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New Asia Pacific study reveals overall progress in sustainability reporting but critical gaps remain; PwC and NUS Business School

- Overall rise in disclosure of identified climate-related risks and/or opportunities in companies' sustainability reporting from 77% in 2021 to 88% in 2022
- Companies in most jurisdictions do well in having ESG targets (92%), but only 51% are disclosing net zero targets and only 42% have net zero targets based on the Science-Based Targets

initiative (SBTi) framework. Only 16% reported having their targets verified by SBTi

- 80% of companies are disclosing their Scope 1 and 2 emissions; measurement of Scope 1 and 2 emissions is reaching maturity. Besides Japan, most companies across the region will need better completeness in their Scope 3 emissions measurement.
- Only 36% of companies reported their board of directors or management having sustainability training in 2022 (vs 24% in 2021)
- Increase in companies obtaining external assurance from an independent party for their ESG disclosures, up from 37% in 2021 to 49% in 2022, although improvements can be made across the region with the exception of South Korea and Taiwan

For immediate release - SINGAPORE, 6 June 2023 – With investors and stakeholders increasingly coupling the value of a business with its ability to navigate climate risk and opportunities, companies across Asia Pacific are showing progress in their sustainability reporting around these areas according to [Sustainability counts II: Sustainability reporting in Asia Pacific](#), a study by PwC Singapore and the Centre for Governance and Sustainability (CGS) at the National University of Singapore (NUS) Business School. Analysing the sustainability reports of the top 50 listed companies by market capitalisation across 14 Asia Pacific jurisdictions, the study - launched today at Ecosperity Week 2023 - further reveals that critical reporting and disclosure gaps remain for businesses to demonstrate that they have a viable and robust pathway to reach net zero by 2050 or mid century, and highlights the evolving challenges facing businesses ahead.

Professor Lawrence Loh, Director, Centre for Governance and Sustainability at NUS Business School, said, “The study highlights both the progress and gaps in corporate sustainability reporting across the Asia-Pacific region. While we are encouraged by the increased disclosure of climate-related risks and opportunities, it is crucial to remain vigilant about critical gaps such as net-zero targets, transparency in emissions reporting and sustainability training. As expectations for ESG rise, companies must prioritise resolving these gaps and make the necessary resource commitments. They can then serve as exemplary enterprises on a successful green journey, embodying accountability and resilience.”

Progress shown in climate-related risks and opportunities disclosure

The study found a rise in the disclosure of identified climate-related risks and/or opportunities in companies' sustainability reporting, from 77% in 2021 to 88% in 2022. This goes hand-in-hand with their disclosure of processes for managing these risks and/or opportunities, up from 66% (2021) to 74% (2022), and how they integrated climate-related risks into their overall risk management, up from 36% in 2021 to 58% in 2022 for the 13 jurisdictions with the exception of South Korea. The climb in the disclosure rate can be attributed to the increased adoption of the Task Force on Climate-Related Financial Disclosures (TCFD) framework where the disclosure of integrating climate-related risks into overall risk management is one of the reporting components. At the same time, the findings suggest that compared to a year ago, companies are increasingly readjusting their business strategies and models to mitigate current climate issues and evolving stakeholder as well as regulator expectations.

Setting science-based net zero targets remains a challenge

Over nine in 10 companies studied (92%) disclosed sustainability targets in 2022. However, among them, only 51% have disclosed net zero targets. A lesser 42% reported that their net zero targets are based on the Science-Based Targets initiative (SBTi) framework with only 16% reported having their targets verified by SBTi, which is important for companies to demonstrate that they have in place a science-based pathway for their business to reach net zero. Considering that the majority of the Asia Pacific jurisdictions examined in this study have committed to achieving net zero between 2050 to 2070, the results suggest the need for greater alignment between companies' climate goals and actions with their national sustainability agenda.

More effort required around Scope 3 emission measurement

The measurement of Scope 1 (direct emissions from a company) and Scope 2 (indirect emissions from electricity purchased and used) emission measurements are found to be reaching maturity with a significant 80% of companies studied having disclosed their Scope 1 and Scope 2 greenhouse gas (GHG) emission. However, a lesser 50% of companies studied disclosed their Scope 3 (indirect emissions from a company's value chain) GHG emissions. Among companies that disclosed Scope 3 GHG emission, only 5% reported having carried out a comprehensive level of disclosure which is essential for understanding the fuller picture of a company's carbon emission

and effectively influencing change across their value chain.

Sustainability upskilling for board and management remains on the low side

36% of companies studied reported their board of directors or management have attended or received sustainability training in 2022, up from 24% in 2021. While there is progress made, the rate remains low and points to the need for sustainability upskilling at the leadership level for them to effectively carry out their roles in overseeing the company's sustainability strategy, progress and governance.

The state of sustainability reporting assurance

With regards to providing stakeholders with credible information on the company's sustainability performance to engender confidence in their business, the study saw an increase in companies obtaining external assurance from an independent party for their ESG disclosures, up from 37% in 2021 to 49% in 2022. Considering that three-quarters of investors polled in a [recent Global Investor Survey by PwC](#) indicated that their confidence in sustainability reporting would receive a bigger boost if it were assured at the same level as the company's financial statement, businesses would do well to build a higher degree of credibility around their sustainability reporting through obtaining external assurance.

The road ahead for sustainability reporting

The report highlights top challenges facing businesses around sustainability reporting, and includes the developments of key sustainability reporting standards and frameworks that preparers of sustainability reports need to keep an eye on and navigate.

Fang Eu-Lin, Sustainability and Climate Change Leader, PwC Singapore, said:

“The challenges businesses face around the interoperability of key sustainability reporting standards, and across multiple jurisdictions, will require companies to develop a strategic roadmap and an operationalisation plan, while prioritising assurance in sustainability reporting to address rising expectations from investors and stakeholders.”

Notes to editors

1. This study focuses on the top 50-listed companies by market capitalisation across 14 selected jurisdictions in Asia Pacific, namely: Australia, China, Hong Kong, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand, Vietnam. A total of 700 listed companies were studied, spanning 11 industries: communication services, consumer discretionary, consumer staples, energy, financials, healthcare, industrials, information technology, materials, real estate, and utilities. The companies are identified as those listed on stock exchanges worldwide, i.e., Australian Securities Exchange, Bombay Stock Exchange, Bursa Malaysia, Hanoi Stock Exchange, Ho Chi Minh Stock Exchange, Hong Kong Stock Exchange, Indonesia Stock Exchange, Korea Stock Exchange, New Zealand Stock Exchange, The Philippine Stock Exchange, Shanghai Stock Exchange, Shenzhen Stock Exchange, Singapore Exchange, Stock Exchange of Thailand, Taiwan Stock Exchange, Tokyo Stock Exchange. The information reviewed was based on the latest sustainability reports and annual reports available in January 2023. Only companies whose sustainability reports are communicated in English are included.
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At PwC, our purpose is to build trust in society and solve important problems - this is at the core of everything we do from the value we provide to our clients and society to the decisions we make as a firm.

Our services started with audit and assurance over a century ago. As times change and the issues faced by businesses and individuals evolved, we have developed specialised capabilities in tax, advisory and consulting to help you

address emerging new challenges across focus areas like ESG, sustainability and climate change, digital transformation, cyber security and privacy, data, mergers and acquisitions, and more.

In Singapore, we have more than 3,500 partners and staff to help resolve complex issues and identify opportunities for public, private and government organisations to progress. As part of the PwC network with nearly 328,000 people in 152 countries, we are among the leading professional services networks in the world focusing on helping organisations and individuals create the value they are looking for.

About Centre for Governance and Sustainability (CGS)

The Centre for Governance and Sustainability (CGS) was established by the National University of Singapore (NUS) Business School in 2010. It aims to spearhead relevant and high-impact research on corporate governance and corporate sustainability issues that are pertinent to institutions, government bodies and businesses in Singapore and the Asia-Pacific. Spearheading thought leadership, CGS conducts public lectures, industry roundtables, and academic conferences on topics related to governance and sustainability. CGS is the national assessor for the corporate sustainability and corporate governance performance of listed companies in Singapore. In tandem with growing demands from consumers and investors that financial returns are achieved with integrity, backed with environmental and social considerations, CGS has a slew of research focusing on sustainability reporting in Asia Pacific, sustainable banking, nature reporting, and climate reporting in ASEAN. More information about CGS can be accessed at <https://bschool.nus.edu.sg/cgs/>

NUS Business School is known for providing management thought leadership from an Asian perspective, enabling its students and corporate partners to leverage global knowledge and Asian insights.

The School is one of the 16 faculties and schools at NUS. A leading global university centred in Asia, NUS is Singapore's flagship university which offers a global approach to education, research and entrepreneurship, with a focus on Asian perspectives and expertise. Its transformative education includes a broad-based curriculum underscored by multi-disciplinary courses and cross-faculty enrichment. Over 40,000 students from 100 countries enrich the community with their diverse social and cultural perspectives.

For more information, please visit bschool.nus.edu.sg, or go to the [BIZBeat](#) portal which showcases the School's research.

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