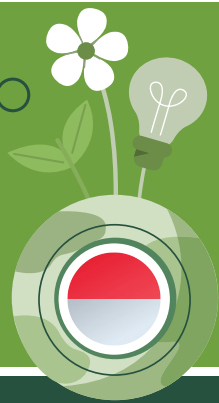




SUSTAINABILITY IN INDONESIA FACTSHEET



Population | An archipelago comprising over 17,000 islands, the world's largest island country

Economic Status | Southeast Asia's largest economy, primarily driven by agriculture, manufacturing, and services

Sustainability Context | Facing environmental challenges due to deforestation, biodiversity loss, and pollution



“Indonesians have a growing enthusiasm for sustainability, yet turning this into action is challenging. Government support has nurtured this trend to a point, but the commercial sector may ultimately be the catalyst for change. This is an opportunity for brands to lead, but the potential is largely untapped.”

Hario Susanto, Strategic Lead Associate Director, Kadence Indonesia

Government Policy and Legal Framework

REGULATORY BODIES

- Ministry of Environment and Forestry
- Ministry of Energy and Mineral Resources

POLICY CHANGES

- Increasing focus on sustainable development and climate change mitigation

KEY LAWS

- Environmental Protection and Management Law
- Conservation of Living Resources
- Ecosystems Law

International Commitments

The Paris Agreement pledges to reduce greenhouse gas emissions by 29% by 2030

Major Areas of Concern

CHALLENGES

- Deforestation
- Air and water pollution
- Marine and terrestrial biodiversity threats

CLIMATE CHANGE IMPACT

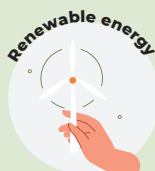
- Vulnerability to sea-level rise
- Changes in rainfall patterns
- Natural disasters

63%

LACK OF AWARENESS is the top barrier mentioned by adults to engage in more sustainable behavior

VISION & TARGETS

- Boosting **renewable energy** capacity
- Reducing **deforestation**
- Enhancing **waste management**



Certification Standards



Indonesian Sustainable Palm Oil (ISPO) certification



Green Industry Certification

National standards on emissions, energy, and environmental management

Corporate Sustainability Practices

TRENDS

Growing awareness and adoption of sustainable business practices, particularly in the palm oil industry

INCENTIVES

Tax incentives for green investment and government support for renewable energy projects

SUPPORT MECHANISMS

Financial assistance and policy support for sustainable practices in key industries

OPPORTUNITIES

Growing domestic and international markets for sustainably produced goods

60%

of Indonesian adults expect businesses to contribute significantly to **reduce waste and reuse/recycle**



SECTORS



Renewable energy
(geothermal, solar, hydro)



Sustainable agriculture



Eco-tourism

Challenges and Risks in Sustainable Practices



Complexity of environmental regulations and enforcement issues



Infrastructure limitations, economic and geographical diversity



Ensuring genuine sustainability, especially in high-impact sectors like palm oil



62%

decide to use sustainable and non-toxic personal care products



40%

identify air pollution from transportation and manufacturing among the top 3 environmental concerns.



55%

strongly agree they will select a product or service based on its environmental credentials

Survey results from Project Earth global study by Kadence International 2023

Key Resources

Ministry of Environment and Forestry

Ministry of Energy and Mineral Resources

Indonesian Forum for Environment (WALHI)

Sustainable Trade Initiative (IDH)

Future Outlook

Progress in sustainable policies, but ongoing challenges in implementation and balancing economic and growth

Increased investment in renewable energy, sustainable agriculture, and eco-tourism



65%

strongly agree businesses are responsible for engaging in sustainable practices