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Indonesia is Strengthening Agri Operations for a Better Sustainable Future

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With the growing impact of climate change, Asian Agri acknowledges our responsibility of ensuring the transparency of our business. Throughout our history, apart from focusing our attention on environmental aspects, we have always placed social and economic development at the heart of our business. We are committed to performing the sustainable transformation of our industry, providing opportunities for our people and surrounding communities.

Indonesia has made great strides in cementing its role as a key player in the palm oil industry. It is our commitment to deliver positive impacts beyond compliance. We believe that is our contribution to shaping sustainability in the market and society, transcending the impacts as we do not merely focus on our company.

We are working towards Increasing Interest in Sustainability and the host nationâ??s Nationally Determined Contributions (NDCs)3, there is an urgency for industries relying on natural capital to integrate sustainability and climate considerations into their overall business strategy.

As countries ramped up their climate pledges, there are expectations for the private sector to support and follow suit. For instance, Indonesia has identified the land use, land use change, and forestry (LULUCF) sectors as key focus areas in achieving this target.

Furthermore, understanding that palm oil is a major commodity in Indonesia, we recognize increasingly stringent government regulations on the sector. Consequently, our key stakeholders are placing greater scrutiny on Asian Agriâ??s sustainability and climate strategy, targets, and performance. As a company that has long embraced sustainability, we see this growing interest as an opportunity to drive innovation within our operations. We believe that AA2030 is able to contribute to addressing the challenges in securing sustainable development.

Embarking on AA2030 Journey

We proudly launched AA2030 in early 2022. They consist of our commitments and targets to positively contribute to our local community, country, global climate, smallholders and to our company. AA2030 was developed with careful consideration in the hope that we can continue to make positive contributions when conducting our business. We believe that holistic and balanced endeavors in both environmental and social aspects are key to achieving a successful contribution.

2022 was our first year in delivering greater progress and embarking on our AA2030 journey. We strive to make our way in moving forward with sixteen targets that are classified under four pillars that we set in AA2030.

â?¢ Â Under the **Smallholder Partnership pillar**, we are intensifying the replanting program for smallholders and aiming to double the smallholdersâ?? income through the replanting program. Besides replanting, we focus on supporting smallholders to get certification towards sustainability standards such as ISPO for scheme smallholders and RSPO for independent smallholders.

â?¢ Â For the **Inclusive Growth Pillar**, we are working closely with the local government to make programs in eradicating poverty surrounding our operational area by empowering SMEs, and providing vocational trainings and educational scholarships. As part of our commitment to our consumers, we also separate food and non-food grade oil to ensure food safety of our products.

â?¢ Â Following the success of the **One-to-One Partnership program**, we are making progress in our One-to-One Restoration program in Climate Positive Pillar. The program is our own initiative to contribute positively to the global climate. We also put our efforts into achieving Net Zero Emissions from our operations, aligning our company to contribute to the global agenda. One among our initiatives is to increase our use of renewable energy to 100% in 2030.

â?¢ Â We also aspire to enhance our operational excellence under the **Responsible and Sustainable Production** Pillar, by reducing our pesticides uses in our plantations and promoting environmentally friendly measures in controlling pests and diseases. Asian Agri also strives to enhance our long-standing commitment to intensify our productivity without opening up new land and to implement circular economy best practices.

Integrating Climate Science into Our Business

In line with our commitment to transform Asian Agri into a Climate Positive business, we strengthened the foundations of our climate journey this year by conducting a carbon footprint assessment. The assessment was done for our Scope 1 and 2 emissions in accordance with ISO 14064-1 and the Greenhouse Gas (GHG) Protocol, covering 30 of our own estates, 22 mills, and 4 offices. The findings helped us understand the trends of our emissions within our operations, where we were able to develop a roadmap of reduction and mitigation initiatives to help us reach our net zero emissions from the land-use target by 2030.

Strengthening Our Operational Management

We understand that we need to have gradual and transformational changes in our operation to succeed in our purpose of improving lives by developing resources sustainably. On the plantation side, the replanting program is one of the key changes we focus on these years. Besides, we are also adapting digital transformation using emerging technologies available today such as GPS-enabled tablets to gain real time production and Fresh Fruit Bunches (FFB) transport monitoring, Unmanned Aerial Vehicles (UAV) like drones, and Remote Sensing to extend our reach and analysis effectivity. Alongside this, we increase the capability of our people to adapt to the use of information technology to better manage our operation areas.

On the mill side, we have equipped our mills with waste and residue oil recovery facilities to segregate our food-grade oil and non-food-grade oil for biodiesel and biofuel. This strategy is part of our commitment to consumer health and safety. In addition, we invested a lot in terms of retrofitting and modernizing our mill, including constructing and operating a biogas facility. In our case, the biogas facility is not only to capture methane emissions but also to replace biomass utilization for energy production through biogas combustion. In this case, we increase our efficiency in utilizing biomass and contribute to carbon reduction by selling the biomass to the open market as a fossil fuel substitution. In the future, we aim to build a biogas facility in each of our mills. These efforts are part of our take on circular economy practices.

On the **Research and Development (R&D)** side as our key enabler, apart from continuing the optimization of traditional plant breeding, now we are also focusing on producing superior ramets through tissue culture techniques to speed up plant breeding and yield enhancement. We are proud to be among the few companies that can adopt this breakthrough in the palm oil industry.

Paving the Ground Ahead Moving forward, Asian Agri will accelerate our work in integrating sustainability into our business and operational strategy, striving to live our vision to generate value for the Community, Country, Climate, Customer, and Company. We recognize that there will be challenges to overcome as we continue to realize our AA2030 targets and commitments, but we are confident in translating them into opportunities to grow our business sustainably. At Asian Agri, we are excited about this prospect, and we look forward to continuing working with our dedicated teams, business leaders, and partners to improve the livelihoods of our people and local communities toward a low-carbon future.