

Tanoto Foundation

Tanoto Foundation strives to be a center of excellence in poverty reduction through **EDUCATION, EMPOWERMENT, and ENHANCEMENT** of quality of lives.

Tanoto Foundation

Tanoto Foundation



ANNUAL REPORT 2015



www.tanotofoundation.org

*“Every person should have the opportunity
to realize his or her full potential.”*

Sukanto Tanoto and Tinah Bingei Tanoto



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In 1981, Sukanto Tanoto and Tinah Bingei Tanoto inaugurated Besitang Kindergarten and Elementary School in Sumatera Utara. They both believe that investing in education, including early education, is the key to a better future.

Message from Founders

Dear Friends,

Back when we were young, due to unfavorable economic circumstances and family responsibility, our education was cut short.

Young Sukanto Tanoto had to drop out of high school, and young Tinah Bingei, forgo college education.

We did not give up, but rather pursued self-study outside of the formal education systems. We have vivid memories of how we studied English by reading second-hand English magazines and struggling for comprehension with the help of a worn out dictionary, word by word.

Our relentless self-study has borne fruits that enabled us to start and grow our business. But we also came to believe that education should not be so hard to attain. Every child should have the opportunity to get quality education, and with that, realize his or her full potential. This belief is at the heart of our passion in education.

Our philanthropic work started in 1981 when we established a kindergarten and elementary school in rural Besitang, Sumatera Utara province of Indonesia.

What had started as a straightforward school development program, quickly transformed into a holistic, integrated social development program. The school, which was built to provide education for children, became a place for the parents to get training on how to improve livelihood and for the general community members to learn basic skills to enhance quality of life in the village. This was the birth of Tanoto Foundation.

We believe that effective poverty alleviation requires a holistic approach that comprises education, empowerment, and enhancement of quality of life. Therefore, we align our work with the global efforts of achieving the Millennium Development Goals and the Sustainable Development Goals. We want to focus on rural areas, where poverty is most severe, and where education, empowerment, and enhancement of quality of life will bring the most significant changes.

To date, the work of the Foundation has positively impacted the lives of thousands. We remain committed to reach out and help more in the combat against poverty.

Sincerely,

***Sukanto Tanoto
Tinah Bingei Tanoto***



A Center of Excellence in Poverty Alleviation

WHAT WE SET OUT TO ACHIEVE:

THE VISION

Tanoto Foundation strives to be a center of excellence in poverty alleviation through education, empowerment and enhancement of the quality of life.

Education is the key to break intergenerational poverty cycle and we aim to improve both the access to education and the quality of education.

Our scholarship program has reached more than 6,300 students at all levels of education, including those at 35 partner universities in Indonesia, Singapore and China. Our school improvement program has reached 466 schools and is benefitting over 12,000 students in rural areas in terms of improved learning process and experience.

As poverty alleviation through improvement in education is a long term process, immediate remediation is addressed by empowering poor families.

Our main strategy for empowerment is to facilitate linkage between community members and corporations in a sustainable business model. More than 160 small and medium-sized enterprises and over 5,600 smallholders or oil palm plantation are now supplying goods and services to Tanoto Foundation's corporate partners. Over 35,000 community members now have improved livelihood through sustainable employment or other income-generating activities.

In parallel with education and empowerment, we aim to improve standard of living of poor communities and the quality of life of the communities at large.

Tanoto Foundation's enhancement initiative has focused on improving water resources and health facilities directly benefitting thousands of rural families in Sumatera. 27,000 people in 90 villages now have improved access to water and sanitation facilities, and 31,000 people from 161 villages can access better health services.

HOW WE WORK:

THE MISSION

Tanoto Foundation works directly with communities, addressing various issues of poverty at the field level. We also work with partners to leverage the resources and expertise of partners and therefore create synergy.

The Foundation carries out initiatives that make the fight against poverty more conducive and sustainable, including nurturing future leaders who are passionate about poverty alleviation.

With that in mind, we take on the following mission:



1

Developing and implementing innovative programs



2

Building capacity and empowering the beneficiaries and communities



3

Working with partners and supporting programs implemented by partners



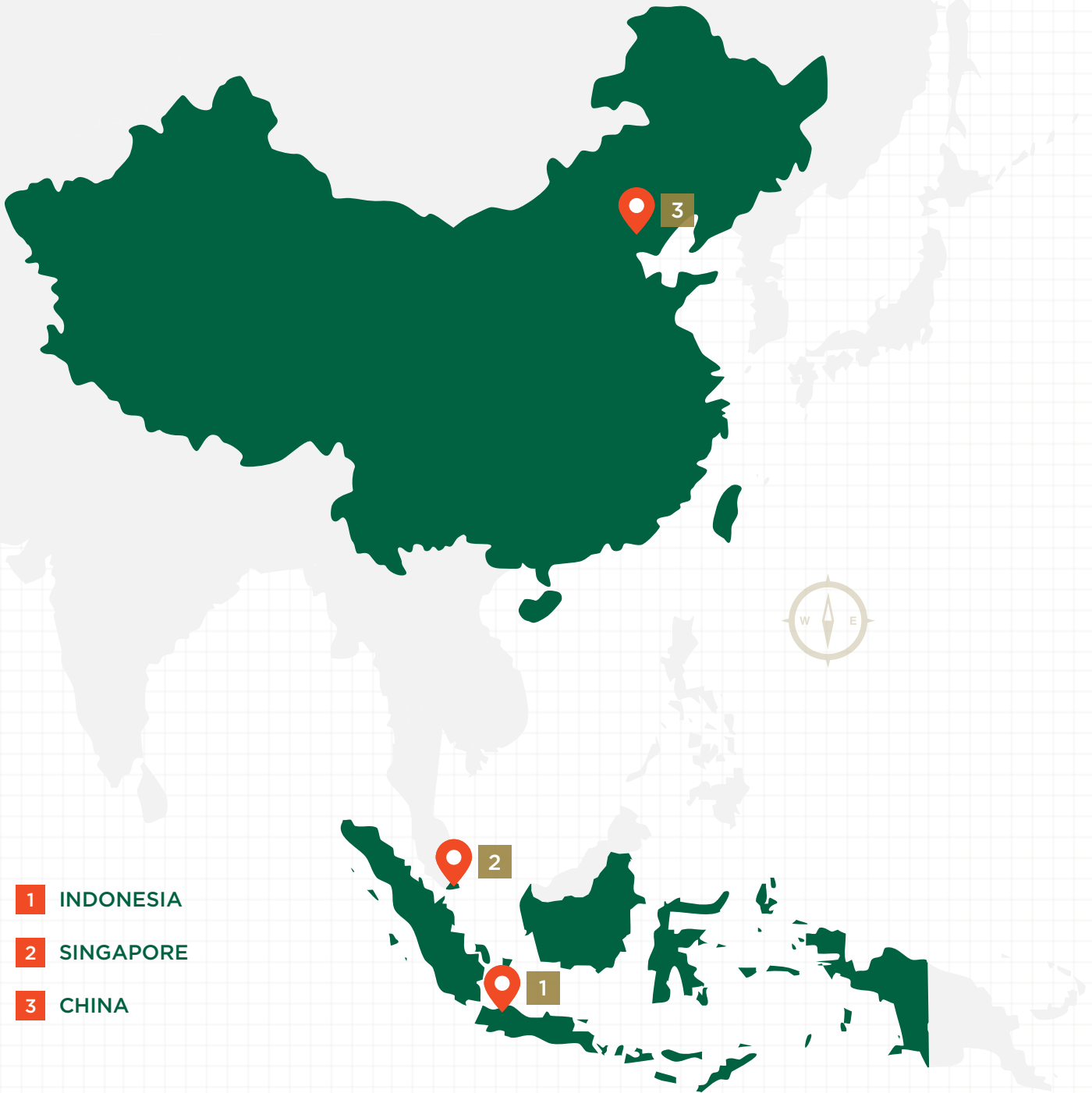
4

Documenting and sharing best practices to the public

OUR FOOTPRINT:

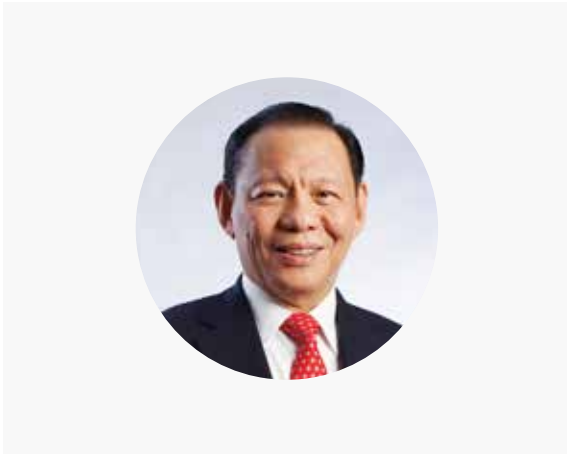
WHERE WE OPERATE

Beneficiaries of Tanoto Foundation are in Indonesia, Singapore, and China.



- 1 INDONESIA
- 2 SINGAPORE
- 3 CHINA

THE BOARD OF TRUSTEES



Sukanto Tanoto

Founder and Chairman of the Board of Trustees

An entrepreneur, visionary and pioneer of a number of global industries, Sukanto Tanoto started his first business in 1967, and later established the Royal Golden Eagle (RGE) Group. Today, RGE companies own manufacturing operations in China, Indonesia, and Brazil and sales offices worldwide.

Sukanto Tanoto believes that a company can only be successful if it is a responsible corporate citizen guided by clear business philosophy: "good for the community, good for the country, good for the climate, and good for the company". On personal level, Sukanto Tanoto and his wife, Tinah Bingei Tanoto, are committed to philanthropic works, particularly focusing on education, empowerment, and enhancement of quality of life.

As a founder of Tanoto Foundation and Chairman of Board of Trustees, Sukanto Tanoto sets the vision and the guiding principles. Sukanto Tanoto is a member of the INSEAD International Council and of the Wharton Board of Overseers. He is a recipient of the Wharton School Dean's Medal Award, which recognizes individuals for their contributions to the enlargement of the global economy and the improvement of lives worldwide.



Tinah Bingei Tanoto

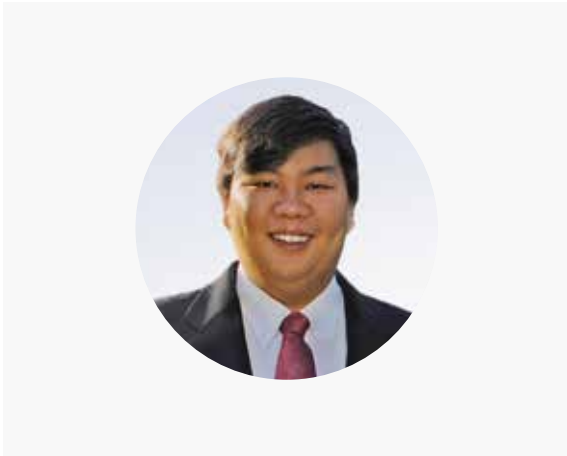
Founder and Trustee

Tinah Bingei Tanoto is actively involved in RGE Group's strategic decision-making, especially in areas related to education, housing and health care for employees and their families, and talent management.

An avid champion of the RGE companies' and the Tanoto Foundation's philanthropic initiatives, Tinah Bingei Tanoto has been an active supporter of community development efforts in the fields of education, training and livelihood improvement for local communities.

As a founder and Board member of Tanoto Foundation, she has been a driving force behind the Foundation's donations towards education, health care, and disaster relief efforts.

Furthermore, she is a staunch advocate of providing women with the option of working outside their home, if they decide to do so. She believes that this could be achieved by having a strong support system which allows them to take part in economic and income generating activities. Tinah Bingei Tanoto is member of the Business Family Foundation Board and Universitas Sumatera Utara Board of Trustees.

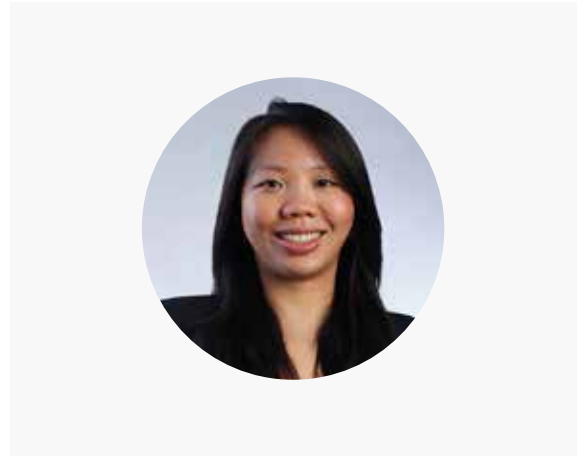


Andre Tanoto

Trustee

Andre is the eldest son of Sukanto Tanoto and Tinah Bingei Tanoto. After graduating from Carnegie Mellon University, USA, he now leads his own business focusing on food and beverage industry.

As Trustee of Tanoto Foundation, Andre provides guidance on charitable work and preservation of traditional heritage.



Imelda Tanoto

Trustee

Imelda is the eldest daughter of Sukanto and Tinah Bingei Tanoto. She received her Bachelor of Science in Economics from the Wharton School, University of Pennsylvania, USA.

Imelda participates actively in RGE's global business development. At Tanoto Foundation, Imelda provides guidance in areas related to the Foundation's international governance, and works related to entrepreneurship development among young generation.



Belinda Tanoto

Trustee

Belinda received her bachelor's degree in Finance and Political Science from the Wharton School, University of Pennsylvania, USA, and a Master of Business Administration from Harvard Business School, USA.

Belinda is active in RGE's palm oil business. As a Trustee of Tanoto Foundation Belinda focuses on improving the quality of education at all levels, and on developing synergies with other philanthropic and development organizations.



Anderson Tanoto

Trustee

Anderson received his Bachelor of Science in Economics from the Wharton School, University of Pennsylvania, USA.

Anderson Tanoto is active in RGE's pulp and paper business. As a Trustee of Tanoto Foundation, Anderson drives various initiatives on developing international partnership with universities and development of young leaders for the future generation.

THE FOUNDATION'S LEADERSHIP:

THE BOARD OF GOVERNANCE



Bey Soo Kiang

Chairperson, Board of Governance

Bey Soo Kiang, Vice Chairman of RGE, holds a Masters in Arts (Engineering) from University of Cambridge and a Masters in Public Administration from Kennedy School of Government, Harvard University. At Tanoto Foundation, he provides guidance in improving access to early childhood education and primary education.



Irsan Syarief

Member

Irsan Syarief, President of RGE Indonesia, graduated from Universitas Darma Agung, Medan, majoring in Economics. As a Board member of Tanoto Foundation, Irsan oversees alignment of the Foundation's programs with government priorities.



Protasius Daritan

Member

Protasius Daritan is one of the senior leaders of RGE Indonesia. Protasius Daritan was instrumental in leading the early stage of RGE's community development programs. He advocates collaboration between Tanoto Foundation and RGE companies to leverage impact for the community.



Ibrahim Hasan

Member

Ibrahim Hasan, President Commissioner of PT. Riau Andalan Pulp and Paper (RAPP), a subsidiary of APRIL, holds a Bachelor of Science degree in Electrical Engineering from MIT, and a Ph.D in Economics from the University of California at Berkeley. As Board member of Tanoto Foundation Ibrahim provides guidance in strategic partnership and impact measurement.







CHAPTER 3

Breaking Poverty Cycle Through Education

AT A GLANCE:

Tanoto Foundation Education Program aims to improve access to education and quality of education. In improving access to education, scholarship programs are offered to students at all levels of education. In improving quality of education, Tanoto Foundation implements multi-faceted institutional strengthening initiatives to partners ranging from early childhood education centers to universities.

Education plays an important role in our holistic approach in alleviating poverty. Tanoto Foundation focuses its efforts on improving access to education and quality of education particularly for the rural poor in Sumatera Utara, Riau, and Jambi provinces.

In 2010, 31 million people or 13% of the total population in Indonesia were below the national poverty line according to the National Statistics Bureau. Furthermore, only 27% and 8% of the work force had secondary and tertiary education respectively. These facts corroborate our belief at Tanoto Foundation that the key factor in breaking inter-generational poverty cycle is education.

Indonesia has made significant progress in many aspects of its education system in the past decade, particularly in improving access to primary education. According to the Ministry of Education and Culture, national primary education enrollment rate has increased from 75% in 1975 to 95% in 2007. However, rural primary school enrollment rate has remained at 60% in 2014.

For higher education the achievement is less pronounced. In 2011 higher education enrollment rate was only 18%. This rate is much lower than in neighboring countries in the region; in Thailand and Philippines, higher education enrollment rates in 2011 were 37% and 25% respectively.

On the issue of quality, education in Indonesia still has far to go. The average PISA score of Indonesian students was ranked 64th out of 65 countries in 2012. This means that most of Indonesian fifteen-year-old students are still unable to master basic skills in reading, mathematics, and problem solving.

While significant progress has been achieved in constructing primary schools throughout in Indonesia, the reality is that two-thirds of rural schools today still lack teachers. In addition, many rural primary schools do not have conducive learning environment with proper infrastructures.



18%

Indonesia's enrollment rate
for higher education
(UNESCO 2011)

To address the issue of **access to education**, Tanoto Foundation provides six different scholarship programs with differing objectives and target beneficiaries in Indonesia and Singapore, namely:

- 1 National Champion Scholarship**
Scholarship to support exceptional students from financially underprivileged families to attend universities.
- 2 Regional Champion Scholarship**
Scholarship to nurture future leaders from rural areas committed to their region's development.
- 3 Tanoto Youth Scholarship**
Scholarship for financially underprivileged high-performing junior and senior high school students in Medan and Belawan, Sumatra Utara.
- 4 Tanoto Foundation International Scholarship**
Scholarship to support high-performing students to attend leading universities in Singapore, with priority on Indonesia and China students.
- 5 Tanoto Foundation Vocational Scholarship**
Scholarship for financially-disadvantaged high school graduates from rural areas who are inspired to have career in agriculture or forestry sector.
- 6 Sayap Garuda Scholarship**
Scholarship for high-performing students whose parents work in RGE Group companies in rural areas.

The Tanoto Foundation Vocational Scholarship and Sayap Garuda Scholarship are managed in partnership with RGE Group to share the benefits offered by our scholarship systems in simultaneously addressing the RGE Group's needs for human capital and the community needs for educational support.

To address the issue of **quality of education**, Tanoto Foundation implements the following multi-faceted institutional strengthening programs for all levels of education in Indonesia:

- 1 Pelita Pendidikan Program**
Program to provide trainings for school teachers and principals, and renovate school facilities and infrastructures.
- 2 Tanoto Student Research Award**
Program to finance undergraduate students in innovation and applied research.
- 3 Tanoto Entrepreneurship Series**
Program to inspire MBA students to be entrepreneurs.
- 4 University Infrastructure Improvements**
Program to improve educational facilities of selected leading universities.
- 5 Tanoto Initiative at The Wharton School**
Program to improve quality of higher education and nurture future leaders through partnership with The Wharton School.

Tanoto Foundation's education programs are aligned with Sustainable Development Goals related to elimination of poverty, good health, and well-being for community, improved quality of education, and reduced inequality.



Reaching Out Through Scholarship

Tanoto Foundation's scholarships enable thousands of motivated young adults, particularly from financially underprivileged families to attend university and have a better future.

Tanoto Foundation offers six Scholarship Programs with differing objectives and target recipients namely:



1

National Champion Scholarship



2

Regional Champion Scholarship



3

Tanoto Youth Scholarship



4

Tanoto Foundation International Scholarship



5

Tanoto Foundation Vocational Scholarship



6

Sayap Garuda Scholarship



In addition to taking care of tuition fee and living allowance, Tanoto Foundation provides students with a whole range of enrichment and support program:

- 1 **Soft skills**, such as communication, teamwork, English writing and motivational workshops.
- 2 **Internship opportunities** at our corporate partners, member companies of the RGE group.
- 3 Through the **Tanoto Scholars Association (TSA)**, Tanoto Scholars are encouraged to participate in community projects, as a way of giving back.
- 4 Annual **Tanoto Scholars Gathering**, an annual event for networking, team building, and opportunity to meet the Founders and trustees of Tanoto Foundation.
- 5 **Counseling**, for those whose academic performance falls below standard.

As of December 2015, Tanoto Foundation has provided scholarships to 6,337 students at various levels of education. The recipients include students at 35 universities.


6,300+
 SCHOLARSHIPS
 AWARDED
 TO STUDENTS
 SINCE 2006


35
 PARTNER
 UNIVERSITIES



National Champion Scholarship

The National Champion Scholarship (NCS) aims at nurturing future leaders in Indonesia and other parts of the world.

National Champion Scholarship in Indonesia

Launched in 2006, NCS is available to bachelor's and master's degree students. We work with twelve partner universities in Indonesia.



Institut Teknologi Bandung
Bandung



Institut Pertanian Bogor
Bogor



Universitas Indonesia
Depok



Universitas Gadjah Mada
Jogyakarta



Universitas Sumatera Utara
Medan



Universitas Riau
Pekanbaru



Universitas Jambi
Jambi



Universitas Mulawarman
Samarinda



Universitas Hasanuddin
Makassar



Universitas Brawijaya
Malang



Universitas Diponegoro
Semarang



Universitas Andalas
Padang

Under NCS, Tanoto Foundation is committed to supporting a diverse group of exceptional students from all provinces. Through a rigorous selection process, students from financially underprivileged families are selected on the basis of academic performance, leadership potential, and financial need. Once selected, Tanoto Scholars are required to maintain a GPA performance above our high standards throughout their study.

Achievements

Achievements of NCS program as of December 2015:

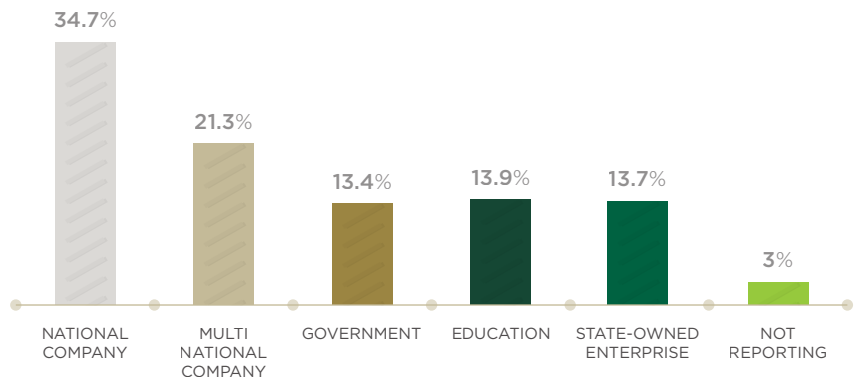
1. Provided scholarship to 2,412 Tanoto Scholars in total, of which 534 are active scholars.
2. Established Tanoto Scholars Associations (TSAs) in 11 cities.
3. Maintained a low drop-out rate at 1.53%.
4. Produced scholars with good academic performance of 3.6/4.0 average GPA.

Challenge

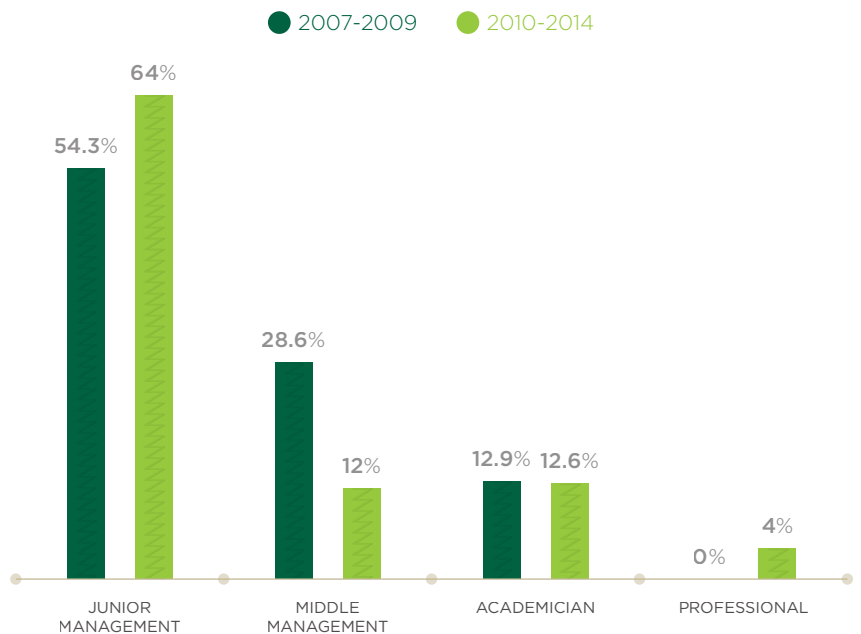
The need in Indonesia for financial support of financially under-privileged students with strong academic performance and leadership potential is huge, beyond the capacity of Tanoto Foundation to serve. In 2015, out of 8,057 students who applied for National Champion Scholarship, only 236 students (3%) could be served by Tanoto Foundation.

Our challenge is to encourage other interested parties to provide similar scholarship programs.

Impact



Based on our survey in 2014 on 395 NCS graduates, our graduates are employed mostly in the private sector (56%), followed by state-owned enterprises (14%), and government (13%).



A comparison of recent graduates (2010-2014) and older graduates (2007-2009) working in the private sector shows that 29% of older graduates are in middle management compared to 12% for recent graduates. This suggests good upward career mobility of our graduates in the private sector.

National Champion Scholarship in China

As a partner of Tanoto Foundation, RGE China spearheaded the National Champion Scholarship in China, which is locally known as the Yuying University Scholarship. The Program aims to support student pursuing higher education and reward excellent university students in China.

Launched in 2010, the scholarship serves diploma's, bachelor's, and master's degree students at 11 highly rated partner universities in China:



Nanjing University, at Nanjing
Jiangsu



Tsinghua University
Haidian, Beijing



Fudan University
Yangpu, Shanghai



South China University of Technology
Guangzhou, Guangdong



Beijing Forestry University
Haidian, Beijing



Southeast University
Nanjing, Jiangsu



Nanjing Forestry University
Nanjing, Jiangsu



Wuhan Electric Power Technical College
Wuhan, Hubei



Qilu University of Technology
Jinan, Shandong



Jiujiang College
Jiujiang, Jiangxi



Nanjing Institute of Technology
Nanjing, Jiangsu

Achievements

As of December 2015, the Yuying University Scholarship has provided access to higher education for more than 350 students in total.

Impact

The scholarship recipients who graduate from the universities manage to secure employment with reputable companies, including three at RGE.



Nurturing Indonesia's Future Leaders

Asep Fajar Kurniawan is one of Tanoto Scholars who has emerged as a young leader in Indonesia. After graduating from post graduate program at Universitas Indonesia, he became a lecturer at a private university in Jakarta and is actively engaged in efforts to support Indonesian youth empowerment.

He is the founder of Indonesia Student and Youth Forum (ISYF), a non-profit organization for Indonesian youths of 15-25 age group. ISYF offers programs that promote youth awareness in education, health, environment, entrepreneurship, and cultural and social issues.

During an Indonesia Student and Youth Forum 2015 event in Bengkulu province of Indonesia, which was attended by over 400 youths from 33 provinces of Indonesia, Fajar said, "I was very excited to organize this event as it provides opportunities for young people to learn from experts and each other in realizing their social ideas.



Paying It Forward to Sukadamai Kids

Since 2011, members of Tanoto Scholars Association (TSA) in Institut Pertanian Bogor (IPB) have been actively running a social project for the under-privileged community of Sukadamai village in Bogor. Despite its proximity from IPB, most families still experience poverty and many of their children only have elementary education.

This is one of the reasons why scholars decided to focus their activities on this particular village. Scholars visit the Sukadamai village regularly and get children involved in interactive activities such as learning how to read and improving math skills, pictures coloring, and playing traditional music instruments. After three years of intensive weekly visit, the children of Sukadamai Village show significant confidence in learning and in expressing their ideas.

"The children are very excited when they study. If one of us can't come, they get really disappointed. Sometimes, when we arrived later than scheduled, we would always find them in the classroom waiting for their "teachers", ready to start class," said Denny Suwanto, President of Tanoto Scholars Association at IPB for 2013 - 2014 period.



Regional Champion Scholarship

Regional Champion Scholarship (RCS) aims to nurture future leaders from rural areas committed to their region's development.

Since 2011, Tanoto Foundation has been offering the RCS to students at 29 Indonesian universities. To strengthen links with the regions, RCS provides binding employment opportunities with our corporate partners operating in the regions.

Achievements

Achievements of RCS program as of December 2015:

1. Provides scholarships to 173 students, of which 155 are active.
2. Placed 10 students who graduated in 2015 for employment in RGE Group companies and affiliates (Riau Andalan Pulp and Paper, Asian Agri, Apical, Toba Pulp Lestari and Tanoto Foundation).

Challenge

RCS scholars, who graduated from rural areas, are disadvantaged at universities because of the generally poorer quality of high schools in rural areas. This has led to 4.6% drop out rate, higher than that of NCS (1.5%).



Tanoto Youth Scholarship

Launched in 2010, the Youth Scholarship program enables high-performing junior and senior high school students from underprivileged families in Medan and Belawan, Sumatera Utara to cover school fees.

This program attests to the historical roots of our founder who was born in Belawan and raised in Medan. Youth Scholars are typically raised by parents who are either informal workers such as manual laborers, micro traders, or low level employees. Mindful of the special needs of this group of students, intensive counseling and academic mentoring have been explicitly structured into this scholarship program. The result has been a drop-out rate of almost zero.

Though most of our Youth Scholarship graduates tend to enter the work force straight after high school to help their family, three of the Youth Scholarship graduates have succeeded in getting our Regional Champion Scholarships and will continue studying to obtain their university education.

Achievements

As of December 2015 we have partnered with 21 secondary schools, benefitting 353 students, of which 154 are active scholars.

Challenge

Many youth scholars are under pressure from economically-struggling parents demanding their participation in income generating activities.

Impact

We have received expressions of appreciation from graduates of this program. The following testimony is one example.

"I am a proud recipient of the Youth Scholarship program from Tanoto Foundation since 2012. I am very happy that I now can focus on my study without having to add the financial difficulties on my parents. This scholarship truly helps me and my family."

Randy Ren Tanaka, student at Dr. Wahidin Sudirohusodo High School, Medan.



Tanoto Foundation International Scholarship

Several overseas scholarship programs are offered to high-performing students in Singapore, with priority on Indonesian and China students, studying at Singapore Management University (SMU), Nanyang Technological University (NTU), and National University of Singapore (NUS).

As the case with other Tanoto Foundation scholarship programs, we select scholarship recipients based on merits and need. In addition to the financial support, development of soft skill through training is an integral part of the scholarship.

The scholarship program at SMU includes a unique community service program called Project Sukacita, which brings SMU Tanoto Scholars to reach out to marginalized communities in Riau, Indonesia. Project Sukacita activities include health promotion through health screening, hygiene education through handwashing and teeth brushing, as well as school-based activities such as storytelling, classroom repainting, and cleaning of school facilities.

Achievements

As of December 2015, 79 students have been recruited as Tanoto Scholars, of which 22 are active scholars.

Impact

Project Sukacita was so successful and popular at SMU that it has continued as an annual event and is currently in the process of being integrated into SMU's Center for Social Responsibility (C4SR).





Tanoto Foundation Vocational Scholarship

In partnership with the RGE Group, Tanoto Foundation provides scholarships to financially-disadvantaged high school graduates from rural areas aspiring to have a career in the agriculture or forestry sector.

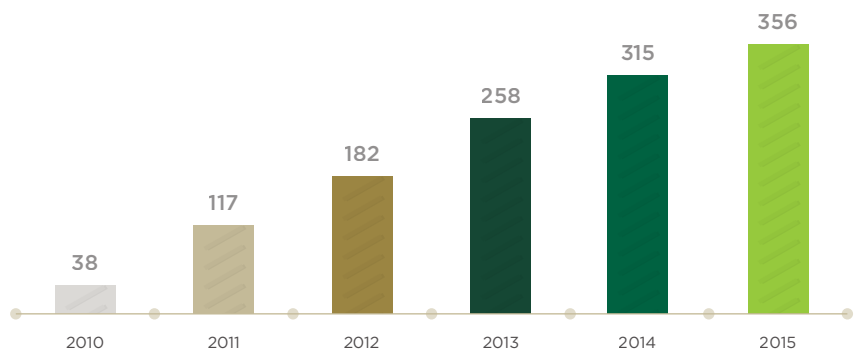
Vocational Scholarship in Indonesia

In Indonesia, Tanoto Foundation Vocational Scholarship is offered through two institutions:

1. Agriculture Institute (INSTIPER) in Yogyakarta, under the sponsorship of Asian Agri and APRIL.
2. Pulp and Paper Technical School (ATPK) in Bandung, under the sponsorship of APRIL.

Achievements

As of December 2015, 356 students have received vocational scholarships. Out of these, 55 graduated in 2015 and have started working in RGE Group companies.



Cumulative Number of Tanoto Foundation Vocational Scholars (2010-2015)



Challenge

Interest in agricultural and forestry vocational education programs has been declining.

Impact

109 graduates of INSTIPER and ATPK have worked at RGE as of December 2015, holding various level positions. INSTIPER graduates are assigned to roles such as Nursery Assistant, Research Officer, and Plantation Officer. Likewise, ATPK graduates work as Biometric Assistant, Fiber Quality Control Assistant, and Fiber Sustainability Assistant.

Vocational Scholarship in China

In China, Yuan Meng Scholarship program started in 2011 in Shandong Province. The program targets students from poor families residing in the remote areas of China to obtain access to higher education and provides opportunity to secure employment at one of RGE China's business group.

This particular scholarship partners with Nanjing Forestry University and Rizhao Polytechnic, a comprehensive higher vocational and technical college, to support students interested in the forestry area. The program is designed to provide students the opportunity to have hands-on experience in the business unit's mill operation site.

Achievements

As of December 2015, the Yuan Meng Scholarship has provided access to more than 260 students in total.

Impact

184 graduates have joined the affiliated companies within RGE's business unit as permanent employees, occupying various positions such as production, sales, and finance.



Sayap Garuda Scholarship

Sayap Garuda Scholarship was launched in 1997 and designed to support the continuity of rural development by developing talent pool for rural areas.

The program targets high-performing students whose parents work in RGE Group companies in rural areas and is inclusive of all school locations.

Achievements

As of December 2015, the Sayap Garuda scholarship has benefitted over 2,600 students.

Impact

Sayap Garuda scholarship has motivated many students to reach their full potential as shown below:

"Ever since I was in fourth grade, I have received the Sayap Garuda Scholarship. I am very happy. With this support, I become motivated to maintain my academic performance throughout my study and beyond. Hopefully with this scholarship I can continue my education to the highest level."

Maria Ronauli Sihotang, Student at Negeri 1 Tungkati Ulu Junior High School, Tanjung Jabung Barat, Jambi.

"I have received Sayap Garuda Scholarship since elementary school. With this support, I am excited to continue my study to pursue my dream and make my parents proud. Thank you Tanoto Foundation."

Atika Oktari Siregar, Student of SMA 4, Jambi.



Institutional Strengthening at All Levels

Tanoto Foundation provides support to the strengthening of institutional capacity of schools and universities so that they are able to improve the quality of education.

Our holistic approach recognizes that different levels of education need different types of support. As such, our program strategy has the following features:

1 Coverage of the full spectrum of education:

- Early childhood education, comprising playgroup schools, day-care centers, community-based early childhood education centers, and kindergartens.
- Primary education and secondary education, mainly in rural areas.
- Tertiary or higher education.

2 Combining hardware-type and software-type of support:

- Hardware-type support includes development or improvement of infrastructure, and provision of educational facilities.
- Software-type support includes training for teachers, faculty members, and provision of research grants.

3 Program delivery based on long-term partnership:

- Training for teachers and faculty members are combined with post-training coaching and monitoring to ensure improvement.
- In relevant areas, synergy is achieved by further linking the programs with other partners of Tanoto Foundation.



Our institutional strengthening strategy toward quality improvement includes the following programs:

- **Pelita Pendidikan Program**
- **Advancing Tertiary Education**
- **The Tanoto Initiative at the Wharton School**



Pelita Pendidikan Program

A study conducted by Tanoto Foundation in 2010 found that most primary schools in rural areas do not provide quality education.

Of the 33 schools that were surveyed in Riau, 20 schools were found to suffer from one or more of the following issues:

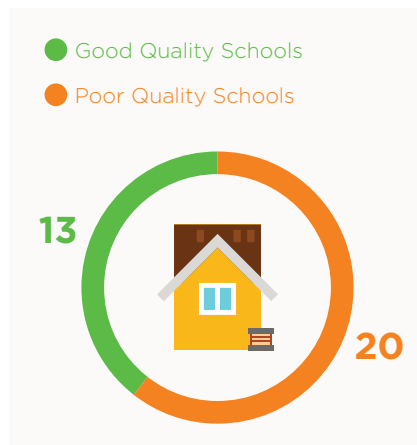
- Poor facilities and infrastructure
- Poor library or no library at all
- Poor teaching and textbook-based learning process
- Poor environmental awareness program

Meanwhile it is noteworthy that, at the national front, the Indonesian national school accreditation criteria for primary and secondary education consist of eight elements:

1. Graduates' performance in meeting national standards
2. Adherence to the national curriculum
3. Delivery of teaching and quality of the learning process
4. Teachers' qualification and competency
5. Adequate school facilities and infrastructure
6. Quality of school management
7. Sufficiency of school funding
8. Assessment of learning outcome

Pelita Pendidikan Program aims to improve the quality of education of rural schools by providing support in three dimensions:

- Delivery of teaching and quality of the learning process
- Teachers' qualification and competency
- Adequate school facilities and infrastructure



Pelita Pendidikan Program consists of four components, namely:



1

Pelita Guru Mandiri

A program to improve teaching skills.



2

Pelita Pustaka

A program to set up libraries at schools and foster good reading habits.



3

Pelita ASRI

A program which supports partner schools' stakeholders to create a safe and conducive environment at schools.



4

PAUD Program

A program to improve physical facilities and improve teaching competency of teachers and caregivers at Early Childhood Education Centers.

As of December 2015, Pelita Pendidikan has served 466 rural schools in Sumatera Utara, Riau and Jambi provinces. Of these 466 schools, 137 schools were founded and operated by RGE Group companies, and the remaining 329 schools are public and other private schools.

PELITA PENDIDIKAN PARTICIPATING SCHOOLS	REGULAR SCHOOLS	RGE SCHOOLS
Senior High School	12	2
Junior High School	23	5
Primary School	289	22
Kindergartens and Early Childhood Education Centers	5	37
Play Groups and Day-Care Centers	-	71
TOTAL	329	137

As Pelita Pendidikan has been running for 5 years, we had an evaluation conducted to assess the effectiveness and impact of the program as of December 2014. Universitas Katolik Widya Mandala (Indonesia) and the Bear Center of the University of California at Berkeley conducted the evaluation study (henceforth "the Berkeley study").



Pelita Guru Mandiri

Pelita Guru Mandiri is a program aimed at improving teachers' competence and their qualification.

Improving Competence

Through Pelita Guru Mandiri, teachers are trained so they can implement high-quality, effective, yet enjoyable teaching and learning process for students in and out of classrooms. Teachers are trained in topics such as development and implementation of contextual learning approach, collaborative learning between teachers and students, and classroom management. To ensure that teachers maintain their quality of work, we carry out periodical visit to schools for direct observation and refresher training sessions.

Training of teachers is done by involving local teachers who have successfully completed training as program facilitators and eventually as peer educators. We have trained 230 teachers as peer educators. These teachers take an active role in the local working groups of teachers and principals, so that the teachers

who do not participate directly in our training can also benefit from the skills and knowledge. Every year, we provide refresher training for the peer educators as part of their continuing professional education.

Teachers participating in the training are encouraged to form geographical groups or clusters. This allows sharing of experience and exchange of ideas among the teachers on how to implement the quality improvement in their respective schools.

Improving Qualification

A finding of the Ministry of National Education in 2010 also showed that more than 50% of teachers in Indonesia do not have a bachelor's degree.

In 2011, Tanoto Foundation launched the Tanoto Teachers Scholarship so more teachers can have access to higher education, improve their qualifications, and subsequently

strengthen the quality of teaching and learning process. This scholarship targets teachers who teach at primary schools in rural areas of Sumatera Utara, Riau and Jambi.

Achievements

Achievements of Pelita Guru Mandiri as of December 2015:

1. Worked with 215 schools
2. Trained more than 2,200 principals and teachers
3. Trained 230 teachers as peer educators
4. Provided college scholarships for 151 teachers, of which 64 have graduated

Challenge

School principals in public schools are subject to periodic rotations. This hinders the continuous implementation of our program, as buy-ins have to be obtained from new principals, and principal training program repeated.

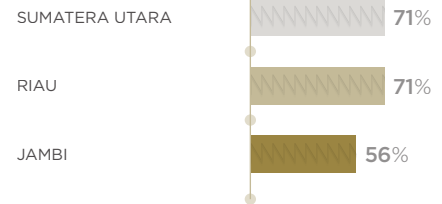
Impact

1 Teacher mastery in contextual teaching and learning

Training sessions have affected teachers' confidence positively. The Berkeley study shows that an average of 66% of teachers surveyed felt they understand the contextual teaching and learning materials well.



193
Teachers

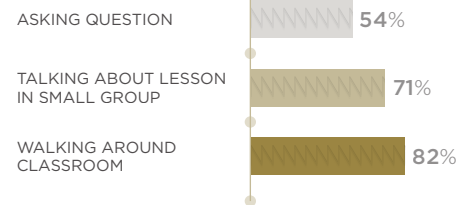


2 Impact on contextual teaching & learning

The Berkeley study also shows that students are now more active in the classroom. They are asking more questions, creating group discussions, and moving around the classroom for active learning.



3,357
Students



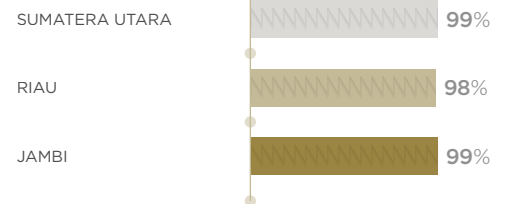
From our internal monitoring and evaluation survey, we found the following:

1 Student's satisfaction while in classroom

Data from 3,457 students surveyed indicates that almost all students are satisfied with the new classroom arrangements.



3,457
Students



2 Student's opinion (teachers' teaching methodology)

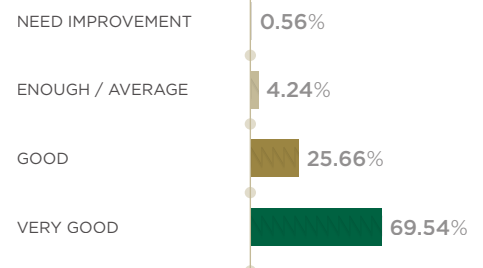
The majority of students we surveyed in December 2014 are satisfied with the way courses are taught in and outside of classrooms.



3,357
Students



121
Schools





Nurturing Indonesia's Future Leaders

Lubuk Kembang Sari elementary school is a public school that serves several villages in Ukui, Riau. Ukui is a subdistrict located in Riau, 2.5 hours by car from Pekanbaru, the capital city of Riau Province. In 2011, the school joined Pelita Pendidikan program and has not looked back since. Thanks to Pelita Pendidikan program, Lubuk Kembang Sari has grown from B-level to A-level school, based on the Government's school accreditation system.

In 2014, the school has also received the Adiwiyata Award which is the Government's recognition for the school's ideal learning environment that promotes good hygiene behavior and is environmentally sustainable. Finally, Lubuk Kembang Sari has also developed into a center for teachers training among 16 elementary schools in the area. "The Pelita Pendidikan program is very helpful for us. Before joining the program, we used to be passive in our teaching method," said Mr. Daryono, a Grade 4 Islamic studies teacher.

The teachers in Lubuk Kembang Sari became known for their teaching style. They would utilize unused or recycled materials and incorporate them into educational tools. Teachers also engage students in good environmental practices such as paper recycling and the garbage bank program, where students are taught to identify recyclables and group them accordingly. The teachers and students develop

biopores within the school compound to reduce water puddles after rain.

Through reading aloud and library visit program, students have developed an interest in reading. During breaks, more students spend time in the library to read books.

The impacts of Pelita Pendidikan are also obvious among teachers. "Teachers in this school are happier with their job," said Mr. Daryono. "The school has many activities despite the limited resources that the schools have, and we are constrained by the limited support from government. "We have monthly sharing session among schools in this area to share what we have learned in Pelita Pendidikan programs. There are 96 teachers from 18 schools in total and I have been the speaker 4-5 times," Mr. Daryono shared proudly.

"With Tanoto Foundation's help, our teaching technique is now comparable to the teachers out there [in the city]. We do things differently now. Learning activities becomes fun and exciting," said Mr. Daryono concluding the conversation.



Quality One-roof School for Children in Rural and Remote Areas

Data from Indonesia's National Socio-Economic Survey revealed that in 2011 2.3 million children of 7-15 years old were out of school. Of this number, over 1 million or 43% are children at the age of 13-15 years who live in rural and remote areas where access to junior high schools is a big challenge.

In 2015, Tanoto Foundation and UNICEF signed a one year partnership agreement to support the improvement of government-initiated program called SATAP (Sekolah Satu Atap), or known as One Roof School. First launched in 2005, SATAP is designed to combine primary education (grades 1-6) and junior secondary education (grades 7-9) in one compound. Ultimately, it aims at making transition to junior secondary education both physically easier and financially more feasible, at least for poor students living in remote and isolated areas.

The partnership works toward piloting improvement of the application of school-based management systems at SATAP schools. The pilot works in twelve selected schools in Polman and Mamuju district, West Sulawesi; and Bondowoso district, East Java. The pilot program aims to improve the performance of selected SATAP schools, so that it would become an ideal model for others to replicate.

In a workshop conducted by UNICEF in May 2015,

Tanoto Foundation together with UNICEF and The Ministry of Education and Culture participated in the formulation of the SATAP module that serves as a guideline to train the teachers and school principals in pilot schools.

In November 2015, nine teachers (3 principals, 2 school supervisors, and 4 teachers) from SATAP schools that participate in Tanoto Foundation's Pelita Pendidikan Program in Riau and Jambi had the opportunity to participate in the On The Job (OTJ) training conducted in Bondowoso. The training provided great insights to our teachers in developing effective curriculum for SATAP schools replicable at the schools in their respective areas. Upon returning from OTJ, the school supervisors and principals has implemented Teaching and Learning Supervision in their respective schools, and develop action plan to improve SATAP schools.

Ibu Fitriyani, teachers from SATAP in the Tebo District of Jambi province stated, "Training that I received from Pelita Pendidikan in the past three years has taught me about the importance of applying school-based management in my SATAP. Now that I have participated in the UNICEF training, I realize that proper supervision is important in ensuring quality, and that SATAP schools should work closely with local Education Office to have effective supervision. I will certainly work closer with the Education Office and share the experience with other SATAP teachers".



Pelita Pustaka

Pelita Pustaka program builds or renovates school libraries and promotes the use of the library as a comfortable place where students can obtain various educational information and improve their interest in reading.

Pelita Pustaka strongly supports schools in areas where access to information is limited. We make use of unused space in schools to create a small library or reading corner and donate various reading materials to the area. We train teachers to be librarians capable of managing small libraries to ensure maintenance and accessibility of reading materials.

To ensure that students have access to a breadth of book collections, we implement a book rotating system among schools located in the same cluster. There are approximately 6 schools in one cluster, each with an initial donation of 120 books. Tanoto Foundation trains teachers and librarians to facilitate book rotation every 2-3 months so that students constantly have access to new book collections without having to waste old ones. Furthermore, the cluster system also enables librarians from different schools to network, share experience, and improve the system.

Achievements

Achievements of Pelita Pustaka as of December 2015:

1. Renovated and built libraries in 186 schools
2. Donated over 32,000 books
3. Trained more than 1,800 teachers in library management



Challenge

While the initial book collections of Pelita Pustaka libraries are mostly provided by Tanoto Foundation, the challenge is to build community participation to increase book collections through donations or book drive initiatives.

Impact

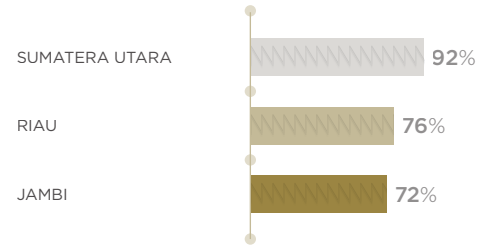
More than 140 schools now have fully functioning libraries. The Berkeley study shows:

1 Use of Library Management System

Majority of teachers in the partnering schools in three provinces have implemented the Pelita Pustaka library management system.



193
Teachers

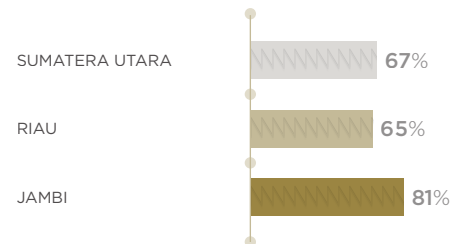


2 Schools with Librarian

More than 60% of the schools surveyed have dedicated personnel to support the activities in the library, demonstrating that the vital role of librarians have been recognized.



64
Schools

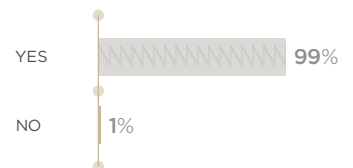


3 Book Rolling System Benefit

Majority of schools surveyed found Pelita Pustaka book rotation system beneficial. This is because the system optimizes the use of limited book collections in each school cluster and offers networking opportunities amongst librarians from different schools.



64
Schools



From our 2014 monitoring survey, when asked about their school library, 88% of students from participating schools stated that they enjoy using the library. Reasons include helpful librarian, ease in finding books, and the variety of book collections.

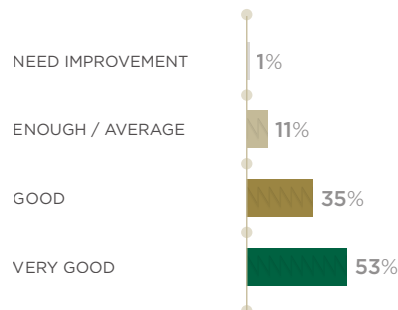
2 Students Opinion



3,312
Students



121
Schools





Pelita ASRI

Pelita ASRI (Aman, Sehat, dan Ramah Lingkungan) is a program to foster safe, clean, and healthy learning environment in schools. Pelita ASRI is implemented in a holistic manner, supporting the schools' "hardware" as well as "software" components.

Under Pelita ASRI, we work to:

- Renovate classrooms
- Provide classroom furniture and fixtures
- Build or renovate toilets and install clean water supply
- Increase students' and teachers' personal hygiene awareness
- Increase students', teachers' and community members' environmental awareness

In locations where synergy is called for, we collaborate with our partners APRIL and Asian Agri.

Achievements

Achievements of Pelita ASRI as of December 2015:

1. Renovated and built 350 classrooms
2. Provided more than 15,000 sets of classroom furniture
3. Implemented 3Rs (reduce, reuse, recycle) initiative in 141 schools
4. Renovated and built 222 toilets
5. Trained 778 teachers in good hygiene habits and 3Rs
6. Good hygiene campaign reached more than 12,600 students

Challenge

School budget limitations have led to poor maintenance of equipment and facilities.

Impact

Based on the Berkeley study, Pelita Asri has made positive impact as indicated in the following findings:

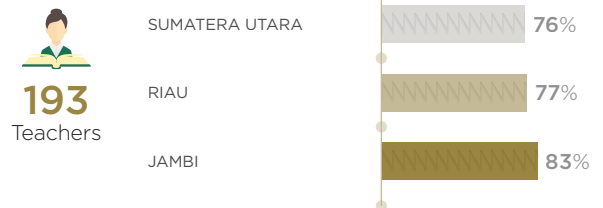
1 Student's Change in Behavior

The majority of students in the three provinces reported positive change in their behavior regarding good hygiene habits such as hand washing with soap under running water, keeping the environment clean, and not littering.



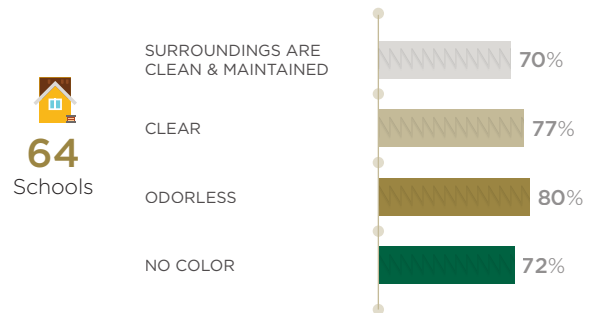
2 Use of teaching media from recycled material

As a result of Pelita Asri's teacher training program in 3Rs (Reduce, Reuse, Recycle), the majority of teachers now use teaching media made from recycled material, thus reducing waste and litter.



3 Observation of Water Quality

The Berkeley study also shows that most of the users (teachers and students) of Pelita Asri's clean water installations were satisfied with the cleanliness of surroundings, water clarity, absence of odour, and absence of water colour.



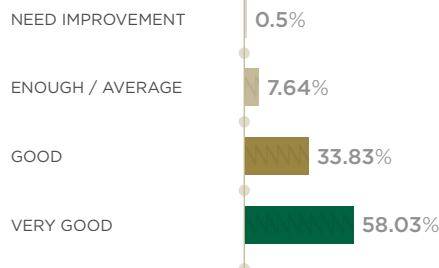
The above findings by independent evaluator confirm the similar finding from the in-house monitoring survey carried out in December 2014 on the effectiveness of our Pelita Asri school renovations. 92% of students surveyed in three provinces rated their schools' learning environment and facilities as "good" or "very good." This indicates that the students are satisfied with their school facilities and infrastructure.

2 Students Satisfaction

Post Construction/Renovation Schools

3,397 Students

121 Schools





PAUD Program

Our PAUD Program aims to improve the quality of early childhood education centers at rural and urban areas.

PAUD is the Indonesian acronym for early childhood education center. Excluded from the compulsory nine-year education, PAUD lacks the attention it deserves from the government. Ministry of Education and Culture data shows that only 20% of PAUD teachers have a bachelor's degree.

Furthermore, it is commonly perceived that such centers are meant to serve merely as play centers for children. The quality of the teaching and learning process at most early childhood centers is unsatisfactory. Yet, according to UNICEF, the early childhood phase is the most critical period in the development of a child's brain. What happens in the first five years of life will affect the child's future.

The scope of our PAUD program:

- Training of teachers and caregivers to improve competency
- Improvements of educational content
- Physical renovation of kindergartens and centers

As of December 31, 2015, we support 37 kindergartens and early childhood education centers and 71 day care centers in the rural areas of Sumatera Utara, Riau, and Jambi. We provide the following:

- Training for teachers and caregivers on key topics on children's development stages, educating children with disabilities, and nutrition.
- Assistance to ensure centers' infrastructure safety.
- Health screening for the children.

Under the partnership with Tanoto Foundation, RGE Group companies bring values to the development of the centers by sponsoring teachers and caregivers, as well as providing supplementary feeding for children.

Volunteers organized by Tanoto Foundation from Indonesia and Singapore visit the day care centers regularly to carry out activities such as story reading or singing with the children. This is done not only to provide education content to the day care centers, but also to support the children's social skills development.

In 2014 we started to expand our work to Jakarta where RGE has a palm oil refinery operation. The intention is to adapt and replicate our years of experience from rural Sumatera in strengthening the quality of early childhood education. We then collaborate with Jakarta Provincial Government to develop models of quality early childhood education for low to middle income communities in densely populated urban areas.



Pilot activities have been conducted in two selected centers in North Jakarta: (1) PAUD Bougenville at the Cilincing subdistrict to support communities living by Jakarta's sea port area and (2) PAUD Kenanga 17 at the Penjaringan subdistrict for residents in low income apartments. We also collaborate with Ministry of Education and Culture to train and certify the competence of the educators. Governor Basuki Tjahaja Purnama visited the training at PAUD Bougenville and inaugurated the completion of the PAUD Bougenville's renovation work by Tanoto Foundation in August 2015.

In late 2014, Tanoto Foundation's PAUD program was featured in the Jakarta's Children Friendly City Program. Four other early childhood education centers recommended by the Jakarta Provincial Government have been renovated by Tanoto Foundation for building quality improvement and received training and mentoring for teachers competency improvement. It brings the number of partners to 6 in total.

Achievements

Achievements of PAUD Program as of December 31, 2014:

1. 22 PAUD teachers nationally certified
2. 39 PAUD teachers trained
3. 94 kindergartens and day care centers caregivers trained
4. 22 kindergartens and day care centers caregivers nationally trained
5. 12 day care centers renovated in Pangkalan Kerinci, Riau
6. 6 PAUD centers renovated in Jakarta

Impact

1. Our comprehensive support for PAUD that combines teachers training and improvement of physical facilities continues to be recognized by the Jakarta Provincial Government.
2. In 2015, Tanoto Foundation was assigned by the Jakarta Provincial Government as development agent for government-owned PAUD located in flat housing in East Jakarta.

The following pictures show two PAUD facilities that were renovated by Tanoto Foundation:



1

PAUD Al Huda, one of the supported PAUDs under Jakarta Children Friendly City



2

Day care center in the rural area of Riau

Challenge

1. Many of the teachers and caregivers at the early childhood education centers do not fully meet the qualifications as prescribed by the government. The challenge for Tanoto Foundation is to develop the competence to meet the standards.
2. The dispersed locations of the early childhood education center in Sumatera provinces pose a challenge for us to deliver capacity building efficiently.



Quality Learning Space in Crowded Jakarta

Before collaborating with Tanoto Foundation, PAUD Bougenville had no permanent space or classroom for their activities. The class had to move several times from one garage of community member's house to another so children could continue to have sufficient space to play and learn. Since they have a permanent building now, teachers can concentrate on designing and delivering lessons for children.

"Children became more attentive during learning sessions. They are very happy with the playground facility in the center's backyard. The spacious classroom also helps teachers to create learning corners for students activities" reported Siti Maryam, Principal of PAUD Bougenville 011.

At PAUD Kenanga 17 families living in the low-cost housing now have the option of sending their children to quality early childhood education center instead of just letting the children play unsupervised.

"After we worked with Tanoto Foundation to transform the makeshift center into a permanent PAUD, we have more children who are interested in joining us", reported Zubaedah, one of the teachers at PAUD Kenanga 17. Located in area where the community members come from three different ethnic groups and cultures, PAUD Kenanga 17 also serves as a melting pot for cross cultural assimilation which would contribute to stronger social cohesion.



Advancing Tertiary Education

Education for all, which was adopted as one of the Millennium Development Goals, plays a crucial role in preparing people for their future. Within the education spectrum, higher or tertiary education shapes the way in which future generations learn to cope with complexities of development.

Tertiary education forms a link between knowledge generation and transfer of knowledge to society in two ways. First, universities prepare future generation to enter the labor market. Secondly, universities contribute to development through outreach and service to society. Therefore, it is imperative that tertiary education is delivered with quality.

Tanoto Foundation's support to the advancement of tertiary education aims to improve the quality of education in three dimensions:

- Stimulating innovation among students and faculty
- Facilitating the dissemination of practical knowledge to classrooms
- Providing conducive learning environment



Our strategy is to deliver the support through long-term partnership that leads to the development of centers of excellence. Our current program portfolio includes:



1

Tanoto Student Research Award



2

Tanoto Entrepreneurship Series



3

University Infrastructure Improvement

MEDIA BRIEFING TANOTO STUDENT RESEARCH AWARD 2016

The 9th Annual Competition
Jakarta, 20 April 2016

Tanoto Foundation



Tanoto Student Research Award

Tanoto Student Research Award (TSRA) is an annual program to fund undergraduate students in innovation and applied research.

Launched in 2007, the program is part of our efforts to advance the quality of higher education. Individual students or groups of students at the participating universities apply for the research grant through a competitive selection process at the respective university.

Depending on the research areas relevant for the universities, students are encouraged to submit research proposals, usually focusing on application of knowledge and innovation of existing knowledge.

Tanoto Foundation provides inputs in making the final decision on the awarding process. Every year, we also work with national media to publicize top research results and inspire other Indonesian youths to apply knowledge in ways that will enhance quality of life.

Achievements

As of December 2015, the Program has funded 303 research proposals at the following universities:

1. Institut Teknologi Bandung (since 2007)
2. Institut Pertanian Bogor (since 2011)
3. Universitas Hasanuddin (since 2013)
4. Universitas Sumatera Utara (since 2014)
5. Universitas Indonesia (since 2015)





Solar-powered Sprayer for Farmers

Five students from Institut Pertanian Bogor (IPB), Nopri Suryanto, Muhammad Nafis Rahman, Hafiyyan Naufal, Aynal Fuadi, and Sujarwedi won the 6th Annual Competition of Tanoto Student Research Award in 2013 for creating the eco-electric solar-powered pest sprayer. Solar-powered sprayer has been a significant device for farmers as they seek to increase the quality of their products.

Compared with other types of pest sprayer, eco-electric solar-powered sprayer is the most practical and economical. It allows the farmer to carry the sprayer on their back while harnessing solar-power to keep the engine running. Not only is it less costly for farmers, it is also environmentally friendly. What's more, farmers can also take advantage of the solar-power to charge their otherwise battery-run devices.

This winning solar-powered sprayer was piloted in several locations, namely the Semaka sub-district in Lampung, Sumatera, and Ciampea, Bogor.

"Farmers can use their solar-powered sprayer up to 5 hours continuously with just one click, without pumping repeatedly, and increases their productivity rate up to 83%", stated Naufal.

In 2014, upon graduation from IPB, two of the five team members, Muhammad Nafis Rahman and Nopri Suryanto, went back to their hometown in Tanggamus

District, Lampung, to become high school teachers. In their spare time, they continue to develop and improve the solar-powered sprayer so they can help farmers in the area. Through partnership with the government-owned community empowerment agent, Nafis and Nopri sold their solar-powered sprayer to the local farmers. The sprayer is now used by approximately 60 farmers in Tanggamus District.



Tanoto Entrepreneurship Series

On 23 September 2011, at the request of Program Studi Magister Manajemen Universitas Indonesia (MM-FEUI), our Founder, Mr. Sukanto Tanoto, shared his experience as an entrepreneur with over 300 students of the MBA program.

The talk, which highlighted how Mr. Sukanto Tanoto applied his business philosophy of “good for the community, good for the country, and good for the company” in the natural resource management industry, inspired the advent of a long-term partnership between Tanoto Foundation and MM-FEUI.

The Tanoto Entrepreneurship Series was then conceived to be a platform for true entrepreneurs to share their stories with MBA students as well as general public, and inspire them to be entrepreneurs.

Achievements

1. More than 1,100 MM-UI Graduate students participated in the events
2. As of December 2015, the Series has featured thirteen speakers



Before pursuing a career in government, Mr. Joko Widodo was in the business of manufacturing and exporting furniture, which is a very competitive industry. By applying entrepreneurial approach, Mr. Joko Widodo learned the keys to winning global competition: quality, accuracy, and efficiency.

Upon entering the government sector as a Mayor of Surakarta and then Governor of Jakarta, Mr. Joko Widodo noticed the different emphasis between private sector (which focuses on results) and the government sector (which focuses on process). Mr. Joko Widodo set out to strike balance between results and process.



Mr. Jusuf Kalla, an entrepreneur with business interest in trading and manufacturing, learned the hard way about the importance of anticipating technological change in developing business models.

Mr. Jusuf Kalla shared the story of how fixed line telephone industry had to give way to cellular technology. He also shared his definition of good business: one that delivers goods and services beyond technical aspects but also brings values to the community.



Ms. Noni Purnomo, the second generation CEO of the family-owned business Blue Bird Group, a leading transportation company, highlighted the importance of staying ahead.

She noted that the main challenge faced by second generation of business family is how to bring the business to the next level in the changing environment. Approach that worked in the past may not be effective in changed business landscape.



Dr. Boenjamin Setiawan, Founder of PT. Kalbe Farma Tbk., one of the biggest pharmaceutical companies in Indonesia, highlighted the importance for entrepreneurs to have the courage to dream and work very hard to achieve the dreams.

While innovation is crucial in starting and maintaining a business, many large companies have lost their ability to innovate. Dr Boen reminded the audience to always look for new opportunities and carry out their endeavors with passion and love.

Other Featured Speakers



Sukanto Tanoto
Royal Golden Eagle (RGE) Group

Business Philosophies in Natural Resource Management Industry



Anne Avantie
Anne Avantie Gallery

Entrepreneurial Opportunities in Indonesian Traditional High-Fashion Industry



Martin Hartono
GDP Venture

Entrepreneurial Opportunities in E-Business



Susi Pudjiastuti
Susi Air

Entrepreneurial Approach to Government Policy Making



Sabar Situmorang
Rocket Distro Indonesia

Opportunities in Creative Apparel Industry



Sudhamek AWS
Tudung Group

Global Entrepreneurship



Mooryati Soedibyo
Mustika Ratu Group

Entrepreneurial Mindset in Traditional Beauty Care Industry



Irwan Hidayat
Sido Muncul Group

Entrepreneurial Journey in Herbal Health Industry



Niluh Djelantik
Niluh Djelantik Shoes

Global Entrepreneurship



Hariono
Midori Japanese Restaurant

Entrepreneurial Spirit in Service Industry



University Infrastructure Improvement

Universities need adequate facilities and conducive learning environment to attract talents, deliver good teaching process, and produce innovations through research.

We actively support efforts of selected universities to improve educational facilities by constructing, renovating, or otherwise upgrading educational facilities. The program aims to address gap in resources available to universities through provision of financial support and access to the Foundation's international network.

The partnership with universities has delivered the following:

- Tanoto Library at INSEAD Asia Campus, Singapore (2005)
- Tanoto Library at Prasetya Mulya Business School (2006)
- Tanoto Floor for the graduate study program and administrative offices at the Faculty of Forestry of Universitas Gadjah Mada, Yogyakarta (2010)
- The Tanoto Library at the Pendidikan dan Pembinaan Manajemen (PPM), Jakarta.(2012)
- Tanoto Library at Universitas Bhayangkara, Jakarta (2015)
- Tanoto Forestry Information Center, Bogor (2015)

Achievements

As of December 2015 the Infrastructure Improvement Program has achieved the following:

- 1.** More than 10,000 students benefit from four libraries every year.
- 2.** Approximately 200 students of graduate programs in forestry benefit from the use of the Tanoto Floor at UGM every year.
- 3.** Approximately 1,900 students and 120 lecturers of Institut Pertanian Bogor (IPB). Forestry Faculty benefit from the presence of the Tanoto Forestry Information Center.



TFIC is a knowledge incubator with resources for research and seminars in the field of forestry management and science. It will connect the university globally with other universities and research institutions. During TFIC inauguration ceremony, Sukanto Tanoto conveyed that Tanoto Forestry Information Center is one of Tanoto Foundation's initiatives, together with the Foundation's corporate partners, to support development of Indonesia's forestry sector.

Tanoto Foundation will collaborate with IPB and other institutions so further research to support the sector's development can be carried out in the future. Rector of IPB, Prof. Herry Suhardiyanto said, "With the Center's different academic activities and researches, we can now help develop stronger national policies as they will be based on scientific evidence."



The Tanoto Initiative at the Wharton School

As the fourth most populated country in the world and an economic powerhouse in South East Asia, Indonesia remains a fertile ground for witnessing stories of rapid changes in the business sector.

However, Indonesia remains outside the radar of many prestigious business academic institutions for research purposes.

A recent finding from the 2013 QS Asian University Rankings shows that Indonesia's universities ranked 64 out of 100 countries. To elevate Indonesia's business school in meeting world-class standards of excellence, we recognize the need to improve the quality of research. We need to increase the number of publications in accredited international journals and encourage research collaboration with international institutions.

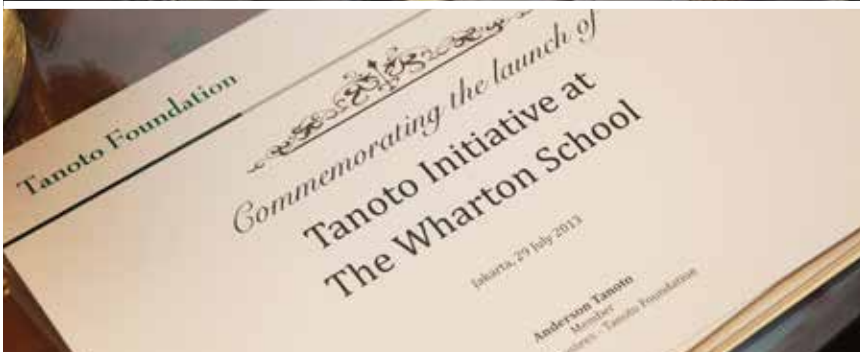
The Tanoto Initiative at the Wharton School, established in 2013, aims to:

- Enhance business policy-oriented research on the Indonesian/ASEAN economy through closer links with Wharton.
- Improve the quality of higher education in Indonesia, especially in business education.
- Nurture future leaders.

Taking into account Wharton's role as the leading academic institution in business, the establishment of this unprecedented partnership will encourage collaboration between the Wharton School and the ASEAN region, with a particular focus on Indonesia, through a multi-component program:

A. Global Modular Course

Every year Wharton conducts a Global Modular Course focusing on Indonesia and other ASEAN countries. Students gain the opportunity to obtain firsthand exposure to business challenges and opportunities in regions undergoing rapid change.



B. Faculty International Seminar

Provide funding to support Wharton faculties' travel to the ASEAN region to establish links with partner universities in Southeast Asia, and provide them with in-depth exposure to investigate research questions and develop firsthand analysis of the region.

C. Faculty Research Grants

Support academic research and activities for Wharton faculties steeped in knowledge of Indonesia or ASEAN region. The grants will enable research to be conducted in the region of focus on topic of their choosing.

D. Global Faculty Development Program

Every year, selected faculties from Indonesian universities take part in the Wharton Global Faculty Development Seminar in Philadelphia, USA, aimed at mentoring and training the faculties on how to get their research published in top-tier international journals.

E. Scholarship and Fellowship

The program provides scholarship and fellowship funding for admitted Indonesian students in need of financial assistance. The program will be rolled out in 2016.



Achievements

Global Modular Course

In 2014, 60 Wharton MBA students visited Singapore and Indonesia for an international immersion experience focused on sustainability theme. Students visited Riau to learn about sustainable practices in Asian Agri's palm oil plantations and APRIL's forestry and pulp and paper operations. The trip includes a visit to Jakarta to meet with alumni, business leaders, and government officials, including then Vice President of Indonesia Dr. Boediono.

In 2015, a total of 50 Wharton MBA students visited Singapore, Indonesia, and Malaysia. Similar to the visit in 2014, they were able to learn directly about how RGE Group carries out sustainability in all aspects of its businesses. During the visit, they also met with Sukanto Tanoto and learned how he builds and diversifies his businesses while still focusing on sustainability.

Faculty International Seminar

Since 2013, Wharton faculties have conducted five visits to Indonesia:

MARCH 2013

6 Wharton faculties visited Southeast Asia and Indonesia.

MAY 2013

Steven Kobrin, the William H. Wurster Professor Emeritus of Multinational Management at the Wharton School and Faculty Director of the Tanoto Initiative, lectured at Universitas Indonesia and Universitas Gadjah Mada on the topic of "Economic Integration and Political Fragmentation". Prof. Kobrin pointed out that while formation of regional economic integration is becoming more prevalent, the political relationship among the countries involved is actually becoming more fragmented. Dialogue is needed to achieve alignment in both fronts, economic and political.

MAY 2014

Professor Steven Kobrin lectured at Universitas Indonesia and Universitas Gadjah Mada on the topic of "Multinational Firms and Human Rights". Prof. Kobrin stressed the importance of human rights issue as increasing number of multinational firms are expanding its operations across the borders.

SEPTEMBER 2014

Professor Regina Abrami lectured at Universitas Indonesia on the issue of "The Role of the State in Innovation". The lecture focused on the classic debate of whether state play a positive role in fostering innovation or a source of market distortion and moral hazard.

MAY 2015

Professor Janice Bellace talked about "CSR in the 21st Century" at Universitas Indonesia. She discussed the different stages of CSR and its relationship with the business world, including the most recent phase where CSR is viewed as value creation. By realizing the impact on external factors such as the employees, environment, and society, and by creating shared values, companies can promote a sustainable business model.



Research Grants

As of December 2015, Wharton faculties have produced four researches that focus on Indonesia and/or ASEAN:

1. Dr. Witold Henisz, Deloitte & Touche Professor of Management in Honor of Russell E. Palmer, former Managing Director of The Wharton School. "The Performance of Megaprojects in Indonesia and ASEAN"
2. Dr. Laura Huang, Assistant Professor of Management "Performance Focused Systems in Entrepreneurial Firms"
3. Dr. Maisy Wong, Assistant Professor of Real Estate "Growth Using City Size as a Unique Natural Experiment in Indonesia"
4. Knowledge@Wharton, the online business analysis journal of the Wharton School Special Report: "ASEAN on the Rise"

Global Faculty Development Program

Since 2013 Tanoto Foundation sent ten of Indonesian faculties from Universitas Gadjah Mada (UGM) and Universitas Indonesia (UI) to Wharton campus in Philadelphia, USA to participate in the annual Global Faculty Development Seminar.

- **2013 Participants:**
Dr. Nurul Indarti (UGM) and Dr. Ariana Satrya (UI)
- **2014 Participants:**
Dr. Rangga Almahendra (UGM) and Dr. Riani Rachmawati (UI)
- **2015 Participants:**
UGM: Dr. Amin Wibowo, Dr. Bowo Setiyono, and Dr. Eddy Junarsin
UI: Dr. Ratna Wardhani, Dr. Sri Rahayu Hijrah Hati Aida Idris, Dr. Sylvia Veronica Siregar.

Impact

Faculties from Indonesia are benefitting from the Global Faculty Development Program.

"The workshop gave me insights on how to produce high quality articles and the opportunity to work together with colleagues from different nationalities that definitely broadens my international network. After attending the workshop, I have managed to produce three papers published in international journals and to present five other papers in reputable international conferences. To ensure ripple effect, the initiative needs to be upscaled by involving more Indonesian scholars from various institutions"

Nurul Indarti, PhD.

Faculty of Economics and Business, Universitas Gadjah Mada, Yogyakarta

"The program enhances my skills in publishing research papers in reputable international journals. To an extent, the program also helps the Faculty of Economics and Business of Universitas Indonesia to increase the number of research published, an important indicator of university's quality. Through sharing session, I also relayed my experience of the program to fellow faculties at Universitas Indonesia. With the help of Tanoto Foundation, I personally wish that the Faculty of Economics and Business at Universitas Indonesia can truly accomplish its aspiration in becoming a world-class leading university"

Dr. Sylvia Veronica Siregar

Head of Program, Accounting Department Graduate Studies, Faculty of Economics and Business, Universitas Indonesia







CHAPTER 4

Empowering the Poor

AT A GLANCE:

Tanoto Foundation's empowerment programs focus on enabling families to have sustainable livelihoods to break out of poverty. The programs aim to help families to access productive assets, start-up capital, technical skills required in improving their livelihoods and links to markets. As we promote creating shared values, where solutions to community needs are aligned with solutions for business needs, we work with corporate partners to promote sustainable business practices linked with communities.

According to the National Statistics Bureau, 13% of the population in Indonesia in 2010, or 31 million people, lived below the poverty line. As in many countries, poverty in Indonesia is more severe in rural than in urban areas. In 2010, 20 million people in rural areas were below the national poverty line, compared to 11 million in urban areas.

In the three provinces of Sumatera where Tanoto Foundation operates the poverty rates are quite high. In 2010, there were around 689,000 poor people (11.29%) in rural areas of North Sumatera, 291,000 people (10.15%) in Riau and 130,000 people (6.67%) in Jambi.

Lack of access to employment or sustainable livelihood and sub-standard yields of productive activities are common characteristics of poverty in rural areas.

To address the issue of access to employment or sustainable livelihood, we develop a program that creates jobs by linking local small and medium-sized companies and entrepreneurs with the value chain of our corporate partners.

To address the issue of sub-standard yield of productive activities, we support efforts to improve yield by facilitating formation of partnership between local small holders and our corporate partners.





Tanoto Foundation's empowerment programs are aligned with Sustainable Development Goals related to elimination of poverty, promotion of sustainable agriculture, and job creation.

Two key empowerment programs are:

1. Small- and Medium-sized Enterprises (SME) Development
2. Oil palm plantation Smallholders Development





SME Development

Based on the precept that community can create value together with business, Tanoto Foundation works with the Community Development team of APRIL Group to build clusters of Small- and Medium-Sized Enterprises (SMEs) in Riau and facilitate establishment of business linkage with APRIL.

The initiatives include:

- Improving local entrepreneurs' skill sets to meet market requirements, including basic business management, financial and accounting skills, and vocational skills.
- Opening access to business opportunities within APRIL's value chain or related support functions.
- Linking participating SMEs chain with commercial banks to get funding.

Achievements

Achievements of the SME Development program as of December 31, 2015:

- 1.** 161 local SMEs in Riau awarded with 341 business contracts from APRIL. They provide goods and services at various stages of pulp and paper production, including manpower supply (32%), hauling of raw materials (19%), and transportation services for personnel (16%).
- 2.** Provided business management training to 215 small and medium entrepreneurs supplying goods and services to APRIL.
- 3.** Provided vocational training to 144 rural community members.



- 32% : Manpower Supply
- 19% : Hauling
- 16% : Transportation
- 11% : Plantation Maintenance
- 9% : Construction & Infrastructures
- 3% : Cleaning Service
- 3% : Road Safety
- 7% : Others



Challenges

1. Most SMEs are highly dependent on business orders from Tanoto Foundation's corporate partner. We need to improve the capacity of the SMEs to serve other customers as well.
2. Many SMEs are rigid and do not adapt well to the corporate customer's changing requirements. This calls for more intensive coaching on business agility in meeting demands.

Impact

1. IDR 102 billion of loans from commercial banks have been channeled to SMEs participating in SME Development program.
2. Participating SMEs have created more than 3,200 jobs in the region.



Pak Haji's Business Lasts for Generations

After retiring from teaching at the local primary school, Haji Zamhur or best known as Pak Haji joined the SME Development Program in 2001. At that time, as part of its community development program, APRIL decided to outsource the pallet-making process and invited local entrepreneurs to participate in the program. Pak Haji, who happened to own a small woodworking workshop, responded to the opportunity and successfully passed the selection process.

Pak Haji was trained to produce pallets that met APRIL's stringent specifications. APRIL also provided Pak Haji with start up production tools and equipment. He was also trained on business and cash flow management. To ensure that Pak Haji is able to maintain product quality and on time delivery, APRIL and Tanoto Foundation continue to provide coaching and mentoring.

Today, after 14 years in the business, Pak Haji continues to produce pallets for APRIL. He now runs two workshops at Pangkalan Kerinci and Pekanbaru, both of which will be passed on to his son. Every month, their business generates approximately IDR 20-28 million in revenue, which is a significant improvement from what he made from his previous occupation.

"It is important to maintain your good name. Do not owe money to anyone. With proper training, I feel a sense of empowerment over my business", advises Pak Haji to those who are planning to participate in the Local SME Development Program.

From Illegal Logging to Responsible Business

Prior joining the SME Development Program, Pak Haji Basril was an illegal logger. When his area of operation along the Pelalawan River in Riau became part of APRIL's concessions and therefore protected from any form of encroachment and unauthorized logging, Pak Basril's livelihood was jeopardized.

Fortunately, one of APRIL's managers encouraged him to talk to APRIL to seek an opportunity on how he could partner with the company given his knowledge of the area. Later, he was directed to join the Local SME Development Program that was part of the company's initiative to empower local communities. Pak Basril decided to become a partner of APRIL in providing harvesting service, canal bridging and canal maintenance. He founded CV. Bina Terusan and joined the program in 2002 and received a loan from APRIL to procure one excavator for canal maintenance.

Six years later, capitalizing on continued business partnership with APRIL, CV Bina Terusan was awarded a 3,8 billion rupiah loan from Bank BTN to expand its

excavator fleet. Currently, CV Bina Terusan is managing ten excavators and employing more than 75 employees to provide maintenance services for APRIL in Pelalawan.

"APRIL has provided opportunities for small businesses to grow in a constructive partnership. In 2002, my company only operated one excavator for canal maintenance; Now, there are ten excavators doing the job" said Pak Basril.

To ensure that Pak Basril is able to cope with the business expansion, APRIL and Tanoto Foundation continue to provide coaching and mentoring.

"I believe that the program has transformed me in a better way. It never crossed my mind that I, Basril, with years of experience in unauthorized logging, would become a quite successful businessman in Pangkalan Kerinci. I hope that the partnership with APRIL will sustain and I could share the fortune with the local people that work in my company" he added.



Oil Palm Plantation Smallholders Development

Independent oil palm smallholders, typically owning 2-3 hectares of land, account for 42% of the total acreage of Indonesia's oil palm plantation industry. These farmers are self-financed, self-managed and self-equipped.

As producers of fresh fruit bunches (FFB), independent smallholders are not attached to any palm oil mill in particular and usually sell their produce through middlemen. Yields are typically low because they may not be applying the most appropriate agricultural practices.

In early 2012, Tanoto Foundation collaborated with Asian Agri to develop a partnership program with independent palm oil farmers in the vicinity of Asian Agri's operations.

The program aims to increase the farmers' income and livelihood, by means of:

- Facilitating the formation of cooperatives or farmer groups
- Training in good agricultural practices and in other skills
- Providing technical assistance to farmers to secure certifications on sustainable palm oil, such as Roundtable Sustainable Palm Oil (RSPO)

Achievements

Achievements of the Smallholders Development Program as of December, 31 2015:

1. Trained 5,661 farmers in good agricultural practices
2. Established 122 farmer groups
3. Established 12 farmer cooperatives that support the members' plantation activities



Better Yield for Ukui Farmers

In 2012, a group of independent farmers from Ukui, Riau province, formed a farmer group called Asosiasi Amanah and participated in the Partnership Program offered by Asian Agri and Tanoto Foundation. Collectively, the group manages 1,048 hectares of productive palm oil plantations belonging to more than 501 families in 3 villages. Most of their palm oil was planted in 2001, by the time they joined the program, their plantation was reaching its most productive age.

Upon joining the program in 2012, the group was immediately given the RSPO preparation training. As early as 8 months into the program, some plots of land were ready for RSPO certification. Pak Sunarno, the Group's Liaison Officer to Asian Agri, also reported steady yield increases. In 2012, the group had produced 17.7 ton/ha and by 2015, production level was at 22.7 ton/ha. He is optimistic that the group will hit the target of 24 ton/ha in 2016.

Challenge

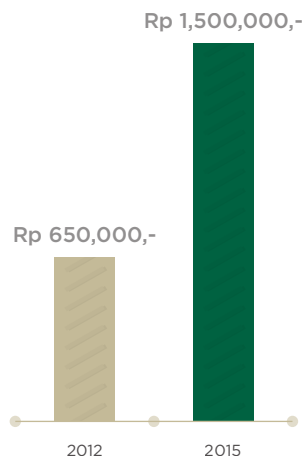
RSPO certification process for independent growers is challenging due to land ownership issues.

Impact

1. 5,661 farmers are applying good agricultural practices in their 18,601 hectares of oil palm plantation.
2. 763 hectares of oil palm plantation managed by 349 smallholders have received RSPO certification.
3. After three years of program implementation, average farmers' income improved from around IDR 650,000 to IDR 1,500,000/ hectare /month.

Income Improvement

(per ha./ month)





DISIPLIN ADALAH

VISI SDN

Mengjadi

Bermanfaat





CHAPTER 5

Enhancing Quality of Life

AT A GLANCE:

Tanoto Foundation's enhancement programs aim to enhance communities' quality of life by improving access to basic amenities such as clean water and sanitation facilities, access to quality public services such as health, and supporting the advancement of technology that improves quality of life. The foundation also provides emergency relief and recovery assistances to disaster-affected communities.

A study by the World Bank showed that the effect of health care cost is particularly severe for those living below the poverty line. Illness leads to expenses via medical bills, additional transportation costs, and potential loss of income from family members who forego work.

Much of the illness problems are caused by factors related to sanitation, hygiene, and access to clean water. The World Bank study showed that Indonesia loses USD 6.3 billion annually (around 2.4% of its overall GDP) due to health conditions associated with poor sanitation, hygiene, and lack of access to clean water.

In 2014, Indonesia Millennium Development Goals Report stated that only 56% of households in rural areas have access to clean water, compared to 81% in urban areas. Indonesia's Central Bureau of Statistics reported that in 2013 the percentage of rural communities that have access to clean water in Sumatera Utara, Riau and Jambi provinces were 54%, 64% and 52% respectively.

Furthermore, only 45% of the households in rural areas have access to proper sanitation facilities, compared to 77% in urban areas. In 2013, the percentage of rural communities that have access to proper sanitation facilities in Sumatera Utara, Riau and Jambi provinces were 45%, 44% and 44%, respectively.

On the health front, major improvements are called for. For example, maternal mortality ratio per 100,000 live births in 2007 was 228, more than twice the target of 102. Similarly, the under five mortality rate per 1,000 live births was 40, 30% higher than the target of 32.

Improving access to basic needs will contribute to standard of living improvement of some 35 million households in rural Indonesia.



We address the issues by pursuing two approaches. Our direct approach includes provision of additional community facilities, improvement of existing community facilities, and responding to natural disasters. Our indirect approach calls for investments in the development of technology that improves quality of life. Our programs include the following:

1. Community Water and Sanitation
2. Access to Primary Health Care
3. Enabling Environment for Women Empowerment
4. Emergency Response
5. Support to Medical Research

In areas where solutions to community needs are aligned with solutions for business needs, we promote creating shared value through partnership with corporations operating around the community.

Our programs are aligned with the Sustainable Development Goals related to improvement of nutrition and health, sustainable access to water and energy, and women empowerment.



Community Water and Sanitation

Roughly half or 45% of the country's rural population lives under health-threatening environment with no access to clean water and sanitation, thus exposing the community to health risk problems. Meanwhile, healthy community provides conducive environment for businesses to operate. Hence, the potential for creating shared value.

Tanoto Foundation works to improve access and quality of clean water and sanitation to individuals and communities across Sumatera Utara, Riau, and Jambi, through multiple approaches:

1. Construction and rehabilitation of clean water facilities, toilets, septic tanks, and drainage.
2. Conducting hygiene campaigns to improve local community health.

To better serve the rural communities, Tanoto Foundation partners with APRIL and Asian Agri.

Achievements

Achievements of the Community Water and Sanitation program as of December 31, 2015:

1. Built clean water facilities that provide 300,000 liters of clean water daily.
2. Constructed and rehabilitated more than 38,000 meters of drainage that allows better sanitation for community.

Challenge

Lack of sense of ownership of the facilities by the community members leads to dependency on third party to operate and maintain the clean water facilities and toilets.

Impact

27,000 people in 90 villages have improved access to clean water and sanitation facilities.



Clean Water for Merlung Students

Walter Sitorus is the Headmaster of SDN 51/V, Merlung, Riau. Not too long ago, his school faced a rather difficult situation. The school's restroom did not function properly because there was no water. "At that time, only teachers could use the restroom. And we had to take water from a house nearby. We realized that we could not continue to do this as the students also need to use the facilities," Walter said.

Since the school was located near the operational area of Asian Agri, Walter sent a proposal to the company so the school could have better access to clean water.

As part of its community development program, Asian Agri works in partnership with Tanoto Foundation to improve access of rural communities to clean water. The program is open for communities at village level or for schools operating in the village.

In response to a proposal from a local school, SDN 51/V, Merlung, Jambi province, Asian Agri donated a drilling well, a 1,000 liter water container, water pump, and water installation system. Tanoto Foundation trained the teachers on how to manage and maintain the clean water facility.

"Now over two hundred students and teachers have easy and continuous access to clean water," Walter Sitorus explained happily to Tanoto Foundation.

Since the children now are able to wash their hands and use clean bathrooms regularly, they now face reduced hygiene-related health risks. The clean water program contributes to the overall effort to create a safe and comfortable environment for students to study in.



Access to Primary Health Care

In 2010, only 31% of newly born babies receive at least three neonatal examinations by caregivers within 28 days. Furthermore only 49% of the children under five are weighed four times or more in a 6-month period.

This means, health services for newly born babies and children under five are not meeting the standards. These problems, as well as the high maternal mortality rate, are associated with lack of access to primary health services and lack of facilities at the local health centers.

In our effort to promote creating shared values, Tanoto Foundation works in partnership with APRIL and Asian Agri, to help improve the quality of the community-based Posyandu (short for Pos Pelayanan Terpadu) and government-supported village Poskesdes (short for Pos Kesehatan Desa), the main providers of health care services in most rural communities of Indonesia.

We improve quality of basic health services for the local community in Sumatera Utara, Riau, and Jambi through:

- Provision of essential equipment for Posyandu and Poskesdes.
- Construction and rehabilitation of Posyandu and Poskesdes.
- Provision of training for health care personnel.
- Free medical services for the general public in under-served areas.
- Conducting health campaigns.

Achievements

Achievements as of December 31, 2015:

1. Conducted 158 training sessions for local health cadres.
2. Distributed 19,000 complementary feeding packages.
3. Served 145 Posyandus and Poskesdes.

Challenge

Shortage of funding and manpower faced by Posyandu and Poskesdes hinders effective provision of basic health services and promotion.

Impact

More than 31,000 people from 161 villages can access better health services.



Working Together to Develop Local Health Talents

Tanoto Foundation, working in partnership with APRIL, recently conducted training for health cadres in Gunung Sari Village, Riau.

Tanoto Foundation held this training at health clinic in Gunung Sahilan II as part of its routine activities to assist the local community. M. Daim, Community Development Officer of APRIL, said that such activity is the realization of Tanoto Foundation's and APRIL's sincere care for community well being. "In addition to the training activities, we also provided food packages for the communities and services such as circumcision for disadvantaged families," he explained.

The community response was positive. They found the assistance very useful. Nurul, one of the locals expressed his gratitude to Tanoto Foundation and APRIL.

"Thanks to Tanoto Foundation and APRIL for their support. In addition to receiving health program assistance, our areas received support in infrastructure development and scholarships for our children." Nurul said.

Head of Health Clinic at Gunung Sahilan, Dr. Fiska was also supportive of this activity. She hoped that the cadre training sessions can be continued in order to improve the health of children in this village in the long run.

"The training is very important for health clinic cadres to support the well being of the next generation in this area. With the support from Tanoto Foundation and APRIL, this health clinic is ours. It is from us, by us, and for us. So, we need to work together to manage this clinic so all of us can be healthy," said dr. Fiska.



Enabling Environment for Women Empowerment

A study by Organization of Economic Cooperation and Development (OECD) in 2012 concluded that when women work, the economy grows. However, women face many challenges that prevent them from working outside the house.

Our founder, Tinah Bingei Tanoto, believes that women must have a strong support system so they can also become part of the work force if they choose to do so. Based on this belief, Tanoto Foundation and corporate partners also provide childcare services such as day care centers and education institutions such as PAUD, kindergarten, and schools for families of employees in the three provinces of Sumatera.

With these facilities, many women now have the option to work outside their house, improve their capacity, and financially contribute to their family and the local economy.

Under the leadership of Tinah Bingei Tanoto, Tanoto Foundation also supports the capacity building for RGE Group employees' wives through:

- Training in different skills such as parenting and household management
- Active involvement in their children's teaching and learning process in classrooms
- Familiarization of the company's day to day activities through regular visits to company's facilities
- Being involved in social activities for communities in the surrounding areas

- Involvement in implementation of activities in RGE and Tanoto Foundation-supported day care centers, early childhood development centers, kindergartens, and schools

Achievements

Achievements as of December 31, 2015:

1. At least 2,000 women are able to generate income by working in plantations without having to worry about their children care and education
2. Volunteering program for employees' wives to support early childhood education



Impact

Testimony from Prof. Dr. Irmawati (Professor of Psychology at Universitas Sumatera Utara and an education sector observer):

"When we were developing Besitang School, we realized that the parents also need to be knowledgeable so they could assist their children. Smart children must have smart parents. Based on this belief, we started to provide parents, particularly mothers with different types of information and skills. We had discussions about parenting, learning about children and other family members' psychology and habits, and effective household financial management. We also trained mothers in different skills such as cooking, making clothes, and sports."

Testimony from Ibu Marfuah, a care giver at the day care center in rural Buatán, Riau:

"Until two years ago, our center was just a plain center where parents drop their children in the morning before they go to work in plantation and pick them up late in the afternoon. As caregivers we only looked after the physical well being of the children. But now, with the Bermain Program initiated by the wives of RGE employees, our center has transformed into a place where children receive early education while they also play for fun"

SINGHEALTH DUKE-NUS SCIENTIFIC CONGRESS 2014 OPENING CEREMONY 5 September 2014

Guest of Honour: President of Tan Kah Kee



Support to Medical Research

According to a WHO report in 2000, Indonesia has the fourth highest number of diabetes with approximately 8.4 million people.

The report also projected that in 2030, the number will significantly increase to 21.3 million people. The WHO report also shows that cardiovascular diseases is the top cause of death in Indonesia.

In 2005, the Foundation provided support to diabetes and cardiovascular research in Mayo Clinic, one of the world's most renowned medical research centers based in Rochester, Minnesota, USA. The endowment is made to further research works in the fields of diabetes and cardiovascular due to the widespread prevalence of these medical conditions in Asia.

A substantial proportion of medical research works currently undertaken around the globe often does not sufficiently represent Asian demographic profiles. To address the research gap, in 2009 Tanoto Foundation supported the Duke - National University of Singapore (NUS) medical school for various researches.

Achievements

To date, we have funded four medical research initiatives in USA and Singapore.

NAME OF PROGRAM	BENEFICIARY	YEAR
Mayo Clinic Tanoto Fund for Innovations in Diabetes and Cardiovascular Research	Mayo Clinic	2005
Tanoto Initiative in Diabetes Research and Professorship in Metabolism and Endocrinology	Duke-NUS Prof. Karl Tryggvason	2009
Tanoto Initiative in Lymphoma Research and Professorship in Medical Oncology	Duke-NUS	2013
Tanoto Initiative in Genetics and Stem Cell Research and Professorship in Cardiovascular Medicine	Duke-NUS Prof. Stuart Cook	2014

Paving the Way to Limitless Possibilities in Regenerative Medicine

SINGAPORE - Karl Tryggvason is a Tanoto Foundation Professor of Diabetes Research and professor at Duke-NUS Graduate School in Singapore. His research involves the molecular components, biology and diseases of a special part of the connective tissues: basement membranes (BM).

The two main hurdles for human embryonic stem (hES) cell applications have been ethical and technical.

The ethical concern is that it is generally believed that one cannot generate hES cell lines without destroying human life, which is why it is so difficult to get approval for the generation of hES cell lines in the United States. Drawing on his expertise in basement membranes, using a standard IVF procedure, Tryggvason and his team demonstrated that it is indeed possible to clonally derive new hES lines without destroying an embryo.

"It is my hope that the results of this study will help soften up negative attitudes toward the establishment and use of hES cells for the development of cell therapy in regenerative medicine," said Tryggvason.

A central part of the discoveries have to do with use of laminins -- a family of base proteins. Tryggvason has a large body of data showing that specific laminins support cellular phenotypes. Using this knowledge he created in vitro environments that mimic those in vivo and it helped to develop better protocols for cell differentiation and phenotype stability, especially in the case of the hES cell generation.

"Our findings enable the robust expansion of hES cells and allow us to envision the establishment of a hES cell bank that could represent most tissue antigen classes is possible. A stem cell bank could mean that in the future, these cells that are representative of different tissue antigens, etc., could be stored for use," Tryggvason said. "Imagine the limitless possibilities of their use in regenerative medicine."



Emergency Response

Realizing the huge costs in human suffering following natural disasters, Tanoto Foundation has participated in collaborative responses to natural disasters in Indonesia and other parts of the world.

While all survivors suffer, those at the bottom of the pyramid suffer most. Often, earthquakes and tsunamis wiped out everything they owned. We reach out to these survivors.

Tanoto Foundation works with local partners to provide relief to disaster-affected communities and support the post-disaster rehabilitation efforts.

Achievements

In Indonesia, we have participated in the disaster relief efforts for the Aceh and Nias tsunami in 2004, the Yogyakarta earthquake in 2006, the Sumatra Barat earthquake in 2009, the Ciamis earthquake in 2009, the Mentawai tsunami in 2010, the Merapi volcanic eruption in 2010 and the Mount Sinabung volcanic eruptions in 2010 - 2015. We also provided support for Chinese survivors from Wenchuan earthquake in 2008, Yushu earthquake in 2010, and Ya'an earthquake in 2013.





Sukanto Tanoto and Kuntoro Mangkusubroto, the Head of Agency for the Rehabilitation and Reconstruction of Aceh and Nias (BRR) inaugurating SDN Peunaga, Meulaboh, in 2006.



Better Schools for Tsunami-affected Students

Following the Aceh Tsunami in 2004, Tanoto Foundation mounted a relief operation to assist the tsunami survivors. The response was among the first to reach the tsunami-affected areas. At a later stage, we took part in the rehabilitation process by reconstructing a primary school in SDN Peunaga in Meulaboh, West Aceh District, which had been completely destroyed by the tidal waves.

The support provided was among the first responses in addressing the basic needs of the survivors and highly acknowledged by Badan Rekonstruksi dan Rehabilitasi, the agency that coordinates the global response to the unprecedented tsunami disaster affecting Aceh province and the island of Nias.

On 30 March 2005, a 8.2 Richter scale earthquake also struck Nias and destroyed many public amenities, including schools. Tanoto Foundation responded by reconstructing the SMPN 1 Gunungsitoli, one of the significant education facilities in Gunungsitoli, the capital of in Nias District.



Yushu Earthquake Relief and Reconstruction

On 14 April 2010, an earthquake struck and registered a magnitude of 7.1Ms in Yushu, Qinghai, China. The devastating disaster caused at least 2,500 lives lost and 12,000 injured.

Following the Yushu earthquake, Tanoto Foundation and RGE Group responded to the call for support to provide relief for the survivors. Support from Tanoto Foundation helped provide basic food items, health service supplies, and other relief items for the earthquake survivors.

Driven by passion in education, Tanoto Foundation also donated funds for the reconstruction of Yushu Qiaoi Kindergarten and subsequently also supported the

improvement of the heating systems, which is very crucial for the area located at over 4000 meters above sea level.

The timely donation that combines immediate relief after the disaster and medium term rehabilitation efforts enabled Yushu community to resume their normal life over time.



Motivating Young Survivors of Mount Sinabung Eruption

In Indonesia, Tanoto Foundation together with the recipients of its scholarship program visited the survivors of Mount Sinabung eruption in July 2015. In addition to funds from Tanoto Foundation, the support included provision of clothing, food, and water. The following case study was based on a story written by Rico Dian Sahputra, Tanoto Scholar from Medan Institute of Technology.

"The sadness that the survivors of Mount Sinabung eruption feel is also felt by all of us. Because of that, members of Tanoto Scholars Association Medan tried to lessen the hardship of the survivors of the eruption, particularly that of the young ones.

As survivors, they had to live in conditions that are far from normal. They often have to spend cold nights in temporary shelters. They also should be able to use the limited supply that they have wisely. More importantly, the education of the children in the area has been disrupted with no end in sight.

On July 15, 2015, Tanoto Foundation and Tanoto Scholars, visited these young children to help recover the children's spirit. Through fun games, we also tried to make them overcome their difficulties, even for a little while. We were so happy to see that they took part in all the activities enthusiastically. During the time we were there, all their faces were filled with smiles and happiness. Through the games, we also tried to teach them some general knowledge that they found interesting. We distributed snacks, toys, text books and reading books so they could continue learning.

We hope the children realized that although their current condition is far from normal, there are people who care for them. We also hope that they eruption will end soon so these young people could go back to their villages and continue their education".



Developing Asia's Future Leaders

AT A GLANCE:

Tanoto Foundation supports various initiatives across Asia that embody commitment to improving holistic skills, knowledge, and network of Asia's younger generation to strive as future leaders.

The fight against poverty needs to be conducive and sustainable. We believe that future leaders must take part in uplifting those who are at the bottom of the pyramid.

However, in order to strive as a future leader, one requires a more sophisticated set of skills. The increasingly interconnected world calls for leaders who embrace a global mindset, one that transcends diverse cultural, political, and institutional backgrounds.

At Tanoto Foundation we are committed to supporting development of Asia's future leaders who are open-minded and capable of adapting to other cultures. Our strategy to advance this cause is to develop partnership that focuses on:

- Documenting Asia's business best practices through research and case studies.
- Supporting business education and initiatives that nurtures Asia's future business leaders.
- Facilitating exchange and dialogue as well as network expansion among Asia's business leaders and their global counterparts.

Promoting Sustainability in Family Businesses: Partnership with the Business Families Foundation (BFF)

Many of the world's most successful companies started from family business. In the United States, 35% of firms listed in the Standard & Poor's 500 are family-owned. In Asia, family businesses are similarly ubiquitous. However, a BFF report shows that only 13% of business families make it to the third generation. Although family business ventures might be unique, when it comes to inter-generational sustainability, the trials and tests are incredibly similar.

Succession planning, leadership, governance, communication, and innovation are among the determinants of sustainable family business. We also believe that to achieve

inter-generational sustainability, family businesses have the responsibility to not only take care of their own business interests but also the community around them.

In an effort to support learning from best practices of business families and to disseminate the knowledge, in 2010 Tanoto Foundation formed a partnership with the Business Families Foundation (BFF), a not-for-profit charitable organization which aims to support, help, and empower business families achieve sustainability. The partnership focuses on initiatives related to: [a] development of educational materials, and [b] research on key issues in family business.

Achievement

As of 2015, the Family Business course, which was first made available online in 2011, includes modules for a complete range of topics including succession planning, entitlement and meritocracy, engaging in philanthropy, family legacy, governance, advisory councils, entrepreneurship, innovation, and life cycles of family business. The course reaches learners from 30 countries.

Building a More Inclusive Society: Partnership with Singapore Business Federation Foundation (SBFF)

While businesses have significant contribution to economic advancement, its role also extends to how it can build an inclusive society, where everybody benefits from the progress of the business.

To sustain growth, create better jobs, and enable all people to earn better incomes, businesses needs to extend access to those in need. It means more help for children from poorer homes to overcome early disadvantages, find their strengths and develop to their fullest potential. It also means more

help for the elderly and those with disabilities so they all play a part in the progress.

In our attempt to build an inclusive society, in 2013 Tanoto Foundation supported the formation of Singapore Business Federation Foundation that aims to encourage, enable, and enhance the contribution of the business community in Singapore to the advancement of all through three programs: [a] encouraging CSR and corporate philanthropy, [b] lending a helping hand to less privileged workers, and [c] advancing education and enhancing the employability of youth.

Achievements

The support from Tanoto Foundation has influenced the development of various programs:

1. Together with SG Enable, a day activity center that provides care and skill training to adults with disabilities, SBFF created a program that helps 50 young adults with intellectual disabilities and autism by enhancing their employability and employment opportunities.
2. Provided scholarship to 12 high-achieving undergraduate Singaporean students from low-income families to Singapore University of Technology and Design, to nurture a new breed of technical minds for advancing innovation.
3. Together with Institute of Technical Education Singapore (ITE), SBFF established Overseas Industrial Attachment Program that seeks to create opportunities for ITE students to gain global exposure, build a global mindset, develop self-confidence and global competence. The program has sent numerous students to Frontken Corporation in Malaysia and SAM Suzhou in China.

Bridging the Knowledge Gap in Asian Family Business: Partnership with the Hong Kong University of Science & Technology (HKUST)

Family businesses are pervasive and significant worldwide. In Hong Kong, nearly 70% of listed firms are family-owned. Many family businesses have entrepreneurial traditions. Yet the field of family business and entrepreneurship research is relatively recent and little work has immediate applicability for practitioners. There is knowledge gap in the area where the topics of family business and entrepreneurship converge.

In an effort to bridge the knowledge gap between academics and practitioners as well as policymakers in the areas of family business and entrepreneurship, in 2012 we formed a partnership with the Hong Kong University of Science and Technology (HKUST) which hosts the Tanoto Center for Asian Family Business and Entrepreneurship Studies.

The Center collaborates with various departments at HKUST and institutions around the world to organize academic and industry symposiums and roundtable events, conduct and publish top-quality academic research and articles in leading journals and newspapers, provide both tailor-made and open-enrollment training programs, write and teach cases on Asian family businesses and entrepreneurship.

Achievements

Recent publication of academic research by the Center's faculty include the following:

1. Chen, T.Y., Dasgupta, S., & Yu, Y. (2014). Transparency and financing choices of family firms. *Journal of Financial and Quantitative Analysis*.
2. King, R., & Peng, W.Q. (2013). The effect of industry characteristics on the control longevity of founding family firms. *Journal of Family Business Strategy*.

Recent case studies include the following:

- Lee Kum Kee Company Limited: Female Succession in a Family Business (2014)
- Sun Hing Holdings Limited: Keeping the Family together through Philanthropy (2014)

Enforcing positive Sino-US relationship: Partnership with China United States Exchange Foundation (CUSEF)

China and the United States are two of the world's largest economies. As such, global economy will benefit from positive Sino-US relationship. However, differing priorities and idiosyncratic nature of both countries leave some gaps in the relationship.

In our effort to promote growth of Asian future leaders, Tanoto Foundation formed a partnership with the China-United States Exchange Foundation (CUSEF), which focuses on advancing the Sino-US relationship, through four initiatives: [a] high level dialogue among business and policy

makers, [b] policy-oriented research, [c] exchange programs to promote exposure and understanding, and [d] educational programs to nurture trust and understanding between the future leaders of both nations.

Achievements

Support from Tanoto Foundation has contributed to the publication of recent CUSEF research reports:

1. U.S.-China Relations: Toward a New Model of Major Power Relationship, 2014
2. U.S.-China Security Perceptions Survey: Findings and Implications, 2014
3. US-China 2022: US-China Economic Relations In the Next Ten Years, 2014

Nurturing future champions of environmental sustainability: China's National Environmental Protection Drawing Competition for Primary and Secondary School Students

Due to rapid economic growth and industrialization in China, environment issue has become one of the most important subjects for the nation. Inclusive actions from all members of the society must be in place to create awareness for the public.

Tanoto Foundation believes that future leaders and younger generations need to be aware of environmental sustainability. In 2014 and 2015, Tanoto Foundation and Asia Symbol, a member company of the RGE Group, together with the Center for Environmental Education and Communications (CEEC) of Ministry of

Environmental Protection hosted the National Environmental Protection Drawing Competition for Primary and Secondary School Students.

The goal of the annual drawing competition is to raise the environmental protection awareness among the Chinese students in primary and secondary schools. To expand the reach of the program, a dedicated website was established (www.drawinginchina.com) and on-line voting mechanism adopted. Award ceremonies were held at both provincial and national levels, and are fully supported by China's Ministry of Environmental Protection and environmental protection bureaus at all levels.

Achievements

1. As of December 31, 2015, the competition has received more than 20,000 entries from 31 of the 34 provincial-level regions and yielded over 300 winners.
2. Through massive campaign and online vote system, the competition has successfully generated publicity and awareness through more than 400 news releases.

Supporting National Initiative to Improve Learning Community: Qiaoxin Primary School Project

The need to develop future leaders extends to those in early age and living in the most rural areas. However, infrastructure difficulties remain a challenge from building a conducive learning community.

In early 2000, many schools in remote areas of China were facing the problems of dilapidating building and teaching equipments. In 2004 - 2008 Sukanto Tanoto took part in the Qiaoxin Primary School Project which supports the development of basic education in remote areas of China, especially through construction of facilities and training of school principals.

A match-fund policy by the local government has enabled the initiatives supported by Sukanto Tanoto to reach more schools and provide benefits to more students.

Achievements

1. As of today, the initiative has provided support to 23 Primary Schools in 16 provinces and autonomous regions in China.
2. Supported at least five schools in Tibet (Nyingchi and Northern Tibet area) through construction of drinking water well and improving hygiene conditions.
3. The project resulted in the significant increase of education fund from the government. Now the Qiaoxin Primary School Project is able to shift focus to improving the quality of the education in the rural areas through school principal training and scholarships.

Conclusion

As of December 31, 2015, Tanoto Foundation has achieved the following:



6,300

SCHOLARSHIP RECIPIENTS
in Scholarship Program



35

PARTNER UNIVERSITIES
in Scholarship Program



303

RESEARCH FUNDED
in Tanoto Student Research Award Program



466

PARTNER SCHOOLS
in Pelita Pendidikan Program



12,000

STUDENTS AS BENEFICIARIES
in Pelita Pendidikan Program



4,400

TEACHERS TRAINED
in Pelita Pendidikan Program



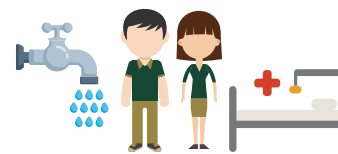
5,600

FARMERS TRAINED
in Smallholders Partnership Program



3,200

JOB'S CREATED
in SMEs Development Program



58,000

RURAL COMMUNITY MEMBERS
BENEFITTED
in Clean Water & Health Programs

While we take comfort in the positive impact of our activities so far, we also believe that more work is needed to help more people out of poverty. To this immense challenge, we reiterate our commitment to alleviate poverty through Education, Empowerment, and Enhancement of Quality of Lives.