



TRADE UNION POSITION PAPER ON RESPONSIBLE BUSINESS PRACTICES/ BUSINESS AND HUMAN RIGHTS

Indonesian Trade Union Confederations	• All-Indonesia Trade Union Confederation - (KSPSI-ATUC) • All-Indonesia Workers Union Confederation - (KSPSI-Rekonsiliasi) • All-Indonesia Workers Union Confederation - (KSPSI-Pembaruan) • Indonesian Workers Union Confederation (KSPI) • All-Indonesia Labour Union Confederation (KSBSI) • Indonesian Prosperous Labour Union Confederation (KSBSI) • Indonesian Muslim Labour Union Confederation (KSARBUMUSI) • National Workers Union Confederation (KSPN) • Nusantara Trade Union Confederation (KSPN) • Indonesian Labour Union Alliance Confederation (KASBI)
Background	• The Government of the Republic of Indonesia, through the Ministry of Human Rights, has drafted a Presidential Regulation (PERPRES) on Human Rights Due Diligence. • This draft presidential regulation follows the Presidential Regulation on the National Strategy for Business and Human Rights (BHAM), which will expire on 30 December 2025. • In this context, the International Labour Organization (ILO), through the Resilient, Inclusive and Sustainable Supply Chains (RISSC) Project, facilitated a meeting of trade union leaders to: (a) forge consensus around a common, consolidated trade union position on the PERPRES. (b) provide inputs into wider government policymaking on Business and Human Rights; and (c) consider self-assessment approaches and indicators for the PERPRES, in full alignment with relevant international standards and instruments.¹
Purpose and objective	• Serve as a reference for the formulation of labour-related policies on Responsible Business Practices, including as input to the Draft Presidential Regulation on Human Rights Due Diligence. • Support trade unions in monitoring the implementation of policies and programme interventions related to labour and Responsible Business Practices. • Provide guidance for trade unions in the development and implementation of Responsible Business policies that genuinely reflect the interests and rights of workers.

¹ These include the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the ILO Declaration on Multinational Enterprises and Social Policy. All 3 instruments recognise the importance of international labour standards, and particularly the ILO's 5 Fundamental Principles and Rights at Work, as the foundation of Responsible Business Conduct.

Purpose and objective

- **Strengthen the meaningful involvement of trade unions and workers** in policy formulation and in monitoring the implementation of Responsible Business Practices and Business and Human Rights policies and programmes.
- **Involving trade union** in policy formulation and implementation of Responsible Business Practices and Business and Human Rights through bipartite mechanisms, Collective Bargaining Agreements (CBAs), and other social dialogue mechanisms, including at enterprise level through Human Rights Due Diligence processes.
- **Expand access to capacity-building and training for workers and trade unions** on Business and Human Rights impact assessments, integration of policies into business operations, tracking improvements, and communicating due diligence outcomes internally and externally.
- **Promote effective and institutionalised social dialogue mechanisms** in the development and implementation of Responsible Business Practices.

Issues related to Responsible Business Practices:

- Persistent **decent work deficits**, including informality, precarious working conditions, non-standard employment relationships, the continued existence of child labour and forced labour, discrimination, and weak or absent social dialogue at company, sectoral, and national levels. These challenges are compounded by declining union density and limited access to social protection.
- **Limited access to information** on Responsible Business Practices and **insufficient skills and capacity** among key stakeholders—management, workers, and labour unions—related to Responsible Business Practices.
- Policies on Responsible Business Practices that are **not yet fully aligned with the MNE Declaration and the UN Guiding Principles**, including with respect to Fundamental Principles and Rights at Work, creating legal uncertainty and compliance risks for companies.
- **Ongoing violations of fundamental principles and rights at work**, i.e. child labour, forced labour, discrimination, restrictions on freedom of association and collective bargaining, and unsafe and unhealthy working conditions.
- **Minimal involvement of labour unions** in the formulation, implementation, and monitoring of Responsible Business policies at national, sectoral, and workplace levels.
- **Regarding the Draft Presidential Regulation on Human Rights Due Diligence**, labour unions/workers have identified the following issues:

Trade unions have identified the following substantive concerns with the draft presidential regulation:

 1. Human rights due diligence is voluntary for companies with up to 2,000 workers, while mandatory only for companies with more than 2,000 workers, creating unequal protection for workers.
 2. The specific risks associated with extractive, remote, and isolated industries -where violations are more prevalent- are not adequately regulated.
 3. While due diligence obligations are stipulated, there are no clear provisions on remediation or compensation for rights-holders and victims of business-related human rights violations.
 4. The absence of clear sanctions risks rendering the regulation ineffective in practice.
 5. Non-financial sanctions, including restrictions on access to bank credit

and public incentives, should be considered for companies that violate human rights.

6. The list of terms used in the draft regulation is incomplete and insufficiently detailed.
7. Key definitions related to Business and Human Rights are missing and must be explicitly included.
8. There is ambiguity between Human Rights Due Diligence and social auditing, which are distinct processes.
9. Mandatory obligations are not matched by clear enforcement mechanisms or legal consequences.
10. The draft regulation does not clearly regulate the four core steps of Human Rights Due Diligence in line with the UN Guiding Principles and the MNE Declaration.
11. There is no clarity on obligations or sanctions for companies with fewer than 2,000 workers that commit human rights violations.
12. There is no clear regulatory basis for the involvement of labour unions in the implementation of Business and Human Rights policies.
13. Incentives for companies that respect and promote human rights are absent, despite the focus on compliance.
14. A potential conflict of interest exists, as the Ministry of Human Rights is assigned both advisory and supervisory roles.
15. Most Small and Medium Enterprises (SMEs) employ workers, yet their obligations are insufficiently regulated.
16. Labour-intensive industries are not clearly addressed in relation to violations.
17. The subjects and objects of human rights violations are not clearly defined.
18. Relevant stakeholders, including labour unions, were not meaningfully involved in drafting the regulation.
19. Labour unions are excluded as recognised actors in both the drafting and implementation of the regulation, including through their absence in the glossary.
20. Several articles remain ambiguous, including provisions related to financing and implementation responsibilities.
21. There is weak coherence between normative provisions and practical implementation mechanisms.
22. The absence of an academic or evidence-based paper undermines the robustness of the regulation's legal and policy foundations.

Recommendations

- **A formal hearing with the Ministry of Human Rights** to present and discuss workers' perspectives on Business and Human Rights policies.
- **Recognition of this Position Paper** as an official trade union reference on Responsible Business Practices.
- **Meaningful and institutionalised involvement of labour unions** in the formulation, implementation, and monitoring of Business and Human Rights policies, including Human Rights Due Diligence at enterprise level.
- **The gradual introduction of mandatory Human Rights Due Diligence** for all companies, based on clear prioritisation criteria, including sectoral risk, supply-chain exposure, and empirical evidence.
- **Revision and refinement of the Draft Presidential Regulation** to improve coherence, consistency, enforceability, and inclusiveness.
- **Sustained advocacy and capacity-building** for labour unions and other stakeholders on Business and Human Rights.
- The **establishment of a Responsible Business Practices Forum** as a tripartite and multi-stakeholder platform to monitor, evaluate, and provide input on implementation.

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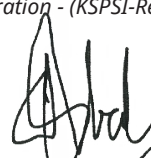
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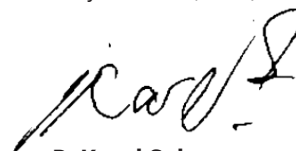
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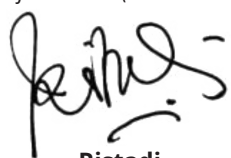
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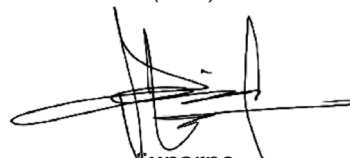
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