

## P.T. RAJAWALI CORPORA

### COMMUNICATION ON PROGRESS 2007-2008

<b>Company Name</b>	PT Rajawali Corpora	<b>Date</b>	April 29 <sup>th</sup> , 2008
<b>Unit (if applicable)</b>			
<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>	Y.W. Junardy	<b>Sector</b>	Investment Holding Company of Rajawali Group
<b>Contact Position</b>	President Commissioner		
<b>Contact telephone no.</b>	62-818-160-510		

#### Brief description of nature of business

PT. Rajawali Corpora is an investment holding company of Rajawali Group operating in diversified industries with 10 business units in manufacturing, information technology (IT), hotels and resorts development, retailing, land and air transportation, plantation, cement and coal mining. The Group has 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."*

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

## **PRINCIPLE 1 BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS**

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 we operate (Corporate Social Responsibility).

Status of implementation:

- **Company Policy and Code of Business Conduct**

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

- **Embedding Management Responsibilities**

To establish corporate accountability, exercise fair, consistent treatment and transparency, the company has formed corporate committees chaired by Managing Director level:

- **Compensation & Benefit Committee.**

To 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.

- **Investment Committee**

To ensure sound business investment within the group in line with the strategic direction. The approved case will be forwarded to the corporate board for approval as necessary.

- **Business Ethics Committee**

Responsible for the enforcement and implementation of Business Conducts and Practices throughout the Group. Update 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 allowances, 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 policy is defined is the Human Capital Policies & Procedure and Corporate Services Policy & Procedure.
- 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**

Company provides soft skills and technical education in order to support business as well as employee development need. Special scholarship program is also available, granted to the lower level employees' children. This is applicable in transportation and manufacturing business units. This facility will be extended to other business unit and community as well as part of the community development.

## **Welfare**

Our transportation business unit offers Taxi Ownership Scheme to improve the living standards of its drivers by providing access to financing for 4,000 drivers to own assets (i.e.: a car) as well as access to market and skills training.

## **Conducive Working Climate for employees**

We have provided various employee communications and community programs to create a conducive and effective working climate and support the community where we operate. Various programs are:

- **Kick Off Meeting:** annual meeting for management within the Group to recognize the achievers and communicate the Group's business direction and strategy;
- **RC Newsletter:** a monthly newsletter to communicate company direction, key events, organization announcement and employee activities;
- Some Business Units have **employee clubs and/or union** and form their own internal activities to strengthen the spirit of teamwork and improve performance;
- Other social programs, i.e: Family Day, Employee Outing – all in the spirit to boost employees' morale, motivation and synergy within the Group.

- **Obligations to the community**

### **Children Support Program**

- Support the "Child Fund for Emergency Response" project by establishing Child Center Spaces (CCS) in Aceh, as part of disaster relief program especially for the children, affected by the 2004 tsunami. Each CCS offers non formal education program and other children activities including their well being;

- Our retail and hotel operation units give away donations and raised charity events with Unicef to support children's rights, survival, protection and development;
- We also actively involved as the Board of Advisor in the Christian Children Fund Indonesia (CCF), an international organization which has a mission to provide assistance to improve the children development and well being in poor urban and rural area. Currently the project covers 34.000 children scattered in several area in Indonesia.
- Our telecommunications business unit supported the operations of Science Park (Taman Pintar) Yogya, which was launched by the Governor of Yogyakarta Sri Sultan HB X. The program was to drive children and public's interests in science and technology by giving them a facility to explore and discover science in a dynamic way.  
We contributed by providing a high-capacity internet network which would be used as the infrastructure platform for various interesting and exciting applications available in Taman Pintar. This would allow children to access scientific information from other parts of the world.
- Provided entrepreneurship training to small medium enterprises at the Institute of Nahdatul Utama, the largest Moslem organization in Indonesia.

#### **Access to free medical and clean water**

- Our plantation business unit in Kalimantan offers free medical services to the local community. In addition, our manufacturing business unit has its own Medical Centre and Medical Team who also provide voluntary services and free medical assistance to public in disaster areas (i.e.: Yogya's earthquake; Jakarta floods, etc.)
- Our Medical Centre also provide mobile clean water facility and free medical services to public as part of disaster relief support in several disaster areas (Aceh's tsunami; Yogya's earthquake; Jakarta floods, etc.)

## **PRINCIPLE 2 BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES**

### **Implementation:**

- Policy is in place in line with the principle and implemented across business unit in the Group. The policy is defined in the Human Capital Policies & Procedure.

### **Harassment & Discrimination Policy**

All employees should be able to work in an 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.

### **Employee Wellness**

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

- medical & transportation allowances;
- health assistance;
- New Year bonus equivalent to one month salary.
- 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, Haj 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 made by employees.

### **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.

## **PRINCIPLE 3 BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING**

### **Implementation:**

- **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. Currently some of our key operating business units are implementing labour unions and cooperative.

- **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.

**PRINCIPLE 4 BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR**

**Implementation:**

- The company and its business units do 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.

**PRINCIPLE 5 BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR**

**Implementation:**

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

**PRINCIPLE 6 BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION**

**Implementation:**

- **Harassment & 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 Director of Human Capital.

**PRINCIPLE 7 BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES**

**implementation: N/A**

<b>PRINCIPLE 8</b>	<b>BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY</b>
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As a responsible corporate citizen, the company and its business units have initiated some programs related to the environment protection:

- Planting of mangroves to support the Green Jakarta Program launched by Municipal Government of Jakarta.
- Clean Up the World campaign conducted by Hotel Operations continued its support to school for the hearing impaired, the hotel employees together with the students clean up the school and its surrounding area.
- Sea Turtle Nursery Program conducted by one of our Hotel Operations in Lombok, Indonesia. The program aims at conserving existing sea turtles on the island of Lombok. Since its launch in 2003, the Novotel Hotel successfully incubated more than 6,000 eggs and released more than 4,000 baby turtles.

<b>PRINCIPLE 9</b>	<b>BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES</b>
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**Implementation:**

Our plantation business unit is guided by strong commitment towards protection and conservation of the environment. The company is now in the process to apply sound agronomic principles and best practices to protect the environment and ensure sustainable agribusiness.

The company has recently become a member of the Roundtable Sustainable Palm Oil (RSPO) whereby it upholds the RSPO principles and criteria as the best approach to sustainable palm oil production. Sustainable palm oil production is comprised of legal, economically viable, environmentally appropriate and socially beneficial management and operations. The following are the RSPO Principles:

**Principle 1:**

**Commitment to transparency**

**Principle 2:**

**Compliance with applicable laws and regulations**

**Principle 3:**

**Commitment to long-term economic and financial viability**

**Principle 4:**

**Use of appropriate best practices by growers and millers**

**Principle 5:**

**Environmental responsibility and conservation of natural resources and biodiversity**

**Principle 6:**

**Responsible consideration of employees and of individuals and communities affected by growers and mills**

**Principle 7:**

**Responsible development of new plantings**

**Principle 8:**

**Commitment to continuous improvement in key areas of activity**

<b>PRINCIPLE 10</b>	<b>BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY</b>
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**Implementation:**

**Core Values**

The adoption of corporate governance is embedded in our Core Values which are the guiding principles of our operations:

- Innovation & Excellence in the way we do business to achieve sustainable growth (GROW)
- Integrity & Respect is the guiding principle to succeed (ACHIEVE)
- Responsibility & Accountability in all relationships (CARE)

**Code of Business Conduct**

Provides guidelines for employees in conducting business 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, 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**  
Responsible for the enforcement and implementation of Business Conducts 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 Group is also the active member of Indonesian Business Link, Indonesia (IBL), a not-for-profit foundation aims to contribute towards the creation of sound and ethical business practices in the country;
- Active participation in the National Corporate Social Responsibility Conference as a speaker which endorsed the active role of promoting the UN Global Compact.

**PT. RAJAWALI CORPORA**  
**Communication on Progress 2007**  
Supplement report:  
**CSR Initiatives and Programs**

Jakarta, April 28<sup>th</sup>, 2007

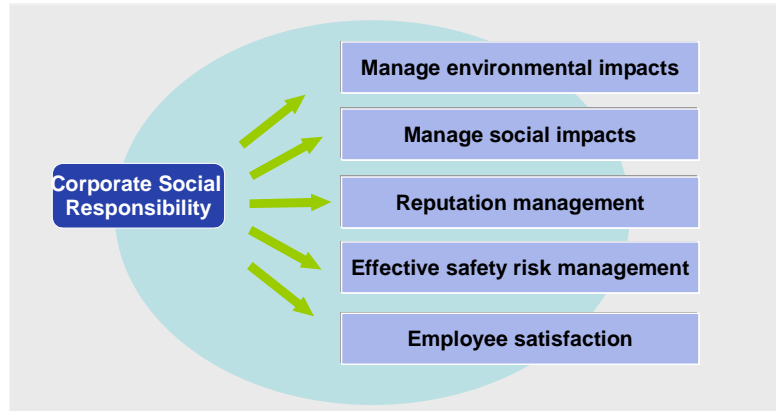
Prepared by  
Y.W.Junardy

**Why Embrace Corporate Social Responsibility?**

We live in an increasingly complex and sceptical world where trust in the corporate sector and their leaders has diminished.



We can demonstrate a positive impact on society through improved Corporate Social Responsibility (CSR)



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## Corporate Social Responsibility

A commitment to improve community well-being through **discretionary** business practices and contributions of corporate resources *(Philip Kotler & Nancy Lee – CSR)*

Operating a business in a manner that **meet or exceeds** the ethical, legal, commercial, and public expectations *(Business of Social Responsibility)*

Business' **commitment to contribute** to sustainable economic development, working with employees, their families, the local community and society at large **to improve their quality of life** *(World Business Council for Sustainable Development)*



## Causes most often supported

Health  
Safety  
Education  
Employment  
Environment  
Community & Economic development  
Basic human needs  
Disaster relief



## Corporate Values as Soul of Ethics

**Vision/Mission** →  
Business Strategies & Plans →  
Initiatives/Programs → Business Results  
→ Audit

**Corporate Values** →  
Business Conduct Guidelines →  
Operating Guides → Socialization/Buy in  
→ Implementation → Audit

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## 1. CSR is integrated part of Rajawali Mission and Core Values

We aspire to be the most admired and valuable corporation by dedicating ourselves to:

- Delighting **customers** with superior products and services
- Inspiring and empowering **employees** to excel for advancement opportunities
- Satisfying **investors** with superior rate of return and **maximize stakeholders** return
- **Being a Good Corporate Citizen**

We are committed to :

Innovation Excellence Integrity **Responsibility** Respect



## 2. Rajawali Commitment in CSR is reflected in Corporate Policy Manual

- **The Premise:**

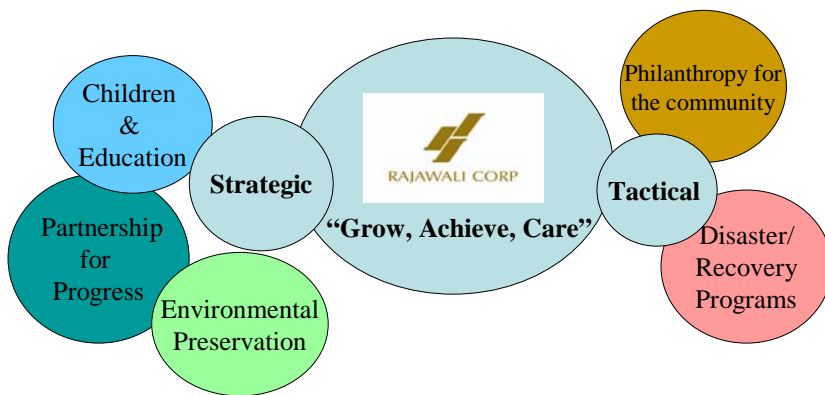
We are part of the community, and therefore have short-term and long-term obligations to them as well as to the environment that we live in.

- **Our policy in CSR activities:**

- Relevance to Group's core business
- Relevance to Group or BU's locations
- Relevance to the development of future generation through children welfare and education
- Support environmental conservation



### 3. CSR Programs must align to the policy



### 4. STRATEGIC CSR PROGRAMS IMPLEMENTED

- **CHILDREN AND EDUCATION**
  - Children Education Support
  - Taman Pintar – Jogja
  - SME Training - Lembaga Perekonomian NU Jatim/Pesantren
- **PARTNERSHIP FOR PROGRESS**
  - UN Global Compact
  - Active participation in Indonesia Business Links
  - Coordination with Indonesia Marketing Association
  - Active participation in Dewan Riset Nasional
  - Child Fund International (CCF)
  - Partnership Taxi drivers partnership
  - Unicef donation support
- **PROTECTING ENVIRONMENT**
  - Sea Turtle Nursery
  - Clean Up the World Program
  - Mangrove replanting



## 5. TACTICAL CSR PROGRAMS IMPLEMENTED

- **DISASTER RECOVERY PROGRAMS**
  - Aceh Recovery
  - Pulihkan Jogja Kita (Restore Our Jogja!)
  - Bali Recovery -Bali for the world, Bali-Refound
  - Southern Coast Java Relief support
- **PHILANTROPY FOR COMMUNITY**
  - Urban Poor crisis relief program in coop with KKI -Indonesia Committee on Humanitarian
  - Sengkaling Recreational Center
  - Medical Centre



## 6. Strategic Initiatives 2008 and beyond

- Support the **community development initiatives** for Agro-business Group
- **Children welfare and education support** through coordination with CCF and other relevant organizations
- Continue to promote **UN Global Compact Initiatives** in Indonesia and take leadership in coordination with UN, business communities and NGO's
- Active roles in promoting **CSR awareness and promotion** through cooperation with IBL and other relevant organizations
- Launch "Executive Seminar" or "Leadership Briefing" by inviting prominent speakers (2X/year)
- Represent RC in the **CSR community activities**
- **Facilitate sharing** on CSR activities within Business Units
- Publish information as necessary for **increasing awareness and image building**





## CCF INDONESIA'S PROGRAM IN GENERAL

### **Locations:**

9 Provinces - South Sumatera, Lampung, Banten, Jakarta, West Java, Central Java, DIY, East Nusa Tenggara + Nanggroe Aceh Darussalam.

31 Districts, 78 Sub-Districts, 149 Villages.

**Number of Assisted Children:** 37,688 children (end 2007)

**Number of Assisted families:** 185,000.

**Partners:** \* 48 Local Institutions (Foundation, Community-Based Org)  
\* Provincial & District Governments.  
\* Ministries

**Budget: US\$ 7.5 Million (2007)**



## Kinds of programs:

1. Nutrition Improvement for the Underfives  
*Target: The malnourished underfives*
2. Early Childhood Care & Development  
*Target: Children of 1-5 years old*
3. Basic Education  
*Target: Children of Elementary School & Higher Level.*
4. Appropriate Skill Training for the school drop-out children.  
*Target: The school drop-outs.*
5. Environmental Sanitation Improvement  
*Target: CCF's assisted families living in a poor environmental sanitation.*
6. Prevention of Contagious Diseases (Malaria, TB, Avian Flu, HIV/AIDS)  
*Target: CCF's assisted families and community*





### Kinds of Programs (Cont.)

7. **Community-Based Health Insurance and Village Pharmacy Management**  
*Target: The assisted families and community.*
8. **Livelihood and Cooperatives**  
*Target: The assisted families.*
9. **Mother & Child Health Improvement**  
*Target: Fertile couples, pregnant mothers, lactating mothers - East Nusa Tenggara.*
10. **Street Children Program**
11. **Rehabilitation Program after the Emergency (Earthquake, Tsunami)**

### Doing well and Doing Good

- **Positive Image** as a group company that:
  - Cares for Community
  - Cares for Environment
  - Care for Children
- **Employees' sense of Pride**
  - Actively involved in the efforts
  - Contribution and participation
- **Sense of Ownership:** Express Taxi Drivers, being a partner more than employees
- **Brand Image**
  - Community marketing
  - Customer' Loyalty
- **Investor's preference**
  - Facilitate access of funds to support investment

We make a living by what we get  
We make a life by what we give  
*Winston Churchill*



CCF