

IMPACK IS **IMPACTING LIFE**

2019 SUSTAINABILITY REPORT



We would like to present our sustainability strategies and performances during 2019 to our all stakeholders.

“Sustainability is our challenge, opportunity, and also our future”

We hope for the continued support to walk together with us, in order to build a stronger and more sustainable company and positively impacting the future.



IMPACK is Impacting Life

OUR CHALLENGES

- Indonesia is committed to voluntarily reducing emissions by 26% below the business as usual level in 2020 and by 41% with international assistance.
- The Global Food Security Index (GFSI) stated that Indonesia is ranked 62nd out of 113 countries in the world, this ranking showed food security in Indonesia was still weak.
- Climate change that greatly affects agriculture will also impact food supply and human life.

OUR RESPONSE

- PT Impack Pratama Industri Tbk as one of the leading plastic building materials and goods companies in Indonesia has responded to the phenomenon of climate change and food security by launching the Solar Dryer Dome (SDD).
- Having our Headquarters in a ‘Gold’ certified green building, Impack has successfully reduced its greenhouse gas emissions, improved its energy consumption efficiency and waste management.

OUR EXISTENCE

- “Impack is Impacting Life” shows that we will always positively impact human life, while maintaining sustainability amid a variety of economic, environmental and social challenges.
- We hope that the existence of the Company will provide great benefits for future sustainability and will support the achievement of the Sustainable Development Goals (SDGs).



VISION

To become a leading plastic building materials company in Indonesia that is capable of producing world-class products.

MISSION

- To provide high quality, innovative and useful building material that are trusted and sought after
- To create strong product brands and to achieve dominant market position which allow us to offer consumers an affordable choice of product through mass production scale
- To maintain good human capital by hiring and enhancing competent, passionate and dedicated human resources for the growth of the Company
- To pursue and contribute “green and environmentally friendly” projects as a good citizen of the earth

Sustainability Values and Culture:



Humility

Teamwork effort and leadership is the success of your team members, what goes up may come down and goes around



Integrity

A pattern of honest behavior and doing the right thing when nobody is looking, being honest is least stressful in not needing to cover up all the time



Professionalism

As in Quick, Accurate, and Responsible way of doing things with fair and accurate measurement of performance



Solutions Providing

Via Teamwork

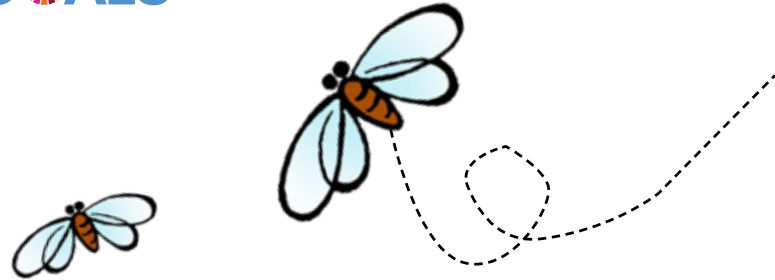


Our Sustainability Strategies

Integrating:



**SUSTAINABLE
DEVELOPMENT
GOALS**



Impact's sustainability policies:

Endeavor to minimize the negative impacts and strengthen the positive impact of the Company's activities towards our stakeholders, the environment, and the community through three main business policies:

1. Business Policy

focuses on economic feasibility based on good corporate governance (GCG). This policy includes our commitment to abide by national and international regulations and conventions, uphold the code of ethics, and seek reasonable and sustainable investment returns, including the implementation of business practices, such as the environment and social issues to achieve the Company's future sustainability.

2. Environmental Management Policy

maintain and improve the ecological landscape in and around our operational areas. This policy includes our commitment to reduce the usage of energy, materials, and water.

3. Social Responsibility Policy

encompasses our commitment to the health and safety of our employees and customers. Social responsibility also includes community development through better education, health and prosperity.



Sustainability Strategies and Sustainable Development Goals (SDGs)

<div><div>3GOOD HEALTH AND WELL-BEING</div><div></div></div> <div><div>SDG Target</div><div>Business Theme: Occupational health and safety</div><div>Company Target: Zero fatal accidents</div></div>	<div><div>4QUALITY EDUCATION</div><div></div></div> <div><div>SDG Target</div><div>Business Theme: Employee training and education</div><div>Company Target: Sustainability awareness for all managerial level employees</div></div>	<div><div>7AFFORDABLE AND CLEAN ENERGY</div><div></div></div> <div><div>SDG Target</div><div>Business Theme: Energy consumption and Energy intensity</div><div>Company Target: Emission reduction by 352 tons CO₂ Eq</div></div>
<div><div>8DECENT WORK AND ECONOMIC GROWTH</div><div></div></div> <div><div>SDG Target</div><div>Business Theme: Economic performance, Indirect economic impact, Supply chain, and Product development</div><div>Company Target: Around 19,000 beneficiaries from Solar Dryer Dome</div></div>	<div><div>9INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div></div></div> <div><div>SDG Target</div><div>Business Theme: Economic value, Economic inclusion, and Technology investments</div><div>Company Target: More environmentally friendly product innovation by using recycled bottle waste into roofing products.</div></div>	
<div><div>12RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div></div> <div><div>SDG Target</div><div>Business Theme: Resource efficiency of products and services, Material efficiency, Water efficiency, Product information, Communication and promotion</div><div>Company Target: Towards Zero Waste and rainwater utilization as a water source</div></div>	<div><div>13CLIMATE ACTION</div><div></div></div> <div><div>SDG Target</div><div>Business Theme: Energy consumption, Risks and opportunities due to climate change.</div><div>Company Target: Contribute to food security by using alternative energy for post-harvest products</div></div>	

Sustainability Highlights



Economy

	2019	2018	2017
Product quantity (Tons)*	30,058	26,063	23,029
Revenue (Million Rp)	1,495,760	1,395,299	1,193,054
Net Profit (Million Rp)	93,145	105,524	91,303
Eco-friendly products (Tons)	372	272	600
Local community engagement (Million Rp)*	303,420	252,050	167,847



Environment*

	2019	2018	2017
Energy consumption (MWh)	27,409	25,621	25,403
Emission reduction (Ton CO ₂ eq)	212	91	0.362
Total waste (Tons)*	291	337	304



Social

	2019	2018	2017
Employee turnover (%)	1.5	3.8	4.2
Total training hours (Hours)*	249	175	261

* Data only covers Impack and UPC



OUR SUSTAINABILITY PERFORMANCE

Economic Performance

Direct Economic Value Generated and Distributed (in Million Rupiah)

Description	Reporting Period		
	2019	2018	2017
Direct Economic Value Generated			
I Revenue	1,495,760	1,395,299	1,193,054
II Supplementary			
• Interest income	10,844	14,209	21,603
• Profit on the sale of fixed assets	1,400	2,414	823
• Other - net	(1,009,109)	(985,862)	(822,244)
Total Direct Economic Value Generated	498,895	426,059	393,236
Direct Economic Value Distributed			
I Employee costs	209,316	183,763	154,184
II Payment for providers of capital/funding (dividends and interest on loans)	148,640	115,871	117,883
III Payment to the Government	42,227	13,868	21,476
IV Investment for the community	5,567	7,033	8,390
Total Direct Economic Value Distributed	405,750	320,535	301,933
Direct Economic Value Retained	93,145	105,524	91,303

- The Company's economic performance is delivered on a consolidated basis in accordance with the audited financial statements, therefore it is not reported based on area, region, or product.
- There were changes in Payment to the Government in 2017 and 2016, hence this data is a restatement.



Comparison on Economic Target and Performance (for the last 3 years) (in Million Rupiah)

Description	2019			2018			2017		
	Target	Realization	%	Target	Realization	%	Target	Realization	%
Revenue	1,604,280	1,495,760	93.24	1,411,694	1,395,299	98.84	1,217,899	1,193,054	97.96
Gross Profit	533,081	494,717	92.80	446,862	415,099	92.89	433,318	384,527	88.74
Net Profit	168,603	93,145	55.25	97,167	105,524	108.60	135,384	91,303	67.44



Our Indirect Economic Impact:

- A portion of the economic result obtained is channeled to the community in the form of empowerment and assistance.
- Contributions to the Government through the payment of taxes and other retribution payments based on the prevailing regulations.
- An allocation of Rp5,467,331,621 for corporate social responsibility activities in 2019.

Implication of Climate Change:

Though weather and climate change have become a challenge for the Company as a supplier of building materials, this challenge has become an opportunity for Impack to continuously develop innovative products that can provide solutions for environmental challenges.

Several of our steps to ensure the adaptability of our products to future climate changes:

1. New color innovations with stronger properties to handle UV exposure.
2. The utilization of sunlight for post-harvest drying processes.
3. Novel innovations for the development of cool roofing to reduce energy consumption.

Our support:

As of the end of 2019, Impack used recycled Polyethylene as the core layer of our aluminum composite panel products, equivalent to the amount of 65 million plastic bags.



Product Responsibility:

- For Impack, innovation and product development are the responsibility of all parties.
- Up to 2019, there were several developments and innovations, as below:
 1. Production of EZ-Lock that uses recycled materials,
 2. Development of more effective installation method of Solar Dryer Dome (SDD),
 3. The use of recycled Polyethylene as the core layer of Aluminum Composite Panel (ACP),
 4. Development of Alderon RS as an environmentally friendly substitute for asbestos roofing that may cause respiratory problems (asbestosis).



▲ First SDD in Kintamani, Bali

Environmentally Friendly Product Solution for Agriculture

70%

Drying time efficiency

Zero

Waste

5,188

Increase in beneficiaries from the farmers groups in 2018-2019

- ➔ A more hygienic drying method compared to conventional drying methods
- ➔ A solution for farmers to produce high-quality crop yields, maintaining the natural aroma and colors, as well as the nutrients contained in them.
- ➔ The use of sunlight as a renewable energy source is able to replace 100% of the energy of electrical dryer machines commonly used by the communities.
- ➔ The drying process is faster, more hygienic, and provides processed products of high economic value that help disadvantaged communities.
- ➔ The crops produced are high-quality, consumption-worthy, and have longer storage periods.
- ➔ Since its launch in 2017 until the end of 2019, 80 units of SDD have been installed in Indonesia and Malaysia.
- ➔ For 2020, we target an addition of 40 units of SDD installed.
- ➔ The SDD will improve farmers' livelihood, harmony and solidarity in the farming communities. Until 2019, 9,250 beneficiaries had joined the SDD-user farmers group, an increase from 4,062 beneficiaries in 2018.
- ➔ Farmers using the SDD have improved the quality of their products, which includes coffee, cocoa, cloves, pepper, spices, and other herbal plants.
- ➔ The Company is working to increase the benefits of the SDD and is targeting around 19,000 beneficiaries by the end of 2020.





▲ SDD Training at Boja Village

Social Performance

Our Quality Policy:

Innovation and hard work to create a high determination to fulfill the need of customers.

Our Working Environmental Policy:

Committed to reducing pollution, protecting the environment, and making continuous environmental improvements in accordance with applicable regulations.

Occupational Health and Safety Environment (OHSE)

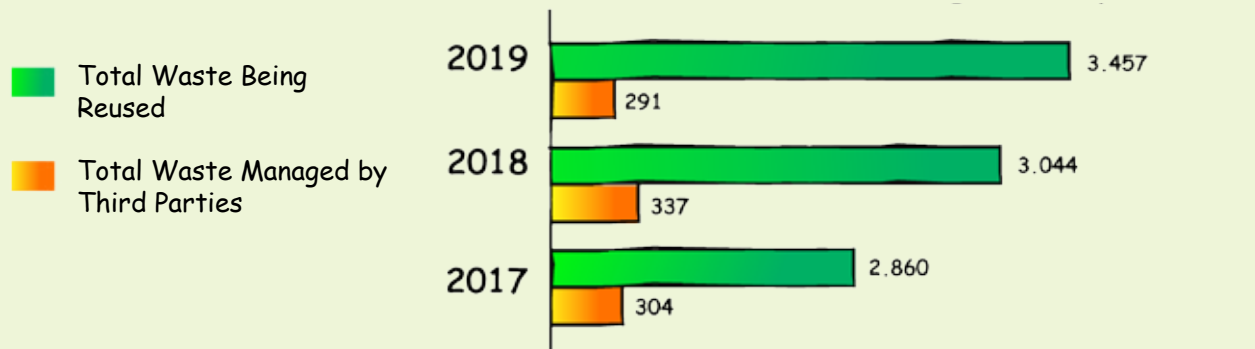
- ➡ ensures the OHSE Management System is practiced and that the ISO 14001:2015 international standard certification is fulfilled.
- ➡ The absence of fatal work accidents in Impack Group within the Company's operational areas.

Environmental Performance

Our “Toward zero waste” policy

is a value we applied in the Company as a part of our sustainability culture. The use of materials is one of the economic and environmental sustainability values in our business. Through this value, we strive to preserve material resources by recycling our production waste.

Total Waste Based on its Management (Tons)



More than
200 ton CO₂ eq

reduced from the installation
of 80 SDD units

Intensitas Pemakaian Energi [302-3]

Energy Consumption Intensity



Produksi | Production



Intensitas Emisi (Volume/Jumlah Produksi)

Emission Intensity (Volume/Production Amount)



Altira Business Park – Our Green Building

With a 'Gold' certification from the Green Building Council Indonesia

37%

Energy efficiency

100%

materials certified wood were used

32%

Water efficiency

50%

local materials from the region

67%

Environmentally friendly materials

85%

reduce rainwater runoff

- ➔ Up to the end of 2019, the amount of energy saved had increased to 37%.
- ➔ The building also uses lower power density lighting, hence the rooms have a faster cooling process to reach a comfortable temperature.
- ➔ Water as a product of recycled waste management is reused to water plants
- ➔ Other waste is managed by providing organic and non-organic waste separation rooms on each floor





IMPACK is Impacting Future

OUR CHALLENGES

- Discussions at the annual World Economic Forum on January 21-24, 2020 in Davos-Klosters, Switzerland, left a lot of homework for the government and the business community.
- Extreme climate change was seen as the number one risk that will affect global economic conditions.



OUR RESPONSE

- Impack plans to innovate its products by utilizing post-consumer waste, for example by using used PET water bottles.
- We will continue to increase the awareness of our existing products, such as the SDD so we can broaden the application and the usage optimally.



THE FUTURE

- The Government's target to voluntarily reduce emissions by 26% by 2020
- In 2020, Impack will endeavor to support the Government's target in reducing emissions.



2019

*SUSTAINABILITY
REPORT*



PT Impack Pratama Industri Tbk

Corporate Headquarter
Altira Office Tower 38th Floor, Altira Business Park
Jl. Yos Sudarso Kav 85, Jakarta 14350 – Indonesia
PO Box 3155/KT 10002
Phone: +62 21-2188 2000
Fax: +62 21-2188 2000
Website: www.impact-pratama.com

