



# **COMMUNICATION ON PROGRESS**

**PT RAJAWALI CORPORA**

**2011 - 2012**

## I. COMPANY IDENTITY

<b>Company Name</b>	PT Rajawali Corpora	<b>Date</b>	April 8th, 2012
<b>Address</b>	Menara Rajawali Kawasan Mega Kuningan Lot 5.1 Jakarta 12920	<b>Membership date</b>	April 8 <sup>th</sup> , 2006
<b>Country</b>	Indonesia	<b>Number of employees</b>	30.000 persons (Total Group)
<b>Contact name</b> <b>Contact Position</b>	Y.W.Junardy President Commissioner	<b>Sector</b>	Investment Holding Company
<b>Contact telephone no.</b>	021 576 0808		

### Brief description of nature of business

PT Rajawali Corpora is an investment holding company of Rajawali Group operating in diversified industries with 11 business units in hotels and resorts development, land and air transportation, agriculture (palm, sugar plantation), coal and gold mining, infrastructure and IT Services. The Group covers approximately 30,000 employees.

### Statement of continuing support

*"PT Rajawali Corpora is proud to be the member of the United Nations Global Compact. We are committed to the Global Compact initiatives and uphold its ten principles pertaining to human rights, labor rights, protection of the environment and corporate governance. We believe that by adhering to this core set of universal values which are fundamental in meeting the socio economic needs of the world, we would be able to foster sustainable growth. Our commitment is also reflected in our participation in collaborative actions and full support to the operations of Indonesia Global Compact Network by providing office facilities, executive resources as well as operating funds in order to advance the GC Principles in Indonesia."*

**Peter Sondakh**  
**Chairman & CEO**  
**PT Rajawali Corpora**

## **Rajawali Corpora's Vision and Mission :**

### **Vision :**

To become an outstanding reputable company that creates and adds value to our stakeholders

### **Mission :**

- Optimizing shareholders' value.
- Delighting customers with superior products and services.
- Inspiring, empowering and caring for all employees.
- Supporting the community and environmental sustainability.

## II. IMPLEMENTATION OF UNGC'S 10 PRINCIPLES

### HUMAN RIGHTS

<b>PRINCIPLE 1</b>	<b>BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS</b>
<b>PRINCIPLE 2</b>	<b>BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES</b>
<b>PRINCIPLE 3</b>	<b>BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING</b>

Respect for human rights is a fundamental principle of practicing good management and being a responsible business. At Rajawali, the implementation of human rights is reflected in the company philosophy, values, policies and code of business conducts covering the roles of management and employees as well as the advancement opportunity, competitive compensation and benefits, work environments and obligation to the community in location where we are operating (Corporate Social Responsibility).

#### Implementations:

- **Company Policy and Corporate Governance**

The Company Policy and Code of Business Conduct are in place and implemented across all Business Units. The policy document has been updated regularly and served as a guideline for the management and employees in conducting the business.

Training on Company Policy and Code of Business Conducts has been conducted for all new employees at the New Employee Orientation sessions since 2009. Subsequently, the programs are conducted by each business unit separately.

In February 2012, Corporate Governance department improved the program into developing Governance Online where BU can submit Business Case, Business Plan, Material Contract and Debt Facility. The online methodology simplifies the needs of face-to-face meeting. Not necessarily replaced the scheduled meeting, but to shorten the process.

Corporate Governance Department also communicate their progress by publishing Governance Reminder which published through the Intranet Rajawali.

- **Embedding Management Responsibilities**

To establish corporate accountability, exercise fair, consistent treatment and transparency, the company has reorganized the Corporate Committees each chaired by Managing Director level:

- **Compensation & Benefit Committee.**  
Ensure competitive and consistent remuneration within the group. This includes approval of: competitive salary structure in line with the industry specifics; Executive compensation and bonuses; Employee benefits and perquisites; and employee stock option plan.
  - **Business Ethics Committee**  
This Committee is responsible for enforcement and implementation of Business Conducts and Practices throughout the Group. Updates the Policy as required and handle any allegations of misconduct.
- **Rights to Equal Employment Opportunity & Non Discriminatory Treatment**  
Written policy is in place and implemented across Business Units. The policy defines that all hiring process, promotion and business decisions are taken strictly on qualifications, business imperatives and merit.
  - **Rights of Workers**  
Rights of Workers are stipulated in the Human Capital Policy. It covers among others:

**Health & Safety**

- Rajawali has established comprehensive and adequate allowance including medical, transportation, health assistance, subsidy/assistance & emergency loan, safety and security procedures so the employees can have a favorable working condition and support their well-being.
- The provision and amount of allowances may differ in Business Units by considering the industry common practices and requirements.
- Special field training is conducted for the plantation workers.

**Education**

Every employee is eligible to get training in order to develop their skills and competency to support company objectives. Company provides both soft skills and technical skills education as required. Some conducted internally, others are acquired externally.

- Basic Hospitality training was conducted for all Office Boys & Girls at Corporate Services Department. They were sent to Five Stars Hotel to study from Hotel's practitioner. The training was last from 13 June - 29 July 2011.
- Secretary Gathering was conducted annually for all secretaries in all Business Unit of Rajawali Corpora. The content was aim to provide them with latest knowledge in Secretary area.

## Communication on Progress of Rajawali Corpora 2011 – 2012

- English Course for Nusantara Infrastructure staff, one of Infrastructure Business Unit was conducted on January to June 2011
- Discipline Training for employees of Cendrawasih Jaya Mandiri, one of Business Unit in Agriculture Business located in Merauke, Papua.

Special scholarship program is also available, granted to the lower level employees' children. This is applicable in Rajawali and across business units.

Our transportation business unit, Express Taxi also held the same program. In Express Taxi, where drivers are business partner instead of employees, their children are also eligible for company scholarship.

### Internal Communication

The company facilitates various internal / employee communication programs to allow employees to express their aspiration to the management vice versa. The available programs include:

- **Kick Off Meeting:** An annual meeting attended by leaders/managers across the company and business units to recognize the achievers and to communicate company's business direction and strategy;
- **Intranet Rajawali:** An intranet based online technology to provide company information for all employees in order to keep the employees updated with current situation in the company and Business Units. The Intranet also functioned as employee's communication tools through enabling group interest forum such as Photography, Choir, etc.
- **Employee Activities:** Establish new group of interests in sports and arts such as: basketball, volley ball, badminton, table tennis, tennis, Yoga, karaoke, photography and choir; also maintaining current group activities such as cycling and futsal. The purpose of all activities is to create balance in employee's work life and also to create togetherness and belongingness of each other.
- **Other Informal gatherings:** Thematic gathering, Cleaning Day, RC CUP (Sport Competition), Employee Outing, Marathon Competition held by Archipelago, one of Business Unit in Gold mining exploration.
- **Mudik Bareng (Homecoming Together)** held by our Infrastructure unit on Holiday Season.

### Obligation to the Community

- In cooperation with Yayasan Kanker Anak Indonesia (Child Cancer Foundation) providing free transportation to the children who suffer from cancer disease for their routine therapy medication.
- Support University Paramadina Fellowship program to implementing our part to build the nation through a full scholarship education program for our talented students selected from under-privileged family.

### **Employee Wellness**

Company provides comprehensive wellness facilities. These benefits vary from one business unit to another depending on respective industry environments and affordability. These include:

- Medical allowance & health prevention assistance;
- Transportation allowances;
- Special assistance/emergency loan offered to our employees affected by crisis, such as grievances (i.e.: death, prolonged sickness,) natural & fire disaster;
- Employees' leaves (Annual Leave, Long Service Leave, Maternity Leave, Sick Leave, Compassionate Leave, Hajj Pilgrimage Leave, and Unpaid Leave);
- Employee transfer/relocation entitlements for those who are relocated at the company's request, which include: housing allowance, educational allowance for the children, additional vocational leave, home trip, hardship allowance (if any,) and cost of living allowance.

### **Violations**

To exercise fair treatment and ensure all actions are justifiable, the company implements sanction procedures for any violations or breach of code of conducts by employees. Business Ethic Committee is involved in any serious violation.

### **Termination of employment**

To ensure that all termination actions are justifiable, properly administered and executed according to the prevailing government laws and company policy/regulations, the company sets termination procedure and exit interview for any termination. There are two category of termination: company initiated termination and employee initiated termination. Employees whose employment is terminated may receive severance compensation according to the prevailing government policy.

- **Freedom of association**

The company policy stipulates the company facilitates communication programs to allow dialog with employees to understand their aspirations. The formation of association or union is stipulated in the policy manual. Employee can form the organization so long it adheres to the company policy and code of business conduct.

- **Political Activities**

The company is not affiliated to any political party. Employee joining political party is considered personal affair. Employees should not use the company's time and resources in conducting his/her political activities.

## LABOUR

<b>PRINCIPLE 4</b>	<b>BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR</b>
<b>PRINCIPLE 5</b>	<b>BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR</b>
<b>PRINCIPLE 6</b>	<b>BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION</b>

- Labor policy**

In accordance to the established policy, company and its business units must not engage in any forced and compulsory labour. The company establishes standard working hours. The procedures and payment of overtime for eligible employees are provided in accordance to the government regulations.

The company policy stipulates that the minimum age of employee to be hired is 18 years old. No child labour.

The following is the distribution of employee by age in Rajawali Corpora (does not include employees in Business Units):

<b>RAJAWALI CORPORA, PT</b>							
<b>GROUP AGE AS OF APRIL 2012</b>							
<b>20-24</b>	<b>25-29</b>	<b>30-35</b>	<b>36-40</b>	<b>41-45</b>	<b>46-50</b>	<b>51-UP</b>	<b>TOTAL</b>
7	38	60	58	37	20	32	249

- Non-discrimination Policy**

Policy is in place and implemented across business units. Company provides a working environment that is free from harassment and discrimination including that of race, ethnic, color, religion, national origin, disability, marital status, age, sexual orientation, or gender.

Promotion is fully based on individual performance and potentials, evaluated by immediate superior, and approved by superior's superior and Human Capital.

Distribution of employee by gender in Rajawali (Exclude Business Units):

<b>RAJAWALI CORPORA, PT</b>			
<b>EMPLOYEE DATA BY GENDER AS OF APRIL 2011</b>			
<b>LEVEL</b>	<b>FEMALE</b>	<b>MALE</b>	<b>TOTAL</b>
<b>MANAGERIAL</b>	<b>23</b>	<b>67</b>	<b>90</b>
<b>NON MANAGERIAL</b>	<b>42</b>	<b>45</b>	<b>87</b>
<b>NON STAFF</b>	<b>3</b>	<b>72</b>	<b>75</b>
<b>TOTAL</b>	<b>68</b>	<b>184</b>	<b>252</b>

## ENVIRONMENT

- PRINCIPLE 7 BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES**
- PRINCIPLE 8 BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY**
- PRINCIPLE 9 BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES**

Supporting the community and environmental sustainability is one of four mission statements in RC mission. As a responsible corporate citizen, the company and its business units have also initiated some programs related to the environmental protection:

- RC Commitment to Sustainability was established and together with all the Working Group members (from all units) declare to implement the strategy.
- Participate in Indonesia Water Mandate Working Group by promoting Save Water program to employees. Express Taxi engaged all employees including the driver and taxi pool management to save water in cleaning the taxi. Our plantation unit, Green Eagle also supports the program by conducting save water program at their plant.
- The plantation unit, Green Eagle Group considers preserving the environment by planting the tree in each estate they owned.
- Other community development programs such as animal husbandry, iron crafting program and fishery were continuously done by Green Eagle Group.
- Our Gold Mining unit, protects the flora and fauna in Toka Tindung, near the project area by continuously support the preservation program.
- We also participate in collaborative action organized by UN Global Compact Network in Indonesia in building water installation for the survivors of Mount Merapi Earthquake & Volcano eruption.

## ANTI CORRUPTION

- PRINCIPLE 10 BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY**

### • Core Values

The adoption of corporate governance is embedded in our Rajawali Values which are the guiding principles of our operations, especially in the first value :

- **Integrity** : We act in an honest, ethical and truthful manner
- **Caring** : We show concern for others
- **Respect** : We value and appreciate other people's views
- **Excellence & Innovative** : We do the best to consistently exceed expectations through actions and the generation of new ideas

- **Being Responsible** : We are accountable for our actions and inactions
- **Unity** : We capitalize on differences and work together to achieve common goals
- **Growth** : We always strive to become better



### • Code of Business Conduct

Providing guideline to all employees in business conducted within and outside the Group.

This includes: compliance with laws, regulations and company's policies; fair dealing; conflicts of interest: outside engagements, insider trading, gifts & entertainment; integrity of financial records, crisis management, and establishment of authorities, group asset and confidential information protection.

### • Management Responsibilities

The following committees are established in order to enforce the Business Conduct Practices across the group.

- **Business Ethics Committee**  
The Committee is responsible for the enforcement and implementation of Business Conduct and Practices throughout the Group. Update the Policy as required and handle any allegations of misconduct.
- **Audit Committee**  
Conduct financial and process audit in order to ensure compliance with the company policy and delegation of authority.

### • Promoting Good Corporate Governance

- Rajawali Corpora is also the active member of Indonesian Business Links (IBL), a non-profit foundation aims to contribute towards the creation of sound and ethical business practices in the country. We support the training program in Business Conducts for SME's. We also participate in the National Corporate Social Responsibility Conference as a speaker which endorsed the active role of promoting the UN Global Compact.

## **Rajawali Foundation**

The Rajawali Foundation was founded in early 2010 by **Peter Sondakh**, the Chairman & CEO of P.T. Rajawali Corpora, an investment holding company operating in diverse industries and services. The Foundation's objectives and purposes are to engage in social and humanitarian activities. The Foundation is a non-profit institution and not affiliated with any political organization.

To achieve its objectives and purposes, the Foundation collaborates locally and internationally with private and public institutions, government, and civil society. The Foundation engages in the areas of education and research, human development, community advancement, and other activities that create economic value, promote diversity, contribute to the quality of life, and are consistent with the Foundation's objectives and purposes.

The Rajawali Institute supports *research, academic collaboration, education, conferences, publications, and policy studies* in Indonesia, Southeast Asia, and beyond. The main focus of the Institute is to explore, develop, and disseminate knowledge for the betterment of society. The perspective of the Institute is interdisciplinary and its scope includes a broad range of social, economic, and governance issues.

Rajawali, through Rajawali Foundation, has taken initiatives to work with Harvard Kennedy School on public policy study with the objective to help government to set up and implement effective public policy especially in addressing poverty issues.

In 2011, Rajawali Foundation together with Harvard Kennedy School and Indonesia government, provide trainings to 38 government officials in public policy studies. The training was conducted in Indonesia and also in United States where they received more insight in governance and public policy studies.

In March 2012, Rajawali Foundation together with Faculty of Economic University of Indonesia established a center of public policy studies called Indonesia Center for Public Policy Studies (ICPPS) which officially inaugurated on March 15, 2012.