



## Communication on Progress (CoP) Report 2008

Produced by:

**Indonesia Business Links**  
Resource Centre for Corporate Citizenship



United Nations Global Compact

### Statement of Continued Support

As the Resource Center for Corporate Citizenship in Indonesia, Indonesia Business Links is a firm believer in the principles of the Global Compact. We hereby reaffirm our commitment to abide by and promote the Global Compact principles within our organization and among the corporations and other entities that constitute our partnership.

Noke Kiroyan  
Chairman  
Board of Patrons



*Noke Kiroyan*

### Nature of the Organization

Indonesia Business Links (IBL) is a not-for-profit organization founded in 1998, in response to the national economic crisis by a group of Indonesian business leaders. It was a call to promote good corporate governance and citizenship and encourage social and environmental responsibility as the best way out of the crisis.

IBL was registered as a foundation in 2001, in compliance with the Law of Foundations of the Republic of Indonesia. Currently the organization has been in partnership with more than 40 member companies and works with a number of national and international organizations to promote various social responsibility initiatives, basically to provide information and a better understanding of CSR among corporate businessmen and other stakeholders in Indonesia.

IBL has grown substantially in the past seven years. Recently, the organization launched its third Strategic Plan (2008-2010) to further promote sustainable development, corporate governance and local economic development, through among others youth employment and entrepreneurship, corporate initiatives related to climate change, conflict prevention, and disaster prevention and rehabilitation.

Since 2005, IBL has established a strong partnership with Indonesia's Corruption Eradication Commission. Initiatives have been extended beyond the capital city of Jakarta with the support of the Center for International Private Enterprise working with the organization's corporate partners. These initiatives have enlightened over 1500 business people, government officials and civil society leaders in discussions about conducting a clean business practice.

Ford Foundation has been instrumental in strengthening IBL in its capacity to advocate the importance of CSR. IBL has produced a series of books on CSR best practices completed in 2008. The series comprise CSR in the Indonesian context and four thematic ones, from the improvement of information systems, CSR program mappings throughout the country, to learning forums reaching out to cities all across Indonesia.

Through its various activities ahead, IBL recommends that there be more partnership-building initiatives developed among companies and other sectors. Public-private partnership is proven to be an effective model of operation. IBL remains to be the players' facilitator when encountering challenges of development in the country. IBL also works with other organizations including Center for International Private Enterprise (CIPE), the International Youth Foundation (IYF), the International Finance Corporation (IFC), USAID, AusAID, and DFID.

In 2008, IBL organized the second international conference on Corporate Social Responsibility (CSR), in partnership with various stakeholders. With an approximately 350 delegates consisting of CEOs, senior corporate executives in charge of CSR, government officials and NGO leaders, the conference aimed to provide a solid learning and networking framework for businesses that have operations and investments in Indonesia and concern about CSR.

The event emphasized the importance of establishing and building partnerships with multiple stakeholders to address CSR issues and to create efficient and sustainable CSR programs.

In addition, the breakout sessions looked at companies' experiences in establishing partnerships with various stakeholders, critical issues to be addressed when establishing partnerships, and public-private partnership for development in Indonesia.

The primary objectives of this conference was to do the following:

- Promote CSR as a key business strategy in addressing public needs
- Highlight innovative programs and best practices in CSR, by corporations operating in Indonesia, as well as share experiences with companies operating in other countries
- Identify priority issues related to social and environmental impacts made by companies
- Build public-private partnerships for real actions to alleviate poverty and mitigate environmental degradation

Looking forward, IBL aims to expand its resources and infrastructure to cater to the increased demand for information and facilitation in the business sector of Indonesia. Establishing strong government relations for substantial support is also of imperative importance to the organization.

## IBL Publication Examples



## Human Rights

**Principle 1:** Protect internationally proclaimed human rights

**Principle 2:** Comply against human rights abuse

**Principle 3:** Freedom of association and the right to collective bargaining

IBL upholds the rights of its employees through compliance with the most current human resource government regulations, including financial compliance. Its Charter on Business Principles, which the organization adheres to, clearly states acknowledgment that people are the most valuable resources.

IBL also encourages its corporate partners, as CSR practitioners, to implement ethical business practices on human rights. The system in which IBL operates is through organizing consultative workshops and learning forums. Its actions include publishing bilingual books on human rights within the next year, in efforts to:

- Further stimulate dialogs among corporate members
- Identify problem areas and resolution models
- Avail tools and realistic samples for better human rights protection.

IBL maintains full compliance against human abuse within its operations, by implementing the Code of Conduct Charter and its Standard Operating Procedure, with suppliers and partners. Employees enjoy benefits rendered when they promote compliance with government regulations on human rights abuse.

The employees of IBL enjoy freedom to join other organizations provided that they are in line with IBL's vision. It is recognized to be a multi-stakeholder organization, and due to the small number of employees there is no official employee association required. All employees' association with other organizations is listed in IBL's Annual Report.

For instance, the Executive Director is voluntarily serving as Board member of the Indonesian Association of Environmental Professional (IPLHI) and founding member of the Indonesia Philanthropy Association (PFI). The External Relations Manager is an active member of Indonesia Marketing Association (IMA), while other staffs are active in the local community based organizations. It is allowed for the staffs to spend up to 5 hours per month for other organizations as long as they are with prior consent and reported to the management.



## Labor

**Principle 4:** Elimination of forced and compulsory labor

**Principle 5:** Abolition of child labor

**Principle 6:** Elimination of discrimination in the work place

IBL works on the basis of an agreement signed by each employee and associate, and maintains daily full compliance against forced and child labor. IBL also inspires its corporate partners, suppliers and civil society partners through various advocacy activities.

Human capital is an important aspect for IBL in promoting responsible business and partnership for development. In its daily operations, the organization commits to the seven principles stated in its Charter on Business Principles, as follows:

- Ensuring honesty and integrity in every aspect of work by acting in good faith
- Providing a fair return to suppliers of goods and services
- Satisfying clients, including those within the organization, with the timely provision of goods and / or services to the agreed specifications
- Respecting the social environment by maintaining active partnerships with the community
- Demonstrating respect for one's physical environment by adhering to company, national and international standards
- Abiding the Indonesian and international laws
- Acknowledging that people are the most valuable resources

IBL strives to create an equal opportunity between men and women in the work place, such as rights and benefits. The recruitment process at IBL is based on competency according to job specifications, and not based on preference of gender. IBL does not recruit employees under the age of eighteen. Currently, IBL employs 20 staff members in its executive team of which 11 are women.

During the Annual Joint Board Meeting in July 2007, it has been decided that the IBL Board would be expanded in membership, inviting CEOs and senior executives, and applying gender balance principles.

## Environment

**Principle 7:** Precautionary approach to environmental challenges

**Principle 8:** Promote environmental responsibility

**Principle 9:** Environmentally friendly technology

IBL adopts environmentally friendly practices in various business aspects. It has developed a Standard Operating Procedure for internal management use and external collaboration with suppliers and partners, in efforts to save energy, adopt a non-polluting working atmosphere, and the 3R (reduce-reuse-recycle).

IBL raises corporate commitment to sustainable development and environmental protection. Through the CSR For Better Life program, IBL produces references on CSR programs that are consistent with the growing interest and commitment for corporations and other partners in Indonesia to adopt CSR in their business strategy.

IBL promotes environmentally friendly technology among its stakeholders, including beneficiaries. The beneficiaries are young / new businesses, small NGOs and the youth community.

The CSR For Better Life program, first initiated in 2003 and supported by the Ford Foundation, focuses on promoting responsible natural resource management in business, adopting the latest technology in implementation. To date, the program has achieved the following outputs:

- Production of book series, namely the Best CSR Practices Compilation
- Web-based CSR mapping

The web-based CSR mapping was completed in 2006 and has increased its content to comprise CSR programs already implemented by selected corporate members and organization partners of IBL, and the data is continuously being expanded.

Starting 2008, IBL supports initiatives that address problems on water, waste, sanitation and promote hygienic life, through public-private partnership. Through its collaboration with the National Planning Agency, IBL encourages its corporate partners to involve in improving water provision for the poor, waste management and sanitation development in a number of cities.

## Against Corruption

### Principle 10: Against corruption, including extortion and bribery

IBL infuses the Indonesian business community with the necessary information to help fight corruption at all levels, by encouraging transparency and best practices.

Business Ethics is IBL's champion program in support of the Indonesian government to advocate anti-corruption practices among practitioners. This program was established in 1999, post Indonesian economic crisis and downfall of the Soeharto regime, and has brought forward the following objectives in each of their advocacy program:

- Increase awareness on the nation's Anti Corruption Rules and Regulations against day-to-day business practices
- Increase understanding that good business ethics and corporate responsibility reflects a better business
- Establish a community of critical business people against the practice of corruption

The advocacy done by Business Ethics comprise a collection of activities, among others the following:

- **Workshop series** called Managing Ethical Dilemma for Facilitating Payments - in cooperation with universities, selected corporations and government institutions including the Corruption Eradication Commission. These workshop series promote aspects related to business ethics. For the year until July 2008, they were organized in 15 cities, 14 provinces, in a total amount of 24 times and 1500 participants
- **Radio talkshow series** - Twenty six (26) episodes during 2007-2008, featuring relevant speakers representing the Corruption Eradication Commission and other institutions, with the aim to provide educative information to the general public, between the private/public sectors and the community at large, on issues related to efforts to eradicate corruption and the role of each sector in these issues
- **Radio capsule**, especially created by Business Ethics for 2008. This special radio program was dedicated to stimulate motivation, inspiration, positive views, information, knowledge and wisdom for good business ethics, all in efforts to increase people's awareness and willingness to take part in eradicating the tradition of corruption
- **TV talkshows** - ten (10) episodes in 2008, in cooperation with QTV private station, aimed to provide educative information especially for the private sector, but also for the government and public at large, on issues related to corruption eradication and the role of the private sector in promoting good business ethics
- **Book publication** on Gratification, into its second publication in 2008, totaling 3800 copies distributed to participants attending the Business Ethics workshops and the 2<sup>nd</sup> IBL Conference on CSR exhibition. The book is also distributed to selected universities.

IBL has been collaborating with the Indonesian Corruption Eradication Committee since 2005 in undertaking prevention of corruptive practices, and will continue doing so.

Internally, IBL applies strict rules related to gratification and any possible risks of corruption. Finance manual and annual financial audit have been undertaken since its establishment. All programs are also being audit periodically; all are for demonstrating IBL's commitment to "walk the talk".



**SUMMARY OF COMMITMENT, SYSTEMS,  
ACTIONS AND PERFORMANCE**

PRINCIPLE	COMMITMENT	SYSTEMS/POLICY	ACTIONS	PERFORMANCE
(1)	Encourage corporations in Indonesia to respect human rights.	IBL implement advocacy through learning forum. IBL adopt egalitarian approach, non-discriminative and non-biased mechanism.	1. Organizing workshops and learning forums. 2. Publishing bilingual books on human rights	- Three workshops on CSR - One international conference on CSR - Three CEO network meetings
(2)	Maintain full compliance against human abuse within its operation.	Charter of Business Principles, point no. 7.	Compliance with the most current human resource government regulations.	Zero abuses in the work place.
(3)	Every IBL employee is free to join any other organization as long as it is in line with IBL's vision and mission.	<i>Same as above.</i>	Allowing employee's volunteerism up to 5 (five) hours per month.	Inclusion of employees' connection (membership) with other organisations in Annual Report
(4)	Maintain full compliance on day-to-day operation.	Performance agreement signed by each employee.	Consistently implementing the policy	No forced labor
(5)	Maintain full compliance on day-to-day operation.	Minimum age of employee is 18 years old.	Consistently implementing the policy	No child labor
(6)	Maintain full compliance on day-to-day operation.	Policy on equality between man and woman employees, disability and age.	Consistently implementing the policy	No discrimination

PRINCIPLE	COMMITMENT	SYSTEMS/POLICY	ACTIONS	PERFORMANCE
(7)	Adopt environmentally friendly practices in various business aspects	Standard Operating Procedures.	Attempt to save energy and to adopt non-polluting operation and 3R (reduce- reuse- recycle)	<ul style="list-style-type: none"> <li>- Reuse all papers in day-to-day activities</li> <li>- Automatic power turn-off after 8pm.</li> <li>- Automatic computer stand by mode if not used after 15 minutes</li> </ul>
(8)	Raise corporate commitment to sustainable development and environmental protection.	"CSR for Better Life" program.	<ol style="list-style-type: none"> <li>1. Produce advocacy tools</li> <li>2. Identify and support initiatives addressing water and sanitation problems.</li> </ol>	<ul style="list-style-type: none"> <li>- Book series on CSR practices in human capital development, environment, local economic development, and vulnerable/disaster areas.</li> <li>- Web-based mapping on CSR programs, accessible from the IBL website: <a href="http://www.ibl.or.id">www.ibl.or.id</a></li> <li>- Selected program addressing water and sanitation problems</li> </ul>
(9)	Promote environmentally friendly technology among its stakeholders incl. program beneficiaries.	<ol style="list-style-type: none"> <li>1. Young Entrepreneurs Startup (YES),</li> <li>2. Youth Employment and Entrepreneurship Initiative (YEEI),</li> <li>3. Entrepreneurs Enabling Network (<i>warbisnet</i>).</li> </ol>	<ul style="list-style-type: none"> <li>- Include in selection criteria for YES.</li> <li>- Increase number of implementing partners with "green products".</li> <li>- Encourage "green products"</li> </ul>	<ul style="list-style-type: none"> <li>- YES Program's selection process is underway.</li> <li>- At least half of current implementing partners work on environment-friendly products</li> <li>- Koperasi Indonesia Lestari in Jogja commits to fair-trade and clean productions.</li> </ul>
(10)	Raise the awareness on ethical businesses.	Business Ethics program, in collaboration with the Indonesian Corruption Eradication Commission (KPK)	<ol style="list-style-type: none"> <li>1). Workshop series on "Managing Ethical Dilemma on Facilitating Payments".</li> <li>2). Two bilingual books.</li> <li>3). TV/radio talk shows.</li> <li>4). Promotion of Codes of Conduct (CoC) among companies.</li> </ol>	<p>Twenty four workshops until mid-2008, covered 15 cities (14 provinces), outreaching 1500 participants</p> <p>Produced 3800 copies of each book.</p> <p>Ten episodes per year.</p> <p>A CODE of Conduct Guideline and four (4) workshops were accomplished in 2008.</p>