

Indonesia Business Links
Resource Centre for Corporate Citizenship

COMMUNITY ON ENGAGEMENT 2017

STATEMENT OF CONTINUED SUPPORT

Jakarta, 27 October 2017

To IBL Corporate and Organization Partner and other Stakeholders

On behalf of IBL Board of Patrons, Supervisors and Management, I am pleased to confirm that Indonesia Business Links (IBL) reaffirms its support to the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labor, Environment and Anti-corruption. As a nonprofit organization which promotes responsible business practices in Indonesia, this is our Communication on Engagement with the United Nations Global Compact. IBL is one of active members and also founder of Indonesia Global Compact Network (IGCN) and we commit to continue our support to this local network.

In this Communication on Engagement, we describe the actions that our organization has taken to support the UN Global Compact and its Principles, creating collaborative projects and activities with our stakeholders, especially business sector, to implement those principles in the last two years (2016-2017).



Mohamad Fahmi
Executive Director

DESCRIPTION OF ACTION

Indonesia Business Links (IBL) is a not-for profit organization initiated by business leaders and supported by UNDP and the Prince of Wales' International Business Leaders Forum in 1998. In 2001 it was registered under the Foundation Law, Republic of Indonesia.

IBL's mission is to promote good business principles and partnership for development. To implement its mission, IBL has empowered its development partners in private sector including small/medium enterprises, and other stakeholders such as government, and civil society organizations toward sustainability. IBL's activities are related to awareness campaign on business ethics and responsible business practices, building the capacity of its stakeholders on sustainable issues, and fostering partnership for development.



Over the past 2 years (2016-2017), IBL has been continuing to implement various programs and is engaged in various networks and collaborations that also promote responsible and sustainable business practices locally, as well as regionally. IBL is one of the co-founding members of the ASEAN CSR Network, a network organization which is convening like-minded organizations which have a same mission throughout South East Asia region.

While promoting responsible business practices to its stakeholders, IBL is also exercising principles on integrity, accountability, fair practices, and respecting law and human rights on doing its daily operation. IBL operates based on its Charter of Business Principles, 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 and partners, 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

Therefore, IBL believes that its values, operations, and various empowerment programs are in line with the Ten Principles of the United Nations Global Compact.



HUMAN RIGHTS

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

Principle 2: make sure that they are not complicit in human rights abuses

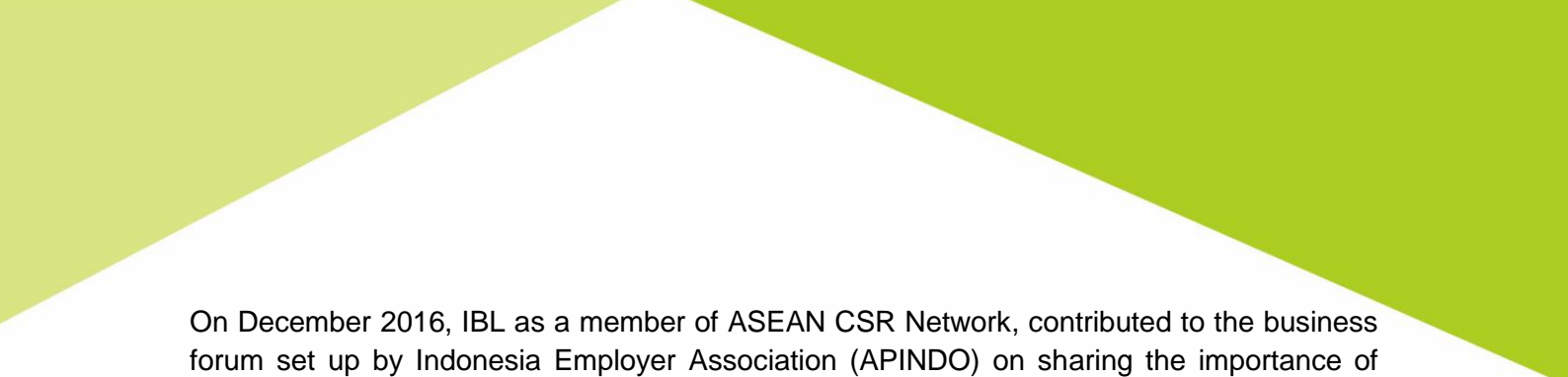
IBL believes that respecting human rights is not only an obligation by every element in the society, but it also brings benefits. For private sector case, it could provide competitive advantage in long term, thus ensuring sustainability.

IBL, with its corporate and organizations partners including Indonesia Global Compact Network (IGCN), conducted dialogue forums to promote business and human rights principles. It is targeted to raise the awareness of business communities to respect human rights on doing business.

In the first quarter of 2016, IBL assisted Save The Children Indonesia to promote Children's Rights and Business Principles (CRBP) to its corporate partners. The Children's Rights and Business Principles (the Principles) are the comprehensive set of principles to guide companies on the full range of actions they can take in the workplace, marketplace and community to respect and support children's rights.

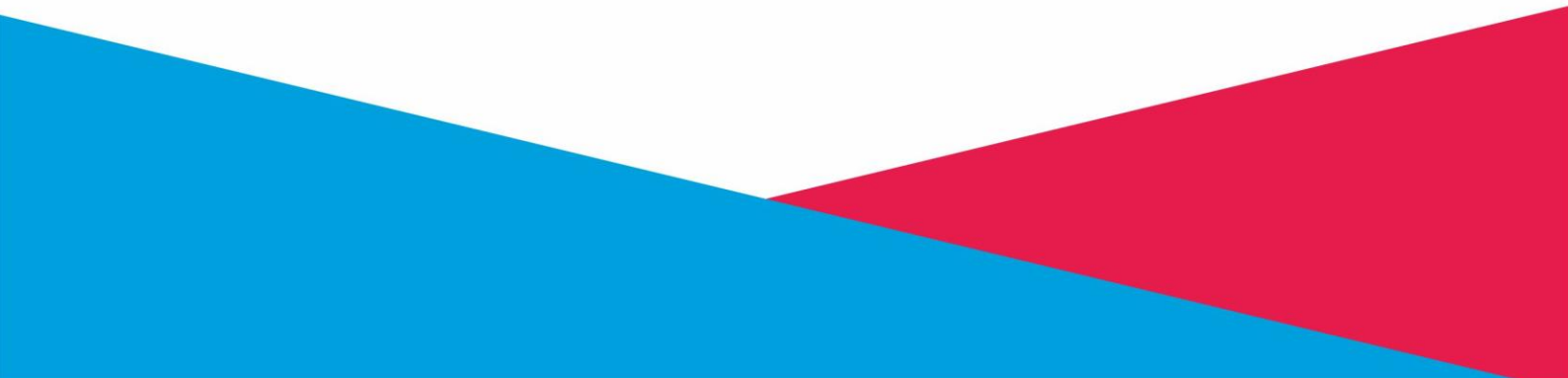
On September 23rd 2016, IBL assisted IGCN to conduct a multi-stakeholder dialogue with a title ***“Knowledge Sharing and Recent Updates on UNGPs: Indonesia and Global”***. The UNGPs or the United Nations Guiding Principles on Business and Human Rights is an instrument consisting of 31 principles implementing the United Nations ‘Protect, Respect and Remedy’ framework on this issue of human rights and transnational corporations and other business enterprises. Developed by the Special Representative of the Secretary-General (SRSG) John Ruggie, these Guiding Principles provided the first global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity, and continues to provide the internationally-accepted framework for enhancing standards and practice regarding business and human rights. This dialogue was intended to promote accountable business through advancement of IUNGPs implementation in Indonesia. Prof. John Ruggie, the initiator of the UNGPs, attended The Dialogue as one of speakers.





On December 2016, IBL as a member of ASEAN CSR Network, contributed to the business forum set up by Indonesia Employer Association (APINDO) on sharing the importance of human rights issues in business in South East Asia region. Currently, human rights and responsible business conduct are attracting increased media coverage; consumer organizations are becoming more vocal in their demands for information on production conditions and routes to market; non-governmental organizations (NGOs) and trade unions are approaching companies with requests for information on human rights impacts on the societies in which these businesses operate. On behalf ASEAN CSR Network, Mohamad Fahmi, Executive Director Indonesia Business Links presented Driving Business and Human Rights in ASEAN. On that occasion, he also shared ASEAN Guidelines for Corporate Social Responsibility (CSR) on Labor. This ASEAN Guidelines for CSR on Labor aims to serve as guidelines for the governments, enterprises/establishments, employers' organizations and workers' organizations in ASEAN Member States.

IBL also participated in Business and Human Rights working group in ASEAN CSR Network (ACN). As business activities continue to enlarge rapidly in the region, ASEAN continues to face challenges such as land grabbing, forced labor and health disasters. High profile cases of human rights in 'high-risk' industries such as extraction, agriculture and energy continue to plague the region. In partnership with the ASEAN Intergovernmental Commission on Human Rights (AICHR), the UN Working Group on Business and Human Rights (UNWG), UNDP, Human Rights Resource Centre for ASEAN, Singapore Management University and other partners, including IBL as its member, ACN supports the adoption and implementation of internationally accepted standards and norms on business and human rights, especially the UNGPs.



Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Since its beginning, IBL has been conducting several programs on human capital development. It believes that human capital is an important resource which should be targeted as one aspect of corporate social responsibility. On this case, IBL is targeting youth as its main beneficiaries with a rationale that youth is more vulnerable for being unemployed thus building their capacity and providing opportunity for them to get job or set up a new business is one of IBL's main initiatives.

IBL works with several companies, such as Accenture, Caterpillar, Citi Indonesia, JP Morgan, and also with organizations such as International Youth Foundation and Oxfam, as well as with government institutions, in national and local level, to implement programs on employability and entrepreneurship for youth. Along 2 years, IBL has empowered around 1200 youth through soft skills, hard skills, and business training as well as job counseling and business mentoring, emphasizing the values of being ethical and productive worker or entrepreneur.



This collaborative effort was intended not only to empower youth to get decent work (or set up new businesses) but also to inspire other corporation to join with the initiative. Therefore, IBL conducted forums on youth empowerment in several areas in Jakarta, West Java and Batam, also broadcasted the message through radio and other media channels.

IBL also took part, as ASEAN CSR Network member, on creating the ASEAN Guidelines for Corporate Social Responsibility (CSR) on Labor. This ASEAN Guidelines for CSR on Labor aims to serve as guidelines for the governments, enterprises/establishments, employers' organizations and workers' organizations in ASEAN Member States.

Assisting ILO, IBL promoted employment and enhancing business linkages principles which is written in document called MNE Declaration. The MNE Declaration is the only ILO instrument that provides direct guidance to enterprises (multinational and national) on social policy and inclusive, responsible and sustainable workplace practices. Its principles are addressed to multinational and national enterprises, governments of home and host countries, and employers' and workers' organizations providing guidance in such areas as employment, training, conditions of work and life, industrial relations as well as general policies. The guidance is founded substantially on principles contained in international labor standards. On November 15th, 2016 IBL assisted ILO Indonesia on conducting a seminar "Strengthening the implementation of the tripartite declaration on multinational enterprises and social policy (MNE Declaration)" in Jakarta.





Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and


Principle 9: encourage the development and diffusion of environmentally friendly technologies.

IBL worked with Oxfam to undertake a program to address climate change problems faced by youth in coastal areas in Indonesia. Funded by IKEA Foundation, The Empower Youth for Work program ensures that youth, community leaders and public and private sector stakeholders develop a shared understanding of climate change, its impacts and adaptation measures.

Local, indigenous knowledge often held by elders and local leaders will be combined with those promoted by experts, using methods such as Participatory Vulnerability and Capacity Analysis (PVCA) and Vulnerability and Risk Assessment (VRA). With this knowledge young people can become champions that help public and private sector decision-makers understand how climate change affects youth and how to respond adequately. The combined local and expert knowledge can influence specific support to livelihoods adaptation. This program, started in July 2017 has empowered around 200 young people until October 2017, and for further 4 years ahead is targeting to empower 5,000 youth who live in coastal areas in northern part of West Java Province which is vulnerable to environmental challenges caused by climate change.

IBL also worked with the National Platform on Disaster Risk Reduction, a local platform in Indonesia established by Asia Pacific Alliance for Disaster Management which has a mission to facilitate collaboration amongst the key stakeholders for the purpose of delivering effective and efficient disaster assistance through disaster preparedness, risk reduction, relief and recovery.



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On January 2017, The National Platform on Disaster Risk Reduction organized a workshop in Jakarta: The Strategic Role of Private Sector In Effort to Create Community Resilience to Disaster. The objective of the workshop was to increase role of the private sector as a strategic actor which is able to bridge the community and government in disaster risk reduction through obtaining clearer policy framework related to an input on strategic plan of the business that comes up through the application of CSR as well as on multi-sector strategic activity in Disaster Management efforts. On the opening discussion, Mr. Heru Prasetyo, Chairman of IBL Board of Patrons presented insights about mainstreaming disaster management to business. “Besides looking for profit, private sector has to increase their resilience to natural disasters and social community for sustainable business and welfare of the larger society with ethical conduct”, He said.



Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Starting since its beginning, one of IBL main objective is to promote business ethics practices in Indonesia. IBL has developed several publications and guidance to help private sector, especially Small and Medium Enterprises (SMEs), to conduct business in compliance with ethical business principles. IBL also has empowered more than 4,000 business executives and decision makers through series of workshops on managing ethical dilemmas in business.

IBL also believes that the success on practicing ethical business, especially on corruption prevention, lies on collective action among business players and other relevant stakeholders, which at the end will create level playing field. IBL established a collective action on business integrity which is called Indonesia Integrity Initiative. Within this platform, IBL has engaged several companies and organizations; one of them is KPK or Corruption Eradication Commission, a state body for eradicating corruption in Indonesia, for establishing dialogue forum on business integrity issue.

On November 1, 2016, IBL conducted Business Integrity Forum, which has convened all business communities and stakeholders to discuss on how the private sector could participate and contribute on achieving the Sustainable Development Goals, while strengthening its best practices on doing business with integrity and ethical principle.

KPK, together with a broad constellation of government ministries, professional associations, private firms and civil society organizations; explored current trends, challenges and prospects for collective action to prevent corruption in the private sector when it conducted International Business Integrity Conference in Jakarta on November 16th and 17th, 2017. Mr. Heru Prasetyo, Chairman of Indonesia Business Links, joined on panel discussion "*Praktik dan Strategi Kepatuhan bagi Korporasi: Tantangan dan Praktik Baik*" with four other speakers.



On December 15th, 2016, The Alliance for Integrity, a collective action on business integrity established by GIZ, conducted its first Working Group meeting. IBL is a member of that working group. The meeting aimed to initiate the formation of two Working Groups on capacity building and awareness raising. These Working Groups will serve as platforms for supporters of the Alliance for Integrity to discuss initiatives and develop instruments in the areas of business integrity and anti-corruption in the country.

Indonesia Business Links (IBL) in collaboration with Institut Deliverologi Indonesia (IDeA) conducted one-day Seminar with theme “Corporate Criminal Liability: *Tantangan dan Peluang bagi Pelaku Bisnis*”, which was held on February 28th, 2017 in Jakarta. The Seminar aimed to give clear understanding of important aspects on **Peraturan Mahkamah Agung Nomor 13/2016 tentang Tata Cara Penanganan Perkara Tindak Pidana oleh Korporasi**, and also encouraged corporation to ensure that their compliance system following the law with good governance principles.



IBL is also an active member of the ASEAN CSR Network Working Group on Business Integrity. This regional working group has an objective of providing a platform for enabling the private sector collective action against corruption in ASEAN. Established in September 2014 on the occasion of the Integrity Summit in Manila, Philippines, the Regional Working Group currently comprises 7 members from 6 ASEAN countries who have strongly committed to fight against corruption through collective action on advocacy and capacity building.

On March 6-7 2017, it conducted *Regional Business Integrity Conference with a theme “Culture of Business Integrity-Pathway to Sustainability and Success”* in Singapore. The Conference was designed to provide a platform for Working Group on Business Integrity in ASEAN, key partners and stakeholders to participate in interactive high-level dialogues, and practical sharing of best practices and experiences.



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