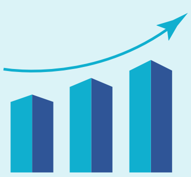
POLICIES, PATHWAYS AND PERFORMANCE:
CLIMATE DISCLOSURES IN THE ASX200

The management and disclosure of climate risks and opportunities continues to mature across the ASX200, including uplifts in reporting, targets and transition pathways across sectors. This is positive, but as extreme weather events accelerate and the time to keep warming to 1.5°C above pre-industrial levels is running out, investor expectations are increasing.

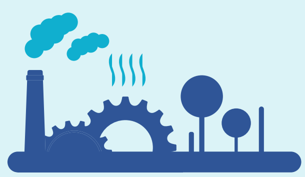
Notable climate disclosure gap remain – detail is lacking in the depth and comparability of transition plans, emissions targets, offset use and management of both transition and physical risks.

ACSI welcomes the proposed introduction of mandatory climate reporting to increase comparability between companies and allow for more effective assessment of portfolio-level risk.



31%

INCREASE ON LAST YEAR



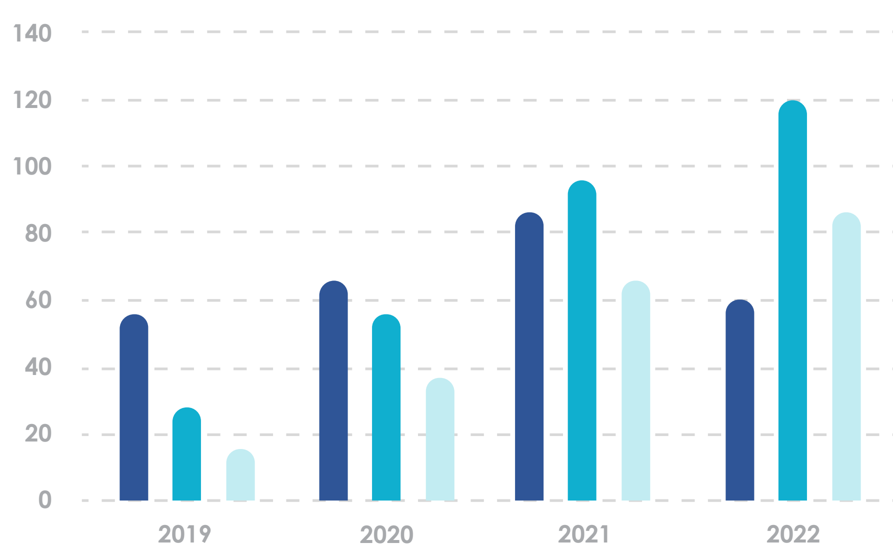
135 | **ASX200 companies using the framework**

Nearly **70%** report against the Taskforce for Climate-related Financial Disclosures (TCFD) framework. The upward trend of listed companies aligning disclosures to the TCFD continues apace, with 135 ASX200 companies using the framework to guide their climate disclosures – a **31%** increase on 2021.

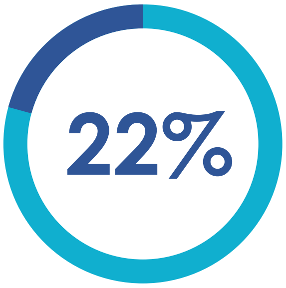
80% of market capitalisation is covered by net zero commitments. **61%** of the ASX200 have made net zero commitments, compared to just 48% last year.

But there is a gap between net zero commitments and the setting of interim emissions reduction targets. Medium-term emission reduction targets have increased by **26%** since last year, but there has been a **9%** decline in short-term targets. Fourteen percent of companies with net zero commitments have failed to set any interim targets to meet those commitments, calling into question the credibility of their commitment.

- Short (to 2025)
- Medium (2026 - 2039)
- Long (2040+)

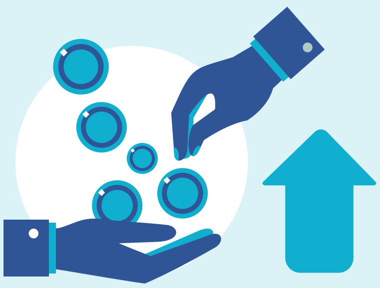


This research is based on analysis of publicly available reporting by ASX200 companies up to 31 March 2023.



43
COMPANIES

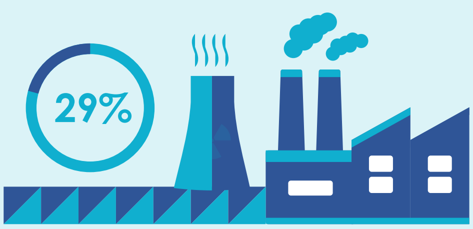
Scope 3 targets remain rare. While more than **50%** of the ASX200 report Scope 3 emissions, just **22%** (43 companies) has set some form of Scope 3 target, up from **14%** (27 companies) last year. Gaps remain in many decarbonisation strategies.



41
COMPANIES

CARBON PRICES USED FOR INVESTMENT DECISIONS:
41 companies use a carbon price in investment and capital decision-making, up from 29 last year.

SCENARIO ANALYSIS: 59% of the ASX200 is now undertaking climate scenario analysis assessment (44% last year), with **46%** using a 1.5°C or below 2°C Paris-aligned scenario (38% last year).

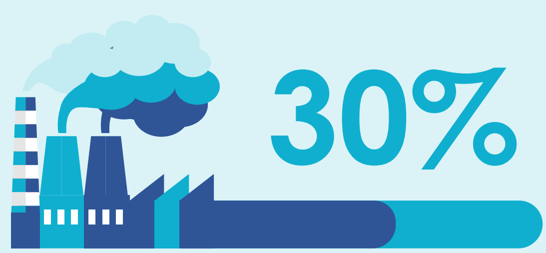


OFFSETS: Disclosure on offset quantity, type, projects and hierarchy is limited. While nearly half of the index (**48%**) refers to carbon offsets in their climate strategies, just **29%** refer to intending to reduce emissions through abatement first and use offsets only for residual emissions.

SCIENCE-BASED TARGETS ensure emission reduction targets are externally verified as consistent with climate science, however only **25%** of the ASX200 have set a science-based target, including those with partial, verified or accredited targets and which do not have targets but report they are science-based. Another **5%** has committed to updating targets to be science-based.

THAT LEAVES
71%

of the ASX200 without science-based emission reduction targets.



30%

PHYSICAL RISK DISCLOSURE lags in quality and depth, with **59%** of companies undertaking and disclosing some analysis of climate physical risk assessment (42% last year), however only **30%** provide disclosure that delves deeper than a basic assessment (20% last year).

This research is based on analysis of publicly available reporting by ASX200 companies up to 31 March 2023.