



PT ARGHA KARYA PRIMA INDUSTRI TBK

Sustainability Report



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About This Report

PT Argha Karya Prima Industry Tbk (trading as Argha Karya Prima) is a publicly listed company operating in the form of a limited liability company. This sustainability report covers all operational entities under its control, based on an operational control approach. The methodology used to consolidate these entities focuses on operational consolidation and data monitoring. A separate section of this report provides further details on the boundaries of financial reporting and any related differences.

This report serves as the primary annual disclosure of our Environmental, Social, and Governance (ESG) performance. The 2024 Argha Karya Prima Report covers the period from January 1, 2024, to December 31, 2024, encompassing all of our global operations. It has been developed and published by Argha Karya Prima.

The report aims to present the Group's sustainability pillars and commitments in accordance with the Circular Letter of the Financial Services Authority of the Republic of Indonesia (OJK) No. 16/SEOJK.04/2021 concerning the "Form and Content of Annual Reports of Issuers or Public Companies." It adopts the Core option of the Global Reporting Initiative (GRI) Standards as the reporting framework, ensuring that relevant information is disclosed for a wide range of stakeholders based on Argha Karya Prima's materiality assessment.



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A Year in Review

2024 was a year of growth and progress for Argha Karya, driven by strong demand for flexible packaging and strategic supply chain enhancements. Through innovation, efficiency, and a focus on customer value, the Company strengthened its market position and built a solid foundation for continued sustainable growth.



Significant Events

National Occupational Health and Safety (OHS) Month



In February 2024, we held the closing ceremony of the National Occupational Health and Safety (OHS) Month under the theme “Foster OHS Culture: Stay Healthy and Safe at Work to Ensure Business Continuity.”

The celebration featured various competitions, including safety poster design, fire extinguishing, hazardous waste (B3) handling, and personal protective equipment (PPE) usage. Through these activities, we encouraged employees to become more alert and responsive in maintaining workplace safety and preventing potential accidents.

As a pioneer in flexible plastic packaging in Indonesia, we always place a strong emphasis on workplace safety. The series of activities during National OHS Month served as a platform to strengthen our safety culture and raise awareness among all employees about the importance of creating a safe, healthy, and sustainable work environment.

Significant Events

Halal Bihalal



With the theme “Moving Forward Together: Finding Opportunities in Challenges with a Spirit of Victory,” we held a Halal Bihalal gathering, which began with a recitation of the Qur’an, a translation reading, and remarks from management emphasizing the importance of unity in facing challenges.

The event concluded with a warm and heartfelt session of mutual forgiveness between employees and management. Through this moment of togetherness, we aim to strengthen the bond among all Argha personnel while fostering a spirit of growth and optimism to find opportunities in every challenge.

Significant Events

Christmas Celebration



As part of our commitment to fostering a harmonious and inclusive workplace, we organized the 2024 Christmas Worship and Celebration under the theme “For Nothing Is Too Difficult for the Lord.” The event was held in January 2025 as part of the closing activities for the 2024 period.

The theme encouraged Argha’s Christian community to remain grateful for God’s love and grace, while also serving as a moment for spiritual strengthening, togetherness, and social compassion. Through this celebration, we hope to nurture a lasting spirit of unity and further cultivate spiritual and social values within the company environment.

Leadership Commitment to Sustainability

Message from the Board of Commissioners

Social and sustainability issues have become a key focus within the flexible packaging industry. Challenges related to ensuring a safe and inclusive workplace, along with rising expectations from consumers and business partners, drive us to uphold fair and non-discriminatory employment practices.

We also recognize the importance of making meaningful contributions to surrounding communities through Corporate Social and Environmental Responsibility (CSER) programs in areas such as health, access to clean water, waste management, and safety training. These initiatives are aligned with the Sustainable Development Goals (SDGs) and help strengthen the company's relationship with local communities.

Despite increasingly complex global and national challenges, we remain optimistic that by reinforcing our social responsibility and oversight of sustainability strategies, the company can maintain its competitiveness while delivering added value to all stakeholders.

Message from the Board of Directors

Environmental sustainability has become a top priority for the flexible packaging industry, in line with the growing global awareness of the environmental impact of industrial operations. Regulations related to carbon emission reduction, energy efficiency, and plastic waste management are becoming increasingly stringent. Consumers and business partners are also demanding greater transparency in sustainable supply chains, motivating us to continually enhance our production standards and material selection.

The ISCC Plus certification is now widely recognized as an important benchmark for ensuring sustainable supply chains. This standard emphasizes material traceability from upstream to downstream, ensuring that products are sourced responsibly. The rising market demand for certified materials in 2024 demonstrates a clear shift toward stricter sustainability requirements.

As part of our commitment, we continue to develop environmentally friendly products, including:

- Monomaterial films, which are easier to recycle and support the circular economy.
- Bio-oxo degradable films, designed with special additives to accelerate plastic degradation.
- Integration of ISCC Plus-certified materials into our supply chain to meet market demand.

Beyond product innovation, we also focus on enhancing energy efficiency and reducing emissions. We conduct regular energy and emission monitoring and plan to install solar panels in 2025 to reduce conventional electricity consumption. These efforts support SDG 7 (Affordable and Clean Energy) and SDG 12 (Responsible Consumption and Production).

We also ensure that water use in our production processes does not disrupt community needs by utilizing deep wells responsibly and implementing strict wastewater management practices.

As the Board of Directors, we are confident that our **sustainability strategy—centered on product innovation, energy efficiency, and responsible supply chains—**will strengthen our competitiveness while creating positive impacts for both the environment and society.

Materiality

Our process for determining material topics is carried out in three stages: identification, prioritization, and validation of sustainability issues. This process involves both internal and external inputs, including interviews, surveys, and benchmarking analyses of best practices.

Through this approach, we ensure that the resulting topics are not only relevant to our stakeholders but also support our long-term strategic direction.

Based on the mapping presented in the materiality matrix, several topics are positioned in the upper-right quadrant, indicating high relevance for both stakeholders and the Company. These topics represent the main focus areas of this sustainability report, with detailed topic codes provided in Appendix 2.

From the economic aspect, the main focus areas include Economic Performance (GRI 201), Market Presence (GRI 202), and Indirect Economic Impacts (GRI 203). From the environmental aspect, significant topics cover Energy (GRI 302), Emissions (GRI 305), as well as Water and Effluents and Waste Management (GRI 303 and GRI 306). Meanwhile, from the social aspect, priority is given to Occupational Health and Safety (GRI 403), Training and Education (GRI 404), and Diversity and Equal Opportunity (GRI 405).

This analysis highlights that the Company is expected not only to maintain profitability and economic competitiveness, but also to ensure energy efficiency, emission control, and effective waste and water management. On the social side, stakeholders' highest expectations relate to employee protection and human capital development.

To provide a clearer overview, the materiality matrix and material topics table in this report illustrate the complete list of issues and their corresponding GRI references. While topics outside the main quadrant continue to be monitored, the high-priority issues in the upper-right quadrant form the foundation for the Company's sustainability strategy and action plans.

Performance Overview

In 2024, we recorded a total production volume of 82,535 tons, with revenue reaching IDR 0.49 billion and EBITDA increasing to IDR 263.56 million, accompanied by a reduction in net loss to IDR 110.37 million. These achievements reflect the effectiveness of our operational strategies and efficiency improvements.

From a sustainability perspective, we continued to optimize the use of energy, electricity, and water, while successfully reducing domestic solid waste generation to 388.96 tons and hazardous waste (B3) to 111.61 tons.

Our social commitment was also demonstrated through the allocation of IDR 195.23 million for Corporate Social and Environmental Responsibility (CSER) programs and IDR 306.71 million for employee development initiatives, supporting 1,111 employees in enhancing their competencies.

Overall, our 2024 performance reflects a strong balance between business growth, environmental stewardship, and social responsibility, in line with the implementation of ESG principles and our long-term commitment to sustainability.

Economy

Description	Unit	2024	2023	2022
Production	Ton	82.535	82.399	76.554
Net sales	Million IDR	3,025.1	2,753.3	3,105.63
Gross Profit	Million IDR	312.34	224.98	375.02
EBITDA	Million IDR	110.37	28.92	324.35

Environmental

Description	Unit	2024	2023	2022
LNG Gas	M ³ TJ	6,386,897 249.56	6,705,634 262.02	6,766,460 264.39
Light Fuel Oil (LFO)	Liter TJ	129,644 5.00	145,143 5.60	142,528 5.45
High Fuel Oil (HFO)	Liter TJ	6,750 0.26	9,020 0.35	4,127 0.16
Electricity	mWh TJ	111,357.645 400.89	104,476.013 376.11	103,314.696 371.93
Water	M ³	113,352	116,686	187,854

Description	Unit	2024	2023	2022
Domestic Solid Waste	Ton	388.96	463.32	586.56
Domestic Wastewater	M ³	2,901	4,600	4,660
Industrial Wastewater	M ³	658	668	663
Hazardous Waste	Ton	111.61	124.68	129.32

Environmental

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Hazardous Waste	Ton	111.61	124.68	129.32

Sosial

Description	Unit	2024	2023	2022
Total Employee	Persons	1111	1147	1172
Employee Development Cost	Million IDR	306,710	316,968	394,323
CSER Fund	Million IDR	195,231	167,650	130,500
Employee Turnover	%	8.10	7.46	5.97

Company Overview

Brief History

PT Argha Karya Prima Industry Tbk, commonly known as Argha, was established in 1980 and is recognized as a pioneer in Indonesia's flexible packaging industry. The Company began its commercial operations in 1982 with a manufacturing facility located in Citeureup, Bogor, West Java.

Argha engages in the flexible packaging industry, producing Biaxially Oriented Polypropylene (BOPP) and Biaxially Oriented Polyethylene Terephthalate (BOPET), also known as polyester film. Currently, Argha operates a production facility in Citeureup, Bogor, West Java, with a total installed capacity of approximately 113,000 tons per year for BOPP and 13,000 tons per year for BOPET.

Main Products and Services	BOPP Film (Arlene): High-quality polypropylene film used for food packaging, labeling, and industrial applications. BOPET Film (Areta): Durable polyethylene terephthalate film designed for high-barrier packaging, lamination, and special applications.
Value Chain Description	The value chain includes raw material procurement, film production, and secondary processes (depending on the film type and requirements, such as metallization and coating), quality assurance, client customization, distribution, and customer support.
Significant Business Relationships	Collaboration with raw material suppliers, packaging converters, distributors, and end-users in the food and beverage, pharmaceutical, and consumer goods sectors.

Vision, Policy, and Core Values

Facing increasing market competition and rising expectations for sustainable practices, Argha identified the need to strengthen its organizational foundation through a clear vision, policy, and core values. The company recognized that innovation, customer satisfaction, and operational safety must align with environmental responsibility to remain competitive and relevant.

Through this approach, Argha established a vision to become an innovative and preferred plastic film producer, supported by an integrated policy covering quality, food safety, environmental management, and occupational health and safety. Guided by the core values of Integrity and Professionalism, Argha promotes ethical behavior, innovation, and efficiency—resulting in enhanced stakeholder trust and sustainable business growth.

Vision:

The innovative and preferred plastic film producer

Core Value:

Integrity

Consistently behave and act in accordance with values, rules and code of conducts prevailed within the company, in order to achieve company's goals.

Professionalism

Responsible to deliver the best results for the company.

Vision, Policy, and Core Values

Policy

To maximize shareholder value

To fulfill customer's requirements, government regulatory and international standards by comply with Quality, Food Safety, Environmental and Occupational Health & Safety Management System

To enhance Customer's business through innovative solutions

Choice of career path advancement in plastic film industry

To prevent Work accidents, Work-related illness & Food-bourne illness

Continuous improvement to create a safe and comfortable workplace, environment friendly, also quality & food safety products

Participate in efforts to improve enviromental protection by minimazing waste produced, adopting pollution preventive practices and practice responsible use of energy

Production

Although the main raw materials used are different, BOPP and BOPET films share a similar production process. BOPP film uses a homopolymer resin of Polypropylene, while BOPET film uses Polyethylene Terephthalate resin. Each is combined with additional raw materials consisting of copolymers and additives.

In the initial stage, the resin, copolymer, and additive materials are mixed together, melted in an extruder, and formed into thick film sheets. The sheets are then stretched both longitudinally and transversely to achieve the desired film thickness for packaging. Afterward, the film is rolled into large rolls (jumbo rolls) and subsequently cut according to orders and requirements.

Supported by state-of-the-art production machines from Germany—renowned for their technological excellence—we are capable of producing high-quality flexible packaging films. To add further value, particularly to the characteristics of the BOPP and BOPET flexible packaging products, we are also equipped with metalizing and film coating machines. These processes enhance features such as resistance to water vapor and humidity, as well as improve the visual appearance of the packaging.

Product Types and Production Capacity

We are a company engaged in the flexible packaging film industry, producing BOPP (Biaxially Oriented Polypropylene) and BOPET (Biaxially Oriented Polyethylene Terephthalate), also known as Polyester. Currently, we operate a production facility located in Citeureup, Bogor, West Java, with a total installed capacity of approximately 113,000 tons per year for BOPP and 13,000 tons per year for BOPET. In addition, we have a subsidiary, Stenta Films (M) Sdn. Bhd., which operates a BOPP film production facility located in the Bandar Baru Bangi industrial area, Malaysia, with a total installed capacity of approximately 21,000 tons per year.

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Sustainability Strategy

We have established a solid strategy to uphold the increasingly urgent and relevant principles of sustainability. With a focus on enhancing production capacity and efficiency, we consistently strive to achieve optimal economies of scale while integrating sustainable practices into every stage of our production process. This approach not only reflects our business orientation but also aligns with global visions embodied in the Sustainable Development Goals (SDGs).

In addition, continuous innovation and the development of environmentally friendly products serve as the main pillars of our strategy to deliver more sustainable solutions. By supporting the achievement of the SDGs—particularly in the areas of environmental protection and responsible consumption—we reaffirm our commitment to addressing global sustainability challenges.

For us, sustainability is not merely an ethical responsibility but also a long-term strategy to maintain balance among environmental preservation, profitability, and community well-being. As part of Indonesia's commitment to sustainability, we proactively adapt to evolving sustainability trends and requirements, making sustainable policies and practices the driving force of our growth and competitiveness in an increasingly sustainability-oriented market.

Below are the key strategies we implement to support our sustainability efforts:

- Continuously enhance production capacity and efficiency to achieve adequate economies of scale and strengthen our competitiveness.
- Conduct ongoing research and innovation to develop environmentally friendly products.
- Develop employee competencies and increase awareness of sustainability.
- Implement sustainable production activities, covering the entire process from raw material procurement and production to product delivery to customers.

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Approach to Building a Sustainability Culture

We recognize that the main challenge in building a culture of sustainability lies not only in environmental management but also in fostering awareness and participation among employees, communities, and customers in practicing responsible behavior.

To address this, we implement various sustainability programs and policies, such as hazardous waste (B3) handling training for employees and security personnel, environmental education for surrounding communities, and collaboration with customers to deliver eco-friendly packaging solutions. In addition, we ensure the application of occupational safety, health, and employee welfare principles as part of our corporate social responsibility.

Through these initiatives, we have successfully enhanced employee awareness of safety and environmental importance, built stronger relationships with nearby communities through educational and social activities, and gained greater customer trust in our commitment to providing safe and sustainable products.

As a result, we have not only created a safer and more productive workplace but also strengthened our contribution to environmental protection, social well-being, and sustainable economic development through innovations such as monomaterial film, PCR-based film, and biodegradable film, which support the transition toward a circular economy.

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Economic & Governance

In 2024, Argha Karya continued to strengthen its economic performance through strategic initiatives aimed at enhancing operational efficiency, expanding market reach, and optimizing resource utilization. Despite a dynamic global market landscape, the Company maintained stable growth, supported by consistent demand for flexible packaging solutions and prudent financial management.



Economy and Corporate Governance

Good Corporate Governance (GCG) is, by definition, a set of systems that regulate and control business entities to create added value for all stakeholders, including shareholders.

In line with the evolution of the business landscape, the principles of good corporate governance have also developed to encompass supervision and control systems that promote ethical conduct and responsible decision-making, uphold integrity in financial reporting, ensure proper risk management, and strengthen stakeholder relationships founded on ethics. We regularly assess the implementation of good corporate governance to ensure that its principles are applied comprehensively throughout the organization.

We recognize the importance of implementing good corporate governance principles across all our operational activities. When applied consistently, good corporate governance provides continuous benefits and advantages, leading to improved performance for stakeholders in general and shareholders in particular. Moreover, good corporate governance is an essential requirement to ensure business continuity and serves as a fundamental pillar in realizing our vision and mission.

The implementation of Corporate Governance principles is based on the following regulations and guidelines:

- Law of the Republic of Indonesia No. 40 of 2007 concerning Limited Liability Companies;
- Law of the Republic of Indonesia No. 8 of 1995 concerning the Capital Market;
- Financial Services Authority (OJK) Regulation No. 21/POJK.04/2015 concerning the Implementation of Corporate Governance Guidelines for Public Companies;

- Financial Services Authority (OJK) Regulation No. 32/POJK.04/2014 concerning the Planning and Implementation of General Meetings of Shareholders for Public Companies;
- Financial Services Authority (OJK) Regulation No. 33/POJK.04/2014 concerning the Board of Directors and Board of Commissioners of Issuers and Public Companies;
- Indonesian Corporate Governance Roadmap, issued by the Financial Services Authority (OJK);
- Indonesian Code of Good Corporate Governance, issued by the National Committee on Governance Policy (KNKG).

We implement good corporate governance through the application of the principles of transparency, accountability, responsibility, independence, fairness, and equality across all levels and lines of our organization.

Our commitment to good corporate governance is realized through a structured framework that divides governance into main components and supporting components.

The main components of good corporate governance consist of the General Meeting of Shareholders, the Board of Commissioners, the Board of Directors, the Audit Committee, and the Nomination and Remuneration Committee.

Meanwhile, the Internal Audit and the Corporate Secretary serve as supporting components to ensure the effective implementation of good corporate governance.

Profit (Loss) for the Year

Profit for the year amounted to Rp10.61 billion, representing an increase of 135.79% compared to the previous year's loss of Rp29.66 billion. Overall, our performance in 2024 improved compared to the previous year, as both sales volume and selling prices increased due to better market conditions.

Comprehensive Income for the Year

Comprehensive income for the year reached Rp82.56 billion, showing an increase of 198.73% compared to the previous year's comprehensive loss of Rp83.62 billion. The increase was mainly driven by foreign exchange differences arising from the translation of financial statements.

Profit (Loss) for the Year Attributable to Owners of the Parent Entity

Profit for the year attributable to owners of the parent entity amounted to Rp10.63 billion, an increase of 135.84% compared to the previous year's loss of Rp29.65 billion. This improvement was primarily due to the increase in profit for the year.

Cash Flow Statement

Cash Flows from Operating Activities

Cash flows from operating activities in 2024 recorded a surplus of Rp214.23 billion, representing an increase of 844.07% compared to the previous year's surplus of Rp22.69 billion. The increase was mainly due to a significant rise in cash receipts from customers and tax refunds.

Cash Flows from Investing Activities

Cash flows from investing activities in 2024 recorded a deficit of Rp46.42 billion, representing a decrease of 22.12% compared to the previous year's deficit of Rp59.61 billion. The improvement was primarily due to cash receipts from the refund of advances for the purchase of fixed assets.

Cash Flows from Financing Activities

Cash flows from financing activities in 2024 recorded a deficit of Rp171.60 billion, representing a decrease of 922.04% compared to the previous year's surplus of Rp20.88 billion. The decline was mainly due to repayments of short-term and long-term bank loans.

Debt Payment Capability

In 2024, short-term loans were obtained to support working capital needs. The short-term bank loans were sourced from PT Bank CIMB Niaga Tbk, PT Bank Mega Tbk, PT Bank Permata Tbk, PT Bank Maybank Indonesia, PT Bank QNB Indonesia Tbk, PT Bank KEB Hana Indonesia, and PT Bank CTBC Indonesia, with a total outstanding balance of Rp688.99 billion as of December 31, 2024.

We also have long-term bank loans from DZ Bank AG, PT Bank Mega Tbk, and PT BCA Finance, with a total outstanding balance of Rp382.70 billion as of December 31, 2024.

For the 2024 fiscal year, our financial ratios remained in compliance with the requirements stipulated in the loan agreements. Throughout 2024, we maintained a current collectibility status, ensuring the timely payment of both principal and interest on all outstanding bank loans.

Our Financial Ratio Performance in 2024

The current ratio was 119.06%, indicating that we maintained a relatively strong liquidity position to meet all short-term liabilities. The debt-to-equity ratio stood at 93.38%, reflecting that we still have an adequate amount of capital compared to the total credit facilities obtained. The debt-to-total assets ratio was 48.29%, showing that we have sufficient asset value to cover all liabilities.

Profit for the Year reached Rp10.61 billion, representing an increase of 135.79% compared to the previous year's loss of Rp29.66 billion. Overall, our 2024 performance improved compared to the previous year.

Our trade receivables amounted to Rp668.70 billion, an increase of 8.78% compared to Rp614.75 billion in the previous year. We exercise strict control over product delivery and maintain strong customer payment commitments based on prudent financial practices. The collectibility level of most third-party trade receivables in 2024 remained current.

The composition of our third-party trade receivables as of 2024 is as follows:

- Not yet due: Rp469.51 billion
- Overdue:
 - 0–30 days: Rp114.96 billion
 - 31–60 days: Rp42.10 billion
 - 61–90 days: Rp11.17 billion
 - 91 days: Rp30.96 billion

Only 4.63% of total trade receivables were more than 91 days overdue. Although past due, payments for these receivables are still being made regularly; therefore, they are not classified as non-performing receivables.

We have also implemented a comprehensive collection system to effectively monitor and manage overdue receivables.

Business Prospects

Entering 2025, the global economy is expected to continue facing several challenges, including slowing global economic growth. Based on the World Economic Outlook (WEO) released by the IMF in October 2024, global economic growth in 2025 is projected to reach 3.2%, slightly increasing from the 2024 projection of 3.1%. The risks affecting global conditions include the economic slowdown in China and the United States, ongoing geopolitical tensions, the impacts of climate change, and uncertainty over global interest rates.

The International Monetary Fund (IMF) and the World Bank estimate that Indonesia's economy will grow by 5.1 percent in 2025. Indonesia's financial potential in 2025 is expected to remain promising, supported by policy reforms, digitalization adoption, and investment in strategic sectors. The challenges Indonesia will face in 2025 are projected to affect the country's financial conditions, including fluctuations in global commodity prices and geopolitical uncertainty that could worsen international trade tensions.

In addition, a possible global recession could also affect investment flows and the stability of the rupiah exchange rate. To address these challenges, the Company needs to prepare adaptive and data-driven business management strategies. Comprehensive insights into economic growth projections, financial sector dynamics, as well as potential challenges and opportunities, are crucial to formulating the right steps to maintain business stability and performance in 2025.

The anticipation we will carry out in 2025 is to remain focused and continue the strategies that have been implemented in the previous year, which have proven to contribute positively to our performance.

Dividend Policy

The distribution of dividends to shareholders is determined by taking into consideration several important aspects, including the net profit earned in the relevant fiscal year, cash surplus from operating activities, financing needs for future capital expenditure and working capital, while also taking into account the prevailing economic conditions and applicable laws and regulations.

The amount of dividend distribution is fully determined at the General Meeting of Shareholders (GMS) in accordance with the provisions stated in our Articles of Association. Based on the resolution of the Annual General Meeting of Shareholders (AGMS) held on June 6, 2024, the Company did not distribute any cash dividends to shareholders for the 2023 fiscal year. This decision was made in consideration of the Company's overall performance in 2023, which did not meet the targeted achievements.

Audit Committee

Our Audit Committee was established in 2002 with the approval of the Board of Commissioners. The term of office for Audit Committee members is set for five (5) years and may be renewed for subsequent periods. The Audit Committee was formed to assist the Board of Commissioners in implementing good corporate governance, managing business risks, ensuring the effectiveness of our internal control system, and overseeing the financial reporting process.

Our Audit Committee consists of three (3) members. All members of the Audit Committee have no affiliation with the Company, the Board of Commissioners, the Board of Directors, or the major shareholders, and none of them are shareholders of the Company. The members of our Audit Committee are as follows:

- Johan Paulus Yoranouw, serving as Chairman of the Audit Committee since 2001 and concurrently as our Independent Commissioner.
- Benito Sutarna, serving as a member of the Audit Committee since 2016. He holds a Bachelor's degree in Economics, majoring in Accounting, from Tarumanagara University, Jakarta (1982). He previously worked as a Senior Auditor at SGV Utomo Public Accounting Firm and as Head of Accounting and Finance at PT Amalgam Corporation. He also served as Senior Manager of Management Services at PT Argha Karya Prima Industry Tbk.
- Raymond Djaja Atmadja, serving as a member of the Audit Committee since 2024. He previously held positions in internal audit at PT Sinarmas Multifinance, PT Ciputra Development Tbk, and PT Sarana Meditama Metropolitan Tbk, and served as Head of Internal Audit at PT Kedoya Adyaraya Tbk. He holds a Bachelor's degree in Accounting from the Kwik Kian Gie School of Business and Informatics, Jakarta.

In carrying out its duties and responsibilities, the Audit Committee refers to the Audit Committee Charter, which serves as the primary working guideline that clearly defines the roles, responsibilities, and scope of work of the Audit Committee. The Audit Committee Charter was prepared in accordance with Bapepam-LK Regulation No. IX.I.5 of 2012 and approved by the Board of Commissioners.

The following is a summary of the main activities conducted by our Audit Committee during 2024:

- Discussed various audit findings from the Internal Audit Department and provided input to improve systems and work procedures, company policies, corrective actions for each department, and other related matters.
- Discussed and provided recommendations to the Board of Commissioners regarding the appointment of the Public Accounting Firm, particularly in terms of independence, scope of engagement, fee structure, and related aspects.
- Reviewed the Company's compliance with applicable laws and regulations.
- Assessed and discussed significant matters related to accounting, financial reporting, and the implementation of good corporate governance.
- Reviewed and discussed the Company's financial statements, both internally and jointly with the External Auditor.
- Discussed recommendations provided by the External Auditor together with the Board of Directors and management.

The Audit Committee held four (4) meetings during 2024, with an average attendance of three (3) members, including the Chairman of the Audit Committee.

Internal Audit

We have established an Internal Audit Division since 1990, which was later refined in 2009 in accordance with Bapepam & LK Regulation No. IX.I.7, including the formal appointment of the Head of the Internal Audit Unit by the President Director.

The qualifications and requirements set for our Internal Audit Unit include:

- Having high integrity, honesty, discipline, and independence.
- Possessing strong knowledge of risk management in our operational management as well as good corporate governance practices within our work environment.
- Having relevant educational background, knowledge, and/or experience in audit techniques and related operational disciplines according to their scope of work.
- Understanding applicable legal, regulatory, and capital market provisions

The Internal Audit Division functions to optimize risk management and the implementation of good corporate governance practices, as well as to ensure compliance of each department with operational standards, regulations, and internal control systems in accordance with our established guidelines.

The Internal Audit Division is responsible for ensuring the adequacy of audit standards, scope of review, findings, and audit process effectiveness, while also ensuring that it has sufficient resources to maintain its independence. The Division holds regular and ad-hoc meetings with the Board of Directors and the Audit Committee to discuss reports regarding the effectiveness of internal control systems.

The Internal Audit Unit reports directly to the Board of Directors. It provides reports on field findings and recommendations for improvement to the Directors, which are then followed up by the relevant departments to help improve our overall performance.

Nomination and Remuneration Committee

We have established a Nomination and Remuneration Committee in accordance with the Financial Services Authority Regulation (POJK) No. 34/POJK.04/2014 dated December 8, 2014. The Committee was formed based on a resolution of the Board of Commissioners on November 2, 2015.

The main functions and duties of the Nomination and Remuneration Committee include:

- Providing recommendations to the Board of Commissioners regarding:
 - The composition of positions for members of the Board of Directors and/or the Board of Commissioners;
 - Policies and criteria required in the nomination process; and
 - Performance evaluation policies for members of the Board of Directors and/or the Board of Commissioners.
- Assisting the Board of Commissioners in evaluating the performance of members of the Board of Directors and/or the Board of Commissioners based on established benchmarks as evaluation material.
- Providing recommendations to the Board of Commissioners regarding development programs for the capabilities of members of the Board of Directors and/or the Board of Commissioners.
- Submitting recommendations of qualified candidates for members of the Board of Directors and/or the Board of Commissioners to the Board of Commissioners for further submission to the General Meeting of Shareholders (GMS).
- Providing recommendations to the Board of Commissioners regarding:
 - Remuneration structure;
 - Remuneration policies; and
 - Remuneration amounts.

- Assisting the Board of Commissioners in evaluating performance in relation to the remuneration received by each member of the Board of Directors and/or the Board of Commissioners.

Composition of the Nomination and Remuneration Committee:

- Johan Paulus Yoranouw, serves as Chairman of the Committee and concurrently as our Independent Commissioner.
- Brenna Florence Pribadi, serves as a member of the Committee and currently also as one of our Commissioners.

The term of office of the Nomination and Remuneration Committee members follows the term of office of our Board of Commissioners, without limiting the right of the Board of Commissioners to extend and/or make changes or replacements to the Committee members at any time.

Our Business Risk Management

In line with our efforts to achieve the established vision and mission, as well as to ensure business growth and operational continuity, we are faced with various types of risks. These risks may originate from internal or external factors. Internal risks can be managed and controlled by us; however, external risks arising from government policies, monetary conditions, and global economic factors are much more difficult to avoid. We can only minimize the impact of these external risks but cannot completely eliminate or control them.

Our risk management system is a systematic and structured approach to identifying, measuring, controlling, and monitoring the implementation of risk mitigation. This system outlines the delegation of authority and responsibilities in risk management and provides a clearer picture to stakeholders regarding how we control our business risks, both in the present and in the future.

The main risks faced by the Company during 2024 and the corresponding risk management efforts can be described as follows:

1. Market Competition Risk

The demand for flexible packaging continues to increase year after year, both domestically and internationally. Along with the growing consumption and industrial sectors, flexible packaging manufacturers are expanding their production capacities, resulting in a highly competitive market landscape. We are therefore required to maximize production efficiency so that our products remain competitive, particularly in terms of pricing, to ensure strong market absorption. Continuous and intensive research and development of new flexible packaging products are essential to provide added value. The creation of high-value (premium) products with unique characteristics compared to competitors is one of our key strategies in addressing the increasingly tight market competition both domestically and abroad.

Our marketing team actively seeks new market opportunities and potential customers, both in domestic and international markets, to support diversification and market expansion. In 2024, we operated a new production line with a capacity of 126,000 tons per year, enabling us to achieve optimal production economies of scale and efficiency. We also conducted intensive research and development to produce innovative products that deliver added value to our customers' packaging needs.

2. Raw Material Supply and Price Risk

The fluctuation of global crude oil prices and the imbalance between supply and demand can lead to disruptions in the availability of raw materials required for production. To mitigate this risk, we proactively diversify our supply base by increasing the number of suppliers and establishing commercial partnerships with key suppliers, particularly those from overseas. This approach helps reduce dependency on specific suppliers and ensures sustainable availability of raw materials at competitive prices among suppliers. We also actively provide feedback and suggestions to our suppliers to help them improve the quality of their products.

3. System and Technology Obsolescence Risk

In the flexible packaging industry, we have been operating for more than three decades. Consequently, some machinery, equipment, and production support facilities have become outdated and less efficient. To address this, we continuously implement routine and systematic maintenance programs to ensure our production facilities remain functional and operate optimally. Additionally, we have plans to gradually upgrade our production facilities with modern technology, in line with financial conditions, economic developments, and market growth.

4. Foreign Exchange Fluctuation Risk

In our business operations, we have both short-term and long-term obligations, most of which are denominated in U.S. dollars (USD). Therefore, fluctuations in exchange rates have a significant impact on our financial performance. To manage this risk, we implement hedging policies aligned with economic developments and currency trends, and we gradually convert a portion of our Rupiah-denominated sales proceeds into USD. This approach helps mitigate potential losses arising from foreign exchange fluctuations.

5. Credit Risk

Credit risk arises from the customers' ability to fulfill their contractual obligations. Since most of our sales are made on credit, there is a potential risk of uncollectible trade receivables. To mitigate this risk, we conduct a strict creditworthiness analysis for every customer. The measures taken include on-site assessments of customers' business operations, as well as the provision of payment terms and credit limits adjusted according to each customer's needs and payment capabilities. These conditions are reviewed periodically to ensure that customers' credit status and ability to meet their obligations reflect the latest situation.

6. Loan Interest Rate Risk

In carrying out our financing activities, we engage in various bank loans where changes in loan interest rates significantly affect operating costs, particularly in terms of working capital and capital expenditure financing. To mitigate this risk, we strive to maintain balance, especially in the composition of trade receivables, inventories, and trade payables, to ensure optimal net working capital needs. To minimize capital costs, we focus on acquiring only essential capital goods and regularly maintaining production facilities to enable efficient and effective replacement of machinery parts.

Information on Our Code of Ethics and Culture

We implement a set of values, moral behaviors, and habits that must be upheld by every employee without discrimination based on gender, race, or religion. The implementation of the Code of Ethics is reflected in employees' attitudes and professionalism at work. This implementation is expected to provide added value by enhancing performance for both the Company and its stakeholders.

To ensure effective implementation, we have established an Ethics Committee responsible for formulating the main principles of the Code of Ethics, monitoring, and evaluating its application among employees across all organizational levels.

Any reported or detected violation of the Code of Ethics will be reviewed by the Ethics Committee, and violators will be subject to strict sanctions through the Human Resources Division in accordance with applicable regulations. Our Code of Ethics applies to all employees, including members of the Board of Directors and the Board of Commissioners.

As part of our commitment to employee safety and integrity, we established the Ethics Committee in 2015, with renewals conducted every three years. Employees are required to sign a declaration of interest related to the Code of Ethics to promote a culture of integrity within the Company.

The main provisions governed under our Code of Ethics include the following:

- Our bookkeeping practices.
- Conflicts of interest.
- Securities and insider information.
- Decency and ethical conduct.
- Use of alcohol and drugs.
- Use of email and the internet.
- Use of Company property.
- Intellectual Property Rights and Company confidential information.

We have also established integrity and professionalism as core values, forming the foundation of our work culture that must be deeply embedded in every employee, including members of the Board of Directors and the Board of Commissioners, in carrying out their daily duties and responsibilities.

Whistleblowing System

The whistleblowing system functions to receive and manage complaints or reports related to work issues or other matters that have the potential to cause losses to the Company. This system also ensures that any violations identified, whether external or internal, can be promptly addressed and corrected without disrupting daily operations.

To encourage employee feedback for continuous improvement, we have established a whistleblowing system that provides various channels for submitting complaints, reports of violations, or grievances. Employees can convey their reports through several means, such as the internal web network, mobile text messaging service, suggestion boxes, the Labor Union Secretariat, or our Personnel Officer's office.

Through this system, all employees can report complaints or violations of the Code of Ethics anonymously via email or telephone, both of which are directly managed by the Ethics Committee. This mechanism is designed to ensure that employees feel safe and comfortable in their work environment.

The following are examples of issues that should be reported to the Ethics Committee:

- Inadequate workplace conditions, particularly regarding facilities or equipment that may hinder job performance.
- Unsafe conditions that may affect the safety and security of employees or production results.
- Potential risks of loss to the Company.
- Information related to acts of corruption committed by employees in any department.
- Inappropriate or unethical behavior by employees.
- Any other matters deemed necessary to be brought to the direct attention of the Ethics Committee.

03

Environment

Argha Karya is committed to reducing its environmental footprint through continuous innovation and responsible practices. In 2024, the Company advanced its emission reduction efforts by improving energy efficiency, investing in cleaner technologies, and increasing the use of renewable energy. It also explored and adopted eco-friendly materials and alternatives to lessen reliance on non-recyclable resources and support a more sustainable packaging ecosystem.



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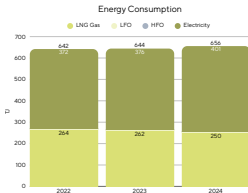
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Energy and Emissions

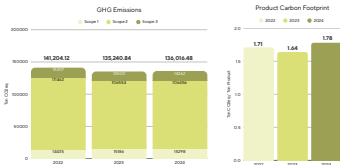
Like many other industries, we rely heavily on energy to carry out our daily activities—from production processes to human resource development. Therefore, we are committed to continuously improving energy efficiency and managing consumption in an environmentally responsible manner.

In 2024, our total energy consumption reached 655.71 terajoules (TJ), representing an increase of 1.81% compared to 2023. This increase was primarily due to higher electricity usage in coating-based production processes, while the use of liquid fuels such as diesel and fuel oil decreased by 10.71% and 25.71%, respectively. Of the total energy consumed, approximately 61% came from electricity, which serves as the main component supporting our production and operational activities.



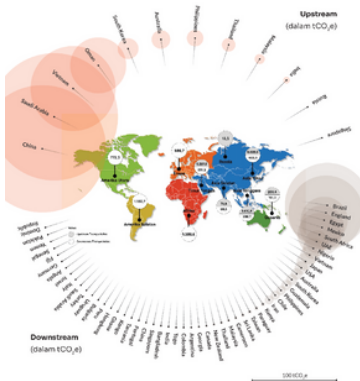
We also periodically evaluate our Greenhouse Gas (GHG) emissions to ensure effective carbon footprint management. In 2024, total GHG emissions reached 135,240.84 tCO₂e, an increase of 4.40% compared to 2023. This increase was influenced by higher electricity consumption and a 7.1% decrease in production volume, which resulted in a rise in emission intensity to 1.71 kCO₂e/kg of product.

To control emissions, we continue to strengthen our energy efficiency initiatives and optimize the use of low-carbon fuels. These efforts are part of our ongoing commitment to support the transition toward more efficient, low-emission, and sustainable operations.



Scope 3 Emission Mapping

The distribution of Scope 3 emissions is mapped based on the calculation guidelines of the GHG Protocol, using the methodology detailed in Appendix 4: Emission Calculation Methodology. Specific values for each country and region can be found in Appendix 5: Upstream and Downstream Transportation Emission Distribution.



Emisi Upstream dan Downstream Transportation Argha per Region Tahun 2024 (tCO₂e)

Greenhouse Gas (GHG) Emission Calculation Based on the GHG Protocol

We calculate our GHG emissions in accordance with the Greenhouse Gas Protocol (GHG Protocol), covering three main scopes.

- Scope 1 includes direct emissions from operational activities, such as fuel combustion in stationary equipment, vehicles, process emissions, and potential gas leaks. All these categories have been incorporated into the total GHG emissions.
- Scope 2 covers indirect emissions from the consumption of purchased electricity from energy providers. This category has also been comprehensively calculated.
- Scope 3 includes other indirect emissions along the value chain. The categories calculated so far include purchased goods and services, upstream transportation and distribution, operational waste, business travel, and employee commuting. Some categories are assumed to have negligible emissions, while others remain unquantified due to data limitations.

We are continuously improving data completeness and accuracy to ensure that the emission calculations across our entire value chain provide a more comprehensive picture of our environmental performance.

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Water

Clean water and sanitation are pressing global issues aligned with the Sustainable Development Goals (SDGs). More than two billion people worldwide still lack access to clean water, while demand continues to rise for domestic, commercial, and agricultural needs. At the same time, increasing water pollution and declining reserves raise concerns about the availability of this vital resource in the future.

In response, we are committed to managing water efficiently and responsibly across all operations. Efforts include raising employee awareness of the importance of water conservation and implementing a closed-loop water system for cooling purposes. In addition, we optimize water use for cleaning activities and employee welfare to ensure efficiency without compromising basic needs.

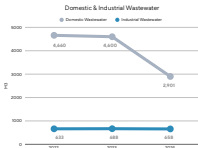
In 2024, our total water withdrawal reached 113,352 m³, entirely sourced from groundwater, all classified as freshwater. No water was withdrawn from other sources. Water discharged back into the environment complied with quality standards in accordance with Minister of Environment Regulation No. 5 of 2014 and No. 68 of 2016.

	Water Consumption (M ³)		
	2024	2023	2022
Freshwater from Deepwell	113,352	116,686	187,854

Through responsible water management, we not only ensure the sustainability of our operations but also contribute to the preservation of water resources and support the achievement of the SDG: Clean Water and Sanitation.

All of Argha Karya's water needs are fulfilled through the utilization of groundwater classified as freshwater, with a total dissolved solids (TDS) level below 1,000 mg/L. In 2024, total water consumption reached 113,352 m³, a 2.86% decrease compared to 2023. This reduction reflects the success of water efficiency programs implemented across all production facilities.

Of the total water usage, the majority was allocated for domestic purposes and operational support activities, while the remainder was used for industrial processes. Water use for industrial processes also showed stable efficiency, with a volume of 658 m³ in 2024, slightly lower than the previous year.



All wastewater generated from operational activities has been treated in accordance with applicable regulations. In 2024, a total of 90.682 ML of treated water was discharged back into the environment – all of which met the freshwater quality standards as stipulated in Minister of Environment Regulation No. 5 of 2014 and No. 68 of 2016. The test results are presented in Appendix 6.

Through comprehensive water management – from abstraction and utilization to discharge – we ensure that every stage of our operations is conducted responsibly, maintaining environmental balance and supporting water resource conservation for future generations.

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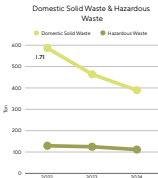
Waste

Production waste remains one of the main challenges in maintaining the sustainability of our operations. The manufacturing process generates both hazardous (B3) and non-hazardous waste, which may pose negative environmental impacts if not properly managed.

To address this, we implement a waste management system that complies with applicable regulations and environmental precautionary principles. Each type of waste is segregated based on its characteristics, collected, and handed over to licensed third parties for treatment and disposal. In addition, we strengthen monitoring of chemical usage, equipment maintenance, and the implementation of the reduce, reuse, recycle (3R) principles across work areas.

As a result of these efforts, total hazardous waste (B3) in 2024 amounted to 111.61 tons, a 10.46% decrease compared to 2023. This reduction mainly resulted from process efficiency improvements that reduced sludge from wastewater treatment plants and used lubricating oil. Non-hazardous waste also decreased to 388.96 tons, down 16% from the previous year.

These waste management initiatives have had a positive impact in reducing potential environmental pollution and enhancing employee awareness of responsible production practices. Through these continuous efforts, we reinforce our commitment to achieving efficient, clean, and environmentally friendly operations.



Waste Type	Total Release (ton)		
	2024	2023	2022
Hazardous Waste (B3)	111.61	124.68	129.32
Clinical waste with infectious characteristics	0.038	0.002	0.015
Used batteries/accumulators	3.79	2.83	0.691
Other unspecified solvent residues	11.36	13.49	36.67
Used hazardous waste packaging	0.57	0.8	0.192
Used lubricating oil including hydraulic, engine, gear, insulation, heat transmission, grit chambers, separator oil, and/or their mixtures	29.358	33.74	19.21

Waste Type	Total Release (ton)		
	2024	2023	2022
Electronic waste including cathode ray tubes (CRT), fluorescent lamps (TL), printed circuit boards (PCB), and rubber wire insulation	0.105	0.183	0.0814
Sludge from wastewater treatment plant (WWTP) generated from integrated WWTP facilities in the industrial area	49.95	57.01	54.3
Used rags and similar textile waste	16.49	16.516	18.152
Non-Hazardous Waste (Non-B3)	388.96	463.32	586.56

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Product Innovation

As part of our commitment to developing more sustainable packaging solutions, we continuously advance various innovations based on environmentally friendly materials that support the principles of the circular economy and minimize environmental impacts. The main challenges currently faced by the packaging industry include the high use of fossil-based conventional plastics and the complex structure of multilayer packaging, which makes recycling difficult. These challenges contribute to increased plastic waste generation and continued dependence on non-renewable resources.

To address these challenges, we have taken concrete steps through various material innovations. One of our ongoing initiatives is the development of biodegradable film—a plastic film containing natural additives designed to accelerate the degradation process, providing a more environmentally friendly alternative to conventional plastics. In addition, we have successfully commercialized bio-oxo degradable film, which is capable of decomposing more rapidly under specific environmental conditions through oxidation processes.

We also strengthen our circular approach by increasing the use of recycled materials through the development of Post-Consumer Recycled (PCR)-based films, applied to BOPP-based flexible packaging. The PCR materials used are sourced from mechanically recycled plastic waste and are certified under the International Sustainability & Carbon Certification (ISCC) scheme. This certification ensures that the raw materials originate from a responsible supply chain aligned with global sustainability standards. These innovations not only help reduce the volume of post-consumer plastic waste that ends up in the environment but also lower dependency on virgin fossil-based plastics, thereby extending the lifecycle of plastics through sustainable recycling practices. PCR-based products retain essential functional characteristics such as durability, clarity, and printability—making them suitable for the flexible packaging industry.

Furthermore, we are developing monomaterial films made from BOPP and PP, which enable more efficient recycling compared to conventional multilayer packaging. By utilizing a single primary material, monomaterial films simplify the recycling process—making collection, sorting, and reprocessing easier and more effective. The use of monomaterial structures also enhances production efficiency, reduces the need for additives that hinder recyclability, and maintains the core functions of packaging in protecting products and preserving print quality.

Through these innovations, we demonstrate tangible results in advancing better environmental management and implementing circular economy principles throughout our value chain. The positive impacts of these efforts include reduced dependence on fossil-based raw materials, increased potential for post-consumer plastic reuse, and contributions to emission reductions within the packaging sector. By the end of 2024, we successfully produced 192.69 tons of environmentally friendly products, covering various categories of sustainable innovation.

04 Social

Argha Karya prioritizes employee well-being and empowerment as a foundation for sustainable growth. The Company fosters a safe, inclusive workplace, enhances employee satisfaction through engagement programs, and supports career development and welfare initiatives to help its workforce thrive and contribute to the Company's long-term vision.



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Social and Environmental Responsibility

In the area of social responsibility, we consistently implement various Corporate Social and Environmental Responsibility (CSER) programs to support community welfare and environmental sustainability. In 2024, we allocated IDR 195,231,400 for CSR activities—an increase of 16.45% compared to the previous year. Of this amount, IDR 178,731,400 was distributed to support local communities, while IDR 16,500,000 was allocated for environmental initiatives. The assistance was provided in the form of both financial support and raw materials.

The planning process for CSER programs involves dialogue with local communities to ensure that each initiative aligns with their real needs. Through these efforts, we reinforce our commitment to sustainability and create a meaningful positive impact on the surrounding communities.



Note: Further details regarding the implemented Corporate Social and Environmental Responsibility (CSER) activities are provided in Appendix 3 – CSER Activities.

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Workplace Equality

We are committed to upholding the principle of equal opportunity in the workplace, ensuring that no employee faces discrimination based on ethnicity, gender, or any other background. Both men and women are employed across various divisions, reflecting our ongoing efforts to foster an inclusive work environment that provides equal opportunities for all employees.

Job Title	2024		2023		2022	
	M	F	M	F	M	F
Director	5	0	5	0	5	0
Division Head	6	1	6	1	5	1
Departement Head	15	0	17	0	18	0
Section Head Grade VI	48	5	47	5	44	6
Section Head Grade V	45	16	42	16	42	16
Supervisor	61	28	62	30	78	28
Foreman	143	11	139	11	136	14
Operator	523	13	504	5	499	2
Assistant Operator	185	5	246	10	265	12

Age (years)	2024		2023		2022	
	M	F	M	F	M	F
< 30	301	29	307	23	370	27
30-50	671	44	708	49	668	48
> 50	59	7	56	7	48	4

Employment Status	2024		2023		2022	
	M	F	M	F	M	F
Master's Degree (S2)	14	2	16	14	4	18
Bachelor's Degree (S1)	149	46	195	148	42	190
Diploma (D3)	60	14	74	58	15	73
Diploma (D2)	1	0	1	1	0	1
Diploma (D1)	5	2	7	5	2	7
High School / Equivalent (SLTA)	795	15	810	833	16	849
Junior High School / Equivalent (SLTP)	7	0	7	9	0	9

Employment Status	2024		2023		2022	
	M	F	M	F	M	F
Contract	51	7	58	58	7	65
Permanent	980	72	1053	1010	72	1082
Subtotal	1031	79	1110	1068	79	1147

We have a policy that supports gender equality in providing basic salaries to employees. Our employees are divided into ten levels or grades based on their positions, with the first three levels classified as non-supervisory employees. In 2024, the average basic salary for male and female employees in grades I and III was relatively equal. However, there was a disparity in the average basic salary between male and female employees in grade II, mainly due to differences in the number of employees and length of service based on December data. This data reflects our ongoing efforts to monitor and enhance pay equity across all employee levels.

Year	Difference in Basic Salary		
	Grade I	Grade II	Grade III
2024	0.00%	7.32%	1.96%
2023	0.00%	7.17%	-0.20%
2022	0.00%	9.78%	1.67%

We provide employee compensation in accordance with the municipal minimum wage. The compensation for permanent employees in the lowest grade is 0.02% higher than the Bogor Regency minimum wage set by the government. This remuneration rate applies equally to both male and female employees.

We pay close attention to workforce dynamics and employee well-being. From 2022 to 2024, we recorded data on newly recruited employees and those who left the company, reflecting our efforts to maintain workforce stability and sustainability. This data demonstrates our focus on creating an engaging work environment that supports employee retention.

Year	Total Employee	Employee Hires (%)			Employee Turnovers (%)		
		M	F	Total	M	F	Total
2024	1,110	4.59%	0.63%	5.22%	7.83%	0.27%	8.10%
2023	1,147	4.18%	0.70%	4.88%	5.93%	0.17%	6.10%
2022	1,172	10.49%	0.43%	10.92%	6.74%	0.17%	6.91%

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Work Environment Conditions

We have implemented an Occupational Safety and Health (OSH) management system in accordance with the Government Regulation of the Republic of Indonesia No. 50 of 2012, achieving the Gold Level as an indicator of its successful implementation. This system is designed to ensure a safe, healthy, and risk-free workplace environment. As a result of consistent implementation, we recorded zero work-related accidents and no cases of occupational diseases throughout the reporting period. This achievement reflects our strong commitment to safeguarding employee safety and health while maintaining full compliance with applicable regulations.

We provide occupational health services designed to support a proper and safe working environment for all employees. These services include a clinic equipped with beds, oxygen tanks, wheelchairs, and medicines, as well as biweekly consultations with a certified occupational health (Hiperkes) doctor. In addition, a lactation room located near the clinic is available, complete with a refrigerator for breast milk storage, milk storage bags, and comfortable seating and tables to support the needs of nursing mothers. For first aid purposes, we have also installed first aid kits (P3K) at 55 strategic points across the facility.

Employees have access to medical reimbursement facilities according to their individual coverage limits, as well as health protection through BPJS Kesehatan, with premiums fully covered by the company in accordance with applicable regulations. To maintain employee data confidentiality, all clinic, lactation room, and first aid kit data are managed exclusively by the clinic team, while data related to medical reimbursements and BPJS Kesehatan are handled solely by the Remuneration team.

As part of our commitment to enhancing employee health and well-being, we provide a variety of engaging and inclusive health programs and facilities. One of these initiatives is the weekly exercise program launched in June 2024, with a target participation of 12-20 employees per session. The program, now predominantly attended by female employees, includes activities such as Zumba, Poundfit, and Body Combat, all designed to promote fitness in a fun and energetic way. In addition to these activities, we also organize other sports programs to further support a healthy and active workplace.



In addition, we provide consultation services with a certified occupational health doctor (Hiperkes), available twice a week, to support employees' overall health. Beyond the weekly programs, we also organize the Sports and Arts Week, an event aimed at strengthening relationships among employees through various athletic and artistic activities.

We also offer a range of employee benefits to enhance overall well-being, including life insurance through BPJS Health and Employment, health care services, disability and incapacity protection, maternity leave, and a pension program. Through these initiatives, we not only ensure a safe and healthy work environment but also support the physical and financial well-being of all employees.

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Employee Development

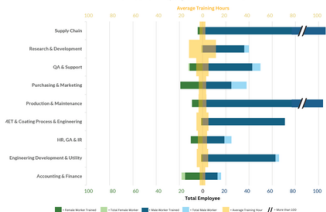
We recognize that the dynamic nature of the packaging industry demands continuous improvement of employee competencies, both technical and non-technical. To address this challenge, we have designed various structured training programs tailored to the needs of each division. These programs not only focus on enhancing operational skills but also strengthen safety culture, leadership, and adaptability to change.

Throughout the year, we conducted various trainings covering the use of personal protective equipment, Behaviour-Based Safety, Crane Checklist, Contractor Safety Management System (CSMS), Lockout Tagout (LOTO), as well as emergency response and safety risk assessment. For third-party security personnel, we held annual evacuation drills, weekly self-defense training, and hazardous waste (B3) handling training in accordance with environmental regulations. In addition, general competency development was provided through trainings such as 5R, Business Acumen, English classes, Ergonomics, and Microsoft Office.

To support career growth, we implemented the Argha Staff Development Program, Officer Development Program, and Supervisory Development Program based on talent mapping, along with leadership initiatives such as Leader as Coach and Leader Group Discussion. We also offered a pre-retirement preparation program to assist employees in transitioning into retirement.

Through these initiatives, employees' skills and readiness in performing their responsibilities have improved significantly, reinforcing a culture of safety and productivity. These efforts not only enhance individual performance but also ensure compliance with occupational safety, health, and environmental standards, contributing to the company's overall operational sustainability.

Number of Employee Trained in 2024



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Prevention of Discrimination and Exploitation

We ensure compliance with the principles of non-discrimination and respect for community rights. There were no recorded incidents of discrimination or violations of indigenous community rights. This is partly because our operational site is located in Bogor, where there is no direct contact with indigenous communities. To prevent discrimination, we do not impose any specific requirements related to religion, ethnicity, race, or gender during the recruitment process. This policy is stated in the Collective Labor Agreement (CLA) Article 6 Paragraph 2, which affirms that new employee recruitment is based solely on the qualifications required for each position, without distinction of ethnicity, religion, lineage, or gender, and must go through proper selection procedures, including medical examinations.

We are committed to upholding human rights in all operational aspects, including ensuring freedom of association and protecting employees from exploitation. In this regard, we support the Chemical, Energy, and Mining Workers Union (SPKEP), which serves as a platform for employees to voice their aspirations and collectively advocate for their rights. The union plays an active role in fostering harmonious industrial relations between the company and its employees.

All recruitment processes are conducted in accordance with human rights principles and applicable labor regulations, including the prevention of child labor. We strictly do not employ individuals below the legal working age; to ensure this, all applicants are required to present a valid national ID (KTP) during recruitment. This is reinforced in CLA Article 6 Paragraph 1, which states that employees must be at least 18 years old upon hiring. We also strictly prohibit any form of forced labor, as outlined in our Code of Ethics.

Through these measures, we demonstrate our commitment to creating an ethical, inclusive, fair, and discrimination-free workplace, while maintaining positive relations with surrounding communities in our operational area.

Commitment to Customers

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Product Safety and Impact Assessment

We ensure that our plastic packaging products comply with various health and safety standards required by our customers' respective countries. One of the main standards implemented is FSSC 22000, a food safety management system based on ISO principles designed to ensure product safety throughout the entire supply chain.

In addition, we adhere to international standards such as RoHS (Restriction of Hazardous Substances), which limits the use of harmful materials to protect human health and the environment, and REACH (Registration, Evaluation, Authorisation, and Restriction of Chemicals), which governs the registration and assessment of chemical substances to ensure their safety for both people and the planet.

We also comply with relevant national and international regulations, including BPOM in Indonesia, EU Regulation No. 10/2011 in the European Union, and FDA standards in the United States, according to the requirements of the markets where our products are distributed.

By adhering to these standards, we demonstrate our commitment to ensuring that all plastic packaging products we produce are safe, high-quality, and compliant with applicable regulations in our customers' countries. These standards are applied to our flagship products – Arlene and Areta – guaranteeing that every product meets strict safety and quality criteria to provide the best protection for our customers.

Testing/ Assessment Standard	Description
FSSC 22000	A food safety management system that integrates ISO 22000 standards with additional requirements to ensure safety throughout the entire supply chain.
RoHS	The RoHS regulation restricts the use of hazardous substances in electronic components, including plastics, to protect human health and the environment.
REACH	A European Union regulation concerning the registration, evaluation, authorization, and restriction of chemicals to safeguard human health and the environment.
BPOM	The Indonesian agency responsible for monitoring the safety, efficacy, and quality of food, pharmaceuticals, and cosmetics.
EU No. 10/2011	A European Union regulation on the safety of plastic materials that come into direct contact with food.
GB China	China's national standard covering various aspects of food safety, packaging, and consumer products.
Mercosur	Food and product safety regulations applicable in the member countries of Mercosur in South America.
Anvisa	The Brazilian Health Regulatory Agency that oversees food, cosmetics, pharmaceuticals, and health products.
FDA	The United States Food and Drug Administration, responsible for regulating food, pharmaceuticals, cosmetics, medical devices, and tobacco products.

Our main products, Arlene and Areta, are designed to meet the needs of the flexible packaging industry with a strong focus on health, safety, and sustainability. Both products have a shelf life of nine months and are supported by Safety Data Sheets (SDS) to ensure safe use in compliance with health and safety standards.

In terms of waste management, we recommend the best disposal options through third-party utilization and landfilling. All waste management processes—including treatment, storage, transportation, and disposal—are carried out in accordance with applicable federal, state/provincial, and local regulations. This commitment reflects our responsibility toward sustainability and regulatory compliance.

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Product Incident Management

We ensure that all products we manufacture comply with applicable health, safety, and information standards, both nationally and internationally. To date, we have never experienced any product recalls due to non-compliance with health and safety standards, product information and labeling, or marketing communications.

This reflects our strong commitment to ensuring that every product is produced with the highest quality and in accordance with applicable regulations. Strict quality control processes are implemented at every stage of production to maintain compliance and strengthen customer trust in our products.

F. 30

Customer Satisfaction Survey

We regularly conduct a Customer Satisfaction Index (CSI) survey to measure customer satisfaction with the products and services we provide. The 2024 survey results show that the overall CSI score reached 4.42 out of 5, an increase from 4.39 in 2023.

The survey covers several key aspects, including product quality, packaging, delivery timeliness, responsiveness to customer inquiries and complaints, technical service support, and assistance from sales representatives.

This improvement in the CSI score reflects our continuous efforts to deliver products and services that meet customer expectations while supporting sustainability.

Stakeholder Engagement and Social Responsibility

E. 4

F. 24

Approach to Stakeholders

We maintain strong relationships with various stakeholders through tailored engagement methods for each group, aiming to create effective and mutually beneficial communication.

For employees, we regularly hold meetings with labor unions to foster harmonious industrial relations. For investors and shareholders, transparency and accountability are maintained through the General Meeting of Shareholders (GMS) and the regular submission of financial reports.

In maintaining relationships with regulators, we focus on compliance and implementation of applicable regulations to ensure adherence and protect our reputation.

Strategic collaboration with business partners is carried out through active communication and cooperation, while our role as a founding member of industry communities or associations reflects our contribution to their development.

For consumers and customers, we maintain active and responsive communication through our sales team to enhance customer satisfaction and loyalty. Additionally, we contribute to local communities by supporting community initiatives, improving public facilities, and managing job applications in accordance with proper classifications.

Stakeholders	Engagement Method	Engagement Objective
Employees	Regular meetings with labor unions	Strengthening harmonious industrial relations
Investors/ Shareholders	General Meeting of Shareholders (GMS), periodic financial reports	Ensuring transparency and accountability
Regulators	Compliance and implementation of regulations	Adhering to regulations and maintaining reputation
Business Partners	Collaboration and active communication	Supporting strategic partnerships
Communities/ Associations	Acting as a founding member	Contributing to association development
Consumers/ Customers	Active and responsive communication through the sales team	Increasing customer satisfaction and loyalty
Community	Follow-up on community activity proposals, improvement of public facilities, and management of job applications according to classification	Assisting communities through social contributions

We have established a clear procedure for handling community complaints through the Industrial Relations (IR) Division, which serves as the main point of management. The public can submit complaints by directly contacting the IR Division or by visiting our premises and informing on-duty security personnel, who will then forward the report to the IR Division. During the reporting period, we did not receive any public complaints. This reflects the strong relationship we have built with the surrounding community and our commitment to maintaining responsible operations.

C.5

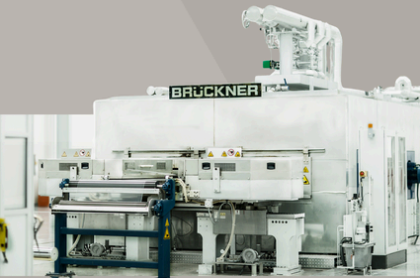
2-28

Membership in Associations

To strengthen industry collaboration and promote the adoption of sustainable practices in the film packaging sector, we recognize the importance of a platform that unites industry players with a shared vision. In response to this need, we took an active role in establishing and becoming a Founding Member of the Biaxially Oriented Films Indonesia Association (ABOFI). Through this association, we contribute to the development of industry standards, share knowledge on environmentally friendly material innovations, and foster multi-stakeholder collaboration to enhance national competitiveness.

This membership not only expands our collaboration network and access to the latest technological developments but also reinforces our position as a company committed to advancing a sustainable industry. As a result, the collaboration fostered through ABOFI drives efficiency, innovation, and the implementation of best practices across the national packaging industry.

Appendix



Appendix 1

OJK & GRI Index

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Appendix 2

GRI Code

Aspect	GRI Module	Code
Economic	GRI 201 Economic Performance 2016	A1
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Environmental	GRI 303 Water and Effluents 2018	B3
Environmental	GRI 304 Biodiversity 2016	B4
Environmental	GRI 305 Emissions 2016	B5
Environmental	GRI 306 Effluents and Waste 2016	B6
Environmental	GRI 306 Waste 2020	B7
Environmental	GRI 308 Supplier Environmental Assessment 2016	B8
Social	GRI 401 Employment 2016	C1
Social	GRI 402 Labor/Management Relations 2016	C2

Appendix 3

Corporate Environmental Social Responsibility (CESR)

No	ESR Activities	SDG	Explanation	Result
1	Nutrition support for toddlers through the local posyandu		Budget allocation: Rp7,301,400. Implementation: monthly throughout 2024	Implemented 12 times at 5 nearby posyandu, providing raw food ingredients
2	Clean water assistance for residents		Budget allocation: Rp1,452,000. Implementation: 6 September to 1 October 2024	Implemented at 9 locations in surrounding neighborhoods (RT), providing approximately 1.4 m ³ of water
3	Fogging		Budget allocation: Rp3,000,000. Implementation: May and September 2024	Implemented twice to help reduce dengue fever cases in surrounding residential areas
4	Religious event donation for nearby mosques and prayer rooms (musholah)		Budget allocation: Rp2,700,000. Implementation: ahead of Isra Mi'raj (January 2024) & Mawlid al-Nabi (September 2024)	Provided financial assistance to 2 mosques and 4 prayer rooms around our location in support of Muslim religious observances
5	Donation to nearby Chinese temples		Fund allocation: Rp1,000,000 Implementation: January & August 2024	Donations were provided to nearby Chinese temples as support for the Confucian community
6	ESR assistance through APINDO		Fund allocation: Rp1,000,000	Assistance was provided for ESR activities through the Indonesian Employers Association (APINDO)

No	ESR Activities	SDG	Explanation	Result
7	Traffic safety awareness program		Fund allocation: Rp500,000	Donations were provided to support traffic safety awareness conducted by the Bogor Police
8	Eid al-Fitr food packages for residents and neighborhood officials		Fund allocation: Rp65,228,000	Food packages were distributed to residents and neighborhood officials, including rice, cooking oil, sugar, tea, syrup, and biscuits
9	Distribution of sacrificial meat to residents		Fund allocation: Rp90,000,000	Sacrificial meat from 2 cows was distributed during Eid al-Adha to surrounding residents
10	Support for Independence Day (17 August) activities		Fund allocation: Rp5,000,000 Implementation: August 2024	Donations were provided to support Independence Day celebrations by RT/RW, youth groups, and local government
11	Assistance for RT/RW neighborhood security operations		Fund allocation: Rp12,100,000	Donations were provided to support neighborhood security operations
12	Meal provision for Christmas-New Year security officers		Fund allocation: Rp3,450,000 Implementation: December 2024	25 meal packages were provided for 5 days to Bogor Police Resort officers during Christmas-New Year operations

Appendix 3

Environmental and Social Responsibility

No	ESR Activities	SDG	Explanation	Result
13	Drainage improvement for residents		Fund allocation: Rp11,000,000 Implementation: July 2024	Assistance provided for drainage improvements in the surrounding neighborhood
14	Assistance for constructing community waste management facilities		Fund allocation: Rp1,500,000 Implementation: October 2024	Assistance provided for building community waste management facilities in the surrounding RW, in the form of zinc sheets

Appendix 4

Emission Calculation Methodology

Scope 1

Based on IPCC Guidelines 2006

Component	IPCC Guidelines	EF (kg CO ₂ / TJ)	EF (kg CH ₄ / TJ)	EF (kg N ₂ O / TJ)
LNG Boiler Usage	Natural Gas	56,100	5	0.1
LFO Usage	Gas/Dieser Oil	74,100	10	0.6
Fuel Oil	Residual Fuel Oil	77,400	10	0.6

Scope 2

In accordance with Indonesia's 2019 national grid emission factor, using the OM = 0.5 and BM = 0.5 scheme, with a value of 0.87 tCO₂/MWh for the Perseroan region.

Scope 3

Based on IPCC Guidelines 2006

Component	IPCC Guidelines	Type of Vehicle	UoM	EF CO ₂	EF CH ₄	EF N ₂ O
Upstream Transportation	Freight	Cargo ship Container ship Average	kg / ton KM	16x10 ⁻³	2x10 ⁻⁷	7x10 ⁻⁷
Upstream Transportation	Distance	Heavy-Duty Truck Average	kg / shirt ton-mile	168x10 ⁻³	15x10 ⁻⁷	47x10 ⁻⁷
Downstream Transportation	Freight	Cargo ship Container ship Average	kg / ton KM	16x10 ⁻³	2x10 ⁻⁷	7x10 ⁻⁷
Downstream Transportation	Distance	Heavy-Duty Truck Average	kg / shirt ton-mile	168x10 ⁻³	15x10 ⁻⁷	47x10 ⁻⁷
Employee Commute	Distance	Passenger Car Large car, >2.0 litres Petrol	kg / ton KM	272x10 ⁻³	128x10 ⁻⁷	12x10 ⁻⁷
Business Travel	Fuel Use	Motor Gasoline/Petro l	kg/L (CO ₂) & kg/TJ (CH ₄ &N ₂ O)	2.29	50	2

Global Warming Potential Index

In accordance with IPCC Guidelines 2006 where's CH₄ equals to 29,8 kgCO₂/kgCH₄ and N₂O equals to 273 kgCO₂/kgN₂O

Appendix 5

Emission distribution from upstream and downstream transportation

Upstream

Country	Emission (ton CO ₂ e)
Australia	209.61
China	4,796.75
India	74.82
USA	4,750.29
Malaysia	113.07
Oman	630.75
Philippines	185.54
Russia	15.48
Singapore	1.98
South Korea	234.15
Thailand	152.25
Vietnam	958.1

Downstream

Country	Emission (ton CO ₂ e)
Saudi Arabia	5.1
Pakistan	0.61
Philippines	103.03
Australia	125.18
Sri Lanka	45.43
South Korea	122.71
Kenya	5114
Canada	32.22
Singapore	23.11
USA	146.14
Brazil	921.58
Vietnam	202.4

Downstream

Country	Emission (ton CO ₂ e)
Saudi Arabia	5.1
Pakistan	0.61
Philippines	103.03
Australia	125.18
Sri Lanka	45.43
South Korea	122.71
Kenya	5114
Canada	32.22
Singapore	23.11
USA	146.14
Brazil	921.58
Vietnam	202.4
Nigeria	225.61
UAE	244.95
South Africa	473.12
Japan	194.12
Mexico	479.2
Taiwan	47.44
Chile	100.92
Paraguay	50.25
Hongkong	15.79
China	22.92
Thailand	34.7
Tanzania	21.34
India	26.52
Bangladesh	24.19
New Zealand	33.8

Downstream

Country	Emission (ton CO ₂ e)
Egypt	508.84
Malaysia	15.87
Congo	17.87
Georgia	11
Bulgaria	10.48
Turkey	7.76
Iran	96.56
Senegal	2.05
Argentina	30.06
Italy	4.61
Germany	2.55
Portugal	22.21

Downstream

Country	Emission (ton CO ₂ e)
Guatemala	114.49
Ghana	16.89
Yemen	136
Colombia	272
England	508.09
Uruguay	9.86
Fiji	2.29
Angola	2.84
Togo	26.85
Peru	10.82
Cameron	40.2
Dominic Republic	0.43
Israel	3.46

Appendix 6

Quality of Treated Water

Domestic Waste Water

In accordance with the Regulation of the Minister of Environment and Forestry of the Republic of Indonesia Number P.68/Menlhk-Setjen/2016 concerning Domestic Wastewater Quality Standards.

Parameter	Baku Mutu	2024	2023	2022	Std Dev
Total Suspended Solid	6-9	8.07	8.78	1.22	4.17
Amonia	10	2.41	3.35	0.08	1.68
BOD	30	9.06	12.47	3.61	4.47
COD	100	35.28	46.78	19.13	13.89
Oil and Grease	5	0.86	0.98	0.86	0.07
Total Coliform	3,000	1,378	1,796	1,163	321.88

Industrial Waste Water

In accordance with the Regulation of the Minister of Environment of the Republic of Indonesia Number 5 of 2014 concerning Wastewater Quality Standards.

Parameter	Baku Mutu	2024	2023	2022	Std Dev
Temperature	38	25.49	23.21	23.14	1.34
Total Dissolved Solids (TDS)	2000	1028	1037	796	207.12
Total Suspended Solids (TSS)	200	3.6	2	1.3	1.18
pH	9	7	6.82	6.8	0.11
Mercury (Hg) Total	0.0002	0.0002	0.0021	0	0
Ammonia (NH ₃ -N)	5	0.02	0.02	1.74	0.81
Arsenic (As) Total	0.1	0.005	0.005	0.01	0.04
Barium (Ba)	2	0.03	0.01	0.01	0.01
Iron (Fe) Total	5	0.24	0.02	0.02	0.13
Phenol	0.5	0.02	0.03	0.03	0.01
Fluoride (F)	15	5.59	4.21	5.98	0.85
Cadmium (Cd) Total	0.05	0.007	0.009	0	0.005
BOD	100	34.1	30.1	30.9	1.54
COD	100	9.02	9.02	9.04	0.01
Free Chlorine (Cl ₂)	0.4	0.002	0	0	0.001
Cobalt (Co) Total	0.4	0.0054	0.0054	0	0
Chromium (Cr) Total	0.5	0.004	0.002	0	0



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