



# ESG

## SUMMARY REPORT

2025

— PT Indonesia Steel Tube Works

# PUBLICATION INFORMATION

This report, prepared by Tri Hita Consulting for ISTW, aims to identify the company's current implementation of Environmental, Social, and Governance (ESG) practices and provide recommendations for improvement. The findings and recommendations are based on a comprehensive review of ISTW's operations, policies, and performance metrics, benchmarked against industry standards and best practices.

**For more information, please visit:**

**[www.istw.co.id](http://www.istw.co.id)**

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# MESSAGE FROM THE DIRECTOR

As a leading player in Indonesia's steel tube manufacturing sector, we, PT Indonesia Steel Tube Works (ISTW), recognise the growing expectations from our stakeholders—investors, customers, suppliers, and the broader community—to demonstrate responsible management of environmental, social, and governance (ESG) risks.

**As we look ahead, our focus is on ensuring that our strategies are adaptable, forward-thinking, and aligned with the international and national ESG standards, ensuring that we remain committed to key initiatives that support our broader mission.**

To demonstrate our commitment in the **Environment** aspect, we conducted our annual GHG Emissions Inventory and began calculating the actual impact of our emission-reduction initiatives. On the **Social** aspect, we remain focused on ensuring the safety and well-being of our workforce while actively engaging the communities around our factories. For **Governance**, ISTW reinforced our commitment to integrity by enhancing our Anti-Corruption & Bribery Policy and providing governance training for key personnel across the company.

This ESG Summary Report highlights our progress and shares our vision for future growth. We are at the beginning of our ESG journey and aim for continuous improvement in the years to come. Together, we are building a brighter future where ISTW contributes not only to business success but also to lasting environmental stewardship and social responsibility.

”



**MASAYOSHI  
SAWADA**

President Director  
PT Indonesia Steel Tube Works



# ISTW: EXCELLENCE IN STEEL INDUSTRY



PT Indonesia Steel Tube Works (ISTW) is a leading manufacturer of steel pipes in Indonesia, boasting over 50 years of experience in the industry. Established in 1971 as a joint venture between Indonesia and Japan, ISTW has significantly grown to meet the market's evolving needs.

With modern manufacturing facilities strategically located in Jakarta, Cikarang, and Semarang, ISTW can produce a wide range of high-quality steel pipes, from carbon steel pipes to precision-cut and heat-treated components. Our unwavering commitment to quality has enabled us to serve a diverse customer base across various industries, including construction, manufacturing, and automotive.

Our facilities, equipped with state-of-the-art machinery and a skilled workforce, ensure that we consistently deliver products that meet the highest standards of quality and reliability.

# OUR ESG JOURNEY

ISTW is dedicated to sustainable and ethical business practices. We have made significant strides in our environmental initiatives, social responsibility, and governance, but we recognise that there is always room for improvement.

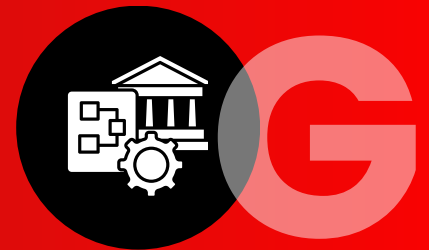
The goal of our ESG enhancement is to align business strategies with global frameworks and stakeholder expectations, green/sustainable funding, and demonstrate excellence through achieving environmental certifications in Indonesia, such as **PROPER** and **Green Label Certification Indonesia (GLII)**.



## ENVIRONMENT



## SOCIAL



## GOVERNANCE

Of course, we understand that every transformation takes time. Armed with determination and consistency, ISTW wants to ensure that each initiative is not merely temporary, but capable of delivering a real impact for the company, stakeholders, and the surrounding environment.

This year we have focused our improvement on ensuring strong governance in preparation for ESG implementation, to ensure that ongoing and future social and environment initiatives are conducted in a sustainable manner.

This improvement will be continued next year to achieve our ESG goals according to our ESG roadmap.

# Environment Aspect

Recognising the environmental impact of steel manufacturing, ISTW spent the past year taking concrete steps to reduce our impact, starting with **accounting and monitoring**, and **transitioning to low-emission machinery**, including LED technology, laser machines, and enhanced maintenance practices.

Throughout the past year, we have successfully **conducted a GHG inventory**, **increased efforts to cut carbon emissions**, **improved plant energy efficiency**, and **minimised waste**. To support these goals, we invested in various projects designed to save energy and utilise renewable energy. As a prime example of our commitment, our Cikarang plant now utilises rooftop solar power for renewable electricity, a benchmark we are striving to meet at other ISTW sites.

# Social Aspect



With three factories in Pulo Gadung (Jakarta), Cikarang (Bekasi), and Semarang (Central Java), ISTW's proximity to local communities also means we have **meaningful economic, social, and environmental impacts** on surrounding communities.

We are committed to building strong relationships and contributing positively through various social initiatives, including **renovating nearby orphanages**, **providing assistive devices for people with disabilities**, **distributing basic necessities**, and **donating sacrificial animals**.

To strengthen and scale these efforts, we are **developing a CSR Roadmap** to guide a more strategic and impactful Environmental and Social Responsibility (TJSL) approach. The roadmap outlines a structured five-year plan to ensure our CSR initiatives remain targeted, sustainable, and aligned with community needs.



# Governance Aspect



**Building on last year's ESG analysis, ISTW have identified governance as a crucial aspect for enhancing commitment to ESG implementation due to its multiplier effect.**

Hence, this year, ISTW focuses its effort on integrating good governance that would support ESG implementation, such as conducting a governance analysis to identify organisation restructuring that would allow ESG improvement, including integrating an ESG manager in the organisational structure.

An **ESG governance awareness capacity building** was successfully conducted to socialise the governance analysis and prepare the internal team to incorporate improved good governance practices within the company.

Furthermore, ISTW has **strengthened its Anti-Corruption and Bribery Policy** and effectively disseminated it through targeted governance capacity-building sessions for key personnel. With our staff now better equipped to uphold strong governance practices, we also plan to enhance our ESG governance structure through the addition of several key roles, including a Head of Internal Audit, Head of ESG, ESG Working Group, and CSR Coordinator.



# ESG HIGHLIGHTS



## Environmental Efforts Achieved

Efforts in the environmental area focus on creating the necessary foundations to accelerate the company’s decarbonisation strategy.



### CARBON EMISSION AND REDUCTION

Beyond conducting GHG Inventory across all plants, we have also expanded our reporting scope to include **Scope 1**, **Scope 2**, and **Scope 3 Category 1** (Purchased Goods and Services), **Category 4** (Upstream Transportation), **Category 6** (Business Travel), and **Category 9** (Downstream Transportation).

Energy Intensity	
2023	2024
0.70 GJ/tonne	0.65 GJ/tonne

Emission Intensity	
2023	2024
119.57 kgCO2-e/tonne	119.92 kgCO2-e/tonne

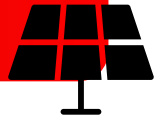


### ENERGY MANAGEMENT

We prioritise **energy efficiency** and **the integration of renewable energy** across our operations. We are progressing toward phasing out all R22 air-conditioning units, upgrading compressors with inverter technology, and replacing conventional lighting with LED systems across our facilities. We also support low-emission mobility by transitioning to electric vehicles (EVs) and increasing the use of electric forklifts.

# ESG HIGHLIGHTS

In addition, our Cikarang plant has installed a rooftop solar PV system that **generates 426,908 kWh of clean energy** annually, with plans to expand to the other plants. Collectively, these initiatives are estimated to reduce emissions by **1,468.2 tCO<sub>2</sub>e**.



## MATERIAL EFFICIENCY

As part of our sustainability commitments, we prioritise enhancing material input efficiency across our operations.

**In 2024, one of the mills recorded an average product yield of 97.40%.**

By continuously tracking and analysing material usage, we aim to minimise waste generation and reinforce our commitment to responsible and efficient resource utilisation.



## WASTE MANAGEMENT

We continue to advance circular economy practices by strengthening our waste and co-product management through **recycling, repurposing, and responsible disposal**. Scrap materials are sold to third parties or reintegrated into our production process.

We also maintain strong performance in both hazardous and non-hazardous waste management through consistent monitoring and evaluation of our SOPs.

All waste is correctly classified and stored, while innovative initiatives, such as **repurposing leftover canteen food into animal feed and compost**, underscore our commitment to reducing waste generation and promoting sustainable resource utilisation.

# ESG HIGHLIGHTS



## Social Efforts Achieved



### CSR ROADMAP

As part of ISTW's commitment to fostering constructive relationships with the surrounding community, a significant step has been taken in **developing a comprehensive CSR roadmap**.



ISTW has consistently increased its CSR budget throughout the years. This demonstrates ISTW's commitment to the livelihoods of the community surrounding the company.



### COMMUNITY ENGAGEMENT PROGRAMS

Current activities include **renovating an orphanage, providing assistive devices for people with disabilities, assisting the surrounding community by donating necessities and sacrificial animals, and providing support to people with disabilities.**





# ESG HIGHLIGHTS



## Governance Efforts Achieved

Various strategic steps have been implemented to strengthen the governance structure, improve management capacity, and ensure that all decisions are aligned with ESG principles.



### GOVERNANCE CAPACITY BUILDING

Capacity building for key management personnel to identify existing governance gaps and socialisation of governance best practices.



### DIGITAL TEAM CAPACITY BUILDING

Training in various fields, techno management training, coaching, managing services, digital system development (ERP, OEE, AI, DCM, IOT)



# ESG HIGHLIGHTS



## Governance Efforts Achieved



### GOVERNANCE ANALYSIS

Study to improve the organisation's structure that supports ESG implementation and introduction to ESG KPIs.



### ANTI-CORRUPTION POLICY

Strengthening policies to prevent corruption, bribery, and ethical conduct across the organisation.

# MATERIALITY ASSESSMENT

ISTW conducted a materiality assessment in 2025 **to deepen our understanding of ESG issues, guide our actions, and improve how we communicate our progress.**

We began by developing a longlist of potential material issues through research on global, regional, and local steel industry trends, peer benchmarking, and a review of international standards and frameworks.

These issues were then shortlisted and prioritised based on their significance to both ISTW and our stakeholders. This process included interviews with internal and external stakeholders critical to the company. **The findings informed the selection of ISTW’s 12 material ESG topics.**

The resulting material topics are illustrated in the materiality matrix below.

MATERIAL TOPIC	MATERIALITY
Supply Chain Management	Very High
Legal Compliance	Very High
GHG Emissions	Very High
Occupational Health and Safety	Very High
Human Resource Development	High
Material Use	High
Waste Management	High
Community Engagement and Development	High



# MATERIALITY ASSESSMENT

MATERIAL TOPIC	MATERIALITY
Community Relations	High
Structure and Functioning of BOD	High
Energy Management	High
Transparency and Disclosure	Medium

By identifying these material topics for both internal and external stakeholders, we can prioritise the most relevant issues for our stakeholders.

# OUTLOOK

This report represents an updated overview of our ESG performance at ISTW. It outlines the steps we have taken and future commitments we will make to improve our environmental, social, and governance practices.

Building on the insights from the materiality assessment, we are well-positioned to strengthen our ESG performance through a more focused and strategic approach. The results provide a clear roadmap for where **the company should prioritise resources, deepen internal capacity, and enhance stakeholder engagement** in the coming years.

**Moving forward, ISTW will place greater emphasis on topics considered material by both internal and external stakeholders, including GHG Emissions, Occupational Health and Safety, Supply Chain Management and Legal Compliance. This initiative will support our commitment to achieve full ESG implementation by 2030 as part of our ESG Roadmap.**

In the coming year, ISTW will integrate these priorities into a strengthened ESG roadmap, **supported by clearer governance mechanisms, improved data collection, and more proactive stakeholder engagement.** By acting on these insights, we will reaffirm our commitment to responsible growth, operational excellence, and creating shared value for all stakeholders.

We are grateful for the commitment and support our stakeholders, partners, and communities have shown throughout our ESG efforts to date. We warmly invite you to continue this journey with us, as we work together to build a more sustainable and prosperous future for all.



# More Information About Us!

## THANK YOU

We are committed to advancing our sustainability journey and creating long-term value for our stakeholders and the environment.

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