

IAI's Response to the Sustainability Reporting Development

Pera Yulianingsih
Ikatan Akuntan Indonesia
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- **Accountants are at the center of information** flows and decision making—uniquely positioned to capture, analyze, report on, and assure sustainability information
- **Accountants have the relevant skills & competencies** in understanding of a company’s business model, risks/opportunities, and the ability to collaborate with experts.
- **Accountants are globally connected** to meet the needs of global capital markets, global clients and global supply chains.
- **Assurance services**, based on the IAASB’s ISAE 3000 (Revised)—applied by professional accountants **enhance credibility and trust in sustainability disclosure**. High-quality sustainability assurance should be mandatory
- **Accountants are subject to an ethical code**, public oversight, and charged with acting in the public interest.

HOW?

ADVOCATE FOR SMART
POLICY & REGULATION

DEMONSTRATE
SUSTAINABILITY-RELATED
SKILLS & COMPETENCIES

BE PROACTIVE ON
CLIMATE
REPORTING

CHAMPION AN
INTEGRATED
MINDSET

Time For Action on Sustainability: Next Steps For The Accountancy Profession

ACCELERATE SUSTAINABILITY

To address the climate crisis

To promote sustainable organizations that create long-term value for investors, stakeholders, and society

To enable reporting entities and investors to measure and assess progress towards sustainability objectives

THE OBJECTIVE

ENABLE HIGH-QUALITY & DECISION-USEFUL INFORMATION

AVOID REGULATORY FRAGMENTATION

To promote consistency and comparability for investors and capital markets

To reduce cost, complexity, and confusion for reporting entities



Support and promote the ISSB—the accountancy profession is an essential stakeholder

- The path to globally comparable, decision-useful, and assurable sustainability disclosure starts with a comprehensive baseline of standards set by the ISSB. This is **Block 1 of the Building Block Approach**: investor-focused information.
- The accountancy profession should encourage and contribute to the completion of the ISSB’s climate standard in 2022, with potential endorsement by IOSCO. This is step one in the ISSB’s mission to develop standards addressing a broad range of environmental, social and governance factors.

- Now is the time to engage with local policymakers and regulators about how to build on the success of IFRS Accounting Standards adoption and to develop a similar **pathway for IFRS Sustainability Disclosure Standards**.
- Policymakers must collaborate and align jurisdiction-specific requirements with global requirements developed by the ISSB.



Contribution IFAC's Strategy to Several SDG's

4 QUALITY
EDUCATION



SDG 4: Quality Education

Advance accountancy education focused on sustainability, integrity and ethics, technology and public sector

5 GENDER
EQUALITY



SDG 5: Gender Equality

Promote the attractiveness of the profession

8 DECENT WORK AND
ECONOMIC GROWTH



SDG 8: Decent Work & Economic Growth

Advocate for policy and regulatory decisions aligning the profession with the needs of the publics

10 REDUCED
INEQUALITIES



SDG 10: Reduced Inequalities

Influence policy decisions, responding to crises, anti-corruption, and enabling sustainability and net-zero

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



SDG 12: Responsible Consumption and Production

Lead in sustainability and value creation

13 CLIMATE
ACTION



SDG 13: Climate Action

Advocate for an enhanced role for the profession in sustainability and climate action

16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



SDG 16: Peace, Justice, and Strong Institutions

Develop and implement comprehensive action plan for fighting corruption and economic crime

17 PARTNERSHIPS
FOR THE GOALS



SDG 17: Partnerships for the Goals

Work in partnership with multilateral institutions to support the development of a resilient profession and sustainable organizations, financial markets and economies

TF CCR IAI Establishment

11 Sept 2020 - IIRC, GRI, SASB, CDP, and CDSB issued paper
*"Statement of Intent to Work Together towards
Comprehensive Corporate Reporting"*

11 Sept 2020 - IFAC issued proposal *"Enhancing Corporate
Reporting: The Way Forward"*

30 Sept 2020 - IFRS Foundation issued *"Consultation Paper
on Sustainability Reporting"*

**15 Dec 2020 - IAI established *Task Force
Comprehensive Corporate Reporting*
(TF CCR IAI)**

TF CCR IAI Activities

- Review and submit responses to documents issued by the IFRS Foundation related to Sustainability Reporting
- Conducting audiences with regulators regarding Sustainability Reporting development
- Actively involved in various events at the international and national levels related to the development of Sustainability Reporting both as speakers and participants
- Increase public awareness regarding the development of Sustainability Reporting through webinars and article publications.

Task Force on Comprehensive Corporate Reporting IAI

When it was first formed in December 2020, TF CCR IAI consisted of 8 members who were representatives from DPN, DKSAK, DSAK and TISAK IAI

On 1 April 2022, TF CCR IAI's membership was expanded to 20 people, including representatives from various stakeholders:



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Institute of Indonesia Chartered Accountants



**OTORITAS
JASA
KEUANGAN**



BANK INDONESIA
BANK SENTRAL REPUBLIK INDONESIA



**BU
mn**

KEMENTERIAN
BADAN USAHA
MILIK NEGARA
REPUBLIK
INDONESIA



IDX

Indonesia Stock Exchange



PUSAT PEMBINAAN PROFESI KEUANGAN
SEKRETARIAT JENDERAL - KEMENTERIAN KEUANGAN



KAMAR DAGANG DAN INDUSTRI INDONESIA
Indonesian Chamber of Commerce and Industry



INSTITUT AKUNTAN PUBLIK INDONESIA
Indonesian Institute of Certified Public Accountants



INSTITUT AKUNTAN MANAJEMEN INDONESIA
The Indonesian Institute of Management Accountants



CFO CLUB
INDONESIA

TF CCR IAI Milestones

WHAT'S NEXT?



Establishment TF CCR IAI

Sep 2020 First established by DPN, DKSAK, DSAK, dan TISAK

Apr 2022 TF CCR IAI Membership Expansion



Increasing **awareness** related to the latest developments in sustainability through webinars

ISSB, IFAC, Kementerian Keuangan, KLHK, BKF, OJK, BEI, BCA, Blackrock, BNP Paribas, dll



Nov 2022

MOU signing with KADIN

Strengthening Information Disclosure related to Sustainability Disclosure Standards through Improving the Quality of Financial and Tax Reporting for Business Players.



Analysis related to **adoption** on ISSB Standards



Actively provide feedback to IFRS Foundation & ISSB

Sep 2020 Request for response on the establishment of ISSB

Dec 2020 Consultation paper on sustainability reporting

July 2021 Proposal of amendments to the IFRS Constitution

July 2022 Exposure Draft IFRS S1 and S2



Actively involved in Indonesia **B20 Event (2022)**

Formulation of policy recommendations in the Integrity & Compliance Task Force



Dec 2022

Amendments to the AD/ART to support addition of an IAI body: **Dewan Standar Keberkelanjutan**



Selection process for **Chair and Member** of Dewan Standar Keberlanjutan

Raising Awareness and Advocate Sustainability Disclosure Standards

- The signing of the **MoU with KADIN** regarding Cooperation on Strengthening Information Transparency related to **Sustainability Disclosure Standards Through the Improvement of Financial and Tax Reporting Quality for Business Actors**.
- B20 Indonesia has provided **four strategic recommendations to the G20**, where **TF CCR** is very actively involved in drafting those recommendations and policy actions, through its membership in the B20 Task Force Integrity & Compliance (TFIC).



B20 Integrity & Compliance Task Force Policy Recommendation



Recommendation 1: Promote sustainable governance in business to support ESG initiatives



Recommendation 2: Foster Collective Action to alleviate integrity risks



Recommendation 3: Foster agility in counteract measures to combat money laundering/ terrorist financing risks



Recommendation 4: Strengthen governance to mitigate exacerbated cybercrime risks



Promote **standardized approach and measures**, compliance efforts, effective monitoring, and **independent assurance towards implementation of sustainable governance.**



Policy action 1.1: Improve sustainable governance measures



Policy action 1.2: Optimize sustainable governance compliance disclosures and monitoring

B20 Integrity & Compliance Task Force Policy Recommendation



Recommendation 1: Promote sustainable governance in business to support ESG initiatives

Promote **standardized approach and measures**, compliance efforts, effective monitoring, and **independent assurance towards implementation of sustainable governance**.

Policy action 1.1: Improve sustainable governance measures

Assessing underlying sustainable governance enablers (e.g., regulatory requirements) and components (e.g., metrics, compliance efforts), that are applicable for business in various sectors. This will include initiatives to enhance diversity and inclusion, which helps broaden perspectives and further strengthen compliance efforts.

Policy action 1.2: Optimize sustainable governance compliance disclosures and monitoring

Ongoing efforts of integrating and **standardizing sustainable governance by promoting and accelerating the adoption of a high quality, globally converged, and accepted sustainability reporting standard** and maximizing sustainable governance compliance monitoring and **independent assurance initiatives** (e.g., tools, infrastructures, governance).

G20 Bali, Leaders' Declaration: 15-16 November 2022



*“We look forward to the finalization of standards by the International Sustainability Standards Board (ISSB) in support of globally consistent, comparable and **reliable climate-related financial disclosures**, and its work beyond climate, and we welcome the efforts to achieve interoperability across disclosure frameworks.”*

G20 leaders acknowledged the work of the ISSB and expressed their support for a global baseline of sustainability disclosure standards

ISSB's Work Plan on Connectivity

In May 2023, ISSB request for feedback on proposed list of **new research and standard-setting projects** that could be added to the ISSB's two year work plan

Three research projects on **sustainability-related risks and opportunities** associated with:



Biodiversity,
Ecosystems and
Ecosystem Services



Human
Capital



Human
Rights

This is reflect ISSB mission to issue ISSB Standards that address 'climate first, but not climate only.'



One research project on integration in reporting to explore how to **integrate information** in financial reporting beyond the requirements related to **connected information** in IFRS S1 & S2

*"We propose that the **Boards form a formal task force encompassing members from both the IASB and ISSB**, which ensure equal ownership and responsibility in the project's outcome by both boards. This structure not only fosters synergy between the two boards but also ensures that the unique perspectives and expertise of each board member are channelled effectively during discussions at each board meeting. A **joint approach would most effectively address the complexities arising from merging financial and sustainability reporting standards, ensuring a seamless and comprehensive reporting structure.**"*

<https://bit.ly/IAI-Connectivity>

What is Next?

UNDANGAN SELEKSI TERBUKA

DEWAN STANDAR KEBERLANJUTAN IKATAN AKUNTAN INDONESIA

Periode 2023-2027

Ikatan Akuntan Indonesia (IAI) mengundang para akuntan profesional yang memiliki kualifikasi dan kompetensi untuk mengikuti seleksi sebagai Ketua dan Anggota Dewan Standar Keberlanjutan yang merupakan badan yang berwenang menyusun dan mengembangkan standar pengungkapan keberlanjutan di Indonesia.

- IAI will establish Dewan Standar Keberlanjutan with inclusion of relevant regulator and stakeholder (OJK, preparers, investor, professional association) to adopt the sustainability disclosure standards in Indonesia
- IAI will ensure its compatibility with relevant regulations and frameworks
- IAI will ensure its applicability with entities across the industry in Indonesia, especially since Indonesia has distinct climate issues compared to the western hemisphere jurisdiction.
- IAI will work with various relevant stakeholders to encourage the role of important parties such as regulators, preparers, academicians, and practitioners in the standard-setting process.
- IAI will continue working together with relevant stakeholder to actively involved to be the voice of Indonesia at the ISSB.
- IAI will continue to raise awareness about the latest development in sustainability standards through capacity building, seminars/webinars, and Continuing Professional Development (CPD).



TF CCR Publication



1. Edisi No. 01/XI/2021 25 November 2021 *Pembentukan ISSB*
2. Edisi No. 02/I/2022 28 Januari 2022 *Perkembangan Sustainability Reporting Standards*
3. Edisi No. 03/III/2022 31 Maret 2022 *Mengenal Lebih Dekat Rekomendasi TRWG untuk ISSB*
4. Edisi No. 04/VI/2022 13 Juni 2022 *Accountancy Profession to Take Lead in Sustainability Reporting*
5. Edisi No. 05/IX/2022 13 September 2022 *Overview of Comments of Exposure Draft IFRS Sustainability Disclosure Standards*
6. Edisi No. 06/I/2023 16 Januari 2023 *Deliberation of Exposure Draft IFRS Sustainability Disclosure Standards*
7. Edisi No. 07/IV/2023 28 April 2023 *Get Started With IFRS Sustainability Disclosure Standards*

To access the publication please click:

<https://bit.ly/Pub-TFCCR>



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Institute of Indonesia Chartered Accountants



TERIMA KASIH



IKATAN AKUNTAN INDONESIA
Grha Akuntan, Jl. Sindanglaya No. 1 Menteng,
DKI Jakarta
www.iaiglobal.or.id



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