



# 2022 ANNUAL SUSTAINABILITY REPORT



**sinarmas**



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## Notes to the Readers of the Report

It should be noted, however, that this report may encompass the corporation's prospective initiatives, methodologies and objectives. Actual results may be subject to variables and uncertainties that are not yet foreseeable. Consequently, the corporation's actual future conditions may diverge from those anticipated or forecasted.



# At a Glance

As we unveil Sinarmas Cepssa's 2022 Sustainability Report to our distinguished stakeholders, we extend our heartfelt gratitude to the Almighty. Undeniably, 2022 was a difficult year marked by challenges, particularly as the COVID-19 pandemic transitioned into its 'new normal' phase. The resilience, fortitude, and collective empathy cultivated within our community have been instrumental in navigating Sinarmas Cepssa through the past year with notable success. This document serves as a compendium of essential data, important findings and key developments concerning our organization's overarching sustainability. Sinarmas Cepssa Pte. Ltd. ("SCPL") remains steadfast in its commitment to continually enhance operational efficiency, efficacy and sustainability over time.





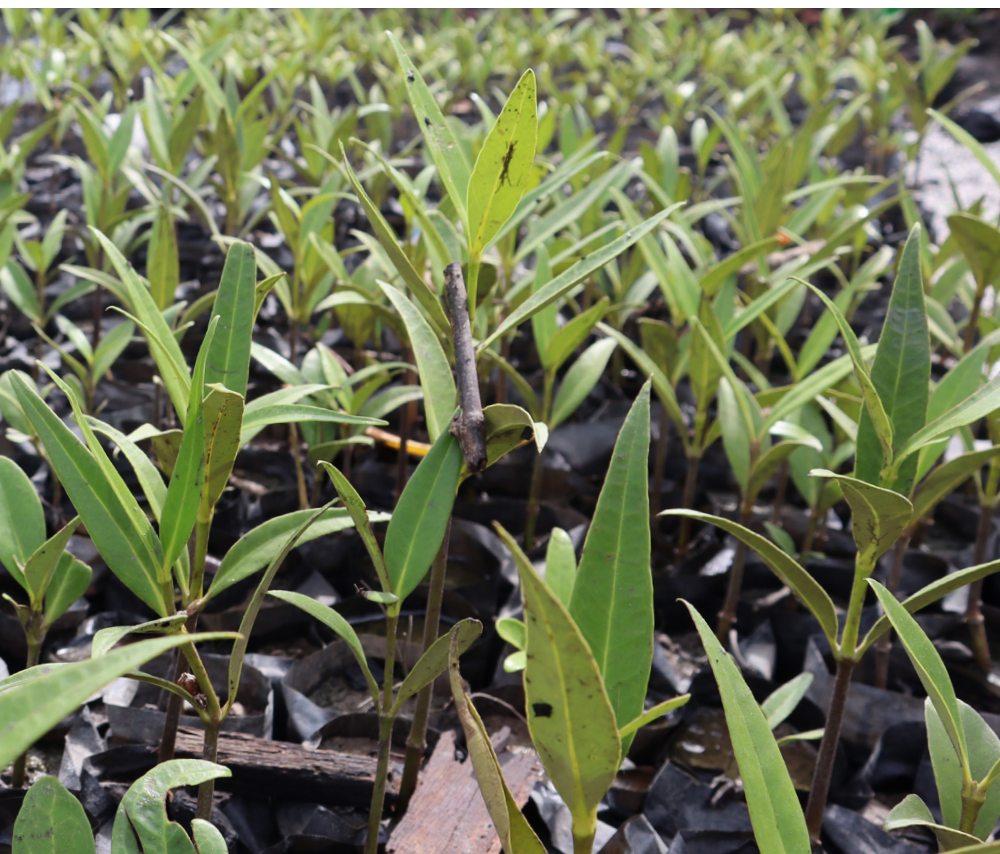
SCPL is committed to forging robust and enduring partnerships with its stakeholders, allocating resources to mitigate the environmental impact of its activities, adhering to elevated ethical guidelines, maintaining transparent governance and making substantive contributions to advancements in environmental stewardship, biodiversity and sustainable development. We articulate this commitment through a myriad of platforms, both internal and external to the organization.

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# CEO's Statement

GRI 2-22



We continue to challenge ourselves to do even better every year in our Sustainability practices. In 2022, PT ESM successfully obtained its International Sustainability and Carbon Certification certificate and achieved a commendable Blue Category in the Proper ranking of chemical companies in Indonesia; both of which are testaments to our existing strength and commitment towards good sustainability practices. We are extremely conscientious and driven to reducing our carbon footprint. To this effect, we have formalized our Green House Gas ("GHG") Emissions Reporting organization structure and have various innovative projects planned towards GHG reduction initiatives.

Our operating sites continued to engage in meticulously targeted activities to provide support and improve the lives of its local communities and foster good sustainability practices. PT ESM was engaged in various charitable initiatives such as blood and essential food donation to those in need. In addition, it provided professional mentoring services to youths to improve their employability prospects.

We take great pride in presenting our 2022 Annual Sustainability report which outlines our continued progress and firm commitment to striving for best-in-class sustainability practices. We have come a long way in strengthening and further fortifying our sustainability activities since the release of our inaugural 2018 Sustainability report and remain unrelentingly focused in this area.

We are immensely proud and grateful to have transitioned successfully from the COVID-19 pandemic unscathed and for the better having taken stringent steps to mitigate any risks of it to our people and operations. 2022 turned out to be another record year superseding the high benchmark we achieved in 2021 in terms of production and the operational efficiency and effectiveness of our organization.

On the green front, PT ESM continues to participate in mangrove planting projects which are essential to the green ecosystem and maintaining biodiversity. A positive ecosystem and mutually beneficial symbiotic relationship of our people, our surrounding local communities, the environment and our stakeholders play a crucial role towards the continued success of our organization and key to this is ensuring best in class sustainability practices continue to be maintained, improved and embedded in our organization. Rest assured, this remains high on our agenda and is embedded in our organizational DNA as we continue our journey towards becoming a global leading player in the fatty alcohol surfactant market focused on creating value for our customers and stakeholders.

Your Sincerely,

Kung Chee Wan



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# About this Report

GRI 2-2, 3-1, 3-3



The evolving global landscape is increasingly emphasizing the significance of environmental and social facets, both to mitigate potential adverse risks and to support sustainable economic performance in the long term. Aligned with our unwavering commitment to fostering a culture of sustainability, we persistently refine best practices in this area. SCPL abides by the Principles of Sustainable Management, grounded in Good Corporate Governance (GCG) principles. This foundational principle is further strengthened by the integration of sustainable governance mechanisms, serving to enhance the confidence and trust of all stakeholders. We place paramount importance on adhering to legal compliance, underpinned by an ethical business framework, thereby ensuring all actions are executed with excellent responsibility, integrity, assurance and honor.

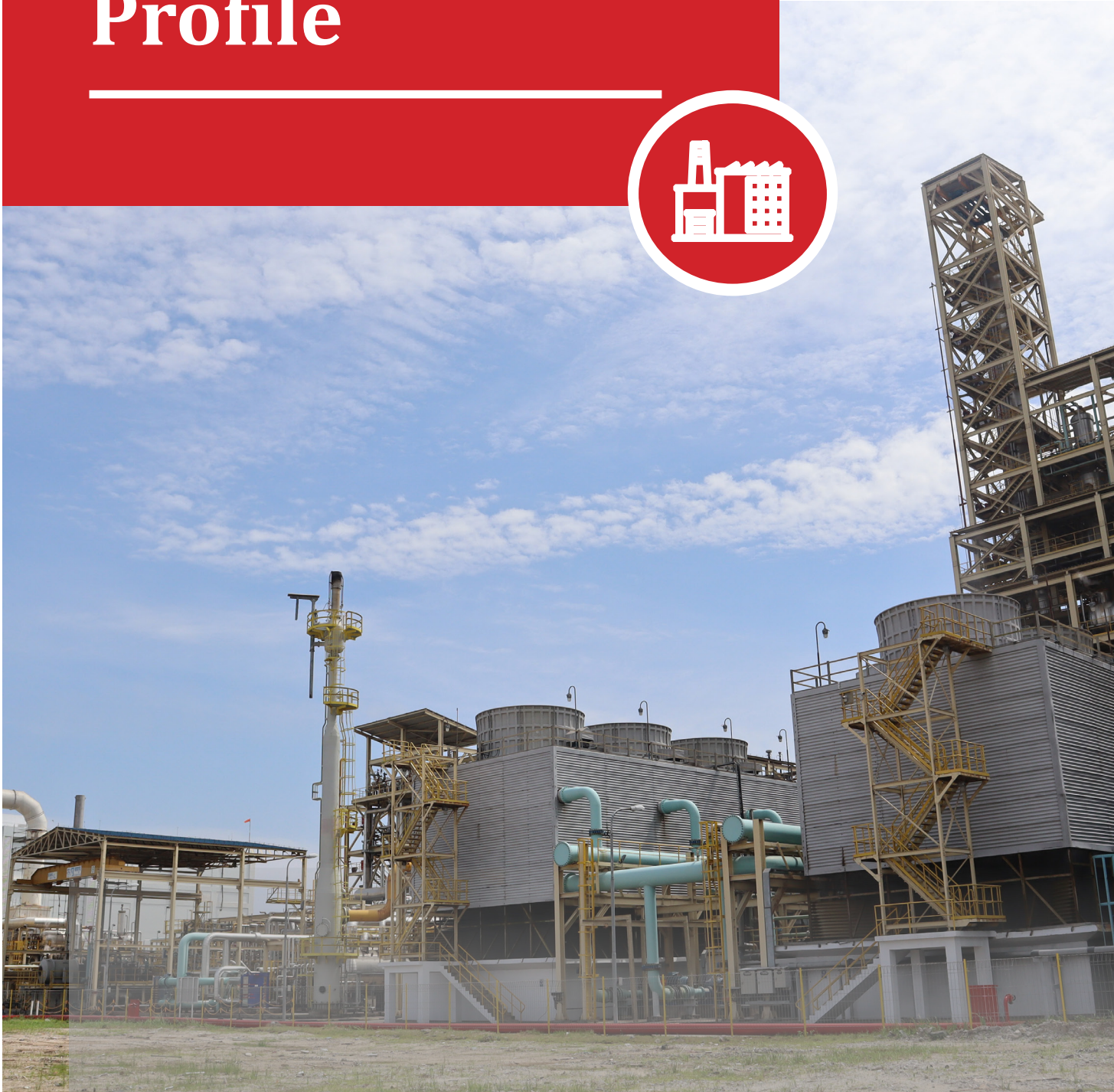
The management and staff of Sinarmas Cepsa extend our heartfelt gratitude to all our stakeholders for their invaluable support. We are optimistic that this year's annual report will exhibit an upward trajectory in our sustainability metrics compared to previous years. In the global oleochemicals sector, we continually aspire to position Sinarmas Cepsa at the forefront of sustainability practices.

The 2022 Sustainability Report marks the fifth in a series of such publications by SCPL. This report functions as a conduit to inform all relevant parties of the company's operational milestones, performance metrics, solid commitments, programmatic initiatives and tangible impacts spanning from January 1, 2022, to December 31, 2022.



# Company Profile

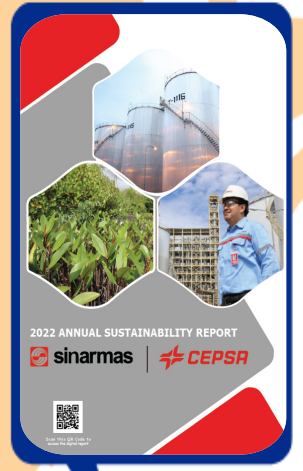
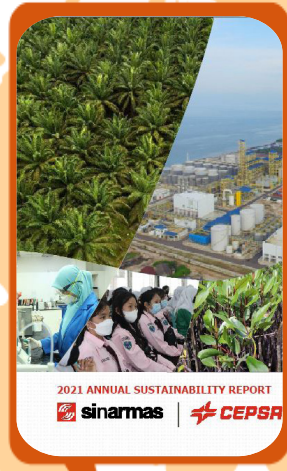
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Attain **Global Leadership** in **Green and Sustainable Product**



# “Our Sustainability Report Journey”



2018

2019

2020

2021

2022



# Sinarmas Cepsa Pte. Ltd at a Glance

GRI 2-1, 2-6,



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Group name



Sinarmas Cepsa Pte. Ltd



Shareholding

50 % **sinarmas**  
50 % **CEPSA**



Site 1

Oleochemical Manufacturing Site  
PT Energi Sejahtera Mas



Site 2

Surfactant Manufacturing Site  
SCDG GmbH



Head Office

Sinarmas Cepsa Pte. Ltd.  
Golden Agri Plaza 108 Pasir Panjang Road,  
#05-02 Singapore 118535



Product

Fatty Alcohols,  
Fatty Alcohols Ethoxylates,  
Anionic Surfactants,  
Fatty Acids & Glycerine

# Our Shareholders



**sinarماس**



**CEPSA**



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## Golden Agri-Resources (GAR)

Established in 1996, Golden Agri-Resources (GAR) now has operations across 14 countries and our products are delivered to over 100 countries worldwide, including China, India and the USA as well as various destinations in Europe and the Middle East. GAR was listed on the Singapore Exchange in 1999. GAR is a global leader in palm oil production, producing 2.43 million tonnes of crude palm oil (CPO) in 2022. We manage about 538,000 hectares of plantations, including smallholder farms, across Indonesia. Our downstream refining and specialty product facilities manufacture high-quality products for the global agronomy, food, oleochemical, and bioenergy markets. We have also launched a sugar storage and distribution business to leverage our shipping and logistics capabilities.

The sheer scale and vertically integrated nature of our operations enable our team of almost 100,000 people to ensure efficiency, quality and sustainability across our supply chain. Our operations are innovation-driven and sustainability-led, to ensure that GAR remains a global leader in sustainable palm oil production and your partner of choice. GAR is at forefront of agronomy and technology thanks to our focus and investment in R&D. We have also been expanding our downstream capacity. GAR has cultivated a global, diversified customer base through strong distribution, branding, merchandising, destination processing shipping and logistics.

With great palm oil production comes great corporate social responsibility. GAR is on track to hit our target to become 100 percent Traceable to Plantation (TTP) by achieving full TTP for 98 percent of palm supply chain at the end of 2022. 100 percent of our plantations have social and community development programs in place. We have also set aside 79,900 hectares for conservation.

GAR, one of Indonesia's largest palm oil companies, believes that economic growth, social progress and environmental protection can and should go hand-in-hand. The keystone in our approach to sustainability is the GAR Social and Environmental Policy, known as GSEP. The GSEP provides GAR with the roadmap to successfully navigate the ever-growing demand for palm oil responsibly. It is a journey we share with our employees, smallholders, suppliers, and customers as we work together to realise GAR's vision of sustainable palm oil and a responsible palm oil industry. For further information, kindly refer to the following website <https://www.goldenagri.com.sg/sustainability/>.

## Cepsa

Cepsa is an integrated energy company owned by Mubadala Investment Company and the Carlyle Group which is active in all stages of the oil and gas value chain: exploration and production, refining, transport and marketing of derivatives, biofuels, cogeneration, and marketing of electricity, with close to 10,000 professionals and a presence on five continents.

Cepsa has developed a global leading chemicals division through a diversified portfolio with production plants in Europe, Americas and Asia which are very closely integrated with the oil refining activities.

- World leaders in LAB and LABSA, raw materials for biodegradable detergents.
  - World leaders in the production of cumene
  - World's second largest producer of phenol and acetone
  - Leaders in solvents sector in Spain, UK and Italy
- Cepsa Chemicals produces high value-added products with no end of applications that improve people's lives: plastics, cosmetics, shampoos, bio-degradable detergents, paints, electronic components, pharmaceutical products and much more. In line with its commitment to innovation, product quality and value chain sustainability, Cepsa Chemicals has developed a Multigenerational Plan to also lead the transition for the industry towards more sustainable products and processes.



# Vision, Mission and Our Values

GRI 2-3



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# Mission Values

## Mission

- 1** Establish a global manufacturing and marketing footprint
- 2** Develop distinctive competitive advantages in technology and manufacturing capabilities
- 3** Achieve excellence in safety, operations and supply chain.
- 4** Provide innovative solutions, reliable quality and services for our customers
- 5** Attain global leadership in green and sustainable products

# Our Vision

*To become a global leading player in the fatty alcohol surfactant market focused on creating value for our customers and stakeholders while being a responsible and sustainable corporate citizen in all the communities where we are present.*



## Sustainability and Safety

Our commitment to the safety of people and facilities in daily operations, analysis of risks and the management of change process, the organization and products, as well as the involvement of all personnel in prevention activities. We take ownership with maximum respect to all stakeholders, community and environment for a sustainable future.

## Continuous improvement

We are proud of our work and continue to improve our performance to achieve the desired results and take corrective actions for continuous improvement efforts

## Innovation

We are constantly looking for better approaches and embracing change to adapt our business to the global market and customer demands

## Solidarity

We work in unity amongst individual with common interest, positive attitude and mental support within a group

## Integrity

We value professional honesty, trustworthiness and high ethical standards for our stakeholder



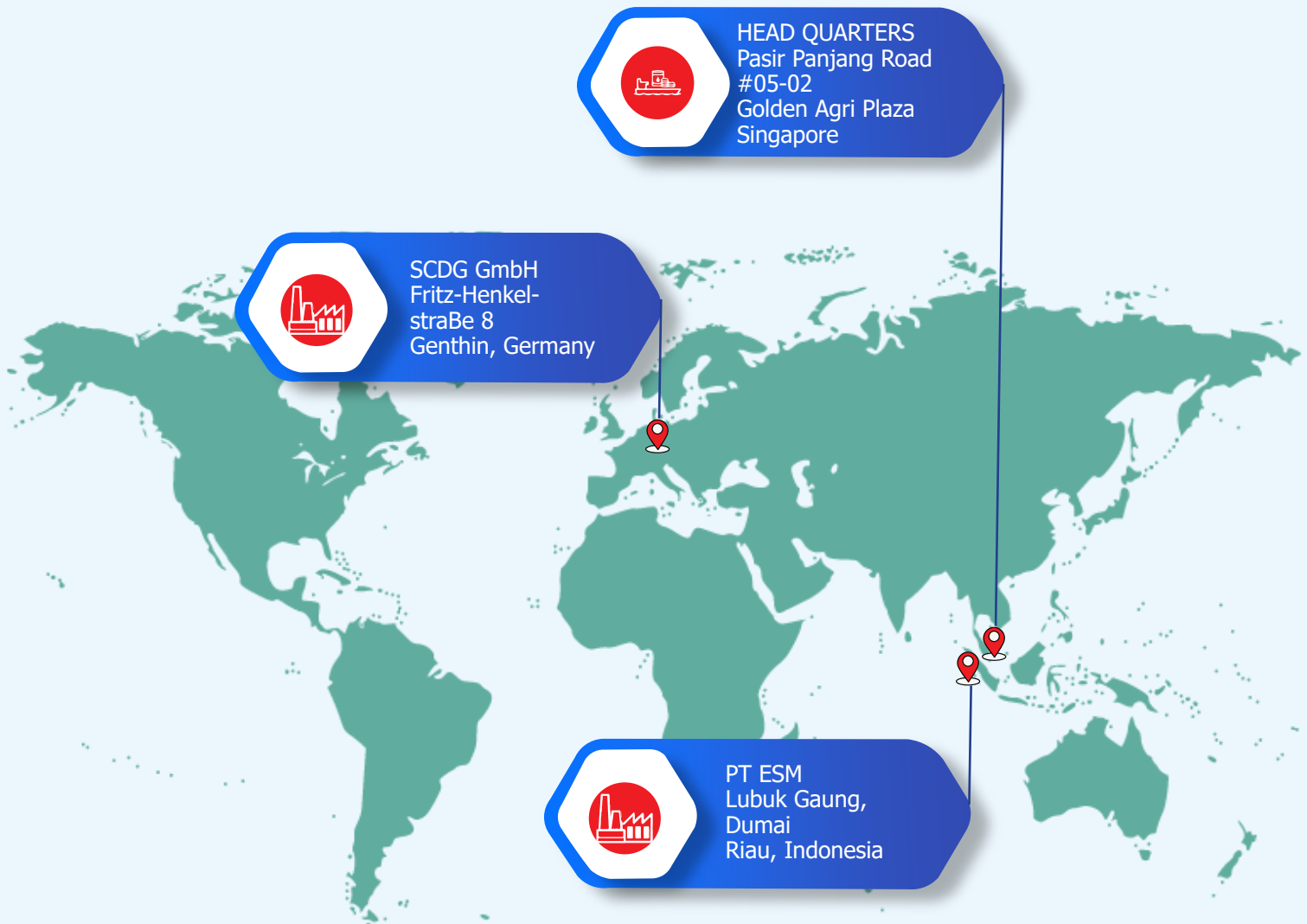
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# Location of Operation

GRI 2-3, 2-6



SCPL has two manufacturing sites which are located in Dumai, Indonesia and in Genthin, Germany. Our Head-quarters and Commercial Office are based in Singapore. In 2022, there was no significant changes to our operational activities and supply chain operations. We sold 263,134 tons of products from our manufacturing plant in Dumai comprising of fatty alcohol (64%), fatty acids (24%) and glycerin (12%).

A portion of the Alcohols is used as the raw material for Surfactants which are produced at our Sulphation plant in Genthin, Germany. Our products are sold to countries located across the five major continents; namely Asia, Africa, Europe, The Americas and Oceania.

-  **MARKETING OFFICE**
-  **MANUFACTURING**

# Our Milestone

Jul 2017  
Obtained RSPO  
Certification



Apr 2018  
ESM Commencing  
the Operational  
Sustainability  
Program - The  
program is im-  
plemented every  
year.



Oct 2018  
Published the 1st  
Annual Sustain-  
ability Report



May 2021  
ESM Ob-  
tained the ISO  
45001:2018



June 2020  
ESM become a  
SEDEX member and  
SEDEX Compliance  
Audit is conducted -  
Continue to be audited  
every year



Dec 2020  
ESM part  
in EcoVadis  
audit - Silver



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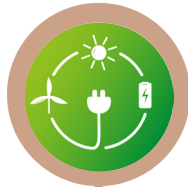
Dec 2021  
ESM Energy Management ESDM Reporting



Sep 2022  
Proper - Blue Category



2021  
SCDG Obtained Green Electricity Certificate



2021  
icipated  
s Assess-  
er Medal



Oct 2022  
Formalized the ESM Organization GHG Emissions Reporting



Sept 2022  
ESM obtained ISCC EU certification in Sept 2022



# Our Sustainability Principles

GRI 2-23, 2-24

## Principle 1: Environmental and Energy Management

1. Maximize energy performance, reduce operating expenses and increase shareholder value by actively and responsibly managing energy consumption.
2. Demonstrate commitment to our community and leadership in our industry, by reducing environmental impacts associated with energy use.
3. Report and reduce greenhouse gas emissions.
4. Improve Waste Management.

## Principle 2 : Social and Community Engagement

1. Respecting the right of local communities to be informed and consulted about company's activities.
2. Responsible handling of concerns, complaints and grievances.
3. Responsible resolution of conflicts.
4. Open and constructive engagement with local, national, and international Stakeholders.
5. Positive economic, social and community development.
6. Empowering people through community development programs.
7. Respecting Human Rights.

## Principle 3 : Work Environment and Industrial Relations

1. Recognizing, Respecting and Strengthening the rights of workers
  - a. Practice ethical recruitment.
  - b. Prohibit the use of child labour and take measures to prevent the use of such labour in connection with our activities.
  - c. Prohibit the use of forced or bonded labour and take measures to prevent the use of such labour in connection with our activities.
  - d. Provide employment contracts to all workers in a language they understand.
  - e. Ensure our wage administration including distribution, schedules and language used are direct, timely and clear.
  - f. Ensure all workers are paid a wage equal to or exceeding the legal minimum wage.
  - g. Production target is used to calculate premium on top of the minimum wage.
  - h. Ensure working hours meet legal requirements.
  - i. Ensure all overtime is voluntary and compensated at a premium rate consistent with national law or Collective Labor Agreement (CLA).
  - j. Respect workers' freedom of association and the right to collective bargaining.
  - k. Ensure diversity within our workforce.
  - l. Practice zero tolerance of sexual and all other forms of harassment and abuse.

## Principle 4: Market Place and Supply Chain

1. Traceable and transparent Supply Chains.
2. Support to suppliers.
3. Due diligence approach.
4. Compliance with all relevant national laws and international certification principles and criteria.

## Principle 5 : Innovation Through Technology & Development

1. We embrace technology innovation as part of our business process enhancement to meet customers' needs for on spec environmentally friendly products aligned to Quality Management System that we apply to all areas where SCPL operates. SCPL innovates to enhance its business process and deliver value to its customers.
2. Continuous Improvement and Innovation drives our team to review and find new ways to promote the efficiency and effectiveness of our business processes and products. We value new innovative ideas or initiatives from our internal stakeholders.

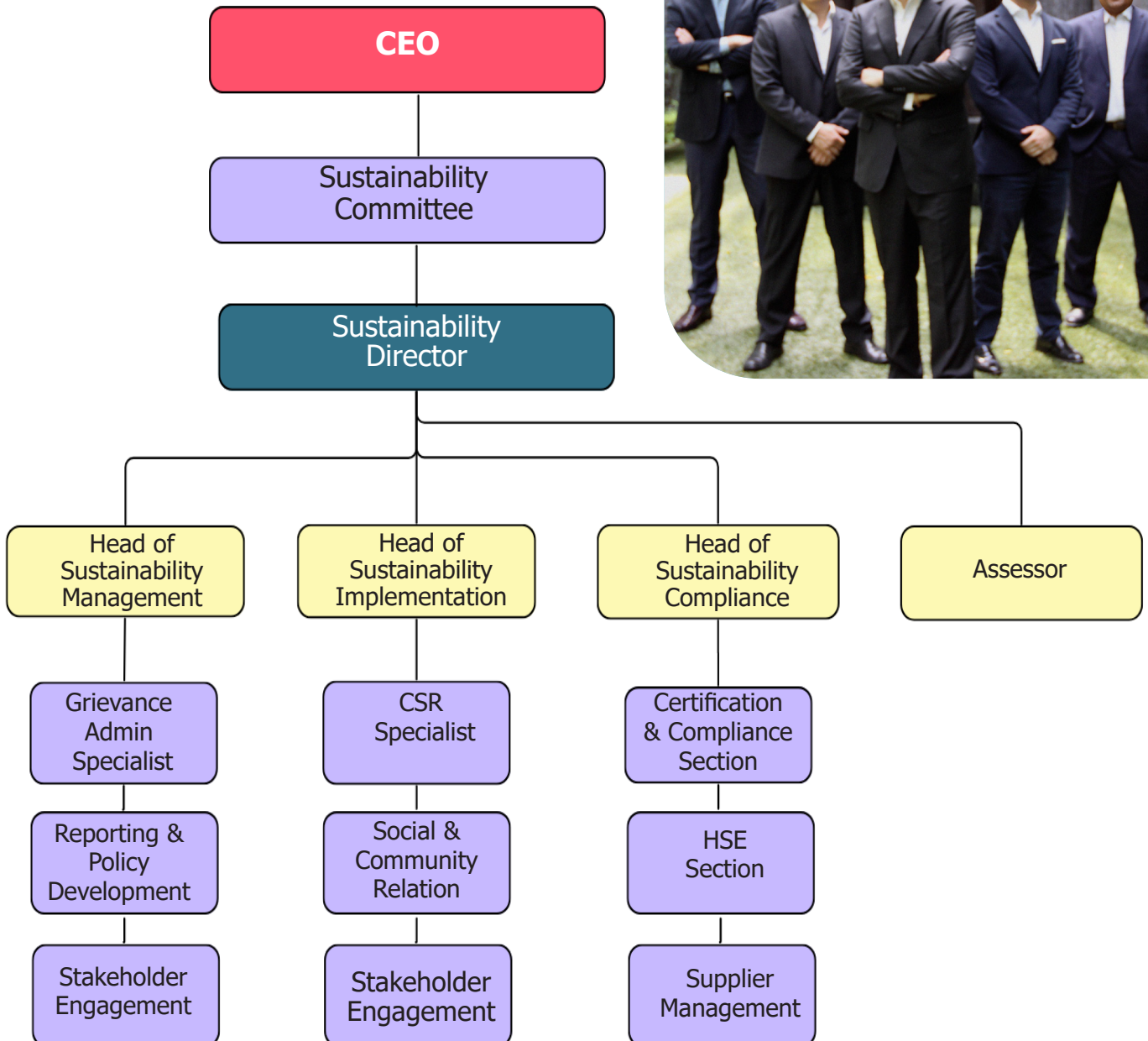




# Governance Structure

GRI 2-9, 2-10, 2-12, 2-13, 2-14, 2-17, 2-18

The Company's Social and Sustainability Policy, identified as No. SSP.01.2018.SUS, outlines the organizational framework pertaining to Governance and Sustainability concerns. The primary objective of this structure is to facilitate the realization of the company's good governance and sustainability targets. Oversight for the endorsement and realization of social and environmental pledges resides with the Sustainability Committee. The subsequent organizational plan interprets the mechanisms through which our group supervises matters related to sustainability.





# Supply Chain

GRI 2-6



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# External Initiatives

GRI 2-28, 416-1

## ESM Certification

**ISO 9001:2015**

**ISCC EU for Point of Origin**

**FSSC 22000**

**ISO 14001:2015**

**ISO 45001:2018**

**GMP+ B2**

**RSPO SCCS**

**ISO 22000:2018**

**HAS 23000**

**KOSHER**

**EcoVadis**

## SEDG Certification

**ISO 9001:2015**

**ISO 22716:2007**

**ISO 50001:2018**

**KOSHER**

**RSPO SCCS**



## Headquarters Certification

**GMP+ B3**

**RSPO SCCS**

# Our Commitment to Sustainability



GRI 2-3, 2-28, 3-1



The 2022 Sustainability Report encompasses the time frame from January 1, 2022, to December 31, 2022, and has been carefully formulated in alignment with the Global Reporting Initiative (GRI) 2021 guidelines, ensuring strict adherence to GRI Standards. Activities within the Group predominantly serve as the basis for assessing impacts on affiliated parties connected to two of our manufacturing sites, thereby aiding in the identification of key stakeholders.



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Since 2017, SCPL has thrived and established itself as a leading provider of oleochemicals and surfactants on the international market. The expansion of our business follows the commitment to sustainability made by our organization. A great opportunity has been created for SCPL to significantly contribute to the preservation and improvement of the environment in the areas where we operate because of the cooperation we have established on the sustainability front with all the stakeholders, including relevant government institutions, non-governmental organizations, commercial associations, suppliers and customers. Additionally, we have actively engaged with local communities to understand their needs and concerns, integrating their insights into our sustainability strategies. This participatory approach ensures that our efforts are aligned with the actual needs of the people most affected by our operations, leading to more sustainable and impactful outcomes. By building a good network of partnerships, SCPL is greatly positioned to be a catalyst for sustainable development and social upliftment. Our efforts have not only reduced our carbon footprint but have also led to the creation of economic opportunities for underserved populations.

## PEOPLE

Through a robust process of review and strategic decision-making, we take a comprehensive approach to evaluating the consequences of our actions. We assess the multidimensional impact on the environment, our workforce, and the surrounding communities. Our decision making framework incorporates environmental, social and governance (ESG) criteria, providing us with a holistic perspective that informs all levels of operation.

Continuous Improvement stands as a cornerstone among our core values at SCPL. This is not just a statement; it is a lived experience that resonates through every aspect of our organization. Whether the focus is on environmental stewardship, climate change mitigation, the health and safety of our employees, or the economic wellbeing of the local communities where we operate, continuous improvement serves as our guiding principle. We consider this value as more than a business strategy; it is an organizational culture that encourages individual growth as well as collective progress. We believe that improvement should be a continual process, not an end goal. Our employees are not only encouraged but also empowered to think outside the box when it comes to resource conservation, waste reduction, and the prevention of air and water pollution. We incentivize innovation through recognition and rewards, cultivating an environment where creativity in sustainable practices is celebrated. In addition to these internal efforts, our commitment to continuous improvement is proven by the initiatives we've described in the "Our Milestones" section. We've invested considerable resources both financial and human into developing and implementing many of operational sustainability projects.



## PROCESS

### Continuous improvement

By embedding this culture of continuous improvement and innovation into our corporate culture, we not only achieve operational excellence but also contribute positively to environmental stewardship and social responsibility.

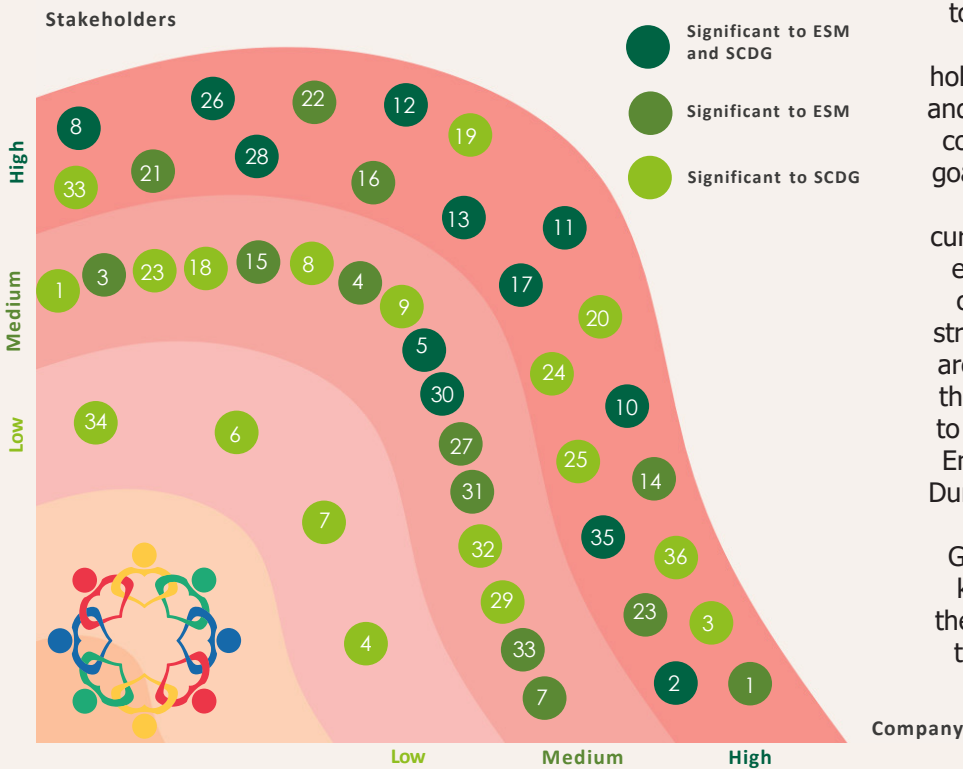
## IMPACT

We are committed to ensuring that all activities conducted at our manufacturing facilities contribute to long-term, sustainable improvements that are multi-dimensional. This means that we don't measure success only by output and profit, but also by our positive impact on the environment, the local economy and the wellbeing of our workforce and surrounding communities.



# Engaging Our Stakeholders

GRI 2-29, 2-30, 3-2



Stakeholder involvement is essential to developing sustainable governance. With each of its stakeholders, SCPL builds clear, objective and concise lines of communication, collaboration and interaction. The goal is to make sure the company is aware of the stakeholders' current expectations and that these expectations are in line with the company's efforts and business strategies. Focus group discussions are used to evaluate the impact of the stakeholders' concerns related to the two manufacturing sites, PT Energi Sejahtera Mas (PT ESM) in Dumai, Indonesia, and SCDG GmbH Fritz-Henkel-straBe 8 Genthin, Germany, in order to identify the key stakeholders' concerns and their expectations. The following is the established material matrix.

Stakeholders	Key Concern
Employee	1 Career Growth
	2 Health & Safety
	3 Wages & Benefit
	4 Ethics and culture
	5 Economic growth
Local Community	6 Basic Village Infrastructure Development
	7 Employment Opportunity
	8 Air and water pollution
	9 Demography/secure young generation
Shareholders	10 Profitability
	11 Business Continuity
	12 Compliance to relevant law
Customer	13 Product Safety
	14 Labor and human right issue
	15 Sustainable product
	16 Management system Certification
	17 Ethic and good governance
	18 Sustainable Supply
	19 Product Certification
Supplier	20 Product Quality
	21 Business opportunity
	22 Local supplier priority
	23 Ethic and good governance
	24 Payment
	25 Social Assessment
	26 Compliance with Regulation
Government and Regulatory Body	27 Rehabilitation of Coastal Areas
	28 License and authorization
	29 Energy reduction and environmental awareness
Industry Group Association	30 Information Sharing
	31 Strong voice to industrial benefit
	32 Trainings
Non Government Organization	33 Environmental protection
Employee	34 Modern Workplace
	35 Job Security
Local Community	36 Regulatory compliance



# Anti Corruption

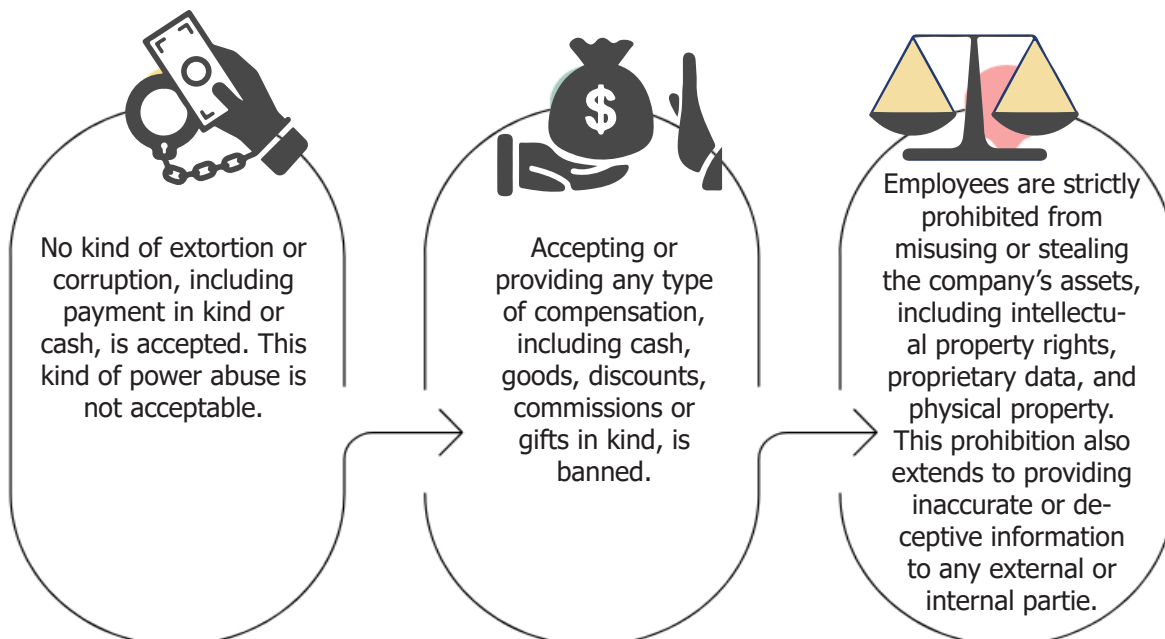
GRI 205-1, 205-2, 205-3



In our organization, the fight against corruption isn't just a policy. It's a principle where all of employees have embraced it. Integrity is at the core of our corporate values, and we make sustained efforts to institutionalize this commitment into every aspect of our operations. To ensure the highest levels of transparency and accountability, we have fortified our internal controls. One key mechanism in place is a tiered approval system for conducting tenders or purchasing goods and services. This multi-layered approach ensures that multiple eyes are on every transaction, drastically reducing the possibility of fraudulent activity. We emphasize openness and honesty in all of our dealings, whether they involve customers, vendors, government officials, or other third parties. Every transaction is documented and subject to rigorous review, so there's no room for under-the-table dealings. Understanding that reporting potential corruption can be a sensitive issue, we offer a specialized and confidential portal for whistle-blowing. This allows anyone be it employees, suppliers, or stakeholders to report or inform us about any potential misappropriation or corrupt activities without fearing retaliation. We are proud to report that we haven't received any complaints or information related to corruption in 2022. While this is encouraging, it doesn't mean our work is done. Therefore, we continue to proactively improve our internal controls and governance structures to eliminate any opportunities for corruption to take root. By doing so, we not only protect our organization but also contribute to a larger culture of integrity that benefits our partners, stakeholders and the communities where we operate.

All complainants may submit a report to :  
E-mail: [whistleblower@sinarmascepsa.com](mailto:whistleblower@sinarmascepsa.com)

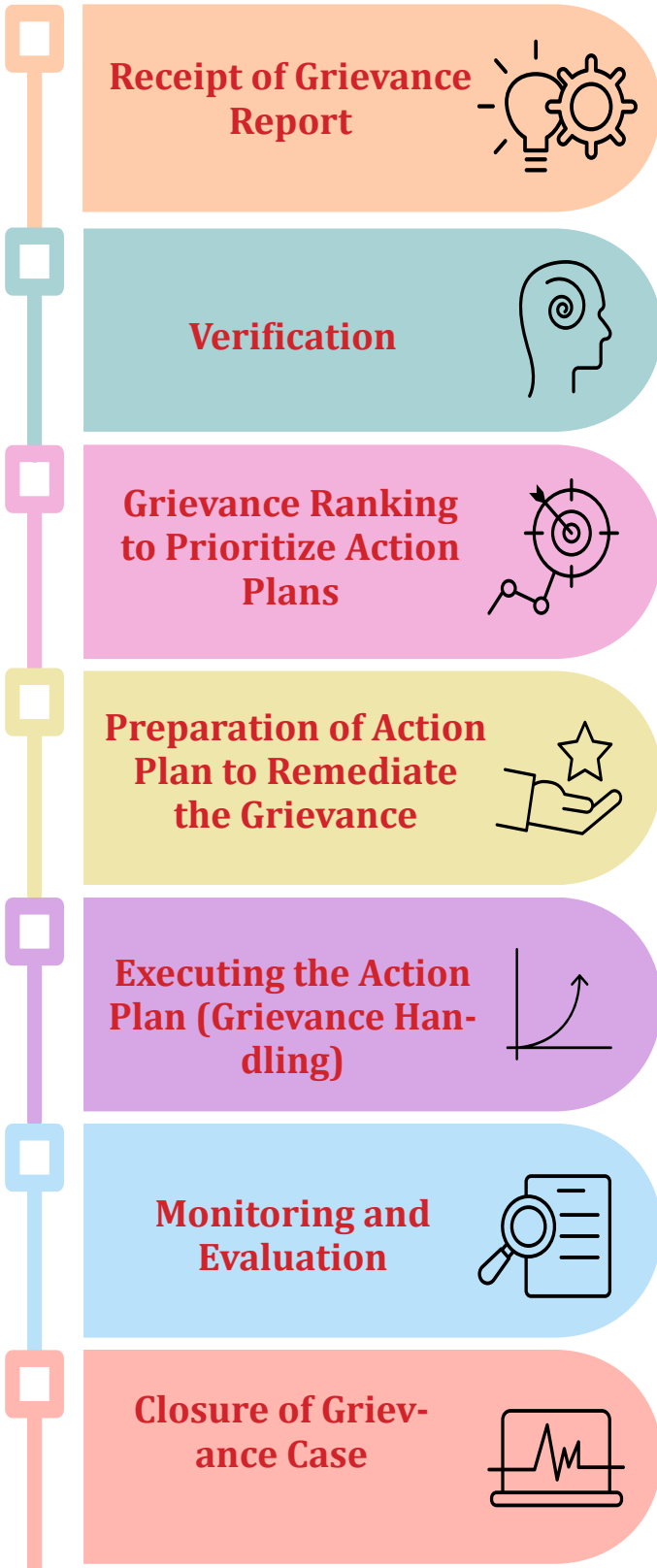
Addressed to:  
Whistleblower Handling SCPL  
Golden Agri Plaza 108  
Pasir Panjang Road, Singapore





# Grievance Handling

GRI 2-3, 2-26, 2-27



Sinarmas Cepsa recognizes the importance of open dialogue and transparent interactions with all stakeholders. We are committed to being responsive to the concerns of local communities near our operations, non-governmental organizations, human rights advocates and social activists. To this end, we have established an official channel for the submission of complaints, to address both social and environmental impacts arising from our activities. Upon receiving a complaint, it is directed to the appropriate site unit for initial assessment. To ensure specialized oversight, the relevant Sustainability team leader is assigned to handle the matter. This allows for a more holistic approach, integrating the perspectives of experts in social and environmental affairs, thereby ensuring that the issues are not just addressed but resolved in a meaningful way. All complaints are acted upon as swiftly as possible, in alignment with our standard operating procedures. This not only involves addressing the concerns raised but also implementing preventative measures to mitigate the risk of future issues. Privacy is of the utmost importance in our grievance process. We understand the sensitive nature of complaints, and therefore our grievance mechanism is designed to protect the issuer's anonymity, unless they choose to disclose their identity for follow-up actions. Below are the graphics that detail the SCPL grievance management procedure, providing a step-by-step visual guide to our methodology for addressing and resolving complaints.



# Ethics and Compliance

GRI 2-30, 205-2, 401-2, 406-1, 407-1, 408-1



SCPL has adopted Good Corporate Governance (GCG) Principles as the guiding framework for all company operations and business procedures. We recognize the importance of ensuring that every team member's behavior aligns with the company's goals and objectives to effectively implement GCG principles. Consequently, we mandate that all business and operational activities be conducted honestly and in compliance with applicable laws and ethical standards. All employees are required to adhere to the company's established Code of Conduct, a comprehensive guide designed to promote ethical and professional behavior. The Code serves as a reference for all SCPL employees in their work and interactions.


We fully adhere to the guidelines outlined in the Statement of Compliance with Code of Conduct, Statement of Absence of Conflict of Interest and the Integrity Pact to uphold the company's Code of Conduct across all our activities, behavior and commitments. The principles of the Code of Conduct are consistently disseminated throughout our organization using various channels. These include email, the company's official website, visual banners, forums and other easily accessible information technology platforms

Stakeholders can submit their grievances via the following email and/or address below.

E-mail: [grievance@sinar-mascepsa.com](mailto:grievance@sinar-mascepsa.com)

Addressed to: Grievance Handling Team Sinar Mas Cepca Pte. Ltd.

Golden Agri Plaza  
108 Pasir Panjang Road  
Singapore



The ETI Base Code practice, which consists of nine elements cascaded into a policy that must be followed by all of our stakeholders, has also been adopted by us.

## 2. Freedom of association

SCPL and its business entities seriously uphold the prohibitions against forced labor and workplace discrimination. A candidate's qualifications, experience and competency are taken into account while hiring them. Our third-party employees are also subject to this policy, and our human resources department periodically audits them to make sure they are following it.

## 4. Child labour shall not be used

When it comes to hiring employees, SCPL scrupulously abides by the ILO's standards as well as any applicable laws and rules, such as those governing minimum age requirements. In accordance with legal requirements, our Human Resources department also routinely submits employee related data (such as age) to the Local Labour Office.

## 6. Working hours are not excessive

We make sure that all of our businesses located in various geographic locations adhere to local rules regarding working hours. Working overtime is optional, closely supervised and adequately compensated in accordance with the law.

## 8. Regular employment is provided

Work is performed at all of our locations in strict compliance with the local employment regulations. We constantly stay up to date on current employment rules and make sure we abide by them at all times.

## 1. Employment is freely chosen

As stated in its official Code of Conduct (CoC) policy, SCPL has a formal ethics and compliance policy. Each and every employee is given a copy of the CoC, and it is their duty to read, comprehend, and adhere by its contents. Our personnel also receive pertinent training on topics related to ethics and compliance.

## 3. Working conditions are safe and hygienic

To ensure a safe and healthy working environment for our workers and contractors, SCPL and its business units adhere to the law and implement the OHSAS 45001 standards. Both employees and contractors receive training and have specific work safety protocols outlined. The business provides emergency facilities, safety tools and equipment and personal protection equipment to always ensure the safety and well-being of its employees in order to comply with statutory requirements for safe and hygienic working conditions.

## 5. Living wages are paid

The minimum wage requirements are strictly complied with by SCPL and the companies it owns. The Company offers qualifying employees benefits that are in addition to a monthly wage, including food allowances, shift allowances and subsidized loans for motorbikes and cars. To provide a smooth, fluid and transparent compensation system, our company in Dumai uses an integrated software system to connect its staff attendance records, overtime tracking and transparent remuneration system.

## 7. No discrimination is practised

We support equal opportunity for all people and abhor any sort of prejudice, whether it be based on someone's color, caste, religion, nationality, age, physical or mental limitations, gender, marital status, sexual orientation, union membership or political affiliation. This holds true for all of our human resource procedures, including hiring, getting access to training, getting promoted, getting fired or retiring.

## 9. No harsh or inhumane treatment is allowed

Sexual harassment, sexual assault, intimidation or any other forms of abuse that violate our Code of Conduct about how we handle our employees are not tolerated. In accordance with our company policy and any applicable laws controlling such activities, proven violators will be dealt with appropriately.



The well-being of our employees and the protection of our assets have always been our top priorities as a company. Programs and initiatives aimed at enhancing our employees' safety culture thus receive full support from management. Every employee in our company is well-aware of our safety objective, which aims for zero workplace accidents. This commitment is expressly stated in the company's HSEQ policy



# Social Performance

GRI 3-3



The business urgently requires a robust safety culture to ensure that all safety laws and recommended procedures related to occupational health and safety are observed. When it comes to the health and safety of our employees and contractors, there is no room for compromise. Below are some of the key rules that we follow:

## Indonesian Regulation:

1. Indonesia Law no. 1 (1970) governing Occupational Safety and Health (e.g. work safety requirements, guidance, supervision, work accidents and Occupational Health and Safety Steering Committee)
2. Indonesia Law No. 11 of 2020 on Job Creation instead of UU no. 13
3. Any local rules, legislations and best OSH practices across all our sites and offices

## Germany Regulation:

1. ArbSchG (Occupational safety and Health Act) is a German Law on the implementation of occupational Health and safety measures to improve the safety and health protection of employees at work (regular controls by security officer and 4 meeting per year by an Occupational Safety and Environment Committee).
2. ArbZG" -Working Hours Act: regulates the minimum and maximum working time of employees
3. "JArbSchG" -Youth Labor Protection Act





The foundation and guiding principles for the organization's ongoing improvement of its occupational health and safety performance are provided by our OHS management system and policy. These rules are designed to make sure that all of SCPL's operations abide by all local, state, and federal laws. Regulations and standards for occupational health and safety are established and strategically implemented to maximize the effectiveness of their prevention of workplace accidents, process events and occupational diseases. Each year, our facilities undergo OHS compliance audits in accordance with ISO 45001: 2018 OHS requirements, as well as an annual management assessment of the results of both internal and external OHS audits and any OHS-related improvement initiatives. Through P2K3 (Occupational Health and Safety Management System), we involve our employees in the creation, implementation and assessment of OHSMS.

### Initiatives

We maintain a comprehensive set of Safety Fundamental Practices, governed by our extensive Health, Safety, and Environment (HSE) management system. This system closely monitors critical operational activities at our facilities. All staff members and contractors working on our premises are obligated to adhere to these safety protocols. The Safety Fundamental Practices specifically regulate the following key work processes

1. Permit to Work
2. Working at Heights
3. Transfer of Products
4. Management of Change
5. Lockout Tagout
6. Confined Space Entry
7. Motorized Vehicle

### Realization:

- LTIR : 0.0
- Engaging renowned safety consultants (DSS – DuPont Sustainable Solutions) to evaluate the organization safety culture and to determine sustainable improvement action.
- Continue enhancing the Safety Fundamentals program.
- Implemented the Pre-Startup Safety Review (PSSR) process

### Our Commitment:

- To achieve zero work place accidents, prevention of occupational hazards and a healthy work force

SCPL routinely assesses the suitability and effectiveness of its Occupational Health and Safety (OHS) practices across all locations. These evaluations are conducted biannually under the oversight of each site's senior management and key operational personnel. Metrics such as our Health, Safety, and Environment (HSE) matrix, Permit To Work (PTW) compliance, incident rates and specific cases are regularly reviewed and evaluated. The HSE Key Performance Indicator (KPI) matrix is also updated periodically. This consistent evaluation is essential for accurately assessing the efficiency of our site-specific HSE systems. It allows us to proactively improve our HSE practices, emphasizing prevention over correction.







We routinely conduct training sessions for all employees on key Occupational Health and Safety (OHS) topics, including working at heights, Lockout/Tagout (LOTO), confined space entry, basic safety procedures and handling hazardous materials. Additional training covers the management of high-risk tasks, first aid, emergency response protocols, firefighting systems and accident investigation procedures. Following these sessions, we assess employees' comprehension of the topics to determine the need for further training.



### 1. Mindset

Transforming mindsets and elevating employee awareness about the importance of maintaining workplace and personal safety as a collective responsibility.

### 2. Knowledge

All employees must understand that safety, quality and environmental responsibility are interdependent aspects under the framework of Occupational Health and Safety (OHS).

### Three Pillars of OHS

### 3. Response Speed

Employees are trained to respond promptly to emergency situations, such as fires, explosions, gas leaks and natural disaster.

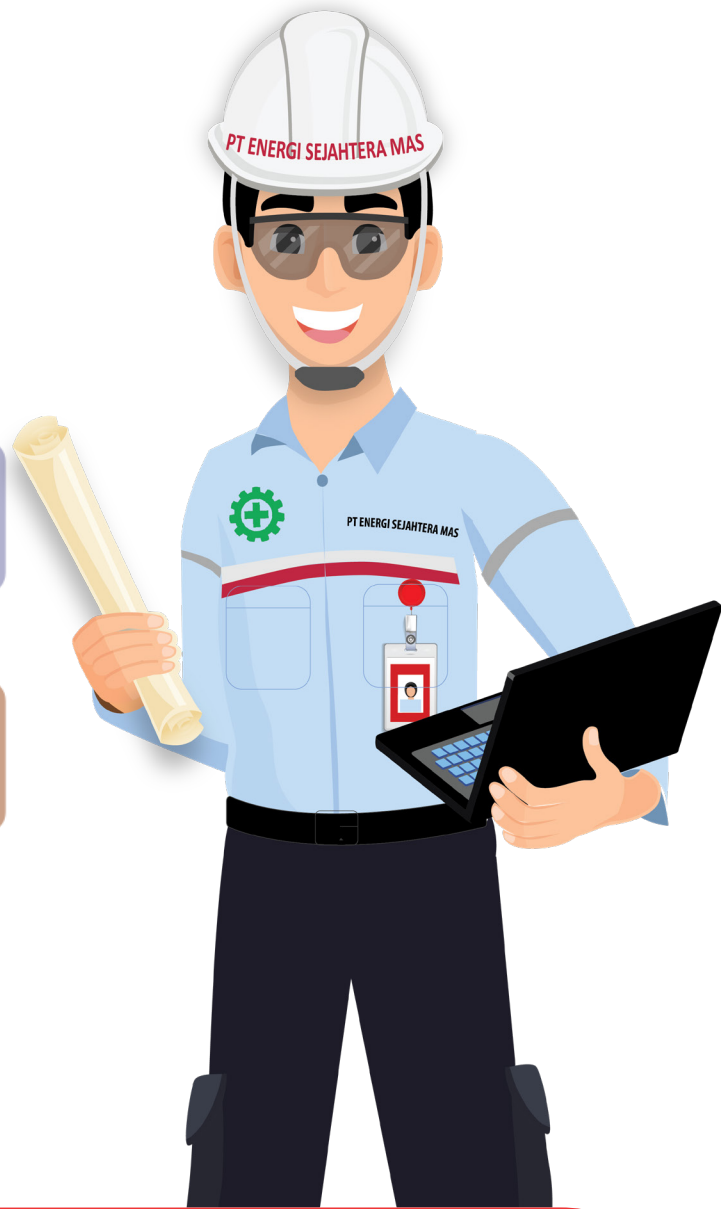
**The  
Implementation  
of Safety  
Management  
System**

Protect yourself and your colleagues from any risks and dangers

Adhere to all applicable safety standards and procedures

Acquire knowledge, continually monitor and proactively prevent risks associated with work-related accidents and illnesses

Always wear Personal Protective Equipment (PPE) before carrying out activities at site



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SCPL regularly conducts emergency response drills at its manufacturing locations. In 2022, SCDG carried out 3 emergency drills, while PT ESM executed a total of 12 emergency response drills. Both sets of drills were managed by our employees who are certified as emergency response personnel.

The range of emergency response drills we conducted includes fire drills, evacuation procedures, explosion simulations and chemical spill exercises. Such drills are essential for maintaining our preparedness to handle real-life emergency scenarios. The tables below detail the specific types of drills performed at PT ESM and SCDG during the year 2022.

No	ESM's Drill Types	Date	Location
1	Fire & Evacuation Drill	22-Jan-22	WWTP
2	Fire Drill	15-Feb-22	Fatty Alcohol Plant
3	Fire Drill	14-Mar-22	Fatty Acid Plant
4	Fire & Evacuation Drill	26-Apr-22	Loading Dock
5	Fire & Evacuation Drill	24-May-22	Tank Farm PPH
6	Fire & Evacuation Drill	24-Jun-22	CFPP
7	Fire & Evacuation Drill	28-Jul-22	Maintenance Building
8	Spillage Drill	18-Aug-22	Technical Warehouse
9	Fire & Evacuation Drill	29-Sep-22	Admin Building
10	Fire Drill	29-Okt-22	Laboratory
11	Evacuation and First Aid	14-Nov-22	Warehouse Finish Good
12	Explosion & Evacuation Drill	08-Dec-22	Methanol Tank

No	SCDG's Drill Types	Date	Location
1	Fire Drill	31-Jan-22	Production Plant
2	Fire Drill	03-Jun-22	Production Plant
3	Fire brigade and industrial site crisis team drill	29-Jun-22	Production Plant



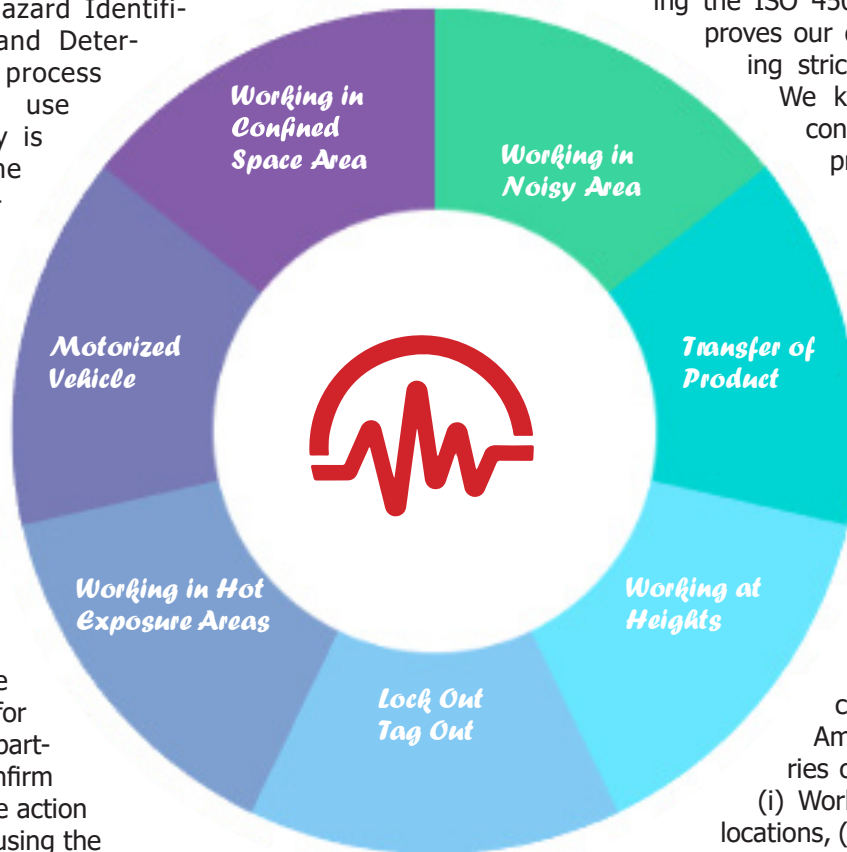
# Occupational Health and Safety Performance

GRI 403-1, 403-2, 403-4, 403-6, 403-7, 403-8, 403-9, 403-10

No	ESM OHS Performance	2020	2021	2022
1	Safety Man Hours	1,597,893	1,680,348	1,820,183
2	First Aid	6	5	4
3	Industrial Incident	2	8	13
4	Safety Observation	362	679	2016
5	Fire Incident	0	1	2
6	LOPC	2	2	7

No	SCDG OHS Performance	2020	2021	2022
1	Safety Man Hours	3,509	4,103	3,789
2	First Aid	0	0	0
3	Industrial Incident	0	0	2
4	Safety Observation	0	0	0
5	Fire Incident	1	1	0
6	LOPC	2	2	1

SCPL carries out risk mapping at our production facilities using the Hazard Identification Risk Assessment and Determining Control (HIRADC) process methodology. With the use of this tool, our company is better able to identify the prevention and care strategies for any potential workplace injuries and illnesses. Every year or if there are any process changes, HIRADC is reviewed in a regular manner. Each relevant department's area owner or process owner is required to map all potential risks and hazards associated with their job using the HIRADC form. Before sending the data to the OHS unit for validation, the head of department for each area must confirm and approve it. A sustainable action and solution are developed using the HIRADC form to identify potential risks and hazards.



The accomplishment of PT ESM in receiving the ISO 45001:2018 certification proves our dedication to upholding strict OHS requirements. We keep a high level of consistency in the OHS practices we adopt and how we integrate them into our daily work culture. Our employees who operate in high-risk OHS jobs and locations are given priority in terms of OHS vigilance and a higher level of focus. They receive sufficient instruction on the operations and their abilities are continually evaluated.

Among the seven categories of high-risk labor are:

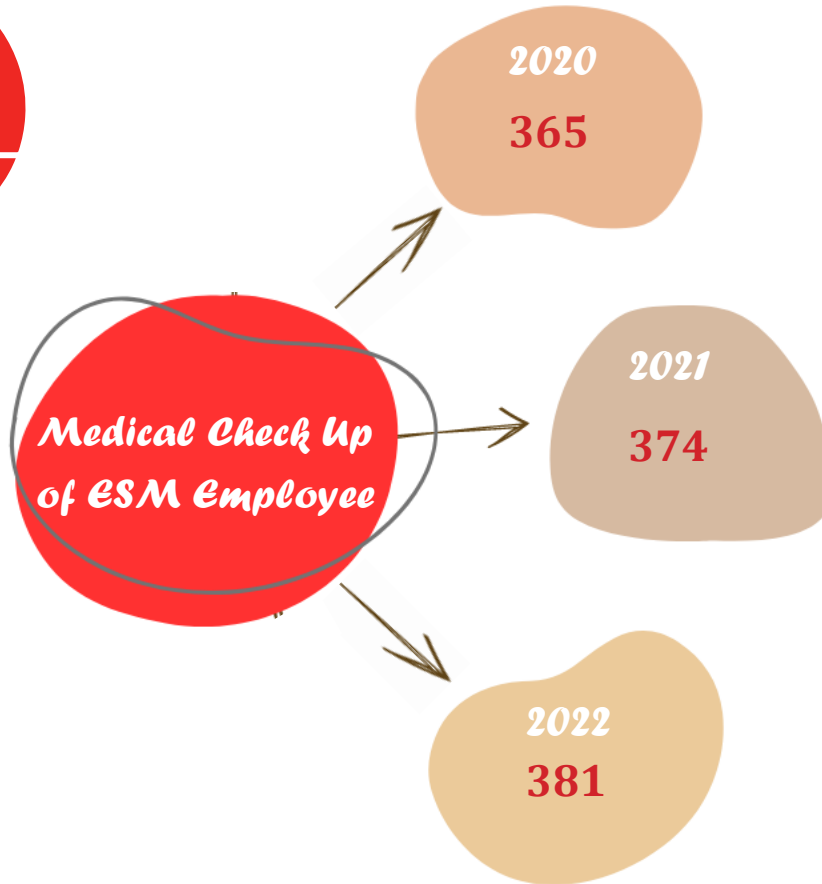
- (i) Working in hot exposure locations, (ii) working at heights, (iii) working in confined spaces, (iv)

A vehicle with motor, (v) Working in noisy environment, (vi) transferring a product and (vii) lock out/tag out.





# Occupational Health



The increase in Medical Check-Up (MCU) participation aligns with our expanding workforce. For indirect workers, annual medical examinations are managed by third-party employers, although we receive the results to monitor current health statuses. We operate an in-house clinic, available 24/7, to provide immediate medical care, particularly for emergency first-response treatment, for both our employees and indirect workers. Additionally, we offer wellness programs such as group Zumba classes for employees and contractors, conducted monthly to support their mental and physical well-being.

The occupational health of our workforce undergoes ongoing evaluation. Annually, PT ESM collaborates with a certified third-party facility to conduct employee medical check-ups. These findings are analyzed to identify occupational health risks, targeting specific jobs and employees. As per the 2022 check-up results, all company employees are fully fit for their roles, with no documented cases of occupational diseases or fatalities.

# Employee Management and Engagement

GRI 2-7, 2-19, 2-20, 202-1, 401-1, 401-3, 404-1, 404-2, 405-1

As part of our commitment to achieving human capital excellence, we implement a fair and transparent system for managing and developing our human resources, and we constantly encourage the growth of our workers' competencies, skills and knowledge.

Additionally, we rigorously adhere to all existing policies and rules on the just compensation and pay for our employees.

## Realization

- The remuneration does not take into account employee's gender, but performance assessment of each individual; and
- No incidents of discrimination and harassment were reported in 2022

## Employees' Recruitment

SCPL uses an open hiring procedure to draw in candidates with the highest credentials and expertise. The five steps of the recruitment procedure include administrative selection, academic and general ability selection, psychological selection and health screening

In this procedure, SCPL gives equal consideration to all people without regard to their gender, ethnicity, race, religion or any other forms of discrimination. In PT ESM, a total of 34 individuals were hired as new workers in 2022, which is 6 higher than in 2021.

## General Provisions:

- Indonesia Law No. 13 (2003) : The Law on Manpower Affairs
- Indonesia Law (Cipta Kerja) No. 6 (2023)



## Employee Engagement Programs

We consider that employees are not only resources but also very valuable assets for us. The welfare and motivation of employees must be maintained because they are the driving force behind all company operational activities. Employees provide loyalty and all their efforts to carry out company activities, monitor operational processes and prepare all the company's needs to serve customers. One of the methods we use to increase employee engagement is by holding outbound/team-building activities and competitions such as to commemorate independence day. Apart from that, to increase closeness with employee families, we hold family gatherings, which are held at the same time as the company anniversary.

### 1. Team Building

This activity was divided into 5 batches, which was held in the period September to October 2022. This is because the number of employees is quite large and working hours are divided into several shifts. Various games that train team cohesion using soft skills are made as well as possible, so that these values can be implemented in their respective fields of work.

### 2. Competition to commemorate Indonesian independence day

The excitement of welcoming Indonesia's independence day was made into an event to increase team unity by holding various competitions, such as futsal, badminton, e-sports, etc.

A series of competitions will be held in August 2022, involving all employees from various departments. The sportsmanship value contained in every sport is a very important asset to creating a strong and

### 3. Company Anniversary

We consider the role of the family to be of extreme importance in driving the performance of the employees who work at our operational areas. To this effect we have sponsored family gatherings to foster closer kinship, ties and in uplifting employee's morale and spirits. A family event was held on October 15, 2022, which also commemorated PT ESM's birthday. The event was filled with the distribution of various door prizes and children's competitions. The happy atmosphere generated helped usher in our employee's enthusiasm for welcoming a better SCPL in the future.





## Maternity leave entitlements

The ESM Site Employee Handbook outlines Maternity and Paternity Leave Entitlements in accordance with Indonesian laws. Male employees are granted up to three days of paternity leave, while female employees receive 1.5 months of maternity leave, split before and after childbirth. At our SCDG location, we comply with the MuSchEltZV ordinance, which allows parents who meet certain criteria to take up to three years of parental leave. From the day a female employee confirms her pregnancy, specific safety measures are enforced, such as prohibiting night shifts and ensuring work is only carried out in exceptionally safe laboratory settings that exclude the handling of toxic chemicals.



## Employees' Remuneration, Health and Social security

SCPL values its employees by offering competitive compensation and benefits that reflect their skills, capabilities and individual performance. We ensure our remuneration is in line with industry standards by regularly benchmarking against similar companies and strictly adhering to government regulations. Importantly, we maintain a gender-neutral pay policy across all functional areas of the company. For our workforce in Dumai, Indonesia, we provide the SIMAS SEHAT Insurance through PT Asuransi Sinar Mas. This cashless program offers medical coverage as outlined in its terms and conditions. We also fully comply with Indonesia's BPJS Health and BPJS Employment laws. Similarly, SCDG employees enjoy additional benefits such as childcare contributions, monthly wellness bonuses, fully compensated time for blood donation and supplementary contributions to private long-term care insurance policies on top of the company's mandatory long-term care insurance.





## Performance Assessment and Career Development

Each year, managers evaluate each employee's performance accomplishments as part of their performance evaluation process. At the conclusion of each semester, every employee is qualified to get a performance evaluation. A set of objectives and KPIs are used to conduct the assessment. The evaluation of an employee's performance is based on their behavior, technical proficiency and performance. The results of this evaluation will serve as a guide for employees' career advancement, compensation and promotion. All SCPL employees, regardless of level within the company, underwent performance reviews in 2022. 49 employees have received promotions at ESM based on the 2022 performance evaluation.



### Career Development Programs

01

**Inhouse, External and Internal Training**

02

**Skill Block Training**

03

**Talent Management Program**

04

**Training for trainer**



SCPL is committed to fostering employee growth through career advancement opportunities and skill development. We carefully select trainers and courses to ensure they meet participants' specific training needs. The effectiveness of each training session is evaluated through feedback and performance assessments related to the training topics. In 2022, we continued our Skill Block Training (SKBT) program, designed to enhance job related hard skills. The program has benefited 50 employees since its inception in 2019, with 17 new participants in 2022. To address soft skills such as leadership and communication, we've also launched a Talent Management Program (TMP). Currently, this program has 26 participants and is scheduled to run through 2023. Both programs are regularly reviewed to ensure they effectively accelerate the development of employee competencies.

In 2022, SCPL took a significant step forward by implementing a Learning Management System (LMS) for employee training. This digital platform allows employees to access training materials anytime, anywhere, from smartphones or computers, enhancing overall efficiency. Before uploading, all training content undergoes a rigorous quality assessment. Each employee is provided with a personal account and is required to complete their training within a set timeframe. The addition of numerous training modules by the end of 2022 is projected to increase overall training hours compared to the previous year.

No	Total Training Hours based on Site	2020	2021	2022
1	PT Energi Sejahtera Mas	11,293	15,030	21,042
2	Sinarmas Cepsa Deutschland GmbH	651	422	564
3	Headquarters, SCPL	48	603	258

No	Average Hours of Employee for each Site	2020	2021	2022
1	PT Energi Sejahtera Mas	29.03	41.4	51.3
2	Sinarmas Cepsa Deutschland GmbH	18.6	11.5	15.6
3	Headquarters, SCPL	2	23	8





# Community Empowerment

GRI 413-1



SCPL is committed to improving the quality of life in the communities that surround us. We achieve this by proactively engaging with local residents to understand their needs and aspirations. Based on this dialogue, we design and implement targeted projects and programs that align with community expectations

### PT ESM's Participation in Mangroves Planting

On January 4, 2022, PT ESM employees, in collaboration with government officials and the Wana Lestari Group, a notable environmental NGO, took part in a concerted effort to plant 2,000 mangrove trees. This initiative serves multiple vital purposes: it contributes to ecological restoration in the region where our company operates, supports local economies, particularly those dependent on fishing along the mangrove coastline and aligns with our commitment to the Sustainable Development Goals (SDGs) focused on responsible environmental management. Mangroves are not only the 'lungs of the earth,' but also critical contributors to biodiversity, serving as organic food chain sources for various species. Regular monitoring will continue to track the growth of these mangroves, ensuring that they mature into thriving new ecosystems.



### PT ESM Distributing Food Packages to Local Communities

On March 31, 2022, and again on December 23, 2022, PT ESM reaffirmed its commitment to elevating its local community well-being through the distribution of essential food aid. Hosted at the ESM Sport Hall, these initiatives were designed in collaboration with regional leaders to target underprivileged families and orphans specifically. Each of the 100 food packets distributed contained basic household necessities, including a bag of rice, cooking oil and several eggs. These events not only served immediate nutritional needs but also aimed to strengthen the ties between our company's management and the surrounding communities. Recipients expressed immense gratitude for the support and voiced hopes that such efforts would continue in a sustainable manner.

### PT ESM Donating a Cow at Idul Adha

On July 8, 2022, PT Energi Sejahtera Mas (ESM) made a significant contribution to the local community by donating a cow to the Al Iman Mosque. The cow was offered as a religious sacrifice, and its meat was distributed to local residents. This initiative served dual purposes: it not only provided essential food aid but also fostered a sense of unity and goodwill between PT ESM's employees and the surrounding communities. The beneficiaries of this program expressed heartfelt gratitude and voiced hope that such charitable efforts would be sustained in the future.



## Blood Donation

On October 7, 2022, PT Energi Sejahtera Mas (ESM) organized a blood donation drive in collaboration with Palang Merah Indonesia, a prominent blood organization. The event was attended by both PT ESM employees and third-party vendors, responding to the escalating need for blood in Dumai City. Beyond the immediate benefit to the community, regular blood donation also offers health advantages for donors. It stimulates the body's ability to produce new blood cells, which are essential for oxygenation and nutrient transportation. There were 27 donors who participated in this crucial activity.



## ESM Vocational Partnership Program

In a commitment to foster educational growth and workplace readiness among local high school students, PT Energi Sejahtera Mas (ESM) launched the ESM Vocational Partnership Program (EVPP). This collaborative platform allows educational institutions to fine-tune their curricula to better align with the actual skills and knowledge needed in today's workplace. As part of the ESM Community Lecture initiative, each department within ESM designated at least one employee to serve as an instructor, ensuring that diverse areas of expertise are covered. In 2022, a total of 10 visits to partner schools were planned, benefiting nine schools that have formally collaborated with us through Memorandums of Understanding (MoUs) or partnership letters. The program's effectiveness has been closely evaluated by our CSR team, with students expressing gratitude for the insights they gained into the professional world. The EVPP has not only enhanced their hard and soft skills but also significantly boosted their motivation to achieve their career objectives.

## PT ESM contributes to donating books to school

In the education sector, alongside running a vocational partnership program, ESM extends its support by donating books to schools in the regions where we operate. This initiative took place on May 27, 2022, at SMPN 6 Dumai. Worth mentioning is that the majority of the donated books were contributed by our employees, who showed tremendous enthusiasm in contributing in this initiative by offering selections from their personal libraries. A thorough book selection process was undertaken to ensure the relevance and applicability of the donated materials to the students. Through this book donation program, we aim to foster a good interest in reading among students, thereby expanding their knowledge base. We envision this great initiative as an annual event, reflecting our long-term commitment to enhancing educational resources in our communities. Through such efforts, we aim to nurture a mutually enriching relationship between our organization and the localities in which we operate.



# Continuing to Preserve the Environmental Ecosystem

GRI 3-3, 2-4, 2-25, 304-1, 307-1



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### Management Approach

Compliance with environmental management laws and regulations are an important aspect of the sustainable operations carried out by SCPL in relation to complying with Indonesian Government Regulations :

1. Constitution Law No. 32, 2009
2. Government Regulation No. 22, 2021

SCPL also ensures strict compliance to the following policies related to German Government Regulations, namely :

1. GefStoffV – Hazardous Substance Ordination
2. BImSchG – Federal Emission Control Act
3. KrWG/ AbfG – Recycling and Waste Management Act
4. WHG – Water Resources Act
5. ChemG – Chemicals Act (Act related to Protection Against Hazardous Substances)

### Realization:

- Complying with the PROPER Assessment
- Adhering to the EcoVadis Assessment
- Maintaining Certification and Implementing the Environmental Management System (EMS) per ISO 14001:2015 standards and energy audit.
- Continuing to Adhere to the Equator Principles
- Implementing the Energy Management System (EMS) per ISO 50001:2018 Standards at the SCDG Site

### Our Commitment:

We are fully committed to complying with all applicable legislation, aiming for zero negative impact, and receiving no complaints from local communities and key stakeholders in the areas where we operate.

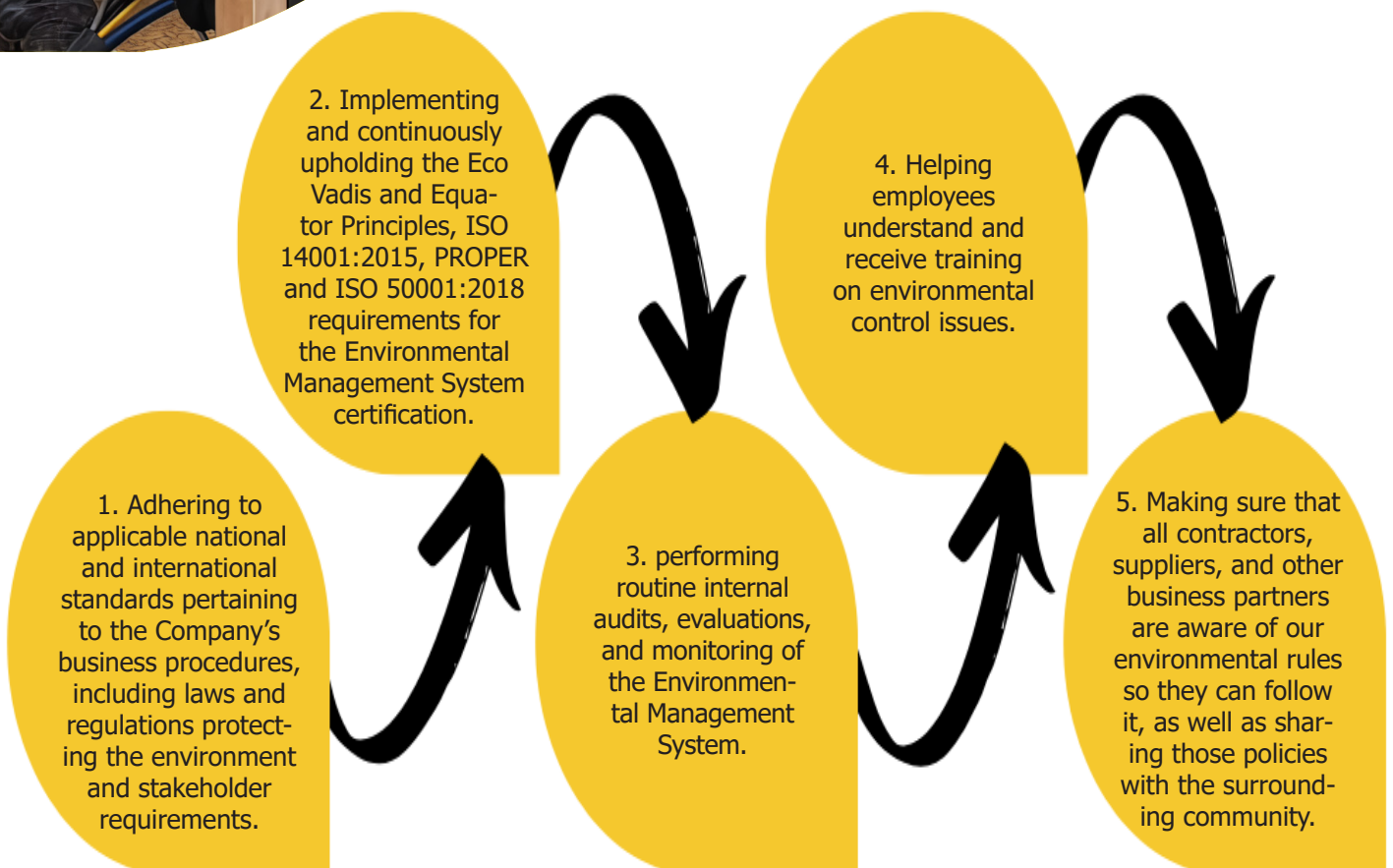
### Evaluation:

As a means of evaluating our environmental management programs and activities, PT ESM regularly submits its Environmental Monitoring Plan and Environmental Management Plan reports to the relevant regulatory authorities. Internally, the Environment Department is responsible for overseeing environmental management. As of the end of 2022, PT ESM has not received any sanctions, either administrative or otherwise, related to violations or non-compliance with environmental laws.





By implementing environmental management policies and procedures, SCPL is committed to continually improving its environmental performance management. These measures are designed to ensure that all of SCPL's operations are in full compliance with existing laws and regulations. Additionally, guidelines have been established for evaluating and executing the company's environmental improvement initiatives. As part of its Integrated Management System, SCPL has adopted an Environmental Management System in line with ISO 14001:2015, EcoVadis, the Equator Principles, PROPER and ISO 50001:2018.





# Waste Water Monitoring

GRI 306-1



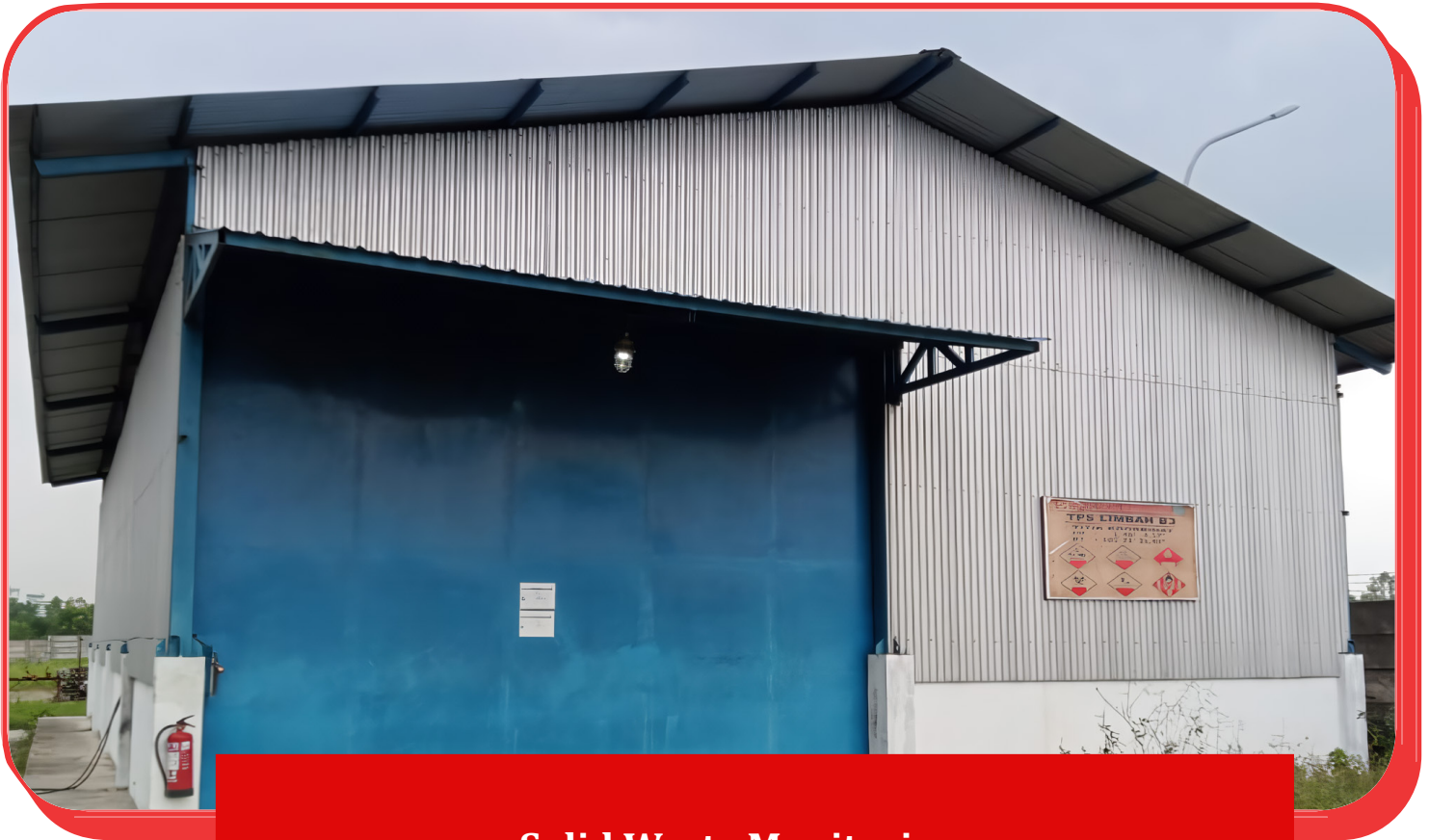
The quantity and quality of treated wastewater before its discharge into the sea are top priorities for PT Energi Sejahtera Mas. We operate a wastewater treatment facility to manage the effluent generated from both domestic and operational activities. This facility primarily uses a series of physical and chemical processes including neutralization, coagulation, flocculation, sedimentation and filtration to treat the wastewater.

PT Energi Sejahtera Mas has been authorized by the Indonesian government to discharge liquid waste into the sea since 2016, as per Decree No. SK.442/Menlhk/Setjen/PKL.1/5/2016 from the Minister of Environment and Forestry of the Republic of Indonesia. The company remains vigilant in ensuring that the liquid waste meets the relevant quality standards, and routinely monitors both the quantity and quality of waste at all compliance sites. To date, PT ESM has not faced any fines or legal repercussions for water pollution due to the discharge of processed liquid waste.

	2020	2021	2022	Government Standard	Units
BOD	20.17	14.8	13.32	70	mg/L
COD	58.88	37.1	26.03	160	mg/L
TSS	23.41	34.3	24.46	100	mg/L
Oil and Fat	2.85	1.85	1.31	10	mg/L
Phosphate	0.44	0.45	0.05	5	mg/L
Ammonia	0.36	0.65	0.2	10	mg/L

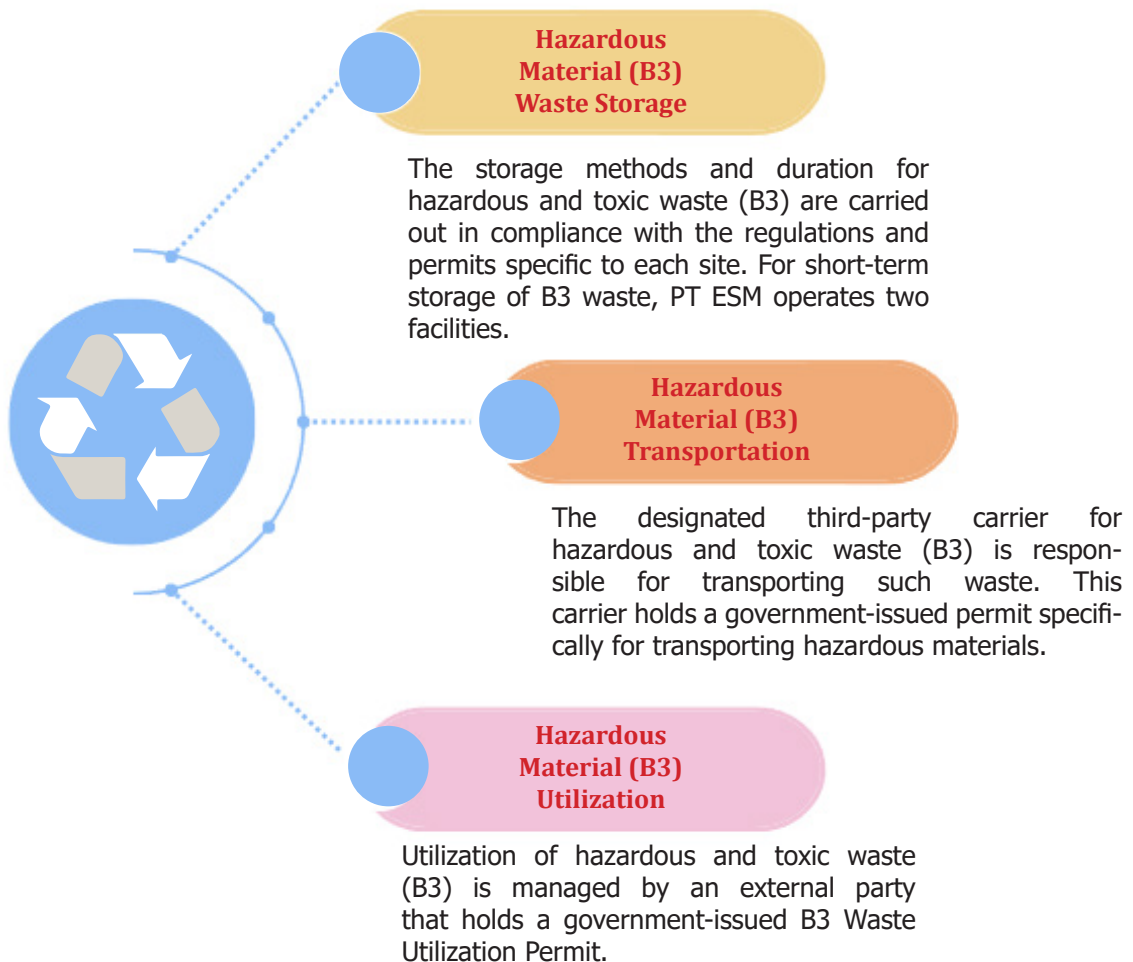
PT Energi Sejahtera Mas regularly monitors the quality of liquid waste at all compliance sites using sampling techniques that align with SNI 6989.59:2008 standards. These samples are then evaluated by an accredited third-party laboratory. Based on these evaluations, it has been confirmed that the liquid waste discharged into the water meets all required quality criteria.

To guarantee that the volume of liquid waste discharged into the sea stays within permissible limits, we have installed flow meters at multiple locations. The results of this environmental monitoring and management are regularly reported to both local and national authorities.



## Solid Waste Monitoring

GRI 306-2, 306-4



Since the beginning of 2018, PT Energi Sejahtera Mas has obtained permission from the Dumai City Investment and One Stop Integrated Service to manage hazardous and toxic waste (B3) for temporary storage activities. Furthermore, the permit was renewed in 2019 with the addition of 1 new building which has a larger capacity for temporary storage of B3 waste. To date, PT Energi Sejahtera Mas has 2 buildings where B3 waste is temporarily stored.

Via the issuance of the Indonesian Governmental Regulation No. 22, 2021 and Ministry of Environment and Forestry Regulation No. 19, 2021; PT ESG's fly ash and bottom ash waste has had its status changed to a Non-B3 Waste. This implementation was supported by the issuance of two official letters from the relevant agencies, namely: FABA Waste Status Direction Letter from the Ministry of the Environment No. S.311/VPLB3/PNLB3/PLB.3/05/2021 and Verification Letter from Dumai City DLH No. 06/DLH/PSLB3/BA-LB3/XII/2021.

PT Energi Sejahtera Mas collaborates with third parties for the transportation and utilization of hazardous waste and non hazardous waste. The company always ensures that third parties have valid permits for hazardous waste management activities from the Ministry of Environment and Forestry as well as special goods transportation permits for transporting hazardous waste issued by the Director General of Land Transportation.

Additionally, PT ESG regularly audits its third-party contractors responsible for handling B3 waste to ensure compliance with all relevant laws and regulations. To further enhance transparency and accountability, PT ESG employs the Environmental Electronic Reporting Information System (SIMPEL) as part of the SIRAJA Reporting of Hazardous Waste Management, an online tool provided by the Ministry of Environment and Forestry.

No	ESM Hazardous Material by Disposal Method	2020	2021	2022	Units
1	Reuse	11,651	17,003	74	Tonnes
2	Recovery	245	222	158	Tonnes
3	Incineration	871	969	739	Tonnes

The tonnage of Hazardous waste managed using the reuse/recycle method has decreased drastically due to the change in the status of fly ash and bottom ash waste from Hazardous waste to Non Hazardous waste



No	ESM Non Hazardous Material	2020	2021	2022	Units
1	Reuse and recycle	123	159	19,709	Tonnes

There was an increase in non-hazardous waste compared to the previous year. It is because the fly ash and bottom ash have been categorized to non-hazardous waste category.

On the waste Reuse and Recycle front, ESG non-hazardous waste is reused in the mixture of material for the soil compaction process and this is managed by an approved third party vendor. In addition, ESG non hazardous waste is recycled as mixed materials in the cement industry.

No	SCDG Waste by Source's Type	2020	2021	2022	Units
1	Total Hazardous Material	97.8	121.6	132.3	Tonnes
2	Total Non Hazardous Material	11.2	16.5	16.8	Tonnes

The hazardous waste at SCDG is accumulated over 2-3 months until it is picked up by the disposal company. The total non-hazardous waste in 2022 increased slightly, which, in addition to the increased production volume, is mainly due to the packaging of non-bulky raw materials.



# Energy Management

GRI 302-1, 302-4, 305-5



Energy is integral to every process within our organization, making its management a high priority. All employees at SCPL actively participate in various initiatives aimed at enhancing the company’s energy performance. This not only helps in reducing production costs and emissions but also aligns with customer expectations. Our Energy Performance strategies are now fully incorporated into our Operational Sustainability program.



No	Energy Used by ESM	2020	2021	2022	Units
1	Natural Gas	883,464	949,785	1,280,475	GJ
2	Electricity	326,857	344,997	354,182	GJ
3	Coal	2,221,869	2,359,321	2,241,773	GJ
4	Diesel Oil	1,255	65,942	58,858	GJ

### 1. Natural Gas consumption

Natural gas usage increased due to additional consumption from our gas boiler operation (successfully commissioned in 2021) as well as an increase in overall production volumes (with resultant higher natural gas intakes by the Thermal Oil Heater and Hydrogen plants).

### 2. Electricity consumption

Electricity usage increased in tandem with higher production volumes.

### 3. Coal consumption

Coal consumption decreased due to substitution with a gas boiler for supplying steam.

### 4. Diesel Oil consumption

Due to its limited use as an emergency back up fuel, there was a negligible reduction its use.



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No	Energy Used by SCDG	2020	2021	2022	Units
1	Natural Gas	23,965	33,861	32,171	GJ
2	Electricity	36,160	33,770	33,643	GJ

SCDG's natural gas and electricity needs are strongly influenced by its production volumes. Electricity consumption decreased in 2022 despite its slightly higher production volume due to several energy saving projects and its positive effect on specific electricity consumption. Natural gas is used for steam production and also saw a slight decrease in volumes consumed due to higher volumes of steam produced by heat recovery.



## Energy Intensity

GRI 302-3



The energy intensity ratio is a key metric used to gauge the energy efficiency of manufacturing processes. This ratio is calculated by dividing the total amount of energy consumed by the total number of products produced. It serves as a valuable parameter for understanding how much energy is being used per unit of output.

The energy intensity ratio at PT ESM in 2022 was 14.95 GJ/ton, which is slightly higher compared to 2021 at 14.76 GJ/ton. At our site in Germany, in 2022, the energy intensity ratio was 2.1 GJ/ton, a slight reduction compared to 2021's 2.23 GJ/ton.

No	Energy Intensity by ESM	2020	2021	2022	Units
1	Total Production	209,552	252,105	263,134	Ton
2	Total Energy Used	3,433,445	3,720,045	3,935,288	GJ
3	Energy Intensity	16.38	14.76	14.95	GJ/Ton

No	Energy Intensity by SCDG	2020	2021	2022	Units
1	Total Production	29,598	30,204	31,216	Ton
2	Total Energy Used	60,125	67,631	65,814	GJ
3	Energy Intensity	2.03	2.23	2.1	GJ/Ton

# Emission Control

GRI 305-5, 305-7



Managing and reducing emissions is a critical priority for SCPL, especially in light of increasingly stringent regulations on air quality standards. The company is committed to meeting these challenges through rigorous emission management and control measures.



No	Emission Control by ESM	2020	2021	2022	Units
1	SO <sub>x</sub>	158	85.4	125.8	Tonnes
2	Particles	27	20.1	28.6	Tonnes
3	NO <sub>x</sub>	86	7.4	31	Tonnes
4	CO <sub>2e</sub>	238,439	258,095	287,526	Tonnes

### 1. SO<sub>x</sub> Emission

Total SO<sub>x</sub> generated in 2022 increased slightly due to higher production volumes and new gas boiler in operation.

### 2. Particles Content

Particulate generation has increased slightly compared to 2021 but can still be controlled because the installed electrostatic precipitator (ESP) at the flue gas from the boiler works effectively.

### 3. NO<sub>x</sub> Emission

Total NO<sub>x</sub> generated in 2022 increased substantially due to the new gas boiler in operation.

### 4. CO<sub>2e</sub> Emission

The total CO<sub>2</sub> emission increased in tandem with higher fuel (coal and natural gas) required to support higher production volumes. The difference in figures that were reported in the prior year Sustainability report was due to changes of the emission factor in the calculation methodology.

No	Emission Control by SCDG	2020	2021	2022	Units
1	SO <sub>x</sub>	0.254	0.254	0.032	Tonnes
2	VOC	0.36	0.36	0.33	Tonnes
3	CO <sub>2e</sub>	5,022	1,896	1,833	Tonnes

By law, SO<sub>x</sub> and total Carbon are measured every 3 years by an external service provider. In 2020 and 2021 it was calculated using data from 2019. In 2022, SO<sub>x</sub> and total carbon were analyzed again and revealed significantly lower amounts.

The exhaust gas from the sulfation plant is cleaned by electrostatic filters and SO<sub>2</sub>/SO<sub>3</sub> scrubbers before it is released into the environment.



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# Water Management

GRI 303-3, 303-4, 303-5

Water Resource Management is a critical focus for SCPL due to the significant amount of water consumed in our operations. We meticulously manage water resources to ensure their sustainability and availability, which are essential for supporting our activities.



No	Water Management by ESM	2020	2021	2022	Units
1	Water Withdrawal	27,944,308	32,546,515	29,625,411	m <sup>3</sup>
2	Water Discharge	26,873,663	31,408,208	28,798,165	m <sup>3</sup>
3	Water Consumption	986,015	1,029,405	928,152	m <sup>3</sup>

### 1. Water Withdrawal

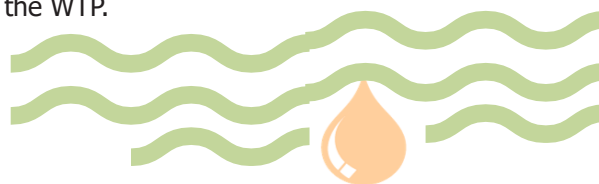
The water withdrawal decreased in 2022 due to issues in starting-up the steam turbine generators (as well as the repair of its bearings which took longer than anticipated) after the annual turnaround resulting in lower sea water consumption for the condenser and production plant.

### 2. Water Discharge

The decrease in water discharge is in line with the decrease in water withdrawal.

### 3. Water Consumption

The decrease in water consumption was due to longer unplanned shutdown as well as PT ESM's efforts to recycle the effluent water from the WWTP as raw water for the WTP.



No	Water Management by SCDG	2020	2021	2022	Units
1	Water Withdrawal	48,747	49,485	60,189	m <sup>3</sup>
2	Water Discharge	42,957	40,099	48,168	m <sup>3</sup>
3	Water Consumption	5,790	9,386	12,021	m <sup>3</sup>

SCDG's demand for water for its cooling towers, coming directly from the canal, increased in 2022 by about 7,000 m<sup>3</sup>. The municipal water demand increased by about 2,500 m<sup>3</sup> due to a higher production rate and steam usage. Due to the higher demand for water, water discharge and consumption also increased in 2022.

There is a difference in figures with the previous report because the values reported were also considering steam and process water, which were sold to other companies. In this year's report, the values were solely based on our own demand.

# Procurement Practise

GRI 204-1



To ensure that our business units have access to essential goods and services, we recognize the importance of a sustainability-focused procurement process. Our procurement procedure involves a multi-stage approval process, beginning with end-users and extending up to top management. This system is designed for thorough monitoring with a focus on transparency. Vendors are selected based on stringent criterias that encompass legal, ethical, moral and social considerations.



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Our suppliers have increased since we initially began operating in tandem with the rapid expansion of our company's operations and our pro-active supplier diversification policy. This is a favorable trend for our organization as we have always endeavored to ensure that the products/services provided to us are of the highest quality and meeting our requirements at the right price. Each year, we evaluate each of our supplier's performance, record the results and make meaningful decisions from the data.

Additionally, we carry out supplier audits yearly to assess our supplier's performance to ensure they meet our stringent criteria especially with regards to critical suppliers. Due to the expanded variety of goods and services required in 2022, our procurement team have significantly increased the number of new vendors and suppliers who can meet our stringent requirements. The following table illustrates the growth in our goods/ services suppliers over the years :

No	ESM Supplier Category	2020	2021	2022
1	Goods Supplier	231	287	346
2	Service Supplier	167	179	210

No	Breakdown of ESM's Goods Supplier	2020	2021	2022
1	Local	71	83	95
2	Non Local	160	204	251

No	Breakdown of ESM's Services Supplier	2020	2021	2022
1	Local	56	66	76
2	Non Local	111	113	134

No	SCDG Supplier Category	2020	2021	2022
1	Goods Supplier	11	9	12
2	Service Supplier	251	240	194





# GRI Summary

GRI Standard References	Description		Page Numbers
<b>GENERAL DISCLOSURES</b>			
GRI 2 : General Disclosures 2021	2-1	Organizational details	9
	2-2	Entities included in the organization's sustainability reporting	6
	2-3	Reporting period, frequency and contact point	13,16,23,27
	2-4	Restatements of information	45
	2-6	Activities, value chain and other business relationships	9,16,21
	2-7	Employees	39
	2-9	Governance structure and composition	20
	2-10	Nomination and selection of the highest governance body	20
	2-12	Role of the highest governance body in overseeing the management of impacts	20
	2-13	Delegation of responsibility for managing impacts	20
	2-14	Role of the highest governance body in sustainability reporting	20
	2-15	Conflicts of interest	20
	2-17	Collective knowledge of the highest governance body	20
	2-18	Evaluation of the performance of the highest governance body	20
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<b>GENERAL DISCLOSURES</b>			
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<b>GRI Standard</b>	<b>Description</b>		<b>Page numbers</b>
GRI 3: Material Topics 2021	3-1	Process to determine material topics	6,23
	3-2	List of material topics	25
	3-3	Management of material topics	6,30,46
<b>GRI Standard</b>	<b>Description</b>		<b>Page numbers</b>
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	37
<b>Economic Performance</b>			
GRI 204: Procurement Practice 2016	204-1	Proportion of spending on local suppliers	55
GRI 205: Anti Corruption 2016	205-1	Operations assessed for risks related to corruption	26
	205-2	Communication and training about anti-corruption policies and procedures	26,28
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<b>Environmental Management Compliance</b>			
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	302-4	Energy consumption reduction	51

Environmental Management Compliance			
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	303-4	Water Discharge	54
	303-5	Water Consumption	54
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	46
GRI 305: Emission 2016	305-5	Reduction of GHG emissions	53
	305-7	Nitrogen oxides (NOx), sulfur oxides (Sox) and other significant gas emissions	53
GRI 306: Effluent and Waste 2016	306-1	Water discharge by quality and destination	48
	306-2	Waste by type and disposal method	49
	306-4	Transport of hazardous waste	49
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	46
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	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	28
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GRI Standard	Description		Page Numbers
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	403-6	Promotion of worker health	35
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationship	35
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GRI 416: Customer Health & Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	22
<b>Sustainable Community Empowerment</b>			
GRI 413: Local Community	413-1	Operations with local community engagement, impact assessments, and development programs	42

## **Glossary of Acronyms**

### List of acronyms

1. GRI – Global Reporting Initiative
2. NGO – Non-governmental organization
3. LNG – Liquefied Natural Gas
4. BWRO - Brackish Water Reverse Osmosis
5. SWRO - Sea Water Reverse Osmosis
6. MeOH - Methanol
7. NG – Natural Gas
8. LOPC – Lost of Primary containment
9. CFPP - Coal Fire Power Plant
10. GJ - Giga joules
11. NOX – Oxides of Nitrogen
12. SOX – Oxides of Sulfur
13. WWTP – Wastewater treatment plant
14. WTP – Water treatment plant
15. TSS - Total Suspended Solids
16. COD – Chemical Oxygen Demand
17. BOD – Biological Oxygen demand
18. AOX - Adsorbable Organically bound halogens
19. PT ESM - PT Energi Sejahtera Mas
20. SCDG - Sinarmas Cepsa Deutschland Genthin

