



**KIROYAN
PARTNERS**

STRATEGIC
COMMUNICATIONS
BUSINESS
SOLUTIONS



2016 COMMUNICATION ON PROGRESS



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.

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“Kiroyan Partners is as committed to the United Nations Global Compact today as it was in 2009 when we first signed up.

The principles provide practical guidance in conducting our business and we reaffirm our commitment to first and foremost conduct business ethically, and more specifically to respect human rights and labor protection, preserve the environment and be actively involved in the fight against corruption.”

NOKE KIROYAN

President Director & Chief Consultant

OUR REPORT IN 2016

Kiroyan Partners (KP) took the commitment to walk hand in hand with United Nations Global Compact (UNGC) in 2009, and since then UNGC has become a reminder for our company to keep on continuing our initiatives to implement good corporate governance and promote sustainable business practices in our operation. In this regard, KP especially focuses on three main aspects namely environment, social, and profitability. We believe that these aspects are critical to our business growth whilst helping us keep utmost consideration towards existing social challenges.

In an effort to report our progress in upholding UNGC principles in the period of October 2015 to October 2016, we are submitting our Communication on Progress (CoP) paper. We believe that our vision to become a leader in the active promotion of sustainable business practices in Indonesia can be strengthened by the support of UNGC's ten principles that cover various global issues related to human rights, labor, environment, and anti-corruption. These principles have been diffused in our business ethics, culture and company's operation since we began adopting them eight years ago.

This year, we keep the same structure and approach from our last CoP report. A notable difference of this year's report is in the data collection process. We utilize a questionnaire entitled Global Compact Self-Assessment Tool¹ developed by Danish Institute for Human Rights. The questionnaire is very helpful due to its simplicity and practicality in addressing detailed elaboration of each UNGC's concern. It comprises situational questions that only require yes or no answer and two other responses, which are 'further attention required' and 'not applicable'. We believe that this approach help us reflect on the current situation of our business. The self-assessment tool is also time-saving compared to interviewing each employee. We distributed the questionnaire to all of our employees to get most representative data. To complement the questionnaire, we also collected supporting data to strengthen the report. Finally, the view of management regarding the collected data was obtained through the interview with our CEO.

¹ "Global Compact Self-Assessment." n.d. Web. Oct. 11, 2016.

HUMAN RIGHTS

“Business should support and respect the protection of internationally proclaimed human rights.”

“Business should make sure they are not complicit in human rights.”

KIROYAN PARTNERS' VIEW ON HUMAN RIGHTS

UNGC encourages and sets the expectation to every business to respect and support human rights, starting from fostering respects for human rights through the business core. UNGC explains in its website that to foster respect for “human rights does not require the business to start from the very beginning. Nor does it need a whole management system”.²

KP stands fully in line with the United Nation through its Universal Declaration of Human Rights³ (UDHR). This declaration has thirty articles on human rights, emphasizing that all human beings are born free and equal in dignity and rights. As a company that complies with good corporate governance and corporate social responsibility, KP applies no discrimination and assesses performance based on competence merit.

Our commitment is stipulated in our company’s regulation for 2014-2016 periods. In particular, Article 3 on Employers and Workers Obligation and Responsibility, states the rights of workers to have a fair treatment and to act equally towards one another. Article 3 Number 2 of the regulation also affirms our commitment to upholding the human rights that is in line with UDHR Article 2. It articulates that KP’s employees have the rights to expand their abilities without discrimination against their sexes, races, religions, social origins, and political views. The third point of the same article also shows our respect to human rights by assuring that every employee’s complaint will be heard and taken into consideration followed by an appropriate action. In this aspect, our CEO

always emphasizes that every employee has the same opportunity to express his/her opinion. There is no favoritism or other kinds of discrimination practice, for example in promotion. The assessment for employee promotion is also based on skill and competence alone

In relations to the second principle of UNGC, KP ensures that our company does not commit any human rights abuses. It is because human rights have an integral position in our business core. As mentioned in the previous paragraph, our company’s regulation has been walking conjointly with the international proclaimed human rights. We respect the rights of our employees by giving them the right to express their views, associate in organization, and boost their ability.

In practicing good corporate governance, we believe that business ethics should be applied to every aspect of our business because it will help us avoid and overcome issues that may affect our company’s reputation. As a public affairs and communications consulting firm, we always conduct pre-assessment that aims to measure two things. The first is our capability in executing the task and delivering service at our best. The second one is about the implication of the service itself. We always try to be objective in approaching every proposal that comes to our door. When there is an indication of violation of business ethics – explicitly or implicitly – we will terminate or decline the proposal even though it is financially promising.

² “Principle 1 | UN Global Compact.” *Principle 1 | UN Global Compact*. N.p., n.d. Web. Oct. 11, 2016.

³ “Universal Declaration of Human Rights | United Nations.” *UN News Center*. UN, n.d. Web. Oct. 11, 2016.

IMPLEMENTATION

KP's commitment to promote human rights is actualized in four categories, i.e. health and safety; hours, wages and leave; fair treatment, and community impacts and country risk.

A. HEALTH AND SAFETY

KP always provides a clean environment for its employees that can support them executing their task well. A clean personal workspace is maintained and pantry is always vacuumed every day after the working hours end. KP also provides proper working devices such as laptop, photocopy machine, printers, phones and internet connection. In addition, we also equip every employee with two insurances, which are coming from BPJS and AVIVA insurance.

KP possesses a low risk workplace. It ensures not to put our employees' life in dangerous situation because our service as a strategic communication specialist is mostly conducted in an indoor area. We provide an induction or short training session with the new employee, through which we provide some information about our vision and mission as well as basic safety training such as exit access for emergency case.

From the questionnaire, 87.5% of the 16 respondents – who are KP's employees – responded that KP fully supports them with a clean and safe working environment. 43.75% of them assured the needs of safety training while the other 37.5% considered it not applicable for our company reflecting to the fact that KP has a low risk activity and mostly all of the service is exercised indoor. Despite this concern, 50% of respondents agreed that KP has involved them in a safe work and in a healthy working atmosphere.

B. HOURS, WAGES AND LEAVES

KP's regulation on the working hours, wages and leaves is registered in our regulation Chapter III about Working Time. KP's regular working hours is eight hours per day, Monday to Friday. By this regulation, our working time calculation for a week is 40 hours with flexible lunchtime that is accessible from

11.30 AM until 2.00 PM depending on personal schedule. This working time is 8 hours less than the stipulated international worksheet, which is 48 hours.

KP never forces the employees to work overtime. Overtime is an option that each employee may access due to urgent needs. KP does not provide any overtime fee as stated in the company's regulation but as compensation, the company covers food expense and provides transportation service by taxi. Since our working days is only five days, if any of our employees are required to work on Saturday or Sunday because of urgent needs, KP compensates them with an additional leave entitlement.

According to Article 12 in the third chapter, KP offers 15 days annual leave. This amount is three days more than the minimum leave permit stipulated in Indonesian Labor Law 13/2003. Starting from October 2016, KP has also provided additional one day leave for employees that have been working at KP for every three years. In case of any employee resumes to work at KP after a break of employment, the working period will be accumulated for additional entitlement. Besides, the employees are also provided with other leaves for special purpose, for example employee's and/or their children's wedding; employee's wife gives birth and/or got miscarriage; wife's, husband's, child's, sibling's, parents', parents/son/daughter in-laws death; son's circumcision, child's baptism, and child's graduation.

All of KP's employees have the official permanent employment status. The salary that every employee obtains from the company is believed to be adequate and more than enough to support themselves, which is higher than the regional minimum wage. From the questionnaire, 94% of the respondents stated that their wage is enough to support themselves and their dependents. The result also describes that 92% of the employees agree that the working hours, wage, and leaves amount are sufficient and effective.

C. FAIR TREATMENT

KP tolerates no discrimination. Everyone is regarded and treated equally, and expected to respect the privacy of one another. In terms of religious practice, KP provides the time for every Muslim employee to pray including the Friday's prayer. Moreover, in order to respect the privacy of every employee, there is also no CCTV installed in the office to monitor their each and every movement.

The fair treatment is also corroborated by the questionnaire result where 90% of respondents affirmed that they never experienced any harassment including physical, verbal, sexual or physiological harassment, abuse or threats. In case such things happen, a decisive action will be taken, starting from warning until contract termination. Besides, repeating our CEO statement, there is no favoritism in promotion. It gives everyone the same and equal chance to have a fair competition.

RESULT AND OBSTACLE

Looking at our view and our implementation, it can be said that KP has fully embodied the first and the second UNGC principles. The implementation does not only create a regulation to keep the rights of every employee, but its realization can also be seen. This result is also obtained through the employees' perspective. Therefore, it can be concluded that in this year, we have successfully upheld and contributed significantly to our employee as the realization of our corporate social responsibility.

D. COMMUNITY IMPACTS AND COUNTRY RISK

To build a community development is a part of our duty as a communication consulting firm. KP consistently promotes the client to develop a sustainability action that may contribute significantly to the community.



LABOR

“Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.”

“The elimination of all forms of forced and compulsory labor.”

“The effective abolition of child labor.”

“The elimination of discrimination in respect of employment and occupation.”

KIROYAN PARTNERS' VIEW ON LABOR ISSUE

KP always supports and upholds the employee's freedom of association and the full right to collective bargaining. According to UNGC, “both worker and employers have the right to set up, join and run their own organization without interference from the State or any other entity”.⁴ This means that no one has the right to keep any member of the company from their activities outside of the office. In other words, their activity in collective bargaining is also protected. UNGC stated that there should be no limitation for every member of the company to voluntarily discuss and negotiate their interest.

To have freedom means that every company needs an environment that is free of violence, pressure, fear and threats. This is the main reason why company should not force or bind any of its employees. UNGC stated that forced labor is “any work or service that is exacted from any person under the menace of any penalty”.⁵ Responding to this, it is clearly a violation towards human rights. The impact of this practice will definitely lead into an untenable business and we see this as a violation to our mission and vision to be an example of a sustainable corporate.

The boundaries of forced labor set by the UN apply to every human being regardless of their age, sex, religion, political opinion, social origin and sexual orientation. With regard to the issue of underage labor, KP will never support the idea

and the conduct of children exploitation as it is against the human right.

To become KP's employee, there are standards of competency that must be fulfilled. There are minimum age, education background and experiences. These standards work in two ways. Firstly, these standards will eliminate the child exploitation practice. Secondly, it will be used as a basis for company's assessment in the recruitment process and even for internal employee assessment, for example, remuneration set up, job assignment, training and occupational safety and health.

There is no discrimination applied in any way and it is also strengthened by our regulation and implementation in the previous section about fair treatment in human rights.



⁴ “Principle 3 | UN Global Compact.” *Principle 3 | UN Global Compact*. N.p., n.d. Web. 11 Oct. 2016.

⁵ “Principle 4 | UN Global Compact.” *Principle 4 | UN Global Compact*. N.p., n.d. Web. 11 Oct. 2016.

IMPLEMENTATION

We divide our implementation in three sections, i.e. freedom of association, forced and children labor, and discrimination.

A. FREEDOM OF ASSOCIATION

KP has fully recognized the right of its employee to have or to join an organization outside of the company and to do a collective bargaining. There is no limitation given for every employee to enroll in political group, engage in social activity or expressing their economic interest. We let our employees express their opinion freely and voluntarily to let them grow their ability and knowledge. It is completely acceptable as long as it is done in the appropriate manner, not violating any company's regulation, defiling the company's reputation and/or breaking any law. If there is any employee complicit in any form of violation, there will be a punishment. However, the decision will not be made by KP unilaterally. We respect the rights of our employees and offering a regulation where they have the opportunity to defend themselves. This is stated in our regulation under Chapter VIII about Violation of Company's Regulation.

Furthermore, we also respect our clients. In order to keep our company's reputation in ensuring client's confidentiality, we always give a nickname for each of our projects. By utilizing such technique, every employee may have a discussion in or outside of the office without revealing the classified project that may otherwise harm our clients if such information leaks.

The practice and facilitation that KP provides are supported by 85% of respondents stating their agreement with the fact that KP has kept their freedom of association. The

remaining percentage stated that it may not applicable for KP due to its small size.

B. FORCED AND CHILDREN LABOR

As stated in our view, the practice of forced and children labor violates the human rights thus our policies. It is then worth reiterating that all of our employees are full-time worker recruited officially and accordingly bound by company's regulation. Minimum age acceptance, education background and work experience are merit-based that KP uses to assess and evaluates in recruitment process. To be hired as an intern, he/she needs to be at least 17 years old and is still studying or had obtained his/her bachelor's degree. While in employee recruitment, he/she needs to be older than 20 years old and had obtained his/her bachelor's degree. The successful candidate will be offered a working contract that includes the agreement to comply with employment regulation. The prospective employee makes his/her decision voluntarily. From this hiring process there is clearly no children involvement. Based on the questionnaire, 91% of our employees affirmed that there is no forced and children labor in KP while the rest stated that it is irrelevant with the company's practice.

C. DISCRIMINATION

KP assures that there is no discrimination practice in the company. Every benefit from the company is given on merit-based only, regardless the employee's sex, belief, political view and social background. Every worker receives equal treatment and opportunity to have promotion, salary increase, as well as capacity development training to improve skills.

Table 1. **AGE GROUP AND GENDER**

AGE GROUP		20-29	30-39	40-49	50-59	60-69	No answer	TOTAL
GENDER	F	2	2	0	0	0	2	6
	M	4	3	1	0	1	1	10
TOTAL		6	5	1	0	1	3	16

As shown in Table 1, there is no discrimination related to age and gender at KP. We have one person in almost every age group, 67.5% are female. Majority of the employees are Moslems, while others are Christians and Catholics. The majority of KP's employees are Sundanese with 31.25%, 12.5% Javanese, 6.25% Acehnese, Bataknese, Palembangese and Minangese.

KP provides eight trainings from October 2015 until October 2016 to its employees.

The training opportunity was provided equally for both sexes based on their merit in the field. Every employee has two training opportunities annually, which subject is related to the company's expertise. We have also objectively increased the salary of seven employees based on their merit and significant progression, as much as 44% in total. KP's objectivity in providing opportunities is approved by 94% of our employees.

RESULT AND OBSTACLE

Our implementation on labor issue – which have been actualized in supporting the employee's freedom of speech, prohibiting forced and child labor, and also restricting the practice of discrimination – have shown that KP is very serious in protecting the rights of its employee. KP is proven to have a supporting environment for each employee to express him/herself comfortably and to gain more experiences. Through this fulfillment, we are walking hand in hand with the UNGC to be an example of a company with good corporate social responsibility.

In implementing the principles related to labor issue, we face one obstacle. A number of our

employees cannot find the relation between collective bargaining, forced and child labor with our business practice as a communication firm. This view may be resulted from the fact that they may not know further about the application of these principles that is caused by the nature of KP's business practice as a communication consulting firm. Yet, KP always provides room for improvement. This will be one opportunity for KP to give more attention to educate its employees to have better understanding on these principles and UNGC in general. When KP team member has a comprehensive understanding about it and feels the needs, it is possible for us to add a chapter in our company's regulation focusing on this principle.

ENVIRONMENT

“Businesses should support a precautionary approach to environmental challenges.”

“Businesses should undertake initiatives to promote greater environmental responsibility.”

“Businesses should encourage the development and diffusion of environmental friendly technologies.”

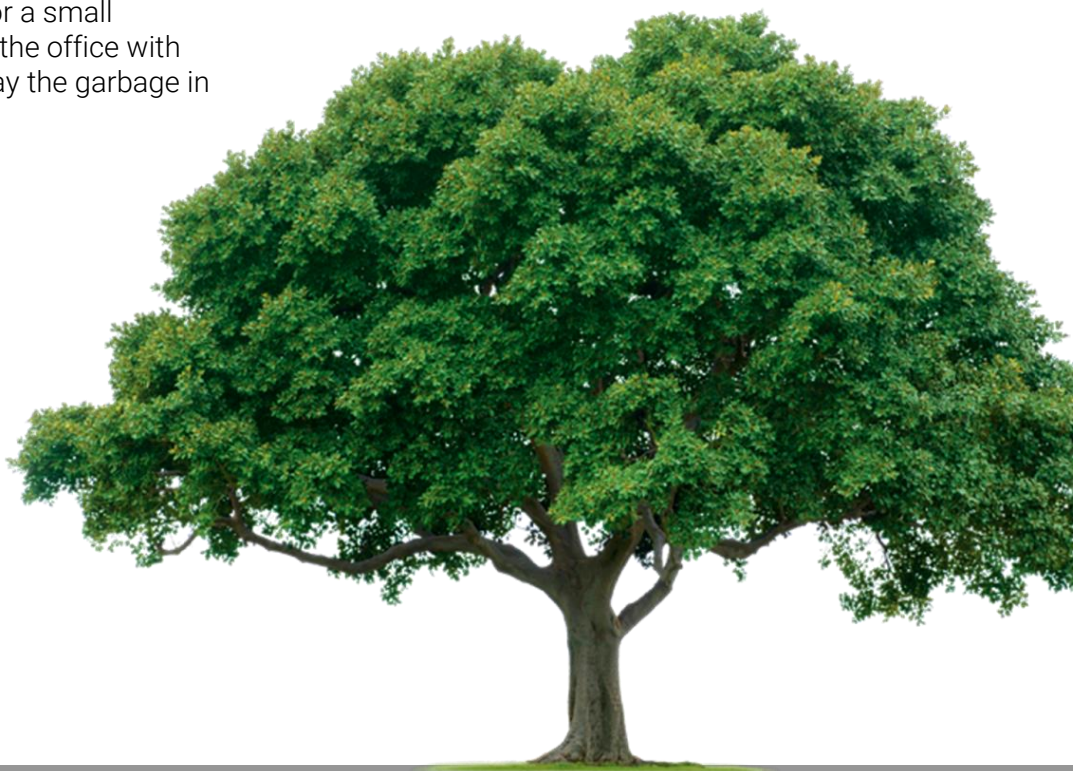
KIROYAN PARTNERS' VIEW ON ENVIRONMENTAL ISSUE

Environmental issue has always been a challenge for KP to contribute more. Not only that we are a small enterprise, but our services also rarely encounter directly with the nature in comparison with how the natural resources related industries or goods-producing companies do. Although our footprint can be categorized as limited, this does not mean that we do not contribute something. To protect the environment KP starts from precautionary, evaluation of responsibility and performance, and promotion of new friendly technology.

Kiroyan Partners believes that commitment in reducing environmental harms should be started even from the smallest step. For a small enterprise like ours, decorating the office with decorative plants, throwing away the garbage in

the bin, properly reducing the use of electricity and water and recycling the paper are some of the least contribution we do in reducing environmental waste.

Our CEO asserts that to become a sustainable company, the triple bottom line, people-planet-profit, should be balanced. All of our sustainability policies 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 prevention actions, energy reduction and recycling activities.



IMPLEMENTATION

Our vision to promote the practice of sustainable business comprehensively covers the people-planet-profit components. KP has always been trying to contribute starting from the smallest steps from precaution action, reducing waste, evaluating the performance, and supporting an environmental friendly technology.

A. PRECAUTION

In KP, there are two articles that are set to keep the environment healthy and clean. In Chapter VII about Employee's Obligation and Responsibility, the company encourages all employees to keep the comfort, safety and hygiene of the environment. Smoking is restricted in our office space; however, a smoking area is provided outside of the office building. Our office assistant is assigned to clean up the dishes and office space on a daily basis. In addition, all employees are obliged to clean up their own desk. Our survey this year suggests that 94% of our employees agree that KP has provided a clean and healthy working environment.

Aside from internal policy, our working relationship – with the clients and prospective clients – considers environmental issue seriously. Referring to the International Organization for Standardization on social responsibility, we consistently assess if there is a possibility of any action taken by our counterparts can cause environment destruction. If, in our pre-assessment process, we find that our clients' project might potentially cause harm to the environment or trigger social conflict, we will do our best to find a workable solution to meet the business objective. We even do not hesitate to terminate contracts whenever our

business partners violate social or environmental compliance.

B. RESPONSIBILITY AND PERFORMANCE

As a company who works in the fast pace communication industry, KP also has a number of consumption to support our performance. In our daily activity, we are using electricity, air condition, water for different purposes, paper, plastics, and some other household products. It is very important to measure the use of these items because by knowing it then we can start doing a preservation action.

As seen in Table 2, starting from the beginning of this year, KP has started to reduce the power consumption compared with the three months prior, which had peaked in November 2015 due to high workload. Since then we have been trying to maintain the use of power so it remains stable. No electronic devices operate when there is no activity in the office.

The electricity consumption includes the use of our air conditioner. The control of air conditioner is available throughout the building starting from 7.00 AM to 6.00 PM, Monday to Friday. Thus, there is no overuse this year.

The other part of the table indicates KP's drinking water consumption that fluctuates every month, due to the needs to perform voluntary overtime. It is related to the employee's right to have clean and sanitized water. The water for another purpose, e.g. toilet use, cannot be measured because it is shared with other companies. This fact limits our capability to measure the whole number of water consumption.

Table 2. **ELECTRICITY AND DRINKING WATER CONSUMPTION**

CONSUMPTION	2015				2016							
	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
ELECTRICITY (in kWh)	1,210	1,221	1,275	1,064	842	922	872	911	917	925	928	924
DRINKING WATER (in Gallon)	25	22	25	28	16	13	24	27	26	15	18	28

C. TECHNOLOGY

As the consequence of our consumption, we continuously produce paper and household waste. In our way of becoming a sustainable company, we work with third party to recycle waste. This service is facilitated by the building management, where we are only required to provide a box to collect all the unused papers. This year, we had contacted the recycling team twice, first on March 28, 2016 for 5 boxes of papers, and the second was on August 18, 2016 for a box of papers. Data shows that there is a quite significant

decrease in paper usage from March to August. Upon assessment, the main reason of the high amount of boxes recycled in March was caused by old documents sorting activity.

KP's other effort to reduce the use of paper and encourage the use of environmentally-friendly technology is shown through the annual subscription of digital papers from eight major newspapers in Indonesia, e.g. Kontan, Kompas, Bisnis Indonesia, Tempo and The Jakarta Post.

RESULT AND OBSTACLE

As a small company, KP daily activities do not have significant impact in harming the environment. We try to be consistently responsible in preserving the environment, and contribute in every possible way starting from pre-assessment, evaluating our practice, and supporting every environmental friendly new technology.

In implementing three principles of environmental issue, we faced one obstacle that coming from the questionnaire. The environmental assessment questions only focus on big companies that work closely with natural

resources and its contribution. It is not adequately applicable for small and medium enterprises. More than 50% of the questionnaire responses mentioned that the indicators given are not applicable. The questions are mostly related to air emission, biodiversity, and greenhouse gasses. The only way to make it applicable is to narrow these questions down and try to find the similarity between the indicators and our practices, e.g. the use and reduction of power, water and air condition consumption.

ANTI CORRUPTION

“Businesses should work against corruption in all its forms, including extortion and bribery.”

KIROYAN PARTNERS' VIEW ON CORRUPTION ISSUE

In the opinion of KP's CEO, corruption is a disgrace for the company and the country. This is something that cannot be tolerated. Since the beginning of KP's business practice until now, there has never been any extortion or bribery taken into consideration. All of our business practices and services always follow the Law of Republic of Indonesia. This represents our commitment to start and build this company with justice, honesty and hard work. With these values in mind we come up with the vision to be an example of a company that adopting the sustainable and ethical business practices.

According to the Transparency International, “Corruption is an abuse of trusted power for private gain”.⁶ Company with a solid work ethics will fight against any form of corruption. It is the company's responsibility to implement the strong ethics and it shall not stop there.

UNGC stated that every participant should “not only avoid bribery, extortion and other forms of corruption, but also to proactively develop policies and concrete programs to address corruption internally and within their supply chains to realize a more transparent global economy”.⁷ 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 to set the company's business transparency.



⁶ “Principle 10| UN Global Compact.” *Principle 10 | UN Global Compact*. N.p., n.d. Web. Oct. 11, 2016.

⁷ Ibid.

IMPLEMENTATION

KP has already regulated regulations that are aimed to prevent corruption. Those were set with the objectives to keep KP free from corruption and to build and strengthen KP's ethical business practice.

The regulations are written in our company's regulation in Chapter VIII, Article 32 about Contract Termination. The first regulation states about persuasion to employer or fellow co-worker to perform an action that is in contrary to the law. The second regulation mentions more explicitly about the act of the corruption itself. It states everybody that got a gratification and/or into bribery in any form will have his/her working contract terminated. This ethical practice also applies to every client whose project is handled by KP.

In order to maintain this ethical practice, KP always engages all employees to an evaluation session called lessons-learned whenever a project card is finalized. KP has been continuously repeating this method as it provides the opportunity for both employer and employees to practice, learn and be critical in analyzing project, including the financial transparency. This internal assessment serves as a tool for KP to remind each other that we need a strong team with excellent business ethics. This conclusion is supported by the questionnaire resulting in 93.75% of respondents agree with KP's ethics culture that tries to avoid and eliminate any form of corruption.

RESULT AND OBSTACLE

Corruption can be minimalized and eliminated if there is an integrated regulation and sustainable prevention action that can encourage honesty and justice. For KP, lessons-learned process happens to be the sustainable process which also serves as the reminder for both employer and employees to always conduct responsible and anti-corruption action.

Moreover, this process has opened the chance for KP to improve. One of the possible improvements that KP may take related to anti-corruption is to expand the company's regulation with specific articles on anti-corruption. Through this improvement, KP will strengthen the view of the company and it will help with eliminating the chance of this action.

CONCLUSION

From KP's implementation from October 2015 until October 2016 and supported by our CEO's statement, KP re-assure the company's commitment to walk hand in hand in practicing business with the UNGC Principles. We take every issue very seriously and we make effort to give a real contribution. We realize that a strong foundation is embodied in the company's regulation, which states that the employer and employee should have treated each other equally in the spirit of respect and ethics. There is also a regulation focusing specifically on the environment protection and the corruption practice prohibition.

As a company that has vision to be a leader in the active promotion of sustainable business practice in Indonesia, KP always encourages the clients to also adopt UNGC Principles. Through the company's website, we show the world that our service has an international quality that is perfected with good corporate governance and corporate social responsibility principles.





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