



PHILIP MORRIS INTERNATIONAL



PT HM SAMPOERNA Tbk.



International
Labour
Organization



ILO/Japan
Multi-bilateral
Programme

Sustainable and Responsible Business Practices within Enterprises : Pathways to Enhancing Industrial Relations in Indonesia

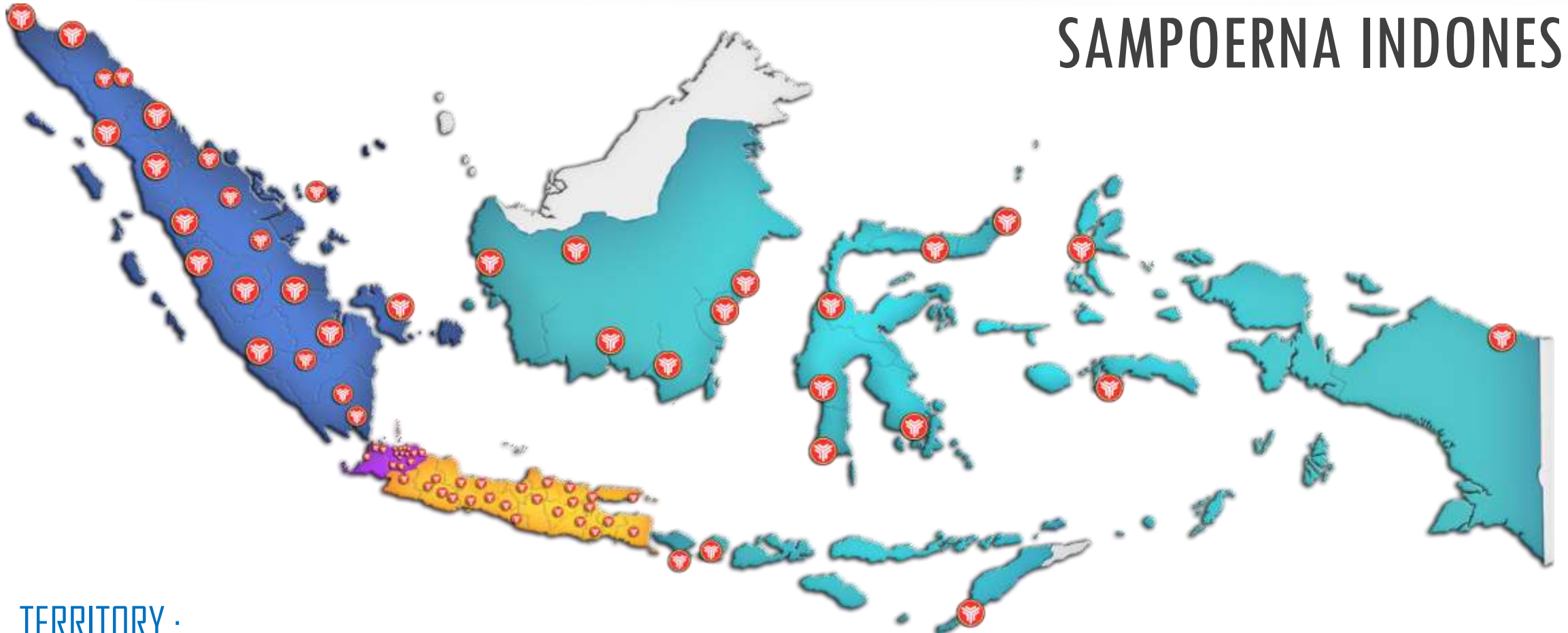
Practice Sharing : PT HM Sampoerna Tbk.

Pullman Hotel, 16 November 2016

AGENDA

- Facts about PT HM Sampoerna Tbk.
- IR External Context
- IR Internal Context
- IR Mandate and IR Pillars
- Key Business / HR Challenges with IR Implications
- IR Strategies and Roadmap

SAMPOERNA INDONESIA



TERRITORY :

5,193,250 km square territorial area

1,904,569 km square land area

Source : Wikipedia

M A G N I T U D E



110

Bio Sticks in 2015



110

Offices



7 Factories



29,885 ee



2 Trade Unions



1 Work Council

LR

FACTS ABOUT SAMPOERNA

Bermitra dengan



38
Mitra Produksi
Sigaret di pulau
Jawa



Pembayar pajak terbesar di
Indonesia dengan kontribusi
lebih dari

Rp 67
triliun

Keterangan: Rp 67 triliun merupakan pembayaran pajak total tahun 2015, terdiri dari cukai, pajak daerah, PPn, PPh Perusahaan yang dibayarkan oleh PT HM Sampoerna Tbk. dan PT Philip Morris Indonesia

Investasi berkelanjutan senilai

US \$ 1,9
miliar

dalam lima tahun kedepan
sejak 2015



43
tujuan ekspor untuk
produk tembakau

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FACTS ABOUT TOBACCO INDUSTRY IN INDONESIA

IHT menyerap lebih dari
6 juta Tenaga Kerja



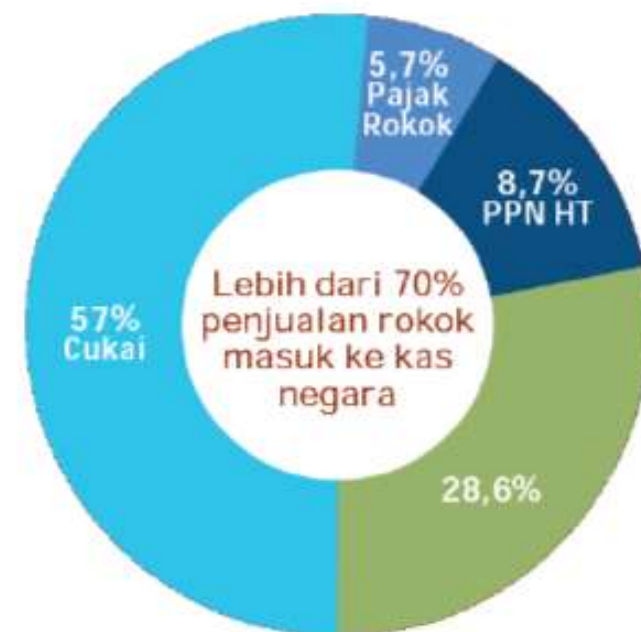
Sumber: Data Kementerian Perindustrian

= Jumlah penduduk Kota
Surabaya + Bandung +
Malang

Penyumbang
pajak terbesar
ke-3 (Rp)

Pembayaran Pajak Produk Tembakau	Nilai (triliun-rupiah)
Cukai	139,5
Pajak Daerah	13,9
Pajak Pertambahan Nilai	20,5
Total	173,9

Sumber: Dirjen Bea dan cukai – Kementerian Keuangan RI . 2015

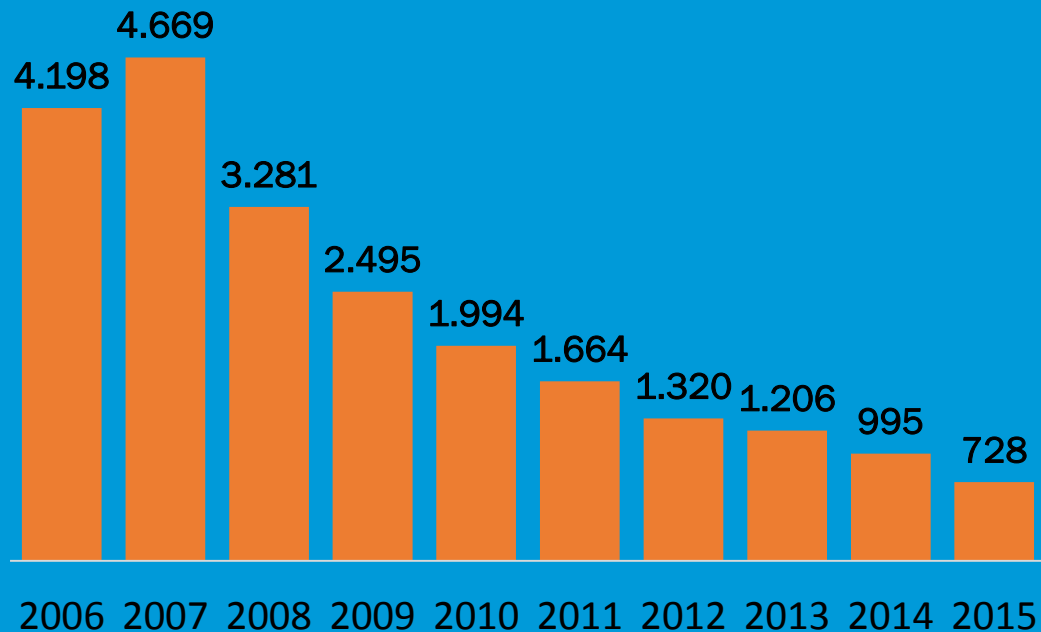


Sumber: UU No.39 Tahun 2007 tentang cukai

Industri rokok = BUMN ?

MANUFACTURER AND MANPOWER

Number of Manufacturers



Total **728** manufacturers listed in
Indonesia

Manpower



2 Juta

Petani Tembakau



1,5 Juta

Petani Cengkeh



600.000

Karyawan Industri
Tembakau



2 Juta

Ritel

TOBACCO REGULATIONS



TAX

23%

increase in
2016

DRAFT

**NO IMPORTED
TOBACCO !**

40% - 50%

tobacco shortage
for total industry



- No Communication : Industry and Government
- No Flavor, including clove
- Plain Packaging
- Tobacco crop switching

AGENDA

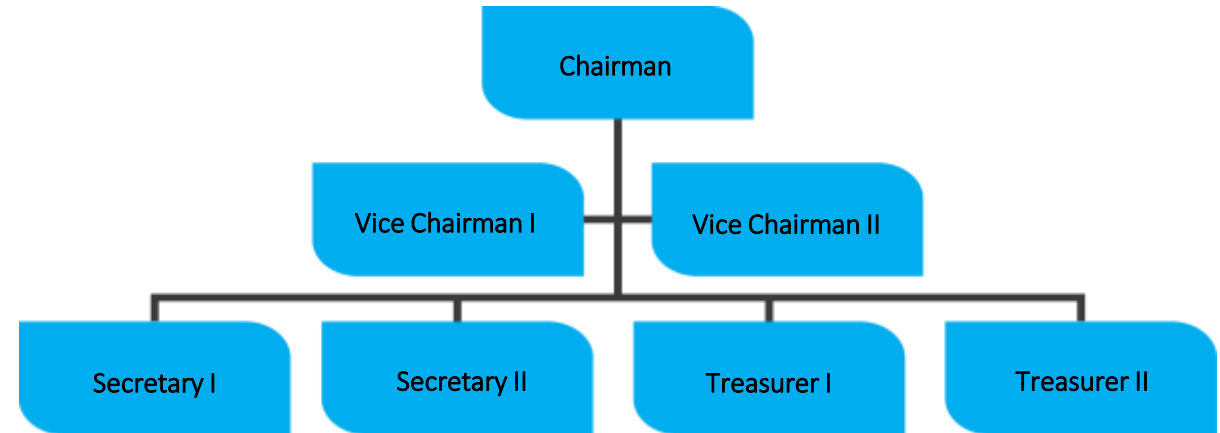
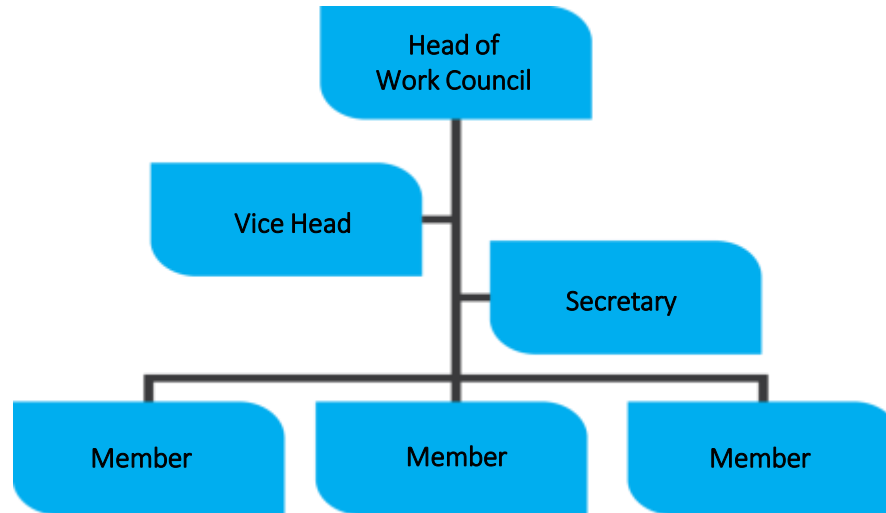
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EMPLOYEE REPRESENTATIVE BODIES



PT HM SAMPOERNA Tbk.



- Communication and Consultation
- Result : Recommendation on better workplace
- Board Members : 50

- Dispute Resolution
- Result : CLA, Wages
- Board Members : 56

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INDUSTRIAL RELATIONS MANDATE

To enhance **INDUSTRIAL PEACE** based on **TRUST, RESPECT, and COLLABORATION** with **WORK COUNCIL/TRADE UNION, EMPLOYER ASSOCIATION, and MANPOWER MINISTRY** in order to ensure a **SUSTAINABLE GROWTH** of the company.

IR PILLARS



COMPLIANCE



Zero



Employment dispute that
goes to the court

Concluded



CLA 2016—2018

No finding



TPO Normative Mapping

- Pre-questionnaire
- 4 Workshops by Region for educating MPS.

IR-CAPABLE PEOPLE MANAGER



35 Trainings

from **34** target

West: 10

12

4

1

East: 8



Manufacturing



Sales & Marketing



Distribution



Factory
Logistics

IR TRAINING : KELOMPOC APIR



ENGAGED UNION, LKSB, EE



The 1st Annual
All LKSB Meeting

- Rebranding
- iFactor

LKSB
Rebranding

- Gain trust
- Better function

LKSB
Establishment
in OPP on Sep

Engagement events
Anniversary, Gold Pin,
Annual Management Union
Meeting, etc.

Kongkow Bareng Union - Management



Objective : to strengthen engagement between Management and PUK

Venue : Puncak Bogor

Time : 30 Jun 2016

Issue Discussed:

- Computer Training for PUK team (and other softskill training)
- Strategy to attract non union Daily employee
- Promotion from within for Daily
- COS impact due to people transfer HMS-PMID
- Higher workload due to organization change

Next step :

- Routine Union Management meeting (quarterly)
- Management support to Develop PUK Team

ENGAGED UNION

Union West - Warung RT Mamin



Ngobrol Bareng & National LKSB Workshop

Ngobrol Bareng on Apr 18 created a slogan
“**Saya Bangga Sampoerna**” which becoming a campaign
to be proud as a Sampoerna family

LKSB Workshop on Apr 27 – 29, branding **ifactor** :
factual. Committed. Trust. cOllaborative and Respect
as a pillar to its working programs



ENGAGED EMPLOYEE

Integrated Pre-Retirement Program (iProud)



APRIL, 5 – 7, 2016
TAMAN DAYU GOLF CLUB & RESORT

- Participation rate increase to 53%
- Satisfaction rate 4.4

- 5 plants
- 165 employee participated

ANNUAL MANAGEMENT-UNION MEETING



GOLD PIN

August 25, 2016
Sharing-La Hotel, Surabaya
772 Recipients

New Package of Gold PIN Award
(SS Ideas)



Bangga Sampoerna
Dance With Management



Surprise for Pak Paul
as Gold PIN Recipient

SAMPOERNA ANNIVERSARY / EAMD



SAMPOERNA CUP



SAMPOERNA SCHOLARSHIP



UNION KARAWANG ELECTION



Candidate Registration — Campaign — Election — Counting — Inauguration

ARTIST TO FACTORY



SAMPOERNA VOLUNTEER CLUB



Painting houses in Kenjeran
with Surabaya Mayor, Ibu
Risma.



Garut Floods
Donation from Karawang Plant
Employees: IDR 6.270.000



Indonesia Anniversary Celebration
“Kuta Beach Cleaning”
± 32 Employee Involved (Sales,
Marketing, Clove Hub)
In Collaboration with Joger Store

SAMPOERNA VOLUNTEER CLUB



Refocus Program (“Less is More”) through Society Economy Empowerment Cooking Class in Sukorejo

16 April 2016, SVC Cooking Class Batch II
in Suwayuwo Village, Sukorejo.

30 April 2016, SVC Cooking Class Batch III
in Bulukandang Village, Sukorejo.

28 May 2016, SVC Cooking Class Batch IV
in Ngadimulyo Village, Sukorejo.

TAKE A BREAK.

Have fun and win the prize



Contact person: **Gere Gilly** ext 66188



Powered by:



COMING SOON

STRONG EXTERNAL RELATIONS

Maintain positions with Stakeholder



National Tripartite
Wage Committee Prov. East Java
Wage Committee Surabaya



Sampoerna TU
representatives in
TU Affiliate

- PD : 2
- PC Mlg : 1
- PC Krw : 2



Deputy Head of Regulatory (MC)
Deputy Head of Wages (MDS)
Vice Chairman in Pasuruan (Sinar)
Indonesia Delegation on ILC (MC &
MDS)

STRONG EXTERNAL RELATIONS



Collaboration Project with
Manpower Ministry
(Worker Deployment Dept):
Up-skilling former Indonesia
Migrant Workers in Karawang



Conducted National Meeting
of Tob, Cig, Food &
Beverages TU (RTMM) with
Sampoerna

- Advocate balance regulations
- Affiliate with other org/coy



Strengthen engagement
with BPJS East Java:

- Pap smear check
- Talk show
- Prolanis
- Koperasi Sampoerna Drugstore

UPSKILLING PROJECT FOR MIGRANT WORKERS



Engage with Minister of Employment to win support for expatriation in Sampoerna and also secure Karawang Plan from external destruction.

ENGAGEMENT WITH BPJS KESEHATAN



Engage with BPJS Health to have commitment to improve medical services for HMS employees.

HMS-RTMM NATIONAL MEETING FOR IHT



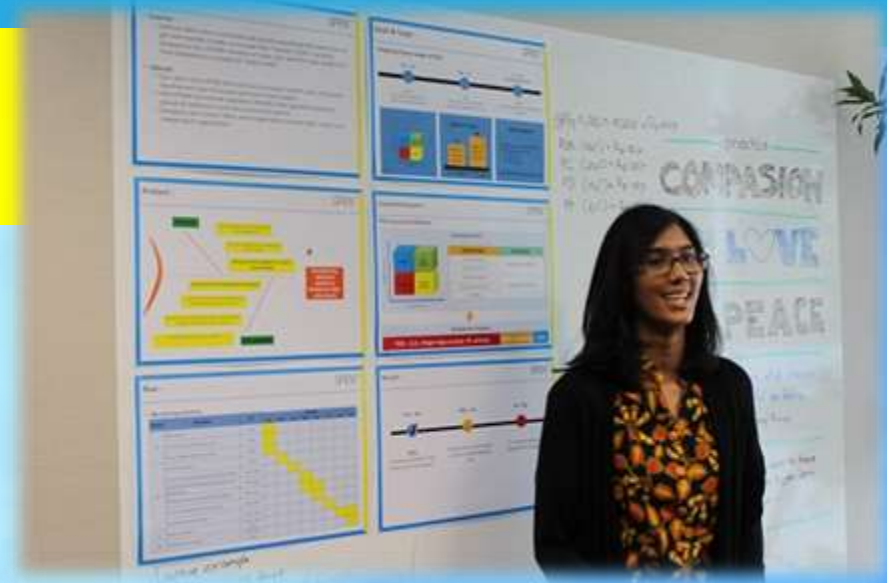
Synergy between HMS and RTMM for safeguarding a sustainable growth of tobacco industry.

IMPROVED IER CAPABILITIES

Continuous Improvement in LR



- 14 ideas
- Gold Medal - IProud (pre-retirement program)
- Silver Medal - Warung Buruh Cerdas



Improved IER Team's capabilities with **IER Master Club**

- Finance for Non-Finance
- Sales
- Law Practices
- Wages

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Key Business/HR Challenges with LR Implications

- Market trend is shifting from hand-rolled to machine rolled.
- Increase number of employees and bigger area of coverage, while capability of People Manager in managing the LR issues is limited.
- Labor regulations uncertainty.

Key Strategies

- Strengthen engagement with Tripartite (Gov, APINDO, TU) in order to have balanced employment regulations.
 - Actively participate in APINDO as Tripartite/Wage Council in city where the factory is located.
 - Join Functional Meeting to educate People Manager on Labor Relations issues.
 - Regularly meet WC and TU to discuss issues.

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2016 - 2018

Manpower Compliance audit to Sampoerna business

Compliance

IER-Capable
People
Manager

- LR Training for newly promoted People Mgr

- Collective Labor Agreement 2016 - 2018
- Development Plan for TU and Work Council
- National Meeting of Work Council

Engaged Union,
LKSB, &
Employee

INDUSTRIAL
PEACE

Improve IER
Capability &
Infrastructure

Strong External
Relations

- Participate in Tripartite :
- Balanced Regulations

- Develop LR Dashboard
- Enhance performance through Continuous Improvement

THANK YOU