UNDERSTANDING AND IMPLEMENTING RESPECT FOR HUMAN RIGHTS IN A BUSINESS CONTEXT:

A Conference for Indonesian Business Leaders

Event Report

6th November 2014, Jakarta, Indonesia

GLOBAL BUSINESS INITIATIVE ON HUMAN RIGHTS

HUMAN RIGHTS RESOURCE CENTRE

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KADIN INDONESIA
TABAH JUJUR SETIA

Contents

Executive Summary

Understanding and Implementing Respect for Human Rights in a Business Context: A Conference for Indonesian Business Leaders was held on 6th November 2014 in Jakarta. Practical ways business can manage and address human rights impacts were a central theme of the event, which attracted over 200 representatives from Indonesian private and state-owned enterprises, multinational companies, and civil society. This report outlines the context, key themes, discussions and ways forward from the conference.

In Indonesia, business and human rights challenges are well-known and high-profile. Labour disputes and strikes[1], community conflict[2], land acquisition issues[3] and indigenous peoples[4] feature frequently in the news and in reports from human rights institutions and NGOs. This has led to greater interest from Indonesian companies, stakeholders, and the government, in addressing human rights in a business context.

Since 2011 the international community has seen convergence and alignment around what States and companies should do in practice to address human rights challenges internationally. In June 2011, the United Nations Human Rights Council unanimously endorsed the UN Guiding Principles on Business and Human Rights (UNGPs), developed by United Nations Special Representative to the Secretary General on Business and Human Rights, Professor John Ruggie. Business, government and civil society organisations now use the UNGPs to understand their responsibilities and corresponding actions.

Themes emerging from the conference included:

- Domestic human rights challenges are a key driver for business action;

- Business leaders are comfortable using the language of human rights but more understanding of the scope and definition of human rights beyond labour rights and gross human rights violation is required;

- Some companies are moving from issue management to human rights due diligence, but more action is needed;

- Business can engage a range of experts and organizations in Indonesia for human rights expertise;

- Public policy and constructive governmental action is needed to support business; and

- A range of actions are needed based on the different stages of companies' human rights journeys.

Conference sessions included:

- A leaders dialogue on context and recent developments;

- Perspectives from diverse industries on human rights journeys, including experiences, challenges and lessons;

- Peer learning groups focused on approaches and management tools for embedding respect for human rights;

- Civil society perspectives on issues and priorities for Indonesia and ASEAN;
  - Peer learning groups on addressing specific human rights impacts on:
  - Core labour rights
  - Through business relationships
  - Communities, indigenous peoples and security; and

- Closing insights and ways forward.

The conference dialogue and discussions raised a number of potential ways forward to advance business and human rights in Indonesia including:

- For human rights and business experts to support Indonesian business leaders with guidance on 'how' to respect for human rights, for example through orientation primers;

- For business, including small groups of companies, to commit to developing human rights policies;

- For civil society and business to engage on human rights challenges in a range of ways; and

- For government to play an active and leading role in implementing UNGPs, setting standards and developing a National Action Plan on Business and Human Rights.

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[1] http://www.bbc.co.uk/news/business-24753469

[2] http://thejakartaglobe.beritasatu.com/environment/indonesias-forest-communities-victims-of-legal-land-grabs/

[3] http://www.komnasham.go.id/mandat-pemantauan-dan-penyelidikan/sengketa-lahan-warga-desa-teluk-raya

[4] http://news.mongabay.com/2014/0822-lbell-indonesia-land-disputes.html

INTRODUCTION AND CONTEXT

Introduction and Context

OVERVIEW OF CONFERENCE

Understanding and Implementing Respect for Human Rights in a Business Context: A Conference for Indonesian Business Leaders was held in Jakarta on 6th November 2014. The conference focused on the practical ways in which business can manage and address human rights impacts. Discussions were contextualised in recent developments and evolving international expectations set out in the UN Guiding Principles on Business and Human Rights (UNGPs).

The objectives of the conference were to:

- Convene a committed group of business representatives from Indonesia to increase know-how regarding implementing corporate respect for human rights;

- Address the business benefits of integrating respect for human rights into operations, products and services;

- Introduce the UNGPs, and tools and resources to assist businesses in their human rights journey; and

- Explore common human rights challenges that businesses face around the world.

Over 200 representatives from Indonesian private and state-owned enterprises, multinational companies, and civil society experts participated in the event. Diverse industrial sectors were represented, as well as business functions including legal, risk, business development, procurement, compliance, human resources, public policy, sustainability and CSR. Featured speakers included representatives from Acuatico, Adidas, Asia Pulp & Paper, APRIL Indonesia, Bank Negara Indonesia, BASF, Better Work Indonesia, Chevron, GE, HP, Motorola Mobility, Novo Nordisk, Sampoerna, Shell, Sintesa Group, Sime Darby, Total, and the United Nations.

Following the conference, on 7th November 2014, 30 senior business leaders from Indonesian and multinational companies convened for a private three hour dialogue to reflect on the Conference. This has led to recommendations on how to support business to catalyse leadership and action on respect for human rights in practice in Indonesia.[5]

This report outlines the context, key themes, discussions and ways forward from both the conference and the roundtable.

[5] A short summary of the meeting, including key themes, can be found at:
http://www.global-business-initiative.org/wp-content/uploads/2012/04/Summary-Roundtable.pdf

CONNECTING BUSINESS AND HUMAN RIGHTS

Since the 1990s, corporations have faced an increasingly rigorous and intense imperative to earn their social license to operate from local communities, and civil society among other stakeholders. Business leaders around the world now realise that the responsibilities of business go beyond legal compliance and philanthropy. The new vision is a global community of corporations from all sectors knowing and showing that they respect the dignity and rights of the people they impact and interact with.

Many major corporations now see the clear, long-term business case for respecting human rights. Elements of this include improved risk management, improved compliance, efficiency gains, reduced operational disruption, sustained license to operate, reduced reputational risk and access to capital, customers and markets.

Issues finding their way into boardrooms in diverse industries and countries include:

- Opposition to land use and acquisition by industry;

- Competition over natural resources;

- Operating in conflict-affected areas;

- Developing diverse and dynamic workforces;

- Entering new markets around the world;

- Access to capital from investors expecting higher social performance;

- Achieving sustainable labour relations in complex supply chains; and

- Managing risks to vulnerable groups e.g. migrant workers, ethnic minorities and indigenous peoples.

INDONESIAN CONTEXT

Indonesia is currently experiencing dynamic economic growth. It is ASEAN's largest economy and the 16th largest economy in the world by GDP. 39.1% of GDP comes from services, 46.6% from industry and 14.3% from agriculture.[6] The country is uniquely placed to become a leader in the global economy.

Indonesia has a population over 250 million people and is the world's largest Muslim-majority democracy. The country has been on a path of democratisation, which has seen the emergence of democratic institutions and a vibrant civil society. For many the 2014 election of Joko Widodo marked a hopeful continuation of this process. Indonesia has committed to international human rights standards and ratified the International Covenant on Civil and Political Rights (ICCPR) and the Covenant on Economic, Social and Cultural Rights (CESCR), the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), the International Convention on the Elimination of All Forms of Racial Discrimination (CERD), and the Convention on the Rights of the Child (CRC). Further Indonesia is a member of the UN Human Rights Council. At the same time, the country faces many challenges related to poverty, inequality and allegations of corruption.

Indonesia's main exports are oil and gas, plywood, rubber and manufactured goods. The Indonesian business community operates across diverse industries, including oil and gas, agriculture, banking, telecommunications, forestry, manufacturing and more. Further, Indonesia's companies are increasingly investing abroad. Indonesian overseas investment reached US$7.7 billion in 2011, primarily in South East Asia, Africa and Latin America.[7]

In Indonesia, business and human rights challenges are well known and high-profile. Labour disputes and strikes[8], community conflict[9], land acquisition issues[10] and indigenous peoples[11] feature frequently in the news. In 2013 Indonesia's national human rights commission, KOMNAS HAM, received over 1000 complaints related to business impacts on human rights. These complaints address a wide-range of issues including, community consultation, land acquisition and use, and the social impacts of environmental damage such as spills and pollution. Many of these high profile challenges concern Indonesia's largest industries such as oil and gas, manufacturing, agriculture, forestry and banking (through loans to these industries). These prominent issues are often complex governance challenges that require action from business and the State. Businesses are finding that traditional CSR and philanthropy are not sufficient to resolve and prevent such conflicts.

These factors have led to greater interest from Indonesian companies, stakeholders, and the government, in addressing human rights in a business context. This period of economic, political and social dynamism provides a distinctive opportunity for Indonesian business to become leaders in addressing human rights, and so contributing to socially sustainable, and resilient, development for all.

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[6] https://www.cia.gov/library/publications/the-world-factbook/geos/id.html [accessed 11/02/2015]

[7] http://www.thejakartapost.com/news/2012/02/13/ri-firms-invest-heavily-abroad.html

[8] http://www.bbc.co.uk/news/business-24753469

[9] http://thejakartaglobe.beritasatu.com/environment/indonesias-forest-communities-victims-of-legal-land-grabs/

[10] http://www.komnasham.go.id/mandat-pemantauan-dan-penyelidikan/sengketa-lahan-warga-desa-teluk-raya

[11] http://news.mongabay.com/2014/0822-lbell-indonesia-land-disputes.html

THE UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS

There is now a clear expectation and globally accepted standard of business conduct regarding human rights. Historically there has been little clarity around the respective roles of business and government. Since 2011 the international community has seen convergence and alignment around what States and companies should do in practice. In June 2011, the United Nations Human Rights Council unanimously endorsed the UN Guiding Principles on Business and Human Rights (UNGPs), developed by Professor John Ruggie.

The UNGPs are organised under the three pillars of the UN 'Protect, Respect and Remedy' Framework that was endorsed in 2008. These are:

- Pillar I. The State duty to protect human rights against abuses by third parties, including businesses, by means of policies, regulation, incentives and adjudication.

- Pillar II. The corporate responsibility to respect human rights, meaning companies should act with due diligence to avoid infringing the rights of others and address adverse human rights impacts with which they are involved.

- Pillar III. Access to remedy, which addresses the need for greater access by victims to effective remedies, both judicial and non-judicial.

Following the endorsement of the UNGPs, companies now have an accessible, concise and authoritative global standard on the business responsibility to respect human rights. The challenge is now to increase awareness of the UNGPs among the business community as a whole, and for companies with relevant policies in place to fully embed good practice. Progress is encouraging but efforts by business to fully respect human rights are still in the early stages.

Global Convergence

Since their adoption in 2011, the UNGPs have been integrated in key international standards and guidance concerning responsible business including ISO 26000, the OECD Guidelines for Multinational Enterprises and the EU CSR strategy. The UN Global Compact (UNGC) has recognised that they define the 'respect' component of the UNGC Principles. Further incorporation of the principles in guidelines, policies and other instruments, at the national and international level, is also a rapidly evolving area. They have inspired a convergence in expectations of companies, and in approaches by business itself. It is now clear that 'respect for human rights' by business is the foundation of socially responsible enterprises.

The Corporate Responsibility to Respect

The corporate responsibility to respect human rights constitutes pillar two of the UN Protect, Respect and Remedy Framework and the UNGPs, which speak to business. The corporate responsibility to respect human rights is now firmly established as the baseline standard that all companies should meet.

How is the corporate responsibility to respect human rights defined?

- Business enterprises should respect human rights. This means to avoid infringing on human rights and to address adverse human rights impacts with which they are involved (Guiding Principle 11). Respect for human rights refers to internationally recognised human rights, understood at a minimum as those expressed in the International Bill of Human Rights and the ILO's Declaration on Fundamental Principles and Rights at Work (Guiding Principle 12).

- The responsibility to respect human rights requires that businesses: (a) avoid causing or contributing to adverse human rights impacts and address such impacts when they occur, and (b) seek to prevent and mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships (Guiding Principle 13).

- The responsibility to respect human rights applies to all businesses regardless of their size, sector, operational context and structure. Nevertheless, the scale and complexity of the means through which enterprises meet that responsibility may vary according to these factors (Guiding Principle 14).

What should companies do to meet their responsibility to respect human rights?

- To meet the responsibility to respect human rights businesses should have in place policies and processes appropriate to their size and circumstance. (Guiding Principle 15).

POLICY COMMITMENT	HUMAN RIGHTS DUE DILIGENCE	REMEDIATION
A policy commitment to meet the responsibility to respect human rights. This sends the right messages and sets the right tone. It should emanate from the leadership to all functions, business units, business partners and relevant stakeholders.	A human rights due-diligence process to identify, prevent, mitigate and account for human rights impacts. This is a process of continuous learning and action that can build on, and enhance, existing management systems.	Process to enable the remediation of any adverse human rights impacts that the business causes or contributes. This can be via existing third party processes (including courts), and company mechanisms.

THEMES AND INSIGHTS FROM THE CONFERENCE

Themes and Insights from the conference

THEME ONE: DOMESTIC ISSUES AS KEY DRIVERS

Issues in workplaces, communities and the marketplace in Indonesia are a main driver for the increased attention to human rights by businesses in Indonesia. Across the country, business leaders are encountering challenges and conflicts in factories, with communities and in the marketplace in their operations and investments. Media and civil society reports regarding human rights and business are common. These address issues including land use, non-discrimination, indigenous peoples, child labour, and freedom of association. Domestic issues related to human rights are currently the focus of attention among Indonesian multinationals.

Leaders of major Indonesia corporations shared examples of issues they need to address: Sampoerna discussed impacts on child rights through their value chain, from child labour on tobacco farms, to the high prevalence of child smokers in Indonesia. APRIL Indonesia raised high-profile land issues in Indonesia and their experiences developing a Land Dispute Resolution Protocol. Multinationals with suppliers or assets/investment in the country also flagged human rights issues. For example, Adidas discussed labour rights practices of companies in their supply chain in Indonesia and Southeast Asia, and Chevron discussed the complex human rights challenges related to replacing a 40 year old pipeline in Sumatra in which communities have settled on and around the pipeline since it was built.

THEME TWO: UNDERSTANDING OF 'HUMAN RIGHTS'

The business community in Indonesia use the term 'human rights' without aversion. There was broad recognition that as part of its democratic transition, Indonesia is on a journey towards human rights realisation - one that involves both business and government. At the same time, there is a need for an expanded understanding of what human rights are. Human rights appears to be mainly associated with labour rights or with gross human rights abuses that occurred during the authoritarian rule. Some speakers mentioned a valuable starting point would be connecting human rights to corporate culture and values and existing practices in place. Others flagged that human rights are well defined by the international community and that the UNGPs mention specific instruments that business should, at a minimum, address.

Throughout the conference, there were a number of examples of how businesses respond to the concept and language of human rights. Representatives from Bank Negara Indonesia and Novo Nordisk discussed how human rights fits with the basic notion of respect to people that are central to their corporate values and culture. BASF remarked that when the company began to look at human rights, they found they were already doing a great deal without necessarily using that language, for example, by addressing health, safety and environment issues, managing labour rights, and around product stewardship.

Many participants commented that human rights language and expectations are being increasingly encountered through various standards and voluntary initiatives. Examples included the UN Global Compact, the Global Reporting Initiative, stock exchanges, and multi-stakeholder initiatives - such as the Roundtable for Sustainable Palm Oil, and the Voluntary Principles on Security and Human Rights. These standards are also being referred to by business partners, investors, governments and third parties.

THEME THREE: FROM ISSUE MANAGEMENT TO DUE DILIGENCE

When it comes to social impacts, it appears that Indonesian companies are managing crises reactively or only dealing with traditional issues such as non-discrimination or health and safety. Speakers and participants expressed the importance of moving from a reactive approach to holistically identifying and addressing impacts in line with the concept of human rights due diligence in the UNGPs. Many noted that this can help prevent negative human rights impacts, allow business to avoid scandals and bad press, and support the company's performance and sustainability. The precise nature of 'how' to do this was of great interest.

Examples of company practices presented at the conference included:

- **Policy commitment:** Asia Pulp & Paper, Novo Nordisk and Adidas discussed how human and labour rights policies are developed, communicated and implemented. This covered: reviewing existing policies and conducting gap analyses; receiving expert and stakeholder feedback on draft policies; internal review and CEO approval; and communicating policies to employees and suppliers.

- **Training:** Total, Chevron and Flextronics discussed how they are developing and conducting human rights training throughout their respective companies and with their business partners such as suppliers or joint venture partners. Modalities include in-person and e-learning training. They also discussed how to determine who to train and when – whether all employees were trained, managers and/or senior executives – and whether this happened at regular intervals, at the start of employment or annually.

- **Assessing human rights impacts:** BASF, Chevron, General Electric, Motorola Mobility and Total discussed how they identify, assess and respond to human rights impacts. This covered: undertaking human rights impact assessments, including via third parties such as the Danish Institute for Human Rights, and Good Corporation; responding to findings to prevent negative impacts, including via corrective action plans; and ways to conduct stakeholder and community engagement, including via community advisory panels.

- **Grievance mechanisms:** Adidas, BASF and Flextronics described establishing grievance mechanisms for employees, suppliers and communities. This also focused on how receiving grievances can also act as a way to identify and prevent negative impacts.

THEME FOUR: LOCAL INTERLOCUTORS FOR BUSINESS

There are many Indonesian and ASEAN experts and organizations that could be allies and provide valuable expertise to Indonesian companies as they continue their human rights journeys. These include academics, NGOs, consultants, and multi-stakeholder initiatives. However, there is a perceived lack of trust and collaboration between business and civil society. Conference participants reflected on the value of finding ways to improve this dynamic. A key theme of one panel was how all actors – not just businesses – could benefit from the change outlined in the UNGPs from 'name and shame' to 'know and show'.

Civil society and businesses can work together in a range of ways, according to participants. This included:

- Private bilateral dialogues to understand issues and perspectives; participating in civil society or academic research;

- Engaging with experts on specific issues, for example, the ILO on labour rights;

- Engaging in multi-stakeholder initiatives that benefit from civil society expertise such as the Roundtable for Sustainable Palm Oil; and

- Reaching out to civil society experts through industry groups, for example, the Electronics Industry Citizenship Coalition which is engaging with civil society and governmental actors to address complex challenges around excessive working hours in the sector.

THEME FIVE: THE PUBLIC POLICY ANGLE

A number of participants recognised and emphasised how governments can either help or hinder progress on business and human rights. Business participants expressed the need for government action at both national and local levels. At the national level, there is a need for the government to send clear messages and improve consistent enforcement of rules. At the local level, government needs to be constructive and collaborative to solve complex human rights issues on the ground.

Businesses cited examples of how government can be either constructive or obstructive in addressing business and human rights issues. For example, at the national level, different government ministries use different maps demarcating boundaries, often contributing to land disputes.[12] Many companies commented on how local government should deliver on their own human rights obligations and encourage business to resolve company-community conflicts. Examples were given of how local government can exacerbate conflicts with communities by trying to stop protests or intimidate communities.

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[12] Note: since the Conference Indonesia has launched the 'one-map' policy aimed at resolving this.

THEME SIX: DIFFERNTIATED NEEDS DEPENDING ON MATURITY

The conference and the following day's Business Leaders Roundtable recognised that companies in Indonesia are at different stages of their human rights journeys and asking about the 'why', 'what', and 'how' of their human rights responsibilities. This in turn leads to a different set of needs in moving forward.

- **Some companies are at the 'why' stage.** Seeking to understand why human rights are relevant to their companies, companies at this stage were less represented at the conference - likely reflecting self-selection at a business and human rights conference. But participants did discuss how business partners, companies in their supply chain, or potential acquisition targets often do not think human rights is any of their business. For companies at the 'why' stage, further elaboration of the business case for respect for human rights, the rationale for rights-respecting business practices, and greater awareness is needed.

- **Many companies are seeking to understand 'what' is expected of them.** These companies are seeking to understand expectations, standards and what next steps might look like. Multiple speakers articulated that this is the value of the UNGPs so basic awareness raising about how the UNGPs define 'respect' in practical terms is needed. Further, companies at the 'what' stage could benefit from dialogue with civil society what the key issues are, information on what expectations there are of business, and what standards exist that companies are expected to meet.

- **Some companies are at the 'how' stage.** They are keen to know how to implement respect for human rights, and how to 'know and show' that they respect human rights. Companies at this stage requested guidance, 'how to' primers and peer learning among companies to support implementation of respect for human rights. Business participants gave examples of searching for what best practice looks like when undertaking a land acquisition process in a rights-respecting way, how to conduct stakeholder engagement around projects, how to develop a human rights policy and how to establish grievance mechanisms.

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http://www.thejakartapost.com/news/2014/12/26/one-map-policy-helps-resolve-land-disputes-overlapping-permits.html

SESSION SUMMARIES

Welcome Remarks

The conference commenced with a series of remarks from the convening organisations and the Office of the Jakarta Governor. This provided context for the day's proceedings and included a call to action for multi-stakeholder commitment. Speakers noted that while the conference was primarily aimed at business, commitment is needed from government and civil society to advance business and human rights. Speakers encouraged business participants to take action to respect human rights – by committing to international best practices and standards, and engaging in dialogue and learning with peers.

Speakers: Marzuki Darusman, Executive Director, Human Rights Resource Centre; Makarim Wibisono, Advisor, Praxity, and formerly Executive Director, ASEAN Foundation; Mark Hodge, Executive Director, Global Business Initiative on Human Rights; Suryo Bambang Sulisto, Chairman, Kamar Dagang dan Industri (KADIN); and Dr. H. Syahrul Effendi, SH. MM, Deputy Governor of Jakarta for Civil Registration and Housing.

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'Indonesia and ASEAN have vibrant, market-based economies operating in diverse industries. Economic progress must be matched with social progress so that Indonesia is a good place to invest. This issue is a strategic necessity for our prosperity and growth.'
Makarim Wibisono, Advisor, Praxity, and formerly Executive Director, ASEAN Foundation.

'The stipulation in the 1945 constitution stressed that the government has the obligation to promote human rights and enforce human rights as set out in the constitution. On the other side, businesses have an obligation by avoiding and reducing or preventing the negative affects of their work.'
Dr. H. Syahrul Effendi, SH. MM, Deputy Governor of Jakarta for Civil Registration and Housing.

'We are looking to the Indonesia business community to align itself to best practices on business and human rights and to follow the UN Guiding Principles'
Marzuki Darusman, Executive Director, Human Rights Resource Centre.

'KADIN is pleased to discuss respect for human rights, dignity and the relationship of this to the private sector. Throughout all activities we recognise that companies should consider the implications of their activities on human rights. Today is only the beginning and it is my hope that it paves the path for the future.'
Suryo Bambang Sulisto, Chairman, Kamar Dagang dan Industri (KADIN).

'It is often the case that senior business leaders intuitively grasp this agenda at the intellectual level because they see the strategic relevance for the company. A critical next step is moving to concrete action. One central purpose of today's event is to support business leaders to exchange experiences, tools and lessons so that the implementation of respect for human rights becomes demystified. An added ingredient today – and in this agenda – is the active engagement of civil society and government. All actors are part of this journey.'
Mark Hodge, Executive Director, Global Business Initiative on Human Rights.

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LEADERS DIALOGUE: REFLECTIONS ON CONTEXT AND RECENT DEVELOPMENTS

What is driving and shaping business practice regarding human rights in Indonesia, ASEAN and globally was addressed in this session. The UNGPs were introduced as the authoritative international reference point for understanding the respective roles of states and corporations in addressing human rights in a business context.

Panelists: Gerald Pachoud, Principal Officer, United Nations; Philip Jordan, Chairman of the Ethics Committee, Total; Felia Salim, Vice President Director, Bank Negara Indonesia; Shinta Widjaja Kamdani, CEO, Sintesa Group; Thorsten Pinkepank, Global Director, Corporate Sustainability Relations, BASF; the discussion was moderated by Mark Hodge, Executive Director, Global Business Initiative on Human Rights.

Key discussion points:

- The UNGPs are the authoritative international standard for business and human rights, and map what states and businesses are expected to do;

- The UNGPS are built on the notion of effective management systems and addressing risk, and so business find the UNGPs useful in implementing respect for human rights;

- Many companies are already doing work on addressing human rights, such as health and safety, workplace standards, community engagement, but few are calling it 'human rights' or following the UNGPs holistically, which call for respect of all international human rights;

- Respect for human rights is often a feature of corporate culture but more needs to be done to make those links so that values of fairness, equality and respect are embedded in business strategies and practices; and

- Small- and medium-sized enterprises have human rights responsibilities too, and work needs to be done to engage those companies.

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'There is a global demand for better corporate social performance, and an intense debate on how to align them. It is coming from everywhere, including from states, whose role is certainly to support the movement towards better performance. So smart businesses better get ready. It is not a question of if, but when, so now we need to focus on the how.'
Gerald Pachoud, Principal Officer, UN.

'Human rights is being mainstreamed into the business discourse. Human rights will become innate in our cultural DNA. Doing well, doing good – it makes business sense.'
Felia Salim, Vice President Director, Bank Negara Indonesia.

'Our approach has been to break down the different issues that arise for our business and integrate these issues into our existing management processes.'
Philip Jordan, Chairman of the Ethics Committee, Total GBI.

'This is a new beginning for us, a new journey. Companies need to learn from each other. The journey will require business learning and sharing of experiences.'
Shinta Widjaja Kamdani, CEO, Sintesa Group.

'What we do with safety and environment is also part of human rights. But it has now gained a new momentum… Investors say human rights is a qualifier to them as to whether they will go further with the company.'
Thorsten Pinkepank, Director, Corporate Sustainability Relations, BASF.

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RESEARCH FINDINGS: BRIEFINGS ON RISKS AND OPPORTUNITIES IN THE INDONESIAN CONTEXT

A short briefing provided an overview of on-going research conducted by the Human Rights Resource Centre. The research is delivering briefing papers on business and human rights in the Indonesian context, covering: the business case for respecting human rights; the business and human rights context in Indonesia; and the UNGPs in the Indonesian context.

The briefing papers are published in full on the Human Rights Resource Centre website at http://www.hrrca.org/business-and-human-rights. The research was presented by Patricia Rinwigati Waagstein, Faculty of Law, University of Indonesia.

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'We find that integrating human rights into corporate policy is not easy and there is no quick solution. While there is strong support for human rights standards, there are practical challenges. Integrating human rights requires the right attitude, a regulatory approach as well as the commitment from all stakeholders.'

Patricia Rinwigati Waagstein, Faculty of Law, University of Indonesia.

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PERSPECTIVES FROM DIVERSE INDUSTRIES: HUMAN RIGHTS JOURNEYS – EXPERIENCES, CHALLENGES AND LESSONS

This session focused on practical steps that companies from diverse industries and geographies are taking to establish and implement their commitment to respect human rights.

The business leaders on the panel discussed two kinds of activities. First, ensuring that policies, processes and practices are consistent with the company's responsibility to respect human rights. Particular attention was paid to how companies get started on their human rights journeys. Second, ways to address risks to specific human rights issues or challenges with human rights implications. Panelists gave illustrative real-life examples including among others: children's rights; conducting rights-respecting resettlement; forced labour; indigenous peoples' cultural rights; human and labour rights in supply chains; and investing in conflict-affected areas.

Panelists: Mark Nordstrom, Senior Labor and Employment Counsel, GE; Librian Angraeni, Sustainability & Stakeholder Engagement, Asia Pulp & Paper; Susanne Stormer, Vice President, Corporate Sustainability, Novo Nordisk; Bill Anderson, Head of Environmental and Social Affairs Asia Pacific, Adidas; Nikos Papathanasiou, Member of Board of Directors, Sampoerna; Zulkifli Zainal Abidin, EVP Group Human Resources, Sime Darby; Thomas Wise, Manager, Global Issues and Policy, Chevron; moderated by James Kallman, President Director, Moores Rowland.

Key discussion points:

- Actual and potential impacts by business can span the full spectrum of human rights. Panelists discussed impacts on communities around operations, workers in vast supply chains, cultural rights to intellectual property of indigenous peoples, and more;

- Companies can impact human rights directly and also indirectly through business relationships. Beyond supply chain impacts, attention was drawn to how impacts can potentially occur through customers relationships, through sponsorship, and through relationships with governments;

- One of the first things a company can do to integrate respect for human rights is to step back, review what exists and what gaps there may be, and outline what is needed to move forward;

- Working with third parties to resolve human rights challenges can be effective. Examples were provided of working within multi-stakeholder initiatives, with civil society and with other businesses. The importance of seeking stakeholder and rights-holder perspectives was also highlighted; and

- Business-State relationships can often pose challenges where the government is unwilling or unable to meet its own obligations regarding human rights. These situations do not absolve the company of their own responsibilities, and companies must find ways to respect human rights. Rule of law and predictable operating environments are important to business and correspond to the human rights context.

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> *'We created a statement of principles on human rights… We have a lot of policies and practices that focus on human rights. But we needed to overlay a specific human rights lens to bring this into focus … We didn't want to start a new endeavour or process – rather, we started with what we had and then created champions in each of the businesses to look at the most salient human rights issues for each particular business.'*
> **Mark Nordstrom, Senior Labor and Employment Counsel, GE.**
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> *'Human rights has always been one of the most important aspects of our operations. The UNGPs are one of the guidelines we refer to in translating the human rights aspects into company strategy. In 2012 we launched APP Sustainability Roadmap: Vision 2020 with goals including improving various human rights aspects in our operations.'*
> **Librian Angraeni, Sustainability & Stakeholder Engagement, Asia Pulp & Paper.**
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> *'When the UNGPs came out we produced an FAQ on how would we apply this. This is the simplest step – to write down how would we apply this? What does it mean to our business and who would we involve? This was important at the beginning of the journey.'*
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> **Bill Anderson, Head of Environmental and Social Affairs Asia Pacific, Adidas.** **"**

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'We openly communicate about the fact that smoking causes serious diseases … the important thing for a tobacco company with a controversial product is then how it markets its product responsibly and to adult smokers only, support for reasonable and balanced regulation … Our employees and the communities where we operate are in the forefront of our thinking. Human rights are embedded not only into our policies and practices but to our decision making process.'
Nikos Papathanasiou, Member of Board of Directors, Sampoerna.

'Our journey started in 1999 with the first human rights review and found 3 areas: provide affirmative access to care; ensure responsible supply chain; and provide equal opportunity in the work place. Now we are following the UN Guiding Principles, doing our due diligence to "know and show" and we have found a number of potential adverse impacts where we should and can enhance respect for people's rights. Managing human rights is a journey, and you're never done!'
Susanne Stormer, Vice President, Corporate Sustainability, Novo Nordisk.

'Our business venture in Liberia taught us many things and we continue to learn. Often, industry best practices still need to be refined to take into account local sensitivities, cultures and norms, and even natural disasters. This propelled us to review the way we worked in Liberia by approaching challenges including the management of human rights through a more cohesive framework. We had been managing human rights as a matter of human resource policy. The terminology was different and we knew we needed to articulate our position differently. We knew we had to be explicit.'
Zulkifli Zainal Abidin, EVP Group Human Resources, Sime Darby.

'The oil and gas industry has actively worked on human rights issues for decades, without explicitly using the terminology. Chevron started using the term more than 10 years ago, formally adopting a human rights statement in 2005, and a Human Rights Policy in 2009. Our policy, which is consistent with the UNGPs, is designed to foster greater awareness of human rights issues throughout the company. It also enhances our capability to identify and manage human rights issues in four key areas relevant to our business: employees, security providers, communities and suppliers.'
Thomas Wise, Global Issues and Policy Manager, Chevron.

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PEER LEARNING GROUPS: APPROACHES AND MANAGEMENT TOOLS FOR EMBEDDING RESPECT FOR HUMAN RIGHTS

This session comprised two sets of small group discussions, each of which focused on peer learning approaches and management tools that embed respect for human rights. Business participants initiated the discussions with short presentations on how they have approached policy commitments, human rights due diligence, and addressing grievances from affected individuals and groups. An interactive moderated discussion followed, with participants sharing their experiences and asking questions.

Initial presentations from: Philip Jordan, Chairman of the Ethics Committee, Total; Sophie Pierson, Group Legal Department, Legal Counsel, Total; Tam Ngyuen, Global Head of Sustainability, Bechtel; Rajiv Williams, Head – CSR, Jindal Stainless Limited; Michael Rittersbacher, Director, Corporate Social Responsibility, Motorola Mobility; Bruce Klafter, Senior Director, Corporate Social and Environmental Responsibility, Flextronics; Kashif Anwar, Strategic Relations Manager, Shell. Moderated by Tiur Rumondang, Executive Director, Indonesian Business Council for Sustainable Development; and Bahtiar Manurung, Senior Manager, Human Rights Audit and Sustainability Assurance Services, Moores Rowland.

Participants shared the following examples:

- Three companies shared their initial steps for developing human rights policies – including examples of starting by integrating human rights into broader sustainability strategies before embarking on developing a standalone policy, conducting gap analyses against existing policies, and consulting with stakeholders;

- Many participants emphasised the importance of CEO leadership and buy-in to enable the company to progress;

- Multiple speakers and participants reinforced the need to ensure that respect for human rights is not an add-on but embedded throughout the business – this involves all business units and requires coordination;

- Three companies discussed how they established human rights governance structures, including human rights coordinating committees and cross-functional working groups – one company provided the example of a designated person to coordinate and take lead responsibility for implementing and embedding respect for human rights throughout the company;

- One company discussed how they developed internal guidance on how to manage human rights impacts around three areas of employees, communities and security. The internal guidance provides examples of situations outlining risks and suggestive recommendations to manage the impact;

- Companies outlined how they have been identifying and assessing human rights impacts, including differential impacts dependent on business units. Multiple companies emphasised the need to identify all actual and potential impacts of the whole business on the full range of human rights. One company discussed the value of doing this through third party tools such as the Danish Institute for Human Rights' Compliance Assessment. Another company discussed the value they derived from involving stakeholders, rights-holders and experts;

- One company discussed how they have been integrating respect for human rights into existing business processes. They gave the example of integrating human rights into existing security and project approval protocols;

- Companies also reflected on human rights in their business relationships. One company discussed how they encourage suppliers to respect human rights, including through adopting human rights policies and abiding by supplier codes of conduct; and

- A range of companies in different industries discussed specifically how their grievance mechanisms operate, including how complaints are received, processed and resolved.

CIVIL SOCIETY PERSPECTIVES: ISSUES AND PRIORITIES FOR INDONESIA AND ASEAN

In this session, civil society leaders shared their perspectives on business and human rights in Indonesia and ASEAN. Initial discussions focused on common issues, challenges and human rights impacts associated with business in the region. The conversation then moved to addressing the role of government in preventing and addressing human rights impacts associated with business. Finally, speakers gave their views on how business and civil society can collaborate to address human rights issues and examples of productive partnerships.

Panelists: Rafendi Djamin, Executive Director, Human Rights Working Group and AICHR Indonesia Representative; Cynthia Morel, Advisor, Asian Business & Rule of Law Initiative, Singapore Management University; Salil Tripathi, Director – Emerging Issues, Institute for Human Rights and Business; Dini Widiastuti, Economic Justice Lead, Oxfam Indonesia; moderated by Thomas Thomas, CEO, ASEAN CSR Network.

Discussions focused on:

- Views on issues, challenges and impacts associated with business in Indonesia and ASEAN. Common issues raised included: indigenous peoples; land grabbing; migrant workers; women's rights; and labour rights;

- The role of government in helping and/or hindering human rights and business was highlighted. Panellists drew attention to the differences between ASEAN governments in human rights protection against abuse, including by business. A lack of regulation and governance around key challenges, particularly land was highlighted. Further the disconnect between law and practice through weak enforcement of regulations was noted as a challenge;

- An acknowledgement that the current level of trust and cooperation between civil society and business is low. There is mutual distrust and often hostility on both sides.

- Suggestions for how business and civil society can collaborate together to address human rights issues. It was highlighted that there are a range of different types of civil society organisations. Many are increasingly keen to cooperate and collaborate with business to improve human rights outcomes;

- The role of civil society in multi-stakeholder initiatives and attempts to address business and human rights challenges was discussed. Examples were given of the expertise and roles that civil society plays within multi-stakeholder initiatives such as the Extractive Industries Transparency Initiative, Clean Clothes Campaign, the Roundtable for Responsible Palm Oil and the Voluntary Principles on Security and Human Rights;

- The need for greater access to effective grievance mechanisms when human rights abuses do occur, including through judicial and non-judicial mechanisms; and

- Positive examples of action on business and human rights in Indonesia and ASEAN were provided, including: Better Work programmes; examples of responsible community consultation for large-footprint projects; increasing reporting and disclosure requirements.

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'With the Asian financial crisis of 1997, macroeconomic stability across Southeast Asia suffered. One of its lessons was that any macroeconomic stabilisations being introduced should respect human dignity. Dignity matters both inside the workplace and outside. The years since have shown us the importance of human rights, and the idea of business responsibility for human rights has gained more traction.'
Salil Tripathi Director – Emerging Issues, Institute for Human Rights and Business.

'There has been a drive in the region to grow and develop economically at all cost. In many cases this had been at the expense of rights and basic protection for people and the environment. For example, the right to work was at the expense of rights at work. The message today is that we have to go beyond just economic growth.'
Thomas Thomas, Executive Director, ASEAN CSR Network.

'Governance gaps across the region are perhaps most acute in relation to land, which is often the single most important cause of friction between companies and communities. Poverty, lack of access to formal title and sparse recognition of customary tenure exacerbate the adverse effects of these gaps on vulnerable groups. This includes women, who in many contexts continue to face legal or practical barriers to inheriting property.'
Cynthia Morel, Adviser, Asian Business & Rule of Law Initiative, Singapore Management University.

'One challenge in ASEAN is where government is not open, where there is no open society it is automatically difficult for civil society to communicate to business ... So how to bridge this gap.'
Rafendi Djamin, Executive Director, Human Rights Working Group and AICHR Indonesia Representative.

'There is a need to build the link between MNCs and CSOs, to get them into the same room as each other, to build understanding and trust, and to work in multi-stakeholder partnerships. NGOs provide checks and balances for the private sector.'
Dini Widiastuti, Economic Justice Lead, Oxfam Indonesia.

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PEER LEARNING GROUPS: ADDRESSING IMPACTS – FIRST STEPS, GOOD PRACTICES AND INNOVATIONS

In a second set of peer learning small groups focused on first steps, good practices and innovations, participants discussed with peers good practice responses to issues of common concern for business leaders and society. Participants presented and discussed real life examples and innovative solutions to challenges, including the experiences of participating in industry and multi-stakeholder initiatives.

Group One: Core Labour Rights

This group focused on how business can impact and manage core labour rights of employees, contractors and workers in supply chains. Attention was paid to freedom of association and collective bargaining, forced labour, child labour and non-discrimination.

The session began with kick-off presentations from: Michael Rittersbacher, Director, Corporate Social Responsibility, Motorola Mobility; Simon Field, Director, Better Work Indonesia; Tam Nguyen, Head of Sustainability, Bechtel; Susanne Stormer, Vice President, Corporate Sustainability, Novo Nordisk. Moderated by Meggy Parengkuan, Partner, Marccus Partners.

Participants shared the following examples:

- One company discussed how they conducted a baseline analysis of labour conditions throughout the business. They then developed global labour guidelines to address labour rights holistically and any gaps;

- A company described how they are responding to gender and non-discrimination challenges, including through women's empowerment initiatives such as the HERproject;

- Another company discussed how they identified the rights of migrant workers on construction sites as a particular vulnerable group and measures taken to mitigate negative impacts;

- Participants discussed strategies for sustainable relations with workers and trade unions. One example was given of how organisations such as Better Work Indonesia can support companies engage with workers; and

- Ways to build capacity within and among businesses to manage impacts on labour rights were highlighted.

Group Two: Human Rights and Business Relationships

This group focused on how human rights impacts can be impacted through a range of business relationships. Businesses exchanged their experiences of managing human rights with suppliers, joint venture partners and customers. This included: how companies communicate expectations to business partners; how to build and use leverage to effect change; and how businesses build the capacity of business partners to manage risks and impacts.

The session began with kick-off presentations from: Jay Celorie, Global Program Manager: Conflict Minerals and Human Rights, HP; Kasumi Blessing, Project Manager, Corporate Sustainability, Novo Nordisk; Thomas W. Shreve, Group CEO, Acuatico; Sylvie van Maris, External Communications, Shell. Moderated by Katryn Wright, Programme Director, Global Business Initiative on Human Rights.

Participants shared the following examples:

- One company shared how they conduct supplier risk assessments and how they develop corrective plans with non-conforming suppliers to improve conditions;

- Another company discussed how they communicate human rights expectations with joint venture partners at the beginning of relationships, including how joint venture partners must adopt the company's business principles or their equivalent;

- Companies discussed how they build the capacity of business partners to prevent and address impacts. One company described how they have trained over 1000 suppliers on social and environmental responsibility; and

- One company described how they found creative and innovative ways to prevent negative human rights impacts. They shared an example of how the government requested the company shut off water access to slums that were illegally tapping water suppliers. The company complied but so not to impact the community's right to water, they built public water hydrants.

Group Three: Communities, Indigenous Peoples and Security

This group focused on how business can impact the rights of communities and indigenous peoples. Particular attention was paid to land, water and operating in conflict-affected areas. Business representatives shared their experiences of managing community relations, consultation, information-exchange and security practices in rights-respecting ways.

> **The session began with presentations from:** Maja Erbs, Senior Manager Sustainability Relations, BASF; Kusnan Rahmin, President Director, APRIL Indonesia; Dr. Gadis Arivia, Executive Director, Indonesia Centre of Ethics. Moderated by Andrea Shemberg, Project Lead, Investment & Human Rights Project, LSE.

Participants shared the following examples and lessons:

- One company described how they established regular dialogues between the company and surrounding communities through Community Advisory Panels. This provided opportunities for communities to raise questions, concerns and complaints and built mutual trust;

- Another company discussed how they use Free, Prior and Informed Consent (FPIC) to responsibly manage relationships with indigenous peoples and communities;

- One company overviewed how they manage land claims disputes in rights-respecting ways, including by working with local NGOs, government and academics and third-party mediation; and

- Participants discussed collaboration between business and government to manage security and human rights, including through the Voluntary Principles on Security and Human Rights.

CLOSING REMARKS

This short closing session provided an opportunity to share insights from the day's proceedings and offer ideas for ways forward. Marzuki Darusman commented that the conference was a small step in strengthening understanding of the UNGPs and business and human rights in Indonesia. Makarim Wibisono highlighted that Indonesia is on the beginning of a journey to improve human rights performance, and that further mainstreaming of business and human rights is needed.

A speech presented on behalf of the former Minister of Industry emphasised that addressing business and human rights will be crucial to Indonesia's economic growth, and to the prosperity of business and of society. The speech encouraged corporate commitments to increased understanding and implementation of respect for human rights.

> 66
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> *'Indonesia could be a leader in implementing the UNGPs for two reasons: we are a nation with a population over 240 million with economic potential in the context of growing democratisation; and there is a reposition of economic giants and leadership globally.'*
> **Marzuki Darusman, Executive Director, The Human Rights Resource Centre.**
>
> *'There has been mainstreaming of business and human rights at the international level but at the national level there is misunderstanding. Some think it is the business of government. But today impressed on me that the private sector is engaging on this. This is an ongoing process to create a framework for cooperation on business and human rights.'*
> **Makarim Wibisono, Advisor, Praxity.**

REFLECTIONS ON THE ROAD AHEAD

Reflections on the Road Ahead

Based on observations from the conference and the roundtable, the co-conveners have identified a number of actions that could be useful to advance business and human rights and the UNGPs in Indonesia.

Orientation primers for Indonesian business leaders

Moving from the 'why' and the 'what' to 'how' to implement corporate respect for human rights was a strong message from the business community. Companies remarked on how there is a need for simple, practical guidance for business on how to get started, how to identify impacts, and how to engage in stakeholder engagement and remediation. A further area of need centred around how to address specific human rights challenges, such as community relations, land acquisition, child rights etc. The co-conveners are exploring ways to develop such guidance throughout 2015.

Commitments from the business community

Businesses should commit to working on human rights holistically and to implementing the UNGPs. As an initial first step a group of businesses could commit to developing human rights policies; further areas of implementation needs could then be ascertained. Spaces for business to learn from peers and experts on human rights and the UNGPs would complement commitments and advance progress on implementation.

Ongoing engagement between civil society and business

Opportunities for civil society and business to engage and exchange expertise should be explored. This could involve either collaborating to address specific human rights impacts, or involve ways for companies to 'know and show' respect for human rights.

Government to play an active and leading role

The new government could take a leading role in state uptake of the UNGPs. This should involve both looking at the State's duties towards business and human rights, and setting expectations for corporate responsibilities. The government could develop a National Action Plan on Business and Human Rights to guide implementation of the UNGPs. Guidance exists for States on how to develop National Action Plans in the form of a Toolkit.[13] Some participants and speakers commented on the potential for the Ministry of Industry to develop standards around business and human rights in Indonesia. Both companies and civil society representatives expressed that judging and measuring performance may be useful.

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[13] National Action Plans on Business and Human Rights: A Toolkit for the Development, Implementation, and Review of State Commitments to Business and Human Rights Frameworks http://accountabilityroundtable.org/analysis/napsreport/

THE HUMAN RIGHTS RESOURCE CENTRE

The Human Rights Resource Centre is a non-profit academic centre headquartered at the University of Indonesia in Jakarta, with a partnership network throughout Southeast Asia (currently in 7 out of 10 ASEAN Member States). The Centre was established in 2010 by several of the original members of the Working Group for an ASEAN Human Rights, as well as other prominent regional human rights advocates and academics, all of whom have been engaged in the protection and promotion of human rights for several decades.

The Centre was established with the aim of fostering an institutional network that would produce high-quality, independent, research on human rights issues of most pressing concern to the Association of South East Asian Nations (ASEAN). The goal of the Centre's work is to both shape and support the human rights agenda set by the ASEAN Intergovernmental Commission on Human Rights, which was established by ASEAN in 2009. Bearing in mind ASEAN's expanding global political and economic presence, the Centre also conducts a range of pedagogical initiatives with partners both within and outside of ASEAN, including workshops, conferences, training activities and developing advanced courses in human rights.

The aim of these initiatives is to build the capacities of researchers, promote knowledge exchange, and support the protection and promotion of human rights in the Centre's core thematic areas (namely, rule of law, business and human rights and the rights of vulnerable populations.

www.hrrca.org

KAMAR DAGANG DAN INDUSTRI (KADIN)

KADIN stands for 'Kamar Dagang dan Industri', or Chamber of Commerce and Industry. It is the umbrella organization of the Indonesian business chambers and associations.

KADIN is focused on all matters relating to trade, industry and services, and is highly committed to tapping potentials and synergies of the national economy, offering a strategic forum for Indonesian entrepreneurs. It is privately financed, hence an independent spokesperson of private sector interests.

It is also the only nation-wide business organization mandated by Law No. 1/1987 to speak on behalf of private business, maintaining a privileged liaison to Government Officials and covering all relevant sectors.

33 regional Chambers (KADIN Daerah) and 440 district branches ensure national coverage. Because of this huge network, KADIN Indonesia is the preferred partner for foreign companies initiating their engagement in Indonesia. Bilateral trade and investment relations are taken care of by more than 30 Bilateral Committees (Komite Bilateral).

www.kadin-indonesia.or.id

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GLOBAL BUSINESS INITIATIVE
ON HUMAN RIGHTS

THE GLOBAL BUSINESS INITIATIVE ON HUMAN RIGHTS

The Global Business Initiative on Human Rights (GBI) exists to advance human rights in a business context around the world. The underlying vision is a global community of corporations from all sectors knowing and showing that they respect the dignity and rights of the people they impact and interact with. From a business perspective this supports an enhanced approach to global leadership and risk management, and can provide access to markets, customers and capital. GBI is led by a core group of 18 major corporations (below) headquartered in Asia, Europe, Latin America, Middle East, North Africa and North America. The GBI work plan is organised into two parallel tracks: First, Member Peer Learning creates a safe space for GBI members to share practices, challenges and innovations with peers focused on respecting human rights in practice and implementation of the UN Guiding Principles on Business and Human Rights. Second, Global Business Outreach focuses on awareness-raising and capacity building for business in diverse regions of the world, particularly in emerging and developing markets.

www.global-business-initiative.org