

COMMUNICATION ON PROGRESS

CORPORATE SUSTAINABILITY REPORT

PT. MARTINA BERTO, TBK.



YEAR 2014

INTRODUCTION

OVERVIEW

The Company and its subsidiary believe that Indonesian cosmetics, spa and herbal products have competitive advantages to penetrate the international markets through the following strategies: To appoint an agent/distributor in a certain country to handle marketing and distribution for one or more brands according to the agent/distributor's potential. To supply cosmetics products to overseas cosmetics industries through contract manufacturing (private label) services supplied by PT Cedefindo. Implementation of the right strategy and competitive advantages are our keys for successful international market penetration. The Company consistently carries out programs for improving its competitive advantages through development and innovation of new product lines. Challenge as provider of cosmetics raw materials, especially the natural ingredients, in cooperation with the Company's CSR program in helping the medicinal, aromatic and cosmetic plants farmers through the *Kampoeng Djamoe Organik* (KADO) project creative promotion program. Combine with Martha Tilaar Shops which have been developed in several cities in Indonesia and abroad as our customer service center. We also upgrade the production technology and the company information systems.

As it had been reported previously, PT. Martina Berto Tbk. has been grown significantly by bringing local wisdom in every single product to go to the market globally. By the time being, competition among national companies and multinational companies become very tight. However, we can enter the global market with competitive advantages in exposing our local wisdoms that can be proven by technology and scientific exploration as market preference in this modern era. Furthermore, in running business we stand in commitment to implement Global Compact principles in line with MDGs which every criterion of those initiatives could be run in synergism and support each other. New trends in business currently introduce to our corporate is "an inclusive business with the poor" that we have to do business not only collect profit but do the business process wisely by giving chance to the communities to become our supply chain with better added value products and services that can improve their skill and welfare.

Today the market competition will be so tight especially for cosmetic industries in local, regional, and global scale. Through our strategy of "Local Wisdom, Go Global" and combining with the green science philosophy of Dr. Martha Tilaar, we work harder to win the competition by exploring wisely our local wisdom, then proven by science and technology to meet global requirements. It is therefore, we declare our strategy since early 2010 by implementing four pillars of CSR activities.

The Global Compact Principles have always been incorporated within our company's mission and business strategies. They are undoubtedly the soul of our corporate culture that enhances the company's image. Implementing these principles has been done sustainably inline to 8 targets of MDGs (Millenium Development Goals).

Not only has such business value been well recognized by our stakeholders, but it eventually also influences our business network worldwide. We would say that it is notably imperative that business operators should put some extra efforts to concatenate these core values with theirs. Through our support of the United Nations Global Compact (UNGC), we also promote all principles of Global Compact to other stakeholders. It is, therefore, no doubt for us as corporate giving statement on continuing program implementation of 'UNGC 10 Principles' in the line of our business. In year 2012, Dr. Martha Tilaar has elected to be one of the UN Global Compact Board members that mean we should do more to promote the UN GC Principles as well as the implementation of the UN Sustainable Development Goal, especially in Indonesia.

Foreword from the Chairman Commissary and CEO

Message from Founder and Board of Commissioners

Founder and President commissioner of PT. Martina Berto, Tbk

Since beginning the company has blended business, social and ecology principles. As a beauty company, we explore the ancient wisdom of beauty care throughout the lifecycle. Based on “*Rupasampat Wahyabiantara*” that beauty is a balance reflection of inner and outer beauty, we have transformed and blended the richness of Eastern culture and Indonesian natural resources to be the soul of our brands and services to win the heart of consumers around the globe.



Corporate social responsibility (CSR) is merged in the company mission that in-line to the business strategy and being highly committed by corporate management for the sustainable development. The 4-pillar of CSR activities consist of beauty green, beauty culture, beauty education and empowering women.

Martha Tilaar Group has done several activities regarding to “Sustainability practices” since beginning of the company. We do our business not just Profit oriented, but we commit in considering People and Planet. It is why within 43 year-old of growing, our company become respected by national and global communities, including our business competitors. The reputation of our company is more internationally recognized as a trend setter producing natural techno beauty products that continuously merged with the richness of our Eastern culture, where we transform the local wisdom that supported by scientific data to meet the urban lifestyle and go global.

The MDGs (Millennium Development Goals) will reach at the end of its period in year 2015 that several objectives and goals have been achieved, but still many things have to be done. The outcome of the Rio+20 Conference on Sustainable Development initiated an inclusive intergovernmental process to prepare a set of sustainable development goals (SDGs). There is broad agreement on the need for close linkages between the two processes to arrive at one global development agenda for the post-2015 period, with sustainable development will focus on priority area for addressing and incorporating in a balanced way all three dimensions of sustainable development and their inter linkages, be coherent with and integrated into the United Nations development agenda beyond 2015 and active involvement of all relevant stakeholders, including business communities, as appropriate, in the process

To fight against poverty, better education program and better health should be supported by sustainable development program which provide growth and job opportunities in the midst of population-explosion, climate change, destroying of environment, limited of renewable resources. What are the private sectors role in securing sustainable development to take part to solve this humanity and environment problem is by joining “The UN Global Compact Networks”. The United Nations Global Compact (UNGC) Initiative has conveyed by the former Secretary General of UN, Mr. Kofi Annan in September 2000 in New York. In this meeting was discussed the engagement of the business communities in sustainable development to support the UN goals at the end of 2015. Then in 20 September 2014, the Secretary General of United Nations Mr. Ban Ki-moon, launched the Business Engagement Architecture, that called: Architect of a Better World, which designed as an invitation to organizations, initiatives and networks working globally to engage and motivate the global business citizens on sustainable development to promote and support corporate commitments and actions that advance UN goals by realizing its potential to advance sustainable development through active actions, collaboration and co-investment.

In order to maintain sustainable development, we need corporate sustainability, where it refers to a company’s delivery of long-term value in economic, social, environmental and ethical terms. This focus on long-term value carries with it both responsibilities and opportunities that can be described in a new leadership agenda, consist of ensuring respect for universal principle, enhance local and global engagement. The successful of

sustainable development post 2015 program can only be achieved if we strengthen and tighten collaborative partnership among all stakeholders who have the same objectives with high full commitment.

Focus area

Kampoeng Djamoë Organik (KaDO) Martha Tilaar, as part of our beauty green program, was mainly transforming the marginal bare land into a beautiful herbal holistic garden consisting MAC (medicinal, aromatic, cosmetic) plants in the center of industrial estate. The garden mission is to be the lung for urban city of Cikarang industrial estate and center for green education and eco-preneurship where people can learn the benefit of MAC (Medicinal, Aromatic, and Cosmetic) plants for health and beauty care, organic farming and green entrepreneurial education.

Here, we develop and create customized programs of the other 3 pillars ie. Beauty Education, Beauty Culture, and Women Empowerment, for each target group by working together with community, GO & NGOs, then, promote the activities through partnership with local and global media, and also provide books & guidelines of how to explore nature in a sustainable manner while preserving it for the future generation.

The holistic organic herbal garden of KaDO was created as our commitment in preserving biodiversity and local wisdom. Started from 1998, we tried to change the marginal land into green area by continuously planting herbs and trees. We educate our farmers about organic farming and postharvest treatment; while for small and home industries about eco-preneurship (ecological entrepreneurship) in Jamu (herbal products). For communities and students visiting KaDO, we do rise up their awareness to reduce global warming impacts, treating organic waste, exploring the usage of herbs for self health and beauty care; and also introduce to children for how to love our local wisdom, trees and traditional cultures.

As a Global Compact LEAD member, we implement 10 principles of Global Compact in our daily activities and support the achievement of MDGs target in Indonesia by promoting self health care through herbs and multi stakeholder collaboration by implementing holistic green science concept. This concept will be blended in the company business strategy to make it sustainable development in the future.

Finally, in this economic situation that is full of pressure, the competition becomes very tight. The company has to setup or designing strategy more precisely in the situation like this. Company has to make differentiation to come out as a winner in this very tight market competition. By conducting sustainable report as the company progress disclosure will brings us to the global trend of company communication and later we can grab consumer attention through understanding of our products and company as the producer.

Sincerely yours,



Dr. Martha Tilaar
Founder and the President Commissioner
PT. Martina Berto, Tbk

Management Commitment in Implementing Sustainable Business

The statement of the President Director of P.T. Martina Berto, Tbk.

We are pleased to greet you all stakeholders for your continuous support to our business that make it possible to grow and reach target on every milestone, while we are pleased too continuous support the ten principles of the Global Compact for the next years and after as we have been engage both local and global network under the flag of UNGC for over the last 14 years covering area of human rights, labor, environment, and anti-corruption.



The world is now facing big challenges regarding make balance between supply (resources) and demand. The world's resources currently support more than seven billion people, and will need to support 150% more by 2050 means there will increase the gap between resources and demand if no serious intention on it. Sustainable efforts to reduce the gap of them are remain challenges for us.

PT. Martina Berto, Tbk. keeps the commitment to support the sustainable efforts by doing business making profit while building relationship between stakeholders to grow together in harmony at green nature. Through the engagement on UN Global Compact activity, we express our intent to implement the ten principles of UNGC. We commit to make the Global Compact and its principles part of the company strategy, culture and day to day operations of our company. To give more impacts in implementing those principles, we do engaging in collaborative program with other parties, corporate and local government under the coordinator of local network. Advancing the broader sustainable development goals of the United Nations, P.T. Martina Berto, Tbk. will make a clear statement of this commitment to our stakeholders and the general public.

In the future direction, we try to develop programs activities based on the 4 pillars of Corporate CSR inline to the ten principles of UNGC to rise up welfare of company members (employees) and communities as the corporate stakeholder. To support company business we also create program related to the facilities enrichment of KaDO garden by setting up a center of herbal processing unit fulfilled with herbal clinic for community health with the concept of traditional natural healing.

We have duplicated KaDO concept in several places by setting up small size MAC plants gardens in schools, universities, urban & rural communities as the living library where people can learn the usage of herbal and care our biodiversity. Moreover, this holistic garden will also be the place where stakeholders can do meeting and exchange program to make further action in collaboration & cooperation as a trigger of further environmental actions done by community, students & business people.

We do realize that doing business is not just pursuing profit and achieving higher margin, but also caring our people to make our business on and stay alive, while caring our planet can make our world save from any destructive situation due to over exploration done by human.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Brian David Emil', written over a horizontal line.

Brian David Emil
President Director

CSR and Our Business

We realize that a key success on achieving every target of program activities we have to make the annual submission of Communication on Progress (COP) describing our efforts in implementing the ten principles in our daily activities. As we have reported previously, our main CSR strategy would still based on the 4(four) pillars which is implementing our caring strategy for nature, education, culture, and women empowerment.



These could be explained as:

- **Beauty Green**, performing program on caring our nature involving green production, caring our environment, preserving natural resources, and developing strategy on green company for green nation.
- **Beauty Education** is the program in supporting national education program both formally and informally through some program implementation. Giving facilities and opportunities to village students to continue their study to get specific skills that can be use to improve their skills such as Spa therapist, massage therapist, makeup, and hair dresser. Giving scholarship is the other program in giving opportunities for poor family member in pursuing higher degree of study. More over we do also teaching community in many areas and subjects based on their needs which can be implemented directly in their daily life.
- **Beauty Culture** is the program activities in supporting Indonesian culture conservation and exploring the potential of local community and rising up to the surface to get recognition from others. Preserving local culture is also the effort to keep local wisdom for good environment as a living in neighborhood.
- **Women empowerment** has also play an important role of Indonesia community as many local cultures previously believe that women role is not countable as the strong support in a family life. By implementing this program, we do belief that by exploring women potential, it is possible to change many things, to improve family welfare, and it is also possible to make a big change in market and business concept of the company.



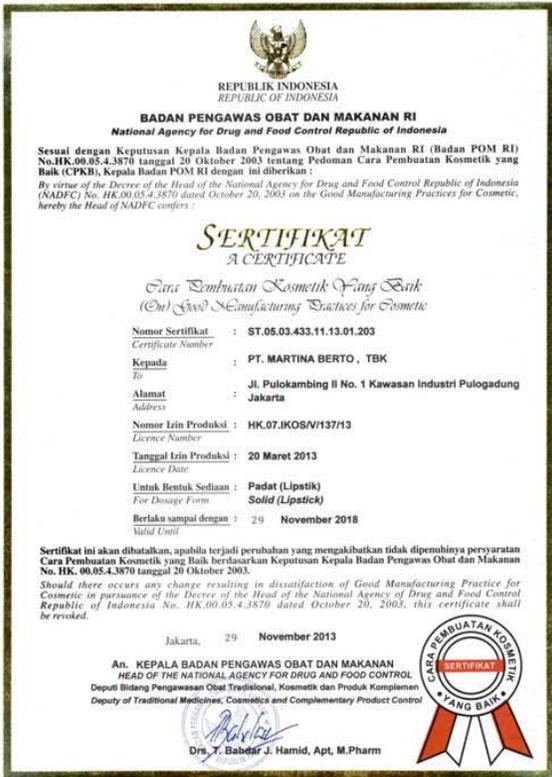
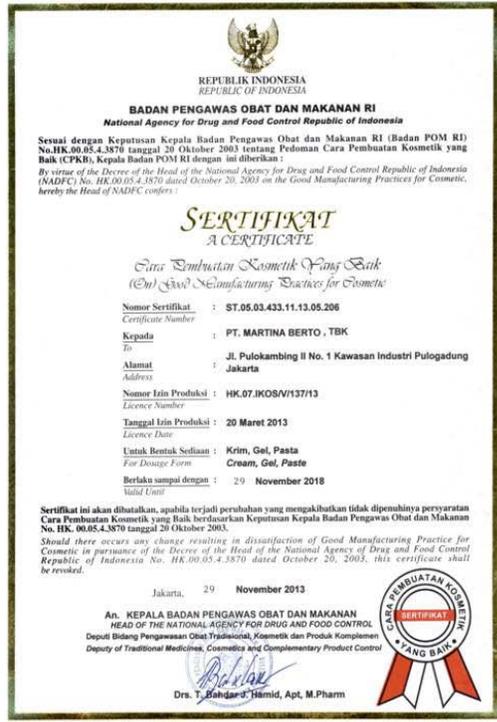
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The Programme of 4 Pillars of Corporate Social Responsibility

Assurance

We engage extensively with stakeholders throughout the year. All main strategic activities to be the leader as cosmetics and jamu herbal products have been assessed and certified by respected and credible third parties.

- a. The achievement of the company refer to our daily manufacturing practices has been assessed by the related third parties, such as:
 - The compliance to Good Manufacturing Practices in all kind of cosmetics products and jamu herbal have been accessed and certified by the National Agency for Drug and Food Control Republic of Indonesia.



Pictures: The Certificates of Good Manufacturing Practices in All Cosmetics Products Types

- b. The compliance to International Quality Standard for ISO 9001 has been assessed by the SGS certification body.



The Certificates of ISO 9001

- c. The compliance to International Standard for Environment Conservation practices ISO 14001 by International Certified Body SGS, while for Green Company by the Indonesia Environmental Minister.





The Certificates of ISO 14001 and Indonesian Green Company Award from SWA Magazine



The Green Leadership Award by Asia Responsible Entrepreneurship in Singapore

d. The compliance to innovation and industrial technology pioneer



**In year 2011 for
Biokos Botulike**



**In year 2012 for
Sari Ayu Putih Langsung**

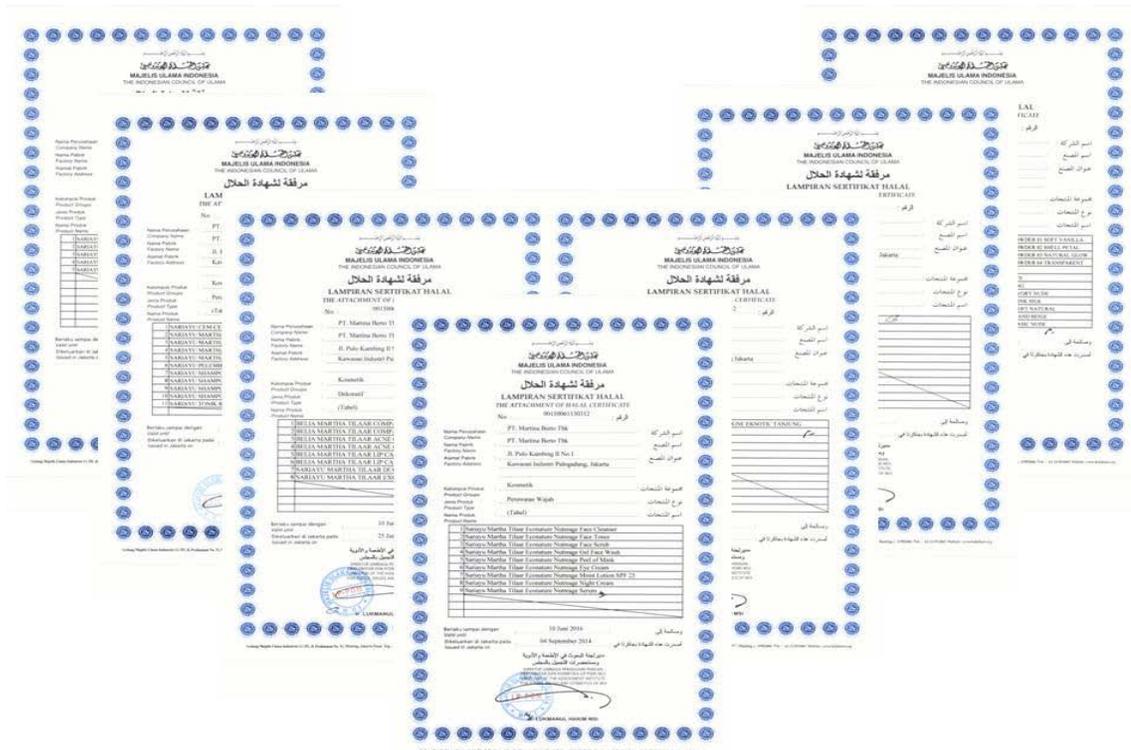


**In year 2014 for
Dewi Sri Spa Body
Contour seri**



PT. Martina Berto Tbk. has been awarded as the Indonesia Industrial Technology Pioneer in 2011, 2012 and 2014 by the Indonesia President and the Industrial Minister.

e. The compliance to Halal requirement has been assessed and certified by Indonesian Ulema Council



The Halal Certificates of Several MTG's Brands in A Catagory

f. Research Output as Patent and Intellect Property Rights since 2002.



The Patent and IPR Certificates that received since 2002

We got 42 patents and IPR as the output of our research activities in Indonesia Medicinal, Aromatic and Cosmetic Plants since 2002.

f. Outcome of awards from the third parties

Several national and international awards have been received by P.T. Martina Berto, Tbk. as the appreciation of the Company best performance.



No	Penghargaan/Awards	Prestasi/Achievement	Lembaga/Institution
1	Certificate of Performance	5 Star Quality Product in 2013: Sariayu & Mirabella.	Global Customer Satisfaction Standard
2	Satria Brand Award 2014	Category BB Cream (Caring Colour), Cleanser & Toner (Sariayu)	Indo Research, Suara Merdeka & SM Network
3	Customer Choice	Indonesia Middle Class Muslim: Sariayu Skin Care	SWA & Inventure
4	The 1st Champion of Indonesia Original Brand 2014	Cosmetics (Sariayu) as the 1st Champion of Indonesia Original Brand.	SWA
5	Top Brand Award	Recognition of Outstanding Achievement in Building the Top Brand for Sariayu: Hair Tonic, Facial Cotton, Traditional Body Scrub & Olive Oil	Frontier & Majalah Marketing
6	Rising Global Stars Award	20 Rising Global Stars for PT. Martina Berto Tbk	Forbers
7	Rintisan Teknologi Industri	Inovasi yang Berbasis Bahan Alam dan Kearifian Lokal Indonesia kepada PT. Martina Berto Tbk	Kementerian Perindustrian
8	Social Media Award	Great Performing Brand in Social Media for Sariayu	Frontier & Majalah Marketing.
9	Women's Health Indonesia Beauty Choice	Produk Kecantikan Pilihan 2015 : Biokos, RHC, Dewi Sri Spa, Sariayu & Caring Colours.	Women's Health
10	Indonesia Best Brand	Best Brand : Sariayu	SWA & MARS
11	Bazaar Beauty Awards 2015	Best of the Best Reader Choice: Dewi Sri Spa	Bazaar Magazine
12	Red & White Christmas 2014	The Best Tenant Decoration: Martha Tilaar Shop	Supermall Karawaci
13	Best Beauty Buys 2014	Best Luxurious Body Wash: Dewi Sri Spa	Women's Weekly
14	Her World Beauty Award	Winner Editor's Choice - Body Wash: Dewi Sri Spa	Her World
15	Corporate Image Award 2014	The Best in Building and Managing Corporate Image: PT. Martina Berto Tbk	Tempo Media & Frontier

The list of awards that received by the Company.

g. Outcome of our MDG activities

The community at Gajahwong river, Yogyakarta, Centra Java, got the MDGs award in June 2013 where we facilitated the community waste water treatment plant and the bank of household waste products, in related with our action in the CEO Water Mandate Program



The MDGs Award for our CEO Water Mandate Program in Gajahwong River - Yogyakarta

GRI Index

We align our reporting with the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, and provide the link to the Company Yearly Company Report.

Our shareholders

- a. Based on the Shareholder Book dated 31 December 2014, issued and fully paid shares consist of:
 - Shareholders who have more than 5% portion owned by PT. Marthana Megahayu Inti totaled 714,999,990 shares.
 - Share which are owned by the commissioners and directors, consist of:
 - Bryan David Emil – President Director, amount to 422,000 shares.
 - Samuel Eduard Pranata – Marketing Director, amounted to 257,000 shares.
 - Handiwidjaja – Finance Director, amounted to 175,000 shares.

- Kunto Widarto – Production Director, amounted to 150,000 shares.
- The number of shares owned by the public and less than 5% is 353,995,510 shares. Information regarding the major and the controlling shareholders in the form of diagram

Our stakeholders

Moreover, we have also maintained external parties related to our corporate activities in implementing the ten principles of the Global Compact, that some of them are also related to our core business.

a. List of stakeholders group that engaged directly with the Company

- **Indonesia government authorities**

- Agriculture ministry, especially with Directorate General of Horticulture, Directorate General of Estate Crops, Directorate General of Processing and Marketing for Agricultural Product, and The Indonesian Agency for Agricultural Research and Development (mainly with two research center institutions: research center for medicinal and aromatic plants and research center for spices).
- Forestry ministry, especially with Research and Development Forestry Agency and Directorate General Forest Enterprises.
- Health ministry, especially with Directorate General Pharmaceutical Services and Medical Devices
- the National Agency of Drug and Food Control.
- Industrial ministry, especially with Directorate General Manufacturing Industrial Base.
- Trade ministry, especially with Directorate General Foreign Trade
- Coordinating ministry for economic affairs
- Ministry of justice and human rights
- National standardization body

- **Non government organizations**

- World Wildlife Fund Indonesia
- Yayasan Kehati (The Indonesia Biodiversity Foundation)
- Setara Foundation
- Indonesia Non Timber Forest Product
- Wahana Lingkungan Hidup Indonesia (Walhi – Indonesia Forum for Environment)
- Indonesian Conservation Community Foundation (Warsi)
- Aliansi Masyarakat Adat Nusantara (Indigenous Peoples Alliance of the Archipelago).
- Perkumpulan Telapak
- Dewan Rempah Indonesia (Indonesia Spice Council)
- Indonesia Global Compact Network
- Swisscontact Indonesia
- Perkosmi (Indonesia Cosmetic Association)
- ASEAN cosmetic Association (ACA)
- Gabungan Pengusaha Jamu dan Obat Tradisional (Association of Jamu and Traditional Medicine Producers)
- Yayasan Bina Swadaya (Self reliance development foundation)
- Yayasan Bina Usaha Lingkungan

- **United Nations Institutions**

- International Labour Organization
- United Nations Conference on Trade and Development
- United Nations Development Program Indonesia

- **Global partners**

- ProFound – Adviser in Development
- SIPPO - the Swiss Import Promotion Programme

- ASEAN Cosmetics Association
- **Local and global universities**
 - The Leiden University in the Netherlands
 - The Indiana University - USA
 - Indonesia University
 - Padjadjaran University
 - Surabaya University
 - Airlangga University
 - Institute Technology Bandung
 - Institute Technology Bogor
 - University Mulawarman, East Kalimantan
 - University of Nusa Penida, Kupang, East Timor.
- Several Suppliers and Farmers cooperation

Key Performance Indicators

- **Economy Performance**

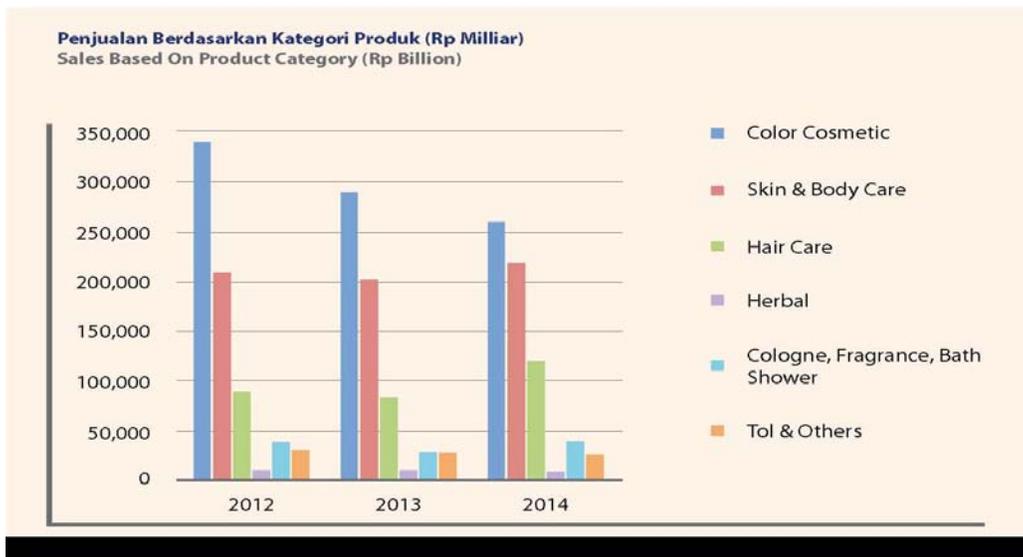


Table: Progress Review of the Company Key Performance

- **CSR Performance**

The measurement indicators based on 4 pillars implementation will be presented as below:

Green Education

ACTIVITIES	2010	2011	2012	2013	2014
Farmers, trained on organic farming	14	15	37	4	8
Farmers, implementing organic farming	9	10	18	4	12
Green trainees for organic awareness (00)	37.74	45.76	59.12	56.76	69.19

Beauty Green

ACTIVITIES	2010	2011	2012	2013	2014
Living library in schools & Universities	4	6	3	2	2
Plant seedlings for community (00)	57.00	61.25	72.85	60.50	383.60
MAC Plants preserved in garden	627	627	640	650	669

Beauty Culture

ACTIVITIES	2012	2011	2012	2013	2014
Amount of published book	8	6	7	5	5
Culture performance supported by Company	12	10	12	3	18

Women Empowerment

ACTIVITIES	2010	2011	2012	2013	2014
Women got special skills (00)	52.90	53.50	54.10	45.41	46.23
Good quality of trainees (%)	86	90	92	90	106
New enterprises that managed by women	9	2	5	2	5

Table: Implementation of 4 pillars CSR

• People Performance

ETHNIC	2014		TOTAL	2013		TOTAL
	Mgt	NON Mgt		Mgt	NON Mgt	
Javaness	66	510	474	64	459	523
Sundaness	9	85	94	12	93	105
Sumatraness	18	61	79	20	64	84
Kalimantaness		6	6		5	5
Sulawesiness	4	15	19	4	15	19
Malukuness	2	2	4	2	3	5
Baliness	1	5	6	1	4	5
Nusa Tenggararess	1	4	5	1	4	5
Chinese	24	14	25	23	3	26
Total	125	587	712	127	650	777

Table 3: The description of the ethnic of employees

RELIGION	2014		TOTAL	2013		TOTAL
	Mgt	NON Mgt		Mgt	NON Mgt	
Moslem	70	532	602	69	591	660
Christian & Catholic	54	50	104	57	53	110
Buddhist & Hindu	1	5	6	1	6	7
Total	125	587	712	127	650	777

Table: Description of employee religion

Environmental Performance

Objective, target, and Program of environment (clausa 4.3.3)		Time Estimation	Implementation & Program Monitoring (Status & Achievement)			
Description			2013		2014	
			Jan s/d Juni	Jul s/d Dec	Jan s/d Juni	Jul s/d Dec
I. To be the company saving natural resources	1. Reuse of WWTP output for daily needs through: a. build sewage chamber b. installing water pump for garden irrigation c. activities on watering garden	Aug-13 Sep'13 Dec'13	T = 40 A = ? 1/ Jun'13	T = 40 A = ? 1/Dec'13	T = 40 A = ? 1/Jun'14	T = 40 A = ? 1/Dec'14
	2. Saving natural resources through : - recording & monitoring electric consumption: a. Electric consumption (KwH / month) b. Ratio (product amount / KwH)	Dec-13	143 T = 27000 A = 24354	129 T = 27000 A = 24308	134 T = 27000 A = 23430	134 T = 27000 A = 20860
	- Recording & monitoring water consumption : a. water consumption (m3 / month) b. Ratio (lt / man / day)		2689 T = 100 A = 146	2766 T = 100 A = 162	3160 T = 100 A = 154	3099 T = 100 A = 180
II. Performing environment with controllable impacts	1. Implementation Program on domestic sewage as Per. Gub. No. 122/Year 2005 --> a. Constructing STP komunal b. Commissioning phase c. Legalizing process STP d. Monitoring & evaluation result STP - Quality of domestic waste water, based on quality standard	Jun-13 Jul-13 Sep'13 Dec-13	2/May'13	4/Sep'13 4/Sep'13 2/Sep'13	2/ Jun'14 3/ Jun'14	2/Dec'14 4/ Dec'14
	2. Construction program of Bio-pore (absorbtion well) should meet the current regulation a. Collecting information b. planning c. Constructing bio-pore d. Commissioning	Juli 2013 Des 2013 Jan-14	1/Mel'13	1/Des'13	1/Juni'14	1/Des'14
	3. Program on gradual replacement of ozone depleting substances through: 100% Central Aircondition by BPO replacement a. Periodic replacement, phase I (2 AC) b. Periodic replacement, phase II (2 AC) c. Periodic replacement, phase III (2 AC) d. Periodic replacement, phase IV (2 AC) e. Periodic replacement, phase V (3 AC) a. periodic replacement phase I (40 pieces) b. periodic replacement phase II (40 pieces) c. periodic replacement phase III (35 pieces)	Jul-10 Dec-11 Dec-12 Jul-13 Dec-13 Dec-12 Jul-13 Dec-13	2/ May'13 2/May'13	3/ Dec'13 4/Dec'13	4-May-14 4/Dec'14	 4/Dec'14
III. Together with all stakeholders company performing green & clean company	1. Continuing program of Clean emition with the achievement reach 99% vehicles in PTMB factory area meets standard environment requirement, through the following action: a. working together with General Affair Department to implement clean emmition program for cars b. monitoring & evaluation	up to year 2011	2/May'13		1/April'14	
	2. Inclusion of recycle/environment friendly logo for plastic containes. This should be printed on own plastic containers while for free mould containers should use the green plastic materials by: a. giving new product information to the choosen suppliers b. production trial of plastic container at supplier factory c. approval from quality control and R&D department d. delivery	up to year 2011	T = BK baru A = 1 2/ May'13	T = BK baru A = 1 4/Dec'13	T = BK baru A = 4/Jun'14	T = BK baru A = 4/Dec'14
	3. Periodic replacement packafing materials to environmental friendly materials a. inventoring existing materials b. surveying to supplier c. approval d. delivery			2/ Dec'13	2/ Apr'14	
	4. Zero accident in the area of company a. socializing program and training b. monthly checking/patrol c. monitoring , evaluation & data recording d. reporting and proposing for competition	Jul-13 Jul-13 up to Dec'14 Dec-14	2/ Jul'13 2/ Jul'13 2/ Jul'13	2/ Dec'13 2/ Dec'13 2/ Dec'13	3/ Jun'14 3/ Jun'14 2/ Jun'14 1/Jun'14	4/ Dec'14 4/ Dec'14 3/ Dec'14 1/Dec'14

MILESTONES OF COMPANY



1981

Pada tahun 1981, Perseroan mendirikan pabrik modern yang pertama di Jl. Pulo Ayang No. 3, Kawasan Industri Pulo Gadung, yang memproduksi kosmetika dan jamu, pertama kali dengan merek "Sariayu-Martha Tilaar".

In 1981 the Company built its first modern factory at Jl. Pulo Ayang No. 3, Pulo Gadung Industrial Estate, manufacturing cosmetics and traditional medicines with "Sariayu-Martha Tilaar" brand.



1986

Pada tahun 1986, Perseroan mendirikan pabrik modern kedua di Jl. Pulo Kambing II/1, Kawasan Industri Pulo Gadung ("Pabrik Pulo Kambing").

In 1986 the Company built its second modern factory at Jl. Pulo Kambing II/1, Pulo Gadung Industrial Estate ("Pulo Kambing Factory").



1993

Pada tahun 1993, Perseroan mengakuisisi PT Cedefindo yang bidang usaha utamanya adalah jasa produksi (Makloon) dalam produk kosmetika sebagai diversifikasi usaha Perseroan ke industri hulu.

In order to diversify to the upstream industry, in 1993 the Company acquired PT Cedefindo whose main business was in contract manufacturing (of private labels) for cosmetics products.



1995

Karena perkembangan, penjualan yang pesat pada tahun 1995, Perseroan memindahkan produksi jamu ke pabrik di Gunung Putri, Bogor. Sedangkan pabrik Pulo Ayang dialihkan ke anak perusahaan, PT Cempaka Belkosindo Indah, yang memproduksi kosmetik dengan merek "Mirabella" dan "Cempaka".

Due to fast growing sales, in 1995 the Company relocated the manufacturing facility of herbal medicines to Gunung Putri Factory in 1995. Meanwhile, Pulo Ayang Factory was then transferred to the subsidiary company, PT Cempaka Belkosindo Indah which manufactured cosmetics with "Mirabella" and "Cempaka" brands.



1996

Pada 1996 mendapat sertifikasi ISO 9001 (Sistem Manajemen Mutu)

In 1996 obtained ISO 9001 Certificate (Quality Management System)



2000

Mendapat Sertifikasi ISO 14001 in 2000 (Sistem Manajemen Lingkungan) dan sertifikat GMP (CPKR: Cara Pembuatan Kosmetika yang Baik dan CPOTB: Cara Pembuatan Obat Tradisional yang Baik).

Received ISO 14001 Certificate in 2000 (Environmental Management System) and GMP (Good Manufacturing Practice) Certificates on cosmetics and herbal medicines.



2005

Pada tahun 2005, PT Cempaka Belkosindo Indah di-merger dengan Perseroan sehingga merek "Mirabella" dan "Cempaka" dialihkan ke Perseroan dan produksinya digabungkan di pabrik Pulo Kambing. Selanjutnya bangunan Pabrik Pulo Ayang dialih-fungsikan menjadi kantor penjualan yang bersebelahan dengan Distribution Center milik Perseroan yang terletak di Jl. Pulo Ayang No. 24-25, Kawasan Industri Pulo Gadung.

In 2005 PT Cempaka Belkosindo Indah was merged with the Company so "Mirabella" and "Cempaka" brands were also transferred to the Company and manufactured in Pulo Kambing Factory. Pulo Ayang Factory was then converted to Sales Office next to the Company's Distribution Center located at Jl. Pulo Ayang No. 24-25, Pulo Gadung Industrial Estate.



2010

Mem buka gerai retail baru, Martha Tilaar Shop (MTS) di Singapura untuk meningkatkan pasar internasional

Opened a new retail outlet "Martha Tilaar Shop" (MTS) in Singapore to boost the international market.



2011

• Pencatatan saham perdana - Perseroan mendirikan anak perusahaan Eastern Beauty pelago Pte Ltd Di Singapura untuk mengoperasikan Martha Tilaar Shop (MTS) di Singapura dan luar Indonesia.

• Initial stock listing - The Company Established a subsidiary Eastern Beauty pelago in Singapore to operate the Martha Tilaar Shop (MTS) in Singapore and outside Indonesia.



2012

Peletakan batu pertama Pabrik baru obat tradisional/jamu yang berlokasi di Kampoenng Djamu Organik (KaDO), Cikarang.

Ground breaking construction of new herbal traditional medicine in Kampoenng Djamu Organik (KaDO), Cikarang.

The Milestone of PT. Martina Berto Tbk.

Currently, Martha Tilaar Group consists of:

- P.T. Martina Berto, Tbk. (manufacturer of cosmetics and herbal products, marketing for Indonesia & International markets),
- P.T. SAI Indonesia (local distributor of Martha Tilaar Group cosmetic products),
- P.T. Martha Beauty Gallery (offering beauty counseling and educational services, i.e. Puspita Martha School of Beauty, Martha Tilaar Spa, Cipta Busana, Art & Beauty Martha Tilaar,
- P.T. Cantika Puspa Pesona (local and international franchise management for Martha Tilaar Spa, Dewi Sri Spa by Martha Tilaar, Eastern Garden Spa by Martha Tilaar),
- P.T. Cedefindo (local cosmetics manufacturer for toll contract manufacture)
- P.T. Creative Style (advertising agency company),
- P.T. Estrella Lab (a licensing of Germany Henkel Cosmetic), and
- P.T. Kreasi Boga Primatama (human resources agency).

Martha Tilaar Group will continue to expand its wings by releasing international quality products. In order to be able to enter global market and take the position beside multi-national companies, all of the companies under the Group have to comply to the ten principles of the UN Global Compact:

GOVERNANCE & ETHIC OVERVIEW

Structure of Good Corporate Governance

Based on the provisions of Act No. 40 of 2007 about limited liability companies in Indonesia, the company consists of three main organs:

- The general meeting of shareholders (AGM),
- The Board of Commissioners and
- The Board of Directors.

All three of these organs, which is supported by Audit Committee, Internal Audit Unit and our Corporate Secretary, played an important role in the implementation of good corporate governance.

General Meeting of Shareholders

General meeting of shareholders (AGM) is the highest in the governance structure of the company. The AGM has the authority to take decisions on important issues relating to the business and operations of the company.

General Meeting of Shareholders consist of:

- Annual general meeting of shareholders (AGM) held annually, at least 6 (six) months after closing of the company accounting year. The resolution in AGM is annual routine agenda covering; approval of annual report, approval the usage of net profit of the company such as dividend or retained earning , appointment and termination of directors and commissioners, approval or granting authority to the board of commissioners about the amount of the board of directors and board of commissioners remuneration, the appointment or granting authority to the board of directors to determine the auditors external, release and discharge the responsibility of the board of directors and board of commissioners over the management and supervision that has been performed during the accounting year ago after the annual report approved/ authorized by AGM.

- Extraordinary General Meeting of shareholders (EGM) held when deemed necessary together or singly by the Board of Commissioners, Board of Directors and shareholders. The EGM Agenda is the agenda that cannot be accommodated by AGM such as the memorandum of article of association and approval of corporate actions.

Board of Commissioners

In carrying out their task and authority the Board of Commissioners based on for the Company's Board of Commissioners Guidelines

The Board of Commissioners responsible for supervision functions over the management of the company by the Board of Directors. In practice, the Board of Commissioners received a report of the Board of Directors and the committee underneath regularly, and giving advice and suggestions to the Board of Directors on management issues such as described in the article of association. The Board of Commissioners can be given responsibility for the other duties in the AGM/EGM.

The Board of Commissioners are responsible to the AGM/EGM. According to the applicable laws of capital market, a public listed company of the company has to have the independent Commissioner who represents the interests of public shareholders.

The Board of Commissioners convenes with the Board of Directors 4 (four) times a year, which is after the end of each quarterly financial statement period. But if necessary can do its own meetings or joint meetings with the Board of Directors outside of the quarterly meetings.

During the fiscal year 2014 the joint meetings with Board of Directors have been held as much as four times, which attended by all members of the Board of Commissioners. In year 2015 is scheduled the Board of Commissioners Meeting for each two months period. Whereas the Board of Commissioners & Directors Meeting is scheduled three times per annum.

Board of Directors

In carrying out their task and authority the Board of Directors based on for the Company's Board of Directors Guidelines. The Board of Directors is responsible for leading, managing and controlling the company and occupying, maintaining and managing the company's assets. The Board of Directors is also authorized to represent the company in and out of court and bind the company with other parties.

In the event that the Board of Directors will perform a corporate action which had a material impact on the course of the company or its assets, such corporate action shall have the approval from the EGM. Therefore the Board of Directors is also responsible for calling the holding of AGM and EGM.

The Board of Directors convenes with the Board of Commissioners 4 (four) times a year, which are after the end of each quarterly financial statement period. But if necessary can do its own meetings or joint meetings with the Board of Directors outside of the quarterly meetings.

During the fiscal year 2014 the joint meetings with Board of Commissioners have been held as much as four times, which attended by all members of the Board of Directors. In year 2015 is scheduled the Board of Directors Meeting in 4th week for each month.

Audit Committee

In line with the spirit to implement good corporate governance as well as to comply the regulations of Capital Markets and Financial Institutions Supervisory Agency (Bapepam-LK), the Board of Commissioners has formed the Audit Committee.

Purpose of establishment of the Audit Committee is to assist the Board of Commissioners in the conduct of supervisory role by reviewing financial statements, internal control systems, audit process, compliance of the company on the regulations and applicable laws, code of ethics and risk management initiatives of the company.

In carrying out its duties the Audit Committee cooperate with Internal and External Audit. The service period of Audit Committee member is a year and it can be extended. Meetings held by the Audit Committee depending on the needs. For the year 2014, a member of the Audit Committee has performed for 37 (thirty seven) times that was attended by all members of the Audit Committee.

The Internal Audit Unit was established as the corridor organization in implementing strategies to achieve the targets that have been in charge, and to improve the functioning of the integrated control in order to ensure that operational activities had been well run and can increase the effectiveness of the Organization through value added implementation of risk management and the principles of Good Corporate Governance.

Corporate Secretary

The corporate secretary is main liaison between the company with shareholders, authority of capital market, investors, analysts, professional parties and public, as well as perform the important role in keeping the company disclosure.

The corporate secretary in charge to monitor and maintain the compliance of capital market regulations, provide the company's related information to the public/shareholders and provide the advice to board of directors regarding the compliance of capital market laws and regulation.

Investor Relation

The company realizes of the importance of maintaining a good investor relations function and the disclosure to its shareholders, analysts and the press in communicating the update progress on the financial performance and other information consistently and transparently. All the shareholders obtain the equal treatment in terms of content and timing of the disclosure of any material information about the company. Investor relations function is run by Corporate Secretary coordinates with the Board of Directors.

RISK MANAGEMENT

In business, the risk aspect is an important aspect which must be reckoned carefully. The business performance often experiences the pressure, as a result not undertaken and reckoned carefully. The losses may arise in the management of the business can be sourced from internal and external of Company. Risk management is carried out by the company's management to reduce risks that occurs, as will be described as follows:

Operational Risk

In the resulting product, the company depends on the ability to obtain supplies of raw materials as well as the packaging materials in a timely fashion and sustainability as well as a fairly stable prices. Efforts are underway to reduce the risk of this is to utilize a portion of land in Cikarang (+/-4 hectares) as Kampong Djameo Organic (KADO) which serves as a backup to supply of raw materials are scarce in market, the company also pursues the procurement of raw materials and packaging materials does not depend on one or a small group of suppliers. The company has also implemented a procurement method of the raw material and packaging material according to production needs.

All the efforts made in eliminating operational risk, keep attention to efficiency is maintained by the company. So the financial performance can still be improved. For each of the products prepared in two formulas that use different raw materials, so that when there is a scarcity of or difficulty in procuring raw materials from a formula that one can be used in other formulas with the easier procurement of raw materials. For the pareto products (main products) prepared a bigger buffer stock of raw materials and packaging materials.

Market Risk

In marketing the product, there is a risk of products being offered less demand by consumers or lose in the face of competition with other competitors. To eliminate this risk, before a product is made. Marketing team will provide market information to research and development team, it was only a prototype product created, tested and examined by a team of research, production, purchasing and marketing. After the prototype of the product is considered worthy, then the product is launched onto the market. During the process of tested and examined, the marketing team constantly monitors market trend and prepare the steps to market such products.

For 2014, the existing risks can be controlled. As the needs of the packaging due to new products and packaging materials/models replacement can be fulfilled from several suppliers. So do with the launch of a new product on the market, these products can be absorbed and accepted by the market according to the stages of penetration of new products.

Labor Risk

Employees is a very important partner for the company, placing the right people at the right position strongly influence the effectiveness and efficiency operation of the company. To minimize the risk the company doing the strict selection of prospective employees, such character and competence (attitude) through a selection process that aims to obtain employees with appropriate qualification and having good integrity is on the position assumed sustainably. For that the company constantly improve their ability by employees development plan on all lines carefully.

The development of the ability of the employees is very important, as well as increasing their capacity in the field of work but also prepare them to rise to the higher level. So if there are employees who resign, then the position left can be filled from the company's internal employee who has understanding and mastering the field of employment.

Other Risk

The operation of company are potentially experience the incidental force majeure situations, such as natural disasters, fires, theft, sabotage or accident caused by negligence or affected by other factors. The Company strategy in controlling those risks is to provide safety training for employees, especially for employees with a specific job that has its own risk. Safety training can be carried out internally or by an external party that are

competent in the field. Safety training, disaster/introduction risk as well as handling is one of the company's policy in securing valuable company assets are the workers and the company's business. In addition the company also equips with safety equipment that applies appropriate industry standards and company policies, in case of occurrence of losses on the existence of natural disasters as well as other things that can not be avoided. In case of occurrence of losses on the existence of natural disasters as well as other things that cannot be avoided, the company also has sought to minimize losses by requiring insurance programs according to needs of the company.

ETHIC REVIEW

Anti-corruption commitment is stated by company management and is supported and implemented in all level of employee as well as suppliers and other stakeholders. This program is continuous action in our company by continuous monitor and evaluation to all level and all section related to government policy and company policy.

We do identify potential area where someone can do such thing including bribery, so there is no potential section doing corruption. We also implement this policy to all stakeholders involve in the supply chain including supplier and partners as well as government.

The Internal Audit Unit was established as the corridor organization in implementing strategies to achieve the targets that have been in charge, and to improve the functioning of the integrated control in order to ensure that operational activities had been well run and can increase the effectiveness of the Organization through value added implementation of risk management and the principles of Good Corporate Governance. So, duties and responsibilities of the internal audit:

- Carry out the inspection/audit of internal control system in the course of the implementation of GCG in rendering judgment in accordance with the regulatory/policy organization.
- Perform evaluation and validation of the system that runs as well as new ones will be implemented regarding the management, control, monitoring of the effectiveness and efficiency of the systems and procedures for each organizational unit.
- Monitoring and evaluation on the results of the Audit findings as well as give the suggestions to the improvement of the activities of the organization and the system/policy/regulations in accordance with the requirements of legislation and applicable regulation.
- Presenting an audit that has been implemented to the CEO (Chief Executive Officer). Carry out specific tasks in the scope of internal control that is assigned by the CEO (Chief Executive Officer).

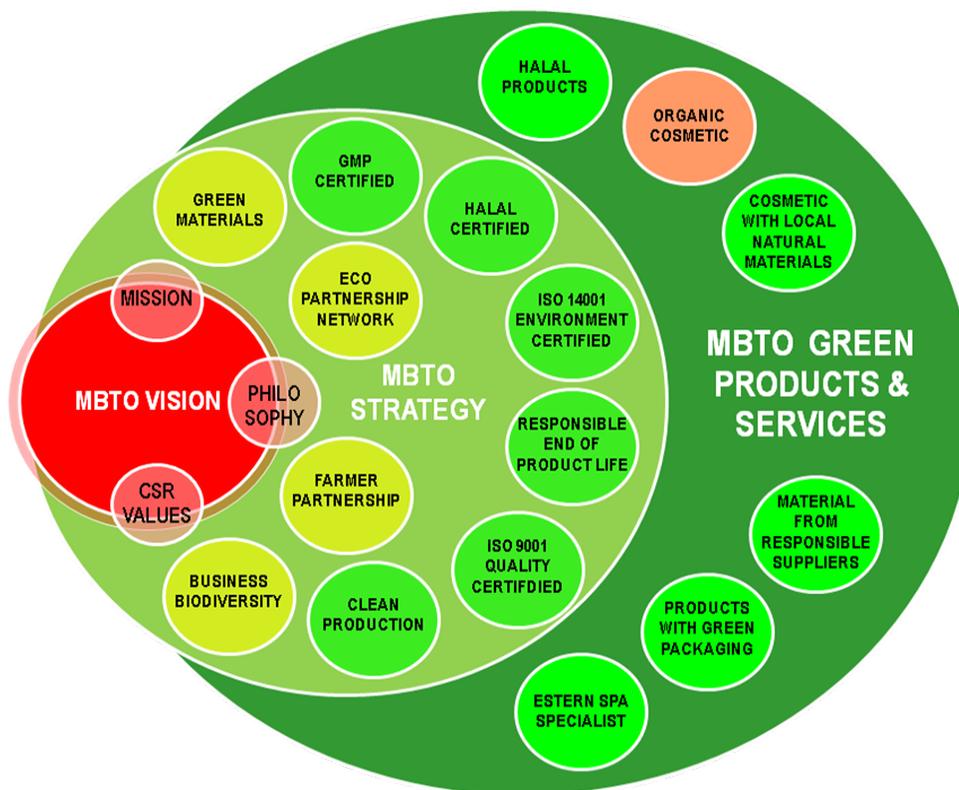
The structure of the Internal Audit is a notch below the Board of Directors and has a position under the President Director.

STRATEGY FOR SUSTAINABLE BUSINESS

Management Strategy for Sustainable Business

The increased of middle class and reproductive age population as cosmetics industry market, show remain broad prospect in this industry. Demand for cosmetics is increasing in line with revenue growth of community are accompanied by changes in the lifestyle of the community. Based on the results of the forecast Euromonitor International 2014 for next 3 years, the cosmetics industry in the country grew on average by 9.09% per year. With the company's position that reach 2.00% market share, the industry's growth of 9.09% is a good prospect for the company to increase their sales.

To achieve the business goals, the Company has developed the sustainable business strategic by applying the Green Sustainable Principle that in line with the Ten Principles of UN Global Compact (UNGC) internally and externally. These principles have to be translate into practical works and later they become company attitude to gain very tied competition in the market. In some cases we do business processes from the beginning through the marketing communication and program activities by involving other parties as our stakeholders such as government and non-government organizations.

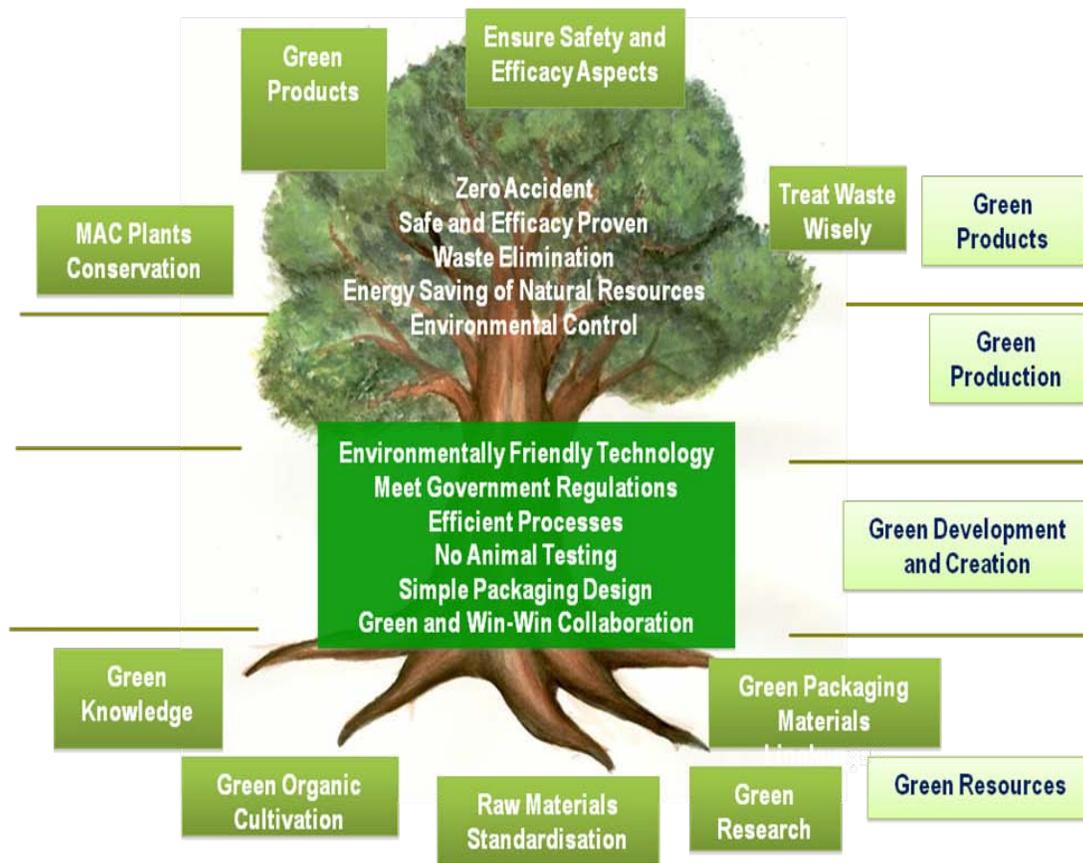


Picture: The Sustainable Company Strategy of PT. Martina Berto Tbk.

Combining the ten principles into business strategies

Our business strategies, as reflected at the above picture, to reach the company's vision, "**To be one of leading companies in beauty and spa industries with eastern atmospheres and values through modern technology**," are designed by combining our green science concept with the Global Compact principles, where we create our unique products creation based on "**LOCAL WISDOM, GO GLOBAL**".

These strategies involve stakeholders along the supply chains. Workers and human rights as well as environments altogether colorize company and become the company's strategy design. This is the most valuable point in improving our product competitiveness.



Picture: The Green Science of Martha Tilaar Concept

Strategic Aspect of Global Compact Implementation

Decision-making processes of governance are based on the company leadership blueprint we have set up called NET-I3 as the corporate commitment for sustainable business. This can be described as below

NET I-3 Beauty Company



Natural	most MTG products use natural ingredients
Eastern	all MTG products are based on Eastern culture
Technology	all MTG products are created and manufactured in the state-of-the-art technology practice
Icon	the positioning of MTG as "Indonesian Beauty Icon"
Institution	MTG will be transformed as world class company
Innovation	innovation on product and service will become the center and the main strategy to compete with local and global players.

Picture: The NET I-3 Sustainable Strategy of Martha

Business Review

The Company and its subsidiary believe that Indonesian cosmetics, spa and herbal products have competitive advantages to penetrate the international markets through the following strategies:

- To appoint an agent/distributor in a certain country to handle marketing and distribution for one or more brands according to the agent/distributor's potential.
- To supply cosmetics products to overseas cosmetics industries through contract manufacturing (private label) services supplied by PT Cedefindo. Implementation of the right strategy and competitive advantages are one of the keys for successful international market penetration.

The Company consistently carries out programs for improving its competitive advantages as follow:

- Development and innovation of new product lines.
- To produce cosmetic raw materials, especially the natural ingredients, in cooperation with the Company's CSR program in helping the medicinal cosmetic and aromatic plants farmers through the *Kampoeng Djamoe Organik* (KADO) project.
- Total supply chain management from the purchase of raw materials and packaging material, production to be finished products, distribution to outlets and up to the hands of consumers.
- Opening of Martha Tilaar Shop (MTS) in major cities and shopping malls in Indonesia as Customer Service Centers. Products sold at MTS are selected ones of international quality and presented as a Total Beauty Shop concept with eastern and natural nuances. In international markets, however, the opening of MTS international is intended as a market penetration tool to create initial brand and company awareness in the target markets.
- To appoint agents/distributors in domestic and international markets to handle marketing and distribution for one or more brands is according to the agents/distributors potential
- Innovation of herbal products using natural materials from Indonesia that will give added value and product differentiation against competitors.
- Focusing on business development in Indonesia, in domestic market until the Company achieves a top 3 rank in the domestic beauty & personal care industry.

- To increase export contribution with focus on the Asia Pacific Region in the next 5 years, in preparation for a global market expansion in time to come.
- To upgrade technology in production and information systems.
- Creative promotion program and integrated communication media are integrated in above the line (a printed advertisement, television commercial, advertising outside a room, radio, and etc) and below the line (cosmetic fair, trade fair, beauty class, sponsorship, consumer education, fashion show, etc).
- Total supply chain management from the purchase of raw materials and packaging material, production to be finished products, distribution to outlets and up to the hands of consumers.
- Opening of Martha Tilaar Shop (MTS) in major cities and shopping malls in Indonesia as Customer Service Centers. Products sold at MTS are selected ones of international quality and presented as a Total Beauty Shop concept with eastern and natural nuances. In international markets, however, the opening of MTS international is intended as a market penetration tool to create initial brand and company awareness in the target markets.
- To appoint agents/distributors in domestic and international markets to handle marketing and distribution for one or more brands is according to the agents/distributors potential
- Innovation of herbal products using natural materials from Indonesia that will give added value and product differentiation against competitors.
- Focusing on business development in Indonesia, in domestic market until the Company achieves a top 3 rank in the domestic beauty & personal care industry.
- To increase export contribution with focus on the Asia Pacific Region in the next 5 years, in preparation for a global market expansion in time to come.

Bringing along the ten principles in CSR activities

From the very first start, company has been running the business by involving all stake holders along from the production chain to product distribution. CSR activities are embedded in business process by empowering local communities (farmers). They supply the materials, while women become the main customers. Anti-corruption has played more important role in building good performance in order to compete with global market. Additionally, the application of GC principles through CSR activities has made the efforts to create high impacts to communities and to achieve our corporate targets more effective.

We unite the values of our business and operations to meet the expectations of the stake holders, which include customers, employees, regulators, investors, suppliers, communities, and environments.

We combine our social, economic, and environmental responsibilities to the stakeholders by actions and in our corporate policies.

We openly communicate our strategies, targets, performance and management to the stake holders in a continuous commitment to company's sustainability development.

We measure the implementations and results of the CSR activities, and then continuously improve them to fulfill company's short-term and long-term goals.

SUPPLY CHAIN

Organic Farming System Training

Education and training on organic farming systems for farmers have been introduced by Martha Tilaar Group since more than 17 years ago. Precisely in 1997, the training was on planting rhizomes, cat whiskers and teak trees. The training was conducted in the area of S umedang, West Java, and Karang Anyar, Solo. These plants were chosen because of their extraordinary benefits and are ones of the main raw materials for Martha Tilaar's cosmetics and health drinks.

How to grow the plants in accordance with GAP (Good Agricultural Practices), proper harvesting, how to chop crop yields, crop processing techniques to obtain dry simplicia with water level (drying shrinkage) of less than 10% were taught in this training. All the methods taught use efficient, eco-friendly technologies.

Standardized production processes are based on proper farming techniques. This method would ensure stable quality production. This is the role of Martha Tilaar Group in enhancing the value of commodities farmers sell. In addition, Martha Tilaar Group has a certain availability of good raw materials so as to ensure an ongoing supply chain from the farm to the market.

In addition to providing training to farmers by visiting them, Martha Tilaar Group formed a partnership with the Indonesian Ministry of Forestry. A total of 117 heads of farmers' groups from all over Indonesia, spreading from Sumatra to Papua, were brought to Martha Tilaar's KaDO in Cikarang. In this place, they learned more about OKA (medicinal, cosmetics and aromatherapy) plants and how to implement organic farming systems. Also, they were trained to have a sense of high concern for environmental sustainability and ecological balance. Upon returning to their hometown, they can share their knowledge on good and environmentally friendly farming methods to each members.

Implementation of Supply Chain

For the whole process of production is set up considering the efficiency and effectiveness on handling the step from the beginning or even to the final distribution on the market reaching costumers. The strategy is also considering the availability of infrastructures provided to reach every part of nation.

a. Implementation of the principles in the supply chain

Describing raw materials and semi-finished products used by the country or region from which they originate. Our company uses natural materials and chemicals for cosmetics and herbal products from local and global suppliers.

b. Strong relationships of supply and distribution

The company maintains strong relationships with suppliers and distributors. Distributors' network enables wide-scale distribution and serves as a channel of promotional activities, consumer education and awareness programs. In addition, the Martha Tilaar's outlets support brand development initiatives, acting as the company's customer support center together with retail centers.

Company's spa products are separately promoted and distributed through the spa chain operated by *PT Cantika Puspa Pesona*. A different subsidiary company also provides outsourced manpower for manufacturing facilities.

c. Strategically located production facilities are supported by distribution network and marketing activities

The company operates three strategically located manufacturing facilities in Indonesia, close to the main ports, both sea and air. Seamless logistics support results in excellent distribution system. Locations such as these become elements of important strategic advantages for the company.

The strategic locations make Company available across marketing channels with agents, branches and depots in Indonesia thus ensuring superior distribution. In addition, the company has strong relationships with suppliers and distributors that support it in various promotional activities.

OUR PEOPLE

Merit Scholarship up to Leiden University - Netherland

Education is the authorized capital for improving the quality of human resources. The responsibility lies on all elements of the nation. Recognizing God-given opportunity to provide access to education to those who have limited funds, Martha Tilaar realizes it in the form of merit scholarship.

S1, S2, S3 overseas scholarships are supported by Martha Tilaar. One of them is the PhD program in collaboration with Dutch Leiden University and Padjadjaran University of Bandung in the field of Ethnobotany and Medical Anthropology.

In addition, in collaboration with "We Care Indonesia", a program of the Indonesian Humanitarian Committee, Martha Tilaar has led 70 grantees in 2004 for their S1 programs in various leading public universities in Indonesia, including Udayana, UGM, USU, ITB, UI, IPB, Airlangga University, UNMUL and UNSRA T. Martha Tilaar also establishes a partnership program in the field of education with the University of Bina Nusantara (Binus).

The partnership in *Putri Ambassador* (the Ambassador Women) program with a university in Indonesia also aims to give a learning opportunity in Australia to the elected achieving students.

Scholarships are also given to the children of Martha Tilaar Group employees who have a superior achievement. This is a teacher's instinct in Martha Tilaar which is kept lit through the commitment of the company she leads.

Spa Therapist Scholarship Program - Against Woman Trafficking

The number of trafficking cases that afflict girls in marginal rural areas, including fraud with the lure of becoming a Women Worker (TKW) abroad has made Martha Tilaar Group moved to provide educational support skills. Thus, since 1990, Martha Tilaar, founder and chairwoman of Martha Tilaar Group established a spa therapist training center at the Balisari Center, Kuta, Bali.

This 4-6 month to-be-professional-spa-therapists education and training program is intended to prevent young women from being caught up in scams. They are trained to be able to have a competitive and qualified expertise so that they have enough resources to improve their family economic condition. Full scholarships cover the cost of education, housing, meals, and pocket money per month given to the students during their training period. After graduation, the students have a job contract for 5 years in the salon and day spa network of Martha Tilaar Group. Then they can choose to set up their own beauty salons or to pursue a career as a professional spa manager.



Several young women who got the scholarship to be the professional of spa therapists.

Freedom for Unity

Freedom for Gathering and Unity for all company members and rise the aspiration to the company to make a better working environment with the concept win-win solution among members.





The employees conducted the yearly meeting in the Organic Garden KaDO in Cikarang

SOCIETY

To introduce students to nature and the environment, teach them what is in them, teach them to love and to be responsible human beings nature and the environment is a gradual learning process.



Nature and the environment as a source and medium of learning

Martha Tilaar Group recognizes that environmental education in elementary and middle school level needs creativity in the teaching method. Company invites students to learn firsthand practice in Martha Tilaa'sr KaDO Cikarang. Here nature becomes an endless source of learning, exploration, development, and can be used as an interesting learning medium for students. They can learn thousands of species of medicinal plants.



To utilize a wide range of learning conditions and various approaches in the environmental learning, emphasizing on practical activities, will provide students with a first-hand experience. It is a first-hand experience.



Outdoor activities for children and students

Learning in a natural environment, for kids and students, is a learning activity that makes students closer to nature and the environment. Being done early, playing in a natural environment is a first-hand experience which will be internalized and make them love their environment.

One of the goals in establishing Kampoeng Jamoe is to grow new attitudes of children and students to the nature elements, such as water, air, animals, and plants. Many aspects are integrated in the environmental education and, therefore, children are invited to learn from nature as the source of learning and media as well.

Environmental education is an education that teaches children and students the knowledge of nature and the environment. The creativity, strategy and methods of the learning are continuously developed based on the needs of child development as well as natural conditions and environment in which the student resides.

Students from various schools have utilized Martha Tilaar's KaDO as a learning resource. The following numbers in 2013 show the enthusiasm of the students who use KaDO as a learning resource.

Gathering and Learning Environmentally with Students of Twente University, Holland

We had been hosting about 50 students of Twente University, Holland visited Indonesia for about three weeks including Jakarta, Bandung, Yogyakarta, and Bali. The students learnt about CSR implementation of private sectors and the impact on both business and community. When visited our company we hosted them at KaDO (*Kampoeng Djamoë Organik*), a holistic garden preserving Indonesia original MAC (medicine, aromatic, cosmetic) plants and the center for environment education created by Martha Tilaar at the urban area of Cikarang.

During staying at KaDO, students learnt and discussed about Company CSR and its benefits directly from our Director and management. Students said they see the real things what company done in one place giving impacts to many areas, company, community, and planet. MAC plants conservation and farmer training are the real activity to secure natural resource of plant material for company. Community can come there enjoying its time surrounding fresh air while learning about various MAC plants and their function for caring health and beauty. Through the MAC plant preservation, there are some rare species and endangered plants could be safe here growing in this area together with other species coming from some places along Indonesia islands.



After visiting KaDO, we guide students to our partners in Bandung and Yogyakarta implementing collaborative program for nature and community. We visit Eco Learning Camp in Bandung, a place where people can learn about nature and how to respect to nature as our place we much depended on. EcoCamp is managed by youth who care about nature, guide and teach people to respect more to nature as our mother earth, so we do not do bad things to nature except take care of it as out home where we can live and survive during our life.



In Yogyakarta, we guide students visiting our community partners where company does for society. Together with community we do caring nature, cleaning river, and managing house waste that all of activities dedicated for conserving our nature.



The opening of Herbal Master Class

Martha Tilaar also produces herbal products known as Indonesian cultural heritage that is rich in benefits. Hereditary, herbs have been used to support treatment efforts in the community. However, this local knowledge cannot yet be combined with medical science. Recognizing this, Martha Tilaar has spawned an innovative idea of having herbal master class addressed to doctors. So it is time that modern and traditional medication can coexist in harmony just like what has happened in ginseng country and China.

University of Indonesia welcomes Martha Tilaar's idea. Herbal Master Program for physicians and health personnels is opened under the auspices of the Faculty of Pharmacy. Martha Tilaar's great attention to the preservation of herbals has called the attention of the Association of Indonesian Herbal Medics Physician to cooperate in developing an integration clinic. The clinic seeks to combine modern medical treatment with herbs.

Collaboration with KEHATI Foundation

The elementary school is the foundation for building the nation. Giving good examples since elementary school is very important. Trustee of the Indonesian Biodiversity Foundation (KEHATI Foundation) Martha Tilaar hopes that the educational institution can provide objective knowledge to the students about biodiversity in Indonesia. Thus, Indonesia can be prosperous by exploiting the potential of its biodiversity. She expressed her hope in the public workshop Sharing Inspirations on School-Based Biological Resource Management Model, 17 April 2014, in Jakarta.

Together with Pertamina Foundation, KEHATI conducted Sekolah Sobat Bumi (Earth's Buddy School) program. The program develops knowledge through educational institutions and their students on the integrated management of biological resources. Children are invited to take part actively.

In Sekolah Sobat Bumi program, KEHATI Foundation trained seven prominent Primary Schools as Independent Adiwiyata Schools to develop the management of the School Mini Botanical Gardens, School Healthy Canteen, and 100% Trash Free integratedly.

The seven Sekolah Sobat Bumi were SDN 83 Pekanbaru (Riau), SDN Metro 4 (Lampung), SDN Lower Dam 12 (Jakarta), Sekolah Citra Alam Ciganjur (Jakarta), SDN Bantarjati 9 Bogor (West Java), SDN Ungaran (Semarang) and SDN 3 Balikpapan (East Kalimantan).

The schools have the responsibility to foster 10 partner schools in their respective areas to become environmentally friendly. *Since September 2013 until March 2014, Sekolah Sobat Bumi* received a grant, intensive mentoring, training, and other training programs.

(Caption: Planting activities in school area to increase students' awareness that tree planting should be done to reduce the impact of global warming and is the oxygen resource for human life.)

Sariayu Color trends – annually

Sariayu is one brand that is owned by Martha Tilaar which carries the values of natural beauty recipes based on tradition and cultural heritage. Many of the beauty that can be raised and developed in different parts of the archipelago which inspired Martha Tilaar to popularize it through color trend products.

By cooperating with WWF and Biodiversity Foundation, Martha Tilaar Group continues to explore the biological wealth of the nation and to carry the mission of this culture consistently.

Borneo is the third largest island in the world with a stretch of tropical rainforest into the lungs of the world. Borneo also has a stunning range of unique culture. Martha Tilaar is inspired to raise Borneo widely by 2014 Color Trends.

In 1997, through the Color Trends of Mystery Dayak Tribe, Sariayu Martha Tilaar lift the charm of Apokayan culture and the natural beauty surrounding the Mahakam River.

In 2014, Martha Tilaar presents Sariayu Color Trends of "Inspiration of BORNEO." These trends consist of three color collections. They are the inspiration results of natural beauty and culture of Borneo from different angles.

Inspiration of BORNEO 1. Inspired by the beauty of Coelogyne Marthae SEC Sierra or Marthae Orchids of Borneo, Sariayu shows yellowish green, orange, purple and brown.

Inspiration of BORNEO 2. Beauty of bead craft carries the meaning of Banuaka Dayak's life cycle. This bead craft displays bright colors like attractive electric yellow, blue, and pink.

Inspiration of BORNEO 3. Natural colors such as beige, brown, and black are the color inspiration from Splint Mat, unique rattan craft, and wood fibers typical Dayak Tribe from Jagoi Babang Bengkayang located on the border of West Kalimantan and Sarawak. Collection of neutral colors should be used to makeup selves and artists.

The three collections are equipped with Mousse Foundation, Marshmallow Blush On, and lipstick collections with four new color. This collection will color the world of fashion and beauty throughout the year 2014.

For every purchase of a color trend product, Sariayu Martha Tilaar will set aside a portion of profits to help the empowerment and development of local communities.

Through yearly color trends, cultural values, biological richness and diversity of flora and fauna of Indonesian tradition are preserved.

Lush BORNEO wilderness flora decorated with beauty of rare orchid Coelogyne Marthae SEC Sierra combining with range of enchanting cultural, creations of splint mat and bead grain strands of Banuaka.

Roemah Martha Tilaar – Cultural Museum

The idea was coming from Martha Tilaar to contribute something worth for her birth place small village, Gombong, central Java, and the implementation of this initiative was started in Year 2014. There are some information and inheritance of Martha Tilaar family in the main building giving figures of the history of Martha Tilaar with the background of Gombong Village. The other part of this building is the open area where local community can do gathering and training to explore more local culture and ethnic, then performing it to public.

This place is dedicated fully by Mertha Tilaar family to the community and local government as a place to preserve Gombong local culture and empower local community as well as women to perform their strength and their greatness villager with the inspiration of 4 Pillars Martha Tilaar CSR: *Beauty Education, Beauty Green, Beauty Culture* and *Empowering Woman*.

The building, Roemah Martha Tilaar, was already been there since around 1920s and Liem family stayed there known as Chinese family who was rich trader at that time. Liem Siaw Lam, the head of the family was a businessman who was successful worker in all area of business which one of them was Dairy farm producing milks that was supplied to Dutch barrack of Van Der Wijk. At the revolution era of Indonesia this house was used as a community kitchen and health care for local soldier injured in the battle against NICA.

Now the building has been touched by repainting and minor renovation in some parts after many years nobody touch it and let the house was just ruined house. It was big effort of Martha Tilaar in renovating the house without major changing and keeping the performance as it was long time before. So many people especially local community is currently coming to this house to explore more about local culture and potential of Gombong. From this small village, the journey of Martha Tilaar successful business started and reaching Global area entering UN Global Compact.



ENVIRONMENT

The green movement has been applied in all sectors in PTMB since the beginning of this company as the commitment of the founder in building business by considering our nature and environment. We do believe that caring nature as the resources of natural material could give positive impact on our business and also would sustain our business, as the need of our natural resources has also been supported from the nature. It could also impact on the business growth, as the increase of awareness of all stakeholders that the all products resulted from the green process, and used by utilizing and exploring natural with local wisdom.

The activities related to green mission have been done along the year 2014 as the commitment of corporate management in conserving our nature as well as greening our nation. The main target of this program is reducing emission and environment conservation through the whole business line and involve in collaborative actions.

Environment Overview

Energy consumption and Sustainable natural resources are the most important and complex environment issues for our company producing natural cosmetics and herbal products. Reviewing the environmental program documents related to government regulations and communicating environmentally friendly activities so that we got the BLUE Label of PROPER policy from the Ministry of Environment. Blue label means that we have met the requirements in handling the environmental impacts of the production process in our plant. The next step is to get GREEN label next year, which means that our business activities undertake CSR programs involving community as the stakeholders.

Promoting Green & Healthy action and movement program and eco-friendly activities among stakeholders through:

- **Media gathering**

Providing information on what we have done in relation with environmental activities through press releases, and providing the opportunity to the mass media to visit the company and witness our activities on the environment movement. With this event, we hope that we have things to learn and to share.

- **Suppliers meeting**

Rejection occurs when providing information and programs regarding environmental conservation activities implemented by company. We regularly inform suppliers about our policies in reducing emissions around the plant. They are asked to participate in this program by having zero-emission vehicles; otherwise they are not allowed to enter the area.

Materials

Packaging materials of our products has been evaluated regularly through some research and tests. Harmful packaging materials have been replaced with environment friendly materials. Together with all stakeholders, we create a clean environment around the plant to proceed with clean emissions program and make recycling or environmentally friendly logo in every plastic packaging we use.

There are programs on our packaging reaching the costumers that the packaging is available for refill products to reduce waste of packaging after being used by costumer. There is also program on collecting product packaging from our costumer with special rewards. The materials we collected from our costumer, then, reused as other function or recycled for other needs.

Water Use

Consuming energy especially water becomes company concern as the production process of our products utilize more water. However, evaluation has been done periodically to reduce water consumption both for offices and manufacturing. Up to the year 2014 the use of water was not significantly reduced, but remain stable. This could be a good effort as our production increase, while electricity consumption was significantly reduced. Campaign for energy reduction has been done continuously in all business line to reach more significant reduction especially for water and electricity.

In term of energy consumption we do focus on the field of the manufacturing process. The program will be monitored and evaluated regularly to fulfill the commitment in conserving energy and implementing green production. One of Several programs we have implemented is about Greening factory area as supporting activity on implementing green factory.

Since 2000 we have been implementing the ISO 14000 management systems related to environmental policy in running our production process. Thus, there is no doubt that our company conducts monitoring and evaluation of implementation of the ISO requirements. Company management from the top to down gives their full support.

Campaigning Saving Water Energy

World Water Day is a global campaign aimed at drawing the attention of the international community about the importance of water for life and to protect water resources management in a sustainable manner. World Water Day is stated by UN Resolution No. 147/1993 and is celebrated annually on March 22 since 1993.

In 2014, World Water Day's theme is Water and Energy. As for the logo of World Water Day 2014 is as follows:

Water and Energy are closely attached. Water is needed to produce virtually all forms of energy. Energy is required at all stages of water management, from the taking process from the source, the processing, to its distribution. This entanglement is used as a central message in the World Water Day 2014.

Various issues and messages are raised, such as:

Water supplies and energy are equally limited, but the demand has increased. Saving energy is saving water, and saving water is saving energy.

Billions of the world's populations still do not have access to water and proper sanitation and electricity, while water and energy have obviously an important role in poverty alleviation.





GHG Emission

Continuing electricity-saving program by changing the current electrical equipment to new energy-efficient appliances, including light bulb and air conditioner. The second phase of the program was to change about 20 units of the freon air conditioners with more environmentally friendly resources. In the garden of *Kampoeng Djamoë Organik* (KaDO), we set up solar panels to generate about 6000 watts of electricity. This electricity is used for hours for lighting in our garden.

100% of vehicles entering the plant area met the emission standards, and this was maintained until now. The standard applies to company's and visitors' vehicles and all vehicles entering the plant area as well.

Objective, target, and & Program of environment (clausa 4.3.3) Description		Time Estimati on	Implementation & program Monitoring (Status & achievement)			
			2013		2014	
			Jan s/d Juni	Jul s/d Dec	Jan s/d Juni	Jul s/d Dec
	3. Program on gradual replacement of ozone depleting substances through: 100% Central Aircondition by BPO replacement	Jul-10 Dec-11 Dec-12 Jul-13 Dec-13	2/May'13	3/Dec'13	4-May-14	
	a. Periodic replacement, phase I (2 AC)					
	b. Periodic replacement, phase II (2 AC)					
	a. periodic replacement phase I (40 pieces)	Dec-12	Up to Dec 2013, 100% own Fire extinguisher had been changed its BPO			
	b. periodic replacement phase II (40 pieces)	Jul-13	2/May'13	4/Dec'13		
	c. periodic replacement phase III (35 pieces)	Dec-13			4/Dec'14	
III. Together with all stakeholders company performing green & clean company	1. Continuing program of Clean emission with the achievement reach 99% vehicles in PTMB factory area meets standard environment requirement, through the following action:	up to year 2011	2/May'13		1/April'14	
	a. working together with General Affair Department to implement clean emission program for cars b. monitoring & evaluation					
	2. Inclusion of recycle/environment friendly logo for plastic containes. This should be printed on own plastic containers while for free mould containers should use the green plastic materials by:	up to year 2011	T = BK baru A = 1	T = BK baru A = 1	T = BK baru A =	T = BK baru A =
	a. giving new product information to the choosen suppliers b. production trial of plastic container at supplier factory c. approval from quality control and R&D department d. delivery		2/May'13	4/Dec'13	4/Jun'14	4/Dec'14

Biodiversity

Sustainable program on environmental conservation is centered in the conservation area “*Kampoeng Djamoe Organik*” In this area over 600 species of plants native to Indonesia (medicinal, aromatic and cosmetic) are collected. In this area we conduct trainings to preserve the environment for students and community.

We make bio-pore holes in several places around the plant to absorb more water in the soil. We also have changed damaging ozone of central air conditioner to be 100% safe by utilizing eco-friendly materials.



To support the creation of healthy, fresh and beautiful environment, Martha Tilaar Group presents *Kampoeng Djamoe Organik* (KaDO) Martha Tilaar in the middle area of East Jakarta Industrial Park (EJIP) Cikarang.

At first, in early 1996, this area is arid and infertile. Thanks to the consistent tillage for four years, it has been transformed into a fertile and green area with a wide range of collection of medicinal plants, cosmetics, and fragrance (OKA). Rice fields, a collection of plants, the presence of the lake, and various well maintained animals balance the existing ecosystem.

This lush and green countryside atmosphere has become a quite comprehensive resource for environment and organic farming system education, available for children, adults, and elderly. Anyone can visit KaDO to simply unwind or interact with the environment, while learning about the natural wealth and herbal benefits.

KaDO can be a good example that no matter how hard the land is as a plant growing medium, if managed well, it could turn into a fertile land, rich in benefits, capable of producing the oxygen needed by life and filter waste products of industrial emissions.

It is an honor when KaDO has been named “excellent example of a green movement initiative within a major city” by the United Nations Journal, and received awards from the media and leading institutions.

Tree planting

Activities related to green mission has been carried out during the year 2013 as the commitment of company management in preserving nature and the greening of homeland Indonesia.

The main target of this program is to reduce emissions and to maintain environmental sustainability through collaborative actions.



Collecting more than 600 species of Indonesia original MAC plants (medicinal, aromatic, and cosmetic) in the area of KaDO (Kampoeng Djamoek Organik – Martha Tilaar)



Preserving endangered species of original plants, especially for plants have function in medical properties. The activity include plant propagation and adaptation to new habitat.



Planting activity in the marginal area with potential plants for local community to take the produces resulted. The activity was also exploring potential plants in such area that can be developed as an alternative commodity for local community.



Greening the brown land in the rocky area of south Java. Planting cashew nut to give alternative plant production for farmers surrounding the area.



Conserving water for fishing and for garden watering by collecting water from the rain and from the soil.

Martha Tilaar Herbal Forest

MT Herbal Forest in the area of Imogiri, Yogyakarta is a collaborative program between MarthaTilaar Group and the NGO of Royal Silk Foundation led by Gusti Pembayun (Kingdom of Yogyakarta), and also other private sectors. This program was about greening the hilly area in Imogiri with useful MAC plants (Medicinal, Aromatic, and Cosmetic) among the productive trees for silkworm cultivation, in about Mid year 2014.

The main objective is to restore hilly area of Imogiri that is less fertile due to water difficulty. The MT herbal forest was done by involving local people who live around the area, as well as the community members of the Royal Silk Foundation through “One Man One Tree” activities to increase awareness in caring our planet. This program will be sustained as every year other company was involved in it.

In the planting season I (2012-2013), the program covered around 17 ha out of hundreds hectares for about five year restoration target. To secure the restoration area, Participatory Security Team was formed. The team consisted of community members trained and supported by BTNGHS.

In the planting season II (2013-2014), by involving more private sectors and communities the program will cover the area with commodity plants and MAC plants which have benefit and have economic value. This program will be designed for sustainable program to reduce bare area in the hilly land of Yogyakarta.



Medicinal, Cosmetics and Aromatherapy Plants Garden (TOKA)

Medicinal, Cosmetics and Aromatherapy Plants Garden (TOKA) in the area of the School of Pharmacy (SF) ITB was inaugurated by the Rector of ITB Prof.Akhmaloka and Dr. Martha Tilaar.

TOKA was Martha Tilaar’s 4000 tree planting program. The program was also implemented at the University of Indonesia (UI) and the University of Airlangga (UNAIR). The garden was planted with several types of TOKA plants, namely *ylang-ylang*, eucalyptus, *Kepel*, *gotu kola*, jasmine, bitter, god leaves, lavender, grass jelly, sweet saga, *mangkakan* and others. TOKA garden became an extension of the laboratory, where students learn and utilize for academic interest.

The cooperation between business world and educational institutions is for the sake of the welfare of society. Additionally, Indonesia’s potential for 30,000 species of medicinal plants, cosmetics, and aromatics should be best utilized. Indonesia should be proud of that potential. TOKA garden is one of the ways to take advantage of these potentials.

With the presence of TOKA in the university, which is continuously monitored and developed, Martha Tilaar hopes that this laboratory garden would help the university be a world-class national university and be a green campus.

Establish a medicinal plant collection garden

There are two medicinal plant collections native to Indonesia: in Sawangan and Cikarang. The two gardens contain about 400 species of plants, especially those with medicinal benefits. Both are open for those who want to learn and obtain information about the benefits of the plants.

We cultivate the plants, develop organic composting, and convert unused land area into green organic farming. Both gardens are also used to preserve our national biodiversity and to green empty area for the growth of vegetation.

In these locations we organize more communication activities with the farmers and the communities about environmental conservation.

Training program for medicinal plant farmers

Since 2000 we have conducting trainings on the cultivation of medicinal plants with organic farming systems in some areas and villages.

Working with the Ministry of Agriculture of Indonesia, we invite farmers from various provinces to take the course and practice of cultivation of medicinal plants in our gardens. More than 50 people in each class come from different provinces to learn about exploring nature wisely and sustainably.

They learn to cultivate organic herbs in accordance with the GAP manual. They learn how to perform pre and post-harvest to produce the best quality of plant materials that are accepted by the industry as a user.

We build partnership with farmers in providing plant materials to enhance the added value of farmers' income.

Waste

Program on handling waste water from the company area to the environment have been done since years ago by setting up waste water treatment plant (WWTP) in the area of manufacturing before releasing the waste into the environment. After setting up the plant, the arrangement by conducting, monitoring, and processing the evaluation have been applied to the process. There are about 38 tons on average per month of recycled water from the WWTP used for garden irrigation and other uses such as washing vehicles, and flow directly into the drainage of the city. These programs are in phase 3.

As promised in the CEO Water Mandate, internally we save water used to produce and water needs of the office. The program had been conducted since 2011 reducing the water used to flush toilets in the office. This program has reduced about 1.2 liters of water splash. We made use of recycled water from wastewater treatment plants (WWTP) to flush the toilets. We did not use fresh water. With saving water energy, company has been supporting the national program of water saving for the future.

In the garden, we organize solar energy by using solar light for office needs. The arrangement is once again set an example to visitors in meeting our electricity needs.

We conserve natural resources by using waste water once it is processed in a wastewater treatment plant (WWTP) to plain water without any harmful ingredients. We use about 40 tons per month throughout the year. Moreover, we conserve energy use for manufacturing including electricity and water. These savings are monitored periodically.

To maintain good quality of the environment, we control and treat wastewater before it is used as garden irrigation, create infiltration wells and change the ozone materials to be environmentally friendly. We had 100% waste processing before reuse.

COLLABORATIVE PROGRAM with OTHERs

Setting up and implementing collaborative action with other institution, GO and NGOs in some programs related to the environment conservation and recovering destructive area to the green area.

Clean and Healthy Gajah Wong River - Yogyakarta

River water that has undergone heavy metal pollution and loss of quality, when used for watering crops, will cause very harmful effects on consumers. Heavy metals in the water accumulate in plants. Through the plants, the metals get into animals' and humans' bodies can cause various diseases, particularly cancer.

PT Martina Berto Tbk. participates in improving the quality of life of people around Gajah Wong River, Yogyakarta, through *Grebeg Air Gajah Wong*. The Company provides direction and guidance on the management of household waste, the importance of aromatic plants, and helps develop healthy homes for settlements along Gajah Wong River flow. Through this action, the company continued its mission to become Indonesia's largest cosmetic company which is environmentally friendly and cares about social issues. This spirit was clearly expressed by DR. Martha Tilaar before the UN Global Compact Board meeting, in December 2012, by saying that any business has to take environmental issues into consideration.

The specific objective of the program is to conserve water resources to create food security and health consciousness of the local communities. President Commissioner of MarthaTilaar Group, Martha Tilaar expects that this program is not merely used for the preservation of the environment, but also to be a source of community economic development and to provide job opportunities as well.

The environmental programs involve stakeholders' commitment, i.e. the community, local government, local universities, non-governmental organizations and the private sectors

Community-based total sanitation – Penjaringan with IGCN

In support of Water Mandate program, PT Martina Berto Tbk is actively involved through collaboration with IGCN in developing Garbage Bank in Penjaringan, RW 12 and RW 13, North Jakarta. Together with other IGCN member companies incorporated in Indonesia Water Mandate Working Group (IWMWG), company is committed to play a role in the environment.

This Community Garbage Bank is the first pilot program in Penjaringan village. This location was chosen because of its dense population and is frequently flooded. The Community Garbage Bank is

expected to help prevent flooding in the future, and even give economic value with the availability of organic fertilizers.

Garbage Bank program is conducted in several phases, namely coordination and socialization of the program, selection and training of the organizer, infrastructure preparation, waste bank trial, community training, launching, and monitoring and evaluation.

Cooperation mechanism in handling water problem is essential. Water issue deals with problems from upstream to downstream with many interests involved. Saving water is a shared responsibility.

Collaboration between IGCN, PT. Martina Berto Tbk., Asia Pulp & Paper Group, Rajawali Foundation, PT. Singaland Asetama, and Wahana Visi Indonesia in Garbage Bank program in Penjaringan is a manifestation of mutual cooperation in dealing with water issues in Indonesia. Together with IWMWG, PT Martina Berto Tbk. continues to perform water conservation efforts in and out of its operations.

Voluntary activities with communities

Participate in Voluntary Day activity which is held by IGCN to support village community in developing its territory and maintain its environment.

IGCN was formally launched on 8 April 2006 during the Asia- Pacific Business Forum, conducted by UN ESCAP in Jakarta. IGCN has more than 160+ signatories comprised of MNCs, National Corporations, SMEs, Universities and CSR/CSO's. PT. Martina Berto actively involved in its activities.

IGCN's vision is "To be a respectable agent of change in accelerating country transformation towards the achievement of human rights, competitive labour, sustainable environment, and ethical business practices." Its mission is to "Promote, facilitate and implement the UN Global Compact principles in Indonesia"

Community of Habitat for Humanity

Saturday, Mei 10, 2014, Martha Tilaar Group through its brand, Sariayu, by participating in a charity activity "Women Build" that was initiated by Habitat for Humanity. In this activity there were about 300 volunteer of Women Build Habitat for Humanity hand in hand builds 20 houses for family with low income who lives in the area called Mauk, Tangerang. Meanwhile, Sariayu Martha Tilaar support 500 medicinal and fruits plants cultivation as the oxygen source and shade plant in the environment.

Puspita Martha International Beauty School also took part in this positive activity. Thirteen students of School of Hairdressing Puspita Martha International Beauty School gave haircut service for around 75 women and children in Mauk, Tangerang. This activity can be more develop and grow the compassion to each other and environment.

KEHATI's foundation

In line with its Strategic Plan for 2013 – 2017, KEHATI's Foundation has decided to set up its programs based on three ecosystems: Agricultural Ecosystem, Forestry Ecosystem and Coastal & Small Islands Ecosystem, through Conservation and Sustainable Use of Biodiversity Programs. Martha Tilaar is one of the KEHATI foundation's builders.

To run the programs, KEHATI works closely with NGOs, local community groups, regional and central governments, universities/research institutions and private sector. Green Corridor Initiative – Taman Nasional Halimun Salak Green Corridor Initiative - Halimun Salak National Park Halimun Salak Green Corridor Initiative (GCI) is a cooperative program of KEHATI foundation and PT. Chevron Geothermal Salak and Halimun-Salak Mountain National Park and Indonesian Ministry of Forestry for the period of 2012 – 2016.

The main objective of this program is the restoration of Halimun-Salak Corridor for sustainable livelihood. The effort for the corridor restoration is executed by involving the local community in Cipeuteuy Village, Sub district of Kabandungan, Sukabumi Regency and Purwabakti village in Sub district of Pamijahan, Bogor Regency. The program is supported by the public at large. Within five years, the restoration is targeted to achieve as vast as 500 hectares. In the Planting Stage I (2012 - 2013) as wide as 90 hectares is restored.

To ensure the security in the restoration area, a security team called Participative Security Team, consists of individuals from local community who are trained and supported by the Halimun-Salak National Parks office.

The local community groups involved in the restoration becomes direct beneficiaries for development of productive economy through integrated and sustainable agricultural activities, development of community economic institution and development of community learning center.

TFCA Kalimantan

Tropical Forest Conservation Act (TFCA) of Kalimantan is a cooperative program supporting sustainable development, encouraging the efforts of biodiversity conservation and sustainable use of biological resources. It also reduces emission in a long term by supporting Berau Forest Carbon (BFCP) and the Heart of Borneo (HoB) Program in Berau Regency, West Kutai Regency and Kapuas Hulu Regency.

Kalimantan TFCA Program will endure until 2019, executed through the channeling of grant managed by the Administrator (KEHATI) to qualified NGOs/Local Community Organizations.

TFCA of Sumatera

The Action of Sumatera Tropical Forest Conservation manages some fund deriving from the swap of Indonesian Government debts to the US Government lasting for the period of 8 to 10 years. In this bilateral agreement, two NGOs act as swap partners: Conservation International (CI) and KEHATI, each contributing US \$ 1 million.

The grant for Sumatera is planned for enhancing the efforts in managing biological resources conservation and developing sustainable livelihood for the local community and those living in the forest surrounding as well, whose lives are depending on forestry resources.

We are actively involved in green programs conducted by other parties (GO and NGO) or execute programs on our own initiative. Through collaborative activities under the coordination of the Global Compact Network for Indonesia, we implement tree planting programs and disaster recovery programs in villages.

With other parties, GO and NGO, we rehabilitate watershed of Gajahwong River in Yogyakarta. This program involves actively the community along the watershed as a subject to run this program of cleaning the river. We plant more trees and educate the community to care for their environment by setting up Waste Bank (*Bank Sampah*) to handle their un-organic waste while the organic waste would be processed to be organic fertilizer. We teach community how to make clean and healthy environment for living area through implementation of 5-R Concept (*Ringkas, Rapi, Resik, Rawat, Rajin*). We also support community to build Communal Sewage handling installation (*instalasi pengelolaan air limbah/IPAL*) to reduce water and soil contamination due to human feces.

- **Cleaning River as water resource - Collaborative program.**

Collaborative action of water conservation has been carried out in the River Ciliwung, Jakarta. This collaboration was to support local communities in treating water resources from the mountain and using it for the needs of the community. This program was launched in the event of World Water Day celebration in year 2014. This collaborative program involving GO and NGO especially members of Indonesia Global Compact Network, and this event will be conducted routinely every year.

The other program in water conservation was Preserving *Gajahwong* watershed in Yogyakarta by involving community living along watershed. We give training and coaching to the community by improving their skills in managing water and protecting it from house wastes. This program will be reported in detail in other chapter.

We have been appointed to lead some Bio-trade green movement programs such as:

- SIPPO (Swiss Import Promotion Program Organization) local experts
- As local experts, we provide facilitations for SMEs from natural and organic product manufacturers in Indonesia to improve the quality of their products and also provide market access to Europe's natural and organic market.
- Participate in UNCTAD for sustainable trade of natural cosmetics in Doha April 2012.
- Leader of board of several bodies in Indonesia, such as the Indonesian Spice Council and the Global Compact Network Indonesia, and President of Perkosmi (Indonesian Cosmetics Association).

GREEN MOVEMENT

Activities in preserving environment

Kampoeng Djamoë Organik (KaDO)

PT Martina Berto Tbk builds green areas KaDO as a preservation area for medicinal plants and herbal gardens, and as cultural preservation and educational development efforts.

Overview Kampoeng Djamoë Organik

The lush, green trees, the sparkle of clear water from the pond and the green expanse of paddy fields bring the atmosphere of a typical Indonesian village. Here visitors can find patches of medicinal plants around the house such as family medicinal plants (TOGA). With the presence of a Manado wooden house on the left side of the pond and Sundanese bamboo house on the other side, visitors will feel at home.

KaDO is located in the city center of Cikarang, around Lippo Cikarang and EJIP industrial areas. Initially KaDO is a garden which provides a collection of Martha Tilaar medicinal plants. Over time, it turns to be an environmental education center because its wide collection of medicinal plants native to Indonesia. It has about 500 species of plants that are cultivated organically.

As an environmental education and training center, KaDO provides various training modules, from organic farming and postharvest processing to the utilization of plant materials. It also provides learning and play program for children and empowerment program for everyone.

In the middle of KaDO area, there is a large pond for boating. Rows of organic rice grown around the pond look very stunning when the rice begins to turn yellow.

Natural Healthy Food Stall

The presence of Kedai Sehat Alami on the ground floor of the Manado traditional house will add another valuable experience with your family. You can enjoy your lunch with a natural rustic ambience. Kedai Sehat Alami offers natural and healthy delicious dishes. All the raw materials are processed from the organic cultivation with no chemical residues.

The presentation of the food at Kedai Sehat Alami takes some time to ensure that the food is served hot and fresh. During the wait, visitors can enjoy a relaxing moment or watch the farmers tilling the soil. It is time to enjoy a direct interaction moment with nature.

Biophores program

The mission of corporate social responsibility is to present company as a “Green Company” whose activities are integrated with community involvement and nature. PT Martina Berto Tbk., together with Indonesia Global Compact Network (IGCN), takes part in Million Biophores Movement program for Jakarta area.

Million Biophores program is a mutual movement to create Biophore Infiltration Holes (Lubang Resapan Biopori - LRB) for soil water saving, to convert organic waste into compost, to fertilize the soil, and to prevent flooding.

Biophore holes are tiny tunnels in the soil formed by the activity of soil fauna such as worms, also formed by tree root systems. These Biophore holes are filled with air and could expedite the absorbed water flows.

In addition to increasing the rate of water infiltration into the soil as groundwater reserves, in a matter of time, LRB also can produce compost.

With biodegradability of organic waste in the LRB, thanks to the role of land biodiversity, LRB also maintains the biodiversity of the soil fauna. There is life in the land that must be maintained by humans.



Exploring indigenous culture related to natural cosmetics and herbal products

Medicinal plants have played an important role in many systems of traditional medicine and still do up to now in developed and developing countries in Asia, especially Indonesia. Communities derive their income through the sale of wild plants in the forest products or products that are cultivated. Cultivation of medicinal plants in Indonesia is characterized by subsistence cropping systems, scattered areas, poor quality, and less integrated.

Compared to other economic plants, medicinal plants still receive little attention in making genetic and culture improvement. Fairly primitive farming techniques have lead to poor results and quality. Due to the high demand on raw materials for the processing industry, plus the loss of natural habitat of most medicinal plants, large-scale cultivation of plant species need to be undertaken in Indonesia.

Martha Tilaar Group (MTG), which produces natural cosmetics and herbal products, has a close relationship with nature. The company explores local knowledge in the use of plant resources for health and beauty treatments. As a member of the UN Global Compact, MTG has been in the very beginning involved in helping people maintain a sustainable income. MTG supports community-based initiatives in the processing of medicinal plants by applying organic farming systems.

Farmer community groups provide an important contribution in the face of global environmental problems through local activities. Lessons they have learned are continually spread into larger farmer groups. Several community-based products include medicinal plants, organic fertilizers, fruits and vegetables, nuts, and vegetable oils.

In addition to conducting activities to preserve endangered species, these farmer groups - supported by MTG and the Ministry of Agriculture - also sell the premium quality herbal products nationwide. They produce herbal ingredients from preharvest to post-harvest seasons by applying Good Agricultural Practices (GAP). They add value to the products to increase the family income.

Many efforts have been made, but it is still a long journey. MTG continues to support farming communities by providing assistance and guidance to meet their needs. Lack of information and marketing, poor quality and packaging, and low entrepreneurial skills have made community-based organic products hard to enter the market. These situations can be addressed through creative initiatives and regular communication between the groups. There are customers who want to buy organic products. More and more companies are ready to support sustainable business practices that respect the environment and social standards as well as ensuring long-term profitability and sustainable supply of raw materials.

Preserving local culture as a national heritage

Preservation of local culture will survive and thrive if they are supported by the public and became a real part of the life of the nation. Therefore, it is necessary propulsion, observers, lovers and supporters from different walks of life

PT. Martina Berto always participates in preserving and maintaining cultural wisdom, particularly with respect to natural resources, such as:

Spice Conference in Ambon

Playing an active role in the International Conference on Ambon Spice, as well as running programs from ISB (Indonesian Spices Board), chaired by Mr. Sasono.

International Spice Conference is an opportunity to build a prosperous future for the spice crops of Indonesia while simultaneously creating a forum for open dialogue between the many stakeholders in the international and local spice industry.

To enhance this event's impact, the conference will include valuable activities such as, a field trip to a local nutmeg plantation and processing plant as well as culinary demonstrations using local spices.

The conference activities were also be combined with Spice Exhibitions, making it the most attractive event in the region. Direct contact was made with businesses to invite special guests, especially importers and exporters from all over the world. Attendees were benefit from increased participation in the spice market and knowledge of the industry as well as create strong ties and partnerships with other key stakeholder and conference participants.

Towards a new level playing field, a concept of fairness

Many provinces in Indonesia including Maluku are taking too little efforts to use agriculture as a lead sector for poverty alleviation and as an engine of growth and economic development today.

Agricultural products should not be sold directly from the garden to market because buyers will fetch very low prices as compared to their counterparts - the processed and manufactured goods.

Farmers should be provided with relevant information as far a seed selection is concerned, availability of better varieties of seeds, other planting materials and animal breeds.

The education sector should be integrated into the process to produce skilled personnel to work in the industries, work on the roads, carry out research on better varieties and breeds, agricultural inputs, product development and market the products amongst others.

Arts and Culture

The field of arts and culture-related activity in the PT. Martina Berto, including:

Sariayu Color Trend are launched every year takes the theme of the regions in Indonesia. This annual event has lasted more than 30 years by raising and promoting the culture of every region in Indonesia, from Sabang to Merauke. Furthermore, from the sale of products that have a local culture of this area, a few per cent will be donated to the area for the development and conservation of local culture.

In collaboration with Koma Theater, we also raised the art of theater that has been around 16 years through sponsorship in cosmetology stage.

We held a ballet show “Princess Tien Ong” in collaboration with Kasepuhan Cirebon. Kasepuhan host the event. The event featured Cirebon culture that is heavily influenced by Chinese culture, in which the Chinese have been in the region.

We support the drama show “Aryah” displayed in the Art Building. This show aims to encourage nation artwork from extinction swallowed period. Besides, we support this art so that audiences get much more enjoyable drama. This show is a medium of conveying social messages.

In the arts we support JFF event (Jember Fashion Festival) which takes place every year. This event is related to the fields of business, namely cosmetics. With the support of our sponsor at this event also helps to push the nation’s people to be more creative in creating new trends lifting local culture while applied in the current fashion trend.

WOMEN EMPOWERMENT

Indonesian women as a part of national economic strength

Martha Tilaar Group has a variety of programs to empower women through various supports and trainings. Jamu Gendong program, for example, includes training for women working as jamu gendong sellers. Skilled Independent Women program provides training for women in post-disaster areas. Miss Indonesia program searches a role model for young, beautiful, smart and having-high-social-concern generation. Balisari Spa Training Center program becomes a professional spa therapist training center in Kuta, Bali. This last program empowers young women to protect them from women trafficking much found in poor, impoverished area.

Women, smart and enterprise

Miss Indonesia again was held in February 2014. With their various backgrounds, the young Indonesian women demonstrated their skill and talent to become Miss Indonesia.

Sariayu Martha Tilaar was the official makeup and hair style brand for Miss Indonesia 2014. Makeup artists and hair stylists of Puspita Martha International Beauty School of Sariayu Martha Tilaar were deployed to enhance the appearance of all the finalists by using a collection of its latest color trends: Inspiration of Borneo.

The beauty contest supported by Martha Tilaar Sariayu is held to find and prepare an Indonesian woman who will become an ambassador in social, cultural, and economic area, especially in international forums.

Sariayu Martha Tilaar tries to unify the vision and mission to promote Indonesia's local culture and wisdom to the world. Therefore, the judgment in Miss Indonesia 2014 contest was emphasized on MISS: Manner, Impressive, Smart and Social. So the chosen one would be Miss Indonesia with well manner, positive impression, smart, and social concern.

Indonesia Fashion Week 2014

Indonesia Fashion Week 2014 was held from February 20 to 23. Started with a fashion show of famous designers of Indonesia, Deden Siswanto and Sofie, at the Plenary Hall, Jakarta Convention Center, visitor were then presented with many events, such as exhibitions, fashion shows, seminars, competitions, and talkshow.

The opening ceremony was attended by Minister of Tourism and Creative Economy Marie Elka Pangestu, Minister of Trade Muhammad Luthfi, Minister of Research and Technology Gusti Muhammad Hatta, the representative of the Ministry of Economic Affairs and the representative of the Ministry of Industry, as well as the event promoters, such as DR. Martha Tilaar and Wulan Tilaar of Martha Tilaar Group.

The presence of DR. Martha Tilaar has showed Martha Tilaar Sariayu's support to the largest fashion event in Indonesia since its initiation three years ago. Indonesia Fashion Week and Sariayu Martha Tilaar share the same mission: to promote local knowledge to worldwide.

Optimizing the role of women

Seminars for employees

In 30 April 2014, Martha Tilaar Group held a seminar for its woman employees. Attended by about 150 woman employees, the seminar was titled Optimizing the Role of Women in the Family and Society.

The purpose of the seminar is to motivate female employees Martha Tilaar Group for the preparation of competence to meet the ASEAN Free Trade Area (AFTA) in 2015. Preparations began by optimizing the role of partnerships with corporate employees, employees with families, and optimize the role of women in society.

Inspired by RA Kartini, Indonesia every woman should be educated and work. Indonesian women should be able to develop and expand networking, collaborating with others, and be able to compete in a healthy manner.

Employs 70 per cent of women

Doing business there needs to be the education and empowerment of women. Martha Tilaar led about 5,000 employees, 70 percent are women. Thousands of therapists and estheticians educated and channeled through Balisari Spa & Training Center and Martha Puspita Beauty School. They spread *Kampoeng Djamoë Organic* in Cikarang, Sukabumi, Sawangan, and Gunung Putri, and Martha Tilaar Shop at home and abroad.

Warriors carry herbs

Martha Tilaar Herbal Wear Make Up Class since October 30, 2012. Peracik Women and carrying herbalist needs to evolve to support independent and improve their quality herbs. It is expected that they are more concerned with appearance and understand how to care for themselves.

As part of its corporate social responsibility program, PT Martina Berto Tbk, invited 75 women from carrying in the herbal group Tegal Parang, Mampang, and Taman Mini Indonesia Indah to follow the Army Training in *Kampoeng Djamoë Herbal Wear Organic* (gift).

Through training, Dr. Martha Tilaar shows concern for the women who called the Warriors Herbal Wear especially, empowering women in preserving herbs. This training is an annual event that continues to be held.

EFFECTIVE MONITORING and EVALUATION

Effective monitoring and evaluation has been conducted periodically for our entire environmental programs established since the beginning. Monitoring and evaluation document is reported to the stakeholders and management and is used as the basis to set policy in the next period. Internal environmental programs, target indicators, and achievement in 2012, 2013, and 2014.

Results of internal awareness-raising and training efforts Reports mentioned in criterion 15 will be followed by the company's management in preparing the plan for the next step. The goals achieved will also be recorded and is being replicated to the program and its partners and other stakeholders. Programs are improved by involving other partners in the form of collaborative action through local network GC.

COVERING

When a company seeks to close the gap between customer expectations and perceptions of CSR positively, it can change the company brand. Public relations (PR) and marketing executives who say 'close the CSR gap' is a valuable and sustainable strategy and worth pursued.

The consumers expect that companies do more than just earn a profit, but only a few companies who believe that the effort will have a positive impact on the company. Management must first get rid of consumer skepticism.

Craig Bida, executive vice president of cause branding and nonprofit marketing for Cone Communications, proposed to start by identifying the stakeholders, researching the needs, behaviors and barriers to believe. This step will allow the company to measure the breadth of the CSR gap for brand or business. When the gap has been assessed, the company focused on a single issue relevant to the target audience and their business to provide the most meaningful impact.

Sariayu Martha Tilaar fought hard to close the gap between customer expectations with perceptions of CSR year after year. Sariayu Martha Tilaar recommends companies improve how they share their CSR efforts with the public and emphasizes that transparency and authenticity is the best approach.

"If they [companies] believe they are in business to serve people, to help solve problems, to use and employ the ingenuity of their workers to improve the lives of people around them by learning from the nature that gives us life, we have a chance." Paul Hawken

Jakarta, May 2015

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Heru D. Wardana
Comm. Dev. And CSR Manager