



# WORKPLACE GENDER EQUALITY (WGE) AND WGE REPORTING IN INDONESIA

How does Indonesia measure in WGE and WGE reporting and how should the Indonesian government improve its mandatory WGE reporting in companies' sustainability reports?

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# **Workplace Gender Equality (WGE) and WGE in Indonesia**

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Investing in Women, an initiative of the Australian Government, catalyses inclusive economic growth through women's economic empowerment in South East Asia.

Investing in Women uses innovative approaches to improve women's economic participation as employees and as entrepreneurs and to influence the enabling environment to promote women's economic empowerment in the Philippines, Indonesia, Vietnam and Myanmar.

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## Executive Summary

Workplace gender equality (WGE) plays an important role in a country's overall development. Many studies have shown time and time again that better WGE enhances a country's economic growth. Enhancing WGE would therefore be a good strategy in advancing a country's economy. However, many developing countries, such as Indonesia, which is the focal country in this report, do not have the comprehensive regulations needed to ensure WGE, hindering its development efforts. A key to improving WGE in Indonesia is through the transparency of WGE reporting and data gathering.

This research aims to provide recommendations to the Indonesian government so improvements on mandatory WGE reporting may be put in place for private companies. The approach of this research is to first, identify and analyse the context of WGE and WGE reporting in Indonesia by looking at regulations and policies surrounding WGE by the government and companies, and looking at WGE reporting by companies before the regulation was implemented. Secondly, the research explores the benefits of WGE and WGE reporting to encourage the Indonesian government to advance reporting in this space. Thirdly, this report analyses the existing regulations on sustainability reporting to identify and evaluate the gaps on Indonesia's WGE reporting requirement. This research also presents the Philippines, Vietnam and Myanmar's reporting requirements for comparative purposes. Finally, Australia and the Global Reporting Initiative (GRI) are showcased as a best practice case study when collecting and analysing data surrounding WGE.

The main finding of this research is the relatively weak regulations to ensure WGE and encourage WGE reporting in Indonesia in comparison to the Philippines and Vietnam. Its weak regulations are reflected in Indonesia's low score in the Women, Business, and the Law (WBL) Index by the World Bank. Weak regulations to encourage WGE reporting are reflected in the vague language of the sustainability reporting regulation (POJK51) and companies are only required to report reduced aspects of WGE. This research also found that the Indonesian government has been making efforts to advance WGE reporting by mainstreaming the Global Reporting Initiative (GRI) standards and promoting the Sustainable Development Goals (SDGs). However, this research found that when compared to the GRI standards and Australia's WGE reporting requirement, Indonesia still has far more to do to improve its WGE reporting, in particular with regard to its vague reporting criteria as set out in POJK51. Therefore, this research recommends that for Indonesia to improve its WGE reporting, it should implement a WGE reporting criteria, integrating elements of both the GRI standards and Australia's Workplace Gender Equality Agency (WGEA) reporting criteria.

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## Context: WGE and WGE reporting in Indonesia

### Regulations and policies surrounding WGE in Indonesia

Workplace Gender Equality (WGE) is still an issue in Indonesia as represented by the country's regulations surrounding WGE. According to the 2020 WBL Index, a tool created by the World Bank that measures the impact of regulations on women at different stages of their lives, Indonesia ranks 144 out of 190 countries at 64.4 points.<sup>1</sup> When the eight indicators that the index measures are compared, Indonesia's "Workplace" indicator is shown to be one upon the three lowest indicators at 50 points.<sup>2</sup> This indicates that Indonesia has relatively weak regulations surrounding WGE. When delving deeper into the poor score point, Indonesia scores poorly on this indicator as the country does not have strong regulations on sexual harassment in employment, particularly on the protection from it and criminal penalties if it does occur.<sup>3</sup> The index also shows that Indonesia ranks low in WGE regulations as there are no regulations requiring the equal remuneration between men and women. This is highlighted by data from the International Labour Organization (ILO), which shows that in Indonesia there is a 20% wage gap between men and women, with men having the higher pay.<sup>4</sup> Therefore, WGE is still weak in Indonesia as the country does not have adequate laws to ensure equal pay between men and women and to ensure non-discrimination in the form of sexual harassment.

Inadequate company policies to support WGE also provides a reflection on the issue of WGE in Indonesia. A survey done by the Indonesia Business Coalition for Women Empowerment (IBCWE), Indonesia Global Compact Network (IGCN), and UN Women on top 50 large public and private companies in Indonesia found that while 68% have policies to retain women, only 6% have active policies to review equal pay.<sup>5</sup> It also found that only 53% have a zero-tolerance policy towards gender-based violence and harassment and only 54% have dedicated committees for handling violence and harassment.<sup>6</sup> Furthermore, regarding transparency, only 38% of companies publicise their policies and implementation plans for promoting gender equality.<sup>7</sup> The

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<sup>1</sup> The World Bank, *Women, Business, and the Law 2020* (Washington, DC: The World Bank, 2020), 7. The World Bank Open Knowledge Repository.

<sup>2</sup> The 8 indicators are: Mobility, Workplace, Pay, Marriage, Parenthood, Entrepreneurship, Assets, and Pension. "Women, Business and the Law – Economy Data, Indonesia," The World Bank, accessed May 28, 2020, <https://wbl.worldbank.org/en/data/exploreeconomies/indonesia/2020>.

<sup>3</sup> The World Bank, "Economy Data, Indonesia."

<sup>4</sup> Bureau for Employers' Activities (ACT/EMP), *Women in Business and Management: The business case for change*, (Italy: International Labour Organization, 2019), 69. ILO Publications.

<sup>5</sup> IBCWE, IGCN, and UN Women, *Study on the Application of Women's Empowerment Principles in Top 50 Companies in Indonesia* (Jakarta: IBCWE, IGCN, and UN Women, 2018), 6. IBCWE Directory.

<sup>6</sup> IBCWE, *Women's Empowerment Principles in Top 50 Companies in Indonesia*, 6.

<sup>7</sup> IBCWE, *Women's Empowerment Principles in Top 50 Companies in Indonesia*, 6.

lack of company policies and transparency mechanisms that support WGE, both by public and private companies, compels the case for the need of an advancement on WGE in Indonesia.

### WGE reporting in Indonesia

The underreporting of important WGE aspects, such as non-discrimination and equal pay, is still common as demonstrated by private companies' sustainability reports. The aspects of WGE reporting, as outlined by the GRI standards are Employment, Training and Education, Diversity and Equal Opportunity (where equal pay is included), and Non-Discrimination. A sustainability report is a report that showcases a company's impacts—both positive and negative impacts—on environmental, social (which includes aspects of WGE) and governance aspects.<sup>8</sup> Sustainability reporting in Indonesia is required for all financial services institutions and publicly listed companies, as mandated in POJK51/POJK.03/2017.<sup>9</sup> This is a significant achievement as before the regulation was implemented, only 9% of financial services institutions and publicly listed companies in Indonesia released sustainability reports.<sup>10</sup> However, even before the regulation was implemented, some large companies were already reporting on basic WGE information as part of its sustainability reports, such as the number of hours employees receive training by gender; the number of employees and employee turnover by gender; and employee retention after childbirth leave according to gender, in their sustainability reports.<sup>11</sup> This data is taken from a thesis study which analysed 26 large Indonesian companies' annual reports from 2014-2016. According to the study, WGE information is included as part of the top three social information that the companies report on, which are occupational health and safety, education and training, and employment.<sup>12</sup> However, the same data shows these companies still under report in crucial WGE aspects, particularly on the equality and diversity of employment opportunities in the workplace and non-discrimination policies.<sup>13</sup>

The underreporting of non-discrimination and other crucial aspects of WGE is potentially caused by the complexity of reporting the information. This is evidenced by the author's personal

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<sup>8</sup> "About GRI," GRI, accessed May 28, 2020, <https://www.globalreporting.org/Information/about-gri/Pages/default.aspx>.

<sup>9</sup> Otoritas Jasa Keuangan, *Salinan Peraturan Otoritas Jasa Keuangan Nomor 51/POJK.03/2017* (Jakarta, 2017), 10.

<sup>10</sup> "Infografis Lembaga Jasa Keuangan dan Emiten Penerbit Sustainability Report," Otoritas Jasa Keuangan, accessed May 28, 2020, <https://www.ojk.go.id/sustainable-finance/id/publikasi/riset-dan-statistik/Pages/Sustainability-Report-bagi-Lembaga-Jasa-Kuangan-dan-Emiten.aspx>.

<sup>11</sup> Ulfa Fajria Ayub, "Analisis Kualitas Pengungkapan Laporan Keberlanjutan pada Perusahaan di Indonesia" (Bachelor's thesis, Universitas Islam Indonesia, 2018), 53-55, <https://dspace.uui.ac.id/bitstream/handle/123456789/8401/SKRIPSI%20Ulfa%20Fajria%20Ayub.pdf?sequence=1&isAllowed=y>.

<sup>12</sup> Ayub, "Laporan Keberlanjutan pada Perusahaan di Indonesia," 53-54.

<sup>13</sup> Ayub, "Laporan Keberlanjutan pada Perusahaan di Indonesia," 53-55.

interview with representatives of the GRI (an international organisation that supports businesses and governments in doing sustainability reporting,<sup>14</sup>) in Indonesia, who indicated that companies have largely reported on quantitative rather than qualitative data on gender equality as they are easier to identify and present.<sup>15</sup> GRI also acknowledges that even when a company does report on discrimination incidents, there is rarely a further explanation on whether there are remediation efforts or not.<sup>16</sup> While the Indonesian government has already put a regulation in place requiring companies to report on some aspects of WGE, such as the number of employees by gender, important aspects such as equal pay have not been integrated yet. This indicates that while most companies are proactively reporting on basic WGE information, mostly in the form of the number of employees by gender, some comprehensive WGE reporting criteria needs to be institutionalised through regulation.

### **Aims and Methodology of the Research**

This research report aims to provide sound recommendations for the Indonesian government to improve its WGE reporting by encouraging the integration of a comprehensive WGE reporting criteria into Indonesia's existing sustainability reporting regulation. The comprehensive WGE reporting criteria will be based on a combination of two highly regarded WGE reporting criteria, which are Australia's WGE reporting criteria from the Workplace Gender Equality Agency (WGEA) and the GRI standards on WGE reporting. Specifically, the comprehensive criteria will include all aspects of WGE reporting that are included in the GRI standards and the WGEA criteria, which are Employment, Training and Education, Diversity and Equal Opportunity, and Non-Discrimination. This research report engaged with both primary and secondary sources. The primary sources are in the form of semi-structured interviews with key stakeholders of WGE reporting in Indonesia, being the GRI representatives in Indonesia and two publicly listed companies; and literature review on the mandatory sustainability reporting regulation, POJK51. The secondary sources are in the form of a thorough literature review, which includes academic and grey literature reports and journals on WGE and sustainability reporting.

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<sup>14</sup> GRI, "About GRI."

<sup>15</sup> GRI Indonesia representatives, Interview with Nadia Setianto (Skype, April 14, 2020). (Available upon request)

<sup>16</sup> GRI Indonesia representatives, Interview.



## Benefits of WGE and WGE reporting

### Benefits of WGE worldwide

Indonesia should aim to improve its national stance on WGE by improving government policies on WGE, particularly its sexual harassment and equal pay policy, as WGE improves companies' financial performance and the nation's economic growth. In terms of improving financial performance, this is proven by a study conducted by the International Finance Corporation (IFC), which examined boardroom gender diversity in more than 1,800 companies across six ASEAN countries and the companies' financial performance through Return on Asset (ROA) and Return on Equity (ROE). Essentially, ROA measures a company's net profit while ROE measures a company's net income.<sup>17</sup> The study found that ASEAN companies which had at least 30% of female representatives in their board had an average ROA of 3.8%, which is 37% higher than companies with no women in the board.<sup>18</sup> It also found that these companies had an average ROE of 6.2%, which is 32% higher than companies with no women in the board.<sup>19</sup> This is because increased female representation in the board decreases the effect of groupthink. The effect of groupthink, which is prevalent in all-male boards, leads to poor decision-making and adversely alters the performance of the company. Increased female representation in the board also decreases the financial and reputational risk of a company as women are prone to be more risk-averse than men.<sup>20</sup> Another benefit of improving WGE regulations is that equal pay for men and women will expand Gross Domestic Product (GDP) and therefore, national economic growth. This is proven by a research by PwC UK in 2018, which found that if the gender pay gap in OECD countries is narrowed to 13%, it would increase their GDP by US\$6 trillion.<sup>21</sup> This is because closing the gender pay gap would boost female participation and entrepreneurship and incentivise women to go for higher-paying and higher-skilled positions.<sup>22</sup> Therefore, by improving its WGE regulations, Indonesia will incentivise more women to join the workplace, creating opportunities for women to have high ranking roles in organisations and this, in turn, may improve the nation's economic growth.

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<sup>17</sup> "Return on Equity (ROE) vs. Return on Assets (ROA)," Investopedia.com, accessed May 28, 2020, <https://www.investopedia.com/ask/answers/070914/what-are-main-differences-between-return-equity-roe-and-return-assets-roa.asp>.

<sup>18</sup> The Economist Intelligence Unit and IFC, *Board Gender Diversity in ASEAN* (Washington, DC: International Finance Corporation, 2019), 33. IFC.

<sup>19</sup> IFC, *Board Gender Diversity in ASEAN*, 33.

<sup>20</sup> The Economist Intelligence Unit and IFC, *Board Gender Diversity in ASEAN*, 39.

<sup>21</sup> Bureau for Employers' Activities (ACT/EMP), *Women in Business and Management*, 71.

<sup>22</sup> Bureau for Employers' Activities (ACT/EMP), *Women in Business and Management*, 71.

## Benefits of WGE reporting worldwide

Indonesia should be more active and transparent in its efforts to advance WGE as it will assist companies in attracting well-performing employees and high-quality investors, which will positively contribute to the country's growing economy. In an interview that the author conducted with Indonesian representatives of the GRI, the representatives indicated that companies might reportedly be incentivised to report on WGE as it attracts high-quality talents, specifically women, who use sustainability reports to understand more about a company's workplace culture.<sup>23</sup> They indicated further that if companies can present themselves as being cognisant of employees' welfare, such as through good WGE policies, high-quality talents can be easily attracted to be part of the workforce.<sup>24</sup> Furthermore, transparency on WGE is important to attract stakeholders. This is evidenced by the case of Australian companies listed in the stock market. In an effort to advance sustainability, the Australian Securities Exchange's Corporate Governance Council has measured gender diversity targets of listed companies since 2010 and because of that, publicly listed companies have continuously put in the work to meet the 30% female representation in the board.<sup>25</sup> This evidence demonstrates that other than advancing sustainability, increasing WGE reporting and transparency also works to attract a larger pool of investors as the more a company reports about its efforts on advancing WGE, the more it is able to meet investors' expectations.<sup>26</sup> Therefore, considering the benefits of WGE reporting for companies, the Indonesian government should consider integrating a comprehensive WGE reporting criteria to enhance its economic growth.

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<sup>23</sup> GRI Indonesia representatives, Interview.

<sup>24</sup> GRI Indonesia representatives, Interview.

<sup>25</sup> Jonathan Woetzel et al. of the McKinsey Global Institute, *The power of parity: Advancing women's equality in Asia-Pacific* (Shanghai: McKinsey & Company, 2018), 53. McKinsey & Company Featured Insights.

<sup>26</sup> ASX Corporate Governance Council, *Corporate Governance Principles and Recommendations: 4th Edition*, (Sydney: ASX, 2019), 1. ASX Regulation.

## Analysis of Indonesia's sustainability reporting regulation, POJK51

### About POJK51

While Indonesia has created a regulation that requires the reporting of some elements of WGE, such as the number of employees by gender, as part of a company's sustainability report, the regulation does not mandate all aspects of WGE to be reported. POJK51/POJK.03/2017 (POJK51) is a regulation that was created by the Indonesian Financial Services Authority (OJK) in 2017, which requires all financial services institutions and publicly listed companies in Indonesia to publish sustainability reports as part of its efforts on sustainable financing.<sup>27</sup> In the regulation, the OJK also provides requirements on what companies should include in their sustainability report in the regulation.<sup>28</sup> However, the regulation does not require companies to report all aspects of WGE and even on the few aspects that companies are required to report, they are not required to explain it in detail.

### Aspects of WGE reporting in POJK51

Under POJK51, companies are only required to have a few aspects of WGE reported, such as the number of employees by gender. Regarding reporting, the OJK uses clear language on outlining the information that companies should include in their sustainability reports. Most importantly, they use the language, "must cover at least the following information" rather than "must cover at least one/two/three aspects of information listed below."<sup>29</sup> This ensures that there is no flexibility to choose to cover only certain issues, while also allowing companies to include more information beyond those aspects. However, OJK mainly outlines details for environmental and economic aspects and not the social aspects. In the OJK's sustainability reporting requirement, there are only three elements of WGE reporting that are required to be reported as part of the company's social aspect. The first one is that companies must disclose the "number of employee by gender, position, age, education and employment status" as part of the firm's profile.<sup>30</sup> Secondly, companies are required to state that they have a "decent and safe work environment,"<sup>31</sup> which has implications of non-discrimination, including on sexual harassment. Thirdly, companies are required to state that they are an "equal opportunity employer."<sup>32</sup> However, there is an overall issue with the sustainability reporting requirement in the regulation

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<sup>27</sup> Otoritas Jasa Keuangan, *Salinan Peraturan Otoritas Jasa Keuangan Nomor 51/POJK.03/2017*, 6.

<sup>28</sup> Otoritas Jasa Keuangan, *Salinan Peraturan Otoritas Jasa Keuangan Nomor 51/POJK.03/2017*, 12.

<sup>29</sup> Otoritas Jasa Keuangan, *Lampiran II Peraturan Otoritas Jasa Keuangan Nomor 51/POJK.03/2017* (Jakarta, 2017), 22.

<sup>30</sup> Otoritas Jasa Keuangan, *Lampiran II Peraturan Otoritas Jasa Keuangan Nomor 51/POJK.03/2017*, 22.

<sup>31</sup> Otoritas Jasa Keuangan, *Lampiran II Peraturan Otoritas Jasa Keuangan Nomor 51/POJK.03/2017*, 25.

<sup>32</sup> Otoritas Jasa Keuangan, *Lampiran II Peraturan Otoritas Jasa Keuangan Nomor 51/POJK.03/2017*, 25.

and that is its vague language. For example, companies are not required to report on the strategies that they are undertaking to ensure a “decent and safe work environment.” This means companies could just include a brief statement on ensuring a “decent and safe work environment,” with no further guidelines to meet this standard. Furthermore, and most importantly, the gendered aspect of “decent and safe work” and “equal opportunity employer” is not stated in the regulation but is only implied, which demonstrates a huge limitation of the WGE reporting requirement in POJK51. The limited scope and the vague language of the sustainability reporting requirement in POJK51 further supports the need for a comprehensive WGE reporting criteria to be created.

## Efforts on improving sustainability reporting standards in Indonesia

### Mainstreaming the GRI standards

To change the WGE reporting standards in Indonesia, the change must be initiated by the Indonesian government, which has attempted to do so by acknowledging and mainstreaming the GRI standards. According to a journal article by Biger A. Maghribi, a Senior Analyst at OJK, the compulsory sustainable finance reporting standards in POJK51 acknowledges international reporting standards, such as the GRI.<sup>33</sup> Although not explicitly mentioned in the regulation and while sustainable finance reporting is separate to sustainability reporting, the statement from Maghribi's report implies that the Indonesian government is making an attempt to improve its reporting standards, starting with its sustainable finance reporting. The Maghribi report also states that the Indonesia Stock Exchange (IDX) is one of the few government institutions significantly involved in the sustainable finance program.<sup>34</sup> This is demonstrated by the fact that the IDX has held a seminar on "How to Report Gender Equality, Water, Occupational Health and Safety in Sustainability Report" on 28 March 2019 in collaboration with the GRI for firms that are required to publish sustainability reports under POJK51.<sup>35</sup> This demonstrates that the Indonesian government is making an attempt to improve its WGE reporting standards. However, while GRI is referenced in 125 government and/or capital market regulation policies across 60 countries, including in South East Asia, Indonesia is not one of the countries that has referenced the standards,<sup>36</sup> which is crucial in showing its commitments. Therefore, while the Indonesian government is already making efforts in improving reporting standards for companies, Indonesia should continue its efforts and reference GRI in its policies to ensure better WGE reporting.

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<sup>33</sup> Biger A. Maghribi, "Sustainable Finance in Indonesia: How the Financial Services Industry Contributes to Environmental, Social and Governance Issues," *Nomura Journal of Asian Capital Markets* 4, no. 1 (Autumn 2019): 13, [www.nomurafoundation.or.jp/en/wordpress/wp-content/uploads/2019/09/NJACM4-1AU19-03.pdf](http://www.nomurafoundation.or.jp/en/wordpress/wp-content/uploads/2019/09/NJACM4-1AU19-03.pdf).

<sup>34</sup> Maghribi, "Sustainable Finance in Indonesia," 12.

<sup>35</sup> "Indonesia Stock Exchange," Sustainable Stock Exchanges initiative, last modified 2019, <https://sseinitiative.org/stock-exchange/idx/>.

<sup>36</sup> Lany Harijanti, *GRI and the SDGs: An introduction to GRI 305 on Emission* (Jakarta: World Resources Institute (WRI) Indonesia, 2019), 5. WRI Indonesia.

## Promoting the Sustainable Development Goals

The Indonesian government is also attempting to improve reporting standards by promoting the reporting of the United Nations' Sustainable Development Goals (SDGs). The Indonesian government has already instituted the SDGs into its national development efforts which encourages private businesses to voluntarily report on their contribution towards the goals. The government has integrated this through the ratification of the Presidential Decree (PERPRES) number 59/2017, which states that the SDGs will be synchronised with Indonesia's Medium and Long-Term National Development Plan.<sup>37</sup> This means that they will need the support of many parties, including private businesses, to report their progress on the SDGs, which includes Gender Equality (SDG no. 5) to showcase Indonesia's overall progress.<sup>38</sup> By encouraging reporting on the SDGs, this strongly indicates that the Indonesian government is making efforts to improve and deepen its reporting standards. However, there is an incongruity of information on the context of WGE regulations and WGE reporting in Indonesia. This is demonstrated by the interviews that the author has conducted with GRI Indonesia and two publicly listed Indonesian companies, Bank BTPN<sup>39</sup> and Tira Austenite,<sup>40</sup> in which GRI indicated that there are too many reporting requirements for companies,<sup>41</sup> while the companies indicated that there are not enough mandatory sustainability reporting requirements in place. Therefore, while the Indonesian government is already making efforts in increasing and improving WGE reporting for companies, this evidence strengthens the argument for the implementation of a comprehensive WGE reporting criteria as part of POJK51 to ensure that companies are clear on their reporting requirements.

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<sup>37</sup> Presiden Republik Indonesia, *Peraturan Presiden Republik Indonesia Nomor 59 Tahun 2017* (Jakarta, 2017), 2-4.

<sup>38</sup> Gellwynn Jusuf and Wahyuningsih Darajati, *Pedoman Penyusunan Rencana Aksi Sustainable Development Goals (SDGs)* (Jakarta: Kementerian Perencanaan Pembangunan Nasional/ Bappenas, 2017), 1-7. Bappenas.

<sup>39</sup> Bank BTPN Indonesia representative, Interview with Nadia Setianto (Skype, April 16, 2020). (Available upon request)

<sup>40</sup> Tira Austenite Indonesia representative, Interview with Nadia Setianto (Skype, April 17, 2020). (Available upon request)

<sup>41</sup> GRI Indonesia representatives, Interview.



## Comparison with other Southeast Asian lower-middle income economies

The Philippines, Vietnam and Myanmar are all good measures of comparison as they are all South East Asian countries, which, similar to Indonesia, are also classified as lower-middle income economies by the World Bank. The World Bank classifies lower-middle income countries as countries that have a per capita gross national income of \$1,026 USD to \$3,995 USD annually.<sup>42</sup> Listed below are the context of WGE and WGE reporting in the Philippines, Vietnam and Myanmar respectively.

<b>Table 1: WGE and WGE reporting in the Philippines, Vietnam, and Myanmar</b>			
<b>Topic</b>	<b>The Philippines</b>	<b>Vietnam</b>	<b>Myanmar</b>
Context of WGE	<ul style="list-style-type: none"> <li>Complete policies ensuring WGE according to the WBL index (100 points on “Workplace” indicator), including equal pay.<sup>43</sup></li> <li>The best in the Asia-Pacific for gender equality in work.<sup>44</sup></li> </ul>	<ul style="list-style-type: none"> <li>Complete policies ensuring WGE according to the WBL index (100 points on “Workplace” indicator), including equal pay.<sup>48</sup></li> <li>The best out of all ASEAN countries and majority of OECD members in female labor force</li> </ul>	<ul style="list-style-type: none"> <li>Incomplete policies surrounding WGE according to the WBL index (25 points on the “Workplace” index) and no equal pay.<sup>53</sup></li> <li>Gender wage gap is higher than Indonesia’s at approximately 27%.<sup>54</sup></li> </ul>

<sup>42</sup> “World Bank Country and Lending Groups,” The World Bank, accessed May 28, 2020, <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>.

<sup>43</sup> “Women, Business and the Law – Economy Data, Philippines,” The World Bank, accessed May 28, 2020, <https://wbl.worldbank.org/en/data/exploreeconomies/philippines/2020>.

<sup>44</sup> Woetzel et al. of the McKinsey Global Institute, *The power of parity*, 8.

<sup>48</sup> “Women, Business and the Law – Economy Data, Vietnam,” The World Bank, accessed May 28, 2020, <https://wbl.worldbank.org/en/data/exploreeconomies/vietnam/2020>.

<sup>53</sup> “Women, Business and the Law – Economy Data, Myanmar,” The World Bank, accessed May 28, 2020, <https://wbl.worldbank.org/en/data/exploreeconomies/myanmar/2020>.

<sup>54</sup> Bureau for Employers’ Activities (ACT/EMP), *Women in Business and Management*, 69.

	<ul style="list-style-type: none"> <li>• Best for gender equality in work because of low wage gap at below 10%,<sup>45</sup> large number of women in leadership in professional and technical jobs, etc.<sup>46</sup></li> <li>• However, female labour force participation is still low, few family-friendly policies in the workplace, etc.<sup>47</sup></li> </ul>	<p>participation rate.<sup>49</sup></p> <ul style="list-style-type: none"> <li>• Second best out of all Asian countries in terms of number of women in senior management occupations, with the Philippines outperforming Vietnam.<sup>50</sup></li> <li>• However, gender pay gap is still prevalent at 10%<sup>51</sup> as there are still biases in hiring in professional jobs, etc.<sup>52</sup></li> </ul>	
Context of WGE reporting	<ul style="list-style-type: none"> <li>• WGE reporting, which is included as part of sustainability reporting, is encouraged as of 2019 for publicly listed companies.<sup>55</sup></li> </ul>	<ul style="list-style-type: none"> <li>• WGE reporting, which is included as part of sustainability reporting, is encouraged as of 2015 for publicly listed companies.<sup>56</sup></li> </ul>	<ul style="list-style-type: none"> <li>• No regulation on mandatory sustainability/WGE reporting in Myanmar.</li> <li>• However, according to Myanmar Center for Responsible Business</li> </ul>

<sup>45</sup> Bureau for Employers' Activities (ACT/EMP), Women in Business and Management, 69.

<sup>46</sup> Woetzel et al. of the McKinsey Global Institute, *The power of parity*, 164.

<sup>47</sup> Woetzel et al. of the McKinsey Global Institute, *The power of parity*, 167, 176.

<sup>49</sup> Raman Preet, "Vietnam Records High Female Employment But Challenges Remain," *Vietnam Briefing*, October 31, 2019, <https://www.vietnam-briefing.com/news/vietnam-records-high-female-employment-challenges-remain.html/>.

<sup>50</sup> Grant Thornton, "Vietnam is ranked the second most women in senior management among Asian countries," *Grant Thornton*, March 7, 2019, <https://www.grantthornton.com.vn/press/press-release-2019/women-in-business/>.

<sup>51</sup> Bureau for Employers' Activities (ACT/EMP), Women in Business and Management, 69.

<sup>52</sup> Preet, "Vietnam Records High Female Employment But Challenges Remain."

<sup>55</sup> "Philippines Stock Exchange," Sustainable Stock Exchanges Initiative, last modified 2019, <https://sseinitiative.org/stock-exchange/pse/>.

<sup>56</sup> "Ho Chi Minh Stock Exchange," Sustainable Stock Exchanges initiative, last modified 2019, <https://sseinitiative.org/stock-exchange/hsx/>.

			<p>(MCRB) in its 2019 “Transparency in Myanmar Enterprises” report, out of 248 companies assessed, 20 companies either had diversity and/or non-discrimination policies.<sup>57</sup></p> <ul style="list-style-type: none"> <li>• According to the same report, 15 disclosed specific KPIs related to diversity, gender-equality and equal opportunities in their workplace.<sup>58</sup></li> <li>• However, the same report also shows that Myanmar’s sustainability efforts are still very much focused on ‘anti-corruption’, ‘corporate governance’, and/or other economic development efforts rather than social efforts, such as gender equality.<sup>59</sup></li> </ul>
What are stakeholders required to report for WGE?	In the official guideline published by the Philippines Securities and Exchange commission, companies are strongly	In the official guideline published by the State Securities Commission of Vietnam along with IFC, companies are	Not applicable

<sup>57</sup> Myanmar Centre for Responsible Business (MCRB), *Pwint Thit Sa – Transparency in Myanmar Enterprises: Fifth Report* (Yangon: MCRB, 2019), 52. MCRB.

<sup>58</sup> MCRB, *Pwint Thit Sa – Transparency in Myanmar Enterprises*, 52.

<sup>59</sup> MCRB, *Pwint Thit Sa – Transparency in Myanmar Enterprises*, 52.

	<p>encouraged to report on:</p> <ul style="list-style-type: none"> <li>• The number of male and female employees.<sup>60</sup></li> <li>• Employee benefits, including parental leave.<sup>61</sup></li> <li>• Training and development by gender.<sup>62</sup></li> <li>• Policies that bans violations of human rights, including sexual harassment.<sup>63</sup></li> </ul>	<p>encouraged to report on:</p> <ul style="list-style-type: none"> <li>• Employment by gender.<sup>64</sup></li> <li>• Training and education by gender.<sup>65</sup></li> <li>• Average wages of workers according to gender.<sup>66</sup></li> </ul>	
Efforts in improving sustainability reporting standards	<ul style="list-style-type: none"> <li>• Reference to GRI standards in capital market regulation, amongst the few in Southeast Asia along with Vietnam, Singapore,</li> </ul>	<ul style="list-style-type: none"> <li>• Reference to GRI standards in capital market regulation, amongst the few in Southeast Asia along with the Philippines, Singapore,</li> </ul>	<ul style="list-style-type: none"> <li>• A new Myanmar Companies Law implemented in December 2017 required the issuance of a “Director’s Report” along with their Financial Statements for all public and private</li> </ul>

<sup>60</sup> Securities and Exchange Commission (Philippines), *Sustainability Reporting Guidelines for Publicly Listed Companies* (Pasay City: Securities and Exchange Commission (Philippines), 2019), 34. Securities and Exchange Commission (Philippines).

<sup>61</sup> Securities and Exchange Commission (Philippines), *Sustainability Reporting Guidelines*, 34.

<sup>62</sup> Securities and Exchange Commission (Philippines), *Sustainability Reporting Guidelines for Publicly Listed Companies*, 35.

<sup>63</sup> Securities and Exchange Commission (Philippines), *Sustainability Reporting Guidelines for Publicly Listed Companies*, 37.

<sup>64</sup> State Securities Commission of Vietnam (SSC) and the International Finance Corporation (IFC), *Environmental & Social Disclosure Guide* (Vietnam: SSC and the IFC, 2016), 19. SSE Initiative.

<sup>65</sup> SSC and the IFC, *Environmental & Social Disclosure Guide*, 20.

<sup>66</sup> SSC and the IFC, *Environmental & Social Disclosure Guide*, 44.

	<p>Malaysia, and Thailand.<sup>67</sup></p> <ul style="list-style-type: none"> <li>The Philippines' SEC was the only Southeast Asian country awarded the International Standards of Accounting and Reporting Honors 2019, for "or publishing guidance for all listed companies on how to disclose sustainability performance and report contributions towards the Sustainable Development Goals," which includes gender equality.<sup>68</sup></li> </ul>	<p>Malaysia, and Thailand.<sup>69</sup></p> <ul style="list-style-type: none"> <li>In July 2017, Vietnam's stock exchange released the "Sustainability Index (VNSI)", which assesses the sustainability performance (environmental, social, governance) of the 20 highest ranking publicly listed firms.<sup>70</sup></li> <li>The VNSI has implications of WGE being measured in it as the index's criteria follows the GRI standards and the social aspects "cover each company's policies, commitments, relationships with employees and partners..."<sup>71</sup></li> </ul>	<p>companies, except for small companies.<sup>72</sup></p> <ul style="list-style-type: none"> <li>According to the law, Myanmar companies must report "risks and uncertainties" in the report, which could imply reporting of sustainability issues, as suggested by the MCRB, although this is not explicitly stated.<sup>73</sup></li> </ul>
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<sup>67</sup> Harijanti, *GRI and the SDGs*, 5.

<sup>68</sup> GRI, "Advancing corporate sustainability in the Philippines," *GRI News*, December 11, 2019, <https://www.globalreporting.org/information/news-and-press-center/Pages/Advancing-corporate-sustainability-in-the-Philippines.aspx>.

<sup>69</sup> Harijanti, *GRI and the SDGs*, 5.

<sup>70</sup> Sustainable Stock Exchanges initiative, "Ho Chi Minh Stock Exchange."

<sup>71</sup> Nguyen Quoc, "VN Sustainability Index to be applied from July," *Vietnam Economic Times*, March 24, 2017, [www.vneconomictimes.com/article/banking-finance/vn-sustainability-index-to-be-applied-from-july](http://www.vneconomictimes.com/article/banking-finance/vn-sustainability-index-to-be-applied-from-july).

<sup>72</sup> MCRB, *Pwint Thit Sa – Transparency in Myanmar Enterprises*, 23.

<sup>73</sup> MCRB, *Pwint Thit Sa – Transparency in Myanmar Enterprises*, 23.

## Comparing WGE and WGE reporting between the Philippines, Vietnam, Myanmar and Indonesia

Despite having the same status economically, Table 1 shows that Indonesia has a different level of progress in WGE than the Philippines, Vietnam and Myanmar. When compared to the Philippines and Vietnam, Indonesia is behind in its efforts in advancing WGE. For instance, in the “Context of WGE” section of Table 1, it is observable that the Philippines and Vietnam are more advanced in WGE regulations as compared to Indonesia as the two countries managed to score 100 points on the “Workplace” indicator, while Indonesia only scored 50 points. Another example is that the Philippines and Vietnam have referenced the GRI standards in at least one of their capital market regulations, while Indonesia is one of the few South East Asian countries that have not. However, despite its lack of progress as compared to the Philippines and Vietnam, Indonesia’s progress on advancing WGE should be acknowledged as the country is progressing more on WGE as compared to its other lower middle-income counterpart, Myanmar. Especially when considering that Indonesia has at least a form of mandatory WGE reporting instituted, while Myanmar has none. Therefore, Indonesia is already on the right track with its progress and should focus on significantly progressing its efforts in advancing WGE.

The Philippines, Vietnam and Indonesia still have similarities when it comes to issues on WGE. This includes the ingrained gendered norms that make it difficult for women to enter the workforce and find opportunities for promotion once employed.<sup>74</sup> This indicates that South East Asian societies still feel very strongly about the role of women as caregivers and men as breadwinners, which results in more women taking parental leave, causing them to have lower retention rates and career progression.<sup>75</sup> From a male perspective, evidence shows men have a higher likelihood of being criticised for taking parental leave by both men and women, and due to this chose to take fewer days than entitled to.<sup>76</sup> Thus, while the Philippines and Vietnam have better WGE regulations, gendered social norms are hindering them from advancing WGE. This increases the need for better WGE reporting to institutionalise women’s economic role in their life cycle while reinforcing positive gender norms to allow for employers and employees to recognise cultural sensitivities within their workforce and work towards shifting these.

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<sup>74</sup> Monitoring, Evaluation, and Learning Team, *Attitudes to Equality: Understanding social norms, perceptions and practices around gender in Indonesia, the Philippines and Vietnam* (Australia: Investing in Women, 2018), 26. Investing in Women.

<sup>75</sup> Monitoring, Evaluation, and Learning Team, *Attitudes to Equality*, 26.

<sup>76</sup> Monitoring, Evaluation, and Learning Team, *Attitudes to Equality*, 36.



## Leaders of WGE reporting: Takeaways from the GRI and the WGEA

### About the GRI

The GRI is a reporting standards organisation that was established in 1997 and instituted the first global guidelines for sustainability reporting in 2016.<sup>77</sup> According to the organisation's objective, the GRI encourages organisations to report on their environmental, social (including WGE), and economic influence and their role in advancing sustainable development, which includes gender equality.<sup>78</sup> GRI standards are internationally recognised as ever since it released its global guidelines in 2016, it has been referred to in 125 capital market regulations and/or governmental policies in 60 countries and regions.<sup>79</sup> Therefore, GRI standards can be considered as a globally recognised measuring tool of a company's sustainability, which includes progress on WGE.

### About Australia's WGEA

The WGEA is an agency built by the Australian government in accordance with the Workplace Gender Equality Act in 2012 to promote and advance gender equality in Australian workplaces. Since the establishment of the WGEA in 2012, it has made WGE reporting in Australia mandatory for non-public sector companies in Australia with 100 or more employees annually.<sup>80</sup> This makes Australia a pioneer in WGE reporting as GRI standards were set four years later in 2016.<sup>81</sup> Therefore, considering its comprehensiveness, the WGEA reporting criteria should be set as a reference point for the Indonesian government to improve its understanding on where a company is on WGE.

### The difference between the GRI standards and the WGEA reporting criteria

Table 2 highlights the key aspects of WGE that an organisation is required to report according to both GRI and Australia's Workplace Gender Equality Agency (WGEA). The aspects of WGE that an organisation is required to report on are divided into four categories. These four categories are Employment, Training and Education, Diversity and Equal Opportunity, and Non-Discrimination. The main difference between the GRI standards on WGE and WGEA reporting

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<sup>77</sup> "GRI's History," GRI, accessed May 28, 2020, <https://www.globalreporting.org/information/about-gri/gri-history/Pages/GRI's%20history.aspx>.

<sup>78</sup> GRI, "GRI's History."

<sup>79</sup> Harijanti, *GRI and the SDGs*, 5.

<sup>80</sup> "1.1 Do I need to report?" Australian Government – Workplace Gender Equality Agency, last modified 2018, <https://www.wgea.gov.au/reporting/do-you-need-to-report>.

<sup>81</sup> Australian Government – Workplace Gender Equality Agency, "1.1 Do I need to report?"

standards is that GRI includes WGE reporting as part of a company's sustainability report, while the WGEA requires companies to create a standalone report for WGE. This difference causes the WGEA reporting criteria to be much more comprehensive than the GRI standards for WGE reporting, as observed on Table 2, even though both standards' list of aspects to report on can be separated into four categories. The list of aspects to report on in each category are determined by the category's definition, created by GRI, which are included in the table below:

<b>Table 2: WGE reporting aspects in the GRI and the WGEA</b>		
<b>WGE Reporting Aspects</b>	<b>GRI (12 points/elements)</b>	<b>Australia's WGEA (19 points/elements)</b>
<p>Employment (GRI 401):</p> <p>"An organisation's approach to hiring, recruitment, retention and related practices, and the working conditions it provides."<sup>82</sup></p>	<ul style="list-style-type: none"> <li>• Number of new and existing employees and turnover rates by gender.<sup>83</sup></li> <li>• Whether policies are incompatible with needs of specific groups or potential inequity in the workplace.<sup>84</sup></li> <li>• Number of employees allowed to and do take parental leave by gender.<sup>85</sup></li> <li>• Number of employees that come back to work after parental leave by gender.<sup>86</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Number of managers and employees by gender.<sup>88</sup></li> <li>• Policies for recruitment and retention and take into account Gender Equality (GE) principles.<sup>89</sup></li> <li>• Set GE KPIs for managers.<sup>90</sup></li> <li>• Promotions, appointments and resignations.<sup>91</sup></li> <li>• Offer paid parental leave to primary and secondary carers.<sup>92</sup></li> </ul>

<sup>82</sup> Global Sustainability Standards Board (GSSB), *GRI 401: Employment 2016* (Amsterdam: GRI Standards, 2018), 4. GRI.

<sup>83</sup> GSSB, *GRI 401*, 7.

<sup>84</sup> GSSB, *GRI 401*, 7.

<sup>85</sup> GSSB, *GRI 401*, 9.

<sup>86</sup> GSSB, *GRI 401*, 9.

<sup>88</sup> "3.4 How do I meet GEI 1?" Australian Government – Workplace Gender Equality Agency, last modified 2018, <https://www.wgea.gov.au/guide-to-reporting/3-completing-your-reporting-questionnaire/how-do-i-meet-gei-1>.

<sup>89</sup> Australian Government – Workplace Gender Equality Agency, "3.4 How do I meet GEI 1?"

<sup>90</sup> Australian Government – Workplace Gender Equality Agency, "3.4 How do I meet GEI 1?"

<sup>91</sup> Australian Government – Workplace Gender Equality Agency, "3.4 How do I meet GEI 1?"

<sup>92</sup> "3.7 How do I meet GEI 4?" Australian Government – Workplace Gender Equality Agency, last modified 2018, <https://www.wgea.gov.au/guide-to-reporting/3-completing-your-reporting-questionnaire/how-do-i-meet-gei-4>.

	<ul style="list-style-type: none"> <li>Number of employees allowed to and do take parental leave by gender and are employed back by gender.<sup>87</sup></li> </ul>	<ul style="list-style-type: none"> <li>Number of employees and managers that are on parental leave.<sup>93</sup></li> <li>Develop formal flexible work policy equal for men and women.<sup>94</sup></li> <li>Support employees with caring responsibilities.<sup>95</sup></li> <li>Consulting employees on companies' gender equality policies.<sup>96</sup></li> <li>Support for employees experiencing family/domestic violence.<sup>97</sup></li> </ul>
<p>Training and Education (GRI 404):</p> <p>"An organisation's approach to training and upgrading employee skills, performance, career development</p>	<ul style="list-style-type: none"> <li>Hours of training received by gender.<sup>99</sup></li> <li>Percentage of total employees by gender who received regular performance and career development review.<sup>100</sup></li> </ul>	<ul style="list-style-type: none"> <li>Processes for performance management, to identify internal talent, promotion, succession planning, training and take into account GE principles.<sup>101</sup></li> </ul>

<sup>87</sup> GSSB, *GRI 401*, 9.

<sup>93</sup> Australian Government – Workplace Gender Equality Agency, "3.7 How do I meet GEI 4?"

<sup>94</sup> Australian Government – Workplace Gender Equality Agency, "3.7 How do I meet GEI 4?"

<sup>95</sup> Australian Government – Workplace Gender Equality Agency, "3.7 How do I meet GEI 4?"

<sup>96</sup> "3.8 How do I meet GEI 5?" Australian Government – Workplace Gender Equality Agency, last modified 2018, <https://www.wgea.gov.au/guide-to-reporting/3-completing-your-reporting-questionnaire/how-do-i-meet-gei-5>.

<sup>97</sup> Australian Government – Workplace Gender Equality Agency, "3.8 How do I meet GEI 5?"

<sup>99</sup> GSSB, *GRI 404*, 6.

<sup>100</sup> GSSB, *GRI 404*, 9.

<sup>101</sup> Australian Government – Workplace Gender Equality Agency, "3.4 How do I meet GEI 1?"

reviews.” <sup>98</sup>		
<p>Diversity and Equal Opportunity (GRI 405):</p> <p>“An organisation’s approach to diversity and equal opportunity at work.”<sup>102</sup></p>	<ul style="list-style-type: none"> <li>• Number of personnel in governance body by gender.<sup>103</sup></li> <li>• Number of each employee per division by gender.<sup>104</sup></li> <li>• Basic salary ratio of men and women in each division.<sup>105</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Number of personnel in governing bodies by gender.<sup>106</sup></li> <li>• Number of personnel in governing bodies by gender in equity and non-equity partners.<sup>107</sup></li> <li>• Policies for appointing governing bodies.<sup>108</sup></li> <li>• Develop formal gender pay equity policy and/or strategy.<sup>109</sup></li> <li>• Any gender pay gap in payroll.<sup>110</sup></li> <li>• Act on any gender pay gap.<sup>111</sup></li> </ul>
<p>Non-Discrimination (GRI 406):</p> <p>“Non-discrimination is</p>	<ul style="list-style-type: none"> <li>• Number of discrimination incidents that occur in reporting period.<sup>113</sup></li> <li>• Status of incident and</li> </ul>	<ul style="list-style-type: none"> <li>• Develop policy for a harassment and discrimination-free workplace.<sup>115</sup></li> <li>• Train managers to prevent sex-</li> </ul>

<sup>98</sup> Global Sustainability Standards Board (GSSB), *GRI 404: Training and Education 2016* (Amsterdam: GRI Standards, 2018), 4. GRI.

<sup>102</sup> Global Sustainability Standards Board (GSSB), *GRI 405: Diversity and Equal Opportunity 2016* (Amsterdam: GRI Standards, 2018), 4. GRI.

<sup>103</sup> GSSB, *GRI 405*, 6.

<sup>104</sup> GSSB, *GRI 405*, 6.

<sup>105</sup> GSSB, *GRI 405*, 7.

<sup>106</sup> “3.5 How do I meet GEI 2?” Australian Government – Workplace Gender Equality Agency, last modified 2018, <https://www.wgea.gov.au/guide-to-reporting/3-completing-your-reporting-questionnaire/how-do-i-meet-gei-2>.

<sup>107</sup> Australian Government – Workplace Gender Equality Agency, “3.5 How do I meet GEI 2?”

<sup>108</sup> Australian Government – Workplace Gender Equality Agency, “3.5 How do I meet GEI 2?”

<sup>109</sup> “3.6 How do I meet GEI 3?” Australian Government – Workplace Gender Equality Agency, last modified 2018, <https://www.wgea.gov.au/guide-to-reporting/3-completing-your-reporting-questionnaire/how-do-i-meet-gei-3>.

<sup>110</sup> Australian Government – Workplace Gender Equality Agency, “3.6 How do I meet GEI 3?”

<sup>111</sup> Australian Government – Workplace Gender Equality Agency, “3.6 How do I meet GEI 3?”

<sup>113</sup> Global Sustainability Standards Board (GSSB), *GRI 406: Non-discrimination 2016* (Amsterdam: GRI Standards, 2018), 4. GRI.

<sup>115</sup> “3.9 How do I meet GEI 6?” Australian Government – Workplace Gender Equality Agency, last modified 2018, <https://www.wgea.gov.au/guide-to-reporting/3-completing-your-reporting-questionnaire/how-do-i-meet-gei-6>.

treating each person fairly on the basis of individual merit and avoiding harassment at work.” <sup>112</sup>	remediation efforts by organisation. <sup>114</sup>	based harassment and discrimination. <sup>116</sup>
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The difference in comprehensiveness between GRI standards and the WGEA standards is reasonable considering that the GRI standards are meant to be implemented worldwide, where different countries have different progress on gender equality and data gathering mechanisms, while WGEA is only applicable to Australian companies. However, when considering Indonesia’s WGE reporting criteria against these two criteria, the GRI standards seem very comprehensive as Indonesia’s criteria only explicitly requires companies to report on one WGE reporting element, being employment by gender. Furthermore, Indonesia’s criteria have a vague language as compared to the GRI standards and WGEA criteria, which has clear gender-sensitive language. Therefore, Indonesia should aim to develop a WGE reporting criteria further considering it has not even met international reporting standards led by the GRI.

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<sup>112</sup> GSSB, *GRI 406*, 4.

<sup>114</sup> GSSB, *GRI 406*, 6.

<sup>116</sup> Australian Government – Workplace Gender Equality Agency, “3.9 How do I meet GEI 6?”

## Recommendations to the Indonesian government

This research report suggests that the Indonesian government should aim to improve its WGE reporting through the following:

### **Integrate the GRI standards on WGE into POJK51**

The Indonesian government should make it mandatory for companies to conduct WGE reporting according to the GRI standards. This requirement should be integrated into the mandatory sustainability reporting requirement for public companies and financial institutions, POJK51. This means making reporting on Employment, Training and Education, Diversity and Equal Opportunity, and Non-Discrimination mandatory under a company's social aspect as part of its sustainability report. This is the easiest and most plausible option that the Indonesian government can take to improve its WGE reporting standards as referencing the GRI standards in a country's capital market regulations. It is something that has already been done by five South East Asian states, including the Philippines and Vietnam. Therefore, the Indonesian government should consider the option of integrating the GRI standards on WGE into POJK51 as a priority.

### **Integrate a comprehensive WGE reporting criteria into POJK51**

Another way for the Indonesian government to improve its mandatory WGE reporting criteria is to create a comprehensive WGE reporting criteria that combines elements of WGE reporting as listed in the GRI standards and the WGEA criteria and integrate it into POJK51. Specifically, creating a comprehensive criteria means fully adopting the GRI standards on WGE reporting, while also adopting some elements of the WGEA reporting criteria, such as requiring companies to develop strategies to ensure equal pay and non-discrimination, for comprehensiveness purposes. If the Indonesian government considers the WGEA reporting criteria to be too comprehensive for companies to follow, the elements of the criteria could be phased-in over a period of time. For example, in year one, Indonesian companies should report on two elements in at least two of the WGE reporting aspects in WGEA. In year two, they should report on three elements in at least three of the WGE reporting aspects and so on. Creating a comprehensive WGE reporting criteria is important to signal to the private sector that the Indonesian government is improving its stance on WGE, which will inevitably force companies to change their policies on WGE for the better as well.

### **Creating a WGE index in the Indonesian Stock Exchange (IDX)**



After collecting the WGE data from publicly listed companies and financial institutions, the government, in collaboration with the IDX, should create a stock market index that highlights the best-performing companies in WGE. A stock market index is a barometer for the stock market as an entirety or for a division of the market, which serves as a standard for investors who are evaluating their own investment portfolio.<sup>117</sup> A prominent example of this is the Bloomberg Gender-Equality Index (GEI). The Bloomberg GEI measures the financial performance of all publicly listed companies trading in the US stock exchange that has a market capitalisation of USD 1 billion or greater who are dedicated in promoting gender equality through representation, policy advancement, and transparency in their data.<sup>118</sup> Another prominent example of a sustainable stock-market index is the SRI-KEHATI Index in the IDX.

The SRI-KEHATI Index measures 25 top-performing companies listed in the IDX, chosen by the KEHATI Foundation, that perform in inspiring sustainable businesses and has good environmental, social and governance indicators.<sup>119</sup> The SRI-KEHATI Index has been a relatively successful index as a study by Zulkafli et al. demonstrated that the return on investment (profit) for the SRI-KEHATI's index is higher than that of the Jakarta Composite Index, a traditional benchmark index.<sup>120</sup> This indicates that companies that are more advanced in their sustainability efforts, attract more investors as they provide higher returns, which investors desire. Sustainability efforts include advancing their social impact, which includes advancing WGE. Therefore, the Indonesian government, in collaboration with the IDX, should increase its sustainability efforts in the stock market by creating a stock market index consisting of top performing companies in WGE, like the Bloomberg GEI, once it has implemented a comprehensive WGE reporting criteria. Creating a WGE stock market index will directly link improving WGE policies with company growth when they get more investors, which translates to economic growth.

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<sup>117</sup> Roger Wohlner, "What Is a Stock Index? Definition and Example," *TheStreet*, October, 10, 2019, <https://www.thestreet.com/investing/what-is-a-stock-index-15122195>.

<sup>118</sup> The Bloomberg Gender Equality Index, *2018 Bloomberg Gender-Equality Index* (New York: Bloomberg, 2018). 3-5. [https://sse.com/media/494977/2018\\_Bloomberg\\_GEI-Booklet\\_FINAL.pdf](https://sse.com/media/494977/2018_Bloomberg_GEI-Booklet_FINAL.pdf).

<sup>119</sup> "Products – Index," Indonesian Stock Exchange (IDX), last modified 2018, <https://www.idx.co.id/en-us/products/index/>.

<sup>120</sup> Abdul Hadi Zulkafli, Zamri Ahmad, and Eky Ermal M, "The Performance of Socially Responsible Investments in Indonesia: A Study of the Sri Kehati Index (SKI)," *Gajah Mada International Journal of Business* 19, no. 1 (January-April 2017): 72, <http://dx.doi.org/10.22146/gamaijb.17959>.

## Conclusion

To answer the central question of this research, which is “How should the Indonesian government improve its mandatory workplace gender equality (WGE) reporting in companies’ sustainability reports?” this paper concludes that the Indonesian government should aim to integrate a comprehensive WGE reporting criteria, combining aspects and elements of the GRI standards and the WGEA reporting criteria, into its sustainability reporting requirement regulation, POJK51. This paper also suggests the government should create a WGE stock market index after integration of the reporting criteria. By collecting comprehensive WGE data from companies and presenting them publicly, the government will encourage companies to contribute in improving the WGE landscape in Indonesia, which will improve Indonesia’s economic growth overall.

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## Appendices

### Appendix 1 – Interview questions for the GRI representatives in Indonesia

1. Gathering data from firms' sustainability reports, how many firms report on workplace gender equality (WGE) in their sustainability report? Why do Indonesian firms do/do not report?
2. What are the top three sustainability aspects that firms report on?
3. What are the benefits of reporting WGE both for the country economy and for companies?
4. Other than the POJK51 regulation that has been released in 2017, do you know what other efforts have been pursued by the government to increase the uniformity of sustainability reports?
5. Do you think following reporting standards, such as the GRI, should be made a requirement for sustainability reports to increase uniformity on gender equality reporting? Why or why not?
6. If not, what are the top 3 solutions, other than reporting standards, do you think would work to encourage reporting?

Note: The interview was conducted via Skype on April 14, 2020.

### Appendix 2 – Interview questions for the Bank BTPN representative in Indonesia

1. What has your experience been with WGE reporting so far? What made Bank BTPN interested?
2. What are the aspects/top three aspects of WGE that Bank BTPN reports on?
3. I read from the EAF that "Data collected in Indonesia, the Philippines and Vietnam indicates that women directors are just as influential as men in corporate governance networks." Is it true in the case of your company? If yes, is there a case study?
4. I also read from the EAF that "In Southeast Asia, there is a positive relationship between gender diversity in the board level and business performance." Is it true in the case of your company? If yes, is there a case study?
5. Other than the POJK51 regulation that has been released in 2017, do you know what other efforts have been pursued by the government to increase the uniformity of sustainability reporting?
6. Do you think following reporting standards, such as the GRI, should be made a requirement for sustainability reports to increase uniformity on gender equality reporting? Why or why not?

Note: The interview was conducted via Skype on April 16, 2020.

### Appendix 3 – Interview questions for the Tira Austenite representative in Indonesia

1. What has your experience been with Workplace Gender Equality reporting so far? What made Tira Austenite interested?
2. What kind of programs do you have on gender equality?
3. What are the aspects/top three aspects of WGE that Tira Austenite reports on?
4. I read from the EAF that “Data collected in Indonesia, the Philippines and Vietnam indicates that women directors are just as influential as men in corporate governance networks.” Is it true in the case of your company? If yes, is there a case study?
5. I also read from the EAF that “In Southeast Asia, there is a positive relationship between gender diversity in the board level and business performance.” Is it true in the case of your company? If yes, is there a case study?
6. Other than the POJK51 regulation that has been released in 2017, do you know what other efforts have been pursued by the government to increase the uniformity of sustainability reporting?
7. Do you think following reporting standards, such as the GRI, should be made a requirement for sustainability reports to increase uniformity on gender equality reporting? Why or why not?

Note: The interview was conducted via Skype on April 17, 2020.

## Appendix 4 – Further details of POJK No.51/POJK.03/2017

Indonesia's Financial Services Authority (OJK) issued a regulation in 2017 on Sustainable Finance Implementation for Financial Institutions, Listed Companies and Public Companies. Sustainability reporting is required to enhance sustainable financing.

The effective submission dates for sustainability reports are:

- 1 January-31 December 2019 for Commercial Banks
- 1 January-31 December 2020 for Issuers and Listed Companies
- 1 January-31 December 2022, 1 January-31 December 2024, and 1 January-31 December 2025 for other Financial Services Institutions

Which types of firms are required to do sustainability reporting?

- All financial services institutions: Banking sector, capital market, insurance, pension funds, pawnbrokers, guarantee agencies, Indonesia Export Financing Institutions, secondary housing finance companies, the Social Security Organising Agency (BPJS). (Article 1)
  - Regulated by Financial Services Authority → those that are publicly listed are also regulated by the Indonesian Stock Exchange
- Issuers: Institutions which conduct initial public offerings, which can include as individuals, companies, joint ventures, associations, or organised groups. (Article 1)
  - Regulated by the Indonesian Stock Exchange
- Publicly listed companies: Companies which shares are held by at least 300 shareholders and have at least Rp 3 billion worth of capital. (Article 1)
  - There are 676 listed public companies in the Indonesian Stock Exchange
  - Regulated by the Indonesian Stock Exchange

Who do they report to?

- To the regulator of the policy, OJK.
- Within OJK, different types of firms submit their sustainability reports to different departments of OJK according to their line of business.
- For securities companies, issuers, and publicly listed companies, the reports are submitted to the Department of Capital Market Supervision.
- For banks, it is addressed to either the Regional Office or Office of the Financial Services Authority if they operate outside of Jakarta or the Supervision Department of the relevant Bank or Islamic Banking Department in case of banks with a principal office in Jakarta.