



# 2018 ANNUAL SUSTAINABILITY REPORT



**SINARMAS CEPSA PTE LTD**





# Content

<b>About This Report</b>	<b>1</b>	<b>Social and Community Engagement</b>	<b>19</b>
<b>Chief Executive Officer's Statement</b>	<b>3</b>	<b>Occupational Health and Safety</b>	<b>23</b>
<b>About SCPL</b>	<b>4</b>	<b>Energy Management</b>	<b>26</b>
<b>Our Vision and Our Mission</b>	<b>7</b>	<b>Water Management</b>	<b>27</b>
<b>Engaging Our Stakeholders</b>	<b>8</b>	<b>Waste Management</b>	<b>29</b>
<b>Our Materiality Assessment</b>	<b>9</b>	<b>Employee Recruitment</b>	<b>34</b>
<b>Supply Chain and Product Group</b>	<b>10</b>	<b>Health and Social Benefit</b>	<b>37</b>
<b>Product Brands</b>	<b>11</b>	<b>Employee Communication Wellbeing</b>	<b>38</b>
<b>Work Environment and Industrial Relations</b>	<b>12</b>	<b>Training &amp; Education</b>	<b>39</b>
<b>Procurement Performance</b>	<b>13</b>	<b>Solidarity in Diversity</b>	<b>43</b>
<b>Sustainability</b>	<b>15</b>	<b>Non Discrimination</b>	<b>44</b>
<b>How We Approach Sustainability</b>	<b>16</b>	<b>Security Practice</b>	<b>44</b>
<b>Sustainability Principles</b>	<b>16</b>	<b>Achievement &amp; Acknowledgement</b>	<b>49</b>
<b>Grievance Handling</b>	<b>18</b>	<b>GRI Standards Index</b>	<b>53</b>
<b>Anti-Corruption Control</b>	<b>18</b>	<b>Glossary of Acronyms</b>	<b>55</b>

# About This Report

2018 saw SCPL begin its full journey to attain the position as the preferred oleochemicals supplier at the Global level. The journey started with clear Vision, Mission and strategic goals set by our senior management team with the strong support of the combined strengths of our shareholders.

SCPL is committed to becoming a responsible global leader in Sustainability by ensuring its growth, will benefit the socioeconomic needs of the communities it operates in as well as ensuring the environment where it operates in is protected, nurtured and its natural resources well preserved for future generations and beyond.

We obtained RSPO certifications for our manufacturing sites in Dumai, Indonesia and Genthin, Germany in May 2017 and June 2017 respectively, well before we started our full commercial operations. We follow, promote and communicate the principles and criteria established by RSPO to all our stakeholders, be it employees, suppliers and customers for the production of sustainable palm oil derivatives.

In addition, our active engagement with key stakeholders such as local communities and local government bodies provides a meaningful platform for us to engage with and fully understand the concerns, priorities and needs of the people. These engagements have provided us with clarity on the socioeconomic activities required to assist and uplift the local communities where we operate in and further help ensure compliance with local rules and regulations.

In 2018, SCPL developed its Sustainability Model, to provide clear governance, principles and direction with regards to its sustainability strategies and approach. Many activities were identified and executed in accordance to SCPL's 5 Principles of Sustainability. However, it is worth mentioning that our initial focus for 2018 were on Sustainability related activities focused on environmental protection, preservation and the socioeconomic development of local communities.

This is SCPL's inaugural annual sustainability report which reflects its on-going journey and commitment to communicate and share its efforts in a transparent manner. As Sustainability is part of its DNA, SCPL is committed to continue growing upon the solid foundations it has laid out in 2018.

Ahmad Suhaimi Mai

*Group Annual Sustainability Report  
Coordinator  
Suhaimi.mai@ptesm.com*

## REPORTING SCOPE AND BOUNDARIES

GRI 103-1, 103-2, 103-3

This report represents the SCPL Group Annual Sustainability Report for the 2018 reporting period. It covers the group sustainability strategies, approach and activities in 2018. In addition to that this report provides and outlines its goals in striving to protect and preserve our mother nature in areas where we operate. This report has been prepared in accordance with the Global Reporting Index (GRI) Sustainability Standards by selecting the Core reporting option. The scope of the report covers the group core manufacturing sites which are PT Energi Sejahtera Mas, our Oleochemicals operation complex located in Dumai, Indonesia and SCGD, our Surfactants operation plant, located in Genthin, Germany. This is the first Annual Sustainability Report issued by SCPL.

This report contains SCPL's material focus established from an evaluation and assessment of the inputs from its key stakeholders in relation to the Economic, Environmental and Social (EES) principles in accordance to the guidelines as spelled out in the Global Reporting Initiative ("GRI") standards.



# Chief Executive Officer's Statement

GRI 102 -14



Dear Stakeholders,

Welcome to our inaugural 2018 Sustainability Report. We are pleased to have achieved this significant milestone in the relatively young history of SCPL. This report prepared in accordance with the GRI Sustainability Reporting format & principles, presents an overview of our performance as measured against our lofty Social, Environmental and Sustainability standards.

2018 marked our first full year of commercial operations. It is heartening to note that since its inception as a Joint Venture in 2014, SCPL with the strong support and commitment of its shareholders has strived to embed as part of its organizational DNA, best in class Sustainability practices. We are committed to keeping records thereof and in providing accurate, complete and transparent accounts of our activities and strategic initiatives to manage challenges encountered in meeting our lofty Social, Environmental and Sustainability standards.

Pursuing Best in Class Sustainability practices are of equal importance with our aspirations of achieving business growth, value creation and continuous innovation in meeting our customers' needs. Looking ahead, SCPL's management with the full support of its shareholders are firmly committed to building and advancing upon its Sustainability achievements in 2018 to continue to improve and impart positive tangible benefits to its industry, its stakeholders, the communities in which it operates and our beloved planet.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kung Chee Wan'. The signature is fluid and cursive, written over a light blue horizontal line.

Kung Chee Wan

# About SCPL

Established in 2014 and headquartered in Singapore, Sinarmas Cepsa Pte. Ltd. is a 50:50 joint venture between Golden Agri-Resources (GAR) and Cepsa.

Headquartered in Singapore and with production facilities in Lubuk Gaung, Indonesia as well as Genthin, Germany, our company is founded on strong synergies of its partners: Golden Agri Resources Ltd (GAR) is the world's second largest producer of palm oil with integrated operations and a strong presence in the APAC region, and Cepsa as a world leader in the Linear Alkyl Benzene (LAB) surfactant industry with a wide portfolio of chemical products and a leading presence in the Western hemisphere.

We are currently operating a world class fatty alcohol plant in Indonesia and producing surfactants in Germany for the European Market. We have a global supply chain network to serve our key customers across all major continents. In Indonesia, we have our own private jetties for both bulk and container shipments to ensure fast and optimum product distribution. In addition, we have developed ready access to Bulking Tanks at strategic locations globally.

Our highest guiding principles in governing our people's behavior is the Company's Code of Conduct.

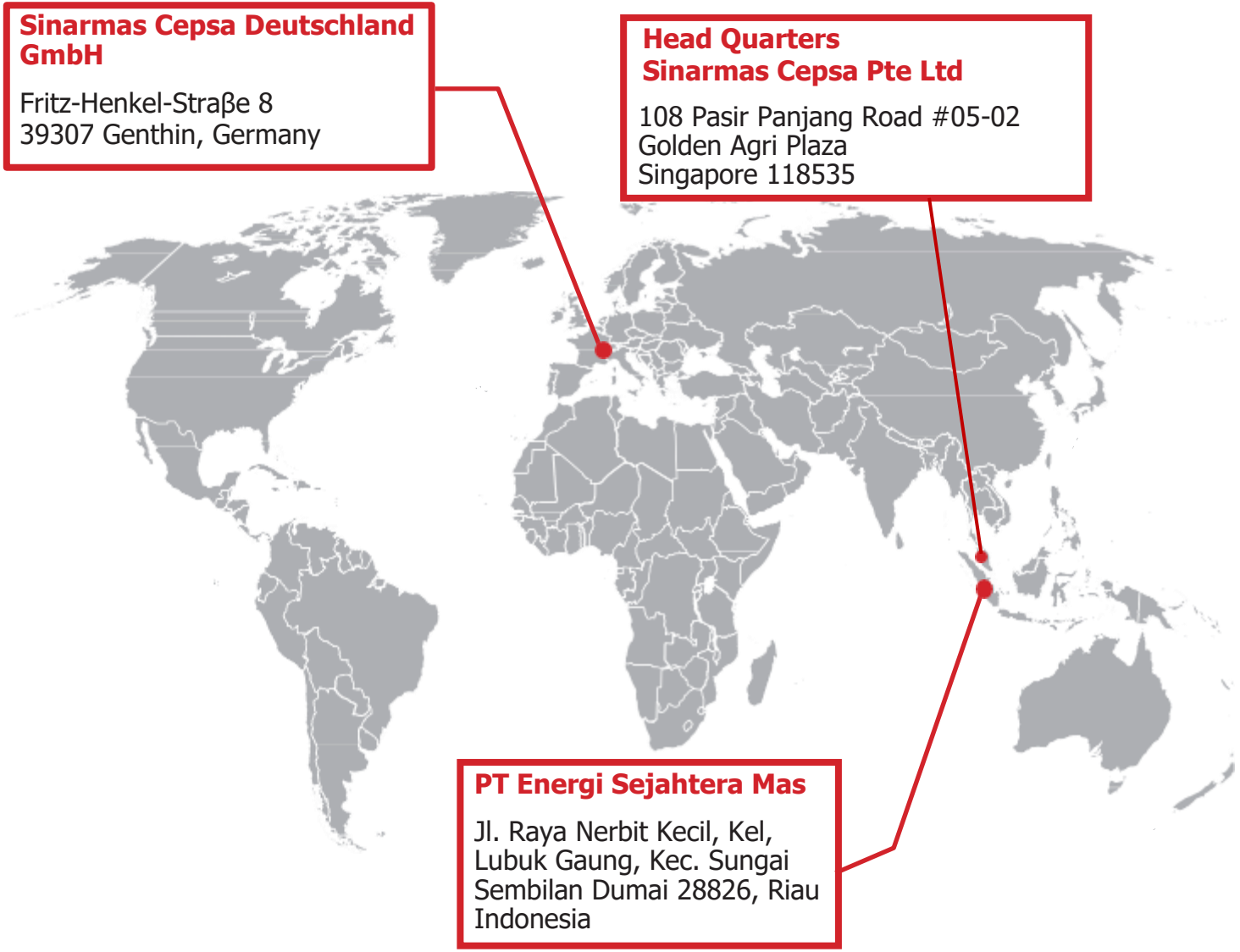
Visit our website <http://sinarmascepsa.com>



## Locations and Operations

GRI 102-3, 102-4, 102-6

Our customers base are covers 5 key continents, and are grouped into 4 operational areas, namely Asia Pacific, Europe, Africa & Middle East and Americas.





### INDONESIA PLANT

**Production Capacity**

- 200,000mT oleochemicals, incl. 160,000mT alcohol

**Self-sufficient utilities**

- Power plant
- Desalination & waste water treatment

**Self-sufficient logistics**

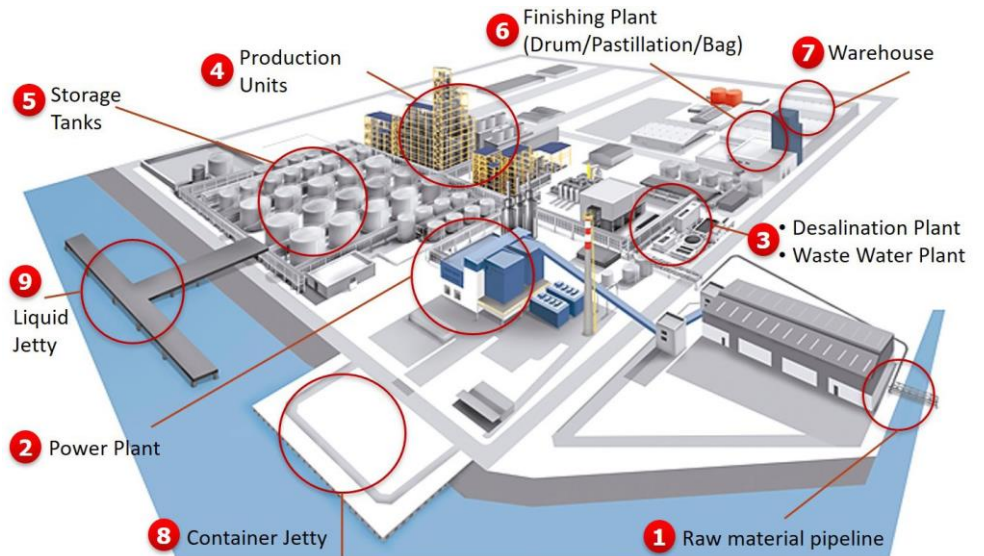
- Incoming raw mat feed
- Outgoing finished products

**Industry expertise**

- Experienced Industry Personnel

**Future expansion**

- Plenty of land & utilities to expand



### GERMANY PLANT

**Production Capacity**

- 100,000mT of surfactants with 3 reactors

**Licensor**

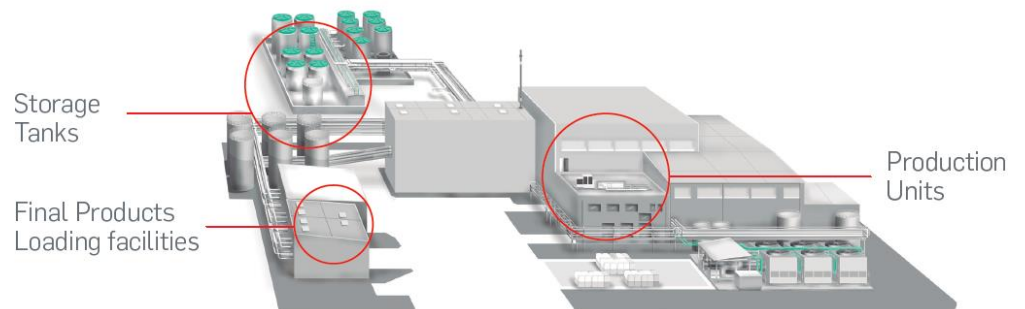
- Chemithon

**Logistics**

- Located in Germany where surfactants demand is concentrated and ease to serve the needs from East Europe

**Industry expertise**

- Experienced Industry Personnel



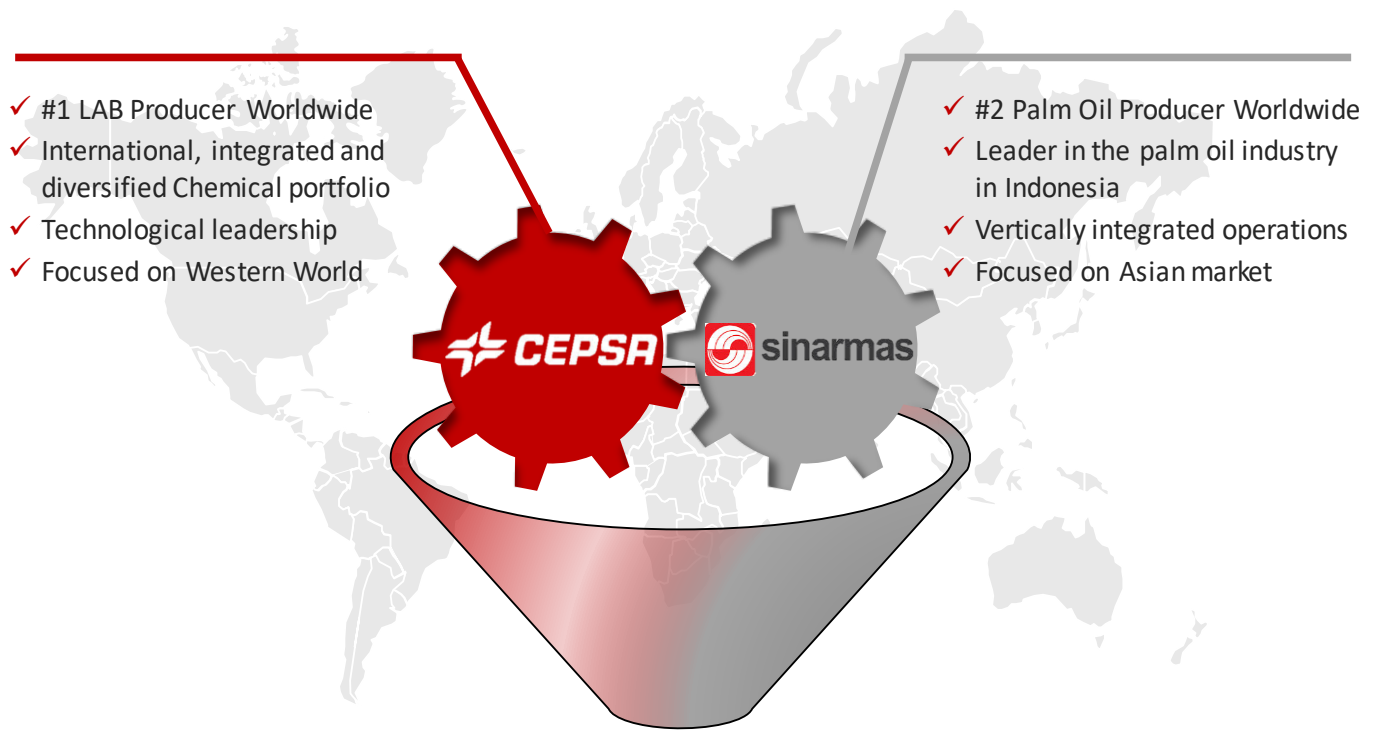


# Our Vision

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 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**.



A new oleo-based surfactants supplier

# Engaging Our Stakeholders

GRI 102-43, 102-40

The process of identifying key stakeholders are done by evaluating the impact of the Group's activities to the affected groups, primarily in our 2 manufacturing sites; PT Energi Sejahtera Mas (PT ESM), in Dumai Indonesia and Sinarmas Cepsa Genthin Deutschland (SCGD), in Genthin Germany. The impact assessments were done based on the EES (Economic, Environmental and Social) criteria as stated in the GRI.

The table below lists the key stakeholders and their primary concerns.

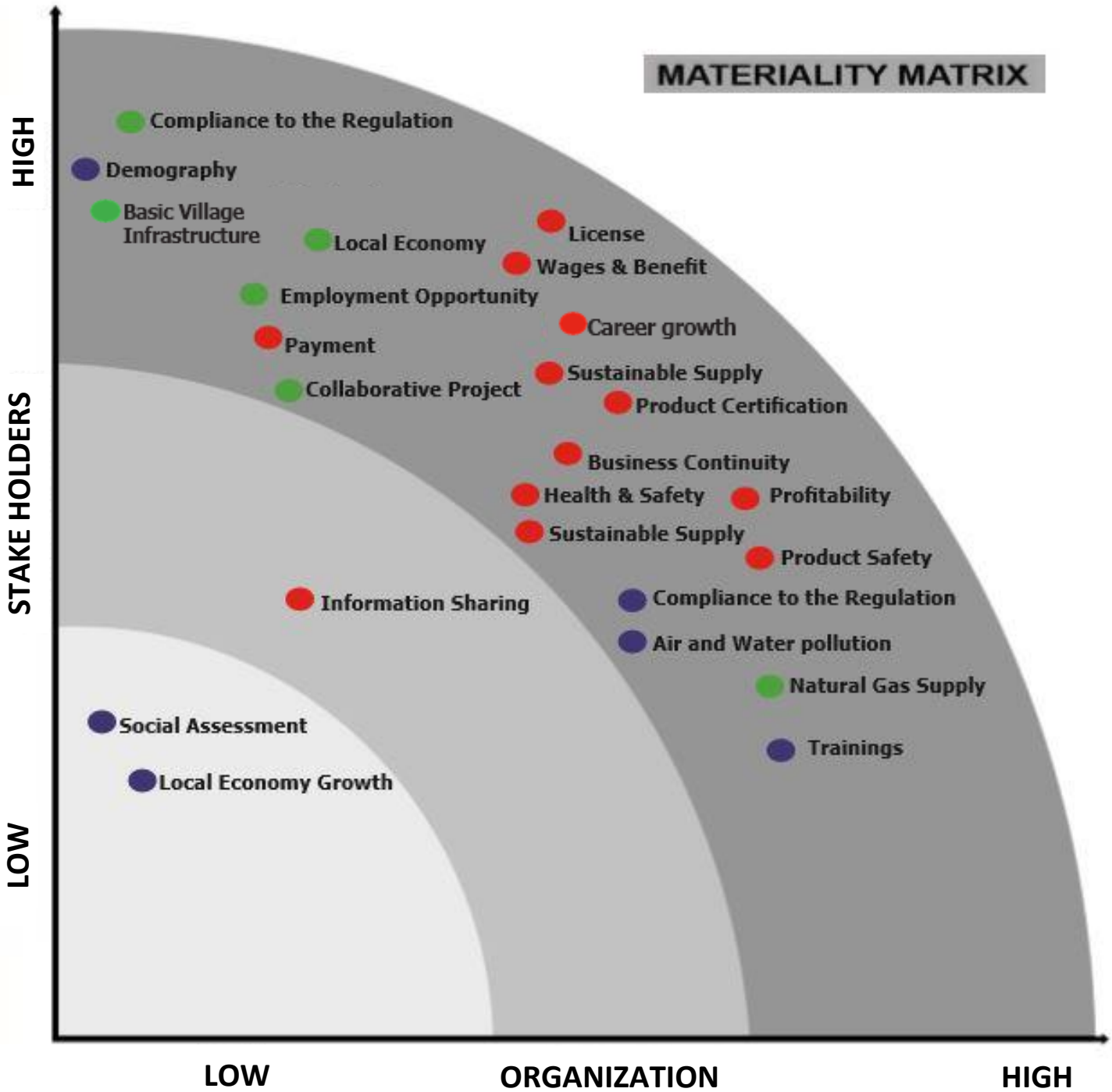
<b>SN</b>	<b>Stake Holder</b>	<b>Key Concern ESM</b>	<b>Key Concern SCGD</b>
1	Employee	Career Growth	Career Growth
		Health & Safety	Health & Safety
		Wages & Benefit	Wages & Benefit
2	Local Community	Employment Opportunity	Employment Opportunity
		Basic Village Infrastructure Development	Demography/ Secure Young Generation
		Local Economic Growth	Local Economic Growth
		Air and Water Pollution	Air and Water Pollution
3.	Investors	Profitability	Profitability
		Business Continuity	Business Continuity
4.	Customers	Product Safety	Product Safety
		Sustainable Supply	Sustainable Supply
		Product Certification	Product Certification
			Product Quality
5.	Suppliers	Payment	Payment
		Natural Gas Supply	Social Assessment (Local Supplier)
		Social Assessment (Local Supplier)	
		Waste Transport	
6.	Government	Compliance with Regulation	Compliance with Regulation
		License	License/Authorization
7.	Industry Group Association	Information Sharing	Information Sharing
			Training
8.	NGO	Sustainability Commitment	-
		Collaborative Project	-

# Our Materiality Assessment

GRI 103-1

The subsequent process conducted was to identify the priority by materiality which gives the most impact to the organization and its key Stakeholders. The materiality matrix established is as follows:

## Materiality Matrix of PT ESM and SCGD



● Materiality Specific to ESM

● Materiality Common to ESM & SCGD

● Materiality Specific to SCGD

# Supply Chain and Product Group


## Supply Chain Models

GRI 102-9



## Product Groups

GRI 102-2

-  **Fatty Acids and Glycerine**
-  **Fatty Alcohols:  
Cepsinol**
-  **Fatty Alcohol Ethoxylates:  
Cepsinol®-e**
-  **Anionic Surfactants:  
Cepsinol®-es / Cepsinol®-s**



# Product Brands

GRI 102-2

## Fatty Alcohols: CepSinol®

Fatty alcohols are key industrial intermediates that are subsequently easily converted into derivatives that are present in many applications that we use each day: from home and personal Care products, fragrance & flavours, passing through the petroleum industry, metalworking, lubricants, and agricultural chemicals.

## Fatty Alcohols Ethoxylates: CepSinol®-e

The ethoxylation of fatty alcohols results in mixtures of compounds with different ethylene oxide units in the aliphatic chain. The product is known by the average moles of ethylene oxide in its molecule. Generally, fatty alcohols with a low ethylene oxide content have low solubility in water and are used mainly in the synthesis of the ethoxy sulfated alcohols while those having high ethylene oxide content are water soluble, so being used directly as non-ionic surfactants in laundry detergents, household cleaners, industrial and institutional cleaners as well as in agricultural, textile, and oil formulations.

## Fatty Acids and Glycerin

Fatty acids are carboxylic acids with a long aliphatic chain, usually from 8 to 18 even number carbon atoms in the molecule, either saturated or unsaturated.

Glycerin (or glycerin) is a colorless, odorless and non-toxic viscous liquid widely used in the food industry as a sweetener as well as in pharmaceutical formulations.



## Anionic Surfactants: CepSinol®-es CepSinol®-s

Sinarmas Cepsa's anionic surfactants portfolio comprises Fatty Alcohols Ether Sulfates (CepSinol®-es) and Fatty Alcohols Sulfates (CepSinol®-s), produced by the sulfation of the corresponding fatty alcohol ethoxylate or fatty alcohol with a continuous air/SO<sub>3</sub> mixture in state-of-the-art reactors, that guarantee the highest product quality.

Fatty Alcohols Ether Sulfates: CepSinol®-es surfactants show high surface activity, high foam ability, good viscosity response, low irritation property and excellent hard water resistance.

They are readily biodegradable and are used as primary surfactants in cosmetic and personal care products such as shampoos, shower gels, liquid hand soap among others. It is also widely used in household products, such as, laundry detergents, dishwashing liquids and cleaners. It can be easily formulated with other surfactants and it provides a good synergistic effect.

Fatty Alcohols Sulfates: CepSinol®-s surfactants are strong cleaning agents that shows high surface activity, good viscosity response, strong wetting power and flash foaming property.

It is biodegradable and is used as a primary surfactant in household and industrial cleaning applications. It is also used in personal care products and can be easily formulated with other surfactants.



# Work Environment and Industrial Relations

## SCPL's Participations in Industrial Group Associations

GRI 102-13

As a global player of fatty acids, glycerin and fatty alcohols supplier, it is imperative for SCPL to build a good network and relationship amongst similar companies in our industry. We have been actively involved in local and international associations such as the Indonesian Oleochemical Manufacturers Association and the Asean Oleochemical Manufacturers Group. The list of our membership in various key industry associations are as listed below.

### Membership of Association

No	Name of Organization	Scope	Status
1	Indonesian Oleochemical Manufacturers Association	National	Member
2	Human Resource Community	National	Member
3	Riau Environmental Dept. Discussion Forum	Local	Member
4	Paguyuban Sinarmas	National	Member
5	Asean Oleochemical Manufacturers Group	International	Member



# Procurement Performance

## Suppliers by Category

GRI 204

Procurement of goods and services is a key integral process in our manufacturing activity. Hence, it's critical to establish a robust and transparent governance for this process.

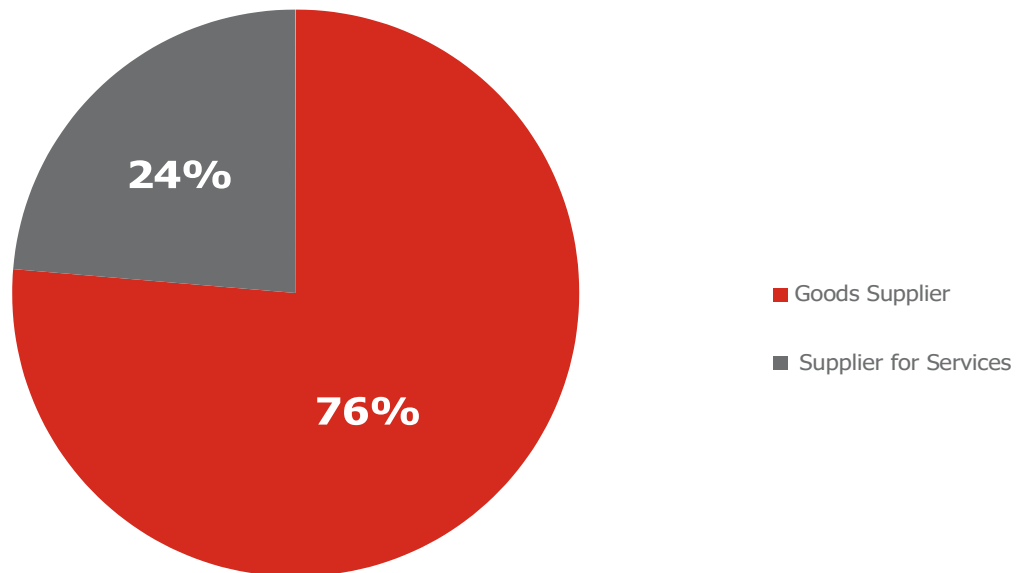
Our end-to-end procurement process utilizes the SAP platform and is governed by our Group Procurement Policy to ensure all goods and services procured are of the right quality, received on a timely basis and are cost effective.

To further improve our procurement governance process, in 2019 we will further emphasize on strengthening our Suppliers' Commitment with regards to environmental protection (especially our Chemical Suppliers).



As shown in the graphic below, for our site in Dumai, 76% of our suppliers are categorized under the goods suppliers and 24% are suppliers for services.

## Suppliers of PT ESM by Goods and Services Category

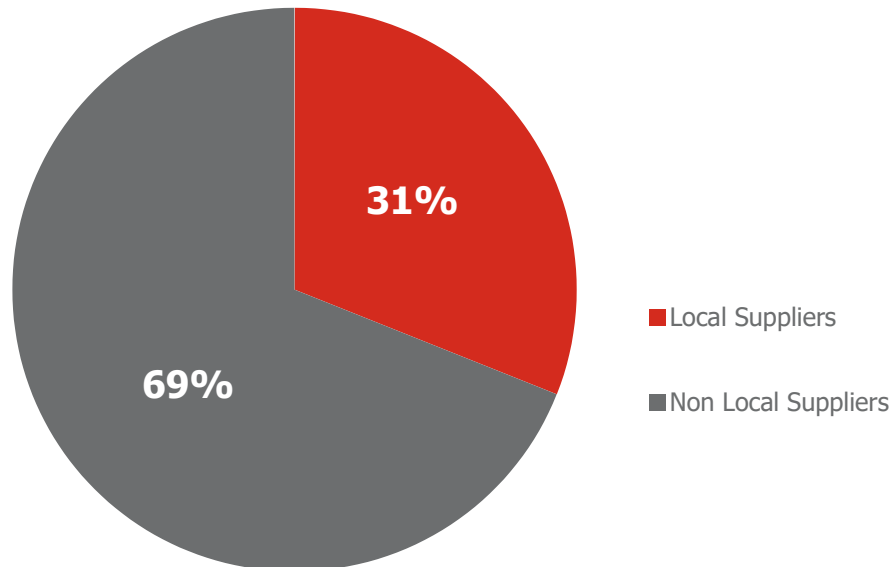


Criteria	Total	Percentage
Total Goods Suppliers	381	76 %
Total Service Suppliers	118	24 %
<b>Total Suppliers in 2018</b>	<b>499</b>	<b>100 %</b>

## Suppliers of PT ESM by Local & Non Local Category

GRI 204-1

To support the economic growth of the province where we are located and the nearby provinces, we are sourcing about one third of our goods and services from local suppliers. As shown in the chart below, 31 % of the suppliers for the site in Dumai are from local suppliers located in the Riau Province and North Sumatra Province.



### Table of Goods Suppliers

Criteria	Total
Local	109
Non Local	272
<b>Total</b>	<b>381</b>

### Table of Services Suppliers

Criteria	Total
Local	46
Non Local	72
<b>Total</b>	<b>118</b>

### Total Local & Non-Local

Criteria	Total
Local Suppliers	155
Non Local Suppliers	344
<b>Total</b>	<b>499</b>

#### Note:

Local: Riau and North Sumatra

Non Local: Out of Riau and North Sumatra







## Sustainability

Sinarmas Cepsa Pte. Ltd. and its subsidiaries are fully committed to the production, marketing and development of sustainable palm oil and palm kernel oil (PKO) derivatives. As a member of the Roundtable on Sustainable Palm Oil (RSPO), we follow, promote and communicate the principles and criteria established by this initiative to all our stakeholders, be it employees, suppliers and customers for the production of sustainable palm oil derivatives.

Sustainability is part of our DNA. Our shareholders proactively apply best-in-class sustainability practices, adopt stringent policies and integrate sustainability as part of our organizational culture.

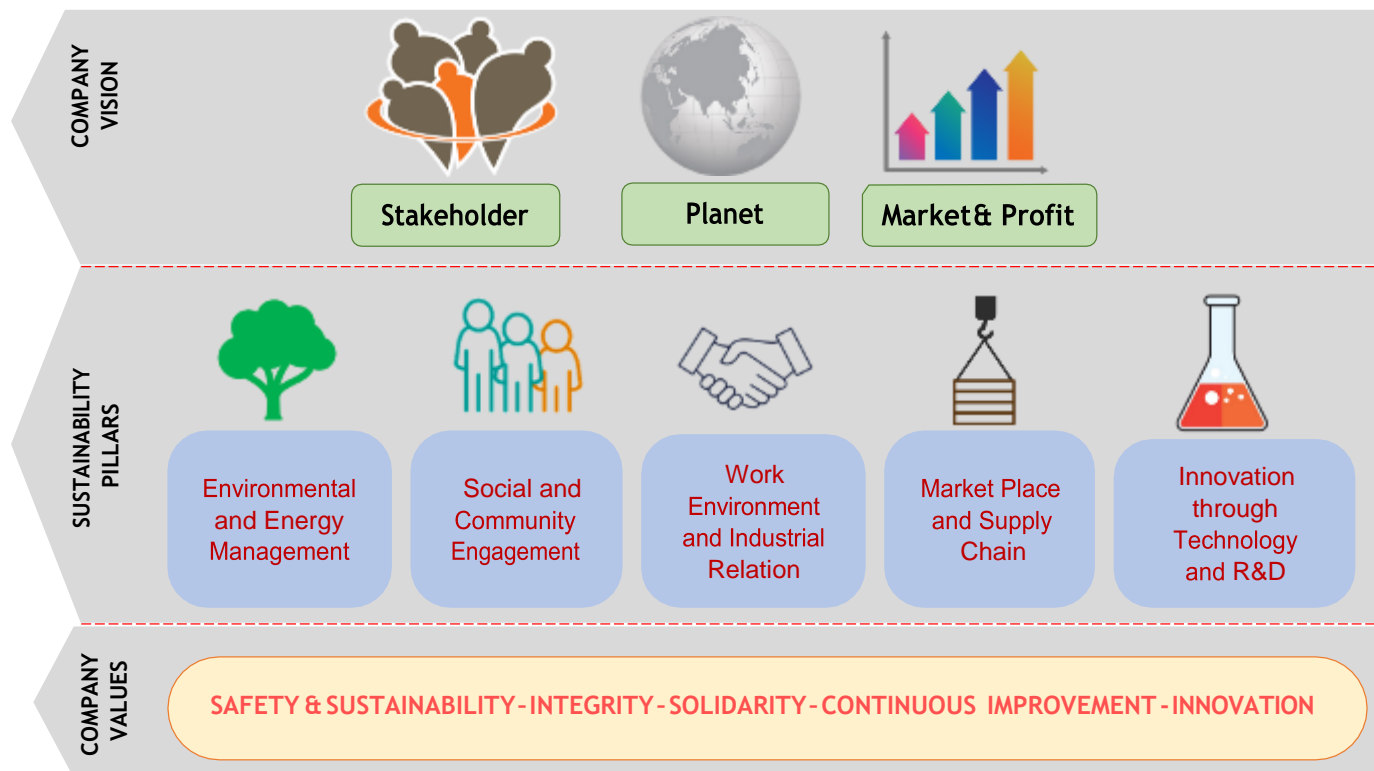
**Golden Agri-Resources (GAR)**, the largest palm oil grower in Indonesia, believes that socio-economic growth can go hand-in-hand with environmental protection and sustainable practices. GAR's sustainability strategy uses a scientific approach to understanding our most material issues across all areas of our business, this includes our impacts on the environment, the communities around us, our workers, our supply chain and the consumers who use our products.

**Compañía Española de Petróleos, S.A.U (Cepsa)**, remain firmly committed to responsible management in our activities, aware that operational excellence implies a sustainable development of our processes, while maintaining our values and ethical principles and prioritizing the prevention of potential environmental and social impacts in the areas in which we operate. Cepsa takes indices and initiatives of recognized prestige as a reference, on both a local and international level, which encourage responsible and sustainable business frameworks. By doing this, we strengthen our commitment towards the responsible management of our activities, increasing our reliability and transparency with respect to our stakeholders. Cepsa is committed towards the following (association on the right) national and international initiatives in corporate responsibility.



# How We Approach Sustainability

GRI 103-2



## Sustainability Principles

We want to ensure that SCPL's operations will impart positive impact to the socioeconomic development of its surrounding communities, develops its people and continues to preserve and protect the local environment. We strive for continuous improvements in energy conservation and in the efficiency of our processes. Core to this are our 5 key Sustainability Principles:

### 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.



# Grievance Handling

As part of SCPL's commitment towards transparency and open and inclusive dialogue with its stakeholders, SCPL has established a Grievance Handling Procedure that enables its stakeholders to bring issues of concern relating to all activities at the local, national and international levels.

Our Grievance Handling Procedure ensures that Sinarmas Cepssa address grievances in a responsible and timely manner and helps us to monitor the performance in meeting our sustainability commitments.

When a grievance is raised, our Grievance Management Team registers, verifies and categorizes the grievance. If it is classified as grievance, the team will follow up with the grievance handling according to its categorization of low, moderate or high level.

## Grievances can be submitted to:

Sinarmas Cepssa Pte. Ltd.

## E-mail:

[grievance@sinarmascepsa.com](mailto:grievance@sinarmascepsa.com)

## Addressed to:

Grievance Handling Team  
Sinarmas Cepssa Pte. Ltd.  
Golden Agri Plaza  
108 Pasir Panjang Road, #05-02  
Singapore 118535



# Anti Corruption Control

GRI 205-1, 205-2

SCPL has established an Ethics Management Committee that is responsible for promoting, monitoring and enforcing the value, principles and standard code of conduct according to the Anti-Corruption Control guidelines clearly spelled out in the Whistleblowing Policy section of SCPL's Code of Conduct. This policy and its implementation affirms SCPL's commitment to implement Good Corporate Governance practices within the organization and provide an independent framework to promote responsible and secure whistle blowing without fear of retaliation.



# Social and Community Engagement

## Community Empowerment

GRI 413-1, 413-2

We believe that in carrying out business activities, the company must be able to provide synergistic benefits to its surrounding communities. This aspiration is achieved through a series of CSR programs that have been meticulously identified, planned and executed to meet the needs of the community.

The Company has launched various short-term and long-term community empowerment programs. Short-term programs include the active engagement of local communities to understand their needs and the mapping of potential and strategies to meet these needs. The long-term programs focus on executing sustainable programs for community empowerment in the fields of health, education, youth, environment and economy.

In 2017 and 2018, the company prioritized its CSR activities along the fields of economy, education, health, environment and religion.



## Economy

In the economic field, the Company has established close cooperation with the Al-Amin Islamic Boarding School, in Bagan Keladi, Dumai City to build a small scale facility to produce souvenirs that are unique to Dumai. These souvenirs making activities are carried out by students from the aforesaid boarding school, as one of their co-curricular activities.

The main objective is to train and develop these students in entrepreneurship to complement their educational needs at the boarding school.

In addition, the Company has also placed orders for its' employees' uniform with the school after sewing training was given to a group of ladies who live nearby the boarding school.





**Education**

One of the activities related to education carried out was the provision of assistance to repair and renovate the deteriorating roof of Sekolah Dasar Negeri 05 (Primary School), Lubuk Gaung.

Apart from providing support for infrastructure renovation and repair works, the Company further supplied books to the school’s library with the aim of nurturing and inculcating an interest in reading and knowledge seeking amongst the students.

The Company engaged with the Indonesian Child Friends Company (APSAI) in Dumai City to render support to their activities geared towards the betterment of children’s education. One area of collaboration was a contribution made for the APSAI award.

This award is given to outstanding elementary, junior high and high school students and children with special needs in the Dumai City area in the form of providing scholarships. In addition, the Company also provides scholarships to our employees’ children with outstanding academic achievements.



## Health

In the health sector, one of the routine activities carried out by the Company in collaboration with the Sinarmas Dumai Association is conducting blood donation drives every 3 months.

The participants for the blood donation drive comprises of employees of the Sinarmas Group in Dumai city as well as the general public.

Another annual routine activity held by the Company under the health sector is Mass Circumcision for children near our manufacturing site in Dumai.

In 2019, the company plans to expand the Mass Circumcision activity to broader areas within the Sungai Sembilan sub-district of Dumai City.



## Religious

In terms of religious activities, the Company supports the holy Eid al-Adha "Festival of the Sacrifice", the second of two Islamic holidays celebrated worldwide each year by providing an animal, such as a cow for religious sacrifice.

Additionally, the Company supported the renovation of mosques and prayer rooms located around its manufacturing site in Dumai.

The Company further provided assistance in renovating the Catholic church of St. Fransiskus Xaverius in Dumai, an iconic site in Dumai.

## Environment

The Company has collaborated with the Dumai City Mangrove NGO to carry out mangrove planting activities in the coastal areas of Dumai. Until now, around 9,000 mangrove stems have been planted to reduce abrasion around the shoreline. The mangrove cultivation training activities will be carried out by the Company involving local youths who live along the coastline of the Dumai city area. The mangrove plants will alleviate the shoreline abrasion rate as well as function as a place for the protection and breeding of marine biota such as fish, shrimp and crabs.





# Occupational Health and Safety

## Health and Safety Performance

GRI 403-1, 403-2

The management of SCPL through ESM has established an Occupational Safety and Health Advisory Committee which is registered with the Labour Department under registration number Kep.88/Disnakertrans-PK/SK-P2K3/VI/2017 which conducts meetings every month to discuss and review the application of K3 standards (Safety and Occupational Health) by all its employees. In the monthly meeting, the Occupational Health and Safety Program results and targets are reviewed to evaluate and assess the effectiveness of the program implementation.

### Zero Fatality Achievement

The management of SCPL is always committed to providing the safest working environment to all its employees, contractors and visitors. Everyone's safety is of utmost importance to the management. One of the programs implemented to increase safety awareness is the Safety Flashback Program during which the General Manager of the site will share the corrective action and learnings from safety incidents that had occurred.

Based on the 2018 safety report data, our LTIR level is low (see table below). Nevertheless, the management acknowledges that safety cannot be compromised and should be continuously improved upon. To further improve our 2019 safety results, the Safety Fundamentals Campaign will be launched focusing on human behavioral aspects and additional safety programs.

### PT ESM Safety Result Summary Year 2018

LTIR	LTI	First Aids	Industrial Incident	Safety Observation	Fire Incident	LOPC	Safe Man Hours (YTD)
0	0	8	18	360	5	5	1,153,342



## Readiness of The Emergency Response Team

In 2018, to equip our Emergency First Response team with appropriate skills and competencies, fire drill exercises were planned and executed at both our manufacturing sites. Our site in Dumai, Indonesia conducted 4 Fire Drill exercises covering 4 key areas of our operations. These exercises have helped our team to be more prepared to handle any emergency. At the same time, the Fire Drill exercises also helped us to periodically check our firefighting equipment condition and functionality.

The site in Genthin conducted its Emergency Drill in March 2018. The drill involved the neighboring plants which are Solvay and Inprotec and with the support from the Public Fire Brigade.

No	Date Drill Conducted	Area	Type of Simulation	Site
1	21-Dec-18	Loading Bay – Pump Area #6	Fire at the transfer line of Fatty Acid product	PT ESM
2	11-Dec-18	CFPP Boiler Area Emergency Response Center	Fire at the Coal Conveyor DT#2	PT ESM
3	04-Dec-18	HSD Tank Loading point HSD	Fire at HSD Tank	PT ESM
4	28-Sep-18	Plant wide involving neighboring plant i.e. Solvay and Inprotec	Massive accidental release of SO <sub>2</sub>	SCGD
5	27-Mar-18	Admin Building Emergency Response Center	Fire at the Admin Building	PT ESM



## Health Safety and Environment Regulation Compliance

In 2018, our site in Dumai, Indonesia was subjected to visits by regulatory bodies and local authorities. In July 2018, the Department of Environment of Dumai City visited the site and during the visit, they took effluent samples for testing and verified our effluent quality. In December 2018, the Department of Environment of Riau Province visited the site as part of their Permit and License Inspection and Monitoring Program. On both occasions, we did not receive any major citations and no notice of violations were issued.

## Medical Check Up for Employee

We have an annual Health Screening Program for our employees. The program provides a comprehensive medical check-up for our employees and more importantly it provides timely information to our management team with regards to the employees' current health condition.

The individual employee will be consulted by our panel doctor based on the results of the health screening. An analysis of the general health condition is presented to the management upon completion of the health screening. Feedback from the analysis assists our HSE team and the management to anticipate any potential work related illnesses and to identify any program required to improve our employees' health condition.

## Routine Medical Checkup at PT Energi Sejahtera Mas

Year	Date Conducted	Total Participant
2017	18-20 Sept 2017	244 Employees
2018	12-14 Dec 2018	276 Employees



# Energy Management

## Energy Consumption Within the Organization

GRI 302-1

All our manufacturing sites are operating by strictly adhering to local and international regulatory requirements in the context of energy management. Our site in Genthin, Germany has obtained the Certification of Energy management system, ISO 50001:2008 since 2017.

Several initiatives have been carried out at both our manufacturing sites to improve and increase energy efficiency in our daily operations. To reduce the consumption of Diesel, our plant in Dumai, Indonesia has successfully made a conversion of the fuel used for its Thermal Oil Heater from diesel to natural gas. With this conversion, we have reduced the diesel consumption by 50% at the initial phase. Our manufacturing site in Genthin, Germany has installed new instruments and software tool for a more detailed register of Electricity consumption. In addition to these, various other initiatives have been taken to reduce the fixed electricity consumption in our plants.

In 2019, more initiatives are underway to further improve the energy efficiency at our manufacturing sites such as (1) Energy Audit to be done at the Dumai site and (2) Installation of High Energy Efficiency devices.



**151,616 Giga Joule of Natural Gas used at ESM and 21.1 Giga Joule at SCGD**

**249,434 Giga Joule of Electricity used at ESM\* and 7.8 Giga Joule at SCGD**



*\*Electricity is imported from PLN, the internal generated electricity already included under Coal.*



**2,162,786 Giga Joule of Coal used at ESM**

**428,055 Giga Joule of Diesel used at ESM**



# Water Management

## Total Water Withdrawal

GRI 303-1, 303-3

Our group has implemented a robust mechanism to monitor the water withdrawal quantity and its source at both of our manufacturing sites. The monitoring and data analysis are conducted on a monthly basis. The data is reported and monitored as one of the key elements in our monthly KPI and is visible to our management team.

Our site in Dumai Indonesia, has the advantage of being in close proximity to the sea, namely the Straits of Rupa; hence it is a water withdrawal source for manufacturing and domestic use. The water is processed by our water treatment plant and is used for our Power Generating plant and various other process units.

Our site in Genthin, Germany uses water from 2 main sources; fresh surface water and municipal water supply.

<b>Water Withdrawal by Source</b>	<b>ESM (m<sup>3</sup>)</b>	<b>SCGD (m<sup>3</sup>)</b>	<b>Total (m<sup>3</sup>)</b>
Fresh surface water	0	39,831	39,831
Municipal water	0	44,139	44,139
Brackish surface water/seawater	24,754,724	0	24,754,724



## Total Water Discharge

GRI 306-1

PT ESM has its own waste water treatment plant and in 2018, we continuously performed close monitoring of the water discharge quality in accordance to applicable regulations. The rejected BWRO, SWRO and water from the WWTP are only discharged once the Quality Department approves of the quality of the water discharged.

The SCGD site uses a third-party facility for the treatment of municipal or industrial wastewater. The treatment can be primary, secondary and/or tertiary. Currently, the SCGD site only monitors the volume of water discharged back to the source, after treatment in the water treatment plant. Water that is discharged back to its source without going through the water treatment plant is not monitored.



### Total SCPL Water Discharge in 2018

Total Water Discharge	m <sup>3</sup>
ESM	23,712,989
SCGD	5,060

## Total Water Consumption

GRI 303-5

Our group performs close monitoring of the water consumption of our manufacturing sites to ensure that we have stringent control in optimizing water usage at our manufacturing locations.



### Total SCPL Water Consumption in 2018

Total Water Consumption	m <sup>3</sup>
ESM	1,041,735
SCGD	49,036

# Waste Management

## Hazardous Waste Management

GRI 306-2

PT ESM ensures it complies with all applicable environmental regulatory requirements in relation to its oleochemicals manufacturing operations and has all the relevant licenses required (e.g. licenses for hazardous waste warehouse and waste water treatment plant). Pre and post operations environmental impacts analysis are performed for the site. Each relevant department also performs their own environmental impact studies and analysis as necessary.

In 2018, PT. ESM managed its Hazardous Wastes via licensed third parties, namely PT. Prasadha Pamunah Industrial Waste, PT. Semen Padang and PT. Pasadena Metric Indonesia.

## Total Hazardous Waste by Disposal Method



REUSE

**13,464 Tons of waste are disposed through licensed third party to be reused based on the permission by the authority.**

**48 Tons of waste are disposed for metal recovery as permitted.**



RECOVERY



INCINERATION

**0.024 Tons of waste are disposed to incinerator as permitted.**

**458 Tons of waste are disposed by landfill as permitted.**



LANDFILL



PT. ESM manages its Non Hazardous Waste via storage bins in its compound which are separated by organic and inorganics categories. The waste from the bins are picked up daily for on-site centralized waste storage. These are then periodically picked up by its third party service provider, PT Berkah Iboe Negeri for disposal via authorized landfill in Dumai.

PT ESM has improvement programs slated for 2019 to include reuse, recycle and composting of non-hazardous waste.

## Total Non Hazardous Waste by Disposal Method



**76 Tons of non hazardous waste are disposed at authorized landfill in Dumai**



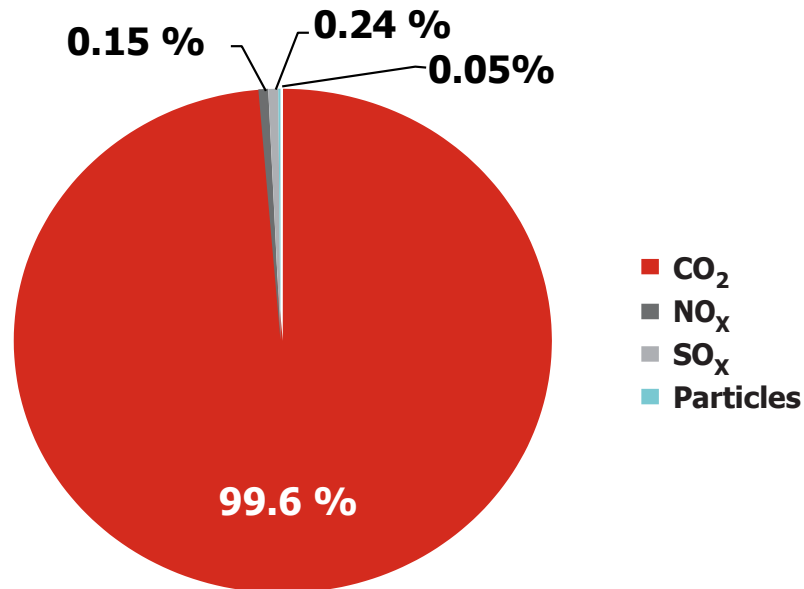


## Emission Control

GRI 305-1, 305-4, 305-7

SCPL monitors its emission measurements in accordance to environmental standard recommendations for emissions from its boiler operations, thermal oil heater and diesel generator. In addition, SCPL monitors the quality of its coal usage which has an impact towards reducing emissions

### Emission Total by SCPL



### ESM - Total Emission CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>x</sub> and Particle



**216,829 Tonnes**



**332 Tonnes**



**518 Tonnes**



**99 Tonnes**

### SCGD - Total Emission SO<sub>x</sub>



**8.76 Tonnes**



## Effluent Monitoring

GRI 306-1

PT. ESM routinely manages and monitors water catchment around its manufacturing site, specifically the Rupert Straits. Rupert Straits is the recipient of treated waste water which is generated from activities carried out at PT ESM. As water from the Rupert Straits is also used as a primary water source, the quality standards of the water discharged back into the Rupert Straits must meet the Water Effluent Quality standards by the Government Standard.

In 2018, the effluent quality of ESM's WWTP met quality standards of required parameters. These quality results and ESM's Effluent Pollutant Loads 2018 are presented in the table below. The limit of pollutant loads is based on the waste water discharge maximum limit. The limit can be found in the waste water permit from the Indonesian Ministry of Environment.

Type of Analysis	Test Result (mg/L)	Government Standard (mg/L)	Pollutant Loads (Ton)	Limit (Ton)
BOD	10.42	70	0.095	47,779
COD	49.00	160	0.446	109,209
TSS	6.08	100	0.055	68,256
Oil and Fat	1.80	10	0.015	6,825
Phosphate	0.05	5	0.0005	3,412
Ammonia	0.90	10	0.003	6,825



## Environmental Compliance

GRI 307-1

SCPL group operates under highly regulated environmental regulations applicable to our industry. All the local authorities' laws and regulatory requirements are fully observed, and our manufacturing sites have established appropriate mechanisms to closely monitor and ensure continuous adherence to these environmental rules and regulations.

Any notice of violation received will be communicated to the senior management and appropriate action will be taken by the Environmental Management Team with full support from our senior management. In 2018, both sites did not receive any fines and sanctions by the authorities.

ZERO cases brought through dispute resolution mechanisms

ZERO monetary value of significant fines

ZERO number of non-monetary sanctions



## Supplier Environmental Assessment

GRI 308-1

Our manufacturing site in Dumai, PT ESM exercises rigor in its selection process of its waste management suppliers, specifically with regards to their adherence to environmental regulations. We visited one of the suppliers of toxic and hazardous waste materials collector, namely Andalas Semen Indonesia on 30 November 2018 in Padang, West Sumatra.

Our assessment result of PT Semen Andalas Indonesia indicated it has complied with national environmental regulations. The B3 waste (Hazardous waste) is used as a substitute for raw materials in the cement industry or as fuel substitution.

# Employee Recruitment

GRI 401-1

The recruitment policy deployed in our group is to provide opportunities and priorities in the filling up of job vacancies to the local community. To achieve this, one of the strategies implemented at our site in Dumai, Indonesia is by fostering a strong co-operation with the Dumai Labor Department to provide a pool of candidates to be evaluated for job filling as and when opportunities arise.

In 2018, our group hired a total of 94 new hires and 93% of them are locally domiciled.

\*Note: Definition of Local for each location is as below:

1. HQ: Singapore Citizen and PR status holder.
2. PT ESM: Indonesian domiciled in Dumai.
3. SCGD: German citizen.



To ensure an equal opportunity is given to every jobseeker and fulfill our organizations' needs to hire competent personnel, SCPL advertises job vacancies via Public Advertisements and events such as those organized by the Indonesian Ministry of Man Power. PT ESM had in 2018 participated in 2 job fair events conducted in Surabaya City in October 2018 and Malang City in November 2018.



## Total Number of Employee

GRI 102-7, 102-8

Employee Status of HQ	Number of People
Permanent	22
Contract	3

Employee Status of SCGD	Number of People
Permanent	27
Contract	0

Employee Status of PT ESM	Number of People
Permanent	345
Contract	8
Indirect Workers	300*

- Number of indirect workers is an estimation as it might change based on the company's requirement

## Employee Attrition

Total percentage of employee attrition is detailed in the table below. The data is broken down by each operational location in our group by gender.

We are focused on providing the best platform for our people to grow at both professional and personal levels.

Efforts have been taken to retain our talents and to create conducive working conditions for our people to perform to the best of their potential.

In 2018, we continued to streamline and improve our organizational structure to better serve our business and customer needs whilst maintaining a quality work life balance for our employees.

	HQ	ESM	SCGD	Total
Female	24 %	0.9 %	0 %	2.3 %
Male	8 %	4.7 %	11.1 %	5.3 %



# Health and Social Benefit for Employees

GRI 416

## Health and Social Security

PT ESM established a program under Article 26; Social Insurance for Workers, whereby its workers are enrolled under the JAMSOSTEK program in accordance with applicable regulations and laws, which include Work Accident Insurance (JKK), Death Assurance (JK), Old Age Insurance (JHT) and Pension Insurance (JP). For Health Care Guarantee (JPK), PT ESM utilizes the Health Organizing Agency (BPJS Kesehatan).

## Parental Leave

PT ESM regulations regarding maternity leave, as stated in article 24; Maternity Leave or Miscarriage:

Before delivery 1.5 months, approximately forty five working days.

After delivery 1.5 months, approximately forty five working days.

Total maternity leave is 3 months, approximately ninety working days



## Sports Facilities

PT ESM is equipped with a sports complex which includes a multipurpose hall which at any one time can be arranged into 1 futsal court, 1 basketball court and 3 badminton courts. The gymnasium which is equipped with standard equipment is located within the sport complex. These facilities have enabled our employees to engage in healthy physical activities and maintain a healthy lifestyle. In 2018, a Futsal tournament was organized in conjunction with the 73<sup>rd</sup> anniversary of Indonesia's Independence for which we also invited our contractors and neighboring companies to participate in.



# Employee Communication Wellbeing

GRI 102-41, 402-1, 407-1

SCPL has various employee engagement platforms which continue to be developed and improved upon. For example, in 2018 PT ESM conducted its Managers Workshop Meeting which served as an open dialog platform for employees and management to foster a better understanding of each other's and various key stakeholder needs and expectations.

To improve the effectiveness of these dialog sessions, we established an Employee Communication Forum for which the membership comprises of 19 personnel across the full spectrum of the organization. This forum serves as a medium of discussion and consultation to better understand the employee's aspirations and to capture meaningful or valid suggestions.

The forum was also used as a platform to discuss and identify suitable social service activities for the local community. One of the activities identified and conducted was "Sahur on The Road"; which involved providing free pre-dawn meals during the fasting month.





# Training and Education

GRI 404

SCPL understands and values the importance of its human resource assets; personnel who are competent and add value to the organization. To ensure that the Yearly Training Program developed by its Human Resource is effective, the program is derived from a training needs analysis. This analysis is performed on yearly basis and involves all employees.

Mandatory trainings as required by National regulatory bodies, Certification bodies and company specific needs are included in the Yearly Training Program. In its implementation, several training models are carried out such as (i) Internal Training, training provided by our own employees who are subject matter experts in their fields, (ii) Inhouse external training, training conducted on site by competent external trainers and (iii) External training, external courses attended by our employees.



## Total Training Hours in 2018

GRI 404-1

In 2018, employees at PT ESM in Dumai, Indonesia completed 10,409 hours of training comprising an average of 30.26 hours per employee. In 2018, employees at our site in Genthin, Germany clocked in 716 hours of training comprising an average of 26.52 training hours per employee. To ensure employee awareness of training programs available, a monthly training schedule is published every month for the employees.



## Programs for Upgrading Employee Skills and Transition Assistance Programs GRI 404-2

Our Training and Development Model is designed to ensure each employee is given an opportunity to grow within the organization. This model provides an objective and structured platform for the organization to develop its work force, ensure its employees keep abreast with up to date knowledge/skills and more importantly ensure they are equipped to meet challenges in ensuring operational and business continuity, stability and business growth. The model can be divided into three key elements which are:

1. Mandatory Programs,
2. Required Skill Programs and
3. Enrichment Programs.

Mentoring programs are also conducted for our personnel to further enhance the individual's skills, competency and unleash their potential to support our future growth.





## Employees Receiving Regular Performance and Career Development Reviews

GRI 404-3

We promoted a total of 57 employees in 2018. From the total, 10 were female employees and 47 were male employees.

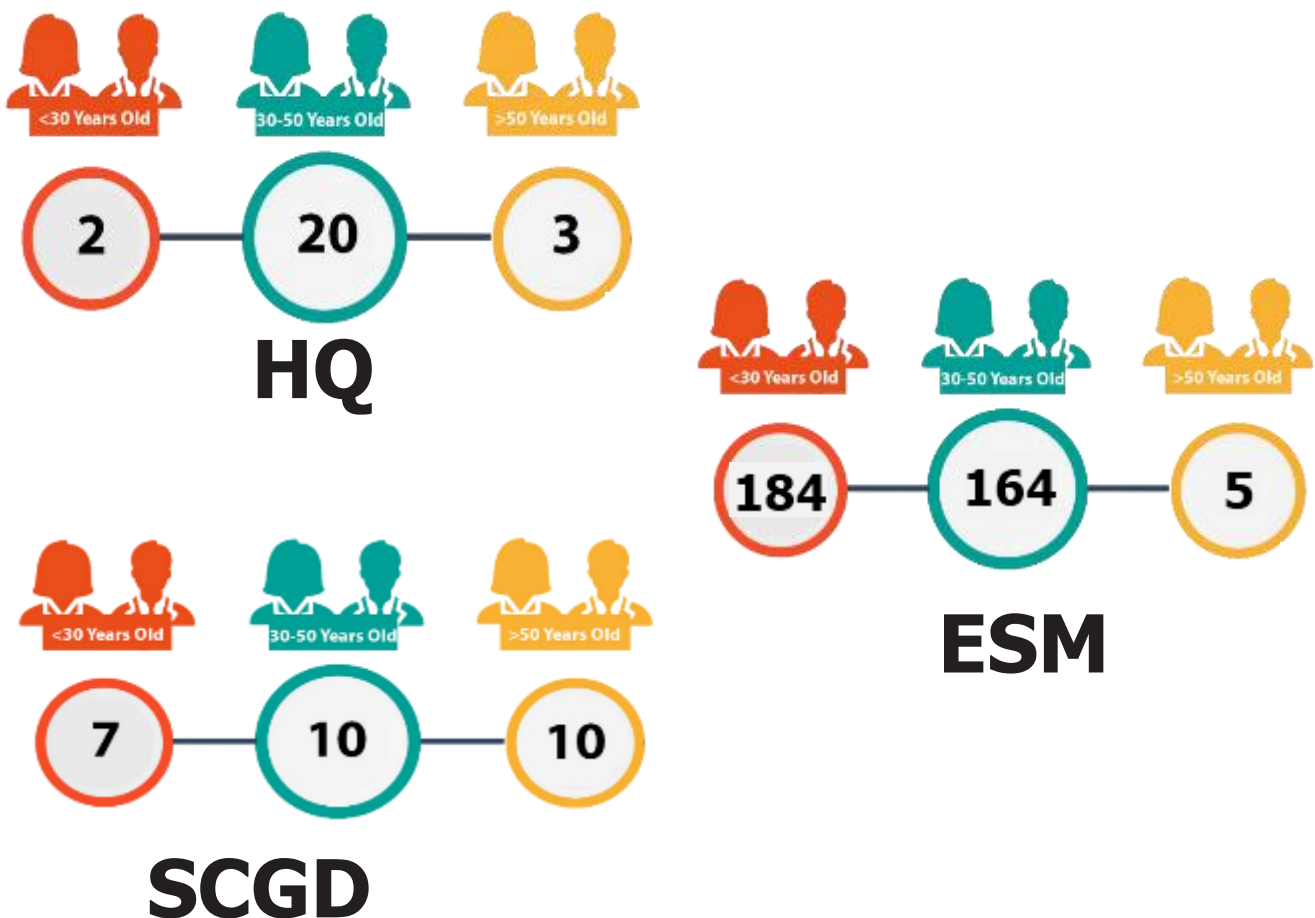


57 employees were promoted in 2018

## Diversity and Equality - Value Solidarity

GRI 405-1

Our group embraces equal opportunities and diversity as a key pillar in its recruitment policy and for the growth and development of its existing personnel. At present, our work force comprises of a right balance of youth (>50%) and experience. This ensures stability/sustainability of our operations and catalyzes an inherent internal talent pipeline succession planning framework to cater to our business needs and on-going growth plans.





Employees of PT ESM Dumai-Indonesia

# Solidarity in Diversity

Employees of SCGD-Germany



# Non Discrimination

GRI 406-1

We are vigilant in identifying any potential incidents related to discrimination. We and our people recognize and respect the human rights of all our employees and workers. The company consistently upholds the principle that its employees' rights will be upheld and protected in accordance to rules and regulations and as laid out in its Code of Conduct which further provides a clear process for the handling of issues surrounding discrimination. The policy is spelled out in our Social and Sustainability Policy (point 6.3) under the section of Work Environment and Industrial Relations.



Employees of SCGD-Germany



Employees of ESM-Indonesia

# Security Practice

GRI 410

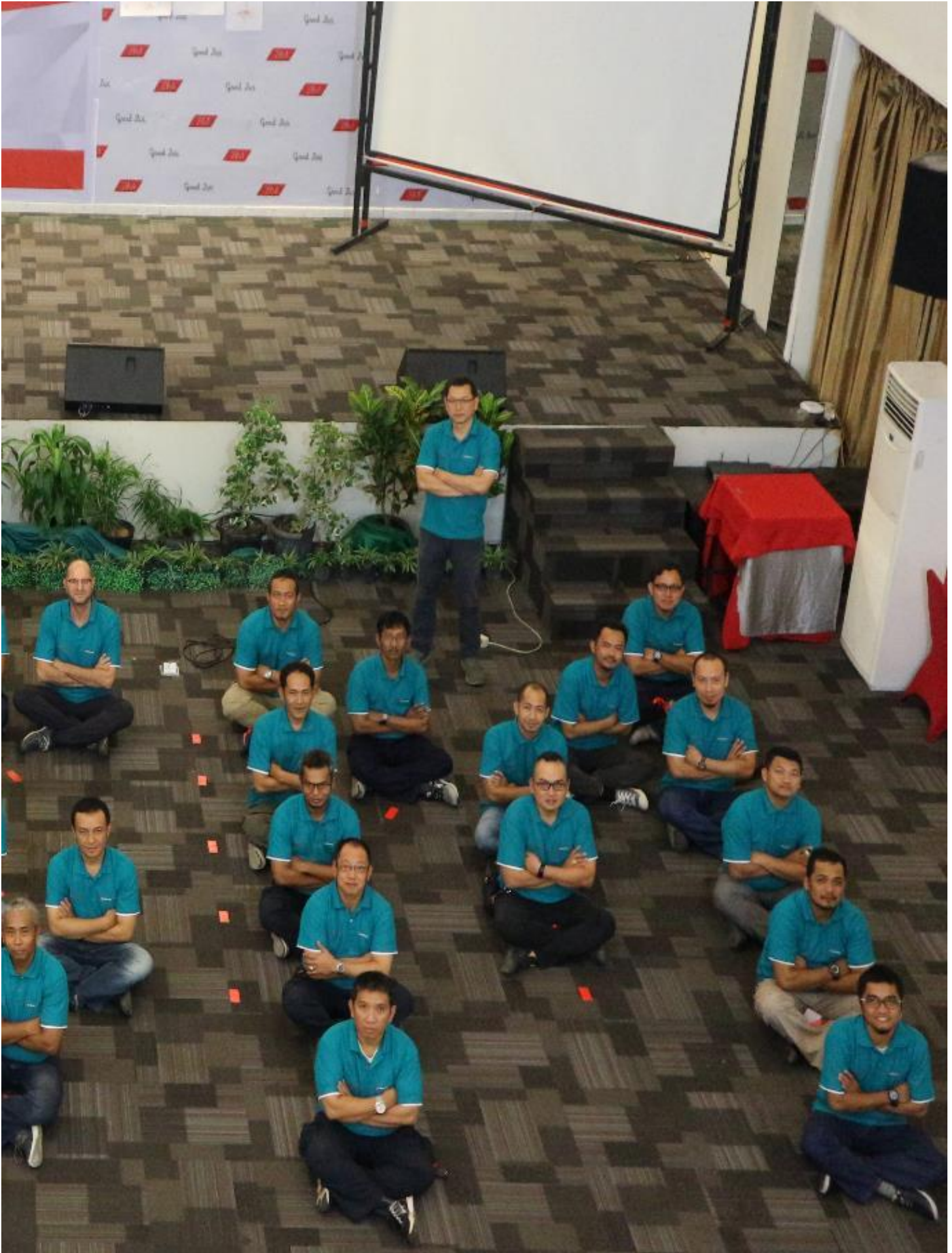
To protect the Company's assets and safeguard plant operations and our employees, the site in Dumai is equipped with 24 hours closed circuit television (CCTV) security surveillance system located at all strategic places in and around the premises. This CCTV system is complimented by the strength of 56 competent security personnel whom are specially trained for the task. Adequate internal and external training are regularly provided to these security personnel to ensure appropriate levels of security knowledge and skills are retained and continuously improved upon.





# STABILITY &





# RELIABILITY 2.0



## Customer Health and Safety

GRI 416-1

We place utmost importance towards the safety of our products and customers. Evidencing this, our site in Dumai Indonesia is ISO 22000:2005 (Food Safety Management system) certified. Our manufacturing site in Genthin, Germany is ISO 22716:2007 (certification of Cosmetics Good Manufacturing Practices) certified.

To ensure the effectiveness of these systems implemented at our manufacturing sites and to continuously maintain our work force's competency in product safety management, periodical awareness training on Good Manufacturing Practice is provided for all our employees.





# Achievement and Acknowledgement

GRI 102-12

The following list of certificates obtained, and acknowledgements received by our manufacturing sites are the manifestation of our strong commitment to be the preferred responsible global supplier of oleochemicals based products.

## 1. 3<sup>rd</sup> Best Local Investor in Riau Province      2. Highest Investment Value Riau Province



## 3. ISO 9001:2015 Certificate



## 4. ISO 22000: 2005 Certificate



## 5. Halal Certificate



## 6. RSPO SCC Certificate



## 7. Indonesia Best Employer Brand Awards

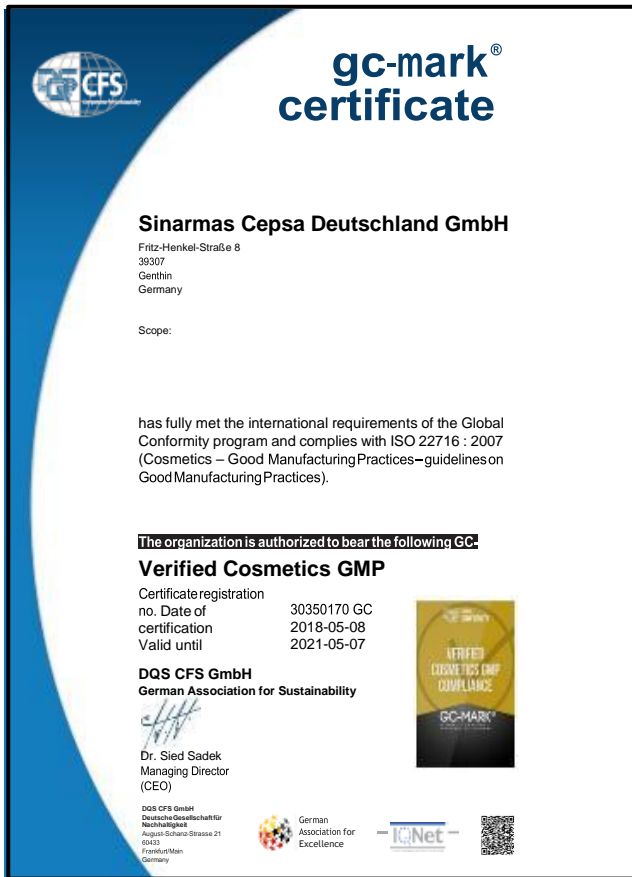


## 8. Certificate of Membership From APINDO





### 13. Verified Cosmetics GMP Compliance



**gc-mark®  
certificate**

**Sinarmas Cepsa Deutschland GmbH**  
Fritz-Henkel-Straße 8  
39307  
Genthin  
Germany

Scope:

has fully met the international requirements of the Global Conformity program and complies with ISO 22716 : 2007 (Cosmetics – Good Manufacturing Practices – guidelines on Good Manufacturing Practices).

**The organization is authorized to bear the following GC-Verified Cosmetics GMP**

Certificate registration no. 30350170 GC  
Date of certification 2018-05-08  
Valid until 2021-05-07

**DQS CFS GmbH**  
German Association for Sustainability

Dr. Sied Sadek  
Managing Director  
(CEO)

DQS CFS GmbH  
Deutsche Gesellschaft für Nachhaltigkeit  
August-Schwarz-Strasse 21  
69453  
Frankfurt/Main  
Germany

German Association for Excellence

ICNet

### 14. ISO 22716:2007 Certificate



**CONFIRMATION**

This is to certify that

**Sinarmas Cepsa Deutschland GmbH**  
Fritz-Henkel-Straße 8  
39307  
Genthin  
Germany

complies with the following regulations:

**DIN EN ISO 22716 : 2007**  
Cosmetics –  
Good Manufacturing Practices (GMP) – Guidelines  
on Good Manufacturing Practices

Scope:  
Manufacturing of Anionic Surfactants

Registration No. 30350170 KGMP  
Frankfurt am Main 2018-05-08  
Valid until 2021-05-07

**DQS CFS GmbH**  
German Association for Sustainability

Dr. Sied Sadek  
Managing Director

Certification Body: DQS CFS GmbH, August-Schwarz-Strasse 21, 60433 Frankfurt am Main.

### 15. ISO 9001:2015 Certificate



**ZERTIFIKAT**

Hiermit wird bescheinigt, dass

**Sinarmas Cepsa Deutschland GmbH**  
Fritz-Henkel-Straße, 8  
39307 Genthin  
Deutschland

ein **Qualitätsmanagementsystem** eingeführt hat und anwendet.

Gebungsbereich:  
Herstellung von anionischen Tensiden

Durch ein Audit, dokumentiert in einem Bericht, wurde der Nachweis erbracht, dass das Managementsystem die Forderungen des folgenden Regelwerks erfüllt:

**ISO 9001 : 2015**

Zertifikat-Registriernr. 30350170 QM 15  
Gültig ab 2018-05-10  
Gültig bis 2021-05-09  
Zertifizierungsdatum 2018-05-10

**DQS GmbH**

Dr. Sied Sadek  
Geschäftsführer

Aktuelle Adresse: DQS GmbH, August-Schwarz-Strasse 21, 60433 Frankfurt am Main  
Administrative Seite: DQS Holding GmbH, Konrad-Adenauer-Allee 8-10, 61118 Bad Nauheim, Germany

### 16. ISO 50001:2011 Certificate



**DMSZ  
CERTIFICATE**

Deutsche Managementsystem Zertifizierungsgesellschaft mbH  
hereby certifies that the company

**sinarmas | CEPSA**

**Sinarmas Cepsa Deutschland GmbH**  
Fritz-Henkel-Straße 8  
39307 Genthin  
Germany

for the scope  
Manufacturing of Anionic Surfactants

has implemented and maintains a  
**Energy Management System.**

An audit, documented in a report, has verified that this energy management system fulfills the requirements of the following standard:

**DIN EN ISO 50001 : 2011**  
December 2011 edition

This certificate is valid from 2017-12-27 until 2020-12-28  
Certificate Registration No.: EM 01388  
Griesheim, Germany 2017-12-27

**DMSZ**

Deutsche Managementsystem Zertifizierungsgesellschaft mbH  
Rüdgrund 21 - 64347 Griesheim - Germany

# GRI Standards Index

GRI 102-55

Where applicable, our Inaugural Annual Sustainability Report for the reporting period of 2018, is following the Global Reporting Initiative Index. Our first annual report disclosure strategy is based on EES activities that are critical for our business in ensuring compliance to the group sustainability principles.

The GRI Index below provides a reference of the information against our chosen GRI Disclosure. The SCPL Sustainability Report can also be viewed online at [www.sinarmascepsa.com](http://www.sinarmascepsa.com)

## General Disclosure

<b>GRI</b>	<b>DESCRIPTIONS</b>	<b>Page</b>
<b>102</b>	<b>ORGANIZATIONAL PROFILE</b>	
102-1	Name of the organization	4
102-2	Activities, brands, products, and services	4
102-3	Location of headquarters	5
102-4	Location of operations	5
102-5	Ownership and legal form	4
102-6	Markets served	5
102-7	Scale of the organization	36
102-8	Information on employees and other workers	36
102-9	Supply chain	10
102-13	External Achievement	49
102-13	Membership of associations	12
	<b>STRATEGY</b>	
102-14	Statement from senior decision-maker	3
	<b>STAKEHOLDER ENGAGEMENT</b>	
102-40	List of stakeholder groups	9
102-41	Collective bargaining agreements	38
102-43	Approach to stakeholder engagement	8
102-46	Defining report content and topic Boundaries	2
102-53	Contact point for questions regarding the report	55
102-54	Claims of reporting in accordance with the GRI Standards	2
102-55	GRI content index	53
<b>103</b>	<b>MANAGEMENT APPROACH</b>	
103-1	Explanation of the material topic and its Boundary	2
103-2	The management approach and its components	2
103-3	Evaluation of the management approach	2
<b>204</b>	<b>PROCUREMENT PRACTICES</b>	
204-1	Proportion of spending on local suppliers	14



<b>205</b>	<b>ANTI-CORRUPTION</b>	
205-1	Operations assessed for risks related to corruption	18
205-2	Communication and training about anti-corruption policies and procedures	18
<b>302</b>	<b>ENERGY</b>	
302-1	Energy consumption within organization	26
<b>303</b>	<b>WATER AND EFFLUENTS</b>	
303-1	Interactions with water as a shared resource	27
303-3	Water withdrawal	27
303-4	Water discharge	28
303-5	Water consumption	28
<b>305</b>	<b>EMISSIONS</b>	
305-1	Direct (Scope 1) GHG emissions	31
305-4	GHG emissions intensity	31
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	31
<b>306</b>	<b>EFFLUENTS AND WASTE</b>	
306-1	Water discharge by quality and destination	28
306-2	Waste by type and disposal method	29
<b>307</b>	<b>ENVIRONMENTAL COMPLIANCE</b>	
307-1	Non-compliance with environmental laws and regulations	33
<b>308</b>	<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>	
308-1	Negative environmental impacts in the supply chain and actions taken	33
<b>401</b>	<b>EMPLOYMENT</b>	
401-1	New employee hires and employee turnover	34
401-3	Parental leave	37
<b>402</b>	<b>LABOR / MANAGEMENT RELATIONS</b>	
402-1	Minimum notice periods regarding operational changes	38
<b>403</b>	<b>OCCUPATIONAL HEALTH AND SAFETY</b>	
403-1	Occupational health and safety management system	23
403-2	Hazard identification, risk assessment, and incident investigation	23
403-3	Occupational health services	25
403-4	Worker participation, consultation, and communication on occupational health and safety	24
403-5	Worker training on occupational health and safety	24
<b>404</b>	<b>TRAINING AND EDUCATION</b>	
404-1	Average hours of training per year per employee	39
404-2	Programs for upgrading employee skills and transition assistance programs	40
404-3	Percentage of employees receiving regular performance and career development reviews	42
<b>405</b>	<b>DIVERSITY AND EQUAL OPPORTUNITY</b>	
405-1	Diversity of governance bodies and employees	42
<b>406</b>	<b>NON-DISCRIMINATION</b>	
406-1	Incidents of discrimination and corrective actions taken	44



<b>407</b>	<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	38
<b>410</b>	<b>SECURITY PRACTICES</b>	
410-1	Security personnel trained in human rights policies or procedures	44
<b>413</b>	<b>LOCAL COMMUNITIES</b>	
413-1	Operations with local community engagement, impact assessments, and development	19
413-2	Operations with significant actual and potential negative impacts on local communities	19
<b>416</b>	<b>CUSTOMER HEALTH AND SAFETY</b>	
416-1	Assessment of the health and safety impacts of product and service categories	47

## Glossary of Acronyms

AOMG	: Asean Oleochemical Manufacturers Group
APAC	: Asia Pacific Accreditation Cooperation
BWRO	: Brackish Water Reverse Osmosis
CPKO	: Crude Palm Kernel Oil
CSR	: Corporate Social Responsibility
EES	: Economic, Environmental and Social
ESM	: Energi Sejahtera Mas
GAR	: Golden Agri Resources
HQ	: Head Quarter
LAB	: Linear Alkyl Benzene
LOPC	: Lost of Primary Containment
LTI	: Lost Time Injury
LTIR	: Lost Time Injury Rate
RSPO	: Roundtable on Sustainable Palm Oil
SCGD	: Sinarmas Cepsa Genthin Deutschland
SCPL	: Sinarmas Cepsa Pte Ltd and its subsidiaries or "the Company"
SWRO	: Sea Water Reverse Osmosis
WWTP	: Waste Water Treatment Plant

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