



Jakarta Representative Office, Apartemen Eksekutif Menteng
Tanjung Tower, 9th floor, no. 1, Jl. Pegangsaan Barat no. 6-12
Jakarta Pusat 10320, Indonesia
T: + 62 21 390 63 06, F: + 62 21 392 16 86
info@pa-csr.com; www.pa-csr.com



“Corporate Social Responsibility in Indonesia and the Impact for Investors”

By
Rio D. Praaning Prawira Adiningrat
Managing Partner PA Companies
Chairman PA CSR Ltd.

Belgian-Luxembourg Indonesia Club (BLIC) Gathering
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What is CSR?

Corporate Social Responsibility is the cement between *funding* of shareholders, *management* of Board Members, *regulations* by legislators and *actions* by civic society.



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What is Indonesia? (1)

THE YUDHOYONO ADMINISTRATION REMAINS THE MOST EFFECTIVE (& BUSINESS FRIENDLY) ADMINISTRATION SINCE 1998



President Susilo Bambang Yudhoyono (SBY), despite criticism of being overly cautious, has allowed to take place bold reforms in the country's two most notorious agencies: Tax and Customs.

Passed the landmark Investment Law

Allowed the emergence of a powerful & aggressive anti corruption commission (KPK) to rein in the Indonesian polity.

The number of days required to start up a business from 105 days reduced to 76 days as well as the cost and number of procedures.



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What is Indonesia? (2)

Resilient Economy & Sound Fundamentals

- Economy grew by 6.3% in '07 – a 10 year record. '08 forecast is 6.4%.
- Key drivers: Private Consumption (63% of GDP), Exports (29% of GDP), Investment (25% of GDP)

Tax & Customs Reform

- Sri Mulyani fired and removed thousands of civil servants.
- Customs offices at major ports were streamlined, headcounts halved.
- Tax rates lowered to 30% from 35% or from 30% to 25 %.
- The code was also simplified and offering more tax breaks for select 23 industries. (PP No 62/2008)
- “Sunset Policy”, basically forgiving all past mistakes if taxpayers make correct adjustments by end of year. Approved by parliament in July 2008.



Finance Minister &
Economic Czar
Sri Mulyani – key
champion of reform
& macro economic stability.



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What is Indonesia? (3)

VARIOUS INVESTMENT OPPORTUNITIES





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What is Indonesia (4)

Enormous opportunities,

BUT.....

Enormous poverty as well.



Around 40 million people are living below the poverty line.



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What is CSR?

- CSR is an *integral* part of a successful and sustainable business strategy, pre-empting social and environmental problems while optimising conditions for long term profitability
- It is an *organic link* between enterprising, profit-making and social development
- The more *organic* this link, the more long-term profit is secured.
- Organic implies that the inter-relationship between company and society is *systematically managed on the basis of in situ research*
- CSR research helps *steer* the realisation of basic conditions for long term profitable enterprising
- Consequently, CSR is an integrated *management tool* for long term profitability and development while supporting short term goals in the areas of government relations and corporate communications
- A corporate CSR strategy *cements* corporate accountability to shareholders and corporate accountability to all other stakeholders



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Who benefits from CSR?

Everyone and everything

- The *private company* and its *shareholders*
- The *public sector*, through public-private partnerships
- The *local community* in the area of the firm's operation
- The national and *regional policy* makers as a CSR strategy will assist them in obtaining their development goals
- The company's *employees*
- The company's *consumers* at large
- The CSR based relationship between regulators/legislators and the firm promotes transparency and excludes KKN
- The international community as structured local/regional CSR projects fit in with global development goals – leading to co-funding of civic society projects.





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CSR compulsory?

Current worldwide practice:

- Only employee rights, product safety and environmental protection are mandatory
- CSR is voluntary

Main arguments *for* compulsory CSR:

- Too important to leave to the goodwill of business.
- Mandatory character brings in certainty.
- Certainty and equality among all companies, foreign or domestic.

Main arguments *against* compulsory CSR:

- CSR is about *output*, not *input*.
- Open to interpretation and manipulation
- Budgetary space can not be ordered by law; no alternative to taxes
- Intellectual initiative and insight can not be ordered by law



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On 15 May 2009, the Constitutional Court (MK) decided to uphold a law on limited liability companies in 2007 that obliges corporations engaged in 'natural resources development' to carry out corporate social responsibility programs.

If you cannot fight it, JOIN IT:

- A. Create scientific 'indisputable' basis and operational approach to CSR
- B. Create on that basis vertical and horizontal alliances
- C. Present these cases to the new President



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A. Create scientific 'indisputable' basis and operational approach to CSR

A.1. Create Academic Chair on CSR



- On 24 November 2008, the signing of an MOU between Universitas Indonesia and PA CSR Ltd in the presence of H.R.H. Prince Filip of Belgium.
- On 30 June 2009, Inauguration of Four Professors

A.2. The four professors are:



PROF. DR. ALEXANDER RINNOOY KAN

- Current Chairman of the Dutch Government's
- Social Economic Council (SER)
- Former Vice Chairman of ING Bank
- Former Rector of Erasmus University
- Acclaimed Econometrician



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RODERICK M. HILLS

- Founder and Chairman of the Hills Program on Governance at CSIS.
- Former Counsel to the President of the United States
- Former Chairman of the Securities Exchange Commission
- Professor at Harvard University School of Law

SRI HARTINA URIP SIMEON

- Former CEO of PT Unilever Indonesia
- Leader in Corporate Governance reform
- Founder and member of Indonesian Society of Independent Commissioners
- Considered as one of the leading CSR experts walking the talk in Indonesia



Dr. SITI ADIPRIGANDARI ADIWOSO, 'Dr Riga'

- Senior Lecturer at University of Indonesia
- Large number of publications addressing CSR issues
- Member of the Scientific Advisory Panel for STRT-SARCs on Global Environmental Change Program
- Founder of the Indonesian Ecolabelling Institute



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A.3. Mission of PA CSR Academic Chair

- the study of an organic relationship through the theory of Corporate Social Responsibility between central Government's poverty alleviation policies, regional authority's poverty alleviation activities, industry's profitability goals and civic society's social and economic development
- the practical consequence for each of these stakeholders if such an organic relationship exists and can be implemented



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B. Create Vertical and Horizontal Alliances

B.1. How to create the required alliances

- *Top-down* through government/business inspired Framework
- *Bottom-up* through business/civic society inspired and research based local and regional plans and projects.
- *Result driven* ongoing reporting and analysis system



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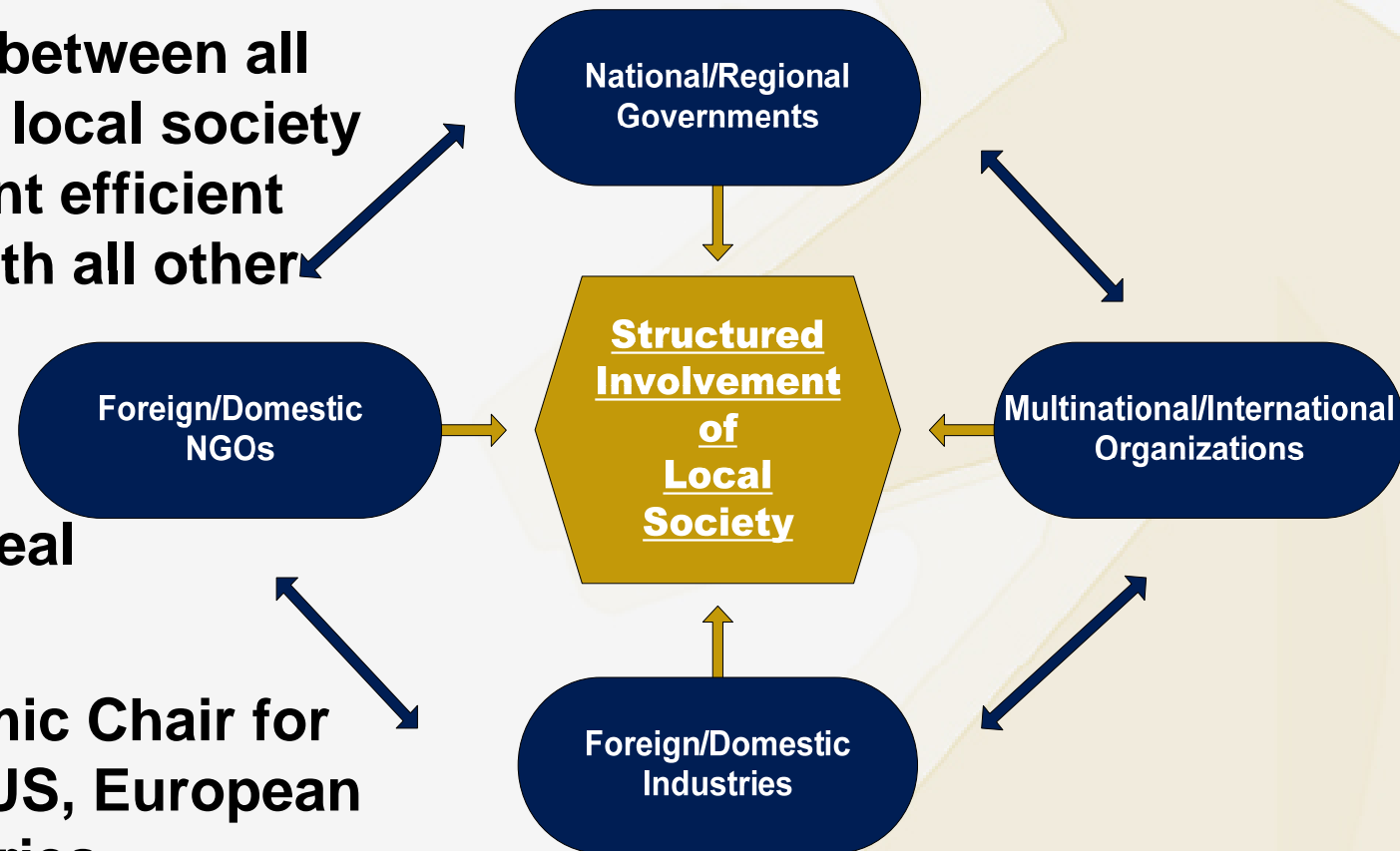
B.2. PA CSR Bottom-Up / Top-Down Approach → Alliances





B.3 Blueprint Per Project

- **Structured dialogue between all stakeholders to help local society design and implement efficient strategies aligned with all other stakeholders**
- **How to build this “ideal approach”?**
- **Through an “Academic Chair for CSR” at UI aligning US, European and Indonesian theories, experiences and practices**





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C. Present these cases to the new President

- On 30 June 2009, Universitas Indonesia/United Nations University/INA/PA CSR will organize an International Conference and Launching of Academic Chair for CSR
- The programme will be opened by the Minister of Social Affairs, Bachtiar Chamsyah

UNIVERSITAS INDONESIA
FAKULTAS EKONOMI
 KAMPUS UI DEPOK 16424

International Conference and Launching of Academic Chair for Corporate Social Responsibility
"From Theory to Practice"

June 30, 2009
 S. Soeria Atmadja Auditorium
 Faculty of Economy, University of Indonesia
 Kampus UI Depok 16424

Program Seminar

08:30 – 09:00	Registration
09:00 – 09:30	Welcoming Remarks By Prof. Dr. dr. Soc. Oesler Rudina Soesatri (Rector, University of Indonesia)
09:30 – 09:45	Keynote Address by H.E. Mr. Bachtiar Chamsyah or H.E. Mr. Muhammad Andi Mufalaha, S.H., M.H. (Minister Kebudayaan RI) <i>under confirmation</i>
09:45 – 10:15	Presentation by Mr. Roderick M. Hills "The Role of Good Corporate Governance in Strengthening A Company's CSR"
10:15 – 10:45	Presentation by Prof. Dr. Alexander Rimooy Kan "CSR: Adding Spirituality to Responsibility"
10:45 – 11:15	Presentation by Mrs. Set Hartina Urip Simson "CSR As A Competitive Edge in A Developing Market"
11:15 – 11:45	Presentation by Mrs. Ien Adiprasetiari Adhisono S., Ph.D "Bridging Stakeholders through CSR in Indonesia"
11:45 – 12:30	GMA Session

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12:30 – 13:45	Break for Prayer and Lunch
13:45 – 15:15	Parallel Session: Discussion Venue : Prof. Djoko Soetono Classroom 1. Topic I : " The Role of Good Corporate Governance in Strengthening A Company's CSR" 2. Topic II : "Bridging Stakeholders through CSR in Indonesia" Moderator : Mr. Firmasrah, Ph.D (Dean, Faculty of Economy UI) Respondents : 1. Prof. Siddhartha Utama, Ph.D (Guru Besar UI) 2. Mr. Muhammad S. Hidayat / Mr. Soefan Wicandani <i>under confirmation</i>
	Parallel Session: Discussion Venue : Prof. Somario Kolopaking Classroom 1. Topic I : "CSR: Adding Spirituality to Responsibility" 2. Topic II : "CSR As A Competitive Edge in A Developing Market" Moderator : Mr. Sarwono Kasmuatsudja (Chairman, PA CSR, Indonesia) Respondents : 1. Prof. Achmad Syachrona, Ph.D (Head of Accounting Development) 2. Mr. Priyo Prihadi Soemarno (Executive Director, DMA) or Mr. Ron Anton (President, IPA) <i>under confirmation</i>
15:15 – 15:45	Conclusion and Closing Remarks Venue: S. Soeria Atmadja Auditorium Closing remarks by: 1. Mr. Rio D. Prasning Prwiria Adiningret (Managing Partner, PA CSR) 2. Mr. Firmasrah, Ph.D (Dean, Faculty of Economy UI)

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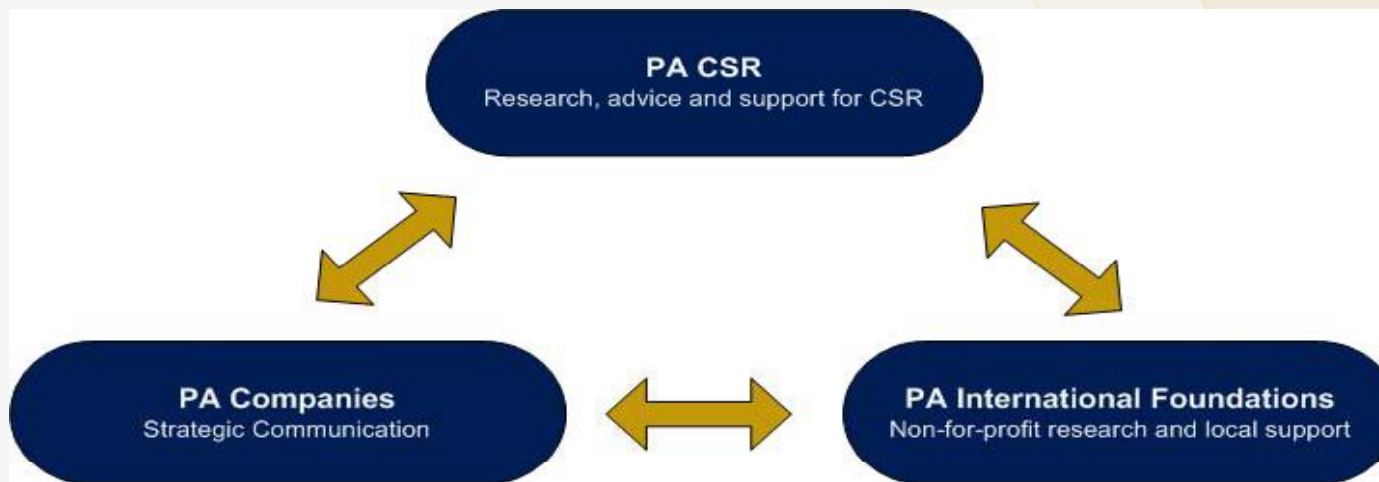


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PA Unique Synergy

- 20 years of advising companies and governments on strategic communication/sustainability, CSR approach and programs
- Global Network of PA/PA CSR companies – Track Record of over 400 successfully listed clients – Board with Elder Statesmen – Access to national and international authorities
- Strong Relationship with Media
- Practicing what we preach through PA International Foundation





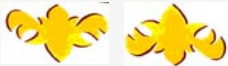
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Other Foundations supported & initiated by PA group



- **Sultan Qaboos Academic Chair for Quantitative Water Management, Utrecht University, The Netherlands**
- **Yayasan Lambrineu, Lhok Nga, Banda Aceh**
- **Edgar Brood Academic Chair for English & Information Technology** in cooperation with Universitas Siliwangi (UNSIL), Tasikmalaya
- **Tasik Children Foundation, Tasikmalaya**
- **Kofi Annan Business School** in cooperation with Vlerick Leuven Gent Management School in Belgium and Hogeschool Utrecht in The Netherlands



**Yayasan
LAMBRINEU**

Tasik Children's Foundation





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THANK YOU

Feel free to contact us

- rdp@pa-csr.com
- elmarbouma@pa-csr.com
- xavierbary@pa-csr.com