

COMMUNICATION ON PROGRESS 2006 – 2008

Company	: PT. Metropolitan Retailmart.
Commercial Brand	: METRO Department Store.
Business Sector	: Fashion Retail.
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Introduction to the Company

PT. Metropolitan Retailmart is a local based company that manages a Singaporean franchise brand, METRO Department Store, in Indonesia since 1991. Today, the company operates five stores, three stores in Jakarta, one in Bandung, and one store under a new progressing brand, M Pacific Place Jakarta. With total more than 500,000 square feet of retail space, the company offers a wide variety of products from well-known international labels to famous local brands, and will continue to showcase retail merchandising at its best for Indonesians.

PT. Metropolitan Retailmart holds the core objective to consistently provide quality services for customers and meet business expectations for shareholders. This commitment is made possible by implementing a quality management system. In December 1998, METRO became the first department store in Asia Pacific with certification of ISO 9002:1994 “Management of Department Store Services for Indonesian Domestic Market” by International Certification Board from United Kingdom. Due to better improvement, the company upgraded its system to Certificate of Registration to BS EN ISO 9001:2000 in October 2003.

Statement of Continued Support

As part of community, the company recognizes the need of business and responsibility in harmony to sustain durability. We pay respect to the international rules of humanity and works hard to stay focus in implementing community engagements.

The ten principles by UN Global Compact covering human rights, labor, environment, as well as anti-corruption remain to be in relevance to our corporate procedure as we strive to continuously improve our performance. By being one of its participants, we wish to be actively involved in promoting sustainable industry and creating high value for our stakeholders.

Understanding many improvements should be considered necessary to generate an ideal COP report; we hope and welcome constructive feedbacks for further reporting.

Christine Barki
President Director
PT. Metropolitan Retailmart

The Ten Principles Implementation

A. HUMAN RIGHTS

Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.

Standards of regulation and policy

Establishment of regulations refers to the human rights protection as declared in Labor Law Decree No. 13/2003, chapter VI, article 31, “Each manpower has the same opportunities and rights to choose, attempt to obtain or reposition work and receive appropriate income in the home country or abroad”, Discrimination issue in ILO Convention No. 100 and 111, Forced Labor in ILO Convention No. 29 and 105, also Child Protection ILO Convention No. 138 and 182.

Fair and conducive working climate

- Employees have rights for medical assurance, transportation allowance and emergency loan.
- Open appraisal program conducted regularly to recognize staff performances and allowed constructive inputs for company’s improvement. Starts with self-assessment, as each individual have the opportunity to evaluate their ability preceding the appraisal by direct users. The result determines salary adjustment, job promotion, reposition, etc. This allows right to equal employment opportunity and fair treatment.
- Management conducts regular open forum to present reports regarding business transparency and future business plan. All staffs have the right to attain accurate information and feel involved within the company.

Equal opportunity towards welfare

- Access toward financial support programs to assets possession with the endeavor to upgrade life quality through healthy competition of job performance. For instance, Car Ownership Program (COP) is offered to employees with certain qualification.
- The company also provides child tuition program for employees with children. This proves our support in government’s education program and improving living standard for Indonesians.
- The company periodically distributes primary household supplies to all employees. Supplies include; rice, sugar, flour, cooking oil, instant noodles, biscuits, etc.

Principle 2. Businesses should make sure that they are not complicit in human rights abuses.

No allegation of violence or discrimination towards employees since the company’s establishment in 1991.

B. LABOR

Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Independent workforce union

- Employees have the right to participate in any worker unions, provided by the company, or based outside the company. They have the right to conduct worker meetings and are free to express their aspirations or complaints regarding the company. The Board of Commission is open to dialogue with the union to resolve any issues.

Religious conviction gathering

- The company supports religious activities of the employees, either as individuals or group. For example, during the Ramadhan month, company activities are directed with respect to the certain needs of the Moslem employees to break their fast at sunset. However it does not participate directly on the religious activities. All religious activities and individual action is treated as personal affair.

Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labor.

Work hours

- Company's standard regulation concerning working hours is in accordance to the Indonesian government's law of labor, 40 - 45 hours/week, and employees deserve at least a day off within a week. Overtime duty is permissible under supervision of the head of departments to avoid any labor abuse.

Principle 5. Businesses should uphold the effective abolition of child labor.

The company strictly recruits employees aged over 18 years old and/or with minimum high school diploma. In addition to against child labor, this policy also supports the Government's education program.

Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Rich in diversity

PT. Metropolitan Retailmart is mainly dominated by local workers wherein the company is located. The company does not differentiate its employees based on ethnic groups.

- Employees of the company cover various ethnic groups in Indonesia. Managerial level runs by individuals from different nationalities, including Indonesian, Malaysian and Singaporean.
- Gender-wise, women represent almost 80% of the company's workforce, including top level management.
- The company respects each individual's belief, and encourages every employee to respect one another.
- Discrimination has never been an issue in the company. Recruitment procedure emphasizes more on educational background, skills/ability and behavior in relation to possible work field that will be given as responsibility.

C. ENVIRONMENT

Principle 7. Businesses should support a precautionary approach to environmental challenges.

Internal ecological consideration

- Power consumption has been reduced since mid of 2008 to conserve energy by reducing the number of hours of stores electricity use. Previously from 08.30 AM to 10.00 PM, adjusted from 09.50 AM to 10.00 PM, a daily reduction of 1 hour and 20 minutes of electricity use.
- The company encourages using used papers for internal correspondence and softcopy filing system (hard disc and CD).

Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.

- The company takes initiatives to be involved in diverse environmental activities. For example, it acted as a fundraiser to facilitate a coral conversation called "Adopt the Coral" in Les Village, North Bali through collecting donation from generous customers and business partners in "Save the Beauty of Our World" program which has performed in August 2008.
- The company also takes responsibility in Clean Bali Series book project that aims to educate children about keeping the environment clean by supporting the book publication and distribution. The first serial was launched in November 2007 with second serial in March 2009.

Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

The company promotes environmental responsibility by developing environmental-friendly shopping bags. Currently we are promoting the use of bio-degradable shopping bags made from tapioca powder. The shopping bags are currently in use in one of the store, at M Pacific Place Jakarta, since October 2008.

D. ANTI-CORRUPTION

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

- All transactions, including commercial in-store trade or special purchases must directly put through point of sales machine or cashiering computerized system to prevent cash exploitation for personal advantage.
- Any forms of gift should be reported to the company and accepted on behalf of the company. This policy is intended to avoid subjective coalition in business operation.

Corporate Social Responsibility

A. EDUCATION FOR GREATER NATION

Education has long been recognized as the backbone of human advancement. We believe in creating competent leaders who will bring this nation to better future through quality education.

Every child has the right to receive a proper tuition. Unfortunately, today we still see education system in Indonesia suffers from chronic neglect and a severe lack of resources. This situation represents a looming disaster that is steadily widening the gulf between the country's few privileged elite and vast masses of poor society who grow deeper into poverty and ignorance every passing day.

Among other things, we consider education as the key asset in survival kit. Meaning, education is a chance for individual to upgrade their living standard without having to depend on others. Just like an old saying "Give a man a fish and he will eat for a day; teach a man to fish and he will eat for a lifetime".

Facts about education in Indonesia

Over 13 million school-age children in Indonesia do not go to school despite government requirements for children aged 7-18. Most of them (35.8%) cannot attend school due to lack of funds. This country's stark statistics require immediate action. (Source: Indonesia's Central Bureau of Statistics 2006)

Today, we have initiated and involved in many programs correlated to educational support.

Umbrella kids

Poor economy forces many children in Indonesia into labor. In most cases, this condition pushes education away. For instance, children offering umbrella service is commonly seen during rainy season. Instead of going to school as most common children at their ages, those adolescences choose to be on the streets offering umbrella to help families' financial problem.

In 1999-2002, the company organized 12 umbrella children at one of its store, METRO Pondok Indah, by letting them earn additional income during rainy season with condition after school hours. Without the intention to encourage any child labor, the company realizes that it is important for them to fulfill their right of education without avoiding the fact of their financial needs.

Lego Millipede Berbagi Kasih (Lego Millipede Share Compassions)

In June 2006, the company worked together with renowned toy company, Lego, to conduct a fun fundraising activity by building a national record-breaking Lego module. The creation was successfully documented in Record Museum of Indonesia with 177,7 m of length, constructed from 2,140 pieces of Lego. Collected donations were used for the benefit of UNICEF for the improvement of CLCC (Creating Learning Communities for Children).



Cheque presentation was given to UNICEF as the symbol of donation.



National Record Museum gave plate award for the longest Lego creation in Indonesia.

“Light of Hopes” & “Night in Vienna” Charity Concerts

For two years in a row, the company had supported AUSSI foundation in fundraising events. In 2006, “Light of Hopes” charity concert was conducted in conjunction with Independence Day of Indonesia. After its success, the company and AUSSI foundation continued to raise fund in “Night in Vienna” concert in 2007. Through tickets selling, amount of donations were able to aid Yayasan Pancaran Harapan Baru (YPHB) and AUSSI foundation.

Yayasan Pancaran Harapan Baru (YPHB) preceded the donations to furnish less-fortunate children with school stationeries in remote areas within Jakarta surroundings and Cipanas, and reconstructed school buildings under the supervision of Yayasan Mina Esa, Cengkareng and Sukakarya elementary school in Bandung.



Light of Hopes Charity Concert

School bag to help realize their dream

In 2007, the company organized an altruistic program, METRO Peduli Anak Negeri (METRO Cares for Nation's Children), by providing school bags for donation. With generous hands of our customers and business partners, the company distributed numerous school bags to deprived students within broader areas. Donators were able to choose target location or have the company to arrange the distribution. Thus far, school bags have reached Bali, Bandung, Purbalingga, Sukabumi, and Yogyakarta. Not to mention the private distribution by customers and business partners afar from our control.



School bags distribution to elementary students in Bandung.



Students receive school bags from team of METRO employees.

Olympic Science for children

The company has closely supports National Olympic Science, arranged annually by Kuark, an educative children magazine, since its first establishment in June 2007. This initiative has the idea to motivate children to gain knowledge, participate in fair competition, and proud of themselves. It is also an act of support to government's education program.

B. HAPPINESS THROUGH HEALTHINESS

The economic crisis in Indonesia has certainly slowed the development of health system. Today, the country is currently facing a large number of complex emergencies arising from multiple natural

disasters and many areas of civil unrest. World Health Organization mentioned in its official website that over the next few years, Indonesia will face an important transitional period. In the next five years, priority issues for health recuperation are as follows; decentralization, equity in healthcare services, utilization, staffing distribution, autonomous hospitals, public/private health services, drug supply.

Whether it is polemic diseases or unpredictable climate tragedy, every human has the right to live healthy and happy. This wellbeing problem is closely related to poverty that has been a major issue in Indonesia. The company takes real actions to help those who do not have easy access to healthcare services.

Humanity aid for Aceh

When tsunami crashed onto Aceh in 2004, the company showed sympathy through Kompas (national newspaper) relief program with certain amount of donation.

Medical supply for earthquake victims

In June 2006, the company joint force with Indonesian doctors association (PAPDI Jaya) by providing medical supplies as an instant response to earthquake disaster in Yogyakarta and surroundings. The supplies were distributed to hospitals throughout Yogyakarta and Central Java, such as; RS Orthopedi Prof. Dr. Soeharso (Solo), RSUD Wirosaban (Yogyakarta), RSUP Klaten (Central Java), RSU Bantul (Yogyakarta), and RSD Panembahan Senopati Bantul (Yogyakarta).

Mass circumcision practice

Studies have found large and statistically significant protective effect towards circumcision. Medical profession has recommended circumcision for health reasons, especially against HPV and herpes. In Indonesia where most population is dominated by Moslems, circumcision has considered as an act of religious tradition.

Together with Yayasan Cinta Anak Bangsa (Y CAB), the company organized free mass circumcision for disfavored children. This social occasion held several times in Aceh (July 2007), Jakarta (August 2007), Purbalingga and Yogyakarta (March 2008). Every child was given medication supplement and school bag to take home after the circumcise procedure.



Children waited patiently for their turn



Medication and school bag for every child who had circumcised

C. GREEN WAY TO GROW

Care for our environment means care for our own lives. The company supports green movement in diverse practices as the nature crisis demands joint efforts from individuals, corporations, and government to spread this important message.

Public awareness is an essential part of the effort to address Indonesia's environmental problems, from disaster risks to biodiversity conservation. Informed and aware citizens can take action to address environmental issues. Recent environmental disasters (floods, mud, erosion) have stimulated greater environmental concern, but further analysis of knowledge, attitudes and practices would be needed to determine how far or deep this understanding goes outside of urban centers, and what tools can best be used to build on this basic awareness.

Supporting young effort

The company appreciates initiatives from young generation in many ways we can. One of the example was by being a sponsor in the green campaign which organized by St. Laurensia high school in December 2008.

Teaching children to care

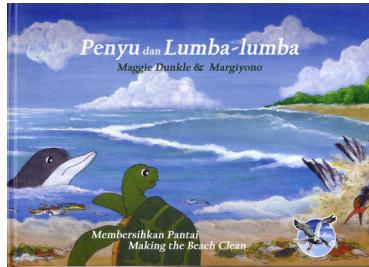
The company is actively involved in "Clean Bali Series" book project, an effort to bring attention to the pollution problems in different environmental areas of the island of Bali, Indonesia. Clean Bali Series has a simple mission to provide learning tools and information in a fun and culturally way to promote environmental awareness and social responsibility amongst children.

The first book was launched in November 2007 with title "Turtle and Dolphin". Over 2,000 free copies of this first publication was distributed to schools and educational groups throughout Indonesia with an additional 900 copies having been sold in local book shops in Bali with all proceeds of the sales goes as additional fund to publish the second series.

Second book, "Seagull and Heron", was launched in March 2009 with 6,000 pre-purchased copies given away for free to local schools and education institutions, and 4,000 books distributed to bookshops in Bali and Jakarta for sale. All proceeds from these sales will be used to fund further

editions (last series) as well as an additional fund for teacher’s handbook. Teacher’s handbook is a vital tool to help increase the teaching effectiveness of this series of children's books.

Committed to bring this project to success since the very beginning, the company has worked closely with the project team by contributing financial support, book distribution, and media relations.



Book covers of “Turtle and Dolphin” and “Heron and Seagull”



Appreciation of support to sponsors



One of media coverage from the book launch

Coral conservation

In response to the increasing interest on the problems of coral reefs and associated systems, the company took initiative to collaborate with “Adopt the Coral” program. Through an in-store fundraising activity “Save the Beauty of Our World” in August 2008, we have received generous funds and supportive feedbacks from customers, business partners, and marine activists.

Today, coral farm is being constructed in Les Village, North Bali. As it may take months to grow, the company will publicly report coral growth through online and offline media.



Fishermen in Les Village constructing modules for coral farm

“It takes little steps to bring great power, let’s take action and inspires others.”

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