Navigating reporting frameworks:

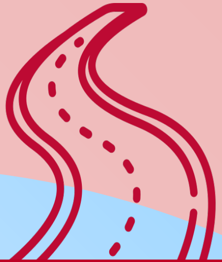
Where companies in Asia should turn for purposeful disclosures

For Asia-based companies, sustainability reporting has become a standard practice. However, with so many frameworks, it can be difficult to discern which ones are right for your organisation.

Here's our guide to help you get started.

Produced by

the purpose business



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First, align with local reporting requirements. These often have their own frameworks such as the HKEX ESG Guide

HKEX 香港交易所 | SGX | Securities and Exchange Commission Philippines | Bursa Malaysia

What is it? Mandatory ESG disclosure requirement for all Hong Kong listed companies

Why use it? It's the starting point for first-time reporting companies. Relevant to national issues and standards, local frameworks serve as the common denominator of what's expected of the country's disclosure

What's the process? Discuss internally the value that reporting can bring to the company and determine your main audience, then focus on what's most 'material' to your company, collect quality data based on material issues and review local reporting guidance to ensure your report according to any mandatory requirements. Guidelines are available at https://www.hkex.com.hk/Listing/Rules-and-Guidance/

Other Asian countries like Singapore, the Philippines and Malaysia have also mandated ESG reporting in recent years with online guidelines available and adopted to each country

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Then consider expanding disclosures to GRI, CDP and TCFD

GRI

What is it? The Global Reporting Initiative is the most widely used reporting framework. 73% of the world's largest 250 companies use GRI

Why use it? Depending on the drivers for reporting, businesses can better communicate their impacts on the economy, environment and society and their influence on key stakeholders. Disclosure topics are comprehensive and reflect findings from stakeholder engagement and materiality assessments

What's the process? Voluntary, though encouraged by most local stock exchanges and increasingly expected of organisations. Companies can follow the GRI guidelines available at www.globalreporting.org/

CDP

What is it? The largest single repository of company-wide greenhouse gas (GHG) emissions used as source information for most ESG-related surveys and analyst reports

Why use it? To develop the discipline in properly collecting data and managing performance around GHG emissions, increase transparency on corporate GHG emissions, water resources and forestry protection. CDP disclosure organises a company's data into an easily comparable format versus its peers. It also pegs it and feeds into portals such as the Bloomberg ESG Indices

What's the process? Companies are invited to disclose and are scored based on their answers to CDP's questionnaire. While voluntary, if not reported, CDP may obtain data via annual reports and score companies on performance. There is an annual administrative fee for companies that wish to disclose

TCFD

What is it? The Task Force on Climate-related Financial Disclosures are recommendations for more effective climate-related disclosures that promote more informed investment, credit, and insurance underwriting decisions. In turn, they enable stakeholders to better understand the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks

Why use it? To disclose climate-related financial risks and opportunities. Relevant for all industries and increasingly common for climate-related disclosures that align with national policies such as decarbonisation goals set by China, South Korea, Japan and Hong Kong

What's the process? Mandatory for signatories of the UN Principles for Responsible Investment. While otherwise voluntary, a growing number of investors, such as BlackRock, and other organisations are expecting companies to align with TCFD. Guidelines are available at www.fsb-tcfd.org/

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If you seek to align with additional commitments, consider the SDGs and SASB

SASB – Sustainability Accounting Standards Board

What is it? Standards that enable businesses to identify, manage and communicate financially material sustainability information to their investors

Why use it? To report on financially material issues for your specific industry. While more US-focused, SASB is still relevant for other regions. SASB is more granular in scope to other frameworks and is increasingly popular due to industry-specific modularity

What's the process? Voluntary, encouraged for US SEC 10-K filings. BlackRock has endorsed SASB-aligned reporting for all its portfolio companies since 2020. Companies can download the SASB standards at www.sasb.org/standards/download/

Note: SASB and IIRC* will merge into one organisation in mid 2021 and work towards a comprehensive reporting framework long demanded by investors and corporates

**The International Integrated Reporting Council is a global coalition of regulators, investors, companies, standard setters, academia and NGOs. Their <IR> Framework for integrated reports (ESG + annual) provides guiding principles and content elements.*

What is it? The UN Sustainable Development Goals (UN SDGs) is a business strategy framework made up of 17 goals for the year 2030 addressing global challenges such as poverty, inequality, climate, economic prosperity, anti-corruption, labour and human rights

Why use it? Though the UN SDGs are not a reporting framework, they provide guidance for companies to align their business strategies with global challenges. They generally complement many frameworks with GRI offering direct linkages

What's the process? From the 17 goals, there are 169 targets and 230 indicators to which companies can align their sustainability goals and targets. This is particularly useful for communicating sustainability commitments in reports. To learn more about how to map your sustainability efforts with the UN SDGs, send us a message at the email below

For more information on sustainability reporting or SDG mapping, please visit www.thepurposebusiness.com or get in touch at info@thepurposebusiness.com