Indonesia Business Links
Resource Centre for Corporate Citizenship

THE GLOBAL COMPACT
WE SUPPORT

2010

Communication on Progress (COP)

Statement of Continued support by the Chairman of Board of Patrons

Indonesia Business Links (IBL) is a not-for-profit organization in operations since 2001 with the aim to help improve the state of corporate governance in Indonesia. To date there are more than 50 company members which comprise national and multinational corporations operating in the country and representing a wide range of industries. The organization's daily activities are designed practical and mostly in line with the empowerment of Corporate Social Responsibility and Ethical Business Practices. These activities are mostly in the form of workshops and various capacity building program development and implementation. IBL believes that the organization, its operations and its various empowerment programs are very much in line with the Principles of the United Nations Global Compact.

This Communication on Progress report marks the third one since IBL became one of the signatories to the UNGC. As in the first report, IBL presents the progress of its operations in compliance to the Principles of the Global Compact, hereby encompassing Human Rights, Labor and Anti-Corruption. In addition, IBL is also consistently in active engagement with various Global Compact social activities, both in event attendance and networking, to show case continued support and commitment to the UNGC.

Noke Kiroyan, Chairman of Board of Patrons - Indonesia Business Links

Human Rights Principles

Principle 1: business should support and respect the protection of internationally proclaimed human rights:

IBL continues its commitment to support and respect human rights, by way of applying the guiding principle in its daily operations. Internal and external stakeholders are treated with honesty and integrity in every aspect of work, in good faith and in providing fair returns. Since 2007, IBL's Code of Conduct Charter and Standard Operating Procedure (SOP) have been expanded for practical implementation to safeguard performance consistency to be transparent and accountable. In this case, the implementation of fairness in the selection of suppliers of goods and services is one that excels prominently. Since 2007 marks progress in the acknowledgment of people as the most valuable resources of the organization. In this case, IBL has facilitated more capacity building training programs for the staff, resulting in an enthusiastic working environment. The aim is to maintain and improve people development through innovative training programs for the employees at all levels. Aside from internal development of human rights, IBL also continues to endorse the action to uphold human rights to the collection of IBL corporate partners in business. The last year noted a collaboration with the Center for International Private Enterprise *(*CIPE*)*, in close consultations with local SMEs, IBL facilitated the stakeholders to develop a Code of Conduct for SMEs endorsed by the Indonesian Employers Association (APINDO) for implementation. The main purpose of this Code of Conduct for SMEs in

Indonesia is to help SMEs compatibility to compete and meet business requirements in the global market.

Meanwhile, still in line with human resource empowerment and in support of the Indonesia Global Compact Networks (IGCN), IBL continues to take active part in educating members of IGCN on the Global Compact Principles. The last year indicated a collaboration with UN-ESCAP whereby IBL associates were given training opportunities for eligibility as regional trainers. To date IBL has trained six local facilitators now qualified as regional trainers, and in view of the increasing signatories to the UNGC IBL has conducted pilot training on Global Compact, in collaboration with UN-ESCAP and Indonesia Global Compact Network.

LABOUR PRINCIPLE

LABOR Principle 4: Elimination of discrimination in the work place

The last year looked at the continuation of compliance to IBL's seven principles in the Charter on Business principle, entailing the following principles:

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

IBL consistently abides by these principles, starting from the recruitment process, regular staff appraisals and during occasional disengagement with departing staff pursuing other careers. Equal opportunity within the working environment is currently benefitted by 18 staff members of11 women and 7 men.
Externally, as described under Principle 1 on Human Rights, IBL continues to build human capital, in education and health. IBL has the organization's Young Entrepreneurship StartUp (YES!) Program, encompassing early stage entrepreneurship awareness, youth business recognition and enterprise development support. With the current high unemployment rate in the country, this program has

successfully empowered many on ways for self employment and the creation of integrated employment in small businesses. It has now been maintained sustainably in the last 6 years, and is widening its audience within Indonesia. IBL considers its YES! Program to be an effective channel in promoting CSR, eliminating discrimantion and increasing employment opportunity within micro, small and medium enterprises.

In collaboration with Plan International, Inc. IBL is commencing a program on Youth Economic Empowerment to help youth getting jobs and developing entrepreneurial skills.

Environment Principle

Principle 7: Business should support a precautionary approach environmental challenge

Commitment of IBL to protect environment shows on the activities on working group of environment and disaster risk reduction. IBL supports the national platform for risk reduction named Platform *Nasional Indonesia* (Indonesia Disaster *Pengurangan Resiko Bencana Indonesia- Planas PRB Indonesia* (Indonesia Disaster Risk Reduction National Platform). IBL Executive Director was part of this platform's founding team, aimed to facilitate and encourage partnerships to reduce Indonesia's natural disaster risks. IBL encourages the private sectors consisting of MNCs, National Companies, Stated-owned Companies (BUMN) and SMEs to contribute. The medium is the establishment of learning forums and campaigns. On this note, IBL also supports the existing 1MSSH Campaign (One Million Safe Schools and Hospitals). It is a campaign to pledge schools and hospitals to be more resilient against natural disasters. This is a global initiative by UNISDR (United Nations International Strategy on Disaster Response).

Principle 8: Undertake initiatives to promote greater environmental responsibility

IBL has facilitated partnerships in 7 (seven) municipalities, in the areas of Water Access, Sanitation and Hygiene with the support of Ford Foundation.

IBL's role as facilitator of CSR has built cross-sector partnerships in promoting greater environmental responsibility. The "Partnership for Packaging Waste (PPW)" initiative led by the organization involves several leading multinational and national companies in Indonesia in response to the Indonesian Law on Waste Management No.18, 2008. IBL and these companies have formed a joint program to develop a solid waste management program, making the best use of waste which enables only the waste residue to be disposed to waste landfills.

Principle 10 Anti-Corruption

According to the vision, IBL plays active roles in upholding corporate citizenship. As previously stated, IBL mainly operates by way of organizing workshops and other capacity building events. In 2010 the activities to highlight are among others as follows:

1. Ethics Workshops with PERTAMINA's (Oil State Owned Company) for their suppliers and vendors organized in nine big cities, together with a major company in water supply PT. PAM Lyonnaise Jaya, and other prominent companies
2. Preparation of publication named: Formulation and Implementation Code of Conduct for SMEs
3. Signed an anti corruption integrity pact by the Indonesian Chamber of Commerce. The signatories are placed under a coalition called KUPAS (Working group on Business without Bribery). IBL provided training materials and facilitators during the many events organized.
4. Collaboration with the Indonesian Corruption Eradication Commission from 2005 to 2012, undertaking awareness raising efforts to prevent corruptive business practices in the country, among multi nationals, national and state-owned companies.

Summary of Commitment, System, Action and Performance

NOTE: as this report is the third one submitted, a comparative grid to showcase progress under each principle is presented, by indicating Year 1 and Year 2

Actions	Year 1	Year 2	Year 3
Principle 1: **Business should support and respect the protection of internationally proclaimed human rights**			
Commitment	Encourage corporations in Indonesia to respect human right	IBL Charter in Business Principles, implemented in daily operations: ensuring honesty and integrity in every aspect of work by acting in good faith and providing a fair return to your suppliers of goods and services. Supporting Global Compact	Continued compliance to the IBL Charter in Business Principles
System / Policy	IBL implement advocacy through learning forum IBL adopt egalitarian	Code of Conduct Charter and Standard Operating Procedure	Code of Conduct Charter and Standard Operating Procedure.

	approach, non discriminative and non-biased mechanism		
Actions	Organizing workshops and learning forums	Organizing Workshops on Code of Conduct, Socializing SOP. Organizing Workshop on GC principles and COP, namely: - COC to SMEs Workshops - Executive Workshop	Organizing activities namely: - COC to SMEs workshop - Seminar on "Introduction to Global Compact Principles" with IGCN - 3 days training workshop "Adopting Global Compact Principles and Sustainability into your organization" with IGCN
Performance outcome	Five workshops on CSR Five workshops on Business ethics and Code of Conduct Two CEO Network meetings	SMEs qualified to implement Code of Conduct	Local facilitators qualified as trainers for further empowerment programs SMEs qualified to implement Code of Conduct
Principle 4: **the elimination of all forms of forced and compulsory labor**			
Commitment	Maintain full compliance on day-to-day operation	To build human capital and entrepreneurship among youth and women in Indonesia, by way of organizing workshops and capacity building events	Continued development of entrepreneurships
System / Policy	Performance agreement signed by each employee	Entrepreneurship Program set up	Continued running of the Entrepreneurship Program
Actions	Consistently implementing the policy	YES! Programme to wider outreach and to ensure sustainability, by way of organizing activities namely: - YES Club Jakarta Launching - Workshop on "Management of YES Club and Mentors	Continuation of YES! Programme with activities, namely: - "Business Consultation Day" Free Business consultation to public - Women Entrepreneur Workshop - Administration and

		Capacity Building" - Business Plan Competition - Social Entrepreneurs Workshop - SME Workshop in East Java "The Life secret of Entrepreneurs" - Business Start up Award - "Business Consultation Day" free business consultation to public	Financial Report for SMEs training series - Tax awareness for SMEs training series - Business plan for SMEs training series - Marketing Strategy and Promotion for SMEs training series
Performance	No forced labor	The program has been implemented for five consecutive years.	The program has been implemented now for six years.
Principle 7: **Business should support a precautionary approach environmental challenge**			
Commitment	Adopt environmentally friendly practices in various business aspects	Commitment to Environment protection and Disaster Risk Reduction Working Group	Continued commitment
System / Policy	Standard Operating Procedures	CSR for Better Life Program	CSR for Better Life Program
Actions	Attempt to save energy and to adopt non-polluting operation and 3R (reduce-reuse-recycle)	Organizing several CSR Learning Forum with Ministry of Public works	- Organizing several CSR Learning Forum with Ministry of Public works - Supporting Indonesia Disaster Risk Reduction National Platform
Performance	Reuse all papers in day-to-day activities Automatic power turn-off after 8pm Automatic computer standby mode if not used after 15 minutes	Environment protection awareness among corporate executive and CSR practitioner	- Environment protection awareness among corporate executive and CSR practitioner - Disaster Risk awareness among schools and hospitals
Principle 8:			

undertake initiatives to promote greater environmental responsibility			
Commitment	Raise corporate commitment to sustainable development and environmental protection	Partaking in implementing the Youth's support in environment	Partaking in implementing the government's regulation on Solid Waste Management
System / Policy	"CSR for Better life" program	CSR for Better Life Program	CSR for Better Life Program Partnership for Packaging Waste (PPW)
Actions	Produce advocacy tools Identify and support initiatives addressing water and sanitation problems	Conducting Young Change maker competition and inauguration night	Leadership of the program implementation among multinationals and national companies Reprinted Books on Sanitation business
Performance	Web-based mapping on CSR programs, at www.ibl-emarket.com Selected program addressing water and sanitation problems		Learning forums on PPW established Public awareness of the importance of Sanitation business
Principle 10: **Business should work against corruption in all its forms, including extortion and bribery**			
Commitment	Raise the awareness on ethical business	Promotion of Ethical Business conducts	Continued promotion of Ethical Business conducts
System / Policy	Business Ethics program, in collaboration with the Indonesian Corruption Eradication Commission (KPK) and other local and international organization partners	Business Ethics Program, collaboration with KPK, private sectors and International organization partners	Continuation of Business Ethics Program, collaboration with KPK, private sectors and International organization partners
Actions	Workshop Business Ethics Promotion of	- Ethic Workshops - TV Talk shows on Business Ethics - Radio talk shows on	- Ethic Workshops - Preparation of COC book Publication: Formulation and implementation Code

	Code of Conduct among SMEs TV Talkshow	business ethics	of Conduct, A Case Study on MNC and SME - SMS (Short message service) broadcast on business ethics - Signed integrity pact for anti corruption in Indonesia
Performance	Twenty nine workshops until December 2009 and out reaching 3000 participants One episode for year 2009	Visibility as active supporter to the establishment of Indonesia's ethical business conducts	Visibility as active supporter to the establishment of Indonesia's ethical business conducts

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