

2020 Taiwan Non-Financial Reporting Watch



The Taiwan Business Council for Sustainable Development (BCSD Taiwan) is working with CSRone to promote international awareness of the development of non-financial information in Taiwan, to produce the Non-Financial Disclosure Watch on irregular basis. The goal is to monitor the publication of sustainability reports in Taiwan and strengthen the communication further build a stable relationship between companies, stakeholders, investment on the task of a-better-world-for-all , thereby enhancing the quality of ESG reporting.

Data providing information on global sustainability reporting trends was provided by GRI and sourced from the GRI Sustainability Disclosure Database.

The need for a better world from a different kind of “super year”

The year 2020 was meant to be the “super year”, in which the future of the world was to be turned around. The COP26 of United Nations Framework Climate Change Conference (UNFCCC) , was to focus on continuing the incomplete regulations governing carbon market mechanisms and each country needed to propose a stronger and updated version of Nationally Determined Contributions (NDCs), also to hold the 15th UN Convention on Biological Diversity to decide the new biological diversity goals for the next 10 years. These major events, originally anticipated as an opportunity to devise new commitment on the environment by countries around the world, were stalled by the unexpected outbreak of the COVID-19 pandemic, and had to be postponed, giving a new definition for this “super year.”

Despite the considerable social and economic impacts of the COVID-19 pandemic, the halt in economic activity has contrarily caused global carbon emissions have been significantly curtailed compared to the levels year-over-year, resulting in a discernible boost to environmental quality metrics. In an attempt to keep businesses running, many companies moved wholesale to the “work from home” model, digital technologies were hard to scale up but now were being taken up rapidly, and become the new normal. The pandemic has proven to be a considerable challenge for companies’ resilience to systemic risk, and at the same time has ensured that environmental, social and governance (ESG) criteria have become systematic considerations. Those funds integrated with ESG criteria have become a haven for investors during this ongoing pandemic.

Countries worldwide have recently been focused on how they are going to reopen their economies in a post-pandemic era, and international organizations such as the UN, the EU, the World Bank, the International Energy Agency(IEA) and the International Monetary Fund(IMF) have been successfully promoting ideas and recommendations such as a “green recovery” and a “sustainable

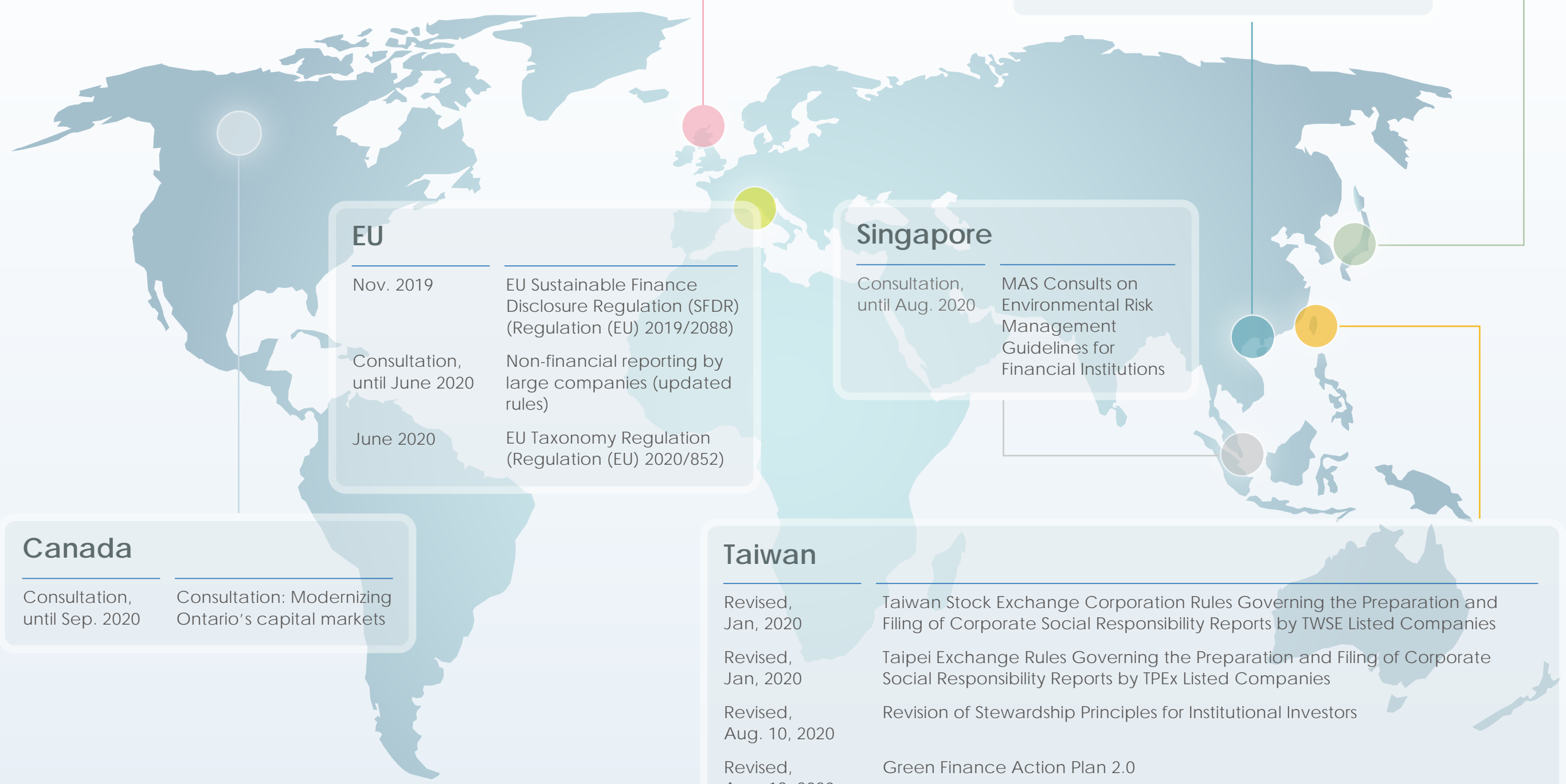
recovery”, leading us “beyond business as usual.” This has made it more possible to implement a number of economic transformation approaches (such as the low-carbon economy, the green economy, the circular economy and the inclusive economy etc.) that were previously recommended as sustainable models, all of which were intended to avoid a return to the economic stimulus measures centered upon high carbon emissions and the linear economy that continued to be followed in the aftermath of the 2008/9 global financial crisis. Also, attempting to redefine the pandemic as an opportunity that to achieve Sustainable Development Goals (SDGs).

This transformation, however, relies on the awareness and support at all levels, including governments, companies and the finance industry. The transformation also relies on having the way we progress the redefining value from the purely financial, monetary cost-based decision-making of the past to a more comprehensive assessment incorporating non-financial values. For this reason, it is the time to notify the importance of evaluating the true value, and it couldn’t without the disclosure and quality of non-financial information (that is, ESG information).

Companies, stakeholders and investors around the world are starting to realize that the higher quality ESG information is an important basis for decision-making. This is why, this year, international organizations have been promoting the updating of many ESG disclosure requirements. For example, consultations on updates to the Global Reporting Initiative (GRI) Universal Standards 101-103, the <IR> Framework revision (IIRC), the concept framework (SASB) and the Non-Financial Reporting Directive (EU). Taiwan keeping in line with global trends, with the Financial Supervisory Commission this August releasing the Corporate Governance 3.0 - Sustainable Development Roadmap and the Green Finance Action Plan 2.0, with the goal of improving corporate governance and the quality of ESG information disclosures and directing investment to Taiwanese enterprises that are helping the country to achieve its Sustainable Development Goals (Taiwan SDGs).

Global Non-Financial Reporting Disclosure Progress 2020

	Agenda	Provision Title
IFAC	Published, Jan. 2020	Sustainable Development Goals Disclosure (SDGD) Recommendations
WEF	Published, Sep. 2020	Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation
IAASB	Consultation, until July 2020	Proposed Guidance: Extended External Reporting (EER). (Second Phase)
IFRS	Consultation, until Dec. 2020	Consultation Paper on Sustainability Reporting
IIRC	Consultation, until Aug. 2020	2020 Revision: <IR> Framework
GRI	Consultation, until Sep. 2020	Review of GRI's Universal Standards (GRI 101, 102, and 103)
SASB	Consultation, until Nov. 2020	Proposed Changes to the SASB Conceptual Framework and Rules of Procedure
ESAs	Consultation, until Sep. 2020	Joint ESA Consultation on ESG Disclosures



UK

Consultation, until Oct. 2020	Proposals to enhance climate-related disclosures by listed issuers and clarification of existing disclosure obligations
Consultation, until Oct. 2020	Taking action on climate risk: improving governance and reporting by occupational pension schemes

Japan

Revised, July, 2020	Guidance on Climate-related Financial Disclosures 2.0
Published, May, 2020	Practical Handbook for ESG Disclosure

Hong Kong

Effect on 1 July 2020	Amendments to the rules governing the listing of securities (the "Listing Rules")
-----------------------	---

EU

Nov. 2019	EU Sustainable Finance Disclosure Regulation (SFDR) (Regulation (EU) 2019/2088)
Consultation, until June 2020	Non-financial reporting by large companies (updated rules)
June 2020	EU Taxonomy Regulation (Regulation (EU) 2020/852)

Singapore

Consultation, until Aug. 2020	MAS Consults on Environmental Risk Management Guidelines for Financial Institutions
-------------------------------	---

Canada

Consultation, until Sep. 2020	Consultation: Modernizing Ontario's capital markets
-------------------------------	---

Taiwan

Revised, Jan, 2020	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies
Revised, Jan, 2020	Taipei Exchange Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEX Listed Companies
Revised, Aug. 10, 2020	Revision of Stewardship Principles for Institutional Investors
Revised, Aug. 18, 2020	Green Finance Action Plan 2.0
Revised, Aug. 25, 2020	Corporate Governance 3.0 - Sustainable Development Roadmap

Trend of GRI Standards in Global

Following the official launch of GRI Standards in 2016, successive standards have been updated. First, the GRI Standards 303 (Water and Effluents) and GRI Standards 403 (Occupational Health and Safety) in 2018; and in 2019 the GRI Standard 207 Tax was introduced to address tax issues for multinational enterprises; and this year many new roadmaps have been published and integrated, including the revision of GRI Standards 306 (Waste) and public consultations for GRI Universal Standards 101-103 and GRI Sector Standards Oil & Gas. GRI Global Sustainability Standards Board (GSSB) will continually give attention to the development of sustainable topics, revise existing standards when necessary and continue to develop standards for specific industries, to assist organizations and their stakeholders communicate their impact on sustainability.

Schedule for Major Revisions to GRI Standards

2018		2019	2020	
Jun.	Jun.	Dec.	May.	
303 (English Launched)	403 (English Launched)	207 (English Launched)	306 (English Launched)	
Dec.	Dec.		May.	Nov.
303 (Traditional Chinese Launched)	403 (Traditional Chinese Launched)		207 (Traditional Chinese)	306 (Traditional Chinese)
			until Sep.	until Oct.
			101-103 (Consultation)	Oil-Gas (Consultation)

PS The figures below are taken from the GRI Sustainability Disclosure Database (SDD) for the period up to June 2020. The database is a free public resource, containing data from

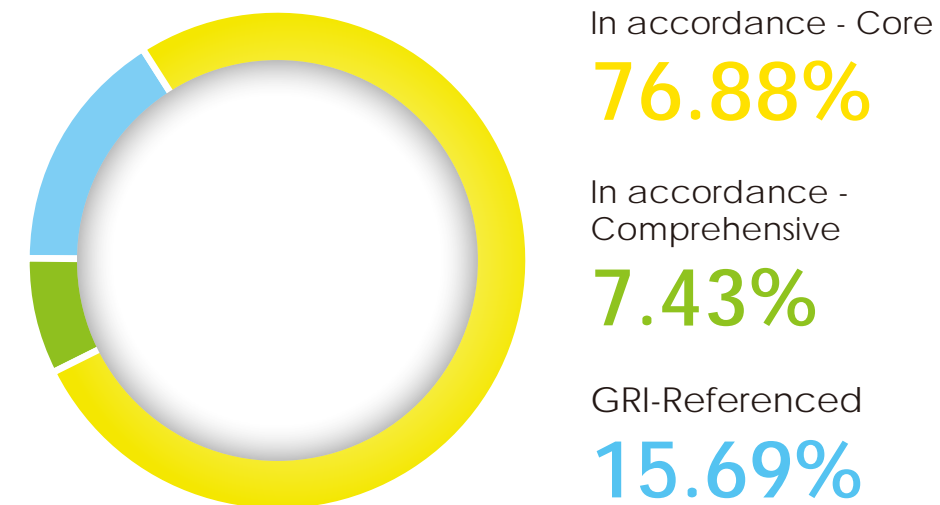
- (1) GRI-Standards reports registered by the representatives of the reporting organizations through the notification channels
- (2) GRI-Standards reports submitted by Data Partners (or other sources) and were checked by the GRI Database team against the SDD definitions of a GRI Standards report. The registration of reports is an ongoing process and GRI cannot guarantee that the SDD covers all reports. While efforts to improve the completeness of the database will continue, it remains, however, an extremely valuable reference resource in understanding the overall picture of the global application of GRI standards.

Global Key Figures

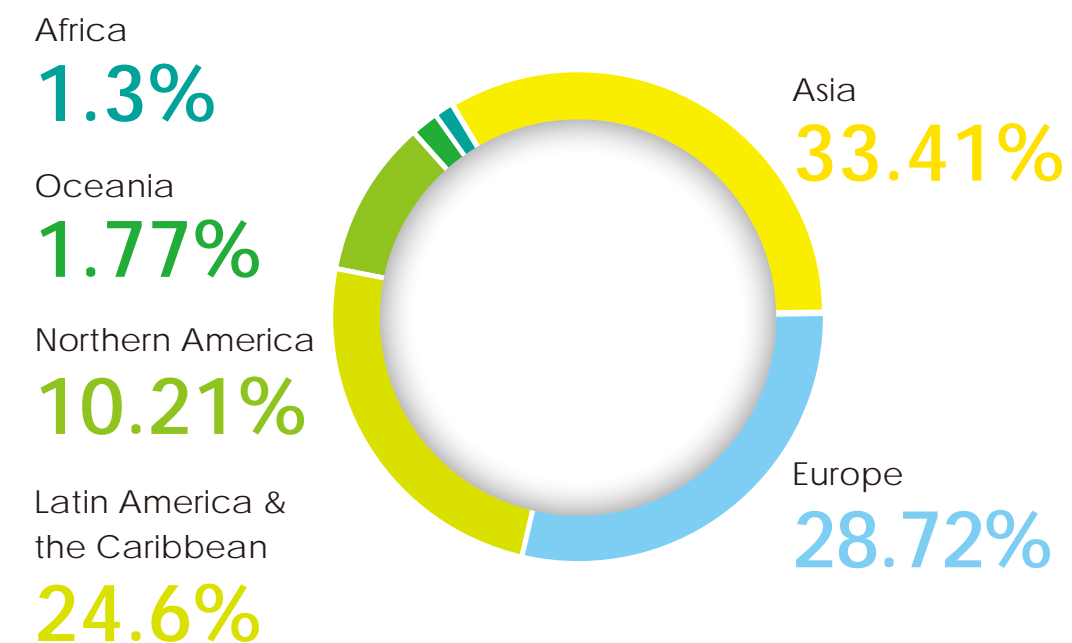
Global Publications of GRI Reporting 2019

Global **2700**

GRI Reporting Using the Compliance with GRI Standards 2019



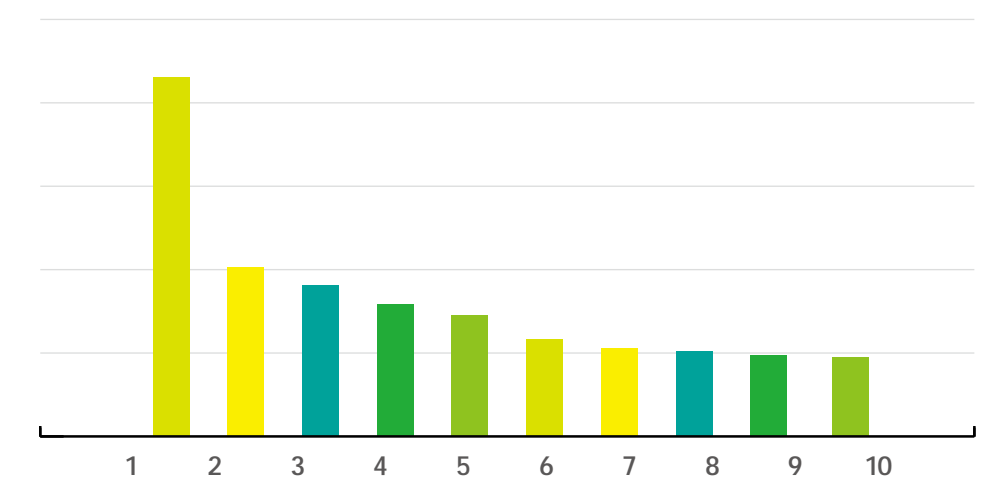
GRI Reporting Publications by Area 2019



GRI Reporting Assurances 2019

YES **40.26%**

Global Top Ten GRI Reporting Trend by Sector 2019



Overview of Reporting in Taiwan

In 2013 the Financial Supervisory Bureau (FSB) in Taiwan published its Corporate Governance 1.0 - Sustainable Development Roadmap, and the following year the TWSE and TPEx issued their mandates. With these developments, Taiwan has required designated sectors and large listed companies to publish annual sustainability reports. After these requirements were introduced, the number of companies publishing non-financial disclosures has soared. In 2018, the FSB issued its Corporate Governance 2.0 - Sustainable Development Roadmap, which bolstered the quality of the non-financial disclosures and, by compiling due diligence, has reviewed all of the published sustainability reports, the circumstance of complying with GRI standards and GRI 101 ten Reporting Principles. Through joint efforts with, and by providing guidance to, individual companies, to build up the capacity ability on the quality of reporting.

In early 2020, the TWSE and TPEx undertook a further revision of the mandate, specifically focused on ESG risk assessments and climate related management activities. In August 2020, the FSB announced the major government measures "Corporate Governance 3.0 - Sustainable Development Roadmap" and the "Green Finance Action Plan 2.0," which requirements for companies to reference to TCFD and SASB disclosure related information. By the requirements, investors could capture the impact of ESG to the value of the companies, and that the companies themselves are able to understand the efficiency of ESG risks and opportunities assessment. These developments included measures to expand the scope of organizations required to publish sustainability reports and expand the sectors required to have their reports verified by third parties, to bolster listed companies' ESG information disclosures and ensure that the related norms and regulations are kept up to date.

Taiwan Key Figures Provided by CSRone

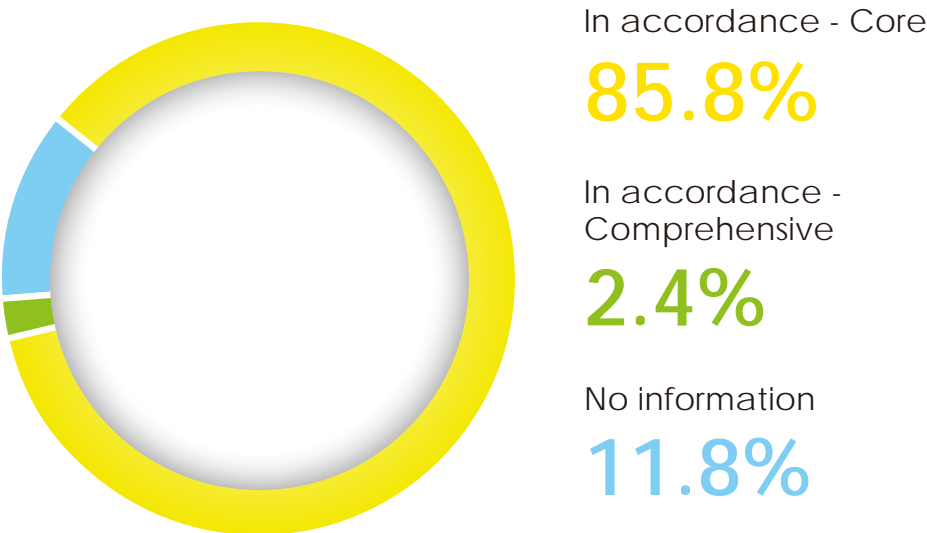
Sustainability Reports Published in Taiwan 2019

Taiwan 556

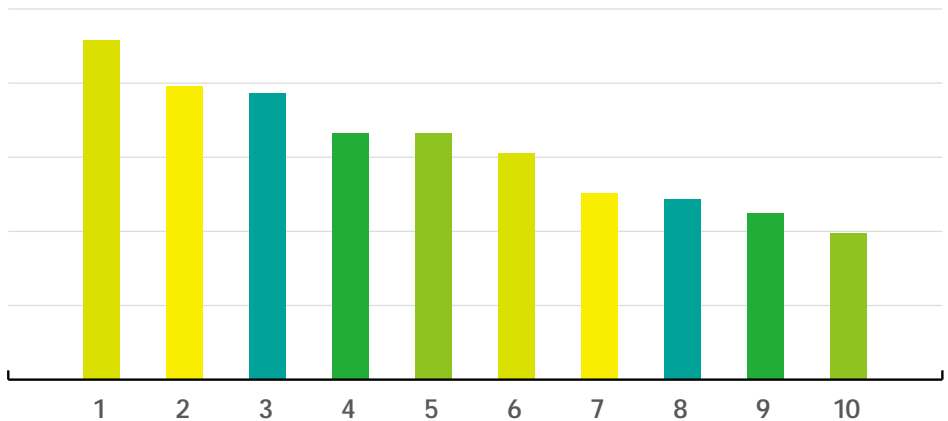
Taiwan Sustainability Reporting Assurances 2019

YES 54.7%

Taiwan Sustainability Reporting GRI Standards Compliance 2019



Taiwan Top Ten Reporting Trend by Sector 2019



Taiwan Sustainability Reports by Market 2019

Listed in TWSE

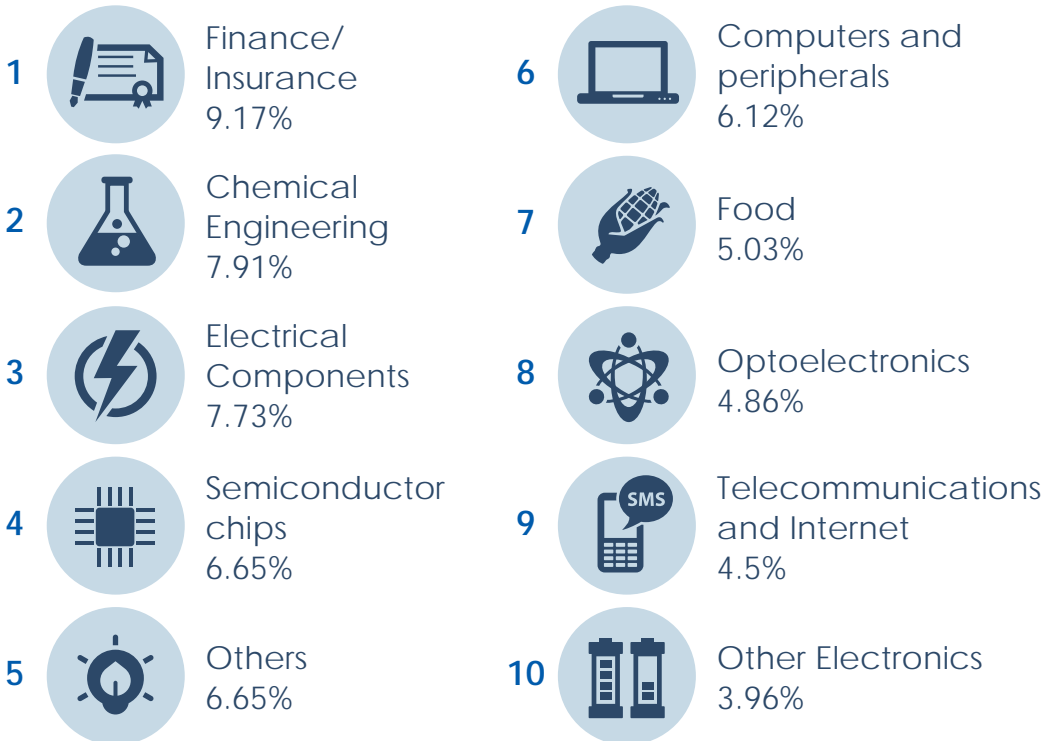
71.1%

Listed in TPEx

21.2%

Others

7.7%



BCSD Taiwan

The BCSD Taiwan is a non-profit business organization consisting of more than fifty leading companies from around ten sectors. The BCSD Taiwan joined the Global Network of the World Business Council for Sustainable Development (WBCSD) shortly after it was established in 1997. The mission of BCSD Taiwan is to play a leading role and to become an influential business voice in Taiwan in the field of corporate sustainability. The main issues that BCSD Taiwan has been addressing in recent years are Energy & Climate, CSR, ESG Reporting, Ecosystem Services, and Sustainable Finance.



CSRone

CSRone is Taiwan's first and most comprehensive platform dedicated to sustainability. Committed to improve the state of CSR, we act as a knowledge hub for professionals and provide access to latest resources, tools, training programs, connectivity with global stakeholders and organize one of the leading annual sustainability conferences in Asia Pacific.

