

FROM ESG TO IMPACT INVESTING:

How Sustainable Finance is Shaping the Future of Business

7-8 DESEMBER 2022

09.00 - 16.00 WIB

ESG

Online With:



Social Investment Indonesia

Plenary-3: ESG Report: ESG Report: How to Accelerate Action on Transparency and Accountability?

7 DESEMBER 2022

14.30 -16.00 WIB

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Online with:*



Social Investment Indonesia



Arief (0877-5570-7171)



Social Investment Indonesia



socialinvestment.id

ESG



GLOBAL REPORTING INITIATIVE



Who we are

GRI is an **independent, international** organization providing the **global common language** for corporate transparency.

We help businesses and other organizations understand and communicate their **sustainability impacts**.

We deliver the **GRI Standards**, the world's most widely adopted sustainability reporting framework – which is **freely provided** as a **public good**.

Our focus areas

1

Create and maintain world-class sustainability disclosure standards

3

Improve the quality of reporting



2

Drive global adoption of the GRI Standards

4

Support full public access to sustainability disclosures



Global reach

78%

of the **largest 250 companies** in the world reporting on sustainability use GRI (*KPMG 2020*)

10,000+

companies publish a **GRI report**

500

organizations from **68 countries** active in the GRI Community

168

policies in **67 countries** and regions reference or require the GRI Standards

12 Languages, including Bahasa Indonesia

224,000

downloads of the GRI Standards in 2020 (11% increase over 2019, 44% previous year)

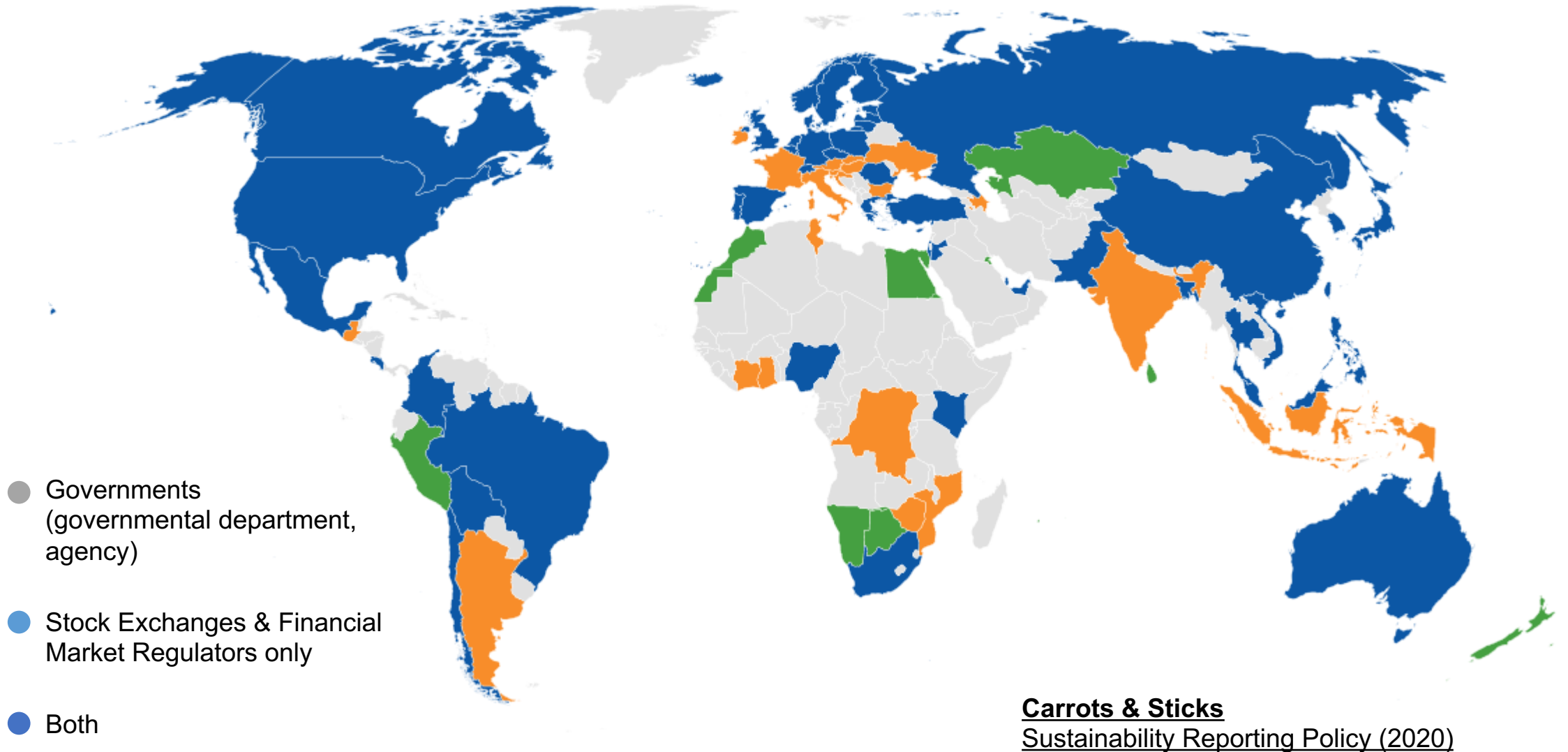
More than

100

training partners across **57 countries** offer GRI Certified Training Courses

Multiplying impact through influencing policies globally

More than 168 policies in over 67 countries and regions reference or require GRI for reporting



GRI and ISSB Collaboration



ESG reporting is growing in importance and urgency as the risks of climate change, social unrest, human health and safety, and reputational impacts from unethical conduct become more evident.

Driving investors and government regulators to examine the long-term resilience of companies from an environmental, social, ethical, and financial perspective.

ESG beyond mitigating risks: Sustainability is now considered to be a company's passport to the future – drive innovation, and as lever to create a competitive advantage

GRI-ISSB reflects importance of ensuring **compatibility and interconnectedness of investor-focused baseline** for sustainability information that meets the needs of capital markets with information intended to serve the broader range of stakeholders

The proposed standards will provide more insight into environmental and other sustainability impacts as and when these become financially material.



Overview of the GRI Standards

The GRI Standards

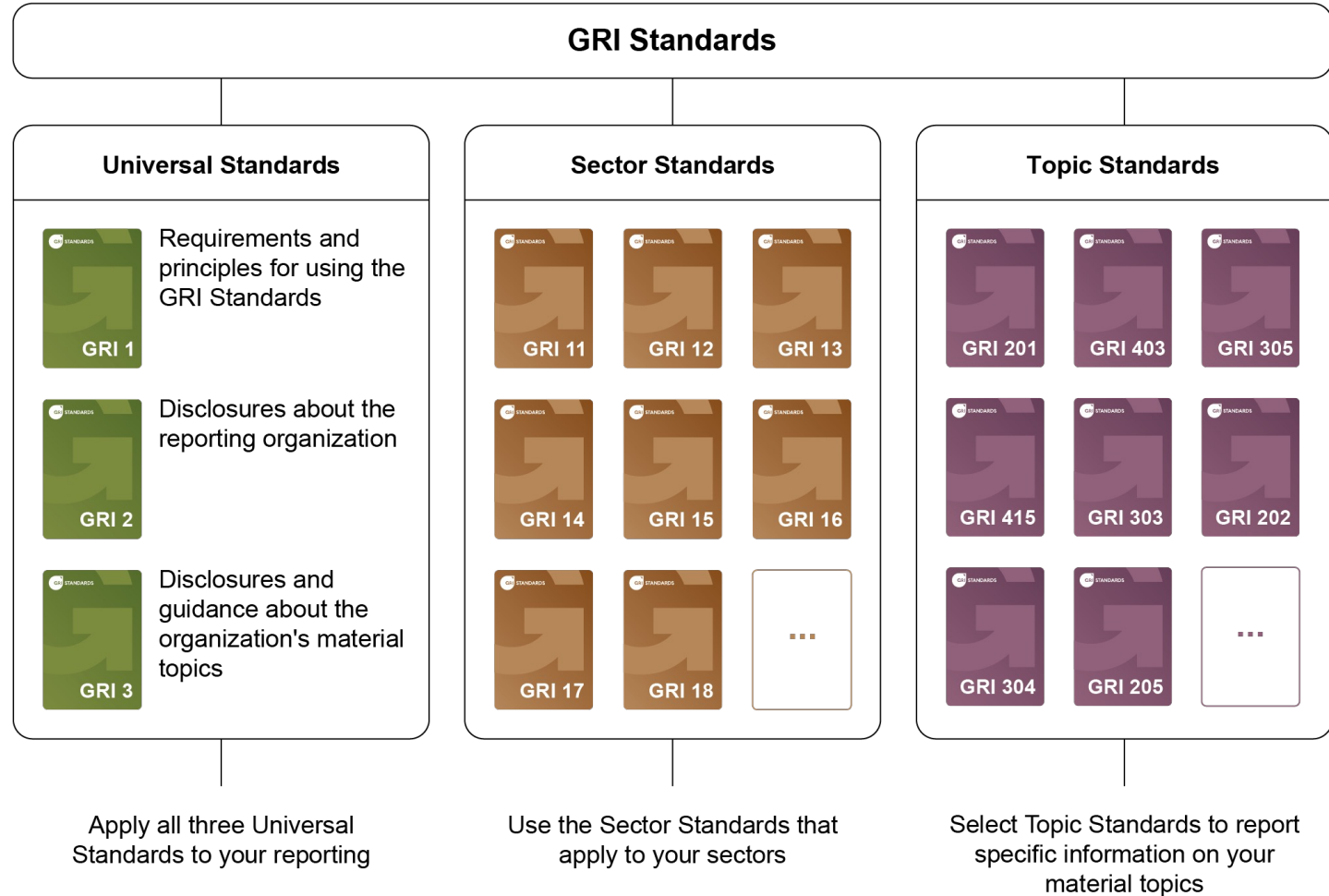
The system

The GRI Standards are a **modular system** comprising three series of standards:

- revised **Universal Standards**
- new **Sector Standards**
- adapted **Topic Standards**

The new **Sector Standards** increase the quality, completeness, and consistency of reporting by organizations within sectors

There are now **31 Topic Standards**. An organization selects the Topic Standards that correspond to the **material topics** it has determined for reporting



Come into effect on **1 January 2023**.

Earlier adoption is encouraged.

31 Topic Standards



- 201 Economic Performance
- 202 Market Presence
- 203 Indirect Economic Impacts
- 204 Procurement Practices
- 205 Anti-corruption
- 206 Anti-competitive Behavior
- 207 Tax
- 301 Materials
- 302 Energy
- 303 Water and Effluents
- 304 Biodiversity
- 305 Emissions
- 306 Waste
- 307 Environmental Compliance
- 308 Supplier Environmental Assessment
- 401 Employment
- 402 Labor/Management Relations
- 403 Occupational Health and Safety
- 404 Training and Education
- 405 Diversity and Equal Opportunity
- 406 Non-discrimination
- 407 Freedom of Association and Collective Bargaining
- 408 Child Labor
- 409 Forced or Compulsory Labor
- 410 Security Practices
- 411 Rights of Indigenous Peoples
- 412 Human Rights Assessment
- 413 Local Communities
- 414 Supplier Social Assessment
- 415 Public Policy
- 416 Customer Health and Safety
- 417 Marketing and Labeling
- 418 Customer Privacy
- 419 Socioeconomic Compliance



Key Concepts and Reporting Principles

Concepts and reporting principles in the GRI Standards 2021

Key concepts:

Impact

Material topics

Due diligence

Stakeholder
Inclusiveness

Reporting principles:

Accuracy

Balance

Clarity

Comparability

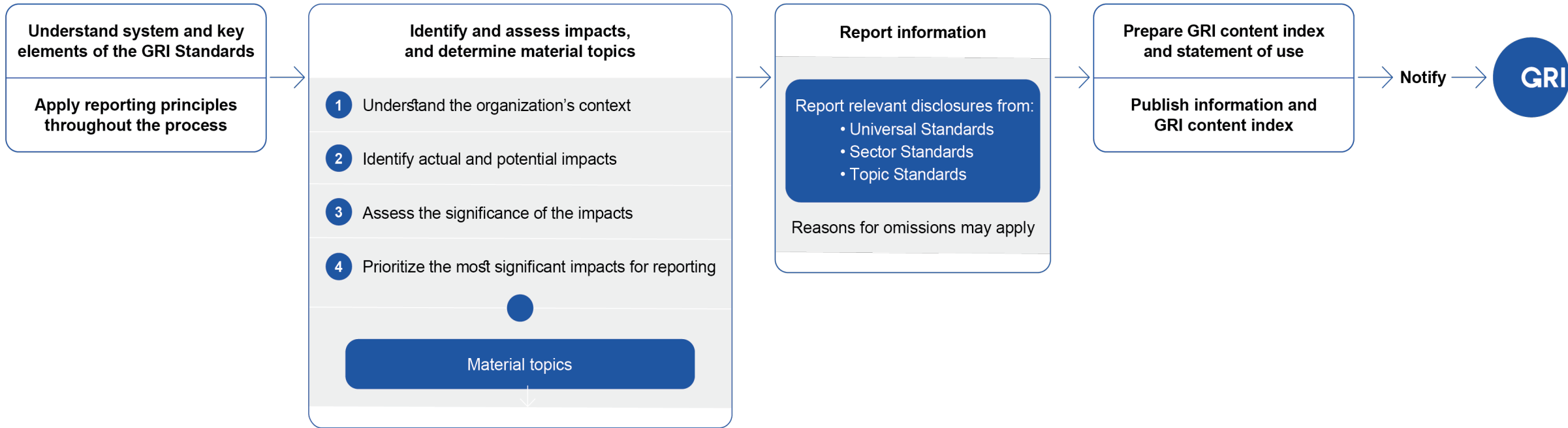
Completeness

Sustainability
context

Timeliness

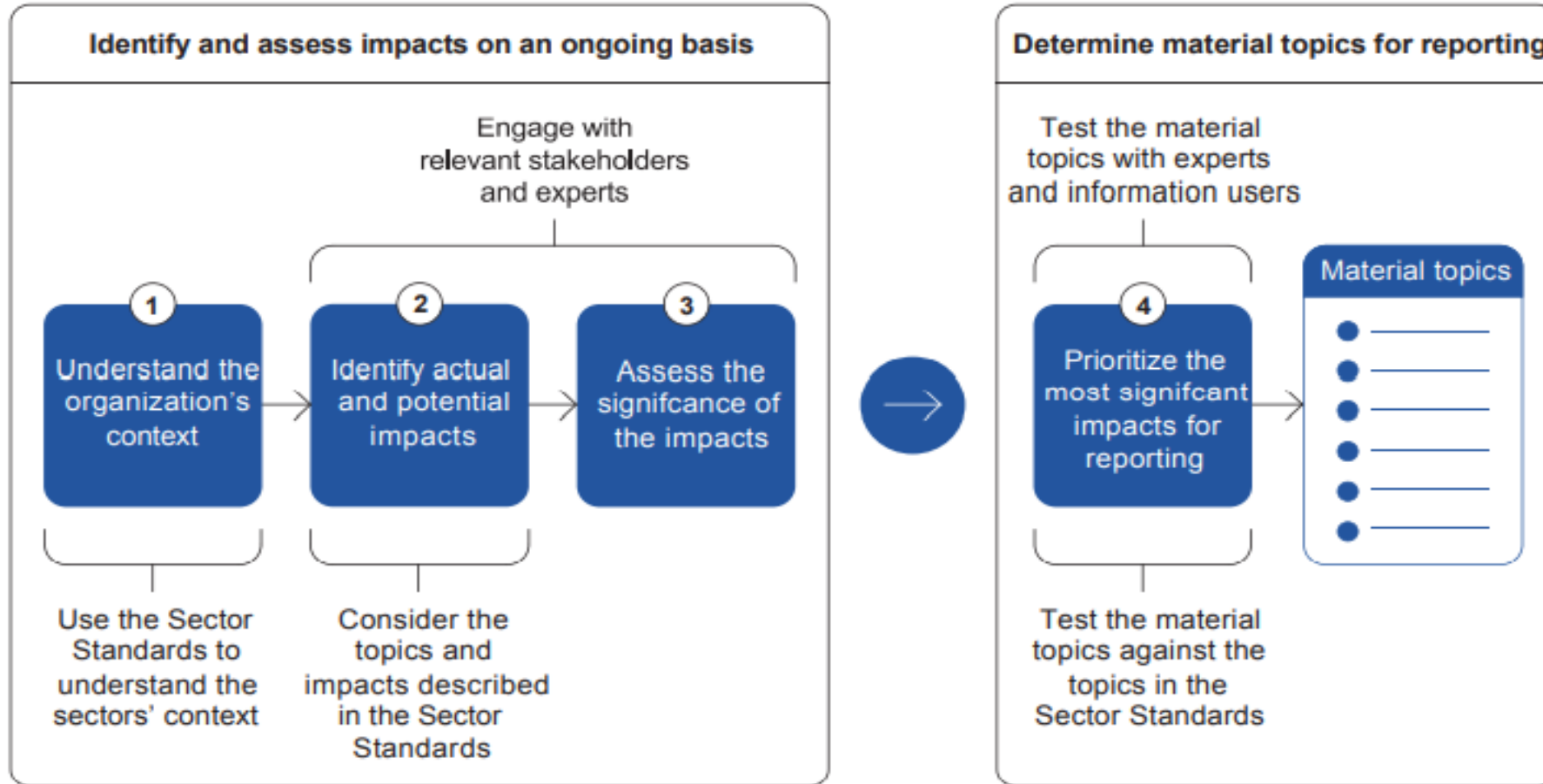
Verifiability

Reporting using the GRI Standards



Material Topics

Process to determine material topics



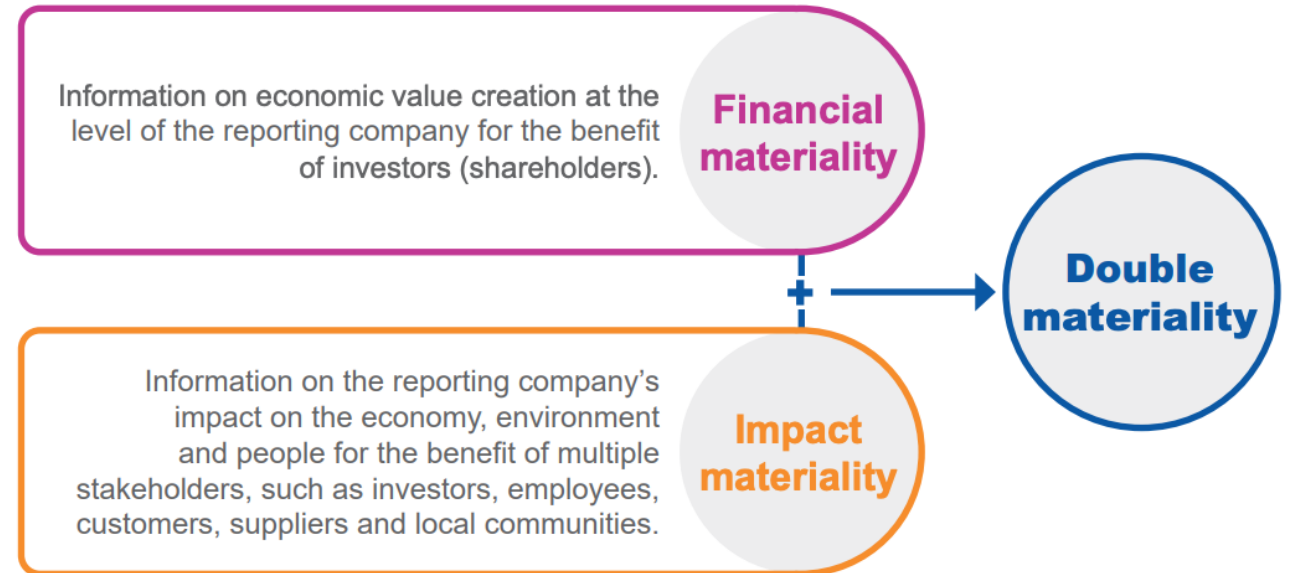
What is material?

“the organization prioritizes reporting on those topics that reflect its most significant impacts on the economy, environment, and people, including impacts on human rights”.

GRI Exposure Draft, 2020

'Double materiality' – financial materiality & impact materiality

- Materiality is the key concept in the world of reporting and plays a part both in the **preparation** of the disclosures and their **verification** by an external party or auditor.
- Materiality is used to *'filter in'* information that should be relevant to users: information considered 'material' – relevant – if it could **influence the decision-making** of stakeholders in respect of the reporting company.
- Impacts of an organization that **are or will become financially material**.



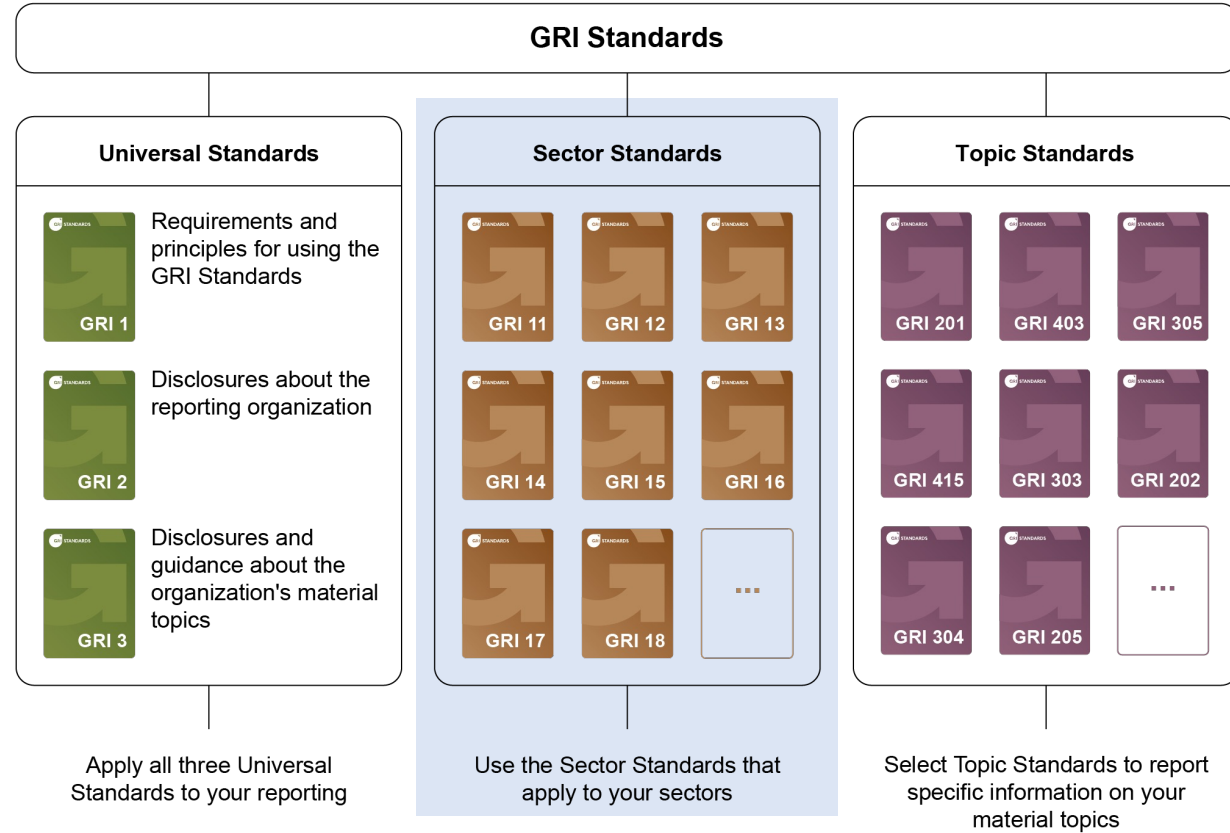
Tests

- The core competencies of the organization** and the manner in which they can contribute to sustainable development
- Key organizational values, policies, strategies, operational management systems, goals, and targets
- Laws, regulations, international agreements, or voluntary agreements of strategic significance to the organization and its stakeholders
- The **interests and expectations of stakeholders** specifically invested in the organization, such as employees and shareholders
- Broader **economic, social, and/or environmental interests and topics raised by stakeholders** such as workers who are not employees, suppliers, local communities, vulnerable groups, and civil society
- The main topics and **future challenges** for a sector, as identified by peers and competitors
- Reasonably estimable economic, environmental, and/or social impacts (such as climate change, HIV-AIDS, or poverty) identified through sound investigation by people with recognized expertise, or by expert bodies with recognized credentials
- Consequences for the organization** which are related to its impacts on the economy, the environment, and/or society (for example, risks to its business model or reputation)



GRI Sector Standards

Why Sector Standards?



- Clarity on a **sector's most significant impacts** from a sustainable development perspective
- Focus sustainability reporting on the **issues that matter most**
- **Consistent reporting** on sector specific impacts increases transparency and **potential for collective action**

Sector Program

- ~40 Sector Standards to be developed
- Sector prioritization primarily led by the significance of sustainability impacts
- *GRI 11: Oil and Gas Sector 2021* is the first Sector Standard to be released
- Coal Sector Standard: Launched on 15 March 2022 and it is in effect for reports or other materials published on or after 1 January 2024, with early adoption encouraged
- Agriculture and Fishing Sector Standard: Launched this June 2022
- Mining Sector Standard: Development will start Jan 2022
- Biodiversity: Preparation started

Group 1 Basic material and needs	
1	Oil and Gas
2	Coal
3	Agriculture, aquaculture, and fishing
4	Mining
5	Food and beverage
6	Textiles and apparel
7	Banks
8	Insurance
9	Asset management
10	Utilities
11	Renewable energy
12	Forestry
13	Metal manufacturing

Sector program



Other sectors prioritized for Standard development

Group 2 Industrial	
1	Construction materials
2	Aerospace and defense
3	Automotive
4	Construction
5	Chemicals
6	Machinery and equipment
7	Pharmaceuticals
8	Electronics

Group 3 Transport, infrastructure and tourism	
1	Media and communication
2	Software
3	Real estate
4	Transportation infrastructure
5	Shipping
6	Trucking
7	Airlines
8	Trading, distribution and logistics
9	Packaging

Group 4 Other services and light manufacturing	
1	Educational services
2	Household durables
3	Managed health care
4	Medical equipment and services
5	Retail
6	Security services and correctional facilities
7	Restaurants
8	Commercial services
9	Non-profit organizations



Supporting reporters

The GRI Standards are provided as a free public good. To support stakeholders in navigating the revised Universal Standards, several free resources are available via our website, or you can visit the GRI Academy for dedicated courses.

bit.ly/griuniversalstandards

- A Short Introduction to the GRI Standards
- Updated GRI Standards brochure
- Leaflet
- GSSB Basis for conclusions
- FAQs
- Mapping between GRI Universal Standards 2021 and GRI Universal Standards 2016
- New Academy course: 'Transitioning from the GRI Standards 2016 to GRI Standards 2021' (*available at a fee*)
- Two new Academy courses: 'Reporting with GRI Standards 2021 Update' and 'Reporting on Human Rights with GRI Standards 2021 Update' (*available at a fee*)
- GRI content index tool

THANK YOU



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