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**KIROYAN
PARTNERS**

STRATEGIC
COMMUNICATIONS

BUSINESS
SOLUTIONS

2017

COMMUNICATION ON PROGRESS

October 11, 2017

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COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

STATEMENT FROM CEO



At Kiroyan Partners we believe that any company irrespective of size must adhere to universally accepted business ethics. The United Nations Global Compact provides clear guidance for business anywhere in the world, whatever sector it conducts its activities in and regardless of the number of employees and the size of its capital and revenues.

We committed ourselves to the principles espoused in the UN Global Compact toward the end of 2008 when the company was barely two years old. The principles remain as valid now as they were then, and have helped provide a compass in managing our daily affairs as well as providing directions for the future.

Human rights, labor protection, and commitment to fighting corruption as declared in the compact remain our core focuses as a service company. In particular we have improved employment conditions beyond the requirement of the national labor regulations. We are actively involved in initiatives to promote the understanding of the role of business in upholding human rights and fighting corruption. Meanwhile in the area of environmental protection, we are doing our absolute best within the confines of our limited footprint through continuous endeavors to preserve our environment and contribute to the betterment of the surrounding community.

We are confident of our ability to abide by our commitment in the years to come.

A handwritten signature in black ink, appearing to read 'Noke Kiroyan'. The signature is fluid and cursive, with a large initial 'N'.

NOKE KIROYAN

President Director & Chief Consultant

OUR REPORT IN 2017

Kiroyan Partners has been a UNGC signatory since 2008. Being established in 2006, we were only about two years old at that time; a very young age for a company. We decided to join UNGC because we found that its principles correspond with the values we based our business on. Since then, we have been an active advocate of the UNGC principles: we submit our CoP report every year, we state on our website and company profile that we support UNGC principles, and we promote ethical business practices to all of our stakeholders.

At Kiroyan Partners, our ultimate corporate objective is to operate beyond profit making where we aspire to promote sustainable and ethical business practices. Our mission is to provide workable business solutions that adhere to Good Corporate Governance (GCG) and corporate social responsibility principles as well as to provide a cultural bridge between Indonesia and the international business community. In that regard, the UNGC principles have been instrumental in providing a guideline which simplifies our GCG evaluation process.

In our ninth year as signatory, we continue to communicate the progress of our business sustainability at the Active Level. In particular we have improved

employment conditions beyond the requirement of the national labor laws. Human rights, labor protection, and commitment to fighting corruption as declared in the compact remain our core focuses as a service provider company.

Other than explanations on how we have been implementing the UNGC Principles this year, this report is embedded with the results of our stakeholders' surveys. We sent out an online survey to multiple stakeholders: our employees, former employees, media partners, vendors, and, definitely, our clients. This method was chosen to ensure respondents anonymity so that they would give more honest answers. In it, we also included short explanation about UNGC and its principles. This is our effort to promote and educate our stakeholders about the principles of UNGC in hope that in the future they would be more widely recognized and implemented.



KIROYAN PARTNERS ON HUMAN RIGHTS

At Kiroyan Partners, we are fully committed to upholding human rights by providing and constantly improving the quality of working condition for all of our employees. More precisely, we strive to ensure the well-being of our employees in three critical aspects of employment, healthcare, and education as well as in our business dealings with clients and other external parties.

EMPLOYMENT RIGHTS

Upholding and implementing human rights require active involvement and support from all stakeholders, especially employees. At KP, we made our values and the principles we support clear from the start to ensure that we attract people with the right mindset and vision as ours. This is a distinct feature in our recruitment policies; KP does not discriminate when it comes to gender, religion, political stance, physical ability, etc.

Every consultant at KP has different backgrounds; both educationally and professionally. Far from being a liability, we leverage this condition by empowering them to contribute to projects at hand. This is done through our work habit of circulating initial draft of every work-in-progress to the whole team so that everyone could add their inputs before sending the finished outputs to clients. Furthermore, through our weekly project review, we share project updates and discuss about relevant issues. This freedom of expression has been implemented since KP started to operate and has become one of our strengths. It enables us to derive crucial insights to enrich our work. Evident in our survey result, this custom and way of work are appreciated by our employees. One of them wrote:

“Every day I experience the solid implementation of human rights aspect. I am given the freedom to directly talk about anything to Directors and fellow employees, speak out my mind, and be as expressive as I expect to be at the office.”

Another way KP is supporting human rights is by providing a flexible working hour within a particular fixed office hours for all employees. They are given the freedom to manage their working time at the office as long as it does not interfere with any projects at hand and could still fulfill their responsibilities to clients. Employees can also ask to work from home (or other place beside the office) if their condition or situation required them to do so.

In parallel with this, KP also provides 17 leave days annually for all employees. This is significant due to the fact that the government mandated only 12 leave days per year, entitled for employees who have been working for one year straight at a company. But, at Kiroyan Partners employees are allowed to take their leave after passing their probation period in three months. Additionally, as of this year, one additional leave day is granted for every three years of service and one day for ten years, so employees who joined when the company was established eleven years ago enjoy 21 days of leave every year.

We seek to constantly improve our practice of human rights by adjusting implementation to employees' needs. This year, an opportunity comes in a form of office space expansion planned to be finished this October. Included in the blueprint is a design for a prayer room. It is allotted mainly for our Muslim employees so they can do their daily prayers more comfortably in the office. But the prayer room is also open to be used by all employees with other religious beliefs.

HEALTHCARE

Supporting human rights also means supporting the rights of access to healthcare. Every employee at KP is insured through BPJS Ketenagakerjaan (the National Social and Healthcare Security Program) which covers work-related accidents, their pension, and their death.

Moreover, KP has voluntarily added a private health insurance with better coverage, as well as a more advanced policy on glasses replacement: every employee is entitled for a new set of glasses every year, which is more than what is prescribed in the national regulation that employees are entitled for glasses replacement every two years.

EDUCATION AND TRAINING

Another inherent human right is the right to education. At KP, we do this by allowing our employees to pursue further education to improve their skills. Some of our consultants are currently undergoing a post-graduate and professional course programs which require them to leave early from the office on certain days. KP management fully supports this and has full confidence in employees to manage and coordinate their works.

At the end of the year all employees participate in a performance review with the Board of Directors. Beside the opportunity of self-assessment to be compared with the management's, as part of this review, each employee and the Directors jointly determine what measures need to be taken and what kind of training should be followed to improve the individual's performance. In average, every employee completes three courses a year at the account of the company, including travel and accommodation if the event takes place out of town.

KP has been supporting our employees to develop their skills and increase their knowledge through various means. We have a small library at our meeting room which houses books relevant to our business, most of them were our President Director's personal collection. However, everyone, including the interns, can, and is even encouraged to read them. The management expands the collection by adding new and original books regularly. Up to the writing of this report, there are six new books from internationally acknowledged authors covering communications, business, and other topics related to the projects at hand.

We also hold a session called "Learn and Lunch" at least once a month where our employees share their experience and knowledge about a certain topic followed with discussion with the whole team members, including Board of Directors and interns. Everyone has the same opportunity to share or participate in a Learn and Lunch session. As the name implies, the session ends with a collective lunch provided by the company to enable further discussion and to boost the team cohesion.

EXTERNAL IMPLEMENTATION

Implementation on human rights principles must be done and maintained not only internally (to employees), but also externally (to clients and third parties). Just as our clients have a set of standards in choosing their vendors, KP too has a set of standards that is integral in our consideration to cooperate with certain company. KP has made it a habit to conduct prior research to find out as many things as we can on our clients, which is also applied to vendor selection. This method is supported by all employees at KP, and is encouraged by our top management.

This is deemed necessary to ensure that we uphold the principles on which our company was built on our daily business activities; that we 'walk the talk'. Having a business with a party who does not respect and implement the internationally proclaimed human rights would mean that KP excuses this behavior. Especially considering the nature of business KP is in, excusing such unethical business conducts would also rapidly tarnish our reputation. Not only would it lead to a loss in business, but

also risk attracting more companies, businesses, and individuals with questionable integrity when it comes to human rights. That is why we have made it clear to our stakeholders through every media channel we own (official website and company profile book) that KP has zero tolerance on human rights violations.



KIROYAN PARTNERS ON **LABOR**

Principle 3 of UNGC on labor states that “businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.” Being a small company with 15 employees, KP has no labor union. In Indonesia, a company is not obliged to form a union for their employees. However, it must allow their employees to form one should they feel the need to. We addressed this matter in the survey for our employees by asking whether this is a problem for them.

All of our employees stated that this condition is not a problem and a union is not necessary for now. The company already has policies that empower them to speak their mind and offer ideas and suggestions for the company. Overall, the survey reflected that they had been accommodated in voicing their aspirations and ideas directly to the management and that the management is very open and has been very receptive. Before taking any decision that might affect employees, such as new policies or corporate regulation, the management would involve them in the process. However, one employee stated that a union would be advised if KP is planning to expand its business.



Principle 4 of UNGC on labor is about the elimination of all forms of forced and compulsory labor. This has been inherent in KP’s management decision. Prior to starting their employment, every KP employee was given a contract explaining about the terms and condition of their work (including topics about compensation, accountability, requirements, etc.) that they could peruse on. They could discuss it further with the management, if necessary. Therefore, contract signing was done upon agreement of both parties.

Moreover, KP is fully compliant with the national labor regulations.

We provide our employees with necessary dispensation, beside annual leaves. There are various conditions which entitle them to it such as pregnancy, wedding (of the employees, or their children, or their siblings), miscarriage (of the employees or his wife), or death of a close relatives, or any condition that renders them unable to work properly. In case of certain needs arise and require our employees to work outside office hours or during holiday, they are also automatically entitled to compensation leaves as much as the total days spent to complete the work.

Principle 5 of UNGC urges the effective abolition of child labor. Besides our general requirements regarding professional qualification that automatically render all our employees and interns adult, we also actively ensure that we only deal or do business with those equally committed to this principle. This means that KP will not do or consider any form of engagement with clients, vendors, and other third parties with any indication of involvement in the act of child labor or the promotion of it.

Principle 6 of UNGC on labor highlights the importance of the elimination of discrimination in respect of employment and occupation. As can be seen from the table below, we currently have 15 employees comprising 9 male and 6 female employees. At KP, female employees enjoy equal treatments as their male counterparts. These include non-discriminative salary range, employment benefits, and equal opportunity to pursue suitable trainings to further develop their expertise.

All of our employees and former employees also agreed that there never was any discrimination at KP. Respect is manifested in management decisions and in how the company treats all employees. Performance is measured solely based on merits, and salary or compensations are decided upon professional capabilities and contribution.

Table 1. **AGE GROUP AND GENDER**

| AGE GROUP | | 20-29 | 30-39 | 40-49 | 50-59 | 60-69 | TOTAL |
|-----------|---|-------|-------|-------|-------|-------|-------|
| GENDER | M | 5 | 3 | 0 | - | 1 | 9 |
| | F | 0 | 5 | 1 | - | 0 | 6 |
| TOTAL | | 5 | 8 | 1 | - | 1 | 15 |

KIROYAN PARTNERS ON **ENVIRONMENT**

Environment has always been an area where we continue to explore further initiatives to contribute more from time to time. This is further affirmed by the results of the stakeholder survey we have conducted for the purpose of this reporting. In particular, a total of 92% of our current and former employees perceive environment as an area where KP may still have room for improvement, while also acknowledging that KP can only do as much as allowed by the extent of its ecological footprint.

OVERVIEW OF OUR ECOLOGICAL FOOTPRINT

In terms of business nature and scope, our company is characteristically a small enterprise with

minimum exposure to and impact on the environment. In comparison, this makes our ecological footprint inherently much lower than those of the natural resources and manufacturing industries. However, this does not mean that we are not doing our share in preserving the environment and giving back to the community.

As a company that works in the fast-paced communications industry, we constantly require some energy intake to support our performance. In our daily activity, we are using electricity, air conditioner, and water for different purposes, paper, plastics, and some other household products.



OUR SUSTAINABILITY ENDEAVORS: NOW AND TOMORROW

All of our sustainability endeavors are aimed at finding balance in our environmental, social and financial performance. Whether the contribution is small or big, we believe that our company participates in preserving the environment through preventive actions, energy reduction, recycling activities via environmentally friendly technology, and also donation to community.

PREVENTIVE ACTIONS

In terms of preventive action, our commitment to preserving the environment is deeply ingrained in the mindset of our team as a whole and reflected in the daily habits of each and every individual at KP. We believe collective efforts to minimize environmental impacts should be started from simple things that actually matter. For a small enterprise like ours, decorating the office with live indoor plants, throwing away the garbage in the bin, properly reducing the use of electricity and water and recycling the paper are some of our day-to-day wisdoms to reduce environmental waste and ensure clean and healthy working environment.

ENERGY REDUCTION

Our efforts to reduce energy consumption are focused on two key areas of resource intake, namely electricity and water. The exact figures of this year’s intake as compared to total consumption of last year’s reporting are presented in the following tables.

Table 2. **ELECTRICITY AND DRINKING WATER CONSUMPTION – 2017 REPORTING YEAR**

| CONSUMPTION | 2016 | | | 2017 | | | | | | | | | Avr: |
|--------------------------------------|-------|-----|-------|-------|-----|-------|-------|-------|-------|-------|-------|-------|------------|
| | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | |
| ELECTRICITY (in kWh) | 977.9 | 975 | 977.1 | 840.9 | 926 | 824.7 | 931.2 | 768.1 | 827.2 | 618.3 | 895.4 | 975.8 | 878 |
| DRINKING WATER (in Gallon) | 29 | 27 | 23 | 26 | 23 | 25 | 21 | 23 | 9 | 29 | 31 | 23 | 24 |

Table 3. **ELECTRICITY AND DRINKING WATER CONSUMPTION – 2016 REPORTING YEAR**

| CONSUMPTION | 2015 | | | 2016 | | | | | | | | | Avr: |
|--------------------------------------|-------|-------|-------|------|-----|-----|-----|-----|-----|-----|-----|-----|-------------|
| | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | |
| ELECTRICITY (in kWh) | 1,221 | 1,275 | 1,064 | 842 | 922 | 872 | 911 | 917 | 925 | 928 | 924 | 924 | 977 |
| DRINKING WATER (in Gallon) | 22 | 25 | 28 | 16 | 13 | 24 | 27 | 26 | 15 | 18 | 28 | 28 | 22.5 |

As can be inferred from the overall figures, our efforts to reduce the use of resources this reporting year have resulted in significant decrease in our electricity consumption at an average difference of nearly 100 kWh compared to last year. This achievement is driven by teamwork as well as individual awareness as we constantly make sure that no electronic devices operate when there is no activity in the office. The electricity consumption also includes the use of our air conditioners. An integrated control of air conditioners is available throughout the building starting from 7.00 AM to 6.00 PM, Monday to Friday, further affirming that there is no overuse this year.

Meanwhile, our drinking water consumption this year is comparably at similar average with last year. As we believe in granting our employees their rightfully ample access to clean and sanitized water, this total intake ideally remains at a constant level and further depends on the workloads at a particular time. Considerable decrease of consumption in the fasting month of June 2017 is thus understandable in this regard. By recognizing individual needs and rights to access clean and sanitized water at all time, we also facilitate positive habits of our employees to utilize their drinking bottles during lunch break, thus helping to reduce their carbon footprint as well.

RECYCLING TECHNOLOGY

As a consulting firm whose outputs include various reports and documents, our operations often produce paper and household waste. The team always thinks twice before printing and utilizes used papers whenever possible. In a bid to offset this, we work with IndoArsip to recycle paper waste. This service is facilitated by the building management, where we are required to provide a box to collect all the used papers.

Up to September this year, we have met five times with IndoArsip team on 17 October 2016, 16 January 2017, 6 March 2017, 17 May 2017, and 24 July 2017 respectively. One box of used paper

weighed around 40-45 kilograms was handed over at each meeting, making a total of five boxes, or about 200-245 kilograms of used paper, produced within this reporting year. In comparison with the previous reporting year, this year sees one-box decrease of used papers indicating a positive progress in our commitment to reducing paper consumption.

KP's other effort to reduce paper use is to actively advocate the use of electronic copy whenever possible. Moreover, we also continue to access news materials through the annual subscription of digital papers from seven major media, e.g. Bisnis Indonesia, Kompas, Tempo, Kontan, The Jakarta Post, Investor Daily, and The Economist.

DONATION TO COMMUNITY

Through our good relationship with Prestasi Junior Indonesia, a non-profit organization specializing in education, we continue to give back to our community annually starting from the year 2011. Our latest social activity was held on 22 December 2016 as we visited nearby elementary school, SD Negeri 05 Pagi Karet, and handed over a number of well-functioning electronic devices including computers, laptops, cameras, printers, paper shredders, and vacuum cleaners.

Our decision to donate the inventoried electronic devices is also related to our company's need to maintain work efficiency as aptly supported by the essential gadgets. In this regard, we have set a general operational span of four years for every electronic device before we replace it.

This annual charity work where we donate our year-end inventory is part of our efforts to preserve the environment not only ecologically but also socially. Through this social activity, we aim to reach, forge closer bond, and contribute to the betterment of our surrounding community.

CONTINUOUS COMMITMENT FOR A BETTER FUTURE

There are then two key focuses that we want to further emphasize with regard to our further endeavors to help build a better tomorrow. First, in the years to come, we will continue to do what we have been doing ecologically and socially to preserve our environment and community. At the same time, we will also continue to become an agent of change as we promote our belief, values, and practices of business sustainability and environmental preservation when dealing with our clients, partners, vendors, and other stakeholders.

In the longer term, we will be exploring further initiatives in improving the quality of our ecological and social environment. Additionally, we are also closely listening to and considering the insights gathered from our stakeholder survey. These include the opportunity to increase talents with expertise on environment, sponsor environmental events, and adopting more environmentally friendly technologies.

KIROYAN PARTNERS ON **ANTICORRUPTION**

Our entire business and operations at Kiroyan Partners are essentially laid upon by one fundamental value – integrity – internalized in personal attitude of every staff and consistently practiced in professional setting with all our stakeholders. Anticorruption is then an integral part and a highly essential element of our consultancy services in the areas of public affairs and strategic communications. In fact, as stated in our company vision, we are determined to become a leader in the active promotion of ethical and sustainable business practices in Indonesia. It entails a refined understanding that a company can only truly grow and sustain its business through resolute implementation of business ethics and good corporate governance. This vision and our company's anticorruption commitment have notably set us apart from some other businesses in Indonesia in that we openly state our commitment to fight corruption.

The stakeholder survey specifically conducted for this reporting has further affirmed our commitment to clean and dignified business conducts. More precisely, 100% of our clients have pointed out anticorruption principle (of all UNGC principles) as the most outstandingly implemented by our company, further commending KP for actively promoting full compliance to responsible and non-corrupt business practices. Similarly, over 70% of our current and former employees also single out anticorruption as the strongest aspect that characterize our business.

We consistently uphold our anticorruption commitment even if it means compromising our business opportunity. This was confirmed through an answer pointed out in the survey by one KP's former employees. Answering the question about their experience on UNGC principles implementation during their time at KP, one respondent wrote (name of company withheld):

"...That moment when KP decided to terminate our contract with *** (due to their unethical practices in treating journalists and non-compliant to tax regulations) is an outstanding example of how committed the company is to stay firm on business ethics and good corporate governance."

One might think that this strategy is bad for business. Fortunately, that is not the case for Kiroyan Partners. A client through our survey revealed that before deciding to cooperate with KP, he conducted a research which led to the finding that our agency is clean and our implementation of the UNGC principles is in line with their personal and institutional standing.

KP has had a significant number of clients from referrals. This proves that reputation travels fast; bad or good. The clients we acquired this way are like-minded companies that also adopt and implement the UNGC or similar principles. And this network keeps on growing which shows that ethical business is good business, especially for the field we are in.

All our endeavors to ensure clean and ethical business practices are in line with the very standing of UNGC that obliges every participant to “not only avoid bribery, extortion and other forms of corruption, but also proactively develop policies and concrete programs to address corruption internally and within their supply chains to realize a more transparent global economy”. In order to prevent corruption to take place, a company needs a strong regulation that has deterrent effect. This regulation should

not only prevent this disgraceful action, but also ensure the company’s business transparency.

In this regard, KP has a set of policies in place aimed at preventing and condemning corrupt practices. Strongly embedded in our commitment to maintaining personal and professional integrity, these policies are stipulated in our company’s regulation in Chapter VIII, Article 32 about Contract Termination. Under this specific clause, our company has taken a firm stance against any form of corrupt practices. The article clearly states that anyone who commits and/or receives a

gratification and/or be involved in bribery in any form will have his/her working contract immediately terminated. This ethical practice also applies to every client whose project is handled by KP.

As an internal evaluation mechanism of all our business conducts, we always engage all employees to a session called “Lessons Learned” whenever a project is completed. KP has been continuously repeating this method as it provides the opportunity for both management and employees to practice, learn and be critical in analyzing each project and its aspects, including the financial transparency. This internal assessment serves as a tool for KP’s employees to remind each other that we need a strong team with excellent business ethics. Such ethical business practices have always been supported by our value to ensure transparency throughout every stage of each project from the planning phase to the execution phase and monitoring and evaluation. Everything is kept transparent and accountable, and this is done through efficient and effective communications, both internally and externally.





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