

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

Narasumber:



Daniele Coronacion

Program Implementation Manager ASEAN
Global Reporting Initiative



Nicholas Gandolfo

Director, Sustainable Finance Solutions
Asia Pacific (Singapore)



Bagus Agung Rahadiansyah

SVP Corporate Finance
PT Pertamina (Persero)



Sonny Sunjaya Sukada

Senior Advisor
Social Investment Indonesia



Online with:*



Social Investment Indonesia



Arief (0877-5570-7171)



Social Investment Indonesia



socialinvestment.id

ESG



SUSTAINALYTICS

a Morningstar company

—
ESG & SUSTAINABLE FINANCE

Indonesia Social Investment Forum – ISIF 2022

—
Sustainable Corporate Solutions

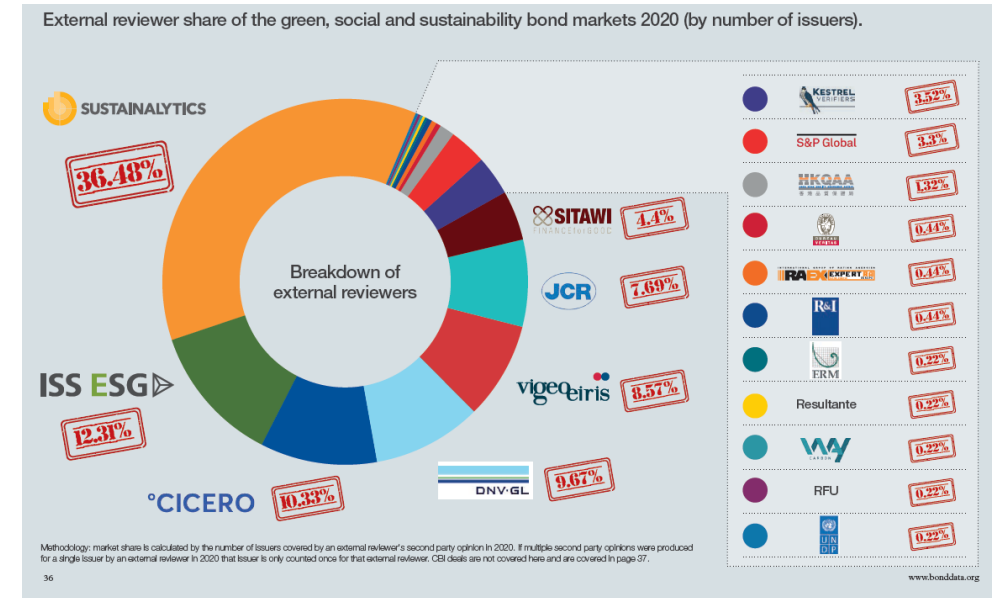
2022
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Sustainalytics

Who We Are

- » Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies
- » Over 25 years of experience in the fields of ESG & corporate governance research & analysis
- » Commercial sales team based in Singapore, Hong Kong, Shanghai, Mumbai, Tokyo, Amsterdam, Brussels, New York, Toronto.
- » **Largest and most experienced reviewer of Green, Social, Sustainability Bonds, completing over 500 Second-Party Opinions to date, as recognized by The Asset, Global Capital, Climate Bond Initiative**



Source: Environmental Finance



Named
 2015: Best SRI or Green Bond Research or Rating Firm
 2017, 2018, 2019: Most Impressive Second Opinion Provider

5th Green Bond Pioneer Awards
 Climate Bonds Initiative

Largest Verifier for Certified Climate Bonds of 2019

awarded to Sustainalytics



More information conference.climatebonds.net/awards

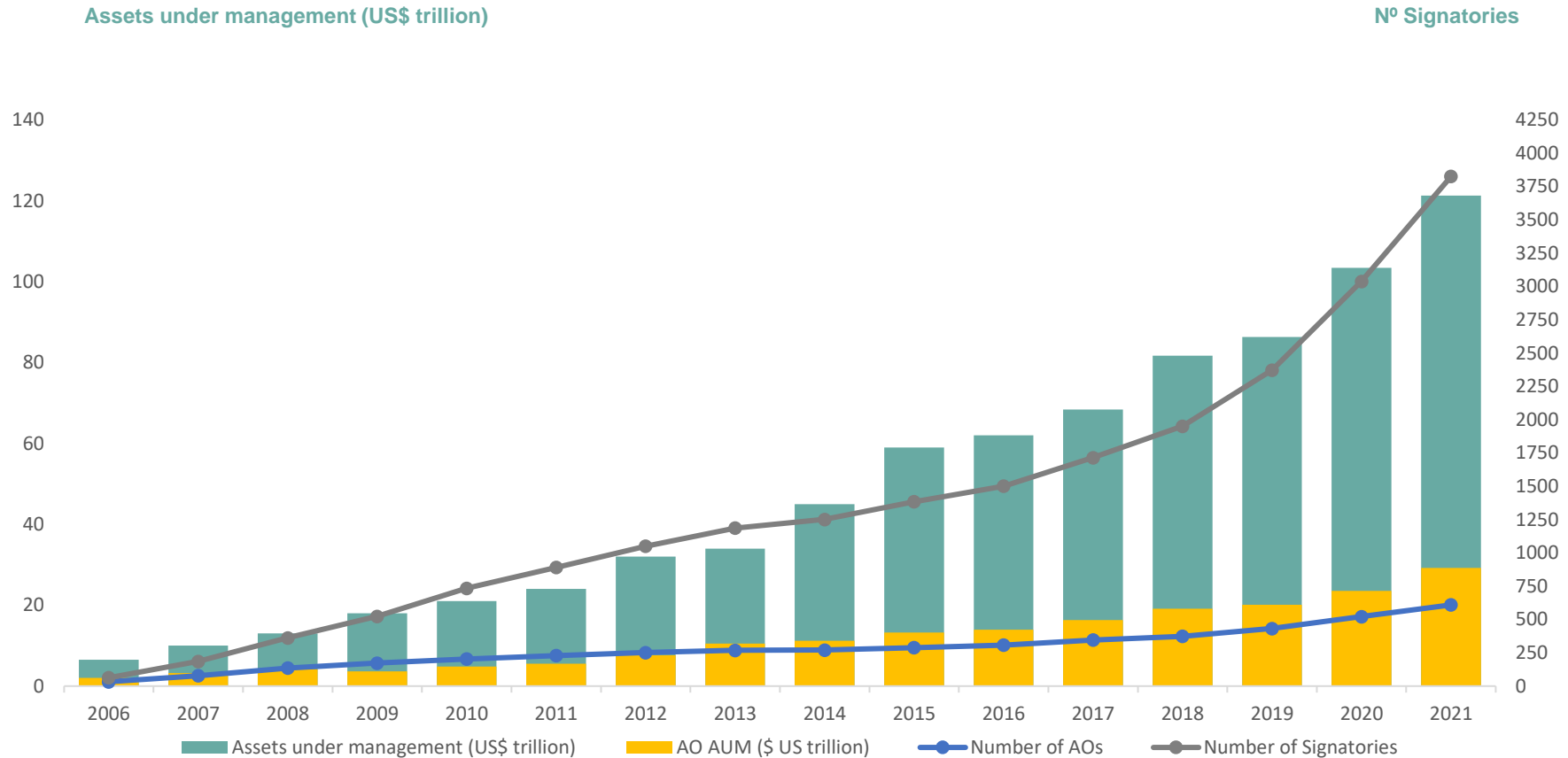
Sustainalytics Corporate Solutions

Full suite of solutions to support Corporates, Financial Institutions and Funds



ESG Considerations are on the Radar of Mainstream Investors

PRI Signatories and Assets Under Management (2006-2021) Continue to Grow



PRI signatories are representing more than US\$100 trillion in assets under management

The Broad Shifts in Business Towards Corporate Sustainability

CEOs agree,
SUSTAINABILITY MATTERS

93% Important to **the future success** of their business

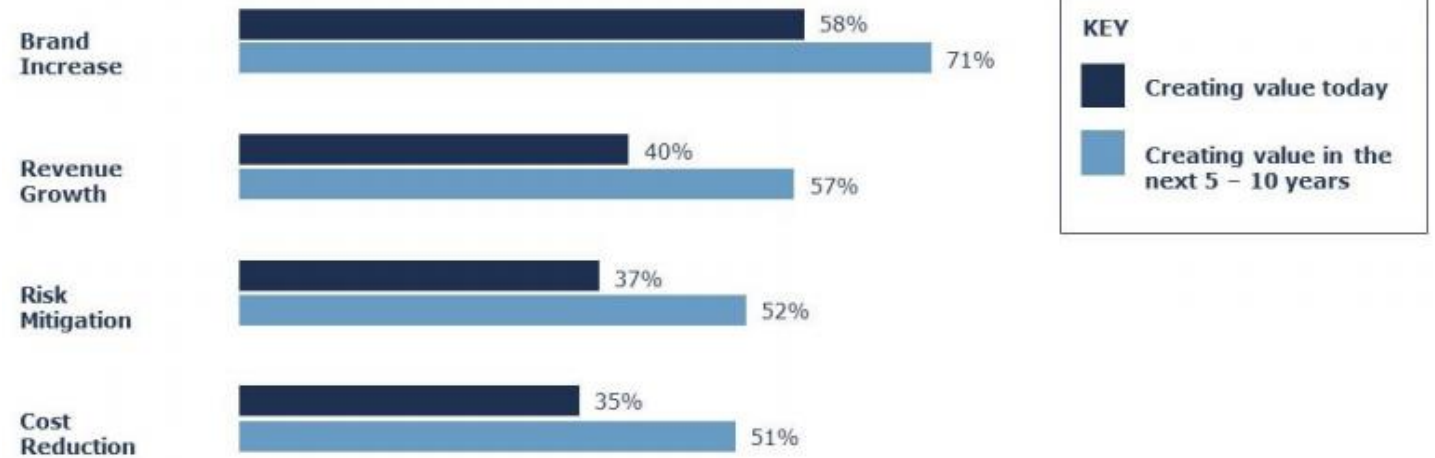
80% A route to **competitive advantage** in their industry

78% An opportunity for **growth and innovation**

Source: UN Global Compact-Accenture CEO Study

99%

* of CEOs from companies with more than \$1 billion in annual revenues believe sustainability will be important to the future success of their business.

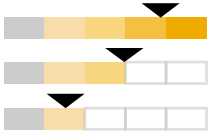


Source: UN Global Compact

99% of CEO's see the future business value of sustainability*

Sustainability Reporting

Developments and Considerations



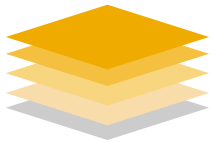
Sustainability Reporting Developing Quickly and mandatory in many markets

Double Materiality, Single Materiality and Dynamic Materiality



ISSB: Harmonization & Comparability

Journey: Work on frameworks over time. Materiality is key and frameworks are used to build out reporting from this (Frameworks help investors and others obtain information)



Frameworks are guides and provide guard rails (harmonization over time) – core Frameworks and then specific issues around this (GRI/ISSB, TCFD, TNFD)

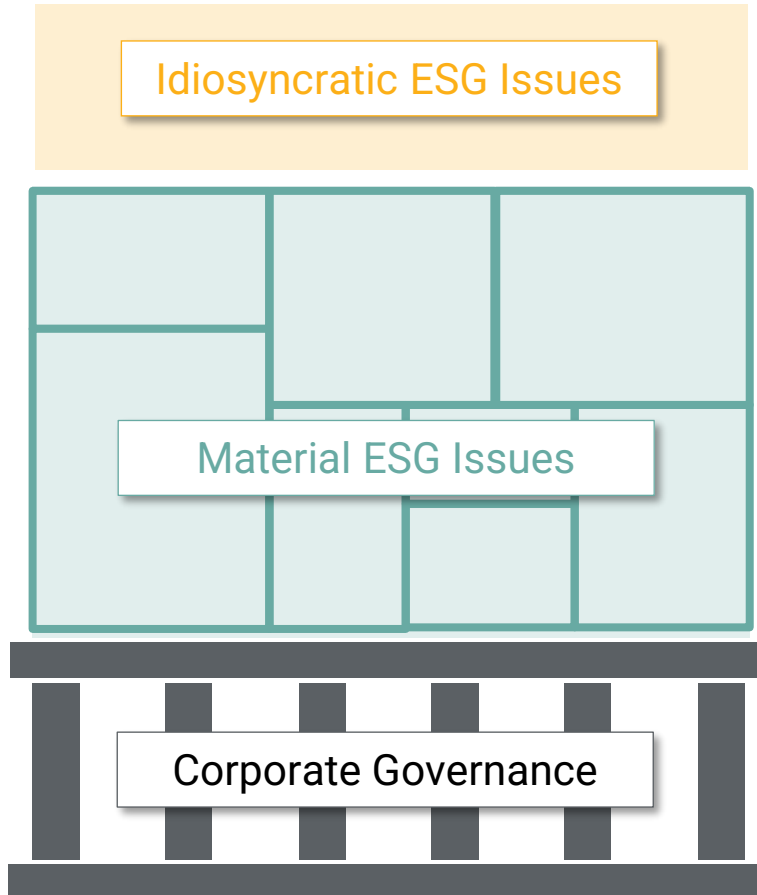


Market Developing: Tell me to Show me (more impact)

Disclosure, Transparency and Solid Reporting (Strategy, Impact, Metrics)

What Do the ESG Risk Ratings Measure?

Three building blocks of our ESG Risk Rating



Asian Development Bank

Industry Group: **Banks**

Country/Region: **Philippines**

Identifier: -

ESG Risk Rating **COMPREHENSIVE** ?

7.6 Negligible Risk



Ranking

Industry Group (1st = lowest risk)

Banks **13** out of 991

Universe

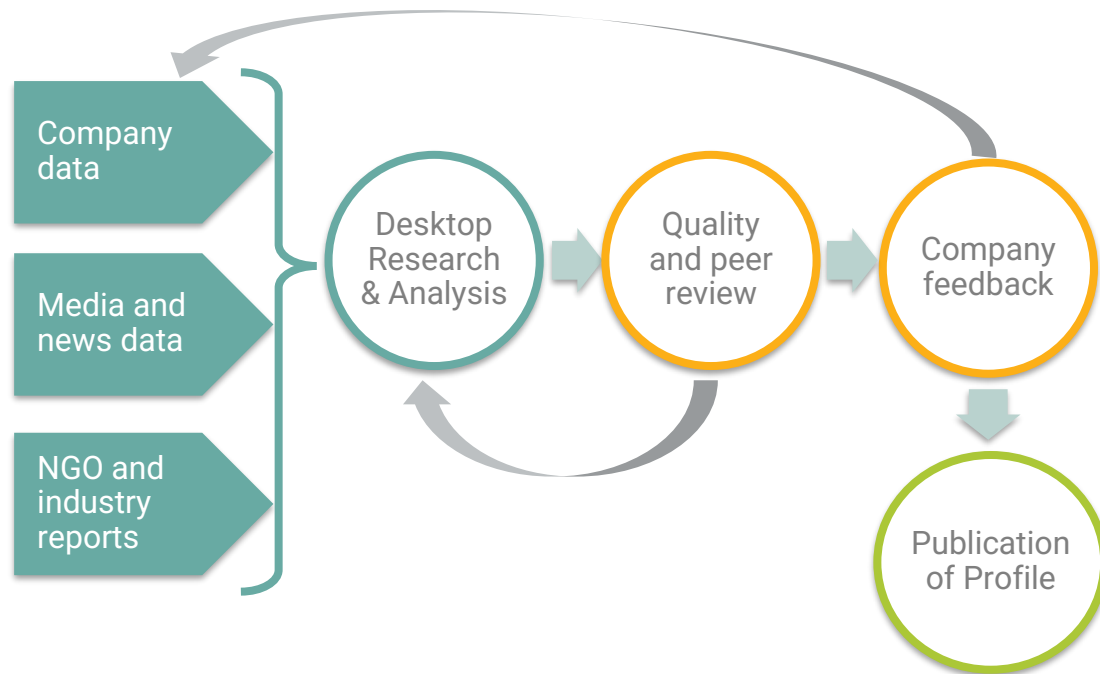
Global Universe **51** out of 14822

Last Update: **Aug 2, 2022**

Sustainalytics' Research Process

We combine a regular annual update with ad-hoc, event-driven updates

ESG Annual Research – 6-week process



Sources

- » Public corporate reporting and filings
- » 83,000 media sources via Moreover Technologies (LexisNexis)
- » Third-party sources (specialized providers, industry publications, renowned NGOs)

Analysis

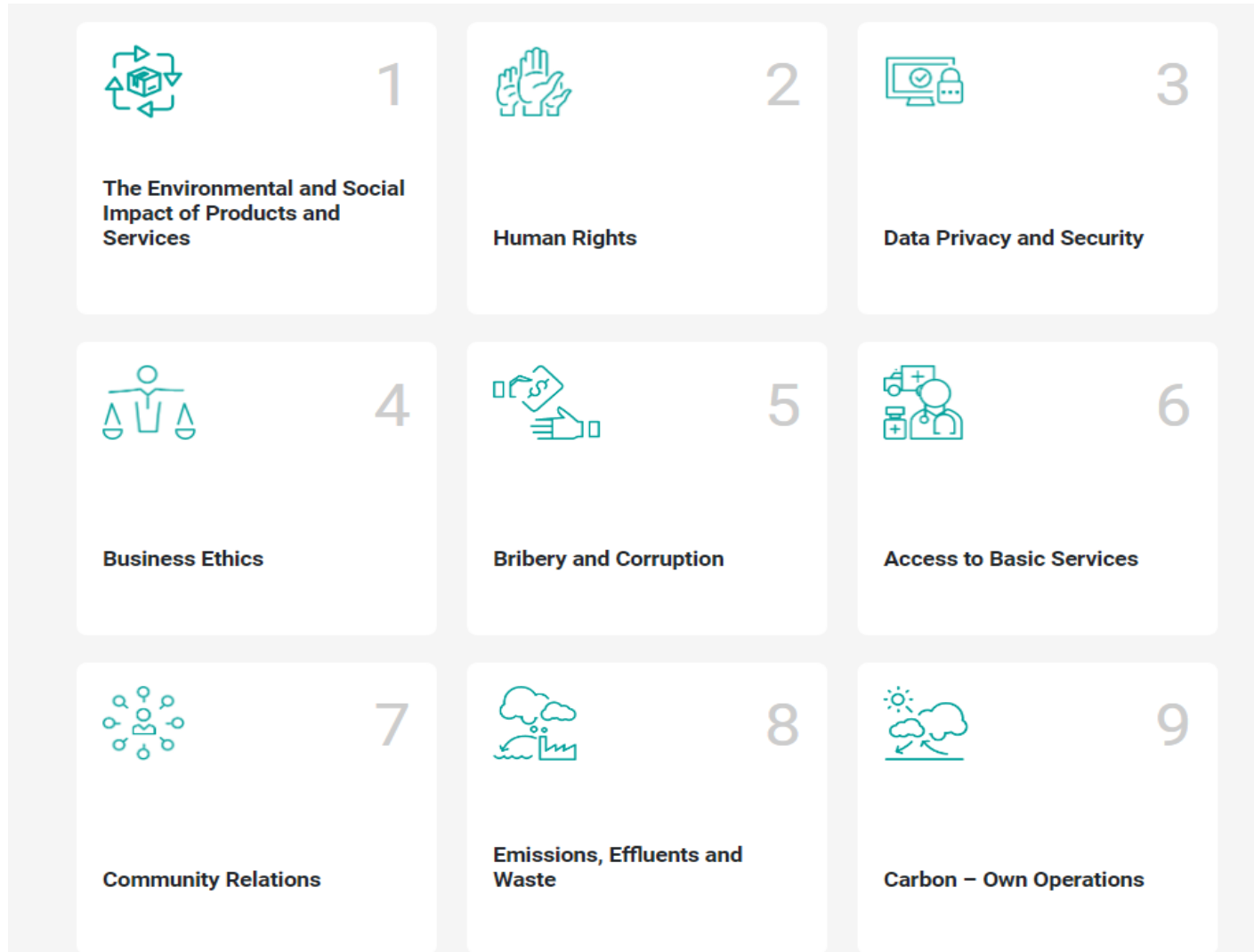
- » Industry-teams conduct exposure and management assessments
- » Stringent Quality Management
- » Company feedback

Daily News and Event Monitoring












*for highly significant Events assessments (category 4/5)

Material ESG Issues: Overview



Material ESG Issues: Overview Continued

 10 Carbon – Products and Services	 11 Human Rights – Supply Chain	 12 Human Capital
 13 Land Use and Biodiversity	 14 Land Use and Biodiversity – Supply Chain	 15 Occupational Health and Safety
 16 ESG Integration – Financials	 17 Product Governance	 18 Resilience

ESG Landscape in Indonesia

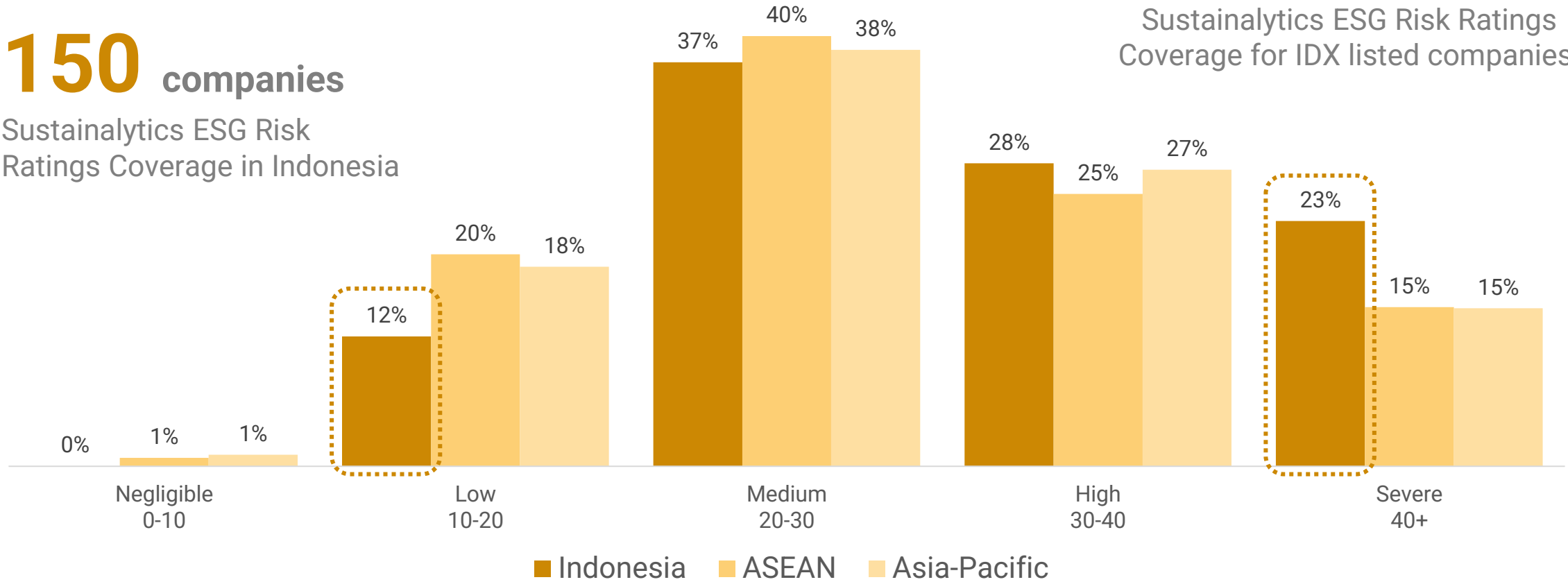
Distribution of ESG Risk Ratings

150 companies

Sustainalytics ESG Risk Ratings Coverage in Indonesia

~20%

Sustainalytics ESG Risk Ratings Coverage for IDX listed companies



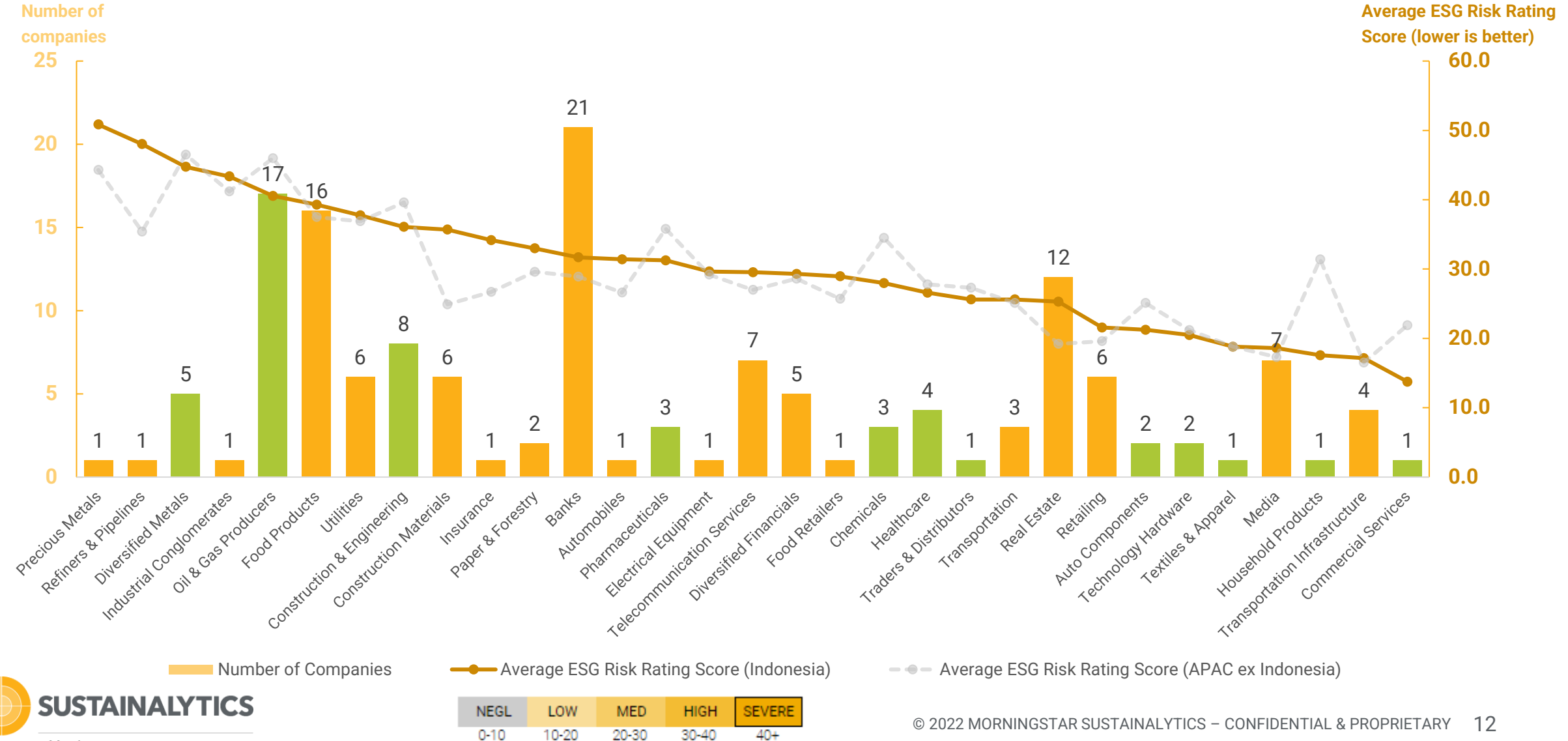
ASEAN: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam

Asia-Pacific: ASEAN, China, Hong Kong, Taiwan, Japan, Australia, New Zealand, India, South Korea



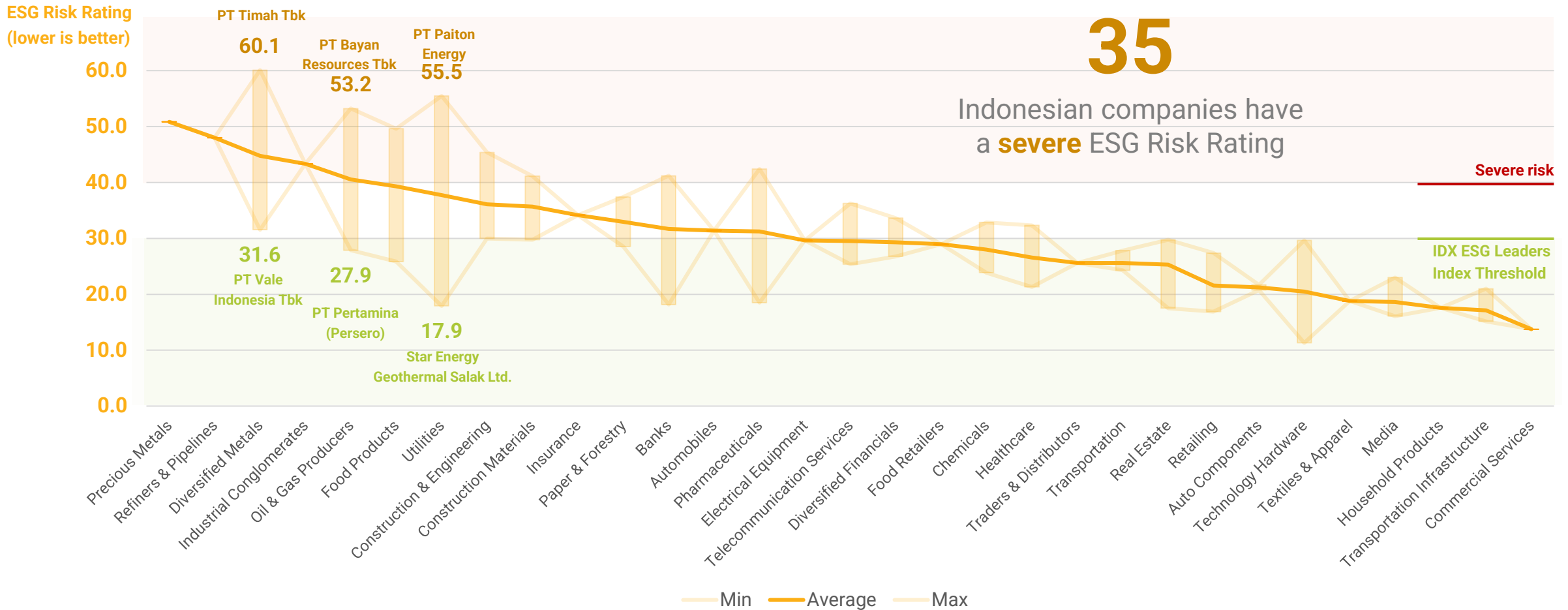
ESG Landscape in Indonesia

Average ESG Risk Rating by Industry



ESG Landscape in Indonesia

Industry Breakdown & Distribution of ESG Risk Ratings



ESG Landscape in Indonesia

ESG Risk Rating – Building Block #2 – Material ESG Issues

Most common **Material ESG Issues** for Indonesian companies

(% of companies covered by Material ESG Issue)



Business Ethics **97%**



Human Capital **94%**



Carbon – Own Operations **75%**

37

Indonesian companies have been rated under the comprehensive framework

Highest Average Risk Scores for Material ESG Issues

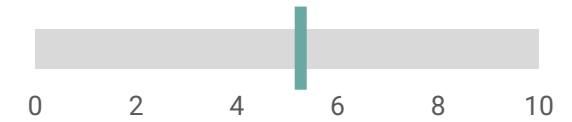
(a lower score is better)



Carbon – Products and Services



Access to Basic Services



Data Privacy and Security



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