An aerial photograph of a lush green forest with a winding river. Several houses with brown roofs are visible, along with a wooden bridge and a boat on the river. The scene is captured from a high angle, showing the dense canopy of trees and the layout of the settlement.

# POTENTIAL RETAIL MAPPING IN SUSTAINABLE COMMODITIES

2024

AUTHORED BY:  
WWF INDONESIA AND ACCENTURE DEVELOPMENT PARTNERSHIPS



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# EXECUTIVE SUMMARY

Through this project, WWF Indonesia and Accenture aimed to analyze companies' perspective towards Sustainable Commodities initiatives along with prospective partnership with WWF in the future. The project started by conducting desk research, mapping, and scoring for 38 retail companies in the scope of palm oil, coffee, cocoa, and timber commodities. The list was then shortlisted following the project's deliverables, resulting in a detailed database that consolidated into the final 10 leading companies determined from the scoring result.

Subsequently, the project team conducted a Focus Group Discussion (FGD) and individual interviews with selected companies and associations, exploring their overall sustainable commodities strategy, understanding their priorities and exploring partnership openings for WWF. In addition, the Accenture team also provided access to the leading association in Indonesia's retail sector, including APRINDO – Asosiasi Peritel Indonesia (Retail Association), PPJI – Perkumpulan Penyelenggara Jasaboga Indonesia (Catering Association), and newly formed Sustainable Sourcing Club.

During the project timeline, the progress significantly depended on companies' response, availability, and data confidentiality to complete the deliverables and any additional requests from the WWF team. Therefore, as of end June 2024, there remain required follow up from the project's interview phase. Nevertheless, the team has already prepared the secondary data obtained from desk research to proceed on the deliverables, which can be shared accordingly.

# FOREWORD

In today's rapidly evolving world, the retail market faces increasing pressure to operate sustainably. Globally, consumers are becoming increasingly aware of the environmental and social impacts of their purchasing decisions, demanding products that are ethically sourced and produced. This shift in consumer behaviour necessitates a fundamental transformation within the retail sector, prioritising sustainable commodities.

This report, conducted by WWF-Indonesia and Accenture on POTENTIAL RETAIL MAPPING ON SUSTAINABLE COMMODITIES, aimed to analyse companies' perspectives towards sustainable commodities initiatives. The goal is to highlight the crucial role of sustainable commodities in the modern retail landscape and enhance understanding of the retail industry. The report aims to offer recommendations on the multifaceted benefits of adopting sustainable practices, including a reduced environmental footprint, enhanced brand reputation, improved supply chain resilience, and access to new markets.

However, developing this report presented significant challenges. Securing the participation of retailers proved to be a considerable hurdle, with many being reluctant to share sensitive information or participate in surveys. Furthermore, accessing reliable and comprehensive financial data related to the economic performance of sustainable practices within the retail sector proved to be quite challenging, especially for companies that are not publicly traded.

Despite these challenges, this report aims to provide valuable insights into the growing importance of sustainable commodities in the retail market. We believe that by openly acknowledging the challenges encountered during this mapping research, we can foster greater transparency and collaboration within the industry.

**IRFAN BAKHTIAR**  
**CLIMATE & MARKET TRANSFORMATION PROGRAM DIRECTOR**  
**WWF-INDONESIA**

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# PROJECT BACKGROUND AND OBJECTIVES

## BACKGROUND

WWF focuses on finding workable solutions and mobilizing collective action for conserving natural resources and promoting sustainable development. The conservation of natural resources in Indonesia and around the world requires strong awareness and advocacy, effective action at multiple levels, and mobilization of resources. We strive to save biodiversity and promote best practices that ensure continued social and economic benefits to local communities and safeguard their rights. We also work with various stakeholders to restore damaged ecosystems and mitigate various threats such as climate change, waste, and pollution.

To date, WWF-Indonesia works with an increasing number of businesses to help them adopt sustainable practices through transformative business initiatives. These efforts, coupled with WWF's local-to-global reach, our focus on communities and scientific expertise, will enable a movement to transform production and consumption and thus help save our planet. Regarding to sustainable production and consumption movement, WWF Indonesia also have an initiative to encourage downstream companies in Indonesia in sourcing sustainable commodities such as sustainable palm oil, cocoa, timber, and coffee. This initiative aims to ask various stakeholders to collaborate in promoting sustainable commodities in Indonesia. One of them is the retail sector.

The Indonesian retail sector has been rapidly growing in Asia, contributing around 13% to the gross domestic product (GDP) in the country. Owing to its relatively large population of more than 270 million, the growing middle class with higher purchasing power, and millennials with bigger spending habits, Indonesia holds significant potential for the retail market. In 2021, the sales value of the retail market in Indonesia amounted to approximately 133.5 billion U.S. dollars. Based on those fact retail sector has a significant role in Indonesian market, as well as to sourcing and providing sustainable commodities for local consumers.

Retailers are one of the important actors in commodities supply chain especially in downstream level. Their position to distribute and deliver the commodities to end user/consumer plays a significant role in transforming the market into sustainable production and consumption practice. Therefore, at this point, WWF Indonesia also seek the possibility of engaging and partnering with retail sectors. Not only to promote sustainable commodities but also to support the WWF works in market transformation towards sustainable production and consumption.

## OBJECTIVES

Mapping and identify potential retail as consideration for WWF Indonesia to be partnership with in promoting sustainable commodities in the future.

OBJECTIVES	
1	Profiling each retailer as well as identify and analyzed their internal and global policy regarding to sustainable commodities that related to WWF-Indonesia concern (coffee, palm oil, timber, seafood, cacao).
2	Collect and analyzed the data of each targeted retail in sourcing commodities related to WWF Indonesia concern (coffee, palm oil, timber, seafood, cacao).
3	Understand the retail sector's perception of WWF and/or environment, its priorities, and engagement preferences in sourcing and promoting sustainable commodities.
4	Mapping retail partners that potential and interested in collaborating, partnership with WWF Indonesia related to sustainable commodities.

Tabel 1 – Objectives



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## METHODOLOGY

The methodology of this mapping exercise is two-fold:

1. Data collection through a desk review of the public documentation, market assessments, review of available literature, reports and research studies on the issues.
2. Focus Group Discussion and Interviews with selected retailers, producers (fast moving consumer goods), and forums or associations.

The output of the methodology is outlined in Tabel 2.

1	<p>Analysis based on desk research and FGD/interviews</p> <ol style="list-style-type: none"> <li>a. Data profile of each retailer (top 10)</li> <li>b. Data analyzed each retailer about their internal and or global policy towards sustainable commodities.</li> <li>c. Data volume and sales from each retail in sourcing each commodity related to WWF Indonesia concern.</li> <li>d. Results of data analysis regarding the retail sector's perception of WWF and/or the environment, its priorities, and preferences for involvement in seeking and promoting sustainable commodities.</li> <li>e. Map of retailer with their willingness to sourcing sustainable commodities, to collaborating and in partnership with WWF Indonesia</li> </ol>
2	Access to raw data and models used in the research assessment (excel format)
4	Summary result of dissemination activity (to be provided in July)

*Tabel 2 – Output based on the Methodology*

# DESK RESEARCH

## DEVELOP SCORING VARIABLES

The scoring variables are based on the following dimensions:

Sustainable Commodities looking at the companies effort in meeting ISO 27001, ISO 14001, Community Empowerment, Occupational Health & Safety, commitment to diversity, inclusion and transparency, fair and equitable workplace and business environment, conduct waste management, enhancing environment sustainability and corporate responsibility, ethical supply chain and social responsibility, policy in reducing plastic waste and promoting environmental sustainability.

### PRIORITY COMPANIES

VARIABLES	RATIONALE	SOURCE
Market Leader	Companies which falls under the market leader category will most likely align with WWF in terms of the urgency or sustainability.	Desk Research, External Reports
Listed in IDX	Companies listed in IDX requires to publish a Sustainability Report, which can depict the companies' commitment towards sustainability as the development of Sustainability Reports often requires investment.	Desk Research

### SUSTAINABLE COMMODITIES

VARIABLES	RATIONALE	SOURCE
ISO 27001	Companies with an ISO 27001 ensure robust information security and compliance with international standards, reducing risk and enhancing trust.	Desk Research
ISO 14001	Companies with an ISO 14001 ensure commitment to environmental management and sustainability, enhancing compliance and reducing environmental impact.	Desk Research
Empowering Community / POJK F.23	Companies focused on empowering the community (POJK F.23) demonstrates a commitment to social responsibility, fostering sustainable development and positive local impact.	Desk Research/ Sustainability Report
GRI 403 / POJK F.21	Companies compliant with GRI 403 / POJK F.21 demonstrates a commitment to high standards of occupational health and safety, ensuring a safer and healthier workplace.	Sustainability Report
GRI 405-1 / POJK F.18	Companies compliant with GRI 405-1 / POJK F.18 demonstrate a strong commitment to diversity, inclusion, and transparent sustainability reporting.	Sustainability Report
GRI 405-2	Companies compliant with GRI 405-2 ensure fair and equitable remuneration practices, promoting workolace equality and transparency.	Sustainability Report
GRI 406	Companies compliant with GRI 406 ensures a strong stance against workplace discrimination, fostering an inclusive and equitable business environment.	Sustainability Report
GRI 306 / POJK F.14	Companies compliant with GRI 306 / POJK F.14 ensures robust waste management practices and regulatory compliance, enhancing environmental sustainability and corporate responsibility.	Sustainability Report
GRI 408 / POJK F.19	Companies compliant with GRI 408 / POJK F.19 signifies a commitment to eradicating child labor, ensuring ethical supply chains and social responsibility.	Sustainability Report
Plastic Policy	Companies having a plastic policy highlights a dedication to reducing plastic waste and promoting environmental sustainability.	Desk Research/ Sustainability Report

Graph 7 – Project governance illustration

# DEVELOP SCORING MATRIX

The scoring matrix consists of three categories:

1. Companies Mapping
2. Sustainable Commodities
3. Ease of Implementation

The companies mapping is intended for prioritization mapping purposes, whereas the sustainable commodities and ease of implementation are the two main variables for developing the total score.

SUB VARIABLES = 0 OR 1  
 SC = AVG OF SUB VARIABLES SC  
 EI = AVG OF SUB VARIABLES EI  
 TOTAL SCORE = SC+EI

## COMPANIES MAPPING

Companies are mapped with agreed variables as below:

NO	VARIABLES	SUB VARIABLES	RATIONALE
1	Company Type	Minimarket	The Company Type variable will be used to track and map sustainability strategy trends, blockers, and aspiration for each sub variables. The analysis consolidated into opening strategies for WWF Indonesia to engage with respective companies.
		Supermarket	
		Wholesale	
		Coffee Chain	
		Fast Moving Consumer Goods (FMCG)	
2	Market Leader	N/A	Information related to market leader will differentiate the level of priority towards sustainability topics within companies in the market leaders and market followers criteria.
3	IDX	N/A	Companies listed in IDX will require to publish Sustainability Report, meaning the company had to be transparent in their business operations and financial data. Publishing Sustainability Report is one of the critical milestones towards implementing sustainability across business operations, depicting the company's commitment across their people, processes, and investment.
4	Sustainability Report Standards	N/A	The variable will differentiate which companies listed in IDX have stronger commitment in the scope of sustainability. The GRI Standards adds more complexity aligns with a higher level of details compared to POJK 51. Companies using GRI Standards will require more commitment such as external parties fees or dedicated internal team to publish their Sustainability Report.
5	Commodity	Palm Oil	The variables will act as a marker on respective companies' operations scope.
		Coffee	
		Cacao	
		Timber	

Tabel 5 – Mapping Variables

Based on variables above, companies are mapped into Priority I, II, and III with rationale as follows:

NO	RATIONALE
I	Market Leader and Listed in IDX
II	Market Follower and Listed in IDX
III	Market Follower and not listed in IDX

Tabel 5 – Priority Categorization

The comprehensive result of Priority I is in the table below, whereas for Priority II and III companies can be found in the Appendix.

## SUSTAINABLE COMMODITIES

Sustainable Commodities categories scored with binary system based on the Sustainability Report and/or Annual Report for each company. Companies are mapped with agreed variables as below:

NO	VARIABLES	DESCRIPTION/RATIONALE	SCORING WEIGHT
1	ISO 27001	Information Security	10%
2	ISO 14001	Environmental Management System	10%
3	Empowering Community (POJK F.23)	Operational impact to local communities	10%
4	GRI 403 and/or POJK F.21	Occupational Health and Safety	10%
5	GRI 405-1 and/or POJK F.18	Diversity and Equal Opportunity	10%
6	GRI 405-2	Ratio of remuneration	10%
7	GRI 406	Non-discrimination	10%
8	GRI 306 and/or POJK F.14	Waste	10%
9	GRI 408 and/or POJK F.19	Child Labor	10%
10	Plastic Policy Commitment	Companies policy towards product packaging and the overall use of plastic	10%

Tabel 6 – Sustainable Commodities Variables

NO	ADDITIONAL VARIABLES FOR PRIORITY COMPANIES	DESCRIPTION/RATIONALE	SCORING WEIGHT
1	GRI 204	Procurement Practices	Qualitative
2	GRI 301	Materials and/or Responsibility for the Development of Sustainable Financial Products and/or Services	Qualitative

7 – Additional Sustainable Commodities Variables

# EASE OF IMPLEMENTATION

Ease of Implementation will measure the efforts that needs to be done by WWF Indonesia to engage with the respective companies. Companies are mapped with agreed variables as below:

NO	VARIABLES	DESCRIPTION/RATIONALE	SCORING WEIGHT
1	Partnership with WWF Indonesia	To map out whether the companies have previously worked with WWF Indonesia. Companies working with WWF Global are not part of this variable.	50%
2	Partnership with NGO	To map out whether the companies have the credentials of working with NGO, thus, understanding the expectation and view towards NGOs.	25%
3	Partnership with Governments	To map out whether the companies have the commitment to engage with Governments initiatives.	25%



# FGD AND INTERVIEWS

## FGD BACKGROUND

The issue of sustainability in the environmental sector, apart from the social sector, is an issue that always comes to the fore, especially when it is related to the acquisition of raw sources/commodities that comply with the supply chain arrangement. WWF-Indonesia has supported several companies to help them adopt sustainable practices through transformative business initiatives. These efforts are also a global initiative to support sustainable production and consumption as stated in Sustainable Development Goals number 12.

Currently WWF Indonesia also has an initiative to encourage downstream companies in Indonesia to look for sustainable commodities such as palm oil, cocoa, wood, rubber and coffee. With the support of Accenture Development Partnerships, WWF-Indonesia is currently developing a mapping of the needs, challenges and lessons learned by retailers in obtaining the above commodities in order to support efforts to obtain sustainable commodity sources for retailers.

In addition to the companies, Accenture also connected with associations/forums related to the industry.

1. Perkumpulan Penyelenggara Jasaboga Indonesia (PPJI) – which is the association of catering services.
2. Sustainable Sourcing Club - a new club that was established to exchange on issues and solutions in sourcing for sustainable products.
3. APRINDO – Asosiasi Peritel Indonesia (Retail Association) that has members from the medium to large scale companies and support the growth of small enterprises in the retail sector.



# RESULTS

COMPANY/NAME OF ORGANIZATION	SUSTAINABILITY STRATEGY	SUSTAINABLE COMMODITIES	PARTNERSHIP	NEXT STEPS
<b>ALFAMART</b>	<p>The main strategy on sustainability is on managing plastic use, Programs related to commodity sourcing is not yet in the agenda. For private brands focuses on the 9 staple foods for availability to market.</p>	<p>Currently not a priority for the commodities under the private brand.</p> <p>Mian focus is able to provide supply of rice, granulated sugar, cooking oil.</p>	<p>Current partnership is limited to conducting CSR work, and working with communities.</p>	<p>Since AlfaMart looks after the middle-income economy, sustainability is likely something far in the future.</p> <p>Reduce use of plastic towards elimination is the priority.</p>
<b>LULU HYPERMART</b>	<p>Current focus on sustainability efforts is on waste management.</p> <p>Does not conduct traceability.</p> <p>What is available on the shelves are based on the market demand. If there are sustainable products, then because of wants and needs.</p>	<p>Not a priority now. Focusing more on fresh foods.</p> <p>Believes that retailers with private brands would be the ones to have sustainable commodities products.</p> <p>Stated that responsibility for good sourcing are with FMCGs. The store only puts it up based on demand.</p>	<p>Willing to work with NGOs to educate on fresh goods and benefits.</p> <p>The procurement team has not partnered with any third parties.</p> <p>Willing to understand if the concept in sourcing makes sense and not adding additional burden, i.e. investment.</p>	<p>In the next few years still focusing on providing healthy and hygienic fresh foods.</p> <p>Plan to have campaign on managing household.</p>
<b>RANCH MARKET</b>	<p>Ranch Market and Farmer's Market (SupraBoga) was just recently purchased by Djarum group.</p> <p>For this year, the main focus is to consolidate sustainability strategy to the designated 'home', which is Bli-bli and Ticket.com, which has gone public.</p> <p>Supraboga was not yet a public company, the effort on sustainability will be for internal understanding.</p>	<p>Although Ranch has private brand, it will only continue to focus on providing consumer demand.</p> <p>If it has to choose a commodity to focus on, likelihood palm oil.</p>	<p>Open to discussion in 2025.</p> <p>Currently focusing on internal integration within the group.</p>	<p>It will take about 2-3 years to be able to focus on sustainable commodities.</p> <p>Will work on low hanging fruits such as waste management.</p>
<b>DANONE/ UNILEVER EXPERIENCE</b>	<p>Sustainability was a 'novelty' and something great. Now some companies consider it a 'necessity.'</p> <p>Sustainability is related to ability to invest, create a policy, adopted from the top level, down to and creating impact.</p> <p>Both Danone and Unilever have one of the best sustainable strategies, but the focus are different. Danone would be on health and plastic. Unilever more on the aspect of small holder farmers capabilities; rather than on traceability.</p> <p>Most important is avoiding greenwashing.</p>	<p>Sustainable commodities is not easy to do. Big companies such as Astra Internasional and Gunung Sewu can be considered as good examples for Indonesia.</p> <p>MNCs must do, because it is driven from global corporation. These companies not only manage sustainable supply chain, but also fair trade.</p>	<p>Companies may want to take part in education. Not only consumers, but also workers and their suppliers.</p> <p>Suppliers should be incentivized to support company goals for sustainability.</p> <p>NGOs can not be too prescriptive in providing support. The issues and complexity are different between companies.</p>	<p>Indonesia's sustainability development depends on the regulation. Without regulation, there will not be any action. Therefore, it is important to also work with government.</p> <p>Companies need to understand the value that NGO can support. Therefore, developing programs tailored to their needs.</p>

# RESULTS

COMPANY/NAME OF ORGANIZATION	SUSTAINABILITY STRATEGY	SUSTAINABLE COMMODITIES	PARTNERSHIP	NEXT STEPS
<b>KALDU SARI NABATI</b>	<p>Kaldu Sari Nabati is a family-owned company with the main goal of profitability.</p> <p>Sustainability is not their priority up until 2029, as they are planning to go-public.</p>	<p>Kaldu Sari Nabati's current market is for low class consumers in Indonesia.</p> <p>They are willing to go on sustainability products if the market penetration research's result are in align to their vision and mission.</p>	<p>Kaldu Sari Nabati has yet to partnered with NGOs.</p> <p>However, if NGOs can assist on market insight, they would consider the options.</p>	<p>No action for 2024.</p> <p>However, if WWF obtain partnership with Kaldu Sari Nabati on their sustainability strategy alignment, Kaldu Sari Nabati might be a long-term partner for WWF.</p>
<b>SUPERINDO</b>	<p>The overall strategy on sustainability is customer first.</p> <p>Superindo's goal is to inspire customers to make healthier choices, which the products are from responsible sources, reduce waste generation, and reduce carbon emissions.</p>	<p>Sustainable products are focused on its private labels.</p> <p>Commodity products under its private label are tea, coffee, cocoa, palm oil, soybeans, timber, fishery and chicken eggs.</p> <p>They are gradually certified to acceptable standards.</p>	<p>Partnerships with the industry through various initiatives and association.</p> <p>Work with international NGOs and certification bodies to monitor and evaluate efforts.</p>	<p>Need to focus on having the right suppliers to ensure sustainable sourcing is met.</p> <p>Since owner also comes from an international company, the demand to comply is also high. Therefore, need to strengthen the work with various organizations.</p>
<b>IKEA SOURCING</b>	<p>All IKEA products needs to be done through its Sourcing Hub for all products: furniture, plastic ware, glass ware, metal and seafood, soy and cocoa</p> <p>IKEA sourcing are the ones responsible for providing to retail stores and managed globally.</p> <p>Forest Positive Agenda:</p> <ul style="list-style-type: none"> <li>Responsible forest management</li> <li>Reforestation on landscape</li> <li>Innovation in using raw materials, but affordable</li> </ul>	<p>Timber needs to be FSC certified. Wood products can be recycled..</p> <p>Only Rattan needs to check whether the species are at risk</p> <p>Main timber sourcing is Acacia (from Vietnam), Pine (import from various countries, and rubber tree. None is sourced from Indonesia</p> <p>Push for circularity is being conducted in Europe. For example, particle board is chopped again to be reproduced.</p>	<p>All of the partnerships are related to certification..</p> <p>Work with several organizations to adopt FSC.</p> <p>Conduct research with Botanical Garden UK through Q Institute to identify species in Indonesia and Vietnam. Work with farmers to cultivate.</p>	<p>For Indonesia the next focus on sustainability would be on:</p> <p>Readiness to comply to upcoming regulation that will be implemented (i.e. EU-deforestation regulation)</p> <p>Prevent further deforestation.</p> <p>Implement traceability – understanding how supply chain works for various commodities.</p>
<b>INDOFOOD</b>	<p>Indofood's first step is to try to integrate sustainability into its business governance.</p> <p>The vision began to become a Total Food Solution, therefore sustainability effort is focused on providing access to food.</p> <p>Indofood considers Sustainability as a journey, step by step.</p> <p>Structured according to the company's capabilities, so iflook at the journey, there are Shorter (short term) and long term (long term).</p>	<p>Indofood's main commodities are palm oil, CBP and Indofood CBP.</p> <p>The need for cooking oil, etc., is sourced by the Indofood group, some of whom manage plantations.</p> <p>Currently developing rubber plantation; for rubber commodity and timber.</p>	<p>Provide local farmer assistance through agro-field team, to help approx. 40 people.</p> <p>Collaborated with international NGOs, carried out many projects; active in clean Ciliwung, wants to ensuring sustainable conservation.</p>	<p>Understanding sustainable commodities</p> <p>Work with NGO's to create more useful/workable or more valuable partnership.</p>

# RESULTS

COMPANY/NAME OF ORGANIZATION	SUSTAINABILITY STRATEGY	SUSTAINABLE COMMODITIES	PARTNERSHIP	NEXT STEPS
<b>SUSTAINABLE SOURCING CLUB</b>	<p>The making of the club is to support the strategy that the members need to implement.</p> <p>The issue is that sustainable commodity is a difficult agenda to do, due to the fact that consumers are not well educated on the issue.</p>	<p>The club will focus on 9 staple foods in Indonesia.</p>	<p>In the process of defining who the Club can work with.</p> <p>Open for discussion to work with NGOs.</p>	<p>Making the Club as reference for retail industries in implementing sustainability sourcing, for various products, including commodities</p>
<b>PERKUMPULAN PENYELENGGARA JASABOGA INDONESIA (PPJI)</b>	<p>The industry does not focus as much on sustainable products.</p> <p>Reason is that sustainable products are considered expensive; and because catering is not in small amount, always for large groups – it will impact the customers as well.</p> <p>Current program is to understand that members need to create fair trade and provide compensation to workers as per standard.</p>	<p>Not a priority at the moment.</p> <p>Have had discussion with members on developing a niche for catering for embassies and international organization, which would appreciate more sustainable catering.</p>	<p>Currently no partnerships for sustainability.</p> <p>Came to a session on sustainable palm oil conducted by WWF, but it is something not yet implementable.</p>	<p>Do a pilot for catering companies that have clients from the embassies and foreign organization.</p>
<b>APRINDO (RETAIL ASSOCIATION)</b>	<p>The main strategy for APRINDO still focuses on stability of 9 staple foods in price and availability.</p> <p>Stability for palm oil and rice in price and stock are the priority for the organization.</p>	<p>Issue on Sustainability is not a priority.</p> <p>Dissemination and socialization on sustainable initiatives are shared to members, but implementation is at the discretion of the company member.</p> <p>Sustainability is also related to cost, and therefore for the general consumers, not yet ready.</p>	<p>Main stakeholder is the government.</p> <p>B POM Certification for Industry</p> <p>Support for SMES, especially registration.</p> <p>With NGOs is to share information, but not in developing programs to have members implement.</p>	<p>The government will be the main driver for any initiatives on sustainability.</p> <p>If price and availability (stock) in Indonesia remains fluctuating, it would be difficult to adopt sustainable initiatives.</p> <p>Upper market retailers would be the ones that should take the lead (Foodhall, KemChicks, Ranch Market, and Sesa), and those with private labels.</p>

# SUMMARY

## GENERAL VIEW

- Understanding of sustainable sourcing for retailers is still low; they believe sustainable sourcing is the responsibility of the producers.
- Main concern on sustainability is on waste management, and specifically on plastics. A few focuses on energy savings.
- Partnerships with NGOs tends to be for consumer campaign and research, not for sourcing.
- Need knowledge sharing on market prospect of sustainable products and sourcing



## SUSTAINABLE COMMODITIES

- If adopting sustainable products can increase profitability, most companies are interested.
- Non-IPO companies are more reluctant on this topic compared to the IPO companies.



## PARTNERSHIPS

- NGO to provide knowledge sharing and research on how the company's financial health is maintained while proceeding sustainability initiatives.
- NGO to provide policy recommendation to the governments on incentives.
- Partnerships with NGOs are effective for marketing engagements.



## NEXT STEPS

- Majority of companies mentioned not having specific plan on Sustainable Commodities in 2024/2025, but willing to understand the process or how to start.
- Non-IPO companies will explore Sustainable Commodities initiatives within the next five years.
- Producers or sourcing companies wishes that retailers are on board to create better demand for sustainable commodities. Hence need to create a link between producers and retailers.



# DEVELOP RETAIL MAPPING AND RECOMMENDATIONS

## 5.1 RETAIL MAPPING

### QUANTITATIVE MEASURES

The quantitative measures of retail mapping are consolidated from the scoring matrix without any inputs from the WWF team. The table below shows the Sustainable Commodities and Ease of Implementation scoring for each sector.

SECTOR	AVG. SC SCORE	AVG. EI SCORE
Coffee Chain	0,15	0,16
FMCG	0,36	0,22
<b>Minimarket</b>	0,56	<b>0,42</b>
Supermarket	0,35	0,38
<b>Wholesale</b>	<b>0,57</b>	0,25

The wholesale sector accounts for the highest scoring SC score, meaning the selected companies in this sector has the highest average of Sustainable Commodities throughout their enterprise strategy and business operations. On the other hand, the minimarket sector has the highest EI score, meaning WWF team will most likely encounter less effort in approaching companies in this sector compared to other sectors.

The quantitative measures combined with the companies mapping also covered highlights for local, multinational, and IDX companies as shown in the table below:

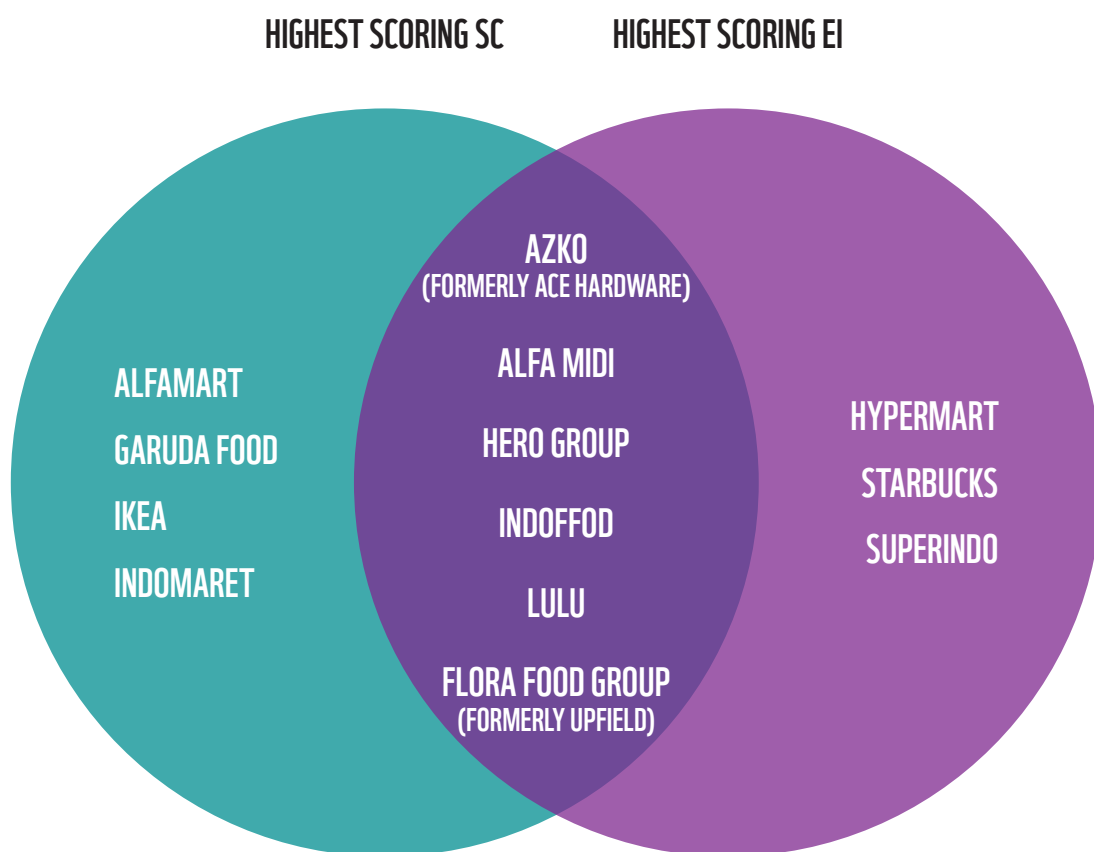
IDX	AVG. SC SCORE	AVG. EI SCORE
<b>Listed</b>	<b>0,57</b>	<b>0,44</b>
Not Listed	0,21	0,17

REGION	AVG. SC SCORE	AVG. EI SCORE
Local	<b>0,38</b>	0,28
<b>Multinational</b>	<b>0,38</b>	<b>0,31</b>

Companies listed in the IDX are significantly have higher score on both variables, whereas local and multinational companies have the same score in SC, with multinational companies have higher score on EI.



Subsequently, the diagram below depicted companies that is leading both SC and EI score.



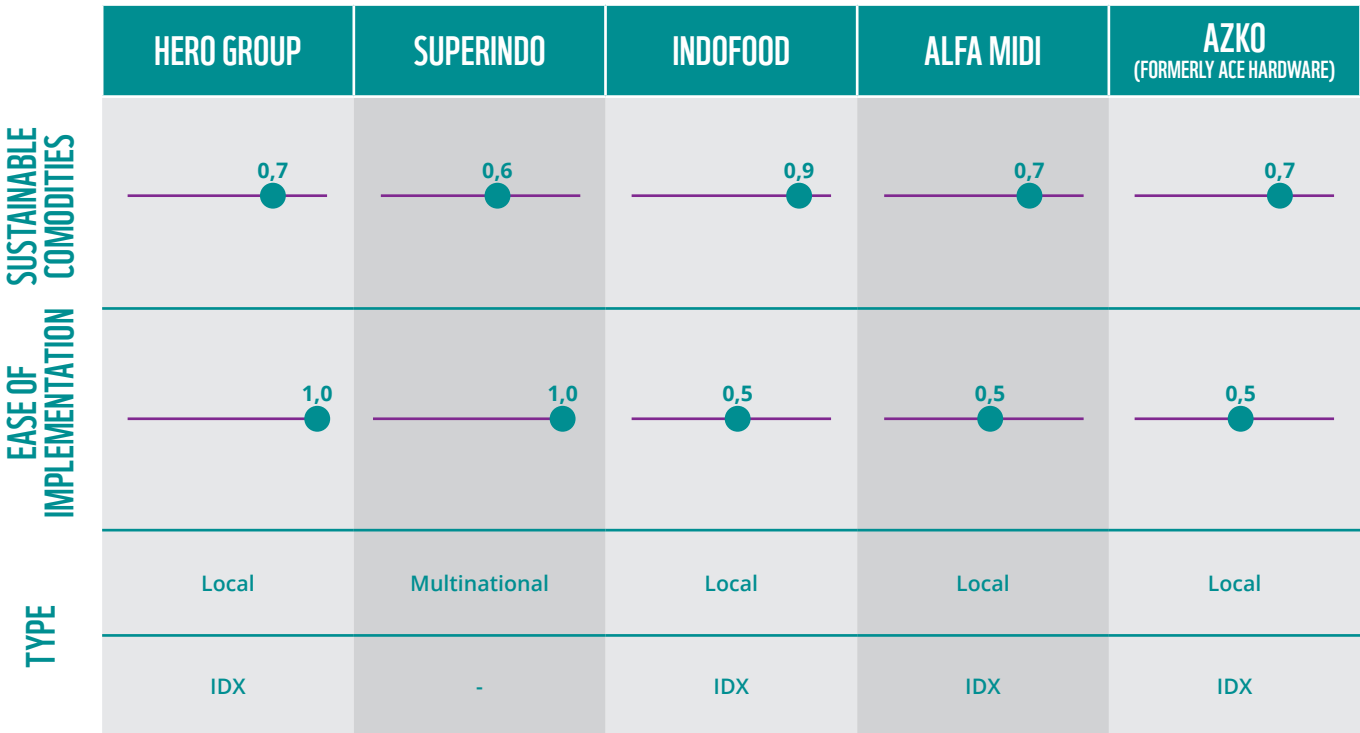
Azko (formerly Ace Hardware), Alfa Midi, Hero Group, Indofood, Lulu, and Flora Food Group (formerly Upfield) are the companies that is leading in both scoring criteria. This can be consolidated into companies that are concerned about Sustainable Commodities while might also provide fluency in WWF's process to approach the respective company.

However, these measures are strictly quantitative. Meaning the variables such as number of companies per sector, data availability and confidentiality, and the company's website accessibility highly determined the final score. Therefore, Accenture and WWF team proceeded this data with qualitative approaches.

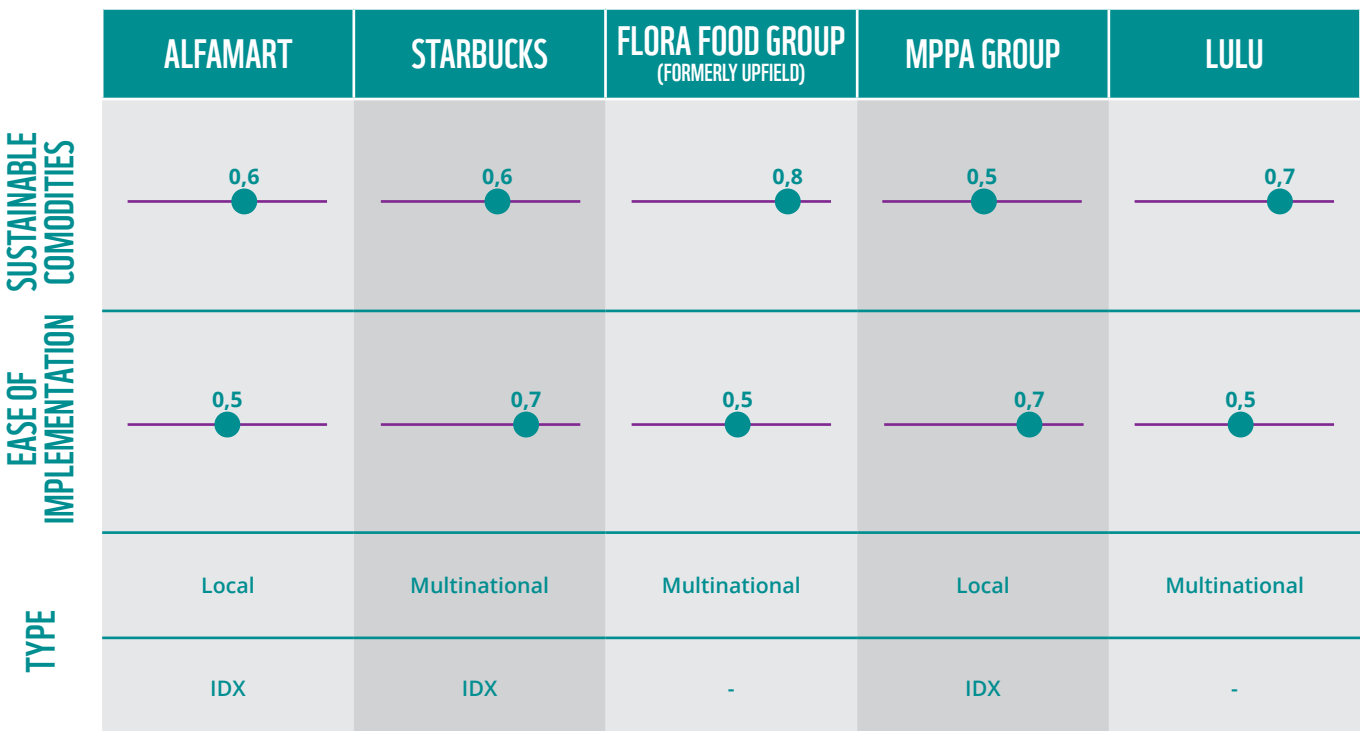
# QUALITATIVE MEASURES

Qualitative measures were done to complete the possible inaccuracy within the quantitative measure, while also adding WWF team's preferences in which companies should the project focuses on.

The picture below shows the final list of priority companies along with some notable highlights.



Graph 8 – Project governance illustration

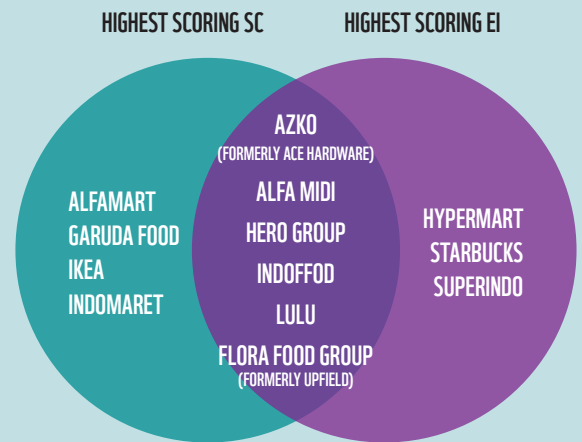


Graph 9 – Project governance illustration

## SUMMARY OF DEVELOP RETAIL MAPPING

Azko (formerly Ace Hardware), Alfa Midi, Hero Group, Indofood, Lulu, and Flora Food Group (formerly Upfield) are the companies that is leading in both scoring criteria. This can be consolidated into companies that are concerned about Sustainable Commodities while might also provide fluency in WWF's process to approach the respective company.

However, these measures are strictly quantitative. Meaning the variables such as number of companies per sector, data availability and confidentiality, and the company's website accessibility highly determined the final score. Therefore, Accenture and WWF team proceeded this data with qualitative approaches.



## 5.2 RECOMMENDATIONS

Recommendations are developed through series of research, such as desk research, FGD, and interview.

## QUANTITATIVE MEASURES

TYPE	RECOMMENDATION		RATIONALE
COFFEE CHAIN	Timeline	Long-term target	Most coffee chain companies included local farmers in their production, which aligned to WWF's concept of sustainable commodities. Therefore, current market leaders are already implementing sustainable commodity, whereas the market follower is yet in the stage of prioritizing sustainability.
	Strategy	Market research and product certification	By referring from FGD and Interviews, retailers' main blocker is to ensure they can generate profit from launching sustainable products. Launching products requires research and development, which WWF can accelerate in tailoring the product certification, similar to WWF's palm oil projects.
FMCG	Timeline	Medium-term target	FMCG companies in Indonesia are mostly listed in IDX, meaning they already prioritize the concept of sustainability. However, considering the complexity of their production line which will align to the degree of difficulty in tailoring the value that WWF will offer, the FMCG sector should be in medium-term target. We recommend WWF to look towards FMCG companies that produce items directly related to health, such as make-up, to obtain the market angle of launching sustainable products.
	Strategy	Market research and product certification	Recommended steps: <ol style="list-style-type: none"> <li>1. Publish articles or reports, discussing on the importance of sustainable product for health, focusing on the market survey.</li> <li>2. Engage with governments and key business players in workshops.</li> <li>3. Actively participating with associations members provided by Accenture.</li> </ol>

# QUANTITATIVE MEASURES

TYPE	RECOMMENDATION		RATIONALE
MINIMARKET	Timeline	Long-term target	<p>Minimarket's sustainability strategy focuses on energy consumption throughout their store operations.</p> <p>Some minimarket companies already launch their own product, though the goal is to provide cheaper options in the market.</p>
	Strategy	Long-term target	<p>We recommend focusing on external consignment items instead of the targeted companies' own product due to major differences in the vision.</p> <p>Since minimarket is one of public's most accessible stores, the scope of behavior change reach is massive.</p> <p>Once sustainable products' trend increases, we recommend WWF to persuade companies to launch separated booth for sustainable products, using the market-data obtained as selling point to product manufacturers.</p>
SUPERMARKET	Timeline	Short-term target	<p>The nature of supermarkets' wide range of product offerings is amongst the main reason we recommend WWF to engage as soonest.</p> <p>We recommend WWF to continue on the palm oil certification projects, while also expanding on other products in the scope of green, organic, and health-related items.</p>
	Strategy	Initiate Sustainable Market	<p>Recommendation steps:</p> <ol style="list-style-type: none"> <li>1. Find at least one company that act as a champion which have medium to high consumer market and import products.</li> <li>2. Encourage company to dedicate section for sustainable products.</li> <li>3. Maintain the database and launch a report related to the result, which will be the north-star of sustainable commodity product applications in Supermarket sector.</li> </ol>
WHOLESALE	Timeline	Short-term Target	<p>Wholesale companies, especially ones that focuses on timber commodities, launches products that have variety of best practices in using reusable materials. This application can be aligned with connecting low-cost materials throughout companies' production.</p>
	Strategy	Strengthen Sustainable Reputation	<p>Recommendation steps:</p> <ol style="list-style-type: none"> <li>1. Reach out for leading companies, especially ones listed in IDX.</li> <li>2. Encourage the company to label the reusable materials, targeting on product champions. The sales data will be their main statistic on their published sustainability report.</li> </ol>





# COMPANY-FOCUSED RECOMMENDATIONS

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TENDA  
MAKAN

tenda

# HERO GROUP



## INVESTORS

1. **Mulgrave Corporation BV**  
(63,59%)
2. **The Dairy Farm Company**  
(25,71%)
3. **Public**  
(8,02%)
4. **PT Hero Pusaka Sejati**  
(2,68%)



## RESEARCH KEY FINDINGS

1. The Hero Program for MSMEs is focused on building the capacity of business actors.
2. Aneka Coklat collaborates with IKEA Indonesia to create job opportunities for small chocolate farmers.
3. IKEA Indonesia succeeded in becoming the first retail company in Indonesia to achieve Chain of Custody (CoC) certification from the Marine Stewardship Council (MSC).
4. The company strengthens partnerships with local entrepreneurs to make products that are more environmentally friendly.
5. In 2022, the Company introduce several new plant-based food products and environmentally friendly packaging (315 Products).
6. In using environmentally friendly materials, the Company uses recycled materials for home care products at IKEA. This material is obtained in collaboration with local suppliers with international standard product quality control.



## SALES

**85% sales are from retail operations.**

- Guardian Health and Beauty performed encouragingly in the first quarter
- Hero Supermarket's like-for-like sales improved.
- IKEA's performance decreased.

*\*Hero Supermarket has been divested in Apr 2024*



## FGD / INTERVIEW RESULT

- HERO Group did not participate in FGD
- Interview with IKEA Sourcing with focus on timber (see section 3). Whereas statement from the IKEA. Sourcing on Timber applies to all commodities that iall products must be sources from IKEA Sourcing that manages traceability.



## RECOMMENDATION

WWF should approach Guardian and IKEA, aiming to collaborate on consumer insight towards sustainable products.

1. **Guardian**  
Collaborate with healthcare and beauty producers to tie consumer health with sustainable materials used in products.
2. **IKEA**  
Connect with WWF Global on approaching IKEA, aiming a top-down initiatives on sustainable timber.

# SUPERINDO



## INVESTORS

- Salim Group (Undisclosed)
- Ahold Delhaize (Undisclosed)



## RESEARCH KEY FINDINGS

1. Super Indo develops strategies for making healthier choices, providing products from responsible sources, reducing waste generation and reducing carbon emissions.
2. Super Indo collaborates with the British Retail Consortium Global Standard (BRCGS) to conduct training and certification for MSME supplier partners to improve food safety standards and supply chain ethical standards.
3. Several superior commodity products at Super Indo such as tea, coffee, cocoa, palm oil, soybeans, wood, fisheries and own brand chicken eggs, come from responsible sources and are gradually being certified to acceptable standards.
4. To increase the rate of consumption of fish and build community awareness of nutrition through the consumption of fish as a source of nutrition and protein, Super Indo cooperates with the Ministry of Marine Affairs and Fisheries of the Republic of Indonesia.



## SALES

In 2020, Super Indo achieved retail sales of approximately 432 million USD



## FGD / INTERVIEW RESULT

Provided insights during the session with APRINDO



## RECOMMENDATION

WWF should continue to support Superindo in

1. **Sourcing**  
Continue support in connecting to RSPO certified palm oil - since the supply is very limited, therefore not available in some stores.
2. **Certification**  
Connect with relevant provider for more general certification rather than specific, as it moves toward specific commodities. This will help in increasing the scores.

# INDOFOOD



## INVESTORS

1. **FPIML**  
(50,07%)
2. **Public**  
(49,91%)
3. **Anthoni Salim**  
(0,02%)



## RESEARCH KEY FINDINGS

1. In 2023, under the theme of “Ecofriendly and Sustainable SMEs”, Indofood promoted more environmentally friendly production processes through consumer pack products.
2. CBP Group will disseminate the Responsible Supplier Guidelines to our local farmer partners supplying these commodities and assist them in performing the self assessment, supported by our Agrofield teams.
3. Partnership for Indonesia Sustainable Agriculture (“PISAgro”), formally established in 2012, represents a key collaboration between the Indonesian Government and agriculture businesses.



## SALES

- Rp68.60 trillion in 2023
- As 31 December 2023, the Division's ISP certified production was 493,000 tonnes, representing 85% of the total nucleus CP production.



## FGD / INTERVIEW RESULT

*see FGD report*



## RECOMMENDATION

As one of the leading FMCG, Indofood has variables indicating they are also leading in terms of sustainable commodities. Therefore, WWF should support Indofood to enable unlock opportunities for improvements through:

1. Providing research to connects competitive advantages and financial benefits with strengthening sustainable commodities strategies.
2. Providing research to support government policies supporting sustainable commodities.

# STARBUCKS



## INVESTORS

PT Sari Coffee Indonesia, owns by:

1. MAP Boga
2. PT Premier Capital Investment



## RESEARCH KEY FINDINGS

1. Starbucks Indonesia environmental commitment consists of Recycling, Energy, Water Green Building, and Climate Change
2. Starbucks's source of coffee beans is certified by C.A.F.E. (Coffee and Farmer Equity) to promote sustainable commodities.
3. Starbucks claims 99% of their coffee is from responsible commodity and supply chain
4. Starbucks's Global Farmer Fund invested \$ 49 million across its operating countries



## SALES

Starbucks revenue for the twelve months ending March 31, 2024 was \$36.530B, a 7.45% increase year-over-year.

Revenue from company-operated stores accounted for 82% of total net revenues during fiscal 2023. Indonesia, has 581 operating stores, which ranked 6th.



## FGD / INTERVIEW RESULT

Starbucks did not participate in FGD



## RECOMMENDATION

We do not recommend WWF to engage with Starbucks due to the public assumptions in related to ongoing political matters.

(FORMERLY UPFIELD)

# FLORA FOOD GROUP



## INVESTORS

The company acquired by investment firm Kohlberg Kravis Roberts (KKR) in 2018 for \$8.04 billion from Unilever



## RESEARCH KEY FINDINGS

1. They use a variety of Sedex tools; sustainability certification standards like RSPO; and their own Supplier Code of Conduct, to manage and remove risk within their supply chains.
2. To minimize their impacts and prevent deforestation, they aim to purchase 100% of their palm oil, soy and paper from certified sustainable sources.
3. By 2030, they aim to reduce their waste by 50% & send zero waste to landfill.
4. They currently use paper, plastic and small amounts of metals and glass but their aim is to be 95% plastic-free by 2030.
5. They aim to reduce their total footprint by 25% by 2030 and be net zero by 2050, and ultimately better than net zero due to their avoided emissions and labelling initiatives, in line with science.
6. Flora Food Group (formerly Upfield) Indonesia has started exporting its BlueBand margarine from the PT Flora Food Group (formerly Upfield) Manufacturing Indonesia factory in Cikarang, West Java, aiming to increase production and expand exports with support from the Ministry of Trade of Indonesia.



## SALES

Flora Food Group (formerly Upfield) Reported €3.3Bn in Net Sales globally in 2023



## FGD / INTERVIEW RESULT

No contact was made



## RECOMMENDATION

WWF can collaborate with Flora Food Group (formerly Upfield) in following areas

1. Help Flora Food Group (formerly Upfield) in their aim of purchasing 100% of their palm oil, soy and paper from certified sustainable sources.
2. Support in sustainability certification standards like RSPO.
3. Leverage coordination with government as Flora Food Group (formerly Upfield) works with Ministry of Trade in exporting its BlueBand margarine.

# HYPERMART/FOODMART



## INVESTORS

PT Matahari Putra Prima



## RESEARCH KEY FINDINGS

1. Hypermart changes its focus to Fresh Products, food and grocery as well as household products with fast turnover that consumers need for daily needs and is supported by attractive price offers.
2. The Company is committed to perfecting existing private label products by launching the Hypermart brand. Product categories were also expanded with the main aim of meeting customers' daily needs as well as offering a selection of high-quality products comparable to leading national brands but at more affordable prices.
3. The Company ensures that all products offered in all outlets have met certain quality standards in terms of information and certificates from the authorized parties. The label contains data regarding ingredients, expiration date and various other important information.
4. "Nusantara" program to improve the quality of MSMEs



## SALES

- 7 Billion Rupiah for PT Matahari Putra Prima
- Hypermart undisclosed.



## FGD / INTERVIEW RESULT

Responded, but only provided areetina.

Brief discussion with Matahari - Rudi Sumampau during the FGD with APRINDO



## RECOMMENDATION

Provide market insiaht on sustainable products through research paper and support from WWF global.

# ALFA MIDI



## INVESTORS

1. **PT. Sumber Alfaria Trijaya Tbk**  
(77,09%)
2. **Public**  
(22,24%)



## RESEARCH KEY FINDINGS

1. The Development of Sustainable Financial Products and/or Services focuses on energy consumption across Alfa Midi's stores.
2. Alfa Midi developed House Brand & Private Label (HBPL) products, mostly fast-moving consumer goods (FCMG) at relatively affordable prices.
3. Alfa Midi also contributes to SMEs by distributing their products, such as snacks with "A" label, meaning the product is HBPL.
4. Alfa Midi offers cashback and vouchers for HBPL purchases.



## SALES

- IDR 17 trillion in 2023
- Sales per category:
  - Food: 10,4 trillion
  - Fresh Food: 2,4 trillion
  - Non-food: 4,4 trillion



## FGD / INTERVIEW RESULT

Responded, but only provided greeting



## RECOMMENDATION

Companies operating in the convenient stores section are mostly focuses on store energy consumption as their main sustainability strategy, including Alfa Midi.

However, Alfa Midi developed their own products and offered cashbacks for its purchases. WWF can aim to develop the sustainable commodities for Alfa Midi's HBPL products.

# LULU



## INVESTORS

- Abu Dhabi royal family's investment firm - 20% stake
- Founder Yusuff Ali M.A. - majority stake



## RESEARCH KEY FINDINGS

- In January 2020, it had signed an agreement with West Java Government of Indonesia to provide employment to the local work force in its retail outlets worldwide.
- They export products like rice, noodles, cookies, potato chips, wafer biscuits, and fish under their own Lulu Brand from Indonesia to countries in the Middle East region.
- Lulu Hypermarket joined Ellen MacArthur Foundation to promote circular economy.
- PCI-DSS v3.2.1 certification achieved for Group entities across 7 countries worldwide including Indonesia.
- They are part of Indonesia Retail Merchants Association.



## SALES

As of March 2020, LuLu Group International reported a revenue of US\$ 7.4 billion



## FGD / INTERVIEW RESULT

See FGD/interview section



## RECOMMENDATION

WWF can collaborate with Lulu in following areas-

- Support in ensuring the export products like rice, noodles, cookies, potato chips, wafer biscuits, and fish under their own Lulu Brand from Indonesia to countries in the Middle East region are coming from environmentally friendly and socially responsible sources.
- Build on Lulu's agreement with the West Java Government in providing employment to the local work force.

(FORMERLY ACE HARDWARE)

# AZKO



## INVESTORS

1. **PT Kawan Lama Sejahtera**  
(59,97%)
2. **Public**  
(39,86%)
3. **Treasury Stock**  
(0.17%)



## RESEARCH KEY FINDINGS

1. Approaching consumers through environmentally friendly products.
2. The company has a Pendopo business sub unit that offers products from 200 MSMEs who have become partners.
3. In the sustainability strategy, it has 3 main pillars, one of which is Sustainable Business, focused on ESG (for Companies) and the environment, moreover on energy efficiency products.
4. The company collaborates with third parties to carry out processing involving SMEs to produce new commodities that can be resold, so that the basic principles of a circular economy can be implemented



## SALES

Environmentally Friendly Products to the number of SKUs (8.5%), equivalent to IDR 0.575 Billion



## FGD / INTERVIEW RESULT

- Azko (formerly Ace Hardware) did not participate in FGD
- Interview request was declined. It believed that sourcing is not the main program for sustainability, but more on reducing energy



## RECOMMENDATION

Utilize the product design with reusable materials through developing sustainable product label, with Azko's (formerly Ace Hardware) sustainable reputation as selling

# ALFA MART



## INVESTORS

Dioko Susanto is one of the major shareholders



## RESEARCH KEY FINDINGS

1. Reducing plastic waste practices including the implementation of paid plastic shopping bag. This policy implementation has been campaigned through media with the tagline of #BersihinIndonesia.
2. Alfa Mart have implemented a recycle principle to reduce waste. In the process, recycling means utilizing waste for a new material that may even add economics value.
3. Alfa Mart support environmental management by educating the community about recycling principle and process. Alfamart organized recycling education activity for Orange Troops' or DKI Jakarta Regional Government Officials and Facilities.
4. In Alfamart's Clean & Green program, they encourage to foster concern for the environment and entrepreneurship among the local community around Alfamart stores. Alfamart provides creative waste treatment training to become more economically valuable products, such as accessories, handicrafts, houseware, etc.



## SALES

Generated net revenue of approximately 107 trillion Indonesian rupiah in 2023



## FGD / INTERVIEW RESULT

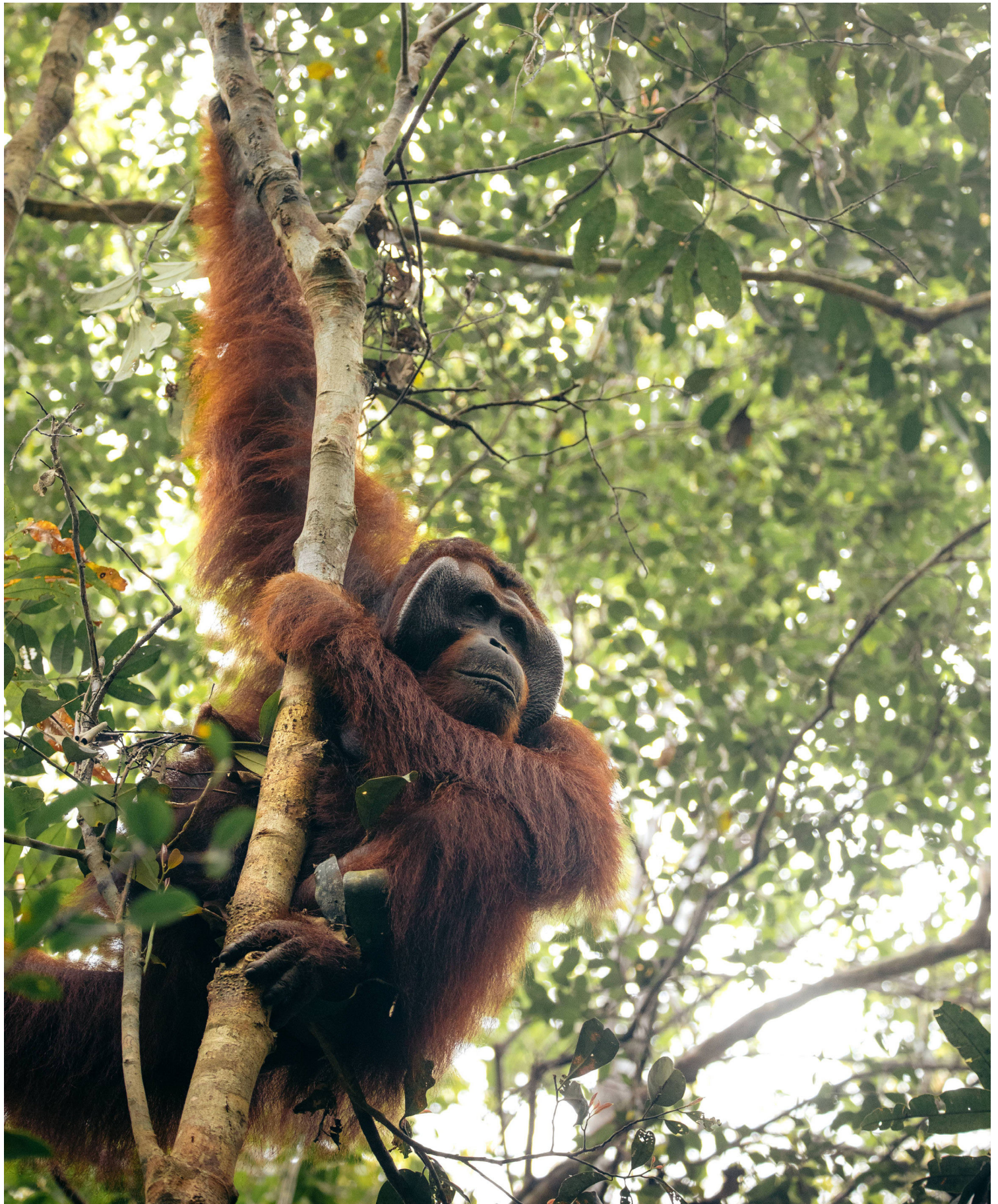
See FGD/Interview Section



## RECOMMENDATION

WWF can collaborate with Alfa Mart in the following areas

- WWF can aim to develop the sustainable commodities for Alfa Mart's products.
- Help in Reduce, Reuse, and Recycle strategy of Alfa Mart by leveragina WWE's expertise. Extend AlfaMart's creative waste treatment training to more communities, incorporating WWF's expertise. Focus on turning waste into economically valuable products.



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WWF, 28 rue Mauverney, 1196 Gland, Switzerland. Tel. +41 22 364 9111  
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