UN Sustainable Development Goals

Following the Company’s sustainability strategies and initiatives, we contribute to the following SDGs:

- **Gender Equality (5)**: Equal remuneration for women and men.
- **Clean Water and Sanitation (6)**: Recycle and reuse our water. No discarded wastewater to the water source or any other media.
- **Decent Work and Economic Growth (8)**: Given large opportunity to grow the business, the Company’s expansion create job opportunities.
- **Climate Action (13)**: Energy efficiency through usage of wood waste as fuel for our kiln dry machine. Restore the forest after timber harvesting including replanting. Manage and safeguard High Conservation Value Forest.
- **Life on Land (15)**: Source only legal and certified timber for our production. Managing two of our forest concessions with both FSC and National guidelines; obtained FSC certification. Constantly implement the Reduce Impact Logging (RIL) practice in every timber harvesting operation.
- **No cases of workplace violence and harassment.**
Preserving our environment

Sustainable sourcing

Our core principle in managing two of our forest concessions is to conduct responsible tropical natural management in line with both FSC and National guidelines to maintain our status as the well-managed tropical natural forest. Hence, we obtained both FSC\(^1\) and SVLK (Indonesia’s National Timber Legality) certifications. As we supply our end product mostly to international customers, and due to our commitment to preserve the nature and source wood from more sustainable sources, we source only legal and certified timber for our production. Our own forest concession supplies 30-50% of its production to our manufacturing, while the rest of the timber is sourced from certified suppliers. As we source our timber from certified internal forestry and third parties, PT Integra Indocabinet Tbk obtained FSC\(^2\) Chain of Custody (COC) certification. The FSC COC gives credible assurance for products with environmentally and socially responsible sources to access the market.

We have commitment in combatting illegal logging that leads to deforestation and protecting biodiversity of the forested areas affected by our operations, particularly the supply chain of our raw materials. Strongly holding on to our commitment, we constantly implement the Reduce Impact Logging (RIL) practice in every timber harvesting operation. Our forestry company also conducts in-house training for our team on RIL that cooperates with The Nature Conservancy, Tropical Forest Fund, and Tropical Forest Foundation, and RIL-C activity that cooperates with Responsible Asia Forestry and Timber Trade. Additionally, our forestry division strictly adheres to the duty and responsibility in government regulations and FSC guidelines which covers replanting policy, community welfare, trees cutting guidelines and environmental assessment.

(1) FSC-C109061 & FSC-C007461
(2) FSC-C129307
Preserving our environment

Climate

We believe climate change poses a threat to our planet and its impact has become more visible. At Integra, we address this issue through energy efficiency by reducing energy usage. In our manufacturing division, in line with our spirit to realize a zero-waste strategy, we use our raw materials and wood waste such as sawdust and bark as fuel for our kiln dry machine. Moreover, we recycle and reuse our water, hence there is no discarded wastewater to the water source or any other media.

As part of our effort to combat climate change, Integra also conducts forest development activity to restore the forest after timber harvesting, which covers replanting on harvesting area and non-productive area or empty land. Additionally, sustainable forest management with FSC guidelines encourages the Company to manage High Conservation Value Forest and safeguard the protected species in the Convention of International Trade in Endangered Species of Wild Fauna and Flora (CITES) and follow the guidelines of the Convention on the Conservation of Biological Diversity (CBD) and International Timber Agreement (ITTA).
Preserving our environment

Manufacturing

Health & Safety
We place health & safety as our first priority to realize Zero Accident strategy in our working environment. Moreover, to be a supplier for international buyers, providing healthy & safe working environment at our production facilities is essential.

The occupational health & safety standards in the company are compliant with the relevant regulations the Ministry of Manpower, Ministry of Health, and Ministry of Industry. Furthermore, the company regularly conducts reviews and safety training for the employees.

Water Management
Following our commitment to preserve the nature and reduce water use, we recycle our wastewater and reuse it, hence there is no wastewater discarded to the environment. Concurrently, we also do regular checks and tests of our drinking water and clean water against the minimum regulatory limit to ensure health and safety of our workers and working environment.

Pollution Prevention
The Company is committed to obeying the environmental laws and regulations. The adherence is also part of the code of conduct and ethics to be a supplier for international buyers. We regularly conduct analytical testing of the air quality in our production facilities. By far, our test results show that the ambient and emission air quality in our facilities is within regulatory limits.

The regulatory limits are based on:
1. Governor of East Java Regulation No.10/2009 for Ambient Air Standard Quality
2. Environment Minister Regulation No.13/2009 on The Quality of Source Emission Quality For Oil And Gas Activities
3. Minister of Manpower Regulation No.5/2018 on Health and Safety in Working Area
4. Health Minister Regulation No.31/2017 in Environmental Quality Standards For Environmental Health and Requirements Water Health For Hygiene Sanitation Needs, Swimming Pool, Solus Per Aqua and General Bath
5. Minister of Health Regulation No. 492/MENKES/2010 in Drinking Water Standard Quality
Nurturing our talent

No. of employees 2,419

97% Retention rate FY2019

No. of trainings 32

Competitive Benefits
At Integra, we value our employees who become part of our family and grow with the company. Understanding the economic growth and increasing inflation, we provide wages and benefits that meet or exceed the local law requirements. Therefore, we are able to retain our talent and maintain a high retention rate.

Training & Development
In 2019, we carried out 32 trainings for our employees to enhance our talent’s skills and knowledge.

No Underage Labor And Forced & Bonded Labor
Integra highly respects and values human rights in every aspect. We believe every individual deserves to be treated with dignity and respect. Hence, in recruiting new employees and creating a safe environment in the workplace, we follow regulations regarding human rights including prohibition of forced & bonded labor and no child labor.
Government

Integra adheres to the following good corporate governance (GCG) principles:

**Transparency**
Ease of access to complete, accurate and timely information for stakeholders.

The Company openly carries out decision-making processes and is open in disclosing material and relevant information.

**Accountability**
Clarity of functions, structure, systems and accountability of Company components.

Accountability in the Company is implemented by encouraging all individuals and/or organs of the Company to realize their responsibilities, authorities, rights and obligations so that the Company’s management is carried out effectively.

**Responsibility**
Compliance in the management of the Company with applicable laws and regulations and sound corporate principles.

The Company always monitors the compliance of the Company’s business processes with the applicable laws and regulations as a form of violation prevention.

**Independence**
Professionally managed company without conflict of interests and influence or pressure from any party that is contrary to applicable laws and regulations and sound corporate principles.

The Company believes that in its decision making, the Company must act professionally without influence or pressure from other parties.

**Fairness**
Fair and equal treatment in fulfilling the rights of stakeholders that arise based on agreements and applicable laws and regulations.

The Company guarantees that each shareholder and stakeholder receives fair, equal treatment and can use their rights in accordance with applicable laws and regulations.
Governance

Governance structure

The legal basis of Corporate Governance implementation within Integra refers to:

- Law of the Republic of Indonesia No. 40 of 2007 regarding Limited Liability Companies
- OJK Regulation No. 21/POJK.04/2014 regarding Good Corporate Governance Implementation Guidelines for Public Companies
- BEI Regulation No. 1-A
- G20 Finance Ministers and Central Bank Governors Meeting in collaboration with Organization for Economic Co-operation and Development ("G20/OECD")
- National Committee on Governance Policy

GMS – The Government regulation no.40/2007 on Limited Liability Companies require a company to held GMS and placed it as the highest organ in the Company structure. Both BOC and BOD are responsible to the GMS. The latest GMS was held on 28 May 2019.

BOC – The Board of Commissioners is an organ with vital role in conducting supervisory function on the Board of Directors and the management team. In its supervision, the Board of Commissioners acts independently in fulfilling their responsibilities to the Company. Legal basis of the Board of Commissioners’ role and duties is stipulated in Article 108 paragraph (1) of Law No. 40 of 2007 regarding Limited Liability Companies and the Company’s Articles of Association. The supervisory role performed by the Board of Commissioners is a key part that assists the Company in reaching operational success as well as in implementing GCG principles.

The Company’s Board of Commissioners structure and membership consist of four members, comprising 1 (one) President Commissioner, 1 (one) Commissioner, and 2 (two) Independent Commissioner as regulated in Law of Limited Liability Companies No. 40 of 2007, POJK No.33/ POJK.04/2014 dated December 8, 2014 and BEI Regulation No. 1-A dated January 30, 2004. All members of the Board of Commissioners are assessed and evaluated regardless of their gender, ethnicity or religious background.

BOD – is a Company instrument that is responsible to lead, manage, and represent the Company’s daily activities. The Board of Directors is also responsible for the implementation of strategic objectives and necessary actions, preparation of business plan, budget, and institutionalization of internal control so as to function properly. The Board of Directors’ authority is regulated based on the provisions of Article 92 paragraph (1) of Law No. 40 of 2007 regarding Limited Liability Companies and the Company’s Articles of Association.
Governance

Whistleblowing policy

The violation reporting system or also known as the Whistleblowing System was established in order to encourage the employees to report violations based on a reward system. The approach used by the Company to maintain management discipline aligns with the Company’s intent to implement GCG in all organizational levels.

Reports regarding violations can be submitted through e-mail, complaint contact or any other media provided by the Company. The Company guarantees the confidentiality of the reporter’s identity and provides guarantees for the protection of the reporter.