

Sustainability Report 2023

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CEO Message

From the CEO: Strengthening Our Foundations, Embracing Our Responsibility

Dear Stakeholders,

As we present our second Sustainability Report, I'm proud to reflect on a year of significant transformation and progress at Cladtek. In 2023, we moved beyond just establishing our ESG framework; we began to operationalize it, deeply embedding sustainability into our business and driving broader organizational change.

Sustainability is a long-term journey, and last year we focused on integrating it even deeper into our culture and daily operations. While continuously tracking and improving our environmental, social, and governance (ESG) performance, we also launched strategic programs to enable long-term sustainable growth.

Our environmental performance saw the most measurable progress. We achieved an 11% reduction in CO₂ emissions compared to 2022, and a 23% reduction from our 2021 baseline.

We further advanced operational excellence through iN-shield, our internal World Class Manufacturing (WCM) framework, achieving Bronze Level certification. This milestone reflects growing synergy, discipline, and quality across all our sites.

A key highlight was the successful completion of the Begonia project, showcasing Cladtek's ability to execute complex projects on time and to the highest standards.



Supporting these achievements, we scaled up our Lean Manufacturing (Kaizen) practices, empowering teams to drive daily improvements. We also launched Cladsmart, our digital platform for enhanced visibility and operational control. To connect these efforts and improve alignment, we introduced iN-touch and the Cladtek Portal, now central to our internal communications and knowledge sharing.

Looking ahead, we're setting the stage for deeper external engagement and cross-functional ESG integration. In 2024, we will begin extending our ESG focus into our supply chain and building more robust systems for data, training, and certification.

I extend my sincere thanks to all our teams, partners, and stakeholders for their commitment, resilience, and innovation. Together, we are laying the foundation not only for a stronger Cladtek, but for a more sustainable future.

Lee Wilson
Group CEO

2023 Sustainability Highlights



Trained **over 2,000 employees** on ESG principles, ethics, compliance, and company values

Released the **2nd edition of the ESG Pack** featuring updated governance policies and Cladtek's Supplier Code of Conduct to set ESG expectations across our value chain



Reduced emission by **23,016** Metric tons of CO₂e VS 2021 Baseline

23.36% reduction in our overall carbon footprint VS 2021 Baseline

Reduced by **1.271.492 kWh or 7%** of overall electricity consumption VS 2021 Baseline

Successfully completed the **Begonia Project** a key milestone in product delivery and execution



Achieved **Bronze Level iN-Shield** Cladtek's version of World Class Manufacturing (WCM)

Advanced **Lean Manufacturing practices (Kaizen)** across sites to enhance efficiency, safety, and quality.

About this Report

This is Cladtek's second Sustainability Report, covering the reporting period from January 1 to December 31, 2023. The report provides a transparent overview of the company's progress, initiatives, and performance across the Environmental, Social, and Governance (ESG) areas.

Our goal is to communicate clearly with stakeholders, including employees, customers, investors, business partners, and local communities, about how Cladtek is integrating sustainability into daily operations and long-term strategy.

Reporting Scope

This report covers the activities of Cladtek's operations across the following locations:

- manufacturing facility in Batam, Indonesia,
- manufacturing facility in Rio de Janeiro, Brazil,
- manufacturing facility in Dammam, Saudi Arabia,
- corporate office in Singapore,
- regional office in UAE.

Reporting Standards

This report follows GRI Standards, 2021 Universal version (Core option). It is also aligned with recognized international frameworks and internal company systems, including:

- GHG Protocol for carbon emissions reporting
- United Nations Sustainable Development Goals (SDGs)
- ISO standards such as ISO 14001 and ISO 45001
- Internal ESG Pack and related company policies

Data and Assurance

All data presented in this report has been internally verified and compiled using available systems and information as of the publication date. Some figures may be adjusted in future disclosures as our data tracking and reporting capabilities continue to improve.

Cladtek is committed to gradually expanding its reporting coverage and moving toward external assurance as part of our ESG development path.



Cladtek Sustainability Report 2023

Cladtek Overview



Understanding Our Journey

In industrial innovation, Cladtek, founded in Perth, Australia, has become a beacon of industrial innovation with over 20 years of experience. With a global workforce of more than 2,000 employees, we proudly stand as the largest provider of installed Mechanically Lined Pipe and Weld Overlay capacity in the market.

Cladtek's Product & Services

As the largest supplier of CRA weld overlay clad products, we have established ourselves as a global leader in the industry. Our pioneering work in producing Mechanically Lined Pipe (MLP) positions us at the forefront of CRA technology, delivering products that are essential to a wide range of industries.

We offer a full suite of solutions for CRA clad piping systems, covering everything from pipes, fittings, flanges, pressure vessels, and valves, to induction bends and fabrication services.

Our products and services cater to a broad spectrum of applications, including conventional oil and gas operations, both onshore and offshore, as well as subsea and subsurface activities. In the renewables sector, we support geothermal energy, hydrogen production, and carbon capture, utilization, and storage (CCUS) technologies, reflecting our commitment to the evolving energy landscape.



Paul Montague
Chairman & EVP Business
& Product Development



Our Story

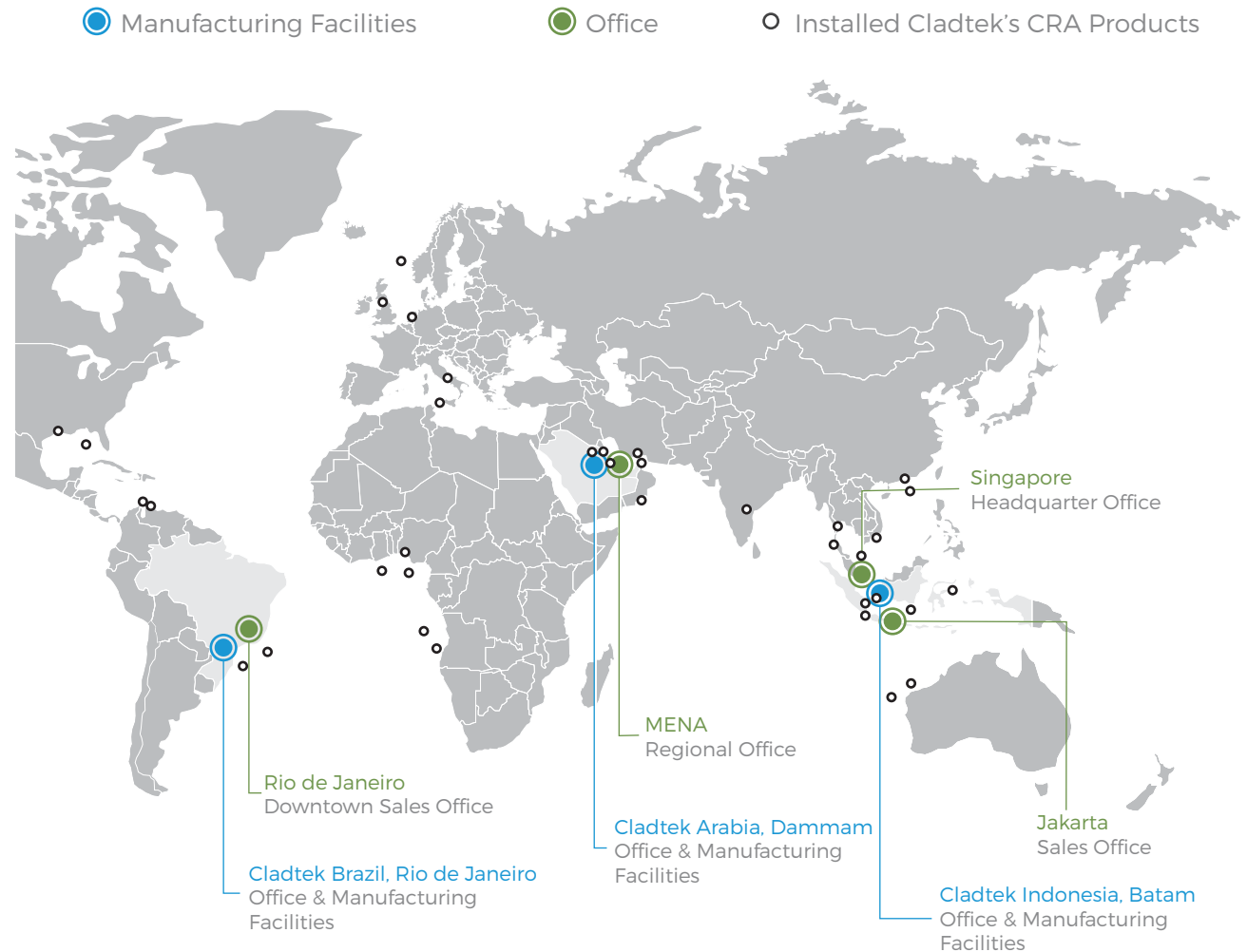
The cladtek story is one that has been engineered out of innovation and ingenuity. Since inception in 2005 the focus has always been on developing processes and technology to provide outstanding solutions that are scalable and cost-effective.

The sheer numbers present a formidable story.

- Over 600,000 metres of Mechanically Lined Pipe
- Supplied more than 200,000 metres of weld overlay pipe
- Approx 100,000 weld overlay flanges
- 25,000 units of Induction bends, pressure valves and spool fabrication

Our Market Presence

In the two decades since we began, we've delivered products and solutions to most parts of the globe including Oceania, throughout Asia, North America, across the African continent and many parts of South America and Europe, and we are continuously expanding to win the market in another part of the world.





Our Vision

Be the world's leading supplier of additive manufacturing solutions.

Our Mission

Deliver innovative, sustainable, additive manufacturing solutions that extend the life time and the value of clients assets.

Our Values

We are committed to delivering the best value to our customers, and we up hold the five core values:



1. Unity:

Unity means we're stronger together. We embrace every voice, work as one team, and turn challenges into shared wins.



2. Excellence:

We're all about Excellence. We constantly aim for the best in everything we do, pushing boundaries to deliver outstanding results.



3. Sustainability:

Our commitment to Sustainability means we're building a better tomorrow. We act responsibly to protect our planet and ensure a positive impact for generations to come.



4. Innovation:

Innovation is how we move forward. We're always curious, always creative, and always looking for new ways to solve problems and create value.



5. Value:

Value is at our core. We deliver real benefits to our customers, our people, and our communities, ensuring our work always makes a positive difference.

ESG Governance and Accountability

Driving Integration, Upholding Responsibility

Cladtek recognizes that strong ESG governance is essential to embedding sustainability into business practices, decision-making, and long-term value creation. In 2023, we strengthened our internal structure, clarified roles, and expanded collaboration to ensure ESG responsibilities are clearly defined and actively implemented.

The ESG and Sustainability Department is responsible for coordinating the company's sustainability strategy, reporting, and programs. This team works closely with other departments including Human Resources, Health and Safety, Integrated Management System, Legal, Operations, and Finance to deliver ESG objectives and ensure compliance with internal policies and external requirements.



Oversight of ESG performance sits with the senior leadership team, with regular updates shared to ensure alignment with corporate goals, customer expectations, and industry standards. Key ESG topics are discussed during leadership meetings, internal audits, and performance reviews to reinforce accountability.



Cladtek Sustainability Report 2023

Sustainability Strategy

Our Sustainability Strategy

Vision for a Sustainable Future

Our sustainability journey is guided by a clear vision: to lead the steel pipe manufacturing industry with innovative practices that prioritize environmental stewardship, social responsibility, and economic viability. Our goal is to integrate sustainability into every aspect of our operations, creating value for our stakeholders while minimizing our environmental footprint.

Cladtek's sustainability strategy is built around three core pillars:



These principles serve as the foundation for how we integrate ESG into our operations, decision-making, and long-term planning.

As we continue to evolve, our strategy will expand from internal performance to broader influence, including deeper supply chain engagement, enhanced disclosures, and more visible contributions to environmental and social progress.



Listening to What Matters

At Cladtek, we recognize that sustainability is meaningful only when it addresses the issues that truly matter, both to our business and to those who are impacted by it. That's why we use a structured materiality assessment process to identify and prioritize ESG topics based on their significance to our operations and their impact on people, the environment, and the economy.

In 2023, we reviewed our material topics internally, drawing insights from leadership discussions, cross-functional collaboration, customer expectations, and evolving regulatory trends. While a broader external assessment is scheduled for 2025, our current material topics remain aligned with our strategy.

Who Are Our Stakeholders?

We define stakeholders as individuals or groups that are affected by or can influence Cladtek's operations and decisions. In 2023, our engagement focused on deepening internal alignment and preparing for broader outreach.

Stakeholder input plays a vital role in shaping how we set goals, manage risks, and improve performance across all areas of ESG.



Regulatory Bodies and Government Agencies

- Compliance Audits and Reporting
- Policy Advocacy and Dialogue
- Public-Private Partnerships
- Regulatory Training and Awareness



Suppliers

- Supplier Audits and Assessments
- Supplier Conferences and Workshops
- Collaborative Innovation Projects
- Supplier Development Programs



Investors

- Annual General Meetings (AGM)
- Sustainability Reports and Disclosures



Customers

- Customer Satisfaction Surveys
- Regular meetings with Project Team



Employees

- Employee Satisfaction Surveys
- Grievance Mechanisms
- Town Hall Meetings and Open Forums
- Training and Development Programs



Local Communities

- Community Outreach Programs
- Stakeholder Consultations
- Collaboration with local NGOs,
- Community Investment and Sponsorships
- Environmental and Social Impact Assessments

Key Sustainability Issues Identified

Following our updated assessment in 2023, Cladtek identified a set of material topics that reflect the most significant ESG-related risks and opportunities for our company. These topics help focus our sustainability efforts where they have the greatest impact.

Material Topics Identified (2023 Review)

1. **Climate Change and Emissions**
Managing carbon footprint, energy use, and readiness for a low-carbon economy.
2. **Health, Safety, and Well-being**
Protecting our workforce and promoting a strong safety culture.
3. **Product Quality and Innovation**
Ensuring performance, durability, and customer satisfaction through responsible production
4. **Ethics and Business Integrity**
Maintaining transparency, anti-corruption practices, and regulatory compliance
5. **Diversity, Equity, and Inclusion (DEI)**
Building a workplace where everyone feels valued and respected
6. **Employee Engagement and Development**
Fostering learning, leadership, and internal growth opportunities
7. **Waste and Resource Efficiency**
Minimizing material use and managing waste responsibly across operations



Materiality Chart



These topics guide not only this report, but also our internal planning, resource allocation, and long-term ESG goals. A more comprehensive stakeholder-driven assessment will be completed in 2025 as part of our continued ESG integration.

Environmental

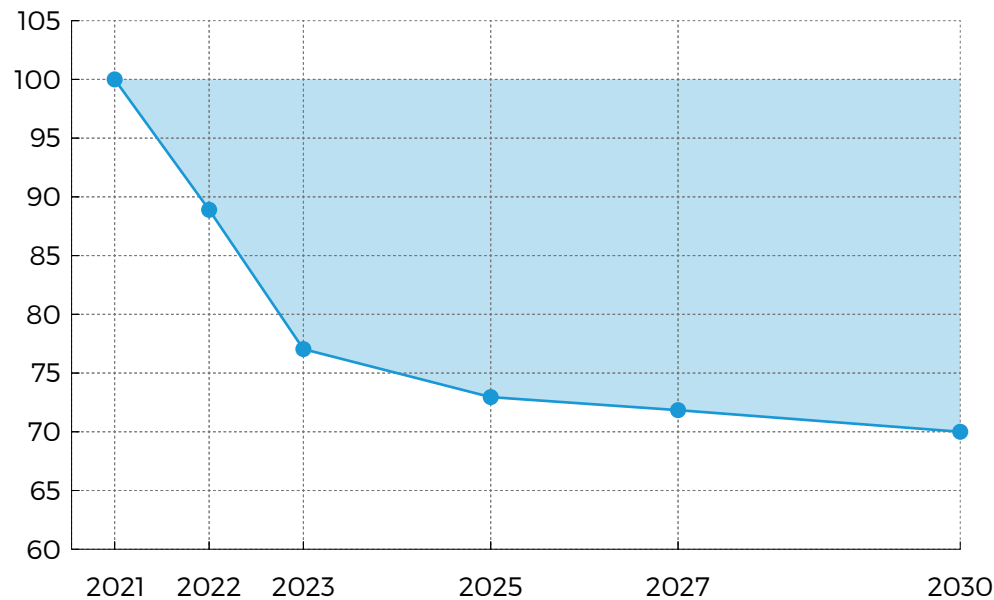


Environmental Performance

Progress in 2023 and Our Path Forward

Cladtek is committed to contributing to global climate action through a clear and measurable environmental strategy. As a manufacturing company with operations across multiple regions, we recognize our responsibility to manage emissions, energy use, water, and waste with discipline and transparency.

We have set an ambitious target to reduce our total carbon emissions by 30 percent by 2030, using our 2021 footprint as a baseline. This goal covers Scope 1, Scope 2, and selected Scope 3 emissions, and serves as a critical milestone on our long-term pathway toward net zero.



Our approach focuses on four key areas of environmental performance:

- **Greenhouse Gas (GHG) Emissions** - reducing our carbon footprint through accurate tracking and targeted reductions
- **Energy Efficiency** - improving how we consume energy and preparing for renewable solutions
- **Waste and Water Management** - minimizing resource use and improving operational sustainability
- **Biodiversity and Ecosystem Stewardship** - reactivating nature-based initiatives and protecting our local environments

In 2023, we made measurable progress across all areas, particularly in carbon emissions and internal energy and waste tracking. The following sections outline our achievements, key programs, and upcoming plans as we continue our environmental journey.

Greenhouse Gas (GHG) Emissions

In 2023, we recorded a significant improvement in our carbon performance, achieving an 11 percent reduction in Scope 1 and Scope 2 emissions compared to 2022, and a 23 percent reduction compared to our 2021 baseline year. This progress highlights our continued efforts to decouple emissions from production growth, and to embed climate awareness into operational decisions across all regions.

2023 Actions and Achievements

In 2023, Cladtek began turning its long-term environmental goals into practical action. Building on the commitments set in our previous report, we made progress across key areas – including energy efficiency, renewable energy planning, employee engagement, and the early stages of supplier and carbon offset strategies. These efforts laid a strong foundation for broader implementation in the years ahead.

We continued emissions tracking across all primary manufacturing locations – Indonesia (CBM), Brazil (CTB), and Saudi Arabia (CA). We improved our internal calculation methodology and verifying monthly data trends for consistency.

We initiated rooftop solar feasibility studies and vendor engagement in 2023, with the Batam site prioritized. In 2025, we aim to finalize technical assessments. Our carbon offset program remains in the planning phase, we began evaluating reputable, verified options to complement our emissions reduction path.

Over 2,000 employees participated in ESG-related training, with a growing emphasis on environmental awareness and personal responsibility. We finalized our Supplier Code of Conduct and ESG assessment framework, positioning us to begin supplier outreach in 2024, including data collection on emissions and shared sustainability initiatives.

In 2023, our total carbon footprint was 75,500 metric tons of CO2 equivalent. Our emissions breakdown is as follows:

- Scope 1 Emissions: 1,120 metric tons (direct emissions from our facilities and vehicles) – 2.4%
- Scope 2 Emissions: 13,868 metric tons (indirect emissions from electricity consumption) – 18.2%
- Scope 3 Emissions: 70,576 metric tons (indirect emissions from the supply chain and product use) – 59.947%

Looking Ahead

As we look to 2024, our focus will shift from planning and piloting to execution and scaling across key environmental programs.

In 2024, we will begin implementing energy-saving initiatives at the facility level, finalize our renewable energy strategy, and launch our first wave of ESG engagement with key suppliers. We also aim to initiate small-scale carbon offset pilots and expand environment-focused employee programs. These efforts will support our 2030 target of reducing total emissions by 30 percent and contribute to our broader ambition of building a low-carbon, responsible, and resilient organization.

Resource Stewardship

Water Management: Optimizing Water Use Through Efficiency and Monitoring

Conserving water is crucial for the long-term sustainability of both our operations and the communities we serve. Our water management strategy focuses on minimizing usage and improving recycling initiatives.

We have set an ambitious target to reduce water intensity by 30% across all its operations by the year 2030.



In 2023, there was

10%

reduction in water consumption vs 2022 water consumption.

2023 Actions and Achievements

Water use was monitored monthly across all manufacturing sites, with increased attention to departments using water for cleaning, hydrotesting, and auxiliary processes. While reuse and recycling infrastructure remains limited, we took steps to identify potential areas for process optimization. Communication campaigns were also launched to encourage behavioral changes and preventive maintenance that reduce unnecessary water use.

Looking forward to 2024

Our focus will be on improving water efficiency and preparing for future reuse solutions. We plan to expand water usage tracking by department or process, establish internal performance indicators (such as water per unit of output), and conduct a site-level assessment to identify infrastructure that could support rainwater harvesting or water recycling.

Waste Management: Minimizing Landfill Waste Through Segregation and Operational Control

Our waste management approach aligns with circular economy principles, prioritizing waste reduction at the source, material reuse, and recycling for items that cannot be reused.

We have set a clear target of maintaining landfill waste below 25% of its operational waste, a goal aligned with its commitment to sustainability and waste reduction.



In 2023, we have reduced our waste by

350,663 kg or 44%

of overall landfill waste VS 2021 Baseline

2023 Actions and Achievements

In line with ISO 14001 environmental management standards, Cladtek continued its structured waste segregation program, with clear separation of:

- Hazardous waste, managed through licensed contractors
- Scrap materials, including steel and metal waste, tracked and recycled through verified third parties

We also made visible progress in reducing plastic bottle use, replacing single-use plastic in certain operational and office areas.

Looking ahead,

In 2024, Cladtek will focus on improving the management of general waste, which currently remains the least optimized stream. This will involve extending waste segregation practices across all departments, improving labeling and collection systems, and working closely with local partners to identify solutions such as composting or alternative disposal methods for mixed waste.

Biodiversity and Local Ecosystems

Biodiversity-related CSR programs, including mangrove planting and beach clean-ups, were paused in 2023 due to resource realignment but are scheduled to resume in 2024. No operations were found to negatively affect protected ecosystems.

2023 Actions and Achievements

While biodiversity-specific activities were limited, we initiated planning for the reactivation of environmental community programs. These discussions included identifying local partners and redefining how CSR can contribute to ecosystem restoration. We also ensured full compliance with local land use and environmental permitting regulations.

No biodiversity-related incidents or infringements were reported in 2023, and our manufacturing sites are not located near ecologically sensitive areas

Looking ahead

In 2024, we aim to:

- Resume mangrove planting and clean-up programs in Batam through NGO collaboration
- Incorporate biodiversity awareness into internal training and employee engagement events
- Explore opportunities to enhance on-site biodiversity (e.g., native plants, green buffers)
- Include biodiversity performance in future sustainability dashboards



Social Performance





Empowering People

At Cladtek, social responsibility is fundamental to our identity and business operations. We firmly believe that our success as a leading steel pipe manufacturer is directly connected to the well-being of the communities in which we operate, the growth and satisfaction of our employees, and the trust we build with our stakeholders. Our social performance initiatives embody our commitment to making a positive impact, driving inclusive growth, and supporting sustainable development for the benefit of all.

People

We recognize that our employees are our most valuable asset, and we are dedicated to creating a workplace that fosters respect, inclusion, and growth.

This commitment is evident in our holistic approach to social responsibility, which encompasses strong labor practices, a focus on diversity and inclusion, continuous training and development opportunities, and an unwavering focus on health and safety.

In 2023, we carried out an employee satisfaction survey, which showed a 73% satisfaction rate within our workforce which improved 2% from 2022. These findings have given us important insights into employee well-being and engagement, helping to shape our strategy for enhancing satisfaction moving forward.

Cladtek's 2023 Global Workforce



2003
Employees



15
Nationalities
Represented



686
New Hired

Diversity, Equity, and Inclusion

Building a Workplace Where Every Voice Matters

We believe that a diverse workforce enriches our organization with a wide array of perspectives and ideas, which are essential for driving innovation, enhancing problem-solving, and ensuring long-term business success. We are committed to creating a workplace where diversity and inclusion are not just policies but integral to our corporate culture.

Total Workforce by Gender (%)



Senior Management



2023 Actions and Achievements

In 2023, we initiated our first formal step toward a global DEI framework by evaluating our current workforce demographics, existing policies, and global best practices.

We also engaged leadership in discussions around unconscious bias, inclusive leadership, and the business case for DEI, helping lay the groundwork for broader engagement across functions and regions. DEI was also incorporated into our ethics and compliance conversations, emphasizing the need for respectful behavior and non-discrimination at all levels of the organization.



Looking Ahead

In 2024, Cladtek will formally launch its DEI program, including defined objectives, performance indicators, and targeted initiatives. We will integrate DEI principles into recruitment, training, and promotion policies. Annual reporting on DEI metrics will also begin as part of our broader ESG disclosures.

Human Rights

Respecting and Protecting Human Rights Across Our Operations and Supply Chain



At Cladtek, we believe that every individual deserves to be treated with dignity and respect, and we prioritize fair treatment and equitable opportunities for all employees.

Our commitment to human rights is about building a sustainable future where ethical conduct and respect for human dignity are at the forefront of all we do. This commitment covers to all aspects of our operations, from our treatment of employees and business partners to our interactions with the communities in which we operate.

2023 Actions and Achievements

- No reported human rights violations
- Strengthened internal awareness through training and policy rollouts
- Human rights principles embedded in our updated Supplier Code of Conduct
- Began internal human rights due diligence process as part of ESG risk mapping

We reinforced our human rights commitments by updating our internal and supplier-facing policies to reflect key international standards, including the UN Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

Internally, we conducted human rights awareness training as part of our ethics and ESG refreshers, reaching multiple departments and managerial levels.

We also reinforced our anti-bullying and anti-harassment principles, clearly outlined in our ESG Pack and Employee Handbook. Employees were reminded of their rights and responsibilities under this policy, and were encouraged to use our grievance and whistleblowing channels, which allow for confidential and anonymous reporting of any misconduct, including human rights concerns.



Looking Ahead

In 2024, Cladtek will take significant steps to expand its human rights efforts beyond internal operations and into the broader supply chain, with a specific focus on identifying and addressing risks in supplier relationships, especially in higher-risk regions or sectors.

Internally, we will continue enhancing awareness through targeted training, while refining our grievance and whistleblowing system to ensure it is accessible, confidential, and responsive to both employees and third parties.

In 2024, Human Rights Impact Assessment and Audit will be included within our formal audit program as part of the company's commitment to ethical conduct and continuous improvement.

Health and Safety

Prioritizing Protection, Prevention, and a Culture of Care

We recognize that a safe working environment is essential not only for protecting our team members but also for fostering a culture of productivity and job satisfaction.

To achieve our goal of zero fatality across all operations, we implement comprehensive safety protocols and regular training sessions.

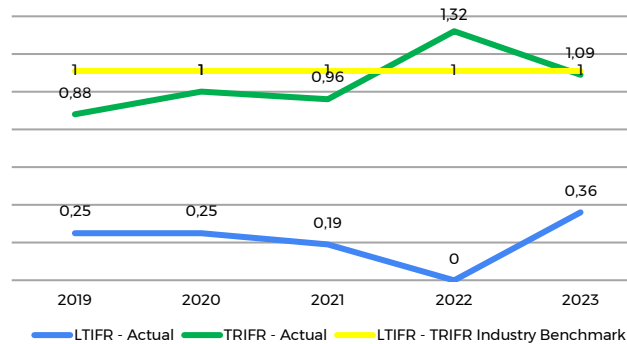
2023 Actions and Achievements

- Maintained ISO 45001 certification across all manufacturing sites
- Conducted site-wide safety drills, internal audits, and corrective action reviews
- Successfully opened a fully equipped in-house clinic at our Batam, Indonesia, facility

In 2023, we reinforced our safety systems through structured engagement and continuous improvement. All employees participated in regular toolbox talks, incident reviews, and refresher training.

Our Health, Safety, and Environment (HSE) teams conducted internal audits and walkthroughs, coordinated with department heads to address findings, and ensured closure of any identified gaps. Safety performance was reviewed at the leadership level, making health and safety accountability visible across all functions.

Cladtek Group LTIFR/TRIFR



A significant innovation was the rollout of the Online Observation Card, enabling employees to digitally report unsafe acts, near misses, and improvement suggestions in real time. This system encourages participation across all levels of the organization, improves data collection, and helps us close the loop on safety actions more efficiently.

The opening of our on-site health clinic in Batam further reinforced our commitment to employee wellness. In addition to responding to health incidents, the clinic supports daily monitoring, screenings, and health promotion activities – helping employees stay fit for work and manage chronic conditions proactively.

What We Will Do:

In 2024, Cladtek will focus on embedding a stronger safety culture, with greater emphasis on leading indicators such as observation cards, near-miss reports, and hazard identification participation.

We plan to launch a global safety awareness campaign, complete with themed safety months, safety leadership videos, and recognition for positive behavior.

We will also expand the use of the Online Observation Card system to include trend analysis, department-level dashboards, and integration with our corrective action tracking system. Simultaneously, mental health, fatigue management, and ergonomic risk prevention will be integrated into our broader HSE programs.

At Cladtek, safety is not just about preventing harm; it's about actively caring for one another, every day.

Training and Development

Investing in People to Power Long-Term Growth



Our Commitment and Why It Matters

At Cladtek, we believe that investing in our employees' development is key to their success and the success of our company. Continuous learning and development empower our employees to stay ahead of industry trends, adapt to new challenges, and contribute more effectively to the company's goals. By fostering a culture of learning, we not only enhance our employees' skills but also drive innovation and maintain our competitive edge in the market.

2023 Actions and Achievements

- Over 80,000 hours of structured training delivered globally
- Achieved an average of 43 training hours per employee
- More than 2,000 employees participated in ESG, ethics, technical, and leadership programs
- Launched a series of internal webinars and technical learning modules
- Embedded ESG and compliance into mandatory refresher training for supervisors and managers
- Conducted role-specific refresher training for frontline operators
- Implemented certification programs for inspectors and quality personnel
- Rolled out Lean Manufacturing training as part of our operational excellence journey

We continued to advance employee learning through a mix of in-person workshops, digital content, and peer learning. Key focus areas included ethics and ESG, safety, operational excellence, and leadership readiness.

Looking Ahead

In 2024, we will deepen our training impact by launching a structured Leadership Development program, targeting team leads, supervisors, and managers. This program will focus on people management, strategic thinking, and cross-functional collaboration.

We also aim to scale up our e-learning ecosystem, expanding access to compliance modules, and self-paced certifications. Personalized learning paths will be introduced based on job roles and performance development plans.

Partnerships with industry experts, certification bodies, and technical institutes will be explored to enhance both internal and external training opportunities.

By building a culture where continuous learning is part of daily work, Cladtek is preparing its people not just for today; but for the challenges and opportunities of the future.

Community Engagement

Creating Shared Value Beyond Our Walls

We believe that as a company, we have a responsibility to contribute positively to the communities where we operate. Cladtek is committed to building long-term, meaningful relationships with the communities in which we operate.

Our approach to community engagement is not about one-time donations, but about creating sustained value through education, health, and empowerment. We recognize that our growth is deeply linked to the well-being of our surrounding communities, and we take that responsibility seriously.

2023 Actions and Achievements

Throughout 2023, Cladtek continued its commitment to community support. Our employees engaged in blood donation campaigns, while management also supported charitable donations to local orphanages, schools, and religious organizations, especially during festive and cultural periods, particularly in Batam and surrounding areas.

Cladtek also launch of Cladtek Academy, our flagship CSR initiative that provides vocational skills training to local youth. Designed to promote long-term socioeconomic impact, Cladtek Academy supports education, job readiness, and life skills development.



Looking Ahead

In 2024, Cladtek will launch its CSR procedure, providing structure and consistency to our community engagement programs across all sites.

The Cladtek Academy relaunch will be a central focus, featuring technical training, mentorship, and partnerships with local schools and NGOs. We also plan to expand our efforts in health and environmental awareness, including the return of mangrove planting and coastal clean-up activities in Indonesia.

Employee volunteerism will be promoted through organized days of service, and we will begin using clear impact tracking indicators to assess the reach and effectiveness of our community programs. Moving forward, Cladtek's goal is to be recognized not only as a responsible manufacturer, but as a trusted partner in local development, one that uplifts communities while growing sustainably.

Governance and Ethics



Governance

Leading with Integrity, Accountability, and Transparency

At Cladtek, strong governance is the foundation of our sustainable business practices. Our governance framework is rooted in principles of transparency, accountability, and integrity, which guide our actions and decision-making processes.

We are dedicated to upholding the highest standards of governance, ensuring that our operations not only comply with regulatory requirements but also reflect our commitment to ethical leadership, risk management, and stakeholder engagement.

2023 Actions and Achievements

- Conducted ethics and compliance refresher training for all leaders
- Released the 2nd Edition of the ESG Pack, updating key policies and principles
- Reinforced leadership's role in ethics through townhalls and internal communication campaigns

Throughout the year, Cladtek reinforced its culture of integrity through structured communication, training, and leadership visibility.

All new employees were required to submit their Declaration of Compliance, affirming they have read, understood, and will uphold Cladtek's Code of Conduct, Conflict of Interest Policy, and ESG Pack.

A key milestone in 2023 was the release of the 2nd Edition of the ESG Pack, which incorporated updates to reflect changes in business practice, global expectations, and internal alignment.

This pack includes Cladtek's:

- **Code of Conduct**
- **Anti-Bribery and Corruption Policy**, prohibiting bribery in any form and requiring due diligence on high-risk activities
- **Conflict of Interest Policy**, which requires full disclosure of personal or financial interests that may affect business judgment
- **Human Rights Policy**, aligned with international labor standards
- **Supplier Code of Conduct**, extending our ethical expectations across the value chain

In addition, company-wide communications, including townhalls, portal updates, and ESG-led email campaigns, helped cascade expectations on ethical behavior and compliance.

Looking Ahead

In 2024, Cladtek will scale up its ethics and compliance program by extending training to all employees in high-risk and critical roles, not just formal leaders.

Training will be delivered via e-learning platforms, enabling self-paced learning across languages and locations, and embedded into new hire onboarding.

We will also introduce a Declaration of Compliance process for all employees, reinforcing collective responsibility for ethical conduct.

The ESG Pack will undergo annual review and version control, ensuring it remains aligned with business growth, stakeholder requirements, and best practice governance standards.

As we grow, we remain committed to acting with integrity; at every level, in every region, and in every decision.

Risk Management and Internal Controls

Leading with Integrity, Accountability, and Transparency

Effective risk management is critical to our ability to achieve long-term sustainability. At Cladtek, we recognize that identifying, assessing, and managing risks, especially those related to environmental, social, and governance (ESG) factors, is essential to protecting our business and ensuring its resilience in the face of global challenges.

2023 Actions and Achievements

We enhanced our risk management processes by ensuring that ESG topics, such as emissions, compliance, labor rights, supply chain ethics, and stakeholder reputation — are considered alongside financial, operational, and safety risks. Through our corporate risk register, ESG risk exposure is now assessed during strategic planning and reviewed by the Exco and ESG Committee.

Among the key ESG-related risks identified in 2023 were:

- **Regulatory and customer non-compliance risk**, related to ESG disclosure requirements and supplier audits
- **Scope 3 emissions and supply chain transparency**, especially in upstream procurement
- **Labor practice and human rights risks**, particularly among third-party vendors
- **Ethical conduct risks**, such as conflicts of interest and non-compliance with anti-bribery policies
- **Climate and resource risks**, including energy consumption and potential operational exposure to environmental regulations

These risks were assessed through workshops, internal audits, and leadership discussions. Risk owners were assigned to drive controls and follow-up action.



Looking Ahead

In 2024, Cladtek will strengthen its ESG risk management by developing a centralized ESG risk heatmap, enhancing our ability to visualize and prioritize risks across the business. This will be supported by the introduction of site-level risk registers that feed into group-wide assessments.

In parallel, we plan to align our risk categories more closely with global ESG frameworks and customer expectations, ensuring relevance and consistency.

Cross-functional risk owners will receive targeted training to better understand ESG-related impacts, controls, and escalation procedures.

Through these steps, we aim to ensure ESG risk is not just documented; but actively monitored, managed, and embedded in decision-making across all levels of Cladtek.

Grievance & Whistleblowing Mechanism

Fostering a Culture of Openness, Trust, and Protection

Cladtek is committed to providing all employees and stakeholders with a safe, secure, and confidential way to report concerns without fear of retaliation. A strong reporting culture supports our values and helps us identify and address risks early.

2023 Actions and Achievements

- Grievance and Whistleblowing Channel accessible to all employees and third parties
- All valid reports – determined through preliminary assessment – were investigated, closed, and documented with appropriate follow-up actions
- Maintained and updated an internal dashboard of case trends and outcomes
- Incorporated human rights and misconduct themes into training and policy rollout

Speak Up Culture

Cladtek strengthened its speak-up framework by promoting awareness and accessibility of its grievance and whistleblowing mechanism, designed to support safe and confidential reporting of misconduct. Employees and external stakeholders were encouraged to raise concerns related to harassment, discrimination, abuse of power, unsafe practices, and ESG-related violations.



Whistleblowing and Grievance Channels

To ensure that ethical concerns are promptly addressed, we have established whistleblowing and grievance mechanisms.

These channels provide a safe and confidential way for **employees, suppliers, customers, and other stakeholders** to report any violations of our Code of Conduct, including issues related to corruption, discrimination, harassment, or conflicts of interest.

Looking Ahead

In 2024, Cladtek will continue promoting a Speak-Up Culture through broader communication campaigns, real-life case learnings (with anonymity preserved), and clearer guidance on what and how to report.

Responsible Supply Chain

Extending ESG Integrity Beyond Our Operations



At Cladtek, we understand that our commitment to sustainability extends beyond our own operations to include our entire supply chain. We recognize that the choices we make in selecting and working with suppliers have a significant impact on our environmental, social, and governance (ESG) goals.

2023 Actions and Achievements

In 2023, Cladtek laid the foundation for a more sustainable and transparent supply chain. A key milestone was the release of our Supplier Code of Conduct, which outlines clear expectations around human rights, ethical business conduct, occupational health and safety, anti-corruption, and environmental responsibility. The code was made available through the Cladtek Portal and shared with strategic suppliers.

To support implementation, we designed an ESG supplier assessment framework comprising a detailed self-assessment questionnaire, evidence requests, and screening tools. This framework was developed in collaboration with Procurement and Legal and aligns with international standards such as the UN Global Compact and ISO 20400 on sustainable procurement.

Looking Ahead

In 2024, Cladtek will begin the phased rollout of its supplier ESG due diligence program, starting with high-priority vendors in categories such as raw materials, logistics, and services. Selected suppliers will be asked to complete the ESG questionnaire, submit supporting documentation, and participate in review discussions. Findings will be used to inform procurement decisions and support capability-building where needed.

We also plan to provide suppliers with access to awareness materials and training, reinforcing our shared commitment to ethical and sustainable practices.

















As part of our continuous improvement, we will integrate ESG risk scoring into vendor selection and evaluation processes.

By deepening engagement, building transparency, and encouraging progress across our value chain, Cladtek aims to become a catalyst for responsible business far beyond our factory gates.

Performance Data and Metrics



Framework Mapping Index

Cladtek 2023 Sustainability Report	GRI Standards	Sustainable Development Goals
CEO Message	GRI 2-22	
About this Report	GRI 2-1, 2-2	
Cladtek Overview	GRI 2-1, 2-6	
Mission, Vision, Values	GRI 2-1, 2-23	
ESG Governance & Accountability	GRI 2-9 to 2-15	
Sustainability Strategy	GRI 2-22	
Stakeholder Engagement	GRI 2-29	
Materiality Assessment	GRI 3-1, 3-2	
Environmental	-	
Greenhouse Gas (GHG) Emissions	GRI 305-1 to 305-5	   
Resource Stewardship	GRI 303-1 to 303-5, 306-1 to 306-5	
Biodiversity & Local Ecosystem	GRI 304-1 to 304-4	
Social	-	
People	GRI 401-1, 401-2	   
Diversity, Equity, and Inclusion	GRI 405-1, 405-2	
Human Rights	GRI 2-23, 2-24, 2-25	
Health and Safety	GRI 403-1 to 403-10	   
Training and Development	GRI 404-1 to 404-3	
Community Engagement	GRI 413-1, 413-2	
Governance	-	
Governance with Integrity	GRI 2-23 to 2-27	   
Navigating Risks	GRI 2-12, 2-13	
Listening to our stakeholders	GRI 2-25, 2-26	
Supply Chain	GRI 2-6, 308-1, 414-1	
Framework Alignment	GRI 2-22	
Performance Data	GRI 2-5, GRI 3-3	

Environmental Performance Data

Data / Indicator	Unit	2021	2022	2023
GHG emissions				
Scope-1 (direct)	Metric Tons CO2e	667	1,120	1,782
Scope-2 (indirect)	Metric Tons CO2e	16,153	13,868	13,771
Scope-3 (indirect)	Metric Tons CO2e	81,697	70,576	59,947
Scope-1				
Fuel Combustion - Stationary	Metric Tons CO2e	77	588	1,285
Fuel Combustion - Mobile	Metric Tons CO2e	301	434	412
Fugitive Emissions	Metric Tons CO2e	286	91	85
Scope-2				
Total Emissions	Metric Tons CO2e	16,153	13,868	13,771
Electricity Consumption	Kwh	17,364,420	15,854,394	16,092,928
Scope-3				
Cat 1: Purchased goods and services				
CRA wires, liners, coils	Metric Tons CO2e	6,942	4,626	8,746
Steel pipes, fittings, flanges	Metric Tons CO2e	23,034	30,925	26,376
Other	Metric Tons CO2e	14,337	11,939	8,849
Cat 2: Capital Goods	Metric Tons CO2e	11,637	4,862	2,598
Cat 3: Fuel- and energy-related emissions	Metric Tons CO2e	1,672	1,447	1,425
Cat 4: Upstream transport (supplier to Cladtek)	Metric Tons CO2e	12,425	7,033	4,847
Cat 5: Operational waste	Metric Tons CO2e	661	616	796
Cat 6: Business travel	Metric Tons CO2e	662	1,702	1,404
Cat 7: Employee commuting	Metric Tons CO2e	2,828	3,274	3,119
Cat 8: Upstream leased assets	Metric Tons CO2e	174	194	105
Cat 9: Downstream transport (Cladtek to Client)	Metric Tons CO2e	6,993	3,401	1,237
Cat 10: Processing of sold products	Metric Tons CO2e	332	557	444

Environmental Performance Data

Cladtek 2022 Sustainability Report	Unit	2021	2022	2023
Water				
Water usage	m3	37,279	44,468	39,635
Total emission	Metric Tons CO2e	2,611	3,347	377
Waste				
Total Operational Waste	Kg	1,303,632	1,812,152	1,942,559
Recycle Waste	Kg	512,582	1,292,424	1,309,786
% Landfill Waste	Percentage	63	34	31
% Recycle Waste	Percentage	39	71	69
Total Emission	Metric Tons CO2e	661	615	796
Total volume of non-hazardous waste generated	Tonnes	863	656	792
Total volume of hazardous waste generated	Tonnes	229	186	369
Total volume of process water, wastewater or industrial effluent discharged	m3	20,411	26,669	24,142

Social Performance Data

Data / Indicator	Unit	2021	2022	2023
Total number of employees (Full-time Equivalent)	Number	1,936	1,705	2,003
Total number of Senior Managers	Number	48	58	77
Total number of Executive Committee Members	Number	3	3	3
Age				
Under 30	Number	588	469	563
30-50 years	Number	1,228	1,123	1,299
Over 50 years	Number	105	113	141
Gender				
Total number of female employees	Number	167	202	171
Total number of male employees	Number	1,754	1,503	1,832
Local & Foreign Composition				
Total number of nationalities	Number	22	16	15
% local employees	Percentage	96.6	92.1	93.3
% foreign employees	Percentage	3.4	7.9	6.7
Employee Turnover				
Total no. of employee turnover	Number	250	245	210
Total no. of employee turnover - female	Number	30	25	38
Total no. of employee turnover - male	Number	220	220	172
New Hires				
Total no. of new employee hires	Number	614	394	686
Total no. of new employee hires - female	Number	41	36	50
Total no. of new employee hires - male	Number	573	356	636
Senior Management Composition				
% of female employees as senior managers	Percentage	16.7	24.1	18.1
% Senior Managers - Local	Percentage	62.5	74.1	72.7
% Senior Managers - Foreign Nationals	Percentage	37.5	25.9	27.3

Governance Performance Data

Data / Indicator	Unit	2021	2022	2023
Whistleblow				
Submitted	Number	-	1	4
Closed	Number	-	1	4
Grievance				
Received	Number	-	7	24
Closed	Number	-	7	24
Cases by Issue Type				
HR, Diversity, workplace respect	Number	-	7	14
Business Integrity	Number	-	1	7
Health and Safety				
Total Recordable injury Frequency Rate (TRIFR)	Percentage	0.96	1.32	1.61
Lost Time Injury Frequency Rate (LTIFR)	Percentage	0.19	0.0	0.09
Total number of work-related fatalities	Number	0	0	0
External Communities				
Complaints or any other feedback	Number	0	0	0
ESG Training				
Introduction to ESG (Business Ethic, human rights, etc.)	Number	1200	1705	1328

Contact

We welcome feedback and ongoing engagement regarding our sustainability efforts.

Please contact the Cladtek ESG and Sustainability Department at:

✉ ESC.Committee@cladtek.com ; bionolla.shandiana@cladtek.com

🌐 www.cladtek.com



Sustainability Report 2023



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