

GROWING A SUSTAINABLE & RESILIENT FUTURE TOGETHER

AEP INDONESIA
SUSTAINABILITY REPORT 2024



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ABOUT THIS REPORT GRI 2-1, 2-4, 2-5

As part of our commitment to demonstrating sustainability transparency to our stakeholders, Anglo Eastern Plantation Plc (AEP Group) proudly presents our first sustainability report. Our sustainability report is prepared in accordance with the Global Reporting Initiative (GRI) Standards and aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The report aims to present the most accurate, balanced, and transparent approach to each sustainability topic we cover annually. No external assurance has been arranged for this reporting year.

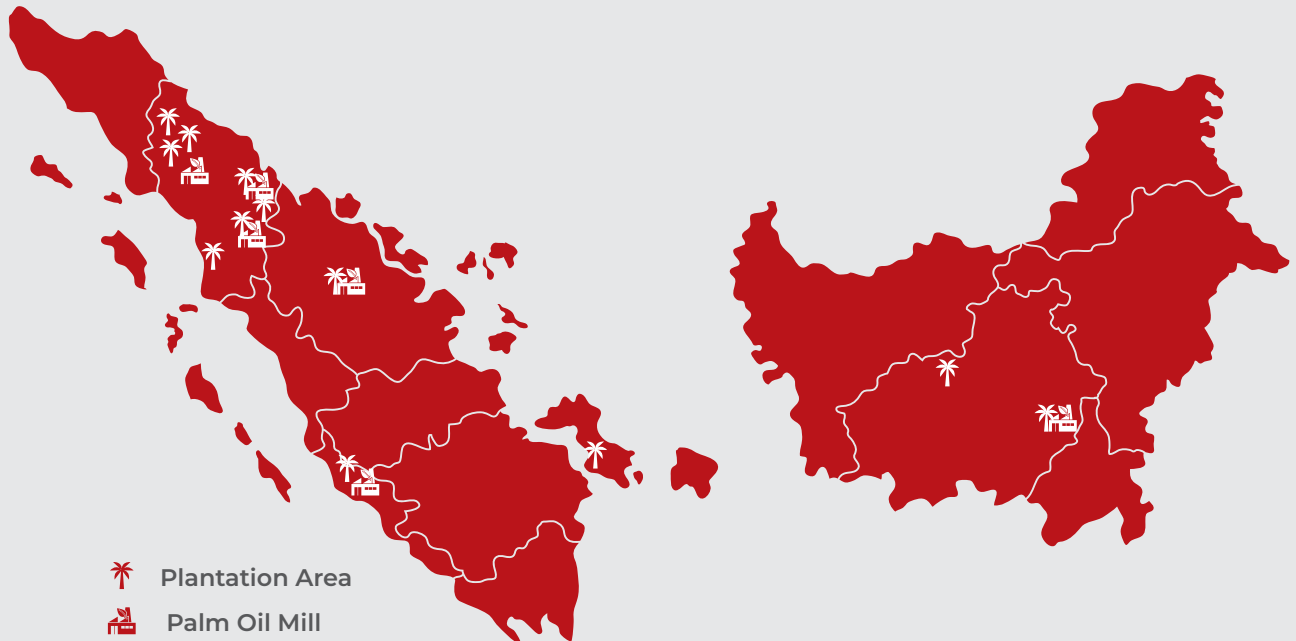
As we embrace the **Growing a Sustainable & Resilient Future Together** theme, we are dedicated to fostering partnerships and implementing practices that enhance environmental stewardship and strengthen community resilience for future generations. We believe that with strong support from our employees and the group's commitment, we will continuously enhance our sustainability journey.

SCOPE AND BOUNDARY GRI 2-2, 2-3

Following our financial reporting cycle, this report provides data and information for the financial year from January 1 to December 31, 2024. It covers the Indonesian plantations and operations owned by AEP Group, including upstream and downstream performance in Indonesia. AEP Group operates several production sites throughout Indonesia, and through our subsidiaries, we ensure the quality of our products and overall performance. The approach to data collection and reporting may vary for each material topic, depending on data availability from each entity. This is explained in detail in the relevant sections of this report.



Operational Highlights



In 2024, we produce:

Crude Palm Oil

396,719 MT

Palm Kernel

93,439 MT

Distributed to:

Market Place

100%

Indonesia

involving:

Total Employee

15,006

People

REPORTING FRAMEWORK

Our 2024 Sustainability Report is in accordance with the Global Reporting Initiative (GRI) Standards and consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The GRI Index and TCFD Index on Pages 84-90 present a comprehensive list of disclosures.

POINT OF CONTACT GRI 2-1

We truly appreciate all the feedback we receive, as it plays a vital role in enhancing the relevance of our report's information and topics. Your insights help us better align with the expectations of our stakeholders. We invite you to share any comments or questions you have about our sustainability report, as your engagement is essential to our continuous improvement:

Email : investor.relations@angloeastern.co.uk

Malaysia

Corporate

Office : Level 7, Wisma Equity, 150
Jalan Ampang, 50450
Kuala Lumpur

Operational

Head Office : Sinar Mas Land Plaza, 3rd Floor
Jl. Diponegoro No. 18 Kel. Madras
Hulu , Medan, Polonia District,
Medan City
Sumatera Utara Province -
Indonesia 20152





02

Chairman's Statement

“

At AEP, we don't just grow palm,
we cultivate trust and build lasting
relationships.

”



“

As a palm oil company, sustainability is essential for addressing vital environmental and social issues, securing our place in global markets, and building a foundation for long-term success.

”



CHAIRMAN'S STATEMENT

GRI 2-22

Dear Stakeholders,

At AEP, our vision is to become a key high-yielding player in sustainable palm oil production. Our mission is to responsibly cultivate sustainable plantations by utilising best practices, driving continuous improvements, and embracing ESG principles. This commitment means minimising our environmental footprint, investing in renewable energy, conserving natural resources, and enhancing lives across our communities. We believe aligning our efforts with these values can inspire positive change and create a better future for all.

As a palm oil company, sustainability is essential for addressing vital environmental and social issues, securing our place in global markets, and building a foundation for long-term success. Our recent achievements, including ISPO certification for all units, ISO 14001 for mills, and PROPER Blue ratings, reflect our dedication to these goals. This year, we proudly met our target of reducing water use to below 1.2 m³/MT FFB across our mills.

Our Sustainability Policy includes an NDPE (No Deforestation, No Peat, No Exploitation) commitment, supporting responsible land use and environmental protection. Key challenges we face—deforestation, labour rights, and smallholder inclusion—are met with clear commitments: zero deforestation, sustainable land use, strong labour standards, and support for smallholders.

Stakeholder engagement is crucial to our approach, and we value the input we received in 2024, which will help us refine our priorities. By adopting TCFD and TNFD recommendations and aligning with RSPO standards, we continuously enhance our practices and reinforce our commitment to responsible growth. This commitment ensures that our operations are sustainable and beneficial to all involved.

With the theme of our inaugural sustainability report, "Growing a Sustainable & Resilient Future Together" we invite our stakeholders to join us in advancing economically viable and environmentally responsible palm oil production. Together, we can build a future that benefits everyone.

Marcus Chan
Chairman of ESG & Corporate
Governance Committee



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About AEP

GRI 2-1, 2-6

Since its 1985 debut on the Main Market of the London Stock Exchange, Anglo-Eastern Plantations Plc has held a prestigious Premium Listing, positioning itself as a leader in the production and processing of palm oil. Palm oil, a vital global commodity, supports millions of jobs in Indonesia and Malaysia and is extensively used in the food, cosmetics, consumer goods, and biofuel industries.

AEP oversees an efficient end-to-end supply chain, ensuring responsible production and seamless delivery. Our operations in Indonesia span around 65,996 hectares of oil palm plantations, including partnerships with plasma smallholders. From harvesting fresh fruit bunches and extracting Crude Palm Oil (CPO) and Palm Kernel (PK), we refine these into various value-added products.

Committed to environmental responsibility, we capture methane emissions from our mills and convert them into renewable energy via biogas plants, with our first Compressed Natural Gas ("BioCNG") plant further reducing reliance on harmful fossil fuels.



OUR VISION, MISSIONS, and VALUES GRI 2-23

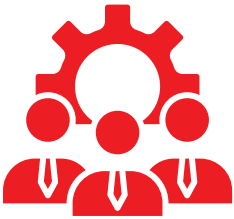
In the synergy of our implementation, we ground our operations in the vision, mission, and values we uphold at every level of our organisation.

Our Vision

To become a key high-yielding player in sustainable palm oil production.

Our Mission

We responsibly cultivate sustainable plantations by utilising best practices, driving continuous improvements, and embracing ESG principles.


Managing People

We empower people by enhancing their skills, knowledge, and attitudes through targeted expansion, transformative training centres, integrity-driven development, and competitive remuneration to achieve shared prosperity.


Managing Plantation

We promise continued estate growth and sustainable quality harvest improvement in each plantation by maintaining operation excellence.


Managing Infrastructure

We improve the extraction rate in each mill and manage the Internal Control Team (ICT) to improve control, review financial and business performance, and decision-making.


Good Corporate Citizenship

We plan a community development program to serve community needs and corporate social responsibility programs to sponsor green and environmentally friendly projects.

Our Values

Our core values strengthens our foundation and quality in achieving our vision and mission.

We Walk the Block

We walk the field to grasp its dynamics and be in it to win it

Result-Driven

We set clear goals, evaluate progress and achieve meaningful outcomes

Accountability

We own our actions, maintaining openness and integrity in everything we do

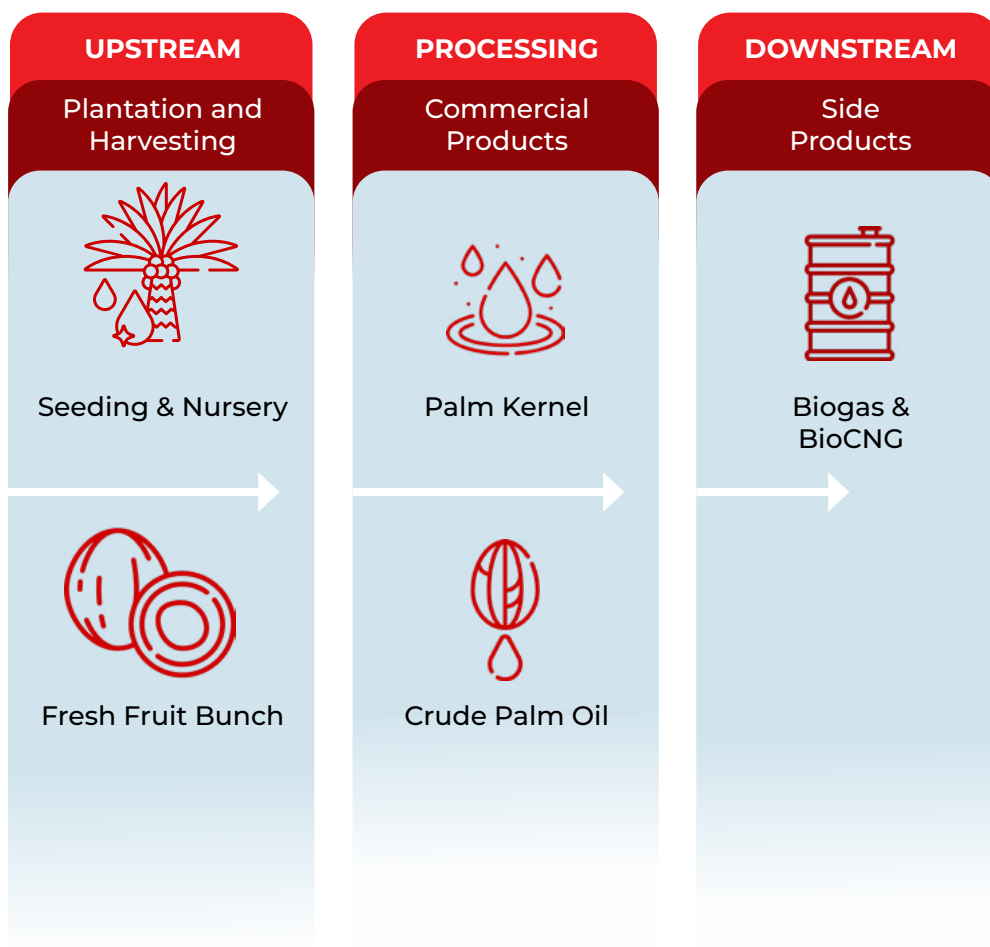
Excellence Together

We aim to do better everyday, pursuing continuous improvement and learning to deliver our best as a team

People

We recognise talent and reward performance, promoting the growth and success of our people

Our Supply Chain

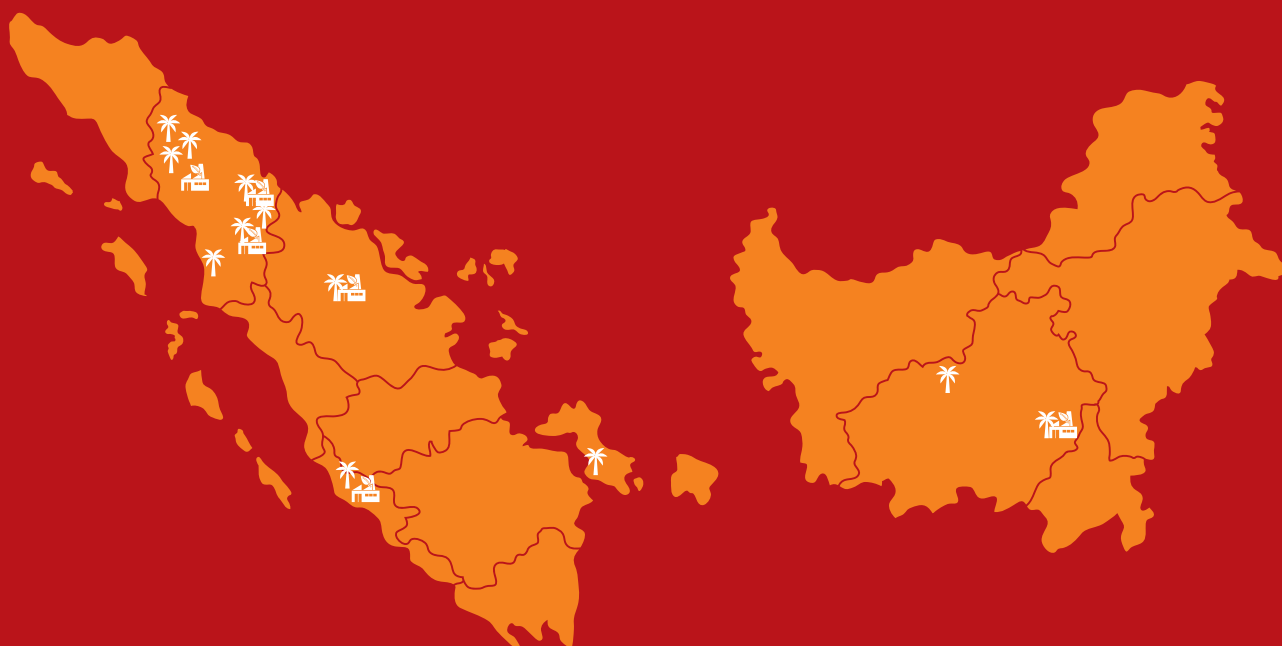


Our Operational Area in Indonesia

“

From plantation to product, sustainability should guide every step.






”



Plantation Area



Palm Oil Mill

| No | Location | Company Name | Type Of Organisation | |
|--------------------------|--------------------|--|----------------------|---|
| Operation Own by Company | | | | |
| 1 | North Sumatera | PT. United Kingdom Plantation (Blankahan Oil Mill) | ✳ |  |
| 2 | | PT. Musam Utjing | ✳ | |
| 3 | | PT. Simpang Ampat | ✳ | |
| 4 | | PT. Tasik Raja (Tasik Rajak Oil Mill) | ✳ |  |
| 5 | | PT. Anak Tasik | ✳ | |
| 6 | | PT. Hijau Pryan Perdana (Hijau Pryan Perdana Oil Mill) | ✳ |  |
| 7 | | PT. Cahaya Pelita Andhika | ✳ | |
| 8 | Riau | PT. Bina Pitri Jaya (Bina Pitri Oil Mill) | ✳ |  |
| 9 | Bangka | PT. Bangka Malindo Lestari | ✳ | |
| 10 | Bengkulu | PT. Mitra Puding Mas (Mitra Puding Oil Mill) | ✳ |  |
| 11 | | PT. Alno Agro Utama (Sumindo Oil Mill) | ✳ |  |
| 12 | Central Kalimantan | PT. Sawit Graha Manunggal (Sawit Graha Manunggal Oil Mill) | ✳ |  |
| 13 | | PT. Kahayan Agro Plantation | ✳ | |
| Plasma Plantations | | | | |
| 1 | North Sumatera | Koperasi Konsumen Pane Sapokat | ✳ | |
| 2 | Bangka | Koperasi Produsen Jaya Mandiri | ✳ | |
| 3 | Central Kalimantan | Koperasi Serba Usaha Bartim Sawit Sejahtera | ✳ | |
| 4 | | Koperasi Serba usaha Kahayan Maju Bersama | ✳ | |
| 5 | Bengkulu | Koperasi Perkebunan Plasma Maju Sejahtera | ✳ | |



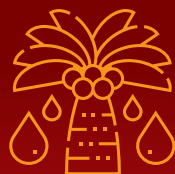
04

Our Approach To Sustainability

“

At AEP, sustainability milestones are achieved through a culture grounded in our code of ethics and sustainability policies, with every level of the organization contributing to stronger performance and lasting impact.

”



OUR APPROACH TO SUSTAINABILITY

AEP SUSTAINABILITY POLICY GRI 2-23

“AEP continuously ensures the sustainable implementation of processes within our palm oil landscape environment. We prioritise a collaborative approach with our stakeholders and are committed to advancing best practices. We have implemented frameworks such as the NDPE Policy, TCFD, and TNFD as part of our climate-related disclosures. Since 2019, we have upheld a sustainability policy, and due to our ongoing commitment to synergy with sustainability and addressing its challenges, we updated this commitment in 2023 to strengthen our governance.”

Since 2019, the AEP Sustainability Policy has been established to reflect the Company's commitment to align with the NDPE Policy. It emphasize our dedication to implementing sustainable practices across each of our estates. Our policy encompasses responsibilities related to development, environmental protection, biodiversity conservation, worker's rights and safety, emissions, and business ethics, among other areas. All our suppliers must adhere to this sustainability policy while engaging in trading relationships with us through our Supplier Code of Conduct. Our commitments under the sustainability policy are as follows:

- No Deforestation
- No Development on Peat
- No Open Burning
- Best Management Practices
- No Exploitation
- No Forced or Bound Labour

- Employee Health and Safety
- Fair Employment Terms
- Whistleblowing
- Rights of Indigenous People and Local Communities
- Product Traceability

Refer to our website for more information on our Sustainability Policy: [click here](#)

To elaborate on our sustainability policy, AEP has a dedicated human rights policy that embodies our firm commitment to upholding and respecting fundamental human rights. This policy aligns with the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the UN Declaration on the Rights of Indigenous Peoples. It applies across all our operations in Malaysia and Indonesia. Our practices also comply with the UK Modern Slavery Act 2015 (UK Modern Slavery Act Statement). For a more detailed review of our human rights policy, please visit the following link: [click here](#).

OUR SUSTAINABLE CULTURE GRI 2-24

AEP has implemented an effective strategy that balances operational goals with sustainability and social responsibility. The responsibility for embedding sustainability is present from the top to bottom. Senior management, including the Chairman of the ESG & Corporate Governance Committee, is expected to demonstrate a solid commitment to Environmental, Social, and Governance (ESG) principles and responsible business practices. Through this strategy, a culture of sustainability can be embedded across all employee levels.

Internally, AEP continuously fosters a sustainability culture by communicating policies among employees through clear communication channels, engaging employees, and providing training. These channels make all employees aware of the company's responsible business conduct policies.

The company has also extended its policy communication externally to partners, suppliers, and other stakeholders by publishing policies on our website, specifically through the Supplier Code of Conduct. AEP has developed a Code of Ethics that outlines clear expectations and a commitment to responsible business conduct. This code ensures that all partners, suppliers, and other stakeholders are aligned with the company's objectives through a structured approach to business relationships. Our publication policy can be accessed [here](#).



AEP MILESTONE TO A SUSTAINABLE FUTURE

Before

2019

- Commitment to no deforestation, no peatland, and no exploitation (NDPE)
- GHG Emission accounting baseline for scope 1 and 2

2020

Build 4 Biogas Plant

2021

AEP has committed to restore 967 hectares of forest and peatland cleared since 2015, following the adoption of its NDPE Policy in 2019, and is working with Earthqualizer to implement the recovery plan.

2022

All units have been ISPO certified

2023

- Starting to Calculate GHG Emission Scope 3
- Recovery Plan with Social Forestry as a NDPE Commitment

2024

- Continue to improve score in SPOTT Assessment since 2016
- Bio-CNG Plants Construction
- Conduct LUCA to start RSPO Certification
- Conduct FPIC, SIA, and LTUS
- Conduct a Re-assessment of HCV-HCS for two companies



CERTIFICATION AND REGULATION COMPLIANCE

Sustainability Certification

AEP employs a holistic approach to ensure compliance with relevant regulations and certifications in its operations. We recognise that operational issues have significant environmental and social impacts, such as greenhouse gas emissions from land conversion, fire risks, biodiversity loss due to deforestation, and more.

As part of our commitment to reduce negative impacts and enhance positive contributions, all AEP operational areas in Indonesia are certified under the Indonesian Sustainable Palm Oil (ISPO) standard, which has aligned with the Roundtable on Sustainable Palm Oil (RSPO) principles since 2012. We also participate in the Sustainable Palm Oil Transparency Toolkit (SPOTT), evaluated annually by the Zoological Society of London (ZSL), and have adopted recommendations from the Taskforce for Climate-related Financial Disclosures (TCFD) and the Taskforce for Nature-related Financial Disclosures (TNFD), although not yet mandated.

AEP has also obtained additional certifications, such as ISO 14001 and ISCC, to uphold sustainability standards. All mills are ISO 14001 certified and have achieved a “blue” category under the PROPER environmental performance rating. We are also working towards RSPO certification, targeted for completion by 2026.



Compliance with Laws and Regulations GRI 2-27

With the growing emphasis on sustainability regulations in the global palm oil industry, AEP pays particular attention to the European Union Deforestation Regulation (EUDR), which prohibits the import of agricultural products into the European Union from deforested or illegal sources. This regulation requires all producers and commodity traders, including palm oil, to conduct due diligence across their supply chains before their products enter the EU market. Since 2019, AEP has implemented a No Deforestation, No Peat, and No Exploitation (NDPE) sustainability policy, and we anticipate that EUDR will not impact our operations.

AEP is committed to conducting business with high integrity and ensuring full compliance with Indonesian laws and regulations. We strive for effective operations by establishing Key Performance Indicators (KPIs) and conducting regular internal audits to maintain this compliance.

In 2023, we achieved zero cases of non-compliance with Indonesian laws and regulations. We ensure all permits related to environmental management are in full compliance with government regulations, including *Rencana Pengelolaan Lingkungan-Rencana Pemantauan Lingkungan* (RKL-RPL) reporting, hazardous waste management and utilisation, and accurate, timely, and lawful tax payments.

Participations in Associations GRI 2-28

Gabungan Pengusaha Kelapa Sawit Indonesia (GAPKI)

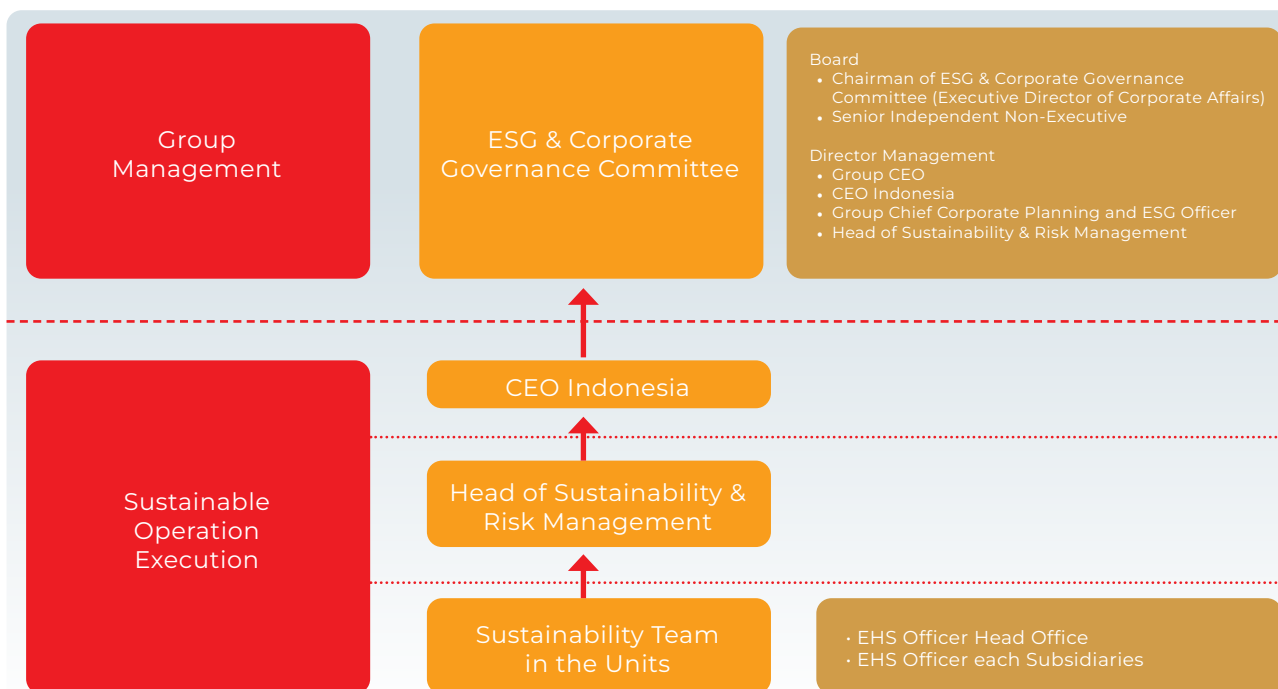
The Indonesian Palm Oil Entrepreneurs Association (*Gabungan Pengusaha Kelapa Sawit Indonesia-GAPKI*) comprises companies operating in Indonesia's palm oil industry. It was established in 1981. GAPKI aims to advance the palm oil industry sustainably while considering environmental, social, and economic aspects. Our subsidiaries, PT. United Kingdom Plantation and PT. Kahayan Agro Plantation, are members of this association. AEP actively expands knowledge and shares insights with other companies in the industry. GAPKI assists its members in complying with government regulations in Indonesia through consultancy, advocacy, dispute resolution support, and more. For more information, [click here](#).

SUSTAINABILITY GOVERNANCE

Sustainable governance serves as a benchmark for the company in implementing good corporate governance principles to ensure transparency, accountability, and integrity in all aspects of its operations. In applying sustainability aspects across our entire supply chain, we implement an internal control system and risk management protocols while emphasising stakeholder engagement and communication.

We prioritise collaboration and transparency with our stakeholders to build trust and foster long-term, sustainable relationships. Additionally, AEP strives to promote ethical behaviour and be a responsible company towards our employees.

Sustainability Governance Structure GRI 2-9, 2-11, 2-12, 2-13, 2-14



The AEP Chairman of the ESG & Corporate Governance Committee assumes the highest level of responsibility in steering AEP toward a path of sustainability implementation in the Group. Our ESG & Corporate Governance Committee assumes responsibility for reviewing and approving information presented in the AEP Sustainability Report, including overseeing the review of the Group's corporate governance policies and initiatives and the Sustainability Policy.

Our ESG & Corporate Governance Committee, with the support from management including the Group CEO, CEO Indonesia, Group Chief Corporate Planning and ESG Officer, Head of Sustainability & Risk Management and other key management, jointly shape the Group's strategic and sustainability direction. Meetings are held at least three times a year to discuss sustainability, ensure alignment of company values with sustainability initiatives, make informed investment and divestment decisions, and manage environmental risks, including those related to climate, nature, and social issues. Additionally, the Management Committee holds monthly meetings independently to refine the Company's sustainability strategy.

To ensure the sustainability strategy is implemented across the entire supply chain, the CEO of Indonesia, with support from the Head of Sustainability and Risk Management, delivers sustainability strategies that are driven and implemented by the Sustainability Team within the units. The CEO Indonesia also collaborates with stakeholders, external sustainability partners, and group management to ensure the effectiveness of risk management implementation.

Highest Governance Body Nomination and Evaluation GRI 2-10, 2-18

The Highest Governance Body is nominated by the major shareholder or through the remuneration committee based on each individual's experience, qualifications, and values. We strive to ensure a good mix of experience from diverse backgrounds and cultures, respecting diversity in all aspects.

AEP does not fully align with Provision 21 of the Code, which stipulates a formal and rigorous annual evaluation of the performance of the board, its committees, the chair, and individual directors. The provision also requires an externally facilitated board evaluation at least once every three years. To date, all evaluations have been conducted internally by the Chairman. AEP is in the process of improving the independent assessment of the Board's.

For the year 2024, the highest governance body conducted a performance review by discussion. It concluded that it possesses the effectiveness and complementary skills needed to steer the Group in its strategic direction and meet upcoming challenges. No major issues arose from this review. The governance body believes it has performed commendably, as evidenced by the financial results achieved over the years compared to its peers, affirming its commitment to effective leadership and strategic direction.

Highest Governance Body Remuneration GRI 2-19, 2-20, 2-21

The Remuneration Committee is responsible for setting the policy and packages for Executive and Non-Executive Directors, ensuring a fair balance between fixed pay and performance-based components to support long-term company goals, market competitiveness, and shareholder interests. The current Remuneration Policy, approved by shareholders at the 2023 AGM (Annual General Meeting) and effective for the 2024 financial year, is reviewed annually to cover salary caps, benefits, pensions, and performance-linked elements, with reference to market practices, legal requirements, and sustainability commitments. The Company also implements mandatory pension contributions in Indonesia and Malaysia to ensure fairness and compliance with governance standards.

The Company provides transparent annual disclosures of each Director's remuneration, including percentage changes compared to the Group's average employee. In 2024, the Group CEO received total compensation of USD 62 thousand (59% of the maximum potential bonus), demonstrating a consistent approach in balancing reward and performance. Ratios of total remuneration spend to dividends and overall employee pay are also disclosed, and all remuneration decisions are subject to shareholder approval at the AGM. Full details of remuneration stages and components can be reviewed in the 2024 Annual Report.

Training for the Highest Governance Body GRI 2-17

AEP is also conducting a formal training program with an external consultant in January 2024 to update all directors on their responsibilities and corporate governance related to ESG matters. The Chairman will not hesitate to arrange additional training on specific topics if needed.

In addition, our CEO has led initiatives to promote our sustainability commitments to stakeholders. The CEO has visited social forestry villages to promote the sustainability policy. Together with support from the village government and the management of social forestry institutions, we are developing long-term plans, co-management agreements, and annual activity plans. We transparently publish these achievements on our website: [click here](#).

GRIEVANCE HANDLING GRI 2-16, 2-25, 2-26

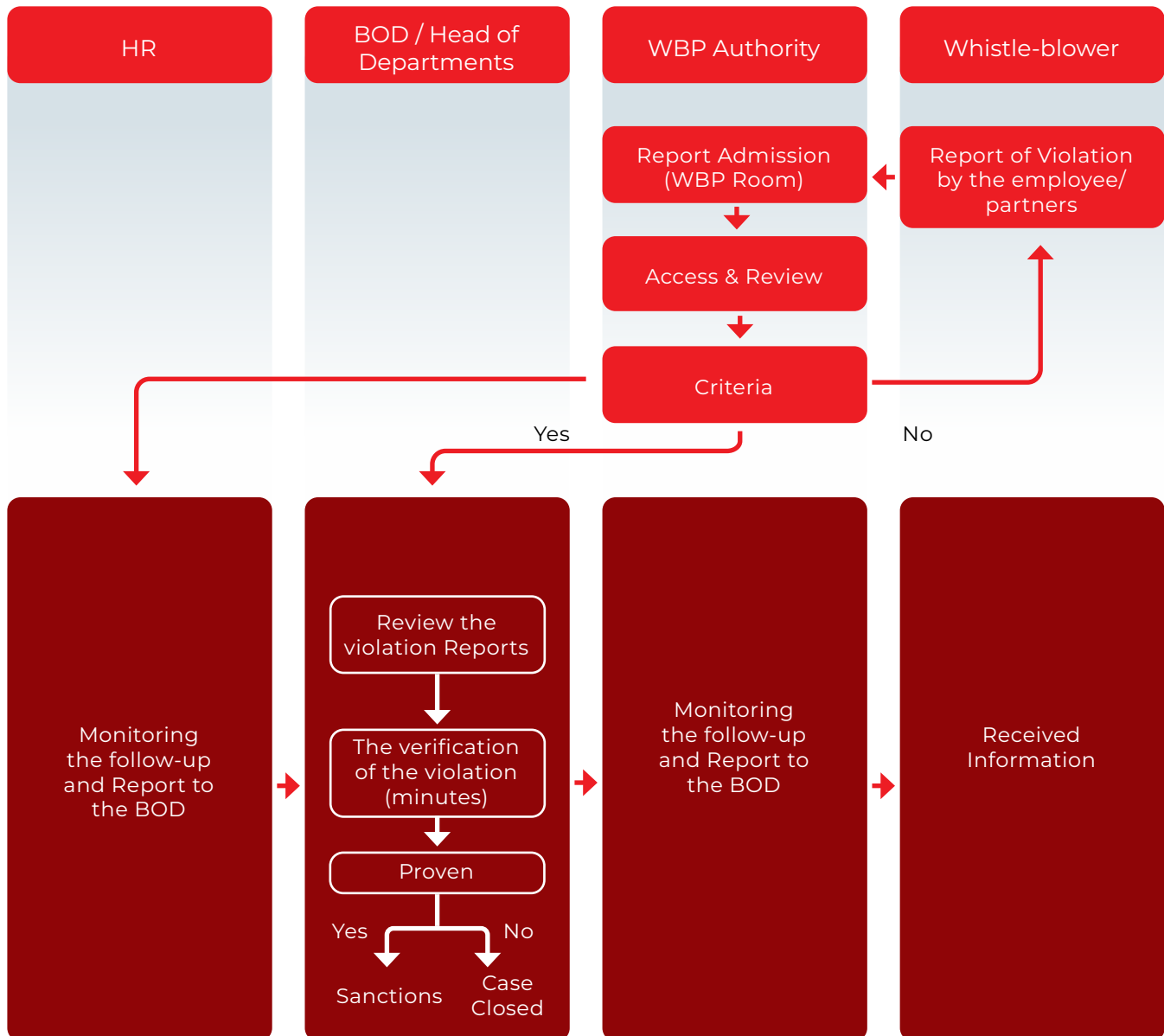
AEP has established a complaint management system for both external and internal concerns. The external complaint mechanism is designed to minimise potential operational impacts, while internal complaints are managed through a whistleblowing system. As part of our commitment to maintaining stakeholder trust in the responsible implementation of sustainable operations, all feedback submitted through this system is a priority for our management committee. The management committee holds monthly meetings as part of its responsibility to ensure attention from the highest governance body. For the year 2024, we haven't received any critical concern or possible negative impact that the organisation can cause to stakeholders.

Whistleblowing Mechanism

This procedure aims to prevent, detect, report, and address potential fraud. The company's objective is to consistently promote anti-fraud measures that reflect a safe and positive work environment while adhering to the company's code of ethics. The publicly available Whistleblowing Policy can be accessed; please [click here](#).

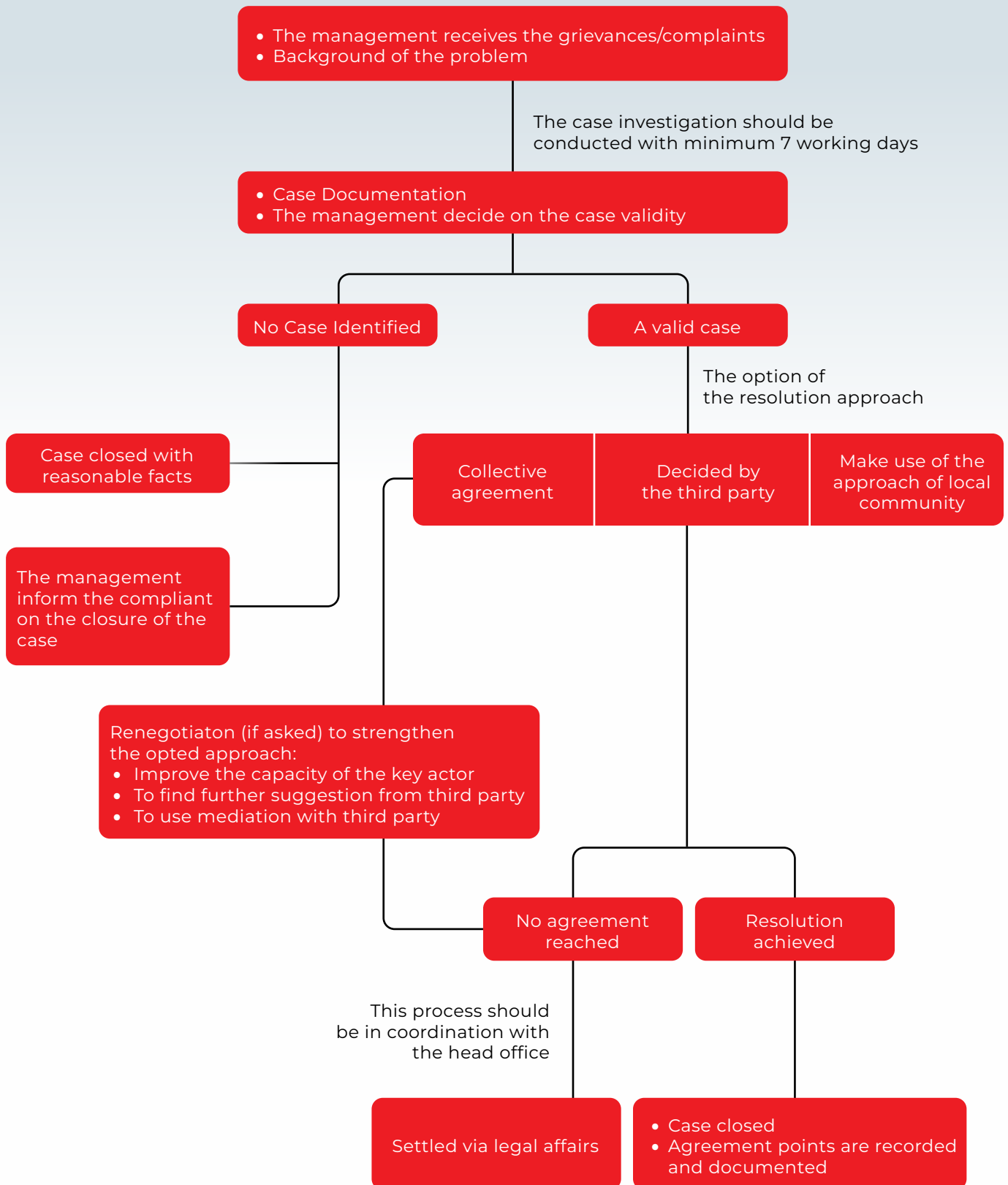
Employees who discover fraudulent activities can report them to their supervisor or through the designated email and hotline. Reports can be submitted via letter, website, or email. In response to the serious concerns raised by one of our stakeholders—our employees—the Board of Directors (BOD) plays a vital role in ensuring no conflicts of interest arise.

Employees may report using their real names, but they also have the option to remain anonymous. Whistleblowers are advised not to conduct independent investigations, as the Whistleblowing Policy (WBP) authority will conduct a thorough review and resolution process for the complaints/reports submitted. Whistleblowers can contact the WBP authority at any time to inquire about the progress of their complaint/report.



Complaint Mechanism

AEP recognises the importance of feedback from all stakeholders to enhance the company's operational efficiency regarding sustainability, as well as to mitigate negative impacts and maximise positive contributions. The complaint mechanism is designed to manage stakeholder grievances related to the company's operations. Whistleblowers can submit their complaints or concerns directly or in writing (via letter) to the company. The resolution will prioritise the principle of a win-win solution. Coordination with the External Affairs Department at the headquarters will be undertaken if a complaint requires resolution through external channels, such as legal avenues. The procedures for addressing stakeholder complaints and grievances are publicly available on our website. please click [here](#).



STAKEHOLDER ENGAGEMENT AND MATERIALITY MATRIX

MATERIALITY ASSESSMENT GRI 3-1, 3-2, 2-12, 2-14

For our 2024 report, we partnered with our sustainability consultant to carry out our first determination of material sustainability topics, encompassing our entire supply chain. We adopted a fact-based approach that focused on real sustainability issues emerging in the palm oil industry while also addressing the concerns of all our stakeholders. The materiality assessment was conducted through a five-step process, and the Chairman of our ESG & Governance Committee finalised it by reviewing and approving the materiality matrix.



We proactively engaged with our stakeholders to identify key priority topics. We utilised an online survey approach to reach a broad range of stakeholders and received 1,125 responses.



Through this year's assessment, we identified 23 key material topics which were strategically aligned with our business objectives. From this, we established the 5M pillars that will serve as a framework for monitoring our sustainability agenda and shaping our future ESG goals and actions. A formal re-evaluation of materiality risk assessment is conducted for each issue every three years, with a review and qualitative assessment of implementation during the intervening years. Any regulatory changes will also be reviewed annually to ensure optimal outcomes. The ESG & Corporate Governance Committee has the primary responsibility of ensuring ongoing evaluations to identify and assess new risks or determine if there are changes in materiality.

Materiality Matrix



Significant for Company

- Managing People
- Managing Plantation
- Managing Climate
- Managing Infrastructure and +Good Corporate Citizenship
- Managing Supply Chain

5M Pillars

| Pillar | Topics | SDG Contribution |
|--|--|--|
| Managing People | 1. Child Labor |     |
| | 2. Occupational health and safety | |
| | 8. Forced or Coerced Labor | |
| | 13. Living income and living wage | |
| | 15. Inclusivity and Equal Access | |
| | 17. Employment practices | |
| | 19. Employee Performance and Development | |
| | 21. Freedom of association and collective bargaining | |
| Managing Plantation | 3. Natural Ecosystem Conversion |      |
| | 4. Biodiversity and Enrichment | |
| | 5. Responsible Waste Management | |
| | 6. Agri Health | |
| | 9. Responsible Water and Effluents | |
| | 20. Responsible Materials | |
| Managing Climate | 7. Green Energy |   |
| | 11. Greenhouse Gas and Climate Resilience | |
| Managing infrastructure and + Good Corporate Citizenship | 10. Local Community Development |       |
| | 14. Territorial and Resource Entitlements | |
| | 16. Indigenous Peoples' Rights | |
| | 23. Economic Inclusion | |
| Managing Supply Chain | 12. Corporate Integrity and Compliance |   |
| | 18. Anti-competitive behaviour | |
| | 22. Ethical Sourcing and Supplier Management | |

STAKEHOLDER ENGAGEMENT GRI 2-29

At the heart of our business is a commitment to listening to the concerns and voices of all our stakeholders. We recognise that the palm oil industry's challenges are complex and require careful consideration. By fostering collaboration and strong partnerships with our stakeholders, we aim to lead in the palm oil sector. Our stakeholder engagement efforts focus on understanding their needs and concerns to drive positive change.

Our Stakeholders



Employee



Supplier



Government



Industry
Peers and
Associations



Customer



Community



Non-
Government
Organisation



Investor

The following details our engagement with stakeholders in 2024:

| Stakeholders | Purpose | How to Engage | Frequency | Outcome |
|---------------------------------|--|--|--|--|
| Employee | <ul style="list-style-type: none"> Gain awareness of the company's policies and practices, as well as Code of Conduct Improve workplace environment Gain motivation and ownership of the employee | <ul style="list-style-type: none"> Annual Report Sustainability Report Company website Capacity Building Materiality Assessment | <ul style="list-style-type: none"> Incidentally Annually Quarterly Monthly | <ul style="list-style-type: none"> Better understanding and awareness of company policies and implementation Get concerned about the important materiality topic |
| Supplier | <ul style="list-style-type: none"> Ensure they comply with AEP Policies Build their awareness and capacity to support the company's operations | <ul style="list-style-type: none"> Annual Report Sustainability Report Company website Materiality Assessment Capacity Building | <ul style="list-style-type: none"> Incidentally Annually Quarterly Six times a year Monthly | <ul style="list-style-type: none"> Share best practices in implementing responsible palm oil Get concerned about the important materiality topic |
| Government | <ul style="list-style-type: none"> Understand government policies, regulations, and related aspirations for the palm oil industry Align with the Government of Indonesia policies on the palm oil industry Communication and transparency of company's policies and implementation in responsible palm oil operations | <ul style="list-style-type: none"> Annual Report Sustainability Report Company website Materiality Assessment One-on-one communication Annual Audit and Evaluation Sustainability Certification | <ul style="list-style-type: none"> Incidentally Annually Bi-Annually Quarterly | <ul style="list-style-type: none"> Gain reputation and trust from the Indonesia government Good communication and collaboration Get concerned about the important materiality topic |
| Industry Peers and Associations | <ul style="list-style-type: none"> Continuous improvement and sharing of information in enhancing responsible implementation in the palm oil industry by obtaining advice from fellow industry players | <ul style="list-style-type: none"> Annual Report Sustainability Report Company website Materiality Assessment | <ul style="list-style-type: none"> Incidentally Annually Monthly | <ul style="list-style-type: none"> Get concerned about the important materiality topic. |
| Customer | <ul style="list-style-type: none"> Communication and transparency of company's policies and implementation in responsible palm oil operations Address concerns such as environment, social, labour practices, traceability, and certification compliance | <ul style="list-style-type: none"> Annual Report Sustainability Report Company website Materiality Assessment | <ul style="list-style-type: none"> Incidentally | <ul style="list-style-type: none"> Improve Reputation Get concerned about the important materiality topic |

| Stakeholders | Purpose | How to Engage | Frequency | Outcome |
|-----------------------------|--|--|---|---|
| Community | <ul style="list-style-type: none"> Gather input on new projects or changes in operations (AMDAL, UKL UPL, HCV/HCS Assessment, FPIC, Participatory mapping) Transparency about the company's activities and performance | <ul style="list-style-type: none"> Annual Report Sustainability Report Company website Materiality Assessment Project Collaboration Public Consultation Training Program and Educational Initiatives Complaint handling, grievance procedures and conflict resolution mechanisms | <ul style="list-style-type: none"> Incidentally Monthly | <ul style="list-style-type: none"> Offer training and capacity-building programs to promote sustainable practices and improve livelihoods Support educational initiatives that raise awareness about sustainable palm oil Implement the community development programs that address the needs and concerns of local communities, such as infrastructure development, healthcare, and education |
| Non-Government Organisation | <ul style="list-style-type: none"> Gain collaboration to implement sustainable practices and address environmental and social issues | <ul style="list-style-type: none"> Annual Report Sustainability Report Company website Materiality Assessment Project Collaboration Public Consultation | <ul style="list-style-type: none"> Incidentally | <ul style="list-style-type: none"> Collaboration with Earth Qualizer (EQ) to develop a recovery plan with Social Forestry in Sinar Pagi Village |





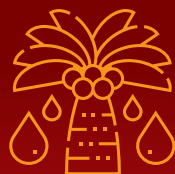
06

Managing Plantation

“

Managing plantations with care means growing sustainably.

”



MANAGING PLANTATION

The palm oil industry poses intricate environmental challenges, with deforestation, land conversion, and pesticide use being key contributors to ecosystem degradation and carbon emissions. Recognising these systemic impacts, AEP proactively adopts holistic sustainable agricultural principles. Furthermore, we have conducted comprehensive assessments and are committed to the gradual implementation of the Task Force on Nature-Related Financial Disclosures (TNFD) recommendations, as detailed in our annual report.

Through the Managing Plantation pillar, AEP is steadfast in monitoring field implementation to drive positive trends in our environmental sustainability contributions. This pillar extends beyond land management to encompass processes at the mill level, ensuring transparency across the group and reinforcing accountability within our operations.

NATURAL ECOSYSTEM CONVERSION GRI 13.4.1, 13.4.2, 13.4.3, 13.4.4, 13.4.5

AEP recognises that a key contribution to sustainability lies in implementing responsible environmental management practices. We consistently strive to go beyond engaging only those directly within our supply base. Committed to a zero-deforestation policy, we have refrained from developing High Conservation Value (HCV) and High Carbon Stock (HCS) areas since 2019. Moreover, we actively encourage our suppliers to adopt this sustainability policy through collaboration with implementation partners and peer networks.

In alignment with our sustainability policy and the cut-off date of June 15, 2019, AEP ensures 100% deforestation- and ecosystem conversion-free operations across all areas. Monitoring is conducted through robust schemes that include satellite imagery analysis powered by Global Forest Watch, and complemented by on-the-ground field patrols in both plantation and smallholder regions.

BIODIVERSITY AND ENRICHMENT GRI 3-3

Biodiversity is a vital source of natural resources, providing medicines, industrial raw materials, and agricultural products that significantly contribute to the economies of many countries. However, we recognise the risks of biodiversity and environmental loss within our supply chain. To address these risks, we conduct High Conservation Value (HCV) and High Carbon Stock (HCS) assessments under the Assessor Licensing Scheme (ALS) for all new planting areas. We are committed to conserving identified peatlands, HCV, and HCS areas, reinforced by our strict adherence to the No Deforestation, No Peat, and No Exploitation (NDPE) Policy.

Biodiversity-rich areas are clearly marked with signboards to prevent encroachment, and their management and monitoring are integrated into our daily operations. Additionally, we enforce a strict no-hunting policy across all operational areas, extending this commitment to our suppliers through the Terms of Contract (ToC). Any hunting activities are strictly prohibited, and any wildlife sightings within operational areas must be promptly reported.

Our Conservation Area GRI 304-1

AEP manages a total conservation area of 5,157.45 Ha. By clearly identifying the location and boundaries of these protected areas, we can implement targeted measures to mitigate the potential impacts of ecosystem loss and threats to local flora and fauna. AEP actively supports conservation efforts in these areas through collaborative programs with various stakeholders, fostering shared responsibility for biodiversity preservation.

| Site | Location | Ha | Conservation Type |
|---|---|----------|-------------------|
| PT. United Kingdom Indonesia Plantation | Langkat Region, North Sumatera | 87.81 | HCV |
| PT. Musam Utjing | Langkat Region, North Sumatera | 68.23 | HCV |
| PT. Simpang Ampat | Serdang Berdagai Region, North Sumatera | 16.94 | HCV |
| PT. Tasik Raja | Labihan Batu Selatan Region, North Sumatera | 148.11 | HCV |
| PT. Hijau Pryan Perdana | Labihan Batu Selatan Region, North Sumatera | 323.6 | HCV |
| PT. Cahaya Pelita Andhika | Tapanuli Tengan Region, North Sumatera | 206.36 | HCV |
| PT. Bina Pitri Jaya | Kampar Region, Riau | 68.5 | HCV |
| PT. Mitra Puding Mas | Bengkulu utara Region, Bengkulu | 245.8 | HCV |
| PT. Alno Agro Utama | Bengkulu utara Region, Bengkulu | 1,916.2 | HCV |
| PT. Bangka Malindo Lestari | Bangka Selatan Region, Kepulauan Riau | 396.7 | HCV |
| PT. Sawit Graha Manunggal | Barito Timur Region, Central Kalimantan | 962.7 | HCV |
| PT. Kahayan Agro Plantation | Gunung Mas, Central Kalimantan | 716.5 | HCV and HCS |
| Total | | 5,157.45 | |

Our Role in Biodiversity Impact GRI 304-2, 304-3

Through collaboration with our stakeholders, we have identified significant direct and indirect impacts within the group. Operational activities such as construction and transportation processes have the potential to contribute to habitat destruction, pollution, fragmentation, and wildlife mortality. Over the long term, these activities may also exacerbate climate change and biodiversity degradation. To address these challenges, we are continuously strengthening our efforts to minimise the impacts of biodiversity loss.

HCS assessment at PT. Kahayan Agro Plantation

AEP has conducted a High Carbon Stock (HCS) assessment at PT. Kahayan Agro Plantation (PT. KAP) with the support of an independent consultant, Meganesia Tirta Foresta. The assessment identified 150 hectares of HCS areas, where conservation and management measures have been implemented to maintain their condition. The Environmental, Health, and Safety (EHS) team, in collaboration with all teams at PT. KAP, actively manages and monitors these areas to ensure their sustainability.

Contribution to National Forest Conservation

Our commitment extends beyond protecting our own operations; we strive to make a broader contribution to the surrounding environment and the nation where we operate. In line with this commitment, we consistently implement monitoring and protection programs by establishing Forest Management Units (KPH). These units conduct regular patrols and report any risks or incidents of forest degradation within the national primary forest areas. This initiative is implemented in Seluma Regency, covering an area of 8,114 hectares.

Social Forestry at Sinar Pagi Village Community

AEP has also developed a Social Forestry Program in collaboration with Earthqualizer as part of the company's commitment to compensating for some of the past environmental impacts caused by our operations while providing real and long-term benefits to conservation and local communities. This responsibility is carried out through ecological restoration initiatives aimed at protecting and restoring ecological functions. The program also addresses social and economic aspects by fostering alternative livelihoods and establishing community-based enterprises.

| Area | Hectare |
|--------------|-----------------|
| Sinar Pagi | 1,079 Ha |
| Girinanto | 1,588 Ha |
| Lubuk Resam | 2,119 Ha |
| Mekar Jaya | 530 Ha |
| Talang Ampat | 359 Ha |
| Total | 5,675 Ha |

This Social Forestry program is implemented in several villages and areas listed in the table below, with a total contribution of 5,675 hectares.

The program is designed around four key aspects that serve as essential indicators of its success and relevance: locality, additionality, long-term sustainability, and knowledge-based approaches. Activities are mapped and implemented participatively, including:

1. Conservation, protection, and security of forest
2. Land rehabilitation through agroforestry practices
3. Utilization and collection of Non-Timber Forest Products (NTFP)
4. Sustainable utilization of forest areas
5. Utilization of environmental services
6. Business development initiatives
7. Development of facilities and Infrastructure for conservation and economic activities
8. Strengthening local wisdom in forest management

Monitoring in Our Conservation Area GRI 304-4

We recognise the importance of maintaining conservation areas and monitoring protected flora and fauna as part of our commitment to environmental sustainability. To this end, we conduct regular patrols and systematically document the flora and fauna observed within our operational areas.

Based on our monitoring efforts in 2024, the following protected fauna have been identified:

| Species Name | Local Name | IUCN Status |
|---------------------------------|----------------------|-------------|
| <i>Accipiter trivirgatus</i> | Alap-alap | Endangered |
| <i>Alcedo Meninting</i> | Raja udang meninting | Endangered |
| <i>Aonyx Sinerea</i> | Sero ambrang | Endangered |
| <i>Buceros bicornis</i> | Burung rangkong | Endangered |
| <i>Calamus manan</i> | Rotan | Endangered |
| <i>Cervus Unicolor</i> | Rusa | Endangered |
| <i>Dryobalanops sumantresis</i> | Kayu kapur | Endangered |
| <i>Enicurus velatus</i> | Kacer | Endangered |
| <i>Eranus Caeruleus</i> | Elang tikus | Endangered |
| <i>Felis bengalensis</i> | Macan akar | Endangered |
| <i>Gecko gecko</i> | Tokek | Endangered |
| <i>Gluta renghas</i> | Rengas | Endangered |
| <i>Halcyon cyanoventris</i> | Cerucut urang | Endangered |

| | | |
|-----------------------------------|------------------|-----------------|
| <i>Halcyon Smyrnensis</i> | Cekakak belukar | Endangered |
| <i>Helarcos malayanus</i> | Beruang madu | Endangered |
| <i>Hystrik Brachyura</i> | Landak | Endangered |
| <i>Lariscus insignis</i> | Tupai tanah | Endangered |
| <i>Macaca Namestrina</i> | Beruk | Endangered |
| <i>Manis Javanica</i> | Trenggiling | Endangered |
| <i>Muntiacus Muntjak</i> | Kijang | Endangered |
| <i>Nycticebus Bancanus</i> | Semundi | Endangered |
| <i>Panthera Tigris Sumatrana</i> | Harimau Sumatera | Endangered |
| <i>Paradoxurus hermaphrodites</i> | Musang | Endangered |
| <i>Phyton reticulatus</i> | Ular piton | Endangered |
| <i>Presbytis Melalophos</i> | Simpai | Endangered |
| <i>Prionailurus Benglensis</i> | Kucing hutan | Endangered |
| <i>Spirolnis Ceela</i> | Elang ular bido | Endangered |
| <i>Spizaetus Cirrhatus</i> | Elang brontok | Endangered |
| <i>Symphalangus Syndactylus</i> | Siamang | Endangered |
| <i>Tarsius Bancanus</i> | Mentilin | Endangered |
| <i>Todirhampus chloris</i> | Cekakak | Endangered |
| <i>Tragulus javanicus</i> | Kancil | Endangered |
| <i>Tragulus Napu</i> | Napu | Endangered |
| <i>Tyto Alba</i> | Serak jawa | Endangered |
| <i>Varanus salvator</i> | Biawak air | Endangered |
| <i>Rusa Unicolor</i> | Rusa | Vulnerable |
| <i>Trachypithecus Auratus</i> | Lutung | Vulnerable |
| <i>Geokichla interpres</i> | Burung jembang | Near Threatened |

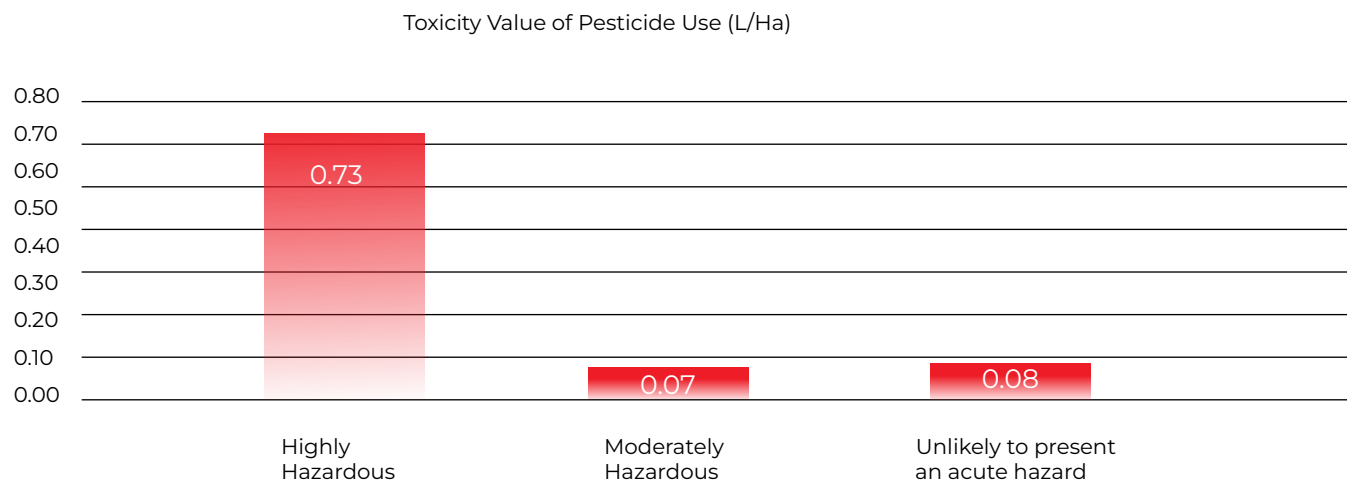
AGRI HEALTH GRI 3-3, 13.5.1, 13.6.1, 13.6.2

The implementation of Agri-Health practices in our palm oil mills is instrumental in enhancing soil health and fertility while maintaining a steadfast commitment to sustainability. We recognise that certain operational practices, such as excessive tilling and improper fertiliser use, can compromise soil conditions. To address these challenges, we are committed to a comprehensive Soil Management Plan, which incorporates best management practices and soil conservation strategies to safeguard and sustain soil health, particularly in areas with intensive oil palm cultivation.

As part of our commitment to this comprehensive Soil Management Plan, here are our strategies:

| | |
|----------|---|
| Physic | <ul style="list-style-type: none"> Constructing contour terraces and checking dams to better manage water flow and prevent soil erosion. This method helps maintain soil fertility and stability, especially in hilly areas. Establishing silt traps to retain water and sediment, reducing soil erosion and enhancing water absorption by the soil, ensuring plants receive adequate water and nutrients. Preparing platforms or terraces before planting oil palm seedlings, creating a strong foundation to support healthy plant growth. |
| Biology | Planting legumes to enhance soil health and fertility naturally. Legumes fix nitrogen from the air, add essential nutrients to the soil, and increase organic matter content, contributing to sustainable agricultural practices. |
| Chemical | Applying a combination of inorganic and organic fertilisers to provide balanced nutrition for plants. Inorganic fertilisers like Urea and TSP deliver nutrients quickly, while organic fertilisers derived from palm oil waste, such as empty fruit bunches and compost, improve soil health and provide sustained nutrient availability. |

In 2024, we applied an average of 0.29 L/Ha of pesticides. Our pesticide selection is guided by the principles of biological control as part of our Integrated Pest Management (IPM) strategy. We prioritise the use of natural pest control agents, such as beneficial predators, to mitigate pathogens and parasites, fostering a balanced and resilient ecosystem.



Chemical pest control is only employed under specific and well-defined conditions, strictly adhering to procedures approved and overseen by our Agronomy Department. All pesticide applications comply with industry standards and guidelines, minimising potential environmental impacts. We also actively monitor toxicity levels within plantation areas to ensure safety and sustainability. Through continuous training and education, we ensure that employees understand and adhere to these sustainable practices.



RESPONSIBLE WATER AND EFFLUENTS GRI 3-3, 303-1, 303-2

We acknowledge the critical importance of water and waste management in promoting economic, social, and environmental sustainability while supporting human well-being. Mismanaged water use can harm biodiversity and deplete vital resources. To address these risks, AEP adopts a holistic water management strategy integrating environmental stewardship, respect for human rights, and long-term sustainability. This approach enables us to minimise negative impacts while contributing positively to the ecosystems and communities where we operate.

At AEP, we withdraw water from rivers and use rainwater reservoirs in select areas to secure a reliable supply for processing Fresh Fruit Bunches (FFB) into Crude Palm Oil (CPO) and supporting plantation activities. We manage water resources responsibly using tools such as the Aqueduct Water Risk Atlas and WWF Water Risk Filter. Additionally, we conduct Environmental Impact Assessments (EIA) and collaborate with stakeholders to address localised water challenges and assess the risks of pollution on water bodies.

Our Palm Oil Mill Effluent (POME) management includes land application, direct discharge into rivers for specific sites, and biogas conversion. Regular water quality monitoring using *Sistem Pemantauan Kualitas Air Limbah Secara Terus Menerus dan dalam Jaringan* (SPARING) tools ensures compliance with local environmental regulations, and external audits verify adherence to certifications such as ISO 14001, ISPO, PROPER, ISCC, and RSPO.

Our Performance GRI 303-3, 303-4, 303-5

In 2024, AEP significantly intensified water usage across our operations, reaching 0.0000082 ML/ton FFB. All water used is fresh (Total Dissolved Solids \leq 1000mg/L) and sourced from rivers and groundwater in non-water-stressed areas. The table below provides a detailed water management report, including water extracted, discharged, and consumed across the group.

| Water Source | In MegaLitre (ML) |
|------------------------------|-------------------|
| Total Water Withdrawn | 10.12 |
| Withdrawn from Surface Water | 2.24 |
| Withdrawn from Ground Water | 7.88 |
| Total Water Discharge | 1.80 |
| Discharge to Surface Water | 1.80 |
| Water Consumption | 8.31 |

RESPONSIBLE MATERIAL GRI 3-3, 301-1, 301-2

AEP is committed to implementing best management practices across all units within the group. By adhering to effective Standard Operating Procedures, every component of our operations, from plantations to mills, integrates these practices to achieve optimal production, efficient material use, and environmental preservation. We support sustainable agriculture by avoiding land clearing on steep and marginal soils and implementing soil conservation measures to source materials responsibly, thereby promoting long-term environmental health.

In 2024, our business operations relied entirely on renewable raw materials. Specifically, we utilised 1,008,087 tons of Palm Fruit Bunches, all sourced sustainably from Indonesia. As a leading producer, we do not incorporate post-consumer recycled materials into our products. Additionally, we have repurposed wastewater from production processes, capturing its methane content to generate biogas, a valuable by-product that optimises resource use and minimises environmental impact.

RESPONSIBLE WASTE MANAGEMENT GRI 3-3, 306-1, 306-2

AEP is dedicated to enhancing its waste management practices in alignment with sustainability principles. Hazardous waste generated throughout our supply chain includes chemical residues, fertiliser remnants, used oil, paint, printer ink, lamps, filters, and medical waste from on-site clinics. This waste is managed responsibly by licensed third parties holding government permits. These parties report waste management activities, including providing manifests, through the official platform (www.simple.lhk.go.id). Effective hazardous waste management is critical to mitigating potential risks to ecosystems and community health, reinforcing AEP's commitment to responsible waste practices.

In addition, AEP has launched robust initiatives to minimise waste and its environmental impacts, with a particular focus on non-hazardous waste. By adopting lean principles, we optimise operations, reduce inefficiencies, and minimise waste at every production stage. Agroecological practices also play a key role, enhancing soil health and reducing reliance on chemical inputs, thereby advancing our waste reduction goals. Notably, non-hazardous by-products from plantation processes—such as Empty Fruit Bunches (EFB), shells, and fibre—are repurposed for other uses, exemplifying our commitment to circular resource utilisation.

Our Performance GRI 306-3, 306-4, 306-5

In 2024, AEP generated 415,416.73 metric tons of waste from its operational activities. While hazardous waste is currently managed entirely by licensed third parties and does not undergo independent 3R (Reduce, Reuse, Recycle) processing, we aim to adopt 3R strategies in the future to enhance resource utilisation and reduce environmental impacts.

To optimise waste management, we repurpose Empty Fruit Bunches (EFB) as natural fertilisers in our agricultural practices and utilise shells and fibre as biomass sources to generate sustainable energy for our operations.

| Type of Waste | Total In MT |
|-----------------------|-------------|
| Total Waste Generated | 415,416.73 |
| Hazardous Waste | 53.49 |
| Non-Hazardous Waste | 415,362.24 |

| Type of Waste | Onsite | Offsite | Total |
|--|------------|-----------|------------|
| | In MT | | |
| Total Waste Diverted from disposal | 153,476.64 | 0 | 153,476.64 |
| Hazardous Waste | 0 | 0 | 0 |
| *Non-Hazardous Waste (Empty Fruit Bunch) | 153,476.64 | 0 | 153,476.64 |
| Total Waste Directed to disposal | 200,672.56 | 61,267.53 | 261,939.09 |
| **Hazardous Waste (chemical residues, fertiliser remnants, used) | 0 | 53.49 | 53.49 |
| ***Non-hazardous waste (Shells and Fiber) | 200,672.56 | 61,214.04 | 261,886.60 |

*Non-hazardous waste is ingeniously repurposed into sustainable fertiliser, enhancing soil quality and supporting the company's plantation activities

**Hazardous waste (B3) is responsibly managed by third-party, ensuring safe and compliant disposal

***Waste is converted into biomass energy, powering the company's operations and supporting external energy needs





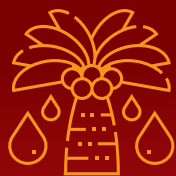
07

Managing Climate (TCFD)

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AEP aligns its climate-related approach with TCFD frameworks as part of ongoing efforts to strengthen policy implementation and build organisational awareness across the palm oil sector.

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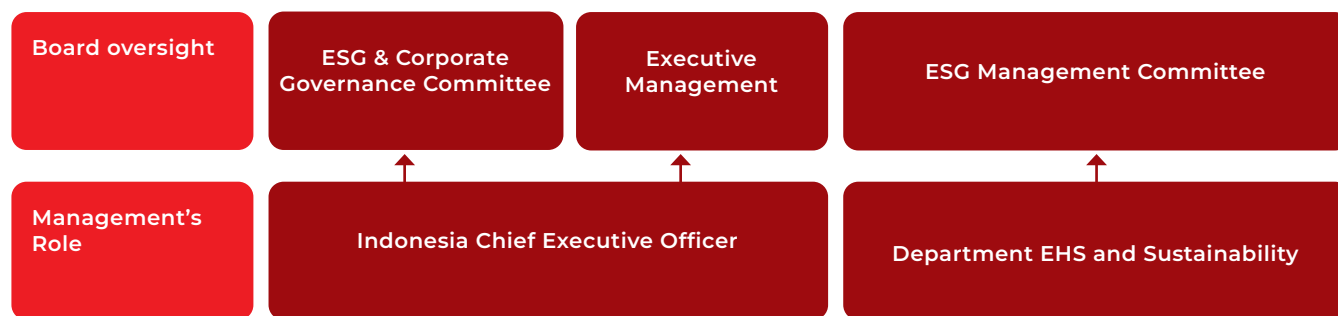
MANAGING CLIMATE (TCFD) GRI 3-3

Climate change is causing significant environmental damage day by day, such as rising sea levels and increased extreme weather events. This can have highly destructive impacts on ecosystems, biodiversity, and natural resources. Given its urgency, AEP has taken the initiative to protect the climate, contributing not only to environmental recovery but also to economic stability, public health, and social well-being.

This year marks the fifth year that AEP Group has been disclosing against the eleven TCFD recommendations. In 2022, we continued our gap analysis to improve our alignment with TCFD recommendations (see details in our annual report). We have also reviewed our climate-related risks and opportunities.

GOVERNANCE IN MANAGING CLIMATE

AEP Group has established a climate change governance structure ESG & Corporate Governance and ESG & Corporate Planning. The roles and responsibilities of the ESG & Corporate Planning have been clearly defined to ensure an effective response to climate change management implementation.



Board Oversight

In 2024, the Chairman continues to monitor and review progress against our sustainability-related targets on an annual basis, including the reduction targets set in 2021. As of September 2024, in line with our 2023 reporting, the Chairman has reassessed and evaluated the Group's corporate governance policies and initiatives, particularly our Sustainability Policy. This evaluation aims to drive necessary changes to minimise environmental impact and includes measures to manage key climate- and nature-related risks.

This policy applies to all AEP Group operational units, including factories, plantations, biogas and BioCNG plants, as well as our suppliers and contractors.

Management's Role

AEP management has been proactively addressing climate change issues in its operations. In 2023, we established a working group responsible for identifying, assessing, and managing climate- and nature-related dependencies, impacts, risks, and opportunities as part of an integrated business risk management approach. We also conducted capacity-building initiatives for this working group to enhance stakeholders' understanding of climate and nature risks, as well as scenario analysis.

For 2024, we continue to maintain and monitor the results of these assessments, ensuring effective management of dependencies, impacts, and risks related to climate change.



STRATEGY IN MANAGING CLIMATE

In 2021, AEP collaborated with our external consultant to publish the results of identifying and prioritising climate-related risks and opportunities at the group level. Given our strong commitment to this issue, we updated the assessment in 2022.

These risks—outlined in the table below, along with our approach to managing them—remain highly relevant to our business.

Climate Risks and Opportunities

| Risk | Type | Highlight | Time Frame | Potential Impact | Mitigation/Action |
|-----------------|------------------|--|------------|---|---|
| Transition Risk | Policy and Legal | National legislation/regulation and international trade regulation | Long | Non-conformity status created a negative reputation and changed customer demand for palm oil products. Failure to comply with regulations results in fines and compensation liabilities. | Maintaining operation costs for compliance under regulation and legislation requirements for sustainability disclosure (e.g. TCFD) and responsible palm oil practices (e.g. ISPO) |
| | Market | Heightened market demands for implementing sustainable practices | Short | Underperforming against increased demand on sustainable palm oil producers to follow stricter responsible frameworks (e.g. RSPO, EUDR, etc.) may result in constrained market access and loss of customers. | Progressing to meet sustainability market expectations (e.g. RSPO membership) and engaging with customers to provide transparency and maintain party relationships. |
| | Market | Research and development for new products following market demands and policy restrictionSocial Forestry principles to support AEP's recovery program framework. | Long | Potentially create new market targets for new products and boost market position in sustainable palm oil product trading. | Established a biogas plant to generate BioCNG for multi-purpose usage (commercial trading and internal fuel replacement) |
| | Reputation | Negative perception of palm oil practices linked with deforestation | Short | Market access and financing options become limited if sustainability commitment is not shown. | Progressing to meet sustainability market expectations to maintain market position and current financial position negates the need for financing options through bank loans. |

| | | | | | |
|---------------|------------|---|--------|---|---|
| | Technology | POME usage for electricity generation | Long | Reducing reliance on diesel consumption and grid supplience for electrical usage and reducing emissions from electricity consumption. | The majority of Mills are equipped with biogas plants to capture biogas and generate electricity for sale to state authorities or used for internal consumption. |
| Physical Risk | Acute | Climatic shifts of extreme weather | Medium | Events of long-lasting extreme conditions (i.e., excessive rainfall and drought) reduce the operation effectiveness due to the limited maximum effect from soil and fertiliser, which may reflect in revenue reduction. | Create bunding and riparian reserves to evacuate surplus water around flood-prone areas when appropriate. Plant legume cover crops to minimise soil erosion, preserve soil moisture and improve soil quality. Constructing natural conservation pits and sumps to contain rainwater and harvest it. |
| | Acute | The benefit of weather condition | Short | Lower and intense precipitation, respectively, have beneficial effects on the plantation. | Create conservation of surplus water in mediating dry season within the plantation. Maintain and repair roads to improve the transport of crops during lower rainfall periods. |
| | Chronic | Climate change impact on a global scale | Long | Evidence from research signalled that increasing earth temperature might inflict palm oil FFB yield. Rising sea levels may impact plantation and mill or logistic routes on the coast or at sea level. | Managing carbon emissions to reduce contribution to climate change and therefore mitigate temperature increase globally Low risk is due to the majority of AEP locations occurring at inland locations and above sea level. |

Key = Opportunity / Risk

Climate-related Scenario Analysis

In 2023, we conducted a scenario analysis to explore how a subset of our climate risks and opportunities may evolve under three distinct scenarios, including a Paris Agreement-aligned scenario in which global warming is limited to 1.5°C by the end of the century. For a detailed review of the scenario analysis, please refer to our annual report.

Overview of our climate scenario

To support the comprehensive approach and consider how climate and nature risks might impact the business, we used three scenarios based on well-established archetypes aligned with scenario groupings defined by the Network for Greening the Financial System (“NGFS”), which provide a high-level view of different climatic and socio-economic futures.

- **Orderly scenario:** in which society acts aggressively to limit warming to 1.5°C; where global warming is limited to around 1.5°C by 2100, the business would experience relatively controlled impacts as climate regulations are coordinated internationally. This aligns with RCP 2.6 (IPCC), the Optimistic scenario (WRI/WWF), and Net Zero 2050 (NGFS). This scenario may lead to moderate financial opportunities as companies align with stricter global standards
- **Disorderly scenario:** This >2°C scenario assumes transition policies and physical impacts similar to those in the orderly transition scenario but with delayed and uncoordinated policy implementation. It aligns with RCP 6.0 (IPCC), the Current/Business as Usual scenario (WRI/WWF), and the Delayed Transition scenario (NGFS). This scenario anticipates inconsistent or conflicting climate actions across regions, posing moderate to high risks.
- **Hot house scenario:** This scenario forecasts a temperature increase of >4°C by 2100. It aligns with RCP 8.5 (IPCC) and the Pessimistic scenario (WRI/WWF). This scenario implies heightened risks of severe physical impacts, such as extreme weather events, regulatory backtracking, and significant stakeholder criticism.

Impact on our businesses, strategy and financial planning

The results of our scenario analysis are translated and assessed into three ranking levels based on specific criteria. This evaluation helps us better understand the potential exposure and impact of each identified risk.

| Rating | Impact | |
|----------|---|---|
| Low | Minor consequences with limited impact | This may lead to a slight decline in revenue (under 1%), minimal impact on operations, or minor reputational effects limited to local or niche media. |
| Moderate | Moderate consequences that can be managed | May result in a moderate revenue decline (1-5%), a noticeable impact on operations, or a moderate reputational impact on mainstream media. |
| High | Severe consequences for the organisation and stakeholders | May cause a significant revenue decline (over 5%), severe operational disruptions, or significant reputational damage in mainstream media |

This scenario analysis focuses on the impact of risks on AEP’s operations. It identifies transition and physical risks within a scenario aligned with a 2°C pathway.

Our analysis indicates that we have a strong level of resilience, at least in the short term, against the risks considered.

| Risk | | Potential Impact | Scenario | Potential Exposure | | |
|------------|--|---|------------|--------------------|---------------|-------------|
| | | | | Short (2025) | Medium (2030) | Long (2050) |
| Transition | Policy/Regulation | Stricter climate and nature regulations could increase compliance and reporting costs, require changes in growing practices, and limit market access if not complied with. | Orderly | Low | Moderate | High |
| | | | Disorderly | Moderate | Moderate | High |
| | | | Hothouse | Low | Low | High |
| | Changing Customer Requirements | Increasing customer expectations around climate and nature could lead to higher administrative and reporting costs, require changes in farming practices, and affect sales. | Orderly | Low | Moderate | High |
| | | | Disorderly | Low | Moderate | Moderate |
| | | | Hothouse | Low | Low | Moderate |
| Physical | Drought | Drought and water stress can reduce palm yield. If climate change worsens drought conditions or water stress, it will harm yield and revenues. | Orderly | Low | Moderate | High |
| | | | Disorderly | Low | Moderate | Moderate |
| | | | Hothouse | Low | Low | Moderate |
| | Flooding | Heavy rainfall and flooding can disrupt operations both on-site and off-site. If climate change leads to more frequent and intense rainfall or flooding, it will negatively affect operational efficiency and increase costs. | Orderly | Low | Low | Low |
| | | | Disorderly | Low | Low | Low |
| | | | Hothouse | Low | Low | Low |
| | The aggregated impacts of climate change at different temperature thresholds | As temperatures rise beyond certain thresholds, palm yields decline. Increased regional temperatures will also reduce the yield of fresh fruit bunches, ultimately impacting AEP's revenue. | Orderly | Low | Moderate | Moderate |
| | | | Disorderly | Low | Moderate | High |
| | | | Hothouse | Low | Moderate | High |

Time horizons: Short (0-2 years): 2023–2025 | Medium (2-5 years): 2025-2030 | Long (5-20 years): 2030-2050

RISK MANAGEMENT IN MANAGING CLIMATE

AEP has implemented a proactive and ongoing process for identifying, assessing, managing, and integrating climate-related risk.

Risk Management

Identifying and assessing climate-related risk

- Climate- and nature-related risks and opportunities were identified and prioritised in collaboration with our sustainability consultant, involving a cross-functional team of senior managers and Directors from AEP.
- AEP is committed to re-evaluating its risk assessment every three years, with annual reviews conducted in between. Regulatory changes are assessed yearly due to their dynamic nature.
- The Board will oversee ongoing risk management, identify emerging risks, and assess any changes in materiality.
- AEP will also adopt standard-based approaches such as ISO 14001:2015, PROPER, ISPO, and ISCC to identify and assess risks effectively.

Managing climate-related risks

- AEP has an internal process for managing climate-related risks, with clearly defined responsibilities among stakeholders, including regular reporting by the Sustainability and EHS Manager to the Management Committee.
- Short-term operational risks are assessed based on priority levels (high, medium, low) and recorded in the Group's risk register, while risks with significant changes are managed through long-term sustainability plans.
- AEP is committed to enhancing transparency in climate risk management by providing detailed mitigation implementation, impact assessments on risk profiles, and regular risk updates.

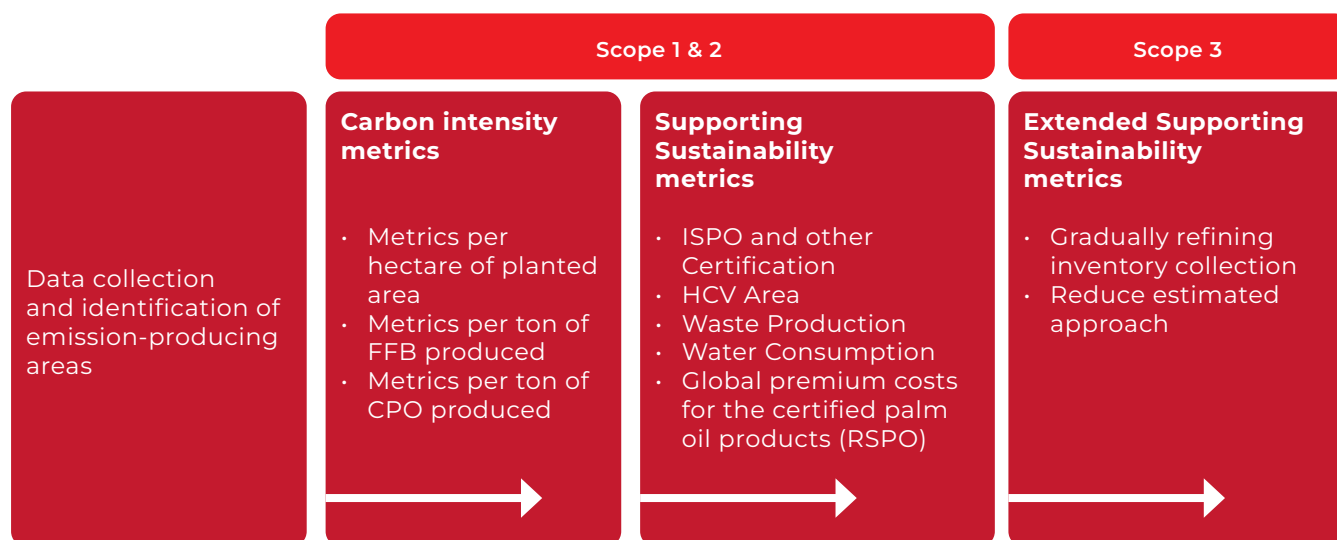
Integrating the management of climate-related risks

- AEP is currently in the process of gradually integrating climate- and nature-related risks.
- We have incorporated some key elements of this into our scenario analysis but will continue to review the TNFD's recommendations and associated guidance to determine the appropriate next steps, implementation timelines, and disclosure strategies.

METRIC AND TARGETS

AEP has adopted the GHG Protocol alongside other industry standards and guidelines that are aligned with our SECR reporting. We utilise key metrics to manage business risks and opportunities, measuring and managing Scope 1, 2, and 3 emissions. By tracking progress over time, we continuously refine our Scope 3 calculations. Scope 1 and 2 emissions originate from our operations, while Scope 3 emissions come from activities outside our direct operations that contribute to greenhouse gas emissions.

We plan to strengthen data collection efforts and gradually reduce reliance on estimations. Our GHG journey began with the release of our GHG calculation guidelines in 2023, using an Emission Measurement Metrics (tCO₂e) approach that incorporates sector-specific methodologies, including relevant emission factors from PalmGHG RSPO version 4, carbon sequestration protocols from the revised World Resources Institute (WRI) GHG Protocol, and other applicable frameworks. In 2024, we continue to refine our emissions calculation methodology.



Moving Forwards

AEP has set a target to reduce Scope 1 and 2 emissions by 20.5% by 2030 from a 2019 baseline. We are committed to reporting progress annually and periodically reviewing the target's relevance and ambition. We will continue collecting data with existing and new metrics, such as water consumption and waste production, and report progress. After reviewing Scope 3 emissions reporting methodology, we will explore the feasibility of setting SBTs, including SBTi-FLAG and guidance from the Science Based Targets Network.

OUR 2024 PERFORMANCE

Greenhouse Gas and Climate Resilience GRI 305-1, 305-2, 305-3, 305-4, 305-5

For the year 2024, In capturing our greenhouse gas footprint, we engaged with external consultants to measure our business's emissions. Our approach is based on the national and international framework within our operational units:

- a) Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard
- b) Corporate Value Chain (Scope 3) Standard
- c) ISO 14064-1: 2018
- d) Department of Environment, Food & Rural Affairs (DEFRA)'s Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019)

Scope 1 and 2 are established by using the reference of (a) within the boundary of Palm Oil Mills and Plantation areas. Scope 3 is established by referencing the a), b), and c) within the boundary of the Head Office, Palm Mills and Plantation areas in both countries.

For more information on our methodology and boundary of our emission disclosure, refer to Emission Report 2024

| Emission of Primary Business (tCO ₂ eq) | 2024 | 2023 | 2022 |
|--|-----------|-----------|-----------|
| Scope 1 (Direct Emission) | 1,210,700 | 1,119,073 | 1,103,023 |
| Scope 2 (Indirect) Emission) | 3,632 | 2,715 | 2,947 |
| Removal Efforts of Scope 1 | 369,446 | 447,716 | 476,707 |
| Total Emission | 844,886 | 674,072 | 629,263 |

| Emission of Value Chain (tCO ₂ eq) | 2024 | 2023 | 2022 |
|---|------------|------------|-----------|
| Scope 3 (Indirect Emission) | *1,220,001 | *1,508,875 | 456,446 |
| Removal Efforts of Scope 3 | 357,740 | 432,514 | 439,904 |
| Total Emission | 862,261 | 1,076,361 | (169,870) |

We followed the UK's Streamlined Energy and Carbon Reporting (SECR) requirements as guidance in preparing the emission inventories and the stated standards to complete the configuration fully. This includes encouraging the undertaking of the Scope 3 Calculation in annual disclosure to provide more transparency regarding the environmental impact of the business.

In 2023 and 2024, we engaged with two consultancy firms to provide more robust and comprehensive assessment. The assessment resulted in an expanded assessment boundary due to the adoption of an updated methodology, leading to improved accuracy in value chain emission as reflected in the Scope 3 result table*. Totalling the emission footprint, scope 3 made of 50% of the AEP's emissions in 2024. This highlighted the intensified emission from indirect emissions linked to the AEP's business supply chains, and we continued to cooperate with our external parties to be able to minimise the Scope 3 emission.

Biogenic emissions, or emissions resulting from the use of biogenic materials, were also considered in the assessment. While their contribution to the overall emissions footprint was relatively minor, their inclusion reflects AEP's commitment to responsible and data-driven disclosure. As part of its broader sustainability strategy, AEP continues to promote the use of biomass-based products within its operations, supporting the shift toward more renewable and circular resource utilization.

| Emission Intensity (tCO ₂ eq/ton product) | 2024 | 2023 | 2022 |
|---|---------|---------|------|
| Fresh Fruit Bunch (FFB) | 0.83 | 0.60 | 0.5 |
| Crude Palm Oil (CPO) | 2.13 | 1.52 | 1.38 |
| Emission Reduction | 2024 | 2023 | 2022 |
| Fresh Fruit Bunch (FFB) | (37.7%) | (12.2%) | 6.5% |
| Crude Palm Oil (CPO) | (40.0%) | (10.2%) | 4.5% |

Our emission intensity is measured by the primary business emissions made from Scope 1 and Scope 2 and divided by the total products generated each year. The intensity has increased significantly since 2023 due to higher emissions from our operational activities combined with a decline in CPO production. Moving forward, we aim to stabilize and reduce our emission intensity in alignment with our carbon reduction plan to minimize our carbon footprint.

Green Energy GRI 3-3, 302-1

As a company committed to a sustainability journey, we are conscious of our energy usage. We used to aim to utilize our main resources as renewable energy sources. In 2024, a great portion of our non-renewable sources will be replaced with renewable energy sources. Renewable energy, such as biomass from palm waste, is transformed into fuel for processes, and biogas is extracted from the POME pool, originating from liquid waste to produce electricity from a turbine facility.

In the journey to a sustainable path, we monitor and record our energy consumption to maintain a balance of renewable and non-renewable sources and minimize our emission contribution. In 2024, we used 1,122,898 GJ to operate our internal utilization, which sourced from purchased electricity through *Perusahaan Listrik Negera* (PLN) and renewables sources of electricity generation through steam turbines. As of 2024, AEP recorded our energy intensity at 2.83 GJ. This reflects our internal energy consumption against the CPO produced in 2024.

The data presented in this report covers our operational scope in Indonesia only. Moving forward, we plan to establish a comparative record in next year's report to track progress and improvements over time.

| Energy Consumption | Value in GJ |
|--------------------------|-------------|
| Non-Renewables Sources | 0 |
| Renewables Sources | 173,916 |
| Electricity Purchased | 1,007,590 |
| Energy Production | |
| Electricity Sold | 58,608 |
| Energy Balance | 1,122,898 |
| Energy Intensity (GJ/MT) | 2.83 |

As part of our monitoring efforts, we estimated a total consumption of 5,091,624 GJ from activities involving external parties within our upstream and downstream operations. This consumption is not entirely included in our own intake as a great portion is accounted under the responsibility of the respective counterparties. We have engaged with suppliers to promote sustainable procurement by providing insights on reducing supply chain emissions and encouraging them to join us on our sustainability journey.

| External Energy Use | Value in GJ |
|-------------------------------------|-------------|
| Transmission Consumption | 779,856 |
| Upstream Transportation Consumption | 1,712 |
| Waste POME Generation | 4,310,056 |
| External Consumption | 5,091,624 |

AEP is currently planning a strategic approach to reduce emissions and energy consumption in line with our commitment to sustainable business practices. We are enhancing our database disclosures to provide more comprehensive insights into our business metrics, such as carbon intensity and energy consumption, for both internal evaluation and external transparency. This effort also supports benchmarking against our sustainability targets, including achieving a 20.5% reduction in operational emissions by 2030, using 2019 as the baseline.







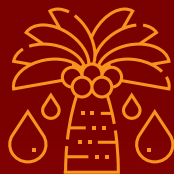
08

Managing People

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AEP upholds the rights of all workers by promoting fair labor practices, integrating sustainability awareness into workforce development, and ensuring a safe and respectful working environment across its operations.

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MANAGING PEOPLE GRI 3-3, 13.21.1

AEP recognises that fostering employee well-being and providing vital support are essential pillars of our success and sustainability mission in managing people. We are deeply committed to advancing our employees' welfare while continuously enhancing their skills, mindset, and expertise to drive shared growth and achieve our company's long-term goals.

We believe that gender equality is essential to building an inclusive and productive work environment. Through various initiatives, such as establishing training centres, we are committed to driving change, upholding integrity, and providing a competitive compensation system to foster shared prosperity. AEP is dedicated to ensuring that all employees—regardless of gender—have equal, transparent access to development and career opportunities and are supported in reaching their full potential.

We believe that poor employment practices in the palm oil industry can significantly negatively impact the economy, environment, society, and human rights. To minimise these risks and promote sustainability, AEP has implemented responsible employment practices that ensure transparency in recruitment, zero tolerance for child labour, fair wages, safe working conditions, respect for labour rights, freedom of association, environmental protection, and employee development.

We implement strong labour standards, including ILO guidelines, conduct regular audits, monitor working conditions, and enforce fair wage policies. We are committed to a zero-tolerance stance on discrimination and the employment of underage workers and have strict policies against violence and sexual harassment across the entire group. We also require our suppliers to adhere to these policies as part of this commitment.

To strengthen our commitment to a safe working environment, we have implemented robust policies through our sustainability frameworks and legal standards, supported by rigorous internal audits from EHS officers and external audits by certification bodies. Our approach includes regular Hazard Identification, Risk Assessment, and Risk Control (HIRARC); continuous OHS training; a comprehensive OHS management system; provision of Personal Protective Equipment (PPE); enhancements in workplace design and ergonomics; and mental health and stress management support. Furthermore, we actively engage stakeholders to promote a safe and healthy work environment through public consultations for ISPO audits, biannual AMDAL reports, P2K3 meetings, and quarterly compliance reports to the Department of Labour.

EMPLOYEE PRACTICES GRI 2-7, 2-8

In 2024, our group employed 15,006 employees and 959 non-employee workers. These individuals are part of our workforce across the AEP Group Indonesia, with operations in North Sumatra, Riau, Bangka, Bengkulu, and Central Kalimantan, spanning our offices, mills, and plantations.

All our employees are 100% full-time employees, responsible for various operational functions within the company, including supervising the day-to-day activities of mills and plantations. Additionally, some employees handle tasks such as spraying, fertilising, carpentry, road maintenance, and watering in the nursery area.

Our non-employee workers are critical in transporting FFB, coral procurement, land clearing, fabrication and installation, road construction, and replacements, among others. In 2024, the number of our non-staff workers increased by 14.8% compared to the previous year. The number of individuals may fluctuate depending on the type of work and projects the company is undertaking at any given time. The table below presents the number of employees based on region, gender, and working time type.

Total number of employees by gender and by region

| 2024 | | | |
|--|---------------|--------------|---------------|
| Regions | Men | Women | Total |
| North Sumatera | 3,488 | 1,035 | 4,523 |
| South Sumatera • Bangka • Riau • Bengkulu | 3,129 | 1,432 | 4,561 |
| Central Kalimantan | 3,282 | 1,237 | 4,519 |
| Total | 10,999 | 4,007 | 15,006 |

Total number of employees by working time and gender

| 2024 | | | |
|----------------------|---------------|--------------|---------------|
| Type of working time | Men | Women | Total |
| Full time | 6,867 | 280 | 7,147 |
| Part-time | 4,132 | 3,727 | 7,859 |
| Total | 10,999 | 4,007 | 15,006 |



Total number of employees by type of working time and region

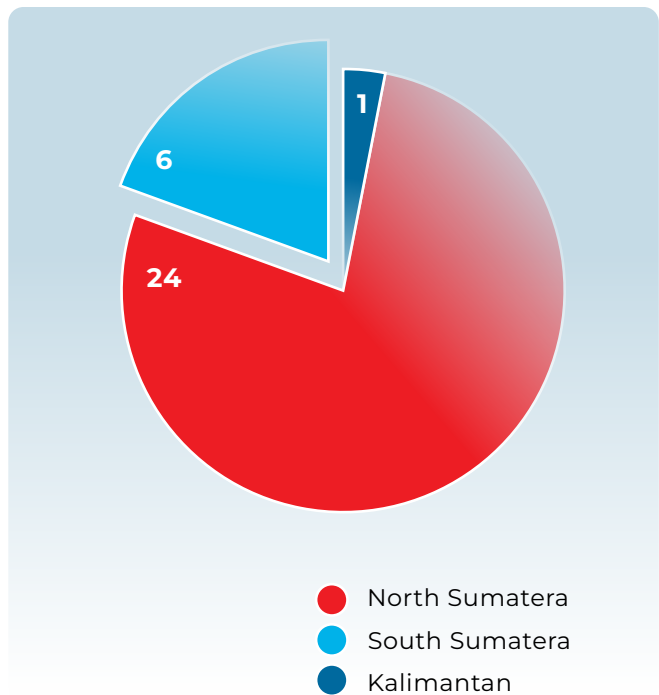
| 2024 | | | |
|--|--------------|--------------|---------------|
| Region | Full time | Part-time | Total |
| North Sumatera | 3,376 | 2,550 | 5,926 |
| South Sumatera • Bangka • Riau • Bengkulu | 2,163 | 2,398 | 4,561 |
| Central Kalimantan | 1,608 | 2,911 | 4,519 |
| Total | 7,147 | 7,859 | 15,006 |

Total New Employee Hires and Employee Turnover GRI 401-1



A. Rate of employee hire

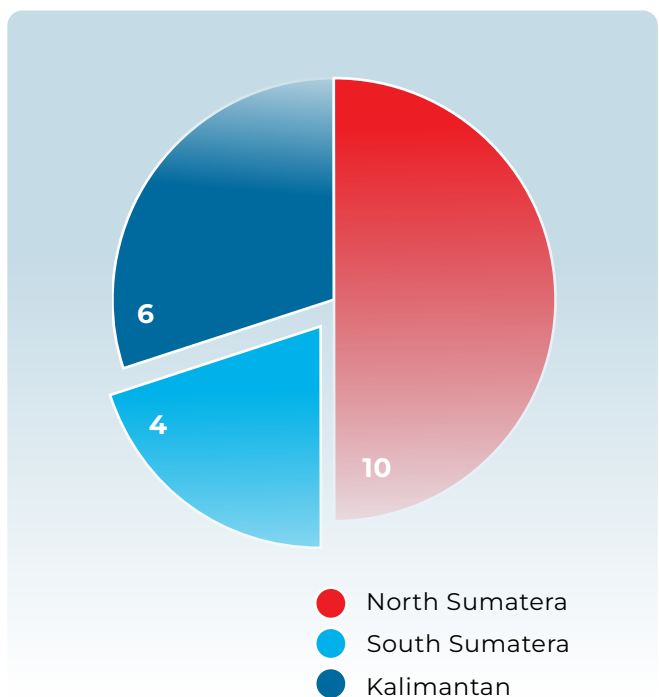
| Rate of new employee hires by age | Full time | |
|-----------------------------------|-----------|--|
| Under 30 years old | 26 | |
| 30-50 years old | 5 | |
| Over 50 years old | 0 | |

| Rate of new employee hires by gender | Gender | Number |
|--|--------|--------|
|  | Male | 28 |
|  | Female | 3 |
| Total | | 31 |

Rate of new employee hire by region

B. Rate of employee turnover

| Rate of employee turnover hires by age | Number | |
|--|--------|--|
| Under 30 years old | 5 | |
| 30-50 years old | 6 | |
| Over 50 years old | 9 | |

| Rate of employee turnover by gender | Gender | Number |
|---|--------|--------|
|  | Male | 19 |
|  | Female | 1 |
| Total | | 20 |

Rate of employee turnover by region


Employee Fairness in Benefits GRI 401-2

AEP is committed to ensuring equality by providing compensation and incentives to support the well-being of our employees and help them achieve a prosperous life. We provide employee rights, including those for non-staff workers, by applicable laws and regulations. Some of the benefits we offer our employees across the Group include:

| Benefit | | Employees |
|----------------------|---|------------------|
| Life Insurance | ✓ | 100% Distributed |
| Health Care | ✓ | 100% Distributed |
| Parental Leave | ✓ | 100% Distributed |
| Retirement Provision | ✓ | 100% Distributed |

AEP is committed to providing a family-friendly workplace and upholding employee rights, including implementing family support through offering parental leave to all our employees. In 2024, the number of employees taking maternity leave and the return-to-work rate were recorded at 100%. This demonstrates our commitment to tolerance and support for our workers.



Parental Leave GRI 401-3

| By | Gender | | Total |
|--|--------|--------|-------|
| | Male | Female | |
| Total number of employees entitled to parental leave | 276 | 12 | 288 |
| Total number of employees who took parental leave | 14 | 1 | 15 |
| Total number of employees that returned to work in the reporting period after parental leave ended | 14 | 1 | 15 |
| Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work | 14 | 1 | 15 |
| Return to work rate of employees that took parental leave | 100% | 100% | 100% |
| Retention rate of employees that took parental leave | 100% | 100% | 100% |

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING GRI 2-30, 407-1

AEP deeply respects our employees' freedom of association and collective bargaining rights. We have implemented a Collective Bargaining Agreement (CBA) for all full-time staff to support this. This agreement clearly defines the rights and responsibilities of the company and its employees, promotes harmonious industrial relations, and strengthens employee involvement in shaping company policies and decisions.

In 2024, 48% of our permanent and full-time employees are covered by the Collective Bargaining Agreement (CBA), while individual employment contracts cover the remaining part-time employees. Nonetheless, we ensure that all employees, regardless of employment status, are provided equal rights and benefits by applicable labour regulations. Furthermore, during the reporting year, there were no violations or significant risks related to infringing workers' freedom of association or bargaining.

LIVING INCOME AND LIVING WAGE GRI 13.21.2, 13.21.3

We are committed to ensuring fair wages for all our employees, as we believe that income is a crucial source of well-being and comfort for our workforce. In the reporting year, 100% of full-time employees covered by the Collective Bargaining Agreement and 100% of part-time employees covered by individual employment contracts across all operations in Indonesia received wages above the local regulatory minimum. Regardless of gender, we ensure that men and women receive equal pay for equal work.

INCLUSIVITY AND EQUAL ACCESS GRI 405-1, 405-2

AEP is committed to ensuring equal opportunities for all workers, promoting inclusivity by addressing gender equality in the workplace, providing access to leadership positions, protecting employees from harassment, empowering women and marginalised groups, and ensuring equal pay. By the end of 2024, the company's performance on this topic is as follows.

a. Ratio of basic salary and remuneration of women to men by significant location

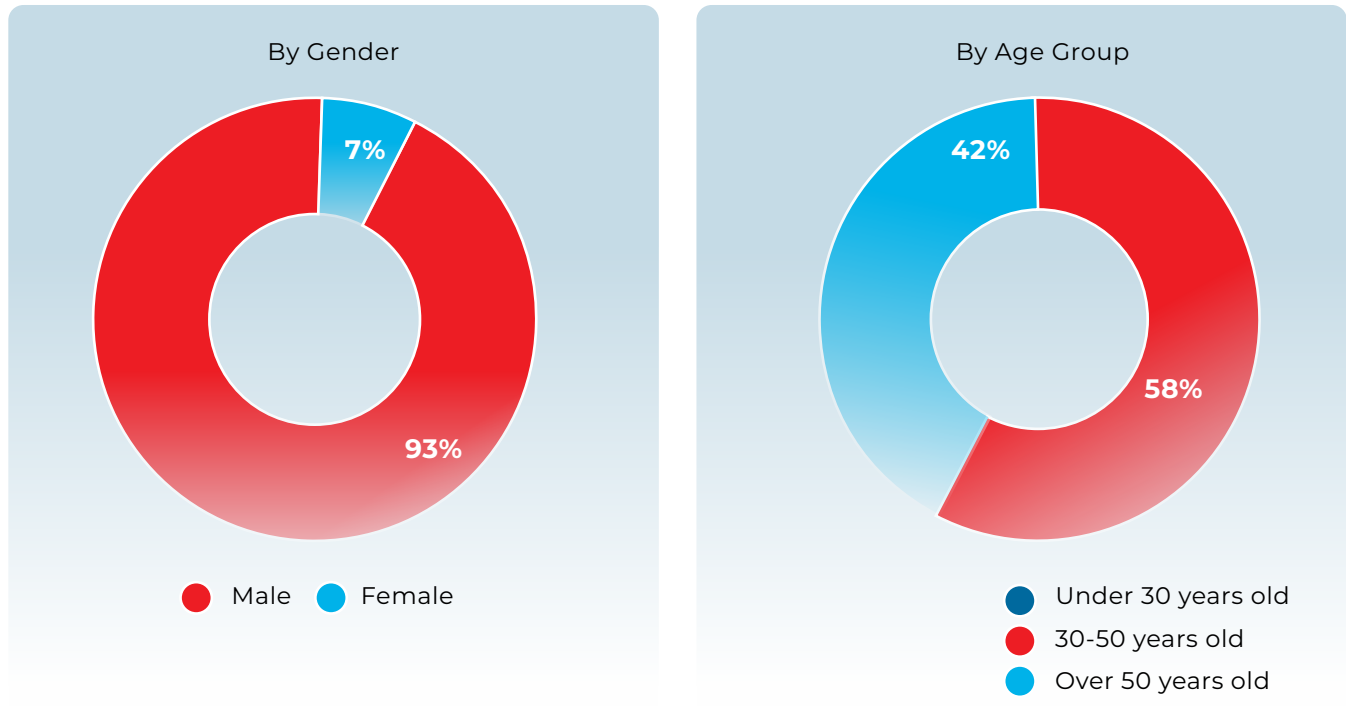
| Category | Basic salary and remuneration | | Ratio |
|------------|-------------------------------|---------------|-------|
| | Women | Men | |
| Executive | *NA | USD 148000 | *NA |
| Managerial | Rp 59,416,334 | Rp 41,124,373 | 1.44 |
| Staff | Rp 15,446,208 | Rp 15,129,364 | 1.02 |

*There were no female executives during the reporting period; therefore, the gender ratio between women and men cannot be disclosed.

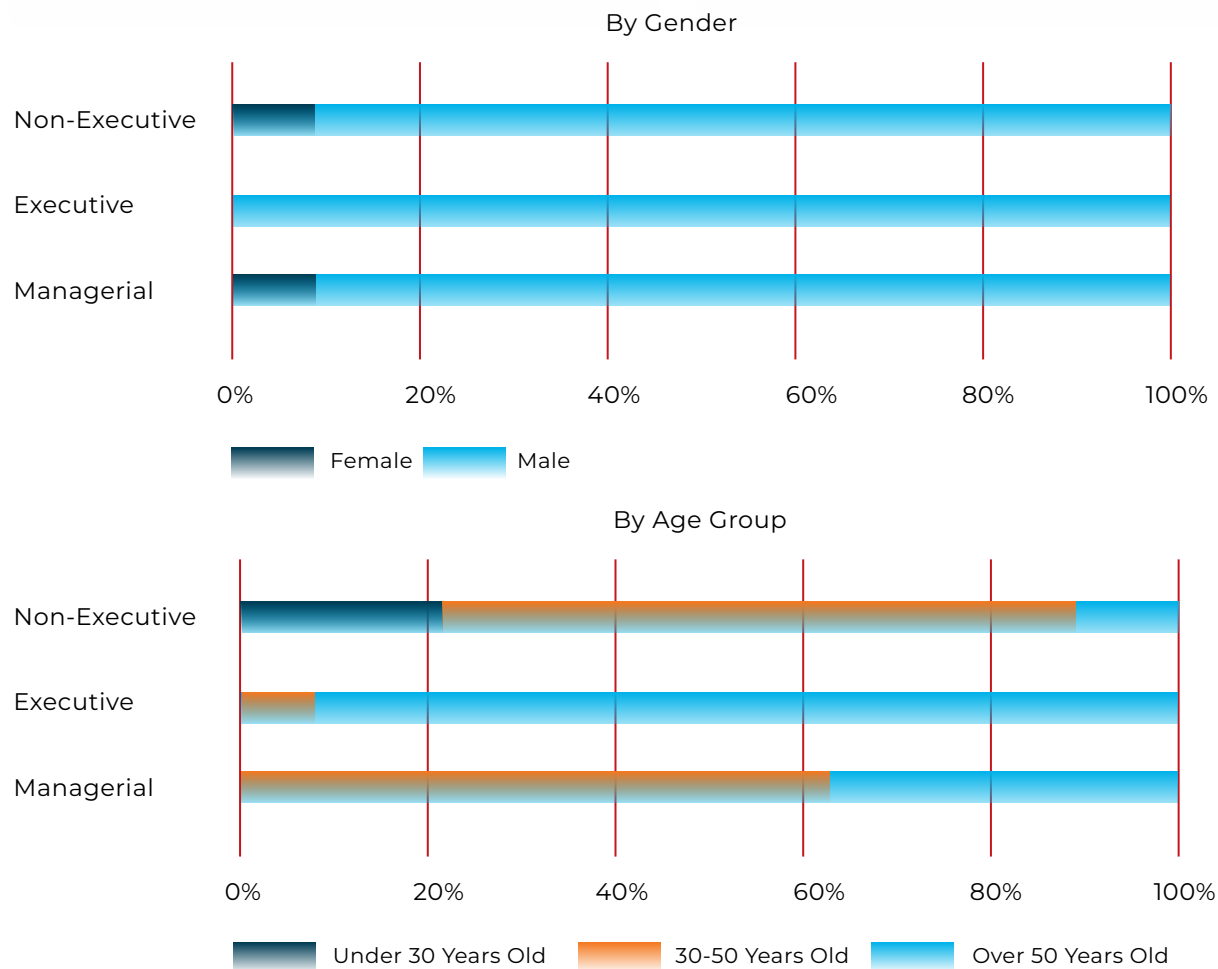
We ensure that our employees' wages meet or exceed the minimum wage set by local and provincial regulations. We calculate compensation not only to cover the basic living needs of our employees but also to support their lifestyle. Our operations are significant and spread across three major provinces: North Sumatra, with a provincial minimum wage of Rp 2,809,915; South Sumatra, with a provincial minimum wage of Rp 3,456,874; and Central Kalimantan, with a provincial minimum wage of Rp 3,261,616. We are committed to ensuring no gender pay gap by conducting annual audits and adjusting salaries to guarantee equal pay for men and women performing the same roles by 2025.

b. Diversity of Governance Bodies and Employees

Diversity of Governance Bodies



Diversity of Employees



CHILD LABOUR GRI 408-1

AEP has a strict zero-tolerance policy for child labour throughout our supply chain. We recognise that child labour significantly impacts the development of valuable human capital. To address this, AEP enforces a stringent recruitment process, implements mitigation measures such as placing warning signs, and offers childcare and educational facilities to prevent children from lingering or playing in plantation areas.



Warning: No Entry for Children Under 18 Years at PT. Cahaya Pelita Andhika



Educational Facilities at PT Bina Pitri Jaya



Educational Facilities at PT United Kingdom

FORCED OR COERCED LABOUR GRI 409-1

Forced or coerced labour is a significant and critical issue in the palm oil industry. Therefore, AEP has established clear policies and commitments regarding forced or coerced labour, along with a code of conduct that explicitly prohibits the use of forced or bonded labour. This code has been shared with and must be adhered to by all our suppliers and contractors. We manage the entire recruitment process and supplier selection independently and with integrity.

EMPLOYEE PERFORMANCE AND DEVELOPMENT

Average Training Hours per Employee per Year GRI 404-1

At AEP, we are committed to enhancing the performance and development of our employees by improving their knowledge and skills. This ensures they understand technical and non-technical competencies, boosting their productivity and performance. In 2024, we provided training for employees at the managerial and non-executive levels. No training was conducted for executive-level employees this year; however, we are committed to continuously improving training programs yearly.

| Average training hours per employee gender | Year 2024 | Average training hours per employee category | Year 2024 |
|--|-----------|--|-----------|
| Per Employee | 2.18 | Executive | 7.60 |
| Per Female Employee | 0.23 | Managerial | 4.00 |
| Per Male Employee | 2.27 | Staff | 2.13 |

Employee Skill and Performance Enhancement Program GRI 404-2, 404-3

AEP implements skill enhancement programs based on a thorough needs analysis covering technical and non-technical skills for each unit. These programs also include the development of soft skills and other essential competencies.

In 2024, we provided funding support to bring in external trainers or consultants who helped deliver specialised training and educational sessions. Additionally, we conducted re-training programs for our employees to ensure that their work continues effectively and efficiently, maintaining high standards across all tasks and responsibilities.

| Training Program | Period | Scope and Objectives |
|--|--------------|---|
| Leadership Training for Estate Managers | October 2023 | Focused leadership development program tailored for Estate Managers, designed to strengthen strategic decision-making and team leadership capabilities. |
| Risk Management for Executive, Managerial, and Staff | May 2024 | Comprehensive training aimed at enhancing risk identification, evaluation, and management skills across all organisational levels. |
| Recovery Plan Training | May 2024 | Training on recovery plan development aligned with the NDPE Policy and Social Forestry principles to support AEP's recovery program framework. |

Furthermore, we emphasise recognising our employees' performance and addressing their career development needs. In 2024, 100% of our male and female workforce received performance and career development appraisals across all employee levels.

OCCUPATIONAL HEALTH AND SAFETY

Occupational Health and Safety (OHS) Management System GRI 403-1

AEP has implemented an Occupational Health and Safety (OHS) management system. This is not only in compliance with regulations set by Law No. 13 of 2003 but also reflects the company's commitment to providing a safe working environment for employees. AEP adopts OHS management standards such as SMK3, ISO 45001, ISO 14001, and OHS aspects within ISPO. This management system is mandatory for all full-time and part-time employees, suppliers, and subcontractors involved in various operational activities across plantation, mill, and office areas.

In implementing effective OHS practices, we conduct Hazard Identification, Risk Assessment, and Risk Control (HIRARC). This process allows us to assess areas with potential hazards and take preventive or mitigative measures to reduce risks. We ensure the efficient allocation of resources through monitoring and evaluating OHS performance, supervised by the Health, Safety, and Environment (HSE) department.

Hazard Identification, Risk Assessment and Management GRI 403-2, 403-3, 403-4

We have an established Standard Operating Procedure (SOP) AEP/SP/02/10/2.11, which outlines the process for Hazard Identification, Risk Assessment, and Risk Control (HIRARC). The HSE specialists, who are trained and nationally accredited, are responsible for conducting HIRARC annually. The HIRARC method involves identifying activities and processes within the company's operations, determining hazards and risks, assessing the level of risk based on the severity of the potential impact, and defining mitigation strategies through the risk control hierarchy.

Furthermore, AEP ensures that employees can effectively report hazards and unsafe conditions, which is essential to maintaining a safe and healthy work environment. We have established clear and accessible hazard reporting processes, vital in preventing and mitigating risks resulting in injury, ill health, or other occupational health and safety issues, ultimately safeguarding our workforce and business relationships. Through this mechanism, we ensure that we protect employees from reprisal. Here are some of the processes we have in place to safeguard workers, as well as to serve as a platform for employees to participate and consult in the development, implementation, and evaluation of the OHS management system:



An investigation process will be initiated if an issue or incident is reported. The EHS Officer, Managers, and P2K3 will collaborate as a team to investigate the reported hazard, assess the level of risk, and determine the root cause. The investigation flow process is as follows:



Health and Safety Training GRI 403-5

AEP supports and provides facilities through annual safety training and drills to promote a mandatory safety culture for all employees and workers. In 2024, the company facilitated the following activities:

| Activity | Description |
|---|--|
| Emergency response training | We provide emergency response training to employees involved in company operations to prepare them for accidents or emergencies. |
| Competency certification training | We provide competency certification and specialised knowledge training for heavy equipment and transport machinery operators, steam boiler operators, and welders. |
| First aid officer training | We provide competency certification and specialised training for accident management workers designated first responders. |
| Class D fire safety training | We provide competency certification and emergency response training for fire prevention and firefighting. |
| Water and air pollution responsibility training | We provide knowledge and training on accountability and risk management for water and air pollution hazards. |
| ISO 45001 training | We are providing safety competency certification for operations and preparedness in forest areas. |

Promotion of Worker Health GRI 403-6, 403-7, 403-8

Our occupational health and safety management system applies to all employees working across our facilities, including contractors and suppliers. We provide access to healthcare services through employee medical insurance, ensuring that all employees in Indonesia are covered under the BPJS Health Insurance Scheme. This health insurance scheme guarantees workforce coverage in managing work-related and non-work-related health issues. Our recruitment and employment agreements require all employees and contractors to hold BPJS Health coverage or an equivalent health insurance policy.

In addition, we provide personal protective equipment (PPE) for all our employees and require contractors or suppliers working with us to equip their workers with PPE before beginning any work across our facilities.

Our Performance GRI 403-9, 403-10

We are acutely aware of the risks associated with work-related activities that can lead to severe injuries, including disabilities and fatalities. These risks encompass working at heights, exposure to hazardous substances, operating machinery with potential for cuts and crushing injuries, electric shocks, fire-related tasks, and working in confined spaces. In response to these risks, AEP has implemented accident investigation reporting, followed by corrective actions in accordance with our OHS management and control system. These efforts are aimed at preventing future accidents and achieving our zero-accident target. The following data represents the total number of employees and non-employees.

We have not yet classified work-related illnesses or reported on this topic in 2024. However, we will begin documenting and addressing this gap in the following reporting period. Nevertheless, we have provided appropriate safety equipment, such as masks, to employees directly exposed to chemical residues during pesticide application activities.

| Work-related injuries for all employees | Gender | | Total |
|--|--|------------|------------|
| | Male | Female | |
| Total number of fatalities | 0 | 0 | 0 |
| Total number of high-consequence work-related injury | 0 | 0 | 0 |
| Total number of Injuries | 23 | 362 | 385 |
| Total hours worked | 6,766,838 | 16,094,301 | 22,861,139 |
| The primary type of work-related injury | Medical Aid Injury, Loss Time Injury, and Fatality | | |
| *Rate of Injuries | 0.68 | 4.50 | 5.18 |
| *Rate of high-consequence work-related injury | 0 | 0 | 0 |
| *Fatality Rate | 0 | 0 | 0 |

| Work-related injuries for non-employees/ sub-contractors | Gender | | Total |
|---|--|-----------|-----------|
| | Male | Female | |
| Total number of fatalities | 0 | 4 | 4 |
| Total number of high-consequence work-related injury | 0 | 0 | 0 |
| Total number of Injuries | 0 | 0 | 0 |
| Total hours worked | 27,360 | 1,126,698 | 1,154,058 |
| The primary type of work-related injury | Medical Aid Injury, Loss Time Injury, and Fatality | | |
| *Rate of Injuries | 0 | 0 | 0 |
| *Rate of high-consequence work-related injury | 0 | 0 | 0 |
| *Fatality Rate | 0 | 0.71 | 0.71 |

*Workplace injuries resulting from employees' inability to work on the following entire workday (including fatalities) are calculated per 200,000 hours worked.

The most frequent injury risks identified through our HIRARC Form recording are caused by incidents such as being hit by thorns during harvesting, spraying, and manuring activities. These risks present a significant challenge that is difficult to avoid altogether, but we continuously evaluate and mitigate these risks. Our actions to reduce and minimise these risks include regular training, routine audits and inspections, and daily safety patrols.





09

Managing Infrastructure and + Good Corporate Citizenship

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AEP contributes to community well-being by supporting infrastructure development and livelihood improvements in areas surrounding its operations, fostering inclusive growth and long-term resilience.

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MANAGING INFRASTRUCTURE AND + GOOD CORPORATE CITIZENSHIP GRI 3-3

Measuring the impact of our operations goes beyond focusing solely on the company's internal aspects; it extends to the external community as well. We recognise ourselves as part of the local community where we operate and strive to contribute positively. Supporting facilities within the community and fostering good cooperation with society and other stakeholders are of the utmost importance.

AEP is committed to respecting and recognising local communities' long-term customary and personal rights. The company is also dedicated to upholding tenure rights, ensuring the long-term protection and sustainable use of land, forests, and fisheries at all times. The Group believes that the long-term success of any new operation—benefiting both the company and the local communities—can be achieved through a committed Free, Prior, and Informed Consent (FPIC) process.

Indigenous Peoples' Rights, Territorial and Resource Entitlement GRI 411-1, 13.13.1, 13.13.2, 13.13.3

We implement (FPIC) before undertaking any activities or land-use changes. We rigorously review all new developments against the RSPO New Planting Procedure and its requirements. We involve local stakeholders in land-use planning and decision-making processes, conducting participatory mapping to define and respect community boundaries while carrying out HCV and HCS assessments.

We have established grievance redress systems to address disputes promptly and collaborate with NGOs and civil society organisations for independent mediation. This approach allows us to better understand community issues, needs, and aspirations while gaining insights into social, cultural, traditional, and religious values and land use for local livelihoods. AEP employees prioritise collaboration with stakeholders to minimise disputes and conflicts.

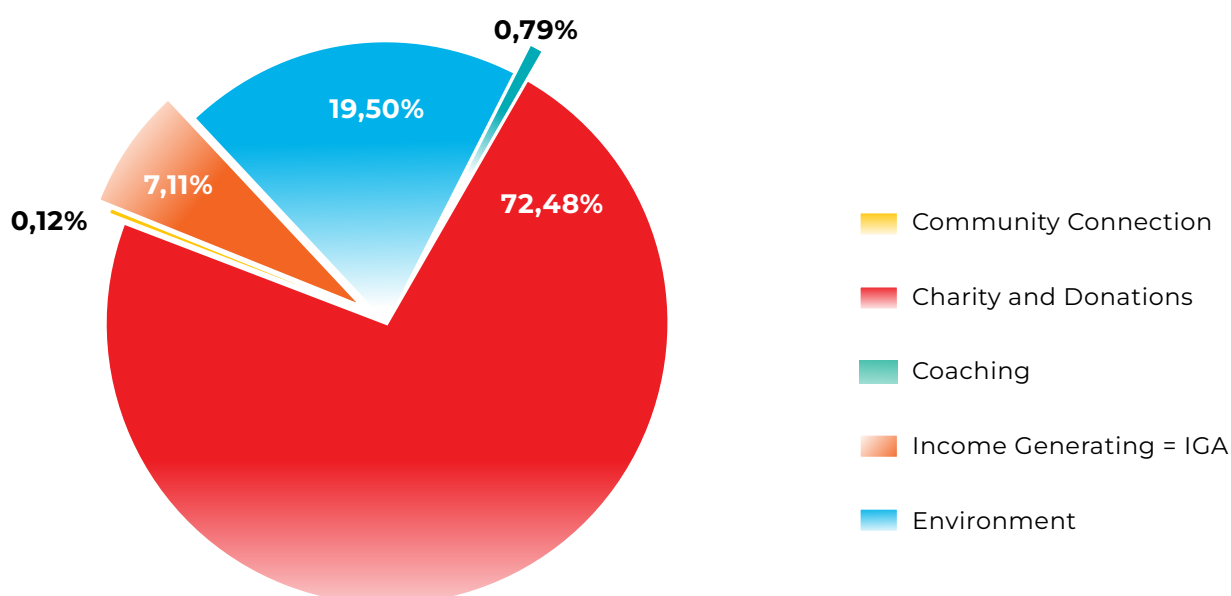
Our targets include achieving 100% FPIC compliance in all new land acquisitions and expansions by 2025 and resolving 95% of land-related grievances within six months through accessible grievance mechanisms. In 2024, using this measurement method, we found no violations of Indigenous people's rights, land and natural resource rights, nor affected rights-holder groups.

Economic Inclusion and Local Community Development GRI 203-1, 203-2, 413-1, 413-2

AEP understands the importance of impact analysis, not only on the environment but also on social factors, to identify needs and enhance the well-being of communities. We engage stakeholders and conduct public consultations to gather valuable feedback.

In 2024, we continued our commitment to contributing to community development programs and economic inclusion through our CSR initiatives. The AEP Group has fully implemented local community engagement in its programs. We successfully executed 286 programs, investing a total of IDR 2,663,250,846, which was allocated across the following program categories:

AEP Contributions



| | |
|---|---|
|  <p>Community connection</p> | <p>Refers to initiatives and activities aimed at fostering relationships, collaboration, and engagement with various community groups and stakeholders</p> <p>Activities:</p> <ul style="list-style-type: none"> Organizing communal events, such as breaking the fast during Ramadan Supporting local authorities' events |
|  <p>Charity and Donations</p> | <p>This term refers to programs and activities that support those in need through financial or material contributions. These initiatives focus on improving the well-being of individuals and communities.</p> <p>Activities: Providing accommodation, supporting educational staff, supplying clean water, and other similar forms of assistance</p> |
|  <p>Coaching</p> | <p>Refers to providing guidance, training, and support to individuals or teams to enhance their skills and performance.</p> <p>Activities: Providing training and developing soccer players</p> |
|  <p>Income Generating Activity (IGA)</p> | <p>Refers to programs that provide financial support to initiatives or events.</p> <p>Activities: Sponsoring celebration activities contribute to these events' success and help foster community engagement.</p> |
|  <p>Environment</p> | <p>Refers to efforts and programs focused on improving and preserving the natural and built surroundings</p> <p>Activities: Infrastructure development, upgrading public facilities like roads, and implementing disaster mitigation measures, such as flood prevention</p> |

AEP has identified several significant programs that we have successfully implemented this year to impact the communities and stakeholders around our operations indirectly. Potential risks and operational impacts on infrastructure are critical factors in our environmental management. This year, through in-kind contributions, we completed several activities under these programs.

Road Paving

AEP has invested IDR 108,525,948 in Mr Busra and Mr Gunawan's road paving. The owners use this road, which serves as a vital passage for the local community. We have received positive feedback from the community, noting that the improved road has significantly enhanced transportation access for residents.

Construction of the Air Muring Village Bridge

The Air Muring Village previously had a damaged wooden bridge, with holes and decay, and posed a potential danger if it continued to be used. This bridge serves as a crucial connection not only for the local community but also between neighbouring villages. AEP has invested IDR 196,975,191 to rebuild the bridge, ensuring it is safer and more reliable for communities and facilitating better connectivity between villages.

Road maintenance in Rasau Village

This road is Rasau Village's primary access and is vital to the village's economic activities. However, several potholes affected its condition. AEP has invested IDR 11,350,170 in road maintenance to improve its condition, facilitating smoother transportation and supporting the local community's economic activities.

Partnership with Farmer Groups (Saprodi to Farmers)

AEP has collaborated with numerous farmer groups in its operations. We have contributed to palm oil cultivation extension services, pest and disease control, agricultural equipment provision, and maintenance materials supply. This collaboration enhances farmers' knowledge of sustainable oil palm cultivation practices, improving agricultural productivity and overall well-being. We have invested IDR 71,496,460 in this program.





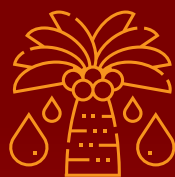
10

MANAGING SUPPLY CHAIN

“

Responsible supply chain is not solely defined by efficiency - it embodies integrity, sustainability, the long-term resilience of people and planet.

”



MANAGING SUPPLY CHAIN GRI 3-3, 2-15

Fostering Responsible Supply Chains is a core objective for AEP, integrating a culture of sustainability within the Company and its entire supplier ecosystem. The lack of transparency in traceability systems is often a critical barrier to effectively implementing sustainable practices. To address this, AEP is firmly committed to proactive engagement with all third-party suppliers, continuously enhancing traceability mechanisms to achieve a fully transparent and accountable sourcing network.

Furthermore, the Group strictly adheres to Code 11 of the UK Corporate Governance Code, preventing conflicts of interest. This rigorous commitment underpins AEP's strategy to deliver a resilient, ethical, and sustainable supply chain that aligns with global best practices.

Ethical Sourcing and Supplier Management GRI 204-1, 414-1

We firmly believe that ethical business practices are essential to securing a sustainable source of materials. In 2024, as in previous years, AEP successfully achieved 100% traceability to supplying mills. This accomplishment was made possible through close collaboration with all our suppliers operating across the significant areas of the AEP Group. At present, the Company has invested in and strategically allocated its procurement budget to partner with 100% local suppliers based in Indonesia.

Social assessments for suppliers have been further implemented to reinforce our commitment to a sustainable supply chain. These evaluations focus on risks related to human rights, gender equality, and other critical factors. This year, 1,255 new suppliers joined AEP, all of whom underwent a comprehensive screening process based on social criteria.

Corporate Integrity and Compliance GRI 205-1, 205-2, 205-3

AEP operates with a firm commitment to conducting business fairly and ethically, maintaining a zero-tolerance policy towards corruption and bribery. Our Group has thoroughly assessed corruption risks across all subsidiary entities. In 2020, we introduced our Anti-Corruption and Bribery Policy, which has been effectively implemented and communicated through comprehensive training programs for employees at every level, as well as for all stakeholders. This policy is publicly accessible through our website ([click here](#)). We have also established a robust governance framework designed to uphold transparency, accountability, and ethical decision-making across all operations.

A whistleblowing mechanism was developed to further strengthen our ethical culture, offering employees and suppliers a secure and confidential platform to report concerns or issues without fear of retaliation or dismissal. Through this initiative, we are pleased to confirm that no potential instances of corruption were identified within the Group in 2024.

Anti-Competitive Behaviour GRI 206-1

Anti-competitive behaviour in the palm oil industry has significant economic, environmental, and community consequences. While short-term benefits, such as market stability or unified policies, may be realised, the broader negative impacts—ranging from economic inefficiency and social exclusion to environmental degradation and human rights violations—far outweigh these benefits.

AEP has adopted several approaches to promote fair market practices, such as developing policies encouraging competition and trade fairness and ensuring equal opportunities for smallholder farmers and businesses. We also advocate for collaboration without collusion, empowering smallholder farmers to initiate efforts that strengthen their bargaining power and support their integration into the global supply chain.

In 2024, through these initiatives and the availability of our whistleblowing platform, we have received no reports related to anti-competitive behaviour.

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