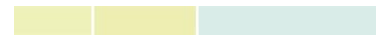




Indonesia Business Links

Resource Centre for Corporate Citizenship

COMMUNICATION ON ENGAGEMENT 2019



STATEMENT OF CONTINUED SUPPORT



Jakarta, 25 October 2019

To the Corporate and Organization Partner and other Stakeholders of Indonesia Business Links (IBL).

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. IBL was established for the cause of promoting ethics, integrity and responsible business practices in Indonesia and along the last two years, for that cause, we conducted several activities which are in line with the Ten Principles of Global Compact, which are presented in this IBL's Communication on Engagement. Because of its commitment, IBL is one of the founders and active members of Indonesia Global Compact Network (IGCN) and we commit to continue our support to this local network.

In this Communication on Engagement, we are pleased to 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 (2018-2019).

If you need more info regarding our organization and activities, please do not hesitate to visit us on our website www.ibl.or.id or just send email to ibl@ibl.or.id for direct communication.

Thank you so much for your kind attention!

Sincerely yours,

Mohamad Fahmi
Executive Director

DESCRIPTION OF ACTION

Born out in the middle of economic crisis that happened in Indonesia in 1998, Indonesia Business Links was established initially as a business leader's forum that was concerned about the unethical ways business practices in Indonesia. The three founders, Mr. Noke Kiroyan (Rio Tinto Indonesia), Mr. Heru Prasetyo (Accenture Indonesia) dan Mr. John Arnold (Ernst & Young Indonesia), were top leaders (CEOs) of multi-national companies whose vision was beyond the average thoughts of business leaders at that time. Their initiative to establish IBL, was triggered by the World Bank, ADB, and UNDP, and later was supported by other CEOs of companies who felt frustrated or dilemmatic with business situation in Indonesia where bribery was a common practice. The Prince of Wales' International Business Leaders Forum (IBLF), a UK based organization, assisted IBL during its infancy period.


After its official registration as a not-for-profit organization in the legal form as Yayasan (Foundation) under the Law of the Republic of Indonesia in 2001 (IBL's new registered number: AHU-0021569.AH.01.12.TAHUN 2018, date of register: 24 November 2018), IBL has been very active in raising the awareness of business practitioners on ethical and responsible business principles.

IBL's vision is to be a sustainable advocate of ethical and responsible businesses in Indonesia and be recognized for it.

IBL's mission is to develop and strengthen the integrity and capacity of corporations, small/medium enterprises, and individual professionals in collaboration with their development partners including government and civil societies for practicing ethical and responsible business principle towards sustainability.

Over the past 2 years (2018-2019), IBL has been continuing to implement various programs and activities which are manifested in three pillars: **Integrity, Capacity, and Sustainability**.

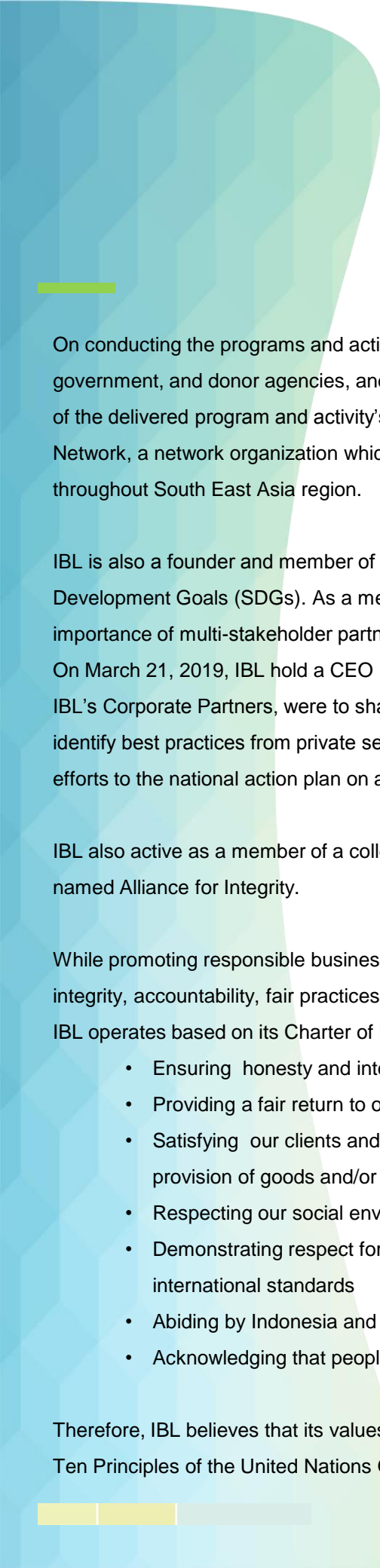
Integrity. IBL believes that integrity is a fundamental principle that should be implemented on doing business to create prosperity for all. Business Ethics or Integrity is one of main reason for the establishment of IBL. Since beginning, the organization has been doing many programs and activities



to promote ethical business practices, as well as anti-corruption and anti-bribery, and provide assistance needed by private sector to build the capacity on implementing them. IBL has been working with several like-minded organizations such as KPK, CIPE, ASEAN CSR Network, GIZ, UK FCO, USAID Cegah, UNODC, Kemitraan, Transparency International Indonesia, ICW, and corporation such as Siemens, Chevron, ExxonMobil, ITM, BHP Billiton and others as well as with business association such as KADIN, APINDO, Gakeslab, and others.

Capacity. It is one of IBL missions to build the capacity of business stakeholders on doing ethical and responsible business practices in Indonesia. Since the last 5 years ago, IBL has been focusing on building the capacity of our youth since they will be our future leaders in business or other sectors. Programs and activities have been developed to prepare and empower youth for work, as employees (employability initiative) as well as business owners (entrepreneurship initiative). IBL has been working with several organizations such as International Youth Foundation, Youth Business International, ILO, Oxfam, Plan International and others and with corporation or corporate foundation such as Citi Foundation, Caterpillar Foundation, Accenture, and others as well as with government agencies such as Ministry of National Development Planning/National Development Planning Agency (BAPPENAS), Ministry of Manpower of Republic Indonesia (*Kementerian Ketenagakerjaan Republik Indonesia*), Ministry of Education and Culture of Republic Indonesia (*Kementerian Pendidikan dan Kebudayaan Republik Indonesia*), and several district and municipal government. Capacity building requires an in-depth intervention to thrive. With that in mind IBL usually design a solid program that works in longer term periode compares activities we implement in the integrity pillar.

Integrity. As a revival of our past focus on environmental sustainability, under the banner of IBL Sustainability Initiative eXchange (IBL SIX), the organization provides learning forums for corporation and other business stakeholders to share ideas, best practices and experiences on business sustainability issues such as water, waste management, disaster risk reduction and others as well as to discuss hot topics such as Sustainable Development Goals. IBL has been working with several organizations and corporations, such as Unilever, Danone, and others, which have similar understanding on sustainable business practices relevant to those issues/topics.



On conducting the programs and activities, IBL has been engaging its development partners: corporate, government, and donor agencies, and creating multi-stakeholders partnership to ensure the sustainability of the delivered program and activity's impact. 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.

IBL is also a founder and member of Indonesia's business and philanthropy platform for Sustainable Development Goals (SDGs). As a member of this platform, IBL actively socializes and encourages the importance of multi-stakeholder partnership for achieving SDGs to IBL's corporate and program partners. On March 21, 2019, IBL hold a CEO Breakfast Meeting The Objectives of this event, which attended by IBL's Corporate Partners, were to share updated regulation related with sustainability and integrity issues, identify best practices from private sector, and create a common mechanism to incorporate corporate's efforts to the national action plan on achieving SDGs.

IBL also active as a member of a collective action on anti-corruption created by GIZ in Indonesia, which is named Alliance for Integrity.

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.

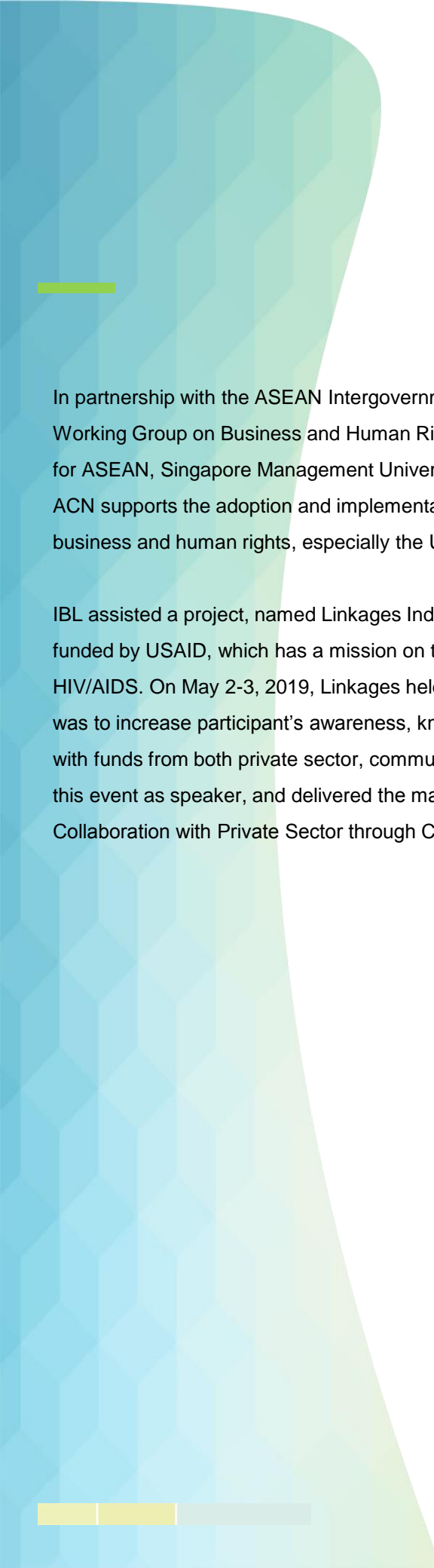
IBL believes that respecting human rights is not only an obligation by every element in the society, but it also brings benefits. For private sector case, it could provide competitive advantage in long term, thus ensuring sustainability.

IBL has been participating as a member of Indonesia Global Compact Network on series of discussion about Business and Human Rights.

On February 5th and 6th, 2018, One of IBL's member of Board of Management, Mrs. Yanti Triwadiantini facilitated a panel discussion of experts and business practices on "Best Practices on Private Sector in Advancing UNGPs on Business & Human Rights". This session aimed for a constructive conversation on how to advance ongoing National Action Plan (NAP) processes and the drafting of a regional strategy on CSR and Human Rights towards the adoption of national and regional policy frameworks that will account for the negative impacts of investments, advance an inclusive investment regime that will do more for that will do no harm and more good, and enable access to remedy as a possible mechanism for mediation.

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.

IBL assisted a project, named Linkages Indonesia, a project organized by FHI360 and Pact.inc, and funded by USAID, which has a mission on the prevention, treatment, and support of people with HIV/AIDS. On May 2-3, 2019, Linkages held 2-days workshop in Jakarta. This workshop's purpose was to increase participant's awareness, knowledge, and skills of crowdfunding, especially related with funds from both private sector, community, or individual. Indonesia Business Links invited to this event as speaker, and delivered the materials titled "Creating Opportunity to Build Good Collaboration with Private Sector through Corporate Social Responsibility Mechanism".

LABOR

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.

To carry out this capacity building mission, during the last two years, IBL conducted several youth economic empowerment programs in Indonesia, mainly in West Java Area (Bekasi, Karawang, Purwakarta, Bandung and Indramayu) with flagship programs:

- Skilled Youth, supported by Citi Foundation
- Muda Terampil Berusaha, supported by Accenture
- Empower Youth for Work, in collaboration with Oxfam Indonesia and supported by IKEA Foundation

All programs have similar objective to prepare youth for work or establish business, building their capacity through soft-skill, technical skill, and business skill training, providing job counseling and business mentoring services, and building collaboration with local government and private sector for continuation of support and access to market (job and business market). During last year, IBL's initiative on capacity (I-Cap) have empowered 1,150 youth.

To promote youth inclusive policy on labor market, IBL facilitated several discussions with its partners in public sector, such as Ministry of National Development Planning/National Development Planning Agency (BAPPENAS), Ministry of Manpower, The Directorate of Vocational School in the Ministry of Education and Culture, and several local government agencies related with the youth or manpower issue.

On November 2018, IBL assisted The Ministry of Education and Culture to facilitate a character building event for selected vocational students from all provinces in Indonesia, participated by 180 students. IBL delivered soft skills training for those students as well as a workshop for the teachers, participated by 70 teachers, to use the soft skills learning modules in the school after the event. The content of the modules is about managing emotion, communicate with others, working ethics, and planning for the future.



KEMAH PENDIDIKAN KARAKTER (KEPAK) 2018. Participants were introduced to several educative games, which taught self-development values for both as an individual and as a group.

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.

ENVIRONMENT

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.

One of the cross-cutting issue that being targeted by IBL as a background for Youth Empowerment program in Indramayu is climate change issue. By doing these empowerment program, IBL aimed to empower youth participants to have a better understanding and skills needed in order to face climate change, both in their capacity as a personal unit, and as employee / entrepreneur.

This assessment, which held on January 23, 2019, with the support from Gita Pertiwi, invited related stakeholders, such as youth beneficiaries, representatives of parents, and Vocational School Teacher representatives, with the total of 27 participants

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.

ANTI-CORRUPTION

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.

In 2018, IBL provided assistance to KADIN (Indonesia Chamber of Commerce) and KPK (Corruption Eradication Commission, a state anti-corruption body) on the establishment of Regional Advocacy Committee on Anti-corruption (*Komite Advokasi Daerah/KAD*) in Jawa Timur, Banten, Sumatra Utara, Sumatra Barat, Kepulauan Riau, and Maluku Utara Provinces. The objective of KAD is to improve ethical business practices, especially on anti-corruption, in regional/provincial level through convening business actors with government/regulators, law enforcer, and other related stakeholders. IBL also developed operational guidance for KADs to work properly and effectively to achieve the objective, such as on how they can map corruption risks affected to their business operation and on how they can make the action plans based on the mapped risks. IBL team assisted the management of KAD in their infant phase, to map the corruption and un-ethical risks and create recommendation for improvement and the action plan and also channeling the recommendation to the related stakeholders.

To enhance the corruption prevention on private sector, IBL developed a tool called SOLUSI (Sarana Olah Informasi dan Konsultasi Anti Korupsi, an online consultation tool on anti-corruption) to several companies and business associations in pharmacy and health equipment, such as IPMG and Gakeslab, and employee association such as APINDO.

Together with KPK, IBL conducted the Business Integrity Forum in Surabaya, Jawa Timur Province, on December 2018. This forum was designed to promote business integrity practices through sharing session and discussion among business owners and professionals.



On December 2018, IBL also assisted KPK as a co-host of a session on KPK's International Business Integrity Conference (IBIC) 2018 with a topic 'Improving Ease of Doing Business Through Public Engagement.

IBL also has been participating as a member of ASEAN CSR Network – Working Group on Business Integrity on regional discussion to improve business integrity practices among its member countries and participating as a CSO member, on a discussion in Roundtable of Civil Society Organizations contributing to Fast Tracking UNCAC (United Nation Convention on Anti-Corruption) Implementation in Southeast Asia, organized by UNODC.

IBL, in collaboration with other members of Alliance for Integrity, a collective action to promote business integrity initiated by GIZ, conducted the Integrity Week which was held on 17-21 April 2018.

Indonesia Business Links

Resource Centre for Corporate Citizenship

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