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Assessing The Alignment Of Corporate Sustainability Disclosures With IFRS S1 and IFRS S2: A Case Study of PT Unilever Indonesia Tbk

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Abstract

This study examines the alignment of PT Unilever Indonesia Tbk's sustainability disclosures with IFRS S1 and IFRS S2. Using a descriptive qualitative approach and case study method, it evaluates the company's 2025 Sustainability Report against 29 indicators across four pillars: Governance, Strategy, Risk Management, and Metrics and Targets. Each indicator is assessed using a three-level scale to identify full, partial, and absent disclosures. The company obtains 31 of 58 possible points, equivalent to 53.45%. Risk Management records the highest alignment at 83.33%, followed by Governance at 77.78% and Metrics and Targets at 60%. Strategy records the lowest alignment at 25%, indicating gaps in disclosures concerning climate-related risks and opportunities, scenario analysis, strategic resilience, and financial effects. The findings suggest that the company has established a sustainability reporting foundation, but improvements are needed to strengthen disclosure completeness and connectivity with business strategy and financial prospects.

Keywords: IFRS S1, IFRS S2, Sustainability Reporting, Disclosure Alignment, Stakeholder Theory, Case Study.

INTRODUCTION

The consumer goods industry has a high dependence on natural resources, energy, water,

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and the availability of raw materials to support production and distribution activities. These activities produce various environmental and social consequences, such as greenhouse gas emissions, plastic use, waste generation, and impacts arising from supply chain activities. For companies with large operational scales, sustainability issues are not only related to environmental responsibility, but can also affect operational efficiency, production costs, reputation, and business continuity. This condition requires companies to increase transparency in managing sustainability risks and impacts (Barker, 2025; Geldres-Weiss et al., 2021; Tham et al., 2025).

PT Unilever Indonesia Tbk is one of the companies that carries out business activities in the consumer goods industry with business activities that involve the procurement of raw materials, manufacturing processes, packaging, distribution, and product consumption by the public. The complexity of these activities presents various sustainability issues, especially related to plastic and waste management, resource use, emissions, supply chain sustainability, and responsibility to consumers. The company's challenges do not stop at the implementation of environmental and social programs, but also include the ability to prove the effectiveness of managing these issues and explain their impact on business strategies and prospects. Therefore, disclosure transparency is an important part of accounting for company activities (Meutia et al., 2022; Saptono et al., 2023; Zhou et al., 2023).

In practice, companies still face challenges in presenting consistent, relevant, and comparable sustainability information. Disclosures based on various reporting frameworks often result in differences in the determination of material issues, depth of information, and reporting orientation. This issue is important because information about a company's impact on the environment and society does not always explain how sustainability issues affect a company's financial condition and prospects. To address this need, the International Sustainability Standards Board (ISSB) published IFRS S1 and IFRS S2 in June 2023 as disclosure standards oriented to the needs of investors and capital providers (De Cristofaro & Gulluscio, 2023; Krivogorsky, 2024; Barker, 2025).

IFRS S1 regulates the general requirements for the disclosure of sustainability-related financial information, specifically risks and opportunities that could reasonably affect the company's prospects. Meanwhile, IFRS S2 specifically regulates the disclosure of financial information related to climate change risks and opportunities, including physical risks and transition risks. Both standards require companies to present information based on four main pillars, namely Governance, Strategy, Risk Management, and Metrics and Targets. The application

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of these two standards requires companies to not only disclose sustainability policies and programs, but also to explain the relationship between risks, opportunities, strategies, management, and their implications for the company's financial condition (Barker, 2025; Erdoğan et al., 2026a; Molnár et al., 2025).

However, the existence of sustainability reports does not automatically indicate that the company has presented disclosures that are in line with all IFRS S1 and IFRS S2 requirements. Problems can arise when the information submitted is still dominated by descriptions of program activities and achievements, without an explanation of financial impacts, scenario analysis, or the relationship of sustainability risks to the company's strategy. This phenomenon was also found in studies of international companies that showed the limitations of the quality of climate risk assessments and difficulties in compiling scenario analyses that are in accordance with business characteristics. Thus, the completeness of the narrative does not necessarily reflect the depth of disclosure (Erdoğan et al., 2026b; Lee et al., 2024; Lee et al., 2025).

For PT Unilever Indonesia Tbk, these issues are relevant because various sustainability issues in the company's operational activities have the potential to have consequences on the company's performance and financial prospects. Climate change can affect the availability of raw materials, supply chain stability, investment needs, and operational costs. Similarly, the management of plastics, waste, energy, and water resources requires strategies and performance measurements that can be evaluated consistently. Disclosures that only describe environmental commitments and achievements without outlining risks, management mechanisms, and measurable targets can limit the ability of stakeholders to assess the effectiveness of a company's sustainability strategy (Islam et al., 2025; Wang et al., 2024; Liu & Han, 2025).

Based on this phenomenon, this study aims to analyze the alignment of PT Unilever Indonesia Tbk's sustainability disclosure with IFRS S1 and IFRS S2 standards through a descriptive qualitative approach with a case study method in the company's 2025 sustainability report. The research focuses on four pillars of disclosure, namely Governance, Strategy, Risk Management, and Metrics and Targets, by identifying aspects that have been aligned, partially aligned, or not aligned with the requirements of the two standards. The results of the research are expected to make an academic and practical contribution as material for company evaluation in improving the quality, transparency, accountability, and comparability of sustainability information for stakeholders (Barker, 2025; Erdoğan et al., 2026a; Saptono et al., 2023).

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LITERATURE REVIEW

Stakeholder Theory

Stakeholder Theory explains that a company's sustainability is not only determined by the interests of shareholders, but also by the company's ability to meet the expectations of various stakeholders. In the context of sustainability reporting, companies are required to provide information on operational impacts, environmental risks, social responsibility, and business prospects that are relevant to investors, consumers, suppliers, and the public. This disclosure is a means to strengthen the company's relationship with stakeholders while increasing business management accountability (Meutia et al., 2022; Zhou et al., 2023; Barker, 2025).

In this study, Stakeholder Theory is used to explain the importance of aligning PT Unilever Indonesia Tbk's sustainability disclosure with stakeholders' information needs. It is not enough for companies to simply deliver various environmental and social programs, but also to explain how sustainability risks and opportunities affect financial strategies and prospects. The availability of relevant, consistent, and comparable information is an important part of supporting economic decisions and increasing trust in the company (Wang et al., 2024; Hewa et al., 2025; Nazari & Poursoleyman, 2024).

Corporate Sustainability Reporting

Corporate Sustainability Reporting is the process of delivering information about a company's sustainability, impacts, risks, and opportunities that include environmental, social, and governance aspects. This reporting not only serves as a form of corporate accountability, but also provides information for stakeholders to evaluate the sustainability of business activities. Problems arise when disclosure emphasizes program achievements without explaining its relevance to the company's operational and financial conditions. Therefore, the quality and relevance of information is a major concern (Barker, 2025; Geldres-Weiss et al., 2021; De Cristofaro & Gulluscio, 2023).

The development of sustainability reporting encourages companies to improve the consistency, comparability, and relevance of the information presented. The use of various reporting frameworks can result in differences in the determination of materiality and depth of disclosure, making it difficult for report users to evaluate the company's performance. In this context, the harmonization of international standards is needed to strengthen information quality and reduce reporting fragmentation. The development of ISSB standards is one of the responses to this need, particularly in connecting sustainability information with capital provider decisions

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(Krivogorsky, 2024; Molnár et al., 2025; Wang et al., 2024).

IFRS S1 and IFRS S2 Disclosure Standards

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information sets out general requirements for disclosure of sustainability risks and opportunities that could reasonably affect a company's prospects. Meanwhile, IFRS S2 Climate-related Disclosures regulates the disclosure of climate-related risks and opportunities, including physical risks and transition risks. Both standards direct companies to convey relevant information for investors and capital providers in assessing the outlook, cash flow, access to financing, and cost of capital of companies (Barker, 2025; Erdoğan et al., 2026a; Castillo Delgadillo & Díaz-Peña, 2025).

The implementation of IFRS S1 and IFRS S2 demands interconnectedness between sustainability information and corporate financial information. Disclosure is not enough to simply describe environmental policies and commitments, but it is necessary to show how sustainability risks and opportunities are identified, managed, and considered in business strategies. In this case, the quality of information, the readability of disclosures, and the consistency of standard implementation are important aspects to evaluate. Alignment with international standards can also strengthen the comparability of information between companies (Erdoğan et al., 2026b; Molnár et al., 2025; Yoon et al., 2025).

Sustainability Disclosure Alignment and Materiality

Sustainability Disclosure Alignment describes the level of conformity of the sustainability information submitted by a company with the requirements of the reporting standards used as a reference. The alignment assessment not only considers the existence of information, but also its completeness, clarity, and relevance to disclosure needs. In IFRS S1 and IFRS S2, the evaluation can be carried out through four pillars, namely Governance, Strategy, Risk Management, and Metrics and Targets. The four form a framework for assessing the consistency of a company's disclosure (Erdoğan et al., 2026a; Molnár et al., 2025; Saptono et al., 2023).

Materiality is an important consideration in determining the sustainability information that a company needs to disclose. An issue becomes relevant when it has the potential to affect the company's prospects, including cash flow, access to financing, and capital costs in the short, medium, or long term. Inappropriate determination of materiality can cause important information to not be adequately conveyed. Therefore, the evaluation of Unilever's disclosure needs to pay attention to the relationship between material issues, risks and opportunities,

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company strategies, and performance indicators used (Meutia et al., 2022; Madison & Schiehll, 2021; Zhou et al., 2023).

METHOD

This study uses a qualitative descriptive approach with a case study method at PT Unilever Indonesia Tbk. The research aims to analyze the alignment of the company's sustainability disclosure with IFRS S1 and IFRS S2 requirements using the Sustainability Report 2025 as the main data source. The selection of this approach is based on the need to deeply understand the company's sustainability disclosure practices, especially in explaining information on governance, strategy, risk management, as well as sustainability metrics and targets.

The data used is secondary data obtained through sustainability report documentation, annual reports, official company publications, and IFRS S1 and IFRS S2 standard documents. Relevant scientific literature is also used as a foundation in understanding the concepts of materiality, sustainability disclosure, and reporting alignment. Data collection is carried out by searching for information related to the disclosure requirements of the two standards, then identifying the evidence of disclosure presented by the company along with the location of the pages in the source document.

Alignment evaluation is carried out by compiling an assessment instrument based on the four main pillars of IFRS S1 and IFRS S2, namely Governance, Strategy, Risk Management, and Metrics and Targets. The indicators are prepared by referring to the substance of the disclosure requirements in both standards, so that each aspect can be examined separately. The use of these instruments aims to ensure that the assessment is not only based on the existence of information, but also pays attention to the suitability of the substance of the disclosure to the requirements of the standard.

Table 1. Disclosure Alignment Assessment Indicators
IFRS S1 and IFRS S2

Code	Pillar	Disclosure Indicators
GOV 1	**Governance**	Organizational structure, division of authority, and responsibility of governance bodies for sustainability risks and opportunities.
GOV 2		Oversight and disclosure of the technical role in monitoring sustainability risks and opportunities.
GOV 3		The commitment and involvement of the Board of Directors

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Code	Pillar	Disclosure Indicators
		in the implementation of sustainability governance.
GOV 4		Competence and expertise of governance bodies in overseeing sustainability risks and opportunities.
GOV 5		Capacity development and improvement of the competence of governance organs related to sustainability.
GOV 6		Integration of sustainability performance with management remuneration and incentive policies.
GOV 7		Supervision and control mechanism by the Board of Commissioners and the Board of Directors.
GOV 8		Sharing of risk management responsibilities through the Three Lines Model.
GOV 9		The role of internal audit in providing independent oversight and assessment of risk control.
STR 1	**Strategy**	Identify climate risks based on physical risk categories.
STR 2		Identify climate risks based on transition risk categories.
STR 3		Disclosure of strategic aspects related to sustainability risks and opportunities.
STR 4		Disclosure of strategic aspects and their relationship with corporate planning.
STR 5		Disclosure of the taxonomic of sustainability risks.
STR 6		Disclosure of the company's risk posture and risk appetite statement.
STR 7		Integration of climate risk analysis results in strategic decision-making.
STR 8		Disclosure of strategic aspects related to risk management and sustainability opportunities.
STR 9		Disclosure of the development and achievement of sustainability strategies through ESG metrics.
STR 10		Disclosure of the impact of climate risks and opportunities on cash flows, performance, and financial position.
STR 11		Disclosure of climate change scenario analysis.

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Code	Pillar	Disclosure Indicators
STR 12		Disclosure of the resilience and resilience of the company's strategy to climate change.
RIS 1	**Risk Management**	The process of identifying and inventorying sustainability and climate risks.
RIS 2		The process of assessing and evaluating risks and sustainability opportunities.
RIS 3		The process of monitoring, controlling, and integrating sustainability risks into Enterprise Risk Management (ERM).
WITH 1	**Metrics and Targets**	Disclosure of cross-industry metrics to measure sustainability risks and opportunities.
WITH 2		Disclosure of Household & Personal Products industry-specific metrics based on SASB.
WITH 3		Disclosure of metrics and explanations of the sustainability targets used by the company.
WITH 4		Disclosure of the amount of the sustainability target and the period of its achievement.
WITH 5		Disclosure of the company's approach in setting and reviewing sustainability targets.

Source : Data processed, 2026

Each indicator is then assessed using a three-level scale, namely a score of 2 if the information has been disclosed and meets the substance of the indicator, a score of 1 if the information is available but has not met the entire required substance, and a score of 0 if the information is not found or has not met the indicators. The assessment is carried out by considering the context of the disclosure, the completeness of the information, and the evidence contained in the company's report. Each score is supported by page recording and disclosure descriptions to maintain traceability of evaluation results.

The results of the assessment are then analyzed by calculating the total disclosure score and the percentage of alignment based on the maximum score of all indicators. The calculation uses the following formula:

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$$A = \left(\frac{\sum_{i=1}^{N} S_i}{2N} \right) \times 100\%$$

Description:

A = Percentage of disclosure alignment.

Σ Si = Total actual score of all indicators.

N = Number of indicators assessed.

2 = Maximum score of each indicator.

The results of the calculation are used as supporting information to describe the level of alignment of the company's disclosures. Furthermore, a qualitative analysis was carried out by comparing the disclosure evidence against the requirements of IFRS S1 and IFRS S2 to identify aspects that have been aligned, partially aligned, or not aligned. Thus, the results of the study not only show quantitative value, but also explain the disclosure gap and aspects that need improvement.

RESEARCH RESULTS

Disclosure Score Recapitulation

The results of the evaluation of the alignment of PT Unilever Indonesia Tbk's disclosure with IFRS S1 and IFRS S2 were compiled based on 29 indicators divided into four pillars, namely Governance (GOV), Strategy (STR), Risk Management (RIS), and Metrics and Targets (MET). The assessment was carried out on the information presented in the 2025 Sustainability Report. Each indicator was given a score of 2 for full disclosure, a score of 1 for partial disclosure, and a score of 0 for information not found. The results of the assessment are grouped by disclosure code and presented in Table 4.

Table 2. Recapitulation of PT Unilever Indonesia Tbk's Disclosure Score 2025

A. Governance (GOV)		
Disclosure Code	**Disclosure Categories**	**Score**
GOV 1	Fully disclosed	2
GOV 2	Fully disclosed	2
GOV 3	Fully disclosed	2
GOV 4	Partially disclosed	1

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GOV 5	Partially disclosed	1
GOV 6	Fully disclosed	2
GOV 7	Fully disclosed	2
GOV 8	Partially disclosed	1
GOV 9	Partially disclosed	1
Subtotal Governance		14
B. Strategy (STR)		
Disclosure Code	**Disclosure Categories**	**Score**
STR 1	Not disclosed	0
STR 2	Not disclosed	0
STR 3	Not disclosed	0
STR 4	Partially disclosed	1
STR 5	Not disclosed	0
STR 6	Not disclosed	0
STR 7	Partially disclosed	1
STR 8	Fully disclosed	2
STR 9	Fully disclosed	2
STR 10	Not disclosed	0
STR 11	Not disclosed	0
STR 12	Not disclosed	0
Subtotal Strategy		6
C. Risk Management (RIS)		
Disclosure Code	**Disclosure Categories**	**Score**
RIS 1	Fully disclosed	2
RIS 2	Partially disclosed	1
RIS 3	Fully disclosed	2
Subtotal Risk Management		5
D. Metrics and Targets (MET)		
Disclosure Code	**Disclosure Categories**	**Score**
WITH 1	Partially disclosed	1

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WITH 2	Not disclosed	0
WITH 3	Fully disclosed	2
WITH 4	Fully disclosed	2
WITH 5	Partially disclosed	1
Subtotal Metrics and Targets		6
Total Disclosure Score		**31**

Source : Data processed, 2026

Based on Table 2, of the 29 indicators assessed, as many as 11 indicators obtained a score of 2, as many as 9 indicators obtained a score of 1, and 9 indicators obtained a score of 0. The total disclosure score obtained by PT Unilever Indonesia Tbk reached 31 out of a maximum score of 58, or 53.45%. The results show that some indicators have been fully disclosed, while other indicators are still partially presented or have not been found in the company's 2025 sustainability report.

Grouping by pillar shows that Governance obtained a subtotal of 14, Strategy of 6, Risk Management of 5, and Metrics and Targets of 6. The difference in subtotals shows variations in the disclosure results in each aspect of the assessment. To find out the proportional comparison of achievements, each subtotal is then compared with the maximum score based on the number of indicators in each pillar. The results of the comparison are presented in the form of score distribution in Table 3.

Score Distribution by Pillar

The score distribution is used to show the results of the assessment based on the four pillars of IFRS S1 and IFRS S2 disclosure. Each pillar has a different number of indicators and maximum scores, so the comparison is made by taking into account the percentage of scores obtained. The calculation shows the proportion of achievement of each pillar based on the results of the evaluation of the company's sustainability report. A recapitulation of the number of indicators, maximum score, actual score, and percentage of achievement is presented in Table 3.

Table 3. Distribution of Disclosure Scores by Pillar

Disclosure Pillar	Number of Indicators	Maximum Score	Scores Obtained	Percentage
Governance (GOV)	9	18	14	77,78%
Strategy (STR)	12	24	6	25,00%
Risk Management (RIS)	3	6	5	83,33%

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Metrics and Targets (MET)	5	10	6	60,00%
Total	**29**	**58**	**31**	**53,45%**

Source : Data processed, 2026

Based on Table 3, Risk Management obtained the highest percentage of 83.33% from a maximum score of 6, followed by Governance of 77.78% from a maximum score of 18. Furthermore, Metrics and Targets obtained 60.00% of the maximum score of 10, while Strategy obtained 25.00% of the maximum score of 24. The results show that the highest disclosure achievement is in the risk management aspect, while the lowest achievement is in the corporate strategy aspect.

Overall, the distribution shows that the disclosure results of PT Unilever Indonesia Tbk differ in each pillar assessed. Governance obtained a score of 14, Strategy obtained a score of 6, Risk Management obtained a score of 5, and Metrics and Targets obtained a score of 6. The four pillars produced a total score of 31 out of a maximum of 58 points. Thus, the percentage of alignment of disclosures based on research instruments reached 53.45% in the 2025 sustainability report.

DISCUSSION

1. Governance

The results of the evaluation on the Governance pillar showed that PT Unilever Indonesia Tbk obtained a score of 14 out of a maximum of 18 points, with seven indicators obtaining full scores and two indicators obtaining partial scores. These achievements show that the company already has a governance foundation that supports sustainability management. However, the IFRS S1 and IFRS S2 assessments not only look at the existence of organizational structures, but also how sustainability oversight and decision-making responsibilities are carried out effectively. These aspects are important in improving corporate accountability (Alrwabdah & Alsheikh, 2026; Hikal et al., 2025; Tham et al., 2025).

Disclosure of governance structure and responsibilities is one of the important aspects in assessing the company's alignment with IFRS S1 and IFRS S2. PT Unilever Indonesia Tbk has presented information on sustainability governance as part of the company's management system. The existence of this structure provides an overview of the division of responsibilities in directing and supervising the implementation of the sustainability agenda. However, the quality of disclosure needs to be assessed based on the clarity of the relationship between governance, management, and sustainability risk monitoring organs (Erdoğan et al., 2026a; Meutia et al., 2022;

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Zhou et al., 2023).

Aspects of competence and management responsibility are also part of the governance evaluation. Disclosures of training, capacity building, and management involvement indicate that companies are concerned about increasing understanding of sustainability. However, information on capacity building activities does not necessarily comprehensively explain how these competencies are used in the supervision of sustainability risks and opportunities. IFRS S1 and IFRS S2 require a more substantive explanation of the ability of governance organs to carry out supervisory functions (Barker, 2025; Saptono et al., 2023; Molnár et al., 2025).

The disclosure of the relationship between sustainability performance and the remuneration system is also an important part of assessing management accountability. This linkage is needed to show how the achievement of sustainability targets is considered in performance evaluation and the provision of incentives to management. In the context of PT Unilever Indonesia Tbk, indicators on remuneration obtain full scores based on the results of the evaluations used. However, the quality of disclosure still needs to take into account the clarity of performance measures, assessment mechanisms, and the relationship of incentives to the company's sustainability goals (Hikal et al., 2025; Alrwabdah & Alsheikh, 2026; Erdoğan et al., 2026a).

Overall, the Governance pillar is one of the aspects with a relatively high level of disclosure at PT Unilever Indonesia Tbk. The company obtained 14 out of a maximum of 18 points, which indicates that most of the governance indicators have been fully disclosed. However, there are still two indicators with partial disclosure that require attention, especially related to competence, capacity building, and the division of supervisory responsibilities. Thus, strengthening governance needs to be directed at increasing the depth of information and the linkage of supervision to sustainability risks (Meutia et al., 2022; Zhou et al., 2023; Saptono et al., 2023).

2. Strategy

The Strategy pillar obtained a score of 6 out of a maximum of 24 points or 25%, making it the pillar with the lowest level of disclosure in the evaluation of PT Unilever Indonesia Tbk. Of the 12 indicators assessed, only two indicators obtained full scores, two indicators obtained partial scores, and eight indicators obtained a score of zero. The results show that although the company has delivered various sustainability programs, disclosure regarding the relationship between risks and opportunities with business strategies is still limited. This condition is a concern in assessing alignment with IFRS S1 and IFRS S2 (Erdoğan et al., 2026b; Lee et al., 2024; Yoon et al., 2025).

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One of the important aspects of the strategy pillar is the identification of physical risks and climate change transition risks. For PT Unilever Indonesia Tbk, raw material procurement, manufacturing, packaging, and distribution activities are related to various environmental factors. Climate change risks have the potential to affect the availability of raw materials, smooth supply chains, and the company's operational costs. However, the disclosure of environmental programs has not automatically explained the identification and classification of these risks. The IFRS S2 assessment requires more specific information regarding the characteristics and impacts of climate risks (Lee et al., 2024; Lee et al., 2025; Zhong & Jin, 2025).

In addition to risk identification, disclosure of the impact of risks and opportunities on business models and strategic decision-making is also an important aspect. PT Unilever Indonesia Tbk has identified a number of material topics, including plastic and waste management, climate change action, and sustainable sourcing. However, the determination of material topics needs to be followed by an explanation of their impact on the company's business activities and value chain. This information is needed to show the relationship between sustainability issues, strategic priorities, and business prospects in the short, medium, and long term (Zhou et al., 2023; Geldres-Weiss et al., 2021; Meutia et al., 2022).

Gaps are also seen in the disclosure of the impact of sustainability risks and opportunities on financial position, financial performance, and cash flows. Information on emission reduction, energy use, and waste management does not automatically explain the financial consequences of these risks. Within the framework of IFRS S1 and IFRS S2, companies need to connect sustainability issues with investment needs, operational costs, potential losses, and economic opportunities. The interconnectedness of this information is important so that stakeholders can understand the consequences of sustainability on the company's prospects (Islam et al., 2025; Wang et al., 2024; Jing et al., 2026).

Another aspect that needs to be strengthened is the analysis of the climate scenario and the resilience of the company's strategy in the face of uncertainty. The disclosure of sustainability targets is not enough to show the company's ability to cope with changing climate conditions if it is not accompanied by an explanation of the scenarios and assumptions used. In the context of Unilever Indonesia, information on supply chain resilience, resource availability, and changes in operational conditions can clarify how the company's strategy responds to long-term risks. Therefore, the low strategy score indicates the need for deepening of disclosure that is more oriented towards business prospects (Erdoğan et al., 2026a; Lee et al., 2025; Yoon et al., 2025).

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3. Risk Management

In the Risk Management pillar, PT Unilever Indonesia Tbk obtained a score of 5 out of a maximum of 6 points or 83.33%. Of the three indicators assessed, two indicators obtained a full score and one indicator obtained a partial score. The results show that disclosure of the risk management process is available and is relatively more complete than several other pillars. However, the assessment not only pays attention to the existence of a risk management system, but also the linkage of the process of identification, assessment, monitoring, and integration of sustainability risks into the company's risk management (Alrwabdah & Alsheikh, 2026; Hikal et al., 2025; Saptono et al., 2023).

The risk identification process is the initial stage in ensuring that sustainability issues have become part of the company's attention. PT Unilever Indonesia Tbk has various material topics related to environmental, social, and governance, such as plastic management, public health, equity, and climate change action. The existence of these topics provides an overview of issues of concern to the company and stakeholders. However, the identification of material topics needs to be distinguished from the identification of financial risks that have the potential to affect the company's prospects (Meutia et al., 2022; Zhou et al., 2023; Molnár et al., 2025).

Risk and opportunity assessments also require an explanation of the likelihood of risk, the magnitude of the impact, and the time frame used in the evaluation process. This information helps companies determine the priorities of handling based on the level of importance of each risk. In the context of climate change, assessments need to consider physical and transitional risks that may affect operational activities and supply chains. Disclosure of a more structured assessment process will provide an overview of how companies determine material risks and allocate resources to address them (Lee et al., 2024; Zhong & Jin, 2025; Saptono et al., 2023).

The integration of sustainability risks into a company's risk management system is an aspect that distinguishes risk management in general from the approach expected in IFRS S1 and IFRS S2. Environmental and climate risks need to be considered alongside operational, financial, and strategic risks in order for the oversight process to run comprehensively. In this case, companies need to demonstrate how sustainability risks fit into corporate risk identification, monitoring, and evaluation mechanisms. Such integration also supports the consistency of information delivered to investors and stakeholders (Barker, 2025; Erdoğan et al., 2026a; Wang et al., 2024).

Despite obtaining the highest percentage, the Risk Management pillar still has one indicator with a partial score. This shows that the disclosure of risk management has not fully met

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the substance of the indicators used in the evaluation. Companies need to clarify the process of assessing sustainability opportunities, including the relationship between these opportunities and financial strategies and prospects. Thus, an achievement of 83.33% illustrates a relatively strong foundation of risk management, but cannot yet be interpreted as meeting all IFRS S1 and IFRS S2 disclosure requirements (Jing et al., 2026; Hikal et al., 2025; Alrwabdah & Alsheikh, 2026).

4. Metrics and Targets

The Metrics and Targets pillar obtained a score of 6 out of 10 points maximum or 60%. Of the five indicators evaluated, three indicators obtained a full score, one indicator obtained a partial score, and one indicator obtained a score of zero. These results show that PT Unilever Indonesia Tbk has presented a number of information regarding performance measurement and sustainability targets. However, the completeness of the metrics and the consistency of the measurements still need to be considered so that the information presented can describe the risks and opportunities relevant to the company's prospects (Saptono et al., 2023; Zhong & Jin, 2025; Liu & Han, 2025).

Disclosure of sustainability metrics is necessary to provide a measure that can be used to evaluate the company's performance. PT Unilever Indonesia Tbk has identified a number of material topics related to the management of plastics, waste, energy, and climate change. Information on these metrics helps to describe the company's activities and achievements in managing sustainability impacts. However, disclosure needs to clarify the definition, measurement methods, data coverage, and consistency of indicators so that the information can be compared between periods and used in decision-making (Madison & Schiehll, 2021; Geldres-Weiss et al., 2021; De Cristofaro & Gulluscio, 2023).

Measurement of greenhouse gas emissions is one of the important components in climate change disclosure based on IFRS S2. Emissions information needs to explain the scope of measurements, including Scope 1, Scope 2, and Scope 3, according to applicable disclosure requirements and conditions. Limited data on one of the emission scopes can affect the completeness of information on a company's carbon footprint. Therefore, companies need to increase transparency regarding data collection methods, measurement limits, and progress in improving emission inventories so that the information presented can be better evaluated (Yoon et al., 2025; Islam et al., 2025; Lee et al., 2024).

In addition to metrics, the setting of sustainability targets needs to be accompanied by information on the basis of determination, timeframe, and progress on its achievements.

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Measurable targets allow stakeholders to assess the extent to which the company's strategy has been implemented as planned. In the context of PT Unilever Indonesia Tbk, the topic of climate change action and resource management is part of a material issue that requires clear indicators of achievement. Explanations of changes in targets, monitoring methods, and actual results are needed to improve the comparability of sustainability information between periods (Tham et al., 2025; Wang et al., 2024; Saptono et al., 2023).

Overall, the results of the evaluation of the Metrics and Targets pillar show that the company's disclosure has included a number of sustainability metrics and targets, but has not fully met the assessment indicators. A score of 6 out of 10 indicates that there is still room for improvement in measurement completeness, methodology transparency, and target monitoring. Strengthening in these aspects is needed so that sustainability information not only describes program achievements, but also provides a consistent basis for evaluation of company performance. Thus, the quality of metrics and targets is an important part of improving alignment with IFRS S1 and IFRS S2 (Madison & Schiehll, 2021; Liu & Han, 2025; Wang et al., 2024).

CONCLUSION

Based on the results of the study, the alignment of PT Unilever Indonesia Tbk's sustainability disclosure with IFRS S1 and IFRS S2 shows a different level of achievement in each pillar. Of the 29 indicators evaluated, the company obtained a total score of 31 out of a maximum of 58 points or 53.45%. The results show that sustainability disclosure has covered a number of aspects of governance, strategy, risk management, as well as metrics and targets, but has not fully met the disclosure substance required by both standards.

Based on the four pillars of assessment, Risk Management obtained the highest percentage of 83.33%, followed by Governance at 77.78%, Metrics and Targets at 60%, and Strategy at 25%. The main findings of the study lie in the limited disclosure of the relationship between risks and sustainability opportunities with the company's strategy, business model, and financial condition. Thus, PT Unilever Indonesia Tbk already has a foundation in sustainability reporting, but still needs to improve substantive alignment with IFRS S1 and IFRS S2.

RESEARCH LIMITATIONS

This research has limitations because it uses a descriptive qualitative approach with a case study method that focuses on PT Unilever Indonesia Tbk. The analysis was conducted based on the information available in the 2025 Sustainability Report and relevant company documents.

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Therefore, the results of the study are highly dependent on the completeness, depth, and transparency of the information published by the company. This research also does not conduct direct interviews with management or the parties responsible for sustainability reporting.

Another limitation is related to the use of 29 indicators as evaluation instruments based on the four pillars of IFRS S1 and IFRS S2. Scoring is carried out based on the substance of the information found in the document, so that the researcher's interpretation remains part of the assessment process. In addition, this study only uses one reporting period, namely 2025, so it cannot yet describe the development of disclosure alignment from year to year. The results of the study are also not intended to represent all consumer goods industry companies.

SUGGESTIONS

Further research is suggested to expand the object of study by involving other companies in the consumer goods industry and different industrial sectors. Comparisons between companies can provide a deeper understanding of the variation in readiness and alignment of disclosures to IFRS S1 and IFRS S2. In addition, the use of multiple sustainability reporting periods can help identify developments in disclosure quality, policy changes, and company consistency in meeting international sustainability reporting requirements.

For PT Unilever Indonesia Tbk, improving the quality of disclosure needs to be prioritized in the Strategy pillar, especially the identification of physical and transitional climate risks, scenario analysis, strategy resilience, and the impact of risks and opportunities on financial conditions. The company also needs to strengthen transparency regarding the sustainability opportunity assessment process and the completeness of emissions metrics. More measurable, integrated, and consistent disclosure is expected to improve the quality of information and support investor and stakeholder evaluation.

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