

ANALYSIS OF SUSTAINABILITY REPORT STANDARDS AND ADJUSTMENT OF IFRS S1 & IFRS S2 STANDARDS IMPLEMENTATION

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Abstract

This paper aims to present the results of the analysis of the sustainability report standards currently used by PT Indofood CBP Sukses Makmur Tbk and to evaluate the adjustments needed to implement IFRS S1 and IFRS S2 standards. The research was conducted using a qualitative descriptive method, utilizing narrative or descriptive data obtained from literature research. PT Indofood CBP Sukses Makmur Tbk was selected as the unit of analysis for this study. The research results indicate that there are significant differences between the sustainability report of PT Indofood CBP Sukses Makmur Tbk, which uses GRI standards, and the IFRS S1 & S2 standards. The GRI standards do not directly cover disclosures of strategy, financial position, financial performance, and cash flows. In contrast, IFRS S1 and S2 require integrated reporting that links the impact of sustainability with these aspects. To fully implement IFRS S1 and IFRS S2, PT Indofood CBP Sukses Makmur Tbk needs to make adjustments by preparing integrated reporting. This reporting must connect the sustainability impact with the company's business strategy, financial position, financial performance, and cash flows.

Keywords: Sustainability Report, Sustainability Impact, IFRS S1 & IFRS S2, GRI

1. Introduction

Sustainability has become an important factor in business and investment decision-making. The issue of whether companies should consider implementing sustainability or providing information on the impact of their activities (sustainability impact) to their stakeholders is no longer just a matter for discussion. Instead, these issues and similar ones have become an integral part of the value framework for shareholders and management of both global and local companies. The challenge has shifted from "whether" to "how" to integrate the social, environmental, and economic impacts of the company—corporate sustainability—into everyday management decisions (Epstein and Buhovac, 2014).

Information related to sustainability impact is non-financial information. Measuring non-financial information poses a challenge for companies because it raises questions about which aspects of sustainability will be measured and how to measure these aspects. It becomes even more complex when it comes to disclosing the impact of these non-financial factors in financial terms (Indyk, 2022). Accounting disclosure is one way for stakeholders to identify the contributions or impacts a company has on the environment. Therefore, if a company has an accounting mechanism that reflects sustainability impact in its financial statements, it represents a significant step in demonstrating that the company contributes to sustainable development (Gaviria, et al, 2023). The need for information to make decisions based on sustainability factors creates a demand for companies to provide high-quality and globally comparable information related to sustainability impact.

At the 2021 United Nations (UN) Framework Conference on Climate Change, the International Federation of Accountants (IFAC) announced the establishment of the International Sustainability Standards Board (ISSB). The ISSB's primary task is to develop high-quality disclosure standards for corporate sustainability that can be accepted globally, taking into account the needs of capital markets and the demands of G20 leaders and the International Organization of Securities Commissions (IOSCO). Consequently, the new guidelines set by the ISSB will have a significant impact on the development of business activities within companies and the preparation and presentation of financial statements for decision-making by information users (Gaviria, et al, 2023).

On June 26, 2023, The International Sustainability Standards Board (ISSB) issued two sustainability standards: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. IFRS S1 is a global standard covering companies' obligations to disclose information on corporate governance, strategy, risk management, metrics, and targets related to sustainability. Meanwhile, IFRS S2 is a specific disclosure related to climate and is designed to be used alongside IFRS S1. IFRS S1 is effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted if IFRS S2 is also applied (IFRS Foundation, 2023).

Sustainability reporting in Indonesia is still voluntary under the law, resulting in fewer companies producing and publishing such reports compared to more developed countries (Anna & R. T., 2019; Setyawan et al., 2022 as cited in Arifianti & Widianingsih, 2022). According to Indonesia's Voluntary National Review (VNR) 2021 annexed by the Indonesia Stock Exchange (IDX), only 100 companies published sustainability reports in 2019 (Badan Pemeriksa Keuangan RI, 2021). Similarly, in Indonesia's Voluntary National Review (VNR) 2021, as of October 2020, the number remained unchanged with only 100 companies having published sustainability reports (2021). Standards for preparing sustainability reports or disclosing sustainability impacts have also not yet been established in Indonesia. According to data compiled by PwC Indonesia (2023), frameworks and guidelines based on the United Nations Sustainable Development Goals (SDGs) and the Global Reporting Initiative (GRI) are the most commonly used standards for preparing sustainability reports by companies in Indonesia.

Previous research on the preparation of sustainability reports or disclosure of sustainability impacts includes Gaviria et al. (2023), whose findings indicate that, through survey instruments and analysis of IFRS S1 and S2, industries located in the Aburrá Valley are aware of their environmental responsibilities, yet they lack accounting controls over the costs or benefits derived from their operational practices. This research focused on standards used for disclosing sustainability impacts but was conducted outside Indonesia. As mentioned earlier, companies in Indonesia preparing sustainability reports or disclosing sustainability impacts adopt various existing standard guidelines, but few utilize guidelines based on IFRS S1 and IFRS S2 as these standards are relatively new. Considering the development of reporting standards in Indonesia, such as Pernyataan Standar Akuntansi Keuangan (PSAK) adopting IFRS, there is a strong likelihood that sustainability reporting and disclosure of sustainability impacts will also refer to IFRS S1 and IFRS S2.

This paper aims to present research results on the analysis of sustainability report standards currently used by the analyzed unit, PT Indofood CBP Sukses Makmur Tbk, and to adjust the implementation of IFRS S1 and IFRS S2 standards. A distinguishing feature of this research from previous studies is its analysis of the sustainability report

standards used by PT Indofood CBP Sukses Makmur Tbk and its adjustment of implementing IFRS S1 and IFRS S2 from the standards used. Previous research related to the preparation of sustainability reports or disclosure of sustainability impacts based on IFRS S1 and IFRS S2 has primarily been conducted outside Indonesia. Studies within Indonesia regarding the preparation of sustainability reports or disclosure of sustainability impacts have focused more on the development and relevance of the sustainability report itself rather than the standards used for its preparation.

2. Theoretical Background

2.1 Stakeholder Theory

Stakeholder theory will be used as the main theoretical perspective in this research. Stakeholders can be broadly defined as any group or individual who can affect or is affected by the achievement of the company's objectives (Freeman, 1984 as cited in Deegan, 2016). From this perspective, organizations are seen as part of a larger social system. Stakeholder theory emphasizes organizational accountability far beyond simple financial or economic performance. It suggests that organizations will voluntarily choose to disclose information about their environmental, social, and intellectual performance, above and beyond mandatory requirements, to meet the actual or perceived expectations of their stakeholders (Deegan, 2016).

Stakeholder theory is relevant to this research because it allows the author to gain a deeper understanding of the impact of the company's activities on various stakeholder groups, such as shareholders, employees, customers, and local communities. Information from disclosures that adhere to standards is more reliable, as it follows a set standard and can be used by these stakeholder groups to better understand the company's social responsibilities and how the company manages the impact of its operational activities on the environment and society.

2.2 Sustainability Reporting

Sustainability reporting is defined as a report published accountably to stakeholders by a company, encompassing the economic, environmental, social, and governance performance of its daily operations. It can be said that in response to the phenomenon of global warming, companies strive to disclose their sustainability activities to stakeholders. Thus, sustainability reporting disclosure is believed to provide a signal in the form of additional information to investors for evaluating the company (Kaspereit & Lopatta, 2016; Landrum & Ohsowski, 2018; Uyar, 2017 as cited in Farhana & Adelina, 2019).

Sustainability reporting is important for companies to manage their impact on sustainable development. Companies are not only responsible for addressing sustainability challenges but must also demonstrate their ability to bring about positive changes in economic, environmental, and social conditions. Sustainability reporting integrates economic, environmental, and social approaches, with all three aspects being interconnected (Jannah et al, 2021).

2.3 Sustainability Reporting Standards

According to Epstein and Buhovac (2014), the following standards can be utilized for sustainability reporting:

a. Global Reporting Initiative (GRI)

First released in 2000, the GRI Sustainability Reporting Framework provides guidelines for disclosing sustainability performance and offers a framework for

stakeholders to understand the disclosed information. The GRI Sustainability Reporting Guidelines represent the first global framework for comprehensive sustainability reporting. Launched in 2011, G3.1 complemented the contents of the G3 guidelines released in 2006, featuring expanded guidance on local community impacts, human rights, and gender. In May 2013, GRI introduced the latest version of its reporting standards, the G4 guidelines. The key aspect of the G4 guidelines is the emphasis on material aspects, encouraging organizations to provide only information that is significant to their business and stakeholders. This focus allows both the organization and report users to concentrate on important sustainability impacts, resulting in reports that are more strategic, focused, credible, and easier for stakeholders to navigate.

b. Impact Reporting and Investment Standar (IRIS) dan Global Impact Investing Rating System (GIIRS)

Impact investors, who intentionally invest for social and environmental purposes and whose numbers are growing, cannot fully evaluate the impact of investments using GRI alone. National Community Investment Fund (NCIF) and IRIS initiative managed by the Global Impact Investing Network (GIIN), a US-based nonprofit organization, have aligned their respective metrics to enhance the use of standardized social metrics by investors. The Impact Reporting and Investment Standards (IRIS) provide a common reporting language for terms and metrics related to sustainability impact. By defining these terms, impact reporting remains consistent (e.g., specifying how to calculate one metric ton of carbon) and serves as a repository for datasets compatible with IRIS for cross-company benchmarking. Funders and investors can use these standards to track and report social and environmental performance credibly, and companies raising capital can attract investors by measuring and reporting financial and non-financial performance using IRIS performance measures. Impact investors increasingly require independent third parties to provide impact ratings to make investment decisions. IRIS does not provide overall impact ratings for companies or funds or comparisons among alternative investment opportunities. Global Impact Investing Rating System (GIIRS), on the other hand, offers a comprehensive and transparent system for assessing the social and environmental impact of companies and funds through a ratings and analytics approach. GIIRS uses IRIS definitions when a metric in the IRIS taxonomy matches a metric assessed in the GIIRS rating. GIIRS offers companies seeking investment capital impact ratings that include: (1) an overall rating; (2) ratings across approximately 15 subcategories; (3) key performance indicators (KPIs) relevant to the company's industry, geography, size, and social mission; and (4) benchmark data highlighting the company's performance compared to similar companies.

c. Sustainability Accounting Standards Board (SASB) dan International Integrated Reporting Council (IIRC)

Although GRI is global and provides hundreds of broadly applicable indicators that reporting entities can choose from in preparing sustainability reporting, these sustainability accounting standards are U.S.-focused and industry-specific, designed for use in integrated disclosures in Form 10-K and 20-F filings. These standards are being developed by the Sustainability Accounting Standards Board (SASB), a U.S.-based nonprofit organization, and will enable performance comparisons and benchmarks within an industry. SASB is currently developing standards for 88 industries across ten sectors. The primary goal of integrated reporting is to

demonstrate the connections between an organization's strategy, governance, and financial performance, as well as the social, environmental, and economic context in which the organization operates. The International Integrated Reporting Council (IIRC), a global coalition comprising regulators, investors, companies, standard setters, accounting professions, and NGOs, leads the creation of the globally accepted International Integrated Reporting Framework (<IR>) that produces material information about an organization's or company's strategy, governance, performance, and prospects in a clear, concise, and comparable format.

On June 26, 2023, The International Sustainability Standards Board (ISSB) issued two sustainability standards: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. IFRS S1 is effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted if IFRS S2 is also applied (IFRS Foundation, 2023).

2.4 IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1)

a. Objective

According to IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) (IFRS Foundation, 2023), the purpose of IFRS S1 is to mandate an entity to disclose information about sustainability-related risks and opportunities that are beneficial to the primary users of general financial statements in making decisions related to providing resources to the entity.

b. Scope

According to IFRS S1 (IFRS Foundation, 2023), entities must apply this Statement in the preparation and reporting of sustainability-related financial disclosures in accordance with the IFRS Sustainability Disclosure Standards. Sustainability-related risks and opportunities that cannot be reasonably estimated to affect an entity's prospects are outside the scope of this Statement.

c. Conceptual Foundation

According to IFRS S1 (IFRS Foundation, 2023), the conceptual foundation of IFRS S1 is as follows:

1) Fair presentation

A complete set of sustainability-related financial disclosures shall present fairly all sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects.

2) Materiality

An entity shall disclose material information about the sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects.

3) Reporting entity

An entity's sustainability-related financial disclosures shall be for the same reporting entity as the related financial statements

4) Connected information

An entity shall provide information in a manner that enables users of general purpose financial reports to understand the following types of connections.

d. Core Content

From IFRS S1 (IFRS Foundation, 2023) unless another IFRS Sustainability Disclosure Standard permits or requires otherwise in specified circumstances, an entity shall provide disclosures about:

- 1) governance - the governance processes, controls and procedures the entity uses to monitor and manage sustainability-related risks and opportunities;
- 2) strategy - the approach the entity uses to manage sustainability related risks and opportunities;
- 3) risk management - the processes the entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities; and
- 4) metrics and target - the entity's performance in relation to sustainability-related risks and opportunities, including progress towards any targets the entity has set or is required to meet by law or regulation.

2.5 IFRS S2 Climate-related Disclosures

a. Objective

According to IFRS S2 Climate-related Disclosures (IFRS S2) (IFRS Foundation, 2023) the objective of IFRS S2 Climate-related Disclosures is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

b. Scope

This standard applies to:

- 1) Climate-related risks to which the entity is exposed, which are:
 - climate-related physical risks; and
 - climate-related transition risks; and
- 2) climate-related opportunities available to the entity.

Core Content

- 1) Governance - the objective of climate-related financial disclosures on governance is to enable users of general purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities.;
- 2) strategy - the objective of climate-related financial disclosures on strategy is to enable users of general purpose financial reports to understand an entity's strategy for managing climate-related risks and opportunities.;
- 3) risk management - the objective of climate-related financial disclosures on risk management is to enable users of general purpose financial reports to understand an entity's processes to identify, assess, prioritise and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process; and
- 4) metrics and target - the objective of climate-related financial disclosures on metrics and targets is to enable users of general purpose financial reports to understand an entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation. s

2.6 Previous Studies

Previous research related to the preparation of sustainability reports or disclosure of sustainability impact in Indonesia includes a study by Farhana and Adelina (2019), which found that through the empowerment of multiple regression models, this research shows results that can provide empirical evidence that sustainability reporting influences firm value, indicating that sustainability reporting has information that is value-relevant to investors in making investment decisions. Sustainability reports produced by companies are considered capable of being material or aspects of consideration related to investment and help demonstrate the long-term prospects of a company.

Heinzle's study (2023) aims to explore how banks can prepare for and implement IFRS S1 issued by the International Sustainability Standards Board (ISSB). It also examines the extent to which banks in Liechtenstein and Switzerland have adopted existing regulatory requirements regarding sustainability transparency and integrated them into their financial reporting. The research analyzes the impact of regulatory requirements on banks, including challenges in implementing IFRS S1, as well as the potential benefits and opportunities for banks to comply with sustainability transparency requirements. The study's findings aim to develop a better understanding of how sustainability transparency regulatory requirements can be effectively used by banks to enhance the quality and comparability of sustainability-related financial information based on IFRS S1. Both studies focus on standards used for sustainability impact disclosure, although conducted outside Indonesia.

3. Methods

This study employs a qualitative descriptive method utilizing narrative or descriptive data obtained from literature research. The unit of analysis in this study is PT Indofood CBP Sukses Makmur Tbk. PT Indofood CBP Sukses Makmur Tbk has published a sustainability report since 2021 using one of the existing sustainability reporting standards. The qualitative descriptive research method was chosen to provide detailed insight and analyze the sustainability reporting standards used by PT Indofood CBP Sukses Makmur Tbk, and to adjust the implementation of IFRS S1 and IFRS S2. The data sources used in this research are secondary sources obtained from PT Indofood CBP Sukses Makmur Tbk's sustainability reporting accessible through the company's official website. Data collection techniques include documentary study, literature review, internet searching, and case study. This research is supported by an actual case study at PT Indofood CBP Sukses Makmur Tbk to achieve deeper insights, as a case study method involves in-depth and contextual analysis of a situation (Sekaran and Bougie, 2013).

The data organization and analysis technique used in this research involves the method of editing and coding, which includes analyzing the documentation and sustainability impact disclosures made by PT Indofood CBP Sukses Makmur Tbk based on the company's chosen standards. It compares the differences between the sustainability impact disclosures under IFRS S1 and IFRS S2 standards with those made by PT Indofood CBP Sukses Makmur Tbk, and adjusts the implementation based on these differences. This study employs accuracy verification testing using two methods: cross-checking and confirmation from other sources to ensure the accuracy and credibility of the research as techniques for enhancing research credibility.

4. Results and Discussion

PT Indofood CBP Sukses Makmur Tbk issued its first sustainability report for the year 2021, published in April 2022. Subsequently, this sustainability report is published annually, utilizing the Global Reporting Initiative (GRI) Sustainability Reporting Standards as a reference framework. The report has been prepared in accordance with the GRI Standards and the latest version of the GRI Universal Standards 2021. GRI Standards comprise a modular system of interconnected standards, enabling organizations to publicly disclose the structured and transparent impacts of their activities to stakeholders and other interested parties (GRI, 2021).

The GRI Standards consist of GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards. Based on the data extracted and processed from the sustainability report of PT Indofood CBP Sukses Makmur Tbk in 2023, the company has implemented the GRI Universal Standards, including the 2021 General Disclosures and 2021 Material Topics. The General Disclosures 2021 cover disclosures related to details about the company's organizational structure and reporting practices; activities and employees; governance; strategy; policies; practices; and stakeholder engagement. This provides insights into the company's organizational profile and scale, and helps provide context for understanding its impacts (GRI, 2021).

Material Topics 2021 explain the steps organizations use to determine the most relevant topics impacting the company. The report also includes disclosures to list its material topics; the process by which the organization determines its material topics; and how the company manages each topic (GRI, 2021). The list of GRI Universal Standards disclosed in the sustainability report of PT Indofood CBP Sukses Makmur Tbk in 2023 can be seen in Table 1. PT Indofood CBP Sukses Makmur Tbk also applies GRI Topic Standards to disclose specific material information. The list of GRI Topic Standards disclosed in the sustainability report of PT Indofood CBP Sukses Makmur Tbk in 2023 can also be found in Table 1.

Table 1. List of GRI Universal Standards dan GRI Topic Standards Disclosures in PT Indofood CBP Sukses Makmur Tbk 2023 Sustainability Report

SUSTAINABILITY REPORT DISCLOSURES	GRI STANDARDS	
GENERAL DISCLOSURES (GRI UNIVERSAL STANDARDS)		
The Organization and Its Reporting Practices	GRI 2	General Disclosures 2021
Activities and Workers	GRI 2	General Disclosures 2021
Governance and Ethics	GRI 2	General Disclosures 2021
Strategies, Policies, and Practices	GRI 2	General Disclosures 2021
Stakeholder Engagement	GRI 2	General Disclosures 2021
Material Topic	GRI 3	Material Topics 2021
TOPIC SPECIFIC DISCLOSURES (GRI TOPIC STANDARDS)		
Socio-Economic Inclusion and Indirect Economic Impacts	GRI 203	Indirect Economic Impacts 2016
Climate Change and GHG Emissions	GRI 305	Emissions 2016
Energy Management	GRI 302	Energy 2016
Water Management	GRI 303	Water and Effluents 2018

Biodiversity	GRI 304	Biodiversity 2016
Packaging and Waste Management	GRI 306	Waste 2020
Sustainable and Responsible Sourcing	GRI 414	Supplier Social Assessment 2016
Labor Practices and People Development	GRI 401	Employment 2016
	GRI 404	Training and Education 2016
	GRI 405	Diversity and Equal Opportunity 2016
	GRI 406	Non-discrimination 2016
	GRI 407	Freedom of Association and Collective Bargaining 2016
	GRI 408	Child Labor 2016
	GRI 409	Forced or Compulsory Labor 2016
Employee Health & Safety and Well-bein	GRI 403	Occupational Health and Safety 2018
Community Development	GRI 413	Local Communities 2016
Product Safety, Quality, and Halal & Nutritional Value	GRI 416	Customer Health and Safety 2016
Responsible Marketing and Communication	GRI 417	Marketing and Labeling 2016

Source: Processed data (2024)

Unlike the more specific GRI Standards that provide standard topics for various issues such as human rights, labor, environment, and anti-corruption, the IFRS standards regulate sustainability reporting in a general manner and do not provide topic-specific standards. Only climate issues are separately regulated in IFRS S2, which focuses on disclosing climate-related risks and opportunities. IFRS S1 and IFRS S2 focus on sustainability reporting and the financial impacts related to environmental, social, and governance (ESG) factors. IFRS S1 is designed to provide general guidance on how companies should report sustainability-related information that could impact their financial position, while IFRS S2 is more specific on climate-related risk and opportunity disclosures. By organizing and analyzing data to see what disclosures have been applied by PT Indofood CBP Sukses Makmur Tbk if aligned with IFRS S1 and IFRS S2 standards, comparisons between sustainability impact disclosures using IFRS S1 and IFRS S2 standards and those made by PT Indofood CBP Sukses Makmur Tbk using GRI standards can be seen in Table 2.

Table 2. Comparison of Sustainability Report Disclosures: IFRS S1 and IFRS S2 vs PT Indofood CBP Sukses Makmur Tbk 2023 GRI Standards

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information		Sustainability Report Disclosures	GRI Standards
IFRS S1	Governance: the governance body(s)	The Organization and Its Reporting Practices: Organizational details	GRI 2: General Disclosures 2021
IFRS S1	Strategy: business model and value chain	Activities and Workers: Activities, value chain, and other business relationships	GRI 2: General Disclosures 2021
IFRS S1	Governance: management's role	Governance and Ethics: Governance structure and composition	GRI 2: General Disclosures 2021
IFRS S1	Strategy: sustainability-related risks and opportunities	Strategies, Policies, and Practices: Processes to remediate negative impacts & Mechanisms for seeking advice and raising concerns	GRI 2: General Disclosures 2021
IFRS S1	Strategy: strategy and decision-making	Sustainability Framework Strategy	GRI 2: General Disclosures 2021
IFRS S1	Strategy: strategy and decision-making	Material Topic: Management of material topics	GRI 3: Material Topics 2021
IFRS S1	Strategy: resilience	Management of material topics: Resilience and Innovation	GRI 3: Material Topics 2021
IFRS S1	Strategy: financial position, financial performance and cash flows		
IFRS S1	Risk Management: entity's processes to identify, assess, prioritize and monitor sustainability-related risks and opportunities	Risk Management System	GRI 2: General Disclosures 2021
IFRS S1	Risk Management: entity's overall risk profile and its overall risk management process.	Integrating Risk Management into Sustainability	GRI 2: General Disclosures 2021
IFRS S1	Metrics & Target: entity's performance in relation to its sustainability-related risks and	2023 Performance Progress	GRI 3: Material Topics 2021

	opportunities; progress towards any targets the entity has set, & any targets it is required to meet by law or regulation		
IFRS S2 - Climate-related Disclosures			
IFRS S2	Governance: the governance body(s)	The Organization and Its Reporting Practices: Organizational details	GRI 2: General Disclosures 2021
IFRS S2	Governance: management's role	Activities and Workers: Activities, value chain, and other business relationships	GRI 2: General Disclosures 2021
IFRS S2	Strategy: Climate-related risks and opportunities	Governance and Ethics: Governance structure and composition	GRI 2: General Disclosures 2021
IFRS S2	Strategy: Business model and value chain	Strategies, Policies, and Practices: Processes to remediate negative impacts & Mechanisms for seeking advice and raising concerns	GRI 2: General Disclosures 2021
IFRS S2	Strategy: Strategy and decision-making	Sustainability Framework Strategy	GRI 2: General Disclosures 2021
IFRS S2	Strategy: Strategy and decision-making	Material Topic: Management of material topics	GRI 3: Material Topics 2021
IFRS S2	Strategy: Financial position, financial performance and cash flows		
IFRS S2	Strategy: Climate resilience	Climate Change and GHG Emissions: Climate Adaptation and Mitigation	GRI 305: Emissions 2016
IFRS S2	Risk Management: entity's processes to identify, assess, prioritize and monitor climate-related risks and opportunities	Climate Change and GHG Emissions: Decarbonizing across Product Life Cycle with the GHG Management Hierarchy	GRI 305: Emissions 2016
IFRS S2	Risk Management: entity's overall risk management process	Climate Change and GHG Emissions: GHG Emissions	GRI 305: Emissions 2016

IFRS S2	Metrics & Target: information relevant to the cross-industry metric categories; industry-based metrics that are associated with particular business models; targets set by the entity, & any targets it is required to meet by law or regulation	Climate Change and GHG Emissions: 2023 Performance Progress	GRI 305: Emissions 2016
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Source: Processed data (2024)

Based on the analysis conducted, it is evident that for IFRS S1, several general disclosure components such as governance, strategy, risk management, as well as metrics and targets have been implemented and disclosed by PT Indofood CBP Sukses Makmur Tbk in their sustainability report, aligning with the GRI standards used. Similarly, for IFRS S2, which focuses on disclosing climate-related risks and opportunities, the GRI standards include specific topics governing climate-related disclosures and GHG emissions under GRI 305: Emissions 2016, indicating that most of the disclosure components in IFRS S2 have been undertaken by PT Indofood CBP Sukses Makmur Tbk. The main difference between GRI standards and IFRS S1 & S2 lies in the disclosure of strategic aspects, financial position, financial performance, and cash flow. In the sustainability report of PT Indofood CBP Sukses Makmur Tbk, financial performance disclosure only includes general information such as net sales, operating profit, total assets, liabilities, and equity. Furthermore, disclosures in the sustainability report of PT Indofood CBP Sukses Makmur Tbk regarding sustainability performance have not directly linked their impacts to financial position, financial performance, and cash flow.

To fully implement IFRS S1 and IFRS S2, PT Indofood CBP Sukses Makmur Tbk needs to make adjustments by preparing integrated reporting that links sustainability impacts with strategic aspects, financial position, financial performance, and cash flow. This includes providing more detailed information on how the company's sustainability initiatives affect business strategy, financial performance, and liquidity, and how these impacts are integrated into the overall financial and operational reporting of the company. Steps that PT Indofood CBP Sukses Makmur Tbk can take to adjust the implementation of IFRS 1 and IFRS according to PwC Indonesia (2023) include the following:

- a. Entity and reporting period alignment
 - Ensuring consistency of reported entities and reporting periods between the Sustainability Report and Financial Statements.
- b. Comprehensive materiality analysis
 - 1) Conducting materiality analysis to redefine sustainability topics with significant impacts on the company's financial position (information needed by investors, lenders, and other creditors) and broader stakeholders.
 - 2) Integrating risk and opportunity perspectives into materiality analysis (short-term, medium-term, and long-term risks).
 - 3) For the first year, the company can initially focus on climate-related risks and opportunities, expanding to broader sustainability risks and opportunities in subsequent years.
- c. Integration of governance, strategy, and risk management with financial position
 - 1) Explaining governance, strategy, and risk management emphasizing the sustainability impact on the company's financial position, as well as the company's operational impact on the environment, social aspects, and governance.

- 2) Describing the readiness, competencies, and evaluation of the governance body's capabilities to address sustainability risks and opportunities.
- 3) Explaining how the company anticipates and monitors risks and evaluates the governance body's performance in addressing existing sustainability risks and seizing opportunities.

5. Conclusion

The main differences between the sustainability report of PT Indofood CBP Sukses Makmur Tbk using GRI standards and IFRS S1 & S2 are that GRI standards do not disclose aspects of strategy, financial position, financial performance, and cash flow. GRI focuses more on reporting the economic, environmental, and social impacts of company activities through specific topics such as human rights, labor practices, environment, and anti-corruption. On the other hand, IFRS S1 and S2 focus on how sustainability information can affect the company's financial position, with IFRS S1 providing general guidance and IFRS S2 targeting disclosure of climate-related risks and opportunities. Thus, IFRS covers strategic aspects and financial impacts, while GRI emphasizes operational impacts and corporate social responsibilities.

To fully implement IFRS S1 and IFRS S2, PT Indofood CBP Sukses Makmur Tbk needs to undertake integrated reporting that connects sustainability impacts with strategic aspects, financial position, financial performance, and cash flow. Through integrated reporting, the company can present more comprehensive information on how sustainability issues affect their financial performance, including climate-related risks and opportunities as governed by IFRS S2. This enables stakeholders to better understand how sustainability factors influence the company's strategy and financial outcomes, thereby supporting more informed and sustainable decision-making

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