



Progressing Towards Sustainability 2012





Food Resources Solutions

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About PT. Pangansari Utama (PSU)

PT. Pangansari Utama (PSU) was founded in 1975. It operates as a food service and distribution company in the Asia Pacific and provides industrial, community, institutional and in-flight catering services, food processing, storage and warehousing, shipping and handling, training, retail, facility management, maintenance, and remote site support services. ^(2.1, 2.2)

PSU organization is headed by a Chief Executive Officer (CEO) with two Executive Officers reporting to this position i.e. Chief Financial Officer (CFO) and Chief Operating Officer (COO). Under these two officers are the division/ Business Units (BU): Food Distribution BU, Marketing and Business Development BU, Catering BU, Financial & Administration BU, and FI Project BU. It's Headquarter is at the Plaza Office Tower 40th Floor, Jalan M.H. Thamrin, Kav. 28 - 30, Jakarta 10350, Indonesia. Branch and Representative Offices in Indonesia include Balikpapan, Medan, Pekanbaru, Makassar, Palembang, Tembagapura, and Batam; while the Overseas Representative Offices cover Singapore, Africa. In addition to PSU's operation in Indonesia, it also provides services to other countries i.e. Singapore; Vung Tau City, Vietnam ; Sana' a Yemen, Ulaanbaatar, Mongolia; and Luanda, Angola. ^(2.3, 2.4, 2.5)

PSU was incorporated under the laws of Indonesia, per the Deed of Establishment No. 28 dated 16th of December 1975 and legalized by the Department of Law No. Y.A.5/529/3 on November 12, 1976. Further change was made on October 28, 2010 per the Deed of Change No. 46 and was subsequently legalized by the Department of Law on December 20, 2010 per their letter No. AHU-AH.01.10-32582. ^(2.6)

As a public catering company PSU is owned directly by PT. Pangansari Utama Food Resources, Indonesia 77,50%, and the Great Wonder Investment Pte, Ltd, Singapore of 22,50 %. The organization of PSU comprises of the following:

- | | |
|---------------------------------|-----------------------------------|
| • President Director | : Mrs. Lestari Moerdijat |
| • Director | : Mr. Bernard Lim Eng Teck |
| • Director | : Mr. Ma Lim Siong |
| • President Commissioner | : Mr. F.X. Bagus Ekodanto |
| • Commissioner | : Mr. Rachmadi Heru |

PSU primarily serves catering and housekeeping services for the oil and gas and mining companies, hospitals, airports, international schools, and also public community in Indonesia and overseas.

PSU's head office is in Jakarta with the branch offices spreading out from the west to the east parts of Indonesia i.e. at Surabaya, Timika, Balikpapan, Medan, Pekanbaru, Makassar, Palembang, Denpasar, Sorong, Tembagapura, and Batam; while the overseas services include Singapore and Luanda, Angola. It operates with its current work forces comprising of employees 4,500 employees. President Director and Chief Executive Officer (CEO) controls the whole operation.

PSU has officially noted that there is no significant changes during the last one year in terms of the size, structure, and ownership of PSU. ^(2.7, 2.8, 2.9)

Executive Welcome

PT. PANGANSARI UTAMA (PSU) was founded in 1975, in association with Greatways Group of Companies that operated extensively throughout South East Asia. This group of Companies was involved in Restaurants, Bars, Coffee Shops, Supermarkets, Bakeries, Offshore Services, Food Supply, Industrial Catering and Remote Site Support Services.

Firstly, between 1976 and 1979, PSU started to develop its Food Supply activities for PT. Pertamina at the Bontang LNG plant in Indonesia. In 1980, when the government issued a Presidential Decree No. 14A concerning Procurement and Distribution of Products PSU has further constructed a complete set of Cold Storage and Warehousing Facilities in Balikpapan to cope up with wide range of services to the Clients throughout East Kalimantan including Hotels, Restaurants, Commissaries and Remote Construction Sites.

During 1981, PSU enlarged its scope of activities into Industrial Catering and Total Remote Site Support Services for Projects throughout Indonesia ranging from Aceh to Papua. Soon thereafter, In response to client needs, PSU further turned out leading to the construction of complete cold storage, freezer and warehousing facilities in Jakarta, Surabaya, and Balikpapan. Each project presented its own unique challenges and required its own tailored solution.



PSU then developed its professional expertise and modern infrastructure of supply chain that ensures excellent end product quality and choice by applying highly approved technology to track, trace and coordinate the entire distributions.

PSU has rapidly become bigger and bigger ever since, and expanded its operations from Eastern to Western parts of Indonesia. The rapid size and complexity of PSU within the devised framework of its contractual agreements with a number of companies, variety of community including the native tribes, has compelled PSU to consider what is the impact of PSU operations to all of these stakeholders, and how to develop and maintain the sustainability of PSU among these groups. All of these parallel with the current governmental regulations whereby a corporation must put into practice a strong commitment to implement Corporate Social Responsibility (CSR) in their daily operational activities.

PSU, like all other governmental and private institutions and companies, is currently being exposed to voluntarily contribute towards reducing the effect of global warming. These include efforts to: Reduce, Reuse, Recycle of products, Use Less Heat and Air Conditioning, Buy only Energy-Efficient Products, Use Less Hot Water except by Energy Alternative, Plant a Tree or two, etc. This has also inspired PSU in the last quarter or 2012 to seek better ways as to the possibility

of changing the mechanical systems of its laundry services which involve the use and application of OTEK System trial phase using Ozone Technologies in 2013 which result in less use of chemicals, water, and energy in the operation. The other things that is also important to be handled is the way we cooperate and coordinate efforts with the society at large to seek primary methods for reducing the amount of carbon dioxide in the atmosphere.

This decade, PSU has ultimately become a well known company from our stability, financial resources, experience and support infrastructures to professionally operate and manage any Catering, Food Supply or Camp Support Project in Indonesia and overseas. With our professional team that includes personalized management style and strong commitment to enable us to prosper within the Industry, we have served every corner of the archipelago from Aceh in the west to Tembagapura in the east providing fully-integrated food and distribution services, facility and management services, laundry and housekeeping services, and other support services to construction sites, mining sites, offshore drilling platforms, factories, offices, hospitals, schools, airlines, and the armed forces. All of these were operated in such a way to meet and satisfy a growing number of our Indonesia customers. These services were recently expanded to the overseas to include Singapore, Mongolia, Vietnam, Yemen, and Africa. ^(1.1, 1.2, 2.2)



This picture shows market served and the locations of PSU Head Offices as well as the Branch Offices in Indonesia and overseas. (2.4, 2.5, 2.7)

PSU has also complied to the regulations as set forth in the Ten Principles of the Global Compact wherein the business should uphold the human rights, labor, environment, and anti-corruption. Every two years the PSU Management and the Union Workers sit together discussing all important points for inclusion in the next Collective Labor Agreement (PKB). This is the time when the work conditions and employee benefits are discussed, updated, and renewed after both parties have reached an agreement. (LA.4)

Now PSU is the largest Caterers in Indonesia with a turnover in excess of US\$ 100 million annually.

Pangansari Utama (PSU) recognizes that the United Nations Global Compact is a call to companies around the world to voluntarily align their operations and strategies with the ten universally accepted principles in the areas of Human rights, Labor, Environment, and Anti-corruption, and to take actions in support of UN goals, including the Millennium Development Goals.



Living with Our Principles

VISION

To be the leading Food Resources Solutions Company. ^(4.8)

MISSION

To do our best in the company's core business by providing a totally reliable service in the Food Business, Manufacturing Products, Supplies Consolidation, Trading, Retailing, Camp, Contract Catering Services and other related Hospitality Support Services. ^(4.8)

PRIME

POSITIVE
RESPECTFUL
INSPIRING
MOTIVATED
EFFICIENT

VALUES

POSITIVE

This represents positive atmosphere in a PSU where confidence among employees exist. All employees either bottom up or top down support each other. No one can claim to be more important than other employees because they are treated equally without regards to nationality, color, religion, gender, etc. As such, the management should necessarily have to look at the company's organizational structure, and make sure that there is a clear line of communication through all levels, which each department's responsibilities clearly defined. An employee who understands his responsibilities tends work positively and be more productive.

Maintaining a positive culture is critical to the success of a company. So, to make a balance, If at the first hand employees may be given reprimand for mistakes they generate, then at the other hand employees may be given rewards or compliments for the positive results or successes they just perform.

Positive atmosphere will allow Management to be open for constructive

criticisms or suggestions by its employees. Transparency is upheld across the company wide. The majority of office doors are opened consistently throughout much of the day. This signals to all employees that no one can give a signal not to be bothered if others want to see him for a business task that can't be postponed. One department can easily share with other departments toward positive advantages of the company.

The stakeholders can easily justify if our corporate culture is conducive and positive. In contrast, a weak, negative or faltering corporate culture can have adverse effects on a business and its employees. All too often, corporations see a decline in productivity and worker satisfaction, and fail to take the necessary steps to slow and reverse the downward spiral. Sometimes it is simply a matter of analyzing the current corporate culture and instilling positive changes.

With all these in essence, It is of utmost important for management to value their resources: specifically, their employees, who can be either the corporation's greatest assets or cause its downfall. Employees that feel valued and appreciated are more productive, more efficient, and more focused on their performance. Employees think positively about the company and will

feel proud of it. In this regard, the employees will make every efforts that the client customers will also act positively toward their company.

RESPECTFUL

One simple way to communicate more effectively is to treat the person we are addressing respectfully--even if we do not, really, respect him or her. Exhibiting disrespect is almost never helpful, as it immediately places the listeners in an adversarial, and probably hostile frame of mind, and encourages them to disregard or dispute anything that is said. This does not mean that we have to agree with everyone and hide any opposition we hold to their attitudes, beliefs, values, or positions. It simply means that we should state our differences in a way that does not belittle theirs. For instance, instead of saying "that is a really stupid way of looking at the situation," it is usually more helpful to say "well, I see the situation somewhat differently." Then we can go on to explain how we see it, without ever saying directly that they are "stupid" or even wrong, but simply that it is possible to see things in different ways.

There are times that we may probably face a conflicting situation, but when in doubt, treating opponents with respect and a relatively calm demeanor is likely to be helpful. Remember it is not just what we say, but how we say it.



We must also remember that all persons have rights to speak up. So we must allow and give them an ample time to speak. No matter we agree or not agree, we should listen whatever they say or explain. To acknowledge what the opponents say will, at least, give them an impression that we respect them no matter even if we do not agree with whatever they say. In short if we should have to say no, we must say no nicely without hurting them.

INSPIRING

Some essential elements for becoming a more effective and inspirational communicator in our workplace are:

Be friendly • Be thoughtful • Try our best

The following shows how an inspiring person would necessarily have to act or to do among other things are:

Give a chance to others to express their opinion because no one is capable to know everything.

Keep information simple because the more complicated that information in the context, the more likely that the information to be misunderstood, misinterpreted, or ignored.

Try to encourage others to moving forward towards a success, because many employees are uplifted through motivations to gain a success at the end.

Promote dialogue among the employees because by two ways dialogue communication, we will be able to acknowledge whether all folks understand of not what is being communicated to them, especially if the dialogue involves the socialization of new procedures.

Conduct a thorough review and evaluation and give a feedback if further improvement is still needed.

MOTIVATED

We agree with the experts that our workers are motivated when they do something because they want to rather than have to or are forced to. Motivated workers do more with less supervision and contribute more to the workplace.

Many employees are motivated to work better simply because they feel comfortable working in a particular company. They feel that their existence are also a value for the company. The working environment also contributes significantly toward employee motivation. The study found across a broad spectrum of employees that more money only motivated (got more productivity) up to a certain point. After money came working conditions and supervisory quality which also had a point of diminishing returns as they were increased. The result was a conclusion that money, working conditions and supervision could only increase productivity to a certain point and then more money, better working conditions and better supervision produced proportionately less and less gain.

Employees tend to leave a company if they feel hurt in the existing company or they feel that the other company apparently indicate to be more comfortable. Therefore, all employees regardless of their level of positions should make every effort to poses mutual inspiring and motivational habits. In this condition, there is no discrimination across organization, nor the like and dislike treatments is to be exercised across all business units. This will put an image to the employees that they are well protected, and no way to think about moving to the other company.



EFFICIENT

Under current tight competitions, a company that is inefficient will eventually be the loser. All tenders proposals will at first be evaluated by looking into its Monetary Components prior to the Technical Aspect. The lower price will generally win the tendering process. By theory, the economic efficiency occurs when the cost of producing a given output is as low as possible. A change that lowers the quality of the good while at the same time lowers the cost of production does not increase economic efficiency. The concept of economic efficiency is only relevant when the quality of goods being produced is unchanged.



To work towards efficiency, a PSU employee should be well prepared prior to start working. He should know exactly what needs to be done, what should be handled first, and how to handle unexpected situations should these incur. Efficiency is not only measured in terms of value but also the timeframe. The work should be better be accomplished on the early the better concept. This will put us into a condition to concentrate on all business matters during the office hours and push our private matters during the break-time.

Focus all our energy on the most important activities. The quoted 80/20 rule states that 80% of the value we create in a day will come from 20% of the activities we perform. Meaning, if we complete those 20% we will have done much, much more than if we try to complete all the rest. How to do this? We must go through all the activities we have to perform and see which ones are the most important, and find proper ways to focus more time on them. ^(4.8)

Governance, Commitment & Engagements

NATURE AND SCOPE

PSU has established appropriate governance structure to enable all shareholders to be entitled to all forms of rights and equal status. The company's Board of Directors (BOD) is responsible for calling meetings for shareholders, submitting the reports, and executing resolutions made during the shareholders meetings. Likewise, the BOD is also responsible for supervising the development of overall operational strategies, determining business guidelines and investment plans, and supervising and directing the management of PSU.

The BOD consists of three directors, including one President Director. Two other directors represent Operation, and Finance and Administration respectively.

With regard to the company's governance structure, PSU selects and appoints directors strictly subject to the existing law and procedures that ensure skill, knowledge, and attitude despite the transparency, justice, fairness, and independency.

PSU has encouraged all employees regardless of their level of positions

to adhere to all governmental procedures and company regulations. The company regulations were made taking into consideration all the stipulated governmental procedures.

The appointment of key personnel managing the work place is subject to the vacant slot, competency, skill, knowledge, and attitude.

The Salary and Remuneration as provided by PSU has been set to be imperatively higher than the approved government regional minimum wage scales. On regular basis PSU negotiates a New Salary Scales with the Union Worker representatives.

PSU strictly observes all applicable laws and regulations and ensures compliance by all employees.

Employees are given chances and opportunities to develop themselves through effective trainings, on the job and off the job.

PSU has adopted an effective system of work performance evaluation wherein an employee is rated by the Pay for Performance basis. The one

who performs well may become probable for getting better remunerations.

GOVERNANCE

PSU adopts a good governance in its operational activities. We know quite clearly that in doing so it requires full participation of all PSU employees as a key cornerstone of good governance.

All PSU employees are treated similarly with no regards to color, religion, citizenship, gender, etc. As such, all are equal before the law. All employees should ensure that in their daily working activities, conformance to the rules and regulations are the basic conditions of their existence in PSU. A number of government regulations as well as the company regulations and policy must, therefore, be enforced and not to be compromised.

PSU works within a legal frameworks that ensures that the rights and obligation are enforced impartially. We have thoroughly enforced full protection of human rights across our workplace and ensured that equal treatments are in place especially when this apply native tribes or to the minorities. We have coordinated with the native tribes representatives on all of our programs and activities, and have promoted a number of these na-

tive tribes employees to the level of management positions.

PSU has also implemented a transparency elsewhere across the organization to ensure that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement.

Every two-year period, PSU Management and the Union Worker Representatives sit together for negotiation and renewal of the Collective Labor Agreement(CLA). Once the CLA is approved, a socialization of CLA is conducted throughout the employees work locations. The CLA is entered to foster a work climate based on mutual respect and trust, guide, maintain and assure the establishment of employment relationship in accordance with the Pancasila Industrial Relations. The PSU CLA stipulates employment terms and conditions, rights and duties of both parties (company and employees). The grievance procedure is covered in detail so employees can easily go through the CLA Chapters what they want to pursue in accordance with the procedures. This CLA is binding all employees, and, therefore, a disciplinary action will be imposed to an employee who violates the CLA.

A disciplinary action, however, is to be imposed, only after a consultation with the Union Worker leader has been made and their concurrence have been appended.

Following are the governance structure of organization at PSU, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight all the way down.

PSU BOARD OF COMMISSIONERS (4.1, 4.2, 4.4, 4.8, 4.9, 4.10)

The PSU Board of Commissioners is the PSU Company Organ with the task of general and/or specific supervision in accordance with the existing procedures i.e. to control and provide advices to the Board of Directors (BOD). This board of Commissioners comprises of two (2) members: One is a Chairman, and other one is a Member. The Board of Commissioners are generally elected to 2-year terms. Despite being as advisory capacity to the BOD, the board is also responsible for approving the Vision, Mission, and Values Statements of a company. Included in their tasks are appointing the BOD members, approving the operational budgets, representing the Shareholders in managing its property and business by adopting rules,

regulations, ordinances and policies, etc.

In addition to the above primary tasks, the PSU Board of Commissioners also represents the PSU for highly important matters flow to the governmental body and officers. They should also call for the Shareholders Meeting and be responsible for the resolutions issued during the Shareholders Meeting.

In summary, the Board of Commissioners tasks should also include:

- Identifying issues and needs to strengthen out any snags which may arise and distort the operation.
- Determining strategies to meet goals and objectives.
- Setting priorities and timelines for completing goals and objectives.
- Accomplishing the works.
- Evaluating the results.

PSU BOARD OF DIRECTORS (4.1, 4.2, 4.4, 4.5, 4.6, 4.7, 4.9, 4.10)

The PSU Board of Directors represents 3 persons, a President Director with 2 (two) directors reporting to him. One director manages the Administration and Finance, and the other one oversees the operations. They are a group

of individuals that are elected to operate the PSU operations with general responsibilities include but not limited to:

- Establishing, reviewing, and implementing the management related policies,
- Making decisions on major company issues which comprise of the hiring/firing of executives, dividend policies, compensation and benefits policy, etc.
- Reviewing and approving organizational structure and controls;
- Ensuring that management is qualified and competent;
- Reviewing and approving business objectives, strategies and plans;
- Providing for an independent assessment of, and reporting on the effectiveness of, organizational and procedural controls;
- Monitoring performance against business objectives, strategies and plans; etc.
- Four times a year Board of Directors evaluating company's performance in all subjects including economic, environment and social performance.

In short, the PSU Board of Director's primary responsibility is to protect

the shareholders' assets and ensure they receive a decent return on their investment.

PSU BUDGET COMMITTEE ^(4.3, 4.5)

PSU Budget committee is a group of key management personnel who are responsible for overall policy matters relating to the overall budget programs. This includes monitoring and coordination of budget programs across the organization. This committee consists of the management of Finance/Accounting plus all other representatives from the Projects or Divisions. One Senior personnel from Accounting is generally assigned to chair, manage, and coordinate the preparation, processing, summarizing, or consolidation of the entire budget package for further submission to the Board (BOD) for review and approval.

The PSU Budget Committee also determines allocation of expenditures throughout the company. Indeed it is not easy because they should work and to a large extent determine to which department gets more resources, and which gets relatively less. Also, the budget sets the benchmarks by which managers and their departments will be at least partially evaluated. Therefore, it

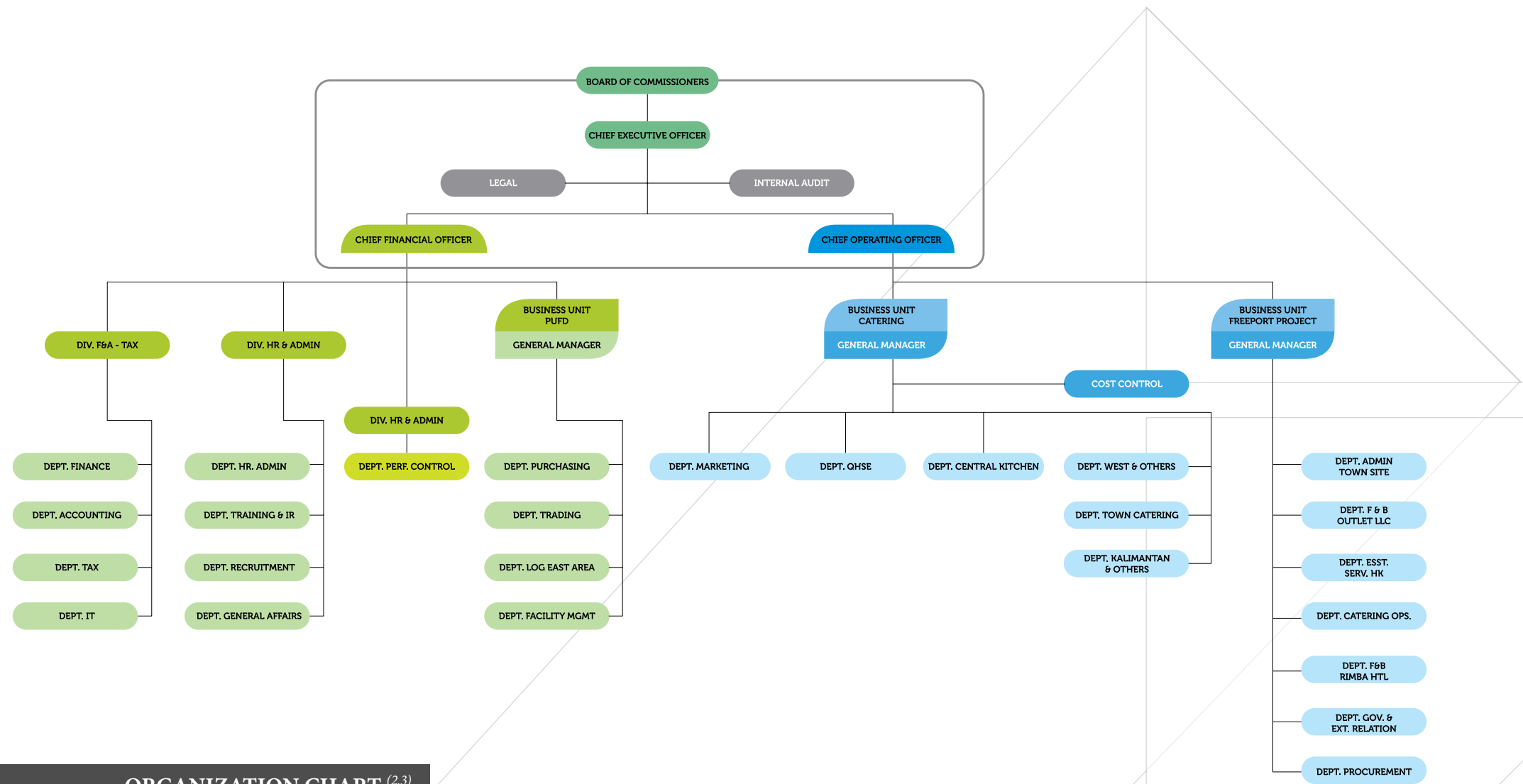
should not be surprising that managers take the budgeting process very seriously and invest considerable energy and even emotion in ensuring that their interest, and those of their departments, are protected. Because of this, the budgeting process can easily degenerate into an interoffice brawl in which the ultimate goal of working together toward common goals is forgotten.

AUDIT COMMITTEE ^(4.3)

The PSU Audit Committee's role is critical to the governance of the organization through its oversight of the financial reporting process. The member's role demands significant time and attention in addressing multiple risks and critical issues. The committee is responsible for ensuring that the financial reporting process is credible, controlled and reliable, and that the company's financial reporting is transparent, consistent and accurate. PSU is currently in the process of creating this committee.

ETHICAL COMMITTEE ^(4.3, 4.8)

This committee is very important to PSU because it assumes responsibility for overall compliance with those standards and procedures, oversees the use of due care in delegating discretionary responsibility, communicates the organization's ethics and compliance standards and procedures, oversees enforcement, including the assurance



ORGANIZATION CHART (2.3)

that discipline is uniformly applied, etc. PSU is not yet in a position to create this committee, however, the BOD has also covered this task momentarily.

CORPORATE COMMITMENTS (4.11, 4.12, 4.13)

The following are fundamental uncompromised commitments:

OUR CLIENTS

- Be a caring Client as a Partner that's why we exist
- Strive to exceed the level of Client satisfaction and requirement
- Transform ideas into reality and thus better fulfill the needs of the client

OUR PERSONNEL

- Attract, retain and develop the most capable person available for every position and provide continuous Career advancement
- Work toward developing an efficient, productive, dynamic and aggressive Organization in which Personnel can increase their skills, realize their ambitions, attain work satisfaction and reward based upon their merits and contributions
- Be a role model to be recognized throughout the Catering Industry for their Character, Commitment and Competence

OUR ENVIRONMENT

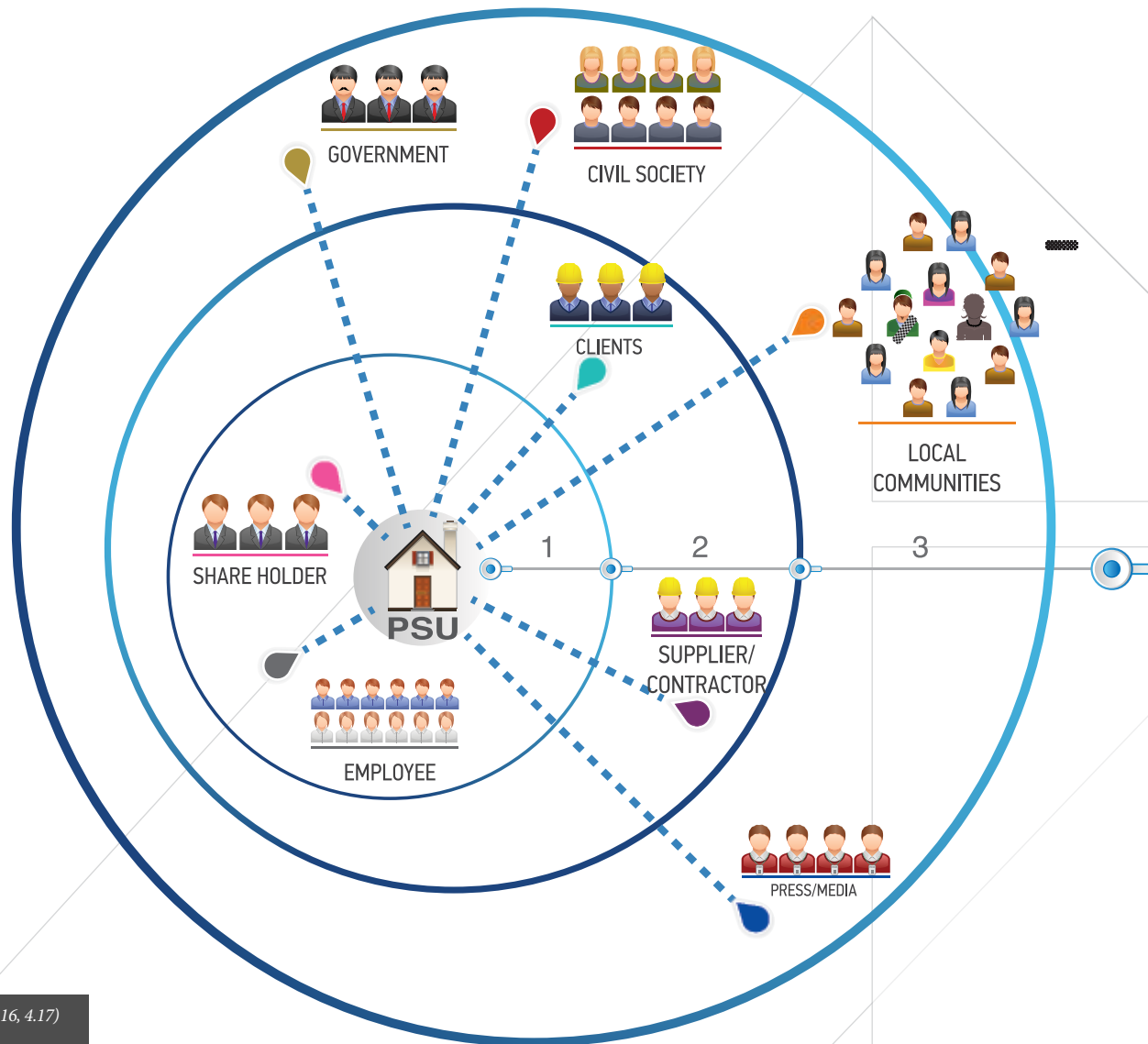
- Ensure that our Business Activities do not disrupt the environment where we operate
- Work toward an environmentally sustainable manner by taking into consideration the efficient resource use, potential environmental hazards, regulatory compliance, and effective control to improve the environmental performances in terms of competency, authorization, and level of responsibility
- Contribute actively toward the development of the area we operate

OUR SHAREHOLDERS

- Strive for reasonable returns of investment
- Strive for long-term contract business relationship
- Make operational decisions guided by economics without compromising integrity
- Attain and work productively and profitably
- Conduct economic realization to the highest achievable level

PSU, in parts are members of cooperative Sarima, union workers, and entrepreneurs associations (APINDO).

-  **SHARE HOLDER**
 - Annual Meeting
-  **EMPLOYEE**
 - Buka Puasa & Halal Bihalal
 - Employee Gathering
 - Training
 - Union Worker Activity
 - Cooperative Annual Meeting
 - Company Anniversary
-  **CLIENTS**
 - Periodictly Site Visit
 - Periodictly Evaluation Meeting
-  **SUPPLIER/CONTRACTOR**
 - Inspection Quality Control
 - Gathering
-  **GOVERNMENT**
 - Meeting Periodictly Manpower Department
 - Meeting with Local Government
 - Meeting Periodictly Department
-  **CIVIL SOCIETY**
 - Inspection/Site Visit Comparative Studies
 - Research Statistic
-  **LOCAL COMMUNITIES**
 - Annual Mass Wedding
 - Scholarship
 - Disaster Respons
 - Specific Religios Services
 - Scholarship
 - Funeral Donation
-  **PRESS/MEDIA**
 - Site Visit



STAKEHOLDER ENGAGEMENT (4.14, 4.15, 4.16, 4.17)

CORRUPTION ASPECTS

By definition the corruption only addressed to a person who corrupts money, facilities, or assets belong to an institution or legal body budgeted in the government budget, although such approach has been condemned by general community around the world. PSU, however, has underlined and imposed a strong disciplinary action to those being involved in bribery and the like. ^(GC, AC.10)

PSU employees should refrain themselves from manipulated the documents bearing economic value, money, or materials because such a violation leads to immediate dismissal with possibility to be processed by the Police Office as an unlawful act, criminal, that warrants punishment.

Corruption is by definition only apply to the governmental body or institution funded by the government. Bribery, however, is totally subject to immediate dismissal at PSU. ^(S02)

A Senior Manager has recently been appointed to handle CSR Programs and Activities which includes Anti-Corruption despite Human Rights, Labor, and Environment. ^(S03)

PSU does not specifically mention to impose sanction for corruption, because corruption is confined to abuse against the governmental body or institution. However, PSU

has apparently underlined that bribery and the like that could damage company's reputation is subject to immediate dismissal (refer to Attachment 1 of the Collective Labor Agreement). PSU encourages all its employees to be loyal and trustworthy. Once PSU tolerates such a violation, everyone will assume a tolerance for this wrongdoing. It is for this reason that PSU scrutinizes all business expenses thoroughly noting any abuse against the company procedures. ^(S04)

PUBLIC POLICY ASPECTS

Our records indicated that No attempts was made by any employee of company toward lobbying or participation in the development of public policy, nor the money and in-kind contributions made to political parties, politicians, or related institutions in the pasts. ^(S05, S06)

ANTI-COMPETITIVE BEHAVIOUR

PSU has carefully observed its operation and noted that there is no legal action for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes up to now. ^(S07)

COMPLIANCE

PSU has also found that No Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations. ^(S08)

Sustainability & Business Strategy

OPERATIONS PERFORMANCE

PSU has seen that no direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments in the past. In addition to this, there have been steady increases over the years of employees annual bonuses, employees ratings, and cooperative retained earnings for the members neither the Financial implications and other risks and opportunities for the organization's activities due to climate change. ^(1,2, EC1, EC2)

PSU has received no coverage of the organization's defined benefit plan obligations nor the financial assistance received from government. ^(EC3, EC4)

With regards to the standard entry level wage compared to local minimum wage at significant locations of operation, our company has offered a salary or wage exceeds the Standard Salary issued by the Government. ^(EC5)

Approximately 60% of foods are purchased locally to conform to the government policy and regulations. ^(EC6)

PSU is aware to its commitment in the past and that the local communities were given chances and opportunities to hold various managerial positions. In addition to this, the priority is also given to the local tribes for new entry. If the local staff is not available, further effort is given to outsider. Exception to this is for the very top management level, to whom consideration will be based on the experiences and competency.^(EC7)

PSU has sought various ways and efforts to develop the local communities by way of infrastructure investments and services primarily for public benefit through commercial, in-kind, or pro bono engagement, this includes coordination with the local fishermen and farmers under control of PSU Cooperative Institution. Including in this program is on-the job training using experts from Jakarta, etc. Positive advantages were noted because mostly all crops and products are absorbed by PSU via its cooperative body.^(EC8, EC9)

ENVIRONMENTAL PERFORMANCE

PT Pangansari Utama (PSU) is a company that has an environmentally sustainable business enterprise and responsible for carrying out environmental practices in all its activities. It has committed to preventing pollution and reducing the negative impact on the environment in line with economic and technical conditions, and

complying with all regulations and legislation concerning the environment as well as the standards applied in Indonesia. In its operation, PSU conducts activities taking into account energy and materials efficiency, and minimizes the adverse impact of waste to the environment.

All rubbish, trash, or wastes either from office or workplace are classified by Organic, Non-Organic, Chemical etc, and put into the particular bins.

PT Pangansari Utama also conducts continuous improvement program to develop an Environmental Management system, encourage openness and dialogue with the surrounding community, anticipate and respond to all concerns about the potential impact of operational activities.

Pangansari Utama has been given a Certificate of ISO 14001 – 2004 for compliance to the Environmental Standard.

Pangansari Utama together with most of the reputable companies are currently committed to pursue sustainability and environmental resource management encompassing managing economic, social, and ecological systems within and external to an organizational entity in order for it to sustain itself and the sys-

tem it exists within. In context, sustainability implies that rather than competing for endless growth on a finite planet, development will improve quality of life without necessarily having to consume more resource. In order to sustainably manage the state of environmental resources affected by human activities, organizational change is needed to instill sustainability values within an organization, in order to portray these values outwardly from all levels and to reinforce them in its surrounding stakeholder community. The end result should be a symbiotic relationship between the sustaining organization and community, along with the environment.

Under existing rules and regulations, PSU should also monitor Water and Waste Water, Gas Emission, Hazardous Waste, Noise Impact, Wild Life Impact, Social Impact, etc. These include efforts to solve the greenhouse effect, conservation of energy especially water, and minimizing or eliminating destructions to environment. ^(EN14)

PSU is currently seeking ways to use recycled materials. This requires sometime to ensure such a materials can be used for catering and housekeeping operations. Plastic wraps are still used, however, in the future it is hoped that the plastic bag will only last to a maximum of 1 to 2 years. ^(EN14)

PSU initiated programs to renewable energy based on product and services by having agreement with local government to provide used cooking oil as our waste to be a renewable bio-fuel. As for reducing indirect energy consumption, PSU promoting saving energy program by replacing light bulbs to LED, placing announcement near on/off switch and water sources. ^(EN.5, EN.6, EN.7)

PSU has built a modern central kitchen in Jakarta, and large storages/warehouses in Balikpapan, Surabaya, Timika and Jakarta. ^(EN.11)

PSU ensured that there will be no adverse impacts on biodiversity in the protected areas and areas containing high biodiversity value outside the protected areas or nearby. ^(EN.12, EN.15)

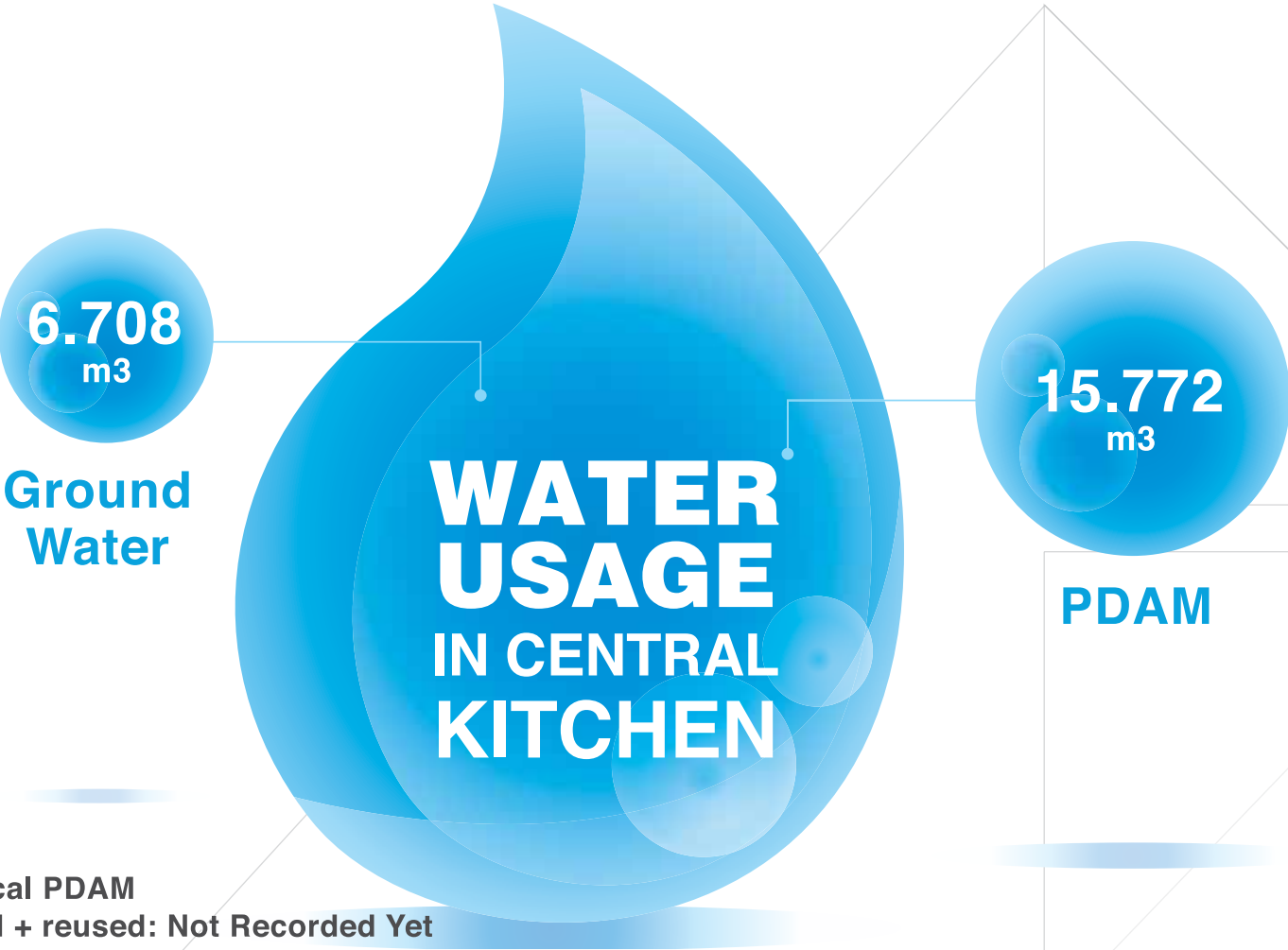
In its operations, PSU business units are away from the protected habitats, not required to replant the trees because the tasks under responsibility of the client customers, with no requirement for composing or fertilizing as well. ^(EN.13)

PSU is currently reviewing a possibility to calculate direct and indirect effect of greenhouse and gas emissions in the near future. ^(EN.16, EN.17, EN.29)

TYPE & VOLUME OF MATERIAL USAGE IN CENTRAL KITCHEN

Description	Responsibility	Volume
• Kitchen Equipment/ Utensils/ Crockeries	Provide by clients & PSU	-
• Packaging: - Paper Box (Recycable)	Recycle, Handle by clients	32.583 pcs
- Vacuum Plastic Containers/ Bags (Recycable)		149.625 pcs
- Lunch Box, Plastic		44.765 pcs
- Trash Bag		1.119 pcs
• Cooking Oil (Recycable)	- Sold to third party for Biogas Energy (Central Kitchen)	18.612 pcs
	- Recycle handle by clients (Unit Operations)	

MATERIAL USAGE (EN.1, EN.2)



WATER USAGE (EN.8, EN.9, EN.10)

DIRECT & INDIRECT ENERGY



DIRECT ENERGY



INDIRECT ENERGY

Premium / Solar

*Electricity
Gas / Biogas*

...liter

1.009.944 kwh
86.800 kg

DIRECT & INDIRECT ENERGY (EN.3, EN.4)

PSU has tried to equip its operation with sufficient equipment tools, etc in an effort to measure and control by way of type and weight of emissions, spills, wastes, water runoff, greenhouse effects and other environmental impacts. This effort requires one or two years to implement. ^(EN.16, EN.18, EN.19, EN.20, EN.21, EN.22, EN.23, EN.24, EN.25)

Direct energy consumption by primary source is presently under review because it involves new mechanical systems, and as well as suggestion and direction by the users clients. ^(EN3)

PRODUCT AND SERVICES

PSU maintains effective control of how to handle waste in order to avoid pollution and contamination. This is clearly set for in the Operating Procedures, and Safety Regulations. ^(EN26)

PSU by so far has received no significant reclaims for products as well as packaging. Normal breaking packages due to bad handling or rush loading/unloading were normally acceptable, and not claimed by the receiver. ^(EN27)

PSU has obtained no fines charges of sanctions for noncompliance with

environmental laws and regulations. ^(EN28)

PSU carefully handles the transportations of products, goods, and materials and that no significant environmental impacts to employees or community.

In recent future, PSU will be equipped with the environmental protection equipment to ensure adherence to environmental policy, the cost of which can't be predicted at this moment. ^(EN 29, EN30)

CORPORATE STRATEGIC PHILOSOPHY

Management has long recognized that we are in the "PEOPLE BUSINESS" and that an Organization is only as good as the combination of its employee's talents, just as any good recipe, is dependent on the combination of the proper ratio of food ingredients.

At Management level we are aware that:

- Our success therefore depends upon the level of Client satisfaction on our overall performances. To achieve this, we have to select and retain highly experienced and talented personnel at all levels, provide personalized service at both Customer and Client level while ensuring fast and efficient response to all requirements, conduct professional performance of all our duties and responsibilities, and

render services tailored to Client need's and specifications. In addition to this, PT Pangansari Utama has developed over the years a highly skilled Management team specialized in Industrial Institutional Catering services, maintained a lowest level of Management turnover at Executive level, and highest level of Client retention in the Catering Industry.

At Branch and/or Operational level we aim to :

- Develop and maintain our business by providing a quality food service.
This will only be achieved by adopting innovative marketing techniques, ensuring that fresh, attractively displayed and appetizing food is available during all service periods. We will also obviate repetition and predictability through imaginative Cycle Menus(CM's), and a wide variety of food choices. Emphasis will be placed on the use of Seasonal and Fresh Foods where economically possible.
- Provide a high level of supervision and adopt work methods, which in turn will lead to a happy and efficient Site Staff.
- Engage professionally attired competent kitchen staff who are effective



and service oriented in an effort to provide an efficient and personalized service.

- Ensure that all staff members wear a white uniform with RED/BLUE checked aprons which creates a bright crisp appearance behind the Service Counter. This is but one step in the process of improving morale for the benefit of the Client's personnel, and for the company as well.
- Provide for Special Functions and other Ancillary Services, to the highest quality and presentation as might be demanded by the Client, whether it is a; Board Meeting, In-House Staff Functions or VIP functions.
- Monitor trends, new products and methods within the Industry, and to keep the Client informed of any changes, which may affect the Catering Operation or Cost Levels.
- Arrange regular Meetings with the Client on all important matters requiring immediate solutions with regards to our Catering Operations.

Noting that Client / Contractor Meetings are vitally important during the life of the Contract. Only through this meaningful avenue are we able to keep the lines of communication open, to recognize any areas of difficulty, and also to receive critical appraisal of our performance. Promotional activity, customer feedback, establishing dates for special theme days, variance-reporting etc. are standard agenda items of such Meetings.

CURRENT RELEVANT FACTS ABOUT OUR COMPANY EXPERIENCES

PT. Pangansari Utama is a well established Indonesian owned Company formed to serve Indonesia, introduce its experienced expertise serving a world class catering with specializations in Commercial, Institutional, Offshore and Onshore, related catering services. In addition to Catering Services, PSU also operates the entire Turn-Key Camp Projects which include; Camp Design, Modular Accommodation, Housekeeping Cleaning & Janitorial Services, Canteen & Coffee Services, Landscaping, Ground Maintenance, Pest Control, Supermarkets, Commissaries, Club Facilities, Fitness Centers, and Library.

CREDENTIALS

Our stability in strength and depth performance is supported by the following credentials that:

- PSU is reputed to be the longest established Catering Services Company operating under the same continuous Ownership and Management in the Services Industry.
- PSU has provided and served complete set of Catering related services to various satisfied Clients such as BP Arco, Unocal, Exxon Mobil Oil, Total Indonesia, Freeport Indonesia,

Thiess Contractors, Chevron, Vale Indonesia and others.

- PSU has its own support infrastructure and equipment including; Cold Storage, Freezer, Chiller and Dry Containers, Reefer Trucks and a Personnel Training Centre.
- PSU has proved to have obtained a constantly growing reputation for Quality Service matched with our growth rate of fully trained dedicated employees' and an efficient Managerial Staff.
- PSU comprised of a team of professional Quality Controllers (QC's) possessing solid backgrounds in food and beverage management technology by consistently monitoring its overall Operational Units



(OU's).

- PSU currently employs around 4,500 personnel.
- PSU flexibility in providing services of a diversified number of Sites ranging from 25 to 20,000 persons and even more.
- PSU operational sites with scheduled operational workdays of 17 days per week, and 365 days per year.
- PSU strongly considers to be capable of operating in all sectors of the community which include:

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Basically, CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. This embraced responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere.

PSU is aware that like it or not, under strict application of existing rules in this country vide the Law Number 40 year 2007 concerning a Corporation, each company doing business in the field of and/or in relation to natural resources must put into practice Environmental and Social Responsibility (CSR). It further underlined

that The Environmental and Social Responsibility contemplated above constitutes an obligation of the Company which shall be budgeted for and calculated as a cost of the Company performance of which shall be with due attention to decency and fairness. A sanction will be imposed to a company that fails to meet this obligation (Law 4, year 2007 Chapter V article 74). This Law has inspired PSU to be more responsible in carrying out environmental practices in all its operational area. PSU was committed right thereafter to preventing pollution and reducing the negative impact on the environment in line with economic and technical conditions. PSU addressed the entire operations to be committed to complying with all regulations and legislation concerning the environment as well as the standards applied in Indonesia. PSU continuously improved its environmental programs and developed an Environmental Management system, encouraged openness and dialogue with the surrounding community, and responded to all concerns about the potential impact of operational activities. This would mean that PSU developed, operated, and conducted all activities taking into account energy and material use efficiency, and minimized the adverse environmental and safety impacts of waste. Pollution is a form of waste, and a symptom of inefficiency in industrial production. So PSU put more control in the consumption of water, no matter



even if the water is traditionally free or not we utilized this limited resource just on purpose.

CSR is important because businesses are based on trust and foresight. Establishing and keeping trust with customers, communities and regulators isn't simple and can be easily damaged or lost. To be successful in the long-term, companies need to think beyond what's affecting them today to what's going to happen tomorrow. This isn't just about addressing changes to technology or the needs of customers, but also taking into account alterations in social, environmental and governance issues. At present, PSU renders various services including Catering, Housekeeping, Maintenance, etc to around 50 companies throughout Indonesia. As part of CSR activities, once a year, PSU coordinates effort to conduct a Mass-Wedding for employees who lived together as husband and wife without having marital certificates. Hundreds of couples have participated in this program. PSU believes that there are some very positive advantages if a couple possesses a marriage certificate, because husband and wife are legally recognized by the government, and socially accepted by the community as well. Many rights and entitlements that are attached to the couple will be similarly given to the newly married couple after the mass marriage. In addition to this, either person is given

a right for inheritance of the wealth should one of them pass away. Of course, their children may then enroll their study at ease because of the legal and formal identity of their parents being one of the conditions for new entrance.

PSU recognizes that in conducting its business elsewhere, the existence of indigenous peoples plays a vital role for sustainable development in PSU.

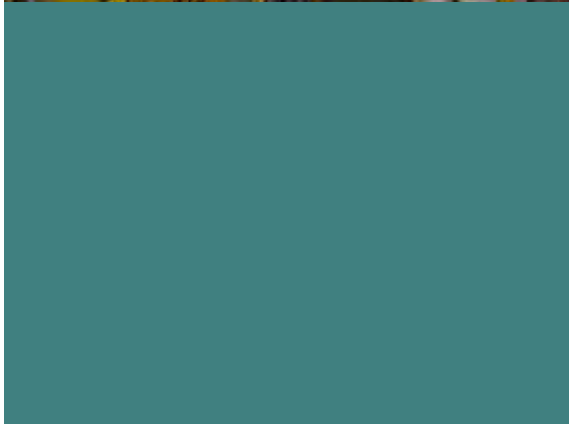
Noted that the recognition of indigenous peoples as a major group by the UN Conference on Environment & Development (UNCED), popularly known as the Earth Summit, held in 1992, was a breakthrough enabling the political participation of indigenous peoples in various processes relating to sustainable development. Many countries have also incorporated the recognition of indigenous peoples in their regulations. Indonesia has then responded to this by issuing a Special Autonomy Law No. 21, 2001, for Province of Papua. It was further clarified by the United Nations with regards to the native peoples that first and foremost it is necessary to acknowledge that indigenous peoples are peoples with special and internationally recognized rights as such – most importantly spelled out in the UN Declaration on the Rights of Indigenous Peoples adopted by the UN General Assembly in 2007. Parallel with this, PSU at the Freeport Project has also adapted, and, therefore,

applied this directive by giving more chance to the local people to be employed by PSU, and added to employees formation across the organization. These indigenous people working at PSU FI project comprised of mostly the 7 tribes at the vicinity areas of PSU operations at the Freeport, plus all other tribes of West Papua and Papua Provinces. As noted almost 25 percent of PSU employees at the Freeport Project represent the Local Papuan employees. They work at all business units which include Catering, Housekeeping, Laundry, Facility Management, Safety, Hospitality, Administration, and other support business units.



GLOBAL CITIZEN

Talking about global citizen, like it or not, all people are citizens of the globe, and PSU is not an exception, as such, PSU believes that Global Citizenship is more than the sum of its parts. It goes beyond simply knowing that we are citizens of the globe to an acknowledgement of our responsibilities both to each other and to the Earth itself. PSU agrees that Global Citizenship is also about understanding the need to tackle injustice and inequality, and having the desire and ability to work actively to do so. It is about valuing the Earth as precious and unique, and safeguarding the future for those coming after us. As a global Citizen we should respect and value the diversity, we should participate in making the world a more sustainable place, we do not compromise justice, we recognize others who are different with us due to differences in color, culture, religions, genders, nationality, etc.



Personnel and Process Safety

OUR PEOPLE

PSU and its employees are responsible to nurture a healthy business and work climate. The employees, like the company, reserve the right to operate safely and peacefully, unimpeded by interruptions in procedures, transgressing violations, and disturbances in safety. PSU prohibits job discrimination on the basis of race, color, religion, sex/gender, and nationality. All potential candidates are reviewed based on their competency (skill, knowledge, and attitude). Sufficient experiences in the previous companies are of positive advantages for the new entry. Certain positions, however, are reserved to the expatriate personnel to conform to the Contract Agreements with the client customers.

In the future, PSU is considering about accepting limited number of disable/handicapped candidates probably in administrative/clerical works, to conform to the government regulations.

PSU also employed the local people in its employees formation. A priority for first entry level is given to the local people. Exception is given to candidate for the management level to whom consideration lies in terms of Skill, Knowledge, and Experience.

During 2012, PSU has appointed a Papuan employee to hold a managerial level position to oversee and control the Papuan Hospitality Department. This position has a critical role in ensuring that PSU can create a work environment where all employees – especially Papuan employees – are treated in a fair and objective manner, and that there will be no discrimination against any individual because of employee's ethnicity, tribal origin, or similar factors.

Forced and compulsory labor are totally prohibited. No child labor either temporary or permanent employee is accepted to work at PSU. In addition to this, there is no discrimination meaning that equal opportunity and treatment are rendered to all new employees. Employee are evaluated based on their Skill, Knowledge, and Attitude.

To improve the knowledge and productivity of employees, PSU provides opportunity for advancement to employees through training programs in various jobs across the PSU organization. The Papuan employees have been given more priority to be trained On-the-job, and outside the work place. Male and female employees are not necessarily to be sorted since PSU has given a chance for these local people on a first come first serve basis. Not only this, but PSU has also provided educational assistance for employee dependents annually in the amount

of Rp 750,000 for Kindergarten all the way up to Rp 4,000,000 for University levels.

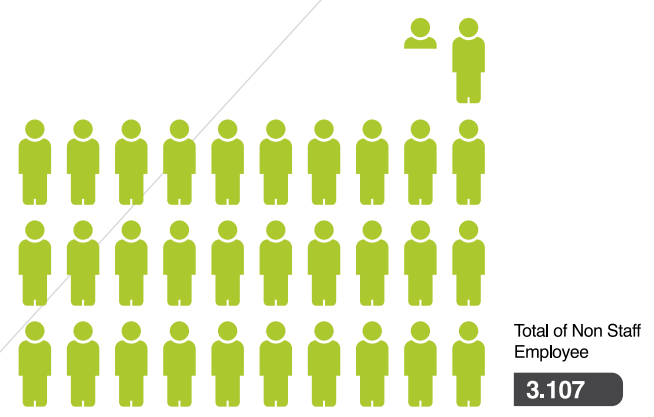
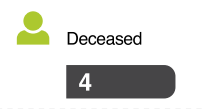
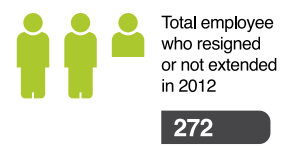
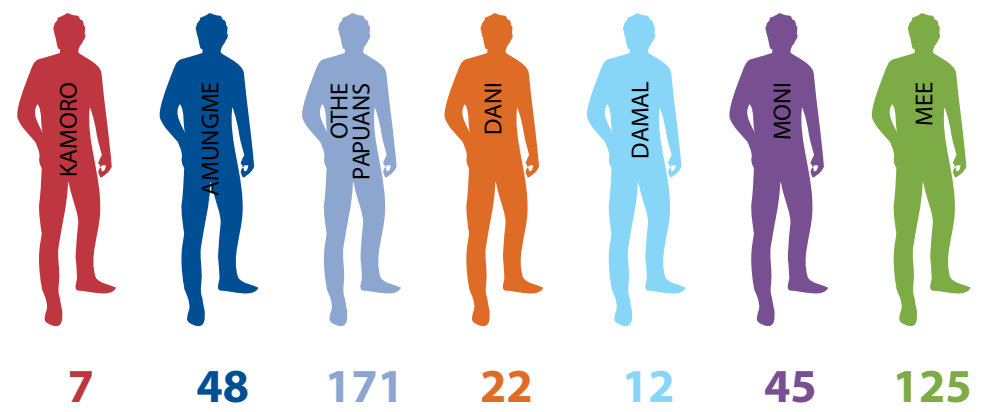
The following chart shows number of Papuan tribes working for PSU at Freeport Project. They comprised of mostly the 7 tribes at the vicinity areas of PSU operations at the Freeport, Papua.

Noting that almost 25 percent of PSU employees at the Freeport Project represents the Local Papuan employees. They work at all business units which include Catering, Housekeeping, Laundry, Facility Management, Safety, Hospitality, Administration, and other support business units. ^(LA.13)

The Papuan employees have also been given more priority to be trained On-the-job, and outside the work place. Male and female employees are not necessarily to be sorted since PSU has given a chance for these local people on a first come first serve basis.

PSU encourages employees to improve their performance to allow them to hold higher responsibilities. When there is a lack between the standard of work against their competency, employees may be given chance for attending the training programs either on the job or off the job. Preferences are generally given to

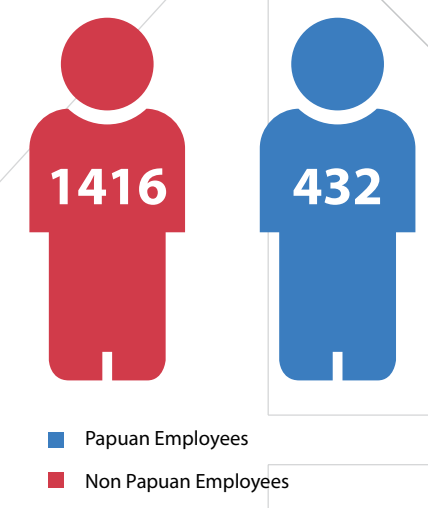
PSU FI Papuan Employees by Native Tribes 2012



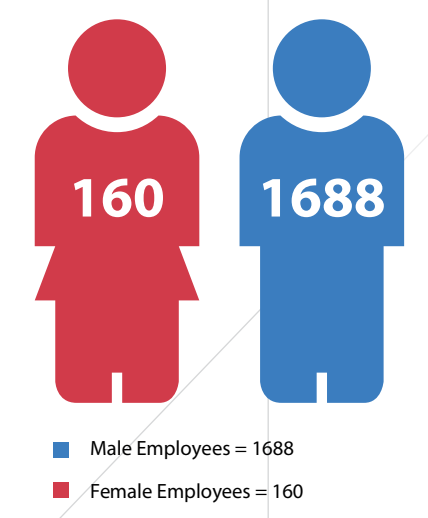
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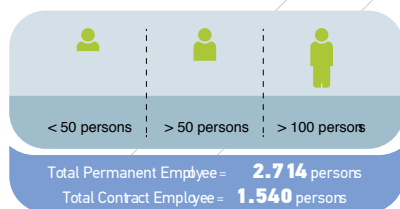
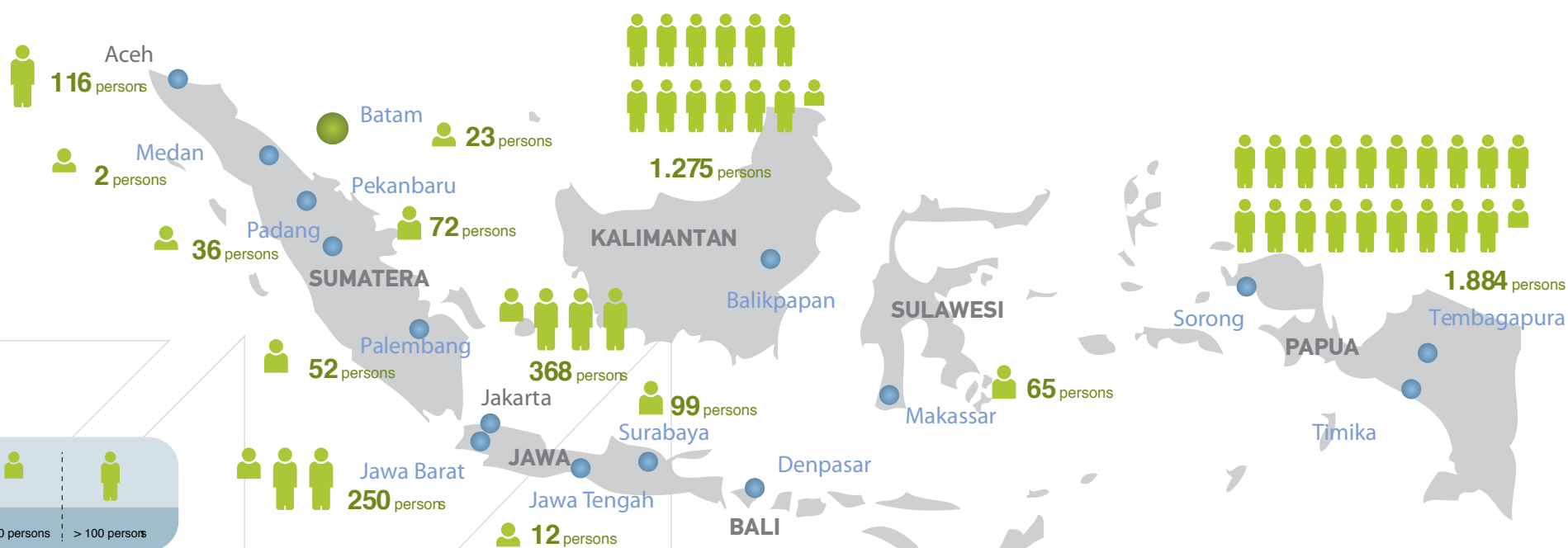
PSU Freeport Project Employees 2012

Total 1848 employees



PSU Freeport Employees by Gender 2012





PSU - Freeport Project employees 2012 • Total 1,848 Employees ^(LA.1)

the local tribes candidates especially for the entry level. The management level is commensurate with the candidate profile taking into considerations their educational background as well as their related experiences.

At least once a year, PSU coordinates effort to conduct a Mass-Wedding for employees who have wives/husbands without at first possessing marital certificates.

The benefits provided to full-time employees are slightly better than that provided to. These include certain merit increase percentages based on the Collective Labor Agreement (CLA) and or Employees Contract, etc. ^(LA.3), and noted that all non Staff Employees are covered by the Collective Labor Agreement. ^(LA.4) At least 2 to 3 months before the effective date, employees are notified as to the changes of the Collective Labor Agreement. This is formally addressed during the Socialization of CLA to all locations. ^(LA.5)

All employees are represented during a negotiation between the Union Workers and Management including Health and Safety programs despite all other employee benefits. Employees are represented by the Union Worker Representatives. ^(LA.6) The Safety Reports include Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities, ^(LA.7) while all employees and dependents

medical expenditures are absorbed by PSU. ^(LA.8) Accordingly, numerous Safety topics are included in the work procedures and applicable to all employees. ^(LA.9)

Most trainings are currently being given by way of On the Job Training. In addition to this, our client company like PT Freeport Indonesia conducts the Training to its employees and contractors on a free charge basis. ^(LA.10)

Employees are generally scheduled for training to fill the gap between the standard requirement against employee's competency. ^(LA.11)

All employees receive regular performance and career development reviews on annual basis. ^(LA.12)

Men and women are treated equally, so there is no special report to indicate the ratio of basic salary of men to women by employee category, or by significant locations of operation. Both male and female employees are measured by their Skill, Knowledge, and Attitude, and the salary is given based on the applicable standard taking into account the skill, knowledge, attitude, that goes with the position, and the level of experiences. ^(LA.14)

HUMAN RIGHTS ^(HR.1, HR.2, HR.3, HR.4, HR.5, HR.6)

PSU in doing business recognizes and respects the human rights. The human rights basically concerned with equality and fairness, freedom of choice, living a life free from fear, harassment, or discrimination, inhumane treatments, etc. All of these have made human rights to be universal.

Since 2007 PSU has encouraged its employees to respect and implement human rights in the operational work place. The human rights sessions were generally given to all level of employees regardless of their positions. PSU and its employees support and respect the protection of human rights whilst ensuring that all are not complicit in human rights abuses.

All employees regardless of their level of positions have attended numerous classes of the Socialization of Human Rights since 2007. Client company has allowed PSU to conduct the internal Socialization of Human Rights to its employees. The Socialization of Human Rights was given to make certain that PSU personnel were sufficiently knowledgeable in Human Rights and Human Rights Violations.

Employees should adhere to the CLA that consist of all employment terms and conditions to be met, and right and duties of all parties involved. This include adherence to Human Rights regulations.

Each employee has a right to report any violation against the Human Rights. ^(HR2)
Subsequent to this, each supplier or contractor has its own mechanism to handle and process all violations against the human rights. Certain areas like PT Freeport Indonesia has adopted a regulation that its suppliers, contractors, and privatized companies providing products or services to them must be given a mandatory human rights induction program. ^(HR3) PSU FI project has sent more than 80 percent employees to attend this mandatory sessions. No incidents of discrimination and corrective actions taken whatsoever being reported involving PSU employees in the past. ^(HR4)

PSU received no complaints of Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights ^(HR5), nor they are reported as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor ^(HR6) and/ or identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor. ^(HR7) PSU itself strongly restricts child labor in its operation.

PSU will consider about sending its security personnel to be trained in the

organization's policies or procedures concerning aspects of human rights that are relevant to operations. ^(HR8)

PSU received no reports of incidents/ violations involving right of indigenous people and actions taken ^(HR9), nor any operation sites that have been subject to human rights reviews and/or impact assessments ^(HR10), and/or grievances related to human rights filed, addressed and resolved through formal grievance mechanisms. ^(HR11)

OCCUPATIONAL HEALTH AND SAFETY STANDARDS

Pangansari Utama recognizes its primary responsibility in Health and Safety for the operational works, and that no work can be performed prior to observing and ensuring that the job is safe, healthy, and hygiene. This would mean that no work can be performed if a condition is unsafe.

All PSU employees regardless of their positions should comply to the Health and Safety Standards without a compromise. All business units conduct regular toolbox meetings discussing all facets of Industrial Health and Safety programs and activities.



Socialization of Human Rights at Tembagapura

PSU internal Safety department manages the implementation, progress, control, and evaluation of Industrial Health and Safety throughout all company premises. This department provides help to the auditors when they conduct the audit. PSU has ever marked an outstanding achievement of 30 million hours without lost time accidents.

Product Responsibility



PSU strongly implemented the procedures of Foods Handling by way of Total Quality Control as from Raw Materials all the way through the Finished Product. Including in the control is a Food Safety system. As such, all food-handlers are required for medical check-up at least every six months. Sample of cooked foods are stored in the refrigerators for 3 days. PSU is involved in the international food supply chain and that its consumers are becoming increasingly conscious about the quality of the food they eat. Food and vegetables produced by PSU is expected to be of high quality and free of biological, physical or chemical hazards – despite the risks involved, for example, in transporting perishable produce such as fruit and vegetables over great distances. To meet the consumers' demand for fresh and healthy food and fulfill strict legal requirements, PSU has decided since the very first time to have its Quality Management Systems (QMS) certified in order to ensure the whole processes are both structured and regularly monitored. Of course PSU has gained benefit from possessing the certificate ISO 22000 : 2005, because since 2005, ISO 22000 was adopted to be the globally accepted certification standard for food safety. ^(PR1)

ISO 22000 has been specifically adapted to the situation in the food industry by integrating the requirements of HACCP, an internationally recognized food safety system that identifies, prevents, eliminates or reduces to an acceptable level potential physical, chemical and biological hazards by preventive means rather than finished product in-

specifications. The combination of ISO 9001, HACCP and ISO 22000 creates an effective system for permanent process improvement, standardization and risk minimization in the food industry.

Despite ISO 22000 : 2005, PSU has also obtained ISO 9001: 2008 for Quality Management System. Indeed it is not easy to get ISO 9001 Certification because PSU should have proved to complete firstly a complete cycle of internal audit for management review, all weaknesses were corrected etc. In short the ISO 9001 Certificate can only be obtained after the ISO Auditors have proved and validated the System Compliance/Implementation, and System Effectiveness.

So far, there is no indication of the existence of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes at PSU. By procedures, PSU only accepts good quality of foods and vegetables at the Receiving Points. PSU will reject all foods and vegetables that are proved to be received below standard. ^(PR.2, PR.3)

PSU has never received any complaints pertaining to number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcome, nor any practices related to customer satisfaction,

including results of surveys measuring customer satisfaction. PSU has put Customer Satisfaction forms to be available at the Mess-halls and other food service /distribution points at all times. ^(PR.4, PR.5)

All programs related to Foods and Beverages served conform to the HACCP guidelines. In addition to this, PSU is also audited annually (including SAI Global Audit) as to its adherence to the procedures in place. No report is filed to indicate of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes. ^(PR.5, PR.6, PR.7)

PSU received no complaints ever since as to breaches of customer privacy and losses of customer data. ^(PR.8)

No Fines, by so far were imposed to PSU for non-compliance with laws and regulations concerning the provisions and use of product and services. ^(PR.9)

PSU absorbs all volume of fresh foods, vegetables, and fishes from the suppliers based on the pre-determined volume, and/or blanket orders as per policy. ^(FR.1)

FP.4

	DATE	SITES LOCATION	TOPIC
FEBRUARY	23	Gajah Baru Location Premier Oil Project, Natuna Sea	Balanced Nutrition and Cholesterol Diet Present by Ms. Eka Susanti Nutritionist PSU
	26	Anoa Platform Location Premier Oil Project, Natuna Sea	Balanced Nutrition and Cholesterol Diet Present by Ms. Eka Susanti Nutritionist PSU
	28	Papa Flow Station PHE ONJW Project, West Java Sea	Cholesterol Diet Present by A Yusep Santika Nutritionist PSU
	29	Papa Flow Station PHE ONJW Project, West Java Sea	Uric Acid Diet Present by A Yusep Santika Nutritionist PSU
MARCH	2	FPSO Premier Oil Project, Natuna Sea	Balanced Nutrition and Cholesterol Diet Present by Ms. Eka Susanti Nutritionist PSU
	2	Papa Flow Station PHE ONJW Project, West Java Sea	Diabetes Melitus Diet Present by A Yusep Santika Nutritionist PSU
MAY	25	PNMI Barge CNOOC, Pelangi Project	Balanced Nutrition and Cholesterol Diet Present by Ms. Eka Susanti Nutritionist PSU
JULY	14	McDermott Project, Batam	-
NOVEMBER	18	NPU Site Total Project, Balikpapan	Balanced Nutrition Present by Ms. Eka Susanti Nutritionist PSU
	24	Senipah Total Project, Balikpapan	Balanced Nutrition Present by Ms. Eka Susanti Nutritionist PSU
	25	Handil Total Project, Balikpapan	Balanced Nutrition and Cholesterol Diet Present by Ms. Eka Susanti Nutritionist PSU

PSU currently purchases the entire volume of products after being verified by the Co-operative Sarima in accordance with the credible internationally recognized production/safety standard. Noted that 65 percent of local product and 35 percent overseas are accounted for and confirmed to this standard. ^(FP2)

PSU has only experienced a 36 hours working time lost during 2012 following a one and a half day non-staff workers strike. ^(FP3)

PSU's program and practices in-kind contribution of knowledge transfer to promote access to healthy lifestyle by sharing of health food to our client such as "How to Control Cholesterol with a Good Diet", sharing knowledge of "Penatalaksanaan Diet Gout & Penyakit Gout (Uric Acid)", sharing knowledge of "Penatalaksanaan Diet Diabetes Melitus", etc. Our Nutritionist that visited the PSU Project on periodic schedule conducts these programs. ^(FP4)

PSU is already certified by SAI Global Indonesia as our Third Party (Certification Body) for ISO 9001:2008 of Quality Management System, ISO 22000:2005 of Food Safety Management System and ISO 14001:2004 for Environmental Management System. ^(FP5)

PSU only received, processed, and used the lowered saturated fats and sugars in its products. The products are tested by the client public health in the labs on a regular basis to ensure compliance. ^(FP6)

PSU have regular healthy food menu in services clients. The frequency of healthy food menu is once a week from breakfast, lunch, and dinner. For PHE Project, the healthy food menu is routine in Friday with the Low Cholesterol Day menu, for Premier Oil Project, the healthy food menu is routine in Sunday by serve the BBQ menu, and for Total Project, we always serve healthy food menu everyday along with normal menu as an alternative choices. ^(FP7)

PSU communicates to clients about ingredients and nutritional fact by putting of nutrition factor in the menu plan that we submitted. ^(FP8)

PSU has not put into its operations, for the time being, the business units of animal breeding and genetics, animal husbandry, animal transportation, handling, and slaughter. However, PSU has made certain visits to the locations where these products are produced to ensure compliance with the safety of product and standard quality as per policy. ^(FP9, FP10, FP11, FP12, FP13)

Local Development (SO.1)

Over the years, PSU Co-operative Institutions namely Sarima, has played a large role in providing institutional credit to PSU employees, absorbed large scale of fresh seafood products from local fishers, local fruits and vegetables from the traditional farmers as well as home-made or small industry food processed products such as local tempe and tofu. Under normal circumstances, 60 % of fresh fish is purchased locally from Timika and only 40 % from Surabaya/ Jakarta, while the fruits and vegetables in a proportion of 50%, 15%, and 35% respectively for Timika, Australia, and Surabaya/Jakarta. PSU through Sarima, has coordinated efforts since 1997 with the governmental related departments to conduct various agricultural training to enable the local farmers to work more intensively in order to get more volume of the crops.

Sarima as a mentor provides its members control over all the operations of the organization as it promotes a high degree of participatory involvement, making co-operatives more responsive to market & member requirements. At present, Sarima control approximately 60 local fishers and 400 local farmers.

The lure that Sarima has purchased the products from the local fishers and farmers at a price higher than the products sold to the local market have triggerred them to produce more. So Sarima is the biggest customer for them.

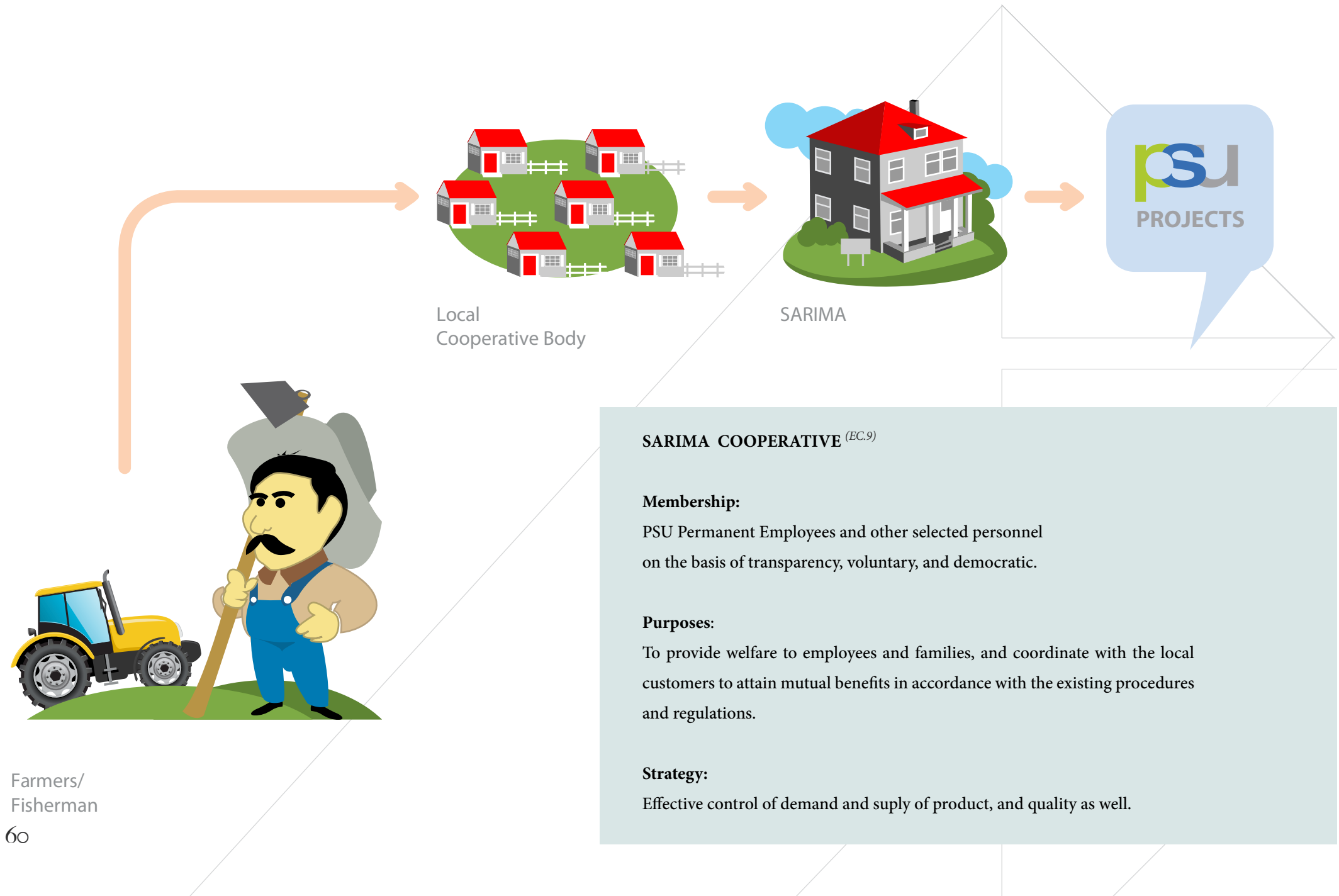
The following charts show the percentages of Fresh Fish/Sea Foods purchases from Timika, Surabaya, and Jakarta to be sent to PSU locations at FI project. Fresh fish / Sea foods purchased from Timika are fresh. They are soon washed, prepacked, labeled, and put into the Refrigerators prior to be delivered to the jobsites.

PSU has a right not to accept unfreshed products, or returns the already received products that are found to be below the standard requirements.

For the last several years, PSU Co-operative Institution namely Sarima, has played a large role in providing institutional credit to PSU employees. The operation of Sarima has been expanded to include handling the large scale local purchases comprising of fresh fruit and vegetables of local farmers, and fresh fish/sea foods of local fishermen. These fresh products are to be sent to the PSU work-locations elsewhere. As an example, under normal circumstance, 60 % of fresh fish is purchased directly from Timika local fishermen, and 40% from Surabaya/ Jakarta, while the fruits and vegetables are in proportion of 50 %, 35%, and 15% respectively from Timika, Australia, and Surabaya/ Jakarta.

PSU in coordination with the Media Group has coordinated a join effort by assisting technical knowhow to the Salam Papua (SAPA) Newspapers Timika, and providing various general helps involving initial set up of manpower strategy, manpower training and empowerment, and allowing SAPA newspapers to share on-line news with this local newspapers. Initial training for one key personnel from Timika to Media Indonesia Jakarta has been made soon thereafter.





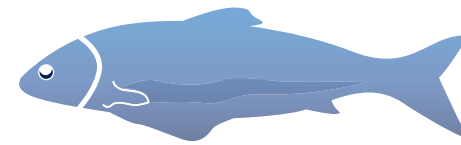
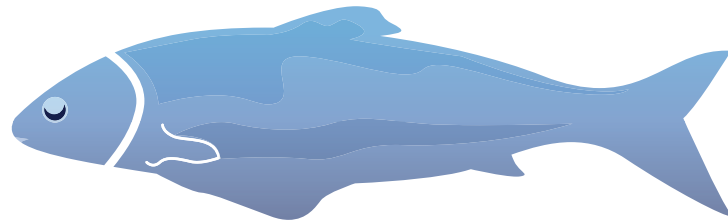
FPI Unit Operation

■ Timika

60%

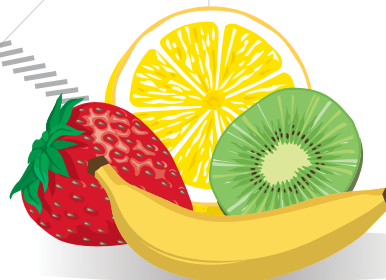
■ Jakarta/ Surabaya

40%



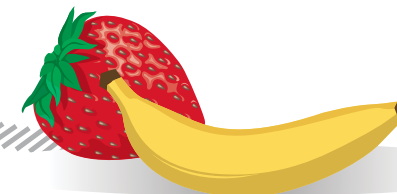
50%

Timika



35%

Overseas



15%

Jakarta/Surabaya

Working in Challenge Locations

HOT AND COLD TEMPERATURES

PSU work locations range from only a few meters above sea level all the way to more than 4,200 meters, with temperatures stretched from as hot as 35 to 37 degree Celsius at the Lowland to go down along way colder with fewer oxygen at the temperature of only around 0 degree Celsius at the Highland area of operation. These two different extreme temperatures are very challenging and warrant separate preparations by employees to work.

Round the clock operations

PSU conducts its operations 7 days a week, and 365 days a year. Employees are scheduled on a Shift basis to ensure day and night operations are not disrupted. This includes working through a midnight.

Undergrounds and Surface Operations

PSU Catering Staff should work and serve the client customers working at the surface mining operations and also the client customers who work in the underground area. Of course, working conditions in a location like this, can be unusual and sometimes dangerous. Surface mining, however, usually is less hazardous than underground mining. In underground mining operations, unique dangers include the possibility of cave-in, landslide, mine fire, explosion, or exposure to harmful gases. In addition, dust generated by drilling in mines still places miners at risk of developing either of two serious lung diseases: pneumoconiosis, also called “black lung disease,” from coal dust, or silicosis from rock dust. These days, dust levels in mines are closely monitored and occurrences of lung diseases are rare if proper procedures are followed. Underground

miners have the option to have their lungs x-rayed on a periodic basis to monitor for the development of the disease.”

LAND TOPOGRAPHICAL CONDITION

The left and right side of the roads are very steep inviting accidents. In addition to this the landslide occurrences are frequent. As a result, carrying and delivering foodstuffs and supplies through these rough roads require extra awareness. Our drivers should undergo a series of defensive driving tests prior to obtaining company license. Failure to comply to this will result in immediate dismissal.

CROSS CULTURES COMMUNICATION

In its day-to-day operations, PSU works with various types of people in terms of nationalizations, languages, religions, colors, genders, origins, native tribes, etc. As a result, effective communication with people of different cultures is especially challenging. Cultures provide people with ways of thinking--ways of seeing, hearing, and interpreting the world. Thus the same words can mean different things to people from different cultures, even when they talk the “same” language. When the languages are different, and translation has to be used to communicate, the potential for misunderstandings increases.

Each culture has its own rules about proper behavior which affect verbal and nonverbal communication. Whether one looks the other person in the eye-or not; whether one says what one means overtly or talks around the issue; how close the people stand to each other when they are talking--all of these and many more are rules of politeness which differ from culture to culture. In addition to this, different cultures regulate

the display of emotion differently. Some cultures get very emotional when they are debating an issue. They yell, they cry, they exhibit their anger, fear, frustration, and other feelings openly. Other cultures try to keep their emotions hidden, exhibiting or sharing only the “rational” or factual aspects of the situation.

All of these have put PSU employees in a very cautious situation on how to behave properly in the community of.

WORKING WITH FULLY INSTALLED ELECTRICAL EQUIPMENT ^(SO.9, SO.10)

All equipment operated by PSU are of electrical equipment. The danger of injury through electrical shock is present whenever electrical power is used. As such, PSU employees should ensure that all electrical equipment should be adequately insulated, grounded, or isolated to prevent bodily contact with any source of dangerous potentials. Under certain conditions people can be injured severely even from relatively low voltages coupled with high current flows. The work area should be kept dry to reduce the risk of shock from touching and contacting with electrical components.

Our employees should, therefore, check all equipment regularly and wear the proper protective equipment when working with high voltages or currents.

The employees are reminded regularly that If your equipment runs erratically or if they feel an electrical “tingle” when they touch it, stop using the tool, tag it, and have it repaired. Whenever the risk of electrocution is high, all should wear the right protective clothing--insulated gloves, eye protection, boots, and head gear. All employees are refrained to start working should they observe that the condition of work area is not conducive and safe.

Awards

Pangansari Utama awarded a number of certifications from various different institutions both internal and national. ^(2.10) These include:



A RECOGNITION FROM PTFI FOR PSU'S ACHIEVEMENT I.E.
A SAFE MAN-HOURS OF MORE THAN 33 MILLION WITHOUT AN ACCIDENT.



A CERTIFICATE OF FOOD SAFETY MANAGEMENT SYSTEM
ISO 22000 PER CERTIFICATE NUMBER HCV20821 – SAI GLOBAL.



A CERTIFICATE OF QUALITY MANAGEMENT SYSTEM
ISO 9001 PER CERTIFICATE NUMBER QEC27096 – SAI GLOBAL.



A FOUR-STARS SYSTEM BY NOSA PER CERTIFICATE NUMBER



A CERTIFICATE OF RECOGNITION FROM PTFI FOR
EXCELLENT PARTICIPATION IN HUMAN RIGHTS.

Our Report

Reporting period for information provided: 2012. ^(3.1)

Date of most recent previous report: December 2012. ^(3.2)

Reporting cycle: one year. ^(3.3)

Contact point for questions regarding the report:
Winny Mambu, CSR Senior Manager . ^(3.4)

Process for defining report content: 2-3 months. ^(3.5)

The report is confine for PT Pangansari Utama (PSU) Indonesia and its stakeholders as well. ^(3.6)

This is a first report; as such further constructive suggestions and criticism will contribute positively toward a better package in the future. ^(3.7)

PSU makes every effort to maintain a report in a consistent way as not to distort the comparability from period to period. Exception to the above will surely be disclosed in the future should the change arise. ^(3.8)

This report is prepared in such a way to include only relevant facts, actual performance and indicators and legal document sources. Best estimates are only used to prorate for round up/off the figures with no impact to the contents. Only simple mathematics are used to avoid complexity to the readers. ^(3.5, 3.9)

The effects of any re-statements of information is not necessarily required and posted hereunder. Likewise, not significant changes from previous reporting deems required for publication in this caption as to the scope, boundary, or measurements. ^(3.10, 3.11, 3.12)

Momentarily, PSU requires no external assurance for this sustainability reports either the whole content or any part thereof. ^(3.13)

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Food Resources Solutions



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