

COMMUNICATION On PROGRESS

CORPORATE

SUSTAINABILITY

REPORT

PT. MARTINA BERTO, Tbk

YEAR 2015



Management commitment in implementing Sustainable Business

Statement of support

Entering year 2015, the business entities have been overshadowed by the instability of the world economy. Throughout this year, IDR exchange rate toward USD continues to more weakening than last year until had pierce IDR.15.200/USD at the end of the third quarter. However, functions of corporate governance have run well due to high commitment of management in seeking and using our competitive advantage to overcome weakness by looking for more creative efforts to face the heavier challenges.

We express our appreciation and thanks to stakeholders over the full trust and continuous support to us in 2015 that make it possible to grow and reach target on every milestone, while we are pleased to continuous support the ten principles of the Global Compact for the next years and after as we have been engage both local and global network under the flag of UNGC for over the last 15 years covering area of human rights, labor, environment, and anti-corruption.

The world is now facing big challenges regarding make balance between supply (resources) and demand. The world's resources currently support more than seven billion people, and will need to support 150% more by 2050 means there will increase the gap between resources and demand if no serious intention on it. Sustainable efforts to reduce the gap of them are remain challenges for us.

PT. Martina Berto, Tbk keeps the commitment to support the sustainable efforts by doing business making profit while building relationship between stakeholders to grow together in harmony at green nature. Through the engagement on UN Global Compact activity, we express our intent to implement the ten principles of UNGC. We commit to make the Global Compact and its principles part of the company strategy, culture and day to day operations of our company. To give more impacts in implementing those principles, we do engaging in collaborative program with other parties, corporate and local government under the coordinator of local network. Advancing the broader development goals of the United Nations, particularly facing the end of MDGs in the year 2015, PT. Martina Berto, Tbk will make a clear statement of this commitment to our stakeholders and the general public.

We realize that a key success on achieving every target of program activities we have to make the annual submission of Communication on Progress (COP) describing our efforts in implementing the ten principles in our daily activities. Our company's strategy would still based on the 4(four) pillars which is implementing our caring strategy for nature, education, culture, and women empowerment. These could be explained as:

- Beauty Green, performing program on caring our nature involving green production, caring our environment, preserving natural resources, and developing strategy on green company for green nation.
- Beauty education is the program in supporting national education program both formally and informally through some program implementation. Giving facilities and opportunities to village students to continue their study to get specific skills that can be use to improve their skills such as Spa therapist, massage therapist, makeup, and hair dresser. Giving scholarship is the other program in giving opportunities for poor family member in pursuing higher degree of study. More over we do also teaching community in many areas and subjects based on their needs which can be implemented directly in their daily life.
- Beauty culture is the program activities in supporting Indonesian culture conservation and exploring the potential of local community and rising up to the surface to get recognition from others. Preserving local culture is also the effort to keep local wisdom for good environment as a living in neighborhood.
- Women empowerment has also play an important role of Indonesia community as many local cultures previously believe that women role is not countable as the strong support in a family life. By implementing this program, we do belief that by exploring women potential, it is possible to change many things, to improve family welfare, and it is also possible to make a big change in market and business concept of the company.

We do realize that doing business is not just pursuing profit and achieving higher margin, but also caring our people to make our business on and stay alive, while caring our planet can make our world save from any destructive situation due to over exploration done by human.

Sincerely yours,

Brian David Emil
President Director
Board of Commissioners
PT. Martina Berto, Tbk



Foreword from Chairwoman

Along the year 2015 was quite challenging moment for almost all private sectors. Commodities price was falling due to the global economic downturn such as the price decline of energy sector. The effect of the oil prices would pressing Indonesia foreign exchange revenue which many depends on commodity exports.

However, company has to be survived and run continuously as we are employing more than 500 people. By strong commitment and dedication company can still achieve small growth on sales. We are looking at the prospect of cosmetic business is still good. Beside the portion of women citizen of middle class and productive ages as well as the cosmetics and personal care which still growing, show a lot of opportunities to grow sustainably.

As a beauty company, we have blended business, social, and ecological principle by exploring the ancient wisdom of beauty care throughout the lifecycle. Based on the concept of "*Rupasampat Wahyabiantara*", the beauty and health are of balance reflection about inner and outer performance. We have transformed and blended the richness of Eastern culture and Indonesian natural resources to be the soul of our brands and services to win the heart of consumers around the globe. While corporate social responsibility (CSR) is merged in the company mission that in-line to the business strategy and being highly committed by corporate management for the sustainable development. The 4-pillar of CSR activities consist of beauty green, beauty culture, beauty education and empowering women.

We do our business not just Profit oriented, but we commit in considering People and Planet. The reputation of our company is more internationally recognized as a trend setter producing natural techno beauty products that continuously merged with the richness of our Eastern culture, where we transform the local wisdom that supported by scientific data to meet the urban lifestyle and go global.

As a Global Compact LEAD member, we implement 10 principles of Global Compact in our daily activities and support the achievement of MDGs target in Indonesia by promoting self health care through herbs and multi stakeholder collaboration by implementing holistic green science concept. This concept will be blended in the company business strategy to make it sustainable development in the future.

We have also noted the outcome of the Rio+20 Conference on Sustainable Development initiated an inclusive intergovernmental process to prepare a set of sustainable development goals (SDGs). To fight against poverty, better education program and better health should be supported by sustainable development program which provide growth and job opportunities in the midst of population-explosion, climate change, destroying of environment, limited of renewable resources. What are the private sectors role in securing sustainable development to take part to solve this humanity and environment problem is by joining "The UN Global Compact Networks".

Focus area

Green movement and empowering women are two our focus area that get more emphasize related to the current condition. As the time being, our nation growth and

urban area become developed that potentially converting green area into housing and human area. So, green area tends to be depleted as the growth of the society. Green movement program in our company is just small contribution to nation through our comprehensive program from selecting environmental friendly infrastructure, green process, till product distribution activity meet to the consumer. We do committed to set up strategy on sustainable management of supply chain process, and communicate it to all our stakeholders.

Kampoeng Djamoë Organik (KaDO) Martha Tilaar, as part of our beauty green program, was mainly transforming the marginal bare land into a beautiful herbal holistic garden consisting MAC (medicinal, aromatic, cosmetic) plants in the center of industrial estate. The garden mission is to be the lung for urban city of Cikarang industrial estate and center for green education and eco-preneurship where people can learn the benefit of MAC (Medicinal, Aromatic, and Cosmetic) plants for health and beauty care, organic farming and green entrepreneurial education.

The holistic organic herbal garden of KaDO was created as our commitment in preserving biodiversity and local wisdom. Started from 1998, we tried to change the marginal land into green area by continuously planting herbs and trees. We educate our farmers about organic farming and postharvest treatment; while for small and home industries about eco-preneurship (ecological entrepreneurship) in Jamu (herbal products). For communities and students visiting KaDO, we do rise up their awareness to reduce global warming impacts, treating organic waste, exploring the usage of herbs for self health and beauty care; and also introduce to children for how to love our local wisdom, trees and traditional cultures.

Women empowerment program activity on the other side would be sustainable program of our company as women are our main stakeholders and potential buyers of our products and services. Some program we had done along the year 2016 involving women community in villages and urban area. The goal of this program is more about improving knowledge and skills of Indonesian women and specifically against women trafficking. Moreover, we do also empowering housewife to give more contribution to family welfare and wellness.

Here, we develop the two other pillar, Beauty Education and Beauty Culture, as a cross cutting program that can be implemented together with Green pillar and women pillar by working together with community, GO & NGOs, then, promote the activities through partnership with local and global media, and also provide books & guidelines of how to explore nature in a sustainable manner while preserving it for the future generation.

Future Direction

In the future direction, we try to develop programs activities based on the 4 pillars of Corporate CSR inline to the ten principles of UNGC to rise up welfare of company members (employees) and communities as the corporate stakeholder. Moreover, we do also designing program strategy related to the SDGs (sustainable development goals) with partnership concept of Penta-Helix (Academicien, Business, Government, Community, and Media) to create more successful inclusive business in the future.

Finally, in this economic situation that is full of pressure, the competition becomes very tight. The company has to setup or designing strategy more precisely in the situation like this. Company has to make differentiation to come out as a winner in this very tight market competition. By conducting sustainable report as the company progress disclosure will brings us to the global trend of company communication and later we can grab consumer attention through understanding of our products and company as the producer.

Founder of Martha Tilaar Group

DR. (HC) Martha Tilaar



Preliminary

Glimpse on Milestone of PT. Martina Berto, Tbk.

PT. Martina Berto, Tbk is a manufacturing company, pioneering group of company under the flagship of Martha Tilaar Group (MTG) found by DR. Martha Tilaar in 1970 by launching her first beauty salon at her parents' house, at Jl. Kusuma Atmaja No. 47 Menteng, Central Jakarta. For the time being, this company grows up to now as we can see here the milestone of the company.

1981 – In this year the company (PT. Martina Berto) built its first modern factory at Puloayang - Pulogadung Industrial estate, as a manufacturing cosmetics and herbal products with “Sariayu – Martha Tilaar” brand.

1986 – This year the company built its second modern factory at Pulokambing – Pulogadung Industrial estate, as the second manufacturing company.

1993 – In order to diversify to the upstream industry, in year 1993 the company acquired PT. Cedefindo whose main business was in contract manufacturing (of private labels) for cosmetics products.

1995 – Due to fast growing sales, in year 1995 the company relocated the manufacturing facilities of herbal products to Gunung putri Factory, Cibinong. Meanwhile, Puloayang factory was then transferred to the subsidiary company, PT. Cempaka Belkosindo Indah which manufactured cosmetics producing “Mirabella” and “Cempaka” brands.

1996 – the company obtained ISO-9001 Certificate (Quality management system).

2000 – the company obtained ISO-14001 (Environmental management system) and GMP (Good Manufacturing Practices) certificates on cosmetics and herbal products.

2005 – this year PT. Cempaka Belkosindo Indah (CBI) was merged with the company (PT. Martina Berto) so, “Mirabella” and “Cempaka” brands were also transferred to the company and being manufactured in Pulo Kambing factory. Pulo ayang factory (ex PT. CBI, was then converted to Sales office next to company distribution centre (DC) located at Pulo ayang, Pulogadung.

2010 – Opened a new retail outlet “Martha Tilaar shop” (MTS) in Singapore to boosts the International market.

2011 – There were two important moments this year, ie.

- a. Initial stock listing and
- b. Establishing a subsidiary Eastern Beautypelago, Pte.Ltd. in Singapore to operate Martha Tilaar Shop (MTS) in Singapore and outside Indonesia.

2012 – Groundbreaking construction of new herbal product factory at the area of *Kampoeng Djamoe Organik (KaDO) in Cikarang.*

Currently, Martha Tilaar Group consists of :

- PT Martina Berto, Tbk. (manufacture, marketing for Indonesia & International market),
- PT SAI Indonesia (distributor of Martha Tilaar Group cosmetic products),
- PT Martha Beauty Gallery (offering beauty counseling and educational services, i.e. Puspita Martha School of Beauty, Martha Tilaar Spa, Cipta Busana, Art & Beauty Martha Tilaar,
- PT Cantika Puspa Pesona (local and international franchise management for Martha Tilaar Spa, Dewi Sri Spa by Martha Tilaar, Eastern Garden Spa by Martha Tilaar),
- PT Creative Style (advertising agency company),
- PT Estrella Lab (a licensing of Germany Henkel Cosmetic), and
- PT Kreasi Boga Primatama (human resources agency).
- Eastern Beautypelago Pte.Ltd Singapore

Since the beginning of this company, management committed to run business inclusively by involving all stakeholders in the company program and activities related to the green production process. Martha Tilaar Group will continue to expand its wings by releasing international quality products. In order to be able to enter global market and take the position beside multi-national companies, all of the companies under the Group have to comply the ten principles of the UN Global Compact:



Management Strategy for Sustainable Business

Company has developed strategic aspects by applying the Ten Principles of UN Global Compact (UNGC) internally and externally. These principles have to be translated into practical works and later they become company attitude to gain every tied competition in the market. In some cases we do business processes from the beginning through the marketing communication and program activities by involving other parties as our stakeholders such as government and non-government organizations.

Combining the ten principles into business strategies

Our business strategies, as reflected in company's vision, "To be one of leading companies in beauty and spa industries with eastern atmospheres and values through modern technology," are designed by combining GC principles. These strategies involve stakeholders along the supply chains. Workers and human rights as well as environments altogether colorize company and become the company's strategy design. This is the most valuable point in improving our product competitiveness.

Bringing along the ten principles in CSR activities

From the very first start, company has been running the business by involving all stakeholders along from the production chain to product distribution. CSR activities are embedded in business processes from upstream to downstream by empowering all people involved in the production processes. From farmers, the supplier of raw materials, to end users of our products, mainly women, have to be touched and involved in our program. While Principle 10, Anti-corruption, has played more important role and it is big challenges in building good performance in competing global market.

Above all, the application of GC principles through CSR activities has made the efforts to create high impacts to communities and to achieve our corporate targets more effective. We unite the values of our business and operations to meet the expectations of stakeholders, which include customers, employees, regulators, investors, suppliers, communities, and environments.

We combine our social, economic, and environmental responsibilities to the stakeholders by actions and in our corporate policies. We openly communicate our strategies, targets, performance and management to the stakeholders in a continuous commitment to company's sustainability development. Finally, we also measure the implementations and results of the CSR activities, and then continuously improve them to fulfill company's short-term and long-term goals.

The Ten Principles of UNGC and Sustainable Business strategy of the company

Implementation of the Ten Principles of UNGC in this company (PTMB) is a long story since DR. Martha Tilaar has been appointed as one of founder member of this initiative in year 2000 by the UNHC. The profile of Martha Tilaar is not only as a successful woman entrepreneur from Indonesia but also she run business with heart and put her cold hands in touching every process by caring its people, environment, and business processes. This sustainable business strategy applied in this company made it possible to fast growing company among local competitors in national market.

Enterprises incorporated in the UNGC are obliged to uphold human rights, labor rights as workers, to pay attention to the environment, and to implement anti-corruption policies. In 2010, Dr. Martha Tilaar was one of 20 leaders of leading global companies directly appointed as a Board of Global Compact by the UN Secretary General Ban Ki Moon, up to the year 2015. By the time, the company has contributed a lot to the Global Compact activities especially in the local network of Indonesia. With high commitment

and enlarging networking among other companies, we can increase membership of IGCN from time to time to join in. Various program activities have been developed by local network team and supported by all members. Furthermore, we do also involve in some discussion in the last 15 years, to give contribution to the government policy related to the MDGs. We do actively involve in the IGCN through some discussion and events in preparing and shaping the next step of SDGs as the end of MDGs period.

PT. Martina Berto, Tbk is now running very fast growing manufacturing company as MTG becomes healthier business in beauty salons and Spa, which have been growing in all Indonesia areas and overseas, including the United States. The company leads the industry by focusing on health, personal responsibility and environmental problems.

HUMAN RIGHT

PRINCIPLE 1: Businesses should support and respect the protection of internationally proclaimed human rights;

PRINCIPLE 2: Business should ensure that they are not complicit in human rights abuses.

Human right is an important issue to be put in the basic attention in relation between employee and employer. Human asset has an important role in making possibility of business running smoothly and sustainably. PTMB (PT. Martina Berto) with its sub companies has put human right policy in the first rank linked to a number of separate related policies including freedom of association, no child labor, non discrimination, and equal opportunity. Maintaining human asset well is more important in supporting business growth. PTMB facilitated all stakeholders to protect fundamental human rights mention in the Universal Declaration of Human Rights, the UN Global Compact Principles, and other relevant Labor organization convention.

This company is still committed to respect the fundamental human rights as the basis for its overall approach to business. By joining to the Business & Human Rights Working Group (BHRWG) facilitated by IGCN (global Compact Network of Indonesia), we are sure to be able to implement UN Guiding principles in protecting the fundamental human rights of employee and stakeholders in communities where we operate around and cover area as expressed in the Universal Declaration of Human Rights and UNGC principles number 1 and 2 as well as International Labor organization convention.



Pic.1. Company supports human right principles with no discrimination in all areas by facilitating employees right in gathering and expressing their needs.

A brief description of Human rights program in company

Health and safety system

Having GMP (Good Manufacturing Practices) certificates of international ISO 9000 and ISO 14001, company has the obligation to provide safe and healthy working facilities. Company takes proper preventive measures to protect workers from work-related disasters. Company also anticipates dangers in work place.

Health and safety accidents are reported and investigated using reliable procedures available in the work place to receive and handle health and safety complaints from the workers. Company also monitors regularly production process, machinery and utilities to make sure that workers are safe and in a good working order.

Workers, supervisors and managers are trained to respond to emergency in the work place. First Aid kits and fire extinguishers are always ready; emergency exits are clearly marked and free from difficulties to access.

Work place is maintained to ensure its clean and comfortable condition. It includes the right temperature, ventilations and lightings, cleaning and sanitation area suitable for both genders.

Company also provides drinking water and healthy lunch or breakfast for all workers and facilities for clean and healthy canteen and place to eat.



Pic.2. Certificate of ISO-9000 and 14000 expressing company's commitment in caring its people and environment from any destruction.

Protection and training utilities

Company provides workers with protection utilities, especially in dangerous tasks, and provides adequate trainings to do their jobs safely.

For all religions and ethnic groups

Company supports and respects internationally-proclaimed human protection in treating our workforce in running the business. Our employees come from many parts of Indonesia with different ethnicities and have different beliefs and cultures. Therefore we have to cater the differences and give them similar and balance job description, as well as rights indiscriminately.

ETHNIC	2014		TOTAL	2015		TOTAL
	MGT	NON MGT		MGT	NON MGT	
Javaness	50	371	421	38	370	408
Sundaness	9	75	84	9	74	83
Sumatraness	15	52	67	28	52	80
Kalimantaness	-	4	4	3	4	7
Sulawesiness	3	12	15	6	12	18
Malukuness	2	3	5	3	3	6
Baliness	1	3	4	2	4	6
Nusa Tenggaraess	1	4	5	4	4	8
Chinese	8	2	20	21	4	25
Total	99	526	625	114	527	641

Description of effective monitoring and integration mechanisms of human rights

a. Performance targets for each supervisor and manager

The company implements management objective method to assess the employees. By this method, each employee is expected to be fully aware of his/her role in contributing to the company's performance targets. This method receives 360 feedbacks useful for *qualitative assessment*. It also shows the strengths and areas of improvement of employees. Employees are expected to self-assess themselves for self improvement related to the training and development needs analysis that generates a positive synergy. All supervisors and managers, including directors, must set the performance goals based on their job descriptions annually as a work plan. Then, the plan will be evaluated at the end of the year. The results of the performance target evaluation are used to set up their career plans and new salaries and other allowances.

b. The process for handling incidents

Every person of company employee is a member of *Jamsostek* (workers' social security program). The social security program is based on Indonesian Law No. 3 of 1992. Basically, the social insurance system is intended for the welfare of workers and their families. Social security schemes obtained includes programs related to risks, such as accident insurance, life insurance, health insurance, and pension plans.

c. Product control

Company takes steps to prevent risks to human rights resulting from product defects or improper use or misuse of the products.

Product complaints, both from the staff as well as our customers, will be managed in accordance with the standard operating procedures. Customer relationship manager will bring the case to the Department of Quality Assurance. The department makes sure that the product control related to human rights meets the requirements that company protects consumers, users and others from the dangers that threaten human rights. The threats are related to health, life, privacy and other impacts that may arise from the manufacturing, marketing, the use and disposal of certain products.

Reports on product management and procedures are periodically evaluated and monitored to prevent improper use or abuse.

We also give gifts to customers who complain about our products or service.

Human rights standards implementation by suppliers

Company has been promoting international standards of human rights in establishing relationships with suppliers, vendors, and other business partners. Although human rights standards implementation by our partners is out of company's direct control, but consistent commitment has to be made and declared by our partners for not involving in any kind of human rights violations. Human rights standards implementation is one criteria in selecting and developing business relationships.

Performance indicators on human rights standards

a. Results of the increase of internal awareness and training efforts

Career paths and promotions are given to each employee through the Department of Human Resource Management.

Career advancement is based on the achievement of overall performance goals, personal character, as well as the effectiveness of the training programs that have been given to each employee.

b. Our human resources management has six dimensions:

- **Work analysis;**

Every manager in the organization needs to understand and specify the duties and responsibilities of each job. This would be useful in finding the right person for the position required. Each job has different scales of responsibility, from simple tasks to the complex ones. Certain types of work require modest skills and the others need the higher ones.

- **Recruitment process;**

Recruitment process is the activity of the organization in selecting applicants for certain position. The selection is carried out by referring to the process of identifying potential applicants. Applicants are identified by their education, skills, abilities and characteristics that suit the needs of the organization in achieving its goals.

- **Competence development;**

There are two interrelated activities: training and development process. Training refers to the efforts to facilitate the learning of proper specific knowledge and skills to create more professional staff, while development consists of efforts to improve education, skills and attitudes to increase the ability of staff to meet the challenges.

- **Performance management;**

Performance management is used to ensure that the activities of the staff and managers produce results in accordance with organizational goals. It requires special activities and results as the guide to achieve the organization's goals.

- **Rewards and punishment system;**

Salary structure plays an important role in managing human resources. By determining the salary level of staff performance, organization can decide the activities and performance required of staff. Salary structure is evaluated by comparing it with similar business structure and segmentation. This evaluation is meant to avoid the good employees from being hijacked by other companies due to very large gap of salary structure.

- **Working relationship.**

Working relationship shows that the organization knows which staff has the ability to participate in the decision making process and know his/her rights and responsibilities. Thus, every member of the organization can perform well. Additionally, there is always transparency in measuring the performance of the staff because all members of the organization understand their rights and responsibilities. As a result, managers and organizations will give rewards and punishment fairly.

In the promotion of staff, career path is an important tool to guide staff and organization in putting people into a higher position. Career path helps organizations find competent staff and helps staff plan their future career as well. Thus organizations can promote

staff to a higher level without having to consider their ages as specified in the regulations. Managers can promote potential staff based on their achievements.

Furthermore, based on the guidelines of the career path, staff can plan their careers, for example, to be middle level managers after ten years of service.

LABOUR

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

Freedom for Gathering and Unity for all company members and freedom for rising the aspiration to the company to make a better working environment with the concept win-win solution among members. Each employee has the right to freely and voluntarily establish and join organizations of their choice. Company will facilitate worker needs related to do gathering and running association in corridor for not bothering working environment.



Pic.3. Company facilitates employee under the labor union to actively communicate with management and setting up a working agreement together.

PRINCIPLE 4: The elimination of all forms of forced and compulsory labor

Company has policy in eliminating all forms of forced and written it in the *KKB* (*Kesepakatan Kerja Bersama*/working agreement) that was signed by employee representative and management. Employees are free to join to Employee association and their program activities especially out of their working hour.



Pic.4. Labor union conducts meeting and consolidation among its member facilitated by company.

PRINCIPLE 5: The effective abolition of child labor

There is no employee under 18 years of age in company. Employees are in their productive age, 31-40 years old. There is no discrimination in the beliefs, culture, and gender. All just become the values to achieve high productivity of company. Company's commitment is to protect them as company's assets, not just as workers. They contribute to the achievement of company's sales and other performance targets

AGES	2014		TOTAL	2015		TOTAL
	MGT	NON MGT		MGT	NON MGT	
Less than 18 years old	-	-	-	0	0	0
18 - 20 years old	-	-	-	0	0	0
21 - 30 years old	4	72	76	14	81	95
31 - 40 years old	27	150	177	36	161	197
41 - 50 years old	49	239	288	45	229	274
51 - 55 years old	16	63	79	11	56	67
above 55 years old	3	2	5	8	0	8
Total	99	526	625	114	527	641

PRINCIPLE 6 : The elimination of discrimination in respect of employment and occupation

Commitment, strategy or policy in manpower

To implement the work principles, we maintain and keep the good work system that we have been running for several years. Company keeps on evaluating and improving the system to suite the current situations and conditions, taking government's references into account. We keep workers in a conducive atmosphere and improving their welfare.



Pic.5. Employees have their own decision to join in labor union facilitated with management to conduct gathering and expressing their words related to working condition and environment.

a. Reflections on the relevance of work principles for company

Company gives freedom to employees to express their aspirations through activities, such as:

• Koperasi Puspa Karya Karyawan

Koperasi Puspa Karya Karyawan is a legal cooperative body. Mini market, soft loan programs, and other financial or nonfinancial businesses are some of the examples.

• Religious Activities

Moslem community “*Mambaul Barokah*”, Women Muslim “*Choirunnisa*”, and Prayer Meeting are religious activities conducted regularly. These spiritual activities make employees’ faith stronger and deepen their spiritual values. Some interfaith celebrations are held to develop religious tolerance among employees. Company also provides weekly religious ceremonies for Muslim and christens.

• Sport Activities

Sports activities are conducted to build sportsmanship and develop a close relationship between departments.

b. Company’s written policy on labor.

Company has written policy on labor distributed to all employees. Using this document, employees learn code of conduct to understand their obligations and rights.

c. The Composition of Human Asset

The composition of human asset is based on our need both for office and factory. The composition is not based on sex or religion or other specific discrimination, but all are based on the competencies of the candidate.

RELIGION	2014		TOTAL	2015		TOTAL
	MGT	NON MGT		MGT	NON MGT	
Moslem	54	478	516	69	482	551
Christian & Catholic	44	43	103	44	40	84
Buddhist & Hindu	1	5	6	1	5	6
Total	99	526	625	114	527	641

DESCRIPTION	2013	2014	2015
Average employee's turn over per year	0.41%	0.88%	0.96%
Absenteeism / month	1.13%	1.26%	1.42%

SEX	2014		TOTAL	2015		TOTAL
	MGT	NON MGT		MGT	NON MGT	
Women	53	243	296	65	280	345
Men	46	283	329	49	247	296
Total	99	526	625	114	527	641

Additionally, there is no discrimination in the beliefs, culture, and gender. This means all are treated equally as members of company. We give employees opportunities to develop and upgrade their skills by providing external trainings and courses.

We give scholarships to potential employees for higher levels of specialized subjects. Every year, other facilities and allowances are also granted to employees with good target achievement.



Pic.6. There is no discrimination in all form of employee here as a commitment of the company in facilitating its employee.

d. Special commitment and goals for particular years

There is no discrimination in pursuing career and salary adjustment. Every supervisor and manager set up their annual goals based on company’s goal. The target achievement will be reviewed at the end of the year. New salaries are defined based on the target achievement and job title.

Description on effective management system to integrate work principles

a. Needs Analysis Training and Development

Internal awareness increase and training on work principles for management and employees are based on analysis training and development.

Needs Analysis Training and Development are done carefully as the key process in choosing the right training programs. So it is important to understand the requirements for each department and tailor-made designed programs. The right training programs have been proven to provide employees with insights and values needed for specialized jobs.

The company provides employees with two categories of training to improve the knowledge, skills and work attitude.

The first category is character building training of employees. Through this training the expected result is an increase in the work values that includes leadership, goal achievement, responsibility, integrity, risk taking and durability. Modules used include: Personal Effectiveness, Teams in Action, Sustainable Improvement.

The second category is technical training. This training is related to hone the knowledge and skills of employees in response to rapid changes in technology and methods of work in their respective fields. This training focuses on the competence of employees. Selected training modules include: Certified Professional Marketers, Assessment Center Assessor Certification, Advanced Course on Safety Assessment of Cosmetics, and Process Improvement Annual Symposium.

Especially forefronts throughout Indonesia are continuously trained on a monthly basis to maintain their skills beauty treatments and expertise in selling.

b. Employee complaints mechanism

The company has a mechanism to receive, process, and resolve employee complaints. This mechanism is managed by the direct supervisor and the Department of Human Resources Management.

c. Employee Scholarships and Awards

In order to create a positive environment for excellent performance and sense of belonging of the employees, the management gives scholarships to employees' children ranked the best in elementary school, junior high school, and high school. This program is a form of company's support for education that has been done in the last 22 years.

Gifts are given routinely to employees with certain service period and to employees with good performance. Outstanding employee will receive the Employee Recognition and the opportunity for a vacation abroad.

Description of monitoring mechanism and effective evaluation mechanism of work principles integration

a. System to measure performance based on performance standard metrics.

Company has a mechanism for wages, salaries, annual increment and additional benefits standard in accordance with the grade and position of each employee. Thus, the company periodically compares it with salary standards of the relevant industry

b. Employee performance evaluation

Company implements Management by Objective methods for the assessment of employees. Each employee is fully aware of their role in making a contribution to the company's performance. This method is supported by the 360 degrees feedback method. Such data is useful for the qualitative assessment to show the strengths and demonstrate employees' areas of improvement. Employees are expected to assess themselves (self-assessment) to improve themselves in conjunction with the Training and Development Needs Analysis which generates positive synergy.

c. The process of handling accidents

Management guidelines put top priority on safe and healthy workplace so that employees can work in peace of mind. To achieve this, the company has always created a “zero accident” at work. Employees and subcontract employees work safely, both for their own sake as well as to instill a sense of security in the minds of citizens around the plant. Work Health and Safety Committee of every company’s workplace leads to safety and accident prevention. The Committee also ensures the security of the facilities and prevents accidents through risk assessment, conducting patrols to ensure that the rule is executed correctly, increasing the safety awareness of employees by holding workshops. Committee also sends its members to other places to exchange safety information with members of other safety committees elsewhere.

d. Disclosure of main incidents involving company

Company manages incidents in the customer relations department to respond quickly and effectively customer’s problems. Responses such as these enable company deliver the highest standard of service just when the customer is in dire need. Based on Good Manufacturing Practices, we have a standard operating procedure for handling customers’ complaints. We also dedicate the manager and his team to have a closed relationship with quality assurance manager in dealing with problems so that company can provide a rapid and appropriate response to customers.

ENVIRONMENT

The policies on environment responsibility that businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.

PRINCIPLE 7: Business should uphold a precautionary approach to environmental responsibility

PRINCIPLE 8: Undertake initiatives to promote greater environmental responsibility

PRINCIPLE 9: Encourage the development and diffusion of environmentally friendly technologies

The green movement in all sectors

The activities relate to green mission have been done along the year 2015 as the continuation of previous year. This reflects company commitment in conserving our nature as well as greening our nation. The main target of this program is reducing emission and environment conservation through collaborative actions.

We organize environmental programs through internal and external activities

a. Internal program

We focus on the field of the manufacturing process. The program will be monitored and evaluated regularly to fulfill the commitment in conserving energy and implementing

Green factory for green production

Start from the beginning we do saving energy consumption in the production processes in term of water and electricity consumption. The program had been conducted since years ago as a sustainable program. The program includes water use reduction both for manufacturing and office such as water used for flushing toilets in the office. We do recycle wastewater for other purposes after being treated in wastewater treatment plant (WTP) such as for watering area, washing vehicle, etc.

Saving electricity use for production and offices has also done at anywhere around this company. We currently try to implement solar energy panel in producing electricity for offices by reduction any problem in installation the solar equipment. However, from time to time we do special effort in reducing electricity use for production as can be seen in the table below.

We make bio-pore holes in several places around the plant to absorb more water in the soil. We also have changed damaging ozone of central air conditioner to be 100% safe by utilizing eco-friendly materials.

Together with all stakeholders, we create a clean environment around the plant to proceed with clean emissions program and make recycling or environmentally friendly logo in every plastic packaging we use. 100% of vehicles entering the plant area met the emission standards, and this was maintained until now. The standard applies to company's and visitors' vehicles and all vehicles entering the plant area as well.

Sustainable program on environmental conservation is centered in the conservation area "Kampoeng Djamoë Organic (KaDO)". There are over 650 species of plants and trees native to Indonesia (medicinal, aromatic and cosmetic/ MAC plants) are collected. In this area we conduct some programs including training and extension to communities to improve awareness in preserving environment.

b. External program

We also conduct some programs as external program that we do directly in the community area by joining with other partners (GO and NGO) or we execute programs on our own initiative. Through collaborative activities under the coordination of the Global Compact Network of Indonesia, we do some programs under the program of Water Mandate Working Group. This year we celebrate World Water Day by involving community along the Ciliwung river by cleaning and strengthening awareness for not garbaging in the river. This event had also been supported by government and NGOs.

By partnering with local government of Gombong, Kebumen-Middle of Java and also supported by NGOs (Pansela) and University, we planted mangrove along the beach of Pantai Ayah that is vulnerable for abrasion and tsunami. There were more than 10,000 mangrove planted there as the sustainable program for saving beach area and repairing water ecosystem for water organism.

We do also conduct collaborative program with government of DKI Jakarta for community in the island (thousand island) and in *rumah susun (rusun)*, housing like apartment for low income community in the city. By teaching them about culture of clean and healthy living, we ask community participation to care their environment such as not garbaging everywhere but put it in the right places. By setting up Waste Bank, we work together with communtiy to solve community waste by handling it through the 3-R system (reduce, reuse, and recycle) starting in sorting activities in the level of house family. Then, we do also train community to be creative in handling non organic waste (pastics, papers, bottles, etc) by recycling it into other functional things. Moreover, we do also teaching community how to make clean and healthy environment for living area through implementation of 5-R Concept (*Ringkas, Rapi, Resik, Rawat, Rajin*). We also support community to build Communal Sewage handling installation (*instalasi pengelolaan air limbah/IPAL*) to reduce water and soil contamination due to human feces.

Effective management systems to integrate the environmental principles

Since 2000 we have been implementing the ISO 14000 management systems related to environmental policy in running our production process. Thus, there is no doubt that our company conducts monitoring and evaluation of implementation of the ISO requirements. Company management, from the top down, give their full support. Some steps made in strengthening environmental awareness among company members can be described as follows:

- a. Continuing the environmental program on the waste water treatment arrangement by conducting, monitoring, and processing the evaluation. There are about 38 tons on average per month of recycled water from the WWTP used for garden irrigation and other uses such as washing vehicles, and flow directly into the drainage of the city.
- b. Continuing electricity-saving program by changing the current electrical equipment to new energy-efficient appliances, including light bulb and air conditioner. Trial in applying solar cell for office electricity.
- c. Reviewing the environmental program documents related to government regulations and communicating environmentally friendly activities so that we got the BLUE Label of PROPER policy from the Ministry of Environment. Blue label means that we have met the requirements in handling the environmental impacts of the production process in our plant. The next step is to get GREEN label next year, which means that our business activities undertake CSR programs involving community as the stakeholders.
- d. Promoting Green & Healthy action and movement program and eco-friendly activities among stakeholders through:

- **Media gathering**

Providing information on what we have done in relation with environmental activities through press releases, and providing the opportunity to the mass media to visit the company and witness our activities on the environment movement. With this event, we hope that we have things to learn and to share.

- **Suppliers meeting**

Rejection occurs when providing information and programs regarding environmental conservation activities implemented by company. We regularly inform suppliers about our policies in reducing emissions around the plant. They are asked to participate in this program by having zero-emission vehicles; otherwise they are not allowed to enter the area.

- **Effective monitoring and evaluation of the company's internal green program**

Effective monitoring and evaluation has been conducted periodically for our entire environmental programs established since the beginning. Monitoring and evaluation document is reported to the stakeholders and management and is used as the basis to set policy in the next period. Internal environmental programs, target indicators, and achievement in 2015 shown as below.

REPORT STATUS - ENVIRONMENTAL PROGRAM

Issued by MR ISO 14001		Note Status :		
Date: Dec 2015		1) In planning; 2) In process; 3) Completed; 4) verified		
Objective, target, and & Program of environment				
Clausua 4.3.3				
Description, Objective, Goal, and Program		Time Estimation	2015	
			Jan s/d June	July s/d Dec
I. To be the company saving natural resources	1. Reuse of WWTP output for daily needs through:		T = 40	T = 40
	a. build sewage chamber	Aug'15		
	b. installing water pump for garden irrigation	Sep'15		
	c. activities on watering garden	Dec'15	1/June'15	1/Dec'15
	2. Saving natural resources through :	end of 2015		
	- recording & monitoring electric consumption:			
	a. Electric consumption (KwH / month)		124	120
	b. Ratio (product amount / KwH)		T = 27000 A = 22199	T = 27000 A = 26758
	- Recording & monitoring water consumption :			
	a. water consumption (m3 / month)		3078	2260
	b. Ratio (lt / man / day)		T = 100 A = 179	T = 100 A = 165

Objective, target, and & Program of environment				
Clausa 4.3.3				
Description, Objective, Goal, and Program	Time Estimation	2015		
		Jan s/d June	July s/d Dec	
II. Performing environment with controlable impacts	1. Implementation Program on domestic sewage as Per. Gub. No. 122/Year 2005 → a. Constructing STP komunal b. Commissioning phase c. Legalizing process STP d. Monitoring & evaluation result STP - Quality of domestic waste water, based on quality standard	Jun-13 Jul-13 Dec'15 Dec-15	2/April'15 4/ June'15	2/ Dec'15 4/Sep'15
	2. Construction program of Bio-pore (absorbion well) should meet the current regulation a. Collecting information b. planning c. Constructing bio-pore d. Commissioning	Jan-15 Jul-15 Sep'15 Jan'16	1/June'15	1/Dec'15
	3. Program on gradual replacement of ozone depleting substances through: 100% Central Aircondition by BPO replacement a. Periodic replacement, phase I (2 AC) b. Periodic replacement, phase II (2 AC) c. Periodic replacement, phase III (2 AC) d. Periodic replacement, phase IV (2 AC) e. Periodic replacement, phase V (3 AC) 100 % APAR has been replaced by BPO : a. periodic replacement phase I (40 pieces) b. periodic replacement phase II (40 pieces) c. periodic replacement phase III (35 pieces)	Jul-10 Dec-11 Dec-12 Jul-13 Dec-13 Dec-12 Jul-13 Dec-15	3/June'15	3/Dec'15

Objective, target, and Program of environment				
Claus 4.3.3				
Description, Objective, Goal, and Program	Time Estimation	2015		
		Jan s/d June	July s/d Dec	
III. Together with all stakeholders company performing green & clean company	1. Continuing program of Clean emission with the achievement reach 99% vehicles in PTMB factory area meets standard environment requirement, through the following action: a. working together with General Affair Department to implement clean emission program for cars b. monitoring & evaluation	end of 2015 Nov'15 Dec'15	4/May'15	2/Dec'15
	2. Inclusion of recycle/environment friendly logo for plastic containers. This should be printed on own plastic containers while for free mould containers should use the green plastic materials by: a. giving new product information to the chosen suppliers b. production trial of plastic container at supplier factory c. approval from quality control and R&D department d. delivery	up to 2015 Dec'15	T = new PM 4/June'15	T = new PM 4/Sep'15
	3. Periodic replacement packaging materials to environmental friendly materials a. inventoring existing materials b. surveying to supplier c. approval d. delivery	Dec'15	2/May'15	4/Dec'15

Results of standardized performance indicators in environmental management

Results of internal awareness-raising and training efforts Reports mentioned in criterion 15 will be followed by the company's management in preparing the plan for the next step. The goals achieved will also be recorded and is being replicated to the program and its partners and other stakeholders. Programs are improved by involving other partners in the form of collaborative action through local network GC.

We have been involved in some Biotrade green movement programs such as:

- SIPPO (Swiss Import Promotion Program Organization) as local experts
- As local experts, we provide facilitations for SMEs from natural and organic product manufacturers in Indonesia to improve the quality of their products and also provide market access to Europe's natural and organic market.
- Facilitating IPD (International Promotion Desk) in connecting our local producers and overseas users, and also providing information of organic material or environmental friendly materials resources.
- Leader of board of several bodies in Indonesia, such as the Indonesian Spice Council, the Global Compact Network Indonesia, Cosmetic association, and Jamu/Herbal producers Association.



Picture.7. Martha Tilaar Herbal Forest is a program collaboration between PTMB and Royal Silk Foundation in planting program for greening the brown land with MAC plants in the area of Sultan ground in Yogyakarta.



There are some areas around Yogyakarta that are in marginal condition especially during dry season due to limited water access for watering. By planting areas with plants and trees, they will absorb water during rainy season and release it to the area during dry season. Variety of plants has also been affected by local climate and conditions. We try to plant some trees and plants to green the area and give benefit to the local community.



Picture.8. Planting mangrove in the beach of Pantai Ayah Gombong-Sukabumi together with local government and local NGO.

There were about 10,000 mangrove planted in this area as a green program of our company partnering with local GO and NGO. Pantai Ayah, the area of planting is one of critical area and potential to wave abration. This will protect community area from disaster and it also repair habitat of water organism, such as shrimps, crabs, etc as a cacthment of fishermen to develop and increase their income.



Picture 9. Improving awareness of community in caring and utilizing environment in wise manner through training and extension by team KaDO.



Picture 10. By implementing green and clean production in the process line will be saving energy significantly.



Picture 11. Waste Water Treatment Plant (WWTP) with high capacity has been very helpful facility in cleaning the sewage and waste water before being used for other purposes or thrown to environment.



Picture 12. Collecting about more than 650 plant species of medicinal, aromatic and cosmological properties, and also endangered species native of Indonesia in the area of conservation, KaDO (*Kampoeng Djamoeh Organik*)

ANTI-CORRUPTION

PRINCIPLE 10: Businesses should work against corruption in all its forms, including extortion and bribery

Anti-corruption commitment is stated by the management, supported and implemented by all levels of employees, suppliers, and other stakeholders. This program is an ongoing action in our company, continuously monitored, and evaluated at all levels and all fields related to government policy and corporate policy. This are mentioned in company values called *DJITU* or accurate in English, but this word stands for *Disiplin* (discipline), *Jujur* (honesty), *Iman/Inovatif* (faith/innovative), *Tekun* (diligent), and *Ulet* (persevering). Honesty is one of value that have to be put deeply in everyone heart for not doing bad things especially corruption and all forms including bribery.

We seriously identify potential areas prone to corruption, including bribery, to eliminate the potentials. We also apply this policy to all related stakeholders in the supply chain, including suppliers, partners, and government.

Internal audits in our business

Internal audit is applied to all processes of production, management, and also financial matter. Regarding to the production process, quality control, GMP, and environmental systems are conducted every year to evaluate our suppliers and the principle of materials. Internal audit has also applied to ISO 140001 and management. We have run the ISO-2000 and ISO-14000 simultaneously since 2000. So, regular audits are performed to meet the requirements by an independent regulatory body.

- **Internal audits on the company's financial**

The Board of Commissioners has appointed the Audit Committee Charter as a guide for the audit committee and its members in carrying out the task. Audit committee charter has been documented in the commissioner's decision no. 001/PKJ/HRM/IV/2013, dated 1 April 2013. Audit committee holds a meeting regularly.

According to the charter, the meeting is held at least once a month. In 2015, the committee has held more than 25 meetings. If necessary, the meeting will be attended by the commissioner, director, head of division, head of the internal audit unit or a representative of an independent auditor company. In 2015, the audit committee had carried out duties in accordance with the charter.

Consolidated financial statements had been reported based on the results of evaluations conducted that the independence of the public accountant in the audit of financial statements is in accordance with general auditing standards commonly accepted. Audit was held the accompanying consolidated financial statements of PT. Martina Berto, Tbk and its subsidiaries, which comprise the consolidated statement of financial position as of 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In the opinion of auditor, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT. Martina Berto, Tbk and its subsidiaries as of 31 December 2015, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesia Financial Accounting Standard.

Monitoring and evaluation of planning, implementation, monitoring, follow-up of the audit in order to assess the adequacy of the financial reporting process, at least by monitoring and evaluating:

- **Implementation of internal audit units**

The evaluation makes it possible to conclude that the internal audit units planning has been conducted in accordance with the risk-based audit planning; and audit implementation and reporting has been conducted in accordance with the standard implementation of the internal audit function.

- **Suitability of the implementation of the audit by public accountant with the standards applied.**

From the results of the monitoring and evaluation by the audit committee, the public accountant has conducted an audit in accordance with auditing standards established by the Indonesian Institute of Accountants. According to the audit report by the public accountant, the financial statements have been prepared in accordance with the accepted standards.

Sustainable Business for Sustainable Development Goals

The principle of a successful business is the commitment of company management to integrate all stakeholders, including workers and society. Our labors have a good performance in the work area based on their specialization. Company produces good quality products because of the support of labors and suppliers. The same is true with

the high product sales in the market with the support of distributors, media, and the facilities of government agencies. Thus, the success of company development lies on a good integration between us internally and also externally with other parties, including the government. This success can be seen through our supply chain which involves all stakeholders.

a. Loyal customers and Distributor Awards

There are loyal customer gathering events organized by each product brand to reward our loyal customers in various kinds of activities. There are also distributor gatherings to reward their good performance by achieving the target or even more, for both national and international distributors. The success of marketers is about how they can connect and integrate the products with their customers.

It is the policy of company's marketing department to reward our loyal customers. As mentioned above in the event of annual customer gathering.

b. Implementation of the Global Compact principles in the value chain

Description of raw materials and semi-finished products used by the country or region from which they originate. Our company uses natural materials and chemicals for cosmetics and herbal products from local and global suppliers.

c. Strong relationships of supply and distribution

The company maintains strong relationships with suppliers and distributors. Distributors' network enables wide-scale distribution and serves as a channel of promotional activities, consumer education and awareness programs. In addition, the Martha Tilaar's outlets support brand development initiatives, acting as the company's customer support center together with retail centers.

Company's spa products are separately promoted and distributed through the spa chain operated by *PT Cantika Puspa Pesona*. A different subsidiary company also provides outsourced manpower for manufacturing facilities.

d. Strategic location and facilities are supported by distribution network and marketing activities

The company operates three strategically located manufacturing facilities in Indonesia, close to the main ports, both sea and air. Seamless logistics support results in excellent distribution system. Locations such as these become elements of important strategic advantages for the company.

The strategic locations make Company available across marketing channels with agents, branches and depots in Indonesia thus ensuring superior distribution. In addition, the company has strong relationships with suppliers and distributors that support it in various promotional activities.

e. Value chain policy, including policy for suppliers and subcontractors

We have standard operating procedures to evaluate and monitor the performance of suppliers. We have a principle based on the supplier assessment policy which is evaluated every year. This policy also includes the allocation of responsibility in the value chain and procedures. Through this policy, we fix the problem of non-compliance,

compliance checks in the value chain and value chain risk assessment to identify potential issues with suppliers and other business partners.

- **Transparency and Verification**

All information regarding to the company's profile and context of operation, the legal and organizational structure as well as countries where the organization operates and the market share can be found in the Company's Annual Report 2015.

Description of high standard of transparency and report disclosure

Detailed Description of the company's performance can be analyzed in company's annual report in 2015, consisting of several parameters, including data such as:

- Indonesian cosmetics industry: the Indonesian market size and growth, with the potency to maintain the momentum until 2015
- The main players in the Indonesian market
- Comparison of key performance indicators for the previous 2-3 years

Company's income statement

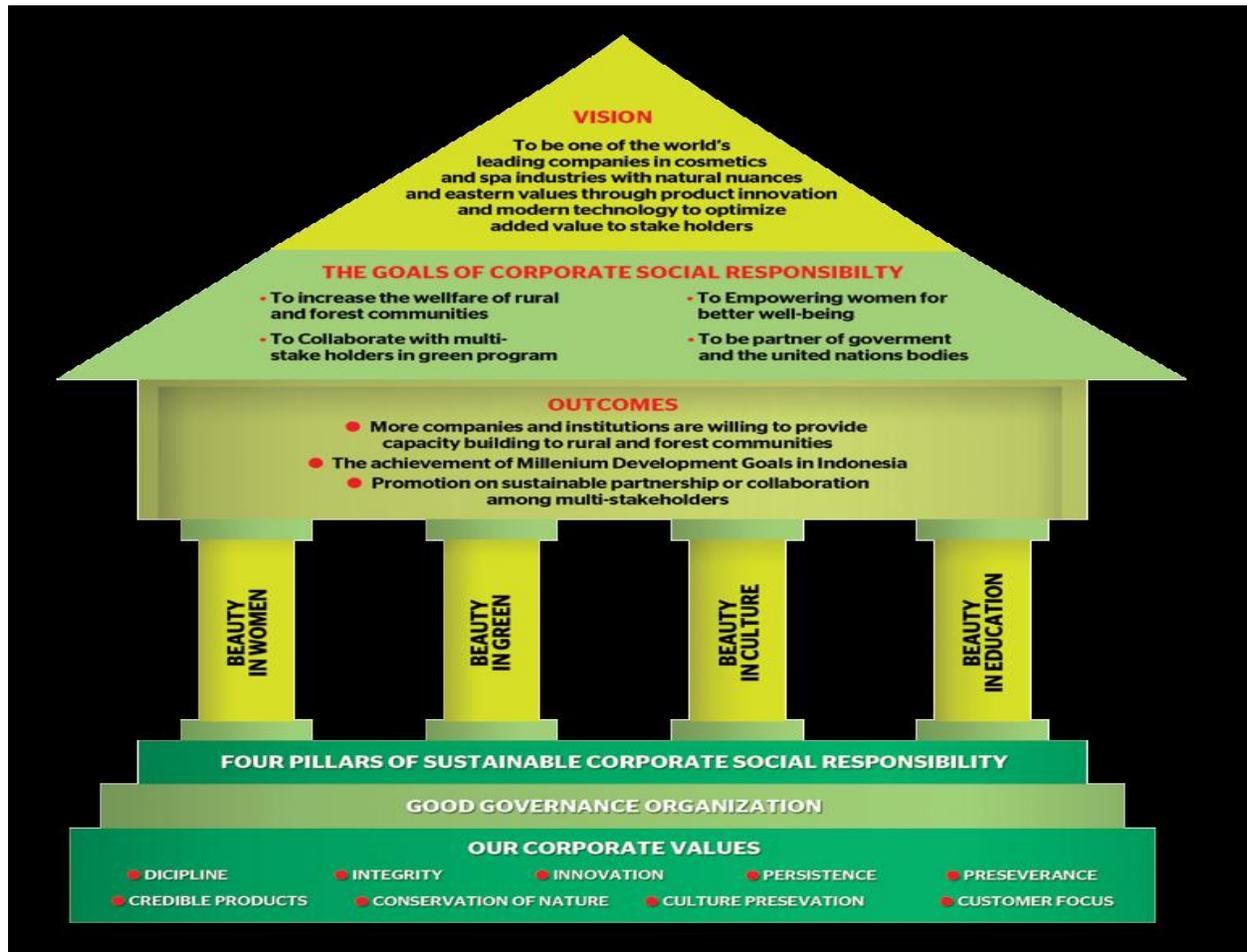
The COP is independently verified by a trusted third party and Reviewed by a multi-stakeholder panel

The national and international awards for the company in year 2015

Source : <http://www.marthatilargroup.com/id/penghargaan/2015.html>

No	Awards	Achievement	Institution
1	Top Brand Award 2015	In Recognition of Outstanding Achievement in Building the Top Brand Produk Sariayu Category : Face Mask	Frontier Consulting Group
2	Herword Beauty Awards 2015	Winner Editors' Choice Produk : Body Wash Dewi Sri Spa Martha Bali Pranaya Body Wash	Herword Magazine
3	Beauty Highlights 2015	Sebagai Produk Kecantikan Pilihan 2015 Produk : Dewi Sri Spa Bali Pranya Body Scrub	WomentsHealth
4	Bazaar Beauty Awards 2015	Certificate of Acnowledgement Produk : Dewi Sri Spa Whitening Body Scrub Best Of The Best Readers Choice Body Scrub Productd	Bazaar Magazine
5	Oci Award 2015	R&D Organizations Winner The 1 st Outstanding Corporate Inovator Award 2015 Inovations- Creativity – Indonesia - PT. Martina Berto, Tbk	Oci Indonesia

The House of CSR in PT. Martina Berto, Tbk



Vision

Being a world leading cosmetics company with oriental and natural atmosphere, utilizing research, research and modern technology development to provide added value to the consumer.

The purpose of corporate responsibility

- Improving the well-being of rural and forest communities
- Working with various stakeholders in green programs
- Empowering women for better welfare
- Being a partner to government agencies and the United Nations

Output

- More and more companies and institutions willing to provide capacity to build rural and forest communities

- The achievement of the Millennium Development Goals in Indonesia
- Promotion of a formidable partnership or cooperation among the various stakeholders

The pillars

- Beauty Green
- Beauty of Education
- Beauty of Culture
- Beauty in Women
- The four formidable pillars of corporate social responsibility
- Good government organizations

Our Company's Values

- Discipline
- Integrity
- Innovation
- Persistence
- Perseverance
- Reliable Products
- Protection of Nature
- Culture Sustainability
- Focus on the customer

Pilar #1:

Formal Education for students on the environment

Regular event we conduct at our green holistic garden, KaDO, introducing students to nature and the environment, teaching them what is in our environment, then, guiding them to love, care, and to be responsible in preserving nature and the environment for our next generation. This program is a gradual learning process for kids and students.



Picture 13. Learning about environment from the beginning at KaDO will lead students to be aware in caring and preserving environment

Nature and the environment as a source and medium of learning

Martha Tilaar Group recognizes that environmental education in elementary and middle school level needs creativity in the teaching method. Company invites students to learn firsthand practice in Martha Tilaar's KaDO (*Kampoeng Djamoé Organik*) at Cikarang. Here nature becomes an endless source of learning, exploration, development, and can be used as an interesting learning medium for students. They can learn thousands of species of medicinal plants.



Picture.14. local and international students visited KaDO to learn more about MAC plants conservation and culture preservation.

To utilize a wide range of learning conditions and various approaches in the environmental learning, emphasizing on practical activities, will provide students with a first-hand experience. It is a first-hand experience.



Picture 15. Students are the potential Agents of Change in shaping the future. Knowing more about real condition in the field, will drive them to do action later in the future.

Outdoor activities for children and students

Education program we applied here is developing learning system by integrating students with natural environment. Outdoor learning activity makes students feel closer to nature and the environment. Playing in natural environment is a first-hand experience which will be internalized and make them love their environment.

One of the goals in establishing *Kampoeng Djamoe Organik* (KaDO) is to grow new attitudes of children and students to the nature elements, such as water, air, animals, and plants. Many aspects are integrated in the environmental education and, therefore, children are invited to learn from nature as the source of learning and media as well.

Environmental education is an education that teaches children and students the knowledge of nature and the environment. The creativity, strategy and methods of the learning are continuously developed based on the needs of child development as well as natural conditions and environment in which the student resides.

Students from various schools have utilized Martha Tilaar's KaDO as a learning resource. The number of visitors have increased significantly from time to time representing the enthusiasm of the students using KaDO as a learning resource.

Training for Organic Farming System

Education and training on organic farming systems for farmers have been introduced by Martha Tilaar Group since more than 17 years ago and now is still continued for farmers producing MAC plants for herbal products. The content of the training will be how to grow the plants in accordance with GAP (Good Agricultural Practices). All the methods of handling process would be delivered in term of eco-friendly technologies application.

Standardized production processes are based on proper farming techniques. This method would ensure stable quality production. This is the role of Martha Tilaar Group in enhancing the value of commodities farmers. In addition, Martha Tilaar Group has a certain availability raw materials to ensure an ongoing supply chain.

Moreover, we provide on location training for farmers by visiting them as a development of training system that we held in our garden, KaDO. We deliver knowledge about herbs and herbal products. Identifying MAC (medicinal, cosmetics and aromatherapy) plants and how to implement organic farming systems. We also trained them to have a sense of high concern for environmental sustainability and ecological balance. Upon returning to their hometown, they can share their knowledge on good and environmentally friendly farming methods to each members.

Against Woman Trafficking program – Scholarship for Spa Therapist

Due to women trafficking cases afflicting girls in marginal rural areas, including fraud with the lure of becoming a Women Worker (TKW) abroad has made Martha Tilaar Group moved to provide educational support skills. Thus, since 1990, Martha Tilaar, founder and chairwoman of Martha Tilaar Group established a spa therapist training center at the Balisari Center, Kuta, Bali. But since 2015 the center had been moved to *Kampung Djamoe Organik* (KaDO) area at Cikarang-Bekasi, West Java.

The program of 4-6 month to-be-professional-spa-therapists education and training is intended to prevent young women from being caught up in scams. They are trained to have a competitive and qualified expertise so that they have enough resources to improve their family economic condition. Full scholarships cover the cost of education, housing, meals, and pocket money per month given to the students during their training period. After graduation, the students have a job contract for 5 years in the salon and choose to set up their own beauty salons or to pursue a career as a professional spa manager. There have been more than 4000 people as an alumni of our Training Center spreading out along Indonesia from Sabang to Merauke, even in overseas.

Pilar #2:

Beauty Green – Caring and preserving environment

We do some program related to green movement along *the* year 2015. The main green (Organic Herbal Kampong) as a place of conservation and the training center for environment conservation as well as indigenous knowledge preservation area especially related to medicinal plants and herbal gardens.

There are also number of green program we have done as a collaborative action with other parties, GO and NGOs, such as, sea water area conservation by planting more than 10,000 mangrove trees in the area of *pantai ayah*, central Java. We do also guiding and empowering communities to plant trees in their area and greening their environment with beneficial plants for foods and drinks. Educating communities to care their health by using plants and natural ingredients are also the other program related to caring environment and green movement.

Kampoeng Djamoë Organk (KaDO)

As described above, KaDO is a green area where we grow some species of MAC plants facilitated with lush, green trees, the sparkle of clear water from the pond and the green vegetables plants bring the atmosphere of a typical Indonesian village. Here visitors can find patches of medicinal plants around the house just like a family medicinal plants. With the presence of various traditional houses like Manado wooden house and *Joglo Jawa* on the left side of the pond, Sundanese bamboo house and Pendopo Bali/ Balinese gazebo on the other side, visitors will really feel at home village.

KaDO, located in the city center of Cikarang-West Java, is now being designed as integrated area with five elements. First, garden area with more than 600 species of MAC plants containing small, shrubs, and tree plants, make the environment green and the plants can produce materials for health drinks (Jamu). Second, factory building was set up there to process plant materials into health products and other materials such as plant extract and essential oils. Third, Klinik Jamu, was also set up there as place to serve people and community who need medical consultation using natural products and treatment, instead of chemical treatments. There is medical doctor as a practitioner in charge in this Klinik to serve patients for solving health problems by applying traditional and natural treatment. Fourth, Spa Training Center facility, the place where we train ladies for spa therapist with scholarship system program as mentioned before.

Fifth, Organic Health Cafe, a place where we serve our customer with healthy foods and drinks. Here we can taste different foods and drinks with traditional recipes.

Those five elements are connected together as the integrated elements supporting KaDO, where people can get full services of knowledge about original Indonesia culture.

As an environmental education and training center, KaDO provides various training modules, from organic farming, postharvest processing, how to utilize materials for health foods and drinks, and also light spa training program. It also provides learning and playing program for children and empowerment program for everyone.

In the middle of KaDO area, there is a large pond for boating. Rows of organic vegetables grown around the pond look very nice view especially when picking season is coming, that people can pick their own veges.

Program collaboration in Innovative Women Village program.

Collaboration program with University of Jakarta (UNJ) and Jakarta local government we run program with the theme “Desa Perempuan Inovative / Innovative Women Village” for the community of Pulau Seribu (Thousand island of DKI Jakarta). This program was objected to empower local women to be able to support their family through skill improvement and creativity in utilizing their environment. There were some program activities such as identifying local potential possible to be explored and developed as an economic value resources. Developing skill in processing local content for their basic need and for the potential of economic resources. Caring their health and beauty is the other program to improve women performance.





Picture 16. Training and Learning program for Women Empowerment with the theme Innovative Women Village at Tidung island as a collaborative action between private sector (PT. Martina Berto, Tbk), academic institution (University of Jakarta) and government (DKI Jakarta)

Biophores program

The mission of corporate social responsibility is to present company as a “Green Company” whose activities are integrated with community involvement and nature. PT Martina Berto Tbk., together with Indonesia Global Compact Network (IGCN), takes part in Million Biophores Movement program for Jakarta area.

Million Biophores program is a mutual movement to create Biophore Infiltration Holes (Lubang Resapan Biopori - LRB) for soil water saving, to convert organic waste into compost, to fertilize the soil, and to prevent flooding.

Biophore holes are tiny tunnels in the soil formed by the activity of soil fauna such as worms, also formed by tree root systems. These Biophore holes are filled with air and could expedite the absorbed water flows.

In addition to increasing the rate of water infiltration into the soil as groundwater reserves, in a matter of time, LRB also can produce compost.

With biodegradability of organic waste in the LRB, thanks to the role of land biodiversity, LRB also maintains the biodiversity of the soil fauna. There is life in the land that must be maintained by humans.



Picture 17. Activities in making bio-phores for conserving water in urban area.

Saving energy program

World Water Day is a global campaign aimed at drawing the attention of the international community about the importance of water for life and to protect water resources management in a sustainable manner. World Water Day is stated by UN Resolution No. 147/1993 and is celebrated annually on March 22 since 1993.

World Water Day 2015 celebration

In 2015, World Water Day's theme is Cleaning River Water along Ciliwung watershed, by campaigning activities along the river communities for not littering along the river, and also ask them to clean the river from house waste regularly along the year.

Water and Energy are closely attached. Water is needed to produce virtually all forms of energy. Energy is required at all stages of water management, from the taking process from the source, the processing, to its distribution. This entanglement is used as a central message in the World Water Day 2015.

Pilar #3:

Beauty Culture - Activities in preserving indigenous Culture

Sariayu Color trends – annually

Sariayu is one brand that is owned by Martha Tilaar which carries the values of natural beauty recipes based on tradition and cultural heritage. Many of the beauty that can be raised and developed in different parts of the archipelago which inspired Martha Tilaar to popularize it through color trend products.

By cooperating with WWF and Biodiversity Foundation, Martha Tilaar Group continues to explore the biological wealth of the nation and to carry the mission of this culture consistently.

Krakatau mountain is the very interesting place with baduy culture around the active mountain that has ever exploded with high impact on the West Java island. The world recognize well of this mountain standing strongly in the middle of Sunda Strait between Sumatra and Java island which also has a range of unique culture in it. Martha Tilaar was inspired to raise Krakatau widely by 2015 Color Trends.

Exploring indigenous culture related to natural cosmetics and herbal products

Medicinal plants have played an important role in many systems of traditional medicine and still do up to now in developed and developing countries in Asia, especially Indonesia. Communities derive their income through the sale of wild plants in the forest products or products that are cultivated. Cultivation of medicinal plants in Indonesia is characterized by subsistence cropping systems, scattered areas, poor quality, and less integrated.

Compared to other economic plants, medicinal plants still receive little attention in making genetic and culture improvement. Fairly primitive farming techniques have lead to poor results and quality. Due to the high demand on raw materials for the processing industry, plus the loss of natural habitat of most medicinal plants, large-scale cultivation of plant species need to be undertaken in Indonesia.

Martha Tilaar Group (MTG), which produces natural cosmetics and herbal products, has a close relationship with nature. The company explores local knowledge in the use of plant resources for health and beauty treatments. As a member of the UN Global Compact, MTG has been in the very beginning involved in helping people maintain a sustainable income. MTG supports community-based initiatives in the processing of medicinal plants by applying organic farming systems.

Farmer community groups provide an important contribution in the face of global environmental problems through local activities. Lessons they have learned are continually spread into larger farmer groups. Several community-based products include medicinal plants, organic fertilizers, fruits and vegetables, nuts, and vegetable oils.

In addition to conducting activities to preserve endangered species, these farmer groups - supported by MTG and the Ministry of Agriculture - also sell the premium quality herbal products nationwide. They produce herbal ingredients from preharvest to post-harvest seasons by applying Good Agricultural Practices (GAP). They add value to the products to increase the family income.

Many efforts have been made, but it is still a long journey. MTG continues to support farming communities by providing assistance and guidance to meet their needs. Lack of information and marketing, poor quality and packaging, and low entrepreneurial skills have made community-based organic products hard to enter the market. These situations can be addressed through creative initiatives and regular communication between the groups. There are customers who want to buy organic products. More and more companies are ready to support sustainable business practices that respect the environment and social standards as well as ensuring long-term profitability and sustainable supply of raw materials.

Program activities:

Fasilitating Jamu gendong community to set up the Association

There are more than two hundred traditional Jamu seller called “Jamu Gendong” who sell Jamu (herbal drinks) with a bucket in their back. We have train and guide them in producing hygienic Jamu with proportional ingredient recipee. It have been more than ten years we train and supervise them, and the number of group become bigger and bigger and now become more than 500 jamu seller as a group member.

In April 2015 we do unite them into an association of Jamu seller called “Laskar Jamu Gendong Indonesia” with Jakarta as a Head quarter and branches in level of provinces. For legal standing of this group we launched by law in April 16th, with full support of Martha Tilaar Group. With this legal association, now we can officially ask for supports from Government and other parties. It was noted that the group had been supported by Ministry of Trade through 165 bicycle donation for selling their jamu instead of carrying it in their back. BPOM (foods and drug regulator) donated about more than 5000 glass bottles for jamu packaging to be hygienic and clean. From Ministry of Health the support will be facilities and guidance in jamu production.





Picture 18. Declaration of “Laskar Jamu Gendong Indonesia” in April 16th at Martha Tilaar house, with the signing of legal document.



Picture 19. Jamu Gendong festival at Taman Mini Indonesia Indah (TMII) as an annual event promoting Jamu as traditional health drink use for caring health and beauty.



Picture 20. Promoting Jamu as Indonesia traditional health drinks among Ministries of Indonesia with theme: “*Minum Jamu Bersama*”

Training program for medicinal plant farmers

Since 2000 we have conducting trainings on the cultivation of medicinal plants with organic farming systems in some areas and villages.

Working with the Ministry of Agriculture of Indonesia, we invite farmers from various provinces to take the course and practice of cultivation of medicinal plants in our gardens. More than 50 people in each class come from different provinces to learn about exploring nature wisely and sustainably.

They learn to cultivate organic herbs in accordance with the GAP manual. They learn how to perform pre and post-harvest to produce the best quality of plant materials that are accepted by the industry as a user.

We build partnership with farmers in providing plant materials to enhance the added value of farmers’ income.

Preserving local culture as a national heritage

Preservation of local culture will survive and thrive if they are supported by the public and became a real part of the life of the nation. Therefore, it is necessary propulsion, observers, lovers and supporters from different walks of life

PT. Martina Berto always participates in preserving and maintaining cultural wisdom, particularly with respect to natural resources, such as:

Spice Conference in Ternate - Maluku

Playing an active role in the International Conference in Ternate – Maluku on The Third Spice Conference, to support local potential of Spice in the area of Eastern Indonesia. Historically, Indonesia is the spice chain for the world trade of Spice. Maluku area is the center of Spice producer what so ever in this tropical country.

International Spice Conference is an opportunity to build a prosperous future for the spice crops of Indonesia while simultaneously creating a forum for open dialogue between the many stakeholders in the international and local spice industry.

To enhance this event's impact, the conference will include valuable activities such as, a field trip to a local nutmeg plantation and processing plant as well as culinary demonstrations using local spices.

The conference activities were also be combined with Spice Exhibitions, making it the most attractive event in the region. Direct contact was made with businesses to invite special guests, especially importers and exporters from all over the world. Attendees were benefit from increased participation in the spice market and knowledge of the industry as well as create strong ties and partnerships with other key stakeholder and conference participants.

Many provinces in Indonesia including Maluku are taking too little efforts to use agriculture as a lead sector for poverty alleviation and as an engine of growth and economic development today.

Agricultural products should not be sold directly from the garden to market because buyers will fetch very low prices as compared to their counterparts - the processed and manufactured goods.

Farmers should be provided with relevant information as far a seed selection is concerned, availability of better varieties of seeds and other planting materials.

The education sector should be integrated into the process to produce skilled personnel to work in the industries, work on the roads, carry out research on better varieties and breeds, agricultural inputs, product development and market the products amongst others.

Pilar #4: Beauty in Woman - *Women Empowerment*

Indonesian women as part of national economic strength

Martha Tilaar Group has a variety of programs to empower women through various supports and trainings. Jamu Gendong program, for example, includes training for women working as jamu gendong sellers. Skilled Independent Women program provides training for women in post-disaster areas. Miss Indonesia program searches a role model for young, beautiful, smart and having-high-social-concern generation. Supporting Miss Earth program to promote environmental care and awareness among youth. Spa Training Center program to promote young lady villagers to become

professional spa therapists. This last program empowers young women to protect them from women trafficking much found in poor, impoverished area.



Picture 21. Introducing Indonesian richness of nature and culture to the world visitors by experiencing in many programs conducted in KaDO.

Women, smart and enterprise

Annual event of Miss Indonesia had been held in 2015 and our company still support in term of skill improvement especially in make-up and entrepreneurship. With their various backgrounds, the young Indonesian women demonstrated their skill and talent to become Miss Indonesia.

Sariayu Martha Tilaar was the official makeup and hair style brand for Miss Indonesia 2015. Makeup artists and hair stylists of Puspita Martha International Beauty School of Sariayu Martha Tilaar were deployed to enhance the appearance of all the finalists by using a collection of its latest color trends: Inspiration of Krakatau mountain and Badui local culture.

The beauty contest supported by Martha Tilaar Sariayu is held to find and prepare an Indonesian woman who will become an ambassador in social, cultural, and economic area, especially in international forums.

Sariayu Martha Tilaar tries to unify the vision and mission to promote Indonesia's local culture and wisdom to the world. Therefore, the judgment in Miss Indonesia 2015 contest was emphasized on MISS: Manner, Impressive, Smart and Social. So the chosen one would be Miss Indonesia with well manner, positive impression, smart, and social concern.

Jakarta Fashion and Food Festival (JF3) 2015

JF3 2015 was held in April annually. Started with a fashion show of famous designers of Indonesia, on the road of Kelapa Gading Jakarta, visitor were then presented with many events, such as exhibitions, fashion shows, seminars, competitions, talkshows, and large stall of cullinar shows presenting various kind of foods and drinks along the culture of Indonesia, from Aceh to papua.

The opening ceremony was attended by Minister of Tourism and Governor of DKI Jakarta and other designers and private sectors supporting this event, as well as the event promotor such as DR. Martha Tilaar and Wulan Tilaar of Martha Tilaar Group.

This event is higly supported by government especially to promote Indonesia richness culture and talent. The presence of DR. Martha Tilaar has showed Martha Tilaar Sariayu's support to this largest fashion event in Indonesia since few years ago. Jakarta Fashion and Food Fstival (JF3) and Sariayu Martha Tilaar share the same mission: to promote local knowledge to worldwide.

Employing 70 % of women

This company is still committed in doing business inclusively by empowering more Indonesia women. Since beginning of this company, women are the most important asset in the line of manufacturing producing cosmetics and herbal products. Doing such business is a unique combination that we do economic activity while support women empowerment activities. Currently, we employ more than 5000 people which about 70% of those are women. As the most employees we do educate and empower them to be skilfull employees to be able to support their family welfare. Thousands of therapists and estheticians educated and channeled through Spa & Training Center and Puspita Martha Beauty School.

Collaborative program with other parties

Collaborative programs were more conducted with GC Network of Indonesia together with all members interested in the program. We do actively involve especially in national activities under IGCN umbrella and its working groups.

Workshop and Training – Business and Human Right

A two day Business and Human Right seminar and workshop was conducted in 24-25 February 2015 in corporation with Oxfam Indonesia. The first half day seminar was for business executives followed by workshop participated by 66 attendees from companies, CSO, academic institution, and embassies.

This is part of the Global Perspectives on Putting the Responsibility to Respect into Practice. Project innitiated by Oxfam America and Oxfam Novib, Shift and The Global

Compact Network Netherlands. This project explores perspectives from companies and civil society acting on challenges in, and effective approaches to, implementation of the corporate responsibility to respect human rights in four key emerging economics – Indonesia, Mexico, South Africa, and Turkey. Indonesia was the first country to host this project. As the follow on action, the participants were committed to create working group.

Promoting SDGs – Business Sustainable Forum I and II

BSF-I was conducted in June 2015, in collaboration with Atma Jaya Catholic University and Bhimiksara Foundation. IGCN organized “Business Sustainable Forum: Growing with Nation”. Attended by 125 participants from corporations, academic institutions, CSOs and government. The objective of forum is to increase understanding about business sustainable concept, why it is important, what the priority issues and challenges are, and what solutions and actions can be achieved in a collaborative manner.

The first session was presented by Head of Economic Study and Public Policy Research Center, University of Gajahmada (A. Tony Prasetyantono, Ph.D) and CEO of Triputra Group (TP. Rachmat) who talk about economic growth.

The second session highlighted environmental sustainability presented by Former UN Special Ambassador for MDGs in Asia Pacific (Erna Witoelar) and Director of PT. Astra International, Tbk. (Paulus Bambang W.S.)

The third session focused on Social Equity presented by President of IGCN (YW. Junardy) and CEO of Kompas Gramedia Group (Agung Adiprasetyo).

The forum raised the importance of governance and law enforcement as key factors in business sustainability.

The BSF-II was held in November 2015, with a theme of “Smart City Actions For Better World”. The forum discussed SDG#11 “ Sustainable Cities and Communities”. This event attended by 75 participants from 23 corporates, 8 NGOs, and 2 academic institutions, brought up a topic of “Smart City” covering eight aspects: smart governance, smart energy, smart building, smart mobility, smart infrastructure, smart technology, smart healthcare, and smart citizen.

The first session presenting Prof. Robertus W. Triweko, Hydro Engineering Professor from Parahyangan Catholic University who gave his insight from the academic perspective of a smart city. While in the second session, private sector leader shared how business can contribute in the development . Presenting Speakers were: Director of PT. Telkom, Tbk (Muhammad Awaluddin); CEO of PT. Nusantara Infrastructure (M. Ramdani Basri); President of IGCN (YW. Junardy).

The 4th Social Responsible (SR) Asia Conference

International Conference conducted by SR Asia in partnership with IGCN and member of leading organizations was held in November 2015. The aim of the conference is to

increase public awareness on Sustainable Development Goals (SDGs) through the 4th SR Asia International Conference.

It was attended by around 120 participants from Indonesia and some countries in Asia introducing SDGs and discussed various related aspects including environment and climate change, sustainable city, green industry, green productivity, sustainable consumption and cleaner production, sustainable tourism, and sustainable agriculture and marine.

The final result from the conference was generated through a limited expert panel session and it was summarized in a document entitled "A Pathway towards Sustainable Development Goals: People, Process, Partnership". This document includes recommendation to stakeholders to strengthening individual capacity; implementing the right, effective and efficient processes, and maximizes multi-stakeholder collaboration.

Business for Peace – Mass Wedding for Under-privileged Indonesian families

Mass wedding for under-privileged families has been an ongoing IGCN's Business for Peace (B4P) program. In year 2015 there is another biggest mass wedding in the world conducted for under-privileged Indonesia families as an enforcement and protection of their civil rights. This program allowed 5,115 families to obtain marriage and more than 10,000 birth certificates in process, which will provide them access to education, healthcare, security, microcredits, and formal job opportunities.

The process from outreach, identification, registration, wedding, and the final reception began several months before and involving workers and volunteers from government, military, business, and humanitarian organization.

The reception took place at Istora Senayan, Jakarta, attended by more than 10,000 people. This program was a collaborative action between IGCN, Yayasan Pondok Kasih, Harmoni Cinta Indonesia with logistic support from the Indonesia army. This program was supported by companies among others: Saiayu Martha Tilaar, Alfamart, Alfamidi, Rajawali Corpora, Bank Mandiri, AKR Corporindo, Indosat, Brasali Group, Mastrada, Trans Javagas Pipeline, Asia Pulp & Paper Group, Unilever Indonesia, XI Asiat, Nestle Indonesia, ExecuTrain, Packet System Indonesia, Sari Roti, Perhimpunan Shekinah Bina Insani, indosiar, RTV, and some individual donors.

"Under the Global Compact business for rule of law framework, companies are creating databases of laws and automating birth registration systems. Strong rule of law is an essential foundation for advancing sustainable development – and it provides the predictability and transparency that is so important to the private sector" (UN Secretary-General Ban Ki-moon, at the United Nations Sector Forum, September 2015)

Working Groups – Business and Human Rights

Business and Human Rights Working Group (B&HRWG) is a voluntary movement of institutions which have common concern on human rights in relation with business

operations. The group was initiated by IGCN on May 2015 as a result of the Senior Leaders Briefing and workshop on business and human rights in February 2015.

The group defines two primary agenda, (1) to enhance UN Guiding Principles on business and human rights into corporate values, and (2) to actively contribute in drafting the National Action Plan on business and human rights coordinated by Human Rights National Commission. This working group is headed by three Co-Chairs, a Secretary and Treasurer. The three co-chairs are Anugraha Dezmericoledi (Rajawali Corpora), Kania Mezariani (ELSAM), and John Darmawan (SWITCH Indonesia), with Satriyo Anindito (Rajawali) as a secretary.

The working group is conducting survey about Business and Human Rights no.43 business entities and plans to announce the survey result during the inauguration of the working group in April 2015.

Working Group – Indonesia Water mandate Working Group (IWMWG)

In year 2015 there was no big event done by the working group on water issues except celebration of World Water Day in March 2015 as a collaborative event involving Government, and NGOs as well as river community. However, each member of IWMWG by itself doing their own program internally, such as saving water energy utilization, reducing water loss due to office and factory use, and also caring water resource. Some program have also been set for the next year activities under IWMWG.

Indonesia water mandate working group (IWMWG) conducted meeting on December 2015 to discuss action program for 2016 which will cover programs for 2016 World Water Day commemorations, continuation of water conservation, and clean water projects in greater Jakarta area.

IWMWG is lead by Librian Anggraeni (Asia Pulp & Paper Group) with the members include among others PT. Martina Berto, Tbk, Nestle Indonesia, Unilever Indonesia, Express Transindo Utama, WVI, Eagle High Plantation, Rajawali Foundation, Ranch market, BINUS University, and Atma jaya Catholic University.

Re-launching of GC Corner at the Ubud Marketing Museum, Bali

IGCN re-launching the first in the world Global Compact Corner as one of the corners at Museum Puri Lukisan, Ubud, Bali during The Ubud Royal Weekend in June 2015. This corner is part of the one and only Marketing Museum in the world founded by MarPlus Inc. The Global Compact corner is decorated by Balinese classic painting narating the story about the pillars and the Ten Principles of Global Compact. The corner is equipped by photo panel and video about UNGC, IGCN activities, and publication display.

The re-launched was conducted by DR (HC) Martha Tilaar, Board and Founder of UN Global Compact. The corner is expected to raise wider awareness of UNGC among the museum visitors.

ORGANIZATION – IGCN Board Meeting

DR(HC) Martha Tilaar actively involves in supporting both UNGC and IGCN as local network in Indonesia. As a Founder of UNGC and pioneering IGCN in Indonesia, she is actively involved in some events and coordination meeting by giving general guidance and strategic input in running program activities. To comply with the organization's charter, IGCN annual board meeting was held in March 2015 at markPlus office. Attended by the IGCN founder, Board of patron, Board of Supervisor, Board of Management and IGCN Secretariat, the meeting reviewed the 2014 activity report, 2015 workplans, and establishment of new Board members.

The agenda of the meeting presenting 2014 activities by IGCN Secretary General. While YW. Junardy, President of IGCN delivered his presentation "IGCN: The way forward 2015-2018" as the IGCN agenda for the next three years. The key point is to bring IGCN from established local network to advanced local network by following actions: raising awareness in national level, recruiting SMEs, strengthening partnership, conducting series of training, holding more frequent member gatherings, creating more collaborative actions, implementing collaborative funding, developing and promoting value proposition of global Compact, providing COP/COE support, supporting activities related to UN Goals with local priorities.

The meeting approved the report with some recommendations, and acknowledged all the member of Board of Management with appreciation for all the accomplishment. The following members were reappointed for period of 2015-2018: YW. Junardy (President); Sinta Kaniawati (Secretary General); and Nugroho Setiadharmha (Treasury).

The second Board meeting was conducted in November 2015 at Martha Tilaar's residence to review the 2015 progress and 2016 business plan preparations. The Board also approved the new organization structure.

ORGANIZATION – IGCN Members gathering 2015

Supported by PT. Datascrip, the annual members gathering event was held in July 2015 attended by 34 attendees from IGCN Business and non business members. There were three presenters on this event: Berry Boen (PT. Datascrip) presented their company profile and involvement in Global Compact; Budy Hartono (former IGCN Executive Director) presented latest and upcoming IGCN activities; while YW. Junardy (President of IGCN) shared about 15th Anniversary of UNGC and upcoming Sustainable Development Goals (SDGs).

In this event had also celebrated and greet YW. Junardy who has appointed as a Board member of UNGC continuing DR. Martha Tilaar that had been seated there for the last three years. Special acknowledgement and greet from all attendees to DR. Martha Tilaar for her contribution as Board of UNGC at NYHQ.

COVERING

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with the Ten universally accepted principles in the areas of Human rights, labour, environment, and anti-corruption. By doing so, business as a primary driver of globalization, can help ensure that markets, commerce, technology, and finance advance in ways that benefit economies and societies everywhere.

“The UN Global Compact Management Model” guides companies through the process of formally committing to, assessing, defining, implementing, measuring, and communicating a corporate sustainability strategy based on the Global Compact and its principles. It is a simple, yet broad and flexible, model to guide companies of all sizes through the process of organizational change to embrace corporate sustainability. This model is particularly helpful for those just entering the sustainability realm, but also offers guidance on Leadership Practices for more experienced companies.

Currently, the consumers expect that companies do more than just earn a profit, but only a few companies who believe that the effort will have a positive impact on the companies. Sariayu Martha Tilaar fought hard to close the gap between customer expectations with perceptions of CSR year after year. Sariayu Martha Tilaar recommends companies improve how they share their CSR efforts with the public and emphasizes that transparency and authenticity is the best approach.

“If they [companies] believe they are in business to serve people, to help solve problems, to use and employ the ingenuity of their workers to improve the lives of people around them by learning from the nature that gives us life, we have a chance.”
(Paul Hawken)

Jakarta, September 2016

Palupi C. Kusumaningrum
Head of Ccom and CSR

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