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Creating a New Business Paradigm

COMMUNICATION ON PROGRESS 2010

Indonesia Global Compact Network

December 29th , 2010

COMMIT TO PERFORM

RANCH  MARKET[®]

it's a balanced life

FARMERS  MARKET

— *fresh and friendly* —

From CEO

Making a commitment to corporate social responsibility

To make the world a better place for living and secure a bright future for our coming generations, Ranch Market and Farmers Market as a supermarket has a commitment on corporate social responsibility. We define sustainability through our values, which give rise to our policies and company culture.

With Global Compact, Ranch Market and Farmers Market believe that the company can support universal human rights, environmental and social through 10 principles initiatives by the United Nations Global Compact.

Ranch Market & Farmers Market put the principles of Global Compact as one of company objectives, to ensure its implementation throughout the employee.

We look forward to a prosperous and sustainable future.

Nugroho Setiadharma

President Director of PT. Supra Boga Lestari
(Ranch Market & Farmers Market)

- ❖ When we opened the first Ranch Market in Indonesia, we had simple mission: creating a wonderful shopping experience through fresh quality food, unique atmosphere, and excellent service, without forgetting community's value.
- ❖ During our journey for almost 12 years, we commit to provide more natural food alternative in our supermarket to drive a balanced grocery shopping lifestyle that synthesizes health and pleasure.
- ❖ The combined passion of more than 1900 team members, hundred of vendor partners and thousands of customers has helped us to become a respected, loved, and trusted supermarket in Indonesia. With more than 2000 natural and organic products, we are the largest food retailer of healthy food in Indonesia.
- ❖ Pursuing different format on 2007:
Establishment of Farmers Market, bigger supermarket concept (4,000 m²) with heavy emphasis on fresh products



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OUR STORES

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- 8 Ranch Market stores and 4 Farmers Market stores in Indonesia
- Fresh products contribute more than 40% of total sales, the most in Indonesia supermarket industry
- Food Safety (HACCP) certified by SAI Global since 2003, and upgraded to Food Safety Management System (ISO 22000) on early 2009
- Voted as the marketing pioneer of organic product in Indonesia and awarded MAPORINA AWARD in December 2005 by Minister of Agriculture
- 5 consecutive years on The Best Australian Meat Seller (2004 - 2009)



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Expansion & Market Share

- ✚ Expansion plan of 2011:
 - ~ another 3 Ranch Market & 1 Farmers Market stores
- ✚ Company drivers:
 - ~ Operational focus & continuous improvement
 - ~ Large store format with heavy fresh emphasis
 - ~ Differentiated lifestyle brand
 - ~ Corporate culture/Team Member



What is the Purpose of Business?

- ☺ Customers want high quality, low prices, and good service
- ☺ Employees want high wages and benefits, good working conditions, fulfilling work
- ☺ Shareholders want increasing sales, profits, and shareholder value
- ☺ Communities want jobs, taxes, donations, minimal harmful environmental impacts
- ☺ Business is fundamentally a community of people working together to fulfill its collective mission and to create value for other people
- ☺ Business by its very nature is part of society and it is intrinsically an ethical institution existing to create value for all of its stakeholders (the greater society)

10 Principles of Global Compacts

➤ Human Rights

1. Not complicit in human rights abuse
2. Protect internationally proclaimed human rights

➤ Labor

3. Freedom of association and effective recognition of the right to collective bargaining
4. Elimination of all forms of forced and compulsory labor
5. Effective abolition of child labor
6. Elimination of discrimination in respect of employment and occupation.

➤ Environment

7. Precautionary approach to environmental challenges
8. Promote greater environmental responsibility
9. Development and diffusion of environmentally friendly technologies
10. Work against corruption in all its forms, including extortion and bribery



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New Business Paradigm

Corporate Social Responsibility

Core Values Business Mission :

The Products

We obtain our products locally and from around the world, often from small, uniquely dedicated food artisans or farmers. We strive to offer the highest quality, flavorful and naturally preserved foods, because foods in its purest state is the best tasting and most nutritious food available.

The People

We recruit the best people we can to become part of our team. We empower them to make their own decisions, creating a respectful workplace where people are treated fairly and are highly motivated to succeed. We look for people who are passionate about food. Our team members are also well-rounded human beings. They play a critical role in helping build the store into a profitable and beneficial part of its community.

The Community

We support organic farming-the best method for promoting sustainable agriculture and protecting the environment and the farm workers. We actively involved in our communities by sponsoring neighborhood events, raising fund for disasters, sharing knowledge to others, etc.



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Core Values

- Selling the highest quality, safe-to-eat products available, natural, and organics
- Hosting wonderful shopping experience to our customers
- Team member happiness and excellent
- Creating wealth through responsible profits and growth
- Caring about our communities and our environment



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Selling the Highest Quality, Safe-to-Eat products available, natural and organics

- We are the leading retailer of natural & organic foods in Indonesia supermarket industry
- We help improving the health, well-being, and longevity of thousands of customers
- Resisting the trend towards degradation of our food through the industrialization of food production
- Helping small yet dedicated farmers to grow and have direct access to urban customers

Principle 1 : Business should support and respect the protection of internationally proclaimed human rights



Selling the Highest Quality, Safe-to-Eat products available, natural and organics

- We are the first and only supermarket which implement food safety management system (ISO 22000) for the safety of our customers
- Helping the farmers to improve their knowledge on producing quality instead of quantity and on marketing site
- Through our supervision, we help our farmers to get Good Agricultural Practices Certification from Indonesian Ministry of Agriculture (Prima Certification Program).
- We are the first supermarket which NKV Certified (HACCP Certification for meat product) by Dinas Peternakan, Perikanan dan Kelautan Jakarta

Principle 1 : Business should support and respect the protection of internationally proclaimed human rights

Hosting Wonderful Shopping Experience to Our Customers

- ☑ Provide total food solution and healthy meal according to customer preferences
- ☑ Teach the customers to become “great chef” and encourage them to have family meal at home
- ☑ Let the children learn about how we farm organic vegetable, process foods, nutritious foods, and how to make cake for mothers day
- ☑ Team members are empowered to give solution to customers and delight them
- ☑ We are continually redefining the marketplace and further differentiating our stores and customer experience

Principle 1 : Business should support and respect the protection of internationally proclaimed human rights





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Team Member Happiness & Excellence



- ☺ Happy Team Members results in happy customers - our standard pay and benefits are above industrial standard
 - ☺ Health insurance covers the whole family
 - ☺ Full scholarship given to well performed Team Members' children who do well in school
- 6 employees get the scholarship for their children on 2010

Principle 3 : Business should uphold the freedom of association and the effective recognition of the right to collective bargaining



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Team Member Happiness & Excellence



- ☺ Encouraging Team Members to improve themselves by internal training or taking relevant courses
- ☺ We always do internal promotion by tendering open positions to existing and capable Team Member first
- ☺ Self-managing Teams are the organizational cells of the business

Principle 3 : Business should uphold the freedom of association and the effective recognition of the right to collective bargaining

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Team Member Happiness & Excellence



- ☺ Self-managing Teams are the organizational cells of the business
- ☺ Policy & procedures of our recruitment, placement, training & advancement of our staff at all levels are based on qualification, skill & experience. More than 35% of our employee and 37% of our managerial level are women.
- ☺ SBL gives full maternity leave to female employee. There are 32 female employee take their maternity leave.

Principle 6 : the elimination of discrimination in respect of employment & occupation

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Data of SBL Employee

	Total Male Employee		Total Female Employee		Total Employee whose Pregnant & take Maternity Leave	
	1262 person	64.58%	692 person	35.41%	32 person	4.62%
Manager	69 person	73.4%	25 person	26.6%		

Total employee : 1954 (per 17th Dec 2010)



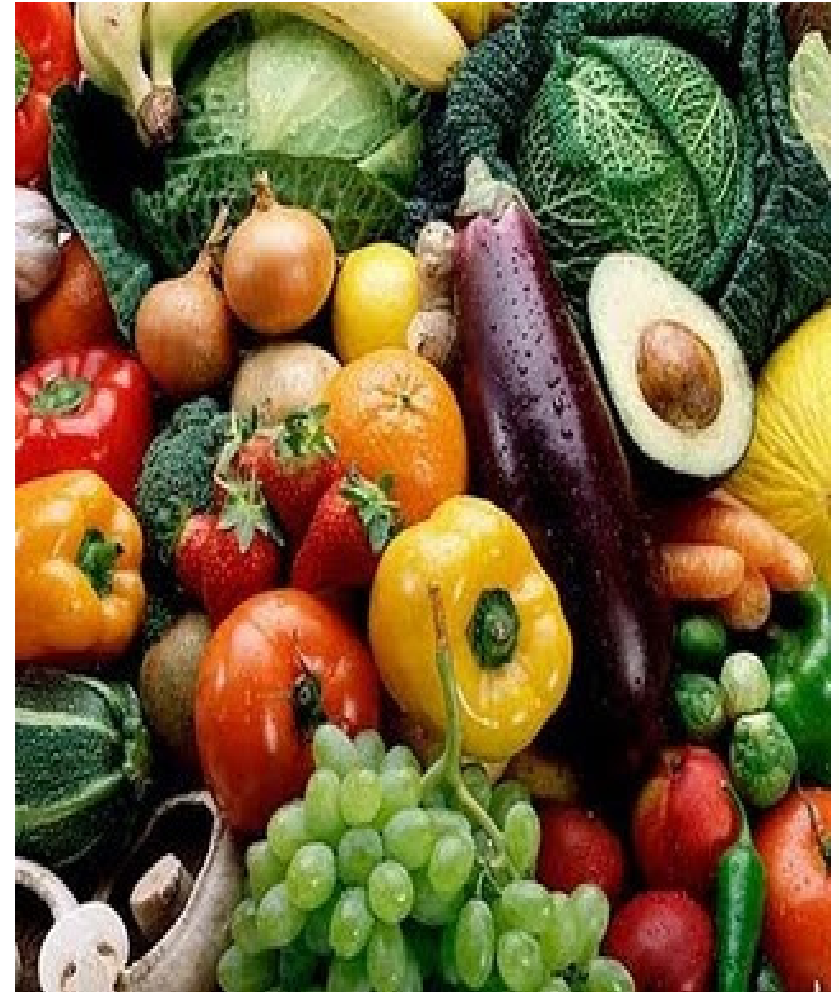
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Creating Wealth through Responsible Profits & Growth

- ☑ Profits are created through voluntary exchange, not exploitation
- ☑ Profits create wealth, capital, and prosperity
- ☑ Capital is the fuel for all technological innovation and progress
- ☑ Business has the fundamental responsibility to create prosperity for society and the world

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Caring About Our Communities & Environment

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- ✎ We strongly support organic & sustainable agriculture.
- ✎ We are committed to buy from local producers whose fruits & vegetables meet our quality & safety standard.
- ✎ We value natural diversity from every part of Indonesia, which has its way of farming and produce different kind of tropical produces & varieties.
- ✎ Hosting local farmers & UKM in our store

Principle 7 : Business should support a precautionary approach to environmental challenges;

Principle 8 : undertake initiatives to promote greater environmental responsibility.



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There Are Many Reasons for Supporting Local Farmers

1. A friendly and fresh connection:

Supporting local farm production puts a “face” behind foods we consume and keeps us connected to the seasons, as well as the unique flavor and diversity of local crops.

2. Local means Green:

Buying produce from local growers reduces the environment impact and costs of transporting products, which gives farmers maximum return.



There Are Many Reasons (cont'd).....



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3. Preserving character :

Small local farmers are valuable component of a community's character, helping maintain agriculture heritage, preserve land use diversity, and moderate development.

4. Crop diversity & quality:

Many farmers producing for a local market choose to diversify, growing a variety crops instead of just one. This is a boon for biodiversity and your palate, since local crops are harvested at their peak of freshness and flavor.



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Caring About Our **COMMIT TO PERFORM** Communities & Environment



Fair Trade Program instead of Trading Term:

- ✎ With the market's inevitable price & production fluctuations, purchase guarantee and paying producers better price for their quality products cover their cost and more.
- ✎ It makes sure that they can always afford to create, harvest or grow their products so that they do not have to abandon their work or jeopardize the well being of their family

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***Paying producers premium price
for their quality products:***

- ☑ Is an investment in producers and their communities
- ☑ Puts money back into their operation
- ☑ Enables them to invest in training and education for workers
- ☑ Ensures more take home pay to help support better life

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Produk Taman Nasional di Jakarta

SETELAH dikampa-nyekan sejak Juli lalu, produk pangan dan kerajinan dari daerah dan sekitar Taman Nasional (TN) dalam negeri akhirnya datang di Ibu Kota.

Teh Aloe Vera dari TN Sebangau, Kalimantan Tengah, kerajinan manik Banuaka dari TN Betung Kerihun, Kalimantan Barat, dan beras Adan Tana Tam dari dataran tinggi Krayan, Kalimantan Timur, adalah sebagian yang bisa ditemui di Ranch Market Pondok Indah dan Farmers Market dari 30 Oktober hingga 6 Januari 2011.

Penjualan produk TN ini merupakan bagian kampanye Green and Fair Products oleh organisasi lingkungan WWF. Direktur Marketing dan Komunikasi WWF-Indonesia, Devy Suradji, melalui siaran persnya, Minggu (31/10) menjelaskan bahwa produk-produk ini dihasilkan dengan konsep ramah lingkungan. Dengan mengonsumsi produk-produk tersebut, masyarakat ikut mendukung konservasi dan ekonomi lokal. (Big/M-3)



DOK WWF INDONESIA

GREEN Mission program

- ✎ Working together with WWF to end poverty and conserve our environment.
- ✎ Ranch Market in partnership with WWF do the conserving of environment through replanting in Gunung Rinjani forest protected national park, Lombok.
- ✎ Ranch Market and Farmers Market provide Green and Fair Product, sustainable agriculture product from local farmers which trained by WWF.
- ✎ Through Seafood Saver Program, WWF connected Ranch Market with fisherman whose implement good practice fishing to promote sustainable fisheries.

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newtrees

**Donate
your change &
Grow a tree with
Ranch Market**

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- ✎ Ranch Market and Farmers Market also invite the customers through Green Mission NEWtrees program to join the replanting project.
- ✎ For each reusable bag sold under Green Mission Program, IDR 50.000 will go to WWF, which is creating real results in the fight against poverty and at the same time conserving our environment.
- ✎ The mission of the program is to create economic partnership with the poor that can supply our stores with local products.



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sep **9** oct **14**

SAY NO
TO PLASTIC BAG ON
EVERY 2ND THURSDAY
OF THE MONTH

dec **9** nov **11**



Rp. 88.000,-*
*Including a tree in Rinjani



Rp. 15.000,-



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ADVOCATE SOCIAL -
ENVIRONMENTAL SUSTAINABILITY

Biodegradable Plastic Bag

Biodegradable plastics are, however, not a panacea. Some critics claim that a potential environmental disadvantage of certified biodegradable plastics is that the carbon that is locked up in them is released into the atmosphere as a greenhouse gas. Yet biodegradable plastics made from natural materials, such as vegetable crop derivatives or animal products, sequester CO₂ during the phase when they're growing, only to release CO₂ when they're decomposing, so there is no net gain in carbon dioxide emissions. Ranch Market has chosen biodegradable bags made of tapioca or cassava which will decompose within a year.



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ENVIRONMENTAL SUSTAINABILITY

2 One Bag One Tree

As a company with a strong commitment and passion for improving social/environmental issues and promoting long-term environmental sustainability through its numerous programs, Ranch Market in collaboration with World Wildlife Fund has launched the "Green Mission" as part of its CSR (Corporate Social Responsibility) program. By purchasing it, you're not only helping to cut down on plastic bag use, but you are also adopting a tree on Rinjani mountain.



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ENVIRONMENTAL SUSTAINABILITY

3 Reusable Bag

Get one with a total purchase of Rp.500.000, or buy one for Rp.20.000 and presto you have reusable bag for every visit to Ranch Market. This program will start in May.

Choose your bag carefully, if you want to sustain a greener environment. Plastics don't litter – people do! *



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HOST WONDERFUL EXPERIENCE

Grow Your Own healthy vegetable

In conjunction with "Green Mission" program and to enhance children's quality of life, Ranch Market and K for K have created Kids Planting Program. The purpose of this fun program is to encourage children to make good food choices, augmenting classroom studies with experiential learning, building a love of nature, stimulating social interaction and facilitating cultural exchange.

What is K for K?
K for K is an instant vegetable planting Kit suitable for children and mothers. This KIT contains vegetable seeds, complete media within fertilizer for one planting, fertilizer, plant's history, planting manual, observation sheet and recipes.

Sounds fun? Visit our store and sign up for this superb planting program! *

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Seafood Saver program

- ✎ Working together with WWF to support sustainable seafood to conserve our environment.
- ✎ Through Seafood Saver Program, WWF connected Ranch Market with fisherman who implement good practice fishing to promote sustainable fisheries.
- ✎ Ranch Market provide the sustainable seafood product in Ranch Market flagship store.

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seafood SAVERS PROGRAM

RANCH MARKET'S WAY OF HELPING TO
PROTECT THE ENVIRONMENT

Seafood produced from two of WWF's sites Alor and Wakatobi have been featured products at sustainable seafood counter. PT. Supra Boga Lestari's Chief Operating Officer Suryadharma highlighted this interesting development at the launch of Ranch Market Flagship Store and Ninety-Nine restaurant in Grand Indonesia.

Tuna fillet from Alor and Red Grouper from Wakatobi are sustainably-produced fish, and new items to sold in its new outlet. This initiative is an important step for Ranch Market in supporting WWF-Indonesia's sustainable seafood program: "Seafood Savers".

"As part of a policy towards better environment, Ranch Market works with WWF in supporting sustainable seafood through the Seafood Savers program. Among our prime products, which we declare as sustainable seafood, are tuna fillet and red groupers shipped

and meet sustainable seafood principles", Suryadharma said.

WWF-Indonesia Marine Program's Corporate Campaigner, Margaret Meutia emphasized that Alor and Wakatobi are the two main sites of WWF's Marine Program which have implemented best management practices for marine fish aquaculture. For instance, local fishermen in Wakatobi have been catching fish using sustainable and eco-friendly approaches for years. "When Wakatobi National Park was established a no-take zone was also defined as well. There, local fishermen only catch fish in specific zones, outside the no-take zone and fish hatchery zone. Hence we can say they catch fish in a sustainable way," she said.

Margareth hopes Ranch Market's commitment toward sustainable aquaculture can inspire other retailers to develop this eco-friendly business practice. "We'll Ranch Market's commitment.

Through the Seafood Savers Program, WWF tries to connect good produce and good buyers. This is what we're working on in the Seafood Savers coalition, to promote sustainable fisheries. It's also important to educate consumers about the benefits of sustainable seafood," she explained.

WWF-Indonesia educates consumers by distributing seafood guides to the visitors around the sustainable seafood counter. Their handy pocket guide separates seafood products into three categories, red, yellow and green. Consumers are advised to stop purchasing seafood and fish which fall under 'red' category. Fish under 'yellow' category can be consumed in moderation, while those that are labeled 'green' should be the main focus of public consumption.



8 health & pleasure



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Caring About Our Communities & Environment

Ranch & Farmers Care program

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RANCH CARE PROGRAM
For Merapi, Mentawai & Wasior


We Must NOT LOOK AWAY
when some of our brothers and sisters are crying for help

We can make difference
if we just reach out...

Every
PENNY you can
DONATE
will help

2 - 28 NOV 2010

All donation will be distributed through
 Global Compact Network
Indonesia



✎ Ranch Market & Farmers Market raise funds for the victims of disaster and community, e.g :

- Ranch Care and Farmers Care for Merapi eruption victims and mentawai earthquake disaster victims.

✎ Through Celengan Ayam Raksasa (Giant Roaster Bank) Program, collect donation for providing healthy food and vaccine for baby and toddler in poor fisherman area in North Jakarta.

Principle 7 : Business should support a precautionary approach to environmental challenges;

Principle 8 : undertake initiatives to promote greater environmental responsibility.



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Conclusion



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- ☛ The old business paradigm of maximizing profits and shareholder value has failed to create the “good society”
- ☛ Ranch Market & Farmers Market is helping to pioneer new business paradigm with company mission & core values at the center of the business model
- ☛ Business is fundamentally a community of people working together to create value of other people - customers, employees, shareholders, and the greater society
- ☛ We believe that much of our success to date is because we remain a uniquely mission-driven Company. Our vision reaches far beyond just food retailing



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