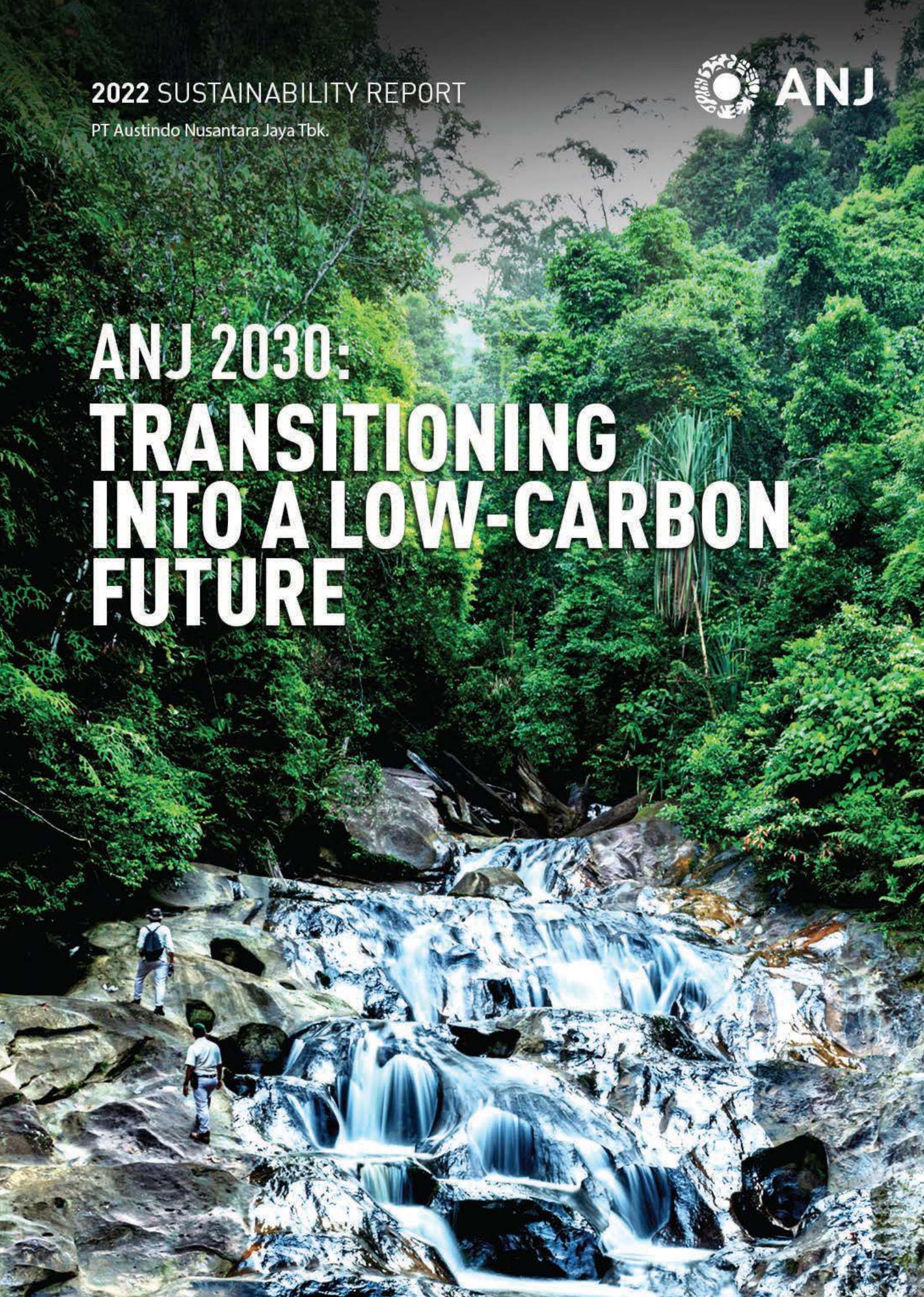


2022 SUSTAINABILITY REPORT

PT Austindo Nusantara Jaya Tbk.



# ANJ 2030: TRANSITIONING INTO A LOW-CARBON FUTURE



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# ANJ 2030 TRANSITIONING INTO A LOW-CARBON FUTURE

It cannot be ignored that ANJ is an actor in an industry which directly contributes to human-induced climate change. The reality is that our company must deal with this responsibly and transparently, which is why this year we have intensified our efforts towards transitioning into a low carbon future.

Our transition from a high carbon operating model to a low carbon future commenced some years ago. Strong performance in the past year is reassuring evidence that a sustainable business model can be both profitable and successful. As we implement initiatives to mitigate climate change risk and meet emission reduction targets, it has become clear that climate-smart is also business-smart and that operating sustainably is commercially viable.

Transitioning into a low carbon future presents both a significant opportunity and an enormous challenge. Implementing a low carbon operating model, including clean energy technologies, can further catalyze an important emerging trend whilst supporting the transformation of the global energy sector. Simultaneously, the significant capital required to transform the business to be less reliant on non-renewables presents a considerable challenge, amplified by the need to make investments today whose benefits will only materialize in the future. However, we are cognizant that generating and acquiring energy will be a critical limiting factor in our industry in years to come. Seeing the dramatic impact that fossil fuel shortages can have on the global market economy has further justified ANJ's commitment to reducing its reliance on non-renewable energy sources. Not only will such a shift stabilize our production environment, but it will also facilitate significant monetary savings while supporting our journey to Net Zero.

Despite the challenge, ANJ is committed to our ambitious sustainability targets, which will facilitate the journey to Net Zero by 2030. Working incrementally towards this ultimate goal allows the Company to monitor progress and maintain our focus. In 2022, our management team solidified its focus on accelerating our renewable energy initiatives, with the option to build a new biogas facility either in ANJA or KAL and continued efforts to reduce GHG and water-use intensity.

As an industry that produces an essential commodity such as palm oil, we need to ensure that we adopt new business models which do not contribute to transgressing the Earth system's planetary boundaries. ANJ welcomes this challenge. Responsible development is at the core of our values, and our people continue to prove that they are willing to go beyond compliance to reduce our carbon footprint and be part of tackling the current climate crisis.

# ABOUT THIS REPORT

This is the seventh annual Sustainability Report of PT Austindo Nusantara Jaya Tbk (ANJ). The report was prepared in compliance with the GRI Standards. This report for the year ended 31 December 2022 details our economic, social and environmental performance and is published in April 2023 alongside our annual financial report and covers all business companies indicated below in our consolidated financial statements. (2-2, 2-3)

**Table 01. Entities included in the report (2-1, 2-2)**

Subsidiary	Location	Type of Business
PT Austindo Nusantara Jaya Tbk.	Jakarta	Holding company, palm oil production
PT Austindo Nusantara Jaya Agri (ANJA)	North Sumatra	Palm oil production
PT Austindo Nusantara Jaya Agri Siais (ANJAS)	North Sumatra	Palm oil production
PT Sahabat Mewah dan Makmur (SMM)	Bangka Belitung	Palm oil production
PT Kayung Agro Lestari (KAL)	West Kalimantan	Palm oil production
PT Galempa Sejahtera Bersama (GSB)	South Sumatra	Palm oil production
PT Putera Manunggal Perkasa (PMP)	Southwest Papua	Palm oil production
PT Permata Putera Mandiri (PPM)	Southwest Papua	Palm oil production
PT ANJ Agri Papua (ANJAP)	Southwest Papua	Sago starch production
PT Gading Mas Indonesia Teguh (GMIT)	East Java	Vegetables
PT Austindo Aufwind New Energy (AANE)	Bangka Belitung	Renewable energy

There are restatements of the prior years' information in this report due to changes in methodology and financial accounting standards. These changes are explained further in the specific disclosures. No significant changes occurred to our organization, core business, value chain and other business relationships since our previous report. (2-4, 2-6)

We sought independent external assurance and chose TUV Rheinland to provide Type 2 Moderate Level Assurance under the 2018 Addendum using the AA1000 Assurance Standard (2008). TUV Rheinland is an independent third party that was chosen and approved by our Board of Directors for its impartiality, knowledge, and professionalism. Pages 116 -120 contain additional information regarding the assurance and its entire statement report. (2-5)

The Global Reporting Initiative (GRI) content index, which specifies each of the GRI Standards used and lists all disclosures included in the report, is presented in the report Annex. Please contact our Corporate Communications Department at [anj.corcomm@anj-group.com](mailto:anj.corcomm@anj-group.com) for any questions regarding this report. (2-3)



# ABOUT ANJ GROUP

PT Austindo Nusantara Jaya Tbk. (ANJ) is an agribusiness-based food company based in Indonesia that aspires to be a world-class company that elevates the lives of people and nature. Founded in April 1993 as PT Austindo Teguh Jaya, the Company adopted its current name in 1998 and became a public company in 2013. [2-1]

We engage both directly and through subsidiaries in the production and sale of crude palm oil (CPO), palm kernel (PK), palm kernel oil (PKO), and other food crops such as sago and edamame. We also have a renewable energy unit that produces electricity from biogas that supplies to the State Electricity Company (PLN) as an Independent Power Producer. Our operations are located in North Sumatra, South Sumatra, Bangka Belitung, West Kalimantan, Southwest Papua, and East Java. Our head office sits in Jakarta. [2-6]

Our palm oil business unit, currently representing 99% of our revenues, integrates the cultivation and harvesting of fresh fruit bunches (FFB) from our oil palm plantations; processing CPO, PK, and PKO; and the selling of these products. Our oil palm supply chain incorporates several external parties, including independent farmers and cooperatives, from whom we purchase additional palm fruit for processing at our mills. The CPO, PK and PKO are either sold directly to both domestic and foreign companies for further processing into derivative products or are sold to agents and distributors. [2-6]

We pioneered Indonesia's first commercial-scale natural sago harvesting and processing operation in South Sorong, Southwest Papua, through our subsidiary that manages a 40,000-hectare concession. The natural sago is harvested from land owned by villagers under customary rights who receive payment for every sago log harvested. We process these logs at our sago mill to produce dry sago starch, which is mainly sold to the domestic food industry but is also available for purchase by consumers under our retail brand, Sapapua®. [2-6]

Since 2015, we have produced fresh and frozen edamame at our subsidiary in East Java that serves both domestic and export markets. We have a strategic partnership with the Asia Food Group, a company based in Taiwan, to export the frozen edamame to Japan. Aside from edamame, we have started to grow other vegetables, such as okra. The edamame and okra are cultivated and supplied by local smallholder farmers. Our frozen edamame retail brand is called Edashi. [2-6]



**Company Name [2-1]**  
**PT Austindo Nusantara Jaya Tbk.**



**Head Office**  
BTPN Tower, 40th Floor  
Jl. Dr Ide Anak Agung Gde Agung Kav. 5.5-5.6  
Jakarta 12950  
☎ (62-21) 2965 1777  
📠 (62-21) 2965 1788



**Date of Establishment**  
April 16, 1993



**Business Activity**  
Trading, services, and operations related to oil palm plantation and processing, as well as trading of palm oil products, sago harvesting and processing, vegetable production and processing (edamame), and renewable energy business.



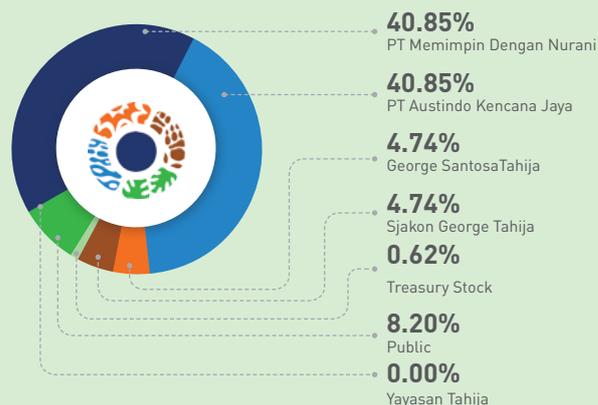
**Products and Services**  
Crude Palm Oil (CPO), Palm Kernel (PK) and Palm Kernel Oil (PKO), Sago, Vegetable (Edamame), and Renewable Energy from Palm Oil Waste.



**Legal Form [2-1]**

- Publicly listed company, listed on the Indonesia Stock Exchange (IDX) since 2013 under the stock code ANJT.
- KBLI Code 01262 (Palm Oil) "Green" category under the Indonesian Green Taxonomy Edition 1.0 (2022), as all operating estates have obtained ISPO and RSPO certification.

## Share Ownership as of 31 December 2022 [2-1]



## Website and Social Media

**anjgroup.id**  
link : <https://www.instagram.com/anjgroup.id/>

**anjgroup.id**  
link : <https://www.facebook.com/anjgroup.id>

**PT Austindo Nusantara Jaya Tbk**  
link : <https://id.linkedin.com/company/pt-austindo-nusantara-jaya-tbk>

**ANJ Group**  
link : <https://youtube.com/@anjgroup2879>

# SUSTAINABILITY 2022 PERFORMANCE HIGHLIGHTS

(COMPARED TO 2021)

## PROSPERITY

### REVENUE

**269.2**  **0.7%**

(Million USD)

### ECONOMIC VALUE DISTRIBUTED

**261.9**  **14.3%**

(Million USD)

## PEOPLE

### AVERAGE TRAINING HOURS PER EMPLOYEE

**6.7**  **16.2%**

(hours)

### TOTAL PLANTED AREA



**49,409** Ha



## PLANET

NET GHG EMISSION  
INTENSITY

**0.77**  **38.9%**  
(TonCO<sub>2</sub>eq/Ton CPO)

WATER INTENSITY

**1.088**  **0.2%**  
(M<sup>3</sup>/Ton FFB)



**100%**

of our Palm Oil Producing  
Estates are RSPO and  
ISPO certified



Sustainalytics'  
2023 Top-Rated ESG  
Companies List for  
the Food Product  
Industry



TOTAL CONSERVATION AREA



**97,682** Ha



A worker spraying POME onto empty fruit bunches to produce compost in our composting plants

# OUR SUSTAINABILITY COMMITMENTS

SUSTAINALYTICS  
ESG RATING  
SCORE



**18.3%**

[LOW RISK]

SPOTT SCORE



**91.1%**

CDP FOREST  
SCORE PALM OIL



**A-**

CDP CLIMATE  
CHANGE SCORE



**A-**

# MESSAGE FROM OUR CEO

Dear Stakeholders,

I am pleased to share ANJ's Sustainability Report for the 2022 reporting period. Here we disclose our sustainability performance, covering the health, safety, environmental, community, and economic aspects of our operations. This report details our responsible development approach to operating sustainably within the agribusiness sector. In each of ANJ's endeavors, our core aims are positive outcomes for people, the planet, and economy. This report presents a transparent review of the year, including our progress towards targets, notable achievements and challenges, and how ANJ's roadmap to Net Zero shapes our responsible development agenda.

While the COVID-19 pandemic continued to wane this year, a new crisis emerged, highlighting our industry's dependence on global supply chains. ANJ views the war in Ukraine as a stark reminder of the volatility of non-renewable energy markets and acts as further justification to pursue our renewable energy initiatives and projects. It is of great importance that this realization came at a time when our Group was solidifying our commitment to Net Zero emissions by 2030. This ambitious, but by no means lofty target, is a guiding star in our environmental, social, and governance (ESG) and sustainability journey. The unpredictability of the global agribusiness industry makes planning for the future complex. Still, one thing we can be sure of is that without taking stringent and rapid action to mitigate climate change, our industry will no longer be sustainable, the lives of our people will be no longer liveable, and the health of our planet will be beyond repair.

Our Responsible Development approach ensures that we meet the demands of the present without compromising the needs of future generations. At ANJ, our sustainability ethos is founded on three pillars, People (Human wellbeing), Planet (Stewardship of the natural environment), and Prosperity (Long-term economic viability). Our recent performance amidst challenging times is strong evidence that a sustainable business model can be both profitable and successful. The capacity of our climate risk mitigation and emissions reduction initiatives to both protect and enhance our operations is a clear demonstration that operating sustainably is both climate-smart and commercially viable.

Considering the geographic and cultural diversity of our operating locations across Indonesia, ANJ's novel decentralized management approach has reaped great benefits in 2022. Two of our operating sites received the Gold PROPER award for social and environmental innovations, while the Company as a whole made great improvements in our externally verified sustainability rankings. We believe that a bottom-up approach is the way forward and will allow us to tailor Responsible Development to the unique needs and conditions of our operations, championing a people-centered model of sustainable agribusiness.

**The unpredictability of the global agribusiness industry makes planning for the future complex. Still, one thing we can be sure of is that without taking stringent and rapid action to mitigate climate change, our industry will no longer be sustainable, the lives of our people will be no longer liveable, and the health of our planet will be beyond repair.**

**Lucas Kurniawan**

President Director



## Strategies

In 2022, we continued to uphold a high regard for our sustainability values. The increased support from our people to pursue responsible development gave our initiatives a tremendous boost and has instilled confidence in our teams that ANJ's sustainability journey will reap reward. As ANJ continues to perfect its sustainability reporting systems, we have observed a positive change in Company-wide perceptions of reporting. Our people now see reporting not just as a mandatory checkbox but as an indicator of our progress towards a shared ambition and any shortcomings in our strategies that we must address.

While our industry experienced tumultuous times and significant periods of uncertainty, we maintained the strict implementation of our Sustainability Policy, which forms the basis for the Company's commitment to minimizing social and environmental risks and impacts. The policy is based upon the RSPO guiding principles of Corporate and Social Responsibility; Transparency; No Deforestation, No Peat, and No Exploitation (NDPE). We also aim to address the 17 Sustainable Development Goals when developing initiatives and programs. The latter was of particular significance in 2022, as ANJ showcased several responsible development programs at events centred around the UN Global Compact and UN Women Empowerment Principles.

Each year we review our material topics from the previous year and assess whether they continue to be relevant. In 2021, our material topics were identified through a facilitated process, which identified seven risk areas: GHG emissions and carbon footprint, protecting forests and biodiversity, supply chain practices, working conditions, labor rights, local communities and prosperity, and inclusive growth. This year, through an internal process, the Board of Directors (BOD) and Board of Commissioners (BOC) assessed that the seven material topics were still relevant for 2022. Our material topics are aligned with our operations' environmental and social impacts and stakeholder concerns. The material topics determine our strategic priorities and commitments and are pivotal to operating sustainably. All our strategic priorities have associated time-bound targets which we review annually, the outcomes of which are shared in this sustainability report.

GHG emissions and carbon footprint remain ANJ's highest material risk, followed by protecting forests and biodiversity, and supply chain practice, which considers our suppliers' environmental and social practices. In 2021, we set ambitious time-bound targets of achieving Net Zero Emissions by 2030, increasing our renewable energy portfolio to above 60%, and reducing our GHG intensity by 30% and fossil fuel dependence by 20%, from

the baseline year of 2015, by 2030 and 2025, respectively. We tracked well this year against our environmental and social targets, which are disclosed in the relevant sections of this report.

Seeing the dramatic impact that fossil fuel shortages can have on the global market economy has further justified ANJ's commitment to reducing its reliance on non-renewable energy sources. In 2022, our management team solidified its focus on accelerating our renewable energy initiatives with the inclusion of renewable energy projects at ANJA, KAL and ANJAS in our strategic work programs for the next five years. We are cognizant that generating and acquiring energy will be a critical limiting factor in our industry in the years to come. Not only will reducing our dependency on fossil fuels stabilize our production environment, but it will also facilitate significant monetary savings while supporting our journey to Net Zero.

Our employees have been and will always be our core asset because they are a key pillar for the success and continued growth of ANJ. Their welfare, rights, and health and safety in the workplace are crucial in every aspect of our operations. We remain focused on safety leadership and strategies targeting risk mitigation and reduction as we value the lives and well-being of our employees and local communities across our operations. Although there were no fatalities this year among our employees, we were saddened by a fatal accident in one of our estates involving a contractor. This further reminds us that we must continue to emphasize safety awareness, compliance, and training to minimize the risk of workplace accidents for our employees as well as our contractors.

## ESG Journey

In solidifying our ESG ambitions, we have been able to develop a more structured approach to planning our sustainability journey. This includes setting time-bound targets, which allow for the implementation of goal-oriented projects and building the capacity of our teams to coordinate ESG reviews and planning. The latter saw significant progress in 2022 with a shift in commitment from the BOD and BOC, resulting in clearer and more aligned ambitions. Now that ANJ has established a deeper appreciation and understanding of ESG, we have observed increased confidence from our people across the group to lead ESG processes and responsibilities. This is particularly important as ANJ is a UN Global Compact participant and voluntarily reviews its ESG performance on several platforms, all of which require frequent communication on progress and justification for failure to meet requirements.

ANJ's compliance with and excellence in the requirements of external bodies was again rewarded in 2022, with a significant improvement in our Sustainalytics score, which I am proud to say was graded 18.3 (low risk) in October 2022, down from 26.1 (medium risk) in July 2021. This improvement places ANJ in Sustainalytics' 2023 Top-Rated ESG Companies List for the Food Product Industry<sup>1</sup>. Further improvements were seen with ANJ's SPOTT ranking, a sustainability transparency assessment platform, which increased by 8.2 percentage points compared to 2021, bringing us to fourth place overall and the highest-ranked Indonesian-owned company.

Our first CDP assessment for Climate Change scored an A- , which is a leadership category. We maintained our CDP scores for the Forests and Water categories of A- and B, respectively. To receive an A or B score, companies must demonstrate awareness of their impacts on the environment, deforestation and water security, and appropriate actions taken to reduce these in line with the 1.5-degree trajectory laid out in the Paris Agreement. In 2022, we signed up for the first time to a public commitment to the SBTi's (Science Based Targets initiative) target-setting criteria for the Net-Zero Standard and Business Ambition for 1.5°C.

While it is not a requirement of all the reporting platforms, ANJ voluntarily discloses our reviews to demonstrate our commitment to transparency. This commitment not only generates a deeper understanding of and appreciation for sustainability within our company but also holds us accountable to global standards and the time-bound targets set out in our annual strategic sessions. Performing and analyzing reviews of ANJ's performance allows our management to more efficiently address areas of concern and form strategies which optimize our sustainability performance.

## Responsible Development Highlights

A key aim of our responsible development programs is to ensure they are sustainable and contribute to our three pillars of People,

Planet and Prosperity. For this reason, our journey is built upon adapting our current programs to an evolving environment rather than introducing new initiatives year-on-year. Watching our programs grow fills me with great pride. While recognition from external bodies for our work is an outstanding achievement, I believe that the more valuable sign of success is observing our people become more knowledgeable about and committed to ANJ's ESG journey. Considering the hardships felt globally in 2022, this year, our strategy sessions focused on developing strategies to promote food security and mitigate the impacts of climate change on People and the Planet. More specifically, our strategies are related to disseminating our agricultural knowledge on composting, drip irrigation and nature-based pest and disease management to our surrounding communities. While each program has unique targets, they all share a common goal of improving livelihoods and conserving nature, including valuable components such as soil and water. This is particularly paramount in our Southwest Papua region, where many lack access to basic amenities and services. To understand better the benefits of our presence, we commissioned the University of Indonesia to conduct a macroeconomic study in West Papua<sup>2</sup>. The study found that ANJ's presence reduced the unemployment rate in Maybrat Regency by 5.22% and South Sorong Regency by 5.66%, and by 1.07% in West Papua<sup>2</sup> as a whole. Furthermore, poverty levels decreased by 16.6% in South Sorong and 10.1% in Maybrat. We are encouraged by the study's findings, which we have shared with the local and provincial governments. We are committed to making a difference in Southwest Papua with employment and training opportunities and through our community empowerment programs such as Warung Mama, the savings cooperative, Kebun Sayur, the early childhood education and healthcare programs.

In Belitung Island and North Sumatra, we were delighted and honored to receive the Gold PROPER award from the Ministry of Environment and Forestry for a third and second consecutive year, for SMM and ANJA respectively. This award recognizes sustainable environmental practices and social innovation. Working closely with the

1. Morningstar Sustainalytics. Morningstar Sustainalytics, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies.

2. Since 9 December 2022 Southwest Papua was split off from West Papua and became the 38th province of Indonesia.

local community at SMM, we established a program where farmers cultivate edamame – a crop previously unknown to the area. Using our sustainable agriculture methods, farmers can now grow a reliable crop with high-nutrient density, which plays a crucial role in our childhood nutrition program in the area.

At PMP in Southwest Papua, we have recently commenced a program to encourage local fisheries, wherein communities learn to build fish cages for aquaculture, make a living from fishing, and provide their community with a reliable source of protein. I am confident that this project, which provides income, food security and a sense of ownership to our communities, will flourish.

Continuing with the theme of development, in KAL, our Desa Focus initiative, wherein we work collaboratively with the regional government, *Perkumpulan Mitra Pembangunan* and Tropenbos Indonesia, has gone from strength to strength. Three of the participating villages, Laman Satong, Kuala Tolak, Kuala Satong, achieved *Desa Mandiri* (Independent Village) status. While this demonstrates a great improvement in local quality of life and socioeconomic status, Ketapang Regency aims to continue to develop the villages towards achieving *Desa Mapan* (steadfast and advanced village). Achieving this status establishes solid, self-reliant communities that are sufficiently advanced to regulate and develop their own growth

Engaging our communities in local responsible development projects is vital to their sustainability. Ensuring that local people play an integral role in implementing and maintaining initiatives ensures that our projects are locally sustainable. Importantly, this approach provides communities with a sense of ownership and accountability, however, the role of local champions is also essential to the success of our community programs.

PENDAKI, our flagship citizen-science-based biodiversity program, continues to flourish and is a high-profile and popular program across our business units. The program has greatly benefited our spatial and temporal understanding of biodiversity across our estates, enabling us to measure species trends accurately and identify management interventions where required. At the RSPO Roundtable held in December, PENDAKI received the Outstanding Achievement Award for exemplifying that everyone can practice biodiversity monitoring and management with minimal cost on a continuous, long-term basis. As far as we know, PENDAKI is still the only program of its type in the oil palm industry.

In 2022, with the passing of the worst of the pandemic we were able to re-focus effort on our community empowerment programs, which provide quality education and healthcare. The quality of public healthcare and education varies significantly across the geographies in which we operate, and, as a result, our programs are targeted accordingly. Education is a particular priority for our programs in Southwest Papua and we recognize it as a key aspect in mitigating child labor. We, however, still struggle to attract high quality teachers to work in remote locations. As for our health programs we continue to emphasize access to healthcare facilities for all employees and surrounding communities. All our clinics now accept holders of the BPJS health insurance card. Our initiatives to improve childhood nutrition and reduce stunting continue across our locations, with particular focus last year in SMM.

Another essential element of our responsible development ethos is promoting gender equality and empowering women, mainly through the gender committees, which are established in all estates. Our Southwest Papua gender committee has been very active in the past year, a location in which there are specific challenges related to gender and child protection issues.

ANJ emphasizes the utility of digital transformation to connect our operations and people across Indonesia. Last year, we introduced our digital traceability platform (eTIS), which has shown significant progress, with implementation in ANJA, KAL, SMM and ANJAS enabling the achievement of 99% traceable FFB from third party out-growers, which puts us ahead of our 2025 target of 99% traceability. Digital methods have also penetrated other areas of our operations, such as the PENDAKI system, which provides a platform for everyone to play a role in mapping and understanding species trends.

All our producing oil palm estates are now RSPO certified. We have set time-bound targets for 100% of all plasma and partnership smallholders to be RSPO certified by 2025, and we are progressing well towards achieving 75% RSPO/ISPO certification by the end of the year. In the East Region, we continue to provide support and training to establish plasma smallholders, and in the West region, one cooperative at ANJAS and one cooperative in KAL received RSPO certification.

## Moving Forward

Planning for the future can seem trivial when local and global conditions are unpredictable. Therefore, developing an approach to responsible development which can withstand periods of uncertainty, with resilient strategies which our people can maintain during times of difficulty, is an essential element of ANJ's core mission. As hard as we try, we cannot forecast the future, but we can strive to be prepared for whatever may lie ahead. ANJ's priorities for the future primarily concern preparing our operations and responsible development programs for more severe weather events. With predictions that El Niño and La Niña years will not only be more frequent but more intense, we must be ready to tackle the impacts of extreme drought and flooding, as well as the environmental and human toll of a rapid switch between the two extremes. Dramatic climate change is also due to induce a staggering rise in global food insecurity; an issue which already persists in many of our operating areas. To mitigate these impacts, ANJ will invest heavily in our fertigation and composting initiatives. Furthermore, improving infrastructure across our regions is paramount to protecting human lives and livelihoods.

Setting long-term targets, such as our ambition of achieving Net Zero emissions by 2030, has allowed ANJ to formulate a central road map that guides our progress and the adaptation of current and future responsible development strategies. The development we have seen in our sustainability reporting systems

this year has also allowed the Company to streamline its reporting methods, providing management with more detailed information on strengths and weaknesses, as well as more time to manage and address any areas of concern. Improved efficiency of our reporting systems has also opened up opportunities for ANJ to engage with a broader range of reporting platforms.

Setting flexible short-term goals that maximize progress towards long-term goals is a key feature of our current approach to responsible development. I hope that in the future, we can continue to optimize our strategies in the ever-evolving sustainability landscape, aided by our novel management system, which devolves specific responsibilities to the operating level to provide a bottom-up, people-centric foundation to our sustainability journey.

On behalf of the Board of Directors, I would like to thank ANJ's commissioners, management, employees, contractors, smallholder farmers, partners, and investors for their continued support in realizing our sustainability targets. Our appreciation also goes to our stakeholders, including local communities in our operating areas, business partners, local and national governments, non-governmental and community-based organizations, the scientific community and the media. We value the relationships that help ANJ champion responsible development and look forward to how a future of collaboration will contribute to the success of our sustainability journey.

## LUCAS KURNIAWAN

President Director



Biodiversity monitoring by our conservation workers in ANJA Siais

# OUR VALUES

Responsible business practices are important to ANJ; thus, we take into account ethical, environmental, and social considerations alongside financial ones. Our Vision, Mission, and Values statement is available on our website and is distributed to all employees and contractors in both Indonesian and English. It outlines our value system of integrity, respect for people and nature, and continuous improvement. All our contracts include

sections that indicate expectations about respecting our principles and sustainable business practices. These expectations are extended to all our business partners, vendors, and investors who are made fully aware of them. New workers are inducted into the Company's culture and taught to cherish its vision, mission, and core values; subsequent trainings are held at regular intervals to reinforce these concepts.

## VISION

**To be a world-class agribusiness -based food company that elevates the lives people and nature.**

## MISSION

- **People and nature oriented:**  
People and nature as the north star of the Company, guiding every aspect of all business activities.
- **Striving for world-class excellence:**  
A continuous quest to comply with and exceed local and global standards, exercising good corporate governance.
- **Sustainable growth for prosperity:**  
Achieving widespread economic prosperity while being environmentally responsible.
- **Integrity:**  
Doing the right thing at all times, in all circumstances, regardless of the consequences or of anyone watching.

## VALUES



**INTEGRITY**



**RESPECT FOR PEOPLE  
AND THE ENVIRONMENT**



**CONTINUOUS  
IMPROVEMENT**

## OUR SUSTAINABILITY COMMITMENT

The ANJ Sustainability Policy represents our company's commitment to Sustainable Development. It is accessible on our website [<https://www.anj-group.com/en/sustainability-approach-and-policies>]. In accordance with RSPO Principles & Criteria (P&C 2018) and other international benchmarks, the Sustainability Policy was last amended on October 31, 2019, and signed by the ANJ Board of Directors, making clear our commitments to preventing and mitigating the negative impacts of our actions on communities and the environment. It is formulated in a way that supports the 17 Sustainable Development Goals (SDGs) of the United Nations and connects them to our sustainable development strategy. The Sustainability Policy is accompanied by an Implementation Guidance that can be updated for continual improvement or to reflect any changes to the RSPO Terms and Conditions. Several elements of the Sustainability Policy Implementation Guidance were revised in 2021 to provide greater clarity. [2-23]

The entire policy is governed by the guiding principles of Corporate and Social Responsibility, Transparency, and No Deforestation, No Peat and No Exploitation.

The pillars of this policy are (1) long-term economic viability (Prosperity), (2) human welfare (People), and (3) stewardship of natural resources and environmental management (Planet). This strategy seeks to strike a balance between economic growth, human welfare, and environmental care and management. [2-24]

As stated in the Universal Declaration of Human Rights, our Sustainability Policy affirms our commitment to safeguarding the human rights of all stakeholders who may be affected by our operations, including our employees, local communities, and vulnerable groups that are put at risk due to our activities or our suppliers' activities, if any. [2-22, 2-23]

Each of our suppliers must comply with and completely commit to our Sustainability Policy. Their ability to meet the requirements and commitments outlined therein will allow us to evaluate their sustainability performance. The Sustainability Policy and its implementation guidance are shared to all employees and suppliers.

## OUR MATERIAL TOPICS

This content and material topics contained in this report are informed by the analysis, collation and identification of issues gathered from a wide range of stakeholders over the years. We conducted a thorough analysis of our environmental, social, and governance (ESG) impacts in 2021 to set our sustainability strategy and ESG goals. After discussions with the BOD, BOC, and senior executives and managers, we feel that the items highlighted through that process are still relevant and constitute the most material sustainability issues for us [3-1].

In addition, the conversations we have had with customers, auditors, and observers, and the rise of sustainability conscious practices in our field, have solidified these topics as central to our work. Such contributions have supplemented the concerns and viewpoints we have received via our continuous

stakeholder engagement with the perspectives of a broader variety of stakeholders. We also took into account industry issues raised in the GRI Sector Standards for Agriculture, Aquaculture, and Fishing Sectors as additional inputs to review our topics. We will fully apply the Sector Standards in our next report to be published in 2024. [3-1]

The results of this process are summarized in the table below, where seven main topics and twenty subtopics have been identified. Our BOD and BOC were instrumental in defining the subject matter of this report and setting sustainability targets. During the writing process, the BOD was interviewed to get their opinion on sustainability issues related to their specific roles. All members of the Board of Directors have read and approved this report. [2-14]

## LIST OF MATERIAL TOPICS (3-2)

	Material topics	Associated Targets	Standard Disclosures
	<p><b>GHG Emissions and Carbon Footprint</b></p> <p><b>Sub-topics</b></p> <ul style="list-style-type: none"> <li>GHG emission and energy efficiency</li> <li>Waste recycling</li> <li>Climate risk and adaptation</li> </ul>	<ul style="list-style-type: none"> <li>30% GHG (Scope 1&amp;2) intensity reduction from 2015 baseline by 2030</li> <li>Net Zero emissions by 2030</li> <li>Increase renewable energy portfolio to above 60%</li> <li>Reduce our fossil fuel dependence by 20% by 2025</li> </ul>	<p>GRI 302, GRI 305, GRI 306</p> <p><b>Related SDGs</b></p> 
	<p><b>Protecting Forests and Biodiversity</b></p> <p><b>Sub-topics</b></p> <ul style="list-style-type: none"> <li>Biodiversity and conservation</li> <li>Deforestation</li> <li>Water management</li> <li>Fire prevention and management</li> </ul>	<ul style="list-style-type: none"> <li>Zero major fire incidents and no deforestation</li> <li>Implement fire early warning system depending on likelihood and post-even impacts.</li> <li>Implement peat management system and best practices to keep peat subsidence not exceeding 4.75 cm or lower on annual basis.</li> <li>Implement water management systems and best practices</li> </ul>	<p>GRI 303, GRI 304</p> <p><b>Related SDGs</b></p> 
	<p><b>Supply Chain Practices</b></p> <p><b>Sub-topics</b></p> <ul style="list-style-type: none"> <li>Supplier environmental and social practices</li> <li>Traceability</li> </ul>	<ul style="list-style-type: none"> <li>RSP0/ISPO certification for all plasma and partnerships by 2025</li> <li>90% smallholders engagement to advocate sustainable palm oil practices by 2025</li> <li>100% suppliers compliance with ANJ's sustainable palm oil sourcing commitment by 2030</li> <li>Achieve 99% traceable FFB from 3rd parties by 2025, at the latest</li> <li>Implement the electronic traceability program to support the traceability of all suppliers by 2023</li> </ul>	<p>GRI 308, GRI 414</p> <p><b>Related SDGs</b></p> 
	<p><b>Working Conditions</b></p> <p><b>Sub-topics</b></p> <ul style="list-style-type: none"> <li>Occupational Health and Safety</li> <li>Training and education</li> <li>Diversity and women's empowerment</li> </ul>	<ul style="list-style-type: none"> <li>Improve working and living conditions for all workers by providing access to affordable staple foods, clean and proper housing facilities, access to clean water and sanitation, access to health, recreational, and telecommunication facilities and facilitate religion practices by 2025</li> <li>Increased health and safety awareness to achieve zero fatality work-related accidents</li> <li>Develop a work environment which supports gender equality and no-discrimination by 2023</li> </ul>	<p>GRI 403, GRI 404, GRI 405</p> <p><b>Related SDGs</b></p> 
	<p><b>Labor rights</b></p> <p><b>Sub-topics</b></p> <ul style="list-style-type: none"> <li>Forced labor</li> <li>Child labor</li> <li>Freedom of Association</li> </ul>	<ul style="list-style-type: none"> <li>Provide access to early and primary education facilities for children of workers in all of our operating concessions by 2027</li> <li>Zero grievances and findings related to forced labor, human trafficking and child labor issues</li> </ul>	<p>GRI 407, GRI 408, GRI 409</p> <p><b>Related SDGs</b></p> 
	<p><b>Local communities</b></p> <p><b>Sub-topics</b></p> <ul style="list-style-type: none"> <li>Rights of local communities</li> <li>Community Involvement and Development</li> </ul>	-	<p>GRI 413</p> <p><b>Related SDGs</b></p> 
	<p><b>Prosperity and inclusive growth</b></p> <p><b>Sub-topics</b></p> <ul style="list-style-type: none"> <li>Economic performance</li> <li>Innovation and sustainable production</li> <li>Socio-economic welfare and livelihoods</li> </ul>	-	<p>GRI 201, GRI 203</p> <p><b>Related SDGs</b></p> 

## ESG TARGET AND ACHIEVEMENTS 2022

Priority	Ambition	Achievement by end 2021	Progress by end 2022
REDUCE GHG EMISSIONS	<ul style="list-style-type: none"> <li>Net- zero emissions/carbon neutral by 2030</li> </ul>	<ul style="list-style-type: none"> <li>Net GHG emission of 333,663 Ton CO2eq</li> <li>76% net GHG emission decrease</li> </ul>	<ul style="list-style-type: none"> <li>Net GHG emission of 274,970 Ton CO2eq</li> <li>80% net GHG emission decrease</li> </ul>
	<ul style="list-style-type: none"> <li>Reduce gross GHG intensity for Scope 1 and Scope 2 without considering sequestration by 30% in 2030 compared to 2015</li> </ul>	<ul style="list-style-type: none"> <li>Reduced by 8.6% compared to 2015.</li> </ul>	<ul style="list-style-type: none"> <li>Reduced by 6% compared to 2015.</li> </ul>
DECREASE FOSSIL FUELS	<ul style="list-style-type: none"> <li>Increase renewable energy portfolio to above 60% by 2025</li> </ul>	<ul style="list-style-type: none"> <li>41% renewable energy portfolio</li> </ul>	<ul style="list-style-type: none"> <li>38% renewable energy portfolio</li> </ul>
	<ul style="list-style-type: none"> <li>Reduce our fossil fuel dependence by 20% by 2025</li> </ul>	<ul style="list-style-type: none"> <li>Reduced by 10.6% compared to 2017</li> </ul>	<ul style="list-style-type: none"> <li>Reduced by 9.4% compared to 2017</li> </ul>
WATER EFFICIENCY	<ul style="list-style-type: none"> <li>Achieve water intensity of 1 ton of water for each ton of fresh fruit bunch (FFB) processed by 2027 at the latest</li> </ul>	<ul style="list-style-type: none"> <li>1.09 ton of water for each ton of FFB processed in 2021</li> </ul>	<ul style="list-style-type: none"> <li>1.088 ton of water for each ton of FFB processed in 2022</li> </ul>
PROMOTE SUSTAINABILITY TO SMALLHOLDERS	<ul style="list-style-type: none"> <li>100% of all plasma and partnership smallholders are RSPO Certified by the end of 2025</li> </ul>	<ul style="list-style-type: none"> <li>62% RSPO certified</li> </ul>	<ul style="list-style-type: none"> <li>75% RSPO certified</li> </ul>
	<ul style="list-style-type: none"> <li>90% smallholders engagement to advocate the sustainable palm oil practices by 2025</li> </ul>	<ul style="list-style-type: none"> <li>Not Yet Available</li> </ul>	<ul style="list-style-type: none"> <li>9% smallholders engage</li> </ul>
	<ul style="list-style-type: none"> <li>100% suppliers to comply with ANJ's sustainable palm oil sourcing commitment by 2030</li> </ul>	<ul style="list-style-type: none"> <li>44,803 ton of certified FFB purchased in 2021 (9.99%)</li> </ul>	<ul style="list-style-type: none"> <li>53,672 ton of certified FFB purchased in 2022 (9.88%)</li> </ul>
PROTECT BIODIVERSITY	<ul style="list-style-type: none"> <li>Stable population trend for species which trigger HCV</li> <li>Zero human-wildlife conflict in our areas of operation, related to IUCN Threatened and Protected Species, based on Indonesian regulations</li> </ul>	<ul style="list-style-type: none"> <li>More than 40,000 observation records, from our internal citizen science biodiversity monitoring program (PENDAKI) since its inception in 2019</li> <li>Externally verified validation of the accuracy of all PENDAKI species data by species experts</li> <li>71 fauna species and 39 flora species in the IUCN threatened species list were identified in our areas</li> <li>Launching of PENDAKI website and encyclopedia of wildlife identified in SMM</li> </ul>	<ul style="list-style-type: none"> <li>More than 78,000 observation records, from our internal citizen scientists</li> <li>78 fauna species and 53 flora species in the IUCN threatened species list were identified in our areas. (Independently validated by a third party)</li> </ul>

Priority	Ambition	Achievement by end 2021	Progress by end 2022
PROTECT FORESTS AND PEATLANDS	<ul style="list-style-type: none"> <li>• Zero major fire incident</li> </ul>	<ul style="list-style-type: none"> <li>• No major fire incident</li> </ul>	<ul style="list-style-type: none"> <li>• No major fire incident</li> </ul>
	<ul style="list-style-type: none"> <li>• No deforestation</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated fire management infrastructure phase 1 in KAL was substantially completed in 2021. It was completed in January 2022</li> <li>• No new planting and replanting in HCV, HCS, and peat area</li> <li>• No illegal or non-compliant palm oil land use change at ANJ's and FFB suppliers' estates</li> <li>• No encroachment</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated fire management infrastructure phase 2 in KAL was completed in 2022</li> <li>• No new planting and replanting in HCV (High Conservation Value), HCS (High Carbon Stock), and peat area</li> <li>• No illegal or non-compliant palm oil land use change at ANJ's and FFB suppliers' estates</li> <li>• No encroachment</li> </ul>
KEEP A POSITIVE AND SAFE WORK ENVIRONMENT	<ul style="list-style-type: none"> <li>• Zero work-related fatalities</li> <li>• Worker access to clean water and sanitation and health facilities by 2025</li> <li>• Worker access to recreational and telecommunication facilities by 2025</li> </ul>	<ul style="list-style-type: none"> <li>• Zero fatalities in 2021</li> <li>• Clean water, sanitation, and health access are provided to direct workers</li> <li>• The access for contractors workers (indirect workers) are in progress</li> <li>• Access to recreational facilities is available to all workers</li> </ul>	<ul style="list-style-type: none"> <li>• Zero fatalities in 2022*</li> <li>• Clean water, sanitation, and health access are provided to direct workers</li> <li>• The access for contractors workers (indirect workers) are in progress</li> <li>• Access to recreational facilities is available to all workers</li> <li>• Access to worship facility with religious leader visiting the site</li> </ul>
	<ul style="list-style-type: none"> <li>• Facilitate access to primary education facilities for children of workers in all of our operating concessions</li> </ul>	<ul style="list-style-type: none"> <li>• Four out of six (66%) Palm Oil provided access to primary education facilities and all concessions (100%) provided access to early childhood/ preschool facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Four out of six (66%) Palm Oil provided access to primary education facilities and all concessions (100%) provided access to early childhood/ preschool facilities</li> </ul>
PROTECT CHILDREN AND LABOR RIGHTS	<ul style="list-style-type: none"> <li>• Zero grievance and findings related to forced labor, human trafficking, and child labor issues</li> </ul>	<ul style="list-style-type: none"> <li>• No related grievance and findings in 2021</li> </ul>	<ul style="list-style-type: none"> <li>• No related grievance and findings in 2022</li> <li>• We have also provided training in all area (Internal, Vendor / Contractor) regarding forced labor, human trafficking, &amp; child labor</li> </ul>

\*There is one contractor fatality case in 2022

# OUR GOVERNANCE



→ Morning briefing led by our staff at SMM given to the foremen to ensure the Company's standards are properly implemented

Transparency, accountability, responsibility, independence, and fairness are cornerstones of Good Corporate Governance (GCG), and we are dedicated to respecting these values across the board. We believe GCG is essential for delivering sustainable outcomes to our stakeholders and ensuring the Company's long-term growth in line with our responsible development goals.

Our corporate governance framework is made up of a set of policies, controls, processes, and standards that apply to the whole company. These help to define roles and responsibilities, ensure that everyone is on the same page, and assure that decisions are made with full transparency and accountability. The framework is based on the Company's basic values of integrity, respect for people and the environment, and a commitment to continuous improvement, as outlined in the Company's Code of Ethics on Business Conduct.

According to Law No. 40/2007 on Limited Liability Companies, three mutually independent authorities govern ANJ:

- The General Meeting of Shareholders (GMS) is the highest decision-making body.
- The Board of Commissioners (BOC) advises the Board of Directors and oversees Company management.
- The Board of Directors (BOD) manages the Company for its shareholders. (2-9)

The General Meeting of Shareholders (GMS) is the main forum for shareholders to exercise their rights to make specific decisions about the Company, receive reports from the BOC and BOD on their performance and accountability, and question the relevant Boards. The Company must have an Annual General Meeting of Shareholders (AGMS) six months after its financial year ends. At any time, an Extraordinary General Meeting of Shareholders (EGMS) can be called, if it is required. The GMS mandates the BOD and BOC to manage issues and decisions regarding economic, environmental, and social issues, and holds them accountable for these decisions.

The highest governance body is divided into two tiers: the BOD, which serves as the executive board, and the BOC, which serves as the supervisory board. The President Commissioner of the BOC, a non-executive position, and the President Director of the BOD, an executive position, chair the two-tier governance system. There are clearly defined procedures in place for dealing with actual or alleged conflicts of interest between the Company and the personal interests of the BOD and BOC. Members of the BOD, BOC, and Controlling Shareholders' affiliate affiliations are stated in the Company's Annual Report (page 158) and comply with the Financial Services Authority (Otoritas Jasa Keuangan/OJK) rules. (2-11, 2-15)

The BOC is assisted in its supervisory role by four Committees, each chaired by one of the Commissioners. The Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, and Corporate Social Responsibility (CSR) and Sustainability Committee are among the committees. Each of these committees assist the BOC in reviewing the effectiveness and due diligence of the organization with regard to the Company's impacts to the economy, the environment, society, and human rights. [2-12]

The Board of Commissioners is made up of eight non-executive commissioners, three of whom are independent. The Board of Directors has five executive directors. Both the BOC and the BOD are appointed for a period that lasts until the fifth GMS following their appointment. Members of the BOC may have occupations outside of the Company's group, while members of the BOD do not. Under-represented social groups or stakeholders are not represented. More information about our Board of Directors and Board of Commissioners can be found on our website, [<https://www.anj-group.com/en/struktur-perusahaan>] and our Annual Report page 58 - 70. [2-9]

**Table 02. Board of Commissioners** [2-9]

Name	Position	Term started	Term ends	Independent
Adrianto Machribie	President Commissioner	AGMS 2020	AGMS 2025	V
George Santosa Tahija	Commissioner	AGMS 2020	AGMS 2025	
Sjakon George Tahija	Commissioner	AGMS 2020	AGMS 2025	
Anastasius Wahyuhadi	Commissioner	AGMS 2020	AGMS 2025	
Istama Tatang Siddharta	Commissioner	AGMS 2020	AGMS 2025	
J. Kristiadi	Commissioner	AGMS 2020	AGMS 2025	V
Darwin Cyril Noerhadi	Commissioner	AGMS 2021	AGMS 2026	V
Istini Tatiek Siddharta	Commissioner	AGMS 2021	AGMS 2026	

**Table 03. Board of Directors** [2-9]

Name	Position	Term started	Term ends
Lucas Kurniawan	President Director	AGMS 2021	AGMS 2026
Geetha Govindan	Vice President Director	AGMS 2021	AGMS 2026
Naga Waskita	Director	AGMS 2022	AGMS 2027
Aloysius D'Cruz	Director	AGMS 2021	AGMS 2026
Nopri Pitoy	Director	AGMS 2021	AGMS 2026

Diversity is valued at all levels of the organization, and that includes the executive levels. Members of the BOC and the BOD have extensive experience and qualifications that the Company feels are required to realize the Company's goals. The diversity of ANJ's Board is consistent with the Appendix of the OJK Circular Letter No. 32/SEOJK.04/2015 on Corporate Governance Guidelines for Public Listed Companies.

The composition of the Board reflects the Company's priorities through a fusion of collegial and individual expertise. Appointments to the Company's Board of Commissioners and Board of Directors are made after careful deliberation that considers their knowledge and expertise in the plantation business, as well as their integrity and dedication.

## Board Nomination and Evaluation

The shareholders at the GMS appoint Commissioners and Directors based on the recommendations of the Company's Nomination and Remuneration Committee (NRC). Candidates, including independent Commissioners, must be nominated by at least one shareholder or more representing at least 10% of the total shares with voting rights. Other stakeholders, aside from shareholders, are not involved in the process. Diversity criteria, as well as skill and experience in economic, environmental, and social domains, are taken into account during the nomination and selection process. The independence of board members is also considered, as boards are made up of professional directors and independent commissioners who are not related to or affiliated with the Company's shareholders,

in accordance with the provisions of OJK Regulation No.33/POJK.04/2014. Furthermore, the NRC is led by an independent commissioner to guarantee that the nomination and selection processes are impartial. More information about the selection and nomination of the BOD and BOC can be found on page 141-142 and 145-146 of the Annual Report. [2-10]

Annually, the GMS evaluates the performance of the BOC and BOD based on their annual accountability reports. Additionally, each Board conducts an annual self-evaluation of its performance. This year, no external parties were selected to examine the performance of the BOC or BOD. [2-18]

The BOC and BOD have key performance indicators (KPIs) linked to the Company strategy and implementation plan, including sustainability targets or objectives. Each Board evaluates their performance against these KPIs at the conclusion of the evaluation period. Each member of the Board is accountable for at least one of the KPIs for Responsible Development. [2-18]

The President Director verifies and evaluates the annual performance of BOD members. Meanwhile, the annual performance of the President Director is verified and evaluated by the Nomination and Remuneration Committee (NRC). The outcomes of the evaluations are further examined by the NRC, and compensation recommendations for Directors are made. Based on the self-assessment results, the Committee also directs the development of areas for improvement. [2-18]

To integrate our commitments into our decision-making and execution, we have a policy of including 15% of the management performance, including at the Board level, in the ESG initiative targets under the Responsible Development (RD) program. Every employee and member of the Board of Directors should participate in at least one RD project. Failure to fulfill agreed-upon objectives will result in a worse performance evaluation grade for the appropriate Board member, hence reducing his/her performance-based annual bonus. [2-19]

## Board Remuneration

The Company is dedicated to developing a competitive, fair, risk-based remuneration structure that is consistent with industry practice and current laws and regulations. The Company also ensures that no individual is paid less than the government-mandated minimum wage. Furthermore, the Company examines the remuneration applied in comparable businesses (peer groups). [2-19]

In compliance with applicable laws and regulations, the Company implements remuneration policies that encompass all levels of the organization, including the Board of Commissioners, the Board of Directors, and the workers, and include both mandatory components and additional benefits. Members of the BOC are paid a monthly honorarium, whereas members of the BOD are paid a base salary, a performance bonus, allowances, benefits, and management stock options. Liability insurance covers all Commissioners and Directors. No clawback clauses are included in the remuneration and benefits received by the BOD and BOC. The shareholders at the GMS decide on the level of remuneration for both the Commissioners and the Directors based on the suggestion of the NRC. Details on remuneration are disclosed in our Annual Report on page 156-157. [2-19, 2-20]

The Company did not hire external advisors to develop its remuneration policy. However, to remain competitive, the Company conducted salary benchmarking using third-party surveys. The remuneration policy of the Company's is based on performance, competitiveness, fairness, and risk. There is no particular system in place to seek stakeholder inputs when considering board remuneration. [2-20]

For reasons of confidentiality, we do not disclose details of the annual compensation ratio of the highest-paid individual compared to the median annual total compensation for all employees, as well as the percentage increase of this annual compensation ratio. [2-21]

## Training for the BOD and BOC

We take steps to ensure that our BOD members have the knowledge and skills necessary to properly implement our sustainability goals. Board members acquire sustainability training and knowledge through a variety of means, including short courses, workshops and seminars, self-study, and participation in sustainability-related projects. Certain members of the BOD underwent training on sustainable development subjects in 2022, as shown in the table below. [2-17]

**Table 04. Training and Development of BOD on Sustainable Development Topics**

No	Trainings	Participants	Date
1	Socialization of ESG Ambitions (Environmental, Social and Governance) ANJ	Lucas Kurniawan	May 18, 2022
2	Indonesia Water Mandate Working Group (IWMWG) Reinstatement Meeting – IGCN	Lucas Kurniawan	May 24, 2022
3	Integrated Fire Management Training	Lucas Kurniawan	May 25, 2022
4	Examining Material ESG Issues for Sector Analysis – Bloomberg Webinar	Lucas Kurniawan	July 14, 2022
5	Southeast Asia's Green Economy: Investing Behind New Realities	Lucas Kurniawan	August 4, 2022
6	Decarbonization and PAS 2060 Carbon Neutrality	Lucas Kurniawan	August 18, 2022
7	Bank BTPN Sustainability Seminar - "Pathway to Net Zero Economy"	Lucas Kurniawan	September 27, 2022
8	IDX - International Seminar with the theme "Carbon Trading : The Journey to Net Zero"	Lucas Kurniawan	September 27, 2022
9	IDX – Sustainability Capacity Building ESG Series: Part II	Lucas Kurniawan	November 1, 2022
1	<i>Seminar Refleksi P&amp;C INA NI by RSPO</i>	Geetha Govindan	June 27, 2022
1	AEI, Utilization of General Guidelines for Corporate Governance in Indonesia (PUGKI) 2021 in Sustainable Value Creation	Naga Waskita	June 8, 2022

## Sustainability Governance

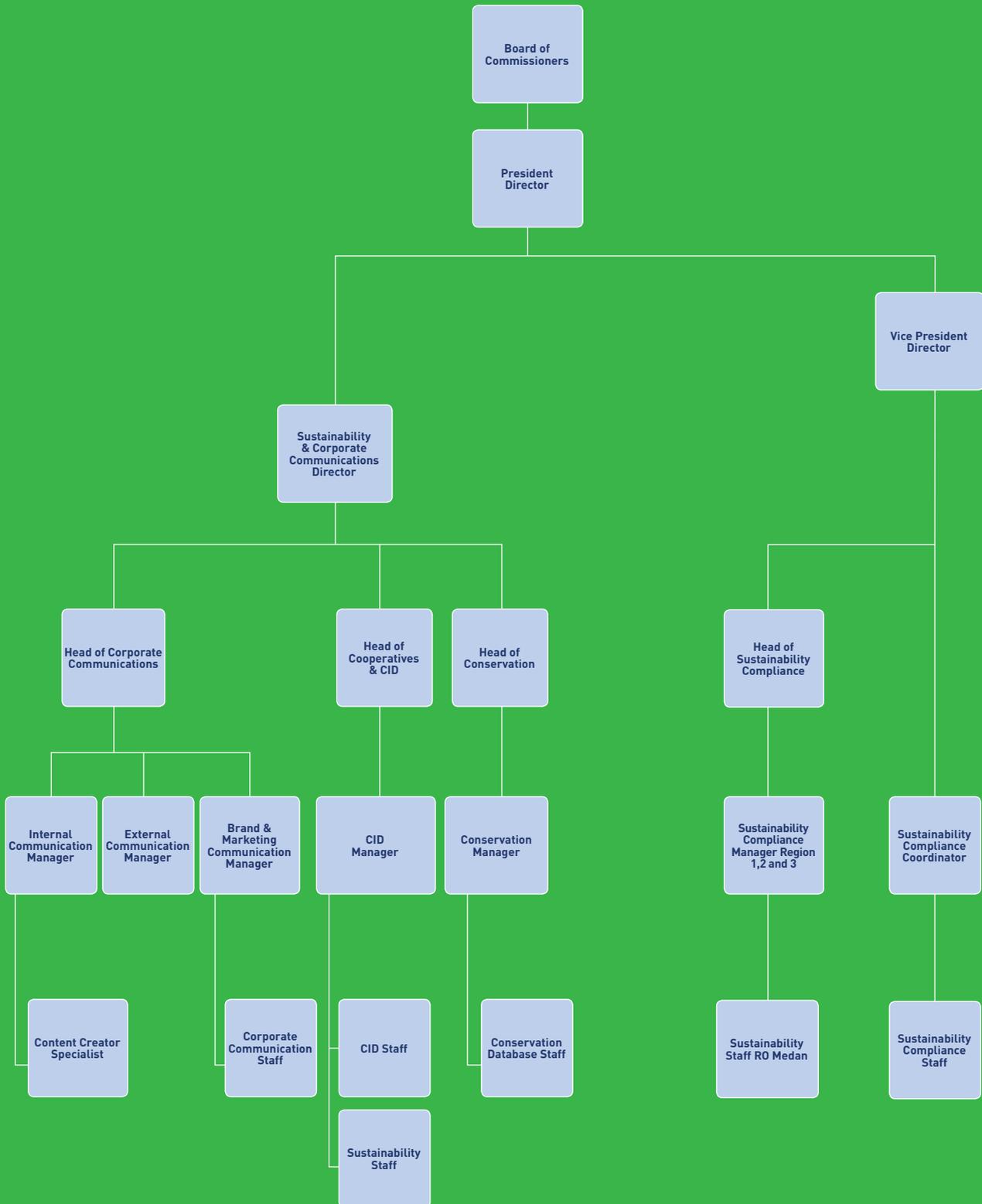
The Board of Directors, led by the President Director, is responsible for leading, managing, and directing day-to-day operations and ensuring that the Company adheres to its vision and mission in terms of environmental, social, and economic issues, as well as good governance standards. The President Director oversees the activity of all Directors. [2-9]

The CSR and Sustainability Committee ensures that the BOC can accurately supervise and monitor the Company's CSR and sustainability commitments, which are based on the identified environmental, social, and economic risks and opportunities of our operations. The group meets quarterly to examine challenges, progress with responsible development initiatives, environmental and social issues and community grievances, community participation, government engagement, biodiversity protection, alignment with SDGs, media attention, and sustainability recognitions. In 2022, the CSR and Sustainability Committee met four times, with full attendance at each meeting. Sjakon George Tahija, a Commissioner of the Company, chairs the CSR and Sustainability Committee. [2-12]

The Director of Sustainability oversees developing and implementing the Company's sustainability commitments and initiatives. A team of senior management supports the Director of Sustainability, including the Head of Community Involvement and Development (CID) and Cooperatives, the Head of Conservation, and the Head of Corporate Communications. Other departments that are directly related to the sustainability function also collaborate with the sustainability department. These senior executives report quarterly to the CSR and Sustainability Committee and bi-weekly to the ANJ Executive Leadership Team (AELT) in meetings which are attended by the whole Board of Directors, including members from subsidiaries. [2-13]

Given the importance of sustainable palm oil operations to our sustainability performance and carbon footprint, the Vice President Director oversees and manages the impacts of our palm oil operations, as well as the risks and opportunities associated with climate change. [2-13]

### Sustainability Governance Structure [2-13]





## FEATURE STORY

## ESG Rating

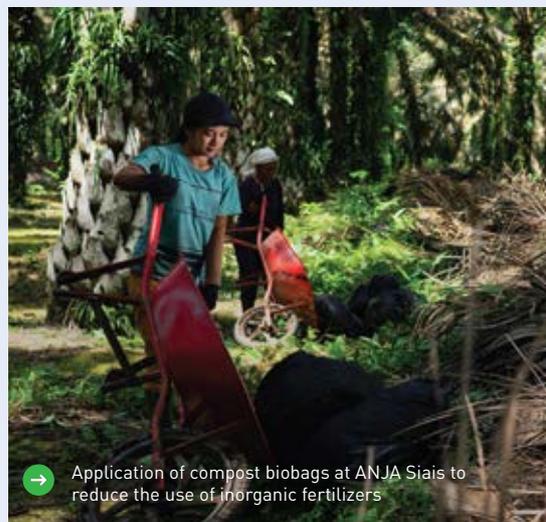
Striving to excel in our Environmental, Social and Governance (ESG) performance is a key pillar to ANJ's operations and the responsible development programs that are developed around them. Ensuring that Good Governance and socio-environmental welfare are ingrained in our operations and programs is fundamental to our decision-making and strategic agenda-setting. To help identify areas for improvement and quantify our progress, the Company regularly engages with independent external audit platforms, which assess ESG risk management, disclosure, and governance.

ANJ voluntarily discloses its ESG performance to act transparently, encourage accountability, and, importantly, set an example for others within our industry. With several assessment platforms, namely Sustainalytics, SPOTT, and the ASEAN Corporate Governance Scorecard (ACGS), ranking ANJ as one of the top-performing industry actors not only in Indonesia but globally, we believe that it is our duty to continue to push ourselves to always be at the forefront of more sustainable and socially conscious agribusiness.

This year, Morningstar Sustainalytics assessed that we are at low risk of experiencing material financial impacts due to ESG factors and granted us with an ESG risk rating of 18.3. This rating represents a 7.9-point decrease compared to 2021, and moved our ESG risk category from medium to low due to our strong ESG risk management. This places ANJ in Morningstar Sustainalytics' "ESG Industry Top Rated" status in the global agriculture sub-industry and food products industry.

Similar achievements were observed in our SPOTT, CDP and ACGS performance. SPOTT, a transparency assessment initiative that aims to support sustainable commodity production and trade, placed ANJ as one of the top Indonesian-based agribusiness companies and fourth on the global stage. Our SPOTT score has increased 8.2 percentage points since 2021, reaching 91.1% in 2022.

The ACGS, which assesses corporate governance through evaluating shareholders' rights, treatment of shareholders, stakeholders' roles, disclosure, transparency, and board responsibilities within publicly owned companies in the ASEAN region,



→ Application of compost biobags at ANJA Siais to reduce the use of inorganic fertilizers

awarded ANJ 99.74 points out of a possible 100. This is a 12.17-point improvement upon our 2021 score and categorizes ANJ as a level four company with very good performance and full adoption of international standards.

Our intensive environmental and social development programs and climate change mitigation efforts were, once again, rewarded with our first CDP Climate Change assessment attaining an A-, placing ANJ in the leadership category, whilst maintaining our CDP scores for the Forests and Water categories of A- and B, respectively. Finally, the Ministry of Environment and Forestry of the Government of Indonesia recognized sustainable environmental practices and social innovation at SMM and ANJA when it awarded the prestigious Gold PROPER award for the third year to SMM and the second year to ANJA which are the only palm oil companies to have received this award.

Our management is very proud of ANJ's journey in recent years towards becoming a more sustainable, profitable, and ethical company. We believe that the people of ANJ as a whole share this pride. It is for this reason that we have been able to improve our ESG performance so impressively. In 2022, it was particularly apparent that, our people are fully committed to ANJ's sustainability values and ambitions, and understand the processes by which ESG performance is reported, assessed, and integrated into our practices. This has allowed people at all levels of the Company to engage with and take ownership of our ESG journey.

# STAKEHOLDER ENGAGEMENT



→ Our staff at ANJA provide training and assistance to the Sehati farmer group in Hutabaru Village in making compost from straw

To actively involve and hear from stakeholders on all scales (local, regional, national, and international), we employ a wide variety of strategies. Employees, suppliers and consumers, shareholders, government and regulators, local communities, community-based groups, non-governmental organizations, business partners, industry peers and associations, and the media are all examples of significant stakeholder categories for us. Through consistent interaction and communication, both formally and informally, comments and concerns are gathered. [2-29]

Stakeholder engagement activities, such as community forums and consultation groups, the implementation of community complaints and grievance mechanisms, representation on certain industry association committees and initiatives, and community programs,

must be planned, implemented, and documented by all our business entities. Our internal processes of identifying and mapping our stakeholders are kept current through continuous communication with those whom we aim to engage with. [2-29]

Stakeholders outside of the organization are consulted to better comprehend and address the environmental, social, and economic subjects and challenges highlighted in the report. Our staff are kept informed through a variety of internal mediums, including but not limited to e-mails, a newsletter (*Simpul*), a magazine (*Cakrawala*), town halls, surveys, social events, and meetings. We provide both English and Indonesian versions of our internal documentation and announcements. [2-29]

## TESTIMONIALS



### Amanda Katili Niode, PhD

Chair, Omar Niode Foundation, Agriculture, Food, and Culinary Arts

"I truly commend ANJ's efforts to revive the popularity of sago starch in Indonesia. I believe that the use of local products, such as sago, in our everyday cooking is very important for sustainability, as sago is a carbohydrate with environmental and health aspects. When ANJ invited me to be involved as a jury in a sago recipe contest they organized to promote Sapapua, its sago starch product, I gladly accepted the offer. I was quite impressed by the creativity of the contestants and their innovative ideas on how sago can be used in interesting ways and recipes. ANJ also contributed to my efforts with colleagues in providing healthy food for frontline health workers during the height of the COVID-19 pandemic. I hope ANJ continues to promote sago starch to a wider audience so that more and more people understand that this local product can be used in modern everyday cooking and can even compete with other starches or flours like wheat."



### Josephine Satyono

Executive Director, Indonesia Global Compact Network

"ANJ is a signatory of the UN Global Compact since June 2021 and has been particularly active as an IGCN member. I am convinced that ANJ has a strong commitment to implementing universal sustainability principles, as the Company has keenly participated by sending key representatives to various events and trainings we have organized. Some of these events include the Climate Ambition Accelerator program, the Business and Human Rights Accelerator program, the Anti-Corruption Collective Action program, as well as sessions on gender equality and women's empowerment. ANJ has also participated in the 2022 Communication on Progress Early Adopter Program to report its progress in applying the UNGC principles within the Company, in the UN Global Compact Leader Summit in Bangkok in June 2022 where its CEO shared the Company's practices, and was selected to participate at the Transformational Governance Think Lab at the global level. All these, I believe, show that the Company puts a lot of effort to be at the forefront of sustainable practices in Indonesia as well as at the global level, paired with a dedication to transparency in communicating its sustainability progress to stakeholders."



### Kemal Soerawidjaja

Managing Partner, Partnership-ID

"Partnership-ID had the pleasure to work with ANJ in 2022 to facilitate its engagement with government institutions regarding the Company's impact and contribution towards achieving the SDGs, particularly in its West Papua operations. ANJ has invested substantially in West Papua for more than a decade and has built various community empowerment programs. Throughout our collaboration, I have witnessed ANJ's openness and enthusiasm to learn from and share best practices with other relevant actors and stakeholders, such as corporations, governments, and NGOs, with the common vision of realizing meaningful and sustainable development for everyone, especially in the most underdeveloped region."



→ In implementing the whistleblowing system, the Company guarantees the confidentiality of the informants

## Grievance and Whistleblowing Systems

We have a grievance procedure in place for stakeholders to report complaints or issues. Complaints can be communicated directly to our Community Involvement and Development (CID) point of contact or security employees in each estate, or via digital channels. Grievances are then recorded and reviewed at the estate level and, depending on the severity and scale of the case, they may be escalated. Each complaint must be investigated within fourteen days of receipt. We are committed to addressing concerns and taking corrective action following the verification of complaints. In accordance with the RSPO Principles and Criteria, an independent third party assessed and validated our grievance procedure. [2-25]

To ensure that the Company's values are consistently emphasized at all levels and throughout all business areas, we established the Values Champion system in 2013. Values Champions are employees who have been selected to socialize the Company's core values and observe how these values are being applied on the job. The Company looks to its Values Champions to set an example of how those principles are applied in practice. A monthly report is provided by Values Champions to their assigned Values Champions Coordinator detailing any significant practices that were or were not in line with the Company's values. Commissioners George Tahija and Anastasius Wahyuhadi, the Company's Values Guardians, receive these monthly reports after they have been evaluated by the Values Champions Committee at the Jakarta headquarters. Violations against values are followed up and investigated by the management, and

depending on the circumstances, disciplinary measures may be taken. There are 35 Values Champions working across the ANJ Group as of the end of 2022.

In addition, we have built a whistleblowing system (WBS) known as *Berani Bicara*. Through this channel, any employee, third party vendor, supplier, or other stakeholder may report concerns in a secure and confidential manner regarding any suspected misconduct, such as fraud, corrupt practices, violations of the Code of Ethics or the corporate values, or any violation of laws and regulations by any member or associate of the Company. The system is intended to aid in the prevention and early detection of wrongdoing that could be harmful to the Company or its reputation. The Internal Audit Unit conducts investigations on whistleblower reports. Penalties and sanctions are applied in accordance with the Company Regulations where necessary. When laws are broken, the incident is reported to the appropriate authorities and law enforcement agencies. Some major cases of fraud reported and identified in 2022 have resulted in the termination of employment of the offenders. [2-26]

Other channels such as internal audits, stakeholder meetings, reviews of social and environmental assessments, and the annual shareholders meeting, also allow for the expression of critical issues. Important economic, social, and environmental issues are considered at the meetings of the CSR & Sustainability Committee and the AELT. Joint meetings between the BOC and the BOD provide an additional forum for debating these crucial issues and critical concerns. [2-16, 2-26]

**Table 05. Critical Concerns Reported in 2022** [2-26]

No	Description of Cases	Number of Cases		Total Cases
		Major	Minor	
1	Fraud and Manipulation (Integrity related)	11	-	11
2	Non-Compliance with Internal Control SOP	22	88	110
3	Operational Inefficiency	-	28	28
<b>Total</b>		<b>33</b>	<b>116</b>	<b>149</b>

We endeavor to meet and surpass local and international rules, standards as well as prevailing laws and regulations. There were no cases of noncompliance with rules and regulations that resulted in fines or other non-monetary sanctions in 2022. [2-27]

## External Initiatives and Memberships

Participating in national and regional groups that encourage information exchange and better standards and compliance among producers and other stakeholders is an important aspect of our stakeholder engagement strategy. These memberships do not add significant expenses beyond the annual subscription amount paid by the Company. [2-28]

**Table 06. ANJ's membership in associations in 2022**

Association	Role
Indonesian Public Listed Companies Association (AEI)	Participates as an active member.
Indonesian Palm Oil Producers' Association (GAPKI): Central Office, North Sumatra Branch, and Bangka Belitung Branch	Participates in forums to encourage a conducive climate for the palm oil industry, increase capacity for sustainable palm oil, advocate for solutions to problems in the palm oil industry and synergize with the government on related policies.
Association of Large Private Plantations (APBS) Belitung	Participates in forums to coordinate compliance with government policies, discuss solutions to industry problems, and share information.
Indonesian Chamber of Commerce and Industry (KADIN)	Participates in fostering the development of the business community and all its stakeholders, with regard to economic policy formulation and implementation throughout Indonesia.
Indonesian Sago Community (MASSI)	Participates in promoting the development of sago as part of the national food security effort.
Roundtable on Sustainable Palm Oil (RSPO)	Participates actively in two working groups: No-deforestation Task Force and Indonesia National Interpretation. Also as a grower representation at the Complaint Panel.
Indonesian Growers Caucus	Participates as a member to promote sustainable palm oil management and best practices and to share insights of common interests in the industry.
Palm Oil & NGO (PONGO) Alliance	Founding member; Chair from January-August 2018 and 2019. Participates in forums to encourage improved management of orangutan populations and their habitats within oil palm plantations, and within larger multifunctional landscapes in which these plantations are operated.
UN Global Compact	Signatory of the UN Global Compact.
Indonesian Sustainable Palm Oil Forum (FoKSBI)	Participates as an active member.



FEATURE STORY

Corporate Impact Report



→ A mill operator checks the boiler station power consumption to prevent over-heating at our Palm Oil mill

We believe that measuring our overall ESG impact is important to identify improvement opportunities and to demonstrate the value of our selected programs and operational activities to our stakeholders. Therefore, in the first quarter of 2023, we appointed Morningstar Sustainalytics to provide an independent and objective evaluation of our corporate impact in 2022.<sup>1</sup>

In this report, Sustainalytics evaluated ANJ’s impacts on gross domestic product (GDP) and jobs sustained as a result of our operations, local supply chain spending, and investments. Sustainalytics identified the following key areas for this impact assessment:

- ANJ’s operations in 2022, including revenue and employment
- Supply chain spending in Indonesia in 2022
- Investments in Community Involvement and Development (CID) programmes, including saving cooperatives, early childhood education and edamame cultivation

- Selected environmental projects, including efficiency improvements for water and energy, as well as production of renewable energy (The report does not assess the entire environmental and social footprint of ANJ, but only the ones of selected projects.)

Using our annual revenue and supply chain spending data, Sustainalytics measured our impacts as per the following indicators:

- Contribution to Gross Domestic Product (GDP): GDP being the value of final goods and services produced within an economy within a certain period, Contribution to GDP is the total value added to the economy by an activity, measured in USD.
- Employment or Jobs Sustained: The annual full-time equivalent (FTE) jobs sustained within the economy resulting from an activity.

The impact highlighted in the report are as follows:

1. Morningstar Sustainalytics, a globally recognized provider of ESG research, ratings and data, estimated the impact of ANJ Group’s project and the alignment thereof with relevant industry standards.

**\$256**million

Impact on GDP

**13,170**

Jobs Sustained

**\$133**millionSpent on Indonesian  
businesses**\$643,040**Investment in CID  
programmes**40,800**tCO<sub>2e</sub> avoided**44,563**Renewable Energy  
Generated, MWh**206**Early childhood education  
beneficiaries in Southwest  
Papua**219,953**m<sup>3</sup> water saved**2,507**Beneficiaries of savings  
cooperatives and grocery  
stores in Southwest Papua**91**Farmers accessed the  
edamame cultivation  
programme in Belitung  
Island

The full version of the Corporate Impact Report can be accessed in ANJ's Website at <https://www.anj-group.com/en/corporate-impact-report>



# PROSPERITY

CPO PRODUCTION  
VOLUME (tons)



275,769

▲ 5.0%

TRACEABILITY OF  
INDEPENDENT  
PALM OIL  
SUPPLIERS



99%

PLASMA AND  
PARTNERSHIP  
COOPERATIVES  
RSPO  
CERTIFICATION

75%



Two workers sorting FFB from our suppliers before processing onto the mill

→ A female worker in ANJA Siais climbed the Crude Palm Oil (CPO) tank to do the sounding

Strong and sustainable economic performance is a founding pillar of ANJ's responsible development approach. It is vital to our company's long-term performance and to delivering positive economic outcomes and local economic growth for our stakeholders, particularly those in our value chain. In that respect, economic performance is the starting point for achieving a harmonious balance of planet, people, and prosperity.

Our priority is to ensure that our operations are inclusive, creating opportunities and contributing to the development of the communities in which we operate. Incorporating local smallholder farmers in our value chain, providing job opportunities, and generating business prospects are just some of the ways we can help our communities. Furthermore, our activities draw workers and their families to the areas around operating sites, thereby generating a key market for local merchants, grocery stores, restaurants, and other businesses as consumers. It is our vision to eventually become a driving force for local and regional economic prosperity.

We implement socioeconomic empowerment programs and Community Involvement and Development (CID) projects to ensure that all members of the local community may take advantage of the economic opportunities we provide. These programs assist the community's most marginalized members by effectively participating in and benefiting from local growth and economic development.

# ECONOMIC PERFORMANCE

Following the substantial impact on business and global economic slowdown due to the COVID-19 pandemic, economic expansion in 2022 was further hampered by several challenging circumstances. The war in Ukraine in the first quarter fueled supply chain imbalance, causing global commodity prices to surge to their highest level and peak in the first half of 2022. This marked increase in commodity prices pushed up the inflation rate and ultimately prompted the central banks of numerous nations to boost interest rates. Consequently, worries about a worldwide recession are growing, although Indonesia's economic growth is projected to remain over 5% in 2022.

The high CPO price generated a domestic shortage of CPO and its derivatives in the domestic market. In response, the Indonesian government decided in April 2022 to ban the export of CPO and its derivatives, although this was quickly revoked on May 23, 2022. As a result, the domestic market experienced a CPO oversupply causing a substantial price fall during the third quarter of 2022. Meanwhile, the government established a Domestic Market Obligation for CPO and adjusted export levies as a new approach to maintain the domestic supply of CPO.

## Growth Strategy and Innovation

Considering the volatile global economic environment, our major guiding principle to maintain growth and resilience remains to incorporate ESG strategy into our core business strategy. Some of our ESG initiatives and innovations, such as the composting program, have proven to be cost-effective. We will make greater attempts to explore other projects and invest in agronomic innovations to improve our productivity, while continuing to prioritize cost control and limit non-essential capital investments to sustain profit margins.

ANJ is committed to research and development (R&D), as indicated by the formation of an R&D section at SMM in 2015. The R&D capability was built in collaboration with the French agricultural research group, Centre de Coopération Internationale en Recherche Agronomique pour le Développement (CIRAD). Our R&D laboratory accommodates a research team composed of experts in soil, microbiology, statistics, pests and diseases, as well as field research personnel who manage field trials

and monitor optimal management practices. The R&D team works closely with our estates to implement best agronomic practices and related innovations.

We will also continue our replanting program in the ANJA and SMM estates to improve our age maturity profile and maintain output yields in the next years. We will continue land compensation in our operation at GSB, with a goal of consolidating 3,000 hectares for the HGU process. As our plantations in Southwest Papua reaches maturity next year, we will continue our planned infrastructure work, primarily for road lateriting, to achieve more effective logistics and transportation.

As part of Indonesia's food diversification and security initiatives, we maintain that sago starch has significant potential as a sustainable alternative carbohydrate source that can help lower reliance on rice, wheat, and other staple grains. Sago starch has market potential in a variety of applications as a gluten-free product with beneficial digestive properties. We are seeing increased interest in its use as an ingredient in processed foods in both domestic and export markets, including, but not limited to, Japan, Singapore, Malaysia, and China. Sago starch has a favorable position as a wheat substitution product, given the lack of wheat supply caused by export restrictions in key producing countries, namely Canada, the United States, and Russia, as a result of the impact of extreme climate in northern countries. As such, we see tremendous opportunities in this market in the next years.

We are preparing to launch a second sago estate area to enhance the number of logs processed per day and stabilize production volumes to reach our targets. We will also continue to enhance our sago starch extraction rate by optimizing the current processing technology. This will enable us to boost output volumes and minimize production costs per kilogram. We will also proceed with our proposal to operate a biomass power plant to increase renewable energy use and cut fuel costs.

In our edamame business, our focus is increasing yields by applying best agronomy practices, investing in our seed quality program, and strengthening our integrated pest management strategies. We will also look to improve factory efficiency by establishing measurable productivity metrics while supporting the workforce.

As part of our sustainability strategy, which aims to reduce reliance on fossil fuels and greenhouse gas emissions, we see a role for biogas for internal consumption. Our management team solidified its focus on accelerating our renewable energy initiatives, with the option to build a new biogas facility either in ANJA or KAL to accelerate our renewable energy initiatives, progressively reduce our dependence on fossil fuels, and mitigate the risk of fossil fuel shortages in the coming years.

## Production and Sales Results

We have increased our total productive oil palm plantations area by 1,966 ha, from 40,271 hectares in 2021, to 42,237 hectares in 2022. When including our plasma and partnership schemes, our planted areas slightly decreased from 54,629 hectares in 2021 to 53,698 hectares in 2022. We continue to implement our replanting program at SMM and ANJA estates as a key strategy to maintain a balanced palm oil age that can support our output and future growth. The average age of our palm oil as of December 31, 2022, is 12.9 years.

Our Fresh Fruit Bunches (FFB) production slightly increased by 0.3% to 840,581 tons in 2022, with an average FFB output per hectare of 19.4 tons. This increase is largely due to additional newly-mature declaration in our estates, such as the Southwest Papua and South Sumatra estates, as well as the replanted area in SMM. It should be noted, however, that our yield enhancement projects largely managed to compensate for the loss of production resulting from replanting. These programs include increasing the use of compost to feed organic nutrients to palm trees while preserving soil moisture levels, and innovation to promote pollination. Our ESG objectives are interwoven in each of our programs.

To maintain mill utilization rates and continue to assist local independent farmers, we boosted our FFB purchases from outside suppliers to 538,483 tons in 2022, up from 434,123 tons in 2021. As a result, the CPO production from all our estates grew, reaching an overall of 5% growth to reach 275,769 tons in 2022. Despite the extreme price fluctuation in the first half of the year, we managed to obtain an average selling price of USD 842 per ton in 2022, higher than the previous year's USD 801 per ton.

**Table 07. Sustainable Palm Oil Production in 2022 (in tons)**

	2022			2021		
Sustainable Palm Oil Product	CPO	PK	PKO	CPO	PK	PKO
Nucleus	159,133	32,127	1,052	152,792	32,722	1,080
Plasma and Partnerships	20,939	1,975	-	9,818	1,586	-
<b>Total Sustainable Product</b>	<b>180,072</b>	<b>34,102</b>	<b>1,052</b>	<b>162,610</b>	<b>34,358</b>	<b>1,080</b>
<b>Total Production</b>	<b>275,769</b>	<b>55,011</b>	<b>1,052</b>	<b>262,683</b>	<b>51,531</b>	<b>1,080</b>
<b>% Sustainable Product</b>	<b>65%</b>	<b>62%</b>	<b>100%</b>	<b>62%</b>	<b>67%</b>	<b>100%</b>

We produced 55,011 tons of Palm Kernel (PK) and increased our PK sales volume by 5.8%, to 54,996 tons, in 2022. The average selling price was USD 559 per ton. Additionally, we produced 1,052 tons and sold 928 tons of CPKO from our Kernel Crushing Plant (KCP) in Southwest Papua, generating a total sales income of USD 1 million at an average price of USD 1,081 per ton. As our core business, palm oil contributed USD 265.3 million, or 98.6% of our total revenue, in 2022, generating a gross profit of USD 61.6 million and a profit before tax of USD 44.9 million.

In our sago business, our extraction rate and starch production decreased due to technical issues and labor constraints. Our starch production fell by 23.3% to 2,708 tons in 2022. Well below our projected target of 14,427 tons. As a result, sales volume also decreased. However, we experienced a 38.1% increase in the average selling

price of sago starch in 2022, reaching up to IDR 8,088/kg. The price increase was predominantly due to the increasing price of wheat starch as an impact of the Russia-Ukraine conflict. This contributed to an increase in sales revenue to USD 1.6 million, up from USD 1.3 million in 2021, although still below our target of USD 3.6 million.

The edamame business experienced substantial progress in 2022. We managed to increase our production by 24.3%, reaching 2,533 ton in 2022. However, this was 29.8% below our target of 3,609 ton. The production increase was driven by an increase in the farming area of our partner suppliers from 268 hectares in 2021 to 429 hectares in 2022. Our farmers also achieved a higher yield by optimizing planting during the 'golden period' in March-June. Overall, we booked USD 1.7 million in revenue from edamame sales in 2022.

AANE's electricity generation and sales increased from 9,402,197 kWh in 2021 to 9,899,429 kWh in 2022, representing a positive variance of 5.3% from our budget of 9,401,200 kWh. This was largely attributable to fewer shutdowns during the year, which reduced the maintenance and repair costs. Service concession revenue remains stable at USD 0.6 million in 2022, in line with the fixed tariff of IDR 975/kWh.

**Table 08. Direct Economic Value Generated and Distributed (Million USD) (201-1)**

	2022	2021*	2020*
<b>Economic Value Generated</b>			
Revenue	269,166,721	267,383,923	165,370,168
Dividend Income	640,276	278,883	97,177
Other income	2,266,459	1,772,121	4,733,577
Share of profit of equity- accounted investees	-	-	-
Finance income	471,473	613,586	766,356
<b>Total Economic Value Generated (A)</b>	<b>272,544,929</b>	<b>270,048,513</b>	<b>170,967,278</b>
<b>Economic Value Distributed</b>			
Operating Costs	218,788,315	193,882,369	139,119,823
Employee Wages and Benefits	6,151,154	8,928,914	8,838,214
Payments to Owners of Capital:			
Payments to Shareholders	9,666,022	928,280	-
Payments to Creditors	4,949,142	4,488,131	3,056,057
Payments to Government	16,655,415	16,478,775	9,260,101
Community Investments	5,657,875	4,438,612	5,821,722
<b>Total Economic Value Distributed (B)</b>	<b>261,867,923</b>	<b>229,145,080</b>	<b>166,095,917</b>
<b>Economic Value Retained (A-B)</b>	<b>10,677,006</b>	<b>40,903,433</b>	<b>4,871,361</b>

\*The consolidated financial statements for the years ended 2021 and 2020 have been restated due to the adoption of Indonesian Financial Accounting Standard No. 16, " Fixed Assets- Proceeds before Intended Use". The consolidated financial statements for the year ended December 31, 2020 before the restatement have been audited by Siddharta Widjaja & Rekan (a member firm of the KPMG network).

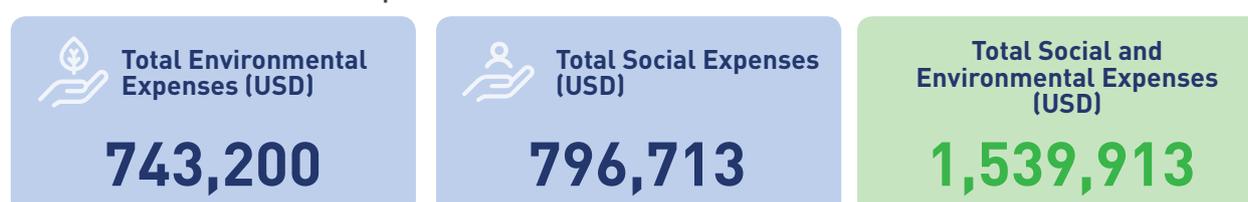
### Defined Benefit Plan Obligations (201-3)

We have a post-employment benefit plan in place for all permanent employees, which follows the requirements as set out in the Indonesian Labor Law. The funding of the defined benefit plan is managed through Dana Pensiun Lembaga Keuangan (DPLK) Manulife, an insurance company. The Company contributes 100% of the benefit plan. Employees do not contribute. All permanent employees participate in the plan and their consent is not required as participation is mandatory under government regulations. There is no minimum funding requirement under the arrangement with DPLK Manulife. We only

engage with Manulife to manage our fund to fulfil our post-employment obligation to employees. At the end of 2022, we contributed a total of USD 0.8 million to the employee retirement plan managed by DPLK Manulife, and recognized a post-employment benefits obligation of USD 11.7 million. Considering that the retirement benefit plan does not cover all obligations, we ensure that we can fully meet our post-employment benefits obligations using funds from our operational results and support from our equities, as the total post-employment benefits obligation represents only 2.7% of our equities.

We received no financial assistance from the government in 2022. (201-4)

### Total Environmental and Social Expenses in 2022



# SUPPLY CHAIN AND TRACEABILITY

Suppliers are an invaluable part of our value chain and vision to foster prosperity where we operate. In our palm oil business, suppliers of oil palm fresh fruit bunches (FFB) fall under three categories: plasma smallholders, partnership smallholders (*kemitraan*), and third-party suppliers, which include plantation enterprises, agencies, and cooperatives. Independently through agents or as part of a cooperative, more than 4,100 farmers and agents are actively involved in our value chain. Our vegetable business in Jember, East Java, works directly with 53 smallholder farmers that cultivate a total of 429 hectares of their land to supply our business. In our sago business in Southwest Papua, our natural sago forests are customarily held by eight native family clans who are compensated for each sago log collected.

The involvement of smallholder suppliers provides significant long-term economic opportunities to them. In the case of palm oil, which is a perennial plant with a lifecycle of more than 25 years, business relationships with FFB suppliers are long-standing and may last decades. As our mills and factories regularly buy crops from smallholders at fair prices, we contribute to increasing farmers' income and reducing poverty in the areas where we operate. By doing so, our operations will also indirectly stimulate local economic growth and create job opportunities.

However, we recognize that our FFB suppliers' operations can have harmful effects on forests and biodiversity. Opportunities to provide FFB, for instance, may encourage farmers to clear forests and establish oil palm plantations. Suppliers may have insufficient technical knowledge and capacity to implement sustainable palm oil procedures. Furthermore, smallholder farmers, especially independent farmers may not have the required legal titles over the land they cultivate. Their land might be located in protected areas or forest areas where agricultural activities are deemed illegal.

Considering the significant social and environmental impacts of FFB suppliers compared to other suppliers, we deem that only FFB supplier activities are material in our operations. Currently, we source FFB from suppliers in our operations in North Sumatra (ANJA and ANJAS), Southwest Kalimantan (KAL), and Belitung (SMM). Our operations in Southwest Papua (PPM and PMP) have yet to formally establish its plasma scheme, which

is undergoing a process of validation from the local authorities. It is a priority for us to guarantee a stable supply of FFB crops from these suppliers to support our business growth in our communities while also reducing the potential negative impacts of their activities. This is why we have smallholder empowerment programs and a traceability system in place.

## Smallholder Empowerment Programs

We require our FFB suppliers to meet technical, financial, administrative, and legal standards to ensure that we do not source from forest areas. Suppliers must also adhere to environmental, health and safety, and quality standards, as specified in our Sustainability Policy, and sign an Integrity Pledge to comply with our code of conduct. Existing suppliers are frequently reevaluated, and new suppliers are screened prior to doing business with us. In addition, the performance of significant FFB suppliers is measured against the standards and obligations of the RSPO and our Sustainability Policy. In 2022, neither new nor current suppliers were terminated for failing to comply with social and environmental obligations. (308-1, 308-2, 414-1, 414-2)



→ Our staff regularly conduct socialization of our sustainability policy to our smallholders

We understand that our stringent sustainability criteria and standards are hard to meet for our smallholder suppliers without assistance. We will not seek for the compliance of our smallholder farmers and apply the “no purchase” policy without considering that their livelihoods may be severely affected from an abrupt end of business relationships. It does not mean, however, that we will lower our own standards when purchasing from them. Our approach is to provide farmers with capacity building programs and encourage them to use best practices in agronomy, apply sustainable agriculture principles, and meet traceability standards. We also assist independent smallholders in formalizing the legality of their land use and obtaining the requisite certificates of land ownership from the authorities.

Our smallholder engagement programs are run by several departments within our organization, including the Business Process and Business Development-Smallholders Department, the Plasma and Cooperatives Department, the Commercial Department, the Sustainability Compliance Department, and the ICT and GIS Department. We also have a cross-functional task force that coordinates and manages supplier engagement activities to meet our targets. In 2022, we organized 67 socialization programs attended by 595 smallholder farmers and related stakeholders. In addition, we invited our farmers to join the social media groups we developed to provide knowledge, support, and educational information regularly. Our target is to

engage at least 90% of all our smallholders to advocate sustainable palm oil practices by 2025.

Our programs are designed to assist smallholders in increasing their productivity and the quality of their crops, which is good for our business, while also avoiding any potential environmental and social issues, which is essential for sustainable development. With our programs, we are positive that all our FFB suppliers, including independent smallholders, will be able to comply with our sustainable palm oil policy by 2030. We have also set a 2025 deadline for all independent smallholders to clarify or resolve their land legality issues. Failure to comply will result in termination of their contracts.

We also have a certification program where we encourage our suppliers to get RSPO certification by meeting RSPO standards in their plantations. Our target is to achieve 100% RSPO Certification of our plasma and partnership cooperatives (excluding independent smallholders) by 2025. We are well on track to achieve this target as 9 of our 12 partner cooperatives are RSPO certified, representing 75% of our plasma and partnership suppliers per December 2022. (308-2, 414-2)

In 2022, we produced 20,939 tons of RSPO-certified CPO and 1,975 tons of RSPO-certified PK from FFB provided by certified plasma and partnerships.



→ Our staff regularly monitors the partnership estates that we foster so that they continue to implement sustainable palm oil practices





## Achieving Traceability to the Plantation

We are committed to maintaining complete supply chain traceability to plantation in accordance with RSPO regulations and our Sustainability Policy. Our traceability initiative seeks to establish a dependable system that can acquire, process, and publish data transparently, thereby increasing trust in our supply chain stakeholders. Our target is to achieve more than 99 percent traceability of third-party FFB by the end of 2025. So far, we've achieved a 99% traceability rate of FFB supplied by third parties.

We developed an electronic traceability system known as eTIS as part of our digital transformation program. The electronic traceability system will enable real-time recording and data entry to assist our third-party FFB vendors in collecting, reporting, and troubleshooting traceability data, such as FFB weighing results or delivery order information. In 2022, we successfully deployed the system in all our palm oil operations and plan to have all FFB suppliers use the system by 2023. We hope that the eTIS system can assist suppliers in completing administrative paperwork for traceability, which is the primary obstacle to obtaining 100% traceability in some regions.

Our stakeholders, farmers, agents and suppliers are deeply involved in our traceability program and corporate sourcing policy through both official and casual socialization events. Acquiring community buy-in ensures that they understand the value of delivering trustworthy traceability data. We invest heavily in efforts to reach out and interact with our FFB supply chain at every level. However, these activities are not without challenges as our independent suppliers are spread out across our operations and are often located in areas with limited access. Hence, we see an opportunity to maximize information technology and social media as channels to more efficiently engage with smallholder farmers.

Supplier engagement achievements and traceability rates are reported monthly to our management. Furthermore, our traceability data are audited internally every year and audited externally as part of the RSPO certification system every two years.



Two women workers are carrying compost biobags to be applied around the oil palm trees

# PROSPERITY FOR SURROUNDING COMMUNITIES

In line with our mission, we are deeply committed to making sure that everyone in the communities around us has equal access to opportunities to achieve prosperity. Our commitment considers the United Nations Sustainable Development Goals (SDGs), with the creation of economic opportunities constituting a key element of our responsible development agenda. We think that sustainable growth for prosperity necessitates establishing local partnerships and opportunities. Our approach aims to increase the positive effects of our economic activities, ensuring that local communities do not miss out on growth and economic prospects.

We strive to improve the lives of people in the community through health, education, and socio-economic empowerment programs, as well as through infrastructure development and social, cultural, and religious projects. Some programs are run with the help of experienced non-governmental organizations (NGOs), while others are run directly by our staff as part of our Responsible Development program. Local governments and community groups like farmers and artisans are also involved in our programs.

We acknowledge that the presence of a modern corporation in remote areas might spark socioeconomic change. On one hand, these changes may have negative consequences and marginalize some communities from economic growth due to their lack of skills and technical expertise needed to thrive in a modern economy. This is why we place a strong emphasis on local community empowerment programs. [203-2]

On the other hand, our activities stimulate economic growth in rural and impoverished areas, especially in Southwest Papua, which has one of the lowest Human Development Indexes in the country according to Statistics Indonesia. We achieve this through creating economic activities for contractors, local enterprises, cooperatives, and individuals. These activities can include delivering goods and services to our organization and our employees. Furthermore, our operations create direct employment opportunities throughout our supply and distribution chains.

Aside from that, our activities involve the development of infrastructure and the establishment of services that are not only meant for our business and employees but are also accessible and usable by local communities. We have a network of seven main clinics and five minor support clinics, all manned by skilled doctors, nurses, and midwives. These clinics, which are part of the National Health Insurance (Jaminan Kesehatan Nasional/JKN) network, provide accessible healthcare treatments in areas where health services are scarce. We also construct and maintain roads and bridges, which reduce travel times and allow for a faster movement of products and people, which ultimately fosters economic growth. Because we frequently work in rural areas, access to these developments has a big influence on the community around us. [203-2]

**Table 09. Significant Infrastructure and Services Investments (203-1)**

Item	Location	Description	Impact
<b>Infrastructure</b>			
Road Construction (Pro bono)	ANJA	Construction of lean concrete roads in Simangambat and Huristak District, the area around Binanga, North Sumatra, a 62-km long road with an investment of IDR 8.54 billion. Road construction started from 2013 until now.	Improve access, facilitate economic activities, and has benefitted local communities in Simangambat and Huristak villages.
Gabion or Bronjong Installation (Commercial)	ANJAS	A 17 meter gabion installation, in Janji Matogu with a total investment of IDR 469 million started from 2022.  6 meter near sediment transport in Janji Matogu with a total investment of IDR 58.5 million started from 2022.	Increase access for the transportation of FFB and other necessities from Janji Matogu to Padang Sidempuan.

Item	Location	Description	Impact
Concrete Casting	ANJAS	Casting of concrete roads in Janji Matogu, a 215 meter long with a total investment of IDR 860 million started from 2022.	Improve access for local communities.
Field Drainage and Maintenance of Durian River (Pro bono)	KAL	Building isolation ditches and embankments in areas adjacent to river boundaries in Kuala Satong villages with a total investment of IDR 226.5 million from 2021 until 2022.	Water management and avoiding flood-prone areas in the surrounding communities.
The building and maintenance of bridges, Waterway Access and Laterite Roads in Culverts (Pro bono)	KAL	Building and maintenance of bridges, waterway access and laterite roads in culverts of the Durian River, Kuala Satong villages with a total investment of IDR 307.4 million started from 2022.	Improve access for local communities and avoid flooding located close to a large river during the rainy season.
Road Construction (In-Kind)	PPM, PMP	The opening of a road connecting our estate with a total investment of IDR 229 million.	Increase human and economic activity in the surrounding vicinity, as roads and new infrastructure improve access to previously inaccessible areas.
Services			
Early Childhood Education (PAUD)	PMP	Early Childhood Education (PAUD) programs were carried out in Sumano and Benawa in partnership with the Alirena Foundation, with a total investment of IDR 4.23 billion started from 2018, including IDR 858 million in 2022.	Support education opportunities amongst local communities. Prepare and develop non local and local teachers with the skills to teach.
Cooperative & The Convenience Store	PPM, PMP	Provide the easiest and safest way for our employees and local communities to save and transfer money. This service started in 2019.	Improve the local economy. This access to financial services empowers people to improve the management of family finances. The convenience store provides people with necessities and is very helpful due to the limited accessibility of the plantation to outside shops.
Fire fighting group	KAL	Kelompok Tani Peduli Api or smallholder farmer fire-fighting group that runs a fire prevention and management initiative.	Local communities are actively involved in fire prevention and management.
Health Clinics	PMP	Provision of health services in Sumano, Benawa I started in 2016.	Provide health services to both employees and local communities.

## Note:

1. Commercial infrastructure engagements are investments made primarily for the purpose of the Company's business operations.
2. In-kind contributions are non-cash contributions of goods or services.
3. Pro bono services are professional services provided without payment.

To better understand the economic impact of our operations in West Papua (which has been split in two provinces in 2022, namely Southwest Papua and West Papua. Our operations are now located in the new Southwest Papua province), we commissioned the Institute for Economic and Social Research, Faculty of Economics and Business, University of Indonesia, better known as LPEM FEB UI, to carry out a Macro-economic Impact Analysis in July-September, 2022. The study covered our activities in West Papua between 2010-2021 and concluded the following key points:

- ANJ has invested a total economic stimulus (input) reaching IDR 4.5 trillion. Of which IDR 1.6 trillion was invested in South Sorong, and IDR 1.3 trillion in Maybrat regencies.
- Investment resulted in a total economic output of IDR 6.7 trillion nationally, equating to a multiplier effect of 1.5. In West Papua province, the total output reached IDR 3.8 trillion, in South Sorong IDR 1.8 trillion, and IDR 1.6 trillion in Maybrat, or multiplier effects ranging from 1.1 to 1.2.
- During the study period (2019-2021), ANJ contributed an average of IDR 151 billion each year

to the South Sorong GDP (5.2% of the GDP), IDR 141 billion to Maybrat’s GDP (20.1%), and IDR 357 billion to West Papua’s GDP (0.4%).

- Our economic activities are estimated to have reduced poverty rates by 15.8 percentage points in South Sorong and 9.59 percentage points in Maybrat in 2021.
- Between 2019-2021, our economic activities created, on average, 5,743 job opportunities each year in Southwest Papua, including 2,461 jobs in South Sorong and 2,683 jobs in Maybrat. This has reduced employment rates by 1 percentage point in West Papua, 7.6 points in South Sorong, and 7.9 points in Maybrat.

These results are immensely motivating for us to continue our commitment to drive economic development and to play our part in achieving the SDGs in Southwest Papua despite the many challenges we face. We remain committed to keeping sustainability at the forefront of our agricultural operations, to reach the full potential of sago and palm oil as a driver for prosperity and inclusive economic development for the people of Southwest Papua.



FEATURE STORY

**Results of the LPEM UI Study**

ANJ’s operations span our vast nation, introducing our people and operations to a range of cultures and societies. Since 2010 we have operated in West Papua. This region hosts, comparatively, some of the most socially disadvantaged populations in Indonesia. Such socio-economic inequity manifests as a profound lack of access to essential services, resulting in poor health, education, and employment outcomes. Since establishing our operating sites in West Papua, ANJ has been committed to providing employment and responsible development programs that aim to raise the regional economic profile. In 2022, ANJ commissioned a study by the Economic and Social Research Board (LPEM) at the University of Indonesia (Universitas Indonesia), which evaluated the socioeconomic impact of ANJ’s activities in West Papua from 2010-2021. The outcomes of this study are insightful and have allowed our management to understand our impact and develop more targeted plans for future interventions. Importantly we have also shared the results of the study with local and

regional government stakeholders. Further afield our President Director, Lucas Kurniawan shared the study during his participation in the panel discussion “SDGs Festival of Government and Non-Government Collaboration in Supporting the Achievement of SDGs” at the SDGs Annual Conference 2022 in December organised by the Ministry of National Development Planning of the Republic of Indonesia/National Development Planning Agency (Kementerian PPN/ Bappenas).

Relating to the United Nations Sustainable Development Goals of ‘No Poverty’ (Goal 1), ‘Zero Hunger’ (Goal 2), and ‘Decent Work and Economic Growth’ (Goal 8), ANJ has invested heavily in the region’s development over the past decade. At our operations and in the surrounding areas, our teams work hard to foster collaborative and inclusive relationships with communities and local governments to develop and implement responsible development programs which aim to



## FEATURE STORY



→ Our President Director, Lucas Kurniawan, submitted the LPEM UI study report to Dr. Musdalifah Mahmud, Deputy for Food and Agribusiness Coordination at the Coordinating Ministry for Economic Affairs of the Republic of Indonesia, at the 2022 SDGs Annual Conference

improve the welfare of local populations. The lack of available infrastructure as well as political and cultural tensions, make ANJ's endeavours in this region inherently complex. However, as a socially-responsible company, we believe that it is our duty to ensure that those regions and communities that graciously host our operations have equitable opportunities for the fundamental right to attain their highest standard of living.

Developing the economy is fundamental to ANJ's efforts in West Papua. Our view is that by focusing on economic development, other elements of socioeconomic welfare, such as sustainable employment and access to services, will develop as a result. In its analysis, the LPEM determined that between 2010-2021, ANJ made significant contributions to the Gross Regional Domestic Product (GRDP) of the three regions in which we work. Annual contributions equated to IDR 151 billion, IDR 141 billion, and IDR 357 billion in South Sorong, Maybrat, and West Papua, respectively. Notably, our contribution in Maybrat accounted for 20.1% of the total GRDP for 2021. Furthermore, with every IDR 1 million that ANJ contributes, IDR 1.5 million is generated for the national economy and IDR 1.2 million in West Papua.

As we had hoped, LPEM's analysis revealed that ANJ's presence and investment in the local and regional economies positively impacted employment rates. Between 2010-2021, unemployment rates fell in Maybrat Regency by 7.9% and South Sorong Regency by 7.6%, and by 1% in West Papua as a whole. Our presence has also had a direct impact on employment by providing job opportunities to an additional 5,743, 2,461, and 2,683 people per year in West Papua, South Sorong, and Maybrat, respectively. Finally, ANJ is glad to report that, through our intensive efforts over the past decade, our teams have managed to successfully reduce poverty rates by 15.8% in South Sorong Selatan and 9.59% in Maybrat. We are committed to making a difference in West Papua with employment and training opportunities and through our community empowerment programs. This evidence gives us great hope for the long-term influence that ANJ's presence can have on underserved populations who may otherwise be stuck in a cycle of poverty with no way to access opportunities to pursue a better path. We would like to thank the University of Indonesia for conducting this study. Without such metrics and support from the scientific community, ANJ could not quantify progress and develop the target-driven action plans that allow our company to continue to evolve into a more sustainable and responsible enterprise.

## Community Development

### Socio-economic Empowerment

SMM, our Belitung subsidiary, pioneered the use of floating rice fields using the *jajar legowo* planting technique, a cultivation strategy in which each row of planted rice is separated by empty rows to boost yields. This is a novel approach for local farmers since it allows them to completely utilize land that was previously unusable due to prolonged flooding. Further discoveries included the use of light solar traps to combat insect pests and the use of Eco-enzyme as an alternative organic fertilizer.

In 2022, this program has grown rapidly and drew special attention from the East Belitung Regency. The program, which began as a trial project in Jangkang Village, has since expanded to include Jangkang, Dendang, and Balok Villages. This result motivates farmer groups to expand into a "Mina Padi" system. Mina Padi is a well-developed

technique of optimizing paddy field productivity through the combination of rice farming with fish farming. Farmers chose to cultivate tilapia, and as many as 1,200 tilapias were raised during the year 2022. In addition to Mina Padi, the farmer groups also planted cassava along the rice raft border.

We also initiated an initiative called "Gerbang Emas", a community movement to cultivate edamame in Belitung, which also developed fairly quickly. Five farmer groups now participate in this program across 7,980 m<sup>2</sup> of land, after successfully harvesting as much as 120 kg of edamame in 2021. The focus of this program is environmentally sustainable agriculture. In addition to capacity building in edamame cultivation, the group has received training in composting, Eco-enzyme production, and the use of hydrant pumps and drip irrigation systems. At the end of 2022, the farmer cooperatives have harvested 4,365 kg of fresh edamame, with sales amounting to IDR 24,874,500.



### FEATURE STORY

#### Gerbang Emas Budi Daya Edamame

Community involvement and development are integral components of ANJ's responsible development ethos. Among our successful programs is *Germas Bude*, hosted by ANJ's subsidiary on Belitung Island, SMM. In a recent press release, the president director of SMM, Juli Wankara Purba, highlighted that "ANJ Group is committed to providing equal opportunities to all members of the local community around our operational areas to achieve mutual prosperity' with a focus to develop 'initiatives to create economic opportunities for communities around the areas where we operate'. *Germas*, short for GERBANG EMAS, fulfils these criteria as a community empowerment program that aims to develop a culture of edamame cultivation and processing for the benefit of the local community in an area where edamame previously did not exist.

"For local farmers, edamame is a new commodity for which PT SMM has provided technical guidance on edamame cultivation so that we farmers can effectively grow and process edamame. The introduction of several technologies such as liquid smoke integrated pest control, refugia, and solar cell light traps can address pest problems that often appear in edamame fields." - Melni, Member of the *Tuah Berkarya* Farmers Group

In close collaboration with the people of Jangkang Village, Dendang District, in East Belitung Regency, our on-site team have mentored members of the *Tuah Berkarya* farming group in edamame



cultivation. The initiative has been met with great support and enthusiasm from the farmers and the local community. The population in this region are somewhat socioeconomically vulnerable, so it is wonderful to see how eagerly people have engaged with a program that will ultimately improve their quality of life and basic income.

"Edamame is a profitable short-term commodity, especially since it doesn't require large areas of land like oil palm and pepper. Through cultivating edamame, I can increase my income and can help to supply the high demand for edamame in the Belitung Island market." – Dendi, Head of the *Tuah Berkarya* Farmers Group.

During the first harvest, project manager, M. Amin Pohan, commented, 'We hope that the group will continue to develop like our other assisted farmer groups so that the GERBANG EMAS program objective to improve the welfare of the community can be achieved'.



## FEATURE STORY

Our mentorship program has not only taught farmers how to cultivate edamame but has developed essential transferrable skills for maintaining sustainable agriculture and education on how to lead more environmentally friendly lives. The topics we have covered with the community are organic fertilizer use and production from eco-enzymes, and natural pest control strategies.

Over the years, ANJ's work with edamame has allowed our people to appreciate this humble legume. Edamame is easy to grow and flourishes in the tropical climate of Belitung. It has excellent benefits for both the land and human health. The product is nutrient dense and a fantastic source of protein. With food insecurity becoming an increasing threat in Indonesia due to climate change, ANJ has focused on helping our communities achieve self-sufficiency. The program, established at SMM in late 2020, is an excellent example of this venture. Not only are communities

provided with a sense of security and control over their food supply, but edamame has become a key component of our accompanying childhood nutrition program.

This year, the Germas edamame program at SMM was awarded Gold PROPER by the Ministry of Environment and Forestry. To be considered for the award, candidates must provide evidence of a novel social innovation initiative that substantially benefits local communities. We are very proud to have received such high praise for the program. However, what is more impactful in our eyes, is the legacy this program will have. We believe that empowering communities through mentorship programs and collaborative development activities instills a sense of pride in their progress. We hope programs such as Germas Edamame inspire young people to engage with these initiatives and carry them forward to a brighter, more sustainable future.

SMM also implemented a community empowerment program in freshwater aquaculture in 2022. The program targets 36 members of local fish farming groups (Kelompok Budi Daya Ikan or Pokdakan Mina Jaya and Pokdakan Aik Kik Kapau), and a local fish processing and distribution micro-enterprise (the Ala Mamy Group). The program, supported by the East Belitung Fisheries Service, provides assistance with aquaculture activities, water quality monitoring, and training in the processing and packaging of fish products. Each member of the group has received training in freshwater fish farming and has been instructed in the usage of Eco-enzyme for pond water filtration. A trial sowing of catfish egg was conducted in April, and the first harvest occurred in June. The harvest is next processed by Ala Mamy into packaged seasoned catfish. In addition to catfish, the group also cultivates Red Tilapia. In 2022, the group successfully harvested more than 250 kg and marketed more than 200 cans of fresh and seasoned catfish. Also, the organization cultivates green vegetables and coconuts in areas surrounding the ponds to promote food security.



→ EHS team installing emission-free irrigation system to expand the "Tani Mandiri" program at ANJA

Meanwhile, ANJA, in Binanga, North Sumatra, continues to expand the "Tani Mandiri" program. In 2021, the initiative concentrated on and succeeded in reducing rat pest attacks. In 2022, the program introduced an emission-free irrigation system innovation, the siphon pump and waterwheel. These innovations are made to meet water needs. Farmers could previously only plant once a year, but with this irrigation system, they could plant up to three times a year. This irrigation system can also be utilized to replace the need of fuel water pumps, which farmers formerly used to drain water. Farmers also receive training in composting using straw waste and bacteria from POME (Palm oil mill effluents) as a starter. Farmers can use this compost to reduce their use of chemical fertilizers, gradually encouraging farmers to practice ecologically responsible rice production. At the moment, ANJA assists two groups, one of which is a farmer group led by women.

KAL, our operation in West Kalimantan, has established an economic development program in Kuala Tolak Village. The program involves beekeeping in Sungai Jahak hamlet and pineapple cultivation in Timor Celang Parit hamlet. Most individuals have started to raise honeybees in their houses, but the resulting products are exclusively for their own consumption. Therefore, KAL assists in the formation and growth of groups, as well as the addition of multiple STUM (bee houses) as a group inventory in expanding kelulut honey (stingless bee honey) production. In terms of licensing and marketing, the Company assisted the registration of the group's Taxpayer Identification Number (NPWP),

Business Identification Number (NIB) as well as home industry license (PIRT). When appropriately licensed, honey sales can also penetrate the national market. In addition to selling fresh pineapple, the group will collaborate with the village community welfare group (PKK Desa) to produce pineapple products such as jam and pineapple snacks thereby increasing sales value and economic income for the community.

In the Timor Celang Parit hamlet, 700 pineapple seedlings were planted over 0.5 hectares, as part of pineapple farming activities. The Kuala Tolak Village KTPA (farmer firefighting group) carried out this pineapple cultivation project. This project made use of unproductive and prone to burning lands near the Company.



→ The process of harvesting kelulut honey at KAL



→ The Ketapang Regency Government, KAL, Perkumpulan Mitra Pembangunan, and Tropenbos Indonesia signed a joint agreement to collaborate on Desa Fokus program

KAL also maintains its "Desa Fokus" program, which began in 2020, to support the Ketapang Regency Government in empowering village communities and village administrations to become independent. In 2022, the Ketapang Regency Government, KAL, Perkumpulan Mitra Pembangunan, and Tropenbos Indonesia signed a joint agreement to collaborate on Desa Fokus. This collaboration aims to improve knowledge and development of integrated village development models, which are carried out to strengthen community capacity and empowerment as well as advance three communities in the closest vicinity of the Company from "Desa Mandiri" to "Desa Mapan" (a socially and economically sustainable village that serves as a role model to others).

In 2022, PMP in Southwest Papua initiated PEKA (Karekano Economic Empowerment) program, which is aimed towards empowering women to sell shrimp and fish which they usually catch for daily consumption. In this program, the women coordinate the collection of the catch and when the amount is adequate, the fish and shrimps will be sold to both employees and the Company. There are 18 women engaged in this initiative, with a total yield of 410 kg of shrimp in 2022, beginning in September, and sales reaching IDR 20,500,000. This program enables women to earn money from their existing daily activities.



→ A woman is weighing the shrimp she caught to be sold to the Company

## Education Program

Due to insufficient learning and teaching facilities, the quality of education in rural and remote areas of Indonesia is often poor compared to those in metropolitan cities. Because of this inequality, we have concentrated on providing access to quality education for local community children, particularly in Southwest Papua. This is part of our contribution to SDG 4 (Quality Education), specifically achieving inclusive and equitable excellent education for all.

Our Company is committed to providing access to basic education for the children of our employees. We have implemented a program to improve the quality of education in schools in the surroundings of our plantations. At KAL, we have started to carry out a quality improvement program for surrounding schools. Our intention is to gradually implement these improvement programs, starting from fulfilling basic school facilities such as desks, chairs, sanitation, and internet access, conducting training for teachers, and organizing programs for students. In 2022, we have completed the needs assessment for two elementary schools and one junior high school located in the Laman Satong village. We have also completed the provision of internet access in those schools.

In ANJAS, we have also carried out a similar program and completed a needs assessment for one junior high school in Janji Matogu. We will start implementing the program in 2023.

The Early Childhood Education (PAUD) programs in Sumano and Benawa, Southwest Papua, which has been carried out in cooperation with Alirena Foundation since 2018, has been handed over in the second semester to be organized fully by our company. We also made efforts to expand the program to elementary schools.

Midway through 2022, our team assumed sole responsibility for the PAUD program and extended it to include the villages of Puragi and Tawanggire. The Company recruited and provided housing and basic needs for four local primary teachers and four local assistant teachers. In addition, the Company has constructed and renovated spaces for early childhood schools in Sumano, Benawa and Puragi so that students have a clean and safe environment to study and play. Presently, the total number of preschool pupils from the three communities exceeds 180 individuals. In addition, PAUD teachers provide supplementary reading, writing, and arithmetic to elementary school students who are still illiterate.



→ PAUD (early childhood) Graduation in Sumano and Benawa, Southwest Papua



The process of installing camera traps to monitor the presence of wildlife in our conservation area

# PLANET

PERCENTAGE  
RENEWABLE  
ENERGY  
TO TOTAL ENERGY  
[%]



38%

REDUCTION OF  
GHG EMISSION  
FROM PROJECT  
INITIATIVES IN  
2022



883,576  
tCO2e

WATER INTENSITY  
(M3/TON FFB)



1.088  
M<sup>3</sup>/TON FFB

NUMBER OF  
IUCN RED LIST  
THREATENED  
FAUNA  
(SPECIES)



80





→ Two conservation staff are having a discussion at the upstream of the Aek Rundung waterfall in our conservation area

By their very nature, agribusiness operations can alter natural landscapes in ways that have harmful effects on biodiversity and the environment, and that also contribute to climate change. Avoiding and mitigating risks and minimizing negative impacts while striving to generate positive outcomes for the planet necessitates implementing the best environmental protection, conservation, and farming practices. To conserve the environment, particularly in areas classified as High Carbon Stock and High Conservation Value (HCS/HCV), our company implements sustainable practices. RSPO membership requires strict adherence to the organization's Principles and Criteria (P&C, 2018) and (New Planting Procedures/NPP, 2021).

In our company-wide Sustainability Policy, we have established the following high-level commitments:

- Responsible development of new areas incorporating an integrated landscape approach.
- Total protection and conservation of independently identified High Conservation Value-High Carbon Stock (HCV-HCS) forests.

- Zero land clearing for oil palm in independently identified HCV and HCS areas, following RSPO protocols. Development of identified HCS areas pertaining to legacy cases will strictly follow RSPO's requirements.
- No new development in peat areas of any depth, and conservation of peatlands.
- Commitment to reducing greenhouse gas emissions.
- Zero Land Burning.
- Taking precautions when developing on fragile soils, slopes, and waterways (including river basins).

Our suppliers share similar risks and impacts on the environment and biodiversity, so we request the same commitment from them. We put a lot of effort into engaging with our suppliers and independent farmers, raising their environmental awareness, and providing them with the tools they need to meet our environmental standards and commitments since their performance is a reflection of ours.

# CLIMATE CHANGE RISKS AND IMPACTS (201-2)

Climate change and global warming are real and increasingly being felt around the world. We are aware that these changes already have and will continue to have serious consequences for our company, our employees, our customers, and the local communities where we operate. Current levels of warming are 1.2 °C, but could reach about 2.7 °C by the end of the century. Increasing climate variability will put crop production at risk, undermining the sustainability of agriculture-based livelihoods. The changes include gradual ones such as alterations in seasonal runoff, precipitation, humidity, and temperature regimes as well as larger, more dramatic weather events such as large-scale floods. Indonesia is one of the most vulnerable countries to climate change because of its many low-lying islands, geographic position on the equator, and high human population density.

Key climate change risk factors for ANJ are decreased precipitation, increased severity of El-Nino-induced droughts and related fire risks, more frequent and severe flood events, rising temperatures, and, in some locations, rising sea-levels, especially in areas of peat subsidence. For example, daily mean temperature in Kalimantan increased at an average of 0.083 °C per year between 1961 and 2007, resulting in a nearly 4 °C temperature increase, mostly as a result of regional deforestation as well as global warming. Similarly, government climate data in Kalimantan indicate an average decline in daily rainfall of 0.036mm per year between 1951 and 2007, translating into an overall reduction of 735 mm of rain per year. Other models predict a four-fold increase in fire weather events and a doubling of extreme fire weather by 2050. Furthermore, increased atmospheric carbon dioxide levels reduce crop yields in addition to contributing to global warming.

All these various changes pose a high probability of adversely affecting our company's physical assets, including crop yields, agricultural management complexity and costs, and the continuity of global supplies of agribusiness commodities. Increased evaporation of soil moisture leads to water shortage and the deterioration of soil structure. The site's potential yield may drop by as much as 20% because of this, particularly if the soil is sandy or very porous. Furthermore, the natural pollination of palm flowers and the growth of palm fruits is disrupted by the changing behavior of insect pollinators, which can cause a 10% drop in average FFB weight and a 10% drop in total production yield.

A severe and persistent drought, along with an increased danger of wildfires, can severely harm the development of new palms and the survivability of older palms. Our agricultural yields were down by more than 20% from the previous year as a direct result of the droughts that hit in 2015 and 2019. Also, harvesting can be slowed by as much as 10% if heavy rains and frequent floods make roads and bridges impassable. Finally, impacts of climate change are not only felt locally but affect the global oil markets with other oil crops such as soybean, rapeseed and sunflower being affected by droughts or excessive rain, reducing yields, and affecting commodity prices.

These are all things we understand reasonably well, thus allowing us to anticipate change and put adaptive or mitigating measures in place. There are, however, also a range of factors that we poorly understand, such as the impact of rising temperatures on soil biota and the ability of palms to take up water and nutrients. The extent to which sea-level rise can increase flooding and salt-water intrusion is also poorly known, especially because rates of predicted sea-level change vary, and it is locally unclear how such rises interact with peat subsidence in coastal areas.

Recognizing the global risks associated with climate change, we strongly support measures that are taken to reduce greenhouse gas emissions. These include land-use change policies and increased sustainability standards and restrictions on establishing new plantations; although such measures also pose a significant transitional risk for the palm oil sector that we need to adapt to. Customers and investors alike are placing greater pressure on businesses to comply with carbon emission reductions and provide low carbon alternatives. Increasing attention is being paid to reporting and disclosure on climate-related concerns, and there are greater demands than ever for firms to declare their progress. This involves engaging in platforms like the CDP and the Sustainability Policy Transparency Toolkit (SPOTT) and public disclosure of greenhouse gas emissions, water usage and conservation policies, and ESG ratings.

We understand the financial ramifications of climate change for our firm, but also recognize that climate change can generate possibilities through improved efficiency and cost reductions. As a result, we have adjusted our strategy, policies, business model, and investments to have lower impact on the environment

and climate. We have made it a central aspect of our company growth plan and as a contribution to the global objective of reducing global warming to adopt business models that mitigate the impacts of climate change, by reducing our carbon emissions and proactively implementing agricultural innovation and research. [201-2]

With the goal of achieving our ESG ambitions, we conduct an annual strategic review in which we evaluate each risk and opportunity profile. It is the Board of Directors, headed by our Vice President Director, that is responsible for minimizing transitional risks. [2-13]

### Our Approach

Our approach to address climate change is based on five fundamental strategies to meet climate challenges head-on. First, by the year 2030, we aim to reduce emissions from company operations. We will accomplish this through increasing our use of renewable energy sources and decreasing our reliance on fossil fuels, in addition to decreasing the use of inorganic fertilizers in favor of organic ones. We plan to deploy methane capture activities to reduce methane emissions from our palm oil mill effluents (also known as POME).

Secondly, we employ Nature Based Solutions (NBS), which involve making use of the natural world to accomplish our aims of decreasing greenhouse gas emissions, dealing with the effects of climate change, and achieving sustainable development. Our best agronomic practices and our approach to responsible development includes protecting, restoring, and managing our ecosystems through conservation and biodiversity protection efforts.

### Scope 1 and 2 GHG Emission Reduction from Project Initiatives in 2022 (305-5)



**BioGas Renewable Electricity generation in AANE**

**8,011**

Ton CO2 eq Reduced



**Palm Oil Mill Effluent Treatment in SMM**

**59,453**

Ton CO2 eq Reduced



**Composting to Reduce Inorganic Fertilizer in SMM and ANJAS**

**(total 11,573.39 ha)**

**2,987**

Ton CO2 eq Reduced

Note: Reduction baseline is a business-as-usual scenario



→ Our biogas plant in Belitung

Thirdly, we employ a responsible sourcing strategy aimed at ensuring our suppliers, who are primarily smallholders, can satisfy our stringent sustainability criteria. To assist them in fulfilling the RSPO and ISPO criteria, we provide programs designed to increase their skills and capacity, as well as support them as they work toward certification. Our fourth approach requires adaptation and mitigation which are achieved by investing in innovations, such as composting and drip fertigation, thereby increasing our ability to mitigate the severity of climate impacts.

Finally, we are committed to and participate in governance and disclosure efforts to report our sustainability and climate change performance through platforms such as CDP, GRI, or SPOTT. We are better able to gauge the efficacy of our sustainability governance and programs thanks to these disclosure and transparency requirements.

We feel that we have a very good understanding of our climate change risks and demonstrate that we implement a range of mitigation and adaptation measures, however, in 2023 we will conduct a formal Climate Change Risk Assessment. This assessment by external experts will review the state of knowledge on climate change both globally and regionally and assess our readiness in terms of the measures we implement on the ground and identify any potential improvements or gaps.



**Drip Fertigation to Reduce Inorganic Fertilizer In ANJA and KAL**  
(total 233.71 ha)

**334**

Ton CO2 eq Reduced



**Sequestration from Conservation Area**

**812,791**

Ton CO2 eq Reduced



**Total Ton CO2 eq Reduced**

**883,576**

# EMISSIONS AND ENERGY CONSUMPTION

Typically, greenhouse gas emissions in our business sector are caused by plantation management activities, extraction or processing activities in our mills or factories, and emissions associated with land use preparation. We also consume electricity from the national grid, which is primarily powered by fossil fuels. Furthermore, we emit greenhouse gases indirectly through the activities of our supplier plantations, staff travel, and the transportation of raw materials, fertilizers, and agricultural goods.

On the other hand, our operations also present opportunities for positive impacts on global emissions. Our conservation and reforestation activities increase carbon sequestration in our areas. There is also a significant amount of GHG that is absorbed and sequestered by our oil palms. Additionally, the methane emitted from our palm oil mill effluents (POME), a waste from our palm oil extraction activities, can be captured to generate renewable energy from biogas.

Our policy on reducing emissions and energy consumption, which is a component of both our Sustainability and Environmental Policies, targets the reduction of fertilizer use through increased efficiency and the transition to organic fertilizers, the increased use of renewable energy, the reduction of dependence on fossil fuels, and the capture of methane from our POME for use as biofuel.

Our group strives to achieve net-zero emissions by 2030. We acknowledge that the definition of net-zero is evolving, particularly in the forest, land, and agriculture sectors. In 2022, we joined the Science Based Targets initiative (SBTi) to validate our targets, which will be published in 2023. In addition to our net-zero target, we intend to lower the GHG emissions intensity of our palm oil unit by 30% by 2030, compared to the 2015 baseline. We have also set a goal of increasing our renewable energy portfolio to more than 60% and reducing our reliance on fossil fuels by 20% by 2025.

## GHG Emissions Performance

GHG emissions are calculated from entities under our operational control, which include our mature producing oil palm subsidiaries ANJA, ANJAS, SMM, KAL, PMP, and PPM, our sago and edamame companies ANJAP and GMIT, and our offices in Jakarta, Medan, and Sorong. To avoid double counting, we do not count emissions from our renewables business (AANE) because their

emissions are already included in our assessment of SMM emissions. Carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O) have all been converted to CO<sub>2</sub> equivalents.

Ozone-depleting substances (ODS) such as chlorofluorocarbons (CFCs) and hydro-chlorofluorocarbons (HCFCs) that damage the ozone layer and contribute to global warming are not assessed. Our vegetable unit's frozen line facility, which began operations in 2021, does not use HCFCs and does not produce ODS, in accordance with Indonesian rules that intend to eventually prohibit items that emit ODS. (305-6)

Our method of measurement is based on the RSPO PalmGHG calculator version 4, which is the best way to evaluate our GHG emissions because palm oil is our largest business unit and largest emitter. We track fuel, energy, as well as fertilizer use, and compute emissions across all our activities and offices. Emissions from pesticides are not included in the PalmGHG calculator. We also used the PalmGHG calculator to estimate our Land Use Change (LUC) emissions based on data from our land conversion. We chose 2015, the first year we used PalmGHG, as the baseline year from which to track our progress. We adjusted data obtained from PalmGHG to fulfill the GHG Protocol Corporate Standard when reporting our Group's overall emissions. As part of our RSPO and ISPO regulations, as well as by ISCC in SMM, these measurements are audited on a regular basis by independent parties.

Recognizing the need of accurately accounting for our Scope 3 emissions, we launched a project in 2022 to inventory these emissions across our supply chain. This has enabled us to gain a better understanding of the primary sources of these emissions and develop the necessary plans to reduce them. This is currently a work in progress, and we have yet to completely account for all our Scope 3 emissions. Nonetheless, some of these enhancements will be reflected in this report's emissions reporting.

In 2022, our total GHG emissions have fallen by 7.7% across the board and by 24.5% in our Palm Oil sector compared to 2021. This decrease is mostly the result of an increase in our conservation area, which leads to an increase in total sequestration from forests. Consequently, we continue to reduce our GHG emissions, seeing our Scope 1 and 2 emissions intensity reach 1.31 Ton CO<sub>2</sub>eq/Ton CPO produced compared to 1.80 in 2021 and 8.16 at baseline.

**Table 10. GHG Emissions and Intensity Ratio, ANJ Group (305-1, 305-2, 305-3)**

Items	Unit	2022	2021*	2020*	Base Year*
<b>GHG Emission</b>					
<b>Scope 1</b>					
ANJ Group	Ton CO <sub>2</sub> eq	301,833	344,881	526,113	1,394,534
Palm Oil Unit	Ton CO <sub>2</sub> eq	239,806	340,281	522,932	1,394,534
<b>Scope 2</b>					
ANJ Group	Ton CO <sub>2</sub> eq	4,340	2,293	2,789	1,876
Palm Oil Unit	Ton CO <sub>2</sub> eq	2,384	1,970	1,984	1,876
<b>Scope 3</b>					
ANJ Group	Ton CO <sub>2</sub> eq	25,501	12,098	N/D	N/D
Palm Oil Unit	Ton CO <sub>2</sub> eq	25,493	12,098	N/D	N/D
<b>Total GHG Emissions</b>					
ANJ Group	Ton CO <sub>2</sub> eq	331,675	359,272	528,902	1,396,411
Palm Oil Unit	Ton CO <sub>2</sub> eq	267,684	354,349	524,916	1,396,411
<b>Sinks and Credits</b>					
Selling shell	Ton CO <sub>2</sub> eq	{35,974}	{18,001}	{51,077}	N/D
Excess electricity	Ton CO <sub>2</sub> eq	{20,730}	{7,608}	N/D	N/D
<b>Net GHG Emissions</b>					
ANJ Group	Ton CO <sub>2</sub> eq	274,970	333,663	477,825	1,396,411
Palm Oil Unit	Ton CO <sub>2</sub> eq	210,979	328,740	473,839	1,396,411

Notes: \*Information restated because crop sequestration and sequestration from Conservation areas are included in Scope 1 following GHG Protocol and expert inputs.

**Table 11. GHG Emissions Intensity (Scope 1&2) (305-4)**

<b>GHG Emissions Intensity (Scope 1&amp;2)</b>					
	Unit	2022	2021	2020	Base Year
ANJ Group (include sequestration)	Ton CO <sub>2</sub> eq/million USD	508.10	538.08**	837.22**	2,968.31
Palm Oil Unit (include sequestration)	Ton CO <sub>2</sub> eq/Ton CPO Produced	1.31	1.80	2.99	8.16
Palm Oil Unit (without sequestration)	Ton CO <sub>2</sub> eq/Ton CPO Produced	7.97	7.76	8.03	8.49

Notes: \*\* Information restated due to restatement of 2021 and 2020 financial statements.

<b>Net GHG Emissions Intensity</b>					
	Unit	2022	2021	2020	Base Year
ANJ Group	Ton CO <sub>2</sub> eq/ million USD	456.31	517.14**	756.37**	2,968.28
Palm Oil Unit	Ton CO <sub>2</sub> eq/ Ton CPO Produced	0.77	1.25	1.94	7.24

Note: \*\*Information restated due to restatement of 2021 and 2020 financial statements.

## Emissions Reduction Initiatives

Emissions from land use, industrial processes, and energy use are the primary targets of our efforts to cut greenhouse gas emissions. Meanwhile, our pledges to not engage in deforestation and our forest conservation efforts help reduce emissions from land use change as well as increase the carbon sequestration of forests areas we conserve. In 2022, we have engaged with an independent consultant to conduct a study of potential carbon absorption (sequestration) from our Southwest Papua conservation landbank. Based on this study, we estimate that the carbon dioxide absorption from Southwest Papua conservation is about 4 million tons of CO<sub>2</sub> equivalent annually.

Inorganic fertilizers account for a sizable amount of our emissions. Through our existing fertigation and composting activities, we have reduced our inorganic fertilizer consumption. This is because composting makes organic fertilizers out of palm fruit waste from our milling operations, known as empty fruit bunches (EFB), that can be used in place of and emit less GHG than inorganic fertilizers. Fertigation, a way of injecting our plants with a specific amount of fertilizer via drip irrigation systems, is considerably more efficient and can minimize our overall fertilizer use. Hence, we will continue to cut fertilizer use as we expand the

composting program to all of our estates and ramp up our fertigation plan.

By 2030, we intend for each estate to have its own composting plant and to cut inorganic fertilizer use by 30% compared to the base year of 2015. Currently, two of our estates, ANJAS in North Sumatra and SMM in Belitung, have their own composting plants, with the capacity to produce 89,025 tons of compost by 2022. In 2022, we started the construction of our third composting plant at KAL in West Kalimantan which we expect to complete in 2023. In concessions without composting plants, we directly applied a total of 168,783 tons of empty fruit bunches to our plants to avoid the usage of inorganic fertilizer. In summary, we used a total of 257,808 tons of organic fertilizers in 2022, accounting for 89% of all fertilizers used by weight.

We are also committed to reducing the use of chemicals in pest and disease control. As part of our Integrated Pest Management Program, our Research & Development Department explored the use of biological predators such as Barn owls (*Tyto alba*) and biological pesticides such as the *Bacillus thuringiensis* bacteria and the *Metarrhizium anisopliae* fungi. Using biological controls allows us to avoid using chemicals which may have an adverse impact on the environment and contribute to climate change.

## Energy Consumption

**Table 12. Total Energy Consumption (302-1)**

Year	Renewables (in GJ)				Non-renewables (in GJ)			Purchased electricity (in GJ)	Electricity Sold to National Grid (in GJ)	Total energy consumption (in GJ)
	Biogas	Biomass	Solar Power	Total	Gasoline, Peralite, Kerosene	Diesel	Total			
<b>ANJ Group, including Palm Oil</b>										
2022	3,521	118,842	8	122,370	6,186	206,899	213,085	22,831	35,638	322,648
2021	3,488	103,459	8	106,954	21,322	147,954	169,276	17,605	33,848	259,988
2020	3,279	100,109	8	103,396	18,572	202,861	221,433	10,766	33,842	301,753
<b>Palm Oil Unit</b>										
2022	3,521	118,842	8	122,370	5,680	129,049	134,729	9,163	35,638	230,625
2021	3,488	103,451	8	106,947	21,145	93,013	114,158	10,610	33,848	197,867
2020	3,279	99,745	8	103,033	18,355	146,126	164,482	7,185	33,842	240,857

Notes:

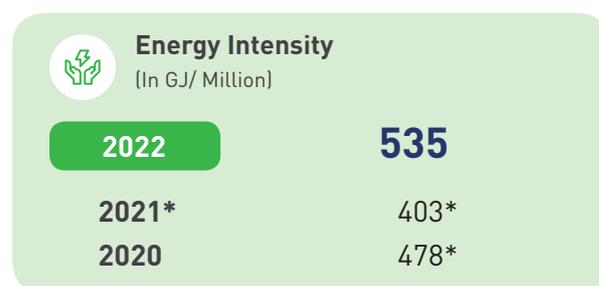
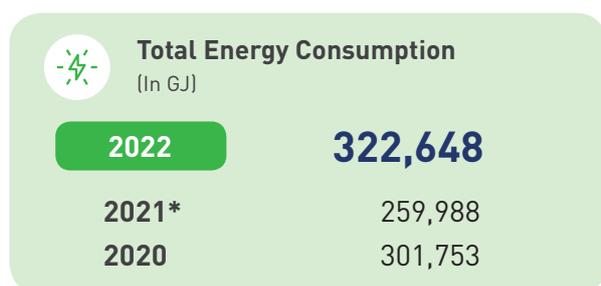
- Biogas, biomass, and electricity consumption are measured in kWh, the conversion factor is 1 Kwh = 3.6 MJ (WRI, 1987)
- Solar power use is estimated based on a 10 hour/day usage of 9W light bulbs, for 30 days/month, measured in kWh. The conversion factor is 1 kWh = 3.6 MJ (WRI, 1987)
- Diesel consumption is measured in liters, the conversion factor is 1 liter = 0.036 GJ (IPCC, 2006)
- Kerosene consumption is measured in liters, the conversion factor is 1 liter = 0.03768 GJ (Statistic Canada, 2005)
- Gasoline consumption is measured in liters, the conversion factor is 1 liter = 0.03466 GJ (Statistic Canada, 2005)
- Peralite consumption is measured in liters, the conversion factor is 1 liter = 0.03276 GJ (deepresource.wordpress.com, 2012; WRI, 1987)

The total amount of renewable energy that we have consumed has increased by 14.4% compared to 2021. However, we have also seen a high increase in diesel usage from our activities causing our non-renewable energy usage to increase by 25.9%. As a result, the proportion of renewable energy in our energy mix has reduced. This is mainly due to the energy needs of our sago factory which is not connected to the national electricity grid and must use diesel fuel to generate energy. As expected, this has also caused a significant

increase in operational costs. We are making efforts to solve the issue and have hired an expert in electric power generation for this purpose.

Meanwhile, our total energy consumption has increased by 24% in 2022 compared to the previous year, this is further exacerbated by a 7% asset decrease mainly from our cash balance due to the repayment of bank loans causing our energy intensity by total asset to increase by 33%.

### Energy Intensity by Total Asset (302-3)



Notes: \*Information restated due to restatement of 2021 and 2020 financial statements.

### Renewable Energy

Our renewable energy initiative aims to capture methane and reduce our dependence on fossil fuels and overall GHG emissions. Currently, renewable energy accounts for 38% of our energy consumption, primarily biomass derived from palm shells and fibers. Biomass fuels the turbines of our ANJA, ANJAS, SMM, KAL, and PMP mills. We have been implementing this project for many years, and it has resulted in a continuous increase in renewable energy utilization while decreasing our reliance on diesel.

We see the potential of methane capture as a means of expanding our operations and mitigating methane emissions while simultaneously producing renewable energy. Since 2013, we have had a methane capture project at our SMM estate. At this plant, POME is collected to produce electricity from biogas, which is then sold to the National Electricity Company (PLN) as a renewable energy source. We have set our targets to increase renewable energy usage with planned biogas projects across all our palm oil mills for energy optimization. We anticipate having at least one more methane capture facility online by 2023 and have been exploring the possibility of developing a BioCNG plant at our estate in ANJA.

In addition, we are planning to deploy more solar cells in our estates and housing to increase solar energy use. We are also exploring the use of electric motorcycles as a means of transport in our estates, replacing the conventional fuel-based vehicles.



→ A worker is checking the condition of the biogas dome

### Energy Efficiency Initiatives

We implement energy innovation efforts to improve energy efficiency and minimize energy usage. The greatest savings come from repurposing extra energy from the biomass-powered turbines that power our mills for other energy demands, such as electricity for residences, commerce, places of worship, and other

estate facilities. We also utilize energy-saving bulbs in our mills and buildings, have solar cells installed at our estates, and use a variety of energy-efficient technologies and designs. Regular maintenance of our engines and vehicles is also carried out to increase fuel efficiency and reduce fuel usage. We do not offer products or services that require energy for their usage, such as electronics or vehicles. (302-4, 302-5)

**Table 13. Energy Reduction (302-4)**

No	Program	Type of Energy Reduced	2022	2021	2020
			(GJ)	(GJ)	(GJ)
1	Using biomass turbines for non-processing energy	Diesel fuel	38,524.16	12,484.1	17,561.8
2	R2G (Rotary Removal Grit)	Electrical	3,334.32	580.5	278.1
3	Deactivation of the pump in Pond 5 in the waste area	Electrical	1,277.04	449.3	224.7
4	Reducing power of LTDS 2 Fan	Electrical	5,804.76	404.0	-
5	Optimization of High-Speed Separator Pumps for mud processing	Electrical	494.73	373.4	-
6	FFB grading conveyor	Electrical	-	191.2	-
7	Modification of unconventional tin pump system from diesel to electric	Diesel fuel	19.01	155.7	108.2
8	Optimization of the electromotor oil pump	Electrical	240.82	114.6	-
9	Modification of machines from diesel to electric	Diesel fuel	258.44	46.1	46.1
10	Teleconferencing	Diesel fuel	98.02	42.7	13.6
11	Operational transport restrictions for guest and staff pickup Service	Diesel fuel	65.88	38.2	38.1
12	SCADA for Automatization	Electrical	37.03	36.9	16.6
13	Switch to energy-saving light bulbs and AC	Electrical	256.62	35.4	40.8
14	AutoMix Treatment	Electrical	15.49	15.6	16.0
15	Installation of automatic switches (Legrand Timer, Photocell)	Electrical	79.39	6.3	36.5
16	Solar cells	Electrical	10.26	0.9	0.2
<b>TOTAL REDUCTION OF ENERGY CONSUMPTION</b>			<b>50,515.98</b>	<b>14,974.90</b>	<b>18,380.80</b>

Note:  
 1. Methodologies and conversion factors are described in Appendix 5.  
 2. The reduction baseline is based on a business-as-usual scenario.



## Air Pollution and Particulate Matter

The dust and smoke from our mills and boilers emit Nitrogen Oxides (NO<sub>x</sub>), Sulfur Oxides (SO<sub>x</sub>) and particulate matter. At both of our mills in KAL and PMP, we have installed an electrostatic precipitator (ESP). Using the power of an induced electrostatic charge, the ESP is designed to effectively remove tiny particles from our mills without the need for a filter. In doing so, it cuts the amount of particulate matter pollution. The installation of the ESP is not only helpful to the environment, but also

to our workers who work in the mills and are exposed to particulate matter, which can be harmful to respiratory health.

Our EHS department reports NO<sub>x</sub>, SO<sub>x</sub>, and particulate matter emissions to the local Environmental Agency in accordance with regulatory standards. NO<sub>x</sub> and SO<sub>x</sub> levels are monitored every six months in factories, offices, and residential areas. At the source, direct particulate counts are measured in the electrical generator and boiler chimneys.

**Table 14. Nitrogen Oxides, Sulfur Oxides, and Other Significant Air Emissions (305-7)**

Emissions	Unit	2022	2021	2020
NO <sub>x</sub>	Kg	374,455	246,553	424,092
SO <sub>x</sub>	Kg	237,034	80,117	208,270
Particulate Matter	Kg	127,439	117,151	211,220

Notes:

1. These emissions cover mills at SMM, ANJAS, ANJA, KAL, and PMP only
2. Calculations are made based on site-specific data
3. Amounts are in Kg per year, calculated by multiplying the amount of NO<sub>x</sub>, SO<sub>x</sub>, and PM measured in mg per m<sup>3</sup> of air emitted in our mill chimneys, with the flow rate of air in m<sup>3</sup>/second, and the total operating hours of the mill in the year.

# WASTE MANAGEMENT

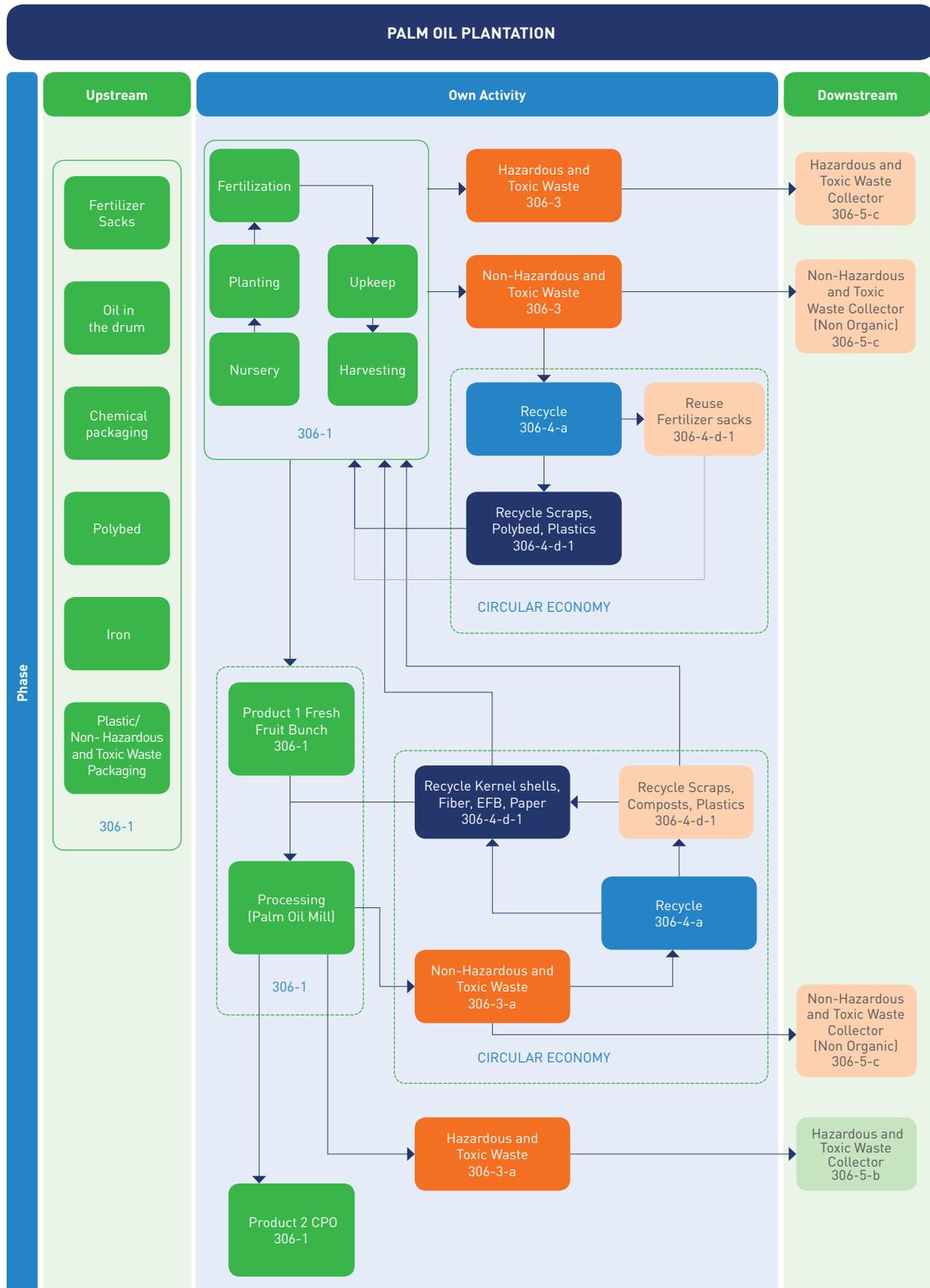


→ A worker monitors the waste pond so that it is managed and utilized properly

More than 99% of the waste we generate each year comes from our crops. The remaining materials are considered "non-processing waste," and they include items such as machine and car parts, paper, and household garbage. Used oil and neon bulbs, as well as medical waste and pesticide packaging, are just some examples of the

hazardous waste generated by our operations. If not managed properly, the waste we generate can pollute the environment and have negative impacts on health. However, we can reuse this waste as part of our waste management and 3R programs.

Flowchart 01. Waste Generation and Significant Waste-related Impacts (306-1)



## Our Waste Management Approach

We implement Reduce, Reuse, Recycle (3R) programs as part of our Sustainability and Environmental Policies. Our operational subsidiaries also have specific waste management policies in place. Our waste management goal is to reduce our overall solid waste output from non-production activities, increase waste reuse and recycling, and eliminate uncontrolled landfilling and waste incineration. Our waste management targets have a medium-term view covering a period of five years. We have set a target to have at least 88% of our total waste items from our estates covered by a 3R program, preventing disposal to landfill.

Our overall approach and circularity measures cover the following:

- Shells and fibers from our palm oil and sago crops are reused as biofuel for our boilers, replacing diesel fuel as part of our waste-to-energy initiative.
- Palm oil empty fruit bunches are composted to create organic fertilizers that we may utilize on our land instead of inorganic fertilizers that emit greenhouse gases.

- Domestic waste is fermented to make eco-enzymes that we can use as disinfectants. In this reporting period, we have successfully piloted the use of eco-enzymes as organic pesticides.
- 3R initiatives to reduce our non-processing waste by eliminating plastic bottled water and supporting environmentally friendly packaging, as well as applying the Extended Producer Responsibility (EPR) principles.
- We also carry out 3R awareness-building for our employees, suppliers, and contractors, and reward 3R efforts and initiatives they initiate. (306-2)

Our waste management program also include implementing a “waste bank” system or known as “bank sampah” in Indonesia. A waste bank is a system for collecting and segregating waste that applies a system similar to banking where the waste bank customers collect, segregate, and deposit waste instead of money. This waste is then weighed, valued, and recorded in their waste bank account, which value can later be withdrawn like in a regular bank. In our case, waste is collected by our employees to be deposited to the bank. The collected waste is sold to third parties as raw material for recycled products. Some of the collected waste is also recycled internally by the Company.

**Table 15. Our 3R Initiatives (306-2)**

No.	Impact	Initiatives
1.	Reduce the use of diesel, inorganic fertilizers, paper, plastic, and organic waste	<ul style="list-style-type: none"> <li>• Palm fiber and kernel shells generated from CPO processing are used as boiler fuel to reduce diesel fuel consumption and waste.</li> <li>• Empty Fruit Bunches (EFB) are composted at our composting plant and then applied to oil palm plants as organic fertilizer to reduce the use of chemical (inorganic) fertilizers.</li> <li>• Reducing paper use by implementing digital technologies such as EPMS (Electronic Plantation Mobile System), eTIS (Electronic Traceability Information System), Digital Capital expenditure and fingerprint-based digital attendance machines.</li> <li>• Reducing plastic consumption by enacting a policy of not providing plastic bags for the customers of employee cooperatives and not supplying packaged drinks at the office.</li> <li>• Reducing organic waste by cultivating maggots for animal feed for local farmers (community project).</li> </ul>
2.	Reuse of the following materials: Empty fertilizer sacks Empty fruit bunches Miscellaneous waste Food waste	<ul style="list-style-type: none"> <li>• Empty fertilizer sacks are reused for stabilizing slopes and embankments on Company plantation lands as an effort to prevent erosion and reinforce the soil.</li> <li>• Empty fruit bunches are directly applied as organic fertilizers in oil palm plantations.</li> <li>• Reuse of waste such as tires, steel, pipes, plastic bottles, drums, sacks, etc. as garden accessories, decorations, fences, road signs, breeding media for pollinating insects, planting media used by local communities, etc.</li> <li>• Organic solid food waste is composted and used as organic fertilizer for decorative plants in the housing complex.</li> </ul>

No.	Impact	Initiatives
3.	Recycle scrap metals and plastic	<ul style="list-style-type: none"> <li>Utilization of scrap metal for making tools to process plastic, known as “plastic choppers”. Plastic choppers are used to cut or chop plastic waste.</li> <li>Utilization of plastic waste with a mixture of boiler ash as raw material for making paving blocks.</li> <li>Recycling used CPO seals as raw materials for making plastic products.</li> <li>Using scrap paper as log sheets.</li> <li>Utilization of used Ebor gold pole fiber, a harvesting pole, to make waterpass. The waterpass is used for measuring double terraces in the replanting area.</li> <li>Reuse of chain conveyors as roller conveyers for boilers.</li> <li>Utilization of scrap metal in mill areas, specifically angle iron and rattan iron, to be used as a fire hose binder.</li> <li>Reuse of plastic waste for edamame seed processing.</li> <li>Boiler ash is used for paving roads.</li> </ul>
4.	Eco enzyme	Fermentation of organic domestic waste to produce eco enzymes, a multi-purpose liquid that can be used as organic detergents and cleaners.
5.	Liquid smoke	Utilization of scrap wood as liquid smoke (pesticide/natural disinfectant).
6.	Palm cake reuse	Palm cake is used as organic soil fertilizer.
7.	Reuse of filtered solid waste from Geotubes	Solid particles from POME are filtered using Geotubes and reused as fertilizers in company areas and residential areas.

## Disposal of Waste

When not reused or recycled, our non-hazardous solid waste is disposed of in on-site, monitored landfills with just a small proportion outsourced to outside waste management companies. Licensed third parties handle the collection, recycling, and disposal of our hazardous material in accordance with legal requirements. Consistent with the terms of their contracts, we monitor these outside parties to verify they are adhering to all applicable laws and industry standards. The Ministry of Environment and Forestry’s (MoEF) online electronic reporting system “Festronik” is used for monitoring and supervising hazardous waste management. [306-2]

**Table 16. Waste Generated, Diverted from, and Directed to Disposal in Metric Tons (306-3), (306-4), (306-5)**

Year	Category	Waste Generated	Diverted from Disposal	Reused	Recycled	Recovery	Temporary Collected	Directed to Disposal
		Ton	Ton	Ton	Ton	Ton	Ton	Ton
2022	Production	598,447.46	540,148.22	198,567.04	108,389.97	233,191.21	44,857.13	13,442.12
	Non Production	279.85	131.59	125.41	6.18	-	117.07	31.19
	Hazardous	127.23	-	-	-	-	-	127.23
	<b>Total</b>	<b>598,854.55</b>	<b>540,279.81</b>	<b>198,692.45</b>	<b>108,396.15</b>	<b>233,191.21</b>	<b>44,974.20</b>	<b>13,600.54</b>
2021*	Production	552,645.66	468,844.79	177,614.61	79,405.49	211,824.69	71,563.13	12,237.74
	Non Production	183.32	86.69	79.00	7.59	-	40.15	56.48
	Hazardous	77.11	-	-	-	-	-	77.11
	<b>Total</b>	<b>552,906.09</b>	<b>468,931.48</b>	<b>177,693.61</b>	<b>79,413.08</b>	<b>211,824.69</b>	<b>71,603.28</b>	<b>12,371.33</b>
2020*	Production	601,544.50	531,150.22	236,970.77	57,621.52	236,557.92	31,708.29	38,686.00
	Non Production	222.20	142.00	80.00	62.00	-	49.50	30.70
	Hazardous	34.10	-	-	-	-	-	34.10
	<b>Total</b>	<b>601,800.80</b>	<b>531,292.22</b>	<b>237,050.77</b>	<b>57,683.52</b>	<b>236,557.92</b>	<b>31,757.79</b>	<b>38,750.80</b>

Note: 1. \* Restatement due to inclusion of new solid waste data (POME sludge and boiler ash) in the calculation and presentation.

2. Data sourced and processed from ANJ’s oil palm and sago management units. Measurement methods and conversion factors are described in Appendix 5.

The amount of production waste we generated has increased this year due to production increase. However, we have managed to divert more of this waste from disposal as the proportion of waste diverted from disposal increased from 85% in 2021 to 90% in 2022. This is due to the success of our waste management initiatives, such as composting and turning biomass into energy. As a result, the amount of waste directed to disposal only

slightly increased from 12,371 tons in 2021 to 13,601 tons in 2022. Domestic waste has also increased because of improvements in our monitoring and reporting of these types of waste generated in housing areas and offices. Nevertheless, we have also managed to reuse a lot of waste and avoid direct disposal as described in table 16 above.

**Table 17. Waste Directed to Disposal in Metric Tons (306-5)**

Year	Category	Directed to Disposal		
		Onsite	Offsite	Total
		Ton	Ton	Ton
2022	Non Hazardous	13,442.12	31.19	13,473.30
	Hazardous	0	127.23	127.23
	<b>Total</b>	<b>13,442.12</b>	<b>158.42</b>	<b>13,600.54</b>
2021*	Non Hazardous	12,237.74	56.48	12,294.22
	Hazardous	-	77.11	77.11
	<b>Total</b>	<b>12,237.74</b>	<b>133.59</b>	<b>12,371.33</b>
2020*	Non Hazardous	38,686.00	30.70	38,716.70
	Hazardous	-	34.10	34.10
	<b>Total</b>	<b>38,686.00</b>	<b>64.80</b>	<b>38,750.80</b>

Notes: 1. \*Restatement due to improvement in the calculation and presentation  
 2. Waste disposed onsite are placed in monitored landfills.



## FEATURE STORY

### PROPER

Social and environmental innovation lies at the heart of ANJ's sustainable development journey. We want our impact to go beyond Corporate Social Responsibility to bring profound benefits to the regions that support our activities. As the year ended, our investment in improving the socioeconomic environment of our operating sites was rewarded once again when two of our estates received the Gold PROPER award from the Ministry of Environment and Forestry. We were delighted and honoured to receive the Gold PROPER award for a third consecutive year for SMM and second consecutive year for ANJA.

The PROPER award is the most coveted accolade in the industry, not only for sustainable environmental practices but also for social innovation. With PROPER, ANJ Group's environmental management performance and social innovations are assessed in a measurable, objective, and credible manner. "This award is an encouragement to continue improving sustainability performance, initiatives and innovations across our business units," said Lucas Kurniawan, ANJ President Director.

The ANJ Group was the first palm oil industry company to achieve Gold PROPER and, to date, has won five such awards. This achievement demonstrates the Company's consistency in maintaining the quality of environmental management and implementing sustainable community development programs.

At our award-winning estates, SMM on Belitung Island, and ANJA in North Sumatra, we have worked closely with the community to develop programs which facilitate societal development whilst maintaining a deep appreciation for the environment that supports the community. We believe that fostering this approach can help achieve a just and green transition at the community level by developing skills to decouple economic growth from environmental degradation.

To be awarded Gold PROPER year-on-year, companies must demonstrate the introduction of effective and novel initiatives. This year, SMM received the award for the edamame cultivation program, while ANJA was recognized for the 'Tani Mandiri' or 'independent farming' initiative. Both

programs aim to educate local communities on sustainable farming practices, such as natural pest control and organic fertilizer use. When developing our agronomy programs, we also emphasize nutrition and food security – two areas of concern in the rural populations with whom ANJ works. At SMM, the cultivation of soybeans, a crop previously unknown to the area, provides a reliable source of nutrient-dense, high-protein edamame, which has been used to support our childhood nutrition program. At ANJA, the introduction of best agronomic practices ensures the resilience of crops to minimize the risk of food shortages during times of climatic instability.

Looking ahead, we continue to encourage all our business units to develop innovations to achieve ANJ's environmental, social and governance (ESG) ambitions. This means realizing our vision of becoming a world-class agribusiness-based food company that improves the quality of life for people and nature while holding the core tenements of the UN Sustainable Development Goals in our sights. In prioritizing sustainability, in every sense of the term, we hope that our programs make a lasting impact on communities, resulting in an eventual shift in mindset towards appreciating environmentally friendly practices and the benefits they can bring for socioeconomic development.



## PROTECTION OF FORESTS AND BIODIVERSITY



Some of the most potentially devastating effects of our industry on the environment are deforestation, biodiversity loss, changes to habitat, and smaller home range sizes for species. Because of the widespread use of chemical goods in our operations, such as fertilizers, herbicides, insecticides, and rodenticides, we may potentially be contributing to the pollution and contamination of soils and water bodies. Palm oil mills may pollute rivers with their wastewater, and the noise, smoke, and dust produced by their boilers may disturb wildlife.

Table 18. Significant Impacts of Operations on Biodiversity (304-2)

## OIL PALM PLANTATIONS

Intervention	Potential Impacts	Extent of Impact	Duration of Impact	Reversibility of Impact	Impact Mitigation	Evidence/ Results
<b>DIRECT IMPACTS</b>						
Manual application of inorganic and organic fertilizers	<ul style="list-style-type: none"> <li>• Pollution of soil and water</li> <li>• Reduction in soil, fauna and flora</li> <li>• Reduction in aquatic biodiversity (e.g., zooplankton and phytoplankton)</li> </ul>	<ul style="list-style-type: none"> <li>• Direct pollution impacts can occur in planted areas.</li> <li>• Run-off of chemicals and fertilizers into waterways and wetlands can have downstream impacts.</li> </ul>	Duration and magnitude of impact correlate with the amount and type of chemicals used, application methods, and climatic conditions.	Impacts on soil and aquatic biotopes can be reversed depending on mitigation measures.	<ul style="list-style-type: none"> <li>• Not using chemical treatments (fertilizer or spraying) in river boundary areas</li> <li>• Building isolation ditches and embankments in areas adjacent to river boundaries</li> <li>• Conducting regular river water analysis (2x/year)</li> </ul>	<ul style="list-style-type: none"> <li>• Organic fertilizer is used in the river buffer areas.</li> <li>• River water is analyzed by an independent laboratory every semester (2x/year).</li> </ul>
Use of manual and chemical methods during cultivation	<ul style="list-style-type: none"> <li>• Poisoning of fauna, either directly (e.g., rodents feeding on rodenticides) or indirectly (e.g., rodent predators feeding on poisoned animals)</li> </ul>	This is poorly known, but likely effects are in the immediate area around palm trees.	Impacts will remain if chemicals are used.	Long term effects of chemicals on wildlife are poorly known.	<ul style="list-style-type: none"> <li>• Disseminating information to workers</li> <li>• Not applying toxic substances close to conservation areas</li> <li>• Study of impact on wildlife</li> </ul>	<ul style="list-style-type: none"> <li>• Workers in each management unit have been informed about the impacts of toxic substances and instructed to not apply them in and around conservation areas.</li> </ul>
Use of trucks for transportation of FFB	<ul style="list-style-type: none"> <li>• Injuries to fauna or death through collisions</li> </ul>	The impact primarily occurs on the road network within the plantations.	Impact potential remains for as long as the plantation is active.	Mitigating efforts can reduce the likelihood of wildlife collisions.	<ul style="list-style-type: none"> <li>• Placing warning signs in areas traversed by fauna</li> <li>• Disseminating information about protected flora and fauna species</li> <li>• Building wildlife crossings above and in culverts underneath roads</li> </ul>	<ul style="list-style-type: none"> <li>• Signboards have been placed along every road near the HCV area.</li> <li>• Arboreal bridges for wildlife have been installed at some management units.</li> </ul>
Mechanical processing of FFB	<ul style="list-style-type: none"> <li>• Liquid waste (POME) can pollute waterways.</li> <li>• Dust and air pollution from the boilers</li> <li>• Noise pollution from machine operation</li> </ul>	<ul style="list-style-type: none"> <li>• The impact extends from the palm oil mill with POME concentrating in collection ponds.</li> <li>• Potential downstream impact after POME is released in plantation (as fertilizer) or into waterways.</li> <li>• Dust, air and noise pollution reduce with distance from the mill, but the impact on biodiversity is unclear.</li> </ul>	Impact potential remains for as long as the mill is active.	<ul style="list-style-type: none"> <li>• Reducing the biological and chemical oxygen demand of POME reduces the impact on aquatic flora and fauna.</li> <li>• Collection ponds have some biodiversity benefits (wetland birds).</li> <li>• Dust, air and noise pollution can be reduced.</li> </ul>	<ul style="list-style-type: none"> <li>• Building collection ponds to process the liquid waste</li> <li>• Using anaerobic and aerobic bacteria</li> <li>• Building flatbeds in the plantation area for the utilization of liquid waste as fertilizer additives</li> <li>• Sending liquid waste samples to accredited laboratories to analyze the liquid waste content</li> <li>• Conducting standardized ambient air quality measurements (2x/year)</li> </ul>	<ul style="list-style-type: none"> <li>• In all of ANJ subsidiaries that already have palm oil mills, composted waste materials are applied to oil palm plants using the flatbed system.</li> </ul>

 Tarsier sighting in our conservation area in Belitung

Intervention	Potential Impacts	Extent of Impact	Duration of Impact	Reversibility of Impact	Impact Mitigation	Evidence/ Results
<b>INDIRECT IMPACTS</b>						
Improved road access increases illegal logging, hunting and poaching threat.	<ul style="list-style-type: none"> <li>Increased hunting and unsustainable wildlife collection</li> <li>Illegal logging threat.</li> </ul>	Plantations and HCV areas	The threat of these impacts remains as long as roads remain open for use.	Awareness and enforcement can effectively minimize this threat.	<ul style="list-style-type: none"> <li>SMART patrolling</li> <li>Engagement with illegal loggers and offering work to generate regular income instead</li> <li>Engagement with local communities</li> <li>Use of PENDAKI program to increase biodiversity awareness among staff</li> </ul>	<ul style="list-style-type: none"> <li>The number of illegal logging camps has decreased to zero.</li> <li>No wildlife snares were encountered on patrols.</li> <li>Presence of species that are overhunted elsewhere (e.g. hornbills, magpie robin, hill mynahs)</li> </ul>
The use of invasive species (e.g., Mucuna) affects species in HCV areas.	<ul style="list-style-type: none"> <li>Fast-growing groundcover crops and other pioneer species used in plantations can invade HCV areas and reduce ecological health.</li> </ul>	Primarily affecting forest edge of HCV areas	The threat remains if invasive species are used in plantations.	Impacts can be effectively mitigated through silvicultural treatment.	<ul style="list-style-type: none"> <li>Silvicultural treatment (climber cutting, removal of Acacia and other invasive species)</li> </ul>	<ul style="list-style-type: none"> <li>Management control minimizes the presence of invasive species in HCV areas.</li> </ul>
Water table management in HCV areas surrounding plantations	<ul style="list-style-type: none"> <li>Peat and peat forests in HCV areas could dry out if the water table is kept too low, affecting plant and animal life.</li> <li>A low water table could result in peat decomposition and subsidence.</li> <li>Dry peat is more fire-prone and fires could result in the loss of HCVs.</li> </ul>	This could affect peatlands in planted areas and HCVs.	The impact depends on water table management.	Most impacts can be avoided in HCV areas if water levels in surrounding canals are kept very high. In planted areas, this is more problematic as the water table needs to be below the peat surface to allow the growth of palms and fruit.	<ul style="list-style-type: none"> <li>Soil Subsidence Management / Monitoring</li> <li>Peat Water Table Monitoring in Planted Blocks</li> <li>Water and Drainage Management</li> </ul>	<ul style="list-style-type: none"> <li>Subsidence data in HCVs</li> <li>Subsidence data in planted areas</li> <li>Water table data</li> <li>KAL maintained its Blue PROPER Gambut (water table level is within Government requirement).</li> </ul>
Isolation of wildlife in HCV areas	<ul style="list-style-type: none"> <li>A decline in genetic health and long-term viability of the genetic pool</li> </ul>	The impact is species dependent. Some species can more easily disperse between HCV areas than others	The impact can be reduced over time, either when palms grow and wildlife move through planted areas, or when forest corridors and stepping stones are established in a landscape.	Impacts can be partially reversed through investment in improved ecological connectivity between forested areas and other areas of high biodiversity.	<ul style="list-style-type: none"> <li>Development of corridors</li> <li>Replanting riparian areas</li> <li>Maintaining natural forest trees within oil palm areas</li> </ul>	<ul style="list-style-type: none"> <li>Aerial photographs of corridors and riparian areas</li> <li>Existence of migratory birds that use trees within oil palm areas for their transit place</li> </ul>

## SAGO FOREST (ANJAP)

Intervention	Potential Impacts	Extent of Impact	Duration of Impact	Reversibility of Impact	Impact Mitigation	Evidence/ Results
<b>DIRECT IMPACTS</b>						
Selective harvesting	<ul style="list-style-type: none"> <li>Sedimentation</li> <li>Reduced water quality</li> <li>Air and noise pollution</li> <li>Potential impacts are still being analyzed.</li> </ul>	Throughout the sago area, except for conservation set-asides	Impact severity varies with the intensity of management (medium in harvested areas and low in areas under natural regeneration).	Impacts can be reduced through careful management.	<ul style="list-style-type: none"> <li>Conducting standardized testing of ambient air and water quality as well as noise levels (2x/year)</li> <li>Monitoring wildlife species</li> </ul>	<ul style="list-style-type: none"> <li>The Company cooperates with accreditation bodies to monitor and test ambient air and water quality.</li> </ul>
<b>INDIRECT IMPACTS</b>						
Waterway access increases the threat of illegal logging, hunting and poaching.	<ul style="list-style-type: none"> <li>Increased hunting and unsustainable wildlife collection</li> <li>Illegal logging</li> </ul>	Sago area	The threat of these impacts remains as long as the area remains open for use.	Awareness and enforcement can effectively mitigate this threat.	<ul style="list-style-type: none"> <li>Regular patrol</li> <li>Engagement with illegal loggers and offering work to generate regular income instead</li> <li>Engagement with local communities</li> </ul>	<ul style="list-style-type: none"> <li>Wildlife snares encountered on patrols have reduced.</li> <li>Presence of species that are overhunted elsewhere (e.g., hornbills, magpie robin, hill mynahs, cassowary and dusky pademelon).</li> </ul>

Many of our plantations and estates are located near conservation areas as defined in the Ministry of Environment and Forestry's (MoEF) Protected Area System. Certain locations are also classified as protected areas by the International Union for the Conservation of Nature (IUCN). As a result of our activities, biodiversity in both our development areas and our protected management areas may be harmed (HCV areas, buffer zones, river systems, and any areas in the vicinity that are inhabited or traversed by wildlife).

In addition, our projects frequently lead to an increase in population and economic activity in the area, as new roads and other infrastructure provide easier access to regions that were previously inaccessible. Associated lands and forests are cleared for residential areas and to make way for new agricultural activities, as well as logging, hunting, and poaching, all of which are positive for the local economy but can have negative effects on biodiversity and carbon emissions.

**Table 19. Proximity of Operational Sites to Protected Areas (304-1)**

Operational site	Province	Regency	Geo Location		HGU Area (Ha)	Sector	Nearest Protected Area National Legislation (MoEF)	IUCN Protected Area Category	Distance (km)
			Lat	Long					
ANJA	North Sumatra	North Padang Lawas	1°28'07"N	99°55'37"E	9,465	Palm Oil	Batang Gadis National Park	II	57
ANJAS	North Sumatra	South Tapanuli	1°9'36"N	99°9'16"E	9,182	Palm Oil	Siondop Protected Forest	-	adjacent
SMM	Bangka Belitung	East Belitung	2°56'17"S	107°52'57"E	16,277	Palm Oil	Senusur Sembulu Protected Forest	-	4
KAL	West Kalimantan	Ketapang	1°26'49"S	110°13'41"E	10,920	Palm Oil	Gunung Palung National Park	II	2
GSB	South Sumatra	Empat Lawang	3°44'10"S	102°45'28"E	12,800	Palm Oil	Nature Park Bukit Kaba	V	15.4
PPM	Southwest Papua	South Sorong	1°54'15"S	132°21'19"E	32,025	Palm Oil	Suabor Protected Forest	-	3.5

Operational site	Province	Regency	Geo Location		HGU Area (Ha)	Sector	Nearest Protected Area National Legislation (MoEF)	IUCN Protected Area Category	Distance (km)
			Lat	Long					
PMP	Southwest Papua	South Sorong and Maybrat	1°50'17"S	132°28'18"E	22,678	Palm Oil	Suabor Protected Forest	-	Adjacent
ANJ	Southwest Papua	Maybrat	1°43'07"S	132°32'33"E	36,506	Palm Oil	Suabor Protected Forest	-	Adjacent
ANJAP	Southwest Papua	South Sorong	1°57'28"S	132°13'50"E	40,000 (IUPHHBK-HA Sagu)	Sago	Suabor Protected Forest	-	adjacent

Notes:

1. IUPHHBK-HA: Izin Usaha Pemanfaatan Hasil Hutan Bukan Kayu - Hutan Alam (Business License for the Utilization of Non-Timber Forest Products – Natural Forest)

2. IUCN Protected Area Categories are used to classify protected areas.

- a. Category Ia : Strict Nature Reserve
- b. Category Ib : Wilderness Area
- c. Category II : National Parks
- d. Category III : Natural Monument or Feature
- e. Category IV : Habitat/Species Management Area
- f. Category V : Protected Landscapes or Seascapes
- g. Category VI : Protected Area with Sustainable use of Natural Resources



➔ HCV area signs installed on our plantations in Papua

## Our Conservation Commitments

Independently identified HCV/HCS sites and biodiversity inside our planted areas, other areas within our land title borders, and areas surrounding our land title boundaries that are within our control or influence will be fully protected and conserved in accordance with our Sustainability Policy. That includes commitments to stay out of conservation areas and primary forests with high biodiversity. Peat ecosystems, riparian zones, and hilly areas with a slope grade of more than 40% are protected in our operations, and we are committed to their complete preservation.

We comply with the relevant rules and regulations relating to the protection and conservation of the environment and we have released a Conservation Policy, as well as relevant procedures concerning HCV and HCS and procedures for the conservation of protected flora and wildlife. We firmly prohibit harvesting, poaching, and hunting of protected flora and fauna, as well as all rare, threatened, and endangered species. Only hunting of unprotected and non-threatened species is permitted when sustainable use or sustainable hunting principles are used. This protocol must be rigorously followed by our suppliers.

**Table 20. Size and Location of Protected HCV Areas in Operational Sites (304-3)**

Operational site	Conservation area (ha)	Concession Area			% of total Concession Area
		Nucleus	Plasma	Total	
ANJA	349.47*	9,465.00	-	9,465.00	3.69%
ANJAS	1,464.03	9,182.00	157.50	9,339.50	15.68%
SMM	1,360.09	16,277.00	948.10	17,225.10	7.90%
KAL	3,973.73 **	10,920.12	2,958.12	13,878.24	28.63%
GSB	1,373.00	12,800.00	-	12,800.00	10.73%
ANJ (Southwest Papua)	36,505.93	30,515.75	5,990.18	36,505.98	100.00%
PMP	17,131.74	18,860.30	3,818.11	22,678.41	75.54%
PPM	27,374.32	26,570.70	5,454.48	32,025.18	85.48%
ANJAP	8,150.00		40,000.00	40,000.00	20.38%

\* Conservation areas were added at ANJA

\*\* 129.21 ha of conservation areas at KAL was added as self-declared conservation

The overall area set aside for conservation within our concessions as of 2022 is 97,682.31 ha. These HCV areas are managed in partnership with the local government and community. Conservation experts and non-governmental organizations (NGOs) such as Yayasan Konservasi Indonesia and Tropenbos Indonesia are all involved in the initiatives. Based on objective expert assessments, our conservation initiatives strive to conserve, if not expand, biodiversity and species richness in our conservation areas. In 2022, we have been working to develop specific biodiversity targets focusing on key species in our conservation areas.

Our conservation area in North Sumatra, which is adjacent to a designated protection forest, includes riparian buffer zones and forested areas that are home to the Sambar Deer, Great Argus Pheasants, and rare nepenthes (pitcher plants). The Belitung conservation area is mostly composed of riparian areas planted with forest and fruit plants as well as the Balok forest, a habitat for the Tarsier, the smallest primate in the world. We involve the local community in Belitung to manage the forest through a variety of initiatives such as forest patrols, ecotourism, and education. Our

conservation area in West Kalimantan is part of the Essential Ecosystem Area where we collaborate closely with International Animal Rescue Indonesia, the Natural Resources Conservation Agency of the Indonesian Government (BKSDA), and independent environmental researchers to protect the habitat of orangutans. According to the International Union for Conservation of Nature (IUCN) and the Indonesian Government, the area is home to at least eight protected mammal species, including Malayan sun bears, pig-tailed macaques, maroon leaf monkeys, and monitor lizards.

Meanwhile, in Southwest Papua, we discovered more than 58 fauna and 25 flora species on the IUCN Red List including rare orchid and bird species like *Seleucidis melanoleucus*, or the Twelve-wired Bird of Paradise. We invite the local government and local communities to collaborate with us for optimal conservation and biodiversity protection. In 2022, we have succeeded in obtaining a letter of support from the governments of South Sorong and Maybrat Regencies to carry out our conservation initiatives. We have also reached a joint commitment with local communities to manage conservation areas.

**Table 21. IUCN Red List and national conservation list species, by December 2022 (304-4)**

FAUNA														
CLASS	Total identified fauna species on the IUCN Red List (CR, EN, VU, NT, LC, DD, NE)								Total	CITES (Appendix)			Protected under PP7/1999	Protected under Ministry Decree
	CR	EN	VU	NT	LC	DD	NE	N/A		I	II	III		
Aves	2	7	21	51	425	0	0	12	518	8	87	0	118	131
Mammalia	4	16	18	9	43	3	0	8	101	15	32	3	31	42
Reptile	1	3	7	1	80	2	0	4	98	0	36	0	8	9
Amphibia	0	0	0	0	15	0	0	6	21	0	1	0	0	0
Insecta	0	0	0	0	46	0	90	13	149	0	1	0	1	1
Actinopterygii	0	0	1	1	26	1	2	8	39	0	0	0	0	0
Malacostraca	0	0	0	0	2	1	0	0	3	0	0	0	0	0
Chilopoda	0	0	0	0	0	0	1	1	2	0	0	0	0	0
Clitellata	0	0	0	0	0	0	0	1	1	0	0	0	0	0
Diplopoda	0	0	0	0	0	0	1	0	1	0	0	0	0	0
Arachnida	0	0	0	0	2	0	2	1	5	0	0	0	0	0

FLORA														
CLASS	Total identified fauna species on the IUCN Red List (CR, EN, VU, NT, LC, DD, NE)								Total	CITES (Appendix)			Protected under PP7/1999	Protected under Ministry Decree
	CR	EN	VU	NT	LC	DD	NE	N/A		I	II	III		
Agaricomycetes	0	0	0	0	0	0	0	2	0	2	0	0	0	0
Cycadopsida	0	0	0	0	0	0	0	0	1	1	0	1	0	0
Gnetopsida	0	0	0	0	2	0	0	0	1	3	0	0	0	0
Liliopsida	0	2	0	1	40	4	113	39	199	0	83	0	5	1
Lycopodiopsida	0	0	0	0	1	0	2	1	4	0	0	0	0	0
Magnoliopsida	7	12	30	18	216	5	282	59	629	0	23	0	15	5
Pinopsida	0	1	1	0	1	0	1	0	4	0	0	0	0	0
Polypodiopsida	0	0	0	0	3	0	18	2	23	0	1	0	0	0

**Table 22. Number of Threatened Species (IUCN Categories CR, EN, VU) Identified through Biodiversity Monitoring Activities**

	2022	2021	2020
Number of IUCN Red List Threatened Fauna Species	80	71	69
Number of IUCN Red List Threatened Flora Species	53	39	39

In both HCV and degraded areas, we have reforestation projects to recover ecosystems and boost biodiversity values. In 2022, we reforested 80 ha in riparian buffer zones through our replanting projects in North Sumatra. These areas were previously palm plantations but, during our replanting program, we decided to introduce forest plants instead as a food source and habitat for animals. We have also reforested 50 ha in total at KAL in West Kalimantan. (304-3)

Our conservation staff leads biodiversity monitoring, which is assisted by our employees and local communities through field surveys and camera trapping. The IUCN Red List, the Convention on International Trade in Endangered Species (CITES), and government regulations are used to identify and record species. Our conservation efforts are audited by third parties. Audits in 2022 concluded that our conservation efforts are in accordance with RSPO and ISPO protocols.

In 2019, we also launched the PENDAKI or Peduli Keanekaragaman Hayati (Care for Biodiversity) citizen science program to improve our biodiversity monitoring capabilities. The PENDAKI system encourages employees to record any flora and fauna they observe while working in our conservation and plantation areas. Since the program's inception, citizen scientists have submitted over 78,000 records. In 2022, more than 800 new citizen scientists joined the program, bringing the total to 2,400. In 2022, our PENDAKI program received the Outstanding Achievement Award at the RSPO Excellence

Awards for its outstanding efforts in conservation using both innovative and creative methods, proving that biodiversity monitoring and management can be practiced by anyone with minimal costs on a continuous, long-term basis. We have also published a wildlife encyclopedia for our site at SMM, as well as a website at <https://pendaki.anj-group.co.id/> to increase awareness about the importance of conservation. We are currently developing a similar encyclopedia for our sites in West Kalimantan dan Southwest Papua.



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→ Conservation staff observes plants and records every plants encountered to add to the existing biodiversity database around our operations area

## PENDAKI

PENDAKI (Peduli Keanekaragaman Hayati – Caring for Biodiversity) is one of our flagship Responsible Developments programs and a cornerstone of our Planet commitments. Commencing in early 2019, PENDAKI has thrived, becoming a highly respected program with buy-in across the business. External interest in the program has been rising over the past two years as we have increased our communication of the tangible results and benefits of a citizen science-based approach to biodiversity monitoring in the oil palm sector.

Still in its infancy, PENDAKI has already facilitated great improvements in biodiversity monitoring effectiveness and increased general awareness about biodiversity values by employees and staff across the estates and headquarters. Through involving all staff, regardless of their qualifications or biodiversity expertise, a vastly higher volume of species sightings has been reported compared to conventional biodiversity monitoring methods alone. In 2022, we commissioned an independent assessment of the perceptions of those who



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participated in the program as observers had of PENDAKI. The overarching message from the participants was they felt a sense of pride in working for a company that prioritizes operating sustainably, with a clear emphasis on caring for biodiversity and the environment. As of December 2022, a staggering 78,00 observation forms have been submitted since the inception in March 2019. Through the evolution of PENDAKI, and the large volume of data it has generated, we are now in a better position to quantify our impact and identify measurable time-bound biodiversity conservation targets. We believe that this approach is truly unique within the industry.

Based on the resounding success of PENDAKI and the positive feedback from external stakeholders, we felt that the time was right to promote PENDAKI to our industry peers by submitting it as a contender for the Annual RSPO Excellence Awards. These awards spotlight the outstanding ways in which RSPO members around the world provide solutions to address the current sustainability challenges of the global palm oil industry. To our delight, PENDAKI was awarded the Outstanding Achievement Award at the 2022 RSPO Excellence Awards Night during the RSPO Annual Roundtable Conference on Sustainable Palm Oil (RT 2022) at the end of November 2022.

The RSPO's recognition of PENDAKI as a winner of the Outstanding Achievement Award stated that ANJ had demonstrated outstanding efforts in both conservation and social contexts in the development

of PENDAKI. The program was commended on being easily implementable, cost-effective and scalable while exemplifying that biodiversity monitoring and management can be practiced by just about anyone with minimal cost on a continuous, long-term basis. We are proud that the RSPO recognized PENDAKI as a program which is not only meeting the challenges of monitoring biodiversity in the context of oil palm in an innovative and cost-effective way but also successfully involves everyone, regardless of their job title, in contributing to reducing impacts on biodiversity in a lasting and sustainable way.

Our work with PENDAKI never stops as we continually strive to reach new heights. In 2022, we started to work with "Pendaki Champions", our citizen scientists reporting more than one record per day on average, who will use a smartphone-based application to record all the sightings of specific indicator species. This will provide us with the tools to determine the population trends of important species such as the Critically Endangered orangutans in our West Kalimantan estate, tarsiers in Belitung, or birds of paradise in Southwest Papua. Gaining insight into the specific population dynamics will allow us to tailor our estate management to the unique needs of each species to ensure their protection and conservation. PENDAKI demonstrates that biodiversity monitoring and conservation do not have to be complicated and that through initiative and innovation we can build a cutting edge biodiversity monitoring system in the oil palm sector.

**Table 23. Spending on Conservation Department in USD**

Subsidiary	2022	2021	2020
ANJA	6,080	3,471	5,025
ANJAS	24,186	39,628	17,768
SMM	8,008	4,566	9,135
KAL	25,642	26,389	28,308
PPM	9,898	3,866	1,075
PMP	36,441	25,904	10,060
ANJ (Southwest Papua)	32,278	319	4,380
ANJAP*	-	686	202
Total	142,533	104,828	75,985

Note: \* There were no conservation activities at ANJAP in 2022

## Forest Management and Protection

Our Sustainability Policy includes rules for 'No Deforestation, No Peat, and No Exploitation' (NDPE). We do not develop primary forests and, instead, prioritize their protection. Following the RSPO protocols, independently recognized HCS sites will not be cleared for oil palm planting, and development of identified HCS areas related to legacy instances will rigorously adhere to the RSPO standards. These agreements are an important aspect of our efforts to reduce land-use change emissions and achieve carbon neutrality.

To ensure that there is no deforestation in our sites and conservation areas as well as in the areas of our suppliers, we use the following monitoring methods:

- Socialization to surrounding communities.
- Area-wide drone mapping at least once a year.
- Drone mapping of specific areas of interest when questions are raised, or incidents occur.
- Real time hotspot satellite monitoring as performed by RSPO and other stakeholders.
- SMART Patrol Method: Our security guards patrol our planted area and the area inside our borders, while our conservation area is patrolled by our conservation personnel and well-trained security guards.
- Each smallholder provider is subjected to an analytical productivity evaluation. If the outcome is not plausible, we will do ground checks, which may involve drone mapping.
- Continuous satellite monitoring provided by Global Forest Watch combining GLAD (Global Analysis and Discovery) and RADD (Radar for Detecting Deforestation) system to identify deforestation within our specified area of interest. The system will alert any potential deforestation upon which our team will start a field investigation. The total area covered by this system is 995,200 ha with a coverage radius of 10 km from our area boundaries.
- The satellite images obtained from Landsat and Sentinel 1&2 through the system mentioned above are processed using algorithms developed by ANJ in cooperation with experts from the University of Amsterdam.
- Involvement of environmental officials and police to combat illegal logging, poaching, and land clearing by fire, as well as careless behavior that may result in a forest fire.
- The legal process of illegal loggers, poachers, traders of endangered animals or other risky behavior to the environment.

We are committed to restoring deforestation or forest land conversions that occur in our area after January 1, 2019, when we have decided to stop any deforestation

in our operations. This decision was later formalized in our Sustainability Policy dated October 31, 2019. We support and expect our FFB suppliers, particularly corporate suppliers, to apply the same commitment and the same cut-off date. We encourage and expect our third-party FFB smallholder suppliers to halt any illegal deforestation and land conversion. If they do not meet this requirement, we will stop purchasing their FFB.

A study and an independent reassessment found that a total of 2,958.51 ha of HCS area at SMM, PMP, and PPM were cleared for oil palm development between January 1, 2016, and December 31, 2018. To make up for this loss, our HCS Recovery Plan, which we started in April 2020, designated a 3,518-ha consolidated block in one of ANJ's concessions in Southwest Papua as a recovery site and a form of remediation. We added 8.3 ha of forest to this block in 2021. In 2022, we have obtained formal support to carry out our HCS Recovery Plan from the government of Maybrat Regency. (304-3)

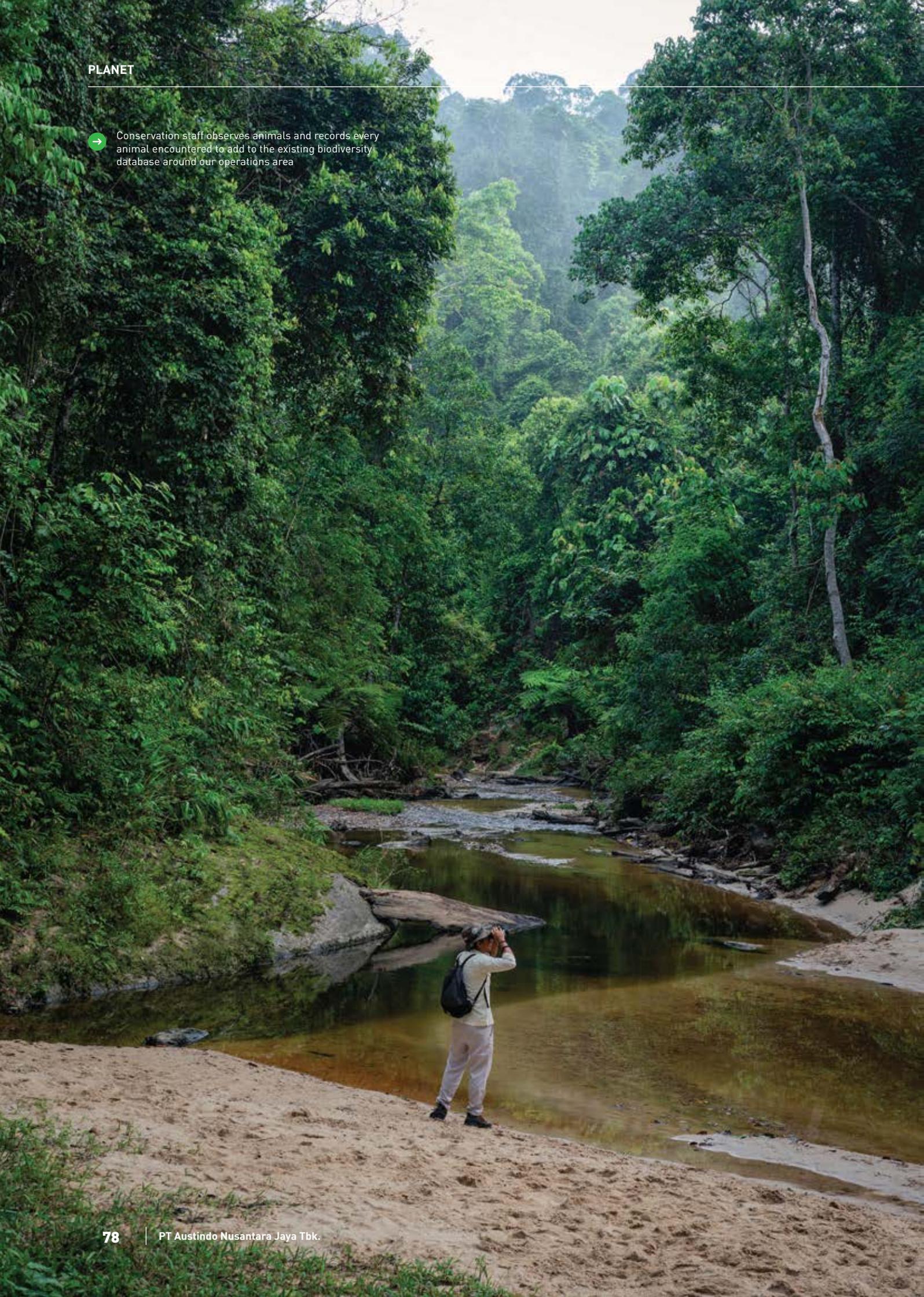
We follow the precautionary principle throughout our operations. The RSPO's New Planting Procedure (NPP) outlines the studies and verification activities that must be completed prior to the establishment of new oil palm plantations. The Social and Environmental Impact Assessment (SEIA), High Carbon Stock Approach (HCSA) assessment, Land Use Change Analysis (LUCA), soil suitability survey, and Greenhouse Gas (GHG) emissions evaluations are all undertaken by external and independent specialists. Before we begin any new development, the results of these assessments must be reported to the RSPO. We shall only develop low-risk areas, while high-risk areas will be preserved for conservation. (2-23)

Furthermore, an HCV assessment and approval through the High Conservation Value Resource Network (HCVRN) is required before clearing land and planting. Independent HCV assessors evaluate HCV areas. The RSPO made it essential for these assessors to be accredited by the HCVRN's Assessor Licensed Scheme (ALS). This obligation applies to all our vendors. (304-3)

We do not carry out new activities on peatlands of any depth as of January 1, 2016, and any newly identified peatlands inside our undeveloped concession areas are immediately recognized as conservation zones. This is consistent with the RSPO regulations and Principles & Criteria of November 15, 2018, which ban development and require sustainable management of peatlands. Peatlands must also be managed as HCV areas under government rules due to their environmental functions and significance in the absorption of GHG emissions. Nonetheless, peatland areas planted prior to 2016 are still operational at ANJAS and KAL. Both estates have a total of 11,215.35 hectares of peatland, which accounts



Conservation staff observes animals and records every animal encountered to add to the existing biodiversity database around our operations area



for 55.59% of the total plantation area. We have preserved 657 ha of this peatland in KAL and 200 ha in ANJAS as a voluntary conservation area. The remainder was planted prior to the implementation of the peatland regulations. These regions are managed in accordance with RSPO best practices and are subject to strong government restrictions and oversight.

We use stringent water management and control systems, such as water gates, stop bunds, closed canals, and monitoring wells, to keep water levels stable and prevent peat bogs from drying out or flooding. Peat mounding is also used to keep the plants from becoming soggy. In our peatland areas, good water management lessens the risk of fire, reduces peat oxidation, and prevents ground subsidence.

## Fire Management and Prevention

Wildfires pose a severe threat to our palm oil crops, particularly during extended droughts or El Niño events, causing severe financial and environmental consequences as well as huge levels of greenhouse gas emissions. These fires are frequently caused by the slash and burn land clearing methods that are still practiced by some businesses, smallholder farmers, and local communities. Fires from beyond our operational borders can easily expand and encroach on our territories. Vegetation fires can also occur in our smallholder suppliers' planting areas.

Our Sustainability Policy commits to Zero Land Burning in accordance with current laws and regulations, as well as the RSPO, ISPO, and ISCC standards. Additionally, we employ a stringent selection process for our suppliers to ensure that they follow the RSPO and ISPO criteria in their operations. Our goal for forest fire prevention and management is to have no fires in our concession, plasma, and conservation areas.

We conduct fire risk assessments based on historical data and vulnerability levels to identify places with high fire risk. Based on this assessment, we have designated our Ketapang, West Kalimantan (KAL) operation as a priority for fire prevention and management. Yet, ongoing demographic and economic growth, combined with global warming, raises the risk of fire in other operations, such as ANJAS, followed by PPM, PMP, ANJAP, SMM, and ANJA in order of risk level.

We built an Integrated Fire Management (IFM) system based on the results of the fire risk assessment, which is a cross-departmental and fully integrated approach to prevention, mitigation, preparedness, early detection action, and response. Because forest fires are most usually caused by human activity, prevention and

mitigation methods are the primary focus. We conduct community socialization efforts to raise awareness about fire safety and risk.

We use satellite-based monitoring of fire hotspot activity for early identification, and we conduct local monitoring with fire towers and Unmanned Aerial Vehicles (UAVs). In addition to hotspot monitoring, the IFM system delivers daily, weekly, and monthly fire hotspot prediction reports to estates. Finally, as a measure of fire preparedness, we have a fully trained Rapid Response team on standby to deal with fire occurrences when fire warnings are detected. We have also formed an incident management team (IMT), which is engaged as soon as an issue is reported.

To ensure that measures are sustainable, stakeholders and local communities are actively involved in fire management. This is accomplished through the smallholder farmer firefighting groups (*Kelompok Tani Peduli Api/KTPA*) and *Desa Mandiri* programs, which provide financial incentives to villages that implement fire prevention and management efforts. We also collaborate with local authorities, communities, and law enforcement agencies (police and military forces), including local fire brigades that have received special training from the Ministry of Environment and Forestry's *Manggala Agni* trained forest fire brigade.



Monitoring of plantation and conservation areas from monitoring towers by the firefighters team to ensure no hotspots are seen around the areas

# WATER MANAGEMENT

We recognize that water must be managed responsibly because it is a limited, shared, and essential resource. The people near our operations need water to irrigate their crops and meet their daily sanitation and drinking requirements. Hence, we must guarantee that the water withdrawn for our commercial activities does not damage the local communities' and stakeholders' access to potable water. (303-1)

In addition, wastewater and effluents must not contaminate the water used by the local community. Water scarcity or contamination may cause social strife within or between local communities and the Company.

Our Sustainability and Environmental Policies contain commitments to guarantee that sufficient, high-quality water is accessible to our operations and, more critically, the surrounding communities and stakeholders. We have set a goal to preserve water and optimize water use in our palm oil company to achieve a water intensity of 1 ton of water per ton of FFB processed. In 2022, our water intensity per ton of FFB processed is 1.09 tons (or m3) of water, while our water usage has increased due to increased production. (303-1)



→ A worker is monitoring the availability of water for the operation of a palm oil mill

**Table 24. Water Intensity, Palm Oil**

Year	Water Usage (M3)	M3/Ton FFB	M3/Ton CPO	Improvement compared to base year on 2020	
				Water intensity per ton FFB	Water intensity per ton CPO
2022	1,492,747	1.088	5.41	(6.23)%	(4.53)%
2021	1,384,622	1.090	5.27	(6.03)%	(7.05)%
2020	1,387,312	1.160	5.67	Base Year	Base Year

Currently, we exclusively monitor and report on our water impacts within our Palm Oil business unit, where this topic is deemed material. This report excludes water usage in our sago and edamame units, as well as in our residences and offices.

Our only supply of water is fresh surface water with total dissolved solids below 1,000 mg/L, which includes surface water, rainfall reservoirs, and rainwater harvesting. All our freshwater is extracted from surface water sources, mainly rivers that can sustainably

provide our mills and factories with water. Throughout our locations, we have installed flowmeters to monitor and measure our water withdrawal. This necessitates oversight and control outside our jurisdictional limits and underscores the need for a landscape-level approach to environmental and ecosystem management. After consumption, the wastewater is subsequently released to surface water following regulatory requirements or, in the case of POME, treated and reused. (303-1, 303-2)

**Table 25. Total Water Withdrawal, Discharge and Consumption (in megaliters per year) (303-3, 303-4, 303-5)**

Year	Total withdrawals	Accumulated at WTP & Distribution for Domestic	WATER USAGE		
			Consumption for processing	Consumption for land application	Total Discharge
2022	2,452.43	959.68	694.37	735.21	63.17
2021	2,156.85	772.23	478.84	898.29	7.50
2020	1,885.37	498.06	546.78	830.87	9.66

We assure the availability of water and evaluate the capacity of watersheds to maintain the normal flow of water and contain any level changes. Yearly, water availability in all our locations' river basins is examined as part of our business risk review. This risk assessment aids in the formulation of short- and long-term strategies for water management and overcoming extreme weather obstacles. We also consider the overall trends and risks related to water at the national level. We devise and implement a complete mitigation strategy based on these insights, including water catchment in arid areas and the construction of water gates to minimize flooding. (303-1)

According to the World Resource Institute's Water Risk Atlas, all our locations are in regions with a low risk of water stress. (303-1)

The ratio of total water withdrawals to renewable water supplies is below 10%, except at our vegetable unit, GMIT, where the ratio is 20-40%, posing a medium risk of water stress. Based on this evaluation, we have determined that none of our regions are water-stressed or face a high to extremely high risk of water stress. (303-2)

To mitigate the risk of water pollution, we treat our wastewater discharge in treatment plants to meet regulatory quality standards, build controlled landfills, with no open dumping, far away from water sources to avoid contamination, enforce the sensible application of fertilizers to avoid runoff, and avoid planting in river buffer zones. We also strive to limit water withdrawal and preserve water quantity through water conservation such as reservoirs and rainfall collecting, reusing water in our production process, protecting, and maintaining water sources, and creating infiltration wells to maintain groundwater storage. These water management projects are executed independently by ANJ. (303-2)



→ A worker is adjusting the flow of water to prevent drought in the plantation area



→ A worker routinely records the water level to keep it well managed



→ A worker is monitoring the availability of water for the operation of a palm oil mill



→ A worker is measuring the peat water level

Comparing water samples collected every 3 to 6 months to the baseline from the AMDAL evaluation enables us to assure compliance with regulatory criteria and specifications. (303-2)

Of the six oil palm plantations in ANJ Group, we have five palm oil mills. During palm oil mill operations, in addition to CPO as the primary product, POME, a liquid waste, is produced. Liquid waste contains nutrients required by plants and has the potential to generate biogas, which can be converted into electrical energy. After obtaining technical approval from the government through a review procedure, POME is employed as a source of plant nutrition to be applied in plantation activities. The applied POME has the required quality standards, namely a Biological Oxygen Demand of below 5,000 and a pH of 6-9. (303-2)

Our FFB suppliers are smallholder farmers who do not operate any water-consuming processing mills, and we do not feel that their water consumption from plant cultivation operations is currently measurable or manageable. Nonetheless, we promote sound agricultural practices and sustainable palm oil principles to our independent smallholder farmers, which includes good water management and avoiding planting on steep slopes or flood-prone areas, as per the RSPO criteria. Furthermore, local communities are involved in maintaining water quality by not polluting water bodies with domestic waste. (303-1)

The discharge of water from mill processing is routinely measured, whereas the discharge of water from home consumption is currently neither measured nor estimated. Our typical technique for water discharge adheres to regulations established by regulatory agencies. If a regional government does not have a specific need, we will adhere to the standards established by the Ministry of Environment and Forestry and the Ministry of Health, taking the baseline from the Environmental and Social Impact Assessment (AMDAL) document for the specific area into account. Likewise, reclaimed water must adhere to strict regulatory norms and standards.

Only one of the palm oil factories in ANJ Group, namely ANJAS, discharges POME into surface water bodies. In 2022, we have added our real-time monitoring capabilities by installing the SPARING system, a system for automatically monitoring, recording, and reporting effluents, at the waste outlet before disposal as required by Ministry of Environment and Forestry regulations. In addition to monitoring wastewater characteristics, ANJ also analyzes wastewater in an accredited laboratory monthly. (303-2)

POME from our palm oil mills is processed in anaerobic effluent ponds. After treatment, the POME is discharged into final aerobic effluent ponds. In two of our concessions, this effluent can be utilized for compost processing, and in the remaining concessions, it can be applied to land to offer additional nutrients. In 2022, we embarked a trial to use geotube to capture sludge from POME. The captured sludge has been tested to contain high nitrogen component which can be used as an organic fertilizer. Before being discharged into surface water streams or ponds, domestic wastewater is treated at a wastewater treatment plant to fulfill regulatory quality standards. In some regions, non-polluting and non-contaminating home wastewater is released directly, without treatment.

# PEOPLE

FEMALE  
REPRESENTATION  
ON THE BOARD  
OF DIRECTORS



29%

INCREASED OF  
TOTAL TRAINING  
HOURS PROVIDED  
COMPARED TO  
2021



23%

NUMBER OF  
EMPLOYEE  
FATALITY CASE



0



7 MAJOR CLINICS

5 SUPPORT CLINICS

6 DOCTORS

19 NURSES

26 MIDWIVES



## OUR EMPLOYEES

Our corporate values and responsible development approach emphasize on the importance of our people. Hence, the health and happiness of our employees and ensuring that they have a good place to work are at the heart of our policy and commitments. This means nurturing a safe and healthy environment where individuals are valued, worker rights are respected, and people are encouraged to keep learning throughout their lives.

As of December 31, 2022, ANJ employed 9,558 individuals. Out of those, 7,991 (83.6%) were men and 1,567 (16.4%)

were women. 8,912 (93%) of the full-time workers are on permanent contracts, and 646 (7%) are on fixed term contracts. Our palm oil business employs 91.1% of our workers. Our frozen vegetable business employs 5.9%, our sago unit 2.7%, and the remaining 0.3% are employed in our other businesses and corporate offices. We have 3,549 workers, by head count, in our operations who are not contracted as employees. Most of these workers are outsourced, providing services in security and seasonal plantation upkeep activities.

**Table 26. Total number of employees by gender, contract type, and business location in 2022**

Company	Location	Female			Male			Grand Total
		Contract	Permanent	Total	Contract	Permanent	Total	
PT Austindo Nusantara Jaya Tbk.	Jakarta	0	9	9	0	21	21	30
PT Austindo Nusantara Jaya Boga	Jakarta	1	0	1	4	0	4	5
Regional Office Medan (RO)	North Sumatra	2	31	33	6	64	70	103
<b>Oil Palm</b>								
PT Austindo Nusantara Jaya Agri	North Sumatra	0	212	212	0	1,197	1,197	1,409
PT Austindo Nusantara Jaya Agri Siais	North Sumatra	0	204	204	0	1,057	1,057	1,261
PT Sahabat Mewah dan Makmur	Bangka Belitung	0	334	334	1	1,882	1,883	2,217
PT Kayung Agro Lestari	West Kalimantan	2	374	376	4	1,656	1,660	2,036
PT Galempa Sejahtera Bersama	South Sumatra	4	2	6	1	15	16	22
PT Putera Manunggal Perkasa	Southwest Papua	2	73	75	2	793	795	870
PT Permata Putera Mandiri	Southwest Papua	5	28	33	6	752	758	791
<b>Sago</b>								
PT ANJ Agri Papua	Southwest Papua	5	9	14	129	115	244	258
<b>Edamame</b>								
PT Gading Mas Indonesia Teguh	East Java	255	15	270	217	57	274	544
<b>Renewable Energy</b>								
PT Austindo Aufwind New Energy	Bangka Belitung	0	0	0	0	12	12	12
<b>Grand Total</b>		<b>270</b>	<b>1,291</b>	<b>1,567</b>	<b>370</b>	<b>7,621</b>	<b>7,991</b>	<b>9,558</b>

Table 27. Employee Composition (2-7)

Employee Composition ANJ and Subsidiaries		2022			2021			2020		
		M	F	Total	M	F	Total	M	F	Total
By Segment	Head Office Jakarta	21	9	30	20	10	30	45	26	71
	Palm Oil	7,436	1,273	8,709	7,045	1,321	8,366	7,125	1,373	8,498
	Sago	244	14	258	218	12	230	247	21	268
	Others	290	271	561	227	165	392	71	10	81
	<b>Total</b>	<b>7,991</b>	<b>1,567</b>	<b>9,558</b>	<b>7,510</b>	<b>1,508</b>	<b>9,018</b>	<b>7,488</b>	<b>1,430</b>	<b>8,918</b>
By Position	Director	10	4	14	8	4	12	8	4	12
	General Manager (GM) / Head of Department	26	4	30	26	4	30	27	5	32
	Manager	202	27	229	191	29	220	185	29	214
	Staff	293	69	362	292	63	355	288	64	352
	Non-staff	7,460	1,463	8,923	6,993	1,408	8,401	6,980	1,328	8,308
	<b>Total</b>	<b>7,991</b>	<b>1,567</b>	<b>9,558</b>	<b>7,510</b>	<b>1,508</b>	<b>9,018</b>	<b>7,488</b>	<b>1,430</b>	<b>8,918</b>
By Education	Doctoral degree	1	1	2	-	1	1	-	1	1
	Master's degree	12	7	19	14	9	23	11	10	21
	Bachelor's degree	596	136	732	524	123	647	517	122	639
	Diploma	122	52	174	116	46	162	106	47	153
	Senior/Vocational High School	3,064	483	3,547	2,877	410	3,287	2,823	271	3,094
	Other	4,196	888	5,084	3,979	919	4,898	4,031	979	5,010
	<b>Total</b>	<b>7,991</b>	<b>1,567</b>	<b>9,558</b>	<b>7,510</b>	<b>1,508</b>	<b>9,018</b>	<b>7,488</b>	<b>1,430</b>	<b>8,918</b>
By Employment Status	Contract Workers	370	276	646	1,037	226	1,263	1,798	139	1,937
	Permanent Staff	7,621	1,291	8,912	6,473	1,282	7,755	5,690	1,291	6,981
	<b>Total</b>	<b>7,991</b>	<b>1,567</b>	<b>9,558</b>	<b>7,510</b>	<b>1,508</b>	<b>9,018</b>	<b>7,488</b>	<b>1,430</b>	<b>8,918</b>
By Age	Over 55	61	17	78	42	9	51	103	16	119
	41-55	1,886	539	2,425	1,695	489	2,184	1,820	506	2,326
	25-40	4,597	832	5,429	4,388	868	5,256	4,528	846	5,374
	18-24	1,447	179	1,626	1,385	142	1,527	1,037	62	1,099
	<b>Total</b>	<b>7,991</b>	<b>1,567</b>	<b>9,558</b>	<b>7,510</b>	<b>1,508</b>	<b>9,018</b>	<b>7,488</b>	<b>1,430</b>	<b>8,918</b>

Note: All personnel data are collected from each business unit based on headcounts at the end of the reporting period for storage and analysis at the Jakarta headquarters.

In 2022, ANJ employed significantly more individuals than 2021, adding 540 employees by year end. This is mainly due to the hiring of new workers in our Southwest Papua palm oil operations where activities are expected to increase as the plantation reaches maturity. We are also seeing a significant increase in employment at our vegetable business unit, as full commercial activities began in 2021.

# LEARNING AND COMPETENCY DEVELOPMENT

**Since our employees are our most valuable assets, we invest in their learning and career development. We want to help our employees improve their competencies, reach their career goals, and do their jobs well by providing learning and professional development programs. Professional learning and development programs start as soon as a new employee is onboarded at the Company and lasts for the duration of their employment.**

As an organization with a diverse workforce, we recognize that inequitable access to learning and development programs can directly impact the employees engagement and can lead to a high employee turnover rate. This can also lead to the suboptimal performance of our talent management and succession planning programs due to an uneven spread of the necessary knowledge and competencies in the Company. Hence, it is our top priority that all employees have an equal opportunity to take part in competencies development and professional development programs.

We want to create a fair working environment that encourages everyone to work on their individual growth. This means that employees are able to get both the hard and soft competencies they need to do their jobs well through systematic development programs, which also boost their motivation, engagement, and performance over time. Self-development through self-learning is also championed with the goal of promoting the behaviour and culture of a learning organization. Additionally, learning and development is important for building the organization's capacity and leadership potential, since growing from within the Company takes precedence over hiring from outside. Targeted learning and development programs can enhance the competence and career advancement of each employee while simultaneously supporting the business strategy and operational activities of the Company.

Due to the importance of learning and development, we set up the ANJ Learning Center (ALC) in a 17-ha area of our Belitung operations in 2014. The ALC has rooms for teaching and studying, a library, and lodging for up to 80 people. This center is mainly used for our internal learning, but it also opens to cater the needs of training venue or events for external parties, including our suppliers and business partners.

## Learning and Development Programs

To fulfill our employees' growth and development, we carry out targeted development programs based on a training needs analysis (TNA) and gap analysis based on performance assessments and/or competency assessment results. We offer technical training to



→ Management Trainee participants conduct training outside the classroom to increase the sense of teamwork

develop hard competencies, foster soft competencies like leadership or communication, and uphold national and international industry standards. The five categories of training provided by ANJ are:

- Core training: mandatory for all employees, featuring the Company's values, code of conducts and safety knowledge.
- Technical training: enhancing employees' technical competencies to improve performance in their roles.
- Soft competencies development program: improving employees soft competencies to enable employees to successfully achieve their goals.
- Leadership program: preparing our employees to be a leader through leadership ladder development program.
- Certification program: Ensuring and standardizing employees' technical proficiency in specific skills related to their job function.

Our company's leaders and subject matter experts (SME) play an important role as facilitators and/or mentors in our learning program. Leaders are expected to significantly contribute in the development of their team members' and other employees' knowledge, competence, and experience by building and delivering learning modules in collaboration with the learning and development department. (404-2)



→ Management Trainee participants are given case studies to improve their skills in analyzing and finding solutions to an issue

Training Hours by Training Type in 2022



One of the key programs established to strengthen and develop the abilities of our personnel, from staff to General Manager/ Head of Department levels, is the Individual Development Plan (IDP) program. It is an organized and systematic program of technical and soft competencies development tailored to each employee. This program is unique in that it promotes direct engagement with superiors to provide coaching and direction to participants in order to help them improve their work performance and closing their competencies gap to achieve their goals. The program is connected with the participants' Key Performance Indicators (KPIs). (404-2)

In addition, we carried out a Management Trainee (MT) Program that has been in place since 2003. The MT Program is designed to develop great future leaders for the organization. The curriculum focuses on soft competencies, technical competencies, as well as our business processes and it is taught through both conceptual (in-class) and practical (on-the-job) learning. It is aimed at recent graduates with no prior work experience who are put in our businesses throughout Indonesia to get experience and exposure. (404-2)

We have a management development program (MDP), based on the ten dimensions of managerial competencies, for manager level employees which have been implemented gradually from the second half of 2022. The MDP is a three-day program designed systematically and comprehensively that encompasses learning to enhance intrapersonal, interpersonal, leadership, and business/management competencies that support managers to become excellent contributors to the Company's growth and performance. (404-2)

Aside from the programs organized internally by our learning and development department, each department are also granted a yearly learning budget. Each

department are free to spend this budget on technical training services provided by external parties to fit their learning and competency development needs.

We have increased the total hours of training provided by 23% since 2021, with a total of 64,376 hours of training in 2022. This means we have provided an average of 6.74 hours of training per employee, which continues the increasing trend of recent years. The increase in our overall training hours is mainly due to the hybrid learning method and the restart of our Management Development Program (MDP) in 2022. However, average training hours for females and for the staff category has decreased, albeit slightly, compared to last year.

**Table 28. Average Training Hours by Gender and Employee Category (404-1)**

	2022	2021	2020
<b>Non-staff</b>	4.06	2.50	4.06
 Male	4.39	2.62	4.55
 Female	2.38	1.90	1.51
<b>Staff</b>	52.56	68.90	27.69
 Male	53.86	71.33	29.26
 Female	47.03	57.67	20.63
<b>Manager</b>	33.21	27.37	29.73
 Male	35.28	28.19	31.45
 Female	17.72	21.95	18.79
<b>General Manager/Regional Manager/Group Head</b>	41.88	25.47	21.09
 Male	45.83	21.12	18.11
 Female	16.25	53.75	37.20
<b>Boards of Directors</b>	16.79	7.58	5.33
 Male	14.00	5.75	7.63
 Female	23.75	11.25	0.75
<b>TOTAL</b>			
 Male	7.13	6.01	6.21
 Female	4.70	4.78	2.84
<b>GRAND TOTAL</b>	<b>6.74</b>	<b>5.80</b>	<b>5.48</b>



→ A female worker is giving an evaluation and direction to her team

Our company holds a monthly Management Meeting that is attended by all Business Units, during which updates on staff development programs, and careers are presented. Reports, suggestions, and inputs can be addressed at the meeting if there are performance issues that need to be addressed. We make efforts to ensure that employees can demonstrate the positive impact of learning through improved productivity and overall competency development. To ensure that the effectiveness of the learning programs are well measured, we carry out surveys to gather feedback and inputs from learners after their participation in our program. Respective direct superiors are also asked to analyze the fulfillment of the competency gaps of their subordinates.

### Employee Performance Management System

Our performance management system is designed to assist employees in managing their performance that align with our corporate objectives. The four phases of the performance management system are as follows:

1. Annual performance plans are defined in November.
2. Direct superiors provide monthly performance feedback to their direct reports.
3. Performance evaluation periods spanning the first semester, from November to April, and the second semester, from May to October.
4. Reward management by providing staff with merit increases, incentives, development programs, and career routes.

A forced ranking committee evaluates employees against their colleagues and across departments. Performance evaluations are conducted twice yearly, with a mid-year evaluation covering the first semester, to ensure that each employee stays on track with their growth plan and receives organized coaching to attain their goals. Using this performance management approach, 92% of our employees at every level have received performance reviews in this reporting period. [404-3]

The remaining employees have not yet received reviews as they have only joined the Company less than 6 months at the end of 2022 and will then get their appraisal in the following review period. In principle, all our employees are entitled to receive an objective appraisal of their performance to help their career and personal growth.

## DIVERSITY AND WOMEN'S EMPOWERMENT



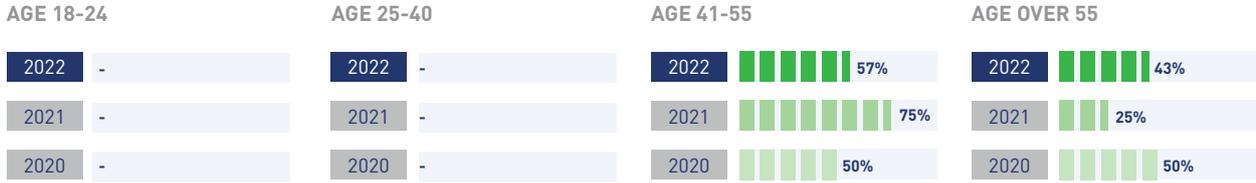
→ A female worker is observing the condition of the soil after compost application

ANJ recognizes that gender equality and diversity are fundamental principles that must be respected and are key aspects to achieving sustainable development and the SDGs, especially Goal 5 of attaining gender equality and empowering all women and girls. We believe that diversity, equal opportunity, and women's empowerment all have a positive impact on ANJ Group's operations. Diversity optimizes firm performance by bringing together the perspectives of all genders and groups. This will motivate workers to contribute their best ideas to help one another. With support and encouragement from the

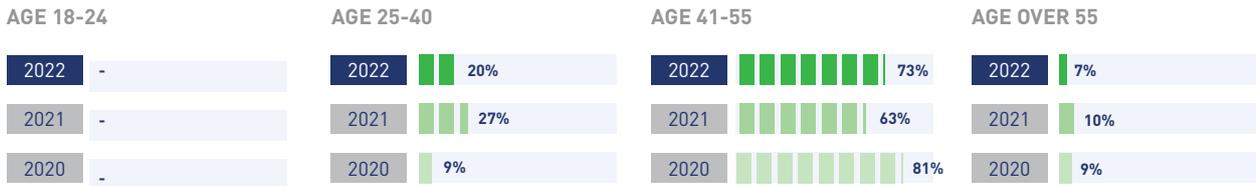
Company, our female employees will be able to enhance their competencies, ultimately leading to a successful career for them but also good overall performance by the Company. This can be seen in the number of managerial and senior management roles held by women in our organization, where 29% of Directors in our Group are female. Furthermore, empowering women as a driving force for the economy has an impact on boosting the welfare of families as mothers can also contribute to family income.

Percentage of Employees in Each Employee Category by Age (405-1)

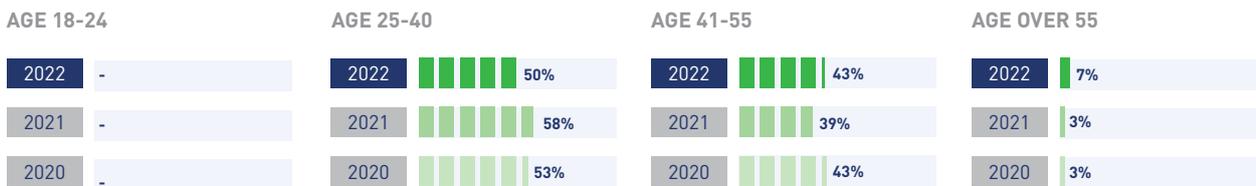
DIRECTOR



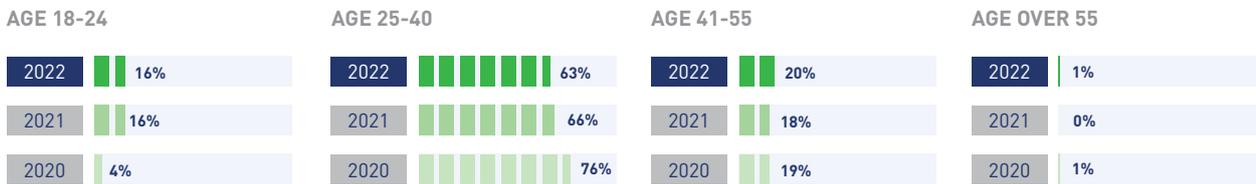
GENERAL MANAGER (GM)



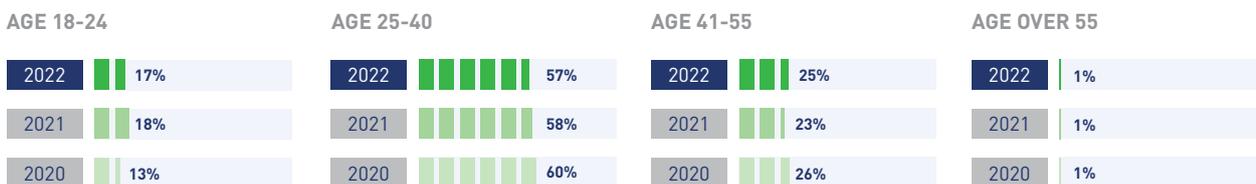
MANAGER



STAFF



NON-STAFF

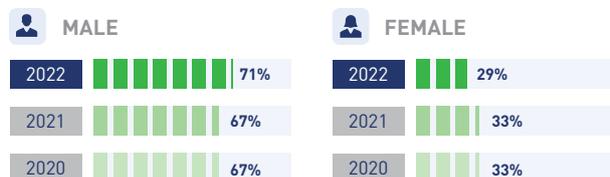


As mentioned in our Sustainability Policy, we seek to cultivate a good, harmonious, and non-divisive workplace. We are committed to fostering diversity and gender equality. All employees, regardless of gender, color, or religion, are unrestricted in their efforts to reach their full leadership potential. We provide equal employment, compensation and bonuses, and training opportunities. Promotions are conducted without any type of bias or discrimination. Women are encouraged

to actively engage in the work environment and apply for positions of leadership with confidence. As a company operating in Indonesia, which hosts diverse cultural, ethnic, and religious backgrounds, we seek to create a work environment where no one feels marginalized or discriminated against. We have not identified the presence of groups or minorities that may be considered particularly vulnerable to discrimination within our company. (405-1)

Percentage of Employees in Each Employee Category by Gender (405-1)

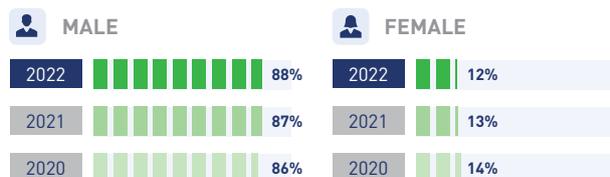
**DIRECTOR**



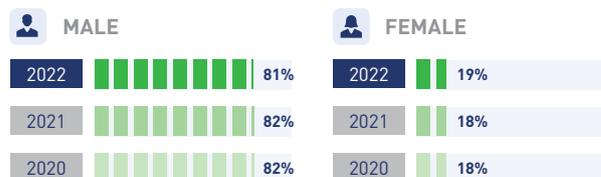
**GENERAL MANAGER (GM)**



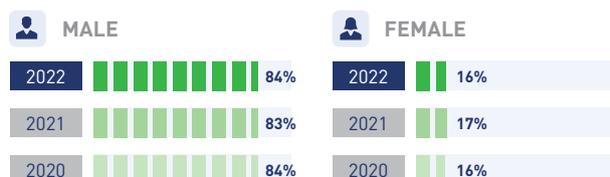
**MANAGER**



**STAFF**



**NON-STAFF**



We are committed to the Women's Empowerment Principles (WEPs) and have submitted a CEO Declaration of Support in January 2021 so that we can better execute policies that empower women within our organization. The Women's Empowerment Principles (WEP) are a set of guidelines for businesses to follow to advance gender equality and women's empowerment in the workplace,

marketplace, and wider community. To assess and enhance our own efforts to empower women, we may use this platform to network with like-minded individuals, exchange our experiences, and learn about successful business strategies that put women in leadership positions.

## Gender Committee

All of our subsidiaries have a Gender Committee comprised of employees and management members. The committee is tasked with encouraging the improvement of women's working conditions and developing knowledge of women's empowerment, women and child protection, and childcare. In 2022, we standardized the Gender Committee's organizational structure in each plantation operational unit and developed a program and budget to support its work. To support Gender Committees at operational units, we have also developed a Gender Committee structure at the head office level, involving Directors, GMs, Managers, and Employees from several departments.

The Gender Committee performs an essential role as a communication channel for employees to discuss gender issues and concerns inside the Company. This includes ensuring that female employees' views are heard in a male-dominated setting, and ensuring that adequate nursing rooms are available in our properties and workplaces. The Gender Committee is also the primary organizer of activities pertaining to women's empowerment and childcare. There are 241 Gender Committee members distributed throughout eight committees within the Group.

We recognize that because we work in a labor-intensive, male-dominated business in remote places, there is a risk of discrimination, harassment, and sexual violence against women, both in our own operations and those of our suppliers. To prevent and protect women from

harassment, the committee monitors, reports, and investigates cases of sexual harassment. The committee receives significant support from the senior management at the headquarters as well as Values Guardians, who are Commissioners of the Company, to report any gender-related issues and carry out their duties.

Discrimination, harassment, and sexual violence complaints can also be lodged through the LKS Bipartite, Values Champions, Human Resources Department, our Committee for Addressing Sexual Harassment Issues, and our Grievance Mechanism. Anyone can also report issues anonymously using the Whistleblowing System (WBS). This allows for the rapid identification of any misconduct and the immediate follow-up on its resolution. Sexual harassment is dealt with by following fair and confidential processes. Each Human Resources Officer (HRO) is responsible for monitoring and ensuring that all our contractors respect the legal rights of their employees and fulfil their legal obligations towards them.

We have collaborated with the Indonesian Palm Oil Association (GAPKI) to share our experience and practices for the protection of female employees and gender equality in 2022. This is part of our effort to advance gender equality in our industry. Despite our achievements, we believe that there is still room for improvement to make the most of our Gender Committees at the estate level, which will be our focus moving forward.

**Table 29. Ratio of Basic Salary and Remuneration of Women to Men, ANJ Group (405-2)**

Employee Category	2022	2021	2020
	Ratio	Ratio	Ratio
Directors	0.75	1.02	0.91
General Manager, Head of Department, and Manager	1.27	0.85	1.45
Staff	1.00	0.91	1.02
Non-staff	1.59	1.05	0.99

Notes: 1. The ratio is calculated based on the average salary 2. Significant location of operation is defined as the whole ANJ Group as stated in page 2.

Our remuneration policy is to give fair compensation to all our employees based on individual competency, roles, and responsibilities, irrespective of their gender, race, and religion/faith. Each worker's salary follows a specific range band according to their level and depends on their competency and experience at that level. Nevertheless, we recognize that achieving equal and fair compensation can be a challenging task which is why we commit to always maintain, review, and improve our remuneration policies.

We monitor the compensation ratio between males and females in each employee category each year (see Table 29 above). Based on this data, we believe that our fair compensation policy is effective with results reflecting our policy where ratio of basic salary and compensation of women to men is mostly close to 1, meaning that men and women on average receive similar salaries and remuneration. However, we note compensation ratio variations in some levels occurring each year, which are mostly due to changes in the number of male and female employees at that level as well as their specific roles, responsibilities, and competency levels.



## FEATURE STORY

## SMM Gender Committee

ANJ's vision is to be a world-class agribusiness Company that works to enhance human livelihoods and the environments that allow individuals to thrive. To achieve our goals, we strive to adhere to and, where possible, surpass internationally recognized standards for equity and inclusivity. This is why, in 2022, ANJ invested more heavily in its efforts to achieve gender equality, identifying our company's gender committee, and associated female empowerment programs as fundamental pillars to our journey towards inclusivity in both our operations and beyond.

The gender committee spans our operations, with our central committee advising the division leaders and coordinators at each of our operating locations. The gender committee is further divided into subunits for specific focus areas: female empowerment, female and child protection, and the prevention and resolution of sexual assault. We understand that each of our regions has unique cultural and societal characteristics, so we have developed an integrated approach that allows for bottom-up planning, with adequate local socialization of our ambitions, supported by top-down facilitation.

Although some progress has been made in the last decade, the United Nations still identifies Indonesia as a nation with relatively poor gender equality, with limited access to education, job opportunities and the political sphere, as well as underage marriage and abuse, unfortunately, being prevalent in specific regions and socioeconomic demographics.

ANJ recognizes the disproportionate lack of access and subjection to exploitation women in rural Indonesia continue to experience. Therefore, ANJ has placed emphasis on developing programs and mechanisms to protect and empower women both within and around our operating locations. One such program is our female protection initiative at our subsidiary on Belitung Island, SMM, which we presented at the Indonesian Palm Oil Association (GAPKI) workshop in October 2022, which focussed on protecting female workers on palm oil estates.



→ Socialization of gender committee activities plan in SMM

The initiatives included in our female protection and empowerment scheme at SMM were cooking and art competitions, tree planting with the conservation team, establishing libraries and children's reading groups, teaching women to make eco-enzyme and correctly sort waste, and maintaining health monitoring and promotion systems. Our initiatives are carefully evaluated during monthly coordination meetings to ensure that we continue to meet our aims and that no woman goes unheard or is left behind.

We hope that as our company grows, we can continue to promote gender equality and enhance the lives of women in rural Indonesia, who are too often pushed to the margins of society. By continuing and expanding our empowerment programs, we see a future where more women and girls feel confident to take control of their lives and seek opportunities to fulfil their potential.



→ Tree planting activity with the conservation team involving women and children

## PROTECTING THE RIGHTS OF WORKERS AND CHILDREN



→ A nanny looks after the children at the Daycare Center in ANJA Siais

**We understand the possibility of forced and child labor in our operations and those of our suppliers. Considering that the enforcement of standards on the ground can be difficult to maintain, there is also a risk of worker exploitation. Thus, we place an emphasis on ensuring that labor rights are upheld throughout all of our operations. (408-1, 409-1)**

In accordance with RSP0 and ISPO principles and standards, our Sustainability Policy prioritizes the protection of human rights, labor rights, and children's rights. In all of our operations, we refer to and adhere to applicable labor laws and international treaties. We do not tolerate child labor, any form of child exploitation, or forced labor. (408-1, 409-1)

These obligations also apply to our suppliers and contractors, who are obligated to abide by our Sustainability Policy and comply with its provisions. Suppliers and vendors must make every effort to adhere to the Company's guiding principles and methods. This is detailed in all contractors' Work Agreements and examined as part of their contractual rights and responsibilities. (408-1, 409-1)

## Labor Rights and Freedom of Association

We fully comply with prevailing Indonesian labor laws, most recently updated in the Law on Job Creation (UU Cipta Kerja). In accordance with Indonesian labor regulations, which are further detailed in the Company Regulations, we protect workers' rights equally and without discrimination. Freedom of association is guaranteed in all of our operations, and we support each employee's right to form unions and engage in collective bargaining. We have collective bargaining agreements in place that cover all of our Group's employees. A Collective Labor Agreement (CLA) exists at SMM and, from 2022, at ANJAS, which is renegotiated every two years between management and employees. We have Company regulations in other subsidiaries that are revised every two years based on input from employee representatives. Internal and external audits as part of RSPO, ISPO, and ISO certification, as well as quarterly inspections by the local government in each estate, are in place to ensure that workers' rights are respected in accordance with applicable regulations. The Manpower Agencies or the Ministry of Manpower and Transmigration register and authorize Company regulations and the CLA. (2-30, 407-1)

To make sure that our employees fully understand their rights and obligations, we hold information sessions about Company regulations, including workers' rights and obligations, on a regular basis to ensure that workers

understand their rights and obligations. AKAD (Antar Kota Antar Daerah, or inter-regional workers program) employees, are given detailed information about their jobs and the working conditions in our estates before they leave their home cities to join us. (407-1)

Most of our workforce (93%) consists of laborers due to the labor-intensive nature of the business in which we operate. Following labor regulations, each of our subsidiaries has a bipartite joint committee named LKS Bipartit to facilitate labor relations between the Company and labor union and non-union worker representatives. Workers are able to voice their opinions, concerns, and aspirations to management through the LKS Bipartit, which are then discussed in monthly meetings. Beyond meeting regulatory requirements, our LKS Bipartit has grown to become a very effective means of two-way communication between the Company and employees. For instance, it is involved in various programs, such as safety awareness or health promotion programs, as well as employee engagement activities.

As of 2022, there were nine LKS Bipartit with a combined total of 202 administrators, members, and union representatives. To ensure that women are represented in the LKS Bipartit, each estate must have at least one female worker sitting as a member.



→ A harvester carries fresh fruit bunches using a wheelbarrow

## Prevention of Forced Labor and Child Labor

We have established rules and regulations to prevent child labor and protect workers from exploitation and abuse. In line with prevailing regulations, we apply a maximum of 40 hours of work each week, which is comprised of either eight hours per day over five working days or seven hours per day over six working days. Wages are paid every 26<sup>th</sup> day of any month for our staff and the first week of the following month for non-staff employees. If that day is a holiday or is on the weekend, wages are paid on the last working day before that date. In accordance with the Company Regulations and/or the Collective Bargaining Agreement, some types of employees who are permitted to work overtime receive additional work benefits for any extra hours worked, in accordance with labor regulations on overtime. (409-1)

The LKS Bipartite, the Gender Committee together with Human Resources Department regularly disseminate an internal memorandum about the protection of human rights and the prohibition of child labor in all of our working areas. Managers and leaders on the ground are reminded that they are responsible for enforcing this letter and will be punished severely if violations occur under their watch.

The minimum age for employment in all of our businesses is 18 years old. During the hiring process, we employ stringent age verification measures to ensure that this minimum age is adhered to. Our employee database contains information regarding age and birth dates. All employees must present identity documents and diplomas. We also take stern action against recruitment officers who violate the stated regulations during the recruitment process. (408-1)

Our internal memorandum on the Prohibition of Child Employment prohibits parents from bringing children into our estates during school holidays or at any other time, even if they are not working or assisting their parents. Estate administrators monitor and prevent children from entering our estates. In addition to monitoring and reporting directly to the person in charge of child protection at the head office, local representatives for gender and child safety in each estate make sure that the organization is aware of child protection issues. (408-1)

To guarantee that parents are able to continue working, we provide daycare (Rumah Penitipan Anak) in all of our units except in Southwest Papua, complete with caregivers and playgrounds, so that parents may leave their children in a safe environment while they work in our estates. In Southwest Papua, daycare facilities are not yet needed because our workers there do not bring their families, including their children, to our operational sites due to the remoteness of the area and the lack of infrastructure. However, we have programs to improve early and primary education facilities in the villages surrounding our estates. We aim to provide access to early and primary education facilities for children of workers to prevent them from accompanying their parents to plantations. Our target is to have these facilities accessible to children in all of our operating concessions by 2027. (408-1)

In 2022, we have detected no cases of child labor or forced labor due to the implementation of these safeguards. (408-1, 409-1)



### FEATURE STORY

#### LKS Bipartite

The Bipartite Joint Committee (Lembaga Kerja Sama Bipartit - LKS Bipartit) is a communication and consultation platform that connects employees and employers to ensure that industrial relations are well-managed and facilitates discussions around workers' rights and well-being. In 2003, the Indonesian Government mandated that companies with more than 50 employees form an LKS Bipartite, with a 1:1 ratio of employees to employers.

The LKS Bipartite, aside from ensuring employee rights, empowers workers to take ownership of their workplace and working conditions. The platform allows for an ongoing and respectful discourse around employee ambitions, wishes, and concerns. If the key facets of the LKS Bipartite are implemented

correctly, grievances are effectively addressed, and the employees' wishes are integrated into the workplace with mutual benefit.

ANJ has long observed this approach, with our people appreciating the benefits of such a forum for maintaining harmonious, democratic relationships within the Company. We also see it as a complementary platform to our whistle-blowing systems (Berani Bicara).

Each of ANJ's operating sites has an LKS Bipartite, with the first being formed at ANJAS in 2008. At every location, the forum meets monthly to discuss aspirations, complaints, and other topics of contention. We aim to resolve all concerns raised promptly and efficiently, ensuring that each case is handled individually and appropriately.



## FEATURE STORY



→ Socialization of LKS Bipartite program in PPM to all workers

The importance of LKS Bipartite members cannot be understated. Their continued efforts to maintain the forum are essential to providing optimal working conditions, upholding positive communication, and facilitating productivity. To support their work, ANJ allocates a portion of the annual budget towards training programs for the LKS Bipartite members.

This year, one of our operating sites in West Papua, PPM, was recognized for the excellent performance of its LKS Bipartite forum. PPM was awarded first prize for its provincial-level activities in South Sorong and received the LKS Bipartite award from the Ministry of Labor of the Republic of Indonesia for its devotion to the values of the forum. In marking this outstanding achievement, the representative of the South Sorong Labour Division said –

*“LKS Bipartite PT PPM has fulfilled all the assessment criteria required by the West Papua Provincial Manpower Office in 2022. PT PPM actively sends reports each semester where we can see various positive programs carried out, including promptly and efficiently resolving issues raised by staff to maintain harmony between employees and the Company.”*

The LKS Bipartite Award requires broad integration and implementation of the necessary employee benefits. The essential components that all companies that are to be considered for the award must demonstrate are an employee pension scheme and an accident, life, and health insurance scheme. The award also evaluates workers’ participation in social security, which is considered an absolute right of workers and a fundamental obligation for employers to provide.

Companies who engage with the LKS Bipartite Award must present a compulsory employment report outlining employee demographics, waste management, bonuses, Company facilities, including those to protect occupational health and safety, and the employee training program, if applicable. Employers must, additionally, provide proof of working conditions and detail the mechanisms in place that regulate and monitor compliance with best practices at each level of the Company. Finally, companies are required to report on several indicators of employee engagement and any platforms for raising grievances or concerns.

Another ANJ subsidiary, SMM in Belitung Island was also awarded first prize for its LKS Bipartite activities at the provincial level in 2022. The LKS Bipartite at SMM is founded on community, with our engagement revolving around informal and inclusive activities such as badminton tournaments and cooking competitions. SMM and its employees also run the community development programs in Belitung, such as the floating paddies initiative and the edamame cultivation program.

By involving our employees in community development and engagement, they are given a sense of ownership of their craft and expertise, which they can then share with others through a safe and respectful forum. The head of the East Belitung Labor Department of Cooperatives and Small Enterprises heralded SMM’s LKS Bipartite activities, stating:

*“This is an extraordinary achievement and clear evidence that PT SMM has carried out industrial relations correctly.”*

## PROTECTING THE HEALTH AND SAFETY OF OUR WORKERS

We prioritize the health and safety of our employees and contractors. Occupational health accidents and incidents can harm our people, and, for this reason, we do all we can to mitigate risks. Accidents and injuries will also have a negative effect on the Company's reputation that may result in uninsured losses. Furthermore, work accidents involving the surrounding community may cause unrest or demonstrations that pose a security risk to the business. Hence, our objective is to reduce the risk of workplace accidents and incidents, with the ultimate objective of achieving zero work-related accidents and ill health across all of our subsidiaries and properties.

In accordance with government regulation for enterprises of our size, we have an Occupational Health and Safety (OHS) management system in place, built around the risks identified in the workplace comprised of a hierarchy of policies, plans, associated SOPs and programs. Our Occupational Health and Safety (OHS) management system encompasses activities performed by all 9,558 of our employees. This system also applies to all of our contractors and contract workers whose job and workplace are under our supervision, as well as guests that visit our facilities. The OHS management system also oversees activities that occur away from our locations, such as travel and transportation. (403-1, 403-8)

To guide the application of our OHS system, internal regulations, Standard Operating Procedures (SOPs), and Work Instructions govern all activities with high health and safety hazards. Our OHS management system follows international standards and guidelines, such as ILO, ISO 45001 standard for OHS management systems, ISO 31000 risk management standards, and government requirements on health and safety. Our system is regularly audited against these standards as well as the Indonesian government's SMK3 (Sistem Manajemen Kesehatan dan Keselamatan Kerja or Occupational Health and Safety Management System) standard. (403-1)

All of our producing palm oil and sago units completed internal audits, while ANJA, ANJAS, SMM, and KAL underwent external OHS audits. Hence, 93% of our employees are covered by an internally audited OHS management system, whereas 72% employees are covered by an externally audited system. Our edamame

unit, GMIT, has received the ISO 22000 standard for food safety, which includes workplace health and safety requirements. An external, impartial party conducts an annual surveillance assessment for ISO 22000 compliance at GMIT. (403-8)

Activities beyond our direct supervision and control, such as those of our indirect smallholder FFB suppliers, are not covered by our system, although we promote health and safety principles to them. Our large contractors are contractually obligated to adhere to our health and safety standards, have an Environmental, Health, and Safety (EHS) strategy, assign an EHS officer, sign a Letter of Commitment (LOC), and participate in our regular safety meetings. Safety statistics of our vendors and suppliers are recorded to evaluate their performance. Vendors and suppliers of hazardous goods and materials, and items with health and safety consequences are contractually obligated to comply with applicable regulatory requirements, certifications, and standards. (403-7)

Employees are routinely involved and consulted in the development, implementation, and evaluation of our OHS management system. This involvement becomes a forum for raising awareness, debating, and reflecting on health and safety performance, audit results, lessons learned, and any other facet of our OHS system. This procedure is outlined in pertinent SOPs, particularly our SOP on external and internal consultation, involvement, and communication.

Workers and contractors are contractually required to adhere to the OHS policies and procedures. They may also deny work for safety reasons in compliance with current legislation and ISO 45001. We guarantee no retaliation if an employee refuses to work due to unsafe working conditions and/or reports unsafe working conditions, and we will take appropriate action to analyze and mitigate the identified risks. Workers can report their health and safety concerns to the EHS Department, as well as any harmful behavior or hazardous circumstances they notice. Individuals can choose to file the reports anonymously. The procedure for reporting OHS issues and occurrences is outlined in our incident management SOP. (403-2, 403-4)

## Building a Safety Culture

We strive to create a culture in which employees are held accountable and take personal responsibility for their own and others' safety. We feel that worker awareness and safety culture are still the most important factors influencing our overall safety performance. Increasing health and safety knowledge among thousands of employees from various cultural and educational backgrounds across all of our locations is a constant, challenging endeavor. Employees and workers are fully involved, consulted, and informed about controlling hazards and risks in the workplace to build a health and safety culture in our company. There is always space for growth in changing our staff's mindsets and actions to ensure they operate properly, which is why we invest in training and awareness building exercises. Furthermore, our company also runs several programs involving all relevant parties, especially our EHS staff, to increase daily observations to identify and reduce unsafe conditions and unsafe acts that may occur on the ground. Reducing unsafe conditions and acts can decrease the probability of incidents and work accidents. The observations are also expected to build awareness about safety as an effort to nurture a safety culture. We have carried out a health and safety culture transformation program in ANJAS as a pilot project. In the future, we plan to scale up and organize similar programs in our other subsidiaries.

We raise employee knowledge of health and safety issues through pamphlets, safety signs and presentations, information workshops, and training and inductions. Safety campaigns are regularly organized to promote specific health and safety themes that are updated frequently. These initiatives include information roadshows, promotion posters, booklets, and safety conversations, among other things.

General health and safety training is required and organized on a regular basis for all employees, including at their induction and the first year of employment. Specialized safety training and procedures in mechanics, electrical, chemical, construction, first aid, transportation, and emergency management and reporting are also provided to appropriate employees and workers, based on the hazards and risks they face on the job. When it comes to certification training, the EHS department develops training, safety drills, and simulations, which are then delivered by internal or external trainers, or accredited external trainers. (403-5)

In compliance with existing regulations, each of our subsidiaries has a Health and Safety Committee Supervision Body (Panitia Pembina K3/P2K3) that is registered with the local government's Manpower Agency. The Committee is made up of management and at least six members who sit on behalf of all employees. It is responsible for giving health and safety advice and considerations, as well as collecting and analyzing health and safety performance data. The committee, in addition to the Bipartite Forum (Lembaga Kerja Sama/LKS Bipartit) and the Whistleblowing System (Berani Bicara), serves as an outlet for employee grievances, concerns, criticism. Further activities include advising the OHS programs. The EHS Department monitors the Health and Safety Committees, which are overseen by the Chairman of the P2K3, who are General Managers or Senior Managers. The committee meets once a month and reports to the Manpower Agency and Ministry of Manpower on a quarterly basis. (403-2, 403-4)

## Managing Health and Safety Risks

We assess health and safety hazards using the Hazard Identification Risk Assessment and Risk Control (HIRARC) technique for routine tasks and the Job Safety Analysis (JSA) method for non-routine tasks. Annually, as well as when incidents or accidents occur or a new high-risk activity is identified, we conduct and review our assessment. It is assisted by qualified health, safety, and risk management professionals from our EHS Department and executed by HIRARC-trained field supervisors. Management reviews the HIRARC paper and communicates outcomes to staff. (403-2)

The principal high-risk work activities in our estates, as identified by our HIRARC assessment, are listed in Table 30. Our OHS management plans and safety performance objectives highlight these high-risk activities. To manage risks, we apply a hierarchy of controls, as described below. Any incident or accident must be reported by the unit leader within 1 x 24 hours. The severity of the occurrence will subsequently be used to inform the need to form an Investigative Team. Members of management, subject-matter experts, environmental, health, and safety specialists, and outside parties may all be included in the inquiry team. There is a conference once the inquiry is over to examine the findings, assess them, and determine what caused the issue. Several suggestions for future action are then gathered from this exercise. (403-9)

Table 30. High-Risk Work Hazards and Controls (403-9, 403-10)

Hazardous Activities at ANJ Estates	Type of Hazard	Location	Elimination, Substitution and Engineering Controls	Administrative Controls	Personal Protective Equipment (PPE)
Harvesting of FFB	Injury, crushed by FFB	Estate	<ol style="list-style-type: none"> <li>1. Modification of "Egrek" or "Dodos"</li> <li>2. Safer harvesting position</li> </ol>	Awareness-raising and training	Boots, safety goggles and safety helmets
Mixing of chemicals (pesticides/herbicides)	Inhalation, splashing, ingestion of chemicals	Estate	<ol style="list-style-type: none"> <li>1. Use of manual pump/agitator</li> <li>2. Use of low-risk chemical</li> <li>3. Mixing carried out outdoors</li> <li>4. Use of beneficial microbes and biological control to reduce or substitute the use of pesticides or herbicides</li> </ol>	Awareness-raising and training	Boots, safety goggles, respirators, rubber gloves and aprons
Harvesting near power lines	Electric shock	Estate	<ol style="list-style-type: none"> <li>1. Remove oil palm trees growing near power line (radius of minimum 10 meter or based on site assessment)</li> <li>2. Use of double insulator material on the Egrek grip</li> <li>3. Egrek knife sheath made of insulator material</li> </ol>	<ol style="list-style-type: none"> <li>1. Awareness-raising, training and supervision during work</li> <li>2. Working permit</li> <li>3. Putting danger signs on trees</li> </ol>	Boots, safety helmets and cottongloves
Welding and cutting	Electric shock, burning	Central Workshop & Transportation	<ol style="list-style-type: none"> <li>1. Installation of "local exhaust"</li> <li>2. Adding insulator cover material on the welding transformer</li> <li>3. Modify the connection of power from/to the welding panel/transformer</li> </ol>	<ol style="list-style-type: none"> <li>1. Welding and cutting permit</li> <li>2. Awareness-raising, training and supervision during work</li> </ol>	Safety shoes, welding goggles, leather gloves and aprons, fire blankets
Working at heights	Falling or crush injury	Mill	Installation of platform/ladder/scaffolding	<ol style="list-style-type: none"> <li>1. Working at heights permit</li> <li>2. Awareness-raising, training and supervision during work</li> </ol>	Safety shoes, safety helmets, and full-body harness
Working in restricted spaces	Lack of oxygen, poisoning, cold, overheat	Mill	<ol style="list-style-type: none"> <li>1. Installation of ventilator/blower</li> <li>2. Installation of manhole/emergency exit</li> <li>3. Installation of alarm</li> </ol>	<ol style="list-style-type: none"> <li>1. Entry permit and gases check</li> <li>2. Warning signs</li> </ol>	Safety shoes, safety goggles, special clothes, and respirators
Working in power plant (generator, boiler)	High noise, electrocution	Mill	Installation of piping insulation and glass wool	<ol style="list-style-type: none"> <li>1. Awareness-raising, work authority</li> <li>2. Warning signs</li> </ol>	Safety shoes, ear plugs, helmet
Travelling (by car, helicopter, airplane, boat)	Collision, falling, drowning	All operations	Inspection and maintenance	Safety briefings, quality controls, safety training, a special driving license (KIMPER) for drivers	Safe vehicles, seat belts, hearing protection, safety vest
Working in areas with heavy equipment/vehicles	Collision, crushing, squeezed	All operations	<ol style="list-style-type: none"> <li>1. Heavy equipment and vehicles use alarm buzzers when operating</li> <li>2. Presence of helpers operators/traffic managers</li> </ol>	<ol style="list-style-type: none"> <li>1. Tool Box meeting before work</li> <li>2. Warning signs/safety lines</li> <li>3. Special permits for operators (SIO/KIMPER)</li> <li>4. Employee induction</li> </ol>	Helmets

One of the main focus of our Research and Development department is promoting the use of beneficial microbes and biological controls to reduce or substitute the use of chemical pesticides or herbicides, particularly from the risk of mixing the chemicals. Implementing these methods are safer for people and the environment, and can effectively reduce the amount of chemical usage in our estates.

The Environmental Health and Safety (EHS) Department is accountable for overall health and safety. The department has competent and trained individuals at Head Office and EHS officers at each business unit to monitor safety and compliance at the estate level, who help in providing safety briefings for estate workers, and execute safety exercises. EHS Representatives are appointed at each of our locations to assist the EHS Officer in conducting regular inspections, reviewing health and safety risks and hazards, formulating appropriate mitigating actions, and documenting these actions in standard operating procedures.

Our health and safety performance statistics are recorded in accordance with the regulations of the Ministry of Manpower and Transmigration. Accidents at work are documented and classed as Lost Time Injury (LTI), Occupational Disease (OD), Fatality (FAT), First Aid, and Medical Treatment Case (MTC). Injury rates are calculated based on one million hours worked, with 24,595,049 hours worked this year.

All employees and contractors at our estates and offices are covered by our records. Obtaining complete and reliable records of our contractors' safety data, on the other hand, remains complicated, and we do not include their data in our tables to avoid erroneous reporting. However, serious cases involving contractors are usually recorded. In 2022, we had one serious accident involving a contractor that resulted in a fatality. We have no records of work-related ill health or occupational disease in this reporting period. (403-9, 403-10)

**Number of Fatalities, Injuries, and Medical Treatment in 2022 (403-9)**



Notes: (\*) There was one case of fatality of a contractor occurring in 2022. Contractor data are not yet included in our safety records.

**Table 31. Work related Injuries, per million hours worked (403-9)**

	2022	2021	2020
<b>TOTAL RECORDABLE INJURY RATE</b>	<b>1.30</b>	<b>1.81</b>	<b>3.35</b>
West region	1.01	1.69	1.96
Male	0.85	1.49	1.80
Female	0.16	0.20	0.16
East region	2.26	2.25	10.18
Male	2.26	2.10	9.60
Female	0	0.15	0.58
<b>LTI FREQUENCY RATE</b>	<b>0.53</b>	<b>0.57</b>	<b>0.55</b>
West region	0.53	0.60	0.39
Male	0.48	0.56	0.39
Female	0.05	0.04	0

PEOPLE

	2022	2021	2020
East region	0.52	0.45	1.34
Male	0.52	0.45	1.34
Female	0	0	0
<b>LTI SEVERITY RATE</b>	<b>4.73</b>	<b>61.53</b>	<b>196.87</b>
West region	5.59	4.27	1.29
Male	5.43	4.03	1.29
Female	0.16	0.24	0
East region	1.92	274.69	1,155.74
Male	1.92	274.69	1,155.74
Female	-	0.00	0.00

Notes:

1. Total Recordable Injury refers to recordable injuries and diseases, excluding fatalities.
2. Lost Time Injury Frequency refers to the total number of lost time accident cases.
3. Lost Time Injury Severity refers to the total number of lost days.
4. Rates are calculated per one million hours worked.

Recorded Injuries and Incidents (403-9)

<b>TOTAL INJURIES</b>	<b>2022</b>	<b>32</b>	<b>2021</b>	<b>57</b>	<b>2020</b>	<b>104</b>
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Category	2022	2021	2020
Medical Treatment Case	19	39	86
Lost time injury (LTI)	13	18	17
Fatality	0	0	1
Occupational Disease	0	0	0

<b>TOTAL INCIDENTS</b>	<b>2022</b>	<b>7</b>	<b>2021</b>	<b>7</b>	<b>2020</b>	<b>1</b>
------------------------	-------------	----------	-------------	----------	-------------	----------

Category	2022	2021	2020
Environmental Pollution	2	2	0
Property Damage	5	2	0
Traffic Incident	0	0	0
Fire Incident	0	3	1

Notes: The recorded environmental pollution and fire incident cases are not major cases, there is no loss of life, no disabling injury, the impacts are well below USD 1 million, and no grievance reported.

## Our Health Services and Facilities

Health services are an essential component of our OHS management system. We have seven major clinics and five support clinics, with six doctors, nineteen nurses, and twenty six midwives on staff. The clinics not only provide occupational medical services and emergency care, but also high-quality general healthcare services, such as maternal care and daycare, to our personnel, their families, and the surrounding community. Because we work in rural areas with limited access to basic medical services, these clinics are critical to the health and well-being of our employees. (403-3)

In addition to providing medical services, our health workers are critical in recognizing and addressing occupational hazards that may jeopardize our employees' health. First aid training, the purchase of needed medicines and first-aid kits, and canteen inspections are among the initiatives. During the COVID-19 pandemic, they also actively promoted a healthy lifestyle by raising awareness about excellent nutrition, cleanliness, and infection prevention guidelines. (403-3, 403-6)



A doctor in our operating area at ANJA Siais, checking a patient's heart rate at the ANJA Siais clinic



→ An employee gave the BPJS card to the nurse at our clinic at PMP

During the COVID-19 pandemic, we supported the government's vaccination campaign since we understand its significance for ending the spread of the virus. In the early stages of the pandemic, COVID-19 task forces were established in workplaces and estates to help enforce health procedures and guarantee discipline among staff. Our clinics played a critical role in our COVID-19 response mechanisms. In addition to rapid test kits and medical gadgets including oximeters, thermometers, and oxygen tanks, our clinics focused on prevention by spreading knowledge and encouraging healthy lifestyles. Clinics aided rehabilitation by isolating affected workers and their families and providing them with treatment and support. Finally, when infections emerged, our clinics performed contact tracing to assist stopping the spread of the virus. By coordinating with local authorities, our clinics have hosted COVID-19 vaccination sessions in support of the vaccine campaign.

As part of their employment benefits, all of our permanent employees are covered by the mandated government health insurance program (Badan Penyelenggara Jaminan Sosial Kesehatan or BPJS Kesehatan) as well as private health insurance. By lowering the related financial constraints, our health insurance coverage serves to make medical treatments more accessible to our employees and their families. All workers receive regular medical check-ups. Once a year for those over 40 years old and once every two years for others. Additionally, workers who work in jobs that may pose a risk to their health receive special medical checkups. Based on medical checkup results and doctor recommendations, the type of jobs and activities that a worker is assigned may be adjusted to protect their health. (403-3, 403-6)

# ENGAGING AND EMPOWERING LOCAL COMMUNITIES

Our local communities are an important part of our sustainability journey. Our palm oil, sago, and vegetable operations are located in rural, peripheral, and remote areas. These areas have fewer economic opportunities, lack of public service delivery, and insufficient public infrastructure. As a result, their livelihoods are vulnerable to the socioeconomic transformation and influence that our company's presence brings. It is critical that we minimize and control negative repercussions to the greatest extent feasible, while simultaneously ensuring that positive outcomes are enhanced through community empowerment and development programs.

We commit to involving and empowering our surrounding communities, as well as listening to and resolving their issues and respecting their rights. We make every effort to cultivate strong ties with local stakeholders and to be socially responsible in everything we do. We are committed to remedying all grievances, complaints and concerns received regarding the impact of our operations, in line with RSPO standards.

We are dedicated to upholding the rights of local communities. Agribusiness operations generate risks to local populations related to land acquisition and conflict, unequal working conditions, exploitation and forced labor, child labor, and violence. Our Sustainability Policy protects the human rights of all stakeholders affected by our operations, as outlined in the Universal Declaration of Human Rights. By facilitating functional and accessible grievance channels in all of our estates, we also enable local communities to directly express their grievances and concerns. [413-1]

## Assessing Our Impacts on Local Communities

We conduct Social Impact Assessments (SIA) at each of our operations to better comprehend the actual and potential negative impacts of our activities on local communities. These evaluations provide a comprehensive analysis of the demographic, and the cultural and social characteristics of each of the communities surrounding our operations. They provide insights that assist us in determining how to mitigate future conflicts and other adverse effects. In compliance with RSPO standards, SIAs are conducted in each estate at the start of operations, and the results are evaluated at least once every two years. [413-1]

We also carry out Social Mapping to gain a clear picture of the local community's social situation. We acknowledge that each community has unique social conditions, concerns, and demands. Social Mapping is useful for offering program recommendations to minimize or mitigate negative outcomes that are unique to each community's social conditions. We plan to conduct social mapping every four years and evaluate mapping findings annually. Both the SIA and Social Mapping studies are conducted by external parties acting independently. [413-1]

Additionally, we conduct an Environmental Impact Study (*Analisis Mengenai Dampak Lingkungan*, or AMDAL) before commencing operations at each of our locations. This study includes a social impact assessment, in accordance with Indonesian regulations. The AMDAL study comprises environmental impact monitoring and management plans (*Rencana Pengelolaan Lingkungan dan Rencana Pemantauan Lingkungan*, or RKL/RPL) as well as a public engagement procedure to verify and confirm its conclusions. [413-1]

We directly gather community perspectives through Focus Group Discussions (FGD) and informal conversations with local communities. These discussions provide additional details that supplement and confirm impact evaluations and social mapping research in a more direct, candid, and approachable manner. Local communities can provide feedback on the efficacy of our initiatives and provide suggestions for enhancing or expanding existing programs. The FGDs, typically involving twenty-five persons from diverse stakeholder groups, aim to collect comments and insights regarding our impacts and understand local community expectations and concerns. We carry out FGDs in our West Region at least once a year, while in our East Region, experience has shown us that a more informal and personal style of engagement is more effective and appropriate within the local cultural and social context. To get more information and validate the outcomes of the discussions, we conduct short surveys with at least 30 respondents in each of our estates.

Based on all of the above, we have identified actual and potential negative impacts of our operations, as described in Table 32 below.

**Table 32. Significant actual and potential negative impacts on local communities (413-2)**

Actual/Potential Negative Impacts	Location	Description
Conflict and unrest related to plasma and partnership programs	ANJAS, KAL, SMM, PPM, PMP	Potential social conflict, unrest, and/or jealousy within the community as well as between the community and the Company due to the plasma program
Conflict over land ownership and ownership boundaries	PPM, PMP, ANJAP	Social conflicts in the community due to unclear land ownership boundaries during land acquisition and compensation
Conflicts and complaints about operational impacts	SMM	Complaints that Company activities have caused environmental or social issues
Expectations and dependence on Company programs and donations	ANJA, ANJAS, KAL, SMM, PPM, PMP	High expectations to receive jobs, community development programs, and/or donations from the Company, potentially causing conflicts when they are not provided
Infrastructure damage	KAL, ANJAS	Damaged roads used by employees to and from estates, as well as by the local community
Uncontrolled land and vegetation fires	ANJA, ANJAS, SMM, KAL, PPM, PMP, ANJAP	Wildfires causing economic and public health impacts to local communities, as well as ecosystem damage

## Respecting the Rights of Local Communities

We recognize that local communities' land rights are intrinsically tied to their ability to survive. Land acquisition is a crucial aspect in developing plantations, which can lead to conflict with local populations over village or property boundaries and land use rights of individuals and communities. To ensure that our land acquisition process is conducted fairly and transparently, we have implemented FPIC (Free Prior Informed Consent)-based protocols for the acquisition of new land. The procedure requires extensive interaction with local communities, community leaders, and local governments to guarantee clarity for all parties prior to commencing any development. [2-25]

This technique of engagement enables us to form relationships with the communities surrounding our operations and to determine how our developments can contribute to the enhancement of the local community's well-being. Any person or community with existing land use rights may reject to transfer those rights to ANJ in exchange for the provided compensation. For land acquisition and development activities to proceed, FPIC from affected local populations is a necessary requirement.

In 2022, our operations did not result in any violations of the rights of local communities, including tribal and traditional communities. We have received a total of 39 community complaints in 2022, 11 of which were from the East Region. By year's end, 33 of these complaints have been settled and the remaining 6 are in progress.

## Communication and Engagement with Local Communities

Typically, official community engagement occurs through stakeholder meetings, information sessions, dialogues, and public consultations. When executing Community Involvement and Development (CID) initiatives, Responsible Development (RD) projects, or capacity building activities, we interact frequently with communities. Each of our business units conducts at least one annual meeting with stakeholders. These socialization methods offer us the chance to update local communities on our projects, discuss CID initiatives and the plasma program with them, address their problems and grievances, and provide clarifications and answers to inquiries. Typically, smallholder farmers, community members and leaders, representatives from local government offices and agencies, and our representatives attend these gatherings. We continually revise our analysis of stakeholders based on these techniques of engagement. [2-29]



→ A CID staff member is receiving a visit from local communities in our area of operations in Papua

All of our estates are equipped with a Grievance Mechanism and its independently verified standard operating procedure, allowing local communities to voice their complaints in person, by e-mail, or by telephone. Each grievance will generate an entry in the grievance log that may be followed to validate claims, resolve issues, provide verification results, list activities taken, monitor response delivery to the stakeholder, and track subsequent actions. According to our grievance procedure, all complaints must be investigated within fourteen days of receipt. To enhance our grievance management and response to complaints, we have established a stakeholder and grievance database for use within our organization. This will facilitate the internal recording, review, and supervision of grievances and their subsequent handling.

To monitor and evaluate the efficacy of our efforts or initiatives with local communities, we employ multiple evaluation mechanisms, including a monthly coordination performance review in which issues, challenges, and opportunities for improvement in the implementation of local community programs are discussed. The top management and estate General Managers meet once a month to discuss issues that cannot be addressed at the estate level and require decisions from higher management.

At the biweekly AELT meeting, especially for critical issues, progress reports on local community activities are examined and discussed, along with any noteworthy issues. During its quarterly meetings, the Sustainability Committee reviews and evaluates Responsible Development programs, as well as local community activities. Program objectives, duration of the initiative, costs, number of beneficiaries, area coverage, program quality, implementation procedure, and successes are evaluated as indicators. In addition to these assessment procedures, the efficacy of local community programs is assessed via internal and external RSPO audits, specifically to examine management plans, improvement efforts, results, and the grievance register.

In general, our local community initiatives have been performing well in 2022. The community is becoming more self-sufficient in initiating programs, contributing ideas and inputs, and playing an active role in all aspects of program development, from planning to evaluation. They are also becoming more conscious of the value of collaboration. Because of the growing sense of ownership from the local community, our aim is to gradually shift towards achieving collective targets. Although this has not occurred uniformly across our corporate units, it is a positive start toward encouraging this similar achievement in all areas.



## FEATURE STORY



→ Two women are making edamame pie in Kampung Edamame kitchen

## Kampung Edamame

Kampung Edamame is one of ANJ's many responsible development projects that aim to empower communities around our operating sites. Initiated by the ANJ subsidiary, PT Gading Mas Indonesia Teguh (GMIT), Kampung Edamame helps the people of Klompangan Village in Jember Regency, East Java, to cultivate and process soybeans. Kampung Edamame acts to improve community welfare and collective socioeconomic status by teaching local people new skills and creating employment opportunities.

The program currently involves a group of thirteen women. While Kampung Edamame does not explicitly target women's rights, we believe that providing these women with the opportunity to work for their living, rather than follow the traditional path of solely tending to the home and children, has expanded their horizons and will likely have a positive impact on the lifestyle choices that others within the community make.

Through this program, the women have learned how to produce various soybean derivate products, such as edamame and mukimame, edamame that have been peeled and boiled. The soybeans processed by the women do not satisfy the export market certifications that GMIT must adhere to. Through processing these beans that would otherwise be discarded, we are not only providing communities with a new source of income but preventing biowaste accumulation – a significant contributor to greenhouse gas emissions.

Once the soybeans have been processed, the women at Kampung Edamame can make products, including snacks, such as crispy edamame, and drinks that include traditional herbal ingredients like ginger. These products are sold locally, providing a nutrient-dense and healthier alternative to mass-produced snacks. We also sell the products at larger online or physical markets, targeting consumers as far afield as the capital, Jakarta. Among the most popular products is the crispy edamame, which is in such high demand that the women at Kampung



## FEATURE STORY

Edamame have had to intensify their production and introduce new flavors, including garlic and chilli. In 2022, over 1.2 tons of crispy edamame was sold, equating to nearly IDR 145 million in revenue. This is a 138% increase from 2021 and provides a significant contribution to the monthly income of up to IDR 4 million that each woman receives.

Kampung Edamame has now received Halal certificates, which we hope will further expand the product's reach. Mrs Sartini, the head of the Office of Cooperatives and Small and Medium Enterprises (SMEs) in Jember, East Java, adds that 'the regional government of Jember is trying to export local products owned by SMEs to Malaysia. Moving forward, we hope this will serve as a bridge to bring local products to the world and offer the East Java Province Cooperative service an opportunity to engage with trade mission activities'.

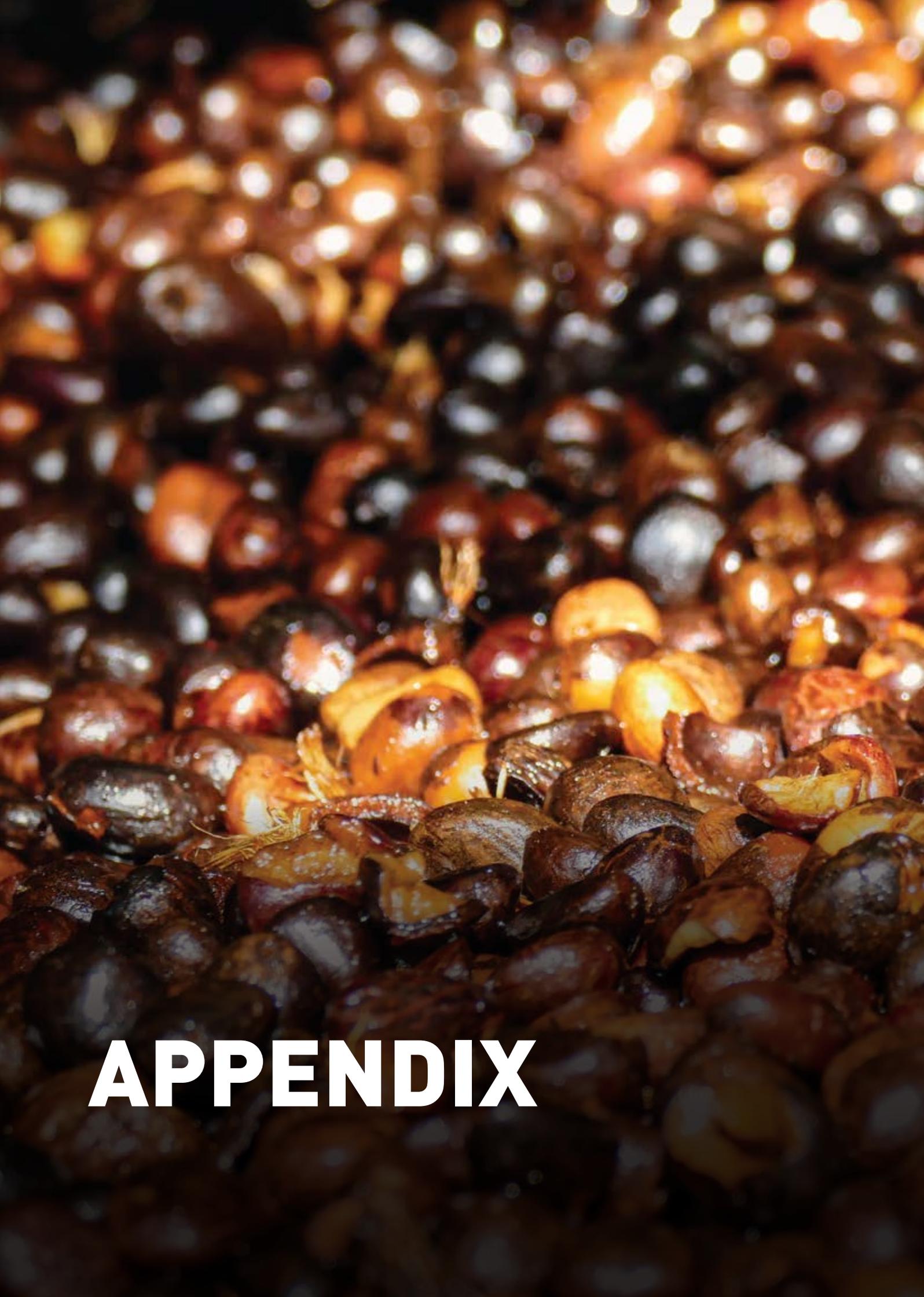
We observed an exciting development in 2022 when preliminary discussions were held around potentially selling Kampung Edamame products in California, USA, in cooperation with a third party. As Kampung Edamame grows, it has gained significant media attention, allowing the program to collaborate with several Instagram influencers – an excellent achievement for a small program in rural Java.

With increased recognition comes increased benefits for the women of Kampung Edamame. At the last assessment, the monthly income of those from Kampung Edamame was nearly twice the average for the Jember Regency, with numbers set to rise in coming years. As the program grows, we have gained further support from the local government, which now cherishes and actively engages with it on several platforms. Mrs Sartini sees significant potential for growth in the initiative and recommends ANJ explores alternative product avenues, such as milk and chocolate made with edamame.

Kampung Edamame is a shining example of responsible development. The program successfully addresses the three pillars of ANJ's sustainability ethos: people, planet and prosperity. The additional dimension of giving women the opportunity to make their own lives while maintaining a household and caring for their children is a fantastic benefit that we hope to replicate in more locations in the future.



→ Edamame Crispy is one of the products of Kampung Edamame



# APPENDIX



## APPENDIX 1

## INDEPENDENT ASSURANCE OPINION STATEMENT



## INDEPENDENT ASSURANCE OPINION STATEMENT

The 2022 Sustainability Report PT. Austindo Nusantara Jaya, Tbk

Statement No: 438/TRID-S03/IV/23

Type: 2

Level: Moderate

PT TUV Rheinland Indonesia is an independent entity with no financial interest in the operation of PT Austindo Nusantara Jaya, Tbk (ANJ or the Company) other than for the purposes of assessment and assurance of this report. PT. TUV Rheinland Indonesia does not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for, or in connection with, any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read. **This opinion statement is intended to be used by stakeholders and the management of ANJ.**

#### Scope Limitations of the Assurance

The scope of engagement agreed upon with ANJ includes the following:

1. Evaluation of the report against GRI Sustainability Reporting Standards (GRI Standards), especially on the seven material topics identified by ANJ Management and their stakeholders. The material topics are GHG Emissions and Carbon Footprint (sub-topics: GHG emission and energy efficiency, Waste recycling, Climate risk and adaptation), Protecting Forests and Biodiversity (sub-topics: Biodiversity and conservation, Deforestation, Water management, Fire prevention and management), Supply Chain Practices (sub-topics: Supplier environmental and social practices and Traceability), Working Conditions (sub-topics: Occupational Health and Safety, Training and education, Diversity and women's empowerment), Labor rights (sub-topics: Forced labor, Child labor, Freedom of Association), Local communities (sub-topics: Rights of local communities, Community Involvement and Development), and Prosperity and inclusive growth (sub-topics: Economic performance, Innovation and sustainable production, Socio-economic welfare and livelihoods).
2. A Type 2 Moderate Level of Assurance is used to evaluate the nature and extent of ANJ's adherence to all four AA1000 Accountability Principles (2018), namely **Inclusivity, Materiality, Responsiveness and Impact**, using AA1000 Assurance Standard (2008) with the 2018 Addendum.
3. Not to investigate data and information outside the reporting period.
4. The financial data provided by ANJ has been audited by independent parties and, therefore, presentation of financial data and information in the report is NOT within the scope of assurance.
5. Data on occupational health and safety, emission, and environmental indicator information has been audited by independent parties and is recognized by the government certification bureau. Notwithstanding the fact that one site has not been audited by an independent third party, we have confirmed its existence and accuracy.

## APPENDIX 1



### Opinion Statement

This report is assured by the sustainability report assurers' team in accordance with AA1000AS (2008) Principles with 2018 Addendum, AA1000AP (2008) Principles, and GRI Standards. Based on the information and explanations provided, we have received sufficient evidence to conclude that the ANJ Sustainability Report 2022 provides a fair and balanced representation of ANJ's sustainability performance during 2022. The GRI Standards has been applied and prepared in this Report. Based on the outcome of all the investigations conducted by our team according to our procedures, we conclude that the 2022 data presented by ANJ for all the performance indicators related to the material topics are reasonably represented and nothing has come to our attention that would cause us to believe that ANJ has not presented accurate and reliable data.

### Methodology

We conducted the assurance in accordance with the following assurance procedures and activities:

- A top-level review of issues raised by external parties that could be relevant to ANJ's policies to provide a check on the appropriateness of statements made in the report.
- Discussion with ANJ senior executives on ANJ's approach to stakeholder engagement.
- Interviews with staff involved in sustainability management, report preparation and provision of report information.
- Review of key organizational developments.
- Review of supporting evidence for assertions made in the reports.
- Evaluate the adherence of report content, disclosure and presentation against the standard principles, and indicators of AA1000AS (2008) with 2018 Addendum, AA1000AP (2018), GRI Standards and POJK51.

### Findings and Conclusions

The detailed review against AA1000AP (2018) for Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards is presented below:

#### Inclusivity

This report has reflected ANJ's continued commitment to its stakeholders, as engagement and participation of stakeholders has been conducted, and an accountable and strategic response to sustainability has been achieved. This report covers stakeholder issues together with fair reporting and disclosures of material topics and information. In our professional opinion, the report covers ANJ's application of inclusivity principles.

#### Materiality

ANJ presents sustainability information that describes the sustainability context as an Agribusiness Company. These data enable ANJ's stakeholders to make informed judgments about the company's management and performance. In our professional opinion, the report covers the organization's material issues by using ANJ's materiality matrix and boundary mapping.

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#### Responsiveness

ANJ has implemented management practice to respond to the expectations and concerns of its stakeholders. It includes communication on stakeholder expectations and different feedback mechanisms to external and internal stakeholders. In our professional opinion, the report covers ANJ's responsiveness to issues. Our inputs for the improvement of the report were adopted by ANJ before the issue of this opinion statement.

#### Impact

ANJ has made steps to identify, measure, monitor, and be accountable for how their actions affect their broader ecosystems including Environmental, Economic and Social aspects. In our professional opinion, the report covers ANJ's impacts on the broader ecosystems. Our improvement report inputs have been adopted by ANJ before the issue of this opinion statement.

#### In Accordance with GRI Standards

The Report is in accordance with GRI Standards where all disclosures of each material topic are presented and discussed in the Report. The management approach disclosure for each material topic in general is fairly disclosed.

#### GRI Standards Principles

The Management has applied the Principles for Defining Report Content (stakeholder inclusiveness, sustainability context, materiality, and completeness) and the Principles for Defining Report Quality (balance, comparability, accuracy, timeliness, clarity, and reliability). Supporting documents were adequately presented during the assurance work. When applicable, the report presents data and information clarification that is undisclosed due to Management discretion or system and data administration issues.

#### Energy and Emission Assessment

The energy and emission calculation presented in the report is computed based on the methodology chosen by ANJ. In our professional opinion, the calculation is fairly disclosed with total emission in Scope 1: 301,833 ton CO<sub>2</sub>eq, Scope 2: 4,340 ton CO<sub>2</sub>eq, and Scope 3: 25,501 ton CO<sub>2</sub>eq; and total renewable energy consumption of 122,370 GJ.

#### Achievements on Sustainability

- ANJ has set a target to reduce the gross GHG emissions intensity of its palm oil unit's operations without considering sequestration by 30% by 2030 compared to the 2015 baseline, and it has achieved gross GHG emission intensity from own operation of 7.97 ton CO<sub>2</sub>eq/ton CPO produced or a reduction of 6% by 2022.
- The GHG emissions intensity of palm oil units in 2022 is 0.77 ton CO<sub>2</sub>eq/ton CPO produced.
- 75% of ANJ's plasma and partnership suppliers are RSPO certified, 9 out of 12 cooperatives.
- 7 out of 12 (58%) of scheme smallholders cooperatives earns premium price from sustainable products sold by ANJ in 2022.
- Related to independent smallholders empowerment program, ANJ has organized 67 socialization programs attended by 595 smallholder farmers and related stakeholders in

## APPENDIX 1



2022.

- In 2022, ANJ has achieved a 99% traceability rate of FFB supplied by third parties.
- ANJ has set a goal to preserve water and optimize water use in ANJ's palm oil business by achieving 1m<sup>3</sup>/ton FFB processed by 2027. In 2022 ANJ's palm oil business is 1.088 m<sup>3</sup>/ton FFB and 5.41 m<sup>3</sup>/ton CPO.
- The total renewable energy ANJ consumes is 122,370 GJ, increasing by 14.4% compared to 2021.

**Statement of Responsibility of the Management of PT Austindo Nusantara Jaya, Tbk**  
The Management of ANJ has sole responsibility for preparing and presenting the Subject Matter in accordance with GRI Standards and preparing the Report in adherence to the AA1000AP (2018) Principles. ANJ's responsibilities also include maintaining effective internal controls over the information and data, resulting in the preparation of the Subject Matter in a way that is free from material misstatements.

**Statement of Responsibility, Competency, Independency and Impartiality of Assurer**  
Our responsibility is to plan and perform our work to obtain assurance statement over whether the Subject Matter has been prepared in accordance with the GRI Standard and reporting to ANJ in the form of an independent assurance conclusion, based on the work performed and the evidence obtained.

PT TUV Rheinland Indonesia is an independent professional services company that specializes in quality, environmental, health, safety, and social accountability with over 26 years of history. As part of the Assurer Team, the experts must understand the principles and standards of AA1000 Accountability, and also have experience in writing and reviewing sustainability reports and integrated reports.

PT TUV Rheinland Indonesia operates a certified Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PT TUV Rheinland Indonesia has implemented a Code of Ethics which meets the requirements of the International Federation of Inspections Agencies (IFIA) across its business which ensures that all our staff maintains integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities.

PT TUV Rheinland Indonesia has a number of existing commercial contracts with PT. Austindo Nusantara Jaya, Tbk's subsidiaries. Our assurer team does not have any involvement in projects with PT. Austindo Nusantara Jaya, Tbk outside those of an independent assurance scope and we do not consider there to be a conflict between the other services provided by PT. TUV Rheinland Indonesia and that of our assurer team.

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## APPENDIX 2

## GRI CONTENT INDEX

ANJ has reported the information cited in this GRI content index for the period from January 1, 2022 to December 31, 2022 with reference to the GRI Standards.

No	GRI Standard	Page	Notes	SDG Target
<b>GRI 2 UNIVERSAL STANDARDS: GENERAL DISCLOSURES (2021)</b>				
<b>The Organization and its Reporting Practices</b>				
2-1	Organizational details	3	Reported	8.1
2-2	Entities included in the organization's sustainability reporting	2	Reported	
2-3	Reporting period, frequency and contact point	2	Reported	
2-4	Restatements of information	2	Reported	
2-5	External assurance	2	Reported	
Activities and Workers				
2-6	Activities, value chain, and other business relationships	3	Reported	8.1; 9.3
2-7	Employees	87	Reported	8.3
2-8	Workers who are not employees		Information not fully available in current records. A large majority of our workers are employees.	
<b>Governance</b>				
2-9	Governance structure and composition	20,21,23	Reported	
2-10	Nomination and selection of the highest governance body	22	Reported	
2-11	Chair of the highest governance body	20	Reported	
2-12	Role of the highest governance body in overseeing the management of impacts	23	Reported	
2-13	Delegation of responsibility for managing impacts	23, 24, 54	Reported	
2-14	Role of the highest governance body in sustainability reporting	16	Reported	
2-15	Conflicts of interest	20	Reported	
2-16	Communication of critical concerns	28	Reported	16.6
2-17	Collective knowledge of the highest governance body	22	Reported	
2-18	Evaluation of the performance of the highest governance body	22	Reported	
2-19	Remuneration policies	22	Reported	
2-20	Process to determine remuneration	22	Reported	
2-21	Annual total compensation ratio	22	Reported	
<b>Strategy, Policies, and Practices</b>				
2-22	Statement on sustainable development strategy	16	Reported	
2-23	Policy commitments	16,77	Reported	
2-24	Embedding policy commitments	16	Reported	
2-25	Processes to remediate negative impacts	28,110	Reported	
2-26	Mechanisms for seeking advice and raising concerns	28,29	Reported	16.6
2-27	Compliance with laws and regulations	29	No significant instances of non-compliance	
2-28	Membership associations	29	Reported	16.7
<b>Stakeholder Engagement</b>				
2-29	Approach to stakeholder engagement	26,110	Reported	
2-30	Collective bargaining agreements	99	Reported	

No	GRI Standard	Page	Notes	SDG Target
<b>GRI 3 UNIVERSAL STANDARDS: MATERIAL TOPICS (2021)</b>				
3-1	Process to determine material topics	21	Reported	
3-2	List of material topics	17	Reported	
3-3	Management of material topics			
<b>List of material topics:</b>				
	GHG Emissions and Carbon Footprint	55-60, 63-65	Reported	7.2; 7.b; 9.4; 13.1
	Protecting Forests and Biodiversity	80-83, 68,69	Reported	15.1; 15.2; 15.3; 15.5; 15.7; 15.9
	Supply Chain Practices	38-41	Reported	8.3; 9.3; 12.7
	Working Conditions	102-107, 88-92, 93-96-	Reported	1.3; 5.1
	Labor rights	98-100	Reported	8.7; 8.8; 16.2
	Local communities	109-110	Reported	16.6
	Prosperity and inclusive growth	37, 42	Reported	
<b>GRI 200 ECONOMIC DISCLOSURES</b>				
<b>GRI 201 ECONOMIC PERFORMANCE (2016)</b>				
201-1	Direct economic value generated and distributed	37	Reported	8.1
201-2	Financial implications and other risks and opportunities due to climate change	53,54	Reported	13.1
201-3	Defined benefit plan obligations and other retirement plans	37	Reported	
201-4	Financial assistance received from government	37	Reported	
<b>GRI 203 INDIRECT ECONOMIC IMPACT (2016)</b>				
203-1	Infrastructure investments and services supported	42	Reported	6.1; 6.2; 9.1
203-2	Significant indirect economic impacts	42	Reported	8.3
<b>GRI 300 ENVIRONMENTAL DISCLOSURES</b>				
<b>GRI 302 ENERGY (2016)</b>				
302-1	Energy consumption within the organization	58	Reported	7.2; 7.b; 8.4
302-2	Energy consumption outside of the organization		Information not available, as we do not currently measure consumption outside of the organization	
302-3	Energy intensity	59	Reported	7.3
302-4	Reduction of energy consumption	60	Reported	7.3
302-5	Reductions in energy requirements of products and services	60	Not applicable	
<b>GRI 303 WATER AND EFFLUENTS (2018)</b>				
303-1	Interactions with water as a shared resource	90-93	Reported	
303-2	Management of water discharge-related impacts	91,93	Reported	6.3
303-3	Water withdrawal	91	Reported	6.4
303-4	Water discharge	91	Reported	6.3
303-5	Water consumption	81	Reported	6.4
<b>GRI 304 BIODIVERSITY (2016)</b>				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	71	Reported	
304-2	Significant impacts of activities, products, and services on biodiversity	69	Reported	
304-3	Habitats protected or restored	73,74,77	Reported	15.2; 15.3
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	74	Reported	15.5

No	GRI Standard	Page	Notes	SDG Target
<b>GRI 305 EMISSIONS (2016)</b>				
305-1	Direct (Scope 1) GHG emissions	57	Reported	9.4
305-2	Energy indirect (Scope 2) GHG emissions	57	Reported	9.4
305-3	Other indirect (Scope 3) GHG emissions	57	Partially reported, not all indirect emissions from our value chain is recorded	9.4
305-4	GHG emissions intensity	57	Reported	
305-5	Reduction of GHG emissions	54	Reported	
305-6	Emissions of ozone-depleting substances (ODS)	56	Reported	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	61	Reported	
<b>GRI 306 WASTE (2020)</b>				
306-1	Waste generation and significant waste-related impacts	63	Reported	
306-2	Management of significant waste-related impacts	64,65	Reported	12.4; 12.5
306-3	Waste generated	63,65	Reported	12.4; 12.5
306-4	Waste diverted from disposal	63,65	Reported	12.4; 12.5
306-5	Waste directed to disposal	63,65,66	Reported	12.4; 12.5
<b>GRI 308 SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)</b>				
308-1	New suppliers that were screened using environmental criteria	38	Reported	12.7
308-2	Negative environmental impacts in the supply chain and actions taken	38,39	Reported	12.7
<b>GRI 400 SOCIAL DISCLOSURES</b>				
<b>GRI 403 OCCUPATIONAL HEALTH AND SAFETY (2018)</b>				
403-1	Occupational health and safety management system	102,104,105	Reported	
403-2	Hazard identification, risk assessment, and incident investigation	102,103	Reported	
403-3	Occupational health services	107	Reported	
403-4	Worker participation, consultation, and communication on occupational health and safety	102,103	Reported	
403-5	Worker training on occupational health and safety	103	Reported	
403-6	Promotion of worker health	107,108	Reported	1.3; 3.7; 3.8
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	102	Reported	
403-8	Workers covered by an occupational health and safety management system	102	Reported	8.8
403-9	Work-related injuries	103, 105,106	Reported	8.8
403-10	Work-related ill health	104,105	no occurrence of work-related ill-health	
<b>GRI 404 TRAINING AND EDUCATION (2016)</b>				
404-1	Average hours of training per year per employee	91	Reported	4.3
404-2	Programs for upgrading employee skills and transition assistance programs	88,90	Reported	
404-3	Percentage of employees receiving regular performance and career development reviews	92	Reported	
<b>GRI 405 DIVERSITY AND EQUAL OPPORTUNITY (2016)</b>				
405-1	Diversity of governance bodies and employees	94	Reported	5.5
405-2	Ratio of basic salary and remuneration of women to men	96	Reported	8.5

No	GRI Standard	Page	Notes	SDG Target
<b>GRI 407 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (2016)</b>				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	99	Reported	8.8
<b>GRI 408 CHILD LABOR (2016)</b>				
408-1	Operations and suppliers at significant risk for incidents of child labor	98,100	Reported	8.7
<b>GRI 409 FORCED OF COMPULSORY LABOR (2016)</b>				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	98,100	Reported	8.7
<b>GRI 413 LOCAL COMMUNITIES (2016)</b>				
413-1	Operations with local community engagement, impact assessments, and development programs	109	100% of operations implement engagement programs/impact assessments	
413-2	Operations with significant actual and potential negative impacts on local communities	110	Reported	
<b>GRI 414 SUPPLIER SOCIAL ASSESSMENT (2016)</b>				
414-1	New suppliers that were screened using social criteria	38	Reported	12.7
414-2	Negative social impacts in the supply chain and actions taken	39,39	Reported	12.7

## APPENDIX 3

## CROSS-REFERENCE TO SDGs

SDG Goal	SDG Target	Action Taken by The Company	Page
	1,2	Economic impacts of company activity	35
	1,3	Provision of access to health services to the poor	43, 107-108
	1,4	Respect of community rights to land	110
	1,5	Desa Fokus village resilience building program	48
	2,3	Gerbang Emas Edamame Cultivation, Tani Mandiri, Fresh Water Aquaculture	46, 47
	2,3	Gerbang Emas Edamame Cultivation, Tani Mandiri, Fresh Water Aquaculture	46, 47
	2,4	Floating Rice Fields and Food security programs	46
	3,1	Provision of maternal health and child care services	100, 107
	3,8	Provision of health services in remote areas, and health insurance for employees	107-108
	3.c	Provision of doctors, nurses, and midwives in clinics	107
	4,1	Quality education for local employees' children	49
	4,1	Quality education for local employees' children	49
	4,2	Early childhood education program in West Papua	49
	4,3	Learning and development programs for employees	88-92
	5,1	Equal opportunity and non-discrimination policy	93-94
	5,2	Prevention and protection of women from harassment through the Gender committee	96
	5,5	Support for women in leadership roles	93-94
	6,3	Water management, effluents and discharges	81-83
	6,4	Water management, withdrawal and efficiency	80-83
	7,1	Provision of renewable energy to national electricity grid	59
	7,2	Renewable energy use	56, 58-59
	7,3	Energy intensity	59
	7.b	Investments in renewable energy	36, 59

SDG Goal	SDG Target	Action Taken by The Company	Page
	8,1	Economic performance and growth	35-36
	8,3	Support to smallholders and cooperatives	38-41
	8,3	Employment and job creation	86-87
	8,5	Equal opportunity of employment and remuneration	94-96
	8,7	Prevention and eradication of forced labor and child labor	98-100
	8,8	Protection of labor rights and freedom of association	99
	9,1	Infrastructure investments	42-43
	9,4	Emissions reduction and monitoring	58
	12,4	Hazardous waste management	62-66
	12,5	Waste management and 3R programs	64-65
	12,7	Responsible sourcing	38-39
	13,1	Managing climate risks	53-55
	13,2	Reducing GHG emissions	58
	13,3	Village- and community-based fire prevention programs	79
	15,1	Forest protection and conservation	73-77
	15,2	No deforestation policy	77
	15,3	Restoration of habitats	74
	15,5	Biodiversity monitoring and protection	73-75
	16,2	Eradication of child labor	99-100
	16,6	Grievance mechanism and whistleblower system	28, 29, 111
	16,7	Membership in associations	29

## APPENDIX 4

**POJK 51 INDEX**

Based on SE OJK No.16/2021

No.	Index Name	Page
<b>A. Sustainability Strategy</b>		
A.1	Explanation of sustainability strategy	8-13, 16-19
<b>B. Overview of sustainability performance</b>		
B.1	Economic Aspects	
B.1.a	Quantity of products or services sold	36-37
B.1.b	Revenue or sales	36-37
B.1.c	Net profit or loss	36
B.1.d	Environmentally-friendly products	36
B.1.e	Involvement of local parties in relation to sustainable finance business processes	38-39
B.2	Environmental Aspects	
B.2.a	Energy use	58
B.2.b	Reduction of emissions produced	54-55, 57
B.2.c	Reduction of waste and effluents	65-66
B.2.d	Biodiversity conservation	73-76
B.3	Social Aspects	42-44, 109-111
<b>C. Organizational Profile</b>		
C.1	Sustainability vision, mission and values	15-16
C.2	Company address	3
C.3	Scale of the business	3
C.3.a	Total assets or asset capitalization, and total liabilities	Reported in Annual Report 2022 p. 8
C.3.b	Number of employees by gender, position, age, education, and employment status	86-87
C.3.c	Shareholders and shareownership percentages	3
C.3.d	Area of operations	3
C.4	Products, services, and business activities undertaken	3
C.5	Membership in associations	29
C.6	Significant changes in the organisation	3
<b>D. Report from the Board of Directors</b>		
D.1.a	Policies to respond to challenges in fulfilling the sustainability strategy	10,11
D.1.b	Sustainable finance implementation	10-12
D.1.c	Target achievement strategy	17-19
<b>E. Sustainability Governance</b>		
E.1	Person in charge of sustainable finance implementation	23
E.2	Development of sustainable finance competencies	22-23

No.	Index Name	Page
E.3	Risk assessment on sustainable finance implementation	23
E.4	Stakeholder relations	26-29
E.5	Issues and challenges to sustainable finance	10-11, 18-19
F.	Sustainability Performance	
F.1	Activities to build sustainability culture	28
	Economic Performance	
F.2	Production targets and performance, portfolios, financing targets, or investments, revenue, and profit and loss	36-37
F.3	Production targets and performance, portfolios, financing targets, or investments, revenue, and profit and loss that are aligned with sustainable finance	36-37
	Environmental Performance	
F.4	Environmental costs	37
F.5	Use of sustainable materials	38-41
F.6	Energy consumption and intensity	58-59
F.7	Energy efficiency and renewable energy use measures and achievements	58-60
F.8	Water consumption	81
F.9	Impacts of operations in or near conservation or biodiversity areas	69-72
F.10	Biodiversity conservation efforts	73-79
F.11	Quantity and intensity of emissions by type	57
F.12	Emissions reduction measures and achievements	54-58
F.13	Quantity of waste and effluents produced, by type	65
F.14	Mechanisms to manage waste and effluents	62-66
F.15	Spills that occurred (if any)	No spills occurred in 2022
F.16	Number and nature of environmental complaints received and resolved	29, 110
	Social Performance	
F.17	Commitment to provide equal services and/or products to consumers	42-43
F.18	Equal work opportunity	92-94
F.19	Forced labour and child labour	98-100
F.20	Regional minimum wage	96
F.21	Decent and safe work environment	102-108
F.22	Employee training and capacity building	88-92
F.23	Impact of operations on local communities	109-110
F.24	Community Grievance	28, 110-111
F.25	Environmental social responsibility initiatives	54-55, 58-61, 64-65, 73-79
F.26	Innovation and development of sustainable finance products/services	35, 53-55
F.27	Products/services which safety for consumers have been assessed	102
F.28	Impacts of products/services	30-31

No.	Index Name	Page
F.29	Number of products recalled	No product recall occurred for our Edashi and Sapapua products
F.30	Customer satisfaction survey of sustainable finance products/services	26
<b>Other</b>		
G.1	Written assurance by an independent party (if any)	116-120
G.2	Feedback form	133
G.3	Responses to the previous year's feedback form	No responses received
G.4	List of Disclosures in accordance with POJK 51/2017	126-128

## APPENDIX 5

## NOTES ON METHODS AND CONVERSION FACTORS

## APPENDIX I: NOTES ON METHODS AND CONVERSION FACTORS

## GRI-303: Notes on Definitions

## Water Consumption

- Consumption for processing: water incorporated into the final product or used during the production process
- Consumption for land application: water applied to plants, or effluents that have evaporated, stored in a controlled manner due to contamination and cannot be used by other parties, and do not leave organizational boundaries (Wastewater Treatment Plant)

## GRI-305: Conversion Factors

No	Parameter	Source	Unit	Factor
<b>Landuse Change</b>				
1	Undisturbed Forest	Modelling carbon sequestration and greenhouse gas emissions associated with oil palm cultivation and land-use change (Henson I.E- 2009)	Ton C/Ha	268,00
2	Disturbed Forest	Review of emission factors for assessment of CO2 emission from land use change to oil palm in Southeast Asia (Agus, F., Henson, I.E., Sahardjo, B.H., Harris, N., van Noordwijk, M. & Killeen, T.J. 2013)	Ton C/Ha	128,00
3	Shrubland	European Union Commission (2009). Directive 2009/28/ EC Draft Annex V	Ton C/Ha	46,00
4	Grassland	Modelling carbon sequestration and greenhouse gas emissions associated with oil palm cultivation and land-use change (Henson I.E- 2009)	Ton C/Ha	5,00
5	Tree Corp	European Union Commission (2009). Directive 2009/28/ EC Draft Annex V	Ton C/Ha	75,00
6	Food Crops/ Annual Crops	Winrock (2010). N Harris, pers com. MODIS data 2000 to 2007. Average of annual (5.0) and perennial (12.0) crops	Ton C/Ha	8,50
7	Oil Palm	OPRODSIM Henson I.E.(2005b) OPRODSIM, a versatile, mechanistic simulation model of oil palm dry matter production and yield	Ton C/Ha	63,83
<b>Fertilizer</b>				
8	Ammonium Nitrate		Kg CO <sub>2</sub> eq/ Ton	2.380,00
9	Sulphate of Ammonia		Kg CO <sub>2</sub> eq/ Ton	340,00
10	Double Ammonium Phosphate	Gurmit S. (1995). Management and utilisation of oil palm by-products. The Planter, Jenson T.K. and Kongshaug G. (2003). Energy consumption and greenhouse gas emissions in fertiliser production. International Fertiliser Society, York, UK 28pp.	Kg CO <sub>2</sub> eq/ Ton	460,00
11	Urea		Kg CO <sub>2</sub> eq/ Ton	1.340,00
12	Ammonium Chloride		Kg CO <sub>2</sub> eq/ Ton	1.040,00
13	Kieserite	Caliman J.P., Carcasses R., Girardin P., Pujianto, Dubos B., and Liwang T. (2005) Development of agro-environmental indicators for sustainable management of oil palm growing: general concept and example of nitrogen.	Kg CO <sub>2</sub> eq/ Ton	200,00
14	Muriate of Potash		Kg CO <sub>2</sub> eq/ Ton	200,00
15	Ground Rock Phosphate		Kg CO <sub>2</sub> eq/ Ton	44,00
16	Triple Super Phosphate	Ecoinvent v2 (GHG based on IPCC 2007-100 years).	Kg CO <sub>2</sub> eq/ Ton	170,00
17	Ground Magnesium Limestone		Kg CO <sub>2</sub> eq/ Ton	547,00

No	Parameter	Source	Unit	Factor
<b>Other</b>				
18	Peat Oxidation	Hooijer A., S. Page, J. G. Canadell, M. Silvius, J. Kwadijk, H. Wosten, J. Jauhiainen (2010) Current and future CO <sub>2</sub> emissions from drained peatlands in Southeast Asia.	Ton CO <sub>2</sub> eq/ha/Yr	54,60
19	Diesel Fuel	Well to wheel analysis of future automotive fuels and powertrains in the European context. Well-to-tank Appendix 1	Kg CO <sub>2</sub> eq/Liter	3,12
20	POME	Chase L.D.C and Henson I.E. (2010) A detailed greenhouse gas budget for palm oil production. International Journal for Agricultural Sustainability	Kg CH <sub>4</sub> /Ton POME	13,10
21	National Grid Emission	IEA Emissions Factor for 2012	Kg CO <sub>2</sub> eq/kWh	0,81
22	Sequestration in Conservation	Three regional default conservation sequestration (Cseq) values recommended by RSPO	Ton CO <sub>2</sub> eq/Ha/Yr	9,17

## GRI-302: Conversion Factors 302-4 Calculation Methods

No	Program	Type Of Energy Reduced	Calculation Method
1	Using biomass turbines for non-processing energy	Diesel fuel	$(\text{Total Kwh} / \text{Total operational hours}) \times \text{Total non-process hours} \times \text{Conversion factor kWh to GJ}$
2	Switch to energy saving light bulbs at Mills	Electrical	$((\text{Old bulbs wattage} \times \text{Number of bulbs}) - (\text{New bulbs wattage} \times \text{Number of bulbs})) \times \text{Usage time} \times \text{Conversion factor kWh to GJ}$
3	Teleconferencing	Diesel fuel	$\text{Teleconferencing frequency} \times \text{Amount of fuel} \times \text{Number of trips} \times \text{Fuel conversion factor}$
4	Modification of machines from diesel to electric	Diesel fuel	$\text{Energy consumption with fuel} - \text{Energy consumption with electricity}$
5	Installation of solar cells in the estates	Electrical	$\text{Number of solar cell light bulbs} \times \text{Bulb wattage} \times \text{Usage time} \times \text{Conversion factor kWh to GJ}$
6	Switch to energy saving AC	Electricity	$((\text{Old AC wattage} - \text{New AC Wattage})) \times \text{Number of AC} \times \text{AC Usage time} \times \text{Conversion factor kWh to GJ}$
7	R2G (Rotary Removal Grit)	Electricity	$\text{Working hours} \times \text{Motor engine energy} \times \text{Conversion factor kWh to GJ}$
8	Switch to energy saving light bulbs at biogas facilities	Electricity	$((\text{Old bulbs wattage} \times \text{Number of bulbs}) - (\text{New bulbs wattage} \times \text{Number of bulbs})) \times \text{Usage time} \times \text{Conversion factor kWh to GJ}$
9	Switch energy saving light bulbs at CWT facilities	Electricity	$((\text{Old bulbs wattage} \times \text{Number of bulbs}) - (\text{New bulbs wattage} \times \text{Number of bulbs})) \times \text{Usage time} \times \text{Conversion factor kWh to GJ}$
10	Modification of unconventional tin pump system from diesel to electricity	Diesel fuel	$((\text{Total electricity consumption} \times \text{kWh to fuel conversion factor} \times \text{fuel energy conversion factor}) - (\text{Total electricity consumption} \times \text{kWh to GJ conversion factor}))$
11	SCADA for Automatization	Electricity	$\text{Time savings} \times \text{Operational days} \times \text{Pump energy}$
12	AutoMix Treatment	Electricity	$(\text{Average electricity consumption} - \text{Actual electricity usage after the program}) \times \text{Conversion factor of kWh to GJ}$

No	Program	Type Of Energy Reduced	Calculation Method
13	Operational Transport Restrictions for Guest and Staff Pickup Service	Diesel fuel	$(\text{Average mileage in Km before the program} - \text{Actual mileage in Km}) / \text{Km to liter conversion} \times 0,036 \text{ GJ/Liter}$
14	FFB grading conveyor	Electricity	$(\text{Energy consumption before implementation} - \text{energy consumption after implementation}) \times \text{conversion factor of kWh to GJ}$
15	Deactivation of pump in Pond 5 in the waste area	Electricity	$(\text{Energy use of the Pond 5 pump}) \times \text{conversion factor of electricity to GJ}$
16	Reducing power of LTDS 2 Fan	Electricity	$(\text{Energy consumption before implementation} - \text{energy consumption after implementation}) \times \text{Conversion factor of electricity to GJ}$
17	Photocell installation	Electricity	$((\text{Old bulbs wattage} \times \text{Number of bulbs}) - (\text{New bulbs wattage} \times \text{Number of bulbs})) \times \text{Usage time} \times \text{Conversion factor of kWh to GJ}$
18	Application of Legrand Timer on streetlights in housing and mill areas	Electricity	$(\text{Average electricity consumption} - \text{Actual electricity usage after the program}) \times \text{Conversion factor of kWh to GJ}$
19	Light Trap Solar Cell	Electricity	$(\text{Bulb wattage} \times \text{Number of bulbs}) \times \text{Usage time}$
20	Optimization of High-Speed Separator Pumps for mud processing	Electricity	$(\text{Average electricity consumption} - \text{Actual electricity usage after the program}) \times \text{Conversion factor of kWh to GJ}$
21	Optimization of electromotor oil pump	Electricity	$(\text{Average electricity consumption} - \text{Actual electricity usage after the program}) \times \text{Conversion factor of kWh to GJ}$

### 302-4 Conversion Factors and Assumptions

1 kWh	0.0036	GJ	
Light Bulb Usage (Mill)	40	Hours/Week	
Vehicle Fuel Price	9800	IDR/liter	
Estate-Airport Distance (2-way)	68	km	
Fuel Consumption	17	km/liter	
1 PK AC Standard Wattage	840	Watt	
2 PK AC Standard Wattage	1920	Watt	
1 PK Low Watt AC Wattage	660	Watt	
2 PK Low Watt AC Wattage	1590	Watt	
AC Usage Time	40	Hours/Week	
R2G Usage Capacity	700	kg/Jam	
R2G Motor Engine Energy	5	kWh	
Light Bulb Usage (Biogas)	98	Hours/Week	
Light Bulb Usage (CWT)	10	Hours/Day	
kWh to Diesel Fuel conversion	0.3	L/kWh	Mill research results mikrodata.bps.go.id
Diesel Fuel to GJ conversion	0.036	GJ/liter	
Industry Diesel Fuel Price	13783.59	IDR/liter	solarindustri.co.id

## GRI-306: Notes on Methods and Assumptions

1. Conversion factors used:
  - a.  $1\text{m}^3 = 1000$  liter
  - b.  $1\text{ ton} = 1000$  kg
2. Average oil density is  $870\text{ kg/m}^3$  (measured from testing), and we converted reused oil from liter to kg, except for hazardous waste in ANJAP, PMP and PPM.
3. Palm shell waste is generated from 8% of processed FFB.
4. Palm fiber waste is generated from 13% of processed FFB.
5. Sago fiber waste is generated from 14% of processed sago logs (Flach, 1997; Rumatatu, 1981).
6. Non-production waste is calculated from the difference of garbage truck weight when loaded with waste compared to when it is unloaded.
7. Due to inconsistent records in our logbook, hazardous waste in ANJAP, PMP, and PPM is calculated as an average in the last four years.
8. Assumptions for production waste calculation per recovery type:
  - a. Reuse: EFB that are applied directly to the soil.
  - b. Recycle: EFB is used for composting.
  - c. Recovery: Palm fibers and shells used as biofuel or sold
9. Waste Type and Categories:
  - a. Non-Hazardous Production Waste: Shells, fibers, EFBs.
  - b. Non-Hazardous Non-Production Waste: steel and spare parts, tires, plastics and polybags, fertilizer sacks, paper, organic and inorganic domestic waste.
  - c. Hazardous Waste: batteries, filters, contaminated gloves and cloth, contaminated packaging, medical waste, neon lamps/light bulbs, cartridges, electronic devices.

# FEEDBACK FORM

The 2022 Sustainability Report of PT. Austindo Nusantara Jaya Tbk. provides an overview of our sustainability performance. We look forward to your inputs, constructive feedbacks and suggestions after reading this Sustainability Report, either by email or by sending this form by fax/post.

## YOUR PROFILE

Name (optional) : \_\_\_\_\_  
 Institution/company : \_\_\_\_\_  
 Email : \_\_\_\_\_  
 Phone/Cell phone : \_\_\_\_\_

## STAKEHOLDER CATEGORY

( ) Shareholder or Investor ( ) Customer ( ) Employee ( ) Labor Union ( ) Media  
 ( ) Supplier ( ) Business Organization ( ) Government ( ) Community Organization/NGO  
 ( ) Other, please specify \_\_\_\_\_

Please pick from the statements below that best describe your opinion:

	Yes	No
1. This report is easy to understand.	( )	( )
2. This report is useful for me.	( )	( )
3. This report sufficiently describes ANJ's performance with regard to sustainability.	( )	( )

Please rate the material aspects that you consider important for sustainability (from 1-most important to 8-least important)

### GHG Emissions and Carbon Footprint

*GHG emission and energy efficiency*

*Waste recycling*

*Climate risk and adaptation*

*Water management*

### Protecting Forests and Biodiversity

*Biodiversity and conservation*

*Deforestation*

*Fire prevention and management*

### Working Conditions

*Occupational Health and Safety*

*Training and education*

*Diversity and women's empowerment*

### Supply Chain Practices

*Supplier environmental and social practices*

*Traceability*

### Labor rights

*Forced labor*

*Child labor*

*Freedom of association*

### Prosperity and inclusive growth

*Economic performance*

*Innovation and sustainable production*

*Socio-economic welfare and livelihoods*

### Local Communities

*Rights of local communities*

*Community Involvement and Development*

Thank you for your participation.

Please send this feedback form to:  
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## LIST OF ABBREVIATIONS

<b>3R</b>	Reduce, Reuse, Recycle
<b>3M</b>	Menggunakan masker, Mencuci tangan, dan Menghindari kerumunan or Wearing Masks, Washing Hands, and Avoiding Crowds
<b>AANE</b>	PT. Austindo Aufwind New Energy
<b>AELT</b>	ANJ Executive Leadership Team
<b>AEI</b>	Asosiasi Emiten Indonesia or Indonesian Public Listed Companies Association
<b>AGMS</b>	Annual General Meeting of Shareholders
<b>AKAD</b>	Antar Kerja Antar Daerah or Inter-regional Job Placement
<b>ALC</b>	ANJ Learning Center
<b>ALS</b>	Assessor Licensed Scheme
<b>AMDAL</b>	Analisis Mengenai Dampak Lingkungan or Environmental Impact Assessments
<b>ANJ</b>	PT. Austindo Nusantara Jaya Tbk.
<b>ANJA</b>	PT. Austindo Nusantara Jaya Agri
<b>ANJAP</b>	PT. ANJ Agri Papua
<b>ANJAS</b>	PT. Austindo Nusantara Jaya Agri Siais
<b>APBS</b>	Asosiasi Perkebunan Besar Swasta or Association of Large Private Plantations
<b>APINDO</b>	Asosiasi Pengusaha Indonesia or Indonesian Employer's Association
<b>ASSRAT</b>	Asia Sustainability Reporting Rating
<b>BKSDA</b>	Balai Konservasi Sumber Daya Alam or Natural Resources Conservation Center
<b>BOC</b>	Board of Commissioners
<b>BOD</b>	Board of Directors
<b>BPJS Kesehatan</b>	Badan Pengelola Jaminan Sosial Kesehatan or Healthcare Social Security Agency
<b>BPJS Ketenagakerjaan</b>	Badan Pengelola Jaminan Sosial Ketenagakerjaan or Employment Social Security Agency
<b>BRC</b>	British Retail Council
<b>CDP</b>	Climate Disclosure Project
<b>CEO</b>	Chief Executive Officer
<b>CER</b>	Certified Emissions Reduction
<b>CFC</b>	Chlorofluorocarbons
<b>CH<sub>4</sub></b>	Methane
<b>CI</b>	Conservation International
<b>CID</b>	Community Involvement and Development
<b>CIRAD</b>	Centre de Coopération Internationale en Recherche Agronomique pour le Développement
<b>CITES</b>	Convention on International Trade of Endangered Species
<b>CLA</b>	Collective Labor Agreement
<b>CO<sub>2</sub></b>	Carbon Dioxide
<b>COVID-19</b>	Coronavirus Disease 2019
<b>CPO</b>	Crude Palm Oil
<b>CSR</b>	Corporate Social Responsibility
<b>EDC</b>	Electronic Data Capture
<b>EFB</b>	Empty Fruit Bunches
<b>EGMS</b>	Extraordinary General Meeting of Shareholders
<b>EHS</b>	Environmental Health and Safety
<b>ELSAM</b>	Lembaga Studi dan Advokasi Masyarakat or Institute for Policy Research and Advocacy
<b>EPMS</b>	Electronic Plantation Mobile System

<b>EPR</b>	Extended Producer Responsibility
<b>ERP</b>	Enterprise Resource Planning
<b>ESG</b>	Environmental, Social, and Governance
<b>ESP</b>	Electrostatic Precipitator
<b>eTis</b>	Electronic Traceability Information System
<b>FAO</b>	Food and Agriculture Organization
<b>FAT</b>	Fatality
<b>FDA</b>	Food and Drug Administration
<b>FDR</b>	Fire Danger Rating
<b>FFB</b>	Fresh Fruit Bunches
<b>FGD</b>	Focus Group Discussion
<b>FLAG</b>	Forests, Land, and Agriculture
<b>FoKSBI</b>	Indonesian Sustainable Palm Oil Forum
<b>FPIC</b>	Free, Prior, and Informed Consent
<b>GAPKI</b>	Gabungan Pengusaha Kelapa Sawit Indonesia or Indonesian Palm Oil Producers' Association
<b>GCG</b>	Good corporate governance
<b>GHG</b>	Greenhouse Gas
<b>GJ</b>	Gigajoule
<b>GLAD</b>	Global Analysis and Discovery
<b>GM</b>	General Manager
<b>GMIT</b>	PT. Gading Mas Indonesia Teguh
<b>GMS</b>	General Meeting of Shareholders
<b>GPS</b>	Global Positioning System
<b>GRI</b>	Global Reporting Initiative
<b>GRK</b>	Gas Rumah Kaca
<b>GSB</b>	PT. Galempa Sejahtera Bersama
<b>HACCP</b>	Hazard Analysis and Critical Control Points
<b>HCFC</b>	Hydrochlorofluorocarbon
<b>HCS</b>	High Carbon Stock
<b>HCSA</b>	High Carbon Stock Approach
<b>HCV</b>	High Conservation Value
<b>HCVRN</b>	High Conservation Value Resource Network
<b>HCVRN's ALS</b>	HCVRN's Assessor Licensed Scheme
<b>HGU</b>	Hak Guna Usaha or Land Cultivation Right Titles
<b>HIRARC</b>	Hazard Identification, Risk Assessment & Risk Control
<b>HR&amp;CM</b>	Human Resource & Change Management
<b>HRO</b>	Human Resources Officer
<b>ICS</b>	Incident Command System
<b>ICSA</b>	Indonesia Corporate Secretary Association
<b>IDM</b>	Indeks Desa Membangun or Village Development Index
<b>IDP</b>	Individual Development Plan
<b>IDX</b>	Indonesia Stock Exchange
<b>IFM</b>	Integrated Fire Management
<b>IGCN</b>	Indonesia Global Compact Network
<b>IKE</b>	Indeks Ketahanan Ekonomi or Economic Resilience Index

<b>IKL</b>	Indeks Ketahanan Lingkungan or Environmental Resilience Index
<b>IKS</b>	Indeks Ketahanan Sosial or Social Resilience Index
<b>IMT</b>	Incident Management Team
<b>IPCC</b>	Intergovernmental Panel on Climate Change
<b>ISCC</b>	International Sustainability and Carbon Certification
<b>ISO</b>	International Organization for Standardization
<b>ISPO</b>	Indonesian Sustainable Palm Oil
<b>IUCN</b>	International Union for Conservation of Nature
<b>IUPHHBK-HA</b>	Izin Usaha Pemanfaatan Hasil Hutan Bukan Kayu - Hutan Alam or Business License for the Utilization of Non-Timber Forest Products – Natural Forest
<b>IWMWG</b>	Indonesia Water Mandate Working Group
<b>JKN</b>	Jaminan Kesehatan Nasional or National Health Insurance
<b>JSA</b>	Job Safety Analysis
<b>KADIN</b>	Kamar Dagang dan Industri Indonesia or Indonesian Chamber of Commerce and Industry
<b>KAL</b>	PT. Kayung Agro Lestari
<b>KB</b>	Keluarga Berencana or Family Planning Program
<b>KEE</b>	Kawasan Ekosistem Esensial or Essential Ecosystem Area
<b>KIMPER</b>	Kartu Ijin Mengemudi Perusahaan or Corporate Driving License
<b>KK</b>	Kartu Keluarga or Family Card
<b>KPI</b>	Key Performance Indicator
<b>KTP</b>	Kartu Tanda Penduduk or Indonesian Identity Card
<b>KTPA</b>	Kelompok Tani Peduli Api or smallholder farmer fire-fighting groups
<b>LED</b>	Light-emitting diodes
<b>LKS Bipartit</b>	Bipartite forum
<b>LCA</b>	Life-cycle Assessment
<b>LOC</b>	Letter of Commitment
<b>LOTO</b>	lockout-tagout
<b>LTI</b>	Lost Time Injury
<b>LUC</b>	Land-use Change
<b>LUCA</b>	Land Use Change Analysis
<b>LURI</b>	Land Use Risk Identification
<b>MAPAN</b>	Steadfast and advanced village Mantap dan Terdepan
<b>MASSI</b>	Masyarakat Sagu Indonesia or Indonesian Sago Community
<b>MDP</b>	Management Development Program
<b>MoEF</b>	Ministry of Environment and Forestry
<b>MoU</b>	Memorandum of Understanding
<b>MSDS</b>	Material Safety Data Sheet
<b>MT</b>	Management Trainee
<b>MTC</b>	Medical Treatment Case
<b>N2O</b>	Nitrous oxide
<b>NBS</b>	Nature-based Solutions
<b>NDPE</b>	No Deforestation, No Peat, and No Exploitation
<b>NGO</b>	Non-governmental organization
<b>NOX</b>	Nitrogen oxide
<b>NPP</b>	New Planting Procedures
<b>NRC</b>	Nomination and Remuneration Committee

<b>OD</b>	Occupational Disease
<b>ODS</b>	Ozone-depleting substances
<b>OHS</b>	Occupational Health and Safety
<b>OHSAS</b>	Occupational Health and Safety Management System
<b>OJK</b>	Otoritas Jasa Keuangan or Financial Services Authority
<b>OJT</b>	On the Job Training
<b>P&amp;C</b>	Principles and Criteria
<b>P2K3</b>	Panitia Pembina Kesehatan dan Keselamatan Kerja or Health and Safety Committee Governing Body
<b>PAUD</b>	Pendidikan Anak Usia Dini or Early Childhood Education
<b>PENDAKI</b>	Peduli Keanekaragaman Hayati or Care for Biodiversity
<b>PIPIB</b>	Indicative Map of the Moratorium on Issuing New Licenses
<b>PK</b>	Palm Kernel
<b>PKO</b>	Palm Kernel Oil
<b>PLN</b>	Perusahaan Listrik Negara or State Electricity Company
<b>PM</b>	Particulate matter
<b>PMP</b>	PT. Putera Manunggal Perkasa
<b>POJK</b>	Peraturan Otoritas Jasa Keuangan or Financial Services Authority Regulation
<b>POME</b>	Palm oil mill effluent
<b>PONGO</b>	Palm Oil & NGO alliance
<b>Posko DAMKAR</b>	Pos Komando Pemadam Kebakaran or Firefighting Command Post
<b>PPE</b>	Personal Protective Equipment
<b>PPM</b>	PT. Permata Putera Mandiri
<b>PROPER</b>	Program for Ranking Corporate Performance
<b>PSDH</b>	Provisi Sumber Daya Hutan or forest resource levy
<b>Puskesmas</b>	Pusat Kesehatan Masyarakat or primary health centers
<b>QIP</b>	Quality Improvement Program
<b>R&amp;D</b>	Research and Development
<b>R2G</b>	Rotary Removal Grit
<b>RADD</b>	Radar for Detecting Deforestation
<b>RD</b>	Responsible Development
<b>RKL</b>	Rencana Pengelolaan Lingkungan or Environmental Management Plan
<b>RPL</b>	Rencana Pemantauan Lingkungan or Environmental Monitoring Plan
<b>RSPO</b>	Roundtable on Sustainable Palm Oil
<b>SBTi</b>	Science-based Targets Initiative
<b>SDG</b>	Sustainable Development Goals
<b>SEIA</b>	Social and Environmental Impact Assessment
<b>SIA</b>	Social Impact Assessment
<b>SME</b>	Subject Matter Experts
<b>SMK3</b>	Sistem Manajemen Kesehatan & Keselamatan Kerja or Occupational Health and Safety Management System
<b>SMM</b>	PT. Sahabat Mewah Makmur
<b>SOP</b>	Standard Operating Procedures
<b>SOX</b>	Sulfur oxides
<b>SPOTT</b>	Sustainability Policy Transparency Toolkit
<b>TK</b>	Taman Kanak-kanak or Kindergarten

<b>TNA</b>	Training Needs Analysis
<b>TNC</b>	The Nature Conservancy
<b>UAV</b>	Unmanned Aerial Vehicle
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Program
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>UNGC</b>	UN Global Compact
<b>USD</b>	US Dollars
<b>VAT</b>	Value Added Tax
<b>VCU</b>	Voluntary Carbon Unit
<b>WBS</b>	Whistleblowing System
<b>WDPA</b>	World Database on Protected Areas
<b>WEP</b>	Women's Empowerment Principles
<b>WFH</b>	Work from Home
<b>WRI</b>	World Resources Institute
<b>YIARI</b>	Yayasan Inisiasi Alam Rehabilitasi Indonesia
<b>ZSL</b>	Zoological Society of London

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# 2022

## SUSTAINABILITY REPORT

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