



Sustainability Counts

**Understanding sustainability reporting requirements
across Asia Pacific and insights on the journey to date**

May 2022

Contents

01	Introduction	4
02	A changing world: The need for new sustainability reporting regulations and standards	5
03	How sustainability reporting standards, frameworks and enablers are changing	8
04	An overview of sustainability reporting requirements across Asia Pacific	13
05	The state of sustainability reporting: Key insights	22
06	Our approach to sustainability reporting excellence	32
07	Other useful information - Appendix	40
	Sustainability reporting requirements in other key jurisdictions	
	An overview of sustainability reporting requirements specific for financial institutions across Asia Pacific	

Report highlights



Why sustainability reporting matters

- With increasing expectations on sustainability, it makes good business sense to focus on **high quality sustainability reporting rooted in consistent, comparable and trusted sustainability information.**
- Quality sustainability reporting can build trust through transparency and managing risks and opportunities. This can in turn **enhance corporate value and resilience.**
- However, critical elements need to be in place to achieve this including **globally aligned sustainability reporting standards, and independently assured disclosures.**



Evolution of global sustainability reporting standards and stepping up of sustainability reporting requirements across Asia Pacific

- The **complex ecosystem** of sustainability reporting standards, frameworks and enablers are fast **becoming clearer.**
- The creation of the **International Sustainability Standards Board (ISSB)** represents a step towards globally aligned sustainability standards that will drive consistency and comparability on sustainability reporting.
- Concurrently, there are **notable increasing sustainability reporting requirements, including in climate reporting requirements, by regulators across respective jurisdictions in Asia Pacific.**
- Reporters need to **stay abreast** of their local requirements, in addition to the global standards.



Key insights from the state of sustainability reporting in Asia Pacific

- **Almost all companies across jurisdictions disclose material topics**, with 62% disclosing 10-20 material topics and 80% further disclosing the selection process on materiality.
- **More than 70% of companies across nearly all jurisdictions disclose climate risk as a sustainability issue.** However, most do not disclose how climate risk integrates into the organisational risk management.
- **SDGs and GRI, followed by TCFD are most commonly used.** As TCFD to be mandated in certain jurisdictions in the future, we expect that there will be an uptake in the TCFD-aligned reporting.
- Board of directors' **training and linkage of ESG performance to remuneration appear to be moderate to low.** However, Australia has more instances in terms of linking ESG performance to remuneration.
- **Most jurisdictions do not have high rates of assurance over sustainability reports**, apart from Taiwan (which has mandated specific assurance requirements).
- There are **mixed results over board responsibility on ESG and ESG governance structure disclosures.** Australia, Hong Kong, Malaysia and Singapore have higher numbers of companies disclosing board of directors' responsibility and an ESG governance structure.



Achieving sustainability reporting excellence

- Starting your sustainability reporting journey early and **building a roadmap for sustainability reporting excellence**, can put your organisation ahead of regulations and key stakeholder expectations.
- To drive sustainability reporting excellence in your organisation, it is important to **appreciate the key areas for sustainability reporting excellence, why each are relevant and what it would entail across maturities.**



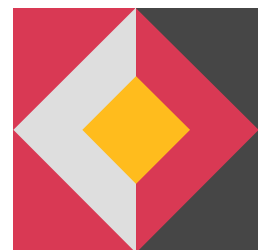
01

Introduction

As the business world continues to address wide-ranging environmental, social and governance (ESG) issues, there has been strong focus on the development of globally consistent, comparable and trusted sustainability reporting standards. At the same time, many jurisdictions are requiring or recommending greater sustainability reporting, particularly from listed entities. There also appears to be rising expectations on external assurance of these reports.

How are global sustainability reporting standards developing? What are the local requirements and recommendations for sustainability reporting in Asia Pacific? How has sustainability reporting evolved in Asia Pacific jurisdictions?

In this publication we explore these questions. We have partnered with the National University of Singapore (NUS) Centre for Governance and Sustainability (CGS) to provide insights from across the largest 650 listed companies in Asia Pacific by accessing key sustainability reporting elements, based on latest sustainability reports available in mid-2021. These findings offer guidance in areas that may require additional focus as companies continue to develop consistent, comparable and trusted ESG information in the upcoming reporting season.





02

A changing world: The need for new sustainability reporting regulations and standards

Changing norms and expectations on reporting

Investors and broader stakeholders are increasingly demanding more strategic and holistic information about long-term value creation and companies' wider impact on society. They have highlighted the need for sustainability (ESG or non-financial) information to be reported in a way that is globally consistent, comparable and trusted.

Companies' purpose in society is changing and so are the demands on their reporting. Long-term enterprise value is being assessed not only in financial terms, but also with regards to a company's sustainability.

PwC supports the development of a single set of global sustainability reporting standards to address the need for corporate reporting that goes beyond financial reporting.

Why sustainability reporting matters

With shifting norms and expectations, it makes sense to focus on sustainability reporting.

The value of sustainability reporting

1. Build trust

Clear and meaningful reporting improves confidence in the information presented. Articulating the company's ESG strategy, direction of travel and progress on that journey enhances its **reputation** and reinforces its licence to operate.

The **higher the quality of data, processes and controls** that support reporting, the higher the confidence level.

2. Better transparency

Stakeholders are not shy about demanding information that is meaningful to them. The uses of ESG information are increasingly broad and complex as companies look beyond themselves and their shareholders toward their wider **impact on society**.

Aside from the company's determination of what is useful to report voluntarily, many of them will be responding to disclosure requirements that have been, or will be, mandated through **current and future regulation**.

3. Managing risks and creating opportunities

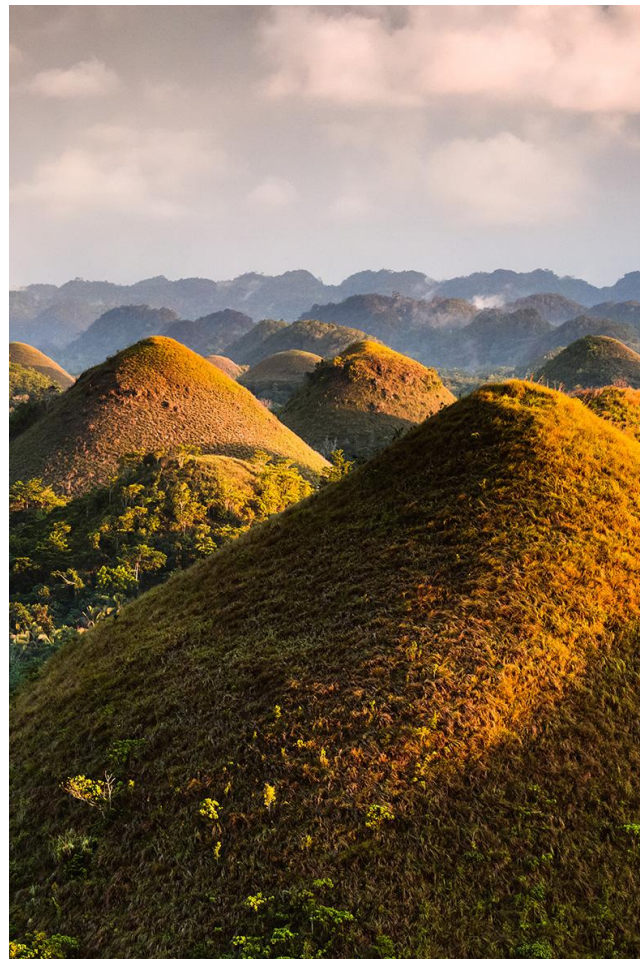
If done well, the way sustainability information is reported can be a competitive advantage to a company. To **reduce risk** and **create opportunities**, reporting should provide a holistic view of the company and comprehensively consider ESG strategy as part of the basis for **making the right decisions**.

4. Increased value

Examples from the market show that reporting transparent, relevant and reliable ESG information improves trust with stakeholders, reduces the cost of capital, promotes more meaningful employee engagement and can expand access to capital markets or other third-party lending: a demonstrable link between high-quality ESG reporting and enhancing value. **High-quality ESG reporting** that goes beyond compliance can bring meaningful change that **creates and enhances corporate value**.

There has been a drive towards globally aligned sustainability reporting standards to enhance consistency and build trust. At the same time there has also been a proliferation of sustainability reporting requirements across jurisdictions, including across Asia Pacific, driven by stakeholder needs and expectations. Companies need to reshape their corporate reporting beyond their financials.

The trend towards mandatory sustainability reporting supports our belief that the standards and expectations for sustainability reporting should be as high as for financial reporting. The uptake of mandatory regulation across the world is a positive move toward globally aligned sustainability standards to drive consistency and comparability.



Our point of views

Companies need to reshape corporate reporting to meet stakeholder demands and comply with rapidly evolving requirements

We need globally aligned standards to drive consistency and trust

ESG information needs to be independently assured to be trusted

Standards and expectations for non-financial reporting should be as high as they are for financial reporting

What stakeholders value in sustainability reporting

Trusted and timely information

How a company plans and delivers on its purpose and sustainability strategy

Supported by common disclosures

Independently assured

In this report, we analyse the “twin thrusts” of sustainability reporting in Asia Pacific:

1. Developments in the global sustainability reporting ecosystem (**Section 3**)
2. Developments in sustainability reporting requirements in Asia Pacific jurisdictions (**Section 4**)

We also analyse sustainability reporting of the largest listed companies in selected areas across Asia Pacific jurisdictions and highlight the most relevant takeaways (**Section 5**).



03

How sustainability reporting standards, frameworks and enablers are changing

The following section highlights the notable players of the sustainability reporting ecosystem including their respective background/mission. Information is updated till April 2022, around the time of this report.



Organisation	Background/mission	Type (see key)
WBCSD (World Business Council for Sustainable Development)	Launched in 1995 to inject a business voice into the global conversation on sustainability. A CEO-led organisation that aims to make member companies more successful and sustainable by focusing on the maximum positive impact for shareholders, the environment and society.	Enabler
GRI (Global Reporting Initiative)	The GRI was founded in 1997. The aim was to create the first accountability mechanism to ensure companies adhere to responsible environmental conduct principles, which was then broadened to include social, economic and governance issues. In 2000, the first version of GRI was launched to provide the first global framework for sustainability reporting. In 2016, GRI transitioned from providing guidelines to setting the first global standards for sustainability reporting with a multi-stakeholder audience - the GRI Standards.	Standards
CDP (Carbon Disclosure Project)	CDP is a global disclosure system for companies (and cities, states and regions), launched in 2000. It is designed to help entities make their environmental impact transparent to stakeholders. These entities voluntarily supply information to the CDP in exchange for a score - this data then tracks global progress towards building a sustainable economy for people and the planet. CDP data and scores feed into financial markets through rating agencies and rankings.	Single issue
GHG Protocol (Greenhouse Gas Protocol)	The GHG Protocol was created in 2001 to address the need for an international standard for corporate greenhouse gas (GHG) accounting and reporting in the late 1990s. The GHG Protocol establishes comprehensive global standardised frameworks to measure and manage GHG emissions from private and public sector operations, value chains and mitigating actions.	Single issue
CDSB (Climate Disclosure Standards Board)	The CDSB Framework was launched in 2007 and sets out a voluntary approach for reporting environmental and climate change information in mainstream reports for the benefit of investors. It allows investors to assess the relationship between specific environmental matters and the organisation's strategy performance and prospects. The framework was updated in April 2018 to align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (see below) and other key mainstream reporting requirements.	Single issue
IIRC (International Integrated Reporting Council)	The IIRC was founded in 2010 with investors as the primary audience (but more recently shifting to more of a stakeholder view) with a focus on strategic, future-oriented, reporting . The IIRC provides an industry agnostic framework based on seven guiding principles to drive connected reporting and eight content elements that govern the overall content of the integrated report.	Framework
SASB (Sustainability Accounting Standards Board)	The SASB was founded in 2011 primarily to develop industry specific standards for use in corporate filings in the US to provide investors with comparable non-financial information about financially material environmental, social, and governance topics that facilitate communication between companies and investors about decision-useful information.	Standards
UN Guiding Principles Reporting Framework	Launched in 2015, this framework provides a set of 31 questions for companies to report on human rights issues in three parts: <ul style="list-style-type: none"> • Governance of respect for human rights • Defining the focus of reporting • Management of salient human rights issues 	Framework (single issue)
UN Sustainable Development Goals (SDGs)	These are a collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all." They were set by the UN General Assembly in 2015 and are intended to be achieved by 2030. These form targets/indicators and are often used in ESG reporting.	Enabler





Organisation	Background/mission	Type (see key)
Science Based Target Initiative (SBTi)	Started in 2015, SBTi aims to drive ambitious climate action in the private sector by enabling companies to set science-based emissions reduction targets. The reduction targets are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement (to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C). SBTi is a collaboration between several organisations - CDP (Carbon Disclosure Project), WRI (World Resources Institute), WWF (World Wildlife Fund), UNGC (United Nations Global Compact). SBTi has established the accepted standard on science-based targets (SBT), setting out 24 criteria for SBTs and a process for companies to develop and validate their targets. It can help with an entity's response to the TCFD recommendations.	Single issue
TCFD (Task Force on Climate-Related Financial Disclosures)	Established in 2017, the TCFD published a reporting framework on the single issue of climate change setting out recommendations for companies to voluntarily disclose climate-related information to provide investors with more information on the financial impact of climate risk on a company . Although originally intended to be voluntary, in 2020, the governments of New Zealand and the UK became the first to mandate reporting of TCFD for implementation in the coming years. Finance ministers from the Group of Seven (G7) of the largest economies announced in June 2021 the intention to mandate TCFD reporting in their respective jurisdictions.	Single issue
TNFD (Task force on Nature related financial disclosures)	The TNFD builds on the work of the TCFD and is expected to be delivered as a reporting framework in 2023. The TCFD is a climate-focused framework and therefore it covers a subset of nature-related risks, only through a climate lens. The TCFD's framework excludes other nature-related risks, such as plastics in the oceanic food chain and loss of soil fertility. The TNFD will build upon the structure and foundation of the TCFD, and harness synergies to avoid repetition. Over time, the two frameworks will be complementary. Finance ministers from the G7 have endorsed the TNFD.	Single issue (in progress)
World Economic Forum's International Business Council (WEF IBC)	This was an initiative requested by the World Economic Forum's (WEF) International Business Council (IBC) of CEOs to help identify priority universal metrics for long-term value creation to enable more consistent and comparable reporting for their stakeholders, including investors. The goal is to set a common baseline for ESG reporting, improve quality and comparability, and encourage greater cooperation among existing standard setters to catalyse a global solution. The WEF IBC has published recommended universal (industry agnostic) ESG metrics to amplify priority topics in mainstream reporting, using existing robust standards where possible. These priority metrics are categorised under 4 pillars: People, Planet, Principles of Governance and Prosperity.	Framework

Key:**Enabler:** Organisation working for sustainable corporate behaviours that impact reporting**Standards:** What should be reported for each ESG topic**Framework:** Principles-based guidance for "how" ESG information is structured and prepared, and which topics are covered**Single issue:** A standard/ framework/ measurement protocol that is focused on a single ESG issue

Enter the International Sustainability Standards Board (ISSB)

At the COP26 conference in November 2021, the International Financial Reporting Standards (IFRS) Foundation Trustees announced the creation of the ISSB. The goal is to develop, in the public interest, a single set of high quality, understandable, enforceable and globally accepted sustainability standards based upon clearly articulated principles. The G7 ministers backed the momentum towards the creation of global sustainability reporting standards, expressing its support for the ISSB.

The creation of ISSB represents a step towards globally aligned sustainability standards that will drive consistency and comparability on ESG reporting. Key announcements at COP 26 included:

- Consolidation of the Value Reporting Foundation¹ (SASB + IIRC), and the Carbon Disclosures Standards Board (CDSB)
- Establishment of ISSB and governance structures
- Publication of two prototypes (climate and general presentation)

Strategic direction and main directions of the ISSB are as follows:



Strategic direction and main considerations of the ISSB:

- Meeting **investors' information needs**, with a focus on enterprise value disclosures that influence investor decisions.
- Building on the **existing work** of various sustainability reporting standards and frameworks.
- Create a **global baseline** that enables investors to access to common information around the world that jurisdictions can adopt and combine with their specific legal and regulatory requirements.
- **Start with climate** and go beyond that to cover other environmental, social and governance matters.



¹ On 9 June 2021, the IIRC and the SASB officially announce their merger to form the Value Reporting Foundation. The Value Reporting Foundation supports business and investor decision-making with three key resources: Integrated Thinking Principles, Integrated Reporting Framework and SASB Standards. These tools help businesses and investors develop a shared understanding of enterprise value and how it is created, preserved or eroded over time. The Value Reporting Foundation is also committed to the delivery of a more coherent corporate reporting system by working closely with the IFRS Foundation and other leading framework providers and standard-setters around the world.

To operationalise this, Trustees of the IFRS Foundation set up the **Technical Readiness Working Group** (TRWG), tasked with making technical recommendations on standards and strategy input to support prioritisation and planning. Members of the group are IFRS, TCFD, CDSB, WEF and the Value Reporting Foundation.

The purpose of the TRWG was to enable the ISSB to build on the well-established work of long-standing international initiatives, focusing on:

- Enterprise value (information material to investors' decisions)
- ESG/sustainability scope (prioritising climate)
- Building on existing standards and frameworks (e.g., TCFD, SASB, GRI)
- Adopting a building blocks approach (working with key jurisdictions) to achieve a globally consistent baseline

ISSB proposes for all standards to be based on TCFD 4 pillar framework (Governance, Strategy, Risk Management and Metrics and Targets) and have issued two prototypes (climate and general presentation) with the proposed drafts to be issued in the first half of 2022 (see next column).

Proposed IFRS Sustainability Disclosure Standards (March 2022)

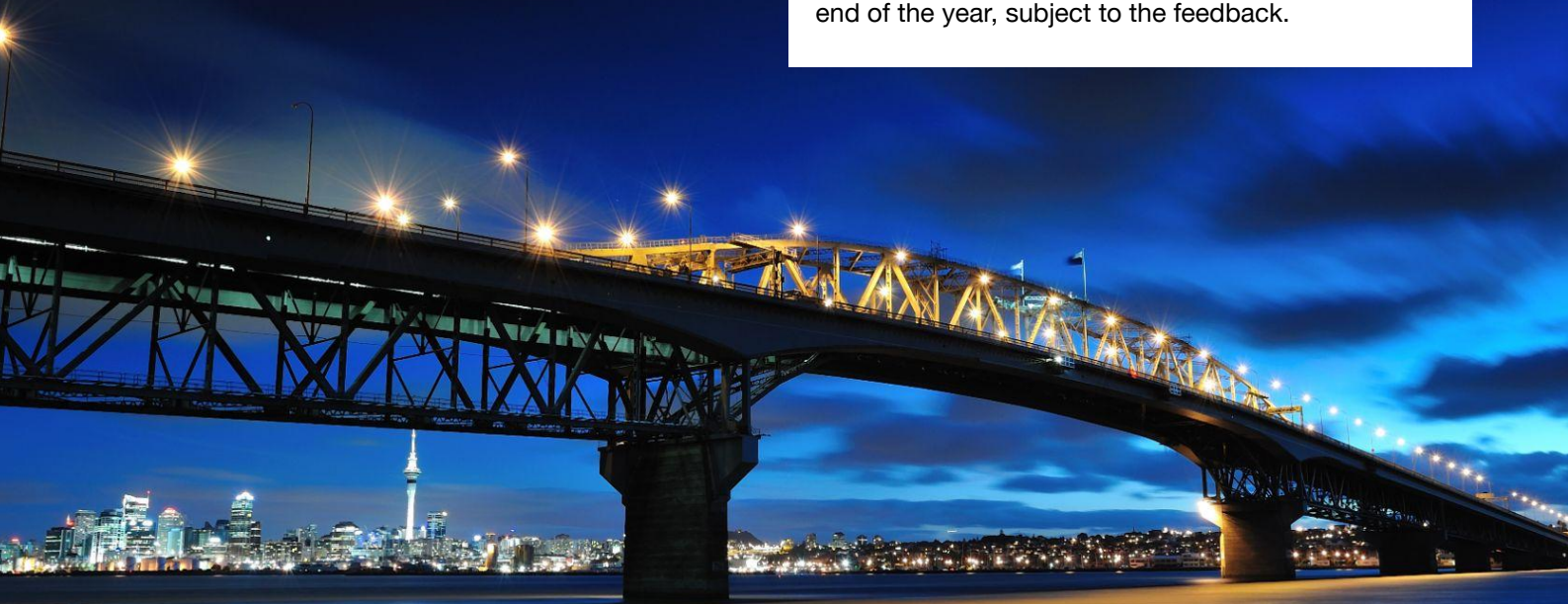
On 31 March 2022, ISSB published its first two proposed IFRS Sustainability Disclosure Standards which, once finalised, will form a comprehensive global baseline of sustainability disclosures designed to meet the information needs of investors when assessing enterprise value.

The proposals have been developed in response to requests from G20 leaders, the International Organisation of Securities Commissions (IOSCO) and others for enhanced information from companies on sustainability-related risks and opportunities.

The **proposed IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (General Requirements Exposure Draft)** would require companies to disclose information about all of their significant sustainability-related risks and opportunities.

The proposed **IFRS S2 Climate-related Disclosures (Climate Exposure Draft)** focuses on climate-related risks and opportunities. It incorporates the recommendations of the TCFD and includes metrics tailored to industry classifications derived from the industry-based SASB Standards.

The ISSB is working closely with other international organisations and jurisdictions to support the incorporation of the global baseline into jurisdictional requirements and ensuring that it is compatible with requirements aimed at broader stakeholder groups. Stakeholders are encouraged to respond to consultations by jurisdictions on sustainability reporting. The comment period is 120 days, with a deadline of 29 July 2022. The ISSB will review feedback on the proposals in the second half of 2022 and aims to issue the new Standards by the end of the year, subject to the feedback.





04

An overview of sustainability reporting requirements across Asia Pacific

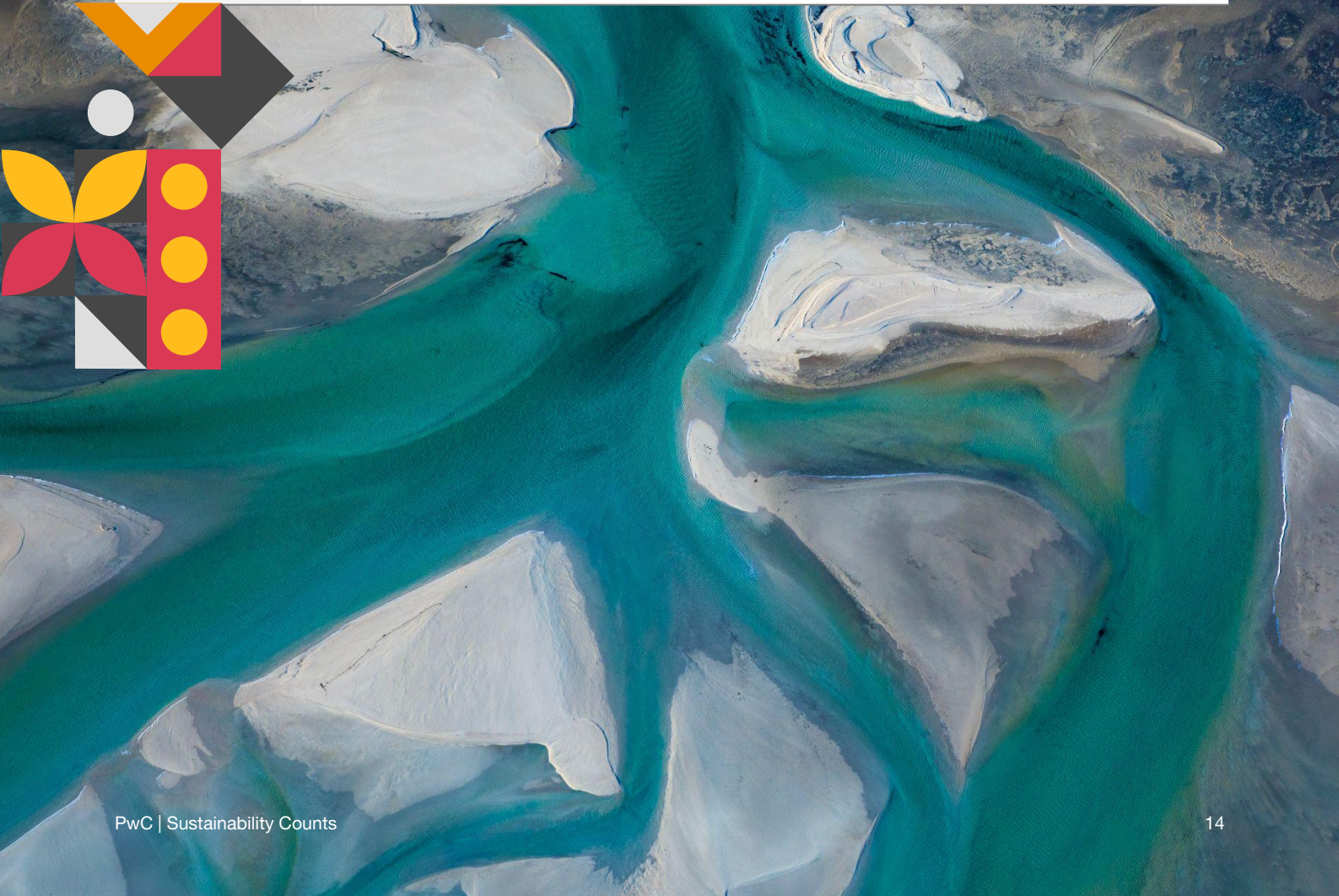
Sustainability reporting requirements continue to expand across Asia Pacific, although requirements are unique to each jurisdiction. Information is updated till April 2022, around the time of this report.





Many Asia Pacific jurisdictions have issued sustainability reporting requirements or recommendations, and some have announced additional sustainability reporting requirements to be implemented in the coming years. The following table provides an overview of the salient developments in reporting requirements and recommendations.

Jurisdiction	Present	Upcoming
Australia	<ul style="list-style-type: none"> • There is currently no compulsory sustainability reporting. • However, corporate governance codes recommend disclosure of environmental and social risks for publicly listed companies (PLCs). • Basis of corporate governance principles and recommendations follows 'if not, why not' approach. • Various regulatory bodies, such as the Australian Securities and Investments Commission and the Australian Prudential Regulatory Authority have also indicated that material climate risks should be identified and disclosed. • Australian legal requirements require certain entities to disclose non-financial information related to specific federal acts, such as the Modern Slavery Act, the Workplace Gender Equality Act, or the National Greenhouse and Energy Reporting Act. 	<ul style="list-style-type: none"> • Australian Sustainable Finance Initiative (supported by APRA and ASIC) issued the Australian Sustainable Finance Roadmap in 2020, listing out 37 recommendations across different timeframes. • With international mandates coming into force on corporate sustainability reporting, and increasing trends in the financial sector favouring responsible investing, it is likely that demand for regulation will increase. • The Australian Accounting Standards Board (AASB) has added sustainability reporting to its work program and recently issued a request for comment on the ISSB's exposure drafts.





Jurisdiction	Present	Upcoming
China	<ul style="list-style-type: none"> China Securities Regulatory Commission (CSRC) announced new guidelines in June 2021 for PLCs to add 'Environmental and Social Responsibility' sections in their half year and annual reports. This includes: <ul style="list-style-type: none"> Disclosure of actions to prevent pollution of air, water, and soil Methods for managing waste Reporting environmental incidents, especially if penalties are involved Reporting of ESG risks - narrative only (the rules provide no metrics for ESG risk) CSRC encourages companies to voluntarily report their carbon emissions, carbon reduction measures, impacts on biodiversity, risk posed by social issues, poverty alleviation and rural revitalisation. CSRC made no reference to ESG frameworks but it is expected to work closely with international organisations on developing global standards. The most commonly used and globally recognised reporting framework is GRI. In December 2021, the Ministry of Ecology and Environment of China released the "Measures on the Management of Environmental Information Disclosure for Companies" regulation which has come into force on 8 February 2022. The measures apply to key pollutant emission sources / corporates and companies with requirements for clean production audit. Some local authorities, such as those in Shanghai and Shenzhen, have also issued guidance on corporate sustainable development and social responsibility. 	<ul style="list-style-type: none"> Compulsory ESG reporting guide for A-share publicly traded companies is expected to be released around the end of 2022. A-share publicly traded companies is expected to be released around the end of 2022. Announced in January 2022, the Shanghai Stock Exchange issued new guidance for Kechuang 50 index companies, requiring the 50 component companies to issue social responsibility reports. The companies shall issue their social responsibility report together with their annual report, and the report shall focus on disclosure related to "carbon peak carbon neutrality" goals and actions to promoting sustainable development.

Jurisdiction	Present	Upcoming
Hong Kong	<ul style="list-style-type: none"> Hong Kong Stock Exchange (HKEX) listing rules include the ESG Reporting Guide. There are two levels of disclosure obligations: (a) 'comply or explain' provisions; and (b) recommended disclosures that are encouraged, but not required to report. The largest update, effective for financial years commencing on or after 1 July 2020, requires companies to disclose additional ESG information. From 2021, there are more than 30 specific ESG key performance indicators (KPIs) to be reported on a 'comply or explain' basis per the ESG Reporting Guide. HKEX requires the listed companies to include ESG-related risks in the enterprise risk management assessment with effect from 1 January 2022. In the Board's annual review on the effectiveness of risk management and internal control system and continuous monitoring of material risks, ESG risks will need to be included and be considered. 	<ul style="list-style-type: none"> In May 2019, the Hong Kong Monetary Authority (HKMA) announced important measures to promote the development of green and sustainable banking in three phases. In December 2020, the HKMA announced plans to mandate TCFD across relevant sectors no later than 2025. HKEX is expected to conduct a consultation on how to implement ISSB requirements in Hong Kong and it is expected to conclude in 2023.
India	<ul style="list-style-type: none"> Requirement to prepare Business Responsibility Report (BRR) in respect of reporting on ESG for top 1,000 listed entities by market capitalisation. Integrated Reporting <IR> may be adopted on a voluntary basis by the top 500 companies, which are required to prepare a BRR. 	<ul style="list-style-type: none"> New ESG reporting requirements known as the Business Responsibility and Sustainability Report (BRSR) disclosures, include nine principles of the 'National Guidelines on Responsible Business Conduct' (NGRBCs). Voluntary for FY 2021-2022 and mandatory for FY 2022-2023, applicable to top 1,000 listed companies. Existing reporting based on internationally accepted reporting frameworks (GRI, SASB, TCFD or Integrated Reporting) may cross-reference disclosures to BRSR. The BRSR aims to have standardised quantitative and qualitative disclosures on ESG parameters to enable comparability across companies, sectors and time. The disclosures have been divided into Essential (mandatory reporting) and Leadership indicators (voluntary reporting).



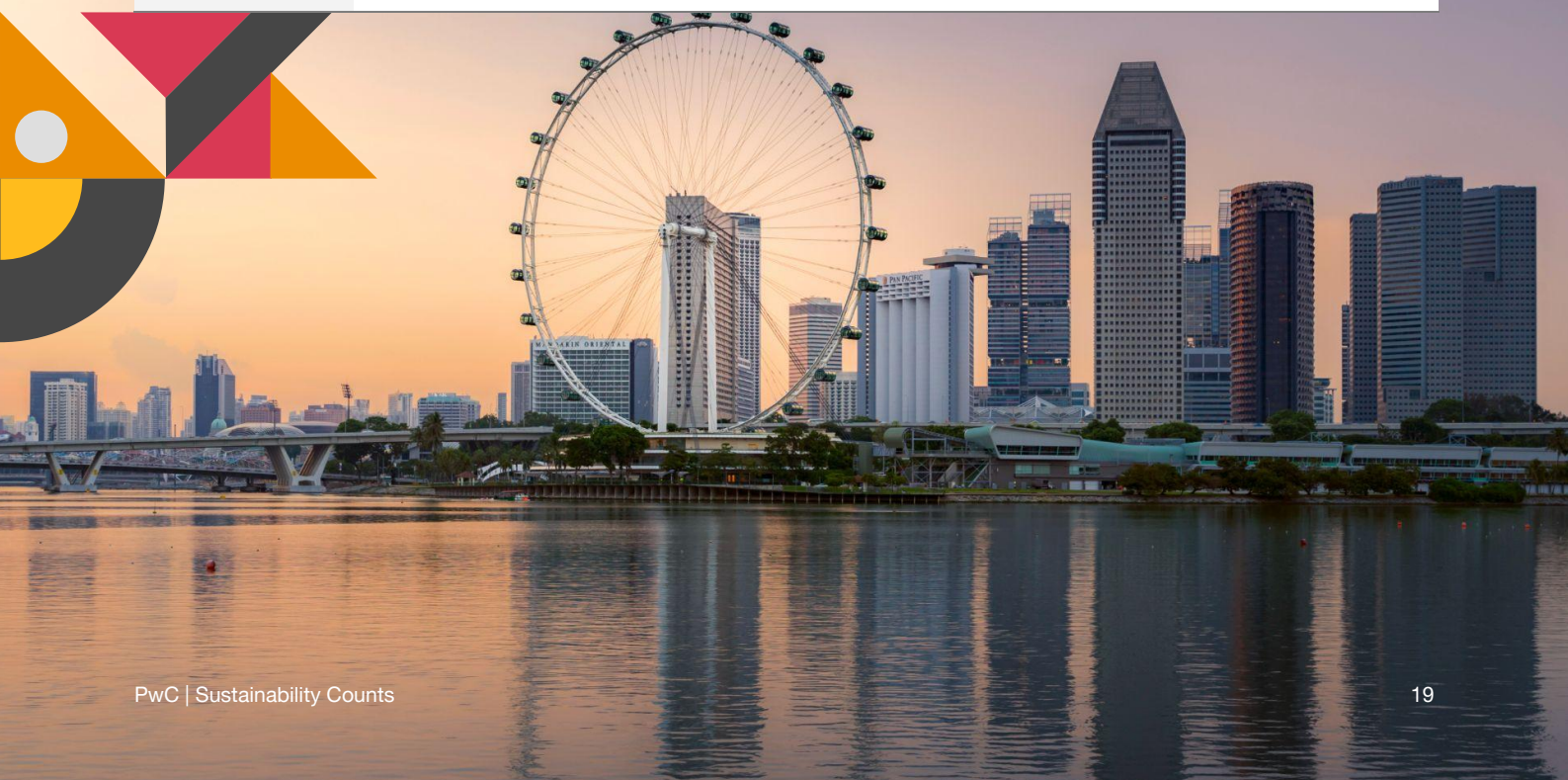
Jurisdiction	Present	Upcoming
Indonesia	<ul style="list-style-type: none"> Otoritas Jasa Keuangan (OJK) requires PLCs to publish sustainability reporting through POJK 51/POJK.03/2017, gradually starting in 2020. There are nine principles of sustainable finance that should be implemented by PLCs. Details of sustainability reports are stipulated under SEOJK 16/SEOJK.04/2021, and include sustainability governance and performance. The sustainability performance covers: <ul style="list-style-type: none"> Economic (production quantity, revenue, profit, eco-friendly product and involvement of local parties) Green environment (energy, emission, waste and biodiversity) Social aspects 	<ul style="list-style-type: none"> Indonesia Stock Exchange (IDX) became a TCFD supporter in June 2021 as part of its ambition to support sustainability in Indonesia's capital market. In 2021, GRI signed a collaboration agreement with the Indonesian government that commits to support and provide reporting frameworks for the country's UN SDG commitments. The new ESG guidance will make clear how companies can fulfil their disclosure requirements by connecting the GRI Standards with SDG targets and indicators.
Japan	<ul style="list-style-type: none"> The Corporate Governance Code requires all the listed companies on the Tokyo Stock Exchange for general requirements and requires Prime and Standard Markets listed companies for additional requirements under a comply or explain approach. Japan's revised Corporate Governance Code additionally requires Prime Market listed companies to meet TCFD requirements after 4 April 2022. 	<ul style="list-style-type: none"> The Financial Services Agency (FSA) working group on corporate disclosures raised proposals for mandatory climate reporting and disclosure guidelines on sustainability and governance-related factors. Companies could be required to report on climate-related risks. The new rules are viewed to be more enforceable and extensive than the current 'comply or explain' approach. The FSA has established a new framework for the certification of ESG-related funds and is expected to unveil final voluntary process guidelines on locally sold social bonds. Sustainability Standards Board of Japan (SSBJ) is planned to be established to contribute to the development of international sustainability disclosure standards and to develop domestic sustainability disclosure standards by the end of June 2022.



Jurisdiction	Present	Upcoming
Malaysia	<ul style="list-style-type: none"> ESG reporting is required as a listing rule i.e. to disclose narrative statements of the management of material economic, environmental and social (EES) risks and opportunities in annual reports. There is no one consistent ESG framework mandated by Bursa Malaysia, although GRI remains the most popular. Bursa Malaysia issued a Sustainability Reporting Guide in 2015 and a second edition in 2018 to help embed sustainability in reporting. Compliance with the Guide is voluntary. The Malaysian Code on Corporate Governance (MCCG) was updated in 2021, with more granular corporate disclosures, e.g. target setting, gap analysis, and actions to close the gaps are expected. 	<ul style="list-style-type: none"> In March 2022, Bursa Malaysia introduced a Consultation Paper on key proposals in relation to sustainability reporting e.g. requiring disclosure of prescribed sustainability matters and indicators aligned with TCFD recommendations. Securities Commission Malaysia five-year Capital Market Masterplan 3 (2021) reinforces its commitment to climate action e.g., promoting greater transparency in the market through disclosures.
New Zealand	<ul style="list-style-type: none"> PLCs have an obligation via corporate governance codes to provide non-financial disclosures relating to environmental, economic and social sustainability factors and practices. 	<ul style="list-style-type: none"> TCFD reporting for large listed issuers and financial institutions to be mandatory for reporting years from 2023. This includes a requirement for external assurance on the GHG emissions component from 2024. The Reserve Bank of New Zealand is developing its supervisory approach to include climate-related risks. The External Reporting Board is working to develop an overarching ESG reporting framework for voluntary application in coming years.
Philippines	<ul style="list-style-type: none"> PLCs are required to report on their contributions to sustainability topics either through a sustainability report that adheres to internationally recognised sustainability reporting frameworks and standards or Securities and Exchange Commission's (SEC) reporting template. These reports should be submitted together with the companies' annual report. The Sustainability Reporting Framework prescribed by the SEC is built on globally accepted standards and frameworks, particularly GRI Sustainability Reporting Standards, IIRC Integrated Reporting Framework, the SASB Sustainability Accounting Standards, and TCFD recommendations. 	<ul style="list-style-type: none"> The SEC followed a "comply and explain" approach from the 2019 reporting period. However, beginning 2023 (2022 reporting period), all PLCs are mandated to comply with the Sustainability Reporting Guidelines set by the regulator. The SEC is also seeking to introduce voluntary – and eventually mandatory – reporting for non-listed companies.



Jurisdiction	Present	Upcoming
Singapore	<ul style="list-style-type: none"> All Singapore Exchange listed companies to have sustainability reporting (effective from 2017) which requires 5 primary components of: <ul style="list-style-type: none"> Reporting framework Materiality assessment Policy, practices and performance reporting Target setting Statement by the Board 	<p>For Singapore listed companies:</p> <ul style="list-style-type: none"> Minimally subject the sustainability reporting process to internal or external review (effective from 2022) Mandatory and 'comply or explain' TCFD with prioritisation for high-carbon industries (effective from 2022) Board diversity disclosures (effective from 2022) Proposed core ESG factors (27 factors) (effective from 2022) Mandatory board directors training (effective from 2022)
South Korea	<ul style="list-style-type: none"> Disclosure of ESG-related matters is carried out through: <ul style="list-style-type: none"> Business Reports (mandatory) Korea Exchange Governance Reports (mandatory/optional) Sustainability Reports (optional) According to the Framework Act on Green Growth, PLCs are required to issue a report which includes disclosure of GHG emissions and energy volume on a regular basis. Those who are designated as Green Company are allowed self-disclosure to Korea Exchange at any time. Disclosure of the Governance report has been mandatory for listed corporations on the securities market from 2019. The companies voluntarily disclose ESG matters following global standards and framework, typically GRI Standards, and leading companies are reporting their corporate sustainability management status by responding to ESG rating initiatives. 	<ul style="list-style-type: none"> Mandatory companies for Disclosure of the Governance report will be expended by stages from 2022 onwards based on total assets. On 14 January 2021, the Financial Services Commission announced its plan to implement the third phase of the disclosure of the Sustainability Report in the following phases: <ul style="list-style-type: none"> Step 1: Autonomous disclosure Step 2: Obligation of Korea Composite Stock Price Index (KOSPI) listed companies with assets of more than KRW 2 trillion (from 2025) Step 3: Obligation of KOSPI listed companies (from 2030) In December 2021, the Ministry of Trade, Industry and Energy announced the K-ESG guidelines that have been jointly prepared by related ministries.





Jurisdiction	Present	Upcoming
Taiwan	<ul style="list-style-type: none"> Taiwan Stock Exchange Corporation Rules require listed and OTC companies to prepare Sustainability Reports (ESG reports) referring to the latest GRI Standards published by GRI. There are sector specific ESG disclosures and external assurance for listed food industry, financial and insurance and chemical sectors in ESG reports. Regulations governing ESG related disclosures in annual reports are updated to require more specific and quantitative data. 	<ul style="list-style-type: none"> Corporate Governance 3.0 – Sustainable Development Roadmap, for reports issued in 2023 relating the 2022 result, the thresholds for ESG reporting are reduced from capital stock no less than NT\$5 billion to NT\$2 billion. In addition to existing ESG reporting requirements, ESG disclosures with reference to TCFD and SASB have also been added. Financial Supervisory Commission (FSC) launches a phased plan requiring listed - and OTC - companies and their subsidiaries to complete GHG inventories by 2027 and obtain verification by 2029.
Thailand	<ul style="list-style-type: none"> The Securities and Exchange Commission (SEC) Corporate Governance Code requires sustainability reporting with choices of framework, however GRI is common following Stock Exchange of Thailand (SET) guidance. In 2022, it is mandatory for all PLCs to report their ESG performance via Form 56-1 One Report (effective from the financial period ended 31 December 2021). The submission must be within three months as from the end of the financial report. 	<ul style="list-style-type: none"> On 17 November 2021, SET announced its support for the TCFD. SET has provided knowledge about the impact of climate change on business by conducting a series of TCFD & SDGs workshops which aim to promote a better understanding of how to address the economic risks and opportunities resulting from climate change and raise the bar in line with the TCFD international best practice of climate disclosures.





Jurisdiction	Present	Upcoming
Vietnam	<ul style="list-style-type: none"> The Ministry of Finance of Vietnam requires PLCs to take into account social and environmental consequences of their activities and their social commitments in their annual report. This includes: <ul style="list-style-type: none"> Environmental impact (e.g. GHG emissions) Raw materials management Energy and water consumption Compliance with environmental protection laws Employees policies Report on responsibility for local community Report on green capital market activities PLCs are encouraged to apply the globally accepted reporting and disclosure standards in preparing their sustainability reports. 	No further developments noted.

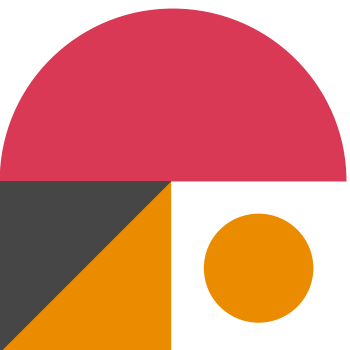




05

The state of sustainability reporting: Key insights

We worked with the **National University of Singapore (NUS), Centre for Governance and Sustainability (CGS)** to gather insights on the state of sustainability reporting in Asia Pacific. These can serve as a useful reference as stakeholders anticipate the sustainability reports being issued in 2022.



Overview of sustainability reporting study

Top 50 largest listed companies of each of the selected jurisdictions (13 in scope)

Analysed against common sustainability reporting attributes based on the principles of GRI and TCFD

Based on latest sustainability reports available in mid-2021

To provide insights on the status, in anticipation of upcoming sustainability reports

Methodology

Scope of study

This study focuses on the top 50-listed companies by market capitalisation across selected jurisdictions in Asia Pacific, namely: Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand, Vietnam.

The companies are identified as those listed in the respective stock exchanges, i.e., Australian Securities Exchange, Shanghai Stock Exchange, Hong Kong Stock Exchange, BSE (formerly Bombay Stock Exchange), Indonesia Stock Exchange, Tokyo Stock Exchange, Bursa Malaysia, New Zealand's Exchange, Philippine Stock Exchange, Singapore Exchange, Taiwan Stock Exchange, Stock Exchange of Thailand.

The information reviewed was based on latest sustainability reports available in mid-2021. Only companies whose sustainability reports are communicated in English are included. A total of 650 listed companies' sustainability reports were analysed.

Research framework

The assessment framework used within this study was developed in reference to the GRI and the TCFD. GRI was referenced as it continues to have a high level of adoption. The TCFD was referenced due to the increasing and important focus on climate change. The sustainability reports were then analysed against these attributes:

Area	Sub-area
Materiality and stakeholder engagement	<ol style="list-style-type: none"> 1. Disclosure of material ESG factors 2. Disclosure of stakeholder engagement in determining material ESG topics 3. Disclosure of stakeholder engagement channels and responding to stakeholder concerns
Strategy and targets	<ol style="list-style-type: none"> 4. Disclosure of linkage between sustainability targets and financial performance 5. Disclosure of targets
Climate change and risk management	<ol style="list-style-type: none"> 6. Identification of climate change as a sustainability issue 7. Identification and management of climate change risks/opportunities 8. Disclosure of integrating climate-related risks into overall risk management 9. Disclosure of targets and/or tracking climate-related risk and opportunities
Governance and responsibility	<ol style="list-style-type: none"> 10. Disclosure regarding sustainability governance
Building Trust	<ol style="list-style-type: none"> 11. Disclosure of reporting scope 12. Disclosure of assurance

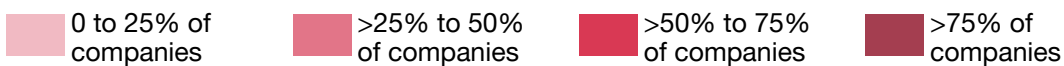
In the following pages, we analyse the state of sustainability reporting of the respective jurisdictions (based on the top 50 listed companies) against these attributes.



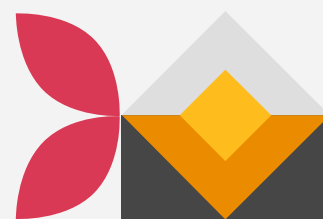
State of sustainability reporting standards and frameworks used

It can be seen from the companies in scope, that SDGs and GRI, followed by TCFD are most commonly used. With TCFD to be mandated in certain jurisdictions in the future, we expect that there will be more TCFD-aligned reporting.

	SDG	GRI	TCFD	UNGC	IIRC	SASB	CDP
Overall	76%	75%	36%	23%	20%	18%	17%
Australia	80%	72%	80%	44%	4%	24%	30%
China	60%	78%	14%	18%	0%	2%	4%
Hong Kong	58%	70%	36%	26%	8%	20%	18%
India	62%	60%	12%	22%	50%	4%	8%
Indonesia	82%	78%	4%	8%	2%	14%	6%
Japan	94%	68%	64%	24%	36%	22%	24%
Malaysia	88%	80%	28%	16%	48%	10%	12%
New Zealand	52%	38%	40%	0%	28%	2%	14 %
Philippines	96%	88%	48%	24%	24%	42%	10%
Singapore	88%	96%	38%	36%	18%	20%	20%
Taiwan	94%	100%	80%	40%	14%	64%	46%
Thailand	94%	92%	24%	36%	12%	14%	32%
Vietnam	42%	58%	0%	2%	12%	2%	0%

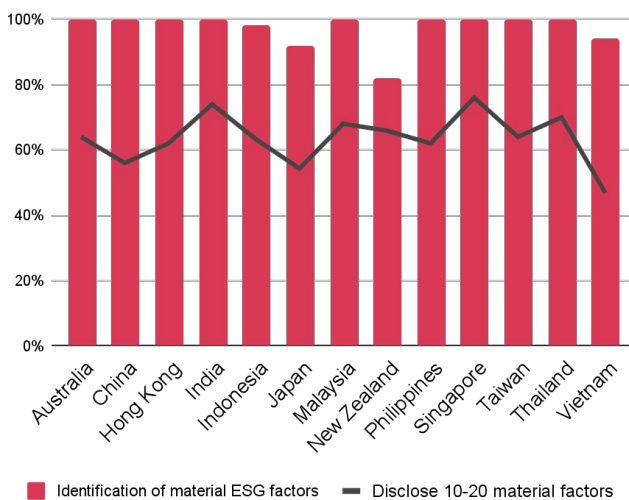


In the following pages, we analyse the state of sustainability reporting within the 13 selected jurisdictions (based on the top 50 listed companies) against the attributes outlined above. **It should be noted that results, to some degree, may be driven by the timing and scope of sustainability reporting regulation implementation in companies' respective jurisdictions, including the nature and focus of the sustainability reporting requirements and recommendations.**



Materiality and stakeholder engagement

Figure 1: Disclosure of material ESG factors



Why this matters

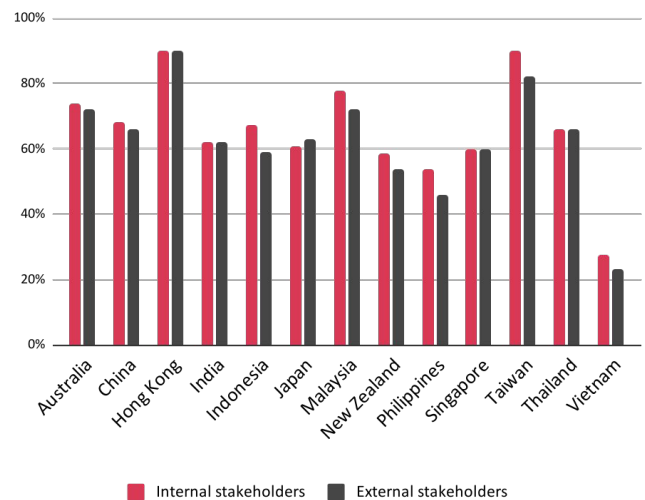
Identification of ESG topics that are material to the organisation's core strategy and long-term value creation helps the organisation in prioritising and channeling its efforts in managing risks and cultivating opportunities associated with these material ESG topics. Disclosure of material ESG factors demonstrates that the organisation understands the key sustainability issues that are most relevant to the stakeholders. Such disclosure also helps investors understand the factors that are material to the risks and opportunities of their investments.

State of practice

- Most of the companies (62%) disclosed between 10 to 20 material topics.
- 80% of the companies further disclosed their selection process for material ESG factors.
- The most cited material issues in the Asia Pacific region pertain to employment-related matters such as occupational health and safety, training and education, employment practices; engagement of the local community; and energy.

Note: Base for "identification of material ESG factors" is all companies; base for "Disclose 10-20 material factors" is companies which disclosed material factors

Figure 2: Disclosure of stakeholder engagement in determining material ESG topics



Why this matters

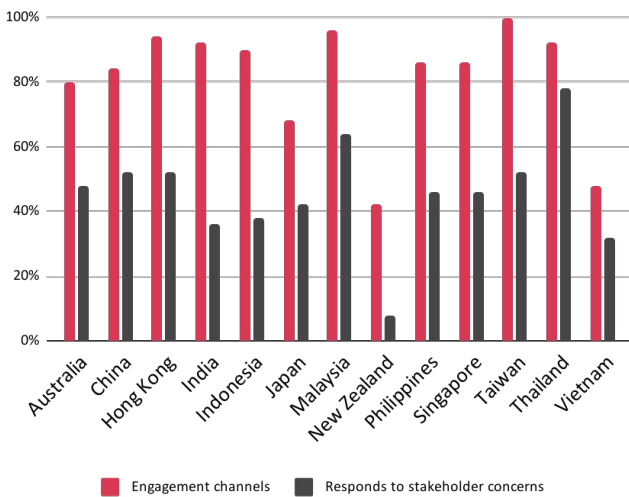
Disclosure of stakeholder engagement gives an understanding of how extensively and robustly stakeholders were engaged in determining the most important ESG topics for an organisation. It also demonstrates that the organisation, through its active engagement of stakeholders, has considered a wide range of views in developing a comprehensive analysis and therefore has made informed decisions about prioritising and acting on the sustainability issues identified. This in turn reduces potential information gaps and enhances trust.

State of practice

- The Asia Pacific companies disclosed comparable rates of engaging internal and external stakeholders when determining material ESG issues.
- Here, we note that jurisdictions such as Hong Kong, Malaysia and Taiwan have higher percentage of companies disclosing material factors from both internal and external stakeholders.



Figure 3: Disclosure of stakeholder engagement channels and responding to stakeholder concerns

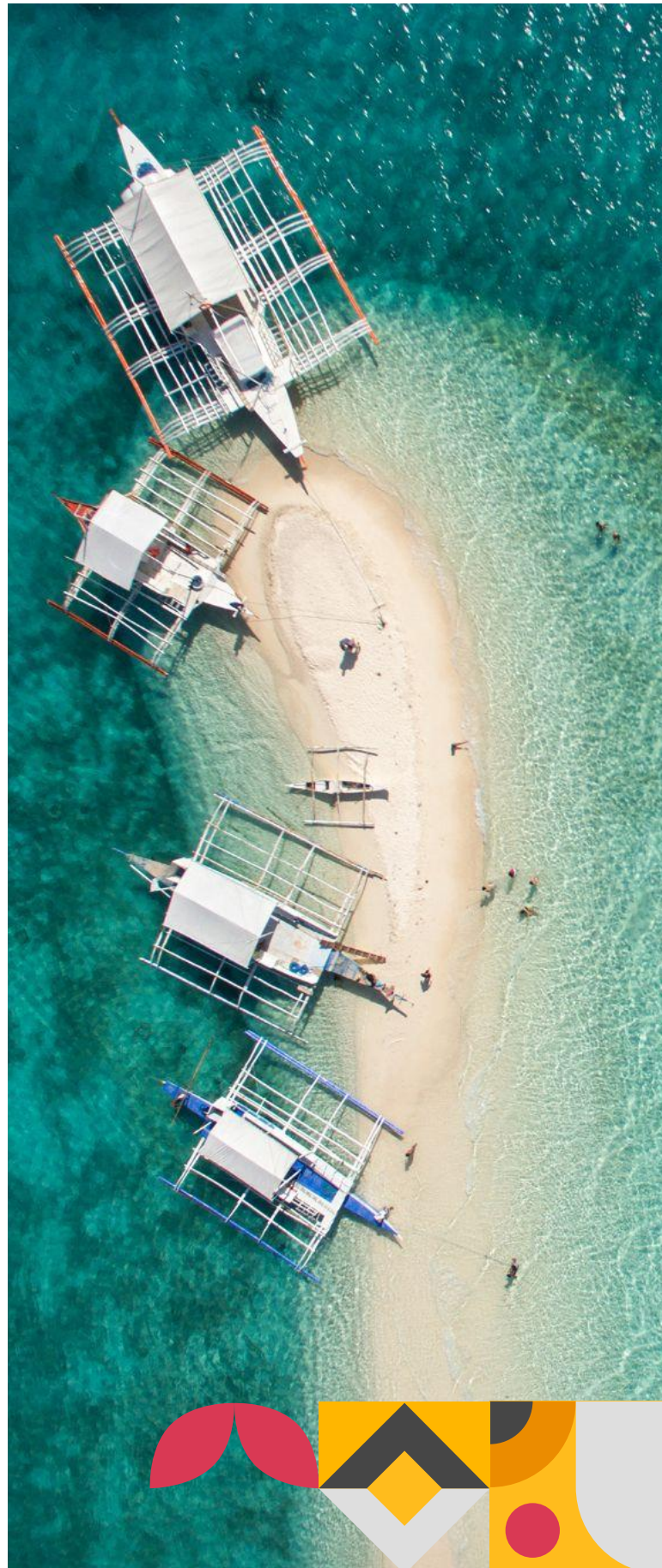


Why this matters

Use of appropriate engagement channels along with a timely response to concerns reassures stakeholders that feedback on material topics is sought and acted upon to safeguard value and manage risks.

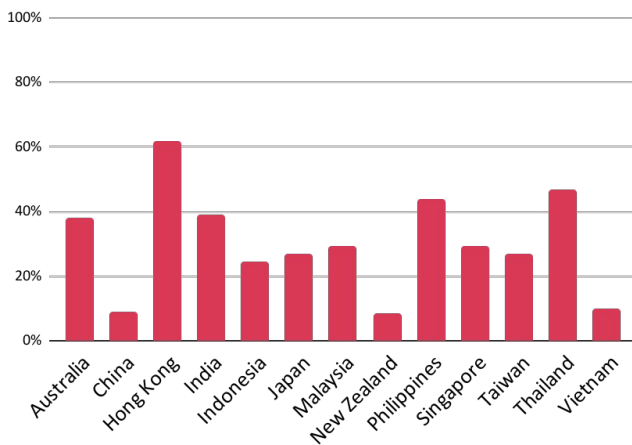
State of practice

- 81% of companies disclose the engagement channels adopted for the various stakeholder groups.
- While many jurisdictions show strong levels of disclosure regarding stakeholder engagement channels, most show room for improvement in responding to stakeholder concerns.
- Only 46% of companies reported addressing concerns raised by stakeholders. Thailand and Malaysia demonstrated the highest levels of disclosure for mitigation strategies. Strategies reported include the integration of product stewardship into research and development, visits to production facilities and mandatory staff training.



Strategy and targets

Figure 4: Disclosure of linkages between sustainability targets and financial performance



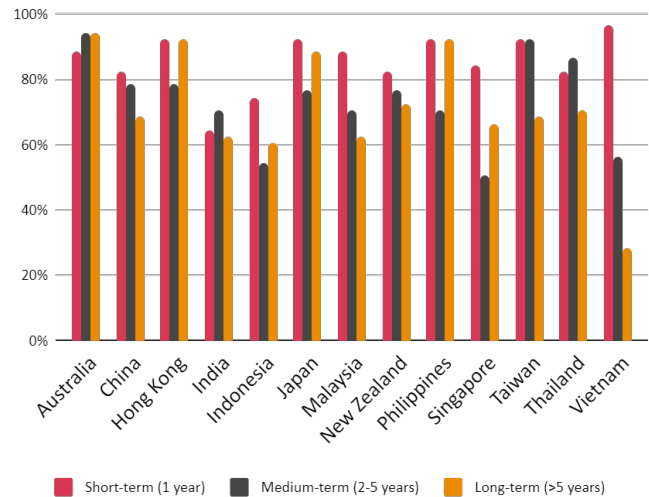
Why this matters

Companies with clearly-defined targets linked to their business strategy are a step closer to tracking and realising the financial relevance of their ESG metrics. Demonstrating greater integration of targets and business strategy also indicates to investors the degree to which the company has assimilated sustainability issues into its strategy and risk management processes.

State of practice

- Over 80% of companies disclosed targets linked to their business strategy. Targets were presented in the form of long-term and qualitative goals, as well as quantifiable metrics.
- However, only about one-third (29%) of Asia Pacific companies reported that targets were linked to financial performance.

Figure 5: Disclosure of targets



Why this matters

Both shorter and longer-term targets can help ensure improvements to ESG areas such as emissions, water, health and safety, that are material to an organisation.

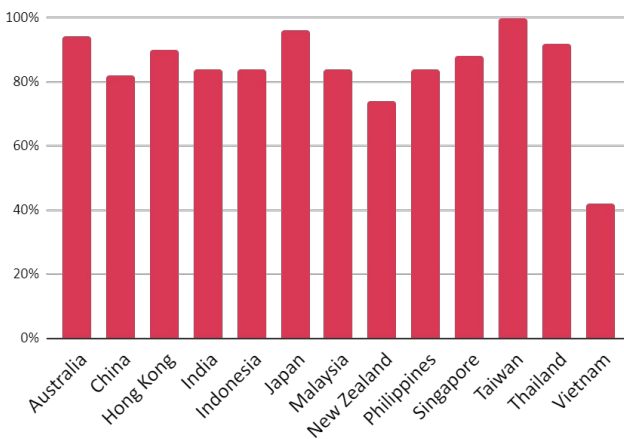
State of practice

- Short-term targets are most commonly reported.
- Mid- to long-term targets mentioned less often. Australia is an exception, with almost all companies disclosing both mid- and long-term targets.
- Of the long-term targets cited, reduction of GHG emissions, carbon neutrality goals, and increase in representation of females in top management were commonly reported.
- 85% of companies disclosed short-term targets, 73% disclosed medium-term targets and 71% disclosed long-term targets.



Climate change and risk management

Figure 6: Identification of climate change as a sustainability issue



Why this matters

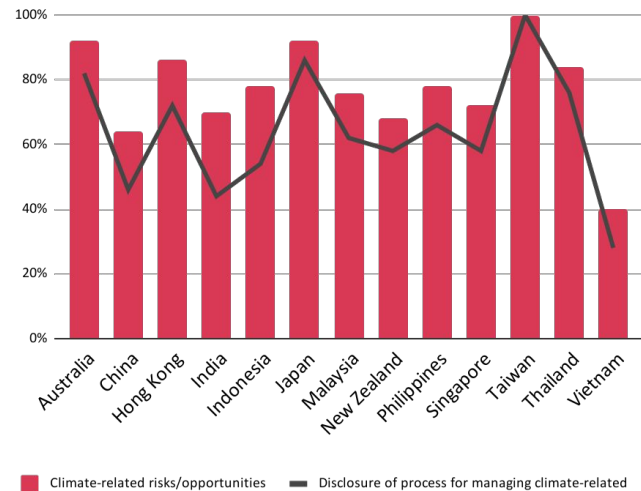
Asia Pacific's vast population, economies and communities are extremely vulnerable to climate change. According to PwC's Code Red – Asia Pacific's Time to Go Green¹, published in November 2021, the Asia Pacific region decarbonised at a rate of 0.9% in 2020, far short of the 12.9% annual decarbonisation rate needed to reach the 1.5°C target in the Paris Agreement. In 2020, Asia Pacific was responsible for 52% of global energy-related CO₂ emissions. To achieve the 1.5°C target and reach net zero, the Asia Pacific region urgently needs to accelerate its decarbonisation efforts.

Disclosures related to climate change have become an increasingly vital part of sustainability reporting and the work of addressing climate-related transition and physical risks. Companies will encounter both challenges and opportunities as they adapt their strategies and business models to reflect increasing regulatory requirements and stakeholder expectations.

State of practice

- The majority of companies (84%) across almost all jurisdictions have identified climate change as a sustainability issue.
- All of the top 50 companies in Taiwan and almost all of the top 50 companies in Australia and Japan disclosed climate risks and opportunities.
- This aligns to our findings in the PwC's [25th Annual Global CEO Survey Asia Pacific](https://www.pwc.com/gx/en/asia-pacific/net-zero/asia-pacific-code-red-to-go-green.pdf) which highlighted that only 18% of the sampled companies internal and external stakeholders were not significantly concerned about climate change.

Figure 7: Identification and management of climate change risks/opportunities

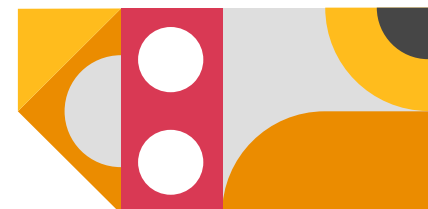


Why this matters

Generally, companies who have identified climate change as a material topic have also disclosed the details of their climate-related risks or opportunities, and have disclosed their processes for managing climate-related risks. Investors and other stakeholders need to understand how an organisation's climate-related risks are identified, assessed and managed, and whether those processes are integrated across existing risk management systems. Australia, Japan and Taiwan stand out as jurisdictions that have a higher share of companies that have disclosed both climate-related risks/opportunities and their related processes for managing climate-related risks.

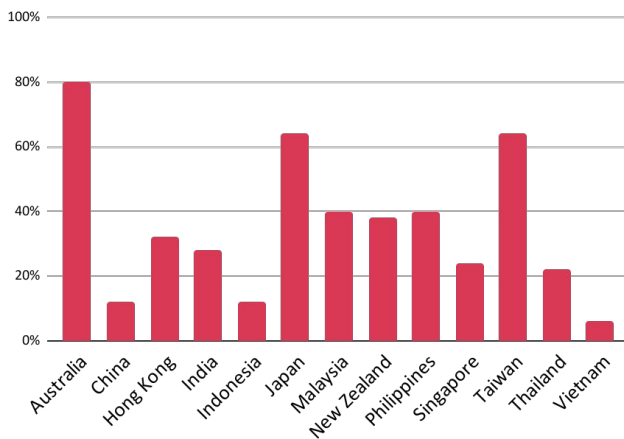
State of practice

- Although a large proportion (84%) of the top companies in Asia Pacific identified climate change as a sustainability issue, a considerably lower share (41%) discussed how climate change may impact their business and how they are managing the relevant risks.



1. <https://www.pwc.com/gx/en/asia-pacific/net-zero/asia-pacific-code-red-to-go-green.pdf>

Figure 8: Disclosure of integrating climate-related risks into overall risk management



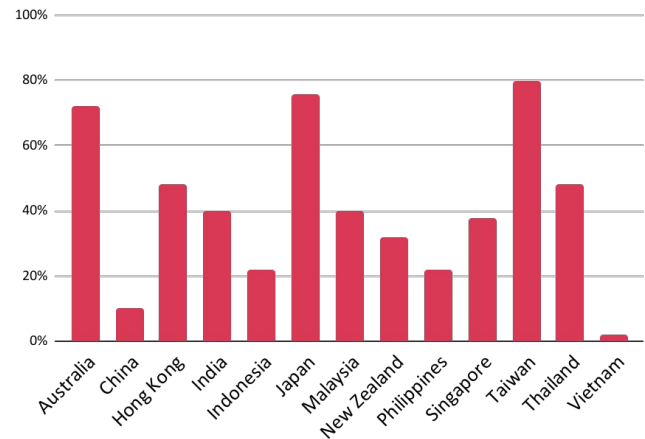
Why this matters

Integrating the climate-related risks into risk management is critical in managing them, whether that entails adaptation or mitigation measures. Such disclosure helps users of climate-related financial disclosures to evaluate organisations' overall risk profile and risk management activities.

State of practice

- This is an area that shows room for improvement. Although a large proportion of the top companies in Asia Pacific identified climate change as a sustainability issue, only 36% disclosed how it is integrated into overall risk management.
- This is consistent with the global findings of Task Force on Climate-related Financial Disclosures 2021 Status Report where a low percentage of reporters (27%) disclose the integration of climate-related risks into risk management.

Figure 9: Disclosure of targets and/or tracking of climate-related risks/opportunities

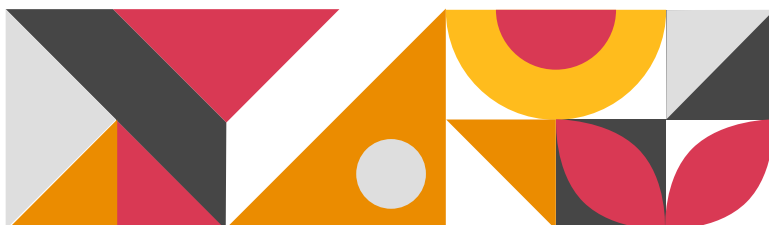


Why this matters

Targets are essential to tracking improvement and progress towards goals such as reductions in carbon intensity or financed emissions. Disclosing targets also helps to ensure accountability.

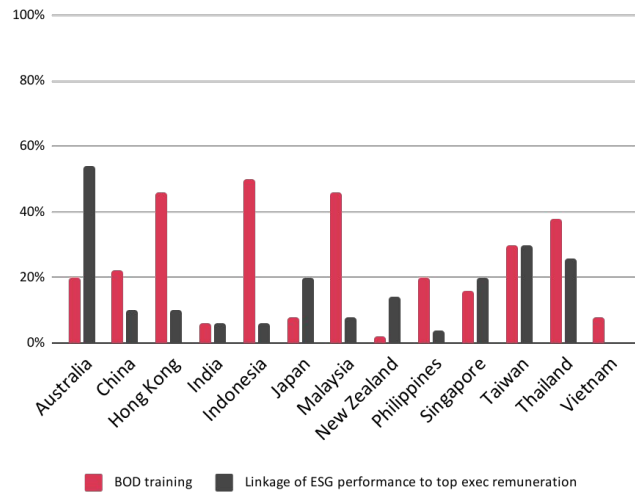
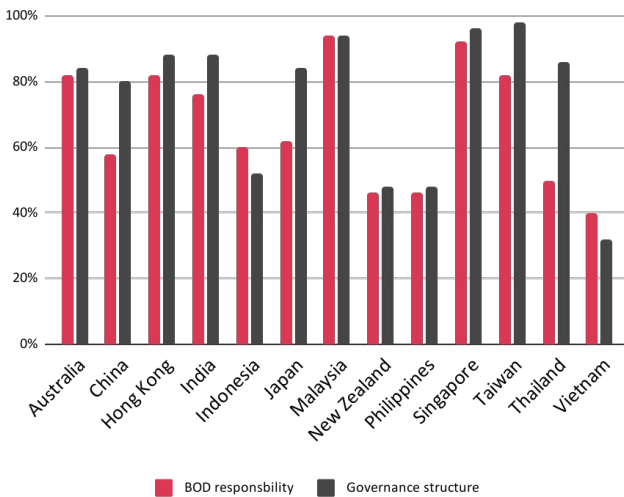
State of practice

- 41% of companies reported targets for climate-related risks and opportunities and/or disclosed their performance against such targets.
- 12% of companies in the Asia Pacific region are working towards setting climate targets by signing on to the Science Based Targets initiative (SBTi).
- Leading companies are also working towards decarbonising their supply chains by engaging with their suppliers.



Governance and responsibility

Figure 10: Disclosure regarding sustainability governance



Why this matters

Disclosing board of directors' responsibilities over sustainability issues and installing an appropriate ESG governance structure can help to establish oversight and responsibility. This provides confidence that the necessary framework and resources are in place for the strategy to be delivered.

Upskilling for board of directors gives an indication of the board's ability to discharge their governance and oversight duties. Linkage of ESG performance to executive remuneration aligns sustainability performance and behaviours with sustainability targets.

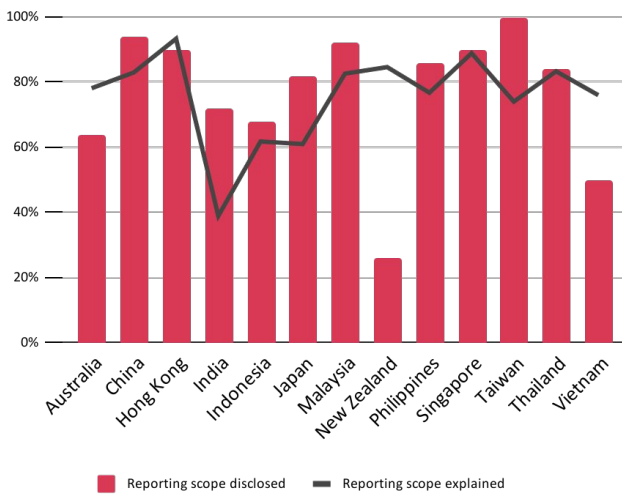
State of practice

- The findings reveal an encouraging trend where over 80% of companies studied have established and disclosed sustainability targets, 75% have disclosed their ESG governance structure and 67% have disclosed their board of directors' responsibility. Some 60% of companies studied have disclosed all three.
- Australia, Hong Kong, Malaysia, Singapore and Taiwan stand out for disclosures of boards' responsibilities and companies' ESG governance structures.
- Reporting of board of directors training and linkage of ESG performance to remuneration was low (at 24% and 16% respectively). Australia, however, stands out with most of its companies reporting linkages between ESG performance and remuneration.
- It is interesting to note that based on PwC's [25th Annual Global CEO Survey Asia Pacific](#), companies ranking highest on our customer trust index are significantly more likely to have non-financial outcomes tied to their compensation.



Building trust

Figure 11: Disclosure of reporting scope



Why this matters

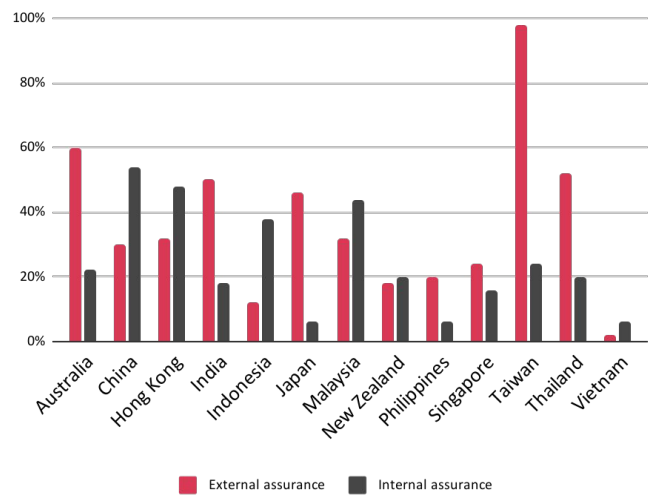
Disclosure of reporting scope gives transparency over what is included in the sustainability report. This is especially critical given the evolving maturity of sustainability reporting.

State of practice

- China, Hong Kong, Malaysia, Philippines, Singapore, and Thailand have higher share of companies with disclosure and explanations of their reporting scope.
- Generally, jurisdictions that have a higher percentage of reporting scope disclosure are those that have requirements or recommendations pertaining to this disclosure.

Note: Base for "Reporting scope disclosed" is all companies; base for "Reporting scope explained" is companies which disclosed reporting scope

Figure 12: Disclosure of assurance



Why this matters

Assurance over key areas of the sustainability report adds credibility and builds trust in ESG disclosures, increasing confidence levels among users of the reports. It also provides management and shareholders with the confidence in the organisation's performance over the reporting period.

State of practice

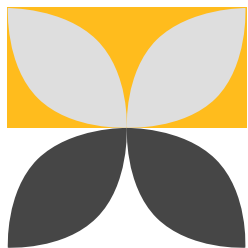
- ESG assurance remains relatively low across Asia Pacific, except for Taiwan.



06

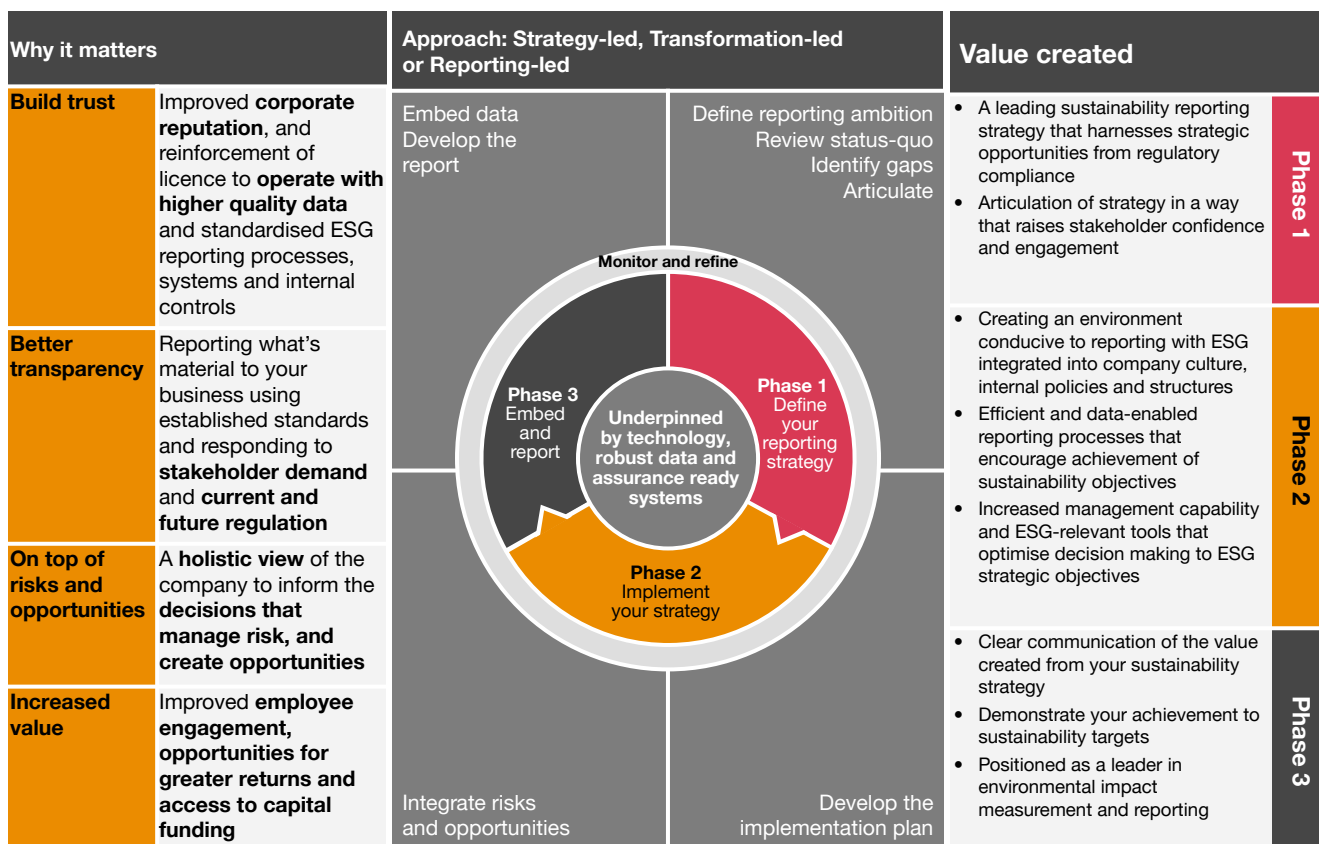
Our approach to sustainability reporting excellence

In the following diagram we offer our view on key steps in building a sustainability report, including attributes expected across an organisation's sustainability reporting journey.





PwC's distinctive ESG reporting offering is designed to create value - for shareholders and society - through insightful, rounded and trusted reporting



Level of ambition





In the following table, we highlight key areas for sustainability reporting excellence, why each is important and what it would entail across maturities. (Note that reporting companies should also look to their local jurisdiction's specific requirements or recommendations.)

		What	Why
How does sustainability fit with your organisation's purpose and strategy?	Organisation overview	Provide an overview of your organisation's key activities and the environment in which you operate.	This helps to view your sustainability information against the wider context of your organisation's remit. The overview is also important for clarifying the scope of the data in the report e.g. which activities are covered and which are not.
	Purpose	Communicate a clear and succinct purpose that explains your organisation's raison d'être beyond creating a financial return for shareholders.	This demonstrates why your business exists and what you seek to achieve, creating a shared ambition that is core to your business and clear to all stakeholders.
	Strategy	Describe how your sustainability strategy is integrated into your core corporate strategy and demonstrate how it permeates your business.	This proves that sustainability is not just an 'add-on' for your organisation but is considered in every activity. Having a short, medium and long term sustainability strategy will help you track your progress towards key sustainability goals in the future.





		What	Why
How do you consider your priorities?	Materiality	Demonstrate that you have an understanding of the sustainability issues that are most relevant to your organisation and your key stakeholders.	This proves that you are focusing on the most important sustainability issues where your efforts will have the greatest impact.
	Stakeholder engagement	Explain how you engage with your principal stakeholders and how this has impacted your sustainability strategy.	This shows that you have considered a wide range of views and therefore made informed decisions about prioritising and acting on your sustainability issues.
	Risks and opportunities	Explain the key strategic risks and opportunities for your organisation that arise from sustainability issues.	This gives confidence that you have considered the impacts that external sustainability factors might have on the success of your business and that you are acting on them.



		What	Why
How do you monitor and manage performance?	KPIs and targets	Identify KPIs that are directly relevant to your sustainability strategy and set challenging but realistic targets that you can assess your performance against.	Clear presentation of progress towards targets demonstrates that you are holding yourself accountable to the goals you have set for your organisation.
	Impacts	Provide a clear explanation and quantification of the social, environmental and economic impacts of your business.	This demonstrates that you have a thorough understanding of your wider impacts on society and the environment. This understanding will allow you to make more informed decisions towards being a more sustainable business.
	Governance	Provide a clear explanation of the company's sustainability governance structure and explain how directors and staff are incentivised to deliver on the sustainability strategy.	This gives confidence that the necessary framework and resources are in place for the strategy to be delivered. Having senior staff members listed in the governance framework further demonstrates your commitment to the strategy.



		What	Why
How do you consider the broader viability of the business?	Value chain	Consider relevant upstream and downstream value chain aspects of your business in order to take account of all environmental, social and economic impacts, both positive and negative.	This demonstrates that you understand the wider influence of your organisation on sustainability issues in society. By thinking holistically, you identify areas that create a greater positive impact than you would by only considering your core operations.
	Future proofing	Disclose that you have considered future resource constraints that might affect your business, e.g. non-financial areas including natural capital and human capital.	This shows that you are monitoring and minimising any resource risks in order to prevent disruption to your organisation in the future.
How do you report with clarity and transparency?	Balanced reporting	Present information in a balanced and transparent fashion and explain where and how improvements will be made.	Acknowledgement of not only your successes but also your negative sustainability impacts gives confidence that you are a self-aware organisation - one that is honest and transparent about progress towards sustainability goals.



Tips on how to make your reporting more effective

(Note that reporting companies should also look to their local jurisdiction's specific requirements or recommendations.)

Reporting areas	Basic reporting tips	Intermediate reporting tips	Advanced reporting tips
Organisation overview	Introduce your organisation by giving an overview of your size, operations and activities.	Contextualise your sustainability activities in relation to the remit and objectives of your organisation.	Explain both the direct and indirect sustainability impacts that might arise from your organisation's role or activities.
Purpose	Define a clear purpose which should be a succinct statement.	Ensure your purpose is well-aligned to your core business activities.	Reference to your purpose should be consistent across all company communications. The purpose should form the foundation to your core business strategy.
Strategy	Demonstrate how your sustainability strategy is integrated into your core business strategy and aligned with core objectives.	Clearly describe your sustainability strategy over the short, medium and long-term.	Report on structures, systems and action plans which allow your sustainability strategy to permeate your entire organisation. Where relevant, align your strategy to the SDGs or incorporate a Net Zero Ambition.
Materiality	Report which issues you have identified as material and why.	Report on the process that was undertaken to determine the most material issues and which key stakeholders were involved.	Focus your reporting on your material issues, linking them to your strategy and KPIs. Where relevant, align your material issues to the SDGs. Offer visualisation of your issues.
Stakeholder engagement	Identify your organisation's key internal and external stakeholders and describe how they have been engaged.	Describe the issues that stakeholders have identified as important, how they have been addressed and how they will be addressed going forward.	Show linkage between stakeholder consultations and your materiality, strategy, and risk and opportunities planning processes. Consider alternative media for communicating messages from your sustainability report.
Risks and opportunities	List the sustainability-related risks and opportunities that your organisation is managing.	Describe the action plan in place to address these risks and opportunities.	Disclose the relevance and financial implications of these risks and opportunities. As per the TCFD recommendations, identify the climate-related risks and opportunities faced by your business.

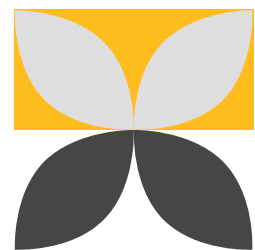


Reporting areas	Basic reporting tips	Intermediate reporting tips	Advanced reporting tips
KPIs and targets	Disclose the sustainability KPIs most relevant to your business, including historic performance data to illustrate trends over time	Set specific and quantifiable short and medium-term targets for these KPIs.	Disclose financial implications behind KPIs. Where relevant, align your sustainability KPIs and targets to the SDGs.
Impacts	Discuss specifically and qualitatively which areas of the environment and society you impact through your operations and supply chains.	Disclose quantitative indicators of the relative size of your impact on society and the environment.	In monetary terms, disclose your impact on society and the environment.
Governance	Identify the board member responsible for sustainability issues and outline your sustainability governance structure.	Showcase how sustainability governance permeates your business, e.g. through department heads with sustainability responsibilities.	Report on how staff are incentivised to deliver on the sustainability strategy throughout the company, and include financial and non-financial incentives.
Value chain	Consider the positive and/or negative effects of your supply chain, products and services.	Report quantitative data on material effects from across your value chain, both positive and negative, and strategies in place to address these.	Set specific targets for material value chain effects and report on progress towards them.
Future proofing	Disclose significant use of natural capitals, e.g. water, land, timber.	Explain whether you expect that the availability of any natural capitals might be restricted in the future.	Describe your strategy for managing your risk. Build an understanding of your organisation's climate change resilience by conducting scenario analyses, as per the TCFD recommendations.
Balanced reporting	Report progress against all targets, whether performance has been good or bad.	Explain poor performance and how you will address it going forward.	If you reach targets ahead of schedule, set more ambitious targets for the future.
Assurance	Reference independent data, e.g. external benchmarking, to ensure the credibility of your reporting.	Obtain internal or external assurance over the sustainability data in your report.	Include the assurance opinion, which should clearly state the scope of the work, the assurance standard followed and the work completed.



07

Other useful information – Appendix





Sustainability reporting requirements in other key jurisdictions

The table below outlines current and upcoming sustainability requirements in the United States of America, the United Kingdom and the European Union. The information is updated till April 2022, around the time of this report.

	Present requirements	Upcoming requirements
The United States of America (U.S.)	<p>In 2010, the U.S. Securities Exchange Commission (SEC) released an interpretive release titled “Commission Guidance Regarding Disclosure Related to Climate Change”.</p> <p>In 2020, the SEC adopted final amendments under Regulation S-K as part of a Disclosure Effectiveness Initiative. One of the key revisions is the addition of human capital management disclosure.</p> <p>Human capital disclosures</p> <p>On August 26 2020, the SEC amended disclosure requirements relating to the description of the business, legal proceedings, and risk factors. These are required on Form 10-K and registration statements (Form S-1).</p> <p>The final rules require registrants to disclose certain aspects of their human capital resources within the overall framework of principles-based disclosures. Specifically, the following disclosures are required to the extent they are material to the understanding of the registrant’s business as a whole:</p> <ul style="list-style-type: none"> • A description of the registrant’s human capital resources, including the number of persons employed by the registrant, and • Any human capital measures or objectives that the registrant focuses on in managing the business, potentially including measures or objectives that address the development, attraction and retention of personnel. <p>If information disclosed is material to a particular segment of the business, the registrant should additionally identify that segment.</p>	<p>SEC’s climate disclosure proposal</p> <p>On 21 March 2022, the SEC proposed new rules that would significantly increase required disclosures about climate-related risks that are reasonably likely to have a material impact on a company’s business or consolidated financial statements.</p> <p>As proposed, the new rules would require disclosures in registration statements and periodic reports, such as Form 10-K and Form 20-F. Some of the proposed disclosures are based on the disclosure framework developed by the TCFD.</p> <p>The proposal would require disclosures for domestic registrants and foreign private issuers as follows:</p> <ul style="list-style-type: none"> • Climate-related physical and transition risks and their actual or likely material impacts on the registrant’s business, strategy, and outlook • The registrant’s governance of climate-related risks and relevant risk management processes • Scope 1 and Scope 2 greenhouse gas (GHG) emissions with Scope 3 GHG emissions to be phased in • Information about climate-related targets and goals, and transition plans, if any. <p>In addition to the disclosures required by the above proposed additions to Regulation S-K, registrants would be required to include certain climate-related financial statement metrics and related disclosures in a note to the audited financial statements. The disclosures would include the financial impacts of severe weather events and other natural conditions and identified climate-related risks on the consolidated financial statements. Disclosure would not be required if the aggregated impact is less than 1% of the total line item for the relevant fiscal year.</p> <p>Other upcoming proposals:</p> <ul style="list-style-type: none"> • Upcoming proposed rule on issuers’ Human Capital Management Disclosure • Upcoming proposed rule on Corporate Board Diversity • Prerule work on third Party Service Providers • Upcoming proposed rule related to Investment Companies and Investment Advisers to address matters relating to ESG factors • SEC proposed amendments to its rules to enhance and standardize disclosures regarding cybersecurity risk management, strategy, governance, and incident reporting by public companies.



	Present requirements	Upcoming requirements
The United Kingdom ("UK")	<p>The current mandatory reporting requirements relating to ESG in the UK are summarised below:</p> <ul style="list-style-type: none"> • Section 172 (1) statement of Companies Act 2006/UK Corporate Governance Code 2018: Stakeholder engagement • Sections 414CA and 414CB of the Companies Act 2006: The non-financial information statement • Modern Slavery Act • The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 • Mandatory TCFD • Streamlined Energy and Carbon Reporting (SECR) • SECR policy was implemented on 1 April 2019, when the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force. Businesses in scope need to comply for financial years starting on or after 1 April 2019. <p>TCFD has been made mandatory from 1 January 2021 for premium listed companies on a 'comply or explain' basis. More companies are being scoped in over time.</p> <p>Climate-related financial disclosures aligned with TCFD framework have been extended to for all other listed companies, unlisted companies, limited liability partnerships with greater than £500m turnover and more than 500 employees, banks and insurers. This applies for periods beginning on or after 6 April 2022.</p>	<ul style="list-style-type: none"> • The government sets out a roadmap for the rest of the UK economy by 2025. • In 2023, a new UK requirement will come into effect for companies to publish 'transition plans', setting out how they plan to decarbonise. The precise details remain in development, but the requirement for more detail about timings and milestones in a company's plan will likely contribute to more detailed climate disclosures as well. • The FCA has published its ESG priorities that may result in more disclosure and oversight on ESG issues, including climate, diversity and inclusion. • There is currently a consultation process underway on sustainability disclosure requirements and investment labels.
European Union (EU)	<p>EU law requires certain large companies to disclose information on the way they operate and manage social and environmental challenges. Directive 2014/95/EU, also called the Non-Financial Reporting Directive (NFRD), lays down the rules on disclosure of non-financial and diversity information by certain large companies.</p> <p>EU rules on non-financial reporting currently apply to large public-interest companies with more than 500 employees. Under NFRD, large companies have to publish information related to:</p> <ul style="list-style-type: none"> • environmental matters • social matters and treatment of employees • respect for human rights • anti-corruption and bribery • diversity on company boards (in terms of age, gender, educational and professional background). <p>In June 2017, the European Commission published its guidelines to help companies disclose environmental and social information.</p> <p>In June 2019, the European Commission published guidelines on reporting climate-related information, which in practice consist of a new supplement to the existing guidelines on non-financial reporting, which remain applicable.</p>	<p>In April 2021, the European Commission published its proposal for a Corporate Sustainability Reporting Directive (CSRD), which would amend the existing reporting requirements of the NFRD. This proposal is designed to improve and standardise the disclosure of sustainability information by companies. The proposal, among others:</p> <ul style="list-style-type: none"> • extends the scope to all large companies and all companies listed on regulated markets (except listed micro-enterprises) • requires the assurance of reported information • introduces more detailed reporting requirements, and a requirement to report according to mandatory EU sustainability reporting standards • requires companies to digitally 'tag' the reported information, so it is machine readable and feeds into the European single access point envisaged in the capital markets union action plan. <p>The European Commission's proposal for a CSRD envisages the adoption of EU sustainability reporting standards. The draft standards would be developed by the European Financial Reporting Advisory Group (EFRAG).</p> <p>In January 2022, a batch of working papers were released to provide further information on the development of draft European Sustainability Reporting Standards (ESRS).</p> <p>Included in this batch is a working paper on climate change. It clarifies what information is important with regard to climate targets and net zero ambitions, and in what form this information should be provided. It also provides a comprehensive structure for the presentation of climate-related information to simplify assessment and comparison by investors.</p>

An overview of sustainability reporting requirements specific for financial institutions across Asia Pacific

	Present requirements	Upcoming requirements
Australia	<ul style="list-style-type: none"> The Australian Prudential Regulation Authority (APRA) released its draft Prudential Practice Guide CPG 229 (Climate Change Financial Risks) for banks, insurers and superannuation trustees on managing the financial risks associated with climate change. 	
China		<ul style="list-style-type: none"> As financial institutions in China launch new products to support sustainable investment in clean-tech solutions, ranging from exchange-traded funds (ETFs) to green bonds, the Chinese government has stepped in with the intention of regulating what has become a growing sub-sector of financial activity.
Hong Kong	<ul style="list-style-type: none"> The strategic framework for the development of green finance in Hong Kong was first announced in 2018. In 2019, the SFC completed and published Results of the “Survey on Integrating ESG factors and Climate Risks in Asset management”. In August 2021, SFC published the consultation conclusions on the management and disclosure of climate-related risks by fund managers 	
Indonesia	<ul style="list-style-type: none"> Financial Institutions and are required to publish Sustainability Reporting (Indonesia Financial Services Authority) and implement sustainable finance. 	
Malaysia	<ul style="list-style-type: none"> In 2021, BNM released the Climate Change and Principle based Taxonomy (CCPT) to encourage the adoption of ESG principles in financial institutions. 	<ul style="list-style-type: none"> BNM issued an Exposure Draft on Climate Risk Management and Scenario Analysis, which includes a highlight that financial institutions shall make TCFD-aligned disclosures by 31 December 2024. BNM's Financial Sector Blueprint 2022 - 2026 strategies include strengthening practices in the disclosure of climate risk by financial institutions.
Singapore	<ul style="list-style-type: none"> The Monetary Authority of Singapore requires all Financial institutions in Singapore to have Environmental Risk Management disclosures (effective 2021) which leverages the TCFD framework. 	
South Korea		<ul style="list-style-type: none"> In December 2021, the Ministry of Environment announced the Korean Green Classification System (K-Taxonomy) Guidelines prepared over two years to promote green finance revitalisation and move toward a carbon-neutral society



About PwC

With offices in 156 countries and more than 295,000 people, we are among the leading professional services networks in the world. We help organisations and individuals create the value they are looking for, by delivering quality in Assurance, Tax and Advisory services.

We are a community of solvers combining human ingenuity, experience and technology innovation to deliver sustained outcomes and build trust. It all adds up to The New Equation.

About PwC Asia Pacific

Because of the cross-border nature of client service, we have seen an increasing collaboration during recent years within the PwC network at regional level. This collaboration is also driven by the need to maximise the business opportunity in the Asia Pacific region and position ourselves for the future. We have much greater investment and innovative power as a region.

For these reasons, the PwC member firms that have operations in Australia, Cambodia, Hong Kong, Indonesia, Japan, Laos, Macau, Malaysia, China, Myanmar, New Zealand, Papua New Guinea, Philippines, Singapore, Taiwan, Thailand, Timor Leste and Vietnam have agreed on a collaborative arrangement, collectively known as

PwC Asia Pacific.

Find out more and tell us what matters to you by visiting <https://www.pwc.com/asiapacific>



About Centre for Governance and Sustainability, NUS Business School

The Centre for Governance and Sustainability (CGS), formerly known as Centre for Governance, Institutions and Organisations (CGIO), was established by the National University of Singapore (NUS) Business School in 2010. It aims to spearhead relevant and high-impact research on corporate governance (CG) and corporate sustainability (CS) issues that are pertinent to institutions, government bodies and businesses both in Singapore and Asia. This includes corporate governance and corporate sustainability, governance of family firms, government linked companies, business groups, and institutions.

CGS also organizes events such as public lectures, industry roundtables, and academic conferences on topics related to governance and sustainability. CGS is the national assessor for the corporate sustainability and corporate governance performance of listed companies in Singapore. More information about CGS can be accessed at <https://bschool.nus.edu.sg/cgs/>

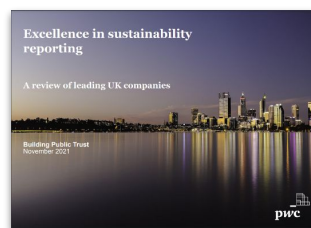
For more than 50 years, NUS Business School has offered a rigorous, relevant and rewarding business education to outstanding students from across the world. Founded in the same year that Singapore gained independence, NUS Business School stands today among the world's leading business schools. It is distinctive for offering the best of global business knowledge with deep Asian insights, preparing students to lead Asian businesses to international success and to help global businesses succeed in Asia. The School attracts a diversity of smart and talented students to our broad portfolio of academic programs, including BBA, MBA, Executive MBA, MSc and PhD programs in addition to our customised and open enrolment Executive Education courses. Admission to NUS Business School is highly competitive, and we are proud of the exceptional quality of our students. For more information, please visit <https://bschool.nus.edu.sg/>.



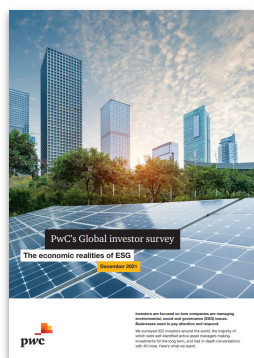
PwC sustainability-related thought leadership publications



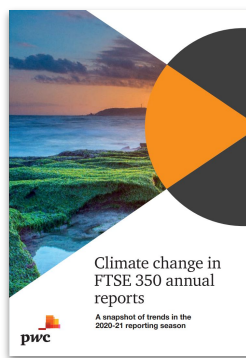
01 [Stakeholders are asking questions: How to tell them a credible ESG story](#)



05 [Excellence in sustainability reporting: A review of leading UK companies \(2021\)](#)



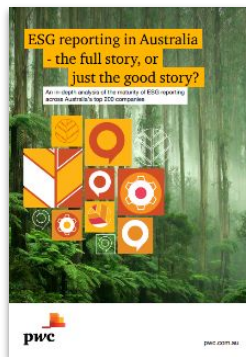
02 [PwC's Global investor survey: The economic realities of ESG](#)



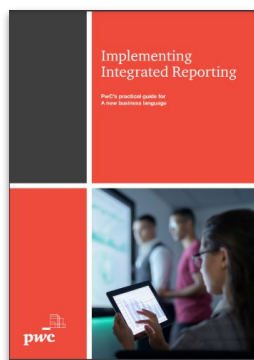
06 [Climate change in FTSE 350 annual reports: a snapshot of trends 2020/21](#)



03 [Enhancing the credibility of non-financial information: investor perspective](#)



07 [ESG reporting in Australia - the full story, or just the good story?](#)



04 [Implementing Integrated Reporting](#)



08 [ESG Reporting Study for Hong Kong Listed Companies 2021](#)

Contacts

Lead authors

Eu-Lin Fang

Partner, Sustainability and
Climate Change Leader
PwC Singapore
eu-lin.fang@pwc.com

Professor Lawrence Loh

Director, Centre for Governance
and Sustainability (CGS)
NUS Business School
National University of Singapore
bizlohyk@nus.edu.sg

Authors & CGS Research Project Team

Lay Hsiah Lim

Senior Manager, Assurance
PwC Singapore
lay.hsiah.lim@pwc.com

Annette Amy Singh

Senior Research Associate
CGS, NUS Business School
National University of Singapore
annette_singh@nus.edu.sg

Aster Nguyen Thi Thuy

Research Associate
CGS, NUS Business School
National University of Singapore
aster.nguyen@nus.edu.sg

Sharmine Tan

Senior Sustainability Analyst
CGS, NUS Business School
National University of Singapore
sharminetsm@yahoo.com

Verity Thoi

Business Development Lead
CGS, NUS Business School
National University of Singapore
verity.thoi@nus.edu.sg

ESG leaders

Ivy Kuo

Partner, PwC Asia Pacific ESG
Leader
PwC China
ivy.ws.kuo@cn.pwc.com

Jon Chadwick

Partner, ESG Leader
PwC Australia
jon.d.chadwick@pwc.com

Amy Cai

Partner, ESG Managing Partner
PwC China
amy.cai@cn.pwc.com

Sambitosh Mohapatra

Partner, ESG Leader
PwC India
sambitosh.mohapatra@pwc.com

Julian Smith

Partner, ESG Leader
PwC Indonesia
smith.julian@pwc.com

Toshiya Banno

Partner, ESG Centre of
Excellence Leader
PwC Japan
toshiya.banno@pwc.com

Yuki Isogai

Partner, ESG Centre of
Excellence Technical Leader
PwC Japan
yuki.isogai@pwc.com

Steven Kang

Partner, ESG Leader
Samil PricewaterhouseCoopers,
South Korea
steven.c.kang@pwc.com

Andrew Chan

Partner, South East Asia's Consulting
Services Sustainability & Climate
Change Leader
PwC Malaysia
andrew.wk.chan@pwc.com

Annabell Chartres

Partner, ESG Leader
PwC New Zealand
annabell.l.chartres@pwc.com

Alexander Cabrera

Partner, ESG Leader
PwC Philippines
alex.cabrera@pwc.com

Eu-Lin Fang

Partner, ESG Leader
PwC Singapore
eu-lin.fang@pwc.com

Eliza Li

Leader of Sustainability and Climate
Change Services
PwC Taiwan
eliza.li@pwc.com

Chris Suradejvibul

Partner, ESG Leader
PwC Thailand
chris.suradejvibul@pwc.com

Bee Han Theng

Partner, ESG Leader
PwC Vietnam
bee.han.theng@pwc.com

