



The time has come

Australian supplement

Global Sustainability Reporting Survey

1 December 2020

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Reporting themes

The 11th edition of KPMG’s Sustainability Reporting Survey spotlights three major themes:

- 1) Reporting on the risks of biodiversity loss
- 2) Reporting on climate-related risk and carbon reduction (See KPMG’s Global Toward Net Zero and Australian Climate Risk Supplement)
- 3) Reporting on the UN Sustainable Development Goals (SDGs)

This document is a supporting supplement to *The Time Has Come: The KPMG Survey of Sustainability Reporting 2020* which provides a deep dive into sustainability reporting themes in Australia.

This supplement demonstrates that the level and quality of ASX100 reporting has improved over the last three years. Sustainability reporting in Australia is now an expectation, with the number of ASX100 companies reporting on Sustainability on-par with the G250. However the ASX100 have some way to go in using sustainability reporting frameworks and obtaining external assurance over sustainability information.

Sample definitions

The **N100** is the worldwide sample of 5,200 companies across 52 countries. These N100 statistics provide a broad-based snapshot of sustainability reporting across the world.

The **G250** refers to the world’s 250 largest companies by revenue based on the Fortune 500 ranking. Large global companies tend to lead in sustainability reporting and are a useful gauge for broader trends that are often later adopted more widely. The G250 comprises of larger companies in market capitalisation than the N100.

The **ASX100** refers to the largest 100 companies in Australia based on market capitalisation. The reporting of these companies represents the leading practice for reporting in Australia.

Top Sectors in the ASX100



Mining
(13 companies)



Financial Services
(10 companies)



Travel & leisure
(10 companies)



Construction & materials
(7 companies)



Other (Software, healthcare, real-estate investment, banking, insurance)
(37 companies)

Overall reporting

Most of the world’s largest companies report on sustainability. 96% of the G250 and 80% of the N100 report on sustainability. Within the ASX100, the percentage of companies reporting on sustainability has increased to 98% in 2020, up from 93% in 2017. **Sustainability reporting is now an expectation.**

Where companies report

Within the **ASX100, it is most common to report sustainability information in the Annual Report (92%)**, reflecting the trend that sustainability information is being elevated and informs broader business performance. This is ahead of the G250, where the number of companies with sustainability information in the annual report is 76%. Only 7% of ASX100 report solely in a stand-alone report, meaning that most companies now include some sustainability information in the annual/financial report.

Companies that report on sustainability





Sustainability frameworks and assurance

Sustainability frameworks

The percentage of ASX100 companies using frameworks to inform their reporting has increased substantially from 2017 to 2020, however, Australia has fallen behind in the use of frameworks.

66% of ASX100 companies now report in accordance with the GRI framework, up from 42% in 2017. Globally, the GRI is also one of the top frameworks, with 73% of companies in the G250 and 67% of the N100 reporting against this framework.

Australia falls slightly behind the G250 and N100 in integrated reporting with 22% of the G250 and 16% of the N100 labelling their report as integrated. Use of integrated reporting principles continues to expand, within the Australian market, 13% of ASX100 companies in 2020 labelled their report an integrated report, while 8% of the ASX100 follow the International <Integrated Reporting> Framework.

The number of companies connecting their activities to the SDGs has also improved dramatically, having increased to 67% of the ASX100 in 2020, up from 29% in 2017. This is on-par with the 72% of G250 companies and the 69% of N100 companies who use the SDGs.

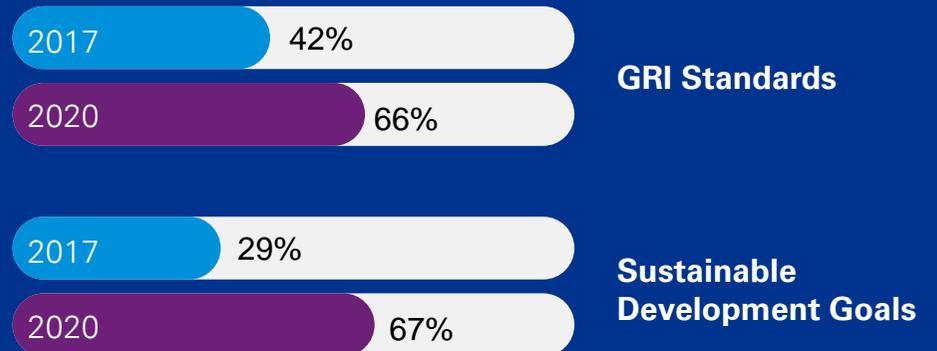
Assurance

56% of the ASX100 companies have their sustainability information externally assured. This is up from 43% in 2017. The levels of assurance in the ASX100 is higher than the N100, where 51% of companies have external assurance, however Australia falls behind the G250, where 71% of companies have their sustainability information externally assured.

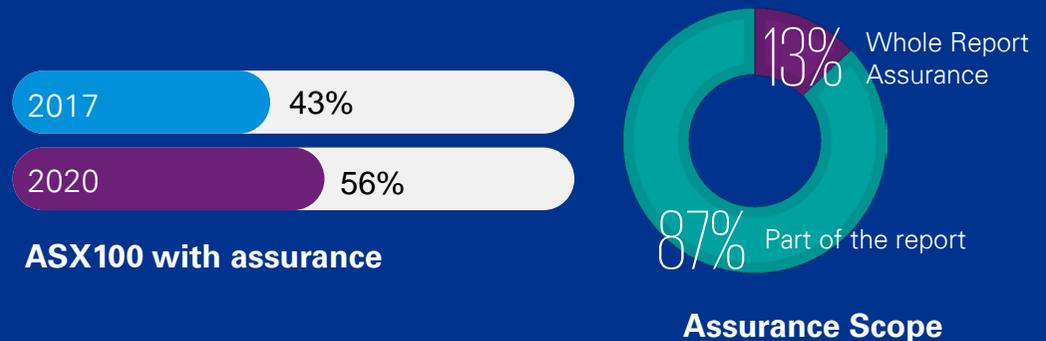
It is most common to have assurance over specific sustainability indicators; however, companies are increasingly obtaining assurance over the entire report. Limited assurance continues to be the most common level of assurance with 82% of companies who receive assurance choosing limited over reasonable assurance.

Of the largest sectors in the ASX100, Mining has the highest rate of assurance with 69% of Mining companies obtaining external assurance. This is followed by Financial Services (50%), Travel & Leisure (60%), and Construction & Materials (43%)

ASX100 companies using frameworks to inform sustainability reporting



ASX100 companies with external assurance over sustainability information and scope of assurance





UN Sustainable Development Goals (SDGs) and Biodiversity

SDGs

The most commonly linked SDG is Climate Action, followed by Decent Work and Growth and gender equality. Gender equality is prioritised more highly by the ASX100 than Global N100 companies.

Biodiversity related metrics (life on land and below water) are prioritised more highly in Australia than elsewhere in the world, however this awareness does not appear to translate into companies acknowledging their business activity's impacts on biodiversity, or biodiversity risk.

Overwhelmingly, communication on SDGs focuses on positive impacts of business activities rather than providing a balance of positive and negative impacts on the SDGs. Only 33% of ASX100 companies report positive and negative impacts on the SDGs.

SDGs most and least prioritised by the ASX100

Most Prioritised (>50% of companies)	Least Prioritised (<30% of companies)
 <p>75% Take urgent action to combat climate change and its impacts</p>	 <p>6% End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>
 <p>69% Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	 <p>16% Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>
 <p>63% Achieve gender equality and empower all women and girls</p>	 <p>25% End poverty in all its forms everywhere</p>

Base: 64 companies who identify the most relevant SDGs to their business.

Leading and lagging sectors on biodiversity risk

	ASX100	N100
Construction and materials	29%	25%
Mining	46%	51%
Food and Beverages	None	36%
General Retailers	None	20%

Biodiversity

Biodiversity was included in the Survey of Sustainability Reporting for the first time in 2020. In July 2020, a working group for the Task Force for Nature-related Financial Disclosures was announced, with launch predicted for 2022-23. KPMG expects nature and biodiversity related disclosures to only grow.

28% of at-risk companies in the G250 and 23% of the N100 reported that biodiversity loss was a risk their business. While only 17% of ASX100 at-risk companies believe that biodiversity loss is a risk to their business.

In Australia, sectors that are likely to be impacted by biodiversity loss, such as food and beverage are **lagging** behind in reporting and understanding how their business will be impacted by biodiversity. Conversely, industries such as construction and materials and mining are **leading** in Australia on acknowledging the risk of biodiversity loss, and performing close to on-par with global companies in these sectors. Both in Australia and globally, Mining is the top sector reporting the risks of biodiversity loss. 28% o

Base: 65 ASX100 companies in sectors considered to be high or medium risk from biodiversity loss.



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