

POWERING THE FUTURE OF INDONESIA

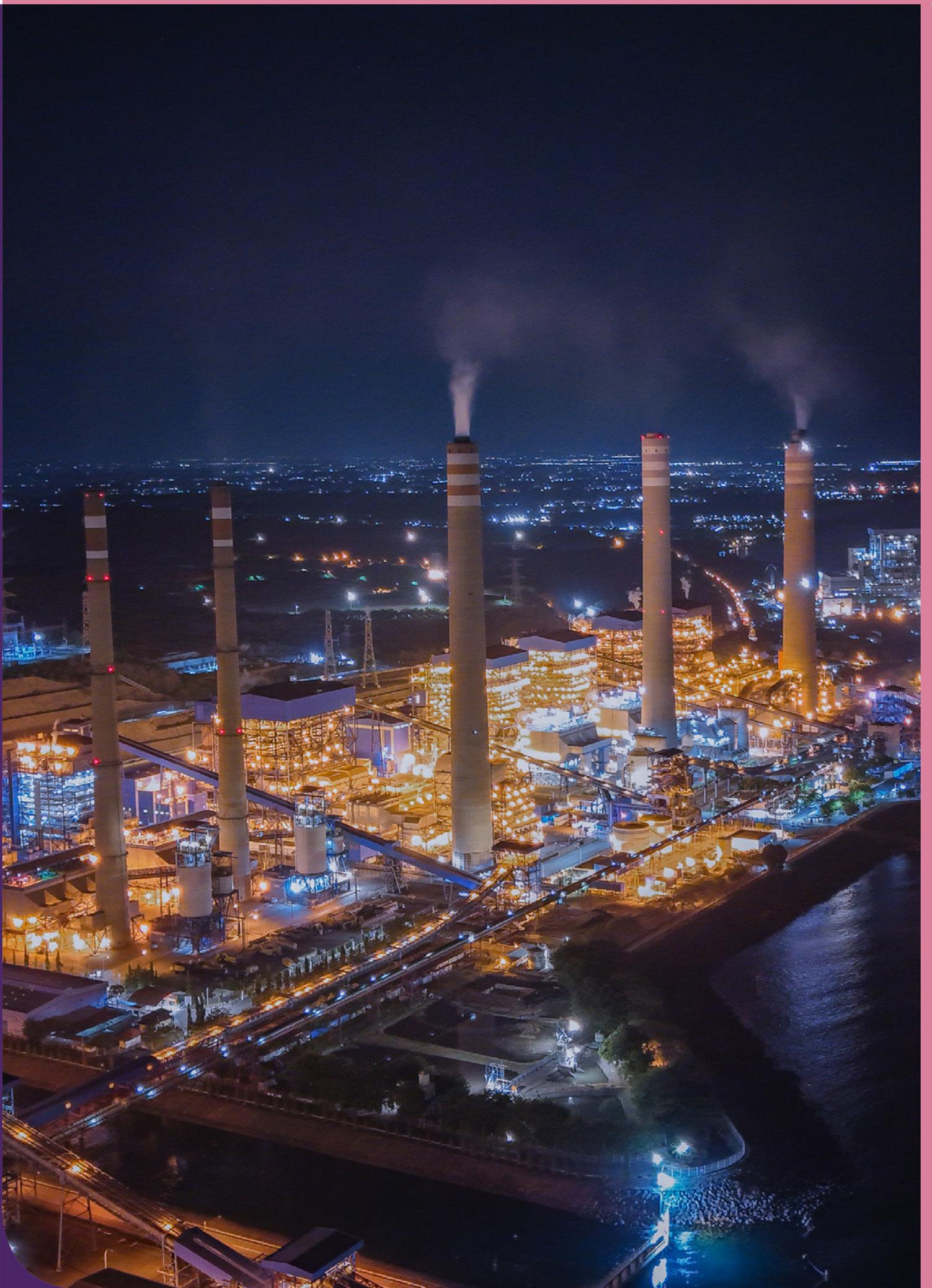
2024

SUSTAINABILITY REPORT

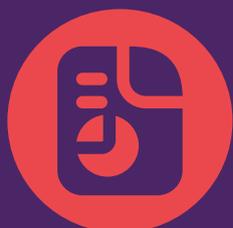


POWERING THE FUTURE OF INDONESIA

"POWERING THE FUTURE OF INDONESIA" reflects PT Paiton Energy's commitment to supporting the country's sustainable growth through reliable electricity supply, economic value creation, and community development. As a key player in Indonesia's energy sector, we recognize our role in driving national progress by ensuring energy security, supporting local livelihoods, and fostering inclusive development. Through investments in technology, workforce development, and social programs, we aim to deliver long-term benefits for our stakeholders and contribute meaningfully to Indonesia's future.



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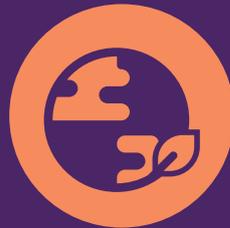
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HIGHLIGHTS

100%

of our coals are sourced locally from Indonesia

ISO 50001

In 2024, PE Successfully achieved ISO 50001 Certification on energy management system

We are working to improve our sustainability performance. In 2024, we sourced 100% of our coal locally from Indonesia and earned ISO 50001 certification for energy management. We implemented energy efficiency and emission reduction initiatives, treated all wastewater through our Wastewater Treatment Plant (WWTP), and received an 85.1% satisfaction rating for our INSPIRASI community program, reflecting our dedication to environmental responsibility and positive social impact.



1,569,137.43

total absolute energy efficiency (for the period January to June 2024)



143,839.27

total absolute emission reduction (for the period January to June 2024)



100%

of our wastewater is processed through the Wastewater Treatment Plant (WWTP)



85.1%

Community Satisfaction Index (very satisfactory) of the INSPIRASI program







WELCOME TO PT PAITON ENERGY'S 2024 SUSTAINABILITY REPORT

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MANAGEMENT STATEMENT

Dear Esteemed Stakeholders,

At PT Paiton Energy (PE), we recognize that our responsibilities extend far beyond the reliable generation of electricity. As a leading Independent Power Producer in Indonesia, we are committed to advancing sustainability in every facet of our operations. This Sustainability Report reflects our ongoing efforts to align our business with the expectations of our stakeholders, the evolving regulatory landscape, and our deep commitment to Indonesia's sustainable future. Our mission goes beyond delivering reliable electricity—we are deeply committed to Powering the Future of Indonesia in a way that is sustainable, inclusive, and responsible. We recognize that our role in national development comes with the responsibility to contribute meaningfully to the country's low-carbon transition and long-term energy security.

This Sustainability Report reflects the progress of Environmental, Social, and Governance (ESG) aspects that we've made in 2024 toward aligning our business with Indonesia's sustainable development goals, global ESG standards, and the evolving expectations of our stakeholders. These efforts are part of our broader vision to support a just and balanced energy transition—one that ensures reliable power today while enabling cleaner solutions for tomorrow.

On the environmental front, we have made concrete strides in reducing our carbon footprint, enhancing operational efficiency, and maintaining high standards of emissions control. We are actively evaluating opportunities to diversify our energy mix and integrate innovation as part of our long-term transition strategy in support of Indonesia's net-zero ambitions.

Social responsibility remains central to our identity. We believe that empowering people is key to powering the future. From fostering a safe, inclusive, and respectful workplace to investing in education, healthcare, and local economic resilience, we strive to ensure our impact goes beyond the grid and reaches the lives of those in the communities we serve.

Our governance framework underpins every aspect of our performance. We are committed to upholding integrity, transparency, and sound risk management to ensure responsible decision-making and earn the continued trust of our shareholders, regulators, and partners.

As we look forward, transition energy will remain a key pillar of our strategy and Powering the Future of Indonesia will remain our guiding purpose. We are proud to play a leading role in shaping an energy future that is more sustainable, more equitable, and more resilient.

Thank you to our employees, communities, and stakeholders for your ongoing support. Together, we are building a brighter energy future for Indonesia and generations to come.

Sincerely yours,

Fazil Erwin Alfitri
President Director

Bayu Anggoro Widyanto
Chief Financial Officer

ABOUT THIS REPORT

Report Scope [GRI 2-2, 2-3]

This document presents PT Paiton Energy's sustainability performance from 1 January 2024 to 31 December 2024, aligning with the Company's financial reporting period to ensure consistency in disclosures. However, the energy efficiency and emissions reduction data presented in this report covers the period of January to June 2024. Data for July to December 2024 is still under verification. The report covers PT Paiton Energy's operational activities and our environmental, social, and governance (ESG) impacts. As PT Paiton Energy's first sustainability report, this report marks the Company's commitment to transparent ESG disclosures and therefore, comparative data from previous years is not yet applicable for this year's report

The data presented in this report, particularly environmental performance data, occupational health and safety data, labour and human resource management and community engagement, includes information not only from our direct operations but also from PT Paiton Operation & Maintenance Indonesia (POMI) as our operation and maintenance subcontractor, whose activities are performed within our operational areas.

This approach reflects our commitment to capturing the full scope of our operational impact and aligns with our sustainability reporting standards, which recognize the significance of subcontractor activities in contributing to overall performance and risk exposure.

Reporting Standards and Framework

The Global Reporting Initiative (GRI) Standards 2021 (GRI Standard 2021) is used as this report's reference standard, following the "with reference" approach to disclose PT Paiton Energy's environmental, social and governance impacts.

Restatements [GRI 2-4]

As this is PT Paiton Energy's first Sustainability Report, no restatements have been made.

Internal Review and External Assurance [GRI 2-5]

This report has undergone an internal review process involving key departments relevant to each data and information in this report. This process was designed to uphold the report's accuracy, completeness, and alignment with the GRI Standards. This report has not yet undergone external assurance in accordance with the criteria set by the GRI Standards. However, selected data points presented in this report have been verified by external third parties. Our emissions data was verified by SUCOFINDO to comply with the Company's requirement to report to Directorate General of Electricity via APPLE-GATRIK. Additionally, our emission reduction, energy efficiency programs, as well as biodiversity protection and conservation program data have been verified by Pusat Studi Lingkungan Hidup Universitas Gajah Mada (PSLH – UGM) for Public Disclosure Program for Environmental Compliance (PROPER) rating.

Feedback [GRI 2-3]

PT Paiton Energy (PE) values feedback from stakeholders, including investors, employees, local communities, and regulatory bodies. We encourage readers to provide comments and suggestions on this report to help us improve our sustainability practices and reporting. For inquiries or suggestions, please contact:

PT PAITON ENERGY

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Corporate Profile

Established in 1994, PT Paiton Energy (PE) is one of Indonesia's largest Independent Power Producers (IPP), operating three coal-fired power plants at the Paiton Power Complex in Probolinggo, East Java. The Company generates approximately 17,000 GWh of electricity per year, contributing to around 6% of Java Island's annual electricity consumption. This output is connected to the 500 kV Java, Madura, and Bali (JAMALI) grid system. Out of the three power plants operated by the Company, two utilize sub-critical boilers, Unit 7 and Unit 8, with a capacity of 615 MW each. The third plant has a capacity of 815 MW, Unit 3, equipped with the first supercritical boiler in Indonesia, which is more efficient than a traditional boiler. Through our people and technology, the Company is committed to power the future of Indonesia.

PE remains committed to delivering reliable and efficient power generation while integrating sustainability and environmental responsibility across all operations. The Company consistently strives to be a professional and environmentally conscious energy provider, supporting Indonesia's energy needs through responsible and sustainable practices.

Vision & Mission

Vision:

To be the most respected world-class power producer.

Mission:

- Prioritize the highest health and safety standards in all aspects.
- Strive for excellence in innovation and operational standards.
- Optimize value to stakeholders.
- Develop employees' professional competence and well-being.
- Care for the environment.
- Contribute to community development.

Ownership Structure of Paiton Energy

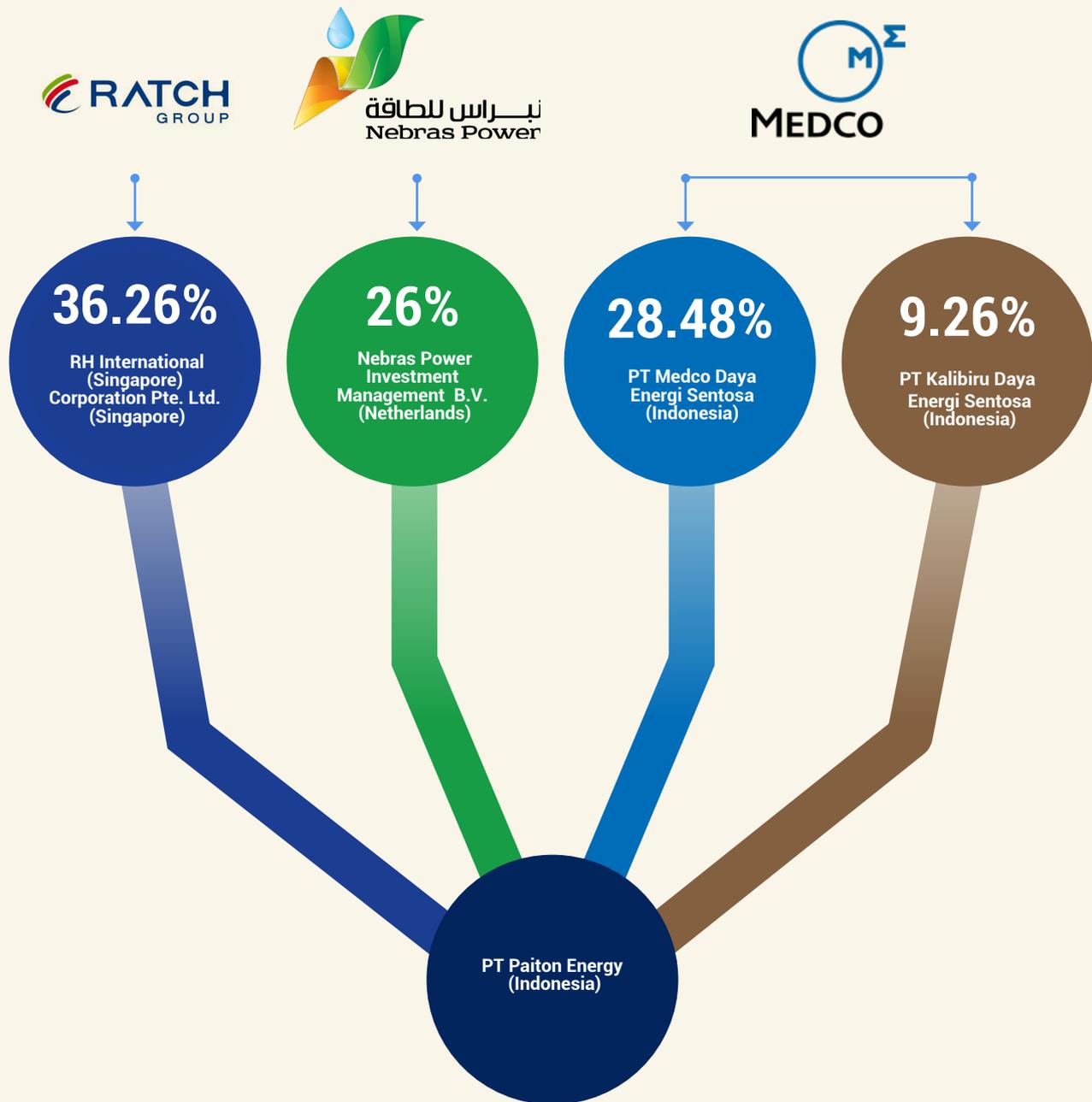
[GRI 2-1]

As of 31 December 2024, PE is owned by three major shareholders: PT Medco Daya Energi Sentosa, RH International (Singapore), and Nebras Power, with PT Kalibiru Daya Energi Sentosa as a minority shareholder. This ownership structure reflects a diverse and strategic partnership aimed at leveraging the strengths of each shareholder to enhance PE's operational and financial performance.

- 1. PT Medco Daya Energi Sentosa**, an Indonesian energy company, holds a significant stake in PE. Medco's involvement brings extensive experience in the energy sector, particularly in Indonesia, and supports PE's strategic initiatives and local market presence.
- 2. RH International (Singapore) Corporation Pte. Ltd.**, part of the Ratch Group, a leading energy company based in Thailand, is another major shareholder. RH International (Singapore)'s investment in PE underscores its commitment to expanding its footprint in the regional energy market.
- 3. Nebras Power Investment Management B.V.**, part of the Nebras Power Group based in Qatar, is a subsidiary focused on power development and investment based in the Netherlands. It also holds a substantial share in PE.
- 4. PT Kalibiru Daya Energi Sentosa**, part of the MDES Group, is a subsidiary focused on strategic investments in the energy sector.

This diversified ownership structure ensures that PE benefits from a blend of local expertise, regional influence, and global investment strategies. The collaboration among these shareholders supports our mission to deliver reliable and sustainable energy solutions while maintaining high standards of corporate governance and operational excellence.

Paiton Energy Shareholders Structure





Business Activities [GRI 2-1] [GRI 2-6]

PT Paiton Energy (PE) operates primarily in East Java, Indonesia, with our power plants located in the Paiton Power Complex, Probolinggo. We contribute to national energy security by supplying 2,045 MW of electricity through a long-term Power Purchase Agreement (PPA) with PT PLN (Persero), valid until 2042. This agreement underscores the Company's strategic role in ensuring a stable and reliable power supply for Indonesia. We focus on power generation, leveraging advanced and sustainable technologies to ensure efficient and reliable electricity supply.

PAITON ENERGY'S POWER GENERATOR

PAITON UNITS 3

March 2012

Boiler

Super Critical

Dual Furnace Tangential Firing with Reheater

Steam Separator with Wet Phase and Dry Phase

2,630 ton/hour

Main Steam: 538°C/24.5Mpa

Reheat Steam: 536/4.7Mpa

Steam Turbine

Tandem Compound with Combined HIP Turbine and Dual Flow LP Turbine

815 MW

Generator

2 Poles, 3 Phase

1,045 MVA

27KV

Sub-bituminous Coal

Key Environmental Features

Through the use of Low Sulfur Coal and Flue Gas Desulfurization (FGD) Technology

Low Ash Coal and Electrostatic Precipitators (ESP)

Low NO Burners

Note: For more details about our business activities, please refer to the Corporate Profile section or visit our corporate website.

PAITON UNITS 7&8

May and July 1999

Boiler

Sub Critical

Tangential Firing with Reheater

Boiler Steam Drum and Forced Water Wall Circulation

2,300 ton/hour

Main Steam: 538°C/16Mpa

Reheat Steam: 538°C/3.9Mpa

Steam Turbine

Tandem Compound with Dual Flow RH Turbine and Double Dual Flow LP Turbines

615 MW

Generator

2 Poles, 3 Phase

846 MVA

23KV

Sub-bituminous Coal

Key Environmental Features

Through the use of Low Sulfur Coal and Flue Gas Desulfurization (FGD) Technology

Low Ash Coal and Electrostatic Precipitators (ESP)

Low NO Burners

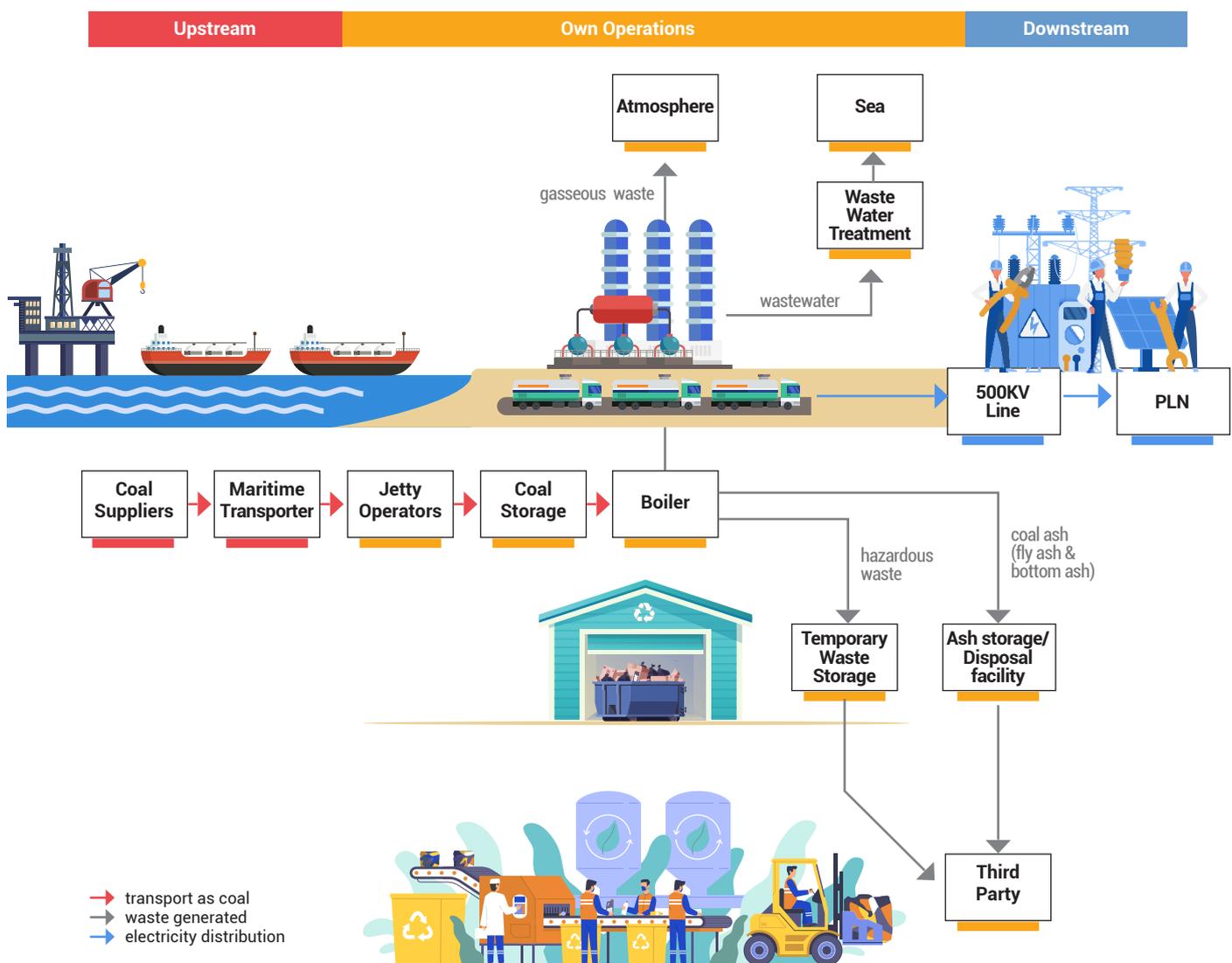
Note: For more details about our business activities, please refer to the Corporate Profile section or visit our corporate website.

PE's value chain spans the entire electricity production lifecycle, from coal sourcing to power generation. We source coal 100% from domestic suppliers, by identifying suitable coal deposits, negotiating contracts with mining companies, and ensuring the coal meets quality standards. Our commitment to sustainability drives us to minimize environmental impact, reduce our carbon footprint, and engage positively with local communities.

We work together with our subcontractor, POMI, for the operation and maintenance of our power stations (Unit 7, Unit 8, and Unit 3) to support us in providing reliable energy while upholding our operation quality.

All electricity produced and the capacity made available will be generated to PLN, in which acts as the sole and final off-taker of the electricity we generate.

Paiton Energy's Value Chain [GRI 2-1] [GRI 2-6]



Note: This value chain map is not exhaustive and only showcases the general overview of the business



Award and Certification

Award

- ▲ The Padmamitra Awards 2022 from Ministry of Social Affairs for the CSR program on Social Welfare for the successful Remote Management Category.
- ▲ The Indonesian Green Awards 2023 for Community Welfare Improvement Program through Upstream and Downstream Synergy in Binor Village, under the Water Resource Conservation category.
- ▲ Top CSR Awards 2023 by Top Business Magazine in the Sector of Energy and Clean Water Utilization by Top Business Magazine
- ▲ Top Leader on CSR Commitment 2023 given to the President Director of PT Paiton Energy
- ▲ Appreciation from Probolinggo Regency Government through for CSR activities during 2022 2023
- ▲ Green PROPER Rating for all unit in 2024









Certification

- 1 ISO 45001 certification for Occupational, Health & Safety Management
- 2 ISO 14001 certification for Environmental Management System
- 3 ISO 50001 certification for Energy Management System







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Economic Performance

PT Paiton Energy (PE) plays a key role in supporting Indonesia's economic growth, which reached 5.03% in 2024 according to Statistics Indonesia (BPS). With an installed capacity of 2,045 MW, the Company supplies approximately 6% of Java's electricity demand, helping power the nation's most economically active region. Our reliable and consistent power generation remains essential to maintaining energy security for our customers and end-users.

Operational reliability is a critical component of PE's economic and business performance. In 2024, the Forced Outage Rate (FOR) was recorded at 2.93% for Unit 3 and 3.51% for Unit 7&8. By maintaining low outage rates, the Company supports industrial productivity, reduces disruption risks, and contributes to long-term energy infrastructure reliability across Java.

Beyond electricity production, we contribute to local and national economic development through job creation, partnerships with domestic suppliers, and fiscal contributions in the form of taxes. These business activities bring positive externalities to the community by enhancing the socioeconomic well-being of surrounding communities and reinforcing the Company's role as a reliable energy provider and strategic partner in national growth.

Sound Financial Performance as Impacts Drivers

In 2024, PE generated a total direct economic value of USD 916.9 million, primarily driven by revenue of USD from electricity generation. We distributed this value across various stakeholders, including USD 190.9 million in dividends to shareholders and USD 49.2 million in income taxes to the government. Our operating expenses reached over USD 536.6 million, reflecting the scale of business activity. After all distributions, we reported a retained economic value of USD 168 million.

Direct Economic Value Generated and Distributed FY 2024 [GRI 201-1]

No.	Parameter	In Thousand USD
1	Revenue	878,011
2	Financial Income	38,921
Total of Direct Economic Value Generated		916,932
Operating Costs		
4	Cost of Revenues	(536,659)
5	General and Administrative Expense**	(4,576)
6	Other expenses	(34,129)
Capital Providers Payments*		
8	Financial Expenses	(124,069)
Payment to Government		
9	Net Income Tax	(49,210)
Distributed to Communities		
10	Community Development Expenses	(279)
Total Direct Economic Value Distributed		(748,922)
Retained Economic Value		168,010

Note:

*Excludes dividend payment to shareholders

**Includes salaries and benefits recognized as part of General and Administrative Expense



Sourcing Locally [GRI 204-1]

In 2024, Paiton Energy maintained a strong focus on local economic contribution by sourcing 100% of our coal from domestic suppliers in Indonesia. Our procurement strategy not only secures coal supply reliability but also amplifies our broader impact on Indonesia's economy through sustained partnerships with local vendors. We identified significant locations of operation based on our largest coal purchasing areas. These locations are defined by their strategic importance and contribution to our supply chain. The key locations include South Kalimantan, East Kalimantan, North Kalimantan, and South Sumatra.

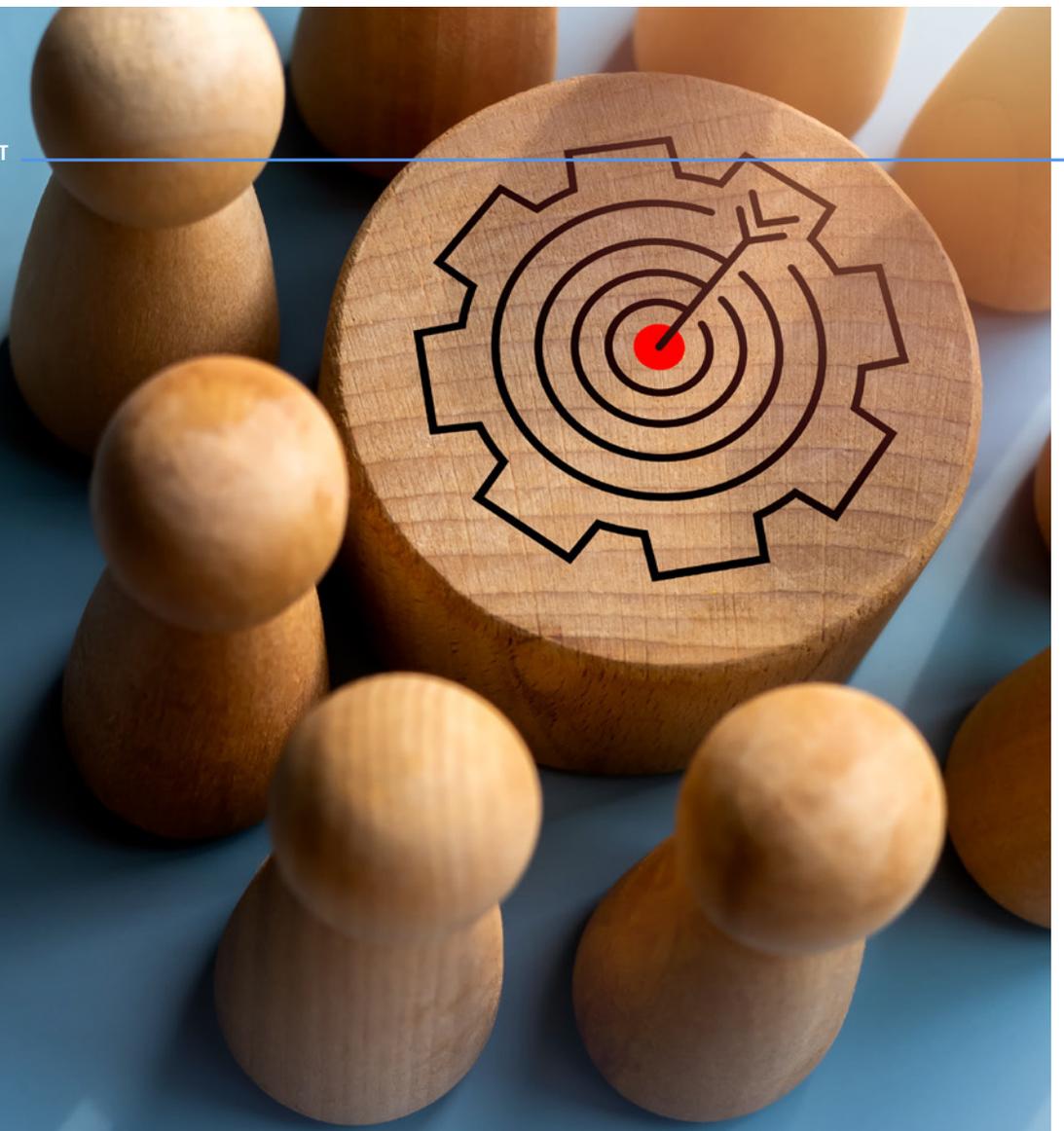
For the fiscal year 2024, the procurement budget allocated to significant locations of operation was utilized to support local suppliers in Indonesia only. Specifically, Units 7 and 8 spent a total of USD 233 million on local suppliers, and Unit 3 allocated USD 167 million for the same purpose. This practice supports national industry, strengthens local supply chains, and contributes to regional economic development.







STAKEHOLDER ENGAGEMENT



We recognize that strong stakeholder relationships are critical to delivering sustainable business performance. We engage with a broad range of stakeholders throughout our operations to ensure their perspectives are incorporated into business strategy, sustainability initiatives, and operational decisions.

In 2024, we conducted a formal Stakeholder Assessment survey, guided by our Stakeholder Engagement Plan, which was developed in alignment with applicable regulatory standards, including the 2021 PROPER KLHK framework. This assessment enabled us to systematically identify stakeholder concerns, expectations, and challenges.

Throughout the reporting year, we maintained active engagement with key stakeholder groups, including customer, shareholder, subcontractor, employees, suppliers, community, government, media, insurers, academics. These groups represent those directly involved in or impacted by our operations, and their input will continue to shape our sustainability priorities. Further details on our stakeholder engagement activities are presented below.

Summary of Stakeholder Engagement Activities [GRI 2-29]

No	Stakeholder Group	Engagement Method	Discussion Topics	Frequency
1	Customer (PLN)	Power Purchase Agreement (Contract)	Plant availability, coal pricing, coal supply, DMO reconciliation, maintenance/overhaul schedules (outage).	Monthly, Bi-Monthly, Quarterly, annual, ad-hoc
2	Shareholders	Executive Committee (Exco) meeting	Risk & opportunity identified from PT Paiton Energy	Quarterly
3	Subcontractor (POMI)	Operation & Maintenance Agreement, Compliance audit, Enterprise Risk Management.	<ul style="list-style-type: none"> Operational efficiency and risk management Operational performance, Compliance and safety, Cost efficiency, Emission control 	Weekly, Monthly, Quarterly, ad-hoc.
4	Employees	Employee engagement survey	<ul style="list-style-type: none"> Training, well-being, compensation, and safety Employee development and training, Remuneration and benefit, Compliance & safety, Corporate Social Responsibility 	Every 2 year
5	Suppliers	Coordination meeting Coal suppliers' coordination meeting	<ul style="list-style-type: none"> Supply planning, logistics, and delivery performance Annual quantity plan and coal allocation, Fixed coal allocation, Delivery schedule 	Quarterly, ad-hoc
6	Community	Stakeholder engagement plan (based on PROPER KLHK 2021) – quantitative and qualitative data, School outreach programs on energy & environment, Collaborative programs, CSR initiatives	Identification of strategic issues (economy, social, and environment), Environmental impact management, Livelihood support (Local hire, UMKM support), Health & safety	Quarterly, annual, ad-hoc.
7	Government	Policy consultations/discussions, Regulatory compliance meetings, Public-private partnership dialogues, Submissions to government inquiries.	Compliance with environmental regulations, Local economic impact and job creation, Public-private collaboration, and coordination.	Annual, Ad-hoc
8	Media	Press release, Exclusive media visit of Company's communities' programs.	Climate mitigations, Renewable energy partnerships, Health, Economic empowerment.	Quarterly, semi-annual, ad-hoc.
9	Insurers	Regular communication with insurance agents, Insurance roadshow, Insurance surveys, Policy renewal negotiations	Operational risk mitigations, Climate and transition risks, Liabilities and coverage (business interruptions), Diversity, equity and inclusions	Quarterly, annual, ad-hoc
10	Investors	Investor meetings, Regular monitoring	Climate and transition risks, Climate mitigation	Quarterly, annual, ad-hoc
11	Academics	Research partnerships with ITS, UGM, UNAIR.	Increasing operational efficiency (i.e., coal handling), Macroeconomic impact such as from coal blending efficiency	Ad-hoc





LIST OF MATERIAL TOPICS

**32 MATERIALITY MATRIX
AND MATERIALITY TOPICS OF
PT PAITON ENERGY**

33 MATERIAL TOPICS



We conducted a comprehensive desktop materiality assessment to identify the most relevant Environmental, Social, and Governance (ESG) topics that align with our business priorities and stakeholder interests. This assessment considered both stakeholder expectations and the potential impact of each topic on our operations, forming the foundation for our sustainability reporting and strategic ESG focus.

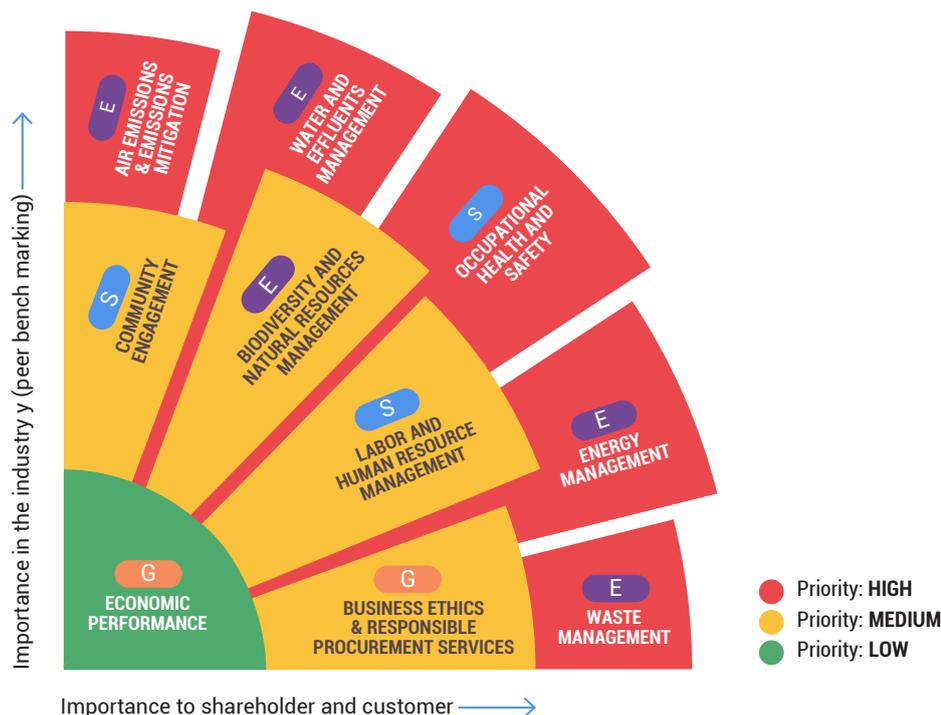
To identify these topics, we referenced materiality disclosures from our key stakeholders, such as industry peers, shareholders, and customers. The scoring approach is grounded in the perspectives of key stakeholders, taking into account how frequently each topic was identified as material or aligned with their ESG priorities and concerns. Topics consistently recognized as significant by stakeholders were assigned higher scores in the materiality assessment. This method enabled us to pinpoint 10 priority material topics that are relevant to its operations and stakeholder interests. [GRI 3-1]

Materiality Matrix and Materiality Topics of PT Paiton Energy

The result of this process is a materiality matrix a strategic tool that highlights topics most aligned with investor and customer expectations while adhering to industry best practices. The matrix categorizes topics into three priority zones:

- **High Priority (Red Zone):** These critical topics require immediate attention and include occupational health and safety (OHS), energy management, water and effluent management, air emissions and mitigation, and waste management.
- **Medium Priority (Yellow Zone):** These important topics are not as urgent as those in the red zone but still require significant focus.
- **Low Priority (Green Zone):** These topics are less critical but remain relevant to the company's sustainability efforts.

This categorization helps us to focus on the most critical sustainability areas, ensuring that resources are effectively allocated to address the most pressing issues.



Furthermore, the table below presents our material topics, outlining the actual and potential impacts of our business activities across ESG dimensions. It also describes the management strategies we have implemented to address these impacts. This structured approach enables us to prioritize sustainability issues more effectively, align with stakeholder expectations, and integrate ESG considerations into our long-term business strategy

Material Topics [GRI 3-2]

ESG Aspects	Priority	Impacts	Management Approach	Reporting Standard
OCCUPATIONAL HEALTH AND SAFETY	High*	Operational activities present workplace hazards that can affect employee health and safety.	Implementing a safety management system, conducting regular safety training, and following a process for identifying hazards and assessing risks, as well as monitoring safety performance indicators.	GRI 403
ENERGY MANAGEMENT	High*	High energy consumption leads to carbon emissions and resource depletion, influencing global warming and operational sustainability. Effective energy management enhances operational efficiency, reduces costs, and minimizes waste.	Optimizing energy consumption, increasing efficiency, and integrating renewables.	GRI 302
WATER AND EFFLUENTS MANAGEMENT	High*	Seawater withdrawals for cooling and water discharge may affect marine ecosystems.	Monitoring water use, implementing water conservation programs, and implementing controls and processes to treat wastewater before discharge.	GRI 303
AIR EMISSIONS & EMISSIONS MITIGATION	High*	Our operations contribute to air pollution and greenhouse gas emissions, impacting climate change and air quality. As a power generation company, our emissions have a significant impact on its business and sustainability performance, requiring strict adherence to regulatory measures.	Measuring and managing pollutant emissions, implementing reduction strategies.	GRI 305
WASTE MANAGEMENT	High*	The generation and disposal of coal ash and other operational waste present environmental risks, impacting land and water quality, as well as the health of surrounding communities. Inadequate waste management may also increase compliance risks and pose operational challenges.	Minimizing waste sent to landfill through reusing and repurposing waste, safe handling, storage, and disposal of waste with a focus on regulatory compliance.	GRI 306

* We have assessed climate related risks and opportunities to our business and include this as our material focus point. Refer to page 44 for our disclosure on the topic.



ESG Aspects	Priority	Impacts	Management Approach	Reporting Standard
BIODIVERSITY AND NATURAL RESOURCES MANAGEMENT	Medium	Our operations may disrupt local ecosystems, impacting biodiversity and natural resource availability.	Conserving habitats, monitoring key protected species, collaborating with local community in biodiversity conservation projects	GRI 304
LABOR AND HUMAN RESOURCE MANAGEMENT	Medium	Employee well-being and career development affect workforce stability and productivity.	Fostering employee development, diversity, and well-being programs.	GRI 2-7, GRI 2-8, GRI 401, GRI 402, GRI 404
BUSINESS ETHICS & RESPONSIBLE PROCUREMENT SERVICES	Medium	Unethical business practices and irresponsible sourcing could lead to reputational damage and legal risks	Ensuring ethical sourcing, anti-corruption measures, and regulatory compliance.	GRI 204, GRI 205
COMMUNITY ENGAGEMENT	Medium	Our business activities may bring negative impact to the local community either directly or indirectly, e.g. in the form of social conflict, economic dependency, or socioeconomic shifts	Engaging stakeholders, investing in community development, and social impact assessments.	GRI 413 GRI 203
ECONOMIC PERFORMANCE	Low	Our economic activity brings positive economic development to our stakeholders and business partners	Monitoring financial performance, diversifying energy sources, and ensuring long-term sustainability.	GRI 201

Environmental Impacts: We acknowledge the significant environmental impacts of its operations, including energy consumption, water usage, air emissions, biodiversity, and waste generation . To mitigate these impacts, we have implemented comprehensive management strategies such as energy efficiency programs, water conservation initiatives, emission reduction technologies, biodiversity protection and conservation programs, and waste management practices. These efforts not only reduce our environmental footprint but also enhance operational efficiency and ensure compliance with regulatory standards. [\[GRI 3-3\]](#)

Social Impacts: Our business activities have substantial social implications, particularly in areas such as occupational health and safety, labor and human resource management, and community engagement. We are committed to fostering a safe and inclusive workplace, promoting employee well-being, and significantly supporting surrounding local communities. We have established concrete health and safety protocols, Integrated diversity and inclusion into workplace practices, and maintained community development projects to address these social impacts and contribute positively to society.

Governance Impacts: Effective governance is crucial for maintaining transparency, accountability, and ethical conduct within the Company. Our governance strategies include rigorous compliance frameworks, risk management processes, and stakeholder engagement practices. By upholding high standards of corporate governance, we ensure that our business operations align with stakeholder expectations and industry best practices. [\[GRI 3-3\]](#)

This holistic approach to managing ESG impacts enables us to address the most critical sustainability issues, align with stakeholder interests, and integrate ESG considerations into our long-term business strategy. By continuously monitoring and improving our performance in these areas, we aim to achieve sustainable growth and create lasting value for all our stakeholders.







GOVERNANCE

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- 39 Overseeing Sustainability

40 BUSINESS ETHICS AND RESPONSIBLE PROCUREMENT PRACTICES

- 40 Code of conduct, anti-bribery and corruption policy
- 41 Anti-corruption Training
- 41 Relationship with vendors
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42 RISK MANAGEMENT

- 42 Enterprise Risk Management System

43 CLIMATE RESILIENCE



“At PT Paiton Energy, good corporate governance is fundamental to sustaining long-term business performance. By upholding transparency, accountability, and ethical conduct, we ensure that decision-making processes are aligned with our commitments to shareholders, regulators, and the surrounding communities of our operational area.”

Sustainability Governance

PT Paiton Energy (PE) recognizes that strong governance is essential for enhancing effectiveness, efficiency, and the long-term sustainability of our business. Our governance framework is designed to foster responsible decision-making, maintain integrity in financial reporting, effectively manage risks, and uphold ethical stakeholder relationships.

Moreover, we strive to full compliance with all applicable laws and regulations. To support this commitment, PE regularly review and update our internal guidelines, procedures, and manuals to adhere to regulatory requirements and industry-leading practices.

Governance Structure [GRI 2-9]

The Company's governance structure is based on Law No. 40 of 2007 of the Republic of Indonesia concerning Limited Liability Companies and follows a two-tier system, consisting of the Annual General Meeting of Shareholders (AGMS), the Board of Commissioners (BOC), and the Board of Directors (BOD). Our governance structure provides strategic oversight of the Company's operations, including the management of environmental, social, and governance impacts.

In line with Indonesian corporate governance practices, the roles and responsibilities of the BOC and BOD are clearly defined and separated, as stipulated in applicable laws, regulations, and the Company's Articles of Association. No member of the Board of Commissioners holds a dual role as a Director or is involved in day-to-day management.

Our governance structure is built to uphold transparency, accountability, and integrity across all organizational levels. The structure comprises the AGMS, the BOC, and the BOD. In 2024, our governance structure comprised seven male members on the Board of Directors and nine members on the Board of Commissioners, which included one female commissioner.

Annual General Meeting of Shareholders (AGMS) [GRI 2-10]	Board of Commissioners (BOC) [GRI 2-11]	Board of Directors (BOD) [GRI 2-11]	Executive Committee [GRI 2-11]
AGMS is the highest governance body, granting shareholders the authority to exercise their rights and make key decisions regarding the management and strategic direction of the Company.	BOC is responsible for overseeing the performance and actions of the Board of Directors in managing the company. This oversight includes ensuring that the company's strategies and operations align with its sustainability goals and ethical standards. The BOC plays a crucial role in providing strategic guidance and ensuring accountability in the implementation of the company's sustainability initiatives. Currently, the BOC comprises nine members, including eight males and one female. We recognize this as a positive start in our first reporting period, reflecting our commitment to diversity and inclusion at the highest levels of governance.	BOD is responsible for the overall management and operation of the Company, supported by the ERM Risk Committee in carrying out its duties effectively.	The Executive committee is a committee formed by Shareholders which shall make all decisions relating to the P7/8 Project and the P3 Project. The Executive Committee shall consist of two (2) representatives from each Shareholder, provided that the two representatives of each Shareholder shall act together in voting on behalf of such Shareholder

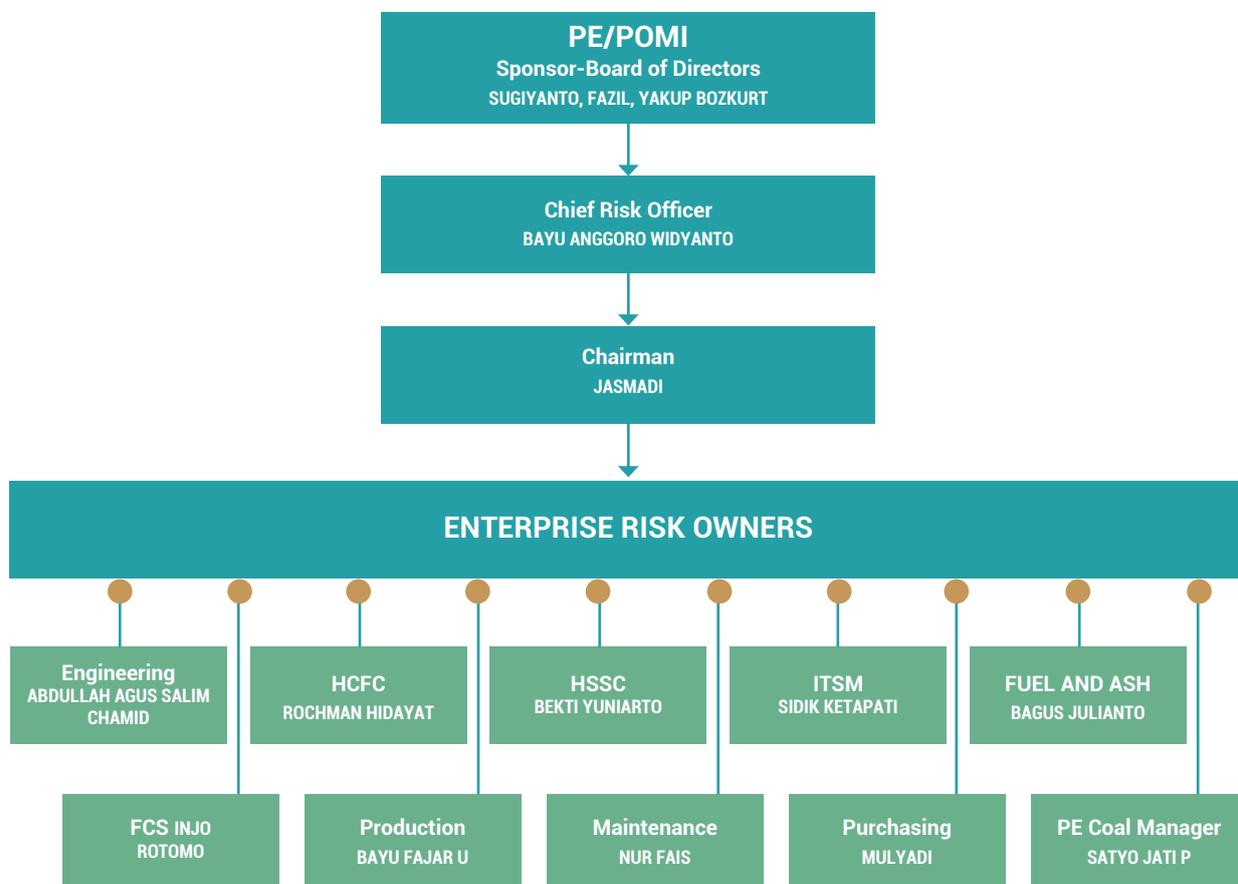
Overseeing Sustainability [\[GRI 2-12, 2-13\]](#)

Sustainability oversight is integrated into the Enterprise Risk Management (ERM) framework and falls under the responsibility of the Risk Committee in PE. This committee is chaired by the Board of Directors, reflecting the Company's top-level commitment to embedding sustainability considerations into strategic decision-making and risk management processes.

In 2023, the Risk Committee was updated to reflect organizational changes and now includes representatives from both PE and POMI to strengthen alignment across business units. The ERM procedure was also reviewed and revised and is currently in the process of internal approval.

The Board of Directors oversees the management of our risks. We apply ERM Policy that defines the core principles and framework for the implementation of a Comprehensive Risk Control, which includes cost and commercial risk, operational loss, safety and security, environment, and compliance. The ERM Policy is under the ownership of the Board of Directors, with the responsibility for its implementation and content management delegated to the Risk Committee. [\[GRI 2-14\]](#)

Our ERM governance structure is designed to support effective risk oversight and strategic decision-making. The Risk Committee, which includes coordination with the Company's subcontractor, POMI, ensures risks are identified and addressed in an integrated manner across both organizations. The ERM Policy is owned by the Board of Directors, with the Risk Committee responsible for managing its implementation. Each division under the Risk Committee is accountable for identifying, evaluating, and managing risks within their respective functions.





A quarterly risk review process is consistently implemented, and we are committed to continuously strengthening our ERM capabilities through proactive planning and engagement. The involvement of designated risk owners remains fundamental to the effectiveness of our risk management practices. To enhance coordination and oversight, the Company also held Exco meetings involving the BOD, BOC, and relevant committees to ensure alignment on key risk management priorities and strategic decisions.

As of 2024, we have not established a dedicated committee or task force specifically for sustainability. However, Environmental, Social, and Governance (ESG) initiatives have been integrated into the Company's operations and are managed by the respective functional divisions, with oversight provided by the BOD. Additionally, to enhance internal capacity and deepen employee understanding of sustainability and ESG principles, we supported the participation of our employees in sustainability reporting workshop in 2024. These programs focused on strengthening competencies in ESG disclosure, global reporting frameworks, and regulatory alignment. [GRI 2-12]

Good corporate governance is fundamental to sustaining long-term business performance in PE. By upholding transparency, accountability, and ethical conduct, we ensure that decision-making processes are aligned with our commitments to shareholders, regulators, and the surrounding communities of our operational area.

Our governance-driven approach enhances operational efficiency, forming a strong foundation for sustained economic performance. In turn, strong financial results support business continuity while delivering both direct and indirect economic value to our stakeholders.

Business Ethics and Responsible Procurement Practices

We promote anti-corruption measures throughout our business practices by implementing key policies such as the Code of Conduct, Anti-Bribery and Competitive Practices Policy, and Ethical Business Practices Policy. These policies apply to all employees, directors, commissioners, agents, and representatives and prohibit practices such as kickbacks, bribes, and payoffs.

Code of conduct, anti-bribery and corruption policy [GRI 205-1]

Code of Conduct (COC)	Anti-Bribery and Competitive Practices Policy
<p>Our COC outlines the ethical and professional standards expected of all employees, directors, commissioners, agents, and representatives of the Company in their interactions with external stakeholders and the broader community. It emphasizes compliance with applicable laws and regulations, respect for human rights, and the protection of the Company's interests, including avoiding actions that could harm the Company or result in the loss of potential benefits. To ensure continued awareness and adherence, all personnel are required to certify their compliance with the COC on an annual basis.</p>	<p>We aim to protect our business operations and demonstrate our commitment to ethical conduct, ensuring that our interactions, both internal and external, are conducted with integrity.</p> <p>We have implemented a policy for internal personnel that strictly prohibits any form of kickbacks, bribes, or payoffs, which covers handling issues to transactions involving government officials, selection agents and/or consultants, contractors, sub-contractors and/or vendors that may affect business decisions or result in personal gain. To help prevent corruption, our policy outlines due diligence procedures for selecting agents and consultants to prevent corruption, including background checks and required documentation. Reporting mechanisms are in place to address suspected violations, with disciplinary actions clearly defined, including potential termination of employment for non-compliance.</p> <p>Additionally, we emphasize compliance with anti-bribery laws in our vendor agreements to extend our policy to our business partners. This initiative is part of our ongoing efforts to prevent bribery and corruption carried out by our vendors.</p>

All personnel are required to comply with applicable laws and regulations. Failure to do so may lead to disciplinary action, including termination, as well as civil or criminal liability. The policies also establish procedures for reporting suspected violations. Furthermore, additional controls apply to transactions involving government officials, where pre-approval is required for any payments. We also carry out due diligence, including background checks and documentation, before engaging prospective agents.

As part of the onboarding process, new employees are expected to understand and acknowledge the company's policies, including anti-corruption measures. Additionally, all employees, including the governance body, must commit to an annual compliance certificate covering the code of conduct, anti-bribery practices, and information technology code of conduct.

Anti-corruption Training [GRI 205-2]

To support awareness and accountability, Paiton Energy conducted a compliance session in October 2024. This session was attended by a total of **19 participants**, including key members such as the President Director and the Chief Financial Officer (CFO), aimed to reinforce understanding of anti-corruption policies and strengthen ethical practices across the organization.

Relationship with Vendors [GRI 2-24]

Our code of conduct promotes fair trade practices in our procurement activities, in which personnel responsible for procurement activities are required to ensure fairness in selecting vendors. Personnels are also not permitted to unjustifiably demand a reduction in purchase prices, reject the reception of any goods/services, return goods, or delay payment of a purchase price in dealing with vendors.

To further enhance our ethical business practices, we include a "Conflict of Interest; Commission Payments" clause to our standard vendor to prohibits any direct or indirect of money or anything of value to government officials, political parties, or candidates for political office to obtain or retain business. It is aligned with anti-corruption regulations such as the Foreign Corrupt Practices Act in the U.S., and similar laws in Japan and the U.K. This step underscores our commitment to ethical business practices.

Internal Feedback Mechanism [GRI 2-25]

We facilitate our employees and other workers working in our site to report their complaints through our internal complaint channel. Through the company policy, we ensure the rights of employees to raise their complaints through their direct reporting manager. Should the outcomes be not satisfactory, the complaints can be raised without retaliation or pressure to the human resource committee, President Director, and, ultimately to the Regional Office of Manpower and Transmigration. We keep track of the complaints and archive the issue details, recommendation actions, and closing actions. To discuss and mitigate internal complaints, we also conducted internal meetings; as well as bipartite or tripartite meetings with the related/ affected parties when deemed necessary. The complaints are closed after all parties have discussed and agreed the outcomes / mitigation actions.



Risk Management

We adopt a risk management approach that emphasizes early identification, consistent evaluation, and mitigation of risks across all business functions. This structured and transparent approach ensures that risks are effectively managed throughout the organization.

Building on this foundation, our Enterprise Risk Management (ERM) process, initially developed in 2020 based on recommendations from Uniper Kraftwerke GmbH, serves as a key framework for identifying and managing critical business risks. The ERM process ensures clear ownership of each risk area and is fully integrated into the company's operations, reinforcing our commitment to comprehensive risk management

Enterprise Risk Management System



Risk management at PE follows a three-line of defense model. The first line consists of Risk Owners who are directly responsible for identifying, assessing, mitigating, and monitoring risks within their respective functions. The second line, led by the Risk Committee, provides oversight by identifying control gaps, advising on mitigation strategies, and supporting continuous improvement. The third line includes Internal Audit, External Audit, and other independent parties, who evaluate the effectiveness of the risk management system within their defined scopes. This system supports strong governance, regulatory compliance, and operational resilience across the organization.

Looking ahead to 2025, PE will maintain its quarterly risk review process while enhancing the implementation of Enterprise Risk Management (ERM) through more structured planning and active engagement from designated risk owners. In line with evolving business priorities, the Integrated Risk Map for PE and POMI will be updated to include climate-related risks as a key component of the Company's broader risk management framework.

PE is currently in the process of pursuing ISO 31000 certification, with a target completion date of November 2025. At present, ISO 31000:2008 has been adopted and is applied through quarterly risk monitoring across both PE and POMI. In addition, internal risk profiles and mitigation progress are reviewed and updated every month within POMI to support continuous risk oversight and improvement.

In 2025, we are conducting a climate risk assessment as part of our Enterprise Risk Management (ERM) framework. This initiative aims to identify, evaluate, and manage potential climate-related risks that may affect the Company's operations and long-term resilience. The results of this assessment will be disclosed in the next sustainability report.





Climate Resilience [GRI 201-2]

Given our critical role as a key energy provider supporting Indonesia's national electricity infrastructure, effectively managing climate-related risks and opportunities is essential for ensuring business resilience and maintaining stakeholder confidence. The global push for decarbonization, increasing regulatory requirements, and the growing frequency of climate-related events underscore the importance of proactively addressing these emerging challenges within our sustainability framework.

Recognizing this, in 2024, we conducted an initial identification of climate-related risks and opportunities along with a qualitative climate scenario analysis specifically tailored to our operational context, **aligning with global standard, IFRS S2: Climate-related Disclosures**. We are focusing on IFRS S2 to prepare ourselves to meet the expectations of our stakeholders as well as to embrace Indonesia's upcoming adoption of IFRS into its sustainability reporting standards, with an emphasis on the mandatory climate-related disclosure requirements in 2027.

While we have not yet established a definitive system to quantify the exact financial implications associated with climate-related physical and transition risks, we have taken initial steps towards adopting IFRS S2 standards. This involved a thorough evaluation of material risks and opportunities across our value chain, categorizing identified issues into physical risks (such as extreme weather events) and transition risks (such as regulatory changes, technology shifts, and market pressures). These assessments have provided deeper insights into how climate-related factors could impact our operational performance and long-term financial outcomes. Moreover, we have begun exploring various mitigation strategies designed to address and manage these identified risks effectively as well as to capitalize on the opportunities.

Risk	Impact	Mitigation Strategy
PHYSICAL RISK		
Extreme winds & tropical cyclones	<p>Extreme winds and tropical cyclones can disrupt coal supply operations, which may potentially cause coal losses during coal transportation via tugboats/vessels and coal unloading in the company's jetty.</p> <p>In the event of shipping delays, there could be temporary shortages of specific types/quality of coal, typically lasting a few hours or up to a day. As there are potential disruptions in the coal supply, there may be a need to temporarily reduce operational load, leading to a decrease in electricity output, which in turn may potentially impact revenue generation.</p>	<p>To manage these risks, we have implemented safety measures to protect our coal stock and are prepared to handle any supply delays. Our company has assessed the safety of docking and unloading during extreme weather conditions and holds insurance to cover disruptions caused by force majeure events, and any incidents occurring during coal shipping.</p>

Risk	Impact	Mitigation Strategy
Storms & heavy rain	<p>Storms and heavy rain can impact the company by disrupting coal distribution due to boat capsizing and strong winds, coal stock flooding, and degradation of coal stock quality from the increased moisture content. Heavy rain and storms can also increase the likelihood and severity of OHS accidents.</p> <p>As PE's operations are not situated in a flood-risk area, flooding has never affected the company historically. However, the remaining impact of the risks is the company's coal stockpile being exposed to heavy rain. This may impact the quality of coal, increasing the heat rate of the plant. As there is potential coal quality degradation as well as costs to mitigate climate related OHS accidents, there may be a loss of potential revenue due to reduced electricity output as well as additional cost from mitigating OHS accidents.</p>	<p>To address the impact of increased rainfall on coal quality, our company has implemented a coal blending strategy to minimize issues like slagging and efficiency loss from sticky coal.</p> <p>OHS accidents including slipping hazard and high elevation working areas, are assessed in our HIRA, which is detailed in the "Occupational Health and Safety" section of this report.</p>
Health and safety issues from climate risks	<p>In our company, climate-related risks to occupational health and safety primarily stem from storms, heavy rains, and heatwaves. Heatwaves can lead to heat-related illnesses and stress for employees, while storms and heavy rains pose hazards like flooding, structural damage, and electrical issues.</p> <p>Although heatwaves have not yet been a significant problem for PE, their increasing intensity and severity could pose future risks, potentially causing heat-related illnesses or injuries. These issues could lead to decreased productivity and increased costs as we work to prevent climate related OHS incidents.</p>	<p>OHS accidents, including slipping hazards and high elevation working areas, are assessed in our HIRA, which is detailed in the "Occupational Health and Safety" section of this report.</p> <p>We also have procedures for hot/fire-related work to minimize the impact of heat on our workers.</p>
Sea surface temperature rise	<p>PE's power plant uses seawater for cooling, and an increase in sea temperatures can reduce the effectiveness of this process. As the seawater warms, it becomes less efficient for cooling processes, which can lead to overheating and force us to lower our operational load to avoid damage during high load. This reduced efficiency in cooling can result in lower electricity output, impacting revenue generation.</p>	<p>PE is actively monitoring the temperature changes in the seawater inlet canal to track potential impacts on cooling efficiency, with plans to implement additional technology, such as improved condensers, to enhance heat transfer rates and cooling system performance.</p>
Ambient air temperature rise	<p>Rising ambient air temperatures may reduce the efficiency of PE's plant's cooling process as the cooling systems are unable to dissipate heat effectively, leading to increased thermal stress on the plant. This can cause the plant to lose efficiency and may slow down operations to prevent overheating and damage. If the cooling system becomes impaired, it can lead to reduced electricity output, resulting in a potential financial impact due to lost revenue.</p>	<p>Regular maintenance and retrofits are conducted to maintain the plant's heat transfer efficiency and minimize the impacts from this risk.</p>



Risk	Impact	Mitigation Strategy
TRANSITION RISK		
Coal supply scarcity	<p>PE's performance in meeting electricity generation targets is at risk due to uncertainties in coal supply availability and quality such as scarcity, government regulations, and supplier availability. Domestic coal supplies are becoming scarce, as suppliers are opting to sell coal internationally whilst existing mines are depleting.</p> <p>In the event of extreme coal scarcity, we may face challenges in securing coal, potentially forcing us to reduce electricity output, impacting our revenue.</p>	<p>To address these challenges, we may need to seek alternative coal suppliers and rely on domestic coal, which can vary in quality. This will require us to adjust our coal handling and mixing procedures and possibly implement new technologies to utilize the available coal effectively.</p> <p>We have allocated funds to acquire technology that can adapt to changing coal quality.</p>
Carbon tax & emission cap regulations	<p>Coal-fired power plants in Indonesia must comply with emission regulations, including a carbon tax or the requirement to purchase carbon credits if emissions exceed the allocated budget. According to ESDM Regulation No. 16 of 2022, these plants are subject to emission cap rules.</p> <p>PE is required to measure and report emissions using the APPLE-GATRIK system to ensure compliance with these regulations, which may need developing a strategy to meet the emission cap and continuously monitor performance. This regulatory requirement is expected to have a financial impact on PE under the scenario that the government enforces stricter emission caps and increases carbon tax or emission allowance prices.</p>	<p>PE has implemented energy efficiency initiatives to reduce emissions and is exploring improvements in operational efficiency. We are also conducting carbon projects and pilot tests for biomass co-firing, which involves substituting coal with lower-emission biomass fuel to reduce emissions. This is part of the mitigation strategy for coal supply scarcity.</p>
Shifting insurers preferences in embracing more sustainable businesses	<p>Sustainability issues are affecting the insurance industry, especially for high-risk sectors like coal-fired power plants. As a result, insurance premiums for these plants are expected to rise by 10-20% annually. PE will likely face increased insurance costs in future scenarios, with more significant hikes expected under the SSP1 scenario. This rise in premiums will lead to higher operational expenses and could reduce overall profitability.</p>	<p>To address rising insurance costs due to sustainability concerns, PE aims to enhance safety and risk management systems to minimize losses from accidents and operational halts as well as to potentially lower premiums. We also look to diversify insurance providers to find those still willing to provide coal-fired power plants. Additionally, by demonstrating commitment to sustainability—such as through the ongoing exploration of biomass as an alternative fuel source—PE aims to negotiate better insurance terms and improve our standing in the power sector.</p>

Risk	Impact	Mitigation Strategy
<p>Adverse publication due to the nature of PE's business</p>	<p>Adverse publication risk arises from potential negative media coverage or public scrutiny to businesses that are commonly seen as less sustainable.</p> <p>The construction of the new toll road will have a direct view of the Company's coal ash storage facility. as a result, we need to manage our relationship with the community and media. we also need to minimize the visual exposure of the coal ash from the public view. these efforts are necessary to prevent any operational impact that may arise. We may be required to allocate a budget to strengthen community and media relations as well as implement mitigation strategies to minimize potential reputational damage, which could lead to financial impact</p>	<p>Our company has implemented several measures, including planting a green belt around the storage area and using water cannons to reduce dust particles. We are also planning to install visual barriers near the toll road. Additionally, a stakeholder engagement plan will help identify and manage key stakeholders, which we update regularly to stay informed about community dynamics. To maintain a positive relationship with the public, we may also engage with the media as part of our strategy.</p>



Opportunities	Impact
<p>Engaging in the voluntary carbon market</p>	<p>Engaging in the voluntary carbon market enables PE to reinforce its sustainability commitments, demonstrate climate leadership, and contribute to broader decarbonization efforts. The generation and sale of carbon credits serve as a complementary initiative that supports environmental goals and may yield additional economic value. This opportunity may also improve operational efficiency and develop partnerships to enhance the company's overall value proposition.</p>
<p>Capturing the domestic carbon compliance market</p>	<p>By strategically planning and achieving emission reduction and mitigation ahead of its peers under cap-and-trade regulations, PE can position itself as a leader in the compliance market. This proactive approach, if done effectively, can create additional economic value through the sale of surplus emission allowances, enhance the company's reputation, drive cost savings through improved efficiency, ensure regulatory compliance, and foster innovation.</p>





ENVIRONMENTAL

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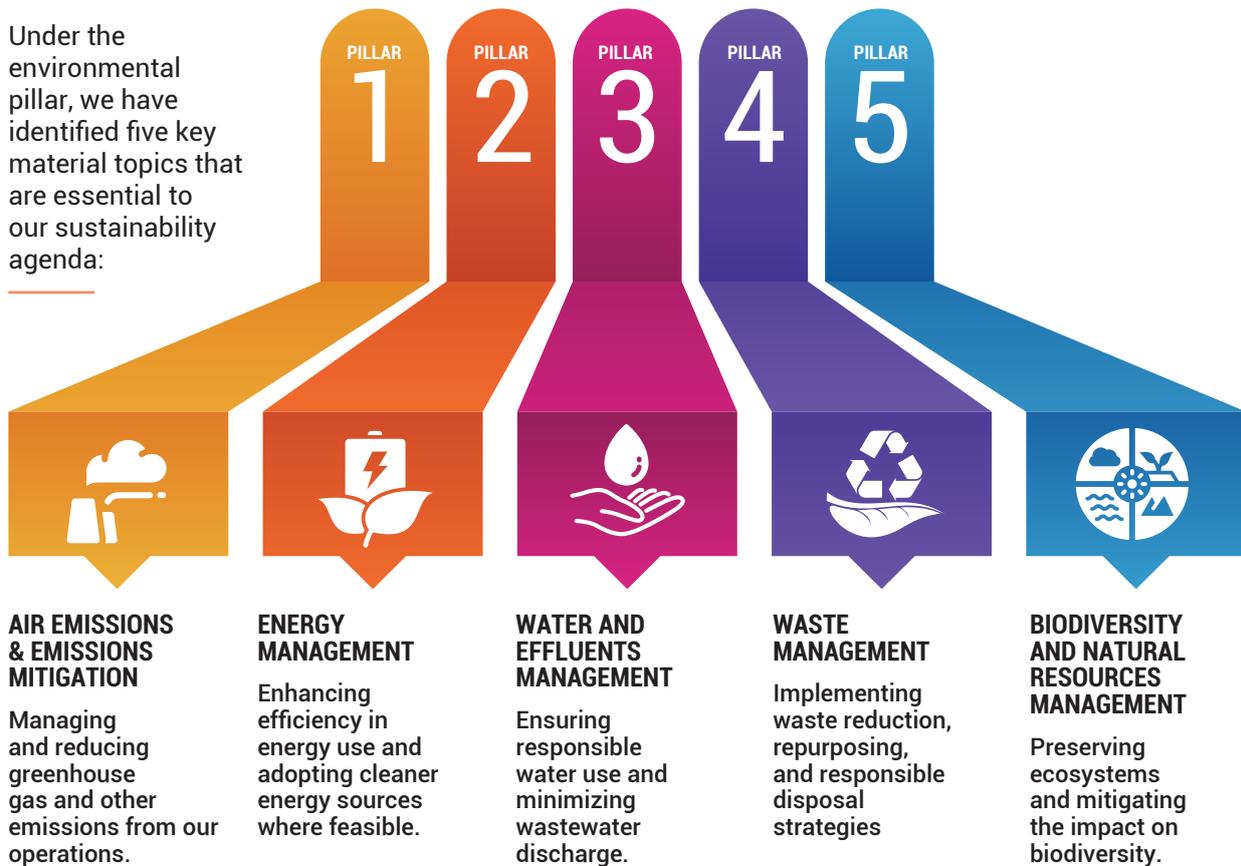


“Protecting the environment is central to how we operate. As a responsible power producer, we embed environmental consideration into our operations to support a resilient and responsible power generation in Indonesia.”

Our operations as a power producer are closely connected to the environment. Recognizing that our operations can directly impact natural ecosystems, we are committed to managing those impacts responsibly through comprehensive environmental governance. To achieve this, we ensure to comply with environmental regulations as our fundamental aspect of responsible corporate stewardship. Our compliance with the Environmental Impact Assessment (AMDAL) and Power Purchase Agreement (PPA) standards underlines our commitment to sustainable operations

Our environmental compliance policy outlines our approach to managing HSSC (health, safety, security, and compliance), air emissions, water discharges, the ash handling system, well sampling monitoring, and wastewater equalization basin. the policy ensures that environmental responsibility is part of how we plan and operate as a company. In 2024, we focus on improving energy efficiency, reducing emissions, optimizing water, managing wastewater, improving waste reuse efforts, and strengthening biodiversity conservation initiatives. These initiatives reinforce our commitment to aligning with both regulatory requirements and industry sustainability benchmarks.

Under the environmental pillar, we have identified five key material topics that are essential to our sustainability agenda:



By prioritizing these material topics, we continue to advance our environmental sustainability commitments while ensuring compliance with regulatory frameworks

Energy and Emissions Management

Energy Management

As energy efficiency is a critical component of our sustainability strategy, we continuously implement programs aimed at reducing energy consumption and improving efficiency. Our energy efficiency programs align with our company's five-year operating plan (2020-2024) and our environmental policy. Furthermore, these efforts support our broader strategic commitment to sustainability and remain in the company's five-year plan of 2025-2029.

ENERGY EFFICIENCY POLICY

PT Paiton Energy (PE) has established an Energy Efficiency Policy to support our vision of becoming a world-class and respected power producer, while meeting or exceeding stakeholder expectations and complying with applicable environmental regulations. This policy reflects the Company's commitment to continuous improvement in environmental performance and the efficient use of energy across all operational areas.

The policy includes the development of strategic plans, energy conservation programs, and the appointment of an energy manager and dedicated team. It promotes the integration of energy efficiency considerations into design, procurement, and operational processes, as well as alignment with national sustainability goals. Additionally, the policy encourages [the use of renewable energy across company operations](#), supporting facilities, and related programs, in line with the Company's broader commitment to use renewable energy. The policy is supported by ongoing monitoring, evaluation, and improvement efforts and remains in effect through 2025, subject to revision based on regulatory developments and business priorities.

PE aims to achieve energy savings of 500,000 GJ by 2025, using 2019 as the baseline year. This goal will be accomplished through structured efficiency initiatives and operational improvements which are part of the company's strategic plan (RENSTRA)

In 2024, PE successfully achieved

ISO 50001 certification on energy management system

for our commitment and implementation of energy management, resource optimization, and continuous improvement in energy efficiency.



Our Energy Consumption Performance [\[GRI 302-1\]](#) [\[GRI 302-3\]](#)

We measure our electricity consumption using kWh meter, liquid fuels using flowmeters, and coal consumption is measured using belt scale and coal feeder. These instruments are routinely maintained and calibrated to improve its reliability and accuracy. Shown below is the data for our energy consumption throughout 2024.



Energy Consumption Data 2024 [GRI 302-1][GRI 302-3]

Type of Energy	Amount
Coal (GJ)	128,859,151.28
Oil Fuel (GJ)	193,448.25
Electricity (GJ)	73,586.40
Total Internal Energy Consumption (GJ)	129,126,185.92
Electricity generation (MWh)	12,029,568.00

10.73 GJ/MWh

Average Energy Intensity Unit 3, Unit 7 and Unit 8*

*1 GJ = 239,006 kcal.

The energy intensity is calculated only from power generation processes within our operational site and does not consider energy consumption from office buildings and other supporting facilities.



For our operations, we consume electricity from our own power generator units. However, to reduce our environmental impact from energy consumption, we have implemented solar PV farms in our admin buildings, ash disposal site, and housing units to generate electricity from renewable sources. Furthermore, we have conducted pilot test runs for biomass co-firing in our power plants, with results indicating that our plants are compatible for biomass co-firing. However, in this period, we have not accounted for the energy consumption from biomass as the co-firing program is still early in development.

Electricity consumption	Total consumption (GJ)	Percentage
Own generation from solar panel	4,764.76	6.48
Own generation from CFPP	68,821.64	93.52
Total	73,586.40	100.00

We remain committed to ongoing innovation and strategic investments in energy efficiency. Recognizing the critical importance of supply resilience, we implement coal switch programs to improve our operational resiliency in the face of coal quality changes. Through this program, we seek to improve our operational reliability and performance to provide energy to our customers.

COAL SUPPLY RESILIENCE: COAL SWITCH PROGRAM IMPLEMENTATION

As part of our long-term sustainability strategy, PE initiated the second phase of the Coal Switch Program in 2023, with full implementation scheduled for 2024 and beyond. This initiative is driven by anticipated challenges in securing future coal supply. One of our suppliers is predicted to run out of coal reserves by 2025, and our supply contracts with major coal suppliers will expire in 2032.

Furthermore, the second phase of our coal switch program is primarily designed to ensure our power plant unit, particularly Unit 3, will be able to maintain fuel reliability and continued efficient plant operations using coal with a lower calorific value.

Producing Reliable Electricity

As one of the key power suppliers in Indonesia, reliable electricity generation is crucial for maintaining national energy security. Energy reliability is to ensure an uninterrupted energy supply, including during extreme weather and operational disruptions. To maintain our service reliability, we routinely monitor our performance using Forced Outage Rate (FOR) and our availability factor as metrics.

The availability factor is an important metric for assessing operational reliability and determining the amount of energy that can be provided. In 2024, our average availability factor were 93.77% for Unit 3 and 87.97% for Units 7 and 8. Furthermore, our Forced Outage Rate (FOR) is a key operational indicator that reflects the frequency of unplanned outages, expressed as a percentage of total operating hours. Starting in 2024, the base FOR target is set at 2.00% for both units. For Unit 7&8, an additional 1.16% (equivalent to 8.5 days) is allocated for inspection in years without scheduled outages, resulting in a total allowable FOR of 3.16%. For Unit 3, a 7-day inspection is allocated in even years when there is no scheduled outage, resulting in a total forced outage allocation of 3.92% for those years.

We have undertaken regular maintenance, implemented continuous improvement initiatives, and upgraded critical infrastructure that supports long-term sustainability and customer confidence. Overall, equipment reliability in both Unit 3 and Units 7 & 8 has improved due to various initiatives, including the implementation of First Line Maintenance (FLM), disciplined Preventive Maintenance (PM), and more effective Predictive Maintenance (PdM).

Year	% FOR (Forced Outage Rate)	
	Unit 3	Unit 7-8
2024	2.93	3.51

Moving forward to improve our service reliability, we are focusing on infrastructure upgrades, the adoption of advanced technologies, and collaboration with key stakeholders, including regulatory authorities. These efforts help enhance electricity generation stability and operational reliability, reinforcing our commitment to maintaining a robust and responsive energy infrastructure.

Managing Our Air Emissions

Reducing Greenhouse Gas (GHG) emissions is critical for PE as part of our responsibility to sustainably support Indonesia's energy needs and align with global efforts to combat climate change. Recognizing our role as one of the nation's electricity providers, we acknowledge the environmental impacts associated with our operations and are committed to taking proactive steps to lower emissions.



By addressing emissions directly, we enhance our operational resilience, support national climate goals, and fulfill our stakeholders' expectations.

In this context, our Emission Reduction Policy guides our strategic approach to driving progress in our emission reduction roadmap.

EMISSION REDUCTION POLICY

On an annual basis, our Emission Reduction Policy is revisited as part of our continuous commitment to environmental responsibility and to support the Company's vision of becoming a world-class and respected power producer. This policy is designed to meet or exceed the expectations of stakeholders and comply with applicable environmental regulations in Indonesia. It focuses on reducing both conventional greenhouse gas (GHG) emissions and other air pollutants across all areas of operation through targeted strategies and continuous improvement.

The policy outlines a structured approach to emissions reduction, including the formation of a dedicated team, the implementation of strategic programs, and the integration of advanced technologies and environmental management systems. It also aligns with broader sustainability objectives, including contributions to the Sustainable Development Goals (SDGs), and reflects PE's long-term commitment to environmental stewardship and operational excellence. This policy is effective through 2025 and will be updated in accordance with applicable laws and evolving business needs.

PE has established specific air emission reduction targets to be achieved by 2025, using 2019 as the baseline year. These emissions reduction targets are part of the company's strategic plan (RENSTRA), which is updated every five years that includes a reduction of 40 tons of sulfur dioxide (SO₂), 500 tons of nitrogen oxides (NO_x), and 20 tons of particulate matter. In addition, the Company is targeting a reduction of 500,000 tons of carbon dioxide (CO₂) cumulatively over the time period of 5 years.

GHG Emissions Performance [\[GRI 305-1\]](#) [\[GRI 305-4\]](#) [\[GRI 305-7\]](#)

As stipulated by the regulation of the Ministry of Energy and Mineral Resources Regulation No.16 of 2022 on the Implementation of Carbon Economic Value in the Power Generation Sub-sector for the coal power plant sector, we focus on the calculation and reporting of our partial Scope 1 emissions from stationary combustion emissions which calculated based on the APPLE-GATRIK methodology, specifically tier-1 methodology for CH₄ and N₂O; and tier-2 and tier-3 for CO₂. Furthermore, we have obtained verification from an independent party, SUCOFINDO, for the Scope 1 emissions value presented in this report.

We focused on our Scope 1 emissions in this first sustainability report because, given the nature of our business and operations, Scope 1 emissions represent the largest share of our direct environmental impact. Hence, understanding the sources and drivers of these emissions is a critical first step in developing effective reduction strategies and implementing targeted actions that will lead to measurable progress in our decarbonization journey.

To calculate our Scope 1 emissions, we measured three primary energy sources: coal, high-speed diesel (HSD), and gross electricity usage as measured by kWh meters using the following units:

- Annual coal & fuel consumption from own operations
- Net calorific value of the coal used averaged from our monthly consumption
- Emission factors following the standards from 2006 IPCC Guidelines for National Greenhouse Gas Inventories [\[GRI 305-1\]](#)

While we have not yet calculated Scope 2 and Scope 3 emissions in accordance with the GHG Protocol, this initial effort represents a substantial portion of our total emissions and sets a foundation for future comprehensive reporting.

How We Measure Our GHG Emissions

At PE, understanding our emissions clearly helps us to improve our environmental performance. Here is a general overview our calculate our emissions:

STEP 1: What gases are we measuring?

- Carbon dioxide (CO₂)
- Methane (CH₄)
- Nitrous Oxide (N₂O)



STEP 2: What data is available?

We check what kind of data we have about our fuel and combustion processes:

- Basic fuel-use data (general emission factors)
- More detailed combustion information
- Highly detailed fuel analysis
- Real-time emissions monitoring (advanced systems called CEMS)



STEP 3: Choosing the right method (from basic to advanced):

- **Methodology 1 (Basic):** Uses standard global emission factor if detailed data is not available
- **Methodology 2 (Intermediate):** Uses combustion data from our power plants for better accuracy
- **Methodology 3: (Detailed):** Uses detailed fuel analysis data, giving even greater accuracy.
- **Methodology 4 (Advanced):** Uses real-time data from continuous monitoring equipment (CEMS) for the highest accuracy.



For further details on how we calculate our emissions please refer to [APPLE-GATRIK Methodology Document](#)

GHG Emission Performance – Scope 1 for 2024 [GRI 305-1][GRI 305-4]

Emission Sources	Unit 3	Unit 7	Unit 8
Low calorific coal (NCV<5100)	5,064,761.26	3,113,426.02	3,608,901.81
Oil fuel (HSD)	2,926.00	3,559.78	1,655.13
Biofuels	4.15	7.46	3.73
Total emissions from stationary combustion (sum)	5,067,691.41	3,116,993.26	3,610,560.67
Total emission limits based on PTBAE-PU per Unit (tonCO₂e)	5,171,345.23	5,764,354.58	3,730,185.23
Electricity generation (MWh)	5,771,584.98	3,276,941.76	3,770,670.29
Emission intensity – Stationary combustion (tonCO₂e/MWh)	0.88	0.95	0.96

Note:

(1) Data presented in this section is exclusively for the year 2024, covering only our power generation process.

(2) Calculation methodology used:

- Coal – Methodology 3 Tier 3 data for CO₂; Methodology1 Tier 1 data for N₂O and CH₄
- Diesel (HSD) – Methodology 1 Tier 2 for CO₂; Methodology1 Tier 1 data for N₂O and CH₄
- Bio-fuels – Methodology 1 Tier 1 data for CO₂, N₂O, and CH₄



The table above represents our GHG emissions from Unit 3, Unit 7, and Unit 8, which remained within the allocated limits set under Persetujuan Teknis Batas Atas Emisi Pelaku Usaha (PTBAE-PU), in accordance with Ministerial Decree of the Ministry of Energy and Mineral Resources of the Republic of Indonesia No 90.K/TL.05/DJL.4/2024

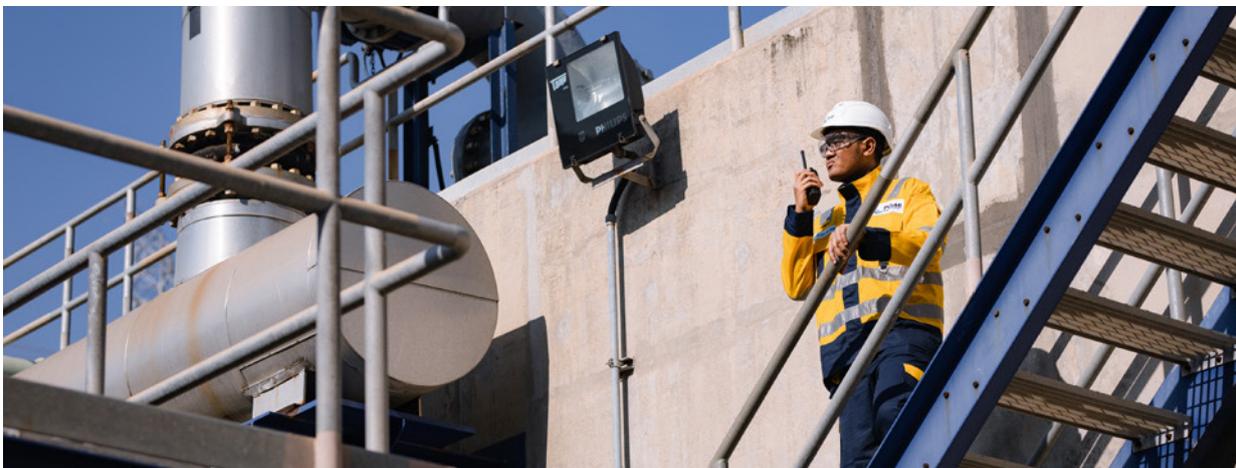
Going beyond compliance towards our PPA for emissions generated during the current year, we also outlined a plan to reduce our Scope 1 emissions described in the section titled "Energy efficiency and emissions reduction strategies." Through these efforts, we are committed to taking steps to lessen our environmental impact and improve our emissions management over time as described in our emission reductions policy. [\[GRI 305-5\]](#)

In addition to monitoring GHG emissions, we also track and report other significant air emissions in accordance with applicable regulations. Our air emission management process is aligned with the Ministry of Environment and Forestry Regulation No. 15 of 2019 on Emission Standards for Thermal Power Plants (Annex IA), as well as provisions outlined in the PPA and the Company's environmental permits. Air emissions are directly monitored using the Continuous Emission Monitoring System (CEMS) and Data Acquisition Handling System (DAHS), with all data maintained and recorded in the plant's internal database.

Other Significant Air Emissions [\[GRI 305-7\]](#)

Air Emission	Total (ton)
Sulfur Dioxide (SO ₂)	1,237.01
Nitrogen Oxides (NO _x)	11,223.91
Particulate Matter (PM)	524.41

Moreover, we implement emission control system to reduce air pollution from coal combustion. Particulate matter is removed using Electrostatic Precipitators (ESP), while SO₂ is reduced through a seawater-based Flue Gas Desulfurization (FGD) system. Fly ash is captured, stored in silos and transported for safe disposal. Hence, our emissions performance remains within the thresholds set by environmental regulations and our PPA. We have not exceeded any imposed limits, demonstrating our commitment to responsible operations and compliance.



Energy Efficiency and Emissions Reduction Strategies [GRI 305-5]

Our energy efficiency and emissions reduction initiatives play a key role in reducing our greenhouse gas emissions and environmental impact, improving sustainability, and optimizing our operations. These programs and targets are integrated into our five-year operating plan for the period 2020-2024, with reduction measured with the baseline year of 2019 and calculated based on the Heat Rate Handbook, 4th edition, Southern Company. The energy efficiency and emission reduction achieved in our power generation processes have been verified by Pusat Studi Lingkungan Hidup Universitas Gajah Mada (PSLH UGM) to be submitted for PROPER.

By reducing the energy requirements for our products and services, we not only cut costs but also contribute to long-term sustainability goals. Furthermore, we also highlight our achievement in reducing scope 1 and 2 emissions from power generation processes, and from supporting and non-process support facilities. Lastly, we also show the emission reduction from our community development programs, which shows our efforts to reduce emissions not only in our operations, but in the wider community.

From January to June 2024, the largest contribution came from energy efficiency and emission reduction from the power generation process. These efforts included optimizing soot blower operations, implementing variable pressure operating patterns for Units 7 and 8, replacing air heater basket elements with more efficient GCP (Unit 8) and TF4 types (Unit 7), installing water cannons for wall blower cleaning, and enhancing the performance of the THERMEX plant and reducing electricity consumption with Furnace Draft Pressure Transmitter Instrumentation Maintenance Method.

Supporting facilities recorded an energy efficiency and emission reduction by replacing incandescent lighting with LED in cooling areas, installing rooftop solar PV systems for internal use, and reusing fuel for pyrite drying. We also show energy efficiency and emission reduction from community development initiatives through the installation of solar PV systems at public institutions (PP Annuqayah Sumenep and SMAN 8 Malang) and the deployment of electric vehicles for conservation area patrols. Furthermore, non-process support facilities initiatives include replacing PCs with energy-efficient models (220 W to 65 W) and installing solar water heaters at employee dormitories.

Total Energy Efficiency and Emission Reduction

Program	Total Energy Efficiency Absolute (GJ)	Total Emission Reduction (tCO ₂ -e)
Energy Efficiency and Emission Reduction from Power Generation Process	1,559,748.36	141,414.80
Energy Efficiency and Emission Reduction from Supporting Facilities	8,997.04	2,298.47
Energy Efficiency and Emission Reduction from Community Development Activities	183.39	55.33
Energy Efficiency and Emission Reduction from NonProcess Support Facilities	208.65	70.68
Total Absolute Energy Efficiency and Emission Reduction	1,569,137.43	143,839.28

Note: The data above have been verified for the period January to June 2024. The amount of emission reduction is estimated based on the expected electricity consumption reduction.



Our 2024 Flagship Initiatives on Energy and Emission Program

Our 2024 Flagship Initiatives on Energy and Emission Program underscore our commitment to sustainability by concentrating on two pivotal areas: Solar PV Deployment Across Operational Areas and Improving Thermal Efficiency. These initiatives aim to drive transformative change across our operations by leveraging cleaner technology and operational efficiency

1

SOLAR PV DEPLOYMENT ACROSS OPERATIONAL AREAS

As part of our commitment to promoting sustainability in our operational area, PE has implemented additional green initiatives, including the installation of a 1 MWp solar photovoltaic (PV) system. The system is strategically located across multiple areas of the site, including the ash disposal area, administrative building, and housing complex, to support renewable energy integration and reduce reliance on fossil fuels.

This solar PV installation contributes to the Company's broader decarbonization goals by delivering a potential greenhouse gas (GHG) emissions reduction of:

455.25
tonCO₂e for 2024 (Jan-Jun)

GHG emissions reduction from Solar PV installation (Jan-Jun 2024)

1,782 GJ
for 2024 (Jan-Jun)

Energy efficiency program from Solar PV installation (Jan-Jun 2024)

2

IMPROVING THERMAL EFFICIENCY

As part of its decarbonization strategy, PE implemented a key technological upgrade in 2024 by replacing the basket element of the air heater in Unit 8 with a more efficient GCP-type model. This component serves as a heat transfer medium, absorbing heat from exhaust gases and transferring it to combustion air. The new design enhances thermal performance, leading to improved heat transfer, reduced maintenance frequency, and greater operational efficiency.

This upgrade contributed to reinforcing the Company's commitment to lowering our carbon footprint of:

54,843.03 tonCO₂eq

GHG emissions reduction from basket element replacement (Jan-Jun 2024)

214,674.54 GJ
for 2024 (Jan-Jun)

Energy efficiency program from Solar PV installation (Jan-Jun 2024)



Water and Effluent Management

Water management is a critical aspect of our environmental sustainability component. We use water throughout our operations for machine cooling, emission management, domestic uses, and other purposes. We also discharge water effluents as the byproduct of these processes. All of our water effluents go through standardized wastewater treatment before being discharged to ensure full compliance with all applicable wastewater regulations. As outlined in our company policy, we are committed to responsible water usage, maintaining water quality, and minimizing wastewater discharge. By effectively managing our water resources, we strive to align our operations with regulatory requirements and contribute to broader sustainability goals. [\[GRI 303-1\]](#)

Responsible Water Management

Water is a vital component in our power generation operations, serving as a key input in various processes. Due to the scale of our activities, we require a significant volume of water, and we recognize the potential impact this may have on local water availability if not managed responsibly. As part of our sustainability commitment, we are dedicated to ensuring that our water withdrawal and consumption practices do not negatively affect the communities in which we operate. We continuously monitor and manage our water use to minimize environmental impact and support long-term water stewardship.

We solely source our water for the operation of our plants from the sea, minimizing impacts on the surrounding freshwater sources and reservoirs used by other stakeholders in the vicinity of our operation. Sea water is desalinated and undergoes a series of treatments, including pre-treatment, reverse osmosis, and demineralization, before being utilized in our plant operations.

As part of our commitment to responsible water management, we have initiated a water accounting system to better understand and manage our water footprint. By installing flow meters at critical points across our operations, we are able to continuously monitor the volumes of water extracted, consumed, and discharged. This data-driven approach ensures transparency, supports regulatory compliance, and helps us identify opportunities for water efficiency improvements in the future.

(units in x1000 m ³)	Amount extracted* [GRI 303-3]	Amount consumed for power generation processes** [GRI 303-5]	Amount discharged [GRI 303-4]
Freshwater	0.00	0.00	0.00
Groundwater	0.00	0.00	0.00
Seawater	3,588,263.38	1,230.48	4,676,018.82
Total	3,588,263.38	1,230.48	4,676,018.82

Notes: The data shown in the table only consists of water consumption in our power plants (not including our main office).

* Extracted water only recorded for FGD, cooling, SWRO

** Consumed water only recorded for demin water, service water dan potable water

Zero

use of groundwater and freshwater for our operations



All of our water is obtained from seawater sourced from the Java Sea and is discharged back to the Java Sea. The amount of water discharged exceeds the amount extracted because of water measurement that is not being conducted on all processes, losses and inefficiencies in water consumption processes, extra effluents that come from the wastewater treatment plant which includes treated runoff water.

**Breakdown of Water Consumption Per Category** [GRI 303-5]

Water consumption category	Amount consumed (x1000 m ³)
Demin water	586.86
Service water	589.40
Potable water	54.22
Total	1,230.48

Note: The list of water consumption categories is not exhaustive; other categories of water consumption have not been accounted for.

Wastewater Sources and Treatment Processes [GRI 303-2] [GRI 303-4]

In managing water-related issues specifically related to our wastewater, our Company adheres to strict wastewater quality regulations as outlined in the PPA, AMDAL, and RKL/RPL, and Peraturan Pemerintah (PP) Nomor 22 Tahun 2021 tentang Penyelenggaraan Perlindungan dan Pengelolaan Lingkungan Hidup. Throughout 2024, we have remained fully compliant and have not exceeded any wastewater discharge thresholds.

In 2023, PE established a policy focused on improving water efficiency and reducing wastewater impact. This is achieved by forming a dedicated team, ensuring regulatory compliance, and implementing water savings programs through reduction, reuse, and recycling measures.

The policy also outlines goals to reduce key wastewater pollutants and encourages integration with other programs, ongoing innovation, and the use of science and technology. These efforts are implemented through an Environmental Management System and support the Company's alignment with the Sustainable Development Goals (SDGs).

Wastewater from our operations is generated from five main processes within our operations. To minimize any potential negative impact that may arise from our wastewater, we have implemented a set of protocols and procedures to treat our wastewater to an acceptable level before being discharged into the sea. The overview of our wastewater generation and treatment is as follows:

- Cooling Water Discharge – Seawater used for cooling is treated and discharged through an aeration basin into the discharge canal.
- Flue Gas Desulfurization (FGD) Wastewater – Captures Sulfur from emissions, processed through aeration and discharge basins.
- Reverse Osmosis / Desalination Wastewater – A byproduct of the pre-treatment filtration system.
- Wastewater Treatment Plant (WWTP) Effluents – Includes domestic waste, coal stockyard runoff, and chemical waste, treated through a multi-stage filtration process before disposal.
- Deaerated Floatation (DAF) Wastewater – Treated and discharged through aeration basins.

Processing and recording all wastewater quantities are measured using a flow meter. Our water quality is monitored in accordance with our water sampling protocol as required by KepMenLHK No. SK 848/Menlhk/Setjen/PKL 1/10/2019 for Unit 7&8, KepMenLHK No. SK.12/Menlhk/Setjen/PKL.1/1/2018 for Unit 3, technical approval (Pertek) related to wastewater discharges process and quality standards for wastewater discharge into the sea, and/or applicable licensing regulations. This includes:

- Seawater monitoring (SNI 6964.8:2015 standards) at key locations near the jetty, outlet canal, and coal stockpile area
- Quarterly wastewater quality checks across all wastewater sources, measuring compliance with eight key parameters
- Dedicated monitoring responsibilities by environmental specialists, engineers, and production managers

100%

of our wastewater is processed through the Wastewater Treatment Plant (WWTP) to ensure its quality standard before being discharged into the sea.
[GRI 303-4]





Waste Management

This section only covers the solid wastes generated as a byproduct of power generation, while liquid waste is covered under the [Water and Effluent](#) topic. We also report information from our subcontractor, who performs work that covers all aspects and activities of operating our power plant, including information related to overseeing on-site management. In managing this risk, we collaborate with our subcontractor to monitor waste management within the company's operations in the form of reports submitted from the subcontractor to the company.

Managing Waste-related Impacts [\[GRI 306-1\]](#) [\[GRI 306-2\]](#)

Our AMDAL document outlines the potential negative environmental impacts associated with waste generated by our operations. This includes environmental impacts on air quality and marine organisms as well as leakage of wastes to surrounding groundwater. To prevent and minimize this risk, our waste management approach is essential to achieve environmental sustainability while maintaining compliance with regulatory standards. Our company has developed a structured waste management approach, integrating the 3R principle (Reduce, Reuse, Recycle) and aligning with our environmental policies and standard operating procedures (SOPs).

Hazardous and Non-Hazardous Waste Policy [\[GRI 306-2\]](#)

PT Paiton Energy (PE) has established formal policies for the reduction of Hazardous (B3) and Non-Hazardous (Non-B3) and utilization of Non-Hazardous waste. In doing so, the company engages with licensed third party in managing and re-utilizing hazardous waste. This policy is in alignment with the Company's broader sustainability objectives, which include the formation of dedicated waste management teams, implementation of continuous improvement initiatives, and regular monitoring of performance against defined targets. Waste reduction efforts are integrated with the Environmental Management System (EMS) and aligned with all applicable regulatory requirements.

Responsibility for proper waste handling lies with the Environmental Engineer, while Waste Originators are required to follow established procedures. In addition, contractors operating on-site must adhere to PE's waste management policies to ensure safe, compliant treatment and disposal at approved facilities.

PE targets a 60% reduction in hazardous waste and a 10% reduction in non-hazardous waste by 2025.

Our environmental engineer is responsible for ensuring and monitoring compliance with our waste management approach and overseeing the contractor under their supervision to guarantee that waste is treated and disposed of in the appropriate manner and location. When collecting and managing waste-related data, the waste originator or collector is responsible for registering detailed waste characteristics, including type, nature, quantity, source, disposal plan details, and transfer date on the waste transfer form. The environmental engineer or specialist is responsible for maintaining and archiving these data.

Waste Management Approach [\[GRI 306-1\]](#), [\[GRI 306-2\]](#)

Our waste is categorized into two main types: Non-Hazardous (Non-B3) waste – primarily coal ash (Fly Ash & Bottom Ash, or FABAs) and general industrial/domestic waste; and Hazardous (B3) waste – which includes sludge, chemical waste, medical waste, and other regulated hazardous materials. The amount of waste generated in our power plants for this reporting period is disclosed in the table below.

In 2024, PE generated a total of 257,291.91 tonnes of waste from our power plant operations, consisting of 0.24% of hazardous waste and 99.76% of non-hazardous waste. As per our company policy, waste disposal is categorized by type for proper management and handling.



Non-Hazardous Waste

Fly Ash and Bottom Ash (FABA) were previously classified as hazardous waste. However, following the enactment of Government Regulation No. 22 of 2021 on Environmental Protection and Management, FABA has been reclassified as non-hazardous waste. Despite this change, we remain obligated to manage FABA in accordance with the provisions outlined in the Technical Approval (Pertek) and Environmental Approval (Perling) documents. To dispose of FABA, we own and operate our own storage and landfill facilities. In 2024, it reached 256,073 tonnes of FABA, 23.75% was recycled, while the remaining was disposed.

Routine groundwater monitoring is conducted via monitoring wells to detect any potential leakage from our FABA disposal site and contamination of the groundwater, and no leakage incidents have occurred in the past. Our FABA landfill is developed in accordance with Hazardous Waste Class II Secure Landfill (Single Liner) requirements and regulations such as PP-101 – 2014, Article 148 – 149, and Kep-04/BAPEDAL/09/1995. The facility is designed with the following features:

- Clay Subbase Layer (1m thick, permeability 10 m/s) to prevent groundwater contamination
- Leak Detection System for early warning of potential leaks
- HDPE Geomembrane Layer (1.5-2mm thick) for additional containment
- Barrier Soil Liner (35.6 cm thick compacted clay layer) for enhanced protection
- Leachate Reservoir to collect and treat runoff before disposal

Meanwhile, all solid domestic waste is disposed at TPA Seboro. Our domestic waste is generated from canteen, toilet, office, and other sources not related to power generation. This includes wastes such as scrap material, food waste, plant litter, and other. For domestic waste management, PE applies the 3R approach. For an overview of the 3R approach for our domestic waste, please see the highlight box below. Our domestic waste in 2024 was accounted for 1,342.53 tonnes, with 9.98% recycled and 1,208.53 tonnes sent for disposal. [\[GRI 306-3\]](#)



PT Paiton Energy's 3R Programs for Non-Hazardous Waste [\[GRI 306-4\]](#) [\[GRI 306-5\]](#)

We apply a range of 3R (Reduce, Reuse, Recycle) strategies to manage our non-hazardous waste effectively, including:

Reduce	Reuse	Recycle
Food waste is repurposed for animal feed, maggot farms, and third-party users.	Scrap materials such as metal frames, pipes, and acrylic panels were repurposed for infrastructure projects (as documented in the Scrub Domestic Reuse Records).	Organic waste is processed into compost and coenzymes; FABA is repurposed for cement and paving blocks.

In 2024, PE's 3R initiatives successfully reduced waste disposal to landfills by 60,938.04 tonnes.

Category	Amount produced (tonnes)	Recycled		Reused		Reduced	
		Internal	External	Internal	External	External	Internal
Domestic	1,342.53	120.6	0	0.3	0	12.5	0
FABA	256,073.00	0	60,805	0	0	0	0

Several of our key reuse initiatives of non-hazardous domestic waste as part of our broader commitment to sustainable waste management are described as follows: [\[GRI 306-4\]](#)

Reused Material	Source	Repurposed Use	Weight (kg)
Metal Fence Panels	POH2	Plant support structures in our housing complex (POH2)	34
Acrylic Screens	POH1 - Office Recreation Hall	Safety signage bases in POH 1 & 2	15
Scrap Metal Pipes	Ash Disposal	Nursery plant supports in POH2	16
Rolling Door Scrap	Ash Disposal	Guardrail structures	28
Steel Pipes & Frames	Ash Disposal	Installation supports for industrial machinery	43
COVID-19 Acrylic Partitions	POH2	Converted into plant holders for office gardens	67
Iron Fence Scraps	POH2	Used as safety barriers for drainage channels	37

*note: this table only shows some initiatives and is not an exhaustive list

23.75%

Of our FABA waste has been recycled in 2024



21%

Of our domestic waste has been recycled, reused or reduced



Hazardous Waste

For hazardous waste, we engage with certified third-party waste contractors to ensure proper handling and disposal. This includes used lubricating oil, used cloths, contaminated waste, and other hazardous materials, excluding sludge. Sludge is managed in a dedicated hazardous waste landfill on-site.

In 2024, we generate a total of 272.91 tonnes hazardous waste consist of used lubricating oil (110.30 tonnes), used cloths (29.48 tonnes), hazardous contaminated waste (62.02 tonnes) and other hazardous waste (71.11 tonnes). Our licensed third-party waste management contractor helps us to recycle 100% of lubricating oil and to dispose of other hazardous waste safely in accordance with the prevailing regulation.





Biodiversity and Natural Resources Management

PE strives to maintain the natural balance of biodiversity surrounding our operational sites. For this purpose, PE collaborates with local governments, communities, and local NGOs to implement joint conservation and rehabilitation initiatives aimed to protect local ecosystems, preserving endangered species, and contributing to long-term ecological sustainability

Managing Impacts to Biodiversity [GRI 304-1] [GRI 304-2]

Our operational areas are not situated in or adjacent to any protected areas and areas of high biodiversity value when referencing the global Key **Biodiversity Areas** and/or **nationally protected conservation areas**. The nearest protected areas / high biodiversity value areas are Dataran Tinggi Yang Wildlife Reserve (approximately 25km south of our site) and KBA Pasir Putih-Gunung Besar-Gunung Ringgit (approximately 30km to the east of our site). We have not conducted a high conservation value area (HCVA) analysis to identify high biodiversity areas within and adjacent to our operational sites.

Although we have not identified HCVA, we continue to monitor and manage biodiversity impact in and around our operational areas. In doing so, we refer to our AMDAL document which specifies the hypothetical significant impacts (Dampak Penting Hipotetik – DPH) on biodiversity and the related mitigation measures. These measures are implemented as part of the Company's RKL/RPL. The hypothetical impact and the related mitigation measures are shown in the table below.

Hypothetical impact	Mitigation measures
Water effluents that may affect coral reefs.	Wastewater effluent management to minimize any potential harm (see the "Water and Effluents" section). Routine coral reef monitoring to assess reef health, with findings showing reefs in good to very good condition, according to the criteria as set in Keputusan Menteri Negara Lingkungan Hidup No. 4 Tahun 2001.
Coal ash and dust that could harm plant life.	Green belt establishment and water cannon usage to reduce dust exposure, especially during dry seasons. Regular monitoring of dust deposits on plants near coal ash storage, with results indicating no significant impact

Biodiversity Monitoring and Protected Species [GRI 304-3] [GRI 304-4]

In order to preserve the environment and support natural resource conservation efforts, we monitor biodiversity in 5 monitoring point areas in Probolinggo and Situbondo Regencies. This activity aims to identify, document, and evaluate the existence of various species of flora and fauna in the 5 areas designated by PE, both protected and unprotected.

Through the Decree of the Plant Manager, we have determined rare and protected biological resources as priority species to be protected by PE. The types of priority species protected in the conservation area near our power plants are the white-bellied sea eagle (*Haliaeetus leucogaster*), crested serpent eagle (*Spilornis cheela*), and the sunda coucal (*Centropus nigrorufus*); which are all protected under Peraturan Menteri Lingkungan Hidup dan Kehutanan No P.106/MENLHK/SETJEN/KUM.1/12/2018. Furthermore, there are several protected and endangered animals that we have identified inhabiting our conservation areas and nearby our operations, which we continue to monitor routinely and is publicly available in our website (<https://paitonenergy.com/biodiversity-protection-pt-paiton-energy/>)

Biodiversity Monitoring Data for 2024

No.	Description	Unit.	Amount	IUCN Status
1	Conserved Area Size	Ha	2,180.89	
2	Number of Flora	individual	28,225	
3	Number of Fauna	individual	1,869	
4	Number of protected species observed			
	Javan Coucal (<i>Centropus nigrorufus</i>)	individual	11	Vulnerable
	White-Bellied Sea Eagle (<i>Haliaeetus leucogaster</i>)	individual	1	Least Concern
	Crested Serpent Eagle (<i>Spilornis cheela</i>)	individual	3	Least Concern
Total Individual of protected species			15	

Multiple plant and animal species can be found in and around our operational sites, along with the protected species, which are our species of priority for monitoring. These findings indicate our continuous efforts in conservation, habitat management, and biodiversity monitoring, promoting the protection of local flora and fauna as part of our long-term sustainability strategy.

Biodiversity Protection and Conservation Program [GRI 304-3]

Through our company policy, we have allocated a total of 2,180.89 hectares for biodiversity conservation areas, which are embedded in our long-term conservation plan. The detailed activities in each conservation area are shown in the following table:

Program	Area (ha)	Description
Taman KEHATI Paiton Energy - Ex-situ Conservation	9.85	<ul style="list-style-type: none"> Develop a botanical garden for rare and useful plant species in Indonesia. Located in the company's housing complex (POH 2). Activities include tree planting and biodiversity monitoring.
Green Belt Establishment	34.87	<ul style="list-style-type: none"> Surrounds the coal ash storage area to limit environmental exposure. Tree planting and biodiversity monitoring are conducted regularly.
PERMATA Program - Water Spring Conservation	1,193.45	<ul style="list-style-type: none"> Located in Selobanteng Forest. Tree planting to increase land cover and improve aquifer recharge. Routine biodiversity monitoring is conducted.
Kampung Blekok Ecotourism-Community-based Mangrove Conservation	23.91	<ul style="list-style-type: none"> Collaboration with local NGO POKDARWIS (Kelompok Sadar Wisata). Development of a mangrove-based ecotourism site. Activities include: <ul style="list-style-type: none"> » Mangrove tree planting. » Seedling nursery development. » Javan Pond Heron (<i>Ardeola speciosa</i>) conservation program. » Capacity-building for local communities. » Routine biodiversity monitoring.
INSPIRASI Desa Binor - Sustainable Herbal Product Development	918.81	<ul style="list-style-type: none"> Focus on conserving and responsibly utilizing local plant species for traditional herbal drinks (Jamu). Tree planting to improve aquifer recharge.



For each program, PE establishes clear annual targets and performance indicators to monitor progress and ensure accountability. To ensure transparency and data integrity, the achievements are independently verified by Pusat Studi Lingkungan Hidup Universitas Gadjah Mada (PSLH UGM).

Protecting Biodiversity: Kampung Blekok Ecotourism Initiative Kampung Blekok

PT Paiton Energy (PE) collaborates with local conservation groups to protect the javan pond heron (*Ardeola speciosa*). The project combines habitat restoration, community empowerment, and ecotourism development, ensuring long-term biodiversity preservation while fostering local economic benefits.

Through routine biodiversity monitoring and conservation programs, PE has successfully expanded our protected areas to 2,180.89 hectares as of 2024, with a steady increase in flora and avian diversity. The company remains committed to maintaining environmental quality, protecting endangered species, and promoting a balance between energy production and ecosystem sustainability.









SOCIAL

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“PT Paiton Energy (PE) believes that sustainable growth is achieved by advancing together with our employees and the communities where we operate. Through fair employment practices, capacity-building programs, and inclusive community development initiatives, we create shared value and long-term positive impact.”

Occupational Health and Safety

At PE, our primary goal is to achieve “Zero Harm” across all operations by continually improving the safety culture at all levels. We maintain a safe and healthy workplace by implementing safe work practices and evaluating foreseeable risks. We believe that no activity is so critical or necessary that it cannot be achieved safely.

In this section, we also report information from our subcontractor who performs work that covers the operations and maintenance of PE’s power plant, as both parties are responsible for maintaining health and safety in and around the power plant site. In managing this risk, we collaborate with our subcontractor to monitor OHS within the company’s operations in the form of reports submitted from our subcontractor to the company. Furthermore, OHS-related topics are always on the agenda in quarterly shareholders meetings reported by the company to our shareholders.

Implementation of OHS Management System [\[GRI 403-1\]](#)

The Company implements OHS management system to achieve its aspiration of “Zero Harm”. This is aligned with our PPA in which we are required to maintain safety practices required by good utility practice, in which the company shall record any accident or other occurrence and injury to persons or damage to property shall provide to the customer. Therefore, in our plant operations, we implemented an occupational health and safety management system that applies to both employees and non-employees whose work or workplace is under our control. This system has been adopted based on risk management and management system standards that comply with the regulatory requirements in Indonesia. We also routinely report our OHS performance to the Regional Office of Manpower and Transmigration Department (Dinas Tenaga Kerja dan Transmigrasi) quarterly.

Certification:

- Gold rating on SMK3 Certification (Government Regulation PP No. 50 / 2012)
- Gold rating on Security Management System (Perpol No. 07 / 2019)
- Electrical Safety Management System: Compliance with ESDM Regulation No. 10, 2021
- ISO 45001:2018 – Occupational Health and Safety Management Systems (Certificate No: OHS20421) valid until 18 November 2027

In implementing the OHS management system on-site, we are responsible for the operations and maintenance of our power plant to ensure a strong and effective OHS implementation on-site. This partnership is built on continuous monitoring, structured reporting mechanisms, and the integration of OHS topics in quarterly shareholder meetings. Through this partnership, we uphold the highest standards of safety and accountability across our operations.

Scope of OHS Management System [\[GRI 403-8\]](#)

The Occupational Health and Safety (OHS) management system that we employ applies to all employees, contractors, and service providers at our operational and housing sites. Moreover, it also extends beyond our operational site, i.e. to our employees who are on official company business trips and to occurrences involving movable assets managed by our subcontractors. This system encompasses activities related to power generation, maintenance, and support functions across all our locations, including power plants, administrative offices, and operational facilities. Fully in line with legal regulations and recognized industry standards, the OHS management system ensures complete (100%) coverage of personnel, demonstrating our strong commitment to the health of every individual within our operational areas. To uphold our safety standards and maintain the integrity of our safety framework, the company conducts regular internal operations audit (ISO 45001), which are reviewed during our formal Safety Committee, P2K3 meetings (Panitia Pembina Keselamatan dan Kesehatan Kerja), along with third-party external audits.

Hazard Identification and Risk Assessments (HIRA) and Incident Investigation

[\[GRI 403-2\]](#) [\[GRI 403-9\]](#)

In line with our proactive safety measures, we conduct an annual HIRA evaluation to identify and minimize workplace risks systematically. This process includes:

- Monitoring and measuring the work environment, assessing biological, physical, and psychological factors to ensure a safe workplace.
- Conducting periodic checks through Safety Walk-downs, performed twice a week, to proactively identify hazards.
- Investigating workplace accidents and implementing corrective and preventive actions based on root cause analysis.
- Conducting internal operations audit to evaluate the effectiveness of the OHS system.
- External Audits by third parties, ensuring compliance with industry safety standards.

Each of the identified hazards in the HIRA process will be assigned controls to minimize the likelihood of the risk, and we routinely conduct evaluations of the control adequacy in minimizing these hazards. If current controls are deemed inadequate, additional measures will be implemented to ensure that all identified hazards are adequately managed. To enhance hazard identification and risk mitigation, we conduct safety walk-throughs, audits, and patrols to ensure ongoing compliance. Our inspections consider biological, physical, and psychological factors to ensure that hazards are identified thoroughly.

By implementing proactive hazard identification, conducting risk assessments, and performing thorough incident investigations, we prioritize the well-being of our workforce and maintain the integrity of our work environment. Through our OHS policy, we strive to protect workers operating in our power plant, promote worker accountability in a safe working environment, and actively consult with workers and other stakeholders for health and safety concerns.

Our employees are encouraged to report hazards or incidents through our Incident Reporting and Corrective Action Procedure. We also encourage employees to stop working in unsafe conditions. In case of any OHS-related incident, we conduct an incident investigation using a systematic methodology that combines the 8 Steps Method with Why Tree Analysis to identify root causes and implement corrective actions. This approach incorporates Frank E. Bird's Domino Theory, complemented using systematic tools such as the Systematic Cause Analysis Technique (SCAT) to achieve a more thorough assessment. [\[GRI 403-4\]](#)



Incidents are recorded and classified based on their severity and potential impact, ranging from fatalities and lost time accidents to restricted duties, medical treatments, first aid cases, High Potential Incidents (HiPo), and near misses. This structured classification enables targeted responses and preventive measures to continuously improve workplace safety in our operational sites.

We ensure the competency of personnel involved in risk assessment and incident investigation through regular training, qualification checks, and continuous improvement programs. The results of these assessments directly inform our OHS planning and improvement initiatives, establishing a cycle of continuous safety improvement.

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

Our subcontractor has a dedicated Health and Safety function that has the responsibility to ensure risk information is accurately maintained in the database and register, provides adequate risk assessments and control measures, and offers guidance for health and safety risk assessments and periodic reviews of control measures.

Every employee is entitled to a routine medical checkup annually, which is supervised by the on-site doctor. Occasional check-ups are also conducted for employees with accidents/illnesses that require treatment for more than 2 weeks; for Labor force aged over 40 (forty) years of age or female workers and labor disabilities, and young workers who perform a particular high-risk job. The company also provides an ambulance in case of any emergencies for a timely response to minimise any potential harm to our employees.

All medical data is archived by the company for at least 25 years in a soft file, and the company will request consent from the employees that the medical information arising from the medical check-ups can be reviewed by other parties, mainly HR and the company's doctor.



Worker Participation, Consultation, and Communication on OHS [\[GRI 403-4\]](#) [\[GRI 403-7\]](#)

In compliance with the PERMENAKER RI No. PER.04/MEN/1987 regulation, the company and the subcontractor actively engage employees, contractors, and business partners through structured programs that foster safety awareness, risk identification, and adherence to industry best practices. Our formal Safety Committee (P2K3) plays a crucial role in promoting collaboration by holding monthly meetings with representatives from management, employees, and business partners. These meetings serve as a platform for addressing workplace safety issues, reviewing OHS performance, and ensuring that everyone's voice is heard.

We actively engage our workforce to improve our OHS performance and prevent a significant OHS impact on our operations. To engage workers in improving OHS awareness and to improve transparency and accessibility, PE and the subcontractor offer regular OHS communication and training through the following channels:

- All employees, business partners, and visitors to our power plants receive safety inductions upon arrival.
- A comprehensive competency and training matrix has been developed for all employees.
- New hires undergo structured induction programs covering basic safety rules, First Aid, and Basic Fire Fighting.
- Ongoing safety and health awareness is reinforced through regular bulletins, Safety Talks, and Health Talks.
- Employees actively participate in HIRA and JSA reviews.
- Routine inspections and audits are conducted through Safety Patrols and Walk-downs.
- Safety KPIs are established for all employees.
- Quarterly coordination meetings are held with the broader Paiton power plant complex to strengthen safety initiatives.
- Regular reports are submitted to government authorities, including the Manpower and Health Offices.

OHS Training [\[GRI 403-5\]](#)

To continuously improve our health and safety performance, we actively encourage and support our employees to develop their skills and knowledge about OHS-related matters. For that, we integrated OHS into our employee development programs. There are multiple programs, including HSE induction, internal training, and external training. The overview of our OHS training programs is as follows:

Training title	Frequency	Target employees
HSE INDUCTION		
HSES General Induction	Daily	All employees
H&S Awareness Refreshment Training	Yearly	All employees
Visitor & Driver Delivery Induction	As per requested	Visitors' Sponsor, Visitor
INTERNAL H&S TRAINING		
Basic First Aid	Monthly	All employees
Hazard Identification & Reporting	As per requested	All employees
Job Cycle Check (JCC)	As per requested	All employees
SIMPER	As per requested	General Administrator, employees required operating equipments
Basic Incident Investigation	As per requested	Field Supervisory level
Working at Height	As per requested	Personnel required working at height
Confined Space	As per requested	Personnel required working in confined space
PTW Level 1 & 2	As per requested	-



Training title	Frequency	Target employees
EXTERNAL H&S TRAINING		
SMK3 PP 50 2012 Internal Auditor	As per scheduled	PT POMI Internal Auditor
ISO 45001:2018 Internal Auditor	As per scheduled	PT POMI Internal Auditor
Petugas Proteksi Radiasi	As per scheduled	H&S Supervisor, Safety Specialist
Training of Trainer (TOT) - BNSP	As per scheduled	Safety Officer, Safety Specialist
Petugas Utama K3 Ruang Terbatas	As per scheduled	Appointed trainers, Supervisory level
Ahli K3 Umum	As per scheduled	P2K3 Secretary
Ahli K3 Kimia	As per scheduled	Safety Specialist
Ahli K3 Listrk	As per scheduled	Safety Specialist
Ahli K3 Lingkungan Kerja	As per scheduled	H&S Supervisor, Safety Specialist
Ahli Higiene Industri - BNSP	As per scheduled	H&S Supervisor, Safety Specialist
Ahli K3 Pesawat Angkat Angkut	As per scheduled	H&S Supervisor, Safety Specialist

Furthermore, we also provide ad-hoc training to key personnel and relevant risk owners for specific skills or knowledge that they need. Throughout 2024, we have supported our employees in external training as follows:

Name Training	Employees Newly Certified (Jan-Dec 2024)	Employees whose Certifications were Valid on December 31, 2024
Internal Auditor Integrated ISO 14001 & 45001	4	15
Internal Auditor Integrated ISO 14001: 2015 & ISO 45001: 2018 Training	2	15
NEBOSH International General Certification Batch 1 & 2	2	5
Lead Auditor ISO 45001 Certification	1	1
AK3 Umum	1	4
Security Management System	5	12
Fire Expert Level A - Recertification 2021	2	6
Recertification Confined Space Rescuer	4	10
Water Rescue Certification	4	15
First Aid - Recertification	2	34
Fire Expert Level B - Recertification	2	6
TKPK	4	6
IMO OPRC	4	17
Open Water Diver 20 & 35 m	4	21
Total	41	167

We offer specialized training in Fire Fighting and First Aid to equip our workforce with vital skills for effective response during emergencies recognizing the importance of emergency preparedness. On top of this, we conduct quarterly coordination meetings to enhance team collaboration to build an environment of shared learning and continuous improvement.

Safety Culture Improvement Program 2024 [GRI 403-5] [GRI 403-7] **BUILDING A SAFER, STRONGER, AND MORE ACCOUNTABLE WORKPLACE**

At PE, safety is not just a priority—it's a core value embedded in our daily operations. Our **2024 Safety Culture Improvement Program** is designed to prevent incidents, enhance safety awareness, accountability, and engagement across all levels of the organization. Through structured actions, leadership commitment, and active participation, we aim to create a resilient and proactive safety culture.

WHAT'S NEW IN 2024?

- ▲ Safety Performance Integration – **Supervisors now have safety KPIs.**
- ▲ Clear Safety Responsibilities – **Defined tasks for line management.**
- ▲ Enhanced Training & Involvement – **Line management plays an active role.**
- ▲ Proactive Safety Observations – **Encouraging participation from all employees.**
- ▲ Annual Milestone Recognition – **A dedicated event to celebrate progress.**

SAFETY CULTURE: OUR FOCUS AREAS

Key Indicator	What It Means
Management Commitment	Leadership sets the tone for safety-first practices.
Safety as a Core Value	Safety is integrated into business decisions.
Accountability at All Levels	Safety responsibility is shared company-wide.
Supervisory Leadership	Leaders actively champion workplace safety.
Employee Engagement	Workers contribute to safety programs and decisions.
Transparent Communication	Open discussions about risks and improvements.
Training for All	Ongoing HSE education for employees at every level.
Contractor Safety	Ensuring third parties align with safety standards.

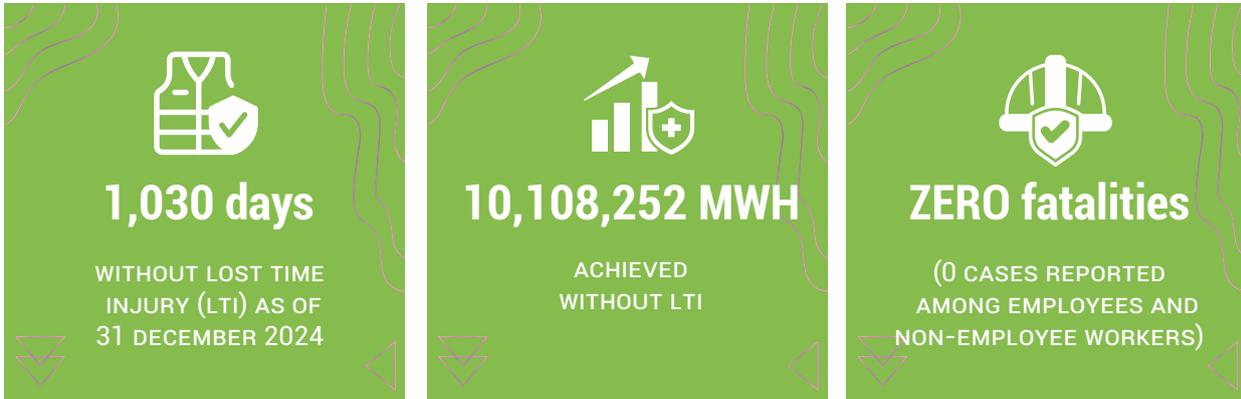
SAFETY CULTURE PROGRAM IN 2024

- September (Week 4) – Consultant Selection (Completed - UI Selected)
- October (Week 3) – Developing Safety Culture Programs
- November – Culture Measurement & Employee Surveys
- December – On-Site Review & Implementation

With these focused initiatives, PE is driving a transformation in workplace safety—where every employee, leader, and partner plays a vital role in ensuring a zero-harm environment.



OHS Performance [GRI 403-9] [GRI 403-10]



***Note:** Data shown for the employees on-site of the power plant which are mainly the employees of our subcontractor

Types of incidents	PE [GRI 403-9(a)]		Subcontractor [GRI 403-9(b)]	
	Number of incidents	Incident rate	Number of incidents	Incident rate
Fatality incident	0	0	0	0
High-consequence work related injuries excluding fatality	0	0	0	0
Incidents (non-fatality)	0	0	7	1.99
Manhours (hours)	47,376		3,521,620	

*rates are calculated per 1,000,000 manhours based on recognised standards (ISO 45001 and SMK3)

Category	PE	Subcontractor
Incidents (non-fatality)		
Lost-time injury	0	0
Medical treatment	0	2
First-aid treatment	0	2
Property Damage	0	3
Total incidents (non-fatality)	0	7
Near-misses		
Near miss with potentially serious implications	0	1
Near miss	0	4
Total near-misses	0	5
Unsafe acts and conditions		
Unsafe acts	0	6,329
Unsafe conditions	0	1,321
Total unsafe acts and conditions	0	7,650

PE conducted regular safety walkthroughs aimed at proactively identifying unsafe acts, including improper equipment use, incorrect handling procedures, and inadequate adherence to safety protocols. Each unsafe act identified was immediately documented, addressed through corrective actions, and reinforced with targeted employee training. This systematic approach effectively minimized safety incidents across our operations, resulting in zero fatalities throughout the year.

In 2024, we recorded two minor work-related injuries with no lost time, involving typical cases such as slips and sprains, affecting both employees and contractors. No work-related health issues were reported during the year, reflecting the effectiveness of our safety management practices. These incidents underscore the importance of continuous monitoring and proactive safety protocols to maintain a safe working environment across all operations.

UNIT 8 OUTAGE: A SPOTLIGHT ON SAFETY AND PREPAREDNESS

At PE, we view the upcoming Unit 8 Outage as a key strategic milestone. This event has been carefully planned with a strong emphasis on health and safety. Our extensive readiness efforts are aimed at ensuring the outage is performed efficiently, prioritizing the protection of our employees, contractors, and all stakeholders.

Reinforced Safety Measures

Visibility across the site has been improved by deploying additional safety observers, including personnel specifically assigned to key areas such as the common site and the FSH project. These measures are accompanied by engaging safety campaigns through newsletters, banners, and awareness drives, which emphasize the importance of proactive safety behavior. Advanced response procedures, including CPR levels 2 and 3, are also being implemented to enhance emergency response.

Strengthened Access and Collaboration

To facilitate seamless operations, we have scheduled the addition of new access points, including the South Semanggi Gate, and increased the number of security personnel on duty to manage traffic during shifts. Contractors are crucial to this process, and their participation is enhanced by tailored safety briefings aimed at both management and safety officers. Pre-outage meetings prepare contractors to meet POMI's strict health and safety standards, fostering teamwork and a shared commitment to safety during critical periods.

Proactive Monitoring and Engagement

Daily health and safety walkdowns, involving stakeholders such as area owners, contractor representatives, and POMI's Health and Safety (H&S) team, will take place from December to February to ensure compliance. Radiography tests will strictly follow controlled safety zones, allowing access only to authorized personnel. Weekly random health checks, H&S Toolbox Meetings, and Safety Talks will provide ongoing monitoring and awareness, reinforcing readiness and employee well-being throughout the outage.



H&S Toolbox Meeting will be conducted weekly routine





Labor and Human Resources Management

We are committed to maintaining an inclusive and diverse workplace. Our labor and human resource practices are aligned with the United Nations Sustainable Development Goals (SDGs), particularly SDG 8 on Decent Work and Economic Growth, and SDG 5 on Gender Equality. We focus on creating a growth-oriented work environment that enables employees to contribute effectively to the Company's long-term sustainability goals.

Our Code of Conduct mandates the fostering of an inclusive and respectful office environment where individuals, with their unique backgrounds and perspectives, can perform work optimally. It calls for personnel to maintain discipline and uphold public order and decency, explicitly prohibiting activities such as sexual and power harassment. PE also underscores a commitment to human rights, prohibiting discrimination based on race, creed, sex, social status, religion, nationality, age, or physical or mental disability.

We highlight our commitment to fair labor management through employee remuneration, which is systematically determined by their job classification, reflecting the type of work, responsibilities, and authority assigned to them. The categorization of employees adheres strictly to the level of responsibility and job description. It ensures that employee salaries, allowances, and welfare benefits are allocated according to employee level and position, without being influenced by gender-based considerations. Additionally, the company upholds women's rights by providing comprehensive maternity leave policies that support employees during and after pregnancy. [\[GRI 401-2\]](#)

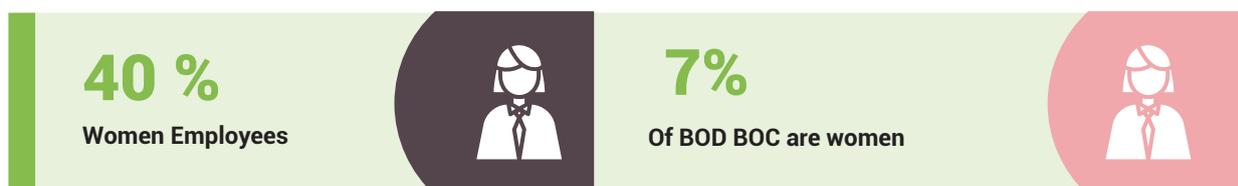
We are committed to providing benefits and helping our employees, focusing on life insurance, healthcare, and retirement provisions. We support employees' and their dependents' healthcare by providing various health benefits, which include outpatient and maternity allowances, hospital and surgical insurance, and medical check-ups. In addition, the Company provides other types of insurance, such as personal accident insurance, group term life insurance, corporate travel insurance, and vaccinations. [\[GRI 401-2\]](#)

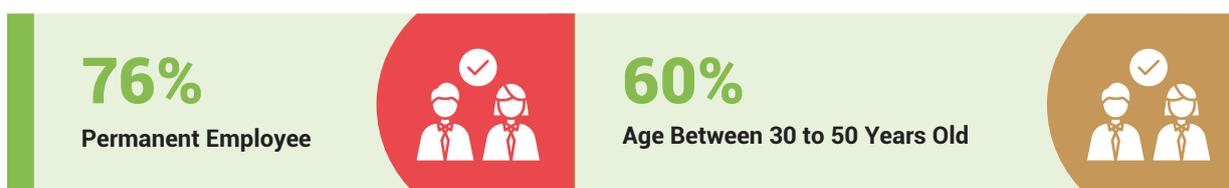
In compliance with Law No. 24 of 2011, both the Company and its employees are required to participate in the BPJS Ketenagakerjaan program, which offers basic protection against work-related accidents, death, and old age. According to Law No. 111 of 2013, participation in the BPJS Kesehatan program, which provides basic health protection, is also mandatory. Furthermore, the Company allocates funds to a designated financial institution to offer a pension program for employees who have reached retirement age, as a recognition of their years of service. [\[GRI 401-2\]](#)

Our People at Glance In 2024 [\[GRI 2-7, 2-8, 405-1\]](#)



Diversity





Note: The data presented in this report is specific to the year 2024 as this is PE's first Sustainability Report.
 *Represents our subcontractor employees (POMI)

Our People: PT Paiton Energy's Approach to Employees [\[GRI 3-3\]](#)

Employees are at the heart of PE's operations. As of 2024, we employ a diverse workforce across various employment types, locations, and functions. We are committed to fostering an inclusive workplace culture, ensuring fair treatment, and providing growth opportunities for all employees.

Our workforce is diverse, with operations spanning both our Jakarta corporate office and our Paiton plant site. Despite the geographical separation, we ensure seamless integration through standardized policies and employee engagement programs.

To maintain a safe and respectful work environment, we strictly prohibit bullying, sexual harassment, and any form of workplace discrimination. Our policies enforce a zero-tolerance approach to such behaviors, with clear reporting mechanisms and disciplinary actions in place. Employees have access to confidential channels to report incidents, and all cases are handled with the utmost seriousness and discretion.

In 2024, PE continued to minimize workplace disputes through active engagement, conflict resolution programs, and open communication channels between employees and management. Reports on bullying, sexual harassment, and other workplace conflicts are reviewed regularly, with prompt action taken to foster a harmonious work environment. As of the end of 2024, there were no incidents related to labor disputes.

Diversity [\[GRI 2-7, 405-1\]](#)

PE upholds a culture of respect, diversity, and inclusion. We provide equal employment opportunities regardless of gender, age, or employment type and actively promote fairness in recruitment, promotions, and compensation

Employee	Permanent Employees		Contract Employees	
	30-50	>50	30-50	>50
Female	6	3	1	0
Male	7	3	1	4
Total	13	6	2	4

We take pride in having a workforce composed entirely of Indonesian citizens, reinforcing our commitment to national talent development. Compared to other energy companies, which may employ larger, more internationally diverse workforces, PE operates with a relatively lean structure. This allows for agile decision-making and a close-knit organizational culture while maintaining global best practices in human resource management.



Gender Diversity

PE is committed to fostering gender diversity across all levels of the organization. Women comprise 40% of our total workforce, reflecting our dedication to gender inclusion in an industry traditionally dominated by men. Furthermore, we are proud to have one woman the board position, reinforcing our efforts to empower female leadership within the company. We continue to promote a work environment that supports career advancement for women, ensuring equitable access to growth and leadership opportunities.

Age Diversity

Our workforce includes employees across various age groups, ensuring balanced representation. A majority of our employees, 60%, are between the ages of 30 and 50, bringing a strong combination of experience and dynamism to the organization. Additionally, 40% of our workforce is aged above 50, contributing their extensive expertise and leadership to our operations. Notably, PE does not currently employ individuals younger than 30 years old, distinguishing our workforce from many other energy companies that may have a larger proportion of younger employees. This unique age distribution ensures that our workforce remains experienced, stable, and deeply knowledgeable about the complexities of the energy sector.

Employment Type Diversity

PE employs both permanent and contract-based staff, ensuring that all employees. Of our 25 employees, six are under contract, while the remaining are permanent staff. While contract employees may have time-limited engagements, we ensure they receive equitable treatment in terms of wages, access to professional development opportunities, and workplace benefits.

Training and Development: Enhancing Employee Growth [\[GRI 404-2\]](#)

PE invests in continuous learning to equip employees with future-ready skills. In 2024, our workforce participated in training programs aimed at enhancing both technical and soft skills. A total of 7 employees participated in 4 training programs throughout 2024.

No	Division	Gender	Employee category	Training course	Date
1	Tax and Financial Reporting	1 Male 1 Female	30-50 years old	Intensive Preparation for Tax Consultant Certification Exam (USKP) A 2024	16-23 April 2024
2	Tax and Financial Reporting	1 Male 1 Female	30-50 years old	Professional Risk Management	18-19 May 2024
3	Tax and Financial Reporting	1 Male 1 Female	30-50 years old	Workshop Sustainability Reporting	25-26 September 2024
4	O&M and coal	1 Female	30-50 years old	Coal Fundamentals Training	19-21 November 2024
5	O&M and coal	1 Male	30-50 years old	Best Practice Project Finance Modeling	27-28 November 2024

Moreover, we work closely with and support our subcontractor in ensuring that its workers possess the required competence to uphold high operational standards. To this end, we provide capacity-building programs for our subcontractor covering critical topics such as energy efficiency, waste management, ISO 26000 implementation, and water resource management – all of which are integral to power plant operations and maintenance activities. In 2024, a total of 34,033 training hours were delivered, with an average of 8.48 hours of training per participant, reflecting our commitment to continuous improvement and knowledge enhancement across our value chain. [\[GRI 404-1\]](#)

Performance Review and Career Development [\[GRI 404-3\]](#)

Through our Individual Development Program (IDP), selected employees undergo a structured career growth plan, receiving mentorship and skills enhancement opportunities. In 2024, 30 employees who work alongside and support our subcontractor participated in this program, reflecting our commitment to nurturing high-potential talent and empowering leadership skills.

Ensuring Employee Engagement

PE actively listens to employee feedback through regular engagement surveys, which serve as a key tool for assessing workplace satisfaction, identifying areas for improvement, and strengthening organizational culture. Insights gathered from the surveys are used to design targeted initiatives aimed at improving the employee experience.

Insights from the 2023 Engagement Survey

PE conducted a biannual Employee Engagement Survey, with the last survey conducted in 2023 in collaboration with Korn Ferry to assess employee perceptions and experiences. This survey involved **17 employees** from various departments and service levels, covering key aspects such as engagement, enablement, feedback, collaboration, and organizational direction. Results showed that employees take pride in working at PE and appreciate the company's clear direction, respectful work environment, and structured responsibilities.

The survey highlighted positive feedback on the implementation of transparent performance evaluations through the HR application and the use of KPIs for competency development. However, areas for improvement were identified, particularly in the effectiveness of training programs and the alignment of compensation with performance. In response, PE is enhancing its systems and has established an HR Committee to strengthen reward and recognition processes.

The Company remains focused on fostering a collaborative and productive work culture through regular communication, coaching, and internal knowledge sharing. Initiatives such as the Power Purchase Agreement (PPA) training and alignment with POMI performance frameworks reflect PE's ongoing commitment to employee development and organizational excellence.



Community Engagement

As a power generation company, we acknowledge the potential environmental and social impacts of our operations that may affect nearby communities. At the same time, we contribute positively to local development by supporting infrastructure improvements and implementing targeted Corporate Social Responsibility (CSR) programs.

We view CSR as a core part of fulfilling our vision and mission while contributing to the community. Our CSR framework is anchored on two pillars: climate change mitigation program and economic empowerment program. These principles reflect the Company's belief that business success is closely tied to the wellbeing of surrounding communities and the broader environment.

We work in close collaboration with our subcontractor to ensure the effective implementation of CSR programs that align with local community needs. In addition to providing financial support, the Company emphasizes capacity building and promotes long-term community self-reliance.

Our CSR initiatives are guided by a strong commitment to supporting the achievement of the Sustainable Development Goals (SDGs) in Indonesia. Our programs are designed to contribute to national development priorities while aligning with global sustainability efforts. As of now, **our CSR initiatives are aligned with 12 out of the 17 SDGs, with a focus on creating measurable impact and accelerating progress both locally and globally.**



Community Development Policy

We have implemented a Community Development Policy to support our vision of becoming a highly respected power plant, meeting stakeholder expectations in accordance with applicable law requirements and supporting our commitment to establish Community Development Program (PPM) as part of our social and environmental responsibility.

Our approach to community development is based on principles of alignment, inclusivity, and transparency, aimed at fostering constructive relationships with local communities and stakeholders. The Company emphasizes important points as planning and implementing programs, collaborating with local communities and stakeholders, and prioritizing targets and objectives for strengthening vulnerable groups which include the fields of environment, Health, Education, Economy and Cultural Preservation.

Community Development Strategy

Our CSR initiatives are guided by Government Regulation No. 47 of 2012 on Social and Environmental Responsibility for Limited Liability Companies and aligned with ISO 26000 standards. We integrate CSR into our planning, implementation, and reporting processes, focusing on areas such as public health, education, public infrastructure, local economic development, environmental conservation, and the preservation of local culture.

To ensure the long-term impact and effectiveness of its community programs, we incorporate performance measurement from the planning phase. We apply both objective methods, such as surveys and statistical data, and subjective approaches like community perception studies. This combination allows for a comprehensive assessment of outputs, outcomes, and long-term impacts. Stakeholders are actively involved in the development of performance indicators to align with local needs and expectations.

In 2023, we carried out a stakeholder mapping process to identify and analyze key stakeholder groups. This process provides valuable insights into the expectations and needs of communities near our operational areas. It allows us to better align our initiatives and engagement strategies. Further details on the stakeholder mapping methodology are available in the Stakeholder Engagement chapter, page 24 of this report.

As part of our broader sustainability commitment, PE implements community development programs to ensure strategic alignment and long-term impact, PE developed a five-year community development plan (RENSTRA), with the most recent covering 2020–2024. The plan focuses on implementation in Situbondo and Probolinggo Regencies, where Paiton Units 3, 7, and 8 are located and aims to foster inclusive access to resources and strengthen local capacity in sustainable development.

As part of its commitment to sustainable development, PE also implements an exit strategy to support community independence beyond the period of direct corporate involvement. Ongoing monitoring includes biannual assessments of public health and community perception, along with daily evaluations during specific operational events—such as the six-month monitoring period before and after a power plant shutdown.





Building an "Exit Strategic Sustainable Program" to Empower Independence in Surrounding Communities [\[GRI 203-2\]](#)

We integrate an "Exit Strategic Sustainable Program" into our Community Development Strategic Plan (RENSTRA) to ensure that all empowerment programs provide lasting value and can function independently. In other words, the strategy is designed to guide the transition of program ownership from the Company to local communities and institutions, enabling sustainability beyond the period of direct corporate support. This concept is also known as a take-off program, which indicates that the program is developed without direct involvement from the company. This program focuses on reducing beneficiary dependence by encouraging locally driven solutions. This includes building the capacity of communities and local institutions to take on the transition and independence of a program without reliance on Company resources. The goal is to establish community-led programs with the ability to scale or adapt independently.

Exit Strategic Sustainable Program plays a critical role in determining how it can survive and grow independently after external assistance or support ends. By developing a comprehensive exit strategy plan, we can ensure that our program does not just end with the completion of activities, but continues in the form of empowerment, institutional strengthening, and sustainable benefits for program recipients. It also serves as a guide to transfer leadership and responsibility to local stakeholders, ensuring that they are ready and able to continue the program's vision and goals going forward.

Key criteria for determining a program's readiness to "take off" include operational independence, financial sustainability, strong community support, strong institutions, and the presence of local heroes. Programs are assessed based on their ability to function with minimal external involvement while continuing to meet intended goals.

The process also involves identifying and mentoring local heroes—individuals with the potential to lead and inspire others in the community. These leaders help sustain the momentum of empowerment efforts and maintain accountability for ongoing program success.

Ultimately, the Exit Strategy ensures that every community program launched by PE becomes a long-term asset for the community. This approach ensures that every program initiated by the Company is not merely temporary, but becomes a lasting legacy that delivers long-term benefits to the communities it serves. The following outlines the Company's plan for preparing long-term programs to enable communities to become independent and self-sustaining

Community Development Programs [\[GRI 413-1\]](#) [\[GRI 203-1\]](#)

PE has maintained a strong commitment to Corporate Social Responsibility (CSR) for over 30 years, embedding it as an integral part of our corporate strategy. Our CSR approach is designed to support the integration of Environmental, Social, and Governance (ESG) principles into our operations, while also contributing to the achievement of the Sustainable Development Goals (SDGs). To maximize impact and reach, we apply the Penta Helix model—fostering collaboration with government bodies, academic institutions, communities, NGOs, and the private sector.

Our CSR initiatives have been rooted in two pillars: climate change mitigation program and economic empowerment program. These principles reflect our commitment to addressing current social and environmental challenges while building a future powered by clean and responsible energy. To enhance program effectiveness and ensure alignment with local needs, PE works closely with our subcontractors in delivering these initiatives.

	Pillars	Sectors
 <p>1</p>	CLIMATE CHANGE MITIGATION PROGRAM	Forestry Agriculture Land use Renewable energy
 <p>2</p>	ECONOMIC EMPOWERMENT PROGRAM	Health Economic empowerment Social development



PE's Sinergi Hijau Lestari pillar embodies the Company's long-term commitment to environmental sustainability and responsible business practices. The initiative promotes active collaboration with a wide range of stakeholders to support environmental conservation and the advancement of renewable energy.

Through Sinergi Hijau Lestari, PE implements practical solutions aimed at ecosystem preservation and the development of low-carbon energy alternatives around our operational areas. PE's Sinergi Hijau Lestari pillar focus on two core areas: Forestry, Agriculture, and Land Use Planning, and Renewable Energy Development. These efforts are strategically aligned with both national environmental objectives and global frameworks, such as the Sustainable Development Goals (SDGs).

1. FORESTRY, AGRICULTURE, AND LAND USE PLANNING.

In 2024, PE implemented five strategic programs under the Forestry, Agriculture, and Land Use Planning pillar of our Sinergi Hijau Lestari initiative. These programs were designed to promote environmental sustainability, strengthen community-based forest management, and enhance land use practices through multi-stakeholder collaboration and long-term ecological stewardship.





TREE PLANTING FOR CLIMATE MITIGATION

As part of its commitment to environmental preservation and social forestry empowerment, PE implemented a large-scale tree planting program in 2024. In collaboration with local community groups in Kaliacar and Ranu Wurung Villages, Probolinggo Regency, the Company planted 56,000 gamal trees to mark World Tree Planting Day. Gamal was selected for its dual ecological and economic value—as a forest stabilizer, livestock fodder, and sustainable energy crop. In addition, 1,500 mangrove trees and various fruit-bearing species including longan, avocado, durian, jackfruit, ketapang, trembesi, and casuarina were planted, bringing the total number of trees planted during the year to 58,900.

On 9 March 2024, a local environmental group and the Selobanteng Village Government in Situbondo carried out a conservation initiative by planting 300 water-binding tree seedlings, including bamboo and banyan. The activity, involving 14 participants, was aimed at restoring degraded land and maintaining water ecosystems. Bamboo and banyan trees are known for their ability to conserve groundwater and prevent erosion, making them key components in long-term ecological preservation efforts.

Moreover, to commemorate the One Million Trees Movement Day, PE organized a Fun Camp and bamboo tree planting event in Bethek Rest Area, Krucil District, Probolinggo. Joined by 100 scouts from Probolinggo Regency, the initiative involved planting 1,000 bamboo trees, reinforcing our commitment to environmental preservation and youth engagement in sustainability efforts.



SINERGI CYCLING FOR THE ENVIRONMENT

To celebrate National Electricity Day, PE held the *Gowes Sinergi* event, involving 130 participants. The event included handing over new public facilities to Randutatah Village and Kraksaan Urban Forest, strengthening local tourism and environmental awareness.



ADVANCING SUSTAINABLE FOREST MANAGEMENT

PE partnered with UGM Faculty of Forestry to promote sustainable forest management. The initiative includes energy forest development, carbon value integration, and agroforestry programs with local farmer groups to support forest, food, and energy resilience.



MANGROVE AWARENESS THROUGH WASTE CLEANUP

As part of the Blekok Village Festival, PE supported a waste cleanup activity in collaboration with Situbondo Peduli Bumi, the Situbondo Environmental Agency, and the local Blekok Village community. A total of 30 participants joined the initiative, which aimed to strengthen community involvement in protecting the mangrove forest.

The event collected 1,360 kg of plastic waste and 1,030 kg of textile waste, generating a total value of IDR 991,000—calculated at IDR 500/kg for plastic and IDR 300/kg for fabric. Beyond the economic impact, the program raised environmental awareness and encouraged local residents to take part in mangrove conservation efforts.



SOCIAL FORESTRY PARTNERSHIP

PE signed a partnership agreement with BPSKL Java to support social forestry innovation. The collaboration focuses on developing energy and productive forests, capacity-building for forest business groups, and knowledge sharing to promote sustainable land management.



COLLABORATIVE COASTAL CONSERVATION IN SITUBONDO

As part of its coastal conservation initiative, PE supported a beach cleanup and community engagement activity in Banyuglugur District, Situbondo. The event was attended by 100 participants, including four local fisher groups, representatives from the Situbondo Environmental Agency, Local Government, village heads from Banyuglugur and Kalianget, and the Berkah Waste Bank.

The cleanup was conducted at Banyuglugur and Tampora beaches, resulting in the collection of 4.7 tonnes of waste, mostly plastic. In addition to the cleanup, participating fisher groups received technical training on waste management and organizational strengthening. The training was facilitated by the Denpasar Coastal and Marine Resource Management Agency and the Berkah Waste Bank.



COLLABORATIVE CLIMATE CHANGE AWARENESS AND MITIGATION

PE, in collaboration with the Probolinggo Environmental Agency, held a climate education program on 5 to 6 March 2024, in Wonomerto and Semampir. Attended by 20 participants, the sessions included site surveys and promoted awareness of climate change, its impacts, and the value of traditional knowledge in adaptation efforts.

On 1 to 2 November 2024, a follow-up event was conducted in five villages, engaging 50 participants from local and provincial agencies. The program focused on building community capacity for climate adaptation and mitigation through sustainable, locally driven practices.



SUPPORTING WATER CONSERVATION THROUGH TREE PLANTING IN KURIPAN

On 29 November 2024, PE conducted a tree seedling handover event in Kuripan Village, providing 300 seedlings to representatives from the local Scout group and the Probolinggo Environmental Agency (DLH). The seedlings included various species such as avocado, durian, jackfruit, bamboo, Bangkok petai, and trembesi.

The symbolic handover took place at a pre-surveyed location. These seedlings will be planted in designated areas to help reduce the risk of declining water flow at local springs, supporting long-term watershed conservation in Kuripan Village.



GROUNDWATER ASSESSMENT AND INFRASTRUCTURE DEVELOPMENT AT BETEK REST AREA

PE conducted a geoelectric reassessment in Betek Village to evaluate deep well water potential for the Betek Rest Area. A four-person team from Brawijaya University led the activity, using advanced geophysical technology to support informed infrastructure planning. As part of this development, the main structure of the Rainbow Sliding feature at the Betek Rest Area has reached 70% completion, marking significant progress in enhancing recreational facilities for the local community.



EMPOWERING THE KRAKSAAN URBAN FOREST COMMUNITY

PE continues to support the Kraksaan Urban Forest through education and community engagement. The initiative promotes sustainable forest management and local economic empowerment. On 16 July 2024, a coordination meeting was held involving 10 MSME vendors, POMI, and the Environmental Agency (DLH). Discussions focused on addressing challenges faced by vendors and enhancing the overall quality of the urban forest ecosystem.



COASTAL PRESERVATION AND WASTE MANAGEMENT TRAINING

On 4 and 10 July 2024, PE facilitated a waste recycling workshop in Dusun Sukun and a beach cleanup awareness campaign in Banyuglugur Village. These efforts aimed to increase community awareness about waste management and coastal cleanliness. On 10 July 2024, an evaluation of the National Love the Sea Month campaign was held, with 120 participants from BPSPL Denpasar, government agencies, CSR teams, and community groups. Outcomes were reviewed, and follow-up plans were developed to continue post-program monitoring.





MANGROVE REHABILITATION ACTION LEARNING WORKSHOP

As part of its environmental preservation efforts, PE hosted a mangrove rehabilitation workshop to support coastal resilience and biodiversity. The program emphasized the importance of mangroves in preventing erosion and providing critical habitats. Community participation was encouraged to foster long-term stewardship and conservation of coastal ecosystems.



ENVIRONMENTAL AWARENESS WORKSHOPS AT LOCAL SCHOOLS

To promote environmental education, PE held workshops at SMA Suboh and SMA 1 Kraksaan under the P5 program. The sessions aimed to raise student awareness about environmental issues and inspire practical action. Participants learned simple practices such as waste sorting, tree planting, and natural resource conservation to integrate sustainability into their daily lives.

2. NEW AND RENEWABLE ENERGY

In 2024, PE implemented six programs under the New and Renewable Energy pillar to support the transition toward low-carbon energy solutions. These initiatives reflect the Company's commitment to promoting clean energy adoption.



BLUE SKY PROGRAM: *Electric Vehicle Donation*

As part of its commitment to reducing carbon emissions in urban areas, PE donated two electric golf carts to Taman Margasatwa Ragunan (TMR) in Jakarta in March 2024, bringing the total donated units to eight. This initiative supports Jakarta's climate-resilient low carbon development goals under Pergub DKI Jakarta No. 90/2021. The golf carts promote the use of renewable energy in daily transport and raise public awareness on low-emission solutions.



SOLAR SCHOOL PROGRAM: *Rooftop Solar PV Installations*

To support renewable energy education and Net Zero initiatives, PE installed rooftop solar PV systems with a capacity of 10 kWp at SMKN 54 Jakarta, SMKN 53 Jakarta, and SMAN 70 Jakarta. Each installation helps reduce CO₂ emissions by 0.68 tons per month and supports Jakarta's goal of becoming a Net Zero Emission City by 2050 through its Net Zero Carbon School initiative.





WASTE-TO-ENERGY INITIATIVE:
Biogas Power at TMR

Through its Waste-to-Energy (WTE) program, PE installed eight biodigester units at TMR to convert animal waste and organic matter into biogas for electricity generation. This initiative demonstrates an integrated waste management approach and showcases the transformation of waste into clean, sustainable energy.



YOUTH ENGAGEMENT:
Environmental Education for the Next Generation

To build environmental awareness among youth, PE invited children from Muhammadiyah Tanah Abang Orphanage and students from SMKN 54 Jakarta to observe the company's Waste-to-Energy operations at TMR. The visits emphasized hands-on learning about sustainable waste management and renewable energy.



TRAINING AND WORKSHOPS:
Community Capacity Building

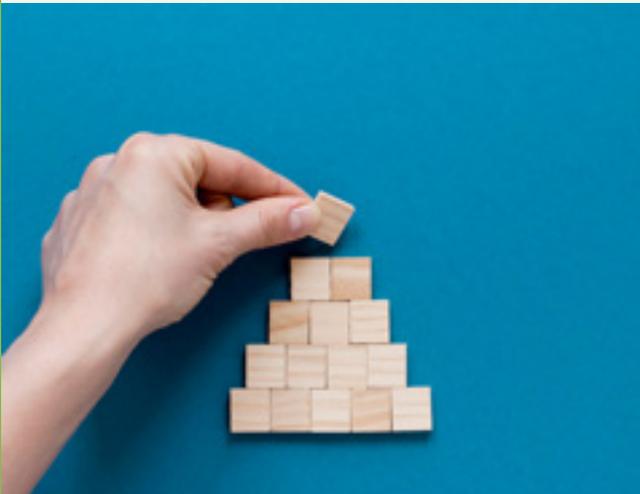
PE and its subcontractor launched the "Generasi Biru" (Genbi) program with 10 schools in Probolinggo to promote environmental awareness among youth. The initiative includes training on waste management and renewable energy. On 18 December 2024, Genbi participants received conservation training to strengthen their role in preserving the environment.

The Company also held a coastal waste management workshop in Situbondo with BPSPL, involving 120 participants from government and local communities. Additionally, PE supported the Jari Jelita group, a local UMKM of youth with special needs, who create tote bags featuring batik designs inspired by Jabung Temple and the Paiton power plant.



ACADEMIC PARTNERSHIP:
Research and Public Engagement with UGM

On 26 July 2024, PE signed an MoU with Universitas Gadjah Mada (UGM) to advance research and education in support of Indonesia's energy transition. The collaboration includes a joint workshop on energy management (ISO 50001), digital technologies in coal plant operations, hydrogen potential, as well as a program with the Faculty of Forestry and technical assistance from UGM's Center for Environmental Studies (PSLH) for the Green PROPER program.





As part of its commitment to inclusive growth, PE implements community empowerment initiatives through the Sinergi Berdaya untuk Sejahtera pillar. These programs are designed to improve community wellbeing through a combination of health, economic, and social support strategies. The Company works collaboratively with local stakeholders to identify and respond to community needs, aiming to build resilience and promote long-term development in the areas where it operates.

The Sinergi Berdaya untuk Sejahtera pillar focuses on two main areas: Health and Safety, which includes efforts to improve access to healthcare and promote community well-being, and Economic and Social Empowerment, which supports local entrepreneurship, education, and workforce development.

1. HEALTH AND SAFETY

As part of its commitment to community well-being, PE focuses on Health and Safety initiatives that aim to improve access to healthcare and enhance quality of life. These efforts include medical interventions, preventive healthcare education, the promotion of healthy living for communities around its operations, and disaster mitigation.

	<p>FREE CLEFT LIP SURGERY PROGRAM</p>
	<p>To support improved quality of life for children through proper medical intervention, PE and POMI organized a free cleft lip and palate surgery program for 22 toddlers in Probolinggo. This initiative responds to the continuing challenge of cleft lip and palate in Indonesia, where the Ministry of Health reports around 7,500 cases annually. The surgeries were carried out on 17 August 2024, at Rizani Hospital, Probolinggo, in collaboration with the Cleft Lip & Palate (CLP) Center from Surabaya and Rizani Hospital.</p>
	<p>STUNTING PREVENTION THROUGH NUTRITIOUS FOOD ASSISTANCE</p>
	<p>On 12 July 2024, PE collaborated with the Kotaanyar Health Center to support stunting prevention efforts by distributing 640 nutrition packages to pregnant women and toddlers in Kotaanyar District. Each package included mung beans, chicken and beef floss, eggs, milk, and moringa biscuits to help improve nutrition and support healthy growth among vulnerable mothers and children. On</p>



2. ECONOMIC AND SOCIAL

Under the Economic and Social pillar, PE focuses on empowering local communities through inclusive programs that enhance livelihoods, stimulate local entrepreneurship, and foster social well-being. These initiatives are designed to support community self-reliance by providing access to economic opportunities and promoting innovative solutions that align with local potential and sustainability goals.



BOTTLED WATER FACILITY DEVELOPMENT IN BINOR

In June and July 2024, PE, together with the Village-Owned Enterprise (BUMDes) of Binor and partners, carried out a series of monitoring and coordination activities for the development of the "Bicua" bottled drinking water production facility in Binor Village. These activities included site monitoring, coordination with the equipment fabricator (CV. Hidayah Nur Teknik), student involvement from SMK 2 Kraksaan for educational exposure, and detailed planning for facility expansion. The initiative aligns with SDG 6 by promoting access to safe and quality drinking water.

From early to late July, the focus shifted to infrastructure development and machine installation. This included the construction of a laboratory, 100% completion of ceiling installation, water treatment area preparation, electrical installations, and additional space for equipment. Machine testing and quality checks for filtration, sterilization, and packaging processes were also completed to ensure operational readiness and product standards. These milestones mark a critical step toward launching a community-based, locally produced clean water solution.



PROMOTING CIRCULAR ECONOMY THROUGH PAVING BLOCK INITIATIVES [GRI 203-1]

In September 2024, PE completed the installation of 30,000 paving blocks at the Greenthing Beach mangrove forest area in Probolinggo. These paving blocks were manufactured using non-Hazardous (non-B3) waste materials, developed by the Company's waste utilization support team as part of its commitment to circular economy principles. This initiative is part of a larger infrastructure program focused on reusing industrial by-products and supporting sustainable practices in communities near PE's operations.

The project laid 700 meters of paving along the main access route to Greenthing Beach, an area managed by the local community. The improved access has enhanced mobility for over 200 local residents and visitors, enabling safer and more convenient passage, especially during the rainy season. Additionally, it has supported the local economy by supporting community-based tourism and small business activities in the area. The paving also helps manage water flow and drainage, supporting the surrounding mangrove ecosystem.



MSME PRODUCT PROMOTION PROGRAM

PE supported local Micro, Small, and Medium Enterprises (MSMEs) from Probolinggo Regency and City, East Java Province, by facilitating their participation in the UGM Trail Run 2024 in Yogyakarta. Four selected products—cassava chips, Bicua mineral water, fish scale collagen, and turmeric herbal drink—showcased community innovation, sustainability, and economic empowerment, reflecting the Company's commitment to supporting local livelihoods and circular economy practices.



FROM WASTE TO ENERGY: Wood Pellet Production for Co-Firing

PE and BUMDes Selobanteng conducted a benchmarking visit and production trials in 2024 to develop wood pellets from sawdust, increasing daily output from 10 kg to 600 kg. In September 2024, 1 ton of biomass-quality pellets was produced for co-firing in Unit 78. This initiative supports renewable energy goals, reduces wood waste, and promotes sustainability, with plans to scale up production, diversify biomass products, and enhance quality through technology.



INAUGURATION OF JOGGING TRACK AND HUTAKA HALL CONSTRUCTION [GRI 203-1]

PE and local authorities inaugurated a new jogging track and laid the foundation for the Hutaka Hall in Kraksaan Urban Forest. The event included an ecoprint competition involving 300 elementary students, promoting healthy lifestyles and environmental education.



ENABLING SMALL BUSINESS GROWTH THROUGH REGULATORY SUPPORT

On 26 June 2024, PE, in collaboration with the Paiton Subdistrict Office, initiated a mentoring program for Micro and Small Enterprises (IKM) to support their compliance and market readiness. This included assistance in registering for the Home Industry Food Permit (PIRT), a critical requirement for retail and supermarket distribution. The Health Department is scheduled to conduct facility inspections and issue certification, supported by a two-day community outreach to raise awareness about PIRT importance.



COMMUNITY EMPOWERMENT THROUGH ENVIRONMENTAL INITIATIVES

PE continued our commitment to environmental community empowerment through several initiatives in June 2024. In collaboration with local partners and village officials, biopore infiltration holes were installed at 10 locations each in Sumberkare and Lumbang Villages. The effort, involving 11 participants, aimed to improve rainwater absorption and reduce flood and erosion risks—an important step in fostering local environmental resilience.

In Desa Jabung Candi, a technology innovation competition was held on 22 June 2024, engaging 250 participants from CSR teams and the Probolinggo Scout organization. The event showcased environmentally friendly innovations from high school-level Scouts, with the results serving as a basis for further development and implementation. In parallel, machinery installation for the community-based drinking water production facility (AMDK) progressed, including cup, bottle, and gallon units. Despite successful equipment setup, unstable electricity supply posed operational challenges, prompting evaluations and system optimization efforts. By the end of the month, notable progress



PROMOTING DISABILITY INCLUSION THROUGH EMPLOYMENT EMPOWERMENT

On 23 July 2024, the Company in collaboration with the local government, held a socialization and advocacy session to support the development of the Disability Employment Service Unit (ULDK). The initiative aimed to raise awareness and promote inclusive employment opportunities for individuals with disabilities.

As part of the program, we provided sign language training and mentoring support for micro and small enterprises (IKM) managed by people with disabilities. Moving forward, the ULDK will submit a proposal to expand the initiative. This collaboration reflects PE's continued commitment to fostering inclusion, building skills, and creating meaningful employment pathways for the disabled community.



EMPOWERING FUTURE LEADERS THROUGH THE 2024 YOUTH SCHOLARSHIP PROGRAM

PE continues its commitment to education by offering the 2024 Youth Excellence Scholarship for students in Probolinggo and Situbondo. A total of 60 shortlisted candidates participated in a structured interview process led by the CSR team. The final recipients were announced on 29 February 2024, through PE's official communication channels. This initiative aims to improve access to quality education for underprivileged students and promote equal learning opportunities across diverse communities.



BUILDING EMERGENCY PREPAREDNESS THROUGH COMMUNITY COLLABORATION

In July 2024, PE strengthened disaster preparedness through joint fire drills and emergency training with FPRB Jatim and the Probolinggo Fire Department, involving 35 participants. As part of the Pesantren Peduli Bencana program, the Company also trained 200 students from Pondok Pesantren Nurul Jadid as first responders. A coordination meeting was held on 4 November 2024 with 12 representatives to align the program's implementation. These initiatives support inclusive community resilience and disaster risk mitigation.



"HADIR DAN BERSINERGI" – 3,000 FOOD PACKAGES DISTRIBUTED

As part of its annual "Hadir dan Bersinergi" program, PE distributed 3,000 food packages to residents in 18 villages across Probolinggo and Situbondo Regencies. This initiative reinforces the Company's commitment to supporting food security and reducing hunger in its surrounding communities.



EMERGENCY RELIEF SUPPORT

In 2024, PE strengthened our commitment to disaster response by providing essential aid to communities impacted by natural disasters. In March, the Company, in coordination with local Disaster Management Agency, distributed essential food supplies and school materials to flood-affected residents in Dringu Subdistrict, Probolinggo,

Additional support was extended to more than 2,000 flood-affected residents in six villages across Bangkalan Regency, Madura Island. In Addition, In the aftermath of the Bawean Island earthquake, the Company delivered emergency supplies to families in Sangkapura and Tambak Distrcits.

Advancing Clean Water and Energy Access



In 2024, PE conducted a Community Satisfaction Index (IKM) in Binor Village to evaluate the impact of the INSPIRASI Program. The program received a score of 85.1%, placing it in the "very satisfactory" category. The high satisfaction level reflects the relevance and effectiveness of the initiative in meeting the community's needs and demonstrates the Company's ongoing commitment to delivering meaningful and sustainable impact through our CSR programs.



85.1%

(Very Satisfactory) Community Satisfaction Index

Monitoring and Evaluation

Monitoring and evaluation are conducted regularly to maintain program effectiveness. Annual reviews and quarterly coordination meetings help assess progress, address challenges, and improve execution. This process ensures continuous improvement and reinforces our commitment to creating measurable and lasting community impact.

In addition, we implement an Environmental Management Plan (RKL) and Environmental Monitoring Plan (RPL) to mitigate environmental risks and assess the effectiveness of mitigation efforts. These plans are developed in accordance with national and provincial environmental regulations, with monitoring activities covering community concerns, public health, and changes in perception—particularly during periods of temporary plant shutdown.

We actively address public perception and concerns related to the operation of our power plant in Probolinggo. These efforts focus on mitigating potential negative impacts through ongoing initiatives in health, environmental protection, local economic development, and education. We specifically monitor and manage cases of acute respiratory infections (ARI) in the community as a potential impact of air quality from power plant operations. This includes regular monitoring of ARI prevalence over the past three months, maintaining air quality below regulatory thresholds, and implementing community development programs in Paiton Subdistrict that focus on improving public health and reducing the risk of respiratory diseases.

Our community development programs are designed based on input gathered directly from local residents, ensuring that initiatives address actual needs and concerns. Regular meetings are held with nearby communities to collect feedback and develop responsive programs. As of the reporting period, community perception of PE remains positive. In 2024, our operation has proceeded without any social conflict.

Grievance Mechanism

PE, in collaboration with our subcontractors, has established a structured framework to manage and resolve conflicts with local communities through coordinated engagement and resolution mechanisms. Community or stakeholder claims refer to complaints raised by community members or other stakeholders related to the environmental and social impacts of the Company's operations.

				
Complaint and Grievance Handling	Conflict Resolution Process	Impact on Local Communities	Monitoring and Follow-up	Documentation and Reporting
Complaints are received in both written and verbal forms, followed by issue verification, meetings, and field investigations to address and resolve conflicts effectively.	The resolution process includes multiple stages such as verification, analysis, field investigation, and mediation meetings. The CSR Committee leads this process to ensure balanced solutions based on accurate and complete information.	Poorly managed grievances can result in significant negative impacts on local communities. The procedure is designed to minimize risks by encouraging open dialogue and collaboration between the Company and the affected stakeholders.	The CSR Committee is responsible for approving resolution follow-up plans and monitoring their implementation in the field to ensure proper mitigation of any adverse impacts.	Each resolution is thoroughly documented, including summaries of resolution outcomes, follow-up actions, and final responses. This process supports transparency and accountability in managing community-related issues.



External Conflict Management

We maintain strong and constructive relationships with local communities and external stakeholders through continuous engagement, transparent communication, and early conflict prevention efforts. These proactive measures support operational continuity and contribute to long-term social stability.

No	Type of External Conflicts	Number of Incidents
1	Protests	Zero
2	Riots	Zero
3	Property Damage	Zero
4	Asset Destruction	Zero
5	Other Social Disturbances	Zero



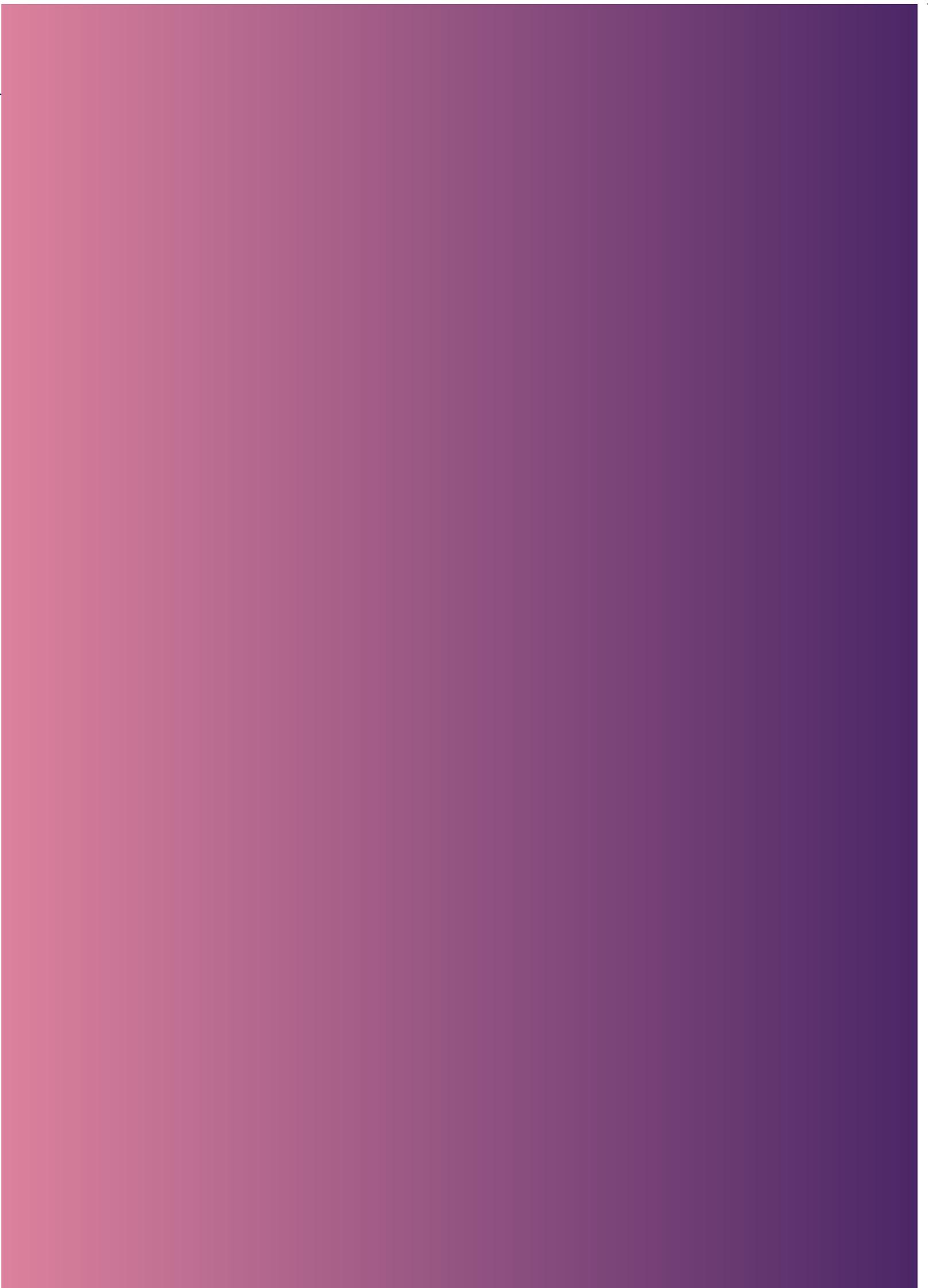
GRI CONTENT INDEX WITH REFERENCE

GRI Content Index

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