



PT XL Axiata Tbk

2013 United Nations Global Compact Report
A Communication on Progress



Contents 2

Contents 2

Introduction 3

XL at a Glance 4

CEO's Statement 5

CSR Strategy and Management 6

Corporate Governance 8

Implementation of Basic GCG Principles and Objectives 9

Corporate Social Responsibility 10

CSR Activities 2012 11

Human Rights 13

A Great Place to Work 15

Customers and Partners 21

Taking Responsibility on the Environment 25

Anti-Corruption 28

Index 31

Cross Reference Ten Principles of United Nations Global Compact 32



Introduction

XL at a Glance

PT XL Axiata Tbk. (hereinafter referred to as XL or the Company) is one of Indonesia's leading cellular service provider, offering various types of telecommunication products and services such as Voice, SMS, data, and other value-added mobile telecommunication services to more than 90 percent of the country's population of 240 million people.

Established on October 6, 1989 under the name of PT Grahame Metropolitan Lestari, XL commenced operations as a trading and general service company. In 1996, XL entered the telecommunications field after obtaining a GSM 900 operating license and officially launching its GSM services, becoming the first private company in Indonesia to provide cellular mobile telephony services. The Company changed its name to PT Excelcomindo Pratama, pursuant to a cooperation agreement with the Rajawali Group and three foreign investors (NYNEX, AIF, and Mitsui).



After nine years as a private company, XL launched Initial Public Offering (IPO) in September 2005 and listed its shares on the Jakarta Stock Exchange, which is currently known as the Indonesia Stock Exchange (IDX). At that time, XL was a subsidiary of Indocel Holding Sdn.Bhd., presently known as Axiata Investments (Indonesia) Sdn. Bhd., which was wholly owned by TM International Sdn. Bhd. ("TMI") through TM International (L) Limited. In 2009 TMI changed its name to Axiata Group Berhad ("Axiata"), which later in the same year PT Excelcomindo Pratama Tbk. also changed its name to PT XL Axiata Tbk. for synergy purpose. Currently, the majority of XL's shares are owned by Axiata through Axiata Investments (Indonesia) Sdn. Bhd. (66.55 percent) and the remaining is held by the public (33.45 percent).

XL has developed from a small company offering basic telephony services into one of the country's largest telecommunication companies, with extensive network infrastructure and services around the country. XL provides services for retail customers and offers business solutions to corporate customers.

As one of the leading cellular telecommunication company in Indonesia, XL strives to enhance its service end-to-end and innovatively delivering the customers' needs. XL is dynamic in managing and operating the business, eager in learning, and fast in adapting for any changes in the industry or market landscape to be able to deliver excellent quality service to customers.



CEO's Statement

The United Nations Global Compact has taken an important role to promote companies worldwide to become part of responsible corporate citizens and its ten principles have been a guideline for the companies to achieve such goal. It is also a room where companies can share their practice, experience and knowledge of responsible corporate citizenship.

In this opportunity we provide our report, which presents our achievements in implementing the Global Compact's principles. We have to put into actions, among others, as the application of principle. By sharing our report, we hope it is not only for our own advantage, but also beneficial information to influence and inspire others around the world to be better responsible corporate citizens.

Furthermore, as our sustainable participation in the United Nations Global Compact, we are committed to continuously support the ten universal principles of Global Compact which are categorized in four main areas, consisting of the area of human right, labour, environment and anti-corruption.

Hasnul Suhaimi

President Director Chief Executive Officer



CSR Strategy and Management

Our commitment as a responsible business entity is realized through the implementation of our Corporate Social Responsibility (CSR) programs. We believe that sustainability is linked to the well-being of all stakeholders and therefore regard CSR as an integral component.

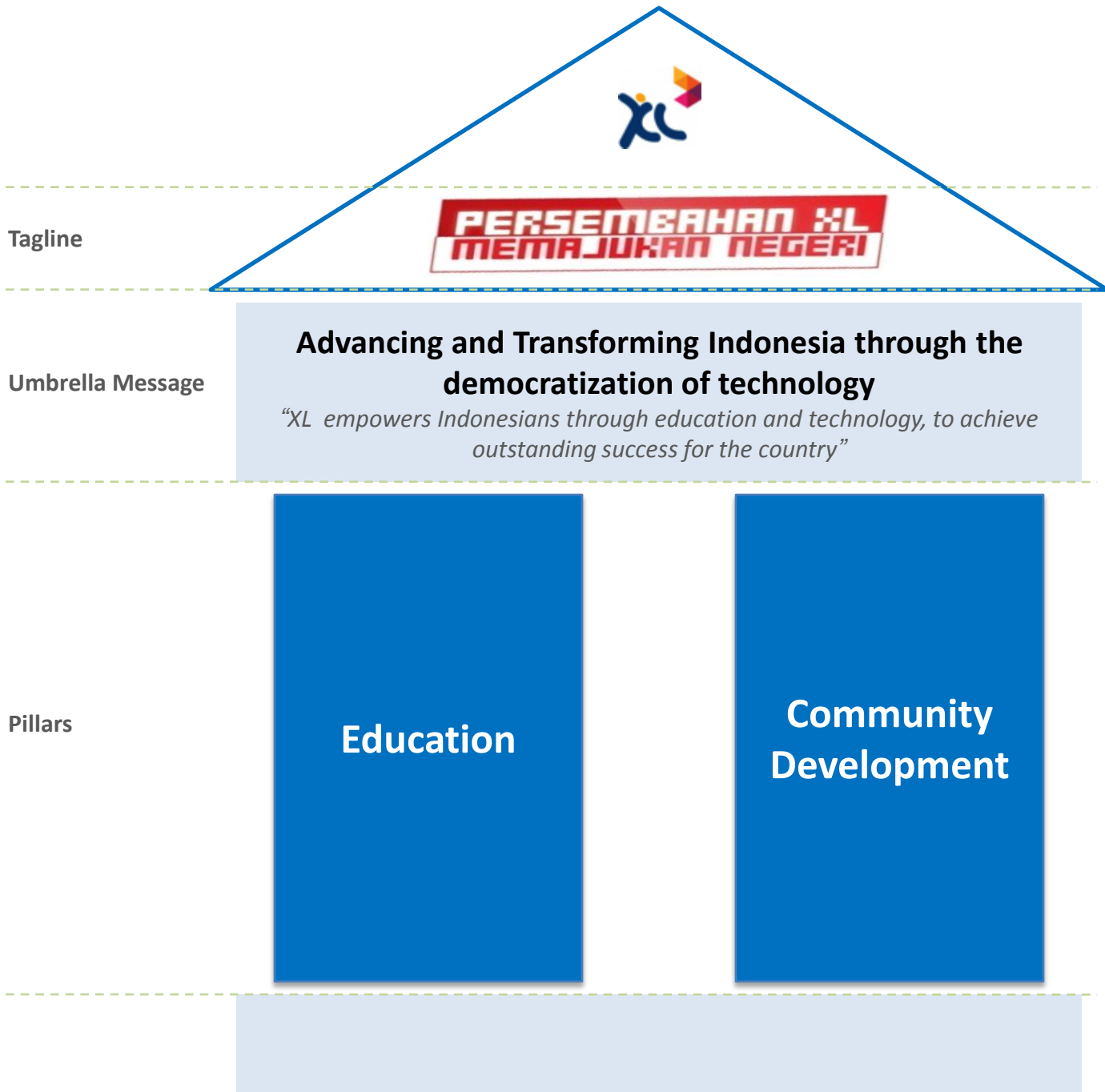
Under the umbrella program of “Indonesia Berprestasi”, we continue to direct all social programs towards supporting the nation’s development programs, particularly through our expertise in communications.

Discussion of corporate social responsibility covers policies, types of programs, and cost, among others related to:

- a. **Environment**, such as the use of environmentally friendly materials and energy, recycling, and the company’s waster treatment systems, the company’s environmental certifications, and others;
- b. **Employment practices**, occupational health and safety, including gender equality and equal work opportunity, work and safety facilities, employee turnover, work incident rate, training, etc;
- c. **Social and community development**, such as the use of local work force, empowerment of local communities, aid for public social facilities, social donations, etc; and
- d. **Consumer protection related activities**, such as consumer health and safety, product information, facility for consumer complaints, number and resolution of consumer complaint cases, etc.



CSR Strategy and Management





Corporate Governance



Implementation of Basic GCG Principles and Objectives

“Understanding the current dynamics of business landscape, we ensure that the adherence to GCG principles is becoming both our foundation, as well as top priority for every business activity. Hence, we have pursued an aggressive strategy of enhancing the GCG practices as well as incorporating the GCG values into our corporate culture to enable us in reaching our long-term sustainability.”

IMPLEMENTATION OF BASIC GCG PRINCIPLES AND OBJECTIVES

In 2012, we committed to enhancing GCG practices and aligning them with the transformation agenda, particularly in adapting the new mindset, in order to maximize the achievement of our business objectives. XL's Board of Directors believes that the application of GCG practices in the management and employees will establish the vision, processes and structures those needed in order to make decisions that drive XL to grow sustainably in the long run. The enhanced GCG principles which we have adopted are:

- **Compliance**
We are committed to comply with the prevailing governance codes and regulatory requirements in running the business. All activities and decisions taken by the Board of Commissioners (BoC), the Board of Directors (BoD) and all employees are based on existing laws and regulations. Sets of policies and procedures are all in place to support and secure the activities and operations, furthermore, the socialization is also continuously being applied.
- **Professionalism**
We always adhere to professionalism in implementing our businesses and in providing services. Our employees and the management implement the highest business ethics to ensure all management and employees obey to XL's framework and guidelines while at the same time delivering the best services to the customer and the best business experience to partners and vendors. We have also created a number of mechanisms to deal with complaints and customers' feedback, and even review these mechanisms on a regular basis for improvements.
- **Reliability**
Aiming to maintain the trust of our stakeholders, we conduct accountable and transparent businesses by disclosing information and providing them with access to information. To strengthen the trust, our Enterprise Risk Management holds the accountability to manage risk and seize opportunities that are related to organizational goals while External Auditors ensure external stakeholders and general public that the company's financial information is prepared in accordance with the accepted accounting principles.
- **Sustainability**
We build our businesses based on the principles of sustainability, which takes into account on the long-term impact of its current activities.
We hold a standpoint that commitment to customers serves as one of the key principals of our business sustainability.



**Corporate Social
Responsibility**



CSR Activities 2012



CSR Activities 2012

Komputer untuk Sekolah

Komputer untuk sekolah is a 5 years program integrated with computer and hardware donation complete by computer course and one year free internet access for teacher and schools. It's started on 2008 and targeted to 300 schools in Indonesia.

Internet Sehat

Internet Sehat is awareness program in educating people in using internet wisely and Properly. Internet sehat has already introduced to students and worker in several big cities in Indonesia. XL is aware of cyber crime happened in Indonesia recently and hopes Internet sehat could be one of education program in avoiding the negative impact of Internet such as: Pornography, Vandalism, etc and utilizing the positive side. XL has also preparing an Internet sehat booklet which disseminate to education institution, family and professional worker.

X-tra Learning - SOS Village

XL and Axiata collaborated to improve the teaching facilities and provide access the orphans at SOS Children's Village to Information Technology equipment. The donation from Axiata and XL was used to renovate two creativity rooms in SOS Children Village Desa Taruna, Cibubur-Jakarta Timur including learning facilities such as computer laboratory, library and internet access. The creativity rooms, Xpressive Lounge and Xperential Lounge are designed in such a way that promotes and enhances the creativity of the children as part of modern learning method.

XL – Yayasan Khazanah Scholarship

XL has collaboration with Yayasan Khazanah in helping Indonesian students to continue their bachelor degree in some leading universities in Malaysia.

Taman Pintar (Science Park)

XL has supported Taman Pintar which located in Yogyakarta – East Java since 2006. XL has donated free internet access and a Zona telecommunication which provided a fun and easy learning of telecommunications for students.

Developing Library/Mobile Library

XL has created a mobile library for several areas which has a difficulty in accessing education infrastructure especially books.

Disaster relief

XL helps Indonesian government in doing disaster relief in several areas such as: South Kalimantan, West Java, Yogyakarta, etc by:

- Emergency responses such as:
providing logistics, telepon Umum Gratis (Free Telecommunication) and temporary tent shelter for earthquake victims
- Long term development such as:
helping school/Library rebuild and SMS Donation



**Human
Rights**



Human Rights

ADDING VALUE TO EMPLOYEE

Company Regulations and Code of Business Ethics

XL has been consistently support and respect the protection of internationally proclaimed human rights as written in the Company Regulations and Code of Business Ethics and always be re-evaluated every 2 years and distributed to all employees. The regulations are still involving the Order and Disciplinary procedure, to ensure that the company is not complicit in human right abuses, included:

- Working hours in the office
- Rights and obligations of employee and employer
- Employee violations categorization, described by light, medium and heavy violation
- Sanction procedures against misconducts from oral warning, then followed by warning letters (first, second and third)
- Termination of employment also regulated with bipartite process (employee and employer) and if necessary can be involved third party (government)

Health Insurance

Providing facilities to all employees for having better healthy living standard:

- Health allowance for all employees and their family which covered outpatient, inpatient, maternity, dental, and glasses
- The Social Security Program as mentioned by the government regulation

Pension Fund Program

A life-saving program to ensure prosperous live for employee when retired from the company.

Employee Satisfaction Index

This parameter use to describe how employee and employer can collaborate effectively.

Nursery Room

XL is concerned with parenthood especially of mother and her newborn that still need breastfeeding. Therefore XL provide a nursery room where mother and the newborn spend their quality time during office hour breaks or due to urgency.

Other benefits

Company program still consistently giving employees other benefits:

- Annual leave and progressive leave for loyal employee
- One month additional salary for celebration of holy day
- Bonus for achieving company's target



**A Great
Place to Work**



A Great Place to Work

A company is what its Human Capital is. Here in XL, we believe that Human Capital is instrumental in achieving company goals. We place the highest priority on Human Capital Development. We strongly believe in investing in human capital, as people are a key asset, important stakeholders, and a competitive differentiator in this dynamic industry.

Toward this end, we are continuously enhancing our internal capacity in order to deliver the best services and higher productivity. Development of our Human Capital was strongly reflected in our people development strategy in 2012, in which we continued to prepare our human resources to be Data business-competent. Throughout the year, XL organized a total of 352 in-house training and workshop programs involving 1,569 employees from all directorates and functions. The training and workshop programs focused on different topics, including data business for telecommunication industry, Digital services as well as sales with very qualified instructors sourced both internally and externally. We also set up a personal development program for particularly talented personnel to improve their leadership capacities in the organization. These high performing individuals are identified and provided with extensive training and experience-based exposure. With their enhanced skills and competence, we expect to see them as agents of change for the company.

Not only does XL seek to hire the best talents, we conducted an evaluation of every position in XL in order to attain an objective perception of the value of each position. This provides us with the necessary information to refine our talent program and formulate appropriate remuneration and retention packages through performance-based rewards. In addition, our flexible organization structure allows for cross-functional collaboration, aimed at results achievement and increased efficiency.

HUMAN CAPITAL

XL believes that quality of Human Capital can be a major competitive advantage for any company in business. Superior Human Capital will promote the creation of a work culture and an organization that are adaptive to business changes. In the telecommunications industry, changes occur in nearly all aspects and progress happens very fast, especially those related to advances in technology and changes in customer characteristics.

XL has proven itself as a company that can adapt to business changes. This is reflected in our ability to create business growth and continue our business transformation towards data and digital services. This business growth and transformation certainly cannot be separated from XL's strong foundation in the management of its Human Capital. This support is manifested in several strategic initiatives to strengthen the organizational development and Human Capital management systems.

In 2012, there were many human capital management systems and initiatives successfully implemented, integrated with the Company's strategic initiatives. Besides ensuring that the systems are well aligned to the corporate initiatives, XL also implemented certain programs related to CSR in education.



A Great Place to Work

XL focuses on the rotation program and career development across all job functions. These programs are implemented to increase productivity and enhance the knowledge and skills of employees with respect to managing complex business conditions.

The Management realizes that people with special skills in telecommunications and digital services are increasingly becoming rare to find. Thus XL has expanded its recruitment channels through web and social media, which are popular nowadays. XL has also developed a portal, the XLent Career, available at the XL corporate website to facilitate candidates in application submission according to specific requirements. In addition to that, XL focuses in preparing graduates of reputable universities in Indonesia to be ready for working in the telecommunications industry through the Apprentice program.

University graduates are recruited and nurtured through on-the-job training approach in XL's various divisions. This program is not only intended to meet the Company's need for qualified workforce, but also a manifestation of its social responsibility in improving the quality of education in Indonesia. Throughout 2012, recruitment processes were carried out to fill positions at Digital and Data Services functions, apart from filling vacant positions. The results of external recruitment and internal rotation as well as promotion of XL's existing employees were reflected in the 2012 XL employees' composition, elaborated below:

Position	Executive	2012
CxO	7	7
VP Level	24	25
GM Level	88	79
Manager Level	643	652
Supervisor Level	895	671
Staff	733	521
Grand Total	2,390	1,955

NO CHILD LABOUR

Based on the ILO Convention No. 138 year 1973, regarding the abolition of child labour, our Indonesian government proclaimed law No. 20 year 1999 implemented on May 7, 1999. This law is normative and should be implemented by all employees.

Age Group	2011	2012
<25	65	62
25-30	582	468
30-35	790	618
35-40	562	438
>45	283	266
Grand Total	108	103
	2,390	1,955



A Great Place to Work

Certification	2011	2012
SMA/SMU/Vocational School	107	63
D1 (Diploma 1)	7	6
D2 (Diploma 2)	4	3
D3 (Diploma 3)	414	230
D4 (Diploma 4)	6	4
S1 (Strata 1) / BSC	1,683	1,470
S2 (Strata 2) / MA	5	5
S3 (Strata 2) / MBA	41	40
S2 (Strata 2) / MM	53	58
S2 (Strata 2) / MSC	61	67
S2 (Strata 2) / Mse	8	8
S3 (Strata 3) / PhD	1	1
Grand Total	2,390	1,955

The tables above show that XL employed 1,955 employees from various positions, age, and educational background. Approximately, more than 81% of XL employees are under the age of 40, which reflects XL's dynamic work environment and responsiveness to change. The quality of XL employees can also be seen from their educational background. About 84% of XL employees have a Bachelor's degree and significant expertise in their respective fields. Educational background will be instrumental in the further development of the employees in order to become more competent.

NO SEX DISCRIMINATION

As per 31st December 2012

	Male	Female
Permanent	1380	575
Outsource	648	810

NO RELIGION DISCRIMINATION

As per 31st December 2012

Religion	Permanent	Outsource
Buddhist	21	2
Christian	312	246
Catholic	163	35
Hindu	24	27
Moslem	1,435	1,148



A Great Place to Work

LABOUR UNION

XL's Labour Union or "SPXL" was established in 2003 and registered in writing and listed on the Ministry of Manpower and Transmigration. SPXL is expected to become a partner for XL in building a harmonious work climate and environment, while at the same time observing the rights and obligations of employees and XL, as set forth in XL's regulations and other policies. The relationship between the Management and SPXL is based on mutual respect and trust, so that a harmonious atmosphere at work can be maintained at all times. XL give opportunities to all employees to join the labour union freely, internally and externally without fear of intimidation and reprisal.

POLITICAL ACTIVITIES

Externally, XL allow employees to join political parties out of office area and out of working time, as long as they do not intimidate others with their ideology during working hours in office area.

RELIGION FELLOWSHIP

Internal XL accommodate some groups for employees to join in:

- Maj'lis Ta'lim XL (MTXL) – Moslem Fellowship
- Persekutuan Doa Rajawali Group (PDRG) – Christian Fellowship

OVER TIME

The procedures and payment of overtime follows the government regulations.

TRAINING AND DEVELOPMENT

XL views each employee as an important asset for XL and therefore they should continue to develop their competence in order to contribute better to XL. Looking at the rapid changes and technological development in the industry, employee skills also need to be improved and adjusted to business demands, and this includes their leadership, managerial, and technical competencies. They therefore should undergo training, conducted internally and externally, coaching, and other competence development activities. Training and development in technical areas are focused on the business data in telecommunications, digital services, and sales. Implementation of training and development activities involve the active participation of XL's leaders.

XL's leaders are engaged as trainers for a majority of the training and development activities. Leaders are also encouraged to coach their subordinates. Throughout 2012, XL held a total of 352 in-house training and workshops involving 1,569 employees from all directorates and functions.

TALENT MANAGEMENT

XL is aware that well-performing and high-potential employees are key for delivering outstanding business results. XL identifies talents through regular assessment twice a year, by which the performance and potential of employees are assessed using psychometric tools that have been proven and verified by the Talent Council.



A Great Place to Work

The involvement of top management, which is a key factor in the development of the talents and their loyalty to XL, is conducted through the Talent Council, which consists of the entire Board of Directors, Vice Presidents, and General Managers. Talents participate in accelerated personal development programs, where they have the opportunity to attend various development classes, including complex business simulations to develop their business acumen and strategic thinking, as well as education programs from international universities.

XL Talent Management is a comprehensive approach that not only provides formal training classes for the participants, but also gives them the opportunity to explore higher-level managerial areas through rotational assignments and opportunities, and provides guidance from senior management, including XL's Board of Directors. In order to increase the talents' engagement to XL, XL has held various events, such as "Talent Touch Base" – a show consisting of four meetings per year where talents can develop their networking skills, share experiences, and gain insights from XL leaders; "Meet Your Director" – a series of events in which each of the Directors gets personally involved in a discussion with talents, and "Regular Talent Review" – held two times a year to facilitate reflective sessions for each talent. The efforts in managing talents are intended to ensure business continuity by providing replacements that are ready to be installed in specific positions and play important roles as business dictates.

PERFORMANCE MANAGEMENT AND AWARDS

XL leaders realize that XL's performance is closely related to the performance of its employees at all levels, and thus it must be comprehensively managed. The Management ensures that the KPI cascading process is implemented in an integrated manner, so that all employees have their own performance plans and targets aligned with XL's. Periodically, XL leaders will continue to evaluate the performance of their subordinates and conduct training activities to improve employee performance.

Performance appraisals are not only used in relation to the KPI, but are also used to assess behavioral factors that refer to values deemed important by XL. XL appreciates high-performing employees by giving them rewards in the form of cash and non-cash. High-performing employees receive bonuses and salary increases that are much higher than the employees showing average performance, let alone low performers. The Management also gives rewards in the form of long-term incentive (LTI) according to each employee's job level.

For the non-cash aspect, performance appraisal results are used as an input for career development and employee development programs. On the other hand, the Management also keeps an eye on low-performing employees. Each low-performing employee is required to participate in performance improvement programs facilitated by their respective leaders. The programs are mandatory and will be monitored continuously by the leaders. Performance and rewards management and other human capital management systems will greatly affect the level of employees' engagement to XL. In 2012, XL managed to obtain the same employee engagement level like other high-performing global companies (Tower Watson Survey, 2012).



**Customers
and Partners**



Customers and Partners

ADDING VALUE FOR CUSTOMERS

XL considers its customer base fundamental to its sustainability, as customer satisfaction translates into repeat business. For this reason, our customers become the focus and the sole determining factor of the XL Transformation Program, all of whose initiatives, such as providing superior network infrastructure and upgrading distribution channel quality, are meant to benefit the customer.

To evaluate customer satisfaction of its products and services, XL conducts a Customer Satisfaction Survey (CSAT) twice a year, covering individual XL and competitor customers nationwide. The CSAT survey is meant to provide operational details related to product and service improvement, indexed to the customer journey framework (learn-buy-use-loyalty). We attempt to understand customer expectations, identify the key driver of satisfaction, measure the Key Performance Index (KPI) and use what we learn for strategic decisions in the future. A peak customer satisfaction rate will lead to customer loyalty, crucial for sustainable market share growth.

The CSAT survey covers all product categories, in terms of network coverage, quality as well as price, the payment process and services (call center and XL center). We use quantitative research through face-to-face interviews with target respondents, using structured questions about XL and other mobile operators' users, aged between 12-55 years. The result of the 2012 survey shows a continued improvement in the XL Customer Satisfaction Index, as it increased from 88.05 in 2011 to 88.45 in 2012.

For accurate, independent measurement of CS performance, XL applies criteria set by both internal and external industry standards. XL strives not only to meet the Indonesian Telecommunication Regulatory Body (BRTI) standards, but also to exceed them, demonstrating its commitment to delivering the best customer experience.

XL results for 2012 reveal how it was able to exceed BRTI standards in all areas, as shown below:

No	Service Performance	Parameter	Average in 2012	BRTI Standard
1	Customer General Complaint Handling Standard	Percentage of customer general complaint handled	96.89%	>90%
2	Standard Level of Service Disruption Report	Number of service disruptions in every 1,000 customers	11	<50
3	Standard level of Call Center Service	Percentage of Answers by Call Center Operator to Customer Call in 30 seconds	79%	>75%



Customers and Partners

In addition to its external standard measurement, XL also conducts an internal measurement in two areas, as part of its effort toward continuous improvement of customer service levels. The internal self-assessment is an honest evaluation on XL performance in two areas, as shown below:

No	Service Performance	Parameter	Average in 2012
1	Service Quality Mystery Caller and Mystery Shopper	The quality of customer service by a third party based on XL's own standard and criteria in line with the industry standard	93.98%
2	First Call Resolution (FCR)	Percentage of complaint and inquiry number that is successfully settled at the first contact with XL	72.88%

XL has been able to successfully reduce its overall complaint rate by 37% over the course of 2012. The two greatest improvements were seen in the SMS and BlackBerry services, about which the number of complaints in 2012 was reduced by 57% and 40%, respectively.

The highly lucrative avenue of social media was expediently engaged by XL to further enhance its customer service quality, by establishing a Twitter account @XLCare, which successfully intensified its CS Social Media engagement with its customers. As at year end 2012, @XLCare had managed to attract more than 1,000 community members, have 30,300 followers and did more than 18,000 interactions.

Another measure of @XLCare's success was the shifting in the ratio of positive to negative corporate sentiment post the establishment of the Twitter account. While in January 2012 the ratio stood at 1 to 4, after the @XLCare establishment in August 2012 the ratio shot up to 5:1 as measured in December 2012.

To reinforce the skills of customer service officers in Mobile Data Services (MDS), and to provide them with constant update on the latest gadgets to respond to varying customer needs, XL partnered with PT VADS Indonesia and in July 2012 established the Gadget Lab. This would allow customer service officers to learn more about and familiarise themselves with the most cutting-edge gadgets available in the market.

XL's service through customer service, XL Center, XPLOr, and call center has won numbers of awards such as Best Customer Service from Asia Pasific Customer Service Consortium, Best Contact Center Support Professional for IT, The Top Ranking Performers in the Contact Center World APAC.



Customers and Partners

CONSUMER PROTECTION

In accordance with Law No.8/1999 concerning of Consumer Protection and Law No.36/1999 concerning of Telecommunications, XL is committed to protect the rights of consumers, among others, the right to get the correct, clear, and truthful information, the right for them to be heard and their grievances and disputes resolved, and the right to good service in a fair and non-discriminatory manner. XL has also formulated a strict internal policy as a marketing guide for publication and marketing promotion in accordance with the Code of Advertising and Law No.8/1999 concerning of Consumer Protection.

The establishment of the XL Directorate of Management Services this year underscores the importance of protection and customer satisfaction in all XL business strategies. To ensure that XL provides overall customer experience, the Directorate of Management Services places customer protection as one of the top priorities and has reformed the XL Call Center's performance as an integral part in carrying out this mission.

Call Center / Customer Service Center

XL had found that the existence of call center/customer service center is essential in the efforts to improve the service level to our customers, especially in protecting their rights, and until now XL still performing continuous enhancement of call center / customer service center through a number of initiatives, such as empowering employees with the ability to handle customer complaints, including hearing and answering customer calls to XL directly.

ADDING VALUE TO PARTNERS

XL sustainability depends also on what it can share with the nation: what benefits can it provide to the national economy. In this regard, XL has collaborated with a number of local business partners for the procurement of products and services, which can be sourced locally. Through such steady partnerships, XL contributes significantly to the national economy, through provision of business and job opportunities to Indonesians all across the archipelago.

XL's current business partners consist of dealers and vendors throughout its operational areas. Practically all XL dealers are Small- and Medium-scale enterprises (SMEs), while its vendors are comprised of both national and multinational companies. At year end-2012, XL had 254 dealers and 1,631 vendors.

XL provides business partners a partnership scheme based on mutual benefits and good corporate governance. Through faithful adherence to such modern business practice, our partners truly feel a sense of belonging to XL endeavours, in providing the best possible telecommunications services to the nation. By treating all business partners fairly, XL ensures its own sustainable growth.

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are set against a bright, overcast sky. The central building features a prominent logo on its upper section, consisting of stylized, colorful letters 'X' and 'C' in white, green, and orange. The perspective creates a sense of height and architectural scale.

Taking Responsibility on the Environment



Taking Responsibility on the Environment

A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES

As XL aware that one of the challenges of environmental is clean air, XL has started to impose smoking prohibition in XL's office building formally through its policies which are Company Policy, Enterprise Risk Management Policy, and Business Continuity Policy.

INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

Sample of implementations:

1. Save the environment
 - a. Trees and plants – (big and small) – outside and inside the office
 - b. Clean Desk Policy & 5S Program for employee
 - c. Paper usage efficiency (paperless)
2. Save the Energy – Low power consumption in
 - a. Usage of electricity and elevator at XL office building and reducing freon utilization for AC and electricity:
 - On at 6 AM
 - Off during break time at 12.00 – 13.00 PM
 - Will be off at 6.00 PM
 - b. Green BTS (XL Tower)
3. Waste Management
 - a. Computer
 - b. POP Materials
 - c. Dead Batteries
4. Support Go Green by asking XL customers to do e-billing

ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

XL's business is in the area of providing network for cellular and IP based communication whereas the technologies used are not producing any harm waste to environment during operation. However, it is with great intention towards keeping save the environment, XL will make sure that all agencies and vendors working for XL are environmental destruction free.



Taking Responsibility on the Environment

MANAGING THE ENVIRONMENTAL FOOTPRINT

XL is committed to conducting its business activities in line with both national and global agenda for preserving the environment, in the conviction that the right to live in a clean and healthy biosphere is the right of every citizen, as stipulated in Law number 32, 2009 on Environment Protection and Management. As peoples around the world are concerned with the issue of global warming and climate change, XL also takes into account international conventions, including the Kyoto, striving to suppress global warming.

XL has indirectly lowered the quantity of carbon dioxide or greenhouse gas emission it generates; telephone and video conferences offered by XL are substitutes for travel by people across the nation. By providing such services, XL has reduced the burning of fossil fuels, a key factor in greenhouse gas emissions, in surface and air travel. XL has also taken important steps to economize on its own energy consumption and to eliminate other ozone-depleting substances. Since March 2010, XL has applied environmentally friendly and energy-efficient base transceiver stations (BTS).

In 2005, XL modified its air conditioning units, to operate with non-CFC (R40) as opposed to Freon (R22) coolant, including in all legacy BTS units. As of end of 2012, the number of XL BTS units able to use non-CFC remained at 10,100 units. XL has installed Charge Discharge Battery (CDC), an electrical system that combines batteries and generators. This technology allows XL to reduce generator use to only 11 hours a day, thus economizing on the fossil fuels used to power generators. In 2012, XL added 33 sites that use CDC and also successfully converting 54 CDC sites to connect to the power grid (PLN) instead of using batteries and genset.

XL has used the Intelligent Ventilation Cooling System (IVS), combining DC fans and Air Conditioning (AC) in its BTS; the IVS has significantly reduced the need for AC in the BTS by 30%. As at year-end 2012, there were 3,490 XL BTS fitted with the IVS. XL has also implemented a Green BTS that enables it to save up to 50% of electrical energy. By year-end 2012, the number of XL Green BTS soared to 2,408, up by almost eightfold from 272 Green BTS in the previous year.

XL has also recycled damaged batteries, reconditioning and reusing them, starting in 2007 following the inspiration of XL employees, and an innovation drive. A total of 641 damaged batteries were reconditioned in 2012, compared to 488 in the previous year. Finally, XL's Go Green program has resulted in reduced paper use in XL Head Office, where the Company has implemented a paperless billing initiative for post paid customers.

Achievement	Year end 2011	Year end 2012
Non-CFC BTS	10,100	10,100
BTS using CDC	504	497
BTS using PLN	4,663	4,717
BTS using IVS	3,488	3,490
Battery Reconditioning	488	641
Green BTS	272	2,408

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are set against a bright, overcast sky. One building in the foreground has a colorful logo on its upper section. The logo consists of a stylized 'X' or 'C' shape in white, green, and orange, mounted on a dark blue rectangular sign. The perspective creates a sense of height and architectural scale.

Anti Corruption



Anti-Corruption

The Code of Conduct of the Company, which has now been integrated, with the Code of Business Ethics is formulated with a view to forming a clean and trustworthy company for stakeholders. Each issue related to internal control are monitored continuously and reported quarterly by internal and external audits to the Board of Directors, BAC and the Board of Commissioners to ensure that appropriate actions are implemented in a timely manner. All crimes including corruption, extortion, and bribery are strictly prohibited and any violation upon them, if proven, will be penalized with disciplinary action up to termination of employment.

During 2012, the Company has established a Risk Management Committee to designate a senior executive with primary responsibility for developing and overseeing the implementation of consistent business risk management processes within the Company. The Company has adopted the ISO31000 framework in the implementation of Enterprise Risk Management and this framework helps the Company to identify and define its business risk. The framework is also effectively in place to help assess comprehensively and act upon related internal and external risks. On a quarterly basis as per BAC requirement, key risk management functions and key risk “owners” perform self-assessments to monitor and improve risk management effectiveness.

Enforcement of this Code of Business Ethics is done through the whistleblowing mechanism, which provides the opportunity for employees to report suspected illegal, unethical or other activities outside of policy to the Board of Directors. HCD, Corporate Legal and Internal Audit jointly conduct Whistleblowing mechanism.

WHISTLE BLOWING MECHANISM (WBM)

The Whistle Blowing Mechanism (WBM) is a mechanism that is formulated to provide a forum of reporting for all employees when finding things or actions that allegedly violate the law or the Company’s code of ethics. The WBM applies to all employees of the Company without exception and are not limited to:

1. Stakeholders
2. Board of Commissioners
3. Management
4. Permanent Employees
5. Contract Employees
6. Employees hired from a third party



Anti-Corruption

Submission Mechanism for Violation Reporting

If an employee of the Company discover an alleged unlawful behaviour or actions or unethical actions in the workplace and the employee is not comfortable to talk about it through the normal procedure, he/she can report through the WBM. Reporting can be done by calling the telephone number (021) 579 5977 7 or by electronic mail to the address whistle@xl.co.id.

Protection of the Reporting Party

The Independent Committee receiving the whistle blower will protect and maintain the confidentiality of the whistle blower and give guarantee of sufficient level of protection for the whistle blower from threats that may arise from such reporting.

Results From Complaints

If the results of the investigation prove that the reported party is guilty, then that party will be dealt with in accordance with Company Policy. In contrast, the reporting party will be awarded in accordance with the policy of the Board of Directors.

CLEAN COMPANY POLICY

Integrity is the most important value that must be instilled in all employees and other stakeholders. Periodically, the Management disseminates XL's code of conduct and corporate regulations to all employees. Each employee is also required to sign a Statement of Commitment to Professionalism to encourage employees to uphold the integrity and ethical standards of XL at all times. XL's vendors and dealers are also asked to commit to the integrity and standards of corporate ethics. The integrity values are also included in XL's human capital system. Integrity is deemed as a "hygiene factor" in appraising employee performance. In addition, new employees are required to follow the orientation program, in which XL's values and clean company policy are discussed. XL will also continue to conduct daily assessment of employee integrity level through the leaders.



Index

Cross Reference Ten Principles of United Nations Global Compact



Principles	Page
Human Rights	
1. Business should support and respect the protection of internationally proclaimed human rights	14
2. Make sure that they are not complicit in human rights abuses	14
Labour	
1. Business should uphold the freedom of association and the effective recognition of the right to collective bargaining	19
2. The elimination of all forms of forced and compulsory labour	16-17
3. The effective abolition of child labour	17-18
4. The elimination of discrimination in respect of employment and occupation	18
Environment	
1. Business should support a precautionary approach to environmental challenges	26
2. Undertake initiatives to promote greater environmental responsibility	26
3. Encourage the development and diffusion of environmentally friendly technologies	26-27
Anti-corruption	
1. Business should work against corruption in all its forms, including extortion and bribery	29-30