



INTERVIEW WITH



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### Why has Cepsa chosen Indonesia to open its second plant in Asia after China?

Cepsa wanted to diversify its petrochemicals portfolio with vegetable based products. For that reason the choice of Indonesia and the joint venture partner Golden Agri-Resources (GAR), was straightforward as it is respectively the leading country in palm oil produc-

tion and, through GAR's subsidiary PT SMART Tbk, the largest Indonesian palm plantation company. Following the 2015 inauguration of our plant in China, we are excited to move into Southeast Asia to diversify geographically and consolidate our presence in Asia.

### What makes this plant different for Cepsa's Chemicals business and what does it produce?

The main difference for Cepsa is that this is the first time the company will produce a product that is not derived from petroleum. The plant will produce alcohols from sustainably sourced palm kernel oil. So this means Cepsa can now supply its clients globally with either LAB (a petroleum based product used to make biodegradable detergents produced

at our chemicals plants in Spain, Canada and Brazil); or from vegetable based alcohols, which are increasingly in demand for the personal care and liquid detergents markets.

In addition, the plant will also service demand from our surfactant plant in Germany, so we can also distribute alcohol derivatives across Europe.

### What are the alcohols from the plant used for?

Fatty alcohols are used in many applications and products which we use in our daily lives. For Cepsa, these alcohols open the door to new markets, such as personal care and cosmetics used in products such as face creams,

shampoos and gels, and toothpaste. But they are also used in the production of liquid detergents, and are employed in other sectors as varied as agriculture, water treatment and food.



### Why did Cepsa partner with GAR in this joint venture?

Golden Agri-Resources (GAR) is a key company within the Sinar Mas group, and one of the leading responsible producers of palm oil. Its local knowledge and scale throughout SE Asia has been essential in the construction of the plant, and also gives us access to key

markets where demand for our products is strong. GAR also provides the raw palm kernel oil via pipeline from its refinery next to the Sinar Mas Cepsa plant, thus enhancing full vertical integration and creating an enviable business chain.

### What challenges were overcome to start up this plant in Indonesia?

By far the greatest challenge has been its remote location in Dumai on the Indonesian island of Sumatra. The surrounding area lacks significant resources or infrastructure, which led us to design a fully self-sufficient plant capable of producing its own electric-

ity, treat its waste water and manage its own logistics. Other challenges have involved working with a multi-national crew in its construction and assuring the highest standards for safety among everyone, a feat which was successfully achieved.

### How does the plant guarantee the sustainability of the palm kernel oil that it uses?

GAR is recognized as a leader in the sustainable production of palm oil which goes much further than its membership of the Roundtable of Sustainable Palm Oil (RSPO). Sinar Mas Cepsa's vertical integration as well as RSPO certi-

fication allows us to offer quite unique sustainable solutions based on palm oil fractions which are already traceable to the mill and by 2020 also fully to the plantation.

### Will Cepsa invest further in the future in other alternative fuels?

Cepsa already has a bio-fuels plant in Spain and the Company will continue to invest in other energy sources to meet

the changing demand from its customers, be it for petroleum or non-petroleum based products.

### Does Sinar Mas Cepsa plan to look at other business opportunities in the future?

We are pleased to be now serving customers from this plant in Indonesia, and aim to consolidate production over the next year. When this is completed,

we are committed to exploring further opportunities to develop the joint venture in the region and elsewhere.

