

**TOGETHER FOR TOMORROW:  
BUILDING  
SUSTAINABILITY**





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## About this report

*This Sustainability Report is Permata Group's third report communicating our sustainability performance, progress and how we are working towards our vision to build a sustainable future that benefits the communities.*

### Scope of The Report [2-3]

This report covers the operations of Permata Group in Indonesia which includes 21,000 Ha of planted area, 6 mills, 6 refineries, 5 kernel crushing plants, 3 biodiesel plants, 2 oleochemical plants, and 1 specialty fat plant. The scope for disclosure covers our employees and contracted workers directly remunerated by Permata Group.

### Reporting Framework

To ensure this report is aligned with internationally recognized standards and delivers consistent and comparable information to our stakeholder, this report is prepared in accordance with the Global Reporting Initiative (GRI) Standards, covering GRI 2: General Disclosure and GRI 13 : Agriculture, Aquaculture and Fishing Sectors 2022. Our GRI content index can be found on pages 76.

### Reporting Period and Scope [2-3]

The information contained in this report covers our operations from 01 January 2023 to 31 December 2023. Where applicable, data from previous financials years have been included for comparison. In addition to this report, sustainability-related information is also available on our website which is regularly updated.

### External Assurance [2-5]

As this is our third sustainability report, we decided that it is premature to engage a third party to provide assurance. In lieu of external assurance, we would like to provide guarantee for the veracity of the data we provided as it was dispensed in good faith and has underwent rigorous review process

### Feedback Contact [2-3]

We value opinions from our stakeholders to help us improve our approach to sustainability and this report. Please send your feedback to:

**PERMATA GROUP**  
Jl. Iskandar Muda No. 107  
Medan, 20154

T: +62-61-457-7777  
E: Sustainability@permatagroup.com



# Message from the President Director

Dear stakeholders,

It is my pleasure to present Permata Group's FY2023 Sustainability Report. This report reflects our unwavering commitment to sustainable practices and our dedication to creating a lasting, positive impact on the environment, society, and economy.

## Sustainability at Our Core

In today's world, where environmental challenges and social inequalities are more pressing than ever, businesses play a pivotal role in driving meaningful change. At Permata Group, sustainability is not just a responsibility—it is embedded in our core strategy, guiding us toward long-term success and shared prosperity.

## Progress and Achievements

Despite the challenges we faced, we made significant progress toward our sustainability goals in 2023:

- **Enhanced Supply Chain Traceability:** We achieved full traceability to mills and increased plantation traceability from 66% to 82%, with data partially verified by independent third-party auditors.
- **Supplier Commitment:** Over 75% of our suppliers have adopted the No Deforestation, No Peat, No Exploitation (NDPE) principles. Through active engagement, we continue to work together to eliminate deforestation, peatland degradation, and exploitative practices.
- **Biodiversity and Ecosystem Conservation:** Partnering with local communities and conservation organizations, we implemented innovative programs to restore degraded landscapes and protect biodiversity. These efforts have led to a resurgence of wildlife and the recovery of fragile ecosystems.
- **Community Empowerment:** Our corporate social responsibility (CSR) initiatives in health, education, environment, and economic development have empowered local communities while promoting environmental stewardship. We are honored that two of our CSR programs were recognized with the Indonesian Green Award.



## Navigating Future Challenges

The palm oil industry is critical to global economies, but it also faces growing challenges. New regulations, such as the European Union Deforestation Regulation (EUDR), emphasize the importance of sustainable and deforestation-free supply chains.

At Permata Group, we view these challenges as opportunities to enhance our commitment to sustainability and transparency. We are:

- Strengthening our traceability systems.
- Securing relevant certifications.
- Ensuring our products comply fully with deforestation-free standards to meet evolving global requirements like the EUDR.

By proactively adapting to these changes, we are safeguarding our market access and ensuring the long-term viability of our business.

## Our Path Forward

Sustainability is a continuous journey—one that demands innovation, collaboration, and constant improvement. As we look ahead, we remain focused on:

- Expanding initiatives to reduce emissions and water-use intensity.
- Achieving and maintaining 100% traceability to plantations.
- Raising industry standards through sustainable practices and innovative solutions.

The Board remains deeply committed to embedding Environmental, Social, and Governance (ESG) principles into every level of our strategic decision-making.

## A Shared Vision for the Future

None of our progress would have been possible without the hard work of our employees and the trust of our valued stakeholders. To each of you, I extend my heartfelt gratitude.

At Permata Group, we believe in building a future where sustainable palm oil production is the norm—a future where the environment is protected, communities are empowered, and economic growth benefits all. Together, we can make this vision a reality.

Thank you for being part of this journey. Let us continue to inspire and drive positive change—today and for generations to come.

Sincerely,

**Jhonny Virgo**  
President Director





## About Permata Group

[2-1, 2-2, & 2-6]

Founded in 1984 as a palm oil cultivation company, Permata Group has become fully integrated palm oil corporation and a major player in the industry. Permata Group's operations span the entire palm oil value chain from cultivating to manufacturing and distributing palm oil and its derivatives for the domestic and international market.

We produce and market wide range of high-quality palm oil products including crude palm oil (CPO), cooking oil, specialty fats for baking, oleochemicals for personal care and industrial products and biodiesel. The products are produced following strict quality and manufacturing standards and have obtained certifications such as ISO 9001, ISO 22000, HACCP, GMP and FSSC 22000.





High quality cooking oil manufactured by Permata Group

Today, Permata Group is one of the top 10 palm oil processors and traders in the country. We attribute our success to our long-term history in the industry, utilization of state-of-the-art technologies, high economies of scale, high quality human resource, the integrated nature of our operations and our commitment to sustainability which all contribute to producing high quality and cost-efficient products the benefit of which we pass on to our consumers, suppliers and our community. We will continue to serve our customers on a long-term basis and respond to their ever-changing needs and demands.

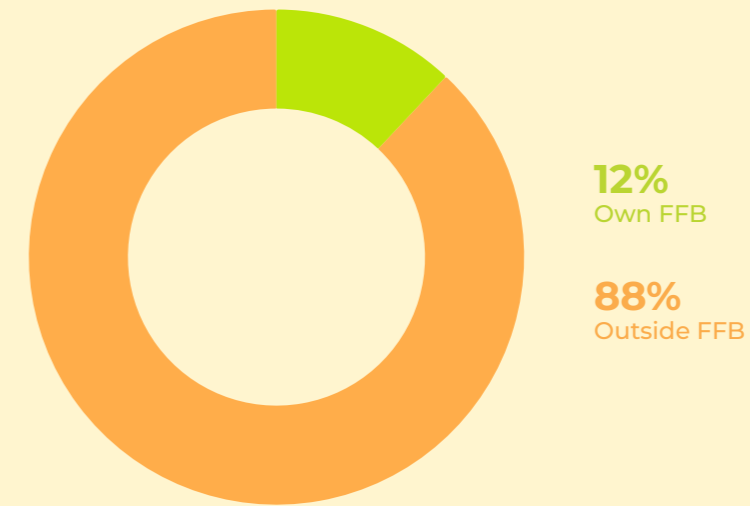


Permata Group is a fully integrated company spanning the entire palm oil value chain

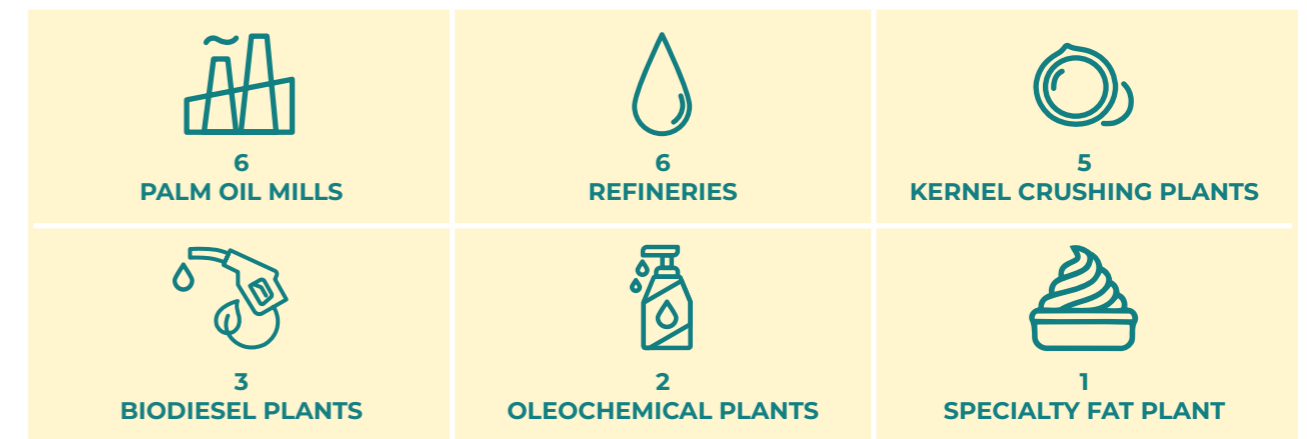
Our workforce of 7400 employees across Indonesia support our business including our headquarters in Medan as well as our upstream and downstream operations across the Indonesian provinces of North Sumatra and Riau.

Our estates cover 21,000 Ha of planted area which in 2023 produces around 230,000 tonnes of FFB. This number is expected to go up as our replanting process moves toward completion and the newly replanted palms mature and begin producing. We also source fruit from various third-party suppliers including larger plantation companies as well as independent smallholders.

FFB Processed at our Palm Oil Mill :



Aside from our plantations, we also own and operate :



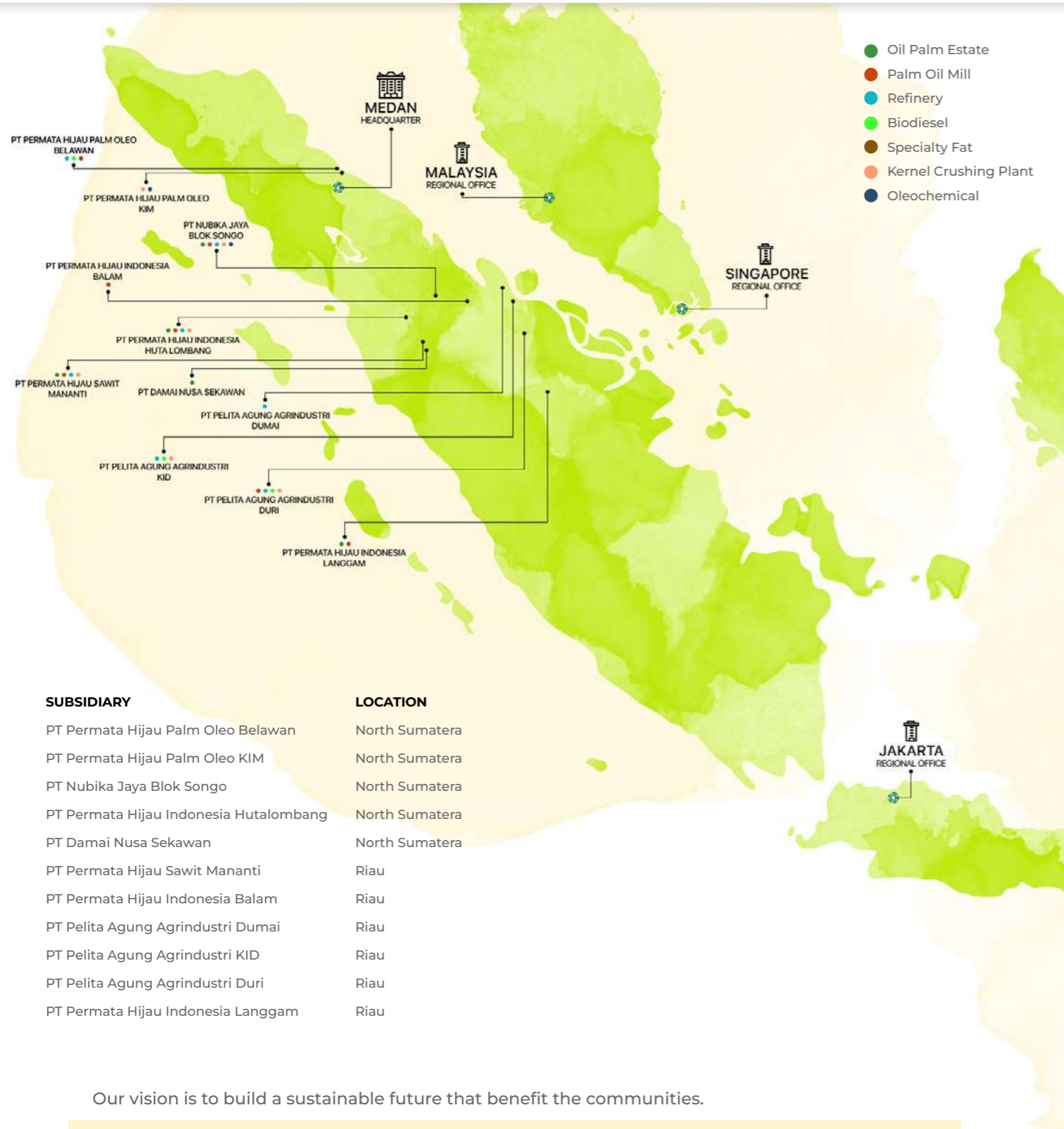
These facilities are supported by our head office in Medan and three representative offices in Jakarta, Kuala Lumpur and Singapore respectively.



Dumai Port where we ship our products to our customers

Our operations are additionally supported by 275 third-party supplier mills from whom we purchase palm oil and kernels. Our total crude palm oil production in 2023 was around 366,000 tonnes.





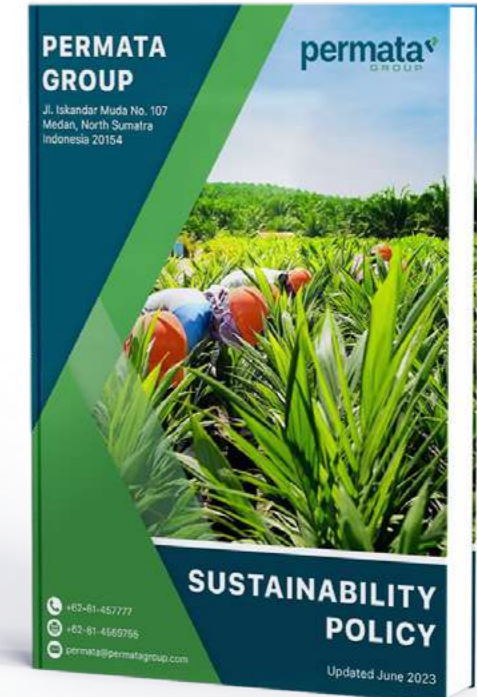
# Our approach to sustainability

[2-23]

Our approach to sustainability is guided by our vision to build a sustainable future that benefits the communities. It is also inspired by our core values of Teamwork, Integrity, Professionalism, Communication and Excellence. We believe that the growth of our business should not come at the expense of the environment or the people and we strive to implement principles of sustainability in all of our activities.

## Our sustainability policy

Our sustainability policy sets out our commitment to ensure that our operations protect and support the environment and the communities where we operate. We expect all of our suppliers and third parties which might use our processing facilities to adhere to our sustainability policy. This is reflected in our supplier code. Both of these documents are published on our website and is actively communicated and socialized to all of our employees and our suppliers. Socialization to our employees are conducted through our annual training and retraining programs while socialization to our suppliers are done through our sustainability workshops and annual questionnaires as well as during the onboarding process for our new suppliers. More details of our engagement with our suppliers can be found on page



Our sustainability policy is built around four pillars:

### Protecting the Environment

Protecting the environment is a collective responsibility that holds the key to safeguarding our planet's future. We will protect the environment surrounding our operations. This means no burning, no deforestation, conserving HCV areas and HCS forests, conserving peat areas, adopting agronomic best practices, improving yield and reducing our emissions. A summary of our environmental management can be found on page 23.

### Empowering Our People and Communities

We will respect the human rights of the people we work and interact with as well as those impacted by our operations. This includes our employees, smallholders and indigenous and local communities where we operate. A summary of our workplace standards and community engagement can be found on page 47.

### Ethics and Responsible Business

We will conduct business ethically and within the boundaries of national and local laws and regulations. We will not tolerate any form of corruption or bribery. A summary of our code of conduct can be found on page 61.

### Excellence through Verification and Certification

We will produce safe and high-quality products in compliance with ISO 9001, 14001, GMP, HACCP and other relevant certifications. To support our vision to become a sustainable palm oil company, we will also endorse sustainability certifications such as RSPO and ISPO and work towards certifying all our business units as well as tracing our entire supply chain. A summary of our certifications and membership associations can be found on page 63-65.

Our vision is to build a sustainable future that benefit the communities.

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

 <p><b>Teamwork</b> great things can be achieved by working as a team.</p>	 <p><b>Integrity</b> acting with honest and honour by adhering to the highest ethical standards.</p>	 <p><b>Professionalism</b> knowing how to do it, when to do it and doing it right</p>	 <p><b>Communication</b> listening and responding with a positive attitude</p>	 <p><b>Excellence</b> giving our utmost efforts in everything we do</p>
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# Monitoring and grievance system

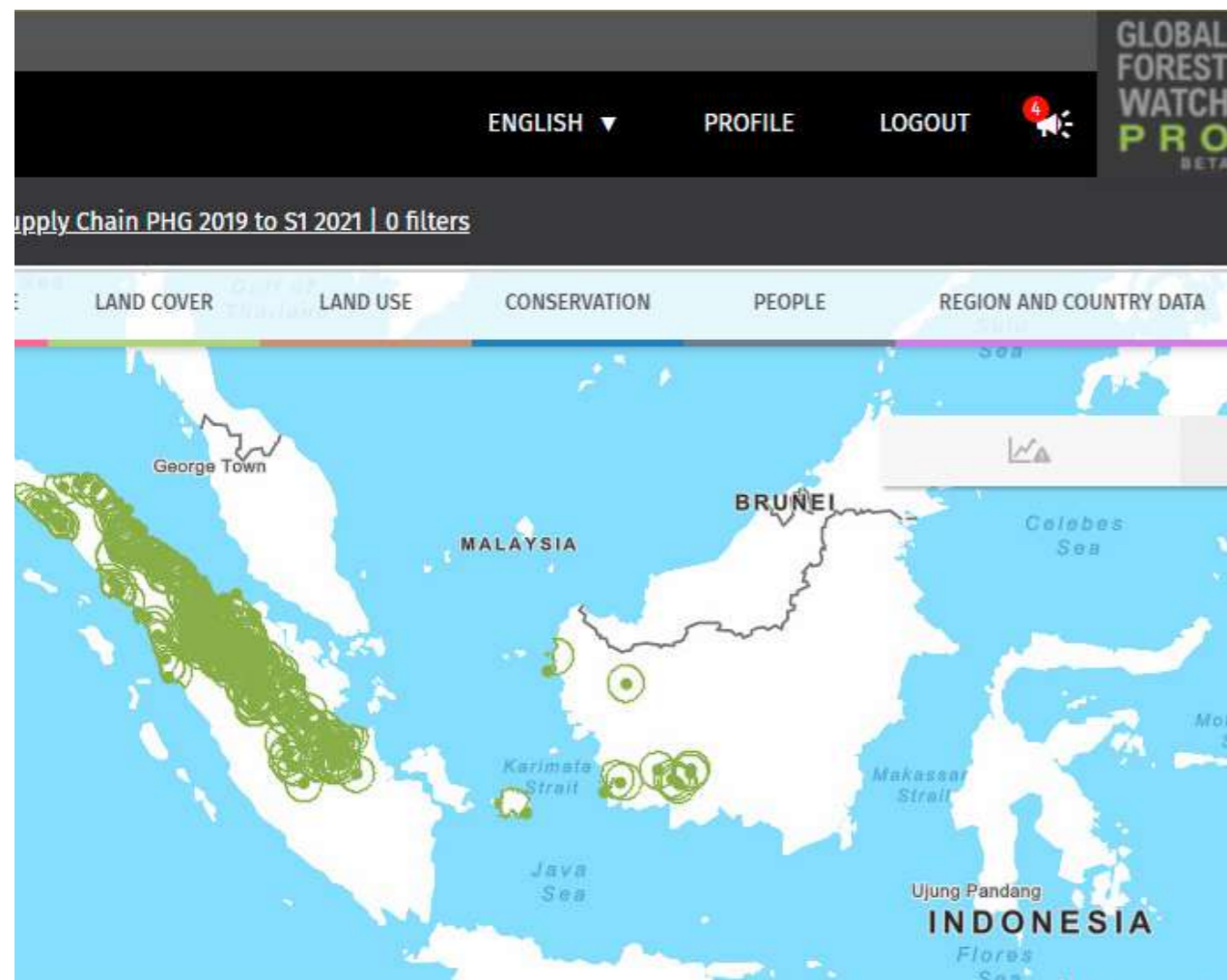
[2-16, 2-25 & 2-26]

To ensure that our Sustainability Policy is implemented across our operations and supply chain, we have implemented a monitoring and grievance system that provide early monitoring to catch any actual or potential infringement to our policy and to provide a channel for our stakeholders to report infringements which might have escaped detection by our monitoring system.

## Monitoring

We use Global Forest Watch's (GFW) GLAD forest alert to provide early warning to any deforestation which might have happened in our supply base. The GLAD alert system uses NASA landsat imagery and automatically flag areas where the forest canopy has been disturbed. The GLAD system analyzes the most recent images and compares them to historical data to determine where trees have been lost. It provides "weekly" update but the actual disturbances may have happened much earlier than the detection. This is because the time lag between a disturbance event and its detection by GLAD can range between three days and several months depending on the cloud covers of the monitored area.

Other challenge with the system is the coarse resolution deriving from the enormous monitoring area (the GFW default is a circle of 50 km around each palm oil mill). In our case, the monitoring area cover almost half of the island of Sumatra. Consequently we receive a massive amount of alerts and we have much difficulty in separating noises from actual deforestation that is actually happening inside our supply base.

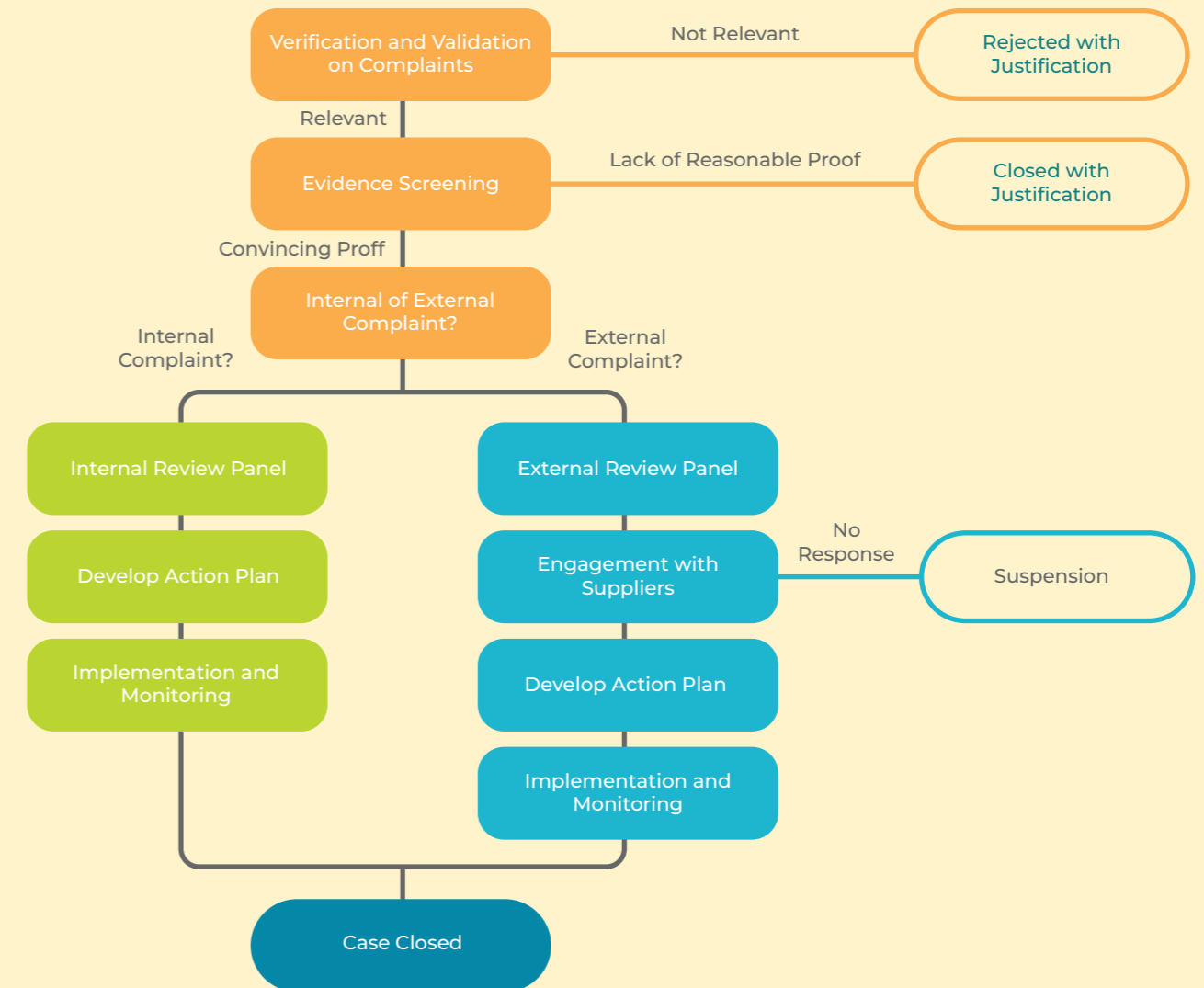


We are working to refine the monitoring area by advancing our traceability to plantation. By identifying the source of our fruits first to the village level and ultimately to individual plantation level, we will be able to shrink the monitoring area and to properly respond to actual relevant alerts. We also monitor potential fire hazards by subscribing to GFW's fire alert and overlaying hotspots data obtained from VIIRS and NOAA satellite with our supply base area.

## Complaint and Grievance

Working with our stakeholders to identify and address any concerns is an important aspect of our approach to ensure sustainable business practices.

We invite stakeholders (be it internal or external) to lodge any grievances and complaints through our grievance and complaint system. The grievances and complaints are processed following the flowchart:



Any complaint and grievance can be delivered through the following channels:

✉ [grievance@permatagroup.com](mailto:grievance@permatagroup.com)

☎ +62-61-4577777

📠 +62-61-4569755

🏠 Grievance and Complaint Team  
 Jl. Iskandar Muda No.107 Medan,  
 20154 Indonesia

A list of our grievances and complaints list is available on our website:  
<https://www.permatagroup.com/list-of-grievances-and-complaints3/#listgrievance>



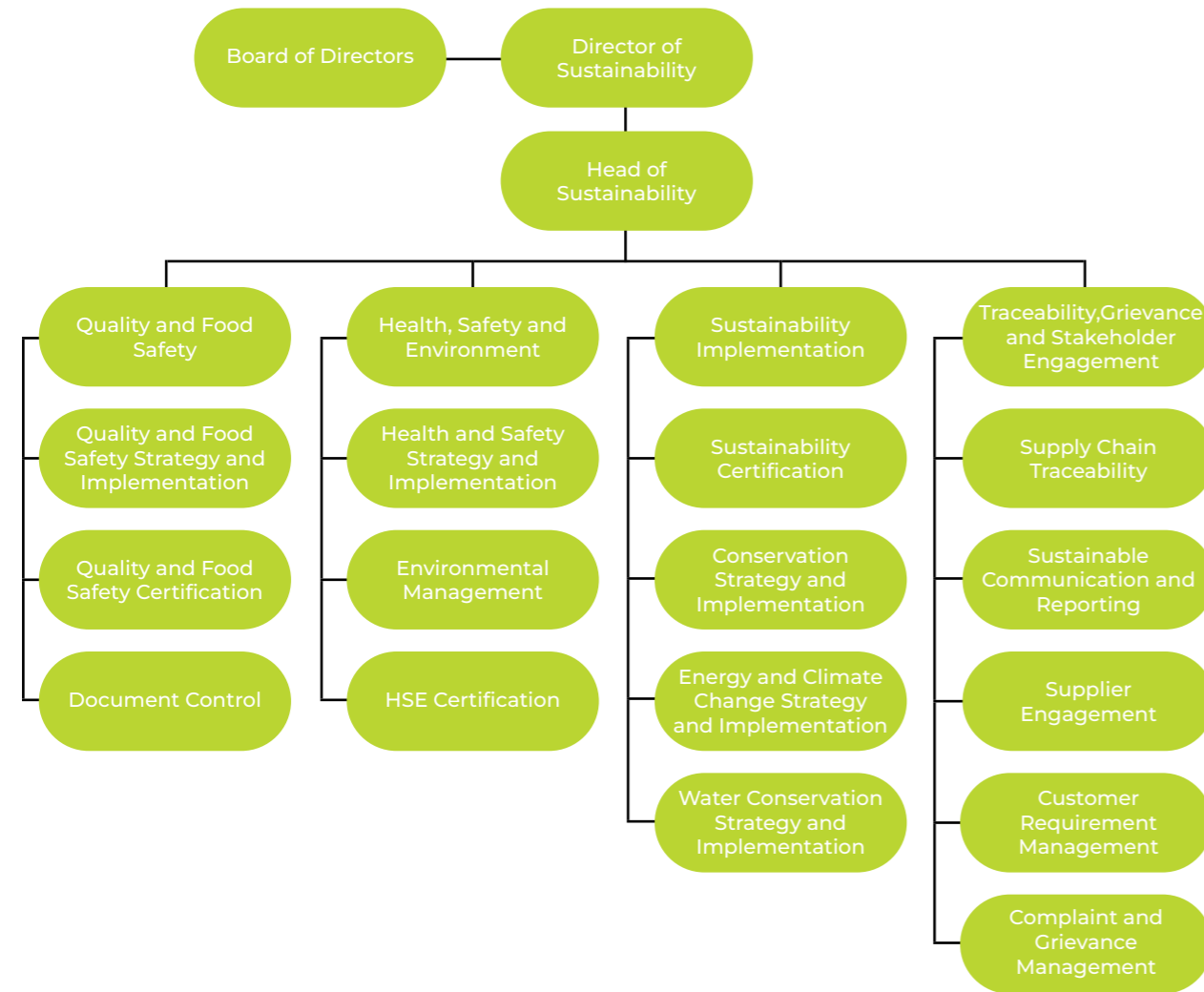
Refer to our website for more information on the list of our grievances and complaints



## Our Sustainability Governance

[2-9, 2-11, 2-12, 2-13, 2-14 & 2-27]

A robust corporate governance system is crucial to the successful integration and management of sustainability at a company. Sustainability governance helps a company implement sustainability strategies across the business, manage target setting and reporting, strengthen stakeholder relations, and ensure overall accountability.



The Sustainability Department is overseen by the Board of Directors and led by the Director of Sustainability. The Director of Sustainability is a member of the Board and reports on sustainability-related topics at the Board's weekly meetings.

Responsibilities for the day-to-day operations is delegated to our Head of Sustainability who leads four teams with their own responsibilities:

1. Quality and food safety team works to ensure our product is produced in accordance to our quality standard and is safe to consume and use.
2. Health, safety and environment team works to ensure a safe and healthy workspace for our employees and that our operations operate within the legal environmental parameters set by the government.
3. Sustainability implementation team works to instill a culture of sustainability within our operations and promote initiatives such as energy efficiency, greenhouse gas reduction, water efficiency, and others that go beyond the legal requirement in environmental and social management.
4. Traceability, grievance and stakeholder engagement team works to engage with our stakeholders to promote sustainability, traceability, and transparency and also to solve grievances and disputes that may arise.

## Ethics and Responsible Business

Permata Group commits to uphold full compliance to all applicable laws and regulations in all of our operations. We also adopted a zero tolerance approach to any form of corruption and bribery. This commitment is enshrined in our ethics policy and is manifested in our code of conduct which were read and signed by all of our employees. The code of conduct covered expectations on professionalism, human rights, transparency, conflicts of interest, political impartiality, anti-corruption and zero tolerance to fraud.

To provide a safe, secure and anonymous channel to report any violation to our ethics policy and our code of conduct, we have established a whistleblower procedure. This procedure is applicable to our employees as well as external stakeholders and will share similar communication channel as the general complaint and grievance discussed in page 69. Permata Group does not tolerate or condone any retaliatory actions taken against any employee or external stakeholder for whistleblowing. We will take disciplinary action against any party within our jurisdiction which is found to have taken such retaliatory actions against whistleblowers.

## Stakeholder Engagement

Our approach to sustainability is also informed by the interests and concerns of our stakeholders and their input is greatly valued in our decision making. By engaging with stakeholders, companies can better understand their needs and concerns, and ensure that their sustainability efforts are aligned with the needs of the wider community.

There are different types of stakeholders that we typically engages: employees, local communities, government, NGOs, suppliers and buyers and they are each engaged in different manners. We engage our employees through our annual employee survey and bipartite meeting with our workers union. Local communities, government and NGOs are engaged through our annual stakeholder consultation meeting as well as other coordination visits. We send out annual questionnaires and conducted annual workshop to engage with our suppliers. We participate in our buyer's workshop and responded to their questionnaires. We also participate in various ESG ratings and scorings such as Ecovadis, CDP and SPOTT.

A summary of our stakeholder engagement can be found on page 17.

We believe that stakeholder engagement is an ongoing process, and we are committed to continuing to engage with our stakeholders in the future. We believe that by working together, we can create a more sustainable future for everyone.

## Sustainable Development Goals (SDGs)



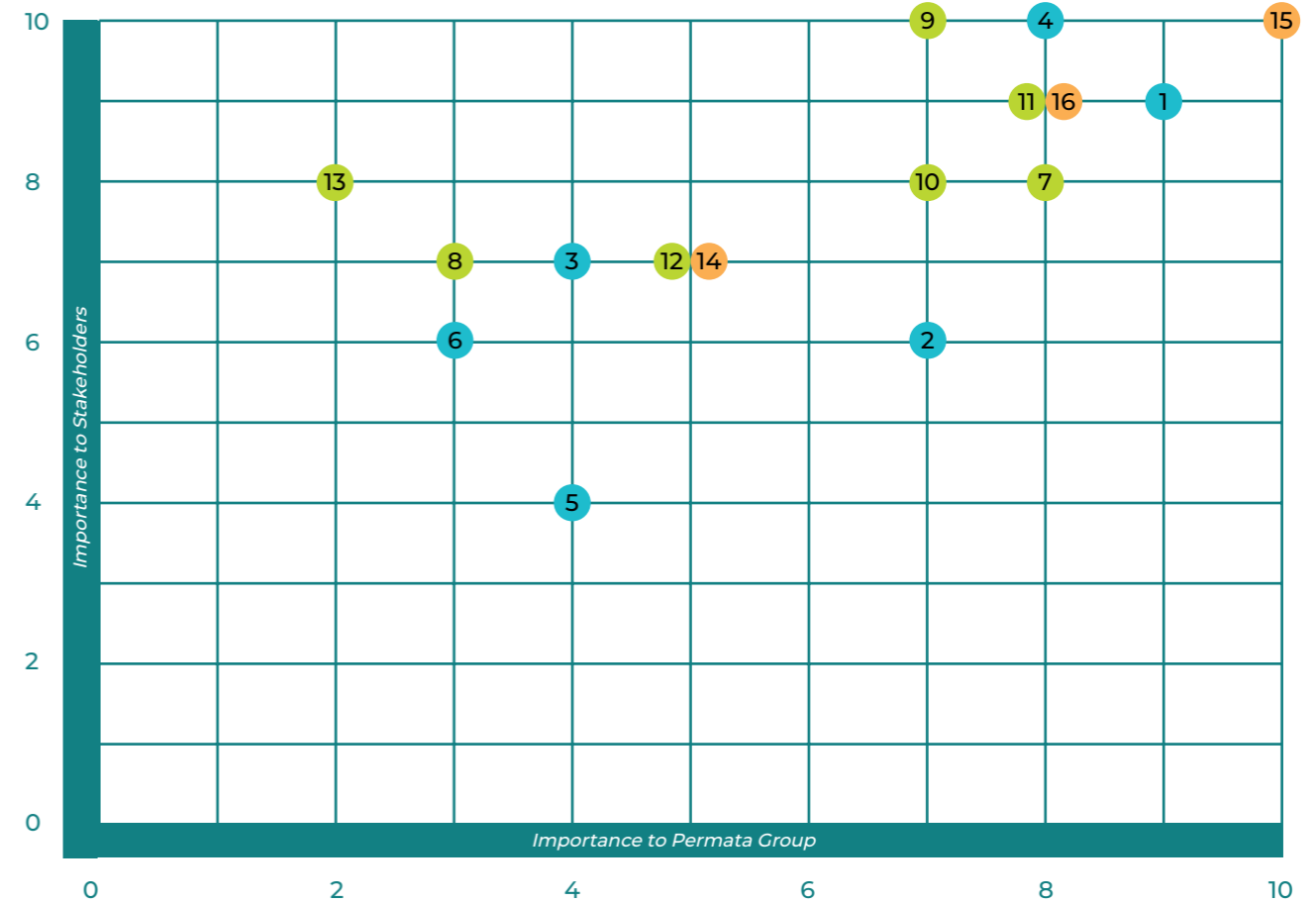
Permata Group fully supports the Sustainable Development Goals (SDGs) which were adopted by the United Nations (UN) in 2015 as a universal call to create a better and more sustainable future by 2030. The SDGs are designed to end poverty, hunger, AIDS, and discrimination against women and girls. We implement several activities which support one or more SDGs and throughout our report have indicated which SDGs we contribute to.



# Our Material Topics

TOPIC	DESCRIPTION
Climate change mitigation and adaptation	Minimizing the environmental impacts of our business and building resilience against climate change
Conservation of HCV areas and HCS forests	Identifying and conserving land with high biological, ecological, social or cultural value and large stores of carbon
Fire and haze prevention	Working with smallholders and local communities to prevent and manage forest fires
Pest management and fertilizer use	Reducing the use of harmful synthetic chemicals while promoting biological pest control methods and organic fertilisers
Waste management	Ensuring safe and proper management and disposal of waste
Water and effluents management	Minimizing our water consumption and ensuring the proper treatment and disposal of effluent
Community and smallholder livelihoods	Supporting smallholders and local communities in employment, health and wellbeing, education, and infrastructure
Respecting human rights	Promoting fair and favourable working conditions including preventing forced, bonded or child labour and promoting freedom of association
Occupational health & safety and employee wellbeing	Ensuring a high level of health, safety and wellbeing for our employees and contractors
Human capital development	Attracting talented individuals and providing training and development opportunities to build a high-performing and engaged workforce
Corporate governance and ethics	Ensuring the highest standards of ethical business conduct and conducting business free of bribery and corruption
Product quality and safety	Ensuring the highest standard of quality and safety for our products
Supply chain traceability	Working with suppliers to ensure the traceability of raw materials

## Materiality



ENVIRONMENT		PEOPLE		ETHICS AND SUPPLY CHAIN	
1	NDPE	7	FPIC	14	Business Ethics and Transparency
2	Biodiversity Impact	8	CSR	15	Oil Palm Traceability till Plantations
3	Energy Consumption	9	Worker Right	16	Engagement with Suppliers
4	GHG Emission	10	Labor relations and Fair Labor Practices		
5	water efficiency and effluents management	11	Employee Safety		
6	Waste Management	12	Career Management: Recruitment, Training and development		
		13	Talent Attraction and Retention		



# Our Sustainability Progress

[103-2]

YEAR	MILESTONE
2006	• Became a member of RSPO
2008	• Commissioned our first methane capture facility
2010	• Equipped all our palm mills with methane capture facilities
2014	• Obtained our first RSPO SCCS certification
2015	• Published our Sustainability and NDPE policy • Obtained our first ISCC certification
2018	• Achieved 100% traceability to mills
2019	• Calculated our Scope 1 and Scope 2 GHG Emissions for the first time
2020	• Upgraded our Sustainability and NDPE policy • Launched our Sustainability Dashboard • Conducted our first supplier workshop
2021	• Obtained our first RSPO P&C certification • Obtained our first PROPER Hijau Award • Conducted our first online supplier workshop • Implemented a visiting program for high-risk suppliers
2022	• Published our first sustainability report • Obtained our first ISPO certification
2023	• Obtained our first Subroto Awards • Significant advancements in our traceability and Suppliers' NDPE commitment • Calculated our first scope 3 GHG emissions

## 2023 Highlights - Certifications and Awards



### • Our first Subroto Award

PT Pelita Agung Agrindustri (PAA), one of Permata Group's subsidiaries, won the coveted Subroto Award with the highest or "Aditama" distinction. Subroto Award was established in 2017 and is the highest annual award given by the Ministry of Energy and Mineral Resources to stakeholders who have excelled in advancing the energy and mineral resources sector in Indonesia in the past year. It has three distinction, with Aditama being the highest followed by Utama and lastly Pratama.



### • Our first Indonesia Green Award

The Indonesia Green Award honors efforts in environmental conservation, including reforestation, waste management, and energy conservation, promoting eco-friendly practices and responsible stewardship. In year 2023, PT Permata Hijau Palm Oleo and PT. Permata Hijau Indonesia were recognized as a winner in the following categories: biodiversity development, water resource conservation, and nature conservation efforts.

## NDPE AND TRACEABILITY FOR SUPPLIERS

<p><b>NDPE Progresses</b></p>	<p><b>75.27%</b> of our suppliers committed to NDPE.</p>	<p><b>77.45%</b> of our suppliers completed our self-assessment tool.</p>
	<p>Since year 2020, <b>71.27%</b> of our suppliers attended our supplier workshops.</p>	<p><b>80.98%</b> of our suppliers' volume delivered with No Deforestation commitment.</p>
	<p><b>71%</b> of our suppliers' volume delivered with No Development on Peat commitment.</p>	
<p><b>Traceability Progresses</b></p>	<p><b>100%</b> Traceability to Mill since year 2020.</p>	
	<p><b>81.79%</b> Traceability to Plantation</p>	
<p><b>Energy Conservation &amp; Combating Climate Change Actions</b></p>	<p>Over <b>3M kWh</b> of surplus electricity exported to the national grid.</p>	<p>Nearly <b>50%</b> of our energy consumption comes from renewable sources</p>
	<p>Avoided <b>164,000 ton</b> CO2eq of methane emission from the biogas plant</p>	<p><b>100%</b> Permata Group remains committed to zero deforestation across all operations</p>
<p><b>Community Welfare &amp; Biodiversity</b></p>	<p>Over <b>19,000</b> hard wood native trees and <b>110</b> reef balls have been deployed to enhance biodiversity.</p>	
	<p>Over <b>USD 290.000</b> has been distributed to communities through CSR initiatives</p>	



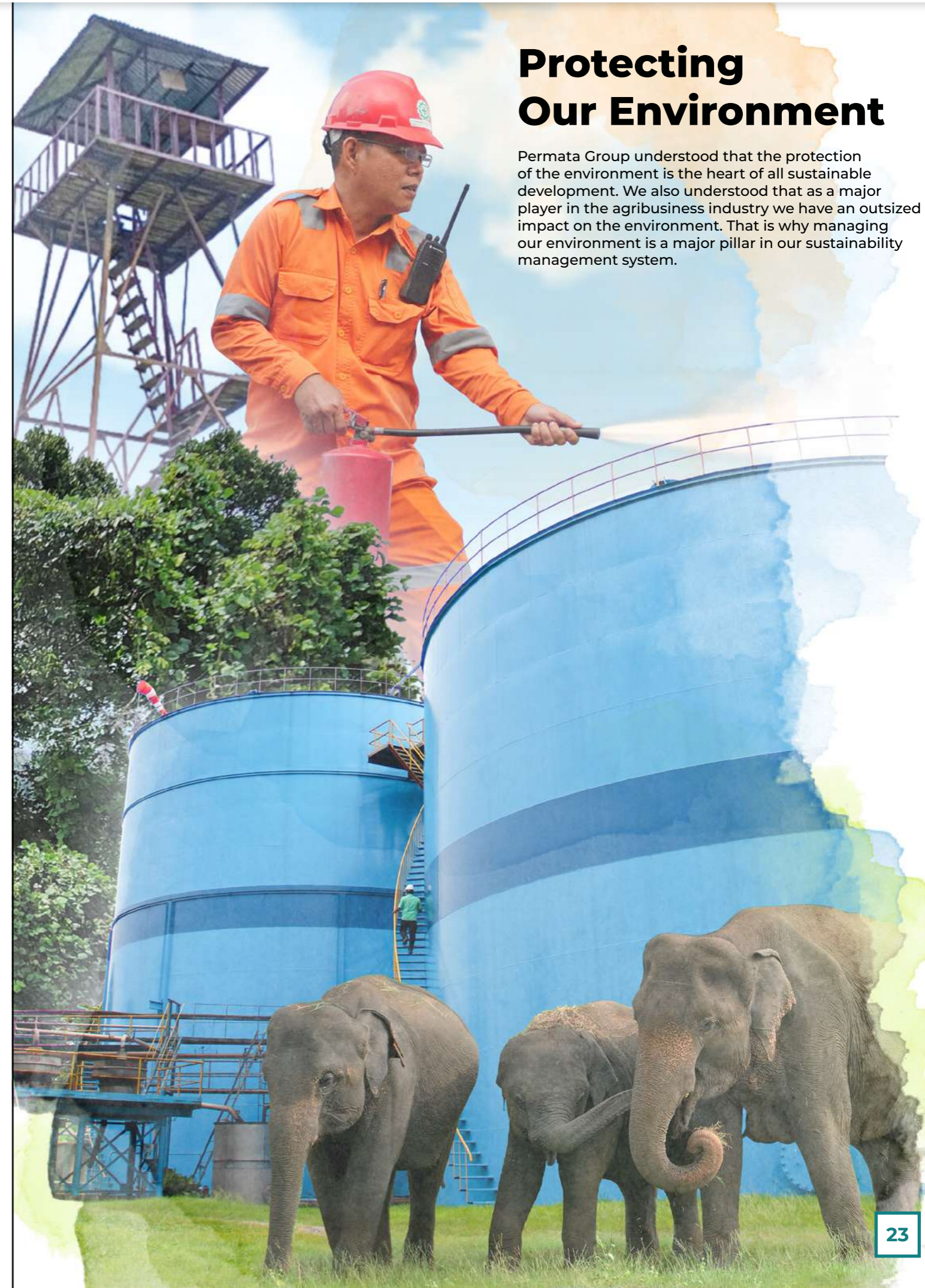
## Targets And Progress

TOPIC	2023 COMMITMENTS AND TARGET	2023 PROGRESS	FUTURE COMMITMENTS AND TARGETS
<b>CLIMATE CHANGE</b>	<ul style="list-style-type: none"> <li>•Maintain the methane capture system installed in our mills</li> <li>•Continue to explore opportunities for GHG reductions</li> </ul>	<ul style="list-style-type: none"> <li>•Avoided 164,000 ton CO2eq of methane emission from the biogas plant</li> <li>•Achieved PROPER Hijau</li> <li>•Maintained our RSPO P&amp;C and ISPO certifications</li> </ul>	<ul style="list-style-type: none"> <li>•Reduce our GHG emission intensity by 5% by 2030 from a 2020 baseline</li> <li>•Maintain RSPO and ISPO certification</li> <li>•Maintain and expand our Proper Hijau award</li> </ul>
<b>CONSERVATION OF HCV AREAS AND HCS FORESTS</b>	<ul style="list-style-type: none"> <li>•Continue conserving HCV areas and HCF forests by:</li> <li>-Continuing our commitment to NDPE</li> <li>-Continuing to implement best management practices on existing plantations on peat</li> <li>-Continuing to train and socialize our suppliers on our sustainability policy</li> <li>-Continuing to socialize villagers on HCV areas and HCFs forests and imploring them not to encroach</li> </ul>	<ul style="list-style-type: none"> <li>•No encroachment reported in our monitored HCV area</li> <li>•Timely engagement with suppliers with suspected deforestation</li> <li>•Conducted HCV and HCS conservation training and/or refreshment for employees</li> </ul>	<ul style="list-style-type: none"> <li>•Continue with the monitoring and conservation of HCV areas and HCS forests</li> </ul>
<b>FIRE AND HAZE PREVENTION</b>	<ul style="list-style-type: none"> <li>•No use of fire for planting or pest/disease control</li> <li>•Continue implementing our integrated fire monitoring and response system</li> </ul>	<ul style="list-style-type: none"> <li>•Zero fire occurred in our concession</li> <li>•Established a hotspot early warning system to complement GLAD hotspot alerts</li> <li>•Continued to socialize villagers on fire prevention and management</li> <li>•Continued to socialize zero burning to suppliers</li> <li>•Launched our first Fire Free Village Program</li> </ul>	<ul style="list-style-type: none"> <li>•Expand our fire monitoring and response system outside of our concessions and operational units.</li> </ul>

TOPIC	2023 COMMITMENTS AND TARGET	2023 PROGRESS	FUTURE COMMITMENTS AND TARGETS
<b>PEST MANAGEMENT AND FERTILIZER USE</b>	<ul style="list-style-type: none"> <li>•Continue reducing the use of synthetic pesticides and fertilizers</li> </ul>	<ul style="list-style-type: none"> <li>•Maintain the integrated pest management system (IPM) in our plantation</li> <li>•Phasing out paraquat and WHO 1A and 1B pesticides as well as those listed in the Stockholm and Rotterdam Conventions</li> </ul>	<ul style="list-style-type: none"> <li>•Fully phase out paraquat and WHO 1A and 1B pesticides as well as those listed in the Stockholm and Rotterdam Conventions</li> </ul>
<b>WASTE MANAGEMENT</b>	<ul style="list-style-type: none"> <li>•Continue to innovate our waste management systems</li> </ul>	<ul style="list-style-type: none"> <li>•100% of hazardous waste was handled as per the government regulation by licensed transporter</li> </ul>	<ul style="list-style-type: none"> <li>•Continue to innovate our waste management systems</li> <li>•Maintain and expand our Proper Hijau award</li> </ul>
<b>WATER AND EFFLUENTS MANAGEMENT</b>	<ul style="list-style-type: none"> <li>•Continue ensuring effluent complies with quality limits set by the relevant authorities</li> </ul>	<ul style="list-style-type: none"> <li>•Zero non-compliance to government regulation on effluent</li> </ul>	<ul style="list-style-type: none"> <li>•Expand our current water reduction initiatives</li> <li>•Reduce our water use intensity by 5% by 2030 from a 2020 baseline</li> <li>•Maintain and expand our Proper Hijau award</li> </ul>
<b>COMMUNITY AND SMALLHOLDER LIVELIHOODS</b>	<ul style="list-style-type: none"> <li>•Starting the implementation of a more effective and targeted CSR program by shifting our CSR program from charity based program to community development programs</li> </ul>	<ul style="list-style-type: none"> <li>•Assisted 111,650 beneficiaries with USD 290,000 in aid through our CSR programme</li> </ul>	<ul style="list-style-type: none"> <li>•Develop an effective CSR program with emphasis on community development</li> <li>•Develop a smallholder engagement and education program to improve yield and sustainability of smallholder</li> </ul>
<b>HUMAN RIGHTS</b>	<ul style="list-style-type: none"> <li>•Ensure our operations and suppliers are in full compliance with labour laws</li> <li>•Conduct stakeholder consultation and discuss human rights</li> <li>•Conduct supplier workshop and discuss human rights protection</li> </ul>	<ul style="list-style-type: none"> <li>•Zero substantiated complaint about human rights in our operations</li> <li>•Conducted stakeholder consultation and included human rights discussion</li> <li>•Conducted supplier workshop and included human rights topics</li> </ul>	<ul style="list-style-type: none"> <li>•Continue ensuring our operations and suppliers are in full compliance with labour laws</li> <li>•Continue to conduct stakeholder consultation and supplier workshop and always include human rights topics</li> </ul>



TOPIC	2023 COMMITMENTS AND TARGET	2023 PROGRESS	FUTURE COMMITMENTS AND TARGETS
Employee health, safety and wellbeing	<ul style="list-style-type: none"> <li>•Continue creating a safe and healthy working environment</li> <li>•Achieve SMK3 Gold flag rating for all of our operations</li> </ul>	<ul style="list-style-type: none"> <li>•Achieved gold flag (highest level) rating in SMK3 (Indonesian health and workplace safety) certification for 80% of our operations</li> </ul>	<ul style="list-style-type: none"> <li>•Continue creating a safe and healthy working environment</li> <li>•Achieve SMK3 Gold flag rating for all of our operations</li> </ul>
Human capital development	<ul style="list-style-type: none"> <li>•Continue providing training and opportunities for continuous development</li> </ul>	<ul style="list-style-type: none"> <li>•4,273 employees trained and retrained</li> </ul>	<ul style="list-style-type: none"> <li>•Continue providing training and opportunities for continuous development</li> </ul>
Corporate governance and ethics	<ul style="list-style-type: none"> <li>•Continuous socialization and retraining of our employee on the code of ethics</li> <li>•No incidents of anti-competitive behavior, monopolistic practice or corruption or bribery cases</li> </ul>	<ul style="list-style-type: none"> <li>•Continuous socialization and retraining of our employee on the code of ethics</li> <li>•No incidents of anti-competitive behavior, monopolistic practice or corruption or bribery cases</li> </ul>	<ul style="list-style-type: none"> <li>•Continuous socialization and retraining of our employee on the code of ethics</li> <li>•No incidents of anti-competitive behavior, monopolistic practice or corruption or bribery cases</li> </ul>
Product quality and safety	<ul style="list-style-type: none"> <li>•No incidence of non-compliance with regulations concerning the health and safety of our products</li> <li>•No complaint from customer on our product quality and safety</li> </ul>	<ul style="list-style-type: none"> <li>•No incidence of non-compliance with regulations concerning the health and safety of our products</li> <li>•No complaints from customer on our product quality and safety</li> </ul>	<ul style="list-style-type: none"> <li>•Maintain zero incidence of non-compliance with regulations and zero complaint from customer</li> </ul>
Supply chain traceability	<ul style="list-style-type: none"> <li>•Maintain 100% traceability to mills</li> <li>•Continue to increase % of fruit traceable to mill and plantation</li> <li>•Continue working with suppliers to refine the use of GFW to detect deforestation and fire</li> <li>•Continue engaging with suppliers on traceability</li> </ul>	<ul style="list-style-type: none"> <li>•Achieved 100% traceability to mills and 81,79% traceability to plantation</li> <li>•Conducted our first on-site supplier workshop</li> <li>•Implemented a regular visiting program for high-risk suppliers</li> </ul>	<ul style="list-style-type: none"> <li>•Maintain 100% traceability to mills</li> <li>•Continue increasing % of fruit traceable to plantation and achieve 100% traceability to plantation by 2025</li> <li>•Improve and refine the detection of deforestation and fire in supplier plantations using GFW and other monitoring system</li> </ul>



# Protecting Our Environment

Permata Group understood that the protection of the environment is the heart of all sustainable development. We also understood that as a major player in the agribusiness industry we have an outsized impact on the environment. That is why managing our environment is a major pillar in our sustainability management system.

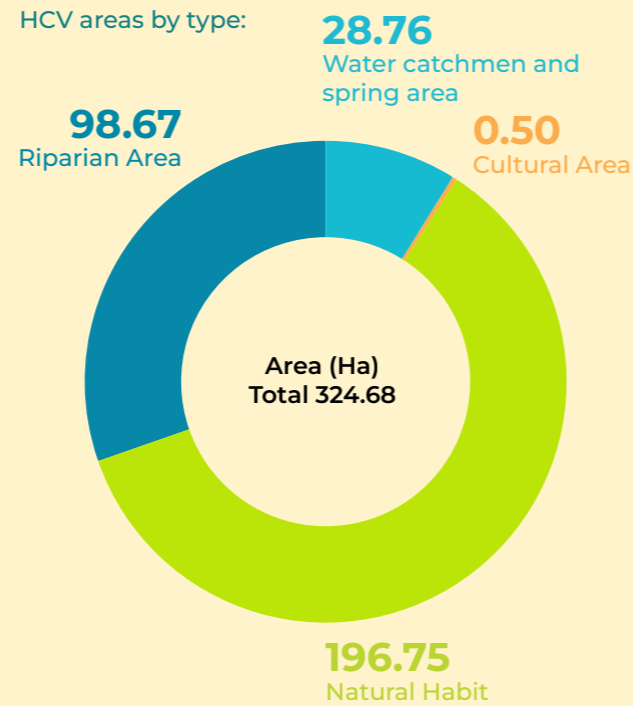


# 1. Protecting High Conservation Area and Biodiversity

[GRI 3-3, 304-1, 304-2, 304-3, 304-4]



Permata Group is committed to manage and monitor HCV areas identified in our concession and protect their natural functions and biodiversity. We have commissioned HCVRN ALS licensed assessors to conduct HCV assessments in all of our concession areas. The assessments identified the presence of 324.68 Ha of HCV area (1.5% of our concessions) spread out across our plantations Riau & North Sumatra. Most of our HCV is riparian and water catchment area with some natural habitat and cultural sites.



The assessments also identified 65 plant species and 85 animal species within our concession area, some which have been identified as vulnerable, near threatened and endangered.

	IUCN Rating				
	Least Concern	Near Threatened	Vulnerable	Endangered	Critically Endangered
Total Number of Plant Species	58	1	2	3	1
Total Number of Animal Species	70	2	9	3	1

We are committed to manage the HCV areas and to protect their natural functions and biodiversity including ensuring that no hunting of protected species occurred within our concession area and ensuring that no riparian area will be planted or replanted. For riparian area already planted, we will stop the manuring and spraying activities to return the land to its native state. We assign our staffs to periodically patrol the HCV areas to prevent encroachment. We also erect and maintain signs and markings demarcating HCV areas and actively socialize to locals during stakeholder consultations on the presence of HCV areas and the necessity of preserving them. Our staffs and workers were also trained on the importance of HCV areas and their preservation and conservation.

We require our suppliers to follow our approach in managing their HCV areas and requested them to share their HCV management in our sustainability questionnaire. In the questionnaire, suppliers are invited to elaborate on their NDPE and sustainability policy as well as to update us of its implementation. They are also encouraged to disclose activities and programs that they have implemented to protect the environment, mitigate climate change, and improve the economic well-being of the local communities.

## Natural Ecosystem Conservation and Rehabilitation

In addition to protecting and monitoring HCV areas within our concession, we also actively participate in forest & marine restoration and wildlife conservation projects outside. We partnered with 1000 Reef Ball Nature Lovers in the Colar Reef Conservation and Rehabilitation Program.

This program involves placing large, concrete reefballs near Pulau Mursala and Pulau Kalimantanung. Permata Group has sponsored 110 reefballs for this program. As these artificial reefs become submerged and begin to foster, they become stable foundation for corals to attach and thrive, promoting biodiversity and ecosystem health. These reefballs are crucial in mitigating the effects of climate change, overfishing, and other threats to marine ecosystems. By supporting this project, we aim to promote biodiversity, strengthen the marine ecosystem, and contribute to the overall health of the oceans.

## “ Supporting Sumatra’s Elephants and Communities

Permata Group continued its collaboration with Barumun Nagari Wildlife Sanctuary, a 600-hectare sanctuary located in Padang Lawas Utara. We provided essential support to the sanctuary’s inhabitants, home to a dozen Sumatran elephants and tigers. Permata Group implemented “feed the elephant” program by sourcing food—bananas, papayas, and sugarcane—from local farmers, we ensured the well-being of these majestic creatures, many of whom were rescued from the wild.





*In addition to that, we also help the construction of elephant enclosures at the Barumun Nagari Wildlife Sanctuary. These enclosures are crucial for isolating male elephants during musth mating periods, a time of heightened aggression and sexual activity. By providing a safe environment for both the elephants and their handlers, these enclosures help prevent human-elephant conflict and ensure the long-term survival of the species.*



## Peatland Management

Peatlands play a crucial role in the global carbon cycle and support diverse ecosystems. However, improper management of peatlands, particularly in relation to palm oil production, can lead to significant environmental and social impacts. Peatlands serve as an important carbon reservoir, storing as much as 4 trillion tons of carbon (forests store around 1.3 trillion tonnes while peatlands store double that amount). They also serve as habitats for numerous species of plants and animals, many of which are rare, threatened and/or endangered. Indonesia's forests and peatlands are among some of the most extensive and biodiverse in the world and their protection and conservation play an important role in climate change mitigation at the national and global level.

Permata Group is fully committed to zero new planting on peatland. We are also committed to manage our existing plantation on peatland in accordance with RSPO Best Management Practice (BMP). We constructed water gates and water weirs to maintain the water level of our peat area at maximum 40 cm below the ground level in accordance with Indonesian government regulation and installed water level gauges and piezometers to measure and ensure that the water level is maintained at the recommended level. We also installed peat subsidence pole to measure the subsidence rate of the peat.



*Piezometer is installed to measure and ensure that the water level is maintained at the recommended level*

We conducted Peat Drainability Assessments for all our peat areas prior to replanting as required by the RSPO. To date we have carried out 6 soil and peat assessments (combined with our HCV assessment) and 1 drainability assessment in our estates. The results of the assessment indicated that our existing plantations on peat were suitable for replanting.



*Subsidence Pole is installed to measure the subsidence rate of the peat*

## Preventing Deforestation

Deforestation remains a significant global challenge, with far-reaching environmental, social, and economic consequences. Utilizing advanced technology such as Global Forest Watch (GFW) Pro, coupled with regular field patrols, we vigilantly monitor our designated conservation areas identified through High Conservation Value (HCV) and High Carbon Stock (HCS) assessments. This proactive approach allows us to receive early warnings of potential deforestation, enabling swift and targeted responses. Concurrently, we prioritize community education initiatives to instill an understanding of the importance of these conservation areas, urging local communities to refrain from encroaching on these vital zones.

Extending our commitment to deforestation-free practices, we hold our suppliers to the same high standards. Leveraging similar methods, we employ GFW to detect disturbances within a 50 km radius of our suppliers' mills, serving as indicators of potential deforestation within their operations. We are actively collaborating with our suppliers to enhance this monitoring process by mapping their fruit sources, adopting a risk-based approach for greater traceability to the plantation level. This meticulous approach allows us to pinpoint the exact origins of our fruits, subsequently narrowing down our monitoring area for more effective oversight.

We had zero deforestation or fire within our operations and no verified deforestation or fire in our suppliers' operations in the past year. Nevertheless, as part of our Sustainability Policy, any non-High Carbon Stock Approach (HCSA) compliant deforestation after 2020 (if found) will be remediated or compensated in accordance with RSPO Remediation and Compensation Procedure (RACP) procedure. We require our suppliers to implement the same policy.



## Fire Management and Prevention

At Permata Group, we recognized the critical importance of fire management and prevention in protecting our plantations, surrounding communities, and the environment. We are committed to zero use of fire for any planting (new or replanting) or for pest and disease control in our plantation.

# “ Preventing Fires, Protecting Communities ”



We successfully implemented the Fire Free Village Program (FFVP) in 2023. The FFVP is a community-based initiative designed to reduce the occurrence of fires. We provide training and support to villages near our operations to minimize fire incidents and ensure a swift response to any fires that break out. Villages that maintain a zero-fire hotspot record for an entire year are rewarded. Our aim is to encourage communities to adopt alternative land clearing practices that avoid slash-and-burn methods. This community-based approach has proven to be an effective strategy for fire prevention. We're continuing to enhance our fire prevention measures and plan to expand our fire monitoring system to areas beyond our current operations.



We developed and implemented an integrated fire monitoring and response system that includes the following:

### 1. Fire awareness and prevention training

We organize awareness campaigns and training sessions for our plantation workers and nearby communities to educate them about fire prevention measures. This includes proper handling of equipment, avoiding open burning, and reporting potential fire risks promptly.

Working with Manggala Agni and Dinas Pemadam Kebakaran, we have developed a comprehensive training program tailored to the needs of our workforce. The training covers crucial aspects of fire awareness and prevention, ensuring that each employee is well-informed and capable of mitigating fire risks effectively. This collaboration aims to empower our workers with essential fire awareness and prevention training, fostering a culture of safety and vigilance within our organization. Participants gain a deep understanding of fire behavior, including how fires spread, factors that contribute to their intensity, and the environmental conditions that influence their course. To enhance engagement and retention, our training approach involves interactive workshops and realistic simulations. Participants actively practice fire prevention techniques and simulated emergency responses.



Training sessions is conducted for our workers and nearby communities to educate them about fire prevention measures

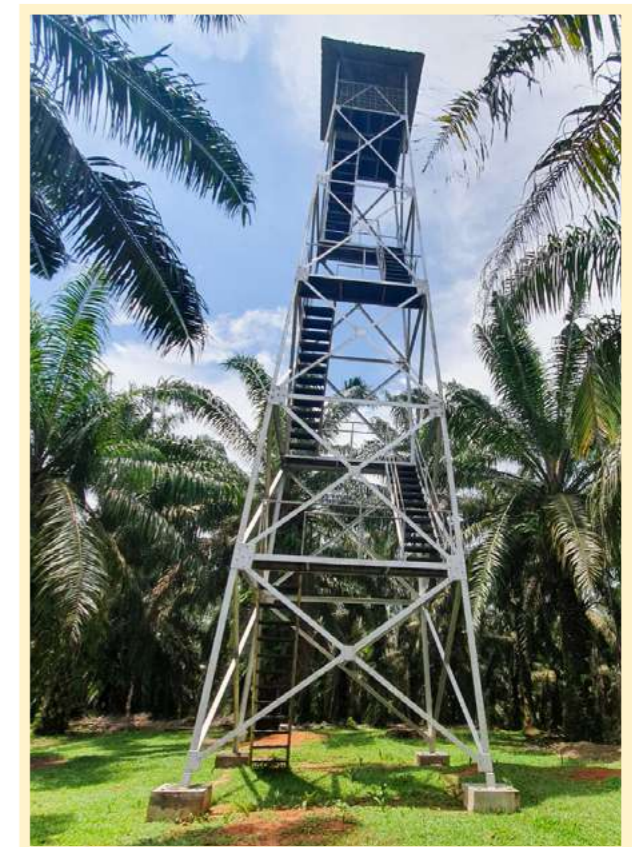
We also conduct regular fire risk assessments across our plantations to identify vulnerable areas and potential fire hazards. This assessment helps us prioritize fire prevention efforts and allocate resources effectively.

### 2. A robust early warning system

We subscribed to the Global Forest Watch's GLAD alert system for potential deforestation as well as VIIRS and NOAA to monitor any fires that might occur in both Permata and our suppliers' plantation. These allow us to detect fire hotspots promptly, enabling rapid response measures to extinguish fires before they escalate.

In addition to satellite-based monitoring, we have taken a proactive approach by constructing fire towers strategically placed across our plantations. These towers serve as elevated vantage points, enhancing our ability to spot potential fires from a distance. Complementing this infrastructure, we deploy dedicated patrol teams to conduct periodic surveillance around the plantations. This on-the-ground presence significantly contributes to early fire detection and aids in swiftly initiating response actions.

Upon the identification of a suspected fire through any of the monitoring systems, be it GLAD, VIIRS, NOAA, fire towers, or patrol teams, our specialized fire-fighting teams are immediately mobilized. These teams are equipped and trained to control and extinguish fires efficiently. Their prompt response is crucial in preventing the spread of fires and minimizing potential damage to the environment.



Fire tower to monitor fire incidences



### 3. A well trained and well-equipped firefighting team

We have a dedicated emergency response team trained in handling fire incidents. Our fire-fighting team is equipped with firefighting equipment in line with government regulation. In our units, teams are also supported by fire engines. Members of our firefighting teams have received Fire Fighting Training Certificate Class A, B, C and D as well as specialized forest and land fire training from Manggala Agni.



A well trained and well-equipped firefighting team



## 2. Pest Management and Fertilizer Use

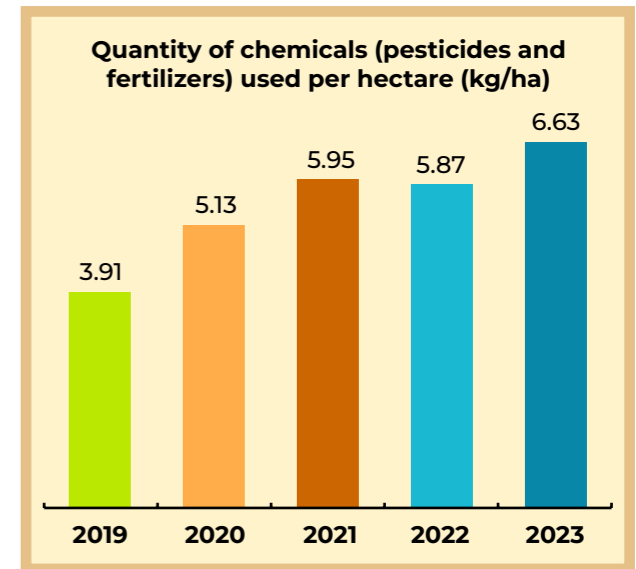
[GRI 3-3 & 13.6.1]



The use of chemicals such as synthetic fertilizers and pesticides is an unavoidable facet of plantation operations. However, these chemicals can adversely impact the environment in and around our operations. Groundwater contamination from soil infiltration and surface water contamination due to the runoff are the two main environmental concerns of synthetic fertilizer and pesticides application. The use of chemicals can also negatively impact the health of workers who handle them. We are aware of the negative impacts and are committed to reducing the use of synthetic pesticides and fertilizers. We use soil and leaf analysis to inform our manuring programmes to minimize excessive and ineffective fertilizer application. We also employ Integrated Pest Management (IPM) practices to reduce reliance on synthetic pesticides. Additionally, we continuously explore and adopt alternative and more environmentally friendly agricultural inputs and practices.

Despite our successful implementation of manuring programs and integrated pest management (IPM) between 2021 and 2022, our chemical use intensity increased slightly from 2022 to 2023. This was primarily due to the acquisition of new plantations, which required additional resources and treatments to establish and maintain optimal conditions.

To minimize reliance on chemical pesticides, Permata Group implemented an integrated pest management system. This involved utilizing biological controls, such as using barn owls to control the rat population in our plantations. We also plant crops such as the allamanda flower to encourage the presence of beneficial insects that prey on the larvae of oil palm pests and mucuna bracteata to control the growth of weeds as well as provide supplemental nitrogen to young palm plants.



Where possible, we use organic fertilizers derived from waste products which contain a good amount of valuable macro and micronutrients. We implemented a land application system whereby treated palm oil mill effluent (POME) from our mills is used in our plantations as organic fertilizer and for irrigation. We also trialled the installation of belt presses in some of our mills to separate solids from effluent which can be applied in our plantations. Other wastes from our operations recycled into organic fertilizers include boiler ash and decanter solids.



Belt presses are installed in some of our mills to help reduce effluent's COD load



land application system to fertilize and irrigate our plantations

We are committed to phase out the use of chemicals with the most negative impacts on the environment including paraquat, a chemical herbicide with high levels of toxicity, WHO class 1a and 1b chemicals as well as those listed in the Stockholm and Rotterdam convention.

We provide proper protective gear to our chemical handling workers and mandate their use in all chemical handling activities. We also provide chemical training for our workers who handle them. Chemical waste is stored in dedicated temporary hazardous waste storage facilities on our sites and is disposed of by certified third parties.



### 3. Water and Effluent Management

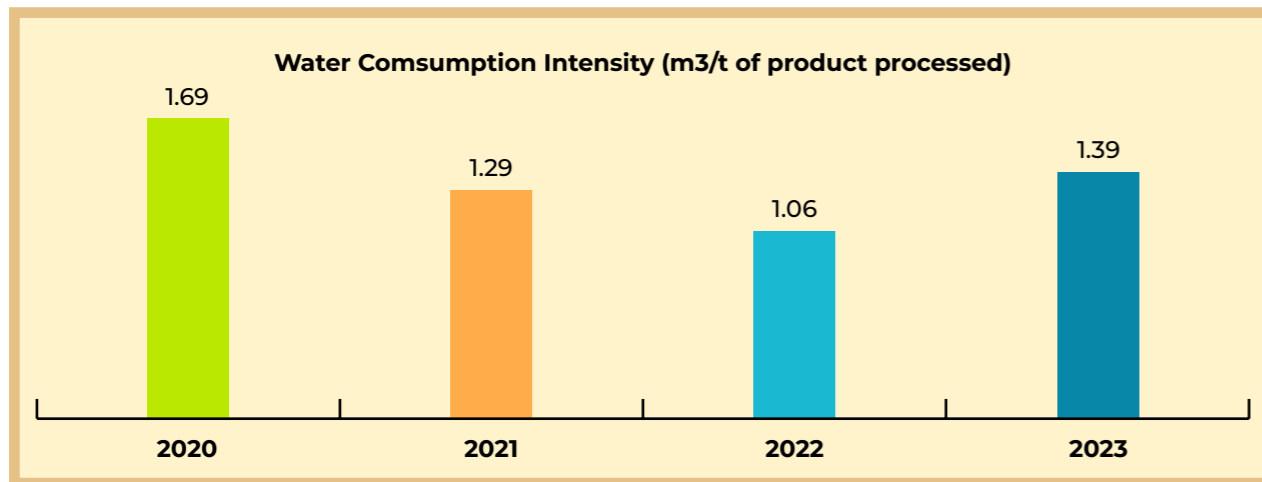
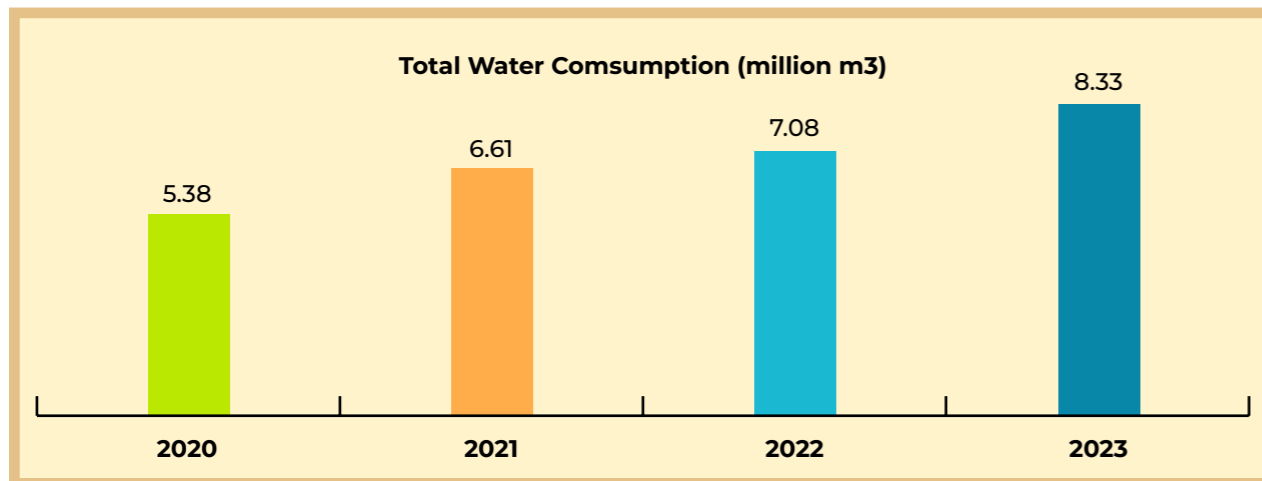
[GRI 3-3, 303-1, 303-2, 303-4, 303-5]



#### Water Management.

Water is a finite resource, and its responsible usage is integral to sustainable development. Inefficient water usage can lead to depletion of local water sources, affect ecosystems, and disrupt nearby communities. Inadequate effluent management can pollute water bodies, soil, and air, resulting in adverse environmental and public health impacts. That's why water and effluent management is a critical aspect of sustainable operations.

We have implemented several programs and initiatives to reduce, reuse, and recycle water where possible. We installed rainwater collection drains on the roofs of our plants and employees' homes to supplement our water withdrawal. In a single plant, collected rainwater can provide up to 2% of total water usage. Other initiatives to reduce water withdrawal and consumption include using palm fibres instead of water to clean up accidental oil spills in our plants and reusing reject water from our reverse osmosis water treatment system to wash and clean our plants which can save us up to 10% of our water consumption. We will continue to seek out and innovate ways to reduce our water usage and have set ourselves a target to reduce our 2030 water consumption intensity by 5% compared to a 2020 baseline.



Our water consumption and water intensity increased in 2023 compared to 2022. The expansion of our facilities in 2023 led to a higher demand for water, resulting in increased consumption and intensity. While our water consumption and intensity may fluctuate due to operational factors, Permata Group remains steadfast in our commitment to water conservation. We will continue to invest in technologies and practices that reduce our water consumption.

#### Effluent Management

Effluent management stands as a pivotal component of our commitment to environmental sustainability and responsible business practices. Proper management is essential to prevent pollution, minimize environmental impact, and safeguard human health.



A wastewater treatment plant in one of our units



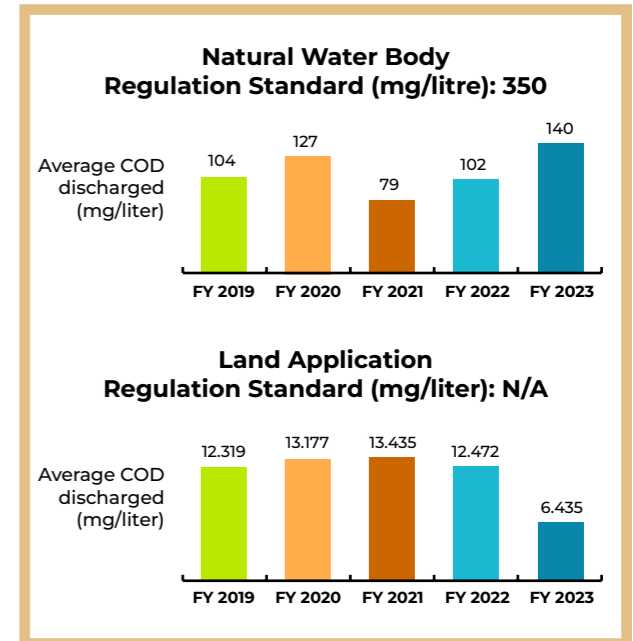
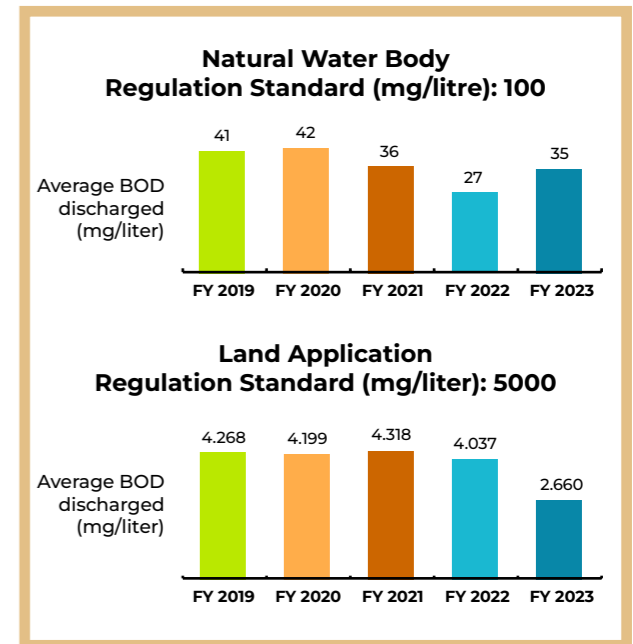
Permata Group ensures that any effluent discharged complies with quality limits set by the relevant authorities. To do this, we built wastewater treatment plants combining chemical and biological treatments for our palm oil mills, refineries and other downstream operations to treat both palm oil mill effluent (POME) and palm oil refinery effluent (PORE).

In addition to the typical wastewater treatment plants which utilize a series of open lagoons and ponds, we constructed methane capture facilities in our palm oil mills to reduce GHG emissions and odors. In some of our mills, we also installed belt presses to separate out solids from effluent which in turn reduces its organic load. The separated solids are then used as organic fertilizers for our plantations.

Where possible, we recycle POME and other effluents into organic fertilizer and irrigation for our plantations through our land application system. While we experience dry season during weather phenomena such as El Niño, this is not significant enough to pose a major risk of water stress to our oil palm plantations because we mitigated it by irrigate our land using palm oil mill effluent (POME).

This is supplemented with our integrated pest management (IPM) system which promotes the use of natural and organic means to control pests. These initiatives not only minimize effluent discharge, but also reduce the need for synthetic chemicals and with it, the potential run off of those chemicals into surrounding water bodies.

For our refineries and downstream operations, we constructed chemical based wastewater treatment plants which used flocculent and coagulant to remove organic materials from our wastewater, reducing their Chemical Oxygen Demand (COD) and Biological Oxygen Demand (BOD) to the level compliant with the government regulations which we hope to maintain.





## 4. Waste Management

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



Ensuring effective waste management is a cornerstone of our dedication to sustainable palm oil practices. Our commitment to environmental responsibility extends to the implementation of a holistic waste management strategy designed to minimize our operational impact and foster a circular economy.

Emphasizing the principles of the 3R's—reduce, reuse, and recycle—we strive to promote these practices for all categories of waste generated within our operations. By doing so, we aim to not only minimize the volume of waste but also ensure that materials are utilized efficiently, contributing to a more sustainable and resource-efficient production process.

In alignment with our commitment to compliance and responsible corporate citizenship, Permata Group is dedicated to ensuring that all waste generated undergoes proper treatment and disposal. This commitment is in full adherence to the laws and regulations set forth by the Indonesian authorities. We understand the importance of legal compliance in waste management to prevent adverse environmental impacts and maintain the integrity of the ecosystems in which we operate.

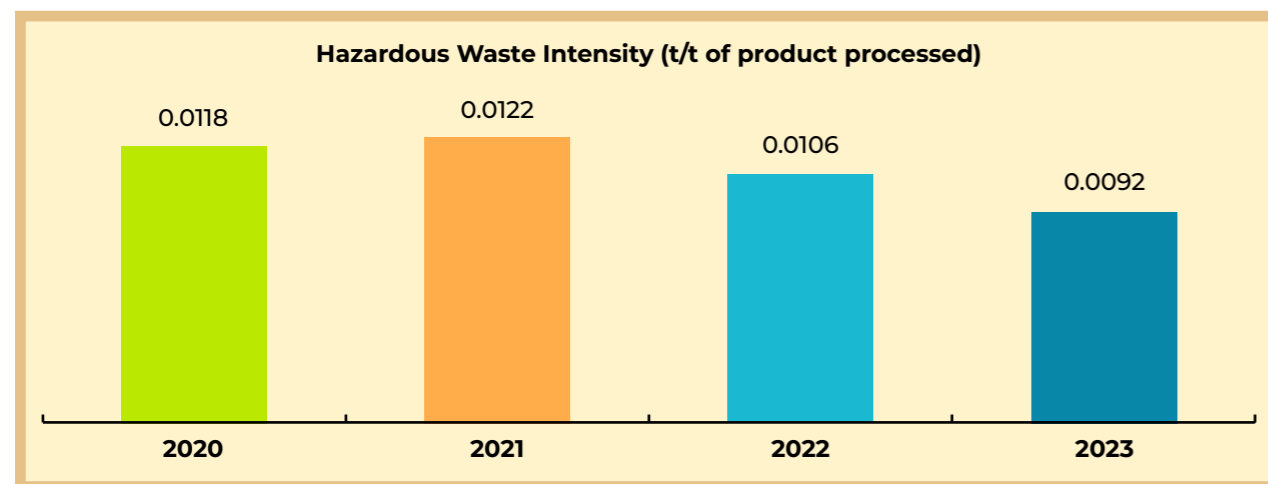
### Hazardous Waste

Our commitment to responsible hazardous waste management underscores our dedication to safeguarding both the environment and human well-being. Rigorous protocols are in place to identify, segregate, and handle hazardous waste generated throughout our operations. By adhering to strict regulatory guidelines and international standards, we ensure the safe storage, transportation, and disposal of these materials.

We ensure the proper handling of hazardous waste by providing well-built and well equipped temporary hazardous waste storage facilities on our sites and engaging with certified third parties to transport and dispose of the waste.

	FY 2020	FY 2021	FY 2022	FY 2023
Spent bleaching earth (SBE) (t)	19,038	32,342	35,970	27,600
Fly ash and bottom ash (FABA) (t)	15,742	26,585	28,725	25,293
Chemical container (t)	65	122	138	137
Other hazardous waste (t)	2,961	3,578	5,620	2,531
<b>Total (t)</b>	<b>37,806</b>	<b>62,627</b>	<b>70,574</b>	<b>55,562</b>

Hazardous Waste Intensity (t/t of product processed)



Empty pesticide and fertilizer containers constitute the primary source of hazardous waste in our plantation operations. To address this concern, we have proactively promoted the controlled use of chemicals through our Integrated Pest Management (IPM) system and scientifically based manuring programs. By emphasizing natural and organic means to control pests and provide nutrients, we've effectively reduced the reliance on chemicals, consequently minimizing the disposal of empty chemical containers.

Our commitment to minimizing potential human and environmental exposure to hazardous chemicals is further demonstrated by our restriction on the use of WHO Class 1a and 1b chemicals, as well as those listed in the Stockholm and Rotterdam conventions. This strategic approach aligns with global efforts to manage and reduce the impact of highly hazardous chemicals on ecosystems and human health.

In our refineries, Fly Ash and Bottom Ash (FABA) from coal-fired boilers, and Spent Bleaching Earth (SBE) are identified as the main sources of hazardous waste. To address this, we actively promote the use of biomass, such as Palm Kernel Shell (PKS), as a sustainable and environmentally friendly replacement for coal in our power plants. Encouragingly, four out of our six refineries have phased out the use of coal entirely and now utilize palm kernel shells instead.



Coal substituted and FABA avoided through the use of biomass in our plants

	FY 2020	FY 2021	FY 2022	FY 2023
Coal Substituted (t)	343,304	353,505	332,780	429,731
FABA Avoided (t)	17,165	17,675	16,639	21,487



### Non Hazardous Waste

In managing non-hazardous waste from our plantations and mills, we prioritize sustainable practices and recycling efforts. Two significant components of this waste are empty fruit bunches (EFB) and palm kernel shells (PKS), both of which are predominantly reused and recycled.

#### 1. Empty Fruit Bunches (EFB):

- Reusing as Mulch and Organic Fertilizer: EFB is repurposed as mulch and organic fertilizer, contributing to soil enrichment and plant health.
- Pressing and Shredding for Boiler Power: EFB can be pressed and shredded into fibers, serving as a renewable and sustainable source of energy to power boilers in our mills.

#### 2. Palm Kernel Shells (PKS):

- Export and Use in Sister Refineries: The utilization of EFB in our mills allows us to replace PKS, which can then be exported and used in our sister refineries. This serves as an alternative to coal, contributing to cleaner energy generation.

General and domestic waste even though produced in much lesser quantities than EFB and PKS still represented a sizable component of non-hazardous waste. To manage this waste, we implemented a waste segregation system to distinguish between organic and non-organic waste within our waste streams. This separation allows us to manage waste more effectively and implement tailored disposal methods.

#### 3. Organic Waste:

- Landfill Disposal: While not ideal, organic waste is predominantly sent to landfills. Efforts to explore alternatives or promote composting may further enhance sustainability in this aspect.

#### 4. Non-Organic Waste:

- Recycling at Third-Party Facilities: Non-organic waste is directed to third-party recycling facilities, emphasizing our commitment to responsible waste management and contributing to circular economy practices.

Quantity of non-hazardous waste generated and disposal method

Waste Type	Disposal Method	FY 2020	FY 2021	FY 2022	FY 2023
EFB (t)	Reused as organic fertilizer or fuel	298,567	339,581	365,607	425,424
PKS (t)	Reused as fuel	111,672	115,416	112,775	142,400
Mesocarp fibre (t)	Reused as fuel	186,048	197,348	202,688	229,402
Inorganic general waste (t)	Sent to landfill, municipal waste processor or recycled by third party	12,472	11,070	10,218	12,913
Organic general waste (t)	Sent to landfill or municipal waste processor	17,555	15,155	14,123	18,896
<b>Total</b>		<b>626,314</b>	<b>678,570</b>	<b>705,411</b>	<b>829,035</b>

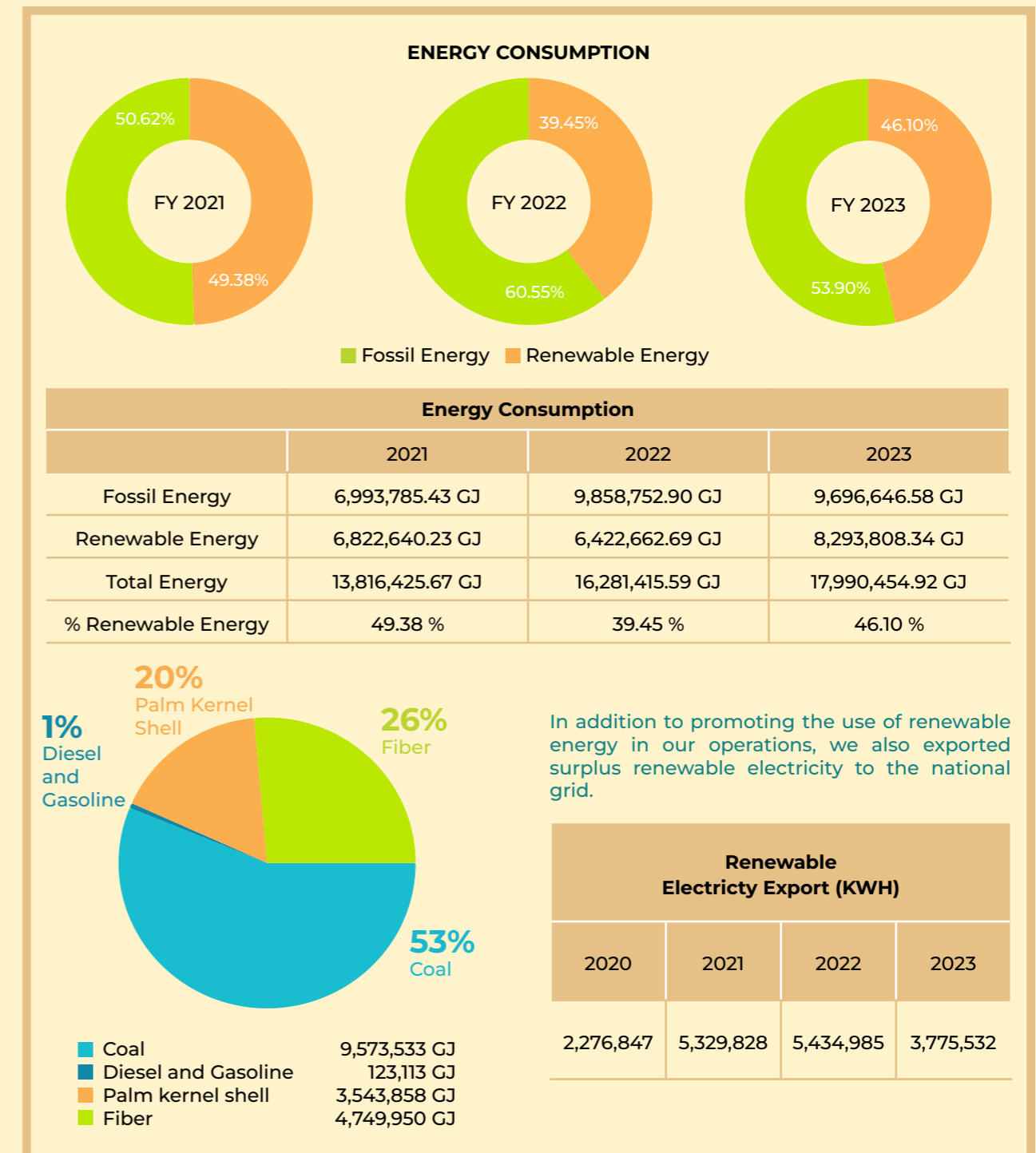
## 5. Energy Management

[GRI 3-3, 302-1, 302-3]



Reducing energy consumption is one of our focus areas in our drive towards improving the sustainability of our operations.

In 2023, our operations consume 17.8 million GJ of energy, an 18% increase compared to 2022 energy consumption. 9.5 million GJ of those came from non-renewable sources (53.58%) and 8.2 million GJ from non-renewable sources (39.45%).





## 6. Climate Change

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



Climate change refers to the long-term alteration of Earth’s average weather patterns, primarily driven by human activities that release greenhouse gases into the atmosphere. These gases trap heat, leading to rising temperatures, shifts in weather patterns, and a cascade of environmental changes. It is one of the most pressing challenges facing our planet today with urgent actions required. At Permata Group, we focus our efforts on two aspects: to manage physical climate risks and to combat climate change.

### Managing Climate Risks

Permata Group has implemented a company-wide risk management system to identify and analyze various risks and opportunities, including those related to climate change. Our Board of Directors is responsible for the Group’s risk management, with the Director of Sustainability, also a board member, presenting climate and sustainability issues for discussion. Acknowledging the increasing risks posed by climate change, the Director is tasked with identifying and evaluating these risks and opportunities, and reporting them to the Board. The sustainability team works with both external and internal stakeholders, including suppliers, customers, government bodies, and industry groups like the RSPO, as well as traders and plantation managers, to ensure a thorough understanding of the risks and opportunities facing the company.

We assess climate-related risks and opportunities over the medium term (2-10 years) and long term (10-30 years), taking into account physical risks and transition risks, as well as potential positive impacts. Below is the detailed analysis of these climate-related risks and opportunities along year 2023:

#### Climate-related Risks

CATEGORY	RISK	DESCRIPTION	TIME HORIZONS	MEASURES
Acute Physical	Flood	Extreme Weather Condition, such as, droughts and floods negatively affects the productivity of our palm plantation which translates to reduction in revenue	Medium to Long Term	Our short-term strategy focuses on storing rainy-season floodwater for use during dry periods, while long-term efforts involve replanting with drought- and flood-resistant palm varieties. To support our greenhouse gas (GHG) reduction program, we track emissions, optimize biomass as renewable fuel, and install methane capture systems to help stabilize climate patterns. Our goal is a 5% reduction in GHG intensity by 2030, based on 2020 baseline.
	Drought			
	Fire	Climate-related fire risks due to longer drought can pose a significant threat to palm oil production by increasing the likelihood of wildfires that can devastate plantations, degrade soil, and result in economic losses		

CATEGORY	RISK	DESCRIPTION	TIME HORIZONS	MEASURES
Chronic Physical	Changes in climate pattern	Long term changes in climate pattern caused by global warming can have an adverse effect on our operation. More extreme weather such as longer drought period alternating with flooding will reduce oil palm production and will have knock on effect on the downstream industries in terms of price instability and supply security	Long Term	effectively mitigate risks. We monitor potential fires in our Permata plantation and those of our suppliers using the Global Forest Watch’s GLAD alert system, VIIRS, and NOAA, enabling prompt detection and rapid response to hotspots. Recognizing the risk from surrounding villages, we also implemented the Fire Free Village Program (FFVP) in 2023.
	Pest & Disease Outbreak	Pest and disease outbreaks can significantly hinder palm fruit and palm oil production by damaging palm trees, reducing fruit quality, and increasing production costs due to the need for pesticides and fungicides. Severe infestations can lead to notable yield losses, affecting the overall supply of palm oil. This decline in quantity and quality can negatively impact profit margins for mills and refineries, as they may face higher costs for superior fruit or lower market prices due to an oversupply of inferior products.		We have implemented several measures to mitigate the impact of pest and disease outbreaks in our plantations. We practice Integrated Pest Management by optimizing the presence of barn owls and utilizing host plants such as Turnera subulata, which supports beneficial predators. This approach helps reduce reliance on chemical pesticides, thereby decreasing climate-related risks. Additionally, we prioritize hygiene in our oil palm maintenance through regular pruning and sanitation practices. We also conduct periodic assessments of pests and diseases to anticipate and prevent potential outbreaks.



Climate-related Transition Risks

CATEGORY	RISK	DESCRIPTION	TIME HORIZONS	MEASURES
Regulatory	Update on Regulation	Climate-related regulation is emerging as a crucial risk factor that we need to stay updated on. For instance, the European Union Deforestation Regulation (EUDR) is increasing the demand for low-emission palm oil products in Europe. This shift necessitates that palm oil companies provide deforestation-free products and maintain traceability throughout their supply chains. Non-compliance with the EUDR could result in significant revenue losses.	Medium to Long Term	We are preparing for compliance with EUDR regulations by assessing our suppliers regarding key requirements such as no deforestation and legal land ownership. This process begins with mapping polygons and will culminate in a comprehensive report in the future.
Market	Changes in palm oil purchasing behavior	Climate change is progressively influencing consumer preferences and behaviors, particularly as awareness of environmental issues rises. A growing number of consumers are now more aware of the environmental impact of their purchases, resulting in an increased demand for sustainable and ethically sourced products. Companies that do not meet this demand risk losing market share and experiencing reduced profits.	Medium to Long Term	We are committed to serving our customers at the highest level. Our focus is on producing safe, high-quality products through best manufacturing practices, continuous improvement initiatives, and strict compliance with global standards. To meet the high market demand, we strive for qualified and certified products, obtaining various certifications such as RSPO, ISPO, ISO 22000, ISO 9001:2015, ISO 14001:2015, GMP+FC2020, BPOM, and others

CATEGORY	RISK	DESCRIPTION	TIME HORIZONS	MEASURES
Management Practice	GMP & GAP	The competition for Good Manufacturing Practices (GMP) and Good Agricultural Practices (GAP) in the context of climate change poses various risks for companies in agriculture and food production. Companies that neglect to invest in these practices may encounter higher operational costs due to reduced yields, pest outbreaks, or crop failures intensified by changing climatic conditions. This neglect can also result in a loss of market share, leading to diminished customer trust and negatively impacting sales.	Medium to Long Term	We apply Good Management Practices (GMP) and Good Agricultural Practices (GAP) throughout our operations. In our plantations, we optimize integrated pest management to minimize the use of chemical pesticides and herbicides, while upholding rigorous sanitation and manuring practices that enhance yields. In our mid-stream and down-stream operations, we perform regular checks on our processing machines to ensure compliance with applicable standards. Furthermore, we offer continuous training for our employees to improve their performance and support them in meeting production targets effectively. We are also committed to seeking opportunities to boost our yields while minimizing our environmental impact.
	Peatland Operation	Climate-related peatland operations can pose significant risks to both the environment and the businesses engaged in these practices. Poor management of peatlands can lead to increased greenhouse gas (GHG) emissions and heightened fire hazards. These issues contribute to climate change and may incur high costs for fire management, damage the company's reputation, and result in regulatory scrutiny and potential penalties.	Medium to Long Term	In our existing peat areas within the concession, we adhere to RSPO Best Management Practices (BMP). This involves installing water weirs and gates in our canals to maintain optimal water levels of 50-70 cm below ground level, as well as monitoring the rate of subsidence in these peat areas



Climate-related Transition Opportunities

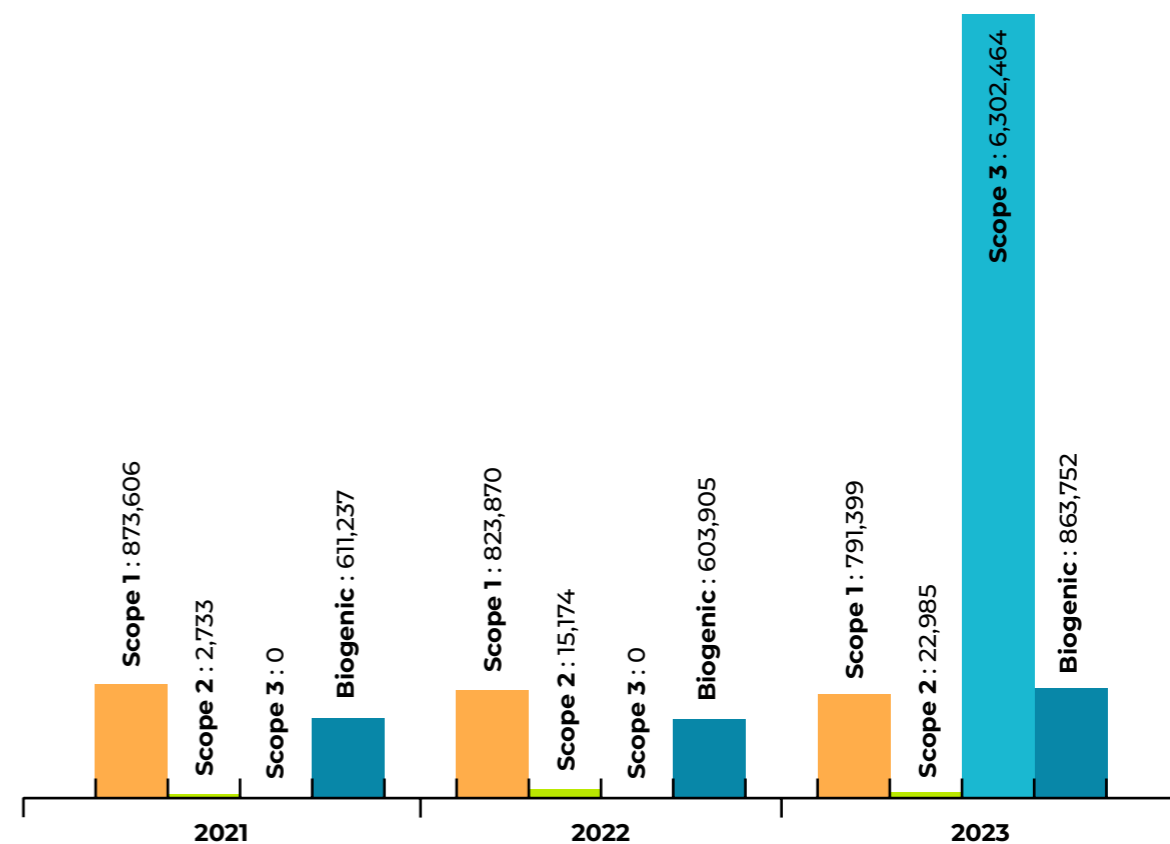
CATEGORY	OPPORTUNITY	DESCRIPTION	TIME HORIZON
Management Practice	GMP & GAP	Good Management Practices (GMP) and Good Agricultural Practices (GAP) at Permata Group provide significant opportunities by enhancing product quality and ensuring regulatory compliance, facilitating access to premium markets and certifications. Furthermore, these practices improve operational efficiency, reduce waste, and increase yields, leading to higher profit margins.	Medium-Long Term
Technology & Management Practice	GHG emission reduction program	We recognize the opportunity to enhance and launch new programs aimed at reducing GHG emissions following the installation of methane capture systems. We will continue to seek out and innovate new avenues for further emission reductions.	Medium-Long Term
Technology	Boost the utilization of renewable energy	In 2023, our energy consumption rose by 18% compared to 2022, with 46.42% from renewable energy. In addition to promoting the use of renewable energy within our operations, we also exported surplus renewable electricity to the national grid. We are committed to further increasing our renewable energy consumption in the future.	Medium-Long Term
	Drought- and Flood-Resistant Palm Varieties	We are actively cultivating diverse seed varieties across our estates, in response to global warming impacts, we are exploring opportunities to procure climate-resilient palm varieties in future.	Long Term

Combating Climate Change

Quantifying our GHG emissions  
Quantifying GHG emissions is essential for understanding our environmental impact and identifying opportunities for reduction. By measuring emissions across our operations, we gain insights into where emissions originate and can develop targeted strategies to mitigate them. To that end we utilize the GHG Protocol Standard and the RSPO PalmGHG calculator.

We use GHG Protocol Standard to inform the direct (scope 1) and indirect (scope 2) GHG emissions released by our operations. This year, we also have quantify and report other indirect (scope 3) GHG emissions.

Carbon footprint of our operations calculated using the GHG Protocol Standard



Carbon emission intensity of our operations calculated using the GHG Protocol Standard

FY 2020 (tCO2e/t)	FY 2021 (tCO2e/t)	FY 2022 (tCO2e/t)	FY 2023 (tCO2e/t)
0.15	0.13	0.12	0.13

In 2023, our total Scope 1 and 2 GHG emissions were 814,384 tCO2e, a 3% decline compared to 2022 value. Intensity wise, our carbon emission intensity value in 2023 is 0.13 tCO2e/t.

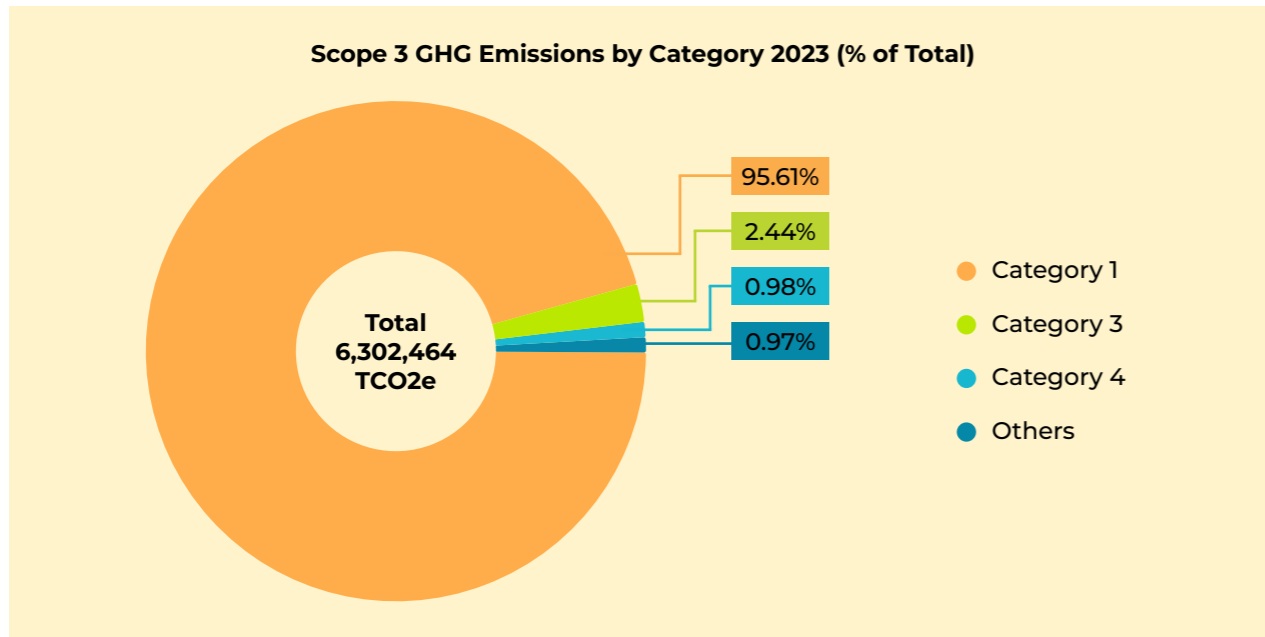
Our carbon footprint would have been much higher if not for our use of biomass in our power plants. Our biogenic emissions (emissions produced by the combustion of biomass which is recycled back by the palm trees and is not included in our carbon footprint calculations above) in 2023 is 863,752 tCO2e which is larger than our scope 1 + 2 emissions.

We also use RSPO PalmGHG to evaluate the GHG emissions of our RSPO certified palm oil mills. PalmGHG is a life-cycle greenhouse gas emission calculator which includes indirect emissions from our suppliers such as emission from fertilizer production and transport, fuel production and transport and others. PalmGHG also accounts for emissions from land use change although Permata Group has no emissions from land use change in 2022 as we have not cleared any new land for oil palm cultivation since the early 2000s (before the RSPO cut off date of November 2005).



Carbon emission intensity of our RSPO certified palm oil mills calculated using PalmGHG

	FY 2023
tCO2e per tonne of crude palm oil (CPO)	5.32
tCO2e per tonne of palm kernel (PK)	5.32



• Reducing Our GHG Emissions

We design our GHG emission reduction plan accordingly with a focus on the following activities:

**1. Construction of Methane Capture Plants**

We were one of the first companies in Indonesia to install methane capture facilities in our palm oil mills. We commissioned our first methane capture facility in 2008 and equipped all our palm oil mills with methane capture facilities by 2010. Three of our methane capture facilities have been registered as CDM projects by the UNFCCC:

- a) Project 2130: Methane Recovery in Wastewater Treatment, Project AIN07-W-04, Sumatera Utara, Indonesia
- b) Project 2633: AIN08-W-03, Methane Recovery in Wastewater Treatment, Sumatera Utara, Indonesia
- c) Project 2421: Nubika Jaya Biogas Extraction for Bio-Hydrogen Production



Since their commissioning, these projects have generated a total of 91,215 Certified Emission Reduction credits which were sold to the Netherlands, Switzerland and Japan through our partners AES AgriVerde and Mitsubishi. These projects would have generated more CERs had the CER market not collapsed in 2012.

Our methane capture facilities prevent the release of 164,000 tCO2e annually.

**2. Committing to No Deforestation, No Peat and No Exploitation (NDPE)**

We released our Sustainable and NDPE policy in 2015 marking our commitment to zero deforestation and zero peat conversion. While we have not developed any new plantations since the early 2000s, this policy will ensure that any new potential developments will not be located in forested or peat areas which will greatly reduce future GHG emissions from land use change.

**3. Practicing Peat Best Management Practices**

For existing peat areas located within our concession, we practice RSPO Best Management Practices (BMP). This includes installing water weirs and gates in our canals to maintain water levels at an optimal 50-70 cm below ground level and monitoring the rate of subsidence in our peat areas.

**4. Improving Yield**

One of the best ways to increase palm oil production without increasing GHG emissions or adverse environmental impacts is to increase palm yield. To increase our yield, we engage in best agronomic practices, including replanting old palms with high quality palm seedlings. More information on measures we are implementing to improve yield can be found on the next page.

While we will continue to seek out and innovate opportunities for emission reductions, we recognize that our current initiatives already cover the most obvious and impactful opportunities, such as methane capture. Future reduction activities may be limited in their impact. As such, we have set a modest target of reducing our carbon intensity by 5% by 2030 compared to a 2020 baseline. We selected a more recent baseline to ensure that we are focused on driving future improvement. This target applies to Scope 1 and 2 GHG emissions for all our operations upstream and downstream. As we progress, we will review this target on regular basis to ensure that it remains appropriate to drive towards achieving net-zero emission.

## “ Sustainable Financing

*DBS Indonesia has extended a \$50 million trade facility to Permata Group to help Indonesia transition to a more sustainable energy future. This funding will specifically support Permata Group's biodiesel sales operations, allowing them to increase production at their RSPO-certified refineries. This initiative is in line with Indonesia's stricter biodiesel blending regulations and contributes to reducing carbon emissions and improving energy security.*

*Permata Group's Finance Director, Andrew Luhur, expressed optimism about the role of biodiesel in decarbonizing the energy sector. He highlighted the company's commitment to expanding biodiesel production with the support of DBS Bank's funding, aiming to contribute to Indonesia's biofuel industry and meet the government's targets.*

”





## 7. Yield and Extraction Improvement



Efficiency gains in palm oil yield and extraction are pivotal in achieving a sustainable equilibrium. Through meticulous seed selection, precision agriculture techniques, and innovative extraction methods, we are increasing our yield while minimizing resource consumption and waste. These practices not only bolster our economic viability but also contribute to the reduction of our environmental footprint.

Our approach to yield and extraction improvement is grounded in sustainable principles. We prioritize biodiversity conservation, ensuring that our practices protect habitats and minimize deforestation. In collaboration with local communities, we align our efforts with their needs and aspirations, fostering mutual benefits.

We are constantly on the lookout for ways to improve our productivity whether that means an increase in FFB yield or CPO extraction rates. This is reflected in our continuous improvement policy which aims to consistently improve on all aspects of our operations.

One way we improve yield in our plantations is through our replanting program. Replanting older and less productive palm and replacing them with younger and more productive trees is necessary to produce more oils without the need for additional space. This replanting program took on more urgency for us as our plantations are generally older plantations planted in the 1990's and early 2000's. We replace the older palms with high quality tenera seedlings sourced from reputable sources with certification.

Other than replanting we also implemented other methods to increase our yield. These include best management practices such as science-based manuring and integrated pest management. In our mills, we utilize science-based harvesting timing to ensure the palm fruits supplied to our mill are ripe which yield the most oil.

# Empowering Our People and Communities

Permata Group understood that the protection of the environment is the heart of all sustainable development. We also understood that as a major player in the agribusiness industry we have an outsized impact on the environment. That is why managing our environment is a major pillar in our sustainability management system.





# 1. Our People

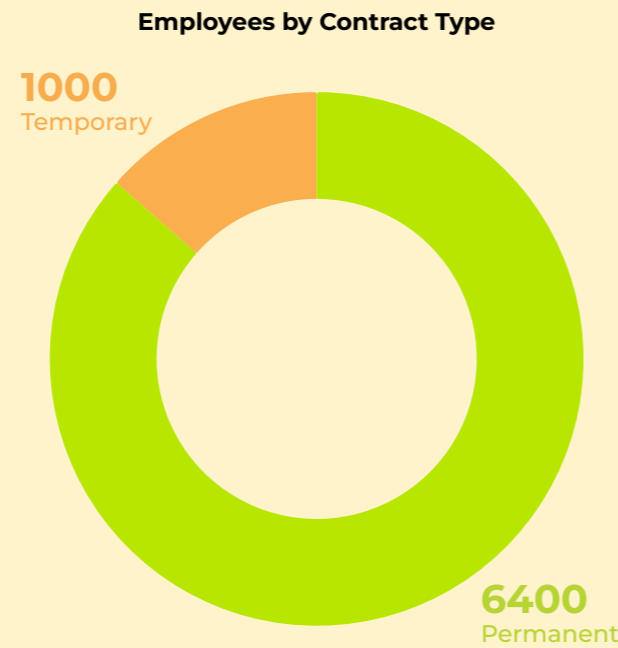
[2-7 & 2-8]



We value all of our employees and visualize them as the “backbone” of our organization that plays a vital role in accomplishing our targets. Our diverse and trained workforce is committed to upholding our core values of environmental stewardship, social responsibility, and economic viability. Through their contribution and experience, they play a vital role in driving positive change across our operations.

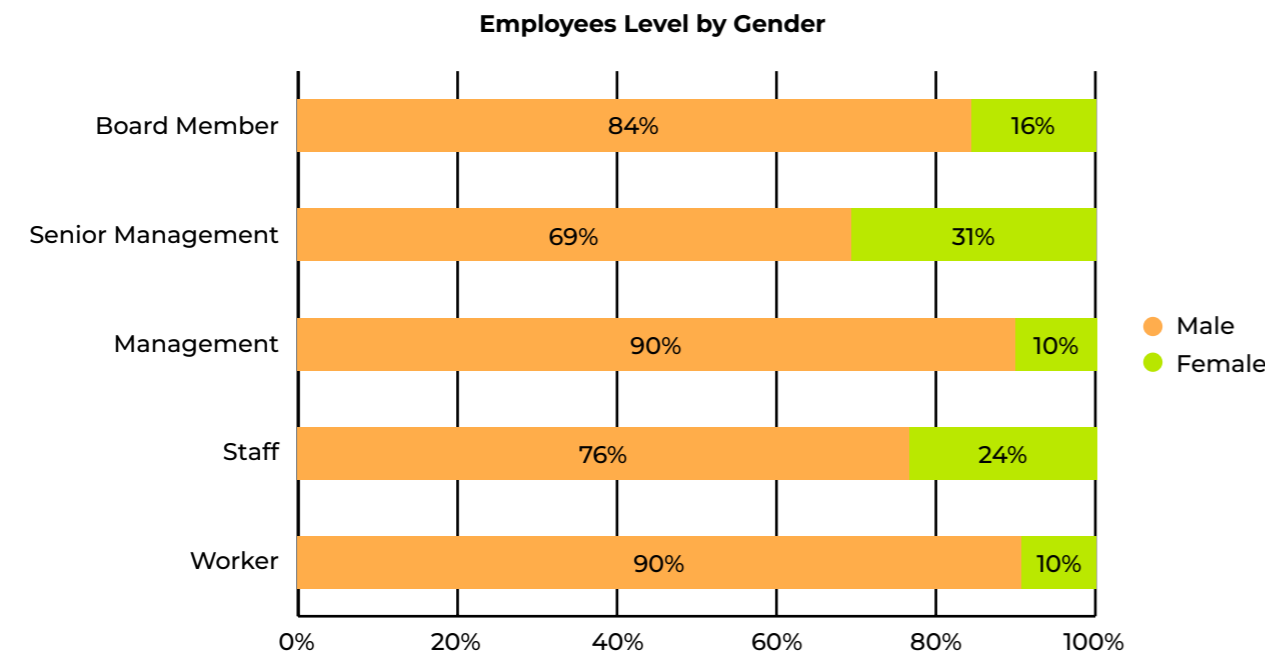
As per December 2023, we have a workforce of approximately 7,400 ; categorized into ±6,400 permanent employees and ±1000 temporary workers. They are stationed across numerous locations including Jakarta, North Sumatra, and Riau, working in our estates, mid-stream and down-stream units.

The pie graph below illustrates the number of workforce based on contract type

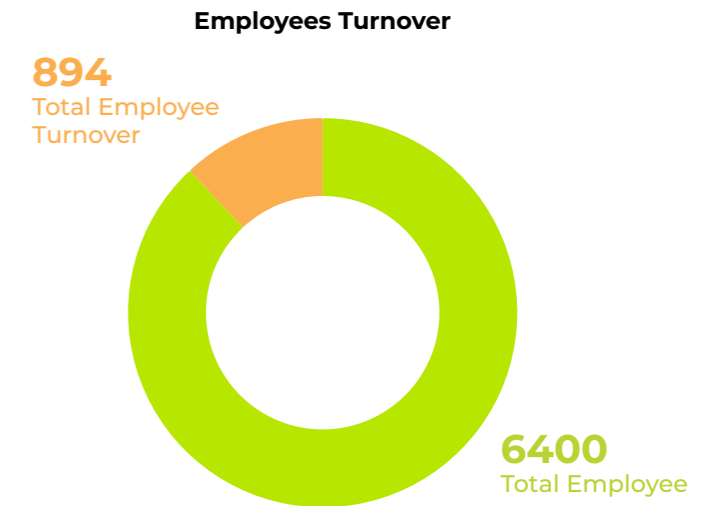


The majority of our workforce are at worker level (82%) , 17% at staff level, 0.6% at management level, 0.2% at senior management level and 0.2% are sitting at the Board level.

The bar graph below depicts the number of workforce based on gender and title.



We also outsource part time workers for certain seasonal tasks in our plantations, like manuring and spraying. Due to the nature of our plantations which are generally small-scale in size and scattered across our estate, manuring and spraying are not full year activities and precludes the maintenance of permanent staff. While we have looked into converting our part time workers to full-time by reducing the overall number of workers and extending their work hours, this is challenged by the timeframe needed to achieve optimum impact from manuring and spraying and by the unwillingness of our part time workers to increase the number and the length of their workday. Most of our part time workers are local villagers with their own farms and gardens for whom part time work at our estates is a source of supplementary income.

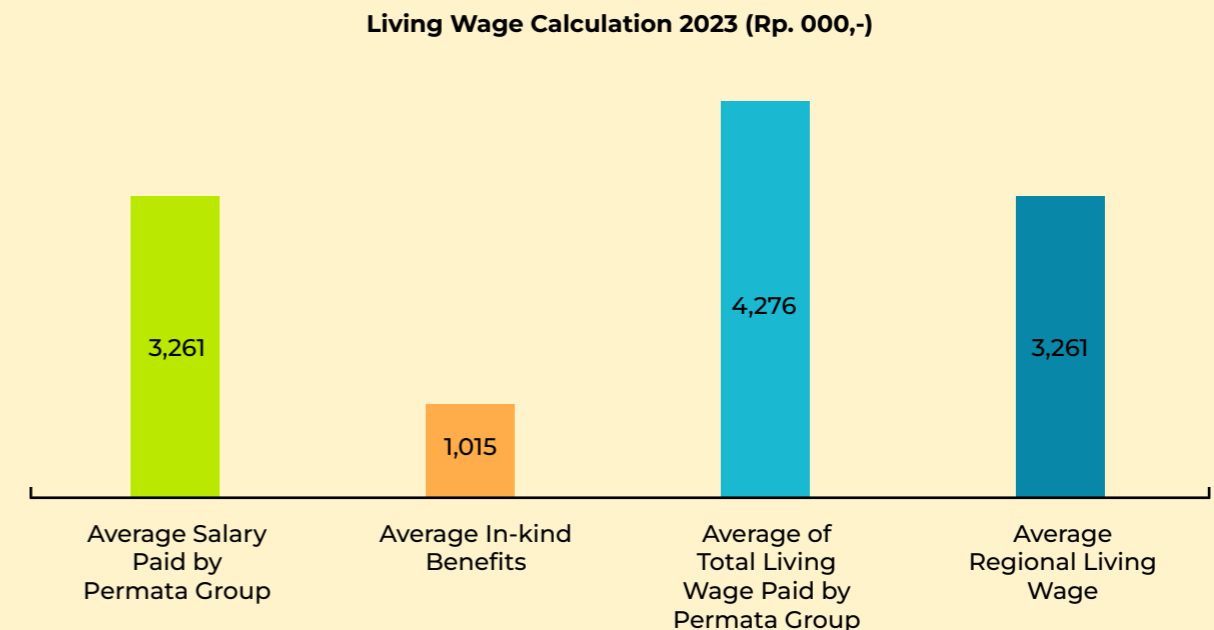


## Fair and Decent Wages

We believe that fair compensation and benefits encourage our workers to deliver the company target in a better way. We compensate our workforce with a minimum payment equal to or above the minimum wage regulated by the province or district authorities of Indonesia and consider the local prices of goods and services and, therefore, the amount required for a living wage.

Besides, We commit to provide our workforce reflective salaries and in-kind benefits to their contributions and prosperities. Adhering to the 2018 RSPO Principle and Criteria, we provide a Decent Living Wage (DLW) analysis in each of our operational units, in which the calculation of DLW adheres to RSPO guidance on calculating prevailing wages, witnessed by auditors of RSPO certification body.

The bar graph below represents the values of DLW calculations across our operational units.



We understand that competitive and equitable compensation is essential for attracting and retaining top talent, while also ensuring a motivated and engaged workforce that contributes to our sustainable growth. In addition to wages, we also provide in-kind benefits. Employees based in production units are provided with free housing including full access to electricity and running water. They also have access to sports and recreational facilities, places of worship, and medical and educational facilities. Head office employees are provided with gym memberships, subsidized lunches and free medical insurance.



**Seeking Excellence through Training and Development**

Recognizing our employees as the most precious assets, we commit to nurture our employees and to grow them impartially from the entry-level until the top position, this due to one of our missions is developing the human capital. With regards to this, we design numerous training and development programs for their personal optimization and professional growth to which extent we believe can improve the knowledge and skills needed to carry out their accountability in a socially and environmentally conscious manner.

**Training type**

Our training and development programs varied across our operational units and departments, reckoned based on the needs and perceived positive impacts for environment, company and social, including compulsory basic trainings, hard skill and soft skill developments, specialized training for entry-level job, and programs to cater with high-risk categories, such as first aid, fire and safety, and emergency response. We also accommodate our employees to attend international and national seminars, such as RSPO Roundtable, and trainings conducted by governments.

Along Year 2023, Permata Group invests more than IDR 3,6 million on training and development which is crucial for upgrading employees' talent retention, engagement level, and experience. We cluster trainings and courses tailored to employees' levels of knowledge and expertise. Through these training categories, we serve our employees with a culture of continuous improvement growth which is an inspiration of excellence.

The trainings provided by Permata Group falls into several distinct categories:

Technical Training	Company Regulation & Policies, Standard Operating Procedure, Induction Training, First Aid, Fire & Safety, Emergency Response, Land & Forest Fire and 3R (Reduce, Reuse & Recycle).
Soft skills Training	Leadership, Problem Solving & Decision Making, Motivational, Coaching & Counseling, Emotional Quality Management, and Manager Development Program.
Certification Training	ISO 9001:2015, ISO 14001:2015, RSPO SCCS, RSPO P&C, ISPO, Halal Assurance System, Food & Safety Scheme Certification (FSSC) 22000, SMK3, Energy Auditor, Boiler Operator License, Welder License, Lift & Transport Operator, Electrical Technician license, Hazardous waste management and OHS expert certification.
International / National Seminar	The Indonesia Palm Oil Conference (IPOC), RSPO Roundtable, and various government provided seminars.

In 2023, a total of 4,273 employees (58%) have received training with average training per employee of 20.8 hours.

**Talent Attraction and Retention**

At Permata Group, we realize that attracting and maintaining top talent is a key to ensuring the long-term success of our business. To do so, we identify individuals with the necessary skills and abilities to be hired to fill the right position, monitor their progresses and secure their commitment to stand with us for lifetime. In addition, we offer our employees with attractive incentives, other benefits and opportunities for growth and professional development to secure their careers.

**Talent Attraction**

We implement various strategies to identify and recruit talented employees. We kick-start our talent pool by offering scholarships programs to academically talented pupil, especially for those located near our operational areas. We then prioritize these individuals in our recruitment process as soon as they graduate. We offer students from various universities in Indonesia to join our internships programs, where these internships enable students to gain hands-on experience while also giving us a chance to assess potential future employees. In addition to the above strategies, we conduct regular recruitment drives at universities and high schools.

**Talent Retention**

Retaining top talents requires a strong focus on employee engagement, which is a key of success for our business. We retain our talented employees by offering competitive salaries and performance bonuses as well as implementing the following measures:

- 1. Trainings and Developments**  
Our HR team is dedicated to identify top talents and supporting their growth through comprehensive training and developments. We offer various training and development programs for our employees to ensure that they possess the necessary skills and knowledge to perform their jobs efficiently.
- 2. Annual performance evaluations**  
We conduct regular performance evaluations every year through the ESS Permata Group Digital Platform where each employee can participate in it. We conduct annual performance evaluations to assess the performance of employees over the past year. To maintain our commitment for fairness and impartiality in the annual performance evaluations, we gather feedback from three sources: self-assessment, a multirater assessment from superior and a multirater assessment from a colleague whom they interact with.
- 3. Multiple windows for promotions**  
In line with our commitment to sustainability and growth, we are pleased to conduct a promotion panel for each candidate. We offer three promotion periods in each year (January, May, and September) to ensure flexibility in acknowledging and rewarding our employees.
- 4. Annual Working Condition Survey**  
We strive to maintain a comfortable work environment that supports our employees' well-being and productivity. We do recognize that employees appreciate being given a voice in managing the company. To ensure a comfortable workplace and engage employees actively, we conduct annual company-wide surveys where employees can provide feedback and evaluate our management team. The results are transparently shared with all employees.
- 5. Promoting from within**  
We are committed to fostering career growth within our organization by first considering existing employees for open positions before considering external hires. Our policy is to promote internal talent whenever possible, recognizing their experience and dedication to the company. In cases where there is no internal candidates meet the qualifications or if the role requires specialized skills which are not currently available within our team, we will then seek external hires. This approach ensures that we promote our current employees the first opportunity for advancement while also allowing us to bring in new talent when necessary to meet specific needs or fill skill gaps. By doing so, we aim to support employee development and retain valuable team members while also addressing any skills requirements that are crucial for our continued success.
- 6. In kind benefits**  
Beyond competitive wages, we offer various in-kind benefits to our employees. Those working in production units receive free housing with full access to electricity and running water. They also have access to sports and recreational facilities, places for worship, and medical and educational facilities. Employees at our head quarter receive additional benefits such as fitness memberships, subsidized lunches, and complimentary medical insurance. These provisions are intended to improve overall employee engagement and inflict a balanced work-life experience.

In Overall, we provide around 3.070 livable housing for employees. For medical facilities, we collaborate with 17 clinics around our operational areas, as well as providing all employees with BPJS kesehatan, and we enroll approximately 3.000 employees for complimentary medical insurance. To support employees' health and wellness, we provide 42 sports and recreational facilities, 21 childcare centers and 28 worship centers. We also support 17 school bus facilities for the ease of transportation of children to attend school.



## 2. Respecting Worker's Right

[GRI 3-3, 405-1, 406-1, 407-1, 408-1, 409-1]



We believe that our success is closely linked to the well-being of our workers and employees. To ensure this, we adhere to international standards for human and labor rights, following guidelines set by the Universal Declaration of Human Rights (UDHR) and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. Our commitment to these principles is central to our responsible palm oil production practices.

### Elimination of Forced and Child Labor

We uphold a zero-tolerance policy for forced and child labor in all our operations and supply chains as outlined in our human rights policy. All employees are required to be at least 18 years old, with age verification conducted at the time of hiring. We also educate our workers about the prohibition on bringing their spouses or children to work. Additionally, we enforce this policy with our suppliers through rigorous engagement and collaboration to ensure they comply with our commitment of no forced and child labor.

### Freedom of Association and Collective Bargaining

Permata Group respects employees' rights to freedom of association and collective bargaining. Where such associations are not present, we facilitate and encourage them to join labor or trade union to ensure that all personnel are organized. We also support labor union activities by offering resources such as meeting venues and other forms of assistance.

### Harassment, Abuse and Discrimination

We maintain a zero-tolerance policy towards harassment, abuse, or discrimination of any kind on our premises. Any employee experiences or witnesses such behavior can report complaints and grievances through multiple channels, including our whistleblowing system, labor union, and gender committee. Through these channels, they are guaranteed anonymity and protection from reprisals.

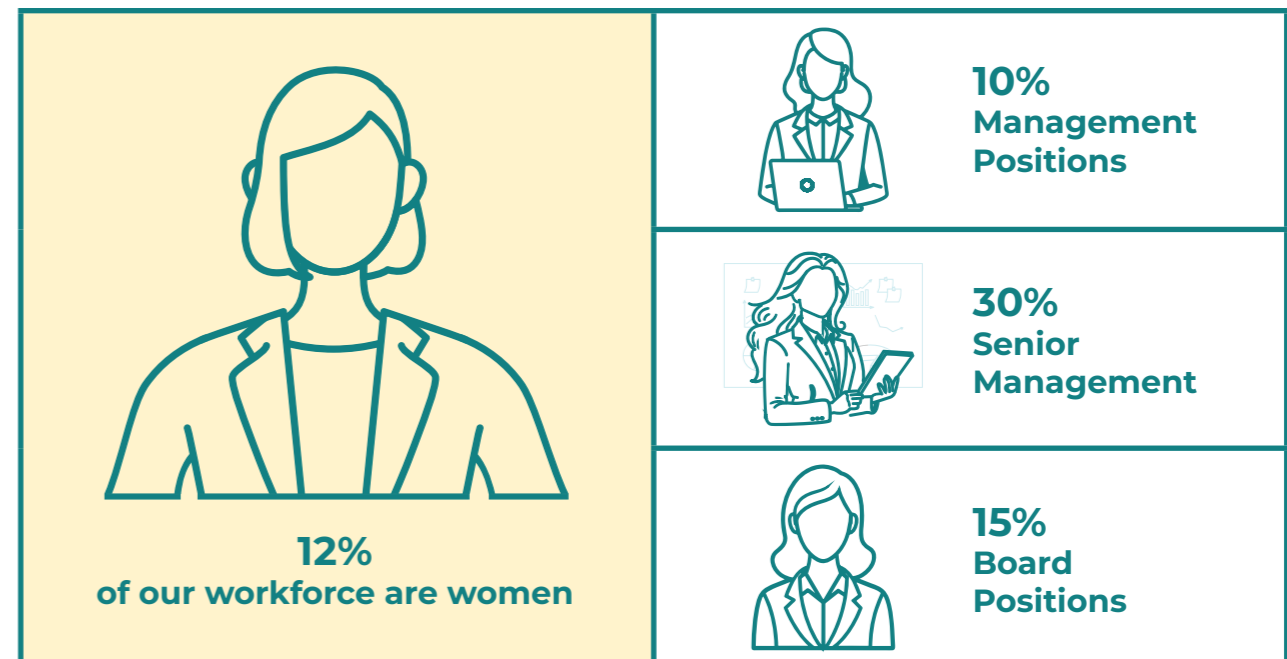
Our Labour Union addresses any issues related to worker relations with the company. The Whistleblowing System encourages employees to lodge complaints anonymously. Additionally, our Gender Committee is dedicated to addressing gender-related issues and combating harassment. Its purpose is to reinforce our commitment to safeguarding our workers against abuse, harassment, and all forms of discrimination. inclusive and supportive work environment.

### Gender Equality and Inclusion

At Permata Group, we are dedicated to fostering gender equality and inclusion within our workplace. To support this commitment, we have established gender committees across all our operational units. These committees, composed entirely of female employees, are dedicated to advocating for women's rights, developing extracurricular programs, and addressing complaints related to gender-based harassment. When a complaint is received, the committee conducts a thorough investigation, offers support and resolution to the victims, and recommends appropriate penalties and corrective actions to management.

We also prioritize the protection of women's reproductive rights. Our women employees are entitled to 90 days of maternity leave. Recognizing that lack of childcare access is a significant factor in women leaving the workforce, we offer crèche facilities at our production units. Additionally, we provide maternity rooms for breastfeeding female workers. To further support our female employees, we adjust special arrangements for pregnant and breastfeeding women working in potentially hazardous positions, such as those involving chemicals. These employees are reassigned to safer roles during their pregnancy and breastfeeding period to ensure their health and safety, as well as that of their child.

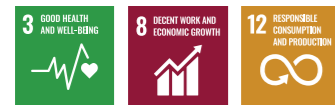
These initiatives reflect our ongoing commitment, stated in our human rights policy, to creating a supportive and equitable workplace for all employees regardless of gender, ethnicity, race, etc. We continuously review and improve our commitment to ensure the conformance to our workforce's needs and contribute to a more inclusive and supportive work environment.





### 3. Employee Health, Safety and Wellbeing

[GRI 3-3, 403-1, 403-2, 403-3, 403-5, 403-6, 403-7, 403-8, 403-9]



The health, safety, and well-being of our employees are essential to the success of our operations. We enforce strict health and safety measures to minimize the risk of accidents and incidents. To foster a culture of safety, we regularly provide training and awareness programs, ensuring that all employees are fully prepared to work safely.

#### Occupational Health and Safety Management System

As part of our strong commitment to maintaining a safe and healthy workplace, we have established Occupational Health, Safety, and Environment (OHSE) committees in each of our operational units. These committees, made up of both employees and management, include at least one certified occupational health and safety expert (Ahli K3) and are led by the site manager. They are responsible for managing all health and safety matters within their units, including responding to workplace incidents. The committees also hold monthly meetings and prepare annual health and safety reports for senior management at our headquarters.

The Indonesian Ministry of Manpower awards companies with SMK3 certification for Occupational Health and Safety Management, based on their adherence to 8 principles and 166 criteria. There are three levels of certification: beginner, intermediate, and advanced. Beginner-level companies are evaluated on 64 criteria, while those at intermediate and advanced levels are assessed on 122 and 166 criteria, respectively. The advanced level has two distinctions: Silver Flag for scores between 60% and 84%, and Golden Flag for scores of 85% and above. Notably, 80% of Permata Group's units have been awarded the Golden Flag (Bendera Emas), the highest SMK3 certification.



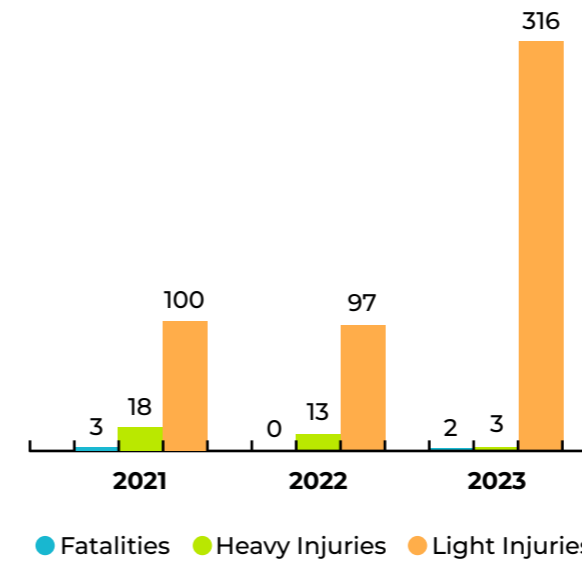
#### Hazard Identification and Risk Assessment

We carry out Hazard Identification and Risk Assessments (HIRA) for all our production processes to ensure the safety of our operations. These assessments are done jointly by the OHSE committee and the relevant operational teams, with the aim of identifying potential health and safety risks and finding ways to eliminate or reduce them. We review these assessments annually, as well as after any workplace accident, or when new equipment or procedures are introduced. Employees are also encouraged to report hazards or unsafe conditions anonymously through a suggestion box, and these reports help guide our regular HIRA reviews.

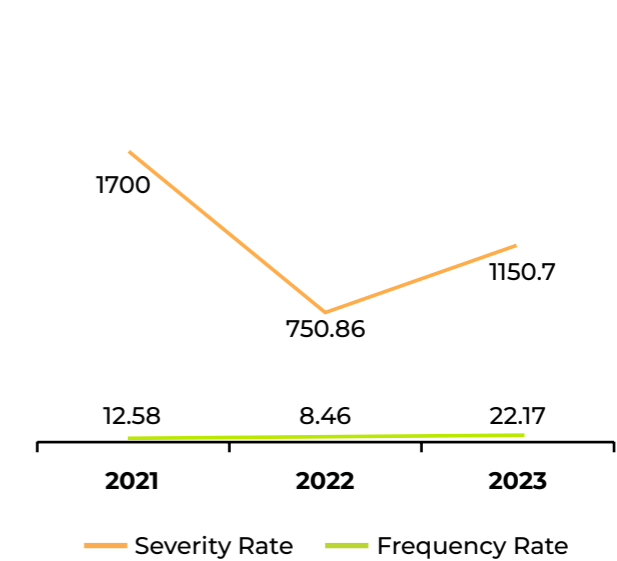
Whenever a workplace accident occurs, our Occupational Health and Safety (OHS) team investigates by interviewing witnesses and gathering physical evidence. After the investigation, the team provides recommendations to prevent similar incidents in the future, helping us improve how we implement HIRA in our operations.

In 2023, we regret to report that there were two fatality case in our operations. There were also 3 serious injuries and 316 minor injuries, resulting in a loss of 133,288 work hours, or 0.92% of our total work time. The higher number of accidents recorded in 2023 is a result of more detailed documentation, particularly following the revised injury categorization system. Our records now include a wider variety of less serious accidents, unlike previously when the focus was primarily on major accidents.

Number of Casualty



Rate of Accident



#### Health and Safety Culture

A strong health and safety culture is always evolving and improving. We regularly review our safety practices, policies, and procedures to identify areas where we can do better, ensuring that our approach remains effective and relevant.

All employees receive thorough training on health and safety topics, such as firefighting, first aid, and how to handle emergencies. These ongoing training sessions give our team the knowledge and skills they need to handle potential risks confidently. From safety guidelines to emergency plans, we make sure everyone is prepared to contribute to a safer workplace.

Some employees are also selected for advanced training to become certified Occupational Health and Safety Experts (Ahli K3) through a nationally recognized two-week program. To keep safety top of mind, we put up signs and banners around our work areas and ensure that all employees are equipped with the right personal protective equipment (PPE) while on the job. Additionally, safety inspectors are on hand to enforce and monitor our health and safety systems, ensuring we stay on track and keep our workplace safe for everyone.





Access to Healthcare

To ensure the health and well-being of our workforce, we provide comprehensive health insurance benefits to all permanent employees. This includes enrollment in the government-mandated BPJS Kesehatan program, as well as additional coverage under Mandiri In-health insurance for selected workers. Furthermore, Permata Group makes sure that primary healthcare facilities are within an hour's drive from our plantations, mills, and plants. In emergency situations, we have ambulances on standby, ready to deliver immediate assistance.



To reinforce our commitment to employee health, we offer regular medical check-ups for all current and prospective employees. General employees undergo standard blood and urine tests during these check-ups, while those working in environments with chemicals, dust, or high noise levels receive additional assessments. These include cholinesterase tests to detect signs of pesticide poisoning, thorax/spirometry tests, and hearing evaluations. All examinations are carried out by qualified third-party lab personnel. In addition, we contribute to community health by supporting Integrated Healthcare Centers (Posyandu) that serve pregnant women and children.

Employee Wellbeing

To encourage workers to quit smoking, we display flyers on our announcement boards and throughout our facilities, and we strictly prohibit smoking on our premises. Employees who are caught smoking may face significant fines and disciplinary action. We also post hydration reminders and urine charts around our facilities to help workers stay hydrated. Additionally, we have built several sports facilities, including badminton courts, football fields, and table tennis courts, to promote regular physical activity.

Recognizing the importance of mental and emotional health in fostering a productive and engaged workforce, we strive to create an environment where employees can maintain their well-being. A positive workplace is built on healthy relationships and a sense of belonging. We encourage open communication, collaboration, and mutual respect among team members. By promoting a culture of inclusivity and teamwork, we create a space where employees feel valued and connected.



## 4. Community and Smallholder Livelihood

[GRI 3-3, 411-1, 413-1, 413-2]



Emphasizing community and smallholder livelihoods is essential for ensuring the long-term sustainability of local economies and the ecosystems that support them. When communities thrive, they are more likely to engage in responsible environmental stewardship for the benefit of future generations. By investing in the livelihoods of local communities and smallholder farmers, we empower them to take an active role in economic development. Enhancing their skills, knowledge, and access to resources enables them to contribute to economic growth and break the cycle of poverty and dependency.

Permata Group is committed to this mission, collaborating with the government and other economic stakeholders to foster strong and prosperous communities. This effort reflects our dedication to ethical practices and responsible business operations, highlighting our desire to make a positive impact in the regions where we operate.

### Respecting the Human Rights of Indigenous People and Local Communities

Our Sustainability Policy firmly emphasizes our commitment to respecting the human rights of local communities in every aspect of our operations as is enshrined in "UN Declaration on Rights of Indigenous People" and "ILO Indigenous and Tribal Convention (No. 169)". This includes a strong dedication to safeguarding the rights of Indigenous peoples, where applicable. Additionally, we are committed to supporting and enhancing the economic conditions of rural communities. Our operations frequently engage with Indigenous communities and local populations. We honor their rights to land, resources, and cultural practices, striving to interact with them in a respectful and transparent manner. We adhere to the principles of Free, Prior, and Informed Consent (FPIC) in all our dealings, recognizing their right to grant or withhold consent for lands to which they have legal, communal, or customary rights. We actively collaborate with these communities to ensure their perspectives are considered in our decision-making processes, prioritizing their well-being throughout our activities.

### Social Impact Assessment

To thoroughly understand the impact of our operations on local communities and ensure compliance with The RSPO Standard, we perform a Social Impact Assessment (SIA) at each of our sites. These assessments are vital for identifying both actual and potential effects on surrounding communities. By examining socio-demographic and cultural factors, SIAs provide critical insights that guide us in mitigating possible conflicts and negative outcomes.

We conduct SIAs for all current and future developments. The results inform our engagement strategies with local residents and shape our social programs. By recognizing our impact on the community, we can identify areas of our business that need attention to minimize adverse effects while maximizing positive contributions. Furthermore, the social impact assessment establishes a baseline that supports the development of our CSR initiatives.

### Community Engagement

Our approach to community engagement is exemplified by our proactive measures, especially through stakeholder consultations. We consistently invite local residents and institutions to voice their concerns, share advice, and provide feedback on our operations. These consultations not only facilitate engagement with stakeholders but also serve to familiarize them with our Sustainability Policy—such as our commitment to prohibiting land burning and protecting High Conservation Value (HCV) areas—while gathering further insights for our CSR programs. Additionally, these consultations create a platform for addressing any potential disagreements or conflicts, promoting open communication and collaboration within the community.

To enhance our engagement efforts, we have assigned dedicated personnel at each of our operational units. These team members continuously interact with local communities, government bodies, and NGOs to collect and analyze input, helping to minimize the risk of conflicts and ensuring that we remain responsive to community needs.



Conflict Resolution

We have established a complaint and grievance mechanism for our stakeholders to address any issues they may encounter. This system encompasses all non-compliance matters, including land conflicts. Stakeholders can submit complaints and grievances through various channels, including email, phone, mail, or in person at our offices. For more information about our Complaint and Grievance system, please visit our website.

Investing in Community

We are committed to empowering individuals by fostering opportunities in education, healthcare, and support for local businesses, all while minimizing our environmental impact. Although we believe that our presence has already made a positive difference in the local economy through job creation and stimulating economic activities, we remain focused on further enhancing this impact by directly assisting surrounding communities through our Corporate Social Responsibility (CSR) programs.

Our CSR initiatives are organized around four essential pillars:

**PERMATA CERDAS**

This pillar focuses on initiatives that promote education, skill development, and knowledge-sharing within communities. We engage in activities such as providing scholarships and supporting educational institutions. By investing in education and knowledge, we contribute to the intellectual growth and development of individuals, empowering them to contribute effectively to society.

**12 Schools** and **96 Students** have felt the benefits of our CSR program that focuses on education.

**PERMATA SEHAT**

This pillar emphasizes promoting health and well-being among individuals and communities. We often engage in healthcare-related initiatives, such as organizing medical camps, providing access to healthcare services, promoting healthy lifestyle choices, and supporting initiatives that address health-related challenges. By contributing to better health outcomes, we play a role in improving the overall quality of life for people.

**150 Children** have undergone free circumcisions and **479 packages** of nutritional foods are delivered to participants.

**PERMATA HIJAU**

This pillar centers around sustainability and environmental stewardship. We focus on reducing our environmental footprint by adopting eco-friendly practices, conserving resources, and supporting initiatives related to environmental conservation and protection. This includes initiatives like tree planting, waste reduction, energy efficiency projects, and supporting conservation efforts to preserve natural habitats and biodiversity.

**19,250 seeds** are planted for land rehabilitation purposes and **110 reef balls** are placed for reef conservation. We also helped **15 elephants** at the Barumon Nagari Wildlife Sanctuary for their food.

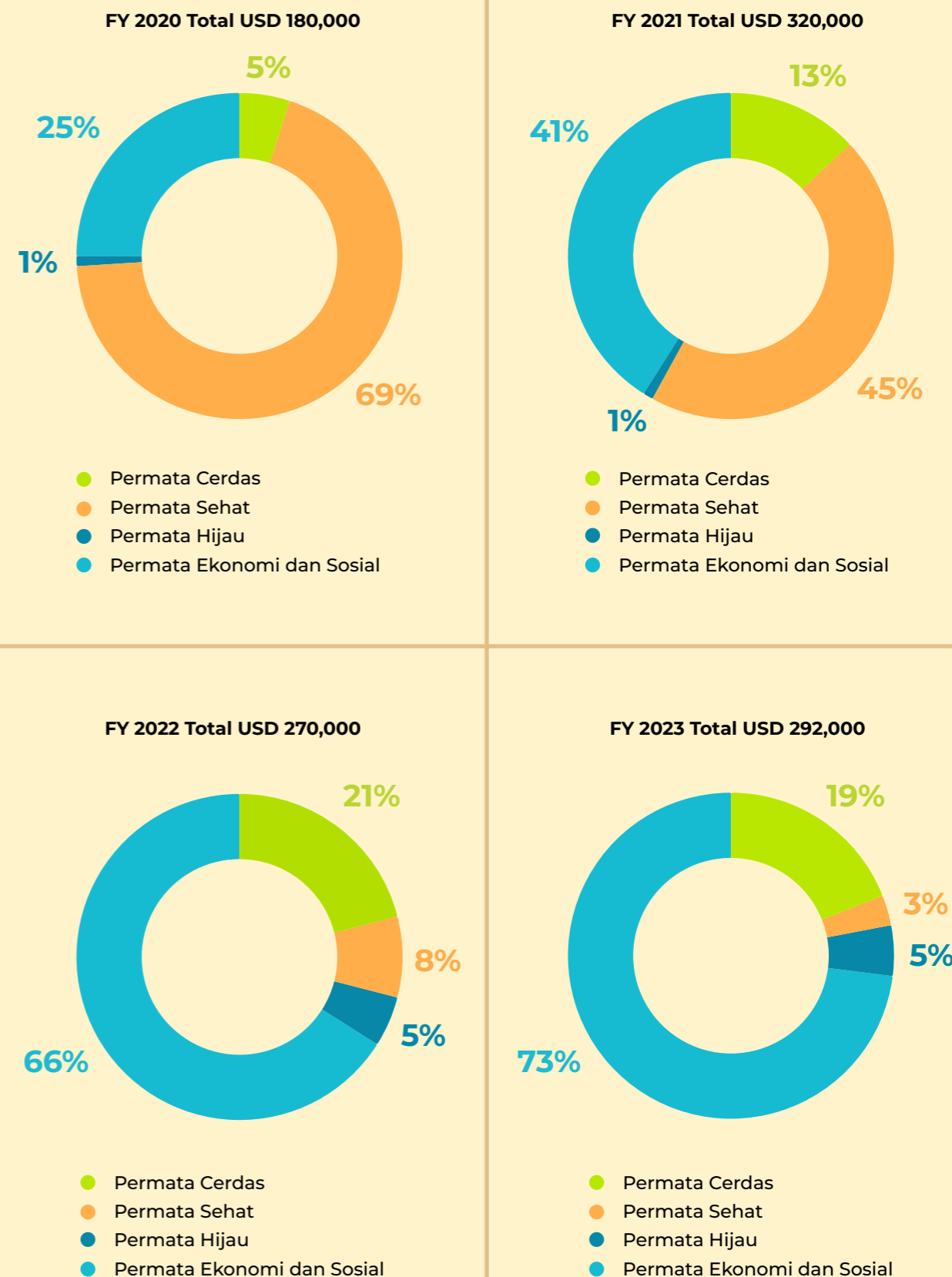
**PERMATA EKONOMI DAN SOSIAL**

This pillar involves activities that contribute to local economic development and empowerment. This include supporting local businesses, creating job opportunities, and providing training or resources that enhance people's economic prospects. By fostering economic growth and stability, we contribute to the overall well-being and prosperity of the communities where we operating.

**104,820 liter** of Minyak Goreng Murah and **6,105 packages** of staple food are distributed. We also initiated our "Bedah Rumah" CSR Program.

These four pillars collectively represent a well-rounded approach to corporate social responsibility, encompassing various aspects of societal and environmental well-being.

Spending allocation by program (%)





# “ Dumai’s Pineapple Delight: A Sweet Partnership for Local Economy

*Pineapples, a local abundance in Riau, are now getting a creative twist from PT Pelita Agung Agrindustri. PT Pelita Agung Agrindustri is transforming pineapples into a unique and high-value Dumai souvenir: pineapple dodol. Traditionally, pineapples in Dumai are processed into jams, canned products, or consumed fresh. However, PT Pelita Agung Agrindustri has a more ambitious vision. They see the potential of pineapples to be developed into a wider range of processed products that are more appealing to consumers.*

*To realize this novel idea, PT Pelita Agung Agrindustri has partnered with the community, particularly the PKK women’s group in East Dumai District. Through a community empowerment program, these women are intensively trained in the techniques of processing pineapples into high-quality dodol.*

*This program extends beyond teaching dodol-making. PT Pelita Agung Agrindustri also provides comprehensive knowledge about the business world, from production processes, marketing, branding, to business management. The goal is to equip the PKK women to independently and sustainably develop their pineapple dodol business.*

*The success of this program is expected to inspire others to process local potential into high-value products. Collaboration between private companies, the government, and the community is key to achieving sustainable and equitable development.*

”

## Responsible Business and Sourcing





# 1. Corporate Governance and Ethics

[GRI 3-3, 205-1, 205-2, 205-3]



Permata Group upholds robust corporate governance and ethical business practices as fundamental to achieving sustainable growth. Through fostering accountability, transparency, and informed decision-making, the company ensures full compliance with regulatory standards while maintaining the highest ethical principles. This commitment enhances operational integrity, mitigates risks, and strengthens trust with shareholders, employees, communities, and other key stakeholders. By embedding ethical considerations into its strategic initiatives, Permata Group ensures its growth delivers positive societal and environmental impacts, further solidifying its position as a leader in responsible and sustainable business practices.

## Code of conduct

Our Code of Conduct outlines the core principles of personal conduct and professionalism, serving as a guide for employees to embody key company values such as teamwork, integrity, professionalism, communication, and excellence. Applying to all employees, Permata Group's Code of Conduct addresses a range of critical issues, including conflicts of interest, bribery, corruption, and respect for individuals, such as non-discrimination, anti-harassment, and violence. It also covers areas like confidentiality, competition, human rights, and environmental management.

We expect all employees to adhere to high ethical standards and comply with all relevant laws and regulations. The Code of Conduct is introduced to all new hires during onboarding and reinforced through regular training programs. Additionally, it is readily accessible on our internal communication platform to ensure ongoing awareness and compliance.

At Permata Group, we believe that our values are the foundation of our success. Our TIPCE values - **Teamwork, Integrity, Professionalism, Communication, and Excellence** - guide our every decision and action.

<h1 style="font-size: 2em; margin: 0;">T</h1> <p style="font-weight: bold; margin: 0;">TEAMWORK</p>	<h1 style="font-size: 2em; margin: 0;">I</h1> <p style="font-weight: bold; margin: 0;">INTEGRITY</p>	<h1 style="font-size: 2em; margin: 0;">P</h1> <p style="font-weight: bold; margin: 0;">PROFESSIONALISM</p>	<h1 style="font-size: 2em; margin: 0;">C</h1> <p style="font-weight: bold; margin: 0;">COMMUNICATION</p>	<h1 style="font-size: 2em; margin: 0;">E</h1> <p style="font-weight: bold; margin: 0;">EXCELLENCE</p>
<p>Teamwork is essential to our success. We believe that when we work together, we can achieve anything. We foster a culture of collaboration and support, where everyone feels valued and respected.</p>	<p>Integrity is at the core of everything we do. We are honest and transparent in our dealings with customers, employees, and partners. We always strive to do the right thing, even when it is difficult.</p>	<p>Professionalism is reflected in our commitment to our customers and our work. We are knowledgeable, efficient, and reliable. We take pride in our work and always strive to deliver the highest quality products and services.</p>	<p>Communication is key to our success. We communicate openly and honestly with each other and with our customers. We listen carefully to feedback and use it to improve our products and services.</p>	<p>Excellence is our goal in everything we do. We are constantly striving to improve and innovate. We are committed to providing our customers with the best possible experience.</p>

Our TIPCE values are more than just words on a wall. They are lived and breathed by our employees every day. They are the reason why we are successful and why our customers trust us.

## Anti-corruption and Anti-bribery

Permata Group's Ethics Policy outlines the guidelines and assigns responsibilities to employees for implementing controls related to bribery and corruption. Anti-corruption and anti-bribery measures are essential elements of our Code of Conduct, demonstrating our commitment to a zero-tolerance policy against any form of corruption or bribery. Violations of these principles are considered serious breaches of trust and will result in the most severe penalties.

## Whistleblowing

Permata Group provides a whistleblowing channel and grievance mechanism, accessible via our website, for both employees and external stakeholders. This platform allows anonymous reporting of concerns related to our operations, supplier practices, or any violations of our Code of Conduct. Employees are required to report any such concerns. Additionally, We will guarantee protection against retaliation for employees or other stakeholders who submit reports in good faith. All reported violations are reviewed and addressed by our Human Resources Department and/or the Board of Directors.

In 2023, there were no reported incidents of anti-competitive behaviour, monopolistic practice or corruption or bribery cases involving Permata Group.

# 2. Consumer and Customer

## Protecting Consumer Health

[GRI 3-3, 416-1, 416-2]





Permata Group is committed to ensuring consumers have access to healthy, nutritious, and affordable food. We provide safe, high-quality palm oil products directly to consumers, with a strong focus on minimizing harmful co-contaminants that may arise within our processes. Our product portfolio includes crude palm oil, cooking oil, specialty fats, and oleochemicals, which are further processed into food, feed, personal care products, biodiesel, and other chemicals for both domestic and international markets. China, India, and Europe are our top three export destinations, though we serve customers globally.

We prioritize the production of safe and high-quality products through the implementation of best manufacturing practices, continuous improvement initiatives, and strict adherence to relevant global standards. Our palm oil products have received multiple certifications for food and feed safety, including ISO 9001, ISO 22001, Good Manufacturing Practices (GMP), Hazard Analysis and Critical Control Points (HACCP), and the Food System Safety Certificate (FSSC 22000). These certifications provide our consumers with assurance that our products meet the highest standards of safety and quality.

MEMBERSHIP ASSOCIATIONS
Palm Oil Collaboration Group (POCG)
Roundtable on Sustainable Palm Oil (RSPO)
Gabungan Pengusaha Kelapa Sawit Indonesia (GAPKI)
Asosiasi Produsen Biofuel Indonesia (APROBI)
Asosiasi Produsen Oleochemical Indonesia (APOLIN)



CERTIFICATION	FACILITIES
	3 Estate, 4 Mill, 5 KCP, 5 Refineries & 1 Biodiesel Plant
	3 Estate, 4 Mill, 5 KCP, 5 Refineries & 1 Biodiesel Plant
	2 Refineries
	2 Refineries & 2 Oleochemical Plant
	5 KCP & Head Office
	3 Refineries & 2 Oleochemical Plant
	4 Mill, 5 KCP, 6 Refineries & 2 Oleochemical Plant
	4 Mill, 5 KCP, 6 Refineries & 2 Oleochemical Plant
	6 Refineries

CERTIFICATION	FACILITIES
	2 Refineries
	5 KCP, 5 Refineries & 2 Oleochemical Plant
	2 Estate & 2 Mill
	2 Estate & 2 Mill

In 2023, we are pleased to report that there are no incidents of non-compliance with regulations or customer complaints related to the health and safety of our products. We remain committed to maintaining this high standard moving forward.

Sustainable Palm Oil Certification and Scorecard

At Permata Group, we are deeply committed to aligning our operations with global sustainability standards. Recognizing the increasing demand for sustainable and certified products, we proactively seek and maintain the necessary certifications that reflect our dedication to responsible palm oil production. Over the years, we have achieved significant milestones, securing key certifications such as the Roundtable on Sustainable Palm Oil (RSPO) and the Indonesian Sustainable Palm Oil (ISPO). These certifications not only reinforce our commitment to environmental stewardship but also ensure that our products meet the sustainable criteria expected by global markets and consumers.

In addition to obtaining certifications, we actively engage in multiple sustainability scorecards and assessments to measure and track our progresses. These include participation in globally recognized platforms like SPOTT, Forest 500, CDP, and EcoVadis, which assist us evaluate our performance and identify areas for improvement. This multifaceted approach enables us to stay ahead of industry trends and expectations, ensuring that we continuously evolve in response to the growing emphasis on sustainability in the palm oil sector.

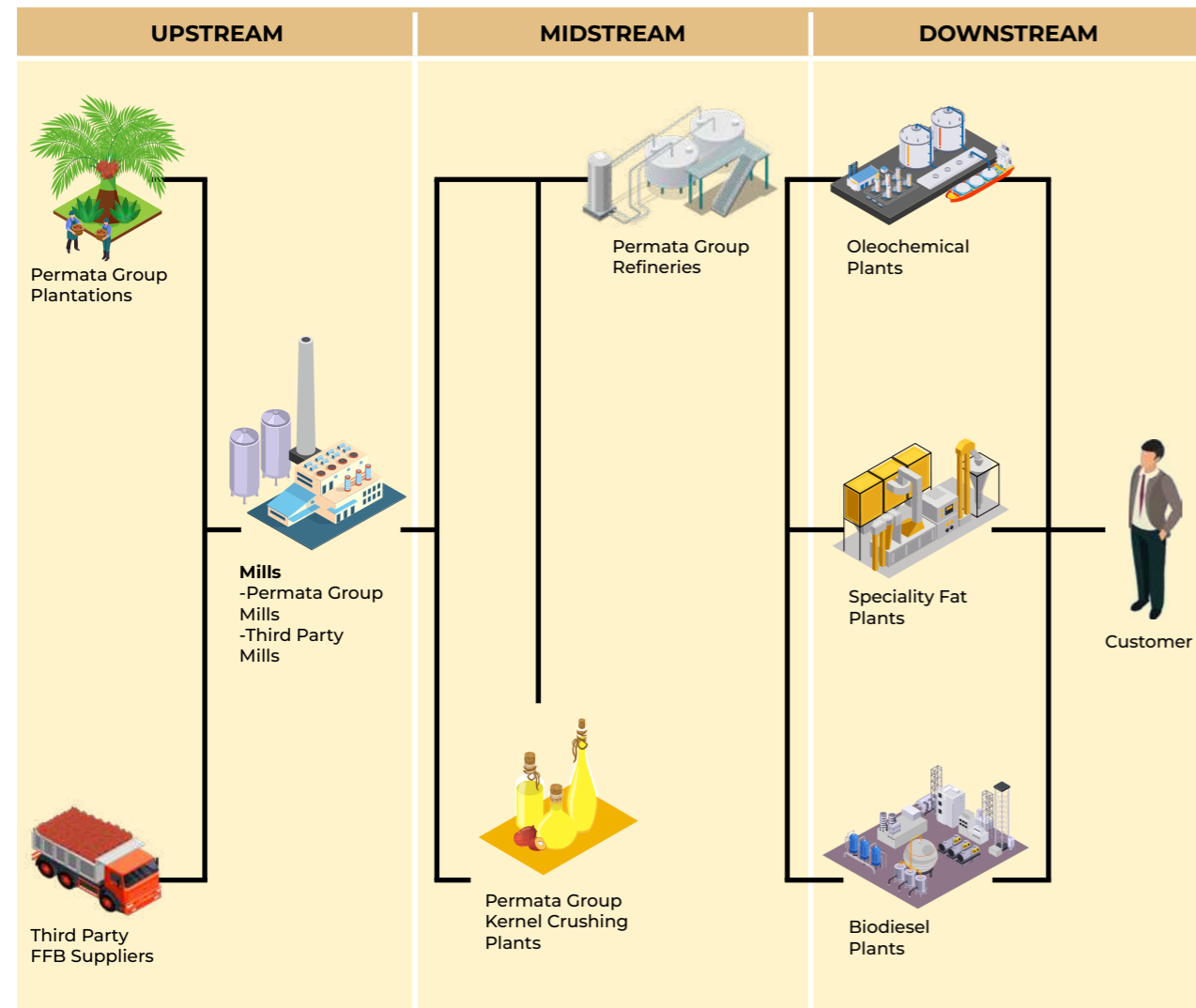


### 3. Sustainable Supply Chain

[GRI 3-3, 308-1, 308-2, 13-23-2, 13-23-3]



At Permata Group, we believe that collaborating closely with our suppliers and key stakeholders is essential to creating a responsible and sustainable supply chain, which is central to our sustainability efforts. Given the scale of our operations, we recognize that aligning our supply chain with our sustainability policy is critical to achieving our commitment to sustainable palm oil production. We actively engage with our suppliers, reinforcing the importance of sustainability and traceability, and provide technical support to help them advance their own sustainability initiatives.

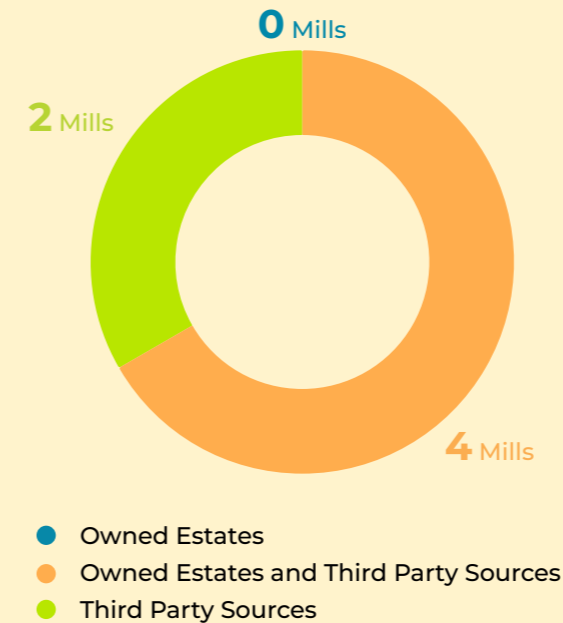


As an integrated palm oil company, we source materials from a wide range of suppliers. These include raw materials such as palm fruit, palm oil, and palm kernels, as well as supporting inputs like fertilizers, pesticides, fuels, and chemicals. Palm fruit from both our own plantations and third-party suppliers is processed at our palm oil mills. Among these third-party suppliers, the majority are independent smallholders, alongside larger outgrowers, farmer cooperatives, and plantation companies. The palm oil and kernels produced at our mills are further processed at our refineries and kernel crushing plants, alongside additional oil and kernels purchased from third parties.

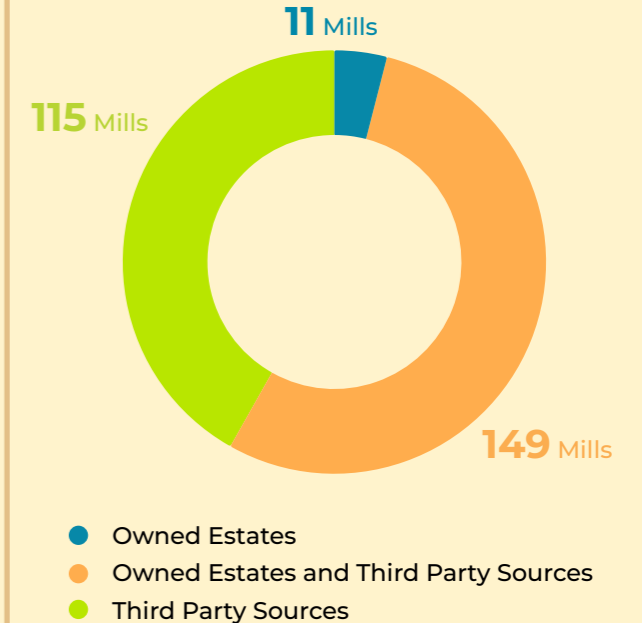
In 2023, we sourced palm oil and kernels from 281 palm oil mills, primarily in North Sumatra, Aceh, and Riau, with additional supply from Jambi, West Sumatra, South Sumatra, West Kalimantan, and Central Kalimantan.

#### Permata Group – Source of FFB based on Mill Count (Jan-Dec 2023)

1. Permata Group  
Permata Group Mills Count based on FFB Origin

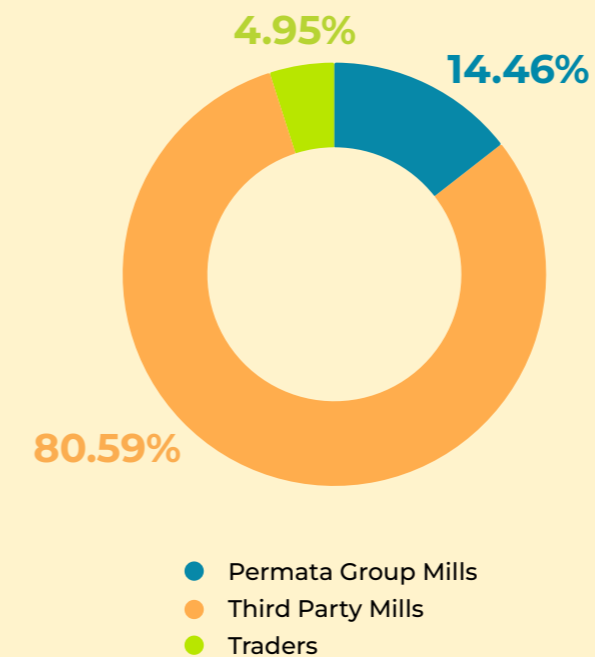


2. Third Party Mills  
Third Party Mills Count Based on FFB Origin



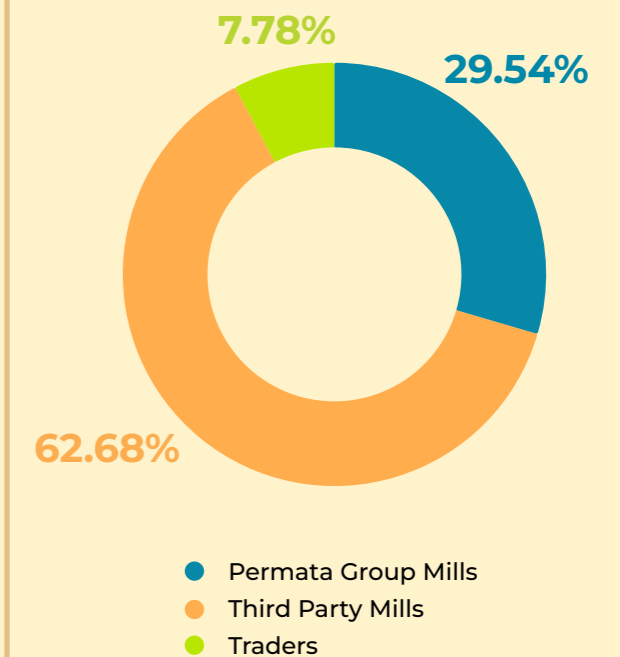
Permata Group – CPO Supply Base by source (Jan-Dec 2023)

CPO Supply Base 2023 (% by Source)



Permata Group – PK Supply Base by source (Jan-Dec 2023)

PK Supply Base 2023 (% by Source)





Supply Chain Traceability

We consider traceability as a fundamental aspect of our commitment to sustainability, and we are dedicated to achieving 100% traceability of our raw materials, beginning with mills and extending to plantations. Acknowledging the complexities of the palm oil supply chain—characterized by numerous smallholders and intermediaries—we understand that developing a complete supply chain map will be a substantial challenge.

Traceability to Mill

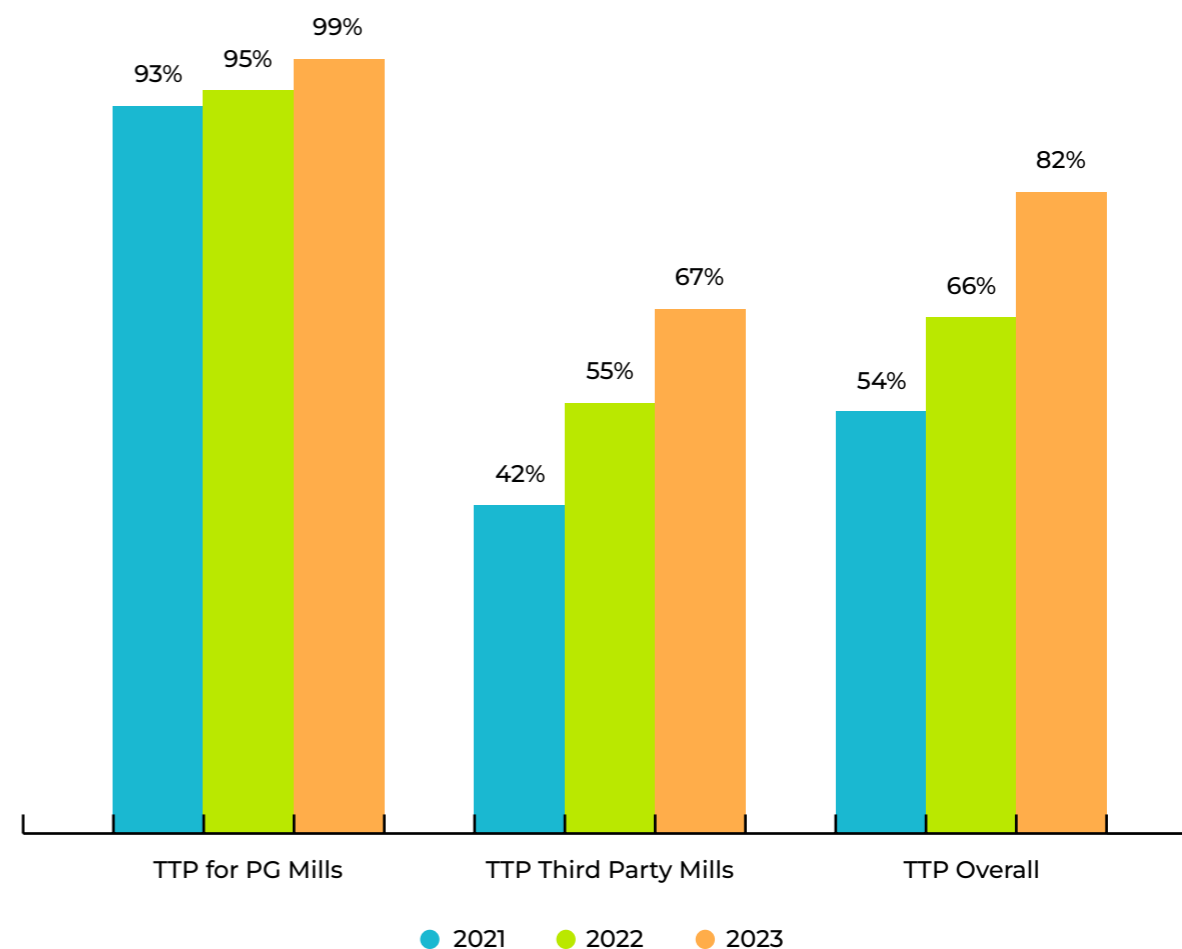
To ensure full traceability to mills, suppliers must provide key details such as the mill’s name, address, and GPS coordinates. Our traceability dashboard offers access to detailed information on our supplier mills, including their name, parent company, address, GPS coordinates, and UML ID, a unique identifier created by a consortium involving the World Resources Institute, Rainforest Alliance, Proforest, and Daemeter. We have achieved 100% traceable to mills since 2018 and successfully maintained this in 2023.

Traceability to Plantation

Achieving traceability to plantations is much more difficult than traceability to mills due to the vast and varied sources of fruit that supply the mills. A single mill’s supply chain can include large plantations, smaller farms, and smallholders, many of whom work on just 2 to 5 hectares of land and sell their fruit through middlemen. In fact, 40% of Indonesia’s palm fruit is grown by smallholders. Due to this complexity, and the limited time and resources available, we have adopted a risk-based, three-tier approach to what constitutes traceability to plantations. We have classified suppliers into three categories: plantation companies, independent outgrowers, smallholders, cooperatives, and agents or middlemen. Each category requires different levels of information, detailed as follows:

Criteria	Plantation Companies	Independent Growers / Smallholder / Cooperatives	Agents/Middlemen
Name of Farmer/ Plantation / Owner / Agent / Dealer	✓	✓	✓
Address of the plantation – at minimum the village name or subdistrict should be provided	✓	✓	-
Address of the agent and/or middlemen facility – at minimum the village name or subdistrict should be provided	-	-	✓
Area of operatio (FFB sourcing) – at minimum the village name or subdistrict should be provided	-	-	✓
GPS coordinates of the plantation	✓	-	-
Size of the plantation	✓	-	-
Volume of FFB supplied to the Mill	✓	✓	✓

In our risk-based approach, independent outgrowers, smallholders, agents, and middlemen are only required to disclose the area or village where they grow or source their fruits. If suppliers source from villages that overlap with protected areas, such as national parks or wildlife reserves, they are prioritized for more detailed traceability studies. By the end of 2023, we achieved 82% traceability to plantations. Our goal is to continue increasing this percentage, aiming for 100% traceability to plantations by 2025.



Complaint and Grievance

Our complaint and grievance system is applicable to both our own operations and our suppliers. Throughout year 2023, 2 grievances were filed against our suppliers, two of which were closed within the year. These cases were about potential non-compliant deforestation and illegal FFB produced in conservation areas respectively.

Supplier risk assessment and engagement

We are dedicated to creating a traceable and transparent supply chain, which is essential for ensuring accountability to our stakeholders. At the same time, we focus on making our supply chain more inclusive by working closely with suppliers through capacity-building initiatives and helping them reach our standards. To assess and mitigate risks related to deforestation, peatland degradation, and exploitation (NDPE), we use satellite monitoring tools such as Global Forest Watch Pro (GFW Pro), hosting workshops for suppliers, distribute questionnaires, site visit and monitor news for any relevant developments.

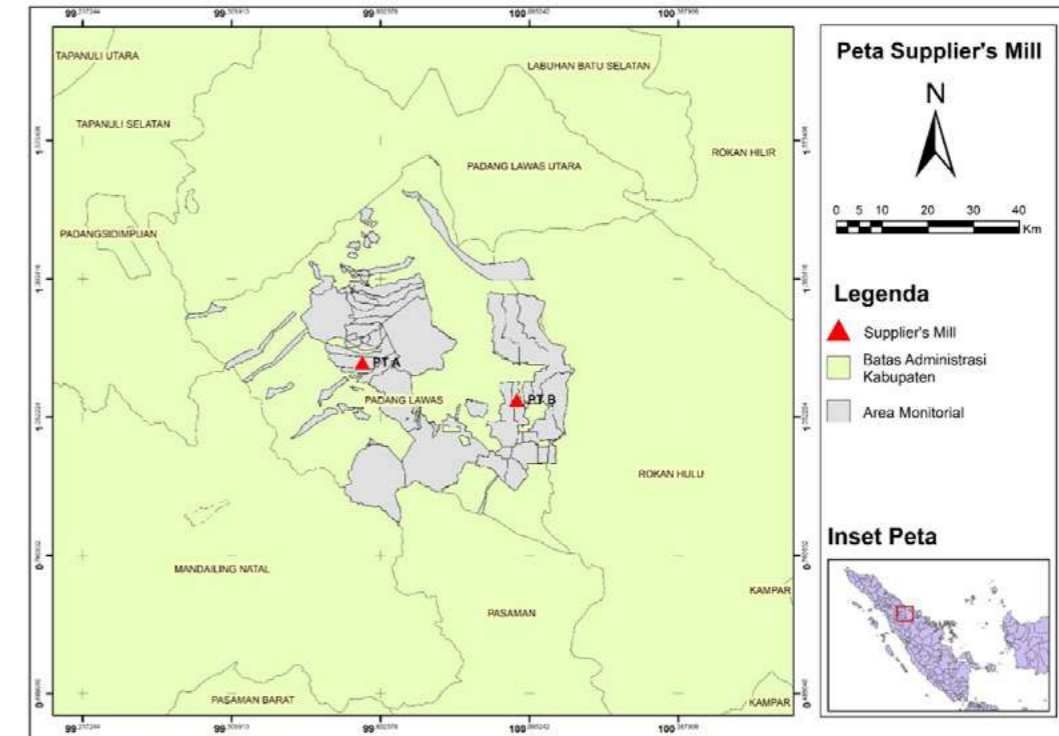
Global Forest Watch Pro

Global Forest Watch Pro (GFW Pro) is an online management tool developed by the World Resources Institute (WRI) to quickly assess potential risks to forests posed by our suppliers’ mills and their supply bases. GFW Pro evaluates the deforestation history of a specific area and the value of its remaining forests. Areas with both a history of deforestation and significant remaining forest value are categorized as high-risk, while areas with no deforestation history or very low remaining forest value are classified as low-risk. By default, GFW Pro monitors a 50-kilometer radius around palm oil mills, but this area can be refined and reduced as traceability to plantation data is collected.



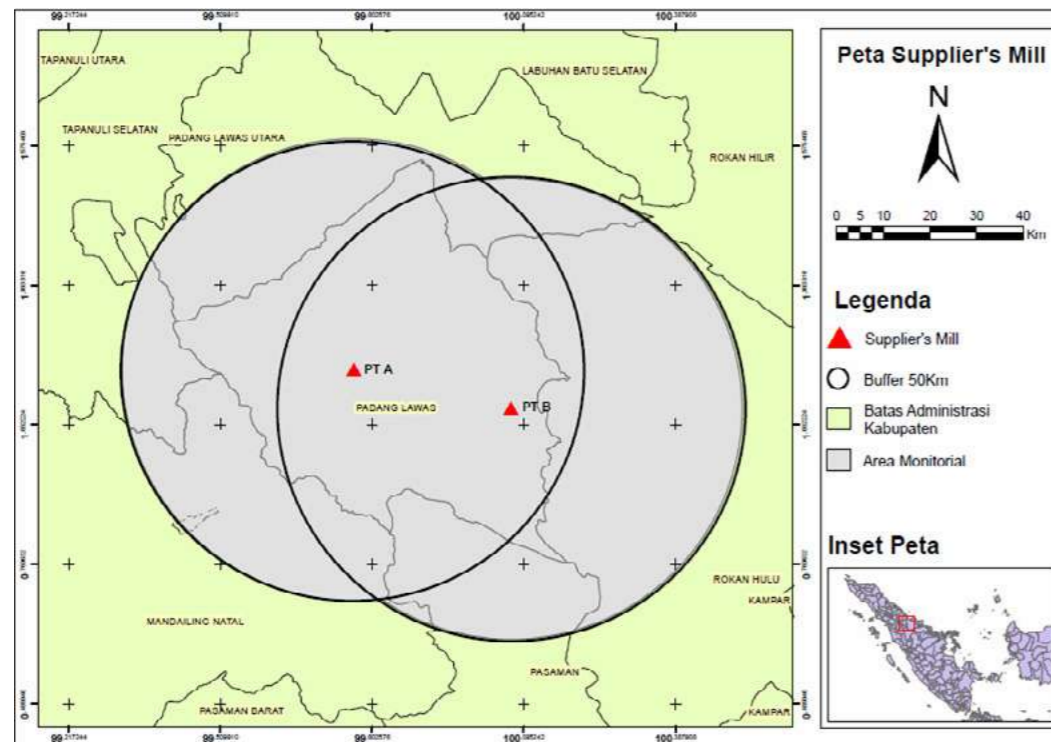
# “ Refining Deforestation Monitoring Area ”

Global Forest Watch provides a valuable baseline for monitoring our suppliers for potential deforestation. However, the broad 50-kilometer radius used by GFW, where any disturbances within that range are flagged as potential deforestation, limits the precision and effectiveness of our monitoring efforts.



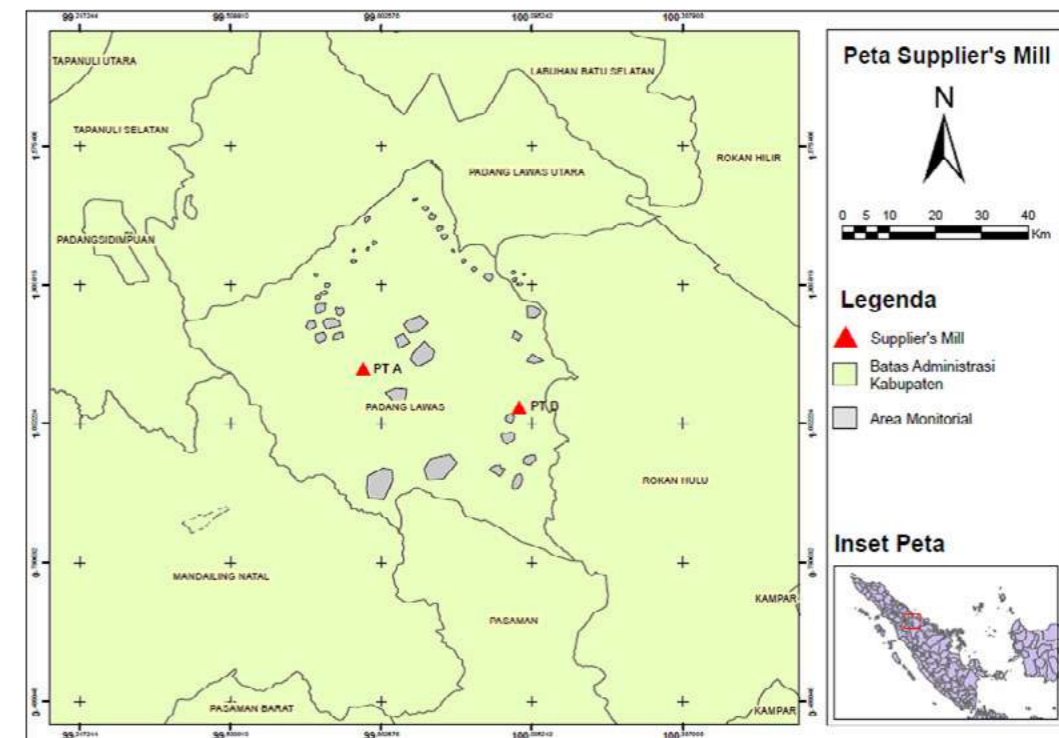
Stage 1: Supplying villages as the monitoring area. Note that the above image depicted two hypothetical mills and their supply base

In the second stage, we will work to collect GPS coordinate and polygon data of the palm plantations and smallholder plots that form our supply base.



Stage 0: 50 km radius around the mill as the monitoring area. Note that the above image depicted two hypothetical mills and their supply base

To address this limitation, we are conducting traceability to plantation campaign. In the first stage, we aim to map out all the villages which serve as sources of the palm fruits procured by our suppliers. This will greatly reduce the area that needs to be monitored.



Stage 2: Supplying plantations as the monitoring area. Note that the above image depicted two hypothetical mills and their supply base

The risk profile from GFW Pro is combined with our internal methodology incorporating the result of questionnaires, supplier visits and news to create a comprehensive risk profile. There are 147 suppliers categorized as low risk (53%), 112 suppliers categorized as medium risk (41%), and 16 suppliers categorized as high risk (6%). High risk suppliers will be prioritized for further engagement and supports.



## “ European Union Deforestation Regulation (EUDR)

*In 2023, the European Union Deforestation Regulation (EUDR) was announced, requiring that by the end of 2024, seven commodities, including palm oil, must be produced in deforestation-free areas as of 31 December 2020, and in compliance with relevant local legislation. In response, our company has intensified efforts to enhance traceability across our entire supply chain by mapping out polygons, ensuring that all raw materials, especially palm oil, are sourced from deforestation-free and legally compliant areas. Additionally, we maintain ongoing engagement with our suppliers by hosting annual workshops to share updates on sustainability initiatives, communicate evolving expectations, and provide training on sustainability best practices. These workshops foster collaboration and knowledge exchange, empowering suppliers to adopt best practices, reinforcing our shared commitment to sustainability, and ensuring alignment with EUDR standards across the supply chain. By taking these steps, we aim to protect biodiversity, mitigate climate change, and contribute to a more sustainable global palm oil industry.*

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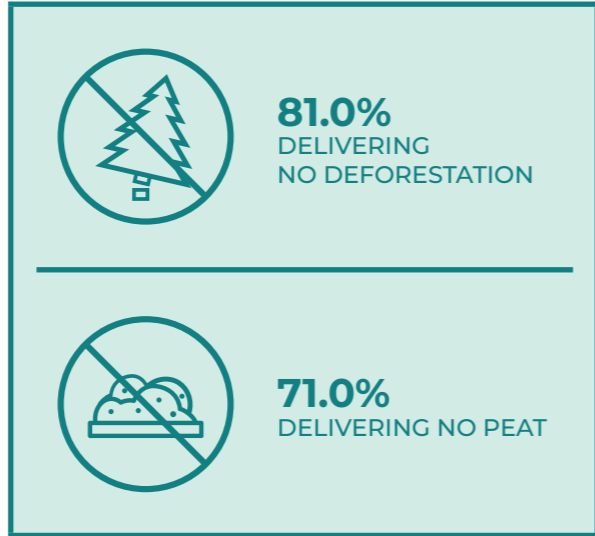




In conjunction with our supplier workshops, we distribute annual Supplier Risk Assessment and Traceability Questionnaires to our suppliers. The self-assessment form allows suppliers to report their advancements in environmental, social, ethical practices, and certifications. Simultaneously, the traceability forms enable suppliers to specify, trace, and disclose information about their own suppliers. The questionnaire helps us identify high-risk suppliers who will be prioritized for monitoring, engagement and support.



In addition to our sustainability questionnaire, we have instituted a comprehensive supplier risk assessment system. This system aims to identify high-risk suppliers for targeted engagement, including training and socialization on No Deforestation, No Peat, No Exploitation (NDPE) principles and other sustainability best practices. If circumstances warrant, high-risk suppliers may undergo further scrutiny through audits, ensuring a stringent adherence to our sustainability standards.



We use the No-Deforestation, No-Peat and No-Exploitation Implementation Reporting Framework (NDPE IRF) to track progress against our NDPE commitments across our supply chain. In terms of No Deforestation, 81% of our suppliers are delivering. In terms of No Peat, 71% of our suppliers are delivering.

No Deforestation progress at production level (PK)

	Unknown	0.00%
	Known	0.41%
	Awareness	1.79%
	Commitment and starting action	14.81%
	Progressing	2.51%
	<b>Total Delivering =</b>	<b>80.49%</b>

No Deforestation progress at production level (CPO)

	Unknown	0.00%
	Known	1.59%
	Awareness	0.23%
	Commitment and starting action	15.44%
	Progressing	1.70%
	<b>Total Delivering =</b>	<b>81.04%</b>

No Peat progress at production level (PK)

	Unknown	0.00%
	Known	0.36%
	Awareness	1.74%
	Commitment and starting action	13.25%
	Progressing	6.70%
	<b>Total Delivering</b>	<b>77.94%</b>

No Peat progress at production level (CPO)

	Unknown	0.00%
	Known	1.35%
	Awareness	0.35%
	Commitment and starting action	18.55%
	Progressing	9.70%
	<b>Total Delivering</b>	<b>70.05%</b>

We conduct on-site visits to our suppliers, prioritizing those identified as high-risk, especially those whose supply chains overlap with protected areas or show deficiencies in traceability and sustainability. These visits allow us to perform gap analyses and evaluate the progress suppliers are making in meeting NDPE (No Deforestation, No Peat, No Exploitation) standards and traceability requirements.

Promoting Smallholder Inclusiveness

Smallholders play a vital role in Permata Group's supply chain, with over 85% of the fruit processed in our palm oil mills sourced from them, primarily independent smallholders. We are committed to fostering an inclusive and sustainable supply chain that embraces both smallholders and corporate plantations.

Our commitment to smallholder sustainability is evident in our educational initiatives and engagement efforts focused on topics such as High Conservation Value (HCV) conservation, zero-burning principles, no-deforestation practices, chemical health and safety, and traceability. During stakeholder consultations and engagement visits, we provide valuable insights and resources to support these practices.

We also supply boiler ash and decanter solids to local smallholders upon request, as these materials can serve as organic fertilizers to supplement or replace mineral fertilizers. For smallholders managing aging plantations, we assist them in accessing government replanting funds. As part of our CSR program, we provide selected smallholders with high-quality palm seedlings to support their replanting and rehabilitation efforts.

Looking ahead, we aim to deepen our engagement with smallholders by collaborating with our suppliers to involve them in their supply chains and share knowledge on Best Management Practices (BMPs).



## GRI CONTENT INDEX

Statement of Use	Permata Group has reported in accordance with the GRI Standards for the period of 01 January – 31 December 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022

GRI STANDARD	GRI DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE REFERENCE
General Disclosures			
GRI 2 : General Disclosures 2021	2-1	Organizational details	6-10
	2-2	Entities included in the organization 's sustainability reporting	10
	2-3	Reporting period, frequency and contact point	3
	2-5	External assurance	3
	2-6	Activities, value chain and other business relationships	6-9
	2-7	Employees	45
	2-8	Worker who are not employees	45-46
	2-9	Governance structure and composition	14
	2-10	Nomination and selection of the highest governance body	confidential
	2-11	Chair of the highest governance body	14
	2-12	Role of the highest governance body in overseeing the management of impacts	14
	2-13	Delegation of responsibility for managing impacts	14
	2-14	Role of the highest governance body in sustainability reporting	14
	2-16	Communication of critical concerns	13
	2-22	Statement on sustainable development strategy	19-21
2-23	Policy commitments	11	
2-25	Processes to remediate negative impacts	13	
2-26	Mechanisms for seeking advice and raising concerns	13	
2-27	Compliance with laws and regulations	15	
2-28	Membership associations	58	
2-29	Approach to stakeholder engagement	15	

GRI STANDARD	GRI DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE REFERENCE
Material Topic			
GRI 3: Material Topics 2021	3-2	List of material topics	16
Protecting High Conservation Area and Biodiversity			
GRI 3: Material Topics 2021	3-3	Management of material topics	22
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected area	22
	304-2	Significant impacts of activities, products and services on biodiversity	23
	304-3	Habitats protected or restored	22
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	22
Fire Management and Prevention			
GRI 3: Material Topics 2021	3-3	Management of material topics	26-27
Pest Management and Fertilizer Use			
GRI 3: Material Topics 2021	3-3	Management of material topics	28-29
GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022	13.6.1	-Describe the pest management plan of the organization, including the rationale for the selection and application of pesticides and any other practices of pest control.	28-29
		-Describe actions taken to prevent, mitigate and/or remediate negative impacts associated with the use of extremely and highly hazardous pesticides.	
		-Describe the actions, initiatives, or plans to switch to less hazardous pesticides and actions taken to optimize pest control practices.	
		-Describe the training provided to workers on pest management and the application of pesticides	
Water and Effluent Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	30-31
GRI 303: Water and Effluent 2018	303-1	Interactions with water as a shared resource	30
	303-2	Management of water discharge related impacts	31
	303-5	Water consumption	30



GRI STANDARD	GRI DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE REFERENCE
<b>Waste Management</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	32
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	32, 34
	306-2	Management of significant waste-related impacts	32-34
	306-3	Waste generated	32, 34
	306-4	Waste diverted for disposal	32-34
	306-5	Waste directed to disposal	32-34
<b>Energy Management</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	37
GRI 302: Energy 2016	302-1	Energy Consumption within the organisation	37
	302-3	Energy intensity	37
<b>Climate Change</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	36-43
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	41
	305-2	Energy indirect (Scope 2) GHG emissions	41
	305-4	GHG emissions intensity	41, 42
	305-5	Reduction of GHG emissions	42, 43
<b>Employee Management, Attraction and Retention</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	45-48
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	46
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	52
GRI 404: Training and Education	404-1	Average hours of training per year per employee	47
	404-2	Program for upgrading employee skills and transition assistance programs	47
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	45

GRI STANDARD	GRI DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE REFERENCE
<b>Respecting Worker's Right</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	49
GRI 407: Freedom Of Association And Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	49
	408-1	Operations and suppliers at significant risk for incidents of child labor	49
GRI 408: Child Labor 2018	408-1	Operations and suppliers at significant risk for incidents of child labor	49
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	49
<b>Employee Health, Safety and Wellbeing</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	50-52
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	50
	403-2	Hazard identification, risk assessment, and incident investigation	50
	403-3	Occupational health services	52
	403-4	Worker participation, consultation, and communication on occupational health and safety	50
	403-5	Worker training on occupational health and safety	50, 51
	403-6	Promotion of worker health	50-52
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	50-52
	403-8	Workers covered by an occupational health and safety management system	50
	403-9	Work-related injuries	51
<b>Community and Smallholder Livelihood</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	53-56
GRI 203: Indirect Economic Impact 2016	203-1	Infrastructure investments and services supported	53
	203-2	Significant indirect economic impacts	53
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	53



GRI STANDARD	GRI DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE REFERENCE
GRI 413: Local Communities 2016	13.14.1	Describe the approach to engaging with indigenous peoples, including: - how the organization seeks to ensure meaningful engagement; - how the organization seeks to ensure indigenous women can participate safely and equitably.	53
GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022	13.14.4	Report if the organization has been involved in a process of seeking free, prior, and informed consent (FPIC) from indigenous peoples for any of the organization's activities, including, in each case: - whether the process has been mutually accepted by the organization and the affected indigenous peoples; - how the organization ensured that the constituent elements of FPIC have been implemented as part of the process; - whether an agreement has been reached and, if so, whether the agreement is publicly available.	53
Corporate Governance and Ethics			
GRI 3: Material Topics 2021	3-3	Management of material topics	57-58
GRI 205: Anti corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	57
Consumer and Customer			
GRI 3: Material Topics 2021	3-3	Management of material topics	58
GRI 416: Customer Health And Safety	416-1	Assessment of the health and safety impacts of product and service categories	58, 59
	2016	Incidents of non-compliance concerning the health and safety impacts of products and services	60
Sustainable Supply Chain			
GRI 3: Material Topics 2021	3-3	Management of material topics	60-69
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	64, 65
	308-2	Negative environmental impacts in the supply chain and actions taken	63
GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022	13.23.2	Describe the level of traceability in place for each product sourced, for example, whether the product can be traced to the national, regional, or local level, or a specific point of origin (e.g., farms, hatcheries, and feed mill levels).	62
	13.23.4	Describe improvement projects to get suppliers certified to internationally recognized standards that trace the path of products through the supply chain to ensure that all sourced volume is certified.	67

## GLOSSARY OF TERMS

Biological oxygen demand (BOD)	A parameter used to measure water quality. It represents the amount of oxygen consumed by bacteria and other microorganisms while they decompose organic matter under aerobic (oxygen is present) conditions at a specified temperature.
Carbon dioxide equivalent (CO2e)	A standard unit of measure in GHG accounting. It represents the amount of CO2 which would have the equivalent global warming impact for different GHGs.
Chemical oxygen demand (COD)	Another parameter used to measure water quality. It represents the amount of oxygen that must be present to oxidize chemical organic materials
Crude palm oil (CPO)	The oil extracted from the pulp of FFB
Effluent	Wastewater discharged to a natural body of water.
Extraction rate	The amount of oil (in percentage) recovered from FFB.
Empty fruit bunches (EFB)	What remains of FFB after the pulp has been removed for oil pressing
Fire danger rating (FDR)	An internal rating for fire risk assessment depending on previous rain levels. It consists of four levels: Low, Medium, High, and Extreme.
Fire-Free Village Programme (FFVP)	A fire management pilot program which provides training, equipment and economic incentives to local communities to help prevent fire
Fresh fruit bunches (FFB)	The bunch of fruit harvested from palm oil trees. It is the raw material of palm oil
Free, prior and informed consent (FPIC)	The principle that indigenous people and communities have the right to give and withdraw their consent to actions that affect their lands, territories and natural resources.
Global Reporting Initiative (GRI)	A multi-stakeholder sustainability reporting standard providing guidelines on report content and indicators.
Greenhouse gas (GHG)	Gases in the atmosphere that trap heat thereby creating a greenhouse effect.
High Carbon Stock Approach (HCSA)	A methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed.
High conservation value (HCV)	Areas containing globally, regionally or nationally significant concentrations of biological, ecological, social or cultural values.



High carbon stock (HCS)	Forests which hold large stores of carbon and biodiversity, which are released and lost when these forests are cleared
Indonesian Sustainable Palm Oil (ISPO)	Indonesia's mandatory national sustainable palm oil standard.
Integrated pest management (IPM)	The careful consideration of all available pest control techniques and subsequent integration of appropriate measures that discourage the development of pest populations.
International Sustainability and Carbon Certification (ISCC)	A certification system for biomass and bioenergy. The main defining feature of ISCC is the emphasis on carbon emissions. In order to be certified, a products' carbon footprint must be 50% lower than its equivalent fossil fuel.
International Union for Conservation of Nature's Red List (IUCN Red List)	The world's most comprehensive inventory of the global extinction risk status of animal, fungus and plant species.
Palm oil mill effluent (POME)	Wastewater generated from palm oil milling activities.
No Deforestation, No Peat, No Exploitation (NDPE)	Policies and practices adopted by palm oil companies that prevent deforestation, development on peatlands, and the exploitation of workers, communities, and smallholders.
No Deforestation, No Peat and No Exploitation Implementation Reporting Framework (NDPE IRF)	A reporting tool that helps companies understand and systematically track progress in delivering their NDPE commitments in their palm oil supply chains.
PalmGHG calculator	An RSPO tool that calculates the emissions generated and sequestered from activities and processes at plantations and mills
Palm Oil Collaboration Group (POCG)	A multistakeholder initiative that brings together companies from every link in the palm oil supply chain to accelerate the effective implementation of NDPE commitments.
Palm kernel oil	The oil extracted from the kernel of FFB.
Palm kernel shell (PKS)	What remains of kernel after the pulp has been removed for oil pressing.
Peat	The accumulation of partially decomposed organic matter in wetlands such as swamps, muskegs, bogs, fens, and moors. Peatlands are the largest natural terrestrial carbon store. They store more carbon than all other vegetation types.
Personal protective equipment (PPE)	Equipment that protects the wearer against health and safety risks.

Programme for Pollution Control, Evaluation and Rating (PROPER)	A public national environmental disclosure initiative to promote compliance with existing regulations. Environmental performance of companies is mapped using a five-color grading scale.
Rotterdam Convention	A multilateral environmental agreement that covers pesticides and industrial chemicals that have been banned or severely restricted for health or environmental reasons.
Roundtable on Sustainable Palm Oil (RSPO)	A not-for-profit organization consisting of stakeholders from 7 sectors of the palm oil industry to develop and implement global environmental and social standards for sustainable palm oil.
Smallholders	Small-scale farmers who are not linked to any particular company or mill. 40% of Indonesian palm fruits are grown by smallholders.
Stockholm Convention	An international environmental treaty focused on eliminating or reducing the use of POPs. POPs are chemicals that toxic to humans and wildlife and remain intact in the environment for long periods eventually accumulating in the tissue of living organisms.
World Health Organization (WHO) Class 1A and 1B	A classification system created by WHO used to define the hazardousness of active ingredients in pesticides. 1A is extremely hazardous and 1B is highly hazardous.





**PERMATA GROUP**  
**2023**  
**SUSTAINABILITY REPORT**

**Jl. Iskandar Muda No. 107 Medan, 20154**

Tel +62-61-457-7777

Fax +62-61-4569-755

Email : [Sustainability@permatagroup.com](mailto:Sustainability@permatagroup.com)

Web : [www.permatagroup.com](http://www.permatagroup.com)

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