

SDGs, Rule of Law, and Responsible Investment

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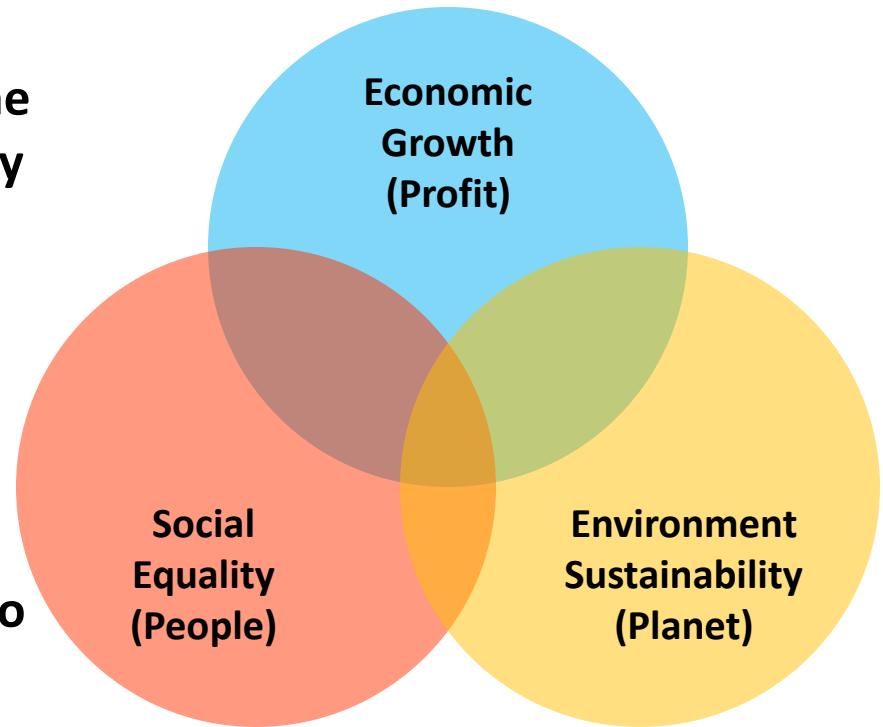
What is Sustainable Development?

Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Brundtland Commission
“Our Common Future” 1987

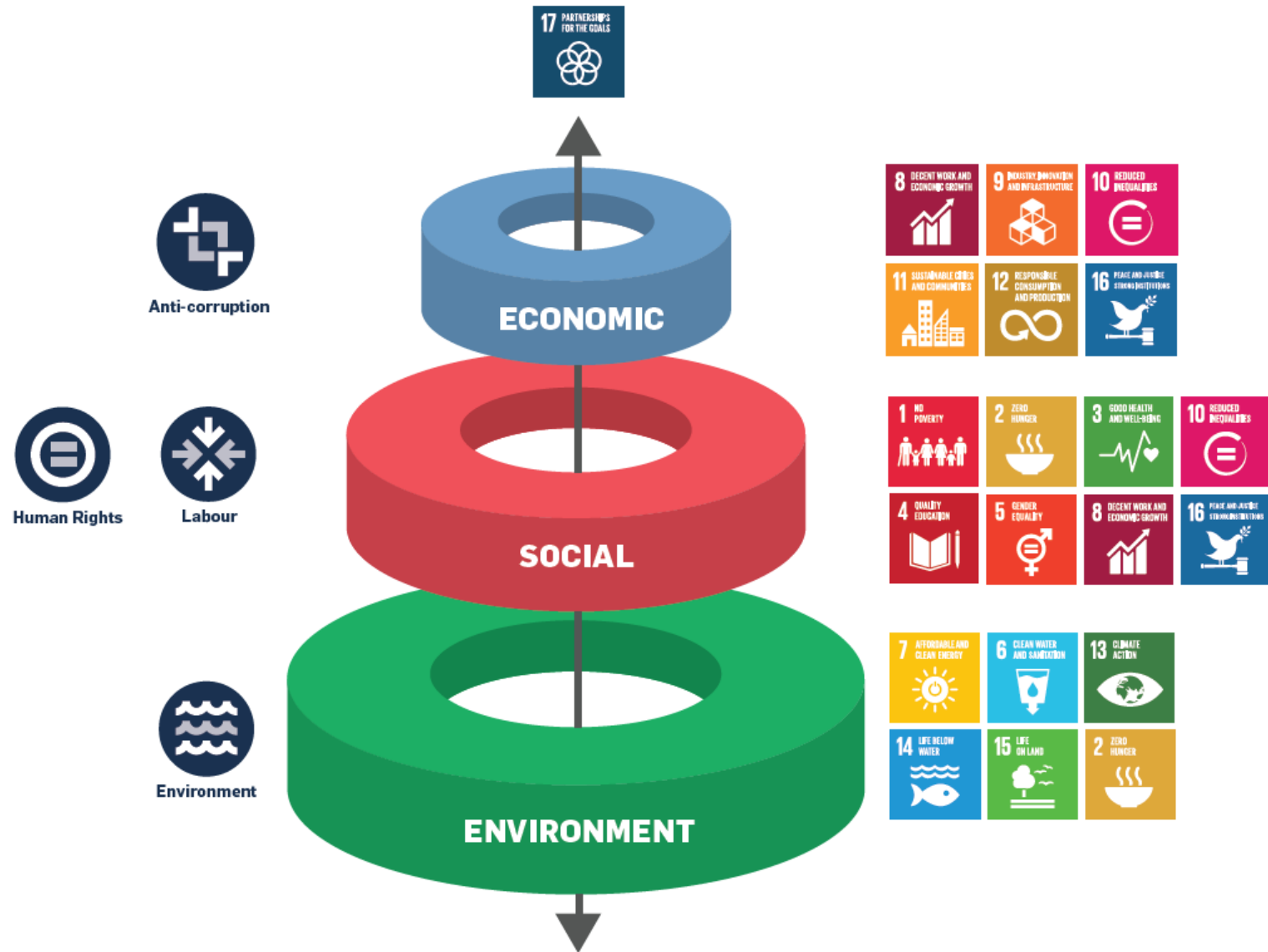
The concept was further developed in Rio Declaration (1992) and Rio+20 (2012).

**Sustainability is the connector of any enterprise’s bottom line initiatives.
(Profit, People, Planet)**



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How the Ten Principles and SDGs Relate



Environmental - Social - Governance

Environmental, Social and Governance factors are defined as follows:



Factors that relate to a company's interaction with the physical environment (e.g. climate change, greenhouse gas emissions, air and water pollution, water scarcity, deforestation)



Factors that relate to a company's practices that have a social impact on a community or society (e.g. working conditions including slavery and child labour, labour relations, health and safety, human rights, impact on indigenous communities)



Factors that relate to how a company is governed (e.g. executive compensation, board independence and composition, shareholder rights, transparency)



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Source: <https://utam.utoronto.ca/esg-integration-in-manager-selection-and-monitoring/>

Prioritized Development Issues during Post-2015 Development Agenda (Bali, 2013)

word cloud of prioritized development issues:

- governance
- rule of law & public policies
- education
- food security
- nutrition & sustainable agriculture
- full & productive employment, decent work for all
- social integration & inclusiveness
- gender equality
- women empowerment
- poverty eradication
- energy
- water & sanitation
- social conflict and fragility
- financial system
- living quality
- technology development
- oceans & social protection
- sustainable tourism
- minority discrimination
- population dynamics
- resources efficiency
- health
- biodiversity
- climate change
- human rights
- social economy inclusion
- waste management
- sustainable transport
- sustainable cities & human settlements
- consumption & production



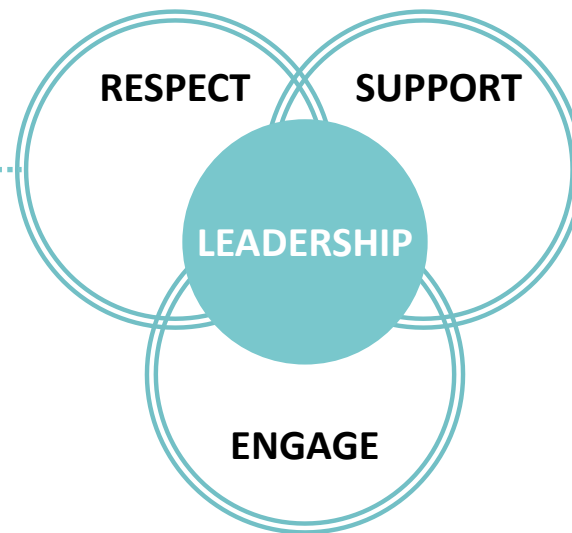
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Methodological note:

The bigger the word, the more often it is mentioned in the discussion.

Business Respect and Support for the Rule of Law

“Respect” for universal principles, including human rights and anti-corruption, is the minimum standard for business behaviour. **It focuses on a business’ compliance and “doing no harm”.**



“Support” for the rule of law is a complement, not substitute for, “respect” for the rule of law – respect is the “must do” and support is the “optimal”. **Support is voluntary action taken by businesses that goes beyond the responsibility to respect by making a positive contribution to help strengthen legal frameworks and promote more accountable institutions.**



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Support for the Rule of Law



Some examples of Core Business activities:

- ✓ Improving accessibility to the law
- ✓ Improving the marketplace and access to legal services
- ✓ Promoting diversity and inclusion within the legal profession
- ✓ Providing on the job training opportunities

Some examples of Strategic Social Investment and Philanthropy:

- ✓ Supporting legal education
- ✓ Bolstering judicial training
- ✓ Loaning staff and staff volunteering

Some examples of Advocacy and Public Policy Engagement:

- ✓ Advocate responsibly and transparently
- ✓ Supporting inclusive consultation processes



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Socially Responsible Investment is Growing at a Fast Clip

“Financial reward is the key driver; institutional investors are starting to embrace environmental concerns.”

- Tim Fright, Founding Director of Climate Friend -

The US Forum for Sustainable and Responsible Investment (US SIF) defines Socially Responsible Investing as **“an investment discipline that considers Environmental, Social, and Corporate Governance (ESG) factors to generate long-term competitive financial returns and positive social and environmental impact.”** The US SIF have since shown that assets engaged in socially responsible investing have increased **33 per cent** to \$8.72 between 2014 and 2016.

July 2017, Japan's Government Pension Investment Fund (GPIF), the world's largest pension fund, **with \$1.3 trillion under management, announced that it planned to raise its allocation to environmentally and socially responsible investments to 10 per cent of its stock holdings from 3 per cent now.** That same month, Swiss Re, the European insurer, announced plans to **benchmark its entire \$130 billion portfolio against ESG indices.**



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Source:

<http://blogs.lse.ac.uk/businessreview/2017/12/19/socially-responsible-investment-is-growing-at-a-fast-clip/>

The Six Principles for Responsible Investment

Principle 1

We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2

We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3

We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4

We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5

We will work together to enhance our effectiveness in implementing the Principles.

Principle 6

We will each report on our activities and progress towards implementing the Principles.



Rule of Law Index 2016 by World Justice Project



Factor 1: Constraints on Government Powers



Factor 2: Absence of Corruption



Factor 6: Regulatory Enforcement



Factor 3: Open Government



Factor 7: Civil Justice



Factor 4: Fundamental Rights



Factor 8: Criminal Justice



Factor 5: Order & Security



Factor 9: Informal Justice

Rule of Law Index 2016 by World Justice Project

Singapore

Overall Score	Regional Rank	Income Rank	Global Rank
0.82	2/15	9/36	9/113

Vietnam

Overall Score	Regional Rank	Income Rank	Global Rank
0.51	11/15	7/28	67/113

Malaysia

Overall Score	Regional Rank	Income Rank	Global Rank
0.54	8/15	17/37	56/113

Philippines

Overall Score	Regional Rank	Income Rank	Global Rank
0.51	12/15	9/28	70/113

Indonesia

Overall Score	Regional Rank	Income Rank	Global Rank
0.52	9/15	5/28	61/113

Myanmar

Overall Score	Regional Rank	Income Rank	Global Rank
0.43	14/15	19/28	98/113

Thailand

Overall Score	Regional Rank	Income Rank	Global Rank
0.51	10/15	21/37	64/113

Cambodia

Overall Score	Regional Rank	Income Rank	Global Rank
0.33	15/15	28/28	112/113

GRI and The SDGs

GRI & The SDGs: *Making Business Contribution Happen*



1

LIST OF BUSINESS DISCLOSURES ACROSS THE SDGs

An Analysis of the Goals and Targets will be launched in September 2017 at the UN Global Compact Leaders Summit during UN General Assembly in New York. The Action Platform will also make a gap analysis of available indicators.

2

PUBLICATION ON BEST PRACTICE SDGs REPORTING

A Practical Guide to Defining Priorities and Reporting will offer a structured approach to help business prioritize and report on relevant targets, and will be published early 2018.

3

FURTHER INTEGRATION OF OF SDGs INTO FRAMEWORKS

A set of recommendations for how to build the SDGs into the UN Global Compact Communication on Progress (COP) framework and the GRI Standards, and how to further align and integrate the different standards, requirements and interfaces.

4

SDG DATA AGGREGATION

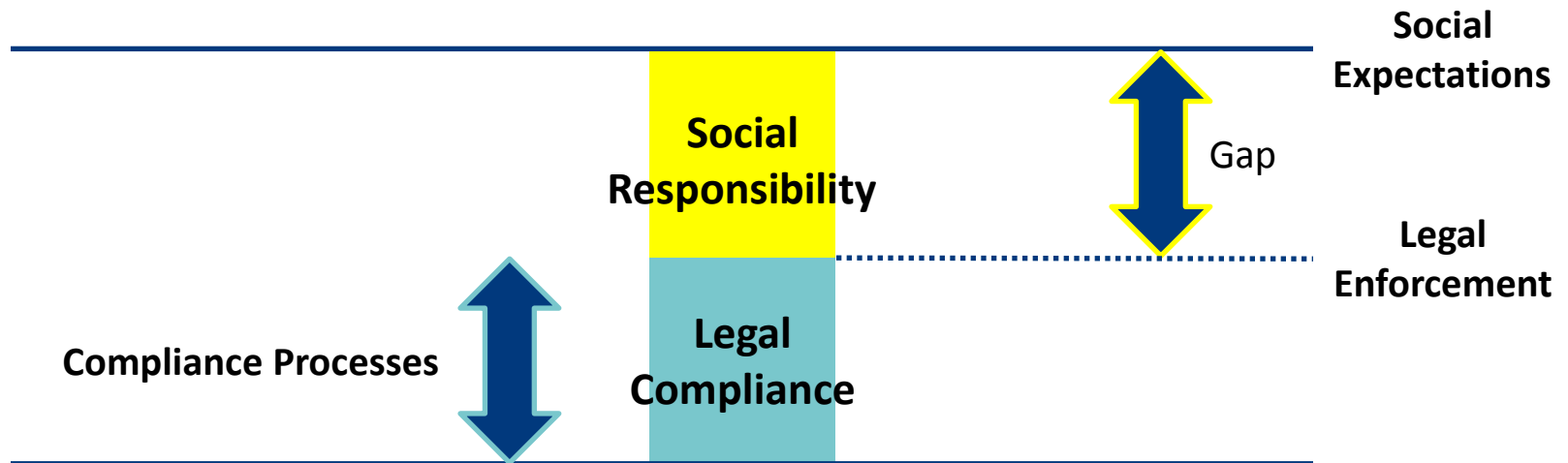
A roadmap on ways to extract and aggregate data on SDG implementation from a large volume of corporate reports.



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Why Do We Need a Human Rights Policy?

- ❖ Human rights risks occur in the region beyond legal requirements and their enforcement (or lack of)
- ❖ Companies need to respond to social expectations in its operation, regardless of local laws and government's ability or willingness to protect the rights of its citizens (Social License)

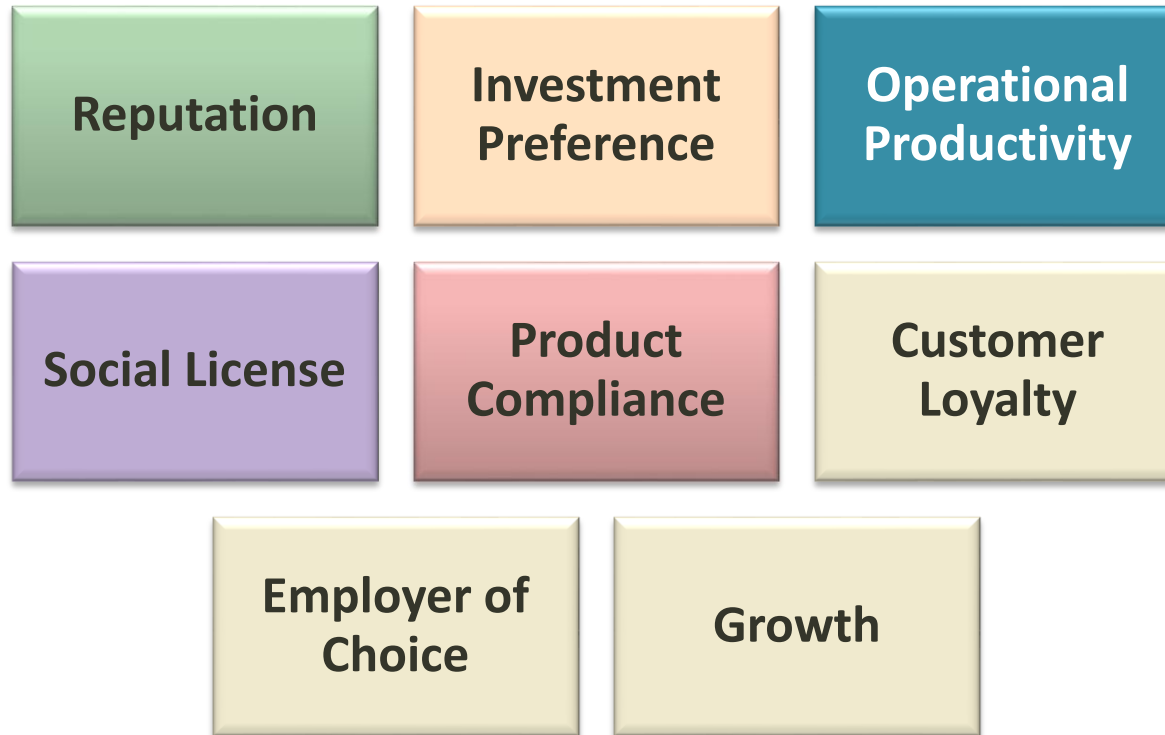


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Source: Ashleigh Owens, Executive Director
EY Japan Climate Change & Sustainability

The Benefits of Getting it Right



New Leaders Orientation



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