

COMMUNICATION ON PROGRESS (COP) 2009

Produced by:

Indonesía Business Links Resource Centre for Corporate Citizenship



STATEMENT OF CONTINUED SUPPORT

The United Nations Global Compact has promoted responsible Corporate Citizenship through its ten principles encompassing human rights, labor and environment as well as anti corruption. Indonesia Business Links (IBL) truly supports these principles and has showed, in this report, our commitment to implement them either in the present and the future time.

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 50 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 eight years. The organization launched its third Strategic Plan (2008-2010) to further promote sustainable development including CSR, corporate governance and local economic development, through among others youth employment and entrepreneurship programs, corporate initiatives related to climate change, conflict prevention and disaster prevention and rehabilitation. This plan has enabled IBL to further advance its CSR best practices and advocate the importance of CSR to its members and surrounding communities.

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 3000 business people, government officials and civil society leaders in discussions about conducting clean business practices.

Ford Foundation has been instrumental in strengthening IBL at a crucial stage of its development in its capacity to advocate the importance of CSR. IBL has produced a series of books on CSR best practices which was 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, IBL recommends an expansion of partnership-building initiatives developed among companies and other sectors. Public-private partnership is proven to be an effective model of operation. IBL 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 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 sharing and networking framework for businesses which have concern on CSR and have operations and investments in Indonesia.

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

In addition, the breakout sessions were used to exchange views and experiences of companies in establishing partnerships with various stakeholders, critical issues to be addressed when establishing partnerships and public-private partnership from development in Indonesia.

The primary objective of this conference was to achieve 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.



HUMAN RIGHTS

Principle 1: Protect internationally proclaimed human rights

Principle 2: Comply against human right abuse

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

IBL continually ensure that every policy concerning human resource are being applied and aligned with government regulations. Its Charter on Business Principles, which the organization adheres to, clearly states acknowledgement that people are the most valuable resources.

IBL also encourages its corporate partners, as CSR practitioners, to implement ethical business practices on human rights. Actions include organizing consultative workshops and learning forums. Moreover 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.

Moreover, IBL is a strong believer in people development by which every employee has the right to be trained or educated, thus they will develop the sense of progress in their career life. Therefore, when considered necessary various training programs are delivered regularly for employee at all level.

Lastly, 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. 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), while other team members 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 your supplier 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 strive to create an equal opportunity between men and women in the work place, such as rights and benefits. The recruitment process at IBL 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 19 staff members in its executive team of which 9 are women.

ENVIRONMENT

Principle 7: Precautionary approach to environmental challenges

Principle 8: Promote environmental responsibility

Principle 9: Environmentally friendly technology

IBL adopt 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 effort to save energy, adopt a non polluting working atmosphere and 3R (reduce-reuse-recycle).

IBL is actively involved in raising corporate commitments 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 of corporations and other partners in Indonesia to adopt CSR in their business strategy.

IBL also promotes environmentally friendly technology among its stakeholders, including beneficiaries. The beneficiaries are young/new business, 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 daytoday 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 Program comprises a collection of activities, among others the following:

- Workshop Business Ethics with theme "Managing Ethical Dilemma for Facilitating Payment" and Code of Conduct (CoC) for small and medium enterprises (SMEs). For the year until December 2009, in total, there were 29 times workshop and 3000 participants.
- ❖ TV Talkshow one (1) episode in December 2009, in cooperation with QTV private station, aimed provide educative information especially for the private sector, government and public at large, on issues related to corruption eradication and the role of the private sector in promoting good business ethics

IBL has been taken collaborating with the Indonesian Corruption Eradication Commission since 2005 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, SYSTEM, ACTIONS AND PERFORMANCE

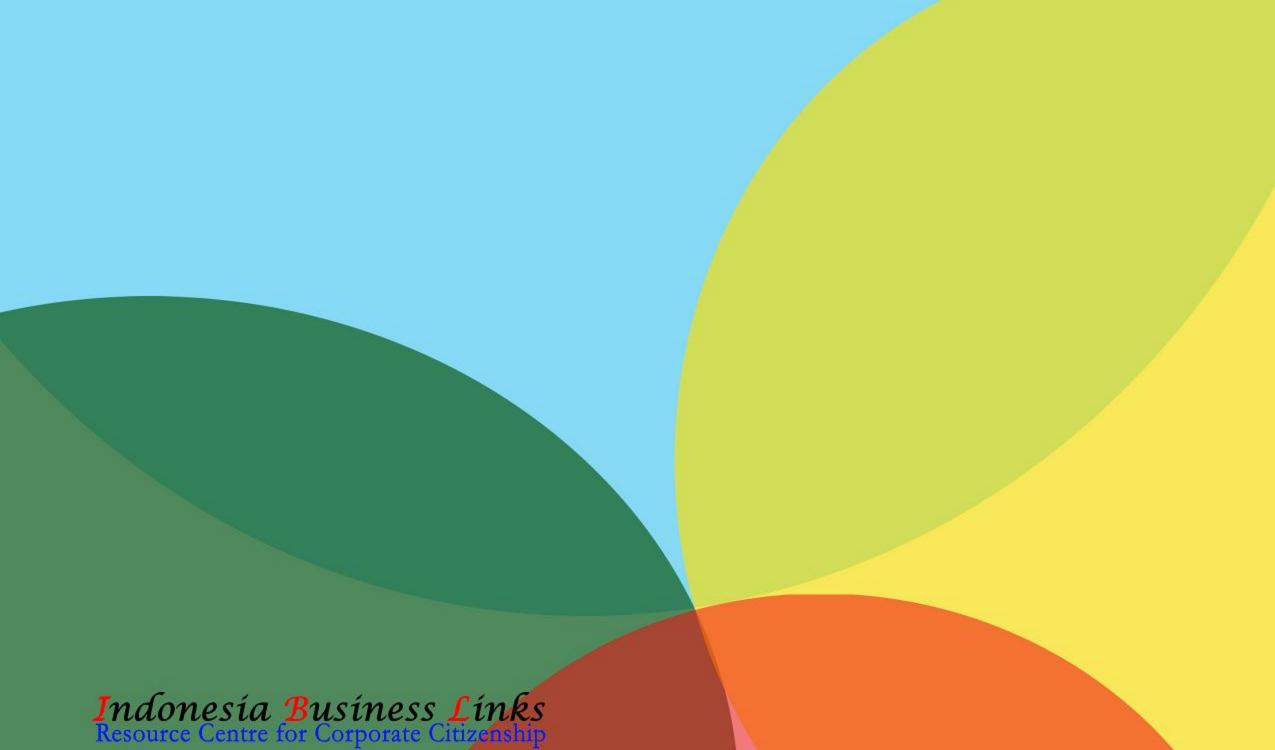
PRINCIPLE	COMMITMENT	SYSTEMS/POLICY	actions	PERFORMANCE
(1)	Encourage corporations in Indonesia to respect human right	 IBL implement advocacy through learning forum IBL adopt egalitarian approach, non discriminative and non-biased mechanism 	Organizing workshops and learning forums	 Five workshops on CSR Five workshops on Business ethics and Code of Conduct Two 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



PRINCIPLE	COMMITMENT	SYSTEMS/POLICY	actions	PERFORMANCE
(3)	Every IBL employee is free to join any other organization as long as it is in line with IBL's vision and mission	Same as above	Allowing employee's volunteerism up to 5 (five) hours per month	Inclusion of employees' connection (membership) with other organizations 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, age, ethnics and religion	Consistently implementing the policy	No discrimination
(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)	 Reuse all papers in day-to-day activities Automatic power turn-off after 8pm Automatic computer standby mode if not used after 15 minutes
(8)	Raise corporate commitment to sustainable development and environmental protection	"CSR for Better life" program	1. Produce advocacy tools 2. Identify and support initiatives addressing water and sanitation problems	Web-based mapping on CSR programs, at www.ibl-emarket.com Selected program addressing water and sanitation problems



PRINCIPLE	COMMITMENT	SYSTEMS/POLICY	actions	PERFORMANCE
(9)	Promote environmentally friendly technology among its stakeholders including program beneficiaries	1. Young Entrepreneurs Start Up (YES) 2. Youth Employment and Entrepreneurship Initiative (YEEI) 3. Entrepreneurs Enabling Network (Warbisnet)	Include in selection criteria for YES Business Plan Competition Increase number of implementing partners with "green products" Encourage "green products"	YES Business Plan competition done in June 2009 At least half of current implementing partners work on environment- friendly products Koperasi Indonesia Lestari in Jogja commits to fair- trade and clean productions
(10)	Raise the awareness on ethical business	Business Ethics program, in collaboration with the Indonesian Corruption Eradication (KPK) and other local and international organization partners	1. Workshop Business Ethics 2. Promotion of Code of Conduct among SMEs 3. TV Talkshow	Twenty nine workshops until December 2009 and out reaching 3000 participants One episode for year 2009



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