



SAMPOERNA KAYOE

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2023

Sustainable
Tomorrow
Starts Today

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SAMPOERNA KAYOE

About Us



Message from our CEO

[2-22, 2-23, 2-24]

Amid challenges, we achieved key milestones for sustainable growth, such as launching wood pellet operations at our Mangole factory in Q3 2023, marking our pioneering venture in the biomass sector.

As a leading producer of processed wood in Asia, Sampoerna Kayoe continuously endeavors to integrate sustainability principles into every aspect of its operations. The Company believes that sustainability is not only a responsibility but also an opportunity to create long-term value for the company, the communities, and the environment.

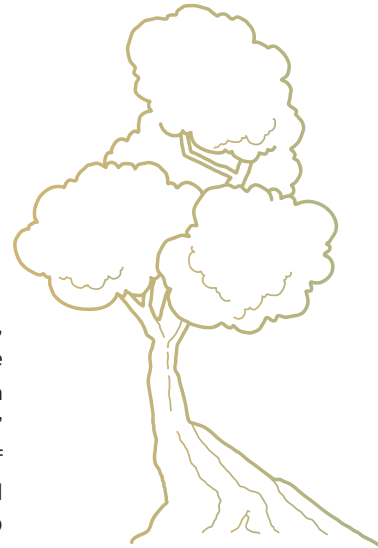
Amidst the dynamics of the processed wood industry, Sampoerna Kayoe views sustainability as a cornerstone in managing business operations. The Company is committed to innovating continuously to align business growth with the preservation of natural resources and community welfare, an approach that is reflected in the concrete steps taken to minimize environmental impacts, enhance the welfare of surrounding communities, and implement Good Corporate Governance practices. One of these steps has been the Company's efforts to support responsible forest management in Indonesia. Through these efforts, it is hoped that a positive contribution to sustainable development can be made, inspiring other stakeholders.

As a manifestation of Sampoerna Kayoe's commitment to supporting sustainable business practices, the Company established the Sustainability Target, aligned with the United Nations agenda on Sustainable Development Goals (SDGs). The Sustainability Target focuses on areas where business operations have the greatest impact, and prioritizes attention on aspects of sustainable forest management, production, people, and conservation.

Aligned with SAMKO's values and principles, the business is managed with a sustainable approach, rooted in the concept of "Anggarda Paramita," meaning "Towards Perfection." In addition, adherence to the philosophy of "Three Hands" values collaboration with all stakeholders in every partnership. SAMKO believes that a company should have the ability to collaborate and provide benefits to all stakeholders. Therefore, the Company strives to ensure that every business process and operational activity undertaken can add value in various aspects, be it economic, environmental, social, or governance.

Despite the challenges and unpredictability of the business climate, Year 2023 brought along the timely execution of several key milestones in our sustainable growth. The Group has identified the development of wood pellet operations as a strategic initiative, which would enable the effective utilization of residual logs and optimization of productivity. The Group is excited to announce the operations in Mangole factory have commenced in Q3 2023, producing wood pellets as a renewable energy source, thus, marking the Group's pioneering venture in the biomass sector.

“We are committed to improve our business to adopt responsible practices and remain to grow positively driven by various transformation efforts in our business operations, empowering Sampoerna Kayoe to broaden its sustainability strategies from Sustainable Forest Management to Renewable Energy”.





In line with a commitment to responsible business practices, SAMKO has successfully obtained international sustainable forest management certification in the form of the Programme for the Endorsement of Forest Certification (PEFC) for its timber plantations and factory, and several ground assessments such as High Conservation Value (HCV), Social Impact Assessment (SIA) and High Carbon Stock (HCS) in and around the concession areas in North Maluku, ensuring all our supply chain are managed in accordance with credible global standards.

Given the high standard of product quality through our responsible value chain and sustainability accomplishments, the Group is well-positioned to accelerate our entrance into the global biomass market. The Group remains committed to engaging, assisting, and maintaining smallholder farmers through the FSC standards to shape the future of responsible forestry. Currently, 1,348 farmers have successfully received FSC Small and Low-Intensity Managed Forest (SLIMF) certification, with SAMKO currently managing a total of 60 community forest farmers under

its forestry program in Jambi Province and Jombang Regency. The Company will continue to expand its sustainability mission at both the national and global scale.

Furthermore, SAMKO is honoured to have the opportunity as key speaker in COP 28 held in Dubai, UAE (November 30 - December 12, 2023), addressing the Group's sustainability actions and continued commitment as part of the solution to the world's significant challenges, such as climate change.

The Company strives to develop boundless opportunities in wood product solutions that will lead to growth and international expansion. By enhancing capabilities sustainably, SAMKO will continue to commit to running various responsible and sustainable activities and businesses not only for the Company's interests but also for the interests of future generations.

On behalf of Sampoerna Kayoe, appreciation for the dedication and cooperation of all parties who have supported our sustainability commitment is extended. Continually working together, sustainability will no longer be just a goal but an integral part of SAMKO's identity.

Riko Setyabudhy Handoko
Executive Director and Chief Executive Officer

Message from Head of Sustainability



Sampoerna Kayoe is committed to responsibly conducting various activities that support the Sustainable Development Goals (SDGs) and has implemented various innovations to realize sustainable business practices. As a processed wood industry producer, it is understood that sustainability is a journey involving collaboration, innovation, and awareness of the business's impact on the environment and society. By instilling these principles, sustainable business practices that focus on enhancing societal, environmental, and corporate value can be achieved.

As a demonstration of consistency in our sustainability commitment, SAMKO has released the 2023 Sustainability Report, which outlines sustainability strategies, programs, performance, and efforts made by the Company in fulfilling Environmental, Social, and Governance (ESG) aspects by integrating sustainability

targets for sustainable forest management and carbon emissions. Efforts in 2023 included aligning reporting with SGX's Core ESG Metrics 2023 edition to enhance transparency and accountability on sustainability issues. Aligned with SGX's roadmap to mitigate climate change impacts and transition to a low-carbon economy, the Company provides climate-related disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

SAMKO has responded to the current global conditions by prioritizing sustainability business strategies, which have become an inseparable part of the Company's plans. These sustainability strategies have been implemented by aligning all ESG aspects. The Company is committed to periodically evaluating the performance of ESG implementation efforts



and ensuring that core business strategies are also considered from a sustainability perspective.

One strategy implementation has been the Sustainable Value Chain. This enhancement is evident in the addition of sustainable forest management, new product diversification in producing wood pellets as a renewable energy source, the expansion of solar panels and the implementation of Chain of Custody in Company factories. It is believed that, through these steps, operational efficiency is promoted and by continually strengthening the Sustainable Value Chain, the Company strives to become agents of change in supporting industry sustainability and adding value to all Company stakeholders.

Furthermore, in 2023 SAMKO are proud to have been inaugurated our Ecotourism at Jambi and Semarang. The development of Ecotourism, packaged under the conservation program "Preserve the Earth, Start with Action," is expected to raise public awareness about the importance of nature conservation, biodiversity, and local cultural heritage. Various types of seedlings were also distributed to more than 7,000 local farmers for replanting and forest restoration programs, including maintaining ecological integrity, sustaining

ecosystem and improving farming productivity to increase farmers' income. Through this program, it is hoped that constant sustainable development will be driven, not only for the environment but also for the well-being of the surrounding communities.

SAMKO strives to maintain the sustainability that is deeply ingrained in every core aspect of the Company's business and is committed to conducting sustainable business by adhering to principles of human rights, justice, and equality. To ensure consistent implementation, the Company ensures that all policies, rules, and guidelines are applied universally to all management levels. Business development is also empowered based on integrity, transparency, and professional behavior in accordance with government regulations.

Looking to future growth and innovation in long-term business models, the Company believed that the Sustainability Target can be implemented successfully and grant beneficial results to all various stakeholders. In the coming years, it is hoped that SAMKO will become stronger, grow responsibly, be environmentally conscious, and deliver benefits through sustainability values.

Caroline Rosa Wijaya
Head of Sustainability

Year At A Glance

COP 28 - DUBAI



Aligned with Indonesia's commitment to maintaining global temperatures, SAMKO is steadfast to being directly involved and contributing to the national agenda as reflected in Indonesia's FOLU Net Sink 2030, where emissions from the forestry and land sector (FOLU) will reach a net sink by 2030. The Group actively embraced this commitment, embedding sustainability into its business framework.

COP28 emerged as a pivotal commitment in Dubai, UAE (November 30 – December 12, 2023) that connects the threads of global climate action. The discussions centred on fostering global cooperation, addressing issues such as temperature control, community support, and achieving zero emissions by 2060. This year, SAMKO is honored to have the opportunity to take part as a key speaker in addressing the Group's actions to achieve global climate visions.

SAMKO believes efforts must be followed by selective and responsible development to deliver substantial value across economic, environmental, social and governance sectors to improve fair and equitable welfare across

Indonesia. SAMKO began with small steps and defined strategies in the Group's main business foundations through the implementation of sustainable forest management and new initiatives of renewable energy.

In line with the world mission, Indonesia's commitment, and alongside government, businesses and societies, The Group hopes to be able to work together through the mutually enhanced implementation of climate mitigation actions; look after, maintain, preserve, and restore ecosystems while ensuring the social, economic and environmental benefits of these actions.



Sustainable Forestry

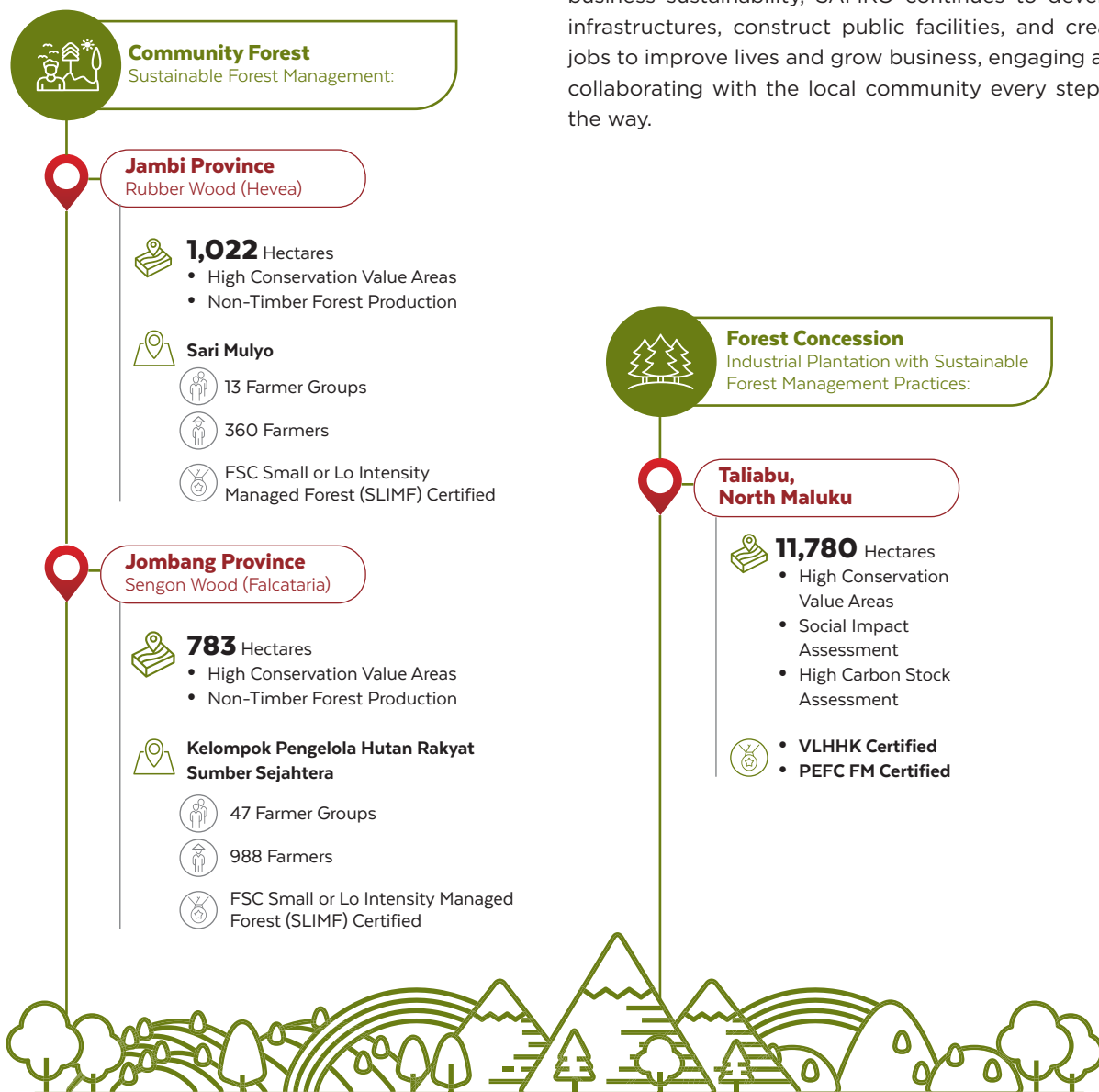
A) Community Forest

Samko remains committed to engaging, assisting, and maintaining smallholder farmers through the FSC standards to shape the future of responsible forestry. The Group is expanding support to smallholder farmers to build a wider family of suppliers whose raw materials are FSC-certified. So far, 1,348 farmers have successfully received FSC Small and Low-Intensity Managed Forest (SLIMF) certification, with SAMKO currently managing a total of 60 community forest farmers under its forestry program in Jambi Province and Jombang Regency. The Company will continue to expand its sustainability mission on both national and global scales.

B) Forest Concession

SAMKO has successfully received international sustainable forest management certification, namely the Programme for the Endorsement of Forest Certification (PEFC), for its timber plantations in North Maluku. This accomplishment was followed by the fulfilment of the Timber Legality Assurance System (VLHHK) and several ground assessments, such as High Conservation Value (HCV), Social Impact Assessment (SIA) and High Carbon Stock (HCS) for areas in and around the concession area.

Currently, SAMKO is in the process of obtaining international sustainable forest management certification for its second plantation. To achieve business sustainability, SAMKO continues to develop infrastructures, construct public facilities, and create jobs to improve lives and grow business, engaging and collaborating with the local community every step of the way.



Conservation

Ecotourism

SAMKO, as the largest processed wood producer in Indonesia and one of the largest in the world, has proudly inaugurated its second Ecotourism venture, Pondok Kayoe, at Agrowisata Kuncen, Polobogo Getasan, Semarang Regency, Central Java - following the construction of the first Ecotourism site in Rimbo Ulu District, Tebo Regency, Jambi.

In an effort to create sustainable ecotourism, SAMKO collaborates with local agencies and local farming communities to not only promote environmentally friendly tourist destinations but also maintain the heritage of the local area. This is part of the Company's commitment to supporting sustainable development, economic growth of local farmers, and preserving the environment.

SAMKO hopes that this ecotourism program will be useful for aspects of conservation, empowerment and environmental education, with the facilities highlighting commitment to the implementation of responsible, sustainable forest management, as well as creating a strong manifestation to preserve nature and local culture through learning about the importance of conservation and biodiversity in maintaining the sustainability of nature.



Our "Pondok Kayoe" Ecotourism in Semarang

Biodiversity

Preserving biodiversity is important to encourage the development and prosperity of every element of life. In maintaining the sustainability of these elements, SAMKO has the challenge of running a business that is responsible in social and environmental aspects, including protecting biodiversity in areas around the Company's operations.

In improving ecological functions, SAMKO integrates biodiversity management by preventing and minimizing the impact of activities on ecosystems in all Company operational areas.

In 2023, SAMKO implemented a program to distribute 1,000 Tilapia (Nila) fish spawn in high conservation




value areas. Additionally, various types of Multipurpose Tree Species (MPTS) plant seeds with a total of 950 tree saplings were distributed in Semarang and Jambi. It is hoped that the activity of distributing saplings and tilapia fish spawns can help improve the diversity of ecosystems in areas of high conservation value, including being a part of SAMKO's efforts to maintain environmental sustainability.

Following SAMKO's latest tagline "Sustainable Tomorrow Starts Today", the Group believes that whatever is done today will determine tomorrow. This is a business strategy that drives SAMKO's commitment to preserving the earth and safeguarding the future and the environment.

Production

Supply Chain Management

SAMKO is committed to improving business by adopting responsible practices and growing positively driven by various transformation efforts in its business operations. The Company is continuously improving technology and efficiency to maximize production capacity while also consistently adhering to sustainable business principles, working with smallholder farmers across Indonesia, and managing plantations to ensure sustainable forest management practices, resulting in a Chain of Custody award for supply chain traceability.

Chain of Custody	
 Factories Timber Legality Verification:	<ul style="list-style-type: none"> • PT Sumber Graha Sejahtera Branch: Balaraja, Muaro Jambi, Semarang, Jombang, Purbalingga, Luwu • PT Sumber Graha Maluku Branch: Falabishaya
 Forest Stewardship Council (FSC) - Chain of Custody:	<ul style="list-style-type: none"> • Samko Timber Ltd - Singapore Branch • PT Sumber Graha Sejahtera - Muaro Jambi Branch • PT Sumber Graha Sejahtera - Semarang Branch • PT Sumber Graha Sejahtera - Jombang Branch
 Programme for the Endorsement of Forest Certification (PEFC) - Chain of Custody:	<p>PT Mangole Timber Producer</p>

Our Downstream Operation Across Indonesia



Green Skills for the Future: Renewable Energy [305-5]

SAMKO has now moved onwards, broadening sustainability strategies from Sustainable Forest Management to increasing operational efficiency through renewable energy in the form of solar panels. The Group expanded its strategy to downstream operations regarding its contribution to FOLU Net Sink 2030 and global climate issues.



Currently, SAMKO manages a solar power plant with a capacity of 1.74 MWp at two factories in Jombang Regency, East Java Province, that produces 4.6 million kWh of energy, equivalent to avoiding CO₂ amounting to 2,179 tons so far.



People

Social Welfare

Company programs reflect the interdependence of economic, environmental, education, health, and social issues by acknowledging them within and around our operational areas. Engagement involves strengthening relationships with individuals, groups and organizations that are both directly and indirectly affected by the Company’s business. SAMKO believes that the right adjustment, deep connection, and trust between communities and organizations enable the Company to develop new paths towards a long-term and well-functioning democracy that is relevant to all stakeholders.

The Group is committed to supporting community-based activities which are both in line with Company business objectives and beneficial to societies in various voluntary activities throughout the year:

Category	Group Site Affiliation	Activities	
Construction	Jombang, Banyuwangi, Jambi, and Purbalingga	The provision of plywood for the renovation of public facilities such as emergency posts, village halls, places of worship, and government offices.	923 sheets of plywood
Environmental	Jambi, Central Java, and Luwu	Distribution of Sengon tree seedlings and Multi-Purpose Tree Seeds (MPTS) to the community, community forest farmer groups, Forestry Departments, Log Suppliers, and employees.	877,714 tree logs
Economic Empowerment	Balaraja, Banyuwangi, Banyumas, Banyuputih, Butuh, Patemon, Purbalingga, Jambi, Waykanan, Salatiga, Jombang, Jember, Purbalingga, Kediri, and Karang Anyar	Provision of sacrificial animals for the surrounding community.	41 sacrificial animals
		Distribution of basic food packages to the surrounding community during festive occasions such as Eid al-Fitr.	2,011 packages of basic food
Health	Salatiga, Jombang, Jambi, and Luwu	<ol style="list-style-type: none"> 1. Health check-ups and provision of medication for the surrounding community. 2. Blood donation activities. 3. Distribution of clean water for the surrounding community. 	678 people
Education	Purbalingga, Butuh, and Luwu	Scholarships provided in the form of financial assistance given to pursue education in their respective fields.	15 students
		Providing financial honorariums to enhance the welfare of kindergarten teachers	6 teachers
		Participation in the teaching and learning activities process at local Islamic boarding schools and Quranic schools.	4 local Islamic boarding schools and Quranic schools
Social Welfare	Jombang, Banyuwangi, Butuh, and Purbalingga	Providing assistance to orphans in the areas of Jombang, Banyuwangi, Butuh, and supporting the operational needs of the Orphanage Foundation in Purbalingga and Butuh.	793 orphaned children 3 orphanages

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SAMPOERNA KAYOE

About This Report

Sampoerna Strategic

The Holdings

Vision and Mission

Vision

Champion Enabler that inspires a sustainable future for all

Mission



Sustainable Sourcing

An ingrained commitment to only source from sustainable and eco-forest suppliers to build a better future.



People Empowerment

Engage, collaborate and empower the Company's most important asset to ensure a sustainable future for all stakeholders.



Champion Economic Value

Achievable through innovative and sustainable solutions in any market in which we are present.



Company Profile

[2-1, 2-6, 2-23]



Founded with a strong commitment to sustainable forestry practices, Samko Timber Limited (“STL” or “the Company”) consistently demonstrates its dedication to responsible environmental and resource management. STL was officially established on December 26, 2005, as a Limited Company entity under the jurisdiction of the Republic of Singapore where it successfully listed its shares on the Mainboard of the Singapore Stock Exchange on February 25, 2008. Currently, STL manages more than ten subsidiaries operating in various countries, including Singapore, Indonesia, and Malaysia, both through direct and indirect share ownership. These business entities are united within the Samko Timber Group, also known as the Sampoerna Kayoe Business Group (“SAMKO” or “Sampoerna Kayoe”), with SAMKO’s headquarters located in the Sampoerna Strategic Square Building in Jakarta, Indonesia.

With over 45 years of extensive experience as a key player in the timber industry, SAMKO has established vertically integrated wood resource processors and engaged in primary and secondary wood processing businesses. Its products, such as plywood, wooden decking, wooden doors, wooden flooring, pianos, and truck spare parts, dominate the timber market in Indonesia and have been successfully distributed to 43 countries worldwide, including the Asia-Pacific region, Europe, the Middle East, Southeast Asia, Australia, and the United States.

This success is rooted in cultural values, including integrity, excellence, and customer satisfaction, which are the main pillars of the Company. With a commitment to sustainability, SAMKO has obtained international environmental accreditation by continuously innovating and developing sustainable production processes. These measures reflect SAMKO’s dedication to shaping a foundation for creating value and accelerating sustainable Company growth.




43 Countries

Algeria Australia **Belgium** Brunei Darussalam **China** Croatia **Denmark**
 France **Germany** Hong Kong **India** Indonesia **Iraq** Italy **Japan** Jordan
Kamboja Kuwait **Libya** Malaysia **Mexico** Myanmar **Netherlands** New
 Zealand **Oman** Philippines **Poland** Puerto Rico **Saudi Arabia** Senegal
Singapore South Korea **Spain** Sweden **Switzerland** Taiwan **Thailand**
 Timor Leste **Turkey** United Arab Emirates **United Kingdom** USA **Yemen**

Organization Scale

[2-6]

Products	Description	Production
 <p>Plywood (General Plywood, Film Face Plywood, Floor Base)</p>	<p>Plywood is a wood fabrication made of solid wood that is processed into sheets with the fiber direction on the wooden layer arranged transversely between the bottom layer and the surface layer using a special adhesive.</p>	<p>454,573 m³</p>
 <p>LVL</p>	<p>Laminated Veneer Lumber (LVL) is made from softwood, low to medium hardwood species.</p>	<p>6,922 m³</p>
 <p>Doors</p>	<p>Custom-made doors using various wood species available and pre-finished to meet the needs and specification.</p>	<p>26,878 Pcs</p>
 <p>Wood Pellets</p>	<p>Biofuels for biomass power generator which produces renewable energy. The product was made from residual logs and waste from plywood production.</p>	<p>5,041 Tons</p>



Where We Operate




[2-6, 2-7]

[2-6, 2-7]






1

PT Sumber Graha Sejahtera
Jambi Branch

	Employees	926 persons
	Production Capacity	47,496 m ³
	Key Products	General Plywood, Film Face Plywood, LVL




2

PT Sumber Graha Sejahtera
Balaraja Branch

	Employees	939 persons
	Production Capacity	65,262 m ³
	Key Products	General Plywood




3

PT Sumber Graha Sejahtera
Purbalingga Branch

	Employees	568 persons
	Production Capacity	49,812 m ³
	Key Products	General Plywood




4

PT Sumber Graha Sejahtera
Semarang Branch

	Employees	1,628 persons
	Production Capacity	124,280 m ³
	Key Products	General Plywood




5

PT Sumber Graha Sejahtera
Jombang Branch

	Employees	3,456 persons
	Production Capacity	174,645 m ³
	Key Products	General Plywood, Floor Base

6

PT Sumber Graha Sejahtera
Luwu Branch

	Employees	1,403 persons
	Production Capacity	N/A
	Key Products	General Plywood

Introducing Our Business Expansion

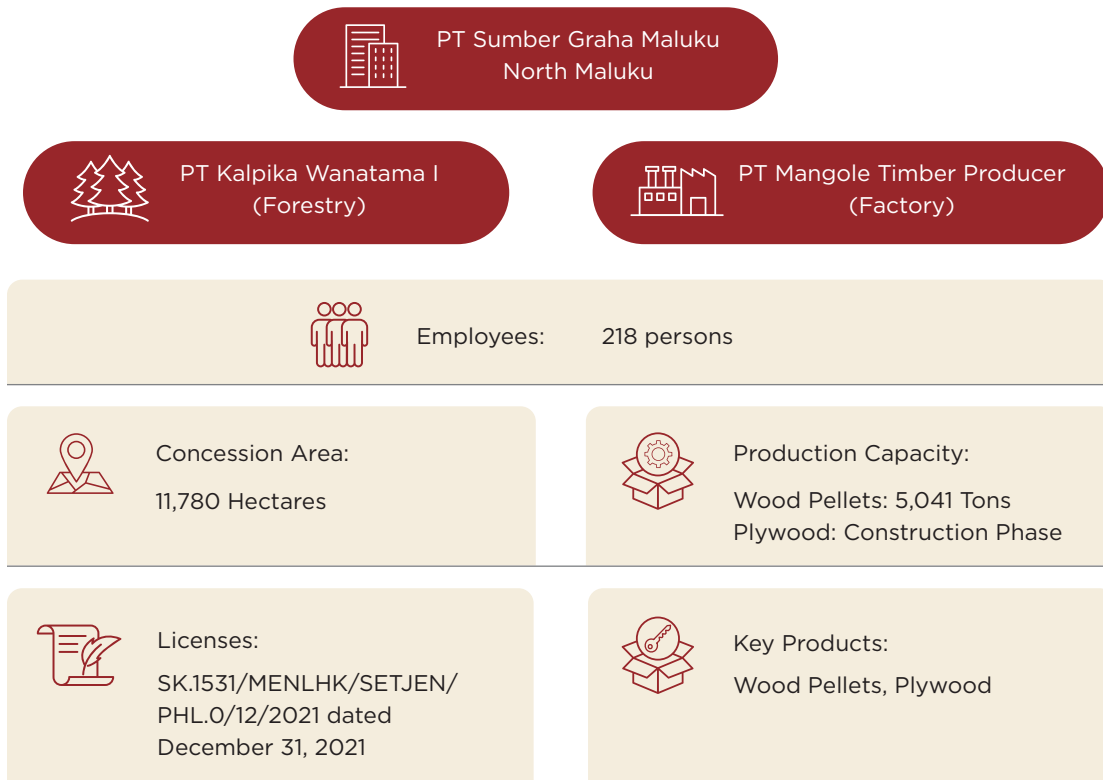
[2-6]

In carrying out its commitment to sustainability, SAMKO proudly presents a new integrated long-term sustainable business strategy through its subsidiary, PT Sumber Graha Maluku, located in North Maluku.

Sumber Graha Maluku is integrated from industrial plantation forests as a source of raw materials, plywood-producing wood processing factories, to renewable energy processing of wood pellets to enhance the efficiency of raw material production material usage.

Guided by national and international standards in sustainable forest management and all operational activities, we believe that the implementation of this sustainable business system will lead Sumber Graha Maluku towards limitless growth through the involvement of all stakeholders.

Therefore, sustainability becomes the main aspect applied in our Group's strategy.



Report References

[2-3, 2-4]

This Sustainability Report is an official document issued annually by SAMKO to communicate the Company's sustainability achievements and performance as commitment to the transparency and accuracy of information. For the period from January 1 to December 31, 2023, this report comprehensively covers relevant information on every material topic related to the Company. During the reporting period, there was no restatement of data from previous reports.


The preparation of the Sustainability Report adheres to sustainability principles, referring to the following reporting standards and frameworks:

- Global Reporting Initiative (GRI) Standards 2021
- Task Force on Climate-Related Financial Disclosure (TCFD)

Report Scope

[2-1, 2-2]

The 2023 Sustainability Report encompasses the sustainability performance of 5 existing primary and 1 new processing plants (units) of SAMKO as follows:

 <p>Legal Entity: PT Sumber Graha Sejahtera PT Sumber Graha Maluku</p>	 <p>Unit (Branch):</p> <ul style="list-style-type: none"> • Muaro Jambi (Sarang Burung) • Jombang (Diwek) • Semarang (Butuh) • Tangerang (Balaraja) • Purbalingga • Luwu (Barowa) • North Maluku (Mangole) New
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External Assurance

[2-5]

During the reporting period, SAMKO did not involve third-party assurance processes for the Sustainability Report. Nonetheless, the report underwent internal verification, guaranteeing the reliability of the information it contains.

Contact Us

[2-3]

We highly appreciate every contribution and input that enhances the quality and progress of this report in the future. We can be contacted at:

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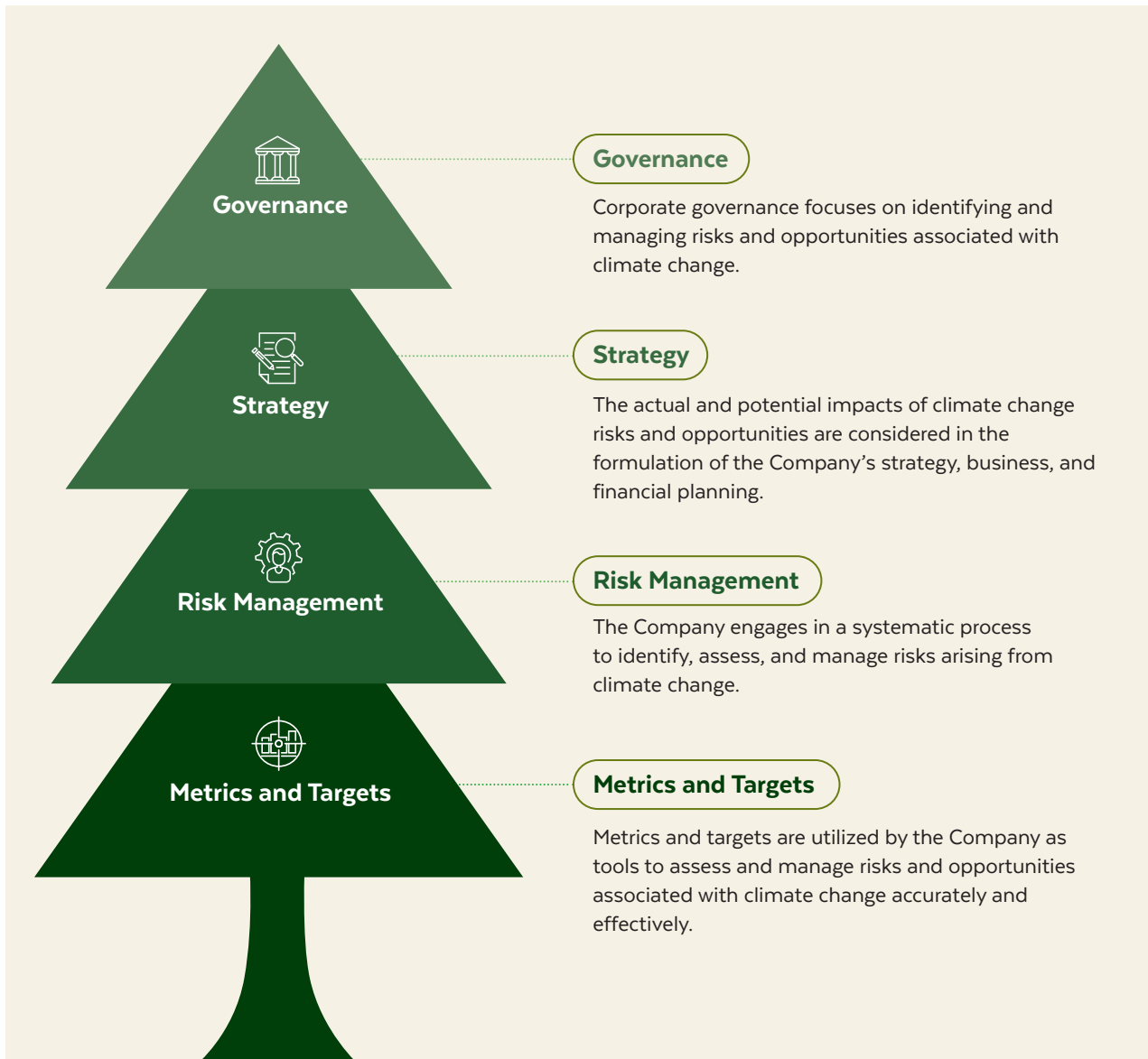
SAMPOERNA KAYOE

Strategy and Governance



Managing Climate Change

SAMKO acknowledges the importance of adaptation when conducting business alongside global environmental challenges. To mitigate the impacts of climate change, transitioning to a low-carbon economy based on the Singapore Exchange (SGX) roadmap will allow the Company to provide climate-related disclosures following the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). TCFD recommendations offer guidance on relevant climate disclosures, encompassing governance, strategy, risk management, company metrics, and targets in addressing climate change as core elements.



Sustainability Framework

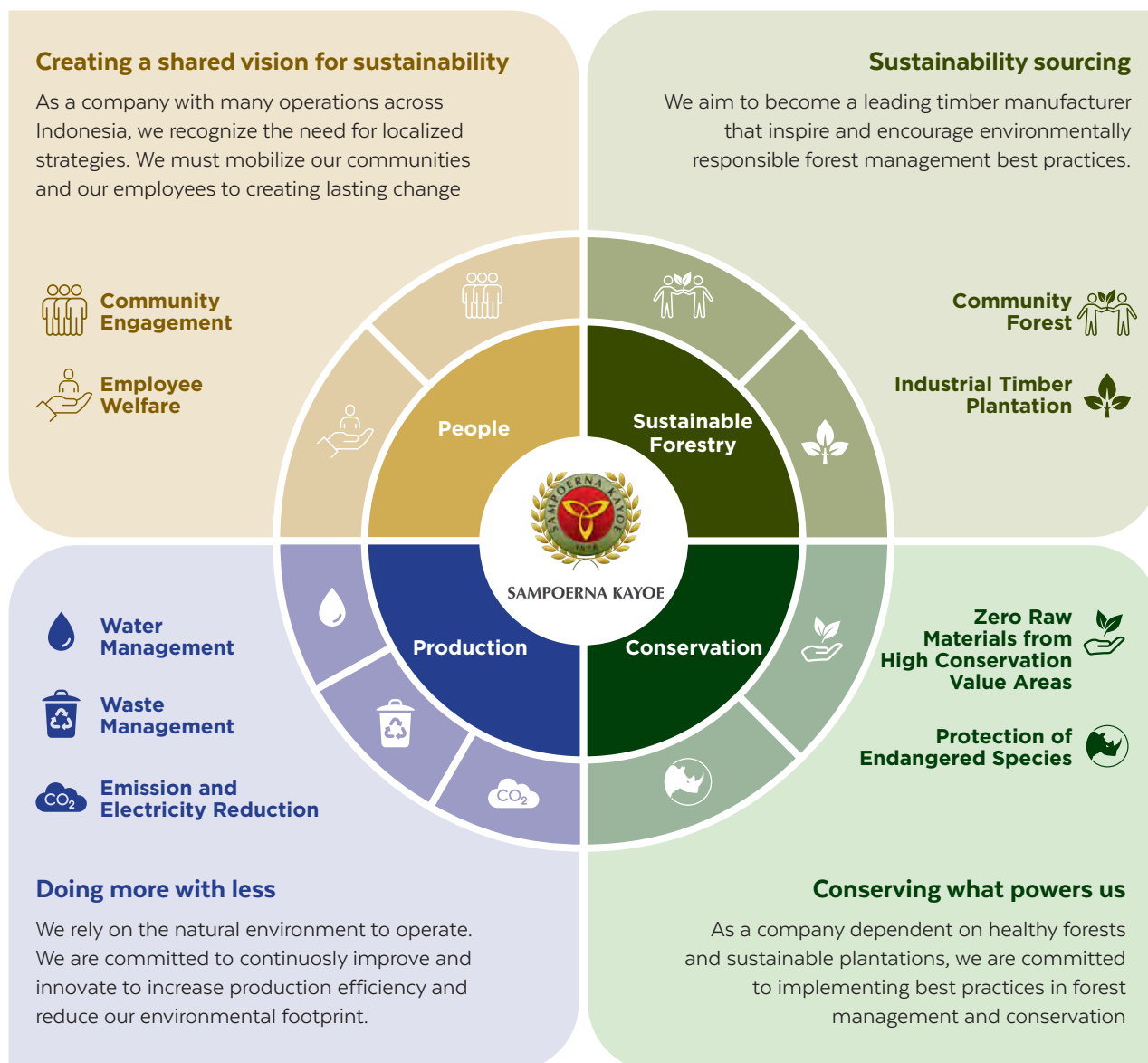
[2-23, 2-24]

Sampoerna Kayoe has established a sustainability framework with the aim of implementing responsible business principles that promote investment and shared value for stakeholders. In this process, emphasis is placed on integrating best practices in forestry management, enhancing production efficiency through sustainable innovation, and preserving the values of biodiversity in various ecological areas.

The framework serves not only as an internal guideline but also aligns with the Sustainable Development Goals (SDGs) set by the United Nations (UN), which has been adopted as our primary guidance. By aligning strategies and business priorities with the SDGs,

the Company is committed to making the greatest contribution to this global agenda. The Sustainability Agenda, known as the 2030 Sustainability Vision, is the result of careful mapping, forming the basis of operations, and ensuring that the contributions made truly have a positive impact.

Aligned with our 2030 Sustainability Vision, the Company has established an ESG policy. This policy encompasses a sustainability framework that exemplifies our commitment to transforming our business across four key areas with significant impact and opportunities: people, sustainable forestry, production, and conservation.



Sustainability Target

To support the 2030 Sustainability Vision, SAMKO has formulated sustainability targets and is continuously monitoring its annual progress.

Pillar	Strategic Focus	Target
Production	Water Management	<ul style="list-style-type: none"> Reducing water intensity by 3% in 2024
	Waste Management	<ul style="list-style-type: none"> Increasing recovery rate by 3% in 2024
	Energy	<ul style="list-style-type: none"> Reducing energy intensity by 3% in 2024 Exploring opportunities for renewable energy sources utilization
	Emissions	<ul style="list-style-type: none"> Reducing scope 1 and 2 emissions intensity by 3% in 2024 aligning with net zero target assessment
People	Community Engagement	<ul style="list-style-type: none"> Increasing the welfare of local communities and in-kind investment
	Employee Welfare	<ul style="list-style-type: none"> Adding 2 new training topics for OAP Programs and Middle Management Conducting ESG training for Top and Middle Management Zero accidents and zero fatality targets in every Sampoerna Kayoe operation Zero case of Corruption Zero case of Discrimination
Sustainable Forestry	Community Forest	<ul style="list-style-type: none"> Promote the adoption of sustainable forest management certification schemes among smallholders in all regions within our operation area.
Conservation	Industrial Timber Plantation	
	Protection of High Conservation Value Forest (HCVF) Areas	<ul style="list-style-type: none"> Zero net loss of conservation values and zero raw materials sourced from HCVF areas
	Protection of Endangered Species	

” CEO and Board of Directors as the highest governance body take part in considering sustainability as part of the formulation of the Company’s strategies and oversee the management of the Company’s ESG aspects.”

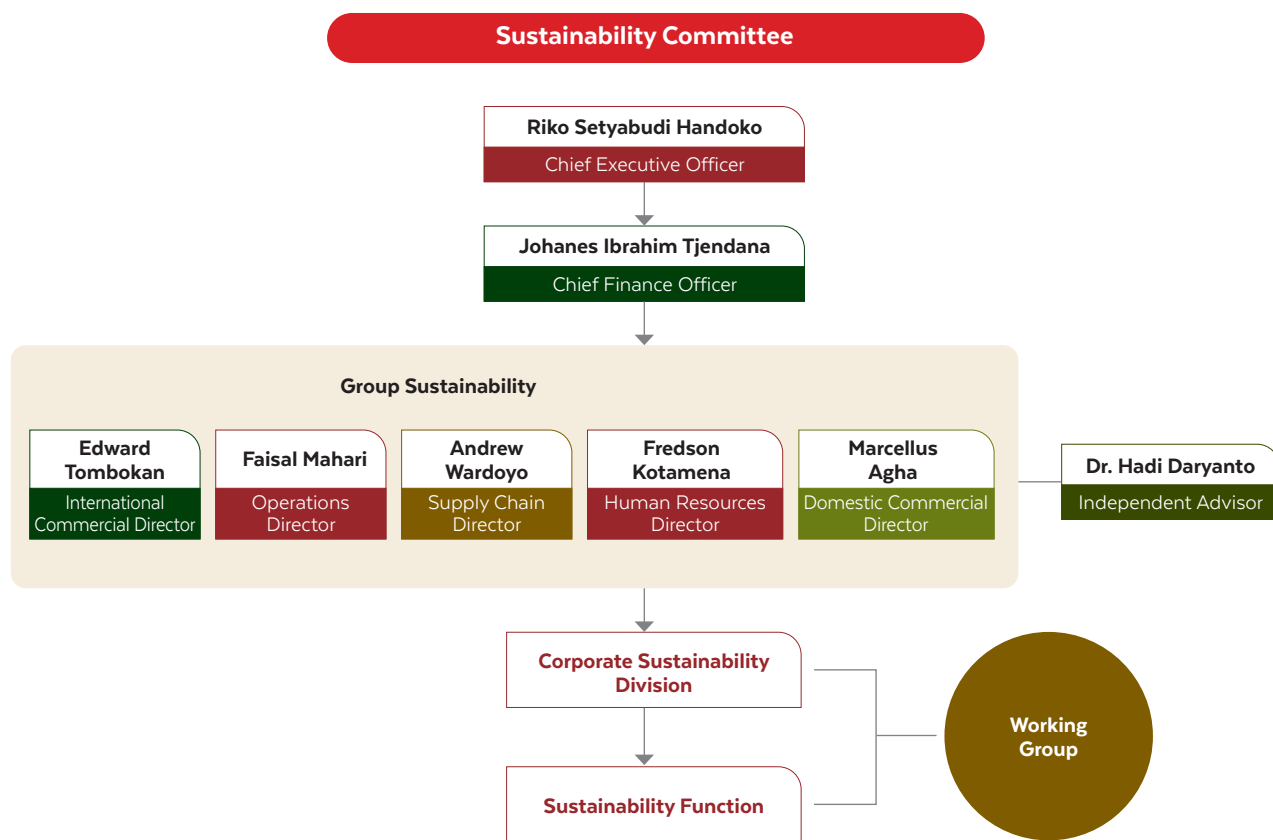
- Sustainability Board Statement

Governance Structure

[2-9, 2-11, 2-12, 2-13]

The assessment and mitigation of risks, as well as opportunities, related to climate change are handled by the Sustainability Group, which operates under the purview of the CEO and the Board of Directors. The Sustainability Group consists of three main components: the Sustainability Division, the Sustainability Function, and the Working Group.

To ensure the achievement of the sustainability goals, the CEO and the Board of Directors actively oversee and participate in all activities conducted by the Sustainability Group. This is to ensure that sustainability strategies can be effectively implemented and achieve the Sustainability Target.



In building a sustainability business, SAMKO has established a Sustainability Division as a supporting organ responsible for assisting the executive board in decision-making and oversight regarding economic, environmental, and social impacts. The task of the division is to ensure that the company’s operations and business activities are carried out according to the best sustainability practices. [2-13]

In the process of formulating the Sustainability Report, Independent and Non-Executive Director and Commercial Director are very much involved in the process of determining material topics and the direction of the company’s sustainability. The Board of Directors also has the responsibility to review and approve the information reported in the Sustainability Report. [2-14]

The composition of SAMKO's sustainability governance body considers the aspect of diversity. Members of the sustainability governance body come from diverse educational backgrounds, knowledge, expertise, gender, age, race, and experience in their respective fields. All members do not have family relations with other members or with shareholders, as well as business relations or other relations that may affect their independence. Likewise, there are no concurrent positions for each member of the sustainability governance body that can cause a direct or indirect conflict of interest

The following is information regarding the diversity of the highest governance bodies within the company: [2-9]

Name	Gender	Age	Executive/ Non-executive	Independence Status	Designation	Educational Level	Competence
Riko Setyabudhy Handoko	Male	51	Executive	Independent	Executive Director and CEO	<ul style="list-style-type: none"> Master of Business Administration INSEAD, France and Singapore Bachelor of Economics from Trisakti University, Indonesia 	Business Administration and Economics
Eka Dharmajanto Kasih	Male	73	Non-executive	Non-independent	Chairperson	Bachelor of Economics University of Indonesia	Economics
Michael Joseph Sampoerna	Male	45	Non-executive	Non-independent	Director	Went to Millfield School in Somerset, England before attending London School of Economics focusing on business and finance.	Business and Finance
Ng Cher Yan	Male	65	Non-executive	Independent	Director	<ul style="list-style-type: none"> Bachelor of Accounting from the National University of Singapore and also qualified as a Chartered Accountant in Australia. Member of Chartered Accountants in Australia and New Zealand. 	Accounting
Sim Idrus Munandar	Male	69	Non-executive	Independent	Director	Bachelor of Economics of University of Indonesia	Economics
Ito Sumardi	Male	71	Non-executive	Independent	Director	<ul style="list-style-type: none"> Doctor of Law, University of Padjadjaran, Bandung (2008). Master of Law, University of Padjadjaran, Bandung (2005). Master in Human Resource Management, University of Bramshill, UK (1998). Master of Business Administration Indonesian Entrepreneur Development Institute, Jakarta (1997). Bachelor of Islamic Law. 	Law, Resource Management, Business Administration, and Military



Name	Gender	Age	Executive/ Non-executive	Independence Status	Designation	Educational Level	Competence
Hadi Daryanto	Male	66	Non-executive	Independent	Director	<ul style="list-style-type: none">• Doktor Ingenieur (Dr. Ing), Advanced Wood Science and Technology, Grand Ecole, Ecole National Superieur d'Electronique and Mecanique (E.N.S.E.M.) from the National Polytechnic Institute de Lorraine (I.N.P.L.) Nancy, France (1998)• Diplôme Etudiante D'approfondies (D.E.A.), Wood Science at Perancis Grand Ecole: E.N.S.E.M. (Ecole National Superieur D'electricite Et Mecanique), I.N.P.L. (Lorraine National Polytechnic Institute) and University of Nancy, France (1985)• Bachelor of Forestry, Bogor Agricultural Institute, Bogor, Indonesia (1981)	Wood and Forestry Science

Strategy and Risk Management

As an integral part of the Company's sustainability strategy and risk management, SAMKO continues to update the analysis of risks and opportunities related to climate change. In line with TCFD recommendations, the focus remains on financial risks arising from climate change, including both physical and transition risks. With a highly cautious approach, identifying and evaluating new risks and opportunities that may emerge in the future is the priority, with the primary goal being to understand potential material or financial impacts. The findings and data from these latest analyses are detailed in the following table.

Cause	Risk	Time period	Potential Financial Impact	Strategies to Respond to Risks
Physical Risk (Acute)				
Plant disease	Rising number of plant diseases caused by insects or pests that disrupt the health of forests and trees.	Short-term	<ul style="list-style-type: none"> Rise in the cost of procuring wood, accompanied by a drop in the level of production of forest resources; and Rising operating expenses to recover assets (replanting, remediation). 	<ul style="list-style-type: none"> Frequent monitoring of pests and diseases. Utilization of natural sources, such as bio-pesticides, for small-scale nurseries. Authorization for the use of chemical pesticides under compliance with sustainable forest management international standards for large-scale nurseries. Replanting program and seed distribution for horticulture, non-timber forest products, and multi-purpose tree species.
Extreme Weather	Uncertainty and high frequency of extreme weather that cause floods, droughts and typhoons that can disrupt activities in operational areas.	Short-term	<ul style="list-style-type: none"> Decreasing factory productivity due to environmental conditions; and The volatility of wood supply/demand, timber prices, and forestry sector supply chains in response to extreme weather. 	<ul style="list-style-type: none"> Engagement with a sustainable business strategy. Implementation of standards of procedure: Forest and land fire control. Emergency response preparedness. Utilization of the fire danger rating index. Application of rainfall gauges (ombrometer). Control of the erosion rate using sediment traps and mud bags. Involvement in the rehabilitation of critical land programs. Replanting program and seed distribution for horticulture, NTFP, MPTS.
Forest Fire	Forest fires can disrupt activities in operational areas, quality of wood supply, access or availability of wood, supplier or customer facilities, and logistics/ transportation.	Short-term	<ul style="list-style-type: none"> Expenditure to improve preparedness for forest fires (e.g firefighting equipment); and Rising cost of procuring wood, accompanied by a decrease in the level of production of forest resources. 	<ul style="list-style-type: none"> Engagement with sustainable business strategy. Implementation of standards of procedure: a. Forest and land fire control b. Emergency response preparedness. Forest fire training. Forest patrol and security. Construction of fire watch towers. Utilization of the fire danger rating index. Application of rainfall gauges (ombrometer). Installation of "No Burning" signboards.



Cause	Risk	Time period	Potential Financial Impact	Strategies to Respond to Risks
Physical Risk (Chronic)				
Changes in Weather Pattern	The trend towards heavier rainfall patterns, changes in water quality, and underground water storage results in a decrease in the general level of water supply and quality.	Long-term	<ul style="list-style-type: none"> Rising costs of procuring wood due to changes in where to plant and buy trees; as well as Decreasing forest productivity due to environmental conditions. 	<ul style="list-style-type: none"> Frequent monitoring and management of water quality. Preservation of conservation area: protect buffer zone area corresponding to River Border Protection Areas. Monitoring of environmental impact mitigation. Preservation of natural water sources. Replanting of MTPS to reduce landslides.
Transition Risk (Policy)				
Emerging regulation	Government actions to address climate change that lead to new policies and regulations for climate action such as carbon economy values and carbon taxes.	Medium-term	<ul style="list-style-type: none"> Rising cost of procuring wood due to policies related to carbon sink forests; and Rising energy costs (e.g. due to carbon pricing). 	<ul style="list-style-type: none"> Transition to renewable energy by using solar panels. Implementing zero waste business model by using residual logs to produce biomass and utilizing wood waste as fuel for boiler machines. Preservation of conservation areas: protecting the buffer zone area corresponding to River Border Protection Areas. Implementation of standards and procedures: High Conservation Values management. Implementation of forest carbon conservation.
	Policies related to forest conservation.	Medium-term	<ul style="list-style-type: none"> Rising costs of procuring wood due to logging taxes, logging fees, and others. 	
Transition Risk (Market)				
Increasing Customer Requirements	Changes in customer preferences towards low emission products.	Medium-term	<ul style="list-style-type: none"> Shrinking income due to reduced demand for wood products. 	<ul style="list-style-type: none"> Sustainable forest management and responsible supply chain certification Upscale business expansion to Renewable Energy, such as Solar Panels and Wood Pellets Improvement of waste management procedure. Implementation of forest carbon conservation. Replanting program and seed distribution from superior trees. Establishment of nurseries for planting activities.
Transition Risk (Legal)				
Exposure to Litigation	Rising social demands to switch from fossil energy to renewable energy sources and efforts to reduce energy consumption, as well as increase future energy security.	Medium to Long-term	<ul style="list-style-type: none"> Shrinking income due to reduced demand for products that require access to natural resources. 	<ul style="list-style-type: none"> Sustainable forest management and responsible supply chain certification. Generating electricity through the installation of solar panels in operations. Broadening the product scope to include renewable energy sources such as wood pellets.

* NTFP : Non-Timber Forest Products
MTPS : Multi Purpose Tree Species

Opportunity Type	Opportunity Description	Time period	Potential Financial Impact	Strategies to Realize Opportunities
Use of low emission energy sources	Use of low-emission energy sources opens wider market opportunities due to the rising demand for wood products as an option with a low carbon footprint.	Medium-term	<ul style="list-style-type: none"> Increased revenue from improved demand for products. 	<ul style="list-style-type: none"> Reduction of GHG emissions by using solar panels. Use of wood waste as fuel for boiler machines.
Goods and Services	Implementation of sustainable forest management in producing wood products.	Medium-term	<ul style="list-style-type: none"> Rising demands for forest products if forestry is increasingly seen as an important part of the transition to a low or zero carbon future. 	<ul style="list-style-type: none"> Implementation of sustainable forest management and Chain of Custody according to international standards. Implementation of a Sustainable Framework representing 4 SAMKO Pillars (sustainable forestry, conservation, people, production).

Metrics and Targets

SAMKO assesses climate risks and opportunities using scenarios, in accordance with TCFD recommendations. Through careful emissions calculations, the Company is committed to more effectively managing its carbon footprint and aligning with efforts to support climate change mitigation. In 2023, SAMKO has established specific targets, namely emission reduction target by 3% in scope 1 and 2 emissions intensity in 2024.

SAMKO has yet to include scenarios for emission reductions of 2°C or lower. Nevertheless, efforts to mitigate the impact of climate change continue, including the adoption of renewable energy sources such as solar panels. As evidence of this commitment, in 2021 SAMKO led the way by installing the largest solar panel facility in a factory in East Java Province.

Through the utilization of solar panels, SAMKO has contributed to emissions avoidance by 2,179 tCO₂e and continues to make improvements to expand its climate agenda. SAMKO understands that TCFD implementation requires ongoing enhancement and analysis. Therefore, SAMKO aims to be more effective in managing risks and leveraging opportunities arising from climate change. With this disclosure, SAMKO aims to provide benefits to stakeholders, including shareholders, customers, and employees.



Materiality and Stakeholder Engagement

Stakeholder Engagement

[2-29]

To adopt a sustainable approach, stakeholder engagement is crucial. Whether internal or external, they have significant interests that impact the direction of the Company’s business, influencing various aspects from operations to products, and shaping business strategies. The Company, therefore, has identified strategic stakeholders, both internal and external, who can directly or indirectly affect the operational activities, including shareholders, customers, employees, suppliers, regulators, and the local community.

Stakeholders are invited to provide feedback, to incorporate their interests into the development and enhancement of SAMKO’s sustainability strategies and implementation. Engagement efforts have involved interacting with various stakeholders, understanding their expectations and concerns, and providing measured responses.

Stakeholder Group	Areas of Interest	Engagement Mechanism	Frequency
Shareholders	<ul style="list-style-type: none"> Financial Health Transparency Business Ethics Sustainability 	<ul style="list-style-type: none"> Annual Report Sustainability Report Regular meetings on business performance and development 	Annually
Customers	<ul style="list-style-type: none"> Product Quality Product Certifications Product Specifications 	<ul style="list-style-type: none"> Product education Customer complaint report Customer satisfaction survey Corporate website 	Annually As Necessary
Local Communities	<ul style="list-style-type: none"> Employment Opportunities Community Engagement 	<ul style="list-style-type: none"> Sustainable forest management training Social engagement Seed distribution 	Regularly As Necessary
Employees	<ul style="list-style-type: none"> Health and Safety Human Rights Talent attraction and retention Equal and friendly workplace 	<ul style="list-style-type: none"> Performance Management System Competency education and training Health and safety training 	Per Semester As Necessary
Suppliers	<ul style="list-style-type: none"> Supply chain management Legal and sustainable sourcing 	<ul style="list-style-type: none"> Supplier evaluation Third party assessment 	Regularly
Regulator	<ul style="list-style-type: none"> Corporate governance and operation performance Business integrity Legal compliance Climate change 	<ul style="list-style-type: none"> Official correspondence Seminars and evaluation Third party assessment 	As Necessary

Determination of Material Topics

[3-1, 3-2]

The Company prioritizes the implementation of sustainability principles with a particular emphasis on Environmental, Social, and Governance (ESG) impact management on stakeholders. The applied strategies aim to manage significant impacts, reduce risks, and capitalize on sustainability opportunities to create long-term value for all stakeholders. The process of identifying relevant topics for stakeholders is also a primary concern, involving them in the planning and implementation of sustainability measures.

In compiling Sustainability Reports, the Company adheres to GRI standard principles, involves external experts, and applies the GRI Standard four-step process to determine material topics and report content.



Identification

Identifying material topics based on GRI standards and analysis of previous year's issues. This approach helps in shaping a set of sustainability topics related to Environmental, Social, and Governance (ESG) factors.



Prioritization

Setting priorities on identified topics by focusing on those considered to have a significant impact on SAMKO and all stakeholders. This is done through the dissemination of materiality questionnaires to internal and external stakeholders.



Validation

Validation of topics considered material is based on the results of the materiality questionnaires. A total of nine material topics selected from this process are then submitted to the Board of Directors and Board of Commissioners for approval.



Review

The nine material topics that have been approved by the Board of Directors and Board of Commissioners are reviewed again and prioritized based on the scale of urgency, namely very high and high. This process also includes a review of previous reports.

Materiality Matrix



Alignment of Material Topics with Sustainable Development Goals

"Very High" Category				
1	2	3	4	5
<p>Health and safety at work</p> 	<p>Ethical business conduct</p> 	<p>Employee well-being</p> 	<p>Environmental performance</p> 	<p>Professional development</p> 
"High" Category				9
6	7	8	9	
<p>Production</p> 	<p>Sustainable value chain</p> 	<p>Community empowerment and engagement</p> 	<p>Workplace diversity</p> 	

Sustainable Governance

Business Ethics

[2-16, 2-26, 205-1, 205-2, 205-3]

SAMKO has reaffirmed its commitment to business governance standards to create a positive impact on stakeholders. Consistency among management and employees forms a strong basis for the Company's operational integrity and sustainability. These efforts not only influence internal relationships but also motivate employees to align with the Company's values and culture. Cross-departmental and company-wide communication, both digital and physical, is implemented to reinforce collaboration and achieve common goals. [3-3]

Commitment to Good Corporate Governance (GCG) is reflected in policies and standard procedures governing the handling of legal cases, lawsuits, or litigation. This approach ensures transparency and consistency with GCG principles. SAMKO has implemented a policy for reporting violations, providing a communication channel for employees to report potential unethical actions. Measures such as imposing sanctions, conducting independent investigations, and revising internal policies are taken to address serious issues that could harm the Company.

All complaints must be reported to the Audit Committee through various channels, ensuring the confidentiality of the reporter's identity. Retaliatory actions against employees reporting complaints are not tolerated. In the implementation of GCG, the Board of Directors of all companies within the Samko Timber Group has procedures for reporting misconduct and violations. This policy is regulated in the "Procedure for Reporting Legal Violations and Business Ethics" Standard Operating Procedure (SOP) managed by the Reporting Violations Special Team under SAMKO.

SAMKO also strives to prevent corruption by conducting anti-corruption policy briefings for employees. All employees are urged to refrain from involvement in corruption and bribery. Risk assessments are conducted to identify operational units vulnerable to corruption. Throughout 2023, there were no cases involving legal violations or permit revocations.





Nomination Process for Directors and Board

[2-10, 2-11, 2-15]

SAMKO has a Nomination Committee (NC) empowered to regularly and strategically review the structure, size, and composition of the Board and Board Committees. This includes assessing competencies, gender, age, qualifications, experience, and diversity; recommending or proposing candidates meeting the requirements as Board members for consultation with the Board; and asking nominated candidates to disclose anticipated future business interests that may create conflicts of interest.

Based on Article 94 of the Company's Articles of Association, each Director is required to resign every three years at the Annual General Meeting of Shareholders (AGMS). Then, Article 95 stipulates that resigning Directors are eligible for re-nomination, while Article 100 states that newly appointed Directors may only serve until the next AGMS and are eligible for re-nomination. Furthermore, starting from January 1, 2019, all Directors are required to seek re-nomination and re-appointment at least every three years, in accordance with Rule 720(5) of the SGX-ST Listing Rules. In the context of re-nomination, the NC will consider the contribution and performance of each Director and ensure that each Director has adequate time and attention to dedicate to the Company.

Sustainable Training and Development of Directors

[2-17]

The Company develops the competencies of new Directors by conducting comprehensive, tailored induction programs. These focus on understanding the duties of a Director, business practices, and Group governance. As a proactive measure, new Directors are required to undergo training in areas such as accounting, law, and industry-specific skills as per their roles in a public company in Singapore, and in line with SGX-ST regulations.

In the pursuit of sustainable professional development, the Board considers the implementation of sustainable professional development policies and training that can enhance the sustainability competencies of the Board. As a proactive measure, the Company encourages Directors to become members of the Singapore Institute of Directors (SID) to stay abreast of legal developments, regulations, and commercial risks. All Directors are expected to attend annual training, as well as external skills seminars and courses to enhance their education.

As a commitment to legal compliance and GCG, Directors are regularly briefed on changes in laws, accounting standards, Listing Rules, and other relevant legal requirements. Additionally, the Company ensures that all corporate governance organs related to managing ESG aspects have the necessary competencies, skills, and experience through participation in training, seminars, as well as relevant knowledge transfer related to their responsibilities.

Evaluation of the Board of Directors' Performance

[2-18]

The Nomination Committee (NC) participates in designing the performance evaluation framework for the Board, Board Committees, and each Director. Its primary responsibilities include formulating performance criteria, providing support during the evaluation process, analyzing findings, and presenting results to the Board.

In setting performance criteria as evaluation guidelines, the NC ensures compliance with principles and regulations outlined in the applicable Code of Ethics. This performance assessment includes evaluating aspects of knowledge and skills, attendance records at Board and Committee meetings, as well as the level and quality of participation in meetings. The results of the evaluation will be crucial considerations in the Director's reappointment process.

Remuneration Policy

[2-19, 2-20, 2-21]

As an acknowledgement of performance directed towards achieving corporate goals, the Company, through the Remuneration Committee (RC), provides remuneration to the Board of Directors using established formal and transparent procedures. This principle is also applied to Key Management Personnel (KMP).

The formation of the RC is based on clear written foundations, including the authorities and duties assigned. With its main responsibilities and functions being to determine the Company's remuneration policy, the RC ensures that the policy aligns with the Company's long-term objectives and is proportionate to the Company's performance and sustainable value creation.

Other tasks of the RC include ensuring that their remuneration packages align with employee remuneration guidelines, are commensurate with job scope, and are proportional to their level of responsibility. The RC also evaluates the suitability and relevance of sustainable company remuneration policies, including but not limited to honorariums, salaries, allowances, bonuses, options, incentives, stock-based awards, and other benefit programs (if necessary). The RC also ensures that no Director is involved in determining their own salary.

Remuneration of Executive Directors and the KMP

There are two components in the remuneration structure for the Executive Director and Key Management Personnel (KMP), namely the fixed component and the variable component. In this regard, the variable component relates to the Group/Company's performance as well as the performance of each individual. It is designed to be aligned with shareholders and other stakeholders, and to drive the Company's long-term success.

After review by the RC, the variable component in the remuneration package for the Executive Director and KMP includes a fixed component and a variable component related to company performance, aligned with shareholder interests and which is not excessive. The variable portion relates to individual performance, depends on Group performance, and assesses individual contributions to Group performance. Annual reviews of compensation are conducted by the RC to ensure that the remuneration of the Executive Director/CEO and KMP is commensurate with their performance, which is regularly reviewed by the RC and the Board of Directors.

Remuneration for Non-Executive Directors

The remuneration for Directors is determined according to a framework that emphasizes the level of responsibility and scope of work. The CEO does not receive remuneration from their position as a director, while non-executive directors are compensated considering their efforts, time, responsibilities, and obligations within the Board.

Non-Executive Independent Directors will not be provided with excessive compensation if their independence is maintained. Remuneration costs are recommended by the Board and require shareholder approval at the Annual General Meeting (AGM). The performance-based remuneration system, recommended for Executive Directors and Key Management Personnel (KMP), consists of a basic salary, equivalent to one month's basic salary as a festive allowance, variable components such as bonuses, and other benefits customized to the Group and individual performance.

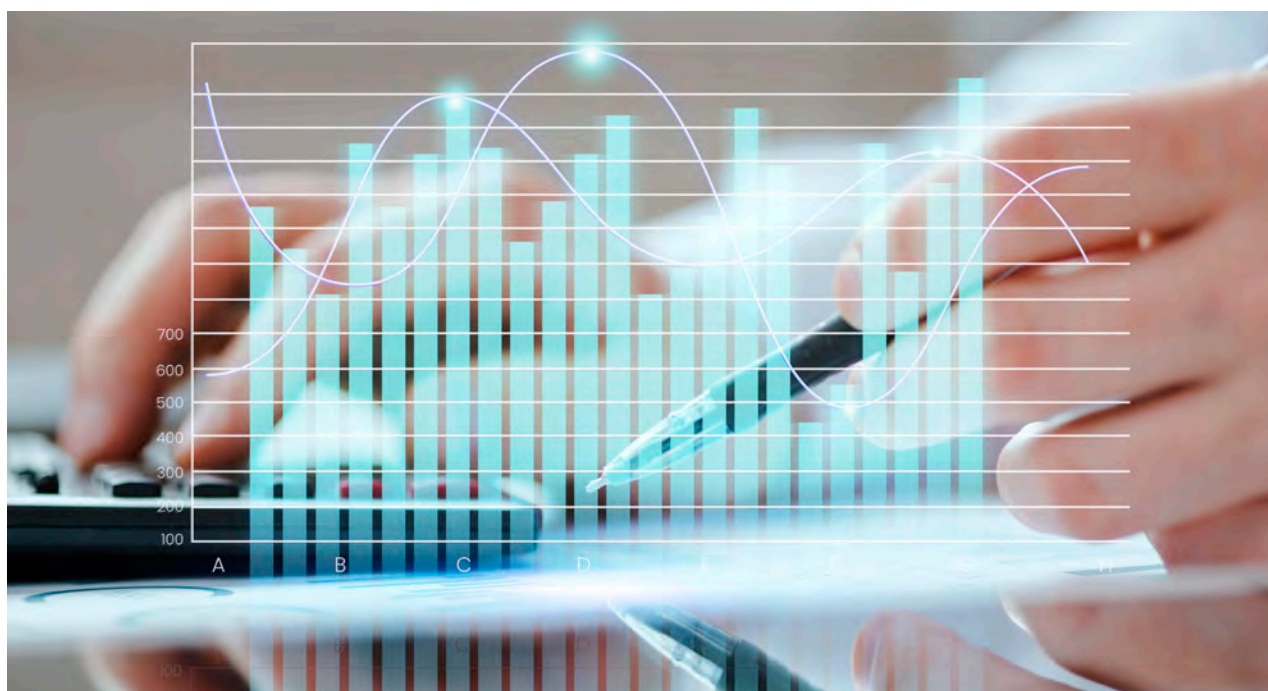
The Company emphasizes the absence of contractual provisions, allowing the Group to reclaim incentives from CEO and KMP remuneration in extraordinary situations such as financial errors or those that may cause financial loss. In such cases, the CEO must fulfil their fiduciary duty to the company, which can lead to legal measures for recovery.

In 2023, the Company did not engage external consultants in determining remuneration. Details of the annual compensation ratio for individuals with the highest pay to the total average annual compensation for all employees and the percentage increase in this compensation ratio cannot be disclosed by the Company due to confidentiality reasons.

Samko Timber Performance Share Plan

The Samko Timber Performance Share Plan, known as "Samko PSP," is an integral part of the Group's incentive compensation program. The approval of Samko PSP by shareholders took place at the Company's Extraordinary General Meeting (EGMS) on April 27, 2018. With the aim of achieving higher performance goals, Samko PSP acknowledges and rewards contributions made by qualified CEOs and/or Executive Directors. Within the framework of Samko PSP, considerations are given regarding the granting of fully paid shares upon achieving certain pre-established benchmarks.

The management of Samko PSP is overseen by the Administration Committee, consisting of the Nomination Committee (NC) and the Remuneration Committee (RC). The primary tasks of the Administration Committee include determining and approving share allocations, grant dates, and prices based on the provisions outlined in Samko PSP. All details related to Samko PSP are outlined in the Company circular dated April 12, 2018.



Conflict of Interest

[2-15, 2-16]

In conducting business activities, the emergence of conflicts of interest is a challenge that cannot be avoided. Nevertheless, Directors strive to minimize their likelihood. If there is potential for a conflict of interest, the involved Director will abstain from all discussions and decision-making involving areas of potential conflict unless the Board deems their participation necessary. If permission for participation is granted, the respective Director must provide detailed explanations during the discussion process. However, in any circumstance, Directors must recuse themselves from the decision-making process.

In accordance with Article 156 of the Company Law, each Director is required to clearly state if they have a conflict of interest in a company transaction. Each Director is also required to routinely disclose details about their affiliates annually to enable the Company to monitor transactions with Related Parties (RPs).

In communicating crucial issues, the Company conveys them through Quarterly Meetings, Initiative Meetings, and Annual General Meetings of Shareholders in Singapore. Throughout 2023, there were no significant concerns to report to the Board.





SAMPOERNA KAYOE

Environment



Sustainable Forest Management

SAMKO understands the direct impact of forest management on biodiversity and ecosystem services that necessitate concrete action. At the same time, SAMKO believes that sustainable forest management not only supports operations but also embodies the Three Hands philosophy, emphasizing collaboration with stakeholders toward a more sustainable business model.

SAMKO's commitment to sustainable forest management practices aims to maintain healthy, productive, and well-managed forests, ensuring plants are managed optimally, preventing premature harvest, reducing the use of harmful pesticides, providing appropriate management of high conservation value areas, forest fire prevention training, and educating financial planning to support the sustainability of farming incomes.

The Company regularly engages with local communities and farmers regarding management practices that promote sustainable and responsible forestry. Some of the programs that have been implemented are:

Nursery

The nursery program aims to create temporary shelters for plant seeds to adapt to actual conditions to produce the best quality seedlings. In the drive to enhance environmental sustainability, this year has seen a new nursery facility located in Taliabu, North Maluku. To date, three nursery facilities are in operation, donating around 880,000 seedlings, including sengon, rubber, and jabon.



Number of seeds cultivated:



Pandeglang Public Nursery

400,000 Sengon
(*Falcataria*) seedlings



Taliabu Private Nursery

450,000 Jabon
(*Cadamba*) seedlings



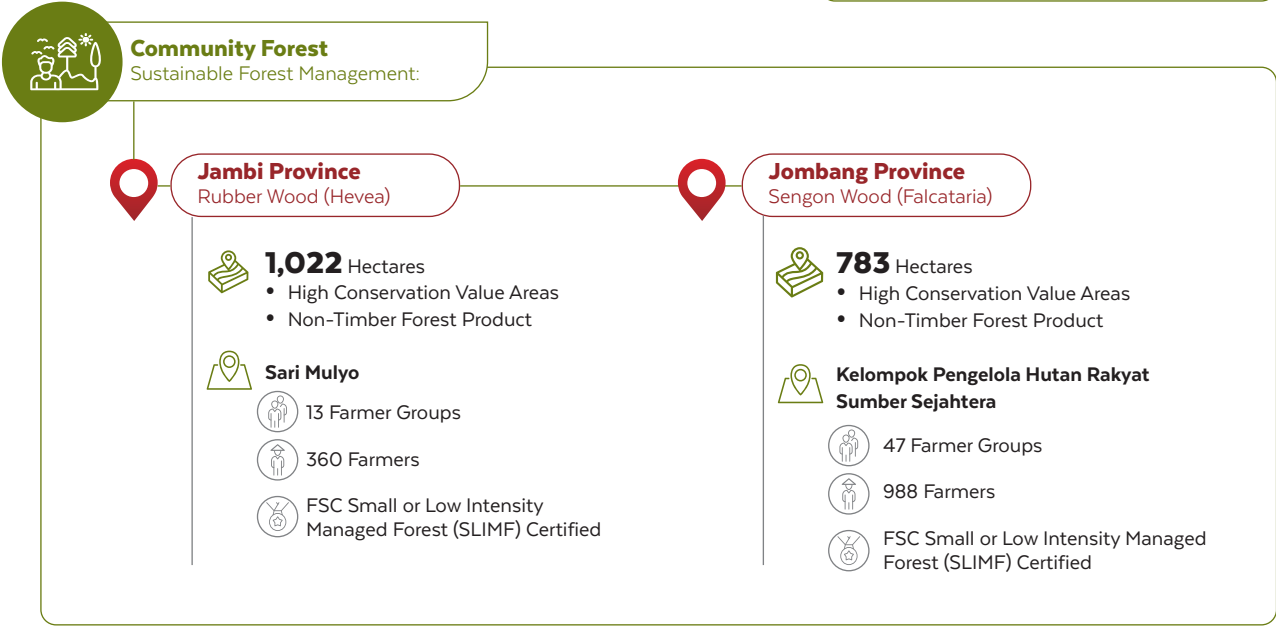
Jambi Private Nursery

30,000 Rubber
(*Hevea*) seedlings

Community Forest

Farmers Program

SAMKO ensures that all wood products are legally sourced from community forests and plantation areas. Working closely with more than 1,500 suppliers actively engaged in advancing the plywood industry, SAMKO is fully committed to supporting small-scale farmers in sustainably managing their forests. This dedication extends to complying with national standards and international certification procedures.



SAMKO's commitment to farmers can be seen with the launch of the Forest Stewardship Council (FSC) Certification Program in 2018, supporting farmer cooperatives to receive FSC Small and Low-Intensity Managed Forest (SLIMF) certification. In 2023, FSC SLIMF certification was successfully expanded to a cumulative total of 1,348 farmers in Jambi Province and Jombang Regency. This milestone is a significant commitment to sustainable forest management practices within the agricultural community.

The following activities are carried out in the farmers program:

- Enabling new access to potential resources that can be used directly as an alternative source of income to improve the community's welfare;
- Managing resources, facilities, and infrastructure to enhance production, social, and environmental activities, or other components agreed upon by the communities;
- Enhancing technical and managerial skills to support new business opportunities;
- Facilitating community aspirations and initiatives;
- Building a network of cooperation with external parties to strengthen community welfare programs;
- Carrying out sustainable community forest management with production, social, and environmental benefits; and
- Expanding sustainable forest management programs and increasing the capacity of community forest farmer members to implement responsible forest management.

Replanting Program

71,500,000 seeds distributes to more than 7,000 local farmers

Yearly Sengon (*Falcataria*) Seeds Distribution:



- **270,000** seeds in Central Java
- **180,000** seeds in East Java

Tree Planting Day:



- **2,300** Multipurpose Tree Species seeds in Semarang
- **1,181** Multipurpose Tree Species seeds in Jombang
- **700** Horticulture seeds in Jambi

The replanting program is a crucial component of sustainable wood sourcing, and SAMKO has been actively supporting it since 2001 by facilitating the replanting of over 71 million trees across Indonesia to foster an environmentally conscious culture. This encourages small-scale farmers to participate in maintaining the forest ecosystem's balance. As part of the Company's ongoing commitment to sustainability and program expansion, 454,181 seeds of various types have been distributed, including Horticulture and Multi-Purpose Tree Species seeds. These efforts align with the Indonesian government's initiatives aimed at enhancing the economic potential of community forests in the country.

The program encompasses:


- Encouraging small-scale farmers to plant trees as a form of synergy with programs implemented by the Indonesian government, and to boost the economic potential of community forests;
- Providing advanced planting training to community forest farmers to improve their business acumen and opportunities;
- Distributing the best quality fertilizers and certified seeds; and
- Ensuring sustainable forest growth and forest regeneration.


SAMKO's distribution approach is equitable and in line with the annual distribution target plan for community forest farmers, timber suppliers, and local communities.

Forest Concession


In 2019, SAMKO acquired a forest concession covering 59,000 hectares in eastern Indonesia, showcasing a commitment to sustainable practices through forest management. This endeavor creates opportunities for upstream activities in managing and operating industrial plantation forests, benefiting people and the environment.

At the close of 2023, PEFC Forest Management (FM) certification and national timber legality verification system (VLHHK) have been successfully obtained for the 11,780-hectare concession in Taliabu, North Maluku. Additionally, several ground assessments such as Social Impact, High Carbon Stock, and High Conservation Value Areas have been completed for areas in and around the concession by licensed parties. SAMKO work collaboratively with stakeholders to create and comprehend sustainable visions for the future of communities. The program development including infrastructure development, construction of public facilities, and job creation. Currently, PEFC Stage II valuation is ongoing for the 11,242-hectare concession in Mangole, North Maluku.

 Industrial Plantation with Sustainable Forest Management Practices:




**Taliabu,
North Maluku**




11,780 Hectares


- High Conservation Value Areas
- Social Impact Assessment
- High Carbon Stock Assessment



- VLHHK Certified
- PEFC FM Certified




**Mangole,
North Maluku**



11,242 Hectares


- High Conservation Value Areas
- Social Impact Assessment
- High Carbon Stock Assessment



- VLHHK Certified
- On Going PEFC FM Certified - Stage II Assessment

Forest Protection

As SAMKO operates forestry operations through PT Kalpika Wanatama I, the Company is dedicated to implementing comprehensive forest protection management, strictly adhering to government regulations outlined in Minister of Environment and Forestry Regulation No. P.32/MENLHK/SETJEN/KUM.1/3/2016 regarding Forest and Land Fire Control, which is realized through the establishment of trained core and backup firefighting teams with essential infrastructure and compliance with monitoring post regulations



The Company has established robust forest protection governance, which involves activities for forest and land fire control aimed at minimizing fire potential through early detection systems, routine patrols, post-fire management, and training for employees and communities within the concession area. Additionally, the commitment encompasses proactive measures such as conducting water point inspections to ensure water availability during forest and land fire incidents.

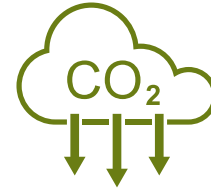
Forest security measures are in place to protect against wildlife hunting, land encroachment, illegal logging, and mining activities. Conflict management strategies involve collaborative identification with local communities, addressing land tenure and resource utilization rights through consultation and resolution processes. Furthermore, routine monitoring of plant pests and diseases is integrated into the holistic approach to forest protection and management.

Sampoerna Kayoe Sustainability Report 2023

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Preserved Areas [304-1, 304-2]

Given the issue of climate change, SAMKO consistently engages its stakeholders in efforts to minimize operational impacts throughout the environmental value chain, focusing on areas such as climate, water, biodiversity, and forests. This commitment is demonstrated through Sustainable Forest Management, maintaining or enhancing forest resources appropriately and preserving biodiversity-rich areas. [3-3]



According to the Forest Utilization Business Work Plan (RKUPH), the Company has designated specific areas as Protected Areas, as outlined below:

Legal Concession Name	Location	Legality	Total Area (Ha)	Total Conservation Area (Ha)	% from Total Concession Area
PT. Kalpika Wanatama I	Pulau Taliabu Regency, North Maluku	SK.1531/MENLHK/SETJEN/HPL.O/12/2021	11,780	1,327	11%

The protected areas that have been identified at PT KW I presented in the following table:

No	Protected Area	Description	Total Area of Protected Area (ha)
1	Riverbank Area: 1. Lagoy Riverbank Buffer Zone 2. Falaoq Riverbank Buffer Zone 3. Gandoli Riverbank Buffer Zone 4. Patiyo Riverbank Buffer Zone 5. Kaliman Tengah Riverbank Buffer Zone 6. Air Su Riverbank Buffer Zone	The riverbank buffer zone is a buffer area between production zones and rivers, spanning 50 meters from the riverbank to maintain the ecological functions of the river.	524
2	Wildlife Protection Area	The Wildlife Protection Area is dedicated to protecting wildlife. This area is an effort to safeguard, preserve, and facilitate the population of wildlife and their habitats to ensure their sustainability and healthy reproduction within the concession area and its surroundings.	374
3	Germplasm Conservation Area	Protected area for plant species, wildlife, and microorganisms in their natural habitat (in situ) within a production forest. *Germplasm: genetic resources such as seeds, tissues, and DNA sequences maintained for the purpose of breeding animals and plants, conservation efforts, agriculture, and other research purposes.	429
Total Area			1,327

Based on the identified areas, the Company has implemented several programs to conserve the protected area, including:

No	Conservation Area Management	Implemented Activities
1	Conservation area boundary management	Arrangement of boundaries includes creating a ± 1-meter trail and marking boundary signs with an X-shaped mark on trees at the conservation area's borders.
2	Review of activities within the conservation area	Inspection of canopy conditions, boundary signs, hunting activities, disturbances, and damages occurring in the conservation area.
3	Planting in the conservation area	Planting activities in areas experiencing degradation or in an open or scrubland condition to maintain or restore the conservation area's functions.
4	Installation and maintenance of signage boards	<ol style="list-style-type: none"> 1. Installation of signage, information boards, and warnings in the conservation area to prevent protected areas from operational activities. 2. Maintenance activities include cleaning the boards from weeds, dirt, branches, or trees obstructing them, and replacing damaged signage.
5	Erosion monitoring and control	<ol style="list-style-type: none"> 1. Monitoring activities to prevent, inhibit, and control soil erosion in land development, waterways, and construction sites. 2. Construction of sediment traps as a measure for erosion control and mitigation caused by activities such as forest area clearing, infrastructure development, and forest operational activities.
6	Environmental monitoring	<p>Environmental review and evaluation encompass:</p> <ol style="list-style-type: none"> 1. Water quality monitoring: measuring the impact of operational activities on water sources as mitigation and pollution control efforts. 2. Sound and air monitoring: measuring noise levels, sound pollution, and air quality to maintain environmental conditions. 3. Biota monitoring: measuring population dynamics, ecological interactions, species distribution, and environmental health.
7	Management of hazardous and non-hazardous waste	The collection, separation, and storage of Hazardous (B3) and Non-Hazardous (Non-B3) Waste resulting from operational activities are efforts to preserve the environment from damage caused by waste produced during forest management activities.
8	Identification and utilization of Non-Timber Forest Products (NTFPs)	The utilization of economically valuable Non-Timber Forest Products (NTFPs) within the conservation area aims to enhance the local community's economy.

Conservation

Safeguarding Biodiversity

[304-1, 304-2, 304-3, 304-4]

Preserving biodiversity is vital to the development and well-being of every element of life. In enhancing ecology, SAMKO integrates biodiversity management by preventing and minimizing the impacts of activities on ecosystems throughout operational regions. [3-3]



The Company has identified conservation areas based on studies conducted within its community forests, as outlined below:

Operational Area	Area	Status	Conservation Area (in ha)	Concession Area (in ha)	% from Total Concession Area
Sari Mulyo Combined Farmers' Group	Jambi	Community Forest Group	101.28	1,022.02	10%
Sumber Sejahtera Community Forest Farmers Group	Jombang	Community Forest Group	83.06	783.05	11%

From the results of the High Conservation Value Forest Assessment (HCVF) studies, several operational impacts on biodiversity have been identified. An analysis related to the impact and its handling is presented in the following table. [2-25]

Activity	Potential Impact	Impact Range	Mitigation
Changes in land cover in river border areas and riverbanks	<ul style="list-style-type: none"> Change of land cover from forest/ agro-forestry gardens to covered areas into paddy fields/dry land agriculture Land clearing that can threaten water quality and water availability 	On river border Areas <ul style="list-style-type: none"> Tretes River Gogor River Genuk River Watu Gopit River Bening River Maling River Grenjengan River 	<ol style="list-style-type: none"> Information dissemination to members of the Forest Farmers Group and parties regarding the importance of conservation areas along riverbanks. Conducting outreach activities, interviews/focus group discussions, etc. to members of the Forest Farmers Group (Kelompok Tani Hutan/KTH) and parties related to the importance of conservation areas on riverbanks. Regular checking related to changes in forest cover by conducting direct visits on the ground. Installation of signs/signposts around the river in the form of prohibitions and warnings so the area is guarded and maintained. Checking signposts or information boards related to the prohibition of logging in protected areas, namely on riverbanks. Designation and marking of the left and right river boundaries. Monitoring of demarcation marks or boundaries can be in the form of scratches on tree trunks or old stakes/markers.

Activity	Potential Impact	Impact Range	Mitigation
Animal hunting	Animal hunting protected	On river border Areas <ul style="list-style-type: none"> • Tretes River • Gogor River • Genuk River • Watu Gopit River • Bening River • Maling River • Grenjengan River 	<ol style="list-style-type: none"> 1. Training members of Farmer Groups in identifying critical, rare, threatened, vulnerable, endemic, or protected by the Government of Indonesia and species that are included in CITES Appendix I & II. 2. Periodic monitoring related to protected, endemic and endangered species. 3. Formulation of a policy prohibiting the hunting of critical, rare, threatened, or vulnerable animals or endemic or those protected by the Government of Indonesia and are included in CITES Appendix I & II. 4. Checking of the signposts that have information on the prohibition of hunting protected animals.
Operational activities	Water pollution due to Operational activities plantations around the river	On river border Areas <ul style="list-style-type: none"> • Tretes River • Gogor River • Genuk River • Watu Gopit River • Bening River • Maling River • Grenjengan River 	<ol style="list-style-type: none"> 1. Data collection and mapping of communities that use rivers as a source of livelihood. 2. Monitoring of every development of community activities that utilize the river as a source of livelihood. 3. Carrying out Collaborative management activities with stakeholders regarding the physical condition of the river. 4. Collaborative monitoring with stakeholders related to river water quality on a regular basis.
Planting	Planting of exotic and/or invasive plant species rehabilitation/enrichment of plant species can that disrupt the ecological balance in the habitat	On river border Areas <ul style="list-style-type: none"> • Tretes River • Gogor River • Genuk River • Watu Gopit River • Bening River • Maling River • Grenjengan River 	<ol style="list-style-type: none"> 1. Contributing to planting activities collaboratively with stakeholders (Forest Management Unit, Forest Service, Natural Resources Conservation Agency, Grand Forest Park officers, Perhutani officers, NGOs, community), prioritizing using native plant species in areas that have open conditions on riverbanks. 2. Monitoring of the growing percentage of the type planted.
Land clearing	Land clearing activities that pose a threat to water quality and water availability	<ul style="list-style-type: none"> • Tretes River (Carang Wulung Village) • Watu Gopit River (Carang Wulung Village) • Gogor River (Wonosalam Village) • Genuk River (Sambirejo Village) 	<ol style="list-style-type: none"> 1. Advocating for the issuance of a Village Regulation concerning river management and preservation. 2. Installing and conducting checks on signs or informational boards related to river conservation. 3. Conducting periodic monitoring related to river preservation through interviews/FGDs, outreach programs, warning signs, etc. 4. Implementing collaborative management principles: cooperating with stakeholders (Forestry Management Unit, Department of Forestry, Natural Resources Conservation Agency, Forest Nature Reserve, State Forestry Corporation, NGOs and communities) to protect and preserve rivers. 5. Conducting periodic consultations regarding collaboration with other parties through interviews/FGDs, workshops, seminars, outreach programs, etc.
Pilgrimage and cultural sites	Some pilgrims who worship the tombs, potentially making the tombs idolatrous places	<ul style="list-style-type: none"> • Kyai Wonosegoro tomb (Wonosalam Village) • Mbah Longgor Grave (Ngampungan Village) • Mbah Sampurno tomb (Ngampungan village) • Mbah Wonojati Grave (Ngampungan Village) 	<ol style="list-style-type: none"> 1. Checking the signs or information boards related to calls for preserving cultural sites. 2. Carrying out the dissemination of information to related parties regarding the preservation of cultural sites, including those managed by the Sumber Sejahtera Community Forest Management Group (KPHRSS) and other parties' active participation. 3. Monitoring of all activities related to the preservation of cultural sites.

Based on monitoring and observation results, in the conservation area of Jambi, there are 2 endangered fauna species, namely the hoop monkey (*Presbytis melalophos*) and the long-tailed macaque (*Macaca fascicularis*), and 1 endangered flora species, the red meranti (*Shorea pauciflora*). Meanwhile, in the conservation area of Jombang, the Sunda pangolin (*Manis javanica*) is classified as Critically Endangered.

Total protected species based on the IUCN red list can be seen in the table below:

Location	Total Identified Flora and Fauna Based on the IUCN Red List							Total
	CR	EN	VU	NT	LC	DD	NE	
Sumber Sejahtera Community Forest Farmers Group, Jombang	1	-	3	-	82	3	62	151
Sari Mulyo Farmer Group, Jambi	2	3	4	1	42	-	-	53

Protection Status:

EN : Endangered

VU : Vulnerable

NT : Near Threatened

NE : Not Evaluated

CR : Critically Endangered

LC : Least Concern

DD : Data Deficient

This year, a program to distribute 1,000 tilapia fish seeds in areas of high conservation value has been implemented. Additionally, 950 tree seedlings of various types of Multipurpose Tree Species (MPTS) have been distributed to support diverse and beneficial tree planting for communities and the environment.

Seed Type	Area	Seeds Name	Total Tree Seeds
Multi-Purpose Tree Seeds (MPTS)	Semarang	Avocado	250
		Pine	200
		Suren	300
	Jambi	Durian Bawor	50
		Pete	50
		Matoa	50
		Rambutan Rafiah	50

The distribution of plant seedlings and tilapia fish seeds are expected to help increase the diversity of ecosystems in high conservation value areas, and are part of SAMKO's efforts to maintain environmental sustainability and biodiversity. Aligned with the latest tagline "Sustainable Tomorrow Starts Today," this business strategy drives SAMKO's commitment to preserving the planet, safeguarding futures, and the environment.



Distribution of fish seeds



Cultural Heritage

Ecotourism

SAMKO, the largest processed wood producer in Indonesia and one of the largest globally, has proudly inaugurated its second Ecotourism venture at Agrowisata Kuncen, Polobogo Village, Getasan Subdistrict, Semarang Regency, Central Java - following the first Ecotourism development in Rimbo Ulu Subdistrict, Tebo Regency, Jambi.



In striving for sustainable ecotourism, collaboration with local authorities and the local farming community not only promotes eco-friendly tourism destinations but also preserves the heritage of the local area. This commitment supports sustainable development, fostering economic growth for local farmers, and conserving the environment.

SAMKO hopes that this ecotourism program will be beneficial for conservation, empowerment, and environmental education. The facilities represent a commitment to responsible sustainable forest management, as well as preserving nature and local culture to learn about the importance of conservation and biodiversity in managing environmental sustainability.



Ecotourism Development in Rimbo Ulu



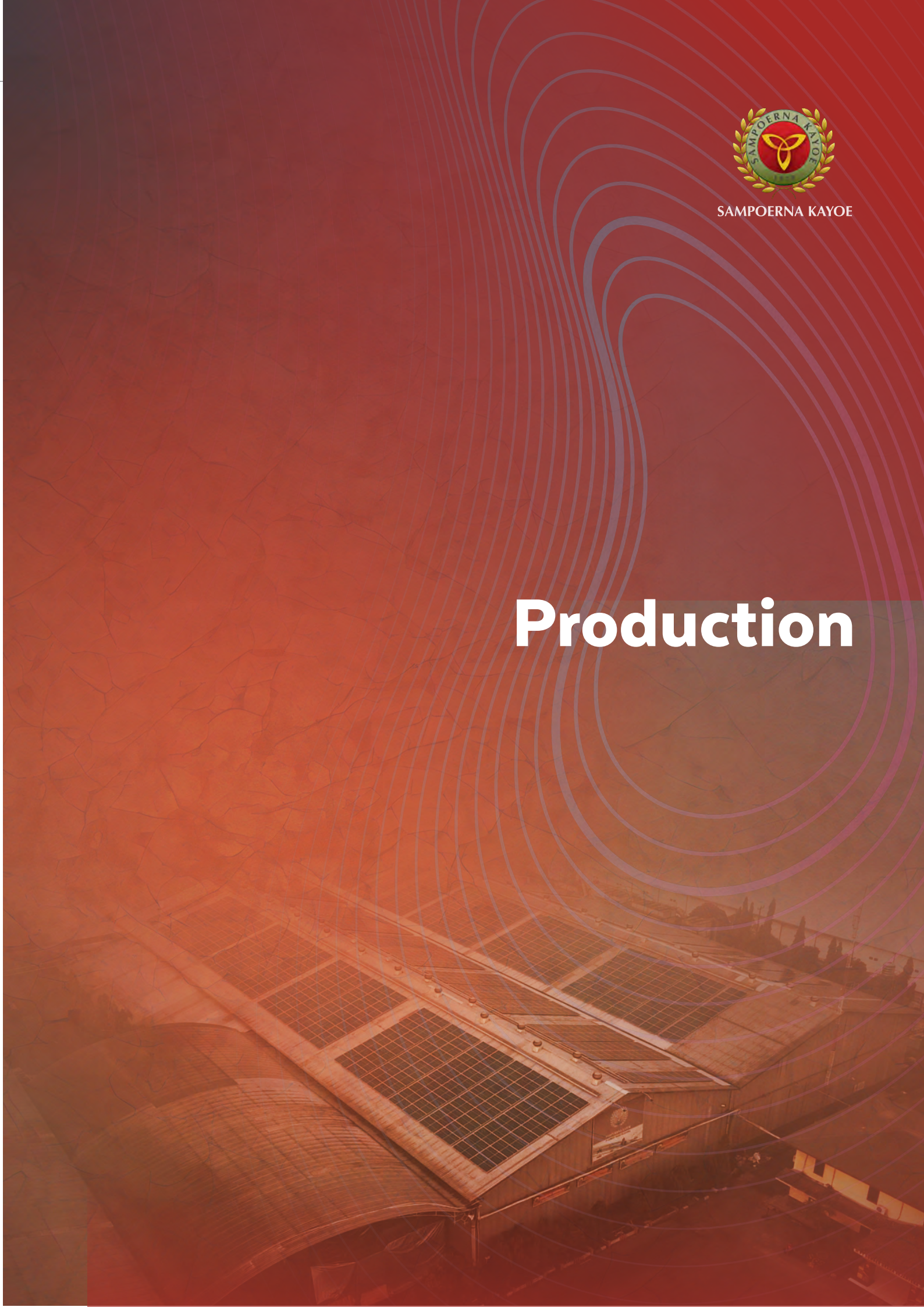
Ecotourism Jambi, Rimbo Ulu

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SAMPOERNA KAYOE

Production



Responsible Business

[3-3]

Responsible business behavior forms the foundation for SAMKO's long-term value. The Company conducts business accountably, implementing sustainability strategies that are key to long-term business continuity. This commitment aligns with the Company's objective to revitalize Indonesia's natural resource industry and contribute to addressing global sustainability challenges.

The Company's values and Code of Ethics embody Sampoerna Kayoe's commitment to sustainable development. In accordance with Sampoerna Kayoe's framework, contributions to social criteria focus on human resources and production, fostering shared values with stakeholders, innovating sustainable production efficiency, and establishing quality and service policies that enhance customer satisfaction.

In line with a commitment to responsible business practices, SAMKO has successfully obtained the Programme for the Endorsement of Forest Certification (PEFC), for its timber plantations and factory in North Maluku, ensuring all our supply chain are managed in accordance with credible global standards. In September 2023, the Group is broadening its sustainability strategies from Sustainable Forest Management to Renewable Energy. Our Mangole plant has been producing wood pellets as a renewable energy source, as initiative marks of an important step in our commitment to integrating sustainable practices across our business model.

Expanding Sustainable Solution to the Eastern Island of Indonesia: North Maluku

Since September 2023, SAMKO has taken a significant step forward by diversifying its product offerings to include wood pellet production. This strategic move not only broadens our product portfolio but also contributes positively to sustainability efforts. The introduction of wood pellet products has notably contributed to our biomass production, totalling about 5,014 tons. Furthermore, this initiative has resulted in the avoidance of approximately 5,000 tons of annual CO₂ emissions, making a substantial impact on our carbon footprint. Additionally, utilizing wood pellets as an alternative fuel source is equivalent to approximately 4,205 tons of standard coal.

Wood Pellet

- In addition, since **September 2023**, Sampoerna Kayoe have started to produce **wood pellet** product:

Year 2023 Wood Pellet Production



Biomass Output:
± **5,041 Tons**



Annual CO₂ Avoided:
± **5,000 Tons**



Standard Coal Saved:
± **4,205 Tons**

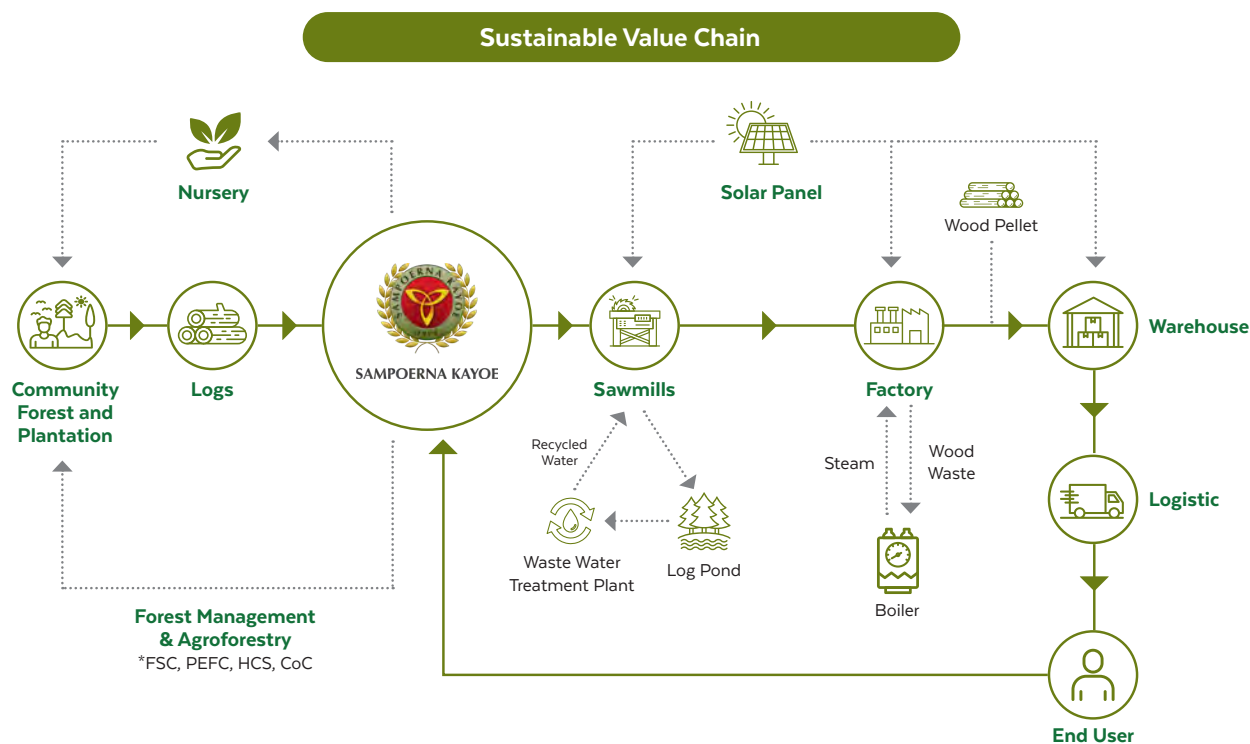


Sustainable Value Chain

[2-6, 3-3]

SAMKO is dedicated to enhancing livelihoods through the development of sustainable resources. This commitment is demonstrated by prioritizing responsible supply chain management, through supplier identification and the implementation of stringent control procedures, ensuring that the logs used originate from legal concession areas in Indonesia. The Company requires suppliers to adhere to the National Sustainable Forest Management Standard - Timber Legality Assurance System.

Currently, the Company has been joined by more than 1,500 suppliers who are actively involved in the development and formation of the plywood industry. During 2023, no new suppliers were engaged, thus no new supplier selection processes were undertaken using social criteria.[414-1, 414-2]



In maintaining responsible business approach, SAMKO has been implementing programs such as annual seed distribution to farmers, suppliers, and local communities.

Furthermore, plantation forest management in North Maluku towards international sustainable forest management certification, reaffirm the Company’s commitment to operate within a broader sustainability framework. By integrating a sustainable business approach into all aspects of operations, business sustainability is not only ensured but also actively contributes to environmental preservation and the development of local communities.



















Product Certification








[3-3]

SAMKO's commitment to sustainable improvement and ensuring product and process integrity for stakeholders includes certification. Currently, a diverse portfolio of widely recognized and credible international third-party certifications is held, providing assurance for efficiency, quality, and sustainability of operations in the factory to the quality, consistency, compliance, and origin of the end products.

Certifications related to product quality have been obtained, including Japan Agricultural Standard (JAS), CE Marking, United States Environmental Protection Agency (US EPA Title VI), California Air Resource Board (CARB Phase 2), Airborne Sound Insulation (ASI), and Fire Resistance Level (FRL). Additionally, some products also hold Domestic Component Level (DCL) certification.

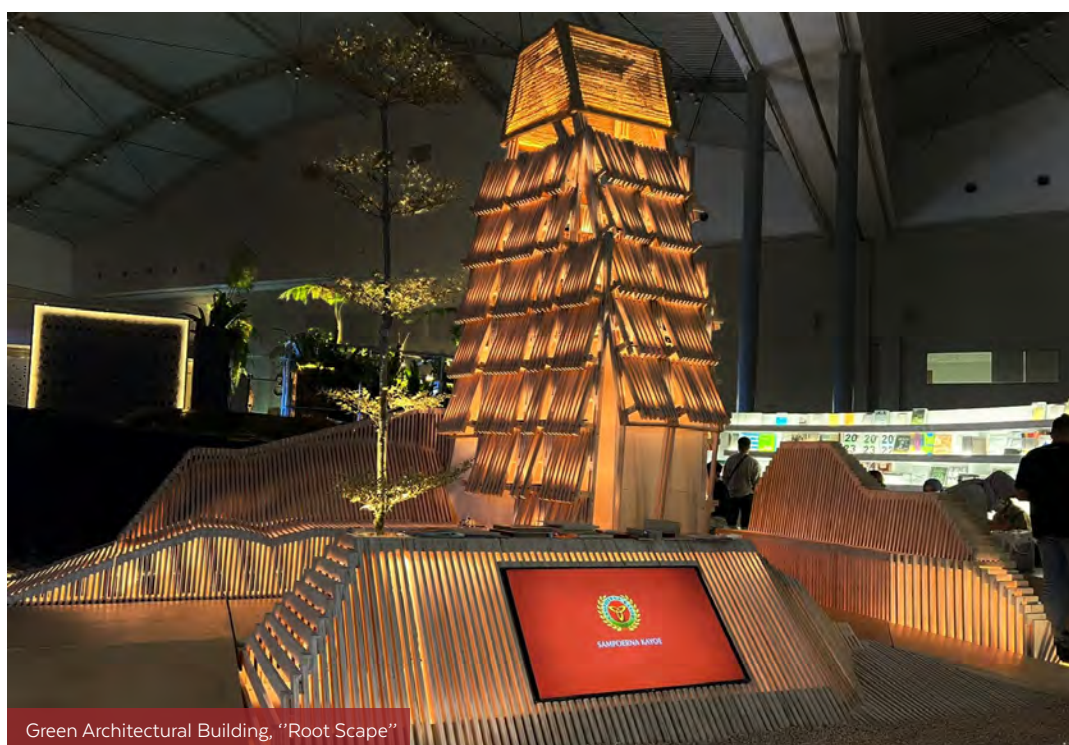
The third-party certifications applied provide added value for the traceability of materials in the Company's products and ensure responsibly managed sources. The Company considers these efforts crucial to meet the needs of stakeholders, ensuring the legality of products throughout the value chain. SAMKO's certifications not only demonstrate compliance with regulations but also signify a contribution to customers seeking to fulfil responsible procurement obligations and targets.

Plant	Jambi				Balaraja		
Key Products	Plywood	Plywood	New Wood (LVL, Deck)	Film Face Plywood	Plywood	New Wood	Housing Part
Brand	BIRCH	FORTUNA	HEVEA	HEVEAPLEX	BIRCH, PALEM	HEVEATECH	EZZY/NEVY DOOR
Product Quality							Airborne Sound Insulation
							Fire Resistance Level
							
Chain of Custody		FSC-CoC	FSC-CoC				
							
Quality Management System							
Environmental Management System							
Others							

Plant	Semarang	Purbalingga	Jombang	Mangole
Key Products	Plywood	Plywood	Plywood	Wood Pellet
Brand	BIRCH, TUNAS	PALEM, TUNAS	BIRCH, PALEM, TUNAS	All Wood Pellet
Product Quality				
				
				
Chain of Custody				
	FSC-CoC		FSC-CoC	PEFC-CoC
			FSC-SLIMF	

In terms of quality and legality, Company facilities have implemented the Indonesian Timber Legality Verification System (VLHHK). VLHHK certification is recognized in European Union (EU) countries, and the Indonesian government continues to advocate for broader recognition in other markets. Therefore, VLHHK certification across all SAMKO’s facilities and related documents, such as export permits and V-Legal Documents, have undergone and complied with thorough testing processes under the EU Timber Regulation (EUTR). This is carried out in accordance with Indonesian law and aims to meet the import product requirements of the European Union (EU) for plywood-based products. [2-28, 417-1]

In addition to product certifications, the Company ensures that products and operations comply with global quality standards and environmental management, as evidenced by other certifications obtained, such as ISO 9001 Quality Management System and ISO 14001 Environmental Management System. This serves as a supporting factors in maintaining a zero-case record for incidents related to legal certification requirements, non-compliance related to marketing communications, and product information and labelling. [417-1, 417-2, 417-3]



Green Architectural Building, “Root Scope”

Improving Our Environmental Performance



SAMKO acknowledges the importance of managing environmental impacts that may arise from its activities. Therefore, to avoid hazards to the community and the surrounding environment operations are conducted safely. Additionally, the Company is committed to actively initiating actions and efforts to reduce impacts to the planet. The Company's contribution to environmental conservation is also reflected in its participation in the Public Disclosure Program for Environmental Compliance (PROPER), developed by the Ministry of Environment and Forestry of the Republic of Indonesia. Through Company assembly plants in Balaraja and Jambi, the Indonesian government monitors, evaluates, and assesses environmental management performance. Compliance with government standards and guidelines related to environmental management earned the Company the PROPER Blue rating in 2020. [2-27, 417-1]

Aligned with the Sustainable Target, Sampoerna Kayoe continues to improve performance in waste, water, energy, and emission management.

Energy

[302-1, 302-2, 302-3, 302-4, 302-5]

SAMKO continues to identify areas for improving energy efficiency across all operations. As part of efforts to reduce dependence on fossil fuels, renewable energy is utilized. SAMKO's energy needs are mostly dominated by the use of electricity purchased from external suppliers. [3-3]

Energy is managed by monitoring annual consumption, with consumption calculations summing the volume of energy sources used and converting them into Gigajoules (GJ) based on the International Energy Agency (IEA) conversion.

Indirect energy from electricity was recorded at 145,624.63 GJ. In 2023, we recorded renewable energy usage sourced from solar panels at 8,967.91 GJ. Cumulatively, the total energy output from solar panels until 2023 reached 4.6 million kWh or equivalent to 16,520.86 GJ. Excess kWh is channelled to PLN, which will then distribute it to other customers. This scheme will enable other PLN customers to also utilize renewable energy.



Energy Source	Unit	2023	2022	2021
Direct Energy				
Fuel	GJ	38,667.69	44,319.99	82,526.20
Indirect Energy				
Electricity	GJ	145,624.63	195,140.24	206,935.22
Total	GJ	184,292.32	239,460.23	289,461.42

* Diesel fuel consumption is measured in liters, with a conversion factor of 1 liter = 0.0387 GJ
Electricity use is measured in kWh, with a conversion factor of 1 kWh = 3.6 MJ (WRI, 1987)

Description	Unit	2023	2022	2021
Total Energy Consumption	GJ	184,292.32	239,460.23	289,461.42
Total Production	m ³	469,494	669,514	714,037
Energy Intensity	GJ/m ³	0.393	0.358	0.405

Contribution to the Development of New and Renewable Energy (NRE)

As a concrete step towards reducing global emissions, SAMKO supports the transition to NRE. Currently, solar photovoltaic with a capacity of 1.2 MWp and 0.54 MWp at two factories in Jombang Regency, East Java is being managed, producing 4.6 million kWh of energy, with emission avoidance equivalent to 2,179 tCO₂e to date.

Water and Effluent

[303-1, 303-2, 303-3, 303-4, 303-5]

The risk of water scarcity due to climate change is a serious challenge faced by many regions worldwide. Although Indonesia is not currently experiencing water shortages and our operations are not directly affected by this global challenge, Sampoerna Kayoe recognizes the importance of water management to reduce the impacts of water usage. [3-3]

Optimizing water use in production and efficiently treating wastewater are principles in the Company's water management. In managing liquid waste, legislation or regulations on liquid waste management are referred to, namely:

- Industrial Liquid Waste Regulation Ministerial Decree No. 4 of 2014 (Appendix VII) for Plywood Companies
- Domestic Liquid Waste Regulation Ministerial Regulation No. 68 / Men.LH / 2016 (Appendix 1)

The water usage process in Company operations starts with drawing water from water sources into storage and then distributing it for operational purposes. Operational needs are divided into two categories: industrial and domestic, with waste generated from both industrial and domestic activities processed at the Wastewater Treatment Plant (WWTP). The processed wastewater from industrial and domestic sources discharged into the environment undergoes testing by an accredited independent laboratory, conducted monthly. For domestic wastewater that is not treated at the WWTP, licensed third-party waste treatment facilities are used.

Water consumption performance is measured and monitored, with water used in operational activities drawn from groundwater and river water. No water stress areas in water intake have been detected. Measurement of water withdrawal and consumption is calculated using flow meters.

Water Withdrawal Source	Unit	2023	2022	2021
Groundwater	m ³	474,679	667,395	619,386
River Water	m ³	385,266	521,078	493,293
Total	m³	859,945	1,188,473	1,112,679

Water Consumption	Unit	2023	2022	2021
Industrial	m ³	702,722	889,981	765,084
Domestic	m ³	171,553	299,492	347,595
Total	m³	874,275	1,189,733	1,112,679

Various initiatives have been undertaken to reduce clean water consumption and improve water efficiency, and the level of water recycling has been increased by reusing water to support operational activities, such as in the log pond area. The recycled water consumed during the reporting period was 45,928 m³.

Description	Unit	2023	2022	2021
Recycled Water	m ³	45,928	46,492	37,210

Industrial wastewater treatment refers to Ministerial Decree No. 5 of 2014 (Appendix VII), and domestic wastewater testing refers to Regulation P.68 of 2016 (Appendix 1). Wastewater Management uses WWTP facilities that must meet the technical requirements set by the government and record their water inflow and outflow rates, as well as daily pH and temperature measurements.

The calculation of wastewater discharged into the environment is calculated using flow meters (in accordance with WWTP technical requirements) and recorded daily. The quality of treated wastewater is also monitored, to comply with the specified discharge standards. In case of non-compliance or deviation from the standards, corrective measures are taken in the WWTP treatment process, followed by laboratory retesting. During the reporting period, there were no tests for dissolved solids, and no spills of hazardous waste were recorded.

Wastewater Discharged		Wastewater Volume		
		2023	2022	2021
Industrial	m ³	103,756	83,313	78,469
Domestic	m ³	93,215	234,773	347,615
Total	m³	196,970	318,087	426,084



Waste

[303-2, 303-4, 306-1, 306-2, 306-3, 306-4, 306-5]

Taking responsibility for environmental sustainability and any impact on the environment, Sampoerna Kayoe strives to manage resources and reduce waste throughout its operations. The waste generated from manufacturing processes is categorized as hazardous waste (B3) and non-hazardous waste (non-B3). [3-3]

Waste management refers to:

- Government Regulation No. 22 of 2021 concerning the Implementation, Protection, and Management of the Environment
- Ministerial Regulation No. 06 of 2021 concerning Procedures and Requirements for the Management of Hazardous Waste (B3)

SAMKO carefully manages hazardous waste to prevent pollution and safety hazards, following Government Regulation No. 101 of 2014. Some solid wastes are categorized as hazardous waste, such as used adhesives, contaminated packaging, neon lights, used drums, and grinding residues. Meanwhile, non-hazardous waste may include wood, plastic, metal, tying cords, and organic or inorganic waste from human use. Non-hazardous waste management is typically not directly disposed of but reused in other forms.

The total hazardous waste generated during the reporting period was 1,172.62 tons, a decrease of 16.44% compared to 2022. Additionally, there was also a decrease in non-hazardous waste generation by 23.69% compared to previous year.

Control of Hazardous Waste Disposal refers to Government Regulation No. 22 of 2021, which includes storing hazardous waste in licensed TPS facilities, collaborating with licensed transporters, and using licensed destroyers or recyclers, each equipped with respective Memorandum of Understanding (MoU) or establishing a Tripartite MoU.

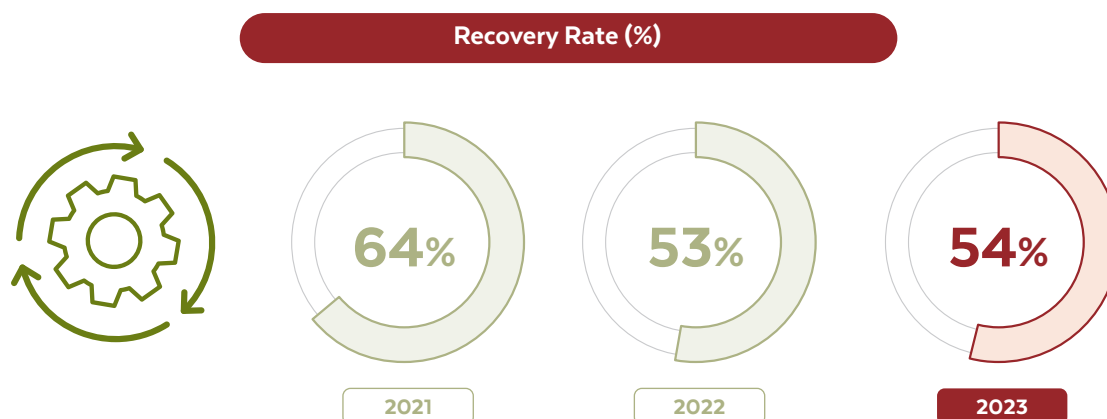
Waste Type	Processing Method	Unit	Volume Generated		
			2023	2022	2021
Hazardous Waste					
Used glue	Transported by licensed third parties	Tons	1,111.02	1,347.01	1,008
Oil			44.07	9.48	5.61
Contaminated packages			3.66	41.54	4.98
Medical waste			0.01	2.11	0.52
Fluorescent lamp			0.27	-	-
Drum			2.75	0.13	0.05
Oil filter			0.04	2.52	2.62
Accu			-	0.08	0.7
Resin/lab waste			-	0.39	0.35
Rotary knife gram			10.80	-	-
Total Hazardous Waste					1,172.62

Waste Type	Processing Method	Unit	Volume Generated		
			2023	2022	2021
Non-Hazardous Waste					
Wood waste	Reused	Tons	229,497.64	294,050.76	398,779.39
	Discharged		72,425.64	101,617.64	906,341.31
Total Non-Hazardous Waste			301,923.28	395,668.40	1,305,120.70

Wood Waste	Unit	2023	2022	2021
Incineration	Tons	229,497.64	294,050.76	398,779.39
Landfill	Tons	72,425.64	101,617.64	906,341.31
Total	Tons	301,923.28	395,668.40	1,305,120.70

Hazardous waste monitoring is conducted rigorously in accordance with government regulations. Non-recyclable hazardous waste must be destroyed, including cases of wastewater treatment, used glue, used forklift engine oil, and contaminated packaging such as jerrycans and air filters. Procedures for handling oil waste generated from production machinery involve temporary hazardous waste storage before being handled by licensed third-party waste processors.

In line with environmental priorities, implementation of the 3R (Reduce, Reuse, Recycle) principle has been enhanced, increasing the recovery rate and minimizing waste generation. Wood waste is also reused as pallets, and if the wood waste is damaged, it is used as firewood. Additionally, metal waste is typically repurposed for manufacturing other equipment such as patchwork and roofing.



SAMKO's commitment to waste management is also reflected in the Banyumas plant, which utilizes bamboo as a durable material for pallet manufacturing, enabling the plant to avoid expenses for building materials. During the reporting period, no complaints were received related to alleged pollution and no sanctions related to alleged environmental management violations.

Emissions

[305-1, 305-2, 305-3, 305-4, 305-5, 305-6]

Sampoerna Kayoe is determined to continuously increase the proportion of renewable energy sources for energy consumption to reduce carbon emissions. Through solar power facilities, SAMKO has become the first plywood company in Indonesia to transition to using renewable energy. However, continuing efforts to reduce carbon intensity is the focus. [3-3]

As part of the Company's environmental management compliance, emissions are regularly monitored and managed with certified third parties under government regulations, including:

1. Air Emissions Control
2. Hazardous Waste Management Control
3. Liquid Waste Control

To manage its emission footprint, SAMKO considers it essential to be understood and measured. Therefore, in 2023, a greenhouse gas (GHG) emissions inventory up to Scope 3 was conducted. Scope 3 emissions calculations include Category 1 Purchased Goods from purchased paper and Category 9 Business Travel. Scope 1 from fuel consumption and Scope 2 from electricity usage were also calculated. No calculations were made for biogenic CO₂ emissions and ozone-depleting substances (ODS). All GHG emission calculations come from operational activities covered in the sustainability report, where GHG emission calculations use the Intergovernmental Panel on Climate Change (IPCC) guidelines.

Fuel emission factors use the GHG Emission Inventory for the Energy Sector of the Ministry of Energy and Mineral Resources (ESDM) 2020. Meanwhile, electricity emission factors use emission factors from the Directorate of Electricity of the Ministry of Energy and Mineral Resources for 2019. As for the emission factor of purchased paper, it refers to the Bioresources life cycle carbon footprint analysis of pulp and paper.

The total emissions from scope 1 and 2 generated during the reporting period were 38,813.46 tCO₂e.

Description	Unit	2023	2022	2021
Scope 1	tCO ₂ e	2,864.00	3,282.65	6,112.47
Scope 2	tCO ₂ e	35,949.46	48,772.37	51,735.60
Total Scope 1 and 2 Emissions	tCO₂e	38,813.46	52,055.02	57,848.07

We have also calculated the Scope 3 emissions from purchased goods and business travels in 2023 as follows:

Description	Unit	2023
Purchased Goods	tCO ₂ e	10.63
Business Travels	tCO ₂ e	470.19

We calculated emission intensity by adding up the Scope 1 and 2 emissions, then dividing it by the total production in m³ as the denominator. The GHG emission intensity in 2023 was 0.083 tCO₂e/m³.

Description	Unit	2023	2022	2021
Total Scope 1 and 2 Emissions	tCO ₂ e	38,813.46	52,055.02	57,848.07
Total Production	m ³	469,494	669,514	714,037
Total Scope 1 and 2 Emissions	tCO ₂ e/m ³	0.083	0.078	0.081



SAMPOERNA KAYOE

Social



Employee Welfare



SAMKO understands the integral role of its employees in driving business sustainability and places a strong emphasis on employee welfare, which extends beyond ensuring basic rights to encompass providing a fulfilling work experience characterized by recognition, safety, comfort, and fairness. Through comprehensive benefits, a focus on health and safety, a conducive work environment, opportunities for career growth, and continuous training and development, the diverse workforce becomes empowered, fostering a culture of inclusivity and mutual success. [3-3]

Our people

SAMKO believes in the power of diversity within the workforce, actively encouraging an inclusive environment that values employees from various backgrounds, cultures, and experiences. In this regard, SAMKO is committed to providing equal opportunities for all, regardless of age, gender, race, religion, or nationality, and strongly opposes any form of discriminatory practices. [3-3]

There are numerous challenges to be faced in the development of remote areas, and as a labor-intensive company, SAMKO committed to prevent incidents of forced and child labor, implementing stringent policies that align with

the prevailing labor laws which govern working hours and the minimum age of employees. According to Indonesian labor laws and regulations, working hours are set at 40 hours per week or seven hours per day over six working days, and eight hours per day for five working days. [408-1, 409-1]

In addition, the Company strictly adheres to regulations prohibiting the employment of individuals under 18 years of age, in line with International Labor Organization (ILO) standards and Indonesian legislation. The Collective Labour Agreement further promotes these principles by prohibiting discrimination, forced labour, and child labour. SAMKO promotes its business development through the principles of integrity, transparency, and professional conduct, in alignment with government regulations. [408-1, 409-1]

Employee Composition

In SAMKO’s human resources management policy, all employees are hired on a full-time basis, reflecting a commitment to providing stable and consistent employment opportunities. SAMKO also extends its commitment to individuals from diverse backgrounds, including the local community, without discrimination, and demonstrates its dedication to gender equality, as seen in the composition of female workers. [2-7, 2-8, 3-3]

The following data illustrates SAMKO’s employee composition, obtained from the Human Resources Division. [2-7, 405-1]

Number of Employees Based on Employment Status

Employment Status	2023		2022		2021	
	Male	Female	Male	Female	Male	Female
Permanent Employees	6,537	784	6,983	817	7,195	823
Contract Employees	2,871	53	3,509	198	3,745	218
Total	9,408	837	10,492	1,015	10,940	1,041

Number of Employees Based on Employee Category

Employee Category	2023		2022		2021	
	Male	Female	Male	Female	Male	Female
Full-time Employee	9,408	837	10,492	1,015	10,940	1,041
Part-time Employee	-	-	-	-	-	-
Total	9,408	837	10,492	1,015	10,940	1,041

Number of Employees Based on Work Area

Working Areas	2023		2022		2021	
	Male	Female	Male	Female	Male	Female
Head Office	489	145	635	161	510	158
Muaro Jambi Branch/Unit	696	230	712	242	716	245
Jombang Branch/Unit	3,433	23	3,942	24	4,071	2
Semarang Branch/Unit	1,628	-	1,821	-	1,970	-
Tangerang Branch/Unit	1,406	6	1,421	3	1,634	6
Purbalingga Branch/Unit	568	-	615	-	683	-
Luwu Branch/Unit	983	420	1,217	582	1,356	630
Mangole Branch/Unit	205	13	129	3	-	-
Total	9,408	837	10,492	1,015	10,940	1,041

Number of Employees Based on Age Group

Age Group	2023		2022		2021	
	Male	Female	Male	Female	Male	Female
18-30	954	109	1,543	169	2,412	219
31-40	4,718	328	5,358	377	5,525	394
41-50	3,031	363	2,919	430	2,475	403
> 50	705	37	672	39	528	25
Total	9,408	837	10,492	1,015	10,940	1,041

Number of Employees Based on Designation Level

Designation Level	2023		2022		2021	
	Male	Female	Male	Female	Male	Female
Directorate Head	8	-	8	-	8	-
Division Head	28	7	26	7	23	5
Department Head	136	29	132	27	119	26
Area Head	322	43	320	44	309	41
Team Leader	1,119	131	1,118	134	1,074	114
Non-Staff	7,795	627	8,888	803	9,407	855
Total	9,408	837	10,492	1,015	10,940	1,041

In 2023, the Company actively recruited new employees to support its business expansion and fill vacancies left by resigning employees. Below are the details of the composition of new employees: [3-3]

Number of New Employees Based on Gender [401-1]

Gender	2023	2022	2021
Male	690	382	175
Female	15	39	4
Total	705	421	179

Number of New Employees Based on Age Group [401-1]

Age Group	2023	2022	2021
< 31 years old	305	246	85
31-40 years old	290	122	48
41-50 years old	93	39	28
> 50 years old	17	14	18
Total	705	421	179

SAMKO experiences employee turnover, which refers to the rate at which employees leave the company and are replaced by new hires. Employee turnover occurred due to various reasons such as retirement, downsizing of unit affiliation and career changes. In 2023, the Company recorded a turnover rate of 20.3%. [401-1]

Employee Rights

In the context of fulfilling employee rights, SAMKO adheres to national labor laws and government regulations, ensuring that wages and remuneration are paid, with no difference in salary ratios between male and female employees. Wages are adjusted to meet the minimum wage set by the provincial government in each operational location, and SAMKO also provides benefits such as health insurance, Government Health Insurance (BPJS Kesehatan), Government National Social Security (BPJS Ketenagakerjaan), pension funds for permanent employees, maternity leave, and maternity benefits. In 2023, the Company recorded 33 female workers taking maternity leave, with 32 of them returning to work, resulting in a return-to-work rate of 97%. [3-3, 401-2, 401-3, 405-2]

In addition to fostering the development of career-supporting competencies among employees, SAMKO offers opportunities to acquire valuable retirement skills with a Hobbyist Club aimed at assisting employees in selecting beneficial retirement skills, with expert instructors providing training and education.

To safeguard employee welfare, SAMKO ensures employees have the freedom to associate, adhering to the provisions outlined in the Collective Labor Agreement (CLA). The Company guarantees fair employee relations and upholds the freedom to join a union. With labor unions operating on a voluntary basis, participation rates among units with active unions range from 49% to 98%. [2-30]

Professional Development

Employee training is essential to the success of any business, and the skills which SAMKO develops through training and development programs also enhance competence and competitiveness that aid in achieving career and company goals. [3-3]

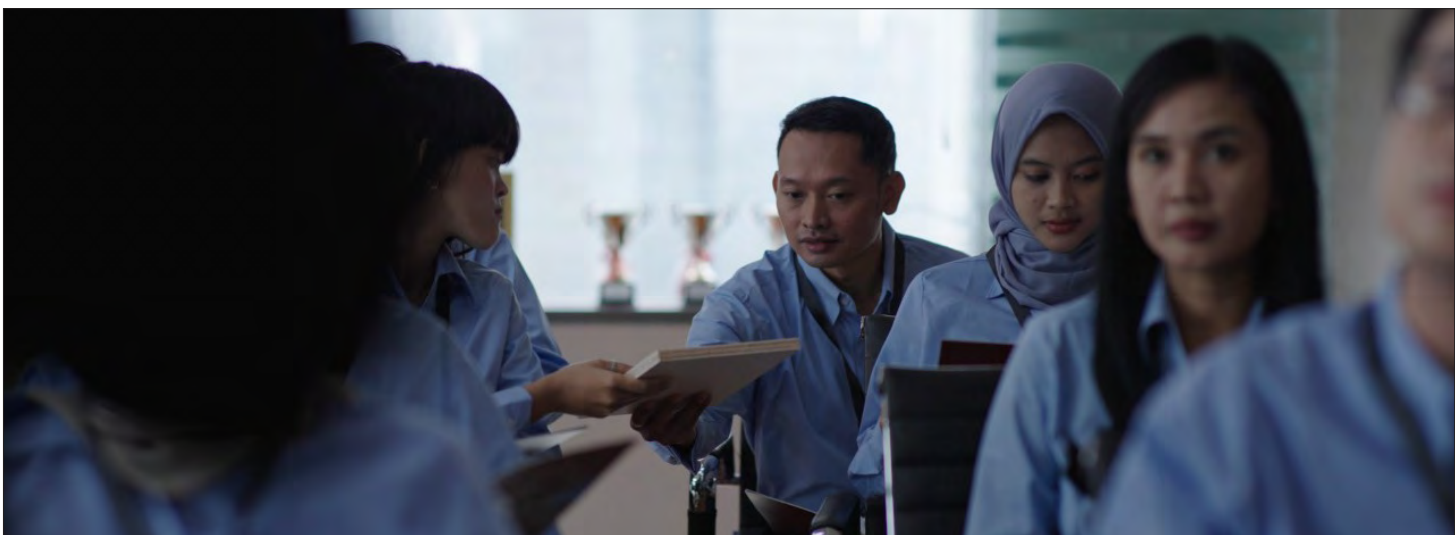
In addition to competence, the Company realizes that character development is an important factor in driving business growth. SAMKO focuses on developing soft skills and managerial skills for leaders to maximize capabilities, optimize performance, and strengthen effective and inclusive teamwork in each division. [404-1]

Performance reviews serve as a crucial element in evaluating employee performance and guiding decisions related to compensation, rotation, or transfer of employees. Performance appraisals are undertaken to identify relevant training opportunities that enhance employee performance for all employees, irrespective of gender, and at every position level. However, no performance evaluation was carried out in 2023. [3-3, 404-3]

The Company has calculated the average hours of professional development received by employees based on their designation level as follows: [404-1]

Designation Level	2023		
	Grand Total Duration (Hours)	Grand Total Audience (Persons)	Average Hours
Directorate Head	106	216	0.491
Division Head	896	1,775	0.505
Department Head	3,346	6,856	0.488

Designation Level	2022		
	Total Duration (Hours)	Total Audience (Persons)	Average Hours
Directorate Head	113	51	2.216
Division Head	1,847	1,554	1.189
Department Head	9,757	9,802	0.995



In addition to professional development, the Company conducts training for field workers, focusing on managerial skills, technical expertise, and functional capabilities. Technical skill training is tailored to site-specific requirements in accordance with ISO regulations and mandatory professional licenses, including HSE Training and Certification, Education and Training of Forest Management Technical Personnel (GANISPH), and Internal HSE induction. [404-2]

Table of Employee Training Held During the Reporting Period [404-2]

Name of Training	Date of Training
HSE Training	January 24-26, February 1-4, June 6-7, July 4-7, July 20-21, August 1-4, September 5-6, September 13-14, October 10-11, November 7-8, November 14-15, 2023.
GANIS	May and October 2023

From the training sessions provided, the Company recorded the average training hours as follows:

Gender	Unit	2023
Male	Hour	872
Female	Hour	130

Designation Level	Unit	2023
Senior Manager	Hour	30
Manager	Hour	83
Staff	Hour	896
Non-Staff	Hour	3,346



Occupational Acceleration Program (OAP) ^[404-2]



The Operation Acceleration Program (OAP) was initiated by SAMKO in early 2018, strategically designed to cultivate a cadre of robust, competitive human resources imbued with strong leadership qualities and an unwavering determination to deliver the highest level of production outcomes, playing a pivotal role in shaping sustainable plywood production operations. In 2023, the OAP achieved a success rate of 53.8%, with 13 participants completing the program and 7 becoming Department Heads. The OAP successfully organized training and development as follows:



In 2024, the OAP intends to launch a new cycle across all units, including the Project on Plantation & Manufacturing Plant in Mangole, North Maluku. The focus will be on providing diverse training tailored to individual needs, regular coaching sessions for professional development, and networking opportunities with senior leaders, program alumni, and industry professionals. Additionally, strategies will be developed to retain top-performing trainees post-program, potentially including career advancement opportunities, competitive compensation, and clear progression paths.

“The OAP developed my mindset and got me used to thinking outside the box in finding solutions.”

I joined OAP Sampoerna Kayoe in 2020 and the experience was truly extraordinary. Becoming a leader in a factory is complex but very challenging. The OAP developed my mindset and got me used to thinking outside the box in finding solutions. It also increased my regional language skills (primarily Javanese). The OAP is an excellent program that prepares the Company’s next generation, as the challenges ahead will be even higher, and we need to accelerate to face them!

Thank you, OAP!

Sri Maryani Saputra
OAP as Dept. Head PPIC - SGS Butuh

ENGINEER TRAINEE: “A CONCEPT”



The Engineer Trainee program at SAMKO is designed to fulfil internal manpower needs for skilled maintenance across all units. Participants are newly hired individuals who meet HR criteria, and the program spans two years. Its objectives include preparing maintenance personnel at the Area Head level with the necessary knowledge and skills, fulfilling internal skilled personnel needs, creating future area leaders within the organization, and meeting skilled maintenance resource needs across all factory units. The program comprises three steps: Classroom Theoretical Training (5 weeks), On-The-Job Training 1 Practical-Rotation (11 months), and On-The-Job Training 2 Specialty Training (1 year).

Testimonial From Our Trainee



“Don’t be the best, be better.”

Sampoerna Kayoe is my first experience working in the plywood manufacturing industry.

I am very happy as a trainee engineer, and it is an honor for me to work for this company. With the program, the company offers advantages that other companies do not, such as helping us to learn hard and soft skills and have a chance to advance within the Company.

I was given special training directly by senior engineers, including electrical, mechanical, boiler and heavy equipment.

This was a valuable experience for me, as I am now a senior engineer in the electrical fields of Programmable Logic Control, wireman, total productive maintenance, and work safety.

Samsi Adi Pramono
Engineer Trainee-Electrical Engineering

Occupational Health and Safety (OHS)

Implementation of OHS Management System [403-1, 403-7, 403-8]

Creating a safe work environment for stakeholders, including employees, contractors, local communities, and visitors, is of the utmost importance, and SAMKO has established comprehensive operational health and safety policies to protect workers from potential hazards with the OHSMS aligned with existing laws and regulations, covering: [3-3, 403-1]

1. Law Number 1 of 19709 on Work Safety;
2. Regulation of Minister of Manpower Number 4 of 1987 on Occupational Safety and Health Advisory Committee (P2K3);
3. Regulation of Minister of Manpower Number 5 of 1996 on Occupational Health and Safety Management System; and
4. Law Number 13 of 2003 on Manpower.

OHSMS implementation is outlined in Government Regulation Number 50 of 2012. This serves as a tangible measure to guarantee employee safety, eliminate hazards, and reduce the risk of work-related accidents and illnesses for both employees and other parties involved in the Company's work processes. [3-3, 403-1]

OHS practices are also stipulated in the Collective Labor Agreement, representing a shared responsibility to achieve zero accident and zero fatality targets in all SAMKO operations. Implementation of the OHSMS encompasses health, safety, and environmental (HSE) management through the implementation of SOPs set by management. The SOPs include: [3-3, 403-1]

- Procedures for Occupational Safety and Health;
- Procedures for Hazard Source Identification, Risk Assessment, and Contract Review;
- Procedures for Emergency Preparedness and Response;
- Procedures for Fire Handling;
- Procedures for Monitoring and Measurement;
- Procedures for Material Processing and Transfer;
- Procedures for Communication and Consultation; and
- Procedures for Design Review.

SAMKO's OHSMS covers all workers, activities, and work areas including other parties with an interest in the Company. As part of this system, occupational safety and health procedures are carried out by providing routine briefings at the start of work and disseminating them on a weekly and monthly basis. Guests and contractors are also provided with an introduction to the factory area which includes hazards and facilities related to occupational safety and health procedures while on company property, in addition to equipping the entire factory with visual banners and posters, SOPs and work instructions in each factory area. [3-3, 403-1, 403-7]

The Company also provides personal protective equipment (PPE) in accordance with occupational safety and health standards, including masks, gloves, and protective goggles, which are routinely checked for appropriateness and availability. Compliance checks are also conducted with all employees working in high-risk areas. [403-7]

The following is the number of employees covered by the occupational health and safety management system.

[403-8]

Description	2023	2022	2021
Employee	10,245	11,507	11,981
Outsourcing Employee	863	926	907
Partners	6,274	8,098	7,766
Total	17,382	20,531	20,654

Hazard identification, Risk Assessment, and Incident investigation [403-2]

Consistently identifying work-related hazards and assessing risks is a crucial and fundamental step in implementing OHS at the workplace. Through integrated SOPs within the OHSMS, SAMKO conducts hazard source identification, risk assessments, and control studies to establish appropriate goals and objectives for OHS-related activities.

The Company defines work-related hazards that pose a risk of accident with a high degree of consequence based on the identification and assessment of hazards and risks. The process of determining a hazard can be based on the possibility and impact of that hazard on workers, tools and goods, and the cost incurred to mitigate it.

Types of work-related hazards with a high degree of consequence are chemical hazards, physical hazards, and mechanical hazards. Hazards caused by chemicals which, if inhaled or in contact with the skin, may cause harmful effects, such as combustion smoke, liquid or gas. Physical hazards are dangerous temperatures, namely too cold or too hot, insufficient or excessive lighting that can interfere with vision, and noisy equipment that can interfere with hearing. Finally, mechanical hazards potentially come from moving objects or processes that can cause collisions, cuts, punctures, scratches, or falls. [403-9]

SAMKO identifies and assesses work-related hazards and risks based on the number of workers experiencing health problems due to their tasks. Noise exposure levels and their impact on health (measured by noise levels below 85 decibels (dB) or hours of exposure) indicate potential health hazards. Additionally, dust in the factory poses respiratory risks. Following risk assessment, the Company prioritizes medium and high-risk categories in the annual occupational health and safety plan, which includes goals, objectives, and programs. At year-end, an evaluation of occupational health and safety procedure performance is conducted.

The approach to workplace safety encompasses a multifaceted strategy aimed at eliminating hazards and minimizing risks to ensure the well-being of employees. This strategy is reflected in comprehensive safety programs, which include scheduled safety training sessions, pre-work safety briefings, the strategic placement of safety signs, continuous monitoring of high-risk tools and machinery, and regular hazard patrols. For noise hazards, the Company optimizes machine maintenance, provides an operator station that can be isolated from the machine, and provides PPE in the form of ear defenders, ear plugs, or adjusting the noise level. For dust-related hazards, the Company routinely carries out cleaning of the machine and factory environment and maximizes the suction function of the blower to the powder storage and equips workers with masks while working. [403-10]

SAMKO respects the right of employees to refuse and leave work situations that are believed to pose a risk to safety and health. This is permissible as long as it is reported to superiors, work supervisors, or the occupational health and safety unit. The Company guarantees confidentiality and provides protection for employees who report risky and dangerous conditions so that they avoid pressure or retaliation resulting from the report.

To optimize the results of the process of identifying hazards and risks related to work, the Company encourages all employees to contribute by reporting any findings, input, or complaints related to work and hazardous situations. Employees can immediately report hazards in their work areas directly to supervisors or indirectly through the hazard identification application. Afterwards, the supervisor immediately stops the work and takes steps to eliminate the reported hazards. Every report or input from employees related to occupational health and safety procedures to incidents of work accidents or near misses that occur will be followed up with an investigative process to find the cause of the problem. Through an investigative process, the Company makes recommendations for short-term (corrective action) and long-term (system improvement) actions. [403-2]

Occupational Health Services [403-3, 403-6]

OHSMS implementation provides essential health services and ensures health insurance coverage for all employees. The Company provides health services in the form of clinics at each of its main factories, such as Luwu Factory, Jombang Factory, Jambi Factory and Balaraja Factory. Clinics are also available at several affiliated factories such as East Luwu Factory. SAMKO also works closely with hospitals around the operational area. Apart from being one of the measures to deal with work accidents and work-related illnesses, the health facilities the Company provides function as an initial health check for new workers and regular health surveillance every year. These measures are part of the process of identifying and eliminating hazards and minimizing risks related to occupational health and safety. [403-3]

Health insurance provided to employees is in the form of the government's BPJS Kesehatan and a health insurance program in collaboration with private health insurance. Insurance can be used by employees to stay healthy as a mitigation measure to eliminate risks of work-related illnesses and improve the quality of employee health. Every employee can also take medication privately at the hospital designated by the Company and the costs will be borne by the Company. [403-3, 403-6]

Worker Participation, Consultation, and Communication on OHS [403-4]

To build a safe, conducive and proper workplace, ensuring the fulfilment of safety and health aspects, SAMKO develops, implements and evaluates the applied OHSMS. The Company also participates and consults with workers in operational areas. [403-4]

Participation and consultation procedures are one of the basic requirements in implementing OHSMS, discussing the scope, procedures, documentation, and follow-up of occupational health and safety. [403-4]

Based on the Regulation of Manpower Number 4 of 1987 on the Occupational Safety and Health Advisory Committee (P2K3) and procedures for appointing general occupational health and safety experts, SAMKO has a P2K3 structure whose task is to provide advice and considerations, whether requested or not, to management or administrators regarding occupational health and safety issues with the aim of developing occupational health and safety procedures. In addition, P2K3 is also responsible for implementing occupational health and safety procedures in the Company as well as being a means of communication and cooperation between management and employees in increasing effective communication and participation. [403-4]

The P2K3 structure consists of P2K3 chairperson, P2K3 secretary, and P2K3 members, each of whom has the following duties and responsibilities:

1. Duties and responsibilities of the chairperson of P2K3:
 - a. Leading all P2K3 plenary meetings or appointing members to lead plenary meetings;
 - b. Determining steps and policies to achieve the implementation of P2K3 programs;

- c. Being responsible for the implementation of occupational health and safety procedures in the company to the local district/city manpower and transmigration office through the company leadership;
 - d. Being responsible for the P2K3 programs and their implementation to the Board of Directors; and
 - e. Supervising and evaluating the implementation of occupational health and safety procedures in the company.
2. Duties and responsibilities of P2K3 secretary:
 - a. Formulating meeting invitations and minutes;
 - b. Managing the administration of P2K3 letters;
 - c. Recording data related to occupational health and safety procedures;
 - d. Providing assistance/suggestions needed by sections for the success of occupational health and safety programs; and
 - e. Making a report to the local Manpower and Transmigration Office or other agencies concerned with hazardous conditions and actions in the workplace.
 3. Duties and responsibilities of P2K3 members
 - a. Implementing programs that have been determined in accordance with each section; and
 - b. Reporting to the chairperson on the activities that have been carried out.

OHS Training [403-5]

The Company is committed to maintaining and enhancing occupational health and safety management across all SAMKO factories, through regular internal and external training sessions and seminars. Additionally, occupational health and safety briefings are conducted at the start of each work shift for all employees to identify workplace hazards and risks. SAMKO also implements health promotion initiatives to emphasize the importance of occupational health and safety for employees and their families at home. These efforts educate employees on accident prevention and maintaining a healthy and safe environment, particularly in the workplace. In 2023, SAMKO conducted several trainings such as Internal HSE trainings.



OHS Performance [403-9, 403-10]

The hazards and the risks inherent in every operational activity of the Company have been identified and mitigated based on the hazard control hierarchy and the level of risk has been reduced to a level tolerated by management. Based on its policy, SAMKO consistently records and calculates work accidents and occupational illnesses using established procedures, with the results utilized as valuable evaluation materials to enhance the quality of occupational health and safety aspects within the Company.

Table of Occupational Health and Safety Performance Related to Work Accidents [403-9]

Description	2023		2022		2021	
	Number of Cases	Number of Working Hours Lost	Number of Cases	Number of Working Hours Lost	Number of Cases	Number of Working Hours Lost
Minor Injury	339	-	441	-	479	-
Moderate Injury	64	1,365	127	3,048	68	1,632
Serious Injury	12	1,169	26	1,456	17	952
Fatality	-	-	2	-	-	-
Total	415	2,534	596	4,506	564	2,584
Available Hours	108,000		102,000		102,000	
% Hour Lost	2.35%		4.42%		2.53%	

Table of Operational Health and Safety Procedure Performance Related to Occupational Illnesses [403-10]

Description	2023	2022	2021
Number and rate of fatality as a result of occupational illnesses	-	-	-
Number and rate of occupational illnesses that can be recorded	-	-	-
Main types of occupational illnesses	-	-	-

Community Engagement

[413-1, 413-2]



Collaboration and dialogue with operationally linked communities fosters mutual understanding, addresses concerns, and empowers individuals, making engagement fundamental to success. By empowering communities with resources, knowledge, and opportunities, the aim is to create a positive social impact and contribute to overall well-being. [3-3]



SAMKO's Environmental Development and Sustainability Department collaborates closely with relevant stakeholders, developing local social partnership programs that align with community engagement strategies and goals. Programs are designed to encompass various aspects such as economic, environmental, educational, health, and social interdependencies, aligning to enhance local welfare and making beneficial investments. In 2023, SAMKO successfully implemented several CSR initiatives, as detailed in the following section:

Environmental

SAMKO's CSR programs in the environmental field are designed to contribute to the preservation and improvement of the natural environment. In 2023, SAMKO distributed plant seeds to villages and communities, including the Pollution Control and Environmental Damage Control Division (PPKLN) of the Purbalingga District Environmental Agency (DLH). SAMKO also participated in a joint planting program with the community from Banjarnegara Forestry Service Branch (CDK) to the Rejo Mukti Farmer Group in Timbang Village, Kejobong Subdistrict. Furthermore, SAMKO provided water assistance in Patemon Village. Through these activities, SAMKO contributes positively to environmental preservation and community well-being.



Group Site Affiliation:
Banyumas, Butuh, Purbalingga, Luwu



Construction

SAMKO's CSR activities in the construction field are pivotal in advancing sustainable development, improving community infrastructure, and creating an environment conducive to social interaction. In 2023, SAMKO made notable contributions, including enhancing public facilities through building renovations, conducting road repairs in Noborejo Village, and establishing a volleyball field in Pasren Hamlet. SAMKO also focused on providing essential facilities and infrastructure for educational purposes. Additionally, SAMKO's efforts extended to supplying plywood for renovating public facilities such as village halls, mosques, prayer rooms, and study centers, further showcasing SAMKO's commitment to enhancing community well-being and fostering a positive societal.



Group Site Affiliation:

Banyumas, Karanganyar, Purbalingga, Banyuwangi, Jombang, Pundong, Muaro Jambi, Balaraja



Health

To contribute to global health and well-being, SAMKO has established a modern blood donation facility, aligning with the commitment to promote healthy lives and well-being for all. This facility allows employees and members of the community to donate blood easily and, by providing this service, SAMKO encourages people to contribute to saving lives and support healthcare services in need of blood supplies. [3-3]



 **Group Site Affiliation:**
Jombang, Pundong, Luwu



Education

SAMKO's Education CSR program empowers individuals and communities through access to quality education and skill development opportunities, directly supporting the objectives of Sustainable Development Goal 4 (SDG 4) - Quality Education. In 2023, several programs were conducted to further this goal, as detailed below:



- Farmers Capacity Building**

SAMKO recognizes the vital role of sustainable forest management in environmental conservation and community livelihoods. To achieve this, SAMKO invests in training and capacity building programs for community forest farmers. These initiatives focus on imparting knowledge and skills related to sustainable forestry practices, such as proper land use, tree planting techniques, forest conservation strategies, and efficient resource management.

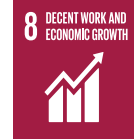
- Scholarship Program**

SAMKO values education as a fundamental driver of personal growth and societal progress. As part of its CSR commitments, SAMKO has implemented a scholarship program that provides financial assistance to deserving individuals pursuing education in their chosen fields.



Economic Empowerment

Support for community economic growth extends beyond the agricultural and forestry sectors. The Company takes an active role in engaging with local communities across various business operations, with a core focus on promoting economic empowerment. This strategic approach is evident in SAMKO's implementation of several key initiatives aimed at uplifting and supporting communities economically:



- Provision of Agricultural Tools**
 SAMKO provides farmers with essential agricultural tools to enhance farm productivity and efficiency. This enables them to produce higher-quality crops and increase the value of their products. As a result, farmers can improve their income and financial stability, contributing to their economic empowerment.
- Financial Assistance for Teachers**
 SAMKO offers financial assistance to teachers at Tunas Harapan Kindergarten Panpily.
- Support for Religious and Community Activities**
 SAMKO actively supports religious and community activities for local institutions and communities. These initiatives play a crucial role in fostering a sense of belonging and unity within local institutions and communities.
- Distribution of Essential Supplies**
 SAMKO distributes sacrificial animals and basic food supplies to the surrounding community, addressing immediate economic needs. This support not only helps alleviate financial burdens but also promotes self-reliance and sustainable economic practices.



Group Site Affiliation:

Batang, Butuh, Jember, Jombang, Pundong, Karanganyar, Kediri, Muaro Jambi, Luwu, Muara Enim, Waykanan





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GRI Content Index

Statement of Use Sampoerna Kayoe has reported the information cited in this GRI content index for the period January 1 until December 31, 2023 with reference to the GRI Standards.

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Task Force on Climate Related Financial Disclosures (TCFD) Framework

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Governance		
a	Describes board oversight of climate-related risks and opportunities	27-29
b	Describe the role of management in assessing and managing climate-related risks and opportunities	27-29
Strategy		
a	Explain the climate-related risks and opportunities the organization has identified in the shorter, medium, and longer terms	30-32
b	Explain the impact of climate-related risks and opportunities on an organization's business, strategy and financial planning	30-32
c	Describe the resilience of the organization's strategy, taking into account scenarios related to different climates, including 2°C or lower scenarios	30-32
Risk Management		
a	Describe the organization's processes for identifying and assessing climate-related risks	30-32
b	Describe organizational processes for managing climate-related risks.	30-32
c	Describe processes for identifying, assessing, and managing climate-related risks integrated into the organization's overall risk management	30-32
Metrics and Targets		
a	Disclose metrics used by the organization to assess climate-related risks and opportunities in line with their strategy and risk management processes	32
b	Disclose Scope 1, Scope 2, and, where appropriate, Scope 3 greenhouse gases (GHG) and related risks	32, 64
c	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	32



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