

2023



sinar mas



ANNUAL SUSTAINABILITY REPORT



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Note to Readers

This report highlights the results and achievements of SCPL in 2023, showcasing our commitment to sustainability, operational excellence, and corporate responsibility. While the primary focus is on the outcomes of the past year, the report may also include forward-looking statements regarding our future plans and strategies. These projections are subject to risks and uncertainties, which could cause actual results and conditions to differ materially from those anticipated. As a result, the company's future circumstances may not align with the expectations outlined in this report.





At a Glance

As Sinarmas Cepsa presents its 2023 Sustainability Report, we extend our gratitude to the Almighty and our dedicated stakeholders. This report encapsulates key facts, breakthroughs and developments in our sustainability endeavours. We invite you to engage deeply as you explore these pages, joining us on our path towards a sustainable future. Your insights, active participation, and collaboration are crucial to our ongoing efforts. Together, we are committed to driving substantial change, fostering a world that harmonizes economic growth, social equity, and environmental stewardship.





Table of Contents

<i>CEO's Statement</i>	5
<i>Company Profile</i>	7
<i>Vision, Mission and Our Values</i>	13
<i>Location of Operation</i>	16
<i>Our Milestone</i>	17
<i>Governance Structure</i>	20
<i>Supply Chain</i>	21
<i>External Initiatives</i>	22



*Our Commitment
to Sustainability*

23

*Social
Performance*

30

*Occupational
Health and Safety*

35

*Employee
Management*

37

*Community
Empowerment*

43

*Continuing to Preserve the
Environmental Ecosystem*

46

*Procurement
Practise*

56

GRJ Summary

58

CEO's Statement

GRI 2-22



Kung Chee Wan

CEO at Sinarmas Cepsa Pte.Ltd Group

Reflecting on our journey since our inaugural 2018 Sustainability Report, we are excited to share our 2023 Annual Sustainability Report. This report not only highlights our significant achievements but also underscores our unwavering commitment to sustainability. We have continuously enhanced our practices and remain dedicated to leading the way in sustainable development.



Following stellar performances in 2021 and 2022, oleochemical industry encountered a challenging 2023 due to weak consumer demand and a tough macroeconomic environment. Despite of these difficulties, we persevered and consistently delivered exceptional Operation results through creating values across all business aspects, while upholding high HSEQ (Health, Safety, Environment, Quality) standards.

Building on the progress made in 2022, we are further enhancing our sustainability practices in 2023. In fighting climate change, possibly the biggest challenge at our times, we have intensified our efforts to continuously reduce GHG (Green House Gases) emissions, improve energy efficiency, and finalize the carbon footprint measurement of our products. Additionally, to showcase our commitment to our environmental journey, SCD Genthin participated in the Carbon Disclosure Project (CDP) assessment for the first time in 2023. This voluntary assessment aims to provide transparency on companies' environmental impact and the actions taken to mitigate it.

On top of fostering sustainability practices, we are also committed to enhancing the lives of the local communities where we operate. By maintaining ongoing dialogue with residents to understand their needs and aspirations, we have developed targeted projects to improve their well-being. This commitment is evident in various initiatives by PT ESM, including blood donation drives, vocational programs, infrastructure development, and partnership with micro, small, and medium enterprises to help them to grow their business.

Our long-term vision remains clear: to be a leader in providing sustainable solutions that not only meet the needs of our customers but also contribute to a healthier planet.

We believe that through innovation, collaboration, and a steadfast commitment to sustainability, we can continue to build a future that benefits everyone—our customers, employees, communities, and the environment.

I would like to express my gratitude to our stakeholders, partners, and employees who have supported us on this journey. Together, we will continue driving sustainable growth and making a meaningful impact on the world.

Your Sincerely,

A handwritten signature in blue ink, appearing to read 'Kung Chee Wan'.

Kung Chee Wan



About this Report

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



At Sinarmas Cepsa, we believe that sustainability is not only an integral part of our business strategy but also a fundamental duty we owe to our stakeholders and the environment. In the face of significant global challenges, our commitment to sustainability remains unwavering. This report offers a comprehensive account of our endeavours and achievements in integrating Environmental, Social, and Governance (ESG) principles across our operations, supply chains, and community engagement initiatives. By embracing sustainability as a core value, we aim to exert a positive influence and contribute to building a more resilient and equitable future for all. Our commitment is underpinned by stringent adherence to legal compliance and business ethics, ensuring all actions are conducted with integrity, accountability, confidence, and honour.

SCPL's dedication to environmental management is articulated in our Sustainability Policy, which details specific environmental strategies including energy efficiency, emission reduction, waste management, water conservation, and pollution control. Our facility in Dumai has been actively managing environmental impacts in accordance with ISO 14001:2015 and has maintained certification since 2019.

A cornerstone of our sustainability strategy is our commitment to efficient energy management. Over the past year, we have launched extensive energy-saving measures across all facilities. Through investing in energy-efficient technologies, we strive to minimize our environmental footprint while optimizing operational costs. Our continuous efforts in energy management underscore our dedication to sustainable operations and our responsibility towards future generations.

The Operation Sustainability Program (OSP) embodies our comprehensive approach to embedding sustainable practices into our daily operations. We regard sustainability not merely as an objective but as a guiding principle that informs our actions. Our commitment extends to optimizing resource efficiency, reducing waste, and promoting a safe and inclusive work environment. This program also highlights our focus on minimizing our environmental impact and fostering a culture of responsibility and innovation. Through these efforts, we are setting new benchmarks for sustainable manufacturing and positively impacting the well-being of our planet and our people.

Company Profile

GRI 2-3



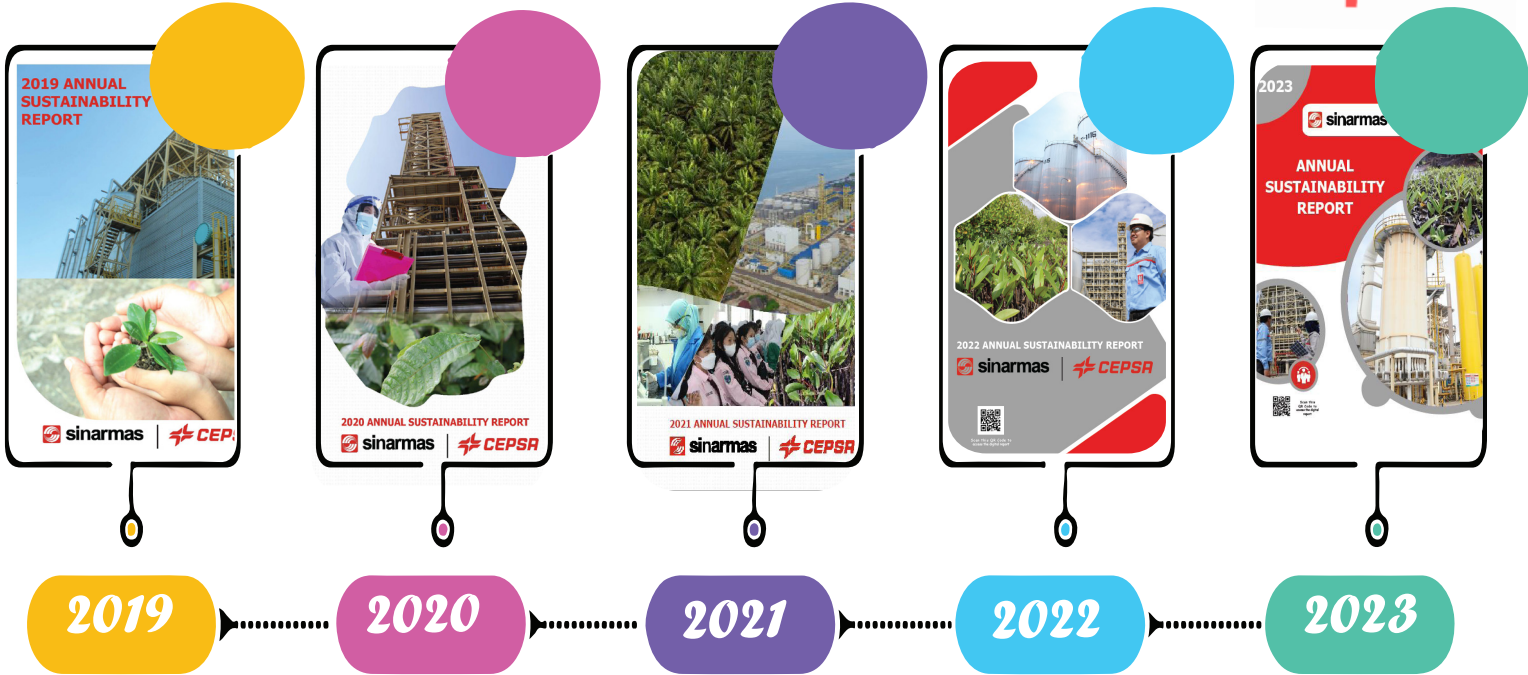
In 2023, SCPL is proud to publish its sixth Sustainability Report. This document provides stakeholders with insights into our operational milestones, performance metrics, commitments, programmatic activities, and tangible results spanning from January 1, 2023, to December 31, 2023. This report adheres to the Global Reporting Initiative (GRI) 2021 standards, with the option: 'in accordance with the GRI Standards'.



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“Our Sustainability Report Journey”

Since **2018**, Sinarmas Cepsa Pte Ltd has embarked on a remarkable journey of sustainability, documenting our progress, challenges, and achievements year after year. In the last 5 years of reporting, each annual report has served as a milestone in our commitment to environmental stewardship, social responsibility, and operational excellence. **2019** was the second edition of our Sustainability Reporting, where we laid the foundation for a transparent and accountable approach to sustainability practices. **In 2020**, despite the challenges of the COVID-19 pandemic, we remained committed to sustainability by ensuring employee safety, improving resource efficiency, and reducing our environmental footprint. **In 2021**, despite ongoing global challenges from the pandemic, SCPL remained committed to sustainable operations, focusing on innovation and increasing the energy efficiency of our operational units. **2022** saw the advancement of more ambitious sustainability goals, with a continued emphasis on energy efficiency, reducing emissions, and fostering environmental stewardship. Now, **in 2023**, we continue to evolve and adapt our sustainability efforts, integrating innovative solutions and focusing on reducing our carbon footprint, reflecting our unwavering dedication to sustainable growth. Our journey is far from over. Each step reflects our determination to drive positive environmental and social impact while ensuring long-term business sustainability. We look forward to the challenges and opportunities ahead as we continue to shape a greener, more sustainable future.





Sinarmas Cepsa Pte. Ltd at a Glance

GRI 2-1, 2-6



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 PasirPanjang Road,
#05-02 Singapore 118535



Product

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



Our Shareholders



Doc. Headquarter Employees



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



Doc. Indonesian Independence Day Celebration Competition



"Coming together is a beginning, staying together is progress, and working together is success." – Henry Ford



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



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



Doc. ESM KPI Workshop



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.

Our Values

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



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



Location of Operation

GRI 2-3, 2-6



HEAD QUARTERS
Pasir Panjang Road
#05-02
Golden Agri Plaza
Singapore



SCDG GmbH
Fritz-Henkel-
straBe 8
Genthin, Germany



PT ESM
Lubuk Gaung,
Dumai
Riau, Indonesia



MANUFACTURING



MARKETING OFFICE

Sinarmas Cepsa Pte Ltd (SCPL) operates from two principal production sites located in Dumai, Indonesia and Genthin, Germany. Our headquarters and commercial offices are strategically based in Singapore. Throughout 2023, there were no significant changes to our operational or supply chain structures. The Dumai manufacturing site achieved substantial production volumes, distributing 284,141 tons of goods. Our product breakdown included 64% fatty alcohol, 24% fatty acids, and 12% glycerin. In Genthin, Germany, our Sulphation factory produces surfactants, utilizing a portion of the alcohols produced in Dumai as raw materials. Our products are distributed globally, reaching markets across five continents: Asia, Africa, Europe, the Americas, and Oceania, demonstrating our expansive reach and the global impact of our operations.





Our Milestone

This milestone represents more than just the passage of time it symbolizes growth, innovation and progress that have been achieved together. Every step we take has strength-ened our foundation and brought us closer to the ambitious vision we have pursued since the beginning. As we move forward, we embrace a brighter future filled with potential and ready to face all the challenges and opportunities that lie ahead.



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



Dec 2020
ESM Energy
Management
ESDM Report



2021
SCDG Obtain
Green Electr
Certificat



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



Oct 2018
Published the
1st Annual
Sustainability
Report



May 2021
ESM
Obtained
the ISO
45001:2018



Dec 2021
ESM
participated
in EcoVadis
Assessment -
Silver Medal



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21
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Oct 2022
Formalized the ESM Organization GHG Emissions Reporting

2023
SCDG Obtained ISO 14001:2015 Certification

2023
SCDG Participated in CDP Assessment

Future Initiative

2024:

1. PT ESM will undergo external verification of its product carbon footprint, covering Cradle-to-Gate processes in accordance with ISO 14067 standards.
2. Transitioning from coal to more efficient fuels in stationary combustion equipment.

2025:

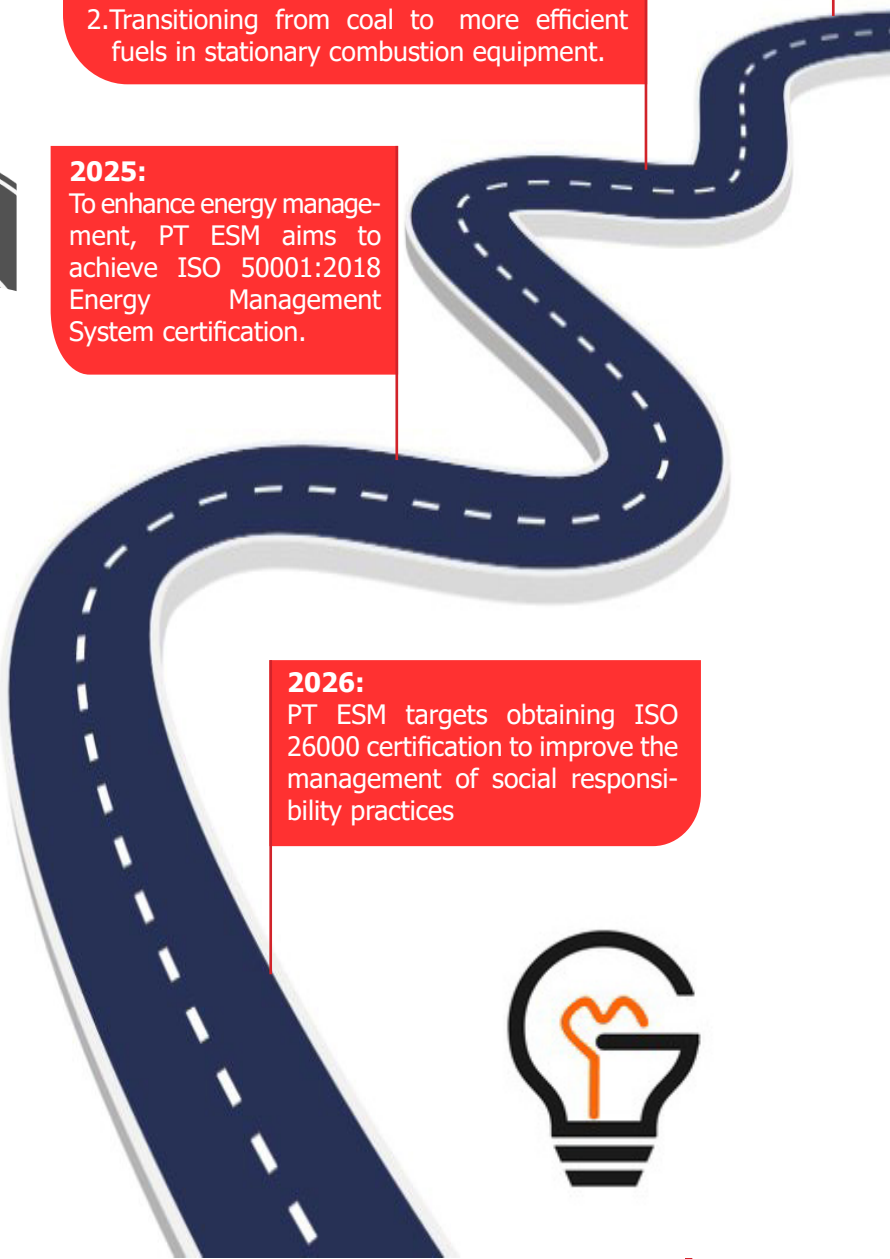
To enhance energy management, PT ESM aims to achieve ISO 50001:2018 Energy Management System certification.

2026:

PT ESM targets obtaining ISO 26000 certification to improve the management of social responsibility practices

Sept 2022
ESM obtained ISCC EU certification in Sept 2022

Sep 2022
ESM obtained- Proper - Blue Category



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.



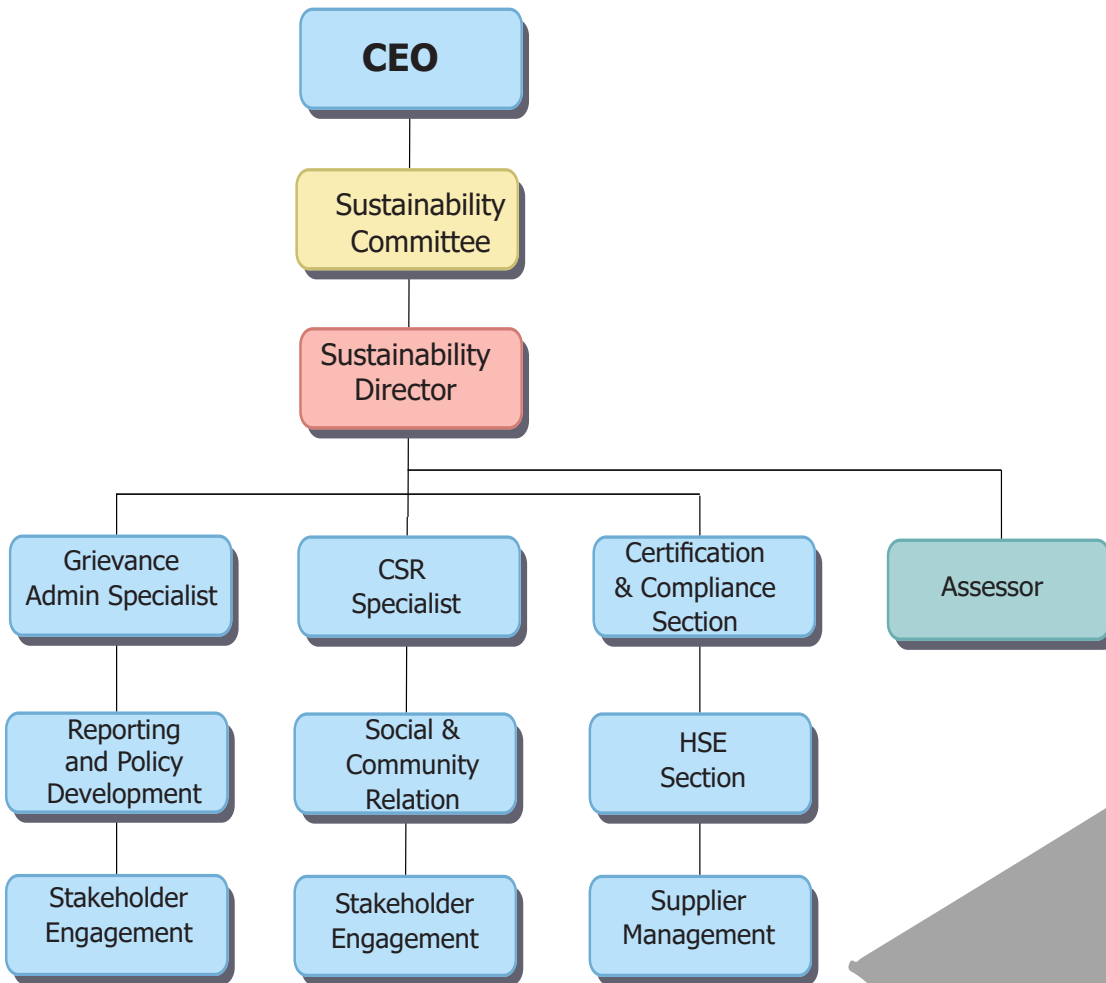
Governance Structure

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



At Sinarmas Cepsa Pte Ltd, sustainability is an integral part of our governance framework, ensuring thorough oversight, accountability and strategic alignment across all levels of the organization. Our CEO directly oversees sustainability initiatives, with regular updates and strategic reviews conducted by the Sustainability Committee. This committee is pivotal in driving the implementation of our social and environmental commitments. Our governance and sustainability practices are outlined in the Company's Social and Sustainability Policy (No. SSP.01.2018.SUS),

which provides a comprehensive framework for addressing these critical areas. This integrated approach allows us to embed sustainability priorities within all business units, fostering continuous improvement in environmental stewardship, social responsibility and corporate governance. Through transparent reporting and proactive stakeholder engagement, we reinforce our commitment to ethical practices and the creation of long-term value for all stakeholders.





Supply Chain

GRI 2-6

At Sinarmas Cepsta, we recognize the critical role that our business operations and supply chain play in achieving our sustainability goals. We are committed to fostering responsible practices throughout our operations to minimize environmental impact, uphold human rights, and ensure ethical sourcing. Our sustainability strategy is embedded across the entire supply chain, encompassing supplier selection, engagement, product design and distribution processes. By collaborating with our partners and stakeholders, we aim to develop a robust and transparent supply chain that positively impacts the communities we serve. In 2023, there have been no changes in the scope of SCPL's activities or the products produced compared to the previous period. This consistency allows us to deepen our focus on enhancing sustainability practices within our existing framework and operations.



SCDG MANUFACTURING PROCESS

A portfolio of surfactants are produced.

ESM PRODUCT MARKETING

ESM's products are exported globally including to the SCDG site.

ESM RECEIVES MATERIAL

Receipt of CPKO and other palm based raw materials from Suppliers.

SCDG PRODUCT MARKETING

SCDG'S products are mainly for the European market.

SCDG RECEIVES MATERIAL

Receipt of Oleochemical products from ESM and another intermediate supplier.

ESM OLEOCHEMICAL MANUFACTURING

Oleochemical products are produced at our world class manufacturing site.



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



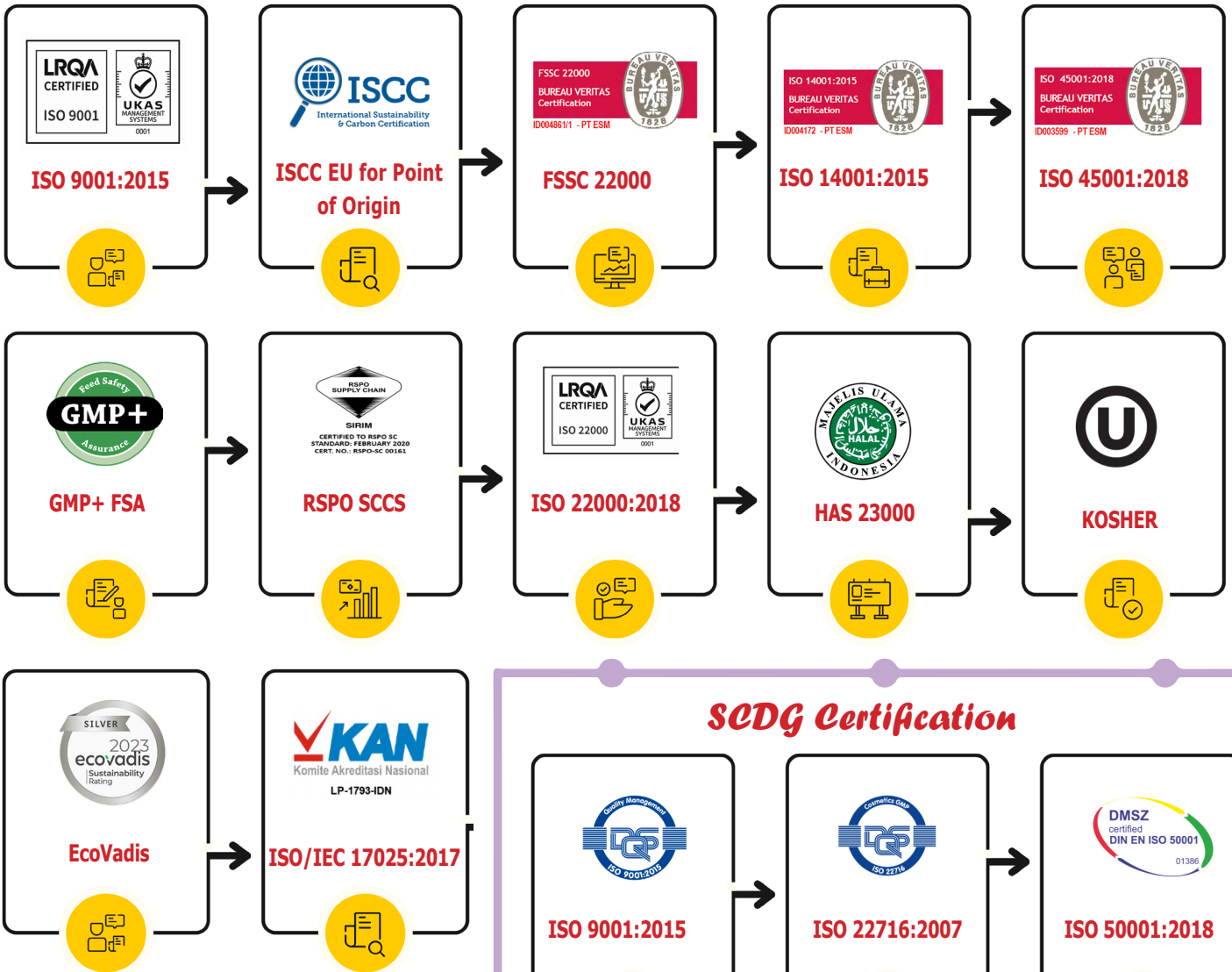
External Initiatives

GRI 2-28, 416-1

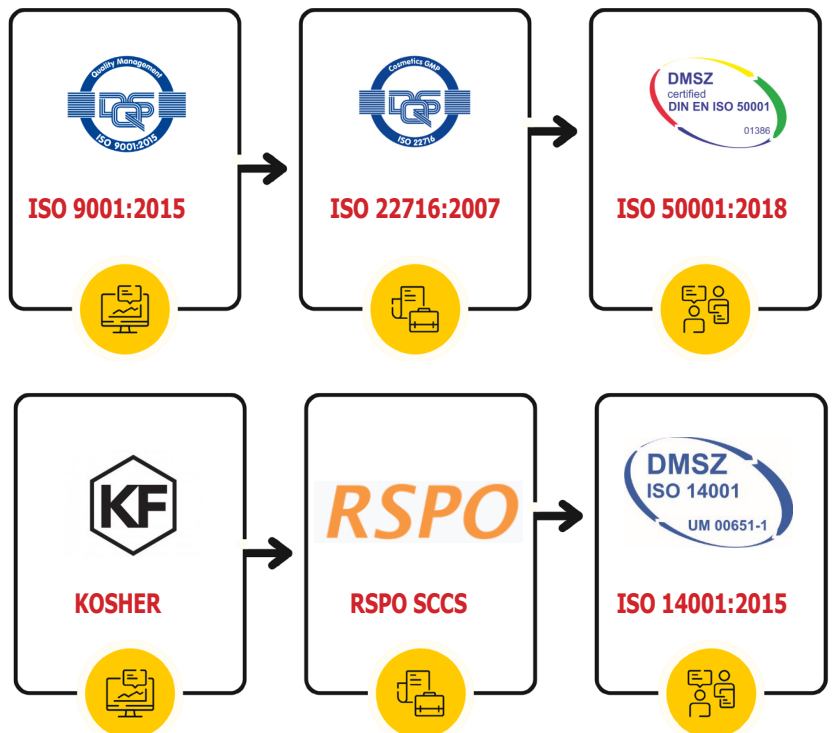
As part of our ongoing commitment to maintaining high standards of quality, safety, sustainability, and social responsibility, PT Energi Sejahtera Mas, SCDG, and our headquarters have obtained and maintained numerous internationally recognized certifications. These certifications reflect our dedication to compliance with global industry standards, environmental management, and responsible sourcing.



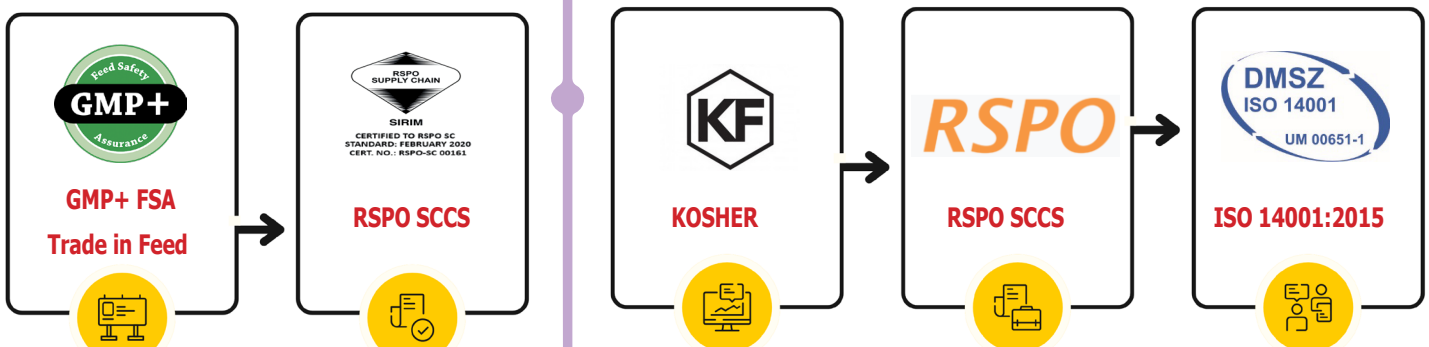
ESM Certification



SCDG Certification



Headquarters Certification



Our Commitment to Sustainability

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



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Our commitment to sustainability is rooted in the belief that the health of our planet is directly linked to the well-being of our communities, economies, and societies. We recognize that every action we take today shapes the world of tomorrow. At the heart of our sustainability strategy is a dedication to reducing our environmental footprint while fostering innovation and growth. We are committed to integrating sustainable practices across all aspects of our operations from the way we source materials and manage energy to the products we design and the communities we serve. Since 2017, SCPL has prospered and established itself as one of the world's leading suppliers of oleochemicals and surfactants. Our organization's commitment to sustainability is reflected in our business growth. Thanks to the collaboration we have built on the sustainability front with all the stakeholders, including relevant governmental institutions, non-governmental organizations, commercial associations, suppliers and customers, SCPL has a significant opportunity to contribute to the preservation and improvement of the environment in the areas where we operate.



PEOPLE

We employ a thorough process of evaluation and strategic decision-making to assess the effects of our actions in a comprehensive manner. We evaluate the multifaceted effects on the neighboring communities, our employees, and the environment.

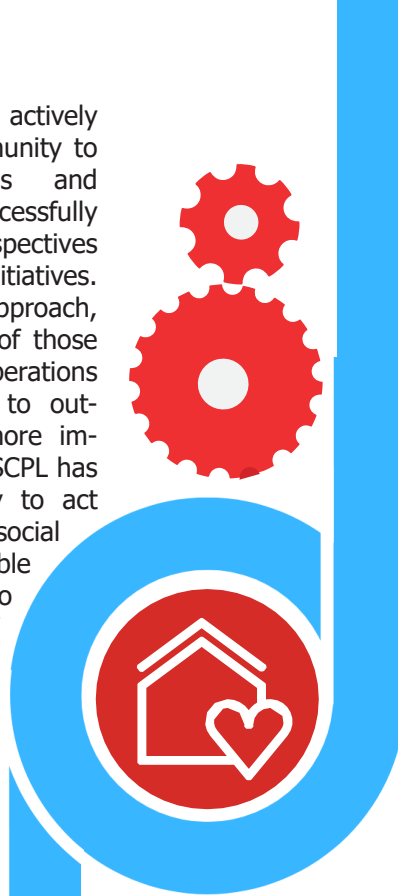
Furthermore, by actively engaging with the community to understand its needs and concerns, we have successfully incorporated their perspectives into our sustainability initiatives. Utilizing a participatory approach, ensures that the needs of those most affected by our operations are addressed, leading to outcomes that are both more impactful and sustainable. SCPL has a significant opportunity to act as a catalyst for social uplift and sustainable development due to its robust network of relationships. In addition to reducing our carbon footprint, our efforts have provided marginalized communities with access to new economic possibilities.



PROCESS

Continuous improvement

By integrating this innovation and continuous improvement culture into our corporate culture, we not only attain operational excellence but also make a constructive contribution to social responsibility and environmental stewardship.



IMPACT

We are committed to ensuring that all activities undertaken at our production sites contribute to long-term, sustainable improvements that are multi-dimensional. This implies that we don't define success simply by output and profit, but also by our positive impact on the environment, the local economy and the wellness of our employees and surrounding communities.

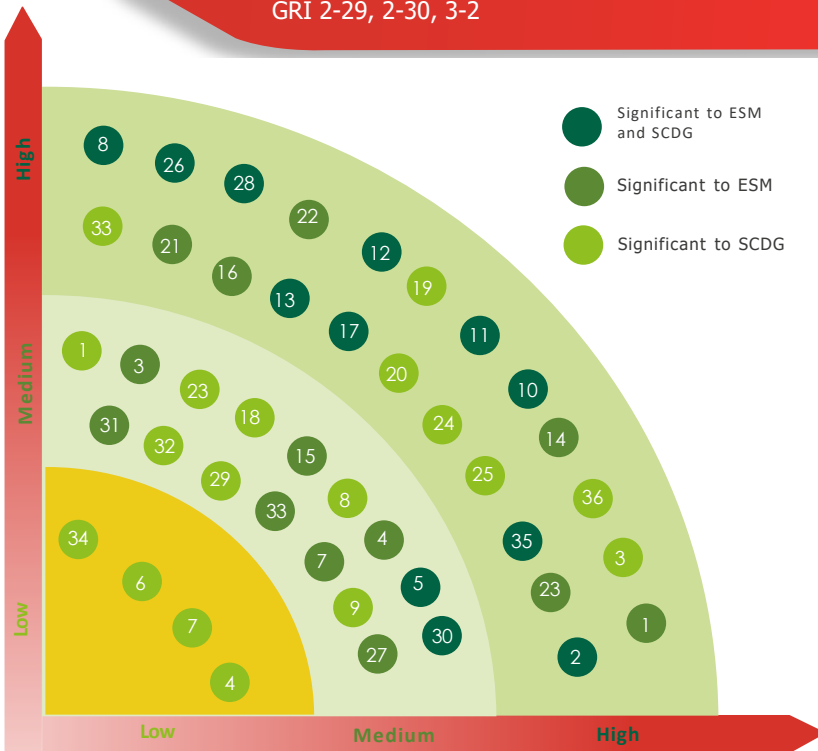
We provide our employees the freedom and support to think creatively about reducing waste, conserving resources and preventing contamination of the air and water. Through awards and recognition, we encourage innovation and foster a culture that values creativity in environmentally friendly activities. Along with these internal initiatives, the projects highlighted in the "Our Milestones" section demonstrate our dedication to ongoing progress. We have dedicated a significant financial and human resources to the creation of several operational sustainability projects.

Engaging Our Stakeholders

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



Involving stakeholders is crucial to creating sustainable governance. Ensuring that the organization is aware of and aligns with the expectations of the stakeholders is a key objective. To achieve this, focus group discussions are used to identify the principal concerns and expectations of stakeholders regarding the two manufacturing sites, PT Energi Sejahtera Mas (PT ESM) in Dumai, Indonesia, and SCDG GmbH Fritz-HenkelstraBe 8 Genthin, Germany.



Stakeholders	Key Concern
Employee	1 Career Growth
	2 Health & Safety
	3 Wages & Benefit
	4 Ethics and culture
Local Community	5 Economic growth
	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
Government and Regulatory Body	26 Compliance with Regulation
	27 Rehabilitation of Coastal Areas
	28 License and authorization
Industry Group Association	29 Energy reduction and environmental awareness
	30 Information Sharing
Non Government Organization	31 Strong voice to industrial benefit
	32 Trainings
Employee	33 Environmental protection
	34 Modern Workplace
Local Community	35 Job Security
	36 Regulatory compliance





Anti Corruption

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



No kind of extortion or corruption, including payment in kind or cash, is accepted. This kind of power abuse is not acceptable.



Accepting or providing any type of compensation, including cash, goods, discounts, commissions or gifts in kind, is banned.



Employees are strictly prohibited from misusing or stealing the company's assets, including intellectual property rights, proprietary data, and physical property. This prohibition also extends to providing inaccurate or deceptive information to any external or internal parties.

At Sinarmas Cepssa, we uphold the highest standards of ethical conduct and integrity, maintaining a zero-tolerance policy towards all forms of corruption. Our corporate culture and governance systems are fundamentally aligned with our commitment to combat corruption vigorously. We rigorously adhere to applicable anti-corruption laws and regulations, including the Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act. Our Code of Conduct clearly prohibits bribery, extortion, and other forms of unethical conduct.

We implement robust anti-corruption policies and procedures across our operations and supply chain, ensuring that all employees, partners, and suppliers are well-informed of their responsibilities and held accountable for their actions. Regular training on anti-corruption practices is provided to our personnel and thorough due diligence is conducted before entering into any business relationships.

To strengthen our internal controls, we employ a tiered approval system for tendering and procurement processes. This multi-layered approach significantly mitigates fraud risks by involving multiple stakeholders in each transaction, ensuring transparency and oversight. We insist on honesty and transparency in all dealings, whether with clients, vendors, government officials, or third parties. All transactions are meticulously recorded and audited to prevent any undisclosed agreements.

To address the sensitive issue of potential corruption, we offer a tailored and confidential whistleblower platform, enabling employees, suppliers, and stakeholders to report any suspicious activities or corruption without fear of retaliation. We are proud to report that in 2023, there have been no complaints or allegations of corruption. While this is encouraging, it does not signify the end of our efforts. We are continuously refining our internal controls and governance mechanisms to prevent corruption, driven by a commitment to transparency, accountability and ethical business practices. Our aim is to foster a fair and sustainable business environment for all our stakeholders.



All complainants may submit a report to :
E-mail: whistleblower@sinarmascepsa.com



Grievance Handling

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

Receipt of Grievance Report

Verification

Grievance Ranking to Prioritize Action Plans

Preparation of Action Plan to Remediate the Grievance

Executing the Action Plan (Grievance Handling)

Monitoring and Evaluation

Closure of Grievance Case

Sinarmas Cepsta is committed to maintaining an open and transparent grievance management system that facilitates dialogue with all stakeholders, including employees, customers, suppliers and community members. We recognize the importance of effectively addressing concerns to uphold our dedication to social responsibility and strengthen stakeholder trust.

Our grievance process is designed to be accessible, impartial, and responsive, enabling swift examination and resolution of issues. We value stakeholder feedback as an opportunity for continual policy improvement, promoting a culture of accountability and respect across our operations.

To ensure broad transparency and open dialogue, we prioritize addressing issues raised by local communities, NGOs, human rights defenders and social activists. An official complaint mechanism is in place to manage the social and environmental impacts of our operations, with initial evaluations conducted at the relevant site unit. Oversight is provided by the Sustainability team leader, who brings expert perspectives in social and environmental matters to the resolution process, aiming for comprehensive and effective outcomes. This approach includes proactive measures to prevent future issues.

Privacy is a key priority within our grievance system, safeguarding the identity of complainants until they choose to disclose their details for follow-up actions. This reflects our understanding of the sensitive nature of grievances.

Sinarmas Cepsta adheres to Good Corporate Governance (GCG) Principles, which guide all corporate activities. Aligning team behaviours with company objectives is paramount for implementing these principles effectively. We insist on honesty and ethical compliance in all business and operational endeavours. All employees are mandated to adhere to the company's Code of Conduct, which sets the standard for ethical and professional behaviour and guides interactions within and outside the company. To ensure compliance, we follow the guidelines established in the Statement of Compliance with Code of Conduct, Statement of Absence of Conflict of Interest and Integrity Pact. The Code of Conduct is disseminated through various media including email, the company website, visual banners, forums and other accessible IT platforms, ensuring all employees are continuously informed. No complaints related to grievance were found during 2023.



All grievance may submit a report to :
e-mail: grievance@sinarmascepsa.com



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



Ethics and Compliance

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

Statement of Vision and Mission.

The Importance of Company's Code of Conduct.

Culture Values.

Company's Ethics Policy and Employee's Ethics Policy.

Guidelines for Implementing the Company's Code of Conduct.

In today's complex and interconnected world, trust is founded on a commitment to ethical conduct and strict compliance with laws and regulations. Our commitment to ethics and compliance is not just a policy, but a fundamental principle that guides all our decisions and actions. We believe that integrity is the key to long-term success. This dedication ensures that we conduct business with transparency, responsibility and honesty, creating a culture where moral principles are at the core of our operations. Ethical conduct and compliance are integral to our identity and how we operate. By embedding these values into every aspect of our business, we not only mitigate risks and protect our reputation but also cultivate a culture of trust that empowers our employees, strengthens internal relationships, and ensures our long-term success. We take great pride in maintaining the highest standards of ethical behavior and compliance because we understand the importance of earning and retaining the trust of our stakeholders and the communities we serve.



All complainants may submit a report to :
E-mail: grievance@sinarmascepsa.com





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 ISO 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.

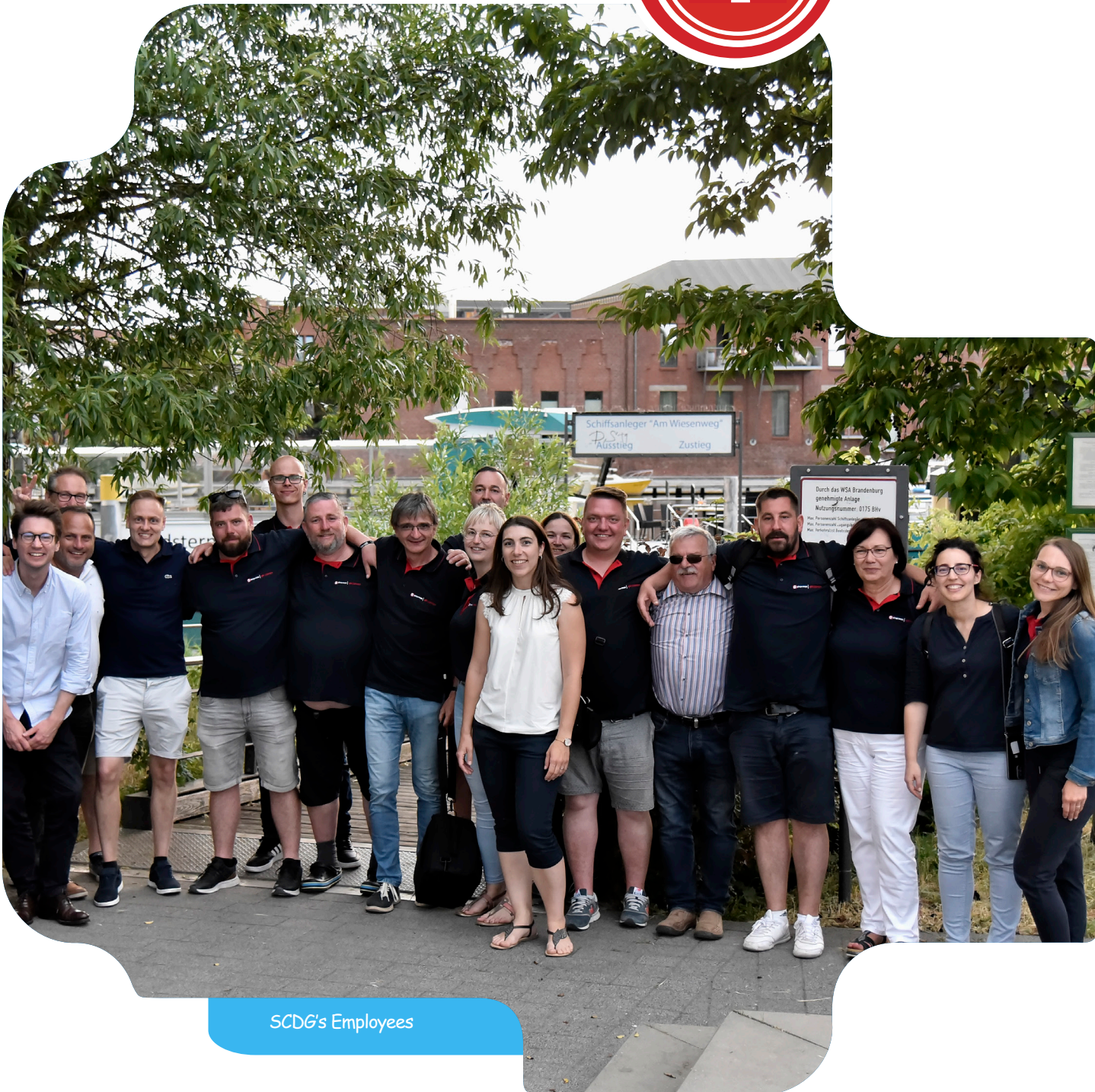
9. No harsh or inhumane treatment is allowed

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.



Social Performance

GRI 3-3



SCDG's Employees

At Sinarmas Cepsta, the well-being of our employees and the preservation of our assets are paramount. Management is fully committed to supporting initiatives that strengthen our safety culture, with the ultimate goal of achieving zero workplace accidents. This commitment is clearly articulated in our Health, Safety, Environment and Quality (HSEQ) policy.

We recognize that establishing a robust safety culture is essential for ensuring adherence to occupational health and safety legislation and procedures. To this end, we have implemented several critical rules and practices designed to protect the health and safety of all employees and contractors. We uphold these standards without compromise, as detailed below:



Indonesian Regulation:

1. Indonesia Law no. 1 (1970) governs occupational safety and health, including rules, advice, supervision, work accidents, and an Occupational Health and Safety Steering Committee.
2. Regulation of the Minister of Manpower No. 11 of 2023
3. Indonesia Law No. 11 of 2020 on Job Creation replaces UU No. 13.
4. Local norms, legislation, and best OSH practices for all sites and offices.

Germany Regulation:

1. The ArbSchG (Occupational Safety and Health Act) is a German law that mandates regular security checks and four annual meetings with an Occupational Safety and Environment Committee to improve employee safety and health at work.
2. ArbZG "Working Hours Act" controls employees' minimum and maximum working hours.
3. "JArbSchG" (Youth Labor Protection)

Our dedication to these principles reflects our ongoing commitment to maintaining a safe and secure working environment. By prioritizing the well-being of our workforce, we not only comply with legal requirements but also foster a proactive safety culture that benefits everyone involved.

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 inter-dependent aspects under the framework of Occupational Health and Safety (OHS).

3. Response Speed

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

Three Pillars of OHS





Our Commitment:

To achieve zero workplace accidents, prevent of occupational hazards and maintain a healthy work force

Realization:

- LTIR (Lost Time Injury Rate): 0.0
- Engaged renowned safety consultants (DSS – DuPont Sustainable Solutions) to evaluate our organizational safety culture and recommend sustainable improvement action.
- Continued enhancement of the Safety Fundamentals program.
- Implemented the Pre-Startup Safety Review (PSSR) process

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 employees and contractors working on our premises are obligated to adhere to these safety protocols. The Safety Fundamental Practices regulate the following key work processes

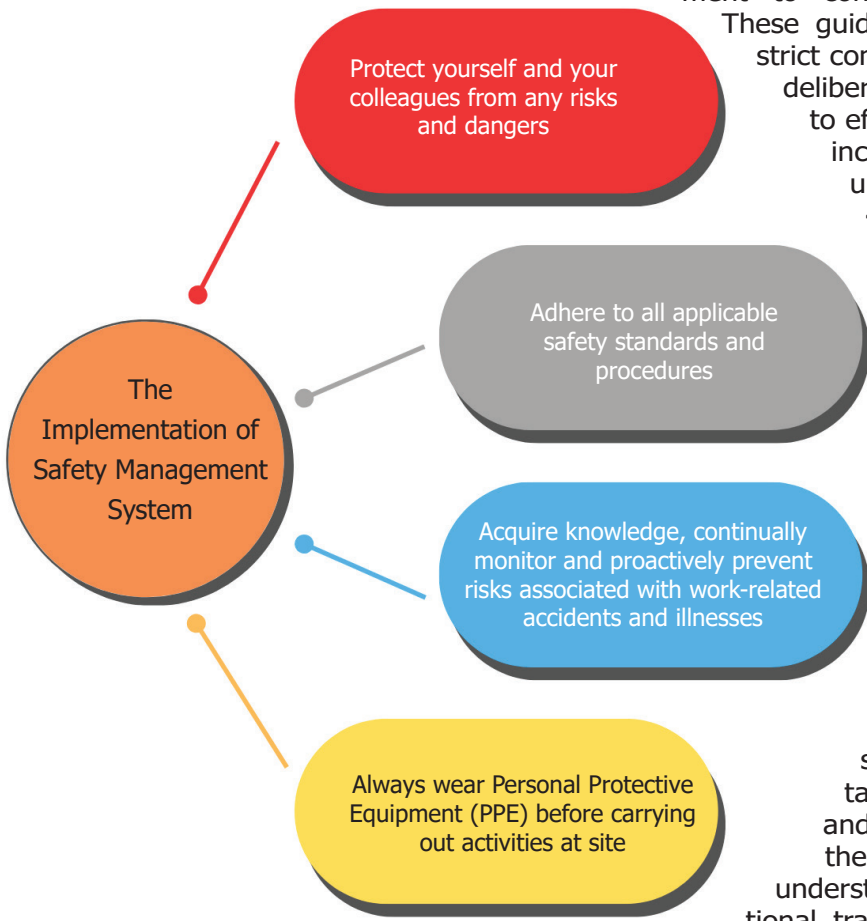
1. Permit to Work
2. Working at Heights
3. Transfer of Products
4. Management of Change
5. Lockout Tagout
6. Confined Space Entry
7. Motorized Vehicle

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 assessed. The HSE Key Performance Indicator (KPI) matrix is also updated periodically. This continuous evaluation is crucial for accurately assessing the effectiveness of our site-specific HSE systems. By emphasizing prevention over correction, we proactively enhance our HSE practices.

At Sinarmas Cepso, our Occupational Health and Safety (OHS) management system and policies are the cornerstones of our commitment to continuous improvement in workplace safety.

These guidelines ensure that all SCPL activities are in strict compliance with local, state and federal laws and deliberately apply safety regulations and standards to effectively prevent workplace accidents, process incidents and occupational illnesses. To uphold and enhance our compliance with ISO 45001:2018 standards, our facilities conduct annual OHS compliance audits. Additionally, our management performs yearly reviews of both internal and external OHS audit results along with relevant improvement initiatives. We engage our workforce through the P2K3 system (Occupational Health and Safety Management System), empowering employees to participate in the development, implementation and evaluation of our OHS measures.

Comprehensive OHS training is mandatory for all personnel, covering critical areas such as working at heights, Lockout/Tagout (LOTO) procedures, confined space entry, basic safety practices and hazardous material management. Further training sessions address the management of high-risk tasks, first aid, emergency response, firefighting and accident investigation protocols. Following these training sessions, we assess employee understanding to determine the necessity for additional training. Through these rigorous practices and continuous education, we strive to maintain a safe and healthy working environment, reflecting our deep commitment to the well-being of every employee and contractor.



HSE Week Activity in ESM



SCPL regularly conducts emergency response drills at its manufacturing sites to ensure preparedness and safety. In 2023, SCDG carried out 5 emergency drills, while PT ESM executed a total of 12 emergency response drills. These drills were led by our employees who are certified as emergency response personnel.

The drills conducted covered a range of scenarios, including fire drills, evacuation procedures, explosion simulations and chemical spill exercises. These exercises are critical in maintaining our readiness to manage real-life emergency situations effectively. The tables below detail the specific types of drills performed at PT ESM and SCDG during 2023.

No	ESM's Drill Types	Date	Location
1	Explosive and Fire	26-Jan-23	Fatty Acid Plant
2	WWTP Collapse	28-Feb-23	Utility Plant
3	Explosive and Fire in DG Set Room	08-Mar-23	Power Plant
4	Spillage Drill	18-Apr-23	PPH Plant
5	Evacuation & First Aid	12-May-23	Laboratory
6	Fire & Evacuation Drill	15-Jun-23	Admin Building
7	Spillage Drill	30-Jul-23	Fatty Alcohol Plant
8	Fire Drill	19-Agt-23	PPH Plant
9	Spillage Drill	26-Sept-23	Logistic area
10	Spill at Hazardous Waste Storage I	26-Sept-23	B3 Waste storage
11	Join Drill Fire and First Aid	16-Okt-23	Power Plant
12	Spillage Drill	17-Nov-23	Warehouse Finish Good

No	SCDG's Drill Types	Date	Location
1	Fire Drill	17-Mar-23	Production Plant
2	Fire Drill	08-Apr-23	Production Plant
3	Fire Drill	05-Sept-23	Production Plant
4	Emergency drill with neighbor companies	18-Nov-23	Industrial Site



SCDG's Drill Activity



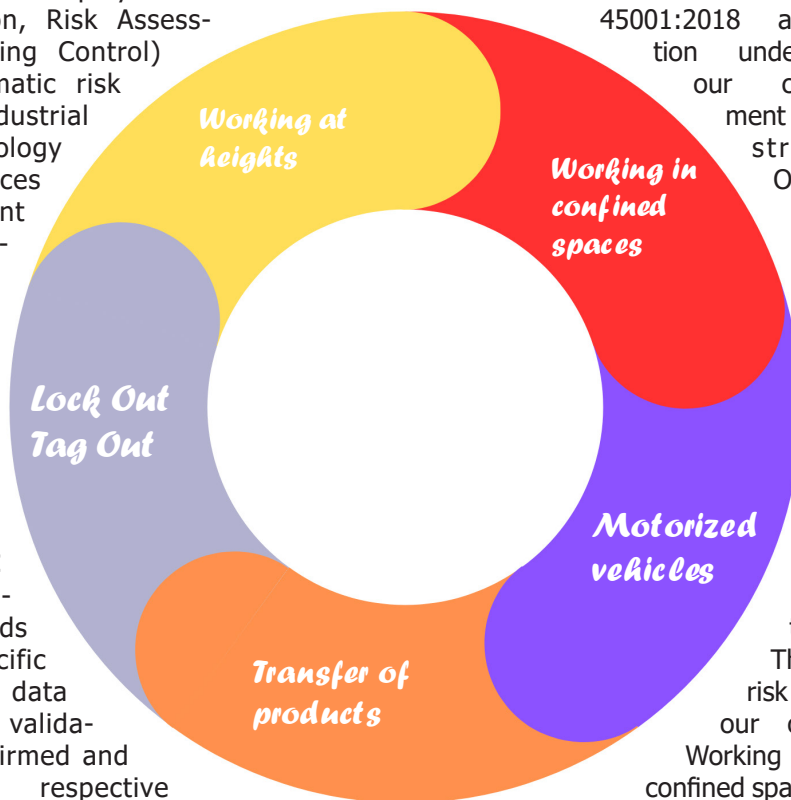
Occupational Safety Performance

GRI 403-1, 403-2, 403-4, 403-7

No	ESM OHS Performance	2021	2022	2023
1	Safety Man Hours	1,680,348	1,820,183	1,819,214
2	First Aid	5	4	3
3	Industrial Incident	8	13	15
4	Safety Observation	679	2016	2617
5	Fire Incident	1	2	4
6	LOPC	2	7	0

No	SCDG OHS Performance	2021	2022	2023
1	Safety Man Hours	53,121	52,137	53,489
2	First Aid	0	0	1
3	Industrial Incident	0	2	0
4	Safety Observation	0	0	0
5	Fire Incident	1	0	0
6	LOPC	2	1	0

At Sinarmas Cepca, we employ the HIRADC (Hazard Identification, Risk Assessment and Determining Control) approach for systematic risk mapping at our industrial sites. This methodology significantly enhances our ability to prevent and manage occupational injuries and illnesses. HIRADC assessments are conducted annually or in response to any process changes. Each department's process owner is responsible for using the HIRADC form to map potential risks and hazards related to their specific activities. Before the data is submitted for validation, it must be confirmed and approved by the respective department heads. This thorough process helps in identifying risks accurately and devising sustainable solutions.



PT ESM's maintenance of ISO 45001:2018 accreditation underscores our commitment to stringent OHS standards.



We integrate consistent OHS practices into our corporate culture, with a particular focus on employees in high-risk roles and environments. Our comprehensive training regimen ensures all employees are frequently assessed on their safety performance.

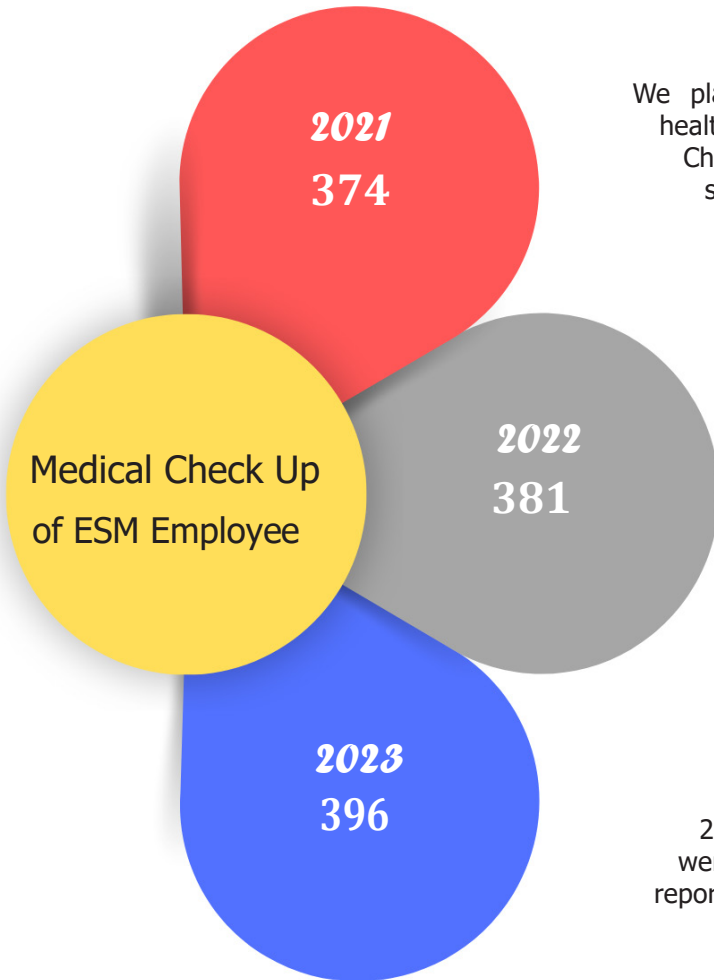
The five categories of high-risk work identified within our operations include: (1) Working at heights (2) Working in confined spaces (3) Motorized vehicles (4) Transfer of products (5) Implementing lockout/tagout procedures





Occupational Health Performance

GRI 403-3, 403-6, 403-8, 403-9, 403-10



We place a strong emphasis on preventive health measures through regular Medical Check-Ups (MCU), which have expanded in scope alongside our growing workforce. Indirect workers receive annual check-ups administered by third-party providers and we analyse these results to monitor the overall health status of our workforce. Additionally, our on-site clinic operates 24/7 to provide immediate medical attention. To further support our employee well-being, we offer monthly wellness activities, such as group Zumba sessions, promoting both mental and physical health. Continual evaluation of occupational health remains a top priority. PT ESM collaborates with a recognized third-party facility to conduct annual medical examinations for employees. These assessments are essential for identifying and addressing occupation specific health issues. According to the 2023 medical check-up results, all personnel were deemed fully fit for their roles, with no reported cases of occupational illnesses



Clinic Facility in ESM



Employee Management and Engagement

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



At Sinarmas Cepsa Pte Ltd, we are committed to achieving human capital excellence by implementing a fair and transparent system for managing and developing our human resources. Our approach is centered on fostering the growth of our employees' competencies, skills, and knowledge while rigorously adhering to policies and regulations that ensure just compensation and pay.

Realization

- Remuneration Practices: Our compensation structure is purely performance-based, not influenced by an employee's gender or any other non-merit factor.
- Workplace Environment: No incidents of discrimination or harassment were reported in 2023, reflecting our strong commitment to maintaining a respectful and inclusive workplace.

Employees' Recruitment

SCPL employs an open and transparent hiring process to attract candidates with the highest credentials and expertise. Our recruitment procedure encompasses five stages: (1) Administrative Selection: Screening based on application forms and resumes. (2) Academic and General Ability Selection: Evaluating educational background and general aptitudes. (3) Psychological Selection: Assessing personality and cognitive abilities (4) Health Screening: Ensuring candidates meet the physical requirements

of the job. Throughout this process, we ensure equal consideration for all individuals, irrespective of gender, ethnicity, race, religion, or any other potential grounds for discrimination. In 2023, PT ESM successfully hired 36 new employees, each selected for their unique skills and potential to contribute to our goals.



General Provisions:

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



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Employee Engagement Programs

We recognize our employees as invaluable assets, not merely as resources. They are the driving force behind all of our company's operational activities, dedicating their loyalty and efforts to overseeing operational processes, fulfilling company needs, and serving our customers effectively. One of the key strategies we employ to boost employee engagement is organizing outbound activities, team-building exercises, and competitions to celebrate Indonesia's Independence Day. These activities are designed to enhance team cohesion and encourage the application of soft skills within their respective work areas. Additionally, we foster family inclusivity and enhance bonds within our workforce through family gatherings coinciding with the company's anniversary. These events provide an opportunity for employees and their families to connect and celebrate together, reinforcing the communal spirit and shared values of our organization.



1. Team Building

This activity was divided into 5 batches, which was held in the period September to October 2023. 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

In August 2023, the excitement of celebrating Indonesia's Independence Day was channeled into fostering team unity through various competitions. We organized events such as futsal, badminton, and e-sports competitions, involving employees from various departments. The spirit of sportsmanship nurtured through these competitions is invaluable in building a strong, energetic team, reinforcing the core values of teamwork and collaboration across SCPL.



3. Company Anniversary

Recognizing the significant influence of family on our employees' performance, we hold an annual family gathering that coincides with PT ESM's anniversary. Scheduled for 14th October 2023, this event strengthens the bond between employees' families and the company, ensuring that families also feel an integral part of the SCPL community. The celebration includes the distribution of door prizes and children's competitions, creating a joyful atmosphere that serves as a catalyst for boosting employee morale and commitment to a thriving future at SCPL.



Maternity leave entitlements

In compliance with Indonesian law, the ESM Site Employee Handbook outlines Maternity and Paternity Leave Entitlements. Female employees are granted 1.5 months of maternity leave, divided between pre and post-childbirth periods. Male employees are entitled to up to three days of paternity leave. At our SCDG location we adhere to the MuSchEltZV ordinance, which allows parents who meet specific criteria to take up to three years of parental leave. Additionally, once a female employee discloses her pregnancy, certain safety measures are implemented, such as prohibiting night shifts and ensuring that work is conducted only in exceptionally safe laboratory environments, with no involvement in handling hazardous materials.



Employees' Remuneration, Health and Social security

At SCPL, we recognize the value of our workforce and provide competitive remuneration and benefits that reflect each employee's skills, performance and contributions. We strictly adhere to regulatory requirements and regularly benchmark against industry standards to ensure our compensation remains competitive. Importantly, SCPL maintains a gender-neutral compensation policy across all functions.

In Dumai, Indonesia, we offer employees the SIMAS SEHAT Insurance through PT Asuransi Sinar Mas. This cashless medical coverage is outlined in the program's terms and conditions. In addition, we comply with all BPJS Health and BPJS Employment regulations in Indonesia to ensure comprehensive coverage.

Similarly, employees at our SCDG location enjoy additional benefits, including paid time off for blood donations, child-care contributions, monthly wellness bonuses and supplementary contributions to private long-term care insurance policies.





Organization Scale

GRI 2-7, 405-1

We believe that by respecting and embracing differences, we can develop more innovative solutions, advance the company, and contribute meaningfully to society. Diversity is a powerful asset that enriches our work culture and drives innovation. We are proud to be a company that upholds inclusion and equality, ensuring that every individual, regardless of gender or background, has an equal opportunity to grow and contribute. Our employees come from various backgrounds, both in terms of gender and geographical origin and we believe that this diversity is the key to our success.

The diversity of perspectives, experiences and cultures fosters a dynamic and collaborative work environment, full of fresh ideas and innovation. In every aspect of our operations, we foster a spirit of equality, respect differences and creation of an environment where all employees feel heard and valued. Through our inclusion and diversity policy, SCPL not only focuses on enhancing performance but also on building a harmonious and productive workplace where everyone can reach their full potential. We believe that by respecting and embracing differences, we can create more innovative solutions, advance the company, and contribute more to society.

No	ESM's Employee Gender	2021	2022	2023	Units
1	Male	370	389	397	Person
2	Female	34	41	52	Person

No	ESM's Employee Source	2021	2022	2023	Units
1	Local	164	181	191	Person
2	Non Local	240	249	258	Person

No	SCDG's Employee Gender	2021	2022	2023	Units
1	Male	26	24	24	Person
2	Female	11	11	11	Person

No	SCDG's Employee Source	2021	2022	2023	Units
1	Local	37	35	35	Person
2	Non Local	0	0	0	Person

No	HQ's Employee Gender	2021	2022	2023	Units
1	Male	12	14	13	Person
2	Female	14	17	17	Person

No	HQ's Employee Source	2021	2022	2023	Units
1	Local	20	25	23	Person
2	Non Local	6	6	7	Person

***Notes :**

- ESM Local employees: Refers to employees who are residents of Dumai City.
- SCDG Local employees: Refers to employees who are German citizens.
- HQ Local employees: Refers to employees who are Singaporean citizens.





Performance Assessment and Career Development

GRI 404-1, 404-2, 404-3



Managers conduct an annual review of each employee's performance as part of the performance evaluation process. Every employee is eligible for a performance review at the end of each semester. Assessments are based on a set of goals and KPIs, evaluating an employee's performance, technical proficiency and professional demeanor. The results of these assessment serve as a roadmap for the employees' professional growth, compensation and potential promotion. In 2023, every SCPL employee, regardless of their position within the organization, underwent a performance evaluation. At ESM, the 2023 performance evaluation resulted in the promotion of 74 employees. We continued our Skill Block Training (SKBT) program in 2023, aimed at enhancing workplace-relevant hard skills. Since its launch in 2019, 95 employees have benefited from the program, with an additional 45 participants joining in 2023. Additionally, we introduced the Talent Management Program (TMP) focusing on developing soft skills related to ESM competency (Managing People, Sustainability Literacy, Customer Orientation, Collaboration, Analytical Thinking, Innovative). Currently, 30 employees are involved in this initiative, which is set to continue until 2024. The effectiveness of these programs in accelerating the development of employee competencies is regularly assessed.

Career Development Programs



Inhouse, External and Internal Training



Skill Block Training



Talent Management Program



Middle Management Development Program



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A major advancement was made by SCPL in 2022 with the implementation of a Learning Management System (LMS) for employee training. This digital platform enhances overall productivity by providing employees with on-demand access to training materials via computers or smartphones, allowing them to learn anytime and anywhere. Each training resource undergoes a thorough quality review before being uploaded. Every employee is assigned a personal account and is required to complete their training within a specified timeframe. In 2023 there were 7 training modules uploaded covering various topics such as Quality, Health & Safety, Ethics, Human Rights and soft skills.

We believe that the success of a company is inseparable from the success of the individuals within it. Therefore, we present a Career Development Program called the Middle Management Development Program (MMDP), an initiative to equip employees with the skills, knowledge, and experience needed to take on the role of future leaders. This program is specifically designed for those who have the potential and passion to develop further, with a focus on improving managerial, leadership, and strategic decision-making abilities. Through a series of trainings, workshops, mentoring, and field projects, participants will be prepared to face greater challenges and lead teams more effectively. This program is attended by 10 talented and competent employees.

No	Total Training Hours based on Site	2021	2022	2023
1	PT Energi Sejahtera Mas	15,030	21,042	22,485
2	Sinarmas Cepsa Deutschland GmbH	422	564	619
3	Headquarters, SCPL	603	258	598

No	Average Hours of Employee for each Site	2021	2022	2023
1	PT Energi Sejahtera Mas	41.4	51.3	51.8
2	Sinarmas Cepsa Deutschland GmbH	11.5	15.6	18.2
3	Headquarters, SCPL	23	8	23



Community Empowerment

GRI 413-1

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



PT ESG Donating a Cow at Idul Adha

PT Energi Sejahtera Mas (ESM) continued its tradition of community support through various impactful initiatives. One notable activity was the donation of a cow to the Al Iman Mosque in Dumai, conducted on 28 June 2023. This animal was offered as a sacrificial animal, with the meat distributed among the local community, enhancing a sense of togetherness and goodwill between PT ESG's employees and the surrounding residents. The gesture was warmly received, with hopes expressed for its continuation in future years.



PT ESG establishes partnerships with UMKM in the surrounding area

As part of our commitment to supporting local economic growth and empowering communities, PT ESG has established a partnership with Micro, Small, and Medium Enterprises (UMKM) in the Sungai Sembilan area, where our operations are based. Through this partnership program, we aim to help UMKM increase their capacity, expand market access, and strengthen their competitiveness. This initiative provides various forms of support, including the provision of cake production tools, training, mentoring and access to a broader supply chain. We believe that this collaboration will positively impact the growth of our partners' businesses while contributing to sustainable and inclusive economic development. Additionally, this partnership enriches our value chain by incorporating high quality local products and innovations. The donation to UMKM was made on October 23, 2023 in the form of cake makers, ovens, bread mixers, flour mixers, chip cutting machines, gas stoves, spinner machines, impulse sealers, steamers, complete coffee machines, etc.



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ESM Vocational Partnership Program

Another cornerstone of our community engagement is the ESM Vocational Partnership Program (EVPP), which collaborates with local senior high schools to align educational curricula with real-world job requirements. In 2023, each department contributed at least one employee to serve as an instructor in the ESM Community Lecture series. Nine schools that signed a Memorandum of Understanding or partnership letter received regular teaching materials, enhancing students' knowledge and skills pertinent to the workplace. Throughout the year, a total of 7 visits were made to participating schools. The program's impact was assessed by our CSR team, with students expressing appreciation for the insights and motivation they gained, which helped them develop both hard and soft skills and encouraged them to pursue their career goals more vigorously.



PT ESM contributes to donating books to school

In addition to the ESM Vocational Partnership Program, PT Energi Sejahtera Mas (ESM) extends its educational support through regular book donations to schools within the communities we serve. This initiative took place on 1 December 2023 in SMK 4 Dumai, Riau Province. The majority of the books donated were contributions from PT ESM employees, demonstrating their personal commitment to fostering educational development.

The primary goal of this book donation event is to enhance students' interest in reading and expand their knowledge base. Recognizing the importance of literacy and continuous learning, this initiative is planned to be an ongoing annual event, reinforcing our long-term dedication to supporting the educational aspirations of our community's youth.



PT ESM contributes to donating for the construction of Po An Kiong temple

As part of our commitment to supporting social activities in the community, PT ESM contributed to the construction of the Po An Kiong Temple. This donation reflects our dedication to preserving local spiritual values, which play an important role in fostering harmony within the community. This temple is expected to serve as a center for spiritual activities, benefiting the local community and symbolizing unity and tolerance among the diverse communities in the surrounding area. The donation was handed over on March 20, 2023 with a total of one hundred million rupiah.



PT ESM made a donation to the Al Iman mosque

The Al Iman Mosque serves not only as a place of worship but also a center for religious and social activities that benefit the local community. PT ESM believes that contributing to the construction of a mosque is an important step in fostering harmony, goodwill and unity in our environment. We hope that, through this donation, the construction of the Al Iman Mosque will be completed soon, providing a comfortable place for worship and a space to strengthen bonds within the community. May this mosque bring blessings, peace and serve as a symbol of togetherness and cooperation in our community. This donation activity was carried out on August 11, 2023, taking place directly at the Al Iman mosque.



PT ESM Contributes to land acquisition for bridge construction.

As a company committed to sustainable development and community welfare, PT ESM supported the land acquisition process for the construction of a bridge in the Sungai Sembilan area. This contribution reflects our dedication to social responsibility, to helping to create improved infrastructure and enhance the quality of life for the surrounding community. The construction of this bridge is crucial for facilitating mobility and strengthening economic and social connectivity in the region. We believe that good infrastructure is the foundation for shared progress, and we are proud to contribute to this important project. We hope this contribution will provide long-term benefits for all involved. The provision of land acquisition assistance was carried out on July 26, 2023, with a total donation of one hundred and twenty-five million rupiah.



Blood Donation

In addition to fostering community ties, PT ESM recognizes the health benefits of regular blood donation, which aids in the renewal of the donor's blood cells and supports overall well-being. Responding to the increased demand for blood in Dumai City, PT ESM employees and third-party workers actively participated in a blood donation event held on 2 March 2023 and 1 September 2023 in the Seminar Room of PT ESM. A total of 52 donors contributed to this cause. This activity was part of a continuous effort, held periodically over a span of three months.



Continuing to Preserve the Environmental Ecosystem

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



Our Commitment:

We are fully dedicated to complying with all relevant laws, striving for zero adverse effect, and avoiding any complaints from nearby communities or key stakeholders.

Management Approach

Compliance with environmental management laws and regulations is a critical component of SCPL's sustainable operations. In Indonesian, we strictly adhere to the following Government Regulations:

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

SCPL also ensures compliance with key German Government Regulations, including

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)

Evaluation:

PT ESM routinely submits its Environmental Monitoring Plan and Environmental Management Plan reports to the appropriate regulatory authorities to assess our environmental management programs and operations. As of the end of 2023, PT ESM has not received any sanctions, administrative or otherwise, related to violations or non-compliance with environmental laws.

Realization:

- Compliance with the PROPER Assessment
- Adhering to the EcoVadis Assessment
- Maintaining Certification and Implementing the Environmental Management System (EMS) in accordance with ISO 14001:2015 standards, including energy audit.
- Continued adherence to the Equator Principles
- Implementation of the Energy Management System (EMS) per ISO 50001:2018 Standards at the SCDG Site



1. Complying with all relevant national and international standards, including environmental protection laws and regulations as well as addressing stakeholder needs, in relation to the company's business practices

2. Implementing and continuously maintaining compliance with the EcoVadis and Equator Principles, ISO 14001:2015, PROPER and ISO 50001:2018 requirements for the Environmental Management System certification.

3. Conducting routine monitoring, assessments and audits of the environmental management system to ensure compliance and performance.

4. Providing training and support to on environmental control issues to enhance their knowledge and practices.

5. Ensuring that all suppliers, contractors, and other business associates are informed of our environmental requirements and distributing those guidelines to the local community to promote adherence.



SCPL is committed to continuously enhancing its environmental performance by implementing comprehensive policies and processes for environmental management. These initiatives are designed to ensure that every operation complies fully with all applicable laws and regulations. Additionally, the company's environmental improvement initiatives will be regularly evaluated and executed in accordance with established guidelines. As part of its Integrated Management System, SCPL has implemented an Environmental Management System in compliance with ISO 14001:2015, EcoVadis, the Equator Principles, PROPER, and ISO 50001:2018 standard.





Waste Water Monitoring

GRI 306-1

At PT Energi Sejahtera Mas, our top priorities in managing waste water treatment are the quantity and quality of treated wastewater prior to its release into the sea. We manage the effluent produced by both domestic and operational activities through a wastewater treatment facility. The primary treatment methods used by this facility include neutralization, coagulation, flocculation, sedimentation, and filtration. In accordance with the Republic of Indonesia Minister of Environment and Forestry Decree No.SK.442/ Menlhk/ Setjen/ PKL.1/5/2016, PT Energi Sejahtera Mas has been authorized to release treated liquid waste into the sea since 2016.

The organization consistently monitors the quantity and quality of wastewater at all compliance locations, ensuring that the liquid waste meets the applicable quality standards. To date, PT ESM has not been subjected to any penalties or legal action related to water contamination from the discharge of treated liquid waste. PT Energi Sejahtera Mas adheres to SNI 6989.59:2008 standards for sampling liquid waste and conducts periodic quality checks at all compliance points. These samples are then analyzed by an accredited third-party laboratory.

Parameters	2021	2022	2023	Government Standard	Units
BOD	14.8	13.32	14.42	70	mg/L
COD	37.1	26.03	31.85	160	mg/L
TSS	34.3	24.46	20.83	100	mg/L
Oil and Fat	1.85	1.31	1.46	10	mg/L
Phospate	0.45	0.05	0.08	5	mg/L
Ammonia	0.65	0.2	0.19	10	mg/L

These assessments have verified that the liquid waste released into the sea meets the required quality standards. PT Energi Sejahtera Mas has installed the SPARING system in accordance with the Ministry of Environment and Forestry's Regulation No. 80 of 2019. The SPARING system was successfully connected to the KLHK website on March 14, 2022.

In its ongoing efforts to innovate wastewater management, PT Energi Sejahtera Mas has implemented a program to recycle wastewater from its wastewater treatment plant (IPAL). The treated water is returned to the process as raw water feed for the Water Treatment Plant. This recycling initiative has been officially communicated to the ministry, and a response letter (S.171/PPKPL/PSK-PL/PKL.I/9/2022) was issued by the Ministry of Environment and Forestry.



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Solid Waste Monitoring

GRI 306-2, 306-4



Hazardous Material (B3) Waste Storage

The procedures and time frames for the storage of hazardous and toxic waste (B3) are followed in accordance with the laws and licenses that are unique to each location. Two facilities are managed by PT ESM for the temporary storage of B3 garbage.



Hazardous Material (B3) Transportation

Transportation of hazardous and toxic waste falls within the responsibility of the approved third-party carrier (B3). This transporter is authorized by the government to safely transport dangerous substances.



Hazardous Material (B3) Utilization

Hazardous and toxic waste (B3) utilization is controlled by an outside entity that possesses a B3 Waste Utilization Permit issued by the government.



PT Energi Sejahtera Mas has authorized by Dumai City Investment and One Stop Integrated Service to handle hazardous and toxic waste (B3) for short-term storage operations since the early 2018. In 2019, the company expanded its temporary B3 storage capacity with a new structure as part of a permit renewal. Currently, B3 waste is temporarily stored in two facilities owned by PT Energi Sejahtera Mas.

Fly ash and bottom ash from PT ESM have been reclassified as Non-B3 waste following the issuance of Indonesian Government Regulation No. 22 of 2021 and Ministry of Environment and Forestry Regulation No. 19 of 2021. This reclassification is supported by the FABA Waste Status Direction Letter from the Ministry of Environment (No. S.311 / VPLB3 / PNLB3 / PLB.3 / 05 / 2021) and the Verification Letter from Dumai City DLH (No. 06/DLH/PSLB3/BA-LB3/XII/2021).

PT Energi Sejahtera Mas collaborates with third-party contractors for the transportation and management of hazardous and non-hazardous waste. The company ensures that all third parties hold valid permits from the Ministry of Environment and Forestry for hazardous waste management, as well as special goods transportation permits from the Director General of Land Transportation for hazardous waste transport. PT ESM conducts regular audits of these third-party contractors to ensure compliance with all applicable regulations. As part of the SIRAJA Reporting of Hazardous Waste Management, PT ESM uses the Environmental Electronic Reporting Information System (SIMPEL), an online platform provided by the Ministry of Environment and Forestry, to enhance accountability and transparency.



No	ESM Hazardous Material by Disposal Method	2021	2022	2023	Units
1	Reuse	17,003	74	113	Tonnes
2	Recovery	222	158	168	Tonnes
3	Incineration	969	739	933	Tonnes

The reclassification of fly ash and bottom ash from hazardous to non-hazardous waste has led to a significant reduction in the amount of hazardous waste managed through reuse and recycling. The management of B3 waste is still carried out by external parties who hold valid permits for B3 waste management.



No	ESM Non Hazardous Material	2021	2022	2023	Units
1	Reuse and recovery	159	19,709	18,496	Tonnes

There was a decrease in non-hazardous waste compared to the previous year, primarily due to a reduction in the generation of fly ash and bottom ash by the plant. Non-B3 waste managed through recovery method is handled by third parties, where it is used as a mixture in the cement industry.

Non-B3 waste managed through the reuse method is handled by third parties, where it is used as a mixture for soil compaction processes. Additionally, the community utilizes this waste as a mixture for road improvement projects.

No	SCDG Waste by Source's Type	2021	2022	2023	Units
1	Total Hazardous Material	121.6	132.3	102.3	Tonnes
2	Total Non Hazardous Material	16.5	16.8	15.8	Tonnes

At SCDG, hazardous waste is accumulated over a period of 2–3 months before being collected by an authorized disposal company. The volume of hazardous waste is directly proportional to production levels, which saw a slight decrease in 2023.





Energy Management

GRI 2-4, 302-1, 302-4, 305-5



Energy is essential to every operation within our company, making its management a top priority. At SCPL, everyone actively participates in various programs aimed at improving the company's energy performance. These efforts not only meet customer expectations but also help lowering manufacturing costs and emissions. Our Operational Sustainability program now fully integrates these Energy Performance initiatives.

No	Energy Used by ESM	2021	2022	2023	Units
1	Natural Gas	949,785	1,280,475	1,320,627	GJ
2	Electricity	344,997	354,182	386,321	GJ
3	Coal	2,359,321	2,241,773	2,283,528	GJ
4	Diesel Oil	65,942	58,858	27,910	GJ

1. Natural Gas consumption

The use of natural gas has increased due to the increased production capacity.

2. Electricity consumption

Electricity usage increased in line with production capacity

3. Coal consumption

Coal consumption in 2023 was higher than previous year due to increase in production capacity.

4. Diesel Oil consumption

Diesel Oil consumption used as backup engine fuel decreased due to lower downtime levels in 2023 compared to the previous year.



No	Energy Used by SCDG	2021	2022	2023	Units
1	Natural Gas	33,861	32,717	24,203	GJ
2	Electricity	33,770	33,643	28,563	GJ

SCDG's natural gas and electricity requirements are closely tied to its production volumes. In 2023, SCDG was able to reduce energy consumption, partly due to a slight decrease in production volume, but primarily due to energy saving projects. Additionally, since 2021, SCDG has exclusively purchased green electricity.

Energy Intensity

GRI 2-4, 302-3

The energy intensity ratio is a key indicator for assessing the energy efficiency of industrial processes. It is calculated by dividing the total energy consumed by the total number of units produced, providing a useful metric to determine the amount of energy used per unit of output.

In 2023, the energy intensity ratio at PT ESM was 14.14 GJ/ton, a slight decrease from 14.95 GJ/ton in 2022. Similarly, at our site in Germany, the 2023, energy intensity ratio was 1.94 GJ/ton, down from 2.15 GJ/ton in 2022. These reductions in energy consumption in 2023 were achieved through several energy-saving projects implemented throughout the year.



No	Energy Intensity by ESM	2021	2022	2023	Units
1	Total Production	252,105	263,134	284,141	Ton
2	Total Energy Used	3,720,045	3,935,288	4,018,387	GJ
3	Energy Intensity	14.76	14.95	14.14	GJ/Ton

No	Energy Intensity by SCDG	2021	2022	2023	Units
1	Total Production	27,554	30,869	27,261	Ton
2	Total Energy Used	67,631	66,360	52,766	GJ
3	Energy Intensity	2.45	2.15	1.94	GJ/Ton





Emission Control

GRI 2-4, 305-5, 305-7

Managing and reducing emissions is a critical priority for SCPL, particularly in response to increasingly stringent regulations on air quality standards. The company is deeply committed to addressing these challenges through the implementation of comprehensive emission management and control measures. These measures include continuous monitoring of emission levels, the adoption of cleaner technologies, and regular assessments to ensure compliance with both local and international environmental regulations. SCPL actively invests in emission reduction technologies and processes designed to minimize the environmental impact of its operations.

This includes upgrading equipment to improve energy efficiency, using alternative fuels, and optimizing production processes to reduce waste. In addition, SCPL ensures that all relevant teams are trained to handle emission related issues effectively, contributing to the long-term sustainability of the company's operations. By prioritizing emissions management, SCPL not only meets regulatory requirements but also demonstrates its commitment to environmental stewardship and the health of the communities in which it operates.

No	Emission Control by ESM	2021	2022	2023	Units
1	SO _x	85.4	125.8	139.7	Tonnes
2	Particles	20.1	28.6	40.5	Tonnes
3	NO _x	7.4	31	4.2	Tonnes
4	CO ₂	258,095	287,526	275,167	Tonnes

1. SO_x Emission

Total SO_x generated increased because in 2023 there has been an increase in coal use.

2. Particles Content

Particulate generation has increased slightly compared to 2022 but can still be controlled due to increased coal use as well.

3. NO_x Emission

Total NO_x generated in 2023 decreased substantially because there are improvements in the combustion system in both coal and gas boilers.

4. CO₂e Emission

Total CO₂ generated in 2023 decreased substantially due to the percentage of Palm Kernel Shell (biomass based) used as a mixture in coal boilers increased.

No	Emission Control by SCDG	2021	2022	2023	Units
1	SO _x	0.25	0.30	0.59	Tonnes
2	VOC	0.41	0.33	0.67	Tonnes
3	CO ₂	1,775	1,698	1,289	Tonnes

SCD analyzes VOC and SO_x annually. Final annual emissions are estimates. CO₂ emission decreased according to improved energy consumption of natural gas.





Water Management

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



Water resource management is a top priority for SCPL, given the significant amount of water used in our operations. Recognizing the critical role that water plays in our activities, we are dedicated to managing this resource carefully to ensure its availability and sustainability for both our operations and the surrounding communities. SCPL implements a comprehensive water stewardship strategy that includes efficient water usage, recycling, and conservation practices across all sites. We continuously monitor our water consumption, identify opportunities for reduction, and invest in technologies that help optimize water usage while minimizing waste. Additionally, we ensure that wastewater generated from our processes is treated and discharged in compliance with strict environmental regulations. Beyond internal management, SCPL engages with local communities and stakeholders to address shared water concerns, promoting responsible water use within the regions where we operate. By adopting these proactive measures, SCPL not only meets regulatory requirements but also contributes to the long-term sustainability of water resources, protecting this vital asset for future generations.

No	Water Management by ESM	2021	2022	2023	Units
1	Water Withdrawal	32,546,515	29,625,411	30,384,695	m ³
2	Water Discharge	31,408,208	28,798,165	29,151,745	m ³
3	Water Consumption	1,029,405	928,152	910,382	m ³

1. Water Withdrawal

The water withdrawal slightly increased in 2023 due to the increased production capacity.

2. Water Discharge

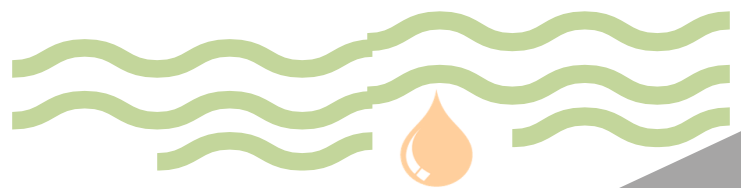
The decrease in water discharge is in line with the decrease in water withdrawal.

3. Water Consumption

The decrease in water consumption is due to the 2023 improvement project related to recycling treated water from WWTP which is reused as raw water for WTP which is running well.

No	Water Management by SCDG	2021	2022	2023	Units
1	Water Withdrawal	49,485	71,998	67,082	m ³
2	Water Discharge	40,101	52,652	47,868	m ³
3	Water Consumption	9,384	19,346	19,214	m ³

Water consumption remains almost the same. It's depending on production volume and type as well as weather conditions.



Procurement Practices

GRI 204-1



We understand the significance of a procurement process that prioritizes to ensure our business units have access to necessary products and services. Our procurement procedure follows a multi-stage approval process, beginning with end users and concluding with top management. The system is designed with a focus on transparency, allowing for extensive monitoring throughout the process. Vendors are selected based on strict criteria that consider social, moral, legal, and ethical factors. Since our operations began, our supplier base has expanded alongside the rapid growth of our business and our proactive supplier diversification strategy. This is a positive development as we continuously strive to ensure that the goods and services provided to us are of the highest quality and meet our needs within budget.

Each year, we evaluate the performance of all supplier, document the results and make informed decisions based on the data. Additionally, we conduct annual supplier audits, particularly for critical suppliers, to assess our supplier's performance to ensure they continue to meet our stringent standards.

*Notes :

- ESM Local suppliers are those who come from the Riau and North Sumatra provinces
- SCDG Local suppliers are those who come from Germany

No	ESM Supplier Category	2021	2022	2023
1	Good Supplier	287	346	343
2	Service Supplier	179	210	171

No	Breakdown of ESM's Goods Supplier	2021	2022	2023
1	Local	83	95	89
2	Non Local	204	251	254

No	Breakdown of ESM's Services Supplier	2021	2022	2023
1	Local	66	76	68
2	Non Local	113	134	103

No	SCDG Supplier Category	2021	2022	2023
1	Good Supplier	9	12	10
2	Service Supplier	240	194	235





GRI Summary

GRI Standard References	Description	Page Numbers	
GENERAL DISCLOSURES			
GRI 2 : General Disclosures 2021	2-1	Organizational details	10
	2-2	Entities included in the organization's sustainability reporting	6
	2-3	Reporting period, frequency and contact point	7,23,27
	2-4	Restatements of information	52
	2-6	Activities, value chain and other business relationships	9,16,21
	2-7	Employees	40
	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
	2-19	Remuneration policies	37
2-20	Process to determine remuneration	37	
2-22	Statement on sustainable development strategy	5	

GRI Standard References	Description		Page Numbers
GENERAL DISCLOSURES			
	2-23	Policy commitments	19
	2-24	Embedding policy commitments	19
	2-25	Processes to remediate negative impacts	46
	2-26	Mechanisms for seeking advice and raising concerns	27
	2-27	Compliance with laws and regulations	27
	2-28	External Initiatives	22
	2-29	Approach to stakeholder engagement	25
	2-30	Collective bargaining agreements	25,28
GRI Standard	Description		Page numbers
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
GRI Standard	Description		Page numbers
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	37
Economic Performance			
GRI 204: Procurement Practice 2016	204-1	Proportion of spending on local suppliers	56
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
	205-3	Confirmed incidents of corruption and actions taken	26
Environmental Management Compliance			
GRI 302: Energy 2016	302-1	Energy consumed within organization	52
	302-3	Energy Intensity	53
	302-4	Energy consumption reduction	52



Environmental Management Compliance			
	305-5	Reductions in energy requirements of products and services	52
GRI 303: Water 2016	303-3	Water Withdrawal	55
	303-4	Water Discharge	55
	303-5	Water Consumption	55
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	54
	305-7	Nitrogen oxides (NOx), sulfur oxides (Sox) and other significant gas emissions	54
GRI 306: Effluent and Waste 2016	306-1	Water discharge by quality and destination	49
	306-2	Waste by type and disposal method	50
	306-4	Transport of hazardous waste	50
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	46
Employee Management			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	37
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	37
	401-3	Parental leave	37
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	41
	404-2	Programs for upgrading employee skills and transition assistance programs	41
	404-3	Percentage of employees receiving regular performance and career development reviews	41
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	40
GRI Standard	Description		Page Numbers
GRI 403: Occupational Health & Safety 2016	403-1	Occupational health and safety management system	35
	403-2	Hazard identification and OHS Management	35
	403-3	Occupational health services	36

GRI Standard	Description		Page Numbers
	403-4	Worker participation, consultation, and communication on occupational health and safety	34
	403-6	Promotion of worker health	36
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationship	35
	403-8	Workers covered by an occupational health and safety management system	36
	403-9	Work-related injuries	36
	403-10	Work-related ill health	36
GRI 406: Non Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	28
GRI 407: Freedom Association 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	28
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	28
GRI 416: Customer Health & Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	22
Sustainable Community Empowerment			
GRI 413: Local Community	413-1	Operations with local community engagement, impact assessments, and development programs	43



Glossary of Acronyms

List of acronyms

1. GRI – Global Reporting Initiative
2. NG – Natural Gas
3. LOPC – Lost of Primary containment
4. CFPP - Coal Fire Power Plant
5. GJ - Giga joules
6. NOX – Oxides of Nitrogen
7. SOX – Oxides of Sulfur
8. WWTP – Wastewater treatment plant
9. WTP – Water treatment plant
10. TSS - Total Suspended Solids
11. COD – Chemical Oxygen Demand
12. BOD – Biological Oxygen demand
13. AOX - Adsorbable Organically bound halogens
14. PT ESM - PT Energi Sejahtera Mas
15. SCDG - Sinarmas Cepsa Deutschland Genthin