



At a glance:

PSPK 1 & PSPK 2

**Indonesia's Sustainability Disclosure Standards
(General & Climate-Related Requirements)**

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Introduction

On 1 July 2025, the Sustainability Standards Board of the Institute of Indonesia Chartered Accountants (*Dewan Standar Keberlanjutan Ikatan Akuntan Indonesia – DSK IAI*) published Indonesia's first national Sustainability Disclosure Standards (*Standar Pengungkapan Keberlanjutan/SPK*):

- **PSPK 1 - General Requirements for Disclosure of Sustainability-related Financial Information** (*Persyaratan Umum Pengungkapan Informasi Keuangan Terkait Keberlanjutan*); and
- **PSPK 2 - Climate-related Disclosures** (*Pengungkapan Terkait Iklim*).

These standards will become effective for annual reporting periods beginning on or after 1 January 2027. Nonetheless, these standards do not prescribe which entities that shall apply them (or in case of the regulator decides adoption in phases for differing category of entities), when each category of entity shall apply them.

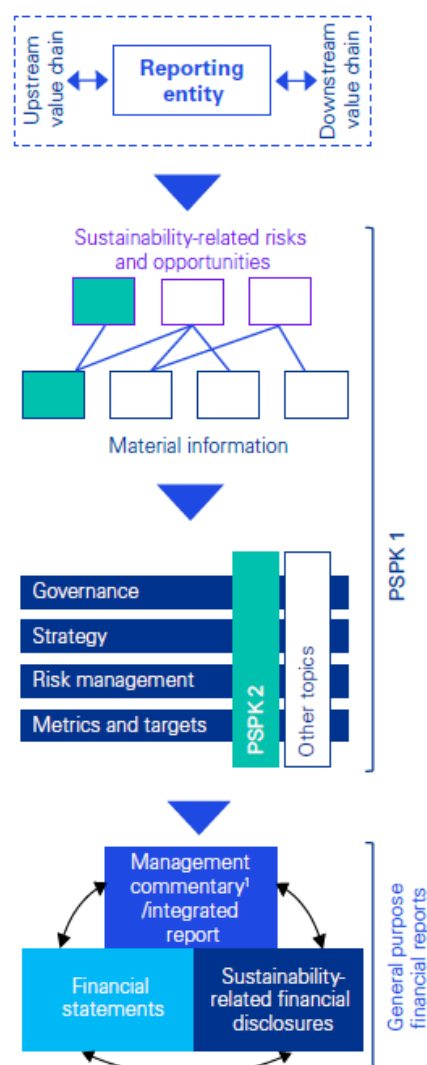
The issuance of SPK represents one key aspects in response to the SPK Roadmap, published in December 2024, which set out strategic directions for the development and phased implementation of sustainability disclosure standards in Indonesia.

PSPK 1 and PSPK 2 are based on IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 - Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB) which has been effective for annual reporting periods beginning on or after 1 January 2024.

This publication provides an overview of PSPK 1 and PSPK 2, hence it may not include complete information of PSPK 1 and PSPK 2. Reading the complete standard may be necessary to get a better understanding of PSPK 1 and PSPK 2 and its implication.

A new concept

Sustainability reporting is relatively new for the majority of reporting entities. For others, reporting under the SPK will introduce changes to existing practice. The following diagram and explanations are a simplistic representation, designed to provide a general understanding of reporting under the SPK in the context of familiar concepts.



A **reporting entity** prepares financial statements based on the events and transactions that have affected it during the reporting period.

The same reporting entity concept is applied for **sustainability-related financial disclosures**. However, these disclosures also reflect information about the broader resources and relationships the reporting entity depends on across its **value chain**.

Understanding these resources and relationships enables companies to identify and report on all **sustainability-related risks and opportunities** – i.e. the key factors that could affect the **prospects** of the business.

Information is material to disclose if it is expected to influence investors' decisions by affecting their evaluation of the reporting entity's future cash flows. PSPK 1 aims to help companies report **material sustainability-related financial information** across the areas of **governance, strategy, risk management, and metrics and targets**.

These areas apply across all sustainability-related risks and opportunities. However, in the first year of reporting, a transition relief permits companies to report on only **climate-related risks** and opportunities.

To supplement **PSPK 1**, additional standards will require disclosures that are consistent with – but more granular than – the content requirements in PSPK 1. The first

additional standard is on **climate (PSPK 2)**.

Sustainability-related financial disclosures are connected to and complement the financial statements and management commentary¹. Together they are part of **general purpose financial reports** – supporting investors' assessments of a reporting entity's future cash flows.

¹ Management commentary is known under various names, including management discussion and analysis (MD&A), operating and financial review or strategic report.

Two intersecting standards

The DSK IAI has released two SPK:

- PSPK 1 - General Requirements for Disclosure of Sustainability-related Financial Information (*Persyaratan Umum Pengungkapan Informasi Keuangan Terkait Keberlanjutan*); and
- PSPK 2 - Climate-related Disclosures (*Pengungkapan Terkait Iklim*).

These two SPK are designed to be applied together and alongside future topic- or industry specific standards. They both include reporting across **four content areas** – i.e. **governance, strategy, risk management, and metrics and targets**. The following diagram shows the relationship between two SPK.



PSPK 1 underpins reporting under all SPK, defining the **scope and objectives** of reporting and providing core **content, presentation** and **practical requirements**. It requires disclosure of **material information** on **all sustainability-related risks and opportunities** that could reasonably be **expected to affect the company's prospects** – not just those related to climate.

PSPK 2 **replicates the core content requirements** and **expands on them with climate-specific reporting requirements** – e.g. information on transition plans, scenario analysis and climate-specific metrics and targets.

For **topics other than climate**, preparers will need to seek guidance on appropriate disclosures from other sources identified in PSPK 1.

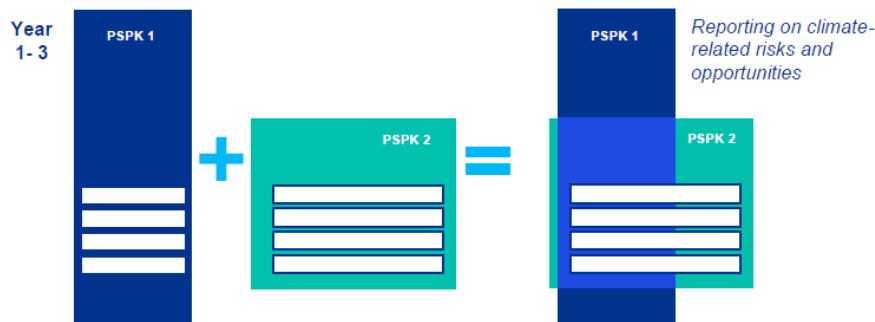
Over time, it is expected that DSK IAI will issue **additional standards** and supporting materials.

Getting started with reporting

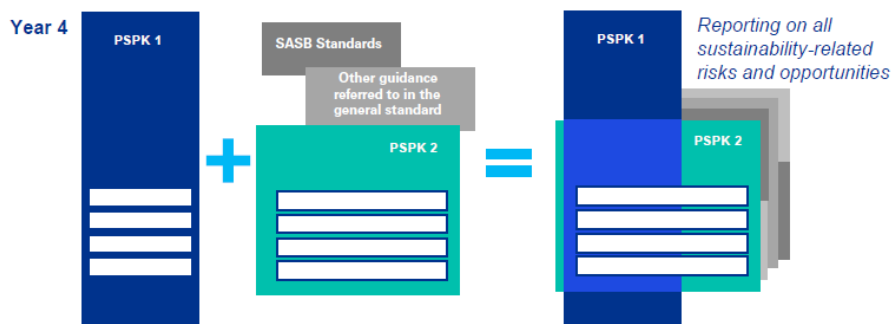
SPK includes various transition reliefs that can help companies when they initially apply them.

One of these is a 'climate first' transition relief which allows companies to report on only climate related risks and opportunities in the first three years they apply SPK, rather than reporting on all sustainability-related risks and opportunities.

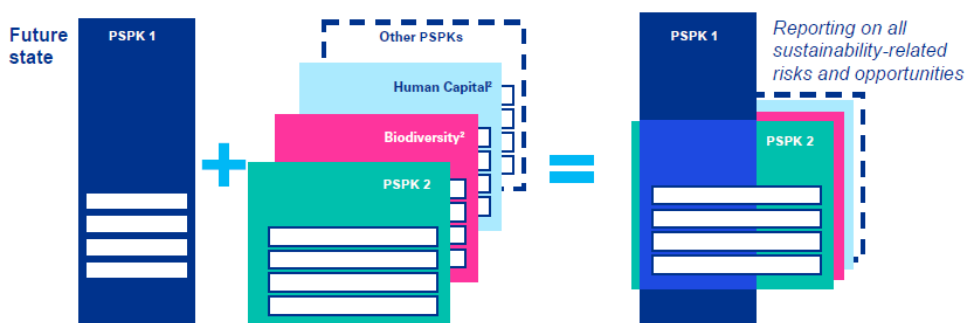
For the first three years, companies taking this option apply requirements of PSPK 2 and relevant areas of PSPK 1 – e.g. the conceptual principles including the materiality definition, general requirements and guidance on judgements, uncertainties and errors.



In the fourth year, companies need to report on all sustainability-related risks and opportunities, using PSPK 1 and other guidance referred to in PSPK 1.



Ultimately, a company will use the full suite of topic- or industry-specific, once they are issued by DSK IAI².



² Biodiversity and human capital are among the topics that the ISSB may address in future standards, which DSK IAI may refer to in future PSPKs.

Key facts

Applicable for all	
Relevance	The standards are potentially relevant for all companies , however the regulator will decide whether and when to adopt the SPK.
Connected with the financial statements	
Reporting at the same time	Reporting is required at the same time , and for the same period, as the financial statements, subject to a three-year transition relief .
Investor-focused	<p>The definition of material information is consistent with SAK Indonesia – i.e. focused on investors.</p> <p>Information is material to disclose if it is expected to influence investors' decisions by affecting their assessment of the company's future cash flows. This includes information about the company's economic, environmental or societal impacts which could influence investors' decisions, rather than all potential impacts.</p>
Connected information	<p>Sustainability-related financial disclosures need to be connected to the financial statements – both are included as part of a company's general purpose financial reports.</p> <p>They highlight relationships between pieces of information, explain trade-offs that management consider and provide insight into resources and relationships that are not necessarily recognised in the financial statements.</p>
Forward-looking	SPK require forward-looking insight about sustainability-related risks and opportunities that could reasonably be expected to affect the company's prospects.

Key actions

Companies need to get ready for rapid implementation of SPK – laying the right foundation, before undertaking steps to understand the impacts and adapt to the reporting change.

Key to a strong foundation is:

- **Educating the board, management and those involved in reporting** about the company's exposure to sustainability-related risks and opportunities, and ensuring that the company's strategy for managing risks and opportunities is clear and understood across the organisation.
- **Preparing for more scrutiny** over sustainability-related financial disclosures, in particular whether disclosures about the company's specific exposures meet investor needs and regulator expectations.
- **Establishing a clear governance structure** that is supported by effective cross-functional collaboration between departments and:
 - ensures that any commitments and decisions on sustainability-related issues are appropriately considered and approved; and
 - oversees the quality of both financial and sustainability reporting, and the impact of new reporting requirements.



1. Impact assessment	
Understand what applies to you	<p>Understand if and when SPK apply to you, or whether you will choose to apply them voluntarily.</p> <p>Determine if you will also need to apply other regulatory frameworks.</p>
Identify the differences	<p>Identify the differences between all the regulations and/or SPK you will need to apply and the content you currently report.</p> <p>Keep abreast of key developments as DSK IAI executes its workplan. It will be important to be prepared for what comes next.</p>
2. Materiality assessment	
Understand your value chain	<p>Understand the breadth and composition of your value chain to support identifying your sustainability-related risks and opportunities and understanding where you will source your data.</p>
Identify material information	<p>Identify sustainability-related risks and opportunities that are relevant to report on and perform a materiality assessment to understand what information you will need to report.</p>

	You will need significant volumes of data across all identified sustainability-related risks and opportunities, including data related to relationships outside the reporting entity – e.g. suppliers.
3. Maturity assessment	
Assess your reporting maturity	<p>Assess the maturity of your sustainability reporting processes, controls, data models, policies and knowledge.</p> <p>Engage with current process owners to understand how information is being defined, captured and reported, and where there are control gaps or potential process improvements.</p> <p>You will need a fit-for-purpose internal control structure around sustainability-related financial disclosures to ensure data integrity.</p> <p>Determine your target operating model and develop a roadmap that addresses identified reporting gaps and embeds required governance, data, processes, people and change management.</p>
4. Reporting transformation	
Design your future reports	<p>Consider whether a change in where and how you present information is needed – e.g. to:</p> <ul style="list-style-type: none"> • integrate investor-focused sustainability-related financial disclosures into the general purpose financial reports; and • address additional information that may be required elsewhere to meet other stakeholder needs. <p>You will need a coherent reporting package and communications strategy that avoids unnecessary duplication between different types of reporting.</p>
Understand your resource needs	<p>Understand and address your resource needs early in your implementation process.</p> <p>You may need subject-matter experts to help you understand and report on the sustainability-related risks and opportunities that impact your company, including forward-looking technical analysis.</p>
Expand your systems, processes and controls	<p>Explore your options to create efficiencies and move certain aspects of the data collection and calculation process into existing systems, processes and controls that already relate to financial or sustainability reporting.</p> <p>You will need efficient and effective processes and controls that allow you to report reliable and timely information.</p>

5. Assurance readiness	
Engage with internal audit	Engage with internal audit teams to design procedures that support those responsible for sustainability-related financial disclosures to get comfortable with the information being produced and published.
Get ready for assurance	<p>Assess whether your reporting processes are ready for assurance – requiring adequate documentation and audit trails.</p> <p>DSK IAI cannot require companies to obtain assurance on their disclosures, but the regulator may require it, and companies may choose to obtain it to meet investor expectations.</p>

Difference between SPK and IFRS Sustainability Disclosure Standards

PSPK 1 and PSPK 2 are based on IFRS S1 and IFRS S2 issued by the International Sustainability Standards Board (ISSB), but there are some major differences between the two sets of standards:

- IFRS S1 and S2 are effective for annual reporting periods beginning on or after 1 January 2024, with early adoption permitted. PSPK 1 and PSPK 2 will be effective starting 1 January 2027, allowing more time for local adaptation and capacity building
- PSPK 1 provides an additional explanation on the timing of reporting. Par 64a requires an entity to report sustainability-related financial disclosure at the latest when the entity publishes the annual report in accordance with the applicable regulatory requirements.
- PSPK 1 provides three years' exemption for the entities to disclose information on only climate-related risks and opportunities (in accordance with PSPK 2), while IFRS S1 only provides one year exemption.
- PSPK 2 allows entities which, immediately prior to first application of PSPK 2, have measured their emissions using a method other than GHG Protocol to continue to apply such other method for up to three years.
- PSPK 2 provides three years' exemption for the entities to disclose Scope 3 of greenhouse gas (GHG) emission, while IFRS S2 only provides one year exemption.

Keeping in touch

Find digestible summaries of recent developments, detailed guidance and practical tools such as illustrative disclosures and checklists.

PSAK 118 in a Lens:

Redefining clarity and comparability of financial statements presentation



Are you ready?

Which standards are mandatory for your financial year end?



SAK Indonesia: An overview

An overview of the Indonesian Financial Accounting Standards ("SAK Indonesia")



Illustrative disclosures

Guide to annual financial statements - December 2024



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