

Sido Selaras

Sustainability Policy

*“Growing in harmony with
nature and people”*



Introduction

As a leading *jamu* (herbal medicine) manufacturer in Indonesia, PT Industri Jamu Dan Farmasi Sido Muncul Tbk and the Group (“Sido Muncul”) aim to provide high quality and healthy products for consumers and the wider community.

In line with our vision to become a company that can provide benefits to the community, we believe that maintaining sustainability of the business is as important as preserving the environment and growing in harmony with the community for a better future.

To achieve sustainable business growth, Sido Muncul strives to always consider sustainability aspects in our decision making and to create shared value for all our stakeholders. We take our sustainability stewardship seriously and this is integral to our day to day operations.



Sustainability Policy

Our commitment towards sustainability is enshrined in the Sido Selaras Policy (“Policy”) which serves as a guidance to integrate sustainability as a core part of all operational activities. Through this Policy, we also encourage our suppliers and business partners to implement sustainability as part of their business operations and work together to create an integrated and sustainable supply chain.

This Policy, among others, reflects Sido Muncul's commitment to comply with national laws and regulations, relevant international requirements and the principles of the United Nations Global Compact (UN Global Compact).

Sustainability Pillars

Sido Selaras Policy is based on five Sustainability Pillars, namely:



**Environmental
Preservation**



**Inclusive
Business**



**Employee
Welfare**



**Product
Integrity**



**Sustainable
Sourcing**

Based on the Sustainability Pillars and supported by Good Corporate Governance, we believe that we can provide maximum benefits and contribute positively to all stakeholders within the sustainable development framework in order to achieve the Sustainable Development Goals (SDGs).

This Policy complements our Code of Conduct as the main guidance that govern our relationship with stakeholders. The Code of Conduct can be accessed in our [website](#).



ENVIRONMENTAL PRESERVATION

Sido Muncul is committed to reducing environment impacts from the company's operations through the implementation of clean production, rigorous and consistent environmental management and the efficient use of resources. We have carried out this commitment as an integral part of our business and will continually improve the implementation across all operations.

ENVIRONMENTAL PRESERVATION

We are Committed to:

1. Implementing a High Standard of Compliance in Environmental Management

Fulfilment of PROPER requirements as an evaluation of environmental performance by the Ministry of Environment and Forestry of the Republic of Indonesia is one of our efforts to comply and to meet the environmental management criteria according regulations.

Our target is to obtain a Gold PROPER rating or at least a minimum of Green rating every year.

2. Reducing Greenhouse Gas Emissions from our Operations

Our focus on reducing GHG emissions from our operations is by improving energy efficiency and maximising the use of renewable energy.

To achieve the above commitments , we set out targets and action plans for GHG emissions reduction and measure GHG emissions from our operational activities on an annual basis.

ENVIRONMENTAL PRESERVATION

3. Improving Energy and Water Efficiency

Our goal is to implement a cleaner and efficient production, starting from the production planning, optimization of the production process to waste management. Hence, we continuously strive to improve the efficiency of energy and water consumption in our operations. Innovation and investment in environmentally friendly production technology is an initiative that has been carried out and will be continued in the future according to recent technological advances.

We also support water conservation through various initiatives to ensure the sustainability of water sources used.

4. Implementing Environmental Management System

Sound environmental management should be controlled in a structured, consistent, and measurable management system. Therefore, we have implemented an environmental management system based on the ISO 14001 standard as an integral part of our overall management system. A measurable environmental management system includes routine control and monitoring of environmental parameters.

ENVIRONMENTAL PRESERVATION

5. Carrying Out Proper Waste Management System and Reduce Waste Generation

One of the impacts from the company's operations is the generation of waste which includes liquid waste, hazardous waste, and non-hazardous waste. To reduce the negative impacts to the environment and communities as a result of waste generated from our operations, we are committed to implement a strict waste management policy in accordance with applicable regulations. We aim to ensure that the quality of treated effluents meet regulatory standards hence it does not harm the environment.

Through the 3R initiatives (Reduce, Reuse, and Recycle) and continuous innovation, our goal is to reduce waste generated from operational activities.

6. Preserving the Sustainability and Diversity of Herbal and Medicinal Plants

The primary raw materials for Sido Muncul's products are various kinds of herbal and medicinal plants. We are committed to preserving the sustainability and diversity of herbal and medicinal plants used as raw materials by carrying out conservation initiatives in the agro-tourism area located at Sido Muncul's Semarang factory.

ENVIRONMENTAL PRESERVATION

7. Promoting Environmental Awareness for All Stakeholders

In order to encourage our key stakeholders, such as employees, suppliers and local communities to be part of environment preservation efforts, various initiatives have been undertaken to increase their environmental awareness.

We conduct education and training programs for employees to build a more environmentally conscious way of working. We also regularly communicate and consult with local communities regarding environmental issues to understand their input and expectations.

In an effort to promote better environmental management, we participate in discussions with the government and other external agencies. Suppliers are also encouraged to contribute in our environmental initiatives through supplier engagement programs.

INCLUSIVE BUSINESS

In conducting our business, Sido Muncul believes that we can contribute positively in the welfare of communities around our operational areas.

Through partnership programs and community empowerment, Sido Muncul plays an important role in encouraging community involvement, especially farmers, as part of the company's value chain.

Our contributions to the social and economic development of surrounding local communities are implemented through community development initiatives in various aspects such as health and education.



INCLUSIVE BUSINESS

We are Committed to:

1. Supporting the Inclusion of Farmers in Our Supply Chain through Partnership Programs

We apply a holistic approach to community development and empowerment that is integrated with our business. Initiatives and partnerships that are carried out aim to improve the livelihoods of communities, especially farmers and encourage sustainable agricultural practices.

Sido Muncul supports farmers involvement in the supply chain. We ensure our best efforts to assist farmers in adopting Sido Muncul sustainability policies and sustainable farming practices.

Since 2004, we have developed the Farmer Partnership Program with the basis of Creating Shared Value (CSV) concept wherein we establish partnerships with herbal and medicinal plants farmers to meet the supply of raw materials. This program also become one of the solutions to improve the welfare of the community by utilizing local wisdom.

INCLUSIVE BUSINESS

2. Contributing to the Socio-Economic, Health and Education Development of Communities Surrounding

Sido Muncul is committed to implementing community development programs that aim to improve people's quality of life, provide added value, strengthen community resilience and encourage people to become empowered and independent. Our goal is to create positive impacts and multiplier effects in the local economy surrounding our operations.

Our community development initiatives focus on, among other things, capacity building, job creation, women's empowerment, infrastructure development and dealing with existing barriers such as access to markets.

In order to understand the needs and expectations of the community and manage social risks that may arise in the area surrounding our operations, we perform social mapping study as the basis for determining the community empowerment programs that will be carried out.

EMPLOYEE WELFARE

Our business growth is strongly tied with excellent and dedicated employees in order to achieve our goals. In the context of sustainability, it is important for Sido Muncul to respect employees' rights and to comply with labor laws and regulations.

Our goal is to ensure that our employees work in a decent and conducive environment. Therefore, we strive to maintain harmonious employment relations and assure occupational health and safety for every employee.

As part of our human resources management and ensuring regulatory compliance, we have identified issues and non-compliance risks to be acted upon through appropriate mitigation and risk prevention plans. Regular monitoring is performed as part of our internal audit process.



EMPLOYEE WELFARE

A. Human Rights

Respect for human rights is the foundation for managing our business and human resources. We recognise and respect human rights as defined in the United Nations Universal Declaration of Human Rights. Our commitment is to comply with Indonesian laws and regulations on human rights and labor rights as well as international treaties, including the International Labor Organization (ILO) Conventions ratified into Indonesian laws.

In Sido Muncul, our respect for human rights has been enshrined in the Code of Conduct, Collective Bargaining Agreement, Corporate Policies, and other internal policy documents.

We are Committed to:

1. Respecting Freedom of Association, Assembly and Expression

Sido Muncul is committed to protecting the rights of employees to freedom of association and collective bargaining. These rights include the freedom of employees to form and join trade unions of their choice and to enter into collective agreements in accordance with applicable laws and regulations.

EMPLOYEE WELFARE

2. Prohibiting All Forms of Forced Labor And Child Labor

Our goal is to ensure that all employees work on their own free will and work without coercion as guided by Company Regulations and the Code of Conduct.

We strictly prohibit the use of workers under the age of 18 in accordance with the prevailing laws and regulations in Indonesia.

3. Providing Fair Compensation in Accordance with Regulations

We ensure that all employees are compensated fairly and appropriately for their work. We provide a basic salary that, at minimum, is equal to the regional minimum wage set by local government where we operate in.

Clear policies have been issued regarding regular working hours, maximum overtime hours, and overtime remuneration in accordance with government regulations.

EMPLOYEE WELFARE

4. Supporting Diversity and Equal Opportunities

We treat all employees with respect and dignity. We highly respect diversity and are committed to support diversity in our operating activities. Our goal is to ensure that all employees have access to the same and equal opportunity.

In managing human resources, we recognise diversity factors such as religion, gender, ethnicity, race, and age. Our decisions are made without discrimination regardless of diversity factors at every stage of human resources management, from recruitment, remuneration, training, to career development.

In the efforts to increase the representation of women, we provide equal opportunities and encourage the involvement of women at the managerial and top management levels.

EMPLOYEE WELFARE

B. Employee Welfare

We highly value our people. In line with our objective to provide high quality products for consumers, we are also committed to improving our employees' wellbeing and development as well as creating a productive, safe, and healthy working environment for our employees.

We are Committed to:

1. Complying with Occupational Health and Safety Regulations and Standards

Our commitment is to comply with relevant national and international regulations and standards related to the management of Occupational Safety and Health (OHS).

2. Ensuring Occupational Health and Safety Policies and Management Systems are in Place

The OHS Management System which covers such as the identification and control of OHS risks, allows us to manage and conduct OHS monitoring in the operations.

Our target is to achieve zero work-related accidents in all operations every year.

EMPLOYEE WELFARE

3. Providing Training and Development Programs for Employees

Improving our employees' capacity and capability is important for us as we recognise that individual employees and the company can benefit from increased productivity and innovation at every level.

The training and development program is carried out based on the identification of training needs and consideration of career development. Every year, we conduct performance appraisals for all employees in line with their ability and career development.

PRODUCT INTEGRITY

We strive to maintain customer trust by providing safe, healthy and quality products.

It is our responsibility to always prioritize product quality and safety. We are committed to always comply with government regulations and to apply the highest standards in quality management and food safety.



PRODUCT INTEGRITY

Product quality and safety is a paramount importance for us. Our goal is to meet consumers' trust and expectations for safe, high-quality and healthy products.

We are Committed to:

1. Complying with Prevailing Regulations on Food Safety, Consumer Protection, and Product Quality, Nutrition, Labelling, Packaging and Marketing

Particularly on food safety, we are committed to comply with national and international standards and certifications namely, Good Manufacturing Practice (GMP), Cara Pembuatan Obat yang Baik (CPOB), Cara Pembuatan Obat Tradisional yang Baik (CPOTB), ISO 9001, ISO 22000, HACCP, and Halal certification system.

We ensure that the information listed on our product labels for all of our products obey the government and Badan Pengawas Obat dan Makanan (BPOM) regulations.

The packaging used in Sido Muncul products are in compliant with the Indonesian regulations and standards for food and drug products.

PRODUCT INTEGRITY

2. Advancing Research and Development for the Innovation of Healthy and Nutritious Products

In line with health trends and consumer needs, we will continuously improve our innovation in product nutrition and as much as possible avoid the use of artificial ingredients.

Product innovation includes innovative environmentally friendly packaging. We work closely with packaging suppliers to encourage the development of environmentally friendly packaging that is suitable for our products without compromising product quality and safety.

3. Applying Responsible Marketing

As a *jamu* and pharmaceutical company, we are responsible to make certain that our product marketing activities are compliant with the relevant Indonesian regulations on marketing of food and pharmaceutical products.

As most of our products are food and beverages, we ensure that all products information and claims published through various marketing channels are based on verifiable facts and in accordance with business ethics.

Through various product marketing strategies, we seek to reach a wide market of our products so that everyone can enjoy.

To produce high quality products, we need to make certain that our raw materials are sustainable and meet defined quality standards. We maintain mutually beneficial relationship based on trust with our suppliers and farmers partners.

We involve and encourage suppliers and farmers partners to meet agreed terms and requirements on product quality, safety, and sustainability through supplier engagement programs.

SUSTAINABLE SOURCING



SUSTAINABLE SOURCING

We are Committed to:

1. Providing Assistance to Suppliers and Farmers Partners

We provide training, assistance, and other engagement methods for suppliers and farmers partners to enable us sharing our corporate policies and best practices.

2. Performing Regular Audit to Suppliers

We perform regular audit as part of our supplier evaluation process to ensure that they meet corporate policies and standards.

Suppliers are evaluated based on quality, food safety, and social and environmental aspects. Social and environmental aspects in this regard include, among others, occupational health and safety, respect for human rights and environment preservation.

MONITORING, EVALUATION AND REPORTING

We encourage open communications with all stakeholders. We welcome our stakeholders to voice their suggestions and complaints through our internal channels, customer service lines, whistleblowing system, and other external communication channels.

We are committed to regularly evaluate and report the implementation of this Policy transparently in our annual Sustainability Report and corporate website.

**Signed by David Hidayat, President Director
Juli 2021**

Glossary

- **Badan Pengawas Obat dan Makanan (BPOM):** The Indonesian Food and Drug Authority
- **Cara Pembuatan Obat yang Baik (CPOB):** Good manufacturing practice of drugs standards and certification system according Indonesian regulations.
- **Cara Pembuatan Obat Tradisional yang Baik (CPOTB):** Good manufacturing practice of traditional drugs standard and certification system according Indonesian regulations.
- **Hazard Analytical Critical Control Point (HACCP):** food safety management system in through the analysis and control of biological, chemical, and physical hazards from raw material production until finished products.
- **ISO 9001:** International standard on quality management system
- **ISO 22000:** International standard on food safety management system