

2023

Sustainability Report
Laporan Keberlanjutan

EXECUTIVE SUMMARY

**IMPACK IS
IMPACTING
LIFE**



IMPACK is Impacting Life

Our Challenge

- A shift in the priority of people's needs towards building material products, due to the increase in people's basic needs and the opening of tourism routes after the COVID-19 pandemic.
- Economic uncertainties triggered by unpredictable dollar exchange rate movements and global geopolitical conflicts.
- Increased competition from markets selling products due to oversupply from China production.

Our Responses

- To meet the needs and changes in people's behavior, Impack continues to innovate to develop competitive sustainable products.
- Actively conduct product introduction campaigns.
- Strengthening relationships and collaboration with distributors, agents, and other stakeholders.
- The new factory in Batang was prepared and construction started in April 2023 and is currently in operation to increase production capacity and expand sales coverage, especially outside Java.

Vision, Mission, and Sustainability Values & Cultures



Vision

Becoming a dominant building material company in Southeast Asia, Australia, and New Zealand with sustainable products.

Mission

Providing value added solutions and innovative products to our market sectors with performance growth via human resources that share our group values and sustainable attitude.

Sustainability Values & Cultures

HONOR GOD, THE ALMIGHTY: Honor God in all our attitudes, behaviour, and work.

HUMILITY: Accepting that success comes from all team members and that no one is irreplaceable.

INTEGRITY: Showing a pattern of honest behaviour and doing the right thing even if no one is watching it.

PROFESSIONALISM: Conducting tasks in a quick, accurate, and responsible way, in line with fair and accurate measurement of performance.

SOLUTIONS PROVIDING: Provide simple, honest, and practical solutions to all of our customers.

BUILDING RIGHT



GCG Implementation

- GCG and Human Rights Policies implementation
- ASEAN Corporate Governance Scorecard (ACGS) implementation
- Sustainability policy implementation
- Establishment of Risk Management Work Unit in the Company



Average Training Hours

11

hours/
employee/year



26%

More energy efficient per
ton production compared
to base year 2019

PT Sirkular Karya
Indonesia, a new
subsidiary focusing
on circularity,
has commenced
operations



7,813 tons

Material recycled, both post-
consumer and industrial waste,
into durable building products



86%

Percentage of raw materials
sourced from national suppliers



Emission Reduction in tCO₂e



Green Building
Altira

1,183

1,760

Solar
Panel

BUILDING GOOD



Solar Dryer Dome



~43,551

Beneficiaries



~661 tCO₂e

Emission Reduction*



32

Provinces

*compared to the use of electrical dryer



#6

New and upgraded
products introduced



Alderon Black



Chicken Farm Wall and
Flooring uPVC Alderon



Alderon T Series



Alderon Recycled
Project Board



Alderon Eco



Solartuff Trimdeck
1000

BUILDING WELL



ZERO
FATALITY



46%↑↑↑



Increase in net
revenue/employee
compared to base
year 2019



216%↑↑↑

Increase in net income/
employee compared to
base year 2019



Factory in Batang,
Central Java, has begun its
operations in February 2024



COLLABORATIONS & PARTNERSHIPS AS ENABLERS

Universities:

Trisakti University, IPB
(Institut Pertanian Bogor)
University, and BINUS
(Bina Nusantara) University

Companies:

PT Sasa Inti,
Covestro, and
Sabic

Non-Governmental Organizations (NGOs):

Prof fauna Indonesia, International Animal
Rescue Indonesia (YIARI), Greenprosa,
and Gerakan PASTI

BUILDING SUSTAINABILITY

**IMPACK IS
IMPACTING
LIFE**

BUILDING RIGHT



TRANSPARENCY
AND
ACCOUNTABILITY

RESPONSIBLE
PRODUCTION
AND
CONSUMPTION

CUSTOMER
SAFETY AND
SATISFACTION

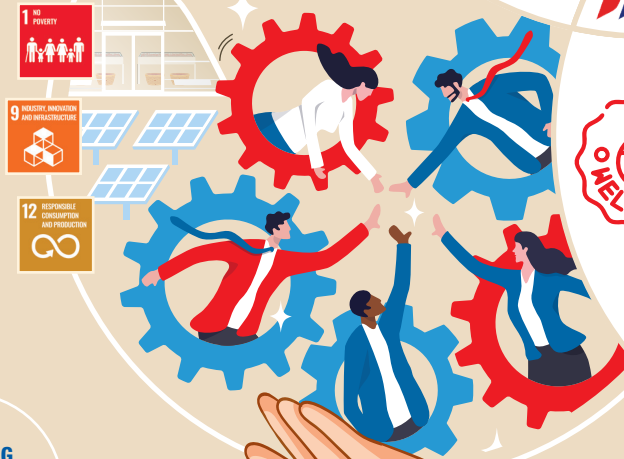
IMPACK'S
CIRCULAR
BUSINESS
MODEL

ENERGY
EFFICIENCY

HUMAN
CAPITAL
MANAGEMENT

RENEWABLE
ENERGY

BUILDING GOOD



SUSTAINABLE
PRODUCT
INNOVATIONS

IMPROVING
EXTERNAL
COMMUNITY
LIVELIHOODS

ENSURING
TRANSPARENT
PRODUCT
INFORMATION



BUILDING WELL



ADDING VALUES
FOR STAKEHOLDERS
AND SOCIETY

ENSURING
INTERNAL
COMMUNITY
WELL-BEING

**COLLABORATIONS &
PARTNERSHIPS AS ENABLERS**





BUILDING RIGHT

CORPORATE GOVERNANCE

- Continue to be committed to practicing and ensuring transparency and good governance.
- Implement governance and disclosure practices that create value for the long term and take into account the interests of the Company's stakeholders.
- Continue to execute a consistent and accountable growth strategy in accordance with the sustainable growth policy.

CLIMATE RESILIENCE

- Set concrete targets for carbon emission reduction, achieved through the transition to the use of renewable energy in the Company's new and existing facilities.
- Continuous product innovation and growth to meet customer needs and reduce emissions.
- Established a Risk Management Unit (SKMR) that specifically mitigates risks and identifies opportunities related to climate change.

ENERGY EFFICIENCY AND RENEWABLE ENERGY TRANSITION

- Digitize production records and distribution channels to improve operational efficiency.
- Improving energy use efficiency through the application of the latest technology.

HUMAN RESOURCE DEVELOPMENT

- Provide equal opportunities to every employee regardless of racial, national origin, and gender in career development, including promotions, awards, and access to training.
- Organize and include employees in periodic training to improve employee skills and competencies, both in hard skills and soft skills.
- Evaluating employee performance and rewarding employees according to their performance.
- Regenerate potential employees and prepare them to become new leaders in the future.



CIRCULAR ECONOMY

- Creative innovation of sustainable products through upcycling using environmentally friendly materials derived from industrial waste and post-consumer waste while maintaining premium product quality.
- Implementation of Impack's Circularity principle, as well as identifying and reducing waste generated in the production process.
- Investment in the Impack Research and Innovation Center (IRIC) to provide solutions using untreated low-value residue/waste raw materials.
- Identification of goods by adding resin identification numbers to facilitate sorting of products after use.
- Implementing the 3R principle (Reduce, Reuse, Recycle) to minimize the environmental impact of production activities.
- Regularly reporting environmental performance and the existence of recognized environmental certifications.
- Collaborating with several NGOs in the field of biodiversity and environment to increase the Company's positive impact on the community and environment.

PRODUCT QUALITY AND SAFETY

- Ensure that products marketed to the public have passed quality and safety tests by the Impack Research and Innovation Center (IRIC).
- Ensure that the production process meets quality standards in accordance with ISO 9001:2015.
- Conduct product durability and safety tests both independently and through certified third parties.
- Continue to conduct research and innovation to improve and find substitutes for safer and higher quality raw materials.

SUSTAINABLE SUPPLY CHAIN

- Selecting suppliers with sustainability in mind, including good environmental practices.
- Engage suppliers in the Company's sustainability projects, promoting active collaboration to achieve sustainability in the supply chain.
- Proactively analyze key suppliers' sustainability data and performance.



BUILDING GOOD

COMMUNITY IMPACT AND DEVELOPMENT

- Expand the installation of Solar Dryer green products in various underdeveloped areas across Indonesia, particularly focusing on post-harvest management, aiming to enhance the well-being of communities and increase food security.
- Utilize recycled materials for building products, fostering the growth of local recycling industries and providing opportunities for collectors and scavengers.
- Promote the upstream collection of recycled raw materials, in collaboration with various NGOs and environmentalists.

PRODUCT INNOVATION AND PRODUCT STEWARDSHIP

- Collection of product's scraps and remnants from home renovations from the Company's sales network for recycling into environmentally friendly products.
- Investment in research and development to create environmentally friendly and innovative building material products using recycled materials.
- Collaboration with business partners and FMCG companies, particularly in efforts to recycle single-use packaging materials that are very difficult to upcycle with technological innovation, as part of producer responsibility (EPR).
- Upcycle industrial waste and single-use packaging/bottle into building materials with a life span of 5 years or more as a substitute for raw materials derived from natural resources.



RESPONSIBLE MARKETING AND CUSTOMER MANAGEMENT

- Introduce new products and standardize the correct installation method to the Company's installers and customers.
- Offer technical support for customers requiring detailed specifications and addressing special needs, ensuring the Company can deliver and provide the right products.
- Introduce sustainable products designed to reduce customers' carbon footprint, support awareness of environmental impacts, and promote sustainable lifestyles.
- Conduct various programs for customer retention that provide added value, superior customer service, to create long-term profitable relationships.



BUILDING WELL



SUSTAINABLE GROWTH

- Expand business operations into areas exhibiting growth potential, coupled with supporting infrastructure development and the establishment of new factories.
- Diversify product lines by innovating sustainable home improvement and building improvement products.
- Market newly introduced and improved innovative products with a sustainability focus.
- Make strategic acquisitions to strengthen market share and enhance the Company's resilience in navigating industry challenges.
- Optimize operational costs efficiently to increase profitability.
- Engage in circular economy business through Company's subsidiary, PT Sirkular Karya Indonesia (SKI), to support the Company's vision and mission in practicing sustainable business practices.

EMPLOYEE WELFARE, HEALTH, AND SAFETY

- Promote and implement diversity and inclusivity initiatives, creating a fair and inclusive workplace for all employees.
- Provide safe and comfortable work and sports facilities.
- Organize employee bonding programs, including employee gatherings or joint recreational activities, to strengthen relationships among employees.
- Include employees in the Employment Social Security Agency (BPJS Ketenagakerjaan) and the Health Social Security Agency (BPJS Kesehatan). The Company also provides medical and nutrition allowances, based on the applicable Collective Labor Agreement (CLA).
- Create a strong safety culture in the workplace, starting from the operator level to management.
- Conduct regular Medical Check-Up (MCU) for employees in the factory, especially those working in high-risk areas.





Message from the Board of Directors

Haryanto Tjiptodiharjo
President Director

Dear esteemed stakeholders,

In the challenging landscape of 2023, marked by uncertainties from the escalating concerns of climate change and geopolitical tensions, Impack has implemented various proactive measures.

Our Policies to Respond Challenges

Anchored in our 5-year strategic plan—Retune, Refine, and Recharge—we are actively shaping the foundation for a sustainable future, not just for our Company but also for the communities we serve. At Impack, we prioritize circularity, health & safety of our employees, transparency, and climate risk management to achieve our sustainability targets.

Sustainability Achievements

Throughout 2023, our commitment to sustainability yielded significant achievements, including:

- Responsible Business
 - At least seven thousand tons of recycled materials, with 11.85% recycled material utilization ratio in our products compared to the production volume.
 - Impack received the Green Label Gold Certificate from the Green Product Council Indonesia for the **Alcotuff** Aluminum Composite Panel product and **Solartuff Solid** Polycarbonate Sheet.
 - This year, we are pleased to share the establishment and the start of the operation of PT Sirkular Karya Indonesia, a subsidiary focusing on circularity, with a strategy is to upcycle single-use plastic waste into durable and low-carbon building materials.
 - Our manufacturing facilities in Cikarang use renewable energy, resulting in a reduction of 1,760 tons CO₂ of carbon emissions in 2023, equivalent to the carbon absorption of approximately 80,845 matured trees. We will also continue to increase the usage of solar panels in our factory. Altira Business Park, an office building owned by PT Sinar Grahama Lestari – one of Impack's subsidiaries – has been awarded the Greenship Platinum Certificate from the Green Building Council Indonesia, achieving a 21% energy savings and an emission reduction of approximately 1,183 tons of CO₂ eq in 2023.

- We are committed to our principle “Towards Zero Waste” wherein we strive to maximize the utilization of plastic waste resources through upcycling and prevent their disposal in both factories and at the end of their life cycle in landfills.

Our Communities

- To date, we have installed 542 solar dryers across 32 provinces, benefitting approximately 43,551 beneficiaries that include farmers and fishermen communities, while significantly reducing emissions by around 661 tons of CO₂ eq compared to the use of electrical dryer as well as increasing their productivity.
- We value diversity by creating an inclusive culture in Impack's work environment with achievements this year including zero fatal accidents, having 22% women as members of the Company's Board of Directors and Board of Commissioners, 2,400 employees with total training hours increased by 53.78% compared to 2022, and realising CSR costs of Rp21.66 billion.

Planning for the Future

Going forward, Impack will continue to focus on climate resilience by reviewing our strategy and updating our climate action plan on energy efficiency, asset adaptation and future proofing, and advocacy for a low carbon economy. In addition, the Company will continue to develop product innovation by continuing to invest in product research and development and engaging in collaborative efforts with partners and customers to expand the network.

On behalf of the management, I would like to extend my sincere thanks to all colleagues, customers, partners, and other stakeholders who have supported our sustainability journey and inspired us to always on the sustainable path.

Jakarta, May 2024



Haryanto Tjiptodiharjo
President Director

Progress and Target towards 2030 Sustainability Goals

Material Topics		Parameter	2030 Long-term Target	2023 Target	2023 Achievement	Towards 2030	SDGs
BUILDING RIGHT							
Corporate Governance		Safeguard stakeholders' rights and interests by adhering to ethical business practices	Be the industry leader in the Southeast Asia and beyond	Achieve the Company's profit target	Achieved		
Circular Economy		Use of Recycled Materials	5,000 tons/year (33.4% increase from 2019)	4,300 tons/year (14.7% increase from 2019)	7,813 tons/year (108% increase from 2019)		
Climate Resilience, Energy Efficiency, and Renewable Energy		Reduced Emissions from the Use of SDD and SDT	≈1,500 ton CO ₂ eq*	≈630 ton CO ₂ eq*	≈ 661 ton CO ₂ eq*		
		Emissions Reduced from the Use of Solar Panels	3,500 ton CO ₂ eq	1,000 ton CO ₂ eq	1,760 ton CO ₂ eq		
Human Capital Management		Average Training Hours per Employee	15 hours/year	8 hours/year	11 hours/year		
Product Quality and Safety		Products undergone quality and safety control	100%	100%	100%		
Sustainable Supply Chain		Purchases from National Suppliers	82%	79%	86%		
BUILDING GOOD							
Community Impact and Development		Beneficiaries of SDD and SDT	≈73,000	≈40,700	≈ 43,551		
Product Innovation and Product Stewardship		Continuous innovation of new sustainable products and responsible producers	Continuous new product innovation and committed to releasing 5 new and updated products every year	5 new and upgraded products	6 new and upgraded products		
Responsible Marketing and Customer Management		Customer Satisfaction Rate	88%	86%	87%		
BUILDING WELL							
Sustainable Growth		Net Revenue/Employee	83% Increased to Rp1,500 million compared to 2019	41% Increased to Rp1,150 million compared to 2019	46% Increased to Rp1,192 million compared to 2019		
		Net Income/Employee	112% Increased to Rp120 million compared to 2019	57% Increased to Rp89 million compared to 2019	216% Increased to Rp179 million compared to 2019		
Employee Wellbeing, Health, and Safety		Fatal Accident	Towards Zero Fatalities	Towards Zero Fatalities	Zero fatality		
		Employee Satisfaction Rate	85%	79%	80%		

*Compared to the use of electrical dryer.

Sustainability Overview

Economic Performance

Description	Unit	Reporting Period		
		2023	2022	2021
Production Quantity*	Tons	65,923	61,083	44,361
Net Revenue	Billion Rupiah	2,860.4	2,808.7	2,227.4
Net Income	Billion Rupiah	430.5	307.4	192.1
Eco-friendly Products*	Tons	7,813	7,154	5,286
Local Parties Engagement*	Tons	55,400	44,484	33,943

Note:

*Data covers Polycarbonate (PC), Aluminum Composite Panel (ACP), PT Unipack Plasindo (UPC), and PT Kreasi Dasatama (KD) units for 2022 and 2023, and PC, ACP, and UPC units for 2021.

Environmental Performance

Description	Unit	Reporting Period		
		2023	2022	2021
Energy Consumption*	GJ	159,890	153,941	121,235
Emission Reduction	Tons CO ₂ eq	2,943	1,103	748
Percentage of Waste to Total Production*	%	0.88	0.97	0.96
Recycled Waste*	Tons	7,813	7,154	5,286
Biodiversity Conservation	Rupiah	71,778,400	19,572,842	-

Note:

*Data covers PC, ACP, UPC, and KD units for 2022 and 2023, and PC, ACP, and UPC units for 2021.

Social Performance

Description	Unit	Reporting Period		
		2023	2022	2021
Employee Turnover Rate**	%	11.0	11.5	11.9
Total Training Hours*	Hours	15,300	9,949	4,852
Employee Satisfaction Level**	%	80	78	76
Consumer Satisfaction Survey	%	87	86	85
Corporate Social and Environmental Responsibility (CSER) Costs	Billion Rupiah	21.66	16.41	9.70
Number of Beneficiaries	People	≈43,551	≈41,536	≈33,849

Note:

*Data covers PC, ACP, UPC, and KD units for 2022 and 2023, and PC, ACP, and UPC units for 2021.

**Data includes domestic subsidiaries.



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