

Asia-Pacific listcos struggle with biodiversity impact, nature reporting: study

Among companies that have taken a more comprehensive look at their nature-related risks, awareness is rising on the possible conflicts between measures to cut emissions and those focusing on pushing back biodiversity loss. **COMPANIES / 7**

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There are possible conflicts between measures implemented to cut emissions and those focusing on reducing biodiversity loss

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AMONG the few listed companies in Asia-Pacific that have taken a more comprehensive look at their nature-related risks, awareness is rising on the possible conflicts between measures put together to cut emissions and those focusing on pushing back biodiversity loss.

For instance, hydropower might be cleaner, but it exposes a company's value chain to risks of drought and water shortage, which may lead to a decline in crops or raw materials.

This was a finding from a first-of-its-kind study by the National University of Singapore (NUS) Business School's Centre for Governance and Sustainability (CGS) looking into the extent of nature reporting among 600 over companies in the region.

Nature reporting is a sub-area within sustainability reporting in

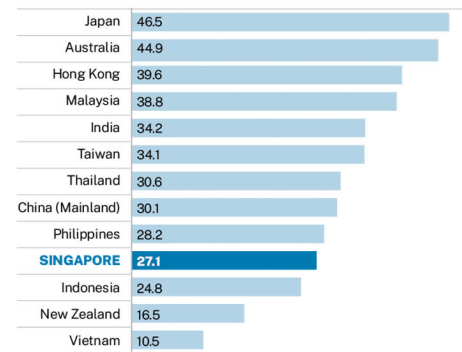
which a company provides transparency on their dependencies on nature and outlines preventative measures for mitigating nature risks.

The study scoped out the top 50 listcos by market capitalisation across 13 jurisdictions, and found that the overall nature disclosure rate is 31.4 per cent, with Japan and Australia heading the pack, at 46.5 per cent and 44.9 per cent respectively. Singapore's listed companies lag behind their counterparts in Malaysia, Thailand and India on this aspect, at 27.1 per cent.

As companies move to account for both nature-related and climate-related risks, CGS said the problem "circles back to having to resort to alternative energy sources and possibly, higher emissions".

"Progressively, more companies will realise the interconnectedness of the twin crisis we are facing," the CGS researchers stated in their report, adding: "We are confronted

Nature-related reporting performance by jurisdiction (%)



Source: Centre for Governance and Sustainability, NUS Business School

with a two-in-one conundrum that needs to be addressed in tandem." However, the same study concluded that there is no evidence of any corporation taking comprehensive steps involving a full-value

chain biodiversity audit to examine how its operations impact the natural world.

Without such baseline audits, companies cannot ascertain the true extent of their impact and op-

erational risks, "let alone any indication on how nature risk translates to potential financial loss", the researchers highlighted.

Currently, the corporations' risk management practices are largely limited to environmental impact assessments and ecological surveys, typically conducted at developmental sites, on a project level. This needs to be expanded to the entire value chain to comprehensively diagnose operational impacts, similar to how indirect non-power carbon emissions, or Scope 3 emissions, are tracked, the researchers said.

The report also pointed out a common misconception that nature reporting is simply how a company's operations directly affect flora and fauna. The researchers noted that core aspects of business operations that directly affect biodiversity are sustainable sourcing, pollution control, water use, waste management, carbon emissions and circular economy.

Generally, companies struggle to comprehend how business operations impact and are interdependent on nature, yet there are little

signs of companies ramping up nature-related training to build internal capacity on this front, they added.

Singapore companies with more proper biodiversity and nature disclosures include Thai Beverage, Wilmar International, Genting Singapore, and Keppel Corporation. Property giants City Developments, Frasers Property and Capitaland were also named among the top 10. UOB is the only bank on the list.

Wilmar earned special mention for conducting thorough assessments of its conservation areas, while ThaiBev was commended for its ambitions to achieve net positive impact on biodiversity and no gross deforestation in their operations by 2030.

Only 33 of the companies studied declared commitment to biodiversity by setting such bold targets, the researchers said.

Notably, ThaiBev's deforestation commitment extends to its supply chain through procurement, internal compliances, and audits on selected critical suppliers, they added.