

EXECUTIVE SUMMARY

The main idea of Corporate Social Responsibility (CSR) which has become a hot topic at the present is that companies doing businesses are not only committed to their shareholders but also their stakeholders. This commitment is shown from the contribution to develop a sustainable economy by contributing to the environment and working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and for development. Through CSR, the establishment of good corporate governance will be supported. It is one of the means in realizing the principles of corporate governance established by the Organization for Economic and Co-operation and Development (OECD) in 2004. OECD listed these principles which are:

1. Ensuring the basis for an effective corporate governance framework
2. The rights of shareholders and key ownership functions,
3. The equitable treatment of shareholders,
4. The role of stakeholders in corporate governance,
5. Disclosure and Transparency,
6. Responsibilities of the Board.

The principles were first endorsed back in 1999 by OECD ministers and since then they have become an international benchmark for investors, policy makers, corporations and stakeholders worldwide.

The discussion on the matter of CSR reheated in Indonesia when there were rumors that a new law will be established on the requirement and details in conducting CSR.

Eventually it became the main discussion due to the approval of the draft of the much fearful new law ; Company Law article 74 (UU Perseroan Terbatas pasal 74) on July 20th, 2007 one of which paragraph states that every company operating in areas relating to natural resources is obliged to fulfill its social and environment responsibilities. The approval of this new law surely invites pros and contras from many constituents. It seems that many still feel that CSR is not necessary and only should be voluntary. The problem is when CSR was a voluntary activity, only a few are willing to carry it out furthermore to give their best to contribute on the matter.

Unilever as one of the companies realizing the importance of CSR has been executing CSR since it was first established. Its reputation in the CSR implementation is recognized nationally and internationally; many have awarded Unilever for its outstanding achievements. Programs are approached using the triple bottom-line approach so that it covers the three perspectives, namely social, economy and environmental. Thus, the company formulates CSR programs mainly in three areas environment, small and medium enterprises and health and hygiene. The programs have been enormously successful and have contributed significantly to the sustainable operations of the company and its position as a market leader and as the brand preferred by the people. This excellent implementation of CSR is a mirror image of the commitment made by the company to its stakeholders; an emphasis on the growing awareness in the industry to alter companies' point of views in their purpose of existence from maximizing *shareholders'* value to *stakeholders'* value. It has also helped the implementation of good corporate governance at Unilever as CSR is one of the elements of supporting good corporate governance.