

HUT IKATAN AKUNTAN INDONESIA KE-64
Konvensi Nasional Akuntansi IX

***The Future of Comprehensive Corporate
/Environmental Social and Governance
(ESG) Reporting***

8 Desember 2021

Rosita Uli Sinaga

Anggota DPN

&

Ketua Task Force Comprehensive Corporate Reporting

Ikatan Akuntan Indonesia

Disclaimer

Materi ini dipersiapkan sebagai bahan pembahasan isu terkait, dan tidak merepresentasikan posisi DPN/Task Force CCR IAI atas isu tersebut. Posisi DPN/Task Force CCR IAI hanya ditentukan setelah melalui due process procedure dan proses pembahasan sebagaimana dipersyaratkan oleh IAI.



Investor

Investor menuntut **transparansi** atas dampak *climate change*—tidak hanya dalam *sustainability/intergrated reporting*, tapi juga **dalam pelaporan keuangan perusahaan.**



Regulator

Berbagai badan regulator dunia seperti FSB, TCFD, dan IOSCO melaporkan bahwa:

- **pengungkapan dampak keuangan akibat *climate change* masih rendah**
- **pengungkapan tidak lengkap, tidak konsisten dan tidak dapat dibandingkan.**



Penyusun Kebijakan

Berbagai negara seperti Uni Eropa, US, New Zealand, China dan beberapa negara lainnya saat ini **tengah mengembangkan kebijakan untuk menciptakan *sustainable economy*.**

Current Landscape of Sustainability Reporting



INTEGRATED REPORTING <IR>



merger
VALUE REPORTING FOUNDATION



- *Fragmented standard*
- *Variety of user & objective*



- *Confusion among producers and users of sustainability information*
- *perpetuates inefficiency, increased cost, and a lack of trust*



- *Growing and urgent demand for global standards*
- *Need for consistency in reporting and comparable information*
- *Necessary to build a coherent global system of interconnected corporate reporting*





Research from Adams and Abhayawansa (2021):

- Amidst the 2020 pandemic, the [flow of funds](#) to sustainable investments reached new heights.
- Companies with high ESG ratings have earned comparatively higher [stock returns](#) and experienced lower volatility ([Albuquerque et al., 2020](#), [Broadstock et al., 2020](#), [Whieldon et al., 2020](#)).
- In contrast, low-sustainability focussed funds have under-performed ([Ferriani and Natoli, 2020](#), [Pástor and Vorsatz, 2020](#)).
- Funds with lower environmental and [governance](#) risks attracted the most investments and achieved greater stock returns ([Broadstock et al., 2020](#), [Ferriani and Natoli, 2020](#)).

- 2 (two) Drivers:
 - (1) the demand from the capital market (higher demand in SR) also business is interested in the current and future information, demand more access for evaluation; and
 - (2) the demand from the public policies in enhancing social and environmental problems..
- There are varieties of frameworks to be followed, make it more difficult. 3 (three) issues: quality, transparency, and consistency
- Investors around the world now seek insights into sustainability-related factors when assessing current and future enterprise value.
- Significant momentum towards mandating sustainability reporting across key jurisdictions; different jurisdictions may end up with different requirement.
- Desire to provide global capital markets with a global solution



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Perkembangan Sustainability/ESG Project



Menguasai Perubahan,
Menyiapkan Masa Depan!



Permintaan tanggapan
atas pembentukan
*International
Sustainability Standard
Board (ISSB)*

Des
2020

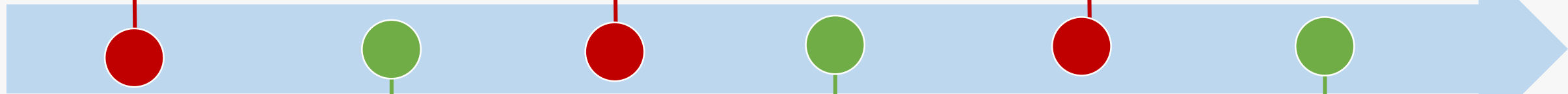
 **IFRS**[®]

Mengusulkan
amendemen IFRS
Constitution sebagai
landasan
konstitusional
pembentukan ISSB di
bawah tata kelola IFRS

30-31 Oktober 2021:
**G20 Rome Leaders'
Declaration**



Nov 2021



Sept 2020

**Pembentukan
Task Force CCR IAI**



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April 2021

10 Juli 2021:
Support from The
G20 Finance
Ministers and
Central Bank
Governors

Okt 2021

**IFRS Foundation
mengumumkan
pembentukan ISSB di
acara UN COP26**

Pengumuman Pembentukan ISSB

On 3 Nov 2021 at UN COP26, Glasgow UK; IFRS Foundation Trustee **announce:**
 1. The **formation of International Sustainability Standards Board (ISSB)**



2. A commitment by leading investor-focused sustainability disclosure organisations to **consolidate** into the new board, completed by June 2022.



3. The **publication of prototype climate and general disclosure requirements** developed by the **Technical Readiness Working Group (TRWG)**.



Dukungan atas Pembentukan ISSB

G20 Rome Leaders' Declaration 30th-31st October 2021

“We also **welcome the work programme of the International Financial Reporting Standards Foundation to develop a baseline global reporting standard under robust governance and public oversight**, building upon the FSB’s Task Force on Climate-Related Financial Disclosures framework and the work of sustainability standard-setters.”



Klaus Schwab, Founder and Executive Chairman of the World Economic Forum

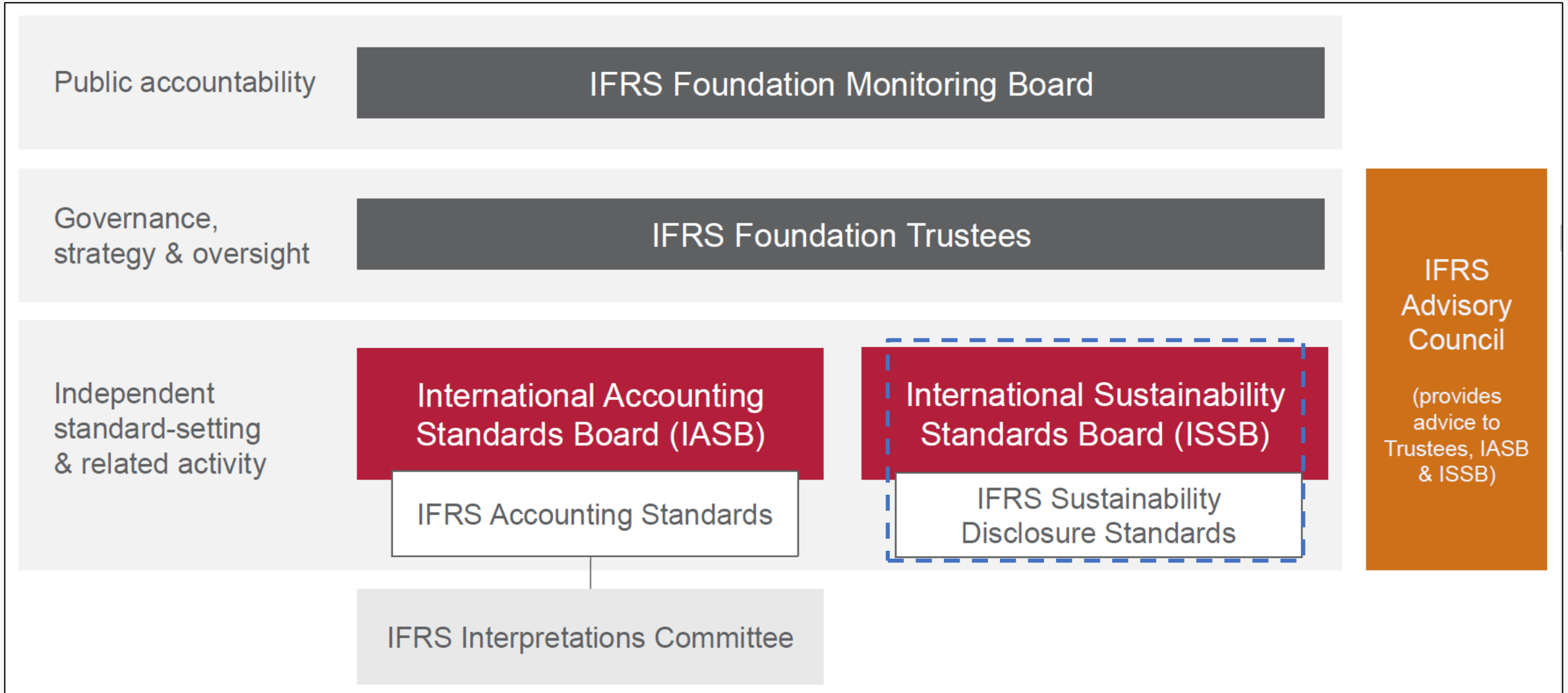
“We look forward to continuing our partnership with the IFRS Foundation in support of the ISSB, during its establishment and as it delivers on its historical mandate.”

Jean Paul Servais Vice Chair of IOSCO

“The **ISSB standards are poised to become the basis for sustainability disclosures globally**, The IOSCO-led Monitoring Board will ensure these standards are subject to the same robust governance, due process and oversight as IFRS accounting standards, while strengthening the interconnectivity between IFRS financial reporting and IFRS sustainability disclosures.”



Struktur Tata Kelola ISSB



Komposisi ISSB



14 board
members



Majority
full-time



Diversity in
expertise and
experience



Geographical
balance

Expert Advice untuk ISSB

Sustainability Consultative Committee

- Technical expert advice to the ISSB
- Multilateral institutions & other technical experts

Sustainability Standards Advisory Forum (TBC)

- Formal mechanism for jurisdictional engagement
- Membership TBC, representing all regions, both developed, developing and emerging economies

IFRS Advisory Council

- Mandate extended to include strategic advice to ISSB (in addition to Trustees & IASB)
- Approx. 50 members representing cross-section of key stakeholder organisations

Strategic Decision ISSB

1. Investor focused

2. Build on existing
investor- focused
frameworks

3. Global baseline

4. Climate first, not
climate only

1. Investor focused

Demand-side



Investors need better and globally comparable sustainability information:

- Assessment of sustainability risks and opportunities
- Informed investment allocation decisions

Supply-side in transition



IFRS Foundation well placed to consolidate existing investor-focused initiatives:

- Two decades of experience focused on investors and other capital market participants
- Established model of governance, due process and global standard-setting
- Potential for synergies with IFRS accounting standards

Proposed approach



- Sustainability-related financial disclosures
- Investor focus for enterprise value over the short, medium and long term

Strategic Decision ISSB

2. Build on existing investor-focused frameworks

Technical Readiness Working Group (TRWG)

Becomes part of the IFRS Foundation



Climate
Disclosure
Standards
Board



5
Organization

Additional members of Technical Readiness Working Group



Observed by: OICV-IOSCO
INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSIONS



3. Global Baseline

Sustainability reporting (broader multi-stakeholder focus)

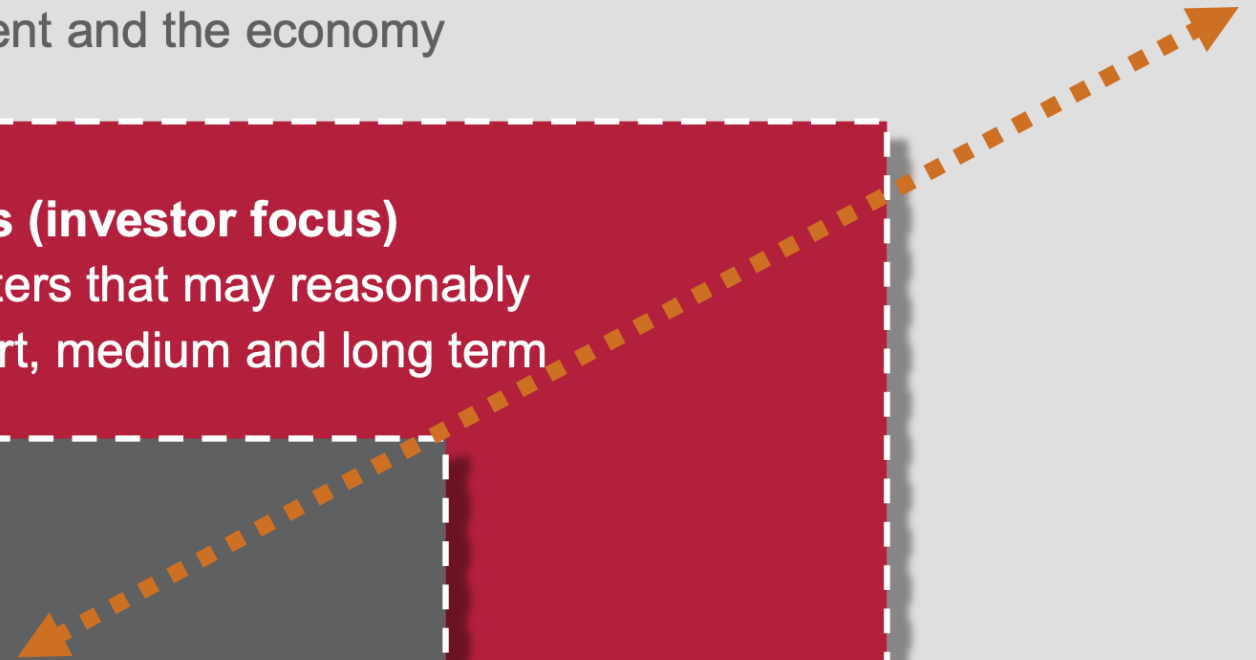
Reporting on all sustainability matters that reflect significant positive or negative impacts on people, the environment and the economy

Sustainability-related financial disclosures (investor focus)

Reporting on those sustainability-related matters that may reasonably create or erode enterprise value over the short, medium and long term

Financial reporting (investor focus)

Reflected in monetary amounts in the financial statements



4. Climate First, Not Climate Only

- Begin with climate-related disclosures
- Move at pace with other sustainability-related disclosures, where there is global investor need
- Leveraging work of existing standard-setters



Why 'climate-first' approach?



Developing global sustainability-reporting standards for climate-related information **is the most pressing concern.**



Climate risk is a **financial risk** of growing importance to **investors and prudential regulators**, mostly because of public policy initiatives by major jurisdictions globally.



Companies are already considering how their business operations will be affected by a **transition to a low-carbon global economy**, which will **increasingly directly affect companies' financial reporting.**



That information could focus specifically on **climate change and greenhouse gas emissions**, or take into consideration wider environmental factors and the associated financial risks.

Recommendations for consideration by the ISSB

1	General Requirements for Disclosure of Sustainability-related Financial Information (<i>General Requirements Prototype</i>)
2	Climate-related Disclosures Prototype (<i>Climate Prototype</i>)
3	Conceptual guidelines for standard-setting
4	Architecture of Standards
5	Other items to inform standard-setting agenda
6	Due process characteristics
7	Digitisation strategy
8	Connectivity between IASB & ISSB

2 Prototypes
Published
on 3 Nov 21

To be provided
to the ISSB

Disclaimer on TRWG Proposal

- Have not been through the due process of the member organisations of the TRWG, the IFRS Foundation, or the ISSB.
- The prototypes, and their release, do not constitute publication of exposure drafts, but rather are for informational purposes, providing the market with a sense of direction.
- The ISSB will consider these recommendations and determine next steps, including the issuance of potential exposure drafts for Standards informed by the TRWG's work, subject to the independent due process of the ISSB.

Recommendations for consideration by the ISSB	
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Publication date: 03.11.2021

This document represents recommendations from the Technical Readiness Working Group (TRWG) for consideration by the International Sustainability Standards Board (ISSB) for a general requirements for disclosure of sustainability-related financial information standard. While the recommendations build on the established work of the organisations represented on the TRWG, this document has not been subject to the due process of those organisations or the IFRS Foundation. After starting its work, the ISSB is expected to consult publicly on proposals for a general requirements for disclosure of sustainability-related financial information standard informed by the TRWG's recommendations. The ISSB's work will be subject to the IFRS Foundation's due process.

General Requirements for Disclosure of Sustainability-related Financial Information Prototype

Developed by the Technical Readiness Working Group, chaired by the IFRS Foundation, to provide recommendations to the International Sustainability Standards Board for consideration

November 2021

General Requirements for Disclosure of Sustainability-related Financial Information Prototype (General Requirements Prototype)

- Inspired by IAS 1 *Presentation of Financial Statements*
- Includes the following key points for preparers:
 - Materiality
 - General disclosure requirements
 - Use of other Standards
 - Reporting channel

CONTENTS

Prototype International Financial Reporting Standard: *General Requirements for Disclosure of Sustainability-related Financial Information*

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APPLYING CONCEPTUAL ELEMENTS	
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Connectivity	20
GENERAL FEATURES	23
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Strategy	26
Risk management	34
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Frequency of reporting	51
Reporting channel	56
Identifying related financial statements	64
Using financial data and assumptions	65
Fair presentation	68
Sources of estimation and outcome uncertainty	74
Errors	78
Statement of compliance	88
Effective date	89

General Requirements for Disclosure of Sustainability-related Financial Information Prototype (General Requirements Prototype)

APPENDICIES

A Defined terms

B Application guidance

General purpose financial report that includes sustainability-related financial information and financial statement information
Reporting entity's boundary

C Guidance on implementing materiality

D Qualitative characteristics of useful [sustainability-related financial] information

Fundamental qualitative characteristics
Enhancing qualitative characteristics

TRWG Prototype-2

Climate-related Disclosures Prototype (Climate Prototype)

CONTENTS

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A Defined terms	
B Industry disclosure requirements	

TRWG Prototype-2

Industry-Specific

Climate Prototype

Supplement: Technical Protocols for Disclosure Requirements

Consumer Goods Sector	
Apparel, Accessories & Footwear	4
Appliance Manufacturing	8
Building Products & Furnishings	12
E-Commerce	21
Household & Personal Products	29
Multiline and Specialty Retailers & Distributors	34
Extractives & Mineral Processing Sector	
Coal Operations	37
Construction Materials	47
Iron & Steel Producers	61
Metals & Mining	71
Oil & Gas – Exploration & Production	79
Oil & Gas – Midstream	95
Oil & Gas – Refining & Marketing	100
Oil & Gas – Services	109
Financials Sector	
Asset Management & Custody Activities	117
Commercial Banks	125
Insurance	129
Investment Banking & Brokerage	141
Mortgage Finance	148
Food & Beverage Sector	
Agricultural Products	152
Alcoholic Beverages	166
Food Retailers & Distributors	176
Meat, Poultry & Dairy	189
Non-Alcoholic Beverages	206
Processed Foods	218
Restaurants	230
Health Care Sector	
Drug Retailers	238
Health Care Delivery	241
Health Care Distributors	249
Managed Care	252
Medical Equipment & Supplies	254
Infrastructure Sector	
Electric Utilities & Power Generators	257
Engineering & Construction Services	280
Gas Utilities & Distributors	294
Home Builders	305
Real Estate	316
Real Estate Services	345
Waste Management	351
Water Utilities & Services	360
Renewable Resources & Alternative Energy Sector	
Biofuels	377
Forestry Management	387

Fuel Cells & Industrial Batteries	397
Pulp & Paper Products	404
Solar Technology & Project Developers	419
Wind Technology & Project Developers	429
Resource Transformation Sector	
Aerospace & Defense	433
Chemicals	438
Containers & Packaging	451
Electrical & Electronic Equipment	466
Industrial Machinery & Goods	472
Services Sector	
Casinos & Gaming	478
Hotels & Lodging	481
Leisure Facilities	487
Technology & Communications Sector	
Electronic Manufacturing Services & Original Design Manufacturing	490
Hardware	495
Internet Media & Services	500
Semiconductors	505
Software & IT Services	516
Telecommunication Services	524
Transportation Sector	
Air Freight & Logistics	530
Airlines	537
Auto Parts	543
Automobiles	547
Car Rental & Leasing	552
Cruise Lines	555
Marine Transportation	562
Rail Transportation	569
Road Transportation	575

APPAREL, ACCESSORIES & FOOTWEAR

Highlight TRWG Prototype-2

Financial Impacts

Industry Description

The Apparel, Accessories & Footwear industry includes companies involved in the design, manufacturing, wholesaling, and retailing of various products, including men's, women's, and children's clothing, handbags, jewelry, watches, and footwear.

Products are largely manufactured by vendors in emerging markets, thereby allowing companies in the industry to primarily focus on design, wholesaling, marketing, supply chain management, and retail activities.

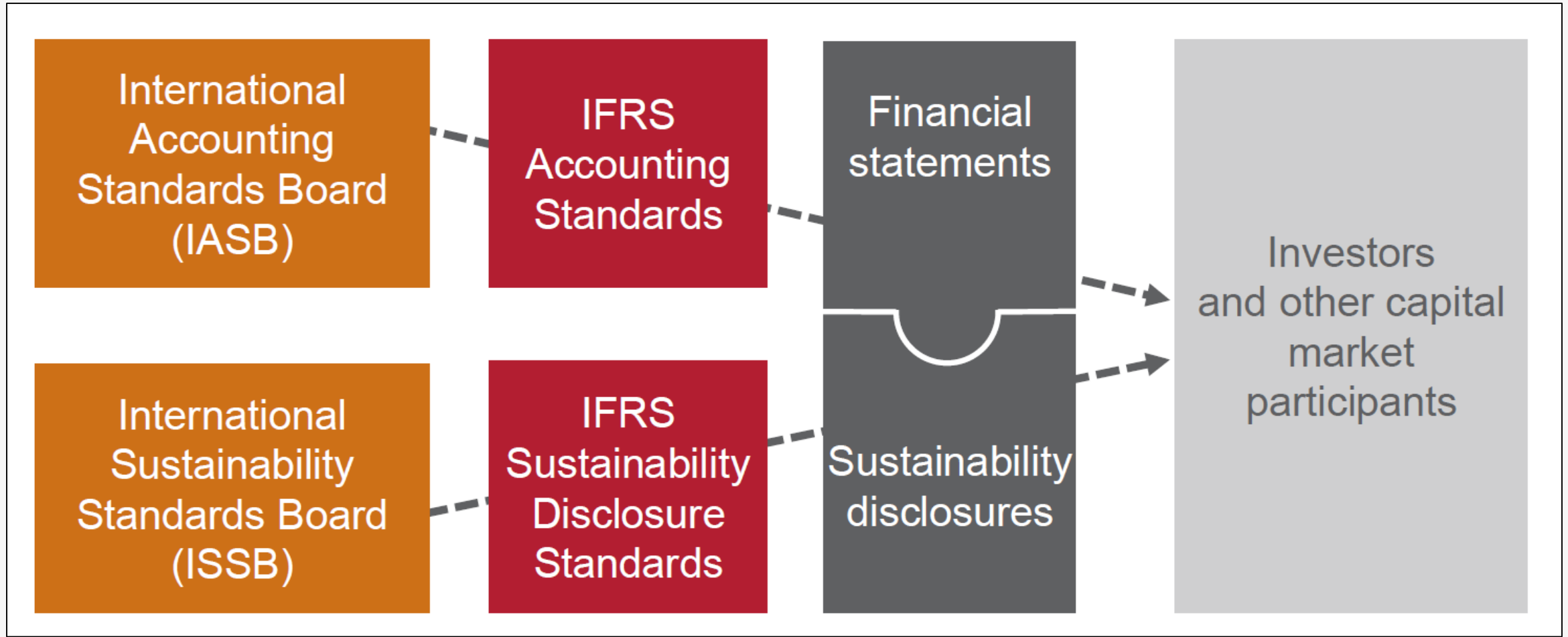
Table 1. Climate-related Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
Raw Materials Sourcing	Description of environmental and social risks associated with sourcing priority raw materials	Discussion and Analysis	n/a	CG-AA-440a.1
	Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard	Quantitative	Percentage (%) by weight	CG-AA-440a.2

Table 2. Activity Metrics

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1 ¹	Quantitative	Number	CG-AA-000.A

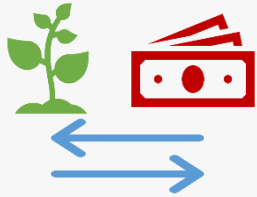
Harmonisasi IASB dan ISSB



Accountant's Critical Role in Climate Change Issues



Supporting global initiatives to enhance climate and broader sustainability-related reporting through standards set by a new International Sustainability Standards Board (ISSB) that will address material impacts on a company's enterprise value.



Aligning and integrating climate-related information and disclosures with company climate commitments, targets, and strategic decisions.



Quantifying, wherever appropriate, financial impacts of climate issues.



Ensuring climate-related reporting complies with reporting requirements without material omissions or misstatements, based on a company-specific materiality determination.



The State of Play in Sustainability Assurance

Praekarsa
6.1

Menguasai Perubahan,
Menyiapkan Masa Depan!

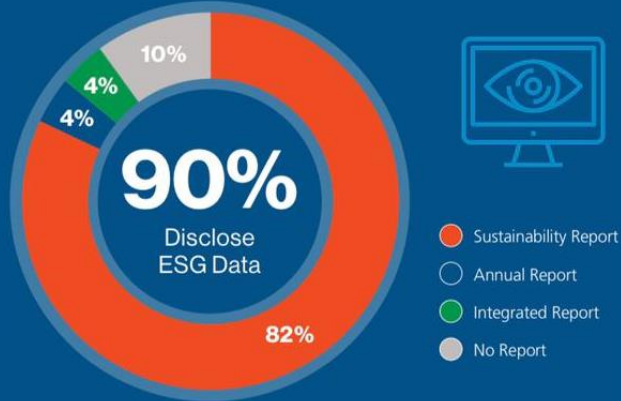


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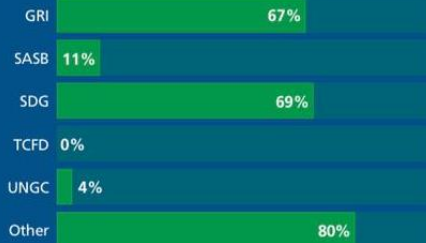
INDONESIA

METHOD OF ESG DISCLOSURE

Region: ASIA-PACIFIC



90% (45) of the 50 companies reviewed provided ESG Disclosures using the following ESG Reporting Framework/Standard:



Of the 45 companies that provided ESG Disclosures, 20% (9) received assurance as follows:



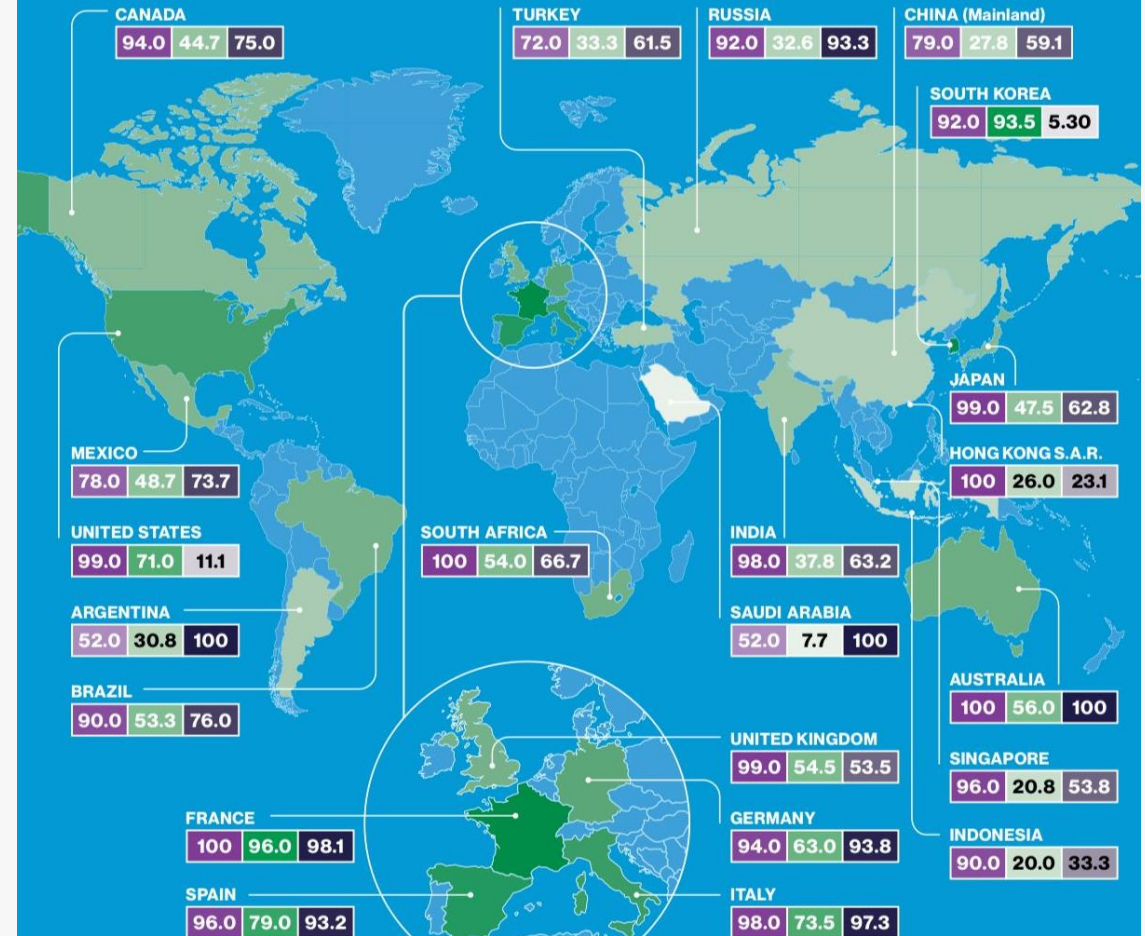
Assurance was provided through 9 unique assurance reports, assured as follows:

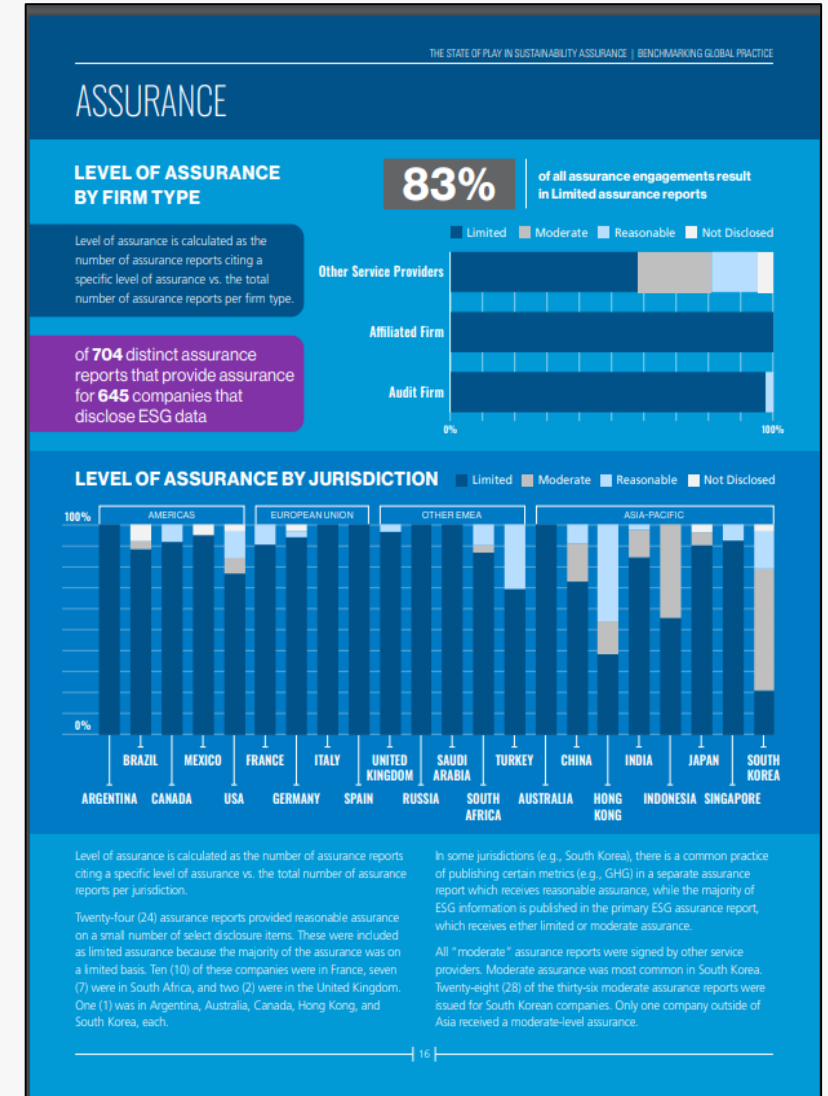
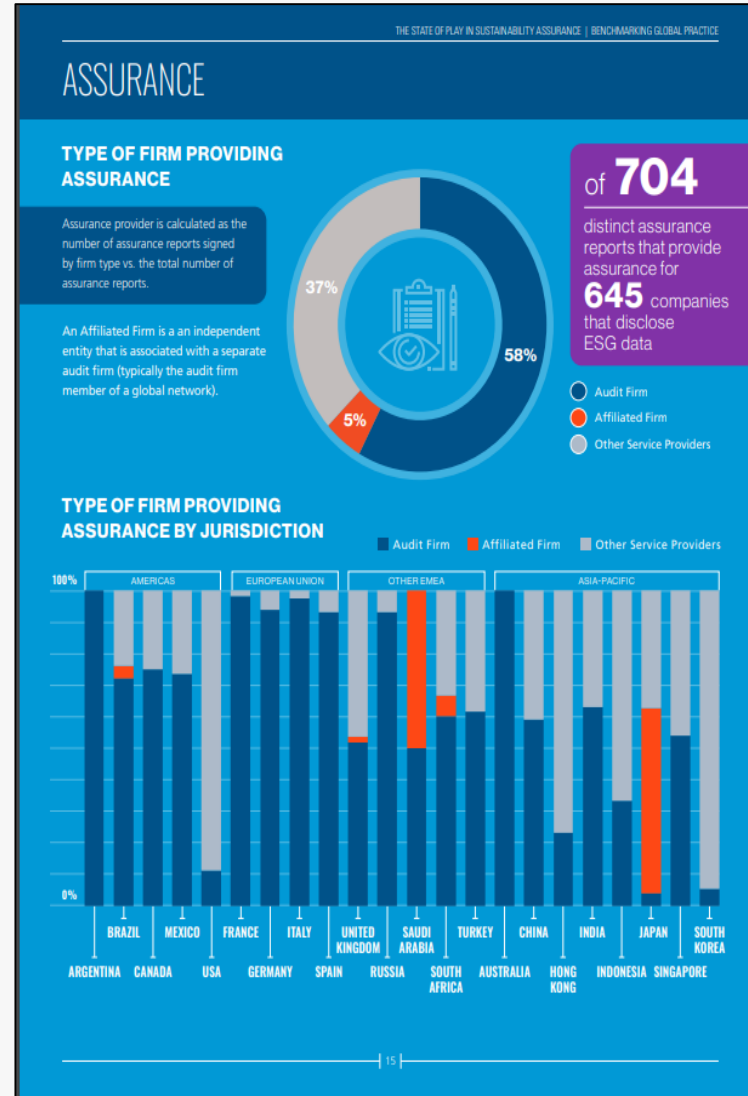
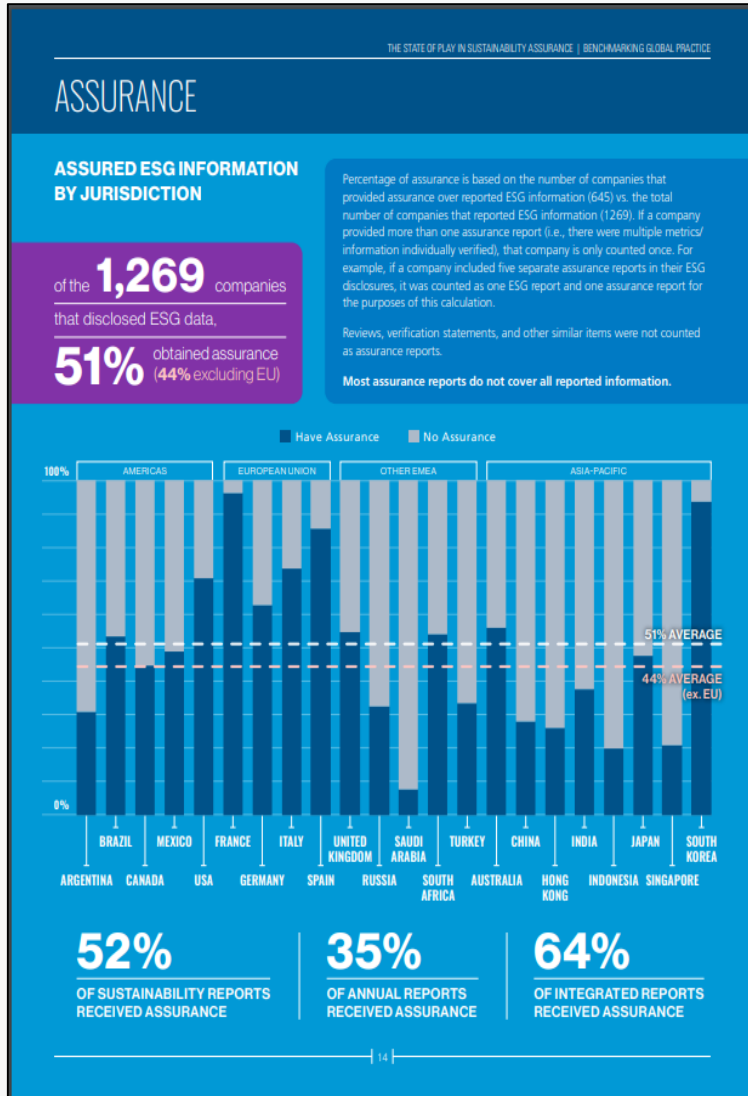


MAPPING GLOBAL REPORTING AND ASSURANCE PRACTICES



% ESG Reporting Companies
% Rate of ESG Assurance
% Assurance Provided by Audit Firms or Affiliated Firms





Susunan Anggota *TF CCR* IAI

3 Perwakilan DPN IAI

1 Perwakilan DKSAK IAI

2 Perwakilan DSAK IAI

2 Perwakilan TISAK IAI



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DPN - Ketua



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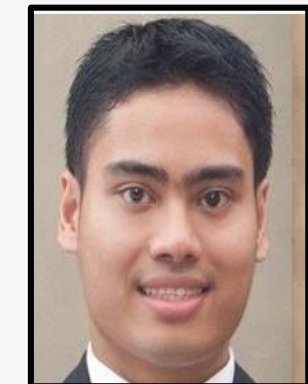
Indra Wijaya
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Elvia R. Shauki
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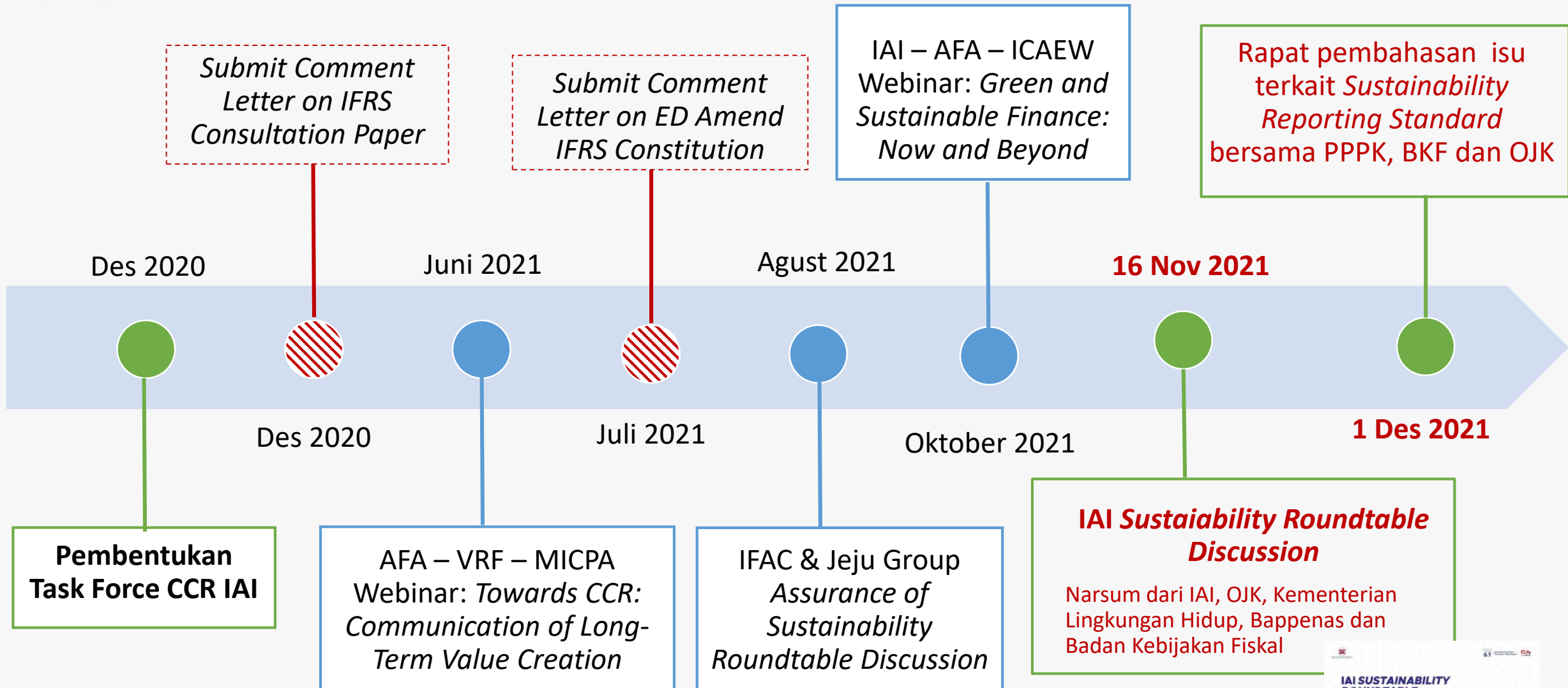
Arie Pratama
TISAK



Surya Dominic
TISAK

1. Melakukan riset, menganalisis dan mengusulkan tanggapan/rekomendasi kepada DPN IAI atas Proposal IFAC: Enhancing Corporate Reporting The Way Forward dan IFRS Foundation Consultation Paper on Sustainability Reporting yang dikeluarkan 30 September 2020 sebagai dasar pembentukan International Sustainability Standard Board (ISSB);
2. Mempersiapkan rencana dan implementasi Sustainability Reporting/Comprehensive Corporate Reporting di Indonesia;
3. Berpartisipasi aktif dalam kegiatan sosialisasi dengan pemangku kepentingan dan publik dalam rangka membangun kesadaran publik; dan
4. Bekerja sama dengan pemangku kepentingan yang dapat melakukan enforcement;
5. Melaksanakan kegiatan lainnya dalam rangka mempersiapkan rencana dan implementasi Sustainability Reporting/Comprehensive Corporate Reporting di Indonesia atas persetujuan DPN IAI.

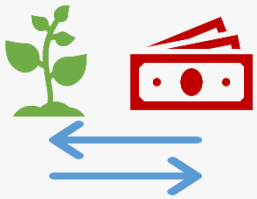
Update Kegiatan Task Force





- **Memperluas keanggotaan Task Force CCR IAI agar dapat lebih melibatkan berbagai pemangku kepentingan.**
- IAI telah mengirimkan permohonan perwakilan *ex-officio* untuk keanggotaan Task Force CCR IAI antara lain:
 1. OJK
 2. BKF
 3. PPPK
 4. Kementerian Lingkungan Hidup dan Kehutanan
 6. Kementerian BUMN
 7. KADIN
 8. IAPI
 9. IAMI

What's Next?



Mengadakan pertemuan selanjutnya yang akan berfokus pada profesi dan *preparers*.



Menerbitkan **publikasi** dari **hasil diskusi** dalam *Sustainability Roundtable Discussion*.



Memonitor perkembangan ISSB dan secara aktif memberikan tanggapan atas publikasi ISSB.

Terima Kasih



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The Institute of Indonesia Chartered Accountants

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