

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:

 zoom |  Social Investment Indonesia

Plenary-6: ESG: Goes Beyond Sustainability?

8 DECEMBER 2022

13.00 - 16.00 WIB

Narasumber:



Riki Frindos

Chair of the Executive Board
KEHATI Foundation



Dr. Rachman Kurniawan

Manajer Pilar Pembangunan Lingkungan
Sekretariat Nasional SDGs



Rizkiasari Yudawinata

Sustainable Finance Program Lead
The World Wildlife Fund



Jalal

Chairperson of Advisory Board
Social Investment Indonesia



Purnomo

Senior Advisor
Social Investment Indonesia



Online with:*



Social Investment Indonesia



Arief (0877-5570-7171)



Social Investment Indonesia



socialinvestment.id

ESG



Sustainable Finance

WWF Indonesia

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Jan 2020

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Sustainable Finance: What we do



Capacity building

We empower FIs through ESG capacity building in both industry-wide workshops and bilateral training sessions. Our training covers a range of thematic focus areas and highlights tools FIs can use to monitor ESG.

Research, study, and tools

We develop studies, tools, and guidelines to drive and track the transformational change of FIs behavior as well as to unlock barriers faced by the FIs.



Sustainable Finance

Integration of Environmental, Social, and Governance (ESG) aspects into capital allocation decision-making process

Engagement with regulators

We provide recommendations and facilitate dialogue between regulatory authorities and FIs to raise the bar for sustainable finance at the national and regional levels.

Elevating the influence of FIs

By supporting engagement between financial institutions and their portfolio companies, we help FIs to exert their influence and facilitate large-scale, meaningful change.

Thought leadership

Through research, developing best practice guides, and benchmarking progress on ESG integration, we support FIs to ensure timely progress towards a resilient and sustainable finance system.

Green Financial Solutions

We work with FIs to support the development of innovative financial solutions that have positive financial, environmental, and social outcomes.

And on the radar for business and investors

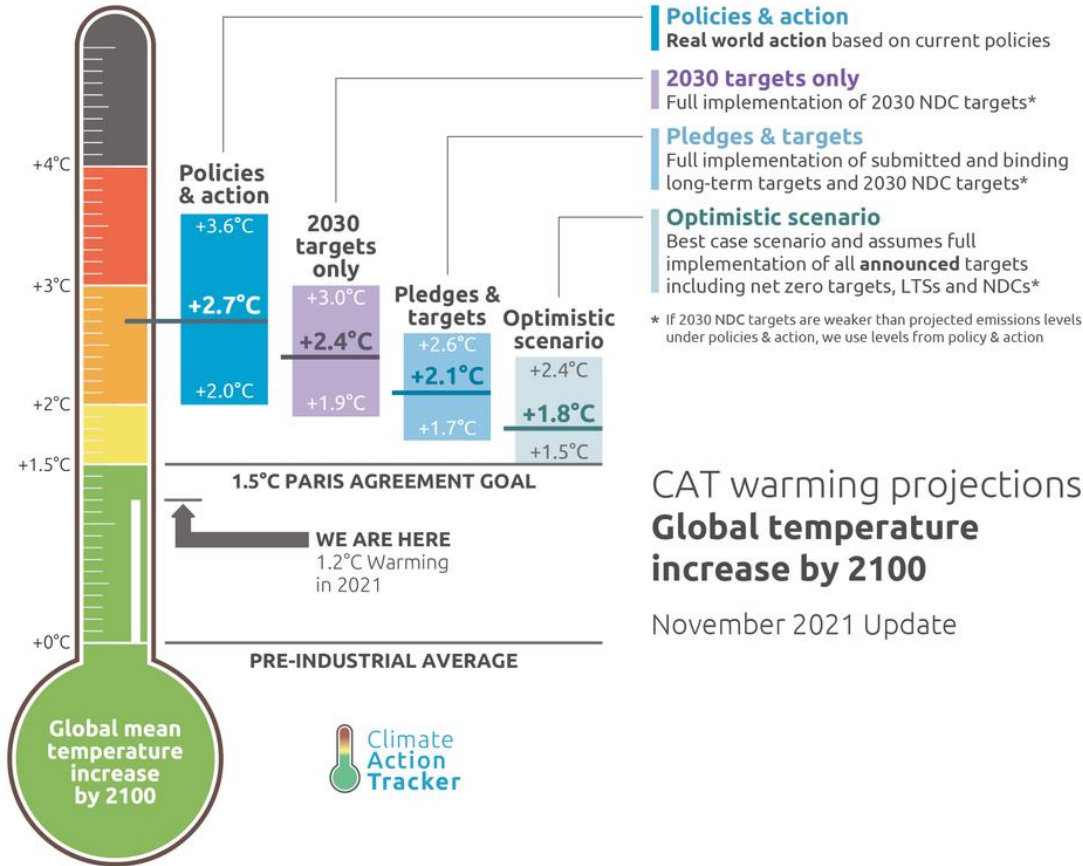


Top 10 Global Risks by Severity

Over the next 10 years

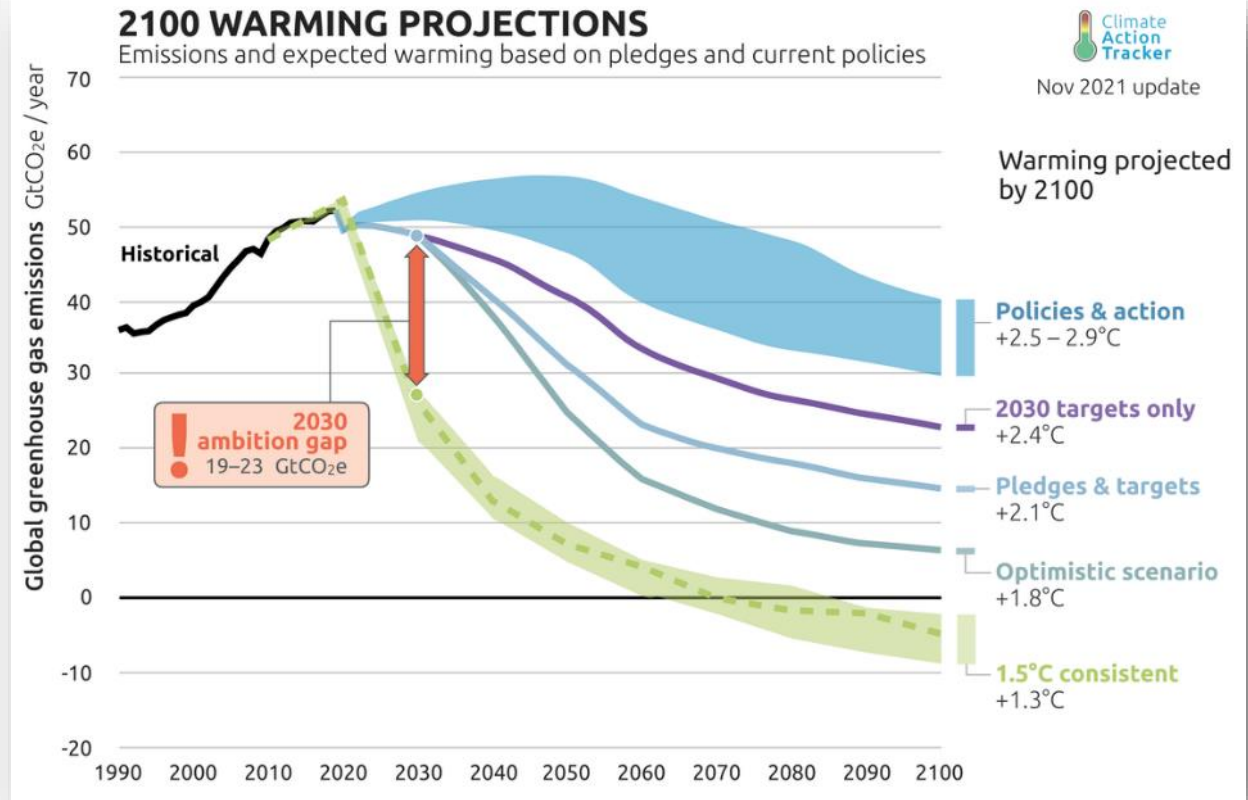


Climate change - Despite progress, we are not on track



CAT warming projections
Global temperature increase by 2100

November 2021 Update



Unconstrained natural capital loss will be devastating



Nature is declining globally at unprecedented rates

Pollution

10x increase in plastic pollution

Habitat Destruction

75% of land altered, **1 M** species threatened

Climate Change

47% of terrestrial mammals threatened

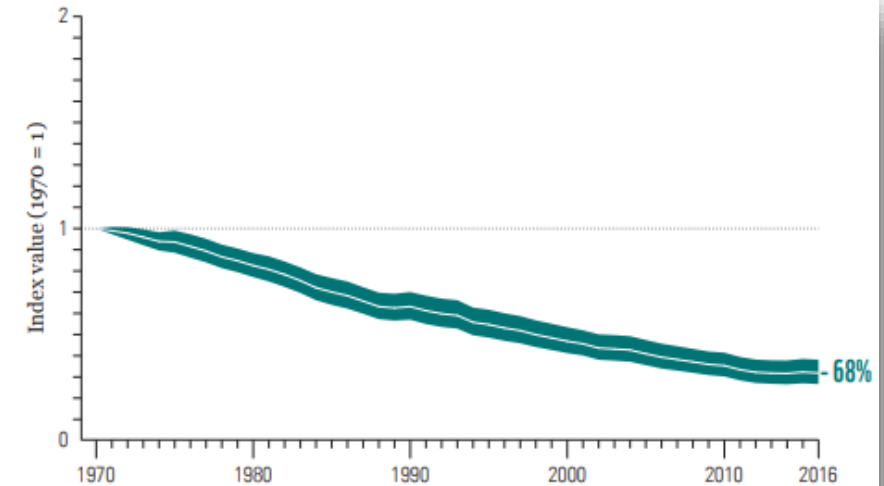
Overexploitation of Species

33% of fish stocks overexploited

Figure 1: The global Living Planet Index: 1970 to 2016
Average abundance of 20,811 populations representing 4,392 species monitored across the globe declined by 68%. The white line shows the index values and the shaded areas represent the statistical certainty surrounding the trend (range: -73% to -62%). Source - WWF/ZSL (2020)¹⁰⁷.

Key

- Global Living Planet Index
- Confidence limits



2020 Living Planet Report

<https://livingplanet.panda.org/en-gb/>

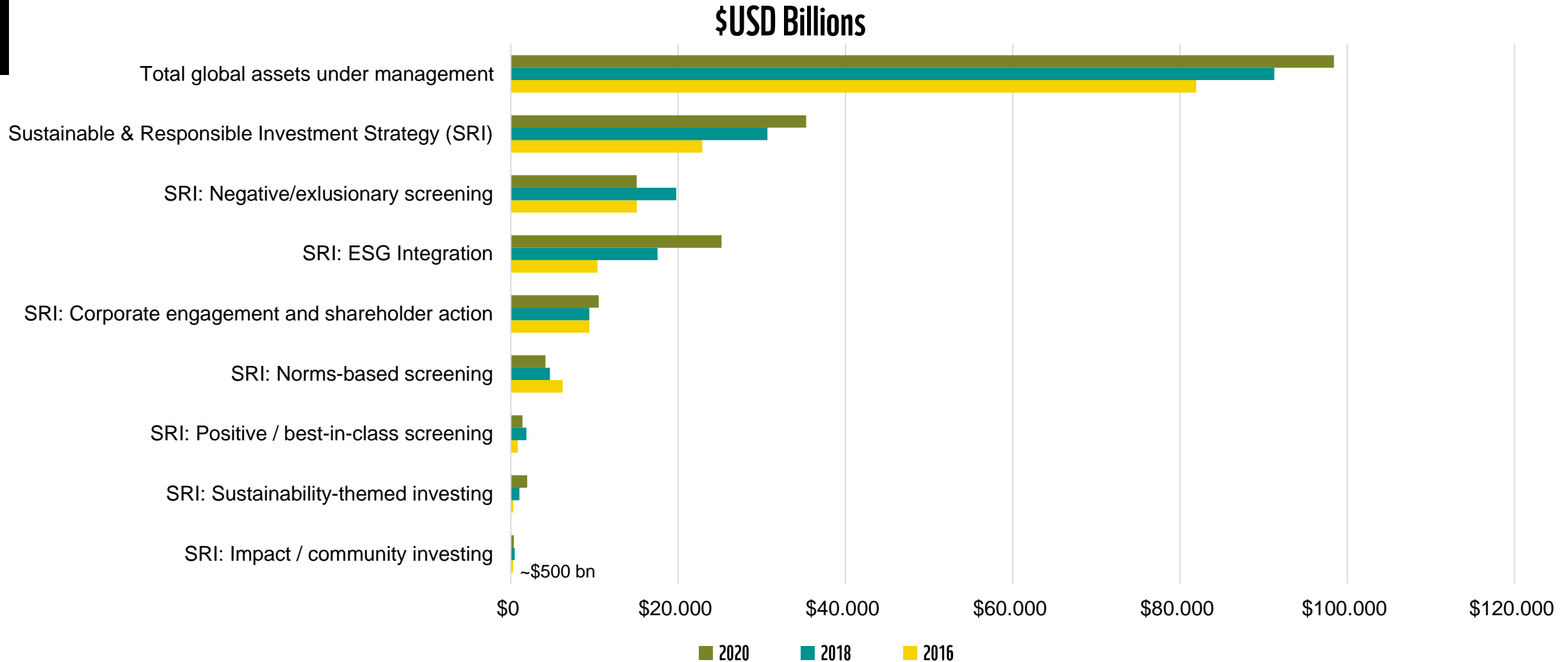
Grave impacts on people and economy

USD \$577 B annual loss in global crops

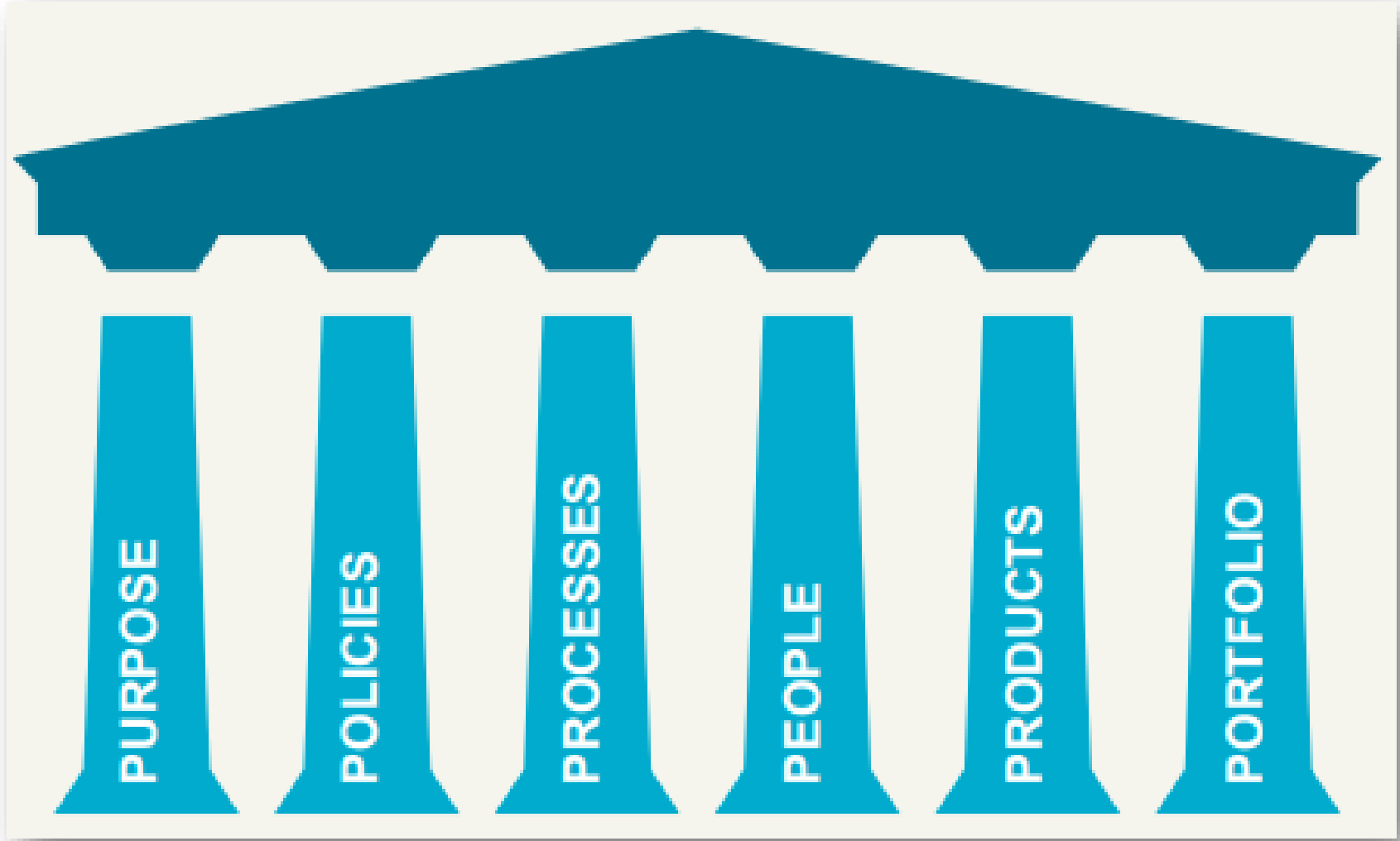
USD \$16 T of ocean value at risk

\$44T of economic value generation (50% of world GDP) is moderately or highly dependent on nature (WEF)

However, Sustainable Finance is still relatively small



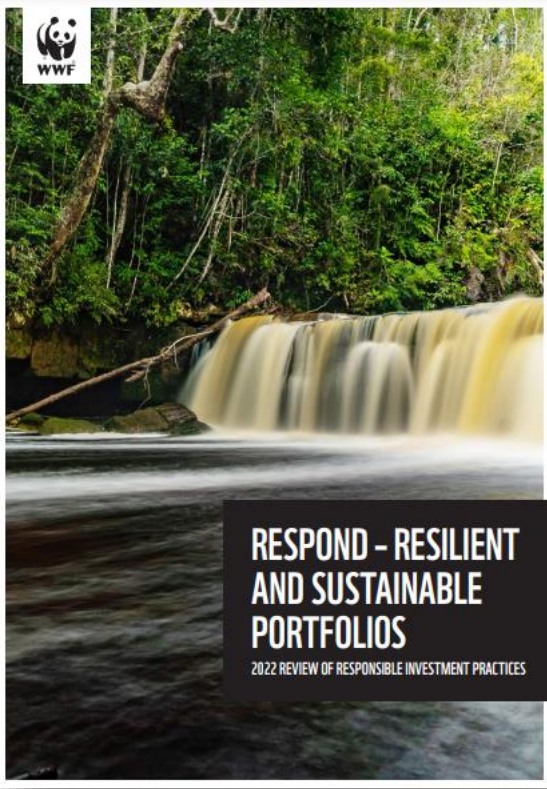
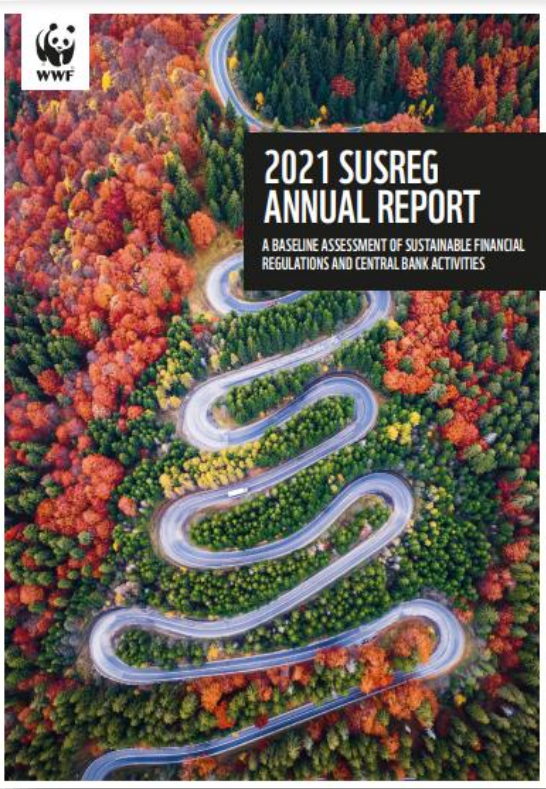
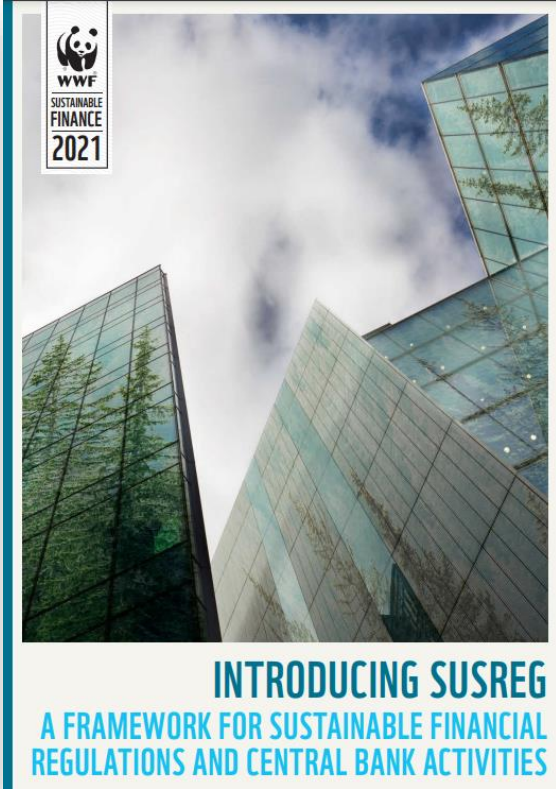
ESG Integration: 6 pillars



ESG: framework and tracking positive progress



Regulation and implementation: Banking, Asset Management, Insurance



Interactive website



SUSREG Tracker ABOUT WHY IT MATTERS ASSESSMENTS CONTACT US

SUSTAINABLE FINANCIAL REGULATIONS AND CENTRAL BANK ACTIVITIES

The Sustainable Financial Regulations and Central Bank Activities (SUSREG) Tracker is an interactive online tool developed by WWF to assess how financial regulators, supervisors and central banks integrate climate and broader environmental & social considerations in their practices.

The SUSREG Tracker is part of WWF's Greening Financial Regulation Initiative, which aims to advocate and engage with policymakers, central banks and financial supervisors on the urgent need to fully integrate these risks in their mandates and operations.

Built on the perspective of financial stability & social a low-

SUSBA PILOT REGION ASSESSMENTS ABOUT CONTACT US

Assess global sustainable banking

The **SUSBA** interactive toolkit enables assessment and benchmarking of critical Environmental & Social integration performance for banks across the globe.

Identify key improvement areas to stay competitive, resilient and relevant in a resource-constrained, low-carbon future.

SUSREG Tracker ABOUT WHY IT MATTERS ASSESSMENTS CONTACT US

All Indicators

	BRAZIL			CANADA			CHILE		
	C	E	S	C	E	S	C	E	S
Banking supervision	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Micro-prudential supervision (supervisory expectations)	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Micro-prudential supervision (rule-based)	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Disclosure & transparency	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Macro prudential supervision	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Leadership & Internal organization	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Central banking	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Monetary policy	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Leadership & Internal organization	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Enabling environment	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢

ASSESSMENTS

Download results on screen: [Download PDF](#)

OVERALL ESG INTEGRATION SECTORS & ISSUES

About the ESG Assessment:
This interactive tool can be used to assess and track banks' performance on ESG integration, based on all public disclosures issued by each bank. Any improvements or regressions in performance compared to the previous year are also displayed.

Users may also create a custom list of banks, selecting from both ASEAN banks as well as international banks that are active in ASFAN, to compare against a wider set of peers.

[Jump to assessment](#)

View performance for:

- Average for region: ASEAN
- Banks in country: Indonesia
- A custom list of banks: [Select banks](#)

Indicators to display:

- All ESG integration indicators
- Sub-indicators covering the issue: Climate Change
- A custom list of indicators
- Sub-indicators mapped to PRB
- Sub-indicators mapped to TCFD

🟢 = Not available when viewing regional average performance.

Indonesia: ESG incorporation into strategy and policies

4 phases of SF journey



FIGURE 1: BANK PROGRESS IN ACKNOWLEDGING SUSTAINABILITY FROM 2018-2021

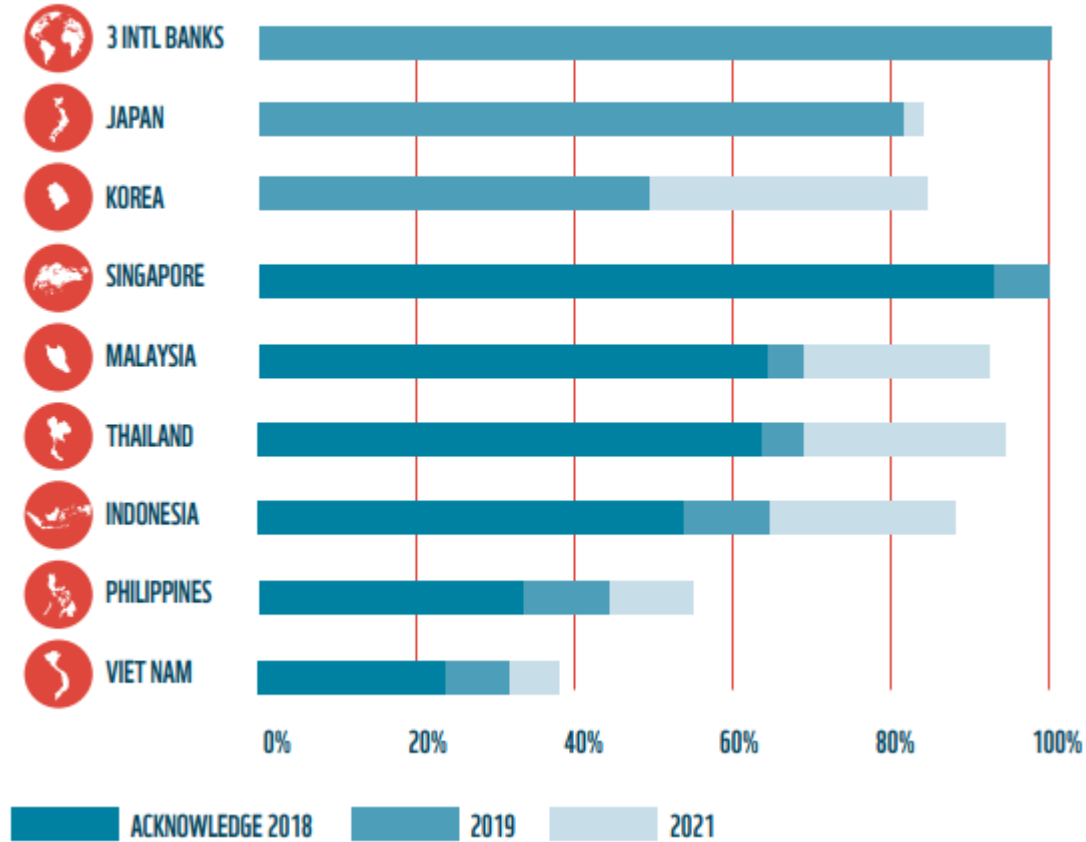
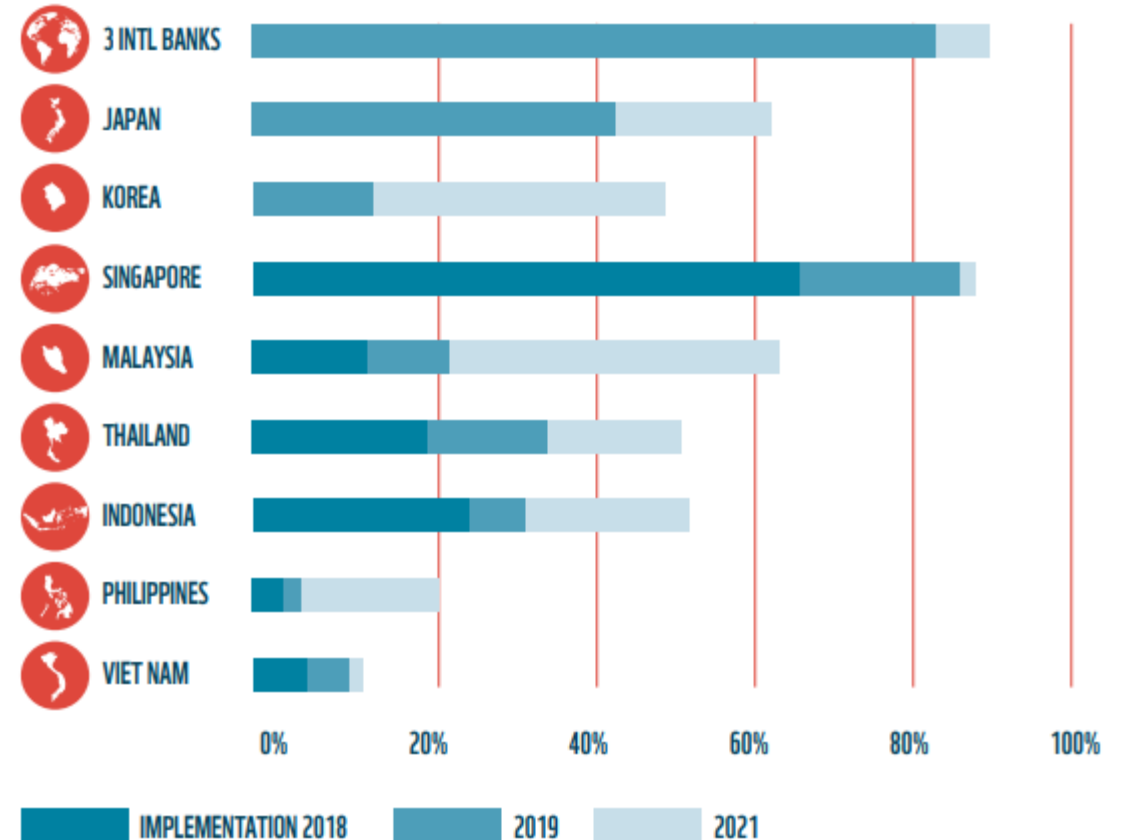


FIGURE 2: BANK PROGRESS IN IMPLEMENTATION PHASE FROM 2018-2021



Indonesia: limited ability to improve impacts and set future target

4 phases of SF journey



FIGURE 4: BANK PROGRESS IN INCREASING IMPACT FROM 2018-2021

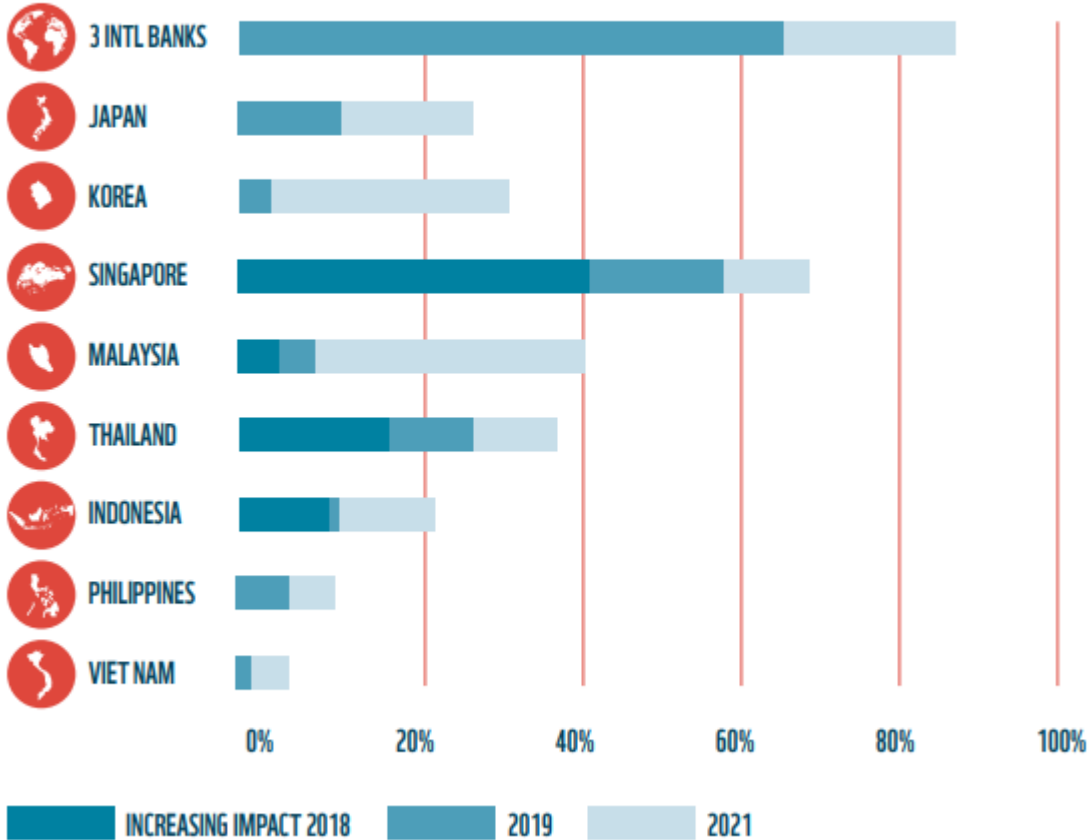
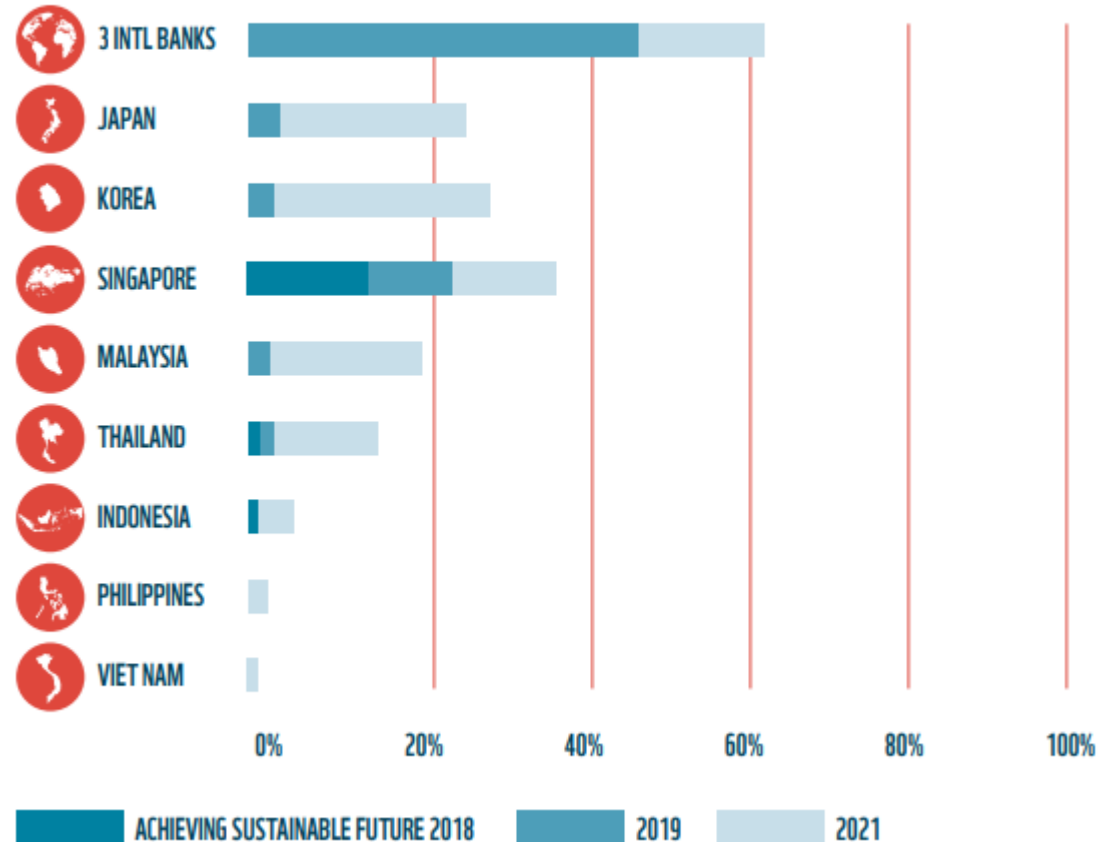
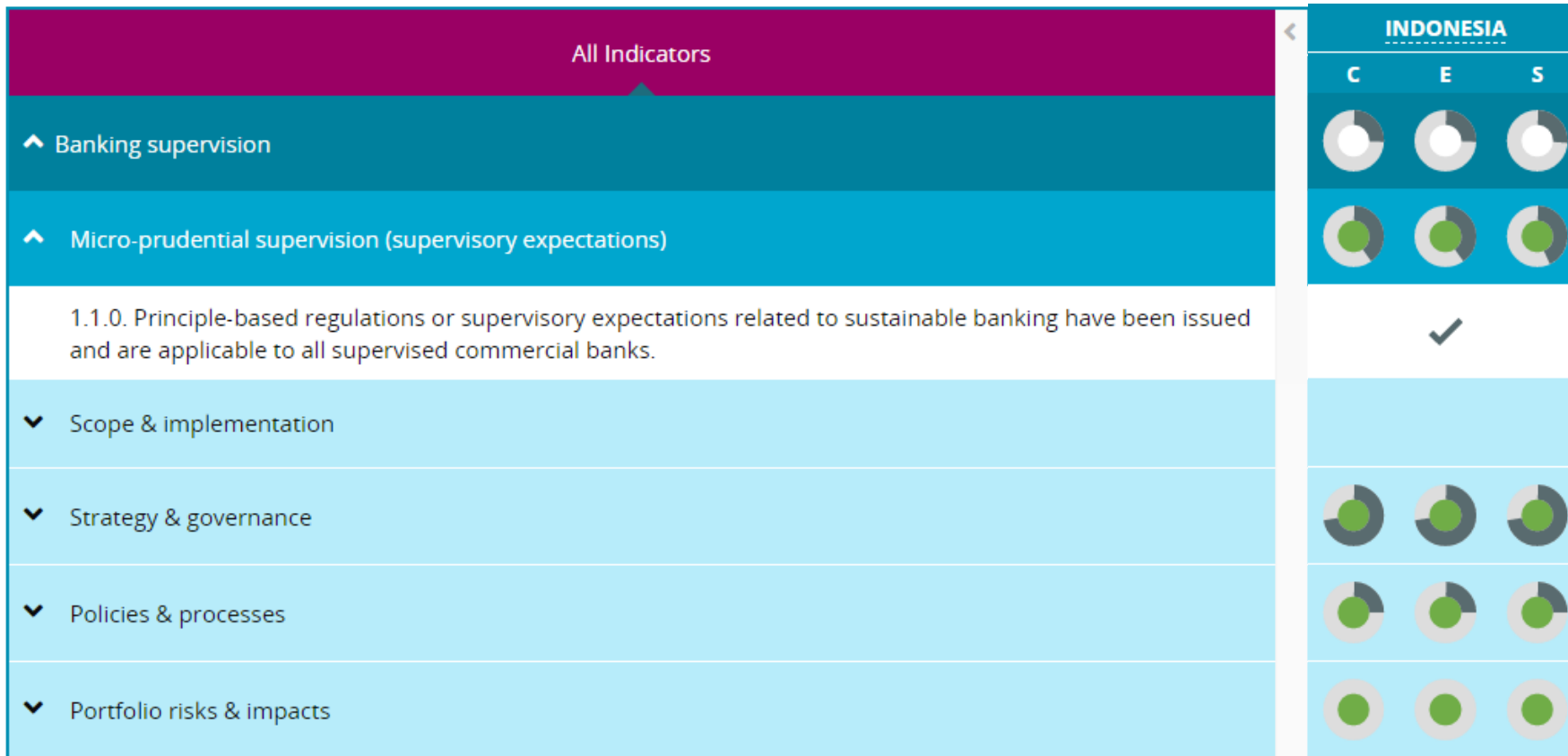


FIGURE 5: BANK PROGRESS IN ACHIEVING A SUSTAINABLE FUTURE FROM 2018-2021



Banking supervision - Microprudential supervision (supervisory expectations)



Good practices

- Sustainable finance regulation in place
- Covers the entire range of E&S risks

Banking supervision



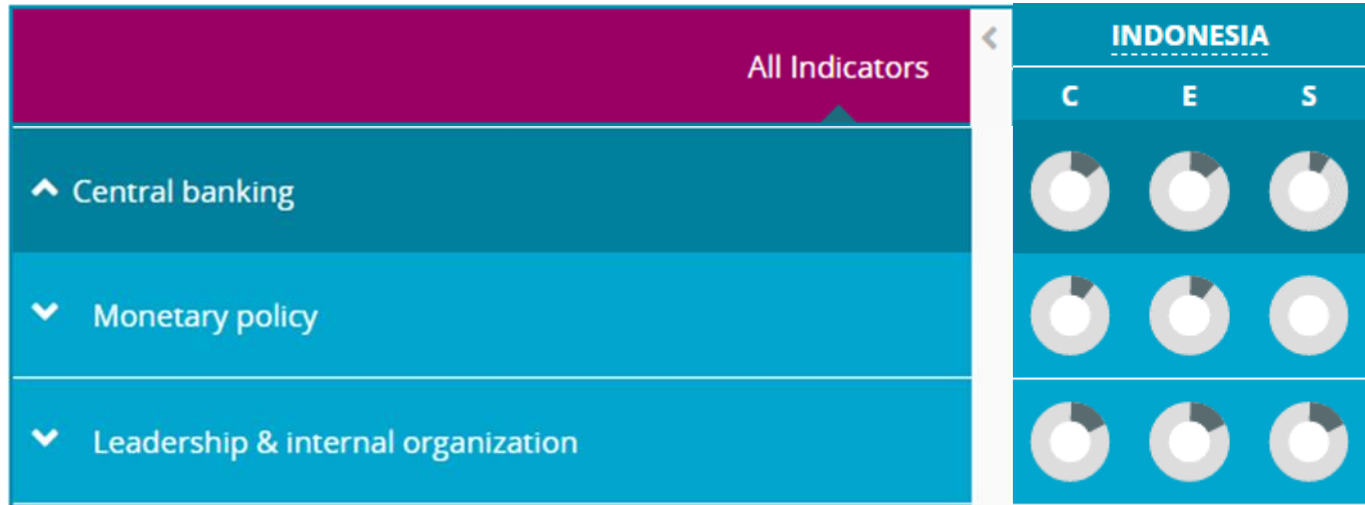
Good practices

- Sustainable Finance Roadmap, up to 2025
- Dedicated Sustainable Finance Team, and Sustainable Finance Cross-Sectoral Team

Improvement points

- E&S considerations should be integrated into liquidity requirements
- Supervisory expectations: banks should be expected to report on portfolio-level exposure to E&S risks and impacts (incl. TCFD)
- Indicators to monitor banking sector's exposure to E&S risks could be developed

Monetary policy & Enabling environment



Good practices

- Sustainable and Responsible Investment approach for management of foreign exchange reserves, incl. investment in sustainable SUKUK

INDONESIA SUSTAINABLE FINANCE INITIATIVE

Create level playing field. Financial solutions. Collaboration.



- IKBI/ ISFI is an open multi-stakeholder platform promoting best sustainable finance practice at national level.
- Currently comprises of financial institutions (13 banks and 1 non-bank financial institution) and 1 civil society representing more than 70% national banking assets.

IKBI/ ISFI Members as of January 2022:



Supported by:



based on a decision of the German Bundestag

Sustainable Finance: scope of areas



Three-pronged approach



Explicitly acknowledge the societal and economic risks associated with climate change.

13

Established ESG Task Force

7

Committed to no longer finance projects that have negative impacts on protected areas, including **UNESCO World Heritage Sites**

6

Have a strategy to manage and mitigate climate-related risks across its portfolio

4

Discloses the composition of its lending portfolios in the power generation

1

11

Established sectoral financing policy in the palm oil sector by requiring their borrowers to obtain RSPO and/or ISPO

6

Established dedicated ESG teams

5

Senior management's responsibilities has included management of climate change risks and opportunities

2

Have policies to protect areas identified as High Conservation Value (HCV) Areas within the oil palm concession

1

Prohibits the financing of new coal-fired power plant projects

4

Issued sustainable financial instruments
With a total amount reaching

>USD 1 Billion

Stakeholders initiative

WWF Indonesia dan KADIN Indonesia Bangun Solusi Pembiayaan Net Zero Emisi

Berdasarkan Laporan WWF Sustainable Banking Assessment (SUSBA) 2021, rata-rata kemajuan bank selama 4 tahun terkait peningkatan dampak positif masih di bawah 40% pemenuhan indikator terkait.



RAGAM

Senin, 14 Nov 2022 10:16 WIB



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UN Environment Programme Finance Initiative

Global Sponsorship: **MINISTERI BELA KAWANAN EKONOMI**

Global Technical Partner: **BASE**

Local Technical Partner: **WWF**

Supported by: **INISIATIF KEUANGAN BERKELANJUTAN INDONESIA** and **KADIN**

CLIMATE TARGET SETTING FOUNDATIONS WORKSHOP

Equipping Banks with The Knowledge to Set Their Emissions Reduction Targets

 Nirnita Talukdar Sustainable Finance Regional Coordinator, UNEP-FI	 Gábor Gyura Sustainable Finance Consultant, UNEP FI	 Rizkiasari Yudawinata Sustainable Finance Program Lead, WWF Indonesia	 Indra Sari Wardhani Consultant WWF Indonesia	 Muhammad Yusrizki Chairman Net Zero Hub, KADIN
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Thursday, 27 October 2022 | 13.30 - 16.30 WIB | Online via ZOOM

SCIENCE BASED TARGETS
FINANCIAL SECTOR SCIENCE-BASED TARGETS GUIDANCE
VERSION 1.1
August 2022

UN Environment Programme Finance Initiative
Guidance for banks
Foundations of Climate Mitigation Target Setting
Principles for Responsible Banking

UN Environment Programme Finance Initiative
Guidelines for Climate Target Setting for Banks
April 2021

Further information

Indonesia Sustainable Finance Initiative (IKBI)

IKBI.org

Secretariat@ikbi.org

IG: IKBI.id

WWF Sustainable Finance resources:

Sustainable Banking Assessment (SUSBA)

SUSBA.org

Sustainable Financial Regulation and Central Bank Activities (SUSREG)

SUSREG.org

Resilient and Sustainable Portfolios (RESPOND)

www.resilientportfolios.org

together possible™



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