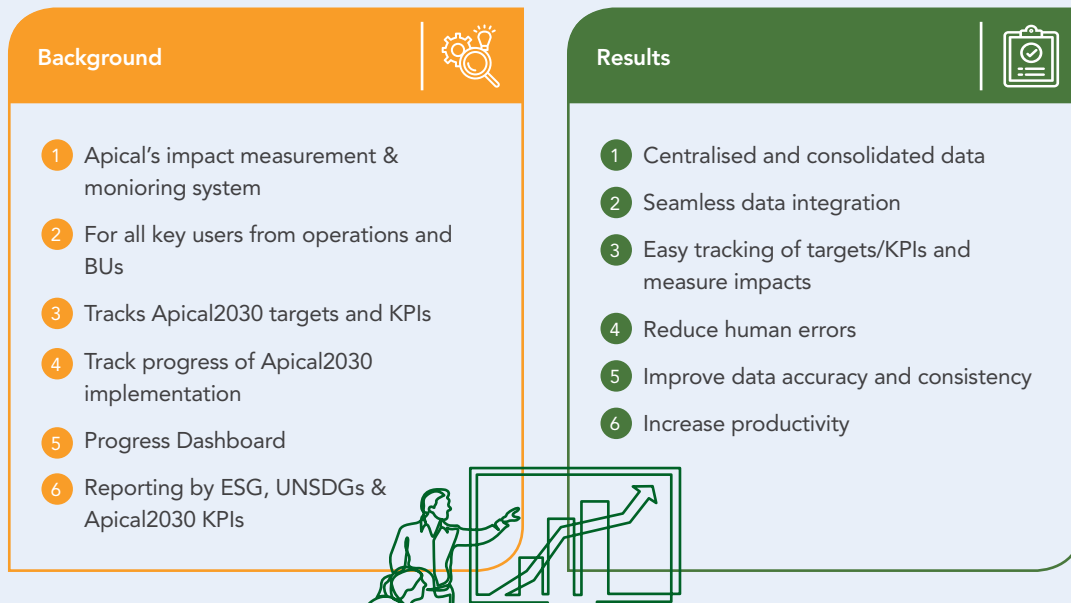
- Monthly environmental data such as carbon emissions, energy, water and waste
- Yearly HR and finance-related data such as sales, volume, purchase of palm oil
- Yearly supplier and traceability, conservation data
- Yearly Occupational Safety and Health data
- Yearly Partnership/Community

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



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 SDS, are undergoing discussions with contractors, consultants to support Apical on our Green Innovation targets.

	2020	2021	2022
Fuel consumption from non-renewable sources (Gj)	16,863,646	16,319,004 ⁵	20,821,454
Fuel consumption from renewable sources (Gj)	68,137	116,439	1,610,231
Electricity purchased for consumption (Gj)	338,164	590,204 ⁵	590,826
Total energy consumption (Gj)	17,269,947	17,025,647 ⁵	23,022,511
Percentage of renewable and clean energy sources (%)	0.39	0.71	6.99

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 include biomass.
4. Data covers our 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.

Water Management GRI 303-1, 303-2, 303-3, 303-4, 303-5

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.

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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)

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

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 tonne 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 that the return can be increased to 24 ton ie. 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 to 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)

Total water withdrawal (Megalitres)	2020		2021		2022	
	All areas	Areas with water stress	All areas	Areas with water stress	All areas	Areas with water stress
Total water withdrawal	3,427	0	9,965*	51	19,697	36

* 2021 Water Withdrawal figure is a restatement.

Water Withdrawal by Source (Megalitres)

Water withdrawal by source (Megalitres)	2022			
	All areas		Areas with water stress	
	Freshwater (<1,000 mg/L total dissolved solids)	Other water (>1,000 mg/L total dissolved solids)	Freshwater (<1,000 mg/L total dissolved solids)	Other water (>1,000 mg/L total dissolved solids)
Surface water	2,030	0	36	0
Groundwater	5,012	0	0	0
Seawater	0	11,995	0	0
Produced Water	0	0	0	0
Third-party Water	659	0	0	0
Total	7,701	11,995	36	0
Compared to 2021	138%	78%	-30%	0%

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 bioxide. 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.



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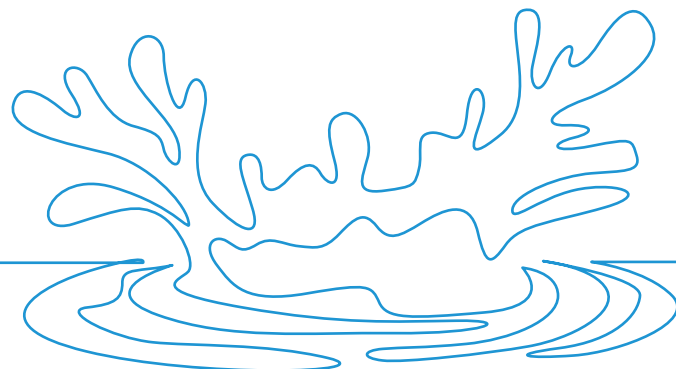
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Water Quality Parameters	Indonesia - Dumai			Indonesia - Marunda			Indonesia - Tanjung Balai			Indonesia - Padang			Indonesia - Kutai			China			Spain		
	National Legal Limit	2021	2022	National Legal Limit	2021	2022	National Legal Limit	2021	2022	National Legal Limit	2021	2022	National Legal Limit	2021	2022	National Legal Limit	2021	2022	National Legal Limit	2021	2022
		Annual Average Level	Annual Average Level		Annual Average Level	Annual Average Level		Annual Average Level	Annual Average Level		Annual Average Level	Annual Average Level		Annual Average Level	Annual Average Level		Annual Average Level	Annual Average Level		Annual Average Level	
Biochemical Oxygen Demand (BOD), mg/L	100	19.33	16	100	14	6.53	100	4.8	9.11	100	28.68	23.33	100	BOD Analysis in KRN have yet to be conducted, COD & BOD are parallel, if COD is low, BOD will also be low		200	31	30	NA	15.75	8.58
Chemical Oxygen Demand (COD), mg/L	350	58.5	149	350	54.27	40.2	350	10.00	20.00	350	96.25	81.27	350	60.01	74.35	450	98.00	100.00	VLE daily=330mg/L	67.75	88.75

Group level – 2022

Water Discharge by Destination (ML)			
Types of Water	Total Dissolved Solids <1,000 mg/L	Total Dissolved Solids >1,000 mg/L	Total
Surface water	71	0	71
Groundwater	0	0	0
Seawater	606	4,283	4,890
Third-party water sent for use to other organisations	18	0	18
Total	695	4,283	4,978

Water Discharge by All Areas and Water Stress Areas (ML)			
Areas	Total Dissolved Solids <1,000 mg/L	Total Dissolved Solids >1,000 mg/L	Total
All areas (excluding water stress areas)	695	4,283	4,978
Area with water stress	0	0	0
Total	695	4,283	4,978



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Waste Management

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

Indonesia generates approximately 7.8 million tons of plastic waste annually with 4.9 million tons of plastic waste is mismanaged.³ 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.

Quantity of Waste Generated, Diverted from Disposal and Directed to Disposal in 2022 (MT)

Type of Waste	Waste Generated	Water Diverted from Disposal	Waste Directed to Disposal
Spent Bleaching Earth	93,716	217	93,500
Bottom Ash	20,101	3,439	16,662
Fly Ash	55,542	87	55,455
Glycerine Pitch	13,088	0	13,088
Sludge Cake	5,250	39	5,211
Others	15,997	912	15,085
Free Fatty Acids	17,700	17,700	0
Total	221,395	22,393	199,001

Notes:

- Others include spent nickel catalyst, contaminated materials, used lamp, wastewater sludge, electronics, etc.
- The amount of waste diverted from and to disposal includes waste that is stored on site that may not have been generated in 2021.
- The quantity of waste is weighed internally by Apical and also provided by third-party contractors who we engage for disposal.
- Waste management protocol in Indonesia complies with Government Regulation No 101 in 2014, while our facilities in Spain and China comply with relevant local regulations.

³ World Bank (2021) Plastic Waste Discharges from Rivers and Coastlines in Indonesia <https://www.worldbank.org/en/country/indonesia/publication/plastic-waste-discharges-from-rivers-and-coastlines-in-indonesia>.

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

Type of waste	2021	2022
Hazardous Waste		
Reuse	16,357	0
Recycle	14	3,565
Other recovery options	309	217
Non-hazardous Waste		
Recycle	284	71
Biological Treatment	5,302	0
Reuse as Fertiliser	4,145	0
Other recovery options	0	18,540
Total	26,411	22,393

Notes:

- The amount of waste diverted from and to disposal includes waste that is stored on site that may not have been generated in 2021.
- 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)

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

Notes:

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

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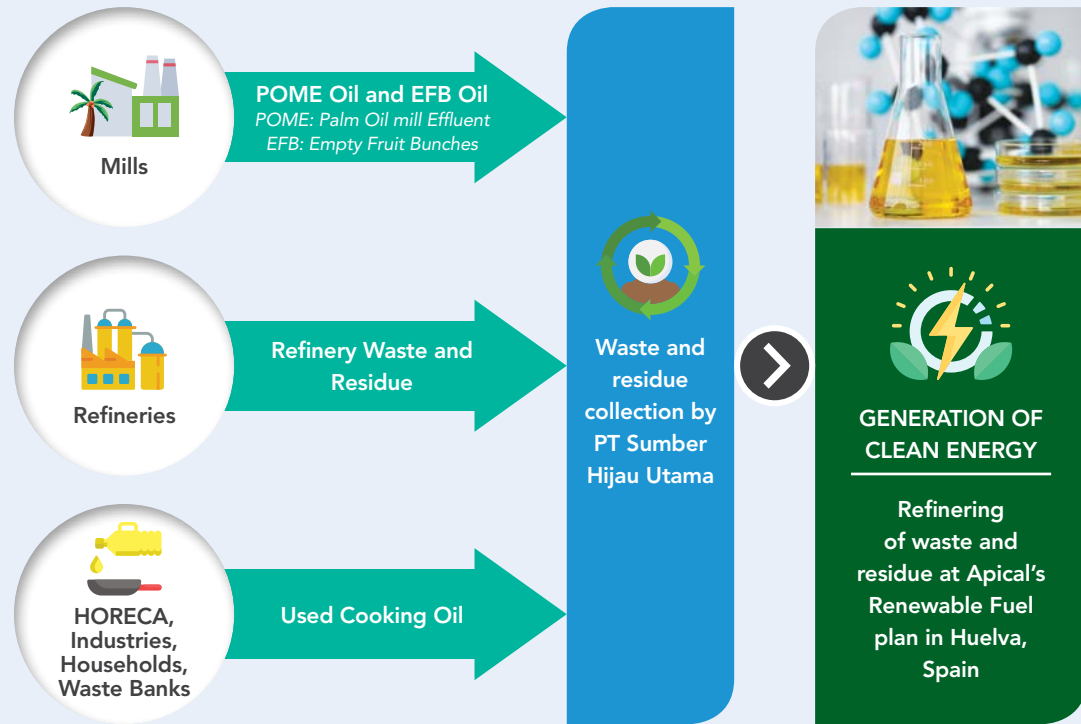
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Carving out a new circular economy business segments using waste

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.

Apical's Circular Economy
Waste and Residue to Renewable Fuel



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

Activity type	Location	Description of Activity	Outcome
Tank Insulation	Dumai, Indonesia	Insulation to reduce energy required to keep the tanks at the optimal temperature	<ul style="list-style-type: none"> 97 tanks insulated
Installation of LED lighting	Kalimantan, Padang, Marunda and Dumai, Indonesia	Changed conventional incandescent light bulb to LED light to improve energy efficiency	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 6.99% of energy source is from palm kernel shell, wood bark and rice chaff

Water Management

Activity type	Location	Description of Activity	Outcome
Water Management	Huelva, Spain	Installed a system to recover a steam condensate line from 293E1 (reboiler of Methanol Distillation Column) to feed 291E1 (Reaction Heat Exchanger)	<ul style="list-style-type: none"> 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
	Balikpapan, Indonesia	Increase condensate return to reduce consumption of raw water	<ul style="list-style-type: none"> Appx 25,920 m³ of condensate have been returned

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Waste Management			
Activity type	Location	Description of Activity	Outcome
Waste Management	All refineries in Dumai, Indonesia	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))	• 0 oil spills at sea incidents
	All refineries	Ensure that all waste diverted from disposal and handled by 3 rd party contractors arrives at the intended destination	
	SDO (M)	Submit online reports with environmental data to Local Government (quarterly basis) with SIMPEL and WASDAL Operationalise plans to build a hazardous waste and non-hazardous waste storage building	
	AAJ Marunda	1. Recycle of reject/damage jerry can 2. Sell non-hazardous waste such as plastic bottle, outter 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	• Achieved Green Proper certification

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 recognisable 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 aligns 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.

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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.



Assuring our food product safety for our customers

Products from the EFT, SDO (M), SDS, AAJ Marunda refinery are additionally certified with the Food Safety System Certification (FSSC) 22000 5.1, which is a stringent global standard similar to the ISO. The certification was achieved to reassure our customers that we are committed to delivering high-quality and safe food products (e.g. functional fats).



The refinery aims to achieve the ISO 17025 certification which is currently in its final stages towards completion – after the completed certification audit. While the other refineries – PRC and AAJ Tj Balai, operate on the principles of Quality, Productivity and Cost to improve product quality and safety in the day-to-day operations. Our customers' trust and satisfaction are crucial to our business, and we strive to always meet and exceed their expectations.

Operating in different markets requires Apical to localise our palm oil product certification to meet different national regulations and dietary requirements of our customers. Apical is a member of the Palm Oil Refiners Association of Malaysia that is a trade association for organisations in the downstream palm oil business. Our memberships allows us to remain updated with the latest legislation developments in Malaysia and the opportunity to exchange valuable knowledge with other members. In Indonesia, 100% of our refineries

are Halal and Kosher certified to comply with the Indonesian National Standard for product quality and to meet religious dietary requirements.

A Plant Information Management System is in place in most of our processing, utility, desalination, and power plants, this is a digital tool that aids in the monitoring of our processes to identify production areas for improvement.

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-contaminants⁴ 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.



Complementing the co-contaminant digital solution is the implementation of the Laboratory Integrated Management System to prevent cross-contamination during storage. This allows us to ensure the integrity of our products are not compromised at any stage during production.

In 2022, we had zero incidents of non-compliance concerning the health and safety regulations of our products and did not have to recall our products for food safety reasons. Our subscription to national and international certification standards have resulted in a positive impact for our business – with a consistent 'zero' incident rate concerning our products' health and safety.

Certifying Palm Oil to be Sustainable

GRI 3-3

We believe that offering sustainable palm oil products to our customers is not only a matter of accountability but also an assurance on our commitment to responsible production practices.

Apical places great importance on certifying our operations under applicable national schemes and international certifications – such as the RSPO and the ISCC. By doing so, we can demonstrate our commitment to provide sustainable products while supporting the broader industry efforts in improving the operational practices of the palm oil sector.

Apical has been an active member of **RSPO** since 2011, and we have consistently reported on our sustainability efforts through the RSPO Annual Communications of Progress (ACOP) since 2014

⁴ Co-contaminants such as 3-monochloropropane-1, 2-diol or 3-chloropropane-1, 2-diol (3-MCPD) and Glycidyl Esters (GE).

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88% of our refinery has been RSPO certified, as of 2022



9.22% of our palm oil and palm products processed are certified by either RSPO and/or ISCC, as of 2022

24.73% increase in volume of RSPO-certified raw materials sourced, compared to 2021

Our target is to exclusively process and handle RSPO-certified palm oil by 2025 and achieve RSPO or ISCC certification for 100% of our processing facilities, based on whichever certification is applicable to the operational facility. We aim for all our new refineries to obtain the RSPO or ISCC certification within three years from the start of their operations. As at Dec 2022, 88% of our refineries have been RSPO Certified.

All our refineries in Indonesia have obtained the RSPO Supply Chain Certification, including SDO (D) and AAJ Tj Balai, which were newly certified in 2022. As of 2022, 3.64% and 5.58% of our palm oil and oil palm products processed are RSPO and ISCC certified respectively.

Apical expanded rapidly in our 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 drop on the overall volume of CPO and PKO volume that was certified in 2021.

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.

Certification Type	Raw Material	Volume (MT)			
		2019	2020	2021	2022
RSPO	CPO, PKO	191,937	221,780	320,898	400,267
ISCC	CPO	717,706	830,242	533,159	613,019
Non-certified	CPO, PKO	7,049,972	7,139,559	9,268,432	9,977,207
Total certified (%)	CPO, PKO	11%	15%	8%	9%

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%**.



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.

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 organisation 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.





Our Programme/Initiatives

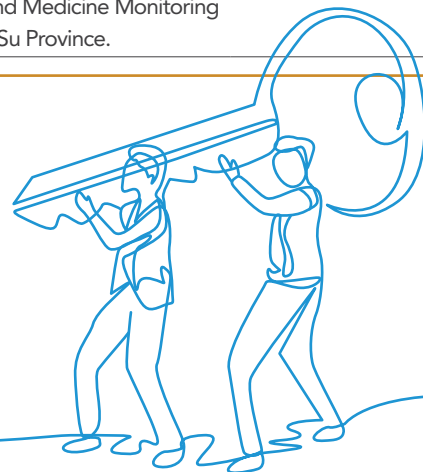
Quality Assurance Standards			
Activity type	Location	Description of Activity	Outcome
GMP Certification	All palm oil products from all operations	Registered palm oil products for Good Manufacturing Practice certification.	• 100% of our palm oil products are GMP certified
HACCP Certification	All palm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


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 Certification Schemes			
Activity type	Location	Description of Activity	Outcome
RSPO Certified Products	Indonesia	Register our palm oil products (CPO and PKO) to be RSPO-certified. Target to reach 100% certified by 2025.	<ul style="list-style-type: none"> • 400,267MT of RSPO-certified palm oil raw materials • 24.73% increase from 2021
RSPO Supply Chain Certification	Indonesia	Registered our refineries to the RSPO Supply Chain Certification.	<ul style="list-style-type: none"> • 100% of refineries obtained the RSPO Supply Chain certification
ISCC Certified Product	All operations	Registered palm oil and palm oil products (CPO) to be International Sustainability & Carbon certified.	<ul style="list-style-type: none"> • 613,019MT of our palm oil and oil palm products processed are ISCC certified • 14.98% increase from 2021
ISCC Facility Certification	All operations	Registered our refineries to be International Sustainability & Carbon certified.	<ul style="list-style-type: none"> • 80% of refineries are certified by ISCC • 100% of our biodiesel facilities are ISCC certified

 Digital Solutions			
Activity type	Location	Description of Activity	Outcome
Product Traceability	Nanjing, China	Developed a system to enhance product traceability in collaboration with the Food and Medicine Monitoring Bureau of Jiang Su Province.	<ul style="list-style-type: none"> • Improve traceability of palm oil products by 75% in 2022



 Stakeholder Engagement			
Activity type	Location	Description of Activity	Outcome
Palm Oil Refiners Association of Malaysia	Malaysia	Remain engaged in the trade association for organisations in the downstream palm oil business.	<ul style="list-style-type: none"> • Industry developments including market reports, legislation updates and procedure developments
Apical Key Customers	All operations	Engaged with 10 major customers including Bunge, Cargill, Kao Corporation, Nestle and Unilever.	<ul style="list-style-type: none"> • Provided developments on Apical's sustainability activities; especially on supply chain matters - including traceability, grievances, and NDPE IRF • Supporting our customers with refinery audits on their request, as Apical continually improve the our refinery standards • Involving our customers in multi-stakeholder Palm Oil Collaboration Group (POCG) to drive collaborative approaches on sustainability focus areas

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

INCLUSIVE PROGRESS

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.



Apical 2030 Targets and Performance for Inclusive Progress

Inclusive Progress Targets	Progress	Status
Support 30 villages through Sustainable Living Village by 2030	<ul style="list-style-type: none"> Identified 6 potential villages in Aceh Singkil Partner with IDH, YEL, and FKL for the SLV in Aceh Partnered with Solidaridad for scoping exercise in East Kalimantan Partnered with Solidaridad to identified potential villages in East Kalimantan Exploring potential areas in West Kalimantan 	In Progress
Support 5,000 independent smallholders to achieve certification by 2030	<ul style="list-style-type: none"> Engaged 3,018 independent smallholders (ISH) 628 smallholders participated in the SMILE Programme Certified 390 ISH under RSPO 	In Progress

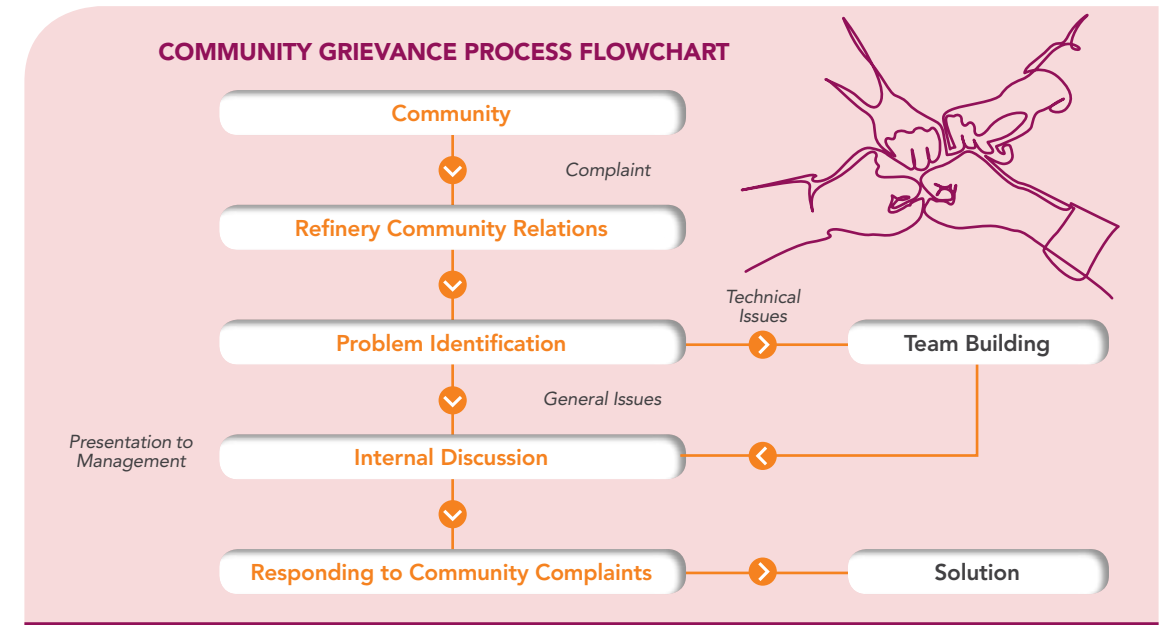
9A. Improving Community and Smallholder Lives

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 within 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:



INCLUSIVE PROGRESS

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.

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

Prior
Consent is sought in advance of the authorisation of any activities

Informed
Impacted indigenous groups receive satisfactory information on the key points of the project

Consent
The decision is made collectively by rights holders, with consensus reached through a customary decision-making process involving community members

Empowering Communities GRI 203-1, 203-2, 413-1, 413-2

Local Economic Development

Community activity type	Location	Description of Activity	Outcome
Chilli Farming	Dumai	Continued supporting farmers with chilli farming as an additional source of income	<ul style="list-style-type: none"> Supported 12 farmers 120 chilli trees grown IDR17.2 million is the estimated value generated from chilli farming
Goat Farming	Dumai	Continued supporting farmers with goat farming as an additional source of income	<ul style="list-style-type: none"> 24 farmers supported 195 goats reared since 2019 IDR50 million is the estimated value generated from goat farming since 2019
Longan Trees	Dumai	Delivered drum units to be used as planters for farmers to grow longan trees	<ul style="list-style-type: none"> 15 drum units delivered
Parrot Fish	Balikpapan	Donated cash to support parrot fish cultivation farm	<ul style="list-style-type: none"> IDR7 million donated

INCLUSIVE PROGRESS

Entrepreneurship/SMEs

Community activity type	Location	Description of Activity	Outcome
Barbershop	Dumai	Supported youths to establish and operate a barbershop	<ul style="list-style-type: none"> Approximately 17 customers walk-ins daily IDR64 million is the estimated value generated from this economic activity
Baking Skill Improvement Class	Marunda	Sponsored small business owners to attend a baking class	<ul style="list-style-type: none"> 130 attendees
Cassava Chips	Balikpapan	Created a support plan with the Spicy Cassava Chips Trade Association to improve productivity and operations of micro-entrepreneurs	<ul style="list-style-type: none"> 3 micro-entrepreneurs selected
Salt Glycerin	Dumai	Provided salt glycerin, commonly used as a fertiliser, to farmers	<ul style="list-style-type: none"> 10 farmer groups benefitted 100 tonnes of salt glycerin provided

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.



INCLUSIVE PROGRESS

INCLUSIVE PROGRESS

Education

Community activity type	Location	Description of Activity	Outcome
Educational Goods	Dumai	Donated books and learning tools to MTS Nurul Islam School, and study chairs to Bunga Tanjung Adult Numeric and Literacy school	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 30 students attended
Training for Teachers	Balikpapan	Training for teachers to improve their teaching methods and school curriculum	<ul style="list-style-type: none"> • 40 teachers attended
Educational Scholarships	Balikpapan	Provided scholarship assistance for high-achieving students from low-income households	<ul style="list-style-type: none"> • 12 students received scholarships
Math Tuition	Balikpapan	Sponsored weekly after-school math enrichment classes to improve students' mathematical skills	<ul style="list-style-type: none"> • 21 students attended these classes regularly from January to December 2022
School Construction and Investments in Education	Balikpapan	Sponsored the construction of schools	<ul style="list-style-type: none"> • 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

Community activity type	Location	Description of Activity	Outcome
COVID-19 Vaccinations	Medan	Partnered with the Medan City Government to provide COVID-19 vaccinations for children	<ul style="list-style-type: none"> • 2,500 vaccinations were dispensed
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	<ul style="list-style-type: none"> • 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
	East Jakarta		Partnered with an NGO, T.CARE, to provide 36,000 litres of subsidised cooking oil to local communities in East Jakarta
	Riau		Partnered with Sahabat RAPP to distribute subsidised cooking oil to local communities in Riau
Provision of affordable Cooking Oil Programme during Ramadan	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



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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 residents on goat farming and rearing. We also continue to support farmers growing chilli. To date, our chilli farmers have grown 120 trees which generates an estimated value of USD1,165⁷.

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 additional estimated value of USD3,400⁷ from selling the goats. We also provided 15 drum units to be repurposed by a

women's farmer group as a planter for planting longan trees.

We continued to coordinate the Rumah Pintar project at our SDS and AKC facilities. The Rumah Pintar project 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 USD4300⁷. 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.

Community Investment
GRI 203-1, 203-2, 413-1, 413-2



Infrastructure

Community activity type	Location	Description of Activity	Outcome
Clean Water Supply	Dumai	Provided clean water to various communities	<ul style="list-style-type: none"> 340 beneficiaries and 1 mosque with access to clean water 420 tonnes of water provided
Road Maintenance and Rehabilitation	Dumai	Provided equipment and road building material such as gravel to improve road conditions	<ul style="list-style-type: none"> 7.8 kilometres roads improved



Social

Community activity type	Location	Description of Activity	Outcome
Stunting Prevention	<ul style="list-style-type: none"> Dumai Marunda Balikpapan 	Coordinated outreach sessions for pregnant women in Dumai, Balikpapan, and Marunda to reduce stunting rates	<ul style="list-style-type: none"> 86 pregnant women being educated on stunting knowledge and prevention 31 Kaders receiving training on stunting and monitoring measures Development of three collaboration plans to continue the momentum of stunting prevention services in the future
Supporting communities affected by floods	Balikpapan	We provided support for 15 households living near our refineries in Balikpapan impacted by floods	<ul style="list-style-type: none"> IDR47 million and 10 rice packs were donated in addition to providing equipment such as submersible pumps to drain the floods
Support soccer activity for Balikpapan Journalist	Balikpapan	Engagement for media relations	<ul style="list-style-type: none"> IDR1 billion donated and 20 people participated in the soccer tournament
Ramadan Packages Distribution	<ul style="list-style-type: none"> Dumai Balikpapan 	Distributed Ramadan packages to underprivileged beneficiaries	<ul style="list-style-type: none"> 704 Ramadan packages distributed

⁷ Values in USD are estimated as conversion rates fluctuate frequently.

INCLUSIVE PROGRESS

INCLUSIVE PROGRESS

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

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.

Apical's involvement in Stunting Prevention and Management



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* at *Posyandu* centres. *Posyandu* is a type of service that provides essential health services for mothers and children living in rural areas, and often cover areas of immunisation, prenatal and postnatal support, and maternal and child health. *Kaders* are community-

elected volunteers that coordinate *Posyandu* services, they play a key role in community outreach and support. Apical is committed to enhancing local healthcare systems that meet the unique needs of the communities they operate in; we believe our support to strengthen the *Posyandu* and *Kaders* system is essential to reduce stunting rates.

As a result, our intervention recorded 86 pregnant women being educated on stunting knowledge and 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.



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Sustainable Living Village (SLV)

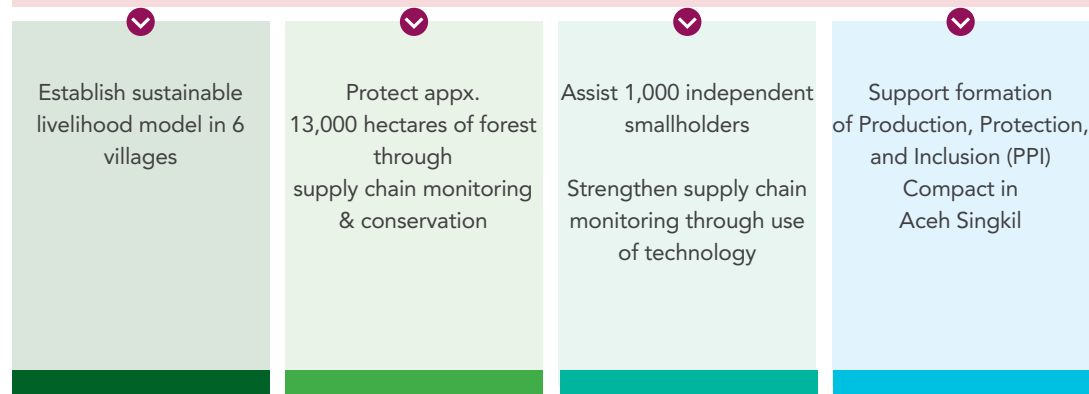


The SLV Programme aims to improve community resilience and livelihood sustainability at the village and landscape levels. The SLV programme intends to uplift and nurture communities, and alleviate poverty by fostering inclusion and improving livelihoods while providing environmental protection. Apical 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:



WILL BE IMPLEMENTED ACROSS 4 KEY FOCUS



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



INCLUSIVE PROGRESS

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Supporting Smallholders GRI 3-3, 203-1, 203-2

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.



Interview with Pak Khairul Anam, a smallholder who joined the SMILE Programme in 2021



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	Health, Safety and Environment (HSE)
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.

INCLUSIVE PROGRESS

INCLUSIVE PROGRESS

Our Programme/Initiatives



Local Economic Development

Activity Type	Location	Description of Activity	Outcome
Chilli Farming	Dumai, Indonesia	Continued supporting chilli farming as an additional source of income for farmers	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 24 farmers supported 195 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	<ul style="list-style-type: none"> 15 drum units delivered 29 longan trees planted
Parrot Fish	Balikpapan, Indonesia	Donated cash to support parrot fish cultivation farm	<ul style="list-style-type: none"> IDR7 million donated

Entrepreneurship/SMEs

Activity Type	Location	Description of Activity	Outcome
Barbershop	Dumai, Indonesia	Supported youths to establish and operate a barbershop	<ul style="list-style-type: none"> Approximately 17 customers walk-ins daily IDR64 million is the estimated value generated from this economic activity
Baking Skill Improvement Class	Jakarta, Indonesia	Sponsored small business owners to attend a baking class	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 3 micro-entrepreneurs selected
Salt Glycerin	Dumai, Indonesia	Provided salt glycerin, commonly used as a fertiliser, to farmers	<ul style="list-style-type: none"> 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 Nurul Islam School, and study chairs to Bunga Tanjung Adult Numeric and Literacy school	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 30 students attended
Training for Teachers	Balikpapan, Indonesia	Training for teachers to improve their teaching methods and school curriculum	<ul style="list-style-type: none"> 40 teachers attended
Educational Scholarships	Balikpapan, Indonesia	Provided scholarship assistance for high-achieving students from low-income households	<ul style="list-style-type: none"> 12 students received scholarships
Math Tuition	Balikpapan, Indonesia	Sponsored weekly after-school math enrichment classes to improve students' mathematical skills	<ul style="list-style-type: none"> 21 students attended these classes regularly from January to December 2022
School Construction and Investments in Education	Balikpapan, Indonesia	Sponsored the construction of schools	<ul style="list-style-type: none"> 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

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Social

Activity Type	Location	Description of Activity	Outcome
Stunting Prevention	Dumai, Indonesia, Marunda, Indonesia, Balikpapan, Indonesia	Coordinated outreach sessions for pregnant women in Dumai, Balikpapan, and Marunda to reduce stunting rates	<ul style="list-style-type: none"> 86 pregnant women being educated on stunting knowledge and prevention 31 Kaders receiving training on stunting and monitoring measures Development of three collaboration plans to continue the momentum of stunting prevention services in the future
Supporting communities affected by floods	Balikpapan, Indonesia	We provided support for 15 households living near our refineries in Balikpapan impacted by floods	<ul style="list-style-type: none"> IDR47 million and 10 rice packs were donated in addition to providing equipment to such as submersible pumps to drain the floods
Support soccer activity for Balikpapan Journalist	Balikpapan, Indonesia	Organised a soccer tournament for locals for community relations; media was invited to provide coverage	<ul style="list-style-type: none"> IDR1 billion donated and 20 people participated in the soccer tournament
Ramadan Packages Distribution	Dumai, Indonesia, Balikpapan, Indonesia	Distributed Ramadan packages to underprivileged beneficiaries	<ul style="list-style-type: none"> 704 Ramadan packages distributed
Cooking oil Donations	Dumai, Indonesia, Balikpapan, Indonesia	Provided cooking oil for various communities	<ul style="list-style-type: none"> 66,716 litres of cooking oil provided
Waste Management programme	Balikpapan, Indonesia	Sponsored outreach activities to educate Salok Baru Village on proper recycling techniques	<ul style="list-style-type: none"> Donated IDR7,750 million 30 participants
Donations to various religious-affiliated activities and organisations	Dumai, Indonesia, Marunda, Indonesia, Balikpapan, Indonesia	Sponsored for the coordination of religious activities and celebrations	<ul style="list-style-type: none"> Donated 2 cows to Ala'la mosque and Alhuda mosque as part of Eid al-Adha celebrations IDR400 million donated Christmas care packages donated to recipients in Salok Baru Village
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INCLUSIVE PROGRESS

INCLUSIVE PROGRESS

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
Mangrove Planting	<ul style="list-style-type: none"> Dumai, Indonesia Jakarta, Indonesia 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Conduct training for 40 teachers via ePINTAR 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Develop livelihood models and deploy them in 6 targeted villages once baseline studies are conducted
Social	Improve the livelihoods of villagers living near refineries	<ul style="list-style-type: none"> Provide support to 750 households and 1,500 villagers living near refineries on religious, cultural and social events
Supporting smallholders	Support 5,000 independent smallholders to achieve certification	<ul style="list-style-type: none"> 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

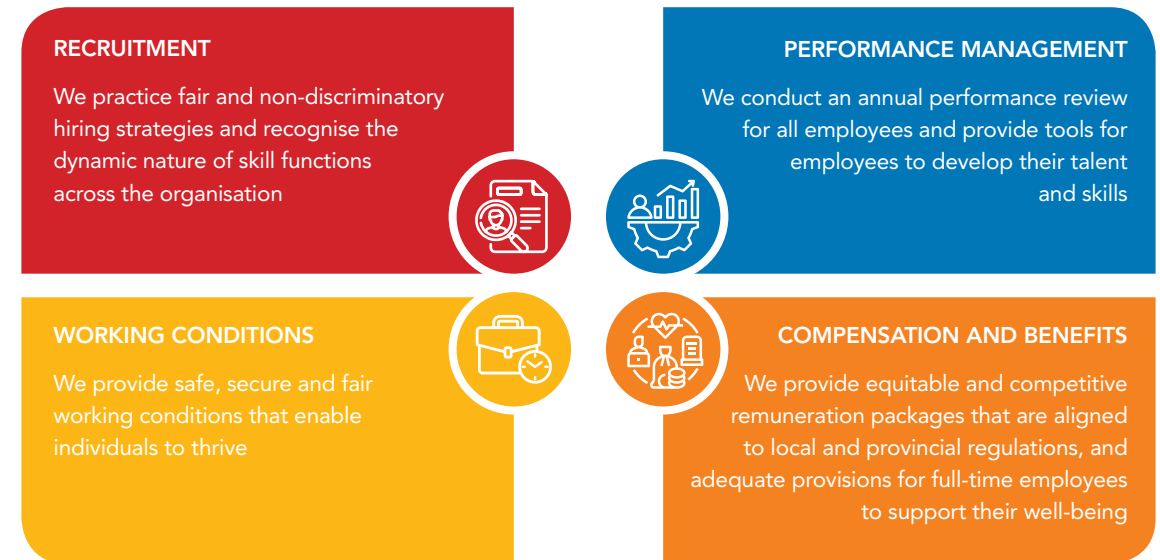
At Apical, we believe that our employees play a critical role in achieving our long-term success. To unlock their potential, we prioritise respecting their rights, acknowledging their abilities, and providing opportunities for their professional development. We aspire to attract and retain the best diverse 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:



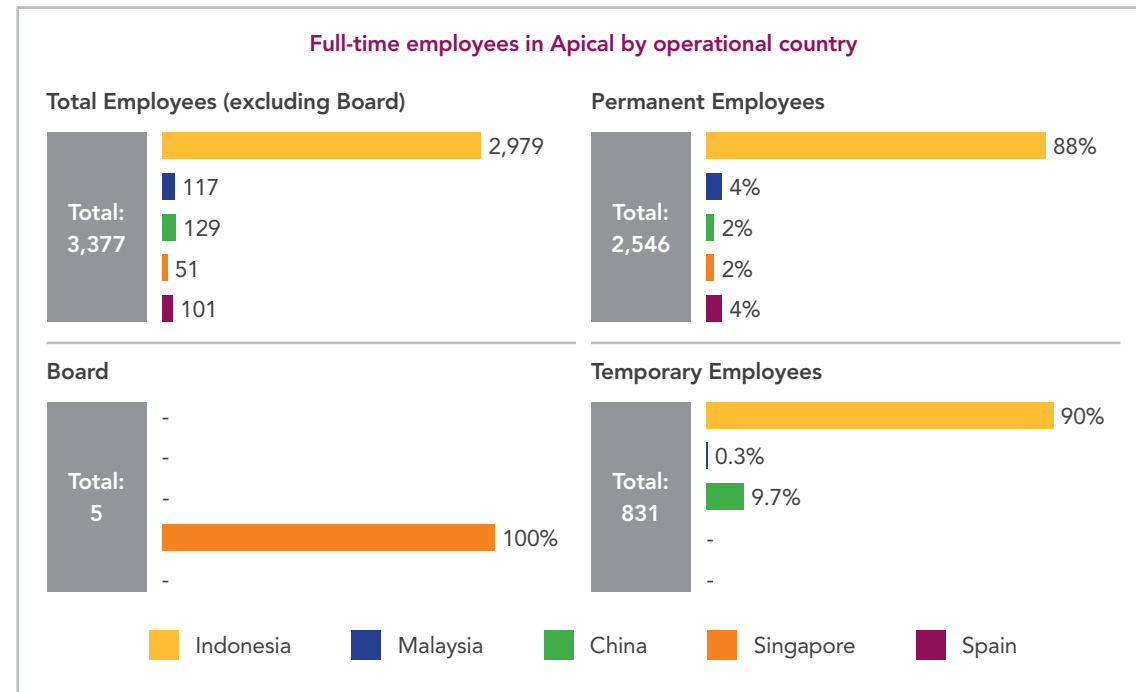
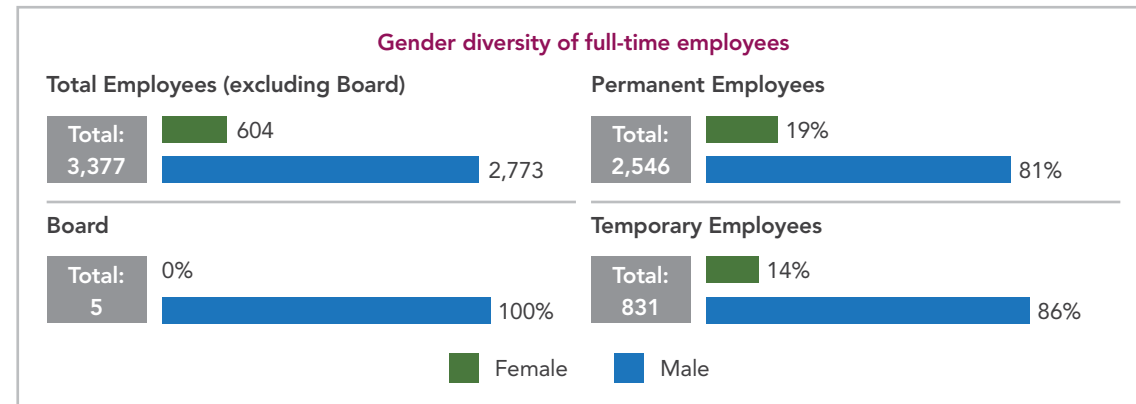
INCLUSIVE PROGRESS

INCLUSIVE PROGRESS

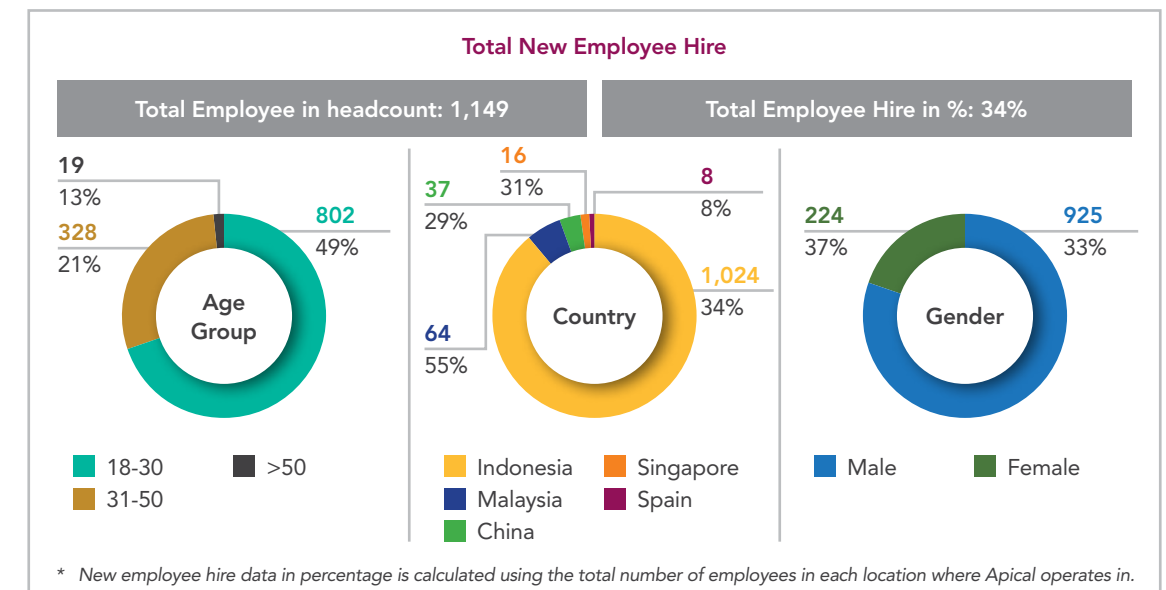
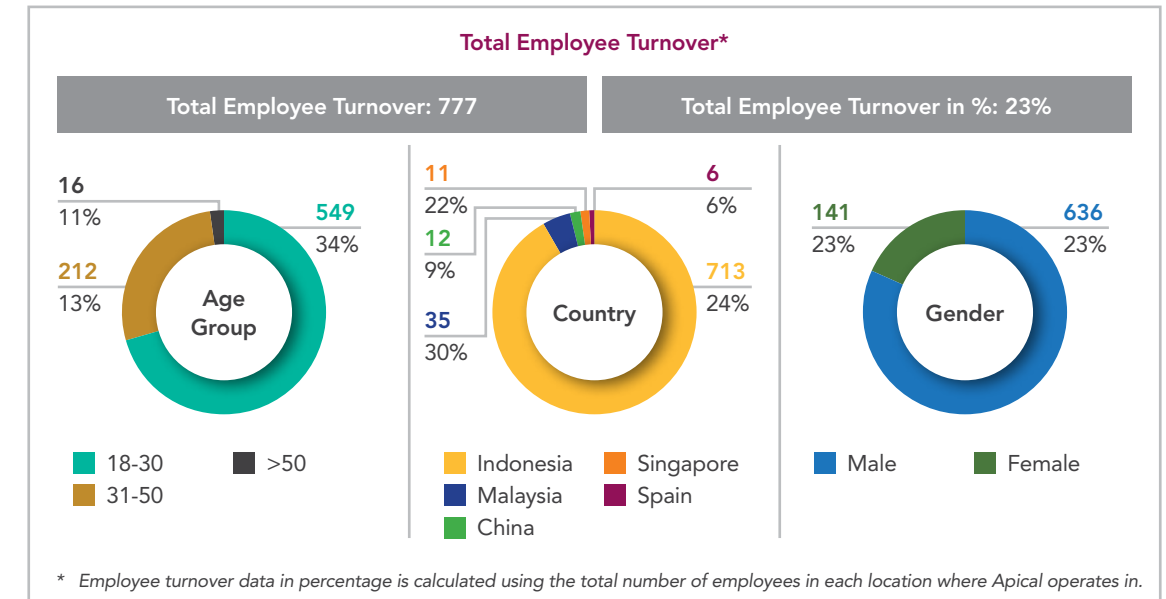
Employee Profile

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.



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.



INCLUSIVE PROGRESS

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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 living⁸, 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

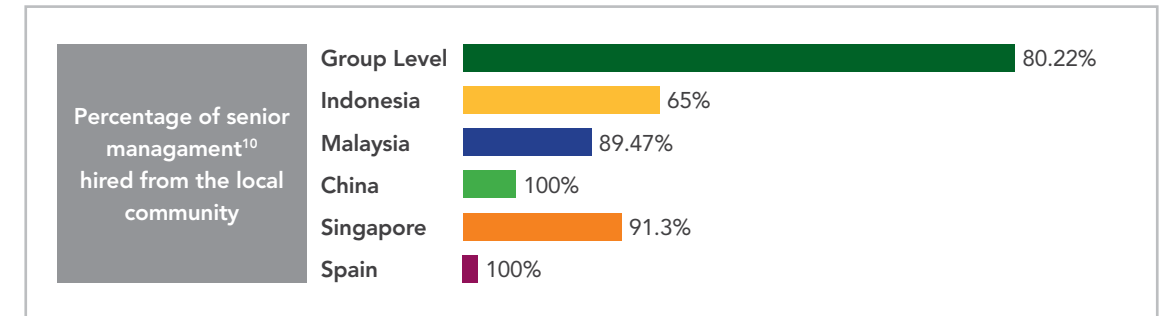
Region / Country	Currency	Monthly Legal Minimum Wage	Lowest Monthly Wage		Ratio ⁹	
			Male	Female	Male	Female
Dumai, Indonesia	IDR	3,414,160	3,414,160	3,414,160	1:1	1:1
Marunda, Indonesia	IDR	4,490,168	4,490,168	4,490,168	1:1	1:1
Tg Balai, Indonesia	IDR	2,829,107	2,829,107	2,915,517	1:1	1:1.03
Bagandang, Indonesia	IDR	3,014,732	3,014,372	3,014,372	1:1	1:1
Padang, Indonesia	IDR	2,512,539	2,550,000	2,550,000	1:1.01	1:1.01
Medan, Indonesia	IDR	3,370,645	3,485,057	3,370,645	1:1.03	1:1
Balikpapan, Indonesia	IDR	3,118,397	3,118,397	3,145,114	1:1	1:1.01
Spain	EUR	1,167	1,597	1,597	1:1.37	1:1.37
Malaysia	MYR	1,500	2,800	2,800	1:1.87	1:1.87
Singapore	SGD	Nil	3,800	3,800	Nil	Nil
China	RMB	2,280	2,590	2,580	1:1.14	1:1.13



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.

⁸ The cost of living determines the minimum wage levels, considering the prices of local goods, services, and other living expenses.
⁹ Ratio = Monthly legal minimum wage / Apical's lowest month wage (male or female).

Percentage of senior management at significant locations of operations that are hired from local community



The Ratio of the Basic Salary and Remuneration of Female to Male for Each Employee Category, by Significant Locations of Operation

Locations of Operation	Currency	Employee Category	Average Annual Basic Salary	Average Annual Remuneration
			Ratio of Women to Men (%)	Ratio of Women to Men (%)
Indonesia	IDR	Non-executive	94.3	77.92
		Junior management	76.61	74.99
		Middle management	101.81	105.76
		Senior management	153.9	145.62
Malaysia	MYR	Non-executive	99.12	98.72
		Junior management	107.53	107.48
		Middle management	94.84	90.89
		Senior management	57.8	70.2
China	RMB	Non-executive	109.44	80.13
		Junior management	99.84	99.88
		Middle management	105.63	107.55
		Senior management	54.42	56.62
Singapore	SGD	Non-executive	90.31	97.92
		Junior management	37.05	35.74
		Middle management	221.05	211.71
		Senior management	72.63	66.07
Spain	EUR	Non-executive	91.39	76.64
		Junior management	88.02	71.19
		Middle management	112.36	101.91
		Senior management	N/A	N/A

¹⁰ Senior management hired from the local community includes those individuals either born or who have the legal right to reside indefinitely (such as naturalized citizens or permanent visa holders) in the same geographic market as the operation. The geographical definition of 'local' can include the community surrounding operations, a region within a country, or a country.

INCLUSIVE PROGRESS

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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
-  **HOUSING ALLOWANCE**
Employee's contracted position in Indonesia only
-  **TRANSPORT ALLOWANCE**
Permanent employees in Indonesia only
-  **MEAL ALLOWANCE**
Permanent and temporary employees
-  **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
-  **ATTENDANCE RECOGNITION**
Permanent and temporary employees

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.

Item	Indonesia			Malaysia			China			Singapore			Spain		
	Gender		Total	Gender		Total	Gender		Total	Gender		Total	Gender		Total
	Male	Female		Male	Female		Male	Female		Male	Female		Male	Female	
Parental Leave (Maternity & Paternity)															
Total number of employees that were entitled to parental leave	2,529	450	2,979	53	64	117	84	45	129	40	16	56	6	1	7
Total number of employees that took parental leave	188	18	206	1	2	3	0	0	0	0	0	0	6	1	7
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	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	0	5	1	6
Rate															
Return to work rate	100		100		0		0		86						
Retention rate	96		67		0		0		100						

Allowances

In Indonesia, housing facilities are provided for employees who work at locations away from their hometowns. Transportation allowance is provided through a Motorcycle Ownership Programme (MOP) that offers subsidised loans for permanent employees to purchase a motorcycle, the common mode of transport in Indonesia. While managers are offered subsidies via our Car Ownership Programme (COP) to offset the cost of purchasing a car.

Retirement Provision Schemes

Malaysia has enacted the Employees' Social Security (Amendment) Bill 2022 and Employment Insurance System (Amendment) Bill 2022, to require a maximum salary contributions limit of RM5,000. This is applicable to employees who are non-expatriates and below aged 60 with salaries exceeding RM4,000 per month. In Singapore, collective monthly contributions by employees and employers to retirement schemes are dependent on the age category – ranging from 37% for employees below or are aged 55 to 12.5% for employees aged 70 years and above. The percentage contribution gradually decreases for employees after aged 55.

Spain has mandatory requirement by the government on retirement contribution for the employees and it is a voluntary right that allows workers to freely decide whether they want to continue working or access their retirement pension once they have reached the legal age established by law. China follows the government endowment scheme.

Attendance Recognition

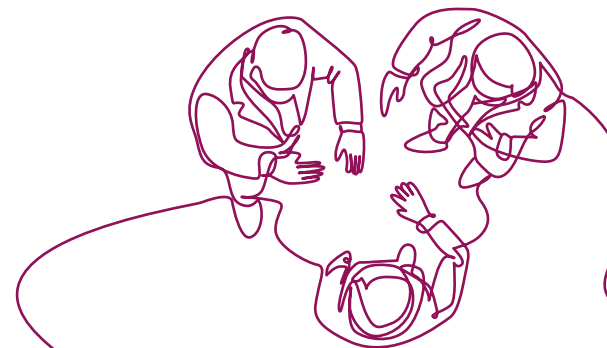
Employees with a good attendance record would also be eligible for monthly reward in the form of daily grocery items (e.g. cooking oil). These benefits are communicated to employees in the employee handbook.

Diversity and Equal Opportunity

GRI 2-30, 405-1, 407-1, 408-1, 409-1

A diverse workforce enriches the workplace with fresh perspectives that will aid Apical in meeting our business objectives. We believe in inclusivity, equal opportunities, and non-discrimination in our workplace and working environment. Our company values all employees fairly and provides them with equal opportunities in terms of hiring, assessment, working conditions, and rewards, irrespective of their ethnicity, national origin, religion, caste, disability, gender, age, sexual orientation, union membership, or political beliefs. We strictly adhere to employment rights legislation in countries where we operate – including prohibition hiring of minors.

We enforce a zero-tolerance policy towards any form of harassment or violence against all our employees. We continuously work towards promoting gender diversity and inclusion in our workplace – women contribute to 17.86% of our total workforce.

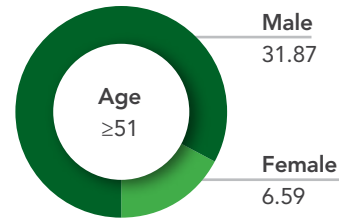
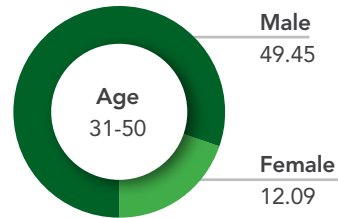


INCLUSIVE PROGRESS

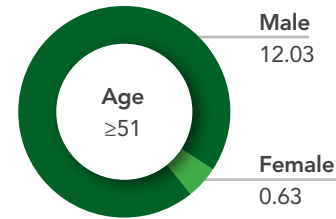
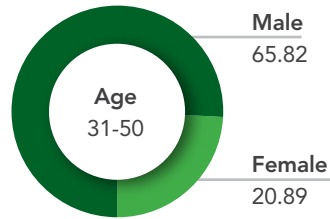
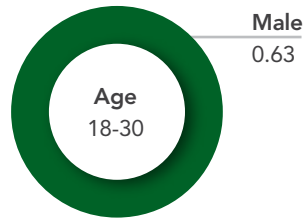
INCLUSIVE PROGRESS

Employees by Age and Gender according to Employee Categories (%) ¹¹

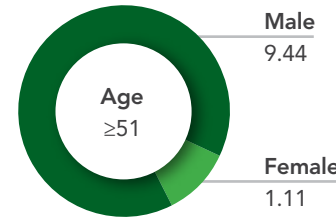
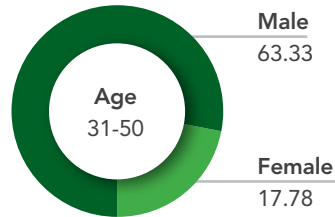
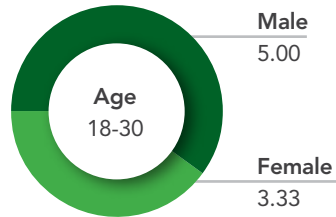
Senior Management



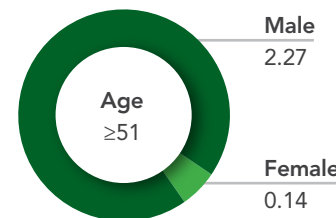
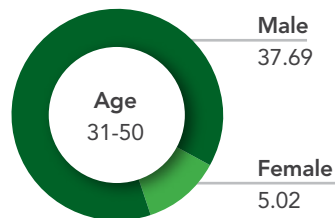
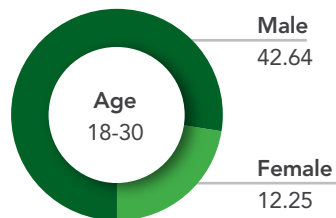
Middle Management



Junior Management

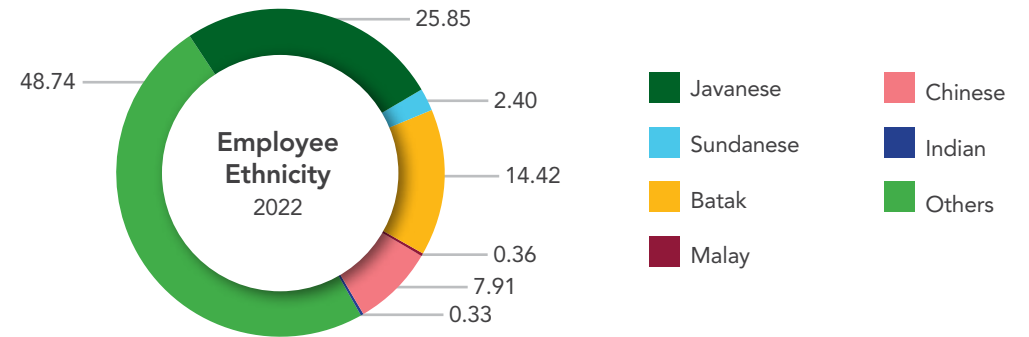


Non-Executive



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

Employee Ethnicity in across Apical (%)



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.

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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	Employee Category	Average number of training hours provided to employees		
		Male	Female	Total
Group Level	Total	9.86	13.29	10.47
	Non-executive	9.93	12.75	10.42
	Junior management	11.17	23.43	13.89
	Middle management	10.47	13.45	11.11
	Senior management	4.08	5.35	4.32
Indonesia	Total	9.48	9.74	9.52
	Non-executive	9.70	10.15	9.77
	Junior management	7.32	5.00	7.02
	Middle management	8.10	4.25	7.60
	Senior management	5.30	0.67	4.95
Malaysia	Total	21.26	42.89	33.09
	Non-executive	22.53	51.61	42.40
	Junior management	29.83	74.67	52.25
	Middle management	28.27	11.64	21.23
	Senior management	7.38	8.83	7.84
China	Total	0.07	0.18	0.11
	Non-executive	0.09	0.20	0.13
	Junior management	0.00	0.00	0.00
	Middle management	0.00	0.00	0.00
	Senior management	0.00	0.00	0.00
Singapore	Total	8.74	10.69	9.35
	Non-executive	43.00	18.00	31.64
	Junior management	18.00	4.50	11.25
	Middle management	0.18	18.00	2.92
	Senior management	0.63	5.14	2.00
Spain	Total	26.60	24.80	26.09
	Non-executive	26.53	10.95	24.35
	Junior management	32.37	26.68	29.70
	Middle management	22.43	34.61	27.44
	Senior management	0.00	0.00	0.00

INCLUSIVE PROGRESS

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.

Locations of Operation	Employee Category	Percentage of employees receiving regular performance and career development reviews		
		Male	Female	Total
Group Level	Total	91%	90%	91%
	Non-executive	91%	90%	91%
	Junior management	88%	80%	86%
	Middle management	90%	91%	91%
	Senior management	93%	100%	95%

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.

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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

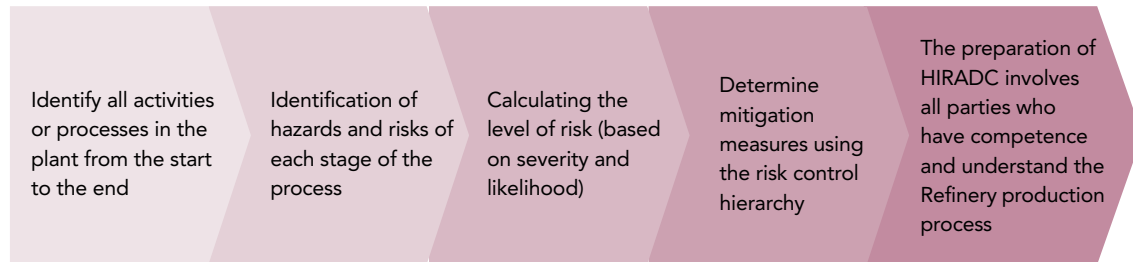
GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 403-10

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 Kesehatan dan Keselamatan 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 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.

INCLUSIVE PROGRESS

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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:



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 and Evacuation 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.

Training Our Employees on Fire Emergency Response and First Aid



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 fire-fighting 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.

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.

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.



INCLUSIVE PROGRESS

INCLUSIVE PROGRESS

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 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 out due-diligence on the equipment as well as all supervisors in the field are required to closely monitor the use of mobile lifting equipment so that the same incident does not occur again.

RECORDABLE WORK-RELATED INJURIES		
Recordable: Work-Related Injuries	Employees	Contractors
Number	9	11
Rate	1.69	1.07
<i>Rate per million hours worked</i>		
FATALITIES AS A RESULT OF WORK-RELATED INJURIES		
Fatalities: Work-Related Injuries	Employees	Contractors
Number	0	1
Rate	0	0.10
<i>Rate per million hours worked</i>		
HIGH-CONSEQUENCES WORK-RELATED INJURIES (EXCLUDING FATALITIES)		
High-Consequences: Work-Related Injuries	Employees	Contractors
Number	1	1
Rate	0.19	0.10
<i>Rate per million hours worked</i>		
LOSS DAY		
Loss Day: Work-Related Injuries	Employees	Contractors
Total Number of Loss Day	176	106
NEAR MISSES		
Total Number of Near Misses	331	
TOTAL NUMBER OF HOURS WORKED	5,336,232	10,243,165

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, Oxycafe)
 Routine maintenance of piping, equipment, and facilities	 Health preventive planning & hygiene risk assessment

RECORDABLE WORK-RELATED ILL HEALTH	Employees	Contractors
Number	2	0
Rate	0.37	0
<i>Rate per million hours worked</i>		
FATALITIES AS A RESULT OF WORK-RELATED ILL HEALTH		
Fatalities: Work-Related Injuries	Employees	Contractors
Number	0	0
Rate	0	0
<i>Rate per million hours worked</i>		

Our SDS refinery regularly disseminates health awareness information, covering topics such as healthy lifestyles and the consequences of smoking. Our SDS refinery and SDO sites, also provides a sports centre to encourage physical activity, organises monthly health campaigns, and provides a health consultation room led by a medical team who can advise on dietary health. Specifically, SDO and SDS sites organised health seminars with Graha Yasmin Hospital on Lung disorders in workers and Puskesmas Sungai Sembilan on Occupational Health for Women. At BOH, we also run an annual Health Medical Examination based on risk assessments and facilitate access to the vaccination programmes for COVID-19, which has been developed by the Health Authority via company programmes.

Since the onset of COVID-19, employee well-being has become an increasingly important topic. Apical organised three events to foster corporate culture among our employees. We organised a breakfast day and gala night dinner to thank all our employees for their hard work and dedication in 2022. We also organised a Health Day Event that included basic health check-ups and simple medical test with meals and drinks provided.

INCLUSIVE PROGRESS

MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT

Our Programme/Initiatives

Employee-related activity	Location	Description of Activity	Outcome
Opportunity for Improvement Programme	SDS and SDO (D)	The programme encouraged employees to pitch ideas that enhance product quality or operational safety.	13 best SOFI/QOFI awards were given
Health seminars	SDS and SDO (D)	<ul style="list-style-type: none"> Health seminars with Graha Yasmin Hospital on Lung disorders in workers. Health seminars with Puskesmas Sungai Sembilan on Occupational Health for Women. 	<ul style="list-style-type: none"> 33 attendees 21 attendees
Personal development training	Kuala Lumpur, Malaysia	Conducted courses on office productivity, critical thinking, leadership, and communication skills.	Conducted 6 different courses for 234 attendees
First-aid training session	Dumai, Indonesia	Acquire basic knowledge on first aid.	103 people trained
Basic fire training	Dumai, Indonesia	Acquire basic knowledge on fire prevention, suppression and fire fighting.	160 people trained
Team building event	Dumai, Indonesia	Organised a team building event with three different type of CSR activities for 79 employees.	79 people attended

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.

MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT

MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT



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

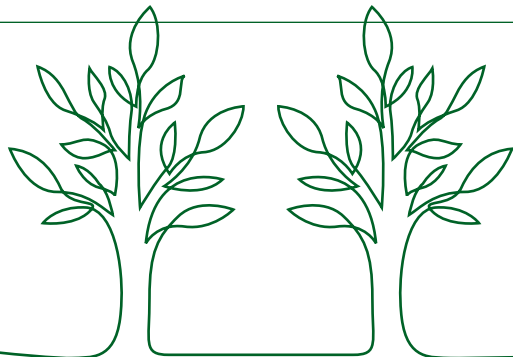
Implementation of a systematic approach conserve, reduce use of, and reuse water in company operations and supply chain, and to stimulate water conservation within its sphere of influence.

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.



EMPLOYEES

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.



MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT

MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT



SUPPLY CHAIN

Responsible Procurement Practices

Processes for sourcing external supplies, including supplier relationships and evaluation of suppliers' environmental and social practices. This would also include protocols on conducting supply chain risk assessments.

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 of 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.



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.

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, analyse, 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 emphasises 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.

Stakeholder Groups	Engagement Method & Frequency	Topics & Concerns Raised	Apical's Response
Customers & Consumers 	<ul style="list-style-type: none"> One-on-one communication (periodic) Conference calls (regularly) Sustainability Report (annually) Presentations and meetings (ad-hoc) Apical Website (ad-hoc) Apical Sustainability Dashboard (ad-hoc) Survey (periodically) Materiality Assessment (every 2-3 years) Consumer Focus Group Discussions 	<ul style="list-style-type: none"> Apical's sustainability commitments, initiatives and progress to achieve policy commitments Updates to traceability and customer data requirement Grievances on Apical's operations and/or suppliers Partnerships and collaborations on joint community/conservation projects Service improvements for customers 	<ul style="list-style-type: none"> Engaged with 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 Supporting customer audit of refineries based on commercial requirements Involved with multi-stakeholder initiatives such as the Palm Oil Collaboration Group (POCG) to collaborate on sustainability efforts and addressing challenges

MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT




MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT


Stakeholder Groups	Engagement Method & Frequency	Topics & Concerns Raised	Apical's Response
Banks & Financial Institutions 	<ul style="list-style-type: none"> E-mail updates (regularly) One-on-one meetings (periodic) Sustainability Report (annually) Apical Website (ad-hoc) Apical Sustainability Dashboard (ad-hoc) Survey (periodically) Materiality assessment (every 2-3 years) Site visits (ad-hoc) Bankers roadshow (ad-hoc) 	<ul style="list-style-type: none"> Apical's sustainability commitments, initiatives and progress Apical's financial performance Grievances 	<ul style="list-style-type: none"> 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
Civil Society Groups 	<ul style="list-style-type: none"> One-on-one meetings (regularly) Sustainability Report (annually) Apical Website (ad-hoc) Apical Sustainability Dashboard (ad-hoc) Survey (periodically) Materiality Assessment (every 2-3 years) Site visits (ad-hoc) Multi-stakeholder forums (regularly) 	<ul style="list-style-type: none"> Apical's Sustainability commitments, initiatives and progress Update on NDPE commitments (especially 'No exploitation') Improvements in transparency Traceability updates Grievances on Apical's operations and/or suppliers Partnerships and collaborations on joint community/conservation projects 	<ul style="list-style-type: none"> Collaborated with 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
Industry groups, trade associations and certification bodies 	<ul style="list-style-type: none"> One-on-one meetings (regularly) Multi-stakeholder forums (regularly) Sustainability Report (annually) Apical Website (ad-hoc) Apical Sustainability Dashboard (ad-hoc) Survey (periodically) Materiality Assessment (every 2-3 years) Multi-stakeholder forums and events (regularly) 	<ul style="list-style-type: none"> Opportunities for collaboration on landscape level initiatives Palm oil certification Traceability verification 	<ul style="list-style-type: none"> 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)

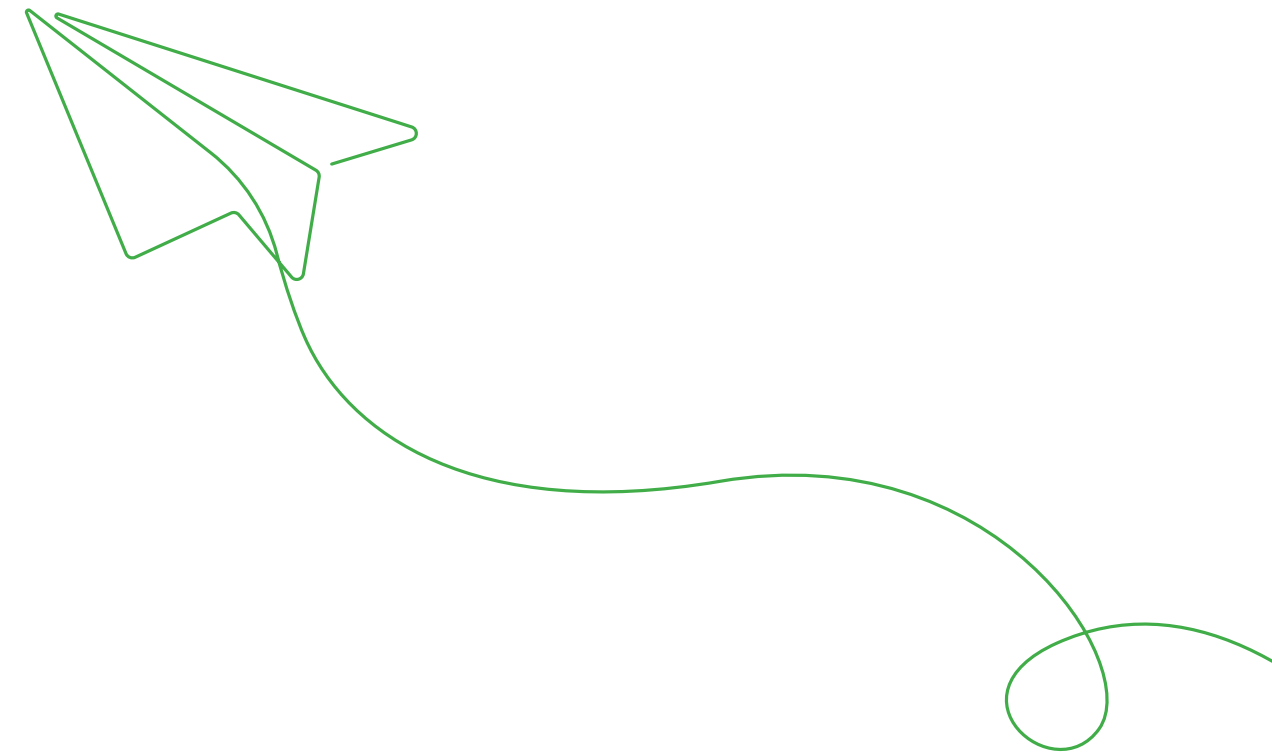
Stakeholder Groups	Engagement Method & Frequency	Topics & Concerns Raised	Apical's Response
Employees 	<ul style="list-style-type: none"> Annual appraisals and PRP Townhall meetings (annually) Major festival celebrations (annually) HR training programmes (ongoing) Apical Website (ad-hoc) Apical Sustainability Dashboard (ad-hoc) Materiality Assessment (every 2-3 years) 	<ul style="list-style-type: none"> Workplace Health and Safety procedures Training and development opportunities Communication of Sustainability Policy and initiatives in responsible palm oil Strategic direction of the business Awareness of company policies, including the Code of Conduct and TOPICC core values 	<ul style="list-style-type: none"> Served as a corporate partner at SAIL, a joint initiative by Enterprise Singapore and Nanyang Technological University 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 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 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

MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT

Stakeholder Groups	Engagement Method & Frequency	Topics & Concerns Raised	Apical's Response
Local Community 	<ul style="list-style-type: none"> Dialogue with community groups and representatives facilitated by our SSL Team (regularly) Outreach programmes to improve livelihood (annually) Apical's grievance mechanism to understand and address community concerns including FPIC and environmental conservation (ongoing) Complaint handling, grievance procedures and conflict resolution engagement (ad-hoc) Surveys (periodically) 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> One-on-one meetings (ad-hoc) Multi-stakeholder forums and events (regularly) Consultations (regularly) Apical Website (ad-hoc) Apical Sustainability Dashboard (ad-hoc) Materiality Assessment (every 2-3 years) Field visits (regularly) Survey (periodically) 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Provision of updated documents on compliance of Apical and our suppliers
Suppliers including smallholders 	<ul style="list-style-type: none"> 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) 	<ul style="list-style-type: none"> Information on compliance with Apical's Sustainability Policy and standards including traceability requirements Clarification on grievances lodged on supplier's operations Risk assessments of supply chains Gaps in traceability data collection 	<ul style="list-style-type: none"> 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

Stakeholder Groups	Engagement Method & Frequency	Topics & Concerns Raised	Apical's Response
		<ul style="list-style-type: none"> Supplier screening and monitoring 	<ul style="list-style-type: none"> Continued supplier engagement through our Anchor Programmes Engaged with 3,018 smallholders through our SMILE Programme
Media 	<ul style="list-style-type: none"> Apical Website (ad-hoc) Apical Sustainability Dashboard (ad-hoc) Events (periodically) 	<ul style="list-style-type: none"> Updates on Apical's sustainability initiatives e.g. SMILE Discussion with employees Updates to DMO 	<ul style="list-style-type: none"> Highlighted benefits of sustainable palm oil Ensure availability of cooking oil due to DMO Continued engagement for updates to Apical's sustainability initiatives



APPENDIX 1: GRI CONTENT INDEX

102-54, 102-55

APPENDIX 1: GRI CONTENT INDEX

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	GRI Disclosure Number	GRI Disclosure Title	Section References/ Reasons for Omission	Page
General Disclosures				
GRI 2: General Disclosures 2021	Organisation profile			
	2-1	Organisation Details	About Apical	8, 10-11
	2-2	Entities included in the organisation's sustainability reporting	Reporting Framework	2
			About Apical	10-11
			2-2b to 2-2c: Not Applicable	
	2-3	Reporting period, frequency and contact point	Reporting Framework; Point of Contact	2-3
2-4	Restatements of information	Climate Action – GHG Emissions	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.	
		Green Innovation – Energy Management		
Green Innovation – Water Management				
2-5	External assurance	External Assurance	3	

GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Section References/ Reasons for Omission	Page	
General Disclosures (cont'd)					
GRI 2: General Disclosures 2021 (cont'd)	Activities and Workers				
	2-6	Activities, value chain and other business relationships	About Apical	8,10-11	
			Transformative Partnerships – Our Supply Chain Profile	43	
	2-7	Employees	About Apical	8	
			Looking after our People – Looking after our People	103-105	
	2-8	Workers who are not employees	Not applicable as Apical does not have workers who are not employees		
	Governance				
	2-9	Governance structure and composition	Our Approach to Sustainability – Corporate Governance	25-27	
			2-9c: We do not report as we are not a publicly-listed company		
	2-10	Nomination and selection of the highest governance body	We do not report as we are not a publicly-listed company		
	2-11	Chair of the highest governance body	Our Approach to Sustainability – Corporate Governance	25-27	
			2-11b: We do not report as we are not a publicly-listed company		
	2-12	Role of the highest governance body in overseeing the management of impacts	Our Approach to Sustainability – Corporate Governance	25-27	
			Materiality Assessment and Stakeholder Engagement – Stakeholder Engagement		125-129
	2-13	Delegation of responsibility for managing impacts	Our Approach to Sustainability – Corporate Governance	25-27	
	2-14	Role of the highest governance body in sustainability reporting	Our Approach to Sustainability – Corporate Governance	25-27	
	2-15	Conflicts of interest	We do not report as we are not a publicly-listed company		
2-16	Communication of critical concerns	Our Approach to Sustainability – Feedback Channels for Stakeholders	29-32		
2-17	Collective knowledge of the highest governance body	Inclusive Progress – Training and Development	112-113		

APPENDIX 1: GRI CONTENT INDEX

APPENDIX 1: GRI CONTENT INDEX

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

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

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GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Section References/ Reasons for Omission	Page
Governance (cont'd)				
Business Ethics				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Our Approach to Sustainability – Ethics and Compliance	28
			Materiality Assessment and Stakeholder Engagement	121-129
GRI 206: Anti-competitive Behaviour 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Our Approach to Sustainability – Ethics and Compliance	28
Compliance				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Our Approach to Sustainability – Ethics and Compliance	28
GRI 207: Tax 2019	207-1	Approach to tax	Our Approach to Sustainability – Tax Management	29
	207-2	Governance, control, and risk management	Our Approach to Sustainability – Risk Management, Tax Management Our Approach to Sustainability – Whistleblowing	28-29 32
Anti-Corruption				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Our Approach to Sustainability – Corporate Governance	25-26
			Our Approach to Sustainability – Ethics and Compliance	28
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Our Approach to Sustainability – Anti-Corruption and Anti-Bribery 205-2a to 205-2e: Not Applicable as Apical does not have this	29
	205-3	Confirmed incidents of corruption and actions taken	Our Approach to Sustainability – Anti-Corruption and Anti-Bribery	29

GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Section References/ Reasons for Omission	Page
Governance (cont'd)				
Zero-tolerance Conduct/Grievance Mechanism				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Our Approach to Sustainability – A-SIMPLE Framework	24-25
			Our Approach to Sustainability – Feedback Channels for Stakeholders	29-32
			Transformative Partnerships – Management Approach	42
Access to Remedy				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Our Approach to Sustainability – A-SIMPLE Framework	24-25
			Our Approach to Sustainability – Feedback Channels for Stakeholders	29-32
			Transformative Partnerships – Management Approach	42
Systemic Risk Management				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Our Approach to Sustainability – Materiality Assessment	17-18
			Our Approach to Sustainability – Corporate Governance	25-28
			Materiality Assessment and Stakeholder Engagement	121-129
Transparency				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Our Approach to Sustainability – Materiality Assessment	17-18
			Our Approach to Sustainability – Corporate Governance	25-28
			Materiality Assessment and Stakeholder Engagement	121-129
Environment				
GHG Emissions				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Climate Action	60-61

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GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Section References/ Reasons for Omission	Page
Environment (cont'd)				
GHG Emissions (cont'd)				
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Climate Action – GHG Emissions	62
	305-2	Energy indirect (Scope 2) GHG emissions	Climate Action – GHG Emissions	62
	305-3	Other indirect (Scope 3) GHG emissions	Not disclosed as Apical is currently in the process of quantifying Scope 3 emissions	
	305-4	GHG emissions intensity	Climate Action – GHG Emissions	62
	305-5	Reduction of GHG emissions	Climate Action – GHG Emissions	62
	305-6	Emissions of ozone-depleting substances (ODS)	Not disclosed	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not disclosed	
Climate Change Strategy				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Climate Action – Managing our Environmental Footprint	61
			Climate Action – Climate Action Strategy	61
GRI 302: Energy 2016	302-1	Energy Consumption within the organisation	Green Innovation – Energy Management	69
Deforestation				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Apical2030 Highlights	15
			Our Approach to Sustainability – Apical Sustainability Policy	22-23
			Partnerships, Memberships and Certifications	33-35
			Supporting the UNSDGs	36-40
			Transformative Partnerships	41-59
			Climate Action	60-65

GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Section References/ Reasons for Omission	Page		
Environment (cont'd)						
Water Use						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Green Innovation – Ensuring Sustainable Operations	66-68		
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Green Innovation – Water Management Partially disclosed	69-73		
			303-2	Management of water discharge related impacts	Green Innovation – Water Management	69-73
			303-3	Water withdrawal	Green Innovation – Water Management	69-73
			303-4	Water discharge	Green Innovation – Water Management	69-73
			303-5	Water consumption	Green Innovation – Water Management	69-73
Waste						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Green Innovation – Management Approach, Waste Management	66, 74-76		
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Green Innovation – Waste Management	74-76		
			306-2	Management of significant waste-related impacts	Green Innovation – Waste Management	74-76
			306-3	Waste generated	Green Innovation – Waste Management	74-76
			306-4	Waste diverted from disposal	Green Innovation – Waste Management	74-76
			306-5	Waste directed to disposal	Green Innovation – Waste Management	74-76
Biodiversity						
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Our Approach to Sustainability	16		
			Transformative Partnerships – Working with Suppliers on Environmental Conservation	56-57		

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GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Section References/ Reasons for Omission	Page
Environment (cont'd)				
Biodiversity (cont'd)				
GRI 304: Biodiversity 2016	304-2	Significant impacts of activities, products and services on biodiversity	Transformative Partnerships – Working with Suppliers on Environmental Conservation	56-57
	304-3	Habitats protected or restored	Transformative Partnerships – Working with Suppliers on Environmental Conservation	56-57
Employees				
Diversity and Inclusion				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Inclusive Progress – Looking After our People	103
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Inclusive Progress – Employee Profile	104-105
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Inclusive Progress – Employee Profile	104-105
Employee Health, Safety and Well-being				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Inclusive Progress – Safety, Health and Well-being	115-119
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Inclusive Progress – Safety, Health and Well-being	115-119
	403-2	Hazard identification, risk assessment, and incident investigation	Inclusive Progress – Safety, Health and Well-being	115-119
	403-3	Occupational Health Services	Inclusive Progress – Safety, Health and Well-being	115-119
	403-4	Worker participation, consultation, and communication on occupational health and safety	Inclusive Progress – Safety, Health and Well-being	115-119
	403-5	Worker training on occupational health and safety	Inclusive Progress – Safety, Health and Well-being	115-119

GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Section References/ Reasons for Omission	Page
Employees (cont'd)				
Employee Health, Safety and Well-being (cont'd)				
GRI 403: Occupational Health and Safety 2018 (cont'd)	403-6	Promotion of worker health	Inclusive Progress – Safety, Health and Well-being	115-119
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Inclusive Progress – Safety, Health and Well-being	115-119
	403-8	Workers covered by an occupational health and safety management system	Not disclosed	
	403-9	Work-related injuries	Inclusive Progress – Safety, Health and Well-being	115-119
	403-10	Work-related ill health	Inclusive Progress – Safety, Health and Well-being	115-119
Training and Development				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Inclusive Progress – Training and Development	103, 112-115
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Inclusive Progress – Training and Development	112-115
	404-2a	Programmes for upgrading employee skills and transition assistance programmes	Inclusive Progress – Training and Development	112-115
	404-2b	Programmes for continued employability and the management of career endings from retirement or termination of employment	Not applicable	
	404-3	Percentage of employees receiving regular performance and career development reviews	Inclusive Progress – Training and Development	112-115
Compensation and Benefits				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Inclusive Progress – Looking After our People	103
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Inclusive Progress – Fair wages and employee benefits	106-109

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GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Section References/ Reasons for Omission	Page
Employees (cont'd)				
Compensation and Benefits (cont'd)				
GRI 202: Market Presence 2016 (cont'd)	202-2	Proportion of senior management hired from the local community	Inclusive Progress – Fair wages and employee benefits	106-109
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Inclusive Progress – Fair wages and employee benefits	106-109
	401-3	Parental leave	Inclusive Progress – Fair wages and employee benefits	106-109
GRI 405: Diversity and Equal Opportunity 2016	405-2	Ratio of basic salary and remuneration of women to men	Inclusive Progress – Fair wages and employee benefits	106-107
Freedom of Association				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Inclusive Progress – Looking After our People	103
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Our Approach to Sustainability – Apical Sustainability Policy	22
			Inclusive Progress – Diversity and Equal Opportunity	109-111
Society				
Empowering Communities				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Inclusive Progress – Empowering Communities	86-92
			Inclusive Progress – Community Investment	93-97
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	Inclusive Progress – Respecting the Rights of Indigenous People and Local Communities	86-97

GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Section References/ Reasons for Omission	Page
Society (cont'd)				
Empowering Communities (cont'd)				
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Inclusive Progress - Empowering Communities	86-97
	413-2	Operations with significant actual and potential negative impacts on local communities	Inclusive Progress – Empowering Communities Inclusive Progress – Community Investment	88-92 93-97
Supporting Human Rights				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Our Approach to Sustainability – Apical Sustainability Policy	22-23
			Transformative Partnerships – Engagement Through our Anchor Programmes	49-55
			Transformative Partnerships – Human Rights and our Supply Chain	53, 87-88, 111
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	Not disclosed	
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	Transformative Partnerships – Human Rights and our Supply Chain	53, 87-88, 111
			Inclusive Progress – Diversity and Equal Opportunity	109-111
Supply Chain				
Responsible Procurement Practices				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Transformative Partnerships	42
			Certifying Palm Oil to be Sustainable	81-85

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

GRI Standard	GRI Disclosure Number	GRI Disclosure Title	Section References/ Reasons for Omission	Page
Supply Chain (cont'd)				
Labour Standards in the Supply Chain (cont'd)				
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Human Rights and our Supply Chain Respecting the Rights of Indigenous People and Local Communities Inclusive Progress – Diversity and Equal Opportunity	53 87-88 109-111
Supply Chain Traceability and Transparency				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Transformative Partnerships Traceability of Our Palm Oil Managing Supply Chain Risk through Technology Working With Suppliers on Environmental Conservation Certifying Palm Oil to be Sustainable	41-42 43-47 47-48 55-59 81-83
Supplier Diversity & Inclusiveness				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Transformative Partnerships	41-42
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Transformative Partnerships – Our Supply Chain Profile	43
Serving Smallholder Farmers				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Transformative Partnerships Inclusive Progress	41-42, 59 96-99
Products				
Product Quality and Safety				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Green Innovation – Ensuring Product Quality and Safety	79-80
			Green Innovation – Protecting Consumer Health & Certifying Palm Oil to be Sustainable	81-85

APPENDIX 2: ASSURANCE STATEMENT

APPENDIX 2: ASSURANCE STATEMENT



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 of and 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 Holdoon Shawal 	Signed: Supun Nigamuni 
Date : 12 th June 2023 Lead Verifier	Date : 12 th June 2023 Managing Director

APPENDIX 3: GLOSSARY OF TERMS

APPENDIX 3: GLOSSARY OF TERMS

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
AR5	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
BPJS	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 Konservasi 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

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

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
- Energy Market Authority (2020), 2019 Electricity Grid Emission Factor and Upstream Fugitive Methane Emission Factor
- National Environment Agency, (2018) Greenhouse Gas (GHG) Emissions Measurement and Reporting Guidelines
- Ministry of Ecology and Environment of the People's Republic of China (2019), Greenhouse Gas Emissions Report Supplementary Data Sheet
- International Energy Agency (2005), Energy Statistics Manual
- 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

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