Oxford Climate Policy Monitor 2024 Survey

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3. Source material link(s):

https://web.archive.org/web/20240806153831/https://peraturan.bpk.go.id/Details/225308/perpres-no-112-tahun-2022

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

□ Climate-related disclosure

Transition planning

□ Public procurement

6. Select the category which best describes the author/issuer of the policy tool.

Head of state and/or government

□ Independent regulatory or supervisory body

□ Legislature

□ Judiciary

□ Ministry/Department/Agency

□ Other (Please describe)

7. Status of the policy tool

Approved, in force

 \circ Approved, not yet in force

• Other (Please describe)

9. Year of (planned) entry into force or year of publication

<u>2022</u>

10. Does the policy tool have an end date?
No
° Yes

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

The purpose of this policy tool is to accelerate the development of renewable energy for the supply of electrical power in order to achieve renewable energy mix targets as per the National Energy Policy in addition to the reduction of Greenhouse gas ("GHG") emissions. It aimed at accelerating the transition to renewable energy by regulating the early retirement of Coal-Fired Power Plants (CFPPs).

13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

● 1. Minister of Energy and Mineral Resources ("MEMR")

● 2. <u>PT PLN</u>	
o 3 .	
o 4.	
o 5 .	
	_

15. To provide contextual information, rate the capacity of Minister of Energy and Mineral Resources ("MEMR") to undertake the policy tool's implementation and/or enforcement.

0- No Capacity (Please explain)

- 1- Low Capacity (Please explain)
- 2- Medium Capacity (Please explain)

• 3- High Capacity (Please explain) <u>The MEMR explicitly prohibits the development of CFPPs, with</u> <u>the exception of (a) CFPPs as already stipulated in the existing Electricity Supply Business Plan</u> <u>approved by the MEMR prior to the enactment of the policy tool; or (b) CFPPs which are (i) integrated</u> with a listed National Strategic Project that provides increasing added value for the natural resources <u>sector and makes a large contribution to job creation or national economic growth; (ii) committed to a</u> <u>minimum 35% reduction in GHG emissions within 10 years of the CFPP's operation date in contrast</u> to the average GHG emissions of the CFPP in 2021; and (iii) operating only until no later than 2050.

• Prefer not to answer

• Not Applicable

16. To provide contextual information, rate the capacity of PT PLN to undertake the policy tool's implementation and/or enforcement.

0- No Capacity (Please explain)

• 1- Low Capacity (Please explain)

• 2- Medium Capacity (Please explain)

 S- High Capacity (Please explain) <u>The policy tool instructs Indonesia's state-owned electricity</u> <u>company, PT Perusahaan Listrik Negara (PLN), to accelerate the early termination of (a) the</u> <u>operation of PLN's CFPPs and/or (b) CFPP Power Purchase Agreements with Independent Power</u> <u>Producers. In addition to an energy transition strategy, the policy tool also regulates (i) tendering for</u> <u>renewable projects, (ii) tariff mechanisms, and (iii) incentives provided for renewable energy projects.</u>

 \circ Prefer not to answer

• Not Applicable

25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded			
entities			
2. Private companies			
3. Financial institutions			
4. Small and medium-			
sized enterprises			
5. State-owned			
companies			
6. Not-for-profit			
organizations			
7. Government			
agencies and/or			
departments			
(supranational)			
8. Government			
agencies and/or			
departments (national)			
9. Government			
agencies and/or			
departments (regional			
- e.g., state, province,			
region, metropolitan			
region)			
10. Government			
agencies and/or			
departments (local -			
e.g., county, district, municipality, city)			
11. Government			
agencies and/or			
departments			
(unspecified)			
12. Sectoral actors	 Image: A start of the start of		
(e.g., healthcare,			
defense, utilities,			
education)			
13. Other			
	ntitios which include gor	erators of all power plant	

13. Other Text:Business Entities, which include generators of all power plants in general.

26. In cases where entities are targeted by sector, identify the sector to which the policy tool applies.

	Mandatory	Voluntary	Not applicable
All sectors			
Agriculture, forestry, and fishing			
Mining and quarrying			
Manufacturing			
Electricity, gas, steam, and air conditioning supply			
Water supply; sewerage; waste management and remediation activities			
Construction			
Wholesale and retail trade: repair of motor vehicles and motorcycles			
Transportation and storage			
Accommodation and food service activities			
Information and communication			
Financial and insurance activities			
Real estate activities			
Professional, scientific and technical activities			
Administrative and support service activities			
Public administration and defense; compulsory social security			
Education			
Human health and social work activities			
Arts, entertainment and recreation			
Other service activities			
Activities of households as employers; undifferentiated goods-and services- producing activities of			

households for own		
use		
Activities of extraterritorial organizations and bodies		

27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

	State-owned companies	Government agencies and/or departments (national)	Sectoral actors (e.g. healthcare, defense, utilities, education)	Other
Minimum number of employees (Enter min number of full- time employees - FTEs)				
Minimum revenue (Enter minimum revenue)				
Minimum assets (Enter minimum assets)				
Minimum contract value (Enter minimum contract value)				
Entity is headquartered in the jurisdiction				
Entities are subjected to disclosure or reporting requirements	Specifically refers to PT PLN.	Refers to the Minister of State Owned Enterprises, Minister of Finance, Minister of Agrarian Affairs and Spatial Lay Out, Minister of Environment and Forestry, Minister of Public Works and Public Housing, Minister of Internal Affairs, Minister of Industry, and the Coordinating Minister for Maritime and Investment Affairs.	Actors participating in the electricity power sector.	Business Entities are defined as legal entities conducted their business operations in Indonesia and operates within the jurisdiction.

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

No

 \circ Yes

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

• Operations within jurisdiction only

• Operations beyond the jurisdiction

• Not applicable

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

□ Monetary fine

 \square Restriction on business activities

□ Voiding or setting aside of contract

□ Exclusion from government contracts

□ Award of damages or compensation

□ Penalty for senior managers

□ Criminal penalties

Not specified

□ Not applicable (e.g. in cases of voluntary tools)

□ Other

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

Below average
Average
Above average
Not applicable
Unknown or prefer not to answer
35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

• Below average

• Average

• Above average

• Not applicable

• Unknown or prefer not to answer

37. Have the climate-specific provisions in this instrument ever been enforced?

No (If relevant, explain)

Yes

38. Briefly note one to two exemplary cases of enforcement. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

<u>Chandra Asri Group through its subsidiary, Krakatau Daya Listrik (KDL) is building a Floating Solar</u> <u>Power Plant at Krenceng Reservoir in Cilegon. This was done in accordance with Presidential</u> <u>Regulation (Perpres) No. 112 of 2022 and the Net Zero Emission (NZE) target in 2060.</u>

(https://web.archive.org/web/20240807035339/https://industri.kontan.co.id/news/chandra-asribangun-plts-terapung-32-mwp-ditargetkan-selesai-2025)

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

 $\circ \, \text{No}$

Yes

40. Describe the monitoring systems in place. Please reference the relevant section/subsection/paragraph of the policy tool where monitoring systems are set.

According to Article 29(2) of the policy tool, PT PLN must report on the implementation progress of development and achievement levels with respect to the utilization of local products of Electrical Power plants that utilize renewable sources of Energy to the MOEM every 6 (six) months.

41. Does the policy tool recommend or require periodic impact assessments?

No

 \circ Recommended

 \circ Required

43. Does the policy tool recommend or require periodic reviews?

No

Recommended

• Required

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

 $\circ \ No$

Yes

46. Describe the mechanisms for enhancing regulatory coordination with subnational governments. Reference the relevant section/subsection/paragraph of the policy tool where mechanisms for coordination with subnational governments are set.

The mechanisms in enhancing regulatory coordination with subnational governments can be found under Article 26(1) of the policy tool where the relevant ministers, head of institutions or regional government in charge of the preparation of government support policies and its implementation as provided under Article 22-25 of the policy tool shall coordinate with the MOEM in formulating such policies.

The formulation and implementation of the aforementioned government support shall then be coordinated by the Coordinating Minister of Maritime and Investment Affairs pursuant to Article 26(2).

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

 $\circ \ \text{No}$

Yes

48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Pursuant to Article 22, Business Entities are granted incentives for implementing the development of Electrical Power plants that utilize Renewable sources of Energy, in the form of Fiscal and non-fiscal incentives. Such fiscal incentives include facilities concerning taxation, import, land & building taxes, financing and/or guarantees. Other facilities include prioritization in national spatial planning. licensing facilities, and various other forms of support govern under Article 23 of the policy tool.

Domain-Specific Questions: Transition Planning Questions

Disclosure of Plans and Targets

132. Are targeted entities recommended or required to publicly disclose climate-related targets or transition plans?

No

Recommended

• Required

Targets

135. Does the policy tool recommend or require targeted entities to have or develop climate-related targets?

No

Recommended

Required

Transition Plans

164. Does the policy tool recommend or require targeted entities to have or develop a transition plan?

 $\circ \operatorname{No}$

 \circ Recommended

Required

165. Does the policy tool recommend or require any of the following elements or criteria for transition plans? Select all that apply.

	Recommended	Required	Neither recommended nor required
A timeframe for the transition plan (e.g. 10 year plan, 20 year plan, etc.)			
Key Performance Indicators (KPIs) for monitoring transition plan implementation			\mathbf{S}
Updates to the transition plan			
Third-party verification and/or audited accuracy of the transition plan			
Identified methodology for scenario analysis			

170. Describe the recommendation or requirement to undertake third-party verification and/or audited accuracy of the transition plan and reference the relevant section/subsection/paragraph of the policy tool.

Article 2 of the policy tool provides that PT PLN shall prepare the Electrical Power Supply Business Plan ("RUPTL") which is defined under Article 1(5) as the procurement plan of electric power through the generation, transmission, distribution, and/or sale of electrical power to consumers within a business area. The formulation of the RUPTL by PT PLN shall take into account:

<u>a. the development of renewable energy in accordance with the renewable energy mix based on the</u> <u>national general electric power plan;</u>

b. the balance between supply and demand; and

c. economics of renewable energy plants.

The RUPTL shall then be ratified by the MEMR after coordinating with the Minister of State-Owned Enterprises and the Minister of Finance. Article 2(2) of the policy tool provides that such coordination shall consider:

a. the aspect of balance between supply and demand;

b. the degree of preparedness of the electrical power system; and

c. the financial capacity of the State.

Monitoring, Oversight, and Implementation

176. Does the policy tool recommend or require entities undertake any of the following with regard to monitoring, oversight, and implementation? Select all that apply.

	Recommended	Required	No
Monitor progress in			
implementing their			
transition plan			
Develop financial			
plans for the			
implementation of			
their transition plan			
Integrate climate-			
related matters into			
their financial			
accounting			
Incorporate climate			
change considerations			
into their investment			
decision making			
and/or asset planning			
Incorporate climate			
change considerations			
into their capital			
allocation and/or			
expenditure plans			
Any other mechanisms			
for enhancing the			
achievement of			
targets and/or the			
implementation of			
transition plans			

177. Describe the obligation to monitor progress in implementing transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

While the policy tool does not explicitly require the implementation progress of the RUPTL to be monitored, Article 29(2) of the policy tool establishes a reporting obligation for PT PLN to report on the implementation progress of development and achievement levels with respect to the utilization of local products of Electrical Power plants that utilize renewable sources of Energy to the MEMR every <u>6 (six) months.</u>

180. Describe the obligation to incorporate climate change considerations into investment decision making and asset planning, referencing the relevant section/subsection/paragraph of the policy tool.

Article 2(3) of the policy tool explicitly stipulates several obligations with respect to the implementation of the RUPTL by PT PLN which include: a) prioritizing the purchase of electricity from renewable energy sources; b) operate renewable power plants on a must-run basis based on their characteristics and local system readiness during low-capacity conditions; c) utilize local products; and

d) develop renewable power plants.

As such, the aforementioned obligations are bound to affect the investment decision-making and asset planning of PT PLN.

181. Describe the obligation to incorporate climate change considerations into capital allocation and/or expenditure plans, referencing the relevant section/subsection/paragraph of the policy tool.

As mentioned in Q.181, Article 2(3) of the policy tool explicitly stipulates several obligations with respect to the implementation of the RUPTL by PT PLN which include: a) prioritizing the purchase of electricity from renewable energy sources; b) operate renewable power plants on a must-run basis based on their characteristics and local system readiness during low-capacity conditions; c) utilize local products; and d) develop renewable power plants.

As such, the aforementioned obligations are bound to the capital allocation and/or expenditure plans of PT PLN.

182. Describe the obligations related to other governance mechanisms for enhancing the achievement of targets and/or implementation of transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

Pursuant to Article 22, Business Entities are granted incentives for implementing the development of Electrical Power plants that utilize Renewable sources of Energy, in the form of Fiscal and non-fiscal incentives. Such fiscal incentives include facilities concerning taxation, import, land & building taxes, financing and/or guarantees. Other facilities include prioritization in national spatial planning. licensing facilities, and various other forms of support governed under Article 23 of the policy tool.

<u>Furthermore, Article 24 of the policy tool provides that compensation shall be provided to PT PLN</u> <u>under certain circumstances in accordance with the financial capacity of the state. Such</u> <u>compensation shall be provided for all the costs that PT PLN has incurred and all payments that it</u> <u>has carried out. The aforementioned compensation shall be provided in the event that the purchase</u> of electrical power from power plants which utilize renewable energy sources caused an increase in the power plant primary costs of PT PLN.

Engagement, Lobbying, and Governance

184. Does the policy tool recommend or require targeted entities align any of the following engagement and/or governance practices with their targets and/or transition plans?

	Recommended	Required	No
Value chain			
engagement			
Investor engagement			
Consumer			
engagement			
Policy engagement			
and lobbying practices			
Corporate governance			
structure for transition			
and verification			
Climate-related			
financial incentives for			
employees and board			
members			

185. Does the policy tool recommend or require targeted entities to disclose how they have used due diligence and/or stewardship to achieve their targets and/or implement their transition plans?

No

 \circ Recommended

Required

186. Describe the obligation to the align targets and/or transition plans with value chain engagement, referencing the relevant section/subsection/paragraph of the policy tool.

Pursuant to Article 2(3)(a) of the policy tool, PT PLN is required to prioritize the purchase of electrical power from power plants that utilize renewable energy sources. This provision establishes a cooperation engagement between PT PLN and the producers of electricity from which it purchases electrical power from.

To this end, Article 4(2) of the policy tool identifies the following types of power plants that qualify as power plants that utilize renewable energy sources pursuant to Article 2(3)(a):

a. Geothermal Power Plants;

- b. Hydroelectric Power Plants;
- c. Photovoltaic Solar Power Plants;
- d. Wind Power Plant;
- e. Biomass Power Plant;

<u>f. Biogas Power Plant;</u> <u>g. Marine Energy Power Plant; and</u> <u>h. Biofuel Power Plants.</u>

Standards, Frameworks, and Guidelines

194. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
IFRS S1			
IFRS S2			
Task Force on Climate-related Financial Disclosures (TCFD)			
CDP (formerly known as Climate Disclosure Project) Technical Note: Reporting on Climate Transition Plans			
International Integrated Reporting Framework			
Global Reporting Initiative (GRI)			>
Sustainability Accounting Standards Board (SASB)			
Science Based Targets initiative (SBTi)			
Science Based Targets initiative (SBTi) Net Zero Standard			
European Sustainability Reporting Standards (ESRS)			
Other			

195. List any other standards, frameworks or guidelines required by or referred to within the policy tool. Please provide a web-archived link to each standard/framework/guideline listed.

<u>The General National Electricity Plan of 2019-2038</u> (https://web.archive.org/web/20240807075820/https://jdih.esdm.go.id/storage/document/Kepmenesdm-143-Thn%202019%20RUKN%202019.pdf)

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

In addition to the RUPTL, the policy tool also mandates the MEMR to develop an acceleration roadmap for the retirement of coal-fired power plants ("CFPP") pursuant to Article 3(1). Such a roadmap shall at least contain details on the reduction of GHG emissions of CFPPs, an acceleration strategy for the operational lifespan termination of CFPPs as well as the matter of harmonization with every other relevant policy. In this vein, Article 3(2) explicitly prohibits the development of new CFPPs subject to certain exceptions such as:

<u>a. CFPPs as already stipulated in the existing RUPTL prior to the enactment of the current policy tool;</u> <u>or</u>

b. CFPPs are (i)integrated with an industry that was established with the orientation of increasing added value for the natural resources sector or is considered a National Strategic Project which significantly contributes to the creation of job opportunities and/or national economic growth (ii) committed to at least a 35% reduction in GHG emissions within 10 years of the CFPP's operational date in comparison to the average GHG emissions of Indonesian CFPPs in 2021, and (iii) operating only until no later than 2050.

<u>Furthermore, the policy tool also instructs PT PLN to accelerate the termination of its own CFPPs</u> <u>and/or Power Purchase Agreements with Independent Power Producers pursuant to Article 3(5) of</u> <u>the policy tool.</u> Policy Tool Name: Circular Letter of the Financial Services Authority No. 16/SEOJK.04/2021 regarding the Form and Substance of the Annual Report of Issuers and Public Companies (Surat Edaran Otoritas Jasa Keuangan Nomor 16/SEOJK.04/2021 Tahun 2021 tentang Bentuk Dan Isi Laporan Tahunan Emiten Atau Perusahaan Publik)

3. Source material link(s):

https://web.archive.org/web/20240812090953/https://www.ojk.go.id/id/regulasi/Documents/Pages/B entuk-dan-Isi-Laporan-Tahunan--Emiten-atau-Perusahaan-Publik/SEOJK%20-%2016%20-%202021.pdf

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

Climate-related disclosure

□ Transition planning

□ Public procurement

6. Select the category which best describes the author/issuer of the policy tool.

□ Head of state and/or government

Independent regulatory or supervisory body

□ Legislature

□ Judiciary

□ Ministry/Department/Agency

□ Other (Please describe)

7. Status of the policy tool

Approved, in force

• Approved, not yet in force

Other (Please describe)

9. Year of (planned) entry into force or year of publication

2021	
10. Does the policy tool have an end date?	
● No	
○ Yes	

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

The policy tool seeks to further regulate the contents of sustainability reports prepared by public companies and issuers pursuant to the obligation under Financial Services Authority Regulation No. 51/POJK.03/2017 of 2017 regarding the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies.

13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

• 1. Financial Services Authority (Otoritas Jasa Keuangan, "OJK")

o 2.	
o 3 .	
o 4 .	
o 5 .	

15. To provide contextual information, rate the capacity of Financial Services Authority (Otoritas Jasa Keuangan, "OJK") to undertake the policy tool's implementation and/or enforcement.

• 0- No Capacity (Please explain)

• 1- Low Capacity (Please explain)

• 2- Medium Capacity (Please explain)

• 3- High Capacity (Please explain) <u>The OJK is the supervising body that reviews and monitors the</u> <u>submission of sustainability reports prepared pursuant to the policy tool. The OJK has the right to</u> <u>impose administrative sanctions in the form of written warnings to issuers, LJKs, and public</u> <u>companies that do not prepare reports in accordance with the requirements of the policy tool.</u>

• Prefer not to answer

 \circ Not Applicable

25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded			
entities			
2. Private companies			
3. Financial institutions			
4. Small and medium-			
sized enterprises			
5. State-owned			
companies			
6. Not-for-profit			
organizations			
7. Government			
agencies and/or			
departments			
(supranational)			
8. Government			
agencies and/or			
departments (national)			
9. Government			
agencies and/or			
departments (regional			
- e.g., state, province,			
region, metropolitan region)			
10. Government			
agencies and/or			
departments (local -			
e.g., county, district,			
municipality, city)			
11. Government			
agencies and/or			
departments			
(unspecified)			
12. Sectoral actors			
(e.g., healthcare,			
defense, utilities,			
education)			
13. Other			

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

) No	
Yes	

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

• Operations within jurisdiction only

• Operations beyond the jurisdiction

 \circ Not applicable

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

□ Monetary fine

□ Restriction on business activities

 \Box Voiding or setting aside of contract

□ Exclusion from government contracts

□ Award of damages or compensation

 \Box Penalty for senior managers

□ Criminal penalties

Not specified

□ Not applicable (e.g. in cases of voluntary tools)

 \Box Other

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

 \circ Below average

 \circ Average

• Above average

• Not applicable

• Unknown or prefer not to answer

35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

• Below average

 \circ Average

Above average

• Not applicable

• Unknown or prefer not to answer

36. Provide supplemental explanation of your priority assessment. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

37. Have the climate-specific provisions in this instrument ever been enforced?

No (If relevant, explain)

Yes

38. Briefly note one to two exemplary cases of enforcement. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

 $\circ \ \text{No}$

● Yes
40. Describe the monitoring systems in place. Please reference the relevant section/subsection/paragraph of the policy tool where monitoring systems are set.
41. Does the policy tool recommend or require periodic impact assessments?
No
 Recommended
○ Required
43. Does the policy tool recommend or require periodic reviews?
No
 Recommended
○ Required
45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?
○ No
∘ Yes

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

 $\circ \, \text{No}$

∘ Yes

Domain-Specific Questions: Disclosure Questions

What is being disclosed?

52. Are targeted entities recommended or required to disclose any of the following climate-related information? Select all that apply.

	Recommended	Required	Neither recommended nor required
1. Greenhouse gas (GHG) emissions			
2. GHG emissions offsets or removals			
3. GHG emissions reduction targets			
4. Other climate- related targets			
5. Physical climate risk			
6. Transition risk			
7. Transition plan			

Disclosure of Greenhouse Gas (GHG) Emissions

54. Which GHG emissions must be disclosed? Select all that apply.

Carbon dioxide (CO_2)

□ Methane (CH4)

 \Box Nitrous oxide (N₂O)

□ Hydrofluorocarbons (HFCs)

□ Perfluorocarbons (PFCs)

□ Sulphur hexafluoride (SF6)

□ Nitrogen trifluoride (NF3)

 \Box Carbon dioxide equivalent (CO₂e)

55. Are entities recommended or required to disclose gross emissions?

No

 \circ Recommended

• Required

56. Are entities recommended or required to disclose net emissions?
 No
 Recommended
 Required
57. What Scope of emissions must be disclosed? Select all that apply.
Scope 1 emissions
Scope 2 emissions
Scope 3 emissions, relevant or material
Scope 3 emissions, a specified proportion of coverage (Please describe) <u>Emissions arising from</u> <u>official travel by air.</u>
□ Scope 3 emissions, all
□ Not specified
58. Are entities recommended or required to discloseGHG emissionsaccounting methodologies or standards?
GHG emissions
59. Does the policy tool recommend or require the GHG inventory be third-party verified?
○ No
 Recommended
○ Required

60. If necessary, provide additional clarification to the above responses aboutgreenhouse gas (GHG) emissions disclosure.

The current policy tool does not specify or limit the types of GHG emissions that are to be disclosed. As such, to ensure that Q.54 above remains answered, we have opted to select carbon dioxide as the answer.

Notably, the current policy tool does restrict Scope 1 & 2 GHG emissions to certain sources (i.e., fuel and electricity consumption, respectively), as stipulated in Item F.11 of Annex II to the policy tool. Regulated entities may disclose whether the sustainability report prepared pursuant to the policy tool (which contains information on GHG emissions disclosure) has been verified by an independent assurance services provider, pursuant to Item G.1 of Annex II to the policy tool.

Other disclosures

105. Are targeted entities recommended or required to disclose any other climate-related information? Select all that apply.

	Required	Recommended	Neither recommended
1. Climate-related			nor required
opportunities			
2. Remuneration			
based on achieving			
climate-related goals		_	
3. Taxonomies			
4. Capital allocation			
and/or expenditure plans (in the context of			
climate change)			
5. Due diligence			
6. Assumptions and			
Dependencies			
7. Data limitations of			
scenario analyses			
8. Financial			
implications of			
climate-related			
matters (e.g.,			
integration of climate- related disclosures			
into financial			
accounting standards)			
9. Stewardship (e.g.,			
whether stewardship			
codes are in place,			
how entities vote in			
shareholder meetings,			
etc.) 10. ESG			
methodologies and			
criteria (in the case of			
service providers)			
11. Asset planning or			
ownership in the			
context of climate			
change			
12. Sectoral			
investment policies			
13. Climate-related			
lobbying and/or policy engagement			
14. Locked-in			
emissions or			-
information on			

emissive assets with long lifespans		
15. Dirty asset divestiture		
16. Nature-related		
impacts 17. Just transition		
indicators		

106. Is third-party verification of climate-related opportunities recommended or required?

 $\circ No$

Recommended

 \circ Required

109. Describe and reference the section/subsection/paragraph of the policy tool relevant to capital allocation and/or expenditure plans disclosures.

Section III of Annex II to the policy tool governs the disclosure of capital allocation and/or expenditure plans relevant in the context of climate change.

For example, Item F.7 requires regulated entities to disclose the steps they have taken in relation to energy efficiency and the use of renewable energy. This includes the use of capital such as machinery and new technology.

Similarly, Item F.12 also requires regulated entities to disclose steps they have taken to reduce emissions, which includes the use of certain technology or adjustments to existing capital.

114. Describe and reference the section/subsection/paragraph of the policy tool relevant to stewardship-related disclosures.

Item E of the policy tool requires regulated entities to disclose information concerning their commitment to implementing sustainable management practices in the economic, environmental and social spheres. Item E.1 specifically requires the disclosure of responsibilities assumed by members of the Board of Directors ("BOD") and Board of Commissioners ("BOC"), employees, officials, and/or work units which are in charge of the implementation of sustainable finance.

E.2 further requires the disclosure of any capacity development which the above parties have engaged in to improve their competence in implementing sustainable finance objectives.

<u>Finally, Item E.3 requires the disclosure and elaboration of the roles assumed specifically by the BOD</u> and BOC in managing, periodically reviewing, and monitoring the efficiency of risk management processes which have been implemented in relation to sustainable finance activities.

122. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosure of nature-related impacts.

Section III of Annex II to the current policy tool governs the disclosure of nature-related impacts arising from the activities of a regulated entity.

Item B.3 requires regulated entities to disclose both positive and negative effects to the environment that may arise from the implementation of their operational activities. For example, Item F.9 governs disclosure concerning the operation sites of regulated entities that have positive or negative impacts on the surrounding environment, particularly with respect to environmental carrying capacity. Item F.10 obliges the disclosure of any impact that such operation sites may have on conservation areas and areas with biodiversity.

Item F.4 governs the disclosure of expenditures relating to efforts adopted to prevent or recover from such negative effects. A comparison can also be drawn to Item F.10, which requires the disclosure of efforts by the regulated entity with respect to the conservation of biodiversity.

Standards, Frameworks, and Guidelines

125. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. IFRS S1			
2. IFRS S2			
3. Task Force on			
Climate-related			
Financial Disclosures			
(TCFD)			
4. GHG Protocol			
Corporate Accounting			
and Reporting			
Standard			
5. GHG Protocol			
Corporate Value Chain			
(Scope 3) Accounting			
and Reporting			
Standard 6. CDP (formerly			
known as Climate			
Disclosure Project)			
reporting framework			
7. International			
Integrated Reporting			
Framework			
8. Global Reporting			
Initiative (GRI)			
9. Sustainability			
Accounting Standards			
Board (SASB)			
10. European			
Sustainability			
Reporting Standards			
(ESRS) 11. Taskforce on			
Nature-related			
Financial Disclosures			
(TNFD)			
12. Partnership for			
Carbon Accounting		_	
Financials (PCAF)			
13. Glasgow Financial			
Alliance for Net Zero			
(GFANZ)			
14. Other			

126. List any other standards, frameworks or guidelines integrated into or referred to within the policy tool. Please provide a web-archived link to each standard/framework/guideline listed.

<u>The 17 sustainable development goals</u> (https://web.archive.org/web/20240727150405/https://sdgs.un.org/goals)

Additional Important Information

128. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Essentially, the policy tool employs broad language for determining the matters to be disclosed in sustainability reports prepared pursuant to the policy tool. This may serve the purpose of ensuring that disclosures are made as broadly as possible.

However, as a consequence of the broad wording, there are areas where the policy tool fails to provide clear guidance on the scope and specifics of the matters it governs. For example, the policy tool references a comparison between actual sustainability (economic, social and environmental) performance achieved compared to set targets. However, the policy tool does not govern how the targets are to be set or the associated terms.

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

None

Policy Tool Name: Minister of Environment and Forestry Regulation No. 21 of 2022 regarding Guidelines on the Implementation of Carbon Economic Value (Peraturan Menteri Lingkungan Hidup dan Kehutanan No. 21 Tahun 2022 tentang Tata Laksana Penerapan Nilai Ekonomi Karbon)

3. Source material link(s):

https://web.archive.org/web/20240728150933/https://jdih.menlhk.go.id/new/uploads/files/2022pmlhk 021_menlhk_10252022143318.pdf

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

Climate-related disclosure

Transition planning

□ Public procurement

5. If relevant, briefly explain how the policy tool applies or is linked to multiple domains.

The current policy tool provides guidance on the implementation of Carbon Economic Value ("CEV") as an act of climate change mitigation and adaptation. The implementation of CEV includes mechanisms such as carbon trading, performance-based payments, carbon levy, and other mechanisms in accordance with the development of science and technology. The implementation of these mechanisms requires the disclosure of various climate-related information such as emissions. The policy tool also governs how climate targets are established and the procedure for implementing and enacting climate change mitigation mechanisms.

6. Select the category which best describes the author/issuer of the policy tool.

□ Head of state and/or government

□ Independent regulatory or supervisory body

□ Legislature

□ Judiciary

Ministry/Department/Agency

□ Other (Please describe)

7. Status of the policy tool
Approved, in force
• Approved, not yet in force
• Other (Please describe)
9. Year of (planned) entry into force or year of publication <u>2022</u>
10. Does the policy tool have an end date?
No
• Yes

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

The policy tool intends to support the achievement of Indonesia's Nationally Determined Contribution ("NDC") and control of greenhouse gas ("GHG") emissions by 2030. It also intends to provide further guidance on the implementation of Presidential Regulation No. 98 of 2021 regarding the Implementation of Carbon Economic Value to Achieve the Nationally Determined Contribution Targets and Control of Greenhouse Gas Emissions in Relation to National Development.

13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

● 1. <u>Ministry of Environment and Forestry ("MOEF")</u>

o 2 .
o 3 .
o 4 .
o 5.

15. To provide contextual information, rate the capacity of Ministry of Environment and Forestry ("MOEF") to undertake the policy tool's implementation and/or enforcement.

 \circ 0- No Capacity (Please explain)

• 1- Low Capacity (Please explain)

2- Medium Capacity (Please explain)

• 3- High Capacity (Please explain) <u>The MOEF is the supervisory body for the implementation of this</u> regulation.

 \circ Prefer not to answer

Not Applicable

25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded			
entities			
2. Private companies			
3. Financial institutions			
4. Small and medium-			
sized enterprises			
5. State-owned			
companies			
6. Not-for-profit			
organizations			
7. Government			
agencies and/or			
departments			
(supranational)			
8. Government			
agencies and/or			
departments (national)			
9. Government			
agencies and/or			
departments (regional			
- e.g., state, province,			
region, metropolitan			
region) 10. Government			
agencies and/or departments (local -			
e.g., county, district,			
municipality, city)			
11. Government	Π		
agencies and/or			
departments			
(unspecified)			
12. Sectoral actors		 Image: A start of the start of	
(e.g., healthcare,	-		-
defense, utilities,			
education)			
13. Other			
12 Other Text Duainage			· · · · · · · · · · · · · · · · · · ·

<u>13. Other Text:Business actors (individual persons or legal entities which conduct business/activities in certain fields). The type of entities mentioned in Q3.25 can be categorized as business actors.</u>

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26. In cases where entities are targeted by sector, identify the sector to which the policy tool applies.

	Mandatory	Voluntary	Not applicable
All sectors			
Agriculture, forestry, and fishing			
Mining and quarrying			
Manufacturing			
Electricity, gas, steam, and air conditioning supply			
Water supply; sewerage; waste management and remediation activities			
Construction			
Wholesale and retail trade: repair of motor vehicles and motorcycles			
Transportation and storage			
Accommodation and food service activities			
Information and communication			
Financial and insurance activities			
Real estate activities			
Professional, scientific and technical activities			
Administrative and support service activities			
Public administration and defense; compulsory social security			
Education			
Human health and social work activities			
Arts, entertainment and recreation			
Other service activities			
Activities of households as employers; undifferentiated goods-and services- producing activities of			

households for own		
use		
Activities of extraterritorial organizations and bodies		

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

No

 $\circ \, \text{Yes}$

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

• Operations within jurisdiction only

• Operations beyond the jurisdiction

• Not applicable

31. What are the specific obligations and conditions for entities' operations beyond the jurisdiction? Please reference the relevant section/subsection/paragraph of the policy tool.

The policy tool also governs international carbon trading activities. Generally, Articles 4(2) and 4(3) provide that any overseas carbon trading requires prior approval and authorization from the MOEF.

Further provisions specifically governing this matter can be found in Articles 18-22 of the policy tool.

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

 \Box Monetary fine

 \Box Restriction on business activities

 \Box Voiding or setting aside of contract

□ Exclusion from government contracts

 $\hfill\square$ Award of damages or compensation

□ Penalty for senior managers

Criminal penalties

Not specified

□ Not applicable (e.g. in cases of voluntary tools)

□ Other

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

- Below average
- Average
- \circ Above average
- Not applicable
- Unknown or prefer not to answer

35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

 \circ Below average

- Average
- Above average
- Not applicable
- Unknown or prefer not to answer

.....

37. Have the climate-specific provisions in this instrument ever been enforced?

No (If relevant, explain)

Yes

38. Briefly note one to two exemplary cases of enforcement. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

For example, the implementation of Article 27 of the policy tool concerns the development of carbon trading infrastructure through the carbon exchange. In this vein, the Government of Indonesia enacted Financial Services Authority (Otoritas Jasa Keuangan, "OJK") Regulation No. 14 of 2023 regarding Carbon Trading through the Carbon Exchange.

This regulation establishes the legal framework that governs carbon trading activities through the Indonesian carbon exchange, otherwise referred to as IDX Carbon.

There is no case for enforcement as there are no sanctions provided under the regulation.

(https://web.archive.org/web/20240729120032/https://www.ojk.go.id/id/regulasi/Documents/Pages/P erdagangan-Karbon-Melalui-Bursa-

Karbon/POJK%2014%20Tahun%202023%20-%20PERDAGANGAN%20KARBON%20MELALUI%20 BURSA%20KARBON.pdf)

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

o No

• Yes

40. Describe the monitoring systems in place. Please reference the relevant section/subsection/paragraph of the policy tool where monitoring systems are set.

Activities concerning the implementation of CEV shall be recorded and reported in the National Registry System on Climate Change Control ("SRN PPI"), pursuant to Article 42 of the policy tool. Such records shall contain data and information on carbon trading, performance-based payments, carbon levy, and other mechanisms in accordance with the development of science and technology. The aforementioned records shall undergo several phases, which include registration, validation of planning reports, and verification of implementation outcome reports.

41. Does the policy tool recommend or require periodic impact assessments?

No

Recommended

 \circ Required

43. Does the policy tool recommend or require periodic reviews?

No

Recommended

 \circ Required

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

No

• Yes

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

 $\circ \operatorname{No}$

• Yes

48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Pursuant to Article 78 of the policy tool, the MOEF and relevant ministers may improve the participation of certain parties (provincial regional governments, regency/city regional governments, business actors, and the public) in the implementation of CEV. This can be done through: a. the provision of information through electronic or non-electronic media (further governed under Article 79 of the policy tool);

<u>b. capacity improvement through the provision of technical guidance (further governed under Article</u> <u>80 of the policy tool); and/or</u>

c. grant of material or non-material appreciation and awards (further governed under Article 81 of the policy tool).

A web-archived link for the policy tool is provided at the start of this survey.

Domain-Specific Questions: Disclosure Questions

What is being disclosed?

52. Are targeted entities recommended or required to disclose any of the following climate-related information? Select all that apply.

	Recommended	Required	Neither recommended nor required
1. Greenhouse gas (GHG) emissions			
2. GHG emissions offsets or removals			
3. GHG emissions reduction targets			
4. Other climate- related targets			
5. Physical climate risk			
6. Transition risk			
7. Transition plan			

Disclosure of Greenhouse Gas (GHG) Emissions

54. Which GHG emissions must be disclosed? Select all that apply.

Carbon dioxide (CO_2)

Methane (CH4)

Nitrous oxide (N₂O)

Hydrofluorocarbons (HFCs)

Perfluorocarbons (PFCs)

Sulphur hexafluoride (SF6)

□ Nitrogen trifluoride (NF3)

 \Box Carbon dioxide equivalent (CO₂e)

55. Are entities recommended or required to disclose gross emissions?

No

Recommended

• Required

56. Are entities recommended or required to disclose net emissions?
○ No
 Recommended
Required
57. What Scope of emissions must be disclosed? Select all that apply.
□ Scope 1 emissions
□ Scope 2 emissions
□ Scope 3 emissions, relevant or material
□ Scope 3 emissions, a specified proportion of coverage (Please describe)
□ Scope 3 emissions, all
Not specified
58. Are entities recommended or required to discloseGHG emissionsaccounting methodologies or standards?
GHG emissions
59. Does the policy tool recommend or require the GHG inventory be third-party verified?
No
• Recommended
• Required

60. If necessary, provide additional clarification to the above responses aboutgreenhouse gas (GHG) emissions disclosure.

We note several additional clarifications which may be relevant to the above responses. For example, the policy tool acknowledges that other compounds beyond those identified in Q3.54 above may also be relevant in accordance with the development of science and technology.

While there are no express obligations to disclose GHG emission accounting methodologies, the law already prescribes different methods that can be used for measuring actual emissions (Article 12(1)). Additionally, the text of the policy tool does not expressly require the GHG inventory to be verified by a third party. However, third-party verification is required for other matters, including:

- Reports on the implementation of the GHG emission ceiling applicable to business actors to ensure the data quality of actual emissions and to ascertain the remaining GHG emission ceiling and/or remaining unused emissions quota;

Reports on the outcome of implementing climate change mitigation acts;

- Reports on the implementation of international cooperation agreements in the context of international carbon trade;

- GHG emission reduction performance achieved in the context of performance-based payments.

Finally, it is worth noting that while the policy tool does not require a GHG Inventory to be verified, it does require details of emission sources (and the types of GHG emissions produced from such sources), which are disclosed as part of a Climate Change Mitigation Acts Planning Document ("DRAM")* to be validated by a third party pursuant to Article 15(2) of the policy tool. For the sake of clarity, the policy tool distinguishes between the terms "verification" and "validation". The distinction is as follows:

- Verification: activities conducted to ensure the correctness and quality of data;

- Validation: a systematic and documented process of ensuring that planning documents have fulfilled the applicable requirements.

*DRAM is equivalent to a Project Design Document.

Disclosure of Greenhouse Gas (GHG) Offsets or Removals

62. Does the policy tool recommend or require offsetting purchases be disclosed?

 $\circ \operatorname{No}$

 \circ Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

• Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool) <u>Article 46(1)(d)</u> of the policy tool requires business actors partaking in carbon trading activities through emission offsets to record any transfer of their SPE-GRK. This obligation applies to both

emission offsets which domestically transfer SPE-GRKs and those which transfer SPE-GRKs internationally (for the first time). Article 46(2) of the policy tool also requires the operator of the carbon exchange to record emission offset transactions.

Such records are then used as a reference to prepare an annual GHG emission offset report which details domestic and international transfers of SPE-GRK, the total GHG emissions reduction achieved through emission offset activities, etc. This report is then recorded in the SRN PPI.

63. Does the policy tool recommend or require entities disclose whether offsets are verified?

 $\circ \operatorname{No}$

 \circ Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

• Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool) <u>Offsets can be conducted to carbon trading and any carbon trading will require the emissions</u> reduction to be verified. The monitoring, reporting, and verification are governed under Article 38 of the policy tool.

64. Does the policy tool recommend or require any certification standards for the use of GHG offsetting or removals?

 $\circ \ No$

 Recommended (Please list the certification standards, describe their use, and reference the relevant section/subsection/paragraph of the policy tool)

Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool) <u>Essentially, the implementation of CEV (which includes carbon trading activities as stated in Article 3(2) of the policy tool) requires the use of emission reduction certifications, pursuant to Article 58(1) of the policy tool. Any international certification will require mutual recognition agreements by the MOEF, as per Article 68.
</u>

65. Does the policy tool include any other recommendations or requirements regarding the appropriate use of offsets?

 $\circ \operatorname{No}$

 Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

• Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool) <u>Article 14 of the policy tool provides that emission offsets are conducted for businesses/activities</u> which:

a. are not subject to a GHG emission ceiling;

b. have a surplus of emissions which may be sold;

<u>c. have a deficit of emissions which may be adjusted through offset by purchasing from business</u> <u>actors possessing a surplus of emissions.</u>

Disclosure of Greenhouse Gas (GHG) Emissions Reduction Targets

67. Which of the following targets, or data related to targets, does the policy tool request entities disclose? Select any of the following which apply:

	Recommended	Required	Neither recommended nor required
An absolute emissions reduction target			
An intensity-based emissions reduction target			
A net zero target			
Targets covering non- carbon GHG emissions			
A Scope 3 emissions target			
A target derived using a sectoral decarbonization approach			
Interim targets			
A target timeframe (e.g. by 2040)			
A baseline year from which progress is measured			
A level of ambition for emissions reductions (e.g. 80% reduction)			

68. Does the policy tool recommend or require entities to disclose their progress in achieving their emissions reductions targets?

No

 \circ Recommended

• Required

70. Does the policy tool recommend or require a scope of emissions which should be covered by the absolute emissions reduction target? Select all that apply.

 \Box Scope 1 emissions

□ Scope 2 emissions

□ Scope 3 emissions (relevant or material)

□ Scope 3 emissions (a specified proportion of coverage)

□ Scope 3 emissions (all)

Not specified

74. Which of the following non-carbon GHG emissions reductions targets are entities recommended or required to disclose? Select all that apply.

Methane (CH4)

Nitrous oxide (N₂O)

Hydrofluorocarbons (HFCs)

Perfluorocarbons (PFCs)

Sulphur hexafluoride (SF6)

□ Nitrogen trifluoride (NF3)

□ Carbon dioxide equivalent (CO2e)

75. For which of the following sectors are entities recommended or required to disclose targets derived using a sectoral decarbonization approach? Select all that apply.

Power generation

Industry

Transport Services

□ Services/Commercial buildings

Other <u>Pursuant to Article 9(3) of the policy tool, the Relevant Ministers (e.g. Ministry of Energy and Mineral Resources for Power plant sub-sectors) shall determine the applicable GHG emission ceiling for the sub-sectors and sub-sub-sectors identified in Article 2(4) of this policy tool.</u>

 \Box None specified

76. Are targets derived using a sectoral decarbonization approach recommended or required to be validated by a third-party?

No

Recommended

• Required

79. What is the recommended or required timeframe for long-term targets (e.g. by 2050, 2060)?

Between 2030 and 2035

 \circ Between 2036 and 2040

Between 2041 and 2045

 \circ Between 2046 and 2050

- \circ Between 2051 and 2060
- \circ Between 2061 and 2070
- $\circ \ \text{Other}$
- None specified

80. What is the recommended or required baseline year from which progress is to be measured?

- o 1990-2000
- \circ 2001-2005
- \circ 2006-2010
- o 2011-2015
- \circ 2016-2020

• Other <u>Depending on the baseline for each sector and sub-sector</u>.

.....

81. Are entities recommended or required to disclose the methodologies by which they select baseline years?

No

Recommended

Required

82. What is the recommended or required level of ambition for GHG emissions reductions targets?

 \circ Reduction between 1-25%

- Reduction between 26-50%
- \circ Reduction between 51-75%
- Reduction between 75-85%
- Reduction between 85-100%
- \circ Reduction of more than 100%

• Other <u>Depending on the baseline for each sector and sub-sector</u>.

Disclosure of other climate-related targets

84. Which of the following other climate-related targets does the policy tool recommend or require entities disclose? Select all that apply.

□ Targets for renewable energy procurement (Please reference the section/subsection/paragraph of the policy tool relevant to renewable energy procurement targets)

□ Targets for fossil fuel phase down/phase out (Please reference the section/subsection/paragraph of the policy tool relevant to fossil fuel phase down/phase out)

□ Targets or goals related to climate adaptation (Please reference the section/subsection/paragraph of the policy tool relevant to climate adaptation)

□ Targets or goals related to nature and/or biodiversity (Please reference the section/subsection/paragraph of the policy tool relevant to nature and/or biodiversity)

□ Targets or goals related to just transition (Please reference the section/subsection/paragraph of the policy tool relevant to just transition)

Other targets (Please reference the section/subsection/paragraph of the policy tool relevant to other targets) <u>a. The establishment of a sub-sectoral or sub-sub-sectoral GHG emission ceiling</u>, <u>pursuant to Article 1 number 33 juncto. Article 9(3) of the policy tool</u>.

Article 1(34) juncto. Article 10 of the policy tool.					
Disclosure of Transition Plans					
98. What is the recommended or required frequency of transition plan disclosures?					
 Yearly 					
 Every two years 					
 Every three years 					
• Every four years					
• Every five years					

b. The establishment of an emission ceiling that is assigned to a specific business actor, pursuant to

- \circ Every ten years or more
- Other <u>At least once a year.</u>
- Not specified

99. Does the policy tool recommend or require audited accuracy and/or third-party verification of the transition plan?

 $\circ \, \text{No}$

 \circ Recommended

Required

100. Does the policy tool recommend or require entities to disclose progress in implementing transition plans?

 $\circ \, \text{No}$

 $\circ \, \text{Recommended}$

Required

101. What is the recommended or required frequency of disclosures related to transition plan implementation progress? • Yearly

- \circ Every two years
- Every three years
- \circ Every four years
- Every five years
- Every ten years or more
- Other <u>At least once a year.</u>
- No prescribed frequency

102. Does the policy tool recommend or require targeted entities to disclose their financial plans for implementing transition plans?

 $\circ \operatorname{No}$

Recommended

Required

103. Does the policy tool recommend or require targeted entities to disclose their methodology for scenario analysis related to transition planning?

- No
- \circ Recommended
- Required

Other disclosures

105. Are targeted entities recommended or required to disclose any other climate-related information? Select all that apply.

	Required	Recommended	Neither recommended
			nor required
1. Climate-related			
opportunities 2. Remuneration			
based on achieving			
climate-related goals			
3. Taxonomies			
4. Capital allocation			
and/or expenditure			
plans (in the context of			
climate change)			
5. Due diligence			
6. Assumptions and			
Dependencies			
7. Data limitations of			
scenario analyses 8. Financial			
implications of			
climate-related			
matters (e.g.,			
integration of climate-			
related disclosures			
into financial			
accounting standards)			
9. Stewardship (e.g.,			
whether stewardship codes are in place,			
how entities vote in			
shareholder meetings,			
etc.)			
10. ESG			
methodologies and			
criteria (in the case of			
service providers)			
11. Asset planning or			
ownership in the context of climate			
change			
12. Sectoral			
investment policies			
13. Climate-related			
lobbying and/or policy			
engagement			
14. Locked-in			
emissions or			
information on			

emissive assets with long lifespans		
15. Dirty asset		
divestiture		
16. Nature-related		
impacts		
17. Just transition		
indicators		

107. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosures regarding remuneration based on achieving climate-related goals.

Article 42(3)(b) requires business actors to record and report data and information on the implementation of, inter alia, performance-based payments. Such performance-based payments provide incentives or payments based on verified/certified GHG emission reduction achievements.

109. Describe and reference the section/subsection/paragraph of the policy tool relevant to capital allocation and/or expenditure plans disclosures.

<u>According to Article 39(2)(d), entities that organize CEV as per Article 4 are required to make a</u> preparation planning document (that will be validated and therefore disclosed), which shall detail the <u>financial</u>, capacity development, and technology transfer resources required.

110. Describe and reference the section/subsection/paragraph of the policy tool relevant to due diligence disclosures.

Article 63(2)(d) requires CEV organizers to disclose information on the environmental impact analysis in their DRAM. According to Annex II to the policy tool, this information concerns whether certain documents are required, such as an Environmental Impact Assessment document (referred to as an AMDAL under Indonesian law) or an Environmental Management Efforts and Environmental Monitoring document (referred to as a UKL-UPL under Indonesian law), as well as whether such documents have been successfully obtained.

111. Describe and reference the section/subsection/paragraph of the policy tool relevant to assumptions and dependencies disclosures.

Annex III to the policy tool serves as a guideline for the validation and verification process for the issuance of SPE-GRK. In the context of assumptions, Annex II requires any validation or verification reports produced pursuant to it to duly document all assumptions that were relied upon.

122. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosure of nature-related impacts.

As mentioned in Q.110, Article 63(2)(d) requires CEV organizers to disclose information on the environmental impact analysis in their DRAM. According to Annex II to the policy tool, this information concerns whether certain documents are required, such as an Environmental Impact Assessment document (referred to as AMDAL under Indonesian law) or an Environmental Management Efforts and Environmental Monitoring document (referred to as a UKL-UPL under Indonesian law), as well as whether such documents have been successfully obtained.

Standards, Frameworks, and Guidelines

125. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. IFRS S1			
2. IFRS S2			
3. Task Force on			
Climate-related			
Financial Disclosures			
(TCFD)			
4. GHG Protocol			
Corporate Accounting			
and Reporting			
Standard			
5. GHG Protocol			
Corporate Value Chain			
(Scope 3) Accounting			
and Reporting			
Standard			
6. CDP (formerly			
known as Climate			
Disclosure Project)			
reporting framework			
7. International			
Integrated Reporting			
Framework 8. Global Reporting			
Initiative (GRI)			
9. Sustainability			
Accounting Standards			
Board (SASB)			
10. European			
Sustainability			
Reporting Standards			
(ESRS)			
11. Taskforce on			
Nature-related			
Financial Disclosures			
(TNFD)			
12. Partnership for			
Carbon Accounting			
Financials (PCAF)			
13. Glasgow Financial			
Alliance for Net Zero			
(GFANZ)			
14. Other			

126. List any other standards, frameworks or guidelines integrated into or referred to within the policy tool. Please provide a web-archived link to each standard/framework/guideline listed.

a. Indonesian National Standard Equivalent to ISO 14064 (https://web.archive.org/web/20240806043836/https://www.iso.org/standard/66455.html)

<u>b. Standard for Sampling and Surveys for CDM Project Activities and Programme of Activities</u> (https://web.archive.org/web/20240806045733/https://cdm.unfccc.int/Reference/Standards/index.htm))

<u>c. Conference of Parties to the United Nations Framework on Climate Change</u> (https://web.archive.org/web/20240806050140/https://unfccc.int/favicon.ico)

<u>d. Guidance from the Intergovernmental Panel on Climate Change</u> (https://web.archive.org/web/20240802042248/https://www.ipcc.ch/report/2019-refinement-to-the-2006-ipcc-guidelines-for-national-greenhouse-gas-inventories/)

Additional Important Information

128. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

As one of the regulations which provide the legal framework for climate change mitigation acts through the implementation of CEV, the policy tool provides a legal basis for activities such as carbon trading that are expected to reduce GHG emissions in Indonesia. Several of these regulations specifically govern carbon trading in certain fields, as follows:

<u>a. Minister of Energy and Mineral Resources Regulation No. 16 of 2022 regarding the Procedures for</u> the Implementation of Carbon Economic Value in the Power Plant Subsector; and

(https://web.archive.org/web/20240812065723/https://peraturan.bpk.go.id/Details/257394/permenesdm-no-16-tahun-2022)

b. MOEF Regulation No. 7 of 2023 regarding the Procedures for Carbon Trading in the Forestry Sector

(https://web.archive.org/web/20240812065304/https://jdih.maritim.go.id/permen-lhk-no-7-tahun-2023).

Domain-Specific Questions: Transition Planning Questions

Disclosure of Plans and Targets

132. Are targeted entities recommended or required to publicly disclose climate-related targets or transition plans?

 $\circ \, \text{No}$

Recommended

Required

Targets

135. Does the policy tool recommend or require targeted entities to have or develop climate-related targets?

 $\circ \ No$

 \circ Recommended

Required

136. Does the policy tool recommend or require entities to monitor progress in achieving their targets?

 $\circ \ No$

 \circ Recommended

Required

137. Describe and reference the section/subsection/paragraph of the policy tool relevant to monitoring progress in achieving targets.

For instance, Article 12 of the policy tool requires business actors to prepare a report which shall then be verified to identify data concerning remaining actual emissions produced by the business actor as well as the remaining GHG emission ceiling and/or unused emission quotas.

On a separate note, Article 45(2)(d) and Article 47(2)(e) also constitute a form of monitoring of the achievement of emission reduction targets. The articles require the MOEF to prepare a report on emissions trading and emissions offset, respectively, which will contain details on the total amount of GHG emission reduction achieved by each respective activity.

<u>Finally, Article 56 of the policy tool obliges an annual report on NDC achievements through the</u> <u>implementation of CEV to be provided in the SRN PPI.</u>

138. Does the policy tool recommend or require targeted entities to publicly report on progress in achieving their targets?

 $\circ \, \text{No}$

 \circ Recommended

Required

139. What is the recommended or required frequency of progress reports related to the achievement of targets?

• Yearly

Every two years

- Every three years
- \circ Every four years
- \circ Every five years
- \circ Every ten years or more

• Other <u>At least once a year</u>

• No prescribed frequency

140. Which of the following targets, or data related to targets, does the policy tool recommend or require entities have or develop? Select all that apply.

	Recommended	Required	No
An absolute emissions			
reduction target			
An intensity-based			
emissions reduction			
target			
A net zero target			
Interim targets (e.g.			
2030, 2050)			
Targets covering non-			
carbon GHG emissions			
A Scope 3 emissions			
target			
A target derived using			
a sectoral			
decarbonization			
approach			
A level of ambition for			
emissions reductions			
(e.g. 80% reduction)			
A baseline year from			
which progress is			
measured			
A target timeframe			
(e.g. by 2040)			
Targets for renewable			
energy procurement			
Targets for fossil fuel			
phase down/phase up			
Separate targets for			
GHG offsets and/or			
removals			
Targets or goals			
related to climate			
adaptation			
Targets or goals			
related to nature and			
biodiversity			
Other targets related			
to sustainability			

141. What is the recommended or required scope of emissions for absolute emissions reduction targets? Select all that apply.

□ Scope 1 emissions

□ Scope 2 emissions

□ Scope 3 emissions, relevant or material

□ Scope 3 emissions, a specified proportion of coverage (Please describe)

□ Scope 3 emissions, all

Not specified

148. For which of the following sectors are entities recommended or required to develop targets derived using a sectoral decarbonization approach? Select all that apply.

Power generation

Industry

Transport Services

□ Services/Commercial buildings

Other <u>Pursuant to Article 9(3), the relevant ministers shall determine the applicable GHG emission</u> <u>ceiling for the sub-sectors and sub-sub-sectors identified in Article 2(4) of the policy tool.</u>

□ None specified

149. Does the policy tool recommend or require targets derived using a sectoral decarbonization approach be validated by a third-party?

No

Recommended

• Required

150. What is the recommended or required level of ambition for GHG emissions reductions targets?

- \circ Reduction between 1-25%
- \circ Reduction between 26-50%
- Reduction between 51-75%
- Reduction between 75-85%

 \circ Reduction between 85-100%

 \circ Reduction of more than 100%

• Other Depending on the target for each sector and sub-sector.

151. What is the recommended or required baseline year from which progress is to be measured?

 \circ 1990-2000

 \circ 2001-2005

 \circ 2006-2010

o 2011-2015

 \circ 2016-2020

• Other <u>Depending on the baseline for each sector and sub-sector</u>.

152. Are entities recommended or required to disclose the methodologies by which they select baseline years?

No

 $\circ \, \text{Yes}$

.....

156. Describe and reference the section/subsection/paragraph of the policy tool relevant to setting separate targets for GHG offsets and/or removals.

Article 6(2)(c) of the policy tool stipulates that GHG emission offset targets must be established when preparing the carbon trading roadmap. Article 14(2) stipulates that if a business and/or activity do not possess a GHG emission ceiling, the MOEF and relevant governor, in accordance with their respective authorities, shall determine a GHG emissions baseline and emissions reduction targets.

157. Does the policy tool recommend or require any certification standards for the use of offsetting or removals?

 $\circ No$

• Recommended (Please reference the relevant section/subsection/paragraph of the policy tool related to certification standards for the use of offsets and/or removals)

• Required (Please reference the relevant section/subsection/paragraph of the policy tool related to certification standards for the use of offsets and/or removals) <u>Essentially, the implementation of CEV</u> (which includes carbon trading activities as mentioned in Article 3(2) of the policy tool) requires the use of emission reduction certifications, pursuant to Article 58(1) of the policy tool.

162. Describe and reference the section/subsection/paragraph of the policy tool related to setting other targets.

Pursuant to Article 9(3), the relevant ministers shall determine the applicable GHG emission ceiling for the sub-sectors and sub-sub-sectors identified in Article 2(4) of the policy tool.

Transition Plans

164. Does the policy tool recommend or require targeted entities to have or develop a transition plan?

 $\circ \ \text{No}$

 \circ Recommended

Required

165. Does the policy tool recommend or require any of the following elements or criteria for transition plans? Select all that apply.

	Recommended	Required	Neither recommended nor required
A timeframe for the transition plan (e.g. 10 year plan, 20 year plan, etc.)			
Key Performance Indicators (KPIs) for monitoring transition plan implementation			
Updates to the transition plan			
Third-party verification and/or audited accuracy of the transition plan			
Identified methodology for scenario analysis			

166. Describe the recommended or required timeframe for the transition plan.

o 1-10 years

 \circ 11-20 years

 \circ 21-30 years

 \circ 31-40 years

 \circ 41-50 years

• Other by 2030

167. Describe the recommended or required Key Performance Indicators (KPIs) and reference the relevant section/subsection/paragraph of the policy tool.

<u>The policy tool stipulates a general KPI in measuring the performance of transition plans. For</u> <u>example:</u>

a. Article 39(2)(b) provides that planning documents on CEV implementation should at least contain an emissions measurement that is measured against the GHG Baseline Emission (defined as the hypothetical emission levels and GHG projections of a sector or activity which has been identified at a determined period without intervention policies and/or mitigation technology); and b. Article 49(2)(a) requires planning documents on climate change mitigation acts to stipulate an emissions ceiling or a reference level that is applied to a particular sector or sub-sector that is below the emission reduction target of said sector or sub-sector.

The language of Article 39(2) and 49(2) incorporates the phrase "shall at least contain", indicating that other KPIs may also be included if necessary.

170. Describe the recommendation or requirement to undertake third-party verification and/or audited accuracy of the transition plan and reference the relevant section/subsection/paragraph of the policy tool.

In the context of CEV implementation (which constitutes a form of climate change mitigation act, pursuant to Article 2(1) of the policy tool), planning documents shall undergo a validation process and the outcome report of CEV implementation shall be subject to verification, as required under Article 39(3) and (6), respectively, of the policy tool.

Bearing in mind the distinction in Q.60 between validation and verification processes, both shall be implemented by independent third-party validators and verifiers that meet certain competencies stipulated in Article 40 of the policy tool.

Monitoring, Oversight, and Implementation

176. Does the policy tool recommend or require entities undertake any of the following with regard to monitoring, oversight, and implementation? Select all that apply.

	Recommended	Required	No
Monitor progress in			
implementing their			
transition plan			
Develop financial			
plans for the			
implementation of			
their transition plan			
Integrate climate-			
related matters into			
their financial			
accounting			
Incorporate climate			
change considerations			
into their investment			
decision making			
and/or asset planning			
Incorporate climate			
change considerations			
into their capital			
allocation and/or			
expenditure plans			
Any other mechanisms			
for enhancing the			
achievement of			
targets and/or the			
implementation of			
transition plans			

177. Describe the obligation to monitor progress in implementing transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

Article 2(1) of the policy tool provides that the implementation of CEV constitutes one of the methods through which climate change mitigation acts are implemented. In light of this, Article 82 of the policy tool requires the monitoring and evaluation of the implementation of CEV.

The monitoring and evaluation outcome obtained pursuant to Article 82 shall be made into a report pursuant to Article 83. Article 84 then obliges the MOEF to prepare a report on the implementation of CEV with respect to the achievement of the Indonesian NDC target.

178. Describe the obligation to develop financial plans for the implementation of transition plans, referencing the section/subsection/paragraph of the policy tool.

According to Article 39(2)(d), entities that organize CEV as per Article 4 are required to make a preparation planning document (which will be validated and therefore disclosed) that details the financial, capacity development, and technology transfer resources required.

Article 63 of the policy tool requires business actors that apply for the issuance of SPE-GRK to prepare a DRAM. The DRAM must at least contain certain information including climate change resources. Annex II to the policy tool provides further guidance on the preparation of the DRAM, clarifying that information concerning the climate change resources includes:

a. the amount of required funding;

b. the status of funding (whether such funding has been fully secured);

c. the source of funding (whether it is domestic, foreign, or mixed); and

d. the funding structure expressed in terms of percentage (i.e., equity, loans, etc.)

182. Describe the obligations related to other governance mechanisms for enhancing the achievement of targets and/or implementation of transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

As stated previously, under Article 78 of the policy tool, the MOEF and relevant ministers may improve the participation of certain parties (provincial regional governments, regency/city regional governments, business actors, and the public) in the implementation of CEV. This can be done through:

<u>a. the provision of information through electronic or non-electronic media (further governed under Article 79 of the policy tool):</u>

<u>b. capacity improvement through the provision of technical guidance (further governed under Article 80 of the policy tool); and/or</u>

<u>c. the grant of material or non-material appreciation and awards (further governed under Article 81 of the policy tool).</u>

Engagement, Lobbying, and Governance

184. Does the policy tool recommend or require targeted entities align any of the following engagement and/or governance practices with their targets and/or transition plans?

	Recommended	Required	No
Value chain			
engagement			
Investor engagement			
Consumer			
engagement			
Policy engagement			
and lobbying practices			
Corporate governance			
structure for transition			
and verification			
Climate-related			
financial incentives for			
employees and board			
members			

185. Does the policy tool recommend or require targeted entities to disclose how they have used due diligence and/or stewardship to achieve their targets and/or implement their transition plans?

No

 $\circ \, \text{Recommended}$

Required

Standards, Frameworks, and Guidelines

194. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
IFRS S1			
IFRS S2			
Task Force on Climate-related Financial Disclosures (TCFD)			
CDP (formerly known as Climate Disclosure Project) Technical Note: Reporting on Climate Transition Plans			
International Integrated Reporting Framework			
Global Reporting Initiative (GRI)			
Sustainability Accounting Standards Board (SASB)			
Science Based Targets initiative (SBTi)			
Science Based Targets initiative (SBTi) Net Zero Standard			
European Sustainability Reporting Standards (ESRS)			
Other			

195. List any other standards, frameworks or guidelines required by or referred to within the policy tool. Please provide a web-archived link to each standard/framework/guideline listed.

a. Indonesian National Standard Equivalent to ISO 14064 (https://web.archive.org/web/20240806043836/https://www.iso.org/standard/66455.html)

<u>b. Standard for Sampling and Surveys for CDM Project Activities and Programme of Activities</u> (https://web.archive.org/web/20240806045733/https://cdm.unfccc.int/Reference/Standards/index.htm])

c. Conference of Parties to the United Nations Framework on Climate Change

(https://web.archive.org/web/20240806050140/https://unfccc.int/favicon.ico)

<u>d. Guidance from the Intergovernmental Panel on Climate Change</u> (<u>https://web.archive.org/web/20240802042248/https://www.ipcc.ch/report/2019-refinement-to-the-</u>2006-ipcc-guidelines-for-national-greenhouse-gas-inventories/)

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

As one of the regulations which provide the legal framework for climate change mitigation acts through the implementation of CEV, the policy tool provides a legal basis for activities such as carbon trading which are expected to reduce GHG emissions in Indonesia. Several of these regulations specifically govern carbon trading in certain fields, as follows:

<u>a. Minister of Energy and Mineral Resources Regulation No. 16 of 2022 regarding the Procedures for</u> the Implementation of Carbon Economic Value in the Power Plant Subsector; and

(https://web.archive.org/web/20240812065723/https://peraturan.bpk.go.id/Details/257394/permenesdm-no-16-tahun-2022)

b. MOEF Regulation No. 7 of 2023 regarding the Procedures for Carbon Trading in the Forestry Sector

(https://web.archive.org/web/20240812065304/https://jdih.maritim.go.id/permen-lhk-no-7-tahun-2023).

Policy Tool Name: Presidential Regulation No. 98 of 2021 regarding Implementation of Carbon Economic Value to Achieve Nationally Determined Contribution Targets and Control Over Greenhouse Gas Emissions in Relation to National Development (Peraturan Presiden No. 98 Tahun 2021 tentang Penyelenggaraan Nilai Ekonomi Karbon Untuk Pencapaian Target Kontribusi Yang Ditetapkan Secara Nasional Dan Pengendalian Emisi Gas Rumah Kaca Dalam Pembangunan Nasional)

3. Source material link(s):

https://web.archive.org/web/20240731041824/https://peraturan.bpk.go.id/Details/187122/perpres-no-98-tahun-2021

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

Climate-related disclosure

Transition planning

□ Public procurement

5. If relevant, briefly explain how the policy tool applies or is linked to multiple domains.

The policy tool concerns both climate-related disclosures and transition planning activities as it seeks provides guidance on the implementation of activities designed to combat climate change in Indonesia. Such measures concern climate change mitigation and adaptation acts; the implementation of which requires the disclosure of various climate-related information.

6. Select the category which best describes the author/issuer of the policy tool.

Head of state and/or government

□ Independent regulatory or supervisory body

□ Legislature

□ Judiciary

□ Ministry/Department/Agency

□ Other (Please describe)

7. Status of the policy tool
Approved, in force
• Approved, not yet in force
• Other (Please describe)
9. Year of (planned) entry into force or year of publication
<u>2021</u>
10. Does the policy tool have an end date?
No
• Yes

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

This regulation serves to act as the basis for the implementation of Carbon Economic Value ("CEV") as well as to act as the guideline for the reduction of Greenhouse Gas ("GHG") Emissions through the implementation of policies, steps and activities to achieve Indonesia's Nationally Determined Contribution ("NDC") in controlling GHG Emissions in the context of national development.

In addition, this policy tool was issued to address climate change by outlining key actions required to support Indonesia's commitment under the Paris Agreement. It acknowledges the importance of carbon as a universal indicator for climate action and aims to use carbon economy as a tool to achieve national emission reduction targets.

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13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

• 1. <u>Minister of Environment and Forestry ("MOEF")</u>

o 2.		
o 3 .		
o 4 .		
o 5 .		

15. To provide contextual information, rate the capacity of Minister of Environment and Forestry ("MOEF") to undertake the policy tool's implementation and/or enforcement.

• 0- No Capacity (Please explain)

• 1- Low Capacity (Please explain)

• 2- Medium Capacity (Please explain)

• 3- High Capacity (Please explain) <u>The MOEF possesses the authority to conduct various functions</u> <u>necessary in managing GHG emissions in the country. This includes, amongst others, the right to</u> <u>issue the Certificates of GHG Emissions Reduction ("SPE- GRK"), authorize overseas carbon trading</u> <u>and establishing the National Registry System on Climate Change Control ("SRN PPI"), which serves</u> <u>as the platform to report mitigation and adaptation action. Furthermore, the MOEF also acts, among</u> <u>others, as the coordinating minister which liaises with other ministers to report on the baseline for</u> <u>relevant sub-sectors and further implementation of the policy tool.</u>

 \circ Prefer not to answer

 \circ Not Applicable

25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded			
entities			
2. Private companies			
3. Financial institutions			
4. Small and medium-			
sized enterprises			
5. State-owned			
companies			
6. Not-for-profit			
organizations			
7. Government			
agencies and/or			
departments			
(supranational)			
8. Government			
agencies and/or			
departments (national)			
9. Government			
agencies and/or			
departments (regional			
- e.g., state, province,			
region, metropolitan			
region) 10. Government			
agencies and/or			
departments (local -			
e.g., county, district,			
municipality, city)			
11. Government			
agencies and/or			_
departments			
(unspecified)			
12. Sectoral actors			
(e.g., healthcare,			
defense, utilities,			
education)			
13. Other			

13. Other Text:The type of legal entities in this policy tool refers to Business Actors (individual persons or legal entities which conduct business/activities in certain fields), which includes the public community and regional government.

26. In cases where entities are targeted by sector, identify the sector to which the policy tool applies.

Mandatory	Voluntary	Not applicable
		 Image: A start of the start of

households for own		
use		
Activities of extraterritorial organizations and bodies		

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

No

 $\circ \, \text{Yes}$

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

 \circ Operations within jurisdiction only

• Operations beyond the jurisdiction

• Not applicable

31. What are the specific obligations and conditions for entities' operations beyond the jurisdiction? Please reference the relevant section/subsection/paragraph of the policy tool.

This policy tool also permits international carbon trading activities for which the main components are governed under Article 48. Such carbon trading activities are conducted through the carbon exchange and/or direct trading. Additionally, it is to be conducted based on the SRN PPI and shall prioritize the use of SPE-GRK produced through the national emissions reduction certification mechanism. Policies concerning such international carbon trading activities shall be determined by the MOEF after coordinating with the relevant ministers. International carbon trading activities do not reduce the achievement of the NDC target in 2030.

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

Monetary fine <u>Conducted in the form of administrative sanctions pursuant to Article 70.2 of the</u> <u>policy tool</u> □ Restriction on business activities

 \Box Voiding or setting aside of contract

□ Exclusion from government contracts

□ Award of damages or compensation

□ Penalty for senior managers

Criminal penalties <u>Article 70.3 of the policy tool notes that the imposition of administrative</u> <u>sanctions for non-compliance does not diminish any criminal or civil sanctions which may be</u> <u>applicable in accordance with Indonesian law under other applicable regulations.</u>

□ Not specified

□ Not applicable (e.g. in cases of voluntary tools)

Cother Written warnings, government coercion, suspension and revocation of SPE-GRK

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

- Below average
- Average
- Above average
- Not applicable

Output of the unit of the u

35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

 \circ Below average

- Average
- Above average
- Not applicable
- Our Unknown or prefer not to answer

37. Have the climate-specific provisions in this instrument ever been enforced?

• No (If relevant, explain)

Yes

38. Briefly note one to two exemplary cases of enforcement. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Two exemplary instances of such enforcement relate to the revocation of two forestry concession licenses i.e., forestry concessions of PT Global Alam Lestari and PT Rimba Raya Conservation. The holders of the licenses engage in the sale of carbon credits generated from the aforementioned concessions. While the revocation is not per se based upon this policy tool, it nonetheless illustrates the authority of MOEF to revoke forestry concession licenses in the context of carbon trading.

(https://web.archive.org/web/20240211153843/https://sipp.ptun-jakarta.go.id/index.php/list_perkara)

*During the access of this link, type in the keyword "PT Global Alam Lestari" and "PT Rimba Raya Conservation" in the search engine.

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

 $\circ No$

Yes

40. Describe the monitoring systems in place. Please reference the relevant section/subsection/paragraph of the policy tool where monitoring systems are set.

Primarily, Article 69 of the policy tool requires every Business Actor to record and report CEV, climate change mitigation acts, climate change adaptation acts which it has implemented as well as its climate change resources to the SRN PPI.

41. Does the policy tool recommend or require periodic impact assessments?

No
Recommended
Required
3. Does the policy tool recommend or require periodic reviews?
No
Recommended
Required
Required
45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

 $\circ \ No$

Yes

46. Describe the mechanisms for enhancing regulatory coordination with subnational governments. Reference the relevant section/subsection/paragraph of the policy tool where mechanisms for coordination with subnational governments are set.

Article 84 of the policy tool establishes a Steering Committee which provides guidance on the policies and the implementation of CEV instruments in order to achieve the NDC and to control GHG emissions. In carrying out its function, the Steering Committee may involve ministries, government institutions, regional governments, and other relevant entities. The Steering Committee shall be assisted by a secretariat and working group.

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

Yes

48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

<u>Article 81 of the policy tool obliges various government actors to provide relevant guidance in a</u> <u>systematic, harmonious and measured manner to various stakeholders. For instance:</u>

a. The MOEF, the Minister of Home Affairs, and relevant ministers shall provide guidance in the field of GHG emission inventory implementation, NDC target achievement, CEV instruments and GHG emission control in the context of development to provincial governments, Business Actors and stakeholders.

<u>b. Governors shall provide guidance in the field of CEV implementation, GHG emission inventory for</u> <u>the achievement of the NDC and GHG emission control in the context of development to the</u> <u>regency/city government and stakeholders.</u>

c. Regents/mayors shall provide guidance in the field of CEV implementation, GHG emission inventory for the achievement of the NDC and GHG emission control in the context of development to stakeholders.

<u>Article 82 further details that the government may implement certain actions to improve the</u> participation of various stakeholders in the implementation of climate change mitigation acts, climate change adaptation acts and the CEV through:

a. Provision of information (further governed under Article 82.2 of the policy tool)

<u>b.</u> Capacity building in the form of providing technical guidance in achieving the NDC target and the implementation of the CEV (further governed under Article 82.3 of the policy tool); and or

c. Appreciation and awards (further governed under Article 82.5).

Domain-Specific Questions: Disclosure Questions

What is being disclosed?

52. Are targeted entities recommended or required to disclose any of the following climate-related information? Select all that apply.

	Recommended	Required	Neither recommended nor required
1. Greenhouse gas (GHG) emissions			
2. GHG emissions offsets or removals			
3. GHG emissions reduction targets			
4. Other climate- related targets			
5. Physical climate risk			
6. Transition risk			
7. Transition plan			

Disclosure of Greenhouse Gas (GHG) Emissions

54. Which GHG emissions must be disclosed? Select all that apply.

Carbon dioxide (CO₂)

Methane (CH4)

Nitrous oxide (N₂O)

Hydrofluorocarbons (HFCs)

Perfluorocarbons (PFCs)

Sulphur hexafluoride (SF6)

□ Nitrogen trifluoride (NF3)

 \Box Carbon dioxide equivalent (CO₂e)

55. Are entities recommended or required to disclose gross emissions?

No

Recommended

Required

56. Are entities recommended or required to disclose net emissions?
• No
 Recommended
Required
·
57. What Scope of emissions must be disclosed? Select all that apply.
□ Scope 1 emissions
□ Scope 2 emissions
□ Scope 3 emissions, relevant or material
□ Scope 3 emissions, a specified proportion of coverage (Please describe)
□ Scope 3 emissions, all
Not specified
58. Are entities recommended or required to discloseGHG emissionsaccounting methodologies or standards?
GHG emissions
59. Does the policy tool recommend or require the GHG inventory be third-party verified?
○ No
• Recommended
• Required

60. If necessary, provide additional clarification to the above responses aboutgreenhouse gas (GHG) emissions disclosure.

Notably, Article 68 of the policy tool requires measurement and supervision outcome reports of the implementation of the CEV, climate change mitigation acts, and climate change adaptation acts to be validated and verified by the MOEF.

Disclosure of Greenhouse Gas (GHG) Offsets or Removals

62. Does the policy tool recommend or require offsetting purchases be disclosed?

o No

 \circ Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

• Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool) <u>Pursuant to Article 69 of the policy tool every Business Actor is obliged to record and report on the implementation of the CEV, climate change mitigation acts, climate change adaptation acts as well as climate change resources to the SRN PPI.</u>

According to Article 47 of the policy tool, the implementation of the CEV includes, amongst other things, carbon trading activities. Article 49 of the policy tool further defines carbon trading activities to include those which are carried out through emission offsets. Thus, emission offset transactions must be disclosed to the SRN PPI. Also, any overseas carbon trading activities require prior authorization by MOEF.

63. Does the policy tool recommend or require entities disclose whether offsets are verified?

 $\circ \, \text{No}$

 \circ Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

• Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool) <u>Prior to issuance by the MOEF, SPE-GRKs must undergo verification in accordance with Article</u> 71(3) of the policy tool. Verification by any other authorities (i.e Verra, Plan Vivo or Gold Standard) are permitted subject to confirmation by the MOEF. In this regard, the MOEF requires a mutual recognition agreement in order to acknowledge the verification and issuance of credits by other platforms pursuant to Article 77 of the policy tool.

In addition to this, Article 72(1)(a) of the policy tool clearly governs that non-national certification of

<u>GHG emissions, including VCUs issued by Verra is required to be: (i) in accordance with the</u> international standards, principles and procedures and/or the Indonesia National Standard (SNI) ISO 14064 and ISO 14065, (ii) the administrator of the certification scheme (e.g., Verra) must be accredited by the National Accreditation Committee (Komite Akreditasi Nasional or "KAN"), and (iii) acknowledged by the MOEF.

64. Does the policy tool recommend or require any certification standards for the use of GHG offsetting or removals?

 $\circ \operatorname{No}$

 \circ Recommended (Please list the certification standards, describe their use, and reference the relevant section/subsection/paragraph of the policy tool)

• Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool) <u>The implementation of CEV (which includes carbon trading through emissions offset in light of Article 47(1) juncto Article 49(2) of the policy tool) utilizes the SPE-GRK pursuant to Article 71 and 73(1) of the policy tool.</u>

In addition to this, Article 72(1)(a) of the policy tool clearly governs that non-national certification of GHG emissions, including VCUs issued by Verra is required to be: (i) in accordance with the international standards, principles and procedures and/or the Indonesia National Standard (SNI) ISO 14064 and ISO 14065, (ii) the administrator of the certification scheme (e.g., Verra) must be accredited by the National Accreditation Committee (Komite Akreditasi Nasional or "KAN"), and (iii) acknowledged by the MOEF.

65. Does the policy tool include any other recommendations or requirements regarding the appropriate use of offsets?

 $\circ \mathrm{No}$

 \circ Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

• Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool) <u>The policy tool provides under Article 52 and 53 that carbon trading through emission offset is conducted in the event that a business /activity that is not subject to a GHG emission ceiling claims to have reduced emissions through mitigation acts conducted elsewhere.</u>

Emission offsets are conducted where:

a. No GHG emission ceiling is set;

b. surplus emissions available for sale to another party; or

c. deficit of available emission requires purchase from another party.

carbon trading purchases through emission offsets can only be conducted after a Business Actor has fulfilled its GHG emission reduction obligations by implementing climate change mitigation activities.

<u>Furthermore, as mentioned above any overseas carbon trading requires prior authorization by the MOEF.</u>

Disclosure of Greenhouse Gas (GHG) Emissions Reduction Targets

67. Which of the following targets, or data related to targets, does the policy tool request entities disclose? Select any of the following which apply:

	Recommended	Required	Neither recommended nor required
An absolute emissions reduction target			
An intensity-based emissions reduction target			
A net zero target			
Targets covering non- carbon GHG emissions			
A Scope 3 emissions target			
A target derived using a sectoral decarbonization approach			
Interim targets			
A target timeframe (e.g. by 2040)			
A baseline year from which progress is measured			
A level of ambition for emissions reductions (e.g. 80% reduction)			

68. Does the policy tool recommend or require entities to disclose their progress in achieving their emissions reductions targets?

 $\circ \ No$

Recommended

Required

69. What is the recommended or required frequency of progress reports regarding the achievement of emissions reductions targets?

Yearly

 \circ Every two years

• Every three years

• Every four years

- \circ Every five years
- Every ten years or more
- $\circ \ \text{Other}$
- No prescribed frequency

74. Which of the following non-carbon GHG emissions reductions targets are entities recommended or required to disclose? Select all that apply.

Methane (CH4)

Nitrous oxide (N₂O)

Hydrofluorocarbons (HFCs)

Perfluorocarbons (PFCs)

Sulphur hexafluoride (SF6)

□ Nitrogen trifluoride (NF3)

□ Carbon dioxide equivalent (CO2e)

75. For which of the following sectors are entities recommended or required to disclose targets derived using a sectoral decarbonization approach? Select all that apply.

Power generation

Industry

Transport Services

□ Services/Commercial buildings

Other construction, solid and liquid waste, farming, forestry, and other sub-sectors identified under <u>Article 7(3) of the policy tool.</u>

 \Box None specified

76. Are targets derived using a sectoral decarbonization approach recommended or required to be validated by a third-party?

No

 \circ Recommended

 \circ Required

77. What is the recommended or required level of ambition for interim targets?

 \circ Reduction between 1-25%

Reduction between 26-50%

- \circ Reduction between 51-75%
- \circ Reduction of over 75%
- \circ Other
- \circ None specified

78. What are the recommended or required years for interim targets?

2025-2030

o 2031-2040

 \circ 2041-2050

- \circ Other
- None specified

79. What is the recommended or required timeframe for long-term targets (e.g. by 2050, 2060)?

 \circ Between 2030 and 2035

 \circ Between 2036 and 2040

 \circ Between 2041 and 2045

Between 2046 and 2050

- \circ Between 2051 and 2060
- \circ Between 2061 and 2070
- \circ Other
- None specified

80. What is the recommended or required baseline year from which progress is to be measured?

- o 1990-2000
- \circ 2001-2005
- \circ 2006-2010
- \circ 2011-2015
- \circ 2016-2020

• Other <u>The policy tool measures progress against a GHG emission baseline which is set at 2030.</u> <u>Progress/performance is to be measured against estimates of emission levels and GHG projections in</u> <u>identified sectors or activities within a predetermined timeframe without policy interventions and/or</u> <u>mitigation technologies.</u>

81. Are entities recommended or required to disclose the methodologies by which they select baseline years?

No

- \circ Recommended
- Required

82. What is the recommended or required level of ambition for GHG emissions reductions targets?

 \circ Reduction between 1-25%

Reduction between 26-50%

 \circ Reduction between 51-75%

 \circ Reduction between 75-85%

- Reduction between 85-100%
- \circ Reduction of more than 100%
- Other

Disclosure of other climate-related targets

84. Which of the following other climate-related targets does the policy tool recommend or require entities disclose? Select all that apply.

□ Targets for renewable energy procurement (Please reference the section/subsection/paragraph of the policy tool relevant to renewable energy procurement targets)

□ Targets for fossil fuel phase down/phase out (Please reference the section/subsection/paragraph of the policy tool relevant to fossil fuel phase down/phase out)

Targets or goals related to climate adaptation (Please reference the section/subsection/paragraph of the policy tool relevant to climate adaptation) <u>Article 34 letter c and Article 37 of this policy tool.</u>

□ Targets or goals related to nature and/or biodiversity (Please reference the section/subsection/paragraph of the policy tool relevant to nature and/or biodiversity)

□ Targets or goals related to just transition (Please reference the section/subsection/paragraph of the policy tool relevant to just transition)

Other targets (Please reference the section/subsection/paragraph of the policy tool relevant to other targets) Article 1 number 13 juncto. Article 25(5) of this policy tool.

Disclosure of Physical Risk

86. What types of physical risk must be disclosed?

□ To company

To society (double materiality)

87. What is the materiality standard for the disclosure of physical risk?

- Self-assessed material risk
- Externally-defined material risk

• Other (Describe) Not specified.

88. Are entities recommended or required to disclose the results of climate risk-related stress tests that are related to physical climate risk?

No

 \circ Recommended

• Required

89. Are entities recommended or required to disclose their methodology for scenario analysis with relation to physical risk?

No

 \circ Recommended

Required

90. Are risk assessments of physical risk recommended or required to be third-party verified?

No

Recommended

• Required

Disclosure of Transition Plans

98. What is the recommended or required frequency of transition plan disclosures?

۲	Yearly	
\sim	100119	

- Every two years
- \circ Every three years
- \circ Every four years
- \circ Every five years
- \circ Every ten years or more
- \circ Other
- Not specified

99. Does the policy tool recommend or require audited accuracy and/or third-party verification of the transition plan?

 $\circ \ \text{No}$

 \circ Recommended

Required

100. Does the policy tool recommend or require entities to disclose progress in implementing transition plans?

 \circ No

- $\circ \, \text{Recommended}$
- Required

101. What is the recommended or required frequency of disclosures related to transition plan implementation progress?

• Yearly

Every two years

Every three years

 \circ Every four years

• Every five years

 \circ Every ten years or more

• Other <u>At least yearly</u>

• No prescribed frequency

102. Does the policy tool recommend or require targeted entities to disclose their financial plans for implementing transition plans?

 $\circ \, \text{No}$

 \circ Recommended

Required

103. Does the policy tool recommend or require targeted entities to disclose their methodology for scenario analysis related to transition planning?

No
 Recommended
 Required
 Other disclosures

105. Are targeted entities recommended or required to disclose any other climate-related information? Select all that apply.

	Required	Recommended	Neither recommended nor required
1. Climate-related opportunities			
2. Remuneration based on achieving			
climate-related goals 3. Taxonomies			
4. Capital allocation and/or expenditure plans (in the context of climate change)			
5. Due diligence			
6. Assumptions and Dependencies			
7. Data limitations of scenario analyses			
8. Financial implications of climate-related matters (e.g., integration of climate- related disclosures into financial accounting standards)			
9. Stewardship (e.g., whether stewardship codes are in place, how entities vote in shareholder meetings, etc.)			
10. ESG methodologies and criteria (in the case of service providers)			
11. Asset planning or ownership in the context of climate change			
12. Sectoral investment policies			
13. Climate-related lobbying and/or policy engagement			
14. Locked-in emissions or information on			

emissive assets with long lifespans		
15. Dirty asset divestiture		
16. Nature-related impacts		
17. Just transition indicators		

111. Describe and reference the section/subsection/paragraph of the policy tool relevant to assumptions and dependencies disclosures.

As part of the reporting obligation pertaining to the implementation of CEV and climate change mitigation acts, certain technical data must be disclosed pursuant to Article 66(3) of the policy tool. Such technical data includes assumptions which were relied on in determining the GHG emission baseline (as meant in Q.4.80)to be applied.

Standards, Frameworks, and Guidelines

125. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. IFRS S1			
2. IFRS S2			
3. Task Force on			
Climate-related			
Financial Disclosures			
(TCFD)			
4. GHG Protocol			
Corporate Accounting			
and Reporting			
Standard			
5. GHG Protocol			
Corporate Value Chain			
(Scope 3) Accounting			
and Reporting			
Standard			
6. CDP (formerly			
known as Climate			
Disclosure Project)			
reporting framework			
7. International			
Integrated Reporting			
Framework 8. Global Reporting			
Initiative (GRI)			
9. Sustainability			
Accounting Standards			
Board (SASB)			
10. European			
Sustainability			
Reporting Standards			
(ESRS)			
11. Taskforce on			
Nature-related			
Financial Disclosures			
(TNFD)			
12. Partnership for			
Carbon Accounting			
Financials (PCAF)			
13. Glasgow Financial			
Alliance for Net Zero			
(GFANZ)			
14. Other			

126. List any other standards, frameworks or guidelines integrated into or referred to within the policy tool. Please provide a web-archived link to each standard/framework/guideline listed.

<u>'- Indonesian National Standard Equivalent to ISO 14064 and ISO 14065 (Article 72.1 of the policy tool) (https://web.archive.org/web/20240802040411/https://www.iso.org/standard/66453.html) & (https://web.archive.org/web/20240802035927/https://www.iso.org/standard/74257.html)</u>

<u>- Guidance from the Intergovernmental Panel on Climate Change</u> (https://web.archive.org/web/20240802042248/https://www.ipcc.ch/report/2019-refinement-to-the-2006-ipcc-guidelines-for-national-greenhouse-gas-inventories/)

Additional Important Information

128. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

As one of the regulations making up the legal framework for climate change mitigation acts through the implementation of the CEV, this policy tool provides a legal basis for activities such as carbon trading which are expected to reduce GHG emissions in Indonesia. The following regulations specifically govern carbon trading in certain fields:

<u>a. Minister of Energy and Mineral Resources Regulation No. 16 of 2022 regarding the Procedures for</u> <u>Carbon Pricing Implementation in the Power Plant Subsector; and</u>

(https://web.archive.org/web/20240812065723/https://peraturan.bpk.go.id/Details/257394/permenesdm-no-16-tahun-2022)

b. MOEF Regulation No. 7 of 2023 regarding the Procedures for Carbon Trading in the Forestry Sector

(https://web.archive.org/web/20240812065304/https://jdih.maritim.go.id/permen-lhk-no-7-tahun-2023).

Domain-Specific Questions: Transition Planning Questions

Disclosure of Plans and Targets

132. Are targeted entities recommended or required to publicly disclose climate-related targets or transition plans?

 $\circ \, \text{No}$

Recommended

Required

Targets

135. Does the policy tool recommend or require targeted entities to have or develop climate-related targets?

 $\circ \ No$

 \circ Recommended

Required

136. Does the policy tool recommend or require entities to monitor progress in achieving their targets?

 $\circ \ No$

 \circ Recommended

Required

137. Describe and reference the section/subsection/paragraph of the policy tool relevant to monitoring progress in achieving targets.

Article 80 of the policy tool requires the MOEF (including relevant ministers and heads of institutions) to prepare a report on the implementation of CEV in the context of achieving the NDC target.

138. Does the policy tool recommend or require targeted entities to publicly report on progress in achieving their targets?

 $\circ \operatorname{No}$

 \circ Recommended

Required

139. What is the recommended or required frequency of progress reports related to the achievement of targets?

• Yearly

Every two years

Every three years

 \circ Every four years

 \circ Every five years

 \circ Every ten years or more

 \circ Other

• No prescribed frequency

140. Which of the following targets, or data related to targets, does the policy tool recommend or require entities have or develop? Select all that apply.

	Recommended	Required	No
An absolute emissions			
reduction target			
An intensity-based			
emissions reduction			
target			
A net zero target			
Interim targets (e.g.			
2030, 2050)			
Targets covering non-			
carbon GHG emissions			
A Scope 3 emissions			
target			
A target derived using			
a sectoral			
decarbonization			
approach A level of ambition for			
emissions reductions			
(e.g. 80% reduction)			
A baseline year from			
which progress is			
measured			
A target timeframe			
(e.g. by 2040)			
Targets for renewable			
energy procurement			
Targets for fossil fuel			
phase down/phase up			
Separate targets for			
GHG offsets and/or			
removals			
Targets or goals			
related to climate			
adaptation			
Targets or goals			
related to nature and			
biodiversity			
Other targets related			
to sustainability			

147. For which of the following non-carbon GHGs are entities recommended or required to develop emissions reduction targets? Select all that apply.

Methane (CH4)

✓ Nitrous oxide (N₂O)

Hydrofluorocarbons (HFCs)

Perfluorocarbons (PFCs)

Sulphur hexafluoride (SF6)

□ Nitrogen trifluoride (NF3)

□ Carbon dioxide equivalent (CO2e)

148. For which of the following sectors are entities recommended or required to develop targets derived using a sectoral decarbonization approach? Select all that apply.

Power generation

Industry

Transport Services

□ Services/Commercial buildings

Other <u>Construction</u>, solid and liquid waste, farming, forestry, and other sub-sectors identified in <u>Article 7(3)</u>.

 \Box None specified

149. Does the policy tool recommend or require targets derived using a sectoral decarbonization approach be validated by a third-party?

No

- \circ Recommended
- \circ Required

150. What is the recommended or required level of ambition for GHG emissions reductions targets?

 \circ Reduction between 1-25%

Reduction between 26-50%

 \circ Reduction between 51-75%

- \circ Reduction between 75-85%
- Reduction between 85-100%
- \circ Reduction of more than 100%
- $\circ \text{ Other }$

151. What is the recommended or required baseline year from which progress is to be measured?

- \circ 1990-2000
- \circ 2001-2005
- \circ 2006-2010
- \circ 2011-2015
- \circ 2016-2020

• Other <u>The policy tool measures progress against a GHG Emission Baseline, which is set at 2030.</u> <u>Progress/performance is to be measured against estimates of emission levels and GHG projections in</u> <u>identified sectors or activities within a predetermined timeframe without policy interventions and/or</u> <u>mitigation technologies.</u>

152. Are entities recommended or required to disclose the methodologies by which they select baseline years?

No

 $\circ \, \text{Yes}$

153. What is the recommended or required timeframe for targets (e.g. by 2050, 2060)?

 \circ Between 2030 and 2035

- \circ Between 2036 and 2040
- \circ Between 2041 and 2045
- \circ Between 2046 and 2050
- \circ Between 2051 and 2060

 \circ Between 2061 and 2070

• Other By 2030 (NDC target) and 2050 (low GHG emission and climate resilient development)

 \circ Not specified

159. Describe and reference the section/subsection/paragraph of the policy tool related to climate adaptation targets.

Climate resilience targets as governed under Articles 34(c), 37 and 38 of the policy tool.

Transition Plans

164. Does the policy tool recommend or require targeted entities to have or develop a transition plan?

 $\circ \, \text{No}$

 $\circ \, \text{Recommended}$

Required

165. Does the policy tool recommend or require any of the following elements or criteria for transition plans? Select all that apply.

	Recommended	Required	Neither recommended nor required
A timeframe for the transition plan (e.g. 10 year plan, 20 year plan, etc.)			
Key Performance Indicators (KPIs) for monitoring transition plan implementation			
Updates to the transition plan			
Third-party verification and/or audited accuracy of the transition plan			
Identified methodology for scenario analysis			

166. Describe the recommended or required timeframe for the transition plan.

 \circ 1-10 years

 \circ 11-20 years

 \circ 21-30 years

 \circ 31-40 years

o 41-50 years

• Other <u>Article 26(4)</u> (for climate change mitigation acts), <u>Article 40(5)</u> and <u>Article 41(6)</u> (for climate change adaptation acts in a national and regency/city context, respectively) only provide a general requirement for a timeline to be stipulated.

167. Describe the recommended or required Key Performance Indicators (KPIs) and reference the relevant section/subsection/paragraph of the policy tool.

Article 64 of the policy tool merely stipulates that in measuring the achievements of national climate change adaptation acts, comparison shall be made between indicators or target indicators set out during planning and actual outcomes achieved.

170. Describe the recommendation or requirement to undertake third-party verification and/or audited accuracy of the transition plan and reference the relevant section/subsection/paragraph of the policy tool.

Article 26(5) of the policy tool stipulates the mechanism through which plans for climate change mitigation acts are prepared. Initially, relevant ministers prepare the plan, which is then submitted to the MOEF. The MOEF and the Coordinating Minister for Maritime and Investment Affairs will then coordinate a discussion and hold public consultations, which will involve the aforementioned relevant ministers.

Similarly, plans for climate change adaptation acts are prepared by the relevant ministers / heads of institutions under the coordination of the MOEF, pursuant to Article 40(6) of the policy tool.

Monitoring, Oversight, and Implementation

176. Does the policy tool recommend or require entities undertake any of the following with regard to monitoring, oversight, and implementation? Select all that apply.

	Recommended	Required	No
Monitor progress in			
implementing their			
transition plan			
Develop financial			
plans for the			
implementation of			
their transition plan			
Integrate climate-			\checkmark
related matters into			
their financial			
accounting			
Incorporate climate			
change considerations			
into their investment			
decision making			
and/or asset planning			
Incorporate climate			
change considerations			
into their capital			
allocation and/or			
expenditure plans			
Any other mechanisms			
for enhancing the			
achievement of			
targets and/or the			
implementation of			
transition plans			

177. Describe the obligation to monitor progress in implementing transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

Article 29 requires climate change mitigation acts which are implemented in a national and provincial context to be monitored and evaluated. Such monitoring and evaluation shall include matters of:

- policy and institutional aspects;

- funding of climate change mitigation acts;

development of technology;

<u>- research;</u>

- capacity and awareness building for the public community; and

- enforcement and compliance of law.

Article 43 also requires climate change adaptation acts which are implemented in a national, provincial and regency/city context to be monitored and evaluated. Such monitoring and evaluation

shall be conducted for climate change adaptation policies, climate change adaptation acts, and the capacity improvement of climate change resources.

178. Describe the obligation to develop financial plans for the implementation of transition plans, referencing the section/subsection/paragraph of the policy tool.

Article 5(4) of the policy tool requires details of the efforts undertaken to achieve Indonesia's NDC targets to be disclosed in a roadmap. Such details include the funds required for such efforts to be undertaken.

Additionally, Article 67(1) of the policy tool also requires regulated entities to disclose the financing of climate change mitigation acts. This report is to be prepared at least once a year and submitted to the SRN PPI.

Article 83 of the policy tool governs the sources of funding which may be accessed in order to sustain the implementation of the CEV, climate change mitigation, and climate change adaptation.

182. Describe the obligations related to other governance mechanisms for enhancing the achievement of targets and/or implementation of transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

Article 68 of the policy tool requires validation and verification for the measurement and monitoring of the implementation outcomes for CEV, climate change mitigation acts, and climate change adaptation acts. Such validation and verification measures are implemented to ensure and control the quality of the aforementioned outcomes.

Engagement, Lobbying, and Governance

184. Does the policy tool recommend or require targeted entities align any of the following engagement and/or governance practices with their targets and/or transition plans?

	Recommended	Required	No
Value chain			
engagement			
Investor engagement			
Consumer			
engagement			
Policy engagement			
and lobbying practices			
Corporate governance			
structure for transition			
and verification			
Climate-related			
financial incentives for			
employees and board			
members			

185. Does the policy tool recommend or require targeted entities to disclose how they have used due diligence and/or stewardship to achieve their targets and/or implement their transition plans?

No

 $\circ \, \text{Recommended}$

Required

Standards, Frameworks, and Guidelines

194. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
IFRS S1			
IFRS S2			
Task Force on Climate-related Financial Disclosures (TCFD)			
CDP (formerly known as Climate Disclosure Project) Technical Note: Reporting on Climate Transition Plans			
International Integrated Reporting Framework			
Global Reporting Initiative (GRI)			
Sustainability Accounting Standards Board (SASB)			
Science Based Targets initiative (SBTi)			
Science Based Targets initiative (SBTi) Net Zero Standard			
European Sustainability Reporting Standards (ESRS)			
Other			

195. List any other standards, frameworks or guidelines required by or referred to within the policy tool. Please provide a web-archived link to each standard/framework/guideline listed.

<u>'- Indonesian National Standard Equivalent to ISO 14064 and ISO 14065 (Article 72.1 of the policy tool) (https://web.archive.org/web/20240802040411/https://www.iso.org/standard/66453.html) & (https://web.archive.org/web/20240802035927/https://www.iso.org/standard/74257.html)</u>

<u>- Guidance from the Intergovernmental Panel on Climate Change</u> (https://web.archive.org/web/20240802042248/https://www.ipcc.ch/report/2019-refinement-to-the-2006-ipcc-guidelines-for-national-greenhouse-gas-inventories/)

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

As one of the regulations making up the legal framework for climate change mitigation acts through the implementation of the CEV, this policy tool provides a legal basis for activities such as carbon trading, which are expected to reduce GHG emissions in Indonesia. The following regulations specifically govern carbon trading in certain fields:

<u>a. Minister of Energy and Mineral Resources Regulation No. 16 of 2022 regarding the Procedures for</u> <u>Carbon Pricing Implementation in the Power Plant Subsector; and</u>

(https://web.archive.org/web/20240812065723/https://peraturan.bpk.go.id/Details/257394/permenesdm-no-16-tahun-2022)

b. MOEF Regulation No. 7 of 2023 regarding the Procedures for Carbon Trading in the Forestry Sector

(https://web.archive.org/web/20240812065304/https://jdih.maritim.go.id/permen-lhk-no-7-tahun-2023).

Policy Tool Name: Minister of Environment and Forestry Regulation No. P.72/MENLHK/SETJEN/KUM.1/12/2017 of 2017 regarding Guidelines on the Implementation of Measurement, Reporting, and Verification of Climate Change Control Acts and Resources (Peraturan Menteri Lingkungan Hidup Dan Kehutanan Nomor P.72/MENLHK/SETJEN/KUM.1/12/2017 Tahun 2017 tentang Pedoman Pelaksanaan Pengukuran, Pelaporan Dan Verifikasi Aksi Dan Sumberdaya Pengendalian Perubahan Iklim)

3. Source material link(s):

https://web.archive.org/web/20240803054857/https://jdih.maritim.go.id/cfind/source/files/permenlhk/permenlhk-nomor-p.72-tahun-2017.pdf

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

Climate-related disclosure

Transition planning

□ Public procurement

5. If relevant, briefly explain how the policy tool applies or is linked to multiple domains.

The policy tool obliges and provides guidance on the implementation of:

a. the measurement, reporting and verification of climate change mitigation acts;
 b. the monitoring, reporting and verification of climate change adaptation acts; and
 c. the monitoring, reporting and verification of resources pertaining to climate change mitigation and adaptation acts.

<u>The implementation of these guidelines inevitably requires the person in charge of such acts ("PIC") to</u> <u>disclose climate-related information to the relevant authorities.</u>

6. Select the category which best describes the author/issuer of the policy tool.

- □ Head of state and/or government
- □ Independent regulatory or supervisory body
- □ Legislature

	Jud	icia	iry
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Ministry/Department/Agency

 \Box Other (Please describe)

7. Status of the policy tool

Approved, in force

Approved, not yet in force

• Other (Please describe)

9. Year of (planned) entry into force or year of publication

<u>2018</u>

10. Does the policy tool have an end date?

 $\circ \operatorname{No}$

Yes

11. What is the anticipated end year of the policy tool?

<u>2024</u>

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

The policy tool provides guidance on the implementation of measurement, monitoring, reporting and verification activities to ensure that outcomes achieved through climate change control acts and resources are accurate, transparent and accountable.

13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

1. <u>Minister of Environment and Forestry ("MOEF")</u>

2.
3.
4.
5.

15. To provide contextual information, rate the capacity of Minister of Environment and Forestry ("MOEF") to undertake the policy tool's implementation and/or enforcement.

- 0- No Capacity (Please explain)
- 1- Low Capacity (Please explain)
- 2- Medium Capacity (Please explain)
- 3- High Capacity (Please explain)
- Prefer not to answer
- \circ Not Applicable

25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded			
entities			
2. Private companies			
3. Financial institutions			
4. Small and medium-			
sized enterprises			
5. State-owned			
companies			
6. Not-for-profit			
organizations			
7. Government			
agencies and/or			
departments			
(supranational)			
8. Government			
agencies and/or			
departments (national)			
9. Government			
agencies and/or			
departments (regional			
- e.g., state, province,			
region, metropolitan			
region)			
10. Government			
agencies and/or			
departments (local - e.g., county, district,			
u			
municipality, city) 11. Government			
agencies and/or			
departments			
(unspecified)			
12. Sectoral actors			
(e.g., healthcare,			
defense, utilities,			
education)			
13. Other			

<u>13. Other Text:a. The Central Government through ministries, institutions, and non-institution actors</u>

<u>b. Business actors</u>

<u>c. Other actors</u>

27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

	Government agencies and/or departments (national)	Government agencies and/or departments (regional - e.g. state, province, region, metropolitan region)	Government agencies and/or departments (local - e.g. county, district, municipality, city)	Other
Minimum number of employees (Enter min number of full- time employees - FTEs)				
Minimum revenue (Enter minimum revenue)				
Minimum assets (Enter minimum assets)				
Minimum contract value (Enter minimum contract value)				
Entity is headquartered in the jurisdiction	Yes	Yes	Yes	Yes
Entities are subjected to disclosure or reporting requirements	No precise definition or criteria is applied to these subjects.	Unspecified, merely referred to as regional government.	Unspecified, merely referred to as regional government.	No precise definition or criteria is applied to these subjects.

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

No

 $\circ \, \text{Yes}$

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

- Operations within jurisdiction only
- Operations beyond the jurisdiction
- Not applicable

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

□ Monetary fine

□ Restriction on business activities

- □ Voiding or setting aside of contract
- □ Exclusion from government contracts
- \Box Award of damages or compensation
- □ Penalty for senior managers
- □ Criminal penalties
- Not specified
- □ Not applicable (e.g. in cases of voluntary tools)

□ Other

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

- Below average
- Average
- Above average
- \circ Not applicable

• Unknown or prefer not to answer

35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

38. Briefly note one to two exemplary cases of enforcement. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Article 65.5 of MOEF Regulation No. 21 of 2022 regarding Guidelines for the Implementation of Carbon Economic Value ("MOEF Reg. 21/2022") requires the validation and verification of a Certificate of Greenhouse Gas("GHG") Emission Reduction ("SPE-GRK") to be done in accordance with Annex III of MOEF Reg. 21/2022 ("Annex III"). The SPE-GRK is used in carbon trading activities.

Annex III provides guidelines for the implementation of the aforesaid validation and verification process. Annex III explicitly requires validation and verification processes to abide by the provisions of the current policy tool.

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

 $\circ \mathrm{No}$

Yes

40. Describe the monitoring systems in place. Please reference the relevant section/subsection/paragraph of the policy tool where monitoring systems are set.

For example, Annex V of the policy tool specifically governs the required procedure and format for reporting the outcome of monitoring activities for climate change adaptation acts to the National Registry System on Climate Change Control.

41. Does the policy tool recommend or require periodic impact assessments?

No

 \circ Recommended

• Required

43. Does the policy tool recommend or require periodic reviews?

No

 \circ Recommended

Required

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

 $\circ \ \text{No}$

Yes

46. Describe the mechanisms for enhancing regulatory coordination with subnational governments. Reference the relevant section/subsection/paragraph of the policy tool where mechanisms for

coordination with subnational governments are set.

In conducting functions of verification and assessing verification conducted by external verifiers, the Director General shall form a Climate Change Control Acts and Resources Measurement, Reporting and Verification Implementing Team, pursuant to Article 10 of the policy tool.

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

No

 $\circ \, \text{Yes}$

Domain-Specific Questions: Disclosure Questions

What is being disclosed?

52. Are targeted entities recommended or required to disclose any of the following climate-related information? Select all that apply.

	Recommended	Required	Neither recommended nor required
1. Greenhouse gas (GHG) emissions			
2. GHG emissions offsets or removals			
3. GHG emissions reduction targets			
4. Other climate- related targets			
5. Physical climate risk			
6. Transition risk			
7. Transition plan			

Disclosure of Greenhouse Gas (GHG) Emissions

54. Which GHG emissions must be disclosed? Select all that apply.

Carbon dioxide (CO₂)

Methane (CH4)

Nitrous oxide (N₂O)

Hydrofluorocarbons (HFCs)

Perfluorocarbons (PFCs)

Sulphur hexafluoride (SF6)

□ Nitrogen trifluoride (NF3)

 \Box Carbon dioxide equivalent (CO₂e)

55. Are entities recommended or required to disclose gross emissions?

 $\circ \, \text{No}$

Recommended

Required

56. Are entities recommended or required to disclose net emissions?
No
 Recommended
○ Required
57. What Scope of emissions must be disclosed? Select all that apply.
Scope 1 emissions
Scope 2 emissions
□ Scope 3 emissions, relevant or material
□ Scope 3 emissions, a specified proportion of coverage (Please describe)
Scope 3 emissions, all
□ Not specified
58. Are entities recommended or required to discloseGHG emissionsaccounting methodologies or standards?
GHG emissions
59. Does the policy tool recommend or require the GHG inventory be third-party verified?
○ No
 Recommended
○ Required

60. If necessary, provide additional clarification to the above responses aboutgreenhouse gas (GHG) emissions disclosure.

As indicated above, Annex I of the policy tool requires PICs to measure GHG emissions under circumstances where no policy intervention or climate change mitigation act has been implemented. Such measurement requires PICs to identify significant GHG emission sources and sinks within its management area. PICs are required to justify any such sources or sinks which were not selected for periodic measurement.

Furthermore, while the policy tool only makes explicit reference to the GHG compounds identified in question 54 above for the purpose of GHG emission measurement, the text of Annex I of the policy tool allows PICs to measure other GHG compounds to determine emissions produced on a discretionary basis.

Disclosure of Greenhouse Gas (GHG) Emissions Reduction Targets

67. Which of the following targets, or data related to targets, does the policy tool request entities disclose? Select any of the following which apply:

	Recommended	Required	Neither recommended nor required
An absolute emissions reduction target			
An intensity-based emissions reduction target			
A net zero target			
Targets covering non- carbon GHG emissions			
A Scope 3 emissions target			
A target derived using a sectoral decarbonization approach			
Interim targets			
A target timeframe (e.g. by 2040)			
A baseline year from which progress is measured			
A level of ambition for emissions reductions (e.g. 80% reduction)			

68. Does the policy tool recommend or require entities to disclose their progress in achieving their emissions reductions targets?

 $\circ \ No$

 \circ Recommended

Required

69. What is the recommended or required frequency of progress reports regarding the achievement of emissions reductions targets?

 \circ Yearly

• Every two years

 \circ Every three years

Every four years
Every five years
Every ten years or more
Other<u>monthly</u>
No prescribed frequency

74. Which of the following non-carbon GHG emissions reductions targets are entities recommended or required to disclose? Select all that apply.

Methane (CH4)

Nitrous oxide (N2O)

Hydrofluorocarbons (HFCs)

Perfluorocarbons (PFCs)

Sulphur hexafluoride (SF6)

□ Nitrogen trifluoride (NF3)

□ Carbon dioxide equivalent (CO2e)

79. What is the recommended or required timeframe for long-term targets (e.g. by 2050, 2060)?

 \circ Between 2030 and 2035

 \circ Between 2036 and 2040

 \circ Between 2041 and 2045

 \circ Between 2046 and 2050

 \circ Between 2051 and 2060

 \circ Between 2061 and 2070

 \circ Other

• None specified

80. What is the recommended or required baseline year from which progress is to be measured?

 \circ 1990-2000

o 2001-2005

- o 2006-2010
- o 2011-2015
- o 2016-2020
- Other Not specified

81. Are entities recommended or required to disclose the methodologies by which they select baseline years?

 $\circ \ No$

 \circ Recommended

Required

Disclosure of other climate-related targets

84. Which of the following other climate-related targets does the policy tool recommend or require entities disclose? Select all that apply.

□ Targets for renewable energy procurement (Please reference the section/subsection/paragraph of the policy tool relevant to renewable energy procurement targets)

□ Targets for fossil fuel phase down/phase out (Please reference the section/subsection/paragraph of the policy tool relevant to fossil fuel phase down/phase out)

Targets or goals related to climate adaptation (Please reference the section/subsection/paragraph of the policy tool relevant to climate adaptation) <u>- Section III (Article 11-16) of the policy tool;</u> <u>- Section IV (Article 17 and 18) of the policy tool;</u>

- Annexes IV-VIII of the policy tool

□ Targets or goals related to nature and/or biodiversity (Please reference the section/subsection/paragraph of the policy tool relevant to nature and/or biodiversity)

□ Targets or goals related to just transition (Please reference the section/subsection/paragraph of the policy tool relevant to just transition)

 \Box Other targets (Please reference the section/subsection/paragraph of the policy tool relevant to other targets)

Disclosure of Physical Risk
86. What types of physical risk must be disclosed?
🗆 To company
To society (double materiality)
87. What is the materiality standard for the disclosure of physical risk?
 Self-assessed material risk
 Externally-defined material risk
Other (Describe) Not specified; merely described as 'identification of potential risks which may substantially affect the climate change mitigation act being implemented'.
88. Are entities recommended or required to disclose the results of climate risk-related stress tests that are related to physical climate risk?
No
 Recommended
○ Required

89. Are entities recommended or required to disclose their methodology for scenario analysis with relation to physical risk?

No

 Required
90. Are risk assessments of physical risk recommended or required to be third-party verified?
○ No
 Recommended
Required
Disclosure of Transition Plans
98. What is the recommended or required frequency of transition plan disclosures?
∘ Yearly
∘ Yearly ∘ Every two years
• Every two years
 Every two years Every three years
 Every two years Every three years Every four years
 Every two years Every three years Every four years Every five years
 Every two years Every three years Every four years Every five years Every ten years or more
 Every two years Every three years Every four years Every five years Every ten years or more Other
 Every two years Every three years Every four years Every five years

99. Does the policy tool recommend or require audited accuracy and/or third-party verification of the transition plan?

 $\circ \, \text{No}$

 \circ Recommended

Required

100. Does the policy tool recommend or require entities to disclose progress in implementing transition plans?

 $\circ \operatorname{No}$

- Recommended
- Required

101. What is the recommended or required frequency of disclosures related to transition plan implementation progress?

- Yearly
- Every two years
- \circ Every three years
- \circ Every four years
- \circ Every five years
- Every ten years or more
- \circ Other
- No prescribed frequency

102. Does the policy tool recommend or require targeted entities to disclose their financial plans for implementing transition plans?

 $\circ \ \text{No}$

- Recommended
- Required

103. Does the policy tool recommend or require targeted entities to disclose their methodology for scenario analysis related to transition planning?

No

• Recommended

Required

Other disclosures

105. Are targeted entities recommended or required to disclose any other climate-related information? Select all that apply.

	Required	Recommended	Neither recommended
1. Climate-related opportunities			nor required
2. Remuneration			
based on achieving			
climate-related goals			
3. Taxonomies 4. Capital allocation			
and/or expenditure			
plans (in the context of			
climate change)			
5. Due diligence			
6. Assumptions and Dependencies			
7. Data limitations of scenario analyses			
8. Financial			
implications of climate-related			
matters (e.g.,			
integration of climate-			
related disclosures			
into financial			
accounting standards) 9. Stewardship (e.g.,			
whether stewardship			
codes are in place,			
how entities vote in			
shareholder meetings, etc.)			
10. ESG			
methodologies and			
criteria (in the case of service providers)			
11. Asset planning or			
ownership in the			
context of climate			
change 12. Sectoral			
investment policies			_
13. Climate-related			
lobbying and/or policy			
engagement 14. Locked-in			
emissions or			
information on			

emissive assets with long lifespans		
15. Dirty asset		
divestiture		
16. Nature-related		
impacts		
17. Just transition		
indicators		

107. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosures regarding remuneration based on achieving climate-related goals.

<u>Article 17 of the policy tool provides that monitoring, reporting and verification is to be applied</u> <u>toward the utilization of resources for climate change mitigation and adaptation acts or other</u> <u>supporting activities. The procedure for these processes is further elaborated in Annex VII and Annex</u> <u>VIII of the policy tool.</u>

To this end, Annex VII stipulates that the amount and source of funding for the relevant activity is to be monitored and verified. One of the sources of such funding includes Performance-Based Payments. While the current policy tool does not define the term 'Performance-Based Payments', other regulations, including Article 1 number 6 of MOEF Regulation No. 21 of 2022 regarding Guidelines for the Implementation of Carbon Economic Value, define it as 'incentives or payment obtained for the outcome of GHG emission reduction achievements which have been verified and/or certified and other non-carbon benefits which have been validated'.

Such details shall be provided by the PIC before being monitored and verified by a verifier, pursuant to Annex VII. Subsequently, the outcome of the aforementioned processes shall be disclosed in a report prepared by the verifier, pursuant to Annex VIII.

109. Describe and reference the section/subsection/paragraph of the policy tool relevant to capital allocation and/or expenditure plans disclosures.

Article 17 and Annex VII of the current policy tool require any funds utilized for purposes of technology transfer to be monitored and verified. This includes details such as:

<u>a. name of technology;</u>
<u>b. type of action undertaken;</u>
<u>c. type of technology;</u>
<u>d. sector group;</u>
<u>e. name of the provider for the technology;</u>
<u>f. group of the provider for the technology (i.e., universities, non-governmental organizations, etc.);</u>
<u>g. name of the recipient for the technology;</u>

<u>h. year of implementation; and</u> <u>i. group of the recipient for the technology.</u>

Such details shall be provided by the PIC before being monitored and verified by a verifier, pursuant to Annex VII. Subsequently, the outcome of the aforementioned processes shall be disclosed in a report prepared by the verifier, pursuant to Annex VIII.

111. Describe and reference the section/subsection/paragraph of the policy tool relevant to assumptions and dependencies disclosures.

In particular, Article 5 of the policy tool obliges PICs to prepare a report on the outcome achieved by the implemented climate change mitigation act. The procedure for such reporting obligation is further governed under Annex II to the policy tool, which provides that the PIC must disclose the assumptions relied on in preparing the baseline which served as a reference for the implementation of the climate change mitigation act.

During the verification of the outcomes achieved by a climate change mitigation act (governed specifically under Article 7 and Annex III of the policy tool), the verifier shall duly verify the assumptions which were relied upon by the PIC in determining its baseline. In the event that the assumptions that were relied upon are deemed inappropriate, the verifier shall note such matter and provide corrections to assessments which have been made. The outcome of such verification process shall be disclosed by the Director General of Climate Change Control to the MOEF on a monthly basis, pursuant to Article 7.9 of the policy tool.

Standards, Frameworks, and Guidelines

125. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. IFRS S1			
2. IFRS S2			
3. Task Force on			
Climate-related			
Financial Disclosures			
(TCFD)			
4. GHG Protocol			
Corporate Accounting			
and Reporting			
Standard			
5. GHG Protocol			
Corporate Value Chain			
(Scope 3) Accounting			
and Reporting			
Standard			
6. CDP (formerly			
known as Climate			
Disclosure Project)			
reporting framework			
7. International			
Integrated Reporting			
Framework 8. Global Reporting			
Initiative (GRI)			
9. Sustainability			
Accounting Standards			
Board (SASB)			
10. European			
Sustainability			
Reporting Standards			
(ESRS)			
11. Taskforce on			
Nature-related			
Financial Disclosures			
(TNFD)			
12. Partnership for			
Carbon Accounting			
Financials (PCAF)			
13. Glasgow Financial			
Alliance for Net Zero			
(GFANZ)			
14. Other			

126. List any other standards, frameworks or guidelines integrated into or referred to within the policy tool. Please provide a web-archived link to each standard/framework/guideline listed.

The policy tool integrates guidance from the Intergovernmental Panel on Climate Change.

https://web.archive.org/web/20240804143721/https://www.ipcc.ch/favicon.ico

Additional Important Information

128. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The policy tool places particular emphasis on ensuring the reliability of data that is obtained during the measurement phase of climate change mitigation acts. For example, Annex I provides explicit guidance requiring PICs to adopt assumptions and values which would ensure that GHG emission reduction measurements are not overestimated when faced with highly uncertain data. PICs are also required to rely on information from credible sources and the most up-to-date information at the time measurement is conducted, with due consideration for any uncertainties encountered during the measurement process. Furthermore, PICs are required to have quality control and quality assurance systems in place to ensure that any data that is provided or relied upon is accurate, consistent, and accountable.

To ensure this commitment to the quality of data with respect to climate change mitigation acts, verifiers are required to evaluate various aspects of the implemented climate change mitigation acts, including but not limited to data collection methods, implementation of methodologies, and the measurement process implemented with respect to GHG emissions. In the event that verifiers deem information provided by PICs insufficient, further information can be requested. Whenever a PIC makes any change to their statement on outcomes achieved through climate change mitigation acts, verifiers are required to verify the accuracy of such changes.

Domain-Specific Questions: Transition Planning Questions

Disclosure of Plans and Targets

132. Are targeted entities recommended or required to publicly disclose climate-related targets or transition plans?

No

 \circ Recommended

 \circ Required

Targets

135. Does the policy tool recommend or require targeted entities to have or develop climate-related targets?

 $\circ \ No$

 \circ Recommended

Required

136. Does the policy tool recommend or require entities to monitor progress in achieving their targets?

 $\circ \ No$

Recommended

Required

137. Describe and reference the section/subsection/paragraph of the policy tool relevant to monitoring progress in achieving targets.

Annex I of the policy tool requires PICs to evaluate the outcomes achieved by climate change mitigation acts. This includes regular measurements of the outcomes achieved by climate change mitigation acts. Such details shall then be contained in a report prepared pursuant to Annex II of the policy tool prior to being verified pursuant to the provisions of Annex III.

138. Does the policy tool recommend or require targeted entities to publicly report on progress in achieving their targets?

No

 \circ Recommended

• Required

140. Which of the following targets, or data related to targets, does the policy tool recommend or require entities have or develop? Select all that apply.

	Recommended	Required	No
An absolute emissions			
reduction target			
An intensity-based			
emissions reduction			
target			
A net zero target			
Interim targets (e.g.			
2030, 2050)			
Targets covering non-			
carbon GHG emissions			
A Scope 3 emissions			
target			
A target derived using			
a sectoral			
decarbonization			
approach A level of ambition for			
emissions reductions			
(e.g. 80% reduction)			
A baseline year from			
which progress is		•	
measured			
A target timeframe			
(e.g. by 2040)			
Targets for renewable			
energy procurement			
Targets for fossil fuel			
phase down/phase up			
Separate targets for			
GHG offsets and/or			
removals			
Targets or goals			
related to climate			
adaptation			
Targets or goals			
related to nature and			
biodiversity			
Other targets related			
to sustainability			

147. For which of the following non-carbon GHGs are entities recommended or required to develop emissions reduction targets? Select all that apply.

Methane (CH4)

Nitrous oxide (N2O)
Hydrofluorocarbons (HFCs)
Perfluorocarbons (PFCs)
Sulphur hexafluoride (SF6)
Nitrogen trifluoride (NF3)
□ Carbon dioxide equivalent (CO2e)
151. What is the recommended or required baseline year from which progress is to be measured?
o 1990-2000
o 2001-2005
o 2006-2010
o 2011-2015
o 2016-2020
Other <u>Not specified</u>
152. Are entities recommended or required to disclose the methodologies by which they select baseline years?
○ No
• Yes
153. What is the recommended or required timeframe for targets (e.g. by 2050, 2060)?
• Between 2030 and 2035
• Between 2036 and 2040
• Between 2041 and 2045
• Between 2046 and 2050
• Between 2051 and 2060

 \circ Between 2061 and 2070

 \circ Other

Not specified

159. Describe and reference the section/subsection/paragraph of the policy tool related to climate adaptation targets.

Specifically with respect to climate adaptation targets, Annex IV to the policy tool provides that there are 6 components to the implementation of climate change adaptation acts, namely: (i) the formulation of regulations, guidelines, or policies concerning climate change adaptation, (ii) scientific studies on climate data, as well as studies on climate change vulnerability, risks and impacts, (iii) adoption of adaptation activities in development planning documents as well as its funding, (iv) a reduction in vulnerability and risk levels of the community and environment to climate change or an increase in community and environment resilience to climate change, (v) evaluation monitoring of the success of adaptation acts as well as (vi) an increase in institutional and human rights capacity with respect to climate change adaptation.

Transition Plans

164. Does the policy tool recommend or require targeted entities to have or develop a transition plan?

 $\circ \ No$

 \circ Recommended

Required

165. Does the policy tool recommend or require any of the following elements or criteria for transition plans? Select all that apply.

	Recommended	Required	Neither recommended nor required
A timeframe for the transition plan (e.g. 10 year plan, 20 year plan, etc.)			
Key Performance Indicators (KPIs) for monitoring transition plan implementation			
Updates to the transition plan			
Third-party verification and/or audited accuracy of the transition plan			
Identified methodology for scenario analysis			

166. Describe the recommended or required timeframe for the transition plan.

o 1-10 years

 \circ 11-20 years

 \circ 21-30 years

 \circ 31-40 years

 \circ 41-50 years

• Other <u>Unspecified</u>

167. Describe the recommended or required Key Performance Indicators (KPIs) and reference the relevant section/subsection/paragraph of the policy tool.

With respect to climate mitigation acts, the policy tool does not expressly stipulate any KPIs. Article 4.6 of the policy tool stipulates that the degree of achievement for the climate change mitigation act is determined by a comparison between the measurement outcome of climate change mitigation act implementation against the baseline emission determined pursuant to Article 4.3 of the policy tool.

Whereas in the case of climate adaptation acts, Annex IV of the policy tool identifies six key components which are construable as KPIs. These components are:

<u>a. the formulation of regulations, guidelines, or policies concerning climate change adaptation;</u> <u>b. scientific studies on climate data as well as studies on climate change vulnerability, risks and impacts;</u>

<u>c. adoption of adaptation activities in development planning documents as well as its funding;</u> <u>d. a reduction in vulnerability and risk levels of the community and environment to climate change or</u> <u>an increase in community and environment resilience to climate change;</u>

e. evaluation monitoring of the success of adaptation acts; and

f. an increase in institutional and human rights capacity with respect to climate change adaptation.

168. Select the option that best describes the recommended or required frequency of updates to transition plans.

 \circ 0-2 years

 \circ 2-5 years

 \circ 5-10 years

 \circ 10 or more years

Not specified

 $\circ \ \text{Other}$

169. Describe the recommended or required updates to transition plans and reference the relevant section/subsection/paragraph of the policy tool.

Annex I of the policy tool requires PICs to conduct periodic evaluations of the achievements of climate mitigation acts. Such evaluation is carried out with the purpose of updating policies or new initiatives which are required to ensure that the outcomes of climate mitigation acts are achieved in accordance with what has been previously planned.

170. Describe the recommendation or requirement to undertake third-party verification and/or audited accuracy of the transition plan and reference the relevant section/subsection/paragraph of the policy tool.

According to Annex I of the policy tool, the planning phase of a climate change mitigation act shall be documented as part of the climate change mitigation act achievement report prepared pursuant to the procedures of Annex II to the policy tool. Such report shall then be verified pursuant to the

procedures governed under Annex III of the policy tool. Matters to be verified include the emission baseline determined by the PIC, the appropriateness of GHG emission measurement methodology, types of GHG emission compounds that are being measured, conformity between climate change mitigation act achievements and targets established during the planning stage, and the scope of the climate mitigation act.

Additionally, the outcome of monitoring measures applied towards climate change adaptation acts conducted pursuant to Annex IV shall be reported to the SRN PPI in accordance with the procedure in Annex V of the regulation. Verification shall then be conducted pursuant to Annex VI of the policy tool.

Monitoring, Oversight, and Implementation

176. Does the policy tool recommend or require entities undertake any of the following with regard to monitoring, oversight, and implementation? Select all that apply.

	Recommended	Required	No
Monitor progress in			
implementing their			
transition plan			
Develop financial			
plans for the			
implementation of			
their transition plan			
Integrate climate-			
related matters into			
their financial			
accounting			
Incorporate climate			
change considerations			
into their investment			
decision making			
and/or asset planning			
Incorporate climate			
change considerations			
into their capital			
allocation and/or			
expenditure plans			
Any other mechanisms			
for enhancing the			
achievement of			
targets and/or the			
implementation of			
transition plans			

177. Describe the obligation to monitor progress in implementing transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

<u>Comparably to the monitoring of progress in achieving targets, the policy tool requires periodic</u> <u>evaluation on the achievements of climate change mitigation acts as part of a PIC's obligations under</u> <u>Annex I of the policy tool. Such evaluation is then reported (pursuant to the procedures of Annex II)</u> <u>and verified (pursuant to the procedures of Annex III).</u>

In a similar vein, Article 12.1 of the policy tool requires the PIC of a climate change adaptation act to monitor the conformity between its implementation of the aforesaid climate change adaptation act to the plans it has prepared. In this case, Article 12.2 and 12.3 provides that such monitoring is to be conducted at least once a year over the following matters:

<u>a. appropriateness of action chosen with respect to the degree of climate change vulnerability;</u> <u>b. the time period of climate change adaptation act achievement;</u> <u>c. achievement of the purpose for which the climate change adaptation act was implemented (by comparing indicators/target indicators stipulated during planning to the outcome of implementation).</u>

178. Describe the obligation to develop financial plans for the implementation of transition plans, referencing the section/subsection/paragraph of the policy tool.

Annex I of the policy tool requires PICs to stipulate:

a. expected financial costs which it would require to prepare its climate change mitigation acts; and b. expected total and/or additional costs which it would require to implement its cimate change mitigation acts.

Such details must be developed in such a way that the source and cost-efficiency of the climate change mitigation acts being implemented could be verified pursuant to the procedures of Annex III. Similarly in the context climate change adaptation acts, Annex V requires PICs to provide information on the SRN PPI concerning the status of its funding.

182. Describe the obligations related to other governance mechanisms for enhancing the achievement of targets and/or implementation of transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

Annex I of the policy tool envisions the establishment of a managerial system to improve data quality concerning activities of climate change mitigation acts which is achieved through appropriate planning of the following matters:

a. development of a management system and maintenance of a complete GHG information system;

b. regular accuracy check to reduce the likelihood of technical issues;

c. conduct periodic internal audits and technical reviews;

d. appropriate training for team members which are involved in climate change mitigation acts;

e. uncertainty assessment process.

Engagement, Lobbying, and Governance

184. Does the policy tool recommend or require targeted entities align any of the following engagement and/or governance practices with their targets and/or transition plans?

	Recommended	Required	No
Value chain			
engagement			
Investor engagement			
Consumer			
engagement			
Policy engagement			
and lobbying practices			
Corporate governance			
structure for transition			
and verification			
Climate-related			
financial incentives for			
employees and board			
members			

185. Does the policy tool recommend or require targeted entities to disclose how they have used due diligence and/or stewardship to achieve their targets and/or implement their transition plans?

No

 \circ Recommended

Required

Standards, Frameworks, and Guidelines

194. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
IFRS S1			
IFRS S2			
Task Force on Climate-related Financial Disclosures (TCFD)			
CDP (formerly known as Climate Disclosure Project) Technical Note: Reporting on Climate Transition Plans			
International Integrated Reporting Framework			
Global Reporting Initiative (GRI)			
Sustainability Accounting Standards Board (SASB)			
Science Based Targets initiative (SBTi)			
Science Based Targets initiative (SBTi) Net Zero Standard			
European Sustainability Reporting Standards (ESRS)			
Other			

195. List any other standards, frameworks or guidelines required by or referred to within the policy tool. Please provide a web-archived link to each standard/framework/guideline listed.

The policy tool integrates guidance from the Intergovernmental Panel on Climate Change.

https://web.archive.org/web/20240804143721/https://www.ipcc.ch/favicon.ico

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The policy tool places particular emphasis on ensuring the reliability of data that is obtained during the measurement phase of climate change mitigation acts. For example, Annex I provides explicit guidance requiring PICs to adopt assumptions and values that ensure GHG emission reduction measurements are not overestimated when faced with highly uncertain data.

<u>PICs are also required to rely on information from credible sources and the most up-to-date</u> information at the time measurement is conducted, with due consideration of any uncertainties encountered during the measurement process. Furthermore, PICs are required to have quality control and quality assurance systems in place to ensure that any data provided or relied upon is accurate, consistent, and accountable.

To ensure that this commitment to the quality of data with respect to climate change mitigation acts, verifiers are required to evaluate various aspects of the implemented climate change mitigation acts, including but not limited to data collection methods, implementation of methodologies, and the measurement process which was implemented with respect to GHG emissions.

In the event that verifiers deem information provided by PICs to be insufficient, further information can be requested. Whenever PICs make any changes to its statement on outcomes achieved through climate change mitigation acts, verifiers are required to verify the accuracy of such changes. Policy Tool Name: Presidential Regulation No. 112 of 2022 regarding the Acceleration of Renewable Energy Development for the Supply of Electricity (Peraturan Presiden No. 112 Tahun 2022 tentang Percepatan Pengembangan Energi Terbarukan Untuk Penyediaan Tenaga Listrik)

3. Source material link(s):

https://web.archive.org/web/20240806153831/https://peraturan.bpk.go.id/Details/225308/perpresno-112-tahun-2022

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

□ Climate-related disclosure

Transition planning

□ Public procurement

6. Select the category which best describes the author/issuer of the policy tool.

Head of state and/or government

□ Independent regulatory or supervisory body

□ Legislature

□ Judiciary

□ Ministry/Department/Agency

□ Other (Please describe)

7. Status of the policy tool

Approved, in force

 \circ Approved, not yet in force

• Other (Please describe)

9. Year of (planned) entry into force or year of publication

<u>2022</u>

). Does the policy tool have an end date?	
No	
Yes	

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

The purpose of this policy tool is to accelerate the development of renewable energy for the supply of electrical power in order to achieve renewable energy mix targets as per the National Energy Policy, in addition to the reduction of greenhouse gas ("GHG") emissions. It is aimed at accelerating the transition to renewable energy by regulating the early retirement of Coal-Fired Power Plants (CFPPs).

13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

● 1. Minister of Energy and Mineral Resources ("MEMR")

● 2. <u>PT PLN</u>
o 3 .
o 4 .
o 5 .

15. To provide contextual information, rate the capacity of Minister of Energy and Mineral Resources ("MEMR") to undertake the policy tool's implementation and/or enforcement.

0- No Capacity (Please explain)

- 1- Low Capacity (Please explain)
- 2- Medium Capacity (Please explain)

• 3- High Capacity (Please explain) <u>The MEMR explicitly prohibits the development of CFPPs, with</u> <u>the exception of (a) CFPPs as already stipulated in the existing Electricity Supply Business Plan</u> <u>approved by the MEMR prior to the enactment of the policy tool; or (b) CFPPs which are (i) integrated</u> with a listed National Strategic Project that provides increasing added value for the natural resources <u>sector and makes a large contribution to job creation or national economic growth; (ii) committed to a</u> <u>minimum 35% reduction in GHG emissions within 10 years of the CFPP's operation date in contrast</u> to the average GHG emissions of the CFPP in 2021; and (iii) operating only until no later than 2050.

Prefer not to answer

• Not Applicable

16. To provide contextual information, rate the capacity of PT PLN to undertake the policy tool's implementation and/or enforcement.

0- No Capacity (Please explain)

• 1- Low Capacity (Please explain)

• 2- Medium Capacity (Please explain)

 S- High Capacity (Please explain) <u>The policy tool instructs Indonesia's state-owned electricity</u> <u>company, PT Perusahaan Listrik Negara (PLN), to accelerate the early termination of (a) the</u> <u>operation of PLN's CFPPs and/or (b) CFPP Power Purchase Agreements with Independent Power</u> <u>Producers. In addition to an energy transition strategy, the policy tool also regulates (i) tendering for</u> <u>renewable projects, (ii) tariff mechanisms, and (iii) incentives provided for renewable energy projects.</u>

 \circ Prefer not to answer

• Not Applicable

25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded			
entities			
2. Private companies			
3. Financial institutions			
4. Small and medium-			
sized enterprises			
5. State-owned			
companies			
6. Not-for-profit			
organizations			
7. Government			
agencies and/or			
departments			
(supranational)			
8. Government			
agencies and/or			
departments (national)			
9. Government			
agencies and/or			
departments (regional			
- e.g., state, province,			
region, metropolitan			
region) 10. Government			
agencies and/or			
departments (local - e.g., county, district,			
municipality, city)			
11. Government			
agencies and/or			
departments			
(unspecified)			
12. Sectoral actors	 Image: A start of the start of		
(e.g., healthcare,	_		
defense, utilities,			
education)			
13. Other			
	ntities which include gen		

13. Other Text:Business Entities, which include generators of all power plants in general.

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26. In cases where entities are targeted by sector, identify the sector to which the policy tool applies.

	Mandatory	Voluntary	Not applicable
All sectors			
Agriculture, forestry, and fishing			
Mining and quarrying			
Manufacturing			
Electricity, gas, steam, and air conditioning supply			
Water supply; sewerage; waste management and remediation activities			
Construction			
Wholesale and retail trade: repair of motor vehicles and motorcycles			
Transportation and storage			
Accommodation and food service activities			
Information and communication			
Financial and insurance activities			
Real estate activities			
Professional, scientific and technical activities			
Administrative and support service activities			
Public administration and defense; compulsory social security			
Education			
Human health and social work activities			
Arts, entertainment and recreation			
Other service activities			
Activities of households as employers; undifferentiated goods-and services- producing activities of			

households for own		
use		
Activities of extraterritorial organizations and bodies		

27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

	State-owned companies	Government agencies and/or departments (national)	Sectoral actors (e.g. healthcare, defense, utilities, education)	Other
Minimum number of employees (Enter min number of full- time employees - FTEs)				
Minimum revenue (Enter minimum revenue)				
Minimum assets (Enter minimum assets) Minimum				
contract value (Enter minimum contract value)				
Entity is headquartered in the jurisdiction				
Entities are subjected to disclosure or reporting requirements	Specifically refers to PT PLN.	Refers to the Minister of State Owned Enterprises, Minister of Finance, Minister of Agrarian Affairs and Spatial Lay Out, Minister of Environment and Forestry, Minister of Public Works and Public Housing, Minister of Internal Affairs, Minister of Industry, and the Coordinating Minister for Maritime and Investment Affairs.	Actors participating in the electricity power sector.	Business Entities are defined as legal entities conducted their business operations in Indonesia and operates within the jurisdiction.

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

No

 $\circ \, \text{Yes}$

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

• Operations within jurisdiction only

• Operations beyond the jurisdiction

• Not applicable

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

□ Monetary fine

 \square Restriction on business activities

□ Voiding or setting aside of contract

□ Exclusion from government contracts

□ Award of damages or compensation

□ Penalty for senior managers

□ Criminal penalties

Not specified

□ Not applicable (e.g. in cases of voluntary tools)

□ Other

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

Below average
Average
Above average
Not applicable
Unknown or prefer not to answer
35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

Below average

Average

• Above average

• Not applicable

• Unknown or prefer not to answer

37. Have the climate-specific provisions in this instrument ever been enforced?

No (If relevant, explain)

Yes

38. Briefly note one to two exemplary cases of enforcement. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

<u>Chandra Asri Group, through its subsidiary, Krakatau Daya Listrik (KDL), is building a Floating Solar</u> <u>Power Plant at Krenceng Reservoir in Cilegon. This was done in accordance with Presidential</u> <u>Regulation (Perpres) No. 112 of 2022 and the Net Zero Emission (NZE) target in 2060.</u>

(https://web.archive.org/web/20240807035339/https://industri.kontan.co.id/news/chandra-asribangun-plts-terapung-32-mwp-ditargetkan-selesai-2025)

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

 $\circ \, \text{No}$

Yes

40. Describe the monitoring systems in place. Please reference the relevant section/subsection/paragraph of the policy tool where monitoring systems are set.

According to Article 29(2) of the policy tool, PT PLN must report to the MOEM every six months on the implementation of development and achievement levels with respect to the utilization of local products for electrical power plants that utilize renewable sources of energy.

41. Does the policy tool recommend or require periodic impact assessments?

No

Recommended

 \circ Required

43. Does the policy tool recommend or require periodic reviews?

No

Recommended

• Required

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

 $\circ \ \text{No}$

Yes

46. Describe the mechanisms for enhancing regulatory coordination with subnational governments. Reference the relevant section/subsection/paragraph of the policy tool where mechanisms for coordination with subnational governments are set.

The mechanisms for enhancing regulatory coordination with subnational governments can be found under Article 26(1) of the policy tool, where the relevant ministers, heads of institutions or the regional government in charge of the preparation of government support policies and their implementation, as provided under Article 22-25 of the policy tool, shall coordinate with the MOEM in formulating such policies.

<u>The formulation and implementation of the aforementioned government support shall then be</u> <u>coordinated by the Coordinating Minister of Maritime and Investment Affairs, pursuant to Article</u> <u>26(2).</u>

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

 $\circ \ \text{No}$

Yes

48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Pursuant to Article 22, Business Entities are granted incentives for implementing the development of Electrical Power plants that utilize Renewable sources of Energy, in the form of Fiscal and non-fiscal incentives. Such fiscal incentives include facilities concerning taxation, import, land & building taxes, financing and/or guarantees. Other facilities include prioritization in national spatial planning. licensing facilities, and various other forms of support govern under Article 23 of the policy tool.

Domain-Specific Questions: Transition Planning Questions

Disclosure of Plans and Targets

132. Are targeted entities recommended or required to publicly disclose climate-related targets or transition plans?

No

Recommended

Required

Targets

135. Does the policy tool recommend or require targeted entities to have or develop climate-related targets?

No

Recommended

• Required

Transition Plans

164. Does the policy tool recommend or require targeted entities to have or develop a transition plan?

 $\circ \operatorname{No}$

 \circ Recommended

Required

165. Does the policy tool recommend or require any of the following elements or criteria for transition plans? Select all that apply.

	Recommended	Required	Neither recommended nor required
A timeframe for the transition plan (e.g. 10 year plan, 20 year plan, etc.)			
Key Performance Indicators (KPIs) for monitoring transition plan implementation			
Updates to the transition plan			
Third-party verification and/or audited accuracy of the transition plan			
Identified methodology for scenario analysis			

170. Describe the recommendation or requirement to undertake third-party verification and/or audited accuracy of the transition plan and reference the relevant section/subsection/paragraph of the policy tool.

Article 2 of the policy tool provides that PT PLN shall prepare the Electrical Power Supply Business Plan ("RUPTL"), which is defined under Article 1(5) as the procurement plan for electric power through the generation, transmission, distribution, and/or sale of electrical power to consumers within a business area. The formulation of the RUPTL by PT PLN shall take into account:

<u>a. the development of renewable energy in accordance with the renewable energy mix based on the</u> <u>national general electric power plan;</u>

b. the balance between supply and demand; and

c. economics of renewable energy plants.

The RUPTL shall then be ratified by the MEMR after coordinating with the Minister of State-Owned Enterprises and the Minister of Finance. Article 2(2) of the policy tool provides that such coordination shall consider:

a. the aspect of balance between supply and demand;

b. the degree of preparedness of the electrical power system; and

c. the financial capacity of the State.

Monitoring, Oversight, and Implementation

176. Does the policy tool recommend or require entities undertake any of the following with regard to monitoring, oversight, and implementation? Select all that apply.

	Recommended	Required	No
Monitor progress in			
implementing their			
transition plan			
Develop financial			
plans for the			
implementation of			
their transition plan			
Integrate climate-			
related matters into			
their financial			
accounting			
Incorporate climate			
change considerations			
into their investment			
decision making			
and/or asset planning			
Incorporate climate			
change considerations			
into their capital			
allocation and/or			
expenditure plans			
Any other mechanisms			
for enhancing the			
achievement of			
targets and/or the			
implementation of			
transition plans			

177. Describe the obligation to monitor progress in implementing transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

While the policy tool does not explicitly require the implementation progress of the RUPTL to be monitored, Article 29(2) of the policy tool establishes a reporting obligation for PT PLN to report on the implementation progress of development and achievement levels with respect to the utilization of local products of Electrical Power plants that utilize renewable sources of Energy to the MEMR every <u>6 (six) months.</u>

180. Describe the obligation to incorporate climate change considerations into investment decision making and asset planning, referencing the relevant section/subsection/paragraph of the policy tool.

Article 2(3) of the policy tool explicitly stipulates several obligations with respect to the implementation of the RUPTL by PT PLN which include: a) prioritizing the purchase of electricity from renewable energy sources; b) operate renewable power plants on a must-run basis based on their characteristics and local system readiness during low-capacity conditions; c) utilize local products; and

d) develop renewable power plants.

As such, the aforementioned obligations are bound to affect the investment decision-making and asset planning of PT PLN.

181. Describe the obligation to incorporate climate change considerations into capital allocation and/or expenditure plans, referencing the relevant section/subsection/paragraph of the policy tool.

As mentioned in Q.181, Article 2(3) of the policy tool explicitly stipulates several obligations with respect to the implementation of the RUPTL by PT PLN which include: a) prioritizing the purchase of electricity from renewable energy sources; b) operate renewable power plants on a must-run basis based on their characteristics and local system readiness during low-capacity conditions; c) utilize local products; and d) develop renewable power plants.

As such, the aforementioned obligations are bound to the capital allocation and/or expenditure plans of PT PLN.

182. Describe the obligations related to other governance mechanisms for enhancing the achievement of targets and/or implementation of transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

Pursuant to Article 22, Business Entities are granted incentives for implementing the development of Electrical Power plants that utilize Renewable sources of Energy, in the form of Fiscal and non-fiscal incentives. Such fiscal incentives include facilities concerning taxation, import, land & building taxes, financing and/or guarantees. Other facilities include prioritization in national spatial planning. licensing facilities, and various other forms of support governed under Article 23 of the policy tool.

<u>Furthermore, Article 24 of the policy tool provides that compensation shall be provided to PT PLN</u> <u>under certain circumstances in accordance with the financial capacity of the state. Such</u> <u>compensation shall be provided for all the costs that PT PLN has incurred and all payments that it</u> <u>has carried out. The aforementioned compensation shall be provided in the event that the purchase</u> of electrical power from power plants which utilize renewable energy sources caused an increase in the power plant primary costs of PT PLN.

Engagement, Lobbying, and Governance

184. Does the policy tool recommend or require targeted entities align any of the following engagement and/or governance practices with their targets and/or transition plans?

	Recommended	Required	No
Value chain			
engagement			
Investor engagement			
Consumer			
engagement			
Policy engagement			
and lobbying practices			
Corporate governance			
structure for transition			
and verification			
Climate-related			
financial incentives for			
employees and board			
members			

185. Does the policy tool recommend or require targeted entities to disclose how they have used due diligence and/or stewardship to achieve their targets and/or implement their transition plans?

No

 \circ Recommended

 \circ Required

186. Describe the obligation to the align targets and/or transition plans with value chain engagement, referencing the relevant section/subsection/paragraph of the policy tool.

Pursuant to Article 2(3)(a) of the policy tool, PT PLN is required to prioritize the purchase of electrical power from power plants that utilize renewable energy sources. This provision establishes a cooperation engagement between PT PLN and the producers of electricity from which it purchases electrical power from.

To this end, Article 4(2) of the policy tool identifies the following types of power plants that qualify as power plants that utilize renewable energy sources pursuant to Article 2(3)(a):

a. Geothermal Power Plants;

- b. Hydroelectric Power Plants;
- c. Photovoltaic Solar Power Plants;
- d. Wind Power Plant;
- e. Biomass Power Plant;

<u>f. Biogas Power Plant;</u> <u>g. Marine Energy Power Plant; and</u> <u>h. Biofuel Power Plants.</u>

Standards, Frameworks, and Guidelines

194. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
IFRS S1			
IFRS S2			
Task Force on Climate-related Financial Disclosures (TCFD)			
CDP (formerly known as Climate Disclosure Project) Technical Note: Reporting on Climate Transition Plans			
International Integrated Reporting Framework			
Global Reporting Initiative (GRI)			
Sustainability Accounting Standards Board (SASB)			
Science Based Targets initiative (SBTi)			
Science Based Targets initiative (SBTi) Net Zero Standard			
European Sustainability Reporting Standards (ESRS)			
Other			

195. List any other standards, frameworks or guidelines required by or referred to within the policy tool. Please provide a web-archived link to each standard/framework/guideline listed.

The General National Electricity Plan of 2019-2038

(https://web.archive.org/web/20240807075820/https://jdih.esdm.go.id/storage/document/Kepmenesdm-143-Thn%202019%20RUKN%202019.pdf)

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

In addition to the RUPTL, the policy tool also mandates the MEMR to develop an acceleration roadmap for the retirement of coal-fired power plants ("CFPP"), pursuant to Article 3(1). Such a roadmap shall at least contain details on the reduction of GHG emissions of CFPPs, an acceleration strategy for the operational lifespan termination of CFPPs as well as the matter of harmonization with every other relevant policy. In this vein, Article 3(2) explicitly prohibits the development of new CFPPs subject to certain exceptions such as:

<u>a. CFPPs as already stipulated in the existing RUPTL prior to the enactment of the current policy tool;</u> <u>or</u>

b. CFPPs are (i)integrated with an industry that was established with the orientation of increasing added value for the natural resources sector or is considered a National Strategic Project which significantly contributes to the creation of job opportunities and/or national economic growth (ii) committed to at least a 35% reduction in GHG emissions within 10 years of the CFPP's operational date in comparison to the average GHG emissions of Indonesian CFPPs in 2021, and (iii) operating only until no later than 2050.

<u>Furthermore, the policy tool also instructs PT PLN to accelerate the termination of its own CFPPs</u> <u>and/or Power Purchase Agreements with Independent Power Producers pursuant to Article 3(5) of</u> <u>the policy tool.</u>

Policy Tool Name: Financial Services Authority Regulation No. 51 of 2017 (Peraturan OJK No. 51 Tahun 2017 tentang Penerapan Keuangan Berkelanjutan Bagi Lembaga Jasa Keuangan, Emiten dan Perusahaan Publik)

3. Source material link(s):

https://web.archive.org/web/20240807091400/https://www.hukumonline.com/pusatdata/detail/lt598 2e74c2c095/peraturan-otoritas-jasa-keuangan-nomor-51-pojk03-2017-tahun-2017/

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

Climate-related disclosure

Transition planning

□ Public procurement

5. If relevant, briefly explain how the policy tool applies or is linked to multiple domains.

<u>The current policy tool establishes obligations pertaining to the preparation of a Sustainable Finance</u> <u>Action Plan in addition to a Sustainability Report.</u>

With respect to the former, the plan shall be provided in written form which describes the plan for business activities as well as short-term (one-year) and long-term (five-year) work programs of the Financial Services Institutions (Lembaga Jasa Keuangan or "LJK") in accordance with the principles adopted to implement Sustainable Finance. This includes the strategy to realize such plans and work programs according to the target and period determined, by fulfilling the provisions of prudence and implementation of risk management.

With respect to the latter, the sustainability report concerns a public report which contains the economic, financial, social, and environmental performance of the regulated entity in conducting sustainable businesses.

6. Select the category which best describes the author/issuer of the policy tool.

□ Head of state and/or government

Independent regulatory or supervisory body

□ Legislature

□ Judiciary

Ministry/Department/Agency
□ Other (Please describe)
7. Status of the policy tool
Approved, in force
 Approved, not yet in force
 Other (Please describe)
9. Year of (planned) entry into force or year of publication
2017
10. Does the policy tool have an end date?
No
○ Yes

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

<u>The policy tool seeks to promote the implementation of sustainable development which ensures</u> <u>economic stability that harmonizes economic, social, and environmental aspects that target LJKs,</u> <u>issuers, and publicly listed companies.</u>

13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

● 1. Financial Services Authority ("OJK")



15. To provide contextual information, rate the capacity of Financial Services Authority ("OJK") to undertake the policy tool's implementation and/or enforcement.

 \circ 0- No Capacity (Please explain)

1- Low Capacity (Please explain)

• 2- Medium Capacity (Please explain)

• 3- High Capacity (Please explain) <u>The OJK is the supervising body that reviews and monitors the</u> <u>submission of sustainability reports prepared pursuant to the policy tool. The OJK has the right to</u> <u>impose administrative sanctions in the form of written warnings to issuers, LJKs, and public</u> <u>companies that do not prepare reports in accordance with the requirements of the policy tool.</u>

 \circ Prefer not to answer

• Not Applicable

25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded			
entities			
2. Private companies			
3. Financial institutions			
4. Small and medium-			
sized enterprises			
5. State-owned			
companies			
6. Not-for-profit			
organizations			
7. Government			
agencies and/or			
departments			
(supranational)			
8. Government			
agencies and/or			
departments (national)			
9. Government			
agencies and/or			
departments (regional			
- e.g., state, province,			
region, metropolitan region)			
10. Government			
agencies and/or			
departments (local -			
e.g., county, district,			
municipality, city)			
11. Government			
agencies and/or			_
departments			
(unspecified)			
12. Sectoral actors			
(e.g., healthcare,			
defense, utilities,			
education)			
13. Other			

26. In cases where entities are targeted by sector, identify the sector to which the policy tool applies.

	Mandatory	Voluntary	Not applicable
All sectors			
Agriculture, forestry, and fishing			
Mining and quarrying			
Manufacturing			
Electricity, gas, steam, and air conditioning supply			
Water supply; sewerage; waste management and remediation activities			
Construction			
Wholesale and retail trade: repair of motor vehicles and motorcycles			
Transportation and storage			
Accommodation and food service activities			
Information and communication			
Financial and insurance activities			
Real estate activities			
Professional, scientific and technical activities			
Administrative and support service activities			
Public administration and defense; compulsory social security			
Education			
Human health and social work activities			
Arts, entertainment and recreation			
Other service activities			
Activities of households as employers; undifferentiated goods-and services- producing activities of			

households for own		
use		
Activities of extraterritorial organizations and bodies		

27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

	Publicly-traded entities	Financial institutions	Government agencies and/or departments (national)	Sectoral actors (e.g. healthcare, defense, utilities, education)
Minimum number of employees (Enter min number of full- time employees - FTEs)				
Minimum revenue (Enter minimum revenue)				
Minimum assets (Enter minimum assets)	Has issued-paid up capital of at least IDR3,000,000,000.00 or some other amount determined by government regulations			
Minimum contract value (Enter minimum contract value)				
Entity is headquartered in the jurisdiction	Yes	Yes	Yes	Yes
Entities are subjected to disclosure or reporting requirements	Shares are owned by at least 300 shareholders or some other amount determined by government regulations.	institutions conducting activities in the sectors of banking, capital market, insurance, pension funds (with a total asset of at least IDR 1,000,000,000,000), financing, and other financial institutions	Specifically the OJK	institutions conducting activities in the sectors of banking, capital market, insurance, pension funds (with a total asset of at least IDR 1,000,000,000,000), financing, and other financial institutions

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

No

 \circ Yes

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

• Operations within jurisdiction only

- \circ Operations beyond the jurisdiction
- Not applicable

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

- □ Monetary fine
- $\hfill\square$ Restriction on business activities
- $\hfill\square$ Voiding or setting aside of contract
- □ Exclusion from government contracts
- □ Award of damages or compensation
- □ Penalty for senior managers
- □ Criminal penalties
- \Box Not specified
- □ Not applicable (e.g. in cases of voluntary tools)

Other Administrative sanctions in the form of warnings and written reprimands

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

- \circ Below average
- Average

• Above average

Not applicable

• Unknown or prefer not to answer

35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

Below average

• Average

 \circ Above average

 \circ Not applicable

• Unknown or prefer not to answer

37. Have the climate-specific provisions in this instrument ever been enforced?

• No (If relevant, explain)

Yes

38. Briefly note one to two exemplary cases of enforcement. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Bank Republik Indonesia (BRI) as a financial institution pursuant to the policy tool has implemented its ESG sustainable finance programs. This can be seen in its implementation of green financing, where it distributes financing by emphasizing the fulfillment of environmental sustainability aspects by business actors. Furthermore, BRI has also established a Loan Portfolio Guideline which includes aspects of environmental consideration in lending and also contains a guide for sectoral financing policies in the palm oil and pulp and paper sectors.

(https://web.archive.org/web/20240807103909/https://keuangan.kontan.co.id/news/bri-kuatkankomitmen-esg-melalui-realisasi-kredit-berkelanjutan)

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

 $\circ \, \text{No}$

Yes

40. Describe the monitoring systems in place. Please reference the relevant section/subsection/paragraph of the policy tool where monitoring systems are set.

Various articles require regulated entities to provide reports or action plans to the OJK. For instance, Article 4 requires LJK to prepare an Action Plan for Sustainable Finance which shall be submitted to the OJK. In addition to this, LJKs, issuers, and public companies shall also compile and submit a Sustainability Report pursuant to Article 10 to the OJK.

41. Does the policy tool recommend or require periodic impact assessments?

No

Recommended

 \circ Required

43. Does the policy tool recommend or require periodic reviews?

No

Recommended

Required

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

No

 $\circ \, {\rm Yes}$

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

 $\circ \operatorname{No}$

Yes

48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

According to Article 9(2) of the policy tool, the OJK may provide regulated entities with incentives in three forms for implementing Sustainable Finance effectively. Such incentives include: a. Development program for human-resources competence;

b. Receiving the Sustainable Finance Award; and

c. Any "other incentives" that the OJK deems appropriate.

Domain-Specific Questions: Disclosure Questions

What is being disclosed?

52. Are targeted entities recommended or required to disclose any of the following climate-related information? Select all that apply.

	Recommended	Required	Neither recommended nor required
1. Greenhouse gas (GHG) emissions			
2. GHG emissions offsets or removals			
3. GHG emissions reduction targets			
4. Other climate- related targets			
5. Physical climate risk			
6. Transition risk			
7. Transition plan			

Disclosure of Greenhouse Gas (GHG) Emissions

54. Which GHG emissions must be disclosed? Select all that apply.

Carbon dioxide (CO₂)

□ Methane (CH₄)

 \Box Nitrous oxide (N₂O)

□ Hydrofluorocarbons (HFCs)

□ Perfluorocarbons (PFCs)

□ Sulphur hexafluoride (SF6)

□ Nitrogen trifluoride (NF3)

 \Box Carbon dioxide equivalent (CO₂e)

55. Are entities recommended or required to disclose gross emissions?

No

 \circ Recommended

• Required

56. Are entities recommended or required to disclose net emissions?
● No
 Recommended
○ Required
57. What Scope of emissions must be disclosed? Select all that apply.
□ Scope 1 emissions
□ Scope 2 emissions
□ Scope 3 emissions, relevant or material
□ Scope 3 emissions, a specified proportion of coverage (Please describe)
□ Scope 3 emissions, all
Not specified
58. Are entities recommended or required to discloseGHG emissionsaccounting methodologies or standards?
GHG emissions
59. Does the policy tool recommend or require the GHG inventory be third-party verified?
○ No
 Recommended
• Required

60. If necessary, provide additional clarification to the above responses aboutgreenhouse gas (GHG) emissions disclosure.

With respect to greenhouse gas ("GHG") emissions, the policy tool merely made general reference to an obligation to disclose information pertaining to 'emissions'. It was only when OJK Circular Letter No. 16/SEOJK.04/2021 of 2021 was issued that further clarification was provided that the term emissions referred to GHG emissions, and even at such point no specific GHG compound was identified. As such, to ensure that all questions remain answered we selected Carbon Dioxide (CO2) as an answer for Q.54 above.

<u>Furthermore, with respect to Q.59, while the policy tool does not make an express reference to GHG inventories, it does provide that third-party verification for Sustainability Reports are optional.</u>

Disclosure of other climate-related targets

84. Which of the following other climate-related targets does the policy tool recommend or require entities disclose? Select all that apply.

□ Targets for renewable energy procurement (Please reference the section/subsection/paragraph of the policy tool relevant to renewable energy procurement targets)

□ Targets for fossil fuel phase down/phase out (Please reference the section/subsection/paragraph of the policy tool relevant to fossil fuel phase down/phase out)

 \Box Targets or goals related to climate adaptation (Please reference the section/subsection/paragraph of the policy tool relevant to climate adaptation)

□ Targets or goals related to nature and/or biodiversity (Please reference the section/subsection/paragraph of the policy tool relevant to nature and/or biodiversity)

□ Targets or goals related to just transition (Please reference the section/subsection/paragraph of the policy tool relevant to just transition)

Other targets (Please reference the section/subsection/paragraph of the policy tool relevant to other targets) <u>The policy tool does not strictly define the sort of targets or goals that must be pursued by a certain Sustainable Finance Action Plan. In this vein, Article 7 of the policy tool merely requires that the Sustainable Finance Action Plan is prepared based on the priorities of the LJK which at the very least concerns the development of sustainable finance products and/or services, development of internal capacities for financial service institutions, as well as the adjustment of various aspects within the LJK (i.e risk management, organization, standard operating procedures, etc) to conform with the principles of sustainable finance.</u>

Disclosure of Transition Plans

98. What is the recommended or required frequency of transition plan disclosures?

Yearly

• Every two years

• Every three years

• Every four years

 \circ Every five years

• Every ten years or more

 \circ Other

• Not specified

99. Does the policy tool recommend or require audited accuracy and/or third-party verification of the transition plan?

No

 \circ Recommended

• Required

100. Does the policy tool recommend or require entities to disclose progress in implementing transition plans?

 $\circ \operatorname{No}$

 \circ Recommended

Required

101. What is the recommended or required frequency of disclosures related to transition plan implementation progress?

Yearly

Every two years

• Every three years

 \circ Every four years

 \circ Every five years

• Every ten years or more

 \circ Other

No prescribed frequency

102. Does the policy tool recommend or require targeted entities to disclose their financial plans for implementing transition plans?

 $\circ \ \text{No}$

 \circ Recommended

Required

103. Does the policy tool recommend or require targeted entities to disclose their methodology for scenario analysis related to transition planning?

No

 \circ Recommended

 \circ Required

Other disclosures

105. Are targeted entities recommended or required to disclose any other climate-related information? Select all that apply.

	Required	Recommended	Neither recommended nor required
1. Climate-related opportunities			
2. Remuneration based on achieving climate-related goals			
3. Taxonomies			
4. Capital allocation and/or expenditure plans (in the context of climate change)			
5. Due diligence			
6. Assumptions and Dependencies			
7. Data limitations of scenario analyses			
8. Financial implications of climate-related matters (e.g., integration of climate- related disclosures into financial accounting standards)			
9. Stewardship (e.g., whether stewardship codes are in place, how entities vote in shareholder meetings, etc.)			
10. ESG methodologies and criteria (in the case of service providers)			
11. Asset planning or ownership in the context of climate change			
12. Sectoral investment policies			
13. Climate-related lobbying and/or policy engagement			
14. Locked-in emissions or information on			

emissive assets with long lifespans		
15. Dirty asset		
divestiture		
16. Nature-related		
impacts		
17. Just transition		
indicators		

106. Is third-party verification of climate-related opportunities recommended or required?

 $\circ \operatorname{No}$

Recommended

 \circ Required

114. Describe and reference the section/subsection/paragraph of the policy tool relevant to stewardship-related disclosures.

Annex II of the policy tool provides guidance on the contents of a Sustainability Report that must be prepared and disclosed to the public pursuant to Article 10 and 12 respectively of the policy tool. One of the information that must be disclosed includes a section on 'sustainability governance'. This section requires the disclosure of tasks assigned to the Board of Directors ("BOD"), the Board of Commissioners ("BOC"), employees, officials and/or working units in charge of the implementation of sustainable finance.

<u>Furthermore, the section also encompasses disclosure on procedures existing with respect to</u> identifying, measuring, monitoring, and controlling risks towards the implementation of sustainable finance in terms of various factors including those pertaining to environmental aspects. Such disclosure includes the roles of the BOD and BOC in managing, conducting periodic examinations, and reviewing the effectiveness of the regulated entities' risk management processes.

117. In which of the following sectors are entities recommended or required to disclose information regarding sectoral investment policies? Select all that apply.

🗆 Coal

🗆 Oil and gas

□ Renewable energy

□ Land-use and deforestation

Other

 \Box None specified

122. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosure of nature-related impacts.

Annex II to the policy tool obliges LJKs, issuers, and public companies that partake in activities with a direct connection to the environment to disclose, at the very least, the following information: a. the impact of their operational sites when located in or near a conservation area or areas with biodiversity;

b. efforts that have been undertaken to conserve such biodiversity;

c. information concerning positive or negative effects caused to the surrounding environment,

especially with respect to ecosystem capacity;

d. details on the amount and intensity of emissions produced based on its type;

e. efforts and achievements of emission reductions which have been undertaken;

f. amount and intensity of waste and effluent produced based on type;

g. waste and effluent processing mechanism;

h. any spillage that has occurred;

<u>i. etc.</u>

On the other hand, more general LJK, issuers, and public companies should at least disclose the following:

a. environmental costs incurred;

b. an elaboration on the use of environmentally-friendly materials;

c. the amount and intensity of energy used;

<u>d. efforts and achievements pertaining to energy efficiency including the use of renewable energy</u> <u>sources.</u>

Standards, Frameworks, and Guidelines

125. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. IFRS S1			
2. IFRS S2			
3. Task Force on Climate-related Financial Disclosures (TCFD)			
4. GHG Protocol Corporate Accounting and Reporting Standard			
5. GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard			
6. CDP (formerly known as Climate Disclosure Project) reporting framework			
7. International Integrated Reporting Framework			
8. Global Reporting Initiative (GRI)			
9. Sustainability Accounting Standards Board (SASB)			
10. European Sustainability Reporting Standards (ESRS)			
11. Taskforce on Nature-related Financial Disclosures (TNFD)			
12. Partnership for Carbon Accounting Financials (PCAF)			
13. Glasgow Financial Alliance for Net Zero (GFANZ)			
14. Other			

Additional Important Information

128. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The policy tool provides a broad degree of discretion for LJKs to determine the targets and programs which it seeks to achieve through its Financial Action Plan which is prepared pursuant to Article 4. In this vein, LJKs are able to determine its own targets and programs as long as it duly takes into account the provisions of Article 7, guidance provided in Annex I, as well as the principles identified under Article 2 of the policy tool.

As such, while there are often times no explicit references to the specific types of targets that are identified in the survey, such targets are not necessarily excluded from the scope of the regulation.

Eurthermore, the policy tool also provides broad instructions on matters that must be disclosed under the Sustainability Report. For instance, Annex II of the policy tool requires the disclosure of risk management as well as identification, measurement, monitoring, and control procedures for various risks including those pertaining to the environment. This broad formulation does not exclude an assessment of physical climate risks and transition risks while no express reference was made to such matters. The report also requires the disclosure on the utilization of business opportunities and prospects which by its broad language does not explicitly prohibit a disclosure on climate-related opportunities.

<u>Further guidance is provided through a separate policy tool, namely OJK Circular Letter No.</u> <u>16/SEOJK.04/2021 regarding the Form and Substance of the Annual Report of Issuers and Public</u> <u>Companies.</u>

Domain-Specific Questions: Transition Planning Questions

Disclosure of Plans and Targets

132. Are targeted entities recommended or required to publicly disclose climate-related targets or transition plans?

No

Recommended

 \circ Required

Targets

135. Does the policy tool recommend or require targeted entities to have or develop climate-related targets?

 $\circ \ No$

 \circ Recommended

Required

136. Does the policy tool recommend or require entities to monitor progress in achieving their targets?

 $\circ \ No$

 \circ Recommended

Required

137. Describe and reference the section/subsection/paragraph of the policy tool relevant to monitoring progress in achieving targets.

As part of the Sustainable Finance Action Plan prepared pursuant to Article 4 of the policy tool, Annex I requires such action plan to disclose the evaluation system that was put in place to monitor the implementation of the program that is to be implemented. This includes the monitoring of implementation and the achievements of the action program; disclosure of monitoring and evaluation methodologies are also required.

Additionally, the publicly disclosed Sustainability report prepared pursuant to Article 10 and 12 of the policy tool also contains certain information pertaining progress in the achievement of targets. This includes a summary comparison of sustainability performance for the past 3 years with respect to economic, social and environmental aspects. Furthermore, the BOD is also required to provide an elaboration on achievements pertaining to the implementation of sustainable finance compared to targets that were set as well as any accomplishments, challenges, or significant event in relation to it.

138. Does the policy tool recommend or require targeted entities to publicly report on progress in achieving their targets?

 $\circ \ \text{No}$

 \circ Recommended

Required

139. What is the recommended or required frequency of progress reports related to the achievement of targets?

Yearly

- Every two years
- Every three years
- Every four years
- Every five years
- \circ Every ten years or more

 $\circ \text{ Other }$

No prescribed frequency

140. Which of the following targets, or data related to targets, does the policy tool recommend or require entities have or develop? Select all that apply.

	Recommended	Required	No
An absolute emissions			
reduction target			
An intensity-based			
emissions reduction			
target			
A net zero target			
Interim targets (e.g. 2030, 2050)			
Targets covering non- carbon GHG emissions			
A Scope 3 emissions target			
A target derived using a sectoral decarbonization approach			
A level of ambition for emissions reductions (e.g. 80% reduction)			
A baseline year from which progress is measured			
A target timeframe (e.g. by 2040)			
Targets for renewable energy procurement			
Targets for fossil fuel phase down/phase up			
Separate targets for GHG offsets and/or removals			
Targets or goals related to climate adaptation			
Targets or goals related to nature and biodiversity			
Other targets related to sustainability			

153. What is the recommended or required timeframe for targets (e.g. by 2050, 2060)?

 \circ Between 2030 and 2035

o Between 2036 and 2040
o Between 2041 and 2045
o Between 2046 and 2050
o Between 2051 and 2060
• Between 2061 and 2070
• Other
Not specified

162. Describe and reference the section/subsection/paragraph of the policy tool related to setting other targets.

The policy tool does not strictly define the sort of targets or goals that must be pursued by a certain Sustainable Finance Action Plan. In this vein, Article 7 of the policy tool merely requires that the Sustainable Finance Action Plan is prepared based on the priorities of the LJK which at the very least concerns the development of sustainable finance products and/or services, development of internal capacities for financial service institutions, as well as the adjustment of various aspects within the financial service institution (i.e risk management, organization, standard operating procedures, etc) to conform with the principles of sustainable finance.

Transition Plans

164. Does the policy tool recommend or require targeted entities to have or develop a transition plan?

 $\circ \ No$

 \circ Recommended

Required

165. Does the policy tool recommend or require any of the following elements or criteria for transition plans? Select all that apply.

	Recommended	Required	Neither recommended nor required
A timeframe for the transition plan (e.g. 10 year plan, 20 year plan, etc.)			
Key Performance Indicators (KPIs) for monitoring transition plan implementation			
Updates to the transition plan			
Third-party verification and/or audited accuracy of the transition plan			
Identified methodology for scenario analysis			

166. Describe the recommended or required timeframe for the transition plan.

o 1-10 years

 \circ 11-20 years

 \circ 21-30 years

 \circ 31-40 years

 \circ 41-50 years

• Other <u>As referred to Article 7(2)</u>, the timeframe in determined by the LJK themselves in which they will implement their sustainable finance plans.

Monitoring, Oversight, and Implementation

176. Does the policy tool recommend or require entities undertake any of the following with regard to monitoring, oversight, and implementation? Select all that apply.

	Recommended	Required	No
Monitor progress in			
implementing their			
transition plan			
Develop financial			
plans for the			
implementation of			
their transition plan			
Integrate climate-			
related matters into			
their financial			
accounting			
Incorporate climate			
change considerations			
into their investment			
decision making			
and/or asset planning			
Incorporate climate			
change considerations			
into their capital			
allocation and/or			
expenditure plans			
Any other mechanisms			
for enhancing the			
achievement of			
targets and/or the			
implementation of			
transition plans			

177. Describe the obligation to monitor progress in implementing transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

As discussed previously, Annex I requires Sustainable Finance Action Plans to disclose the evaluation system that was put in place to monitor the implementation of the program that is to be implemented; this includes supervision on the implementation efficiency of the program stipulated in the Sustainable Action Plan.

178. Describe the obligation to develop financial plans for the implementation of transition plans, referencing the section/subsection/paragraph of the policy tool.

Annex I of the policy tool requires a Sustainable Finance Action Plan to disclose, in a detailed manner, the resources that are required to implement such a plan. This includes funding, partners for

cooperation, and the required human resources.

<u>Furthermore, Article 8 imposes an obligation towards LJKs(specifically those that are already under</u> an obligation to engage in social and environmental responsibility (under Indonesian law referred to as Tanggung Jawab Sosial Lingkungan or "TJSL")) to allocate part of its TJSL funding to support sustainable finance implementation activities. Such allocated funds are to be stipulated in the Sustainable Finance Action Plan of such LJK.

180. Describe the obligation to incorporate climate change considerations into investment decision making and asset planning, referencing the relevant section/subsection/paragraph of the policy tool.

Incorporating climate change considerations into investment decision-making and asset planning is recommended for LJKs as it formulates its Action Plan for Sustainable Finance. This strategy is anchored in two key principles in Article 2.

The first principle in Article 2(a) is responsible investment, which asserts that financial investments must not only foster sustainable economic development but also ensure that long-term benefits are in harmony with economic, social, environmental, and governance ("ESG") factors. This entails prioritizing projects and initiatives that advance sustainable development and nature conservation. Sustainable development is a deliberate and strategic effort that integrates economic, social, and environmental dimensions to safeguard the integrity of the environment while enhancing safety, capability, welfare, and the quality of life for both current and future generations.

The second principle stipulated in Article 2(g) emphasizes the development of priority sectors. This principle advocates for a greater allocation of resources to these sectors to effectively meet sustainable development goals, particularly concerning climate change mitigation and adaptation efforts.

181. Describe the obligation to incorporate climate change considerations into capital allocation and/or expenditure plans, referencing the relevant section/subsection/paragraph of the policy tool.

Incorporating climate change considerations into matters of capital allocation and/or expenditure plans is recommended for the financial institutions as they formulate their Action Plan for Sustainable Finance. This strategy is anchored in two key principles under Article 2 of the policy tool.

The first principle enshrined under Article 2(a) of the policy tool concerns responsible investment, which asserts that financial investments must not only foster sustainable economic development but also ensure that long-term benefits are in harmony with economic, social, environmental, and governance factors. This entails prioritizing projects and initiatives that advance sustainable development and nature conservation. Sustainable development is a deliberate and strategic effort

that integrates economic, social, and environmental dimensions to safeguard the integrity of the environment while enhancing safety, capability, welfare, and the quality of life for both current and future generations.

The second principle stipulated in Article 2(g) of the policy tool emphasizes the development of priority sectors. This principle advocates for a greater allocation of resources to these sectors to effectively meet sustainable development goals, particularly concerning climate change mitigation and adaptation efforts.

182. Describe the obligations related to other governance mechanisms for enhancing the achievement of targets and/or implementation of transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

The obligation to other mechanisms for enhancing the implementation of transition plans can be found in Article 9(2) of the policy tool, where the OJK may provide regulated entities with incentives in three forms for implementing Sustainable Finance effectively. Such incentives include: A. Development program for human-resources competence; B. Receiving the Sustainable Finance Award; and C. Any "other incentives" that the OJK deems appropriate.

Engagement, Lobbying, and Governance

184. Does the policy tool recommend or require targeted entities align any of the following engagement and/or governance practices with their targets and/or transition plans?

	Recommended	Required	No
Value chain			
engagement			
Investor engagement			
Consumer			
engagement			
Policy engagement			
and lobbying practices			
Corporate governance			
structure for transition			
and verification			
Climate-related			
financial incentives for			
employees and board			
members			

185. Does the policy tool recommend or require targeted entities to disclose how they have used due diligence and/or stewardship to achieve their targets and/or implement their transition plans?

No

 $\circ \, \text{Recommended}$

• Required

Standards, Frameworks, and Guidelines

194. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
IFRS S1			
IFRS S2			
Task Force on Climate-related Financial Disclosures (TCFD)			
CDP (formerly known as Climate Disclosure Project) Technical Note: Reporting on Climate Transition Plans			
International Integrated Reporting Framework			
Global Reporting Initiative (GRI)			
Sustainability Accounting Standards Board (SASB)			
Science Based Targets initiative (SBTi)			
Science Based Targets initiative (SBTi) Net Zero Standard			
European Sustainability Reporting Standards (ESRS)			
Other			

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

<u>Please note that the policy tool does not define strictly the targets or that must be pursued in a</u> <u>certain Sustainable Financial Action Plan. In this vein, Article 7 of the policy tool merely requires that</u> <u>the Sustainable Finance Action Plan is prepared based on the priorities of the LJK which at the very</u> least concerns the development of sustainable finance products and/or services, development of internal capacities for LJKs, as well as the adjustment of various aspects within the LJK (i.e risk management, organization, standard operating procedures, etc) to conform with the principles of sustainable finance.

Additionally, the policy tool provides a set of broad principles that regulated entities may consider when formulating their Sustainable Financial Action Plans. While these principles could potentially encompass many of the targets, elements, and criteria outlined in this survey regarding the transition plan, the lack of explicit mention in the policy tool means that specific targets, elements, and criteria are not addressed, despite the possibility that they may be included.

Policy Tool Name: Law of the Republic of Indonesia No. 7 of 2021
concerning Harmonization of Tax Regulations (Undang-Undang (Uu)
Nomor 7 Tahun 2021 Harmonisasi Peraturan Perpajakan)

3. Source material link(s):

https://web.archive.org/web/20240603012119/https://peraturan.bpk.go.id/Details/185162/uu-no-7-tahun-2021

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

□ Climate-related disclosure

Transition planning

 \Box Public procurement

6. Select the category which best describes the author/issuer of the policy tool.

□ Head of state and/or government

□ Independent regulatory or supervisory body

Legislature

□ Judiciary

□ Ministry/Department/Agency

□ Other (Please describe)

7. Status of the policy tool

Approved, in force

 \circ Approved, not yet in force

• Other (Please describe)

9. Year of (planned) entry into force or year of publication

<u>2021</u>

10. Does the policy tool have an end date?
No
• Yes

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

This policy tool serves generally to harmonize different tax laws into a single law for the purpose of increasing sustainable economic growth and supporting accelerated economic recovery. As relevant to this survey, one means to increase sustainable economic growth is the introduction of a carbon tax.

13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

1. <u>Ministry of Finance</u>
2.
3.
4.
5.

15. To provide contextual information, rate the capacity of Ministry of Finance to undertake the policy tool's implementation and/or enforcement.

• 0- No Capacity (Please explain)

- 1- Low Capacity (Please explain)
- 2- Medium Capacity (Please explain)

• 3- High Capacity (Please explain) <u>MOF is the government institution that has the authority to</u> <u>impose a carbon tax, including monitoring, supervision and collection.</u>

 \circ Prefer not to answer

Not Applicable

25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded			
entities			
2. Private companies			
3. Financial institutions			
4. Small and medium-			
sized enterprises			
5. State-owned			
companies			
6. Not-for-profit			
organizations			
7. Government			
agencies and/or			
departments			
(supranational)			
8. Government			
agencies and/or			
departments (national)			
9. Government			
agencies and/or			
departments (regional			
- e.g., state, province,			
region, metropolitan region)			
10. Government			
agencies and/or			
departments (local -			
e.g., county, district,			
municipality, city)			
11. Government			
agencies and/or			
departments			
(unspecified)			
12. Sectoral actors			
(e.g., healthcare,			
defense, utilities,			
education)			
13. Other			

26. In cases where entities are targeted by sector, identify the sector to which the policy tool applies.

	Mandatory	Voluntary	Not applicable
All sectors			
Agriculture, forestry, and fishing			
Mining and quarrying			
Manufacturing			
Electricity, gas, steam, and air conditioning supply			
Water supply; sewerage; waste management and remediation activities			
Construction			
Wholesale and retail trade: repair of motor vehicles and motorcycles			
Transportation and storage			
Accommodation and food service activities			
Information and communication			
Financial and insurance activities			
Real estate activities			
Professional, scientific and technical activities			
Administrative and support service activities			
Public administration and defense; compulsory social security			
Education			
Human health and social work activities			
Arts, entertainment and recreation			
Other service activities			
Activities of households as employers; undifferentiated goods-and services- producing activities of			

households for own		
use		
Activities of extraterritorial organizations and bodies		

27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

Minimum number of employees (Enter min number of full-time employees - FTEs)	
Minimum revenue (Enter minimum revenue)	
Minimum assets (Enter minimum assets)	
Minimum contract value (Enter minimum contract value)	
Entity is headquartered in the jurisdiction	
Entities are subjected to disclosure or reporting requirements	

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

No

 $\circ \, \text{Yes}$

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

• Operations within jurisdiction only

• Operations beyond the jurisdiction

Not applicable

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

□ Monetary fine

□ Restriction on business activities

□ Voiding or setting aside of contract

□ Exclusion from government contracts

 $\hfill\square$ Award of damages or compensation

 \Box Penalty for senior managers

 \Box Criminal penalties

Not specified <u>Does not specify for the implementation of carbon tax.</u>

□ Not applicable (e.g. in cases of voluntary tools)

□ Other

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

• Below average

• Average

 \circ Above average

Not applicable

• Unknown or prefer not to answer

35. To provide contextual information, give a general assessment of the extent to which regulated

entities have made compliance a priority.

• Below average

Average

• Above average

Not applicable

• Unknown or prefer not to answer

37. Have the climate-specific provisions in this instrument ever been enforced?

No (If relevant, explain) <u>Under the policy tool, carbon emissions having a negative impact on the environment will be subject to carbon tax, with the tax subject being private persons or entities purchasing goods containing carbon or conducting activities resulting in carbon emissions. Taxpayers participating in the carbon emission trade, carbon emission offsets, or any other mechanism set out under environmental regulations may be subject to a carbon tax deduction or other treatment for the fulfilment of the carbon tax payer's obligations. The provisions on the rate, calculation, payment, reporting, and other mechanisms of the carbon tax are expected to be further regulated by the Minister of Finance. Initially targeted for launch in April 2022, the imposition of a carbon tax is now not expected until around 2025. Businesses in carbon-intensive sectors such as coal-fired power plants, oil and mining, cement, plastic, petrochemicals, and palm oil plantations, among others, will be</u>

the most heavily affected. It is expected that implementation will first target coal-fired power plants and then expand to other industries.

 $\circ \, \text{Yes}$

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

No

 \circ Yes

41. Does the policy tool recommend or require periodic impact assessments?

No

Recommended

Required

43. Does the policy tool recommend or require periodic reviews?

No

Recommended

Required

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

No

 \circ Yes

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

 $\circ \ No$

Yes

48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

According to Article 13(13) of the policy tool, taxpayers who participate in carbon emissions trading, carbon emission offsets, and/or other mechanisms in accordance with laws and regulations in the environmental sector may be granted a reduction of carbon tax and/or other treatments for the fulfilment of carbon tax obligations.

Domain-Specific Questions: Transition Planning Questions

Disclosure of Plans and Targets

132. Are targeted entities recommended or required to publicly disclose climate-related targets or transition plans?

No

Recommended

 \circ Required

Targets

135. Does the policy tool recommend or require targeted entities to have or develop climate-related targets?

No

Recommended

• Required

Transition Plans

164. Does the policy tool recommend or require targeted entities to have or develop a transition plan?

No

 \circ Recommended

 \circ Required

Monitoring, Oversight, and Implementation

176. Does the policy tool recommend or require entities undertake any of the following with regard to monitoring, oversight, and implementation? Select all that apply.

	Recommended	Required	No
Monitor progress in implementing their transition plan			
Develop financial plans for the implementation of their transition plan			
Integrate climate- related matters into their financial accounting			
Incorporate climate change considerations into their investment decision making and/or asset planning			
Incorporate climate change considerations into their capital allocation and/or expenditure plans			
Any other mechanisms for enhancing the achievement of targets and/or the implementation of transition plans			

Engagement, Lobbying, and Governance

184. Does the policy tool recommend or require targeted entities align any of the following engagement and/or governance practices with their targets and/or transition plans?

	Recommended	Required	No
Value chain			
engagement			
Investor engagement			
Consumer			
engagement			
Policy engagement			
and lobbying practices			
Corporate governance			
structure for transition			
and verification			
Climate-related			
financial incentives for			
employees and board			
members			

185. Does the policy tool recommend or require targeted entities to disclose how they have used due diligence and/or stewardship to achieve their targets and/or implement their transition plans?

No

 \circ Recommended

Required

Standards, Frameworks, and Guidelines

194. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
IFRS S1			
IFRS S2			
Task Force on Climate-related Financial Disclosures (TCFD)			
CDP (formerly known as Climate Disclosure Project) Technical Note: Reporting on Climate Transition Plans			
International Integrated Reporting Framework			
Global Reporting Initiative (GRI)			
Sustainability Accounting Standards Board (SASB)			
Science Based Targets initiative (SBTi)			
Science Based Targets initiative (SBTi) Net Zero Standard			
European Sustainability Reporting Standards (ESRS)			
Other			

195. List any other standards, frameworks or guidelines required by or referred to within the policy tool. Please provide a web-archived link to each standard/framework/guideline listed.

As stated in the explanation of Article 13(1) and (3) of the policy tool, such imposition of carbon tax should take into account the carbon tax roadmap, which contains the Nationally Determined Contributions (NDC). The NDC makes reference to the framework of the Paris Agreement to the United Nations Framework on Climate Change

(https://web.archive.org/web/*/https://unfccc.int/process-and-meetings/the-paris-agreement*).

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

None.

Policy Tool Name: Presidential Regulation (PR) No. 16 of 2018 (amended by PR No. 12 of 2021) regarding Government Procurement of Goods/Services

3. Source material link(s):

https://web.archive.org/web/20240328053445/https://peraturan.bpk.go.id/Details/73586/perpres-no-16-tahun-2018

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

□ Climate-related disclosure

□ Transition planning

Public procurement

6. Select the category which best describes the author/issuer of the policy tool.

Head of state and/or government

□ Independent regulatory or supervisory body

□ Legislature

□ Judiciary

□ Ministry/Department/Agency

□ Other (Please describe)

7. Status of the policy tool

Approved, in force

 \circ Approved, not yet in force

• Other (Please describe)

9. Year of (planned) entry into force or year of publication

<u>2018</u>

10. Does the policy tool have an end date?
• No
• Yes

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

The policy tool aims to streamline the procurement process for goods and services funded by the State Budget (APBN) or Regional Budget (APBD) and conducted by central and regional government agencies. This regulation seeks to make procurement more efficient and effective, reduce complexity and improve overall management and execution.

13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

• 1. <u>Central Government (ie. Minister/head of institution/regional head) procuring goods and services</u> with APBN and APBD

2.
3.
4.
5.

15. To provide contextual information, rate the capacity of Central Government (ie. Minister/head of institution/regional head) procuring goods and services with APBN and APBD to undertake the policy tool's implementation and/or enforcement.

0- No Capacity (Please explain)

• 1- Low Capacity (Please explain)

2- Medium Capacity (Please explain)

• 3- High Capacity (Please explain) <u>Central Government (i.e., Minister/head of institution/regional head) is obliged to comply with the policy tool when procuring goods and services with APBN and APBD.</u>

 \circ Prefer not to answer

Not Applicable

25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded			
entities			
2. Private companies			
3. Financial institutions			
4. Small and medium-			
sized enterprises			
5. State-owned			
companies			
6. Not-for-profit			
organizations			
7. Government			
agencies and/or			
departments			
(supranational)			
8. Government			
agencies and/or			
departments (national)			
9. Government			
agencies and/or			
departments (regional			
- e.g., state, province, region, metropolitan			
region)			
10. Government			
agencies and/or			
departments (local -			
e.g., county, district,			
municipality, city)			
11. Government			
agencies and/or			
departments			
(unspecified)			
12. Sectoral actors			
(e.g., healthcare,			
defense, utilities,			
education)			
13. Other			

26. In cases where entities are targeted by sector, identify the sector to which the policy tool applies.

	Mandatory	Voluntary	Not applicable
All sectors			
Agriculture, forestry, and fishing			
Mining and quarrying			
Manufacturing			
Electricity, gas, steam, and air conditioning supply			
Water supply; sewerage; waste management and remediation activities			
Construction			
Wholesale and retail trade: repair of motor vehicles and motorcycles			
Transportation and storage			
Accommodation and food service activities			
Information and communication			
Financial and insurance activities			
Real estate activities			
Professional, scientific and technical activities			
Administrative and support service activities			
Public administration and defense; compulsory social security			
Education			
Human health and social work activities			
Arts, entertainment and recreation			
Other service activities			
Activities of households as employers; undifferentiated goods-and services- producing activities of			

households for own		
use		
Activities of extraterritorial organizations and bodies		

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

No

 $\circ \, \text{Yes}$

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

 \circ Operations within jurisdiction only

 \circ Operations beyond the jurisdiction

Not applicable

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

Monetary fine <u>According to Article 78, in the event that the selected participants are: a. to submit</u> <u>false/incorrect documents or information to meet the requirements stipulated in the Selection</u> <u>Document, b. are indicated to have conducted a conspiracy with other participants to set the bidding</u> <u>price, c. are indicated to have conducted a corruption, collusion, and/or nepotism the in Provider</u> <u>selection, or d. resign for reasons that cannot be accepted by the Procurement Official/Pokja</u> <u>Pemilihan/Procurement Agents, they are subject to subject to administrative sanctions which includes</u> <u>inter alia fines.</u>

□ Restriction on business activities

□ Voiding or setting aside of contract

Exclusion from government contracts <u>According to Article 80, if a selection participant have</u> <u>violated certain compliance requirements which are listed in paragraph 1 of this Article, Providers are</u> <u>subject to inter alia an exclusion sanction from the electronic catalog.</u>

 \square Award of damages or compensation

□ Penalty for senior managers

□ Criminal penalties

 \Box Not specified

□ Not applicable (e.g. in cases of voluntary tools)

Other <u>Other sanctions which exists in Article 78 and 80 include withdrawal from the selection,</u> bond disbursement, blacklist, compensation, and suspension in the E-purchasing transaction system.

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

- Below average
- \circ Average
- Above average
- \circ Not applicable
- Unknown or prefer not to answer

35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

 \circ Below average

• Average

Above average

- \circ Not applicable
- \circ Unknown or prefer not to answer

36. Provide supplemental explanation of your priority assessment. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

<u>The regulations grant LKPP (Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah) the authority</u> <u>to develop, manage, and supervise the e-marketplace for goods and services procurement.</u> <u>Additionally, ministries, government agencies, and regional heads are required to monitor their</u>

procurement activities through internal audit bodies.

<u>This supervision can involve audits, reviews, monitoring, evaluation, or whistleblowing systems,</u> <u>covering all stages of procurement—planning, preparation, supplier selection, contract execution, and</u> <u>delivery. The oversight process may also involve collaboration with relevant technical ministries or</u> <u>agencies responsible for overseeing financial governance and national development.</u>

<u>Link 1:</u>

(https://web.archive.org/web/20240328053445/https://peraturan.bpk.go.id/Details/73586/perpresno-16-tahun-2018)

<u>Link 2:</u>

(https://web.archive.org/web/20240714105741/https://peraturan.bpk.go.id/Details/161828/perpresno-12-tahun-2021)

37. Have the climate-specific provisions in this instrument ever been enforced?

No (If relevant, explain) <u>The regulation only governs Sustainable Procurement, which is the procurement of goods/services aimed at achieving economic benefits not only for Ministries/Agencies/Regional Apparatuses as users but also for society, while significantly reducing negative impacts on the environment and society throughout the entire lifecycle of its implementation. However, no climate-specific provision is regulated therein.
</u>

 \circ Yes

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

 $\circ No$

Yes

40. Describe the monitoring systems in place. Please reference the relevant section/subsection/paragraph of the policy tool where monitoring systems are set.

Article 76 of the policy tool mandates that ministers, agency heads, and regional heads supervise the procurement of goods and services through internal supervisory bodies. This supervision includes audits, reviews, monitoring, evaluation, and whistleblowing systems, covering all procurement stages from planning to job handover. The scope includes maximizing benefits, regulatory compliance, local

<u>content achievement, domestic product utilization, reserving packages for small businesses, and</u> <u>sustainable procurement.</u>
41. Does the policy tool recommend or require periodic impact assessments?
No
• Recommended
• Required
43. Does the policy tool recommend or require periodic reviews?
○ No
• Recommended
Required
44. Select the option that best describes the frequency of the recommended or required periodic reviews.
o 0-2 years
o 2-5 years
o 5-10 years
• 10 or more years
Not specified
o Other

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

No

 $\circ \, \text{Yes}$

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

<u>None</u>

Domain-Specific Questions: Public Procurement Questions

200. Does the policy tool allow, recommend, or require the alignment of public procurement spending with national and/or subnational climate targets?

 $\circ \ No$

Allowed and/or recommended

 \circ Required

201. Describe the obligation to align public procurement spending with national and/or subnational climate targets, referencing the relevant section/subsection/paragraph of the policy tool.

According to Article 68 of the policy tool, the procurement process must consider sustainability, encompassing economic aspects (lifelong production costs), social aspects (empowering small businesses, fair working conditions, community empowerment, equality, and diversity), and environmental aspects, including the reduction of negative impacts on health, air quality, soil quality, water quality, and the use of natural resources.

202. Does the policy tool set targets in relation to climate-aligned procurement? Select all that apply.

	Not applicable
	□ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □

(Pejabat Pembuat Komitmen or PPK), in formulating technical specifications/ToR of goods/services, shall use environmentally friendly products. Furthermore, procurement of goods/services shall be carried out by taking into account sustainability aspects such as the environment.

Procurement Cycle

204. Does the policy tool make recommendations or allowances or set requirements related to climate change mitigation at the procurement planning stage? Select all that apply.

	Allowed/	Required	Not applicable
	recommended		
Procuring entities			
consider climate			
change mitigation			
and/or GHG emissions			
reductions goals when			
defining their			
procurement needs			
Procuring entities have			
a strategy, plan, or			
policy regarding the			
alignment of			
procurement practices			
with climate objectives			
Procuring entities set			
aside a portion of their			
procurement budgets			
for climate-aligned			
procurement			
Procuring entities			
include emissions from			
procurement in their			
carbon budget			
Procuring entities			
follow guidance on			
calculating			
procurement-related			
emissions			
Procuring entities			
inform and/or consult			
with market actors in			
advance of publishing			
the formal call for			
tenders, in relation to			
climate considerations			
(i.e. pre-procurement			
consultation,			
engagement, or			
dialogue)			
Other allowances,			
recommendations or			
requirements related			
to climate change			
mitigation or GHG			
emissions at the			
procurement planning			
stage			

205. To which of the following do climate change mitigation and/or GHG emission reduction goals apply with regard to the definition of procurement needs? Select all that apply.

□ Goods

□ Services

□ Works

206. Describe the obligation for procuring entities to consider climate change mitigation and/or GHG emissions reductions goals when defining their procurement needs, referencing the relevant section/subsection/paragraph of the policy tool.

The policy tool does not specifically regulate the obligation for procuring entities to consider climate change mitigation and/or GHG emissions reductions goals when defining their procurement needs.

Life-cycle or Whole-life Costing

217. Does the policy tool recommend or require the use of life-cycle costing or whole-life costing to capture climate-related impacts (e.g. energy or fuel consumption, monetized emissions or other environmental costs, end-of-life costs, etc)?

No

 \circ Allow and/or recommend

• Require

Tendering or Solicitation Stage

222. Does the policy tool make allowances, recommendations or set requirements at the tendering or solicitation stage? Select all that apply.

	Allowed/recommended	Required	Not applicable
Exclusion or debarment grounds based on compliance with climate obligations			
Qualification or selection criteria related to climate change			
Including climate or environmental considerations when calculating value for money, including through the use of life- cycle or whole-life costing			
Technical specifications (e.g. setting minimum levels of energy efficiency or maximum product carbon emissions)			
Contract award criteria or value for money evaluation frameworks (e.g. minimum scores/performance levels under climate- related criteria, preferences for climate or sustainable products)			
Other procurement stage allowances, recommendations or requirements			

Contract Performance

.

249. Does the policy tool make allowances, recommendations or set requirements at the contract performance stage (e.g. contract clauses, key performance indicators or conditions which must be included to monitor and report on emissions or other metrics)?

No
 Allowed and/or recommended
• Required
Monitoring and Reporting
252. Does the policy tool include allowances, recommendations or requirements to monitor and/or report upon climate-aligned procurement?
No
 Allowed and/or recommended
• Required

Standards, Frameworks, and Guidelines

262. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. Paris Agreement			
2. The jurisdiction's Nationally Determined Contribution (NDC)			
3. IFRS S1			
4. IFRS S2			
5. Task Force on Climate- related Financial Disclosures (TCFD)			
6. GHG Protocol Corporate Accounting and Reporting Standard			
7. GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard			
8. CDP (formerly known as Climate Disclosure Project) reporting framework			
9. Science Based Targets initiative (SBTi)			
10. Science Based Targets initiative (SBTi) Net Zero Standard			
11. United Nations Sustainable Development Goals (SDGs)			
12. ISO 20400 Sustainable Procurement			
13. EU Green Public Procurement criteria and guidance			
14. UNEP Sustainable Public Procurement Implementation Guidelines			
15. OECD MAPS - Supplementary Module on Sustainable Public Procurement			
16. Asian Development Bank Guidelines for Sustainable Procurement			
17. African Development Bank Sustainable Public Procurement Guidance Note			

18. Inter-American		\checkmark
Development Bank Green		
Procurement Guidelines		
19. EDBR Project		
Requirements/Environmental		
and Social Action Plan		
20. World Bank		
Environmental and Social		
Framework		
21. Other		

Additional Important Information

265. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

None.

Policy Tool Name: Ministry of Environment and Forestry Regulation No. 5 of 2019 regarding Procedures for the Application of Environmentally Friendly Labels for the Procurement of Environmentally Friendly Goods and Services

3. Source material link(s):

https://web.archive.org/web/20211017094755/https://jdih.maritim.go.id/en/peraturan-menterilingkungan-hidup-dan-kehutanan-no-p5menlhksetjenkum122019-tahun-2019

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

□ Climate-related disclosure

□ Transition planning

Public procurement

6. Select the category which best describes the author/issuer of the policy tool.

□ Head of state and/or government

□ Independent regulatory or supervisory body

□ Legislature

□ Judiciary

Ministry/Department/Agency

□ Other (Please describe)

7. Status of the policy tool

Approved, in force

 \circ Approved, not yet in force

• Other (Please describe)

9. Year of (planned) entry into force or year of publication

<u>2019</u>

.0. Does the policy tool have an end date?
No
Yes

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

Pursuant to Article 2 of the policy tool, the purpose of the policy tool is to regulate the use of Environmentally Friendly Labels and the application of Environmentally Friendly Goods and Services for (a) individuals or legal entities that produce and/or import goods and services traded within Indonesia, and (b) ministries, agencies, regional working units, and institutions.

13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

• 1. Minister of Environment and Forestry

2.
3.
4.
5.

15. To provide contextual information, rate the capacity of Minister of Environment and Forestry to undertake the policy tool's implementation and/or enforcement.

 \circ 0- No Capacity (Please explain)

- 1- Low Capacity (Please explain)
- 2- Medium Capacity (Please explain)

• 3- High Capacity (Please explain) <u>Pursuant to Article 2 of the policy tool, the Minister's high</u> <u>capacity can be attributed to the fact that the policy tool explicitly designates the Minister as the</u> <u>authority responsible for issuing the Environmentally Friendly Label. Additionally, Article 19 of the</u> <u>policy tool gives the Minister the authority to determine the List of Environmentally Friendly Goods</u> <u>and Services]</u>

 \circ Prefer not to answer

• Not Applicable

25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded			
entities			
2. Private companies			
3. Financial institutions			
4. Small and medium-			
sized enterprises			
5. State-owned			
companies			
6. Not-for-profit			
organizations			
7. Government			
agencies and/or			
departments			
(supranational)			
8. Government			
agencies and/or			
departments (national)			
9. Government			
agencies and/or			
departments (regional			
- e.g., state, province,			
region, metropolitan			
region)			
10. Government			
agencies and/or			
departments (local -			
e.g., county, district,			
municipality, city) 11. Government			
agencies and/or			
departments			
(unspecified)			
12. Sectoral actors			
(e.g., healthcare,			
defense, utilities,			
education)			
13. Other			
			-

26. In cases where entities are targeted by sector, identify the sector to which the policy tool applies.

	Mandatory	Voluntary	Not applicable
All sectors			
Agriculture, forestry, and fishing			
Mining and quarrying			
Manufacturing			
Electricity, gas, steam, and air conditioning supply			
Water supply; sewerage; waste management and remediation activities			
Construction			
Wholesale and retail trade: repair of motor vehicles and motorcycles			
Transportation and storage			
Accommodation and food service activities			
Information and communication			
Financial and insurance activities			
Real estate activities			
Professional, scientific and technical activities			
Administrative and support service activities			
Public administration and defense; compulsory social security			
Education			
Human health and social work activities			
Arts, entertainment and recreation			
Other service activities			
Activities of households as employers; undifferentiated goods-and services- producing activities of			

households for own		
use		
Activities of extraterritorial organizations and bodies		

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

No

 $\circ \, \text{Yes}$

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

• Operations within jurisdiction only

• Operations beyond the jurisdiction

• Not applicable

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

□ Monetary fine

□ Restriction on business activities

 \Box Voiding or setting aside of contract

□ Exclusion from government contracts

 \Box Award of damages or compensation

□ Penalty for senior managers

□ Criminal penalties

 \Box Not specified

Not applicable (e.g. in cases of voluntary tools)

 \Box Other

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

- Below average
- Average
- Above average
- \circ Not applicable
- Unknown or prefer not to answer

35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

Below average

- Average
- Above average
- Not applicable
- Unknown or prefer not to answer

37. Have the climate-specific provisions in this instrument ever been enforced?

 \circ No (If relevant, explain)

Yes

38. Briefly note one to two exemplary cases of enforcement. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The Attachment of the policy tool references several green labels, including the Minimum Energy Performance Standard (SKEM) and Energy Saving Label (LTHE). Pursuant to this, the Ministry of Energy and Human Resources (MEMR) has stipulated that there are seven electronic appliances that must apply for SKEM and LTHE, i.e., air-conditioners, rice cookers, fans, refrigerators, LED lights, televisions, and showcases (beverage refrigerators). https://web.archive.org/web/20240615225725/https://www.antaranews.com/berita/4146573/kesdm -tetapkan-7-peralatan-elektronik-wajib-tetapkan-skem-dan-lthe

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

No • Yes 41. Does the policy tool recommend or require periodic impact assessments? No Recommended • Required 43. Does the policy tool recommend or require periodic reviews? No Recommended • Required 45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

∘ No

Yes

46. Describe the mechanisms for enhancing regulatory coordination with subnational governments. Reference the relevant section/subsection/paragraph of the policy tool where mechanisms for coordination with subnational governments are set.

This mechanism for enhancing regulatory coordination with subnational governments can be found in Articles 22 and 23. Here, in carrying out the coordination as referred to in Article 22(2), the Minister will establish a technical team for Environmentally Friendly Goods and Services comprising representatives from ministries/agencies/regional apparatus working units/institutions in charge of businesses and/or activities; representatives from the agency responsible for the procurement of government goods/services; representatives from the agency responsible for technology assessment and implementation; and representatives from the agency responsible for business competition oversight.

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

No

 \circ Yes

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

None

Domain-Specific Questions: Public Procurement Questions

200. Does the policy tool allow, recommend, or require the alignment of public procurement spending with national and/or subnational climate targets?

No

 \circ Allowed and/or recommended

• Required

202. Does the policy tool set targets in relation to climate-aligned procurement? Select all that apply.

	Allowed/recommended	Required	Not applicable
A minimum percentage of tenders/contracts which must include climate-related criteria			
A minimum number of climate-related criteria to be included in purchases/tenders			
A minimum value of procurement spend which must include climate-related criteria			
A maximum amount of greenhouse gas emissions associated with tenders/contracts (i.e. a carbon ceiling/envelope)			
Targets for the reduction of fossil fuel energy consumption associated with tenders/contracts			
Targets for the procurement of products which have a third-party sustainability certification/ ecolabel/ voluntary sustainability standard			
Other (Please describe and reference the section/subsection/paragraph of the policy tool relevant to other climate-aligned procurement targets)			

Other Text:Article 6 of the policy tool sets standards for the application and obtainment of green labels, which consist of all aspects of environmental friendliness throughout the product life cycle; the sustainability of the production process; the sustainability of natural resources; and/or legality

Article 11 stipulates that the criteria for the Environmentally Friendly Label for goods and services includes, inter alia, which raw materials are based on natural resources and are made from recycled materials.

Procurement Cycle

204. Does the policy tool make recommendations or allowances or set requirements related to climate change mitigation at the procurement planning stage? Select all that apply.

	Allowed/	Required	Not applicable
	recommended		
Procuring entities consider climate change mitigation and/or GHG emissions reductions goals when defining their			
procurement needs			
Procuring entities have a strategy, plan, or policy regarding the alignment of procurement practices with climate objectives			
Procuring entities set aside a portion of their procurement budgets for climate-aligned procurement			
Procuring entities include emissions from procurement in their carbon budget			
Procuring entities follow guidance on calculating procurement-related emissions			
Procuring entities inform and/or consult with market actors in advance of publishing the formal call for tenders, in relation to climate considerations (i.e. pre-procurement consultation, engagement, or dialogue)			
Other allowances, recommendations or requirements related to climate change mitigation or GHG emissions at the procurement planning stage			

Life-cycle or Whole-life Costing

217. Does the policy tool recommend or require the use of life-cycle costing or whole-life costing to capture climate-related impacts (e.g. energy or fuel consumption, monetized emissions or other environmental costs, end-of-life costs, etc)?

No

• Allow and/or recommend

• Require

Tendering or Solicitation Stage

222. Does the policy tool make allowances, recommendations or set requirements at the tendering or solicitation stage? Select all that apply.

	Allowed/recommended	Required	Not applicable
Exclusion or debarment grounds based on compliance with climate obligations			
Qualification or selection criteria related to climate change			
Including climate or environmental considerations when calculating value for money, including through the use of life- cycle or whole-life costing			
Technical specifications (e.g. setting minimum levels of energy efficiency or maximum product carbon emissions)			
Contract award criteria or value for money evaluation frameworks (e.g. minimum scores/performance levels under climate- related criteria, preferences for climate or sustainable products)			
Other procurement stage allowances, recommendations or requirements			

Contract Performance

249. Does the policy tool make allowances, recommendations or set requirements at the contract performance stage (e.g. contract clauses, key performance indicators or conditions which must be included to monitor and report on emissions or other metrics)?

No
 Allowed and/or recommended
• Required
Monitoring and Reporting
252. Does the policy tool include allowances, recommendations or requirements to monitor and/or report upon climate-aligned procurement?
No
 Allowed and/or recommended
• Required

Standards, Frameworks, and Guidelines

262. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. Paris Agreement			
2. The jurisdiction's Nationally Determined Contribution (NDC)			
3. IFRS S1			
4. IFRS S2			
5. Task Force on Climate- related Financial Disclosures (TCFD)			
6. GHG Protocol Corporate Accounting and Reporting Standard			
7. GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard			
8. CDP (formerly known as Climate Disclosure Project) reporting framework			
9. Science Based Targets initiative (SBTi)			
10. Science Based Targets initiative (SBTi) Net Zero Standard			
11. United Nations Sustainable Development Goals (SDGs)			
12. ISO 20400 Sustainable Procurement			
13. EU Green Public Procurement criteria and guidance			
14. UNEP Sustainable Public Procurement Implementation Guidelines			
15. OECD MAPS - Supplementary Module on Sustainable Public Procurement			
16. Asian Development Bank Guidelines for Sustainable Procurement			
17. African Development Bank Sustainable Public Procurement Guidance Note			

18. Inter-American		\checkmark
Development Bank Green		
Procurement Guidelines		
19. EDBR Project		
Requirements/Environmental		
and Social Action Plan		
20. World Bank		
Environmental and Social		
Framework		
21. Other		

Additional Important Information

265. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

None.

Policy Tool Name: Decree of the Head of the Government Procurement Policy Agency No. 157 of 2024 regarding Guidelines for Sustainable Government Procurement of Goods/Services.

3. Source material link(s):

https://web.archive.org/web/20240830120209/https://peraturan.bpk.go.id/Details/294635/keputusan -kepala-lkpp-no-157-tahun-2024

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

□ Climate-related disclosure

□ Transition planning

Public procurement

6. Select the category which best describes the author/issuer of the policy tool.

□ Head of state and/or government

Independent regulatory or supervisory body

□ Legislature

□ Judiciary

□ Ministry/Department/Agency

□ Other (Please describe)

7. Status of the policy tool

Approved, in force

 \circ Approved, not yet in force

• Other (Please describe)

9. Year of (planned) entry into force or year of publication

<u>2024</u>

10. Does the policy tool have an end date?
• No
• Yes

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

The policy tool is intended to assist parties in implementing regulations, policies, and decisions in sustainable procurement in Indonesia. It identifies the information that procurement actors in each Ministry/Institution/Regional Government need to consider when applying sustainable principles in procurement processes funded by the State Budget (APBN) and the Regional Budget (APBD).

13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

• 1. <u>LKPP (Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah) National Public Procurement</u> <u>Agency (Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah)</u>

2.
3.
4.
5.

15. To provide contextual information, rate the capacity of LKPP (Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah) National Public Procurement Agency (Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah) to undertake the policy tool's implementation and/or enforcement.

• 0- No Capacity (Please explain)

• 1- Low Capacity (Please explain)

• 2- Medium Capacity (Please explain) <u>LKPP is responsible for developing and monitoring</u> <u>sustainable procurement policies for government goods and services. Supported by the Ministry of</u> <u>Public Works for the construction sector, LKPP works with Unit Kerja Pengadaan Barang/Jasa (or</u> <u>"UKPBJ") to identify opportunities for sustainable procurement, review annual procurement plans,</u> <u>and recommend sustainability criteria in selection documents and contracts. LKPP also provides</u> <u>training and reviews implementation to improve sustainable procurement practices.</u>

• 3- High Capacity (Please explain)

 \circ Prefer not to answer

• Not Applicable

25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded			
entities			
2. Private companies			
3. Financial institutions			
4. Small and medium-			
sized enterprises			
5. State-owned			
companies			
6. Not-for-profit			
organizations			
7. Government			
agencies and/or			
departments			
(supranational)			
8. Government			
agencies and/or			
departments (national)			
9. Government			
agencies and/or			
departments (regional			
- e.g., state, province,			
region, metropolitan region)			
10. Government			
agencies and/or			•
departments (local -			
e.g., county, district,			
municipality, city)			
11. Government			
agencies and/or			
departments			
(unspecified)			
12. Sectoral actors			
(e.g., healthcare,			
defense, utilities,			
education)			
13. Other			

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

No	
○ Yes	

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

• Operations within jurisdiction only

 \circ Operations beyond the jurisdiction

 \circ Not applicable

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

□ Monetary fine

□ Restriction on business activities

 \Box Voiding or setting aside of contract

□ Exclusion from government contracts

□ Award of damages or compensation

 \Box Penalty for senior managers

□ Criminal penalties

 \Box Not specified

□ Not applicable (e.g. in cases of voluntary tools)

□ Other

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

 \circ Below average

 \circ Average

 \circ Above average

• Not applicable

• Unknown or prefer not to answer

35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

• Below average

 \circ Average

 \circ Above average

• Not applicable

• Unknown or prefer not to answer

37. Have the climate-specific provisions in this instrument ever been enforced?

No (If relevant, explain)

Yes

38. Briefly note one to two exemplary cases of enforcement. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

<u>1</u>. Advancements in procurement technology, such as e-Marketplaces and e-Tendering, provide significant time savings and help reduce environmental impacts by minimizing paper waste and transportation emissions during the procurement process.

2. These technologies also make it easier for consumers to identify and purchase environmentally friendly products, supporting the adoption of sustainable procurement practices across both public and private sectors.

Link:

https://web.archive.org/web/20240927071222/https://jdih.lkpp.go.id/backend/web/uploads/document s/Keputusan%20Kepala%20LKPP%20Nomor%20157%20Tahun%202024_2354_1.pdf

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

No

 \circ Yes

41. Does the policy tool recommend or require periodic impact assessments?

 $\circ \, \text{No}$

Recommended

• Required

42. Select the option that best describes the frequency of periodic impact assessments recommended or required by the policy tool.

 \circ 0-2 years

 \circ 2-5 years

 \circ 5-10 years

 \circ 10 or more years

Not specified

 \circ Other

43. Does the policy tool recommend or require periodic reviews?

o No

Recommended

Required

44. Select the option that best describes the frequency of the recommended or required periodic reviews.

 \circ 0-2 years

 \circ 2-5 years

 \circ 5-10 years

 \circ 10 or more years

Not specified

 \circ Other

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

No

o Yes

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

o No

Yes

48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The regulation mandates the involvement of several ministries in managing supply chains and technical sectors to ensure the development, revision, or adoption of sustainable technical standards for goods and services. The Ministry of Home Affairs provides guidelines and procurement policies for regional governments based on LKPP's directives, while the Ministry of Environment and Forestry develops eco-label standards for environmentally friendly products.

<u>The Ministry of Energy and Mineral Resources (ESDM) is responsible for the Minimum Energy</u> <u>Performance Standards (MEPS), and the Ministry of Industry provides guidance on Domestic Content</u> Levels (TKDN) and BMP. Additionally, the Ministry of Public Works and Public Housing (PUPR) has the authority to establish sustainability criteria for construction projects. These ministries collaborate to align procurement policies with sustainability goals and sector-specific standards.

Link:

https://web.archive.org/web/20240927071222/https://jdih.lkpp.go.id/backend/web/uploads/document s/Keputusan%20Kepala%20LKPP%20Nomor%20157%20Tahun%202024_2354_1.pdf

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

<u>None</u>

Domain-Specific Questions: Public Procurement Questions

200. Does the policy tool allow, recommend, or require the alignment of public procurement spending with national and/or subnational climate targets?

 $\circ \operatorname{No}$

Allowed and/or recommended

Required

201. Describe the obligation to align public procurement spending with national and/or subnational climate targets, referencing the relevant section/subsection/paragraph of the policy tool.

According to the policy tool, the procurement process must consider sustainability, encompassing economic aspects (lifelong production costs), social aspects (empowering small businesses, fair working conditions, community empowerment, equality, and diversity), and environmental aspects, including the reduction of negative impacts on health, air quality, soil quality, water quality, and the use of natural resources. The policy tool also mandates that sustainable construction must adhere to sustainability principles throughout all resources and the entire building life cycle, including mitigation of risks related to safety, health, climate change, and disasters.

202. Does the policy tool set targets in relation to climate-aligned procurement? Select all that apply.

	Allowed/recommended	Required	Not applicable
A minimum percentage of tenders/contracts which must include climate-related criteria			
A minimum number of climate-related criteria to be included in purchases/tenders			
A minimum value of procurement spend which must include climate-related criteria			
A maximum amount of greenhouse gas emissions associated with tenders/contracts (i.e. a carbon ceiling/envelope)			
Targets for the reduction of fossil fuel energy consumption associated with tenders/contracts			
Targets for the procurement of products which have a third-party sustainability certification/ ecolabel/ voluntary sustainability standard			
Other (Please describe and reference the section/subsection/paragraph of the policy tool relevant to other climate-aligned procurement targets) Other Text:			

<u>Other Text:</u>

Procurement Cycle

204. Does the policy tool make recommendations or allowances or set requirements related to climate change mitigation at the procurement planning stage? Select all that apply.

	Allowed/	Required	Not applicable
	recommended		
Procuring entities			
consider climate			
change mitigation			
and/or GHG emissions			
reductions goals when			
defining their			
procurement needs			
Procuring entities have			
a strategy, plan, or			
policy regarding the			
alignment of			
procurement practices			
with climate objectives			
Procuring entities set			
aside a portion of their			_
procurement budgets			
for climate-aligned			
procurement			
Procuring entities			
include emissions from			
procurement in their			
carbon budget			
Procuring entities			
follow guidance on			
calculating			
procurement-related			
emissions			
Procuring entities			
inform and/or consult			
with market actors in			
advance of publishing			
the formal call for			
tenders, in relation to			
climate considerations			
(i.e. pre-procurement			
consultation,			
engagement, or			
dialogue)			
Other allowances,			
recommendations or			_
requirements related			
to climate change			
mitigation or GHG			
emissions at the			
procurement planning			
stage	1		

205. To which of the following do climate change mitigation and/or GHG emission reduction goals apply with regard to the definition of procurement needs? Select all that apply.

Goods

Services 🗹

Works 🗸

206. Describe the obligation for procuring entities to consider climate change mitigation and/or GHG emissions reductions goals when defining their procurement needs, referencing the relevant section/subsection/paragraph of the policy tool.

Appendix 2 of the policy tool discusses the application of the life cycle concept to environmental impacts. This includes greenhouse gas emissions, water usage, air pollution, the use of non-renewable resources, chemical emissions, and waste generation. The ISO has established requirements and guidelines for life cycle assessment (ISO 14044:2006 and 14040:2006).

Life-cycle or Whole-life Costing

217. Does the policy tool recommend or require the use of life-cycle costing or whole-life costing to capture climate-related impacts (e.g. energy or fuel consumption, monetized emissions or other environmental costs, end-of-life costs, etc)?

o No

Allow and/or recommend

Require

218. Describe the obligation to use life-cycle costing or whole-life costing to capture climate-related impacts, referencing the relevant section/subsection/paragraph of the policy tool.

The costs of goods, construction, and infrastructure for sustainable procurement must encompass all expenses throughout the lifecycle to implement the Life Cycle Cost Analysis Method (refer to

<u>Appendix 2 of the policy tool). This method takes into account factors such as economic lifespan,</u> <u>price, and operational and maintenance costs over a specific period of utilization/operation. For</u> <u>government construction and infrastructure projects, financial cost calculation methods are used to</u> <u>determine capital investment expenses and costs over the operational/use period.</u>

219. Does the allowance, recommendation, and/or requirement to apply life-cycle costing or wholelife costing only apply to certain types of contract/tender?

No

• Yes (Describe and reference the relevant section/subsection/paragraph of the policy tool)

220. Does the policy tool allow, recommend, or require a methodology or tool for calculating life-cycle/ whole-life costs? If so, describe and reference the relevant section/subsection/paragraph of the policy tool.

 $\circ \ No$

o Allow/recommend

Require <u>The costs of goods, construction, and infrastructure for sustainable procurement must</u> encompass all expenses throughout the lifecycle to implement the Life Cycle Cost Analysis Method (refer to Appendix 2 of the Guidelines for Sustainable Government Procurement). This method takes into account factors such as economic lifespan, price, and operational and maintenance costs over a specific period of utilization/operation. For government construction and infrastructure projects, financial cost calculation methods are used to determine capital investment expenses and costs over the operational/use period. The Life Cycle Cost Method is also used to evaluate bids for goods procurement, considering factors like economic lifespan, price, operational and maintenance costs, and residual value.

Tendering or Solicitation Stage

222. Does the policy tool make allowances, recommendations or set requirements at the tendering or solicitation stage? Select all that apply.

	Allowed/recommended	Required	Not applicable
Exclusion or debarment grounds based on compliance with climate obligations			
Qualification or selection criteria related to climate change			
Including climate or environmental considerations when calculating value for money, including through the use of life- cycle or whole-life costing			
Technical specifications (e.g. setting minimum levels of energy efficiency or maximum product carbon emissions)			
Contract award criteria or value for money evaluation frameworks (e.g. minimum scores/performance levels under climate- related criteria, preferences for climate or sustainable products)			
Other procurement stage allowances, recommendations or requirements			

Qualification or Selection Criteria

228. Which of the following do the qualification or selection criteria relate to? Select all that apply.

 \Box Previous experience related to climate-relevant aspects of the contract

□ Existence of net zero targets or commitments

Record of climate-related disclosures

Climate-related transition plan in place

□ Staff training or qualifications linked to climate change mitigation and/or sustainability

Corporate systems or certifications linked to climate change and/or sustainability

□ Environmental and/or risk-based due diligence procedures

□ Corporate systems or certifications linked to climate change and/or sustainability (e.g. an environmental management system or supply chain management system)

□ Participation in national or international climate initiatives (e.g.: Race to Zero, SBTi, CDP)

□ Other

237. Describe how records of climate-related disclosures are set as a part of qualification of selection criteria, referencing the relevant section/subsection/paragraph of the policy tool.

One of the qualifications of selection criteria of climate-related disclosure is the impact of life cycle seen in the implementation of Environmental Impact Label. Environmental parameters are set by a gualified third party and then the company compiles the environmental information into a reporting format, which is independently verified. The impacts are shown in a way that makes it easy to compare different products and parameter sets for public procurement purposes

238. Describe how climate-related transition plans are set as a part of qualification of selection criteria, referencing the relevant section/subsection/paragraph of the policy tool.

None described in the policy tool.

Life-cycle costing or whole-life costing

241. Describe how life-cycle costing or whole-life costing is allowed, recommended, or required at the tendering or solicitation stage, referencing the relevant section/subsection/paragraph of the policy tool.

Indonesia's sustainable government procurement strategy maximizes value for money by integrating economic, social, and environmental aspects into the procurement process. The life cycle cost calculation method includes evaluating sustainability impacts associated with key phases in a product's life cycle and considers the costs of an asset from acquisition to disposal. These phases encompass activities such as raw material extraction, material processing, manufacturing, distribution, usage, repair and maintenance, disposal or recycling, and other environmental consequences like carbon dioxide emissions. While this method is often focused on assessing environmental impacts, it can also be extended to address various other sustainability issues.

Contract Performance

249. Does the policy tool make allowances, recommendations or set requirements at the contract performance stage (e.g. contract clauses, key performance indicators or conditions which must be included to monitor and report on emissions or other metrics)?

 $\circ \operatorname{No}$

Allowed and/or recommended

Required

250. Describe the recommendations, allowances, and/or requirements set at the contract performance stage, referencing the relevant section/subsection/paragraph of the policy tool.

Key Performance Indicators (KPIs) for Sustainable Procurement: KPIs measure and report supplier performance and must be included in the contract to ensure implementation. They can address various aspects of sustainable procurement, such as raw material sourcing, labor standards, and local material use, and should be specified in the bid documents. Objectives and KPIs should align with sustainable procurement goals and be relevant, measurable, and adjustable for future improvements. Each KPI must be assessable and verifiable by procurement officials to avoid placing undue burden on suppliers. KPIs should adhere to SMART criteria (Specific, Measurable, Achievable, Relevant, Time-bound), allowing suppliers to report and officials to verify performance.

Monitoring and Reporting

252. Does the policy tool include allowances, recommendations or requirements to monitor and/or report upon climate-aligned procurement?

 $\circ \ No$

Allowed and/or recommended

Required

253. Does the policy tool specify the entity responsible for monitoring and reporting?

o No

• Yes (Describe and reference the relevant section/subsection/paragraph of the policy tool) <u>On</u> <u>Stages of Implementing Sustainable Procurement section.</u>

254. Are targeted entities recommended or required to monitor and/or report any of the following data? Select all that apply.

Adoption of a climate-aligned and/or environmentally sustainable procurement plan or policy

□ Staff training related to climate-aligned and/or environmentally sustainable procurement

 \Box Number of tenders/contracts which include climate-related criteria

Value of tenders/contracts which include climate-related criteria

Content of climate-related criteria

□ Level of ambition of climate-related criteria

 \square Reasons for not including climate-related criteria in tenders

□ Market response to climate-related criteria (e.g. number of tenders rejected, average or lowest/highest score awarded, feedback received)

□ Outcome of tenders in which climate-related criteria are applied (e.g. impact on award decision, costs, or other factors)

Audits of contractors' compliance with climate-related criteria during contract performance

Climate impact or outcomes of tenders/contracts

□ Other

256. Which of the following impacts are monitored and/or reported upon? Select all that apply.

□ Expected GHG emission savings/volume

□ Actual GHG emission savings/volume

□ Expected air pollutant emission savings/volume

 \square Expected fossil fuel energy savings or consumption

□ Actual fossil fuel energy savings or consumption

□ Impacts linked to land use or land use change

Other climate-related impacts

257. Please describe other emissions impacts or outcomes to be monitored and/or reported on, referencing the relevant section/subsection/paragraph of the policy tool.

Not specifically mentioned within the Policy Tool.

258. Is it allowed, recommended or required that monitoring and reporting data be published?

No

• Allowed and/or recommended

Required

Standards, Frameworks, and Guidelines

262. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. Paris Agreement			
2. The jurisdiction's Nationally Determined Contribution (NDC)			
3. IFRS S1			
4. IFRS S2			
5. Task Force on Climate- related Financial Disclosures (TCFD)			
6. GHG Protocol Corporate Accounting and Reporting Standard			
7. GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard			
8. CDP (formerly known as Climate Disclosure Project) reporting framework			
9. Science Based Targets initiative (SBTi)			
10. Science Based Targets initiative (SBTi) Net Zero Standard			
11. United Nations Sustainable Development Goals (SDGs)			
12. ISO 20400 Sustainable Procurement			
13. EU Green Public Procurement criteria and guidance			
14. UNEP Sustainable Public Procurement Implementation Guidelines			
15. OECD MAPS - Supplementary Module on Sustainable Public Procurement			
16. Asian Development Bank Guidelines for Sustainable Procurement			
17. African Development Bank Sustainable Public Procurement Guidance Note			

18. Inter-American		\checkmark
Development Bank Green		
Procurement Guidelines		
19. EDBR Project		
Requirements/Environmental		
and Social Action Plan		
20. World Bank		
Environmental and Social		
Framework		
21. Other		

Additional Important Information

265. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

None.