

Meeting Minutes

IBCSA Company Workshop on CDP: Understanding the Carbon Disclosure Report

Location:

Financial Club – Boardroom

Graha CIMB Niaga 27th Floor, Jl. Jenderal Sudirman Kav. 58, Jakarta 12190


Date and Time:

Tuesday, April 18th 2017

13.00 – 16.00 WIB

Welcome Remarks: Budi Santosa, IBCSD (*Indonesia Business Council for Sustainable Development*)

In his opening, he thanked to Mr Joko Prihatno (Director of Greenhouse Gas Inventory and Monitoring, Reporting and Verification, Ministry of Environment and Forestry) who will present the government's initiative in supporting Green House Gas inventory reporting and inventory, Ms. Librian Anggraeni (Asian Pulp and Paper - APP) who will share the company's experience in CDP carbon reporting, and Ms. Laura Pitkin (Carbon Disclosure Project) who will explain in detail the CDP reporting platform.

This workshop was held by cooperation of IBCSD (Indonesia Business Council for Sustainable Development) and CDP (Carbon Disclosure Project) that aimed to contribute to the government initiatives related to Greenhouse Gas reduction commitments. This workshop is expected to become an option for the business sector as a form of transparency to report and reduce carbon emissions. 

Presentation Session:

I. Institutions and Efforts of the Republic of Indonesia in the Contribution of Emission Reduction

Speaker: Dr. Ir. Joko Prihatno, MM (Director of Greenhouse Gas Inventory and Monitoring, Reporting and Verification, Ministry of Environment and Forestry).

Outline:

One of the emission reduction strategies written in Nationally Determined Contribution (NDC) is building ownership and commitment, both from public sectors (government, ministries/agencies), and non-state actors (provincial, private, and others).

Points outlined in this material:

1. Introduction:

The legal basis of the Indonesian government regarding the declining and reporting of Greenhouse Gases:

- Indonesia has ratified the UNFCCC (United Nations Framework Convention on Climate Change) through Law no. 6 of 1994
- Kyoto Protocol through Law no. 17 of 2004
- Presidential Regulation no. 61 Year 2011: National Action Plan for Green House Gas Emission Reduction
- Presidential Regulation no. 71 of 2011: Implementing National Greenhouse Gas Inventory
- Doha Amendment to the Kyoto Protocol regarding the Kyoto Protocol transition which will end in 2020
- Paris Agreement which has been ratified by Law no. 16 of 2016

The three pillars of sustainable development are closely linked to climate change mitigation and reduction:

- Social sustainability: non-carbon benefits include governance, livelihood, tenure and participation
- Economic sustainability: includes sustainable production, low emissions, and also adaptive to climate change. The linkages between the environment and the economy are carbon incentives and markets.
- Environmental sustainability: ensuring sustainable use of natural resources for production processes, low emissions, and then adaptive to climate change

Prior to the Jokowi administration, there were the DNPI (National Council on Climate Change), BP REDD+, Ministry of Environment, and Ministry of Forestry. The agency was now merged into one focal point to the Ministry of Environment and Forestry (MoEF) - The Director General of Climate Change, including the coordination function of MoEF to UNFCCC on climate change. The coordination is related to how to realize the 29% NDC target in 2030 from Business as Usual wherein the target reduction from forestry sector is 17.2%, the energy sector is 11%, the waste sector is 0.38%, the agriculture sector is 0.32%, and the industrial sector (IPPU) is 0.10%.

2. Indonesia's commitment to the Paris Agreement

The main objective of the Paris Agreement is to improve the implementation of UNFCCC conventions through mitigation, adaptation, Means of Implementation (MoI) actions - finance, technology and capacity-building.

3. The emerging country's kinship in the Nationally Determined Contribution (NDC)

The distinguishing point between UNFCCC 1992 and Paris Agreement 2015 is that the target of UNFCCC is only for developed country incorporated in Annex 1 country, there is no obligation of developing country to participate. While in the Paris Agreement, which is a global goal to prevent temperature rises below 2⁰ C, all countries are required to reduce Greenhouse Gas emissions in accordance with the conditions of each country,

including Indonesia. This target has been submitted in September called NDC (Nationally Determined Contribution).

In the NDC, the total GHG emission reduction target is 29%, with details from the energy sector 11%, the forestry sector 17.2%, the IPPU / industrial process 0.10%, the waste 0.38%, and agriculture 0.32%. Those who bear the greatest burden are from the forestry sector, as the burdened forestry sector has to support food security, energy security, regional expansion, oil palm plantations, licensing, etc., so that the burden of 17.2% is almost 60% of the total target. Energy also includes enormous imposition, as the 11% target reduction (without foreign aid) means about 39% of the total.

4. National GRK Information System (SIGN SMART) to calculate emissions.

Every person in charge in the government, local government, the private sector must report an inventory of Greenhouse Gases each year. It is intended to determine the level and trend of GHG emissions from five sector categories. In this case, the industries report to the Ministry / Agency. For the next, Ministry / Agency will collect the emission data and calculation every year, then the data will be reported to the Ministry of Environment and Forest.

SIGN SMART is an application system for calculating national greenhouse gas emissions. Input data is done by the Ministry / Institution, while verification is done by Ministry of Environment and Forest as a national focal point which is responsible for reporting to the UNFCCC.

GHG inventories are conducted on emission sources and absorbents including carbon stocks, which include:

1. Energy sector in the form of procurement and energy use which includes:
 - a. Power generation: power generation, energy procurement (fuel prod)
 - b. Industry: the use of fuel in industry
 - c. Transportation: the use of fuel in transportation
 - d. Household: the use of household fuel
 - e. Commercial; the use of fuel in government buildings, malls and other commercial
 - f. Other: Agriculture, fisheries, construction, and mining
2. Industrial process and product usage:
 - a. Production data: cement, lime, ammonia & urea, nitric acid, carbide, methanol
 - b. Carbonate consumption data: glass, ceramics, pulp and paper industries, food/beverages
 - c. Waste Management: production data for industries that produce liquid waste

Duties and authorities of Ministries / Institutions (such as The Ministry of Energy and Mineral Resources, Ministry of Industry):

- Organizing GHG inventory.
- Prepare trends for changes in GHG emissions and uptake including carbon stocks.
- Develop inventory methodologies and GHG emission or uptake factors.

- Appoint the responsible person in charge of carrying out GHG inventory in the agency work unit.

Business actors whose activities potentially generate emissions and/or GHGs shall report data related to GHG inventories to Ministries / Agencies (Ministry of Energy and Mineral Resources or Ministry of Industry), while in the regions report to the Governor and Regent / Mayor in accordance with their authority. The data will be submitted to Ministry of Environment and Forest once a year.

5. Translation of the transparency framework at the national level in which all responsible actors are expected to enter data collection.

Activities, both inventory, and verification must be traceable and transparent. In Indonesia, this is translated into the National Registration System (SRN) which focuses on GHGs mitigation. If the private sector has an initiative for emission reduction project, then it can be reported to the SRN (National Registration System).

SRN objectives:

- Data Collection of Action and Resources Adaptation and Mitigation of Climate Change in Indonesia.
- Government recognition of the contribution of various parties to the efforts to control climate change in Indonesia.
- Provision of data and information to the public on action and resources Adaptation and Mitigation and its achievements.
- Avoiding double counting of actions and resources. Adaptation and Mitigation as part of the implementation of the principles of clarity, transparency, and understanding (CTU)

6. Measurement, reporting, and verification (MRV).

The objective of MRV is to provide guidance on the implementation of measurement, reporting, and verification of Climate Change mitigation action to the responsible person of Action -- to know the achievements of Climate Change Mitigation actions that are accurate, transparent and accountable.

- Measurement: is intended to determine the level and status of GHG emissions before and after mitigation action.
- Reporting: carried out by the person in charge of his own action from ministries/agencies.
- Verification: performed by the verification team. For vis-à-vis payment, this verification use the international verifier expert. As for the non-vis-à-vis payment, verifier of the ministries/agencies is formed based on the ministerial decree team. The structure of the verification team is cross-sectoral.

To meet NDC targets, we are expected not to sell carbon abroad. The consequence is we must stimulate market demand in the national level, including the incentives. Currently we are thinking about the mechanism.

Closing Remarks and Steps to be Taken:

- Encouraging the business actors to increase their role on achieving the GHG emission target set by the Government through the NDC
- Improve the role of business actors to report related data on Green House Gas Emission to the Ministries/Agencies and/or to Governor and Regen/Mayor.
- Enhance the role of business actors in reporting action and mitigation resources and adaptation to the National Registry System

Q&A Session:

- 1st question: Ms Anna, Indonesia Power

- What if the resources reported on the SRN are comes from debt?
- Related to 11% target, is there any thought that the target is difficult to achieve?
- Can energy sector get incentives?

Response:

- Resources either from grants or debt can be reported to SRN data. The reasons to report are 1) to know if there is double accounting in the report of Ministry/Institution, 2) to be recorded by Indonesian government and get recognition.
- Based on the inventory of greenhouse gas (from the energy sector) which has also been confirmed by Ministry of Energy and Mineral Resources, in 2014 the average growth of greenhouse gas emissions did not exceed the NDC target. That is the proof that we can achieve NDC.
- I do not know on energy sector. But for the forestry sector, REDD + gets fund from Norway, and transfer it to the Public Service Agency (BLU). For those actors who able to reduce emissions and verified by independent institutions, they can get incentives

- 2nd question: Tito Oei, Bayan Resources

- 29% commitment is very hard, except when the company complied, then the foreign aid will help.
- The certificate of emission reduction is given to the companies who have reported the data. In this case, the company will only show the best data. Does the verifier team check directly to the location, so that the data is real? And how far are the punishment and reward? And how the mechanism? Because unclear mechanisms will only make confuse business actors.

Response:

- The Indonesian government's commitment to emission reduction is 29% with its own resources, and as for foreign aid is 38%.
- Reward and punishment mechanisms is for vis a via payment, and verifiers should be independent. The mechanisms and instruments have not formulated yet.
- 29% target emission reduction can be achieved with 9 strategies, including: Ownership and build commitment, action mitigation that contained in NDC. To achieve NDC, joint commitment is required. Moreover, the private sector is vital actor that drives the national economy.

II. Why to Act and Be Transparent on Deforestation Risk?

Speaker : Laura Pitkin, CDP (Carbon Disclosure Project)

Outline:

CDP is a non-profit international organization who cooperates with business sector and the many government agencies and motivates them to disclose information regarding carbon and greenhouse gas emissions.

Deforestation in supply chains up to 80% of deforestation is linked to agriculture, notable the production of four key commodities – cattle products, palm oil, timber, products and soy. There are three key issues related to deforestation risks: 1) Reputational, which related to negative media coverage, consumer market campaigns, 2) Regulatory, which reported to import tariffs, moratoria, national legislation, and international law, 3) Physical risk, which related to change in precipitation, reduces drop yields, forest fires. But from these risks there are opportunities that can be linked.

Companies that act to manage and mitigate deforestation have broader opportunity to grab market access and financial access. One of the tools to minimize risks and remove commodity driven deforestation form corporate value chains is using reporting platform namely CDP's forests program. Up to 380 investors representing US \$29 trillion in assets are signatories to CDP's forests program to understand corporate management of the risks associated with deforestation.

Related to how CDP's works, CDP collect information from companies to get the data on company's environmental performance on carbon and GHG emission. Then CDP will transform that data into detailed analysis on critical risks, opportunities and impacts. With that information, it will help investor and companies in decision making process, understands risks from exposure and opportunities, sustainable supply chain and transparency.

CDP collects information from companies using questionnaires. The questionnaire consists of introduction, current state, risk assessment, implications, measuring and monitoring, response, challenges, and sign off. The CDP's forest questionnaire aims to guide companies through the journey of removing commodity-driven deforestation from their value chain; Improve understanding of deforestation-related risks; Encourage effective engagement between external stakeholders and companies; and Allow companies to demonstrate progress and good practice.

Other benefits of responding and reporting to CDP:

- Investor communication, since investors become more proactive to risk exposure,
- Stakeholder communication, to improve transparency and effective communication,
- Internal risk management to improve the resilience of supply chain,
- Benchmarking the performance and progress,
- Seize the opportunity associated with sourcing sustainable commodity
- A collaboration and information exchange, research, best practices, study cases, and innovations.
- An update on global commodity challenges

III. APP (Asia Pulp and Paper) Sustainability Initiative

Speaker: Librian Anggraeni

Outline:

APP operates in several mills. In Sumatra, we produce pulp and paper, while in Java we produce paper and tissue. Our products include tissue paseo, and sinar dunia.

APP has been committed to sustainable development long time ago. Since 2012, APP launched a 2020 sustainability roadmap where APP declares sustainability targets in 2020 including climate change, solid waste, social aspects, welfare, social empowerment, fiber sourcing, and more.

To strengthen APP's commitment and based on input from multiple stakeholders, in 2013 APP launched the APP conservation policy to support implementation of sustainability roadmap, as well as strengthening its commitment to forest conservation. The policy consists of 4 pillars:

1. All wood raw materials no longer come from natural forest.
2. Protection of peatlands, in line with government directives.
3. Community empowerment. APP tries to enhance its CSR role through a program called "Desa Makmur Peduli Api (DMPA)" which focuses on villages with potential for conflict and forest fires. DMPA is planned to be implemented in 500 villages by 2020. Until now, commitment has been implemented in 70 villages.
4. Global fiber supply. APP fiber sources also come from outside Indonesia. APP ensures that all supply materials must meet the same chain of custody as applied in Indonesia.

As a commitment and responsible company, APP publishes their progress and challenges to the public. Every year, APP performs reporting progress achievements of their roadmap. The major reporting format through GRI standard. APP is also a member of the UN Global Compact. Since 2005 and 2006 APP began to develop a model to calculate the carbon footprint of APP operations, this in line with the government's target of reducing greenhouse gases by 26%. Since 2008, APP began calculating carbon emissions in operations in two sectors: 1) carbon calculations from manufacturing in paper and tissue mills, and 2) carbon calculations from forests.

In relation to CDP, in 2009, based on stakeholder input, APP began to conduct internal identification for CDP reporting format. In 2014, APP began reporting its carbon emissions to CDP. There are two platforms reported by APP, which is CDP forest and CDP supply chain. The CDP requirement format helps APP to improve its carbon monitoring internally and in detail. Results reported to CDP will be viewed and analyzed by stakeholders. After reporting, CDP will provide detailed feedback on the company's condition compared to other competitors on pulp and paper industry globally, what APP's efforts can be developed to meet global standards, as well as recommendations on what aspects need to be improved by APP.

The benefits of CDP are these platforms are considered to be very credible (especially by European markets). Companies can communicate their initiatives in reporting and gain more trust. CDP also helps the company's commitment to transparency, and benchmarking with its industry competitors.

Q&A Session:

- 1st Question: Tito Oei, Bayan Resources Tbk
 - Compared with other CSR programs in APP, what percentage weight for the fire prevention program "Desa Makmur Peduli Api (DMPA)"?

Response:

- The selection of village is based on village with high potential for conflict and forest fires. The budget is 10 million USD for 500 villages by 2020.
- O Prevention of forest fires based on finding income alternatives for villagers. What we do is develop agroforestry innovations in utilizing plantation for a year, a combination of one plant with other plants through "campursari", as well as a combination of farming and cattle.

PARTICIPANT

The workshop was attended by 28 participants and 4 speakers. The participants derived from 16 companies and 3 NGO. Details participants as below;

No	Name	Sector	Company / Institution
1	Saifuddin Suaib	FMCG	Indofood
2	Antonius Brian	FMCG	Indofood
3	Moh Khoiruddin Rajulaini	Otomotive & General Trading	Astra International Tbk
4	Perdana Gutomo Putra	Otomotive & General Trading	Astra International Tbk
5	Jefri Simamora	Pulp & Paper	APP Indonesia
6	Dion Sitepu	Agriculture	Golden Agri Resources Ltd.
7	Jane Aquarisa	Agriculture	Golden Agri Resources Ltd.
8	Bayu Aji	Mining	Vale Indonesia Tbk.
9	Leo Mualim	Banking	Rabobank Indonesia
10	Anna Reani	Energy	Indonesia Power
11	Netha Asy Miranda	Energy	Indonesia Power
12	Salman N Bahtiar	Consulting	PT. DASA Strategik Indonesia
13	Sam August Himmawan	Consulting	PT. DASA Strategik Indonesia
14	Wisnuardi Dewoto	Pulp & Paper	PT Riau Andalan Pulp and Paper (APRIL Group)
15	Nyoman Iswarayoga	Environment	Riau Ecosystem Restoration - RER
16	Serafina T. Rahayu	Agriculture	Sinarmas Agri
17	Yunita Widiastuti	Agriculture	Cargill Indonesia
18	Harmawan	Property	Jababeka
19	Henry Cai	Agriculture	Musim Mas
20	Tito Oei	Mining	Bayan Resources
21	Siaw Phin	Mining	Bayan Resources
22	Dinna Nocharryta	Property	Pembangunan Jaya Ancol
23	Rengganis Utami Dewi	Property	Pembangunan Jaya Ancol
24	Jimmy Bobihoe	Banking	Bank BNI
25	Arif Budiman	NGO	Winrock International
26	M. Ziaul Faiz M	NGO	WWF Indonesia
27	Sardi Winata	NGO	Yayasan Penabulu
28	Rukmi Hapsari	IBCSD Partner (Media)	Majalah CSR.id