



Dear Mr. Georg Kell,

Since 2006, SWA Business Magazine has been demonstrating a high commitment to the issue of sustainable development. We annually organize numerous programs in realizing principles of UN Global Compact Network as follows. Firstly, in cooperation with KBR68H, we organize Indonesia Green Region Award (IGRA) to appreciate best local governments in implementing environmental conservation breakthrough. Secondly, to support corporate governance in the country, we and the Indonesian Institute for Corporate Governance organize carry out the Indonesia Corporate Governance Award (ICGA). Thirdly, we and KEHATI Foundation organize the Indonesia Green Company Award to encourage companies in implementing a proven environmental conservation and sustainability programs.

SWA presents to its stakeholders its annual continually COPs report. In this report we give a corporate program description related with 10 Principles. That is the basic reason for this report: an exercise in full transparency open to all. We was underlined in our latest program, because we have set a goal of becoming sector leaders through an advance on all fronts, especially significant contribution to environmental sustainability.

By putting in business sustainability as one of our strategic lines, we have incorporated commitment to the community as part of the company's core business and, as a result, definitively embedded corporate social responsibility into the way we do business. We were able to boost our global corporate reputation in the communities where we work, thanks to progress made under all headings (offering, innovation, good place to work, integrity, support for social causes and environmental protection).

Finally, we confirm commitment to the United Nations Global Compact and to the fulfillment of its principles. The initiative reflects the key role that Corporate Social Responsibility can play in engaging multi-stakeholder and promoting business ethics. Our current commitment is shown by annual programs above and numerous articles posted at our portal.

We believe that we are making progress every year. And this progress is to a great extent thanks to those, such as you, who put their faith in us and spur us on to continuous improvement.

Jakarta, June 2, 2014

Yours sincerely,

Kemal Effendi Gani
Editor in Chief



UN Global Compact Communication on Progress 2014

About SWA

SWA is Indonesia's leading business magazine based in Jakarta. The magazine covers best articles on business strategy (e.g. human capital, sustainable development), management best practices (e.g. good corporate governance, green program), start-up, finance, marketing & branding case studies, information & technology, marketing communications, success stories and many more. Established since 1985; SWA is the oldest business units compared with MIX Marketing Communications, SPOT, SWANETWORK, MIX Interactive, Business Digest, SWA Publishing, SWA On-line, SWA Digital and Platinum Society in the SWA Media Group.

SWA has been a member of the UN Global Compact since 2006 and reports annually on progress made in implementing the ten principles of the UN Global Compact. This Communication on Progress refers to 2013 data and performance information.

Statement of Support from Editor in Chief Kemal Effendi Gani:

“SWA continues to participate in the UN Global Compact and remains committed to its philosophy, intent and principles. We do understand the importance of UNGC’s ten principles in the areas of human rights, labor, environment, and anti-corruption. We steadily take appropriate actions in line with the principles, as fundamental guidelines for sustainable and socially responsible development of our business. We continue to support UNGC by intertwining the ten principles in the way we do business, which helps making us a better corporate citizen in Indonesia.”

Global Compact Communication on Progress

Principle 1:

Support and respect the protection of internationally proclaimed fundamental human rights within area of influence

- Our commitment are continuously supporting and agreeing with this principle. The HR Excellence Award 2013 is a joint initiative by SWA and The Management Institute of the Faculty of Economics of University of Indonesia (LMFEUI) given out annually for an excellence in managing employee development and empowerment. Attaining this award is a significant milestone for companies and reflects their commitment and continuous effort to develop and empower our human resources, as well aligning HR development practices with their businesses.



- We also ensure that every policy concerning manpower is aligned with national manpower policy, that has been endorsed by the tripartite of company, employee (as represented by the Labor Union) and the Indonesian government.
- We comply to the standard regulation for working hours, minimum wages, overtime payment, minimum working age, and make sure that employees' rights are respected. Some policies surpass the government's standard; such as pension plan, personal accident and health allowance.
- We apply a strict Health and Safety Management System as an essential working condition at all levels of our business units, in accordance with the Decree of Minister of Manpower of Indonesia Number PER-05/MEN/1996 regarding Health and Safety Management System.
- We ensure that all the regulations are updated by continuously benchmarking the working conditions to other companies; such as meals and transportation, health issues, salary and benefit standards.
- We carefully assess potential local humanitarian and cultural issues, and make sure that business activity would strengthen and benefit local people as one of the most important stakeholders. Through a participatory community needs analysis and dialogue process, a better understanding and more effective programs can be generated.

Principle 2:

Ensure that businesses are not complicit in human rights abuses

- Our commitment are continuously support and agree with this principle.
- We also provided with other basic needed facilities, such as mosque and sporting facilities. In addition to that, we are also involved to supports in developing and maintaining public infrastructures, such as other mosque and other public facilities.

Our Corporate Social Responsibility ("CSR") mission has been actualized by contributing to all the communities in the various locations of our operations in the areas of education, society and health care. For example, in January 2014 we cared to the victims of blood in Jakarta by donating clothes, medicines, and milk in cooperation with the Regional Disaster Mitigation Agency (BPBD) of Jakarta.

Principle 3:

Uphold freedom of association and effective recognition of the right to collective bargaining

- Our commitment are continuously support and agree also with this principle. SWA Management has been respect and support the SWA's employee association: Forum Karyawan SWA (FKS) as a strategic partner in roll over the company. Every year there is is a meeting of the Employee Forum SWA (FKS), including the period of 2014. We should thank them for the duration of its staff who have devoted attention to bridge the interests of employees and companies. The events of the most eagerly awaited each meeting, including election of new board which sometimes lasted a heroic because each employee is very enthusiastic about campaigning for Jagonya. Anyway, after a "cadre" best elected, members of the congregation who Jagonya cluck



can receive with 'legowo' (wholeheartedly).

In a business organization of human primary asset, equal partners (sparring partners) are needed to realize the vision and mission together. For SWA, the presence of FKS is a reliable sparring partners for each other together in managing the working relationship between management and employees. The goal, nothing other than to create a conducive working environment for employees to perform well, the end will create the satisfaction of the stakeholders - both the employees, shareholders, partners, and the reader SWA. This partnership can enhance a great synergy both parties in line with corporate vision and mission.

Principle 4:

Support the elimination of all kinds of forced or compulsory labor

Whether it is internal or external, our employees are given constructive opportunity to express their opinion responsibly through labor union. The labor unions are considered a mutual partner whose opinion is respected and we work together towards increasing productivity as the way to prosperity.

Our other concern area:

- Our recruitment policy clearly states that the hiring decision is based on organization planning and focuses on competency; eliminating any form of discrimination (race, religion, gender or ethnicity). The same applies for salary setting, training opportunity and career development.
- We always care and strive to provide adequate facilities to enhance the quality of life of our workers and staff. However, due to the hardship, safety, security and the demand of physical challenge of the job, certain jobs are more attractive to male than female candidates.
- SWA respects the rights of its employees of different religions or beliefs to perform religious activities without interrupting working hours. We also encourage all employees to respect each other and maintain a harmonious relationship with fellow employees and the community around us.
- SWA also provided extensive training for its workers and staffs including safety training for work handling, prevention of sexual harassment and other mandatory trainings that are specifically designed for the job safety and protection of the environment.

Principle 5:

Support the abolition of child labor

- Our commitment for this Principle continuously support and agree also with the principle. How to set eligibility criteria become self employee, among others: should not be under the age of 17 years, did not feel forced, etc.
- To ensure that we do not employ child labour, thorough checks are made during recruitment and selection process that the candidate's age is above 18 years. This mechanism starts when we receive applications and verify the candidates' date of birth from their identity cards or birth certificates.

In our company, parents are encouraged to send their children to schools and complete the compulsory



study instead of helping them to work in the industries. This is also to protect the children against any form of safety and health risks.

Principle 6:

Support the elimination of discrimination in respect of employment and occupation

Business Principles & Code of Conduct with FKS

- 40% of the workforce are women
- All employees covered by corporate agreements. The agreement is understood to mean a framework agreement for a group of workers which specifies general labor conditions, their rights and responsibilities (salaries, hours, breaks, holidays, redundancy arrangements, definition of professional categories, salary revisions, etc.).
- Based on the progress of Health and Safety Prevention Policy, almost 170 employee health risk evaluations were carried out / 70% of the workforce benefit from health protection

Principle 7:

Businesses should support a preventative approach to environmental challenges

Business must develop and utilize “environmentally friendly”. Changes must be implemented at unit level, by means of technique or materials, as well as at a strategic level through company policy, stakeholders, R&D, and constant monitoring of environmental issues and initiatives. As a media the company, the advancement of good health occurs not only through the innovation, production and distribution of magazine, but also through the creation and preservation of healthy environment.

SWA is dedicated to identifying emerging environmental issues relevant to the paper based industry and stakeholders and leading efforts to address them strategically and tactically through innovative policies and technology programs.

Driven by SWA's dynamic business environment, the global trend will seize opportunities to advance the efficiency and effectiveness of corporate' s programs. We will focus on the following strategic imperatives :

1. Integrate corporate approach into business function and product development trend.
2. Drive risk – based decision making
3. Capture opportunity and mitigate risk associated with partners

Principle 8:

Undertake initiatives to promote greater environmental responsibility

Related with Principle 7 and 8, SWA Management in association with KBR68 pro-active attitude



toward environmental issues is by making this topic as the main writing material our magazine. SWA Group, in particular business unit SWA magazine and its event organizers MIX Interactive, along KBR68H as a partner would be enthusiastic again to organize the Indonesia Green Region Award (IGRA) 2014. SWA magazine's Editor-in-chief, Kemal Effendi Gani, grateful for the cooperation that already existed and hopes the program plus the awarding IGRA 2014 survey confirm the spirit of developing more sustainable land and grow better from year to year. "Through IGRA 2014 we hope to encourage all parties, especially local government districts and municipalities in Indonesia, continue to promote the region as proportional excited. "Said Kemal.

Awards will be given later on of course is only a step and requires a more thorough follow-up again. Only with such awareness that we can expect the achievement of development goals are also considering the size of the natural balance will be achieved. Of course, solicitation of participation by various categories of conduct surveys to IGRA Year 2014 is going to all corners of the country. The program strongly respects principles of openness and good governance.

Principle 9:

Encourage the development and diffusion of environmentally friendly technologies.

Climate Change Office

- Good Practice Manual for Network Energy Efficiency drafted
- 5% reduction in electricity consumption (KWH/ equivalent access)
- Inclusion of energy variable in procurement procedures
- Development of initiatives to provide efficient solutions for customers: Connected Household, Energy Efficiency Service Buildings
- Marketing efficient equipment: Evolve the low-energy and recycled material consuming.

Principle 10:

Work to fight corruption in all forms including extortion and bribery

SWA Management fully agree that transparency is the most important factor of trust from a public issuer. Firstly, when transparency run properly, the confidence of these issuers will increase. Because, if the company is transparent, certain other aspects of good corporate governance (GCG) will follow. It means that every time there is public control to the issuers. If there is a strong control, the implementation of GCG issuers will be good. SWA had been several times writing these article in last five years. The Indonesian Institute for Corporate Governance (IIGC) in cooperation with SWA awarded Indonesia's Local companies as The Most Trusted Company 2013 Based On Corporate Governance Perception Index and Indonesian Most Trusted Company 2013 Based on Survey to Analyst and Investor in implementing Good Corporate Governance. The award took place at InterContinental Hotel Jakarta on December 16, 2013.

CGPI Award is an appreciation and recognition to trusted companies which had applied good corporate governance. IIGC does not only motivate the company to apply GCG through CGPI program, but also make CGPI as a scientific assessment event aiming at developing and creating relevant GCG concept,



valid and according to the context of Indonesian business progress.

All contribution and hope given by all parties through CGPI program is expected to be able to support the realization of Indonesian business which is professional and respected for the success and welfare on Indonesian nation. GCG theme as culture is directed to assess many company efforts having applied GCG not only to fulfill obedience, arrangement and control but also to realize dominant company behavior and characteristics as a culture to be an asset and determining factor of company sustainability.

For detailed information and indicators concerning compliance with the principles see our on line report and activities (www.swa.co.id and <http://iicg.org/>).

Our Latest Related Programs Review

Indonesia Green Region Award 2013

A number of phases IGRA 2013 included brainstorming methodology, distribution of recruitment materials and contact person for the invitation, the invitation to the province, invited panelists (list and willingness), follow-up of crustaceans, the determination of the deadline, the collection of early material, Delphi round 1, recap and finalize the results of the Delphi rounds I, Delphi round II, recap and finalize the second Delphi round, the Top 10, preparation varifikasi (teams, materials, form and coordination), verification, preparation for the judging (invitations, jury and place), an invitation to finalists, the judging and awarding the implementation plan.

As for the weighting of the assessment includes a variety of factors judged most dominant influence. The indicators are intended. First, aspects of Waste Management, which involves efforts to reduce, recycle, reuse, disposal site, processing and utilization, etc.. Second, Forest and Plantation Management, which is an effort afforestation, reforestation, avoided deforestation, illegal logging, handling, etc. Third, the Land Use Management & Spatial Planning, which related to the step expansion of protected areas, availability of green areas, management of public space, public facilities, housing, industrial estates and offices, etc.. Fourth, the Land Use Management & Spatial associated with the expansion of protected areas, availability of green areas, management of public space, public facilities, housing, industrial estates and offices, etc.. Fifth, Transportation in terms of management systems and transportation facilities, transportation pollution control, energy utilization of environmentally friendly transport, energy efficiency, etc.. Sixth, Water Catchment Area (DTA) and Watershed (DAS), which ensures the availability and DTA & watershed management, irrigation repairs, etc.. Seventh, the Clean Water availability in the case of ground water conservation, construction of water supply, sanitation etc. facilitates. Eighth, Air Quality in reduction of pollution sources - transportation, industry, burning of land/forests, efforts to minimize negative impacts of pollution, reforestation, etc.. Ninth, Energy in terms of socialization and utilization of environmentally friendly



energy sources, efforts to minimize the negative impacts of energy use are not environmentally friendly, energy saving, etc.. And finally, the tenth with respect to adaptation to climate change, related to the anticipated aspects of drought, floods, storms, landslides, rising sea levels, rising air temperatures, etc.

The Indonesia Green Region Award is a collaboration program between SWA Magazine and KBR68H held since 2010. The program aims to encourage local government in implementing best practices of environmental policies and supporting sustainable development. After going through rigorous and thorough selection process by the panelists as a series of stages of assessment, the winners of IGRA 2013 from regencies category were: 1) Malang, 2) Jombang, 3) Grobogan, 4) Gresik, 5) Banyumas. While the winner of IGRA 2013 from the municipalities category were: 1) Surabaya, 2) Payakumbuh, 3) Yogyakarta, 4) Surakarta, and 5) Batu.

Indonesia Corporate Governance Award (ICGA) 2013

The Indonesia Corporate Governance Award (ICGA) is a great joint program between SWA and the Indonesian Institute for Corporate Governance (IICG) held since 2002. The awarding is based on the result of the Corporate Governance Perception Index (CGPI) and Investor and Analysts' Assessment Survey. Both base had assessment aspects including: commitment, transparency, accountability, responsibilities, independence, justice, competence, and leadership. The 2012 CGPI added more three aspect compared to previous years: strategy and policy, ethics, and knowledge management. The first base relies on the self assesment and observation. While the later, SWA surveys stock exchange practitioners including analysts, fund managers and investors.

The research and award of ICGA was for all publicly listed companies – both state-owned and private. The assesment of ICGA 2013 was based on the result of CGPI 2012 that had four different assesment units: self assesment (17%), document (35%), paper (13%) and observation (35%). The research process were divided into four steps: methodology preparatory, publication and call for entries, assessment, and result of winners. There were a few companies participating of the program in more than seven times consecutively such as PT Aneka Tambang Tbk, PT Bank CIMB Niaga Tbk, PT Bank Mandiri Tbk, PT Tambang Batubara Bukit Asam (Persero) Tbk, PT United Tractors Tbk, PT Kawasan Berikat Nusantara (Persero) and PT Panorama Transportasi Tbk.

The number of participants of ICGA 2013 reached 42 companies. Of those new participants were PT Pertamina (Persero), Assa Rent, PT Pos Indonesia, PT Krakatau Daya Listrik, PT Indotambang Raya Megah Tbk, PT Angkasa Pura 2, and PT Bank Permata Tbk. Whilst the knowledge management were built into three pillars: people, process and technologies. SWA and IICG shared both corporate governance's best practices and abuses as effort of encouragement to all public companies that never participated. The winners were classified into three: most trusted companies, trusted companies and fair trusted companies. The Indonesian most trusted companies 2013 based on the CGPI 2012 were:

- 1) PT Aneka Tambang (Persero) Tbk
- 2) PT Bank Central Asia Tbk



- 3) PT Bank CIMB Niaga Tbk
- 4) PT Bank Mandiri (Persero) Tbk
- 5) PT Bank Negara Indonesia (Persero) Tbk
- 6) PT Bank OCBC NISP Tbk
- 7) PT Bank Rakyat Indonesia (Persero) Tbk
- 8) PT Bank Syariah Mandiri
- 9) PT Bank Tabungan Negara Indonesia (Persero) Tbk
- 10) PT Garuda Indonesia (Persero) Tbk
- 11) PT Telekomunikasi Indonesia (Persero) Tbk
- 12) PT United Tractors Tbk

While the Indonesian most trusted companies 2013 based on investor and analysts' assessment survey were:

- 1) PT Semen Indonesia (Persero) Tbk
- 2) PT Astra International Tbk
- 3) PT Unilever Indonesia Tbk
- 4) PT HM Sampoerna Tbk
- 5) PT Bank Mandiri (Persero) Tbk
- 6) PT Antam (Persero) Tbk
- 7) PT Bank Negara Indonesia (Persero) Tbk
- 8) PT Indofood Sukses Makmur Tbk
- 9) PT Bank Central Asia Tbk
- 10) PT Bank Rakyat Indonesia (Persero) Tbk
- 11) PT Telekomunikasi Indonesia Tbk
- 12) PT Agung Podomoro Land Tbk
- 13) PT Adhi Karya (Persero) Tbk
- 14) PT Gudang Garam Tbk
- 15) PT Krakatau Steel Tbk
- 16) PT Bumi Resources Tbk

Indonesia Green Company Award 2013

IGCA is a joint program between SWA Magazine and KEHATI Foundation held since 2011 to encourage companies in implementing a proven environmental conservation and sustainability programs. It is not only searching companies that had best practices in implementing “green” principles, but also to inspiring other companies to do so. In this program, companies presented their experiences based on the triple bottom line – People, Planet and Profit (3P) – to contribute reducing carbon emission.

At the Indonesia Green Company Award (IGCA) 2013, no less than 150 companies were invited to participate. Of those, 35 companies passed the stage one and 25 companies were decided to be finalists. There were five assessment aspects in this competition-based programs:

1. The general criteria: eco-friendly, energy efficiency/emission reduction, natural resources conservation, waste management, social inclusiveness, and financial health



2. The commitment of Chief Executive Officer, concept and strategy (goal clarity, effectiveness and creativity) to obey based on the ethical businesses
3. The plan of actions: funding, organizing, and systematic mechanism to execute strategy
4. The proven outcome and impact, includes: environmental perservation, business performance and recognition of outcome
5. The sustainability of program: quality improvement, program development, internalization into system, and corporate culture.

The IGCA 2013 found that 73.3% participated companies that had implemented grand strategy was still carrying the green and sustainability programs out and more than 95% participated companies had implemented grand strategy of green and sustainability. The program was supported by credible Jury Board namely: Prof. Dr. Emil. Salim, S.E. (The Chairman of Presidential Advisory Council of Republic of Indonesia); Darwina Widjajanti (Sustainable Development Foundation); Basuki W. Sambodo (Deputy Assistant of Strengthening Role for Civil Society Organization of the Ministry of Environment); Dr-Eng. Eniya Listiani Dewi (Program Director for Fuel Cell and Hydrogen Technology, The Institute of Studies and Applied Technology); Ismid Hadad (Chairman, The Association of Indonesian Philanthropy); and Dr.Ir.Arif Budimanta, M.Sc (Founder of Indonesian Center for Sustainable Development). After a very tight selection, the winner of Indonesia Green Company Award 2013 were:

1. PT Biofarma (Persero) Tbk
2. PT Garuda Indonesia (Persero) Tbk
3. PT Bank Negara Indonesia (Persero) Tbk
4. PT Martina Berto Tbk
5. PT Holcim Indonesia Tbk
6. PT Summarecon Agung Tbk
7. PT Gajah Tunggal Tbk
8. PT Indonesia Power UBP Perak-Grati

Indonesia Human Resource Excellence Award 2013

SWA is one of a few media groups in Indonesia which concerning sustainable development issue. Of its commitment is implementing Principle 1 of the United Nations Global Compact: “support and respect the protection of internationally proclaimed fundamental human rights within area of influence.” Since 2007, SWA in collaboration with The Management Institute of the Faculty of Economics, University of Indonesia organized annual Indonesia Human Resources Excellence Award and Indonesia Future Human Resource Leader Award. The program aims to select excellent companies that had human resource management best practices in order to encourage others to do so. At the Indonesia Human Resource Excellence Award 2013, there were twenty one companies (private and state-owned) participated.

There were three phases of selection: self evaluation, user evaluation, and the jury. At the self evaluation state, participants (represented by manager/general manager placed one or two layers under the Director) filled questionnaire about human resources management on their companies. Then, participants followed the user evaluation states in which they faced in-depth interview to at least two



managers/General Managers non-Human Resources (user). All participants were divided into five categories in line with their fields to choose who was the most special. They were talent management, performance management, reward management, development, and recruitment & selection. Participants were tested how could they become strategic partners.

There were 10 (ten) finalists of Indonesia Human Resources Excellence Award 2013: 1) PT Asuransi Jiwa Manulife Indonesia, 2) PT Bank Central Asia Tbk, 3) PT Bank DBS Indonesia, 4) PT Daya Adicpta Mustika, 5) PT Kapal Api Global, 6) PT Pelabuhan Indonesia II, 7) PT Pembangkitan Jawa Bali, 8) PT Telekomunikasi Indonesia (Persero) Tbk, 9) PT Unilever Indonesia Tbk, and 10) Standard Chartered Bank Indonesia. From those finalists, committee could take best practices of human resource excellence which supported business sustainability. We summed up that excellent human resource management could improve business performance and its sustainability.