





M.P. Evans is a responsible producer of sustainable Indonesian palm oil, striving for excellence in all the Group's operations, with a focus on continuing growth and offering an increasing yield.

## Contents

Introduction	1
About this report	2
About us	4
<b>1 Governance and risk management</b>	<b>8</b>
The board of directors	8
Governance structure	10
Climate-risk management	12
<b>2 Strategy</b>	<b>14</b>
Our climate-related risks and opportunities	15
Climate-scenario analysis	24
Climate resilience	26
<b>3 Metrics and targets</b>	<b>28</b>
Our climate-related targets	28
Greenhouse-gas emissions	32
<b>Appendix</b>	<b>36</b>

### 1 Governance and risk management

A description of the Group's governance framework and risk management process for climate-related issues.

Page 8

### 2 Strategy

Insights into the Group's business strategy, significant climate-related risks and opportunities, and the results of climate-scenario analysis.

Page 14

### 3 Metrics and targets

The specific metrics and targets used to monitor and mitigate climate-related risks, as well as to measure progress in reducing the impact of climate change.

Page 28



# Introduction

Climate change remains one of the most pressing global challenges, with profound implications for businesses and societies worldwide.

Since the industrial revolution, human activities have driven a sharp rise in atmospheric concentrations of key greenhouse gases (“GHGs”) – carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), and fluorinated gases. This increase has accelerated the warming of the earth’s surface, resulting in an unprecedented pace of climate change. The year 2024 was yet another in a succession of record-breaking warm years since global records began in 1850, underscoring the urgent need for action. Rising temperatures are contributing to long-term changes in weather patterns and are intensifying the frequency and severity of storms, heatwaves, floods, and droughts. These climate-related hazards carry far-reaching health, environmental, and economic consequences.

Without concerted intervention, climate change is expected to have severe impacts on ecosystems and water resources, disrupt food production, destabilise supply chains and markets, damage critical infrastructure, and heighten the risks of diseases and illnesses. For businesses, these risks are typically categorised as follows:

- 
- 1 Physical risks** stemming from the direct physical effects of climate change, including extreme weather events and biodiversity loss.
  - 2 Transition risks** arising from the shift to a low-carbon economy, including evolving policies and regulations, technological advancements, and changing market dynamics.
- 

M.P. Evans (“the Group”) adopts the recommendations of the Taskforce on Climate-related Financial Disclosures (“TCFD”) as a foundational framework for enhancing risk-management strategies and transparently reporting on the Group’s climate-related risks and opportunities. Through this framework, climate-scenario analysis is used to better identify, assess, and address the risks and opportunities associated with climate change, while mitigating potential impacts on business performance. Collaborating

closely with our sustainability advisors at Inspired ESG, we have developed a strategic approach to managing these challenges and safeguarding the Group’s future success.

In 2022, we undertook a comprehensive data-collection process to calculate scopes 1, 2, and 3 emissions, conducted our first climate-scenario analysis, and established emission-reduction targets aligned with the Paris Climate Agreement’s ambition to limit global warming to 1.5°C. The Group has since made significant progress in addressing climate change. From the Group’s baseline year of 2021, the Group has achieved a 36% reduction in total GHG emissions, and the Group has already surpassed its interim target of a 28% reduction by 2030 as part of its overall 2050 net-zero target. The Group will continue to build on this progress, deepening its climate-related initiatives, advancing its sustainability goals, and playing its part in the global effort to combat climate change.

The Group has made further progress in 2024 and has:

- Calculated its full scopes 1, 2, and 3 emissions for the fourth consecutive year.
- Completed a third round of climate-scenario analysis.
- Incorporated the impact of rising mean temperatures on key oil-palm pests into climate-scenario modelling.
- Assessed an additional physical-climate risk: changing precipitation patterns.
- Conducted an analysis of climate-change impacts on competitor vegetable-oil yields.
- Evaluated climate-related risks for palm-oil refiners.
- Assessed the financial impacts of climate-related risks.
- Continued to work with both the Group’s customers and consultants to better understand the downstream processing activities undertaken and their related carbon costs.
- Achieved a 20.4% reduction in absolute GHG emissions across the Group’s value chain between 2023 and 2024.



## About this report

This report outlines our approach to mitigating and adapting to the impacts of climate change. It has been prepared in alignment with TCFD recommendations and addresses the four key pillars of the TCFD framework: governance, strategy, risk management, and metrics and targets (see table 1). The report includes details of climate-related risks and opportunities relevant to the Group's operations and the Group's full GHG-emissions inventory for 2024, further strengthening our understanding of climate-related impacts and enhancing our strategies for mitigation and adaptation.

This is the Group's third report under the TCFD framework, following the 2022 and 2023 reports. The 2023 report included a comprehensive list of climate-related risks and opportunities relevant to the Group's operations, along with a full account of GHG emissions, in compliance with the Climate-related Financial Disclosure Regulation 2022. Building on that foundation, the 2024 report updates the climate-risk register and provides a refreshed greenhouse-gas ("GHG") inventory, further strengthening our understanding of climate-related impacts and enhancing our strategies for mitigation and adaptation.

The report further supports the climate-related financial disclosures presented in the Group's 2024 annual report, which contains information to comply with all eight reporting requirements of The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. In addition to adhering to the TCFD recommendations, and covering the disclosure requirements of the Climate-related Financial Disclosures regulations, this report has also been prepared considering the guidance of the IFRS S1 and S2 Sustainability Disclosure Standards for climate-related disclosures issued by the International Sustainability Standards Board ("ISSB").



**TABLE 1: TCFD Index**

Disclosure (TCFD Framework)	2024 TCFD report	2024 Annual report
<b>Governance</b>		
a) Board oversight of climate-related risks and opportunities.	Governance, pages 10-11	Page 32
b) Management role in assessing and managing climate-related risks and opportunities.	Governance, pages 10-11	Page 32
<b>Risk management</b>		
a) Processes for identifying and assessing climate-related risks.	Climate-risk management, pages 12-13	Pages 32-33
b) Processes for managing climate-related risks.	Climate-risk management, pages 12-13	Page 32
c) Integration of the processes for the identification, assessment and management of climate-related risks into overall risk management.	Climate-risk management, pages 12-13	Page 32
<b>Strategy</b>		
a) Climate-related risks and opportunities identified over the short, medium and long term.	Our climate-related risks, pages 15-23	Pages 28-33
b) Impact of climate-related risks and opportunities on the business, strategy and financial planning.	Our climate-related risks, pages 15-23 Climate-resilient business strategy, page 26	Page 33
c) Resilience of the business strategy to climate-related risks and opportunities, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Climate-resilient business strategy, page 26 Climate-scenario analysis, pages 24-25	Page 33
<b>Metrics and targets</b>		
a) Metrics to assess climate-related risks and opportunities in line with strategy risk-management process.	Metrics and targets, pages 28-35	Page 33
b) Scopes 1, 2 and 3 GHG emissions and related risks.	Greenhouse-gas emissions, page 35	Pages 32-24
c) Targets used to manage climate-related risks and opportunities and performance against targets.	Metrics and targets, pages 28-35	Page 33



## About us

M.P. Evans is a producer of certified sustainable palm oil (“CSPO”), with plantations strategically located across five provinces in Indonesia.

The Group has consistently invested in expanding its planted areas in a responsible manner and, by the end of 2024, managed more than 66,000 planted hectares of oil palm, including the Group’s own areas and those of its associated scheme smallholders. The Group operates six palm-oil mills, and in 2024 those mills produced 356,200 tonnes of CPO and 78,000 tonnes of palm kernel (“PK”). The Group’s strategy is driven by four pillars — responsibility, excellence, growth, and yield — which underpin its daily operations and long-term development.

A longstanding member of the Roundtable on Sustainable Palm Oil (“RSPO”), the Group is committed to achieving RSPO certification for all its mills. As of the end of 2024, five of the six Group mills are RSPO certified. The only remaining uncertified mill is the Benuang mill at our Bumi Mas estate, which is expected to attain RSPO certification in 2025. Alongside RSPO accreditation, the Group actively pursues International Sustainability & Carbon Certification (“ISCC”), which is recognised by the European Commission and demonstrates compliance with the EU Renewable Energy Directive II for biofuels. The requirements of ISCC relate to sustainable

land use, GHG reduction, ecosystem protection, and social sustainability. All six mills are ISCC certified. In 2024, the Group also obtained Green Gold Label certification at two of its mills to allow certified sustainable palm kernel shells (a by-product in the production of palm oil) to be sold internationally as a biofuel source.

The Group takes pride in its commitment to transparency and continuous improvement, regularly monitoring and reporting on a wide range of Environmental, Social, and Governance (“ESG”) indicators. These metrics support risk management and drive progress towards the Group’s sustainability objectives. The Group took a major step forward in 2024, by completing CDP (formerly known as the Carbon Disclosure Project) reporting for the first time. For each of the three CDP reporting categories (Climate change, Forests and Water security) the Group achieved a very respectable ‘B’ grade. Transparency in ESG disclosures is independently assessed each year through participation in the Sustainable Palm Oil Transparency Toolkit (“SPOTT”) by the Zoological Society of London. In 2024, the Group further improved its score to 88.9% (up from 86.7% in 2023) and achieved a ranking of 13th among 100 palm-oil companies.





## From the chairman

“In 2024, the Group developed operationally and reported another record set of financial results. However, at the same time, the Group’s management and staff remained committed to responsible operation, and this TCFD report demonstrates the further progress that we have made, including additional reductions in the Group’s carbon balance sheet.”

Peter Hadsley-Chaplin





# Map and locations

## 1 SIMPANG KIRI

Mature oil-palm estate in the province of Aceh, near the border with North Sumatra, which was acquired in the early 1980s. Ffb are processed in a nearby third-party mill. A further 1,900 planted hectares were acquired in early 2023.

Group planted area: 4,300 hectares

Scheme-smallholder planted area: 300 hectares

## 2 BERTAM PROPERTIES

This land was previously the Group's Bertam Estate, all of which has been sold to Bertam Properties, a joint venture with two Malaysian partners. Starting in 1992 with an area of some 2,000 hectares, the area has been developed into a new town. The remaining developable area is 195 hectares.

Bertam Properties: 298 hectares

Group minority share: 40%

## 3 KERASAAN

Mature (ex-rubber) oil-palm estate near the town of Pematangsiantar in North Sumatra. Ffb are processed in the neighbouring Bukit Marajah mill, owned by the SIPEF Group - also the majority shareholder in Kerasaan.

Planted area: 2,300 hectares

Group minority share: 38%

## 4 PANGKATAN GROUP

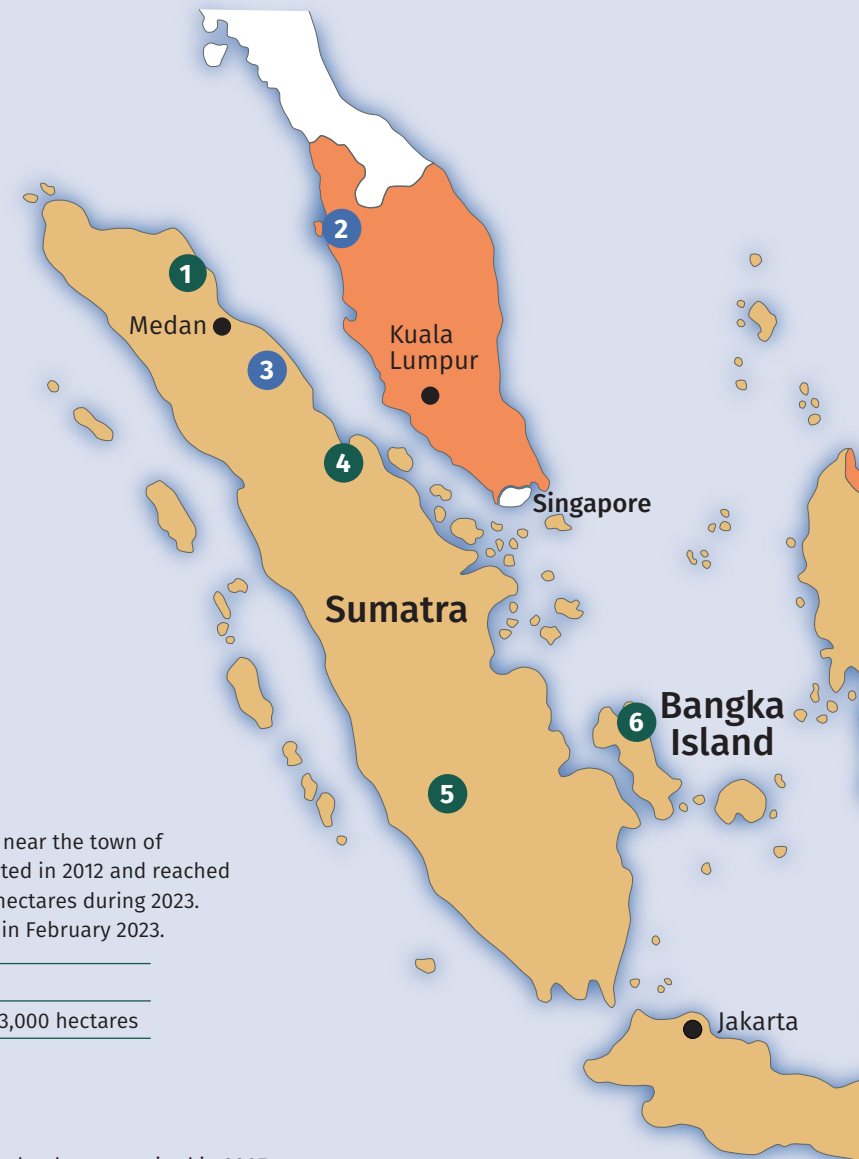
Grouping of three estates (Pangkalan, Bilah, Sennah) whose fruit is processed in a 40-tonne mill built on Pangkatan in 2005. Combination of a long-established, mature (ex-rubber) oil-palm estate (Pangkalan), and land subsequently acquired or planted (Bilah and Sennah).

Group planted area: 7,000 hectares

Scheme-smallholder planted area: 1,400 hectares

### KEY

- Indonesia
- Malaysia
- Group operation
- Minority interest



## 5 MUSI RAWAS

Located in South Sumatra province near the town of Lubuk Linggau, the project was started in 2012 and reached the initial target of 10,000 planted hectares during 2023. A 60-tonne mill was commissioned in February 2023.

Group planted area: 7,900 hectares

Scheme-smallholder planted area: 3,000 hectares

## 6 BANGKA

Located on the island of Bangka, the land was acquired in 2005. The first areas planted started production during 2009. A 45-tonne mill with composting facility and biogas plant was commissioned in May 2016 and extended to 60 tonnes in 2019.

Group planted area: 6,100 hectares

Scheme-smallholder planted area: 3,900 hectares



**7 BUMI MAS**

Located in East Kalimantan, north-east of Sangatta next to the Manubar river. The majority of the land was acquired in 2017. It was largely planted in 2012-14, with the first harvesting taking place during 2015. A 60-tonne mill was commissioned in August 2021. A further 3,000 planted hectares were acquired in July 2025.

---

Group planted area: 10,200 hectares

---

Scheme-smallholder planted area: 1,700 hectares

**8 KOTA BANGUN ESTATES**

Located in East Kalimantan, close to Kota Bangun and next to the Mahakam river. There are two mills on site: a 60-tonne mill commissioned in December 2012, and a 45-tonne mill commissioned in September 2020. A further 8,300 planted hectares were acquired in November 2023 to increase mill utilisation with Group crop.

---

Group planted area: 17,100 hectares

---

Scheme-smallholder planted area: 6,300 hectares



1-0027-06-100-00



# 1 Governance and risk management

The Group’s climate-related governance framework and risk-management processes enable the Group to proactively identify, evaluate and mitigate risks relating to climate change.

## The board of directors

TABLE 2: The Group’s board of directors



**Peter Hadsley-Chaplin**

**Chairman**

Appointed a director in 1989 and chairman in 2010. Former executive chairman of Bertam Holdings PLC and Lendu Holdings PLC. Former chairman of The Association of the International Rubber Trade. Prior to joining the Group in 1988, he was a commodity broker with C Czarnikow Limited.



**Matthew Coulson**

**Chief executive**

Appointed chief executive in 2022, having been finance director since 2017. Joined the Group as chief finance officer in 2016, with previous experience as an audit director of Deloitte LLP, including work on companies in the agricultural sector and in the technical policy team.



**Luke Shaw**

**Chief financial officer**

Appointed to the board on 1 August 2023 having joined the Group in July 2022 as chief financial officer. Qualified chartered accountant with previous experience of working with a wide range of companies, including international groups and AIM-listed businesses, as an audit manager at BDO LLP. Prior to joining the Group, held CFO position at Servomex, a division of Spectris plc and has significant experience in financial and commercial management.



The board of directors continued



**Michael  
Sherwin**

**Senior independent  
director**

Appointed a director and member of the remuneration committee in July 2022 and senior independent director and chair of the audit committee in June 2025. A non-executive director of Williams Motor Co. (Holdings) Limited. Qualified chartered accountant with over 40 years' experience in finance and leadership roles, including Price Waterhouse. Has held CFO roles at Games Workshop plc and thereafter Vertu Motors plc. Has also worked as a non-executive director on several listed boards, including Plusnet plc and Sumo Group plc.



**K Chandra  
Sekaran**

**Non-executive  
director**

Appointed to the board in 2021 and was president director of PT Evans Indonesia for over 15 years until 31 July 2023. Role changed from executive to non-executive director in August 2023. Began career in Malaysia with Harrisons and Crosfield, and from 1995 worked in Indonesia as chief operating officer for Sinarmas Plantations before joining the Group. Has a profound understanding of the Indonesian plantation industry, plantation network and the social issues related to it.



**Tanya  
Ashton**

**Independent  
non-executive director**

Appointed a director and member of the audit and remuneration committees in August 2022. Has over 18 years' experience working in ESG roles. Currently head of sustainability at Walgreens Boots Alliance, Global Sourcing, Europe and is a board member of global not-for-profit organisation The Sustainability Consortium. A non-executive director of AIREA plc since May 2023. Is recognised for her commitment to increasing sustainability in consumer products.



**Lee Yuan  
Zhang**

**Non-executive  
director**

Appointed a director in February 2023. Regional director (Plantations) of Kuala Lumpur Kepong Berhad ("KLK"), Malaysia. Former president director of PT KLK Agriservindo, Indonesia, responsible for the management of 140,000 hectares of oil-palm plantations across five Indonesian provinces. Has also held a number of senior head office roles, including senior marketing and sales, within the KLK Group.



**Kate  
Coppinger**

**Independent  
non-executive director**

Appointed a director, chair of the remuneration committee and member of the audit committee in June 2025. Was previously managing director at Standard Chartered in their oil and gas team and has significant experience in international business and corporate finance. Is also a non-executive director at both Serica Energy plc, where she is chair of the remuneration committee, and Star Energy plc, where she is chair of the audit committee.



## Governance structure

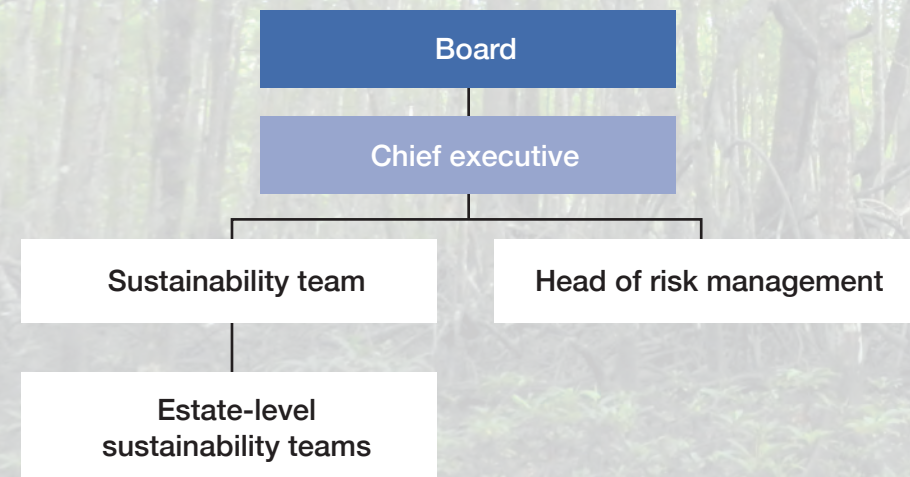
The Group's board (table 2) retains overarching responsibility for the Group's risk-management framework, including the identification and oversight of climate-related risks and opportunities. The board also monitors key decisions regarding risk-mitigation measures and the Group's climate strategy, while considering climate-related factors when reviewing the overall business strategy and major actions.

Having received extensive climate-capacity training in previous years, and with no new material topics identified in 2024, no additional board training was conducted for that year. Past sessions, facilitated by the Group's third-party ESG advisors (Inspired ESG), covered the TCFD framework, the Group's near-term and net-zero targets, and a deep dive into land use and land-use change emissions. In 2024, the focus shifted to training plantation-management teams, ensuring they are equipped to identify and address climate-related risks as they arise.

Recognising the importance of Group-wide alignment, management continues to share insights from these sessions with employees, fostering awareness of climate risks and the Group's decarbonisation efforts. The board believes that building awareness at all levels is critical to achieving meaningful change and advancing environmental goals. To strengthen its climate governance, the Group maintains a partnership with Inspired ESG, who provide support in data analysis, disclosure compliance, and strategic decision-making.

## AUDIT COMMITTEE

**The Group's audit committee operates under formally established terms of reference. The committee was chaired by Bruce Tozer throughout 2024 and its other members were Michael Sherwin and Tanya Ashton. Upon Bruce Tozer's retirement from the board in June 2025, Michael Sherwin became the audit committee chair, and Kate Coppinger joined the committee. The Group maintains an integrated-risk register which includes climate and non-climate risks, and the committee conducts an annual review and assessment of all principal risks for the Group. The head of risk management, based in the Jakarta office, oversees the Group's integrated risk register and collaborates closely with operational teams in Indonesia and the UK head office. The audit committee reviews principal risks, including climate change, and submits a summary to the board for discussion and approval. This process ensures consistent monitoring of business risks, including climate-related impacts.**





Governance structure continued

The board collectively develops climate competence and actively participates in all key climate-related discussions. To support this approach, climate change is now a standing agenda item at all board meetings, which are held six times a year. Discussions on climate-related topics during these meetings have included the unusual weather patterns experienced at some sites in 2023, and their impact on 2024 yields. Communication between the board and management is facilitated by the chief executive, who ensures that relevant updates and insights are shared across teams. The chief executive engages directly with the wider management team and the head of risk management during quarterly visits to Indonesia, and with the sustainability team on a more regular basis.

On-the-ground reporting plays a critical role in identifying and addressing climate-related issues. Members of the sustainability team are stationed at each estate, where they monitor and report on key climate-related matters such as flooding or extended dry spells. These observations are relayed to the wider sustainability team and subsequently shared with the chief executive during regular meetings. The head of risk management also reports climate-related insights to the chief executive, who in turn communicates this information to the board during board meetings. For urgent matters, the chief executive ensures timely communication by directly notifying board members outside of scheduled meetings.

**TABLE 3: Executive responsibilities regarding climate change**

Role	Climate-related responsibility
The board	Has overall responsibility for overseeing climate-related risks and opportunities and key decision-making regarding risk-mitigation measures.
Chief executive	In his role, the chief executive leads in setting policy on sustainability and managing the Group's climate-risk register.
Sustainability team	Supporting the chief executive in identifying, assessing and addressing climate-related risks and opportunities impacting the Group's operations.
Head of risk management	Responsible for maintaining the Group's risk register, working closely with operational management across Indonesia and the UK head office team.

The chief executive oversees progress against climate targets, supported by the sustainability team, ensuring that the Group stays on track with its commitments. The board reviews and approves the annual report, which includes updates on progress toward these targets.

Climate considerations, including emissions and physical risks, are integral to the board's strategic decision-making. This is especially evident when planning to expand planted hectareage through the acquisition of new land, where potential climate impacts are carefully assessed. While there are currently no direct links between board remuneration and specific climate performance metrics or targets, remuneration decisions consider a range of factors, including the Group's ESG agenda. The Group's remuneration committee are keeping this area under review, for both executive directors and for senior management in Indonesia.

Climate change has been recognised as a standalone principal risk for the Group since December 2022, following a detailed assessment by the board. This process considered the growing materiality of climate-related risks to the Group's operations and long-term resilience, ensuring they receive focused oversight and management.



## Climate-risk management

The Group maintains a robust process for identifying, evaluating, and managing risks across its operations. Climate-related risks and opportunities are identified and reviewed annually with support from third-party specialist consultants. In 2022, when the Group started to consider climate-related risks in detail, they were managed as a separate risk register and monitored separately. In 2024, climate-related risks were integrated into the Group's overall risk-management process, including the main risk register, recognising that climate change is a driver of some of the principal risks for the Group. This integration ensures that climate-related risks are considered alongside other business risks, enabling a comprehensive approach to managing both current and future challenges. Principal risks are identified as those risks that involve matters of major or practical importance to our stakeholders, that could interfere with business operations of the company, or that have significant impact in terms of financial cost or reputation. The audit committee reviews and assesses principal risks at least annually, presenting its findings to the board for approval.



Climate-risk management continued

## Step 1

### IDENTIFICATION OF RISKS

The Group conducts regular workshops to identify new and emerging risks, including climate-related risks. In November 2024, a workshop focused on these risks identifying 20 risks and five opportunities. This process involved collaboration between third-party sustainability consultants and representatives from operations, sustainability, risk management, finance, and the board. A wide range of factors were considered, such as regulatory requirements, technological advances in energy efficiency, and the potential impacts of climate change on productivity, infrastructure, employee health and safety, reputation, markets, and supply chains.

## Step 2

### EVALUATION OF RISKS

We evaluated each identified climate-related risk based on its likelihood and impact, using climate-scenario analysis. The chief executive and chief financial officer, supported by ESG consultants, assessed risks across different timescales and global warming scenarios, assigning ratings of low, medium, or high, for both likelihood and impact. A risk matrix (as shown below) was used to classify risks into “A” (immaterial), “B” (material), and “C” (material-prioritised). The most stringent mitigation measures are applied to “B” and “C” risks. A further workshop in December 2024 provided an opportunity for representatives to review risk descriptions, ratings, and estimated impacts, with feedback gathered from participants.

## Step 3

### MITIGATION OF RISKS

Mitigating actions have been identified for each climate-related risk and are regularly reviewed as part of an ongoing process. The sustainability team plays a central role in managing risks and monitoring mitigation efforts across the business. Senior managers across departments also contribute to the development and implementation of these actions, ensuring a comprehensive approach to risk mitigation.

The Group’s risk rating matrix

Impact on the business	HIGH	B	C	C
	MED	A	B	C
	LOW	A	A	B
		LOW	MED	HIGH
		Likelihood of occurrence		



## 2 Strategy

The Group is committed to the production of CSPO. Measures to avoid, minimise, and remedy adverse environmental impacts are integral to our operations, and we will continue to introduce new initiatives to strengthen our response to the climate crisis.





## Our climate-related risks and opportunities

Through climate-scenario analysis, we have identified 20 climate-related risks that could potentially impact our business operations in the future. Risks rated as "B" or "C" are classified as material and are detailed in table 5 (transition risks) and table 6 (physical risks). Non-material risks (those rated "A") are included in the appendix for reference. Physical risks were assessed at the site level, while transition risks are applicable across all Group operations. The likelihood and impact scores have been updated for each risk to reflect evolving knowledge and climatic changes.

**TABLE 4: Overview of changes in the 2024 risk assessment**

Type of change	Description
New risks	"Changing precipitation patterns and water stress" has been split into two standalone risks.
Changes to risk ratings resulting in new material risks	"Mandates on and regulation of existing products and services" (likelihood increased to high and its impact raised to medium). "Increase in Carbon/GHG pricing" (impact increased to medium).
Changes to risk ratings resulting in risks that are no longer considered material	"Changing customer behaviour" (likelihood decreased to low). "Increased stakeholder engagement and interest around ESG" (likelihood decreased to medium).

### TRANSITION RISKS

Transition risks are most pronounced under the below 2°C warming pathway, driven by evolving climate policies, regulations, and market shifts (table 5). The Group is committed to decarbonising its operations and aligning with these emerging requirements. Policy changes may lead to sudden market shifts, such as fluctuations in energy prices or the emergence of climate-conscious markets. While these changes present challenges, they also offer strategic and financial opportunities. The Group recognises the importance of adapting quickly to market trends to build business resilience. Stakeholders, including investors and customers, increasingly expect proactive climate action, placing a spotlight on our sustainability credentials. To address this reputational risk, the board integrates stakeholder feedback into our sustainability strategy and climate-action plan. By transparently communicating progress in our annual and TCFD reports, we aim to maintain trust and minimise reputational impact.



## Our climate-related risks and opportunities continued

### PHYSICAL RISKS

Physical risks, including extreme heat, flooding, wildfires, and changes in precipitation patterns, represent significant challenges to the Group's operations (table 6). Whilst oil palm is resilient, prolonged periods of overly wet or dry weather can lower crop yields or disrupt harvesting. The geographical diversity of the Group's Indonesian plantations helps mitigate weather-related impacts; however, long-term temperature rises are expected to affect all sites. Increased heat may reduce crop yields and pose risks to staff health and well-being. Flooding has already impacted estates, particularly in Aceh and South Sumatra, where the combination of location and topography increases vulnerability. Flooded areas are difficult or impossible to harvest, reducing yields. The Group continues to invest in water-management infrastructure, such as bunding, drainage systems, and pumps, to evacuate excess water. Further investments in flood defences and water-management projects may be required as risks escalate.

Wildfires also present a recurring risk during dry seasons. To address this ongoing threat, the Group invests in fire monitoring, training, firefighting resources, and community engagement initiatives. Robust fire prevention and response protocols are in place, ensuring that fires within company boundaries are quickly managed. These measures are critical to mitigating the potentially increasing risks of land fires as climate conditions evolve.

### VALUE CHAIN CLIMATE-RELATED RISKS

In 2024, the Group conducted scenario analysis for six of its key CPO refiners for the first time. CPO refiners effectively act as the Group's main customers and sell refined palm oil to companies in the food, cosmetics and energy sectors for processing and eventual sale to end consumers. The climate-scenario analysis found the following outcomes:

- Five of the refiners' sites will experience critical increases in temperature.
- Four sites are in areas of future high-water stress.
- Four sites are in areas susceptible to flooding, while one additional site may experience indirect flood risks from flooding of surrounding areas.
- Five sites are in moderate wildfire risk areas.
- One site may experience 0.5 meters of sea level rise by 2070.

Despite this, the Group has storage capacity at all plantations and is never reliant on a single refiner to purchase CPO. This means that if a refiner is unable to operate for a short period of time due to experiencing one of the physical impacts above, the Group will still be able to sell its CPO. The Group will look to engage with these refiners to discuss existing mitigation measures. Moving forward, we will continue to expand our scenario analysis into our upstream and downstream value chains to ensure we fully understand our exposure to physical climate risks in our value chain.

### FINANCIAL IMPACTS OF CLIMATE-RELATED RISKS

As the Group advances in managing and mitigating climate-related risks, the potential financial impacts of identified risks are being assessed in a more detailed way. The Group has, for a long time, undertaken prudent and long-term financial planning and has, for many years, demonstrated its ability to deliver progressive returns for its investors. It is not complacent about risk management, including climate-related risks, and takes them into account when making long-term investment decisions. To the extent that it is useful for stakeholders and not commercially sensitive, further information may be included in future reporting.



**TABLE 5: The Group’s transition risks**

Risk and rating	Timeline and pathway	Impact	Description	Mitigation
<p><b>T1. Enhanced emissions reporting and other reporting obligations</b></p> <p><b>Category: Policy and legal</b></p> <p><b>Likelihood:</b> HIGH</p> <p><b>Impact:</b> LOW</p>	<p>Short – medium term (2024-2039)</p> <p>Pathway: &lt;2°C 2-3°C</p>	<p>Increase in operating expenditures.</p> <p>Potential non-compliance and late filing fees.</p>	<p>ESG regulations continue to evolve and investors are increasingly demanding greater transparency on climate-related risks and opportunities, leading to more rigorous reporting requirements. It is likely that M.P. Evans will experience increased climate-related reporting obligations under frameworks for example TCFD, requiring carbon footprint reporting (scopes 1, 2, and 3) and improved data accuracy. Indonesia is targeting a 29-41% reduction in GHG emissions by 2030 and net zero by 2060. Current progress indicates that these targets may not be met, potentially leading to stricter regulations and policies.</p> <p>Compliance with stricter regulations is expected to require an increase in operational expenditure to cover the cost of third-party consultancy, improved data management and reporting systems, and increased staff resources as necessary to facilitate accurate and reliable reporting processes.</p>	<p>M.P. Evans is already incorporating climate disclosures into its annual reports to comply with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and is already reporting a full scopes 1, 2 and 3 emissions footprint. Furthermore, the Group produces standalone TCFD and ESG reports. The Group will continue to be proactive with its disclosures, by voluntary reporting. We have made advances in our ESG reporting over the past few years and will continue to make improvements in the way that we publicly disclose our commitments, targets and progress.</p>
<p><b>T2. Mandates on and regulation of existing products and services</b></p> <p><b>Category: Policy and legal</b></p> <p><b>Likelihood:</b> HIGH</p> <p><b>Impact:</b> MED</p>	<p>Short – medium term (2024-2039)</p> <p>Pathway: &lt;2°C 2-3°C</p>	<p>Reduced revenue.</p> <p>Increase in operating expenditures.</p> <p>Increased compliance costs.</p> <p>Costs associated with European Union Deforestation Regulation (“EUDR”).</p>	<p>The Group may experience rising costs due to stricter mandates and regulations on its products. As governments take stronger climate action, compliance with more rigorous regulations could become expensive.</p> <p>In 2022, the EU passed legislation requiring companies to conduct thorough due diligence under the EUDR framework, aiming to prevent illegal deforestation in global supply chains through stricter monitoring and compliance.</p> <p>Similarly, the UK proposes to reduce its deforestation impact through continuing current regulation of the import of timber and timber products, and establishing a due diligence system. This due diligence system aims to assure the sustainability of timber and other forest-risk commodity supply chains. Further investment in internal resources and engagement with third-party ESG consultants may be required to stay on top of changing regulations, as we transition to a decarbonised economy.</p>	<p>The Group prioritises compliance with international standards for the production of sustainable palm oil (RSPO and ISCC) and is well-placed to adapt to comply with new regulations. Ongoing monitoring of regulatory developments and stakeholder engagement ensures proactive adaptation to emerging mandates.</p>



**TABLE 5: The Group's transition risks continued**

Risk and rating	Timeline and pathway	Impact	Description	Mitigation
<p><b>T3. Increase in carbon/GHG pricing</b></p> <p><b>Category: Policy and legal</b></p> <p><b>Likelihood:</b> MED</p> <p><b>Impact:</b> MED</p>	<p>Medium term (2030-2039)</p> <p>Pathway: 2-3°C</p>	<p>Increased costs associated with a carbon tax for scopes 1 and 2 emissions.</p>	<p>Carbon pricing would increase operational and compliance costs by directly charging for emissions. Indonesia has introduced a carbon tax as part of its efforts to reduce carbon emissions and achieve its climate goals. This tax, mandated by Law No. 7 of 2021, is initially targeted at coal-fired power plants and sets a minimum rate of IDR 30 per kilogram of CO<sub>2</sub> equivalent (CO<sub>2</sub>e), relatively low compared to international standards. In a 2-3°C increase in global warming, projected carbon tax costs could be significant, reaching £1.45m in 2040 and £1.49m in 2050. Additionally, suppliers affected by carbon pricing may pass on higher costs for goods and services, further impacting the Group.</p>	<p>M.P. Evans has measured its full scopes 1, 2, and 3 emissions and set near-term and net-zero targets to reduce them over time, lowering exposure to carbon-pricing risks. Any proposed carbon tax relevant to the industry or location will be closely monitored.</p> <p>While the Carbon Border Adjustment Mechanism (“CBAM”) has been considered, intermediaries exist between M.P. Evans and the EU. However, the Group has all necessary data to comply with CBAM if required in the future.</p>
<p><b>T9. Stigmatisation of sector</b></p> <p><b>Category: Reputation</b></p> <p><b>Likelihood:</b> MED</p> <p><b>Impact:</b> MED</p>	<p>Short – medium term (2024-2039)</p> <p>Pathway: &lt;2°C 2-3°C</p>	<p>Reduced revenue. Higher compliance costs.</p>	<p>The palm-oil industry often faces intense criticism for its impact on the environment. The stigma surrounding the industry has led to scrutiny, boycotts and pressure on companies to adopt more sustainable practices. The risk of negative sector perception can lead to reputational damage, impacting individual companies within that sector, even if they haven't directly engaged in any negative actions. This can lead to declining investor confidence, reduced sales and lower revenue. It can also make it harder for companies to attract and retain skilled employees, as potential candidates may be hesitant to work in a sector with a poor reputation.</p> <p>Stigmatisation of the palm-oil industry has already led to scrutiny from regulators and authorities, leading to demand for sustainable alternatives and increased pressure on companies to disclose their sourcing practices. This can potentially result in higher compliance costs.</p>	<p>As part of its mitigation strategy, the Group is:</p> <ul style="list-style-type: none"> <li>• Continuing to uphold compliance with standards for the production of sustainable palm oil, particularly RSPO.</li> <li>• Continuing to be open and transparent about actions taken and progress made.</li> <li>• Continuing to communicate the benefits of CSPO.</li> </ul>



**TABLE 5: The Group’s transition risks continued**

Risk and rating	Timeline and pathway	Impact	Description	Mitigation
<p><b>T12. Costs to transition to lower-emissions technology</b></p> <p><b>Category: Technology</b></p> <p><b>Likelihood:</b> HIGH</p> <p><b>Impact:</b> MED</p>	<p>Short - medium term (2024-2039)</p> <p>Pathway: &lt;2° C 2-3° C</p>	<p>Increased capital expenditures.</p>	<p>Lower-emission technology often comes at a higher capital cost compared to traditional alternatives. While more sustainable options are expected to emerge, early adoption may require significant investment.</p> <p>Implementing new processes may also require training and operational adjustments, temporarily reducing productivity. Additionally, some technologies have long payback periods, impacting profit and loss forecasts. The Group may also need to retire existing technology early, further increasing costs.</p>	<p>Upfront investment in biogas plants at business sites to reduce energy usage may be offset by savings from improved energy efficiency and additional revenue from selling surplus energy to the grid.</p> <p>Additionally, the Group has trialed two electric motorbikes on its sites and plans to expand the use of low-emission vehicles, further reducing carbon emissions and operational costs over time. The Group is also investing in climate-resilient technologies, including flood pumps, to safeguard operations in areas vulnerable to climate change.</p>

**TABLE 6: The Group’s physical risks**

Risk and rating	Timeline and pathway	Impact	Description	Mitigation
<p><b>P1. Rising mean temperatures</b></p> <p><b>Category: Chronic</b></p> <p><b>Likelihood:</b> HIGH</p> <p><b>Impact:</b> LOW</p>	<p>Medium – long term (2030-2055)</p> <p>Pathway: 2-3° C &gt;3° C</p>	<p>Reduced revenue.</p> <p>Increased operating costs.</p>	<p>Indonesia has already experienced an increase in temperature, which is likely to continue. Oil palm is a resilient crop, but continued increasing temperatures may damage crops and reduce yield, especially during the driest seasons. Warmer climates may bring new pests and diseases, or expand the range of existing ones, negatively impacting crop health. Rising temperatures could also lead to long-term changes in soil moisture, humidity, and UV radiation. The capital cost of cooling technologies and shaded areas, including installation and maintenance, will rise. The health and well-being of workers will also be impacted by increased temperatures, leading to reduced productivity and higher demand for cooling and increased energy costs.</p>	<p>M.P. Evans will continue to monitor and assess climate developments to stay aligned with emerging insights. All properties are regularly checked to ensure sufficient ventilation for hot days. Estate workers operate between 6am and 1pm to limit exposure to the hottest part of the day.</p> <p>The temperature at each site is closely monitored for variations, which are then analysed to understand the underlying causes.</p> <p>In response to pests like Ganoderma butt rot and rhino beetles, infected trees are removed and either chipped or surrounded by water-filled trenches to prevent further infestation. All plantation employees are trained to detect pests early, ensuring rapid response to outbreaks. The Group also plants complementary crops to attract natural predators, helping reduce pest numbers. To further improve response times, the Group is exploring the addition of further early detection sensors.</p> <p>These measures ensure that the Group has a strong mitigation strategy in place to address the increased risk of pest outbreaks as mean temperatures rise.</p>



**TABLE 6: The Group's physical risks continued**

Risk and rating	Timeline and pathway	Impact	Description	Mitigation
<p><b>P2. Flooding</b></p> <p><b>Category: Acute</b></p> <p><b>Likelihood:</b> HIGH</p> <p><b>Impact:</b> LOW</p>	<p>Medium – long term (2030-2055)</p> <p>Pathway: 2-3°C &gt;3°C</p>	<p>Decreased revenue.</p> <p>Devaluation of assets due to flood damage.</p> <p>Increase in insurance costs.</p> <p>Increased capital and operating costs.</p>	<p>Flooding negatively impacts oil-palm yields, largely due to erosion and loss of nutrients leading to reduced nutrient uptake and stunted growth. Disruptions in harvesting operations due to flooding can also adversely affect yield and impact revenue.</p> <p>Flooding may also damage buildings and infrastructure, increasing costs for renovation, repair, and maintenance. Damages may require replacing stocks, resulting in higher capital expenditure. In severe cases, building structures may be compromised, leading to high repair costs.</p> <p>Transport networks around the site may be inundated, preventing customers from accessing the site and disrupting supply chains, which could reduce revenue. Transport issues may also prevent employees from reaching the site, reducing productivity.</p>	<p>All sites have water gates to enable flood water to be quickly discharged. Water drainage is actively maintained, and additional water gates are being installed at our Sennah and Bilah estates. At our Simpang Kiri estate, worker housing and offices that have been prone to flooding are being relocated to higher ground. Two large water-catchment areas have also been constructed at our Kota Bangun estate to moderate the flow of water through the estate. Our Bumi Mas estates in East Kalimantan have experienced seawater intrusion. Water gates will be maintained to make sure they are not letting water in from the sea.</p>
<p><b>P3. Wildfires</b></p> <p><b>Category: Acute</b></p> <p><b>Likelihood:</b> MED</p> <p><b>Impact:</b> MED</p>	<p>Long term (2040-2055)</p> <p>Pathway: &gt;3°C</p>	<p>Decreased revenues due to damage to estates and oil palms.</p> <p>Increase in costs to invest in firefighting fleet.</p>	<p>If a wildfire reaches an operating site, it could damage buildings, equipment, oil palms or conservation areas. Any resulting wildfire damage would require capital spending on restoration, renovation, repair, and replacement, increasing capital expenditures.</p> <p>Smoke from wildfire causes haze and poses serious health concerns, especially for those who work outside. School closures are common during periods of haze to protect the health of children. Deteriorating visibility due to haze could lead to governments closing airports.</p>	<p>A fire occurred at the Musi Rawas estate in 2023, and again in 2024. However, this was quickly stopped by the large team of trained fire marshals before significant damage occurred. We have watch towers on all estates that are manned continuously to ensure a fast response and firefighting equipment is at all estates. All staff undergo annual fire training and drills, and the fire marshals have begun engaging with the local communities around the estates on fire safety. Additionally, there are security trenches at the edge of all estates, which may help act as fire breaks, although formal fire breaks are being considered. The Group has a zero-tolerance approach to burning as a method for clearance and reports instances in surrounding areas.</p>



**TABLE 6: The Group’s physical risks continued**

Risk and rating	Timeline and pathway	Impact	Description	Mitigation
<p><b>P5. Heatwaves/ extreme heat</b></p> <p><b>Category: Acute</b></p> <p><b>Likelihood:</b> HIGH</p> <p><b>Impact:</b> LOW</p>	<p>Short – long term (2024-2055)</p> <p>Pathway: 2-3°C &gt;3°C</p>	<p>Decreased worker safety and yields.</p>	<p>Extreme heat may reduce staff productivity, and governments may impose restrictions on outdoor work, especially manual labour. Increased demand for air conditioning to maintain optimal temperatures could raise energy costs and scopes 1 and 2 emissions. The Group may also need to invest in shaded areas to protect staff from heat and sun exposure.</p> <p>Extreme temperatures may also limit oil-palm growth, affecting yields and profitability.</p>	<p>Working hours for our staff outside are already 6am to 1pm and these hours could be further shifted to reduce exposure to the hottest hours in the case of a heatwave. All workers are already provided with a constant supply of fresh water, the importance of which would only increase in a heatwave.</p> <p>The Group continues to study scientific findings on the impact of climate change on all parts of its operations.</p>
<p><b>P6. Water stress</b></p> <p><b>Category: Chronic</b></p> <p><b>Likelihood:</b> MED</p> <p><b>Impact:</b> MED</p>	<p>Medium – long term (2030-2055)</p> <p>Pathway: &gt;3°C</p>	<p>Decreased revenues due to crop failure.</p> <p>Increase in operating costs.</p>	<p>Drought conditions could significantly impact crop yields, reducing overall production. Yield quality may also decline if the palm fruit does not receive enough water to grow and mature. Future El Niño events may exacerbate these issues, leading to yield reductions in certain years.</p> <p>The capital costs of purchasing and installing water-efficiency technology and water-storage facilities may increase. Operations that rely on water, such as crop cleaning and irrigation, may be affected by water restrictions. Water may also need to be sourced from brackish or saline sources, requiring greater treatment and resulting in higher costs. Limited water availability will put pressure on energy generation, as decreased hydropower supply and limited cooling for nuclear, gas, and coal-power stations will reduce electrical output.</p> <p>Increased water stress in a location could result in a lack of freshwater resources for hydration, sanitation, and hygiene.</p>	<p>A standard operating procedure is in place to use the water gates typically employed during flooding to trap water on the estates during the dry period. Water is also collected in reservoirs, such as at Bangka, where a three-month milling supply is held, and at Pangkatan, with a six-month supply. Some estates may need to enlarge reservoirs to retain more water. Bangka can also draw water from old mining ponds.</p> <p>Additionally, our improved water productivity for milling is helping to reduce this risk as less water is needed to process each tonne of fresh fruit bunches (“ffb”). Further investment in longer-term water storage may be needed to collect excess water from wet seasons to supply water in the dry seasons.</p> <p>M.P. Evans currently recycles the water from the palm-oil mill effluent (“POME”) during the palm-oil milling process and ensures that this water is in a suitable condition to be reused.</p>



**TABLE 6: The Group's physical risks continued**

Risk and rating	Timeline and pathway	Impact	Description	Mitigation
<p><b>P7. Changing precipitation patterns</b></p> <p><b>Category: Chronic</b></p> <p><b>Likelihood:</b> HIGH</p> <p><b>Impact:</b> MED</p>	<p>Medium – long term (2030-2055)</p> <p>Pathway: &lt;2°C 2-3°C &gt;3°C</p>	<p>Decreased revenues due to crop failure.</p>	<p>Oil-palm cultivation relies on consistent rainfall, and changing precipitation patterns may affect peak yields. Decreasing precipitation can dry out soils, impairing root absorption and lowering crop quality. On the other hand, increased precipitation raises the risk of flooding and soil saturation, potentially damaging or killing trees. Prolonged oversaturation could lead to long-term tree mortality.</p> <p>At one of our Bangka sites, annual rainfall dropped from 2,600mm-2,800mm to below 1,500mm from 2022 to 2024, impacting about 5% of the crops. While this decrease presents challenges, it has driven improvements in water efficiency and property management. Staff have also observed increasingly unpredictable rainfall patterns at sites like Kota Bangun, differing significantly from records of 20-30 years ago.</p> <p>Changing rainfall patterns can lead to landslides that may disrupt road networks and plantation access. Landslides could also cause significant damage to large plantation areas.</p>	<p>Unpredictable precipitation patterns have driven innovative mitigation measures such as the creation of big water reservoirs to retain water during wet seasons for using during dry seasons. Water is slowly released to the field when needed.</p>

**TABLE 7: The Group's climate-related opportunities**

Opportunity	Timeline	Pathway	Impact	Description
<b>Resource efficiency</b>	Short – medium term (2024-2039)	<2°C 2-3°C	Reduced operating expenses.	By implementing advanced energy-efficiency technologies, optimising fertiliser and agrochemical use, the Group can significantly cut energy consumption, reduce emissions, and lower costs, contributing to its net-zero targets.
<b>Energy source</b>	Short – medium term (2024-2039)	<2°C 2-3°C	Reduced operating expenses.	Expanding on-site renewable energy generation and electrifying energy-intensive assets will reduce dependency on external energy sources, shielding the Group from price volatility, lowering emissions, and enhancing worker health.
<b>Products and services</b>	Short – medium term (2024-2039)	<2°C 2-3°C	Increased revenue.	Global demand for RSPO-certified, deforestation-free, and low-emissions palm oil is expected to rise as consumer awareness of ESG and climate change grows. Products meeting the highest sustainability standards, such as Identity Preserved (“IP”) palm oil, may command a price premium in the market. As a producer of CSPO, the Group is strategically positioned to capitalise on this opportunity and drive increased revenue.
<b>Markets</b>	Short – medium term (2024-2039)	<2°C 2-3°C	Increased revenue.	Palm oil remains the highest-yielding vegetable oil per hectare, offering cost-efficiency and requiring less irrigation compared to alternatives such as soybean and rapeseed oil. While its impact on biodiversity varies depending on land-use practices, responsible and sustainable cultivation methods can help mitigate environmental concerns. These attributes, combined with increasing demand for sustainable and certified palm oil, suggest potential market growth opportunities for the Group.
<b>Resilience</b>	Short – medium term (2024-2039)	<2°C 2-3°C	Increased competitiveness.	Climate resilience involves building adaptive capacity to manage climate-related risks and seize opportunities. Oil palm's natural hardiness offers a competitive advantage, as it can tolerate short-term deviations in weather conditions better than crops like soybean and rapeseed, which are more vulnerable to physical climate risks. By strengthening its operational and environmental resilience, the Group can mitigate risks and maintain a competitive edge in the market.



## Climate-scenario analysis

An updated TCFD-aligned climate-scenario analysis was conducted in September 2024 to evaluate climate-related risks and opportunities.

Climate scenarios project potential futures under varying global warming pathways, helping us to better understand the potential impacts of climate change on our operations. As more complete and accurate datasets become available each year, the analysis is repeated to ensure any changes to outcomes of the models are included in the risk-management process.

For our analysis, we utilised internationally recognised climate models and frameworks, including the International Energy Agency's World Energy Models ("WEM"), Shared Socioeconomic Pathways ("SSPs"), Climate Natural Catastrophe Damage Models, Co-ordinated Regional Climate Downscaling Experiment ("CORDEX") forecasts, and Integrated Assessment Models ("IAM"). These models provide valuable insights but have inherent limitations, such as potential discrepancies between predictions and real-world conditions. Variables like precipitation, ocean currents, permafrost, and cloud cover may be over or underestimated, leading to some uncertainty in predictions.

The Group's climate-scenario analysis considered three distinct warming pathways (table 8): below 2°C, 2–3°C, and above 3°C by 2100. These pathways reflect different global responses to climate change, ranging from "business as usual" to the rapid transition toward a low-carbon economy. Risks and opportunities were assessed across three time horizons: short-term (2024–2029), medium-term (2030–2039), and long-term (2040–2055). The short-term time horizon aligns with business and capital planning cycles, while the medium-term timescale aligns with the Group's near-term emission-reduction targets set for 2030. The long-term timeline aligns with the Group's net-zero target year of 2050, when the Group will be emitting zero net emissions. Further discussion of these targets can be found in the metrics and targets section shown on page 29.





## Governance and risk management continued

### Climate-scenario analysis continued

The resilience of the Group's business model and strategy was evaluated under each scenario. In the below 2°C pathway, the strategy is well-aligned with a low-carbon transition, leveraging investment in sustainable products and operations. Under the 2–3°C scenario, the business model remains adaptable, supported by flexible planning and targeted risk mitigation. In the above 3°C scenario, resilience is challenged by rising physical risks, but the Group has contingency plans and adaptation measures in place.

This comprehensive scenario analysis underpins our understanding of climate-related risks and informs our strategic planning to adapt to, and mitigate potential impacts.

**TABLE 8: Three warming pathways**

Scenario warming pathways		
<b>1</b> <b>&lt;2°C BY 2100:</b>	<p>Governments implement initiatives, and businesses work to reduce emissions to meet the target of net zero by 2050.</p>	<p>In this scenario, businesses and governments would start implementing initiatives, to reduce the impact of climate change. This scenario is the most optimistic and desired outcome. It would require collaboration from individuals and organisations. Also, it would require organisations to begin strongly aligning with the Paris Agreement and set their own net-zero targets. Transition risks would be high in this scenario. However, it would reduce the severity of physical climate-change impacts on organisations and individuals in the future.</p>
<b>2</b> <b>2-3°C BY 2100:</b>	<p>Climate action is not taken immediately, resulting in an unstructured response by Governments.</p>	<p>The commitments made at COP26 will likely result in this scenario. In this scenario, governments take action to implement the relevant legislation. However, these legislations are poorly structured and implemented. As a result, this pathway experiences both transition and physical risks, as policies are hastily put into place and specific climate tipping points are reached.</p>
<b>3</b> <b>&gt;3°C BY 2100:</b>	<p>Governments and businesses take limited action, to reduce their environmental impact, resulting in an increased rate of climate change.</p>	<p>In this scenario, there is a lack of interest from organisations and governments, which means society continues with a "business as usual" attitude. Therefore, emissions continue to rise until 2040. Decarbonisation does not occur in any sector, with limited pressure being put on generating renewable energy and fossil fuels being used. The transition risks for businesses are limited. However, the physical risks are most severe under this scenario, with multiple tipping points being passed.</p>



## Climate resilience

The Group remains steadfast in its commitment to producing CSPO, placing sustainability at the core of strategic and operational decision-making. Our business strategy is continuously adapted to align with evolving regulations, industry standards, and climate-related risks, and we are confident in our ability to prepare for, recover from, and adapt to the impacts of climate change.

We believe that sustainable-agricultural practices and technology can optimise productivity, enhance biodiversity, increase carbon sequestration, reduce emissions, and build resilience to climate change. The Group’s plantations are developed and managed in accordance with the RSPO principles and criteria. This includes identifying and protecting high-carbon-stock areas, prohibiting development on High Conservation Value (HCV) land, strictly forbidding land clearing by burning across all concessions, adopting Integrated Pest Management (IPM) techniques, and implementing best-management practices (such as erosion control, water-level maintenance and sustainable management of natural water resources) in accordance with RSPO guidelines. Adhering to RSPO standards helps us to effectively address risks like water scarcity, pollution, and flood control. Furthermore, by having our plantations and mills certified by the RSPO and ISCC, the Group is able to charge a premium for its certified products, further enhancing the Group’s financial strategy and resilience.

The TCFD framework has been instrumental in enhancing our sustainability programme and understanding the strategic and financial implications of climate change. Inspired ESG have conducted capacity-building sessions, ensuring awareness of TCFD principles across the organisation. Mitigating actions have been identified for each climate-related risk (see tables 5 and 6), and in many cases, these are already being implemented – for example, the Group’s robust fire prevention and response mechanisms. We remain committed to identifying and adopting additional initiatives where necessary.

Aligned with the Science-Based Targets initiative (SBTi) and the TCFD framework, the Group has set clear, science-aligned emission-reduction targets as part of its net-zero strategy. This strategy includes plans to address emissions across the entire value chain (table 9). We are confident in our ability to effectively manage both transition and physical risks, ensuring our business remains resilient, sustainable, and profitable in a net-zero economy. The Group is committed to transparency and accountability, regularly monitoring progress against our climate targets and reporting on key performance indicators. The Group has decided not to set an internal carbon price at this stage, but will review this annually to determine its suitability.

**TABLE 9: Key areas of our net-zero strategy**

Our suppliers	Our own operations	Downstream
Updated procurement policy.	Methane capture (5 of 6 mills in 2024) and biogas production (5 of 6 mills in 2024).	Refiner climate modelling (completed in 2024).
Identify key suppliers contributing most to emissions.	Fertiliser reduction and switching.	Engage with refiners to collect accurate scope 3 emissions data.
Score suppliers and collect GHG emissions data.	Carbon removal opportunities (e.g, biochar) (investigation begun in 2024).	
Encourage suppliers to set emission-reduction targets.	Electric vehicles (trials in 2024).	
	LED lighting.	
	Solar panels.	
	Improved waste management.	





# 3 Metrics and targets

The Group's climate-related metrics and targets are used to monitor progress towards reducing the impact of climate change and help inform climate-related strategy.

## Our climate-related targets

The Group utilises a comprehensive set of environmental metrics and targets to assess and monitor its environmental impacts. Progress is reported annually in our sustainability and ESG reports, as well as in our annual and interim reports, and additionally on our website. Our climate-related targets are set against a baseline of 2021 and encompass the following key topics: emissions reduction, water stewardship, waste management, technology, and land conservation (table 10). Each target in table 10 is designed to address multiple risks, with an example risk provided for each target to illustrate its broader impact.



**TABLE 10: The Group's climate-related targets**

Target	2021 Baseline value	2024 Value	% Change	Comments
<b>Emissions reduction</b>				
Reduce the Group's absolute industrial scopes 1, 2 and 3 emissions by 28% by 2030 from a 2021 base year.	2,448,800tCO <sub>2</sub> e	1,515,200tCO <sub>2</sub> e	-38%	Target achieved in 2024. The Group commits to maintain a 28% reduction in absolute industrial scopes 1, 2 and 3 emissions until 2030, from a 2021 base year. Mitigates risk T3.
Reduce the Group's absolute industrial scopes 1, 2 and 3 emissions by 90% by 2050 from a 2021 base year, in line with reaching net zero.				An annual reduction of 2.0% is needed to meet the target. Mitigates risk T1.
Reduce the Group's FLAG emissions intensity by 53% per tonne of CPO produced by 2030 from a 2021 base year.	1.07tCO <sub>2</sub> e/tCPO	0.74tCO <sub>2</sub> e/tCPO	-31%	An annual reduction of 3.0% is needed to meet the target. Mitigates risk T11.
Reduce the Group's absolute FLAG emissions by 72% by 2050 from a 2021 base year, in line with net zero for the agriculture sector.	334,000tCO <sub>2</sub> e	274,500tCO <sub>2</sub> e	-18%	An annual reduction of 2.1% is needed to meet the target. Mitigates risk P1.
<b>Water stewardship</b>				
Maintain the Group's annual water use intensity per tonne of ffb milled to less than 1.1 m <sup>3</sup> by 2030, from a 2021 baseline of 1.2 m <sup>3</sup> /tonne ffb.	1.2m <sup>3</sup> of water/ tonne of ffb milled	1.1m <sup>3</sup> of water/ tonne of ffb milled	N/A	On track. Mitigates risk P6.
<b>Waste management</b>				
100% of the Group's POME to be treated in covered ponds by 2030, up from 82% in 2021.	82.0%	86.2%	N/A	On track. Mitigates risk T7.
<b>Technology</b>				
Have at least two electric vehicles within the Group in 2024.	0 vehicles	2 vehicles	N/A	Target achieved in 2024. Mitigates risk T12.
Have at least 100 vehicles within the Group run using low-emissions energy by 2030, from 2 in 2024.	0 vehicles	2 vehicles	N/A	New target. Mitigates risk T12.
<b>Land conservation</b>				
Increase the Group's hectares of protected conservation land to 10% of total planted hectareage by 2025 from a baseline of 7.7% in 2021.	4,056ha, 7.7%	8,004ha, 12.1%	N/A	Target achieved in 2024. The Group will aim to maintain at least 10% of planted area as conservation land moving forward. Mitigates risk T8.



## EMISSIONS REDUCTION

The Group's industrial emissions refer to emissions from energy consumption (transport fuels, gas and electricity) in our controlled assets (scopes 1 and 2) and in our supply chain (scope 3) that do not come from nature-based sources. The Group has set targets to reduce absolute industrial emissions by 28% by 2030 and by 90% by 2050 from a 2021 base year. This requires an annual reduction of 3.1%. Between 2023 and 2024, the Group recorded a 17% increase in industrial scopes 1 and 2 emissions and a 19% reduction in industrial scope 3 emissions. The Group has reduced total industrial emissions by 39% since the 2021 baseline, achieving the 28% reduction target six years early. Going forward, a mix of energy-efficiency measures, on-site generation and electrification will enable a further reduction in industrial scopes 1 and 2 emissions. To reduce our industrial scope 3 emissions, we will engage with our supply chain to collect more accurate supplier-specific emissions data and to encourage them to set their own ambitious emission-reduction targets. In 2024, we have started engaging with our refiners since they are the largest contributors to our scope 3 emissions. While most of our scope 3 emissions are outside our direct control, the Group acknowledges that we have direct control over business travel and influence on employee commuting emissions. Therefore, we will identify opportunities and prioritise implementation to reduce these emissions.

The Group's FLAG emissions comprise three main sources: scope 1 emissions from the land-management practices applied at our plantations, scope 1 land-use change emissions from the historical conversion of land to oil palm, and scope 3 emissions from the purchase of agricultural products such as fertiliser and independent smallholder ffb. Our science-aligned near-term target is to reduce our FLAG emissions by 53% per tonne of CPO on an intensity basis by 2030, from a 2021 base year. Between 2023 and 2024, our FLAG emissions intensity decreased by 28%, largely due to a decrease in emissions from purchased fertiliser and agrochemicals through data granularity improvements. We aim to continue to make progress against this target. Our science-aligned net-zero target is to reduce the group's FLAG emissions by 72% by 2050 from a 2021 base year. This lower net-zero target from the SBTi, compared to the usual 90% emission reduction, reflects the unavoidable emissions in the agricultural sector and acknowledges that it may be impossible to reduce these emissions to zero.

## WATER STEWARDSHIP

As the Group does not irrigate its crops, water usage primarily occurs in the milling process, as well as for household and office sanitation. At all our palm-oil mills, water-management systems, including water recycling, are in place to support our target of limiting water-use intensity for palm-oil processing to less than 1.1m<sup>3</sup> per tonne of ffb. This target was first achieved in 2023 and maintained in 2024, with water-use intensity recorded at 1.1 m<sup>3</sup> per tonne of ffb. We continue to explore opportunities to further reduce this figure and aim to maintain or improve performance through to 2030.

In addition to its commitments to reduce water use, the Group is committed to protect the water quality of water courses and natural water bodies in concession areas. Effluent from our operations is never discharged into rivers or watercourses and is treated to ensure it is consistently below statutory thresholds for Biological Oxygen Demand (BOD) and Chemical Oxygen Demand (COD). On our estates, water is carefully managed to regulate water levels, prevent erosion, safeguard the palms from flooding or seawater intrusion, and ensure optimal conditions for the crops. In areas with slopes, we implement contour terraces to slow water run-off and prevent erosion. In areas with older plantings on peat soils, we maintain optimal water levels to minimise peat subsidence and the release of greenhouse gases.

## WASTE MANAGEMENT

M.P. Evans is committed to operating as a zero-waste business, ensuring that all agricultural waste streams are either repurposed as a fuel source for heat or electricity generation, or returned to the soil through composting and land application to enrich its fertility.

Five of our six mills are equipped with methane-capture facilities, where POME is treated in covered biodigester tanks. This process captures methane and CO<sub>2</sub> emitted during the decomposition of POME. The biogas generated is used to power a biogas engine for electricity production, and any excess biogas is flared when necessary. This not only significantly reduces GHG emissions by preventing methane release, but also supports our renewable energy generation efforts.



## Metrics and targets continued

In addition, the treated effluent is repurposed as fertiliser for the plantations, completing the circular approach to waste management. The Group has set a target for 100% of POME to be treated in covered ponds by 2030, up from 82% in 2021, reducing methane emissions and marking significant progress in this area. In 2024, 86% of POME was treated in covered ponds. The Group continues to assess the viability of covered ponds at the Pangkatan mill.

We are also currently exploring the composition of household waste generated by our on-site employees and have improved data granularity to organic and inorganic household waste in 2024. The Group is currently working toward setting targets for the reuse and recycling of this waste, in line with local feasibility and community capabilities.

## TECHNOLOGY

The Group recognises the significant role that new technologies will play in reducing emissions and mitigating climate risks. In line with this, we set a target to introduce at least two electric vehicles into our operations by 2024, up from zero in 2021. This is part of an initiative to explore the potential of electric two-wheeled mobility to reduce emissions from employee commuting and to lessen our reliance on diesel, helping to mitigate the risk of rising energy costs in the future. In 2024, we trialled two electric motorbikes, which, while technologically successful, still requires some additional planning to expand this initiative moving forward. The Group is committed to increasing the number of vehicles run using renewable energy (including motorbikes, 15-tonne trucks, 7-tonne trucks, estate vehicles and heavy machinery where technology allows) to 100 by 2030, up from 2 in 2024. The Group is currently investigating electric school buses and electric 12-15-tonne trucks.

## LAND CONSERVATION

The Group manages and monitors conservation areas that have high conservation value and that contain high concentrations of carbon in the vegetation and soils. This supports both climate adaptation and mitigation. In 2023, the Group set a conservation-land target to increase the hectares of protected conservation land to 10% of total planted hectareage by 2025, up from 7.7% in 2021. This target has been achieved in 2024, as the Group secured the right to manage and conserve an area of approximately 1,400 hectares of land around the Bumi Mas estate. In doing so, the Group has increased the total conservation area to 8,004 hectares, which is 12.1% of total planted hectareage. The conservation area around Bumi Mas is comprised primarily of mangrove forest and was previously not being actively managed or conserved. After a significant amount of work by the management team at Bumi Mas, the Group's sustainability team, and with the support of senior management, the Group has worked successfully with the local community and with the relevant local authorities to secure the right to manage and conserve the area. We are now working on developing comprehensive environmental management and monitoring plans to protect and enhance the biodiversity and carbon stock of the area. Whilst it doesn't form part of the Group's carbon balance sheet, it is estimated that more than 500,000 tonnes of CO<sub>2</sub> are sequestered within this area.

The Group commits to maintaining at least 10% conservation land while continuing to expand planted hectareage. We will do so by our commitments to identify and protect forest and other natural ecosystems within our concessions, consistent with the HCV and HCS (high carbon stock) approaches and RSPO guidelines. Conservation areas are regularly monitored by the Group's sustainability teams on the ground. Since 2019, drones have been employed to help protect these areas from encroachment. Prominent signboards are placed in conservation areas, providing specific details and warning that unauthorised access is prohibited. Training is conducted for both our workers and local communities to raise awareness of the importance of HCV areas, and hunting is strictly prohibited on all our estates and conservation areas. New developments, including those for scheme smallholders, are only carried out in heavily degraded areas that are not identified as HCV or HCS area. To ensure that no HCV or HCS land is cleared in this process, conservation areas are clearly marked on maps and on the ground, training is provided to all contractors, and the land clearing process is closely monitored.



## Greenhouse-gas emissions

Emissions have been calculated by the Group’s ESG consultants since 2021, which is used as the baseline year for emission-reduction targets. Data is provided to our ESG consultants for calculation; however, no formal assurance is provided. The Group has set near-term and net-zero targets aligned with a 1.5°C scenario, in accordance with the SBTi's recommendations for FLAG emissions. Achieving net zero for industrial emissions will require a 90% reduction, with the remaining emissions offset by high-quality carbon sequestration, while agricultural emissions will need to be reduced by 72%. These targets have not been submitted to the SBTi for formal validation.

By the end of 2024, the Group’s absolute GHG emissions had reduced by 36% from the 2021 baseline (from 2.8 million tCO<sub>2</sub>e in 2021 to 1.8 million tCO<sub>2</sub>e in 2024). This means the Group has reduced annual emissions by almost a million tonnes of carbon dioxide equivalent since 2021. The Group’s GHG emissions intensity (across scopes 1, 2 and 3) was 8.9tCO<sub>2</sub>e per tonne of CPO and 7.3tCO<sub>2</sub>e per tonne of palm product in 2021. By the end of 2024, these figures had reduced to 4.8tCO<sub>2</sub>e and 3.9tCO<sub>2</sub>e, respectively. The reduction is largely attributed to data improvements and a continued decrease in the volume of ffb sent to external mills for processing as the Group has increased its own milling capacity.

**TABLE 11: Total Group emissions for 2024, 2023 and the 2021 baseline**

Emissions scope	2024 tCO <sub>2</sub> e	2023 tCO <sub>2</sub> e	2021 tCO <sub>2</sub> e	Change since 2021
Scope 1	199,700	203,900	188,000	+6%
Scope 2	700	600	400	+75%
Scope 3	1,589,300	2,046,700	2,594,400	-39%
<b>Total</b>	<b>1,789,700</b>	<b>2,251,200</b>	<b>2,782,800</b>	<b>-36%</b>

### SCOPES 1 AND 2 EMISSIONS

Our operational emissions (scopes 1 and 2), represent 11% of our 2024 total. Scope 1 emissions are those arising directly from the Group’s operations, while scope 2 relates to emissions from electricity used to power those operations. Our scope 1 emissions include emissions from natural gas use in the UK, and biogas, transport fuels and biomass in Indonesia. Emissions from land-use, including the application of empty fruit bunches, POME and fertiliser to our land, and emissions from land-use change since 1996, are also included in our scope 1 emissions. Scope 2 emissions come from purchased electricity in our UK office and our Indonesian operations. Since the Group produces more low-carbon electricity from biogas engines than is needed at the time, a significant volume of electricity is exported back to the Indonesian grid. Since this clean electricity replaces predominantly coal-fired power plants on the grid, by exporting excess electricity, around 13,200tCO<sub>2</sub>e of emissions are avoided. This offset figure has not been included in our emissions, as emissions presented here are gross emissions, following the Greenhouse Gas Protocol. The Group does not currently purchase low-carbon contractual electricity instruments in either the UK or Indonesia.

In 2024, our scopes 1 and 2 emissions intensity per tonne of CPO produced is 0.5tCO<sub>2</sub>e/t CPO, which is consistent with 2023.



## Greenhouse-gas emissions continued

## SCOPE 3 EMISSIONS

By calculating the Group's indirect scope 3 emissions, we have identified the main sources of GHGs outside our own operations. Twelve of the fifteen GHG Protocol scope 3 categories apply to the Group. Within scope 3, the largest component comes from the further processing of the products that the Group sells (category 10), accounting for 74% of the Group's total scope 3 emissions in 2024. The emissions from third-party processing decreased by 22% between 2023 and 2024, driven by a decrease in the amount of ffb sent to external mills through the opening of a new Group mill in 2023. In 2024, the sustainability team began engaging with the Group's largest customers, the refiners, since refining now makes up the majority of emissions from third-party processing. Initial data indicates that refiners' emissions per tonne of CPO refined are much lower than the global average emissions factor for refining. However, these findings have not yet been incorporated into our calculations until the accuracy of the underlying data is verified.

## EMISSIONS FROM LAND-USE CHANGE

Land-use change ("LUC") emissions account for a change in carbon stocks when land is converted from one use type to another. In accordance with the guidance of the GHG Protocol, we have accounted for LUC emissions over a period of 25 years, representing the average lifetime of an oil palm. The linear discounting method has been applied to calculate emissions across the 25-year period, whereby the contribution is 7.75% in the first year decreasing by 0.31% each year down to 0.25% in the 25th year.

The Group's total LUC emissions in 2024 were 34,900tCO<sub>2</sub>e. The recent rubber conversion at Musi Rawas makes up most of those emissions but they have been offset somewhat by sequestration occurring at Kota Bangun (including, for the first time in 2024, the areas acquired at ABK) and Bangka, totalling 24,300tCO<sub>2</sub>e in 2024.

**TABLE 12: LUC emissions at Group plantations in 2024, 2023 and the 2021 baseline**

Plantation	2024 tCO <sub>2</sub> e	2023 tCO <sub>2</sub> e	2021 tCO <sub>2</sub> e
Kota Bangun	(15,800)	(11,700)	(13,700)
Bangka	(8,400)	(9,100)	(10,500)
Pangkatan group	3,900	4,500	5,800
Bumi Mas	9,900	10,600	11,900
Musi Rawas	44,600	40,400	41,300
Simpang Kiri	700	900	1,200
<b>Total</b>	<b>34,900</b>	<b>35,600</b>	<b>36,000</b>

## CARBON STOCK CALCULATIONS

While the Group’s total carbon stock is not included in our emission footprint, it is a useful metric to understand whether carbon sequestration is occurring on our plantations. Table 13 shows the results of our carbon stock calculations for the land we own and our scheme smallholders’ land. The “Tonnes of biomass” shows the total weight of biomass in our palms, calculated from the RSPO average above and below-ground biomass weights per age of palm and the age of each palm in every hectare we operate. “Tonnes of carbon” refers to the weight of solid carbon in our palms, captured from the atmosphere by photosynthesis and laid down in organic structures. The tCO<sub>2</sub>e value shows the carbon dioxide equivalents of the carbon in our palms. This value shows how much CO<sub>2</sub> has been sequestered by our palms over their lifetimes. The difference in this value between two years shows the amount of CO<sub>2</sub> sequestered or released in the year. Between 2021 and 2024, our palms sequestered 1,666,500tCO<sub>2</sub>e; of this, 1,368,700tCO<sub>2</sub>e was from palms owned by the Group, and 297,800tCO<sub>2</sub>e from palms managed by the Group on behalf of associated scheme smallholders. As palms continue to mature, we expect the related carbon stock to increase over time, although replanting a mature palm will lead to a reduction. Currently, our conservation hectares are not included in these calculations.

**TABLE 13: Carbon stock results for 2024, 2023 and the 2021 baseline**

Utility and scope	2024	2023	2021	% Change 2021 – 2024
Tonnes of biomass	4,166,300	3,719,300	3,103,600	+34%
Tonnes of carbon	1,782,600	1,591,400	1,327,900	
tCO <sub>2</sub> e	6,533,500	5,832,400	4,867,000	

*Note: the figures in the table above do not include the additional amounts in relation to carbon sequestration in the Group's conservation areas.*

## CARBON BALANCE SHEET

Our carbon balance sheet (Table 14) contains the Group’s full GHG emissions inventory for 2024. Emissions are reported using a consolidation, operational control approach, as defined by the GHG Protocol. All emissions have been calculated following the GHG Protocol’s Corporate Accounting and Reporting Standard and the guidelines of ISO 14064-1:2018 Greenhouse Gases. Land use and land-use change emissions have been calculated using the Greenhouse Gas Protocol’s Land Sector and Removals guidance. Emission factors from Department for Energy Security and Net Zero (DESNZ), Department for Environment, Food and Rural Affairs (DEFRA), Carbon Footprint and the RSPO have been used. All emissions are provided in tCO<sub>2</sub>e or tonnes of carbon dioxide equivalent. This means that all seven greenhouse gases have been taken into account and have been aggregated based on the different global warming potentials into tCO<sub>2</sub>e to allow for comparability between entities.

Three scope 3 categories were not applicable to the Group’s operations, and therefore their related emissions calculations are consequently omitted. They are category 8: upstream transport and distribution, category 13: downstream leased assets and category 14: franchises. They have been excluded from the below analysis. The Group’s carbon balance sheet is presented on a location-based basis.



## Greenhouse gas-emissions continued

**TABLE 14: The Group's carbon balance sheet**

Emissions scope and category	2024			2023	2021
	tCO <sub>2</sub> e	Share of total emissions %	Change from baseline year %	tCO <sub>2</sub> e	tCO <sub>2</sub> e
<b>Scope 1</b>	<b>199,700</b>	<b>11%</b>	<b>6%</b>	<b>203,900</b>	<b>188,000</b>
Gas, biogas and biomass	15,300	1%	53%	16,400	10,000
Transport (petrol and diesel)	17,800	1%	4%	15,100	17,100
Other fuels (F-gases and propane)	500	-	-17%	500	600
Land use	131,200	7%	6%	136,300	124,300
Land use change	34,900	2%	-3%	35,600	36,000
<b>Scope 2</b>	<b>700</b>	<b>-</b>	<b>75%</b>	<b>600</b>	<b>400</b>
<b>Scope 3</b>	<b>1,589,300</b>	<b>89%</b>	<b>-39%</b>	<b>2,046,700</b>	<b>2,594,400</b>
1. Purchased goods and services	87,500	5%	-45%	199,200	159,800
2. Capital goods	500	-	-80%	400	2,500
3. Fuel-related emissions	4,400	-	5%	3,500	4,200
4. Upstream transportation and distribution	14,900	1%	89%	15,400	7,900
5. Waste generated in operations	5,700	-	280%	3,200	1,500
6. Business travel	1,500	-	50%	1,100	1,000
7. Employee commuting	6,300	-	54%	5,600	4,100
9. Downstream transportation and distribution	12,400	1%	-56%	12,700	28,000
10. Processing of sold products	1,330,000	74%	-43%	1,712,000	2,321,300
11. Use of sold products	74,800	4%	178%	39,900	26,900
12. End-of-life treatment of sold products	47,500	3%	42%	48,400	33,400
15. Investments	3,800	-	-	5,300	3,800
<b>Total all scopes</b>	<b>1,789,700</b>	<b>100%</b>	<b>-36%</b>	<b>2,251,200</b>	<b>2,782,800</b>
<b>Carbon intensity - tCO<sub>2</sub>e per tonne of CPO</b>	<b>4.8</b>		<b>-46%</b>	<b>5.9</b>	<b>8.9</b>
<b>Carbon intensity - tCO<sub>2</sub>e per tonne of palm product</b>	<b>3.9</b>		<b>-47%</b>	<b>4.9</b>	<b>7.3</b>

# Appendix





## APPENDIX – NON-MATERIAL RISKS

Risk and rating	Timeline and pathway	Impact	Description	Mitigation
<p><b>T4. Exposure to litigation</b></p> <p><b>Category: Policy and legal</b></p> <p><b>Likelihood:</b> LOW</p> <p><b>Impact:</b> MED</p>	<p>Short – medium term (2024-2039)</p> <p>Pathway: &lt;2° C 2-3° C</p>	<p>Increased legal costs and potential fines.</p> <p>Decreased company value.</p>	<p>Climate litigation is an increasing risk for all companies. Failing to set adequate climate-related targets or meet existing ones could expose the Group to lawsuits.</p> <p>The introduction of new or stricter climate policies heightens legal risks. Non-compliance may lead to lawsuits or fines, resulting in financial costs and reputational damage.</p> <p>In the event of a lawsuit, M.P. Evans would face legal fees and any compensation owed. Companies may also be court-ordered to reduce emissions or adopt more sustainable practices.</p> <p>To avoid litigation, costs for compliance, consultation, legal fees, third-party verification, and internal resources may increase. Any litigation could negatively affect the company's valuation.</p>	<p>The Group continues to comply with all regulations and has ambitious decarbonisation targets and plans.</p>
<p><b>T5. Changing customer behaviour</b></p> <p><b>Category: Market</b></p> <p><b>Likelihood:</b> LOW</p> <p><b>Impact:</b> MED</p>	<p>Medium term (2030-2055)</p> <p>Pathway: &lt;2° C</p>	<p>Decreased revenue due to a reduced demand for products and services.</p>	<p>As consumers shift towards lower-emission products and services, revenue from high-emission products could decrease, and some product ranges may become obsolete.</p> <p>There is an increased risk of customers purchasing from competitors leading in sustainable practices.</p> <p>Changing customer preferences may favor more sustainable and low-impact products, which could have lower profit margins, impacting revenue opportunities.</p> <p>Customer diets may shift towards more fruit and vegetable-based products. Additionally, customers may prefer locally sourced products to reduce their own climate impact.</p>	<p>By communicating its evolving sustainability programme and alignment with the RSPO, M.P. Evans can minimise this risk, as the Group is on a journey to reduce its carbon emissions.</p> <p>M.P. Evans' sustainability programme was developed following a materiality assessment with stakeholders to identify and address the topics that were more important to them.</p> <p>Due to the versatility of palm oil, demand may be relatively less affected.</p> <p>The Group has a track record of compliance with industry sustainability standards.</p>



APPENDIX – NON-MATERIAL RISKS continued

Risk and rating	Timeline and pathway	Impact	Description	Mitigation
<p><b>T6. Uncertainty in market signals</b></p> <p><b>Category: Market</b></p> <p><b>Likelihood:</b> LOW</p> <p><b>Impact:</b> LOW</p>	<p>Short – medium term (2024-2039)</p> <p>Pathway: &lt;2°C 2-3°C</p>	<p>Decreased access to capital.</p>	<p>Decreased access to capital could arise if clear sector transition plans to net zero are not established. New competitors may emerge, providing customers with more choices. M.P. Evans may also fail to benefit from government schemes and green investment opportunities if progress on its climate journey stalls. As the market becomes more volatile due to climate-driven events, financial planning and budgeting may become more difficult. To remain profitable, M.P. Evans will need to adapt to market changes. While the market can be volatile, it may also present opportunities if the business model is aligned effectively. Additionally, climate change could create financial opportunities as it impacts other oil crop yields and prices.</p>	<p>Being open and transparent with our ESG principles and our action on climate change should help to reduce this risk.</p>
<p><b>T7. Increased cost of energy and raw materials</b></p> <p><b>Category: Market</b></p> <p><b>Likelihood:</b> MED</p> <p><b>Impact:</b> LOW</p>	<p>Medium – long term (2030-2055)</p> <p>Pathway: &lt;2°C 2-3°C &gt;3°C</p>	<p>Increased operating expenditures.</p>	<p>Increased energy costs may result from carbon pricing on gas and oil imports. While renewable electricity offers more stable unit costs compared to fossil fuels, it can be more expensive, raising overall energy costs for the Group. Additionally, as more businesses shift to renewable contracts, energy costs may rise due to supply and demand.</p> <p>High-impact products will need to decarbonise, introducing new processes and technologies that could increase raw material costs. Rising prices for materials like natural gas and phosphorus may have unforeseen effects on Group purchases. These increased costs will raise operational spending and may reduce profitability. Although material alternatives can be sourced, they may be less desirable or come at a higher cost, and passing these costs on to consumers could lead them to seek cheaper alternatives.</p>	<p>Sourcing materials from multiple suppliers or creating materials in-house can minimise supply chain risk. However, this may be challenging for certain products, like fertilisers.</p> <p>The Group also already generates most of its own energy from the methane gas byproducts created from the crude palm oil refinement process on its Indonesian estates. This already makes the Group more resilient to changes in the Indonesian energy markets. The shift to further self-generation and electrification will further reduce the Group's reliance on purchased fuels.</p>



APPENDIX – NON-MATERIAL RISKS continued

Risk and rating	Timeline and pathway	Impact	Description	Mitigation
<p><b>T8. Increased stakeholder engagement and interest around ESG</b></p> <p><b>Category:</b> Reputation</p> <p><b>Likelihood:</b> MED</p> <p><b>Impact:</b> LOW</p>	<p>Short – medium term (2024-2039)</p> <p>Pathway: &lt;2° C 2-3° C</p>	<p>Reduced access to capital and company valuation.</p> <p>Additional time and associated costs related to engaging with stakeholders for further communication and disclosure.</p>	<p>As the world transitions to a decarbonised economy, stakeholders are likely to have a heightened interest in sustainability credentials. A perceived or actual failure to address and reduce our carbon footprint may negatively impact investor sentiment and ratings, potentially limiting access to capital as the focus on environmental impacts and net-zero targets intensifies. Additionally, publishing reports to inform stakeholders incurs costs, whether through consultancy fees, marketing campaigns, or establishing an internal sustainability team.</p>	<p>The Group has identified its stakeholders and developed a strategy for stakeholder engagement, which is approved by the board and regularly reviewed.</p> <p>Channels of engagement with investors include the Group’s website and public reports, as well as presentations and meetings with existing or prospective investors.</p> <p>Stakeholders are engaged in a materiality assessment to identify the ESG topics that are most important to them. The Group’s approach and progress in addressing material topics and risks is communicated in various reports (annual and interim reports, TCFD report, ESG report and CDP report).</p>
<p><b>T10. Shift in consumer preferences</b></p> <p><b>Category:</b> Reputation</p> <p><b>Likelihood:</b> LOW</p> <p><b>Impact:</b> LOW</p>	<p>Short – medium term (2024-2039)</p> <p>Pathway: &lt;2° C 2-3° C</p>	<p>Reduced revenue.</p>	<p>The palm-oil industry is sensitive to shifts in consumer perspectives. A reduction in customer spending could negatively impact revenue and profitability. High-emission products may become less desirable as consumers align their spending with their own scope 3 net-zero goals. However, customers may increasingly seek “solution” products, presenting potential financial opportunities. Failing to effectively predict and respond to these changes could affect sales and financial performance of the Group.</p>	<p>M.P. Evans has a robust financial position and is therefore less sensitive to CPO price fluctuations. The Group actively monitors stakeholder materiality to ensure all ESG expectations are met.</p>
<p><b>T. 11 Substituting existing products and services with lower-emission alternatives</b></p> <p><b>Category:</b> Technology</p> <p><b>Likelihood:</b> LOW</p> <p><b>Impact:</b> LOW</p>	<p>Short – medium term (2024-2039)</p> <p>Pathway: &lt;2° C 2-3° C</p>	<p>Increased capital expenditure.</p> <p>Reduced revenue.</p>	<p>Ensuring M.P. Evans’ operations remain sustainable will likely increase costs, requiring investment in technology and resources. Sustainable materials are currently more expensive than traditional alternatives. Transitioning to more efficient technology and sustainable products may lead to the write-off or retirement of existing assets, which could have a significant business impact and necessitate higher capital investments over time due to reduced demand for high-emission products and services.</p>	<p>The Group will continue to promote the sustainability of its products through international certification schemes. The Group is already a producer of CSPO and continues to increase the proportion of its output that is certified sustainable. One of the Group’s mills, Bumi Permai, is certified under the identity preserved (“IP”) supply chain model, which offers the highest level of sustainability assurance. The Group is currently investigating the feasibility of obtaining RSPO IP certification at a second mill.</p>



APPENDIX – NON-MATERIAL RISKS continued

Risk and rating	Timeline and pathway	Impact	Description	Mitigation
<p><b>T13. Unsuccessful investment in new technologies</b></p> <p><b>Category: Technology</b></p> <p><b>Likelihood:</b> LOW</p> <p><b>Impact:</b> LOW</p>	<p>Short – medium term (2024-2039)</p> <p>Pathway: &lt;2° C 2-3° C</p>	<p>Increased capital expenditure.</p>	<p>Investment in new technology may carry financial risks. While purchased to improve process efficiency and reduce emissions, the technology could be complex to integrate, leading to early write-offs, unfulfilled payback periods, and increased capital expenditure on replacements. Some technology may also require staff training, reducing productivity and increasing costs. If new technology fails, older, less sustainable equipment may need to be used as a replacement, potentially increasing emissions. Additionally, failed research and development could result in significant upfront costs with no return.</p>	<p>New technologies will be trialled at a small scale to ensure compatibility with Group operations before being rolled out on a larger scale.</p>
<p><b>T13. Unsuccessful investment in new technologies</b></p> <p><b>Category: Technology</b></p> <p><b>Likelihood:</b> LOW</p> <p><b>Impact:</b> LOW</p>	<p>Long term (2040-2055)</p> <p>Pathway: &gt;3° C</p>	<p>Increase in capital expenditure to relocate certain sites.</p> <p>Increased costs for sea level rise and flooding assessments.</p> <p>Head office (Jakarta) is likely impacted.</p>	<p>Sea level rise could directly affect operating sites through flooding or subsidence, leading to potential site closures and revenue loss. Seawater inundation can damage properties, increasing the need for renovation and repair, leading to additional costs. For example, the Bumi Mas site in East Kalimantan experienced seawater intrusion, which elevated soil salinity levels.</p> <p>Insurance coverage may decrease for sites at risk from sea level rise, and future building upgrades or renovations might not be covered by insurance. Transport networks, including roads and railways, could be inundated, disrupting supply chains or preventing employees from reaching the site, reducing productivity. Seaports may need to invest in sea defences or relocation, increasing handling fees. Energy networks connecting to the site may also be compromised, leading to business disruptions. IT infrastructure could be affected, causing connectivity issues, communication delays, and possible disruptions to online services. Long-term effects might cause structural damage to buildings, requiring extensive repairs.</p>	<p>Monitor the development of climate analysis over the coming years. Consider the impact on assets or choosing new assets.</p> <p>Move the head office in Jakarta to the new capital in the medium term, in line with current government plans.</p> <p>Maintenance of water gates in East Kalimantan to make sure they are not letting water in from the sea.</p>





WORLD  
LAND  
TRUST™

[www.carbonbalancedpaper.com](http://www.carbonbalancedpaper.com)  
CBP023814

This report is printed on paper certified in accordance with the FSC® (Forest Stewardship Council®).

Woodrow Press Ltd aims to reduce at source the effect its operations have on the environment and is committed to continual improvement, prevention of pollution and compliance with any legislation or industry standards.

3 Clanricarde Gardens  
Tunbridge Wells  
Kent TN1 1HQ  
United Kingdom

t +44 (0)1892 516 333  
e [enquiries@mpevans.co.uk](mailto:enquiries@mpevans.co.uk)  
w [mpevans.co.uk](http://mpevans.co.uk)