SIRD #91
SOCIAL INVESTMENT ROUNDTABLE DISCUSSION

Social Investment Indonesia

FREE

DAPATKAN GIVEAWAY !

Rethinking Sustainability Reporting:
Materiality, Accountability, and Global Standards



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Host:



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Social Investment Indonesia

Jumat, 30 Januari 2026

15.00 - 17.00 WIB

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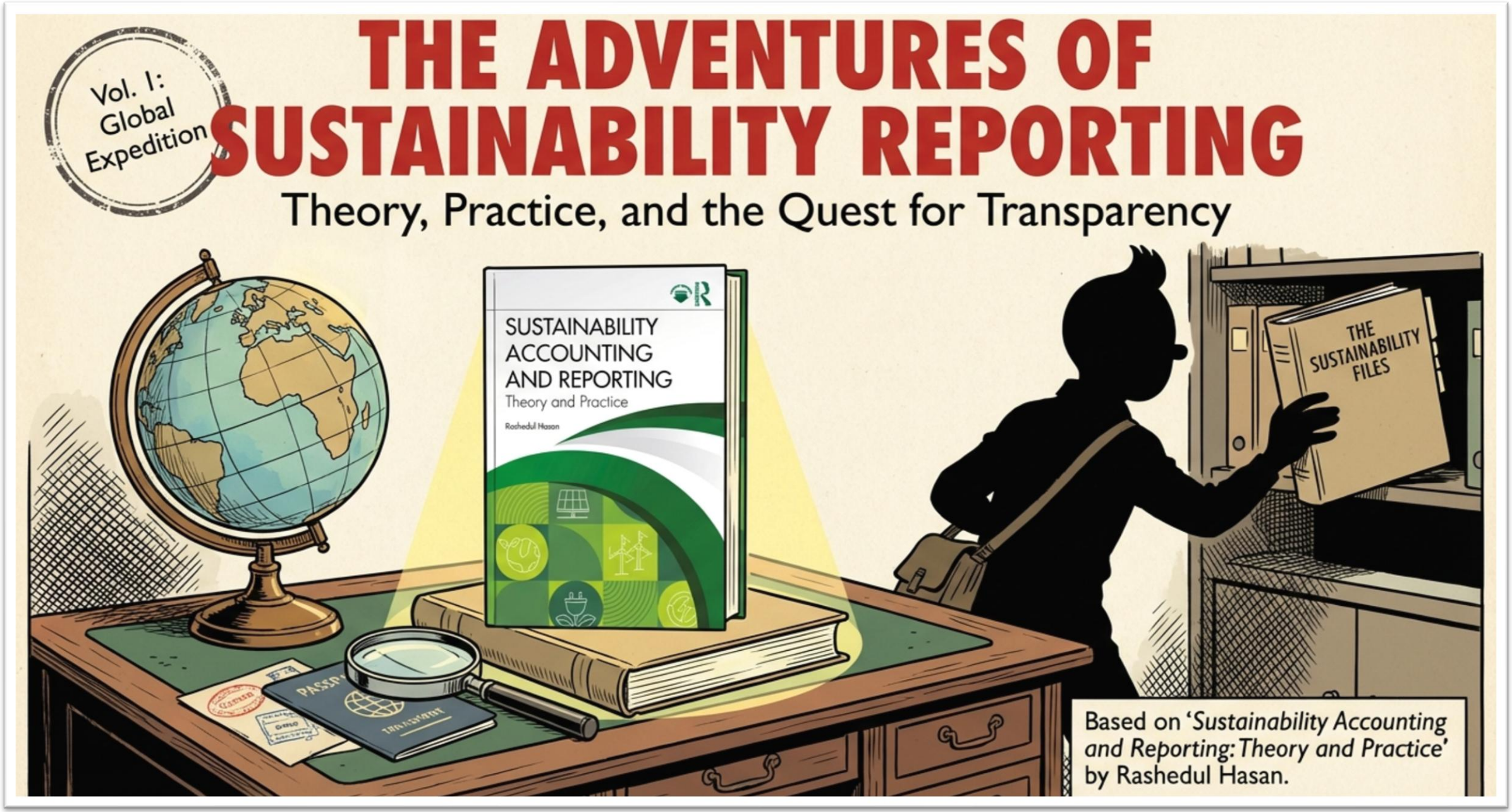
0812-3383-8463

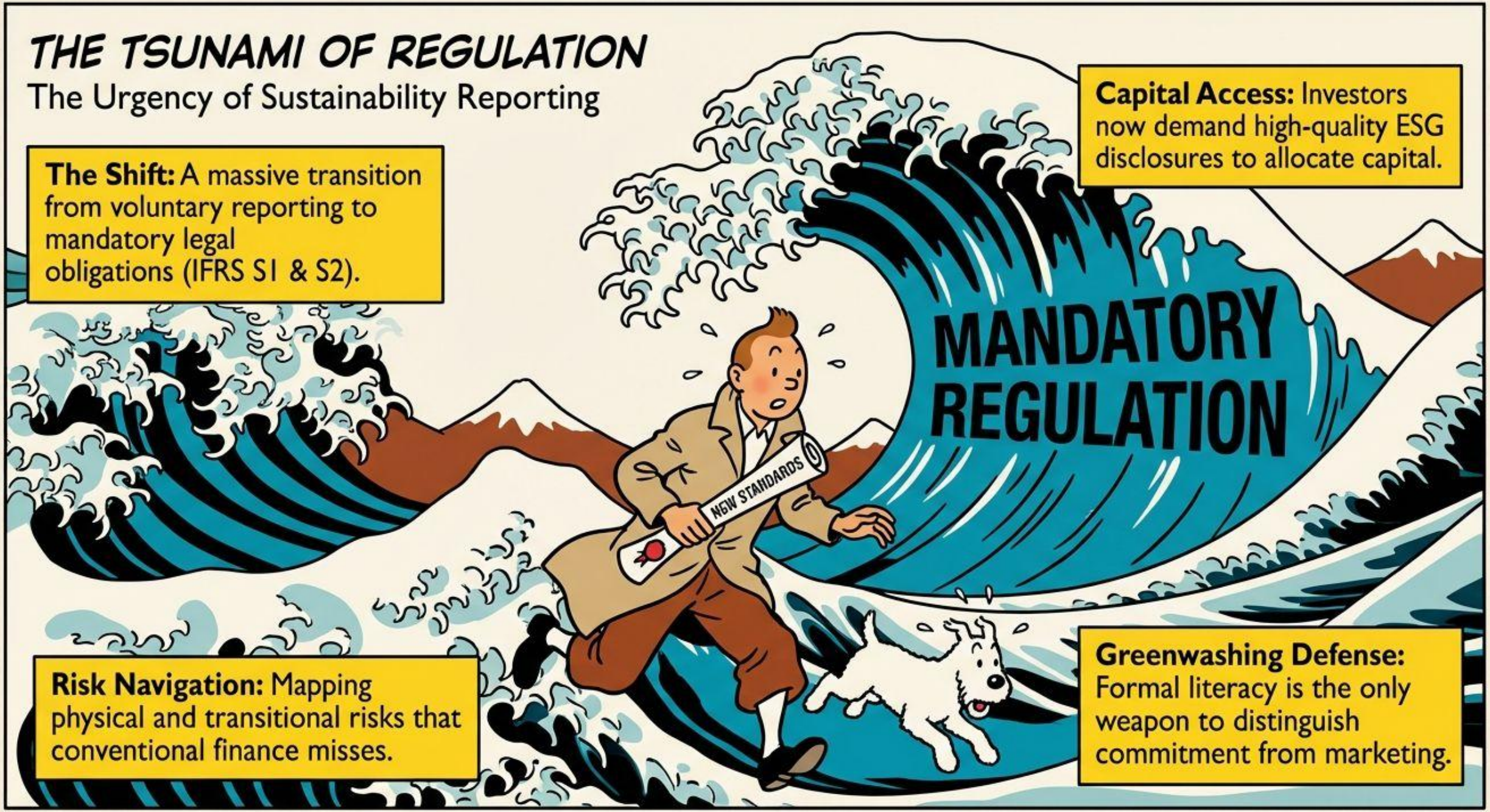
Via zoom @SocialInvestment_Id


Vol. I:
Global
Expedition
THE ADVENTURES OF
SUSTAINABILITY REPORTING
Theory, Practice, and the Quest for Transparency
SUSTAINABILITY
ACCOUNTING
AND REPORTING
Theory and Practice
Rashedul Hasan
THE
SUSTAINABILITY
FILES
Based on 'Sustainability Accounting and Reporting: Theory and Practice' by Rashedul Hasan.

THE TSUNAMI OF REGULATION

The Urgency of Sustainability Reporting

The Shift: A massive transition from voluntary reporting to mandatory legal obligations (IFRS S1 & S2).



Capital Access: Investors now demand high-quality ESG disclosures to allocate capital.

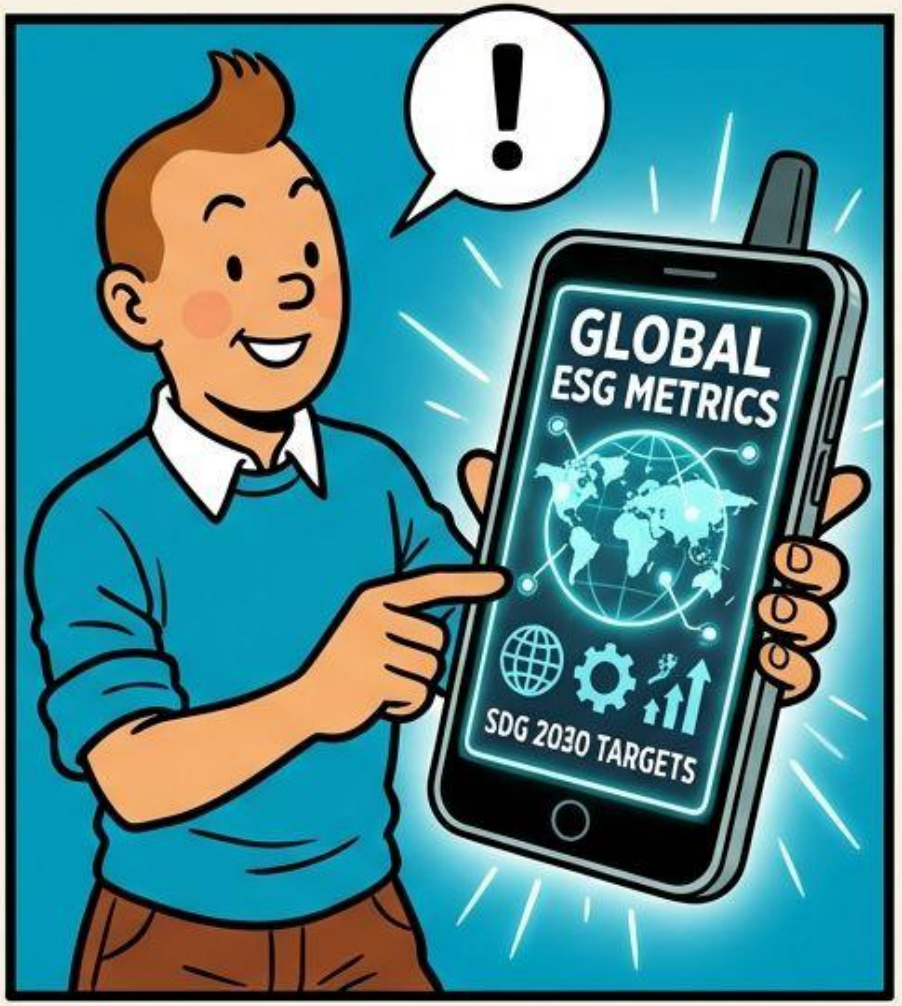
Risk Navigation: Mapping physical and transitional risks that conventional finance misses.

Greenwashing Defense: Formal literacy is the only weapon to distinguish commitment from marketing.

THE EVOLUTION

From Corporate Accountability to Global Transparency

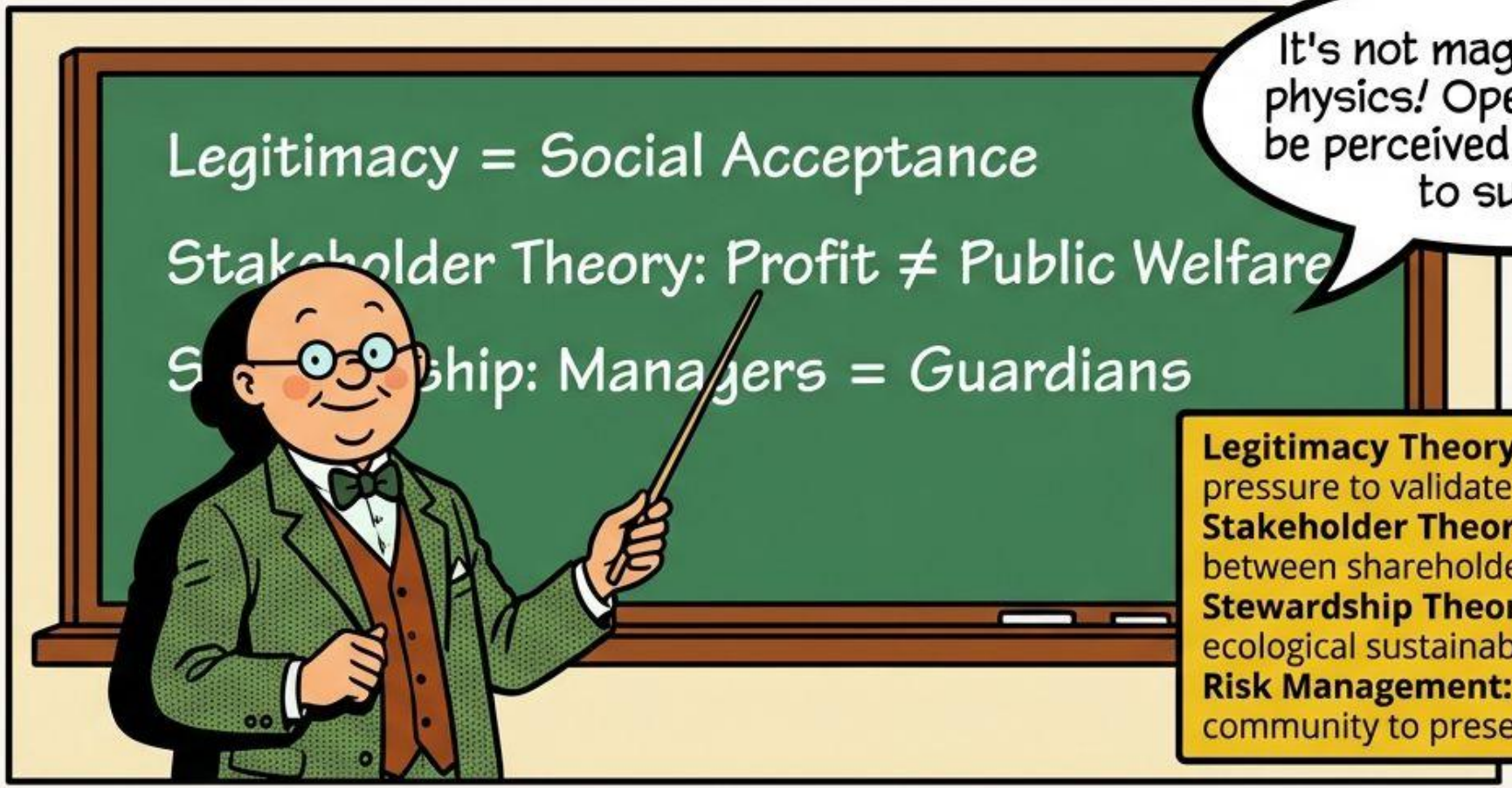




- **Definition:** Recording and communicating contributions toward Sustainable Development Goals (SDGs).
- **Motivation:** Building legitimacy, reputation, and securing stakeholder approval.
- **The Shift:** Moving from the loose 'Triple Bottom Line' to standardized, comparable ESG metrics.
- **The Hurdle:** Overcoming standardization complexity and data collection challenges.

THEORETICAL FOUNDATIONS

Why Companies Must Report



It's not magic, it's social physics! Operations must be perceived as legitimate to survive.

Legitimacy Theory: Reporting is a response to social pressure to validate operations.
Stakeholder Theory: Balancing conflicting interests between shareholders and society.
Stewardship Theory: Moral responsibility for ecological sustainability.
Risk Management: Mitigating risks to labor and community to preserve value.

THE CONFUSING ARCHITECTURE

GRI vs. IFRS Polarization



GRI Standards: Focus on the organization's impact on the economy, environment, and people.

IFRS S1 & S2: Focus on sustainability risks that impact financial performance.

Harmonization: Global efforts are underway to sync these frameworks and reduce complexity.

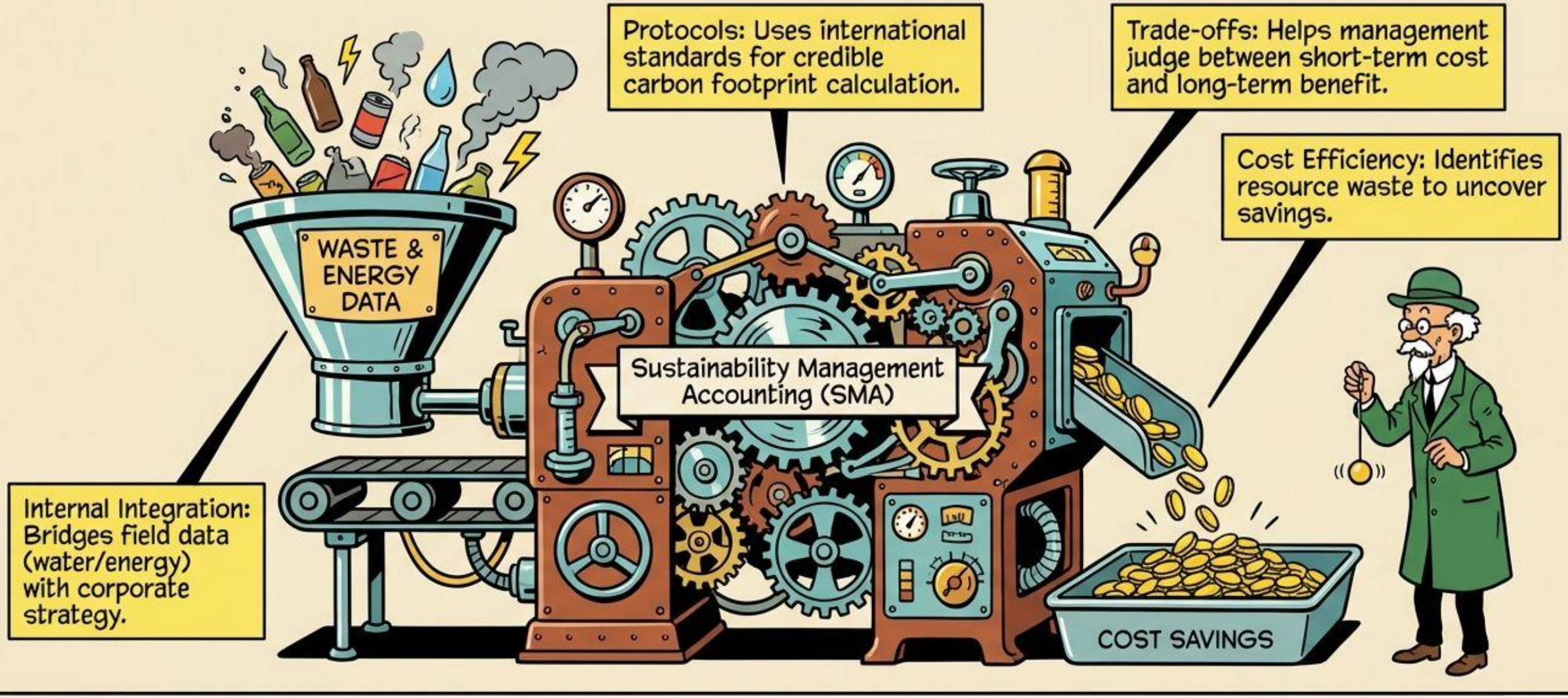
GOVERNANCE AT THE HELM

Creating Long-Term Value



THE TOOLS OF THE TRADE

Sustainability Management Accounting (SMA)

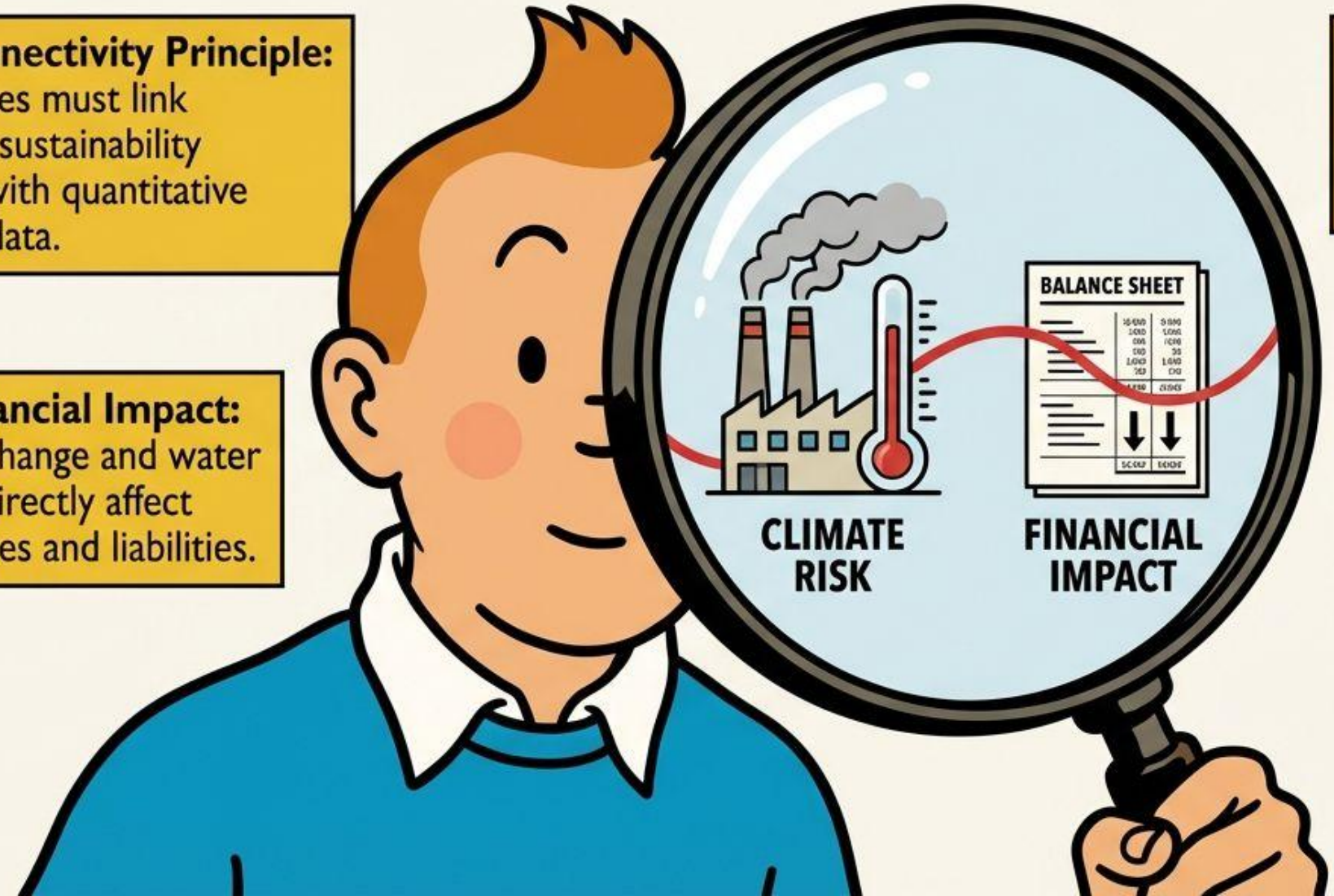


CONNECTING THE CLUES

Integrated Disclosure

The Connectivity Principle: Disclosures must link narrative sustainability updates with quantitative financial data.

Real Financial Impact: Climate change and water scarcity directly affect asset values and liabilities.



Social Risk: Human rights and labor practices determine reputation and stability.

Future Orientation: Reports must provide prospective views on future risks, not just history.

THE TRUTH TEST

Sustainability Assurance & Trust

Combatting Greenwashing:
Independent verification is critical to guarantee data validity.

Third-Party Verification:
Engaging independent auditors to ensure international standards are met.



Assurance Levels:
The market need to shift from 'Limited' to 'Reasonable' assurance.

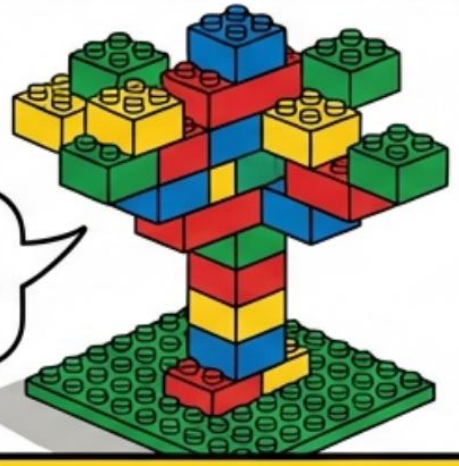
Internal Control:
Integrity depends on the quality of the company's internal data governance.

THE GLOBAL AGENDA: THE 17 GOALS (SDGs)



FIELD REPORT

THE ENABLERS



Example: LEGO.
Strategy built around SDGs.
Pledged net-zero by 2050.

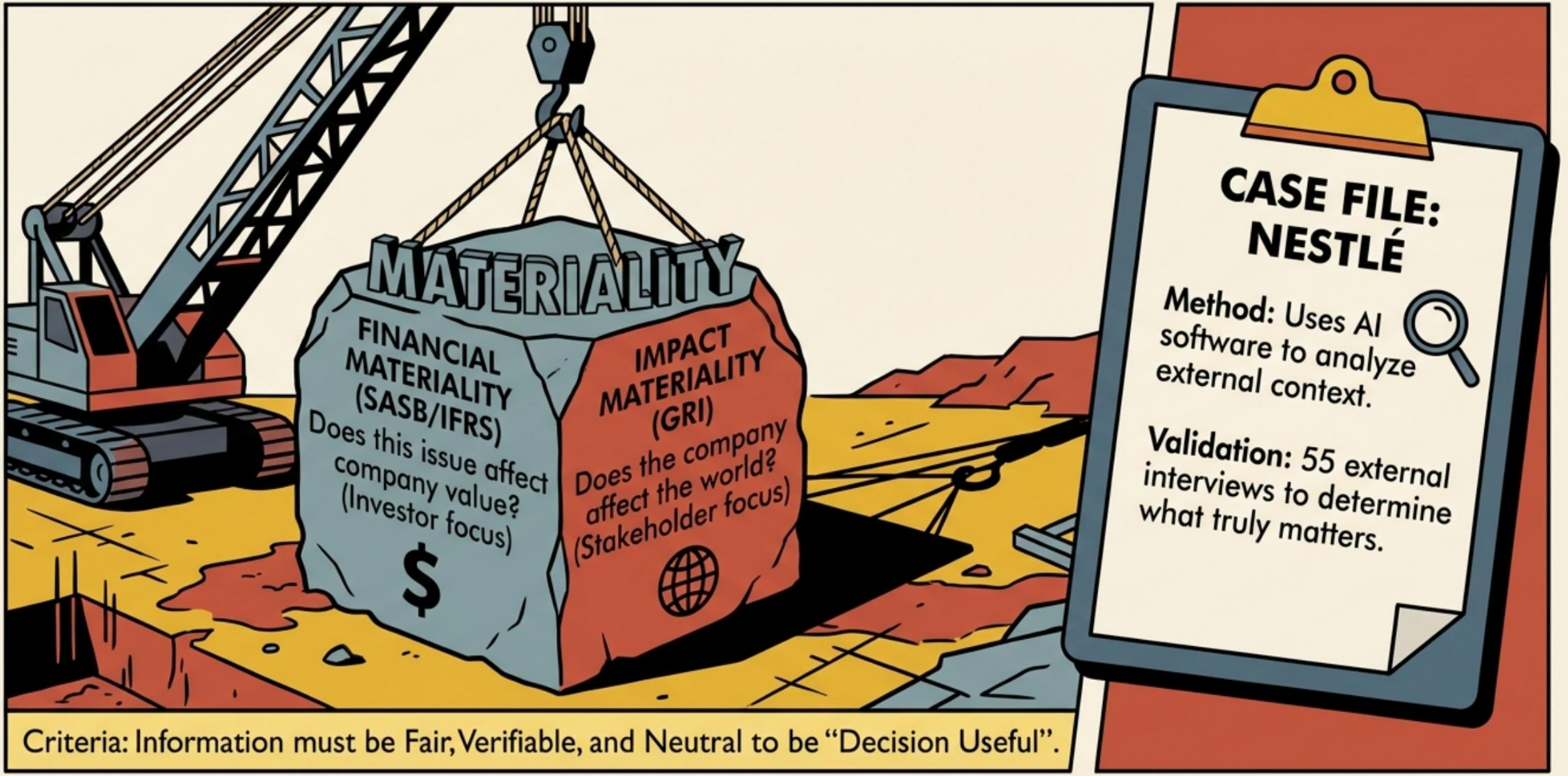
THE APATHETIC

TJX Companies

Example: TJX Companies.
Late reporting start, dropped specific SDG reporting in 2022.

BEWARE OF 'SDG WASHING' - Using icons for PR without impact measurement.

THE CORNERSTONE OF EVIDENCE: MATERIALITY



THE TREASURE

Sustainable Finance

Green Capital: Sustainability reporting is a prerequisite for access to Green Bonds and funding.

SDG Contribution: Proving tangible contributions to the 2030 Global Agenda.

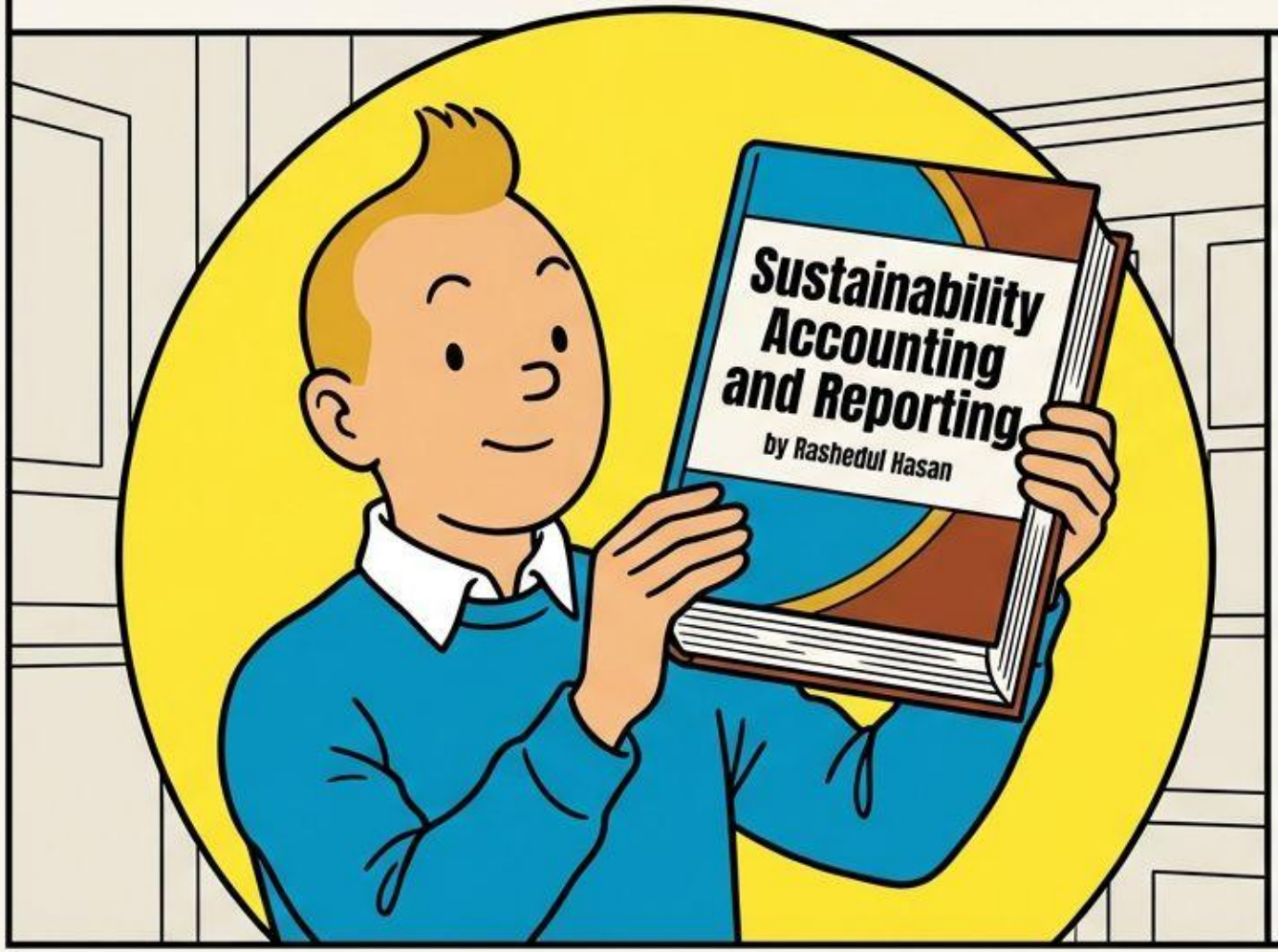


Compliance: ESG transparency dictates compliance with carbon taxes and cross-border rules.

Collaboration: Synergy between regulators and industry to create an honest ecosystem.

THE GUIDEBOOK

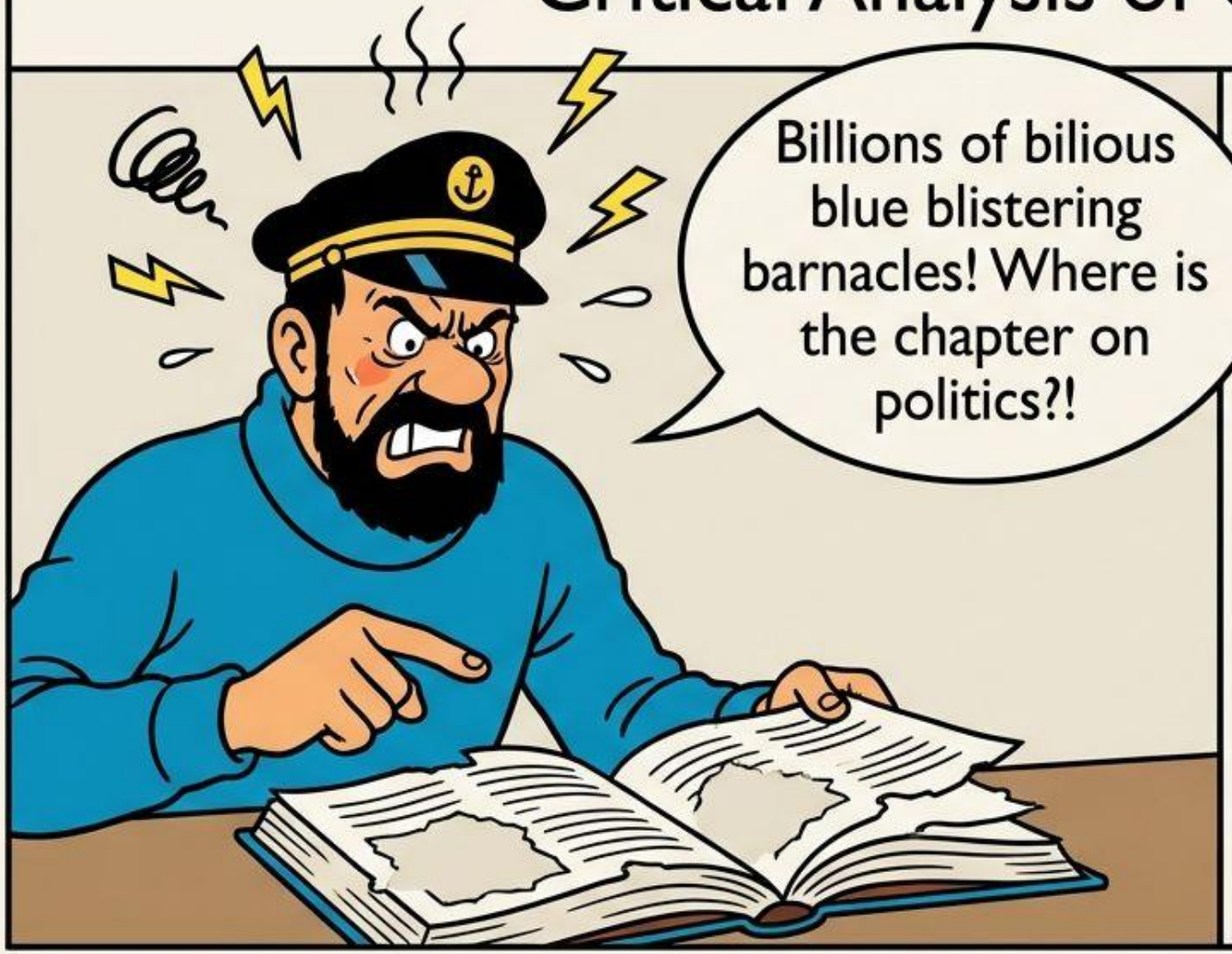
Methodological and Practical Strengths



- ✓ **Global Synthesis**: Synthesizes confusing standards (GRI, SASB, IFRS) into a cohesive narrative.
- ✓ **Materiality Clarity**: Explains the philosophical differences between investor vs. stakeholder reporting.
- ✓ **Structured Learning**: Uses real case studies to visualize theory in practice.
- ✓ **Relevance**: Includes the latest IFRS developments (2025).

THE MISSING PAGES

Critical Analysis of Content Gaps

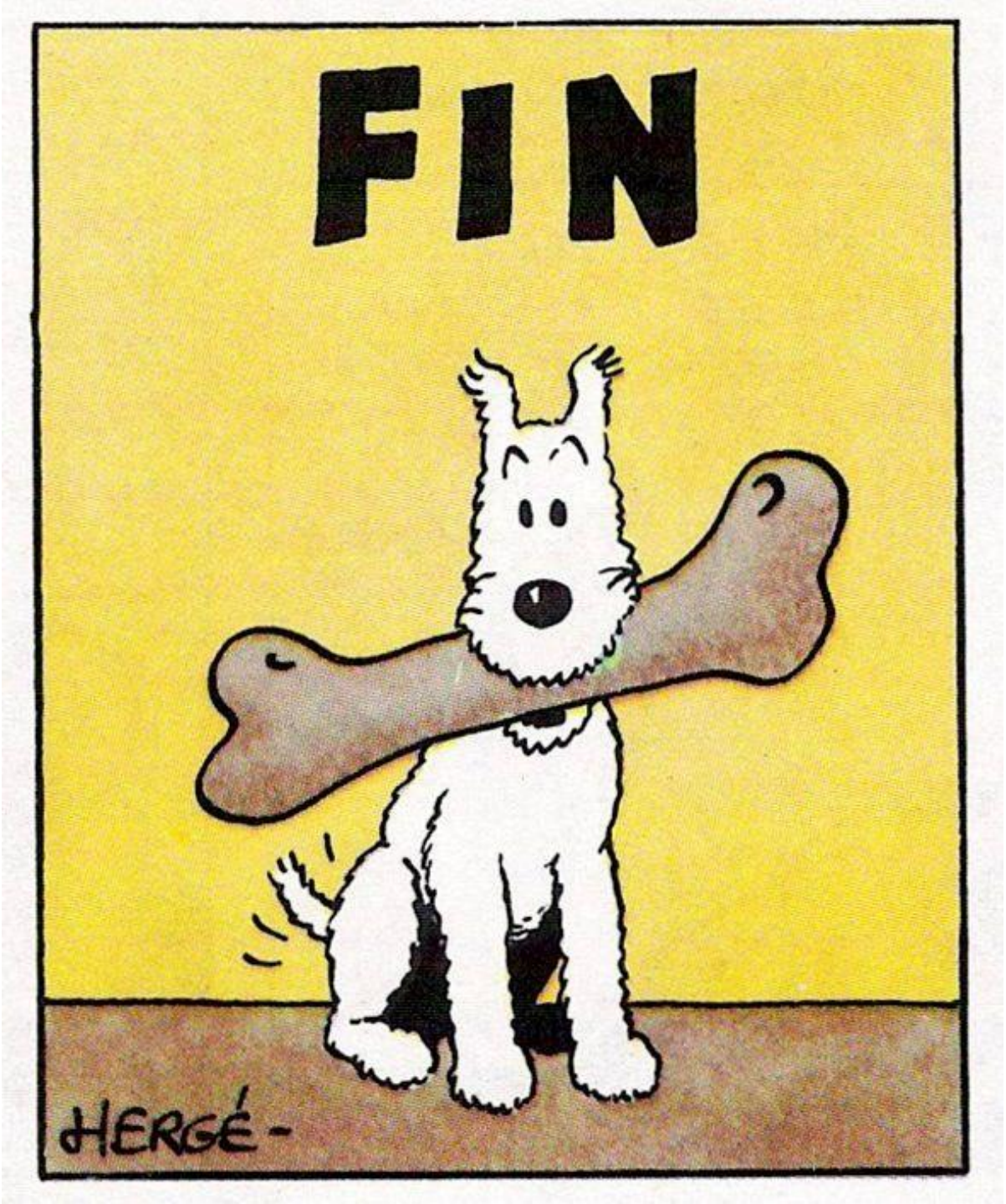


Greenwashing Forensics: Needs deeper tools to detect data manipulation used to mask poor performance.

Power Dynamics: Needs exploration of how management pressure affects auditor independence.

Social Metrics: Human rights measurement in supply chains could be more technical.

Developing Context: Lacks perspectives on challenges in developing nations adopting global standards.



Thank you!

With deep gratitude to Herge

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