

Study launch: 2020 sustainability reports of public companies in Indonesia

On 30 November 2021, Moores-Rowland Indonesia and the Foundation for International Human Rights Reporting Standards (FIHRRST) launched the Study of 2020 Sustainability Reports of Public Companies in Indonesia.

Moores-Rowland Indonesia (MRI) collaborated with the Foundation for International Human Rights Reporting Standards (FIHRRST) to complete the Study. MRI is a provider of assurance of sustainability report, while FIHRRST is a foundation based in Indonesia that focuses on business and human rights and sustainability. They launched the report in cooperation with the United Nations Development Programme (UNDP) and was attended by some of the largest companies in Indonesia.

The Study assessed the compliance of public companies' sustainability reports with the criteria set out in Indonesia's Financial Services Authority (OJK) regulation no.51/2017 on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies. The regulation is a major step towards the widespread implementation of sustainability reporting in Indonesia. It requires all public companies in Indonesia to prepare and publish sustainability reports and submit the respective reports to the OJK.

The Study also ranked the sustainability reports. The sustainability reports were ranked based on compliance with criteria from OJK Regulation No. 51/2017 and selected criteria from GRI standards.

Key takeaways from the study

The Study found that only 16% of public companies in Indonesia published sustainability reports in 2020. Of the 121 sustainability reports published in 2020, only 28% demonstrated high compliance with the criteria for sustainability reports contained in OJK Regulation 51/2017. Adherence to the law is considered high when

16%

of Public Companies have published 2020 Sustainability Reports

28%

of sustainability reports in 2020 demonstrate significant efforts by companies to fully comply with the criteria for sustainability reports as outlined in OJK regulation 51/2017

17%

of sustainability reports have received assurance from independent parties

68%

of sustainability reports provide information about the company's contribution to the SDGs

a sustainability report fulfils more than 80% of the criteria in OJK Regulation 51/2017. Furthermore, only 21% of sustainability reports disclosed information on the company's sustainability policy, and an even smaller percentage of sustainability reports (2%) disclosed information on the company's human rights policy.

A positive finding from the Study is that 83% of sustainability reports were prepared according to the Global Reporting Initiative Standards (GRI), a widely recognized set of standards for sustainability reporting. Additionally, 68% of sustainability reports published in 2020 disclosed information about the company's contributions towards achieving the Sustainable Development Goals.

The importance of assurance of sustainability reports

Out of the 121 sustainability reports published by public companies in Indonesia, only 21 (17%) are assured by independent bodies. This finding is notable considering a similar study examining the sustainability reports of 250 Fortune Global 500 companies in 2020 found that 71% of the reports have been assured by independent bodies. Assurance of sustainability reports is key to ensuring the accuracy and quality of sustainability reports. Assurance can help detect and correct errors in sustainability reports and support companies on other important aspects, such as signalling to their stakeholders the importance the organization places on sustainability reporting and driving better decision-making based on higher quality sustainability information. This process can help reinforce trust with investors and consumers by increasing the accuracy and reliability of the reported data.

While Indonesia's regulations do not mandate assurance, the process can greatly improve the credibility and quality of sustainability reports. Moores-Rowland Indonesia is proud to be part of efforts to advance the quality of sustainability reporting in Indonesia. For the past few years, the organization has assured the sustainability reports of prominent public companies in Indonesia.

21%

of sustainability reports disclose information on the company's sustainability policy

2%

of sustainability reports reveal the company's human rights policy

7%

of sustainability reports disclose greenhouse gas (GHG) emission scope 1, 2 and 3

83%

of sustainability reports are prepared according to GRI Standards