

COMPARISON OF DISCLOSURE LEVELS OF GRI STANDARDS ON COMPANIES LISTED ON THE IDX (CASE STUDY ENERGY AND FINANCIAL SECTOR)

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Abstract

Sustainability Reports are a hot topic among investors, company management and other stakeholders. With the mandatory sustainability reporting by OJK, the need for Sustainability Reports increases. This research aims to determine the level of disclosure of GRI Standards in Sustainability Reports in companies in the energy sector and financial sector of the Indonesia Stock Exchange. The content analysis method was used in this research to assess the content of sustainability reports from 53 selected companies on the Indonesia Stock Exchange for the 2022 period. The results of the analysis revealed that the level of disclosure of GRI Standards in energy sector companies was higher than in financial sector companies. Apart from that, in this research it is also known that the industry in which the company operates also influences the topics most frequently disclosed in the Sustainability Report.

Keywords: Sustainability Report; GRI Standards; GRI Index

Introduction

Nowadays, environmental sustainability is one of the concerns of the entire world community. As time goes by, problems arise in the environment that affect human life in it so that solutions must be found quickly. The United Nations (UN) pays attention to environmental issues and issues Sustainable Development Goals (SDGs). Quoting from website Bappenas, SDGs are a series of goals set by the UN to achieve a better sustainable life. Preserving the environment is an obligation for all parties including companies.

In line with environmental issues, companies are required not only to pursue profits, but also to participate in efforts to preserve the surrounding environment. If the company wants to achieve its goals, synergy and good reciprocal relationships are needed between the company and employees, the community, and investors (Murnita and Putra, 2018). In the end, the company participates with performance Environmental, Social, and Governance (ESG).

Companies provide their annual ESG performance in sustainability reports. Sustainability reports must be submitted by companies to the public referring to OJK Regulation Number 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies. Sustainability reports are one way for companies to disclose non-financial information to stakeholders and the public (Yehezkiel, Rein Y, Astuti, and Noor, 2023).

Sustainability reports contain information about the company's commitments and policies taken by the company in its participation in implementing sustainable practices for the community and the surrounding environment. Over time, the trend of reporting sustainability reports has increased. However, this increasing trend is not necessarily followed by an increase in the quality of reporting. In order to improve the quality of the information submitted, the company can follow a standard that contains information that must be submitted by the company in the sustainability report.

There are at least two standards that contain information that must be submitted in a sustainability report, namely the standard according to OJK Regulation Number 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies, and the second is the standard Global Report Initiative (GRI) Standards. GRI Standards are standards that allow companies to report information about their economic, environmental, societal, and human rights impacts and how companies manage their impacts. GRI Standards are arranged based on three series: GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards.

Research conducted by Yehezkiel, et al. (2023) shows that the average level of GRI Standard disclosure in 2019 was 14.11% and became 39.37% in 2022. This shows that the quality of sustainability reporting in companies in Indonesia is still quite low, which is still below 50% of the total points in the GRI Standard. The type of company, in addition to profitability and company size factors, also also has an influence on the amount of public social disclosure (Widyaningsih, YE 2020).

This study aims to see the differences in the level of GRI standard disclosure in companies listed on the Indonesia Stock Exchange, with a limited scope of companies in the energy and financial sectors in 2022. In addition, this study can also show the level of disclosure of each point in the GRI Standard to better understand the tendency of impacts arising from a company sector.

Methods

The research approach used in this study is a historical research approach, namely research conducted by collecting, evaluating, verifying, and synthesizing evidence to draw strong conclusions (Irawan, Prasetya, 2021). This study uses secondary data sources where the author uses company reports obtained from publicly accessible company websites. The objects of research are companies listed on the Indonesia Stock Exchange (IDX) in the energy sector and the financial sector. More specifically, the author only takes samples of companies listed on the main board of each sector. The author uses the Miles and Huberman qualitative data analysis model where the analysis consists of three flows, namely: data reduction, data presentation, and data retrieval.

Table 1 Research Sample

No	Criteria	Amount
1	Companies listed on the Indonesia Stock Exchange Financial Sector Main Board	52
2	Companies listed on the Indonesia Stock Exchange Energy Sector Main Board	43
3	Companies Not Using GRI Standards	(36)
4	Companies Not Reporting Sustainability Reports or Sustainability Reports Not Accessible	(6)
Research Sample		53

Source: Processed by the author, 2023

Results and Discussions

GRI Standards have three series: GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards. In this study, the author only focuses on GRI Universal Standards and GRI Topic Standards. The standards used in this study are as follows:

Table 2 List of Topics in GRI Standards to be Analyzed

Number	Standard Description	Point	Number	Standard Description	Point
GRI 2	General Disclosure 2021	30	GRI 402	Management 2016	1
GRI 3	Material Topics 2021	3	GRI 403	Occupational Health and Safety 2018	10
GRI 201	Economic Performance 2016	4	GRI 404	Training and Education 2016	3
GRI 202	Market Presence 2016	2	GRI 405	Diversity and Equal Opportunity 2016	2
GRI 203	Indirect Economic Impacts 2016	2	GRI 406	Non-Discrimination 2016	1
GRI 204	Procurement Practices 2016	1	GRI 407	Freedom of Association and Collective Bargaining	1
GRI 205	Anti-Corruption 2016	3	GRI 408	Child Labor 2016	1
GRI 206	Anti-Competitive Conduct 2016	1	GRI 409	Forced or Compulsory Labor 2016	1
GRI 207	Taxes 2019	4	GRI 410	Safety Practices 2016	2
GRI 301	Materials 2016	3	GRI 411	Indigenous Peoples Rights 2016	2
GRI 302	Energy 2016	5	GRI 413	Local Communities 2016	2
GRI 303	Water and Effluents	5	GRI 414	Supplier Social Assessment 2016	3
GRI 304	Biodiversity 2016	4	GRI 415	Public Policy 2016	1
GRI 305	Emissions 2016	7	GRI 416	Customer Health and Safety 2016	1
GRI 306	Effluents and Wastes	5	GRI 417	Marketing and Labeling 2016	10
GRI 308	Supplier Environmental Assessments 2016	2	GRI 418	Customer Privacy	3
GRI 401	Employment 2016	3	GRI 402	Management 2016	2
Total Disclosure					117

Source: Processed by the author, 2023

The author took samples of only companies listed on the main board because the main board is reserved for large companies and has a good financial history. In line with Widyaningsih (2020) who stated that the factors that have positive influence on the level of sustainability report disclosure is profitability, company size, and company type.

Disclosures on Companies Listed on the Indonesia Stock Exchange Energy Sector

Companies listed on the Indonesia Stock Exchange in the energy sector are 43 companies. The author found that of the 43 companies, 6 of them did not publish sustainability reports or their sustainability reports were inaccessible. The other 14 companies use OJK Regulation Number 51/POJK.03/2017 as the basis for the Sustainability Report. The remaining 23 companies use the GRI Standard Index as the basis for the Sustainability Report. This number shows that around 53.5% of the main energy sector companies use the GRI Standard Index.

The author conducted a content analysis of the sustainability reports of each company that uses the GRI Standard Index. The author found that out of a total of 23 companies analyzed, the average disclosure of the GRI Standard Index in the Sustainability Reports of Energy Sector Companies was 65% of the total 117 disclosures. GRI 1 and GRI 2 obtained a disclosure percentage of 89% and 91%. Then the author conducted an analysis of GRI Standards other than GRI 1 and GRI 2 to see the level of disclosure.



Figure 1 GRI Standard Disclosure in IDX Energy Sector Companies

Source: Processed by the author, 2023

GRI 401, GRI 403, and GRI 306 standards are the most widely disclosed GRIs in sustainability reports of energy sector companies. GRI 401 is a topic related to employment with a disclosure level of 79.7%. Furthermore, GRI 403 is a topic on Occupational Health and Safety with a disclosure level of 79.6%. Then there is GRI 306 on the topic of Effluent and Waste with a disclosure level of 71.3%.

GRI Standards 417, GRI 206, GRI 416, and GRI 418 are the least disclosed GRIs in the energy sector Sustainability Report. GRI 417, which contains the topic of Marketing and Labeling, has a disclosure level of 15.9%. GRI 206, GRI 416, and GRI 418 have the same disclosure level of 21.7%. GRI 206, GRI 416, and GRI 418 have the topics of Anti-Competitive Behavior, Customer Health and Safety, and Customer Privacy, respectively.

Disclosures on Companies Listed on the Indonesia Stock Exchange Financial Sector

Companies listed on the Indonesia Stock Exchange in the financial sector are 43 companies. The author found that out of a total of 52 companies, 22 companies use OJK Regulation Number 51/POJK.03/2017 as the basis for sustainability reports. The remaining 30 companies use the GRI Standard Index as the basis for sustainability reports. This number shows that 57.7% of financial sector companies use the GRI Standard Index as the basis for disclosing sustainability reports.

The author conducted a content analysis of the sustainability reports of each company using the GRI Standard Index. The author found that out of a total of 23 companies analyzed, the average disclosure of the GRI Standard Index in the sustainability reports of financial sector companies was 48% of the total 117

disclosures. GRI 1 and GRI 2 obtained a disclosure percentage of 85% and 90%. Then the author conducted an analysis of GRI Standards other than GRI 1 and GRI 2 to see the level of disclosure.

Figure 2 GRI Standard Disclosure in IDX Financial Sector Companies



Source: Processed by the author, 2023

GRI 404, GRI 418, and GRI 401 standards are the most widely disclosed GRIs in financial sector companies' sustainability reports. GRI 404 is a topic related to training and education with a disclosure rate of 82.2%. Next, GRI 418 is a topic about Customer Privacy with a disclosure level of 73.3%. Then GRI 401 with a topic about employment with a disclosure level of 70%.

GRI Standards 308, GRI 411, GRI 414, and GRI 415 are the least disclosed GRIs in financial sector companies' sustainability reports. GRI 308 is a GRI standard that contains the topic of Supplier Environmental Assessment with a disclosure level of 0%. GRI 411, GRI 414, and GRI 415 have the same disclosure level of 3.3%. GRI 411, GRI 414, and GRI 415 have the topics in sequence, namely Indigenous Peoples' Rights, Supplier Social Assessment, and Public Policy.

Conclusion

This study was conducted with the aim of determining the level of disclosure of sustainability reports in companies listed on the Indonesia Stock Exchange in the energy and financial sectors. Based on the results of the analysis of the level of disclosure in the sustainability reports of companies in the energy and financial sectors, the following can be concluded:

1. The level of GRI Standard disclosure of sustainability reports of energy sector companies is higher than that of financial sector companies.
2. The topics in the GRI Standards that are most frequently disclosed in the sustainability reports of energy sector companies are topics on employment, Occupational Health and Safety, and Effluent and Waste. Meanwhile, the topics in the GRI Standards that are most frequently disclosed in financial sector companies are training and education, Customer Privacy, and employment.
3. The topics in the GRI Standards that are least disclosed in the sustainability reports of energy sector companies are Marketing and Labeling, Anti-Competitive Behavior, Customer Health and Safety, and Customer Privacy. Meanwhile, the topics in the GRI Standards that are least disclosed in financial sector companies are Supplier Environmental Assessment, Indigenous Peoples Rights, Supplier Social Assessment, and Public Policy

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