



SAMPOERNA KAYOE



Sustaining **PROGRESS**  
Building **IMPACT**

**SAMKO TIMBER LIMITED**

| Sustainability Report 2024



# Table of Contents

<b>3</b>	<b>THEME DESCRIPTION</b>	<b>52</b>	<b>PRODUCTION</b>
<b>4</b>	<b>BOARDS' STATEMENT</b>	54	Transforming Our Value Chain
<b>6</b>	<b>HEAD OF SUSTAINABILITY STATEMENT</b>	56	Product Certification
<b>8</b>	<b>ABOUT SAMKO TIMBER LIMITED</b>	60	Associations Members
10	Company Profile	<b>62</b>	<b>ENVIRONMENTAL MANAGEMENT</b>
11	Our Vision And Mission	64	Sustainable Forest Management
12	Where We Do Business	74	Water Interaction
		76	Waste
<b>14</b>	<b>PERFORMANCE UPDATE</b>	<b>84</b>	<b>ENHANCING SOCIAL WELFARE</b>
<b>22</b>	<b>ABOUT THIS REPORT</b>	86	Our People
<b>26</b>	<b>GOVERNANCE</b>	95	Decent And Safe Working Environment
<b>36</b>	<b>OUR APPROACH TO SUSTAINABILITY</b>	100	Community Engagement
		<b>103</b>	<b>INDEX</b>
		104	GRI Content Index
		112	TCFD Content Index

## Theme Description

### Sustaining Progress, Building Impact

Sustainability is not just about making commitments—it is about driving lasting progress and creating meaningful impact. As we present our eighth Sustainability Report, we build upon the foundation of our previous reports, reinforcing our dedication to transparency, accountability, and continuous improvement in sustainability performance.

Under the theme “**Sustaining Progress, Building Impact**”, we emphasize the importance of continuity and accountability. Progress is not a one-time achievement but an ongoing journey requiring consistent action, data-driven evaluation, and continuous refinement. Our approach is guided by national and international sustainability frameworks, ensuring that our Environmental, Social, and Governance (ESG) initiatives align with global best practices and regulatory expectations.

By adhering to established standards, we strengthen our transparency and credibility while driving meaningful change. Through innovation, collaboration, and measurable results, we are not only sustaining progress—we are shaping a lasting impact that defines the future of sustainable business.





## ADVANCING SUSTAINABLE IMPACT

Our sustainability efforts are propelled by the dedication of our people — including employees, contractors, shareholders, partners, and the communities we serve. We strive to fulfil our purpose of making a positive impact on the climate, nature, and people. This is aligned with our founding 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. We believe that a company should have the ability to collaborate and provide benefits to all stakeholders.

The Directors are proud to present Samko Timber Limited’s 2024 Sustainability Report (Samko Timber Limited herein defined as the “Company” and together with its subsidiaries as “Samko” or “Sampoerna Kayoe”). This report serves as a testament to our dedication

to transparency and accountability, showcasing our efforts to create a positive impact on the environment, our communities, and the economy. Our structured approach enables us to identify and address material ESG factors, ensuring that sustainability is not only a commitment but an essential part of how we operate. On behalf of the Company's leadership, we extend our heartfelt gratitude to everyone for their unwavering efforts and impressive results.

## EMBRACING SUSTAINABILITY

In the dynamic landscape of the processed wood industry, Sampoerna Kayoe regards sustainability as a fundamental pillar of its business operations. In 2024, we continued to make significant strides towards achieving our 2030 Sustainability Vision commitments and targets, increasingly integrating them into our operations. The 2030 Sustainability Vision encompasses four commitment pillars: Climate Positive, People, Production,

Sustainable Forestry, and Conservation. This report provides detailed updates on our progress and the challenges we face in fulfilling these commitments and targets. In line with our commitment, we have continued to invest in renewable energy sources and the application of energy-efficient technologies to reduce carbon emissions across our value chain. We have elevated our ambition by commencing the construction of additional solar power facilities at our Mangole Operations, which are scheduled for completion by early 2025. In June 2024, we completed the construction of the Java Wood Pellet factory, the largest in Indonesia, to enhance sustainability and energy efficiency, aiming to meet global market demands and support Indonesia’s net zero emission target by 2050.

We remain committed to ensuring no deforestation in our operations and throughout our supply chain. We have in place stringent due diligence procedures across our supply chain to ensure responsible wood sourcing.

## LOOKING FORWARD

As we look ahead, we are excited about the opportunities that lie before us. Our commitment to sustainability is not just a responsibility; it is an integral part of our business strategy. We are dedicated to advancing our sustainability goals, which include reducing our greenhouse gas emissions, enhancing our resource efficiency, and promoting social equity within our supply chain.

Our structured governance approach ensures that sustainability remains at the core of our strategic direction. By integrating responsible business practices into every layer of our operations, we continue to create long-term value while supporting the broader sustainability agenda.

We are fortunate to have an extraordinarily driven and committed team that shares in our purpose, principles, and core values. Sustainability continues to increasingly permeate our collective mindset and daily actions. It underpins our growth strategy and drives our transformation as we take part in fulfilling the global 2030 development agenda. Together, we can pave the way for a more sustainable future, ensuring that we leave a positive legacy for generations to come.

Thank you for joining us on this journey towards sustainability.

## SAMKO Board of Directors



# Head of Sustainability

## Statement

Dear Stakeholders,

At the core of SAMKO lies an unwavering belief in doing what is right. As a prominent player in the manufacturing of sustainable wood products, our commitment to fostering a sustainable economy, creating a positive environmental impact, and upholding social responsibility remains steadfast. Our ambitious goals and performance over the years stand as a testament to this commitment.

**“We understand that addressing climate change is essential for the future of our business and industry. SAMKO is dedicated to reaching net zero emissions by 2050 and following a path that limits global warming to 1.5 degrees Celsius.”**

As a demonstration of consistency in our sustainability commitment, SAMKO has released the 2024 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. 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), while also ensuring alignment with the SGX Core ESG Metrics 2024 to maintain

consistent and measurable reporting on key ESG indicators from the previous financial year report.

We recognize that addressing the risks and opportunities associated with sustainable development extends beyond conventional business practices. This commitment is embodied in SAMKO’s Sustainability Commitment, a policy that guides responsible business practices throughout our value chain, and the Sustainability Roadmap: Vision 2030, an organization-wide sustainability strategy. These two governance initiatives serve as the foundation of SAMKO’s endeavors in innovative technology, responsible forestry practices, and community empowerment. Since their inception, our dedication to sustainable values has deepened, with a strong emphasis on circular production, sustainable forests, and community empowerment. One strategy implementation has been the Sustainable Value Chain. This enhancement is evident in the addition of sustainable forest management and the implementation of Chain of Custody in Company factories. It is believed that 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.

In 2024, we achieved 8,245 GJ of energy use from renewable sources at our facilities, including our solar power facility. This significantly reduced greenhouse gas emissions. SAMKO is determined to



continuously increase the proportion of renewable energy sources for energy consumption to further reduce carbon emissions. Through our solar power facilities, SAMKO has become the first plywood company in Indonesia to transition to using renewable energy. To further our renewable energy initiatives, we are building solar panels at our Mangole operations. Additionally, we are excited to announce the completion of our Java Wood Pellet factory, the largest in Indonesia. This factory enables the effective utilization of residual logs and optimization of productivity, hence enhancing sustainability and energy efficiency. This project marks our pioneering venture in the biomass sector, aiming to meet global market demands and support Indonesia’s net zero emission target by 2050.

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 AHEAD WITH CONFIDENCE

As we move forward, technology and sustainability serve as our cornerstones in our quest for excellence. We recognize the imperative to harness the transformative forces of technology to drive efficiency, foster innovation, and propel us into new realms of growth. Moreover, sustainability is not merely a green choice; it represents a strategic investment in our future, enhancing our market position and ensuring long-term profitability. At SAMKO, we believe we can do well and do good. Our journey towards a sustainable future is continuous, and we are grateful for the support of our shareholders, employees, and partners in this shared endeavor.

Thank you to everyone who has joined us on this journey.

**Dion Pratama Sitepu**  
Head of Corporate Sustainability









**SAMKO** are leading player in the timber industry, committed to sustainable forestry and responsible resource management. Established in December 2005 as a Limited Company under the Republic of Singapore's jurisdiction, SAMKO was listed on the Mainboard of the Singapore Stock Exchange in 2008, reinforcing its dedication to growth, transparency, and long-term value creation.

Operating through a network of more than ten subsidiaries across Singapore, Indonesia,

and Malaysia, SAMKO is widely recognized as the Sampoerna Kayoe Business Group ("Sampoerna Kayoe") — with its headquarters at Sampoerna Strategic Square in Jakarta, Indonesia.

With over 45 years of industry expertise, SAMKO has developed a fully integrated wood processing operation, covering both primary and secondary processing. Its diverse product portfolio—including plywood, wood pellets, wooden decking, and pianos—commands a strong presence in the Indonesian timber market and is distributed across 43 countries spanning the Asia-Pacific, Europe, the Middle East, Southeast Asia, Australia, and the United States.

SAMKO's success is built on a foundation of integrity, excellence, and customer commitment. Its continuous innovation and adherence to international environmental standards have earned the Company global recognition for sustainable practices. By refining its processes and aligning with evolving market needs, SAMKO strengthens its position as a responsible industry leader, driving both operational excellence and sustainable business growth.

For more details on SAMKO's operations, please refer to our **Annual Report**.



Sustaining **Progress**,  
Building **Impact**



## 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.








# Where We Do **Business**




GRI 2-6, 2-7






## 1 PT Sumber Graha Sejahtera Jambi Branch

	Employees	<b>860 persons</b>
	Production Capacity	<b>42,068 m<sup>3</sup></b>
	Key Products General	<b>Film Face Plywood, LVL</b>




## 2 PT Sumber Graha Sejahtera Purbalingga Branch

	Employees	<b>520 persons</b>
	Production Capacity	<b>64,574 m<sup>3</sup></b>
	Key Products General	<b>General Plywood</b>




## 5 PT Sumber Graha Sejahtera Luwu Branch

	Employees	
	Production Capacity:	<b>Essential Maintenance and Upgrades</b>
	Wood Pellet Plywood	
	Key Products General	




## 6 PT Sumber Graha Maluku North Maluku

	Employees	<b>337 persons</b>
	Production Capacity:	<b>162,000 tons</b>
	Wood Pellet Plywood	<b>180,000 m<sup>3</sup></b>
	Key Products General	<b>General Plywood</b>

## 3 PT Sumber Graha Sejahtera Semarang Branch

	Employees	<b>1,809 persons</b>
	Production Capacity	<b>130,782 m<sup>3</sup></b>
	Key Products General	<b>General Plywood</b>

## 4 PT Sumber Graha Sejahtera Jombang Branch

	Employees	<b>3,754 persons</b>
	Production Capacity	<b>211,645 m<sup>3</sup></b>
	Key Products General	<b>General Plywood, Floor Base</b>

### Openly Sharing Our Business Expansion

As stated in last year's Sustainability Report, the Company disclosed its expansion through PT Sumber Graha Maluku. This year, we provide an update with new information on the expansion, specifically reporting PT Kalpika Wanatama II. The subsidiary has been integrated into the Group's sustainability framework, aligning with its policies, targets and national and international guidelines.







# Performance Update

## BIODIVERSITY

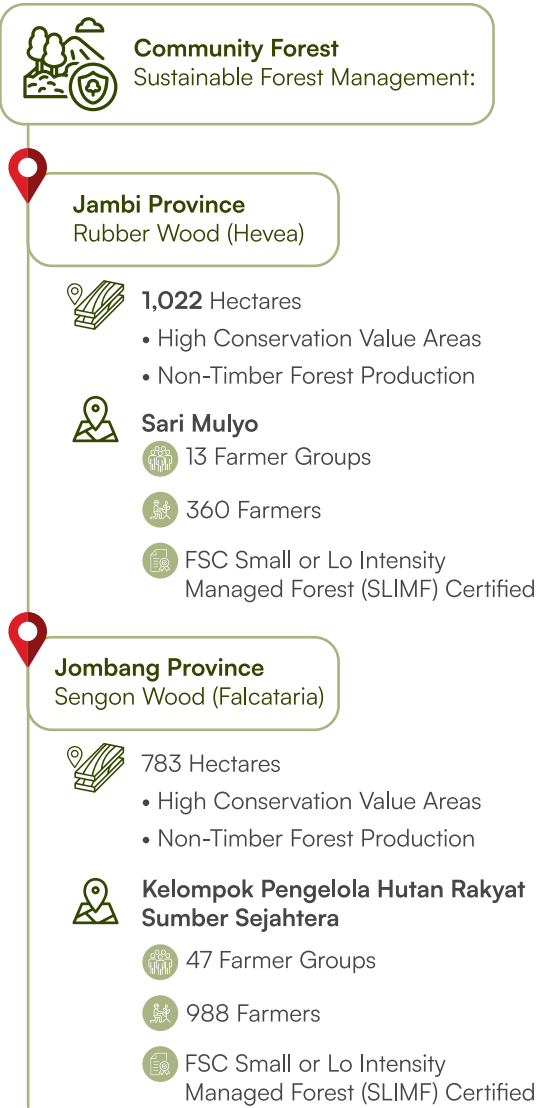
Preserving biodiversity is essential to fostering the growth and well-being of all life forms. As part of its commitment to responsible business practices, SAMKO strives to balance its social and environmental responsibilities, including protecting biodiversity in areas surrounding its operations.

To enhance ecological functions, SAMKO integrates biodiversity management by preventing and minimizing the impact of its activities on ecosystems across all operational areas. The Company launched an initiative to distribute about 1,000 Tilapia (Nila) fish spawn in high conservation value areas and planted a total of 950 saplings from various Multipurpose Tree Species (MPTS) in Semarang and Jambi. In 2024, SAMKO maintained these programs from the previous year, focusing on ongoing efforts and ensuring their success.

These efforts aim to enrich biodiversity and strengthen ecosystem resilience in high conservation value areas, reinforcing SAMKO’s commitment to environmental sustainability. Guided by its tagline, “Sustainable Tomorrow Starts Today,” SAMKO believes that every action taken today shapes the future. This principle drives the Company’s ongoing dedication to preserving the planet and securing a sustainable future.

## SUSTAINABLE FORESTRY 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.



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

SAMKO, recognized as one of the largest processed wood producers in Indonesia and a significant player globally, has successfully completed its second ecotourism venture, Pondok Kayoe, located at Agrowisata Kuncen in Polobogo Getasan, Semarang Regency, Central Java. This follows the successful establishment of its first ecotourism site in the Rimbo Ulu District of Tebo Regency, Jambi.

In its commitment to creating sustainable ecotourism, the Company collaborates with local agencies and farming communities to promote environmentally friendly tourist destinations while preserving the heritage of the local area. This initiative reflects the Company’s dedication to supporting sustainable development, fostering economic growth for local farmers, and ensuring environmental conservation.

SAMKO hopes that the ecotourism program will be beneficial for conservation, empowerment, and environmental education, with facilities that underscore its commitment to responsible and sustainable forest management. Furthermore, it aims to create a strong manifestation of preserving nature and local culture through learning about the importance of conservation and biodiversity in maintaining the sustainability of nature.



**PRODUCTION**  
Supply Chain Management

SAMKO is dedicated to strengthening its business through responsible practices and continuous transformation. The Company actively improves technology and operational efficiency to optimize production capacity while maintaining a strong commitment to sustainability. By collaborating with smallholder farmers across Indonesia and managing plantations with sustainable forestry practices, SAMKO ensures responsible resource management. These efforts have earned the Company a Chain of Custody award, recognizing its commitment to supply chain traceability and sustainable sourcing.

**Advancing Sustainability**  
through Renewable Energy

The Company has made significant strides in enhancing its sustainability strategies, transitioning from a focus solely on Sustainable Forest Management to incorporating operational efficiencies through renewable energy initiatives, particularly the installation of solar panels. This strategic expansion aligns with the Company’s commitment to contributing to the FOLU Net Sink 2030 and addressing global climate challenges.

Currently, the Company operates a solar power plant with a capacity of 1,74 MWp across two factories in Jombang Regency, East Java Province. This facility generates 6,7 million kWh of energy, contributed to the avoidance of approximately 2,153 tCO2e compared to grid-produced electricity.

**OUR OPERATION SITES**  
ACROSS INDONESIA



**CHAIN OF CUSTODY**



**Factories Timber Legality Verification:**

- **PT Sumber Graha Sejahtera Branch:** Muaro Jambi, Semarang, Jombang, Purbalingga, Luwu
- **PT Sumber Graha Maluku Branch:** Falabisahaya



**Forest Stewardship Council (FSC) — Chain of Custody:**

- **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:**

- **PT Mangole Timber Producer**
- **Samko Timber Ltd**



**Programme for the Endorsement of Forest Certification (PEFC) — Forest Management Unit:**

- **PT Kalpika Wanatama Unit I and II**

CATEGORY	GROUP SITE AFFILIATION	ACTIVITIES 2024	
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



CATEGORY	GROUP SITE AFFILIATION	ACTIVITIES 2024	
Health	Salatiga, Jombang, Jambi, and Luwu	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

This page is intentionally left blank

PEOPLE

The Company’s programs reflect the interconnectedness of economic, environmental, educational, health, and social issues, recognizing their significance both within and around our operational areas. Engagement is centred on fostering strong relationships with individuals, groups, and organizations that are directly and indirectly impacted by the Company’s activities.

The Company believes that establishing the right adjustments, cultivating deep connections, and building trust between communities and organizations are essential

for developing new pathways toward a sustainable and functioning democracy that is relevant to all stakeholders. The Group is dedicated to supporting community-based initiatives that align with the Company’s business objectives while also providing tangible benefits to society. Throughout the year, we actively participate in various voluntary activities aimed at enhancing community well-being.Full details of our sustainability initiatives and progress to address our material issues can be found in our Sustainability Report 2024, which will be published in May 2025.





About  
**This Report**





# About This Report

The Sustainability Report 2024 provides an account of our progress and challenges in managing our most critical sustainability topics in FY2024.

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. We have prepared this report in accordance with Global Reporting Initiative (GRI) Standards and SGX Core ESG Matrix 2024. SAMKO has used the GRI reporting framework since we began reporting on our ESG performance in 2017 and continues to use it as it is the most widely used reporting framework globally. Additionally, we have incorporated climate-related disclosures based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), reinforcing our commitment to transparent and responsible climate reporting.

## REPORT SCOPE

GRI 2-2

The 2024 Sustainability Report presents the sustainability performance of SAMKO’s processing units. The entity names are consistent with those in the financial report, and the information is consolidated based on the Company’s reporting approach.



Legal Entity

- PT Sumber Graha Sejahtera
- PT Sumber Graha Maluku



Unit (Branch):

- Jambi
- Purbalingga
- Jombang
- Semarang
- Luwu
- Kepulauan Sula

## REPORT DISCLOSURE

GRI 2-3, 2-4, 2-5

SAMKO ensures a structured and accountable approach to sustainability reporting, guided by clear methodologies and governance oversight. This report covers the period from January 1 to December 31, 2024, and is prepared with transparency in defining material topics, stakeholder engagement, and data accuracy. There are no restatements in this report; however, if any restatements are required, they will be clearly explained within the relevant sections.

This report has undergone a thorough internal review and received senior management approval, reinforcing our commitment to high-quality and reliable reporting. While external assurance has not been conducted for this year, we aim to implement it in the following year to further enhance the credibility of our disclosures.

## CONTACT US

GRI 2-3

We sincerely appreciate every insight and suggestion that supports the continuous improvement of this report. Your feedback is invaluable in shaping its future development. You can reach us at:

SAMKO TIMBER LIMITED  
7500A Beach Road, #08-305/307  
The Plaza Singapore 199591  
Tel: (65) 6298 2189 | Fax: (65) 6298 2187  
[www.sampoernakayoe.co.id](http://www.sampoernakayoe.co.id)







## BUSINESS ETHICS

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

SAMKO has reaffirmed its commitment to robust business governance standards, aiming to create a positive impact on all stakeholders. The alignment and consistency among management and employees establish a strong foundation for the Company's operational integrity and sustainability. These efforts not only enhance internal relationships but also inspire employees to embody the Company's values and culture. To facilitate collaboration and achieve shared objectives, SAMKO implements effective cross-departmental and company-wide communication strategies, utilizing both digital and physical channels. [GRI 3-3]

Our commitment to Good Corporate Governance (GCG) is evident in the policies and standard procedures that govern the management of legal cases, lawsuits, and litigation. This framework ensures transparency and adherence to GCG principles. SAMKO has instituted a comprehensive policy for reporting violations, providing a secure communication channel for employees to report potential unethical conduct. In addressing serious issues that could adversely affect the Company, we employ measures such as imposing sanctions, conducting independent investigations, and revising internal policies as necessary. [GRI 2-26]



All complaints are directed to the Audit Committee through various confidential channels, safeguarding the identity of the reporter. We maintain a strict policy against retaliatory actions towards employees who report concerns. The Board of Directors across all companies adheres to established procedures for reporting misconduct and violations, as outlined in the "Procedure for Reporting Legal Violations and Business Ethics" Standard Operating Procedure (SOP), managed by the Reporting Violations Special Team. [GRI 2-16]

Additionally, SAMKO is proactive in preventing corruption by conducting regular anti-corruption policy briefings for all employees, emphasizing the importance of refraining from involvement in corrupt practices and bribery. Risk assessments are routinely conducted to identify operational units that may be susceptible to corruption, ensuring

that mitigation measures are implemented across all operational sites. This process is integrated into the Company's overall risk management framework, reinforcing ethical business practices and regulatory compliance throughout all levels of operation. Notably, throughout 2024, the Company reported no incidents of legal violations or permit revocations, underscoring our commitment to ethical governance and sustainability. [205-1, 205-2, 205-3]

## 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. Throughout this process, input from investors or shareholders is actively considered to ensure that the Board's composition aligns with stakeholder expectations and supports the Group's long-term sustainability vision.



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**

[GRI 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. This evaluation is conducted on an annual basis to ensure continuous improvement and alignment with corporate governance standards.

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 acknowledgment of performance directed towards achieving corporate goals, the Company upholds a structured and transparent remuneration framework to ensure alignment with corporate objectives and sustainable value creation. The Remuneration Committee (RC) is responsible for overseeing compensation policies for the Board of Directors and Key Management Personnel (KMP), ensuring that they are fair, competitive, and aligned with the Company’s governance standards.

The formation of the RC is grounded in clear written foundations that outline its authorities and duties. With primary responsibilities

focused on determining the Company’s remuneration policy, the RC ensures that this policy aligns with SAMKO’s long-term objectives and is proportionate to the Company’s performance and sustainable value creation.

Additional responsibilities of the RC include ensuring that remuneration packages for the Board of Directors and KMP are consistent with employee remuneration guidelines, commensurate with job scope, and proportional to their level of responsibility. To ensure continued relevance and effectiveness, the RC conducts periodic reviews of remuneration policies to evaluate the suitability and relevance of sustainable remuneration policies, which encompass honorariums, salaries, allowances, bonuses, options, incentives, stock-based awards, and other benefit programs as necessary. Importantly, the RC ensures that no Director





is involved in determining their own salary.

**REMUNERATION  
OF EXECUTIVE DIRECTORS  
AND KEY MANAGEMENT PERSONNEL  
(KMP)**

The remuneration framework for the Executive Director and KMP consists of a fixed and variable component. The variable component is structured to reflect both the overall performance of the Group and individual contributions, ensuring alignment with shareholder and stakeholder interests while supporting the Company’s long-term growth.

Following a thorough review by the RC, the variable component is designed to be performance-driven, balancing company-wide results with individual achievements. It aligns with shareholder expectations while maintaining a responsible and measured approach to compensation. The variable portion is contingent upon both Group performance and individual contributions, reinforcing accountability and value creation. To uphold fairness and competitiveness, the RC conducts annual evaluations of remuneration packages for the Executive Director and KMP, ensuring compensation remains commensurate with performance and aligned with the Company’s strategic objectives.

**REMUNERATION FOR NON-EXECUTIVE  
DIRECTORS**

The remuneration framework for Directors is structured to reflect their 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.

To preserve their independence, Non-Executive Independent Directors are not provided with excessive compensation. Remuneration expenses are proposed 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 maintains a policy that excludes contractual provisions preventing the recovery of incentives in exceptional cases, such as financial misstatements or actions leading to financial loss. In such circumstances, the CEO is obligated to fulfill their fiduciary duty to the Company, which may involve legal measures to reclaim remuneration.

In 2024, the Company did not engage external consultants for remuneration decisions. Information regarding the compensation provided to each member of the highest governance body is available in the Company’s Annual Report.

**SAMKO TIMBER PERFORMANCE  
SHARE PLAN**

The Samko Timber Performance Share Plan (SAMKO PSP) is a key component of the Group’s incentive compensation framework. Approved by shareholders at the Company’s EGMS on April 27, 2018, SAMKO PSP is designed to drive higher performance by recognizing and rewarding the contributions of eligible CEOs and Executive Directors. Under this scheme, fully paid shares may be granted upon meeting specific predetermined performance 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 the course of business operations, conflicts of interest may arise as an unavoidable challenge. However, Directors are committed to mitigating such risks to the greatest extent possible. When a potential conflict of interest is identified, the involved Director must refrain from participating in discussions and decision-making processes related to the matter, unless the Board determines that their involvement is essential. If participation is permitted, the Director is required to provide a comprehensive explanation during discussions. Regardless of the circumstances, Directors must always recuse themselves from the final decision-making process.

In alignment with Article 156 of the Company Law, each Director is obligated to explicitly disclose any conflicts of interest in company transactions. Additionally, all Directors are required to submit an annual declaration detailing their affiliations, allowing the Company to monitor transactions with Related Parties (RPs) effectively.

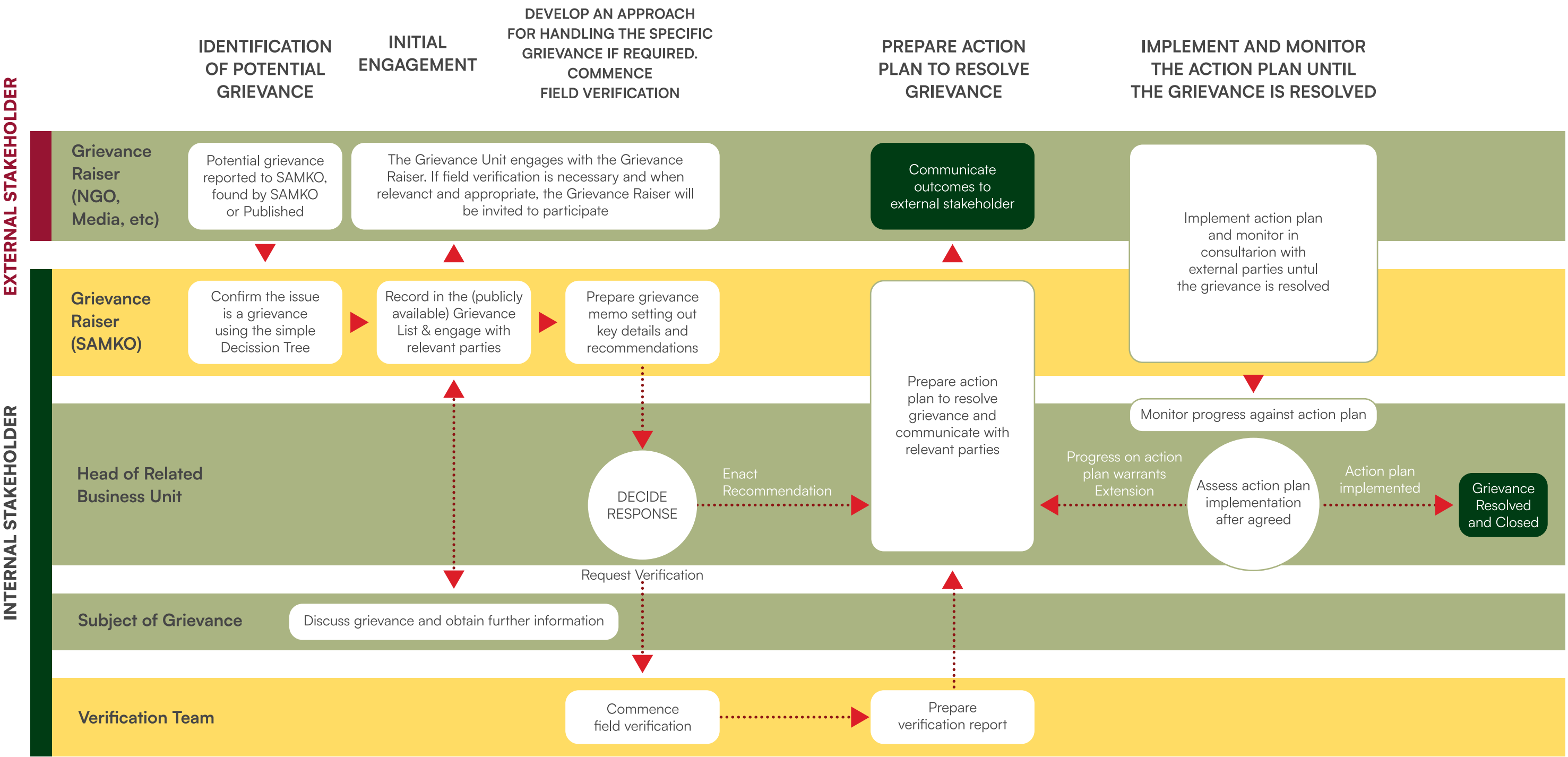
In communicating crucial issues, the Company conveys them through Quarterly Meetings, Initiative Meetings, and Annual General Meetings of Shareholders in Singapore. Throughout 2024, there were no significant concerns to report to the Board.



GRIEVANCE MECHANISM

[2-25, 2-26]

The Company has a structured grievance platform to ensure transparent and effective handling of stakeholder concerns. This platform also serves as a channel for gathering feedback on the implementation of policies and responsible business practices. Grievances are verified, recorded, and addressed through an action plan, with progress monitored until resolution. As of now, all reported grievances have been responded to.









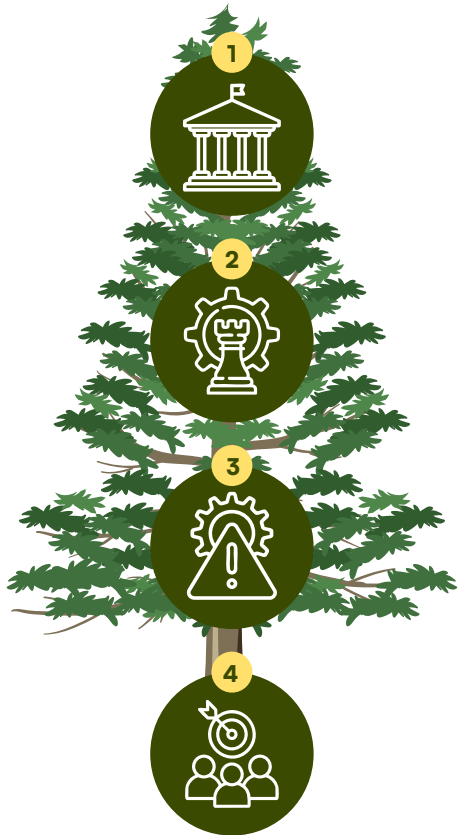
# Our Approach To Sustainability

## BOARD STATEMENT

GRI 2-17]



The Board considers sustainability to be an integral component of SAMKO's long-term strategic direction and is committed to implementing responsible and sustainable practices across all operations. The Board holds overall responsibility for identifying SAMKO's material Environmental, Social, and Governance (ESG) topics, as well as overseeing their management and monitoring. In 2022, all Board members participated in the SGX-mandated ESG training session to enhance their understanding of these critical issues. The Sustainability Committee (SC) supports the Board by providing assistance and reporting on sustainability matters. The SC is a cross-functional team dedicated to advancing SAMKO's sustainability initiatives.



SAMKO acknowledges the importance of adaptation in conducting business amidst global environmental challenges. To mitigate the impacts of climate change, the Company continues to transition toward a low-carbon economy, aligning with the Singapore Exchange (SGX) roadmap. This transition enables SAMKO to provide climate-related disclosures with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Currently, we are beginning to map our alignment with the IFRS Sustainability Standards while continuing to implement the four pillars of the TCFD recommendations—Governance, Strategy, Risk Management, and Metrics & Targets—as the foundation of our climate management strategy. These principles support our efforts in enhancing transparency and resilience in addressing climate risks and opportunities.

### 1. GOVERNANCE

Corporate governance focuses on identifying and managing risks and opportunities associated with climate change.

### 2. STRATEGY

Corporate governance focuses on identifying and managing risks and opportunities associated with climate change.

### 3. RISK MANAGEMENT

The Company engages in a systematic process to identify, assess, and manage risks arising from climate change.

### 4. METRICS AND TARGETS

Metrics and targets are utilized by the Company as tools to assess and manage risks and opportunities associated with climate change accurately and effectively.

## SUSTAINABILITY FRAMEWORK

[2-23, 2-24]

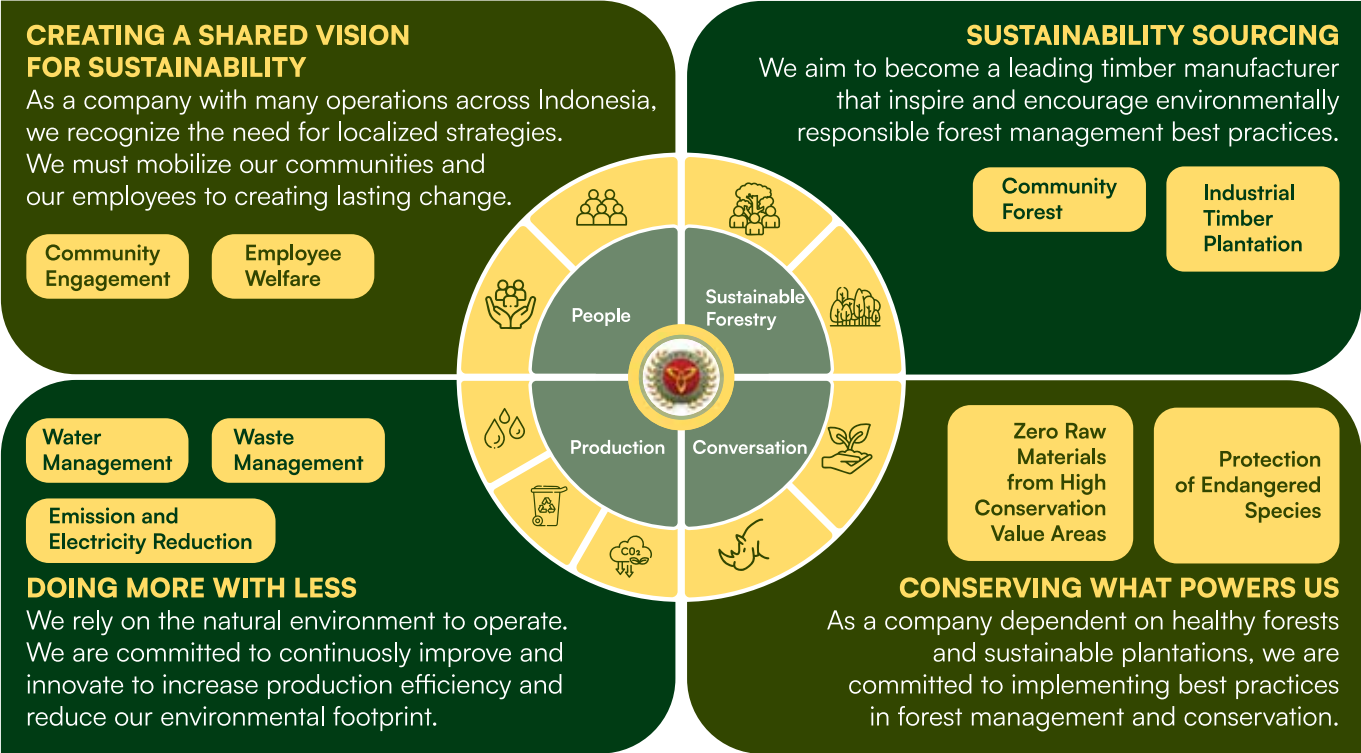
SAMKO has established a comprehensive sustainability framework aimed at implementing responsible business principles that foster investment and create shared value for stakeholders. This framework emphasizes the integration of best practices in forestry management, the enhancement of production efficiency through sustainable innovation, and the preservation of biodiversity across various ecological areas.

Serving as both an internal guideline for operations and a demonstration of our commitment to transparency and accountability, the framework aligns with the United Nations Sustainable Development Goals (SDGs). Serving as both an operational guideline and a testament to our commitment to transparency and accountability, the framework aligns with the United Nations Sustainable Development Goals (SDGs). By embedding the SDGs into our strategies and business priorities, Sampoerna Kayoe aims to make a meaningful contribution to this global

agenda. Our 2030 Sustainability Vision, built on thorough mapping and analysis, serves as the cornerstone of our operations, ensuring that our business objectives remain aligned with broader sustainability goals.

The Framework has been formalized by the highest level of management and is continuously monitored to ensure its effective implementation. It applies to all stakeholders involved in our business operations, guiding decision-making processes and operational practices to uphold our sustainability commitments. The Company also actively promotes sustainability topics among employees and relevant stakeholders through ongoing socialization efforts, reinforcing awareness and engagement in responsible business practices.

Aligned with our 2030 Sustainability Vision, the Company has developed an ESG policy 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	ACHIEVEMENT 2024 COMPARED TO 2023	TARGET 2025
Production	Water Management	Water intensity reduced to 4%	Reducing water intensity by 3% in 2025, with a baseline of 2023.
	Waste Management	Recovery decreased 1.2 % due to aging machines. We set a target to innovate by upgrading machines next year.	Increasing recovery rate by 3% in 2025, with a baseline of 2023.
	Energy	Reduce energy intensity by 10%.	Reducing energy intensity by 3% in 2025, with a baseline of 2023.
		Innovation in solar panel installation for energy efficiency.	Exploring opportunities for renewable energy sources utilization.
	Emissions	Reduce emission intensity by 8.47%.	Reducing scope 1 and 2 emissions intensity by 3% in 2025 aligning with net zero target assessment, with a baseline of 2023.
People	Community Engagement	The company has maintained its commitment to providing programs in construction, environmental initiatives, economic empowerment, health, education, and social welfare.	Increasing the welfare of local communities and in-kind investment.
		100% Achieved. The average training hours have increased compared to previous year.	Conducting ESG refreshment training for top and middle management.
	Employee Welfare	100% Achieved.	Zero accidents and zero fatality targets in every Sampoerna Kayoe operation.
		100% Achieved.	Zero case of Corruption.
		100% Achieved	Zero case of Discrimination.
Sustainable Forestry	Community Forest	100% Achieved	Continue to promote the adoption of sustainable forest management certification schemes among smallholders in all regions within our operation area.
	Industrial Timber Plantation	100% Achieved	
Conservation	Protection of High Conservation Value Forest (HCVF) Areas	100% Achieved	Maintain the zero net loss of conservation values and zero raw materials sourced from HCVF areas
	Protection of Endangered Species		

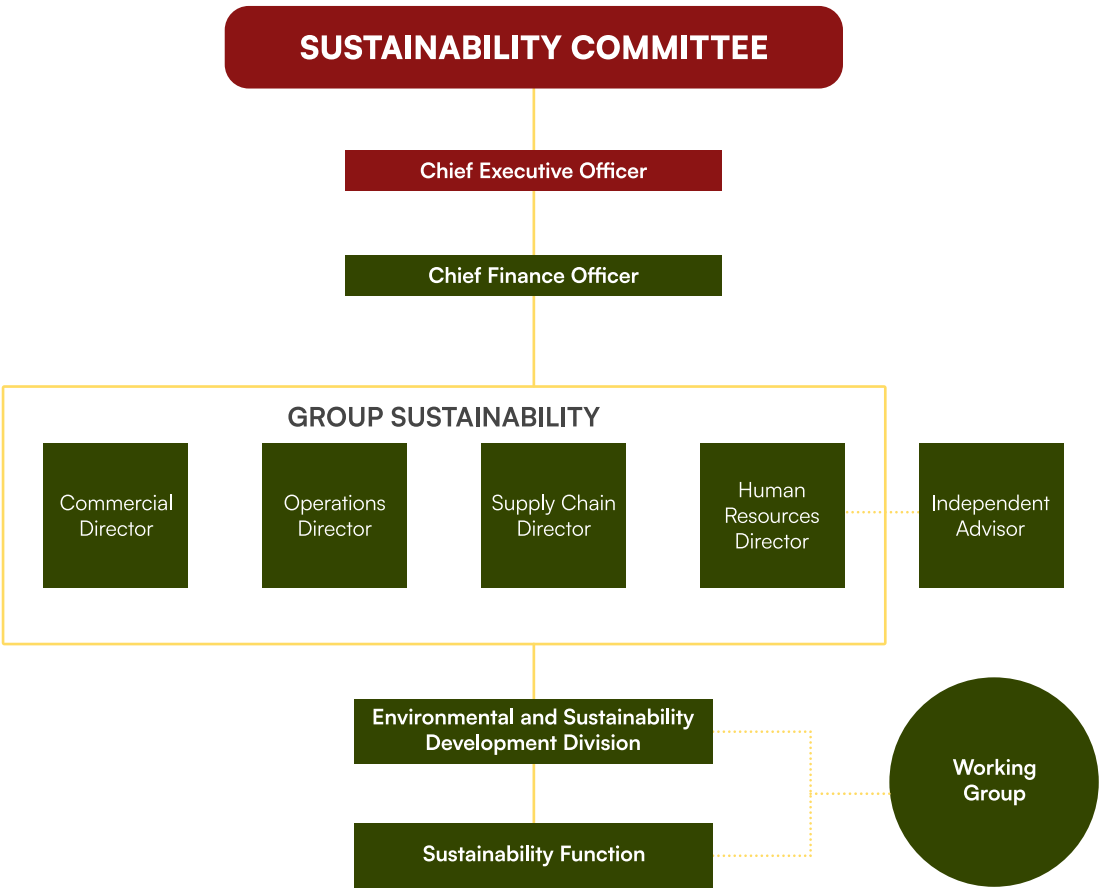
GOVERNANCE STRUCTURE

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

The assessment and mitigation of risks and opportunities related to climate change and sustainability overall are managed by the Sustainability Group, which operates under the oversight of the CEO and the Board of Directors. The Sustainability Group comprises three main components: the Sustainability Division, the Sustainability Function, and the Working Group. [TCFD G.1]

To ensure the achievement of sustainability goals, the CEO and the Board of Directors actively oversee and participate in all activities conducted by the Sustainability Group, thereby facilitating the effective implementation of sustainability strategies and the attainment of the Sustainability Target.

In carrying out these responsibilities, the CEO and Board of Directors consider input from various stakeholders, ensuring that the identification and management of organizational impacts, as well as the determination of material topics, reflect broader perspectives and align with evolving sustainability expectations. The Company collaborates with stakeholders as needed or at a minimum on an annual basis to discuss concerns and assess the impact of sustainability initiatives, ensuring continuous engagement and alignment with stakeholder expectations. However, as of 2024, the CEO position is currently vacant. Therefore, all management processes, including oversight of the Sustainability Group, continue to be handled collectively by the Board of Directors.





In building a sustainable business, SAMKO has established a Sustainability Division as a supporting entity responsible for assisting the executive board in decision-making and oversight concerning economic, environmental, and social impacts. The primary task of this division is to ensure that the Company’s operations and business activities are conducted in accordance with the best sustainability practices. [2-13]

In the process of formulating the Sustainability Report, both the Independent and Non-Executive Director and the Commercial Director play significant roles in determining material topics and guiding the Company’s sustainability direction. Additionally, the Board of Directors holds the responsibility of reviewing and approving the information presented in the Sustainability Report. [2-14] The composition of SAMKO’s sustainability governance body takes diversity into account. Members of this governance body represent a wide range of educational backgrounds, knowledge, expertise, gender, age, race, and experience in their respective fields. Importantly, all members are independent, with no familial relationships with other members or shareholders, nor any business or other relationships that could compromise their independence. Furthermore, none of the members hold concurrent positions that could create conflicts of interest.

The information regarding diversity of the highest governance bodies within the Company and their profiles can be found on our website and in the SAMKO Annual Report.

STRATEGY AND RISK MANAGEMENT

As an integral part of the Company’s sustainability strategy and risk management, we continue to update the analysis of risks and opportunities related to climate change. SAMKO is aligning its climate change review process with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This includes bolstering risk management protocols, refining strategic approaches, identifying risks and opportunities, and establishing targeted objectives. Collaboration with specialists, consultants, academics and customers is underway to evaluate and respond to climate-related risks and opportunities comprehensively.

In its endeavours to manage climate-related risks and opportunities, SAMKO mapped out various climate-related impacts and strategies in the short-term (1-2 years), medium-term (3-5 years), and long-term (>6 years). [TCFD SI]

SHORT TERM		
Risk		Opportunities
Physical Risk	<b>Drought and Wildfires</b> Extreme weather events due to climate change could increase the risk of drought and wildfires, damaging plantation forests and disrupting wood production.	<b>Rising demand for eco-friendly products</b> Consumers are increasingly seeking eco-friendly products. This presents opportunities for SAMKO to develop and market sustainable wood products.
Physical Risk	<b>Floods</b> Heavy rainfall could lead to floods, disrupting the operations of SAMKOs mills, distribution and logistic infrastructure.	<b>Sustainable Wood Certifications</b> By certifying its products, SAMKO can expand its market to eco-conscious consumers, enhancing brand reputation and attracting a broader customer base. Such as products certified by the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification
Transition Risk	<b>Fluctuation is Raw Material Prices</b> Climate change could lead to fluctuations in raw material prices such as wood and glue, increasing SAMKO’s production costs.	<b>Adoption of New Technologies</b> New technologies can help SAMKO improve efficiency and reduce greenhouse gas emissions, lowering operational costs and contributing to sustainability goals.
Transition Risk	<b>Changes in Product Demand</b> Increasing consumer awareness of the environmental impact of products could lead to a decrease in demand for wood products.	<b>Efficiency Improvements</b> Investing in energy-efficient technologies and process can reduce operational costs and carbon footprint.  <b>Partnerships and Collaborations:</b> Collaborating with stakeholders on sustainability initiatives can strengthen relationship and drive collective action towards climate resilience.



MEDIUM TERM

Risk		Opportunities
Transition Risk	<b>Regulatory Changes</b> Governments around the world are tightening regulations related to greenhouse gas emissions and forest management. This could increase compliance costs for SAMKO.	<b>Development of New Products</b> SAMKO can develop new, more eco-friendly products. This can help meet the growing demand for sustainable products and enhance SAMKO's market position.
Transition Risk	<b>Product Competition and Changes</b> The use of alternative materials such as bamboo, wood composites, recycled plastic lumber, hemp and cork could reduce the demand for traditional plywood products. This could lead to decreased sales and market share for SAMKO's plywood products.	<b>Expansion into New Markets</b> SAMKO can expand it's market to countries with high demand for plywood and other wood products. This can open up new revenue streams and increase market share.

LONG TERM

Physical Risk and Transition Risk	<b>Supply Chain and/or Value Chain</b> Extreme temperatures, either very low or very high, can cause damage to tree species and may result in a shortage of timber supply, which could ultimately affect the continuity of our plywood and other wood-based production lines. The magnitude of this impact is significant for our business and we need to consider this risk in the medium to long term.	<b>Investment in Renewable Energy</b> SAMKO can invest in renewable energy to reduce greenhouse gas emissions and increase resilience to climate change.
		<b>Development of Sustainable Plantation Forests</b> SAMKO can develop sustainable plantation forests to increase resilience to climate change and ensure a sustainable supply of raw materials.
		<b>Investment in R&amp;D</b> SAMKO can conduct research on tree species to identify those that can adapt to changes in physical parameters and temperatures as well as being resistant to pests. This can enhance the resilience of SAMKO's raw material supply.

IMPACT OF RISKS AND OPPORTUNITIES ON SAMKO

- **(+/-)** Changes in operational and investment costs as businesses adapt to carbon policies, environmental regulations and the transition to a low-emission economy.
- **(+/-)** Stricter regulations on emissions, energy use and sustainability practices, which could influence business expenses, compliance requirements and overall strategy.
- **(+)** The need to enhance energy efficiency, resource management and supply chain resilience in response to climate change.

The presence impacts of both climate risks and opportunities has prompted SAMKO to adopt a strategic, sustainable, and financially prudent approach that integrates these considerations, including: [TCFD S2]

DEVELOPMENT OF SUSTAINABLE WOOD PRODUCTS

SAMKO is committed to developing sustainable wood products to meet the demands of environmentally conscious consumers. This includes products like plywood, Laminated Veneer Lumber (LVL), wood pellet, and other products certified by the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC).

INVESTMENT IN NEW TECHNOLOGIES

SAMKO is investing in new technologies to improve efficiency and reduce greenhouse gas emissions. This includes advanced manufacturing processes that boost production while reducing GHG emissions, solar panel, implementing zero waste business model, and other innovative solutions.

BUDGETING TAKING INTO ACCOUNT CLIMATE-RELATED RISKS AND OPPORTUNITIES

SAMKO is accounting for the costs and benefits of climate change adaptation and mitigation strategies in its annual budgets. This includes considering the possibility of extreme weather events, such as flooding, that could delay operations and impact the budget.

In line with the 1.5°C scenario, SAMKO in the progress of developing a carbon emission reduction scenario aligned with our 2030 Sustainability Vision. This scenario includes setting a series of targets, such as reducing

fossil fuel use, increasing renewable energy utilization, and enhancing green energy adoption (e.g., solar panels)

RISK MANAGEMENT

SAMKO fully acknowledges that climate change and its environmental impacts have the potential to significantly affect our business. To systematically identify and address these risks, we employ a dual-faceted approach that evaluates both physical and transition risks. Physical risks encompass acute and chronic climate-related disruptions, such as extreme weather events, shifting precipitation patterns, and supply chain vulnerabilities. Meanwhile, transition risks stem from evolving regulatory landscapes, policy shifts, technological advancements, and changing market expectations favoring sustainability-driven solutions. [TCFD R1]

In response, the Sustainability Committee has developed a comprehensive risk management framework, including risks associated with climate change and other environmental impacts. The Committee regularly evaluates these risks, identifies their potential impact on our operations, and designs appropriate mitigation strategies.

The results of these evaluations, along with recommended mitigation measures, are consistently reported to the Board of Directors. This ensures that climate-related risks are considered in strategic decision-making, allowing SAMKO to adapt effectively to changing environmental and regulatory conditions while securing long-term business sustainability.

The following are the various climate-related risks, and SAMKO's management of these topics: [TCFD R2]



**CLIMATE REGULATORY DYNAMICS RISK**

SAMKO manages climate-related regulatory risks by ensuring compliance with evolving environmental and forestry regulations, including the Indonesian Timber Legality Assurance System (SVLK) and carbon emission standards in international markets. The Company also manages risks associated with the EU Deforestation Regulation (EUDR), which mandates deforestation-free products that align with environmental and climate policies. Through proactive monitoring, policy adaptation, and stakeholder engagement, SAMKO effectively navigates regulatory challenges to safeguard its operations and support climate resilience.

**TECHNOLOGY ADOPTION CHALLENGES**

SAMKO manages technology risks by adopting innovations to enhance operational efficiency, reduce its carbon footprint, and protect the environment. Aging machinery and equipment drive the need for technological upgrades, but this also comes with risks such as high costs, training needs, and potential operational disruptions. To mitigate these challenges, SAMKO conducts thorough evaluations, provides employee training, and implements regular maintenance, ensuring both efficiency and sustainability.

**LEGAL AND COMPLIANCE RISK**

SAMKO ensures compliance with local and international regulations, as well as environmental and sustainability standards, across all operational aspects. The Company continuously adapts to evolving policies and certification requirements related to sustainable forest management, climate responsibility, and responsible supply chains. Through this approach, SAMKO proactively manages legal risks associated with non-compliance—such as sanctions, fines, or reputational impacts—by conducting both internal and external evaluations.

**MARKET RISK**

SAMKO upholds customer expectations and international market requirements by maintaining compliance with stringent environmental standards and certifications. As global demand for eco-friendly products grows, adhering to recognized ecolabel standards becomes essential, particularly for export markets.

To align with these expectations, SAMKO complies with various national and international certifications, such as the Japanese Agricultural Standard (JAS) and the California Air Resources Board (CARB) certification. This commitment not only strengthens SAMKO’s market position but also reinforces its dedication to sustainable business practices, minimizing the risk of market loss while enhancing its sustainability footprint.

**REPUTATIONAL RISK**

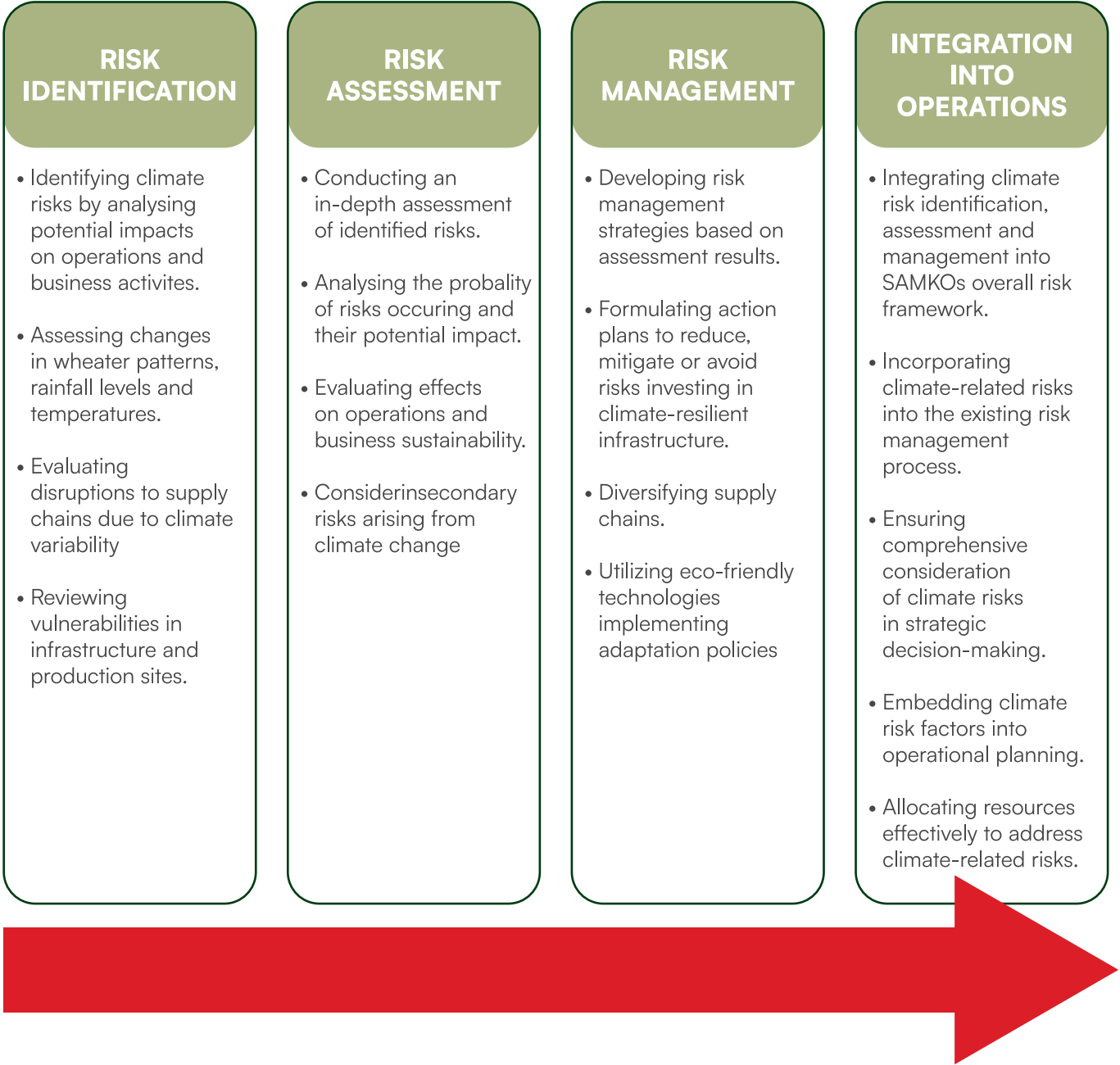
Reputational risk can impact customer trust, market share, and stakeholder relationships. To address this, SAMKO implements a balanced ESG strategy, including conservation efforts, emission reductions, and social compliance. Additionally, SAMKO transparently reports its sustainability progress through the Company’s annual sustainability report. Through this approach, SAMKO meets market expectations while strengthening customer trust and loyalty.

**PHYSICAL RISK**

Effective physical risk management is essential for SAMKO to mitigate operational disruptions caused by extreme weather events, floods, and droughts. These events can disrupt supply chains and impact water availability. Additionally, long-term climate change presents significant challenges that must be addressed.

To manage these risks, SAMKO has established comprehensive guidelines and policies. These measures ensure preparedness and a swift response to physical risks, maintain operational continuity, and minimize supply chain disruptions. This proactive approach also enables the Company to adapt to long-term climate change, securing business sustainability and environmental protection.

The process of identifying, assessing, and managing climate-related risks is integrated into the overall risk management of SAMKO through a structured and holistic approach. The Company implements the following key steps: [TCFD R3]





By integrating climate-related risk management into overall risk management, SAMKO can be more responsive to the challenges posed by climate change. These steps help us minimize our vulnerability to these risks and ensure sustainable operational continuity in an ever-changing environment. SAMKO is currently in the process of conducting financial calculations to establish climate-related risks and opportunities. [201-2]

STAKEHOLDER  
ENGAGEMENT AND MATERIALITY

STAKEHOLDER ENGAGEMENT  
[GRI 2-29]

A sustainable approach relies on strong stakeholder engagement. Whether internal or external, stakeholders have key interests

that shape the Company’s business direction, influencing various aspects from operations and products to overall strategy. Recognizing their role, the Company has identified both internal and external strategic stakeholders who directly or indirectly impact its operations, including shareholders, customers, employees, suppliers, regulators, and the local community.

Stakeholders are invited to provide feedback, ensuring their interests are integrated into the development and enhancement of SAMKO’s sustainability strategies and implementation. Engagement efforts focus on meaningful interactions, understanding stakeholder expectations and concerns, and delivering measured responses to drive continuous sustainability improvements.

STAKEHOLDERS GROUP	AREA OF INTEREST	ENGAGEMENT MECHANISM	FREQUENCY
Shareholders	<ul style="list-style-type: none"><li>Financial Health</li><li>Transparency</li><li>Business Ethics</li><li>Sustainability</li></ul>	<ul style="list-style-type: none"><li>Regular meetings on business performance and development</li><li>Annual Report</li><li>Sustainability Report</li></ul>	Annually
Customers	<ul style="list-style-type: none"><li>Product Quality</li><li>Product Specification</li><li>Product Certification</li></ul>	<ul style="list-style-type: none"><li>Product Education</li><li>Customer Complain Report</li><li>Customer satisfaction survey</li><li>Corporate website</li></ul>	Regularly
Suppliers	<ul style="list-style-type: none"><li>Supply Chain Management</li><li>Legal and sustainable sourcing</li></ul>	<ul style="list-style-type: none"><li>Suppliers evaluation</li><li>Third party assessment</li></ul>	Regularly

STAKEHOLDERS GROUP	AREA OF INTEREST	ENGAGEMENT MECHANISM	FREQUENCY
Employee	<ul style="list-style-type: none"><li>Health and Safety</li><li>Human Rights</li><li>Talent attraction and retention</li><li>Equal and friendly workplace</li></ul>	<ul style="list-style-type: none"><li>Performance Management System</li><li>Competency education and training</li><li>Health and Safety Training</li></ul>	Per Semester As Necessary
Communities	<ul style="list-style-type: none"><li>Employment opportunities</li><li>Community engagement</li></ul>	<ul style="list-style-type: none"><li>Sustainable Forest Management training</li><li>Social engagement</li><li>Seeds distribution</li></ul>	Annually As Necessary
Regulator	<ul style="list-style-type: none"><li>Corporate Governance and operation performance</li><li>Business integrity</li><li>Legal Compliance</li><li>Climate change</li></ul>	<ul style="list-style-type: none"><li>Official correspondence</li><li>Seminars and evaluation</li><li>Third parties assessment</li></ul>	As Necessary

MATERIALITY THROUGH  
STAKEHOLDER LENS  
[GRI 3-1, 3-2]

We collaborated with a specialist sustainability consultancy to review our material sustainability topics. We employed a three-stage approach that included topic identification, stakeholder engagement, and analysis and validation. This process assessed the relevance and impact of each topic on the Company’s business strategy, regulatory, financial planning, business model, and key stakeholders, ensuring alignment with corporate objectives and risk management efforts. 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 and applies the GRI Standard four-step process to determine material topics and report content, ensuring that disclosures accurately reflect our sustainability progress. The identified material topics remain the same as last year, with health and safety at work, ethical business conduct, employee well-being, environmental performance, environmental performance,

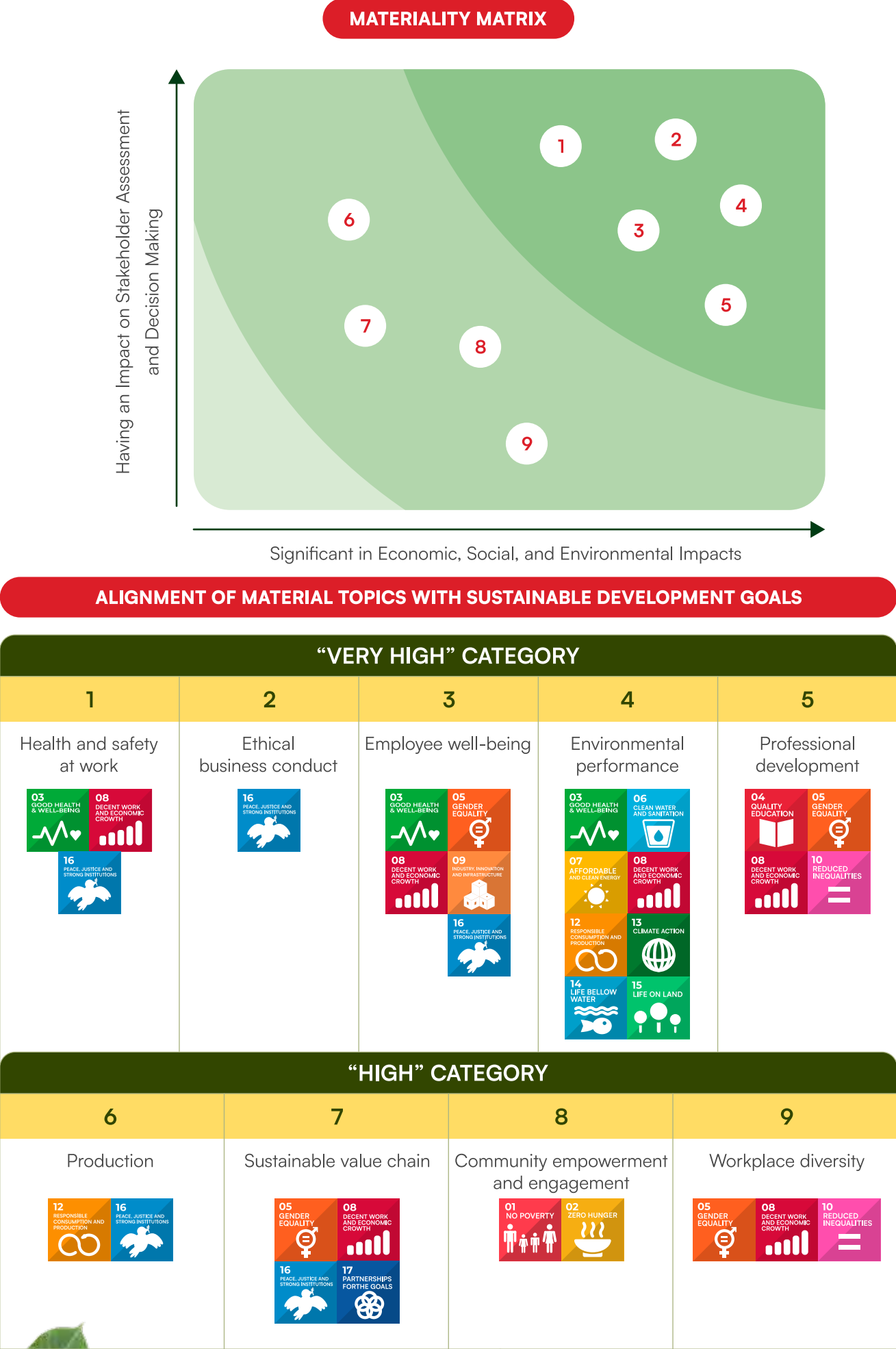
and professional development continuing to be top priorities for SAMKO and our stakeholders. These topics also remain a key focus in periodical internal reviews to evaluate sustainability progress across business operations. The Company continues to focus on transparency and progress in sustainability implementation, strengthening management approaches and enhancing sustainability performance over time.

**IDENTIFICATION**  
Material topics are identified based on GRI standards and an analysis of issues from the previous year. This process helps define key sustainability topics related to Environmental, Social, and Governance (ESG) factors.

**PRIORITAZION**  
Once identified, topics are prioritized based on their significance to SAMKO and its stakeholders. This step involves distributing materiality questionnaires to both internal and external stakeholders to assess impact levels.

**VALIDATION**  
Material topics are validated through the results of the materiality questionnaires. From this process, nine key topics are selected and submitted to the Board of Directors and Board of Commissioners for final approval.

**REVIEW**  
The approved material topics undergo a final review by the Board of Directors to reassess their urgency, categorized as high or very high. This stage also incorporates an evaluation of past reports to ensure consistency and progress tracking.









# Production

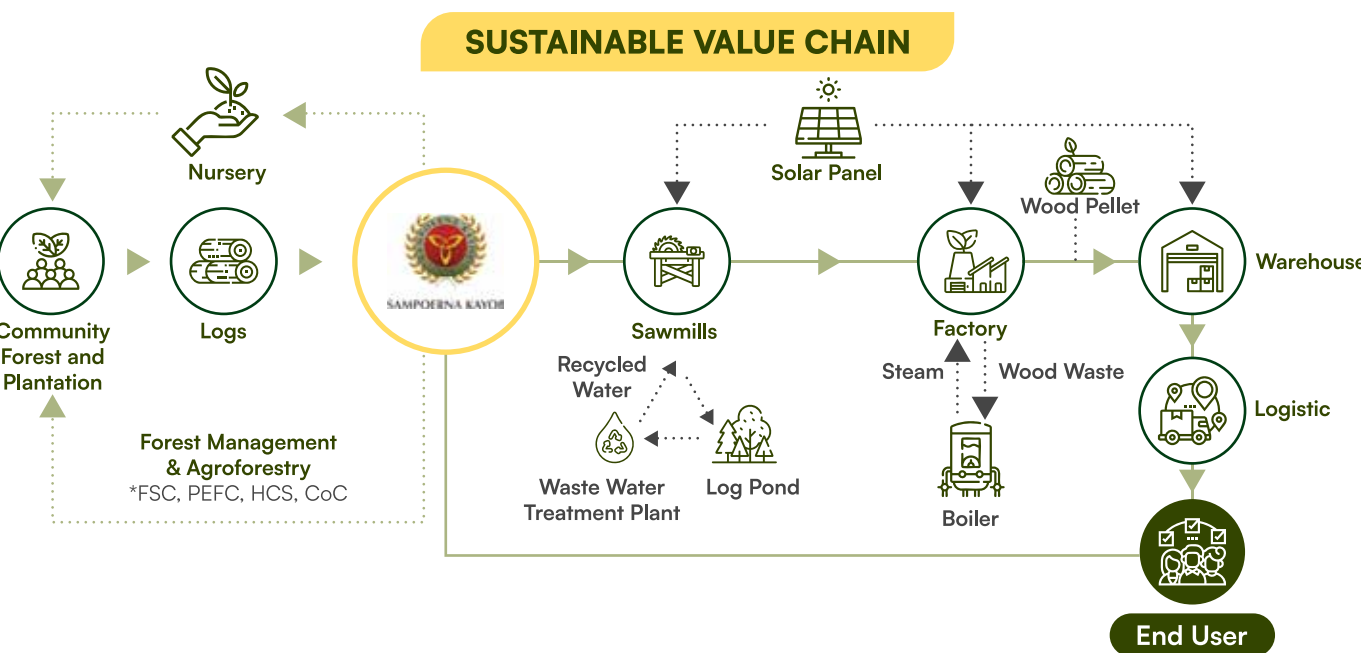
## TRANSFORMING OUR VALUE CHAIN

[2-6, 3-3, 414-1, 414-2]

As a company within the timber industry, SAMKO is committed to sustainable sourcing practices, placing integrity and business ethics at the forefront of its relationships with its supply chain partners and suppliers. Recognizing the significant impact of its operation on the environment and humans, SAMKO established rigid policies to ensure all supply chain actors adhere to all applicable standards and regulations. For instance, the Company requires suppliers to adhere to the National Sustainable Forest Management Standard — Timber Legality Assurance System. SAMKO's supply chain is built through a diverse network of supply chain partners, comprising the forest plantation community, suppliers, wood manufacturers, factories and refineries, trading houses, and customers. The interconnected ecosystem stretched from Indonesia's green origin to the international market. Delivering its quality,

SAMKO sources its goods and services from a pool of suppliers and other supply chain actors enabling operational efficiency to create exceptional plywood with a shared commitment of sustainability. All supply chain actors within SAMKO are evaluated prior engagement to ensure responsible practices are implemented in our value chain. Actors and partners are screened with performance indicators and social criteria as part of first evaluation to promote ethical practices and create positive impact in the industrial relationship between laborers.

In 2024, SAMKO has engaged more than 1,500 suppliers who partake in the activities of development and formation of the plywood industry. All existing suppliers, including the new suppliers, have been screened against social compliance standpoints to adhere to labor and social criteria and minimize the potential risk of negative impacts within the supply chain. [414-1, 414-2]



## RESPONSIBLE BUSINESS

[3-3]

Wood is inherently an environmentally friendly product. SAMKO is committed to conducting business responsibly, taking into account economic, social, and environmental aspects while emphasizing technology and innovation to achieve our sustainability goals. The vision, objectives, and sustainability targets have been established through the 2030 Sustainability Vision. Responsibility for implementation has been delegated to the relevant functions to ensure meticulous execution across SAMKO's operations.

The Company's values and Code of Ethics embody SAMKO's commitment to sustainable development. In alignment with its commitment, SAMKO has successfully obtained the Programme for the Endorsement of Forest Certification (PEFC) for its timber plantations and factory in North Maluku, ensuring that all aspects of our supply chain are managed in accordance with credible global standards. This certification marked the Company's commitment to operate within a broader sustainability framework. The integration process ensures all business operation aspects are encompassed within responsible principles, contributing to environmental preservation and development of local communities.

Alongside the sustainability frameworks, SAMKO has been actively implementing initiatives programs to promote sustainability and community development. These programs include the annual distribution of seeds to farmers, suppliers, and local communities, fostering growth and strengthening relationships. The programs aimed to support small-scale farmers and

smallholder farmers to partake in the forest growth and distribute the biodiversity and agriculture into both conservation area production landscapes.

In 2024, the Group continued to advance its sustainability strategies towards Renewable Energy, building on the successful launch of wood pellet production at our Mangole plant in North Makuku, which began in 2023, marking a significant step in our commitment to integrating sustainable practices across our business model. We remain steadfast in our dedication as we progress through 2025.

## ADVANCING SUSTAINABILITY THROUGH BIOMASS ALTERNATIVE

Since 2023, SAMKO has diversified its business unit to enter the biomass fuel market through wood pellet production. Set in North Maluku, the plant has produced more than 42,375 tons of wood pellets in 2024. As many companies transition to the sustainability pathway, SAMKO offers the market sustainable choices of biomass-derived fuels to companies used in their operational needs.

The Company managed 135.418 m<sup>3</sup> of wood sourced from company-owned which are utilized in its wood pellet production. The process does not involve any non-renewable materials, ensuring a fully sustainable production cycle. [301-1][301-2]

Compared to conventional solid-based fuels, wood pellets offer a more sustainable alternative, delivering lower or near-zero carbon emissions, reduced land impact, and minimal waste residue, making them an ideal choice for various industries. When used as a substitute for standard coal, wood pellets can




prevent approximately 55,823 tons of CO2 emission annually. Furthermore, transitioning to wood pellets can significantly reduce the consumption of 24,224.62 tons of standard coal, reinforcing companies’ commitment to promote cleaner and sustainable energy solutions.


Wood Pellet

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

Year 2024 Wood Pellet Production



Biomass Output:  
± 42,375 Tons



Annual CO2 Avoided:  
± 55,823 Tons

PRODUCT CERTIFICATION

[3-3]

SAMKO is dedicated to continuously providing sustainable improvement and maintaining product quality for its stakeholders, with certification serving as a valid feature of this commitment. As of 2024, SAMKO holds a comprehensive portfolio of international standards ensuring efficiency, quality, and sustainability value throughout its operation flow from factory origin to the hands of customers.

The certifications held by SAMKO are integral to maintain international quality standards for high-level quality systems and responsible production, as well as complying with relevant local and international regulations. Through this process, SAMKO has successfully ensured full compliance with regulations, preventing any instances of nonconformity that could result in sanctions or fines for the Company. [2-27]

Achieved through rigorous third-party verification. Key certifications of the diverse portfolio demonstrate the Company’s commitment to excellence and sustainability namely 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 to further ensure SAMKO’s product quality in entering diverse markets.

The application of the third-party certifications added value for the materials traceability and ensured responsible sourcing practices within SAMKO’s operational scope. The certifications are more than regulatory compliance, these certifications underscore the Company’s dedication to create a sustainable supply chain and support customers in achieving their responsible procurement goals and together transition into a responsible pathway. By adhering to the international standard, SAMKO strengthens legality, trust, and credibility while contributing to sustainable development.

CERTIFICATE NAME	IMPLEMENT ON (PRODUCT)	IMPLEMENT ON (PLANT)	BRAND
Timber Legality Verification (SVLK)	Veneer	SGS-CAB. BANYUMAS	-
Timber Legality Verification (SVLK)	Veneer	SGS-CAB. BATANG BANARAN	-
Timber Legality Verification (SVLK)	Veneer	SGS-CAB. BATANG PLELEN	-
California Air Resource Board (CARB)	Plywood	SGS-CAB. JOMBANG	Palem, Tunas, Birch
Japanese Agricultural Standard (JAS)	Plywood		GP Palem, GP Tunas
United States Environmental Protection Agency (US-EPA)	Plywood		Palem, Tunas, Birch
Timber Legality Verification (SVLK)	Kayu Lapis, Veneer	SGS-CAB. JOMBANG, MADIUN, JEMBER, BANYUWANGI	ALL SKU
Timber Legality Verification (SVLK)	Veneer	SGS-CAB. LUWU	-
Timber Legality Verification (SVLK)	Veneer	SGS-CAB. MUARA ENIM	-
Timber Legality Verification (SVLK)	Veneer	SGS-CAB. PURBALINGGA	-
Chain of Custody (CoC-FSC)	Plywood	SGS-CAB.JOMBANG	All Rubber Plywood
Forest Stewardship Council (FSC) Using the Indonesia Natural, Plantations and SLIMF	Plywood		-
Timber Legality Verification (SVLK)	Plywood, Veneer, Kayu Gergajian	SGS-CAB.LUWU	ALL SKU
California Air Resource Board (CARB)	Plywood		Gmelina



CERTIFICATE NAME	IMPLEMENT ON (PRODUCT)	IMPLEMENT ON (PLANT)	BRAND
Japanese Agricultural Standard (JAS)	Plywood	SGS-CAB.LUWU	-
United States Enviromental Protection Agency (US-EPA)	Plywood		Gmelina
California Air Resource Board (CARB)	Plywood, LVL	SGS-CAB.MUARO JAMBI	Birch, Fortuna, LVL
Certificate of Conformity of the Factory Production Control - United Kingdom Conformity Assessed (UKCA)	Plywood, LVL		Structural Plywood Film Faced Plywood
Certificate of Conformity of the Factory Production Control (CE)	Plywood, Film Face		Structural Plywood Film Faced Plywood
Chain of Custody (CoC-FSC)	Plywood,LVL		All Rubber Plywood All Rubber LVL
Forest Stewardship Council (FSC) - Using the Indonesia Natural, Plantations and SLIMF	LVL		-
Japanese Agricultural Standard (JAS)			LVL
Japanese Agricultural Standard (JAS)	Ordinary Plywood, Concrete Forming Plywood, Structural Plywood		-
SNI ISO 14001:2015 Environmental Management System	Plywood, LVL		ALL SKU
SNI ISO 9001:2015 Quality Management System	Plywood, LVL		ALL SKU
Timber Legality Verification (SVLK)	Plywood, LVL, Veneer, Blockboard, Woodworking, Scraft Joint Panel, V Joint & Truck Flooring, Pallet, Film Faced		ALL SKU
United States Environmental Protection Agency (US-EPA)	Plywood, LVL		Birch, Fortuna, LVL

CERTIFICATE NAME	IMPLEMENT ON (PRODUCT)	IMPLEMENT ON (PLANT)	BRAND
Timber Legality Verification (SVLK)	Plywood, Veneer	SGS-CAB.PURBALINGGA	ALL SKU
California Air Resource Board (CARB)	Plywood	SGS-CAB.SEMARANG	Tunas, Birch
Timber Legality Verification (SVLK)	Plywood		ALL SKU
Chain of Custody (CoC-FSC)	Plywood		All Rubber Plywood Hardwood Plywood
United States Environmental Protection Agency (US-EPA)	Plywood		

To ensure quality and legality, SAMKO facilities have implemented the Indonesian Timber Legality Verification System (VLHHK), a certification recognized by the European Union (EU). This certification is actively promoted by the Indonesian government to reach greater recognition in the international markets enhancing its credibility. All SAMKO facilities and associated documents, including export permits and V-Legal Documents, have undergone stringent verification processes to comply with the EU Timber Regulation (EUTR). This compliance aligns with Indonesian law and meets the import requirements for plywood-based products entering the EU’s market.

Along with product certifications, SAMKO demonstrates its commitment to global quality standard and environmental management through operation certifications such as ISO 9001 for Quality Management Systems and ISO 14001 for Environmental Management Systems. These certifications established the Company’s system to maintain quality, compliance records, and operation standpoints such as zero incidents, marketing communications, and product information and labelling.

### ESCALATING ENVIRONMENTAL PERFORMANCE

SAMKO’s commitment to environmental conservation is demonstrated through its participation in the Public Disclosure Program for Environmental Compliance (PROPER), initiated by the Ministry of Environment and Forestry of the Republic of Indonesia. This program assesses SAMKO’s plants in Jambi based on key environmental performance indicators, including water and air pollution control, waste management, and other ecological impact factors. Since achieving a PROPER Biru rating in 2020, SAMKO has consistently maintained this standard, reflecting its strong adherence to national regulations and responsible environmental management. Moving forward, the Company remains dedicated to continuously improving its operations to minimize environmental impact and contribute to a more sustainable ecosystem.



ASSOCIATIONS MEMBERS

[2-28]

ASOSIASI PENGUSAHA  
HUTAN INDONESIA (APHI)

APHI serves as a platform for companies domiciled and/or operating within Indonesia’s legal jurisdiction that hold Forest Utilization Business Licenses for Natural Forests/ Perizinan Berusaha Pemanfaatan Hutan dari Hutan Alam (PBPH-HA) and Timber Forest Product Utilization Business Licenses/ Perizinan Berusaha Pemanfaatan Hasil Kayu dari Hutan Tanaman (PBPH-HT). As an APHI member, the SAMKO actively engages in fostering a competitive and responsible forestry industry while advocating for sustainable forest management practices, regulatory compliance, and the continuous enhancement of industry standards.

ASOSIASI PANEL KAYU  
INDONESIA (APKINDO)

Serves as a unifying body for companies operating within Indonesia’s wood panel industry, APKINDO plays a pivotal role in advancing a sustainable and competitive industry by promoting higher production standards, regulatory compliance, and the adoption of environmentally responsible practices. As an esteemed member of APKINDO, SAMKO actively contributes to strengthening the industry’s competitiveness, championing sustainability principles, and ensuring adherence to responsible forest resource management policies. Through its involvement, SAMKO reinforces its commitment to fostering an ethical, resilient, and forward-thinking wood panel sector.

This page is intentionally left blank







# Environmental Management

## SUSTAINABLE FOREST MANAGEMENT [3-3]

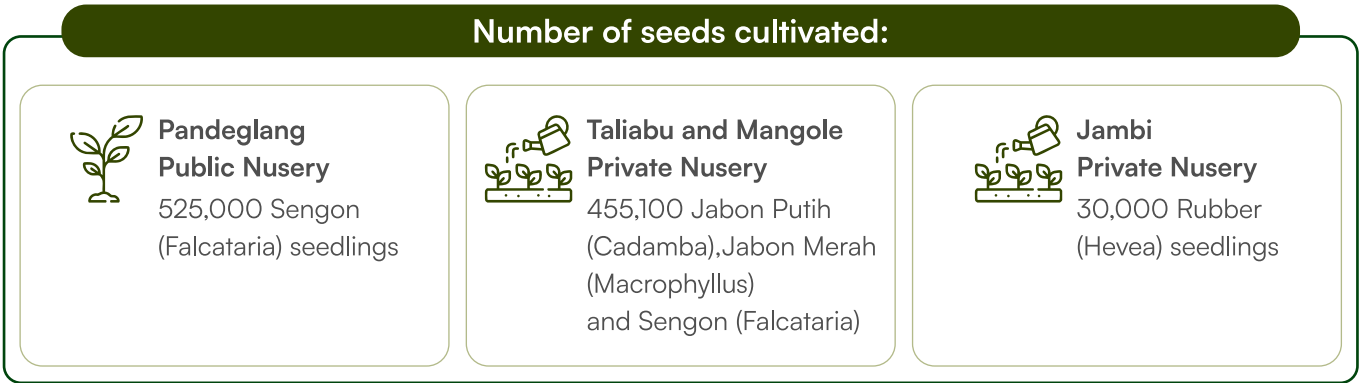
SAMKO recognizes the profound impact of forest management on biodiversity and ecosystem services that necessitate concrete action. At the same time, SAMKO believes that sustainable forest management not only supports operations but also embodies the Three Hands philosophy, emphasizing collaboration with 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 actively collaborates with local communities and farmers to promote sustainable and responsible forestry practices. Several programs have been implemented, including:

## 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.



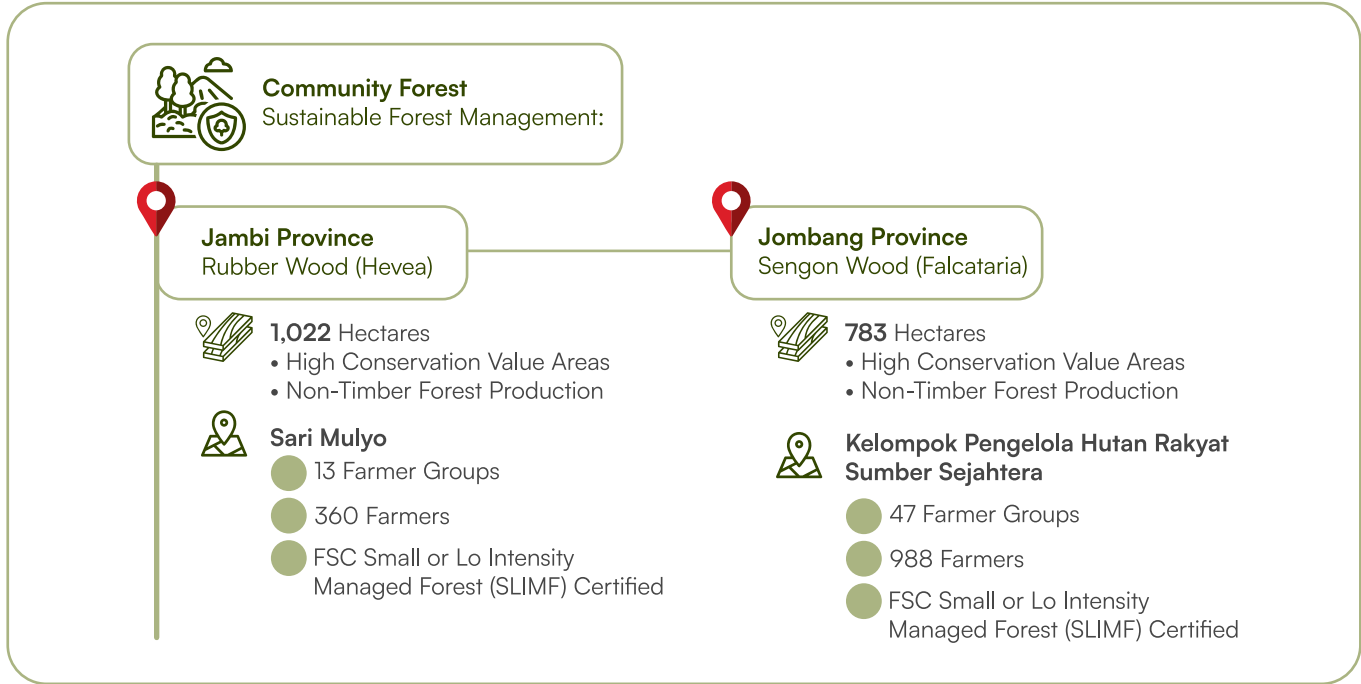
SAMKO demonstrates its commitment to farmers through the launch of the Forest Stewardship Council (FSC) Certification Program in 2018, which supports farmer groups in obtaining FSC Small and Low-Intensity Managed Forest (SLIMF) certification. As of 2024, SAMKO has successfully

maintained FSC SLIMF certification for a cumulative total of over 1,300 farmers in Jambi and East Java Province. Building on this achievement, the Company intends to expand these initiatives in 2025 to engage a broader group of farmers and extend its geographic reach. [GRI 2-8]

## COMMUNITY FOREST

### Farmers Program

STL 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, 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.





The following activities are implemented within the farmers program:

**Enabling Access to Resources**

Providing new access to potential resources that can serve as alternative source of income, thereby improving the welfare of the community.

**Resource Management**

Managing resources, facilities, and infrastructure to enhance production, social, and environmental activities, as well as other components agreed upon by the communities.

**Skill Enhancement**

Enhancing technical and managerial skills to support the development of new business opportunities.

**Facilitating Community Initiative**

Supporting community aspirations and initiatives to foster local engagement and empowerment.

**Building Cooperative Network**

Establishing a network of cooperation with external parties to strengthen community welfare programs.

**Sustainable Forest Management**

Implementing sustainable community forest management practices that yield production, social, and environmental benefits.

**Capacity Building**

Expanding sustainable forest management programs and increasing the capacity of community forest farmer members to implement responsible forest management practices.

**Replanting Programme**

The replanting program represents a vital element of sustainable wood sourcing, and SAMKO has been actively engaged in this initiative since 2001. The Company has been facilitating the replanting of over 71.8 million trees across Indonesia, fostering an environmentally conscious culture and encouraging small-scale farmers to contribute to the maintenance of the forest ecosystem’s balance.

In line with SAMKO’s ongoing commitment to sustainability and the expansion of its programs, a total of 461,181 seeds of various species have been distributed to date, including horticultural and multi-purpose tree species. These initiatives are aligned with the Indonesian government’s efforts to enhance the economic potential of community forests throughout the country.

**77,518,000** seeds distribute to local farmers across our businesses in Indonesia

**Yearly Sengon (*Falcataria*) Seeds Distribution:**



- **270,000** seeds in Central Java
- **187,000** 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 encompasses the following initiatives:

**Encouraging Small-Scale Farmers**

Promoting the participation of small-scale farmers in tree planting as a means of synergizing with government-implemented programs and enhancing the economic potential of community forests.

**Providing Advanced Training**

Offering comprehensive planting training to community forest farmers to enhance their business acumen and expand their opportunities.

**Distributing Quality Inputs**

Supplying high-quality fertilizers and certified seeds to ensure optimal growth conditions.

**Ensuring Sustainable Growth**

Committing to sustainable forest growth and effective forest regeneration practices.

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

**FOREST CONCESSIONS**

[304-1]

In 2019, SAMKO acquired a forest concession covering about 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.

By end of 2024, PEFC Forest Management (FM) certifications and national timber legality verification system (VLHHK) have been successfully obtained for the 23,022 hectare concession in both Taliabu and Mangole island, North Maluku. Additionally, several ground assessments such as Social Impact Assessment (SIA), High Carbon Stock (HCS), and High Conservation Value (HCV) areas have been completed for areas in and around the concession by licensed parties. SAMKO works collaboratively with relevant stakeholders to create and comprehend sustainable visions for the future of communities. The program development includes infrastructure development, construction of public facilities, and job creation.



**Forest Concession**  
Industrial Plantation with Sustainable Forest Management Practices:



**Taliabu  
North Maluku**



- 11,708** Hectares
- High Conservation Value Areas
  - Social Impact Assessment
  - High Carbon Stock Assessment



- PHL Certified
- PEFC FM Certified



**Mangole,  
North Maluku**



- 11,242** Hectares
- High Conservation Value Areas
  - Social Impact Assessment
  - High Carbon Stock Assessment



- VLHHK Certified
- PEFC FM Certified



FOREST PROTECTION

As SAMKO operates forestry operations through PT Kalpika Wanatama, 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 maintains a robust forest protection governance framework, integrating fire prevention, security enforcement, and conflict resolution mechanisms. Fire risk mitigation efforts include the deployment of early detection systems, routine patrols, post-fire recovery initiatives, and capacity-building programs for employees and local communities within the concession area. Regular water point inspections are also conducted to ensure adequate water availability for fire suppression efforts.

To uphold forest integrity, the Company enforces stringent security measures to prevent unauthorized activities, including

wildlife hunting, land encroachment, illegal logging, and mining. Conflict resolution strategies prioritize structured engagement with local communities, addressing land tenure and resource utilization rights through consultative and transparent resolution processes. Additionally, systematic monitoring of plant pests and diseases is embedded within the Company’s integrated approach to sustainable forest management and protection.

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:

OPERATE LOCATION	AREA	STATUS	CONSER-VATION AREA (HA)	CONCES-SION AREA (HA)	% FROM TOTAL CONCESSION AREA
PT. Kalpika Wanatama I - HCV	Maluku Utara	Hutan Tanaman Industri	1,981	11,780	16.8%
PT. Kalpika Wanatama II - HCV	Maluku Utara	Hutan Tanaman Industri	2,933	11,242	26.1%
PT. Kalpika Wanatama I - HCS	Maluku Utara	Hutan Tanaman Industri	2,762	11,780	23.4%
PT. Kalpika Wanatama II - HCS	Maluku Utara	Hutan Tanaman Industri	3,057	11,242	27.2%

The Company recognizes the potential direct and indirect impacts of its operations. Through a structured monitoring framework aligned with various certifications and global standards, we have identified these impacts and acknowledged that certain activities—such as habitat conversion due to harvesting processes, effects from construction, transportation, or infrastructure

development—may contribute to the decline of species, biodiversity, or habitat degradation if not properly mitigated. [304-2]

To mitigate these impacts and preserve biodiversity, we have implemented several conservation programs in PT. Kalpika Wanatama I and PT. Kalpika Wanatama II, 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.	Reforestation Program	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.	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	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.



NO	CONSERVATION AREA MANAGEMENT	IMPLEMENTED ACTIVITIES
6.	Environmental monitoring	Environmental review and evaluation encompass: <ol style="list-style-type: none"> <li>1. Water quality monitoring: measuring the impact of operational activities on water sources as mitigation and pollution control efforts.</li> <li>2. Sound and air monitoring: measuring noise levels, sound pollution, and air quality to maintain environmental conditions.</li> <li>3. Biota monitoring: measuring population</li> </ol>
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]

Biodiversity conservation plays a crucial role in sustaining life and maintaining ecosystem health. SAMKO is committed to protecting natural habitats by integrating biodiversity management practices that reduce and prevent operational impacts on ecosystems within its areas of operation. [3-3]

SAMKO not only focuses on conservation areas within its concession but also ensures the preservation and maintenance of biodiversity-rich areas in community-owned lands. The Company maintains these conservation areas based on studies conducted within its community forests, with the figures remaining consistent as shown below.

OPERATE LOCATION	AREA	STATUS	CONSER- -VATION AREA (HA)	CONCES- -SION AREA (HA)	% FROM TOTAL CONCESSION AREA
Sari Mulyo Combined Farmers' Group	Jambi	Community Forest Group	98.93	1,022	10%
Sumber Sejahtera Community Forest Farmers Group	Jombang	Community Forest Group	86.83	783	11%

We continuously engage with local communities to ensure the conservation areas remain protected and unchanged. We have identified that significant potential impacts within community areas include land clearing and animal hunting, which may lead to deforestation, habitat degradation, or the

loss of rare and protected species due to limited community awareness.

Therefore, we have undertaken several initiatives in collaboration with the community, such as:

POTENTIAL IMPACT	IMPACT RANGE	ACTIVITIES
Animal hunting protected	On river border areas <ul style="list-style-type: none"> <li>• Tretes River</li> <li>• Gogor River</li> <li>• Genuk River</li> <li>• Watu Gopit River</li> <li>• Bening River</li> <li>• Maling River</li> <li>• Grenjengan River</li> </ul>	<ul style="list-style-type: none"> <li>• Conducting training for Farmer Groups to identify critical, rare, threatened, vulnerable, endemic, and protected species, including those listed in CITES Appendix I &amp; II.</li> <li>• Performing periodic monitoring of protected, endemic, and endangered species.</li> </ul> Developing and enforcing policies that prohibit hunting of critical, rare, threatened, vulnerable, endemic, and protected species under Indonesian law and CITES Appendix I & II.           Inspecting and maintaining signposts that provide information on the prohibition of hunting protected wildlife.
Water pollution due to Operational activities plantations around the river	On river border areas <ul style="list-style-type: none"> <li>• Tretes River</li> <li>• Gogor River</li> <li>• Genuk River</li> <li>• Watu Gopit River</li> <li>• Bening River</li> <li>• Maling River</li> <li>• Grenjengan River</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring community activities utilizing river resources.</li> <li>• Collaborative management with stakeholders on river conditions.</li> <li>• Joint monitoring of river water quality with stakeholders.</li> </ul>
Land clearing activities that pose a threat to water quality and water availability	<ul style="list-style-type: none"> <li>• Tretes River (Carang Wulung Village)</li> <li>• Watu Gopit River (Carang Wulung Village)</li> <li>• Gogor River (Wonosalam Village)</li> <li>• Genuk River (Sambirejo Village)</li> </ul>	<ul style="list-style-type: none"> <li>• Advocating for Village Regulations on river management.</li> <li>• Installing and inspecting signs for river conservation awareness.</li> <li>• Conducting periodic monitoring through FGDs, outreach, and warning signs.</li> <li>• Collaborating with stakeholders to protect and preserve rivers.</li> <li>• Holding regular consultations through FGDs, workshops, and outreach programs.</li> </ul>



Monitoring and observation results indicate the presence of endangered species in the conservation areas. In Jambi, two endangered fauna species have been identified: the hoop monkey (*Presbytis melalophos*) and the long-tailed macaque (*Macaca fascicularis*), along

with one endangered flora species, the red meranti (*Shorea pauciflora*). Meanwhile, in Jombang, the Sunda pangolin (*Manis javanica*) is classified as Critically Endangered. Additionally, other species have also been identified and can be found on our website.

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	-	45	3	61	113
Sari Mulyo Farmer Group, Jambi	3	2	3	1	61	-	-	70
PT. Kalpika Wanatama I	2	1	10	4	71	-	9	97
PT. Kalpika Wanatama II	3	2	9	5	81	-	10	110

Protection Status:

- EN : Endangered
- CR : Critically Endangered
- VU : Vulnerable
- LC : Least Concern
- NT : Near Threatened
- DD : Data Deficient
- NE : Not Evaluated

In addition to species monitoring, the Company continues to collaborate with local communities through various programs. These initiatives, carried over from 2023, reflect our commitment to maintaining ongoing efforts in environmental stewardship and community engagement.

NURTURING LIFE TOGETHER

In the previous year, SAMKO successfully implemented a program to distribute 1,000 tilapia fish seeds in areas of high conservation value. Alongside this initiative,

950 tree seedlings of various Multipurpose Tree Species (MPTS) were also distributed to support biodiversity and promote 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
		Duren	300
	Jambi	Durian Bawor	50
		Pete	50
		Matoa	50
		Rambutan	50
		Rafiah	50

This year, the Company continues its commitment by maintaining the same initiative, redistributing both fish and plant seedlings to local communities. This ongoing effort aims to enhance biodiversity while simultaneously providing economic value. By sustaining this program, SAMKO reinforces its dedication to environmental conservation and community empowerment, in line with its commitment to a sustainable future.

ECOTOURISM

SAMKO continues to maintain and ensure the sustainability of its ecotourism sites in Rimbo Ulu, Jambi, and Agrowisata Kuncen, Central Java. Through ongoing collaboration with local authorities and farming communities, SAMKO supports eco-friendly tourism while preserving local heritage and sustaining economic benefits for local farmers.

Committed to responsible forest management, SAMKO ensures these ecotourism sites remain platforms for conservation, community empowerment, and environmental education. These efforts reinforce nature preservation, cultural heritage, and biodiversity awareness.



WATER INTERACTION

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

Water is a vital resource for humanity and the environment. According to BPS, Indonesia produced approximately 5,267 million m<sup>3</sup> of clean water in 2022, while half of the world’s population faced some level of water scarcity over recent years. Recognizing the critical importance of water availability in Indonesia, SAMKO has developed a responsible and strategic approach to managing its consumption. As part of the responsible management of water resources and to minimize environmental impact, SAMKO implements various responsible water management practices throughout SAMKO’s operations including steam generation, heating, cooling, and cleaning purposes. This approach enables the Company to monitor water consumption and manage its intake effectively, preventing overuse and irresponsible discharge. [3-3]

WATER WITHDRAWAL	UNIT	2024	2023	2022
Groundwater	m <sup>3</sup>	557,837	474,679	667,395
River Water	m <sup>3</sup>	329,526	385,266	521,078
PDAM	m <sup>3</sup>	15,807	-	-
Total	m <sup>3</sup>	903,170	859,945	1,188,473

Measured Intake  
and Responsible Discharge

Prior to sourcing the water, SAMKO ensures that the location has not experienced water stress or shortages. Clean water is sourced from groundwater and rivers (<100 mg/L total dissolved solids) with sufficient volume to be used by both the Company and the surrounding community. For human consumption, SAMKO relies on PDAM, a government-owned company that supplies water across various regions in Indonesia. In 2024, total clean and potable water consumption reached 903,170 m<sup>3</sup>, a slight increase from the previous year.

Water enters SAMKO’s operations from various sources, stored, and then distributed for designated purposes. Each water flow is measured with a flow meter to accurately monitor intake and distribution quantities. These flow meters ensure reliable measurement of water discharge, providing essential data for effective water management. Water consumption is determined by subtracting the distributed amount from the total intake. This approach ensures precise measurement, provides insights into operational needs, and helps identify potential reduction strategies.

WATER USE	UNIT	2024	2023	2022
Industry	m <sup>3</sup>	674,494	702,722	874 275
Domestic	m <sup>3</sup>	226,295	171,553	299 492
Total	m <sup>3</sup>	900,788	874,275	1,189,473

Discharge water flow from the industrial and domestic usage is directed into the Wastewater Treatment Plant (WWTP) after being assimilated with other pollutants from previous activities. The plant treats the wastewater before finally releasing it back into the environment as effluent ensuring the discharged water is properly treated to mitigate potential negative impact on the environment.

CIRCULAR WATER MANAGEMENT

To optimize water usage, SAMKO adopts water recycling practices or circular water wherever

In 2024, SAMKO recorded a usage of 901,993 m<sup>3</sup> of water, with a significant portion used as a boiler medium to soak and steam logs before further processing into the necessary products. As steam becomes the gas form of liquid, much of the water is lost in the process, and the remaining is discharged as wastewater.

possible. Water utilized in operational processes, such as heating and cooling, is reclaimed and reused within the production cycle. This approach effectively reduces the demand for raw water sources and minimizes the ecological impact of freshwater intake.

SAMKO has implemented various initiatives to reduce clean water consumption and enhance water efficiency. The Company has sought to increase its level of water recycling by reusing water to support operational activities, particularly in the log pond area. During the reporting period, the volume of recycled water consumed reached 9,724 m<sup>3</sup> or 1% of the annual water consumption.



RESPONSIBLE EFFLUENT MANAGEMENT

SAMKO ensures its effluent management aligns with applicable regulations to minimize the environmental impacts of water effluent. Through effective and responsible treatment methods, SAMKO monitors effluent quality and utilizes the latest technologies in the WWTP to ensure discharged water meets established standards. All water intake, usage, and discharge processes comply with governmental regulations and are reported to relevant authorities. SAMKO refers to the Indonesia regulation to showcase adhere into the waste effluent:

- 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)

WATER DISCHARGE	UNIT	2024	2023	2022
Industry	m <sup>3</sup>	223,323	103,756	83,313
Domestic	m <sup>3</sup>	226,295	93,214	234,773
Total	m <sup>3</sup>	449,617	196,970	318,087

WASTE

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

SAMKO has implemented a comprehensive waste management to efficiently manage produced waste across all operating units. Waste generated from the manufacturing process is categorized into hazardous waste (B3) and non-hazardous waste (non-B3). SAMOKO’s waste management system is aligned with Indonesia regulation of:

Throughout the daily recording, SAMKO continuously monitors the quantity of water discharged and the quality of treated wastewater to ensure compliance with specified discharge standards. If non-compliance or deviations from the standards occur, corrective measures are promptly implemented within the WWTP treatment process, followed by laboratory retesting to confirm effectiveness. During the reporting period, SAMKO recorded a total water discharge of 449,617 m<sup>3</sup>. No tests were conducted for dissolved solids, and no spills of hazardous waste were recorded.

- Government Regulation No. 22 of 2021 - Implementation, Protection, and Management of the Environment
- Government Regulation No. 101 of 2014 - Management and Treatment of Hazardous Waste (B3)
- Ministerial Regulation No. 06 of 2021 - Procedures and Requirements for the Management of Hazardous Waste (B3)

Aware of the impacts in our waste production, SAMKO is committed to implementing effective and compliant waste management practices. The Company carefully determines the most suitable treatment methods for each waste category to prevent pollution, enhance safety, and mitigate potential risks.

At SAMKO’s premises, hazardous waste predominantly comes from solid bases such as adhesives & resins, packaging, and grinding residues. In accordance with national regulation, SAMKO adhered to the

procedure of storing the generated waste into licensed landfill (TPS) and engaged with licensed waste management partners to properly handle disposal and treatment of the waste. SAMKO achieved a 33% reduction in hazardous waste generation, primarily through reducing the intensity of adhesive and resin usage in production processes. This significant reduction demonstrates the Company’s dedication to improving operational efficiency and enhancing environmental performance.

Types of Waste	Processing Method	Unit	2024	2023	2022
Total Waste		Tons	340,176.43	319,887	397,072
Hazardous Waste					
Used glue	Transported by licensed third parties	Tons	743.74	1,111.02	1,347.01
Oil			14.131	44.07	9.48
Contaminated packages			16.390	3.66	41.54
Medical waste			0.005	0.01	2.11
Fluorescent lamp			0.005	0.27	-
Drum			3.085	2.75	0.13
Oil filter			0.018	0.04	2.52
Accu			0.015	-	0.08
Resin/lab waste			-	-	0.39
Rotary knife gram			5.840	10.80	-
Total hazardous waste			783.43	1,172.620	1,403.26
Non-hazardous waste					
Wood waste	Reused	Tons	292,030	239,829.73	294,050.76
	Discharged		47,363	78,884.74	101,617.64
Total non-hazardous waste			339,393	318,714.47	395,668.40

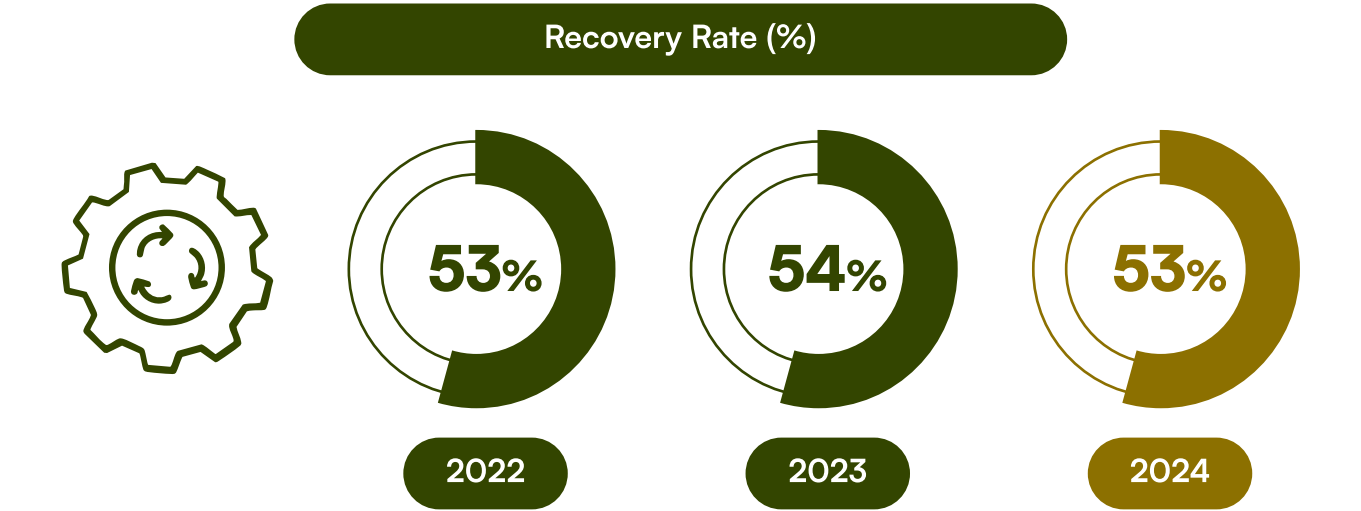
Non-hazardous waste at SAMKO primarily comes in the forms of organic or inorganic waste from human activities including wood waste and food waste. To lower pollution numbers, SAMKO reuse most of the wood waste as pallets or as firewood as machinery fuel to prevent direct disposal. On the contrary, non-hazardous waste with limited

recycled potential are properly sorted and transported through licensed third parties for the appropriate treatment. In 2024, SAMKO increased its reuse rate of wood waste by 21% compared to last year, showcasing the implementation of 3R (Reduce, Reuse, Recycle) to improve resource efficiency and reduce environmental impacts.



SAMKO continues to maintain a robust recovery rate from log processing, achieving a recovery rate of 53%, a high ratio of usable plywood or veneer produced from the total log volume produced.

WOOD WASTE	UNIT	2024	2023	2022
Incineration	Tons	244,360	239,829	294,050
Landfill	Tons	47,363	78,884	101,617
Total	Tons	291,723	318,714	395,668



SAMKO’s commitment to waste management is extended into a form of innovation in the Banyumas plant, where bamboo is utilized as sustainable and durable material for pallet manufacturing. This initiative not only supports the efficient use of natural resources but also helps the plant reduce costs associated with building materials.

Furthermore, SAMKO’s adherence to proper environmental management practices is demonstrated by the fact that, during the reporting period, no complaints were received regarding alleged pollution, and no sanctions were imposed related to environmental management violations.

UNDERSTANDING OUR CLIMATE IMPACT

METRICS AND TARGETS

TCFD G.2, M.3

SAMKO recognizes the profound impact SAMKO assesses climate risks and opportunities using scenarios aligned with TCFD recommendations. The Company is committed to managing its carbon footprint more effectively and aligning with climate change mitigation efforts through precise emissions calculations. In 2024, SAMKO set specific targets, including a 3% reduction in energy consumption and Scope 1 and 2 emissions intensity by 2025.

SAMKO has yet to incorporate emission reduction scenarios of 2°C or lower. However, climate change mitigation efforts continue, including the adoption of renewable energy sources such as solar panels. As a testament to this commitment, in 2021, SAMKO became a pioneer by installing the largest solar panel facility in a factory in East Java Province. To advance this initiative, we are currently in the process of installing solar panels over a 10-hectare area at our Mangole operations. [M.3]

ENERGY

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

Energy is the backbone of SAMKO’s operational power. The Company continuously monitors its operation units to identify areas of energy efficiency matters. As part of its commitment to responsible business, SAMKO seeks efforts in reducing reliance on fossil fuels and actively incorporating renewables sources into our energy consumption. Currently, the majority of SAMKO’s energy necessities are met through electricity purchased from external parties, and usage of internal renewable or

conventional generators are used to reduce the dependency on a single type of energy source and ensure uninterrupted power supply throughout the operational period. [3-3]

SAMKO monitored its energy consumption in every operating unit and consolidated the data through center information. The information is calculated by the volume of energy sources and converting the consumption values in Gigajoule (GJ) to standardize the disclosures across various types of energy used.

Energy sources are categorized to identify energy providers and highlight significant consumption patterns. Direct energy sources are mainly derived from internal power generation using liquid fuels such as diesel and gasoline, accounting for only 17% in 2024. This indicates a strong dependence on indirect energy sources, particularly electricity supplied by third parties.

In reducing its reliance on conventional sources, SAMKO recorded a significant contribution of energy generation via solar panels to combat environmental impact and responsible consumption. In 2024, the Company produced energy of 8,245 GJ or cumulatively, the total energy output from solar panels until 2024 reached 6,7 million kWh, equivalent to 24,120 GJ. Surplus electricity is channeled to Indonesia’s National Electricity Company (PLN), allowing broader access to renewable energy by redistributing it to customer needs. Another step taken by SAMKO is to support the transition and usage of New and Renewables Energy (NRE). SAMKO has utilized solar photovoltaics in two of its factories in Jombang, East Java. Holding the capacity of 1.74 MWp, the facilities has been generating 2,290,379 million kWh of clean energy for external usage in 2024.



By adopting solar energy, SAMKO promotes the use of environmentally conscious energy sources and contributes to the avoidance of emissions equivalent to 2,153 tCO2e compared to grid-produced electricity.

ENERGY SOURCES	UNIT	2024	2023	2022
Direct Energy	GJ	26,034.1	*27,812	44,320
Fuel				
Indirect Energy	GJ	127,872.1	*145,625	195,140
Electricity				
Total	GJ	153,906.2	*173,436	239,460

\*The changes in the 2023 energy data are due to a refinement in the methodology, leading to more accurate results.

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

OUTSIDE EMISSION SOURCES	UNIT	2024
Total fuel of flight travel	GJ	1,034

Note: The fuel used from flight transportation is aviation fuel

ENERGY INTENSITY	UNIT	2024	2023
Total Energy Consumption	GJ	153,906.20	*173,436.27
Total Production	m³	456,027.80	*461,724.99
Energy Intensity	GJ/m³	0.34	*0.38
Energy Reduction	%	10.00	(4.92)

\*The changes in the 2023 energy data are due to a miscalculation in the methodology.

EFFICIENCY ACTIVITIES	UNIT	ENERGY TYPE	ENERGY REDUCTION 2024	ENERGY REDUCTION 2023
Solar Cells	GJ	Electrical	8,245.36	8,967.91

EMISSION MANAGEMENT

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

SAMKO is committed to managing emissions through diligent energy consumption and emissions recording. The Company systematically tracks energy use and carbon dioxide (CO2) emissions through daily records, ensuring transparency and accountability in its operations.

In addition to technological monitoring, SAMKO actively pursues emission reduction by utilizing environmentally renewables fuel, biomass across our operating facilities. The biomass is sourced from our wood derivatives and by-product from processing units. As the biomass is managed with adequate care and significantly less polluted than the conventional fuel, SAMKO promotes efficient, sustainable operations with reduced environmental impact. Expanding the renewable energy sources, SAMKO is investing the options through solar power systems. Since 2023, SAMKO has embarked the solar power facilities in its operation becoming the first plywood in Indonesia transitioning into renewable energy intake. The facility converted electricity through solar energy absorbed in the sunlight, ultimately reducing reliance on grid power electricity and reducing emission electricity consumption. [3-3]

SAMKO is continuously monitored its environmental management compliance and emissions against the national regulation and engaged with certified third parties under government regulations to perform control activities:

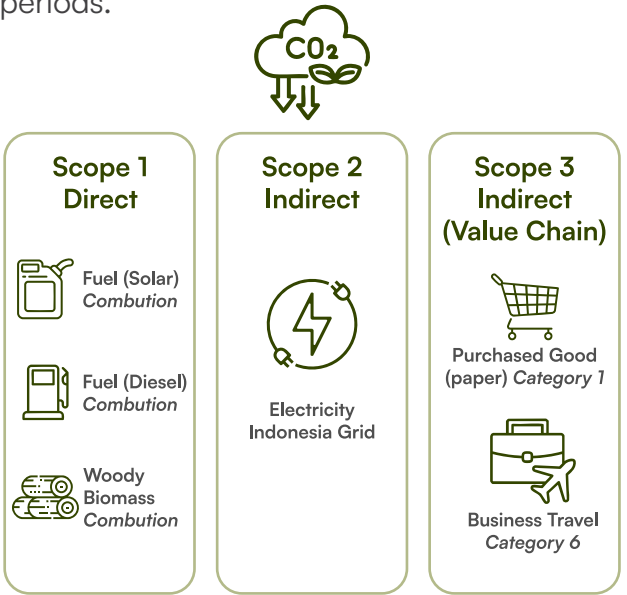
- 1. Air Emissions Control
- 2. Hazardous Waste Management Control
- 3. Liquid Waste Control

EMISSION FOOTPRINT

[TCFD M1, M2]

To manage its emission footprint, SAMKO systematically compiled and evaluated the emission sources and understood its nature to accurately measure the emission. The inventory process encompasses direct emissions (Scope 1), indirect emissions from external sources (Scope 2), and value chain emissions (Scope 3). The inventory is conducted in accordance with GHG Protocol standard and Intergovernmental Panel on Climate Change (IPCC) guidelines. All activity data is extracted from SAMKO’s operations as mentioned in this sustainability report. Due to current limitations, biogenic emissions are excluded from the assessment, as related information is not yet accessible.

Aligned with Task Force on Climate-related Financial Disclosure (TCFD), SAMKO has initiated efforts to identify the contribution and relevance of Scope 3 across the fifteen categories. In 2024, SAMKO disclosed several categories as the main subjects of current Scope 3 disclosures while the complete assessment is ongoing, with the expectation that a comprehensive disclosure covering all Scope 3 categories along with Scope 1 and Scope 2 will be achieved in future reporting periods.





Emission factors (EF) are referred to credible national and international sources as guided by the IPCC. Sources like the Ministry of Energy and Mineral Resources (Indonesia) and Department for Environment Food and Rural Affair (UK) are incorporated to quantify the emission inventory. Additionally, other relevant and eligible sources are incorporated to ensure the accuracy and relevance of emission calculations, particularly those reflecting SAMKO’s specific operational conditions.

The total emissions from Scope 1 and Scope 2 during the reporting period amounted to 34,359.88 tCO2e. These emissions represent the primary operational emissions from SAMKO’s core activities. While the total emissions have decreased against the 2023 baseline, SAMKO continues to monitor, evaluate, and plan its actions to significantly contribute to a net-zero scheme by fostering innovation and transitioning to more sustainable options.

DESCRIPTION	UNIT	2024	2023
Scope 1	tCO2e	1,809.65	2,059.92
Scope 2	tCO2e	32,717.77	35,949.46
Total	tCO2e	34,527.42	38,009.38
Emission Intensity	tCO2e/m³	0.076	0.082
Intensity Reduction	%	8.03	(5.88)
Biogenic Emission	tCO2e/m³	973.17	-

We have also calculated the Scope 3 emissions from current subject relevance and accessibility, totalling two categories with the scope 3 disclosures. As SAMKO aligned with SGX’s Practice Note on disclosing Scope 3 emissions, we are conducting an assessment to ensure the relevant categories

and necessary data is identified for accurate calculations. Currently, SAMKO has identified and reported two categories of Scope 3 emissions—Purchased Goods (Paper) and Business Travel— as these are essential to our operations and data is available for inventory process.

CATEGORY AND SOURCES	UNIT	2024	2023
Category 1 - Purchased Goods & Services			
Paper	tCO2e	2.22	*2.34
Category 6 - Business Travels			
Airway Travel	tCO2e	174.88	*225.33
Total	tCO2e	177.10	*227.67

\*The changes in the 2023 emission data due to a change in the methodology.



SAMKO continues to actively assess climate risks and opportunities within its operations by monitoring performance to achieve its Sustainability Targets 2030. Regarding carbon footprint, the Company uses carbon intensity as a key indicator to measure operational emissions against production. In 2024, SAMKO successfully reduced its

carbon intensity by 8.47% due the effort of minimizing the primary operational emission. Following this achievement, SAMKO has started to evaluate and establish new targets, aiming to develop scenario analysis over a longer period to better align with Indonesia’s Nationally Determined Contribution (NDC). [TDCF M1, M3]







# Enhancing Social Welfare



## OUR PEOPLE [GRI 3-3]

SAMKO employees form the foundation of the organization, playing an active role in achieving the Company’s vision and mission. They are essential to SAMKO’s ability to operate a sustainable business that delivers high-quality products. To support the well-being and comfort of its employees, SAMKO has established a human resources (HR) policy that prioritizes work-life balance for all staff. This policy is designed to cultivate a positive work environment, enabling employees to maximize their professional potential. The Company manages employees from recruitment to the end of employment, ensuring a structured and supportive work experience. By providing comprehensive benefits, prioritizing health and safety, fostering a supportive workplace, offering career development opportunities, and ensuring continuous training and development, SAMKO empowers its diverse workforce, strengthening a culture of inclusivity and shared growth.

SAMKO’s human resource management policies and systems are built on fundamental human rights principles, ensuring the prohibition of child labor, the elimination of any form of forced or compulsory labor, the protection of occupational health and safety, and adherence to best practices recognized at both national and international levels.

SAMKO values diversity within its workforce and actively fosters an inclusive work environment that respects employees from various backgrounds, cultures, and experiences. As part of this commitment, SAMKO ensures equal opportunities for all individuals, regardless of age, gender, race, religion, or nationality, while firmly opposing any form of discrimination.

### ANTI-DISCRIMINATION

SAMKO is committed to fostering a healthy and inclusive social environment by emphasizing the principle of tolerance towards differences. The Company firmly rejects all forms of discrimination and demeaning behavior based on race, religion, gender, political opinions, and other discriminatory factors. The effectiveness of SAMKO’s anti-discrimination policy is evidenced by the absence of reported incidents related to discrimination during the reporting year. [GRI 406-I]

## PREVENTING CHILD LABOR, FORCED LABOR, AND WORKPLACE DISCRIMINATION [GRI 408-I, 409-I]

There are various challenges in developing remote areas, and as a labor-intensive company, SAMKO is committed to preventing incidents of forced and child labor by implementing stringent policies that comply with prevailing labor laws, including regulations on working hours and the minimum employment age. Following Indonesian labor laws, working hours are limited to 40 hours per week, seven hours per day for six working days, or eight hours per day for five working days. These labor standards are also expected to be upheld across our supply chain, including suppliers.

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.

In addition, the Company adheres to applicable legal regulations, such as:

- Law Number 1 of 1970 concerning Occupational Safety and Health;
- Law Number 13 of 2003 concerning Manpower;

- Law Number 11 of 2020 concerning Job Creation;
- Republic of Indonesia Law Number 24 of 2011 concerning Social Security Organizing Bodies; and
- Minister of Manpower Regulation Number 17 of 2021 concerning Procedures for Adjusting Minimum Wage.

## EMPLOYEE COMPOSITION [GRI 2-7]

SAMKO values diversity as a key asset that strengthens its competitiveness. Employees from various backgrounds bring unique perspectives and experiences, fostering innovation and helping the Company navigate challenges. SAMKO upholds equal treatment for all employees, offering development opportunities based on performance and competence. The principle of tolerance, which is deeply ingrained in SAMKO’s culture, is reflected in the diverse demographics of its workforce, encompassing gender, age, and educational backgrounds.

As of the end of 2024, SAMKO employees were recorded at 9031 people. These employees consisted of 6344 permanent employees and 2687 contract employees. The following data illustrates SAMKO’s employee composition, obtained from the Human Resources Division record.



Number of employees based on employment status

EMPLOYMENT STATUS	2024		2023		2022	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Permanent Employee	5,610	734	6,537	784	6,983	817
Contract Employee	2,637	50	2,871	53	3,509	198
Total	8,247	784	9,408	837	10,492	1,015

Number of employees based on employee category

EMPLOYMENT CATEGORY	2024		2023		2022	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Full-time Employee	8,247	784	9,408	837	10,492	1,015
Part-time Employee	-	-	-	-	-	-
Total	8,247	784	9,408	837	10,492	1,015

Number of employees based on working areas

WORKING AREAS	2024		2023		2022	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Head Office	257	102	489	145	635	161
Muaro Jambi Branch / Unit	640	220	696	230	712	242
Jombang Branch / Unit	3,728	26	3,433	23	3,942	24
Semarang Branch / Unit	1,784	25	1,628	0	1,821	0
Tangerang Branch / Unit	105	1	1,406	6	1,421	3
Purbalingga Branch / Unit	519	1	568	0	615	0
Luwu Branch / Unit	908	378	983	420	1,217	582
Mangole Branch / Unit	306	31	205	13	129	3
Total	8,247	784	9,408	837	10,492	1,015

Number of employees based on age group

AGE GROUP	2024		2023		2022	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
18-30	950	110	954	109	1,543	169
31-40	4,026	307	4,718	328	5,358	377
41-50	2,673	335	3,031	363	2,919	430
>50	598	32	705	37	672	39
Total	8,247	784	9,408	837	10,492	1,015

Number of employees based on designation level

AGE GROUP	2024		2023		2022	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Directorate Head	10	0	8	0	8	0
Division Head	26	6	28	7	26	7
Department Head	126	25	136	29	132	27
Area Head	313	39	322	43	320	44
Team Leader	1,061	122	1,119	131	1118	134
Non Staff	6,711	592	7,795	627	8,888	803
Total	8,247	784	9,408	837	10,492	1,015

WORKPLACE EQUALITY

[GRI 405-1, 405-2]

As a company operating in the wood processing industry with mill and forestry operations, SAMKO recognizes that operational roles in these areas may be less

appealing to women. We also face challenges in recruiting female leaders to fill senior management positions in remote areas within our mill and forestry units.

Percentage of employees based on designation level

DESIGNATION LEVEL	2024		2023		2022	
	MALE (%)	FEMALE (%)	MALE (%)	FEMALE (%)	MALE (%)	FEMALE (%)
Directorate Head	0.11%	0.00%	0.08%	0.00%	0.07%	0.00%
Division Head	0.29%	0.07%	0.27%	0.07%	0.23%	0.06%
Department Head	1.40%	0.28%	1.33%	0.28%	1.15%	0.23%
Area Head	3.47%	0.43%	3.14%	0.42%	2.78%	0.38%
Team Leader	11.75%	1.35%	10.92%	1.28%	9.72%	1.16%
Non-Staff	74.31%	6.56%	76.09%	6.12%	77.24%	6.98%
Total	91%	8.68%	91.83%	8.17%	91.18%	8.82%

Percentage of employees based on age group

AGE GROUP	2024		2023		2022	
	MALE %	FEMALE %	MALE %	FEMALE %	MALE %	FEMALE %
18-30	10.52%	1.22%	9.31%	1.06%	13.41%	1.47%
31-40	44.58%	3.40%	46.05%	3.20%	46.56%	3.28%
41-50	29.60%	3.71%	29.59%	3.54%	25.37%	3.74%
>50	6.62%	0.35%	6.88%	0.36%	5.84%	0.34%
Total	91.32%	8.68%	91.83%	8.17%	91.18%	8.82%



Diversity in Highest Governance Bodies

BOARD	2024		2023		2022	
	MALE (%)	FEMALE (%)	MALE (%)	FEMALE (%)	MALE (%)	FEMALE (%)
Male	4		7		7	
Female	1		0		0	
41—50	0.0%	20.0%	28.6%	-	28.6%	-
> 50	80.0%	-	71.4%	-	71.4%	-

EMPLOYEE RECRUITMENT AND TURNOVER

GRI 401-1

SAMKO is committed to building a solid and high-performing team through regular recruitment via internal and external channels. Internal recruitment includes promotion, rotation, and transfer, while external recruitment involves job openings for qualified candidates. The selection process is conducted objectively and transparently, ensuring equal opportunities regardless of ethnicity, religion, race, group, or gender [3-3].

The employee recruitment and selection process aligns with human rights principles and labor regulations, ensuring all employees

meet the legal working age of 18, in accordance with ILO Convention No. 138. Throughout the reporting year, no violations related to child labor were recorded. Additionally, SAMKO strictly prohibits forced labor in compliance with Indonesian laws, including Law No. 13 of 2003 on Manpower and Law No. 39 of 2004 on Human Rights [408-1, 409-1]

In 2024, 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:

New Employees by Gender [401-1]

GENDER	2024		2023		2022	
	NUMBER	RATE	NUMBER	RATE	NUMBER	RATE
Male	732	8.11%	690	6.73%	382	3.32%
Female	35	0.39%	15	0.15%	39	0.34%
Total	767	8.49%	705	6.88%	421	3.66%

New Employees by Group Age [401-1]

AGE GROUP	2024		2023		2022	
	NUMBER	RATE	NUMBER	RATE	NUMBER	RATE
18-30	334	3.70%	305	2.98%	246	2.14%
31-40	310	3.43%	290	2.83%	122	1.06%
41-50	90	1.00%	93	0.91%	39	0.34%
>50	33	0.37%	17	0.17%	14	0.12%
Total	767	8.49%	705	6.88%	421	3.66%

New Employees by Working Areas [401-1]

WORKING AREAS	2024		2023		2022	
	NUMBER	RATE	NUMBER	RATE	NUMBER	RATE
Head Office	15	0.17%	2	0.02%	10	0.09%
Commercial Ex. ARM (Outside Jkt)	10	0.11%	15	0.15%	13	0.11%
Muaro Jambi Branch/Unit	20	0.22%	7	0.07%	63	0.55%
Jombang Branch/Unit	140	1.55%	61	0.60%	13	0.11%
Semarang Branch/Unit	312	3.45%	294	2.87%	136	1.18%
Tangerang Branch/Unit	23	0.25%	93	0.91%	100	0.87%
Purbalingga Branch/Unit	71	0.79%	101	0.99%	10	0.09%
Luwu Branch/Unit	25	0.28%	4	0.04%	0	0.00%
Mangole Branch/Unit	151	1.67%	128	1.25%	76	0.66%
Total	767	8.49%	705	6.88%	421	3.66%

SAMKO experiences employee turnover, which refers to the rate at which employees leave the company and are replaced by new hires. Employee turnover occurs due to various reasons such as retirement, downsizing of

unit affiliation, and career changes. In 2024, the company recorded an employee turnover rate of 14%, which represents a decrease compared to the previous year. [401-1]

Employees Turnover by Gender

GENDER	2024		2023		2022	
	NUMBER	RATE	NUMBER	RATE	NUMBER	RATE
Male	1,279	13%	2,107	19%	987	8%
Female	42	0%	96	1%	134	1%
Total	1,321	14%	2,203	20%	1,121	10%



Employees Turnover by Age

AGE GROUP	2024		2023		2022	
	EMPLOYEE TURNOVER					
	NUMBER	RATE	NUMBER	RATE	NUMBER	RATE
18-30	150	2%	465	4%	392	3%
31-40	709	7%	1,151	11%	415	4%
41-50	339	4%	451	4%	203	2%
>50	123	1%	136	1%	111	1%
Total	1,321	14%	2,203	20%	1,121	10%

Employees Turnover by Age

WORKING AREAS	2024		2023		2022	
	EMPLOYEE TURNOVER					
	NUMBER	RATE	NUMBER	RATE	NUMBER	RATE
Head Office	58	0.6%	17	0.2%	10	0.1%
Commercial Ex. ARM (Outside Jkt)	2	0.0%	25	0.2%	23	0.2%
Muaro Jambi Branch/Unit	53	0.5%	38	0.3%	31	0.3%
Jombang Branch/Unit	329	3.4%	838	7.7%	126	1.1%
Semarang Branch/Unit	120	1.2%	249	2.3%	347	3.0%
Tangerang Branch/Unit	577	6.0%	675	6.2%	176	1.5%
Purbalingga Branch/Unit	31	0.3%	58	0.5%	45	0.4%
Luwu Branch/Unit	130	1.3%	267	2.5%	345	2.9%
Mangole Branch/Unit	21	0.2%	36	0.3%	18	0.2%
Total	1,321	14%	2,203	20%	1,121	10%

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, both permanent and contract 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 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. [401-2]

In 2024, the Company recorded 32 female employees taking maternity leave, with all of them returning to work, resulting in a return-to-work rate of 100%. [401-3]

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.

COLLECTING BARGAINING AGREEMENT

Freedom of association for workers is a fundamental right recognized globally and guaranteed by legislation in Indonesia. We respect workers’ rights to associate and organize by forming the employee union of SAMKO. This union serves as a vital link between employees and the Company, enabling workers to voice their opinions and participate in decision-making processes concerning their rights.

The Company management and employees maintain a harmonious industrial relationship through a Collective Labor Agreement (CLA) that is jointly formulated by both parties. The CLA encompasses terms of employment as well as the rights and responsibilities of both the Company and employees. All employees are covered under this agreement, with labor unions operating on a voluntary basis. [2-30] In addition to encompassing various essential aspects that serve as guidelines for employees and companies in managing employment relationships, CLA also regulates significant operational change notifications such as organizational restructuring or company

acquisition plans. If these changes directly impact employees, the Company will provide notification to the workers.

PROFESSIONAL DEVELOPMENT

Employee training is a critical investment for the future of the Company. Competent employees in their respective fields produce higher-quality products and services, ultimately enhancing the Company’s competitiveness. The Company conducts regular training sessions in technical skills, management skills, and leadership qualities, open to all employees from field supervisors to corporate executives. [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 evaluations play a vital role in assessing employee performance and supporting decisions related to compensation, rotation, and career development. After no evaluations were conducted in 2023, the Company has taken a significant step forward by reintroducing the process in 2024. This marks an improvement in employee performance management, with 19.13% of employees having undergone evaluations. The Company recognizes the importance of continuous improvement and is committed to enhancing its performance management system to ensure that future evaluations are conducted more effectively and contribute to overall workforce development. [3-3, 404-3]



The Company has improved its calculation methodology to ensure greater accuracy and transparency in reporting. As a result, the figures presented in this year’s report differ from those of the previous year. Committed to enhancing employee development, SAMKO has progressively increased training

hours. This commitment is reflected in a significant rise in the average training hours per employee compared to the previous year. The detailed breakdown of professional development hours based on employee designation is as follows: [404-1]

Employees Turnover by Age

DESIGNATION LEVEL	2024	2023	2022
Manager - Up	7.76	0.51	0.57
Staff - Asst. Manager	4.34	0.55	1.14
Non - Staff	1.47	0.40	1.01

By Gender

BY	2024	2023	2022
Total employee	2.09	2.36	1.02
Male	1.91	2.16	0.93
Female	0.18	0.19	0.09

The professional development programs designed by the Company not only enhance employees’ competencies but also extend to field workers, equipping them with essential managerial skills, technical expertise, and functional capabilities. Technical training is customized to meet site-specific requirements, aligning with ISO regulations and mandatory professional certifications. These include HSE Training and Certification, Education and Training of Forest Management Technical Personnel (GANISPH), and Internal HSE Induction, ensuring compliance and operational excellence across all levels. [404-2]

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.

The OAP also fosters a culture of continuous improvement and innovation. Participants are encouraged to identify opportunities for enhancing operational efficiency and sustainability. By developing future leaders with a strong understanding of sustainable practices, SAMKO is ensuring the long-term success of its plywood production operations.

In 2024, the OAP was launched for a new cycle across all units, including the project at the Forestry Plantation & Manufacturing Plant in Mangole, North Maluku. The focus of this cycle includes 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 are being developed to retain top-performing trainees after the program, potentially incorporating career advancement opportunities, competitive compensation, and clearly defined progression paths.

DECENT AND SAFE  
WORKING ENVIRONMENT

OCCUPATIONAL HEALTH AND SAFETY  
(OHS) MANAGEMENT SYSTEM  
[403-1, 403-7, 403-8]

SAMKO prioritizes Occupational Safety and Health (OHS) as the foundational element of all operational activities to protect employees and achieve the target of zero occupational accidents. To realize this goal, SAMKO has developed an Occupational Safety and Health Management System that adheres to various national and international standards, including:

- Law No.1 of 1970 concerning Occupational Safety
- Law No. 13 of 2003 concerning Manpower
- Law No. 36 of 2009 concerning Health
- Government Regulation (PP) No. 50 of 2012 on the Implementation of Occupational
- Safety and Health Management Systems • Minister of Manpower Regulation Number 5 of 2018 concerning Occupational Safety and Health in the Work Environment
- ISO 45001:2018 on Occupational Safety and Health Management Systems

The OHS standards of SAMKO apply across all operational areas and must be adhered to by all employees, business partners, and any parties involved in SAMKO operations without exception. Each Mill Head is responsible for implementing OHS measures, supported by a competent team. [3-3, 403-1, 403-8]

OHS practices are also stipulated in the Collective Labor Agreement, representing a shared responsibility to achieve zero accidents and zero fatalities across all SAMKO operations. The implementation of the Occupational Health and Safety Management System (OHSMS) encompasses health, safety, and environmental (HSE) management through the establishment of Standard Operating Procedures (SOPs) set by management. The SOPs include:

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 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 implemented through routine briefings at the start of work, with information disseminated on a weekly and monthly basis. Guests and contractors are also provided with an introduction to the factory area, which includes information on hazards and facilities related to occupational safety and health procedures while on

company property. Additionally, the entire factory is equipped with visual banners and posters, SOPs, and work instructions in each operational area. [3-3, 403-1, 403-7]

The Company 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 for 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	2024	2023	2022
Employee	9,038	10,245	11,507
Internship	21	-	-
Outsourcing Employee	1,555	863	926
Partner	4,295	6,274	8,098
Total	14,909	17,832	20,531

### 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. [403-2]

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 and Jambi 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. 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.

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.

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

Duties and responsibilities of the chairperson of P2K3:

- Leading all P2K3 plenary meetings or appointing members to lead plenary meetings;
- Determining steps and policies to achieve the implementation of P2K3 programs;

## 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 2024, SAMKO conducted several trainings such as Internal HSE trainings.

## OHS PERFORMANCE

[403-9, 403-10]

The hazards and 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.

This data includes records from both employees and company partners operating within the Company's area. As of now, there have been no recorded cases of occupational illnesses among all employees and company partners.

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

NOTE	2024	2023	2022
Number of Cases			
Minor Injury	537	339	441
Moderate Injury	56	64	127
Serious Injury	2	12	26
Fatality	-	-	2
<b>Total Cases</b>	<b>595</b>	<b>415</b>	<b>596</b>
*Work Accident Rate Measurement			
Minor Injury Rate	28.59	15.91	18.43
Moderate Injury Rate	2.98	3.00	5.31
Serious Injury Rate	0.11	0.56	1.09
Available Hours	18,784,480	21,309,600	23,934,560
The main types of workplace accidents: Medical Aid Injury, Lost Time Injury, and Fatality.			

\*Accident rate calculation per 1,000,000 work hours



In 2024, we are committed to further enhancing occupational health and safety (OHS) across all our operations. Building on the progress made in previous years, we aim to achieve zero fatalities and continue reducing workplace injuries. Our OHS management system, which includes regular safety training, hazard identification, and risk assessments, will remain a cornerstone of our efforts.

COMMUNITY ENGAGEMENT

CREATING SOCIAL VALUE

SAMKO develops Corporate Social Responsibility (CSR) programs with a focus on empowering communities, building capacities, and fostering symbiotic relationships with them. Over the years, the Company has focused on achieving measurable positive impacts while gradually mitigating the risks of negative impacts. In 2024, SAMKO maintained its existing CSR programs, continuing to build on the foundations laid in previous years. SAMKO’s Environmental Development and Sustainability Division collaborates closely with relevant stakeholders, developing local social partnership programs that align with community engagement strategies and goals. The primary goal of these programs is to create positive impacts for the surrounding communities and the environment in which SAMKO operates. [3-3]

We recognize that SAMKO’s operations are situated within communities; therefore, we strive to coexist harmoniously with the surrounding community through shared values and initiatives. Through this empowerment, SAMKO seeks to gather feedback to evaluate operational impacts

while continuously working to enhance the quality of life of local communities and support their economic development. [413-2]

All companies under the SAMKO Group implement initiatives to create positive impacts and mitigate the risks of negative impacts through the following activities: [413-1]

Environmental

SAMKO’s CSR programs in the environmental field are designed to contribute to the preservation and improvement of the natural environment. In 2024, SAMKO maintained its existing programs, focusing on impactful efforts such as distributing plant seeds to villages and communities in Luwu and Jombang. These efforts resulted in the provision of 47,050 Sengon tree seedlings and multipurpose tree seeds (MPTS).

Additionally, SAMKO maintained its commitment to supporting water access in Patemon Village by monitoring and upkeeping the facilities as needed. Through these sustained activities, SAMKO contributes to the preservation of the environment while promoting the well-being of the communities it serves.

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 2024, SAMKO continued its commitment to these efforts by maintaining existing programs and supporting various initiatives, such as

renovating public facilities, repairing roads in Noborejo Village, and maintaining a sports field in Pasren Hamlet. The Company also focused on providing essential 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 impact. In total, we distributed about 590 sheets of plywood within our facilities, including Luwu, Banyumas, Butuh, Jombang, Purbalingga, Jember and Muaro Jambi.

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.

As part of this initiative, SAMKO conducted health-focused programs in Jombang in 2024. These efforts included providing health check-ups, medications, and organizing blood donation activities, benefiting more than 480 community members.

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.

Farmers Capacity Building

SAMKO acknowledges the critical role of sustainable forest management in preserving the environment and supporting community livelihoods. To strengthen this commitment, the Company invests in training and capacity-building programs for community farmers, equipping them with essential knowledge and fostering economic opportunities.

These initiatives focus on developing skills in sustainable forestry practices, including proper land use, tree planting techniques, forest conservation strategies, and efficient resource management. By empowering farmers with these tools, SAMKO promotes sustainable forest management, mitigates environmental degradation, and enhances community livelihoods.

To date, the program has reached approximately 60 farmer groups, reflecting the Company’s commitment to meaningful and impactful engagement with local farmers.

Supporting Educators for a Brighter Future

SAMKO recognizes education as a cornerstone of personal development and societal advancement. Upholding its commitment to Corporate Social Responsibility (CSR), SAMKO has provided financial assistance to deserving individuals who contribute to educational progress in Purbalingga and Luwu.



In 2024, SAMKO extended financial honorariums to improve the welfare of kindergarten teachers actively participating in the teaching and learning processes at four local Islamic boarding schools and Quranic schools. This initiative reflects SAMKO's dedication to fostering educational development and supporting community welfare through targeted actions.

**Support for Religious  
and Community Activities**

SAMKO is committed to supporting the surrounding community by distributing sacrificial animals and basic food supplies, addressing immediate economic needs. This initiative not only alleviates financial burdens but also fosters self-reliance and promotes sustainable economic practices.

In 2024, SAMKO provided sacrificial animals to communities near our business locations, marking our continued support during significant occasions. Additionally, we distributed 39 sacrificial animals and 1,107 packages of basic food supplies to the community during festive celebrations, such as Eid al-Fitr.



**Index**



# Index

## GRI Content Index

Statement of use	SAMKO has reported in accordance with the GRI Standards for the period January 1, 2024, to December 31, 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	SAMKO does not implement Sector Standards because the relevant GRI Sector Standards for the company have not yet been issued, rendering them inapplicable.

GRI STANDARD / OTHER SOURCE	DISCLOSURE	PAGE	OMISSION			
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1	Organizational details	10 - 13, 24			
	2-2	Entities included in the organization's sustainability reporting Reporting period, frequency and contact point	12-13, 24			
	2-3	Restatements of information	25			
	2-4	External assurance	25			
	Activities and workers					
	2-5	Activities, value chain and other business relationships	25			
	2-6	Employees	12-13, 54			
	2-7	Workers who are not employees	12-13, 88-90			
	2-8	Governance structure and composition	65			
	Governance					
	2-9	Nomination and selection of the highest governance body	41			
	2-10	Chair of the highest governance body	29			
	2-11	Chair of the highest governance body	29, 41			

GRI STANDARD / OTHER SOURCE	DISCLOSURE	PAGE	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 2: General Disclosures 2021	2-12	Role of the highest governance body in overseeing the management of impacts	41		
	2-13	Delegation of responsibility for managing impacts	41-42		
	2-14	Role of the highest governance body in sustainability reporting	42		
	2-15	Conflicts of interest	29,33		
	2-16	Communication of critical concerns	28,33		
	2-17	Collective knowledge of the highest governance body	30,38		
	2-18	Evaluation of the performance of the highest governance body	30		
	2-19	Remuneration policies	31		
	2-20	Process to determine remuneration	31		
	2-21	Annual total compensation ratio	-	a. report the ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees(excluding the highest-paid individual); b. report the ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual); c. report contextual information necessary to understand the data and how the data has been compiled.	Confidentiality constraints  In accordance with company policy, the data is not yet available for public disclosure
	Strategy, policies and practices				
	2-22	Statement on sustainable development strategy	4-7		
	2-23	Policy commitments	39		
	2-24	Embedding policy commitments	39		



GRI STANDARD / OTHER SOURCE	DISCLOSURE		PAGE	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 2: General Disclosures 2021	2-25	Processes to remediate negative impacts	34-35			
	2-26	Mechanisms for seeking advice and raising concerns	28, 34-35			
	2-27	Compliance with laws and regulations	56			
	2-28	Membership associations	60			
	Stakeholder engagement					
	2-29	Approach to stakeholder engagement	48-49			
	2-30	Collective bargaining agreements	93			
Material						
GRI 3: Material Topics 2021	3-1	Process to determine material topics	48-51			
	3-2	List of material topics	51			
	3-3	Management of material topics	51			
Economic Performance 2016	201-1	Direct economic value generated and distributed	-	a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components: i. Direct economic value generated: revenues; ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments; iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'. b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.	Not applied	Not included in the material topic

GRI STANDARD / OTHER SOURCE	DISCLOSURE		PAGE	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	48			
	201-3	Defined benefit plan obligations and other retirement plans	-	a. If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities. b. If a separate fund exists to pay the plan's pension liabilities: i. the extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them; ii. the basis on which that estimate has been arrived at; iii. when that estimate was made. c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage. c. d. d. Percentage of salary contributed by employee or employer. e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact	Not applied	Not included in the material topic
Economic Performance 2016	201-4	Financial assistance received from government	-	a. Total monetary value of financial assistance received by the organization from any government during the reporting period, including: i. tax relief and tax credits; ii. subsidies; investment grants, research and development grants, and other relevant types of grant; iii. awards; iv. royalty holidays; v. financial assistance from Export Credit Agencies (ECAs); vi. financial incentives; other vii. financial benefits received or receivable from any government for any operation.	Not applied	Not included in the material topic



GRI STANDARD / OTHER SOURCE	DISCLOSURE		PAGE	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Economic Performance 2016	201-4	Financial assistance received from government	-	b. The information in 201-4-a by country. c. Whether, and the extent to which, any government is present in the shareholding structure.	Not applied	Not included in the material topic
GRI 3: Material Topics 2021	3-3	Management of material topics	28			
GRI 205: Anticorruption 2016	205-1	Operations assessed for risks related to corruption	28-29			
	205-2	Communication and training about anti-corruption policies and procedures	29			
	205-3	Confirmed incidents of corruption and actions taken	29			
GRI 3: Material Topics 2021	3-3	Management of material topics	55			
Materials 2016	301-1	Materials used by weight or volume	55			
	301-2	Recycled input materials used	55			
	301-3	Reclaimed products and their packaging materials	-	a. Percentage of reclaimed products and their packaging materials for each product category. b. How the data for this disclosure have been collected.	Not applied	Not included in the material topic
GRI 3: Material Topics 2021	3-3	Management of material topics	79			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	79-80			
	302-2	Energy consumption outside of the organization	79			
	302-3	Energy intensity	80			
	302-4	Reduction of energy consumption	80			
	302-5	Reductions in energy requirements of products and services	80			
GRI 3: Material Topics 2021	3-3	Management of material topics	74			

GRI STANDARD / OTHER SOURCE	DISCLOSURE		PAGE	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	74			
	303-2	Management of water discharged-related impacts	75-76			
	303-3	Water withdrawal	75-75			
	303-4	Water discharged	76			
	303-5	Water consumption	75			
GRI 3: Material Topics 2021	3-3	Management of material topics	68,70			
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	67-68, 70			
	304-2	Significant impacts of activities, products and services on biodiversity	68-70			
	304-3	Habitats protected or restored	70-71			
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	70-71			
GRI 3: Material Topics 2021	3-3	Management of material topics	81			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	82			
	305-2	Energy indirect (Scope 2) GHG emissions	82-83			
	305-3	Other indirect (Scope 3) GHG emissions	82			
	305-4	GHG emissions intensity	82-83			
	305-5	Reduction of GHG emissions	81-83			
	305-6	Emissions of ozone-depleting substances (ODS)	-	a. Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent. b. Substances included in the calculation. c. Source of the emission factors used.	Not applied	Not included in the material topic



GRI STANDARD / OTHER SOURCE	DISCLOSURE		PAGE	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 305: Emissions 2016	305-6	Emissions of ozone-depleting substances (ODS)	-	d. Standards, methodologies, assumptions, and/or calculation tools used.	Not applied	Not included in the material topic
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	a. Significant air emissions, in kilograms or multiples, for each of the following: i. NOx ii. SOx iii. Persistent organic pollutants (POP) iv. Volatile organic compounds (VOC) v. Hazardous air pollutants (HAP) Particulate matter (PM) vi. Other standard categories of vii. air emissions identified in relevant regulations b. Source of the emission factors used. c. Standards, methodologies, assumptions, and/or calculation tools used.	Not applied	Not included in the material topic
GRI 3: Material Topics 2021	3-3	Management of material topics	75-77			
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	77			
	306-2	Management of significant waste related impacts	75-77			
	306-3	Waste generated	77			
	306-4	Waste diverted from disposal	77			
	306-5	Waste directed to disposal	78			
GRI 3: Material Topics 2021	3-3	Management of material topics	90			
Employment 2016	401-1	New employee hires and employee turnover	90-92			
	401-2	Benefits provided to full-time employees that are not provided to temporary or part time employees	92			
	401-3	Parental leave	93			
GRI 3: Material Topics 2021	3-3	Management of material topics	95			
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	95			

GRI STANDARD / OTHER SOURCE	DISCLOSURE		PAGE	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 403: Occupational Health and Safety 2018	403-2	Hazard identification, risk assessment, and incident investigation	96			
	403-3	Occupational health services	98			
	403-4	Worker participation, consultation, and communication on occupational health and safety	98			
	403-5	Worker training on occupational health and safety	95-96			
	403-6	Promotion of worker health	99			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	98			
	403-8	Workers covered by an occupational health and safety management system	95-96			
	403-9	Work-related injuries	97,99			
	403-10	Work-related ill health	97,99			
GRI 3: Material Topics 2021	3-3	Management of material topics	93			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	93-94			
	404-2	Programs for upgrading employee skills and transition assistance programs	94-95			
	404-3	Percentage of employees receiving regular performance and career development reviews	93-94			
GRI 3: Material Topics 2021	3-3	Management of material topics	86			
Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	86			
GRI 3: Material Topics 2021	3-3	Management of material topics	87			
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	103-107			



GRI STANDARD / OTHER SOURCE	DISCLOSURE		PAGE	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 3: Material Topics 2021	3-3	Management of material topics	102			
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	87,90			
GRI 3: Material Topics 2021	3-3	Management of material topics	100			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	100			
	413-2	Operations with significant actual and potential negative impacts on local communities	100			
GRI 3: Material Topics 2021	3-3	Management of material topics	54			
GRI 414: Supplier Social Assessment 2016	414-1	New supplier that were screened using social criteria	54			
	414-2	Negative social impacts in the supply chain and actions taken	54			

TCFD CONTENT INDEX

CODE	DISCLOSURE	PAGE
Governance		
G1	Describes board oversight of climate-related risks and opportunities.	41
G2	Describe the role of management in assessing and managing climate-related risks and opportunities.	42,79
Strategy		
S1	Explain the climate-related risks and opportunities the organization has identified in the shorter, medium, and longer terms.	42-44
S2	Explain the impact of climate-related risks and opportunities on an organization’s business, strategy and financial planning.	44-45
S3	Describe the resilience of the organization’s strategy, taking into account scenarios related to different climates, including 2°C or lower scenarios.	79

CODE	DISCLOSURE	PAGE
Risk Management		
R1	Describe the organization’s processes for identifying and assessing climate-related risks	45
R2	Describe organizational processes for managing climate-related risks.	45-46
R3	Describe processes for identifying, assessing, and managing climate-related risks integrated into the organization’s overall risk management	46-47
Metrics and Targets		
M1	Disclose metrics used by the organization to assess climate-related risks and opportunities in line with their strategy and risk management processes	81-83
M2	Disclose Scope 1, Scope 2, and, where appropriate, Scope 3 greenhouse gases (GHG) and related risks	81-83
M3	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	79