



COMMUNICATION ON PROGRESS 2010

Company Name	PT. Pabrik Kertas Tjiwi Kimia, Tbk	Contact Name	Ms. Librian Angraeni
Address	Plaza BII Menara 2 Lt.9 Jl. M.H. Thamrin no. 51 Jakarta 10350	Contact Position	Sustainability & Stakeholder Engagement
Country	Indonesia	Contact No.	+62-21-3929266
Sector	Pulp & Paper Industry	Member since	28 August 2008

Company at a Glance

PT. Pabrik Kertas Tjiwi Kimia Tbk is part of Asia Pulp and PaperGroup (APP). It was established in 1972, and is located in Sidoarjo, East Java Province. It has been listed on the Indonesia Stock Exchange (formerly Jakarta and Surabaya Stock Exchange) since 1990. The company started producing paper in 1978 with initial capacity of 12,000 tons of paper products per year. Currently, its total annual production capacity is 1,134,000 tons of paper, 80,000 tons of packaging and 320,000 tons of stationery.

The company's main business activity is producing writing and printing papers, both coated and uncoated. The company also produces a wide range of converted stationery and office products sold across the world. In line with market demands, the company produces higher value added products, including carbonless paper and cast coated paper and board.

Statement of Continuing Support



STATEMENT OF CONTINUED SUPPORT

As a leading global manufacturer of paper products, APP Group Indonesia (APP Group) recognizes the dual responsibility of good stewardship; we must be good stewards of the investment made in our company by its shareholders, employees and customers, also good stewards of the technological, natural and human resources we require to conduct our business. Recognizing this expectation to be a responsible industry leader, APP Group is committed to responsible Best Practices in all of its production facilities, and to Sustainable Forest Management for all of its pulpwood sources.

APP Group's vision is to become the 21st Century's premiere, world-class pulp and paper manufacturer – a company dedicated to providing superior value to customers, shareholders, employees and the community. To fulfill this vision, APP Group has committed itself to being socially, environmentally and economically sustainable throughout its operations.

For us, the meaning of sustainability is to maintain the balance of three pillars – social, environmental and economic - throughout the pulp and paper-making supply chain, which are required for the long-term success of our business and for the long-term needs of the communities and areas in which we operate.

UN Global Compact provides a framework for our commitment to sustainability and responsible business practice. APP Group is committed to adhere to the ten principles of UN Global Compact in our strategy, culture and day-to-day operational activities. This commitment is shown by submitting the Communications on Progress report annually in accordance to the UN Global Compact's protocol.

APP Group will keep this commitment to sustainability by helping to empower people in the communities where we operate, initiating conservation programs to protect biodiversity and the environment, increasing the use of sustainable forest management certified material, adopting best practices in our mill operations to continually reduce greenhouse gas emissions, and by dedicating ourselves company-wide to continuous improvement.

Jakarta, 11 October 2010

A handwritten signature in black ink, appearing to read 'Aida Greenbury'.

Aida Greenbury
Managing Director
Sustainability & Stakeholder Engagement
Asia Pulp & Paper Group

PT. Pabrik Kertas Tjiwi Kimia Tbk has been consistently participating in the United Nations Global Compact (UNGC) program, and fully supports its principles in the areas of human rights, labor, environment and anti-corruption.

AREA 1: LABOR

PT. Pabrik Kertas Tjiwi Kimia's approach to labor is in line with the four principles of the UN Global Compact:

Principle 3: Freedom of Association and Collective Bargaining.

Principle 4: The Elimination of all forms of Forced and Compulsory Labor.

Principle 5: The Effective Abolition of Child Labor

Principle 6: The Elimination of Discrimination in Respect of Employment and Occupation.

- Company policy acknowledges that employees have the right to join the labor union. The company has an agreement with the union which governs the rights and obligations of each party and acts as a facility to promote harmony and respect between the two parties based on the Indonesia Industrial Relationship.
- The company periodically holds meeting with the labor union and employee representatives to discuss various labor issues.



Meeting between company, union and employee representatives

- The company ensures that employee rights are protected, creating a positive working environment. Employees become active contributors in the effort to improve the company's performance and in the implementation of the 6S Housekeeping Program and Zero Emission initiatives. Developed by Toyota, the 6S is a management philosophy to handle working tools, materials, and people in an efficient way while simultaneously eliminating waste.

- The company provides opportunities to all employees to develop themselves through training programs, either internal or external, regardless of ethnicity, religion, age and/or political alliance. The company also provides scholarships for high achieving employees to continue their higher education both in Indonesia and abroad.
- The company sets up employee cooperatives to manage some internal units such as: small retail unit, waste management and cleaning service unit, and car rental unit. There are also independent units under the cooperative, such as: Citra Medika Hospital, Cikko Prima Husada Insurance, Talenta drugstore, retail mart and bank. The Tjiwi Kimia employee cooperative has been awarded the high-achieving cooperative award in 2007 which was organized by the Minister of SME and Cooperatives and the publication Bisnis Indonesia.



Certificate awarded to Tjiwi Kimia Cooperative as high-achieving cooperative

- The company's policy stipulates that it only employs people above 18 years of age. This age verification is done during the screening stage of every new employee.

Composition (Age)	%
< 20	0
20 – 29	6 %
30 – 39	62 %
40 -50	29 %

Tjiwi Kimia's employee data based on age

- The company provides a working environment that is free from harassment and discrimination based on race, ethnicity, color, religion, age, sexual orientation or gender.

Religion	Percentage
Islam	94.3 %
Catholic	1.3 %
Protestant	3.9 %
Buddha	0.3 %
Hindu	0.2 %

Tjiwi Kimia's employee data based on religion and gender

AREA 2: ANTI CORRUPTION

PT. Pabrik Kertas Tjiwi Kimia's approach to anti-corruption efforts is in line with the principle of the UN Global Compact:

Principle 10: Business should work against corruption in all its forms, including extortion and bribery.

- The company endorses a whistle-blowing program to support its Good Corporate Governance (GCG) Program. This program gives employees a way to report any activities that might not adhere to GCG policies. GCG Guidelines state that a "Whistle Blowing Program is part of the ethical driver for implementation of GCG, besides regulatory requirements." This program is also considered as one of the most effective means for preventing and combating practices that compromise good corporate governance.
- This program is wholly supported by top-level management. In accordance to the Sarbanes-Oxley Act, the company guarantees the confidentiality of whistle blowers. Upon receiving a whistle blower's report, the company's ethics team investigates the charges.
- In support of the program, the company has formed an Internal Control and Audit Division (ICAD), which manages anonymous reports from employees and conducts investigations to verify the truth of the reports. ICAD's investigation reports then serve as the basis for any decision the company takes related to the suspected individual or party.
- The program is promoted through banners and posters posted throughout the office and mill areas, and through employee seminars to provide workers with a deeper understanding of the program and to encourage their involvement. The training is conducted in groups and currently around 75% of Tjiwi Kimia's employees have attended the training.



* Isi form di bawah ini. Berikan potongan form kepada perwakilan HPHD. jangan di sim

1) Saya (nama) NIK (no. NIK) telah menerima buku saku pada tanggal di (mil / unit bisnis).

2) Saya memahami peran dan fungsi yang diperlukan oleh Saya sebagai "Karyawan Peduli".
 Ya Tidak

3) Saya ingin bergabung bersama Klub "Karyawan Peduli" guna mendukung mewujudkan "SEC".
 Ya Tidak



Socialization of GCG and Whistleblowing Program through posters and booklets