Avian BRANDS

Painting a Beautiful Picture of Indonesia



SUSTAINABILITY REPORT 2023


AVIAN
WORLD

Painting a Beautiful Picture of Indonesia

The dedication of PT Avia Avian Tbk (hereinafter referred to as "the Company" or "AVIA" or "we") in conducting business activities that prioritize excellence and responsibility has propelled the Company to become a pioneer in innovation and sustainability in the paint sector. With a track record spanning more than 4 decades, the Company has continuously brought color to the lives of millions of families in Indonesia. This experience has guided us beyond simply providing quality products and taking strategic steps to ensure that every touch of color from our products benefits the environment and society.

With a strong determination, the Company is committed to keep contributing to coloring Indonesia not only with a beautiful color palette, but also with minimum environmental footprint and maximum contribution to the surrounding community. With a commitment to continuous innovation and sustainability values as our guide, we will keep moving forward to paint the future of Indonesia with inspiring colors of sustainability.

About the Sustainability Report

The Company's Sustainability Report is prepared to provide accountability and information on the implementation of sustainability principles in all aspects of operating the business. This third report published by the Company will be further developed at the next regular publication, which will take place at the end of each financial year.

This report contains information related to the application of sustainability principles in economic, environmental, social, and governance aspects within the Company and all Subsidiaries from January 1, 2023 to December 31, 2023. In the economic aspect, financial information is presented based on the Consolidated Financial Statements, including information on AVIA and all Subsidiaries. Whereas, on the social and environmental aspects, the data presentation remains limited to AVIA, PT Tirtakencana Tatawarna ("TKTW"), and PT Tirtakencana Batamindo ("TKBI"). The governance aspect contains data of only AVIA. [GRI 2-2, 2-3]

The basis for the preparation of this report is the Financial Services Authority Regulation No. 51/POJK.03/2017 on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies as well as standard reporting indicators based on the Global Reporting Initiative ("GRI") Standards 2021 option in Accordance and its relation to supporting the achievement of Sustainable Development Goals ("SDGs"). The preparation of the report based on these standards has been verified by internal parties, without an assurance process by an independent external party. [GRI 2-5] [POJK G.1]

Throughout 2023, there were no significant changes to the Company's Sustainability Report. To comply with the principle of validity, in the event of a restatement or reiteration of information contained in the previous report due to certain reasons, such as differences in methodology or calculation methods, we will mark such restatement or reiteration with: *restated. [GRI 2-4]

Further information regarding this report and its contents can be obtained through: [GRI 2-3]

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Sustainability Strategy

"The Company's sustainability strategy directs business activities toward achieving Sustainable Development Goals ("SDGs"), thereby providing value and benefits to stakeholders across 4 sustainability pillars: Product Quality and Environment; Social, Labor, and Human Rights; Ethics and Governance; and Sustainable Procurement. Furthermore, consistent implementation of sustainability strategies is expected to enable the Company to actively address environmental and social humanitarian issues in the surrounding community."

We continue to strive to become an integrated, environmentally friendly, leading, and trusted paint manufacturing company in Indonesia through quality and sustainable products. To realize this commitment, we have implemented the principle of sustainability as an important basis in any operational activities and decision-making processes. The sustainability policy that we have formulated is also always aligned with the SDGs and the targets stipulated by the government and the world.



We believe that the consistent implementation of the sustainability policy is an important asset for us to fulfill our commitment to continue to create added value for all stakeholders.

Our sustainability policy is divided into 4 pillars, as described below: [POJK A.1]

General Policy

1. Complying with and fulfilling all relevant regulations and requirements of sustainable systems (quality, environmental, social, labor, human rights, ethics, governance, and sustainable procurement) and other requirements set by governments and stakeholders.

2. Planning, implementing, and monitoring best practices of sustainable systems (quality, environmental, social, labor, human rights, ethics, governance, and sustainable procurement).

3. Planning, aligning, implementing, and monitoring our programs related to the Sustainable Development Goals ("SDGs") and continuously improving the programs with an aim to achieve the 17 SDGs.

Specific Policy

In implementing sustainable systems (quality, environmental, social, labor, human rights, ethics, governance, and sustainable procurement), the Company also has a specific policy in place, categorized into four main sustainability policy pillars as described below:



Support for Sustainable Development Goals [GRI 2-24]

We are not only focused on creating sustainable growth from an economic aspect, but also ensuring environmental quality as well as the welfare of the employees and the surrounding community through the implementation of sustainable governance in every operational activity and resulting policy. This commitment is also part of our contribution to achieving the Sustainable Development Goals ("SDGs") targets that have been formulated by the government. Our commitment to supporting the SDGs is described in more detail as follows:

Product Quality and Environment	
6 CLEAN WATER AND SANITATION	**Clean Water and Sanitation** **6.3** Improving water quality by reducing pollution, eliminating dumping, and minimizing the release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
7 AFFORDABLE AND CLEAN ENERGY	**Affordable and Clean Energy** **7.2** Increasing, substantially, the share of renewable energy in the global energy mix.
11 SUSTAINABLE CITIES AND COMMUNITIES	**Sustainable Cities and Communities** **11.6.2 (b)** Reducing adverse per capita urban environmental impacts, including with respect to air quality indexes.

Product Quality and Environment



Responsible Consumption and Production

12.5 Substantially reducing waste generation through prevention, reduction, recycling, and reuse.



Climate Action

13.2 Integrating climate change measures into national policies, strategies, and planning.



Life Below Water

14.1.1 (a) Preventing and significantly reducing marine pollution of all kinds, including marine debris, by minimizing waste discharge into the sea.



Life on Land

15.4 Ensuring the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development.

Sustainability Strategy

1. Formulating and implementing short-term, medium-term, and long-term goals, objectives, and programs by considering the characteristics, scale, and impact in accordance with the environmental management system, energy management system, and green industry, while continuously innovating.
2. Improving quality, competitive, and environmentally friendly products with efficient production costs.
3. Improving service quality, ensuring timely product delivery, meeting customer demands, and providing added value for customers.
4. Opting for materials and machinery with efficient energy use and low greenhouse gas effects for the manufacturing process.
5. Implementing energy efficiency measures and maximizing the use of new renewable energy through monitoring, implementing, and encouraging design or development activities across the entire Company.
6. Conducting efforts to reduce greenhouse gas emissions for scopes one and two through monitoring and implementation across the entire Company's operations, up to reporting to stakeholders.
7. Encouraging the use of renewable materials and environmentally friendly chemicals.
8. Implementing raw material efficiency through monitoring, implementing, and encouraging design or development activities across the entire Company.
9. Using water optimally and efficiently in Company activities as well as carrying out water conservation programs.
10. Conducting maintenance and control of air pollution control equipment and machinery.
11. Reducing and controlling Hazardous Material and Hazardous Waste.
12. Controlling non-hazardous solid waste through 3R (Reduce, Reuse, Recycle).
13. Conducting an inventory of water usage, outlets of wastewater, Hazardous and Non-Hazardous Waste, and air pollution.
14. Undertaking efforts to protect and conserve biodiversity.
15. Providing socialization of information related to the safety and security of product applications.
16. Identifying, conducting, and evaluating all company activities through Life Cycle Assessment/LCA integrated with environmental, energy, and greenhouse gas emission aspects.
17. Involving the community in continuous improvement of the environmental management system.

Social, Labor, and Human Rights



No Poverty

1.1 Eradicating extreme poverty for all people living on less than $1.25 a day.



Zero Hunger

2.1 Ending hunger and ensuring access by all people, in particular the poor and people in vulnerable situations including infants, to safe, nutritious and sufficient food all year round.

Social, Labor, and Human Rights



Good Health and Well-Being

3.4 Reducing by one-third premature mortality from non-communicable diseases through prevention and treatment, and promoting mental health and wellbeing.
3.5 Strengthening prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol.
3.9 Substantially reducing the number of deaths and illnesses from hazardous chemicals and air, water, and soil pollution and contamination.



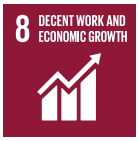
Quality Education

4.3 Ensuring equal access for all women and men to affordable and quality education.
4.7 Ensuring the acquisition of necessary knowledge and skills by all employees, to enhance sustainable development.



Gender Equality

5.5.2 Ensuring women's full and effective participation and equal opportunities for leadership at all levels of decision-making, by ensuring the proportion of women in managerial positions.



Decent Work and Economic Growth

8.5 Achieving full and productive employment as well as decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
8.7 Taking immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour.
8.8 Protecting labor rights and promoting safe and secure working environments for all workers.



Industry, Innovation, and Infrastructure

9.2 Promoting inclusive and sustainable industrialization.
9.4 Upgrading infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally friendly technologies and industrial processes.



Reduced Inequalities

10.3 Ensuring equal opportunity and reducing outcome inequalities, including eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and actions in this regard.

Sustainability Strategy

1. Ensuring that all personnel within the Company are treated fairly and with dignity based on human rights principles.
2. Ensuring proper and regular participatory consultation processes with all stakeholders.
3. Providing safe and healthy working environments to eliminate hazards and reduce OHS (Occupational Health and Safety) risks.
4. Creating a work environment that is safe, comfortable, motivating, respectful, and free from all forms of harassment.
5. Providing funds and commitment to support the improvement of company personnel's knowledge, skills, and competence.
6. Ensuring workers are above 18 years of age and that working hours and wage payments are in accordance with applicable laws and regulations and that there is no human trafficking.
7. Providing equal employment opportunities and treatment regardless of gender, race, religion, color, ethnicity, class, and non-discrimination to persons with disabilities.
8. Ensuring employee preparedness for retirement.
9. Upholding the freedom of assembly, expression, and participation in labor organizations/unions in accordance with the prevailing laws and regulations as well as providing room to negotiate and consult with the Company.
10. Respecting the rights of local communities, including indigenous and traditional communities.
11. Participating in community empowerment.
12. Respecting the right of individuals to act without coercion and to maintain control over their personal information, as long as it does not relate to or impact the Company.

Ethics and Governance



Industry, Innovation, and Infrastructure

9.5.2 (a) Enhancing scientific research and upgrading the technological capabilities of industrial sectors by increasing the proportion of human resources in science and technology.



Peace, Justice, and Strong Institutions

16.5 Substantially reducing corruption and bribery in all their forms.

Sustainability Strategy

1. Preventing and taking action against corruption, bribery, fraud, and money laundering.
2. Conducting recruitment and selection of employees free of charge.
3. Avoiding conflict of interest between employees within the Company.
4. Maintaining the ethics and confidentiality of company and supplier data.
5. Providing reliable infrastructure to manage all forms of risks or threats related to the Company's data security and keeping up with technological developments.
6. Ensuring secure, accurate, available data, ease of connection and a variety of user-friendly programs.
7. Ensuring the Company's neutrality towards any political interests or groups by not being involved materially or non-materially.

Sustainable Procurement



Responsible Consumption and Production

12.2 Achieving sustainable management and efficient use of natural resources.



Partnerships for the Goals

17.1 Strengthening domestic resource mobilization to improve domestic capacity for tax and other revenue collection.

17.16 Enhancing the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technologies, and financial resources to support the achievement of Sustainable Development Goals in all countries, particularly developing countries.

Sustainability Strategy

1. Selecting suppliers using environmental criteria.
2. Undertaking efforts to reduce scope three greenhouse gas emissions through supplier socialization and monitoring.
3. Selecting suppliers using social and human rights criteria.
4. Providing equal rights and opportunities to all local suppliers and women business owners.
5. Evaluating suppliers' compliance with all Occupational Health and Safety (OHS) laws and regulations.
6. Selecting vendors and suppliers that do not have mineral conflicts in their procurement practices.
7. Selecting qualified and competitively priced suppliers in a transparent manner.
8. Supplier selection is not based on kinship interests, providing opportunities for multiple vendors to enter the tender process.

SUSTAINABILITY TARGETS AND ACHIEVEMENTS

Sustainability Pillars	Sustainability Target and 2023 Achievements	
 Product Quality	Target	Improving environmentally friendly products.
	Achievement	A total of **29** products have received Singapore Green Label certification.
	Target	Achieving lead-free and chrome-free products by 2035.
	Achievement	• Water-based products have reached **81.47%**. • The Company successfully processed products containing lead and chromium according to target, resulting in only **14.00%** lead and chromium content remaining.
	Target	Improving customer satisfaction.
	Achievement	Customer satisfaction survey results increased compared to the previous year, from **3.33** to **3.40** out of a **4.00** scale with a good category. This assessment includes product quality, delivery quality, and service quality.
 Environment	Target	• Reducing Scope 1 and 2 greenhouse gas ("GHG") emissions by **35.00%** in 2035 compared to the 2021 baseline. • The target for renewable energy use is **3,600.00** GJ by 2035.
	Achievement	• GHG emissions decreased by **15.45%** compared to 2021. • Energy intensity decreased by **10.16%**. • Solar panel installation in 2023 increased by **660** units, bringing the total installation to **1,228** solar panel units (**720** units at the Sidoarjo plant and **508** units at the Serang plant). • Total renewable energy use reached 504,097 kWh or equivalent to **1,814.71** GJ. • Replacing **7** units of diesel forklifts with electric forklifts (**1** unit at the Serang plant and **6** units at the Sidoarjo plant).
	Target	The target for total carbon sequestration from tree planting is **3,705,100** $kgCO_2e$ in 2035.
	Achievement	• Planting **10,000** trees (**5,000** trees in 2022 and **5,000** trees in 2023) with a total carbon sequestration of **765,100** $KgCO_2e$. • Planting **92** types of plants in the factory area with a total carbon sequestration of **435,887** $KgCO_2e$.
	Target	Reducing Scope 3 GHG emissions by **5.00%** in 2035 compared to the 2024 baseline.
	Achievement	• Organizing socialization on Scope 3 GHG emissions reporting to all key suppliers. • Collecting key suppliers' GHG emissions data and developing a Scope 3 inventory.
	Target	Reduced water intensity.
	Achievement	• Utilizing the Rainwater Harvesting system. • Using reused water from tank washing as a raw material mixture.
	Target	Improved waste management.
	Achievement	• Reduction in disposed Hazardous Waste reached **6.36%**. • Product waste recycling ratio reached **11.91** kg/ton.

SUSTAINABILITY TARGETS AND ACHIEVEMENTS

Sustainability Pillars	Sustainability Target and 2023 Achievements
 Social and Labor	**Target** Zero Fatality and Zero Lost Time Injury ("LTI"). **Achievement** OHS performance target related to zero fatality was achieved.
	Target Training hours per employee reached **15.00** hours in 2023. **Achievement** Training hours per employee reached **15.13** hours, exceeding the target.
	Target Stakeholder consultation and participation. **Achievement** A total of **505** individuals from various stakeholder groups completed the sustainability survey.
	Target Increasing beneficiaries of community empowerment programs. **Achievement** • Utilization of economically valuable waste in Wadungasih Village, Sidoarjo. • Training for students of Buduran Vocational School 1, Surabaya Vocational School 13, and students of Widya Mandala Surabaya University. • Granting scholarships to **18** employees' children.
Ethics and Governance	**Target** Enforcing a culture of anti-corruption, bribery, and fraud within the Company and all partners. **Achievement** • The Company has a well-functioning whistleblowing system in place. Throughout 2023, 5 reports were submitted through the whistleblowing system. However, upon verification, only **1** was related to anti-corruption offenses. • The Internal Audit Unit also found **2** cases of alleged anti-corruption offenses through its audit activities. • All corruption incidents above have been resolved in accordance with the Company's procedures and regulations.
	Target Protecting confidentiality of information and preventing data breach. **Achievement** • Development of Asset Management Program ("AMS"). • Development of Document Control Program. • Server Regeneration in the Data Center. • Utilization of Network Monitoring Tools. • Socialization and training on cyber security. • Phishing Test. • Providing consent forms for third-party data.
 Sustainable Procurement	**Target** **100.00%** of key suppliers have fulfilled the sustainability aspect. **Achievement** • Assessment of **20%** of key suppliers contributing to **80%** of the total purchase value. • Socialization of sustainability policy to all key suppliers. • Training on scope 3 GHG emissions disclosure to key suppliers. • Ensuring suppliers do not have mineral conflicts.

Evaluation of Sustainability Strategy Implementation

The Company periodically evaluates the effectiveness of the implementation of sustainability strategies and initiatives under the pillars of Product Quality and Environment; Social, Labor and Human Rights; Ethics and Governance; and Sustainable Procurement. This is part of the Company's efforts to ensure that the Company's targets and objectives in sustainability aspects can be achieved with optimal results. Evaluation of sustainability strategy implementation involves the top management along with related work units. [GRI 3-3]

Challenges in Implementing Sustainability Principles and Future Strategies [POJK E.5]

The implementation of sustainability principles in the Company's operational activities has faced various challenges as well as opportunities from various sources, both from internal and external environments. Information on those challenges and the Company's responses to them are described as follows:

CHALLENGES AND COMPANY RESPONSE



Internal Challenges:
Building sustainability awareness and culture.

Company Response:
Conducting regular socialization and training on sustainability for all employees.



External Challenges:
High demands from external stakeholders, especially investors, on the Company's sustainability achievements in a fairly short time.

Company Response:
The Company actively realizes its sustainability commitments by establishing targets and implementing effective strategies to deliver tangible results, as reflected in improved ESG rating scores.



External Challenges:
Emerging new regulations and policies on sustainability and reporting thereof, both domestic and international.

Company Response:
The Company continuously keeps updated with sustainability policy developments and makes maximum adjustments to meet these requirements.



External Challenges:
Limited customer understanding and awareness of green products.

Company Response:
The Company actively conducts socialization on the importance of environmentally friendly products.

In addition to the above challenges, we also see opportunities from the implementation of sustainability principles that can directly improve the Company's quality and positive image. We are optimistic that consistent and comprehensive implementation of sustainability principles can foster robust business resilience that will strengthen the Company's competitiveness. Research and development initiatives undertaken by the Company to create high-quality and environmentally friendly products provide opportunities and strengths for the Company to remain the public's first choice.

Sustainability Performance Overview

Sustainability of Economic Aspect [POJK B.1]

Description	Unit	2023	2022	2021
Financial Performance				
Net Revenue	Million Rupiah	**7,016,882**	6,694,171	6,779,643
Profit for the Year	Million Rupiah	**1,643,096**	1,400,365	1,434,551
Operational Performance				
Manufacturing Volumes	Metric Tons	**180,540**	170,986	205,382
Environmentally Friendly Products (Singapore Green Label Certified Product Categories)	Product Brand	**29**	24	16
Product or Service Quantity	Product Brand	**96**	88	80
Local Suppliers Engagement				
Local Suppliers				
Total Local Suppliers	Number of Company	**219**	209	231
Percentage of Local Supplier Engagement by Entity compared to Total Suppliers	%	**77.94**	76.00	75.24
Local Employees* **				
Total Local Employee	People	**7,577****	7,231**	6,739*
Percentage of Local Labor Involvement in the Company's Operational Activities	%	**89.38****	89.54**	87.25*

Notes:
* The Company and TKTW;
** The Company, TKTW, and TKBI; and
*** 2021 and 2022 data are restated.

Sustainability of Environmental Aspect [POJK B.2]

Description	Unit	2023	2022	2021
Energy Efficiency				
Total Energy Usage	GJ	**213,912.86**	211,334.51	224,403.17
Energy Intensity	GJ/Ton of Product	**0.17**	0.19	0.19
	kWh/Ton of Product	**47.40**	52.14	52.64
	Thousand Rupiah/ Ton of Product	**38,590.51**	42,783.20	48,439.40
Energy Efficiency	GJ/Ton of Product	**0.02**	0	0.01

Description	Unit	2023	2022	2021
Materials Used in Paint Production				
Renewable Materials Purchase	Ton	**72,903.20**	61,888.17	80,411.00
Non-Renewable Materials Purchase	Ton	**70,887.41**	74,937.20	94,294.00
Total Material Purchase	Ton	**143,790.61**	136,825.37	174,705.00
Emissions Management				
Total of Scope 1 and Scope 2 Emissions	TonCO_2e	**11,317.42**	11,408.00	13,385.60
Intensity of Scope 1 and Scope 2 Emissions	KgCO_2e/Ton of Produc	**23.27**	25.15	24.83
Water Management				
Total Water Usage	Megaliter	**141.68**	113.98	130.26
Water Intensity	Megaliter/Ton of Product	**0.0009**	0.0008	0.0008
Reduction of Hazardous Waste Generation				
Reuse of Industrial Waste	Ton	**1,820.24**	2,482.98	1,263.45
Reuse of Washing Solvent	Ton	**166.27**	180.87*	230.05
Hazardous Waste (liquid and solid managed by third parties)	Ton	**886.77**	946.96	574.22
Non-Hazardous Waste	Ton	**185.07**	157.68	98.14
Discharge Water	Megaliter	**3.83**	4.14	4.54

* Data restated.

Sustainability of Social Aspect [POJK B.3]

Description	Unit	2023**	2022**	2021*
Community Development and Empowerment (*Pengembangan dan Pemberdayaan Masyarakat* or "PPM")* **				
Number of PPM Program	Total Program	**98**	27	13
Cost of PPM Program	Million Rupiah	**2,881**	1,978	1,923
Manpower Management				
Total Employees (Including Outsourcing)	People	**8,477**	8,076	7,689
Total Female Employees (Including Outsourcing)	People	**1,723**	1,625	1,409
Number of Participants in Competence Development	People	**6,173**	3,096	3,420
Total Recordable Injury Rate	Rate	**2.16**	2.01	2.40
Total Recordable Incident Frequency Rate	Rate	**2.69**	1.74****	2.30

Notes:
* AVIA and TKTW;
** AVIA, TKTW, and TKBI;
*** AVIA; and
**** Data restated.

Significant Events

As a manifestation of our commitment to conducting responsible business activities that take into account climate change impacts, throughout 2023, we have implemented a series of proactive initiatives as described below:



Increasing Renewable Energy Usage

The Company's operational activities require a large energy supply that is still predominantly sourced from non-renewable fossil fuels. We realize that fossil energy use can generate environmentally harmful GHG emissions, therefore we are gradually investing in renewable energy utilization. To date, the Company has installed 1,228 units of solar panels that produce up to 1,814.71 GJ of renewable energy.



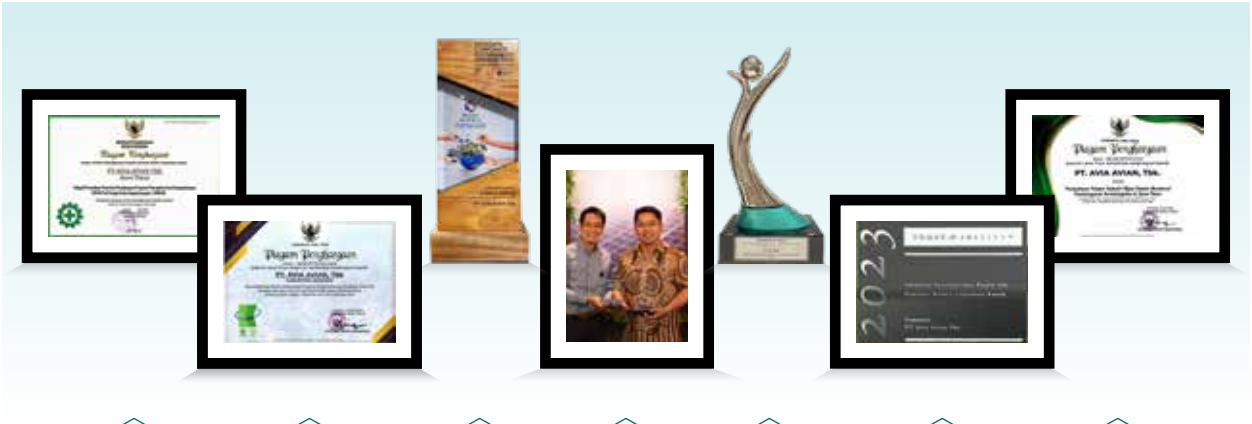
Emissions Neutralization Program

Our concern for emissions is not only manifested through emission reduction but also by emission neutralization programs. To date, we have planted 10,000 Kurmis Acacia (*Acacia Auriculiformis*) and Trembesi (*Samanea Saman*) trees on the slopes of Mount Arjuno, Pasuruan. These tree planting programs contribute to up to 765,100 kgCO_2e of carbon sequestrations.

Awards, Assessments, and Certifications

Awards

Our consistency in adopting best business practices has earned us positive recognition and awards from various stakeholders. Information regarding awards received by the Company throughout 2023 is described as follows:



1 2 3 4 5 6 7

1 Recipient of the "Prevention and Mitigation Programs of Covid-19 in the Workplace" Award

Gold Category

Organizer : Ministry of Manpower of the Republic of Indonesia
Recipient : PT Avia Avian Tbk
Period : 2023

2 Zero Accident Award

Organizer : East Java Governor
Recipient : PT Avia Avian Tbk
Period : 2023

3 Overall Winner of the 2023 Katadata Corporate Sustainability Awards (KCSA)

Chemicals Sector Category

Organizer : Katadata
Recipient : PT Avia Avian Tbk
Period : 2023

4 Going Green is Good for Your Business

Organizer : Xurya Daya Indonesia
Recipient : PT Avia Avian Tbk
Period : 2023

5 National PROPER Green Rating

Organizer : Ministry of Environment and Forestry of the Republic of Indonesia
Recipient : PT Avia Avian Tbk
Period : 2023

6 Indonesia Architectural Paints and Coatings Market Leadership Award

Organizer : Frost & Sullivan
Recipient : PT Avia Avian Tbk
Period : 2023

7 Green Industry Pioneer in Accelerating Sustainable Development in East Java

Organizer : East Java Governor
Recipient : PT Avia Avian Tbk
Period : 2023

Assessment

The Company's sustainability performance in ESG aspects has been recognized by various rating agencies. Information regarding rating achieved by the Company throughout 2023 is described as follows:

Bronze Medal

Organizer:
EcoVadis
Awardee:
PT Avia Avian Tbk
Period:
2023

ESG Quality 45 IDX KEHATI Index

Organizer:
Indonesia Stock Exchange and KEHATI Foundation
Awardee:
PT Avia Avian Tbk
Period:
December 2023 - May 2024

Notes:
Bronze Medal in the Company's sustainability practices assessment from EcoVadis is the first conducted assessment, and serves as a foundation for us to improve the quality of sustainability practices implementation in the coming period.

Certification

We are committed to conducting our business responsibly and in compliance with all applicable laws and regulations, as well as adopting the best practices aligned with national and international standards relevant to our industry. This commitment is a crucial priority for us to ensure that our operational activities are managed properly, professionally, and in line with current developments. Information regarding standards and certifications adopted and held by the Company up to the end of 2023 is described as follows:

ISO



1



2

SNI



1



2

International Standardization Organization ("ISO")

Name of Certification	Organizer	Validity Period
ISO 45001:2018 on Occupational Health and Safety Management System	PT Lloyd's Register Indonesia	October 27, 2021 – October 26, 2024
ISO 14001:2015 on Environmental Management System	PT Lloyd's Register Indonesia	February 19, 2022 – February 18, 2025
ISO 50001:2018 on Energy Management System	PT Lloyd's Register Indonesia	March 3, 2022 – March 2, 2025
ISO 9001:2015 on Quality Management System	PT Lloyd's Register Indonesia	January 31, 2023 – February 27, 2024
ISO/IEC 27001:2013 on Information Security Management System	Intertek Certification Limited	February 17, 2023 – October 31, 2025

Indonesian National Standard ("SNI")

Name of Certification	Product	Type	Organizer	Validity Period
SNI 3564:2014	Sunguard	Exterior	Chempack Product Certification Institute of the Center for Standardization and Services of Chemical, Pharmaceutical, and Packaging Industry, Ministry of Industry of the Republic of Indonesia	Until November 3, 2026
SNI 3564:2014	Aquamatt, Aries Gold, Avitex, Everglo, Supersilk, and No Odor	Interior		

Green Label Singapura



Product	Organizer	Validity Period
Avitex 4 Kids	Singapore Environment Council	Until February 26, 2024
Everglo Kids Care	Singapore Environment Council	Until February 26, 2024
Supersilk Anti-Noda	Singapore Environment Council	Until May 29, 2024
Lenkote Home Deco Metallic Paint Gold	Singapore Environment Council	Until July 24, 2024
Sunguard All-In-One	Singapore Environment Council	Until August 7, 2024
Avitex Anti Viruz Interior Paint	Singapore Environment Council	Until August 19, 2024
Home Deco Glow In The Dark Interior Paint	Singapore Environment Council	Until August 19, 2024
Home Deco Magnetic Interior Paint	Singapore Environment Council	Until August 19, 2024
No Odor Medicare	Singapore Environment Council	Until September 5, 2024
Home Deco Glitz	Singapore Environment Council	Until September 9, 2024
Wood Eco Woodstain Water-Based	Singapore Environment Council	Until November 9, 2024
Avitex Eksterior	Singapore Environment Council	Until November 9, 2024
Boyo Special Politur Vernis Water-Based	Singapore Environment Council	Until November 9, 2024
No Lumut Water-Based	Singapore Environment Council	Until November 9, 2024
Avitex One Coat	Singapore Environment Council	Until December 21, 2024
Avitex Alkali Resisting Primer	Singapore Environment Council	Until January 18, 2025
Avitex Wizz	Singapore Environment Council	Until March 22, 2025
Brilliant Exterior	Singapore Environment Council	Until June 13, 2025
No Drop Basic	Singapore Environment Council	Until June 13, 2025
Brilliant Cat Tembok Interior	Singapore Environment Council	Until July 18, 2025
Sunguard	Singapore Environment Council	Until November 24, 2025
Everglo	Singapore Environment Council	Until November 24, 2025
Supersilk	Singapore Environment Council	Until November 24, 2025
Avitex Dapur & Kamar Mandi	Singapore Environment Council	Until November 24, 2025
Aquamatt	Singapore Environment Council	Until November 24, 2025
Lenkote Alkali Resisting Primer	Singapore Environment Council	Until November 24, 2025
No Odor	Singapore Environment Council	Until November 24, 2025
No Drop Anti Panas	Singapore Environment Council	Until December 22, 2025
Avitex Gold	Singapore Environment Council	Until December 22, 2025

Domestic Component Level







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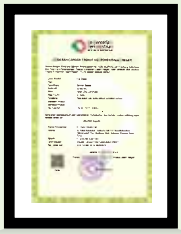
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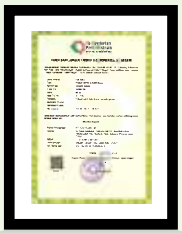
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23

Product	Organizer	Validity Period
Aries Gold	Ministry of Industry of the Republic of Indonesia	Until September 15, 2026
Avian Aluminium	Ministry of Industry of the Republic of Indonesia	Until September 15, 2026
Avian Cat kayu dan Besi	Ministry of Industry of the Republic of Indonesia	Until September 15, 2026
Avian Zinc Chromate	Ministry of Industry of the Republic of Indonesia	Until September 15, 2026
Avitex Alkali Resisting Primer	Ministry of Industry of the Republic of Indonesia	Until September 15, 2026
Avitex Anti Viruz	Ministry of Industry of the Republic of Indonesia	Until September 15, 2026
Avitex Cat Genteng	Ministry of Industry of the Republic of Indonesia	Until September 15, 2026
Avitex Exterior	Ministry of Industry of the Republic of Indonesia	Until September 15, 2026
Avitex Plamir Tembok	Ministry of Industry of the Republic of Indonesia	Until September 15, 2026
Avitex	Ministry of Industry of the Republic of Indonesia	Until September 15, 2026
Boyo Politur Vernis Solvent-Based	Ministry of Industry of the Republic of Indonesia	Until September 15, 2026
Lenkote Wall Sealer	Ministry of Industry of the Republic of Indonesia	Until September 15, 2026
No Drop Anti Panas	Ministry of Industry of the Republic of Indonesia	Until September 15, 2026
No Drop	Ministry of Industry of the Republic of Indonesia	Until September 15, 2026
No Odor Medicare	Ministry of Industry of the Republic of Indonesia	Until September 15, 2026
Supersilk Anti Noda	Ministry of Industry of the Republic of Indonesia	Until September 15, 2026
Suzuka Cat Duco Otomotif	Ministry of Industry of the Republic of Indonesia	Until September 15, 2026
Avian Paving Paint	Ministry of Industry of the Republic of Indonesia	Until October 19, 2026
Avian Roadline Paint	Ministry of Industry of the Republic of Indonesia	Until October 19, 2026
Avitex Gold	Ministry of Industry of the Republic of Indonesia	Until October 19, 2026
Sunguard All-In-One	Ministry of Industry of the Republic of Indonesia	Until October 19, 2026
Sunguard	Ministry of Industry of the Republic of Indonesia	Until October 19, 2026
Supersilk	Ministry of Industry of the Republic of Indonesia	Until October 19, 2026

By obtaining certifications for the Indonesian National Standard (Standar Nasional Indonesia or "SNI"), Singapore Green Label ("GLS"), and Domestic Component Level (*Tingkat Komponen Dalam Negeri* or "TKDN"), we demonstrate our ongoing commitment to improving product quality by delivering products that are safe for both the consumers and the environment. In obtaining these certifications, we have passed a series of auditing processes, including the use of renewable raw materials, standardized production processes, and product safety related to hazardous substances such as lead and chromium. To date, 7 products have obtained the SNI certification, while 29 products have received the GLS certifications, and 23 products have received the TKDN certifications, as listed in the table above.

Other Certifications



Green Industry Certification

Organizer:
Green Industry Certification Institute of the Center for Standardization and Services of Chemical, Pharmaceutical, and Packaging Industry, Ministry of Industry of the Republic of Indonesia
Validity Period:
September 8, 2022 – September 7, 2026

Membership in Associations

[GRI 2-28] [POJK C.5]

We actively participate in various organizations related to our business activities and our status as a public company to develop our network and obtain updated information on the business environment. Information regarding the Company's membership in associations is described below:





Indonesian Public Listed Companies Association

- **Scale** : National
- **Status of the Company** : Member



Indonesian Paint Producers Association

- **Scale** : National
- **Status of the Company** : Member



Indonesian Synthetic Resin Association

- **Scale** : National
- **Status of the Company** : Member



Net Zero of Indonesian Chamber of Commerce and Industry*

- **Scale** : National
- **Status of the Company** : Member

* The Company's membership in the Net Zero of the Indonesian Chamber of Commerce and Industry association lasted until July 2023.

Foreword by the Board of Directors [GRI 2-22] [POJK D.1]



Wijono Tanoko
President Director

Dear Valued Shareholders and Stakeholders,

All praise and gratitude go to God Almighty, for His abundant grace that always accompanies the journey of PT Avia Avian Tbk (the "Company") in sustainably contributing through paint products that not only present beautiful colors, but also concern for the environment. Throughout 2023, we have implemented strategies that reflect our perseverance and commitment to innovation, sustainability, and excellence in quality so that the Company is able to optimize opportunities to move forward and make a positive impact on the surrounding environment and society.

A summary of the Company's journey, the sustainable initiatives we implemented, and the significant achievements we made throughout the year are presented below.

Sustainability Commitment and Values

Our commitment to sustainability has become the main foundation that inspires each step and decision we take to realize our vision of becoming an integrated, environmentally friendly, leading and trusted paint manufacturing company in Indonesia. We also believe that sustainability is not just a goal, but also a guiding principle in our strategic decision-making, thereby forming a strong foundation to build a company that excels not only in business, but also in environmental and social responsibility. We realize this commitment by integrating sustainability principles in every business decision, from the supply chain to the products we manufacture, so that we can manage the resulting impacts.

With this commitment, we strive to deliver sustainable solutions in every aspect of the Company's operations. It involves integrating our corporate values, summarized in "CInTA", with our sustainability policies, categorized into four main pillars: Product Quality and Environment; Social, Labor and Human Rights; Ethics and Governance; and Sustainable Procurement. The formulation of these pillars has also incorporated measurable targets that the Company wants to achieve, aligning them with the Sustainable Development Goals ("SDGs") as part of the Company's contribution to achieving global development targets.

Policies and Strategies in Responding to Sustainability Challenges

The Company's contribution and support for sustainable development will be heavily influenced by the Company's effectiveness in implementing sustainable initiatives, particularly in the economic aspect. Our success in achieving economic targets is key to increasing our contribution and support for sustainable development. To accomplish these economic targets, we continuously focus on our competitive advantages, including our comprehensive product diversification and extensive distribution network in all regions of Indonesia. Both advantages play a vital role in strengthening the Company's competitiveness so that we can fully optimize existing market share and opportunities. In addition, prudent and proactive risk management is integral to our strategy of mitigating potential risks that may affect the Company's economic performance and sustainability. By ensuring sustainable economic growth, we can strengthen our position as an environmentally and socially responsible company.

From the environmental aspect, there is a greater push from stakeholders to integrate sustainability into our day-to-day activities, particularly regarding the risk of climate change impacts. In facing these challenges, we are directing efforts towards developing products that are not only excellent in quality, but also support environmental sustainability. Our operational policies place particular emphasis on energy efficiency, use of renewable energy sources, carbon emission reduction and responsible resource management as key elements. We have also designed a holistic strategy to minimize our environmental footprint. We are focused on not only minimizing the climate impact of our business operations, which includes carbon neutralization initiatives through tree planting, but also introducing innovations across the supply chain to enhance energy efficiency and reduce carbon emissions to the greatest extent feasible. Furthermore, we undertake proactive measures in resource management, including efforts in water conservation, waste management, and selection of environmentally friendly raw materials.

As for the social aspect, the Company's presence in the community must positively contribute to the development and well-being of the surrounding community. Strategies we adopt for these challenges involve implementing fair and responsible labor practices; focusing on occupational health and safety ("OHS") aspects, and carrying out corporate social responsibility ("CSR") activities in various fields such as education and the environment. Implementation of fair and responsible labor practices is a priority to create a healthy and productive work environment. Furthermore, the OHS aspect is also integral to our sustainability strategy, with the aim to create a safe and healthy working environment for all the Company's employees. As for the CSR programs, we are committed to contributing positively through the *Avian Brands Peduli* program. We have also engaged local parties in the Company's business activities, both as suppliers and workforce.

We understand that sustainability is not an end goal, but an ongoing journey involving collaboration with all stakeholders. By integrating sustainability principles into every strategic decision, we believe that the Company can minimize its impact on the surrounding environmental and social conditions.

Achievement of Sustainability Performance and Targets

Through consistent implementation of sustainability strategies, the Company managed to maintain a positive sustainability performance in 2023. The Company's performance in that year reflected a strong commitment to sustainability in all aspects of operations. Several key achievements that can be highlighted include increasing production efficiency, optimizing energy use, and reducing carbon emissions in operational processes. In addition, we successfully expanded our distribution network, achieved an increase in sales, and created innovative environmentally friendly products.

As part of our sustainability efforts, we remain committed to meeting our sustainability targets. From an economic aspect, the Company has a sustainable growth target that focuses on product diversification to strengthen competitiveness in the market. In 2023, the manufacturing output reached 180,540 metric tons or 99.61% of the target, an increase of 5.59% compared to the previous year. This growth is consistent with the 2023 net revenue reaching IDR7,016.88 billion or 98.89% of the target, an increase of 4.82% compared to the previous year. In addition to boosting revenue, the Company also continues to improve operational efficiency by prioritizing innovation in manufacturing and distribution. This resulted in an increase in profit for the year to IDR1,643.10 billion or 102.03% of the target, an increase of 17.33% compared to the previous year.

In line with that, we also continue to realize innovations in order to develop the Company's environmentally friendly product portfolio. In 2023, we succeeded in reducing the lead and chrome content in products to only 14.00%, exceeding the target. In addition, the target of increasing the number of products certified by the Singapore Green Label has also been realized with a 20.83% increase to 29 products.

In terms of the environmental aspect, we establish a target to reduce our environmental impact further by continuing to reduce carbon emissions. In 2023, we managed to add solar panel installations to 1,228 units, increasing the use of renewable energy to 504,097 kWh or 1,814.71 GJ. Likewise, carbon neutralization efforts through tree planting on Mount Arjuno, which have been conducted since the previous year, were successfully expanded to 10,000 trees, resulting in up to 765,100 $KgCO_2e$ of carbon sequestration. We also planted 92 plant types around our factories, resulting in up to 435,887 $KgCO_2e$ carbon sequestered. In addition to our commitment to addressing climate impacts, we also encourage the optimization of the use of renewable materials. In addition, we are also working to improve environmentally friendly practices in every manufacturing stage so that we are able to reduce our Hazardous Waste by 6.36%.

From the social aspect, the Company sets a target to expand its positive impact on stakeholders. For our employees, we strive to improve employment policies that support employee development while protecting their health and safety. In 2023, we managed to increase the number of employee training hours per person by 125.82% to 15.13 hours. In line with that, we also recorded zero fatal work accidents. On the other hand, the Company's target to increase the beneficiaries of community empowerment programs was well realized through various CSR programs that were implemented with a focus on education and the environment. A total of 98 programs were successfully realized in 2023, an increase of 262.96% compared to the previous year. The cost allocation to support the program implementation reached IDR2,88 billion.

With solid 2023 performance, the Company is confident that its commitment to sustainability will continue to strengthen its position as a responsible and sustainable company in the paint industry. This is supported by various awards and positive recognitions achieved by the Company throughout 2023, such as the Indonesia Architectural Paints and Coatings Market Leadership Award from Frost & Sullivan, Overall Winner award in the 2023 Katadata Corporate Sustainability Awards (KCSA) for the Chemicals Sector category from Katadata, Green Industry Pioneer in Accelerating Sustainable Development in East Java from the Governor of East Java, Going Green is Good for Your Business from Xurya Daya Indonesia, and Zero Accident Award from the Governor of East Java.

Sustainability Prospect

In facing the future, the Company views sustainability prospects with optimism and determination to continue to maintain its position as a pioneer in responsible business practices. We are committed to continuously improving operational efficiency, product innovation, and environmental sustainability. In addition, we will continue to develop sustainable partnerships with relevant parties, including the government, communities, and other stakeholders. In the economic aspect, we will continue to strive to expand our market share and improve our competitiveness through product diversification, development of innovative marketing strategies, and expansion of our distribution reach. We will also continue to invest in increasing manufacturing capacity through the construction of new plants to maximize sustainable growth opportunities in the future.

In the environmental context, the Company will continue to make efforts to reduce environmental impacts, including waste management and carbon emissions. We will intensify efforts in energy efficiency improvement and sustainable use of resources. On the social aspect, we will continue with our CSR programs focusing on community development, both in education and the environment. We are also committed to empowering local parties through supplier engagement and job creation. By adopting these strategies, we believe that sustainability is not just a responsibility, but also an opportunity to generate long-term value for the Company and all stakeholders.

Appreciation

To conclude, we would like to express our appreciation and gratitude to the Board of Commissioners and all employees for their utmost dedication to realizing the Company's Vision and Mission. Hard work, innovation, and the collaborative spirit instilled by every Company personnel have established a solid foundation to achieve such outstanding sustainability performance. We also express our appreciation and gratitude to our Shareholders, business partners, customers, government, and the wider community who have supported and trusted the Company throughout this journey of sustainability. Contributions and support from all parties are the main drivers of our success in carrying out sustainable business practices.

We believe that with continuous commitment, the Company will keep growing as a forward-looking, responsible company that is able to create a positive impact on the environment and surrounding communities. We look forward to the next journey of sustainability and creating a better future together.

On behalf of the Board of Directors of
PT Avia Avian Tbk,



Wijono Tanoko
President Director

About the Company



"The Company is the paint market leader in Indonesia as well as one of the biggest paint manufacturers in Asia. In maintaining this advantage, the Company is supported by an integrated, cutting-edge, and trusted business ecosystem. In addition, its current business management, including product innovation, has prioritized environmentally conscious concepts and practices."


Avian
BRANDS

Company Information

Social Media:

avian.brands

@avianbrands

Avian Brands

Company Name [GRI 2-1]

PT Avia Avian Tbk

Business Sector [GRI 2-6]

Manufacture and trade of paints and printing inks, varnishes, lacquers, adhesives or glues, mortar or ready-mixed concrete.

Date of Establishment

March 1, 1983

Legal Basis of Establishment [GRI 2-1]

PT Avia Avian was established based on Deed of Establishment of Limited Liability Company No. 06 dated March 1, 1983, as amended by Deed No. 63 dated May 23, 1983, both drawn up before Indrawati Setiabudhi, S.H., a Notary in Malang. The deed has been approved by the Minister of Justice of the Republic of Indonesia by the Resolution of the Ministry of Justice of the Republic of Indonesia with Decree No. C2-4948.HT01.01 Th83. dated July 5, 1983 and has been registered with the Malang District Court No. 016/PP/PI/VIII/1983 dated August 8, 1983.

Legal Form Status
[GRI 2-1]
Limited Liability Company

Total Employees of AVIA, TKTW, and TKBI
(including Outsourced Employees)

Male:
6,754 employees

Female:
1,723 employees







Listing of Shares on the Stock Exchange

December 8, 2021 on the Indonesia Stock Exchange

Stock Code

AVIA

Shareholding [GRI 2-1]

as of December 2023



PT Tancorp Surya Sentosa	:	**36.60%**
PT Wahana Lancar Rejeki	:	**32.49%**
Archipelago Investment Pte Ltd	:	**6.30%**
Robert Christian Tanoko	:	**2.30%**
Rudi Tanoko	:	**1.68%**
Rony Tanoko	:	**1.68%**
Treasury Stock	:	**0.06%**
Public*	:	**18.89%**

*Each below 5%

Headquarter [GRI 2-1] [POJK C.2]

Jl. Raya Surabaya – Sidoarjo KM. 19
Desa Wadungasih, Kec. Buduran, Sidoarjo, 61252
Jawa Timur, Indonesia

(62-31) 8968000
corsec@avianbrands.com
investor.relations@avianbrands.com
www.avianbrands.com

Branch Office

Avian Brands Building
Jl. Ahmad Yani No. 317, Surabaya, 60234
Jawa Timur, Indonesia

(62-31) 99850500/99850600

Address of Manufacturing Facilities [GRI 2-1]

Sidoarjo
Jl. Raya Surabaya – Sidoarjo KM. 19
Desa Wadungasih, Kec. Buduran, Sidoarjo, 61252
Jawa Timur, Indonesia

(62-31) 8968000

Serang
Jl. Raya Serang KM. 60
Kawasan Pancatama 5 Kav. 50, Leuwilimus
Leuwi Limus, Cikande, Kabupaten Serang, 42186
Banten, Indonesia

(62-254) 402655

Sustainability Vision and Mission [POJK C.1]

VISION

"To become an integrated, environmentally friendly, leading and trusted paint company in Indonesia."

MISSION

"To provide added value to stakeholders through the development of various quality paints."



Company Values

C

Customer Focus

Able to make (internal and external) customers and their needs as the main focus in a positive and productive working relationship.

In

Integrity

Be honest in words, have the commitment and consistency in acting according to rules, norms, and morality.

T

Teamwork

Ability to be part of a group, work with the group members, and contribute to the achievement of the group's goals.

A

Agility

Ability to be agile, flexible, and assertive in anticipating, initiating, and taking advantage of any opportunity as well as to avoid negative consequences from the changes.



Business, Product, and Service Segments

[GRI 2-6] [POJK C.4]

In accordance with the segment information disclosed in the Company's Consolidated Financial Statements audited by a Public Accounting Firm (*Kantor Akuntan Publik* or "KAP"), the Company conducts business activities in two business segments, i.e., architectural solutions and trading goods segments. More information concerning the two business segments has been described in the Annual Report which is prepared separately from this report.



Category	Product Name		
Wall Paint	• Avitex Wizz; • Aries Bling; • Brilliant Cat Tembok Interior; • Brilliant Cat Tembok Eksterior; • Avitex Gold; • Avitex Anti Viruz; • Sunguard All-In-One; • Sunguard; • Everglo;	• Everglo Kids Care; • No Odor Medicare; • No Odor; • Supersilk Anti Noda; • Supersilk; • Aquamatt; • Avitex Eksterior; • Avitex 4kids; • Avitex Cat Tembok;	• Avitex One Coat; • Avitex Cat Tembok Dapur & Kamar Mandi; • Jasmine; • Fres; • Aries Gold; and • Aries Cat Tembok.
Special Effect Paint	• HomeDeco Glow In The Dark; • HomeDeco Magnetic;	• HomeDeco Glitz; and	• HomeDeco Metallic.
Waterproofing	• No Drop Plus 3in1; • No Drop Basic; • No Drop Anti Panas; • No Drop;	• No Drop Bitumen Black; • No Drop 100; • No Drop Mortar Anti Bocor; • No Drop Tape;	• No Drop Membrane; and • PRO-X 207.
Wood and Metal Paint	• Admiral Cat Kapal; • Avian Cling Synthetic; • Platinum;	• Avian Cat Kayu dan Besi; • Glovin Cat Kayu dan Besi; • Yoko Cat Kayu dan Besi;	• Avian Cat Alumunium; and • Avian 3 in 1 Anti Karat.
Wood Care	• Boyo Politur Melamin; • Wood-Eco Woodstain Water-Based; • Wood-Eco Woodstain Solvent-Based;	• Boyo Politur Vernis Water-Based; • Boyo Politur Vernis Solvent-Based; • Wood-Eco Politur Interior P01; • Wood-Eco Politur Eksterior P03; • Boyo Wood Stain Solvent-Based;	• Boyo Wood Filler Solvent-Based; • Boyo Sanding Sealer NC Solvent-Based; and • Boyo Clear Coat NC Solvent-Based.
Primer	• Avian Cling Zinc Chromate; • Lenkote Alkali Resisting Primer; • Lenkote Wall Sealer;	• Avitex Alkali Resisting Primer; • Avian Zinc Chromate; • Yoko Cat Dasar Kayu dan Besi;	• Belmas Zinc Chromate; and • Suzuka Epoxy Filler.
Putty	• Lenkote Plamir Tembok (Wall Putty); • No Odor Wall Putty;	• Avitex Plamir Tembok; • Aries Gold Wall Putty; and	• Giant Mortar 220.
Roof Paint	• Absolute Roof Coating;	• Avitex Cat Genteng & Seng; and	• Yoko Cat Genteng & Seng.
Instant Cement	• Giant Mortar 260; • Giant Mortar 270;	• Giant Mortar 380; • Giant Mortar 420;	• Giant Mortar 480; and • Giant Mortar 510.
Glue	• Avian Lem Epoxy Hemat; • Admiral Wood Filler Epoxy; • Lem Putih VIP PVAc;	• Lem Putih MAX PVAc; • Viplas;	• Avian Lem Epoxy Super; and • Avian Non-Sag Epoxy Super.
Stone Coating	• No Lumut Solvent-Based; and	• No Lumut Water-Based.	
Autorefinish and Spray Paint	• Suzuka Spray; • Suzuka Cat Duco Otomotif;	• Suzuka 2:1 PU Clear Coat; and	• Suzuka 4:1 PU Clear Coat.
Floor Coating	• Avian Roadline Paint; and	• Avian Cat Paving.	
Thinner	• Admiral Thinner Serbaguna; • Avian Thinner Enamel; • Avian Thinner B Asli; • Avia Thinner Lacquer A; • Avia Thinner Lacquer A Special;	• Avia Thinner Lacquer Super; • Aries Thinner Lacquer A; • Aries Thinner Lacquer A Special; • Thinner 16213; • Thinner 1660;	• Thinner 1633; • Thinner 1634; • Thinner 1601; and • Thinner 1602.
Cement Additive	• No Drop Plaston; and	• Giant Mortar L500.	
Others	• PRO-X 111; • VIP Pengupas Cat Tembok;	• Avitex Biocidal Wash; and	• VIP Paint Remover.
Supporting Products	• Basic Paint Roller; • Green Brush; • Yellow Brush; • Plastic Scrapper; • Mini Refill • Mini Roller; • Paint Tray; • White Brush;	• Synthetic Brush; • Budget Paint Roller; • All Paints Paint Roller; • Budget Roller Cover; • Regular Roller Cover; • All Paints Roller Cover; • Abrasive Paper; • Abrasive Cloth Roll;	• Masking Tape; • Seal Tape; • Drywall Tape; • Fiberglass Tape; • Roof Drain; and • Kran Air Taman.

Further information on the Company's products and services can be found in the Annual Report which is presented independently with this Sustainability Report, the Company's website, as well as various social media and other platforms of the Company.

New Products Launched in 2023

The Company consistently strives to conduct research and development on the products presented to customers. The research and development are not only focused on improving the quality of the product itself but also on meeting customer needs and adapting to market changes. The new products successfully launched by the Company throughout 2023 are described as follows:



Admiral Thinner Serbaguna

- Anti-Fog
- Quick Drying
- More Cost Effective



Admiral Anti Fouling

- Anti-Algae and Anti-Barnacles Formula
- Maintains Maximum Boat Speed
- Helps Save Fuel



Brilliant Cat Tembok Interior

- Conceals Wall Imperfections
- Resistant to Brushing or Rubbing
- Minimal Splatter



Brilliant Cat Tembok Eksterior

- UV Protection
- Anti-Mold and Anti-Mildew
- Best Adhesion



Boyo Politur Melamin

- Anti-Mold and Insects
- Beautifies Wood Appearance
- Water Repellent



Avian Cling Zinc Chromate

- Prevents Rust
- Quick Drying
- Strong Adhesion



Admiral Wood Filler Epoxy

- Best Adhesion
- Flexible
- Seals Cracks



Admiral Cat Kapal

- Seawater Resistant
- Strong Adhesion
- Quick Drying



Aries Bling

- Not Easily Discolors
- Quick Drying
- Cost Efficient



Avitex Wizz

- 2x thicker
- Up to 40% Dilution
- 3-years Warranty



No Drop Plus 3 in 1

- Primer, Top Coat, and Waterproofing
- Waterproof
- 7+ Years Protection



No Drop Basic

- 4-years Protection
- Waterproof
- Elastic



Avian Lem Epoxy Hemat

- Strong Adhesion
- Quick Drying
- No Pungent Odor



Avian 3 in 1 Anti Karat

- Protects against Rust
- Practical
- Suitable for Exterior and Interior

Organizational Scale [POJK C.3]

Description	Unit	2023	2022	2021
Total Manufacture	Metric Tons	**180,540**	170,986	205,382
Total Manufacturing Facilities	Manufacturing Plants	**2**	2	2
Total Assets	Million Rupiah	**11,166,987**	10,792,122	10,873,760
Total Liabilities	Million Rupiah	**1,245,498**	1,217,237	1,458,140
Total Equity	Million Rupiah	**9,921,489**	9,574,885	9,415,620
Net Revenue	Million Rupiah	**7,016,882**	6,694,171	6,779,643
Profit Before Income Tax Expenses	Million Rupiah	**1,992,143**	1,745,247	1,844,705
Profit for the Year	Million Rupiah	**1,643,096**	1,400,365	1,434,551
Total Employees (Including Outsourcing)	People	**8,477****	8,076**	7,689*
Total Environmentally Friendly Products Supplied	Singapore Green Label Certified Product Categories	**29**	24	16

Notes:
* AVIA and TKTW; and
** AVIA, TKTW, and TKBI.



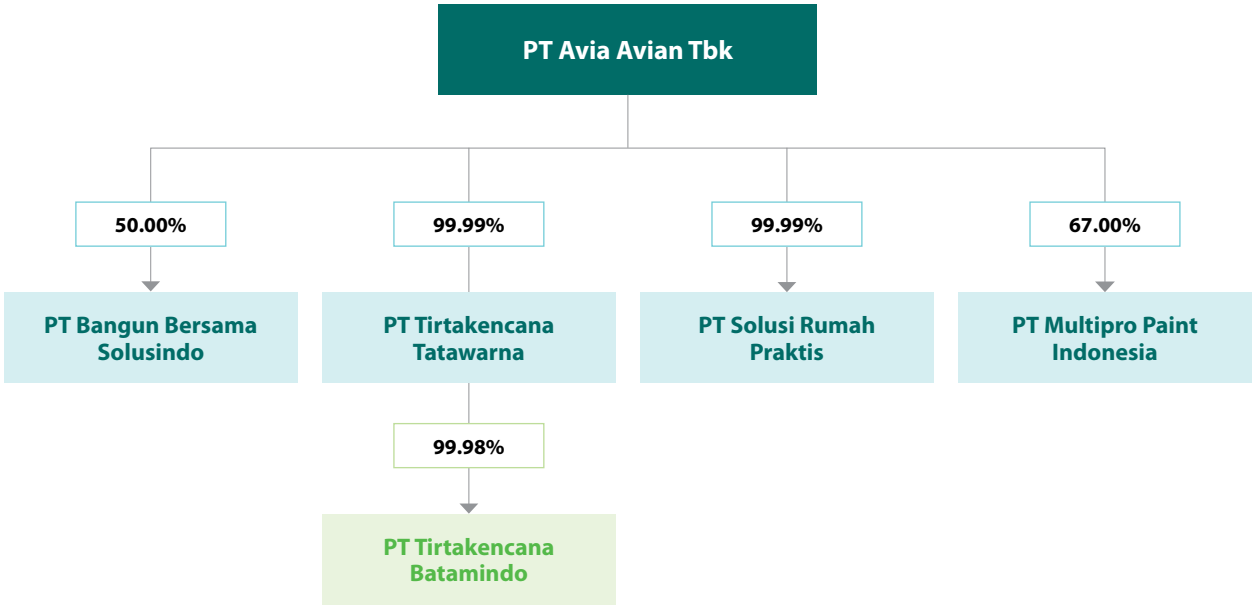
Operational Areas [GRI 2-1] [POJK C.3]



PRODUCT DISTRIBUTION AREAS

Wholly-owned Distribution Center	Wholly-owned Mini Distribution Center	Independent Distribution Center	Number of Retail Outlets Supplied
Sumatra: 26	Sumatra: 5	Sumatra: 10	Sumatra: 10,894
Java: 51	Java: 0	Java: 15	Java: 31,435
Kalimantan: 14	Kalimantan: 2	Kalimantan: 4	Kalimantan: 5,215
Sulawesi: 13	Sulawesi: 2	Sulawesi: 6	Sulawesi: 5,327
Other Areas in Indonesia: 14	Other Areas in Indonesia: 5	Other Areas in Indonesia: 5	Other Areas in Indonesia: 4,006
TOTAL: 118	TOTAL: 14	TOTAL: 40	TOTAL: 56,877

Group Structure and Subsidiaries



Name	Address	Business Sector	Operational Status	Total Assets Before Elimination
Direct Ownership				
PT Tirtakencana Tatawarna	Jl. Raya Surabaya - Sidoarjo KM. 19, Desa Wadungasih, Kec. Buduran, Kab. Sidoarjo, Provinsi Jawa Timur, Indonesia.	Wholesale trade of paints, warehousing and storage, and self-owned or leased real estate.	**Operating**	IDR3,830,103,145,307.-
PT Solusi Rumah Praktis	Avian Brands Building, Jl. Ahmad Yani No. 317, Kel. Dukuh Menanggal, Kec. Gayungan, Kota Surabaya, Jawa Timur, Indonesia.	Retail trade of paints, varnishes, and Lacquers, as well as painting.	**Operating**	IDR2,075,669,496.-
PT Multipro Paint Indonesia	Menara Satu Sentra Kelapa Gading 7th Floor, Room 6, Jl. Boulevard Kelapa Gading LA 3 No. 1, Kel. Kelapa Gading Timur, Kec. Kelapa Gading, Jakarta Utara, DKI Jakarta, Indonesia.	Paint and printing ink industry, varnish industry (including mastics), wholesale trade of paints, and wholesale trade of various building materials.	**Operating**	IDR31,834,298,639.-
Indirect Ownership				
PT Tirtakencana Batamindo (through PT Tirtakencana Tatawarna)	Komplek Executive Industrial Park Blok D2 No. 8, Kel. Belian, Kec. Batam Kota, Kota Batam, Kepulauan Riau, Indonesia.	Wholesale trade of various building materials, wholesale trade of other construction materials, and retail trade of furniture	**Operating**	IDR34,982,411,405.-
Joint-Venture				
PT Bangun Bersama Solusindo	Menara Sentraya 21st Floor, Jl. Iskandarsyah Raya No. 1A, Kel. Melawai, Kec. Kebayoran Baru, Jakarta Selatan, DKI Jakarta, Indonesia.	Wholesale trade of cement, lime, sand, and stone as construction materials, building materials, as well as basic or industrial chemical materials and goods.	**Operating**	IDR43,061,798,385.-

Significant Changes in the Company and Supply Chain [GRI 2-6] [POJK C.6]

In 2023, no significant changes occurred in the Company related to closing or opening new branches, opening or closing new business units, or business mergers or consolidations. Likewise, with the supply chain, no significant changes impacted the Company in 2023.

Preventive Approaches or Principles

The Company adopts a preventive approach or principle through the risk management system that is structured based on the precautionary principle in all of the Company's operational activities. A full description of the Preventive Approach or Principle is provided in the Risk Management section of the Sustainability Governance chapter of this report.

External Initiatives

In conducting its operational activities, the Company follows and supports several principles and initiatives developed by other organizations, either in the form of certifications or standards for certain areas, which are recognized nationally and internationally. In addition to the list of achievements above, the Company also participated in an external international initiative by becoming one of the signatories of the Anti-Corruption Call to Action with more than 500 other companies worldwide. This initiative was developed at the UN Global Compact Leaders Summit in September 2023 in the United States. The Company's involvement in this initiative can be seen on the UN Global Compact website, https://unglobalcompact.org/take-action/action/anti-corruption-call-to-action.

Sriram Kannekanti, Executive Director **PROGRESPECT**	Heloisa Macari, General Manager **Protiviti Brasil**	German Prieto, Internal Audit **Provincia Seguros**
Oscar Santos, CEO **Prudens Faber S. de R.L. de C.V.**	Rifo Romelio V., CEO **PT AfterOil Energi Utama**	Bobby Septian Yahya, Audit Internal **PT Avia Avian Tbk**
Andi Patriana Rahim, President Director **PT Global Advis Indonesia**	Elim Sritaba, Chief Sustainability Officer **PT Indah Kiat Pulp and Paper Tbk**	Satrio Anindito, CEO **PT Kupuku Metamorfosis Nusantara**
Sera Noviany, ESG & Compliance Head	Roy Iman Wirahardja, Compliance and	Bobby D A Joris, Head HCCS

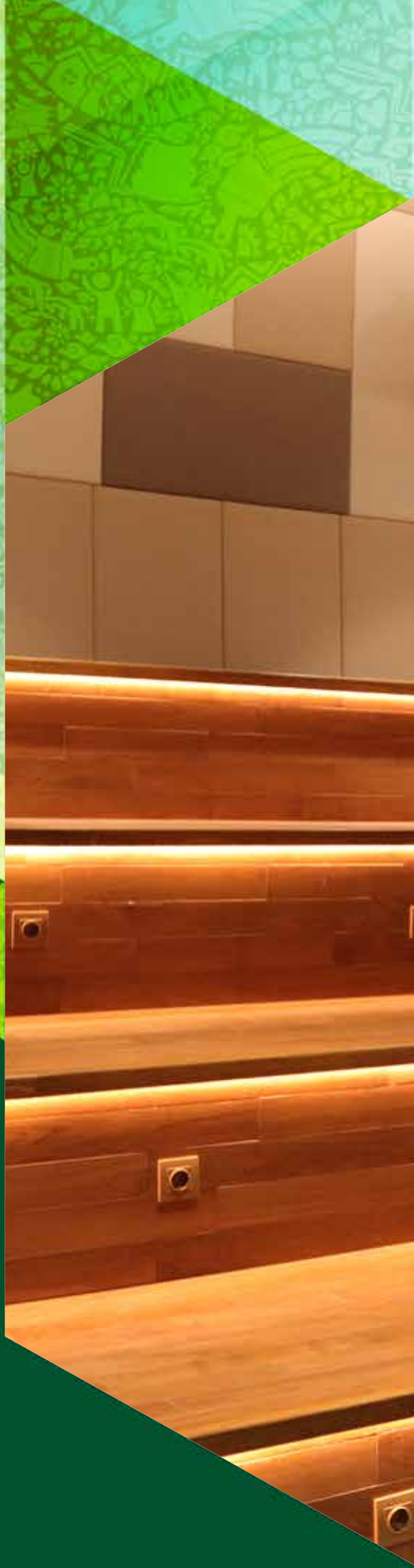








Determination of Contents and Materials of Report



"This Sustainability Report is prepared to provide information on the implementation of sustainability aspects within the scope of the Company's business which consists of 4 pillars, namely Product Quality and Environment; Social, Labor, and Human Rights; Ethics and Governance; and Sustainable Procurement. Through this Report, we disclose the entire process of planning, implementation, monitoring, and evaluation related to sustainability aspects so that the reader can obtain comprehensive information on the Company's sustainability performance and its contribution to the achievement of SDGs."



Stakeholder Engagement [GRI 2-29] [POJK E.4]

We define stakeholders as entities or individuals who are affected by the Company's activities, products, and services. On the other hand, the presence of the stakeholders also affects the Company in realizing the success of strategy implementation and goal achievement. Therefore, we involve stakeholders in the process of developing a sustainability agenda by paying attention to compliance with corporate social responsibility, concern for environmental issues, and taking into account the priority scale in building communication with various strategic partners.

This stakeholder engagement process is part of the Company's efforts to meet the needs of each stakeholder group by using all of its own resources in an appropriate and responsible manner, as well as in a way that does not conflict with the provisions stipulated in the laws and regulations. In identifying stakeholder groups, we are guided by the AA1000 Stakeholder Engagement Standard ("SES") 2015 which sets out several criteria, as described below:

1. **Influence**
   The party influences the decisions made by the Company regarding business continuity.

2. **Dependency**
   The Company has dependence on the party, either directly or indirectly.

3. **Responsibility**
   The Company has responsibilities, either at the present or in the future, to the party.

4. **Attention**
   The party requires attention from the Company regarding economic, social environmental, or governance issues.

5. **Perspective**
   The party may provide new, previously non-existent perspectives on important, relevant issues.

Based on these aspects of consideration, we have determined the parties included in the stakeholder groups along with the Company's response to meeting the needs of each stakeholder group. The results of the identification are described as follows:

INTERNAL STAKEHOLDERS

Shareholders and Investors

Basis for Selection

- Responsibility;
- Perspective; and
- Influence.

Significant Topics and Stakeholders' Needs

- Business development;
- Financial and operational performance; and
- Dividend payment.

Method of Engagement and Frequency of Implementation

- Convention of General Meeting of Shareholders annually or as needed;
- Submission of Annual Report and Sustainability Report on a yearly basis; and
- Provision of facilities for information access.

Response to Stakeholders' Needs

- Strategizing to improve economic performance and business sustainability;
- Adjusting the implementation of sustainability principles in the Company;
- Stipulating policy on dividend payment; and
- Providing the latest information about the Company on various media, such as the Company's and stock exchange websites.

Employees

Basis for Selection

- Responsibility;
- Dependency;
- Influence; and
- Attention.

Significant Topics and Stakeholders' Needs

- Fair and responsible management of labor practices;
- Occupational health and safety ("OHS");
- Business continuity; and
- Competence and career development.

Method of Engagement and Frequency of Implementation

- Provision of employee complaint facilities;
- Convention of meetings between management and employee representatives through the Bipatrit Cooperation Agency as needed; and
- Implementation of complaints surveys as needed.

Response to Stakeholders' Needs

- Preparing and complying with employment contracts and company regulations related to labor management;
- Providing adequate OHS facilities and/or infrastructures in all operational areas; and
- Organizing education and training activities as well as promotions.

EXTERNAL STAKEHOLDERS

Distributor

Basis for Selection

- Responsibility; and
- Dependency.

Significant Topics and Stakeholders' Needs

- Fair and transparent procurement practices;
- Compliance with employment contracts;
- Productive and mutual business relationships; and
- Environmentally friendly supply chain strategies.

Method of Engagement and Frequency of Implementation

- Convention of meetings with suppliers as required;
- Periodic audits and assessments of vendors; and
- Provision of complaint facilities for suppliers.

Response to Stakeholders' Needs

- Preparing employment contracts that are favorable to both parties;
- Procuring goods and services in accordance with GCG principles;
- Complying with the obligations as stipulated in the employment contracts; and
- Ensuring vendors have implemented business practices that consider environmental impacts.

EXTERNAL STAKEHOLDERS

General Public

Basis for Selection

- Responsibility;
- Attention; and
- Perspective.

Significant Topics and Stakeholders' Needs

- Health and safety operations;
- The Company's participation in helping to improve the welfare of the community; and
- Community development program.

Method of Engagement and Frequency of Implementation

Provision of communication and complaint facilities for the surrounding community.

Response to Stakeholders' Needs

- Creating employment opportunities for local communities; and
- Implementing CSR programs for the community through *Avian Brands Peduli*.

Government

Basis for Selection

- Responsibility; and
- Influence.

Significant Topics and Stakeholders' Needs

- Compliance with relevant applicable regulations;
- Payment of tax obligations and non-tax state revenues (*penerimaan negara bukan pajak* or "PNBP"); and
- Disclosure of violations.

Method of Engagement and Frequency of Implementation

- Submission of Annual Reports, Sustainability Reports, and other reports on a quarterly and annual basis;
- Payment and reporting of taxes and PNBP on monthly or annual basis; and
- Provision of violation reporting through whistleblowing system.

Response to Stakeholders' Needs

- Ensuring compliance with all regulations applicable to the Company;
- Paying tax and PNBP obligations;
- Conducting certifications and assessments by external parties; and
- Disclosing incidents of violations that occur within the Company.

Store Customer

Basis for Selection

- Responsibility;
- Dependency; and
- Attention.

Significant Topics and Stakeholders' Needs

- Product and service information;
- Marketing communications;
- Quality of products and services;
- Product labeling;
- Customer opinions and needs; and
- Improvement of customer satisfaction.

Method of Engagement and Frequency of Implementation

- Implementation of customer satisfaction surveys as required; and
- Provision of complaint facilities for customers.

Response to Stakeholders' Needs

- Updating product and service information;
- Registering the Company's products with certification bodies; and
- Maintaining product and service quality, including customer health and safety aspects.

EXTERNAL STAKEHOLDERS

Product-using Customers

Basis for Selection

- Responsibility;
- Dependency; and
- Attention.

Significant Topics and Stakeholders' Needs

- Product and service information;
- Marketing communications;
- Quality of products and services;
- Product labeling;
- Customer opinions and needs; and
- Improvement of customer satisfaction.

Method of Engagement and Frequency of Implementation

- Implementation of customer satisfaction surveys as required; and
- Provision of complaint facilities for customers.

Response to Stakeholders' Needs

- Updating product and service information;
- Registering the Company's products with certification bodies; and
- Maintaining product and service quality, including customer health and safety aspects.

Material Topics of Sustainability Report

We prepare the Sustainability Report as a reporting medium to stakeholders on the Company's sustainability performance which consists of 4 pillars, namely Product Quality and Environment; Social, Labor, and Human Rights; Ethics and Governance; and Sustainable Procurement. The issuance of this Sustainability Report is also an implementation of the Company's accountability and transparency on the impact of the Company's operational activities on the surrounding economic, environmental and social conditions. In addition, in the context of sustainable development, this Sustainability Report is a medium that presents information about the Company's contribution to supporting the achievement of SDGs.

We have prepared this Sustainability Report with reference to the reporting principles as outlined in GRI 1: 2021 Baseline below:

Accuracy
We report accurate and sufficiently detailed information to enable a comprehensive and relevant assessment of the Company's impact and contribution.

Balance
We report information in a neutral manner and provide a balanced picture of the Company's impact and contribution.

Clarity
We present information in a way that is accessible and understandable.

Comparability

We select, compile, and report information consistently to enable stakeholders to analyze changes and progress made in managing the Company's impacts and contributions over time and to analyze these impacts in relation to the impacts of other organizations.

Completeness

We provide sufficient information to assess of the Company's impact and contribution during the reporting period.

Sustainability Context

We report information on the Company's contribution in the broader context of sustainable development.

Timeliness

We report information regularly and make it available in a timely manner for stakeholders to make informed decisions.

Verifiability

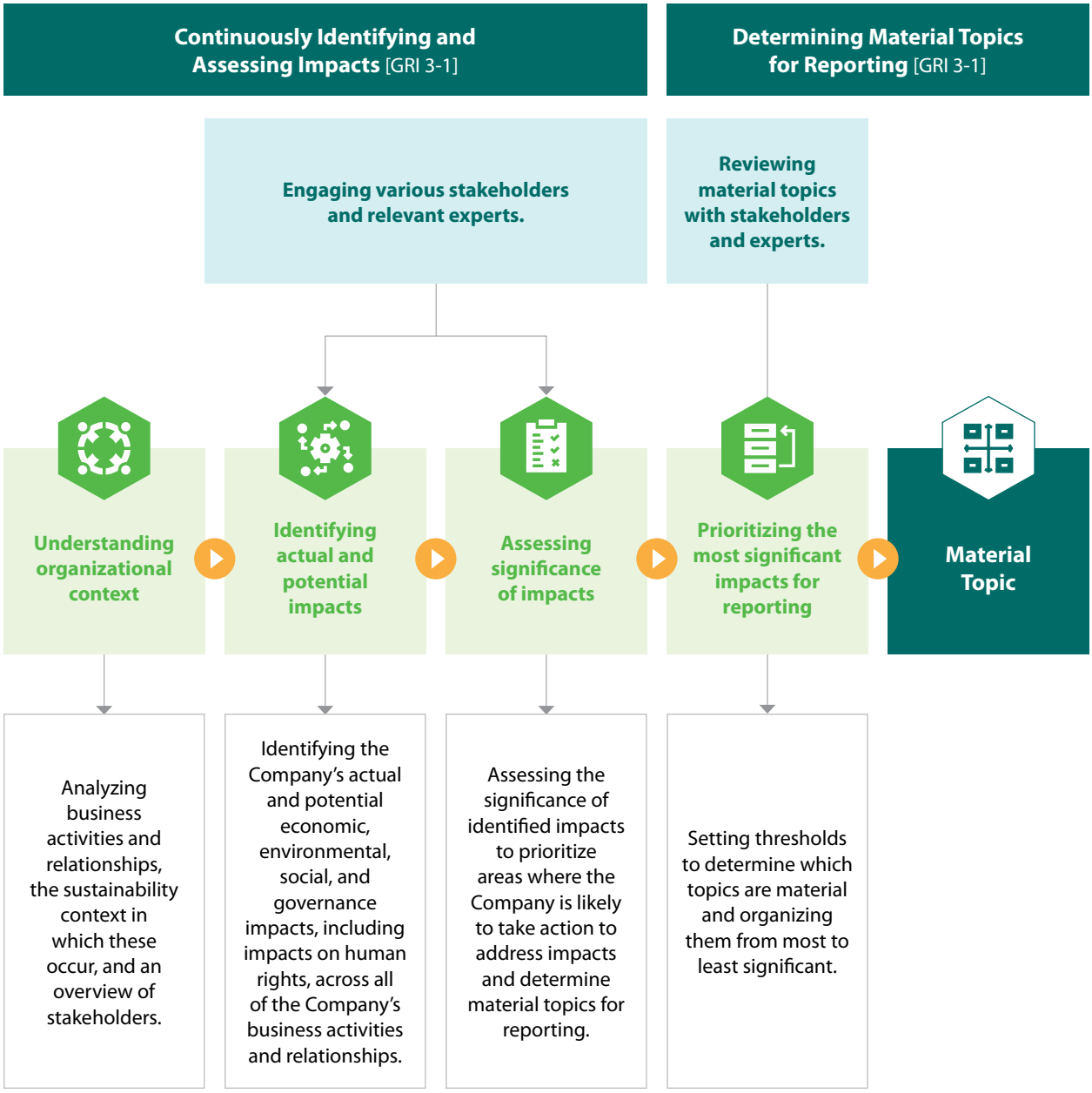
We collect, record, compile, and analyze information so that the information presented can be scrutinized to determine its quality.

Identification and Determination of Priority Topics [GRI 3-1]

Based on analysis of our Sustainability Report in previous years, we feel the need to update our material topics. As a company with a substantial product sales and production scope, we felt the need to conduct a more comprehensive materiality analysis. We identified relevant topics based on the characteristics of the paint chemical industry and its impact on the stakeholders. Unlike the previous method that only relied on the proxy method conducted by the relevant departments, we have now conducted a broader engagement with all of our stakeholders. This is so that the materiality topics we determine are not only factual to the conditions faced by the Company in 2023, but also relevant to parties with interest in our manufacturing process.



Our process in identifying and determining material topics for this Sustainability Report is described as follows:

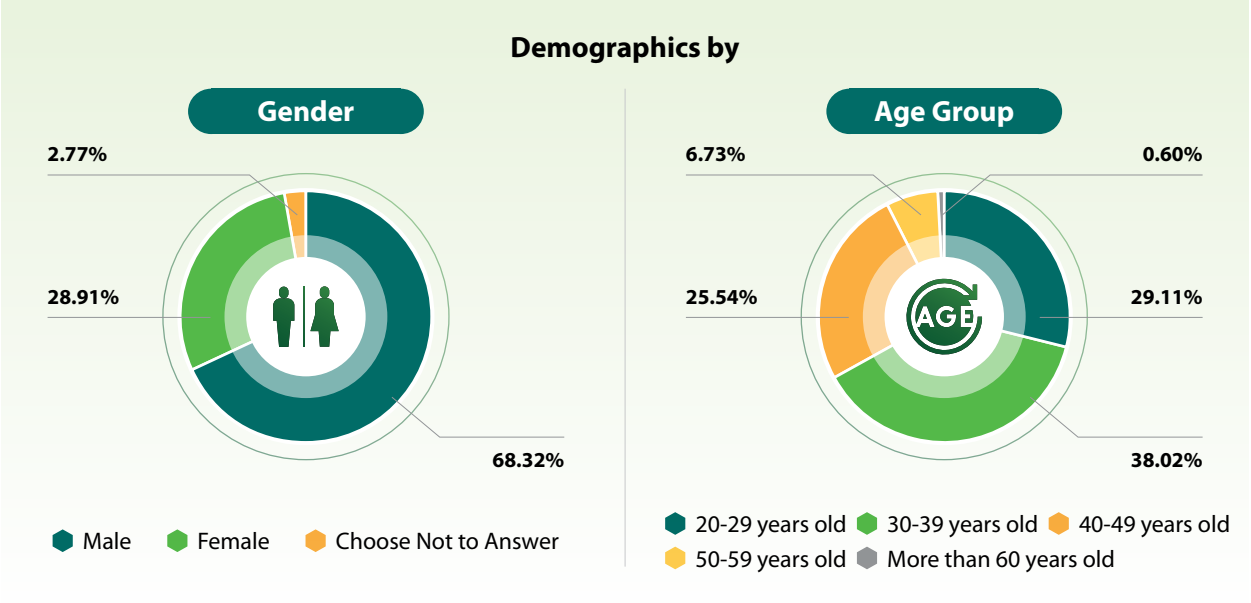


Identification and prioritization of topics discussed in this Sustainability Report were carried out by engaging the stakeholders, both from internal and external parties of the Company, through surveys. We implemented this method by distributing questionnaires available in 2 languages, namely Indonesian and English, for approximately 2 months, from October to November 2023.

Based on the questionnaire results, we received an excellent response, with each stakeholder group providing their answers and opinions on their priority sustainability topics. The process of formulating question topics in this questionnaire has also considered issues deemed significant to the standards of the chemical manufacturing sector, particularly the paint manufacturing industry. Our questionnaire also provides space for stakeholders to express their opinions beyond the questions or topics mentioned with the aim that all stakeholders not only feel involved, but also always heard by the Company for mutual progress and sustainability.

The number of stakeholders who responded reached 505 people consisting of Shareholder/Investor groups, employees, distributors, communities, governments, store customers, product-using customers, and others. The demographics of these stakeholders are described below:

DEMOGRAPHICS OF STAKEHOLDERS INVOLVED IN MATERIAL TOPIC MAPPING



List of Material Topics and Limitations [GRI 3-2]

The identification conducted through this stakeholder engagement process helps us to complement our concerns and views on the environmental, social, and governance ("ESG") impacts of our production processes, which in turn contributes to the determination of the Company's ESG strategy and goals. Thus, the material topics discussed in this Sustainability Report have evolved compared to previous years through the addition of several topics. Information regarding the material topics of the Company's 2023 Sustainability Report is described below:

LIST OF MATERIAL TOPICS AND EXPLANATIONS

PRODUCT QUALITY AND ENVIRONMENT

Material Topic: Responsible Procurement of Raw Materials & Products

GRI-Standard Disclosures:

GRI 301

Relation to SDGs:

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Sub-Topic:

- Percentage of renewable materials;
- Percentage of recycled materials used;
- Percentage of product packaging recovered and reprocessed by the Company; and
- Sustainable products launched by the Company.

PRODUCT QUALITY AND ENVIRONMENT

Material Topic: Environmental Protection

GRI-Standard Disclosures:

GRI 302 GRI 303 GRI 304 GRI 306

Relation to SDGs:



Sub-Topic:

- Environmental and ecological protection;
- Water management;
- Energy management and reduction practices;
- Waste management and reduction; and
- Material recycling.

Material Topic: Climate Change Actions

GRI-Standard Disclosures:

GRI 305

Relation to SDGs:



Sub-Topic:

- Transition to clean and affordable energy;
- Greenhouse gas emission reduction target (Scope 1, 2, 3);
- Monitoring and evaluation of greenhouse gas emissions; and
- Carbon neutral and Net Zero Carbon commitments.

SOCIAL, LABOR, AND HUMAN RIGHTS

Material Topic: Public Impact and Relations

GRI-Standard Disclosures:

GRI 202 GRI 413

Relation to SDGs:



Sub-Topic:

- Community development programs or welfare activities (CSR);
- Community engagement;
- Impact assessment; and
- Total employees recruited from local communities.

Material Topic: Talent/Skill Attraction and Retention

GRI-Standard Disclosures:

GRI 401 GRI 404

Relation to SDGs:



Sub-Topic:

- Employee training and career development;
- Employee benefits; and
- Employee retention.

SOCIAL, LABOR, AND HUMAN RIGHTS

Material Topic: Occupational Health, Safety, and Security

GRI-Standard Disclosures:

GRI 403

Relation to SDGs:



Sub-Topic:

- OHS management system;
- Prevention of occupational accidents or disasters;
- Employee participation and training on OHS;
- Hazard identification;
- Incident assessment and investigation; and
- Promoting worker or employee health.

Material Topic: Human Rights

GRI-Standard Disclosures:

GRI 202 GRI 405 GRI 406 GRI 408
GRI 409 GRI 411

Relation to SDGs:



Sub-Topic:

- Diversity of employee composition;
- Hiring people with disabilities;
- Female proportion;
- Decent and equal wages;
- Care and concern for employees;
- No discrimination;
- Elimination of child and forced labor;
- No sexual harassment; and
- Rights of local communities.

Material Topic: Labor Management/Relations

GRI-Standard Disclosures:

GRI 402 GRI 407

Relation to SDGs:



Sub-Topic:

- Freedom of association;
- Mutual negotiation;
- Labor practice complaint mechanism; and
- Minimum notice of changes in the work environment.

Material Topic: Customer Relationship Management

GRI-Standard Disclosures:

GRI 416 GRI 417 GRI 418

Relation to SDGs:



Sub-Topik:

- Product quality and safety;
- Customer opinions and needs;
- Product labelling;
- Marketing communications; and
- Improvement of customer satisfaction.

ETHICS AND GOVERNANCE

Material Topic: Corporate Governance and Operational Performance

GRI-Standard Disclosures:

GRI 2

Relation to SDGs:



Sub-Topic:

- Corporate governance mechanisms;
- Governance structure and composition;
- Composition and selection of the Board of Commissioners and the Board of Directors;
- Diversity of the Board of Commissioners and the Board of Directors;
- Independence of the Board of Commissioners and the Board of Directors;
- Remuneration policy;
- The role of the highest governance organ in sustainability; and
- External guarantees.

Material Topic: Integrity Management and Compliance with Laws and Regulations

GRI-Standard Disclosures:

GRI 205 GRI 207 GRI 415

Relation to SDGs:



Sub-Topic:

- Code of conduct;
- Healthy business competition;
- Anti-corruption;
- Taxation governance;
- Political contributions;
- Compliance with laws and regulations (economic, environmental, social); and
- Disclosure of violations.

Material Topic: Information Safety Management

GRI-Standard Disclosures:

GRI 418

Relation to SDGs:

-

Sub-Topic:

- Information security policies and systems;
- Information breach risk control and measures; and
- Protection of data security of all company stakeholders.

SUSTAINABLE PROCUREMENT

Material Topic: Supply Chain Management

GRI-Standard Disclosures:

GRI 308 GRI 414

Relation to SDGs:



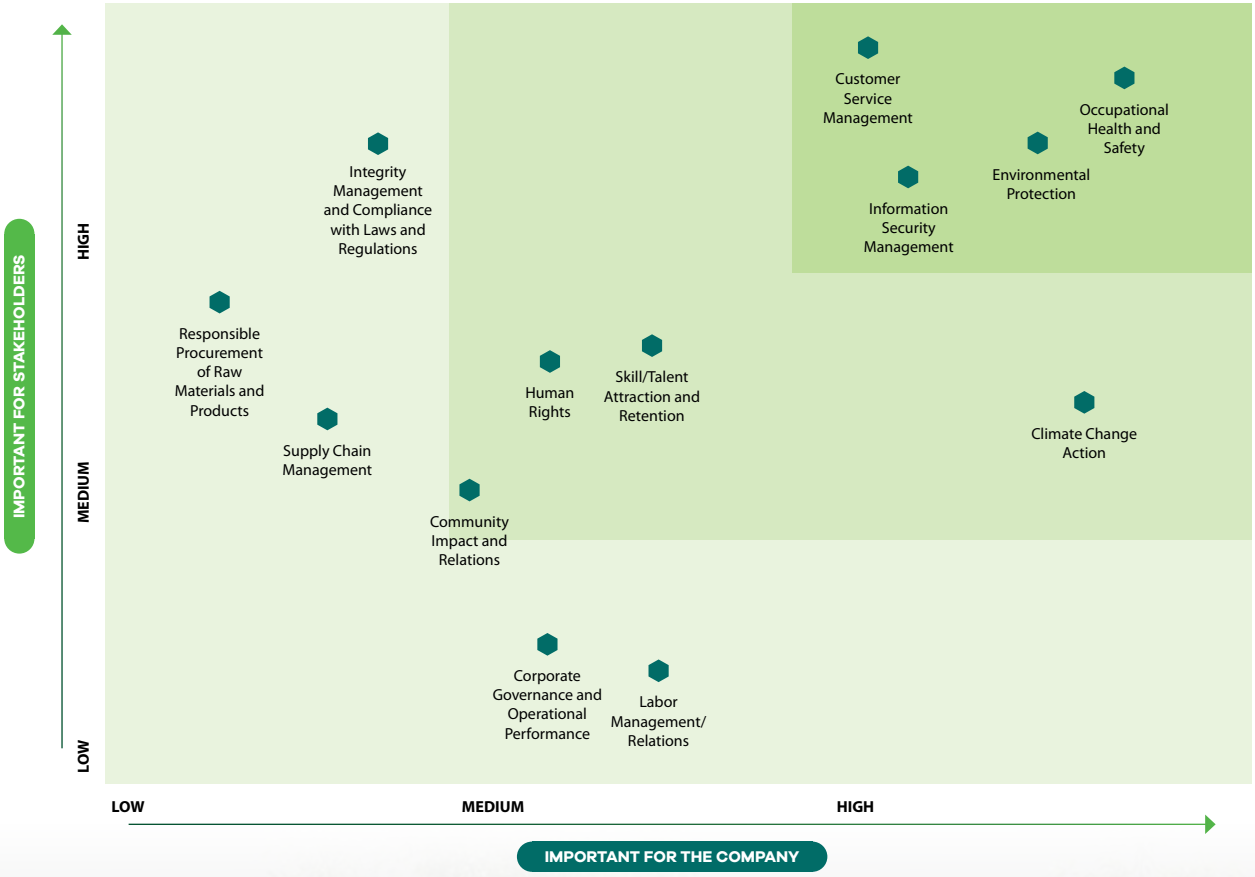


Sub-Topic:

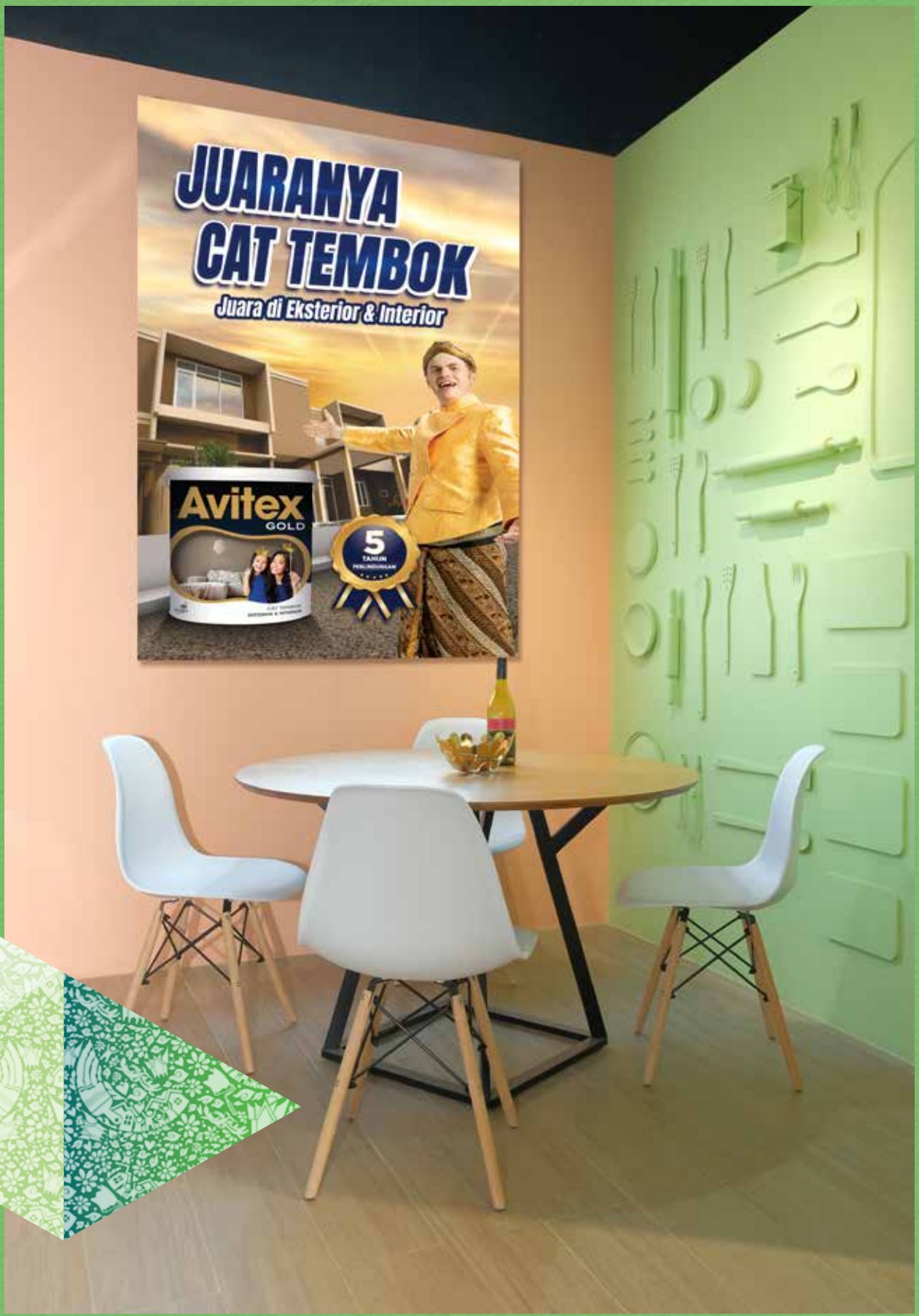
- Sustainable procurement and supply chain measures (policies, assessments, training, documentation, and reporting for suppliers); and
- Environmentally friendly supply chain strategies.

Material Level

Furthermore, to determine the level of materiality of the Sustainability Report content, a mapping of material topics was conducted based on a stakeholder survey. The mapping results show an overview of the materiality level of the Sustainability Report content below:



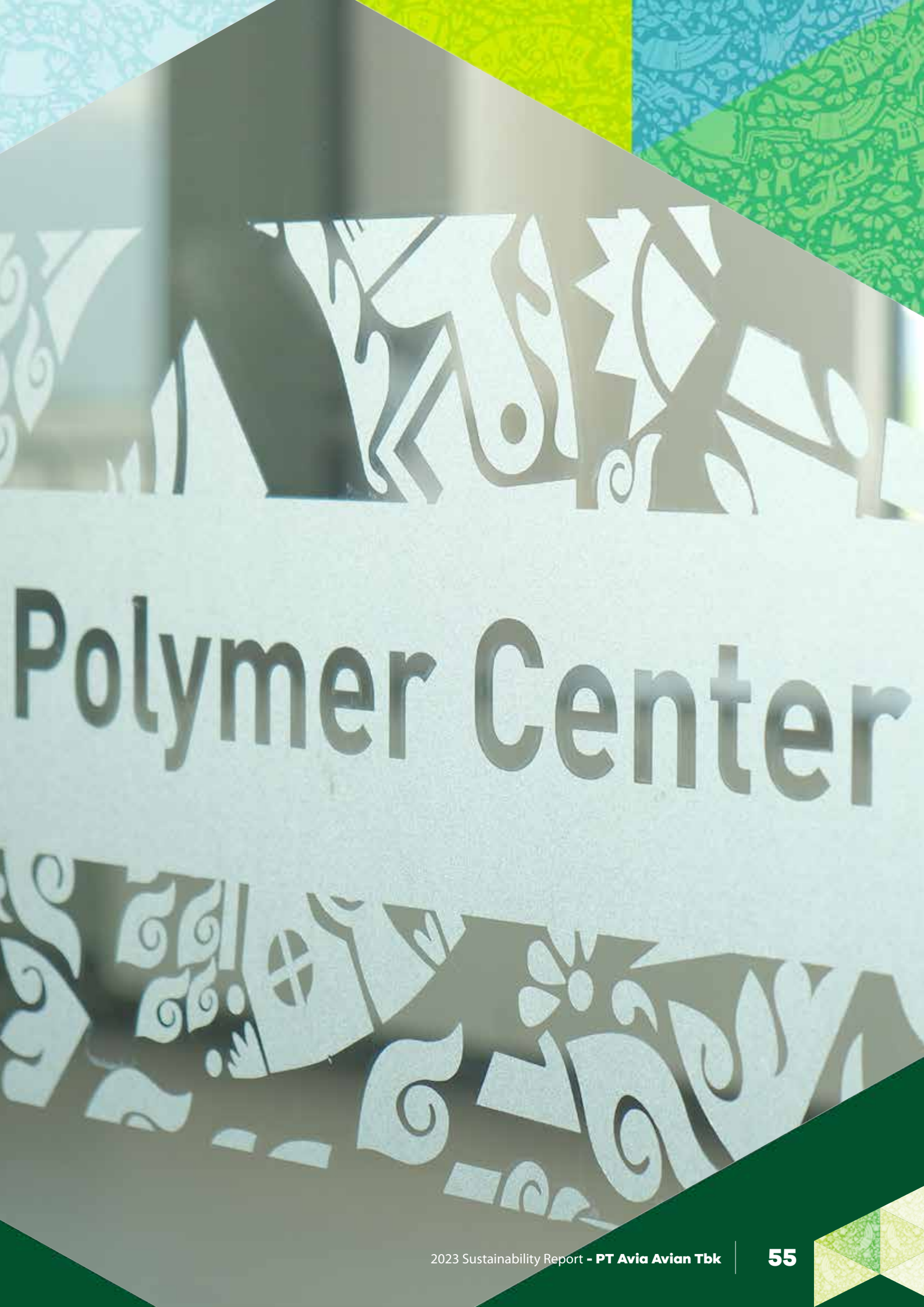



JUARANYA
CAT TEMBOK
Juara di Eksterior & Interior
Avitex
GOLD
5

Sustainability Governance



"We remain focused on creating shared value for the long term so implementing sustainability governance is an essential foundation for achieving this goal. In its implementation, our operational activities are not only guided by applicable laws and regulations, but also by emphasizing the fulfillment of obligations to stakeholders in economic, environmental, social, and governance aspects."


Polymer Center

OUR ACHIEVEMENTS [GRI 3-3]

We have enrolled our employees in competence development programs on sustainability aspects, encompassing

Tema Pelatihan

39 themes

Total Jam Pelatihan

4,301.99 hours.

The proportion of female representation on the Board of Directors has reached

20.00%

since 2022.

We have conducted identification and found no cases of non-compliance with the laws and/or voluntary regulations concerning products' health and safety impacts.

Zero

non-compliance.

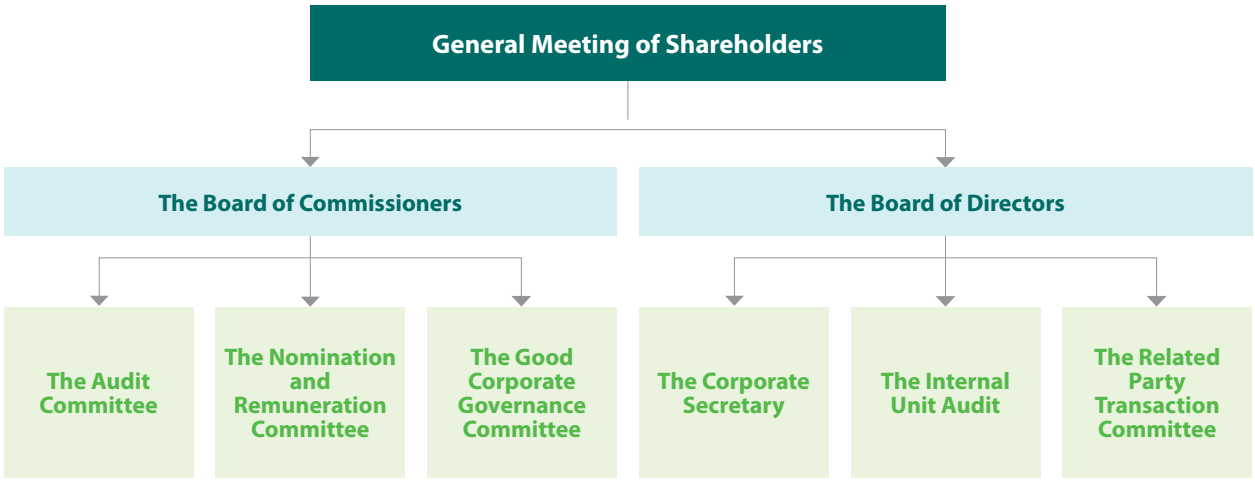
Commitment to Sustainability Governance

Implementing sustainability governance is a key foundation for our Company's continuity and sustainability. For us, sustainability governance is the underlying principle of company management processes and mechanisms based on applicable laws and business ethics, while always caring for our stakeholders. We are optimistic that through our commitment to consistently implementing sustainability governance, we will become stronger and continuously provide maximum benefits to stakeholders. Moreover, potential risks that may negatively affect our business activities will be mitigated and their impact minimized. Risk management related to economic, environmental, social, and governance aspects is conducted by referring to sustainability principles that are adjusted to governmental regulations, as well as the 7 core subjects contained in ISO 26000 on Social Responsibility, as shown below:



Structure of Sustainability Governance [GRI 2-9, 2-11]

We already have a sustainability governance structure in place, which consists of a General Meeting of Shareholders as the highest organ in the governance structure, the Board of Commissioners with the responsibility for supervising and advising the Board of Directors, and the Board of Directors which is responsible for managing the Company's operational activities, including the sustainability aspects. In performing its duties, the Board of Commissioners is assisted by Supporting Committees, while the Board of Directors is assisted by Supporting Work Units. The implementation of such governance is also supported by the Good Corporate Governance Guidelines, which are a set of rules guiding the process of good corporate management and supervision such as division of duties, authorities, and responsibilities for each of the Company's organs, based on the Good Corporate Governance ("GCG") principles. Information on the Company's sustainability governance structure is further described as follows:



The duties and responsibilities of the Company's sustainability governance structure are described as follows: [GRI 2-12, 2-14]

The Role of the Highest Governance Organ in Overseeing Impact Management [GRI 2-12]

The General Meeting of Shareholders ("GMS") demonstrates its commitment to supporting sustainability programs by approving, supervising, and evaluating the Company's strategies and targets, aligned with Sustainable Development Goals, the Company's Vision and Mission, and materiality topics.

Governance Organ	Description
GMS	The GMS is a governance organ that has the power not granted to the Board of Directors nor the Board of Commissioners within the limits stipulated by the Limited Liability Company Law and/or the Articles of Association, as well as a medium for Shareholders to make important decisions related to long-term business continuity.
The Board of Commissioners	The Board of Commissioners has the duties and responsibilities to supervise and advise the Board of Directors in managing the Company's strategy, including implementing GCG principles. The Board of Commissioners is assisted by the Audit Committee, the Nomination and Remuneration Committee, and the Good Corporate Governance Committee.
The Board of Directors	The Board of Directors has the duties and responsibilities to manage the Company's business operations, including managing economic, environmental, social, and governance risks with representative and managerial authority. The implementation of the duties of the Board of Directors is supported by the Corporate Secretary, the Internal Audit Unit, the Related Party Transaction Committee, as well as management in the Work Units performing direct operational activities. [GRI 2-11]
The Audit Committee	The Audit Committee has the duties and responsibilities to assist the Board of Commissioners in performing supervisory functions, including monitoring and evaluating the implementation of the internal control system, assessing the implementation of activities and audit results carried out by internal and external auditors, reviewing financial information to be issued by the Company, and monitoring compliance with applicable laws and regulations.

Governance Organ	Description
The Nomination and Remuneration Committee	The Nomination and Remuneration Committee has the duties and responsibilities to assist the Board of Commissioners in supervising the implementation of the nomination and remuneration process to ensure that it is objective, effective, and efficient, as well as to improve the quality, competence, and responsibility of the Board of Commissioners and the Board of Directors in achieving Vision and Mission of the Company.
The Good Corporate Governance Committee	The Good Corporate Governance Committee has the duties and responsibilities to socialize Business Ethics and Code of Conduct and receive and follow up reports of any complaints of violations of Business Ethics and Code of Conduct committed by Company personnel.
The Corporate Secretary	The Corporate Secretary has the duties and responsibilities as the liaising party between the Company and the stakeholders, especially Shareholders, capital market authorities, and the public, as well as ensuring the Company's compliance with laws and regulations, especially in the capital market sector.
The Internal Audit Unit	The Internal Audit Unit has the duties and responsibilities to conduct assurance activities and provide professional, independent, and objective opinions to the Board of Directors on the Company's business activities. In addition, the Internal Audit Unit is expected to assist the Company in increasing value and improving operations, through a systematic approach by evaluating and improving the effectiveness of risk management, internal control, and GCG processes in the Company.
The Related Party Transaction Committee	The Related Party Transaction Committee has the duties and responsibilities to support the implementation of the duties of the Board of Directors, particularly in terms of managing the Company's transactions with affiliated parties through the provision of input and advice concerning related party transactions conducted by the Company and its business groups, so that such related party transactions are conducted in accordance with generally accepted business practices, applicable laws and regulations, and comply with fair transaction principles.

COMPOSITION OF THE BOARD OF COMMISSIONERS AS OF DECEMBER 31, 2023 [GRI 2-9]

Name	Appointment	Gender	Term of Office	Skills
Hermanto Tanoko	President Commissioner	Male	2021 - 2026	Management
Mohammad Noor Rachman Soejoeti	Independent Commissioner	Male	2021 - 2026	Economy

COMPOSITION OF THE BOARD OF DIRECTORS AS OF DECEMBER 31, 2023 [GRI 2-9]

Name	Appointment	Gender	Term of Office	Skills
Wijono Tanoko	President Director	Male	2021 - 2026	Sales and Marketing
Ruslan Tanoko	Vice President Director	Male	2021 - 2026	Chemical Engineering
Robert Christian Tanoko	Director	Male	2021 - 2026	Business and Trading
Kurnia Hadi Sinanto	Director	Male	2021 - 2026	Accounting
Angelica Tanisia Jozar	Director	Female	2022 - 2026	Engineering

Diversity of the Board of Commissioners and the Board of Directors in 2023 [GRI 405-1]

Age	Male	Female	Total
Diversity of the Board of Commissioners			
>50 Years Old	2	-	**2**
30 - 50 Years Old	-	-	**-**
<30 Years Old	-	-	**-**
Total Members of the Board of Commissioners	2	-	**2**
Ratio of Members of the Board of Commissioners (%)	100.00	-	**100.00**
Diversity of the Board of Directors			
>50 Years Old	2	-	**2**
30 - 50 Years Old	2	1	**3**
<30 Years Old	-	-	**-**
Total Members of the Board of Directors	4	1	**5**
Ratio of Members of the Board of Directors (%)	80.00	20.00	**100.00**



Gradually, the Company ensures that the composition of the Board of Commissioners and the Board of Directors is not dominated by one particular gender. The Company seeks to increase female representation through the appointment of Mrs. Angelica Tanisia Jozar as Director, such that the proportion of female representation in the Board of Directors reached 20.00% since 2022. This diversity is also believed to provide a new perspective in decision-making at the top management level.

Information related to the implementation of duties, authorities, and responsibilities of governance organs is further provided in the Company's 2023 Annual Report which was prepared independently from this Sustainability Report.

Nomination and Remuneration of the Board of Commissioners and the Board of Directors
[GRI 2-10, 2-19, 2-20]

Nomination of the Board of Commissioners and the Board of Directors is the authority of the Shareholders and is authorized through the GMS. The policy regarding the nomination of the Board of Commissioners and the Board of Directors is based on the Succession Policy in the Nomination Process for Members of the Board of Commissioners and the Board of Directors of the Company which was stipulated on December 27, 2021. Likewise, the remuneration system for the Board of Commissioners and the Board of Directors refers to the GMS resolution in which the authority may be delegated to the Board of Commissioners, who takes into consideration the opinions and recommendations of the Nomination and Remuneration Committee. Disclosure of more detailed information concerning nomination and remuneration, including the amount of remuneration, for members of the Board of Commissioners and members of the Board of Directors is presented in the Company's 2023 Annual Report, prepared independently from this Sustainability Report.

Assessment of the Performance of the Board of Commissioners and the Board of Directors [GRI 2-18]

The policy regarding the assessment of the performance of the Board of Commissioners and the Board of Directors is based on the Performance Assessment Policy of the Board of Commissioners and the Board of Directors of the Company which was stipulated on December 27, 2021. Under this policy, each member of the Board of Commissioners can assess the performance of the Board of Commissioners collegially rather than individually. Likewise, when assessing the performance of the Board of Directors, each member of the Board of Commissioners can evaluate the performance of the Board of Directors collegially rather than individually. Disclosure of more detailed information concerning the assessment of the performance of the Board of Commissioners and the Board of Directors is presented in the Company's 2023 Annual Report, which is prepared independently from this Sustainability Report.

Manager of Social and Environmental Sustainability Aspect [GRI 2-12, 2-13] [POJK E.1]

Sustainability management that includes environmental and social aspects is part of the duties and responsibilities of the relevant work units responsible to the Board of Directors. Currently, the Company has not established a dedicated sustainability committee or team. However, the tasks are delegated to work units relevant to the sustainability topics.

Competence Development related to Sustainability [GRI 2-17] [POJK E.2]

The Company actively strives to improve the collective knowledge, skills, and experience of the Company's personnel related to sustainability principles through a series of competence development programs on sustainability organized by the Company's internal parties as well as professional and credible external parties. We believe that adequate knowledge and skills concerning sustainability principles that are relevant to the operated business sector are fundamental in supporting the achievement of sustainability targets that have been stipulated by the Company. Throughout 2023, competence development programs related to sustainability aspects have been provided to 1,642 participants or 19.37% consisting of AVIA, TKTW, and TKBI employees. The programs include 39 training themes with a total of 4,301.99 training hours. More information is shown as follows:

No.	Training Theme	Number of Participants (Person)	Total Training Hours
1.	5R (Concise (*Ringkas*), Tidy (*Rapi*), Clean (*Resik*), Neat (*Rawat*), and Diligent (*Rajin*)	332	345
2.	8 Waste	441	874
3.	Artificial Intelligence ("AI") and Sustainability in Financial Professions	1	3
4.	Energy Auditor Certification	1	32
5.	Internal Auditor of Integrated Management System	20	450
6.	Fire safety equipment (APAR) Awareness	52	129
7.	ISO:14001 Awareness	24	60
8.	ISO:45001 Awareness	50	100
9.	ISO:50001 Awareness	62	148.50
10.	Reachstruck Awareness	12	132
11.	CSR Community Development	1	24
12.	ESG Beyond Compliance: Best Practice for Advancing Sustainability in the Face of Global Complex Challenges	1	4
13.	ILCAN Training Series on PROPER Life Cycle Assessment ("LCA")	1	32
14.	Fire Safety Certification - Level B	2	110
15.	Fire Safety Certification - Level C	13	660
16.	Fire Safety Certification - Level D	8	198
17.	Biodiversity Competence	1	16
18.	Fire Safety Management	1	3
19.	Hazardous Waste Management	275	305
20.	Unlocking Opportunities through Improved ESG Rating	2	4
21.	Boiler Operator Certification	3	118
22.	Forklift Operator Certification	2	48
23.	Economic Empowerment and Community Capacity Building for PROPER Social Innovation	1	22.50
24.	Certification for Person in Charge of Non-Hazardous Waste	1	24
25.	Enforcement and Monitoring of Environmental Law and Implementation of Quality Standards for Occupational Health and Safety as an Effort to Protect and Preserve the Environment	1	16
26.	Presentation on Good Corporate Governance & ASEAN Corporate Governance Scorecard ("ACGS") and Corporate Actions (Material Transactions and Changes in Business Activities & Affiliated Transactions and Conflict of Interest Transactions)	1	7.58

No.	Training Theme	Number of Participants (Person)	Total Training Hours
27.	Presentation on Non-Taxes and Sustainability Reports	1	4.75
28.	Refreshment on First Aid Kit	36	72
29.	Safety and Handling of Petrochemical Product	25	112.50
30.	GCG Socialization	83	83
31.	General Safety Socialization	9	9
32.	Sustainability Governance Socialization	49	49
33.	Socialization of ACGS Criteria and Grading	2	4.66
34.	Questionnaire Sustainability Socialization	93	46.50
35.	Socialization of Doorlock and Emergency Response of Tidar Production Site	26	26
36.	Sustainability in Action: Opportunities for a Better Tomorrow in Indonesia	3	9
37.	Environmental Talkshow (Emission Technical Approval)	3	6
38.	The Future of Sustainability Reporting an Exclusive Forum for Regulators and Listed Companies in Indonesia	1	2
39.	The Value of Social Responsibility for Positive Impact on Development, Business, and Society Across Manufacturing	2	12
Total		**1,642**	**4,301.99**

In addition to employee training, the Company also conducts training on sustainability for partner companies as one of the Company's external stakeholders, both the suppliers and the distributors. Data on the training is presented in the following table:

No.	Training Theme	Number of Participants (Person)	Total Training Hours
1.	Socialization of Sustainable Procurement Policy and Greenhouse Gas Emission Reporting Scope 3	36	1.50

Sustainability Risk Management [GRI 2-25] [POJK E.3]

The Company implements risk management as part of prevention, planned action, and sustainability principles. This is implemented to reduce the impact of an event that could potentially harm or endanger the Company, including to minimize potential risks related to sustainability. The Company's risk management uses a risk management approach implemented through identification, measurement, monitoring, and risk control. The Company also periodically and continuously develops and improves the existing risk management system framework and strives to constantly improve an integrated and comprehensive internal control system. The development of the Company's risk management is conducted by building the initial infrastructures, i.e., risk management policies, guidelines, and procedures which serve as guides in conducting risk management for all risk owners, adapted to the risk appetite and tolerance of management.

The Company considers that implementing adequate risk management can provide early information about the potential risks that affect the Company, as well as a basis or reference in determining mitigation measures to be identified in advance, to reduce the risk's impact. In addition, implementing risk management is also part of the Company's efforts to protect and create value, in order to improve performance, encourage innovations, and support the achievement of the Company's targets.

The purposes of implementing risk management are described as follows:

1. To protect the Company from significant levels of risks that may hinder the achievement of the Company's targets.
2. To provide a consistent risk management framework for risks present in business processes and functions within the Company.
3. To encourage management to act proactively in reducing the risk of loss and to make risk management a provenance of competitive advantage for the Company.
4. To encourage prudent actions in the face of risk, as an effort to maximize company value in order to achieve stipulated targets.
5. To build an understanding of risk and the importance of risk management, such that it may become a part of the Company's culture.

Risk Types and Mitigation Measures

The risks faced by the Company and its mitigation measures are described below:

Risks related to Business and Industry	
Indication	**Mitigation**
We face intense competition, and failure to compete effectively could result in loss of market share and adversely affect our operational results.	• Increasing investment in product development and being selective in promotional activities, advertising, and product distribution; and • Setting competitive product pricing based on a combination of factors, including the Company's ability to set its products apart from those of competitors.
Indication	**Mitigation**
We may not be able to procure an adequate and continuous supply of electricity, fuel, water, equipment, and spare parts or to procure them at favorable prices.	• Ensuring that cooperation agreements with vendors are well maintained; • Ensuring the availability of alternative vendors; and • Looking for alternative energy sources, such as the use of solar panels, so that the electricity supply reserves are maintained.
Indication	**Mitigation**
In sustaining our business success, we are dependent on the presence of certain key personnel and the success in recruiting and retaining other qualified personnel.	• Improving human resource quality; • Paying attention to the recruitment process, development, and career path; and • Collaborating with leading universities/academies to acquire qualified talents.

General Risks	
Indication	**Mitigation**
Regulation of greenhouse gas emissions and climate change issues may negatively impact our operations and markets.	Implementing and improving the Environmental Management System (ISO 14001) and Energy Management System (ISO 50001), as well as monitoring the consistency of implementation in our environment, for example the development of environmentally friendly products (green label), the use of renewable energy (solar panels), the use of electric forklifts to replace diesel, as well as replacing solar energy for thermo and boilers with gas energy. In addition, programs related to environmental concerns are always aligned with ISO 26000, one of the guiding standards on social responsibility.
Indication	**Mitigation**
Labor activism, riots, and Labor Laws in Indonesia may have a materially adverse effect on our Company.	Our constant efforts to comply with all regulations related to employment to minimize the related risks.
Indication	**Mitigation**
The use of information technology and databases carries risks and threats related to data security, cybersecurity, and privacy protection.	We provide a reliable infrastructure for managing all forms of data security risks, and keeping up with technological developments by implementing an Information Security Management System (ISO 27001).

More detailed information on risk profile, risk measurement, and mitigation measures is presented in the Company's 2023 Annual Report, prepared independently from this Sustainability Report.

Overview of Implementation Effectiveness of the Risk Management System [GRI 2-18]

The implementation of risk management involves the Board of Commissioners and the Board of Directors with support from the supporting organs. The Board of Commissioners and the Board of Directors conduct regular discussions in order to ensure and improve the effectiveness of risk management implementation in the future, including those related to social and environmental issues. This is done by a profit/loss evaluation mechanism concerning the previously performed plans and actions. These evaluation steps are then followed by corrections of the weaknesses in implementing the risk management.

Building a Sustainability Culture [POJK F.1]

We continue to encourage every personnel in our Company to perform their duties and responsibilities and to make business decisions using a sustainability approach. Therefore, we build the foundations of sustainability through a commitment to comply with the Code of Conduct as well as thorough and continuous implementation of GCG, which includes providing a complaint facility against violations of the norms stipulated therein. The Company also periodically conducts socialization, awareness, and training related to sustainability to all Company personnel and other external stakeholders to provide the latest information and ensure involvement of all parties to achieve the Company's sustainability targets, particularly on ESG aspects.

Code of Conduct [GRI 2-23]

We have established minimum standards of conduct for all personnel of our Company, including members of the Board of Commissioners and members of the Board of Directors, all employees of our Company and the Subsidiaries, and other personnel directly working for and on behalf of our Company. The policies summarized in the Company's Business Ethics and Code of Conduct are part of our commitment to conducting ethical business practices and meeting the aspirations of our stakeholders. The preparation and implementation of the Company's Business Ethics and Code of Conduct are intended to prevent conflicts of interest, violations of norms, including acts of corruption and gratuities, as well as other social problems that create losses to our Company and other stakeholders.

In order to achieve this goal, we conduct regular socializations so that the obliged parties can thoroughly understand and comply. Such socializations are conducted through internal media and through the Company's website which may be accessed by internal and external parties of the Company. The Company's Business Ethics and Code of Conduct regulate several aspects of conduct described as follows:

Principles in the Code of Conduct

Business Ethics Standard

- Compliance with prevailing Laws and Regulations
- Company Ethics for Company Personnel
- Company Ethics for Consumers
- Company Ethics for Shareholders
- Company Ethics for Competitors
- Company Ethics for Mass Media
- Company Ethics for Business Partners
- Responsibilities to the Government
- Responsibilities to the Community and the Environment
- Responsibilities in Innovation

Standard Code of Conduct

- Individual Commitment
- Communication and Information Delivery
- Maintaining the Confidentiality of Data, Confidential Information, and Material Information of the Company
- Use of Company Technology
- Cooperation between Company Personnel
- Equality in Treatment and Provision of Opportunities
- Compliance with Prevailing Laws and Regulations
- Giving and Receiving of Gratuitie
- Integrity of Financial Reporting
- Protection of Company Assets
- Budget Planning and Use
- Occupational Health and Safety and Environment (OHSE)
- Conflicts of Interest

More detailed information regarding the Company's Business Ethics and Code of Conduct can be accessed on the Company's website under Corporate Governance (https://en.avianbrands.com/investor/l2/kebijakan-tata-kelola/etika-usaha-dan-pedoman-perilaku).

Anti-Corruption, Bribery, and Fraud Policy

We consider corruption to be an extraordinary crime that will have a significant negative impact on the positive image and reputation of the Company. Therefore, we remain fully committed to improving and maintaining an anti-corruption culture in order to prevent losses, both material and non-material. Policies regarding implementing anti-corruption in the Company's business environment are outlined in the Company's Business Ethics and Code of Conduct. [GRI 3-3]

As part of our commitment to combat corruption, we have taken measures to mitigate corruption through the implementation of work unit procedures and guidelines that must be followed by all Company personnel. In order to eliminate opportunities for corruption, we have also mapped and assessed the risks in our business chain and operations with high potential for corruption. In addition, we also continuously conduct training and socialization on anti-corruption to employees and all governance organs to ensure that our operations are free from corruption, collusion, and nepotism. This commitment was realized by signing an Integrity Pact and an induction program for new employees. All Company employees have received socialization and signed the Integrity Pact. [GRI 205-1, 205-2]

Anti-Corruption Risk Overview

The Company has conducted an independent review on corruption and fraud risks that do not follow Good Corporate Governance ("GCG") principles within the Company. Based on the review of the Internal Audit Unit's inspection activities, there were minor risks of 0.79% out of 381 total inspection areas. The Internal Audit Unit and the management have rectified those risks in accordance with the applicable procedures and regulations. [GRI 205-1]

Proven Corruption Incidents and Measures Taken [GRI 205-3]

Throughout 2023, there were 3 minor alleged corruption cases, including 1 case reported through the whistleblowing system and 2 cases identified by internal audit findings. All reports and findings have been followed up by verifying the facts and resolved by the relevant team commensurate with the degree of violation and applicable regulations in the Company.

Company Ethics for Business Partners [GRI 2-23]

We expect our partners to comply with all applicable regulations and observe fair terms in establishing business relationships with our Company. As a guide to the implementation of this commitment, we have established ethical standards concerning partners, which contain the following points:

1. Selecting partners based on aspects of accountable credibility, competence, integrity, and bona fides.
2. Exploring existing business opportunities in an effort to drive the Company's growth over time.
3. Fostering a climate of mutual trust, respect, and togetherness, and building honest and intensive communication.
4. Conducting an initial risk analysis and for any agreement that is outlined in a written document by the competent work unit.
5. Fulfilling rights and obligations based on agreements or covenants between parties.
6. The possibility to terminate, by our Company, business relationships with partners when our interests are no longer being met or when the relationship is potentially harmful to the community or the environment.
7. Not influencing each other, either directly or indirectly, which may result in unfair business competitions, decrease in product quality, disruptions to product procurement and distribution process.
8. Preventing conflicts of interest of parties directly or indirectly involved in the procurement process.
9. Striving to support the government's efforts in assisting micro, small, and medium enterprise partners.

Company Ethics for Suppliers [GRI 2-23]

We are always committed to conducting procurement processes based on the principles of competition, transparency, fairness, prudence, and accountability. In realizing this commitment, we have established Ethical Standards concerning Suppliers, which contain the following points:

1. Supplier selection must be based on competence, integrity, performance, track record, and the needs of our Company, while prioritizing the interest of our Company.
2. Respecting the rights and obligations of suppliers in accordance with the engagement agreement as well as laws and regulations.
3. Conducting transparent, fair, prudent, and equal treatment during the procurement process until the rights and obligations of the parties are fulfilled.
4. Periodically evaluate suppliers' performance and take firm actions against those violating the Company's Business Ethics.
5. Reporting receipt of gratuities, both directly and indirectly, from suppliers.
6. In the event of conducting business activities/transactions with suppliers with substantial material value for our Company, an initial risk analysis must be performed by competent work units.
7. Not engaging in extortion of suppliers, either directly or indirectly, or any other similar actions that may defame the Company and/or potentially violate applicable regulations.

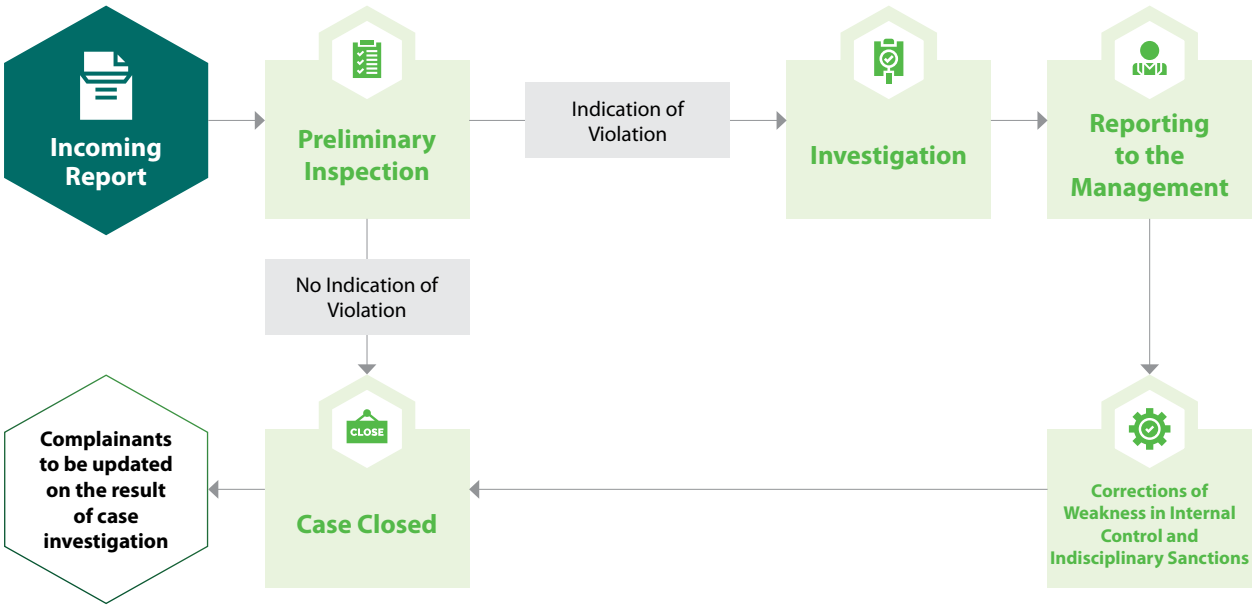
Anti-Competition Practices

The Company's Business Ethics Policy and Code of Conduct state that the Company engages in healthy competition at all times, relying on the excellence of the Company's products, services, and resources. The Company always carries out its business activities, including procuring goods and services in accordance with the principles of healthy competition, namely in a transparent, fair, prudent, and accountable manner, and implements business competition policies in accordance with applicable laws and regulations. Reports on issues related to anti-competition can also be submitted through the whistleblowing system.

Whistleblowing System [GRI 2-16, 2-26]

The Company involves stakeholders in improving the quality of corporate management by providing a whistleblowing system ("WBS"). The WBS serves as a platform for stakeholders to report any allegations of fraud or legal violations that occur and/or are committed by the Company's personnel. Through the WBS, we can obtain information and disclose events on matters that may result in losses, including a decline in our Company's image. In addition, the WBS can also provide input for us to have a broader perspective and critical work process on weaknesses and deficiencies in internal control, so that we can plan the necessary corrective actions.

Our WBS mechanism is described as follows:



Reports on violation complaints may be submitted to:

The Good Corporate Governance Committee
Avian Brands Building
Jl. Ahmad Yani No. 317
Surabaya, 60234
Jawa Timur, Indonesia
(62) 81138505000
www.avianbrands.com
pengaduan@avianbrands.com

The WBS management is the responsibility of the Company's Good Corporate Governance Committee. Through the Committee, we continuously manage and follow up all forms of reporting in accordance with the prevailing laws and regulations while maintaining independence and ensuring the confidentiality of the reporter's identity. The Good Corporate Governance Committee will collect data, documents, and other evidence relevant to incoming customer complaints. If the evidence is deemed sufficient, the complaints will proceed to investigation and also be reported to the Board of Directors. However, if the violation reports are not supported by strong evidence, they will not enter the investigation stage, the Good Corporate Governance Committee will inform the complainant that the complaint cannot be processed further.

Throughout 2023, we received 5 complaint reports through WBS consisting of 1 fraud report, 2 major reports, 1 minor report, and 1 no issue report. All of these reports have been followed up by the relevant teams and resolved in accordance with the degree of violation and applicable regulations in the Company.

Conflicts of Interest Guidelines [GRI 2-11, 2-15]

As part of our commitment to creating good corporate governance, maintaining harmonious and aligned relationships with all stakeholders, and increasing the value of our Company in a sustainable manner, we are always firm and fair in dealing with conflicts of interest in our Company. Additionally, we ensure no relationships between the Board of Commissioners, the Board of Directors, and Shareholders could lead to conflicts of interest. In this regard, we have implemented the Conflicts of Interest Guidelines based on the prevailing laws and regulations, the GCG Guidelines, and the Business Ethics and Code of Conduct, as well as the Corporate Culture applicable and implemented in our Company. Throughout 2023, there was nothing to indicate any conflicts of interest in any decisions and policies made by our Company.

More information on the Conflicts of Interest Guidelines can be accessed on the Company's website under the Corporate Governance section (https://en.avianbrands.com/investor/l2/kebijakan-tata-kelola/pedoman-benturan-kepentingan).

Communication Policy Guidelines

We have stipulated the Communication Policy Guidelines as a guide in communicating with the Shareholders, the Capital Market Authority, and the capital market community. Through this policy we continue to strive to provide complete, accurate, actual, non-misleading, and easily accessible information in accordance with the provisions of the legislation, as well as to conduct fair treatment of Shareholders in relation to the exercise of their rights as our Shareholders.

More information on the Communication Policy Guidelines can be accessed on the Company's website under Corporate Governance section (https://en.avianbrands.com/investor/l2/kebijakan-tata-kelola/kebijakan-komunikasi).

Compliance with Prevailing Laws and Regulations [GRI 2-27]

We require the Board of Commissioners, the Board of Directors, Company officers, employees, and related parties to act with responsibility, integrity, trust, respect, and loyalty, and comply with applicable legal obligations. Our commitment is reflected by the absence of fines and other significant legal sanctions during the reporting period, both from authorized institutions and from the Financial Services Authority and the Indonesia Stock Exchange.

Non-Compliance Incidents Relating to Health and Safety Impacts of Products and Services [GRI 416-2]

Throughout 2023, the Company has conducted identification and found no non-compliance with the laws and/or voluntary regulations concerning the health and safety impacts of products. Each of the Company's products is equipped with a Safety Data Sheet ("SDS") and safety, health and environmental information in accordance with the Globally Harmonized System ("GHS").

Political Contributions [GRI 415-1]

We constantly prioritize business management with integrity, independence, and freedom from biased orientation towards certain parties, particularly political parties. Direct or indirect contributions to political causes may potentially present corruption risks, given that they can be used to exert inappropriate influence on the political process. We have a policy to ensure the Company's neutrality towards any political interests and groups. Thus, our Company is not involved, materially or immaterially, in the interests of any political parties or politicians from any political parties. This commitment is outlined in the Company's Sustainability Policy. [GRI 3-3]


Avian
BRANDS
Avitex
GOLD
BINTANG TAMU:
Mulyadi Dimulmamewww


SHARE THE WONDER






Avian
BRANDS

Healthy Economic Growth



"We continue to strive to develop our business fundamentals through various research and development programs for environmentally friendly paint products that provide added value to the needs of the community. This commitment is not only aimed at maintaining the Company's business resilience, but also serves as a motivation to provide benefits to Shareholders and all other stakeholders."



OUR ACHIEVEMENTS [GRI 3-3]

Local suppliers' involvement in our operations amounts to **219** companies or **77.94%** of the Company's total suppliers.

89.38% of our employees are local workers.

29 of our products are eco-friendly and have been certified with **the Singapore Green Label**.

81.47% of our product portfolio is water-based.

Our distribution process is supported by **118** wholly-owned distribution centers, **14** wholly-owned mini-distribution centers, and **40** independent distribution centers.

Economic Performance Management Strategy

Economic performance is the main key to ensuring the success of our sustainability programs. Accordingly, we must be flexible and agile in adapting to existing changes, both in production and sales, to maintain our competitive advantage and business resilience. Regarding production, we currently have 2 manufacturing facilities in Serang and Sidoarjo with a manufacturing capacity of 286,416 metric tons of paint per year. As for sales, we have a widespread marketing and distribution network throughout the Indonesian archipelago to facilitate easy reach for our customers. By the end of 2023, we had 118 wholly-owned distribution centers, 14 wholly-owned mini distribution centers, 40 independent distribution centers, and had cooperated with more than 56,800 building stores. The scope of the Company's market is supported by the active developments transpiring in Indonesia considering that our decorative paint products are needed for architectural applications, to make walls or building structures smoother and look perfect as well as to provide aesthetics and protect from damage due to mold and mildew, so that the properties owned are more comfortable to view and live in. More detailed information related to the business strategy adopted by the Company in 2023 is described as follows: [GRI 3-3]

SUSTAINABLE PRODUCT MANAGEMENT STRATEGY

1. Improving quality, competitive, and environmentally friendly products with efficient production costs.
2. Improving service quality, ensuring timely product delivery, meeting customer demands, and providing added value for customers.
3. Providing socialization of information related to the safety and security of product applications.

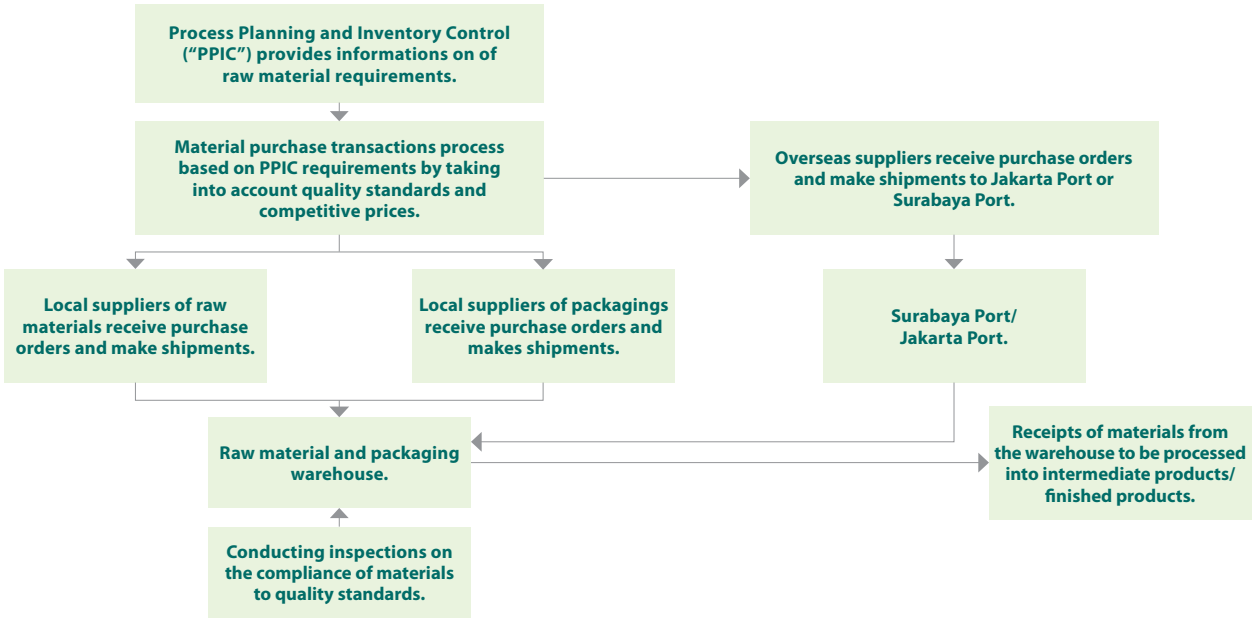
Effective implementation of the Company's business strategy related to economic performance management is also periodically evaluated based on tiered Key Performance Indicators ("KPIs") that have been established for the Company's management. This ensures that the Company's predetermined targets and objectives can be optimally achieved. [GRI 3-3]

Supply Chain [GRI 2-6]

The Company is the largest paint and decorative coating company, vertically integrated from research and development, manufacturing of some key raw materials, manufacturing of some packaging, manufacturing of paint products, filling-packing-storing, to marketing and product distribution. Most raw materials and auxiliary materials, such as resins, pigments and additives used to manufacture paint products are obtained from internal processes, with the rest procured from suppliers. Therefore, good supply chain management is important for the sustainability of the Company's business. In pursuit of this, we always maintain good working relationships with suppliers by applying the principles of transparency and responsibility. We continue to ensure that raw material supply is maintained at an optimal level to meet market demand and manufacturing targets.

The Company's supply chain in paint manufacture is described as follows:

THE COMPANY'S SUPPLY CHAIN



The purchasing process starts from the Process Planning and Inventory Control ("PPIC") followed by a centralized purchasing process to ensure the quality and price conformity of materials from suppliers. Any material purchased and shipped must go through the Incoming Quality Control process to ensure that the purchased goods meet the stipulated quality standards and safety requirements and then be utilized in the manufacturing process. The required raw materials are procured by the Company through suppliers from abroad (international suppliers) and suppliers from Indonesian regions (local suppliers).

The involvement of international suppliers in the procurement of raw materials amounted to 62 companies or 22.06% of our total suppliers. One of the challenges of sourcing raw materials from international suppliers is the fluctuations in exchange rates as well as shipping issues that could lead to untimely delivery. In managing these challenges, the Company constantly monitors the movement of foreign currencies, especially the US Dollar, as well as oversees the process of shipping raw materials from the country of origin. The Company is also constantly disciplined in making payments in foreign currencies to avoid the effects of speculation. Additionally, we also conduct limited hedging (forward contracts).

By involving local suppliers to provide raw materials for manufacturing, the Company's presence can positively impact local communities' economic and social growth. This is reflected in the involvement of local suppliers in the procurement of raw materials, which amounted to 219 companies or 77.94% of our total suppliers. Information related to the Company's supplier engagement is described as follows: [GRI 203-2]

Proportion of Procurement from Local Suppliers and Transaction [GRI 2-6]

Description	Unit	2023**	2022**	2021*
Total Local Suppliers	Number of Company	**219**	209	231
Total Suppliers	Number of Company	**281**	275	307
Percentage of Procurement from Local Suppliers	%	**77.94**	76.00	75.24

Notes:
* The Company and TKTW; and
** The Company, TKTW, and TKBI.

Sustainable Procurement Practices

In addition to considering product quality and supply chain management, the Company also selects suppliers by taking into consideration the commitment of these suppliers to fair labor practices and in accordance with applicable laws and regulations, such as prohibiting the employment of underaged individuals, providing employees' rights in accordance with applicable regulations, and no recruitment fee practices. Supplier audits have also incorporated aspects of environmental management, particularly regarding the management and utilization of Hazardous Waste and material usage. To ensure that this commitment is implemented properly, the Company periodically conducts random audits of suppliers with whom it has established cooperation. [GRI 3-3, 408-1, 409-1, 414-1]

In line with our sustainability mission, the Company has conducted an assessment of 20% of key suppliers contributing to 80% of the total purchase value. Based on the assessment, we found that 27 local raw material suppliers implemented 62.43% of the sustainability aspects, 16 imported raw material suppliers implemented 86.43% of the sustainability aspects, and 16 packaging material suppliers implemented 67.86% of the sustainability aspects. In addition, the Company also conducted audits of Hazardous Waste service vendors and ensured that all vendors complied with and implemented the procedures in accordance with the prevailing laws and regulations. In 2023, we also conducted audits of 3 labor suppliers. Based on the audit results, no underage labor violations were found and all our labor suppliers have complied with the provisions of the Indonesian Labor Law. [GRI 3-3, 308-1, 414-2]

As an effort to implement sustainable procurement practices in accordance with the Fourth Pillar of the Sustainability Policy, the Company engages supplier companies through various approaches. In addition to engaging suppliers in stakeholder surveys on sustainability materiality topics, the Company has also conducted socialization and training on scope 3 Greenhouse Gas ("GHG") emissions reporting.

Served Market [GRI 2-6]

Network **Geographical Location where the Product/Service is Offered**

Description

The geographical locations where the Company's and Subsidiaries' products/services are offered are spread throughout the Indonesian territory. In the domestic market, we continue to be the market leader in decorative paints with a market share of more than **20.00%**.

Network **Served Sectors**

Description

Sectors served by the Company and its Subsidiaries are mainly retail customers in the form of building material stores, both conventional stores and Modern Trade Outlets, as well as a small portion of various building, infrastructure and construction projects. We also serve business-to-business customers, such as banking networks and retail store networks.

Network **Types of Customers and Beneficiaries**

Description

The types of customers and beneficiaries of the business sectors run by the Company and its Subsidiaries are the general public, ranging from the lower, middle and upper classes. We also provide supplies for the corporate segment spread across several regions.

Achievement of Operational and Financial Performance Targets

Amidst the business challenges of the national paint industry, we strive to achieve economic performance growth to sustain direct economic benefits to our Shareholders and other stakeholders. To realize this, we are focusing on building solid business fundamentals, improving competitiveness and competitive advantages, adding product variants, expanding distribution networks, and realizing more aggressive marketing programs. The management of operational and financial performance is the collective responsibility of the Board of Directors such that its achievements will be evaluated jointly by the Board of Directors and the Board of Commissioners. [GRI 3-3]

In 2023, the Company successfully realized paint manufacturing of 180,540 metric tons or 99.61% of the target. Of this amount, the Company successfully recorded a net revenue of IDR7,016.88 billion or 98.89% of the target and a net profit of IDR1,643.10 billion or 102.03% of the target. Further information on the comparison of targets and realizations over the last 3 years is described as follows:

Achievement of Operational and Financial Performance Targets [POJK F.2]

Description	2023			2022			2021		
	Realization	Target	Achievement (%)	Realization	Target	Achievement (%)	Realization	Target	Achievement (%)
Manufacturing (Metric Tons)	**180,540**	**181,245**	**99.61**	170,986	230,025	74.33	205,382	202,268	101.54
Net Revenue (Million Rupiah)	**7,016,882**	**7,095,821**[1)]	**98.89**	6,694,171	7,593,202	88.16	6,779,643	6,877,500	98.58
Net Profit (Million Rupiah)	**1,643,096**	**1,610,420**	**102.03**	1,400,365	1,651,521	84.79	1,434,551	1,409,885	101.75

[1)] In the third quarter of 2023, the Company announced an adjustment to its 2023 net revenue target to ± 6.00%.

Comparison of Portfolio Targets and Performance, Financing Targets, or Investments in Financial Instruments or Projects that are Aligned with Sustainable Finance [POJK F.3]

As of the end of 2023, the Company does not have or conduct investment programs in financial instruments or sustainable projects, thus there is no information on the comparison of portfolio targets and performance, financing targets, or investments in financial instruments or projects that are aligned with sustainable finance.

Distribution of Economic Performance

The Company's operational and financial performance achievement is a significant factor in the distribution of economic value provided to stakeholders, whether in the form of employee salary payments, tax and non-tax remittances to the government, dividends to Shareholders, purchases to suppliers, as well as the realization of funds for social and environmental responsibility programs. Information regarding the Company's economic distribution value over the last 3 years is described as follows:

TABLE OF ECONOMIC VALUE DISTRIBUTION IN 2021 - 2023 [GRI 201-1]

(in million Rupiah, unless stated otherwise)

Description	2023	2022	2021
Direct Economic Value Generated			
Cash Received from Customers	**6,850,984**	6,781,888	6,617,183
Other Receipts	**12,664**	11,601	16,620
Receipts from Interest Income	**308,589**	302,422	26,728
Proceeds from Disposal of Fixed Assets	**14,094**	16,398	11,649
Total Direct Economic Value Generated	**7,186,331**	**7,112,309**	**6,672,180**
Distributed Economic Value			
Payments to Suppliers	**4,397,297**	4,598,330	4,371,356
Payments to Employees	**707,405**	659,079	590,549
Payment for Corporate Income Tax	**482,000**	377,003	426,627
Dividend Payment to Shareholders	**1,362,978**	1,115,164	2,350,001
Acquisition of Right-of-Use Assets	**14,289**	66,285	42,335
Payment of Lease Liabilities	**58,836**	25,374	35,575
Payment of Interest Expense	**4,077**	6,463	37,102
Expenses for the Community	**2,881**	1,978	1,923
Environmental Expenses	**1,059**	1,524	1,257
OHS Investment Expenses	**886**	841	4,399
Total Distributed Economic Value	**7,031,708**	**6,852,041**	**7,861,124**
Retained Economic Value	**154,623**	**260,268**	**(1,188,944)**

Financial Implications and Other Risks and Opportunities Caused by Climate Change [GRI 201-2]

Climate change and global warming are global issues that demand collective attention from the global community. Without a commitment to act and address these issues collectively, the negative impacts of global warming and climate change will continue to intensify for the Earth and all living beings on it. The current impacts include extreme weather conditions, higher temperatures, and heavier rainfall in increasingly unpredictable timing. Conversely, the dry season lasts longer than usual, causing droughts and other problems. It is undeniable that climate change not only causes environmental disasters but also has a negative impact on human life and other living beings, including the development of the business world.

Despite its relatively small significance, climate change risk may negatively impact the Company's operational activities, particularly related to the product distribution process. The unpredictability of weather conditions due to climate change could potentially delay the Company's products reaching distribution networks on outer islands. Consequently, we remain attentive and vigilant to prevent the impacts of climate change from affecting the Company's operations. As part of our commitment to mitigate climate change, we have also conducted emission reduction programs that can be found in the Responsible Environmental Management section of this Sustainability Report.

Financial Assistance Received from the Government [GRI 201-4]

Throughout 2023, no financial assistance was received by the Company in any form any government for any operations. In addition, there was no government involvement in any form in the Company's shareholding structure.

Contribution to the Government [GRI 207-1]

Taxes serve as the main source of income for the state's finances, generated by collecting monies from each taxpayer into the state treasury. The state utilizes taxes for various purposes, including infrastructure, education, health, economy, and so on. From taxes, taxpayers enjoy the benefits of infrastructure development, subsidies, or services from various public facilities. We understand that taxes are essential instruments in achieving the Sustainable Development Goals, and the Company is committed to assisting governments, both at the national and local levels, through tax contributions to be utilized for the achievement of the Sustainable Development Goals. [GRI 3-3]

In order to make an optimal contribution to the government, we are committed to carrying out tax payment obligations in accordance with applicable tax regulations in Indonesia. In this regard, the Company already has a Taxation Unit under the Finance Director that ensures the Company complies with tax payments in line with its operational activities. The Company engages a tax consultant as a discussion partner to ensure that it remains informed of existing regulations and applies the regulations properly. The Company also verifies tax compliance through an audit process conducted by internal and external auditors. In the event of a violation or unethical conduct related to taxation, the Company has a violation reporting mechanism in place. [GRI 207-2]

Tax-related Stakeholder Engagement [GRI 207-3]

The Company continuously consults and/or discusses with tax authorities in order to receive input, validate understanding, and ensure that the Company's tax practices are in accordance with the prevailing laws and regulations.

Tax Reporting [GRI 207-4]

In relation to tax reporting, the Company only operates in Indonesia and has no overseas branches or operational offices. Therefore, tax reporting is only done for Indonesia. The taxes paid by the Company for the last 3 years are described as follows:

(in million Rupiah, unless stated otherwise)

Description	2023	2022	2021
Income Tax	**696,167**	548,133	843,043
Land and Building Tax	**2,015**	1,935	1,842
Value Added Tax	**382,045**	323,882	272,794
Total Tax Payments	**1,080,227**	**873,950**	**1,117,679**

Indirect Economic Contribution

In addition to making direct economic contributions through the distributed economic value, we are also fully committed to providing indirect economic benefits to our stakeholders. Indirect economic contributions are made by involving various parties, especially the surrounding community, in operational activities through the empowerment of local labor and local suppliers. The Company provides employment opportunities to the communities around its operational areas and engages local suppliers that meet predetermined specifications and requirements. This is intended so that the Company's presence can assist the government in encouraging equitable distribution of the people's economy. [GRI 3-3]

Local Labor Empowerment in the Company's Business [GRI 203-2, 413-1] [POJK F.23]

Local communities are one of the Company's stakeholders and an integral part of the Company as a social entity. Their presence also positively impacts the sustainability of the Company's business. Through the development of the surrounding communities, the Company can help them build a prosperous and sustainable future.

We are committed to continually supporting the social and economic growth of the surrounding community by providing employment opportunities to local communities, while considering the terms and criteria for hiring employees. Information regarding the involvement of local labor in our operational activities is described as follows:

PROPORTION OF LOCAL LABOR INVOLVEMENT

Description	Unit	2023**	2022**	2021*
Total Local Employees***	Orang	**7,577**	7,231	6,739
Total Employees	Orang	**8,477**	8,076	7,724
Percentage of Local Employees***	%	**89.38**	89.54	87.25

Notes:
* The Company and TKTW;
** The Company, TKTW, and TKBI; and
*** Data for 2021 and 2022 are restated.



Sustainable Product Responsibility

The Company is highly committed to providing safe, high-quality and environmentally friendly products and services. In realizing this commitment, we constantly ensure that the quality of manufactured products is in line with the national and international standards and certifications that the Company holds. We continue to prioritize these efforts in order to strengthen competitiveness and expand the Company's market share. [GRI 3-3]

Commitment to Providing Equal Products and Services [POJK F.17]

The products and services we provide are equal, in accordance with applicable mechanisms and procedures. Every level of society may enjoy the products and services we provide with economical price offerings and premium products. To ensure product quality, we hold several certifications based on international standards, namely the Green Label Certificate from Singapore Green Label, as well as national standards, i.e., the Indonesian National Standard (*Standar Nasional Indonesia* or "SNI").

Health and Safety of Products and Services [GRI 416-1] [POJK F.27]

The Company prioritizes the fulfillment of responsibility for quality and safety in the operational process and the use of the manufactured products. We implement product stewardship as a form of responsibility and to create better business value. In an effort to ensure customer safety and enhance product value, we are gradually transforming our paint products to be more environmentally friendly. 81.47% of our product portfolio is water-based, which was calculated from all paint products based on volume, excluding instant cement (mortar). In addition, 50.70% of the total raw materials used were sourced from renewable materials.

We also implement an integrated system in every stage of manufacturing allowing us to ensure the supply/availability of raw materials and packaging, margin/cost optimization, and quality of the manufactured products. Product safety control begins with product development by the Research, Development & Innovation ("RDI") Laboratory to determine product characteristics, raw materials selection, and selection of appropriate manufacturing processes. In this process, the purchasing department first examines the profile of material suppliers to ensure their ability to provide quality products and services, this includes the suppliers' manufacturing locations in order to gain an understanding of their energy management systems as well as transportation to consider material prices and shipping costs. In any purchase of raw materials and packaging materials, the quality of the material received will be corroborated with the requirements, including by requiring Safety Data Sheet ("SDS"), Certificate of Analysis ("CoA"), and Technical Data Sheet ("TDS") for every type of material. In addition, we review the material specifications (to ascertain its environmental-friendliness).

As of the end of 2023, 29 of the Company's paint products are certified with the Singapore Green Label, which reflects our form of responsibility for products that are low in Volatile Organic Compound ("VOC") and free of heavy metals. In line with this, we adopt the Global Harmonized System ("GHS") for the classification and labeling of chemicals on all of our products. The GHS was implemented as a system to provide a standardized approach for hazard classification, labeling, and safety signage for employees and consumers.

Additionally, we evaluate the products that have been manufactured in order to ensure their safety. In 2023, the evaluation was conducted on 29 products or 20.87% of the total products manufactured by AVIA.

Our commitment to prioritizing customer health and safety positively impacts the sustainability of the Company's business. Nationally, in addition to the Company being recognized as the number one domestic paint manufacturer in Indonesia, we are also the first paint company to meet the Indonesian National Standard (*Standar Nasional Indonesia* or "SNI") certification on the quality management system. With these breakthroughs, the Company also provides consumers with more diverse choices of high-quality paint products that comply with government standards. By the end of 2023, 7 of our products are SNI-certified, i.e. Sunguard, Aquamatt, Aries Gold, Avitex, Everglo, Supersilk, and No Odor.

To reduce our exposure to heavy metals, we gradually reduce the use of such materials in our products. All water-based products we manufacture are free of heavy metals and in 2023 we added 5 more solvent-based products free of heavy metals, i.e. Boyo Politur Melamine, Boyo Politur Vernis, Belmas Papantulis Hitam, Wood Eco Politur P01, and Wood Eco Politur P03.

Impact of Products and Services [POJK F.28]

As a manufacturer of chemical products, we recognize that our products may produce some possible health side effects during application or during the period when one is indoors. Therefore, we continue to fulfill the need for safe and quality products with added value to the preservation of nature, as well as the health of our customers. Through the RDI Division, in addition to maintaining quality and innovating products, we also pay attention to and minimize the impact of the products and services produced. We constantly emphasize this effort to ensure that each of our operational activities complies with the applicable standard procedures or regulations.

In paint manufacturing, the transition from batch to batch requires washing tanks and mixers, so as much as 100 liter of water may be wasted. The Manufacturing Department, in collaboration with the RDI Division, ensures that the water can be reused for the manufacturing processes of certain products without compromising the quality of the products. In addition, we, together with the vendor, are also developing software to accelerate coloring processes even with such reused water. Furthermore, we also utilize slow-moving materials and strive to reduce the weight of packaging or boxes in order to minimize waste for customers using our products.

Labeling and Information of Products and Services

We highly value our customer's right to receive accurate and clear information about the products they intend to buy. The information may include specifications, product advantages, application techniques, and waste disposal. To ensure the fulfillment of this right, we provide clear, complete, and easily understandable information on all of the Company's product packaging. This is intended so that customers can use the product correctly and safely to avoid negative impacts on the customers and the environment. Product labeling is also intended to ensure that our products reach the right market segments. [GRI 3-3]

In addition to product packaging, customers can also obtain comprehensive information about our products through the following social media platforms:

Avian BRANDS www.avianbrands.com

Instagram	Youtube	Facebook	TikTok	LinkedIn
@avianbrands	Avian Brands	Avian Brands	avian.brands	Avian Brands

The inclusion of product information, often referred to as labeling, is implemented by the Company in accordance with Government Regulation of the Republic of Indonesia No. 29 of 2021 on the Organization of the Trade Sector and Minister of Trade Regulation of the Republic of Indonesia No. 25 of 2021 on the Stipulation of Goods Required to Use or Provide Labels in Indonesian Language. [GRI 417-1]

In line with the commitment to provide clear product information, the Company also implements fair and responsible marketing practices to customers by conveying information in a clear, correct, and truthful manner. We will not conduct promotion and marketing by exaggerating or covering up flaws to take advantage of customers' unawareness. The Company's promotion and marketing methods are categorized into 2 approaches, i.e. marketing with loyalty programs (below-the-line marketing or "BTL") and marketing in the media advertising (above-the-line marketing or "ATL") which focuses on the use of mass media to reach a wide target audience. Moreover, we also involve several public figures as Brand Ambassadors of the Company's products.

The Company's consistent efforts in delivering product information, marketing, and promotion have yielded positive results in the absence of reports and complaints on incidents of non-compliance related to product information and marketing communications, including promotional and sponsorship activities conducted by the Company during the reporting year. [GRI 417-2, 417-3]

Product Innovation and Development [POJK F.26]

We are committed to continuously innovating in order to respond to social and environmental challenges by producing in-demand quality products. These commitments are supported by the RDI Division which continues to optimize the Company's formula to improve product performance and quality with more effective and efficient manufacturing processes, especially in using materials and packaging. With its competencies and abilities, the Company's RDI Division is able to produce dozens of new innovative products every year. In 2023, the RDI Division has successfully developed 43 new products, consisting of 9 resins, 23 finished products, and 11 packaging.

The Company's product development is also aimed at transitioning from petrochemical-based products to water-based and bio-based paint product variants as well as biomass balance products that are more environmentally friendly. Water-based paint technology can reduce the use of Volatile Organic Compound ("VOC") materials so that they do not cause health problems to humans, especially when applied indoors.

Some products we successfully developed based on sustainability concepts and launched in 2023 are described as follows:



Brilliant Interior

Acrylic-based interior wall paint can beautify the walls of the house with a range of Indonesia's favorite colors. This product uses mercury-free and lead-free materials so that it does not have a negative impact on the environment.



Brilliant Eksterior

Exterior wall paint provides maximum and total protection to the exterior walls of the house against mold, mildew, and stains. This product uses mercury-free and lead-free materials so that it does not have a negative impact on the environment.



Avitex Alkali Resisting Primer

High-quality primers that contain acrylic emulsion which is resistant to alkaline salts and efflorescence, as well as improve the paint's adhesion to the wall. This product is water-based so that it does not have a negative impact on the environment.



No Drop Basic

Waterproof coating with waterproof technology to protect exterior and interior walls from mold and mildew. This product is also resistant to alkaline salts and efflorescence.



Avitex Wizz

The economical product that addresses the market needs for high dilution without affecting sealing power. This product can be diluted up to 40% compared to other class products that can only be diluted up to 20%.

Green Label Certificate

One manifestation of the Company's commitment to producing environmentally friendly products is by registering its products with the Green Label Certificate from Singapore Green Label. We have also considered that, gradually, our entire product portfolio will comply with Low VOC, APEO Free, and Heavy Metal Free standards in the future. The Green Label certification process is performed strictly, not only based on environmentally friendly requirements for end users, but also based on product life cycle analysis. Environmentally friendly characteristics are determined starting from the selection of raw materials, the manufacturing process, to labeling. As of the end of 2023, 29 of the Company's products have complied with the Singapore Green Label certification, which also adds to the list of certified environmentally friendly products owned by the Company.

Revenue from Sustainable Products

The Company's commitment to continuously innovate towards environmentally friendly products has contributed positively to revenue generation. In 2023, the proportion of revenue generated from products with a Green Label Certificate accounted for 11.43% of total paint sales in the architectural solutions operation segment. This represents an increase compared to the previous year, which accounted for 5.98% of total paint sales in the architectural solutions operation segment.

Sustainable Production Process

In addition to developing environmentally friendly products, the Company also continues to develop responsible and sustainable production patterns. Therefore, we also continuously look for ways to improve production processes that can lower energy usage levels. For instance, we have successfully reduced the production cycle time by approximately 20% in the resin plant from 12 hours to 8 - 10 hours. In addition, we also managed to increase the capacity of the packing process from 40 cpm to 90 cpm and the cartooning process from 114 sheets/manhours to 305 sheets/manhours.

In terms of energy saving, we divided the compressors through a zoning and looping system, reducing the energy consumption ratio from 33.11 kWh/ton to 23.67 kWh/ton. In addition, we also carry out regular grinding machine maintenance so that the grinding process becomes more efficient and increases productivity, which varies in each paste with an average increase of 25.00% - 100.00%.

Additionally, we have switched to lighter and stronger packaging materials and reduced the use of cardboard and plastic packaging to minimize the cost and amount of waste generated. Through this program, we were able to reduce packaging waste by 205.81 tons which saved us IDR1.3 billion in costs.

Flagship Product in Sustainability



No Drop Anti Panas

No Drop Anti Panas is a powerful waterproofing paint that is able to lower room temperature by up to 7° Celsius, thanks to its UV Shield technology. Its waterproof feature prevents damp walls, is elastic, anti-mold and mildew, prevents rust, and protects the surface for up to 10 years. With its ability to lower room temperature, No Drop Anti Panas has been the Company's flagship product in sustainability since 2022, as it contributes to reducing energy consumption from air conditioning use. This product is also environmentally friendly as it holds Singapore Green Label certification.

Number of Recalled Products [POJK F.29]

In 2023, all of the Company's products were well absorbed in the market and there were no product recalls related to products' nonconformities or other reasons.

Customer Satisfaction [POJK F.30]

We conduct customer satisfaction surveys every 6 months to understand customer preferences and ensure customer satisfaction with the products and services provided. The responses collected from the customer satisfaction survey will then be taken into consideration for us to improve the quality of products and services in the future. [GRI 3-3]

In the customer satisfaction survey conducted in semester 1 of 2023, the Company received a score of 3.31 on a scale of 4.00, which means that the Company's performance was in the good category. Meanwhile, the customer satisfaction survey in the second semester of 2023 showed an indicator of improvement with a score of 3.40 on a scale of 4.00, which means that the Company's performance was in a good category. The survey results indicate that customers are satisfied with the products and services provided by the Company. The positive scores we received motivate us to remain committed to maintaining and improving customer satisfaction by developing the best products and services accompanied by continuous improvement efforts.

Information Safety

As with other business processes, customer trust is a constant concern for the Company. Accordingly, we continue to work towards increasing customer confidence in using the Company's products and services over the years. One of the strategic policies we have implemented is to maintain and protect the confidentiality of customer data and information, ensuring it does not become accessible to the public and is not lost. In addition, the data and information management that we implement has also been certified with ISO/IEC 27001: 2013 concerning Information Security Management Systems. [GRI 3-3]

Our commitment to maintaining the security of stakeholder information is implemented by ensuring the anonymity of the respondents. In addition, whenever the Company requires data from external stakeholders, the Company guarantees the confidentiality of data from such stakeholders.

The Company's commitment to safeguarding customer data and information has resulted in the absence of complaints regarding privacy violations, leakage, theft, or loss of customer data and information. Furthermore, the Company has not received any complaints from regulators or other external parties regarding breaches of customer-related data and information. [GRI 418-1]

Complaints of Customer Issues [GRI 2-25]

We provide a facility for the customers to submit complaints concerning the products and services they receive through the Company's website www.avianbrands.com under the Customer Care menu Complaints submitted can be in the form of complaints about delivery or quality of products and packaging All complaints received will be managed and followed up by the Quality Assurance Department. On the Company's website, a space is provided for 2-way discussions through written and photo media.

During the last 3 years, we have not received any material and significant complaints from customers regarding the products and/or services provided. [GRI 2-16]

Responsible Environmental Management



"The Company is highly committed and consistent in implementing responsible environmental approaches in all of its operational activities, in supporting the sustainability of the surrounding environment and future livelihood."



OUR ACHIEVEMENT [GRI 3-3]

1

The ratio of renewable material usage in the 2023 manufacturing process increased to **50.70%** compared to **45.23%** in the previous year.

2

Renewable energy usage in 2023 reached **1,814.71** GJ, an increase of **100.12%** compared to **906.82** GJ in the previous year.

3

Scope 1 and 2 greenhouse gas emissions produced in 2023 reached **11,317.42** $TonCO_2e$, a decrease of **0.79%** compared to **11,408.00** $TonCO_2e$ in the previous year.

4

Effluent discharge from the Water Treatment Plant and Sewage Treatment Plant processes in 2023 reached **3.83** megaliters, a decrease of **7.49%** compared to **4.14** megaliters in the previous year.

5

5,000 trees were planted by the Company in 2023, the same number as the previous year. To date, the Company has planted **10,000** trees with a total carbon sequestration of **765,100** $kgCO_2e$.

Environmental Impact Management Strategy

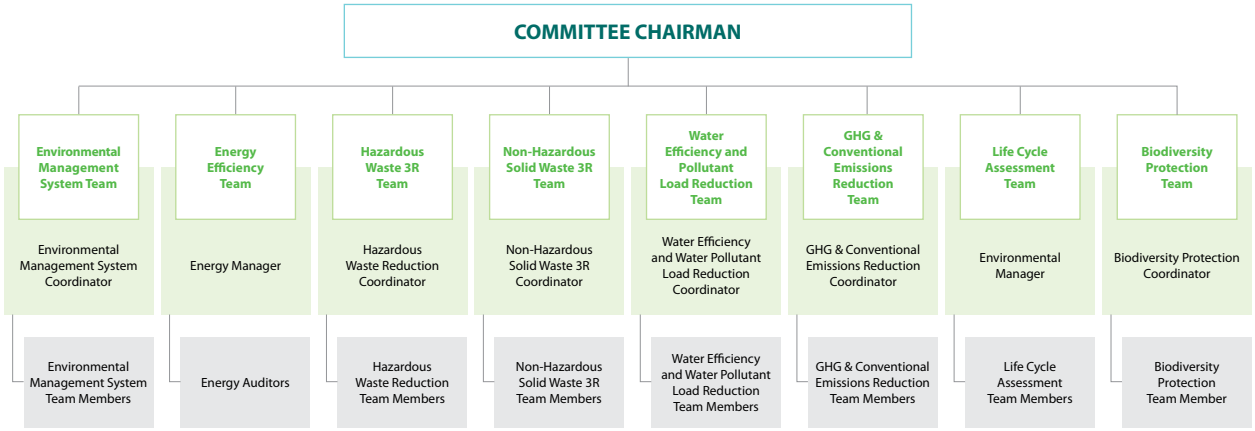
Environmental degradation is one of the most significant issues facing the global community, including Indonesia. It has become an increasingly prominent topic of discussion, particularly with the growing frequency of hydrometeorological disasters, those caused by meteorological parameters such as rainfall, humidity, temperature, and wind. Types of disasters in this category include droughts, floods, storms, wildfires, el nino, la nina, landslides, and several other disasters. Some experts suggest that hydrometeorological disasters are driven by climate change, triggered by various human activities such as extensive exploitation of natural resources, deforestation, intensification of industrialization which leads to increased Greenhouse Gas ("GHG") emissions, and so on. [GRI 3-3]

Reflecting on the resulting impacts, all stakeholders' commitment to preserving environmental sustainability becomes crucial. As a business entity, we are committed to reducing the environmental impacts of our operations, and responding to climate change by protecting vital ecosystems that support life on earth for long-term survival and business viability. We always pay attention to environmental protection and sustainability in any operational activity in accordance with applicable laws and regulations. We also create innovations and developments in providing various environmentally friendly products. [GRI 3-3]

Environmental Management

The Company's manufacturing activities and product distribution processes have both direct and indirect impacts on the surrounding environment. Such environmental impacts result from the use and management of natural resources that produce environmental emissions. Therefore, we continue to make resource efficiency efforts while gradually starting to use renewable energy sources as alternatives. Environmental impact management is the responsibility of the Environmental Management Committee. More detailed information about the Company's environmental impact management structure is described as follows:

ORGANIZATIONAL STRUCTURE OF THE ENVIRONMENTAL MANAGEMENT COMMITTEE



We consistently ensure that every employee responsible for environmental management possesses the relevant skills and expertise. This commitment is an essential priority for us in improving the implementation of responsible manufacturing patterns to minimize environmental impacts. In addition to delegating environmental management responsibilities to the above organs, the Company continuously strives to implement a sustainable and comprehensive environmental management system. In manufacturing activities at our production facilities, the Company has implemented an Environmental Management System in compliance with the international standard of ISO 14001 which has been verified by an independent certification body since 2012 at the Sidoarjo Plant. The Environmental Management System implementation is based on the Company's environmental management policies as described below:

THE COMPANY'S ENVIRONMENTAL MANAGEMENT POLICIES

1. Formulating and implementing short-term, medium-term, and long-term goals, objectives, and programs by taking into account the characteristics, scale, and impact in accordance with the environmental management system, energy management system, and green industry, while continuously innovating.
2. Improving quality, competitive, and environmentally friendly products with efficient production costs.
3. Opting for materials and machinery with efficient energy use and low greenhouse gas effects for manufacturing processes.
4. Carrying out energy efficiency efforts and maximizing the use of new renewable energy through monitoring, implementing, and encouraging design or development activities across the entire Company.
5. Undertaking efforts to reduce greenhouse gas emissions for scopes one and two through monitoring and implementation across the entire Company's operations, up to the reporting to stakeholders.

Encouraging the use of renewable materials and environmentally friendly chemicals.	6
Implementing raw material efficiency through monitoring, implementing, and encouraging design or development activities across the entire Company.	7
Using water optimally and efficiently for company activities, as well as carrying out water conservation programs.	8
Conducting maintenance and control of air pollution control equipment and machinery.	9
Reducing and controlling Hazardous Material and Hazardous Waste.	10
Controlling non-hazardous solid waste through 3R (Reduce, Reuse, Recycle).	11
Conducting an inventory of water usage, outlets of wastewater, Hazardous Waste and Non-Hazardous Waste, and air pollution.	12
Undertaking efforts to protect and conserve biodiversity.	13
Identifying, conducting, and evaluating all company activities through Life Cycle Assessment/LCA integrated with environmental, energy, and greenhouse gas emission aspects.	14
Involving the community in continuous improvement of the environmental management system.	15

The Company's environmental management is carried out comprehensively, starting from compliance with environmental licenses from the inception of the business through the preparation of Environmental Management Efforts and Environmental Monitoring Efforts (*Upaya Pengelolaan Lingkungan Hidup dan Upaya Pemantauan Lingkungan Hidup* or "UKL-UPL"). In connection with this, the Company consistently complies with and fulfills all existing permits, periodically reviewing them to harmonize them with environmental programs to be implemented. Moreover, each unit of activity, such as factories, warehouses, and offices, undertakes initiatives to prevent adverse environmental impacts by implementing eco-efficiency in relevant processes as part of continual improvement. We also conduct cradle-to-grave Life Cycle Assessments ("LCA") to analyze the product cycle from acquisition of raw materials, manufacturing processes, and product distribution to product usage. Through the LCA, we are able to obtain data on the environmental impacts of the supply chain, manufacturing processes, and product distribution so that they may serve as the basis for consideration for the development of environmental management. In addition to the prevention, we also make efforts to mitigate environmental impacts by planting trees for carbon neutralization. [GRI 3-3]

Evaluation of Environmental Management

The evaluation of our ongoing environmental management is consistently carried out periodically to obtain a comprehensive overview of the effectiveness of existing programs and to enhance management quality in relevant areas. At our production facilities, we monitor environmental quality through collaboration with accredited environmental testing laboratories. The results thereof are subsequently reported to both local and central governments every month and semester. This is done to ensure that all the Company's business units and production facilities are in accordance with applicable laws and regulations as well as the Company's policies.

We also participate in the Public Disclosure Program for Environmental Compliance ("PROPER") organized by the Ministry of Environment and Forestry ("MoEF"). PROPER is conducted through an assessment of the Company's environmental management performance in accordance with laws and regulations, indicated in the form of a rating. External assessments are conducted by professionals who monitor and assess environmental performance objectively. [GRI 3-3]

Materials Used in Paint Production

The use of materials in paint production has a significant impact on the environment and the final product. Therefore, it is crucial for us to take a holistic approach to selecting and using materials in paint production. In general, the use of materials in paint production can be divided into two categories: renewable and non-renewable materials. Renewable materials we use include calcium, raw materials of packaging from paper or cardboard, as well as plant-based materials and additives from plants. Meanwhile, the non-renewable materials we use include solvents, pigments, and materials made from plastic. We understand that if not managed properly, these materials will adversely impact the quality of the surrounding environment. Therefore, their usage is continuously monitored and evaluated by the Board of Directors through various performance reports. [GRI 3-3] [POJK F.5]

We also strive to combine the use of various environmentally friendly materials and sustainable production practices in manufacturing better paint products. This allows the Company to contribute to environmental protection while still delivering high-quality products. In this regard, the Company has implemented various efficiency programs that simultaneously contribute to environmental protection by reducing product packaging waste. Our packaging efficiency projects have reduced packaging waste by 205.81 tons, with details as follows:

1. Replacing cardboard packaging with lighter packaging, with a total reduction of 185.22 tons;
2. Reducing cardboard packaging with lighter packaging, with a total reduction of 15.57 tons;
3. Reducing plastic packaging by 3.35 tons;
4. Ensuring 100.00% of plastic gallon and pail packaging is reusable; and
5. Other programs with a reduction of 1.62 tons.

Apart from the efficiency measures, we also prioritize reusing water-based paint sludge for manufacturing processes in the same cycle. This is part of our efforts to minimize the creation of hazardous waste caused by the sludge. In 2023 we were able to reuse sludge as well as returned paint to the manufacturing process in the amount of 1,882.53 tons or 1.31% of the total materials which means we have a material recycle ratio of 11.91 kg/ton of manufactured paint. Furthermore, we also took the initiative to recycle solvent wash in the manufacturing of solvent-based paint. In 2023, we were able to reuse 166.27 tons of washing solvent as raw material for paint at a ratio of 5.68 kg/ton of manufactured paint. We also managed to reduce hazardous waste disposal by 6.36%. [GRI 3-3, 301-2]

In 2023, we also lowered lead and chrome content in our products to 14.00%, exceeding the initial target of 17.90%. This indicates our swift progress towards achieving lead-free and chrome-free products. This accomplishment is supported by the significant increase in the launch of water-based products in 2023.

Information regarding the use of materials in the paint production process is described as follows:

TYPES AND VOLUMES OF MAIN AND SUPPORTING MATERIALS FOR PAINT MANUFACTURE [GRI 301-1]

Material Type	Unit	2023	2022	2021
Renewable Materials	Ton	**72,903.20**	61,888.17	80,411.00
Non-renewable Materials	Ton	**70,887.41**	74,937.20	94,294.00
Total Purchase of Materials	**Ton**	**143,790.61**	**136,825.37**	**174,705.00**

Material Reuse by Product Type

Sludge & Return Paint

2023	2022	2021
1,882.53 Ton	2,567.74 Ton	1,263.45 Ton

Washing Solvent

2023	2022*	2021
166.27 Ton	180.87 Ton	230.05 Ton

Material Reuse Ratio by Product Type

Sludge & Return Paint

2023	2022	2021
11.91 Kg/Ton of Products	17.08 Kg/Ton of Products	6.15 Kg/Ton of Products

Washing Solvent

2023	2022*	2021
5.68 Kg/Ton of Solvent-Based Products	5.81 Kg/Ton of Solvent-Based Products	5.44 Kg/Ton of Solvent-Based Products

Ratio of Renewable Material Usage

2023	2022	2021
50.70%	45.23%	46.03%

Ratio of Recycled Material Usage [GRI 301-2]

2023	2022	2021
1.42%	2.00%	0.85%

* Data restated.



Energy Efficiency

The Company's energy use covers a wide range of activities, from manufacturing to office operations. At the manufacturing facilities, the Company needs energy to operate manufacturing machinery and equipment. While in the offices, energy is needed for lighting, powering various electronic devices, and others. To meet these needs, most of the energy we use comes from electricity, fuel oil (*bahan bakar minyak* or "BBM") and gas obtained from third parties. These energy sources are always used wisely by taking into account their environmental impacts. [GRI 3-3]

We acknowledge that a significant portion of the energy we consume is derived from fossil fuels, sourced from non-renewable natural resources with increasingly limited availability. With this in mind, we are committed to energy efficiency and gradually increasing the proportion of renewable energy sources in our operations. In pursuit of efficiency, a key initiative we have implemented is maximizing the use of energy-efficient LED lighting. Additionally, we have installed transparent fiber roofs in our manufacturing plants and warehouse areas to utilize sunlight as a source of lighting during the day. We have also used street lighting that is powered by solar energy sources. [GRI 3-3, 302-4] [POJK F.7]

As for the manufacturing processes, we have reduced the use of forklifts to move can plates from the can manufacturer and replaced them with a conveyor that directly connects the can manufacturer and the two solvent-based paint manufacturers, and transformed the transfer of materials using pipes from the resin manufacturer to the paint manufacturer. The replacement of forklifts can reduce energy use by 73,610 kgCO_2e or the equivalent of planting 950 trees. We have also conducted a re-layout of the finished goods warehouse and materials warehouse at the Sidoarjo paint plant to improve the efficiency of the distribution process of goods. In addition to reducing the use of forklifts, we have also re-engineered the resin plant processes to reduce cycle time by approximately 20%. The program can increase productivity and reduce energy and emissions. Specifically, for the Sidoarjo plant, we have conducted initiatives for energy efficiency through compressor integration arrangements, substitution of diesel energy for electricity, and replacement of conventional motors with more electricity-efficient inverter motors. Fuel for the boiler and thermo used in our manufacturing activities are powered by State Gas Company (*Perusahaan Gas Negara* or "PGN") which produces lower emissions, as part of our efforts to support the transition towards more environmentally friendly energy sources. [GRI 3-3, 302-4] [POJK F.7]

In addition, we have implemented an energy efficiency program of modifying cooling tower pumps to minimize energy consumption. This innovation is estimated to reduce energy consumption by up to 37.7%, positively resulting in cost savings of approximately IDR475.18 million in 1 year. [GRI 302-4] [POJK F.7]

Our energy usage and efficiency initiatives are continuously monitored and evaluated by the Board of Directors through various periodic performance reports. The Company has been certified with ISO 50001:2018 on Energy Management Systems in 2022, ensuring that energy performance is always monitored and energy efficiency efforts are maximized. [GRI 3-3]

Measurement of the Company's energy use is obtained using a methodology that multiplies the physical unit energy consumption and calorific value of each energy source, including gas, diesel, and electricity. The final results presented for this report are the sum of energy consumption from these various energy sources. [GRI 302-1, 302-4] [POJK F.7]

Energy Conversion from Physical Units to TerraJoules ("TJ")
Σ Energy Use (TJ) = Energy Use (physical unit) x Calorific Value (TJ/physical unit)

Source:
Guidelines for the Implementation of the National Greenhouse Gas Inventory Book II-Volume 1 Methodology for Calculating Greenhouse Gas Emission Levels (Energy Sourcing and Use Activities).

Based on this methodology, information on the Company's energy use in all operational activities is described below:

Energy Usage [GRI 302-1] [POJK F.6]

Energy Source	Unit	2023	2022	2021
Electricity	GJ	**51,149.38**	49,348.66	54,248.59
Fuel Oil (*Bahan Bakar Minyak* or BBM) (Diesel)	GJ	**119,202.34**	118,502.42	122,065.15
Gas	GJ	**43,561.14**	43,483.43	48,089.43
Total Energy Usage	**GJ**	**213,912.86**	**211,334.51**	**224,403.17**

Energy Intensity [GRI 302-3] [POJK F.6]

2023	2022	2021
0.17 GJ/Ton of Product	0.19 GJ/Ton of Product	0.19 GJ/Ton of Product

2023	2022	2021
47.40 kWh/Ton of Product	52.14 kWh/Ton of Product	52.64 kWh/Ton of Product

Energy Efficiency [GRI 302-3] [POJK F.6]

2023	2022	2021
0.02 GJ/Ton of Product	0 GJ/Ton of Product	0.01 GJ/Ton of Product

2023	2022	2021
4.74 kWh/Ton of Product	0.50 kWh/Ton of Product	0.63 kWh/Ton of Product

In total, the Company was able to reduce the total energy intensity of paint manufacturing from 52.14 kWh/ton of product to 47.40 kWh/ton of product, resulting in a 10.16% decrease in energy intensity in 2023. This calculation includes self-generated and purchased energy for the Company's operations.

Usage of Renewable Energy [POJK F.7]

In addition to focusing on implementing energy efficiency programs, the Company has gradually used renewable energy sources that reduce greenhouse gas emissions, dependence on fossil fuels, and other negative environmental impacts. This is also part of the Company's efforts to implement sustainable production practices. In 2023, we have installed additional solar panels on top of the Flamboyan warehouse totaling 660 panels with a generated energy capacity of 300.30 kWp. The use of renewable energy can reduce emissions by 435,887 kgCO_2e or equivalent to planting 4,880 trees. This initiative was positively recognized by external parties, by receiving the Going Green is Good for Your Business award from Xurya Daya Indonesia. We will continue to increase the installation of solar panels in the following years to increase the proportion of the use of renewable energy sources. Information on the Company's renewable energy usage is described below:

Energy Source	Unit	2023	2022	2021
Solar Energy, Hydropower, etc	GJ	**1,814.71**	906.82	674.91
Total Renewable Energy Usage	**GJ**	**1,814.71**	**906.82**	**674.91**

Water Usage

Water is an essential need for the Company in carrying out operational activities. We use water to meet various purposes, such as the manufacturing processes and various other supporting activities. Given that water is essential for our livelihood, the Company is committed to using water wisely and implementing water management practices to ensure that its operational activities do not negatively impact clean water availability in the surrounding environment. In addition to sourcing from third parties, the Company's water needs are met by underground wells at the manufacturing site. The existence of these underground water wells has complied with local government permits and environmental permits such that there are no negative impacts on the environment. [GRI 3-3] [POJK F.8]

To preserve future water availability, we have implemented various water efficiency programs, including reusing used water for other purposes. We utilize rinsing water from tanks cleaning and sanitizing processes in raw material mixtures, while still emphasizing quality standards. In 2023, we were able to reuse 0.65 megaliters of industrial wastewater or a ratio of 5.06 L/ton of water-based products. In addition to reusing wastewater, we constantly ensure that our wastewater management is in accordance with applicable standards and regulations. To manage liquid waste from domestic processes at the paint manufacturing sites, we have implemented a Sewage Treatment Plant. Additionally, filtration and ozonation are used to treat industrial wastewater. We also continuously supervise water management practices and report the results to the relevant agencies every month to ensure that no wastewater exceeds the specified quality threshold. [GRI 3-3, 303-1, 303-2] [POJK F.8]

The Company has also implemented a cooling system and rainwater harvesting system, significantly reducing water consumption. In addition, the Company also has a flowmeter in place to monitor the water flow rate in the rainwater harvesting system. [GRI 3-3, 303-1, 303-2] [POJK F.8]

Information on the Company's water usage in all operational activities is described as follows:

WATER USAGE AND INTENSITY [GRI 303-3] [POJK F.8]

Water Source	Unit	2023	2022	2021
Groundwater	Megaliter	**99.32**	79.25	84.32
Third-Party (*Perusahaan Daerah Air Minum* or PDAM)	Megaliter	**42.36**	34.73	45.94
Total Water Usage	**Megaliter**	**141.68**	**113.98**	**130.26**
Intensity of Water Usage	**Megaliter/Ton of Product**	**0.0009**	**0.0008**	**0.0008**

Water Disposal [GRI 303-4]

Domestic			Industry		
2023	2022	2021	2023	2022	2021
3.71 Megaliter	3.70 Megaliter	4.36 Megaliter	0.12 Megaliter	0.44 Megaliter	0.18 Megaliter

Chemical Oxygen Demand ("COD") [GRI 303-4]

Domestic			Industry		
2023	2022	2021	2023	2022	2021
11.93 Ton	2.48 Ton	0.90 Ton	5.49 Ton	5.13 Ton	5.17 Ton

Throughout 2023, the Company's daily COD value has met government standards stipulated in East Java Governor Regulation No. 52 of 2014 on Quality Standards for Paint and Ink Industry Wastewater, as well as Regulation of the Minister of Environment and Forestry of the Republic of Indonesia No. P.68/Menlhk/Setjen/Kum.1/8/2016 on Domestic Waste. Daily COD values were obtained from analytical test data published by a laboratory certified by the National Accreditation Committee (*Komite Akreditasi Nasional* or KAN).

Ratio of Industrial Wastewater Recycle

2023	5.06 Liter/Ton of Water-Based Products
2022	5.22 Liter/Ton of Water-Based Products
2021	4.80 Liter/Ton of Water-Based Products

Emissions Management

The impacts of climate change are increasingly felt today, as the average temperature of the Earth's surface increases. Climate change is triggered by global warming, which is caused by increased emissions of carbon dioxide and greenhouse gases ("GHG") generated by the use of fossil fuels, forest fires, waste, and industrial processes. As the threat of global warming becomes more evident, including its potential negative impacts on our livelihoods, the Indonesian government has committed to taking a role in reducing greenhouse gas emissions. This commitment was reinforced by the issuance of Presidential Regulation No. 61/2011 on the National Action Plan for Reducing Greenhouse Gas Emissions (*Rencana Aksi Nasional Penurunan Emisi Gas Rumah Kaca* or "RAN-GRK"), which is a working document containing efforts to reduce greenhouse gas emissions in Indonesia. This Presidential Regulation has been followed by the issuance of Presidential Regulation No. 71 of 2011 on the Implementation of the National Greenhouse Gas Inventory. [GRI 3-3]

As a company that contributes to GHG emissions, we are also committed to supporting government steps and policies to reduce the negative impacts of greenhouse gases. In this regard, we have signed a hub zero net agreement with member companies of the Indonesian Chamber of Commerce and Industry (*Kamar Dagang dan Industri Indonesia* or "Kadin") as part of the commitment to achieve zero net emissions by 2050. The tangible steps that the Company has taken are mainly through low-carbon manufacturing processes. Gradually, we have reduced the use of forklifts to move can plates from the can manufacturer and replaced them with a conveyor that directly connects the can manufacturer and the two solvent-based paint manufacturers and transformed the material transfer to pipelines from the resin manufacturer to the paint manufacturer. We have also replaced diesel-based forklifts with electric ones to reduce GHG emissions directly resulting from the use of fossil fuels. In addition to lowering the amount of emissions produced, we also conduct carbon emission compensation activities by planting Acacia Curmis (*Acacia Auriculiformis*) trees on the slopes of Mount Arjuno, Pasuruan, as many as 5,000 trees. To date, the Company has planted 10,000 trees. [GRI 3-3] [POJK F.12]

We also periodically measure emissions in our operational areas and conduct evaluations to seek innovations that may reduce GHG. The base year we use to calculate greenhouse gas emissions is 2021, as in that year the Company had just started a comprehensive greenhouse gas emission inventory process using a digitized system that facilitates the monitoring process. [GRI 305-1]

During the reporting year, we have measured the level of greenhouse gas emissions produced, both scope 1 greenhouse gas emissions and scope 2 greenhouse gas emissions. The main source of scope 1 greenhouse gas emissions is the consumption of fossil fuels, while scope 2 emissions come from the generation of electricity purchased or obtained from State Electricity Company (*Perusahaan Listrik Negara* or "PLN"). The calculation is based on the following formula: [GRI 3-3, 305-1, 305-2]

Scope 1 Greenhouse Gas Emissions

Σ Emission = Fuel Consumption (liter) x Emission Factor (Kg/Tj)[2]) x NCV (Tj/liter)

Scope 2 Greenhouse Gas Emissions

Σ Emission = Electricity Consumption (kWh) x Emission Factor ($kgCO_2$/kWh)

Greenhouse Gas Emissions Produced

Emission Source	Unit	2023	2022	2021
Scope 1 Greenhouse Gas Emissions [GRI 305-1] [POJK F.11]				
Fuel Oil (*Bahan Bakar Minyak* or BBM) (Diesel)	$TonCO_2e$	**292.12**	488.62	890.17
Gas	$TonCO_2e$	**2,443.65**	2,439.29	2,697.68
Total Scope 1 Emissions	**$TonCO_2e$**	**2,735.77**	**2,927.91**	**3,587.85**
Indirect Scope 2 Greenhouse Gas Emissions [GRI 305-2] [POJK F.11]				
Electricity from PLN	$TonCO_2e$	**8,581.65**	8,480.08	9,797.75
Total Scope 2 Emissions	**$TonCO_2e$**	**8,581.65**	**8,480.08**	**9,797.75**
Total Scope 1 and Scope 2 Emissions	**$TonCO_2e$**	**11,317.42**	**11,408.00**	**13,385.60**

The Intensity of Scope 1 and Scope 2 Greenhouse Gas Emissions [GRI 305-4] [POJK F.11]

2023	**23.27** $KgCO_2e$/Ton of Product
2022	**25.15** $KgCO_2e$/Ton of Product
2021	**24.83** $KgCO_2e$/Ton of Product

EMISSIONS NEUTRALIZATION PROGRAM THROUGH PLANTING TREES [GRI 305-5] [POJK F.12]

Emission Source	Unit	2023	2022	2021
Mount Arjuno				
Total Trees Planted	Trees	**10,000**	5,000	0
Type of Trees Planted	Type	**2**	2	0
Carbon Sequestration Value	**$KgCO_2e$**	**765,100**	**520,100**	**0**

Emission Source	Unit	2023	2022	2021
The Company's Environment				
Total Trees Planted	Trees	**4,880**	1,797	818
Type of Trees Planted	Type	**92**	67	41
Carbon Sequestration Value	**$KgCO_2e$**	**435,887**	**421,237**	**398,941**

Notes: Data is accumulated from year to year.

Through various energy efficiency and emission strategies, in 2023, the Company successfully reduced scope 1 and scope 2 GHG emissions by 90.58 TonCO_2e compared to the previous year. When compared to the 2021 baseline, the Company has reduced its scope 1 and scope 2 GHG emissions by 15.45%.

Emissions of Ozone-Depleting Substances [GRI 305-6]

The use of goods or materials that destroy the ozone can have negative impacts on the environment, especially on climate change. Ozone-Depleting Substances ("ODS") are chemical compounds that have the potential to react with ozone molecules in the stratosphere. ODS are commonly used for air conditioning machines, refrigerators, and light fire extinguishers (*alat pemadam api ringan* or "APAR") cylinders.

Irresponsible use of ODS will lead to the erosion of the ozone layer resulting in environmental degradation, limited clean water sources, damage to the marine food chain, and other environmental problems. We recognize the environmental risks involved in the use of ODS and are committed to implementing policies to reduce and even shift towards more environmentally friendly materials.

We have analyzed our operations at the plants and offices to determine whether or not ODS are being used. The results of the analysis indicate potential uses of ODS in supporting operational activities at the plant and office sites, i.e., the use of air conditioners and fire extinguishers. In accordance with our commitment to reduce GHG emissions, including those caused by ODS, we have several policies in place, among others:

1. Using environmentally friendly R 410 air conditioners; and
2. Using non-CFC and non-Halon fire extinguishers.

As for manufacturing activities, our analysis showed that no ODS were generated.

Air Emissions of Nitrogen Oxides (NO_x), Sulfur Oxides (SO_x), and Other Significant Air Emissions [GRI 305-7]

Conventional gas emissions in the form of NO_x, SO_x, and other air emissions are generated from the paint manufacturing process. We strive to manage these conventional emissions in accordance with the quality standards set by the government while reducing their generation. We routinely carry out monitoring and reporting procedures, the results of which will be used as the basis for continuous improvement in emissions management. Based on the results of emission monitoring conducted by the KAN-Certified Laboratory in 2023, the parameters of NO_x and SO_x have met the environmental quality standards.

The monitoring results for the last 3 years are described as follows:

Parameter	Unit	Government Quality Standard	2023	2022	2021
NO_x	mg/Nm3	650	**70.33**	41.27	112.64
SO_x	mg/Nm3	150	**4.63**	9.64	13.76

Notes: The quality standard value is adjusted to the East Java Governor Regulation No. 10 Year 2009.

Waste Management and Utilization

The Company's operational activities generate waste. Based on substance type, the generated waste consists of solid waste and liquid waste. Based on category, the Company's waste consists of hazardous waste and non-hazardous waste. We are highly committed to managing each generated waste to prevent it from adversely affecting the environment, causing harm to human health, contaminating soil and waters, changing air temperature and quality, and contributing to climate change. All waste treatment is carried out in accordance with the standards so that it does not exceed the quality standard thresholds stipulated in laws and regulations or licenses. In addition, we also work with third parties who have recycling permits to utilize the Company's waste, especially hazardous waste. [GRI 3-3, 306-1]

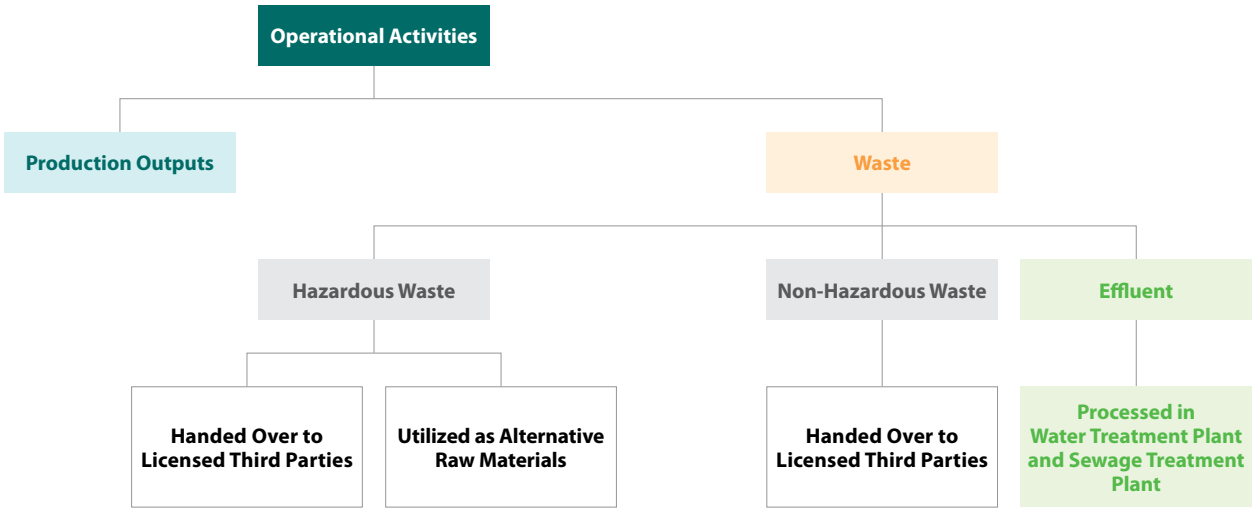
A comprehensive overview of waste generation and management across the Company's business processes can be seen below:

IDENTIFICATION OF WASTE IMPACTS AND MANAGEMENT [306-1]

Type of Operational Activities	Type of Waste Generated	Impacts of Waste on the Environment	Management Efforts
Raw Material Storage	• Sludge; • Used Lubricant Oil; • Used Hazardous Waste Packaging; • Rags (*Kain Majun*); • Used Battery; • Plastic Waste; and • Inorganic and Non Recyclable Waste.	Soil, water, and air pollution.	• Dispose of waste to Hazardous Waste Temporary Disposal Site (*Tempat Pembuangan Sampah* or "TPS"); • Using rags/sand; and • Exhause for indoor air circulation.
Mixing	• Sludge; • Used Lubricant Oil; • Used Hazardous Waste Packaging; • Rags; and • Used Solvents.	Soil, water, and air pollution or odors.	
Grinding	• Sludge; • Used Lubricant Oil; • Used Hazardous Waste Packaging; and • Rags.	Soil, water, and air pollution or odors.	
Filling	• Sludge; • Used Lubricant Oil; • Used Hazardous Waste Packaging; • Rags; and • Used Solvents.	Soil and air pollution or odors.	
Tinting	• Sludge; • Used Lubricant Oil; • Used Hazardous Waste Packaging; and • Rags.	Soil, water, and air pollution.	• Disposing of waste to Hazardous Waste TPS; • Using rags/sand; • Covering the tank during the process; and • Installing ventilator on the roof area of the tinting tank.
Packing	• Sludge; • Used Lubricant Oil; • Used Hazardous Waste Packaging; • Used Battery; and • Rags.	Soil, water, and air pollution or odors.	• Disposing of waste to Hazardous Waste TPS; and • Using rags/sand.

CLASSIFICATION OF IMPACTS OF WASTES GENERATED

Primary Impact	Secondary Impact
• Global warming potential; • Ozone depletion potential; • Acid rain potential; and • Eutrophication potential.	• Photochemical oxidation; • Abiotic (fossil and non-fossil) decline potential; • Biotic decline potential; • Carcinogenic; • Toxicity; • Water footprint; and • Land use change.



In addition to waste management, we implement a reduce, reuse, recycle ("3R") program for returned paint waste, which is generally due to damaged packaging during storage, errors in customer orders, and other causes. The returned paint is sorted according to its condition to be recycled by processing it into paint products for special purposes. Returned paint is also used as raw material to make new paint with specifications that match the type of material so that no returned paint is wasted. For hazardous waste that cannot be treated, the Company makes efforts to collect, separate, and hand over hazardous waste to collectors, transporters, processors, and users of hazardous waste who are licensed by the Government. Meanwhile, non-hazardous waste from activities is collected in each business unit to be handed over to waste collectors in accordance with the provisions of the Sanitation Agency in each location. In 2023, non-hazardous waste accounted for only 17.27% of the overall waste from paint plants. [GRI 3-3, 306-2, 306-4] [POJK F.13, F.14]

Information on the amount of waste generated from the Company's operational activities is described below:

Total Generated Waste [GRI 306-3] [POJK F.13]

Type of Waste	Unit	2023	2022	2021
Hazardous Waste				
Solid	Ton	**806.69**	850.81	449.18
Liquid	Ton	**80.08**	96.15	125.04
Total Hazardous Waste	**Ton**	**886.77**	**946.96**	**574.22**
Non-Hazardous Waste				
Total Non-Hazardous Waste	**Ton**	**185.07**	**157.68**	**98.14**
Total Generated Waste	**Ton**	**1,071.84**	**1,104.64**	**672.36**

Through various waste efficiency and management strategies, in 2023, the Company successfully reduced total generated waste by 32.80 tons compared to the previous year.

Transport and Reuse of Waste and Effluent [GRI 306-4]

The Company is committed to managing generated waste through various processes, including transportation and treatment. The total hazardous waste that is handed over to third parties for transport, and waste that is treated and reused by the Company, is described as follows:

Type of Waste	Unit	2023	2022	2021
Hazardous Waste Handed Over to Third Parties	Ton	**886.77**	946.96	574.22
Reuse of Hazardous Waste				
Industrial Waste	Ton	**1,820.24**	2,482.98	1,263.45
Washing Solvent	Ton	**166.27**	180.87*	230.05
Sludge	Ton	**62.29**	84.76	0
Total Reuse of Hazardous Waste	**Ton**	**2,048.79**	**2,748.61***	**1,493.50**
Reuse of Effluent				
Cleaning Water				
Water-Based Paint	Liter	**376,188**	370,466	326,014
Water-Based Resin	Liter	**275,536**	252,069	331,317
Total Reuse of Effluent	**Liter**	**651,724**	**622,535**	**657,331**

* Data restated.

Effluent Discharge from Water Treatment Plant and Sewage Treatment Plant Processes Plant

2023	2022	2021
3.83 Megaliter	**4.14** Megaliter	**4.54** Megaliter

Spill Incident

Spills of chemicals, oil, fuel, or other hazardous substances may negatively impact soil, water, air quality, biodiversity, and human health. Therefore, we carefully manage the use of various materials or substances with spillage risks. The efforts were successful as demonstrated by the absence of spill incidents of chemicals, oil, fuel, waste, or other hazardous substances in 2023. Therefore, no significant adverse impacts were attributed to the Company in connection with these incidents. [GRI 306-3] [POJK F.15]

Biodiversity

Biodiversity represents the variety of living organisms with diverse variations within a specific environment. Indonesia's diverse natural landscape has prompted the Company to actively participate in preserving biodiversity through various conservation programs for flora and fauna, aligned with the Company's business scope. For us, protecting biodiversity is crucial to ensure the survival of flora and fauna species, genetic diversity, and natural ecosystems. Beyond that, we recognize that natural ecosystems provide clean air and water, contributing to food security and human health. Biodiversity also directly contributes to local livelihoods, making it essential for poverty reduction, and sustainable development. [GRI 3-3]

In this regard, we have conducted an Acacia Curmis tree planting program on the slopes of Mount Arjuno, Pasuruan, covering an area of 5.5 hectares. In 2023, we planted a total of 5,000 trees. Therefore, the number of trees we have planted from the beginning, has reached 10,000 trees, and was able to absorb greenhouse gas emissions of approximately 765,100 kgCO_2e. In addition, we also realized a reforestation program in the area of our plants, in addition to plant seeding. With these efforts, we hope to increase biodiversity, both flora and fauna. [GRI 304-3] [POJK F.10]

Additionally, the Company also ensures that none of our operational areas are adjacent to or intersect with protected areas, conservation areas, or areas with high biodiversity value. Therefore, our operations have no negative impact on biodiversity. [GRI 304-1, 304-2] [POJK F.9]

Environmental Management Costs

In an effort to preserve the environment, we regularly budget a certain amount of funds for the smooth implementation of various activities carried out. We also continue to strive for cost efficiency by looking for third parties as users, so that environmental management costs may be further reduced. Information on the amount of costs incurred by the Company is described as follows: [POJK F.4]

Environmental Management Costs

2023	**1,059** Million Rupiah
2022	**1,524** Million Rupiah
2021	**1,257** Million Rupiah

Complaints on Environmental Issues [GRI 2-25] [POJK F.16]

We provide access for all stakeholders who feel disadvantaged due to environmental issues caused by the Company's operational activities so that they are able to submit their complaints through monthly meetings organized by the Company with local village officials. Any incoming report of complaint will be processed and followed up properly and professionally. If necessary, the Company will hold further face-to-face forums with the relevant parties, to further determine what steps will be taken to resolve the existing problems.

Over the past 3 years, we have not received any material and significant complaints related to environmental issues. [GRI 2-16]

Environmental Compliance

We consistently ensure that all operational activities comply with prevailing environmental laws and regulations in the Republic of Indonesia, implemented through management and monitoring to improve environmental performance. The Company's environmental programs have been well implemented, allowing us to maintain positive results in the Public Disclosure Program for Environmental Compliance ("PROPER") with a Green rating. We are the only Indonesian paint company to have been awarded the Green PROPER by the Ministry of Environment and Forestry for 2 consecutive years. This rating demonstrates that we have gone beyond the compliance standards in environmental management.


Avian




Pengecatan




Avian

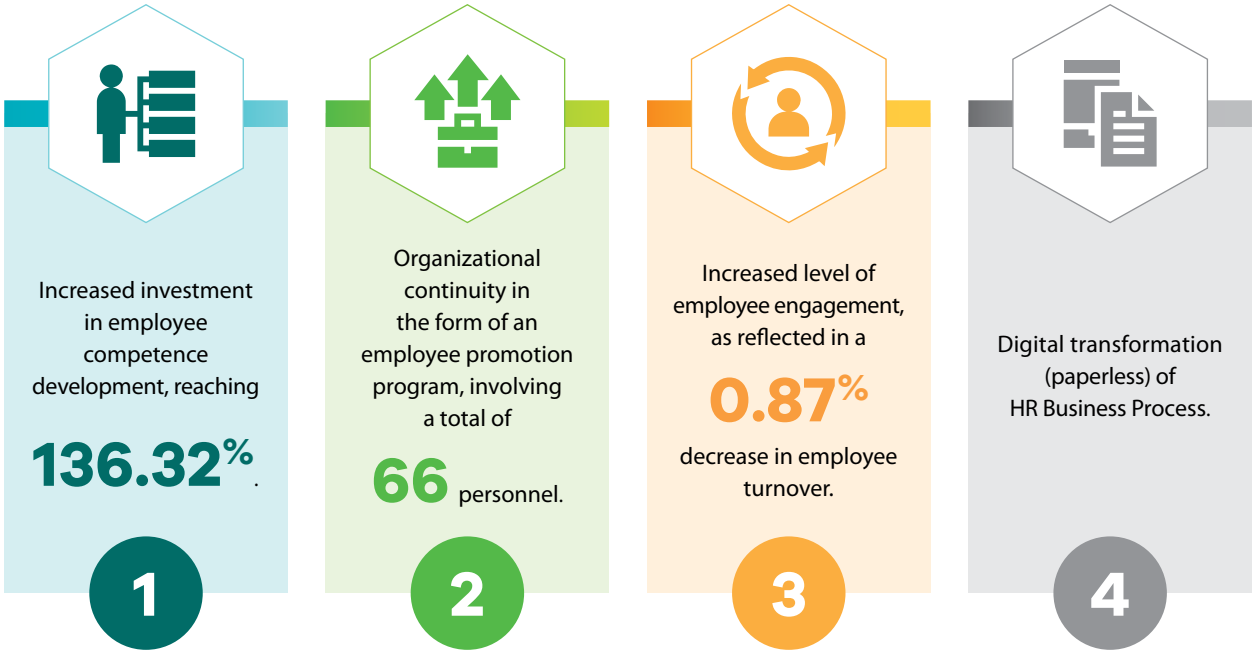
Maintaining the Growth of the Company's Personnel

"The Company understands that our employees are our main foundation in implementing sustainable business practices. With that in mind, we are committed to providing a decent, safe and healthy working environment. In addition, we continue to encourage the development and optimization of employee potential for mutual progress, both for employee development and the Company's performance."




Avian
BRANDS
Avian
Innovation
Center

OUR ACHIEVEMENT [GRI 3-3]

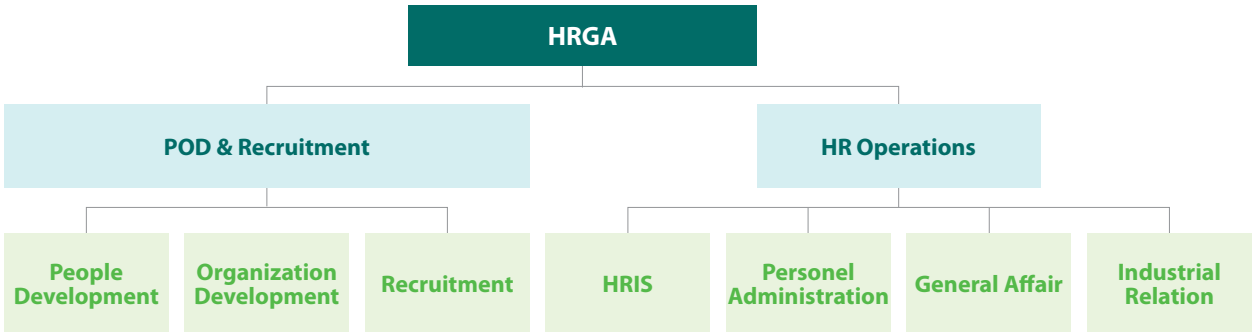


The Company's success in maintaining a competitive advantage amid the dynamic paint industry competition is inseparable from the presence of our employees, both the Company's employees and outsourced employees, who continue to develop in accordance with the industry needs and trends. Therefore, we continuously fulfill the needs of each employee in accordance with applicable laws and regulations as well as best practices in similar industries. We consistently maintain our commitment to the fulfillment of employee rights without discrimination. A decent, safe and healthy working environment remains our priority through the implementation of the Occupational Health and Safety Management System. All programs related to employee management are evaluated regularly to minimize gaps between their implementation and the best practices in similar industries as well as the accuracy of the intended aims and targets. [GRI 3-3]

Human Resources Management

Human resources ("HR") is one of the important factors in supporting the Company's growth. As a company that always produces innovative products, the Company requires human resources who have the knowledge and skills concerning products, processes, and improvements to always present the best products to the public. Moreover, employees are also the frontline of service and, therefore, are instrumental in shaping the Company's image as a company with the ability to produce paint product variants with reliable product quality and provide the best services. This has allowed the Company to maintain its position as the public's first choice. This understanding serves as the foundation for us to constantly fulfill our commitment to managing our HR in a professional, effective, and calculated manner in order to develop employees with excellence, competence, and integrity. In managing our employees, the Company has established Human Resource and General Affair ("HRGA") units, specifically units in charge of Employee Development, Organizational Development, Recruitment, Human Resource Information System ("HRIS"), Human Resource Operations, as well as General Affair and Industrial Relation as the responsible organs. We continuously ensure that every employee responsible for managing the Company's HR possesses the relevant skills and expertise, by conducting competence certifications of Certified Human Resource Manager ("CHRM") and Assessment Center Assessor Certification ("ACAC").

More detailed information about the Company's HR management structure is described as follows: [GRI 3-3]



In addition, the Company is committed to creating a productive and comfortable working environment for all employees. This is manifested in the formulation and review of the effectiveness of Company-wide Standard Operating Procedures ("SOP") consisting of 9 SOPs, 1 standard, and 18 forms in 2023.

Diversity and Equality [POJK F.18]

The Company respects and values the differences between people, in terms of gender, class, skin color, ethnicity, religion, race, social status, political views, and so on. For us, diversity is a privilege that brings color to our social life. In line with this, we are committed to creating an inclusive and conducive work environment with equal treatment of all employees. This commitment is realized by the implementation of anti-discrimination policies stipulated in the Business Ethics and Code of Conduct, and absorbed into the Company's internal policies and SOPs, particularly the Anti-discrimination SOP (AA-HRD-SOP-29). The implementation of the policy regulates matters related to the recruitment process, competence development, career development, and the granting of employee rights, which rely fully on the competence and performance of each employee and do not prioritize any particular gender.

Employees can express themselves in accordance with their respective talents and skills, resulting in significant performance productivity. On the other hand, the Company will respond to discriminatory treatment in any form, which can be reported in accordance with the complaint procedure and the Whistleblowing System. Any proven discriminatory actions may be subject to sanctions in accordance with the Disciplinary procedure, including Termination of Employment. [GRI 3-3] [POJK F.18]

The Company's commitment to diversity resulted in zero discrimination incidents during the reporting year. Therefore, no remediation is being or has been implemented. [GRI 406-1]

Compared to the previous year, the total employees of AVIA, TKTW, and TKBI in 2023 increased by 4.97% to 8,477 personnel. This reflects AVIA's continued growth as an organization, and its capacity to provide more jobs to the community compared to the previous year, at a time when other companies were cutting back. In addition to promoting gender equality and anti-discrimination, we also strive to maintain organizational excellence amid evolving economic and business dynamics. Our commitment to realizing gender equality and anti-discrimination is described in the following table: [GRI 3-3]

EMPLOYEE DEMOGRAPHICS [GRI 2-7, 405-1] [POJK C.3]

Description	2023**				2022**				2021*			
	Male	%	Female	%	Male	%	Female	%	Male	%	Female	%
Total Employees by Gender and Employment Status												
Permanent Employees	**997**	**71.83**	**391**	**28.17**	929	74.50	318	25.50	893	72.13	345	27.87
Non-Permanent Employees	**128**	**57.92**	**93**	**42.08**	119	42.50	161	57.50	111	53.37	97	46.63
Outsourced	**5,629**	**81.96**	**1,239**	**18.04**	5,403	82.50	1,146	17.50	5,276	84.51	967	15.49
Total	**6,754**	**79.67**	**1,723**	**20.33**	**6,451**	**79.88**	**1,625**	**20.12**	**6,280**	**81.68**	**1,409**	**18.32**

Description	2023**				2022**				2021*			
	Male	%	Female	%	Male	%	Female	%	Male	%	Female	%
Total Employees by Gender and Workers' Status* **												
Full-time Employees	**6,754**	**79.67**	**1,723**	**20.33**	6,451	79.88	1,625	20.12	6,280	81.68	1,409	18.32
Total	**6,754**	**79.67**	**1,723**	**20.33**	**6,451**	**79.88**	**1,625**	**20.12**	**6,280**	**81.68**	**1,409**	**18.32**
Total Employees by Gender and Education Level												
Master's Degree	**19**	**63.33**	**11**	**36.67**	16	69.57	7	30.43	8	80.00	2	20.00
Bachelor's Degree	**1,226**	**67.10**	**601**	**32.90**	1,125	68.10	527	31.90	1,005	68.88	454	31.12
Diploma (D3)	**189**	**62.79**	**112**	**37.21**	171	62.18	104	37.82	175	61.84	108	38.16
≤High School and Equivalent	**5,320**	**84.19**	**999**	**15.81**	5,139	83.89	987	16.11	5,092	85.77	845	14.23
Total	**6,754**	**79.67**	**1,723**	**20.33**	**6,451**	**79.88**	**1,625**	**20.12**	**6,280**	**81.68**	**1,409**	**18.32**
Total Employees by Gender and Age												
>50 Years Old	**130**	**90.28**	**14**	**9.72**	113	88.28	15	11.72	99	89.19	12	10.81
36 – 50 Years Old	**1,814**	**83.71**	**353**	**16.29**	1,713	84.05	325	15.95	1,614	83.84	311	16.16
18 – 35 Years Old	**4,810**	**78.01**	**1,356**	**21.99**	4,625	78.26	1,285	21.74	4,567	80.79	1,086	19.21
<18 Years Old	**0**	**0**	**0**	**0**	0	0	0	0	0	0	0	0
Total	**6,754**	**79.67**	**1,723**	**20.33**	**6,451**	**79.88**	**1,625**	**20.12**	**6,280**	**81.68**	**1,409**	**18.32**
Total Employees by Gender and Position												
Deputy Director	**16**	**94.12**	**1**	**5.88**	16	94.12	1	5.88	15	88.24	2	11.76
Manager	**207**	**85.19**	**36**	**14.81**	186	84.55	34	15.45	171	85.07	30	14.93
Supervisor	**454**	**69.31**	**201**	**30.69**	419	71.02	171	28.98	412	71.65	163	28.35
Staff	**448**	**64.55**	**246**	**35.45**	428	61.06	273	38.94	1,529	84.94	271	15.06
Outsourced	**5,629**	**81.96**	**1,239**	**18.04**	5,402	82.50	1,146	17.50	4,153	81.50	943	18.50
Total	**6,754**	**79.67**	**1,723**	**20.33**	**6,451**	**79.88**	**1,625**	**20.12**	**6,280**	**81.68**	**1,409**	**18.32**

Notes:
* AVIA and TKTW;
** AVIA, TKTW, and TKBI; and
*** All AVIA, TKTW, and TKBI employees are full-time employees and therefore there are no part-time employees.

Employee demographics in the table above represent the Company's overall employee composition, which consists of direct and indirect workers. Direct workers consist of permanent and non-permanent employees, while indirect workers consist of outsourced employees whose composition is explained in the table above. [GRI 2-8]

Our commitment to promoting equality has also been implemented at the Manager level and above. In 2023, out of the entire AVIA, TKTW, and TKBI employees at the Manager and Deputy Director level, there has been an increase from 35 female employees in 2022 to 37 female employees out of a total of 260 employees in 2023.

FEMALE EMPLOYEE INVOLVEMENT AT MANAGER AND DEPUTY DIRECTOR LEVELS



2023**
37 out of **260** Employees

2022**
35 out of **237** Employees

2021*
32 out of **218** Employees

Notes:
* AVIA and TKTW; and
** AVIA, TKTW, and TKBI.

Employee Recruitment and Turnover

In line with implementing the equality principle, all of the Company's recruitment processes are carried out transparently and without discrimination in any form, which includes the non-existence of the practice of recruitment fees and gender criteria in employee recruitment. The employee recruitment process is carried out selectively, by considering the compatibility of job requirements with the competencies of prospective employees. Thus, all qualified candidates can participate in the recruitment process, either through e-recruitment on the Company's website or other job vacancy channels.

To meet the needs of permanent employees, we employ 2 recruitment systems, namely internal and external recruitment. Internal recruitment includes promotions, mutations, and rotations, specifically at the permanent employee level. Employee mutations and rotations are based on the evaluation of an employee's eligibility for the position, measured by conducting competence assessments, and specifically for the purpose of promotions, assessments are carried out by superiors to their subordinates as well as a series of other assessment processes. Meanwhile, external recruitment is carried out by directly recruiting employees from outside the Company to fulfill the needs of employees. Both systems allow the Company to obtain employees with relevant quality and competence.

The total number of employees recruited by AVIA, TKTW and TKBI to fill permanent positions throughout 2023 reached 246 people. This recruitment was mainly influenced by the development of support areas for the Subsidiaries. Meanwhile, the turnover rate of AVIA, TKTW, and TKBI's permanent employees reached 0.89%, a decrease from the previous year. The composition of recruitment and turnover of permanent employees of AVIA, TKTW, and TKBI is described as follows: [GRI 401-1]

RECRUITMENT OF PERMANENT EMPLOYEES [GRI 401-1]

Description	2023**		2022**		2021*	
	Total	%	Total	%	Total	%
Recruitment of Permanent Employees by Age						
>50 Years Old	**0**	**0**	1	0.42	0	0
36 – 50 Years Old	**209**	**84.96**	53	22.27	50	26.46
18 – 35 Years Old	**37**	**15.04**	184	77.31	139	73.54
<18 Years Old	**0**	**0**	0	0	0	0
Total	**246**	**100.00**	**238**	**100.00**	**189**	**100.00**
Recruitment of Permanent Employees by Gender						
Male	**167**	**67.89**	177	74.37	155	82.01
Female	**79**	**32.11**	61	25.63	34	17.99
Total	**246**	**100.00**	**238**	**100.00**	**189**	**100.00**
Recruitment of Permanent Employees by Operational Areas						
AVIA						
Surabaya	**31**	**12.60**	26	10.92	18	9.53
Sidoarjo	**30**	**12.20**	62	26.05	64	33.86
Serang	**10**	**4.07**	10	4.20	1	0.53
Cirebon	**2**	**0.81**	0	0	0	0
TKTW & TKBI						
Area 1A North Sumatra	**13**	**5.29**	10	4.20	4	2.12
Area 1B South Sumatra	**15**	**6.10**	13	5.47	8	4.23
Area 2 Jabodetabekser	**6**	**2.44**	4	1.68	2	1.06
Area 3 West Java	**11**	**4.47**	13	5.46	7	3.70
Area 4 Central Java	**8**	**3.25**	10	4.20	10	5.29
Area 5 East Java	**46**	**18.70**	43	18.07	42	22.22
Area 6 Sulawesi	**16**	**6.50**	12	5.04	7	3.70
Area 7 Kalimantan	**22**	**8.94**	13	5.47	16	8.47
Area 8 Eastern Indonesia	**36**	**14.63**	22	9.24	10	5.29
Total	**246**	**100.00**	**238**	**100.00**	**189**	**100.00**

TURNOVER OF PERMANENT EMPLOYEES [GRI 401-1]

Description	2023**		2022**		2021*	
	Total	%	Total	%	Total	%
Turnover of Permanent Employees by Age						
>50 Years Old	**11**	**8.40**	3	1.52	3	2.54
36 – 50 Years Old	**45**	**34.35**	119	60.41	62	52.54
18 – 35 Years Old	**75**	**57.25**	75	38.07	53	44.92
<18 Years Old	**0**	**0**	0	0	0	0
Total	**131**	**100.00**	**197**	**100.00**	**118**	**100.00**
Turnover of Permanent Employees by Gender						
Male	**100**	**76.34**	121	61.42	94	79.66
Female	**31**	**23.66**	76	38.58	24	20.34
Total	**131**	**100.00**	**197**	**100.00**	**118**	**100.00**
Turnover of Permanent Employees by Operational Area						
AVIA						
Surabaya	**6**	**4.58**	9	4.57	6	5.08
Sidoarjo	**15**	**11.45**	91	46.19	22	18.64
Serang	**6**	**4.58**	13	6.60	8	6.78
Cirebon	**0**	**0**	0	0	0	0
TKTW & TKBI						
Area 1A North Sumatra	**5**	**3.82**	4	2.03	4	3.39
Area 1B South Sumatra	**11**	**8.40**	9	4.57	10	8.47
Area 2 Jabodetabekser	**7**	**5.34**	3	1.52	5	4.24
Area 3 West Java	**9**	**6.87**	10	5.08	13	11.02
Area 4 Central Java	**7**	**5.34**	16	8.12	10	8.47
Area 5 East Java	**15**	**11.45**	19	9.64	19	16.10
Area 6 Sulawesi	**14**	**10.69**	6	3.05	6	5.08
Area 7 Kalimantan	**17**	**12.98**	6	3.05	9	7.63
Area 8 Eastern Indonesia	**19**	**14.50**	11	5.58	6	5.08
Total	**131**	**100.00**	**197**	**100.00**	**118**	**100.00**
Turnover of Permanent Employees by Reason						
Retirement	**7**	**5.34**	0	0	3	2.54
Resignation	**73**	**55.73**	94	47.71	66	55.93
Termination of Employment	**42**	**32.06**	22	11.17	23	19.50
Death	**3**	**2.29**	1	0.51	4	3.39
Change in Employment Status	**6**	**4.58**	80	40.61	22	18.64
Total	**131**	**100.00**	**197**	**100.00**	**118**	**100.00**
Turnover of Permanent Employees by Position						
Deputy Director	**0**	**0**	2	1.02	1	0.85
Manager	**19**	**14.50**	16	8.12	10	8.47
Supervisor	**83**	**63.36**	72	36.55	74	62.71
Staff	**29**	**22.14**	107	54.31	33	27.97
Total	**131**	**100.00**	**197**	**100.00**	**118**	**100.00**

Notes:
* AVIA and TKTW; and
** AVIA, TKTW, and TKBI.

This calculation of employee recruitment and turnover does not include outsourced employees due to the high fluctuation of outsourced employees which is dependent on the increase or decrease in production.

Employee Competence Development [POJK F.22][GRI 404-2]

Excellent, competent, dedicated and ethical human resources is a major factor in achieving the Company's vision, mission and goals. Therefore, we develop strategic policies on continuous employee development. We believe that a focus on developing employee competence will improve our internal business processes, which in turn will drive the Company's performance. This commitment to improving competence across all processes is also critical to the development and manufacture of innovative and competitive products. The competence development program is implemented through training and certifications, special assignments, and coaching and mentoring schemes based on the Company's development needs and priorities formulated by the HR Department together with the management. In general, the Company's employee competence development program is aimed at 5 aspects as described below: [GRI 3-3]

EMPLOYEE COMPETENCE DEVELOPMENT PROGRAM

Basic Training 1
Mandatory training for all employees, such as training on Corporate Values (CInTA), GCG, Code of Conduct, and so on.

Technical Training 2
Training aimed at improving the technical capabilities of employees in order to enhance their abilities and performance in line with the Company's needs.

Soft Skill Training 3
Training to improve employees' non-technical skills, such as effective communication, creative and critical thinking, team building, and other skills related to individual personality capacity.

Leadership Program 4
A program aimed at preparing employees to become leaders through a leadership ladder program.

Certification and Standardization Training 5
Training to ensure employees' technical and specialized skills are standardized according to their job functions.

In addition, the Company provides programs and rewards to channel employees' innovation and creativity, in the form of:
1. Internal Improvement Initiative - I3 (inter-department improvement program); and
2. Suggestion System - SS (personal improvement).

These programs are continual and evaluated annually, and serve as a key performance indicator value for each unit/section.

We have also successfully ingrained our Value (CInTA) through the publication of the Avian Newsletter and a series of other supporting programs. All employee activities guided by CInTA Value are always highlighted in the Avian Newsletter in order to disseminate this Value across the organization. In addition, this program also provides insight and updates about the Company, such as employee promotion programs, innovations, development programs, CSR, new product launching, ongoing and upcoming employee activities, and recent achievements.

The Company also has an Avian Development Program ("ADP") that is specifically designed to prepare and develop the Company's future leaders. The program offers diverse learning opportunities, ranging from in-class learnings, on-the-job activities, peer and mentor supports, aimed at cultivating graduates with a wide range of accomplished technical and managerial skills.

Since 2022, we have increased the scope of data measurement of our competence development programs to include both permanent and non-permanent employees of the Company. Whereas in 2021, the Company only focused on the development of permanent employees, without involving outsourced employees. The realization of competence development programs for AVIA, TKTW, and TKBI employees implemented by the Company throughout 2023 amounted to 5 programs with a total of 6,173 participants. All employee competence development programs are periodically evaluated by the HR Department to view the results or impact, and also to adjust to the situation and business development of the Company. Information on the competence development of AVIA, TKTW, and TKBI employees is further described as follows: [GRI 3-3, 404-2]

AVERAGE EMPLOYEE TRAINING HOURS [GRI 404-1] [POJK F.22]

Description	2023**			2022**			2021*		
	Total Employees	Total Training Hours	Average Training Hours per Employee	Total Employees	Total Training Hours	Average Training Hours per Employee	Total Employees	Total Training Hours	Average Training Hours per Employee
Average Training Hours by Gender* **									
Male	**6,754**	**104,540.97**	**15.48**	6,451	44,868	6.96	0	0	0
Female	**1,723**	**23,737.21**	**13.78**	1,625	9,253	5.69	0	0	0
Total	**8,477**	**128,278.18**	**15.13**	**8,076**	**54,121**	**6.70**	**0**	**0**	**0**
Average Training Hours by Position									
Deputy Director	**17**	**107.50**	**6.32**	17	167	9.79	17	364	21.42
Manager	**243**	**6,235.35**	**25.66**	220	8,992	40.87	201	2,744	13.65
Supervisor	**655**	**18,008.25**	**27.49**	590	15,398	26.10	575	3,415	5.94
Staff	**7,562**	**103,927.08**	**13.74**	7,249	29,564	4.08	653	1,881	2.88
Total	**8,477**	**128,278.18**	**15.13**	**8,076**	**54,121**	**6.70**	**1,446**	**8,404**	**5.81**

Notes:
* AVIA and TKTW;
** AVIA, TKTW, and TKBI; and
*** Calculation of average training hours by gender has only been conducted by the Company since 2022.

AVERAGE TRAINING HOURS OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS OF AVIA

Position	2023		2022		2021	
	Total Participants	Average Training Hours per Member	Total Participants	Average Training Hours per Member	Total Participants	Average Training Hours per Member
The Board of Commissioners	**2**	**8.75**	2	11.75	0	0
The Board of Directors	**5**	**36.70**	4	22.50	2	0.90
Total	**7**	**28.71**	**6**	**19.42**	**2**	**0.64**

COST OF IMPLEMENTING EMPLOYEE COMPETENCE DEVELOPMENT

2023**
2,686.95 Million Rupiah

2022**
1,137.02 Million Rupiah

2021*
1,050.60 Million Rupiah

Notes:
* AVIA and TKTW; and
** AVIA, TKTW, and TKBI.

Performance Evaluation

To ensure the quality of human resources, the Company conducts an annual Employee Performance Evaluation process. Performance evaluation focuses on performance achievement, work process, attitude, and leadership. In addition, the Company also conducts competence assessments for all personnel to ensure that all employees possess the relevant skills and expertise. Performance evaluations are conducted for all employees in accordance with their skills and positions. We are committed to conducting performance evaluations for all employees to ensure that the Company's operational performance is more assured and professional. The performance evaluation of outsourced employees is fully managed by the partner company overseeing such employees but still with reference to the standards we have stipulated.

The results of the Performance Evaluation serve as a reference for the employee's career development. The Company provides equal opportunities in career paths to employees such as promotions, transfers, and job rotations. To ensure that all departments are aligned with the Company's objectives, Key Performance Indicators are prepared in accordance with the Business Plan Strategy that must be achieved annually. All of AVIA, TKTW, and TKBI employees have received assessments of their performance throughout 2023. [GRI 404-3]

In 2023, we also measured the potential and performance of our employees through the 9 Grid Box Method approach, aimed at obtaining information on the mapping of employee categories, i.e., the "talent" employees for their excellent performance, the employees who are deemed to have potential but whose performance is not notable, and the employees to be terminated due to underperformance.

Information on the types of employee performance evaluations conducted by the Company is described as follows:

TYPES OF EMPLOYEE PERFORMANCE EVALUATION



COMPETENCE MATRIX
The process of measuring technical competence fulfillment to support technical job functions.

PERFORMANCE APPRAISAL
The process of measuring competence fulfillment to support job functions, including performance achievements, leadership assessment, and work ethic.

ASSESSMENT
The process of measuring potential is conducted periodically using assessment tools as a consideration for granting promotion.

This method also allows us to obtain sufficient information about employees' talents and potential, so that the mapping results may function as a consideration for the Company to provide a better career development path to the following stages.

We also reward employees who achieve the best scores in their annual performance appraisals. We hope that this will trigger the enthusiasm of other employees to continue enhancing their abilities and performance, in order to improve their performance assessment in the following years and have the opportunity to receive awards from the Company.

Retirement Program [404-2]

The retirement age for AVIA employees is 57 years for staff and 65 years for employees with positions above supervisor. Meanwhile, for TKTW and TKBI employees, the retirement age for all employees is 57 years old.

We uphold the normative rights of employees as stipulated in labor regulations in Indonesia, including pension rights. We administer a contributory pension plan for permanent employees managed by BPJS Employment. The employees contribute 1% and the Company contributes 2% of the employee's basic salary to meet the required amount. In 2023, the amount of contributions paid to such pension funds institutions amounted to IDR3.37 billion, an increase of 6.32% compared to the previous year.

Remuneration

The Company provides appreciation to the employees, one of which is in the form of remuneration. Remuneration provided by the Company, whether in basic salary or allowances, is given at a competitive value to attract and retain the Company's top talents. In determining the amount of basic salary and various other compensation received by employees, we refer to applicable laws and regulations, conduct internal evaluations related to the alignment of remuneration, review the results of employee performance appraisals, and consider the position level. We maintain equal and fair remuneration for employees, which includes non-discriminatory practices on the amount of remuneration based on gender, ethnicity, religion, and race. The ratio of remuneration received by male and female employees is one-to-one (1:1). This means that there is no wage gap for employees with the same position because the wage level is adjusted based on the position structure. The management supervises the implementation of the policy on a regular basis to ensure that there are no violations. The supervision is carried out by the Nomination and Remuneration Committee. Likewise, for the Board of Commissioners and the Board of Directors, the remuneration provided is equal between men and women, in accordance with the achievement of predetermined KPIs. [GRI 3-3, 202-1]

In providing the amount of basic salary, we always consider the provisions of the Regional Minimum Wage ("RMW") determined by the local government in each operational area. Similarly, the basic salary for contracted employees is above the RMW. This is a form of our compliance with government regulations related to remuneration. Information regarding the comparison of the lowest employee salaries with RMW is described as follows:

COMPARISON OF AVIA EMPLOYEE WAGES OF THE LOWEST LEVEL TO THE REGIONAL MINIMUM WAGE [POJK F.20]

Operational Area	Lowest Wage of Permanent Employee (IDR)	Regional Minimum Wage (IDR)	The Ratio of the Lowest Wage of Permanent Employees To Regional Minimum Wage [GRI 202-1] (%)
Surabaya	4,800,000	4,525,479	106.07
Sidoarjo	4,600,000	4,518,581	101.80
Serang	4,650,000	4,492,961	103.50

Comparison of Salaries of Male and Female Employees at the Same Level of Position [GRI 405-2] **1:1**

The commitment to equal remuneration between men and women, as well as compliance with the RMW has also been realized in TKTW and TKBI. We ensure that the average ratio of the lowest wages of TKTW and TKBI employees to the minimum wage is above 100%.

In addition to fulfilling obligations to employees, the Company also rewards employees of certain levels, in the form of annual bonuses, as a form of appreciation for the performance that they have produced. We also provide our employees with other benefits to support their needs. Information on the benefits received by employees is described as follows:

BENEFITS RECEIVED BY EMPLOYEES OF THE COMPANY BASED ON EMPLOYMENT STATUS [GRI 401-2]

Type of Benefits	Permanent Employees		Contracted Employees	
	Male	Female	Male	Female
Basic Salary	**Yes**	**Yes**	Yes	Yes
Healthcare Social Security	**Yes**	**Yes**	Yes	Yes
Employment Social Security	**Yes**	**Yes**	Yes	Yes
Religious Holiday Allowance	**Yes**	**Yes**	Yes	Yes
Annual Incentive*	**Yes**	**Yes**	No	No

Type of Benefits	Permanent Employees		Contracted Employees	
	Male	Female	Male	Female
Meal Allowance and Transport	**Yes**	**Yes**	No	No
Overtime Pay* and Night Shift*	**Yes**	**Yes**	Yes	Yes
Insurance*	**Yes**	**Yes**	No	No

Notes:
*Only valid for employees of certain levels.

Annual Total Compensation Ratio [GRI 2-21]

The Company's annual total compensation ratio is an indicator used to compare the highest remuneration received by employees with the average remuneration received by employees. The Company is mindful of this ratio and ensures that compensation is always proportionate to the Company's performance and fairly reflects their contribution to the achievement of the Company's long-term business objectives. The Company also observes compliance with prevailing laws and regulations in determining compensation ratios to ensure transparency and accountability in the Company's overall management.

In 2023, the ratio of the highest annual remuneration received by employees to the average remuneration of employees was 16.79 times with an increase in ratio of 0 times.

Policy against Child Labor and Forced Labor [GRI 408-1, 409-1] [POJK F.19]

The Company is committed to complying with all provisions relating to employment, including the age of employees. Therefore, we do not employ minors. The minimum age requirement for prospective employees of the Company is 18 years old. Until the end of 2023, no child laborers were working in the Company, both in the Company's operational environment and its supply chain. [GRI 3-3, 408-1]

In addition, the entire process of employee recruitment, promotion, and transfer is always accompanied by agreement from both parties. This is important to ensure that there is no coercion in the establishment of working relationships between employees and the Company. The Company has a policy of prohibiting forced labour, i.e., any work or service to which a person is compelled under threat of punishment. This has been implemented through the Forced Labor Prevention SOP (AA-HRD-SOP-34). Based on this commitment, up until the end of 2023, no workers were forced to work at the Company, both in the Company's operational environment as well as its supply chain. [GRI 3-3, 409-1] [POJK F.19]

Freedom of Assembly and Association [GRI 407-1]

The Company strives to create a healthy and harmonious relationship with all employees. A realization of this commitment is giving employees permission to participate in labor unions. Employee participation in the union is the full authority of the employees concerned. The Company does not implement any policy prohibiting or preventing employees from participating in labor unions. As of the end of 2023, the number of AVIA permanent employees who are members of labor unions reached 415 people in the SPI Union of PT Avia Avian Tbk Large Family Association which was registered on March 18, 2008 and 52 people in the PB.GB.IK Union. Sarbumusi PT Avia Avian Tbk which was registered with the relevant agencies on March 10, 2008, representing 76.55% of the total employees of AVIA. [GRI 2-30, 3-3, 407-1]

We have accommodated the labor unions within AVIA to conduct meetings to communicate between management and employees. This process has been carried out periodically every 6 months. In 2023, matters of discussion included support for organized sports activities, such as badminton, table tennis, gymnastics, and futsal.

Meanwhile, the elements that deliberate the rights and obligations between the Company and employees have been contained in the Company Regulations. All employees of the Company have known and are bound by the Company's Regulations.

Operating Hours of the Company

The Company's operational hours are in accordance with the operational hours policy, where AVIA adopts a working time of 8 hours per day and 5 days per week or 40 hours per week and for TKTW and TKBI, the working time for employees in the office administration section is 8 hours per day and 5 days per week or 40 hours per week and the operational section in each branch adopts a working time of 7 hours a day for Monday-Friday and 5 hours for Saturday, bringing the total to 40 hours per week. With these working hours, AVIA employees have 2 days of rest per week, while TKTW and TKBI employees for the office administration section have 2 days of rest per week and for the operational section have 1 day of rest per week. Each employee is also entitled to 12 days of leave per year.

Meanwhile, in certain work units and employee levels, AVIA implements a shift work system, whose arrangements are adjusted to work conditions. With this arrangement, if there is excess working time, it will be calculated as overtime work which compensation and benefits are in accordance with labor regulations regarding overtime. In addition, we also provide opportunities for employees to rest at certain hours. [GRI 409-1] [POJK F.19]

Minimum Notification regarding Changes in the Work Environment [GRI 402-1]

In an effort to create harmonious industrial relations between the Company and employees, we always build and maintain effective communication. With regard to highly significant operational changes, such as closure, expansion, merger, new opening, outsourcing of operations, restructuring, or sale of all or part of the organization that may impact the employees, particularly mass termination of employment, the Company always complies with the prevailing laws and regulations, such as Government Regulation No. 35 of 2021 on Fixed-Term Employment Agreement, Outsourcing, Working Time and Rest Time, and Termination of Employment. [GRI 3-3]

Maternity Leave [GRI 401-2, 401-3]

The Company respects the reproductive rights of our employees, both for female employees who are expecting and preparing for delivery as well as male employees who accompany their spouses during labor. In accordance with applicable laws and regulations, we provide female employees with the right to maternity leave for 90 calendar days for labor preparation and postpartum recovery, and provide dispensation for male employees to accompany their spouses for 2 consecutive working days. This policy is a form of the Company's commitment to supporting the involvement of both parents in balanced childcare and supporting the fulfillment of employees' mental and physical health by providing time for recovery. Throughout 2023, 67 AVIA, TKTW, and TKBI employees (excluding outsourced employees) applied for maternity leave and 63 male employees applied for dispensation. Of these, 27 or 40.30% of the female employees have returned to work in the reporting year and the rest will return in the coming year, at the end of the leave period. As for the male employees, all of them have returned to work in the reporting period. Further information is described as follows:

TOTAL EMPLOYEES WHO TOOK DISPENSATION/MATERNITY LEAVE [GRI 401-3]

Description	2023**					2022**					2021*				
	Male	%	Female	%	Total	Male	%	Female	%	Total	Male	%	Female	%	Total
Employees entitled to dispensation/maternity leave	63	48.46	67	51.54	130	26	52.00	24	48.00	50	44	72.13	17	27.87	61
Employees exercising dispensation/maternity leave	63	48.46	67	51.54	130	26	52.00	24	48.00	50	44	72.13	17	27.87	61
Employees returning to work during the reporting period following their dispensation/ maternity leave	63	70.00	27	30.00	90	26	59.09	18	40.91	44	44	75.86	14	24.14	58
Employees returning to work following their dispensation/ maternity leave, who are still employed 12 months thereafter	63	70.00	27	30.00	90	26	59.09	18	40.91	44	44	75.86	14	24.14	58

Notes:
* AVIA and TKTW; and
** AVIA, TKTW, and TKBI.

Employment Disputes and Complaints

Employees may submit employment complaints to their supervisor, through the complaint form they can access 24/7, or by filling in the suggestion box provided at each plant as stipulated in the Complaint Management SOP (AA-HRD-SOP-28). The Company warrants the right of all employees to submit complaints without threats or intimidation. The settlement of complaints is facilitated by the Human Resource & General Affair ("HRGA") Department by appointing a Complaints Team that will take further action to find solutions to the complaints, including escalation to the Bipartite Cooperation Institution if necessary. As a proactive measure, the Company also conducts a yearly employee complaint survey.

Anti-Harassment Policy

We recognize that there is a risk of discrimination, harassment, and sexual violence against all employees, both within our Company and at our suppliers. To prevent and protect all employees from harassment, we impose strict sanctions on anyone found guilty of harassment. The Company also builds a culture of mutual respect and cooperation. This policy applies to all individuals in the company, to protect both male and female employees within the Company, as well as to protect all employees from unwanted treatment and to report incidents related to such harassment. Anyone found to have committed serious harassment will be dismissed, and the same applies to representatives of suppliers and partners.

Reports of harassment can be submitted through the Company's complaint box or survey, as well as the Company's Whistleblowing System. Each report will be verified and followed up professionally by the Internal Audit Unit and Complaints Team. Regarding report submission, the Company also guarantees the confidentiality of the reporting party and always provides support or assistance for victims. In the last 3 years, the Company has not received any reports related to harassment that occurred in the Company's work environment.

Occupational Health and Safety Management

In line with fair and responsible labor management, we constantly prioritize efforts to create a decent, safe and healthy work environment in accordance with the principles of Occupational Health and Safety ("OHS") to achieve the target of zero accidents. Therefore, we continue to foster OHS culture through the implementation of policies, procedures, and safety standards in all of the Company's work areas. In addition, we also fulfill the rights of all employees related to OHS, including the right to obtain all information and explanations on occupational hazards and how to tackle them, the right to obtain OHS facilities, and the right to participate in OHS activities in the workplace. The OHS management that we consistently prioritize allows all employees to work optimally without worrying about unwanted things, such as occupational illnesses and work accidents, whether in the mild, moderate, severe, let alone fatal categories. For us, any incident of work accidents or occupational illnesses in any form must be prevented. In addition to potentially reducing work productivity, such incidents can cause moral and material losses. [GRI 3-3] [POJK F.21]

Occupational Safety and Health Management System [GRI 403-1, 403-4, 403-8]

As a guide to the commitment and direction of implementing the Occupational Safety and Health Management System ("OHSMS"), the Company established the Company's Sustainability Policy, specifically the Social, Labor, and Human Rights Pillars, which reads:

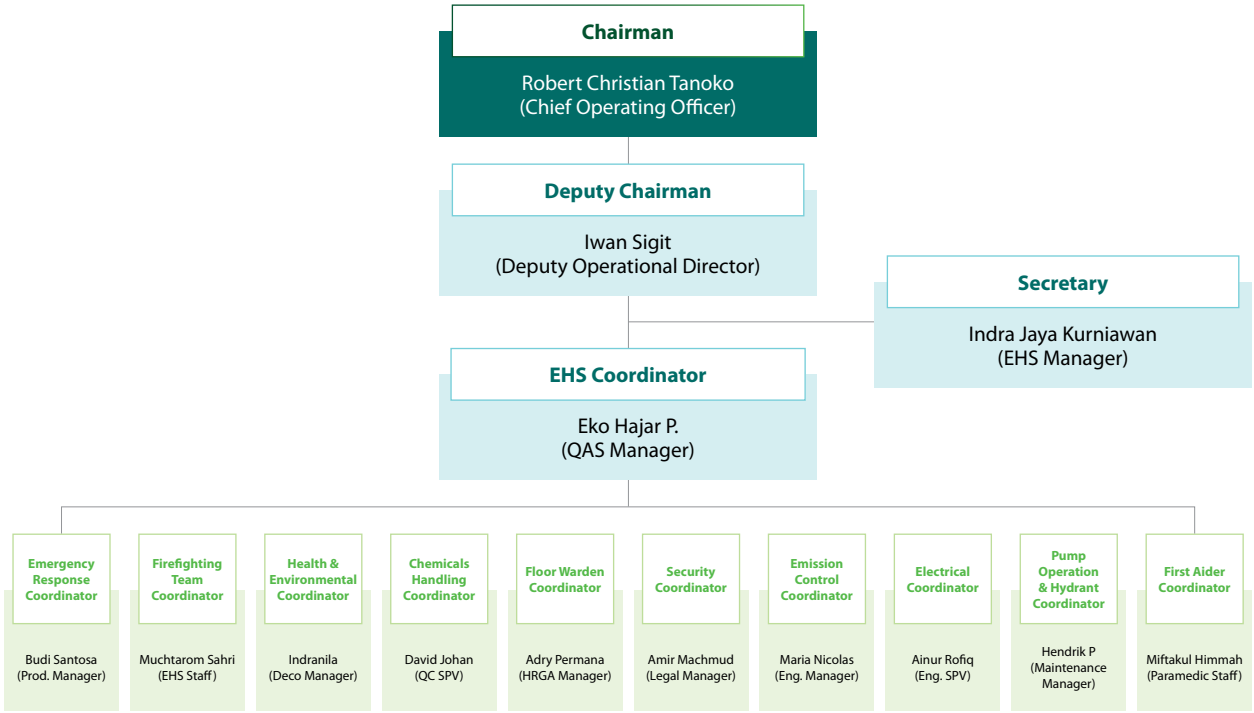
1. Providing safe and healthy working environment conditions to eliminate hazards and reduce OHS (Occupational Health and Safety) risks;
2. Ensuring proper and regular participatory consultation processes with all stakeholders; and
3. Providing funds and commitment to support the improvement of knowledge, skills, and competence of company personnel.

This policy is a manifestation of the Company's commitment to protect all employees, partners, and visiting guests. The implementation of OHSMS is always carried out in accordance with international standards, laws and regulations, and relevant global safety standards. The Company has also developed and implemented SOPs concerning work environment control. In line with that, we also strive to continuously build an OHS-conscious culture in all lines and production units through briefings, promotions, socialization, and safety talks that are implemented in daily operations. [GRI 3-3]

The Company's management also at all times provides the necessary resources to implement OHSMS effectively and comprehensively. By implementing the Management System and establishing the OHS Organization, we ensure sufficient competence and resources are available in relation to OHSMS. Evaluation of the effectiveness of OHSMS implementation is also carried out periodically to ensure that all of the Company's standards have been implemented properly. In 2023, internal audit and inspection activities have been carried out in the form of safety patrols and evaluation of OHS and environmental awareness. In line with that, the Company has also obtained ISO 45001:2018 on Occupational Health and Safety Management System since 2020, to ensure optimal management of OHSMS in accordance with the standards. [GRI 3-3]

OHSMS Responsibilities

Management of OHSMS implementation in the Company's area of work is the responsibility of the Director. In its implementation, the Director is supported by the Occupational Health and Safety Committee (OHSC). More detailed information about the Company's OHSMS management structure is described as follows:



We ensure that all OHSC members possess competence and expertise that are relevant to the Company's needs. This is an essential priority for us in achieving our target of creating a decent, safe, and healthy working environment with zero fatal accidents. In carrying out these responsibilities, the OHSC can hold regular quarterly meetings, with the main agenda being programs on OHS, findings and development of OHSMS, as well as employee participation and consultation of OHS issues in the current month. The program is implemented across all employee levels, regardless of gender.

Hazard Identification, Risk Assessment, and Investigation [GRI 403-2]

In implementing OHSMS, the Company conducts hazard identifications, risk assessments, and develops action plans to prevent accidents and occupational diseases based on the risk control hierarchy. The Company has also implemented procedures for reporting, investigating, and following up on any work accidents to prevent similar incidents from recurring. Significant hazards in the Company's activities are occupational hazards associated with materials and processes that include the use of chemicals in the workplace. Risk hazard identifications and controls are described as follows:

HAZARDOUS ACTIVITIES [GRI 403-7]

Polymerization/ Esterification Process

Location
RDI - Resin

Type of Hazard
- Overheating reaction process;
- Hot chemicals;
- Water bath/heating mantle; and
- Fire.

Personal Protective Equipment (PPE)
- Boots;
- Safety goggles;
- Respirator;
- Rubber gloves; and
- Work apron.

Elimination and Control
- Providing active fire extinguishing system in the form of smoke detector and water sprinkler;
- Installing local exhaust;
- Using insulating materials to reduce heat;
- Providing appropriate working facilities, training, and socialization of the Safety Data Sheet ("SDS") on each hazardous chemical and controlling its use in accordance with the SDS; and
- Providing workplace chemical storage and handling facilities and emergency equipment.

Operating the Cutting Machine

Location
Metal Prod - Kerinci

Type of Hazard
- Cut or clamped hands; and
- Struck by falling heavy objects (cutting sheet).

Personal Protective Equipment (PPE)
- Safety gloves; and
- Safety goggles.

Elimination and Control
Provide an emergency button on each cutting machine.

Cleaning Processing Tanks (Work in Confined Spaces)

Location
Paint Prod- Merapi

Type of Hazard
- Exposure (contact) to chemicals;
- Slipping/falling;
- Exposure to dust and chemicals; and
- Airborne hazards.

Personal Protective Equipment (PPE)
- PPE special dust mask; and
- Safety goggles.

Elimination and Control
- Maximizing the dust collector function;
- Providing spill control kit (by a minimum of 2 people); and
- Using the gas detector.

Fire Prevention and Control

Potential fire in a paint manufacturing plant is a risk factor that must be eliminated to ensure employee health and safety as well as the sustainability of the Company's business. The fire risks may come from product lines, raw materials, liquids, equipment, electrical currents, and others. To prevent and control these risks, we have implemented several measures as described below:

1. Identifying fire hazards and risks using the HIRADC (Hazard Identification Risk Assessment and Determining Control) method;
2. Providing active fire protection facilities (fire extinguisher, hydrant, fire alarm system, and sprinkler) based on the mapping of potential fire hazards analysis in accordance with applicable regulatory standards, as well as passive protection in the form of evacuation routes and building access;
3. Establishing an Emergency Response Team ("ERT"), i.e., a Workplace Firefighting Unit, in accordance with Minister of Manpower Regulation No. 186/1999;
4. The ERT conducts fire safety training periodically every 6 months;
5. Conducting periodic testing of electricity, lightning rods, and monitoring utility; and
6. Conducting periodic evaluations by carrying out inspections and audits to eliminate fire risks.

Health Facilities and Access [GRI 403-3, 403-6]

To anticipate employees' exposure to occupational illnesses, the Company makes various routine efforts, which include:

- Participating the Company's employees in health insurance, including insurance from the Social Security Organizing Agency (*Badan Penyelenggara Jaminan Sosial* or "BPJS") in accordance with employment regulations, both the BPJS Health and BPJS Employment.
- Organizing annual medical check-ups that include physical examination, spirometry, thorax, complete urine, complete blood, and audiometry. In 2023, the Company included all outsourced employees in the medical check-up programs according to work exposures and risks.
- Providing a First Aid ("First Aid") Station that specifically provides first aid treatment in the event of a workplace accident or an employee experiencing health problems in the workplace. This First Aid room actively operates during the company's manufacturing hours from 07:30 - 16:00 WIB with expert assistance, namely one doctor and one nurse.
- Participating employees in private health insurance programs.



Participation in BPJS Health is not only limited to employees, but also includes enrolling employees' family members in the National Health Insurance Program - Healthy Indonesia Card (*Jaminan Kesehatan Nasional – Kartu Indonesia Sehat* or "JKN-KIS") in accordance with the provisions of Law No. 24 of 2011. In 2023, the program has covered all employees and their family members.

Building a Culture of Occupational Health and Safety [GRI 403-5]

In order to increase the understanding and awareness of employees, the Company organizes training activities related to OHS as necessary. Emergency response preparedness training is conducted through firefighting training, every 3 months for light fire extinguishers (*alat pemadam api ringan* or "APAR") and every 6 months for fire hydrants, at both Sidoarjo and Serang plants. Evacuation drills are held every 6 months to see the employees' response in the event of a fire or earthquake. In addition, training on the management of waste and toxic hazardous materials spills is also carried out every 6 months.

In addition to organizing OHS-related training, the Company also carries out other programs in an effort to build OHS culture, such as regular briefing, 5R training and clean-up, socialization, placement of hazard signs, use of CCTV, and use of PPE.

Occupational Health and Safety Performance [GRI 403-9, 403-10]

We have implemented OHSMS with consistency and discipline to ensure a safe and proper working environment for all employees. In addition to optimizing the role of OHSC as a specific organ responsible for OHS management, all employees are also involved and responsible for their own health and safety, as well as potential accidents in their surroundings. We continue to strive to record positive OHS performance in achieving zero accident and zero fatality targets. In 2023, the Company received the zero-accident award from the Governor of East Java for the Company's achievement in recording zero Lost Time Injury ("LTI").

The Total Recordable Injury Rate ("TRIR") figure for 2023 increased from the previous year due to an increase in road traffic accidents that occurred in the Subsidiaries, namely TKTW and TKBI. Mitigation efforts undertaken by the Subsidiaries to reduce accidents are by conducting safety driving socialization and training for all drivers on a regular basis. Nevertheless, neither the Company nor its Subsidiaries recorded any Number of Fatality. Information on OHS performance data over the past 3 years is described as follows:

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE DATA [GRI 403-9, 403-10]

Performance Indicator	2023**	2022**	2021*
Employees who obtained MCU (People)	**1,380**	1,127	1,166
Total Recordable Injury Rate	**2.16**	2.01	2.40
Number of Fatality	**0**	0	0
Fatal Incident Rate	**0**	0	0
Total Recordable Illness Rate	**0**	0	0.10
Total Recordable Incident Frequency Rate	**2.69**	1.74***	2.30
Number of Accident (People)	**46**	34	42
Total Manhours Worked (Hours)	**16,871,767**	14,959,320	16,428,547

INVESTMENT IN OCCUPATIONAL HEALTH AND SAFETY

	2023	2022	2021
	886 Million Rupiah	**841** Million Rupiah	**4,399** Million Rupiah
Personal Protective Equipments :	886	657	989
Management of Covid-19 :**	0	184	3,410

Notes:
* The Company and TKTW;
** The Company, TKTW, and TKBI; and
*** Data restated.

Complaints on Labor and OHS Issues [GRI 2-25]

Complaints on issues related to employment and occupational health and safety can be submitted through a ballot box or a complaint survey periodically conducted by the Company. Every incoming complaint will be processed and followed up properly and professionally. In addition, labor unions within AVIA also serve as a medium for employees to submit complaints related to labor and OHS, which will be a topic of consultation and negotiation with the Company in regular meetings every 6 months.

During the last 3 years, the Company has not received any reports related to labor issues and occupational health and safety. [GRI 2-16]

Community Social Development



"Our social community development programs, entitled *Avian Brands Peduli*, are a platform for us to positively contribute to fostering the growth, independence, and welfare of the surrounding communities and environment. For us, independent communities and thriving environments are some of the most important parts in measuring the continued success of our performance."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OUR ACHIEVEMENT [GRI 3-3]

Implementation of the Company's CSR programs increased by

262.96%

to a total of

98 programs,

compared to the previous year's **27** programs.

The *Petik Laut* program, one of the **Company's Flagship CSR Programs** in the environmental sector, has been conducted in

11

different cities in Indonesia.

The Company's support in improving education quality has been realized through the ***Avian Berbagi Ilmu*** program, organized in **2** schools and **1** university. In addition, the Company also awarded scholarships for employees' children and provided internship opportunities.

In line with the Sustainability Policy, the Company always respects the rights of local communities, including indigenous and traditional communities, resulting in zero violations of the rights of indigenous or local communities around the Company's operational areas throughout 2023.

Community Development Strategy [GRI 413-2]

The Company understands that its presence in society must provide value for the welfare of the surrounding communities. Therefore, the Company actively contributes to improving and empowering communities to tackle various social, economic, and environmental issues. The Company's community development and social responsibility activities are not limited to the communities surrounding our plants, but extend to various regions in Indonesia.

Our operational activities, especially paint manufacturing at the plants, carry the risk of adverse impacts on the activities and lives of local communities. It is undeniable that if our operations are not carried out in accordance with applicable regulations and sustainable practices, they will potentially cause negative impacts on the community, such as noise, pollution, and so on. Therefore, we always comply with all applicable rules and regulations as well as carry out business activities that emphasize accomplishing sustainable performance. [GRI 3-3]

We realize our accomplishment in sustainable performance by aligning economic, environmental, social and governance performances. Therefore, we always strive to conduct business activities that not only generate positive economic performance, but also provide extensive benefits and bring added value to local communities. We proactively strive to improve the welfare of the surrounding communities to ensure that they have a prosperous and sustainable future. We realize such commitment by providing job opportunities for the community, product innovations that benefit Indonesian consumers, and undertaking Corporate Social Responsibility ("CSR"). [GRI 3-3]

The CSR programs we implement are aligned with the needs of the surrounding communities, to ensure more meaningful and positive impacts. Moreover, through the implementation of sustainable CSR programs, the Company also supports the achievement of Sustainable Development Goals that are also part of the national and global development agenda. The Company is committed to improving the standard of living by encouraging businesses that positively impact the community. This is channeled through a framework of CSR activities entitled '*Avian Brands Peduli*'. *Avian Brands Peduli* was established as a form of the Company's concern for the people of Indonesia by undertaking social responsibility in education, environment, and disaster response. [GRI 3-3]

The implementation of the CSR program in the Company is conducted by the CSR Committee which is directly responsible to the Board of Directors. Further information on the management structure of the *Avian Brands Peduli* program is described as follows:

ORGANIZATIONAL STRUCTURE OF CSR COMMITTEE

- Vice President Director
- Deputy Marketing Director
- Marketing Manager
- Marketing Communications & CSR SPV
- Marketing Communications & CSR Staff

We ensure that the people in charge of managing the Company's CSR activities possess competence and expertise relevant to the Company's needs. This is an important priority for us because, in addition to the responsibility of managing *Avian Brands Peduli* programs, the CSR Committee is also responsible for ensuring the effectiveness of *Avian Brands Peduli* programs, in line with the established targets to improve the alignment of *Avian Brands Peduli* programs with the needs of the surrounding communities. [GRI 3-3]

CSR PILLAR *AVIAN BRANDS PEDULI*

Education

The Company believes that higher quality Human Resources ("HR") would result in a competent and highly competitive community. Therefore, the following three points are the Company's key foundation in improving the quality of HR.

- Quality of Education
- Scholarship
- Training and Skills

Environment

The Company realizes that the potential development of the environment is directly proportional to the opportunity to minimize environmental impacts. We believe that these would be able to bring the community to a better standard of living.

- Improvement on the Environment
- Tourism Development
- Minimizing Impacts on the Environment

Disaster Response

The Company continues to assist those in need according to the requirements and conditions of each incident.

- Disaster Mitigation
- Blood Donation

Supporting the Community [GRI 413-2]

Pillars of Education [GRI 413-1] [POJK F.25]

Throughout 2023, the Company carried out various CSR programs related to supporting the development of quality human resources in order to create competent communities with high competitiveness. Some of these programs are described as follows:

Painting of the Sukma Bangsa School, Lhokseumawe





The Company provided assistance to Sukma Bangsa School, Lhokseumawe, which was established by Media Group as a humanitarian response in the wake of the 2004 earthquake and tsunami in Aceh. We provided the school, which consists of an elementary school, junior high school, and senior high school, with assistance in the form of wood and metal paint, interior paint, exterior paint, roof and zinc paint, and thinner with an allocated fund of IDR164.24 million.

Providing Paint Assistance to Islamic Boarding School Dormitories and Study Rooms of Madrasah Darussalam, Pontianak





The Company provided assistance to the Islamic Boarding School Dormitories and Study Rooms of Madrasah Darussalam, Pontianak, which were established as an institution to improve the education of children from rural families, who primarily work as manual laborers and farmers, and are not concerned with education. Therefore, we were motivated to help by donating wall paint, base paint, wood and metal paint, waterproofing, thinner, and paint brushes with an allocated fund of IDR13.76 million.

Painting of the Sidomulyo Special Needs School in Collaboration with the Indonesian Red Cross (*Palang Merah Indonesia* or "PMI"), Lampung





The Company provided assistance to Sidomulyo Special Needs School, Lampung. The activity, jointly organized with the Indonesian Red Cross, provided assistance in wall paint and thinner with an allocated fund of IDR17.07 million.

Pillars of Education [GRI 413-1] [POJK F.25]

Painting the Walls of Kelapa Kampit Junior High School 3, East Belitung





The Company provided assistance to Kelapa Kampit Junior High School 3, East Belitung, in improving the quality of its facilities, to facilitate the teaching and learning process for its students and teaching staff. We provided assistance in the form of 100 kg of Avitex Gold exterior and interior wall paint, 84 kg of Avitex Alkali Resisting Primer, and other supporting painting supplies with an allocated fund of IDR5.37 million.

Providing Paint for Painting of Surabaya Vocational High School 13





The Company provided assistance to the Surabaya Vocational High School 13 in order to revitalize and enhance the appearance of the school's aging buildings. We provided assistance in the form of 10 pails of Avitex Eksterior paint with an allocated fund of IDR10.99 million.

Scholarship for Excelling Employees' Children, in the framework of AVIA Anniversary





The Company granted scholarships to 18 excelling children of our employees on November 11, 2023, coinciding with the main event of Avian's 45th Anniversary. Not only as a form of appreciation, the scholarships were also a manifestation of the Company's concern to support Indonesian educational progress. Education is a pillar of the country's advancement - not only does it produce qualified human resources that can compete globally, but it can also alleviate poverty and improve the welfare of society. Through the scholarships, we hope that the employees' children are increasingly motivated to learn and improve their academic performance.

Pillars of Education [GRI 413-1] [POJK F.25]

Avian Berbagi Ilmu at Buduran Vocational High School 1, Sidoarjo





On May 26, 2023, the Company conducted CSR in Education under the theme '*Avian Berbagi Ilmu*' by organizing Public Speaking and Workforce Preparation Training for students of Buduran Vocational High School 1, Sidoarjo. We chose this vocational school because, in addition to its students preparing for the workforce, the school's location is the nearest to the Company, therefore the benefits we provide could have a direct impact on our surrounding community.

Avian Berbagi Ilmu at Surabaya Vocational School 13





The Company organized training on Industrial Workforce Preparation for students of Surabaya Vocational School 13. This event demonstrates that the Avian Berbagi Ilmu program is not only aimed at communities around our operational areas, but also extends to other regions.

Avian Berbagi Ilmu at Widya Mandala Surabaya University

The Company organized educational training on workforce preparation for students of Widya Mandala Surabaya University. This training was conducted online.

Internship Program

In addition to conducting training, the Company also supports the improvement of education quality through internship programs for vocational school and university students. Throughout 2023, the Company accepted 26 interns with an allocated fund of IDR108.88 million.

Pillars of Environment [GRI 413-1] [POJK F.25]

Throughout 2023, the Company carried out various CSR programs related to supporting the improvement of environmental potential, in order to minimize environmental impacts and develop tourism in local communities. Some of these programs are described as follows:

Avian Brands Peduli Supporting the Annual *Petik Laut* Event with Coastal Communities in Indonesia

The Company acknowledges the crucial role of the fishing communities in Indonesia - a country that is predominantly comprised of waters. Therefore, the *Petik Laut* event or painting of fishing boats are some of the priority programs that we organize every year. Furthermore, *Petik Laut* is also a traditional ceremony that has become a cultural heritage and holds great value among coastal communities.

Pillars of Environment [GRI 413-1] [POJK F.25]

Throughout 2023, we supported the *Petik Laut* events in various regions in Indonesia as described below:

- ***Petik Laut* at Pelabuhan Ratu, Sukabumi**
  Pelabuhan Ratu in Sukabumi is famous for its coastal tourism. Communities living around Pelabuhan Ratu are mostly fishermen who celebrate National Fishermen's Day every year. At the event, we supported the painting of 100 fishing boats.



"Thank you Avian Brands for the CSR activity conducted in Pelabuhan Ratu today. We fishermen are happy to have our boats painted new again", said a fisherman.

- ***Petik Laut* at Pagatan Beach Festival, Batulicin**
  Mappanre Ri'tasie Festival (*Pesta Laut* Mappanre Ri'tasie) is recognized by the people of Tanah Bumbu as a traditional Bugis festival passed down from generation to generation, as a form of gratitude for the bountiful harvest of the sea. The Festival is held every April at Pagatan Beach, Tanah Bumbu Regency, South Kalimantan. At the event, we supported the painting of 100 fishing boats.



"On behalf of the people of Tanah Bumbu Regency, I would like to thank Avian Brands for the assistance in painting our villagers' boats to celebrate the Mappanre Ri'tasie Festival. Hopefully, with this celebration, the people of Tanah Bumbu will continue to receive abundant blessings and prosperity", said Hasanuddin AM, a member of Tanah Bumbu Regency regional parliament.

- ***Petik Laut* at Pugerkulon Village, Jember**
  Pugerkulon Village in Jember is a coastal village where residents annually organize *Petik Laut* in the month of Muharram. Petik Laut at Pugerkulon Village is organized by the local Village Government, inviting all residents to participate and celebrate the event. Here, we provided support for the painting of 100 fishing boats.



"On behalf of the fishermen here, I would like to thank Avian Brands for their participation in celebrating the *Petik Laut* event in Puger Kulon. Praise the Lord, thanks to the support from Avian Brands, my friends feel proud to have been able to paint our boats new again", said a fisherman representative.

Pillars of Environment [GRI 413-1] [POJK F.25]

- ***Petik Laut* at Segara Village, Bekasi**
  Segara Village in Bekasi organizes the *Petik Lauk* event as a form of gratitude for the local fishermen. As a manifestation of our commitment to the welfare of the fishing community, we managed to restore 300 fishing boats and the bridge of love to look new again.



"On behalf of the fishermen, I would like to thank Avian Brands for distributing the paint to turn our dull boats back into color. Avian Brands paint has brighter colors and sticks better than other paint products", said Riyanto, a fisherman.

- ***Petik Laut* at Grajagan, Banyuwangi**
  Petik Laut is routinely held by fishing communities all over Java Island, including in Grajagan Village. The main purpose of this event is to show gratitude to God Almighty for the fortunes given through the sea. In the event, we supported the painting of 100 fishing boats.



"We, as the fishermen of Grajagan and the organizing committee of the 2023 Petik Laut, hope that Avian Brands can provide more support in the future compared to this year and the previous years", said the treasurer of the fishermen of Grajagan Village, Faisol Hermansyah.

- ***Petik Laut* of Pangandaran Coastal Communities, Tasikmalaya**
  Pangandaran is a favorite tourist destination for the people of East Priangan, West Java. Therefore, we came to provide support for the economic sustainability of the coastal communities, especially fishermen in the Pangandaran area, to ensure that the economic activities in this area continue to function while also attracting more tourists. Coinciding with the *Hajat Laut*, a procession of gratitude held once a year in the month of Suro, we provided support for the painting of 50 fishing boats.



"I am grateful and thankful to Avian Brands for helping the people of the Pangandaran area, and sponsoring the repainting of our fishing boats", said Endi, Head of Pangandaran Kulon Coastal Fishermen.

Pillars of Environment [GRI 413-1] [POJK F.25]

- ***Petik Laut* at Dermaga Kolo Pemecah Ombak, Bima**





Kolo Beach is a prominent tourist attraction in the West Nusa Tenggara region, offering beautiful seascapes, underwater charms, and clean air that provides a breezy coastal atmosphere. As a form of our contribution and concern for the potential of nature and the communities around Kolo Beach, we supported the *Petik Laut* event by painting 100 fishing boats.

- ***Petik Laut* and Pesona Selat Lembeh Festival, Manado**





We provided support to the *Petik Laut* and Pesona Selat Lembeh event in Manado. It is a folk festival that not only showcases the beauty of nature and the charm of marine life, but also plays a crucial role as the driving force of the region's economy. We were there to support the festival by providing wall paint, wood and metal paint, thinner, and other supporting equipment with a value of IDR83.67 million.

- ***Petik Laut* at Pagagan Village, Pamekasan**





We provided support for the *Petik Laut* event in Pamekasan entitled *Warna-Warni Pengecatan Perahu Nelayan* by providing paint, thinner, and other supporting equipment with a value of IDR38.45 million.

Pillars of Environment [GRI 413-1] [POJK F.25]

- ***Petik Laut* at Lela Village, Maumere**




We provided support for the *Petik Laut* event in Maumere by providing paint, thinner, and other supporting equipment with a value of IDR64.01 million.

- ***Petik Laut* at Lampu Satu Beach, Merauke**




We provided support for the *Petik Laut* event in Merauke by providing paint, thinner, and other supporting equipment with a value of IDR48.50 million.

Painting of *Kampung Nelayan Maju* and Mural Competition for 2023 Walikota Cup, Pekalongan

In conjunction with the 2023 Walikota Cup event in Pekalongan, the Company also participated by painting the Kampung Nelayan Maju and the Mural Competition. To support the event, we provided support of 80 kg of exterior paint, 87 kg of Avitex Alkali Resisting Primer, and 250 kg of Avitex Gold exterior and interior multifunctional paint. This program is a form of our concern for the improvement of public facilities and social activities.



"For our murals, we use Avian paint, as it is very easy to use for mural painting. The light color can cover the old color", said Ateng, the runner-up of the Mural Competition.

Pillars of Environment [GRI 413-1] [POJK F.25]

Paint Support for 4 Locations with Habitat for Humanity Indonesia

Commemorating the *Sumpah Pemuda* Day (Youth Pledge Day) on October 28, 2023, the Company took part in CSR activities with Habitat for Humanity Indonesia, namely the construction of residential houses and Early Childhood Education (*Pendidikan Anak Usia Dini* or "PAUD") facilities under the theme "28UILD". In this activity, carried out simultaneously in 4 locations, namely Mauk, Yogyakarta, Gresik, and Batam, we donated wall paint as well as wood and metal paint to coat the houses and PAUD buildings.

The total paint assistance we provided amounted to 291 gallons of Avitex Gold Wall Paint, 345 cans of Avian Cling Synthetic, and 55 Avian Thinner B Asli with an allocated fund of IDR82.83 million. The 28UILD program is an annual Habitat for Humanity event, which this year involved 529 volunteers across 4 locations to build and paint 75 houses, 14 schools including PAUD, and 5 public facilities.



"I am a fisherman with no steady income. I had never imagined that I could build a decent house for my family. Therefore, I am very grateful to the volunteers and donors who have built my house", said Didik, a resident.

Painting of the Pilgrimage Site of the Statue of Mary, Lady of All Nations, Maumere





The Company supported the Indonesian communities' religious activities through the CSR program of painting a place of worship and pilgrimage, of the statue of the Mother Mary in Maumere, East Nusa Tenggara. We provided assistance in the form of 75 kg of Avitex Eksterior along with painting equipment with an allocated fund of IDR3.41 million. The painting process was done by volunteers from the local area.

Painting of the Amir Hamzah Lambunga Grand Mosque, Maumere





Amir Hamzah Lambunga Grand Mosque is one of the largest mosques on the island of Adonara, Maumere, which is currently under construction. To support the construction process, we provided assistance in the form of exterior wall paint and thinner with an allocated fund of IDR17.13 million

Pillars of Environment [GRI 413-1] [POJK F.25]

Painting of the Lumajang Kodim Building, Probolinggo




The Company consistently maintains good relations with all stakeholders, including government officials. On this occasion, we also supported the building repair and renovation program at Makodim 0821 and Koramil Jajaran Kodim 0821 Lumajang. We provided assistance in the form of wall paint, with a value of IDR27.43 million.

Painting of the Water Ski and Wakeboard Venues, Special Capital Region (*Daerah Khusus Istimewa* or DKI) Jakarta




The Company supported the improvement of the quality of facilities and infrastructure of Water Ski and Wakeboard venues, one of the sports venues in DKI Jakarta. We provided assistance in the form of exterior wall paint, base paint, wood and metal paint, and boat paint with a value of IDR49.94 million.

Providing Paint Support for Mural Competition at Culinary Festival with Cleo, Bandung




Cleo organized the Mural Competition program as one of the activities in the Cleo Culinary Festival. This competition is intended specifically for teenagers and adults as a platform to express themselves through mural art. To support the competition and as an effort to encourage creativity, we provided support in the form of wall paint for the murals, as well as prizes for the winners, with a value of IDR17.31 million.

Pillars of Environment [GRI 413-1] [POJK F.25]

Providing Paint Assistance for Homes of Veterans and Elderly Dhuafa, South Bandung




The Company, in collaboration with JBR Niza Bandung, supported the renovation of Veterans' homes by donating colorful paints. In addition, we also donated paint to enhance the homes of the elderly Dhuafa in Bandung on Indonesian Independence Day. In this program, we provided assistance in the form of 84 kg of Avitex Alkali Resisting Primer base paint, 200 kg of Cat Tembok Avitex Gold, 17 kg of Avian Cling Synthetic, 4 liters of thinner, and painting equipment with a value of IDR9.96 million.

Community Empowerment for Utilization of Economically Valuable Waste, Wadungasih Village Sidoarjo








The Company organized community empowerment programs that not only reduced the existing waste, but also utilized the waste to be managed to provide added value and boost the income and living standards of the community around Wadungasih Village. The aid, which amounted to IDR117.72 million, was used to grant 6,000 catfish seeds along with their feeds and ponds, urban farming land along with fertilizer and vegetable seeds, 30 segregated rubbish bins, 4 aerobic composters, 1 leaf shredder, and 60 kg of maggots including provision of bio pond production and cages. In addition, the Company also provided training and support for the community, which later resulted in a new waste management group emerging in Wadungasih Village, known as the Composter Group.

Pillars of Environment [GRI 413-1] [POJK F.25]

Paint Support for the Tresna Werda Budi Mulia Nursing Home and Tunas Bangsa Children's Orphanage, Cipayung





The Company supported the improvement of facilities and infrastructure at Tresna Werda Budi Mulia Nursing Home and Tunas Bangsa Children's Orphanage, Cipayung, by donating 500 kg of Avitex Gold wall paint with a value of IDR16.56 million.

Supporting the 2023 River Function Revitalization Program (Sido Resik)





The Company supported the 2023 River Function Revitalization Program (Sido Resik), a priority program of the Sidoarjo Regency Government. The support was in the form of 350 gallons/1,750 kg of paint and 500 t-shirts, with a value of IDR133.94 million. This CSR assistance for the Sido Resik Program included 10 villages in Sidoarjo.

Engaging the Community for Planting and Tending of Trees on the slopes of Mount Arjuno, Pasuruan





As part of the Company's efforts to protect the environment, in 2023, the Company planted and tended to 5,000 trees on the slopes of Mount Arjuno. In this activity, the Company also engaged several parties, such as farmers, non-governmental organizations, regional communities, community leaders, youth leaders, forest village community organizations, schools, and state enterprises.

Pillars of Environment [GRI 413-1] [POJK F.25]

Painting of the Harapan Bangsa Orphanage with PMI, Lampung




The Company provided assistance to Harapan Bangsa Orphanage, Lampung. In this activity, jointly organized with the Indonesian Red Cross, the Company provided paint assistance with an allocated fund of IDR32.11 million.

Support to Mural Painting, Solo





In order to encourage creativity in the Indonesian art scene, the Company provided support in the form of paint for murals, totaling 15 kg of paint with an allocated fund of IDR653.45 thousand. The product provided for the mural was one of the Company's flagship products, Avitex Gold - a multifunctional paint product for both exterior and interior use.

Painting of the Nur Al-Wahyu Mosque, Merauke





The Company assisted Nur Al-Wahyu Mosque, Merauke, in supporting their annual social service activities. The Company provided support in the form of 200 kg of Avitex Eksterior, 9 liters of Avian Cat Kayu dan Besi, 6 kg of Boyo Politur Vernis Waterbased, thinner, and painting equipment by Homecare with an allocated fund of IDR11.11 million.

Pillars of Environment [GRI 413-1] [POJK F.25]

Painting of the Chapel of Don Bosco Church, Semarang





The Company assisted the Chapel of Don Bosco Church, Semarang, in enhancing the church's appearance, from its previous dull and faded look to a brighter new look. The support provided by the Company was in the form of 15 kg of Avitex Gold, with an allocated fund of IDR653.45 thousand.

Providing Paint Assistance for Arts Council's Office, Pamekasan





The Company provided assistance to the Arts Council of Pamekasan in order to enhance the appearance of its office. The support provided by the Company was in the form of 20 kg of No Drop and 22.50 liter of Avian Cat Kayu dan Besi (Wood and Metal Paint) with an allocated fund of IDR3.15 million.

Painting of the Al-Maaidah Mosque, Bogor





The Company assisted Al-Maaidah Mosque, Bogor, in enhancing its appearance and improving the comfort of worshipers in performing their prayers. Al-Maaidah Mosque is one of the local community's centers of worship. The mosque has 3 floors - the ground floor is used for community activities in the form of a hall, while the first and second floors are specifically used for praying. The support provided by the Company was in the form of 900 kg of Avitex Gold and 105 kg of Avitex Alkali Resisting Primer with an allocated fund of IDR36.63 million.

Pillars of Environment [GRI 413-1] [POJK F.25]

Donating Sacrificial (*Kurban*) Animals





In addition to concern for the natural environment, the Company also constantly considers the social environment. The Company implemented this by participating and contributing to the 2023 Eid al-Adha Celebration by donating Sacrificial Animals to 8 locations around the Sidoarjo Plant operational area, including Binangun Indah Residence, Buduran Police Station, Buduran Koramil, Binangun Village Mosque, Wadungasih Village Mosque, Binangun Village Musholla, Buduran Junior High School, and Dawuhan Sangon Mosque. The donation of sacrificial animals amounted to IDR30.50 million for purchasing 9 goats.

Pillars of Disasters Response [GRI 413-1] [POJK F.25]

Motor Pumps Support for Flood Mitigation, Wadungasih





The Company donated motor pumps to mitigate flood in the Wadungasih area. This donation has had an impact on preventing floods in RW 03, RW 04, and one secondary school in Wadungasih Village, which also happens to be the Company's main location.

Blood Donation





Throughout 2023, the Company conducted 3 blood donation activities for employees who were willing to donate blood. Blood donation activities were carried out in March, June, and September, attended by 307 participants with an allocated fund of IDR21.35 million.

CSR Implementation Cost

TOTAL CSR ACTIVITIES

2023	2022	2021
98 Programs	27 Programs	13 Programs

(dalam jutaan Rupiah)

CSR Program	2023	2022	2021
Education	**371**	447	89
Environment	**2,455**	1,430	1,006
Disaster Response	**55**	61	828
Other CSR Activities	**0**	40	0
Total CSR Cost	**2,881**	**1,978**	**1,923**

Protection of the Rights of Indigenous Communities

Indigenous communities are a group of populations who inhabit certain geographical areas in accordance with their ancestral origins. They have a distinctive socio-cultural and value system, sovereignty over their land and natural resources, and regulate and manage the sustainability of their lives based on customary laws and institutions. The Company's operational areas are not located on indigenous communities' lands or areas. Nevertheless, the Company always respects and values the protection of the rights of local communities, including community groups with historical origins who have inhabited indigenous territories for generations, as indicated by the Sustainability Policy which reads:

"Respecting the rights of local communities, including indigenous and traditional communities." [GRI 3-3]

In accordance with this commitment, during the reporting period, there were no incidents of violations related to the rights of indigenous or local communities where the Company operates. [GRI 411-1]

Feedback on Corporate Social Responsibility Programs [GRI 2-25] [POJK F.24]

We provide access for all stakeholders to report or submit complaints if the CSR program conducted by the Company is in violation of ethics, integrity, norms, or suspected to involve violations. Reports may also be in the form of complaints from the general public on operational activities performed by the Company, outside of environmental issues. In this regard, we routinely visit village officials around the Company's plant sites to gather reports and aspirations from the surrounding communities.

Any incoming complaint report will be processed and followed up properly and professionally. If necessary, the Company will hold further face-to-face forums with the relevant parties to determine further the steps to resolve such problems.

All CSR programs carried out by the Company do not have significant adverse impacts on local communities, either actual or potential. On the contrary, all of our CSR programs have positively impacted the local community. Over the past 3 years, we have not received any material or significant complaints about CSR program issues. [GRI 2-16, 413-2]

Sustainability Report Responsibility

Statement of Members of the Board of Commissioners and the Board of Directors on the Responsibility for the 2023 Sustainability Report of PT Avia Avian Tbk

We, the undersigned, hereby declare that all information in the 2023 Sustainability Report of PT Avia Avian Tbk (the "Company") has been completely presented and we shall be fully responsible for the correctness of contents in the Company's Sustainability Report.

This statement is hereby made in all truthfulness.

Surabaya, March 12, 2024

THE BOARD OF COMMISSIONERS,



Hermanto Tanoko
President Commissioner



Mohammad Noor Rachman Soejoeti
Independent Commissioner

THE BOARD OF DIRECTORS,



Wijono Tanoko
President Director



Ruslan Tanoko
Vice President Director



Robert Christian Tanoko
Director



Kurnia Hadi Sinanto
Director



Angelica Tanisia Jozar
Director

Written Verification from Independent Party

[GRI 2-5] [POJK G.1]

This Sustainability Report has not been verified by an assurance service provider. However, the Company warrants that all information presented in this Sustainability Report are true, accurate, and factual.

Reader Survey

[POJK G.2]

1. In your opinion, would you recommend this Sustainability Report for your associates or colleagues to read?

1	2	3	4	5	6	7	8	9	10
NOT AT ALL					HIGHLY RECOMMENDED				

2. Is the presented information sufficient for you to draw a conclusion?

1	2	3	4	5	6	7	8	9	10
NOT AT ALL					HIGHLY RECOMMENDED				

3. Is the design of this Sustainability Report (layout, infographics, and other design elements) sufficiently enticing and helpful to read?

1	2	3	4	5	6	7	8	9	10
NOT AT ALL					HIGHLY RECOMMENDED				

4. Which sustainability topics interest you the most?

.....

.....

.....

5. Your suggestions and input for our next report
   - Topic : .....
   - Language : .....
   - Design : .....
   - Data : .....

6. Your Information
   - Name : .....
   - Age : .....
   - Occupation : .....

7. Identity by Stakeholder Category
   1. Customer
   2. Employee/Employee Organization
   3. Shareholder
   4. Government, Regulator, or Legislative
   5. Business Partner
   6. Mass Media
   7. Public
   8. Others, please specify .....

8. Would you like to be contacted regarding our next sustainability information?

   ☐ Yes
   ☐ No

   Email address:
   .....

Please send this feedback form to:

PT Avia Avian Tbk
Avian Brands Building
Jl. Ahmad Yani No. 317
Surabaya, 60234, Jawa Timur, Indonesia

@ corsec@avianbrands.com
@ investor.relations@avianbrands.com

PT Avia Avian Tbk will treat your information as confidential and will not be used for any other purposes.

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Response to the Previous Year's Report Reader Survey [POJK G.3]

The company did not receive any response from stakeholders following the issuance of the 2022 Sustainability Report. Thus, there is no specific information hereunder regarding the follow-up actions taken by the Company on responses from stakeholders in the previous year.

List of GRI Standards Indexes for 2021 – in Accordance

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Cross Reference GRI Standards with SDGs

We are committed to contributing to achieving the SDGs in Indonesia. This contribution is delivered through links between programs/activities in the Company's Sustainability Report with GRI Standards and SDGs, as in the table below:

Logo	Aim	Discussion in the Report	Standar Alignment with GRI Standards	Disclosure	Page
	End Poverty in All its Forms Everywhere	Provision of Employment, Income, Remuneration, and Facilities	**GRI 201:** Economic Performance 2016	**201-1** Direct Economic Value Generated and Distributed	**76**
			GRI 202: Market Presence 2016	**202-1** Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage	**112**
			GRI 401: Employment 2016	**401-1** New Employee Hires and Employee Turnover	**107-108**
				401-2 Benefits Provided to Full-time Employees that are not Provided to Temporary or Part-Time Employees	**112-113; 114**
		Local Community Development and Empowerment	**GRI 203:** Indirect Economic Impacts 2016	**203-2** Significant Indirect Economic Impacts	**73; 78**
			GRI 413: Local Communities 2016	**413-1** Operations with Local Community Engagement, Impact Assessments, and Development Programs	**78; 124-137**

Logo	Aim	Discussion in the Report	Standar Alignment with GRI Standards	Disclosure	Page
	End Hunger, Achieve Food Security and Improved Nutrition, and Promote Sustainable Agriculture	Provision of Employment, Income, Remuneration, and Facilities	**GRI 201:** Economic Performance 2016	**201-1** Direct Economic Value Generated and Distributed	**76**
			GRI 401: Employment 2016	**401-1** New Employee Hires and Employee Turnover	**107-108**
				401-2 Benefits Provided to Full-Time Employees that are not Provided to Temporary or Part-Time Employees	**112-113; 114**
		Local Community Development and Empowerment	**GRI 203:** Indirect Economic Impacts 2016	**203-2** Significant Indirect Economic Impacts	**73; 78**
	Ensure Healthy Lives and Promote Well-Being for All at All Ages	Commitment to Creating a Safe and Healthy Work Environment in accordance with the Occupational Health and Safety Principles	**GRI 403:** Occupational Health and Safety 2018	**403-1** Occupational Health and Safety Management System	**115-116**
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				403-8 Workers Covered by an Occupational Health and Safety Management System	**115-116**
				403-9 Work-related Injuries	**118-119**
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	Ensure Inclusive and Equitable Quality Education and Promote Lifelong Learning Opportunities for All	Competence Improvement without Discriminating against Employees' Gender and Background	**GRI 404:** Training and Education 2016	**404-1** Average Hours of Training per Year per Employee	**110**
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Logo	Aim	Discussion in the Report	Standar Alignment with GRI Standards	Disclosure	Page
	Achieve Gender Equality and Empower All Women and Girls	Provision of Employment, Income, Remuneration, and Facilities	**GRI 202:** Market Presence 2016	**202-1** Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage	**112**
			GRI 401: Employment 2016	**401-1** New Employee Hires and Employee Turnover	**107-108**
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			GRI 405: Diversity and Equal Opportunity 2016	**405-2** Ratio of Basic Salary and Remuneration of Women to Men	**112**
		Anti-discrimination Labor Management	**GRI 406:** Non-discrimination 2016	**406-1** Incidents of Discrimination and Corrective Actions Taken	**105**
			GRI 409: Forced or Compulsory Labor 2016	**409-1** Operations and Suppliers at Significant Risk for Incidents of Forced or Compulsory Labor	**74; 113; 114**
	Ensure Availability and Sustainable Management of Water and Sanitation for All	Responsible Water Usage and Management	**GRI 303:** Water and Effluents 2018	**303-1** Interactions with Water as a Shared Resource	**93**
				303-2 Management of Water Discharge-Related Impacts	**93**
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	Ensure Access to Affordable, Reliable, Sustainable, and Modern Energy for All	Responsible Energy Usage and Management, including Efficiency Measures and Usage of Renewable Energy Sources	**GRI 302:** Energy 2016	**302-1** Energy Consumption within the Organization	**91-92**
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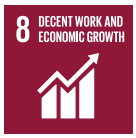	Promote Sustained, Inclusive and Sustainable Economic Growth, Full, and Productive Employment and Decent Work for All	Provision of Employment, Income, Remuneration, and Facilities	**GRI 201:** Economic Performance 2016	**201-1** Direct Economic Value Generated and Distributed	**76**
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			GRI 401: Employment 2016	**401-1** New Employee Hires and Employee Turnover	**107-108**
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		Freedom of Association	**GRI 407:** Freedom of Association and Collective Bargaining 2016	**407-1** Operations and Suppliers in which the Right to Freedom of Association and Collective Bargaining May Be at Risk	**113**
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			GRI 413: Local Communities 2016	**413-1** Operations with Local Community Engagement, Impact Assessments, and Development Programs	**78; 124-137**
			GRI 414: Supplier Social Assessment 2016	**414-2** Negative Social Impacts in the Supply Chain and Actions Taken	**74**
	Build Resilient Infrastructure, Promote Inclusive Sustainable Industrialization, and Foster Innovation	Avian Brands' Contribution to the Construction of Public Facilities	**GRI 413:** Local Communities 2016	**413-1** Operations with Local Community Engagement, Impact Assessments, and Development Programs	**124-137**

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	Reduce Inequality within and Among Countries	Provision of Employment, Income, Remuneration, and Facilities	**GRI 201:** Economic Performance 2016	**201-1** Direct Economic Value Generated and Distributed	**76**
			GRI 202: Market Presence 2016	**202-1** Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage	**112**
			GRI 401: Employment 2016	**401-1** New Employee Hires and Employee Turnover	**107-108**
				401-2 Benefits Provided to Full-time Employees that are not Provided to Temporary or Part-Time Employees	**112-113; 114**
		Local Community Development and Empowerment	**GRI 203:** Indirect Economic Impacts 2016	**203-2** Significant Indirect Economic Impacts	**73; 78**
			GRI 413: Local Communities 2016	**413-1** Operations with Local Community Engagement, Impact Assessments, and Development Programs	**78; 124-137**
	Make Cities and Human Settlements Inclusive, Safe, Resilient, and Sustainable	Avian Brands' Contribution to the Construction of Public Facilities	**GRI 413:** Local Communities 2016	**413-1** Operations with Local Community Engagement, Impact Assessments, and Development Programs	**124-137**
	Ensure Sustainable Consumption and Production Patterns	Responsible Use of Materials	**GRI 301:** Materials 2016	**301-1** Materials Used by Weight or Volume	**90**
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		Supplier Engagement that Emphasizes Sustainable Production Practices	**GRI 308:** Supplier Environmental Assessment 2016	**308-1** New Suppliers that were Screened using Environmental Criteria	**74**

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	Take Urgent Action to Combat Climate Change and Its Impacts	Reduction of Emissions as a cause of Global Warming and Climate Change	**GRI 305:** Emissions 2016	**305-1** Direct (Scope 1) GHG Emissions	**95**
				305-2 Energy Indirect (Scope 2) GHG Emissions	**95**
				305-4 GHG Emission Intensity	**95**
				305-6 Emissions of Ozone-Depleting Substances	**96**
	Protect, Restore, and Promote Sustainable Use of Terrestrial Ecosystems, Sustainably Manage Forests, Combat Desertification, and Halt and Reverse Land Degradation, and Halt Biodiversity Loss	Reduction of Emissions as a cause of Global Warming and Climate Change	**GRI 305:** Emissions 2016	**305-1** Direct (Scope 1) GHG Emissions	**95**
				305-2 Energy Indirect (Scope 2) GHG Emissions	**95**
				305-4 GHG Emission Intensity	**95**
				305-6 Emissions of Ozone-Depleting Substances	**96**
		Activities to Protect Flora and Fauna Near Operational Sites	**GRI 304:** Biodiversity 2016	**304-3** Habitats Protected or Restored	**99**
	Promote Peaceful and Inclusive Societies for Sustainable Development, Provide Access to Justice for All and Build Effective, Accountable, and Inclusive Institutions at All Levels	Implementing Accountable and Transparent Business Practices, and Zero-tolerance for All Forms of Corruption, Including Bribery, Extortion, Fraud and Money Laundering	**GRI 205:** Anti-Corruption 2016	**205-1** Operations Assessed for Risks related to Corruption	**64**
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SUSTAINABILITY REPORT

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