



# Environmental, Social and Governance (ESG) Disclosure as Monitoring Media and TCFD Framework Implementation in Indonesia

By  
**Deni Daruri**  
Bumi Global Karbon Founder

# Who is Bumi Global Karbon?

## Global Reporting Initiative (GRI)

GRI is an independent, non-governmental organization that provides a framework for sustainability reporting that can be adopted by all types of organizations in all countries. GRI was formed by the Coalition for Environmentally Responsible Economies (CERES) and the Tellus Institute with support from the United Nations Environment Program (UNEP) in 1997

<https://www.globalreporting.org/?orgid=3277>

[IOrganizationsDetails.aspx](https://www.gri.org/IOrganizationsDetails.aspx)



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## Carbon Disclosure Project (CDP)

CDP is an international organization that provides a platform for companies and city governments to measure, disclose, manage, and share environmental efforts information. CDP is the most transparent disclosure platform according to Rate the Raters 2019 - ERM Group Company

<https://www.cdp.net/en/partners/bumi-global-karbon>

## Task Force on Climate-related Financial Disclosure

TCFD is an organization that was founded in December 2015 with the aim of developing a series of climate-related financial risk disclosures that companies can adopt. The organization was formed by the Financial Stability Board (FSB) in order to coordinate disclosure for companies affected by climate change.

<https://www.fsb-tcfd.org/tcfd-supporters/>



# Worldwide Capital Market ESG Index Ranking

Table 1: Ranking the world's stock exchanges based on ESG disclosure of issuers

Rank	Stock Exchange	Disclosure Rate	Disclosure Growth	Disclosure Timeliness (days)
1	Nasdaq Helsinki	80.6%	3.6%	126
2	BME Spanish Stock Exchanges	77.7%	2.3%	181
3	Euronext Lisbon	73.8%	3.7%	205
4	Euronext Paris	68.6%	2.2%	190
5	Johannesburg Stock Exchange	68.1%	0.0%	N/A
6	Borsa Italiana	66.3%	10.7%	149
7	Euronext Amsterdam	64.9%	6.6%	134
8	Bolsa De Valores De Colombia	64.6%	11.8%	124
9	Stock Exchange of Thailand	60.3%	8.5%	105
10	Nasdaq Stockholm	60.0%	5.1%	98
10	Nasdaq Copenhagen	60.0%	2.1%	73
11	Australian Securities Exchange	59.4%	2.9%	124
12	Oslo Bors ASA	56.7%	7.3%	106
13	Euronext Brussels	56.6%	3.6%	128
14	Wiener Boerse	55.4%	7.6%	171
15	London Stock Exchange	55.4%	1.5%	135
16	Deutsche Börse AG	54.6%	5.9%	163
17	SIX Swiss Exchange	53.4%	2.3%	136
18	Athens Exchange	53.2%	2.8%	262
19	B3 Brasil	51.4%	-0.5%	168
20	Toronto Stock Exchange	48.5%	0.8%	159
21	Warsaw Stock Exchange	47.6%	8.0%	172
22	Bursa Malaysia	47.6%	14.8%	135

23	Santiago Stock Exchange	47.1%	7.4%	160
24	Singapore Exchange	45.9%	8.6%	163
25	Mexican Stock Exchange	44.3%	4.8%	151
26	Borsa Istanbul	44.2%	4.8%	247
27	Hong Kong Stock Exchange	43.5%	26.1%	168
28	New Zealand Exchange	42.9%	10.6%	N/A
29	Moscow Exchange	39.9%	5.2%	248
30	Philippine Stock Exchange	37.8%	13.4%	175
31	Bolsa de Comercio de Buenos Aires	36.8%	40.9%	188
32	Dubai Financial Market	35.7%	15.2%	212
33	Korea Exchange	35.1%	-1.9%	N/A
34	Tokyo Exchange	34.3%	-6.0%	171
35	Irish Stock Exchange	32.5%	-2.2%	N/A
36	Indonesia Stock Exchange	32.1%	-0.8%	N/A
37	Bombay Stock Exchange/National Stock Exchange of India	28.5%	-7.3%	201
38	Tel Aviv Stock Exchange	28.2%	-0.7%	260
39	Bolsa de Valores de Lima	26.1%	16.2%	132
40	New York Stock Exchange	25.4%	-0.8%	199
41	Shanghai Stock Exchange	24.2%	19.6%	N/A
42	Nasdaq	19.3%	-0.7%	199
43	Saudi Stock Exchange	18.8%	8.5%	140
44	Shenzhen Stock Exchange	18.1%	16.6%	N/A
45	Ho Chi Minh City Stock Exchange	16.3%	1.3%	N/A
46	Nigerian Stock Exchange	15.7%	0.0%	N/A
47	Karachi Stock Exchange	14.3%	0.0%	N/A
47	Korea Exchange (KOSDAQ)	14.3%	0.0%	N/A



Source : <https://www.corporateknights.com/reports/2019-world-stock-exchanges/helsinki-stock-exchange-tops-sustainability-disclosure-ranking-flatlined-15796512/>



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## **1. Sustainability Report (SR)**

SR development is an effective tool for monitoring Environmental, Social and Governance (ESG) indicators and anticipating all potential risks and impacts of climate change.



## **2. Assessment of ESG Disclosure**

Use the ESG disclosure score as a quantitative indicator to identify areas of the operation that could be improved. These efforts can generate a better reputation and trust due to increased transparency. Scores can also be used to attract investors who have a view of sustainability, develop competitive advantage and improve risk management skills.



# ESG Assessment Tool – Cont'd



## Local Regulations & Geo-political Agreements

### Policies and Regulations in Indonesia

- UU no. 16, 2016 support the Paris Agreement in United Nations Framework Convention on Climate Change (UNFCCC).
- Peraturan Presiden no. 59 (2017) related to Sustainable Development Goals (SDGs), and no. 61 dan 71 (2011) about the inventory and reduction plan for greenhouse gases (GHG).
- Otoritas Jasa Keuangan (OJK) no. 51, 2017, about implementation of sustainable finance.
- UN (SDGs) must be achieved by 2030.

## Assessed SR - Samples

### 1. Sustainability Report 2019

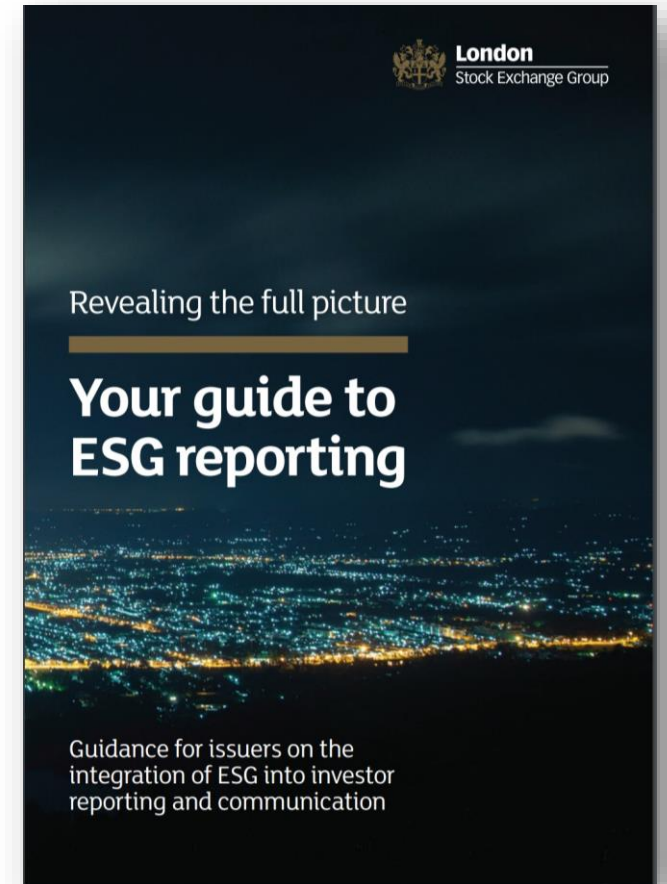
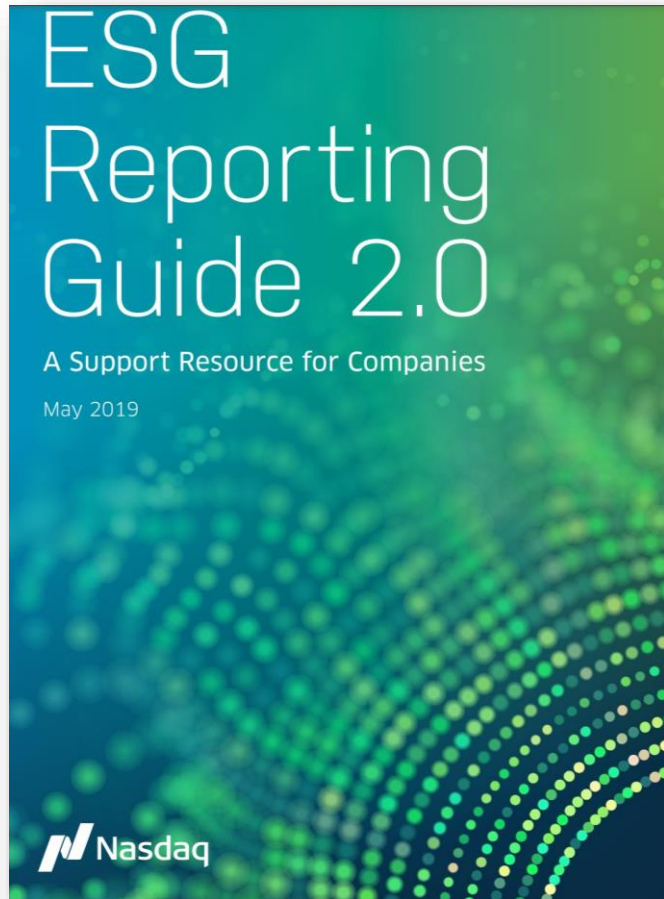
We have assessed :

- 39 of 696 public listed companies (PLC)
- 21 of 118 Indonesian banking
- 17 of 115 states owned enterprises

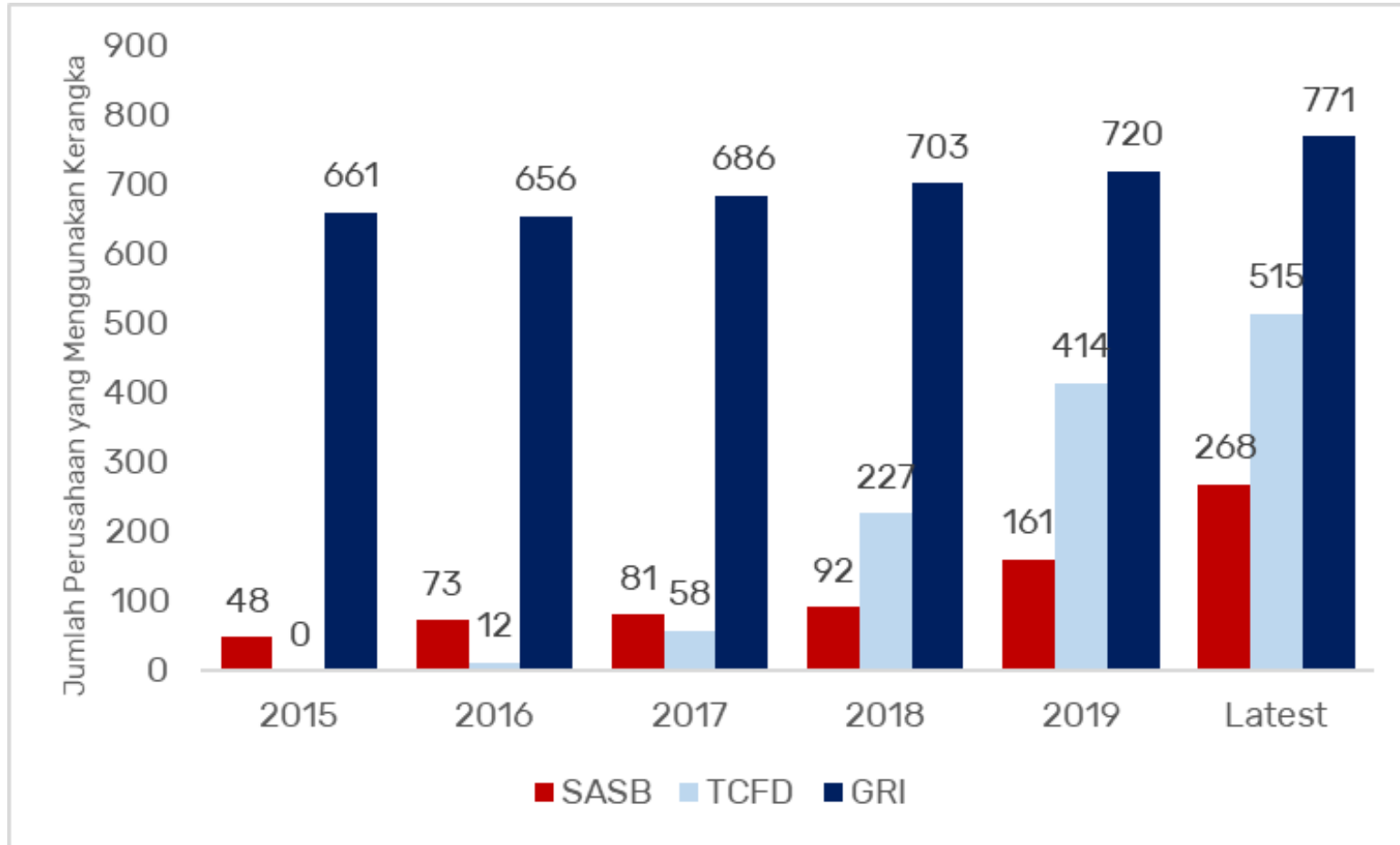
### 2. Assessment of Transparency of ESG Disclosure 2019

ESG Disclosure Assessment has never been carried out in Indonesia by a related public institution, including OJK

# Capital Market ESG Factors Reference



# Trends of the ESG / SR Reporting Framework



GRI : 4% CAGR 2016-Latest

TCFD : 156% CAGR 2016-Latest

SASB : 38% CAGR 2016-Latest



Note : CAGR (Compound Annual Growth Rate)  
Source : Bloomberg, Company Data



# Linking CDP Data With CDSB Framework, GRI Standards To Successfully Implement TCFD Recommendations



Governance	Strategy	Risk Management	Metric & Target
Disclosure on organizational governance related to the risks and opportunities of climate issues	Disclosure of the potential and real impacts of climate-related risks and opportunities on operations, strategy and financial planning	Disclose how the organization recognizes, analyzes and manages climate-related risks	Disclosure of metrics and targets used to assess and control climate-related risks and opportunities
a) Describe how the board monitors the risks and opportunities of climate issues	a) Describe the short, medium and long term climate-related risks and opportunities	a) Describe the organization's processes for identifying and analyzing climate-related risks	a) Disclosure of metrics used to analyze climate-related risks and opportunities that align with the organization's strategy and risk
b) Describe the role of management in analyzing and controlling risks and opportunities	b) Describe the impact of climate-related risks and opportunities on operations, financial strategy and planning	b) Describe the organization's processes for managing climate-related risks	management processes b) Disclosure of Scope 1, 2, and 3 (if applicable) GHG emissions and related risks
	c) Describe the robustness of the business strategy, taking into account several climate scenarios including 2C or lower	c) Describe the process of identifying, analyzing and controlling climate-related risks that are incorporated into the organization's overall risk management system	c) Describe the targets used to control climate-related risks and opportunities and performance against targets
<b>C1.1b, C1.2, C1.2a</b>	<b>S2.1a, C2.3, C2.3a, C2.4, C2.4a, C3.1d, C3.e1, C3.1f</b>	<b>C2.1, C2.2, C2.2a</b>	<b>C4.1, C4.1a, C4.1b, C4.2, C4.2a, C4.2b, C6.1, C6.3, C6.5, C9.1</b>
GRI 102-18, 102-19, 102-20, 102-26, 102-27, 102-29, 102-31, 102-32, 201-2 (103-2), 305 (103-2)	GRI 102-14, 102-15, 201-2 (103)	GRI 102-15, 102-29, 102-30, 102-31, 201-2 (103-1, 103-2), 305 (103-1, 103-2)	GRI 101 (2.7.1), 102-15, 102-30, 201-2 (103), 302 (103), 303 (103), 305 (103), 306 (103)



# BGK ESG Factors

BGK has identified 33 key ESG factors based on studies of regulatory, international agreements, reporting standards and guidelines. Such as the criteria for leading ESG factors from The Nasdaq Helsinki Capital Market, TCFD and CDP Framework. These factors will significantly affect a company's sustainability reporting and how to maintain a sustainable business operation.

## Environmental

- GHG Emissions
- GHG Intensity
- Energy Consumption
- Level of Energy Intensity
- Energy Mixture
- Water Consumption
- Environmental Policies, Procedures and Processes (PPP)
- Climate Board of Directors (BOD) Oversight
- Climate Senior Management Oversight
- Climate Investment Assessment & Management
- CSR in Forestry

GRI Main Topic	: 20	
GRI Indicator	: 76	
GRI Sub Indicator		: 33

## Social

- Ratio of CEO Salary
- Gender Salary Ratio
- Employee Turnover Percentage
- Gender Diversity Percentage
- Temporary Employment Ratio
- Non Discrimination PPP
- Rate of Injury
- Occupational Health and Safety
- Child and/or Forced Labor
- Human Rights PPPs
- CSR in Social Community

GRI Main Topic	: 22
GRI Indicator	: 51
GRI Sub Indicator	: 39

## Governance

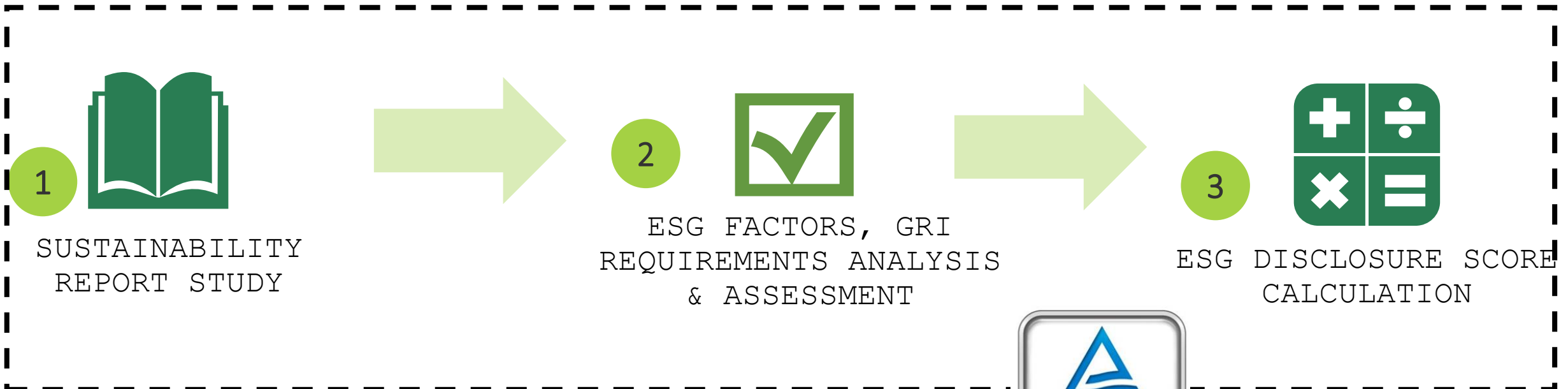
- Board Members Diversity
- Board Members Independence
- Sustainability Monetary Incentives
- Collective Bargaining Agreements and Protocols
- Third Party Code of Conduct
- Ethics & Anti-Corruption Compliance
- Data Privacy and Protection
- Sustainability Reports
- Disclosure Mechanisms
- Independent Assurance
- Tax Transparency

GRI Main Topic	: 36
GRI Indicator	: 66
GRI Sub Indicator	: 33



# BGK ESG Disclosure Scoring

Quantification of ESG disclosure through an assessment of SR, to determine the **rate of ESG transparency**, using BGK pre-determined ESG factors



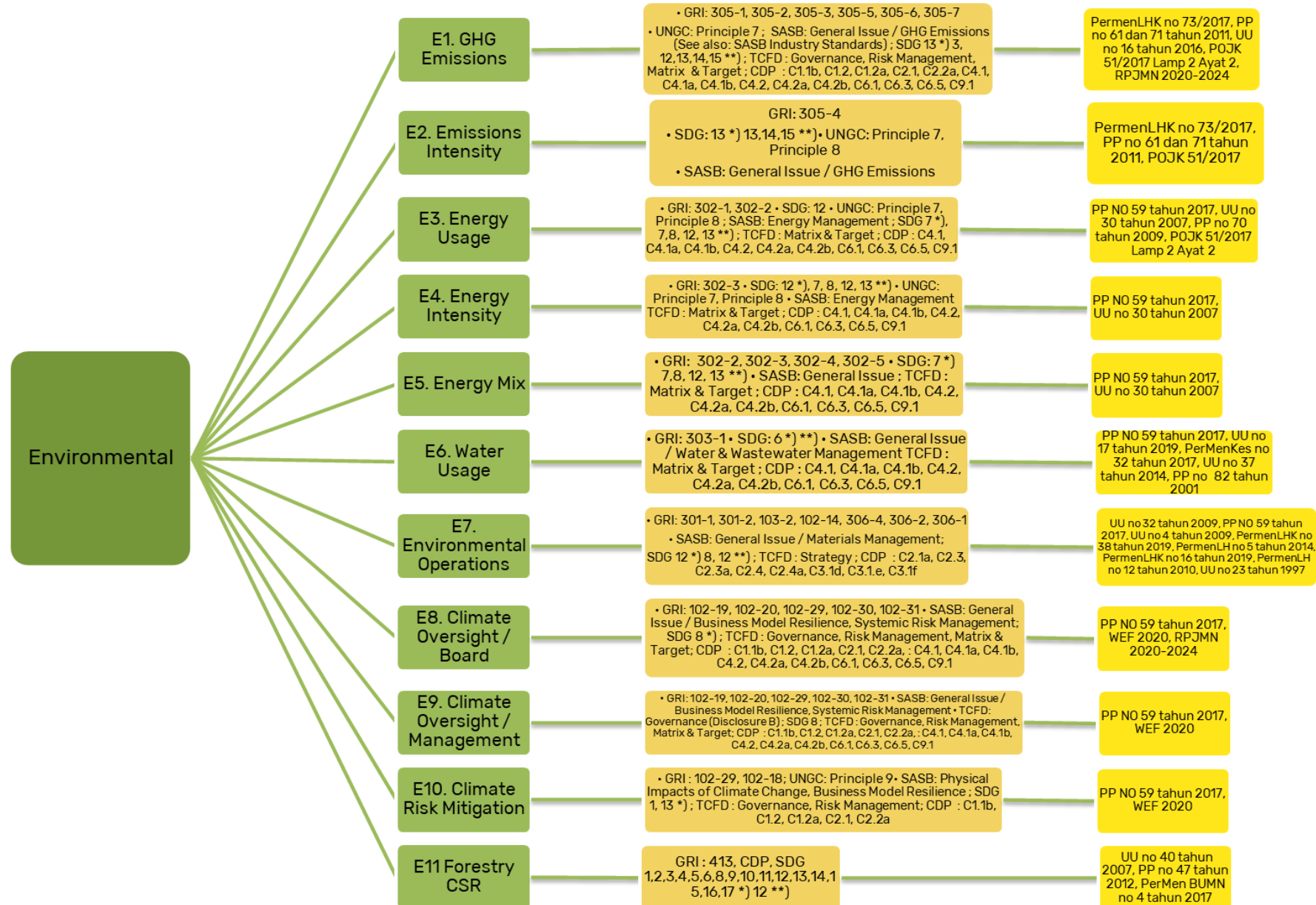
SUSTAINABILITY  
REPORT STUDY

ESG FACTORS, GRI  
REQUIREMENTS ANALYSIS  
& ASSESSMENT

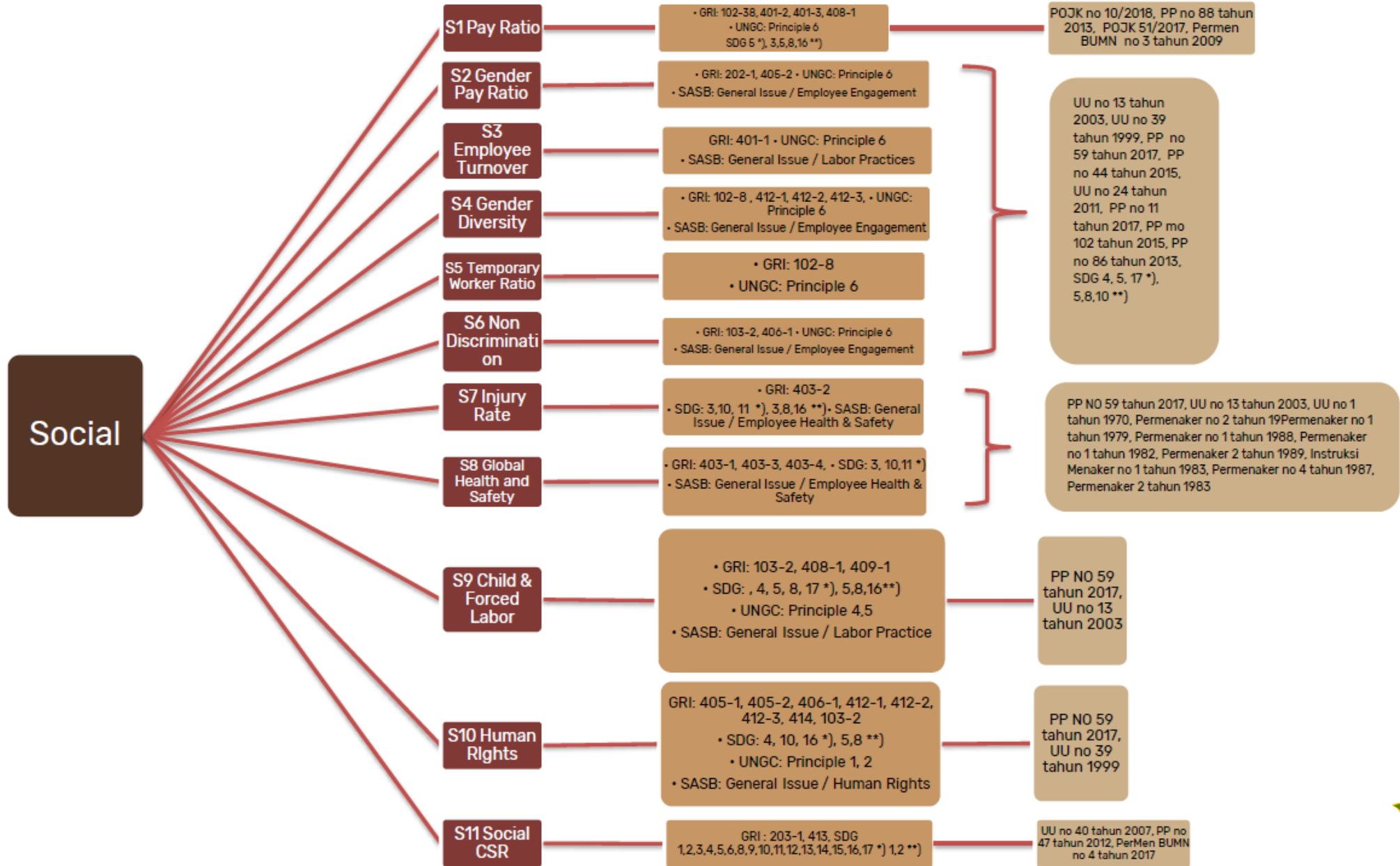
ESG DISCLOSURE SCORE  
CALCULATION



# BGK ESG Factors - Environmental

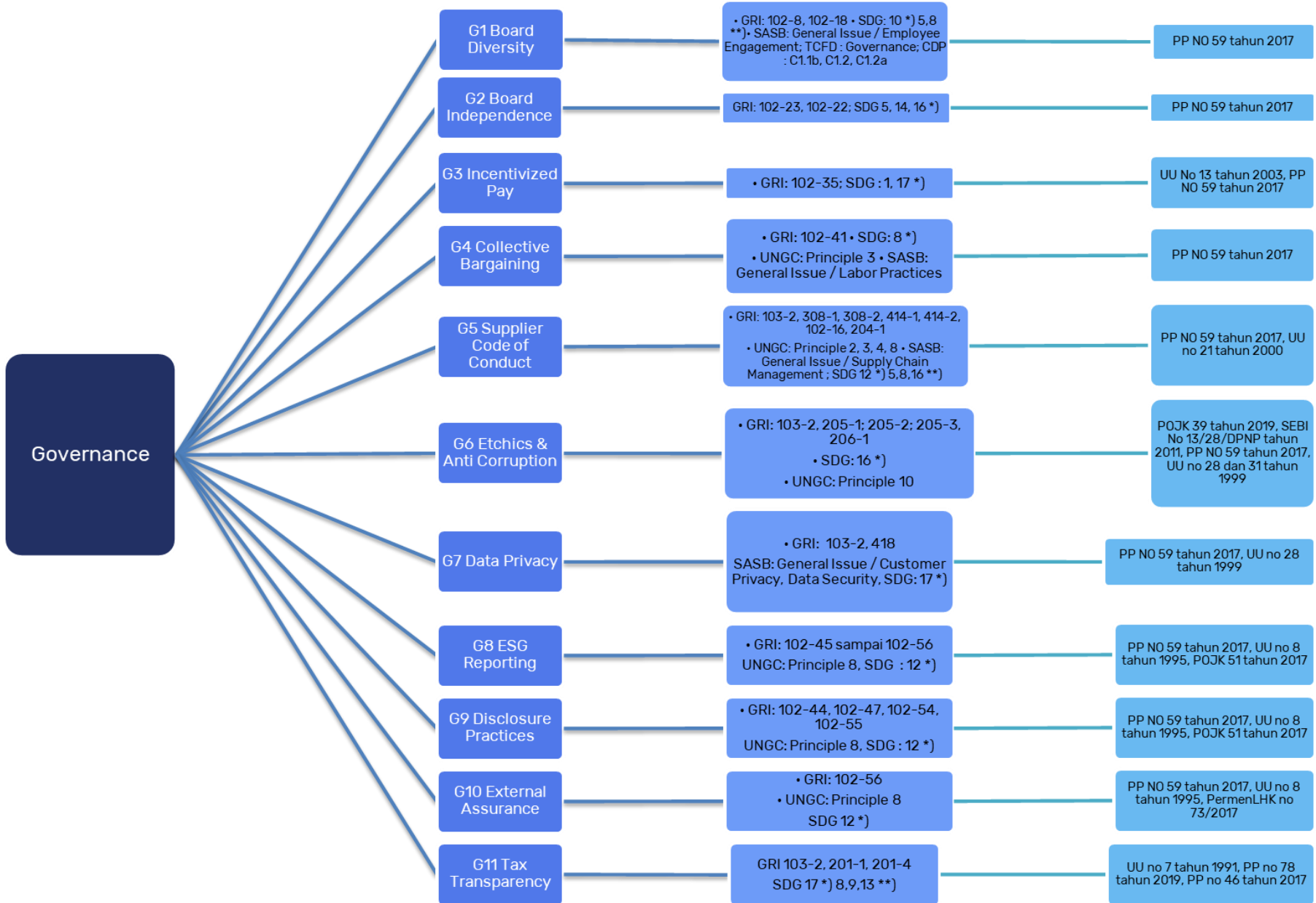


# BGK ESG Factors – Social





# BGK ESG Factors - Governance




# BGK ESG Metric Assurance Statement



**Assurance Statement**  
No: 824-26000-20001

Assurance Statement given to:

 **Bumi Global Karbon**

Address: Jl. Bangun Cipta Raya, Blok C-14A, Dukuh, Kramatjati,  
Kota Jakarta Timur, Daerah Khusus Ibukota Jakarta 13550  
+62 21 87783418; +62 21 87783419  
E-mail: [admin@bumiglobalkarbon.org](mailto:admin@bumiglobalkarbon.org)

Scope Assurance:


1. Completeness of "Bumi Global Karbon ESG Metric" according to the GRI Sustainability Reporting Standard
2. Methodological adequacy of Bumi Global Karbon ESG Scoring according to the GRI Sustainability Reporting Principles Standard aligned with SDGs contribution reporting

Valid until 30 December 2020

TUV Rheinland Indonesia Assurance Statement:

1. Bumi Global Karbon ESG Metric have fully satisfied the completeness criteria of GRI Sustainability Reporting Standard.
2. Bumi Global Karbon have sufficient scoring method in accordance with the GRI Sustainability Reporting Principles Standard.

Jakarta, June 12, 2020

  
**Nyoman Susila**  
President Director PT TUV Rheinland Indonesia

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# ESG Disclosure Transparency Level of 39 PLC in SR 2019

SECTOR	BANKING	MINING	CONSTRUCTION	TRADING	BASIC INDUSTRIES	INFRASTRUCTURE	MISCELLANEOUS INDUSTRY	AGRICULTURE AND ANIMAL HUSBANDRY	PHARMACEUTICAL	INVESTMENT
Total PLC	15	8	4	1	2	2	1	3	2	1
E Environmental	20%	29%	23%	10%	23%	51%	20%	23%	8%	26%
S Social	20%	33%	27%	7%	20%	58%	10%	19%	9%	23%
G Governance	31%	31%	37%	14%	21%	47%	12%	26%	15%	14%
E Environmental	E	D	D	E	D	C	E	D	E	D
S Social	E	D	D	E	E	C	E	E	E	D
G Governance	D	D	D	E	E	C	E	D	E	E
<b>ESG DISCLOSURE SCORE</b>	<b>24%</b>	<b>31%</b>	<b>29%</b>	<b>10%</b>	<b>21%</b>	<b>52%</b>	<b>14%</b>	<b>23%</b>	<b>11%</b>	<b>21%</b>

## PLC Selection Process - IHSJK Index and IHSJK30

Stage 1 - Selecting 696 PLC on Indonesia Stock Exchange which have 2019 Sustainability Report i with the GRI Standard, based on Bumi Global Karbon 33 ESG factors and resulting 39 PLC selected



Stage 2 - Selecting 39 PLC which have obtained ESG disclosure scores based on the IDX Indonesia index and resulting 11 PLC selected.

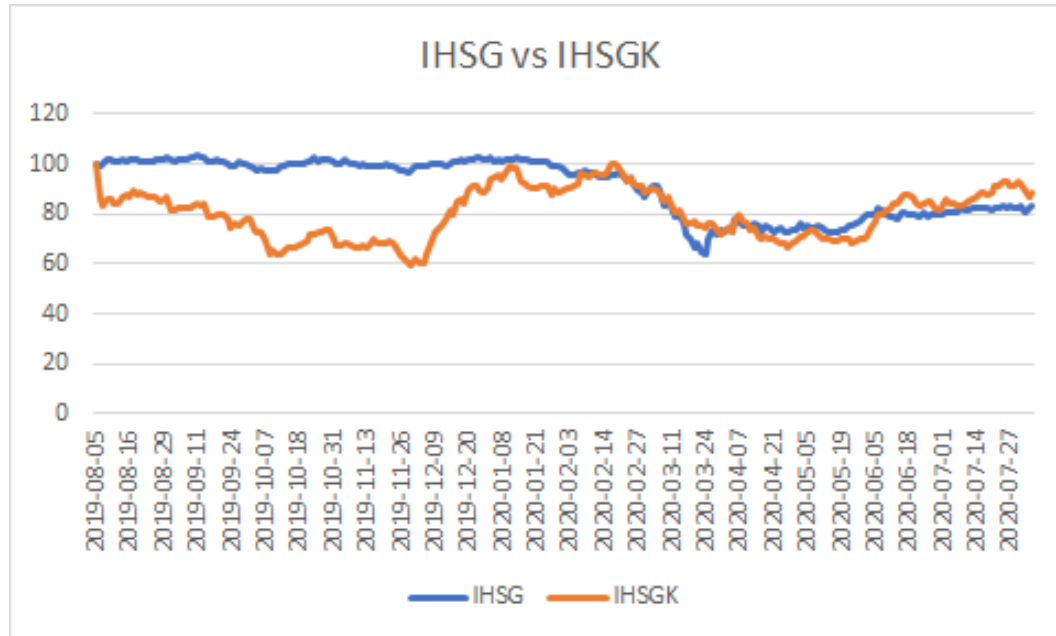


Stage 3 - Perform calculations based on the Dow Jones index formula and resulting 11 PLC select included in the IHSJK Index and 3 selected PLC which are included in the IHSJK and IHSJK 30 ind



# PLC Selection Results - IHSGK, IHSGK30 and IHSGK 30 Banking Index

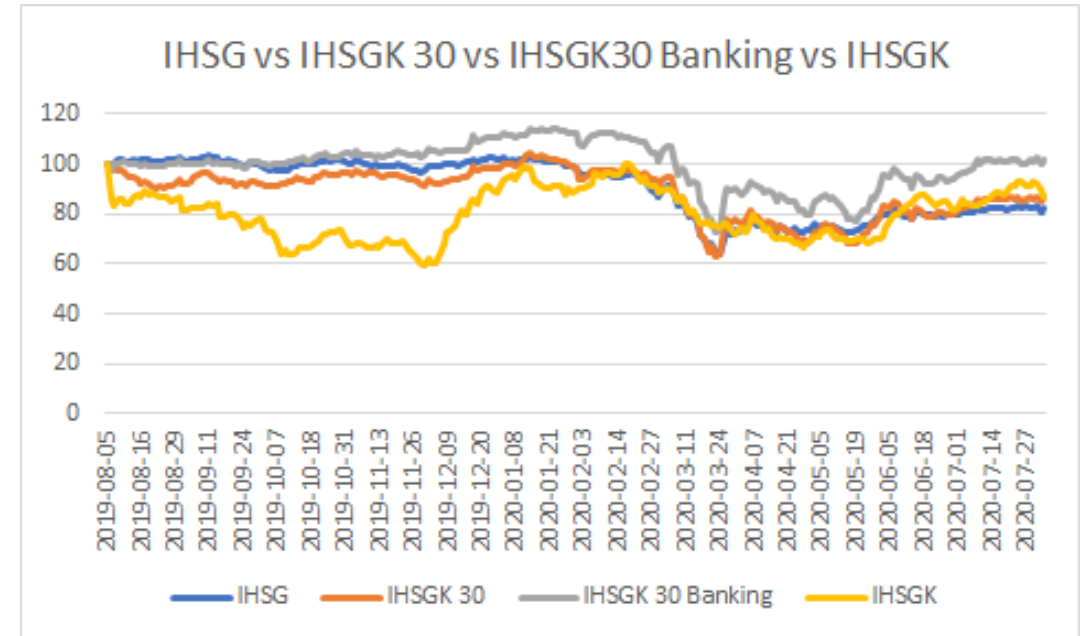
Graph 1. IHSG vs IHSGK



Note : consists of 11 PLCASII

1. PTASII : 14%	6. ITMG : 35%
2. BBKA : 31%	7. PTBA : 21%
3. BBNI : 25%	8. JPFA : 14%
4. BBRI : 41%	9. PTPP : 15%
5. INTA : 24%	10. BBTN : 16%
	11. BMRI : 11%

Graph 2. IHSG vs IHSGK vs IHSGK 30 vs IHSGK 30 Banking Index



Note : consists of 3 PLC

1. BBKA : 31%
2. BBRI : 41%
3. ITMG : 35%

# Recommendations

**1** Establishment of an ESG or a Sustainability Director

**2** ESG Impact Assessment Report

**3** Pengungkapan terkait *GHG Emission* - environmentally friendly data center

**4** Small Medium Enterprises Sustainability Report - using BGK SR TOOLS

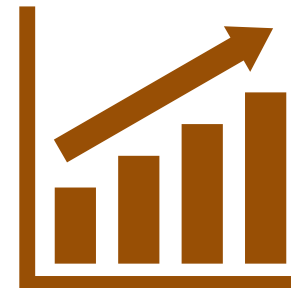
**5** *Certified Emission Reduction* - Implementation of Forest

**6** Use of Sustainability Report Reporting Standards - GRI, SASB, TCFD, etc

**7** Disclosure of Environmental Data to the Reporting Platform

**8** Assurance Report Process through Independent Third Party

**9** Disclose, or explain the reason





**Thank You**

ありがとうございます

# Bumi Global Karbon

Jalan Bangun Cipta Raya, Blok C-14A, Dukuh, Kramat Jati,  
Jakarta Timur 13550

+62 21 87783418

+62 852 72531915

Email : [admin@bumiglobalkarbon.org](mailto:admin@bumiglobalkarbon.org)

Kindly visit our website :

[www.bumiglobalkarbon.org](http://www.bumiglobalkarbon.org)

<https://bgkesgindex.com>