



**UN GLOBAL COMPACT**

**Communication on Progress**

**PT Supra Boga Lestari Tbk**

**(Ranch Market-Indonesia)**

**December 2015**

### **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, PT Supra Boga Lestari Tbk with 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, PT Supra Boga Lestari Tbk believe that the company can support universal human rights, environmental and social through 10 principles initiatives by the United Nations Global Compact.

PT Supra Boga Lestari Tbk 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.

**PT Supra Boga Lestari Tbk**

**Nugroho Setiadharna**

President Director

## **PT Supra Boga Lestari Tbk At a Glance**

PT Supra Boga Lestari Tbk, 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 17 years of journey, 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 2000 team members, 3.600+ of vendor partners 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 PT Supra Boga Lestari Tbk establishment of Farmers Market, bigger supermarket concept (4,000 m<sup>2</sup>) with heavy emphasis on fresh products.

## **Awards And Certificates**

By end of 2015, PT Supra Boga Lestari Tbk has 11 Ranch Market stores and 15 Farmers Market stores in Indonesia. Fresh products contribute more than 40% of total sales, the most in Indonesia supermarket industry, the company hold 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; hold Certificate of Registration for "Quality Management System" which complies with requirement of ISO 9001:2008 for the purchasing, receiving, handling, display and sale of perishable and non-perishable foodstuffs; awarded "**The Best in Building and Managing Corporate Image**" category High End Supermarket on Indonesia's Most Admired Companies (IMAC) 2013. The company was audited by SAI Global & succesfully renewed its ISO 22000:2005 Food Safety Management System & ISO 9001:2008 Quality Management System in May 2015.

## **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)

## **Core Values Business Missions**

- ❖ The Product  
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.

**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

**10 principles of Global Compact**

❖ Human Rights

- a. Not complicit in human rights abuse
- b. Protect internationally proclaimed human rights

❖ Labor

- a. Freedom of association and effective recognition of the right to collective bargaining
- b. Elimination of all forms of forced and compulsory labor
- c. Effective abolition of child labor
- d. Elimination of discrimination in respect of employment and occupation.

❖ Environment

- a. Precautionary approach to environmental challenges
- b. Promote greater environmental responsibility
- c. Development and diffusion of environmentally friendly technologies
- d. Work against corruption in all its forms, including extortion and bribery

This document explains how PT Supra Boga Lestari Tbk supports and respects the 10 principles of the United Nations Global Compact initiative.

## **HUMAN RIGHTS**

**Principles 1:** Businesses should support and respect the protection of internationally proclaimed human rights.

**Principles 2:** Businesses should make sure they are not complicit in human rights abuses.

### **❖ Systems**

PT Supra Boga Lestari Tbk consider and fully respect the human right issues. All the employees of the group are well treated, fairly appraised on a six months basis, and compensated financially and morally based on their achievement and work. We believe that our employees play a vital role in the success and continuous growth we are experiencing right now. Some of our program which is supports the human rights principles are:

- Implementation of national labor regulation (UU Tenaga Kerja).
- Implementation Good Manufacturing Practices (GMP) in working area.
- Implementation Food Safety System for ensuring product safety to our customers as well as for the employees themselves.
- Implementation of human resource management system.
- Implementation monitoring system to ensure company policies are being implemented.
- Actively raising funds for victims of national disasters
- Implementation of Good Services Management

### **❖ Actions**

The practical actions taken that describe the implementation of PT Supra Boga Lestari Tbk policies in supporting human right principles are:

- Implement the salary structure with minimum salary in accordance with UMR (minimum salary as per government regulation) for new employees recruited.
- Provide safe & health working condition, such as provide uniform, apron, mask, hairnet, gloves, jacket and boot for employees who work in hygiene condition (handling perishable/fresh product).
- Provide locker, rest room, washing basin including antiseptic soap & hand dryer, praying room and rest area for having lunch/dinner.
- Implement HACCP in all store branches to ensure food safety delivered to our customers.
- Implement relocations of employees between the different store branches, to enhance their experiences.
- Implement performance appraisal every six months for every employee.
- Provide reward system for every employee who can achieve company's target (sales, waste & implementation system achievement).
- Internal process recruitment to fill job vacancy is always the priority, before new recruitment from outside.

- Provide employees health insurance and retirement plan (Jamsostek).
- Provide medical benefit for every employee.
- Provide scholarship program for employee's children who performs well at school.
- Provide regular and compulsory training programs to enhance employee's skill & knowledge.
- Implement internal & external audit to ensure the human resource system implementation.
- Provide "Ranch Care" Program in helping national disaster's victim.
- Provide a scholarship program for customer in range Primary school to Senior high school.
- Provide iftar /employee breakfasting while Ramadan in each stores
- Provide seasonal employee discount at public holiday (Idul fitri, Christmas)

#### ❖ Performance

- All national labor regulation (UU Tenaga Kerja) have been implementing since PT Supra Boga Lestari Tbk establishment till now.
- The Company hold Food Safety (HACCP) certified by SAI Global since 2003, and upgraded to Food Safety Management System (ISO 22000) on early 2009. The latest certification held by 2015.
- Scholarship Program was launched on September 2006.
- All HRD system (internal recruiting, training, performance appraisal & medical benefit) is implementing since PT Supra Boga Lestari Tbk establishment and being improved through ISO 9001:2000 (Quality Management System) implementation since 2003 and improved through ISO 9001:2008 (Quality Management System) implementation since 2009. Company also has the latest certification at 2015.
- Kids Education Project 2013/2014" donation in teach for Indonesia.
- Hosting Wonderful Shopping Experience to Our Customers
  - a. Provide total food solution and healthy meal according to customer preferences
  - b. Teach the customers to become "great chef" and encourage them to have family meal at home
  - c. Let the children learn about how we farm organic vegetable, process foods, nutritious foods, and how to make cake for mother's day
  - d. Team members are empowered to give solution to customers and delight them
  - e. We are continually redefining the marketplace and further differentiating our stores and customer experience

## **LABOR STANDARD**

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

**Principles 4:** Businesses should eliminate all forms of forced and compulsory labor.

**Principles 5:** Business should uphold the effective abolition of child labor.

**Principles 6:** Business should eliminate discrimination in respect of employment and occupation.

### **❖ Systems**

- There is no formal labor union in the company, effective two ways communication between management and employees are always maintained through various channels to ensure good understandings.
- PT Supra Boga Lestari Tbk prohibits all forms of child labor.
- Pregnant woman employees have their rights.
- Against discrimination of gender, ethnic group, and religion.
- Implementing the human resource management system, such as human resource development program to keep employees motivation and skill.

### **❖ Actions**

PT Supra Boga Lestari Tbk implement national labor regulations (UU Tenaga Kerja) which :

- Conduct Management Review Meeting in order to review and solve problems related process, employees & other resources needed.
- Prohibit recruitment of child labor (under 18 years old).
- Provide overtime compensation for employees working in excess of their regular working hour.
- Saturday & Sunday off for supporting department staffs and 2 days/week off for operation department staffs (depending on their schedule).
- Provide national holiday allowance (equivalent to minimum one month salary) in Christmas and Idul Fitri (Moslem holiday) .
- PT Supra Boga Lestari Tbk allows pregnant woman employee to work and to take maternity leave for 3 months.
- PT Supra Boga Lestari Tbk open high position (managerial level) for woman and young people with qualified skill & knowledge.
- Provide training to enhance employee's skills & knowledge.
- Provide carrier path for every employee with best performance.
- Equal opportunity for all employees to fill open higher position in the company.
- Renewal and upgrading a personal appraisal system

## ❖ Performances

- National Labor Regulation is implemented since PT Supra Boga Lestari Tbk was established in 1997.
- All benefit packages has been implemented since PT Supra Boga Lestari Tbk was established in 1997
- Policy & procedures of our recruitment, placement, training & advancement of our staff at all levels are based on qualification, skill & experience. Performance evaluation system also improved with KPI approach since 2014.
- All HRD system (internal recruiting, training, performance appraisal & medical benefit) is implemented since 1997 and being improved through ISO 9001:2000 (Quality Management System) implementation in 2003, and then improved through ISO 9001:2008 (Quality Management System) implementation in 2009. The latest certification held by 2015.
- Full scholarship given to well performed Team Members' children who do well in school
- Encouraging Team Members to improve themselves by internal training or taking relevant courses
- Happy Team Members results in happy customers - our standard pay and benefits are above industrial standard
- Health insurance covers the whole family
- We always do internal promotion by tendering open positions to existing and capable Team Member first and always the priority for open position on every opening of the new store
- Self-managing Teams are the organizational cells of the business
- SBL gives full maternity leave to female employee.

## **ENVIRONMENT STANDARD**

**Principles 7:** Businesses should support a precautionary approach to environmental challenges.

**Principles 8:** Businesses should undertake initiatives to promote greater environmental responsibility.

**Principles 9:** Business should encourage the development and diffusion of environmentally friendly technologies.

## ❖ Systems

- Merchandising policy is to promote organic and healthy product.
- Respecting and support local farmers, especially local organic farmers.
- Implement Good Manufacturing Practices (GMP), *food safety & quality management system* in every store.
- Managing & reducing waste.
- Preserving water quality



## ❖ Actions

- Sell organic products since 1999 (the first supermarket who sell organic product in Indonesia) and environment friendly products.
- Installing one of the company values : “Advocate Organic Products” into company’s strategy objectives
- Assist local organic farmers in marketing/selling their products directly to Ranch Market’s stores.
- Assist farmers to produce good quality products and achieve quality standard certification implemented by Department of Agriculture (Standarisasi Mutu Indonesia)
- Make action plan to maintain waste as per company’s target waste, and connected it with rewards system.
- Preserving and maintain water quality through water treatment, water testing & do the oil & grease separation.
- Dividing waste into organic (recyclable) and non-organic (non-recyclable) and provide its bin separately.
- Using environmental friendly biodegradable plastic bag for wrapping.
- Working together with experts to improve the healthy living for customers and others
- Creating Wealth through Responsible Profits & Growth
  - a. Profits are created through voluntary exchange, not exploitation
  - b. Profits create wealth, capital, and prosperity
  - c. Capital is the fuel for all technological innovation and progress
  - d. Business has the fundamental responsibility to create prosperity for society and the world
- Paying producers premium price for their quality products:
  - a. Is an investment in producers and their communities
  - b. Puts money back into their operation
  - c. Enables them to invest in training and education for workers
  - d. Ensures more take home pay to help support better life
  - e. The company purchase meat from supplier with health approval from the local government (NKV - Nomor Kontrol Veteriner) to promote healthy store & healthy customer.

## ❖ Performance

- We strongly support organic and sustainable agriculture, increase organic products selling in store by 20 % every year.
- Provide environment friendly products in store, such as detergent, bleach and softener (ECOVER products).
- Awarded MAPORINA Award (Indonesian Organics Association) in 2005, as The Pioneer of Organic Marketing in Indonesia .
- Selling local organic fruits, vegetables, chickens & eggs from local farmers. We are committed to buy from local producers whose fruits & vegetables meet our quality & safety standard:
  - a. We are the leading retailer of natural & organic foods in Indonesia supermarket industry
  - b. We help improving the health, well-being, and longevity of thousands of customers

- c. Resisting the trend towards degradation of our food through the industrialization of food production
  - d. Helping small yet dedicated farmers to grow and have direct access to urban customers
- The first supermarket who sell organic beef in Indonesia
- Managing and reducing waste through ISO 9001:2000 implementation since 2003, and connected it through reward system since 2005.
- Do water testing to ensure the quality of water treatment minimal once a year in every site / store.
- Do the oil & grease separation & treatment in every store
- Dividing waste into organic (recyclable) and non-organic (non-recyclable) and provide its bin separately since August 2006 in every Ranch Market stores.
- Launching a book “Delighting D’Appetite” in collaboration with PCC (Parkway Cancer Centre).
- Working together with WWF to end poverty and conserve our environment.
- PT Supra Boga Lestari Tbk 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.
- Ranch Market and Farmers Market also invite the customers through Green Mission NEW trees program to join the replanting project.
- 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
- 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
- Fair Trade Program instead of Trading Term:
  - a. With the market’s inevitable price & production fluctuations, purchase guarantee and paying producers better price for their quality products cover their cost and more.
  - b. 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
- The mission of the program is to create economic partnership with the poor that can supply our stores with local products.
- The mission of the program is to maintain and/or increasing seafood production in the future without jeopardizing the ecosystem from which it was acquired.
- Provide a scholarship program for customer in cooperation with international school surrounding area.
- Ranch Market and Farmers Market concern about green mission and build a program for kids to plant a tree in fun kids program.

- Ranch Market and Farmers Market provide a reusable and reuse product at stores in order to do a green campaign
- Launching a book “ Diet Sehat alami “ which the content of healthy food.
- The company was audited by SAI Global & succesfully renewed its ISO 22000:2005 Food Safety Management System & ISO 9001:2008 Quality Management System in May 2015.
- PT Supra Boga Lestari, Tbk planted 17 trees each at 17 city parks in Jakarta and donated scholarship to 17 orphanages.
- The company runs the use of reusable shopping bag campaign at Ranch & Farmers Market stores to support government in reducing plastic bag garbage.

## **ANTI-CORRUPTION STANDARD**

**Principles 10:** Businesses should work against corruption in all its forms including extortion and bribery.

### **❖ Systems**

- PT Supra Boga Lestari Tbk implement anti-corruption policy.
- PT Supra Boga Lestari Tbk implement system monitoring & sanction for every employee who involved in corruption or bribery.

### **❖ Actions**

- PT Supra Boga Lestari Tbk conduct yearly financial audit (F&A).
- Develop intense communication with supplier to prevent/minimize corruption/bribery.
- Providing hot line for the supplier to talk directly to Management
- Implementing integrated system from back office thru front office (SAP) to ensure the operational system and openness.
- Conduct implementation system audit by internal auditor & management team.
- Severe sanction being imposed for any kinds of corruption.

### **❖ Performance**

- Conducting yearly financial audit every year by Independent Auditor (registered at *Otoritas Jasa Keuangan*).
- Conducting General Annual Meeting and Public Expose every year.
- Disclose material information to public.
- Implement Good Corporate Governance concept within the Company.

## **CONCLUSION**

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, we thought 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 and our vision reaches far beyond just food retailing.