



The time has come

The KPMG Survey of Sustainability Reporting 2020

KPMG IMPACT

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About the survey

- 2020: 11th edition
- First published 1993
- Tracks global trends
- Insights for business leaders, company boards and sustainability professionals
- Support for reporting professionals
- Guide for investors, asset managers and ratings agencies
- Research by sustainability professionals at KPMG firms
- Analyzed thousands of corporate reports and websites.



Most extensive survey in KPMG's series

Analyzed reporting from over 5,000 companies:

2,400

Europe

1,400

Asia Pacific

1,000

Americas

500

Middle East & Africa

52 countries and jurisdictions



Demonstrates sustainability reporting as a worldwide corporate practice

6 new countries in 2020 survey:



Iceland



Costa Rica



Panama



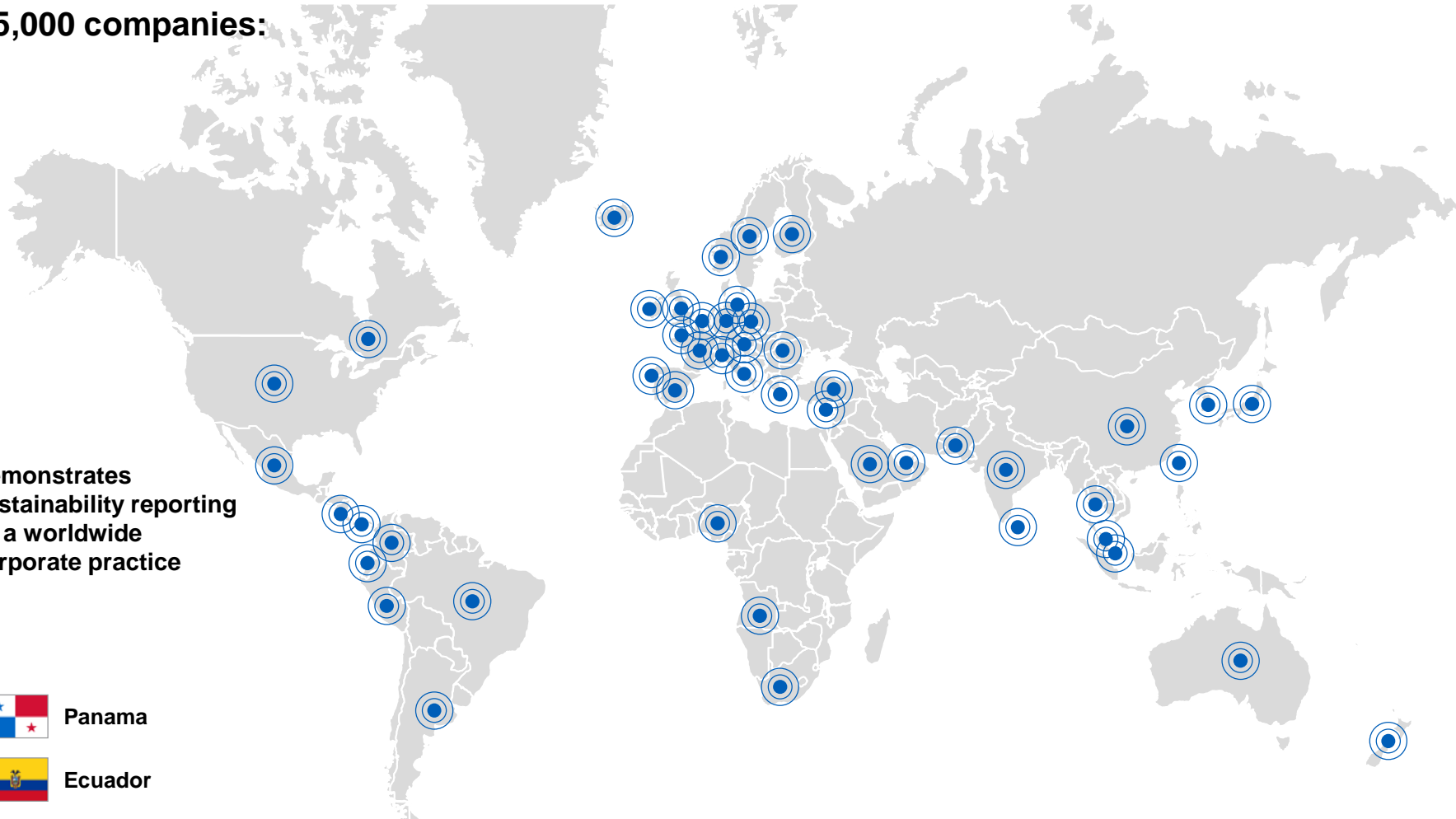
Sri Lanka



Pakistan



Ecuador



Sustainability reporting: the global context



Monumental changes since KPMG's first survey



Companies not reporting out of step with global norms



Increasing profile of many ESG issues in reporting:

- Climate risk
- Labor practices and working conditions
- Diversity, equality and inclusion
- Fair pay
- Biodiversity/nature
- Plastics & circularity



In 1993 only 12% reported; today 80%



Reporting now goes beyond impact on society: risk is the second lens



Drivers:

- regulation
- societal pressure
- understanding of ESG influence on corporate value



Financial markets rapidly understanding ESG risk

Agenda

1 Research methodology

2 2020 focus areas:

- Key trends in global sustainability reporting
- Reporting on risks of biodiversity loss
- Reporting on climate risk and carbon reduction
- Reporting on the UN Sustainable Development Goals (SDGs)

3 What the future holds for sustainability reporting



Research methodology:

- Reviewed annual reports, integrated reports, sustainability reports and on-line information
- Published between July 2019 and June 2020
- Publicly available information only
- No information submitted by companies to KPMG

N100

- Worldwide sample of 5,200 companies
- Top 100 companies by revenue in 52 countries and jurisdictions
- Broad-based snapshot of sustainability reporting
- Large and mid-cap firms around the world

G250

- World's 250 largest companies by revenue
- Defined by Fortune 500 2019
- Typically the leaders/ trend-setters in sustainability reporting



4 focus areas of 2020 survey



**Key global trends
in sustainability
reporting**



**Reporting on the
risks of
biodiversity loss**



**Reporting on
climate-related risk
and carbon
reduction**



**Reporting on the
UN Sustainable
Development
Goals (SDGs)**

Key global trends in sustainability reporting

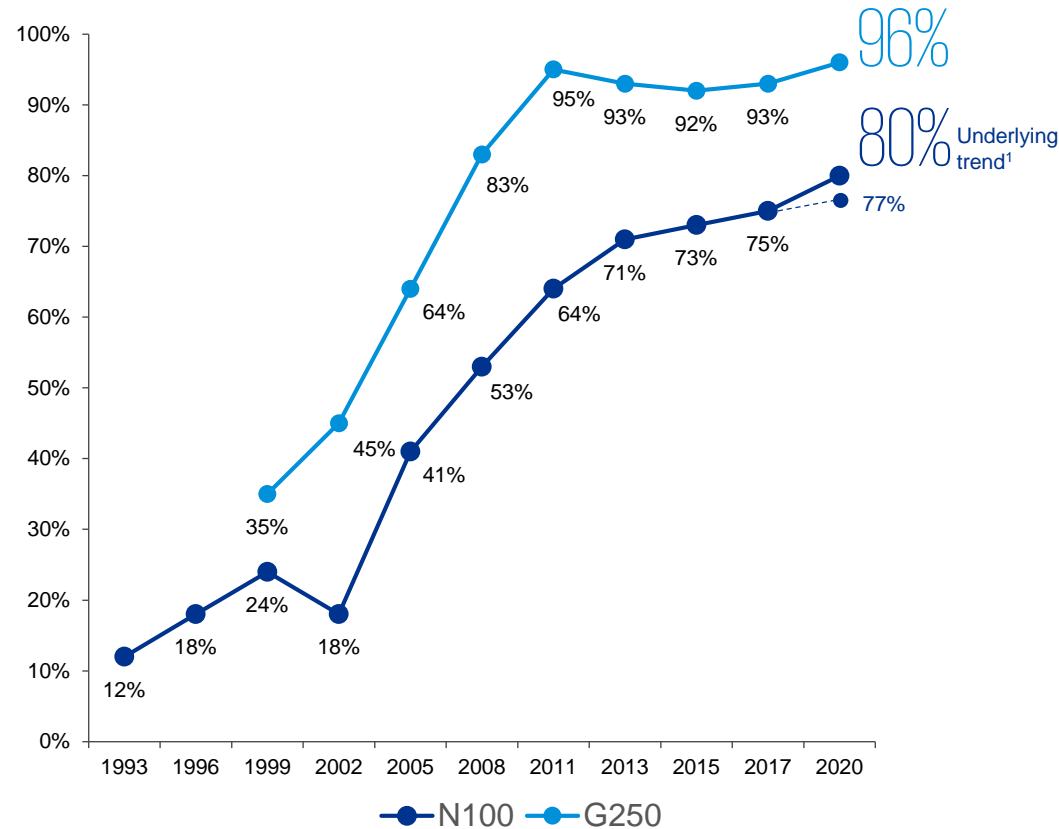


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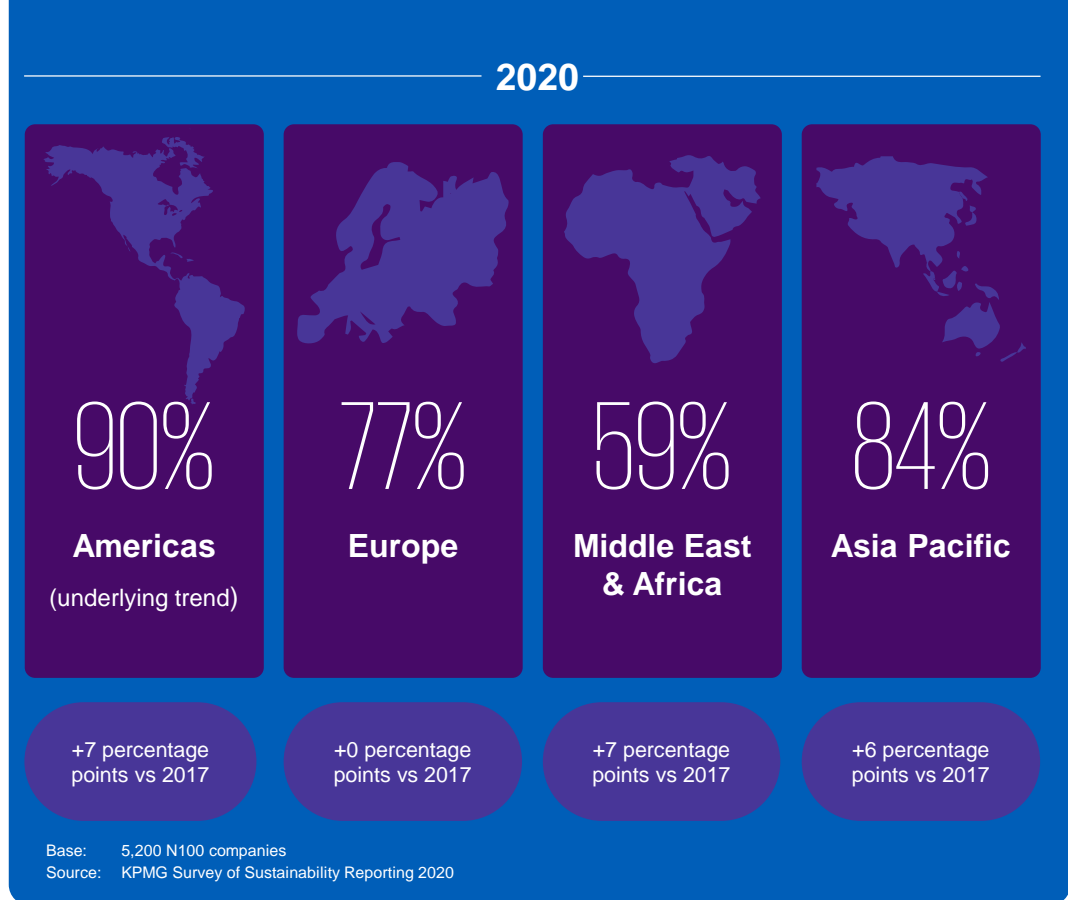
Sustainability reporting continues worldwide growth

Growth in global sustainability reporting rates since 1993: N100 and G250



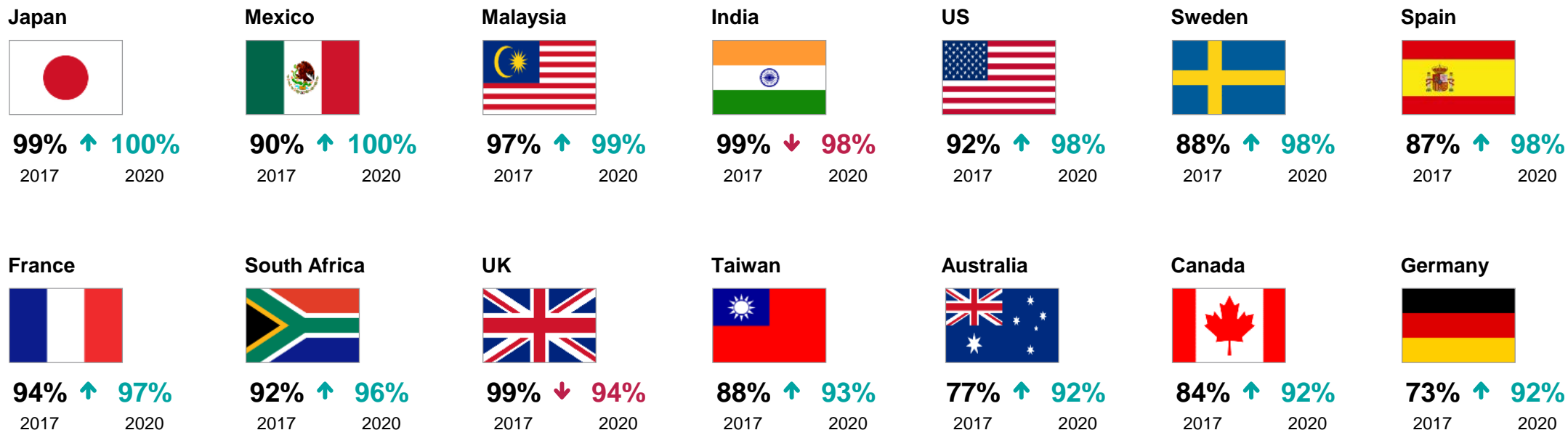
Base: 5,200 N100 companies and 250 G250 companies
 Source: KPMG Survey of Sustainability Reporting 2020

Sustainability reporting rates: N100 by region



High sustainability reporting rates found in all regions

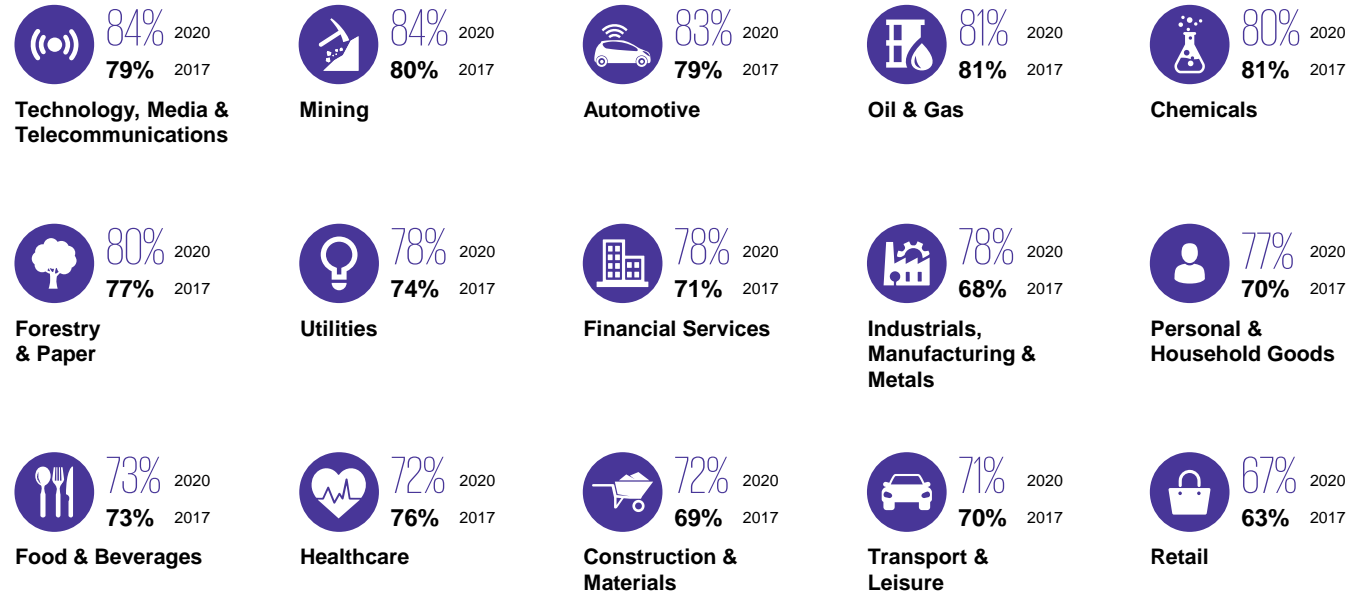
National rates of sustainability reporting: countries and jurisdictions with reporting rates higher than 90%



Base: 5,200 N100 companies
Source: KPMG Survey of Sustainability Reporting 2020

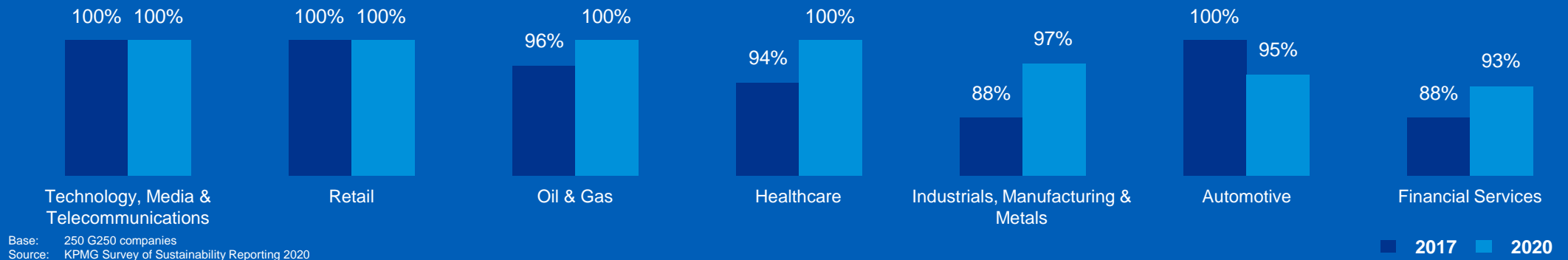
Almost all sectors exceeded 70 percent reporting rate

Sustainability reporting rates: N100 by sector



Base: 5,200 N100 companies
Source: KPMG Survey of Sustainability Reporting 2020

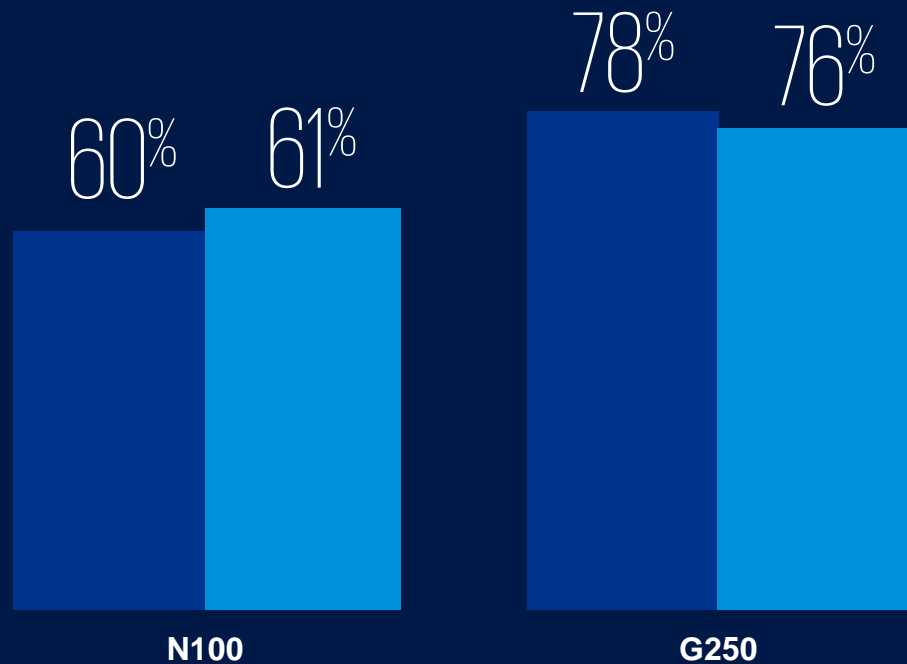
Sustainability reporting rates: G250 by sector



Base: 250 G250 companies
Source: KPMG Survey of Sustainability Reporting 2020

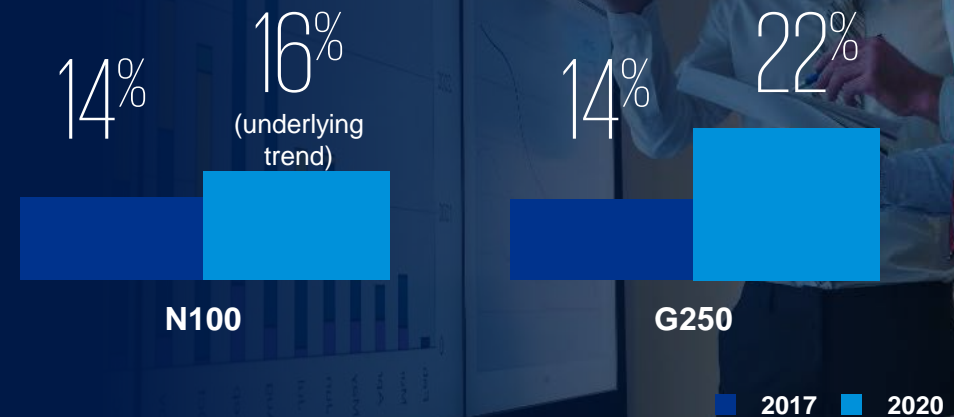
Inclusion of sustainability data in annual reports continues

Companies including sustainability data in annual reports



Modest global growth in integrated reporting

Companies publishing reports labelled as “integrated”



Base: 5,200 N100 companies
250 G250 companies

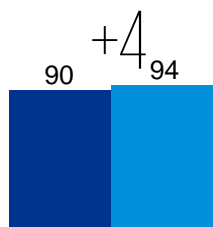
Source: KPMG Survey of Sustainability Reporting 2020

N.B. Both graphics show the underlying trends when analyzing the same group of N100 countries and G250 companies in 2017 and 2020. Actual results in 2020 vary due to different countries and companies in the 2020 samples.

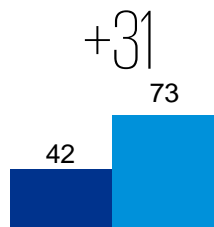


Growth in integrated reporting continues but remains limited to certain countries

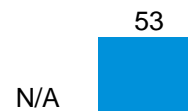
Number of integrated reports: top ten countries



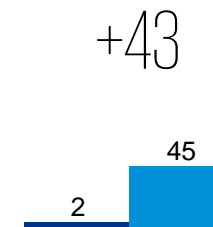
South Africa



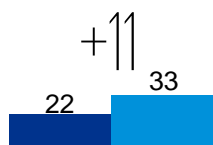
Japan



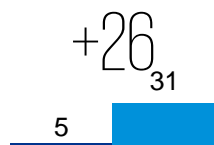
Sri Lanka*



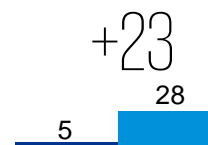
France



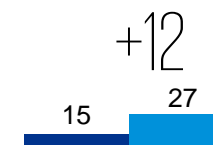
Brazil



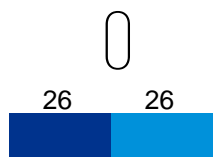
Malaysia



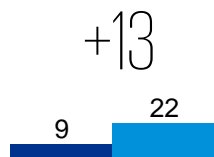
India



Sweden



Netherlands



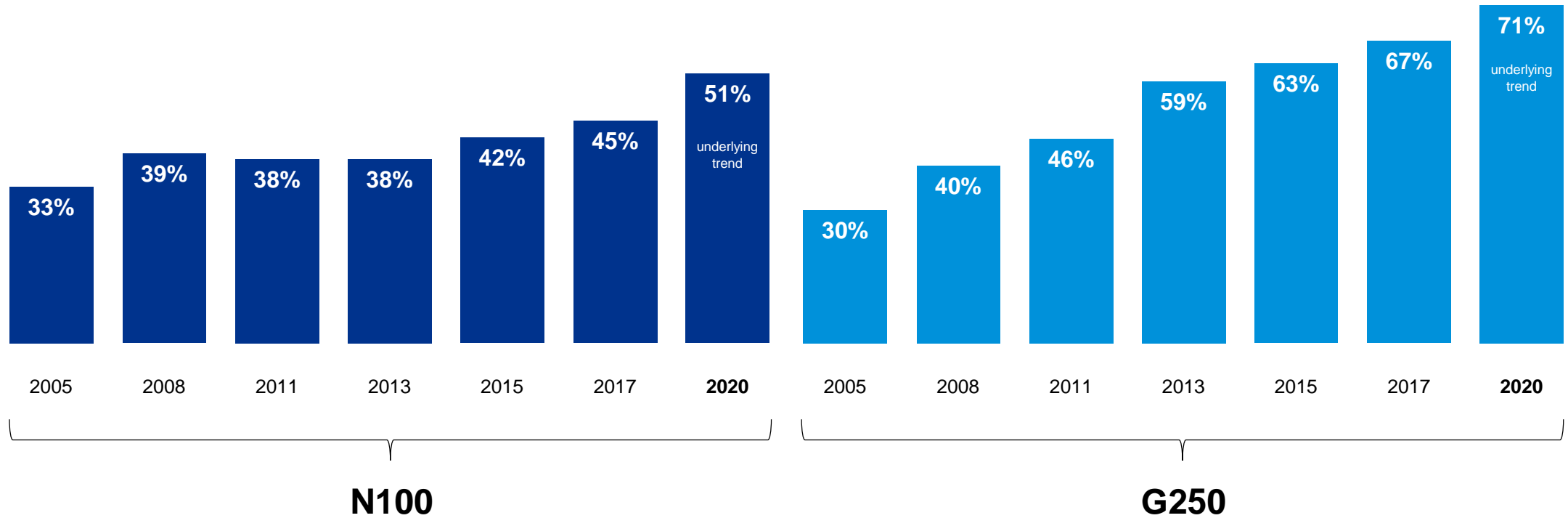
Norway

Base: 5,200 N100 companies
 Source: KPMG Survey of Sustainability Reporting 2020
 * 2017 figures not available for Sri Lanka

■ 2017
 ■ 2020

Assurance of sustainability becomes a majority practice

Growth in independent assurance of sustainability information: 2005-2020

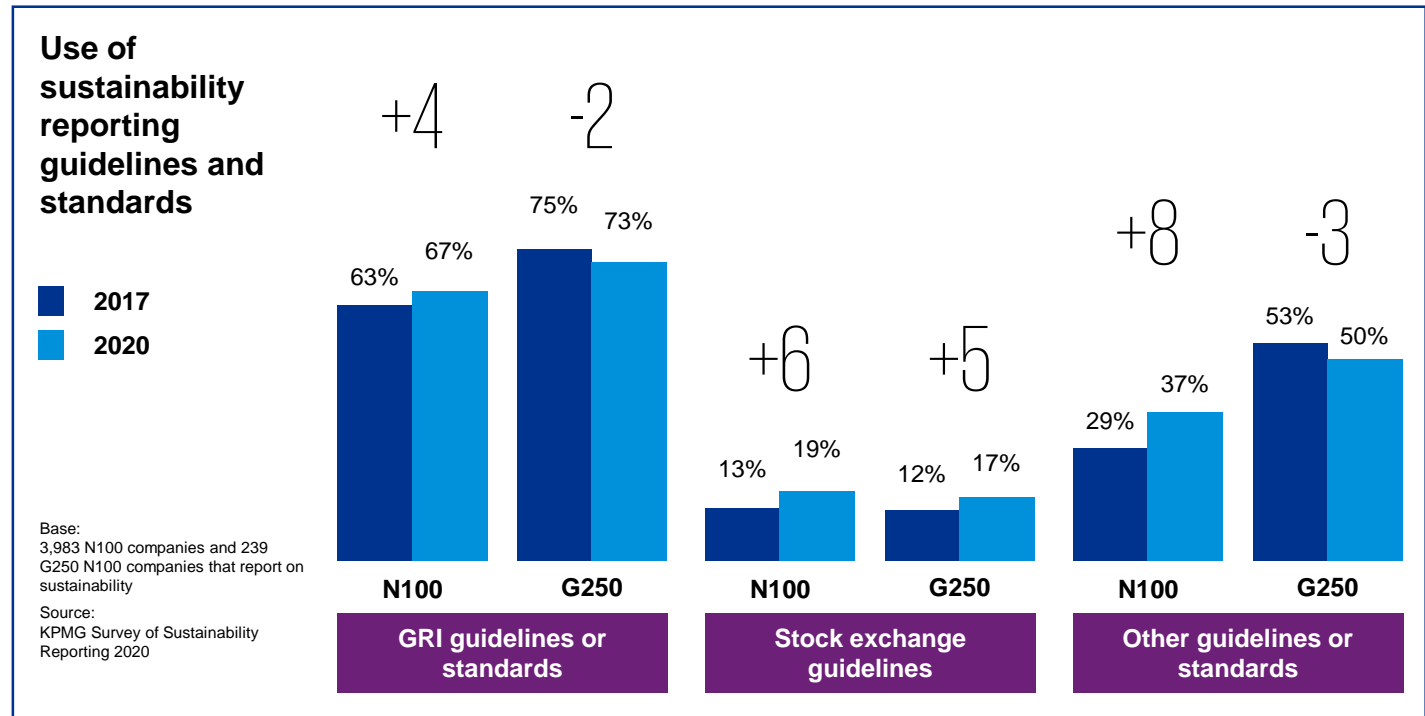


Base: 3,983 N100 companies and 239 G250 companies that report on sustainability
Source: KPMG Survey of Sustainability Reporting 2020

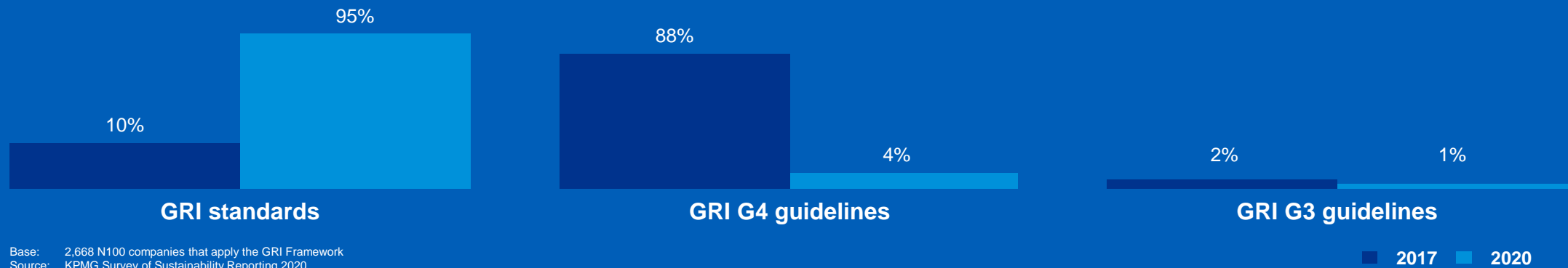


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GRI remains the dominant global standard for sustainability reporting



Use of GRI guidelines vs GRI standards: N100 2017 vs 2020



Reporting of risk from biodiversity loss



Few companies currently disclose risks from biodiversity loss

High-risk sectors

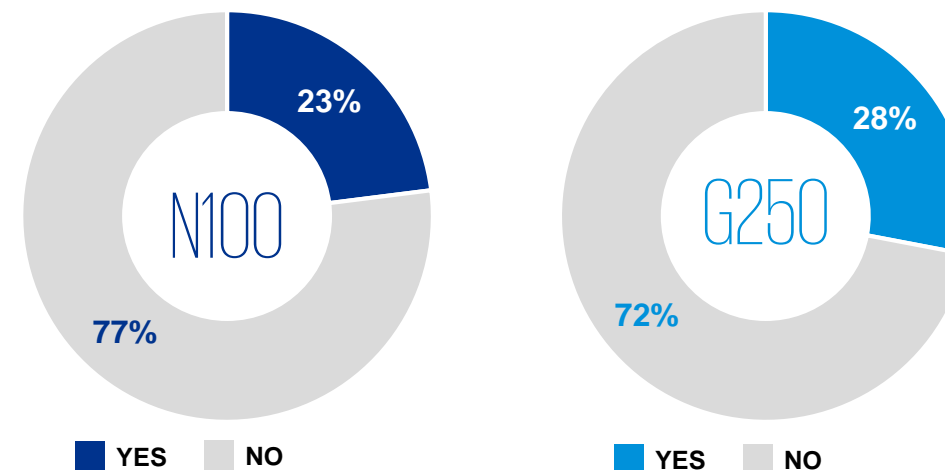
- Construction & Building Materials
- Electricity
- Food & Drug Retailers
- Food Producers & processors
- Forestry & Paper
- Leisure & Hotels
- Mining
- Oil & Gas
- Utilities

Medium-risk sectors

- Beverages
- Chemicals
- Financial Services
- General Retailers
- Household Goods & Textiles
- Personal Care & Household Products
- Pharmaceuticals & Biotechnology
- Support Services
- Tobacco
- Transport

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

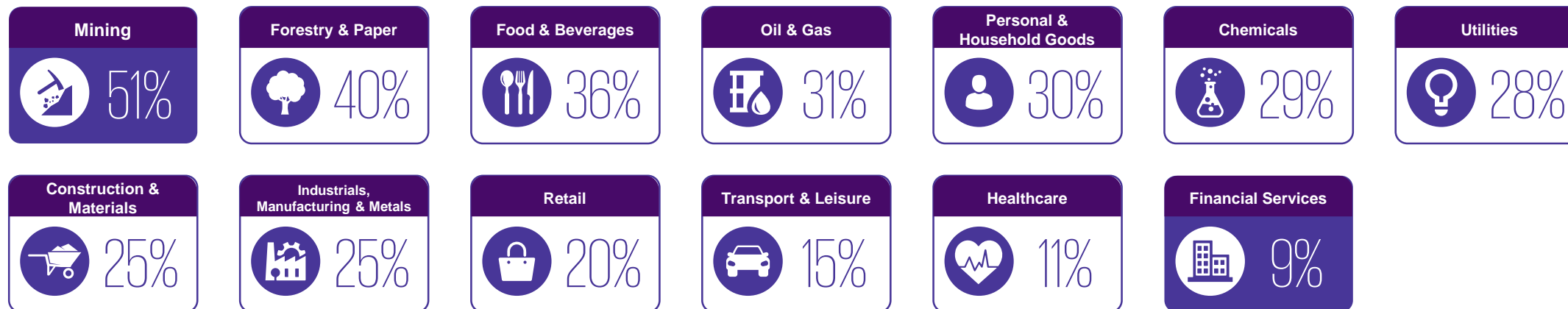
“At-risk” companies reporting the risk of biodiversity loss to their business



Base: 2,690 N100 companies and 136 G250 companies in sectors considered at high or medium risk from biodiversity loss and that report on sustainability
 Source: KPMG Survey of Sustainability Reporting 2020

Mining leads in disclosure of biodiversity risk

Companies reporting the risk of biodiversity loss to their business: N100 by sector



Base: 2,690 N100 companies in sectors considered at high or medium risk from biodiversity loss and that report on sustainability
 Source: KPMG Survey of Sustainability Reporting 2020

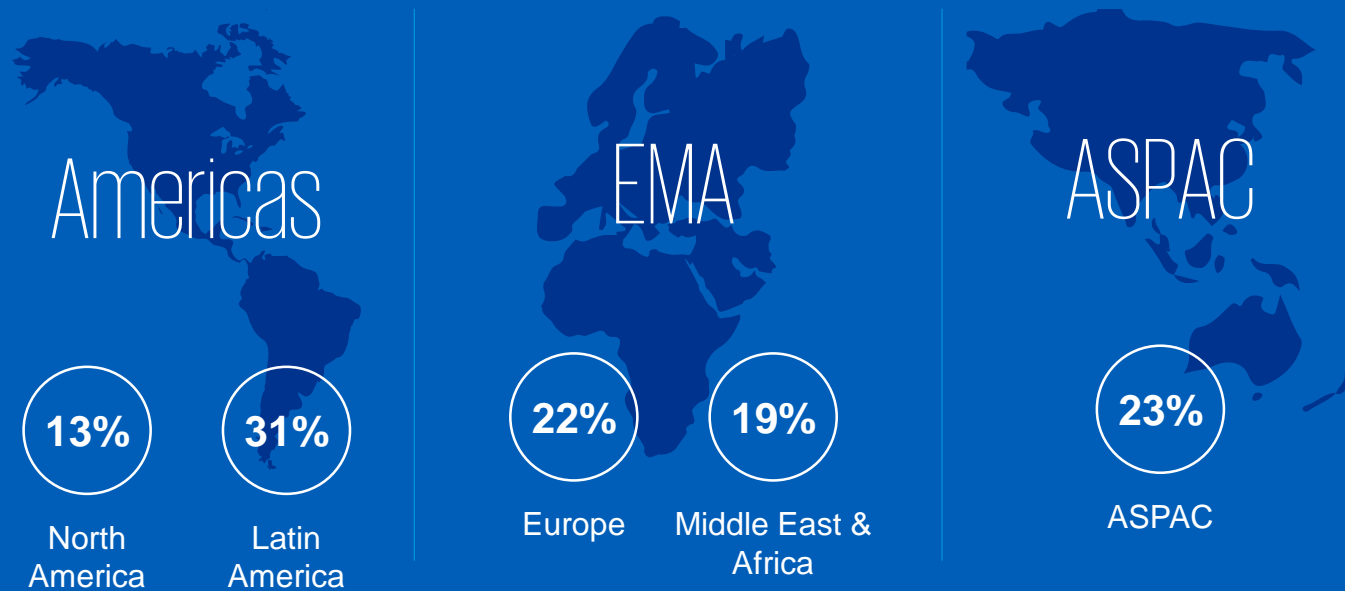
Companies reporting the risk of biodiversity loss to their business: G250 by sector



Base: 136 G250 companies in sectors considered at high or medium risk from biodiversity loss and that report on sustainability
 Source: KPMG Survey of Sustainability Reporting 2020

Latin America leads while North America lags in biodiversity risk reporting

Companies reporting biodiversity-related risk: N100 by region



Base: 2,690 N100 companies in sectors considered at high or medium risk from biodiversity loss and that report on sustainability
 Source: KPMG Survey of Sustainability Reporting 2020

Companies reporting biodiversity-related risk: G250 by country



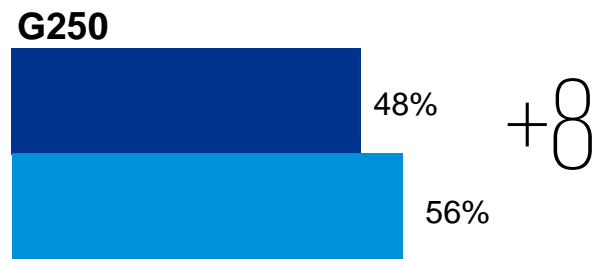
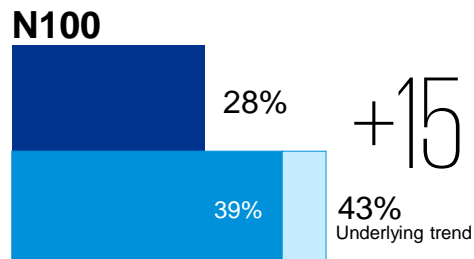
Base: 136 G250 companies in sectors considered at high or medium risk from biodiversity loss and that report on sustainability
 Source: KPMG Survey of Sustainability Reporting 2020

Reporting on climate risk and carbon reduction



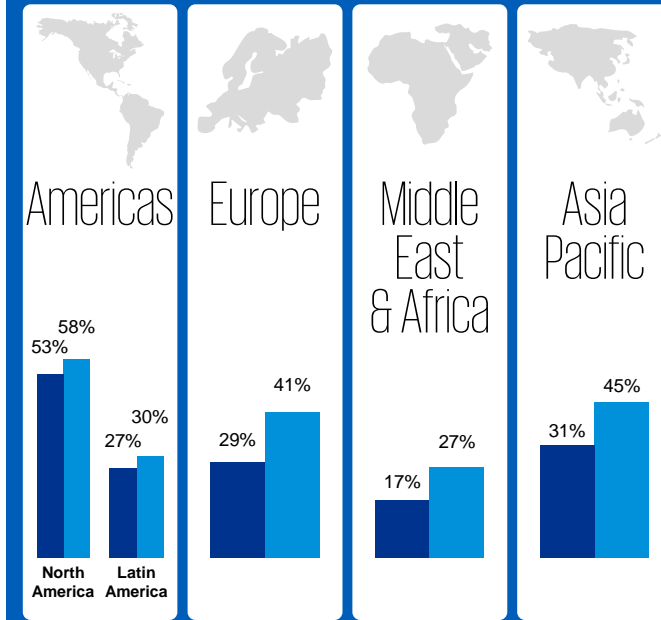
More companies acknowledge the financial risks of climate change

Number of companies acknowledging the risk of climate change in financial reporting



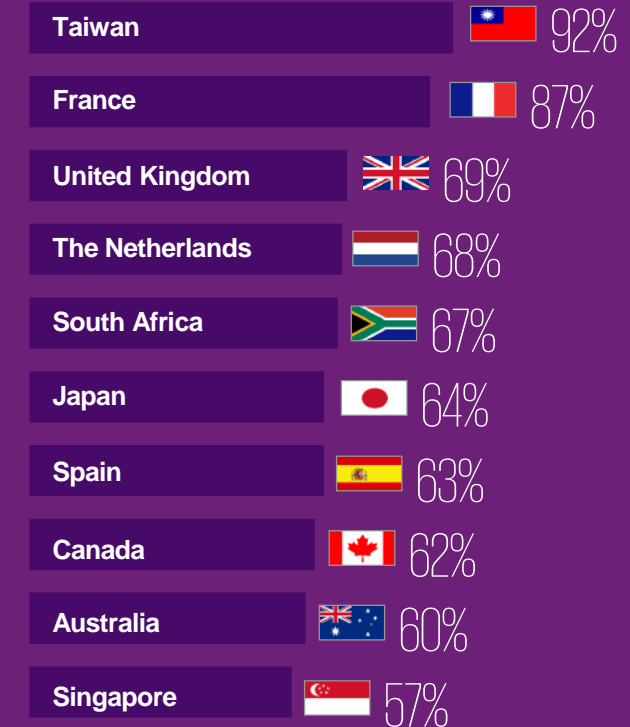
■ 2017 ■ 2020
Base: 5,200 N100 companies, 250 G250 companies
Source: KPMG Survey of Sustainability Reporting 2020

Acknowledgement of climate risk in financial reporting: N100 by region view



■ 2017 ■ 2020
Base: 5,200 N100 companies
Source: KPMG Survey of Sustainability Reporting 2020

Top 10 countries or jurisdictions for acknowledging climate change as a financial risk: N100



One in five companies reports in line with TCFD recommendations

Companies reporting in line with TCFD recommendations

N100

2017 0%



+18

Base: 5,200 N100 companies

G250

2017 0%



+37

Base: 250 G250 companies

Source: KPMG Survey of Sustainability Reporting 2020

Disclosures in line with TCFD recommendations: N100 by region



Americas

32%

North America

14%

Latin America



EMA

20%

Europe

7%

Middle East & Africa



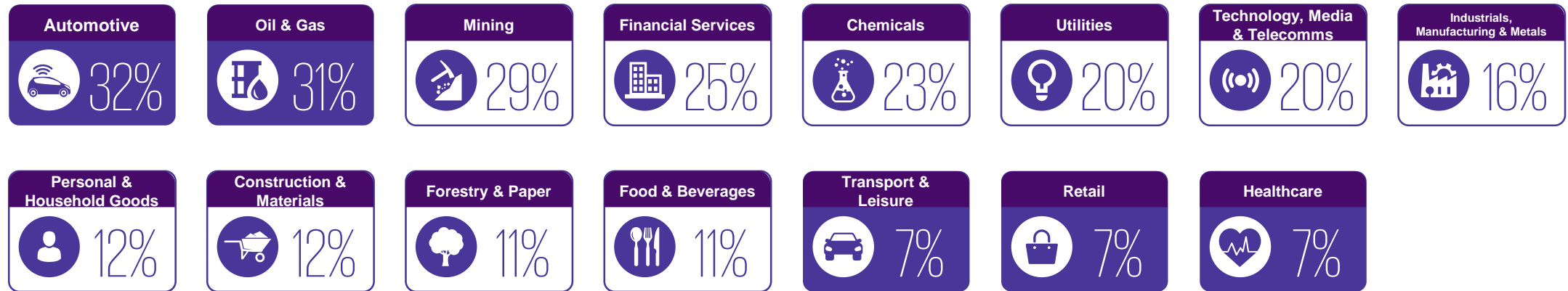
ASPAC

20%

Base: 5,200 N100 companies
Source: KPMG Survey of Sustainability Reporting 2020

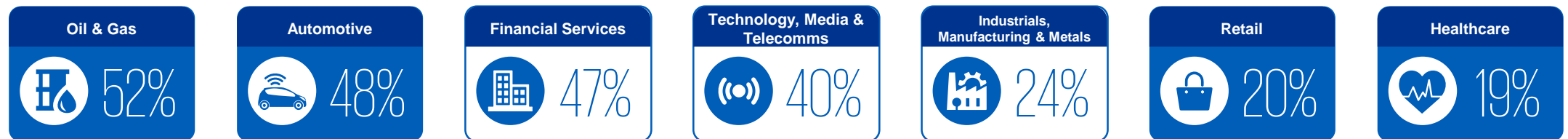
Automotive and Oil & Gas lead in TCFD reporting

Disclosures in line with TCFD recommendations: N100 by sector



Base: 5,200 N100 companies
 Source: KPMG Survey of Sustainability Reporting 2020

Disclosures in line with TCFD recommendations: G250 by sector

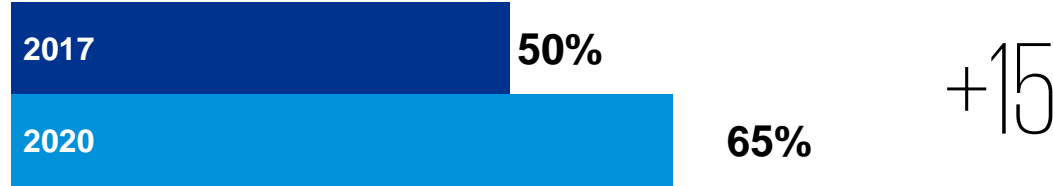


Base: 250 N100 companies
 Source: KPMG Survey of Sustainability Reporting 2020

Majority of companies worldwide have carbon targets in place

Companies disclosing carbon reduction targets in their reporting

N100



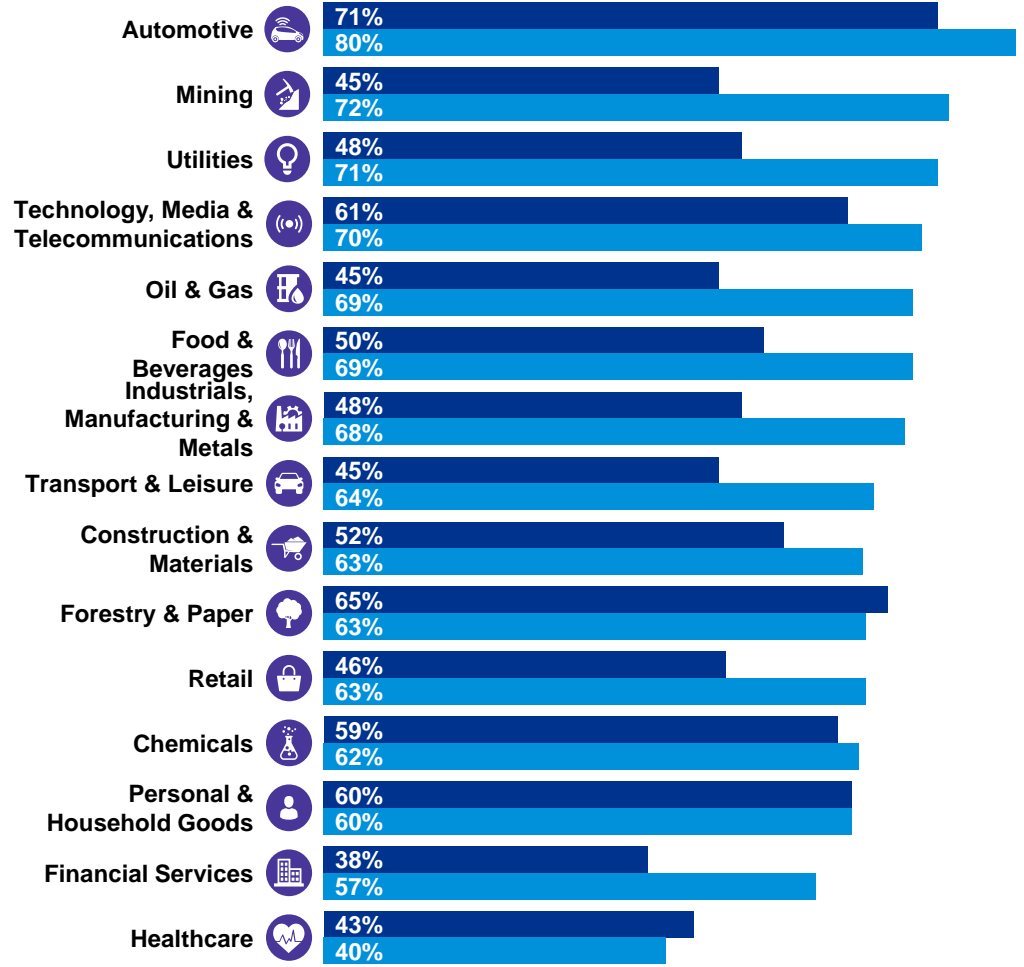
Base: 3,983 N100 companies that report on sustainability

G250



Base: 239 250 companies that report on sustainability
Source: KPMG Survey of Sustainability Reporting 2020

Companies disclosing carbon reduction targets in their reporting: N100 by sector

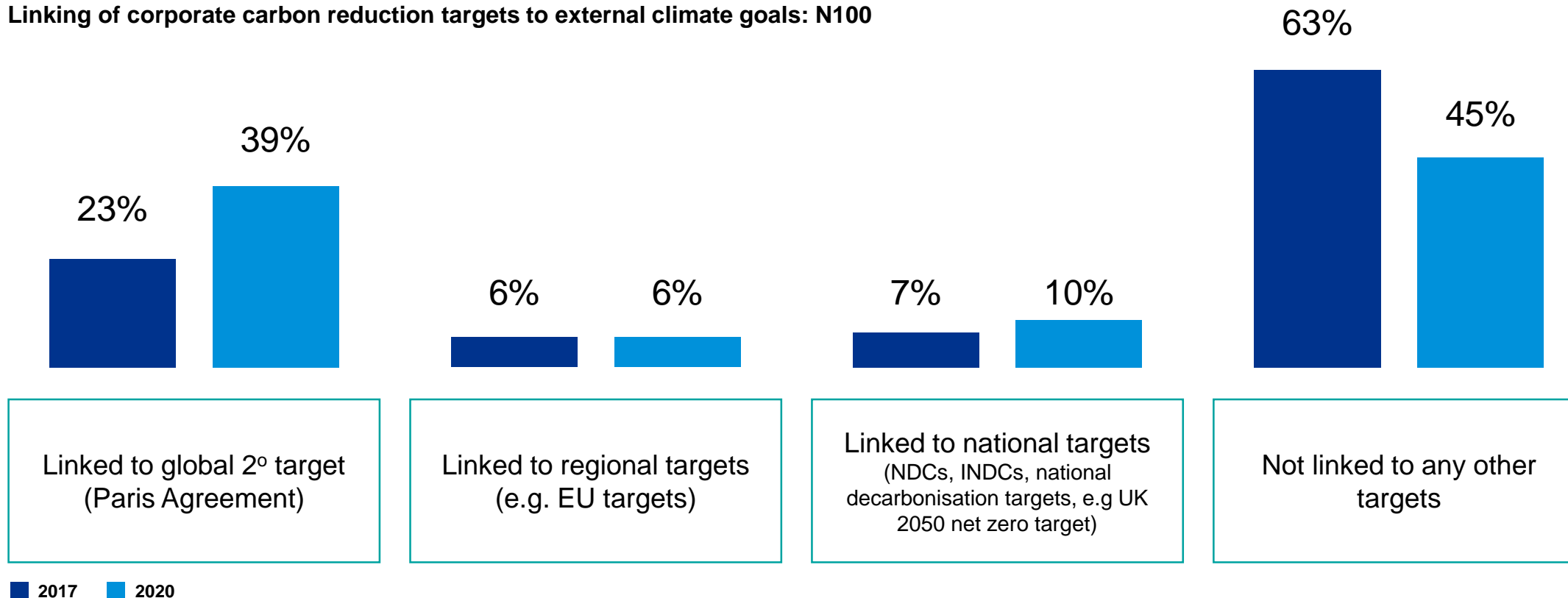


Base: 3,983 N100 companies that report on sustainability
Source: KPMG Survey of Sustainability Reporting 2020

Legend: 2017 (dark blue), 2020 (light blue)

Growing trend to link corporate carbon targets to global climate goal

Linking of corporate carbon reduction targets to external climate goals: N100



Base: 2,579 N100 companies that report carbon reduction targets
 Source: KPMG Survey of Sustainability Reporting 2020



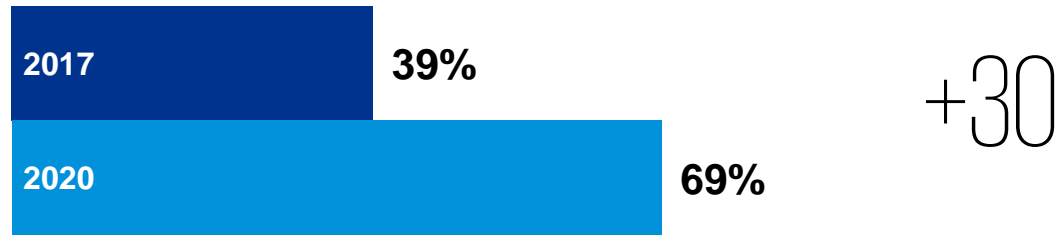
Reporting on the UN Sustainable Development Goals (SDGs)



The SDGs have a strong and growing profile in sustainability reporting

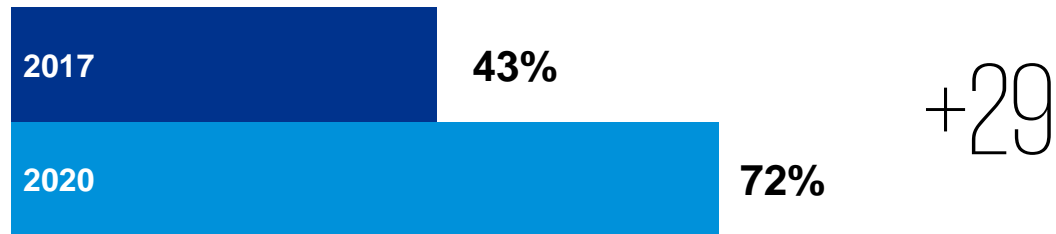
Number of companies that connect their business activity with the SDGs

N100



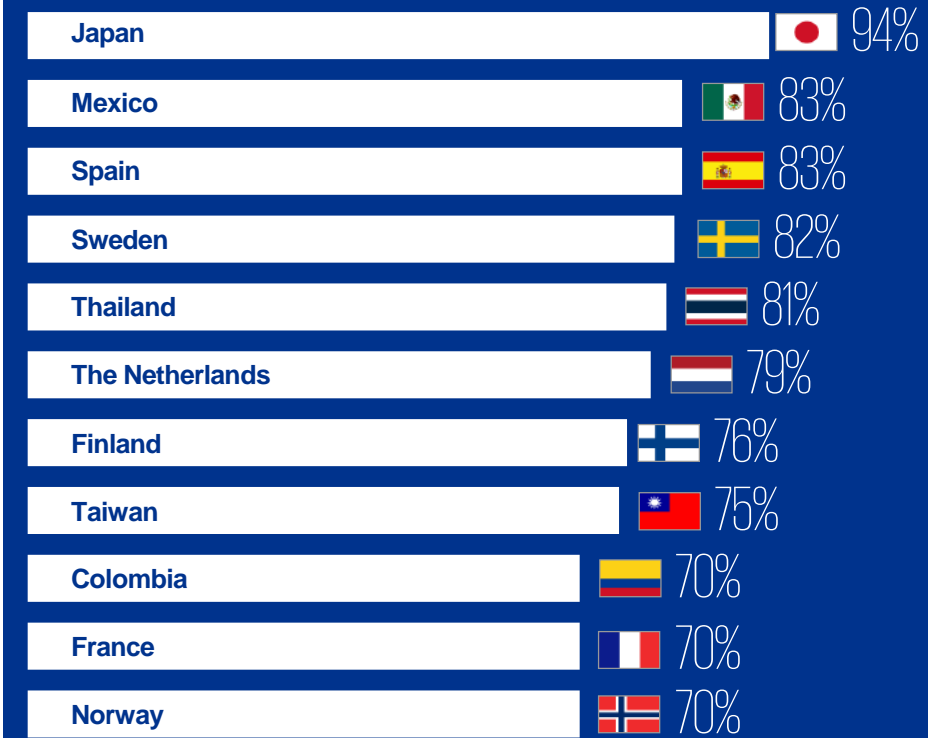
Base: 3,983 N100 companies that report on sustainability

G250

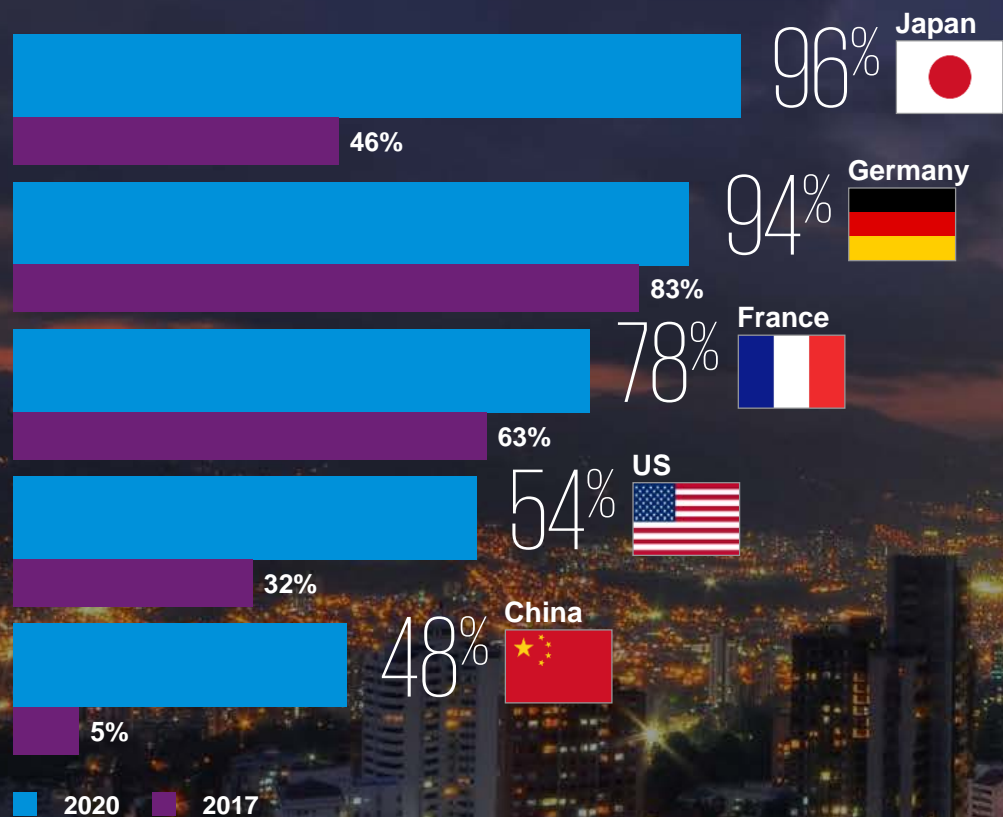


Base: 239 G250 companies that report on sustainability
Source: KPMG Survey of Sustainability Reporting 2020

Top 10 countries or jurisdictions for connecting business activity with the SDGs: N100



SDG reporting by the world's largest companies



Base: 239 G250 companies that report on sustainability
Source: KPMG Survey of Sustainability Reporting 2020

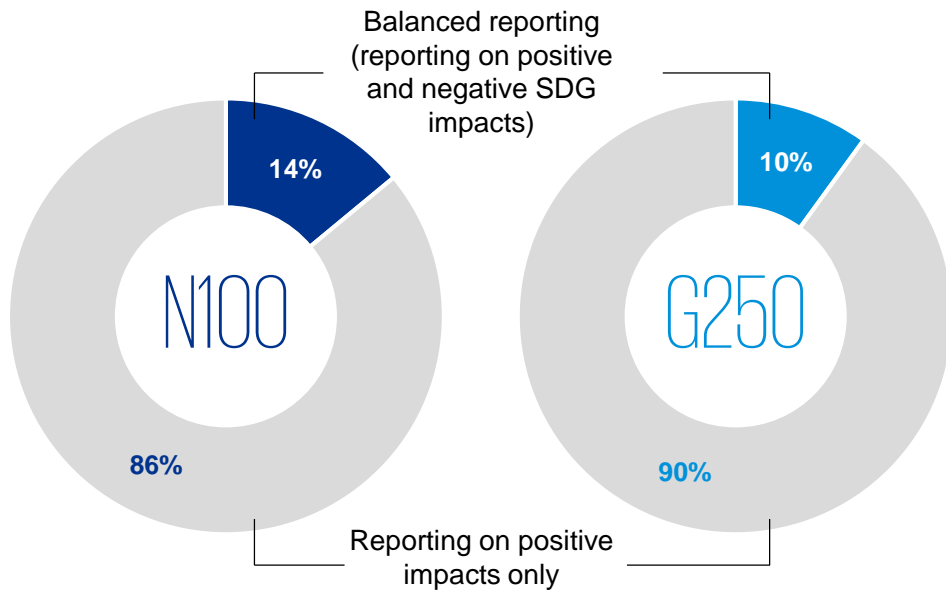


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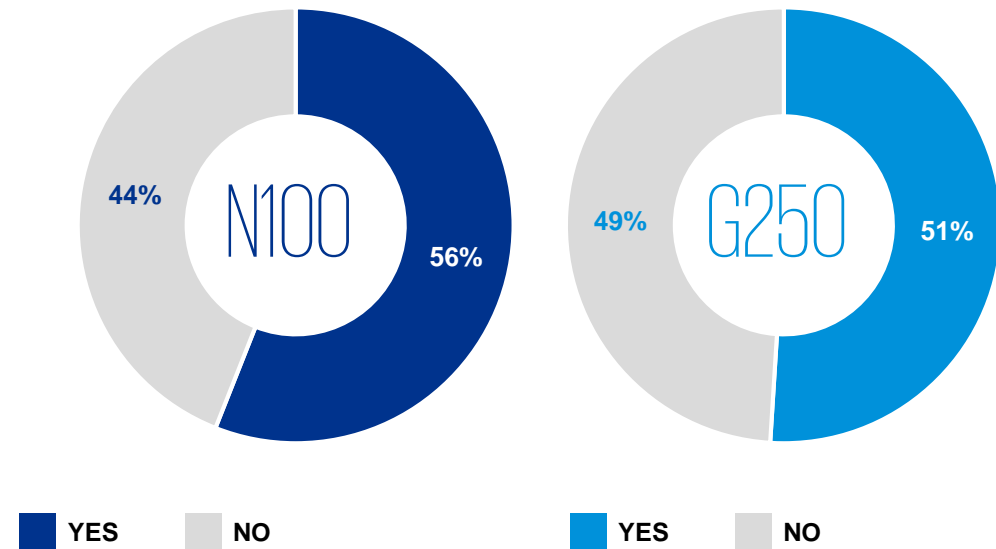


SDG reporting is mostly unbalanced and often disconnected from business goals

Balanced SDG reporting vs positive reporting only



Companies disclosing SDG-related performance goals



Base: 2,745 N100 companies and 172 G250 companies that connect the company's activity to the SDGs
 Source: KPMG Survey of Sustainability Reporting 2020

Base: 2,745 N100 companies and 172 G250 companies that connect the company's activity to the SDGs
 Source: KPMG Survey of Sustainability Reporting 2020

Companies focus on economic growth and climate but largely ignore biodiversity

SDGs most and least prioritized by the N100

Most prioritized (by more than 50% of companies)	Moderately prioritized (31% – 50% of companies)	Least prioritized (by 30% of companies or fewer)
72% Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	49% Good health and well-being	30% No poverty
63% Take urgent action to combat climate change and its impacts	43% Gender equality	25% Peace, justice and strong institutions
58% Ensure sustainable consumption and production patterns	42% Quality education	22% Zero hunger
50% Affordable and clean energy	37% Sustainable cities and communities	18% Life below water
50% Industry, innovation and infrastructure	33% Reduced inequalities	9% Life on land
	32% Clean water and sanitation	
	31% Partnerships for the goals	

Base: 2,243 N100 companies that identify SDGs relevant to their business
 Source: KPMG Survey of Sustainability Reporting 2020

Conclusion: the future of sustainability reporting

- Ongoing convergence/coalescence of standards
- Investor pressure
- Business frustration

- Current initiatives:
 - EU
 - WEF/IBC
 - IFRS
 - Corporate Reporting Dialogue Statement of Intent
 - SASB/IIRC merger

- Momentum towards global reporting system

- Tighter focus on investor needs: ESG risk, opportunity, strategy

- Further uptake of investor-relevant climate reporting

- Biodiversity reporting next critical trend

- Increasing focus on SDGs in next 10 years to 2030

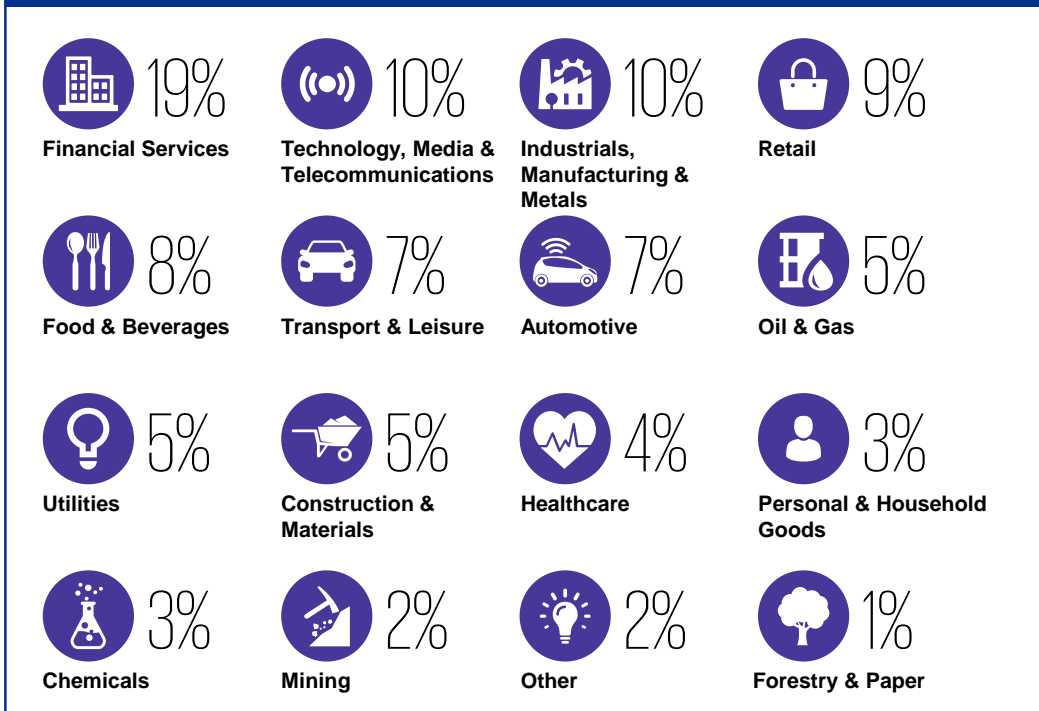


N100 research sample: National breakdown

The N100 research sample in this survey comprises 5,200 companies headquartered in the following 52 countries and jurisdictions. In 2020, the N100 research sample included six countries and jurisdictions for the first time: Costa Rica, Ecuador, Iceland, Pakistan, Panama and Sri Lanka.

- | | | | |
|--------------------|-----------------|------------------|--------------------------|
| 1. Angola | 16. Germany | 31. Pakistan | 46. Taiwan |
| 2. Argentina | 17. Greece | 32. Panama | 47. Thailand |
| 3. Australia | 18. Hungary | 33. Peru | 48. The Netherlands |
| 4. Austria | 19. Iceland | 34. Poland | 49. Turkey |
| 5. Belgium | 20. India | 35. Portugal | 50. United Arab Emirates |
| 6. Brazil | 21. Ireland | 36. Romania | 51. UK |
| 7. Canada | 22. Italy | 37. Saudi Arabia | 52. US |
| 8. China | 23. Japan | 38. Singapore | |
| 9. Colombia | 24. Kazakhstan | 39. Slovakia | |
| 10. Costa Rica | 25. Luxembourg | 40. South Africa | |
| 11. Cyprus | 26. Malaysia | 41. South Korea | |
| 12. Czech Republic | 27. Mexico | 42. Spain | |
| 13. Ecuador | 28. New Zealand | 43. Sri Lanka | |
| 14. Finland | 29. Nigeria | 44. Sweden | |
| 15. France | 30. Norway | 45. Switzerland | |

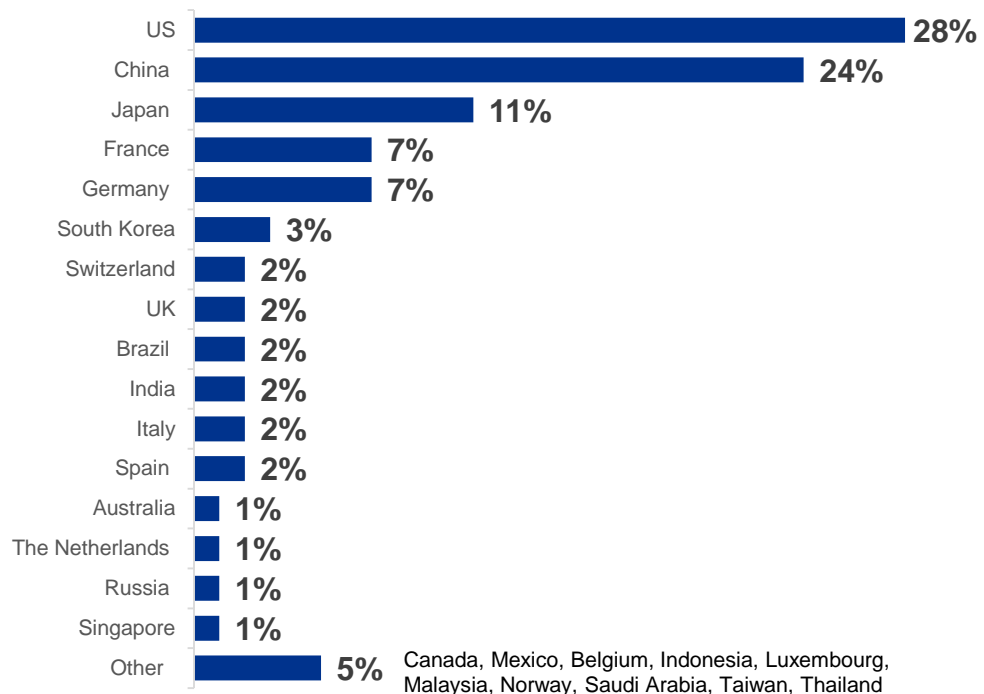
N100: Sectoral breakdown of 5,200 companies



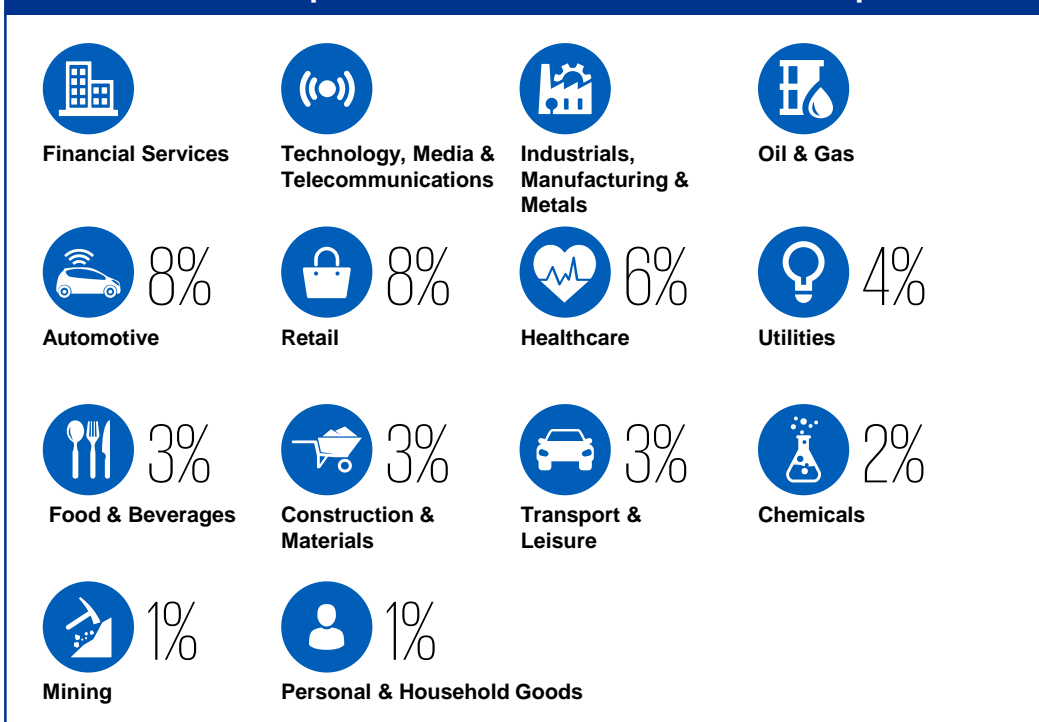
N100 research sample: Regional breakdown of 5,200 companies



G250 research sample: National breakdown of 250 companies



G250 research sample: Sectoral breakdown of 250 companies



G250 research sample: Regional breakdown of 250 companies





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