

In the last couple of years, communities have become increasingly concerned about sustainability. Investors want to ensure that businesses can be sustained amid the ever-changing risk landscape, including in the face of Environmental, Social, and Governance (ESG) risks. Customers also want to achieve sustainability because of concerns for their social wellbeing and the environment. Therefore, there has been increasing pressure on business to contribute to the environmental and social aspects of sustainability while creating value through good corporate governance.

ESG has become a significant factor in the decision-making of a company's stakeholders. Sustainability reporting is a very important source for stakeholders to search for reliable information that provides a holistic view of a company's sustainable strategy, builds trust among stakeholders, responds to stakeholders' concerns, and can be used as the basis for decision-making. This report is often used by stakeholders to understand the credibility of the management of a company and the genuineness of the efforts spent on sustainability issues that materially affect their business. Therefore, it is imperative to ensure your sustainability reporting communicates the issues you faced and the efforts you made on matters that are important to your stakeholders.

Why sustainability reporting matters for your business:

- It builds trust;
- It improves transparency;
- It helps you stay on top of risks and opportunities;
- It increases your company's value.

Most frequently used sources of ESG information¹:

- Annual report, sustainability report;
- Investor presentations, earnings calls;
- Third party data providers;
- Press releases;
- Analyst research reports.



79%
agree

How a company manages ESG risks and opportunities is an important factor in my investment decision making.¹

73%
agree

It is important that ESG reporting is prepared in accordance with a recognised non-financial reporting framework (e.g. GRI, SASB, TCFD).¹

70%
agree

Companies should be required to obtain assurance on all material ESG information, not on a subset that the company chooses.¹

Globally, there are some reporting frameworks and standards available for reference in the sustainability reporting and disclosures. These enable all companies and organisations to measure, understand, and communicate their sustainability strategy, initiatives, and issues, for example, GRI, SASB, CDP, TCFD, etc.

The reporting landscape is continuously evolving. Some frameworks and standards have converged and created a common set of reporting standards. In November 2021, the IFRS Foundation Trustees announced the formation of the International Sustainability Standards Board (ISSB), consolidating the Value Reporting Foundation (SASB + IIRC) and the Carbon Disclosures Standards Board (CDSB). The goal is to develop, in the public interest, a single set of high quality, understandable, enforceable, and globally accepted sustainability standards based upon clearly articulated principles

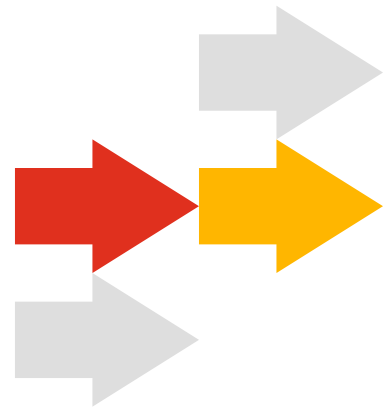
Many APAC jurisdictions have issued sustainability reporting requirements or recommendations.² Indonesia, through the OJK, has issued POJK 51/2017, which requires public companies and financial institutions to publish a sustainability report on an annual basis, at the latest in April of the following year.

In addition, in March 2022, the US Securities and Exchange Commission (SEC) proposed rules to enhance issuers' disclosures to include certain climate-related disclosures in their registration statement and periodic reports.³ Hence, being transparent about business strategies and efforts to build a sustainable future has become a major concern to investors, consumers, and regulators.

Besides the submission of sustainability reporting, assurance of ESG information is being mandated in parts of the world. Companies need assurance services to meet these compliance obligations or seek to align their processes ahead of forthcoming legislation or regulations. Moreover, having the assured ESG information gives a company a competitive advantage when securing business relationships or accessing funding.

What stakeholders value in sustainability reporting²:

- Trusted and timely information;
- Information on how a company plans and delivers on its purpose and sustainability strategy;
- Reporting that is supported by common disclosures;
- Independently assured reporting.



How can we help?

Sustainability reporting

1. ESG reporting

We can develop a meaningful and value-adding ESG report in accordance with the selected global standards and frameworks, focus on material items of your stakeholders and common issues in your industry, and conduct reasonableness testing on the data that you present year on year.

2. ESG reporting strategy

We can provide advice or develop an ESG reporting strategy that focuses on your company's priorities, effort spent, and the expected outcome for the business. We will discuss with you to understand your key activities and help you to map the reporting roadmap to create ESG reporting that is meaningful for the stakeholders and that shows the genuine intention and credibility of management to achieve sustainability.

3. ESG metrics

We can determine ESG metrics and measures to help the company develop its ESG strategy oversight and reporting. We can help you automate your monitoring of those metrics by using our tools.

4. Materiality assessment

We can conduct materiality assessments to identify the stakeholders' ESG concerns and determine the priorities for disclosures and reporting.

5. Gap analysis on reporting standards and frameworks

We can conduct a gap analysis on the company's existing ESG reporting compared to certain global frameworks and standards.

6. Gap analysis on a certain rating agency framework

We can conduct a gap analysis on the company's existing ESG implementation to help achieve a certain rating level in accordance with the selected rating agency framework.

7. ESG training

We can provide training related to ESG and sustainability reporting topics to help the company enhance its awareness and develop its capacity building.

8. ESG assurance

We can provide assurance on ESG reports.

Why PwC?

We are a community of solvers ready to partner with you to further embrace your ESG commitments—no matter where you are on your ESG journey—and help you redefine what is possible.

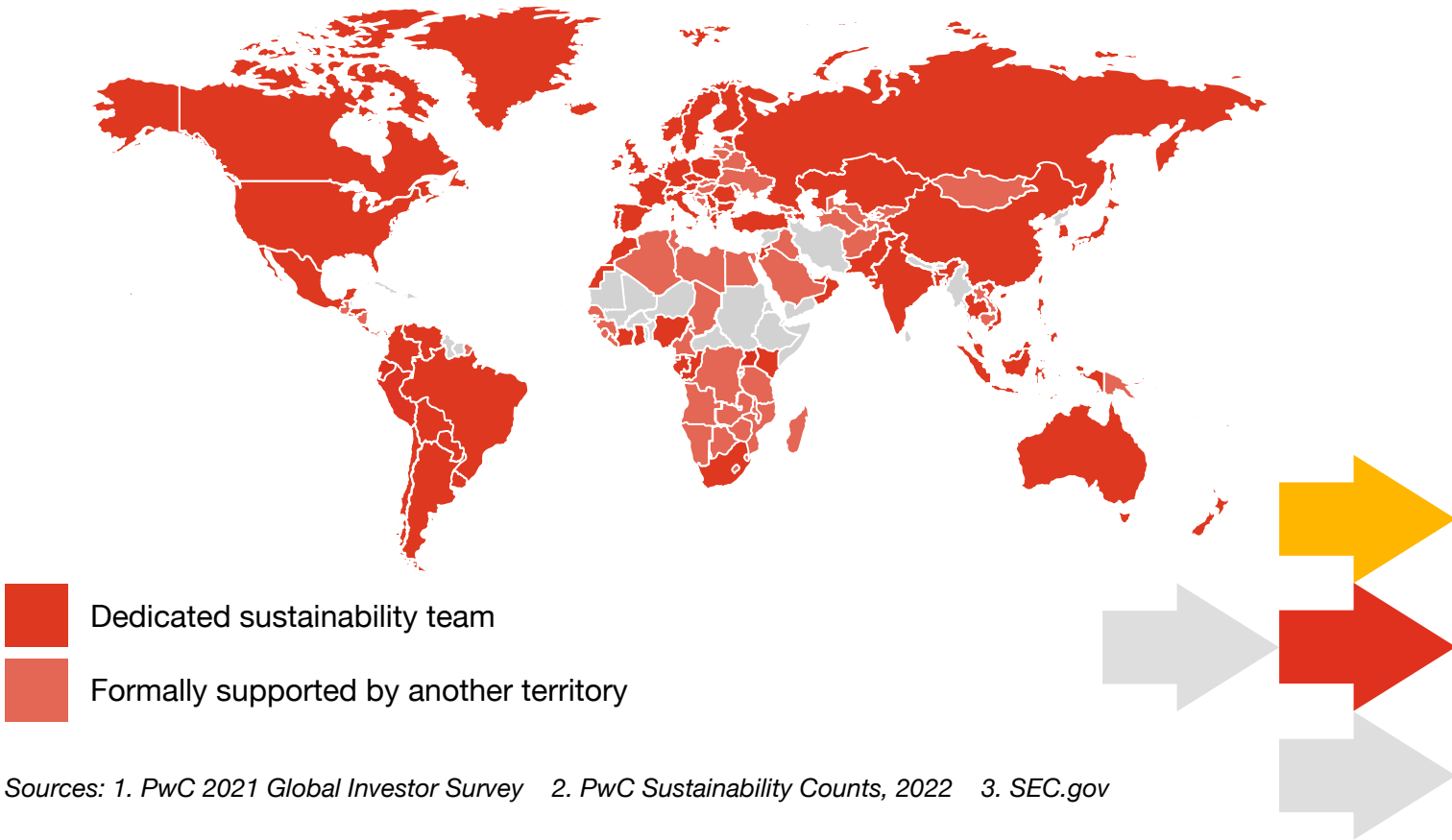
We are committed to the careful management and integration of ESG principles and investments. Our own journey has taught us that it is possible to help solve important problems in society and strengthen businesses at the same time.

We are actively working with standard setters to improve the integrity of reporting for the community at large and, with the help of technology, we are helping our clients take practical, meaningful steps on their ESG journeys.



Our network

We have over 1000 sustainability and climate change professionals in more than 60 countries in our global sustainability and climate change network, and the number is growing.



For further information, please contact us:



Yuliana Sudjonno
Partner

yuliana.sudjonno@pwc.com



Meita Laimanto
Partner

meita.laimanto@pwc.com



Felicia Soesanto
Senior Manager

felicia.soesanto@pwc.com



Hendri Wijaya
Senior Manager

hendri.wijaya@pwc.com



Cita Pratiwi
Manager

cita.pratiwi@pwc.com



Hatma Suryoharyo
Manager

hatma.suryoharyo@pwc.com

This document has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in the document without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this document, and, to the extent permitted by law, PwC Indonesia, its members, employees and agents accept no liability, and disclaim all responsibility, for the consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this document or for any decision based on it.

The documents, or information obtained from PwC, must not be made available or copied, in whole or in part, to any other persons/parties without our prior written permission which we may, at our discretion, grant, withhold or grant subject to conditions (including conditions as to legal responsibility or absence thereof).

© 2023 KAP Tanudiredja, Wibisana, Rintis & Rekan. All rights reserved.

PwC refers to the Indonesia member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.