

Press Release

Chandra Asri Group and Ecovance Sign an MoU to Jointly Study Biodegradable Plastic Ecosystem in Indonesia

Jakarta, 20 June 2023 – PT Chandra Asri Petrochemical Tbk (Chandra Asri Group), Indonesia's largest integrated petrochemical company, has signed a memorandum of understanding (MoU) with Ecovance Co. Ltd., a South Korean-based company specializing in biodegradable materials which partly owned by SKC group, to study the potential for strategic collaboration in the biodegradable plastic materials, polybutylene adipate terephthalate (PBAT) and polybutylene succinate (PBS). Through this MoU, both parties agree to focus on application development and customer evaluation, developing partnerships to create a biodegradable plastic ecosystem, and exploring investment opportunities in environmentally friendly materials and solutions.

The biodegradable material project is one of Chandra Asri Group's efforts to implement the corporate future roadmap in transforming its business to become the frontier of the green chemical industry in Indonesia. This initiative aligns with the Corporate environmental, social, and governance (ESG) framework, whereas Chandra Asri Group emphasizes product and chemical stewardship as one of the pillars.

A study will also be conducted to determine the feasibility of biodegradable materials in the Indonesian market by leveraging Chandra Asri Group's extensive knowledge and experience in polymers and plastics, combined with Ecovance's expertise in biodegradable materials technology. Biodegradable plastic is seen as a green alternative to plastic due to its lower energy consumption and produces less emission. This advantage is in line with Chandra Asri Group's commitment to supporting Indonesia's Long-Term Strategy for Low Carbon and Climate Resilience 2050 (Indonesia Vision 2050 LTS-LCCR).

President Director of Chandra Asri, Erwin Ciputra, said "Chandra Asri Group welcomes the collaboration in developing eco-friendly material to fulfil customers demand who are currently seeking more environmentally friendly products. This initiative will lay the pathways for us to becoming a leading of sustainable business in Indonesia by developing a business model with SKC-Ecovance based on joint market study output. We plan to allocate technical and marketing resources to the utmost for market development and explore investment opportunities for ESG business."

PBAT is a fossil-based biodegradable plastic that can be converted into water, carbon dioxide (CO₂), and biomass over time with the help of microorganisms. PBAT is commonly used as packaging materials such as shopping bags, food wraps, trash bags, compost bags, and hygiene products. While PBS is a bio-based biodegradable plastic with comparable mechanical properties with high-density polyethylene (HDPE) and isotactic polypropylene (PP). PBS application is usually for food packages, bottles, bags, disposable cutlery, and compost bags.

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About Chandra Asri

Chandra Asri Petrochemical is Indonesia's largest integrated petrochemical company producing olefins and polyolefins. With a history of 30 years and over 2000 dedicated staff, the company incorporates state-of-the art technologies and supporting facilities located strategically in the country's petrochemical hub, Cilegon and Serang. As a Growth Partner, Chandra Asri is committed on creating high-value jobs, expanding the domestic petrochemical value chain, and serving the needs of the vibrant and growing Indonesian market. For more information, visit: www.chandra-asri.com.