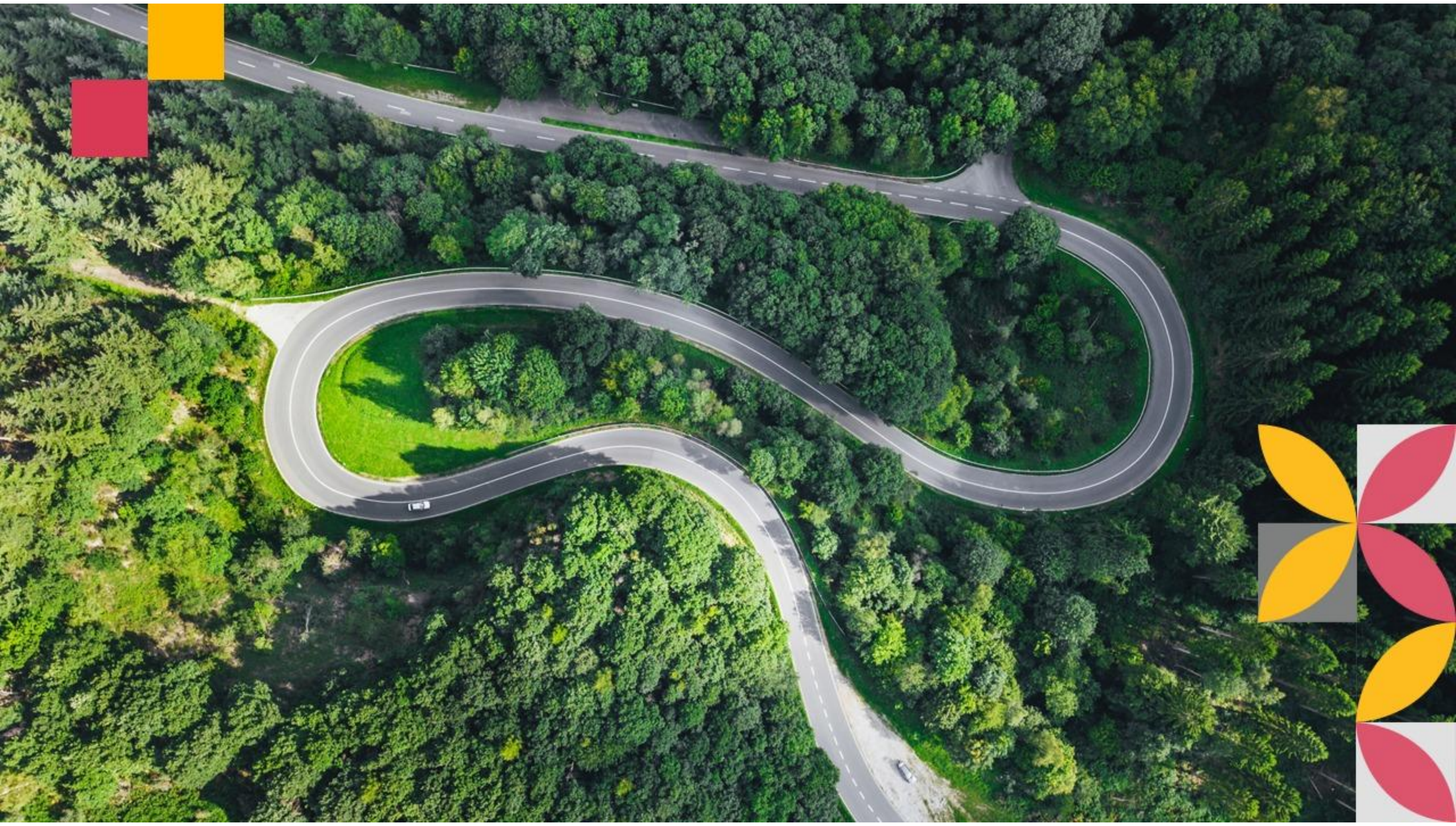


Dec 23, 2024 09:45 +08

Strong net zero commitment among Asia Pacific companies with improved GHG emissions disclosures: PwC and NUS Business School

Majority on path to underpin commitments with verified science-based targets

- Of the 700 companies studied: 53% (371 companies) have set net zero commitments, up from 47% (329 companies) from last year's report

- 37% of these 371 companies with net zero targets have described their targets as science-based, but only 18% have had their net zero targets verified by the Science Based Target initiative (SBTi)
- 63% of 650 companies[1]disclosed Scope 3 emissions, up from 50% of 700 companies from last year's report; however, most offered minimal category[2] breakdowns
- Of the 638 companies that described their approach to materiality, 51% stated that they adopted the double materiality approach – a concept that combines both impact materiality and financial materiality
- While close to half of the 357 companies, which carried out climate scenario analysis, disclosed both quantitative and qualitative scenarios (at 45%), a similar proportion (46%) have disclosed only qualitative climate scenarios, suggesting that quantifying climate-related risk remains a work in progress
- 62% have included sections on nature and biodiversity, although only 7% referred to the Taskforce for Nature-related Financial Disclosure (TNFD) framework for their nature and biodiversity reporting

For immediate release, SINGAPORE, 23 December 2024 –– The third edition of the study, Sustainability Counts III: Sustainability Reporting in Asia Pacific, released by PwC Singapore and the Centre for Governance and Sustainability (CGS) at the National University of Singapore (NUS) Business School, revealed both progress and challenges in the region's sustainability reporting. While more Asia Pacific companies have set net zero targets, only 18% underpin these ambitions with targets verified by the Science-Based Target initiative (SBTi)[3]. There is also a recognition that existing standards and guidance are undergoing reviews and updates. The SBTi is in the process of reviewing the Corporate Net-Zero Standard, and similarly, the GHG Protocol has conducted surveys to inform the scope of updates for its standards and guidance.

The study also found an increase in the disclosure of Scope 3 emissions[4], though greater room for more information on relevant Scope 3 emissions categories remains. With global attention on climate action, the study – which reviewed the reports of the top 50 listed companies across 14 Asia Pacific jurisdictions[5]– sheds light on the state of sustainability reporting in the region.

ProfessorLawrence Loh, Director, Centre for Governance and Sustainability at

***NUS Business School**, said,*

"While Asia Pacific companies have made significant strides in sustainability reporting, particularly with the notable growth in Scope 3 emissions disclosure, substantial gaps remain in verification and transparency. Few companies have validated their net-zero targets through the Science-Based Targets initiative, emphasising an urgent need for greater accountability. Echoing COP29's emphasis on urgent climate action, our findings highlight the critical need for robust governance frameworks and actionable climate strategies to drive sustainable development across the Asia Pacific."

Other key findings from the study include:

Companies applying double materiality lens

This year's study further examines the materiality assessment approach, whether it is impact materiality, financial materiality or double materiality. 51% of companies stated that they adopted the double materiality approach – a concept that combines both impact materiality and financial materiality - followed by the impact materiality approach (18%), indicating that companies not only focus on their financial viability, but also their impact on the society and environment.

Companies built more "muscles" in identifying climate-related risks and opportunities, but quantification of such risks remains underway

Across Asia Pacific, 81% of 650[6] companies studied have disclosed their process for managing climate-related risks and/or opportunities, an increase from 74% of 700 companies from last year's report. Furthermore, out of 13 jurisdictions, nine have seen an increase in disclosures of the process for managing climate-related risks and opportunities compared to last year's report.

While there's a growing demand for companies to quantify the impacts of potential climate scenarios - in addition to providing qualitative analysis – the report found that nearly half (45%) of 650 companies that carried out climate scenario analysis have disclosed both quantitative and qualitative scenarios. Meanwhile, a similar half (46%) have disclosed only qualitative scenario analysis. This is indicative that developing and disclosing a quantitative scenario analysis presents several challenges, including a lack of accurate and comprehensive data on climate impacts, emissions, and financial metrics, which may be difficult to obtain.

Nature and biodiversity reporting making healthy appearance, but TNFD framework application remains at the nascent stage

Nature and biodiversity issues are increasingly important as part of an organisation's non-financial disclosures, especially as the link between nature and climate becomes better understood. Although over half (62%) of companies studied have included sections on nature and biodiversity in their sustainability report, only 7% disclosed that they currently refer to the TNFD framework for their nature and biodiversity reporting, while 11% plan to align with it in the future.

Progress in disclosure of Scope 3 emissions despite complexities

The study reveals an increase in the disclosure rate for Scope 1 and Scope 2 emissions, which has risen from 80% of 700 companies in the previous year to 88% of 650 companies[7]this year for both areas. Although the disclosure rate for Scope 3 emissions remains lower, it has shown notable improvement, climbing from 50% to 63%[8]. Despite these advancements, many companies still focus on disclosing their Scope 3 emissions in less complex areas, such as business travel.

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

"We seem to have built strong 'muscles' across several areas including sustainability governance, identification of sustainability material topics, identification of climate risks and opportunities and making a good start in acknowledging nature and climate dependencies and impacts. We will need to continue building 'muscles' in better climate risks quantification, Scope 3 comprehensiveness, and application of the TNFD, as we get better data and insights."

Progress in boards' responsibility and sustainability performance-linked remuneration disclosures

The study highlights continued improvements in sustainability reporting, with

86% of companies now disclosing the boards' responsibility for sustainability, reflecting increased governance as jurisdictions mandate climate-related disclosures. Furthermore, 42% of companies have tied executive remuneration to sustainability performance or targets, up from 33% from last year's report, showing stronger alignment of leadership incentives with sustainability goals. However, only 6% of companies have disclosed a specific percentage of remuneration linked to climate performance or targets, falling short of recommendations under IFRS S2 Climate-related Disclosures.

Stakeholder demand driving up sustainability assurance

The demand for reliable sustainability information, such as from investors, has led to an increase in external assurance of sustainability reports. The study shows that 60% of companies sought external assurance, up from 49% from last year's report, despite assurance regulations only commencing in later years. However, 78% of companies with external assurance have only sought limited or moderate assurance, indicating room for improvement in the robustness of assurance practices. As investors seek greater clarity and consistency, more jurisdictions are considering or mandating assurance over sustainability information, with plans to progress towards reasonable assurance.

------------------------------Ends---------------------------

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, Chinese Mainland, Hong Kong SAR, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam. A total of 700 listed companies were studied.
2. The information reviewed was based on the latest sustainability reports and annual reports available in May 2024. Only companies whose sustainability reports are communicated in English are included.
3. The companies included in the Sustainability Counts series may vary over the three-year period, as the top 50 companies in each jurisdiction are selected based on the most up-to-date market capitalisation at the start of each study. As a result, this may

affect year-on-year comparability.

4. Due to the recent implementation of climate reporting regulations in New Zealand and the typical financial year-end for companies there, the 2024 New Zealand results have been excluded from Figures 10 to 21 in the report, as they provide less meaningful data for analysis.

Media contacts

Siew Ling Ong

Mobile: +65 8729 0562

Email: siew.ling.ong@pwc.com

Verlynn Heng

Mobile: +65 8125 1483

Email: verlynn.wy.heng@pwc.com

Natalie Law

Assistant Manager, Corporate Communications
NUS Business School
Tel: +65 6601 1206
Email: natalielaw@nus.edu.sg

Frank Chua

Assistant Senior Manager, Corporate Communications
NUS Business School
Tel: +65 6601 2469
Email: frank.c@nus.edu.sg

About PwC

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 over 370,000 people in 149 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 NUS Business School

The National University of Singapore (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 has consistently received top rankings in the Asia-Pacific region by independent publications and agencies, such as The Financial Times, Economist Intelligence Unit, and QS Top MBA, in recognition of the quality of its programmes, faculty research and graduates.

The school is accredited by AACSB International (Association to Advance Collegiate Schools of Business) and EQUIS (European Quality Improvement System), endorsements that the school has met the highest standards for business education. The school is also a member of the Graduate Management Admission Council (GMAC), Executive MBA Council, Partnership in Management (PIM) and CEMS (Community of European Management Schools).

For more information about NUS Business School, please visit bschool.nus.edu.sg

The Centre for Governance and Sustainability (CGS) at the NUS Business School was established in 2010. It aims to spearhead high-impact research on corporate governance and sustainability in Singapore and the Asia-Pacific and serves as the national assessor for the corporate sustainability and 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 bschool.nus.edu.sg/cgs/

[1] Data for New Zealand (50 companies) in this aspect has been excluded as they are less meaningful for analysis, due to the only recent implementation of the country's climate reporting regulations and the typical financial year-end for companies there.

[2] Minimal category refers to disclosing 1 to 5 categories of Scope 3 emissions, out of 15 categories in total as defined by the Greenhouse Gas Protocol.

[3] Science-based Target initiative (SBTi) develops standards and guidance in setting greenhouse gas (GHG) emissions reduction targets. Verification of net zero targets under the SBTi ensures that companies' climate goals are in alignment with the latest climate science, specifically the Paris Agreement's target to limit global warming to 1.5°C.

[4] Scope 1 emissions refer to direct emissions generated from the company's owned and controlled sources, Scope 2 emissions are those indirectly generated through the company's purchased energy, while Scope 3 emissions refer to indirect emissions generated through an organisation's value chain.

[5]Australia, Chinese Mainland, Hong Kong SAR, India, Indonesia, Japan,

Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam

[6]Data for New Zealand (50 companies) in this aspect has been excluded as they are less meaningful for analysis, due to the only recent implementation of the country's climate reporting regulations and the typical financial year-end for companies there.

[7] Data for New Zealand (50 companies) in this aspect has been excluded as they are less meaningful for analysis, due to the only recent implementation of the country's climate reporting regulations and the typical financial year-end for companies there.

[8] The figure 50% is upon a base of 700 companies while the figure 63% is upon a base of 650 companies (excluding New Zealand). See footnote 7.

About PwC

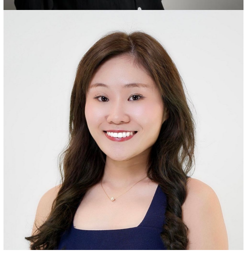
At PwC, our purpose is to build trust in society and solve important problems - this is at the core of everything we do from the value we provide to our clients and society to the decisions we make as a firm.

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 over 370,000 people in 149 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.

Contacts

Siew Ling Ong
Press Contact
Manager, Brand and Communications
siew.ling.ong@pwc.com



Verlynn Heng
Press Contact
Senior Associate
Brand & Communications
verlynn.wy.heng@pwc.com
81251483