KPMG

# Big shifts, small steps

## Survey of Sustainability Reporting 2022

KPMG International | October 2022

# Contents

# About the survey

**Welcome to KPMG's biennial Survey of Sustainability Reporting 2022**

First published in 1993, this 2022 survey marks the twelfth edition, examining sustainability reporting trends around the world. Over the past two decades, sustainability reporting has been largely voluntary, so the purpose of this survey was to offer meaningful insights about how to improve levels of disclosure by business leaders, sustainability professionals, and company boards. Today, we are on the precipice of adopting mandatory and regulated sustainability reporting and the reporting landscape is poised to change drastically. The findings in this report reflect on the current state of reporting today, the gaps that should be filled to meet regulatory requirements and the overarching business strategy considerations that can allow companies to meet increasing regulatory expectations while still creating impact and generating value.

This is our most extensive survey to date, with five new member firms contributing to the research: Estonia, the Philippines, Uruguay, Venezuela and Vietnam. While Chile and Israel return to the survey after not reporting in 2020, Ecuador — a 2020 participant — has not participated this time. KPMG professionals analyzed financial reports, sustainability and Environmental, Social and Governance (ESG) reports, and websites for 5,800 companies in 58 countries, territories, and jurisdictions. The survey provides information and insights for those preparing their own organization's sustainability report, as well as for investors, asset managers and ratings agencies who now factor sustainability and ESG information into their corporate performance and risk assessments.

The 2022 survey includes a number of new topics, including the use of materiality assessments, reporting on social risks, and reporting on governance risks.

**Visit home.kpmg/sustainabilityreporting for more information about the survey and to explore the data in more detail using an interactive online tool.**

# Foreword

As business owners and professionals, we know that what gets managed gets measured.

Today's corporate sustainability reporting requirements provide solid frameworks that make reporting consistent and relative, as well as enable us to measure and compare our impacts and outcomes. Established requirements like GRI have traction, and new and emerging frameworks such as the TNFD are necessarily expanding the reporting landscape. Leading practices and lessons learned accelerate our capabilities to maximize the frameworks effectively and efficiently. Together, these tools help us achieve our shared goal of greater consistency and consolidation in this reporting realm.

But it can't be just a casual tick-the-box exercise.

Companies need to continue to make urgent progress with ESG reporting in a way that supports their short-term and long-term business objectives. A robust sustainability reporting ecosystem will help businesses not only measure progress on executing their ESG strategy, but also support businesses in driving value while mobilizing capital markets to help support innovative and much-needed solutions to the many societal issues we face.

Corporate sustainability reporting can — and should — start driving a different conversation such that business owners stretch their thinking and ensure, from the top down, leadership across our organizations are making principled and strategic decisions that take the climate, as well as broader ESG considerations, into greater and sustained account. These HQ conversations become less about what a company 'must' do (comply) and more about what a company 'wants' to do (bring change). This is a good thing.

And it's not free.

Without question, this modern and holistic approach will include sustained discretionary spending with ESG remaining a line item on the annual financial plan. Company leaders should budget the required human and financial resources to face our global ESG predicaments head-on — with grit and zeal — continuously. There is no one-and-done. This is a long-term commitment; an annual expenditure we should get comfortable with if we genuinely intend to effect real change within and across our borders.

With significant concerns of the changing climate, increased conflict, rising inflation subsequently escalating the cost of living, and the looming threat of another recession in less than two decades, this has become a critical intersection for leaders. Those with vision and an unyielding focus on the future will likely seek and embrace business opportunities for long-term value creation in a purpose-led, sustainable, low-carbon economy.

We have tools. We have knowledge and awareness. We have responsibility. Let's commit.

**John McCalla-Leacy**
Head of Global ESG
KPMG International and Partner,
KPMG in the UK

# Glossary

**CSRD:**
Corporate Sustainability Reporting Directive

**ESG:**
Environmental, social and governance

**EU:**
European Union

**G250:**
World's 250 largest companies by revenue based on the 2021 Fortune 500 ranking

**GRI:**
Global Reporting Initiative

**IPCC:**
Intergovernmental Panel on Climate Change

**ISSB:**
International Sustainability Standards Board

**N100:**
Worldwide sample of the top 100 companies by revenue in 58 countries, territories and jurisdictions

**SASB:**
Sustainability Accounting Standards Board

**SDG:**
United Nations Sustainable Development Goals

**TCFD:**
Task Force on Climate-related Financial Disclosures

**TMT:**
Technology, media and telecommunications

**TNFD:**
Taskforce on Nature-related Financial Disclosures

**US SEC:**
United States Securities and Exchange Commission

# Big shifts, small steps

The survey's title 'Big shifts, small steps' acknowledges the many ways in which the world has changed over the past 2 years. Regulators and non-profit standard-setters around the world have taken significant action around non-financial disclosure during this period, as shown below. More importantly, corporations are evolving in real time with shifting priorities in the world around them. Events like the IPCC 'Code Red for Humanity' report, the COVID-19 pandemic, the Black Lives Matter movement, and the Russian government's invasion of Ukraine have drawn strong reactions from the public, but now the public expects corporations to react to such events as well.

Over the past 3 decades, our surveys have shown that sustainability reporting has become an accepted part of disclosure and transparency for many large companies, with a continued uptake of sustainability reporting globally and increasing integration into mainstream financial reporting. With this increased transparency comes greater accountability for action around reducing carbon emissions, halting biodiversity loss, and tackling societal inequality. Yet, this work is challenging and growth in reporting has slowed as companies focus inward, assessing the investment necessary to mitigate their risks and take advantage of the opportunities that have come to light.

## March 2021

Sustainable Finance Disclosure Regulations (SFDR) go into effect for asset managers and financial advisers operating in the EU

## April 2021

European Commission adopts the CSRD proposal, which will require large companies to report on social and environmental impacts starting in 2024

## October 2021

- GRI standards updated

## November 2021

- IFRS® Foundation announces the formation of its global reporting standardization initiative through the ISSB.
- UK Financial Conduct Authority releases Sustainability Disclosure Requirements discussion paper
- Hong Kong Stock Exchange publishes mandatory climate disclosure guidance

## December 2021

- Singapore Stock Exchange issues mandatory disclosure recommendations on climate and board diversity
- The European Commission published the first delegated act on sustainable activities for the first two environmental objectives of the EU Taxonomy

## February 2022

- The EU adopts a proposal for a Directive on Corporate Sustainability Due Diligence with rules for companies to respect human rights and the environment in their global value chains
- Targeted revisions issued for the CSRD proposal

## March 2022

- US SEC announces climate disclosure proposal
- ISSB releases exposure draft for public commentary

## April 2022

- European Financial Reporting Advisory Board issues exposure draft of the European Sustainability Reporting Standard (ESRS) for public commentary

## June 2022

- China's voluntary Guidance for Enterprise ESG Disclosure takes effect
- Johannesburg Stock Exchange publishes guidance documents on voluntary sustainability and climate change disclosure
- Council of the EU and European Parliament reach agreement on CSRD

Note: This timeline is intended to provide a sample of developments in non-financial disclosure and is not intended to be provide a complete or comprehensive view.

# What can you do?

The world is facing complex climate, social and geopolitical issues and addressing ESG priorities is more important than ever.

As we publish this edition, the looming threat of a recession is raising concerns that ESG issues may be put on the back burner in favor of financial survival. But the world has changed since the last recession and ESG provides insights into the long-term sustainability of a business. The COVID-19 pandemic placed a spotlight on the need for business resiliency and disclosure is necessary to communicate how you are prepared for the future. The findings in this report provide a roadmap to the following key trends you should know as you plan your approach to ESG reporting. We have seen much progress over the past few years in climate-related reporting — the E in ESG — but this now needs to translate to social and governance. Companies continue to find it challenging to strike a balance in sustainability reporting, with a continued slant towards positive reporting and qualitative descriptions of impact and limited insight into the impact of the environment and society on the business itself. Companies must find a way to address both their positive and negative impacts.

Uncertainty has become the new normal for businesses and our advice to business leaders is to prepare now on sustainability reporting as change is coming at a rapid pace.

**In light of the trends highlighted in this survey, here are some tangible ways businesses can begin to navigate the sustainability reporting landscape:**

- **Understand stakeholder expectations using stakeholder materiality assessments to inform your business strategy and prioritize your focus.**
- **Determine strategic imperatives against key ESG topics and define key metrics, considering impending regulations.**
- **Establish a cross-functional governance structure to collect, report and approve sustainability and ESG information.**
- **Consider investing in quality non-financial data management, including documenting process and testing controls over the information, or system implementation.**

**Each company's sustainability reporting journey will be unique. Whether you report on climate-risk or biodiversity, align with the SDGs or SASB, or choose to report on 10 or 100 metrics, a successful program will comply with mandatory reporting rules, accurately and reliably reflect the material impacts the company has on the environment and society, and effectively describe how the company integrates ESG risks and opportunities into its business strategy. As we continue to see big shifts, you can be confident that KPMG is ready to walk alongside you as you take your next steps.**

# About the lead authors

## John McCalla-Leacy

Head of Global ESG
KPMG International and Partner,
KPMG in the UK

John has more than 20 years of experience in senior and leadership roles at KPMG, and is a strong external advocate for the 'S' in ESG driving inclusion, diversity, and social equality outside of the firm. John is very experienced in leading rapid, complex change. He is a former senior leader within KPMG's Global Center of Excellence Mergers & Acquisitions team. To date, he has led both the overall and technology aspects of some of the largest multi-billion-dollar client mergers, acquisitions and divestments that KPMG has ever supported across multiple sectors and geographies.

John focuses on inspiring and driving rapid ESG-related change for KPMG firms and their clients.

## Jennifer Shulman

Global Lead for the ESG Advisory Hub,
KPMG International and Partner,
KPMG in Canada

Jennifer works at the intersection of economics, finance and ESG. She has more than 20 years of experience helping clients with complex economic analyses, value and cost/ benefit issues in multiple settings, including ESG strategy and business transformation, ESG measurement and impact analysis, and ESG reporting.

Jennifer helps clients with multiple stakeholders to develop and implement funding and costing methodologies and strategies, thereby bringing together elements of economics, statistical modeling, cost accounting, and game theory.

## Richard Threlfall

Head of Global Infrastructure,
Government and Healthcare,
KPMG International

Richard is Global Head of Infrastructure, Government and Healthcare. He has almost 30 years of experience in policy, governance, strategy and financing, advising both public and private sector clients in the UK and overseas.

Richard has an extensive network of contacts across the infrastructure, transport, utility and construction markets and the related political, financial and legal communities, in the UK and internationally. He has a long-standing reputation for leading clients through complex and politically high-profile transactions and providing strategic, financial and governance advice.

Richard is Chair of the International Coalition for Sustainable Infrastructure, and KPMG's representative on the World Business Council for Sustainable Development.

# Executive summary

**96%**

of G250 companies report on sustainability or ESG matters

**64%**

of the G250 acknowledge climate change as a risk to their business

Less than half of companies report on

**biodiversity loss**

**GRI, TCFD and SDGs**

form the most commonly used anchors for sustainability reporting

TCFD adoption nearly doubled in 2 years, going from

**37% to 61%**

among the G250

**49%**

of the G250 acknowledge social elements as a risk to their business, with Western Europe as the leading region

**71%**

of N100 companies identify material ESG topics

Fewer than half of G250 companies have leadership level representation for

**sustainability**

## The 2022 survey findings indicate five major trends in sustainability reporting:

### 1. Sustainability reporting grows incrementally with movement towards the use of standards framed by stakeholder materiality assessments

The rates of sustainability reporting among the world's leading 250 companies are at an impressive 96 percent. Reporting rates are expected to grow as new regulation on non-financial reporting is introduced.

While there is still a need for global consistency in ESG reporting, existing standards have increased in usage. The GRI remains the most dominant standard used around the world, though some regions have a clear preference for SASB or local stock exchange guidelines.

For the first time, the survey looked at how many companies carry out materiality assessments, finding that around three-quarters across both the N100 and G250 use materiality assessments.

### 2. Increased reporting on climate-related risks and carbon reduction targets, in line with TCFD

The survey found that nearly three-quarters of companies report their carbon targets, although 20 percent do not disclose any link to an external target (such as a 1.5˚C scenario).

The number of companies reporting against TCFD has nearly doubled, leading to more consistent and comparable climate disclosure.

### 3. Growing awareness of biodiversity risk

2022 is a pivotal year for nature and biodiversity with international efforts stepping up to halt biodiversity loss. Despite growing awareness of biodiversity loss as a critical issue, less than half of companies recognize this loss as a risk to the business. On the positive side, most sectors now acknowledge this risk, even many of those that can be considered low risk. The launch of the TNFD and CSRD frameworks are expected to drive up reporting in the immediate years.

### 4. UN SDG reporting prioritizes quantity over quality

The majority of companies report on SDGs, with 10 percent of companies reporting against all 17 SDGs. Three SDGs remain the most popular for companies: 8: Decent Work and Economic Growth; 12: Responsible Consumption and Production; and 13: Climate Action.

### 5. Climate risk reporting leads, followed by social and governance risks

Since 2017, there has been a marked improvement in the number of companies that acknowledge climate change as a risk to their business. However, less than half of companies report on social and governance risks to their business. In general, the description of these risks are overwhelmingly narrative-driven and do not quantify the financial impact of these risks on companies or on society.

Sustainability continues to become a priority for company leadership but there is room for improvement. Only one-third of companies in the N100 have a dedicated member of their board or leadership team responsible for sustainability matters. Compensation conditions related to sustainability outcomes for leadership teams are prevalent for only 40 percent of G250 companies.

# Research samples: G250 and N100

**Our 2022 report is based on data from two different research samples: the G250 and the N100.**

The G250 refers to the world's 250 largest companies by revenue based on the *2021 Fortune 500* ranking. Large global companies tend to lead in sustainability reporting and provide a useful gauge for broader trends that are eventually adopted more widely.

The N100 refers to a worldwide sample of the top 100 companies by revenue in 58 countries, territories and jurisdictions researched in this study. These N100 statistics provide a broad-based snapshot of sustainability reporting.

See page 73 for more details of these research samples and the research methodology.

# Key global trends in sustainability reporting

# Global sustainability reporting inches closer to 100 percent among the world's largest companies

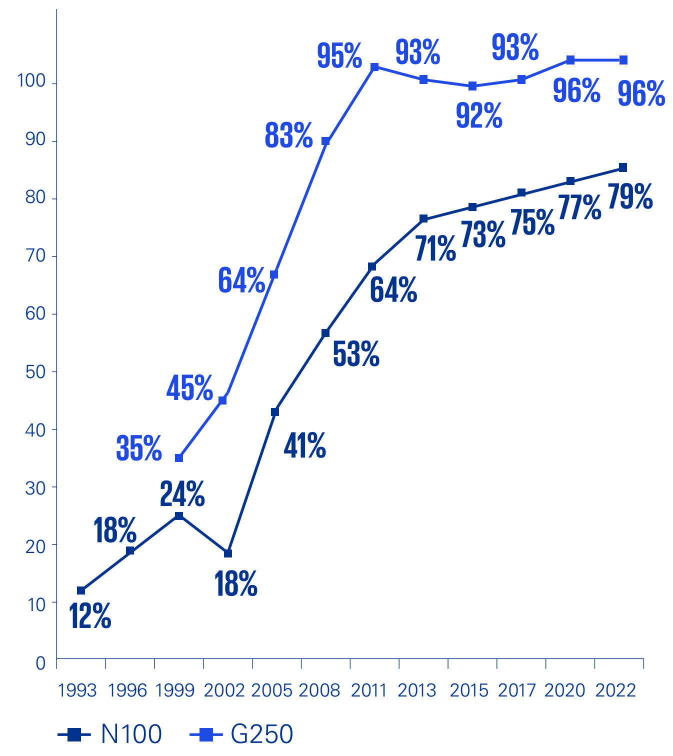
**Sustainability reporting has become standard practice for many companies, with steady growth over the past decade. Our survey shows that the N100 companies have continued to steadily increase their reporting rates with each global survey. Ten years ago, 64 percent of the N100 companies reported. In 2022, 79 percent of these companies report.**

Today, nearly all G250 companies report on sustainability. In 2022, the rate of reporting among the G250 remains at 96 percent, the same as 2020.

The only companies in the G250 that do not report on sustainability are in China; however, this is expected to change in the coming years. Reporting regulations were introduced in China from mid-2022, stipulating that listed Chinese companies must now disclose environmental and social information. The expectation is that the companies that have recently entered the G250 will report within the next 2 years.

For more than a decade, 90 percent or more of the G250 have reported on sustainability. The number of companies reporting since 2011 has fluctuated between 93 percent and 96 percent mainly due to the composition of companies in the G250.

## Figure 1: Global sustainability reporting rates (1993–2022)




Base: 5,800 N100 companies and 250 G250 companies

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

# Regional N100 reporting rates continue to trend upwards in Asia Pacific and Europe

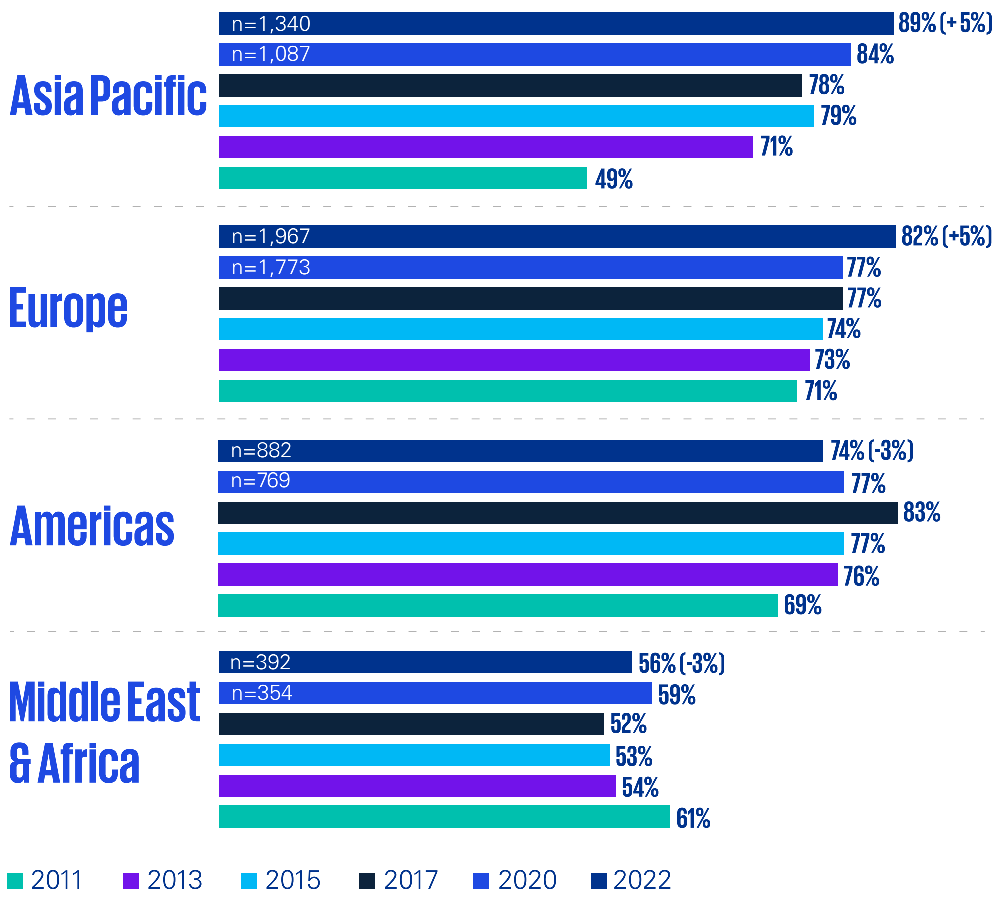
**The Asia Pacific region leads in sustainability reporting among the N100, with 89 percent of its companies undertaking sustainability reporting. This is followed by Europe (82 percent), the Americas (74 percent) and the Middle East & Africa (56 percent).**

Seven Asia Pacific countries, territories and jurisdictions have sustainability reporting rates higher than 90 percent: Japan (100 percent), Singapore (100 percent), Malaysia (99 percent), South Korea (99 percent), Thailand (97 percent), Taiwan (94 percent) and Pakistan (91 percent). New joiners — the Philippines and Vietnam — also have a high number of companies undertaking reporting (both at 87 percent).

Across Europe, we see an increase of 5 percentage points (from 77 percent in 2020 to 82 percent), likely influenced by pressure from regulators, investors and ESG analysts, and consumers. The pressure on companies to be more transparent is only expected to grow, with more regulatory activities, such as the CSRD, on the horizon.

As a whole, the Americas dipped 3 percent since 2020, to 74 percent. Specifically, the reporting rate in Latin America has declined steadily since 2017, dropping by 12 percent over the past 5 years (see following page); this is driven largely by the inclusion of new countries with lower reporting rates in the survey data. Likewise, we see a small decline in reporting across the data sample from the Middle East & Africa, from 59 percent in 2020 to 56 percent in 2022. North America remains the strongest reporter regionally with reporting rates among companies at 97 percent (see following page).

**Figure 2: Regional sustainability reporting rates (2011–2022)**

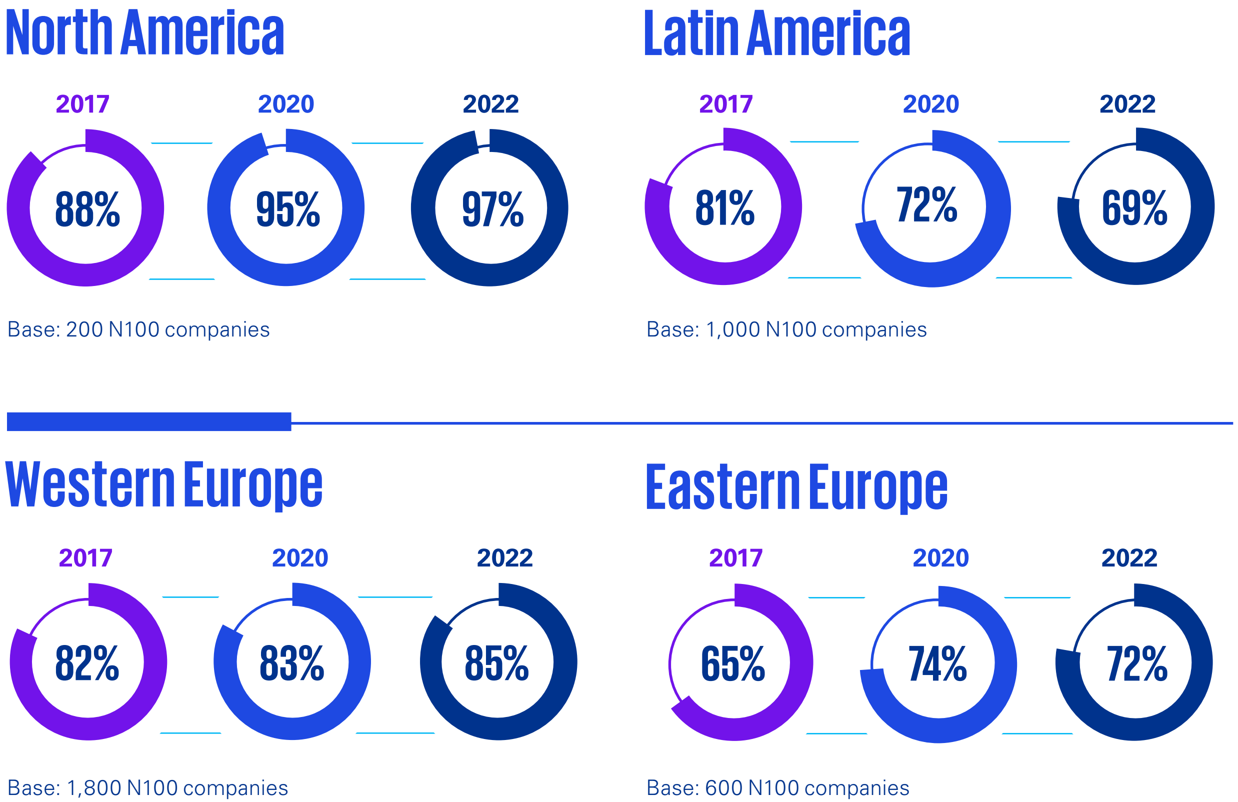



Base: 5,800 N100 companies

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

## Figure 3: Regional sustainability reporting rates (2017–2022)

The percentage of N100 companies that report on sustainability or ESG




Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

## Figure 4: Countries, territories and jurisdictions with sustainability reporting rates higher than 90 percent (2022)

**Significant growth seen in:** +39% Iceland · +22% UAE · +22% South Korea

| | 2020 | 2022 |
|---|---|---|
| Canada | 92% | 94% |
| Finland | 90% | 94% |
| France | 97% | 95% |
| Germany | 92% | 100% |
| Iceland | 52% | 91% |
| Ireland | 88% | 95% |
| Italy | 86% | 94% |
| Japan | 100% | 100% |
| Malaysia | 99% | 99% |
| Norway | 77% | 91% |
| Pakistan | 90% | 91% |
| Singapore | 81% | 100% |
| South Africa | 96% | 96% |
| South Korea | 78% | 99% |
| Spain | 98% | 95% |
| Sweden | 98% | 98% |
| Taiwan | 93% | 94% |
| Thailand | 84% | 97% |
| UK | 94% | 99% |
| US | 98% | 100% |

**Significant decline seen in:** -16% Mexico · -16% Argentina · -12% Turkey

Base: 5,800 N100 companies

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

# The view from:

## Iceland : +39% growth in reporting

The awareness of the importance of sustainability reporting is increasing in Iceland, as reflected by the growth in sustainability reporting from 2020 to 2022.

The increase is mostly due to the 2020 amendments in the *Act on annual accounts*. Consequently, a larger number of companies were obliged to disclose sustainability information in their annual financial accounts, including companies related to infrastructure. Increased pressure from investors and other stakeholders have also led to an uptake in reporting.

These statistics show that Icelandic companies have reached high levels of disclosure maturity. However, companies must now take the steps to manage their sustainability performance, integrate sustainability across operations, and take actions to meet their stated goals.

**Hafthor Aegir Sigurjonsson**
Head of Sustainability
KPMG in Iceland

## South Korea : +22% growth in reporting

Many of the leading Korean companies sought to incorporate ESG into their management in recent years, in response to the global sentiment and increased climate risk. The focus is now on quality disclosure of ESG goals and demonstrates company progress.

Other factors driving this are a notable preference among Korean consumers towards sustainable products and businesses, and the growth of ESG investments and, above all, action taken by the Korean government and regulatory agencies to enhance the quality of ESG disclosure in line with other global authorities.

The Korea Stock Exchange (KOSPI) announced that certain-sized companies listed on the KOSPI market are required to report on sustainability from 2025. This will be extended to include all companies by 2030. Now is the time for Korean companies to increase and improve the transparency and quality of their ESG information disclosure.

**Jeong-Hwan Hwang**
Sustainability Reporting Lead
Partner, ESG Center of Excellence
KPMG in Korea

## UAE : +22% growth in reporting

There has been a noticeable rise in sustainability reporting in the UAE, including reporting aligned with the Global Reporting Initiative standards. This is due to the UAE national agenda putting emphasis on ESG investment and sustainability reporting. Its numerous commitments and national vision reflect its leadership ambitions: UAE Net-Zero 2050, Abu Dhabi Vision 2030, UAE Energy Strategy 2050 and the UAE Vision 2021.

Companies are developing strategies and roadmaps to contribute to the agenda and sustainable development. An uptake in sustainability reporting enables companies to record, assess and publish their progress against national and individual criteria.

In 2023, the global climate summit, COP28, will be hosted in UAE. Companies of all sizes should increase their ESG disclosure over the coming year to support the UAE's efforts to be a global leader in ESG and climate action.

**Fadi Alshihabi**
Partner and ESG Leader,
UAE and Kingdom of Saudi Arabia
KPMG in Saudi Arabia

# The view from:

## China: 30% of G250 companies

There has been a positive trend in ESG reporting driven by the Chinese government's promotion of its carbon neutrality commitment and mandated requirements on ESG disclosures by both the Hong Kong (SAR) and mainland China stock exchanges. Consequently, many of our N100 companies prepare ESG disclosures to share their performance with stakeholders.

There is a seismic change coming in corporate reporting internationally, with a heightened focus on climate reporting and the adoption of global reporting frameworks. We expect further regulation on ESG disclosures in China to support the country's commitment to achieve carbon neutrality before 2060.

We are also seeing an increase in ESG assurance to assess the robustness and reliability of these disclosures. We encourage more Chinese companies to undertake ESG assurance to meet the growing demand for clear and transparent ESG disclosures for investors, regulators and stakeholders.

**Patrick Chu**
National Head of ESG Reporting, Measurement and Assurance
KPMG in China

## US: 28% of G250 companies

Not surprisingly, 100 percent of the N100 companies in the US provide ESG disclosures. While the reporting trend is not new, integration of ESG information in annual financial reports lays the groundwork for the level of rigor necessary to disclose ESG information alongside financial information.

If the SEC climate proposal is passed, nearly all publicly listed companies in the United States will be required to include climate-related information in the Form 10-K (the US annual financial report for public companies). In addition, human capital and cybersecurity disclosures are anticipated to be included.

For those who haven't started, it is important to begin to educate your disclosure teams on the new proposed requirements and simulate the inclusion of ESG information as part of the disclosure control process as the volume of information continues to grow.

**Maura Hodge**
ESG Audit Leader
KPMG in the US

# Asia Pacific region continues to dominate in presenting sustainability data in annual reports

With 60 percent of companies reporting in 2022, the number of N100 companies including sustainability information in their annual reports has stabilized since 2017.

Among the G250, however, we see a decrease of 8 percentage points since 2020 to 68 percent.

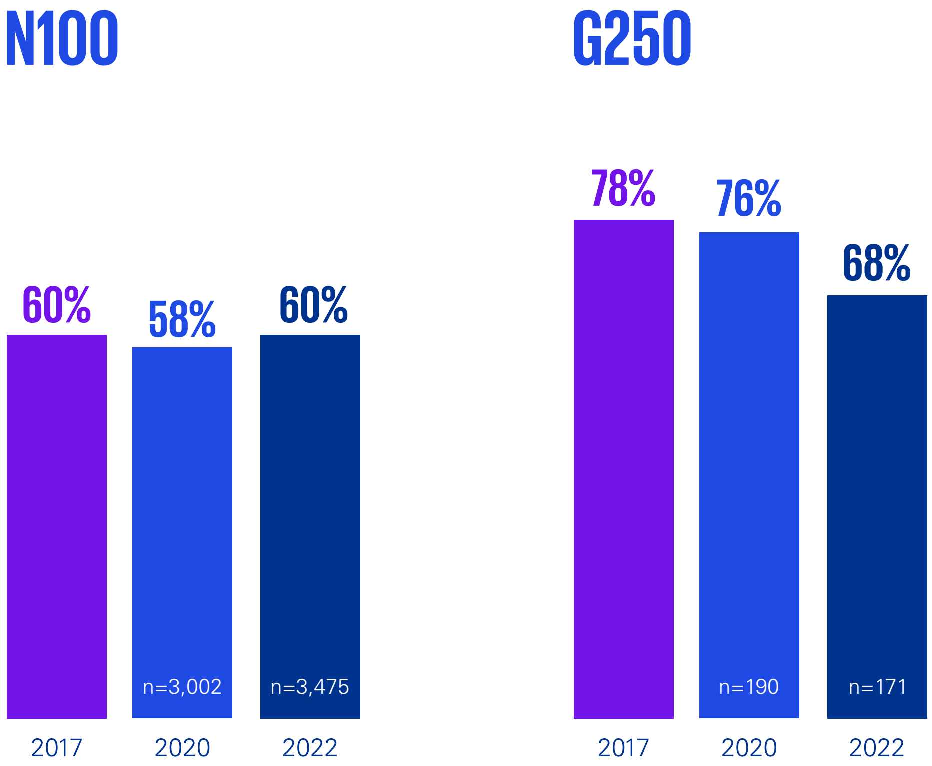
As seen on the next page, among the N100, the Asia Pacific region has a particularly strong presence with 6 of the top 10 countries, territories and jurisdictions coming from this region.

## Greatest growth since 2020:

**+39%** Iceland

**+26%** South Korea

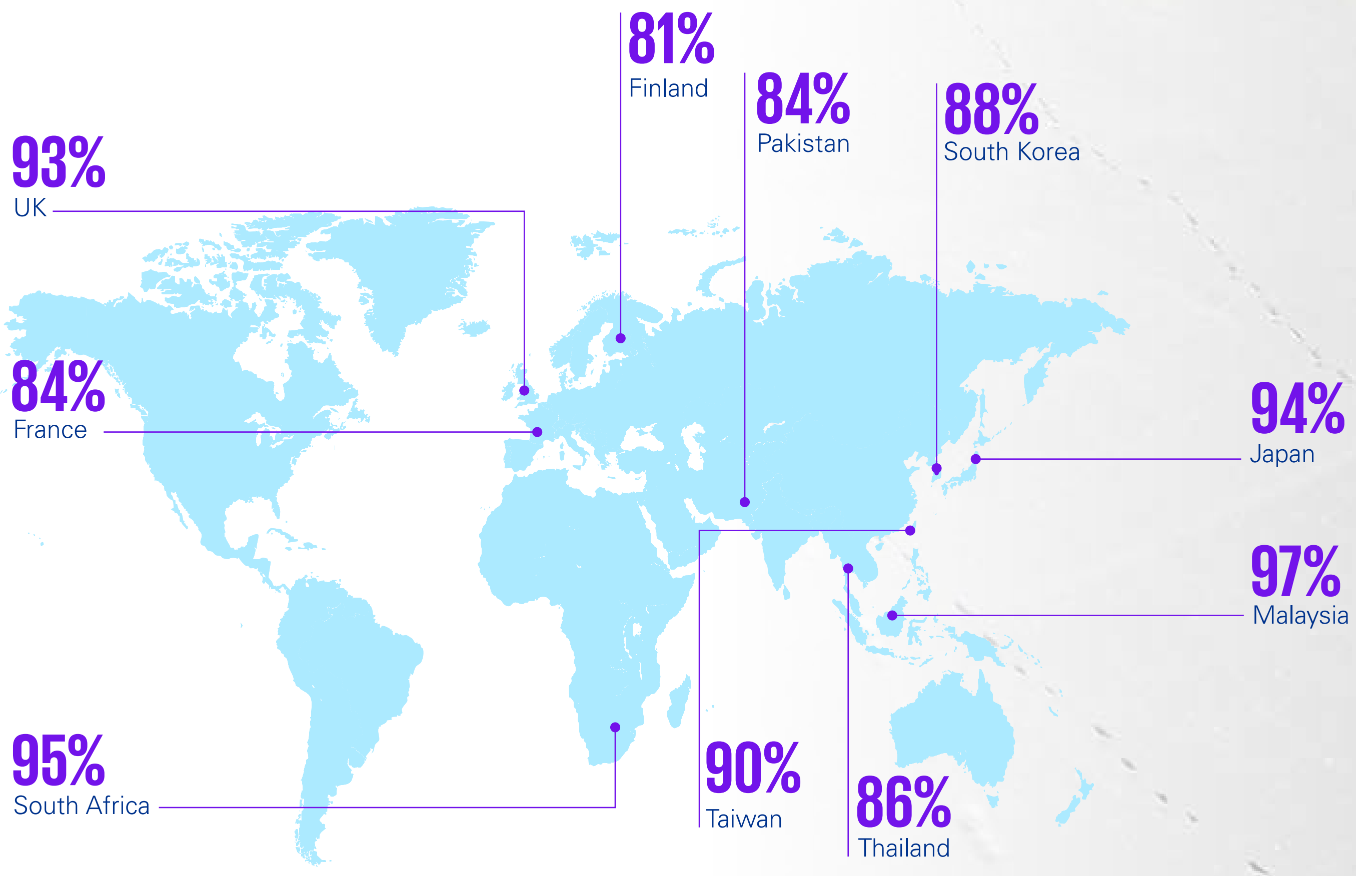
**Figure 5: Sustainability information in annual financial reports (2017–2022)**




Base: 5,800 N100 companies and 250 G250 companies

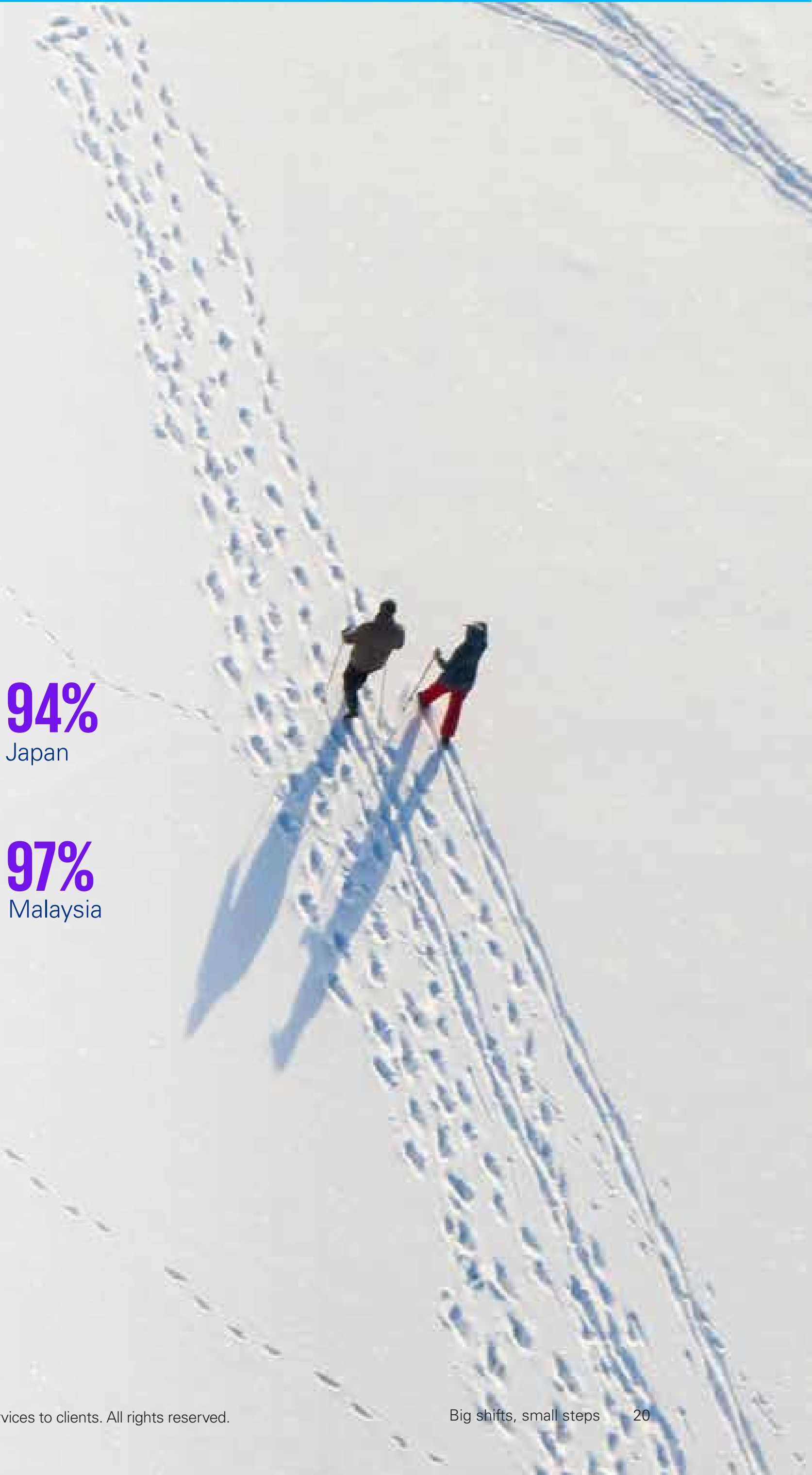
Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

## Figure 6: Top 10 countries, territories and jurisdictions by percentage of N100 companies including sustainability information in annual financial reports (2022)




Base: 5,800 N100 companies

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022



# Integrated reporting strong in Middle East and Asia Pacific

Integrated reporting — that is, a report that combines both financial and non-financial data in a single annual report — has taken hold among the N100. In 2022, KPMG professionals assessed whether companies specifically state whether they follow the International Integrated Reporting Framework or its associated guidance.

The Middle East leads the N100 at 55 percent and with a 12 percent growth in integrated reporting since 2020. The Asia Pacific region is at 30 percent (a growth of 5 percentage points from 2020), and we see notable growth in Latin America where the rate of integrated reporting increased by 12 percent (to 28 percent of companies). This strengthening of integrated reporting may by driven by a combination of regulation and investor influence to encourage greater transparency of non-financial data.

## Increase in applying the Integrated Reporting Framework:

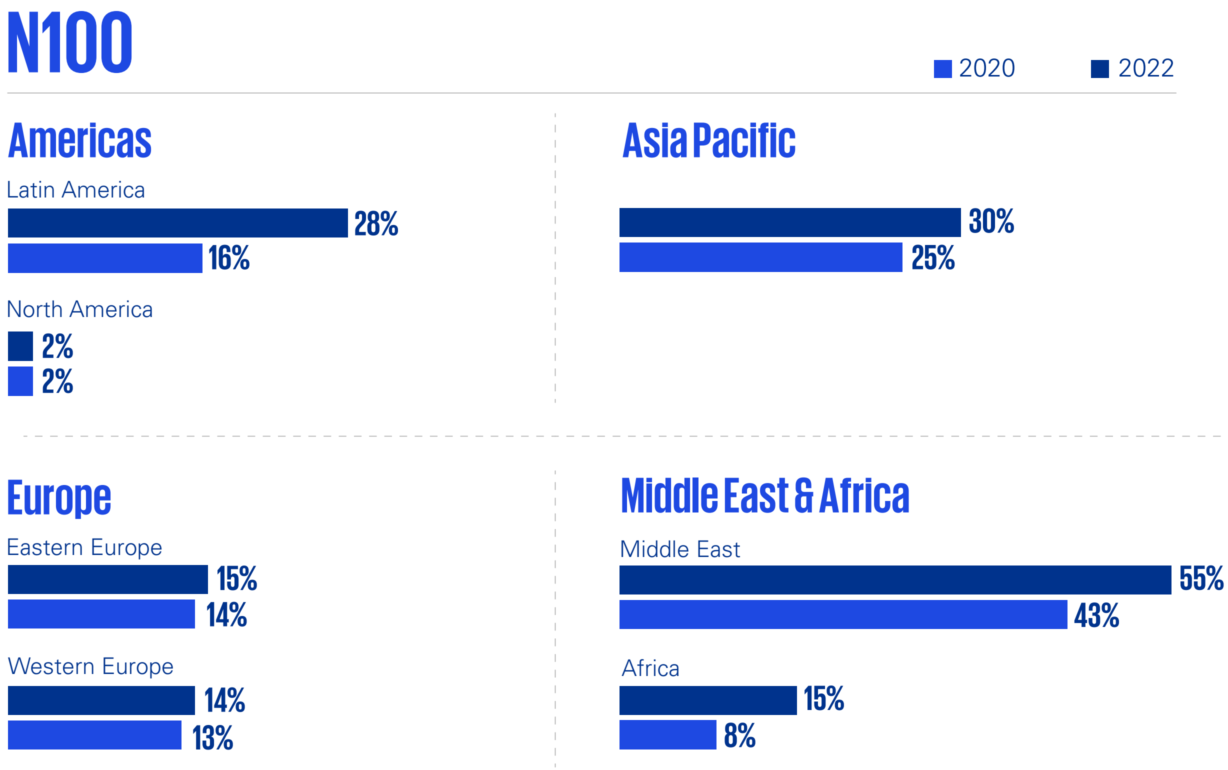
**+34%** India

**+18%** Panama

**+20%** Poland

**+17%** Japan

**Figure 7: Integrated reporting rates (2020–2022)**




Base: 3,475 N100 companies that report on sustainability or ESG matters

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

We anticipate an increase in the use of integrated reporting in coming years as non-financial disclosures become mandated. However, the requirements of the International Integrated Reporting Framework are likely to get incorporated into regional and domestic regulations.

**“In recent years, companies have witnessed a tightening focus on environmental, social and other non-financial factors that are critical for their long-term viability and success. Reinforced by increasing stakeholder demands for consistent and comparable data, there is now a movement toward more harmonized non-financial reporting based on common metrics.**

**In this context, the World Economic Forum, in collaboration with KPMG, developed a set of baseline environmental, social and governance metrics to bring greater comparability to non-financial reporting and accelerate convergence among leading standard setters. Two years on, the progress is encouraging. One hundred and eighty-three global businesses, with a combined market capitalization of over US$6.5 trillion, are adopting the metrics, and the recently established International Sustainability Standards Board is making great strides in moving toward a global baseline for consistent and comparable non-financial reporting standards.**

**We are particularly pleased that KPMG’s survey confirms the incrementally increasing uptake in non-financial reporting.”**

**Professor Klaus Schwab**
Founder and Executive Chairman of the World Economic Forum

# Widespread use of reporting standards

**While sustainability reporting in 2022 continues to anchor around voluntary frameworks such as the GRI and SASB standards, we expect this to change in the coming years. Regional and domestic reporting regulations are evolving fast and companies should be preparing for mandatory reporting.**

The GRI remains the most dominant standard used around the world. Singapore, Taiwan and Chile lead the uptake of this reporting standard.

The data also indicates a greater adoption of country stock exchange guidelines where GRI or SASB usage is lower. Leading adopters of stock exchange guidelines are South Africa, Malaysia and India.

The SASB standard is the leading reporting standard among companies in the US, Canada and Brazil.

The diverse range of reporting standards currently used around the world makes comparison across companies and markets challenging. As the world attempts to collectively address issues such as climate change and inequality, it is increasingly important that we all speak the same way about sustainability. Fortunately, alignment is in progress, driven by initiatives such as the ISSB and CSRD.

**Figure 8: Top 10 countries, territories and jurisdictions by percentage of N100 companies reporting against GRI standards, stock exchange guidelines, and SASB standards (2022)**

| GRI | | Stock exchange | | SASB | |
|---|---|---|---|---|---|
| Singapore 100% | Italy 90% | South Africa 100% | Israel 72% | USA 75% | Chile 58% |
| Taiwan 99% | Austria 89% | Malaysia 95% | Thailand 61% | Canada 72% | Uruguay 56% |
| Chile 96% | Finland 87% | India 89% | China 61% | Brazil 64% | Hungary 56% |
| Brazil 93% | Japan 87% | Singapore 85% | UAE 47% | Mexico 63% | Argentina 55% |
| Spain 93% | Argentina 85% | Taiwan 82% | Mexico 46% | UK 59% | Taiwan 52% |

Base: 4,581 N100 companies that report on sustainability or ESG matters

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

# GRI: first, and foremost

GRI remains the most commonly used reporting standard globally with increased adoption across both the N100 and G250. It has longevity and reputation on its side: since 1997, GRI has remained the incumbent standard for non-financial reporting.

Today, more than two-thirds of the N100 use the GRI (68 percent) — although this is only a slight increase of 1 percentage point from 2020. The corresponding figure for the G250 is 78 percent — an increase of 5 percentage points in the past 2 years.

As shown on the following page, while high overall, there is some regional variability in the uptake of GRI, with 75 percent uptake in the Americas, 68 percent in both the Asia Pacific region and Europe, and 62 percent in the Middle East & Africa region.

## Greatest growth since 2020:

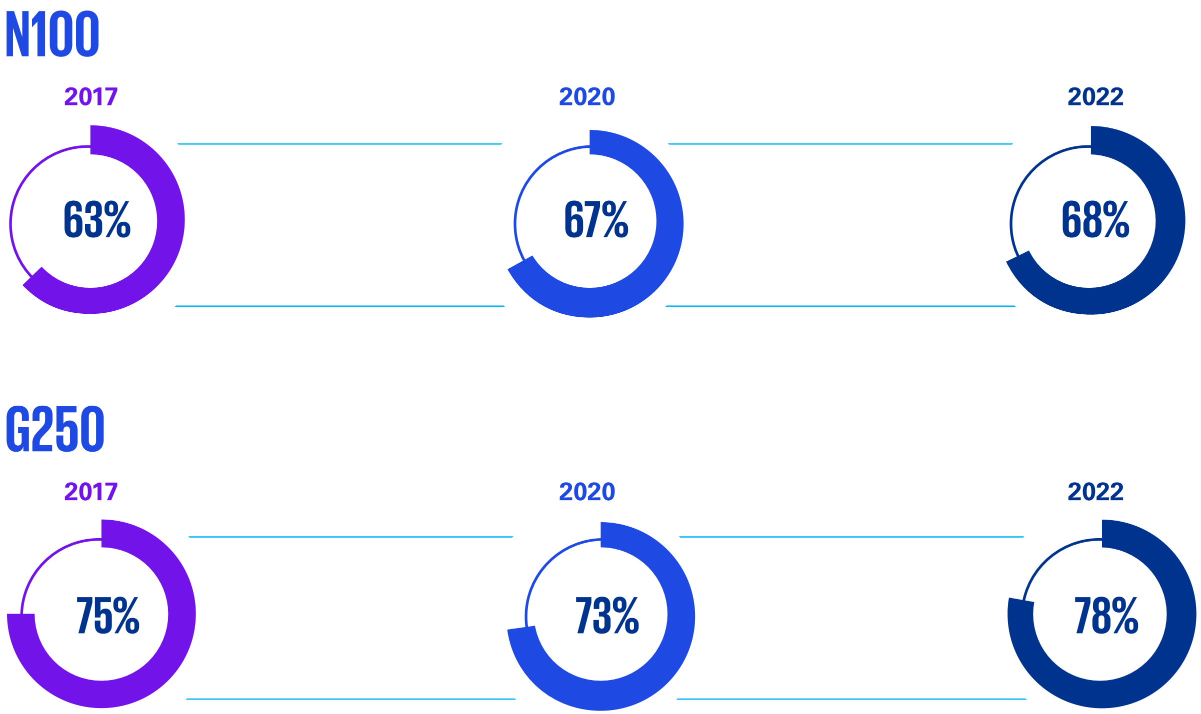
**+29%** Saudi Arabia

**+20%** Argentina

**+21%** United Arab Emirates

**+20%** India

**Figure 9: Global GRI reporting rates (2017–2022)**




Base: 4,581 N100 and 240 G250 companies that report on sustainability or ESG matters

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

## Figure 10: Regional GRI reporting rates (2022)

# N100

| Americas | Asia Pacific | Europe | Middle East & Africa |
|---|---|---|---|
| 75% | 68% | 68% | 62% |

Base: 4,581 N100 companies that report on sustainability or ESG matters

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

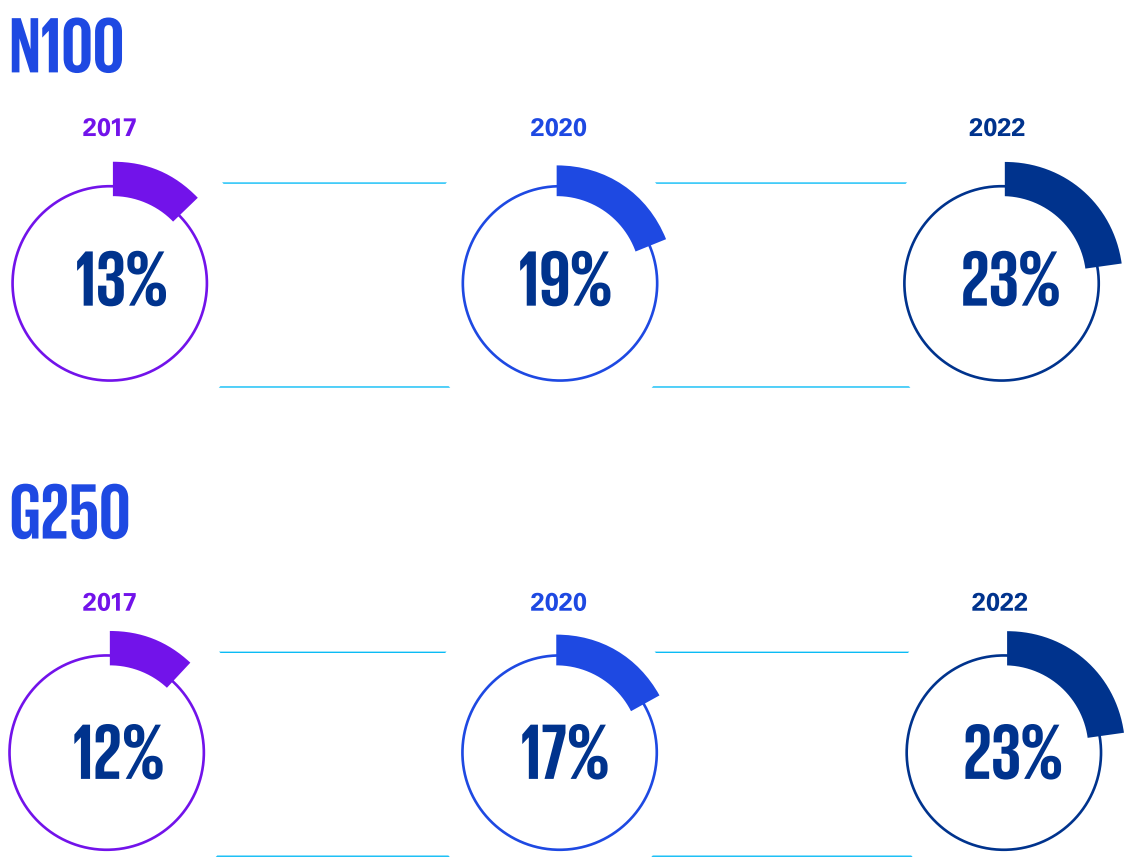
# Stock exchange guidelines popular — and growing — across Asia Pacific, Middle East & Africa

Nearly one-quarter of both the N100 and G250 use their domestic stock exchange guidelines or standards. Adherence is particularly high among the N100 in the Middle East & Africa region (48 percent) and the Asia Pacific region (40 percent). The trend since 2017 shows that stock exchange guidelines or standards seem to be adopted as an alternative to GRI or SASB in particular regions.

All South African companies in the survey use the Johannesburg Stock Exchange 'Sustainability and Climate Disclosure Guidance', although reporting against it is not yet mandatory (the guidelines were finalized in mid-2022). Asia Pacific countries, territories and jurisdictions are among the top 5 adopters, globally: Malaysia (95 percent), India (89 percent), Singapore (85 percent) and Taiwan (82 percent) and all report against their respective stock exchange guidelines.

China stands out as the leader among the G250 with a reporting rate of 64 percent using stock exchange guidelines. While many of the remaining G250 countries do not currently have any local requirements, this is expected to change quickly: Japan's Stock Exchange published a document to support ESG disclosure in 2022, while the US SEC released proposals for consistent climate change disclosure this year, which will apply for all stock exchanges within the US.

**Figure 11: Global reporting rates on stock exchange guidelines (2017–2022)**

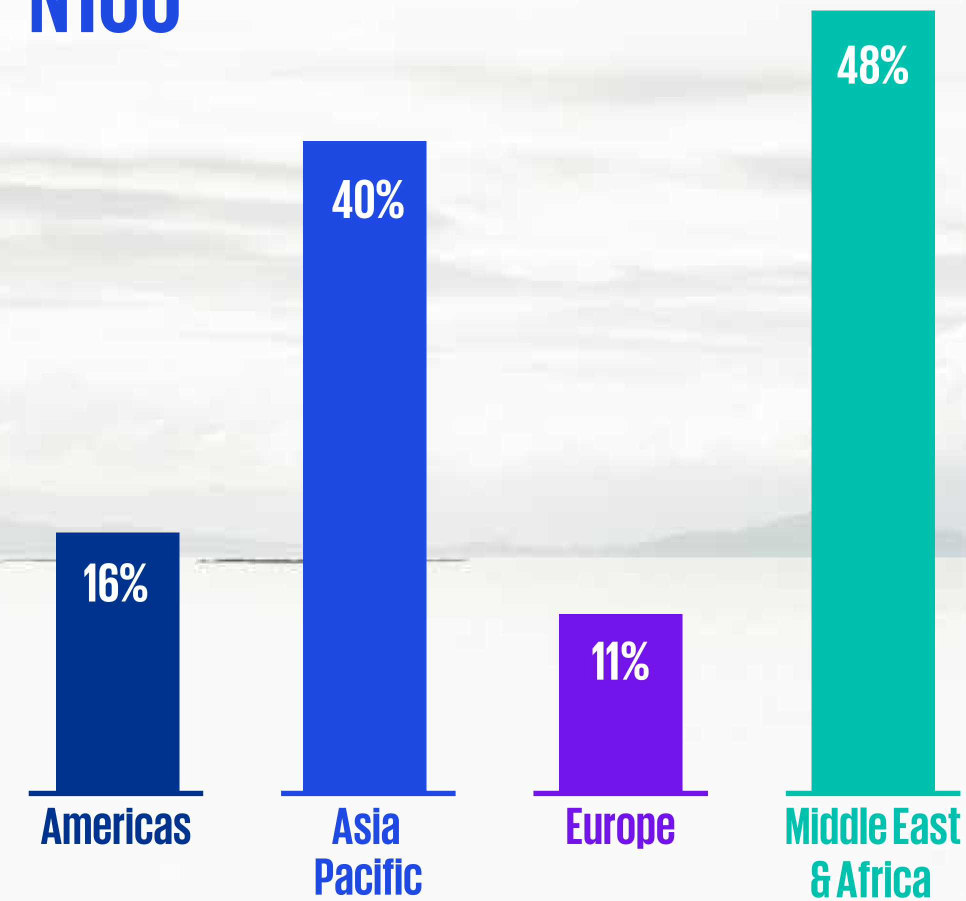



Base: 4,581 N100 and 240 G250 companies that report on sustainability or ESG matters

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

## Figure 12: Regional reporting rates on stock exchange guidelines (2022)

# N100




Base: 4,581 N100 companies that report on sustainability or ESG matters

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

# The view from:

## Vietnam: New to the survey this year

Vietnam continues to integrate into the global economy and is playing an increasingly important role in global supply chains. Its commitment to grow and operate sustainably has never been more important. Companies large and small, public and private, know that the words “sustainable” and “future” are intrinsically linked. Consequently, public and private organizations are making commitments aimed at creating a better and more sustainable future for Vietnam and its people.

Once the goals are set, it is essential to report on progress. The State Securities Commission of Vietnam has mandated that all listed companies disclose particular sustainability information. However, the lack of a mandatory reporting regime means that the quality of disclosure and analysis varies among companies. It is now time for all Vietnamese companies to publish sustainability reports that are fully aligned with international practice, to meet the needs of stakeholders both within the Vietnam and around the world.

**John Ditty**
Sponsoring Partner, ESG services
KPMG Vietnam and Cambodia

## The Philippines: New to the survey this year

A key driver for sustainability reporting has been the Philippine Securities and Exchange Commission (SEC) ‘memorandum circular’ that was issued in 2019. The circular supports publicly listed companies to assess and manage the ESG aspects of their organization, and measure and monitor their contributions against universal sustainability targets. The Philippine SEC aims to encourage transparency and accountability from companies with this public disclosure.

In the future, the Philippine SEC has indicated that it intends to adopt a mandatory approach to sustainability reporting for listed companies, aligned with similar mandatory sustainability reporting requirements in other jurisdictions in the region. The Philippine SEC has also indicated that it intends to introduce requirements that apply to all types of corporations on a “comply or explain” basis.

These sustainability reporting requirements are just one of the growing regulations that is driving sustainable development in the country. This is resulting in better disclosures and initiatives among the N100 of the Philippines with many now incorporating ESG considerations in their corporate strategies and investments.

**Kristine Aguirre**
Partner, Head of ESG
KPMG in the Philippines

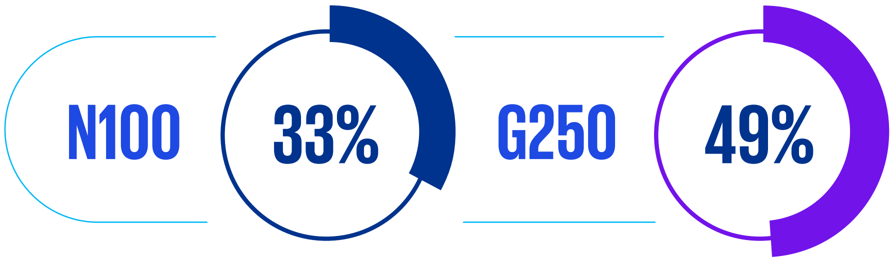
# SASB gaining traction beyond the Americas

## About SASB

The SASB standards were developed in 2011 to guide companies on investor-focused sustainability disclosure. In 2022, SASB was consolidated into the IFRS Foundation with the ambition to become the global standard-setter for sustainability disclosures for financial markets.

Currently, one-third of N100 companies and nearly half of the G250 report against SASB. Over half of companies in the Americas report against the SASB standards, primarily driven by companies in the US and Canada. There is increasing uptake of the standards outside of the Americas, with 35 percent adoption among Europe's N100. But they are less popular in other regions, with only 23 percent of the N100 in the Asia Pacific region and 18 percent of the N100 in the Middle East and Africa using SASB.

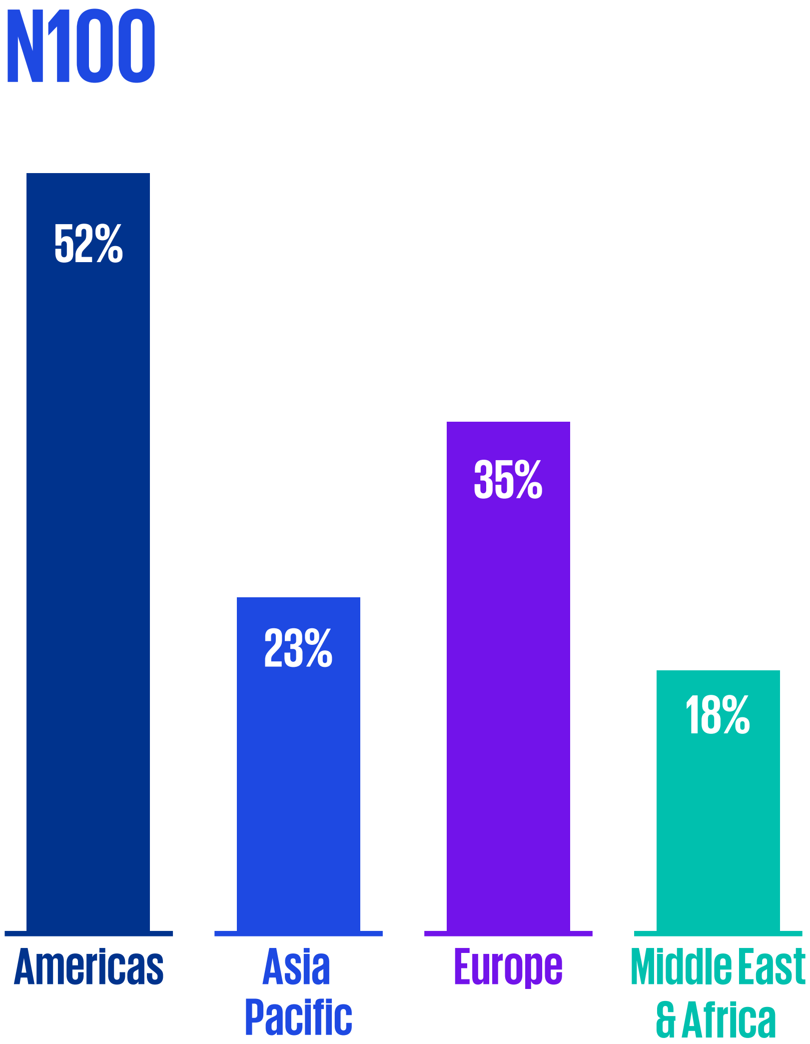
### Figure 13: Global SASB reporting rates




Base: 4,581 N100 companies and 240 G250 companies that report on sustainability or ESG matters

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

### Figure 14: Regional SASB reporting rates (2022)




Base: 4,581 N100 companies and 240 G250 companies that report on sustainability or ESG matters

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

# The view from:

## US: 75% of G250 companies reporting against SASB standards

Corporate Sustainability Reporting has long taken an inside-out view of the company's impact on the environment and society.

Meanwhile, ISSB and SASB, as part of their investor focus, has taken an outside-in view of the impacts of the environment and society on the company and ultimately its long-term enterprise value.

SASB allows for industry-specific, comparable and consistent disclosure, which is necessary for decision-useful information. As the call from investors continues to grow, the popularity of SASB standards has increased as companies continue to grapple with how to tell their ESG story.

**Maura Hodge**
ESG Audit Leader
KPMG in the US

## Germany: 77% of G250 companies reporting against SASB standards

Sustainable Finance gained unprecedented momentum in Germany due to the EU Action Plan on Financing Sustainable Growth and the European Green Deal for environmental transformation and modernization of economy and society. Since then, non-financial reporting is more dynamic than ever before.

The drive towards comparable ESG reporting within the European Union has become increasingly important. In Germany, the Corporate Sustainability Reporting Directive (CSRD) has accelerated sustainability reporting, which is reflected in the positive uptake of SASB reporting among both G250 companies in Germany and the N100 companies in Europe. Regulatory pressure is also bearing fruit in driving this adoption of international frameworks within Germany.

The CSRD aims for comparability and reliability. Comparability shall be achieved by new European Sustainability Reporting Standards which have to be applied by all companies and which consider existing frameworks like GRI or TCFD. Reliability will be achieved by an upcoming mandatory limited assurance obligation. Therefore, ESG reporting is a significant topic for all companies and we encourage companies of all sizes to adopt such recognized standards in their reporting.

**Goran Mazar**
Partner, EMA and
German Head of ESG
KPMG in Germany

# The path to sustainability is paved with high-quality data

**Investors are calling for consistent, comparable and reliable sustainability disclosure. Why? Because they need it to price risk and allocate capital, just as they have always done with traditional financial disclosure. High-quality information is the fuel that capital markets run on.**

**But as investors are first to point out, if such information is material to them, isn't it material to the running of a business? Sustainability data that is consistent over time (so businesses can set targets and measure progress) and comparable between companies (enabling them to benchmark and compete) is as important to senior management and boards as it is to their shareholders. From executive remuneration to financing, from supply chain to M&A, reliable ESG data is essential to running a business today.**

**Finding consistency and comparability amid a patchwork of voluntary frameworks and standards has proven a major challenge. The new International Sustainability Standards Board (ISSB) under the IFRS Foundation, which now houses the SASB Standards and Integrated Reporting Framework, is answering that challenge by harmonizing and simplifying the landscape. The ISSB is building on the SASB Standards, TCFD recommendations, Climate Disclosure Standards Board guidance, and Integrated Reporting Framework to create a comprehensive global baseline of sustainability disclosure standards for the financial markets. Because sustainability issues that drive enterprise value are different from industry to industry, the ISSB is also leveraging the SASB Standards' industry-based standards development process.**

**Leading businesses will soon begin meeting investor calls for the new IFRS Sustainability Disclosure Standards, while many jurisdictions are preparing to adopt them to streamline sustainability disclosure for businesses large and small. By reducing the reporting burden and yielding consistent and comparable information, the ISSB is bringing sustainability information to the core of business and investor decision-making, driving long-term performance for both.**

**Janine Guillot**
Special Advisor to the Chairman of the ISSB

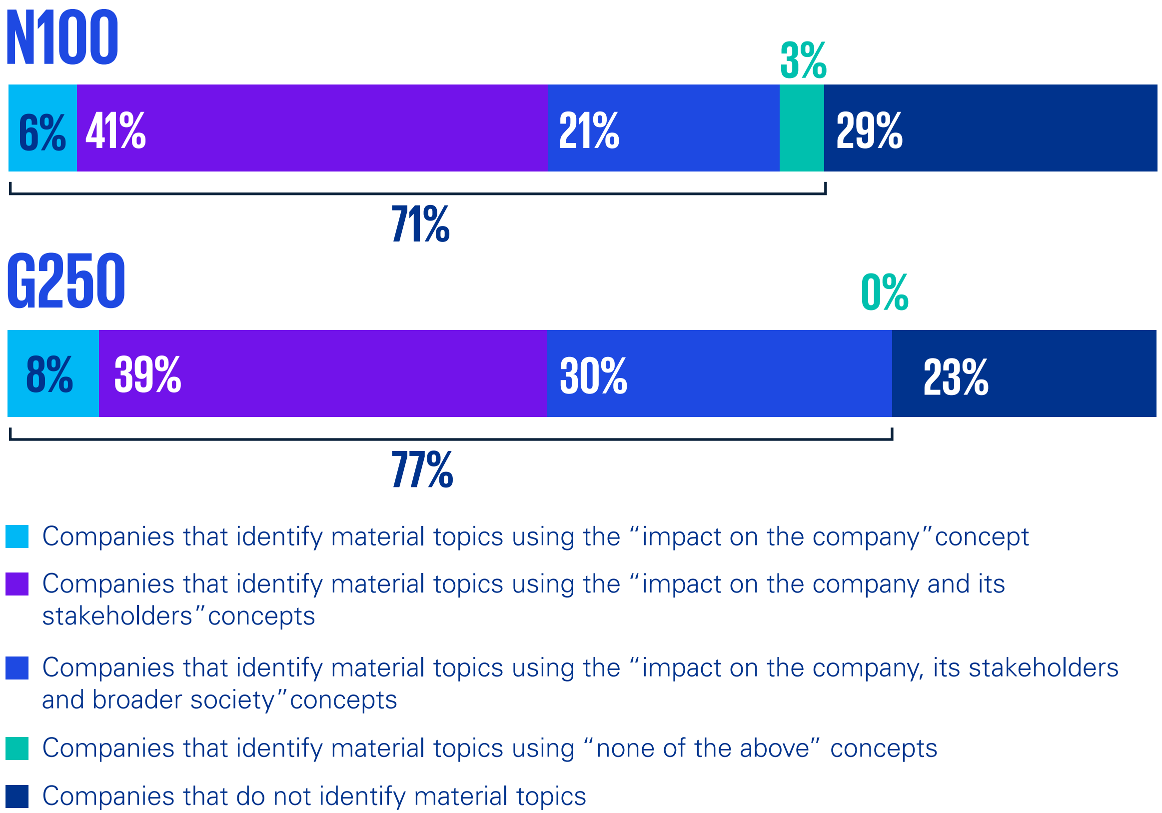
# Most companies are using materiality assessments

Materiality is the cornerstone of reporting and a useful starting point for companies of all sizes. The materiality process assesses the impact that an ESG-related topic will have within a specific context. Around the world, a significant majority of reporting companies in both the N100 (71 percent) and G250 companies (77 percent) are performing materiality assessments.

KPMG professionals considered how companies assessed material topics: by their impact on the company, its stakeholders, and broader society. More companies in the G250 (39 percent) report on the three impacts, while less than one-third of companies in the N100 consider materiality in such a broad manner. It may be that G250 companies feel greater pressure from stakeholders to disclose their broader societal impacts.

As sustainability reporting evolves in the coming years from voluntary to mandatory, we expect to see an increase in the use of materiality assessments around the world.

**Figure 15: Material topic disclosure by materiality concept (2022)**




Base: 4,581 N100 and 240 G250 companies that report on sustainability or ESG matters

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

# The view from:

## Singapore: 100% of N100 companies reporting on material topics

The increasing attention paid by large companies in Singapore to identify their material ESG topics stems from evolving guidance and requirements from Singapore authorities and the country’s stock exchange, as well as from increasing investor and consumer demand.

Singapore’s stock exchange requires listed companies to publish annual sustainability reports identifying their material ESG factors, on a comply-or-explain basis. Companies should also report on how they reviewed their businesses and value chains to determine those ESG factors that are material to business continuity. More recent disclosure requirements focus on climate risks and strategies, diversity policies, and company readiness for non-financial assurance. Singapore’s monetary authority in 2020 also issued guidance for financial institutions on managing their material environmental risks.

National-level targets have galvanized businesses across sectors to embed pertinent ESG topics in their strategies and operations. These include Singapore’s enhancement of its existing GHG reduction target in 2022 — to halve emissions by 2050 — and its broader sustainability goals set out in the Singapore Green Plan 2030.

Companies are also focusing on material topics in anticipation of Singapore’s increasing carbon tax, which will require large emitters to pay S$25 (~US$18) per tonne of carbon dioxide equivalent (tC02e) emitted from 2024. The level and trajectory of this tax will be reviewed in the coming years to reflect the cost of carbon and influence investment decisions as a key lever of the Singaporean economy’s “green transition”. In all, we see only increasing commitment from companies in Singapore to enhance their levels of ESG disclosure.

**Ling Su Min**
Partner, Head of Clients,
Markets & Innovation
KPMG in Singapore

# Assurance rates double among Chinese G250 companies but remain steady elsewhere

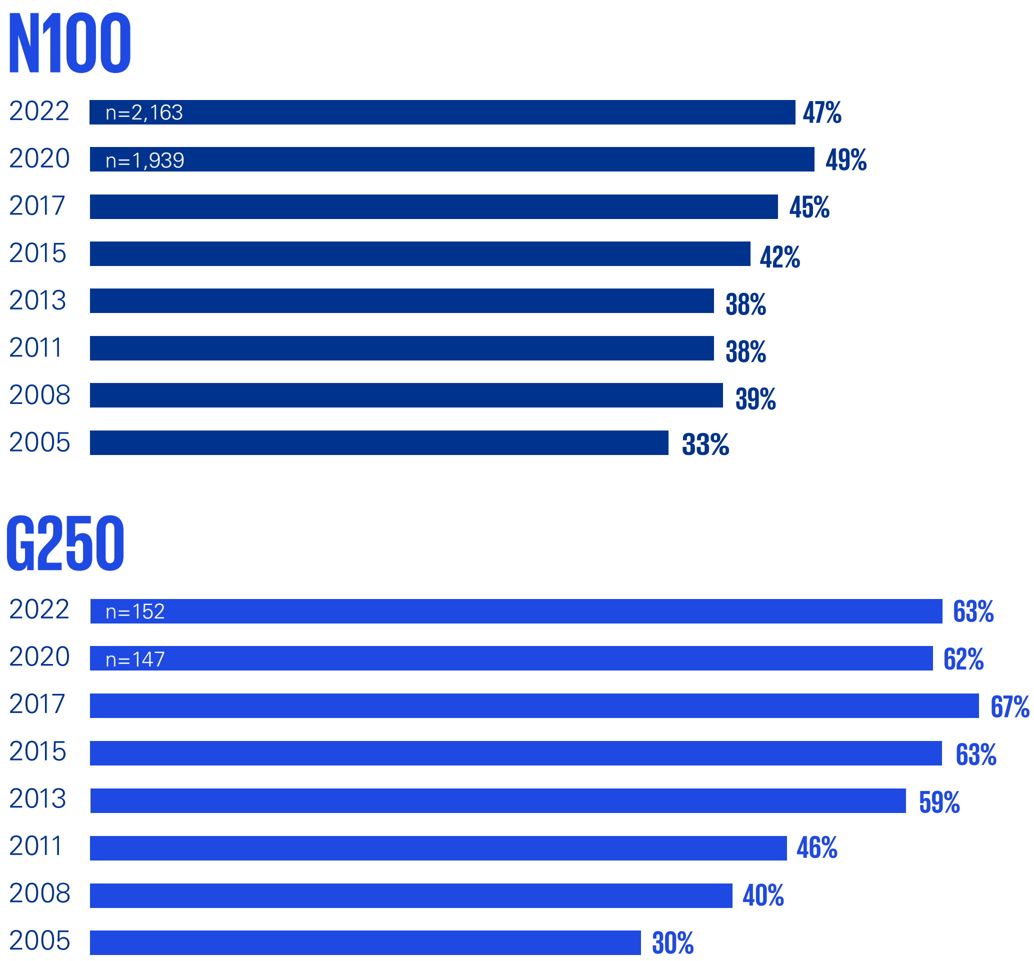
Independent external assurance of sustainability reporting information enhances the credibility of the reported information. Year 2020 marked the first time that close to half of the N100 invested in independent third-party assurance. In 2022, the assurance rate decreased among the N100, but further regulation could drive up these numbers in the coming years.

Following a decline in 2020, the G250 assurance rate increased in 2022, largely driven by trends in China. In the past 2 years, we see a significant increase in the levels of assurance among the largest Chinese companies in the G250 — doubling from 15 companies in 2020 to 30 companies in 2022. The actual rate of assurance in 2022 for the G250, including China's new entrants, increased from 62 percent in 2020 to 63 percent.

## Greatest growth since 2020:

| +15% | +13% | +13% |
|---|---|---|
| China | Portugal | New Zealand |

**Figure 16: Global assurance rates (2005–2022)**




Base: 4,581 N100 and 240 G250 companies that report on sustainability or ESG matters

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

**The trends in levels of assurance across each region, while diverse, represent the different maturity levels of ESG Assurance in each region; while it might seem that the relative level of reasonable assurance is lower in Europe and the Asia Pacific region as compared to other regions, those percentages are more a function of the higher volume of overall ESG Assurance activities in those regions.**

**The increased activity in recent years results in more companies entering the assurance process, which generally starts with limited assurance. Over time, through the maturation of the markets and the advent of regulatory requirements, we would expect those percentages to migrate more towards reasonable assurance.**

**Mike Shannon**
Head of Global ESG Assurance
KPMG International

## Figure 17: Top 10 countries, territories and jurisdictions by percentage of N100 companies seeking assurance on sustainability reporting (2022)

**France** 89%

**Taiwan** 86%

**Spain** 78%

**Japan** 75%

**Germany** 72%

**Italy** 71%

**UK** 69%

**South Korea** 66%

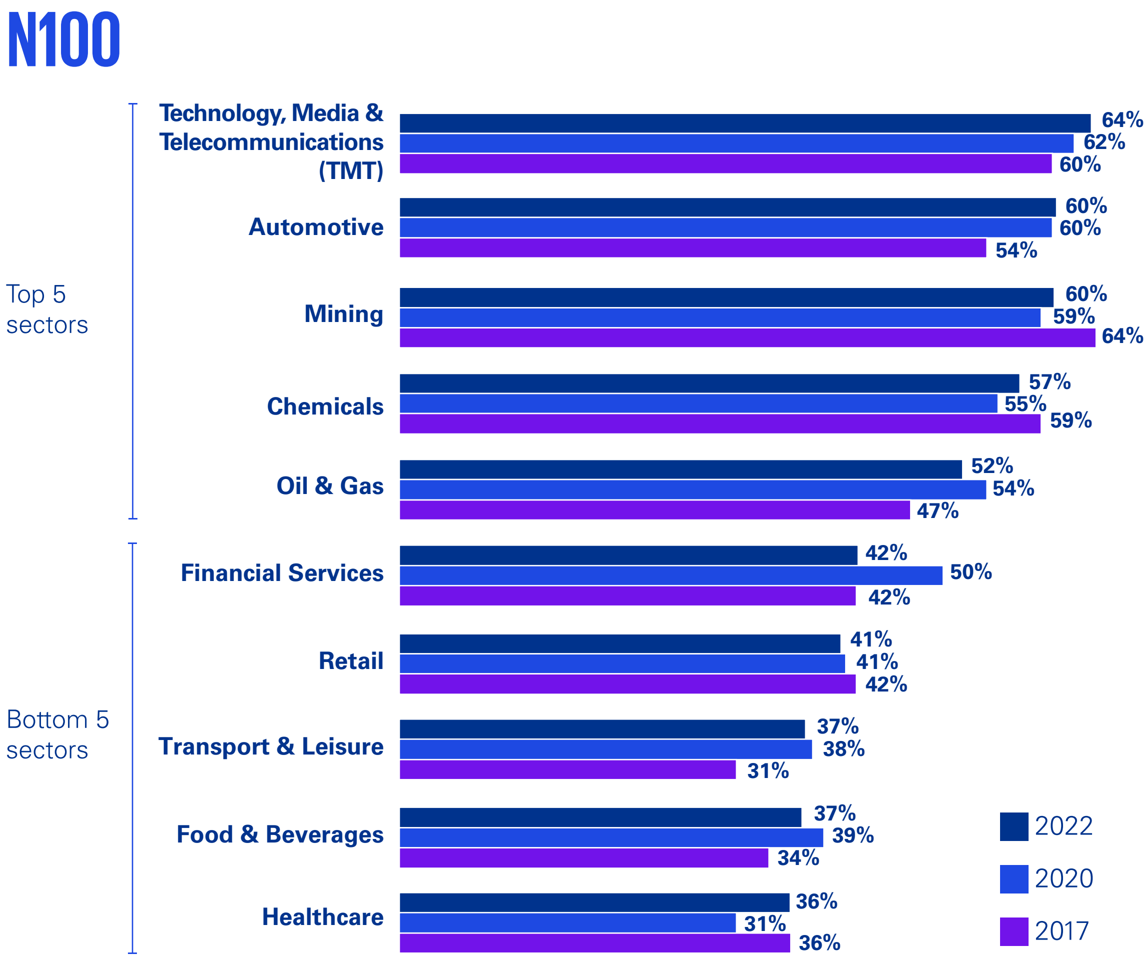
**Thailand** 61%

**The Netherlands** 57%

Base: 5,800 N100 companies

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

## Figure 18: Assurance rates by sector (2017–2022)




Base: 5,800 N100 companies

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

# About CSRD

In April 2021, the European Commission adopted a proposal for a Corporate Sustainability Reporting Directive (CSRD) to extend the existing non-financial reporting requirements in the EU significantly.

The proposal:

- extends the scope for mandatory non-financial reporting to all large companies and all companies listed on regulated markets (except listed micro-enterprises), which will increase the number of in-scope companies from around 10,000 to around 50,000
- implements a mandatory report audit with limited assurance, whereas a shift towards reasonable assurance is already planned
- introduces more detailed reporting requirements, included in the new mandatory European Sustainability Reporting Standards (ESRS) that is currently developed by the European Financial Reporting Advisory Group (EFRAG)
- requires companies to digitalize the reported information in order to make it machine readable and accessible through a single access point.

The proposal is expected to be adopted in October 2022. Large capital market oriented companies will have to report on fiscal year 2024 with reports published in 2025. Additional large companies will have to report in the subsequent year (fiscal year 2025, in the report being published in 2026).

# The view from:

## KPMG's EMA ESG Hub

The CSRD will likely push non-financial reporting to the same level as financial reporting in the EU.

Regulators have recognized that finances need to be reallocated towards sustainable transformation if the EU is to achieve various ambitious objectives like reaching climate neutrality by 2050.

A consistent and coherent non-financial reporting is essential to enable investors to compare companies' sustainability. The EU will be implementing new mandatory standards, called the European Sustainability Reporting Standards (ESRS), to help achieve this goal. The initial sector-agnostic standards have already been published and work is underway on sector-specific standards.

The scope and complexity of the ESRS is unprecedented. With the deadline for first reporting fast approaching, companies should start preparing themselves in a holistic way.

**Jan-Hendrik Gändiger**
Partner, ESG Reporting
Advisory & Assurance
KPMG in Germany

# Reporting on climate risk and carbon reduction

# Early adoption, steadily rising

Within 2 years of the establishment of Financial Stability Board's TCFD, more than half of all companies in the N100 and the G250 have disclosed their climate targets. This trend has continued: among the N100, reporting has increased by 6 percentage points from 2020 to 71 percent, while the G250 moved up 4 percentage points to 80 percent.

On a country basis, the strongest carbon target reporters were the United Kingdom (96 percent), Japan (95 percent) and Germany (94 percent). Regionally, Europe, Americas and the Asia Pacific region are strong reporters (with rates of 80 percent, 74 percent and 62 percent, respectively), while companies in the Middle East and Africa have not kept pace (with a rate of 54%).

## Greatest growth since 2020:

**+30%** Germany

**+27%** Pakistan

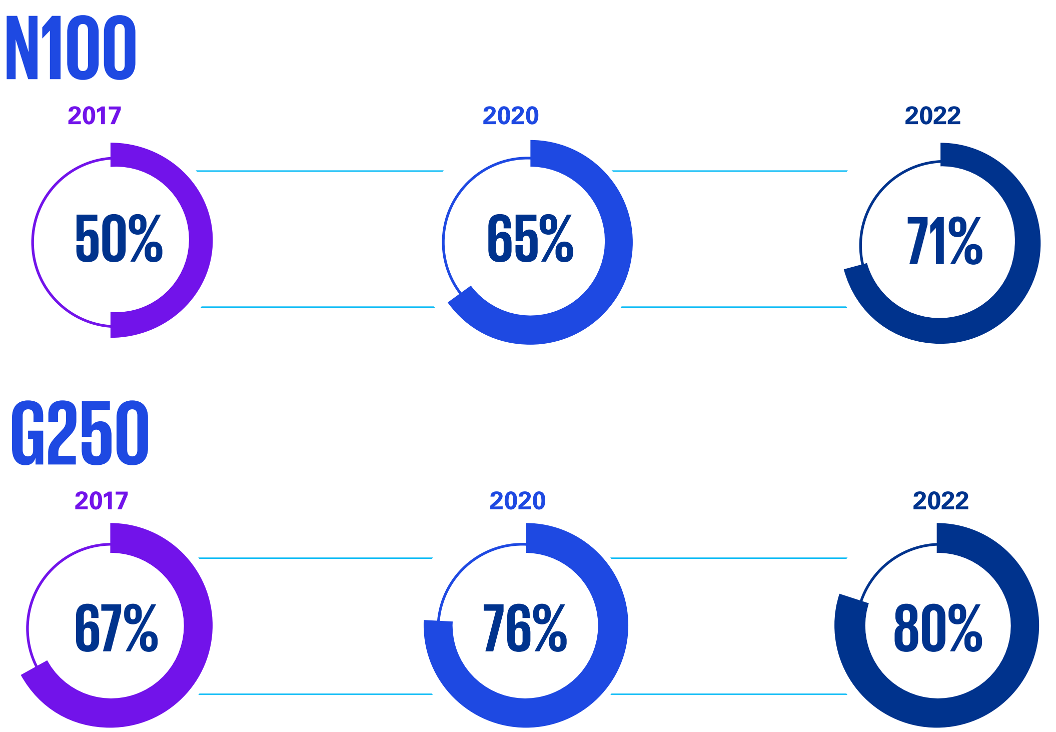
**+23%** Iceland

**+23%** Canada

**+21%** Ireland

**+21%** Belgium

**Figure 19: Global reporting of carbon targets (2017–2022)**




Base: 4,581 N100 companies and 240 G250 companies that report on sustainability or ESG matters

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

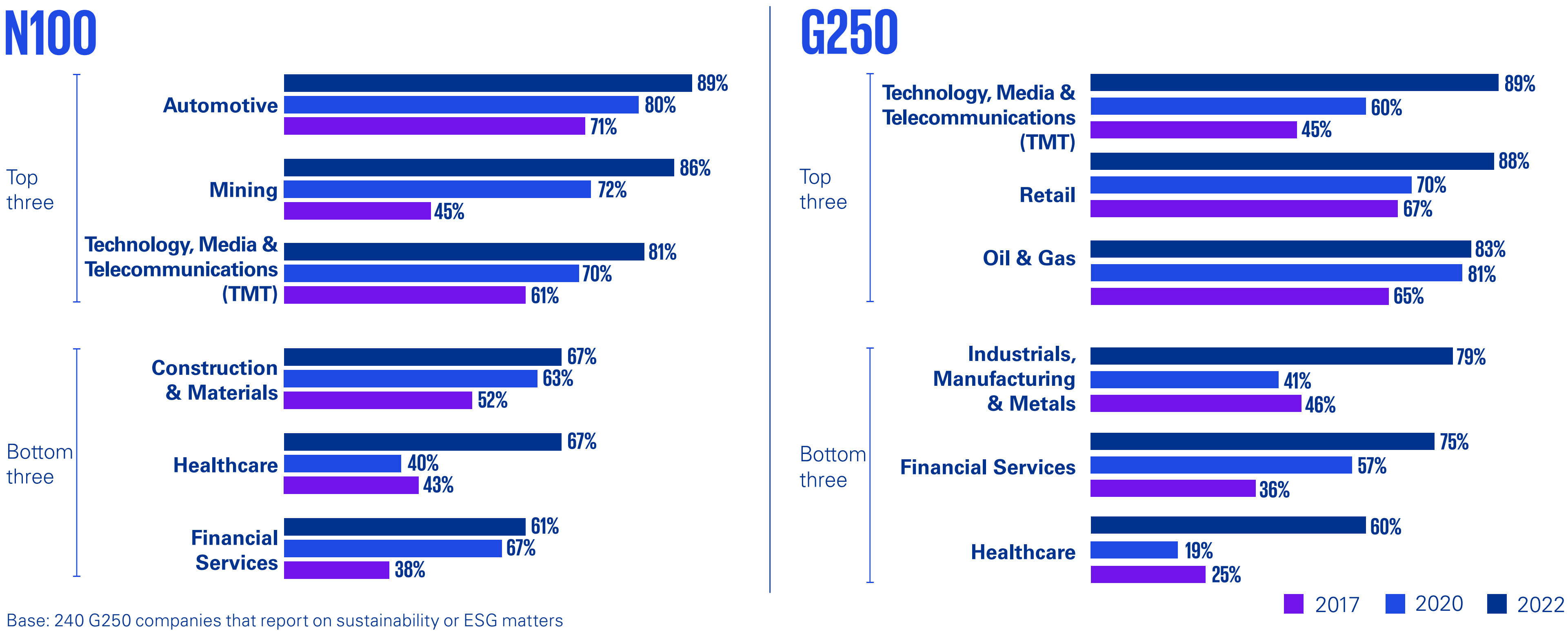
# Heavy industries and TMT soar; Healthcare and Financial Services lag

After persistent pressure from stakeholders to disclose their climate targets, resource-intensive sectors have emerged as leaders in this space, with 7 of the top 10 positions within the N100 in 2022 held by these sectors. Leading reporters include automotive (89 percent) and mining (86 percent).

Equally encouraging is the noticeable growth in the technology, media and telecommunications sector, taking top spot in sector disclosure within the G250 (89 percent). TMT ranks third in the N100 (81 percent).

Although making some gains, the research shows that the healthcare and financial services sectors — in both the N100 and the G250 — continue to show opportunities for improvement, with consistent ranking in the bottom three, as presented in 2017.

## Figure 20: Reporting of carbon targets by sector (2017–2022)




Base: 240 G250 companies that report on sustainability or ESG matters

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

**“We’ve been surveying global mining executives for more than a decade and this is the first year that ESG and Climate Risk is ranked as the most critical risk facing mining companies. However, the narrative quickly moves to the opportunities that this presents.**

**Right now, the world is decarbonizing, and supply chains are straining to meet rising demand for energy transition infrastructure, all built with the metals and commodities that miners produce. Increasingly, the mining industry finds itself in the spotlight and is challenged to quickly deliver materials in a way that is acceptable to more stakeholders.**

**Success means that miners must excel at involving traditional owners and communities, preserve heritage and biodiversity, and manage water and the environment while developing long life sustainable and resilient operations. The mining companies that promote regular, high-quality engagement, are transparent in their reporting, and openly hold themselves accountable to the highest ESG standards may or will likely succeed in attracting and retaining capital and talent. The rewards for these companies and their stakeholders will be significant.”**

**Trevor Hart**
Head of Global Mining
KPMG International

**“The results of this survey are not surprising given the current state of the healthcare sector. Around the world, healthcare systems and organizations in most jurisdictions are dealing with crises related to service access and demand, workforce shortages and staff burnout. Disclosing climate targets may seem like a lower priority to healthcare leaders who are struggling to find enough staff to deliver essential services to their communities. While juggling these challenges, the first leaders in the sector are waking up to the fact that healthcare’s carbon footprint is a big problem and are starting to take cautious steps towards climate action and responsibility.”**

**Dr. Anna van Poucke**
Head of Global Healthcare
KPMG International

# The view from:

## Pakistan : +27% of companies reporting carbon targets

Pakistan is working to decrease $CO_2$ equivalent emissions. The government is pursuing strategies for combating climate change, including the promotion of renewables and electric vehicles, a ban on plastic bags, and the billion-tree plantation drive. This is followed by Pakistan's Alternate Renewable Energy Policy and National Electricity Policy, 2021, among other initiatives on the policy reforms side.

Companies are now more committed to minimizing their carbon footprint and reducing any negative impact on the environment, as well as contributing towards the national target of increased renewable generation and decarbonization. Corporations are investing in projects on energy and water efficiency, converting energy sources to renewables, ecological restoration, waste heat recovery, and low carbon technologies in operations and supply chains to reduce their overall environmental footprint.

Regulators are also working towards developing regulations and disclosure requirements that are primarily based on GRI, WEF Metrics, and ISSB Exposure Draft. Carbon-related disclosures remained a priority; however, we are on a journey to augment ESG reporting and there is a long way to go.

**Syed Ahson Ali Shah**
Partner
ESG
KPMG in Pakistan

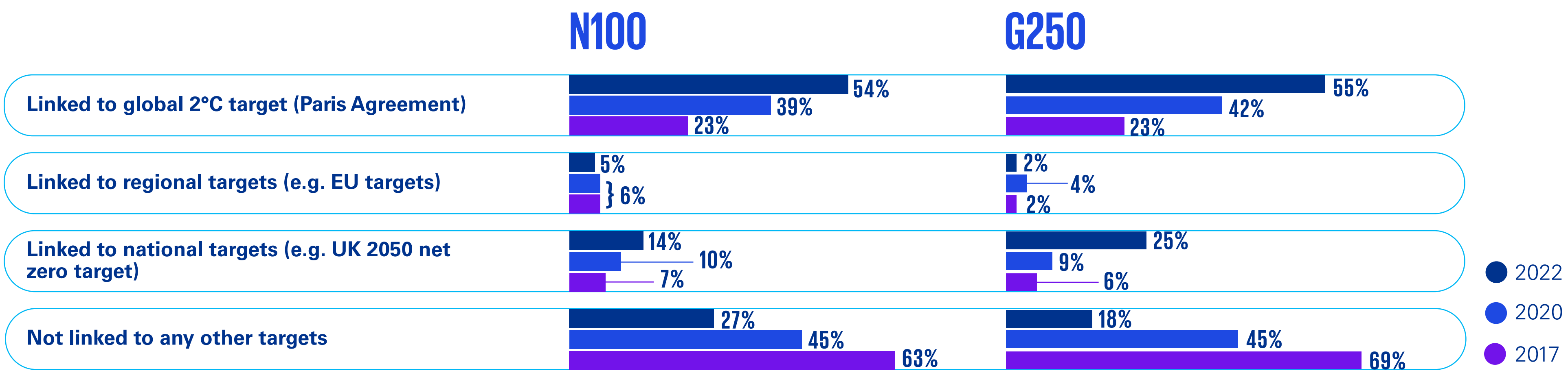
# Links to external climate targets show promise

Businesses are increasingly recognizing that they have a role to play in helping to achieve global, regional and national climate targets. Even though nearly one-fifth of G250 companies do not disclose any links to external reference points, the evidence shows that the majority of companies do link their carbon reduction targets to external targets set by governments and others. We see a marked increase in this business practice since 2017 with 71 percent of the N100 and 80 percent of the G250 linking their carbon targets to broader climate goals.

The majority of companies link their targets to the 2˚C scenario set by the Paris Agreement — that is, to limit global warming to 2˚C above pre-industrial levels. There was a marked increase in G250 companies referencing the Paris targets between 2020 and 2022, rising from 42 percent to 55 percent.

Notably, for the first time in the history of the survey, KPMG professionals reviewed how companies intend to achieve their carbon reduction targets — either through emissions reduction, carbon credits, or both. It is reassuring that the majority of companies recognize that they must reduce their own emissions rather than rely solely on carbon credits (as shown on the next page).

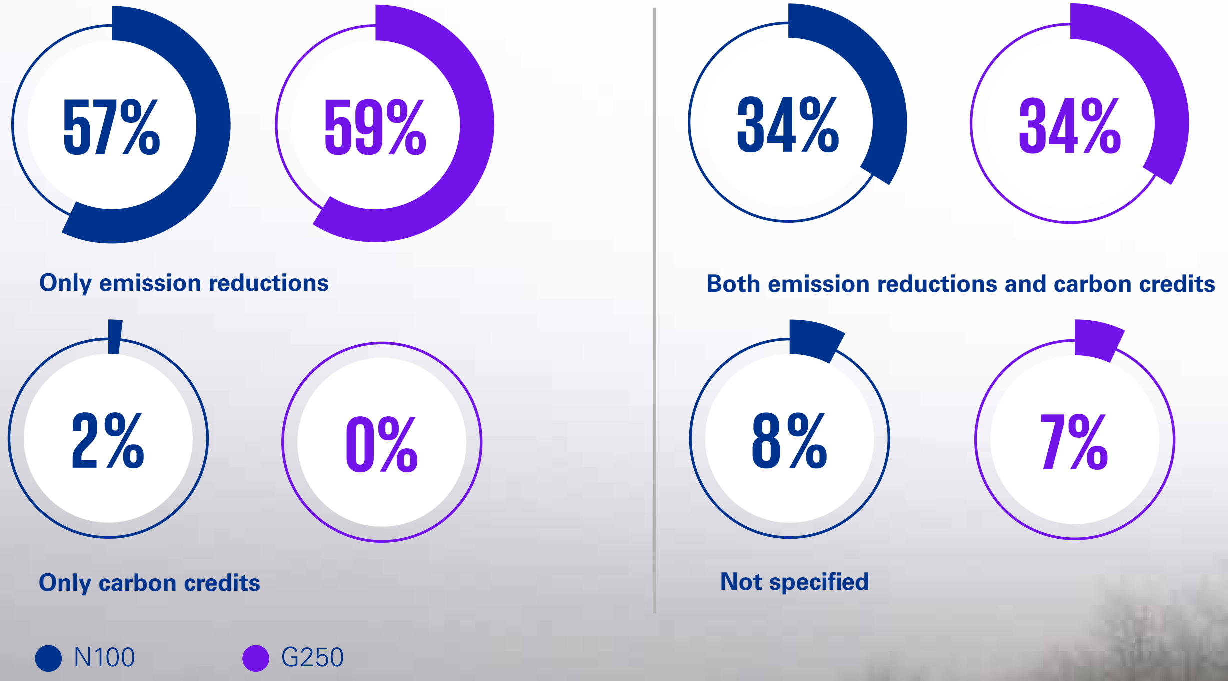
**Figure 21: Linking of corporate carbon reduction targets to external climate goals (2017–2022)**




Base: 3,266 N100 companies and 191 G250 companies that report carbon reduction targets

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

## Figure 22: How companies intend to reach their carbon reduction targets (2022)




Base: 3,266 N100 companies and 191 G250 companies that report on carbon reduction targets

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

# Marked increase in TCFD adoption

The survey results show a notable increase among companies in adopting the TCFD recommendations over recent years. Specifically, one-third of the N100 now report using the TCFD recommendations (34 percent) — nearly doubling the 2020 figure, and almost two-thirds of the G250 (61 percent) observe the TCFD — an increase of 24 percent from 2020.

These figures reflect a growing trend among countries and companies to make TCFD-aligned climate reporting mandatory. In 2021, the G7 nations agreed to mandate TCFD-aligned climate-related financial reporting. New Zealand was the first country to mandate disclosure among its largest companies in the financial sector (from 2023). The Task Force stated in 2021 that more than 2,600 organizations across 89 countries, territories and jurisdictions use the recommendations.

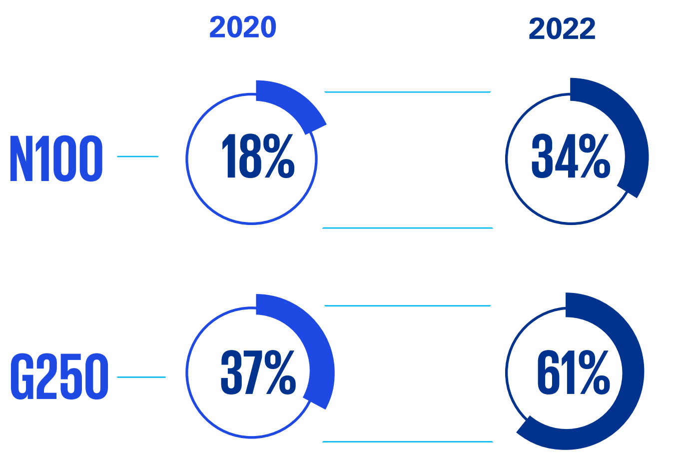
## About TCFD

The 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 aims 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 includes companies and financial stakeholders, and published its recommendations in 2017. KPMG was one of the first members of the TCFD, and continues to advise member firms' clients on the adoption of TCFD recommendations.

**Figure 23: Global TCFD adoption (2020–2022)**




Base: 5,800 N100 companies and 250 G250 companies

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

# Strength in numbers

Although initially targeted at the financial sector, TCFD adoption has seen strong growth across all sectors, particularly among consumer-based sectors and heavy industries in both the N100 and the G250.

TCFD adoption within the N100 is led by the automotive (60 percent), mining (50 percent) and TMT (45 percent) sectors. Still today, just one-third of the financial services sector uses the standard.

When we look at the G250, the financial services sector shows greater participation (70 percent). TMT leads the G250 (75 percent), while the retail sector ranks third (71 percent).

As ESG disclosures continue to gain momentum in capital markets, clear and consistent climate reporting will become essential for companies in all sectors. While growth in TCFD adoption has been strong, there is clearly room for improvement in this area.

## Figure 24: TCFD adoption by sector (2020–2022)

### N100

| Sector | 2020 | 2022 |
|---|---|---|
| Automotive | 32% | 60% |
| Utilities | 20% | 38% |
| Retail | 7% | 27% |
| Mining | 29% | 50% |
| Financial Services | 25% | 34% |
| Healthcare | 7% | 27% |
| Technology, Media & Telecommunications (TMT) | 20% | 45% |
| Forestry & Paper | 11% | 33% |
| Construction & Materials | 12% | 26% |
| Chemicals | 23% | 39% |
| Industrials, Manufacturing & Metals | 16% | 31% |
| Food & Beverages | 11% | 26% |
| Oil & Gas | 31% | 41% |
| Personal & Household Goods | 12% | 31% |
| Transport & Leisure | 7% | 23% |

Base: 5,800 N100 companies and 250 G250 companies

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

**As countries make ambitious commitments to address the pressing challenge of climate change and sustainability more broadly, there are tremendous opportunities to redirect private capital to climate and sustainable finance. Many firms are committing to ambitious decarbonization goals and pathways, while capital markets and financial institutions are setting reporting KPIs for sustainability-linked bonds and loans. In the last year, we have witnessed significant progress in addressing the ESG reporting 'alphabet soup' with the formation of the International Sustainability Standards Board (ISSB) that seeks to provide the foundation to move toward mandatory climate and sustainability disclosure. This is expected to bring much-needed consistency, reliability and comparability of ESG-related data and disclosure, while preventing greenwashing.**

**We expect increasing pressure to move beyond GHG emission measures to other areas — such as climate adaptation, biodiversity, human rights, and inclusion — and across a broad range of sustainable finance instruments. We also see emerging trends in sustainability reporting focused on the material dependencies of firms on nature and society and how to value and report on it alongside financial returns. The challenge in emerging markets centers on the limited capacity for data collection, analysis and assurance, while demands are increasing — even on smaller firms. If the momentum is going to be successful in improving the impact of firms on the environment and society, then more needs to be done to support firms in the detailed work necessary to provide accurate, reliable data for reports that are also useful for business decision-making.**

The views and opinions expressed herein are those of the individuals and do not necessarily represent the views and opinions of the International Finance Corporation World Bank Group.

**Elizabeth M White**
Lead Sustainability in Development Impact Management
International Finance Corporation
World Bank Group

**Martine Valcin**
Global Manager, Corporate Governance and ESG Advisory, Knowledge and Learning
International Finance Corporation
World Bank Group

# The view from:

## New Zealand: First country to mandate TCFD disclosure

New Zealand was one of the first countries in the world to mandate climate-related financial disclosures based on the Task Force on Climate-related Financial Disclosures (TCFD).

The new climate standards take effect on 1 January 2023 and will apply to listed entities and some financial service businesses for their first accounting period starting after this date. This is the most significant change to New Zealand's corporate reporting framework since IFRS was adopted almost 20 years ago.

The proposed regime has real potential to accelerate and drive the change that is needed in New Zealand. It gives organizations a much greater appreciation of the strategic and operational implications of climate change and the road ahead.

Normally, we get years to prepare for new financial reporting standards — to analyze the requirements, think about the system changes, and design the disclosures. When it comes to the impacts of climate change, time is not something we have, and this is reflected in the ambitious timeline for adoption. Rather than simply looking to comply, the emphasis now should be on investing the time to do it right.

It's likely that many more New Zealand organizations will follow the guidance to meet the expectations of regulators, customers, employees, or supply chain partners who want information on an organization's climate impact. Beyond regulatory requirements, market and societal pressures are determining who makes disclosures and are also driving the quality of disclosures.

**Ian Proudfoot**
Leader, ESG Assurance
KPMG in New Zealand

# The view from:

## KPMG's Global Decarbonization Hub

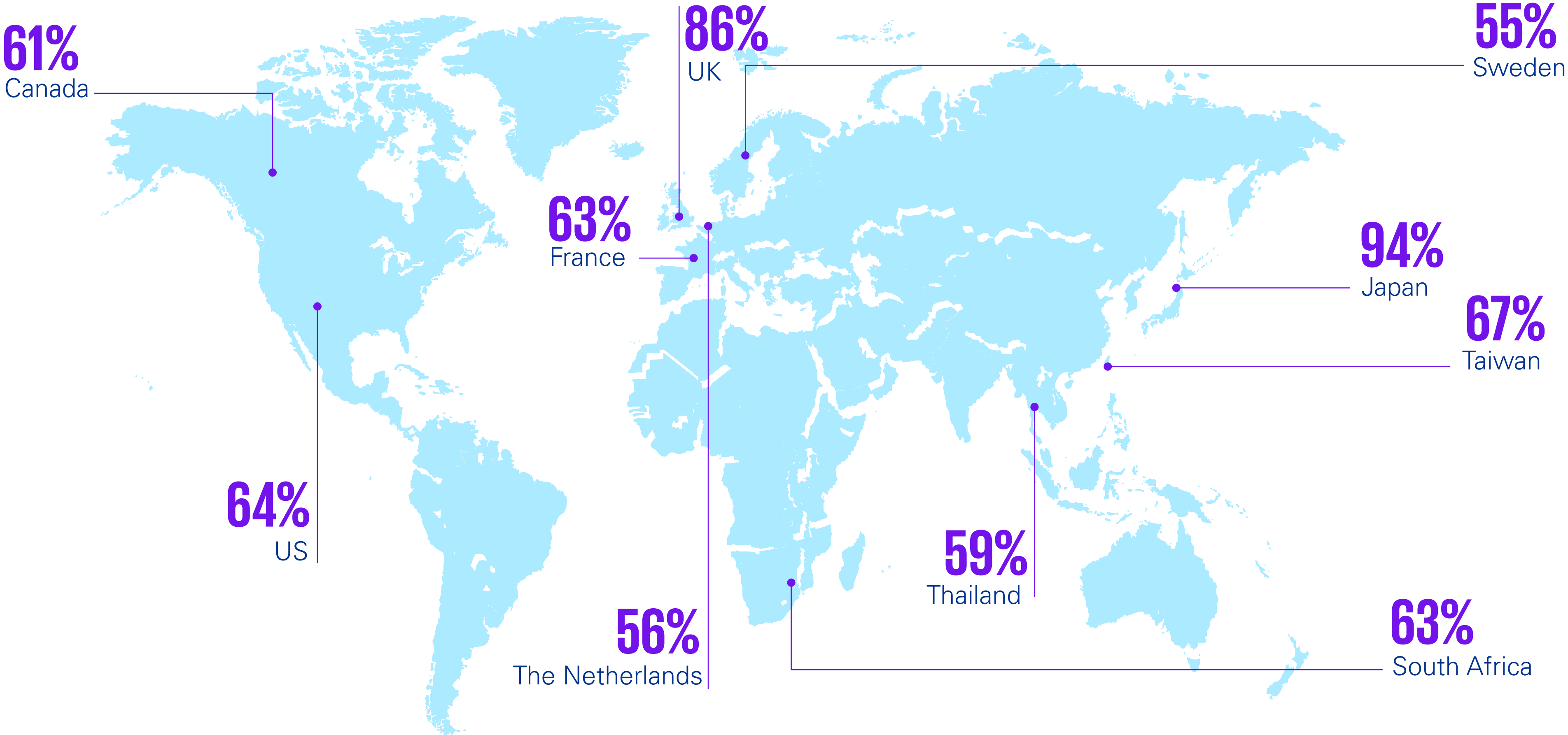
**Mike Hayes**
Climate Change and Decarbonization Leader,
Head of Global Renewable Energy
KPMG International

It is not a particularly surprising result that the number of companies that are reporting their exposure to climate risks in line with the TCFD recommendations has increased significantly from 2015 to 2022. The reality is that companies have become better informed about the fact that the physical and transition risks of climate change represent a very real financial risk, which impacts the value of assets on the balance sheet (and ultimately could impact on corporate valuations). In recent months, the reality of physical climate risk has become very obvious due to various extreme weather events. However, transition risk is also a reality — for example, there could be a considerable impact from the EU Carbon Border Adjustment mechanism on some sectors.

This trend is no longer only due to a regulatory requirement to report under TCFD even though regulation has definitely helped to drive increased adoption. There are other factors at play also. Investors have increasingly become concerned about exposure to climate risk in their investee companies and are insisting that these companies disclose their exposure to climate risk, including quantifying the different risks involved under different scenarios. These investors fully recognize that climate risk is about valuation and the specter of stranded assets is a very real concern.

Lastly, we should not forget that TCFD is also about opportunities. Those companies who grasp the reality of what a low carbon economy looks like and start developing their goods and services to meet the needs of customers in this new economy can create value.

**Figure 25: Top 10 countries, territories and jurisdictions by percentage of N100 companies reporting in line with TCFD recommendations (2022)**




Base: 5,800 N100 companies

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

# Reporting the risk from biodiversity loss

# Less than half of the companies reviewed currently recognize biodiversity loss as a risk to their business

2020 was the first year that the KPMG global survey explored how companies report on the risks they face from the loss of nature and biodiversity. Over the past two years, the recognition of this risk has become more urgent and pronounced with biodiversity and nature risks impacting businesses and their supply chains. Acknowledgement of this risk is the first step for companies to address the critical issue of increasing biodiversity and nature loss.

2 years ago, KPMG professionals reported disclosure among companies from sectors considered at high or medium risk from biodiversity loss.[1] In 2022, this group was extended to cover a view of biodiversity risk across all sectors.

Looking at high and medium risk sectors, reporting on biodiversity has increased across both the N100 and G250 since 2020: nearly a quarter more of the N100 now report (reaching 46 percent), and a further one-fifth of the G250 now report on biodiversity risks (49 percent in total).

However, the review of the full group of companies across all sectors showed that less than half of companies currently recognize the loss of biodiversity or nature as a risk to their business: the N100 at 40 percent and the G250 at 46 percent.

This remains an area where reporting requires rapid development, as strengthening biodiversity and nature has an impact on mitigating climate change. The introduction of new standards, such as the TNFD and CSRD, are likely to drive improvements in disclosure.

**Figure 26: Global biodiversity reporting rates (2022)**


Base: 4,581 N100 companies and 240 G250 companies that report on sustainability or ESG matters

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

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

**The speed and scale of biodiversity loss is the highest in history.**

**This year is a pivotal year for nature with international efforts to halt and reverse biodiversity loss intensifying with COP15 agreement expected on a new ambitious Global Biodiversity Framework.**

**Nature is following into the footsteps of climate. The Taskforce on Nature-related Financial Disclosures (TNFD) is also bringing nature-related risks and opportunities into sharper focus for financial services and corporates. The TNFD has sought to maximize the consistency and language of its approach with existing climate-related disclosure recommendations from its counterpart the Task Force on Climate-related Financial Disclosures (TCFD) and align with the emerging global baseline for sustainability reporting currently in development by the International Sustainability Standards Board.**

**The building of bridges between the effective climate and nature disclosures will help those already disclosing on climate to better manage and adapt to those risks and opportunities, and vice versa. We expect the need for more organizations to better understand, manage and disclose their exposure to nature-related risks and take action to build resilience to accelerate significantly.**

**Carolin Leeshaa**
Natural Capital & Biodiversity Global Lead
KPMG International and TNFD Taskforce Member

# About TNFD

Human societies are reliant on nature for food and materials for economic activities, as well as for services such as carbon sequestration and water cleaning.[1] The World Economic Forum estimates that up to $44 trillion of economic value generation — up to half the world's output — is moderately or highly dependent on nature and its services.[2]

The Taskforce for Nature-related Disclosures (TNFD) is a market-led, open innovation approach that encourages market participants to support the development of a risk management and disclosure framework for organizations to report and act on evolving nature-related risks.

[1] UN Sustainable Development Goals, Goal 15: Biodiversity, forests, desertification

[2] World Economic Forum, Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy 2020

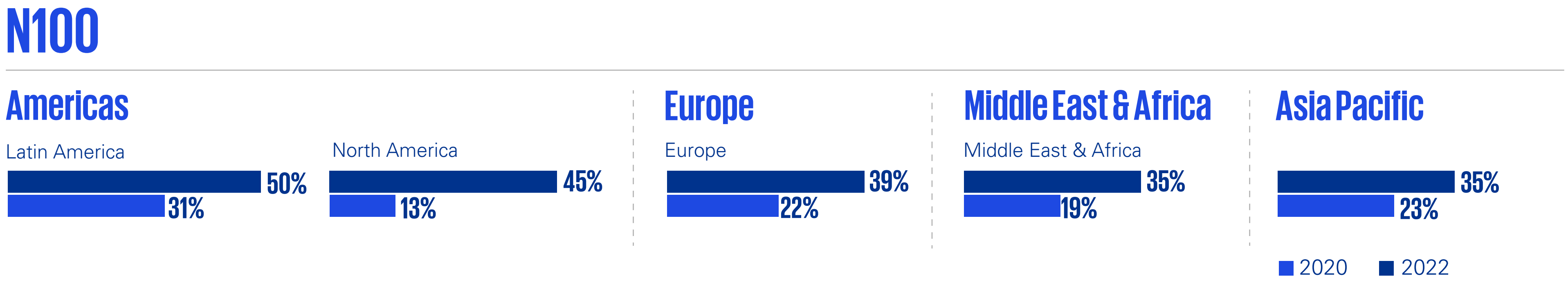
# Latin America continues its regional leadership in biodiversity reporting

At the regional level, Latin America still dominates in biodiversity reporting with both Brazil and Peru among the top 10 reporters. The region includes some of the most biodiverse areas on the planet but is suffering from massive biodiversity loss due to mining, land use changes, and deforestation. Currently, half of Latin American companies in the N100 report on biodiversity risks.

In Europe, just over one-third (39 percent) of N100 companies are reporting, while the North American rate is at 45 percent. Given the recent attention on nature and biodiversity, including a mobilization by the finance sector to support nature-based solutions (launched at COP 26 in 2021), we anticipate that this number will increase in the coming years.

The top four N100 reporters are the UK (77 percent), Thailand (68 percent), South Africa (68 percent) and Japan (64 percent).

**Figure 27: Biodiversity reporting rates (2020–2022)**




Base: 4,581 N100 companies that report on sustainability or ESG matters; 2020 data includes only sectors considered to be high or medium risk

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

# The view from:

## Canada: 49% of companies recognizing biodiversity loss as a risk to business

The Canadian economy is fundamentally connected to the sustainable development of natural resources. This means the risk of biodiversity loss is a critical economic consideration and emerging risk topic which businesses are grappling with.

There are signs of an increasing awareness of this issue in the business community, as demonstrated by the growing number of Canadian companies disclosing biodiversity loss as a business risk. Notably, companies in the resource sectors such as mining, forestry, and oil & gas are early adopters in disclosing loss of biodiversity as a risk to the business, while other major sectors in Canada such as financial services, telecom, and retail are less likely to address these risks in their public disclosures.

The prototype framework and guidance from the TNFD can help to further improve the quality and consistency with which these risks and opportunities are addressed.

**Doron Telem**
National Leader, ESG
KPMG in Canada

# Biodiversity is a focus for most sectors, even ones considered lower risk

A positive trend is that more and varied sectors are now reporting on and recognizing their impact on biodiversity loss. In 2020, companies from the extractive industries were more inclined to report the loss of biodiversity. In 2022, there has been notable growth across a broader range of sectors, particularly in the technology, media and telecommunications sector, and the automotive sector.

In the G250, the oil & gas sector stands out with 65 percent reporting on biodiversity, followed by the retail sector at 59 percent.

**Figure 28: Biodiversity reporting rates by sector (2020–2022)**

## N100

| Sector | 2020 | 2022 |
|---|---|---|
| Mining | 40% | 79% |
| Utilities | 28% | 51% |
| Retail | 20% | 39% |
| TMT | - | 30% |
| Forestry & Paper | 31% | 76% |
| Chemicals | 29% | 50% |
| Automotive | - | 39% |
| Financial Services | 15% | 29% |
| Oil & Gas | 36% | 57% |
| Industrials, Manufacturing & Metals | 25% | 40% |
| Construction & Materials | 14% | 38% |
| Healthcare | 11% | 17% |
| Food & Beverages | 25% | 56% |
| Personal & Household Goods | 30% | 39% |
| Transport & Leisure | - | 34% |
| Other | 9% | 27% |

## G250

| Sector | 2020 | 2022 |
|---|---|---|
| Oil & Gas | 37% | 65% |
| Industrials, Manufacturing & Metals | 29% | 58% |
| Financial Services | 9% | 41% |
| Healthcare | 20% | 20% |
| Retail | 20% | 59% |
| TMT | - | 44% |
| Automotive | - | 33% |

"-" means this industry was not included in the 2020 analysis as it is considered low risk from a biodiversity perspective.

Base: 4,581 N100 companies and 240 G250 companies that report on sustainability or ESG matters

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

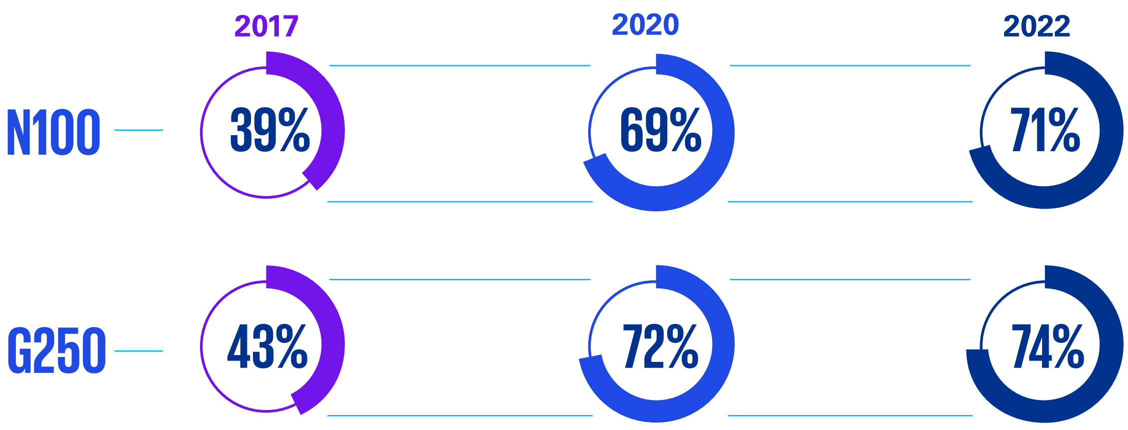
# Reporting on the UN Sustainable Development Goals (SDG)

# Most companies report against the SDGs

The KPMG Survey has tracked business adoption of the 17 UN SDGs since their launch in 2015. The SDGs have resonated strongly with business with large leaps in reporting against them between 2017 and 2020.

And yet, we have seen only incremental growth in adoption over the past 2 years. The data shows a 2 percent increase of the N100 (to 71 percent) and a 2 percent increase in the G250, where three-quarters of the G250 now report against the SDGs.

**Figure 29: Global SDG reporting rates (2017–2022)**




Base: 4,581 N100 and 240 G250 companies that report on sustainability or ESG matters

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

## About the UN SDGs

The 17 SDGs were introduced by the United Nations 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. Companies find the SDGs helpful to align their sustainability initiatives with their contribution to solving the world's biggest problems.

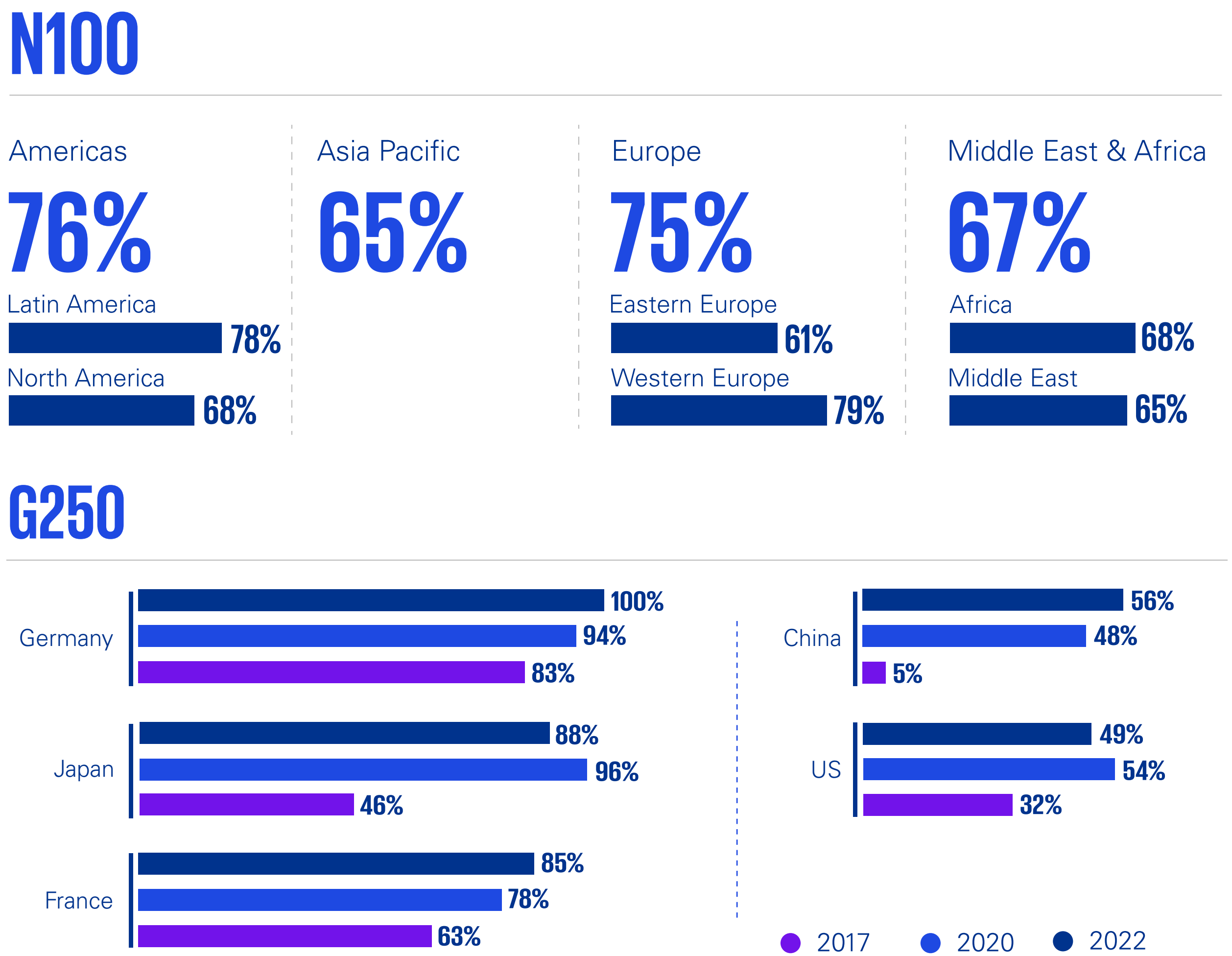
# Asia Pacific, Latin America remain SDG reporting leaders

In 2022, we see 12 countries, territories and jurisdictions in which 75 percent or more of the top 100 companies reference SDGs in their sustainability reporting. Four of those are in the Asia Pacific region. Thailand led with 93 percent of companies identifying specific SDGs that were most relevant to business.

Even though this strong geographical spread suggests that the SDGs are fully embedded around the world, reporting rates in Eastern Europe (61 percent) and the Middle East (65 percent) can still improve.

In the G250, 100 percent of German companies reference the SDGs. Also impressive is the increasing references to SDGs among Chinese companies, going from 5 percent of companies in 2017 to 56 percent in 2022.

**Figure 30: Global SDG reporting rates (2017–2022)**




Base: 4,581 N100 and 240 G250 companies that report on sustainability or ESG matters

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

# Strong uptake of SDGs across all sectors

Sector reporting remains strong across both the N100 and the G250.

## Figure 31: SDG reporting rates among G250 companies by sector (2017–2022)

### G250

| Sector | 2017 | 2020 | 2022 |
|---|---|---|---|
| TMT | 35% | 77% | 86% |
| Automotive | 38% | 80% | 83% |
| Oil & Gas | 39% | 78% | 83% |
| Retail | 23% | 75% | 76% |
| Financial Services | 24% | 73% | 70% |
| Healthcare | 14% | 56% | 67% |
| Industrials, Manufacturing & Metals | 24% | 46% | 63% |

Base: 240 G250 companies that report on sustainability or ESG matters

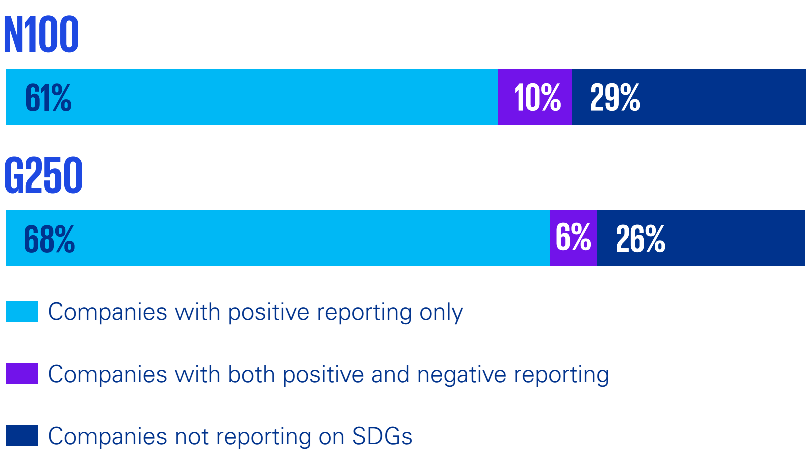
Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

## Room for improvement on balanced SDG reporting

KPMG professionals assessed whether companies offer balanced reporting about their SDGs impacts. In both the N100 and the G250, the vast majority of companies communicate only the positive impacts they have on SDGs, with only one-tenth of N100 companies and one-third of G250 companies considering both positive and negative impacts on SDGs.

The research also showed that more companies are reporting against specific SDGs, with 10 percent of companies reporting against all 17 SDGs. Three SDGs remain the most popular for companies: 8: Decent Work and Economic Growth; 12: Responsible Consumption and Production; and 13: Climate Action. Few companies prioritize the following three SDGs that relate to 2: Zero Hunger; 14: Life below Water; and 15: Life on Land.

### Figure 32: SDG reporting by nature of reporting (2022)




Base: 4,581 N100 companies that report on sustainability or ESG matters

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

### Figure 33: Frequency of prioritized SDGs (2022)


Base: 3,275 N100 companies identify specific SDGs they consider the most relevant for their business

> **"SDG reporting is important for business. By disclosing both positive and negative impacts on the SDGs, a company can increase transparency with its stakeholders, including its workforce."**

**Richard Threlfall**
Head of Global Infrastructure, Government and Healthcare, KPMG International

# ESG

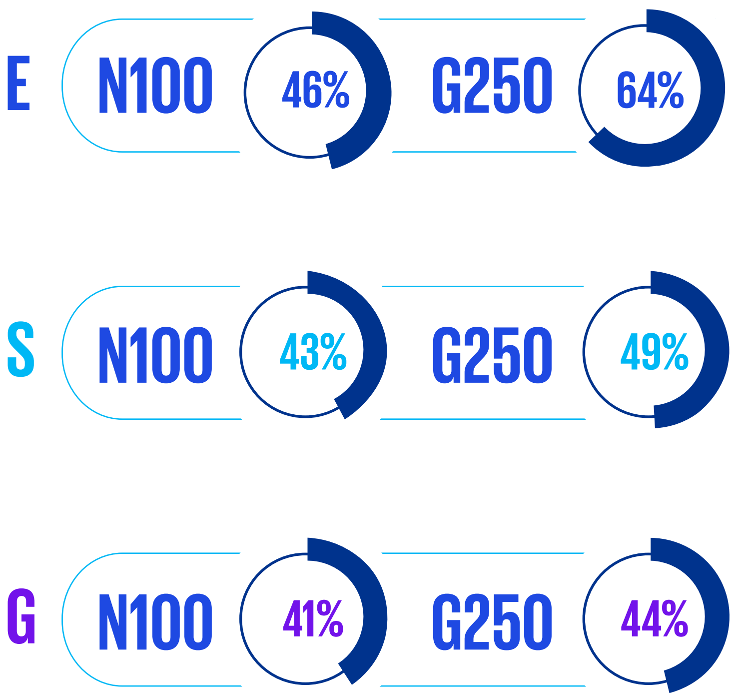


# Companies increasingly acknowledging ESG issues as risk areas

The concept of ESG was first introduced by the United Nations in its 2006 publication *Principles for Responsible Investing*, but has become more prevalent in recent years, with an increasing number of companies using ESG as the anchor for their sustainability reporting. For the first time in 2022, KPMG professionals analyzed the inclusion of E, S and G factors in sustainability reporting. We found that the E in ESG (defined as climate change for the purposes of this survey) is highlighted far more often than the S and G, with a handful of countries, territories and jurisdictions leading the charge in this form of reporting, mostly as a result of domestic legislation.

### Figure 34: Global reporting rates of E, S and G risks (2022)

Environmental concerns are highlighted most often, especially among the G250




Base: 5,800 N100 companies and 250 G250 companies

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

### Figure 35: Top five countries, territories and jurisdictions by percentage of N100 companies reporting on E, S and G risks (2022)

The UK and South Africa lead in all three areas.

| E | | S | | G | |
|---|---|---|---|---|---|
| United Kingdom | 94% | United Kingdom | 95% | United Kingdom | 95% |
| South Africa | 92% | South Africa | 92% | South Africa | 91% |
| Japan | 90% | France | 81% | Japan | 87% |
| Spain | 88% | Japan | 80% | Thailand | 84% |
| France | 81% | Sweden | 77% | Sweden | 76% |

# Climate change is a business risk

The acknowledgement among companies that climate change is a risk to the business has improved markedly since 2017, but its growth does not reflect the urgency spelled out by the IPCC's 'Code Red' report in 2021, that called for urgent action to mitigate climate change.

In the past 5 years, the share of G250 companies reporting on environmental issues as a risk to the business has increased from 48 percent in 2017 to 64 percent in 2022, and the N100 from 28 percent to 46 percent.

Only 13 percent of the G250 adopt a leading practice of modeling the potential impacts of climate change using scenario analysis.Yet, most reporting is narrative-led versus publishing quantitative or financial data regarding impacts. For example, 37 percent of the N100 use a narrative approach versus 3 percent disclosing financial data on climate change risks.

**Figure 36: Global reporting on environmental risks (2017–2022)**

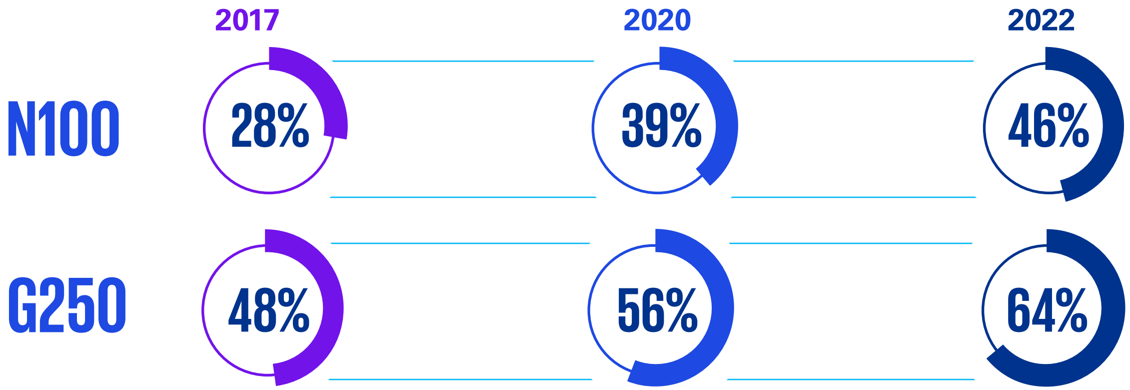
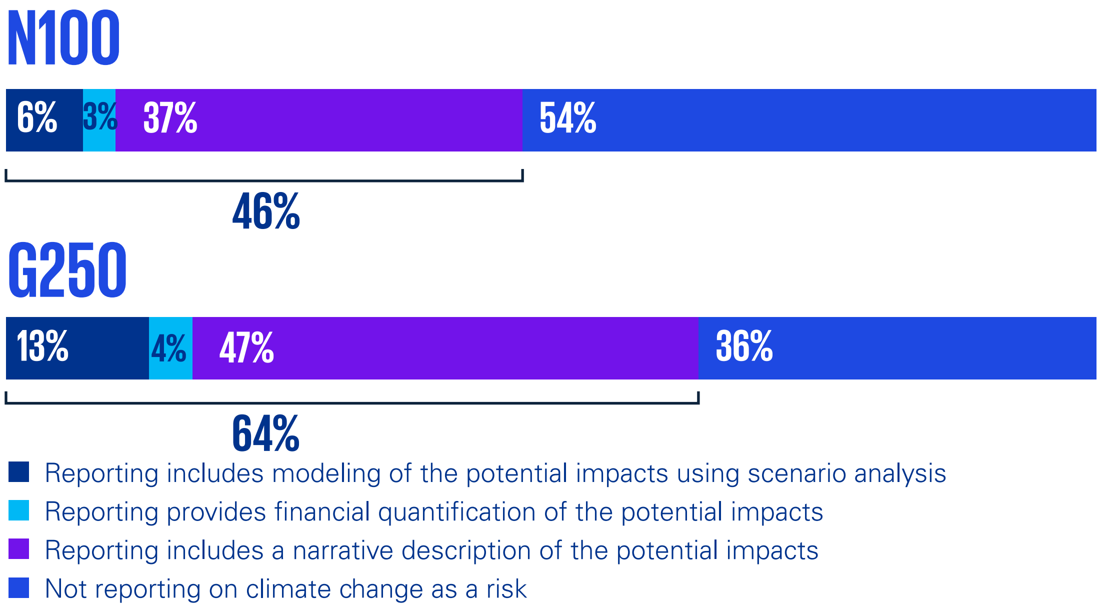



**Figure 37: Nature of environmental risk reporting (2022)**




Base: 5,800 N100 companies and 250 G250 companies

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

# The view from:

## South Africa : 92% of N100 companies reporting on environmental risks

The focus and discussion on climate and social risk is clearly increasing in South Africa.

Acknowledgement of climate and social risk to businesses is largely driven by individual commitments made by companies to widely accepted reporting frameworks and participation in industry-led partnerships at local and international levels.

The post-pandemic landscape has also seen South African companies evolve their thinking, possibly intensified by local events such as floods and social unrest in the past year.

The survey shows progress in the number of companies reporting, yet the quantification of both climate and social risks and opportunities is slower in its uptake. Balanced disclosure is an area for improvement. South African companies need to demonstrate their commitment to stakeholders by embedding ESG more holistically into the business strategy.

**Ron Stuart**
Partner, Head of Markets and ESG Lead
KPMG Southern Africa

# The social element of ESG

The social element of ESG is now becoming a focus for companies. However, the shift to addressing social issues has yet to be translated into a comprehensive set of disclosures.

Currently, almost half of the G250 (49 percent) acknowledge social elements as a risk to their business. A smaller share of N100 companies (43 percent) address social risks. The elements cover areas such as community engagement, safety and labor issues, which are key risk areas for most companies. Companies also prefer to use a narrative description to describe social impacts rather than provide quantified data.

**Figure 38: Social risk reporting among N100 companies by region (2022)**

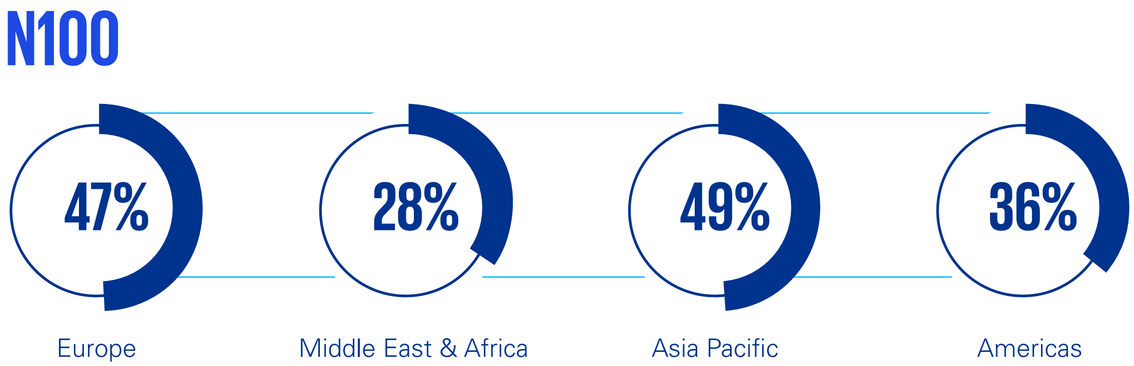
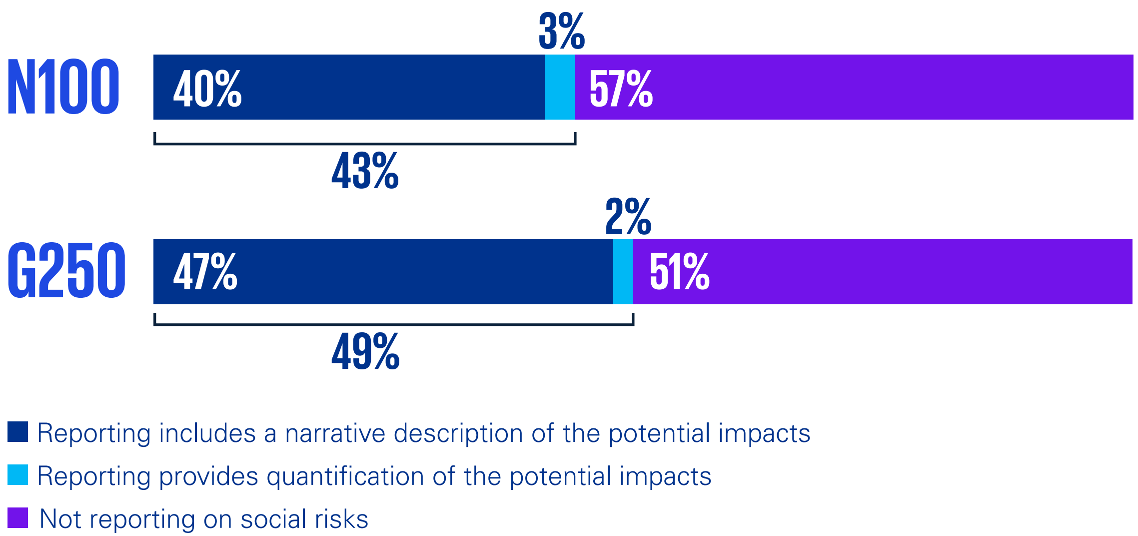



**Figure 39: Nature of social risk reporting (2022)**




Base: 5,800 N100 companies and 250 G250 companies

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

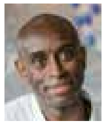
# The view from:

## UK : 95% of N100 companies reporting on social risks

UK companies are raising the bar on ESG transparency. The survey results demonstrate that sustainability is critical to risk management, resilience and indeed value creation, with ESG and sustainability matters top of the agenda for UK Boards and executive leadership teams. Appointing a dedicated member of the board and/or leadership team for sustainability matters is a critical step in providing senior accountability and oversight to implement company-wide ESG commitments and targets.

We have also seen a renewed focus on critical social elements in the UK. The global impact of COVID-19 shows how connected we are and the potential for societal factors to impact how companies operate and the value they create. We have seen clients continue to build momentum on climate-related disclosures, and dive deeper into managing social topics such as diversity and inclusion, employee wellbeing, responsible supply chain management, human rights and social impact.

We anticipate further reporting on social factors in the coming years as companies comply with emerging requirements such as the European Commission's proposal on 'corporate sustainability due diligence' that applies across global value chains. Businesses will also continue to navigate changing consumer preferences for sustainable products and services, respond to social movements, and navigate their role in the just transition towards a green economy.



**John McCalla-Leacy**
Head of Global ESG, KPMG International, and Partner, KPMG in the UK

## Australia : 67% of N100 companies reporting on social risks

Our research has found that while only 67 percent of Australian N100 companies surveyed reported that social elements were a material risk to the business, Australian companies outperform their global peers: 43 percent of the global N100 and 49 percent of the G250 report on social elements.

There is an increasing global relevance and focus on social issues, particularly given the COVID-19 pandemic, concerns over labor standards, modern slavery, responsible supply chains, diversity and inequality. The current low rate of global disclosure of social risks is surprising.

Within this context, our research suggests there is a need for greater understanding of social risks and the financial impact they can have on business, as well as an improvement in the quality of reporting on social risks. We encourage companies to adopt good practice reporting of environmental and social risks by focusing on information that is comparable, verifiable and accurate, timely, understandable, transparent and balanced.

The development of a global baseline of sustainability-related disclosure standards can make a significant contribution to achieving these good practice reporting principles, which is the goal of the International Sustainability Standards Board.

**Adrian King**
Sustainability Services Practice Lead
KPMG Australia

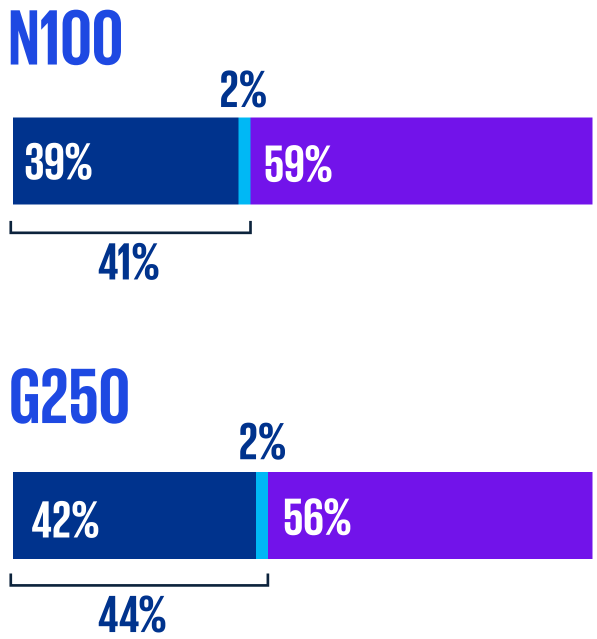
# Less than half of companies disclose their governance risks

Governance risks are reported risks that may impact on compliance or the integrity of the business, such as bribery and anti-corruption, anti-competitive behavior or political contributions. For the first time in the survey, KPMG professionals reviewed whether a company's report acknowledged governance elements as a risk to the business.

Only 41 percent of companies in the N100 and 44 percent of companies in the G250 acknowledge governance elements as a risk to their business. This is surprising given the increasing global focus on government relations (such as lobbying and corruption), as well as the growing calls for tax transparency and related disclosures.

Like the environmental and social risk disclosures, the research shows that companies prefer to use narrative descriptions to convey the potential impacts of the risks, rather than quantify such risks. Only 2 percent of companies in both the N100 and G250 provided quantification of the impacts.

**Figure 40: Nature of governance risk reporting (2022)**




- Reporting includes a narrative description of the potential impacts
- Reporting provides quantification of the potential impacts
- Not reporting on governance risks

Base: 5,800 N100 companies and 250 G250 companies

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

At the regional level, among the N100, Africa, Western Europe, and the Asia Pacific region have the highest level of disclosure at 49 percent across all three regions. Only a third of companies are disclosing risks in the Americas: North America (37 percent) and Latin America (33 percent). The Middle East region lags with just a 13 percent rate of disclosure.

In the G250, Japan and Germany have high levels of disclosure: 92 percent.

### Figure 41: Governance risks reporting by region (2022)

## N100

| Americas | Asia Pacific | Europe | Middle East & Africa |
|---|---|---|---|
| 33% | 49% | 45% | 28% |
| Latin America 33% | | Eastern Europe 30% | Africa 49% |
| North America 37% | | Western Europe 49% | Middle East 13% |

## G250

| Japan | Germany | France | China | US |
|---|---|---|---|---|
| 92% | 92% | 77% | 31% | 3% |

Base: 5,800 N100 companies and 250 G250 companies; only the largest five countries in the G250 are shown in this figure

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

**Tax transparency is a key component of the G in ESG and has been part of the public discourse in one form or another for many years. One of the earliest and most easily identified catalysts for bringing tax transparency to the main stage has been country-by-country reporting, but the list of mandatory and voluntary initiatives around tax disclosures has been growing. Various stakeholder groups consider tax as an important part of ESG and having a sustainable, transparent approach to tax are key in today's world. It is important that companies take the first steps to think about what tax transparency looks like for their organization as we expect this to be an important area of governance disclosure in the years to come.**

**Loek Helderman**
Global Tax Lead, KPMG International

# Leadership-level representation for sustainability not yet prevalent

Also for the first time, the survey reviewed whether sustainability was represented at the Board level by having a dedicated member or leadership team responsible for sustainability matters.

This level of representation can help, bringing sustainability closer to business operations, and creating greater accountability. A dedicated member of the leadership team can also be indicative of how mature the company is with respect to its ESG journey.

The practice is not yet prevalent. Currently, just over one-third (34 percent) of the N100 companies and less than half (45 percent) of G250 companies have leadership-level representation.

The UK stands out as a leader (83 percent), jointly followed by Taiwan and France (75 percent), and South Korea (73 percent).

**Figure 42: Global rates of sustainability representation at leadership level (2022)**


Base: 5,800 N100 companies and 250 G250 companies

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

**Figure 43: Top 10 countries, territories and jurisdictions by percentage of N100 companies with sustainability representation at leadership level (2022)**

| | | |
|---|---|---|
| 1 | 83% | UK |
| 2 | 75% | Taiwan |
| 3 | 75% | France |
| 4 | 73% | South Korea |
| 5 | 65% | Philippines |
| 6 | 59% | Germany |
| 7 | 59% | India |
| 8 | 58% | Thailand |
| 9 | 58% | Japan |
| 10 | 56% | Portugal |

Base: 5,800 N100 companies

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

# The view from:

**US: 23%** **of N100 companies with sustainability representation at leadership level**

Many companies are reimagining their governance structures over ESG, creating steering committees composed of executive leadership and making strategic decisions about commitments, actions and disclosures.

We are also beginning to see more board members with relevant climate expertise — ranging from how to operationalize net zero commitments to a deep understanding of climate science. It's all contingent upon the nature of the company's specific needs, commitments and strategy.

**Maura Hodge**
ESG Audit Leader
KPMG in the US

# Compensation can help meet targets. Are companies leveraging it?

Sustainability-linked compensation at leadership levels can improve performance in areas such as meeting climate goals and increasing diversity. The inclusion of sustainability targets and metrics into compensation also sends a signal to investors and other stakeholders that the company's leadership is serious about sustainability.

KPMG professionals researched whether companies include sustainability-linked compensation for their Board or leadership. So far, 40 percent of G250 companies use it. This is a positive indicator, as practices within the G250 tend to filter into the N100. Currently, less than one-quarter of N100 companies compensate their leaders based on attainment of sustainability-based goals (24 percent).

**Figure 44: Global rates of sustainability-based compensation at leadership level (2022)**


Base: 5,800 N100 companies and 250 G250 companies

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

# Methodology

**Professionals across 58 KPMG member firms performed 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 countries, territories and jurisdictions.**

With data from 5,800 companies, this survey is the most comprehensive in the series, which has run since 1993.

The sources used by KPMG researchers included reports published between 1 July 2021 and 30 June 2022. If a company did not report during this period, reporting from 2020 was reviewed. However, no reports issued earlier than 1 July 2020 were reviewed.

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 58 countries, territories and jurisdictions: 5,800 companies in total**

Professionals at KPMG firms identified the N100 in their country, territory or jurisdiction.

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

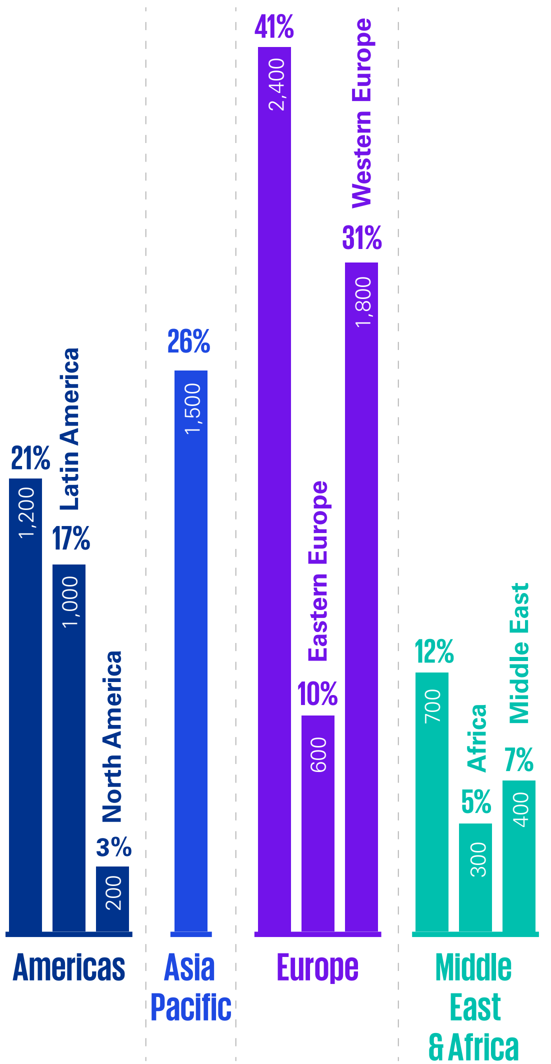
**The largest 250 companies in the world**

The G250 sample comprises the top 250 companies by revenue based on the *2021 Fortune 500* ranking. Most G250 companies were also included in the N100 research sample, although 11 companies were not, because they are headquartered in countries, territories and jurisdictions not covered in the N100 sample.

## N100 research sample: National Breakdown

Angola
Argentina
Australia
Austria
Belgium
Brazil
Canada
Chile
China
Colombia
Costa Rica
Cyprus
Czech Republic
Estonia
Finland
France
Germany
Greece
Hungary
Iceland
India
Ireland
Israel
Italy
Japan
Kazakhstan
Luxembourg
Malaysia
Mexico
Netherlands
New Zealand
Nigeria
Norway
Pakistan
Panama
Peru
Philippines
Poland
Portugal
Romania
Saudi Arabia
Singapore
Slovakia
South Africa
South Korea
Spain
Sri Lanka
Sweden
Switzerland
Taiwan
Thailand
Turkey
UAE
UK
US
Uruguay
Venezuela
Vietnam

## N100 research sample: Regional Breakdown

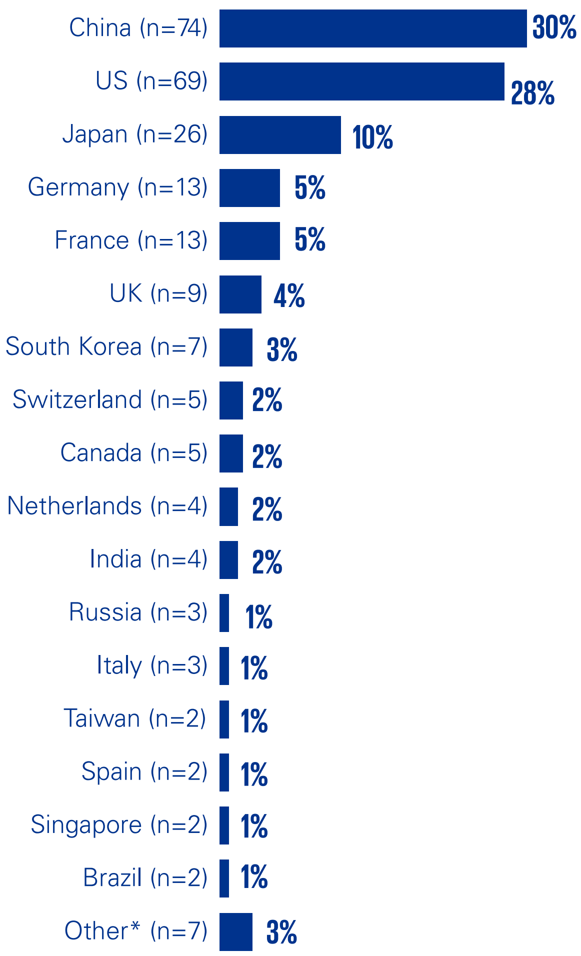



## N100 research sample: Sectorial Breakdown

20% Financial Services
10% Retail
10% Industrials, Manufacturing & Metals
10% Technology, Media & Telecommunications (TMT)
9% Food & Beverages
6% Automotive
5% Transport & Leisure
5% Utilities
5% Oil & Gas
5% Construction & Materials
4% Healthcare
3% Chemicals
3% Personal & Household Goods
2% Mining
1% Forestry & Paper
2% Other

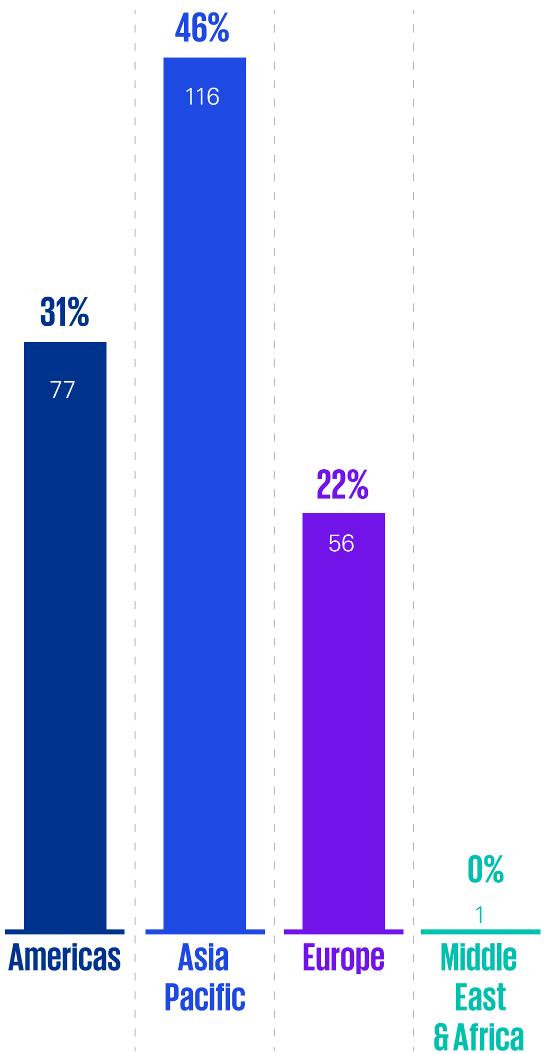
Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

## G250 research sample: National Breakdown




Other: Thailand (1), Saudi Arabia (1), Norway (1), Mexico (1), Luxembourg (1), Finland (1) and Belgium (1)

## G250 research sample: Regional Breakdown




## G250 research sample: Sectorial Breakdown


Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

# How we can help

## What should you include in your ESG disclosures?

Sustainability reporting is a rapidly evolving field with a variety of reporting frameworks, with some overlapping requirements but no global consistency. The range of ESG metrics and disclosure frameworks used is vast and varies by sector, size and complexity, as well as location. Your performance is being ranked by many different indices, scorers and benchmarks. How do you articulate clearly what you're doing in key ESG areas?

## How we support your ESG reporting

KPMG firms are at the forefront of sustainability reporting, helping our clients develop responsible and sustainable strategies, business models, operations and investments. We combine ESG know-how with technical accounting and reporting expertise. And we have experience supporting listed and private businesses, across all sectors and at all levels of maturity. There are tangible ways businesses can invest in sustainability reporting:

- Understand what your stakeholders expect you to report on, and help you articulate your ESG performance clearly.
- Create effective corporate ESG reporting. We can provide training to your team and undertake materiality assessments or benchmarking. We also support content identification and development, providing advice on data requirements and the best reporting structure, as well as undertaking compliance reviews.
- Align your ESG reporting with key mandatory and voluntary reporting frameworks. These could include the GRI Standards, SASB, and the EU's CSRD.
- Improve the quality and efficiency of ESG non-financial reporting. We help you identify data requirements, prepare methodology statements and review existing reporting processes to assess assurance readiness.
- Understand the impact of climate change on financial statement disclosures. We can help you review ESG disclosures for compliance with existing reporting requirements and benchmark against good practice.

An increasing number of today's investors take non-financial data just as seriously as financial data. They believe that those companies that measure and report ESG risks are also likely to be managing these risks better and delivering greater long-term value.

KPMG firms know the power of ESG to transform your business. KPMG ESG Advisory can show you how to enhance trust, mitigate risk and unlock new value as you build a sustainable future.

# Read more


**KPMG 2022 CEO Outlook**
Growth strategies in turbulent times


**Net Zero Readiness Index 2021**


**The time has come**
The KPMG Survey of Sustainability Reporting 2020

# Appendix

## National rates of sustainability reporting 2022

| Country | 2020 | 2022 |
|---|---|---|
| Angola | 30% | 27% |
| Argentina | 88% | 67% |
| Australia | 92% | 89% |
| Austria | 74% | 72% |
| Belgium | 72% | 84% |
| Brazil | 85% | 86% |
| Canada | 92% | 94% |
| Chile | -% | 74% |
| China | 78% | 89% |
| Colombia | 83% | 83% |
| Costa Rica | 56% | 65% |
| Cyprus | 23% | 36% |
| Czech Republic | 66% | 74% |
| Estonia | -% | 41% |
| Finland | 90% | 94% |
| France | 97% | 95% |
| Germany | 92% | 100% |
| Greece | 59% | 66% |
| Hungary | 83% | 79% |
| Iceland | 52% | 91% |
| India | 98% | 88% |
| Ireland | 88% | 95% |
| Israel | -% | 43% |
| Italy | 86% | 94% |
| Japan | 100% | 100% |
| Kazakhstan | 59% | 64% |
| Luxembourg | 65% | 69% |
| Malaysia | 99% | 99% |
| Mexico | 100% | 84% |
| Netherlands | 88% | 90% |
| New Zealand | 69% | 80% |
| Nigeria | 85% | 78% |
| Norway | 77% | 91% |
| Pakistan | 90% | 91% |
| Panama | 60% | 71% |
| Peru | 81% | 85% |
| Philippines | -% | 87% |
| Poland | 77% | 82% |
| Portugal | 72% | 85% |
| Romania | 66% | 74% |
| Saudi Arabia | 36% | 31% |
| Singapore | 81% | 100% |
| Slovakia | 76% | 81% |
| South Africa | 96% | 96% |
| South Korea | 78% | 99% |
| Spain | 98% | 95% |
| Sri Lanka | 66% | 76% |
| Sweden | 98% | 98% |
| Switzerland | 80% | 82% |
| Taiwan | 93% | 94% |
| Thailand | 84% | 97% |
| Turkey | 56% | 44% |
| UAE | 51% | 73% |
| UK | 94% | 99% |
| Uruguay | -% | 57% |
| US | 98% | 100% |
| Venezuela | -% | 16% |
| Vietnam | -% | 87% |

Base: 5,800 N100 companies

Source: KPMG Survey of Sustainability Reporting 2022, KPMG International, September 2022

# Acknowledgements

Pavol Adamec
Yewande Adeyi
Kristina Alexander
Waad Alsagrai
María Julia Arana
Banu Baysal
Maria Begue
Jesus Bobadilla
Giovanna Caipo
Sarah Carrillo
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Dimitris Peirounakis
Prathmesh Raichura
Marilin Saluveer
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Petros Sorokkos
Jorge Santos Lopes de Sousa
Maria Stancu
Ellen Strange
Kathleen E Sullivan
Shahda Al Taie
Athanasia Trikakou
Anna Vanickova
Julie Vasadi
Valentin Virlet
Thanos Voulodimos
Hong Choo Wang
Simon C Wilkins
Jennifer Wong

**With thanks to:**

Rowena Ahsan
Samantha Dann
Melissa Davis
Nicole Duke
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Designed by Evalueserve | Publication name: Big shifts, small steps | Publication number: 138280-G | Publication date: October 2022