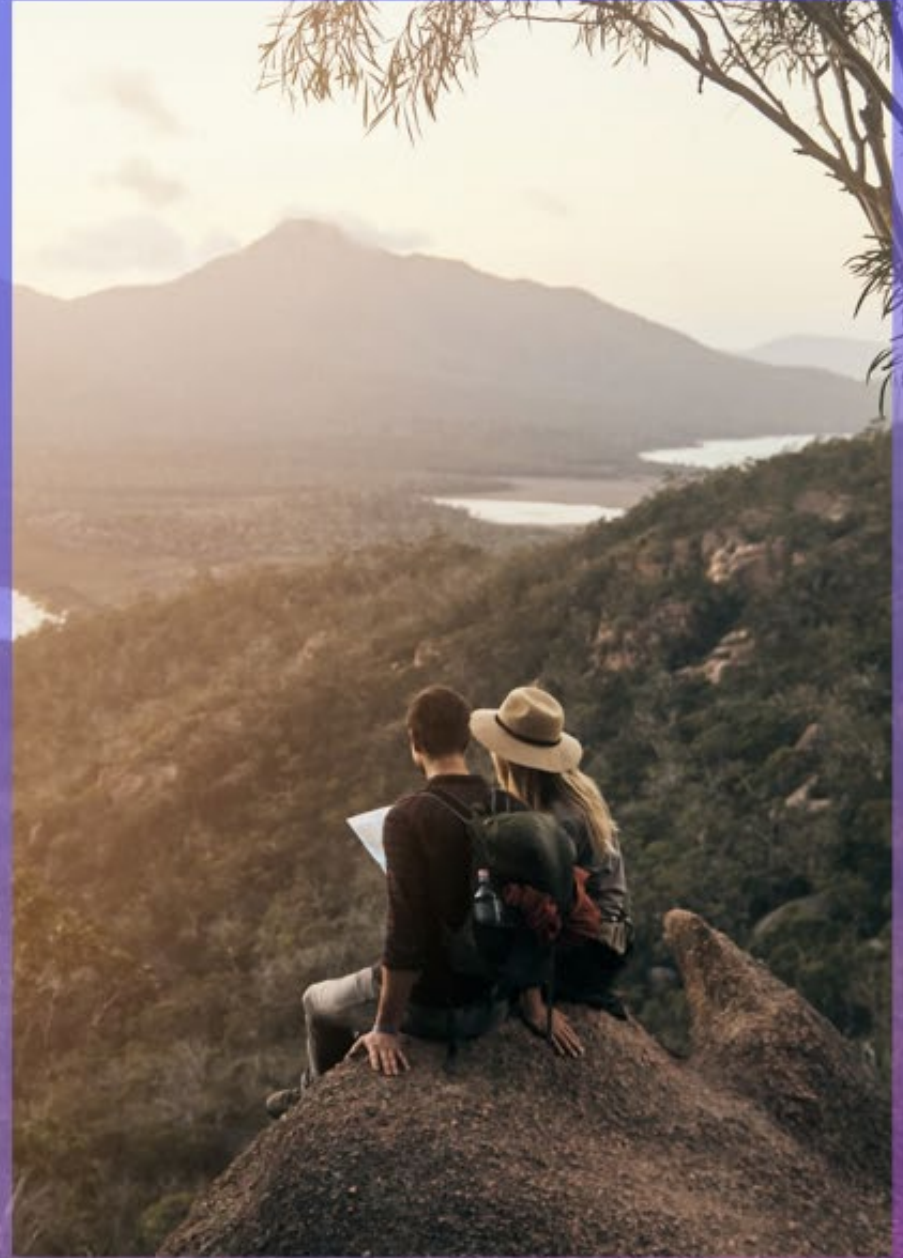




Australian Sustainability Reporting Trends

November 2024




About this report

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This report reveals key trends in sustainability reporting among the ASX 100, the largest 100 companies in Australia based on market capitalisation.

The population of the ASX 100 continues to change. Nine companies have changed in the population since the survey was conducted in 2023. Sustainability reporting by the ASX 100 companies is an indicator of leading practice for reporting in Australia. The survey is based on publicly available information.

This report complements [KPMG's Global report](#) which covers the top 100 in 58 jurisdictions and the Global 250.



‘ We continue to see sustainability reporting by the ASX 100 companies as an indicator of leading practice for reporting in Australia.’

Executive summary

This document demonstrates that although 97% of Australia's top companies reported on sustainability performance in 2024 – a 1% decrease from 2023 (due to change in the ASX 100 population) – there is still room for improvement.

The recent publication of the Australian Accounting Standards Board (AASB) Australian Sustainability Reporting Standards (ASRS) AASB S1 and S2 – based largely on the sustainability standards released by the International Sustainability Standards Board (ISSB) – is expected to significantly accelerate sustainability and climate reporting in the coming years, with mandatory climate reporting commencing for periods beginning 1 January 2025.

Key findings

- 1.** Mandatory Climate Reporting – The age of mandatory climate reporting in Australia is here, and whilst many companies have acknowledged the upcoming mandatory reporting requirements of AASB S2, there is still a lot of work to be done by many entities. It is unclear based on the current disclosure whether ASX 100 entities will voluntarily adopt AASB S1 for broader sustainability reporting.
- 2.** Climate Reporting and Targets – The vast majority of Australia's top companies acknowledge climate change as a risk to the business. They use Climate Scenario Analysis to better understand the possible impacts, have set carbon reduction targets – most of which are Paris-aligned 2°C and below – and are increasingly reporting internal carbon prices.
- 3.** External Assurance – There has been a jump in the rate of external assurance over reported sustainability information. In addition, the number of companies seeking reasonable assurance has increased. This reflects a growing demand for higher levels of confidence in sustainability data and is expected to increase significantly over the coming years as companies prepare to meet the assurance requirements of the ASRS.
- 4.** Inclusion of Sustainability in Executive Compensation – A third of companies do not disclose whether sustainability matters have been included in executive compensation. 40% do not disclose who is accountable for sustainability at either Board and/or leadership level.

The findings

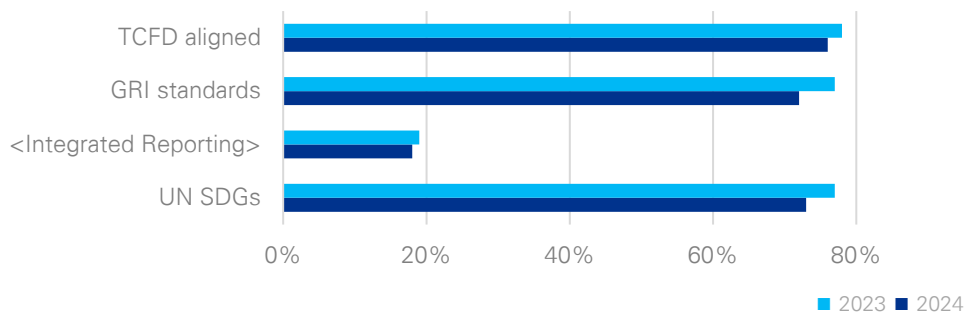
Where companies report

82% of ASX 100 companies that report on their sustainability performance publish a standalone report, while 84% include ESG or sustainability performance information in their annual financial report.

Reporting standards and frameworks

Of the 97 companies that report sustainability performance, 76% report in line with the Task Force on Climate-related Financial Disclosures (TCFD) and 72% report in line with the Global Reporting Initiative (GRI) standards. However, the number of companies following the International <Integrated Reporting> Framework remains low at 18%. 73% report UN Sustainable Development Goals (SDGs) most relevant to the business.

Despite the first ASRS only being finalised in September 2024, almost half of the ASX 100 (43%) that report on sustainability performance are already referencing the ASRS and the upcoming mandatory reporting requirements in their sustainability reporting. This demonstrates that, while most companies are likely not yet fully compliant with the new standards, they are aware of the upcoming reporting obligations. We would expect a significant shift to the new standards as 'framework of choice' for 2025 and beyond.

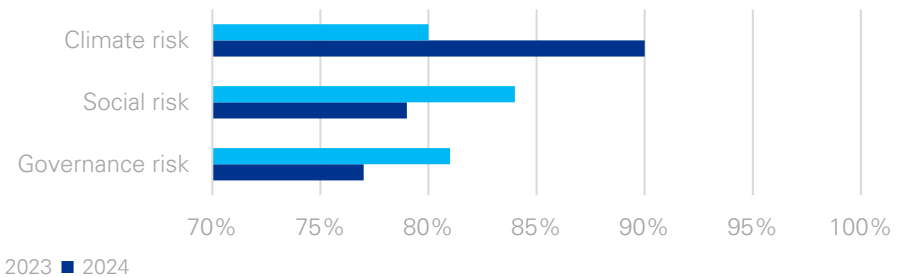


Material topics

91% of ASX 100 companies that report sustainability performance report material topics (no change on 2023). Of those, 33% report that the materiality assessment process considers both impact and financial materiality.

ESG risks in annual and integrated reporting

% of ASX 100 companies that acknowledge:

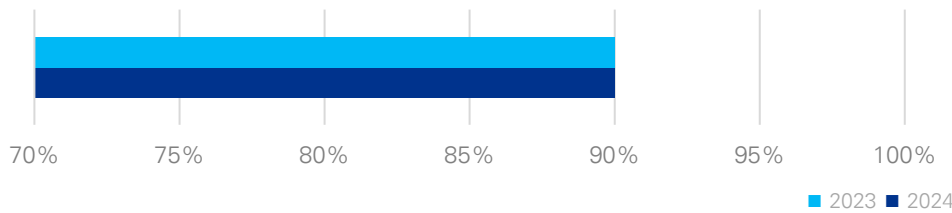


Of the 97 ASX 100 companies that report sustainability performance, 90% acknowledge climate change as a risk to the business in annual or integrated reporting (as compared with 80% in 2023), which we believe reflects the growing acknowledgement of future mandatory climate reporting. Whilst quantitative analysis is more prevalent in standalone sustainability reports, very few (8%) include quantitative impacts using scenario analysis in their annual/integrated reports. The majority of those deliver a narrative description of the potential impacts (92%).

In annual or integrated reporting, the percentage of companies that describe social risks has dropped since 2023 (from 84% to 79%), while the percentage that describes governance risks has risen (77% to 81%). Of those that report on the 'S' and the 'G' in ESG, almost all provide a narrative description of the potential impacts (social 99%, governance 97%) rather than quantification of the potential impacts (social 1%, governance 3%).

Carbon reduction targets

% of ASX 100 companies that report carbon targets



Of the 97 ASX 100 companies that report on sustainability performance, 90% reported carbon targets, which is unchanged from 2023.

Among companies with carbon targets in place, 66% intend to achieve the emissions reduction goal using both emissions reductions and carbon credits, while 31% are relying on emissions reductions alone.

There has been an increase in ambition amongst those that report carbon targets. 1.5°C aligned targets have increased from 43% to 46%, bringing the total percentage of Paris-aligned 2°C and below targets from 68% in 2023 to 77% in 2024.

Of the 97 ASX 100 companies that report sustainability performance:

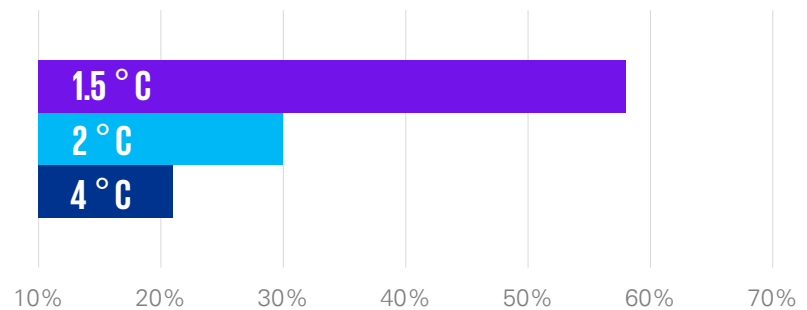
- 78%** report Scope 3 Greenhouse Gas (GHG) emissions, a slight decrease from 79% in 2023
- 25%** publish information about their internal carbon price, an increase from 20% in 2023
- 58%** report having a Climate Action Plan

Climate scenarios

79%

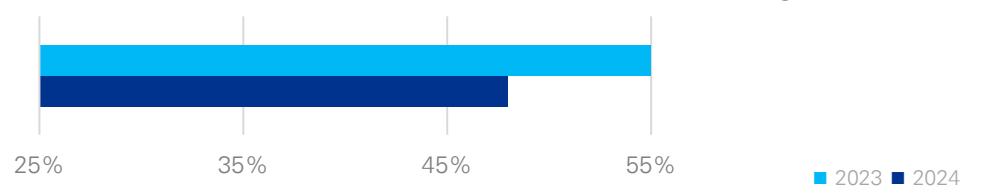
of ASX 100 companies that report sustainability performance report on climate risk to the business using Climate Scenario Analysis, a small increase on 2023 (78%).

Of those, 87% specified what temperature scenarios are used, with 58% using 1.5°C, 30% using 2°C, and 21% using 4°C. 47% use other temperature scenarios.



SBTi targets

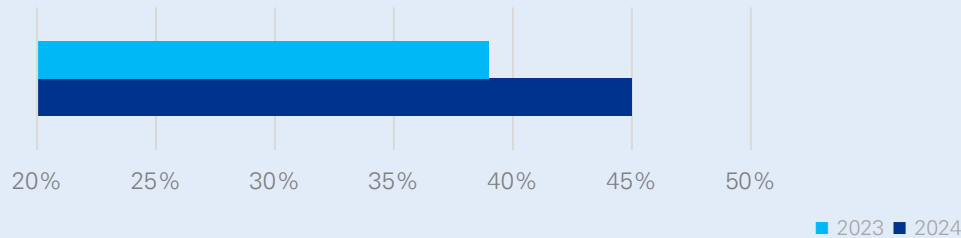
% of ASX 100 companies that use SBTi carbon reduction targets



Of those that report carbon targets, 48% of companies state that they have adopted or intend to adopt Science Based Targets initiative (SBTi) carbon reduction targets. Of those, 81% either have adopted or intend to adopt an SBTi net-zero target.

Biodiversity and TNFD

% of ASX 100 companies that recognise biodiversity loss as a risk to the business



Of ASX 100 companies reporting on sustainability, 45% recognise biodiversity loss as a risk to the business, a 6% increase on 2023 (39%).

36% of those that report on sustainability state that they have adopted and/or intend to adopt nature-related reporting in line with the TNFD framework.

Of those, 10 companies report that they are participating in a TNFD pilot and 11 report that they are forum members of the TNFD.

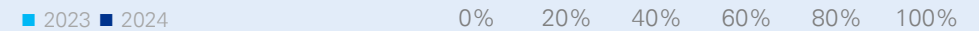
ESG governance

Of those that report sustainability performance, 61% of companies' annual or integrated reports recognise a dedicated member of the Board and/or leadership team that is responsible for sustainability, while 69% acknowledge that sustainability matters have been included in compensation at either a Board or leadership level.

There is a significant amount of room for improvement in this area. Increased focus on leadership involvement in sustainability reporting could increase confidence in a company's approach to overseeing sustainability risks and opportunities.

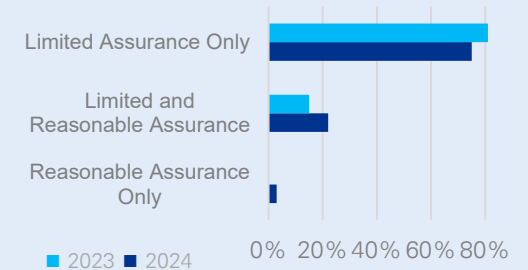
Assurance

% of ASX 100 companies that have external assurance over sustainability information

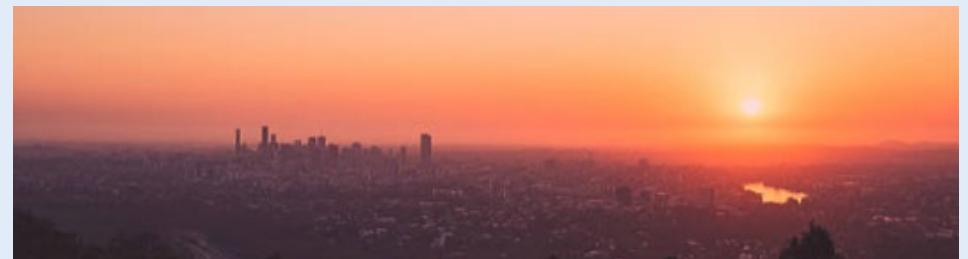


There has been a significant uplift in the number of ASX 100 companies obtaining external assurance, with 67% of those reporting sustainability performance now obtaining some level of external assurance, as compared with 55% in 2023.

The number of companies seeking only limited assurance has dropped, with more companies now seeking a combination of limited assurance and reasonable assurance or reasonable assurance only.



The rate of companies obtaining assurance is expected to increase significantly in coming years as companies prepare to meet the mandatory reporting requirements of the ASRS. Companies will be expected to obtain reasonable assurance of all climate-related financial disclosures made from years beginning 1 July 2030.





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