



The time has come

The KPMG Survey of Sustainability Reporting 2020

KPMG IMPACT
December 2020

home.kpmg/sustainabilityreporting



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About the survey

Welcome to the KPMG Survey of Sustainability Reporting 2020

This is the 11th edition of the KPMG Survey of Sustainability Reporting since the first edition was published in 1993. This year, KPMG professionals reviewed sustainability reporting from 5,200 companies in 52 countries and jurisdictions, making this the most extensive survey in the series to date.

The survey provides a detailed look at global trends in sustainability reporting and offers insights for business leaders, company boards and sustainability professionals. Its aim is to support those who have a responsibility for assessing and preparing their own organization's sustainability reporting.

The survey also serves as a guide to investors, asset managers and ratings agencies who now factor sustainability or Environmental, Social and Governance (ESG) information into their assessment of corporate performance and risk.

It is based on several months of research by sustainability professionals at KPMG firms who analyzed thousands of corporate reports and websites.

This year the survey focuses on three key aspects of sustainability reporting:

- Reporting on the risks of biodiversity loss
- Reporting on climate-related risk and carbon reduction
- Reporting on the UN Sustainable Development Goals (SDGs)



The survey's title 'The Time has Come' acknowledges that sustainability and ESG reporting is now widely recognized by financial stakeholders as a critical component of corporate reporting.

Readers of this survey are also encouraged to read the sister report – Towards net zero: How the world's largest companies report on climate risk and net zero transition. It takes a deep-dive look at the quality climate and carbon disclosure from the world's 250 largest companies: home.kpmg/netzeroreporting

About the lead authors

This research has been conducted by KPMG IMPACT, a newly-established initiative of KPMG firms. KPMG IMPACT brings together professionals and subject matter experts from across KPMG's global organization to support the delivery of the United Nations Sustainable Development Goals (SDGs).

The authors of this report work together as leaders of the KPMG IMPACT initiative alongside their KPMG firm roles and responsibilities.



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Partner, KPMG in the UK

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Adrian leads KPMG's global network of Climate Change, Sustainability & ESG professionals and delivers sustainability services to KPMG clients globally.



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Jennifer has 20 years' experience helping clients with multiple stakeholders develop and implement impact methodologies and strategies. She combines elements of economics, statistical modelling, cost accounting, and game theory.



Wim Bartels

Co-Chair, Impact Measurement, Reporting & Assurance Services, KPMG IMPACT

Partner, KPMG in Netherlands

Wim is KPMG's Global Leader for Climate-related Risk Services, and also Partner for Corporate Reporting at KPMG in the Netherlands. He is a member of the Task Force on Climate-related Financial Disclosures (TCFD).

Research samples: the G250 and N100

Throughout this document, the reader will see statistics quoted for two different research samples: the “N100” and the “G250”.

N100

The N100 refers to a worldwide sample of 5,200 companies. It comprises the top 100 companies by revenue in each of the 52 countries and jurisdictions researched in this study. These N100 statistics provide a broad-based snapshot of sustainability reporting among large and mid-cap firms around the world.

G250

The G250 refers to the world’s 250 largest companies by revenue as defined in the Fortune 500 ranking of 2019. Large global companies are typically leaders in sustainability reporting and their reporting activity often predicts trends that are subsequently adopted more widely.



For more details on these research samples, a full list of the 52 countries and jurisdictions covered by the survey, and the research methodology see page 50.



Executive summary

Key global trends in sustainability reporting

80%

of companies worldwide now report on sustainability

[See page 10](#)



North America has the highest regional sustainability reporting rate

90% of companies

[See page 11](#)



100%

of the top 100 companies in Japan and Mexico report on sustainability

[See page 13](#)



There has been a surge in integrated reporting in **France, Japan, India** and **Malaysia** since

2017

[See page 21](#)



Third-party assurance of sustainability information in corporate reporting is now a majority business practice worldwide.

[See page 23](#)

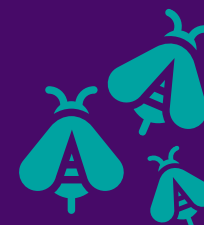


GRI remains the dominant global standard for sustainability reporting.

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Reporting of risk from biodiversity loss



Less than one-quarter of “at-risk” companies worldwide currently report risks from the loss of biodiversity.

[See page 29](#)

Mining is the only “at-risk” sector in which a majority of companies report risks from biodiversity loss.

[See page 30](#)



Latin American companies lead in reporting of biodiversity-related risk; North American companies lag.

[See page 31](#)

Executive summary

Reporting on climate risk and carbon reduction

Around

40%



of companies now acknowledge the financial risks of climate change in their reporting

[See page 36](#)



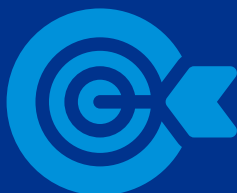
One in five companies reports climate risk in line with **TCFD recommendations**

[See page 39](#)



A majority of companies worldwide now have targets in place to **reduce their carbon emissions**.

[See page 41](#)



There is a **growing trend** to link corporate carbon targets to global climate goals.

[See page 42](#)

Reporting on the UN Sustainable Development Goals (SDGs)



A significant majority of companies now connect their business activities with the SDGs in their corporate reporting.

[See page 44](#)



However, SDG reporting is often **unbalanced and disconnected** from business goals.

[See page 48](#)



SDGs linked to **economic growth, climate change and responsible consumption** are most frequently prioritized by businesses.

[See page 49](#)



SDGs linked to **protecting biodiversity** are least commonly prioritized by businesses.

[See page 49](#)

What do these findings mean for business?

The KPMG Survey of Sustainability Reporting has tracked monumental changes in sustainability reporting since the survey was first published in 1993. Back then – almost 30 years ago - a paltry 12 percent of companies published sustainability reports. Today, the figure stands at 80 percent and over 90 percent among the largest companies in the world.

In recent years, many countries have seen dramatic shifts in the number of companies reporting on sustainability, driven not only by new laws and regulations but also by a growing understanding in the finance sector of the power environmental, social and governance (ESG) issues have to impact financial performance and corporate value.

Sustainability reporting is now so nearly universally adopted, that the small minority of companies not yet reporting will find themselves seriously out of step with global norms. This misalignment with accepted global practice in itself poses risks to non-reporting companies, but the leaders of these companies should also be aware that sustainability reporting cannot easily be solved overnight with a quick fix. Reporting methodologies and approaches are complex and dynamic, requiring deep professional knowledge and expertise and must be backed up with robust sustainability strategies and risk management processes. So, my advice to any company that has yet to start the sustainability reporting journey is to take it seriously and begin now. The laggards will soon be left behind.

This survey also makes it increasingly apparent that risk is the new lens through which to consider sustainability or ESG. Changing attitudes to climate change have been the key driver behind this trend. Not so long ago, climate change was considered a corporate responsibility issue that might bring reputational risks for companies perceived to be part of the problem but would have no impact on current or future financial performance. All that changed with the advent of the Task Force on Climate-related Financial Disclosures (TCFD) in 2015 which saw that the financial risks inherent in climate change were being under-reported or not reported at all.

In only 5 short years, attitudes towards the financial risks of climate change in the financial and corporate sectors have changed beyond recognition. I predict that climate change is only the first of a series of sustainability or ESG issues which will come to be perceived as financial risks or, indeed, opportunities.

Social issues such as child labor, forced labor, working conditions, diversity and equality, fair pay and more will soon take on the same financial relevance. And, as this survey suggests, reporting on biodiversity should be a key priority for any business particularly those operating in high risk sectors.

The speed with which the world is losing its biodiversity is alarming to say the least. Any business that believes it will remain entirely unaffected is, in my opinion, not facing up to reality. Furthermore, the biodiversity crisis will only be exacerbated in years to come by the climate crisis and will have pervasive impacts that affect all mankind.

My advice to the business leaders therefore is to get your heads around biodiversity. Understand how your company is contributing to biodiversity loss and what risks it faces from it. You will be asked about this very soon by your investors, lenders, insurers, customers and consumers. You will also likely to be expected to make public disclosures on it sooner than you may think. Get ready by starting now.



Adrian King
Co-Chair, ESG & Sustainability Services,
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Partner, KPMG in Australia

The time has come: What the future holds for sustainability reporting

The KPMG Survey of Sustainability Reporting 2020 has analyzed reports published between July 2019 and June 2020 and reveals many positive developments in sustainability reporting and assurance. Forthcoming years are likely to see further acceleration because a number of international initiatives towards convergence of reporting standards have emerged.

In recent years, momentum has grown behind increased coalescence of the major non-financial reporting standards. Investors have started to join the discussion and reporting businesses have expressed frustration over the lack of harmonized standards for non-financial reporting.

The Corporate Reporting Dialogue, which brings together the major financial and non-financial standard setters, has provided a space for discussions about further alignment and delivered the results of the Better Alignment Project in 2019. Parallel discussions took place within the European Union to take further steps towards harmonizing European reporting requirements, which may result in a European reporting standard for ESG information.

In addition, the World Economic Forum and International Business Council (IBC) launched a project, supported by KPMG firms, to develop a common set of baseline ESG metrics that would enable the IBC members to demonstrate their contribution to sustainable development.

Finally, the IFRS Foundation started to update the Management Commentary Practice Statement that will emphasize the disclosure of factors affecting companies' prospects over the long term. The Foundation, which is increasingly being encouraged to take a global role in non-financial reporting, recently issued a consultation to gauge market views on a global standard for sustainability reporting to be set by a body under the Foundation's umbrella. The Exposure Draft from the consultation is due in 2021.

At the time of publishing the KPMG Survey of Sustainability 2020, this is the current state of play:

- The European Union is updating the EU Non-financial Reporting Directive and is considering to develop non-financial reporting standards.
- The World Economic Forum has released its paper on common metrics and consistent reporting for sustainable value creation, defining 21 core metrics.
- The five major non-financial reporting organisations (GRI, SASB, IIRC, CDSB and CDP) have published a Statement of Intent, committing to work together towards comprehensive corporate reporting.
- The IFRS Foundation's consultation, still in process, on establishing a global non-financial reporting framework has already received strong support from other organizations, including IOSCO.

By the time the next edition of the KPMG Sustainability Reporting Survey is published, we expect to see a significant shift in global sustainability reporting practice driven by the above factors. We predict a further tightening of focus of non-financial reporting on investors' needs, more harmonized reporting based on common metrics and further coalescence towards a global corporate reporting system. The time has come.



Wim Bartels

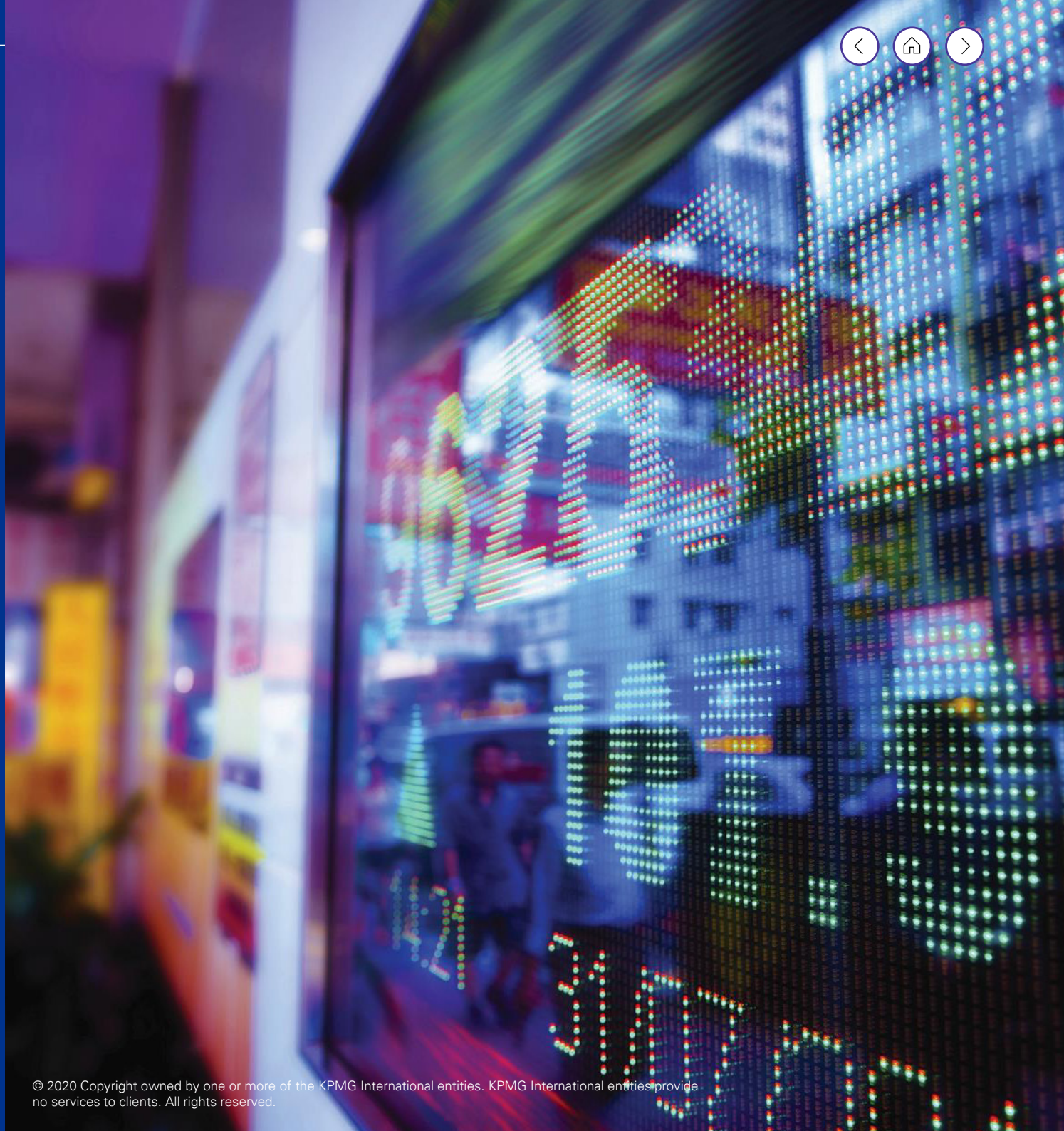
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Key global trends in sustainability reporting



Sustainability reporting continues worldwide growth

The survey findings reveal that 80 percent of N100 companies worldwide now report on sustainability.

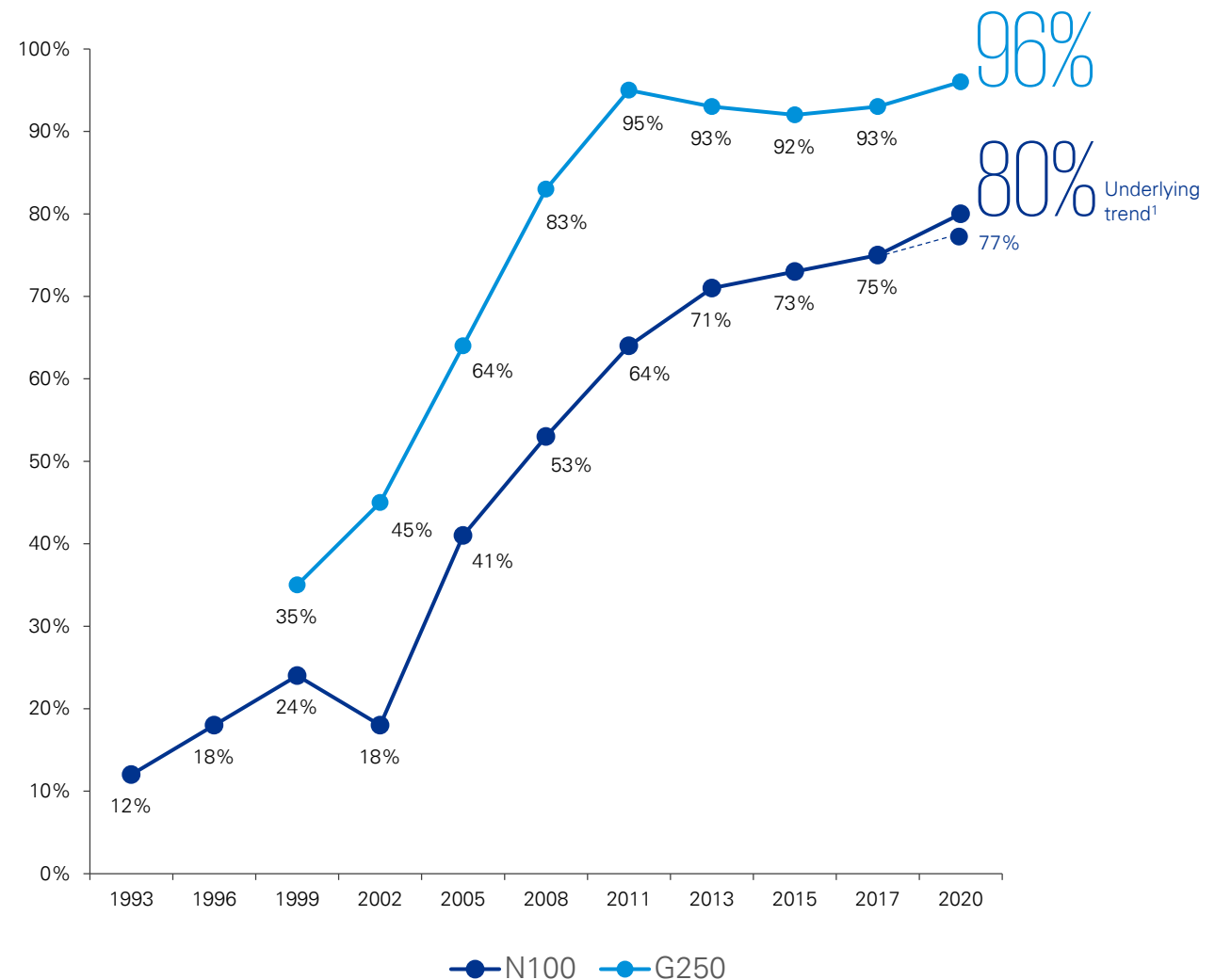
This underlying global sustainability reporting rate (N100) has risen by 5 percentage points since the last KPMG survey in 2017, from 75 to 80 percent.

It shows that N100 companies continue to catch up with the G250. It is likely that the N100 reporting rate will continue to climb steadily in coming years.

Since 2011, 90 percent or more of the G250 have reported rate on sustainability. This statistic fluctuates marginally year-to-year as the group of companies comprising the G250 changes.

Sustainability reporting has seen a particularly strong increase in three countries: Kazakhstan (+ 34 percentage points); Slovakia (+21 percentage points) and Germany (+19 percentage points).

Growth in global sustainability reporting rates since 1993: N100 and G250



Base: 5,200 N100 companies and 250 G250 companies

Source: KPMG Survey of Sustainability Reporting 2020

1. The N100 underlying trend reflects the global sustainability reporting rate when analyzing reporting by the top 100 companies in the same group of countries and jurisdictions in both 2017 and 2020.

Americas lead in sustainability reporting

The N100 sustainability reporting rate in the Americas – comprising North America and Latin America – has increased by 7 percentage points since 2017 to an impressive 90 percent of companies reporting. This means that the Americas maintains its regional lead from 2017.

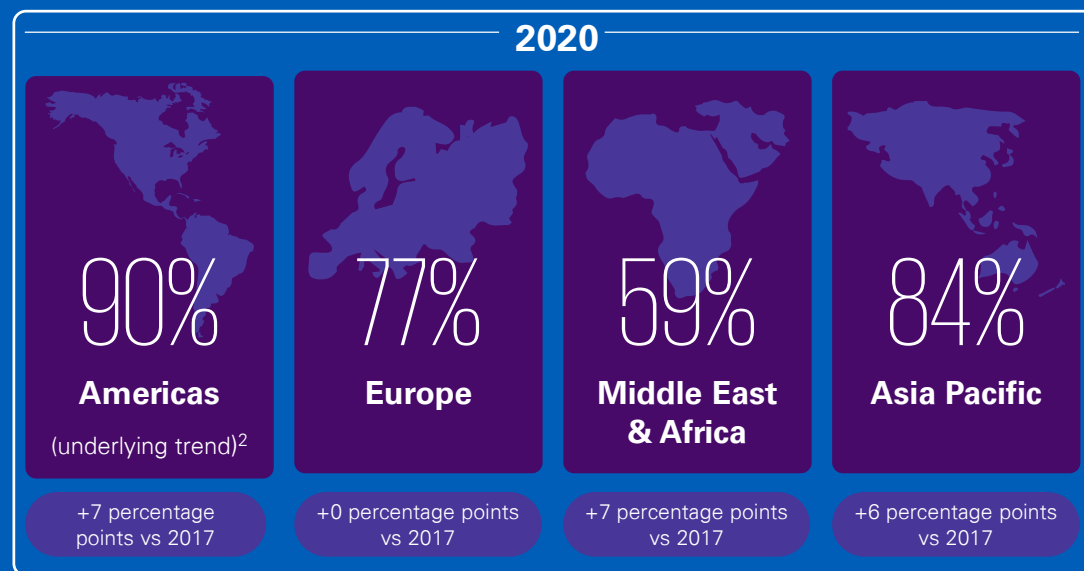
Mexico (100 percent), the US (98 percent) and Canada (92 percent) are among the 10 countries and jurisdictions with the highest sustainability reporting rates in the world, while Brazil (85 percent), Argentina and Colombia (both 83 percent) are above the current global average (77 percent).

Sustainability reporting in Asia Pacific has grown by 6 percentage points since 2017 to 84 percent. Many countries and jurisdictions in the region are among the global leaders including Japan (100 percent), Malaysia (99 percent), India (98 percent), Taiwan (93 percent) and Australia (92 percent).

The rate of sustainability reporting in Europe is at the same level in 2020 as it was in 2017 (77 percent). This masks differences between Eastern Europe and Western Europe. Reporting rates in Eastern Europe have grown significantly since 2017 (+ 9 percentage points) whereas growth has slowed in Western Europe. It is likely that the growth of sustainability reporting in Eastern Europe has been influenced by the European Directive on Non-Financial Reporting. Some Eastern European governments were slower than their Western European counterparts to integrate the Directive into domestic law.

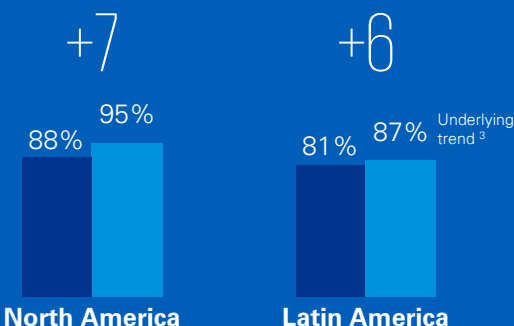
In the Middle East and Africa, sustainability reporting increased by a substantial 7 percentage points with South Africa (96 percent) and Nigeria (85 percent) remaining strong. Yet, similar to 2017, these high rates of reporting were offset on a regional level by lower reporting rates in countries such as Angola (30 percent), Saudi Arabia (36 percent) and the United Arab Emirates (51 percent).

Sustainability reporting rates: N100 by region



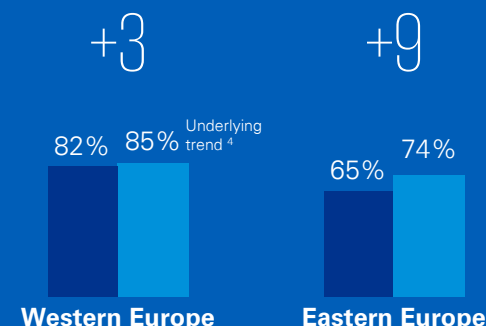
Base: 5,200 N100 companies
Source: KPMG Survey of Sustainability Reporting 2020

Sustainability reporting rates: North America vs Latin America



Base: 1,000 N100 companies
Source: KPMG Survey of Sustainability Reporting 2020

Sustainability reporting rates: Western Europe vs Eastern Europe



Base: 2,100 N100 companies
Source: KPMG Survey of Sustainability Reporting 2020

■ 2017 ■ 2020

2. 3. 4. The underlying trends shown for the Americas, Latin America and Western Europe reflect the growth in sustainability reporting since 2017 in the same group of countries and jurisdictions. Due to the inclusion of several new countries with lower reporting rates in the 2020 survey, the reporting rates for the new 2020 N100 sample were 77 percent in the Americas, 72 percent in Latin America and 83 percent in Western Europe.

The view from Canada

"There are a number of drivers for the high rates of sustainability reporting by larger organizations in Canada.

Despite there not being stand-alone ESG regulatory reporting requirements, various stakeholders are vocally seeking expanded sustainability disclosures. Peer pressure within specific business sectors, including financial services, real estate, telecommunications and the extractive sector, is also helping drive the breadth and innovation in reporting.

Importantly, leading asset owners and institutional investors are placing an increased focus on ESG performance by investees in evaluating their short and longer-term portfolio strategies. This has had a direct effect on Canadian corporates where the expectation to disclose some level of sustainability performance is now becoming the minimum required to remain competitive in accessing capital."



Bill Murphy

Partner
Climate Change &
Sustainability Services
KPMG in Canada

The view from the US

"It's exciting to see that North America now has the highest regional sustainability reporting rate.

Reporting is clearly required for US companies and many factors are driving it. Investors and regulators are increasingly demanding information on the non-financial performance of all investments. Also, we're seeing a generational shift. We have a generation entering the workforce who have grown up learning about the importance of sustainability. They have very different expectations of their workplace and the goods they consume than previous generations.

In response, more and more companies are voluntarily preparing and presenting ESG information beyond industry and SEC requirements. For companies, the stakes are real. ESG reporting can impact access to capital and the ability to attract new investors. It can allow companies to understand risks that threaten their business model, help build customer loyalty and affect competition for top talent."



Maura Hodge

Partner
Climate Change &
Sustainability Services
KPMG in the US

The view from Germany

"Over the last 3 years, we have seen a steep increase in corporate sustainability reporting in Germany. This is due to Germany's implementation of the EU Non-Financial Reporting Directive.

In short, all publicly listed companies and financial institutions exceeding the 500 employee threshold are required to report certain non-financial information. Other regulatory initiatives under development, such as the EU Taxonomy, are also creating huge momentum for sustainability and related reporting in particular.

Combine this with the picture of mid-sized companies being the backbone of Germany's economy and you will understand the pressure trickling down onto non-listed companies - which has resulted in significantly increased reporting rates in this segment also."



Christian Hell

Partner
Climate Change &
Sustainability Services
KPMG in Germany

High sustainability reporting rates found in all regions

About one-quarter (14) of the 52 countries and jurisdictions covered by KPMG's 2020 survey, have a sustainability reporting rate higher than 90 percent.

This high-performing group includes countries and jurisdictions from every region: North America, Latin America, Europe, Africa and Asia Pacific. As such, the 2020 survey demonstrates that high rates of sustainability reporting can now be found all over the world and are no longer limited to particular regions.

In many of these countries and jurisdictions, these high rates are driven by regulation – typically government or stock exchange requirements or both. In many European countries, the transposition of the EU Non-Financial Reporting Directive into the national laws of EU member states has also served to increase sustainability reporting to higher levels.

Also, scrutiny over sustainability and ESG data from financial stakeholders, especially asset owners and managers, has become markedly more intense and demanding over the last 3 years according to professionals at many KPMG firms.

Growing momentum worldwide towards mandatory disclosures of certain types of information, such as climate-related risks and resilience strategies, is likely to drive reporting levels still higher in coming years as is the greening of the financial systems in certain regions and countries.

National rates of sustainability reporting: countries and jurisdictions with reporting rates higher than 90%

Japan



99% 100%
2017 2020

Mexico



90% 100%
2017 2020

Malaysia



97% 99%
2017 2020

India



99% 98%
2017 2020

US



92% 98%
2017 2020

Sweden



88% 98%
2017 2020

Spain



87% 98%
2017 2020

France



94% 97%
2017 2020

South Africa



92% 96%
2017 2020

UK



99% 94%
2017 2020

Taiwan



88% 93%
2017 2020

Australia



77% 92%
2017 2020

Canada



84% 92%
2017 2020

Germany



73% 92%
2017 2020

Base: 5,200 N100 companies
Source: KPMG Survey of Sustainability Reporting 2020

The view from Japan

"It has long been commonly understood in Japan that companies of a certain size should report on sustainability. Now this understanding is increasingly extending to integrated reporting. In Japanese business culture, the expectation for companies to follow commonly accepted practices and to exceed or keep up with peers is strong.

Second, Japanese companies tend to think that their peers in Europe or North America lead in terms of sustainability because most sustainability ideas, concepts, frameworks and guidelines are innovated there. Japanese companies are therefore eager to adopt the sustainability trends that are developing elsewhere in the world."



Kazuhiko Saito

Partner
Climate Change & Sustainability Services
KPMG in Japan

The view from Mexico

"In Mexico, ESG disclosures and assurance have been driven by increasing stock market demands, compulsory adherence to climate-related legal frameworks, global reporting trends and standards addressing climate change, and the progress towards the Sustainable Development Goals (SDGs).

Importantly, The General Law on Climate Change in Mexico has largely encouraged measurement and disclosure of greenhouse gas (GHG) emissions. In this regard, 59 percent of the companies we analyzed in Mexico identified climate change as one of the main risks to be addressed and 71 percent report on their GHG emission reduction targets."

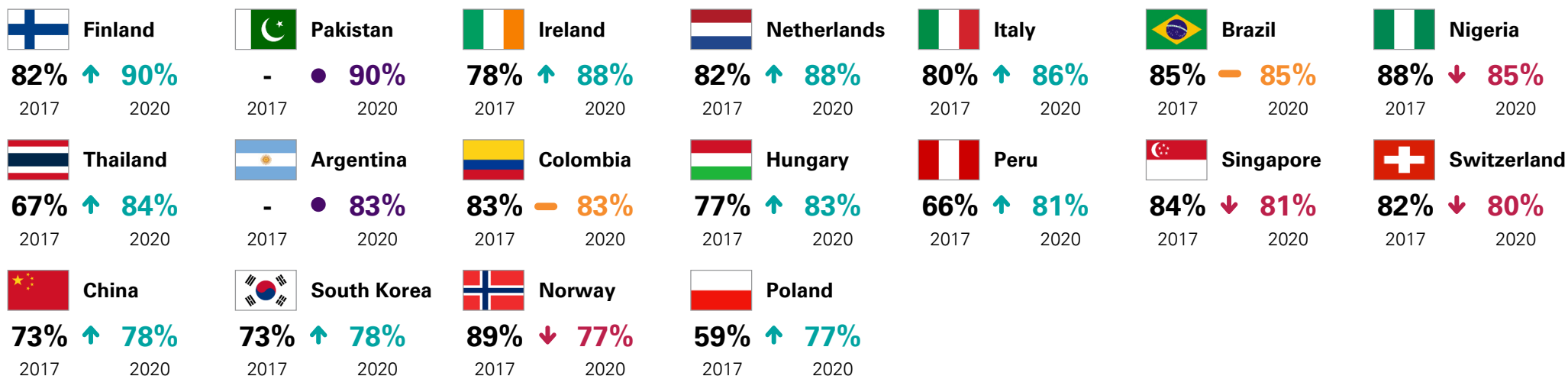


Juan Carlos Resendiz

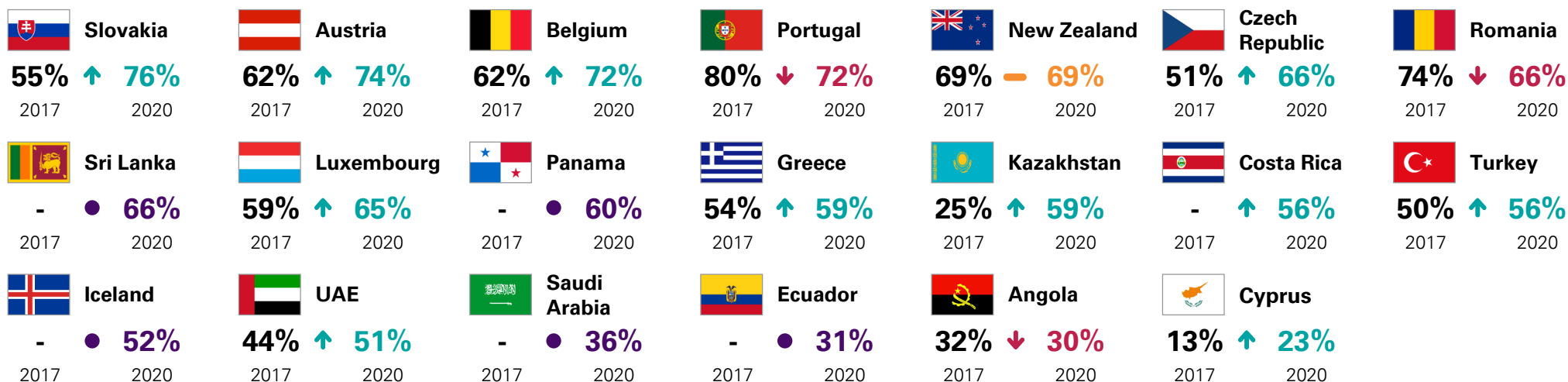
Partner
Climate Change & Sustainability Services
KPMG in Mexico

National rates of sustainability reporting 2020

Other countries and jurisdictions with sustainability reporting rates higher than the global average (77% - 90%)



Countries with and jurisdictions with sustainability reporting rates lower than the global average (less than 77%)



Base: 5,200 N100 companies

Source: KPMG Survey of Sustainability Reporting 2020

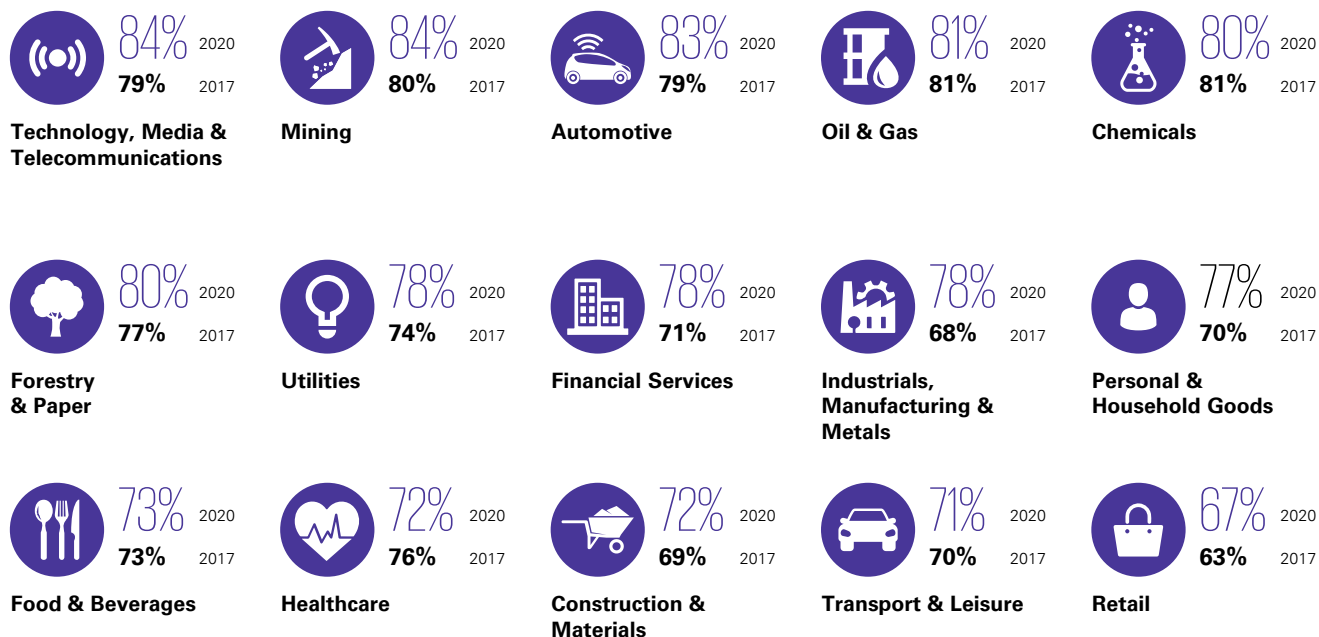
Almost all sectors exceed 70 percent reporting rate

In 2020, at least 70 percent of N100 companies reported on sustainability in all industries except for the retail sector which also lagged in 2017.

The same six sectors that led in 2017 also lead in 2020: technology, media & telecommunications; mining; oil and gas; chemicals; and forestry and paper.

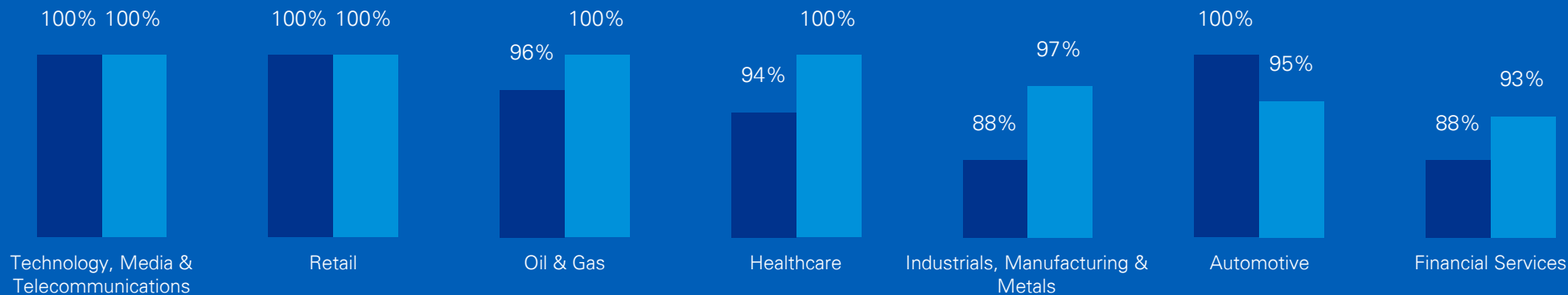
Among the G250 group of the world's largest companies, five sectors now show 100 percent reporting rates (see below).

Sustainability reporting rates: N100 by sector



Base: 5,200 N100 companies
Source: KPMG Survey of Sustainability Reporting 2020

Sustainability reporting rates: G250 by sector



Base: 250 G250 companies
Source: KPMG Survey of Sustainability Reporting 2020

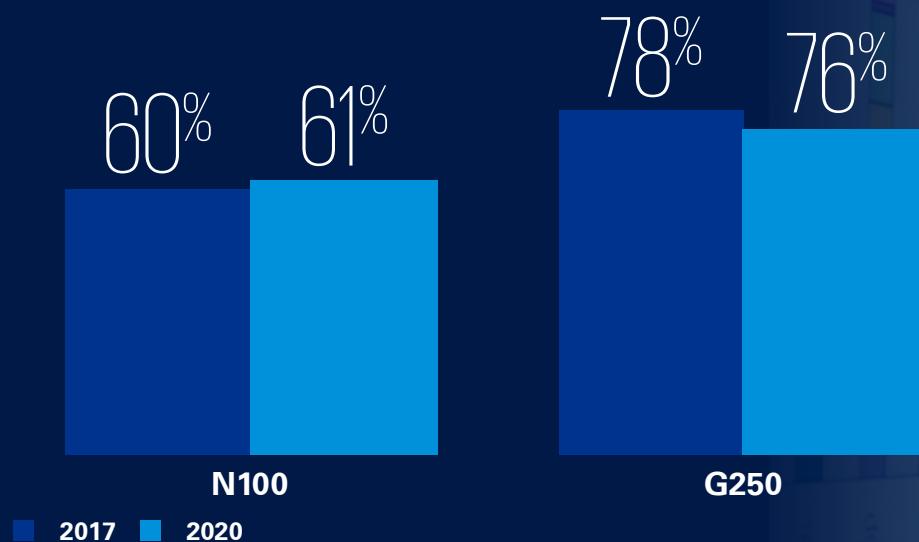
■ 2017 ■ 2020

Inclusion of sustainability data in annual reports continues

The underlying trend for companies to include sustainability information in their annual reports is static across the N100 and G250 groups.

For the first time, Pakistan and Finland are among the 10 countries and jurisdictions where inclusion of sustainability information in annual reporting is most common.

Companies including sustainability data in annual reports



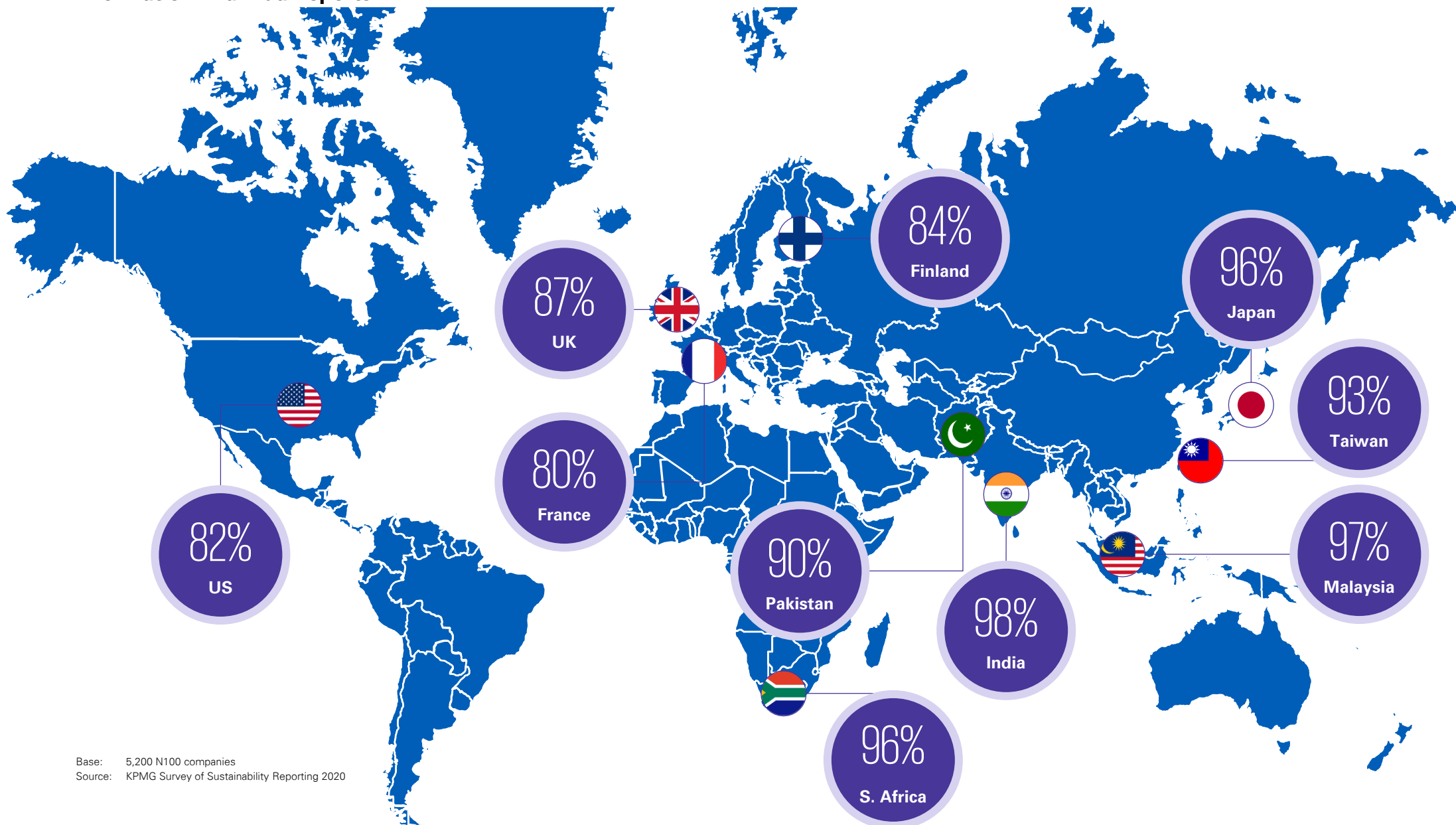
Base: 5,200 N100 companies

250 G250 companies

Source: KPMG Survey of Sustainability Reporting 2020

N.B. Both graphics show the underlying trends when analyzing the same group of N100 countries and G250 companies in 2017 and 2020. Actual results in 2020 vary due to different countries and companies in the 2020 samples.

Top 10 countries or jurisdictions where companies include sustainability information in annual reports



Base: 5,200 N100 companies
Source: KPMG Survey of Sustainability Reporting 2020

The view from India

"The higher rate of sustainability information in the annual reports of Indian companies can be attributed to the regulatory requirement for top 1,000 listed companies in India to furnish a Business Responsibility Report (BRR) to the stock exchanges as a part of their annual reports.

Also, under the Companies Act, there is a separate requirement to disclose on corporate social responsibility (CSR) where companies are required to spend 2% percent of their profits on CSR.

Coupled with global investor requirements for more reliable and detailed disclosures and the improvements anticipated in the regulatory requirements around disclosures, the time has come for corporate India to improve the quality and depth of its disclosures."



Santhosh Jayaram

Partner
Climate Change & Sustainability Services
KPMG in India

The view from Malaysia

"In Malaysia, the high rate of inclusion of sustainability data in annual reporting is driven by the local stock exchange, the Bursa Malaysia. It mandates public listed companies in Malaysia to report on sustainability.

Reporting must include the company's ESG governance structure, identified and prioritized material ESG issues, and disclosure of how the company manages its material ESG issues through targets and indicators. This information must be contained in the company's annual report which typically also contains the company's financial statements and management notes. Listed Malaysian companies may also produce a stand-alone sustainability report should they wish to, but this is not required."



Kasturi Nathan

Partner
Climate Change & Sustainability Services
KPMG in Malaysia

The view from Finland

"Finnish corporates are increasingly focused on making sustainability reporting financially relevant, acknowledging the financial impacts of sustainability-related business opportunities and risks, and providing appropriate information to the capital markets.

This trend, alongside the EU Non-Financial Reporting Directive (NFRD) entering into force in Finland, explains why today 84 of the top 100 Finnish companies now report sustainability information as part of their annual disclosures. In 2017, only 54 did so.

The next edition of the KPMG Survey of Sustainability Reporting will likely see an even higher percentage for Finland as the remaining companies start to combine sustainability and annual reporting within the same document."



Tomas Otterström

Partner
Climate Change & Sustainability Services
KPMG in Finland

The view from Pakistan

"Here in Pakistan, there is a rich philanthropic culture and focus on the well-being of our communities, so the government and businesses are keen to demonstrate value creation for our societies and environment. Active reporting on human capital development, environment protection, corruption-free society, energy & water efficiency, green reforms, and overall sustainability of resources are high on the national agenda.

The Securities Exchange Commission (SEC) of Pakistan requires all public companies to disclose CSR activities in annual financial statements through the 'Corporate Social Responsibility (CSR)-Order, 2009'. In 2016, the Pakistan government adopted the SDGs and implemented sustainability initiatives under 'Pakistan Vision 2025' and a corresponding reporting requirement under corporate law. Also, the Pakistan Stock Exchange has made sustainability a criterion for its 'best corporate report award' for listed companies. We are on a journey towards expanding ESG and integrated reporting and there is a long way to go."



Syed Ahsön Ali Shah

Partner
Climate Change & Sustainability Services
KPMG in Pakistan

Growth in integrated reporting continues but remains limited to certain countries

The labelling of corporate reports as “integrated” – i.e. combining both financial and non-financial data in a single annual report – continues to be seen more in some countries than others.

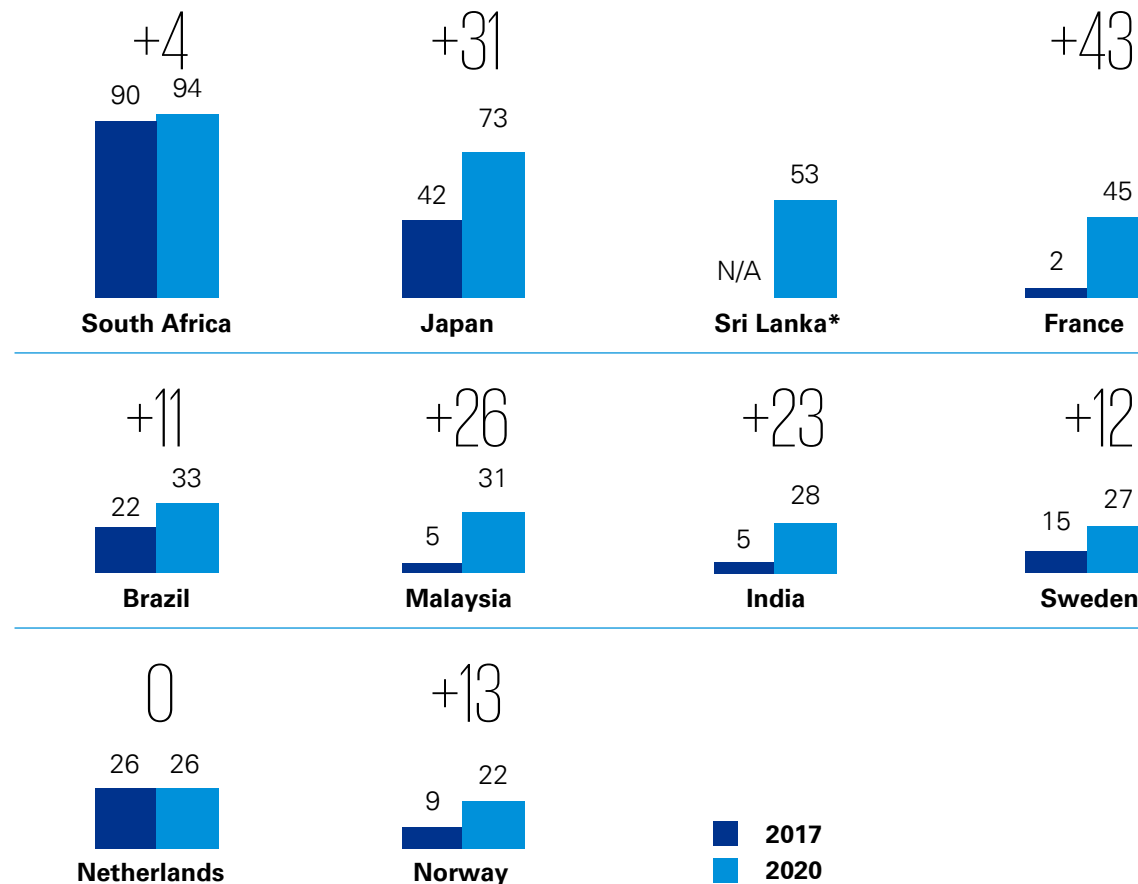
In 2020, 16 percent of N100 companies labelled their annual reports as integrated (underlying trend, up 2 percentage points vs 2017). Of these, 70 percent also reference the International Integrated Reporting Council (IIRC) Framework for integrated reporting.

Among the G250, 22 percent of companies issued integrated reports. This figure is up 8 percentage points since 2017, due largely to significant increases in integrated reporting in France and Japan.

Significant growth in integrated reporting since 2017 has also been seen in India and Malaysia.

According to KPMG’s 2020 survey data, there are only three countries where integrated reporting is currently a majority practice: South Africa, Japan and Sri Lanka.

Number of integrated reports: top ten countries



Base: 5,200 N100 companies
 Source: KPMG Survey of Sustainability Reporting 2020
 * 2017 figures not available for Sri Lanka

The view from France

"Extra-financial issues are at the heart of new French regulations such as the Duty of Care law as well as the transposition into French law of the European Non-Financial Reporting Directive (e.g. the "Pacte" law). These extra-financial issues are also addressed by governance codes and the European "Prospectus Regulation" defining the contents of the Universal Registration Document (URD).

Beyond regulatory changes, investors and capital providers have new and growing expectations of companies in terms of their extra-financial communication and performance. There is an expectation for increased transparency and a need to understand both financial and non-financial information in order to understand long-term value creation, and increasingly to make financing decisions based on extra-financial criteria.

These levers encourage French companies to move towards greater integration and connectivity of financial and non-financial information. In order to communicate the company's overall value creation and to connect financial and non-financial information, French companies rely primarily on the extra-financial performance statement (known as "DPEF" - and in particular on the business model described in the DPEF), but also on the increasing publication of integrated reports, as shown by the evolution of integrated reports drawn up by French companies from only 2 percent in 2017 to 43 percent in 2020."



Fanny Houlliot

Partner
Climate Change & Sustainability Services
KPMG in France

The view from Sri Lanka

"While Sri Lanka does not currently have a regulation that mandates integrated reporting, the practice is encouraged by the voluntary adoption under the Code of Best practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka (CASL) together with the SEC.

Further encouragement is provided by award schemes specifically for Sustainability Reporting and for Annual Reports in-country and in the region. The CASL has also issued preparers guides and, along with ACCA Sri Lanka, has conducted training programs as a support for organisations.

Most N100 companies in Sri Lanka are large, listed companies that take the annual reporting process seriously and set the example for others to follow. As a result of these drivers, integrated reporting has been widely adopted in Sri Lanka."



Pyumi Sumanasekara

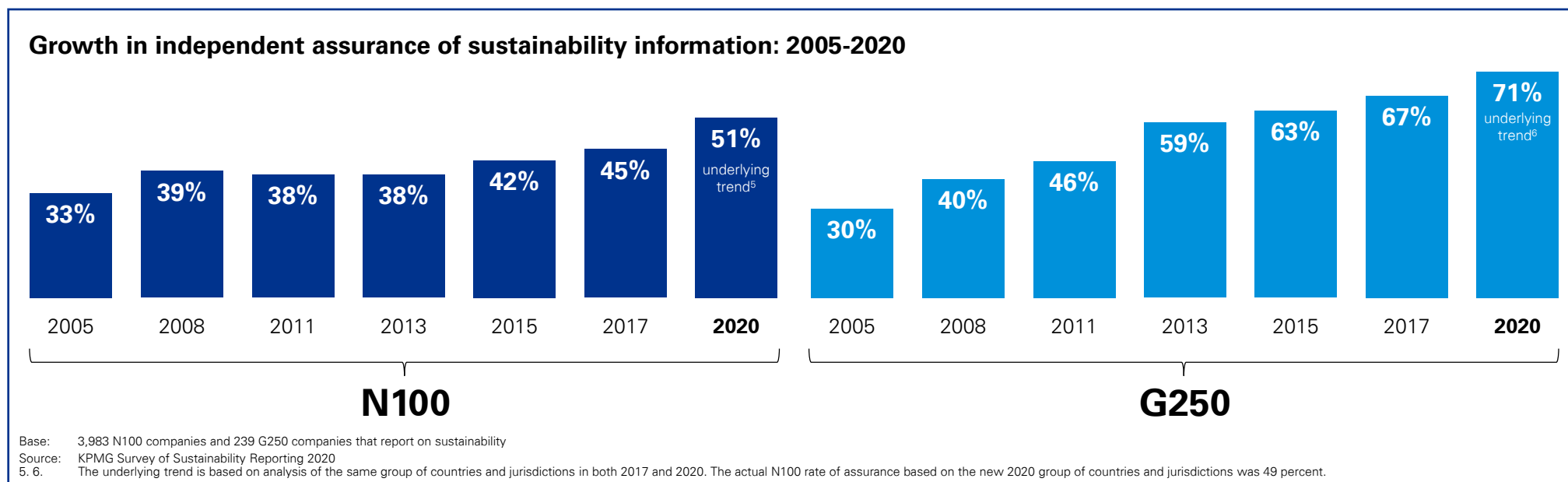
Principal
Climate Change & Sustainability Services
KPMG in Sri Lanka

Assurance of sustainability becomes a majority practice

The number of N100 companies investing in independent third-party assurance of their sustainability information has exceeded 50 percent for the first time since the KPMG survey began in 1993.⁵ This finding indicates that assurance of sustainability information has now become standard practice for large and mid-cap companies worldwide.

Among the world's 250 largest companies, the underlying trend for third-party assurance of sustainability data is 71 percent. The actual G250 rate for assurance of sustainability information has declined in 2020 to 62 percent due to an increase in the number of Chinese companies in the G250 since 2017. Many Chinese companies are relatively new to sustainability reporting and, as a result, only one-third of Chinese G250 companies currently invest in assurance of their sustainability information. This rate of assurance is lower than in many other countries and skews the overall G250 assurance rate downwards against the underlying trend.

The two countries that have shown the greatest growth in third-party assurance of sustainability reporting since 2017 are Spain (+38 percentage points) and Singapore (+35 percentage points).





The view from Spain

"In December 2018, the Spanish law on non-financial information - whose origin can be found in the European Non-financial Reporting Directive - came into force. The law introduced some significant new requirements regarding, for example, the information that Spanish companies with more than 500 employees must disclose on the subject of the gender gap.

However, the principal new requirement was the obligation for the non-financial report of those companies to be reviewed by an independent third party. The introduction of the law has generated, as might be expected, a significant increase in the number of Spanish companies that review their non-financial information. We should also expect, in the coming years, an improvement regarding the quality of these reviews with regard to the professional standards applied and the intrinsic quality of the company's internal control systems."



Ramón Pueyo

Partner
Climate Change & Sustainability Services
KPMG in Spain

The view from Singapore

"We have seen a strong interest from Boards and C-suite on pursuing sustainability strategies as integral to their business model transformations, in anticipation of the transition to a green and more sustainable economy. Grounded in the Singapore Code of Corporate Governance, attention is being paid by business leaders to ensure that robust governance, including external assurance, exist to result in ESG disclosures that are fit-for-purpose as investor groups and other stakeholders rely increasingly on sustainability reports."



Lau Kam Yuen

Partner
Climate Change & Sustainability Services
KPMG in Singapore

GRI remains the dominant global standard for sustainability reporting

The use of sustainability reporting guidelines and standards is increasingly widespread. In 2020, a significant majority of reporting companies in both the N100 (77 percent) and G250 groups (84 percent) used some kind of guidance or framework to support their sustainability reporting.

GRI remains the most commonly used reporting standard or framework, used by around two-thirds of N100 reporters and around three-quarters of G250 reporters. The application of the GRI Standards (introduced at the end of 2016) has significantly increased compared with 2017.

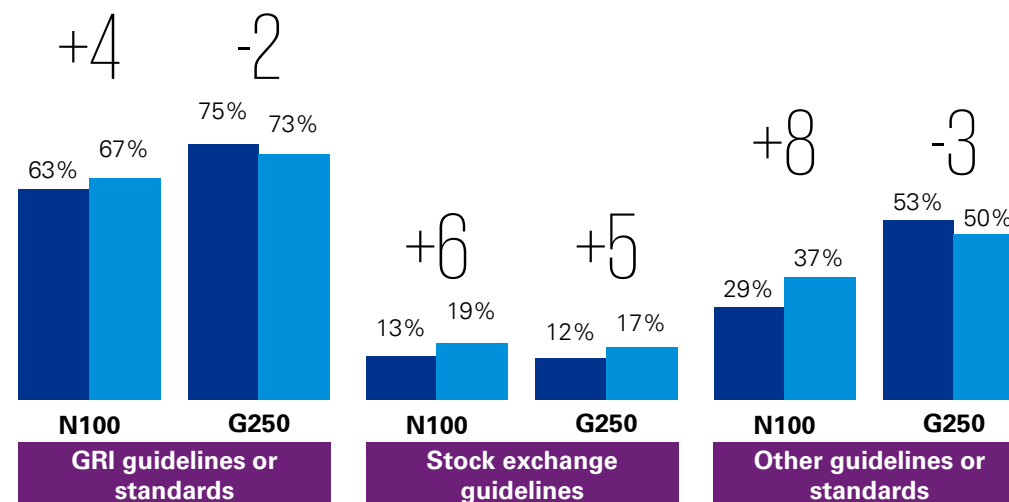
When it comes to other guidelines and standards, the Sustainability Accounting Standards Board (SASB) framework and International Standards Organization (ISO) standards are the most commonly used for sustainability reporting.

Use of sustainability reporting guidelines and standards

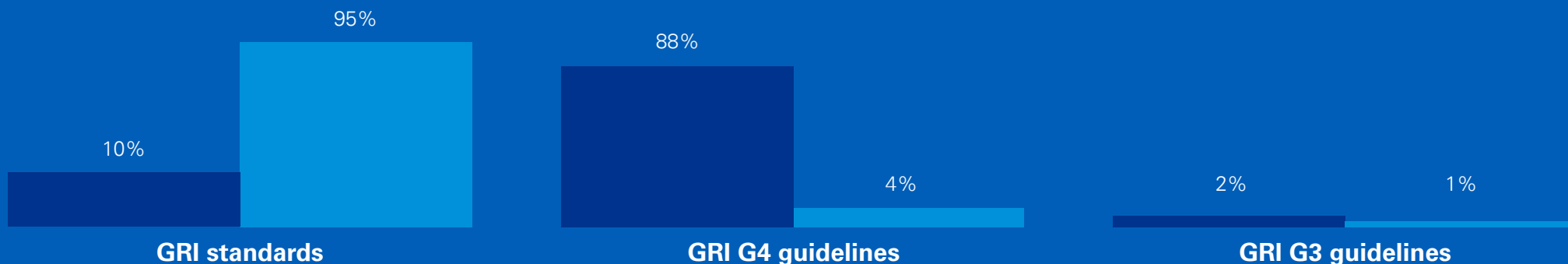
■ 2017
■ 2020

Base:
3,983 N100 companies and 239
G250 N100 companies that report
on sustainability

Source:
KPMG Survey of Sustainability
Reporting 2020



Use of GRI guidelines vs GRI standards: N100 2017 vs 2020



Base: 2,668 N100 companies that apply the GRI Framework

Source: KPMG Survey of Sustainability Reporting 2020

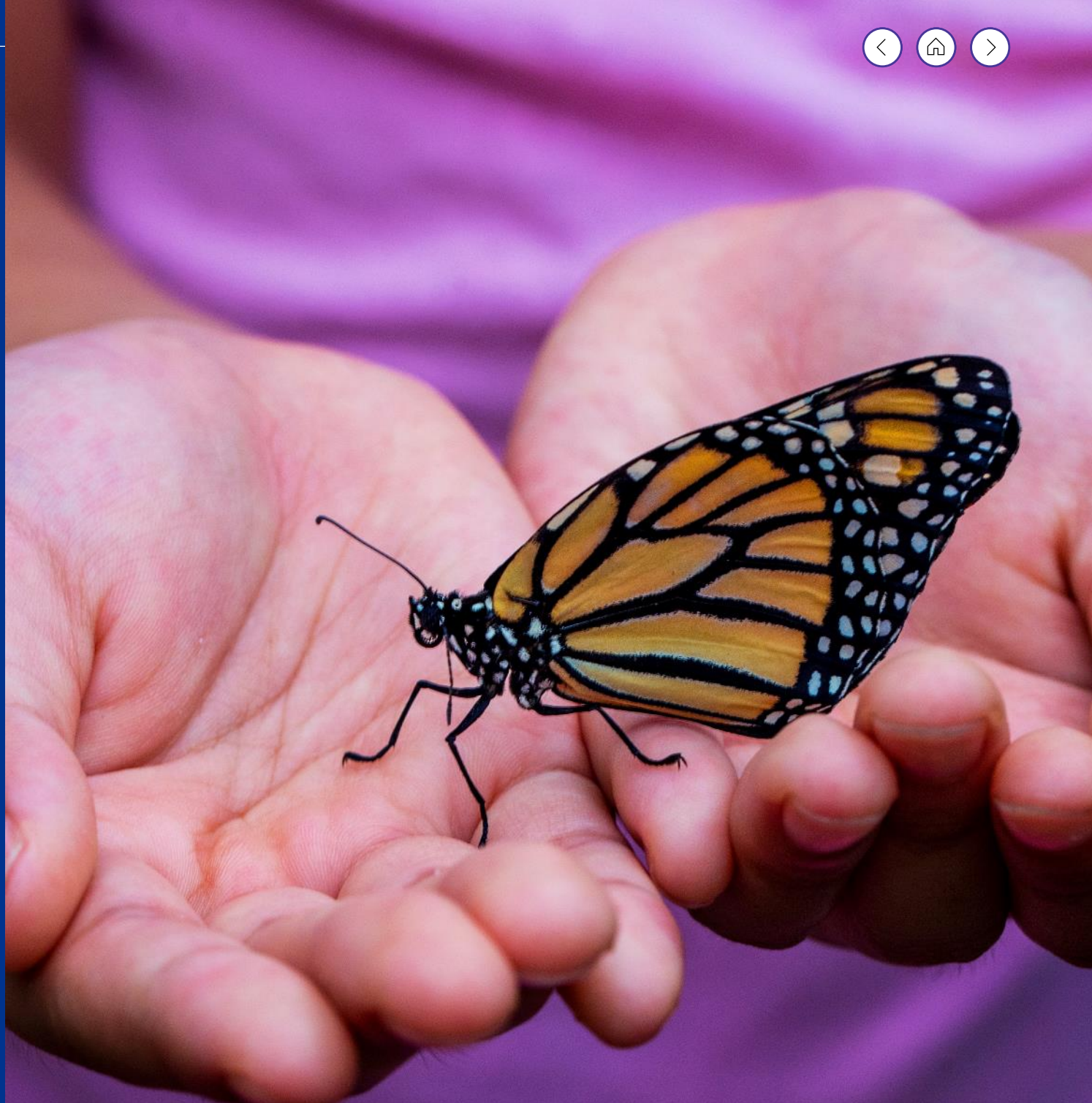


“GRI offers organizations a global common language for communicating their impacts on people and planet in a comprehensive and consistent way – one that responds to the needs of all stakeholders and enables any company to be transparent about how it contributes to sustainable development.

We are pleased, therefore, that this KPMG survey confirms that GRI provides the world’s most widely used sustainability reporting standards, with adoption that spans national boundaries and sectors. That’s important because it means that reporting through the GRI Standards delivers globally comparable data on economic, environmental and social impacts, which can support the informed decision-making and dialogue needed to improve sustainability performance.”

Eric Hespenheide
GRI Chairman

Reporting of risk from biodiversity loss



Biodiversity risk: a critical new focus for corporate reporting

“This is the first year in which the KPMG Survey of Sustainability Reporting has explored how companies are reporting on the risks they face from the loss of nature and biodiversity.

“In 2020, a succession of research reports emphasized the scale and urgency of the biodiversity challenge. These included the World Wildlife Fund (WWF) Living Planet report, which revealed a 68 percent drop in wildlife populations around the world since 1970.⁷ The fifth UN Global Biodiversity Outlook highlighted the importance of biodiversity in fighting climate change and ensuring long-term food security as well as the link between unprecedented biodiversity loss and the spread of disease. It also reported that none of the 20 objectives adopted at the start of the UN’s Decade on Biodiversity in 2010 has been fully met.⁸

A report from the Swiss Re Institute found that over half (55 percent) of global GDP depends on high-functioning biodiversity and ecosystem services at a time when one-fifth of the world’s countries are at risk of ecosystem collapse.⁹

As the International Finance Corporation (IFC) highlights, biodiversity is “a fundamental component of long-term business survival”.¹⁰ Businesses rely on nature and ecosystem services to provide critical inputs for production processes, to treat and dissipate waste, and to maintain soil, air and water quality.

It is, therefore, critical for companies to understand and disclose the risks that biodiversity loss poses to their businesses, as well as the impact their businesses have on biodiversity.

As the findings of this survey suggest, many companies have a long way to go when it comes to providing a full picture of business risks from biodiversity loss.

However, I am optimistic that, as we have seen with climate-related disclosures, rapid progress is possible, especially when there are strong drivers. We are beginning to see increasing scrutiny by investors of companies’ biodiversity-related risks, as well as responses including the launch of the Task Force on Nature-related Financial Disclosures (TNFD). This initiative aims to develop corporate reporting practices and metrics that will help financial stakeholders better understand their exposure to biodiversity-related risk through the companies they invest in, lend to and insure.

KPMG supports moves towards improved disclosure of risks from biodiversity loss as well corporate impacts on biodiversity, and KPMG professionals are working with clients to help them achieve this. I am also proud that KPMG firms are working towards this goal by supporting the work of other organizations, including the Capitals Coalition and the TNFD.”



Richard Threlfall
Global Head of KPMG IMPACT and
Global Head of Infrastructure,
KPMG International Limited
Partner, KPMG in the UK

7. <https://www.worldwildlife.org/publications/living-planet-report-2020>

8. <https://www.cbd.int/gbo5>

9. <https://www.swissre.com/media/news-releases/nr-20200923-biodiversity-and-ecosystems-services.html>

10. https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/biodiversityguide_understanding_business

Few companies currently disclose risks from biodiversity loss

Only around one-quarter of companies surveyed at high or medium risk from biodiversity loss currently disclose that risk in their corporate reporting. The proportion is similar in both the N100 and G250 group, and clearly illustrates biodiversity-related risk as an aspect of reporting that requires rapid development.

The sectors considered to be at high and medium risk from biodiversity loss for the purposes of this research were as follows¹¹:

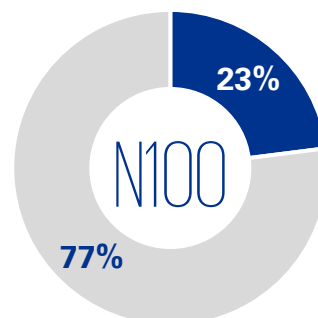
High-risk sectors

- Construction & Building Materials
- Electricity
- Food & Drug Retailers
- Food Producers & processors
- Forestry & Paper
- Leisure & Hotels
- Mining
- Oil & Gas
- Utilities

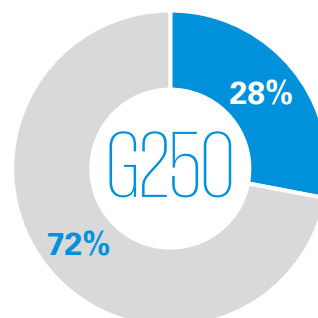
Medium-risk sectors

- Beverages
- Chemicals
- Financial Services
- General Retailers
- Household Goods & Textiles
- Personal Care & Household Products
- Pharmaceuticals & Biotechnology
- Support Services
- Tobacco
- Transport

"At-risk" companies reporting the risk of biodiversity loss to their business



■ YES ■ NO



■ YES ■ NO

Base: 2,690 N100 companies and 136 G250 companies in sectors considered at high or medium risk from biodiversity loss and that report on sustainability

Source: KPMG Survey of Sustainability Reporting 2020

11. ACTIAM, ASN Bank, CDC Biodiversité (2018) Common ground in biodiversity footprint methodologies for the financial sector <http://www.mission-economie-biodiversite.com/publication/1833>



Mining leads in disclosure of biodiversity risk

The mining sector currently stands alone as the only at-risk sector in which a majority of N100 companies report on the risks they face from biodiversity loss and, at 51 percent, it is a slim majority. It is notable that less than 10 percent of financial services companies in both the N100 and G250 groups currently disclose biodiversity-related risks.

“Rates of reporting on biodiversity risk are highest among the extractive industries (mining and oil & gas) as well as the forestry and paper industries. These are sectors that have long been under stakeholder pressure to disclose their impacts on biodiversity and to remediate damage to sites, so they may have some advantages over other sectors when it comes to understanding the subject and identifying risks.

However, even in these sectors, biodiversity risk disclosure is currently low as many companies currently lack a sophisticated understanding of how biodiversity-related risk could affect their business. They also lack access to tools and methodologies to help them model and disclose the risk impacts. We are likely to see rapid development in this space and disclosures are likely to take a sharp upward trajectory, mirroring the patterns being seen in climate-related disclosure.”



Adrian King

Co-Chair, ESG & Sustainability
Services, KPMG IMPACT
Partner, KPMG in Australia

Companies reporting the risk of biodiversity loss to their business: N100 by sector



Base: 2,690 N100 companies in sectors considered at high or medium risk from biodiversity loss and that report on sustainability
Source: KPMG Survey of Sustainability Reporting 2020

Companies reporting the risk of biodiversity loss to their business: G250 by sector



Base: 136 G250 companies in sectors considered at high or medium risk from biodiversity loss and that report on sustainability
Source: KPMG Survey of Sustainability Reporting 2020

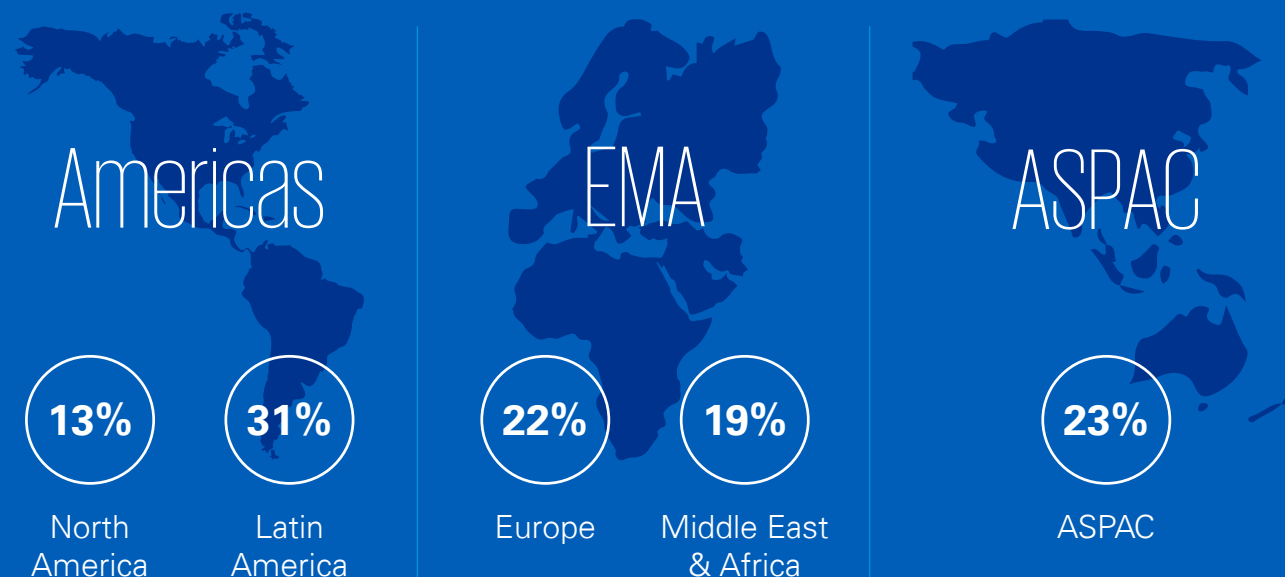
Latin America leads while North America lags in biodiversity risk reporting

On a regional level, Latin America leads in reporting of biodiversity-related risk.

Almost one-third of the N100 group of Latin American companies report risks from the loss of biodiversity. By contrast, North American companies have the lowest rates of biodiversity risk reporting.

Among the G250 group of companies, French companies stand out with almost two-thirds reporting on biodiversity-related risk.

Companies reporting biodiversity-related risk: N100 by region



Base: 2,690 N100 companies in sectors considered at high or medium risk from biodiversity loss and that report on sustainability
Source: KPMG Survey of Sustainability Reporting 2020

Companies reporting biodiversity-related risk: G250 by country



Base: 136 G250 companies in sectors considered at high or medium risk from biodiversity loss and that report on sustainability
Source: KPMG Survey of Sustainability Reporting 2020

The view from Colombia

“Latin America and the Caribbean are among the most biodiverse regions on the planet. Brazil, Colombia, Costa Rica, Ecuador, México, Panama and Peru (seven out of the eight Latin American countries included in the KPMG Survey of Sustainability Reporting 2020) rank among the 15 most biodiverse countries in the world. However, according to WWF’s Living Planet Index 2020, the region has observed the most dramatic decrease in biodiversity with a drop of 94 percent in tropical sub-regions since the 1970s, strongly related to mining, land use changes and deforestation.

In this context, biodiversity-related issues have been embedded into decision-making processes in the region in both the public and the private sectors. This may explain why Latin American companies perform better than companies in other regions when it comes to reporting on biodiversity loss as a business risk. The data also suggests that Latin American companies are ahead when it comes to reporting transparency about their own business impacts on biodiversity.

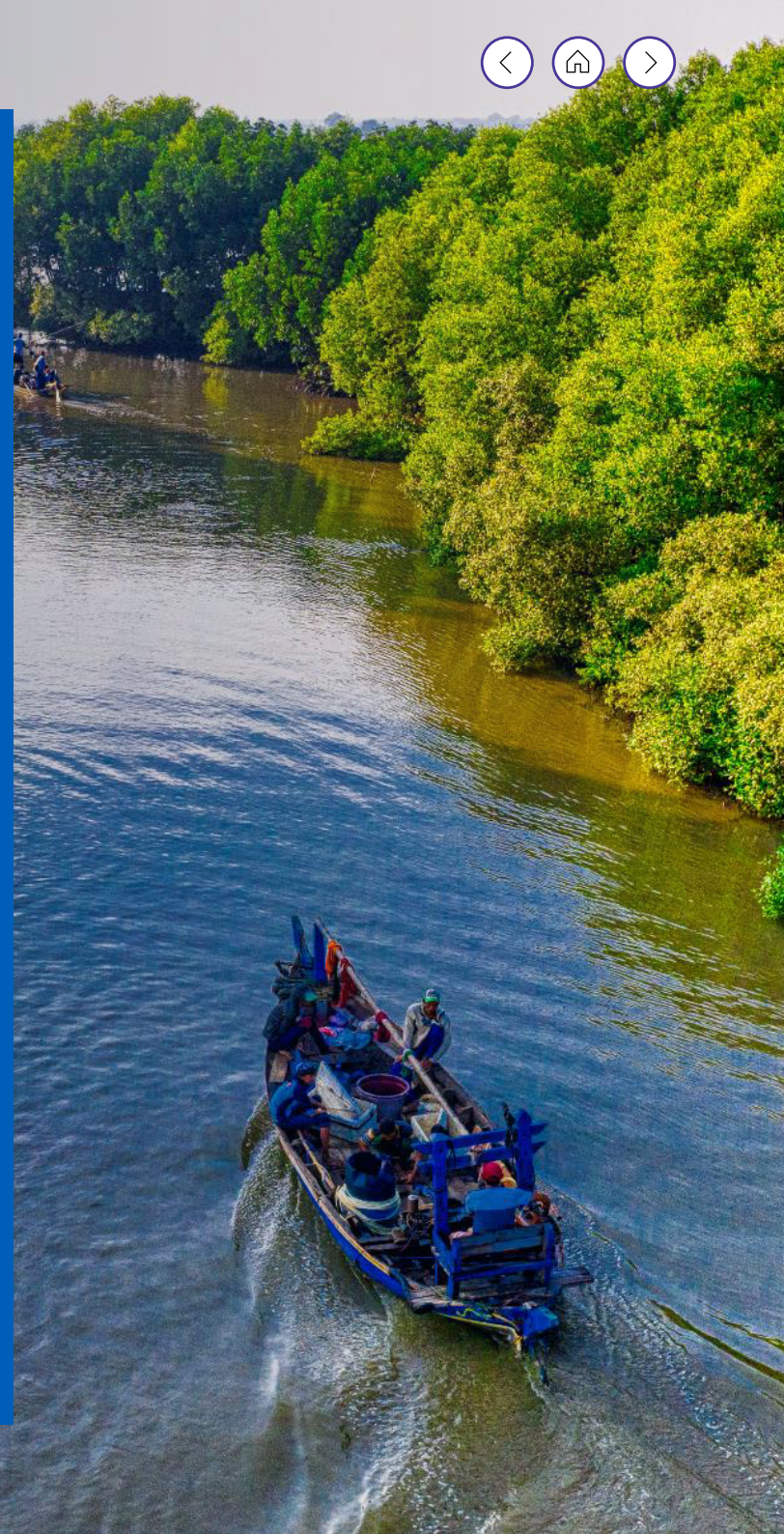
This performance can also be linked to efforts in the region to mobilize private finance and action through strengthening regulatory and voluntary frameworks. Such efforts have been led by Colombia and supported by Mexico, Brazil, Chile, Peru and Costa Rica. They include biodiversity offset mechanisms, habitat banking, payments for ecosystem services (biodiversity and water) and environmental requirements and taxes imposed through licenses for project development, which has been a main driver to mobilize private investments into biodiversity-related initiatives.

Advances in this area are also proving to be effective to learn lessons and make a case for private sector mobilization around other fundamental issues such as climate change. However, the results that we are seeing are insufficient when compared to the magnitude of the task and the urgency needed to conserve critical ecosystems and to maintain their functioning on which human economic and social wellbeing depends. A critical road remains ahead for businesses to transform the way they approach nature, to unlock the opportunities it brings and while managing biodiversity-related risks.”



Juanita López

Director
Climate Change & Sustainability Services
KPMG in Colombia



The View from France

"In France, there has been a growing awareness among businesses in recent years of the importance of protecting biodiversity. A number of associations and organizations, some of which include major French companies, are working to ensure that the environment and biodiversity are better taken into account in strategic decisions and day-to-day business management.

The objective is to create a genuine international collective dynamic to protect, enhance and restore biodiversity, particularly in view of the forthcoming fifteenth meeting of the UN Conference of the Parties to the Convention on Biological Diversity scheduled for 2021."



Fanny Houlliot

Partner
Climate Change & Sustainability Services
KPMG in France

The view from the US

"As society develops a broader understanding of biodiversity and the financial impacts, we can expect to see corporate reporting to increase.

Biodiversity reporting in the US is likely to follow a path similar to that of climate change reporting. As investors and stakeholders become more aware and informed, they will begin to demand consistent reporting and companies are likely to respond."



Maura Hodge

Partner
Climate Change & Sustainability Services
KPMG in the US

The view from Canada

"There is a paradox in North America when it comes to biodiversity and natural resources. Although we have an abundance of such resources, particularly forests, fresh water and the species that live there, this abundance tends to overshadow threats to these resources as being a critical business issue.

There also is not the same pressure within developed nations compared to developing nations to safeguard ecosystem functions and indigenous communities who can steward them. Similar to climate change a few years ago, the economic consequences of biodiversity and habitat loss may unfortunately need to become headline news before significant corporate mitigation efforts can be mobilized."



Bill Murphy

Partner
Climate Change & Sustainability Services
KPMG in Canada

The nature economy – a new green horizon?

Biodiversity is an all-encompassing term for what many regard as nature-related risk. It includes the food we eat, the soil, clean water supplies, landscapes and forests. Nature-related risk affects all those who rely on nature's services in their supply chains, from fashion, to farming and construction. Today our concern is climate risk; tomorrow it will be about biodiversity and everything that is beyond carbon.

Language is at the heart of the problem here and it is why many companies do not think that the big biodiversity opportunity applies to their business. Companies tend to view biodiversity as something that impacts just the agriculture or food sectors – and, therefore, is not relevant to their own operations.

Yet, more than 22 business sectors critically impact biodiversity assets or are dependent on services from them – including the infrastructure, mining and technology sectors. To assess nature-related risk, companies need to understand the distinction between their dependency on nature to keep operating, versus the impact that their business is having on nature itself, directly or through their supply chains.

COVID-19 has woken the world up to the devastating impact of unrecognized biodiversity risk. Evidence is growing that it is the degradation of habitats that has enabled the virus to jump from nature to humans. So far, around US\$12.5 trillion has been provided by governments worldwide to prop up economies. In addition, reports from the World Economic Forum¹² and World Bank in 2020 have priced the value of biodiversity and its contribution to goods and services at US\$44 trillion a year, over half of global GDP.

Yet, many in the finance sector have little understanding of the nature-related risks in their portfolios. And those that do understand this risk are often not equipped with the data and metrics to manage it. The Task Force on Nature-Related Financial Disclosures¹³ (TNFD) has been formed to create a reporting and disclosure framework – similar to the climate reporting recommendations of the TCFD – to help the finance and corporate sectors both manage nature-related risks and identify new opportunities.

The TNFD Partners (Global Canopy, UNDP, WWF and UNEP-FI) have brought together 73 financial institutions, government bodies and service providers – including KPMG – to design, test and disseminate a reporting framework for nature, which will be made available worldwide from 2023. Companies can also sign-up as observers. Our expectation is that reporting on biodiversity risk will follow the climate trend – with initial use of the framework being voluntary, followed by disclosure mandates and regulation by governments to protect and replenish nature. Right now, companies and financial stakeholders can get ready to start reporting on nature-related risk by using existing tools, like the Natural Capital Protocol¹⁴ and ENCORE¹⁵, to understand their risk.

Nature cannot wait whilst we fix the climate. We are currently destroying what underpins our economy and it is biting us back. Central Banks¹⁶ are beginning to recognize degradation of nature as a systemic risk in the global economic system. This should catalyze business and finance around the world to wake up and get ready for regulation that will follow. Longer term, my bet is that the nature/climate opportunity will drive a business renaissance towards a new circular bio-economy, spawning novel products and industries and a radically improved state of equilibrium in the future, between financial capital and natural capital. Look around you, the race to a new “Green Horizon” is already on.



Andrew Mitchell

Co-Founder, Task Force on Nature-related Financial Disclosures (TNFD)
Founder of Global Canopy and CEO of Equilibrium Futures

12. <https://www.un-the.org/wef-2020-global-risk-report-biodiversity-0>

13. <https://tnfd.info/>

14. <https://naturalcapitalcoalition.org/natural-capital-protocol/>

15. <https://encore.naturalcapital.finance/en/about>

16. <https://www.pbl.nl/en/publications/indebted-to-nature>

Reporting on climate risk and carbon reduction



More companies acknowledge the financial risks of climate change

The number of companies that acknowledge the risk of climate change in their financial reporting has increased significantly since KPMG's last survey in 2017.

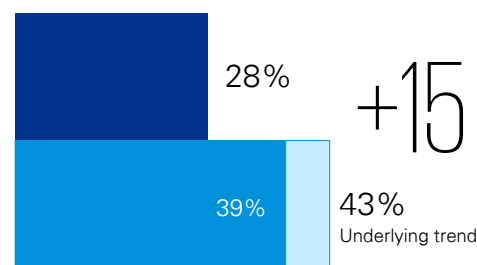
Among the N100 group of companies, the underlying trend is 43 percent (based on analysis of the same group of countries in both 2017 and 2020).

Among the G250, the rate is higher with over half the group (56 percent) now acknowledging climate risk in their financial reporting.

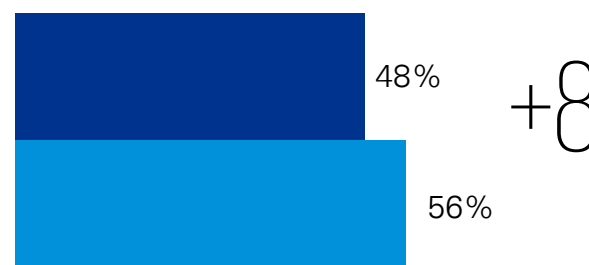
This growth is in large part due to the work of the Task Force on Climate-related Financial Disclosures (TCFD) in raising corporate and regulator awareness of climate change as a financial risk, and in developing recommendations for disclosure of climate-related risk. The work of the Task Force has resulted in increasing investor scrutiny of corporate disclosures on the topic and growing momentum towards mandatory climate risk disclosure in many jurisdictions around the world.

Number of companies acknowledging the risk of climate change in financial reporting

N100



G250



■ 2017
■ 2020

Base: 5,200 N100 companies
250 G250 companies
Source: KPMG Survey of Sustainability Reporting 2020

Towards net zero: how the world's largest companies report on climate risk and net zero transition

KPMG IMPACT has published a separate deep-dive study on climate risk and net zero reporting by the world's 250 largest companies.

The study proposes a set of quality criteria for climate-related disclosure and analyzes how the world's largest companies measure up against those criteria.

It also offers insights and advice on reporting from KPMG subject matter experts.

To access the study visit:
home.kpmg/netzeroreporting

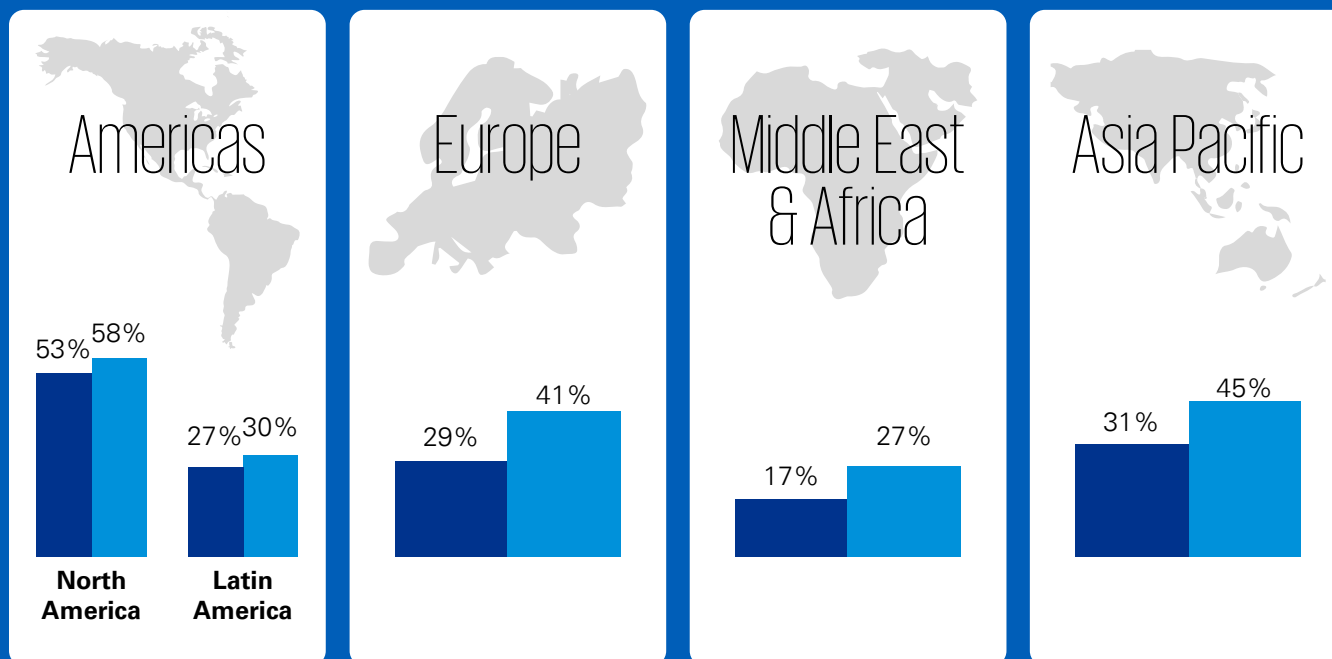


North American companies lead in acknowledging climate risks in financial reporting

Regionally, North American companies are the most likely to acknowledge climate risk in their financial reporting. It is the only region where a majority of companies do so.

On a national level there are 10 countries or jurisdictions where a majority of companies acknowledge climate risk in their financial reporting. These are located in Asia Pacific, Europe and North America, which suggests that this reporting practice is becoming a worldwide trend. Companies in Latin America and the Middle East and Africa are lagging however.

Acknowledgement of climate risk in financial reporting: N100 by region view

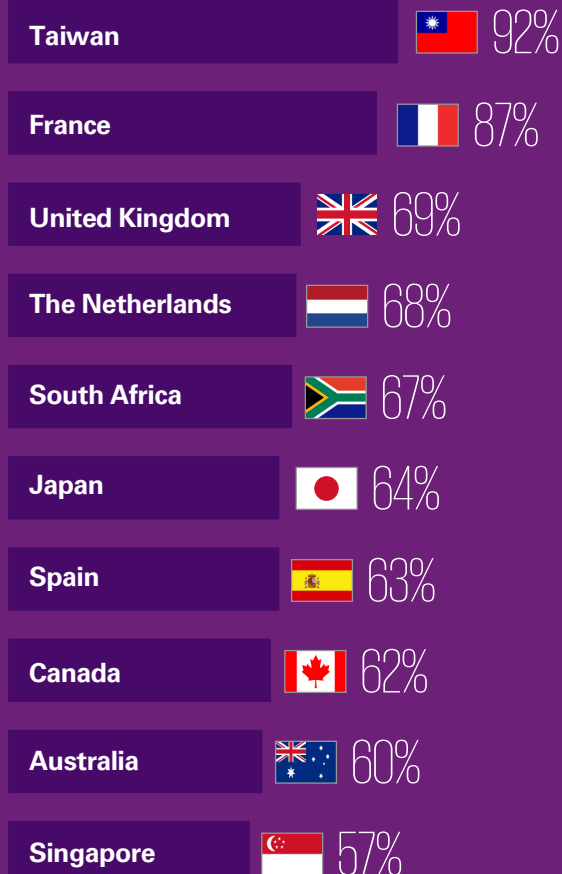


■ 2017 ■ 2020

Base: 5,200 N100 companies

Source: KPMG Survey of Sustainability Reporting 2020

Top 10 countries or jurisdictions for acknowledging climate change as a financial risk: N100



The view from the UK

"Awareness, sentiment and regulatory action around climate-related risks have accelerated exponentially since 2017 in the UK. Press coverage, questions at AGMs and letters to companies asking for transparency on how they assess climate risks have all become commonplace. Against this backdrop, UK companies are increasingly seeing climate risk as a board-level strategic risk issue, with failure to take the appropriate steps potentially exposing them to material financial, legal, strategic and regulatory risk.

For many companies, the existing directors' duties and governance and strategic reporting requirements, along with emerging recommendations for a business resilience statement from the Brydon review, are creating an impetus to stretch their planning horizon and give emerging risks, such as climate change, their due attention. To date, climate-related risk considerations have been mostly narrative, with 34 percent of companies reporting in line with the TCFD. So, although we should take a moment to praise those results, we also expect progress to accelerate following confirmation in November 2020 that TCFD reporting will be mandatory in the UK for premium listed companies and certain financial institutions from 2021. It will be expanded to other companies thereafter.

This trend is further supported by the UK regulator stating that it expects public interest entities to report under both TCFD and sector-specific disclosures aligned with the Sustainability Accounting Standards Board (SASB). The momentum needs to continue to accelerate and expand to include quantified risks, in line with the 2020 recommendations of the TCFD Status Update."



George Richards

Associate Partner, ESG Assurance
KPMG in the UK

The view from the US

"US business leaders now understand the consequences associated with climate change better and recognize that climate risk translates into financial risk.

Investors have also been influential in connecting climate risk to business and financial risk. As indicated by the findings in this report, KPMG in the US has seen a marked increase in corporate focus on decarbonization and resiliency strategies."



Katherine Blue

Partner
Climate Change & Sustainability Services
KPMG in the US

One in five companies reports in line with TCFD recommendations

The TCFD recommendations for climate-related financial disclosures are starting to take hold among both the N100 and the G250 only 3 years after their launch in 2017.

Almost one in five N100 companies (18 percent) states that it reports in line with the recommendations. Among the G250, over one-third of companies (37 percent) do so.

A 2017 baseline of zero has been used for this data point for both the N100 and G250 because the TCFD recommendations had not yet been published when KPMG conducted its research in 2017.

Companies reporting in line with TCFD recommendations

N100

2017 0%

2020

18%

+18

Base: 5,200 N100 companies

G250

2017 0%

2020

37%

+37

Base: 250 G250 companies

Source: KPMG Survey of Sustainability Reporting 2020

The Task Force on Climate-related Financial Disclosures (TCFD) was established in 2015 by the Financial Stability Board to respond to the threat of climate change to the stability of the global financial system.

The purpose of the Task Force was to improve corporate reporting on climate-related risks and enable financial stakeholders – investors, lenders and insurers – to factor climate-related risks into their decisions.

The Task Force included:

- representatives of both data preparers (companies), and
- data users (financial stakeholders).

The Task Force published its recommendations in 2017.¹⁷

Wim Bartels, a Partner at KPMG in the Netherlands, was one of the first members of the TCFD. KPMG firms fully support the work of the TCFD and advise clients to adopt its recommendations.

17. <https://www.fsb-tcfd.org/publications/final-recommendations-report/>



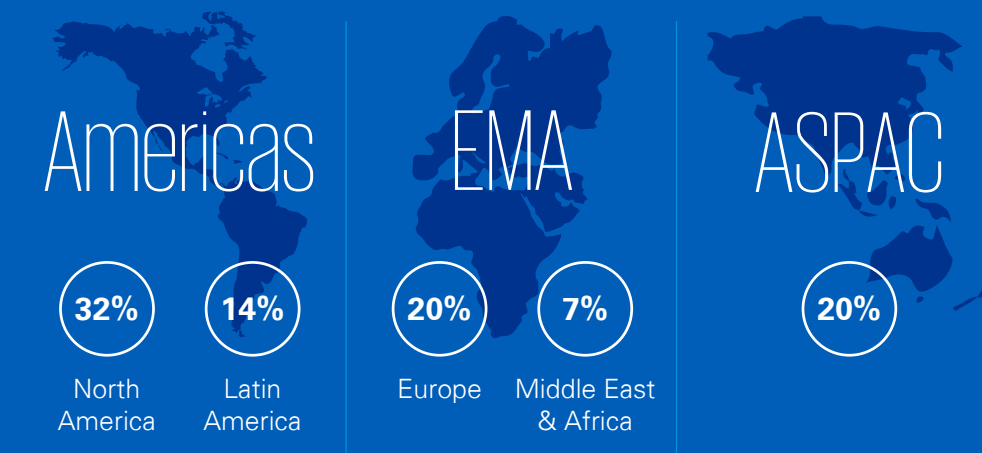
North America and Europe lead for reporting in line with TCFD

Around one-third of N100 companies in North America state that they report in line with the TCFD recommendations. This N100 TCFD reporting rate is higher than in any other region.

In the G250 sample group of the world's largest companies, on the other hand, European companies lead with 60 percent stating that they report in line with the recommendations versus 34 percent in North America and 27 percent in ASPAC.

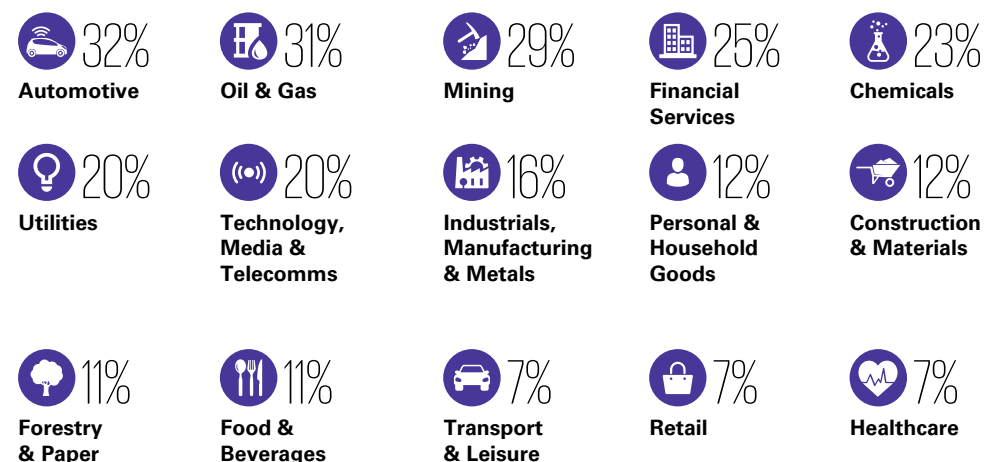
On a sectoral level, adoption of the TCFD recommendations is highest in the oil and gas and automotive sectors in both the N100 and G250 groups. This may be due to the supplementary guidance provided by the TCFD for sectors that are considered most affected by climate change – energy, transport, buildings and agriculture. However, the survey findings do not reflect a strong response to the TCFD recommendations from companies in the construction and materials, forestry and paper, food and beverages, transport and leisure or retail sectors.

Disclosures in line with TCFD recommendations: N100 by region



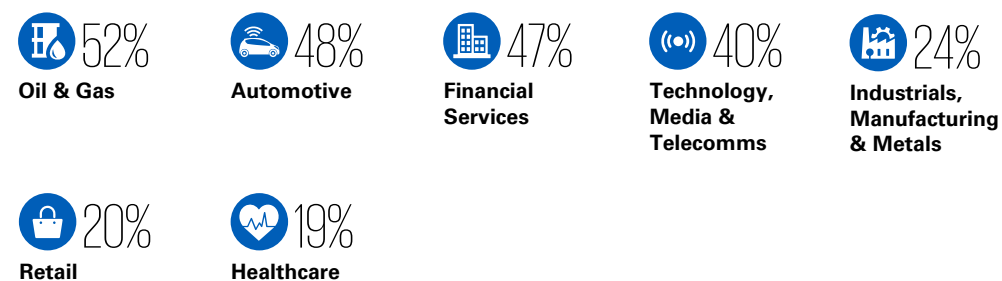
Base: 5,200 N100 companies
Source: KPMG Survey of Sustainability Reporting 2020

Disclosures in line with TCFD recommendations: N100 by sector



Base: 5,200 N100 companies
Source: KPMG Survey of Sustainability Reporting 2020

Disclosures in line with TCFD recommendations: G250 by sector



Base: 250 N100 companies
Source: KPMG Survey of Sustainability Reporting 2020

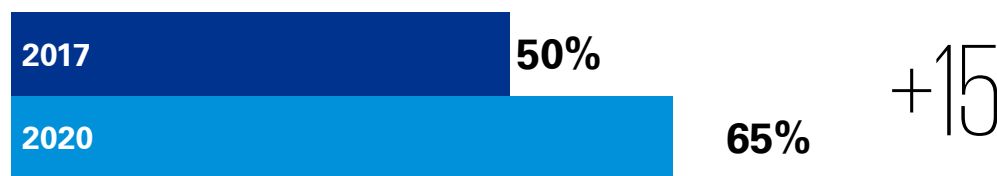
Majority of companies worldwide have carbon targets in place

The survey shows a notable increase since 2017 in the number of companies disclosing carbon reduction targets. Two-thirds of N100 companies and three-quarters of G250 companies now do this. Any leading company that does not yet report carbon targets is now clearly out of step with global good practice.

On a sectoral level, companies in the automotive, mining, utilities, and technology, media and telecommunications industries lead with 70 percent or more of N100 companies disclosing carbon targets. Companies in the healthcare sector are trailing, with less than half (40 percent) disclosing targets to reduce their carbon emissions.

Companies disclosing carbon reduction targets in their reporting

N100



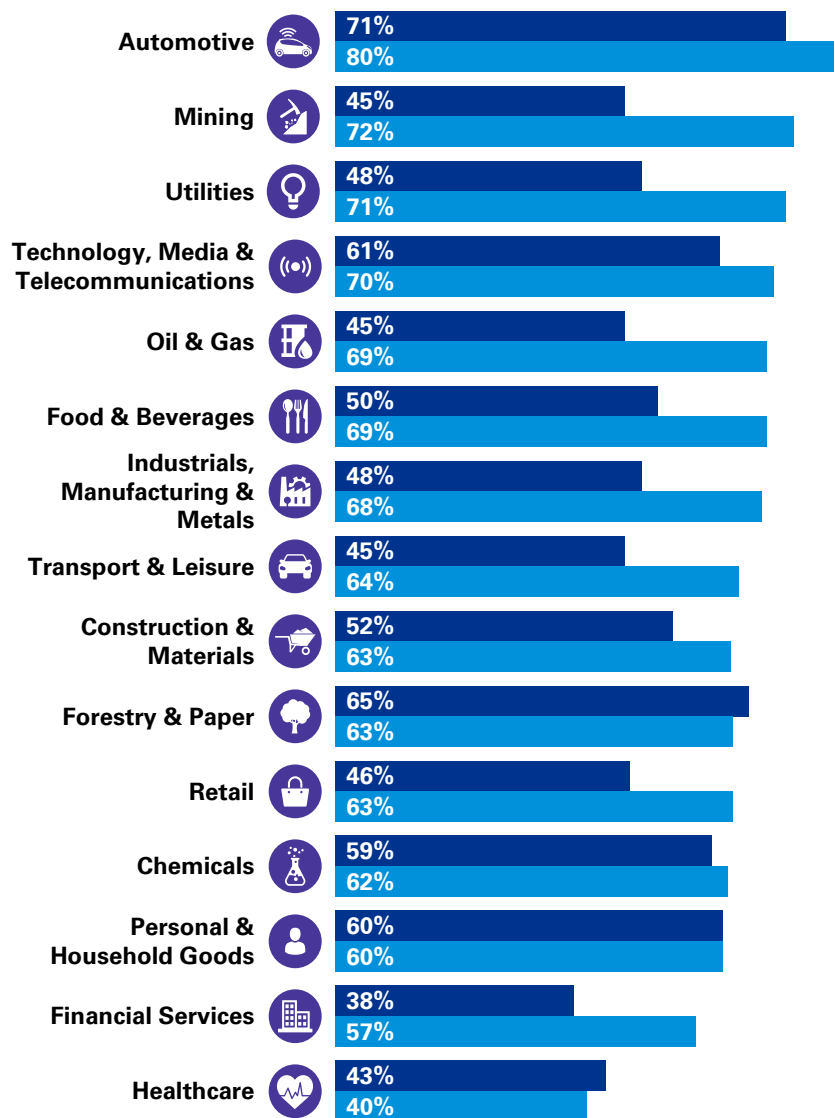
Base: 3,983 N100 companies that report on sustainability

G250



Base: 239 250 companies that report on sustainability
Source: KPMG Survey of Sustainability Reporting 2020

Companies disclosing carbon reduction targets in their reporting: N100 by sector



Base: 3,983 N100 companies that report on sustainability
Source: KPMG Survey of Sustainability Reporting 2020

■ 2017 ■ 2020

Growing trend to link corporate carbon targets to global climate goal

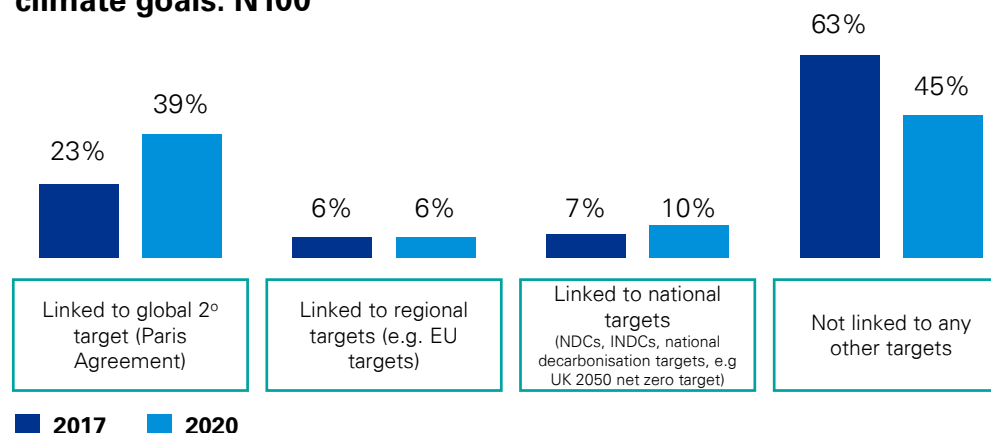
Three years ago in the KPMG Survey of Sustainability Reporting 2017, KPMG professionals predicted that, within 5 years, a majority of companies would link their carbon reduction targets to external climate targets set by governments and others. This has happened within only 3 years, indicating a rapid and meaningful shift in business practice.

In 2020, a majority (55 percent) of N100 companies that disclosed carbon targets linked them to external targets; in 2017, this was a minority practice (only 37 percent). The most popular climate goal to link to was the Paris Agreement goal to limit global warming to 2°C above pre-industrial levels.

This trend demonstrates a growing awareness in the business world, not only of the climate crisis, but also of the global, regional and national goals that have been set to avoid catastrophic climate impacts. The survey suggests that a majority of businesses that disclose carbon targets, now recognize the need to contribute their fair share to efforts to reduce emissions.

While this progress is encouraging, it should also be noted that it equates to only around one-quarter (27 percent) of the 5,200 companies in the global N100 group.

Linking of corporate carbon reduction targets to external climate goals: N100



Base: 2,579 N100 companies that report carbon reduction targets
Source: KPMG Survey of Sustainability Reporting 2020

Reporting on the UN Sustainable Development Goals (SDGs)



The SDGs have a strong and growing profile in sustainability reporting

KPMG's survey suggests the United Nations Sustainable Development Goals (UN SDGs) have resonated strongly with business since their launch in 2015. Furthermore, their influence on reporting has increased significantly between 2017 and 2020.

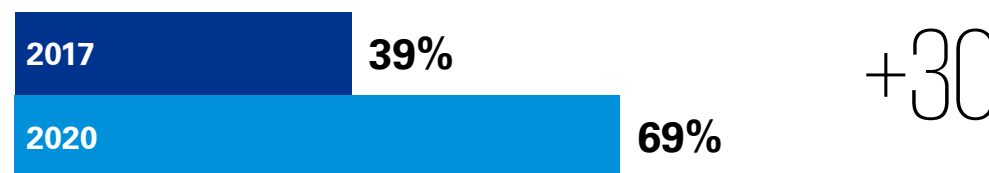
In 2017, a minority of both G250 and N100 companies connected their business activities to the SDGs in their corporate reporting. Three years later, in 2020, a significant majority of both samples do so: over two-thirds (69 per cent) of the N100 and almost three-quarters (72 per cent) of the G250.

Greater pressure on companies from stakeholders, including investors, and peers, to be more transparent on issues such as the impacts of supply chains, labor standards and diversity may have influenced this leap in reporting. It is also likely that more companies now have a better understanding of the SDGs and feel more comfortable in addressing them in their sustainability reporting.

The 17 SDGs were introduced by the UN as a blueprint to achieve a better and more sustainable future for all by addressing global challenges including poverty, inequality, climate change, environmental degradation, peace and justice. Many companies have since adopted the SDGs as a guide for their sustainability programs.

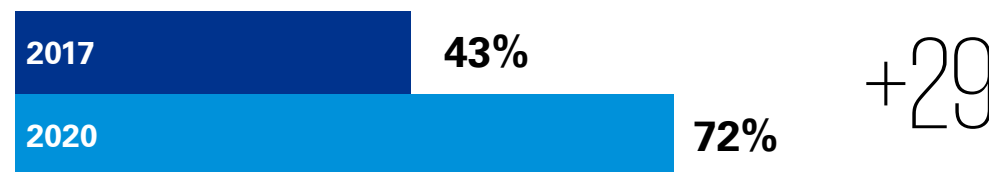
Number of companies that connect their business activity with the SDGs

N100

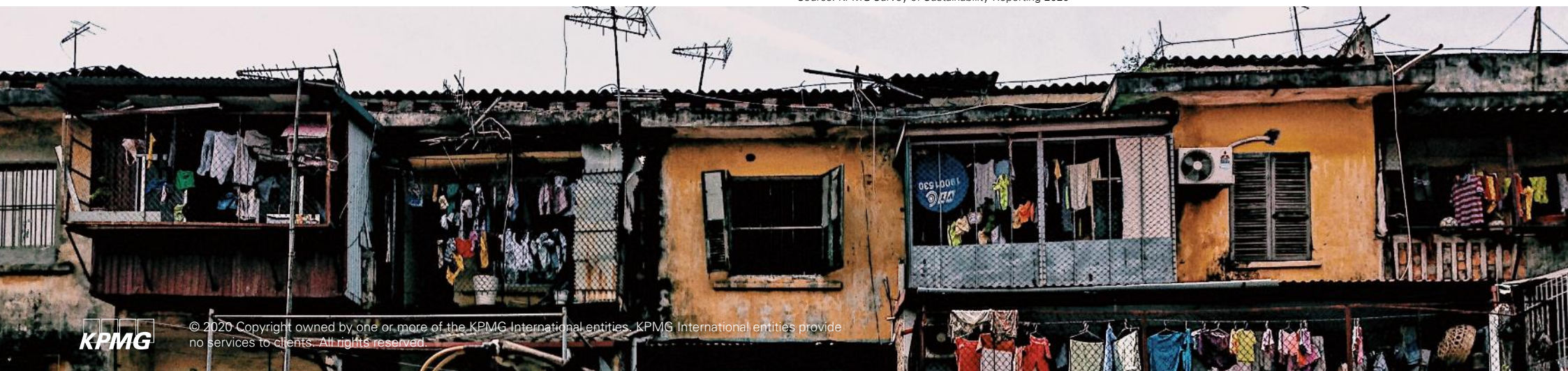


Base: 3,983 N100 companies that report on sustainability

G250

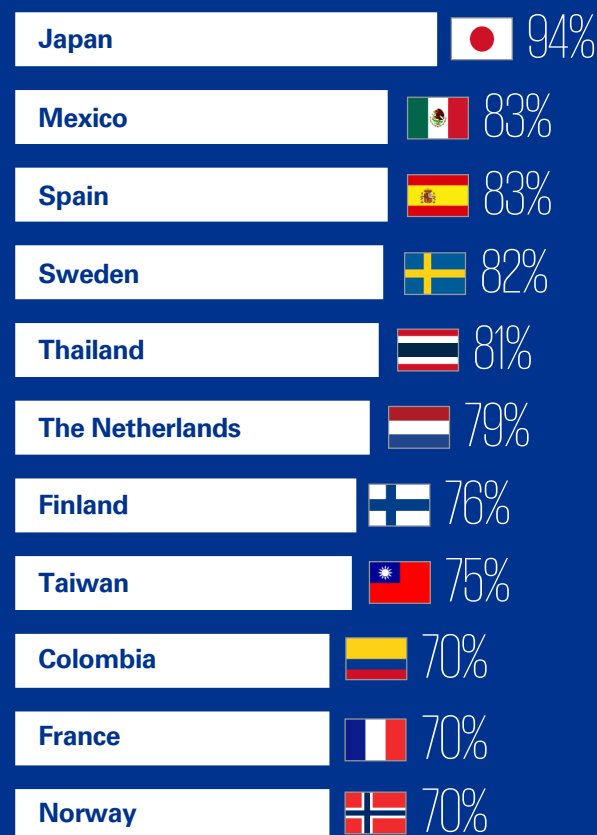


Base: 239 G250 companies that report on sustainability
Source: KPMG Survey of Sustainability Reporting 2020



Top 10 countries or jurisdictions for connecting business activity with the SDGs: N100

In 2020, there were 11 countries or jurisdictions in which 70 percent or more of the top 100 companies reference the SDGs in their sustainability reporting. Three years ago in 2017, the top countries or jurisdictions for reporting on the SDGs were all in Europe or Latin America. In 2020, three of the top 11 are in Asia Pacific: Japan, Thailand and Taiwan. This suggests that business awareness of, and commitment to, the SDGs is now a worldwide phenomenon.



The view from Japan

"The SDGs are well recognized by Japanese companies due to the efforts of the government and the Japan Business Federation to proactively deliver on the SDGs through the creation of a "Society 5.0". This is a concept in which big data, the Internet of Things, artificial intelligence and robotics fuse into every industry and across all social segments to solve societal problems.

Most Japanese N100 companies report on their material sustainability issues and can, therefore, connect their business to the SDGs and identify the most relevant goals relatively easily."



Kazuhiko Saito

Partner
Climate Change & Sustainability
Services
KPMG in Japan

The view from Thailand

"The prominent role of the SDGs in Thai business culture finds its roots in the focus of the late King, who promoted a concept called 'growth through self-sufficiency'. This concept shared some fundamental objectives with the SDGs.

As a result, prominent Thai companies, led by majority state-owned enterprises, entered in a positive rivalry to outdo each other in their sustainability performance. This trend continues to this day and also explains the prominent position of Thai entities in the Dow Jones Sustainability Index (DJSI) rankings."



Paul Flipse

Partner
Climate Change & Sustainability
Services
KPMG in Thailand

The view from Taiwan

"In Taiwan, the forces that are encouraging companies to include the SDGs in their sustainability reporting include the GRI Standard, global supply chain best practice, peer pressure and the integration of the SDGs into local business award schemes.

Even though Taiwanese companies are among the global leaders for connecting their business activity with the SDGs, we as KPMG professionals would like to see more reporting based on 'walking the talk'. By that, I mean that companies should focus more on reporting the impact they have, or could have, on the SDGs through their core business. Too many companies simply map their existing business practices onto the SDGs.

Companies need to be more aggressive when it comes to integrating the SDGs into innovation, business models, processes and operations."



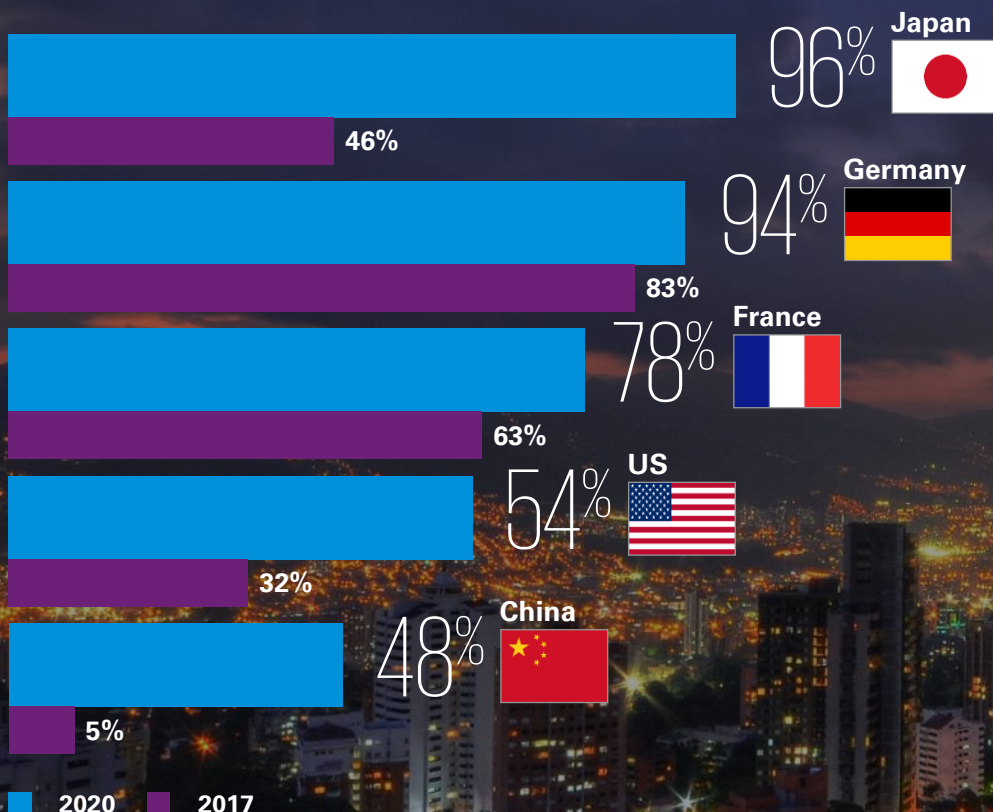
Niven Huang

Partner
Climate Change & Sustainability
Services
KPMG in Taiwan

SDG reporting by the world's largest companies

Companies that connect sustainability activity with the SDGs: G250 by country

Among the world's largest companies (G250), Japanese companies lead the way. The number of Chinese-based companies reporting on the SDGs has risen by 43 percentage points since 2017 to 48 percent.



Base: 239 G250 companies that report on sustainability
Source: KPMG Survey of Sustainability Reporting 2020

Companies that connect sustainability activity with the SDGs: G250 by sector

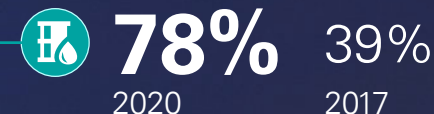
In 2017, there were no sectors in which 70 percent or more of G250 companies reported on the SDGs. In 2020, the picture has changed dramatically with multiple sectors showing high SDG reporting rates.

Base: 239 G250 companies that report on sustainability
Source: KPMG Survey of Sustainability Reporting 2020

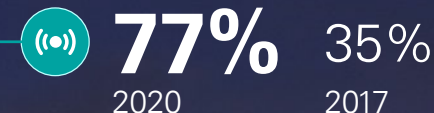
Automotive



Oil & Gas



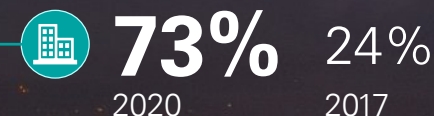
Technology, Media & Telecommunications



Retail



Financial Services



Healthcare



Industrials, Manufacturing & Metals



The view from China

"In recent years, stock exchanges in both Hong Kong (SAR), China and mainland China have encouraged and promoted ESG and corporate social responsibility (CSR) disclosures by listed companies.

Leading listed companies have set a trend for adopting the SDG framework in the communication of their ESG and CSR stories to their stakeholders (e.g. how they create long-term value through sustainable business models that address the long-term sustainability goals in the jurisdictions in which they operate). Their example has encouraged others to follow suit.

They believe that communicating how value is being created for stakeholders and how companies contribute to the SDGs in a consistent and effective manner is now the basis for gaining public trust and long-term business success.

In addition, with the recent announcement by President Xi Jinping of China's goal to become carbon neutral by 2060, ESG is front and centre in government policy and corporates increasingly see the opportunity to ride the wave."



Patrick Chu

Partner
Climate Change & Sustainability Services
KPMG in China

The view from Colombia

"We are seeing how the SDGs continue to grow as the main reference framework used by Latin American companies to align their business models with sustainable development. Two key factors are at play. First, Latin American governments are promoting public-private agendas and tracking SDG progress to encourage private sector involvement. Notably, the Forum of the Countries of Latin America and the Caribbean on Sustainable Development has proven to be an effective mechanism to follow up on progress and engage stakeholders.

Second, the development issues embedded in the SDGs are so pertinent to Latin America that they are part of the day-to-day matters companies must address at every point in the value chain regardless of sector. This pervasiveness drives reporting on those issues.

However, Latin American companies need to work on measuring and reporting not only positive links to the SDGs achieved through corporate responsibility efforts, but also how they manage their negative impacts that may prevent the achievement of the SDGs. This is particularly important in face of the COVID-19 pandemic crisis."



Juanita Lopez

Director
Climate Change & Sustainability Services
KPMG in Colombia

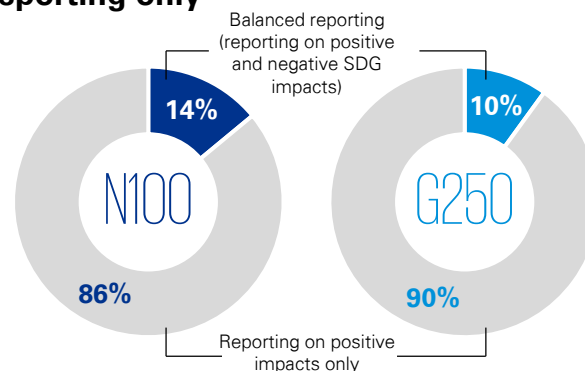
SDG reporting is mostly unbalanced and often disconnected from business goals

The research suggests that corporate reporting on the SDGs focuses almost exclusively on the positive contributions companies make towards achieving the goals, and lacks transparency of their negative impacts.

A significant majority of both N100 companies (86 percent) and G250 Companies (90 percent) report a one-sided view focused only on their positive SDG impacts.

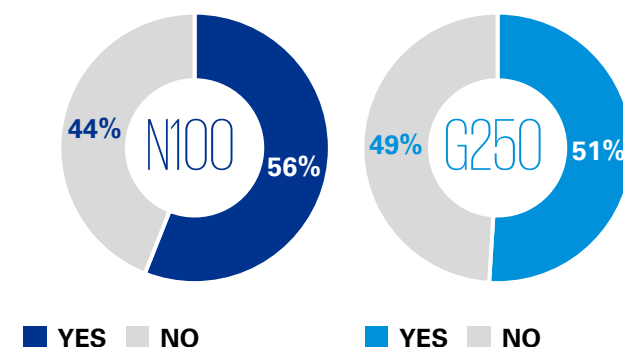
Approximately half the companies in both the N100 and G250 samples report performance targets related to the SDGs. For the G250, this represents an improvement since 2017 of 16 percentage points (N100 data for 2017 is not available).

Balanced SDG reporting vs positive reporting only



Base: 2,745 N100 companies and 172 G250 companies that connect the company's activity to the SDGs
Source: KPMG Survey of Sustainability Reporting 2020

Companies disclosing SDG-related performance goals



Base: 2,745 N100 companies and 172 G250 companies that connect the company's activity to the SDGs
Source: KPMG Survey of Sustainability Reporting 2020



Richard Threlfall

Global Head of KPMG IMPACT and Global Head of Infrastructure, KPMG International Limited
Partner, KPMG in the UK

"Balanced SDG reporting is important to show that a company is aware of how it contributes to global problems as well as how it helps to solve them. Disclosing both positive and negative impacts on the SDGs provides enhanced transparency and can therefore help to build trust between the company and its stakeholders.

Companies that turn a blind eye to their negative impacts and focus their reporting only on the positive, risk losing credibility and public trust.

They also open themselves to accusations of "SDG washing", the practice of using the SDGs as a platform to create positive PR for themselves rather than as a framework to deliver genuine change. Similarly, if companies are serious about helping to deliver the SDGs, then they need to set clear SDG-related performance goals and report on progress against them."

Companies focus on economic growth and climate SDGs but largely ignore biodiversity

KPMG's survey has shown wide disparity and no clear pattern in the number of SDGs that companies prioritize as a focus for their businesses.

Of those N100 companies that identify specific SDGs as relevant to their business, around half (51 percent) identify between one and eight SDGs; 41 percent identify between nine and 16; and 8 percent identify all 17 SDGs as relevant.

The research has also revealed which SDGs are most and least commonly prioritized by the 5,200 companies making up the global N100 group. Most often prioritized are: SDG 8 - Decent Work and Economic Growth, SDG 13 - Climate Action and SDG 12 - Responsible Consumption & Production. On the other hand, few companies prioritize the two SDGs that focus on biodiversity: SDG 14 - Life Below Water and SDG15 - Life on Land.



Wim Bartels

Co-Chair, Impact Measurement, Reporting & Assurance Services,
KPMG IMPACT
Partner, KPMG in the Netherlands

"Not every SDG is of equal relevance to every company's business operations, geographies or sector. KPMG professionals typically advise clients to focus on the SDGs on which they have, or could have, a material impact whether positive or negative. In my view, many companies report on too many SDGs with the result that they lack a focused agenda for making a material contribution to the world's problems.

Further, it is concerning that given recent warnings about biodiversity loss, the SDGs related to life on land and below water are prioritized by relatively few companies. It is also surprising that such a small minority of companies see potential to make a material contribution towards combating global poverty and hunger."

SDGs most and least prioritized by the N100

Most prioritized (by more than 50% of companies)	Moderately prioritized (31% – 50% of companies)	Least prioritized (by 30% of companies or fewer)
72% Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	49% Good health and well-being	30% No poverty
63% Take urgent action to combat climate change and its impacts	43% Gender equality	25% Peace, justice and strong institutions
58% Ensure sustainable consumption and production patterns	42% Quality education	22% Zero hunger
50% Affordable and clean energy	37% Sustainable cities and communities	18% Life below water
50% Industry, innovation and infrastructure	33% Reduced inequalities	9% Life on land
	32% Clean water and sanitation	
	31% Partnerships for the goals	

Base: 2,243 N100 companies that identify SDGs relevant to their business

Source: KPMG Survey of Sustainability Reporting 2020

Methodology

Professionals across 52 KPMG firms around the world carried out in-depth research for this survey. They reviewed annual financial (or integrated) reporting and sustainability reporting by the largest 100 companies, by revenue, in their own country or territory.

This survey, therefore, reviewed reporting from 5,200 companies in total, making it the most comprehensive KPMG Survey of Sustainability Reporting in the series. The previous KPMG Survey of Sustainability Reporting was published in 2017 and the first edition was published in 1993.

The sources used by researchers at KPMG firms included PDF and printed reports as well as web-only content published between 1 July 2019 and 30 June 2020. If a company did not report during this period, reporting from 2018 was reviewed. However, no reporting published prior to June 2018 was included in the research for this survey.

The survey findings are based on analysis of publicly available information only and no information was submitted directly by companies to KPMG firms.

The survey refers to two research samples:

The N100

The largest 100 companies in each of 52 countries or jurisdictions: 5,200 companies in total

Professionals at KPMG firms identified the N100 in their country.

These are the top 100 companies based on a recognized national source or, where a ranking was not available or was incomplete, by market capitalization or a similar measure.

All company ownership structures were included in the research: publicly-listed and state, private and family-owned.

The G250

The largest 250 companies in the world

The G250 sample comprises the top 250 companies from the Fortune Global 500 ranking for 2019. Most G250 companies were also included in the N100 research sample, although 23 companies were not, because they are headquartered in countries or jurisdictions not covered in the N100 sample.

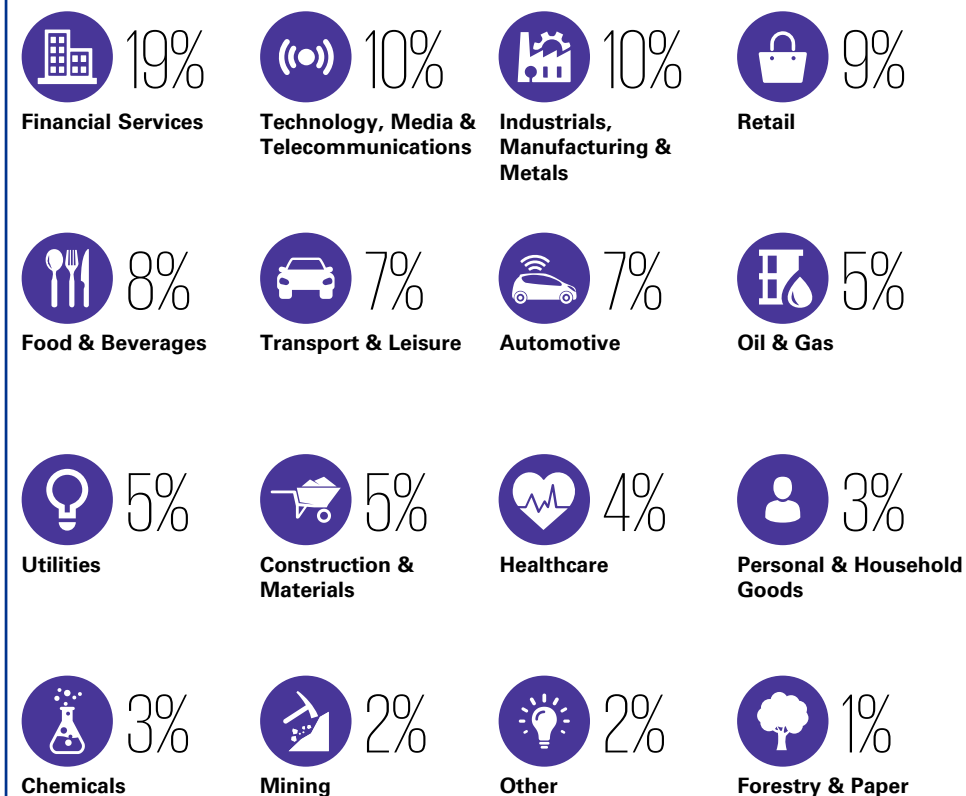


N100 research sample: National breakdown

The N100 research sample in this survey comprises 5,200 companies headquartered in the following 52 countries and jurisdictions. In 2020, the N100 research sample included six countries and jurisdictions for the first time: Costa Rica, Ecuador, Iceland, Pakistan, Panama and Sri Lanka.

1. Angola	19. Iceland	37. Saudi Arabia
2. Argentina	20. India	38. Singapore
3. Australia	21. Ireland	39. Slovakia
4. Austria	22. Italy	40. South Africa
5. Belgium	23. Japan	41. South Korea
6. Brazil	24. Kazakhstan	42. Spain
7. Canada	25. Luxembourg	43. Sri Lanka
8. China	26. Malaysia	44. Sweden
9. Colombia	27. Mexico	45. Switzerland
10. Costa Rica	28. New Zealand	46. Taiwan
11. Cyprus	29. Nigeria	47. Thailand
12. Czech Republic	30. Norway	48. The Netherlands
13. Ecuador	31. Pakistan	49. Turkey
14. Finland	32. Panama	50. United Arab Emirates
15. France	33. Peru	51. UK
16. Germany	34. Poland	52. US
17. Greece	35. Portugal	
18. Hungary	36. Romania	

N100: Sectoral breakdown of 5,200 companies

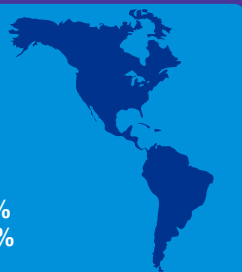


N100 research sample: Regional breakdown of 5,200 companies

Americas

19%

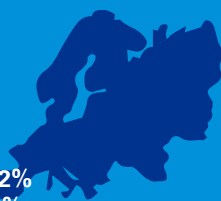
North America 4%
Latin America 15%



Europe

44%

Western Europe 32%
Eastern Europe 12%



Middle East & Africa

12%

Middle East 6%
Africa 6%

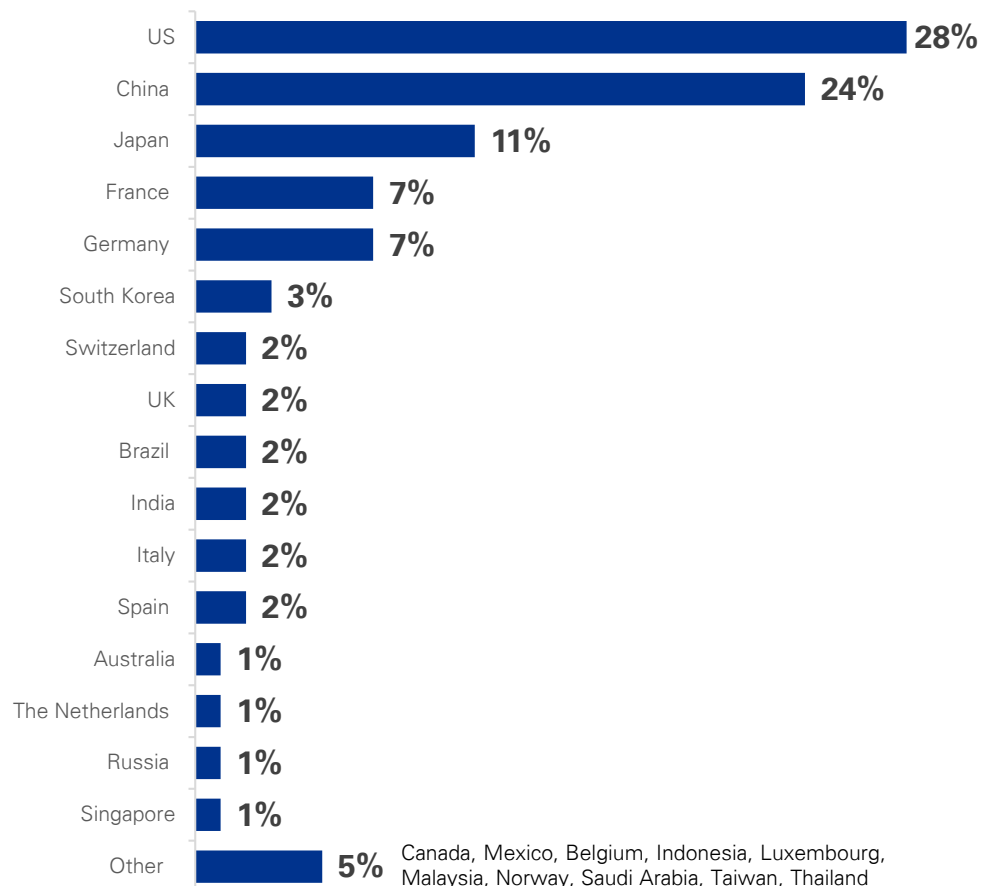


Asia Pacific

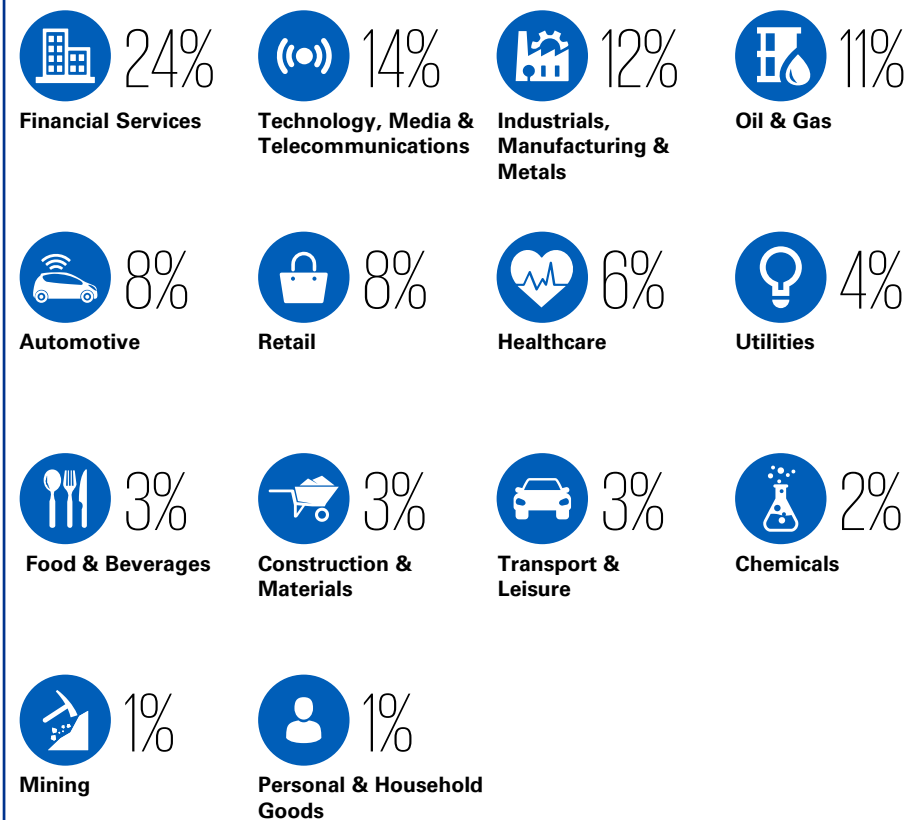
25%



G250 research sample: National breakdown of 250 companies



G250 research sample: Sectoral breakdown of 250 companies



G250 research sample: Regional breakdown of 250 companies

Americas

31%



Europe

25%



Middle East and Africa

0%



Asia Pacific

44%



Industry classification*	
Automotive	Automobiles, Parts and Tires
Chemicals	Commodity Chemicals, Specialty Chemicals
Construction & Materials	Building Materials and Fixtures, Heavy Construction
Financial Services	Banks, Non-life Insurance, Life Insurance, Real Estate Investment and Services, Real Estate Investment Trusts, Financial Services, Equity Investment Instruments, Non-equity Investment Instruments
Food & Beverages	Beverages (Brewers, Distillers and Vintners, Soft Drinks), Food producers (Farming, Fishing and Plantations, Food Products), Tobacco
Forestry & Paper	Forestry and Paper
Healthcare	Pharmaceuticals and Biotechnology, Health Care Equipment and Services (Health Care Providers, Medical , Equipment, Medical Supplies)
Industrials, Manufacturing & Metals	Industrial Metals and Mining (Aluminium, Non-ferrous Metals, Iron and Steel), Aerospace and Defence, General Industrials (Containers and Packaging, Diversified Industrials), Industrial Engineering (Commercial Vehicles and Trucks, Industrial Machinery), Oil Equipment, Services and Distribution (including Pipelines), Alternative Energy (Renewable Energy Equipment, Alternative Fuels)
Mining	Coal, Diamonds and Gemstones, General Mining, Gold Mining, Platinum and Precious Metals
Oil & Gas	Oil and Gas Producers, Exploration and Production, Integrated Oil and Gas
Personal & Household Goods	Household Goods and Home Construction (Durable Household Products, Non-durable Household Products, Furnishings, Home Construction), Leisure Goods (Consumer Electronics, Recreational Products, Toys), Personal Goods (Clothing and Accessories, Footwear, Personal Products)
Retail	General Retailers (Apparel Retailers, Broadline Retailers, Home Improvement Retailers, Specialized Consumer Services, Specialty Retailers), Food and Drug Retailers (and Wholesalers),
Technology, Media & Telecommunications	Fixed Line Telecommunications, Mobile Telecommunications, Software and Computer Services (and Internet), Technology Hardware and Equipment (Computer Hardware, Electronic Office Equipment, Semiconductors, Telecommunications Equipment), Electronic and Electrical Equipment, Media (Broadcasting and Entertainment, Media Agencies, Publishing)
Transport & Leisure	Travel and Leisure (Airlines, Gambling, Hotels, Recreational Services, Restaurants and Bars, Travel and Tourism), Industrial Transportation (Delivery Services, Marine Transportation, Railroads, Transportation Services, Trucking)
Utilities	Electricity, Gas, Water and Multi-utilities
Other	Support services (Business Support Services, Business Training and Employment Agencies, Financial Administration, Industrial Suppliers, Waste and Disposal Services)

* The sector classifications used for this research are aligned with the Industry Classification Benchmark (ICB), a globally utilized standard for the categorization and comparison of companies by industry and sector.

How we can help

KPMG IMPACT's network includes several hundred climate change and sustainability professionals working within more than 60 KPMG firms worldwide.

Local knowledge, global experience

Our network combines specialist sustainability expertise with in-depth understanding of the business landscape in your country. At the same time, KPMG firms are connected through KPMG IMPACT and can access KPMG firms' international experience for whatever challenge your organization faces.

Integrated services

As well as working shoulder-to-shoulder with our clients, KPMG professionals work closely with colleagues right across the global organization including Tax, Audit, Risk Consulting, Deal Advisory and Management Consulting. This means KPMG firms can integrate sustainability services into a seamless solution for your business needs.

Specialists in sustainability reporting and assurance

KPMG professionals can help you to:

- Understand the ESG issues that are material for your organization and your stakeholders
- Align your corporate activities with the Sustainable Development Goals and assess your contributions to achieving the goals
- Choose the right reporting approaches and frameworks for your business
- Integrate financial and non-financial information in your reporting
- Report information for specific purposes, such as sustainability indices
- Benchmark the quality of your reporting against industry peers
- Gain independent assurance for your internal and external reporting systems and for your sustainability reporting
- Verify the sustainability performance of your suppliers.

Specialists in carbon and climate risk reporting

KPMG professionals can help you to:

- Comply with the TCFD recommendations on disclosure of climate-related financial risk
- Understand and comply with carbon-reduction and carbon reporting legislation worldwide
- Become familiar with best practice carbon reporting and benchmark your reporting against peers
- Report carbon information to the CDP
- Gain third-party assurance of your carbon and climate risk data
- Identify and reduce climate-related risk in your supply chain.

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Appendix: Sustainability reporting developments around the world

This section provides an overview of selected developments in sustainability reporting around the world since 2017 when KPMG published its previous KPMG Survey of Sustainability Reporting. The selection of developments, including new regulations, is broad-ranging but may not necessarily be complete.

Argentina	— In 2019, the general regulation (797/2019) of the National Value Commission (NVC) required public companies to report on their environmental or sustainability policies.
Australia	— The revised ASXCGP 4.3 and 7.3 stated companies should, where a company report is not audited, disclose their process and report material climate risks in their annual report (RG247)
Belgium	— In 2017, legislation came into force on the reporting of non-financial information for public interest entities (PIEs). This legislation resulted from the European Non-Financial Reporting Directive (NFRD).
Canada	— The Large Employer Emergency Financing Facility (LEEFF) program was instituted by the Government of Canada to provide short-term liquidity assistance as interest-bearing term loans to large Canadian employers who have been affected by the COVID-19 outbreak. The borrower is subject to "publishing an annual climate-related financial disclosure report, highlighting how corporate governance, strategies, policies and practices will help manage climate-related risks and opportunities; and contribute to achieving Canada's commitments under the Paris Agreement and goal of net zero by 2050."
China and Hong Kong (SAR), China	— December 2019: the Stock Exchange of Hong Kong Limited (HKEX) published new requirements in its 'Consultation Conclusions on Review of the Environmental, Social and Governance (ESG) Reporting Guide and Related Listing Rules'. The new requirements apply after the 1 July 2020 financial year. The amendments represent a shift away from reporting to management, with an emphasis on the board's role in the corporate governance structure for ESG matters.
Colombia	— In 2018, the GRI and the Colombian chapter of the World Business Council for Sustainable Development and others, such as the Colombian Ministry of Finance, implemented the 'Competitive Business Program for GRI SMEs'. It seeks to improve reporting capacity of 500 Colombian SMEs. 168 SMEs and the GRI undertook research to measure the effectiveness of program implementation in Colombia.
Costa Rica	— In June 2017, the 2017-2030 National Policy for Social Responsibility was launched to promote a responsible and sustainable management approach between public and private companies and organizations, public administration, and civil society entities. Social responsibility reporting based on internationally recognized models was defined as a high priority. Additionally, a report prepared by the Ministry of Economy, Industry and Commerce, proposed that Costa Rican organizations begin a maturity process on sustainability reports and that transnational companies report local indicators in their consolidated global reports. — In May 2018, under the Alvarado Quesada presidency, the National Policy for Sustainable Production and Consumption was formalized, aligned with SDG 12. The policy seeks to adopt sustainable production and consumption patterns that contribute to the general well-being of the population.

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Czech Republic	— In 2017, the updated Accounting law came into force stating that any large entity, which is also a public interest entity, with more than 500 employees has to report non-financial information. This can be published in separated report or in a consolidated annual report.
Finland	— In 2017, the Finnish Government's Ownership Steering Policy came into force expecting state- and majority-owned companies to strongly integrate sustainability into their business operations and manage corporate responsibility in a goal-oriented way. These companies need to report in general meetings on their progress towards measurable corporate responsibility targets, measures taken to achieve the targets and measures for the upcoming years. The state owner requires these companies to report on sustainability in their annual report as well as their tax footprint on a country-by-country basis. Aggressive tax planning is not acceptable according to the policy. (Mandatory) — In 2020, the State Treasury published its guidance on responsibility reporting and framework. The long-term objective is to make responsibility reporting a fixed part of the annual reports of ministries as well as government agencies and institutions. (Mandatory) — In 2018, Finance Finland and its member companies created a reporting framework to monitor climate work in the financial sector. Companies can use the framework to describe their actions in mitigating climate change and to help track results over several years, the framework includes climate indicators. Companies can independently choose how they apply these indicators. (Voluntary) — In 2019, Nasdaq updated its ESG Reporting Guide.
France	— In 2017, the '1180 Ordonnance' transposed the European NFRD into French law. — In the same year, the Duty of Vigilance law was introduced, requiring large French companies to implement a vigilance plan with extraterritorial scope intended to identify risks and prevent serious harm in three areas: human rights and fundamental liberty, health & safety and environment
Germany	— From 2017, the "CSR-Richtlinie-Umsetzungsgesetz" (German implementation of the European NFRD) requires all listed companies and all financial companies with more than 500 employees to report on certain sustainability information.
Greece	— Greek law 4403/7-7-2016 transposed the European NFRD. This was then included into a 2018 law (4548/13-6-2018) for the Societe Anonymes - S.A.s. In addition, the Athens Stock Exchange in 2019 issued a voluntary ESG reporting guide.
Hungary	— The European NFRD has been transposed to Act C of 2000 on Accounting, effective from 2018 and applying only to certain public interest entities. Exemption applies to subsidiaries where the non-financial information is published in the consolidated Annual Report of the parent company.
Iceland	— In 2018, the European NFRD was transposed into Icelandic national law. Many reporting companies are using the ESG Nasdaq Nordic guidance for KPIs to fulfil the requirements.
India	— Since 2017, the Securities and Exchange Board of India (SEBI) has published a mandate encouraging the voluntary adoption of Integrated Reporting by the Top 500 listed companies. In 2019, SEBI extended the Business Responsibility Reporting (BRR) requirements to the top 1000 companies.
Ireland	— The European NFRD took effect on August 21, 2017.
Italy	— As a result of the European NFRD, there is a new Legislative Decree 254/2016 that requires all large PIEs to disclose information about social, environmental, human rights, anticorruption and diversity policies, risks and KPIs. The law came into force from 1 January 2018 and has had a significant impact on reporting practices. However, many Italian N100 companies were already voluntarily publishing non-financial reporting.

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Japan	— The Japanese Ministry of Economy, Trade and Industry (METI) started a TCFD study group in 2018; in December 2018 it published TCFD Guidance for companies. The guidelines include supplementary explanations, sector-specific guidance and model case studies. — The Japanese Ministry of the Environment revised its Environmental Reporting Guidelines in 2018
Kazakhstan	— In 2018, the Sovereign Wealth Fund, Samruk-Kazyna, which plays a central role within the economy, enhanced ESG disclosure with consolidated reporting on sustainable development based on the GRI principles. The Fund took the lead in the implementation and integration of sustainable development principles in the activities of the Fund and Portfolio Companies. In 2021, the Fund will initiate the implementation and integration of the sustainable development principles into the activity of the Fund and Portfolio Companies. — The Kazakhstan Stock Exchange (KASE) presented an updated methodology for preparing an Environmental, Social and Governance Report, developed with the support of the International Finance Corporation (IFC). The 'Social' and 'Corporate Governance' sections were expanded.
Malaysia	— In 2018, Bursa Malaysia updated the Sustainability Reporting Guide & Toolkits. This second edition of the Guide includes current case studies, reference to the SDGs and the TCFD recommendations, guidance on integrated reporting and a new chapter on assurance to provide guidance on how it may be conducted.
Mexico	— New federal laws include the General Law on Sustainable Forest Development in 2018.
Netherlands	— In 2017, the Nfi decree came into effect for annual reports in the Netherlands covering periods starting on or after 1 January, 2017, whereas on 31 December 2016 the diversity decree was entered into force for annual reports on the same date. The Nfi was developed in 2001 to help 'sustainable' companies distinguish themselves from other companies in the sector. The Nfi is the result of an assessment of companies in respect of their policies and performance in the field of sustainability.
Nigeria	— The Securities and Exchange Commission (SEC) approved Nigerian Stock Exchange's Sustainability Disclosure in November 2018, for listed companies. The guidelines include a stepped approach to integrating sustainability into organisations, indicators to be considered for annual disclosure and relevant timelines.
Pakistan	— In 2018, Pakistan introduced the Sustainable Development Goals (SDGs) National Framework. (Pakistan One United Nations Programme III (OP III) 2018-2022).
Panama	— The government has defined a Plan to prepare and reduce impacts due to Climate Change and is preparing ESG Guides for different sectors. Different professional organizations and government have worked in initiatives to strengthen Corporate Governance practices.
Poland	— Under the European NFRD, about 300 of the largest companies in Poland are required to publish a non-financial report. The statements may constitute an integral part of the annual report or a stand-alone document. This applies to companies and capital groups of more than 500 people.
Romania	— In 2018, Romania extended its regulatory requirements regarding the disclosure of non-financial information. All companies with more than 500 employees have to disclose non-financial information starting in the financial year 2019. The level of disclosure is similar to the European NFRD.
Saudi Arabia	— In 2018, the Saudi stock exchange (Tadawul) joined the Sustainable Stock Exchanges (SSE) Initiative.

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Singapore	— The Monetary Authority of Singapore (MAS) issued three consultation papers on its proposed Guidelines on Environmental Risk Management for banks, insurers and asset managers. The guidelines aim to enhance financial institutions' resilience to environmental risk, and strengthen the financial sector's role in supporting the transition to an environmentally sustainable economy, in Singapore and in the region. This is part of the MAS Green Finance Action Plan to become a leading global centre for green finance.
South Korea	— The National Pension Service (NPS) of Korea adopted Stewardship Code in 2018. It has announced ESG investment guidelines to expand responsible investment practices and corporate engagement. — Since 2019, the Korean Stock Exchange has requested listed companies (with total assets over 2 trillion Korean won) to submit an annual Corporate Governance Report. The report requires information disclosure on Shareholders, Board of Directors and a Supervisory Committee.
Spain	— In 2018, Law 11/2018 transposed the European NFRD into Spanish law.
Switzerland	— Switzerland has mandatory disclosure requirements for specific ESG topics, such as management remuneration or specific sectors, e.g. for the extractive industry. — In December 2018, the Swiss Parliament adopted an amendment to the Equality Act including a new section related to Equal Pay requirements between female and male employees. This came into force on 1 July, 2020 as an amendment to the Equality Act. Organizations with 100 or more employees should complete the first equal pay analysis by 30 June, 2021 and public entities will need to publish the results. — In 2016, a federal initiative proposed a new law requiring companies to report on adherence to human rights and environmental standards. The public vote on the initiative called "responsible companies – for the protection of humans and environment" will take place in November 2020. If it is unsuccessful, other specific disclosure requirements will be enshrined in law afterwards, as suggested by the Swiss Parliament's counter-proposition. — The Swiss administration has also laid out plans regarding sustainable finance, which might bring alignment with future EU rules. However, the potential regulatory requirements are not yet clear.
Taiwan	— Taiwanese companies in the food sector, financial insurance, chemical industries, and companies with paid-in capital of over 5 billion, must follow the Financial Supervisory Commission's (FSC) "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE and TPEX Listed Companies". They must publish an annual sustainability report. The 'Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE and TPEX Listed Companies' added regulations stating: — Companies are required to cover environmental, social and governance risk assessment in sustainability reports, to strengthen disclosure of the connection between relevant performance indicator and management. — Companies are required to disclose management of climate-related risks and opportunities, actual and potential climate-related impact, how to identify, assess and manage climate-related impact; as well as indicators and targets used to assess and manage climate-related issues. — Companies are required to disclose the number, average and median salary of full-time employees who are not in supervisory positions and its difference from the previous year.
Thailand	— The Stock Exchange of Thailand released its sustainability reporting guideline in 2018/19. However, this remains voluntary.

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United Arab Emirates	— The Abu Dhabi Stock Exchange (ADX) made a formal commitment to drive sustainability in financial markets by becoming a partner exchange of the United Nations led initiative: The Sustainable Stock Exchange Initiative (SSE). ADX has also created Environmental, Social & Governance (ESG) disclosure guidance to support its listed issuers' sustainability reporting journeys, as part of the UAE National Vision 2021 and Abu Dhabi Economic Vision 2020. The voluntary guidance provides ADX listed companies with 31 indicators that are considered essential to report in alignment with the SSE Initiative and World Federation of Exchanges (WFE). The indicators are also mapped against Global Reporting Initiative Indicators and the Sustainable Development Goals (SDGs). — The Dubai Financial Market (DFM) ESG Reporting Guidelines assists listed companies to incorporate ESG information into their reporting processes. The guide aims to promote transparency and disclosure among listed companies by highlighting the key benefits of sustainability reporting to meet the demanding requirements of institutional investors for ESG information. It is aligned with the recommendations of the Sustainable Stock Exchanges (SSE) initiative and the World Federation of Exchanges (WFE). This guide is intended for all companies listed on DFM and is voluntary. However, listed companies are strongly encouraged to refer to this guide as a starting point in their sustainability reporting journey.
UK	— In 2019, the UK committed Net Zero 2050 to law. The target will require the UK to bring all greenhouse gas emissions to net zero by 2050. Companies are expected to report on their own contribution (where they have committed) and progress to net zero. — The Energy Savings Opportunity Scheme (ESOS) until Dec, 2024 is mandatory energy assessment legislation in UK, to report energy consumption and identify energy efficiency measures for the purpose of reducing energy usage. — The TCFD recommendations will apply to UK listed companies in the financial and non-financial sectors from 2022. Large asset owners must also disclose in line with TCFD. — In 2019, streamlined energy and carbon reporting with mandatory requirements for greenhouse gas reporting were updated and extended to cover large unquoted companies (excluding subsidiaries). — In January 2019, the UK integrated the European NFRD into the Companies Act, Section 172. Companies must disclose non-financial information that is necessary for an understanding of the development, performance, and position and the impact of a company's activity. — In 2019, under 'engagement with employees and others', directors must issue a statement on engagement with employees and a statement on engagement with suppliers, customers and others in a business relationship with the company. — In 2018, the PRA Pension Disclosures stated that trustees of defined benefits and defined contribution pension schemes must disclose companies' policy on taking account of "financial material" considerations, including ESG factors, such as climate change. — In 2018, the UK Corporate Governance Code required premium listed companies with the aim is to help investors evaluate company practices, which should include those relating to climate risk. The Code also continues to require (since Oct 2014) disclosure of the company's longer-term viability statement. Climate risk is expected to form a part of this statement. — In 2020, the FRC Stewardship Code for asset managers and asset owners stated that signatories need to publish a Stewardship Report that sets out how they have applied the Code Principles (includes ESG) in the preceding 12 months. The stewardship code is expected to drive investor requests for more information from companies.
US	— There is investor pressure on the SEC to require ESG disclosure and to regulate the naming of ESG funds as 'sustainable' or 'green'. There have also been bills proposed in the US Congress on carbon reporting and human capital reporting.

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