

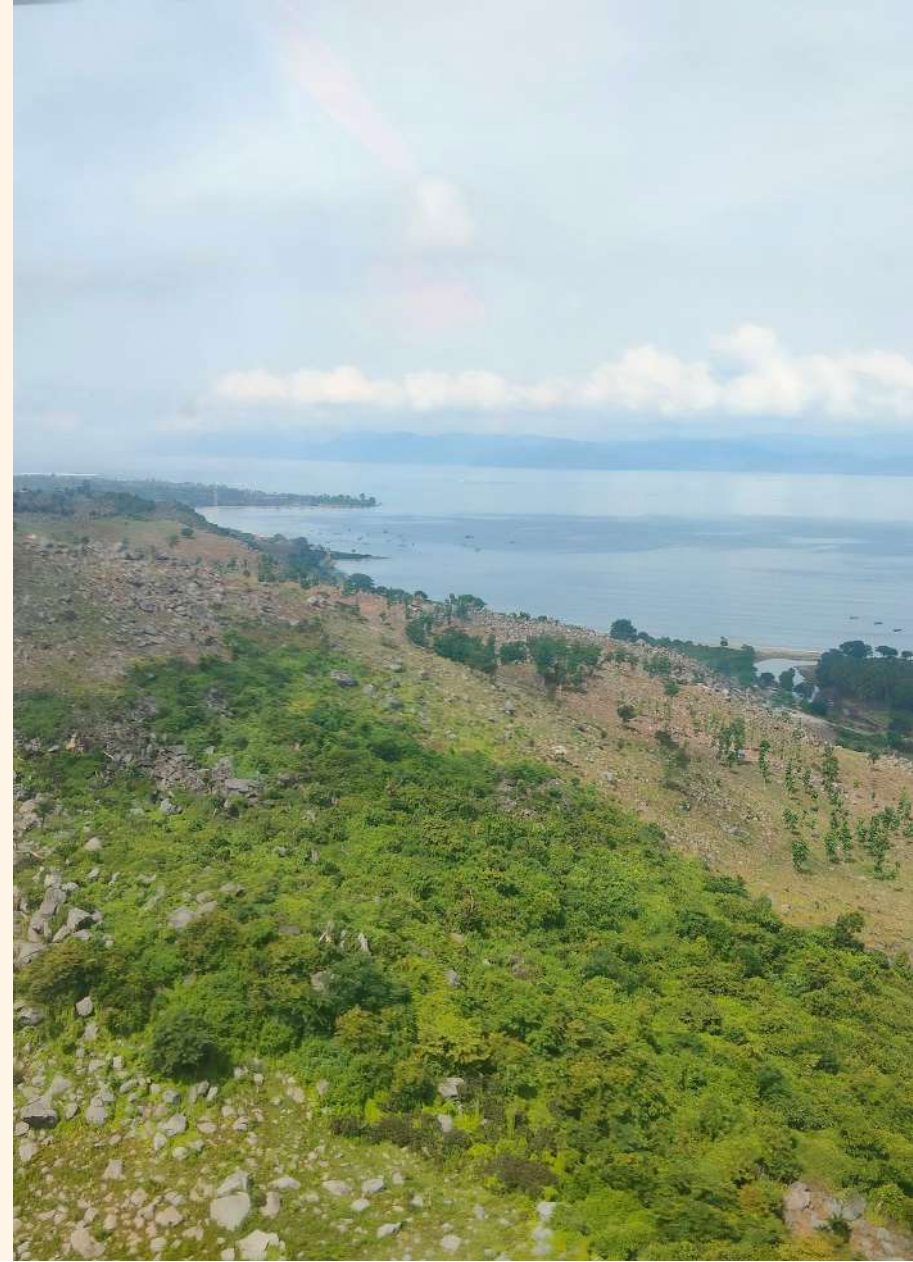
Changing the Narrative on Climate Change

**From Anticipated Catastrophe to
Possibilities for Advancement**

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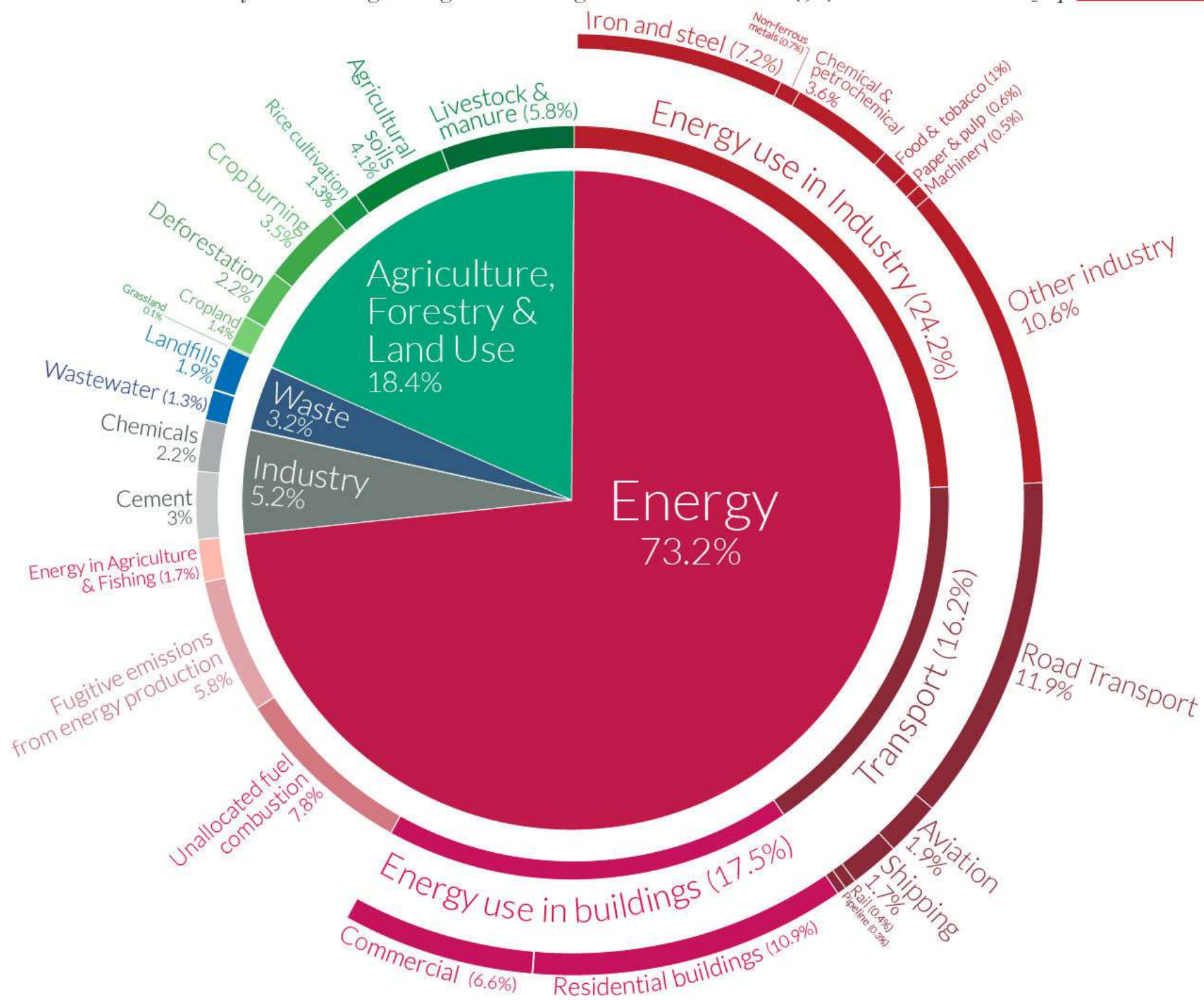


Outline

- The Why
- The Framework
- The Legal and Tax Implication
- The How

Global greenhouse gas emissions by sector

This is shown for the year 2016 – global greenhouse gas emissions were 49.4 billion tonnes CO₂eq.





Challenges Companies Face

1 Limited Resources

Companies may face challenges in dedicating enough resources to becoming more sustainable.

2 Lack of Stakeholder Buy-In

Getting stakeholders to buy-in to sustainability initiatives while already being hard can be even more challenging.

3 Complex Reporting and Changes of Regulation

There is a complexity in reporting requirements coupled with frequent regulatory changes.

Consequences of Non-Compliance

Companies that do not comply with climate action regulations may face legal consequences such as fines, or revocation of licenses and permits/regulatory sanctions.

Fines

Can be levied on non-compliant companies as a punishment or incentive to change behavior.

Lawsuits

Non-compliant companies can be held legally liable for damages caused to the environment.

Reputational Damage

Mistakes can boost negative PR, and corporations can lose customers, employees, and investors.

Criminal Charges

Individuals or companies that violate laws can be subject to criminal charges and imprisonment.

Can accountants help drive meaningful change and contribute to a more sustainable future?

Benefits of Sustainability Reporting

Sustainability reporting can be a powerful tool for building trust with stakeholders and enhancing a company's reputation by demonstrating commitment to sustainability, transparency, accountability, engaging stakeholders, and building brand value.

Transparency

Showing transparent behavior by reporting on sustainability efforts can build trust with stakeholders.

Building Reputation



Sustainability reporting efforts can help build public's trust in a company's reputation

Bolstering Brand value

Showing commitment to protecting environment can strengthen brand value and loyalty among conscious consumers

Sustainability Reporting Frameworks

Sustainability reporting frameworks are tools that companies use to measure, manage, and report on their sustainability performance.



Carbon Credits and Offsets

Carbon credits represent the right to emit a certain amount of greenhouse gases, and can be traded or used as offsets by companies that want to reduce their carbon footprint.

Carbon offsets are a way to compensate for carbon emissions by financing emissions reduction elsewhere and acquiring the carbon reduction as a credit.

Value

Carbon credits are created through a regulatory process that sets limits on greenhouse gas emissions and allows companies to trade credits that represent reductions in their emissions.

Companies can invest in carbon credits to neutralize the impact of their carbon emissions and to show sustainable and environmentally conscious behavior.

Accounting

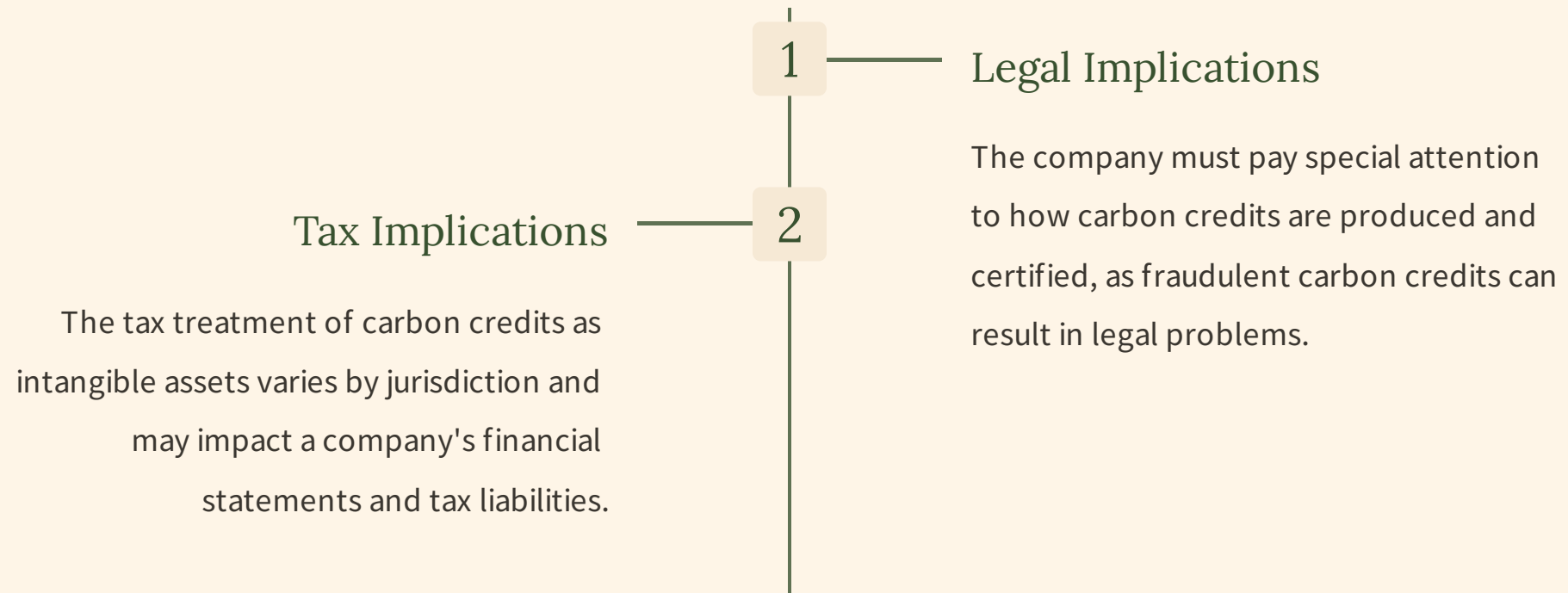
Carbon credits are treated as a part of a company's intangible assets and must be reported for proper accounting practices.

Projects

Carbon offset projects usually deliver additional social or environmental benefits such as biodiversity conservation or community development. Gaia and CFES have been developing and implementing numerous carbon and biodiversity offset projects since 2012.

Legal and Tax Implications of Carbon Credit

Treating carbon credits as intangible assets involves contractual arrangements that govern carbon credit transactions and how they impact legal rights and obligations impacting a company's financial statements and tax liabilities.

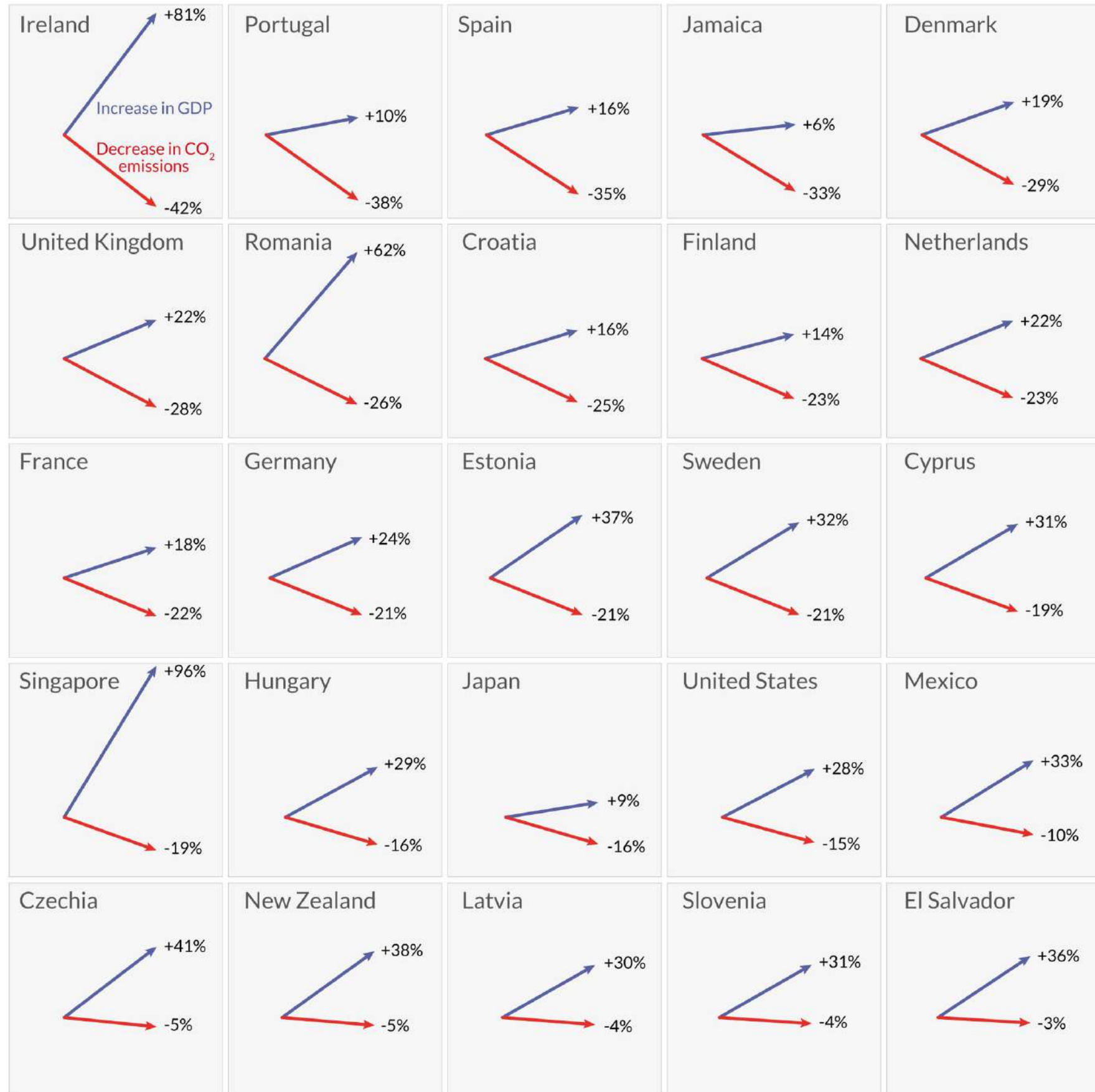


Prosperity vs The Climate

Decoupling: Countries that achieved economic growth while reducing CO₂ emissions, 2005-19



Emissions are adjusted for trade. This means that CO₂ emissions caused in the production of imported goods are added to its domestic emissions – and for goods that are exported the emissions are subtracted.



Data: Global Carbon Project & World Bank. There are more than these 25 countries that achieved the same. OurWorldinData.org – Research and data to make progress against the world's largest problems.

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Accountants as Climate Change Champion

Accountants can play a crucial role in helping companies to fight climate change by providing financial expertise and guidance on sustainability issues.

1 Financial expertise

Accountants provide knowledge about financial statements and accounting principles to track sustainability performance.

2 Data analysis

They perform data analysis to track emissions and suggest changes to reduce it.

3 Compliance knowledge

Help organizations ensure compliance with regulatory standards.

4 Communication skills

They translate complex information into easily understood language for stakeholders.

5 Risk management

They help identify and control risks related to environmental management, climate change, and other sustainability issues.



In Conclusion

- While climate change is a challenging issue to address head-on, it's important for businesses to take responsibility for their environmental impact. **Accountants can help drive meaningful change and contribute to a more sustainable future.**
- **Emissions are no longer necessarily coupled with economic growth.** In the past this was an inconvenient truth to get richer, you had to emit more which led to fierce arguments between developing and developed countries about the fairness of reducing emissions while their populations were still poor. Developing countries will profit as well, because as rich countries pay for the expensive development of green technologies more cheaply and skip most of the higher mission phase that today's rich countries went through.
- Investing resources in sustainability measures not only helps in saving the environment but also builds trust with stakeholders, minimizes risk, boosts brand image, and potentially adds financial value to a company's bottom line. **We are at the point where not decarbonizing is a bad business decision.**

Thank You for Your
Commitment to
Sustainability.



CFES
Community Forest Ecosystem Services

