



Impack is Impacting Life and The Future

We would like to present our sustainability strategies and performances during 2022 to our all stakeholders. **Sustainability is our challenges, responses, as well as our existence and future.** As the market leader of innovative sustainable non-traditional building materials, Impack continues to carry out sustainability efforts in its operations and becomes a sustainability pioneer for similar industries.



Our Challenges

- Increase in inflation and raw material prices due to geopolitical issues.
- Temporary closure of several overseas suppliers' production facilities in Q3 and Q4 due to uncertain international conditions.
- Challenges in the recycled feedstock supply due to the high demand for post-consumer recycled materials from European countries, high processing cost of recycled materials, and the sorting process of post-consumer waste that has not been conducted optimally by the consumers.
- Climate change.

Our Responses

- Carry out various sustainable practices that prioritize the efficient and effective use of resources, reduce emissions through sustainable product innovations, and the use of new and renewable energy.
- Conduct an optimum inventory management to ensure raw materials availability.
- Carry out plastic waste collection internally, and work with various parties to support sustainable supply of recycled materials.
- Transition to low carbon economy.

Our Existence and Future

- Carry out the implementation of our 5-year plan to reach our short-, mid-, and long-term sustainable targets.
- Continue our sustainability activities (Impack is Impacting Life) based on "Creating-Shared Value" business model and support the achievement of the Sustainable Development Goals (SDGs).
- Established a new subsidiary named PT Sirkular Karya Indonesia (SKI) which focuses on upcycling waste (Post-Consumer Recycled/PCR) to substitute the use of raw materials.
- Continue the transition to low carbon economy to reach Company's climate change target.



Message from the Board of Directors

HARYANTO TJIPTODIHARJO
President Director

Dear Respected Stakeholders,

2022 was a challenging year as the industries were recovering from the pandemic and as well as coping with the Ukraine-Russia war that affected the global economy.

Our Policies to Respond Challenges

This year was also a year of progress and achievements. We implemented our policies in line with The Impack 5-year strategic plan: Retune, Refine and Recharge is on track and our north star is to deliver circular building materials and innovative solutions for people and planet. In addition, we also applied our sustainability values and responded to environmental, social and governance (ESG) issues. We are committed to climate change, circularity and health & safety and equality.

Our Achievements

Here are some of our sustainability achievements:

- **Renewable energy (pilot phase):** The objective is to gradually switch our manufacturing facilities into green energy.
We have put in place solar panels at our biggest manufacturing facility in Cikarang, one-third of our total 4,473 kWp capacity was used at this facility. This marks an important step for us to continuously reduce carbon emissions at our factories.
- **Circularity:** The objective is to reduce single-use plastics into biodiversity and for our products to be fully circular.
 - Through R&D efforts, we have a range of successful sustainable building products that comprises of up to 11.7% of recycled plastics compared to our production quantity and it has a service life of more than 5 years.
 - We also offer to collect our old products from customers and bringing it back to the loop.
 - Our efforts helped to reduce more than 7,000 metric tons of plastic and turning them into our building solutions. This helps to reduce plastics leaking into the ocean and environment.
- **Health & safety and equality:** The objective is to ensure to a workforce which reflects the society we serve and to create an inclusive culture that values and respects diversity. We achieved the following:
 - Zero fatal accidents.
 - 25% of Board of Directors & Board of Commissioners are women.
 - More than 41,000 beneficiaries benefited from the solar dryers across 32 provinces.

- **Recognition:** Our efforts and commitment on sustainability were recognized and we were selected by Forbes Indonesia as one of the companies included in the “Best of the Best Companies 2022” category or the 12th year Forbes Indonesia’s Best Indonesian Company, which recognized 50 best public companies in Indonesia.

Our Strategies to Achieve Targets

We are three months into 2023, as the new chapter begins, we aim to continue to do better in the areas mentioned above as well as increasing our investment in 2 focus areas; Digital Transformation, and Research & Development (R&D).

Digital Transformation: To develop a seamless and integrated experience for our customers. This will be steered by our senior leadership team.

Research & Development: To create more sustainable and affordable products that will enable us to expand our product portfolios and tap into new markets.

Impack always believes there are prospective business in the future. We are turning ideas, values into action, we have established the sustainability pillars in 2020 along with quantifiable targets which further contribute to the advancement of Sustainable Development Goals (SDGs). This provides accountability towards the stakeholders and to track our progress. Hence, our senior leadership team established the Risk Management Work Unit in December 2022 to ensure we comply to policies, mitigate any potential risk and provide advisory to projects.

As a market leader, Impack continues to strive as a sustainable solution-oriented company for building materials. We are confident that our Strategic Plan – Retune, Refine and Recharge will continue to serve as a compass towards a sustainable future. **Collaboration is the key to a circular business**, my management and I would like to thank all our colleagues, customers, partners, and stakeholders who have supported our sustainability journey.

Jakarta, 27th April 2023

Haryanto Tjiptodiharjo

President Director



SUSTAINABILITY PILLARS

Collaborations & Partnerships

EMPLOYEES & COMMUNITIES



Employment

- Providing equal opportunities for all employees irrespective of ethnicity, religion, race, and inter-group relations, country of origin, and gender in:
 - giving promotions and awards,
 - providing employees with training to improve their skills and competencies to advance their career paths.
- Providing safe and comfortable working space and sports facilities.
- Conducting employee bonding programs through employee gathering or recreation activity.
- Providing health insurance, along with nutritional and vitamin allowances to all employees.
- Providing training to improve employee's skills, both soft-skills and hard-skills.

Occupational Health and Safety

- Organizing training regularly, such as earthquake and fire drills, application of 5S practices (Sort, Set in Order, Shine, Standardized, Sustain), as well as education and implementation of safety and health in the work environment.

- Recording, reporting, and evaluating work accidents in order to mitigate the causes and prevent the accidents in the future.
- Training Directors, Managers, and Supervisors on how to analyze accidents and illness reports in order to handle them promptly and evaluate the causes.

Communities

- Providing positive impacts on the communities through one of our programs, namely "Harvest the Power of the Sun: Harnessing the Power of Solar Technology for Sustainable Agriculture" via Solar Dryer Dome (SDD) and Solar Dryer Table (SDT) products.
- Procurement practices that prioritized national suppliers.
- Prioritizing consumer health and safety.
- Providing basic needs facilities for people affected by natural disasters.
- Collaborating with several NGOs and universities in providing solutions to underserved communities.

ECONOMIC GROWTH



- Expanding business in locations with growth potential.
- Innovating innovative and sustainable home improvement products.
- Carrying out strategic acquisitions to expand and strengthen market share.
- Ensuring and practicing transparency and good corporate governance.
- Utilizing digitalization in the documentation of production data and distribution channels.
- Investing in research and development area that prioritizes the creation of sustainable building products.

CLIMATE CHANGE



- Transitioning to renewable energy in our new facilities (factories and warehouses) and existing facilities.
- Expansion of the Solar Dryer products installation in underdeveloped regions in Indonesia.
- Delivering sustainable product innovations that can reduce emissions.
- Energy efficiency initiatives.
- Forming a Risk Management Work Unit, one of its purposes is to discuss risks and identify opportunities related to climate change.

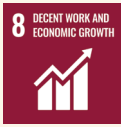
ENVIRONMENTAL SOLUTIONS



- Innovating sustainable products using industrial waste and post-consumer waste while maintaining the premium quality of the products.
- Implementing Impack's Circularity principle and instilling awareness to stakeholders to be actively involved in its practices.
- Investing in the Impack Research and Innovation Center (IRIC) in providing building products made from low value feedstock (waste/residue).
- Identification of products by adding resin identification number to ease the sorting activity of used products.
- Implementing and practicing 3R principles (Reduce, Reuse, Recycle).

Our Supports to Sustainable Development Goals (SDGs)

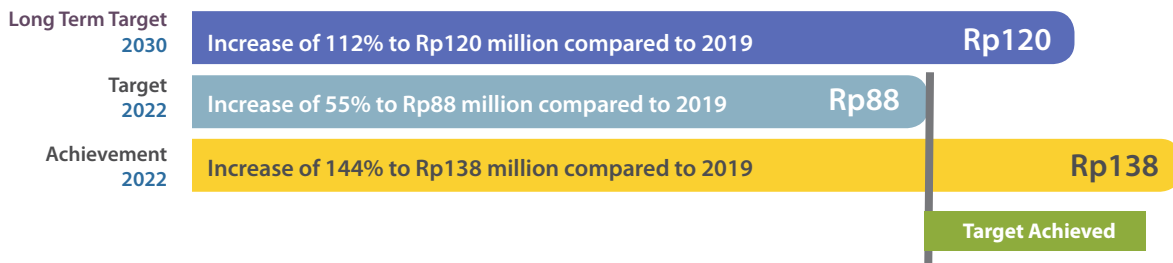
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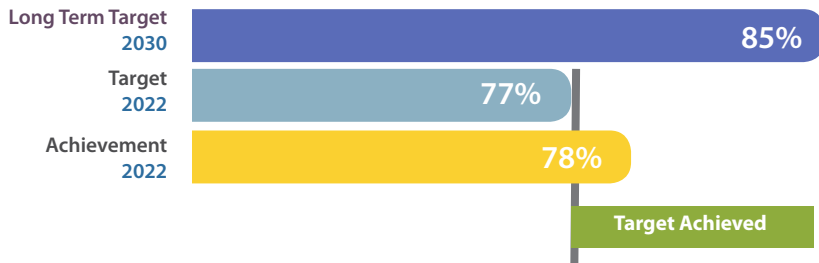
Net Revenue/Employee Target and Realization (in Million Rupiah)



Net Income/Employee Target and Realization (in Million Rupiah)



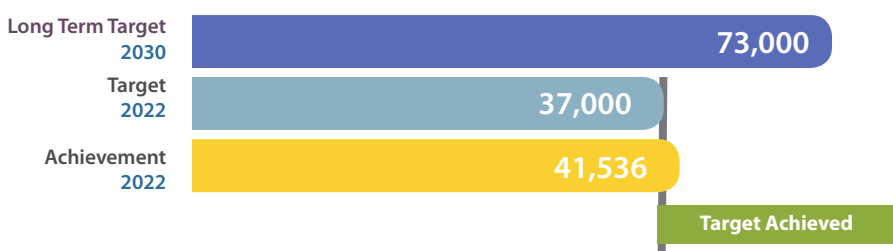
Employee Satisfaction Rate Target and Realization

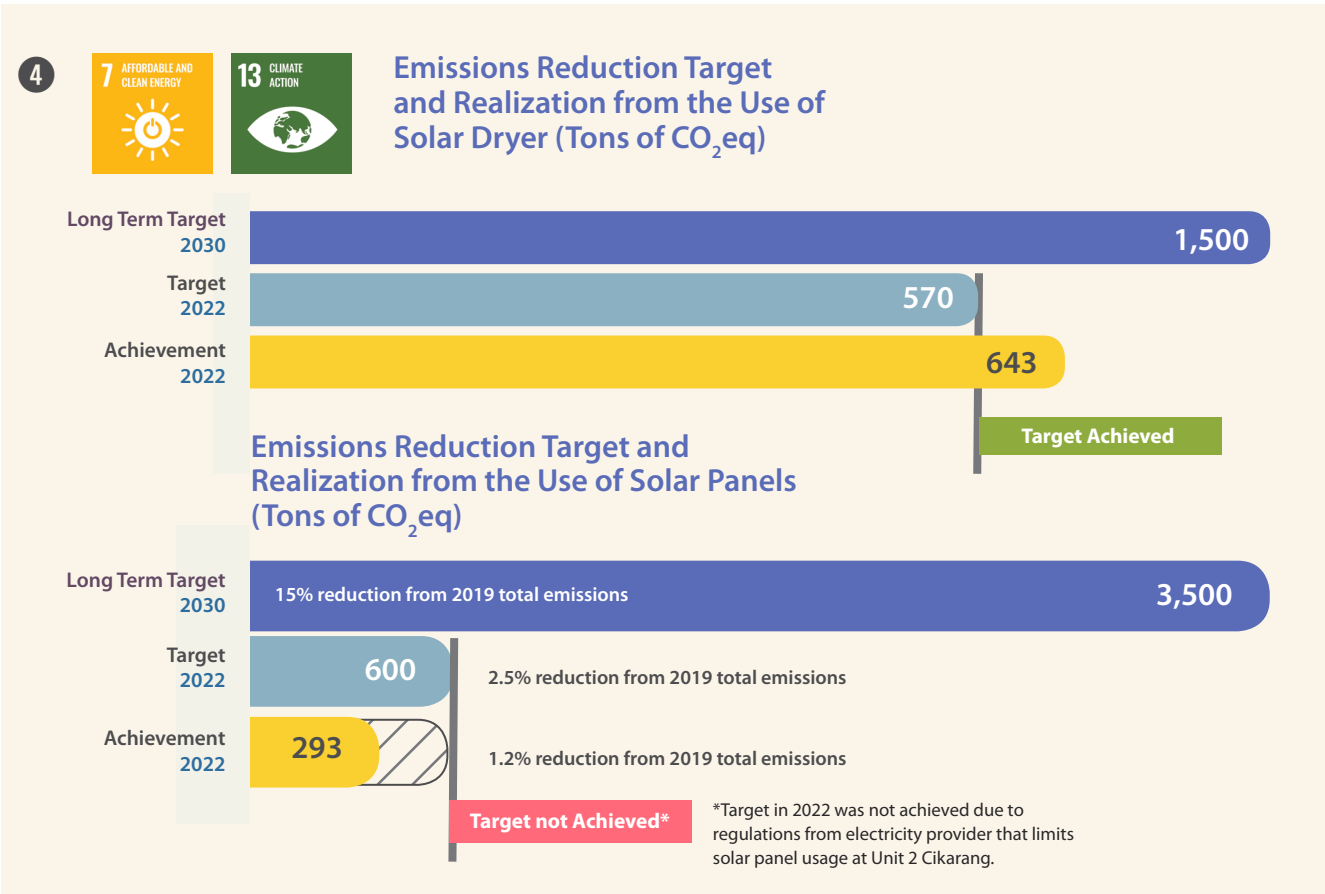
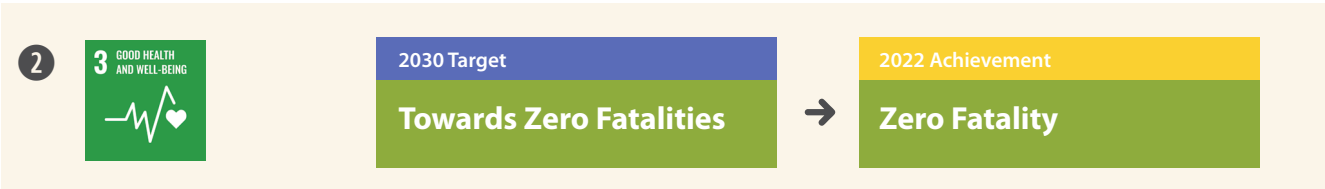


Customer Satisfaction Rate Target and Realization



SDD & SDT Beneficiaries Target and Realization (People)





2030 Targets:

- Cover all provinces in Indonesia for SDD and SDT products.
- Reduce emissions by 1,500 tons CO₂eq through the use of solar dryers.
- Reduce emissions by 3,500 tons CO₂eq through the use of solar panels.

2022 Achievements:

- Broaden SDD and SDT coverage areas to 32 provinces in Indonesia.
- 643 tons CO₂eq in reduced emissions through solar dryers usage.
- 293 tons of CO₂eq in reduced emissions through solar panels usage.
- Total emission reduction of 1,103 tons CO₂eq, an increase of 47.5% compared to 2021.

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9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



2030 Targets:

- Continuous product innovation and efficient production process.
- Digitalization of product information, documentation of production data, and distribution channels.
- Building more distribution centers (DC) and manufacturing facilities.

2022 Achievements:

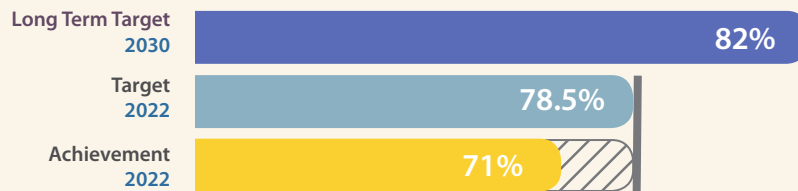
- Continuous product innovation: 3 new sustainable building products are launched in 2022.
- Operation of the first phase of solar panel at Unit 2 factory in Cikarang, i.e. one-third (1,231 kWp) of the total installed capacity of 4,473 kWp.
- Research and development (R&D) investment of more than Rp2 billion.
- Opening of a new factory in Batang, Central Java, in order to expand business and increase market share.

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12 RESPONSIBLE CONSUMPTION AND PRODUCTION



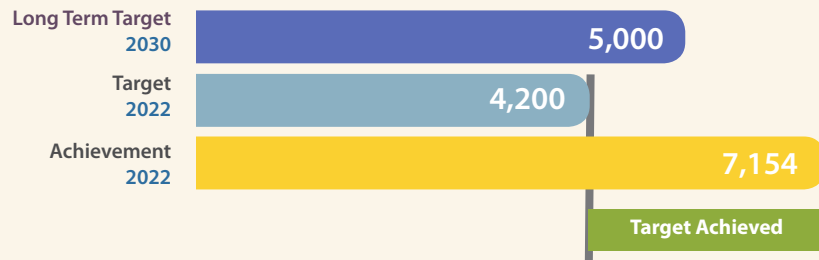
Target and Realization of Total Purchase Quantity from National Suppliers



*The 2022 target was not achieved due to risk management strategy to mitigate geopolitical issue.

Target not Achieved*

Increase in the Use of Recycled Materials Target and Realization (Tons/Year)



Target Achieved

7

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



2030 Targets:

- Continuous implementation of Human Rights Policies in the Company.
- Ensure good governance through effectiveness, transparency, and accountability in every aspect of the Company's businesses.
- Ensure that there are no case of fraud, corruption, or gratification in all of the Company's businesses.
- Ensure that there is no conflict of interest cases in the Company's value chain.
- Ensure the Company's compliance with laws and regulations.
- Conduct risk assessment.

2022 Achievements:

- Set Human Rights Policy and ensure its implementation in the Company.
- Implement the ASEAN Corporate Governance Scorecard (ACGS) as a form of good governance implementation within the Company.
- Establish communication policies with shareholders.
- Develop and set performance appraisal policies for members of the Board of Directors and members of the Board of Commissioners.
- Form the Nomination and Remuneration Committee.
- Establish a Risk Management Work Unit.

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17 PARTNERSHIPS FOR THE GOALS



2030 Targets:

- Collaborate with various parties in the field of biodiversity.
- Partner with various parties in providing environmental and social solutions through the "Creating Shared-Value" business model.
- Collaborate with various industries, academia, communities, governments, institutions, start-ups in the field of sustainability.

2022 Achievements:

- Contribute to the protection and preservation of biodiversity.
- Collaborate with various parties to provide positive environmental and social impacts through a "Creating Shared-Value" business model.
- Conduct research and development of sustainable products.



Awards



KEHATI
INDONESIAN BIODIVERSITY
CONSERVATION TRUST FUND



Indonesia Stock Exchange
Bursa Efek Indonesia

Impack has been listed and maintained its inclusion on the **IDX Kehati ESG Sector Leaders** and **IDX Kehati ESG Quality 45** in 2022.



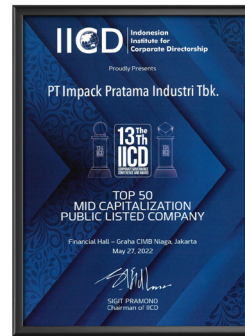
Selected as one of the companies included in the **"Best of the Best Companies 2022"** category or the **12th year Forbes Indonesia' Best Indonesian Company**, which is recognized as the 50 best public companies in Indonesia.



Selected as one of the companies from Indonesia included in the list of **Forbes Asia's 200 Best Under a Billion in the Asia Pacific region** by Forbes in 2022.



Obtained the **2022 Indonesia Top Good Corporate Governance (GCG) Award** in the Building Product and Fixtures category organized by The Economics.



Selected as **one of the top 50 companies in the Mid Capitalization (Mid Cap) Public Listed Company category** by the Indonesian Institute for Corporate Directorship (IICD) at the 13th IICD Corporate Governance Award 2022 event.

Our Sustainability Performance

ENVIRONMENTAL PERFORMANCE

Transition to
Low Carbon Economy

4,473_{kWp}

The **installation of solar panels** at Unit 2 Cikarang and the operation of its first phase, i.e. 1,231 kWp in December 2022



Establishment of new subsidiary, **PT Sirkular Karya Indonesia (SKI)**, which focuses on managing the recycling of PET, PVC, and PE into innovative sustainable building material products.



Preparation for the construction of **new factory in Batang, Central Java** to reduce the logistics burden and carbon emissions

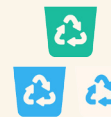
When compared to the production quantity, the PC Unit used **16.5%** recycled material, ACP Unit used **52.7%** recycled material, UPC unit used **5.6%** recycled material, and KD Unit used **38.2%** recycled material



23%

ENERGY EFFICIENCY

Percentage increase from 2019 (base year)



11.7%

percentage of recycled materials compared to production quantity

Emissions Reduction

293

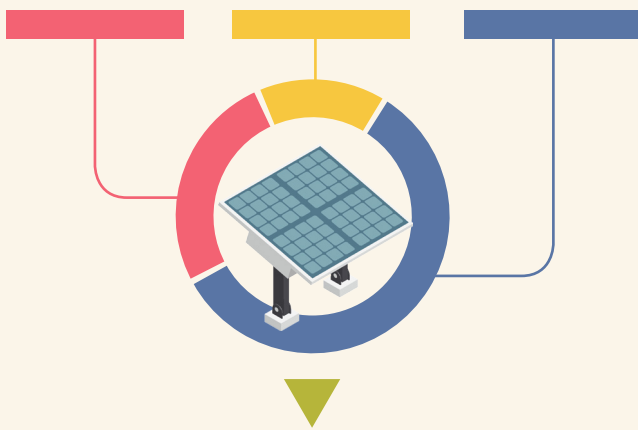
TONS CO₂ eq from Solar Panel usage

167

TONS CO₂ eq from operation at Altira Office Tower 37-38th Floor

643

TONS CO₂ eq from Solar Dryer usage



1,103

TONS CO₂ eq total emission reduction in 2022, equals to 50,666 matured trees

Quantity of Recycled Materials

1,065

TONS of LDPE plastic waste recycled

528

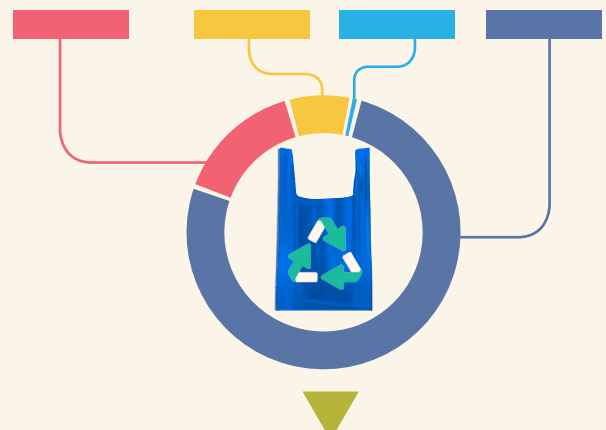
TONS of PP cup waste recycled

60

TONS of buyback products recycled

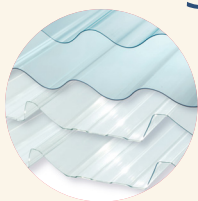
5,501

TONS of industrial waste recycled



7,154

TONS of recycled waste



3

NEW SUSTAINABLE PRODUCT INNOVATIONS

launched in 2022, namely Ecolite Spandek, Plafon Alderon/Adaron, and Twinlite Duo

Zero

complaint regarding environmental issues



793

TONS of PET bottle waste recycled

<1%

waste managed by third parties against total production quantity

40,321

of m³ water usage in 2022

Biodiversity Efforts



Contribute to the rescue and protection of approx.

4

Sumatran Tigers (*Panthera tigris sumatrae*)

>150

Greater Slow Loris (*Nycticebus coucang*)

80

 species of birds

4

 species of eagles

8

 species of mammals

Received **Green Label Certificate** with **gold rating** from Green Product Council Indonesia (GPCI) for Aluminum Composite Panel product under the brand **AlcoTuff**



Our Sustainability Performance

SOCIAL PERFORMANCE

Internal Community

≈ 2,000

global employees

25%

WOMAN LEADERS

percentage of Director and Commissioner roles held by women.

78%

employee satisfaction rate

100%

Employees received performance reviews

Zero
fatality



8.2

average training hours/employee/year



Creation of Company's **Human Rights Policy** in 2022

External Community

86%

customer satisfaction rate



INCLUSIVE BUSINESS THROUGH SOLAR DRYER USAGE

>41,000

PEOPLE IN INDONESIA benefitting from solar dryer usage until 2022

32

PROVINCES in Indonesia reached until 2022

>500

UNITS OF SOLAR DRYER installed across Indonesia until 2022

>250

VILLAGES in Indonesia reached until 2022

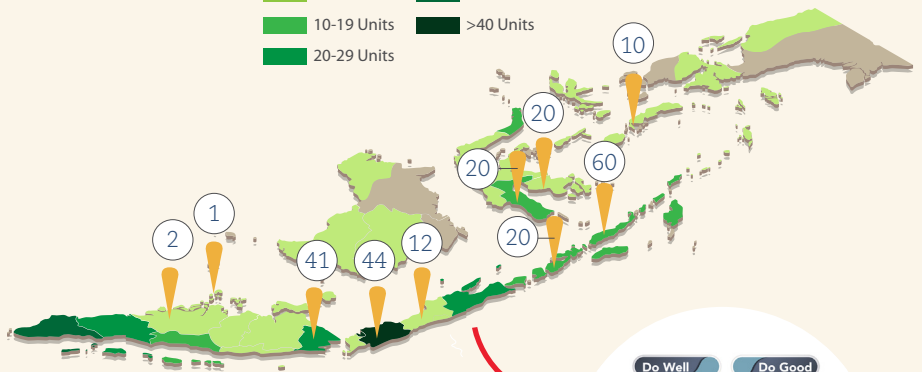
Local SDD & SDT Map (Indonesia)

Solar Dryer Dome (SDD):

- Not installed/will be installed
- <10 Units
- 10-19 Units
- 20-29 Units
- 30-39 Units
- >40 Units

Solar Dryer Table (SDT):

Total SDT Units



Rp16.4

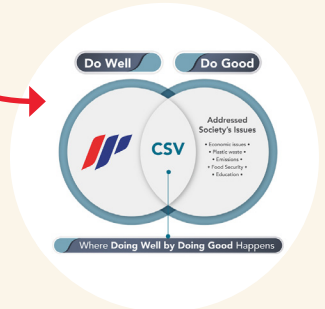
BILLION

Corporate Social and Environmental Responsibility (CSER) Costs in 2022

Zero

PUBLIC COMPLAINT

throughout 2022



Addition of SDG 1 & SDG 17 to Company's SDG focus from 2022 onwards

Our Sustainability Performance

ECONOMIC AND GOOD CORPORATE GOVERNANCE (GCG) PERFORMANCE

61,083

TONS
total production quantity in 2022, increase 38% YoY

71%

total purchased quantity from national suppliers

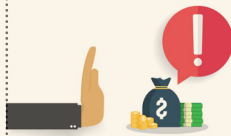
100%

of our products have undergone efficacy testing



Rp2,808.7

BILLION
net revenue in 2022, increased 26% YoY



Implementation of **anti-fraud and anti-corruption policy**



Zero

case of fraud and corruption in 2022

Rp307.4

BILLION
net income in 2022, increased 60% YoY

Establishment of **Risk Management Work Unit** in December 2022



Addition of SDG 16 to Company's SDG focus from 2022 onwards

Rp104.3

BILLION
payments to the Government, increase 53% YoY



DOMESTIC COMPONENT LEVEL CERTIFICATES (TKDN) OF OUR PRODUCTS

70.25%

for Aluminum Composite Panel (ACP) products

49.05-68.27%

for Polycarbonate (PC) products

Rp16.4

BILLION
investment in the communities, increase 69% YoY

17.46%

for Impraboard products

62.40-65.75%

for Alderon products



Appointment of the **Director of Strategic Business and Digital** in 2022





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