

Sustainability Reporting: Next Steps





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Sustainability Reporting: Next Steps

Topics for sustainability has been widely discussed in the last few years—in society, as well as public and private entities — which create a new challenge, but also exciting one for professional accountant. As sustainability also calls for enhanced corporate reports, with investors and sustainability-minded stakeholders to assess a company's future performance, a clear and comprehensive picture of corporate ability to create sustainable value over time—not just a snapshot of its finance, has been a growing requirement. The corporate reporting system needs to evolve and expand to deliver the right information—to shareholders and stakeholders, which include regulators and the public.

The contribution of professional accountants to advancing sustainability will undoubtedly shape the way corporates report and respond to the risks and opportunities presented by the ever-changing world. The adoption and implementation of standards for sustainability-related reporting and disclosure calls for significant influence professional accountants. As financial stewards and advisors, their expertise is pivotal in ensuring that businesses worldwide achieve their financial and sustainability objectives and enable the financial markets to allocate capital to

businesses that are driving the global transition to a sustainable economy.

Professional accountants are best positioned to deliver sustainability-related services both as a preparer and assurance. Many of the skills and competencies required to effectively use sustainability standards and frameworks are already in today's professional accountant's toolkit. However, with the pace of change for sustainability reporting is extremely fast, collaboration within the profession is needed. Without it, we risk losing the opportunity to lead in this increasingly important area.

Rationalization and alignment need to occur for sustainability information to achieve its full potential. We are on a journey toward a unified, coherent, global and authoritative standard-setting process, with outcomes applied everywhere. AFA fully reinforces for IFAC calls on the accountancy profession to lead and support this transformation—both in responding to change and anchoring it in essential skillsets.

AFA Connect 14 will build on the contemporary theme that has been of the interest among PAOs and stakeholders around the world, talking



about **“Sustainability Reporting: Next Steps”**. The AFA Connect 14 shall serve as a platform for leaders, prominent accountants and practitioners in the region, and AFA member organisations to share their thoughts and perspectives on efforts, activities, or even campaign to the public about the future of accounting profession, in particular with Sustainability issues.

To achieve enhanced acceptance and better implementation of sustainability reporting, accounting profession should remain adaptive with the required skills and competencies. Digitalization and technology can be substantial resources, together with strong support from regulators, adequate materials and training contents, and proper certification to ensure availability of competent talents for successful implementation of sustainability reporting. Accountant could offer its fundamental values: Transparency and Accountability through preserving ethical profession, in the sustainability era.

I invite you to read the interesting details shared by AFA Members. If you have any comments, please feel free to email me at afasecretariat@iaiglobal.or.id or afa@afa-accountants.org

Finally, on behalf of AFA I wish you Merry Christmas 2024 and Happy New Year 2025. May our journey for next year will show steady incremental that benefits everyone.



Sustainability Disclosure in Indonesia: Insights from IAI's Initiatives



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IAI Team

The ASEAN region holds a critical position in the global sustainability agenda. With its vast tropical forests acting as significant carbon sinks, expansive palm oil plantations, and diverse economies, ASEAN countries are uniquely positioned to address both the challenges and opportunities of sustainability. Yet, balancing economic growth and environmental stewardship requires coordinated efforts, especially in sustainability reporting. Indonesia, as one of ASEAN's largest economies, has a unique and complex journey in adopting sustainability disclosure standards.

The Landscape of Sustainability Reporting in Indonesia

In Indonesia, sustainability reporting has been shaped largely by OJK Regulation No. 51/2017 (POJK 51/2017). Current practice leaning towards the *inside-out* perspective—focusing on a company's impact on the environment and society. Consequently, according to survey by PWC, over 80% of companies in Indonesia continue to use GRI frameworks, and only 10% have started aligning with the Task Force on Climate-related Financial Disclosures (TCFD).

This heavy focus on Corporate Social Responsibility (CSR) activities, such as community development and philanthropy, has left a gap in addressing the *outside-in* perspective—the impact of sustainability risks and opportunities on a company's financial position and performance. This is where the IFRS Sustainability Disclosure Standards (IFRS S1 and S2) come into play, requiring a shift toward integrating sustainability information with financial disclosures.

Adding to this complexity is the enactment of Law No. 4/2023, which expands sustainability reporting obligations beyond entities regulated by OJK to include all financial service providers, such as credit unions (or koperasi simpan pinjam/ksp). This law also mandates the establishment of a Sustainable Finance Committee involving the Ministry of Finance, Financial Service Authority (or Otoritas Jasa Keuangan / OJK, and Bank Indonesia (Central Bank of Indonesia / BI) to guide the development of sustainability reporting standards.

IAI's Role in Driving Sustainability Reporting

Amid these challenges and the increased urgent demand from international capital



market and global trade, the Institute of Indonesia Chartered Accountants (IAI) has taken proactive steps to lead Indonesia's sustainability disclosure journey. Recognizing the critical role of accountants in bridging financial and sustainability disclosures, IAI established the **Task Force on Comprehensive Corporate Reporting (TF CCR)** in December 2020. TF CCR consists of multi-stakeholders' representatives: Ministry of Finance, Ministry of State-Owned Enterprises, BI, OJK, Indonesian Stock Exchange (IDX), Indonesia's Chamber of Commerce & industry representatives (including preparers), as well as the Professional Accountancy Organizations (PAOs).

The TF CCR served as a platform to engage stakeholders, raise awareness, and prepare Indonesia for the transition to global sustainability standards. Over the past three years, IAI has intensified its efforts, leveraging its 50 years of experience in accounting standard-setting to ensure strong governance and independence in the process.

In November 2023, IAI established two new boards:

- **Dewan Pemantau Standar Keberlanjutan (DPSK):** This oversight board ensures strategic guidance, governance, and accountability in the development of sustainability standards.
- **Dewan Standar Keberlanjutan (DSK):** This board is tasked with drafting and issuing Indonesia's Sustainability Disclosure Standards (Standar Pengungkapan Keberlanjutan/ SPK), aligned with the ISSB Standards.

Both boards include representatives from key stakeholders, such as regulators (OJK, Ministry of Finance, BI, and Ministry of Environment), practitioners, entities, academicians and sustainability experts, ensuring that the standards are developed inclusively and robustly.

Developing the Indonesian Sustainability Disclosure Standards Roadmap: A Collaborative Effort

A significant milestone in Indonesia's journey toward sustainability disclosure is the launch of the **Indonesian Sustainability Disclosure Standards Roadmap (The SPK Roadmap)** in December 2024. Proposed by the DSK, approved by the DPSK, and ratified by IAI's National Council, the SPK Roadmap provides strategic direction for the development and implementation of SPK.



Image 1. Launching Indonesian Sustainability Disclosure Standard Roadmap

The SPK Roadmap reflects the culmination of extensive stakeholder engagement conducted throughout 2024. Early in the year, IAI conducted studies to identify sustainability disclosure needs and prepared an initial roadmap framework. By March 2024, IAI began discussions with regulators, preparers, creditors, investors, academics, and NGOs. Between March and September, IAI engaged with key institutions, including the Ministry of Finance, OJK, IFRS Foundation, and others.

This inclusive and collaborative process ensures that the SPK Roadmap aligns with Indonesia's needs while remaining consistent



with international developments. The roadmap outlines two primary strategies:

- Sustainability reports under SPK shall include climate-related information, while other sustainability topics (*beyond climate*) remain voluntary.
- SPK is planned to take effect on January 1, 2027, with early application permitted.

The roadmap also emphasizes the importance of strengthening the sustainability reporting ecosystem. Key proposals include regulatory alignment, assurance mechanisms, infrastructure development, competency building, and standard formulation.

The Role of Accountants in ASEAN's Sustainability Agenda

Accountants play a pivotal role in advancing sustainability initiatives across ASEAN, ensuring the credibility and relevance of sustainability disclosures. By integrating sustainability information with financial reporting, accountants help businesses provide a comprehensive view of their performance, addressing the needs of investors, regulators, and other stakeholders.

In Indonesia, IAI as PAO has led efforts to transition businesses from CSR-focused reporting to the globally aligned ISSB Standards. Capacity building is central to this transition, with accountants training preparer entities to meet new reporting requirements.

Accountants also contribute strategically to aligning local practices with international benchmarks while addressing ASEAN's diverse economic landscape. By embedding sustainability information into financial systems, they enable businesses to identify, manage, and communicate the financial implications of sustainability risks and opportunities.

Looking Ahead: Challenges and Opportunities

Indonesia faces unique challenges in its sustainability journey, including disparities in corporate readiness and the need for a robust reporting ecosystem. However, these challenges also present opportunities to innovate and lead.

IAI's initiatives, including the SPK Roadmap, are designed to address these challenges head-on. The roadmap's focus on ecosystem development—covering regulations, assurance, infrastructure, and capacity building—ensures that Indonesia is not only meeting global expectations but also preparing for long-term success.

As the region continues to navigate its sustainability challenges, collaboration remains key. IAI invites members of the ASEAN Federation of Accountants (AFA) to join forces in advancing sustainability reporting across the region. Together, we can build a transparent, accountable, and sustainable future for ASEAN and beyond.



The Future of Accountancy: A Perspective for ASEAN



Author

Koh Wee Kwang, AFA Treasurer, a member of the ISCA Council, and Director of Nexia Singapore PAC*

The accountancy profession is at a crossroads. With globalization, digital transformation, and increasing regulatory demands, accountants are more critical than ever in shaping sustainable, transparent, and resilient economies. The ASEAN region, with its fast-growing economies and integration through initiatives like the ASEAN Economic Community (AEC), is uniquely positioned to leverage on these changes.

However, the profession in ASEAN faces distinct challenges and opportunities across different time horizons. In the short term, rising wages and cost pressures dominate; in the medium term, market consolidation and private equity (PE) investments emerge as defining trends; and in the long term, technology and sustainability will redefine the profession. Let us explore these phases in detail.

Short-Term Outlook: Rising Wages and Cost Pressures

The global shortage of accountants has become a defining feature of the short-term landscape, and ASEAN is no exception. The rapid growth of businesses, coupled with the increasing complexity of regulatory requirements, has created a demand-

supply mismatch for qualified accounting professionals.

For instance, in Singapore, the monthly salary for junior accountants may average around S\$3,750 (www.glassdoor.sg), and there is strong demand for talent. However, the Accountancy Workforce Review Committee (AWRC) in Singapore has noted that this salary level may not be sufficient to attract and retain talent, especially when compared against the median starting salaries of graduates from Singapore Autonomous Universities pursuing similar or related degrees, such as business (\$4,350 excluding accountancy courses). To keep the accountancy profession competitive, the AWRC has urged employers to review and adjust the compensation structure for accountants by increasing the salaries in the early years, including starting salaries.

In Indonesia, entry-level accountants could earn between IDR 4,200,000 and IDR 6,880,000 per month (<https://id.jobstreet.com>), with higher wages in metropolitan areas like Jakarta and Surabaya. These figures are competitive and highlight the growing demand for skilled professionals in the country.

^{*)} The perspectives and analyses presented in this article represent Mr Koh's personal views. They are intended to provide insights and provoke thoughtful discussion rather than serve as definitive predictions. Readers are encouraged to consider multiple viewpoints before making any business or policy decisions related to the accountancy profession.

This push for higher wages creates challenges for Small and Medium Practitioners (SMPs). Many SMPs operate on thin margins and serve Small and Medium Enterprises that are price-sensitive and are unable to absorb significant fee increases. As a result, SMPs face a financial squeeze—higher wages for talent but limited flexibility to raise assurance and non-assurance fees for their clients. This dynamic threatens the sustainability of smaller firms, especially those without diversified revenue streams.

Additionally, the pressure to deliver high-quality services despite talent shortages often results in overstretching existing employees, potentially leading to burnout and staff turnover. Addressing these issues requires innovative solutions, such as leveraging on technology to increase efficiency and exploring flexible work arrangements to retain talent.

Medium-Term Outlook: Market Consolidation

The financial pressures faced by SMPs are likely to drive significant consolidation in the medium term. Mergers and acquisitions (“M&A”) offer smaller firms a way to achieve economies of scale, pool resources, and compete effectively in a demanding market. Private equity (“PE”) firms have recognised the potential of the accountancy sector and are actively investing in SMPs, catalysing this consolidation process.

Globally, PE investments in accounting firms are growing, driven by the steady revenue and growth potential in professional services. A landscape-changing example is the growth of Evelyn Partners.

“In this year’s rankings, there was little change among the top ten firms. But there was some reshuffling among the challenger firms – Evelyn Partners has bumped Grant Thornton down a spot, taking 6th place this year. Evelyn Partners reported a total fee

income of £701 million, compared to Grant Thornton’s £654 million. Much of Evelyn Partners’ growth has been as a result of its bold M&A strategy over the past 2 years. The firm acquired Leathers LLP, a firm of Chartered Accountants and tax specialists with offices in Harrogate and Newcastle in February 2023. Two months later, a leading international disputes team from KPMG UK joined Evelyn’s Forensic Services practice in London. But Evelyn’s M&A spree didn’t stop there – in April that same year, it acquired Ashcroft Partnership LLP, a fast-growing Cambridge-based accountancy firm that offers a range of assurance, corporate finance, business and personal tax services. In the final months of 2023, it completed the purchase of Creaseys Group Limited, a Tunbridge Wells based accountancy and tax advisory firm with particularly strong expertise advising private equity professionals; this was followed by the purchase of Harwood Hutton, a well-established, multi-disciplined firm of accountants and tax advisers headquartered in Beaconsfield.” *[Top 50 + 50 Accounting Firms 2024: Evelyn Partners pips Grant Thornton to the past, AccountingAge, 2 December 2024].*

In Singapore, InCorp Global continues to expand and enhance its service offerings. Hillhouse Investment, a PE investment firm behind InCorp Global, has recently successfully acquired Precursor’s non-audit business to be integrated into InCorp Singapore, a subsidiary of InCorp Global.

Additionally, the Malaysia’s professional services sector has seen notable M&A activity, particularly in Kuala Lumpur, where smaller firms are merging to compete with larger players. For example, YYC Holdings (“YYC”), which was founded in 1974 as a family-run accounting firm supporting local Malaysian businesses, have made 15 mergers and acquisitions over the past two decades,



Today, YYC is a multinational company, with more than 900 employees serving over 20,000 clients from its offices in major cities, including Kuala Lumpur, Selangor, Johor, Penang, and Singapore, offering a diverse range of services, including accounting, taxation, corporate secretarial, corporate advisory, payroll outsourcing, and executive training programs.

In May 2024, it entered a strategic partnership with SeaTown Holdings International (“SeaTown”), owned by Seviara Holdings Pte Ltd (an asset management arm of Temasek Holdings (Private) Limited). This strategic partnership is aimed to accelerate YYC’s growth strategy, providing it with access to SeaTown’s deep expertise, international network, and capital resources. Proceeds from the investment were earmarked to fund a series of planned acquisitions of professional services businesses in Southeast Asia to broaden YYC’s portfolio of offerings to better serve clients across the region.

In Indonesia and Thailand, where the SMP market is fragmented, similar consolidation efforts are gaining traction.

While market consolidation offers benefits such as increased competitiveness and access to advanced technologies, it also poses challenges. Cultural alignment, system integration, and the preservation of client relationships require careful management. Additionally, governments and regulatory bodies must establish guidelines to ensure fair competition and prevent monopolistic practices in the industry.

Long-Term Outlook: Technological Transformation and New Skillsets

In the long term, technology will redefine the accountancy profession. Artificial intelligence (“AI”) and automation are already disrupting traditional accounting

processes, and their influence will only grow. By 2030, a substantial amount of routine accounting tasks—such as data entry, reconciliations, and even basic audits—could already be automated. As this happens, accountants can shift their focus from transactional tasks to strategic activities.

For ASEAN, this technological transformation is both a challenge and an opportunity. The region’s digital economy initiatives, such as Thailand’s Digital Economy Promotion Agency (DEPA) and Singapore’s Smart Nation program, provide a strong foundation for integrating AI and other advanced tools into the profession.

However, the adoption of technology also requires significant investment in upskilling and reskilling. Accountants will need to acquire expertise in areas such as data analytics, AI integration, and blockchain technology. Professional bodies like the ASEAN Federation of Accountants (AFA) must collaborate with universities, governments, and private sector stakeholders to ensure the workforce is prepared for these changes.

Beyond technology, the future of accountancy will also be shaped by sustainability and risk management. ASEAN countries are increasingly aligning with global standards such as those issued by the International Sustainability Standards Board (ISSB). Accountants will play a critical role in helping businesses comply with these standards and integrate sustainability into their operations.

Risk management, too, will become a key area of focus. With ASEAN economies becoming more interconnected, businesses face a complex array of risks, from supply chain disruptions to cybersecurity threats. Accountants with skills in risk assessment and mitigation will be invaluable in navigating this landscape.



Implications for ASEAN Economies

The trends outlined above have profound implications for ASEAN economies, businesses, and policymakers. To capitalise on these opportunities and address the challenges, the region must adopt a multi-faceted approach:

1. Investing in Education and Training:

Continuous professional development is essential to equip accountants with the skills required for a rapidly evolving industry. Initiatives like Malaysia's TalentCorp and Singapore's SkillsFuture provide valuable models for other ASEAN countries.

2. Encouraging Strategic Partnerships:

Governments and industry stakeholders should support strategic alliances between SMPs, enabling smaller players to benefit from shared resources and expertise.

3. Promoting Technological Adoption:

Incentives for adopting AI and automation tools can help firms enhance productivity and service quality. For instance, Indonesia's "Making Indonesia 4.0" roadmap includes provisions for supporting digital transformation across industries, including accountancy.

4. Enhancing Regulatory Frameworks:

Harmonized standards for sustainability reporting are crucial for ensuring consistency and transparency across the region. ASEAN regulators must work together to establish clear guidelines that reflect global best practices, while being well-suited to the region.

Conclusion

The future of accountancy in ASEAN is both dynamic and challenging. Rising wages and cost pressures in the short term, market consolidation in the medium term, and technological transformation in the long term will reshape the profession. However, these changes also present significant opportunities for accountants to take on more strategic roles, driving sustainability and innovation.

MIA Sustainability Agenda: Advocating Accountancy Professionals in the Sustainability Era



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Malaysia's sustainability agenda is picking up momentum as the nation seeks to transition to a low-carbon economy and honour its climate commitments. In tandem with such move, the Malaysian Institute of Accountants (MIA) has embarked on a comprehensive sustainability agenda to support sustainable nation building.

MIA believes that accountancy professionals have a pivotal role to play in navigating sustainability landscape given their financial and non-financial acumen in business. As such, MIA strongly advocates for accountancy professionals to lead and contribute to sustainability which are the new frontiers of business. At the same time, it is critical that MIA upskills accountancy professionals on sustainability competencies to ensure that they are future-proof and relevant to business and organisations.

To drive our advocacy, the MIA has put in place a strategic framework to manage our sustainability agenda. Key to this was the recent release of the future-forward MIA Sustainability Blueprint for the Accountancy Profession, which was officially launched at the MIA International Accountants Conference 2024 by the guest of honour YB Senator Datuk Seri Amir Hamzah Azizan, Minister of Finance II of Malaysia.



Image 1. MIA Sustainability Blueprint for the Accountancy Profession

Holistically speaking, this Blueprint is intended to enable accountancy professionals to be future relevant, adaptable and resilient in navigating sustainability. The Blueprint seeks to empower accountants to align their practices with sustainability imperatives to achieve the following objectives:

- Establishing aspirations for accountants in Malaysia with regards to sustainability

- Analysing key challenges facing the accountancy profession in Malaysia based on the domestic and global sustainability landscape
- Enabling accountants in the sustainability space.

The Blueprint outlines the following overarching aspirations for accountants in advancing sustainability, namely:

- Sustainability Leaders - Key partners within their organisations in driving and overseeing organisational sustainability initiatives
- Future-Proof Profession – where sustainability is embedded as part of the profession with the next-gen ready to take on the challenge
- Sustainability Advocators – key players in contributing to the industry and national sustainability agenda
- Trust Providers - Key players in providing trust on sustainability data and information (both as preparer and assurance provider)

In order to realise the above aspirations, a set of guiding principles have been identified to facilitate accountancy professionals in navigating their sustainability journey. The Blueprint sets out these guiding principles at three levels of maturity: Foundation, Intermediate and Advanced, each of which offers a path to reach their desired sustainability maturity. (Please click [HERE](#) to learn more about the Blueprint.)

A critical element of achieving holistic sustainability is the adoption of sustainability reporting and assurance to withstand increasing scrutiny by stakeholders, attract and retain investment, and boost capital markets.

Signalling the growing importance of sustainability reporting in Malaysia, the Madani Government has endorsed the ground-breaking National Sustainability Reporting Framework (NSRF) under the auspices of the Advisory Committee on Sustainability Reporting (ACSR). At the recent National Annual Corporate Report Awards 2024 (NACRA) jointly organised by MIA, Bursa Malaysia and The Malaysian Institute of Certified Public Accountants (MICPA), guest of honour YB Senator Datuk Seri Amir Hamzah Azizan, Minister of Finance II of Malaysia commended NACRA for its strong focus on sustainability reporting before speaking at length on the NSRF. NACRA has instituted changes to the assessment criteria in the NACRA Sustainability Reporting Award category, with reference to Bursa Malaysia's enhanced Sustainability Reporting Framework.

The NSRF will be a gamechanger in driving broad-based adoption of sustainability reporting. Starting in 2025, large-cap listed companies on Bursa Malaysia will be required to adopt the NSRF. By 2027, ACE Market issuers and even large non-listed companies will follow suit.



Image 2. National Annual Corporate Report Awards (NACRA) 2024

The NSRF is aligned with international standards such as the IFRS Sustainability Disclosure Standards, ensuring Malaysian businesses remain competitive and relevant in the global investment landscape. “The NSRF, combined with the National Energy Transition Roadmap (NETR) and other national strategies, represents the Government’s commitment to sustainable development and Malaysia’s aspiration to lead in green growth. These efforts are not just about meeting global expectations—they are about ensuring long-term resilience and prosperity for all Malaysians,” stated the Minister in his NACRA address.

To build capacity and competency and support businesses in the transition to sustainability reporting, the ACSR has introduced the PACE initiative—Policy, Assumptions, Calculators, and Education. PACE will provide resources and capacity-building programmes to help companies, including small and medium enterprises or SMEs, to adapt to the new reporting requirements.

Strategic collaboration with stakeholders will be vital to facilitate awareness and adoption of sustainability reporting on a broader scale. Leveraging on our strategic collaboration approach to value creation as well as continuing engagement with fourteen diverse groups of stakeholders, MIA as the regulator and developer of the profession is committed to advocating actively for sustainability reporting, along with upskilling our more than 40,000 members on sustainability disclosures, reporting standards and assurance. Our goal is to help Malaysian businesses to tell their sustainability stories transparently to build trust among investors and the public, while empowering the national vision of leading in sustainability.



Sustainability Reporting - Next Steps for the ASEAN Accountancy Profession



Author

Sue Lloyd, Vice-Chair of the International Sustainability Standards Board

As financial reporting evolves to include sustainability reporting, it's clear that the world is moving towards a unified system of global standards that integrate both domains. Since March 2022, I've had the privilege of serving as Vice-Chair of the International Sustainability Standards Board (ISSB). Building on my time as Vice-Chair of the International Accounting Standards Board (IASB), I have witnessed firsthand the evolution of reporting standards, their global impact and the growing necessity for a coherent framework in sustainability disclosures.

Establishment of the ISSB Global Baseline

Jurisdictions are making progress towards the adoption or other use of ISSB Standards and market participants, investors and regulators have underscored the need for mandatory standards over voluntary recommendations. The shift from recommended (for example, Taskforce on Climate-related Financial Disclosure / TCFD recommendations) to mandated (for example, ISSB Standards) disclosures should result in delivering comparability through robust, material sustainability-related disclosures in global capital markets.

Our inaugural ISSB Standards, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*, published in June 2023, were significant milestones in creating a comprehensive global baseline of sustainability disclosures for capital markets. The ISSB Standards build on and incorporate the TCFD recommendations. IFRS S1 outlines the general requirements, conceptual foundations and core content for disclosures about sustainability-related risks and opportunities relevant to understanding a company's prospects and that are useful to providers of capital alongside the accompanying financial statements when making decisions about providing resources to the company. IFRS S2 builds on IFRS S1 and sets out specific climate-related disclosures.

Since the launch of the ISSB's consultation on its agenda priorities in May 2023, stakeholder feedback has been integral in shaping the ISSB's work plan for 2024–2026. The ISSB's primary focus remains on:

- advancing jurisdictional and market adoption of ISSB Standards;

- supporting the implementation of IFRS S1 and IFRS S2 and enhancing industry-based disclosures, recognizing that sustainability-related risks and opportunities differ by industry; and
- advancing the ISSB's work to build out the global baseline of sustainability-related disclosures.

One of the ISSB's key priorities is to ensure that the global sustainability reporting system is efficient. By establishing close relationships with initiatives including the Global Reporting Initiative (GRI) and the Greenhouse Gas (GHG) Protocol, we aim to streamline reporting and to reduce the reporting burden for preparers while ensuring information is provided that is relevant and decision-useful for investors.

Momentum and the competitive advantage for emerging and developing economies

A significant development since the issuance of our Standards in June 2023 is the steps jurisdictions have taken towards adopting or otherwise using the ISSB Standards. As of 30 September 2024, 30 jurisdictions are making progress towards introducing ISSB Standards in their legal or regulatory frameworks. Together, these jurisdictions represent approximately 57% of global GDP, more than 40% of global market capitalization and more than half of GHG emissions.

Within this group of 30 jurisdictions, developing and emerging economies are making progress in their journey to adopt and implement ISSB Standards. These economies are actively advancing in this area, driven by the desire to strengthen the efficiency and transparency of their capital markets that can facilitate, for instance, crucial transitions and their vital role in global supply chains. Companies in these economies reporting using the ISSB's global baseline can ensure investors understand their sustainability-related risks and

opportunities as well as gain a competitive advantage by being positioned to provide essential information to customers and suppliers in their value chains, aiding them in their own reporting processes.

Providing transparency throughout global value chains to reveal risks and opportunities to investors is critical to the mission of the ISSB to support well-informed capital markets that enhance capital allocation and foster global capital flows.

In the ASEAN region, we have seen significant momentum in the adoption of ISSB Standards. Jurisdictions such as Indonesia, Malaysia, the Philippines, Singapore and Thailand are making significant strides towards integrating ISSB Standards into their regulatory frameworks. This alignment not only enhances the credibility and comparability of sustainability disclosures, but also helps position ASEAN markets to attract global investments. The proactive steps taken by these jurisdictions demonstrate a strong commitment to fostering transparency and accountability in sustainability reporting, which is crucial for attracting global capital and supporting sustainable economic growth. The IFRS Foundation and the ASEAN Capital Markets Forum (ACMF) created the ACMF-IFRS Foundation Dialogue to help ACMF members to assess the feasibility of adopting ISSB Standards.

The future—The role of the accountancy profession

The ISSB was created in response to the urgent call for information about sustainability-related risks and opportunities that was fit for purpose for investment decision-making. Investors need information they can rely on and that enables comparisons between investment opportunities. Investors also want to understand how information about

sustainability-related risks and opportunities relates to the financial statements. Investors have confidence in financial statements and the global language created by the IASB has supported globally comparable financial information. The ISSB Standards are now set to be the basis for the same confidence being placed in sustainability-related financial information.

The accountancy profession has an important opportunity, and responsibility, to assist in delivering the high-quality information investors need to ensure that they understand investees' sustainability-related risks and opportunities and to enable them to identify investment opportunities. The accountancy profession is well positioned to contribute to sustainability reporting due to the profession's experience and understanding of financial controls and assurance, and the experience in making judgements to determine the information that is material when reporting to investors. While many accountancy professionals will not be sustainability subject matter experts, by working in partnership with those that are, the combined perspectives of those experienced in financial reporting and those with sustainability experience is a strong one, and essential to deliver relevant information to meet investors' information needs.

Conclusion

Reflecting on our journey, the establishment and adoption of the ISSB Standards are about more than compliance; they are about creating a world where investment decisions are informed by reliable, comprehensive and transparent sustainability-related disclosures. The path ahead is exciting, with many opportunities to support stronger markets that help assess and price sustainability related risks and opportunities. Our success in this new financial reporting journey, indeed, is a shared success—one that will have long-lasting impacts on capital markets and society at large. The accountancy profession has a pivotal role to play in ensuring that the dream of high quality, comparable sustainability-related information for use in capital markets becomes a reality.

Rethinking Sustainability Reporting: The Critical Role of Accountants in Asia-Pacific



Think Ahead



Author

Zeeneeshri Ramadass, Senior External & Insights Communication Manager, ACCA

Sustainability reporting has emerged as a vital instrument in the global fight against climate change and environmental degradation. For the Asia-Pacific region, which is home to some of the fastest-growing economies and most climate-vulnerable nations, the stakes couldn't be higher. Yet, while the need for robust sustainability practices is universally acknowledged, the path forward remains fraught with challenges.

In this context, accountants and finance professionals hold the keys to accelerating progress. With their expertise in data management, compliance, and decision-making, these professionals are uniquely positioned to transform sustainability reporting from a regulatory obligation into a strategic advantage. As Helen Brand, ACCA's Chief Executive, highlights: *"The expertise of accounting and finance professionals is essential for making the progress the planet needs. This qualification aims to prepare them to address sustainability challenges and recognise that success is not just about profits, but also about sustainability and social value."*

While the environmental aspect of ESG, particularly climate, has gained significant attention, the social dimension, especially

living wages, remains underplayed. *"At ACCA, we're addressing this by focusing on the role finance functions play in supporting fair wages, alongside broader sustainability efforts that promote physical, mental, and financial well-being."*

Sustainability reporting in Asia-Pacific: A mixed picture



The **latest ACCA research** and insights on sustainability reporting paint a revealing picture of the state of practices across Asia-Pacific. On one hand, regulatory frameworks are gaining traction. Initiatives like the ASEAN Taxonomy for Sustainable Finance and mandatory climate disclosures in markets such as Singapore and Hong Kong demonstrate a growing commitment

to embedding sustainability into corporate governance.

However, significant gaps remain. Many businesses across the region struggle with inconsistent reporting standards, insufficient data, and a lack of skilled professionals capable of navigating the complexities of sustainability disclosures. The reliance on voluntary reporting in several jurisdictions further exacerbates these challenges, often leading to a lack of comparability and transparency.

This is where accountants can make a difference. By leveraging their expertise, finance professionals can drive the adoption of consistent and reliable reporting practices that not only meet regulatory requirements but also provide meaningful insights for stakeholders. For Asia-Pacific's economies, this shift is critical to fostering sustainable development while maintaining global competitiveness.

The role of ACCA in empowering change

Recognising these challenges, ACCA has taken a proactive stance in equipping professionals with the skills needed to lead sustainability efforts. The launch of the *Professional Diploma in Sustainability* (ProDipSust) is a landmark initiative aimed at bridging the skills gap in sustainability reporting. Beyond providing technical knowledge, the diploma empowers finance professionals to adopt a leadership mindset, enabling them to champion sustainability within their organisations.

Additionally, ACCA's ongoing collaborations in the region underline its commitment to sustainability. From partnerships with governments to engage in regulatory development, to working with academic institutions and businesses to build capacity, ACCA is shaping a profession that is future-ready. Initiatives such as the ACCA

Sustainability Reporting Virtual Conference 2024 further amplify these efforts by fostering dialogue and sharing best practices among stakeholders.

ACCA is also the first global accountancy body to have its net zero targets verified by the Science-Based Targets initiative (SBTi). This achievement reflects ACCA's commitment to sustainability and its role in driving responsible business practices worldwide. The organisation aims for a 50% reduction in carbon emissions by 2030 and net zero by 2045, focusing on empowering its 252,000 members across 180 countries to foster climate action.

Challenges in measuring sustainability

Despite these advances, measuring sustainability remains a daunting task for many organisations. The lack of standardised frameworks is a key barrier. While initiatives such as the International Sustainability Standards Board (ISSB) aim to harmonise global reporting standards, their adoption is still in its early stages in many Asia-Pacific markets.

Moreover, sustainability reporting often requires data from multiple sources, ranging from environmental impact assessments to supply chain audits. Integrating these disparate data points into a coherent narrative is no small feat, particularly for small and medium-sized enterprises (SMEs) that lack the resources of larger corporations.

This is where professional accountants can serve as enablers. By integrating sustainability metrics into financial reporting systems, accountants can ensure that businesses not only comply with regulations but also use sustainability data to inform strategy and drive innovation. In doing so, they can help organisations unlock new opportunities for growth while contributing

to the broader goal of sustainable development.

The future of sustainability reporting in Asia-Pacific

Looking ahead, the future of sustainability reporting in the region hinges on three key developments:

- **Adoption of standardised frameworks:** The widespread adoption of frameworks such as those proposed by the ISSB will be crucial in ensuring consistency and comparability in sustainability disclosures. For businesses operating in Asia-Pacific's diverse regulatory landscape, aligning with global standards will be essential to attracting international investment.
- **Building capacity and skills:** Addressing the skills gap in sustainability reporting is a pressing priority. Initiatives like ACCA's ProDipSust play a vital role in equipping professionals with the expertise needed to navigate this evolving landscape. Beyond technical skills, fostering a culture of sustainability within organisations will require leadership training and capacity building at all levels.
- **Harnessing technology:** The use of digital tools and technologies can significantly enhance the quality and efficiency of sustainability reporting. From blockchain-enabled supply chain tracking to AI-powered data analytics, technology offers innovative solutions to some of the most pressing challenges in sustainability measurement.

A call to action for finance professionals

The time to act is now. As sustainability becomes a core component of corporate governance, finance professionals have an unparalleled opportunity to lead the way. By championing transparency, driving accountability, and integrating sustainability into the DNA of their organisations,

accountants can play a pivotal role in shaping a greener and more equitable future.



In Asia-Pacific, where the impacts of climate change are already being felt acutely, the stakes are particularly high. For the region's economies, embracing sustainability reporting is not just a matter of compliance; it is a pathway to resilience, innovation, and long-term prosperity.

ACCA's commitment to fostering a profession that drives sustainable change reflects this urgency. Through initiatives like the ProDipSust and its efforts to drive adoption of global standards such as ISSB's frameworks, ACCA is not just preparing professionals for the future—it is shaping the future itself. For accountants and finance leaders across Asia-Pacific, the message is clear: the journey to sustainability starts with you.

As we look to the future, one thing is certain: sustainability is no longer an optional add-on. It is the defining challenge of our time, and the accounting profession must rise to meet it. The tools, frameworks, and opportunities are in place. The question is, will we seize them?



Building a Sustainability Ecosystem in the Business World: The Role of Professional Accountancy Organizations and Universities



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Indonesia, as one of the countries with the richest natural resources in the world, faces a significant sustainability paradox.

On one hand, environmental degradation in Indonesia has reached critical levels. Deforestation, river pollution, and rising greenhouse gas emissions are tangible outcomes of unsustainable exploitation of natural resources. The 2023 report from [the European Commission](#) highlights that Indonesia ranks among the world's largest carbon emitters due to land burning and deforestation. These activities not only harm ecosystems, but also have significant impacts on local economies and communities that rely on these resources for their livelihoods.

On the other hand, global pressure to adopt sustainability principles in business practices continues to grow. International investors, financial institutions, and global consumers are prioritizing environmental, social, and governance (ESG) considerations in their decision making. Large corporations in Indonesia are increasingly faced with demands to operate more responsibly—not just for profits and reputation but also to secure sustainable market access, financing, and long-term legitimacy.

Ironically, these global demands coincide with Indonesia's ongoing struggle to improve the fundamentals of environmental governance at the national level. The government, private sector, and society are often caught in a dilemma: how to achieve rapid economic development without compromising environmental preservation?

In this scenario, the professional community, including accountants, plays a pivotal role in bridging the gap between sustainability needs and the demands for transparency and accountability. Accounting emerges as a frontline solution to this sustainability paradox. As a profession responsible for managing and reporting financial performance, accountants possess the tools to transform sustainability from mere rhetoric into practical action. By ensuring that companies measure, report, and manage their environmental impacts, accounting can serve as a catalyst for creating long-term value that balances economic gains with ecosystem preservation.

However, this vision can only be realized if a robust sustainability ecosystem within the accounting profession is established. This requires strong collaboration among

professional accountancy organizations (PAOs), universities, and other key stakeholders. Together, they can ensure the profession is equipped to address sustainability challenges effectively and drive meaningful progress in achieving a balance between development and environmental stewardship.

The Role of Professional Accountancy Organizations

Professional accountancy organizations (PAOs) play a strategic role in building a resilient sustainability ecosystem, particularly in ensuring that accounting professionals are equipped to meet business demands for transparency and accountability through sustainability reporting. Sustainability within the accounting profession not only addresses global demands but also becomes a vital element in creating long-term value for companies. By providing professional training, adopting international standards, and collaborating with various stakeholders, PAOs enable their members to become strategic partners driving business transformation toward sustainability.

The Indonesian Institute of Certified Public Accountants (IAPI) has demonstrated an active role in supporting and accelerating the sustainability ecosystem in Indonesia. IAPI consistently offers Continuing Professional Development (CPD) programs on sustainability-related topics such as sustainability assurance and greenhouse gas reporting to ensure its members' competencies. Furthermore, IAPI adopts international standards such as ISAE 3000 and ISAE 3410 for Assurance Engagements on Greenhouse Gas Statements, providing relevant guidance for public accountants to meet evolving market needs.

Additionally, IAPI engages actively with regulators to advocate for policies that foster a sustainability ecosystem in

Indonesia. Through these efforts, IAPI significantly contributes to developing an accounting profession that is adaptive and relevant to the global sustainability challenges.

The Role of Universities

IAPI conducted a survey of 660 accounting students to assess their knowledge and understanding of sustainability issues and concepts. The survey revealed that 86% of respondents claimed to be aware of sustainability issues and concepts. However, when tested further through questionnaires to confirm their understanding, only 48% (274 respondents) provided correct answers. Among these 274 respondents, only 70 (25.5%) regularly used public transportation, bicycles, or walked; 149 (54.4%) used reusable water bottles (tumblers); and 130 (47.7%) used reusable shopping bags in their daily lives. These findings highlight that while many accounting students are aware of sustainability, a majority still have limited understanding, and even those who comprehend the concept do not fully incorporate sustainability principles into their daily routines.

Universities play a crucial role in creating a sustainability ecosystem integrated with the industrial and professional worlds. Through teaching and research, Universities equip students with an understanding of sustainability and nurture future professionals capable of applying sustainability principles in business practices. For example, accounting programs can integrate topics such as sustainability reporting, sustainability auditing, and environmental impact management into their curricula. In addition, research focusing on sustainability solutions, such as energy efficiency and waste management, helps address increasingly complex and urgent industrial needs.



Close collaboration with PAOs and the industrial sector further strengthens the contribution of universities in advancing sustainability. Internship programs, real-world project-based training, and discussion forums involving students, practitioners, and academics serve as platforms to bridge theoretical knowledge with practical applications. Furthermore, Universities can act as hubs for disseminating sustainability insights through seminars and workshops, fostering broader societal awareness.

By supporting this transformation, universities in partnership with PAOs, create the synergy needed to accelerate the development of a competitive and relevant sustainability ecosystem in the global era.

Concrete Steps by IAPI in Collaborating with Universities

The synergy between PAOs and universities represents a strategic step toward accelerating the development of a robust sustainability ecosystem in Indonesia. This collaboration enables the integration of theory and practice while preparing a new generation of professionals capable of addressing global sustainability challenges.

For example, in 2024, IAPI organized CPA Days with the theme “Be a Trusted, Sustainable, and Professional Young Leader.” The event was held in partnership with various local universities to promote sustainability concepts within the accounting profession. Through this collaboration, IAPI and Universities provided a platform for students to explore and deepen their understanding of their roles in supporting sustainability in the future.

CPA Days was not just an educational event but also an inspiring one. The program included a variety of activities such as competitions, seminars, and talk shows, all centered on sustainability issues.

Participants had the opportunity to learn directly from experts, practitioners, and academics about the importance of applying sustainability principles within the accounting profession. Moreover, the competitions offered students a chance to sharpen their analytical and innovative skills in solving real-world sustainability cases.

This collaboration not only reinforces the role of universities in instilling sustainability principles in students but also demonstrates IAPI’s commitment to driving the accounting profession toward more responsible and sustainable practices.

Closing Remark

Building a sustainable accounting ecosystem in Indonesia faces significant challenges, including skill gaps, limited knowledge of sustainability standards, and a lack of collaboration among stakeholders. Addressing these issues requires investment in education and training, strengthened partnerships between PAOs and universities, and incentives for research and innovation.



PAOs must prioritize advocacy and the development of relevant certifications, while Universities should actively integrate academic programs that support sustainability. By fostering synergy among PAOs, universities, regulators, and the industrial sector, a resilient and sustainable accounting ecosystem can be achieved.

This ecosystem will play a pivotal role in driving business transformation and contributing meaningfully to sustainable development in Indonesia.



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