



Evolution of sustainability reporting in Asia Pacific



Beyond the Horizon

—
November 2024





Table of Contents

03

Foreword

04

Messages from Asia Pacific Leaders

06

Executive summary

07

Glossary

08

Global ESG reporting frameworks

10

Market insights

40

Read more

42

Contacts and acknowledgements

Foreword

There is an impressive global ESG regulatory landscape and we advise all companies to check whether they are due to report under an ESG reporting regulation.

The core of the ESG reporting discussion happened in Europe with the Corporate Sustainability Reporting Directive (CSRD), coming along with other EU regulations such as the EU Taxonomy and Corporate Sustainability Due Diligence Directive (CSDDD). Nevertheless, when it comes to ESG reporting, CSRD is the most important regulation right now.

Outside of Europe, there are discussions on the SEC Climate Rule and California climate disclosure law in US, and on the Chinese sustainability reporting guidelines in China. From a global perspective, there are the International Sustainability Standards Board (ISSB), and we have seen these standards being adopted or planned to be adopted across various countries globally.

For now, CSRD already is an applicable regulation affecting European companies but also global and multinational companies by bringing an obligation to report and to receive assurance on this reporting. The CSRD regulation scopes in companies operating in the European Union (EU), meaning companies with EU headquarters but also subsidiaries of non-EU headquartered companies. In total this includes 50,000 EU companies of which 10,000 are owned by non-EU headquartered companies, most of which are based in the US, Canada and the biggest Asian economies.

Assessing ESG reporting requirements and readiness

KPMG helped a variety of companies, which must publish their first CSRD report in 2025 for the financial year 2024, across the EU and non-EU to get ready for reporting. However, KPMG analyses show that many companies still are not ready to report on the required CSRD disclosures, mainly because of lack of data and missing internal processes.

KPMG will soon publish a Global ESG reporting study. We interviewed more than 500 companies across EMEA, Americas and Asia Pacific on how they have prepared on ESG and how they will implement ESG reporting requirements. Key findings are:

- Location of non-financial information is shifting: In the past, most of the companies had a separate sustainability report whereas now CSRD requires them to include it as part of the management report.
- ESG reporting framework becoming global standards: In the past, companies were following voluntary frameworks such as GRI or TCFD whereas now, regulations such as CSRD, EU Taxonomy, ISSB and CSDDD are becoming the global standards.
- Key factors in preventing disclosure of ESG information: Most companies worldwide declare lack of data to be the main issue, followed by a lack of resources, which includes staff, budgets to prepare ESG data and concerns about revealing sensitive information.

We highly recommend companies obliged to report in 2026 for the financial year 2025 to start looking at the regulatory requirements now. The pure assessment of readiness and requirements to fulfill is an exercise that requires a lot of time and resources.



Jan-Hendrik Gnändiger

Global lead for ESG Reporting
KPMG International

From Assessment to Implementation

A structured assessment of how your company is affected by current ESG reporting regulations will form the basis for the subsequent implementation. The assessment should include:

Scoping: Establish which entities are in scope of non-financial reporting under which ESG framework.

Reporting entity: Non-EU companies need to understand the national transposition of CSRD to define which subsidiary should be leading in ESG report preparation and disclosures.

Governance: Implementing new non-financial reporting requirements requires the involvement and contribution of various stakeholders. It needs to be decided which department(s) is (are) in charge of preparing ESG disclosures.

Internal controls: Since the ESG report will require limited assurance from the auditor, companies are advised to establish and monitor non-financial internal control systems.

Monitor regulatory updates and guidance: Companies' ESG reporting systems need to be adjusted and updated along the way due to clarifications in regulatory text by reporting bodies.

Reporting tool: Leverage AI capabilities to support non-financial reporting process to ensure efficiency and correctness.

Look beyond: Working in silos might increase the risk of errors of compliance; hence look at benchmark data, market practices and guidance from subject matter experts.

Preparing for a future of ESG reporting

As Asia Pacific develops, pairing economic growth with ESG initiatives ensures long-term success and sustainable development.

We are pleased to present this report, which highlights the increasing importance of Environmental, Social and Governance (ESG) considerations in the Asia Pacific region.

Global trends and expectations surrounding corporate responsibility and transparency are emphasizing the importance of ESG in Asia Pacific. Much like their counterparts worldwide, corporations in Asia Pacific are realizing the need to align with international ESG standards to maintain competitiveness. Moreover, investors are increasingly focused on identifying companies with strong ESG practices, in recognition of the reality that addressing sustainability challenges is essential for long-term success.

In combination, these two factors have made ESG reporting fundamental for companies to attract international investments and contribute to the stability of the economy overall. Corporates are working to identify opportunities and better align strategies with business outcomes through more effective risk management reporting and advancing more quickly toward value creation.

ESG initiatives play a critical role in addressing both environmental and social issues in the region. Environmental issues are of particular concern in Asia Pacific, given high population density and rapid industrialization in many countries. Challenges such as air and water pollution, deforestation and greenhouse gas emissions require urgent attention. As the region continues to develop, these challenges may worsen if left unaddressed, but companies and governments can make substantial headway through sustainable resource management and pollution reduction strategies.

In addition to environmental concerns, Asia Pacific faces social challenges such as income inequality, weak labor rights and limited access to healthcare and education. By promoting fair labor practices, community development and fostering inclusive growth, stakeholders can begin to make headway on these systemic problems to enable the region to realize its full potential.

Achieving sustainable development, economic growth and social progress in Asia Pacific is possible, but only if companies start integrating and promoting ESG considerations within their business strategies and practices. There is much at stake, but our efforts can contribute to a more equitable, environmentally conscious and prosperous future for the region.

We hope this report serves as a valuable resource for ESG practitioners and professionals, enabling informed decision-making and driving positive change in the Asia Pacific.



Dong-Seok Derek, Lee

Partner, Head of ESG,
KPMG Asia Pacific

The next chapter of Asia Pacific reporting

The Asia Pacific region is moving towards more climate regulations, driving corporates to embrace sustainability reporting standards and practices.

Since the Paris Agreement in 2015 brought sustainability to the forefront of the global agenda, there has been a marked acceleration towards a new climate framework that prioritizes the planet, not just profits.

Business paradigms across industries, finance and the broader systems of sustainability reporting have completely shifted in the face of the imperatives of the climate crisis, intensifying competition, and a growing stack of social issues that are challenging “business as usual.”

Now, we are moving beyond the initial implementation phase into a new era of climate regulations. The industry experienced a major milestone in June 2023, when the ISSB published IFRS S1 and S2, its general requirements for sustainability-related financial disclosures that are now widely accepted as a global baseline for ESG corporate reporting. These standards are widening the aperture of environmental and social concerns to also address the financial factors that define corporate value.

While major global regulatory frameworks lead the way, the Asia Pacific region presents a more fragmented and challenging landscape for corporates. Nevertheless, change is occurring. Most countries are introducing ISSB standards and there are encouraging developments in the form of policies that directly impact corporate financial performance, such as carbon pricing.

Many companies in the region are working to establish reliable reporting systems that align with financial reporting standards, seeking third-party assurance to enhance credibility. Even without mandatory regulations, voluntary disclosures are steadily

increasing, and the sustainability reporting systems are maturing with every year.

As regulations continue to evolve at the national level, understanding the diverse regulatory landscape across Asia Pacific will be helpful. The first step will require companies to gain a comprehensive understanding of the various environmental and social issues shaping their industries and how these align with stakeholders’ expectations. Only then can they strategize how to address these issues in their operations and report on them with the right metrics and benchmarks.

Looking ahead, more change is afoot. To promote the transparency and reliability of corporate sustainability reporting, steps are being taken to make sustainability reporting a legal requirement and promote assurance. In the long term, these efforts can establish a wider ecosystem of governance standards and practitioners.

In December 2023, KPMG issued a report to help corporates understand the evolution of sustainability reporting regulations and guidelines in the Asia Pacific region. As our research illustrated, the ongoing evolution of sustainability-related reporting systems in Asia Pacific reflects the unique economic and social conditions of each market, leading to a diverse landscape.

Now, we present a revised edition incorporating recent developments in each jurisdiction, with additional notation on the latest trends regarding assurance. We hope this report will be instrumental in facilitating understanding of the current state of sustainability reporting within each jurisdiction in the Asia Pacific region, how it is aligning with global trends, and what awaits in its future trajectory.



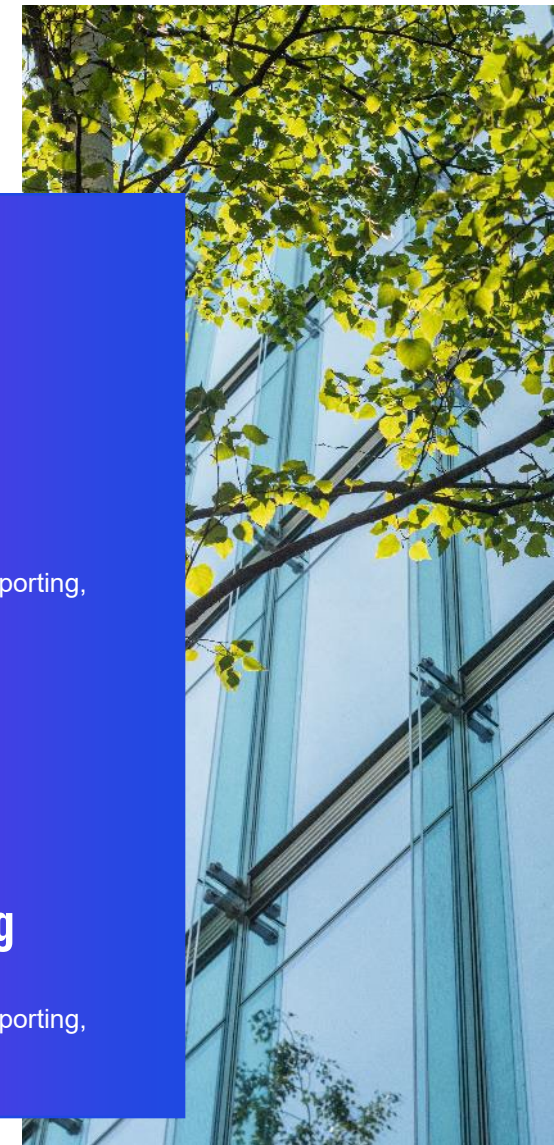
Kyoichi Seishi

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Executive summary

Momentum grows for sustainability and assurance regulations



Regulatory action on sustainability reporting continues to gain momentum across Asia Pacific, with corporates in more and more markets facing statutory requirements to disclose information on the environmental and social impacts of their business activities.

If it becomes mandatory to disclose ESG data, a higher level of reliability will be required, and preparation will therefore be necessary to obtain such assurance. New reporting regulations are being paired with equally strong efforts to mandate assurance on sustainability reporting to ensure the reliability of disclosed information.

It will also be imperative to enhance governance structures, including internal control systems related to sustainability reporting, to further ensure the integrity of disclosures.

Broadening scope for sustainability reporting topics and practices



Sustainability-related disclosure is expanding beyond the environment to encompass other categories such as social impact, and considerations of the entire value chain.

Corporates increasingly need to carry out due diligence on sustainability issues as they relate to their upstream and downstream businesses to ensure they are reporting responsibly. New regulatory and standard-setting developments in each jurisdiction in Asia Pacific can lead to a need to clarify interpretations and practices. However, though the region is maturing, there is a need for corporates to catch up on recent discussions on reporting practices on sustainability topics. These should occur in tandem with efforts to enhance transparency in sustainability reporting.

Transforming compliance into communication and value creation



Various sustainability-related disclosure requirements are now being announced in different Asia Pacific jurisdictions, further fragmenting the regulatory landscape in the region. These varying requirements are stemming from stakeholder demands for particular pieces of information, making it essential for corporates to develop a thorough understanding of their needs and expectations.

Corporates must view sustainability reporting as a business issue to be addressed, rather than a compliance box-ticking exercise. To achieve this, they should create a cycle of feedback from stakeholders on disclosure content and reflect it in management improvements. In doing so, corporates can leverage sustainability reporting requirements into a strategic means of communication with stakeholders and strategy development.

Glossary

CSRD

Corporate Sustainability Reporting Directive

ESRS

European Sustainability Reporting Standards

GRI

Global Reporting Initiative

IFRS

International Financial Reporting Standards



ISSB

International Sustainability Standards Board

SASB

Sustainability Accounting Standards Board

SEC

Securities and Exchange Commission

TCFD

Task Force on Climate-related Financial Disclosures

Global ESG reporting frameworks



ISSB (International Sustainability Standards Board) standards

ISSB issued its first set of standards in June 2023, effective from January 2024, with individual jurisdictions deciding on adoption.

Formed by the IFRS Foundation in November 2021, ISSB aims to create high-quality global sustainability disclosure standards, primarily for investors and financial markets. ISSB released two standards: IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures). These align with governance, strategy, risk management, and metrics and targets, consistent with the framework of TCFD recommendations. For the development of IFRS sustainability disclosure standards, the ISSB not only builds on the SASB standards and TCFD recommendations, but also enhances the international applicability of those standards so that companies can continue their current reporting based on the SASB and TCFD.



SASB (Sustainability Accounting Standards Board) standards

Published in 2018, SASB standards have become a resource of the IFRS Foundation since August 2022. SASB Standards focus on sustainability issues that significantly affect a company's cash flow, access to finance and cost of capital, mainly for investors and financial providers. These standards enable companies to disclose sustainability-related risks and opportunities relevant to 77 industries, which helps them manage and communicate this material information efficiently.



GRI (Global Reporting Initiative) standards

GRI first launched its sustainability reporting standards in 2000, aiming to ensure that companies follow responsible environmental practices. It expanded to cover social, economic and governance issues. GRI offers universal standards, sector-specific standards (such as oil and gas, coal, agriculture, aquaculture and fishing) and topic standards. These standards are not just for companies but are also relevant for investors, policymakers, capital markets and civil society. They emphasize a double materiality approach, considering both financial materiality and impact materiality.

Source: Created by KPMG based on various publicly available materials.



Global ESG reporting frameworks



TCFD (Task Force on Climate-related Financial Disclosures) recommendations

TCFD, formed in 2015 by the Financial Stability Board (FSB), provided recommendations for companies to disclose climate-related information that help investors, lenders and insurers assess climate risks. It focused on four areas: governance, strategy, risk management, and metrics and targets. It also encouraged disclosure on strategy and metrics and targets, subject to materiality assessments.

With the release of its 2023 status report on October 12, 2023, the TCFD has completed its mandate and dissolved. The FSB has requested that the IFRS Foundation takes over the monitoring of the progress of companies' climate-related disclosures.



CSRD (Corporate Sustainability Reporting Directive)

CSRD aims to align with other EU sustainable finance initiatives and the Taxonomy Regulation. Companies subject to CSRD are required to report according to European Sustainability Reporting Standards (ESRS) developed by the European Financial Reporting Advisory Group (EFRAG). With 12 sector-agnostic ESRSs, CSRD emphasizes double materiality, where companies assess materiality in both financial and impact dimensions. It requires assurance on disclosures.



IR (Integrated Reporting) Framework

The Integrated Reporting Framework aims to establish guiding principles and content elements for an integrated report. This framework provides a structured approach to communicate how an organization's strategy, governance, performance and prospects lead to value creation, preservation or erosion over various time horizons—short, medium and long term.

An integrated report, as defined by the framework, is a concise document that illustrates how an organization's strategy, governance, performance and prospects influence value in the context of the organization's external environment.

The framework does not set benchmarks for evaluating the quality of an organization's strategy or performance but focuses on identifying the necessary information for assessing value creation.

Source: Created by KPMG based on various publicly available materials.



Market insights

Australia

China

Hong Kong (SAR), China

Indonesia

Japan

Malaysia

New Zealand

Philippines

Singapore

South Korea

Taiwan

Thailand

Vietnam



Market insights – what to expect

The following pages cover insights on sustainability reporting frameworks in 13 Asia Pacific markets. Each market insight will include the following content.

Market name

This section provides the **Executive Summary** focusing on the history and future prospects of ESG reporting regulatory requirements ('evolution').

Market Leader



This section provides important milestones and/or events relating to the evolution of ESG reporting (as announcement date basis).

ESG	Type	Title	Details	Scope	Effective	Ref.
G			This list includes major requirements / guidance which would have wider impacts (i.e., NOT comprehensive) by order of importance and/or relevance at August 2024.			
E			"Type" column indicates whether it is mandatory (M) or voluntary (V)			
S			"Scope" column indicates whether it is applicable for a listed company (L) or a non-listed company (N)			
			"Ref." column indicates to which framework (among ISSB standards/TCFD recommendations/SASB standards/GRI standards/Security Exchange rules) this item is related.			

ISSB Standards Adoption / Application

This section provides current status on adoption / application of the ISSB standards (e.g., establishment of standard-setting bodies).

Assurance

This section provides current status on assurance.

- Notes**
 This section provides other information, if any
- Glossary**
 This section provides other information, if any





Australia

Australia's approach to ESG reporting and disclosures has been voluntary so far. Businesses that chose to disclose often referred to guidelines provided by the TCFD and the GRI.

The recent introduction of the first two IFRS Sustainability Disclosure Standards is a pivotal development in the ISSB's ambition to establish a global standard for sustainability reporting. Here's a snapshot of the current situation in Australia:

Australia's Treasury has chosen a "climate first" stance in its efforts to adapt to global sustainability standards. The focus is primarily on the impact of climate change and how businesses report on this crucial issue. Legislation was passed in September 2024, requiring a tiered application of climate-related financial disclosures with groups 1, 2 and 3 being mandated over the next four years, depending on size and emissions, commencing for financial years beginning 1 January 2025.

The first Australian Sustainability Reporting Standards (ASRS) have also been approved in September 2024 by the Accounting Standards Board (AASB) comprising:

- **AASB S1** *General Requirements for Disclosure of Sustainability-related Financial Information* – a voluntary Standard
- **AASB S2** *Climate-related Disclosures* – a mandatory Standard required by legislation for certain entities.

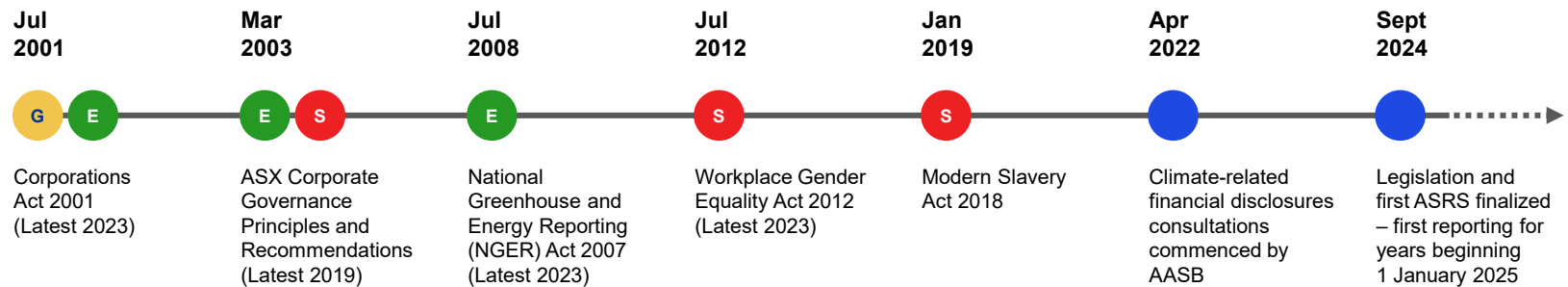
The ASRS are aligned to IFRS S1 and IFRS S2. AASB S1 has no differences to IFRS S1, apart from being voluntary. The main difference of AASB S2 to IFRS S2 is that AASB S2 has no requirement to consider or disclose industry-based metrics, or the SASB standards.

Consistent with the legislation, AASB S1 (voluntary basis) and AASB S2 (mandatory basis) will be effective from 1 January 2025. They are applicable for both profit and not-for-profit entities.



Peter Trace

Partner,
ESG Reporting, Finance Advisory,
Consulting,
KPMG Australia



ESG	Type	Title	Details	Scope	Effective	Ref.
E	M	National Greenhouse and Energy Reporting Act 2007 (Amended)	The NGER Scheme is a national system for reporting greenhouse gas (GHG) emissions, energy consumption and energy production by certain Australian corporations.	L & N	Jul 2008	-
G E S	M	ASX Corporate Governance Principles and Recommendations (4th Edition)	The ASX Corporate Governance Principles and Recommendations set out recommended corporate governance practices for entities listed on the ASX that are likely to achieve good governance outcomes and meet the reasonable expectations of most investors in most situations. These are mandatory on an 'apply or explain' basis.	L	Jan 2003	TCFD
E	V	CPG 229: Climate Change Financial Risks	Final CPG 229 is designed to assist banks, insurers and superannuation trustees with managing climate-related risks and opportunities within their existing risk management and governance practices.	L & N (Financial institutions)	Nov 2021	TCFD
E	V	Regulatory Guide 247: Effective Disclosure in an Operating and Financial Review (Updated August 2019)	This regulation sets out guidance for directors on providing useful and meaningful information to shareholders or unit holders when preparing an operating and financial review (OFR) in a directors' report. Updated for sustainability considerations in 2019.	L	Mar 2013	TCFD
S	M	The Commonwealth Modern Slavery Act 2018	The Act Requires a statement about modern slavery to be given annually to the Minister for Home Affairs, describing the risks of modern slavery in the operations and supply chains of reporting entities and entities owned or controlled by those entities.	L & N	Jan 2019	-
S	M	Workplace Gender Equality Act 2012	This Act requires relevant employers to file Gender Equality reports each year containing gender composition of the workforce and governing bodies of relevant employers, equal remuneration between women and men, availability and utility of employment terms, conditions and practices	L & N	Jul 2018	-
E	V	ASIC Info Sheet 271 How to avoid greenwashing when offering or promoting sustainability-related products	Provides information about misrepresenting the extent to which a financial product or investment strategy is environmentally friendly, sustainable or ethical for responsible entities of managed funds, corporate directors of corporate collective investment vehicles (CCIVs), and trustees of registrable superannuation entities (issuers).	L & N (Financial institutions)	Jul 2022	TCFD
E	M & V	Corporations Act 2001 & Australian Sustainability Reporting Standards	AASB S1 <i>General Requirements for Disclosure of Sustainability-related Financial Information</i> (voluntary) Standard and AASB S2 <i>Climate-related Disclosures</i> (mandatory).	L & N	Jan 2025	ISSB (Australian Treasury & AASB)

Type: Mandatory (M), Voluntary (V) **Scope:** Listed company (L), Non-listed company (N)

ISSB Standards Adoption / Application

- The first ASRS were approved in September 2024 comprising:
 - AASB S1** General Requirements for Disclosure of Sustainability-related Financial Information – a voluntary Standard
 - AASB S2** Climate-related Disclosures – a mandatory Standard.
- Both standards will be **effective from 1 January 2025** and will be applicable to both profit and not-for-profit entities.
- Federal legislation to mandate AASB S2 (climate disclosures), for large companies with a phased adoption was finalised in September 2024

Assurance

- Legislation includes an assurance requirement. AUASB will set out a pathway for phasing in requirements from limited to reasonable assurance from when an entity is first in scope with end-state of all climate disclosures made from years commencing 1 July 2030 onwards to be subject to reasonable assurance. An exposure draft was issued in September 2024 setting out the proposed pathway with a final standard expected in December 2024.

Notes

- To date, the TCFD has been voluntarily adopted by a significant share of Australia's top 100 listed organisations.
- Australia does not have a plan to adopt the SEC climate rule or ESRS regulations, however there are some Australian companies that are SEC-listed or that operate in EU jurisdictions, and they will be subject to the reporting requirements.

Glossary

- AASB: Australian Accounting Standards Board
- ASRS: Australian Sustainability Reporting Standards
- AUASB: Australian Auditing & Assurance Standards Board
- ASX: Australian Securities Exchange Limited
- NGER: National Greenhouse and Energy Reporting



China

China's goals to reach a carbon emissions peak by 2030 and carbon neutrality by 2060 represent a significant milestone in its ESG journey. These targets not only reflect the country's commitment to corporate social responsibility and enhanced corporate governance, but also demonstrate its support for global climate action. While ESG serves as a long-term strategy to drive sustainable development in China, ESG reporting among Chinese companies is still in its early stages. Additionally, regulatory requirements are fragmented across industries and government agencies.

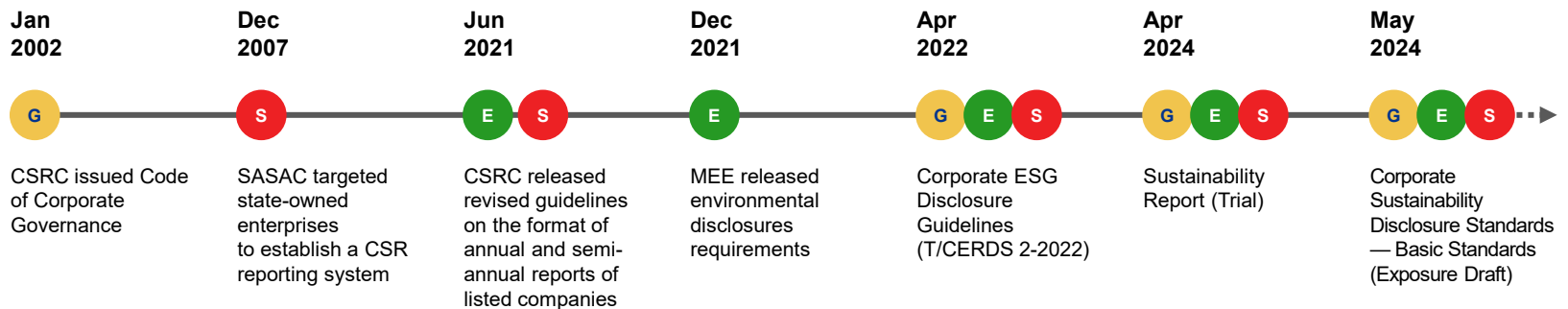
The Ministry of Ecology and Environment (MEE) issued Measures for the Administration of Legal Disclosure of Enterprise Environmental Information, effective as of February 2022, and a mandatory environmental information disclosure system is to be established by 2025 to cover a wider range of enterprises. Larger listed companies are required to publish their sustainability reports annually under Shanghai Stock Exchange, Shenzhen Stock Exchange and Beijing Stock Exchange's listing rules published in 2024.

The Ministry of Finance issued an Exposure Draft (ED) of Corporate Sustainability Disclosure Standards — Basic Standards in 2024, largely aligned with IFRS S1. The ED is the first step in a roadmap towards establishing a comprehensive sustainability reporting framework for all companies in China.



Patrick Chu

Partner,
National Head of ESG Reporting
and Assurance,
KPMG China



ESG	Type	Title	Details	Scope	Effective	Ref.
	M	Corporate Sustainability Disclosure Standards — Basic Standards (Exposure Draft)	According to the Exposure Draft, the national sustainable disclosure standard system consists of basic standards, specific guidelines and application guidelines. The basic standards set general requirements including principles and goals for the sustainability disclosure.	L & N	Pending for formal release	-
	M	No.14 Self-regulatory Guidelines of the Shanghai Stock Exchange for Listed Companies: Sustainability Report (Trial), No.17 Self-regulatory Guidelines of the Shenzhen Stock Exchange for Listed Companies: Sustainability Report (Trial), Continuous Supervisory Guidelines No. 11 for Companies Listed on Beijing Stock Exchange—Sustainability Report (For Trial Implementation)	The Guidelines mandate ESG disclosures for in-scope large A-share listed companies. They are formulated by taking into consideration China's national conditions and incorporating applicable principles from international standards. The Guidelines utilise a set of guiding principles and a differentiated approach such as, "shall act", "shall disclose", "shall disclose subject to certain conditions", to provide direction to companies on integrating the concept of sustainable development into their business development strategies and operational management activities.	L	May 2024	-
	M	Measures for the Administration of Legal Disclosure of Enterprise Environmental Information	The MEE issued the "Measures for the Administration of Legal Disclosure of Enterprise Environmental Information", which applies to the disclosure of environmental information by enterprises in accordance with the law and their supervision and management activities.	L & N	Feb 2022	-
	M	Guidelines on the format of the annual and semi-annual reports for listed companies	The China Securities Regulatory Commission (CSRC) released revised guidelines on the format of the annual and semi-annual reports for listed companies. The reports now include a new section "Section 5: Environmental and Social Responsibility" with detailed disclosure requirements.	L	Jun 2021	-
	M	No.1 Self-regulatory Guidelines of the Shanghai Stock Exchange for Listed Companies: Standardized Operation, No.1 Self-regulatory Guidelines of the Shenzhen Stock Exchange for Listed Companies: Standardized Operation of Listed Companies	These guidelines include specific rules for Corporate Social Responsibility (CSR) disclosure and aim to enhance the regulation and governance of listed companies on the main board.	L	Dec 2023	-
	V	T/CERDS 2-2022: Guidance for Enterprise ESG Disclosure	The guideline is the first comprehensive disclosure standards in China to serve as a guidance for ESG disclosure and corporate governance, including both qualitative and quantitative disclosure indicators.	L & N	Jun 2022	-
	M	Guidelines on Environmental Information Disclosure for Financial Institutions	The guidelines aim to regulate the environmental information disclosure practices of financial institutions and apply to four types of institutions: commercial banks, capital management institutions, trust companies and insurance companies.	L & N (Financial institutions)	Jul 2021	-
	M	Green Finance Guidelines for Banks and Insurers	The guidelines mandate banking and insurance institutions to enhance internal control management and information disclosure. They must create a green finance assessment and evaluation system, along with implementing incentive and restraint measures.	L & N (Banks & Insurance institutions)	Jun 2022	-
	V	Work Plan for Improving the Quality of Listed Companies Held by Central Enterprises	This document encourages central enterprises to take an active role in shaping ESG information disclosure rules, ESG performance ratings and ESG investment guidelines tailored to China's characteristics.	L & N	May 2022	-

Type: Mandatory (M), Voluntary (V) **Scope:** Listed company (L), Non-listed company (N)

ISSB Standards Adoption / Application

- IFRS Foundation and Ministry of Finance, China signed a Memorandum of Understanding (MoU) and established a Beijing office of the IFRS Foundation. The Beijing office, opened in mid-2023, acts as a hub for stakeholder engagement in Asia. During the comment period of ISSB's exposure draft, the Ministry of Finance, China and China Securities Regulatory Commission have shown different levels of support through their letters.
- The disclosures around climate change under the Sustainability Report (Trial) issued by SSE, SZSE & BSE are consistent with the objectives of IFRS S2 Climate-related Disclosures.

Assurance

- Not mandatory, encourage seeking assurance.
- Sustainability Report (Trial) mentioned that if so, companies need to disclose the experience and qualifications of the assurance agency, scope, procedures, methods and limitations, opinions and conclusions, etc.

Glossary

- CSRC: China Securities Regulatory Commission
- MEE: Ministry of Ecology and Environment
- SASAC: State-owned Assets Supervision and Administration Commission
- SSE: Shanghai Stock Exchange
- SZSE: Shenzhen Stock Exchange
- BSE: Beijing Stock Exchange



Hong Kong (SAR), China

Hong Kong's ESG reporting landscape has undergone significant changes over recent years, with a growing emphasis on transparency and demand for corporate accountability.

In 2013, the Hong Kong Exchanges and Clearing Limited (HKEX) introduced a voluntary framework for sustainability reporting, which became a mandatory obligation in 2016. This pivotal shift underscored HKEX's commitment to aligning with global benchmarks and expectations.

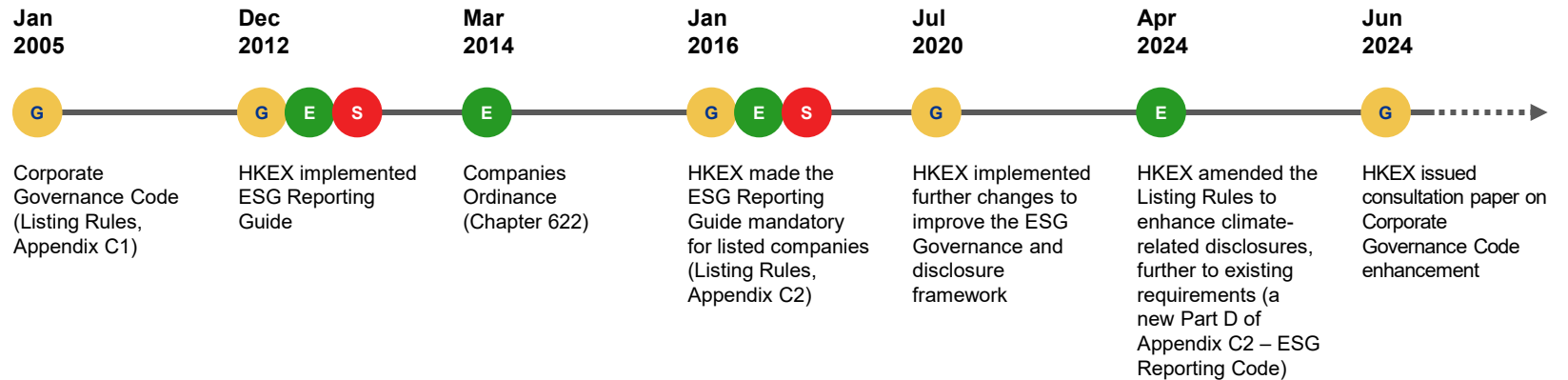
To ensure its regulations remain in line with the rapidly evolving international landscape and to position Hong Kong as a key international sustainable finance hub, HKEX has consistently reviewed and enhanced its listing rules. In April 2024, HKEX published its consultation conclusion on proposals to enhance climate-related disclosures under the ESG disclosure framework, in alignment with IFRS S2 to the maximum extent possible. The new climate-related disclosure requirements will be implemented in phases starting from 1 January 2025, differentiating HKEX issuers into three tiers with different disclosure obligations. Issuers are expected to prepare their climate-related disclosures based on the conceptual foundations and general requirements set out in IFRS S1.

With the release of HKEX's enhanced climate disclosure, it is imperative for listed companies to incorporate climate impact considerations into their strategic planning as well as have the internal procedures and systems ready for climate disclosure.



Irene Chu

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KPMG China



ESG	Type	Title	Details	Scope	Effective	Ref.
G	M	Corporate Governance Code and Related Listing Rules	The Corporate Governance (CG) Code outlines the principles of good corporate governance. For listed companies, the Listing Rules mandate the inclusion of a CG Report in their annual reports. This report must detail the company's corporate governance practices as per the prescribed information. Non-compliance with the mandatory disclosure requirements will be considered a violation of the Listing Rules.	L	Jul 2005	-
G E S	M	Listing Rules – Appendix C2: Environmental, Social and Governance Reporting Guide	The ESG Reporting Guide became mandatory for listed companies in Hong Kong in 2016. More than 30 specific KPIs are to be reported on a comply or explain basis.	L	Jan 2016	GRI, TCFD
E	M	Supervisory Policy Manual GS-1: Climate Risk Management	As part of the Hong Kong Monetary Authority (HKMA)'s supervisory policy manual, GS-1 is applicable to all authorized institutions. The manual provides guidance to banks on the key elements of climate risk management as well as to set out the HKMA's approach to, and expectations in, reviewing banks' climate risk management.	L & N (Authorized Institution, including Banks)	Dec 2021	TCFD
E	M	Fund Manager Code of Conduct (FMCC)	The FMCC (Fund Manager Code of Conduct) lays down conduct guidelines for individuals licensed by or registered with the Securities and Futures Commission (SFC) that are engaged in managing collective investment schemes (CIS) and/or discretionary accounts. In 2021, the SFC made amendments to the FMCC, mandating that Fund Managers overseeing CIS must factor in climate risks when making investment and risk management decisions, and also ensure proper disclosures in this regard.	L & N (Fund manager under collective investment schemes)	Nov 2022	-
G E S	M	Circular to Management Companies of SFC-Authorized Unit Trusts and Mutual Funds on Green or Environmental, Social and Governance Funds	The Circular outlines the SFC's guidelines regarding the application of requirements from the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes, and Unlisted Structured Investment Products to SFC-authorized funds that incorporate climate change, green, ESG or sustainability factors in their investment process.	L & N (ESG Fund)	Jan 2022	-
E	M	Part D of Appendix C2 of the HKEX Listing Rules	The new climate-related disclose requirements are set out in Part D of Appendix C2, in alignment with IFRS S2 to the maximum extent possible.	L	Jan 2025	ISSB

Type: Mandatory (M), Voluntary (V) **Scope:** Listed company (L), Non-listed company (N)

ISSB Standards Adoption / Application

- In April 2024, the HKEX published its consultation conclusion on proposals to enhance climate-related disclosures, as set out in Part D of the ESG Reporting Code. These new requirements, to take effect starting 1 January 2025, were developed based on IFRS S2. Issuers are expected to prepare their climate-related disclosures based on the conceptual foundations and general requirements set out in IFRS S1.
- To facilitate a smooth transition, HKEX is:
 - adopting a phased approach with issuers classified into three tiers for different disclosure obligations, and
 - providing implementation reliefs to assist issuer in overcoming challenges associated with the preparation of these climate-related disclosures.

Assurance

- Not mandatory, encourage seeking assurance.

Glossary

- FMCC: Fund Manager Code of Conduct
- HKEX: Hong Kong Exchanges and Clearing Limited
- SFC: Securities and Futures Commission



Indonesia

Indonesia's ESG reporting landscape is shaped by regulations for both publicly listed and private companies, including financial institutions regulated by the Financial Services Authority (OJK), of which Law No. 40 of 2007 on Limited Liability Companies, as amended by Law No. 6 of 2023 and along with its implementing regulation under Law No. 47 of 2012, requires that annual reports incorporate social and environmental responsibility, subject to approval at the annual general meeting of shareholders. Another notable regulation includes OJK Regulation No. 14 of 2023, which provides a framework for carbon trading, in alignment with the country's climate change mitigation efforts.

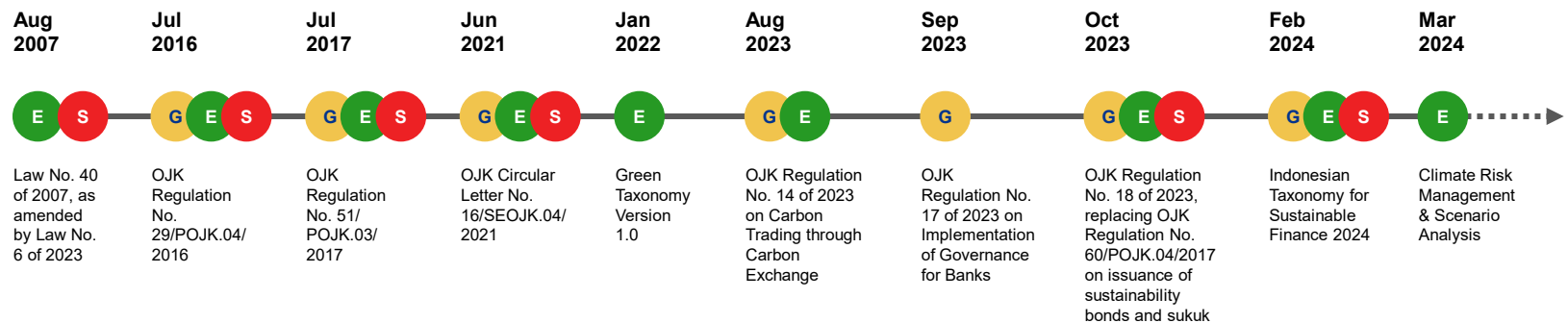
OJK's Sustainable Finance roadmaps, introduced in 2014 and 2021 as Phases I and II respectively, lay the foundation for several key regulations. These include sustainable finance implementation (OJK Regulation No. 51/POJK.03/2017), sustainability bonds and sukuk (OJK Regulation No. 18 of 2023, replacing OJK Regulation No. 60/POJK.04/2017), guidelines for annual report content (OJK Circular Letter No. 16/SEOJK.04/2021), requirements for commercial banks to issue an annual governance implementation report (OJK Regulation No. 17 of 2023), two taxonomies (Green Taxonomy Version 1.0 and Indonesian Taxonomy for Sustainable Finance 2024), and the Climate Risk Management Scenario Analysis.

This information on Indonesia's regulatory framework for ESG reporting is primarily focused on the regulations issued by OJK that are applicable to publicly listed and private companies.



Michael Horn

ESG Advisory Partner,
KPMG in Indonesia



ESG	Type	Title	Details	Scope	Effective	Ref.
	M	Law No. 40 of 2007, as amended by Law No. 6 of 2023, and implementing regulation under Law No.47 of 2012	The law briefly describes an expectation for Social and Environmental Responsibility to be included in annual reports and is a must for companies in the natural resources sector. Sanctions can be imposed to natural resources companies that fail to implement the social and environmental responsibility.	N (company in natural resources sector)	Aug 2007	-
	M	OJK Regulation No. 29/POJK.04/2016	The regulation aims to enhance transparency of information by issuers or public companies in their Annual Reports, which must include management analysis and discussion; governance of the company; and social and environmental responsibility of the company. If the Board of Directors or Commissioners does not sign the Annual Report, the individual must provide written reasons in a separate letter attached to the report.	L (financial institutions, issuers, and publicly listed companies)	Jul 2016	Security Exchange
	M	OJK Regulation No. 51/ POJK.03/2017	The regulation enforces sustainable finance practices among financial institutions, issuers and public companies, mandating the annual publication of a sustainability report and a five-year sustainable finance action plan, with annual progress reports.	L & N (financial institutions, issuers, and publicly listed companies)	Jul 2017	Security Exchange
	M	OJK Circular Letter No. 16/SEOJK.04/2021	The circular letter gives further issuance technical guidance regarding the form and content of the annual report for issuer or public listed company.	L & N (issuers & publicly listed companies)	Jun 2021	Security Exchange
	V	Green Taxonomy Version 1.0	The taxonomy guides Indonesian banks to categorize various sectors and sub-sectors of Indonesian high emissions producing market using Klasifikasi Baku Lapangan Usaha Indonesia (Indonesia Standard Industrial Classification).	L & N (financial institutions)	Jan 2022	Security Exchange
	M	OJK Regulation No. 14 of 2023	The regulation provides guidelines and references for Carbon Trading through the Carbon Exchange and serves as a reference for the Financial Services Authority's regulation and supervision. It also mandates reporting carbon trading transactions to the Financial Services Authority and the Ministry of Environment and Forestry.	N (carbon exchange operator)	Aug 2023	Security Exchange
	M	OJK Regulation No. 17 of 2023	The regulation aims to strengthen the application of governance principles in banks by supporting integrated risk management and compliance to promote healthy bank management. This regulation mandates Commercial Banks to issue a Governance Implementation Report annually.	L&N (Commercial Banks)	Sep 2023	Security Exchange
	M	OJK Regulation No. 18 of 2023, replacing OJK Regulation No. 60/POJK.04/2017	The regulation outlines guidelines for issuing sustainability bonds and sukuk, including criteria for eligible projects, reporting obligations and the certification process, in line with environmental and social sustainability principles. Issuers must adhere to requirements for the use of proceeds, evaluation and selection processes, management of proceeds, and periodic reporting. Annual reports on fund allocation, activity impact and business changes must be reviewed by external reviewers to ensure compliance and transparency.	L & N (issuers, and publishers of sustainability-based debt and sukuk securities)	Oct 2023	Security Exchange
	V	Indonesian Taxonomy for Sustainable Finance 2024	The taxonomy guides sustainable finance in Indonesia by classifying economic activities that support environmental, social, and economic goals. It aligns with global standards, such as the ASEAN Taxonomy for Sustainable Finance (ATSF), to enhance capital allocation for sustainable projects and support Indonesia's net-zero and climate commitments.	L & N (financial institutions)	Feb 2024	Security Exchange
	V	Climate Risk Management and Scenario Analysis ("CRMS")	The guidelines help banks measure climate change impact on their performance and continuity by standardizing the climate risk framework, scenarios, methodologies and data sources. Since it is a living document, it will be periodically updated to reflect global policy, industry best practices and stakeholder demands.	L & N (financial institutions)	Mar 2024	Security Exchange

Type: Mandatory (M), Voluntary (V) **Scope:** Listed company (L), Non-listed company (N)

ISSB Standards Adoption / Application

- OJK has established a foundational provision for the adoption of international standards in annual report content. Through its OJK Circular Letter No. 16/SEOJK.04/2021, OJK permits publicly listed companies to adopt international standards when necessary, thereby expanding the minimum standard of information to be disclosed in the annual report.
- On November 27, 2023, the Indonesian Institute of Chartered Accountants ("IAI") established the Dewan Standar Keberlanjutan IAI (IAI Sustainability Standards Board) and the Dewan Pemantau Standar Keberlanjutan (IAI Sustainability Standards Monitoring Board). By mid-August 2024, IAI has engaged in multiple discussion with various stakeholders and conducted public outreach regarding IFRS S1 and S2. IAI intends to issue a roadmap for IFRS S1 and S2 adoption in Indonesia in the near future. (Source: Berita IAI (iaiglobal.or.id))

Assurance

- There is currently no mandatory requirement for assurance on ESG reporting.

Notes

- Carbon tax, as introduced by Law No. 7 of 2021, drives the need for accurate ESG reporting on GHG emissions, ensuring transparency and compliance with environmental regulations. The carbon price is set at a minimum of IDR 30,000/ton. However, the implementation of the carbon tax has been postponed until further notice.
- Sustainable finance instruments as outlined by OJK Regulation No. 18 of 2023 drives the need for issuers to report on ESG metrics.

Glossary

- IAI: Ikatan Akuntan Indonesia (Indonesian Institute of Chartered Accountants)
- OJK: Otoritas Jasa Keuangan (Financial Services Authority)



Japan

In 1997, the Ministry of the Environment issued its “Environmental Reporting Guidelines,” encouraging companies to disclose environmental reports. With the introduction of GRI Standards (GRI Guidelines), the reporting format has evolved beyond an environmental report to become a sustainability report. Since then, various initiatives such as the IIRC’s “International Integrated Reporting Framework” and the METI’s 2017 publication of the “Guidance for Collaborative Value Creation” have prompted Japanese companies to improve the disclosure of non-financial information.

As part of the latest revision of the Corporate Governance Code in 2021, listed companies on the Prime Market and Standard Market of the Tokyo Stock Exchange are now required to disclose their sustainability-related initiatives in their Corporate Governance Reports on a “comply or explain” basis. This includes climate change-related disclosures for those listed on the Prime Market.

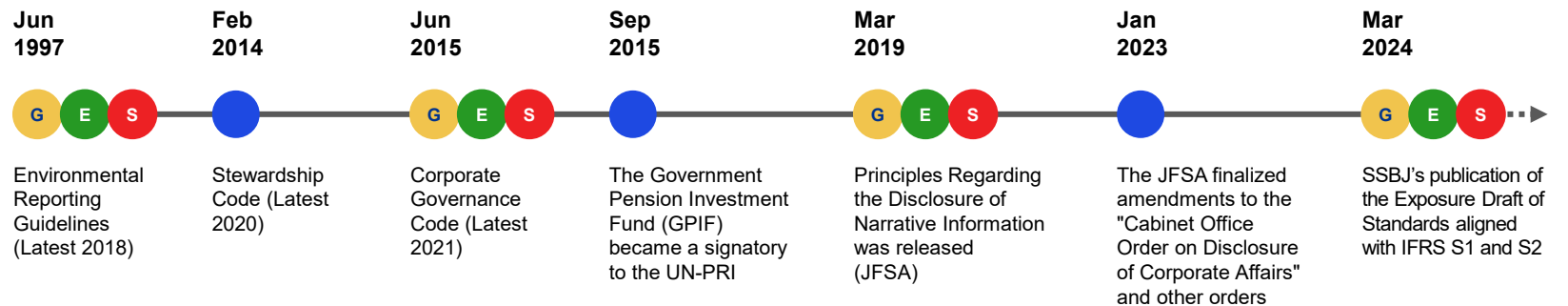
Additionally, starting in the fiscal year ended March 2023, listed companies are required to provide sustainability-related information (including those relating to human capital investments) within a dedicated section of their annual securities reports under the securities regulation.

Other developments include plans by the Sustainability Standards Board of Japan (SSBJ)—established in July 2022—to publish its first standards before March 2025. These standards would build on disclosure requirements of IFRS S1 and S2. Moreover, the Japan Financial Services Agency (JFSA) has established a panel to deliberate the reporting requirements of sustainability-related information—prepared in accordance with the SSBJ’s Standards—as well as related assurance requirements.



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Sustainable Value Services
Division,
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ESG	Type	Title	Details	Scope	Effective	Ref.
G E S	M	SSBJ's publication of the Exposure Drafts of Standards aligned with IFRS S1 and S2 (SSBJ)	SSBJ issued the following three Exposure Drafts of the Sustainability Disclosure Standards: 1) Universal Sustainability Disclosure Standard Exposure Draft "Application of the Sustainability Disclosure Standards" 2) Theme-based Sustainability Disclosure Standard Exposure Draft No. 1 "General Disclosures" 3) Theme-based Sustainability Disclosure Standard Exposure Draft No. 2 "Climate-related Disclosures"	L	TBD	ISSB
G E S	M	"Cabinet Office Order on Disclosure of Corporate Affairs" and other relevant and applicable cabinet office orders (JFSA)	The finalized Cabinet Office Order provides amendments to the narrative information section of the Annual Securities Reports. This amendment requires a mandatory disclosure framework mainly for "corporate initiatives regarding sustainability" and "corporate governance".	L(& N)	Jan 2023	—
G E	M	Japan's Corporate Governance Code (Tokyo Stock Exchange (TSE))	In the revised Code in 2021, Supplementary Principles 3.1.3 states that "Companies should appropriately disclose their initiatives on sustainability when disclosing their management strategies." "In particular, companies listed on the Prime Market should collect and analyze the necessary data on the impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of disclosure based on the TCFD recommendations or ... an equivalent framework."	L	Jun 2021	TCFD
E	M	"Act on Promotion of Global Warming Countermeasures" and "Act on Rationalizing Energy Use"	The "Act on Promotion of Global Warming Countermeasures" requires entities that emit large amount of greenhouse gases ("specified emitters") to calculate their own greenhouse gas emissions and report them to the government. Regarding energy related CO2 emissions, it is allowed to report them using the periodic reports based on the "Act on Rationalizing Energy Use".	L & N	Apr 2006	—
E	M	"Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement"	Business operators targeted by the establishment of the Pollutant Release and Transfer Registers (PRTR) system are required to confirm the released/transferred amount of class 1 designated chemical substances and report them to the government every year. The targeted business operators are chosen based upon the business category, scale, and annual amount of chemical substances to handle.	L & N	Apr 2001	—
G E S	V	Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0 (Guidance for Collaborative Value Creation 2.0) (Ministry of Economy, Trade and Industry (METI))	This guidance is a framework for building a company-specific value-creation scenario and leading to high-quality information disclosure and dialogue. The ITO Review 3.0 recommends to treat this Guidance as a "volume on practice" for incorporating SX (sustainability transformation) into management and dialogue with investors.	L & N	Aug 2022	—

Type: Mandatory (M), Voluntary (V) **Scope:** Listed company (L), Non-listed company (N)

ISSB Standards Adoption / Application

- The SSBJ has progressed its work to develop its IFRS S1 and S2-aligned Standards, with expectations that they will be incorporated into the disclosure requirements of annual securities reports in the future.
- Deliberations of when and to which entities application of the SSBJ standards should be required is underway at the JFSA. It is anticipated that a phased approach will be adopted, with timings and scopes determined by market capitalization.
- The SSBJ aims to publish its finalized standards before 31 March 2025.

Assurance

- For now, sustainability-related information disclosed in annual securities reports is not subject to assurance requirements. However, regulators are deliberating the introduction of assurance requirements, as well as sustainability reporting requirements for listed companies.

Notes

- The number of Japanese companies issuing integrated reports has grown steadily. More than 9 in 10 (92%) of companies on the Nikkei 225 have issued integrated reports. (Source: Survey of Corporate Reports in Japan 2023, KPMG in Japan)
- A Cabinet decision was made on the "Basic Policy for the Realization of GX" in February 2023, which includes the introduction of policies related to carbon pricing. In the "GX Promotion Strategy," which was adopted by the Cabinet in July 2023, there is proposed implementation of a surcharge on fossil fuel supply for companies such as fossil fuel importers alongside with other political measures. The Tokyo Stock Exchange established Carbon Credit Market in October 2023.
- The government has implemented policy measures to promote sustainable finance. The Expert Panel on Sustainable Finance, administered by the JFSA, has recommended various measures to promote sustainable finance.

Glossary

- JFSA: Japan Financial Services Agency
- SSBJ: Sustainability Standards Board of Japan



Malaysia

There have been significant developments in the sustainability landscape in Malaysia in recent years, particularly with respect to climate change.

Starting in September 2022, Bursa Malaysia Securities Berhad (Bursa Malaysia) enhanced the sustainability reporting framework under its listing requirements as part of its efforts to elevate sustainability practices and disclosures of listed issuers. Soon after, Bank Negara Malaysia (BNM) also released a policy document on Climate Risk Management and Scenario Analysis (CRMSA) for financial institutions (FIs) in November 2022.

In anticipation of the ISSB’s publication of IFRS S1 and S2, the Securities Commission—with the endorsement of the Ministry of Finance—formed an Advisory Committee on Sustainability Reporting (ACSR) in March 2023 to develop the National Sustainability Reporting Framework (NSRF). Nearly a year later, in February 2024, the ACSR released its inaugural public consultation paper on the IFRS adoption as well as assurance requirements for Scope 1 and Scope 2 GHG emissions for both listed issuers and large non-listed companies with revenues of more than RM2 billion.

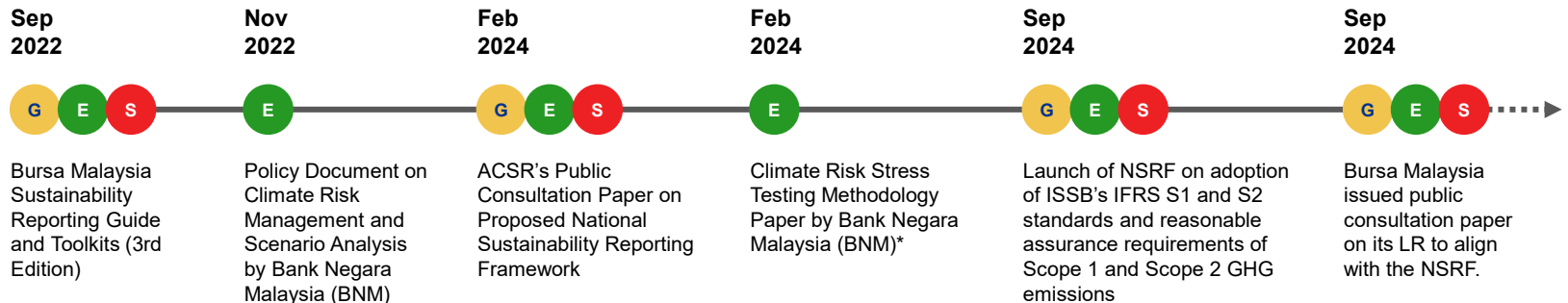
As momentum for sustainability-reporting standards has grown, BNM issued its Methodology Paper on Climate Risk Stress Testing (CRST) to enable financial institutions to quantify climate risk, refine their existing risk management strategies and exploring new stress test approaches that are relevant for assessing climate-related risks.

The NSRF was launched in September 2024. The Framework sets out recommendations for the adoption of ISSB IFRS S1 and S2 as well as requiring reasonable assurance for Scope 1 and Scope 2 GHG emissions to be implemented through a phased and developmental approach. Building on this, Bursa Malaysia has released a public consultation paper to seek public feedback on aligning its sustainability reporting framework with the NSRF.



Oy Cheng Phang

Partner and Head of Sustainability Advisory,
KPMG in Malaysia



*Note: BNM has subsequently issued version 2.0 of the CRST methodology paper with minor changes on the requirements in June 2024.

ESG	Type	Title	Details	Scope	Effective	Ref.
	M	National Sustainability Reporting Framework (NSRF)	<p>The NSRF addresses the use of IFRS S1 and S2 issued by the ISSB, as the baseline sustainability disclosure standards for companies in Malaysia (starting from annual periods beginning on or after 1 January 2025), as well as the reasonable assurance requirements for Scope 1 and Scope 2 GHG emissions (starting from annual periods beginning on or after 1 January 2027).</p> <p>This is applicable to all listed companies on Bursa Malaysia's Main Market and ACE Market, as well as large non-listed companies (NLCos) with annual revenue of MYR2 billion and above for 2 consecutive financial years preceding the current financial year.</p> <p>The first phase on the transitional adoption of ISSB IFRS S1 and S2 is effective for annual reporting periods beginning on or after 1 January 2025, which applies to listed-companies on the Main Market (with a market capitalization of MYR2 billion and above as at FYE 31 Dec 2024 or the date of its admission to the Main Market after 31 Dec 2024). Following thereto, this will be extended to other Main Market listed issuers with annual reporting periods beginning on or after 1 January 2026, followed by listed companies on the ACE Market and other non-listed companies with annual revenue of RM2B and above with annual reporting periods beginning on or after 1 January 2027.</p> <p>Bursa Malaysia's consultation paper on amendments to its listing requirements to align with the NSRF</p>	L & N with annual revenue above MYR2 billion and above	Sep 2024	ISSB
	M	Climate Risk Stress Testing (CRST) Methodology Paper by BNM	<p>This Methodology Paper sets out the BNM's expectations for financial institutions carrying out the industry-wide 2024 CRST exercise. The CRST exercise aims to provide financial institutions with hands-on experience in quantifying climate risk, refine their existing risk management strategies and explore new stress testing approaches that are relevant for assessing climate-related risks.</p> <p>BNM has subsequently issued version 2.0 of the CRST methodology paper with minor changes on the requirements in June 2024.</p>	L & N (Financial institutions)	Feb 2024	- (NGFS)
	M	Policy Document on Climate Risk Management and Scenario Analysis by BNM	<p>This policy document sets out principles and requirements on climate risk management and scenario analysis for financial institutions to enhance the financial sector's resilience against climate-related risks and to facilitate a just and orderly transition to a low-carbon economy.</p>	L & N (Financial Institutions)	Nov 2022	TCFD
	M	Amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements (Main LR) in relation to Enhanced Sustainability Reporting Framework	<p>Bursa Malaysia Securities Berhad (Bursa Malaysia) announced the enhanced sustainability reporting requirements in the Main Market Listing Requirements (Main LR), with the aim to elevate the sustainability practices and disclosures of listed issuers. This includes climate change-related disclosures that are aligned with TCFD Recommendations (TCFD-aligned disclosures).</p>	L	Sep 2022	TCFD GRI
	M	Amendments to Bursa Malaysia Securities Berhad ACE Market Listing Requirements (ACE LR) in relation to Enhanced Sustainability Reporting Framework	<p>The sustainability reporting requirements for ACE Market-listed corporations have also been strengthened to align with those of the Main Market. ACE Market-listed corporations are now required to disclose a basic plan to transition towards a low carbon economy ("transition plan"), with regards to climate change reporting.</p>	L	Sep 2022	GRI
	M	Bursa Malaysia Sustainability Reporting Guide and Toolkit (3rd Edition)	<p>In tandem with the issuance of the Enhanced Sustainability Disclosures, Bursa Malaysia has also issued an updated Sustainability Reporting Guide (3rd edition), as well as six updated Toolkits containing guidance to listed issuers in complying with the Enhanced Sustainability Disclosures.</p>	L	Sep 2022	TCFD GRI
	M	Malaysian Code on Corporate Governance (MCCG)	<p>The 2021 update of the MCCG introduces best practices and guidance to strengthen board oversight and the integration of sustainability considerations in the strategy and operations of companies.</p>	L & N	Apr 2021	-

Type: Mandatory (M), Voluntary (V) **Scope:** Listed company (L), Non-listed company (N)

ISSB Standards Adoption / Application

In Sept'24, the NSRF sets out recommendations for the phased adoption of ISSB IFRS S1 and S2:

- Main Market listed issuers with market cap of > RM2B as of 31 Dec 2024 or as at the date of its listing after 31 Dec 2024: On or after 1 January 2025.
- Other Main Market listed issuers: On or after 1 January 2026; and
- Ace Market listed issuers and non-listed companies (with annual revenue of RM2B and above): On or after 1 January 2027.

Assurance

- In Sept'22, Bursa Malaysia mandated all listed issuer to include disclosure of Statement of Assurance to indicate whether the Sustainability Statement has been subjected to an internal review by the internal auditors or independently assured.
- In Sept'24, the NSRF sets out the requirements of reasonable assurance on Scope 1 and Scope 2 GHG emissions for:
 - Main Market listed issuers with market cap of > RM2B as of 31 Dec 2024 or as at the date of its listing after 31 Dec 2024 : On or after 1 January 2027.
 - Other Main Market listed issuers: On or after 1 January 2028; and
 - Ace Market listed issuers and non-listed companies (with annual revenue of RM2B and above): On or after 1 January 2029.

The assurance engagements are expected to be performed in accordance with the assurance standards adopted by the Malaysian Institute of Accountants (MIA).

Notes

- There is a transition period for the implementation to Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to the Enhanced Sustainability Reporting Framework. Main Market-listed corporations will adopt the enhanced sustainability disclosures in a phased manner. The disclosure of the prescribed sustainability information will take effect for the financial year ending (FYE) on or after 31 December 2023, with the transition culminating in the disclosure of the TCFD-aligned information for FYE on or after 31 December 2025.
- There is a transition period for the implementation to Bursa Malaysia Securities Berhad ACE Market Listing Requirements (ACE LR) in relation to Enhanced Sustainability Reporting Framework. ACE Market-listed corporations will adopt the enhanced sustainability disclosures in a staggered manner. The disclosure of the prescribed sustainability information will take effect for the financial year ending (FYE) on or after 31 December 2024, with the process concluding by disclosing the basic transition plan for FYE on or after 31 December 2026.

Glossary

- ACSR: Advisory Committee on Sustainability Reporting
- BNM: Bank Negara Malaysia



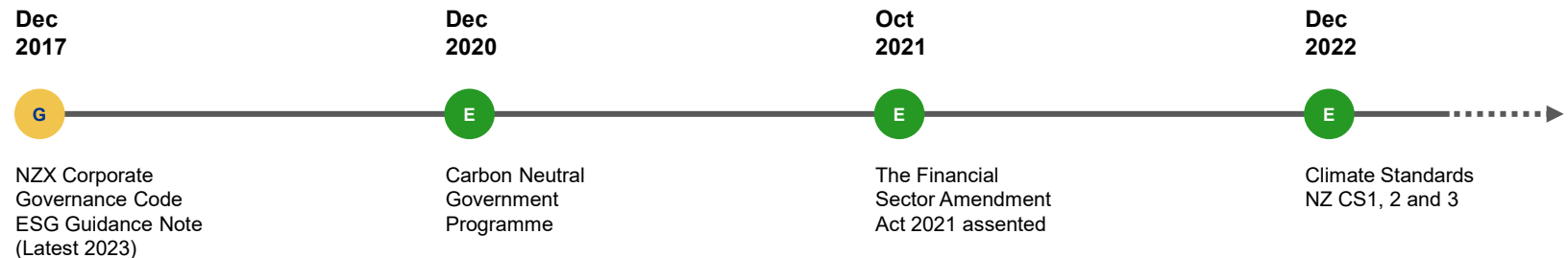
New Zealand

Mandatory Sustainability reporting in New Zealand remains limited to climate-related matters, driven primarily by the Aotearoa New Zealand Climate Standards and the Carbon Neutral Government Program that came into effect in late 2022 and early 2023. Although the New Zealand standard-setter has a mandate to issue non-binding guidance on broader ESG matters, this is not currently a priority. Listed entities can refer to ESG guidance issued by the New Zealand Stock Exchange.



Sanel Tomlinson

Partner,
Sustainable Value,
KPMG in New Zealand



ESG	Type	Title	Details	Scope	Effective	Ref.
E	M	Financial Markets Authority guidance on record-keeping in respect of climate-related disclosures	The regulator sets out principles and its expectations for creating, keeping and maintaining proper records as evidence that climate statements comply with the relevant legislation and regulation.	L & N (Financial institutions)	Oct 2023	-
E	M	Aotearoa New Zealand Climate Standards (NZ CS1, 2, 3)	Around 200 of New Zealand's largest financial market reporting entities (Climate Reporting Entities or CREs) started reporting against the standards from 1 January 2023. The standards have reference to the TCFD recommendations.	L & N (Financial institutions)	Jan 2023	TCFD
E	M	Financial Markets Authority approach to oversight of climate-related disclosures in the financial statements	The regulator announced its areas of interest for 2023-2026 will include entities' assessment of climate change and its effect on their financial statements, and consistency between information presented outside of the financial statements relating to climate change and the financial statements.	L & N (Financial institutions)	June 2023	-
E	M	Carbon Neutral Government Programme	The program has been set up to accelerate the reduction of emissions within the public sector. Participants should: measure, verify and report their emissions annually; set reduction targets and plans; introduce a plan to reduce their organization's emissions; and offset remaining gross emissions from 2025 to achieve carbon neutrality.	N (Government entities)	Dec 2022	-
G E S	M	NZX Corporate Governance Code – updated Guidance Note	The NZX updated its ESG Guidance Note (2017) to accompany its Corporate Governance Code. Listed entities must make ESG disclosures in or linked to Annual Reports, on a 'comply or explain' basis.	L	Apr 2023	Security Exchange
E	M	Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act (the Act)	The government issued the Act to require mandatory climate-related disclosures for some large financial market participants. This has led to the Aotearoa New Zealand Climate Standards effective from January 2023.	L & N (Financial institutions)	Oct 2021	-

ISSB Standards Adoption / Application

- New Zealand's Climate Standards came into effect for financial years ending on or after 31 December 2023. The Climate Standards reference the TCFD recommendations, so the base principles are similar to the ISSB standards. However, there are no current plans to adopt the ISSB standards in New Zealand. The differences between the New Zealand and ISSB standards have been summarized by the country's standards-setter.

Assurance

- Entities captured by the climate reporting regime are required to obtain assurance over their GHG emissions disclosures for reporting periods ending after 27 October 2024. In August 2023, the New Zealand standard-setter issued a temporary assurance standard encompassing ethical, quality management and reporting requirements, enabling corporates to apply either ISAE 3410 or ISO 14064-3:2019. Entities may voluntarily apply a higher level of assurance, and/ or assurance over other parts of the climate statement than is mandated by regulations.
- Entities required to report under the Carbon Neutral Government Programme must pursue independent assurance over the GHG emissions inventory in line with ISAE 3410 or ISO 14064-3:2019. The requirements allows both reasonable and limited assurance, whilst recommending reasonable assurance where practicable.

Glossary

- NZX: New Zealand's Exchange

Type: Mandatory (M), Voluntary (V) **Scope:** Listed company (L), Non-listed company (N)



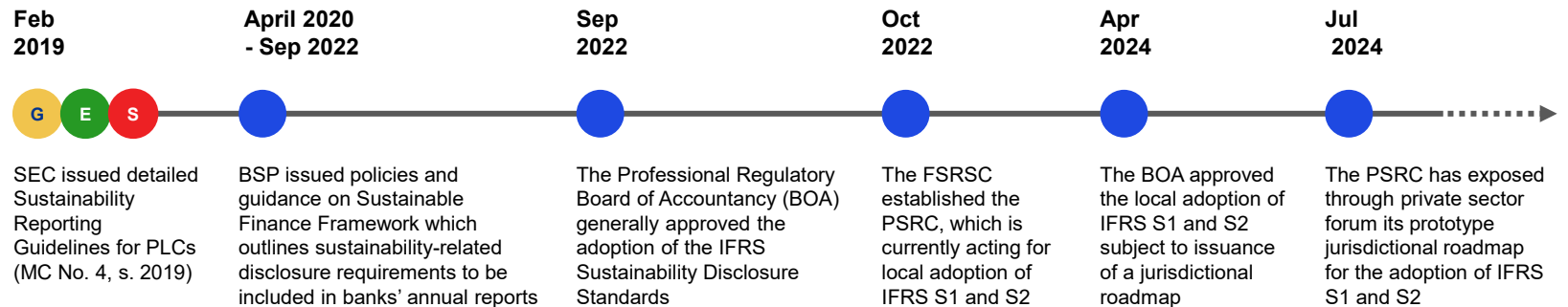
Philippines

The Philippines has seen significant developments in ESG reporting in recent years. The Securities and Exchange Commission (SEC) Memorandum Circular No. 4, Series of 2019, was a pivotal milestone, requiring publicly listed companies to report on sustainability. This circular has laid the groundwork for enhanced corporate openness. Furthermore, the Bangko Sentral ng Pilipinas' (BSP) Circular No. 1085 established the Sustainable Finance Framework, which requires banks to manage environmental and social (E&S) risks and incorporate sustainability into their reports. The formation of the Philippine Sustainability Reporting Committee (PSRC) and the cooperation towards adoption of the IFRS Sustainability Disclosure Standards demonstrate the commitment to adhering to global best practices. Looking ahead, the prospects for ESG reporting in the Philippines seem positive, as more robust regulations may continue to be developed, supporting sustainable development.



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Partner,
ESG Lead,
KPMG in the Philippines



ESG	Type	Title	Details	Scope	Effective	Ref.
G E S	M	Codes of Corporate Governance	The Codes of Corporate Governance are intended to raise the corporate governance standards to a level at par with regional and global counterparts, applicable to publicly listed companies (PLCs), public companies (PCs), registered issuers (RIs) and Insurance Commission (IC) regulated companies. It introduces non-financial and sustainability reporting measures and requires a company under a “comply or explain” approach to have a clear and focused policy on the disclosure of non-financial information. Submission of an annual corporate governance report is required to facilitate disclosure of compliance/non-compliance with the code. The SEC also released a separate issuance for PLCs: the Sustainability Reporting Guidelines, which focuses on economic, environmental and social disclosures (see below).	L & N	Various	-
E S	M	Sustainability Reporting Guidelines for Publicly-listed Companies	The SEC issued Memorandum Circular No. 4, series of 2019 in February 2019, which provides guidelines for sustainability reporting by publicly listed companies in the Philippines. The circular requires companies to submit an annual sustainability report, applying the guidelines on a “comply or explain” approach. The Guidelines are intended to help PLCs assess and manage non-financial performance across economic, environmental, and social aspects of their organization and enable them to measure and monitor their contributions towards achieving universal targets of sustainability, such as the UN Sustainable Development Goals, as well as national policies and programs.	L	2019 annual reports	Security Exchange
E S	M	Sustainable Finance Framework for Banks	The BSP Monetary Board approved the sustainable finance policy framework that sets out the expectations of BSP on the integration of sustainability principles, including those covering environmental and social (E&S) risk areas, in the corporate governance and risk management frameworks as well as in the strategic objectives and operations of banks. It requires banks to report certain general ESG-related disclosures in their annual reports. The requirement was issued through BSP Circular No. 1085, s. 2020 and full compliance is required after a 3-year period from becoming effective. It was further supplemented by policies and guidance in Circular No. 1128, s.2021, Circular Letter No. CL-2022-11, Circular No. 1149, s.2022 and Memorandum No. M-2022-042.	L & N (All banks)	May 2020	-

ISSB Standards Adoption / Application

- The PSRC was established by the Financial and Sustainability Reporting Standards Council (FSRSC) to evaluate and provide interpretation and guidance on the IFRS Sustainability Disclosure Standards for local use. The PSRC consists of 18 member organizations that are tasked with commenting on exposure drafts of sustainability disclosure standards or proposed regulations with sustainability reporting relevance.
- As endorsed by the PSRC and the FSRSC, the BOA approved in April 2024 the local adoption of IFRS S1 and S2 subject to the issuance of a jurisdictional roadmap. In July 2024, the PSRC exposed through a private sector forum its prototype jurisdictional roadmap containing the following proposals:
 - Publicly-listed companies and universal and commercial banks: start of mandatory annual reporting covering the year 2025.
 - Large corporations with revenue equal to or greater than Php10-15 billion, and other banks: start of mandatory annual reporting covering the year 2027.
 - Adoption of transition reliefs as provided by the ISSB Standards with additional one-year relief from the disclosure of Scope 3 GHG emissions.
- When finalized, it will serve as BOA’s formal recommendation to, and subject to adoption by, the regulators.

Assurance

- No current local regulatory assurance requirement on sustainability reports released.

Glossary

- BSP: Bangko Sentral ng Pilipinas
- FSRSC: Financial and Sustainability Reporting Standards Council
- PSRC: Philippine Sustainability Reporting Committee
- SEC: Securities and Exchange Commission
- BOA: Professional Regulatory Board of Accountancy

Type: Mandatory (M), Voluntary (V) **Scope:** Listed company (L), Non-listed company (N)



Singapore

The 2021 announcement from the Singapore Exchange (SGX) with regard to Sustainability Reporting for Listed Companies marked a significant milestone for ESG reporting in Singapore. Most notably, it imposes detailed reporting requirements on listed companies, and explicitly references the TCFD as a best practice template to follow for reporting, cementing Singapore’s support for a global standard on sustainability reporting.

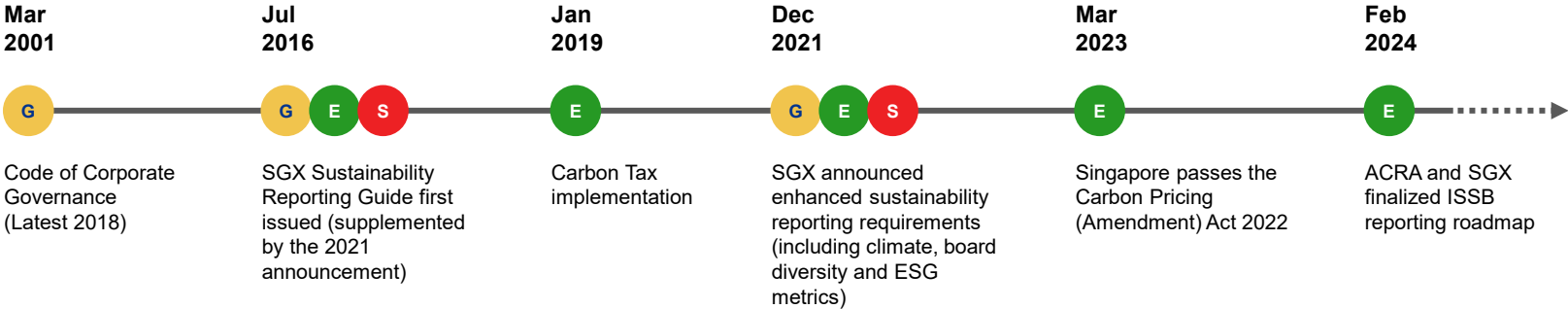
Singapore has also demonstrated strong investment in establishing a standardized approach to sustainability reporting by setting up the Sustainability Reporting Advisory Committee, a joint endeavor between SGX and the Accounting and Corporate Regulatory Authority (ACRA), with the objective of localizing and adopting the ISSB’s disclosure standards.

In 2024, the SGX and ACRA accepted the SRAC recommendations to require listed issuers and large non-listed companies to progressively provide ISSB-aligned climate related disclosures, starting from FY2025 (listed companies). This move underscores Singapore’s commitment to enhancing transparency and comparability in sustainability reporting, aligning with global best practices.



Cherine Fok

Partner,
ESG
KPMG in Singapore



ESG	Type	Title	Details	Scope	Effective	Ref.
G E S	M	Sustainability Reporting requirements (1/2)	<p>The SGX is requiring issuers to provide climate-related disclosures based on recommendations of the TCFD.</p> <p>Fiscal years beginning on or after 1/1/2022: All issuers: (comply or explain basis)</p> <p>Fiscal years beginning on or after 1/1/2023: Mandatory for issuers in the (i) financial, (ii) agriculture, food and forest products, and (iii) energy industries</p> <p>Fiscal years beginning on or after 1/1/2024: Mandatory for issuers in the (i) materials and buildings, and (ii) transportation industries</p>	L	Jan 2022 and onwards	TCFD Security Exchange
G E S	V	Sustainability Reporting requirements (2/2)	<p>The SGX has supplemented its disclosure requirements by also issuing a common set of 27 core ESG metrics in order to encourage consistency among issuers.</p> <p>The metrics are not mandatory and serve as an optional point of reference for entities to incorporate into their disclosures.</p> <p>The SGX notes in particular that issuers should not be limited to the Core ESG Metrics and should still conduct a materiality assessment to ensure the relevance and completeness of their reported metrics.</p>	L	Jan 2022 and onwards	TCFD Security Exchange
E G	V	Environmental Risk Management Guidelines (for Banks, Asset Managers, and Insurers) (MAS)	<p>The Monetary Authority of Singapore (MAS) has issued guidelines setting out its expectations on environmental risk management procedures to be followed by all banks, asset managers and insurance companies.</p> <p>They cover governance and strategy, risk management and disclosure of environmental risk information, and make reference to TCFD as an example of best practice.</p>	L & N (Financial institutions)	Jun 2022	TCFD
E	M	ISSB Reporting Requirements	ACRA and SGX require listed issuers and large non-listed companies to provide ISSB-aligned climate-related disclosures and obtain external limited assurance on Scope 1 and 2 GHG emissions.	L & N (Large N)	L: Jan 2025 and onwards N: Jan 2027 and onwards	ISSB (ACRA and SGX Regco)

ISSB Standards Adoption / Application

- The SGX and ACRA have set up a Sustainability Reporting Advisory Committee (SRAC) to develop a roadmap and provide input on ISSB standards for implementation in Singapore.
- The recommended roadmap was refined and accepted in Feb 2024. Listed issuers and large non-listed companies are required to disclose ISSB-aligned climate risk disclosures and obtain external limited assurance on Scope 1 and 2 greenhouse gas (GHG) emissions on a staggered approach over the next 5 years.
- The SGX has conducted and closed public consultation on the detailed listing rule amendments to implement the recommendations relating to listed issuers. Conclusion is currently underway.

Assurance

- Not mandatory at the moment.
- Limited assurance on GHG scope 1 and 2 emissions:
 - FY 2027: Listed issuers
 - FY 2029: NLCos with > \$1 billion revenue and total assets > \$500million, unless exempted¹

Notes

- Carbon Tax: Carbon tax in Singapore is set at the following rates:
 - 2019 to 2023: S\$5/tCO₂e; 2024 to 2025: S\$25/tCO₂e; 2026 to 2027: S\$45/tCO₂e
- The tax applies to a subset of facilities and sub-sectors, namely:
 - manufacturing and manufacturing-related services;
 - supply of electricity, gas, steam, compressed air and chilled water for air-conditioning; and
 - water supply and sewage and waste management.
- Singapore's ambitions are to further increase the carbon tax to reach S\$50-80/tCO₂e by 2030.
- The carbon tax is levied on facilities that directly emit at least 25,000 tCO₂e of GHG emissions annually

Glossary

- SGX: Singapore Exchange
- SRAC: Sustainability Reporting Advisory Committee
- ACRA: Accounting and Corporate Regulatory Authority

¹ NLCos may be exempted if:

- its parent company reports climate-related disclosures (CRD) using ISSB-aligned local reporting standards, or equivalent standards; or
- its parent company reports CRD using other international standards and frameworks from FY2027 to FY2029 (both years inclusive).

Type: Mandatory (M), Voluntary (V) **Scope:** Listed company (L), Non-listed company (N)



South Korea

Over the past decade, sustainability reporting in South Korea has seen a significant rise as a voluntary disclosure practice—particularly among listed companies—driven by the global momentum surrounding ESG. In 2019, recognizing the unique governance structure in South Korea, the government mandated corporate governance reporting for listed companies with assets exceeding KRW2 trillion to enhance transparency. This requirement is set to gradually extend to all listed companies by 2026.

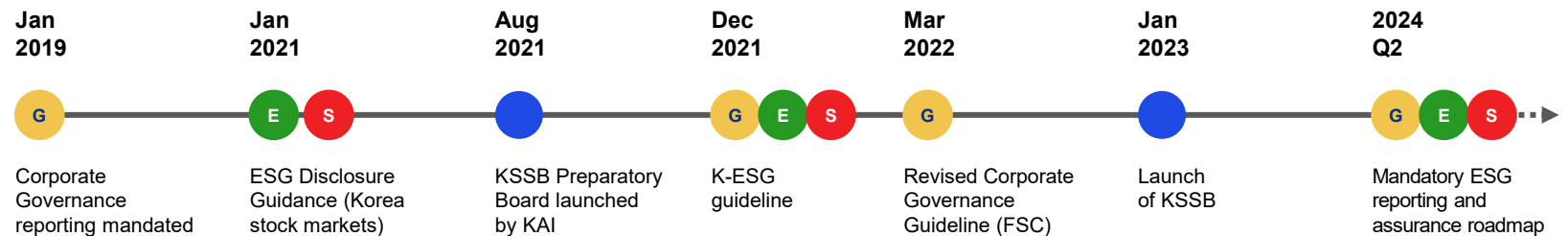
To support ESG reporting and ease the preparation burden, the government introduced local ESG guidelines, including the K-ESG and ESG disclosure guidance. However, with the introduction of major global reporting standards such as the IFRS Sustainability Standards, the US SEC Climate Rule, and the European Sustainability Reporting Standards (ESRS) under the CSRD, South Korea established the Korea Sustainability Standards Board (KSSB) within the Korea Accounting Institute (KAI) in 2023. This move was aimed at adopting the IFRS S1 and S2 standards. The draft KSSB standards were released in April 2024 and are expected to be finalized by the end of the year.

Given these developments, it is anticipated that the South Korean government will announce a roadmap by December 2024, outlining plans for mandatory sustainability reporting and assurance. According to the last announcement, the phased implementation is likely to begin with listed companies of a certain asset size starting in 2026 or later, with full application to all listed companies expected by 2030.



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ESG	Type	Title	Details	Scope	Effective	Ref.
G	M	Mandatory Corporate Governance reporting and revised guideline	Since 2019, the Korea Exchange has made it mandatory for companies listed on the Korea Composite Stock Price Index (KOSPI) Stock Market with total assets of KRW 2 trillion or more to disclose annual corporate governance reports. In 2022, there has been a recent revision to extend this requirement to all listed companies, which will come into effect from the year 2026.	L	Jan 2019	Security Exchange
E S	V	ESG disclosure guidance	The Korea Exchange (KRX) released “ESG disclosure guidance” to help companies prepare sustainability reports. This covers practical guidance on how to prepare ESG report and 25 key topics related to E and S.	L	Jan 2021	Security Exchange
G E S	V	K-ESG Guidelines	The Ministry of Trade, Industry, and Energy of South Korea has published the 'K-ESG Guidelines.' These guidelines aim to outline the key elements of ESG management.	L & N	Dec 2021	-
G E S	M	Announcement from Financial Services Commissions (FSC)	Starting in 2026 or after, companies listed on KOSPI market with assets of more than 2 trillion won will be required to publicly post an ESG report, and the requirement will be extended to all KOSPI-listed companies in 2030, according to the FSC.	L	Not determined	ISSB SASB (KSSB)
G E S	M & V	The draft KSSB standards	KSSB released the draft sustainability standards based on ISSB. They consist of 3 standards – No.1 General requirements (S1), No.2 Climate (S2) and No.101 Requirements for Policy purpose. No.2 Climate is mandatory and the remaining 2 standards are optional.	L	Not determined	ISSB SASB (KSSB)

ISSB Standards Adoption / Application

- The KSSB Preparation Committee was established within KAI along with Korea Accounting Standard Board for the introduction of ISSB in 2021. The KSSB was formally established in January 2023 to initiate the enactment of the KSSB Standard. With the release of the ISSB Standard in June 2023, the draft KSSB Standards were released in April 2024. Therefore, it is expected to adopt the ISSB-based KSSB Standard as an ESG reporting standard.

Assurance

- It is expected that the Korean government may introduce the mandatory ESG reporting and assurance at the same time. The market expects that the assurance level would be limited assurance.

Notes

- Korea does not have mandatory TCFD reporting regulation.
- At this moment, the key reporting drivers are other jurisdictions' regulations like CSRD and businesses who are a part of EU supply chains.
- Korea does not plan to adopt ESRS and as such there is not ESRS reporting regulation. But some Korean companies that operate in EU jurisdictions and are subject to its regulations are currently preparing ESRS reporting systems to respond to them.
- Korea does not plan to adopt the US SEC climate regulations. A few Korean companies that are SEC-listed are interested in this rule and working with external advisors to implement this rule to disclosure the requirements along with IFRS S2.
- For assurance, limited assurance will be mandated along with mandating ESG reporting.

Glossary

- FSC: Financial Services Commission
- KAI: Korea Accounting Institute
- KOSPI: Korea Composite Stock Price Index
- KSSB: Korea Sustainability Standards Board

Type: Mandatory (M), Voluntary (V) **Scope:** Listed company (L), Non-listed company (N)



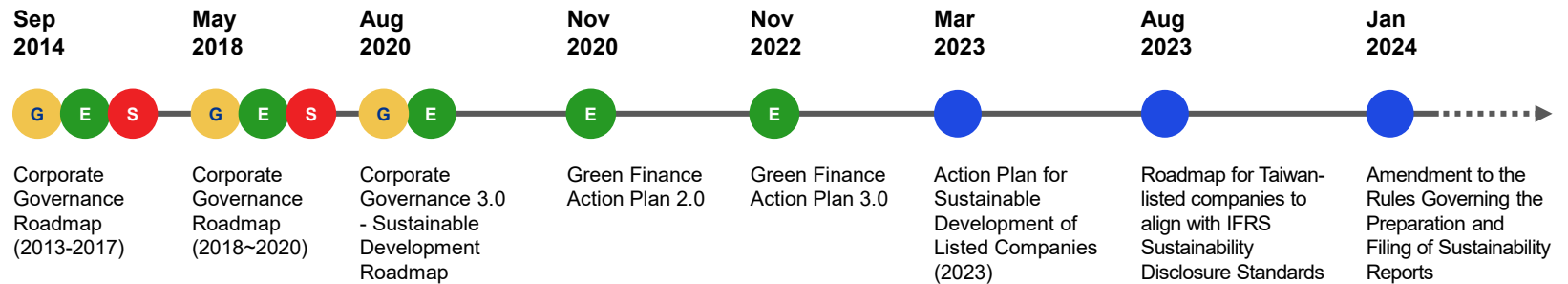
Taiwan

In September 2014, the Taiwan Financial Supervisory Commission (FSC) announced that listed companies from the food, financial and chemical industries, those with annual food and beverage revenue accounting for more than 50% of total revenue, and those with paid-in capital of more than NT\$10 billion will mandatorily need to prepare and publish corporate social responsibility (CSR) reports. A third-party assurance from a CPA is required for food companies as well as listed companies whose 50% revenue is derived from food and beverages. The disclosures are applied in reference with the GRI standard. In December 2021, the "CSR report" was renamed the "Sustainability Report" and the new requirement was published. Taiwan Stock Exchange Corporation (TWSE) and Taipei Exchange (TPEX) have expanded the scope for listed companies, which now include those with a paid-in capital of above NT\$2 billion but less than NT\$5 billion, requiring them to prepare a Sustainability Report beginning 2023. At the same time, chemicals, finance and insurance companies were also required to provide third-party assurance from a CPA beginning 2022. Additionally, the disclosure in sustainability reporting with reference to SASB standards and TCFD will also be mandatory from 2023. In August 2023, FSC released the roadmap for Taiwan-listed companies to align with IFRS Sustainability Disclosure Standards, which will be implemented in stages according to capital, beginning with paid-in capital of more than NT\$10 billion, which will be required to compile FY2026 information and report in 2027. Until 2029, all listed companies will be required to publish sustainability information aligned with IFRS Sustainability Disclosure Standards in their annual report. In January 2024, it was stipulated that listed companies with paid-in capital of less than NT\$2 billion must prepare sustainability reports starting from 2025, and it is encouraged that these reports refer to SASB standards for industry-specific information disclosure.



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KPMG in Taiwan



ESG	Type	Title	Details	Scope	Effective	Ref.
E	M	Disclosure requirements of climate change-related information in annual report	Climate information (reference to TCFD) will be fully applicable to TWSE and TPEX-listed companies starting in 2024. As for greenhouse gas-related climate information, the mandatory disclosure of Scope 1 & Scope 2 inventory and affirmation will be implemented in stages starting in 2024 according to capital size and industry. All listed companies are required to complete greenhouse gas inventory-taking by 2027, and greenhouse gas inventory verification before 2029.	L	Jan 2024	TCFD
G E S	M	Rules Governing the Preparation and Filing of Sustainability Reports	Listed companies meeting Article 2 of the TWSE or TPEX rules must prepare a Corporate Social Responsibility (CSR) Report using the GRI standard starting from FY2013, reporting in 2014. In December 2021, the “CSR report” was renamed the “Sustainability Report”. From 2023, sustainability reports must include disclosures based on SASB standards and TCFD. In January 2024, it was mandated that listed/OTC companies with a paid-in capital of less than NT\$2 billion must prepare sustainability reports from 2025, with encouragement to use SASB standards for industry-specific disclosures.	L	Sep 2022	TCFD SASB GRI
E	M	Guidelines for Climate Risk Disclosures for Insurers	Taiwan’s FSC has issued these guidelines for insurers on climate risk disclosures. The FSC references the recommendations of the TCFD as the framework to establish the guidelines on climate-related financial disclosures.	L & N (Insurance companies)	Jun 2023	TCFD
E	M	Guidelines for Climate Risk Disclosures for Domestic Banks	FSC has issued these guidelines for domestic banks on climate risk disclosures. The FSC references the recommendations of the TCFD as the framework to establish the guidelines on climate-related financial disclosures.	L & N (Banks)	Jun 2023	TCFD
	V	Taiwan Sustainable Taxonomy	The Taxonomy is intended to encourage companies to voluntarily disclose information on whether their primary economic activities are in compliance with the Taxonomy. In addition, financial institutions are encouraged to refer to the Taxonomy in assessing possible investment and financing deals, and to actively engage with enterprises.	L	Dec 2022	-

Type: Mandatory (M), Voluntary (V) **Scope:** Listed company (L), Non-listed company (N)

ISSB Standards Adoption / Application

- On 17 August 2023, Taiwan FSC released the roadmap for Taiwan-listed companies to align with IFRS Sustainability Disclosure Standards.
- The key points are as follows:
 - Alignment Approach:** FSC is going to adopt ISSB Standards, which will become effective after being endorsed by the FSC.
 - Applicable Entities and Timeline:** FSC will take a phase-in approach to adopt starting from FY2026
 - Phase I: Large cap (with capital over NT\$10 billion) listed companies will be required to compile FY2026 information and reports in 2027.
 - Phase II: Listed companies with capital over NT\$5 billion and less than NT\$10 billion will be required to compile FY2027 information and reports in 2028.
 - Phase III : Other listed companies will be required to compile FY2028 information and reports in 2029.
 - Location and timing of disclosures:** FSC will amend “Regulations Governing Information to be Published in Annual Reports of Public Companies”, requiring companies to disclose sustainability information in accordance with ISSB Standards in their annual reports, and to publish the sustainability information at the same time as the financial statements.
 - Disclosure Content:** Considering the difference in capability for listed companies to disclose sustainability-related information, the FSC decided to provide sufficient flexibility for companies to prepare for adoption of ISSB Standards and use the transition reliefs (such as considering only climate issues in the first year, temporary exemption from the disclosure of Scope 3 greenhouse gas emissions and comparative information in the initial year of application, and different methods for measuring greenhouse gas emissions prescribed by the FSC).

Assurance

- Mandatory for some sustainable indicators of the food, chemicals and financial industries.
- Mandatory assurance over GHG statement (Scope 1 & Scope 2) will be implemented in phases starting 2024–2029.

Glossary

- FSC: Financial Supervisory Commission
- TPEX: Taipei Exchange
- TWSE: Taiwan Stock Exchange Corporation



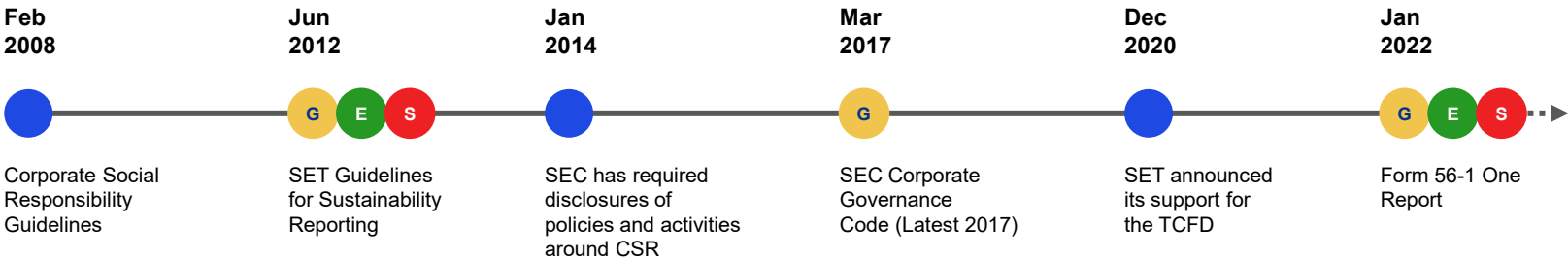
Thailand




Sustainability reporting in Thailand has been continually supported by the Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET), starting from 2008. This reporting evolution has gradually focused more on the impact of corporate sustainability activities, starting from the governance perspective in the past (descriptive guideline), to the more required measurable impact reporting in terms of Form 56-1 One Report enforcement in 2022. Moreover, since the ISSB has recently established IFRS S1 and S2 with the strong support of the International Organization of Securities Commissions (IOSCO), companies in Thailand will have to monitor future announcements from the Thailand SEC regarding reporting enforcement starting now.



**Natthaphong
Tantichattanon**

Head of ESG,
Audit Partner,
KPMG in Thailand



ESG	Type	Title	Details	Scope	Effective	Ref.
	V	Corporate Social Responsibility Guidelines	The Stock Exchange of Thailand (SET) adjusted the direction of CSR disclosure in mandated Annual Report by emphasizing CSR-in-process, in addition to donation or volunteering, which is a social responsibility outside of the business process or CSR-after-process.	L	Feb 2008	GRI
	V	Guidelines for Sustainability Reporting (SET)	The SET first published "Guidelines for Sustainability Reporting" in 2012 according to GRI framework. SET later published "Business Sustainability Reporting Guidelines" in 2017 to help listed companies understand sustainability reporting processes more clearly. (The guidelines have been updated from time to time and this continues to happen)	L	Jun 2012	GRI
	V	Corporate Governance Code (SEC)	The Corporate Governance Code was developed from The Principles of Good Corporate Governance for Listed Companies 2012, published by the Stock Exchange of Thailand. Most of the content was adopted with some adjustment regarding the order and presentation to be in accordance with the context of the Board of Directors' duties in each business process. Some new content was also added to cover changing ideas or factors. The goal was for the Corporate Governance Code to be a guideline to support the Board of Directors of listed companies in establishing a good corporate governance mechanism.	L	Mar 2017 (latest update)	-
	M	56-1 One Report	The SEC enforced a new disclosure practice – 56-1 One Report where the topic of "Corporate Social Responsibility" has been changed to "Driving Business for Sustainability" to reflect the actions taken in relation to business operations for sustainability as well as disclosure of sustainability information included in business processes. This enhances the disclosure of environmental, social and governance information in the company's business processes. The company shall provide an overview of its sustainability management policy, Sustainability Management Goals Managing impacts on value chain stakeholders, Environmental Sustainability Management and Sustainability Management in Social Dimension. The SEC's sustainability disclosure guide is also based on sustainability standards such as GRI.	L	Jan 2022	GRI

ISSB Standards Adoption / Application

- The Federation of Accounting Professions Under The Royal Patronage of His Majesty The King has established two drafts guidelines for financial disclosures related to sustainability, general disclosures (TFRS S1) and climate disclosures (TFRS S2). Those two drafts are in line with IFRS Sustainability Disclosure guidelines and are subject to change per final version from ISSB.
- The SEC and SET are making efforts to improve their disclosure practices by adopting IFRS standards. Currently, they are in the process of updating their guidelines and standards for sustainability reporting.

Assurance

- Listed Companies in Thailand are required to obtain certification for disclosing GHG emissions for Scope 1 and Scope 2.

Notes

- Thai listed companies can voluntarily report their sustainability performance in the form of a Sustainability Report.
- The SET established the voluntary Sustainability Reporting Guide and ESG Metrics in line with GRI Standards and SDGs.
- On 30 December 2020, the SEC announced its support for the TCFD. The SEC announced its official support for the TCFD to raise awareness and encourage the business sector to incorporate climate risk factors into their business operations strategies and risk management, as well as disclose information in accordance with international standards. It was to help elevate the Thai capital market towards sustainable development, in line with the 20-year National Strategy starting in 2018 and the United Nations' Sustainable Development Goals.
- Climate Change Act (Draft): The draft Climate Change Act aims to outline and define the essential mandates needed to support Thailand's transition to a sustainable economy with low greenhouse gas emissions. The Act introduces various carbon pricing mechanisms, including Thailand's Emission Trading System (ETS), a carbon tax, and a carbon credit system, alongside the establishment of a National Climate Change Fund. Additionally, the draft Act mandates provisions for climate adaptation, the implementation of a Green Taxonomy, and compulsory greenhouse gas reporting. The Act is anticipated to be released between 2025 and 2026.

Glossary

- SEC: Securities and Exchange Commission
- SET: Stock Exchange of Thailand

Type: Mandatory (M), Voluntary (V) **Scope:** Listed company (L), Non-listed company (N)



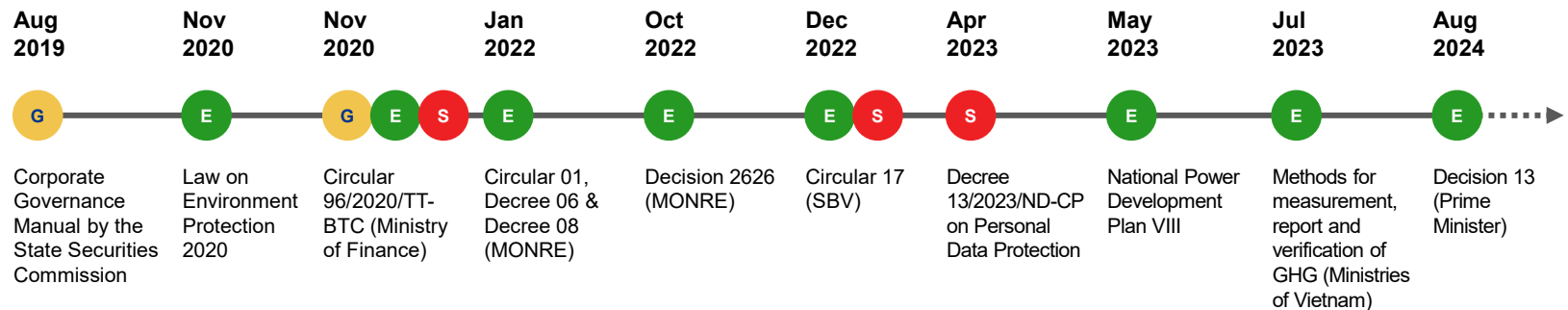
Vietnam

Vietnam has made considerable progress in advancing ESG practices, propelled by government initiatives and rising corporate awareness. The Prime Minister’s commitment at COP26 to attain net-zero emissions by 2050 underscores the nation’s determination to address climate change. Significant legislative developments in environmental protection, emissions monitoring and ESG disclosure further illustrate Vietnam’s dedication to sustainability. Governance has emerged as a focal point for businesses, driven by increasing demands for transparency from stakeholders; however, regulatory uncertainties remain a significant obstacle. The lack of explicit regulations for adopting international ESG reporting standards has led to considerable confusion among businesses, highlighting the urgent need for enhanced education and awareness. Addressing these challenges will necessitate sustained collaboration among the government, corporate sector and public to achieve Vietnam’s ambitious sustainability objectives.



Linh Truong

Partner,
Head of ESG, Head of Risk
Consulting,
KPMG in Vietnam



ESG	Type	Title	Details	Scope	Effective	Ref.
	M	Law on Environment Protection 2020 (LEP 2020)	The goal of the Law is to improve environmental quality, protect people's health, preserve ecological balance & biodiversity, and sustainable economic development.	L & N	Jan 2022	-
	M	Circular 01/2022/TT-BTNMT	The Ministry of Natural Resources and Environment's (MONRE) Circular provides detailed guidance and explanations on the implementation of the LEP 2020.	L & N	Jan 2022	-
	M	Decree 06/2022/ND-CP on GHG Emissions and Protection of Ozone Layer	The Decree requires applicable organizations to report on the result of their GHG emission reduction , including information about GHG emissions and outcomes of implementing the measures to reduce GHG emissions.	L & N	Jan 2022	-
	M	Decree 08/2022/ND-CP	Decree 08 provides detailed explanations of some articles within the LEP 2020.	L & N	Jan 2022	-
	M	Decision 2626/2022/QD-BTNMT	MONRE issued the Decision outlining list of emission factors for greenhouse gas inventory and reporting.	L & N	Oct 2022	-
 	M	Circular 96/2020/TT-BTC Regulation of Corporate Governance and Disclosure in Public and Listed Companies	The Ministry of Finance issued a Circular which provides guidelines on disclosure of information on the securities market. In particular, public and listed companies are required to disclose in their annual reports an ESG Report . The ESG report should include greenhouse gas emissions, energy consumption, water consumption, compliance with the law on environmental protection, policies concerning employees, responsibility for local community, and investments and other community development activities . The ESG report should also include an assessment related to environmental and social responsibilities of the company (prepared by the Board of Directors), and the corporate objectives of the company with regard to the corporate environment, society and community sustainability.	L	Jan 2021	-
 	M	Circular 17/2022/TT-NHNN	The State Bank of Vietnam's (SBV) guidance on the implementation of environmental and social risks management and reporting in credit granting activities of financial institutions .	L & N (Financial Institutions)	Dec 2022	-
 	M	Official Dispatch 9050/NHNN-TD	The SBV requires financial institutions to report periodically on credit granting activities for green sector and assessment of embedded environmental and social risks.	L & N (Financial Institutions)	Nov 2017	-
	V	Corporate Governance Manual	Published by the State Securities Commission in collaboration with the International Finance Corporation. The Manual was launched with the objective of promoting capital markets and sustainable economic development and offering a series of recommendations on the best corporate governance practices according to the OECD.	L	Aug 2019	-
 	V	Decision 167/2022/QD-TTg	This decision relates to the Prime Minister's approval of the support program for private sector to achieve sustainability during the period 2022-2025	L & N	Feb 2022	-
	M	Decree 13/2023/ND-CP	Decree 13 is the third legal document issued in the Government's initiative to strengthen the legal framework governing cyberspace. This decree provides more detailed data protection and cybersecurity obligations with respect to personal data processing activities.	L & N	Apr 2023	-
	M	Decision No. 500/QD-TTg approving PDP8	National Power Development Plan VIII (PDP8) for the 2021-2030 period, with a vision to 2050 has been approved by Decision No.500/QD-TTg	L & N	May 2023	-
 	V	Decision 1408/QD-NHNN	The State Bank of Vietnam issued a Decision which outlines the Action Program for the banking sector to implement the National Strategy for Green Growth during the 2021-2030 period. Through this Decision, financial institutions in Vietnam are encouraged to develop and publish Sustainability Report as well as communicate their own "green growth" commitments.	L & N (Financial institutions)	Jul 2023	-
	M	Decision 13/2024/QD-TTg	The Prime Minister promulgated a comprehensive list of sectors and facilities that emit greenhouse gases that must carry out GHG accounting and report to relevant authorities. The Decision replaces Decision 01/2022/QD-TTg from its effective date on 01 October 2024. Additionally, the Decision requires such facilities to carry out decarbonization in accordance with a provided timeline.	L & N	Oct 2024	-

Type: Mandatory (M), Voluntary (V) **Scope:** Listed company (L), Non-listed company (N)

ISSB Standards Adoption / Application

There have been no recent updates in Vietnamese legislation regarding the ISSB Standards (IFRS S1&S2), which have become effective since early 2024. In fact, Vietnamese corporates have not integrated those standards into their reporting practices yet.

However, as GRI and TCFD frameworks become increasingly prominent in corporate ESG reporting in Vietnam, the adoption of ISSB Standards is anticipated. The ISSB seeks to streamline reporting by aligning IFRS S1 with jurisdictional requirements and integrating with GRI Standards to establish a unified information baseline. Additionally, IFRS S2 incorporates TCFD recommendations and industry-specific disclosure requirements from SASB Standards.

Assurance

- Not mandatory at present.

Notes

- Promotion of global trade exchange (CBAM, carbon credit)
- Enhancement of regulatory landscape
- Pressure from investors

Glossary

- LEP: Law on Environment Protection
- MONRE: Ministry of Natural Resources and the Environment
- SBV: State Bank of Vietnam

Read more



Big shifts, small steps – Survey of Sustainability Reporting 2022

Asia Pacific



Survey of Corporate Reports in Japan 2023

Japan



Decarbonisation Playbook for IHLs

Decarbonisation Singapore



Status of Australian Sustainability Reporting Trends

June 2023 Update

Status of Australian Sustainability Reporting Trends

Australia



KPMGグローバルサステナビリティ報告調査2022

Big shifts, small steps

Big shifts, small steps

Japan



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ESG

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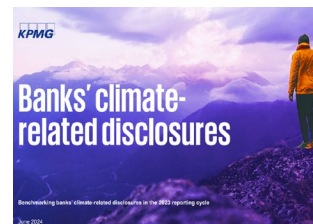
South Korea



Survey of Sustainability Reporting 2022 – China Insights

Survey of Sustainability Reporting 2022 – China Insights

China, Hong Kong(SAR)



Banks' climate-related disclosures

Benchmarking banks' climate-related disclosures in the 2022 reporting cycle

Banks' climate-related disclosures

New Zealand



Climate Change Reporting:

Business, Challenges & Mandatory - The Qinghai River

Climate Change Reporting

China, Hong Kong (SAR)



Insurers' climate-related disclosures

Benchmarking insurers' climate-related disclosures in the 2022 reporting cycle

Insurers' climate-related disclosures

New Zealand

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