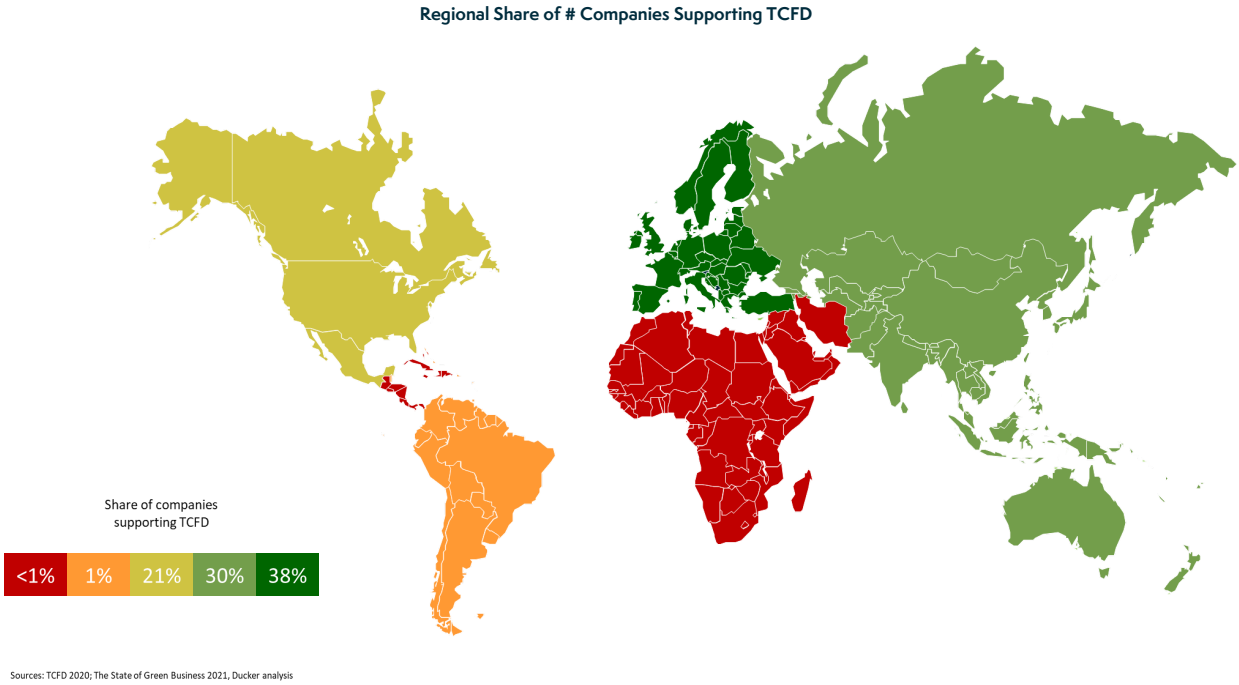
DUCKER

Environmental and Sustainability Activity and Reporting Index

2022

Parallel frameworks on ESG disclosure from TCFD and various in-country SEC's are increasingly finding synergies.

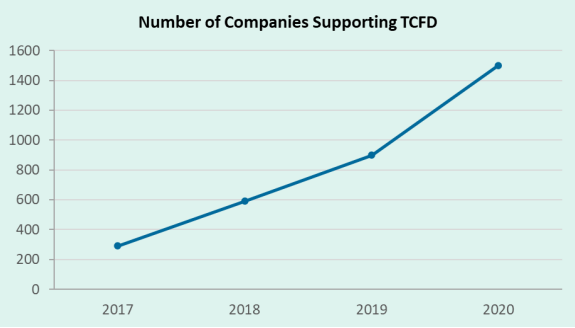
- Adoption of Task Force on Climate-related Financial Disclosures (TCFD) framework, has increased across the regions.
- In 2020, 83 of the world's largest 100 companies adopted the TCFD's recommendations

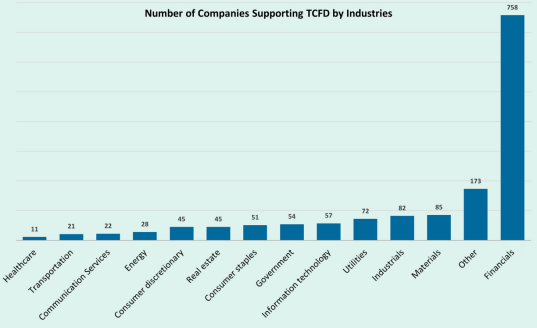


Sources: TCFD 2020; The State of Green Business 2021, Ducker analysis

Major economies are on the road to expand mandatory disclosures.

- The 2021 new guidance recommends companies to disclose their plans for a net-zero transition in line with the Paris Agreement, including disclosure of seven categories of cross-industry metrics





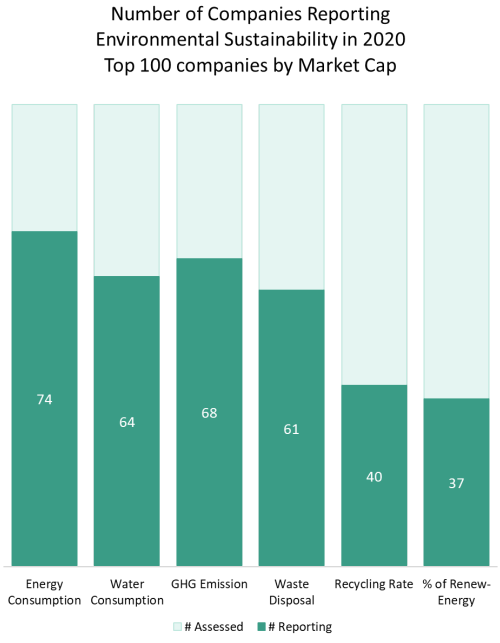
Tightening frameworks and expanding mandatory ESG disclosures demonstrate growing interest in aligning with TCFD framework by in-country policy think tanks.

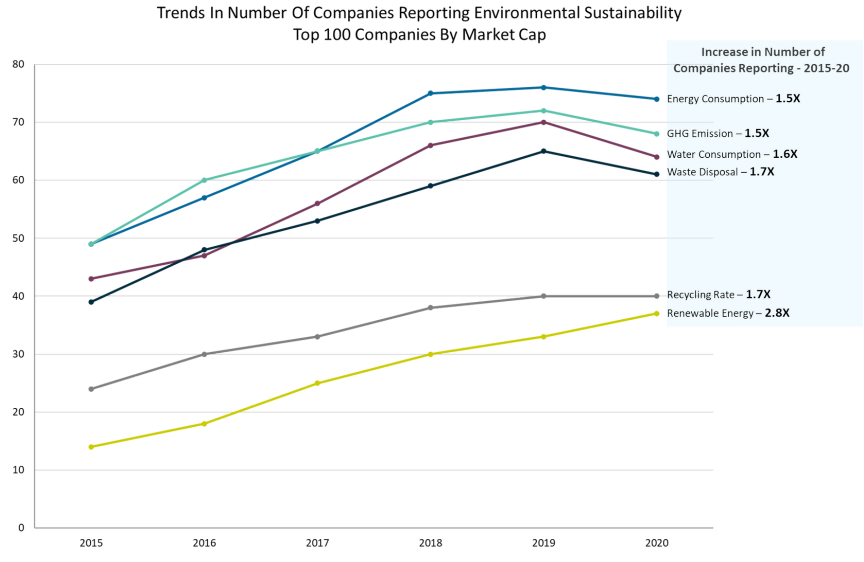
Countries	Status of ESG Disclosure Policy	Mandatory Reporting		
		2021	2023	2025
Europe	• Strengthening its "Non-Financial Reporting Directive", requiring ESG disclosure from companies with >500 employees • No definitive timeline	○	◑	●
UK	• U.K. to make disclosure requirements aligned with TCFD mandatory across the U.K. by 2025; many of the requirements mandatory by 2023	◔	◕	●
USA	• Updated requirement for ESG disclosure in 2020. Formed Climate and ESG Taskforce to inspect misconducts. • Introduced investor bulletin for transparency on ESG funds in 2021	◑	◕	●
Canada	• Ontario's Capital Markets Modernization Task Force issued mandatory disclosure of ESG within two years • Pandemic bail-out funding is now tied to TCFD	◔	◑	◕
China	• Issued guidelines for publicly listed companies to disclose ESG risks, requiring mandatory disclosure on pollutant emissions, preventive steps on of air, water, soil and carbon • No definitive timeline	◔	◑	◕
India	• Introduced a new framework called 'Business Responsibility and Sustainability Reporting Framework' for the mandatory reporting of ESG for top 1,000 companies from FY 2022-2023	◔	◑	◕
South Korea	• Task force established for identifying risks in financial sector due to climate change, boost investment in green industries and promoting green finance • No definitive timeline	○	◔	◑
Brazil	• Launched the "Sustainable CVM Series" in 2020 for the inclusion of ESG and proposed amendments to increase the transparency in ESG disclosures • No definitive timeline	○	◔	◑

Sources: TCFD 2020; The State of Green Business 2021, Ducker analysis

● Highly Active ◕ Active ◑ Moderately Active ◔ Slightly Active ○ Inactive

Research indicates increasing disclosure of ESG performance for energy, water, emission and waste disposal. Renewable energy is poised to become a major focus in med-term.

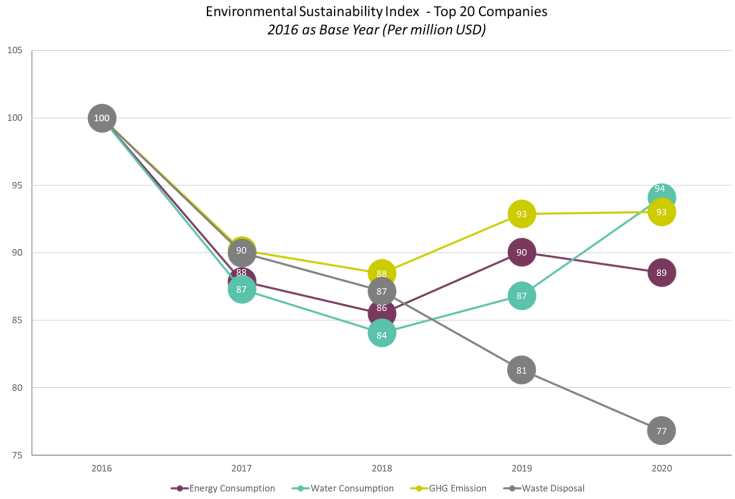




Companies are in the initial stages in achieving the long-term sustainability targets. Pre-Covid-19, water management and conservation led the sustainability initiatives.

- Assessment of top 20 companies based on the market capitalization across six industrial verticals indicates a steady progress in reducing environmental footprint by the companies

- However, the plant shutdown and partial operations during the Covid-19 pandemic impacted the further progress in achieving the sustainability targets. While companies halted operations during lockdown, they continued to operate emergency services such as water and power, offsetting the gains when measured by unit consumption

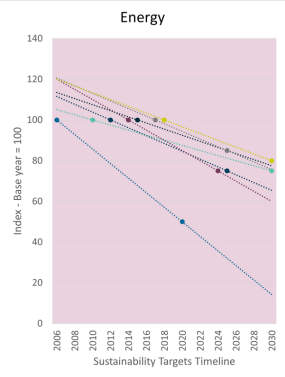


Indicators	Δ 2016-19	Δ 2016-20	Technology/Process Focus During 2016-20
Water consumption	-11.2%	-3.8%	• Water efficient technology • Water recycling, • Rainwater harvesting • Recharging of groundwater
GHG Emission	-6.7%	-6.6%	• Renewable energy-based electricity • Waste Heat Recovery • Low emission equipment • Upgradation of filter systems • Alternative materials & fuel
Energy Consumption	-5.9%	-7.5%	• Energy efficient LED lights • Environmental awareness programs • Digital technologies for optimal energy efficiency
Waste Disposal	-18.7%	-23.2%	• Waste co-processing • Solid waste as fuel • Waste incineration

Index analysis of company investment and tracking of conservation or improvement efforts favor energy and GHG emissions. Water and waste (recycle) increasing focus.

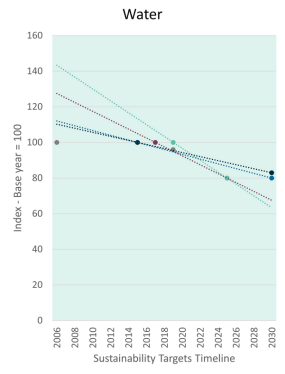
Energy

- Overall, energy intensity reduction attracts second priority after GHG emission targets
- Majority of the companies are targeting at reducing energy consumption by 15 to 25 basis point (base year varies from 2012 to 2018) by as early as 2025
- Most of the companies are aiming at 100% carbon-neutrality beyond 2035, with some companies targeting full compliance by 2050



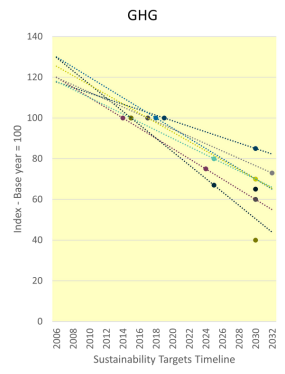
Water

- Companies are aiming for 20% reduction in water intensity in the next five to ten years
- Sustainable withdrawals and supply of freshwater are the key focus



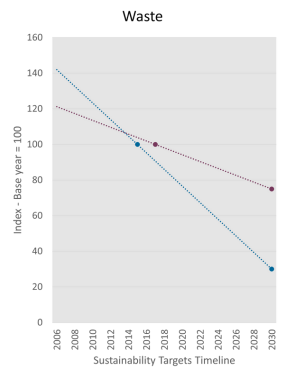
GHG

- GHG emission reduction has emerged as a key focus area for the assessed companies
- Nearly three fourth of the companies report GHG emission reduction targets, with an aim to reduce Scope 1 and Scope 2 emission intensity by 20% to 25% by the end of this decade and become carbon neutral by 2050



Waste

- Waste reduction is currently low focus area for surveyed companies
- Waste incineration has emerged as the most popular solution to limit the waste disposal
- Other solutions such as co-processing and conversion to fuel are efficient but expensive



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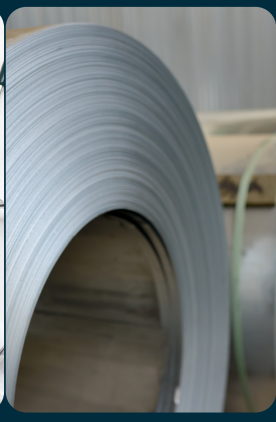
Materials & Chemicals

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