

# CORPORATE SUSTAINABLE REPORT

Year 2020

PT. Martina Berto, Tbk



## Statement of Support



Entering the year 2019, the government along with parliament in the draft of state budget set the economic growth by 5.10%. Regarding to improvement of export & import growth, government expenditure, consumption and investment, the target revised into 5.20% in the draft of revised state budget. However until the end of year 2019 the target never achieved, instead lower than the previous draft of state budget as 5.07%. However, functions of corporate governance have run well due to high commitment of management in seeking and using our competitive advantage to overcome weakness by looking for more creative efforts to face the heavier challenges.

We express our appreciation and thanks to stakeholders over the full trust and continuous support to us in 2019 that make it possible to grow and reach target on every milestone, while we are pleased to continuous support the ten principles of the Global Compact in line to the SDGs achievement 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 18 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.

Sincerely yours,

Brian David Emil  
President Director  
Board of Commissioners  
PT. Martina Berto, Tbk

## FORWORD FROM CHAIRWOMAN

Along the year 2019 was quite challenging moment for almost all private sectors. Commodities price was falling due to the global economic downturn such as the price decline of energy sector. The effect of the oil prices would pressing Indonesia foreign exchange revenue which many depends on commodity exports.

However, company has to be survived and run continuously as we are employing more than 500 people. By strong commitment and dedication company can still achieve small growth on sales. We are looking at the prospect of cosmetic business is still good. Beside the portion of women citizen of middle class and productive ages as well as the cosmetics and personal care which still growing, show a lot of opportunities to grow sustainably.

As a beauty company, we have blended business, social, and ecological principle by exploring the ancient wisdom of beauty care throughout the lifecycle. Based on the concept of "*Rupa Sampat Wahyu Biantara*", the beauty and health are of balance reflection about inner and outer performance. 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. While 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.

We do our business not just Profit oriented, but we commit in considering People and Planet. 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.



**Founder of Martha Tilaar Group**

**DR. (HC) Martha Tilaar**

# COMPANY PROFILE

## **PT. Martina Berto, Tbk**

Domicile in Jakarta, Jl. Pulo Kambing II no. 1, Jakarta Industrial Estate Pulo Gadung, East Jakarta 13930.

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Website :[www.martinaberto.co.id](http://www.martinaberto.co.id)

Stock Exchange where the Company's

Stock is listed Indonesia Stock Exchange

## **Capital Market Institution and Professional Share Registrar**

PT. Adimitra Jasa Korpora

Rukan Kirana Boutique Office. Jl. Kirana Avenue III Blok F3 no. 5, Kelapa gading – Jakarta Utara 14250, Indonesia.

## **Public Accountant Office**

Tanubrata, Sutanto, Fahmi,

BambangdanRekan. Jl. Jend. Sudirma

nKav. 79, Prudential Tower Lt. 16-17, Jakarta 12910, Indonesia.

# HISTORY

## **PT. Martina Berto, Tbk**



Dr. HC Martha Tilaar started her business with a beauty salon in 1970. She continuously enhanced her knowledge about beauty and body care from American and European beauty centers. It motivated and gave her understanding that the raw materials from Indonesia, if professionally processed, will be able to produce natural cosmetics and traditional medicines that can beautify Indonesian women and those of the world in a holistic manner.

Being successful in the beauty salon business through opening many beauty salons in Jakarta, Mrs. Martha Tilaar established "Puspita Martha" School of Beauty to develop beauty specialists, make up artists, hair specialists and therapists. The beauty salons and beauty school were operated under the flagship of PT Martha Beauty Gallery.

Being successful in beauty salon and school, Mrs. Martha Tilaar and her partners, the late Mr. Bernard Pranata and Mrs. Theresia Harsini Setiady founded PT Martina Berto 1<sup>st</sup> Juni 1977. The first brand produced and marketed was "Sari Ayu Martha Tilaar" as natural cosmetics with a holistic approach, with the salons and beauty school as teaching laboratories. This has enhanced Sari Ayu Martha Tilaar as education-oriented, practical and easy-to-apply products.

Since the market response was very positive, the Company built the first modern factory on Jl. Pulo Ayang, Pulo Gadung Industrial Estate in 1981. Along the years, this factory was short of production capacity, until the second factory was built at Jl. Pulo kambing II/1, Pulo Gadung Industrial Estate, which focused on dry, semi solid cosmetics and herbal medicines, while the first factory focused on liquid cosmetics.

During the period of 1998-1994 in order to meet the increasing market demand, the Company developed new brands of cosmetics such as Cempaka, Martina, Pesona, Biokos Martha Tilaar, Caring Colours Martha Tilaar and Belia Martha Tilaar. All these products have helped utilize the factory capacity. Further strategic action done by the Company after year 2000 was to restructure the brand ownership between Martha Tilaar-labeled-brands under license from Dr. (HC) Martha Tilaar and her family, and other brands such as “Cempaka” and “Pesona” remaining the Company’s intellectual property.

During the period of 1993 – 1995, the Company acquired various subsidiaries in cosmetics business, i.e. PT Cedefindo (CDF), PT Kurnia Harapan Raya (KHR) and PT Estrella Laboratories (Estrella).

To achieve efficiency in production, the Company conducted business restructuring process and factory relocation during 1995 – 1996 period. Further strategic development during 2001-2009 was among others remapping of brands in di-erect market segments which will be discussed in a separate chapter.

In 2016, the Company acquired Rudy Hadisuwarno Cosmetics trade mark for cosmetics, beauty and personal care categories.



## Glimpse on Milestone of PT. Martina Berto, Tbk.

PT. Martina Berto, Tbk is a manufacturing company, pioneering group of company under the flagship of Martha Tilaar Group (MTG) found by DR. Martha Tilaar in 1970 by launching her first beauty salon at her parents' house, at Jl. Kusuma Atmaja No. 47 Menteng, Central Jakarta. For the time being, this company grows up to now as we can see here the milestone of the company.

**1979-** Started operations with the launch of Sariayu brand in own salon

**1981-** In this year the company (PT. Martina Berto) built its first modern factory at Pulo ayang – Pulo gadung Industrial estate, as a manufacturing cosmetics and herbal products with “Sariayu – Martha Tilaar” brand.

**1986-** This year the company built its second modern factory at Pulo kambing – Pulo gadung Industrial estate, as the second manufacturing company.

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

**1995-** Due to fast growing sales, in year 1995 the company relocated the manufacturing facilities of herbal products to Gunung putri Factory, Cibinong. Meanwhile, Pulo ayang factory was then transferred to the subsidiary company, PT. Cempaka Belkosindo Indah which manufactured cosmetics producing “Mirabella” and “Cempaka” brands.

**1996-** the company obtained ISO-9001 Certificate (Quality management system).

**1999-** The Company fully owned by Martha Tilaar family after passed the monetary crisis

**2000-** the company obtained ISO-14001 (Environmental management system) and GMP (Good Manufacturing Practices) certificates on cosmetics and herbal products.

**2005-** this year PT. Cempaka Belkosindo Indah (CBI) was merged with the company (PT. Martina Berto) so, “Mirabella” and “Cempaka” brands were also transferred to the company and being manufactured in Pulo Kambing factory. Pulo ayang factory (ex PT. CBI, was then converted to Sales office next to company distribution centre (DC) located at Pulo ayang, Pulo gadung.

**2010-** Opened a new retail outlet “Martha Tilaar shop” (MTS) in Singapore to boosts the International market.

**2011** – There were two important moments this year, ie.

- a. Initial stock listing and
- b. Establishing a subsidiary Eastern Beauty pelago, Pte.Ltd. in Singapore to operate Martha Tilaar Shop (MTS) in Singapore and outside Indonesia.

**2012** – Groundbreaking construction of new herbal product factory at the area of *Kampoeng Djamoë Organik (KaDO) in Cikarang.*

**2013** – Established the packaging production facility in Pulo Ayang Factory

**2016** – Dr.(H.C.) Martha Tilaar received Tanda Kehormatan Bintang Budaya Parama Dharma from Indonesia Government

**2018-** Dr. (H.C) Martha Tilaar received SDGs Pioneer for Advancing Sustainability Through Community Engagement.



# CURRENTLY, MARTHA TILAAAR GROUP CONSIST OF :



# Company Strategy on Sustainable Business

Since the beginning of this company, management committed to run business inclusively by involving all stakeholders in the company program and activities related to sustainable business. By implementing clean and green process, company 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 the ten principles of the UN Global Compact.

In implementing the Ten Principles of UNGC, company has developed strategy to translate those principles into practical works and later become company attitude to gain every 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.

## **Combining the ten principles into business strategies**

Our business strategies, as reflected company's vision, "To be one of leading companies in beauty and spa industries with Eastern atmospheres and value through modern technology", are designed by combining UNGC principles. These strategies involve stakeholders along the supply chains. Labor, human rights, and environment issues altogether colorize company and become the model of company's strategy. This is the most valuable point in improving our product competitiveness.

## **Bringing along the ten principles in implementing sustainable business**

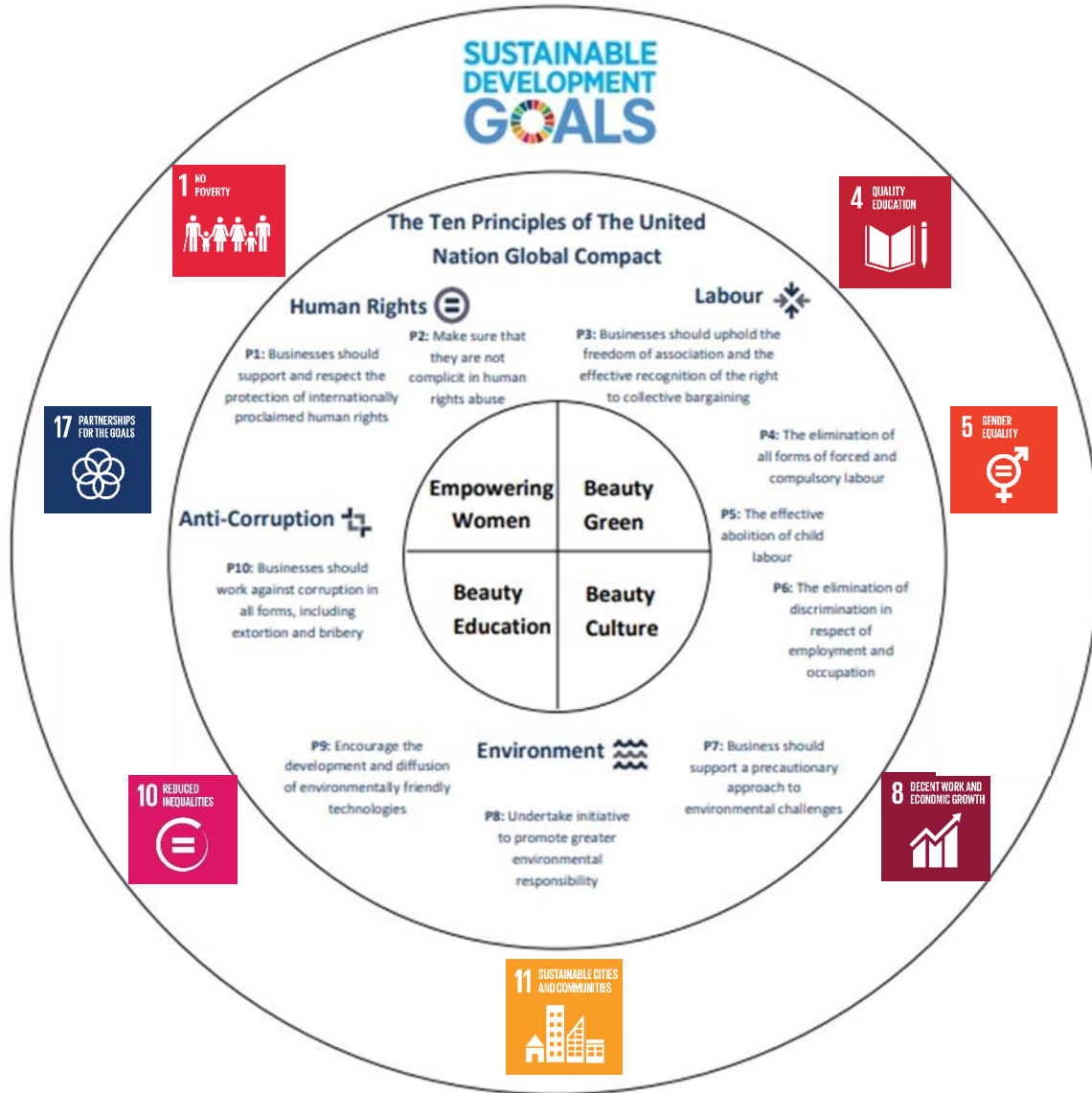
From the very first start, company has been running the business by involving all stake holders along from the production chain to product distribution. CSR activities are embedded in business processes from upstream to downstream by empowering all people involved in the production processes. From farmers, the supplier of raw materials, to end users of our products, mainly women, have to be touched and involved in our program. While principle 10, Anti-corruption, has played more important role and it is big challenges in building good performance in competing global market.

Above all, the implementation of GC principles through CSR activities has made the efforts to create high impact to communities and to achieve our targets more effectively. We unite the values of our business and operations to meet the expectations of stakeholders, 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 stakeholders in a continuous commitment to company's sustainability development. Finally, we try to continuously improve our activities related to sustainable business to fulfill company's short-term and long-term goals.



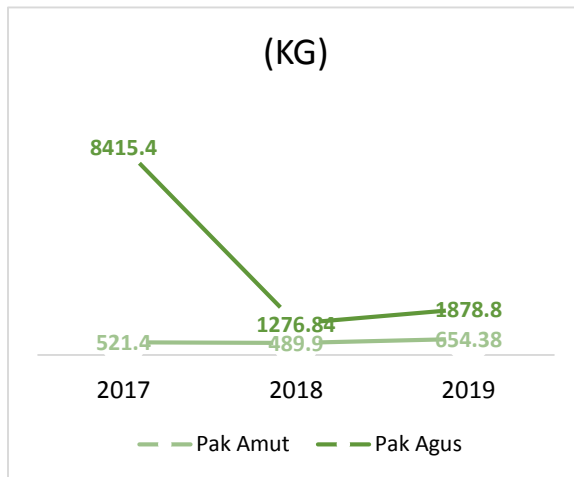
# Strong Commitment of Corporate in Building Sustainable Business



# COMMUNITY DEVELOPMENT

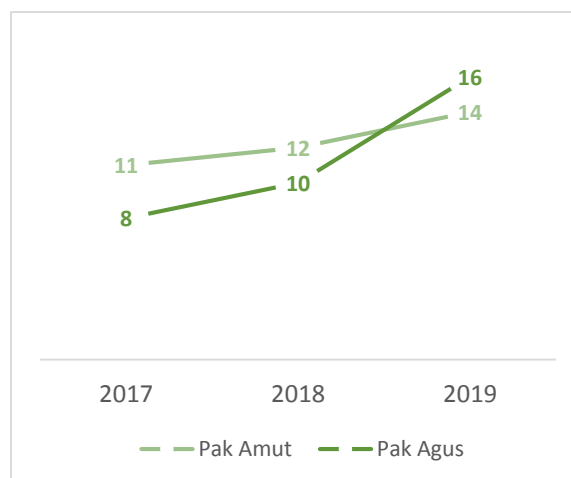
## 1. Developing farmer partnership

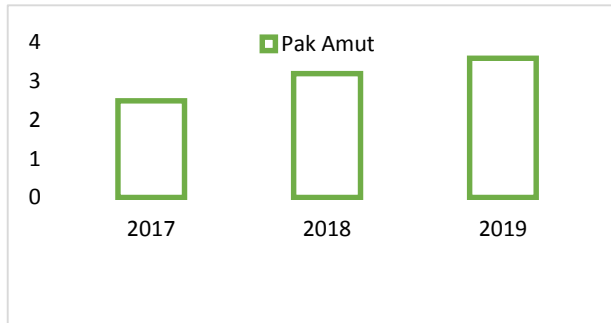
PT Martina Berto, Tbk provided organic planting training on medicinal, aromatic, and cosmetic plant (MAC plant) and post-harvest handling to groups of farmers in Nagrak-Sukabumi and Ponorogo villages. The farmer group in Sukabumi has 23 farmer members and in Ponorogo there are 18 farmer members in 2019.



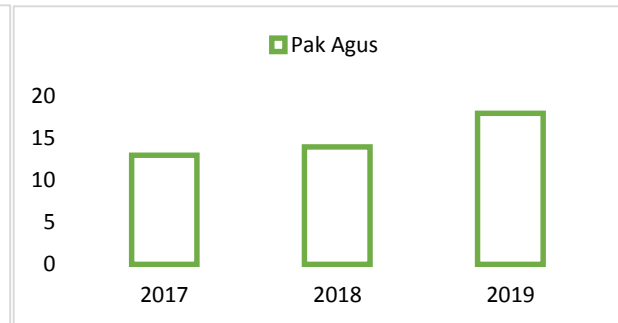
## Amount of Plant material supplied from farmers

## Number of plant materials supplied from farmers





**Average income per month (Rp/moth) in Group member of Pak Amut**



**Average income per month (Rp/bulan) in Group member of Pak Agus**

From the result evaluation of the training that has been conducted, currently farmer groups have supplied their products to the company. In graph 3, the farmer group in Sukabumi has increased their amount of material supplied every year, it was recorded that in 2019 they had supplied 654 kg with 14 kinds of plant materials and the average income of each member per month was IDR 3,600,000. One of the plant materials that have the greatest demand is urang aring plants and betel leaf which are the raw materials for PT Martina Berto's products.

Farmers groups in Ponorogo, from 2017 to 2018 saw a decrease in the supply to our company, from 8,415 kg to 1,279 kg. This happened because in 2017 the demand for fresh raw materials was very high, especially for turmeric, which is around 5,000 kg. Meanwhile, in 2018, the demand for fresh turmeric was replaced with dried turmeric, so that even though the supply was reduced, the number of types and income of farmers increased, because the selling price of dried turmeric was much higher than fresh turmeric. The group's average income in 2019 was IDR 18,000,000 per month.

## **2. Women empowerment through KWT (Group of Women Farmers), collaboration program with APP-Sinarmas.**

Women Empowerment program for women farmer groups (KWT, Kelompok Wanita Tani), especially in rural areas around the forest, is a program that we have implemented in collaboration

with other companies that is member of the IGCN (Indonesia Global Compact Network), namely APP-Sinarmas. The community targets are in five provinces, namely Riau, Jambi, South Sumatra, East Kalimantan and West Kalimantan, which are the APP-Sinarmas concession areas. Besides that, women around the forestry area have also never received a Training program, because the program is mostly aimed at men, namely small farmers.

By carrying out a coaching program aimed at women, it is hoped that women as members of the family can contribute more to their family's economy, as well as play a more active role in the family both economically and in knowledge and the role of maintaining family health independently. No less than 14 activities, which cover nearly 100 groups of women farmers (KWT), have received various trainings on micro-entrepreneurship at home and knowledge about independent health care at the family level by utilizing various plant materials around their homes.

This training is quite interesting and gets enough attention from the community and village officials, with the hope that by implementing knowledge from the training it will improve the welfare of families in rural areas. Furthermore, it is hoped that even though they are far from access to health providers, people living far away in rural areas will be able to independently maintain (preventive) the health of their family members by increasing (promotive) endurance through the use of MAC plant material that grows and are available in their vicinity.

## Women Empowerment program in the villages surrounding the forest

This program currently has reached more than 1,000 women who have received training and have also started making innovative products from processed herbal materials in their vicinity, for food and health drinks. With the support of the local government and local village officials in term of providing facilities and infrastructures, this group of women farmers is encouraged to be more creative in helping the family economy through the use of various natural materials available in the vicinity. From this activity, this will also provides stimulation to the community and also other businesses to contribute to empowering local communities in their working areas.

In addition, a Beauty Class program for women was also held in several villages in the same area. About 8 trainings have been attended by around 750 women. This training is also expected to provide provisions for rural women in caring for health and beauty independently at the family level

It can be seen in table 1 that the total number of people who have been given training is 740 people in 80 villages in 6 provinces, namely Jambi, Riau, South Sumatra, East Kalimantan and West Kalimantan. This number will continue to grow until the end of the program in 2020. Meanwhile for beauty care training there are already 750 women

Time	Location	Number of participant
29 – 30 January 2019	Dataran kempas, Jambi	77
19 – 20 March 2019	Desa Simpang Heran, Sumsel	50
23 – 25 April 2019	Kp. Perawang Barat, Siak, Riau	73
25 – 26 June 2019	Desa Benua Baru, Kutai Timur, Kaltim	52
9 – 10 July 2019	Desa Mengkiang, Sanggau, KalBar	52
24 – 25 July 2019	Desa Petapahan, Kampar, Riau	58
6-7 August 2019	Desa Mendis, Sumsel	71
23 – 25 September 2019	Desa Simpang tiga makmur, Seumsel	39
9 – 10 October 2019	Desa Mandarsah, Jambi	58
22 – 23 October 2019	Desa Tarik, Sidoarjo, Jatim	50
5 – 6 November 2019	Desa Manunggal Jaya, Kaltim	52
2-5 December 2019	Kampung Belutu, Siak, Riau	48
17 – 20 December 2019	Desa Riding, Oki, Sumsel	60
<b>Total</b>		<b>740</b>

## Training in Jambi and Palembang (South Sumatra)



### 3. Community development in Bilebante, Lombok, West Nusa Tenggara for Wellness Tourism Village

PT Martina Berto, Tbk became one of the companies that contributed to the "Innovation and Investment for Inclusive Sustainable Economic Development" (ISED) project. This project was initiated by the Indonesian and German governments, through the Ministry of National Development Planning of the Republic of Indonesia / BAPPENAS and the German Federal Ministry for Economic Cooperation and Development with GIZ (*Deutsche Gesellschaft für Internationale Zusammenarbeit*). The ISED project aims to strengthen the capacity of the private and public sectors to promote inclusive and sustainable jobs and closely linked to development priorities set by the Indonesian government.

PT Martina Berto, through Kampong Djamoë Organik (KaDO) is committed to joining ISED in promoting inclusive and sustainable employment through the development of a wellness tourism village in Bilebante, Central Lombok Regency, NTB (West Nusatenggara). In the future, this village is expected to develop regional potential and maximize its capacity, so that the community can benefit from it

This program takes an area in the Central Lombok region, in Bilebante, which previously since 2015 began to raise the potential of the village to become a green tourism village (*DWH, desa wisata hijau*) which is driven by young people, the community and also village officials. With the village's potential in agriculture as well as its natural wealth. vast expanses of rice fields

that can be planted all year round, various kinds of fruit products, as well as various processed foods from local crops. The choice of Bilebante village has several considerations, including the Lombok region which is the priority of the central government for the development of its Economic and Tourism Zone, which is famous for the MANDALIKA area in the Kuta Lombok area. In addition, this empowerment program is intended to provide support to the community after the earthquake in 2018 which had a major impact on the local economy.

Through community empowerment programs in creating Wellness Tourism Village, we are members of various parties, both government and private and the community. Initiated by BAPPENAS, supported by the Ministry of Villages and the Ministry of UMKM Cooperatives from the government, and involving the private sector, Martha Tilaar Group, Santika hotel, Panorama Travel, and Allianz, this program has been successfully realized with financial support from GIZ Indonesia. Until after one year of the program, Bilebante village began to be known as one of the natural and healthy wellness tourism destinations, by offering various natural tourism packages and health services that we have built there

The training activities we provide for this program are about knowledge in making healthy food and drinks by utilizing MAC plant materials around the site, training on MAC plant cultivation and post-harvest handling and manufacturing of health products, setting up Herbal Garden contains more than 130 types of MAC plants are nutritious for health care, beauty and aromatics properties.

Kampoeng Djamoë Organik provides knowledge about making healthy food and drinks by utilizing MAC plants (medicinal, aromatic, cosmetic) ingredients around the site; Skill training on MAC plant cultivation and post-harvest handling; and also manufacturing of health products. Moreover, we have also guided community to set up Herbal Garden containing more than 130 MAC plant species with the properties for health and beauty care, and also for aromatics. The Herbal Garden that we have built is a point of interest that is quite unique and has attracted many visitors to learn and gain knowledge about independent health care by utilizing medicinal, aromatic, and cosmetic plants that grow around. Visitors will be served with health drinks, herbs, then continued with taking health education.

This training program will complement various pre-existing activities, namely cycling around the rice fields, local art performances at the performance arena (fishing market), as well as the sale of various village specialties and drinks in the form of a local culinary bazaar. With the program we support, it will give more various activities to improve the image and services of this village to be a Wellness Tourism village. The Bilebante Herbal Garden we have built is a point of interest that is quite unique and is of great interest to visitors to learn and gain knowledge about self health care by utilizing medicinal, cosmetic, and aromatic plant materials that grow around us. By serving health drinks, Jamu, to visitors, then continued with health education, and massage treatment will provide complete health recovery to visitors after doing a little exercise cycling around the rice fields.

In the future, this program is expected to improve the standard of living of the Bilebante village community through health and fitness tourism services. With the appointment of Lombok as an economic area as well as a tourist target, it is hoped that the Bilebante people will be ready to receive tourist visits, both local and foreign. By offering a wide variety of products and services, it is also hoped that the economy of this village community will improve so that the prosperous community's family will be true.



## Build a Herbal Garden, and Training to make health drinks

#### **4. Kampoeng Djamoë Organik Martha Tilaar**

Kampoeng Djamoë Organik (KaDO) is a botanical garden that contains various types of medicinal, aromatic, and cosmetic plants (MAC plants). KaDO was established as an initiative of Mrs. D.R. (HC) Martha Tilaar dedicated to environment due to the current environmental condition is getting more worrying. Since 1997 the planting area in Cikarang city – West Java, which covers about 10 ha area, began to be built from the beginning of marginal land. Initially, the land was empty land, bare area with the pure condition as planting area. The soil texture and structure are also quite difficult to cultivate, requiring heavy processing of the soil to make it fertile for plants can grow on this land.

This garden has been functioned as a center for environmental education and as an area for the preservation of MAC plants. Currently, the number of collections is around 700 species of medicinal, aromatic, and cosmetic plants. This garden is managed by agricultural experts and supported by the Martha Tilaar Innovation Center (MTIC), KaDO as a center for environmental education, is one of the Botanical Gardens in Indonesia which can help foster good environmental awareness for the community and educate farmer community to be able to cultivate well and be environmentally friendly through organic farming system. This also to support the achievement of the Sustainability Development Goals (SDGs) more quickly and effectively. In addition,

KaDO has provided training to more than 120 farmer groups from various provinces in Indonesia, from planting, harvesting, to drying crops.

KaDO is actively collaborating with several schools to provide experience for students to get to know the environment more closely and detail, planting trees and get to know the ecosystem, as well as an ecotourism object where visitors can take a short recreation by traveling around organic gardens, planting trees, yoga, healthy gymnastics, herbal juice demonstrations, herbal medicine making demonstrations, a demonstration of making compost and biopori wells, natural painting for children, and having lunch with an organic healthy foods and drinks at Kedai Sehat Alami, where a place to eat and drink in the middle of the garden. Not only providing healthy food, but also herbal and various herbal teas.



# REALIZING RESOURCE OF SUPERIOR HUMAN

Employees, as one of the elements of business capital, play an important role in determining the survival of the company. Therefore, the company continues to renew its initiatives to ensure increased productivity of employee to really contribute to the progress and growth of the company. Realizing this matter, PT. Martina Berto Tbk has implemented the following Human Resources policies:

## 1. Equality for all on Working Opportunity

Through this policy PT. Martina Berto, Tbk provides equal opportunities for all employees regardless of gender, ethnicity, race, religion, skin color, age, marital status and physical limitations. This applies since the selection, promotion, wage setting and employee transfer processes. In accordance with the provisions of Law No. 13/2003 concerning Manpower article 68, PT.

## Number of Employee based on Age and Gender

Martina Berto, Tbk does not recruit and employ workers under 18 years of age due to not having the emotional maturity to do a job and support natural child growth. The entire management of PT. Martina Berto, Tbk agrees with this and applies working conditions that refer to welfare & safety regarding to the production manufacturing facilities, implements rules to minimize employee negligence and fosters working synergy in teams and individually.

The implementation of the policy starts from the top management level to the managers and supervisors who are responsible for implementing equal opportunities for employees in each department / division. This is reflected in the company's constructive personnel practices and promotes equal employment opportunities for all employees from the selection, promotion to transfer process regardless of gender, ethnicity, race, religion, skin color, age, marital status and physical limitations. The Collective Labor Agreement (PKB) clearly imposes sanctions for policy violations in the form of discriminatory attitudes and is described in the following table.

AGE	2017	2018	2019
>50	127	119	117
40 s/d 49	253	252	233
30 s/d 39	217	183	165
20 s/d 29	387	315	275
< 20	4	20	9
GENDER			
Male	418	358	306
Female	570	531	493
<b>TOTAL</b>	<b>988</b>	<b>889</b>	<b>799</b>

In line with one of the pillars of PT. Martina Berto, Tbk regarding women empowerment, the current female employee population is 60% with an increasing trend from year to year. In order to prepare for the 4.0 industrial revolution, the majority of employees of PT. Martina Berto, Tbk currently comes from the Z millennial generation with an age range between 20-29 years. They work in harmony with generation X & baby boomers who are currently still active to work together so that it becomes a balance of work dynamics as well as a succession transition and workforce regeneration for the continuity of PT. Martina Berto, Tbk

The following is a table of position composition along with the employee population from year to year which is corrected due to the global economic situation marked by a decline of oil prices which reach the worst point in 2015 and affected the manufacturing industry such as PT. Martina Berto, Tbk. Moreover, the disruption of competition by shifting to online-based sales platforms through access to applications that accelerate transaction rates.

Education	2017	2018	2019
S3	3	3	3
S2	24	22	19
S1	191	195	172
D3	57	59	50
D2	4	4	4
D1	13	12	12
SMA/SMK	658	560	509
SMP	34	31	27
SD	4	3	3

This affects the dynamics of employees who decide to have a career outside PT. Martina Berto, Tbk, and also common reasons such as retirement on time and early retirement

In 2019 the total number of employees of PT. Martina Berto, Tbk reached 799 people & decreased by 0.8% compared to last year. This was caused by the company's efforts in the last 3 years to make a transition to the development of work system processes that allowed automation of previous labor-intensive manufacturing systems to respond to changes to the 4.0 industrial revolution in the context of efficiency.

On the other hand, current labor capital has become a company asset that evolves over time and commonly adapts to the labor market. PT. Martina Berto, Tbk currently has employees with various levels of education and work qualifications following the company and market needs. The undergraduate level (S1) continues to dominate the composition of the education level of employees, and is corrected in terms of numbers as is with Strata 2 (S2) although it is less significant, while the Doctoral level (S3) is still a part of the top management ranks. The description is shown in the following table:

## Number of Employee based on Education

## 2. Selection & Reposition of Employee

The policy of Employee selection is focused on capitalizing the best talent with qualifications that respond to market needs of this company. Therefore, the recruitment process is transparent in accordance with the provisions of the PKB and is open to anyone which takes place in an inclusive and non-discriminatory manner. Mutations of employees both internally and externally (retire & resign) also occur dynamically along with market changes that are disrupted by the presence of technology that makes PT. Martina Berto Tbk has adapted especially in terms of employment, the results are reflected in the following table. External employee mutations (resigning) have increased in the last 3 years, triggered by the acceleration of technology disruption with competitive compensation offers and wider career opportunities, especially from startups other than personal reasons.

The fluctuation of external employee turnover is fluctuating, but not more than 0.05% of the total number of employees so it is classified as low and is offset by the influx of new employees which has increased more or less in balance of around 0.06% per year.

In the last 3 years, PT. Martina Berto Tbk records that there are 4 (four) main reasons that trigger turnover, which include a more competitive offer of compensation & benefits along with wider work opportunities. Personal reasons both triggered by personal and family factors and also workload responsibilities that require special adjustments. The following table reflects the statistical descriptions for the last 3 years for reference.

### Number of Turn Over & New Employee

MONTH	Year 2017		Year 2018		Year 2019	
	RESIGN	NEW	RESIGN	NEW	RESIGN	NEW
January	4	2	2	8	4	5
February	3	5	4	4	2	3
March	4	4	2	7	9	3
April	5	7	1	2	2	6
May	8	3	-	7	3	3
June	7	3	4	1	1	2
July	4	7	4	4	9	3
August	4	4	6	2	6	5
September	1	6	4	5	5	4
October	3	3	1	4	2	8
November	8	7	-	1	1	1
December	-	5	6	4	1	3
<b>TOTAL</b>	<b>51</b>	<b>56</b>	<b>34</b>	<b>49</b>	<b>45</b>	<b>46</b>
<b>%</b>	<b>0.05</b>	<b>0.06</b>	<b>0.03</b>	<b>0.05</b>	<b>0.05</b>	<b>0.06</b>

## Reasons for Resignation of Employee

Reasons	2017		2018		2019	
	Number	%	Number	%	Number	%
Work opportunities in other companies (salary, career & development) opportunity in the other companies	31	60.7	20	58.8	18	40
Family reasons (getting married, taking care of the household, taking care of the children, taking care of the parents, taking care of the long distance house, etc.)	15	29.4	7	20.5	17	37.7
Working load	2	3.9	3	8.8	2	4.4
Others ((Continue studies, scholarships, own business, health)	3	5.8	4	11.7	8	17.7

### 3. Remuneration

Remuneration policy of PT. Martina Berto Tbk is dynamically adjusting market & competitive responses from time to time. It cannot be denied that external factors have more influence on management decisions regarding remuneration, such as the increase in the Regional Minimum Wage (UMR) and the City Minimum Wage (UMK) to the Provincial Sectoral Minimum Wage (UMSP), which has been a Government provision communicated through the PT. Martina Berto Tbk Labor Union.

Market competition in general is also a consideration in determining the remuneration structure of employees and is wisely addressed by management so that it can be properly facilitated.

Remuneration received by employees is accompanied by work facilities which are a contributing factor to welfare and allow employees to be dedicated to their work, which is reflected in the loyalty of the employee's long service life. The following table is a comparison of the facilities received by both permanent and contract employees:

Kind of Benefits	Permanent Employee	Contract Employee
Health benefit	√	√
Transport benefit	√	√
Communication benefit	√	
Working equip, emts benefit	√	√
Scholarship for Children	√	
Award of Working Period	√	

Apart from the employee facilities given above, PT. Martina Berto,Tbk initiated a Scholarship Program for employees' sons and daughters and an Employee Service Award since 1990 as a token of appreciation for employees. Scholarships are given to employees' sons and daughters with permanent work status with Basic Level (KD) positions, staff and supervisors who are registered at the Company.

#### Number of Scholarship for children

Scholarship	2017	2018	2019
Basic School	29	27	21
Junior High School	20	17	20
Senior High School	10	10	10

Specifically for tenure awards, the company gives a token of appreciation for work loyalty in the form of vouchers / cash or rings / pins / pendants made of 22 carat gold at every anniversary ceremony of the founder of Martha Tilaar Group: DR. Martha Tilaar, in 4 September each year. The employees who are entitled to receive the award have previously been marked by the Human Resources Department (HRGA) with a minimum service period of five (5) years without interruption, starting from the time the employee has become a permanent employee of the company. The following is a table of employee service awards that have worked dynamically over the past 3 (three) years:

#### Awards of Working Period

Working Period	2017	2018	2019
5 years	20	34	27
10 years	1	6	5
15 years	19	10	3
20 years	36	15	18
25 years	22	4	12
30 years	16	6	5
35 years	0	4	0

#### 4.Training & Development

HR qualification improvement policy at PT. Martina Berto Tbk in the form of development & training is the Company's effort in creating the value of human resource capitalization which continues to increase as seen from its ability to contribute to the company in competing fairly in an increasingly competitive market. Various career development efforts & employee training are provided proportionally according to the duties and responsibilities of the employee concerned. Through this policy, employees are given motivation and a constructive approach to increasing productivity with a real contribution that determines the remuneration they will receive.

This training program for employees includes general and functional training, which is provided to employees at every level. General training aims to provide knowledge and awareness to employees, while the mandatory material provided includes ISO, GMP, SMK3, Halal. Furthermore, the functional training provided aims to improve employee competence as needed.

There are two types of employee training today: functional (adjusting the position) and general (general & soft skills). In the last 3 years, PT. Martina Berto Tbk provides equal opportunities for all employees proportionally to get training according to work duties & responsibilities. The training program is designed in such a way especially to meet the needs of companies that are productive, specific and part of compliance with certain rules and standards as a cosmetic company that has penetrated the international market.

Standard provisions for PT. Martina Berto Tbk moves to follow regulations at the national and international levels through HR assets which impact on the company's commercial conditions. This can be seen from the application of Occupational Safety & Health (K3) Standards as minimum provisions, halal certification & standards applied in the use of materials and work processes that are in contact with social responsibility. Overall, this is not only intended for the company as an entity, but the most important thing is the increased competence and welfare of the employees of PT. Martina Berto Tbk, which drives the company's continued growth.

The following training data shows that in the last 3 years there has been a correction in the participation of employees who have participated in training and this has followed the number of employees, especially in production, who have experienced internal and external mutations. General training mostly includes crew followed by staff and supervisors who have the task of implementing management strategies. General training consists of basic competency skills, soft skills, quality management knowledge in the context of

implementation and compliance standards that must be mastered by almost all job levels. Meanwhile, functional training is specifically designed to sharpen the competencies that are mastered with high training intensity as seen from the duration followed by each level of position. The number of participation has increased significantly if it is observed in the last 3 years with a higher intensity duration compared to general training.

This increase in participation was caused by management's expectations that employees have higher productivity in line with sharply increasing market competition and additional production capacity. It cannot be denied that the intensity of this capacity increase automatically motivates employees to compete and is motivated to make the best contribution which not only benefits the company but also has the same opportunity to race against time to improve their respective competencies so as to contribute better performance to the company.

## Training and Development Program

### A. CORE TRAINING

NO	MODULE	EMPLO YEE	DURA TION/ MAN	AVER AGE	EMPLO YEE	DURA TION/ MAN	AVER AGE	EMPLO YEE	DURA TION/ MAN	AVER AGE
1	Evaluasi Tanggap Darurat	26	104	4						
2	Awareness Training GMP, ISO, HALAL, SMK3	70	350	5	446	2230	5	407	2035	5
3	K3, SMK3, P2K3, APAR, P3K	106	848	8						
4	HIRAC	43	129	3						
5	Budaya 5 R	63	189	3						
6	GMP (CPKB+ISO 22716), Halal, ISO 9001 & 14001, SMK 3, K3, Tanggap Darurat, Pemadam Kebakaran, P3K, B3, Evakuasi Keadaan Darurat	419	1676	4						
7	CPOTB, ISO, HALAL, SMK 3	37	185	5						
8	Sosialisasi Prosedur Pengembangan Produk				38	190	5			
9	P3K Lingkungan Kerja				49	196	4			
<b>TOTAL</b>		<b>245</b>	<b>1431</b>	<b>5.84</b>						

### B. GENERAL TRAINING

NO	MODULE	EMPLO YEE	DURA TION/ MAN	AVER AGE	EMPLO YEE	DURA TION/ MAN	AVER AGE	EMPLO YEE	DURA TION/ MAN	AVER AGE
1	Penanggulangan Kebakaran & APAR	41	164	4						
2	Penanggung Jawab Ruangan, SOP Tanggap Darurat, APAR, P3k	42	126	3						
3	Seminar Kesehatan Pencegahan & Penanggulangan HIV, AIDS & Narkoba di tempat Kerja	54	162	3						
4	Diklat Serikat Pekerja KEP	70	490	7						
5	Integrated Management System Internal Audit Based on ISO 19011 : 2011				38	912	24			
6	Raker Training FINAD				41	656	16			
7	Sosialisasi BPJS TK & Kesehatan				40	160	4			

8	Pelatihan Internal Auditor CPOTB								7	56	8
9	Pelatihan Pemadam Kebakaran (APAR, HYDRANT)								97	485	5
10	DJITU								238	1904	8
11	Business Craft (for Sales & Marketing)								34	136	4

**Tabel of Average Training**

NO	CATEGORY	Level	2017			2018			2019		
			No Of Employee	Training Hours	Average Time	No Of Employee	Training Hours	Average Time	No Of Employee	Training Hours	Average Time
1	GENERAL	Dir	0	0		1	16	16	0	0	0
		Mgr	50	92	1.84	59	484	8.20	19	126	6.63
		Spv	225	840	3.73	149	793	5.32	83	421	5.07
		Staff	253	948	3.74	290	1,638	5.64	124	629	5.07
		Crew	550	2,280	4.14	305	1,458	4.78	235	1,175	5
		Total	1,078	4,160	13.45	804	4,389	39.94	461	2,351	21.77
2	FUNCTIONAL	Dir	2	28	14	1	24	24	0	0	0
		Mgr	12	79	6.58	23	608	26.43	20	290	14.5
		Spv	23	268	11.65	16	384	24	106	937	8.83
		Staff	13	20	1.53	0	0	0	204	1,617	7.92
		Crew	19	34	1.78	0	0	0	68	352	5.17
		Total	69	429	35.54	40	1,016	74.43	398	3,196	36.42
		Dir	2	28	14	2	40	20	0	0	0
		Mgr	62	171	2.75	82	1,092	13.31	39	416	10.66
		Spv	248	1,108	4.46	165	1,177	7.13	189	1,358	7.18
		Staff	266	968	3.63	290	1,638	5.64	328	2,246	6.84
		Crew	569	2,314	4.06	305	1,458	4.78	303	1,527	5.03
		<b>GRAND</b>	1,147	4,589	28.9	844	5,405	50.86	859	5,547	29.71



## **ATTACHEMENT II NO. 51/POJK.03/2017**

For 49 years we have consistently promoted “Beautifying Indonesia” by developing cosmetic production facilities which include skin care products, body care, hair care, decorative, make up bases, and others; as well as traditional medicinal facilities that produce herbal products such as caplets, tapels, pilis, param, masks and others; to provide holistic beauty and health products that can exude beauty and physical health for every user

Total production in 2019 is 23 million units. The focus of production this year is on products in the skin care and make-up base categories, where consumer interest is very high in accordance with the increasing number of production in these categories which is illustrated in the chart below.

As the first producer of "ORGANIC CERTIFIED PRODUCT BY ECOCERT" in Indonesia in 2014, we have developed and certified 7 organic products by 2019. Total production in 2019 was 2,630 pcs.

### **MATERIAL USED BY WEIGHT OR VOLUME**

The organization already uses renewable raw materials from vegetable sources such as simplicia (plant materials), castor oil, alcohol, essential oils and plant extracts. Its use is still small if compared to non-renewable raw materials. Continuity of supply, non-standard quality of materials or

application of ineffective formulas compared to non-renewable raw materials are the factors that slow the increase in the use of renewable raw materials. However, the organization continues to develop the use of non-petroleum derivatives in its products. Total substitutions for non-petroleum derivative materials used in 2019 increased by 5.7% compared to 2017

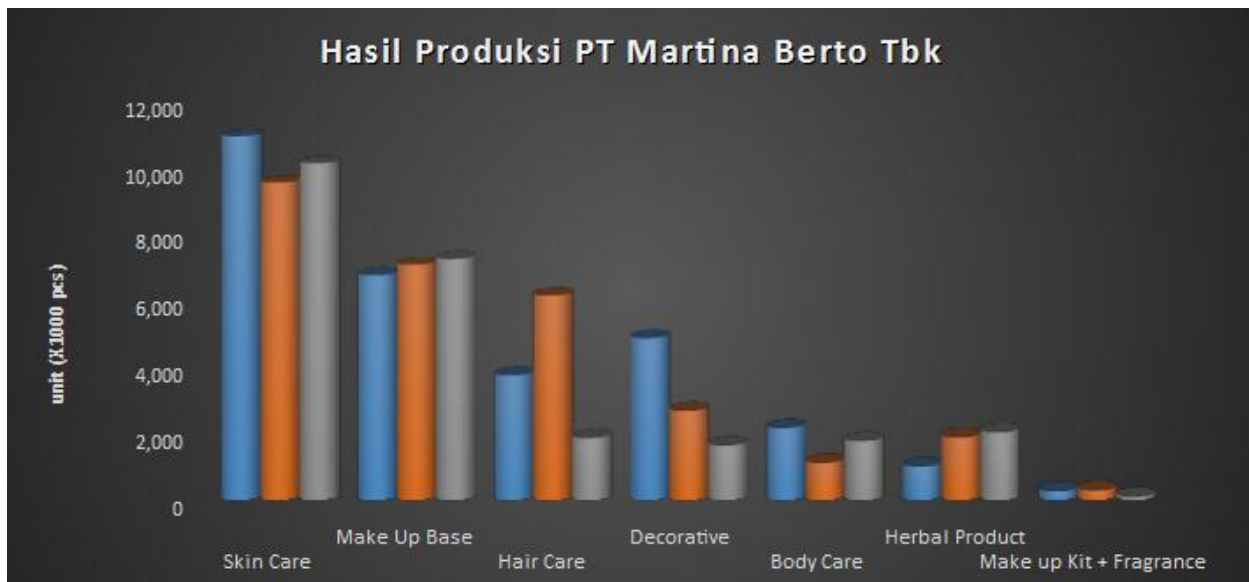
### **RECYCLED INPUT MATERIAL USED**

In accordance with the requirements of product quality and safety standards, the use of recycled raw materials in production is not possible. However, in the production process cycle for auxiliary equipment, for product purification and separation; the material in the recycling stream is used multiple times to produce the desired energy and resource savings. The amount of recycled material used could not be detected as it is an integral part of the production process

### **RECLAIMED PRODUCTS AND THEIR PACKAGING MATERIALS**

All cosmetic products marketed by PT Martina Berto Tbk have undergone a Dermatology test so that it can be ascertained that the product is safe to be used for the skin. In addition, the organization uses most of the packaging which can be recycled while maintaining the requirements of product quality and safety standards.

Products of *Skin care* dan *Make up* base of PT. Martina Berto, Tbk  
 Are still selected products purchased more by costumers



**Health and Safety of working Environment (K3 - Kesehatan dan Keselamatan Kerja)**

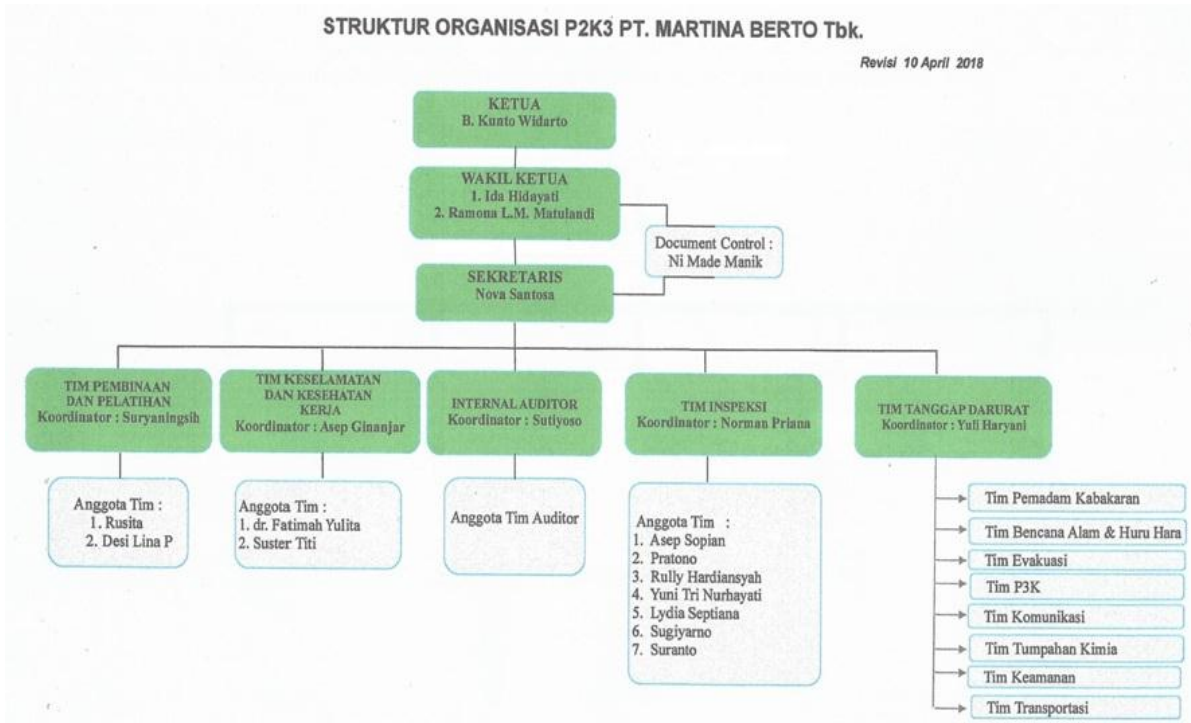
PT. Martina Berto Tbk, is committed to running business activities by upholding the principles of occupational safety and health (K3) principles. All operational activities must meet the K3 excellence criteria in order to avoid work accidents, reduce fatality rates and reduce the amount of time lost due to work accidents.

The K3 aspect has become one of the elements in the work procedures regulated in the collective working agreement (PKB) regarding health, safety and work protection.

Efforts made by the company include making the person in charge of the room related to K3 (consisting of the person in charge, first aid kit and firefighters) K3 posters, disciplinary appeals for the use of PPE (personal protective equipment), and safe work behavior, as well as occupational health safety training.

**Structure of P2K3**

PT. Martina Berto Tbk, formed the Occupational Health and Safety Advisory Committee (P2K3), and has been registered with the Manpower and Transmigration Office of the Municipality of East Jakarta



### TRAINING OF K3

PT. Martina Berto Tbk, periodically sends employees to participate in various OHS training programs, both held independently (internally) and at external training institutions. Among them is training to take the required professional competency certification. The total number of OHS-related training in 2017 was 580 employees, in 2018 there were 274 employees, in 2019 there were 777 employees. We are increasing our K3 commitment, in 2017 we had 1 K3 expert and in the last two years we sent 5 people to get K3 expert certification

### NUMBER OF WORKING ACCIDENTENCE

The number of work accidents at PT. Martina Berto Tbk, in 2017 the number of minor accidents was 3 minor categories, in 2018 and 2019 there were 4 minor

During the last 3 years we have managed to zero fatality, our accident rate ranges from 3 - 4 with the category of minor accidents.

### HEALTH FACILITY

PT. Martina Berto Tbk, provides adequate health facilities for employees. There is a company clinic that serves employees. A company clinic led by a K3/OHS doctor. We also care about the health of our employees, we work together with hospitals and insurance to organize health education for +/- 300 - 400 employees. In the last 20 years we have consistently maintained employee health, by providing additional nutrition in the form of milk for employees. We have succeeded in the last 3 years in reaching 100% of all our employees undergo medical check-ups.

## ENVIRONMENT

### Budget

PT. Martina Berto Tbk, is committed to environmental management, every budget is earmarked for environmental protection. Comprehensive environmental management of air, waste water, solid waste and hazardous waste that complies with regulatory standards set by the government.

### ENERGY

Resource of Energy	Satuan	2017	2018	2019
Electricity/PLN	Kwh	1,416.12	1,117.49	1,160.19
Water/PDAM	M <sup>3</sup>	32,682	29,178.96	27,296.04
Petrol/Solar	Liter	57,613	36,325	46,001

The environmental management costs include:

Activities	2017	2018	2019
WWTP (waste water treatment plan) & STP (Sewage treatment plan) waste inspection	18,000,000	18,000,000	18,000,000
Environmental Examination (physics, chemistry)	40,000,000	40,000,000	40,000,000
B3 waste disposal costs to third parties	23,000,000	25,000,000	25,000,000
Purchase of chemicals	15,000,000	15,000,000	15,000,000
K3 examination (physics, chemistry, ergonomics)	5,000,000	5,000,000	5,000,000
External Audit of ISO 14001	30,000,000	30,000,000	30,000,000
<b>Total</b>	<b>131,000,000</b>	<b>131,000,000</b>	<b>131,000,000</b>

## CALCULATION OF EMITION

### Electricity

Year	Total Use (Kwh)	Conversion Factor	Total CO2 (Kg)
2017	1416.12	0.43	609
2018	1117.49	0.43	481
2019	1160.19	0.43	499

### Petrol/Solar

Year	Total Use (liter)	Conversion Factor	Total CO2 (Kg)
2017	57,613	2.518	145,070
2018	36,325	2.518	91,466
2019	46,001	2.518	115,831

## **Energy Intensity :**

Increasing efficiency in energy use during the production process, controlled energy use will reduce emissions which can have an impact on global warming. PT. Martina Berto Tbk, uses electricity, natural gas and petrol/solar as the main energy sources needed during the production process.

## **ENVIRONMENTAL ASPECT AND IMPACTS**

PT. Martina Berto Tbk, a company that cares about the environment, reduces environmental aspects and impacts by having several environmental programs, including:

1. Saving natural resources, by measuring and monitoring water and electricity consumption, saving electricity by using energy-efficient lamps
2. Creating a company with controlled impact, where the company minimizes the use of air conditioners made of ozone-depleting substances, and replaced with environmentally friendly air conditioners. Another controlled impact is setting up infiltration wells (biohore).
3. Creating Company that is clean, beautiful and comfortable, by creating a clean emission program in the company's area.

## **BIODIVERSITY (R&D)**

PT. Martina Berto Tbk. committed to always using natural raw materials that are not included in protected and endangered plants. For this reason, before natural ingredients are used in product formulas, MTIC (Martha Tilaar Innovation Center) conducts an inspection both in terms of quality, halalness and sustainability of material supply.

## **CONTROL AND MANAGEMENT of EMITION**

### **WASTE OF POISONOUS & DANGER MATERIAL (B3)**

PT. Martina Berto, Tbk seeks to control the impact of the company's operations and manage the waste generated from the company's process.

One of the company's efforts to prevent environmental pollution and preserve natural resources is by treating liquid waste in the Wastewater Treatment Plant (WWTP) so that it meets the required quality standards. Liquid waste mainly comes from the production process (washing equipment and washing raw materials) as well as domestic waste. During the last 3 years, our liquid waste has still met the quality standard according to the DKI Jakarta Governor Regulation No. 69 of 2013 and PermenLHK No. 68 of 2016 and no liquid waste is released directly into water bodies (rivers) or sewers so that it has the potential to pollute the environment and harm the community.

Production activities that produce hazardous (B3) waste are properly managed for not having bad impact on human health and the environment. Activities on hazardous waste temporary storage at PT. Martina Berto Tbk, has obtained a permit based on the Capital Investment and One Stop Integrated Services Office of DKI Jakarta Province No. 42 / K.5.1 / 31 / -1.774.15 / 2019 which is valid for 3 years. The type of hazardous (B3) waste produced by PT. Martina Berto Tbk, and the amounts in the 2017-2019 period are as follows:

Kind of hazardous (B3) Waste	Number of B3 Waste (kg)		
	2017	2018	2019
Majun linen	50.046	90.871	116.445
Ink rinse of Jet video	2	21.98	8.51
Llight bulb (TL)	0	45.5	47.81
Used Oil	134	90	110.5

### Waste of NON B3

Regarding the reduction of non-B3 solid waste in the last 3 years, there has not been zero non-B3 solid waste, but most of the non-B3 solid waste is solid waste such as plastic packaging, expired products, and used paper / documents and the solid waste is economical / usable.

Kind of Non B3 Waste	Number of Non B3 Waste (m3)		
	2017	2018	2019
Organic	429	149	260
Anorganic	470	204	340
<b>Total</b>	<b>899</b>	<b>353</b>	<b>600</b>

### PUBLIC COMPLAINTS

PT. Martina Berto Tbk, a company that cares about the preservation of natural resources, cares about environmental management and complies with government regulations, so in the last 3 years there have never been any complaints from the surrounding community regarding the environment.

### SUSTAINABLE INNOVATION

In the era of globalization where there are rapid changes, intuition, speed, and the ability to identify trends in cosmetics and natural products have a very important role. To answer this challenge, PT Martina Berto Tbk. committed to always innovating in creating traditional cosmetic and medicinal products that can meet consumer needs by establishing a research and development division, namely the Martha Tilaar Innovation Center (MTIC).

MTIC is a center for research, development, creation and innovation of natural raw materials, products and services of the Martha Tilaar Group, which was founded in 1999. Adhering to the 3C principles (Connect, Collaborate, Compete) and based on research, science and technology, this division combining cultural wisdom and knowledge of ancestors as well as sources of Indonesian biodiversity to create innovative products to meet the demands of a very diverse and competitive market.

MTIC conducts research ranging from exploration and development of natural raw materials from Indonesia, standardization of raw materials, development of cosmetic formulas and traditional medicines, research on the safety and efficacy of raw materials and products, as well as notification and product registration in accordance with applicable regulations.

In carrying out these activities, MTIC is led by a Director and supported by dozens of researchers from various fields of science, including pharmacy, chemistry, biology, biotechnology, chemical engineering and others. To support MTIC activities, PT Martina Berto Tbk. committed to allocating a budget for research and development of 3% of the total budget.

### 1. Partnership for Innovation

To answer the increasingly diverse market challenges, MTIC also collaborates with various educational institutions both local and international, industry, government agencies and communities. Some of the collaborations that have been carried out include:

Mitra	Partnership Range	Types of Research
IPB	2019 - present	Research on the development of formulas from exploration of coastal biological resources for cosmetics and personal care
BPPT	2013 - present	Domestication, identification, multiplication and flowering studies as well as activity test for the <i>Coelogyne marthae</i> S.E.C Sierra orchid.
UNPAD	2015 - present	Testing of <i>sun protecting factor (SPF) in vivo</i>
Ministry of Marine and Fishery	2018 - present	Research on the use of marine active ingredients for cosmetic products and traditional medicine
IMERI UI	2020 - present	Implementation of qEEG (quantitative electroencephalogram) based service activities to determine the benefits of aromatherapy
Clariant	2018 – present	Distribution & marketing collaboration for 12 extract products from MTIC's innovation with the brand Plantasens® Berto®

## 2. Patent for Innovation

To protect the results of its research, the results of MTIC's innovation have registered their intellectual property rights in the form of patents with the Ministry of Law and Human Rights of the Republic of Indonesia (Kemenkumham RI). Until 2019, 26 patents of PT Martina Berto Tbk have been granted.

- Registered patents

In 2019 MTIC together with the Center for Biopharmaca Studies IPB registered a joint research patent examining the benefits of extracts of the stem and skin of the betel nut (*Xylocarpus granatum*), a type of mangrove plant, as a beauty ingredient for whitening, anti-aging, and anti-acne.

- The granted patent

Since 2017, MTIC has committed to following up on patents that have been registered but have not been granted. As of 2017, 11 out of 29 patents have not been granted. As a result of this follow-up, 7 patents were granted in 2018 and 1 patent was granted in 2019. The following is a list of patents granted in 2017 – 2019:

- Major patents in superior products Sariayu Putih Langsung Series, which is one of the backbone products of PT Martina Berto Tbk. developed using native Indonesian plant extracts from the patented innovation of MTIC. The plant extracts used include langsung fruit extract (*Lansium domesticum*)

No	Titel of Patent	Year Granted
1	Karehau Leaf Formulation ( <i>Callicarpa Albida</i> ) As Skin Lightening Herbal	2019
2	Pomegranate skin extract ( <i>Punica granatum</i> L.) as a natural antioxidant	2018
3	Pomegranate peel extract ( <i>Punica granatum</i> L.) as a natural moisturizer	2018
4	Extract of Waron ( <i>Abelmoschus moschatus</i> M.) as a Natural Moisturizer	2018
5	Leaf extract of Jure ( <i>Nerium indicum</i> M.) as a natural sunscreen ingredient	2018
6	Lotus Extract ( <i>Nelumbium nelumbo</i> D.) as a Natural Moisturizer	2018
7	Combination of extracts of meniran ( <i>Phyllanthus niruri</i> L.), sugar cane ( <i>Saccharum officinalis</i> L.) and langsung ( <i>Lansium domesticum</i> C.) as a skin lightener	2018
8	Basil Extract complex, Making and Using it.	2018



(IDP000040231 & IDP000040230) and hibiscus flower extract (*Hibiscus rosa-sinensis*) (IDP000043051) as a skin lightening agent and basil extract (*Ocimum sanctum* L.) (IDP000050668) as an anti-irritant.

### 3. Green Innovation

One of the raw materials used in scrub products is microbeads. Microbeads are known to have a negative impact on the environment, especially marine ecosystems. Therefore, MTIC is reformulating to replace microbeads in cosmetic products.

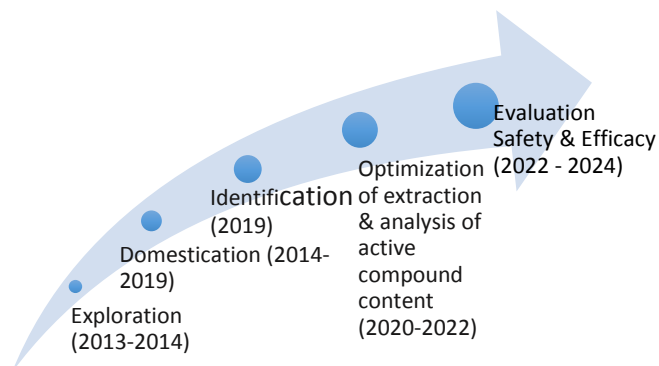
Microbeads are fine grains made of small plastic particles (usually polyethylene) less than 5 mm in diameter. Reformulation was carried out in stages by replacing microbeads with scrub materials that were more environmentally friendly (Scrubs derived from minerals). To date, all 12 products, using microbeads, have been reformulated.

### 4. Product Safety

MTIC is committed to producing quality products for its consumers. Product formulas are developed using quality and standardized ingredients and are safe for humans and the environment. To ensure the safety of the products it creates, MTIC conducts product safety testing both in vitro and in vivo. Every year, 100% of the product formulas developed by MTIC are tested to ensure their safety.

5. Orchid *Coelogyne marthae* S.E.C Sierra  
*Coelogyne marthae* S.E.C Sierra is a new type of orchid that lives epiphytic and grows endemic to Indonesia, especially in the western part of Kalimantan. The name *Coelogyne marthae* S.E.C Sierra is a tribute to Dr. (H.C.) Martha Tilaar from The National Herbarium of the Netherlands for her efforts to establish the Martha Tilaar Professorial Chair at Leiden University in 2000.

To conduct research on the potential of *Coelogyne marthae* S.E.C Sierra, PT. Martina Berto Tbk. In collaboration with the Agency for the Assessment and Application of Technology (BPPT) since 2013. This research collaboration includes the following stages:



#### • Exploration

Exploration was carried out to find and obtain accessions to the *Coelogyne marthae* S.E.C Sierra plant in several areas in Kalimantan, including Kapuas Hulu, West Kutai, Sambas, Landak, Mempawah, and Bengkayang districts.

#### • Domestication

The stages of adopting the *Coelogyne marthae* S.E.C Sierra orchid as a result of exploration from natural habitat to the environment outside its original area

were carried out in 2 ways, namely:

- i. Maintenance of germplasm ex situ by domestication in a greenhouse. The exploratory plants were planted in a medium containing chopped ferns and carried out routine maintenance.
- ii. Conservation of germplasm in vitro by self-pollinating by placing pollens in the stigma hole of orchids. After the fruit is ripe, seeding is carried out in the laboratory by planting the seeds in basic media and then incubated in a controlled room.

- **Identification**

Identification of accessions from exploration results was carried out through qualitative and quantitative characterization of flower morphology and analysis of plant genetic variations using the Random Amplification Polymorphic DNA (RAPD) method.

- **Optimization of extraction and analysis of active compounds**

Extraction optimization is done by using a variety of extraction conditions to obtain the extract with the best active compound content or effect.

- **Safety and Efficacy Evaluation**

Research on the safety and efficacy of *Coelogyne marthae* S.E.C Sierra extract both in vitro and in vivo.

## CUSTOMER SATISFACTION IS OUR PRIORITY

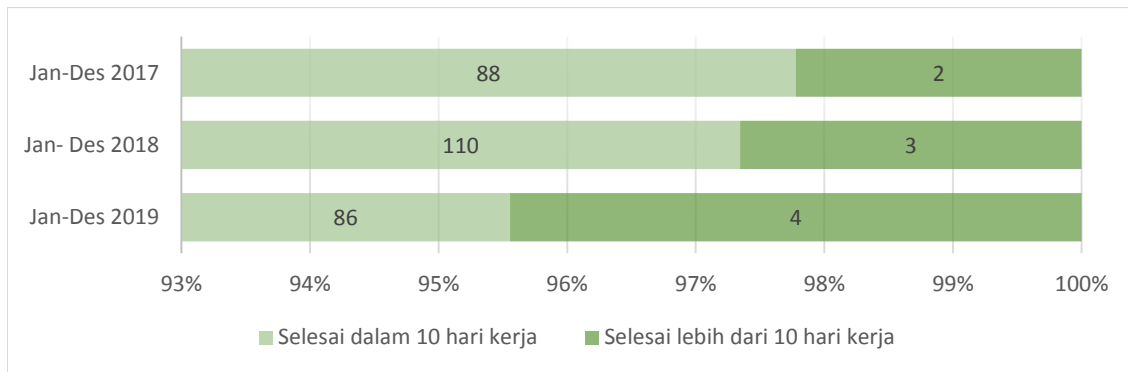
Customers have a very important place for PT. Martina Berto, Tbk. Therefore, we manage relationships with customers through the member program (customer loyalty) and handling customer complaints. The loyalty program includes a member program for end-users as well as specifically for professional makeup artists. Until now, PT. Martina Berto, Tbk already has 50,000 members who are regularly given various useful information related to beauty and lifestyle.

Regarding the handling of customer complaints, we always handle them carefully and seriously. Our Customer Care Team is required to respond to any reports submitted directly or through our retail partners within 24 hours. Our Customer Care Service can also be accessed via

- Email [customer\\_care@martinaberto.co.id](mailto:customer_care@martinaberto.co.id)
- Martha Tilaar Beauty Hotline 08001627842 (toll free)
- 9 social media brand (Instagram, Facebook, dan Twitter)

The feedback that comes into the relevant Customer Care is then forwarded to the Quality Assurance team. The results of tracking complaints must be returned to the customer within a maximum of 10 working days. In the past 3 years, namely 2017 to 2019, there were 282 feedback received by PT Martina Berto, Tbk and 97% of it has been completed within 10 working days.

## Number of costumer feedback of PT. Martina Berto, Tbk.



In 2018, out of a total of 113 incoming customer complaints, there were 5 (4%) product recalls. Meanwhile, in 2019, out of a total of 90 incoming customer complaints, there were 3 (3%) product withdrawals. Feedback from customers has helped us to take corrective actions that include improvements to product formulas, packaging, and processes.

Nilai Customer Satiesfaction Index (CSI)	Kategori CSI
< 20.00	Very dissatisfied
20.01-40.00	Not satisfied
40.01-60.00	Satisfied enough
60.01-80.00	Satisfied
>80.00	Very satisfied

Below are the results of the customer satisfaction survey of PT. Martina Berto, TBK which was held in 2019

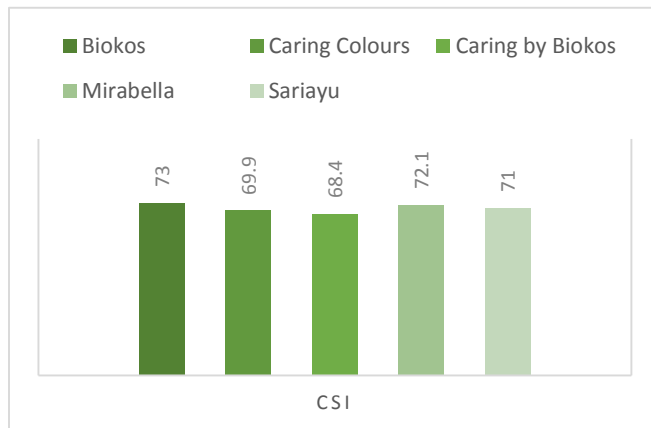
Apart from serving customer complaints, PT. Martina Berto, Tbk also regularly monitors information related to customer perceptions about whether the company has met customer requirements. This information is obtained using a customer satisfaction survey method to obtain the Customer Satiesfaction Index (CSI). The following are categories of customer satisfaction levels based on CSI:

Based on the table above, the average CSI brands from PT. Martina Berto, Tbk amounted to 70.88 or included in the satisfactory category.

In 2020, then PT. Martina Berto, TBK will continue to strive to improve customer service in accordance with the principles of continuous improvement, namely:

- Responds to 100% reports submitted directly or through our retail partners within 48 hours
- Resolves 99% of customer complaints in less than 10 working days

## Customer Satisfaction Index PT. Martina Berto, Tbk



support Indonesia Government in eradicating corruption and any other form including bribery. Therefore, PT. Martina Berto, Tbk establishes an Anti-Corruption Policy that applies within the company by involving all employees, business partners and related government agencies.

### The purpose of implementing the anti-corruption policy in the company:

- To cope with and prevent material and immaterial losses that could disrupt the company's business continuity.
- To realize the company's commitment to increasing compliance and discipline with laws, regulations and ethics, and most importantly supporting government programs in preventing acts of corruption in Indonesia.
- To increase the awareness of each individual to run an ethical business in every aspect of work, both internally and in relation to external parties as well as relations and government related to and related to the company.

Several activities and actions fall into the category of Corruption

Each employee of Martina Berto, whether an individual or a group, who deliberately violates the laws, regulations and Company policies by enriching himself or another person or group, thus harming the company's finances, are:

- Misuse their authority and opportunity against existing facilities, because of their position or job function.
- Giving, receiving and / or promising something to a colleague, work partner, or authorized officer with the intention of making someone do or not do something in order to give advantage to his position but not in accordance with the duties of his / her job function, and contrary to the applicable regulations.
- Embezzled a number of money or other securities that were kept because of their position or job function, or allowed the money or securities to be taken or embezzled by other parties, or helped and assisted in doing the act.
- Give and / or receive gifts or promises to / from someone or other parties, both internal and external because of the power or authority attached to their position or job function.
- Violating provisions of laws or other regulations which expressly state that the action taken is a violation of the provisions of the law or regulation is categorized as an act of corruption.
- Conducting attempts or actions to partner in a malicious conspiracy to undermine the company and fall into the category of acts of corruption
- Providing assistance, opportunities, means, or information to other parties, both internal and external, to enable acts of corruption to occur.

### Company Commitment

Every individual and / or included in the Division / Work Unit of PT. Martina Berto, Tbk, will

continue to maintain a shared commitment in maintaining clean and honest behavior in accordance with the company's DJITU culture (Discipline, Honest, Innovative, Diligent, and Resilient), to compete and seek cooperation or business opportunities in a transparent, fair, and legal / official and make an agreement that can be mutually agreed in a fair and open manner, without any element of pressure exerted by either party.

PT. Martina Berto, Tbk will always uphold the corporate culture of DJITU in conducting business and / or collaborating with other parties honestly, legally, ethically, and professionally in line with the code of ethics and vision, mission and corporate culture. The implementation of this policy will always be coloring every activity and work activity, both within the company environment and in dealing with other parties and related governments.

### **Application of sanctions for violations of anti-corruption**

The company will impose sanctions as a consequence of violating the Company's policies and commitments in the implementation of Anti-Corruption, both individually involved and in groups as well as group leaders. The sanctions imposed on violators will be determined by the committee or the Board of Directors by involving the internal audit team, according to the severity of the violation, which can be:

- Sanctions of fines and returning back of the result of corruption, the amount of which is determined by the Committee / Board of Directors, and also issued a Warning Letter (SP) Level-2.
- The sanction of dismissal is either with respect or disrespect if the offense is determined to be serious and very costly.

- The criminal sanction of the person concerned by submitting it to the domain of law applicable in the territory of the Republic of Indonesia, and at the same time applying sanctions to dismissal with disrespect.

### **Support for the successful implementation of Anti-Corruption policies**

For realizing the Anti-Corruption policy in this corporate environment, the socialization of policies and integrated implementation of all fields must be the task of the stakeholders associated with this company. Including reporting policies that are aware of indications of violations.

- All employees and internal members of the company as well as external parties are expected to play a role in providing assistance in realizing efforts to prevent and eradicate corruption through the Whistleblowing System that has been established by management, directly to the HRGA division if you find a case that causes financial loss.
- The company will give appreciation periodically after evaluating both employees and external parties who have been merit in assisting efforts to prevent, eradicate, or disclose acts of corruption in accordance with the policies set by management.
- The company will continue to monitor and evaluate the implementation of Anti-Corruption policies in consultation with the relevant authorities (KPK), in order to improve and update any policies that have been made, adjusted to the latest information.

## COVERING

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with the Ten universally accepted principles in the areas of Human rights, labour, environment, and anti-corruption. By doing so, business as a primary driver of globalization, can help ensure that markets, commerce, technology, and finance advance in ways that benefit economies and societies everywhere.

“The UN Global Compact Management Model” guides companies through the process of formally committing to, assessing, defining, implementing, measuring, and communicating a corporate sustainability strategy based on the Global Compact and its principles. It is a simple, yet broad and flexible, model to guide companies of all sizes through the process of organizational change to embrace corporate sustainability. This model is particularly helpful for those just entering the sustainability realm, but also offers guidance on Leadership Practices for more experienced companies.

Currently, 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 companies. 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, September 2020

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