



Dear Mr. Georg Kell,

We recently celebrated a very important milestone – 30 years in business on April 2015. SWA Business Magazine has experienced many things over the past 30 years. Both ups and downs but has managed to fulfill its primary goal of long term commitment to support significant issues on sustainable development. Our business model and strategy come together to deliver value for shareholders and all the stakeholders. SWA continued to deliver knowledge and strengthen its position in the market while continuing to focus on the issues that matter to the long-term sustainability of our society.

Since 2006, SWA Business Magazine has been annually organize numerous programs in realizing principles of UN Global Compact Network as follows. 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.

During 2014 SWA has been organized some inspirational program to demonstrate a high participation to the issue of the principles of UN Global Compact Network. Firstly, in cooperation with Kantor Berita Radio (KBR), we organize Indonesia Green Region Award (IGRA) 2014 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 (IICG) organize carry out the Indonesia Most Trusted Company Award 2014. Thirdly, we and KEHATI (Keanekaragaman Hayati Indonesia) Foundation organize the Indonesia Green Company Award 2014 to encourage companies in implementing a proven environmental conservation and sustainability programs. And last but not least, we and The Management Institute of The Faculty of Economics of University of Indonesia (LMFEUI) organize The Human Resource Excellence Award 2014 to select excellent companies that had human resource management best practice in order to encourage other companies to do so.



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 hope that this expression of support will continue to inspire people and communities to take action, no matter how great or small, to create positive change for more sustainable future.

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, May 28, 2015

Yours sincerely,

Kemal Effendi Gani  
Group Chief Editor



## UN Global Compact Communication on Progress 2015

### 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 Online and SWA Digital in the SWA Media Group.

SWA has been a member of the UN Global Compact since 2006 and reports yearly on progress made in implementing the ten principles of the UN Global Compact. This Communication on Progress refers to 2014 data and performance information.

### Statement of Support from Editor in Chief Kemal Effendi Gani:

“We recently celebrated a very important milestone – 30 years in business on April 2015. SWA Business Magazine has experienced many things over the past 30 years. Both ups and downs but has managed to fulfill its primary goal of long term commitment to support significant issues on sustainable development. 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 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. Being fair and honest is what it’s really all about. This has been our corporate philosophy. We hope that this expression of support make a big difference.”



## **Global Compact Communication on Progress**

### ***Principle 1:***

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

- We are absolutely agreeing and continuously supporting this principle. In 2014 SWA collaborated with NBO Consulting Indonesia made Indonesia Leadership & Human Capital Summit 2014: Creating Leaders From Within. This joint event's purpose is to give appreciation for the company who has excellence practice in managing employee development and empowerment. As we all knew that the business sustainability for some companies are supported by well-planned strategy and good productivity. Attaining this award is 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 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 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. In the last December 2015 we registered all the employee in social health Program (BPJS Kesehatan) so from Januari 2015 all of our employee are covered by BPJS Kesehatan.
- We also ensure that every policy concerning manpower is aligned with manpower policy, that has been endorsed by the tripartite of company, employee (as represented by the Labor Union) and the Indonesian government.
- 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.



### ***Principle 2:***

*Ensure that businesses are not complicit in human rights abuses*

- Our commitment are continuously support and agree also with this principle. We provided employee with basic needed facilities such as mosque and sporting facilities.
- We also have been actively involved in open dialogue with government, labor, NGOs and institutions to regularly discuss human rights issues.

### ***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 a meeting of the Employee Forum SWA (FKS), including the period of 2014. We should thank FKS that has willingness to discuss the employee's opinion with the management.

### ***Principle 4:***

*Support the elimination of all kinds of forced or compulsory labor*

SWA management fully agree with this principle. As our concern area to support this implementation principle are:

- SWA consistently 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.
- 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.
- 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.
- 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.

#### ***Principle 5:***

##### *Support the abolition of child labor*

- Our commitment for this Principle continuously support and agree also with the principle. 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. To ensure that we do not employ child labour, thorough checks are made during recruitment and selection process that the candidate's age is should not be under the age of 18 years. This mechanism starts when we receive applications and verify the candidates' date of birth from their identity cards or birth certificates.



***Principle 6:***

*Support the elimination of discrimination in respect of employment and occupation*

- 40% of the workforce are women. As per 10 March 2015, the latest data of our employee shown that from 109 total employee, 42 people of them are women.
- All employees covered by corporate agreements. The agreement is being as the guidance 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.).

***Principle 7:***

*Businesses should support a preventative approach to environmental challenges*

As our commitment to support this environmental principle we also held some program such as Indonesia Green Company Award to search companies that had best practices in implementing “green” environmental principles so that other companies in Indonesia would do so. In this program, companies presented their experienced based on the triple bottom line – People, Planet and Profit (3P) – to contribute reducing carbon emission.

SWA is also 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. We do believe that business must develop and utilize “environmental 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.



***Principle 8:***

*Undertake initiatives to promote greater environmental responsibility*

Related with Principle 7, SWA Management in association with KBR68 pro-active attitude toward environmental issues is by making this topic as the headline in our magazine. Indonesia Green Region Award 2014 is an award program given out annually by SWA and KBR68 held since 2010 to the local government in Indonesia who has concern on the sustainability of environment and forest governance in massive and planned action. The main purpose of this program is to encourage the stakeholders especially local government to make more pro-environmental policies at their region. The winner of this program is expected to keep maintaining and developing the environmental and forestry policies in order to inspiring other local government in Indonesia to do so.

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 would be support 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.

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.*

- 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 5% reduction in electricity consumption (KWH/ equivalent access)
- Inclusion of energy variable in procurement procedures





- Good Practice Manual for Network Energy Efficiency drafted

### ***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. Transparency produces trust, it can make an impact in business environment. 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. The Indonesia Most Trusted Companies is a great joint program between SWA and the Indonesian Institute for Corporate Governance (IICG) held since 2002. CGPI Award is an appreciation and recognition to trusted companies which had applied good corporate governance. IICG 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.

### **Our Latest Related Programs Review**

#### **Indonesia Human Resource Excellence Award 2014**

Our commitment are continuously supporting and agreeing with the principle of the United Nations Global Compact “Support and respect the protection of internationally proclaimed fundamental human rights within area of influence”. As our implementation action we conducted The Human Resource Excellence Award 2014. This program 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 HR function in managing employee development and empowerment. The program aims to select excellent companies that had human resource management best practice in order to encourage others to do so. At the Indonesia Human Resource Excellence Award 2014, there were 19 companies (private and state-owned) participated.



There were several 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 chose who was the most special. They were Human Resource Transformation, Recruitment and Attraction, Reward Management, People Developing dan Performance Management.

19 (nineteen) finalist of Indonesia Human Resources Excellence Award 2014 were: PT KAI (Persero), Telkomsel, Citibank, Express Trasindo Utama, Agung Automall, Jasa Marga, Angkasa Pura II, Federal Oil, Bank Bukopin, Great Eastern Life Indonesia, CPP, Manulife, Bank BII, Bank DBS, BCA, Daya Adicipta Mustika, Tigaraksa, Erajaya, Wahana Otomitra Multiartha. 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.

### **Indonesia Green Region Award (IGRA) 2014**

Indonesia Green Region Award 2014 is an award given out annually by SWA and Kantor Berita Radio (KBR) held since 2010 to the local government in Indonesia who has concern on the sustainability of environment and forest governance in massive and planned action. The main purpose of this program is to encourage the stakeholders especially local government to make more pro-environmental policies at their region. The winner of this program is expected to keep maintaining and developing the environmental and forestry policies in order to inspiring other local government in Indonesia to do so.



A number of phases IGRA 2014 included brainstorming methodology, distribution of participation forms 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.



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) Bojonegoro, 2) Banyuwangi, 3) Malang. Meanwhile the winners from cities category were: 1) Malang, 2) Langsa. In the fifth year of the implementation of IGRA we also gave a special award for forestry governance. This additional category is an important and indispensable in efforts to improve the quality of environment. The winners of this categories are Tabanan and Semarang regencies.

### **Indonesia Green Company Award 2014**

IGCA is a joint-appreciation program between SWA Magazine and KEHATI (Keanekaragaman Hayati Indonesia) - a foundation that acts as a catalyst to find an innovative ways to conserve, manage and use biodiversity sustainably Indonesia - 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 inspire other companies to do so. In this program, companies presented their experienced based on the triple bottom line – People, Planet and Profit (3P) – to contribute reducing carbon emission.

At the Indonesia Green Company Award (IGCA) 2014, about 15 companies were decided to be finalist. They were: Holcim Indonesia, Garuda Indonesia, Aneka Tambang, United Tractors, Indocement Tunggal Prakarsa, Blue Scope Indonesia, metland Development, Indonesia Power, Pembangkitan Jawa Bali, Nestle Indonesia, Perusahaan Gas Negara, Wahana Solarhat, Toyota Motor Manufacturing Indonesia, and Gajah Tunggal. The finalists were invited to present their program in front of the judges at 18 – 19 November 2014. There were three main 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, commitment of Chief Executive Officer, concept and strategy (goal clarity, effectiveness and creativity) to obey based on the ethical businesses



2. **The plan of actions:** funding, organizing, and systematic mechanism to execute strategy
3. **The proven outcome and impact,** includes: environmental preservation, business performance and recognition of outcome, quality improvement, program development, internalization into system, and corporate culture.

After going through selection process by the panelists:

- A. Sonny Keraf (Minister of Environment 1999 – 2001)
- Arif Budimanta (Founder of Indonesia Center for Sustainable Development)
- Basuki W. Sambodo (Deputy Assistant of Accusation and Administrative Law Environmental Compliance of the Ministry of Environment)
- Darwina Widjajanti (Sustainable Development Foundation)
- Eniya Listiani Dewi (Head Division of Renewable Energy – Agency for Assessment and Application of Technology)
- Masnellyarti Hilman (Former Deputy VII - Natural Resources Conservation Enhancement and Environmental Degradation Control of Ministry of Environment)
- Surendro (Rating Development Manager, Green Building Council Indonesia)
- Mas Achmad Daniri (Supervisory board of Kehati Foundation)

The winner of Indonesia Green Company Award 2014 were:

1. PT Gajah Tunggal Tbk
2. PT Garuda Indonesia (Persero) Tbk
3. PT Indonesia Power
4. PT Nestle Indonesia
5. Perusahaan Gas Negara
6. PT Toyota Motor Manufacturing Indonesia



## **Indonesia Most Trusted Companies Award 2014**

The Indonesia Most Trusted Companies is a great joint program between SWA and the Indonesian Institute for Corporate Governance (IICG) held since 2002. This Award is an appreciation and recognition to trusted companies which had applied good corporate governance. IICG does not only motivate the company to apply GCG through CGPI (Corporate Governance Perception Index) 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.

The Indonesia Most Trusted Companies is measured based on the result of the Corporate Governance Perception Index (CGPI) with 12 indicator aspects included: commitment, transparency, accountability, responsibilities, independence, justice, competence, leadership, strategy, policy, ethics, and knowledge management. The research process were divided into four steps: methodology preparatory, publication and call for entries, assessment, and result of winners.



The number of participants of ICGA 2013 reached 31 companies. The Indonesian most trusted companies 2014 based on the CGPI 2013 were:

- PT Aneka Tambang (Persero) Tbk.
- PT Asuransi Jasa Indonesia (Persero)
- PT Bank Central Asia Tbk.
- PT Bank Mandiri (Persero) Tbk.
- PT Bank Negara Indonesia (Persero) Tbk.
- PT Bank OCBC NISP Tbk.
- PT Bank Rakyat Indonesia (Persero) Tbk.
- PT Bank Syariah Mandiri
- PT Garuda Indonesia (Persero) Tbk.
- PT Jasa Marga (Persero) Tbk.
- PT Bank Telekomunikasi Indonesia (Persero) Tbk.

While another finalists which earn the tile as “trusted companies” were:

- PT Adi Sarana Armada Tbk.
- PT Angkasa Pura II (Persero)
- PT Bank DKI
- PT Bank Papua
- PT Bank Permata Tbk
- PT Bank Sinar Harapan Bali
- PT Bank Tabungan Negara (Persero) Tbk.
- PT Bukit Asam (Persero) Tbk.
- PT Indo Tambangraya Megah Tbk.
- PT Kereta Api Indonesia (Persero)
- PT Krakatau Engineering
- PT Krakatau Industrial Estate Cilegon



- PT Krakatau Tirta Industri
- PT Mandiri Tunas Finance
- PT Pelabuhan Indonesia III (Persero)
- PT Pembangkit Jawa Bali
- PT Pertamina (Persero)
- PT Petrokimia Gresik
- PT Timah (Persero) Tbk

The Indonesia Most Trusted Companies 2014 found that the average score for the “commitment” indicator were surprisingly increased compared to latest survey in 2012 from 84,0 to 84,71 in 2013.