



How to prepare for
the ESG Integrated
Reporting Era?



What is ESG?

ESG stands for **Environmental, Social and Governance** and refers to the three key factors when measuring the business sustainability and ethical impact of a company. The ESG factors are a subset of non-financial performance indicators which include ethical, sustainable and corporate government issues, such as making sure there are systems in place to ensure accountability. ESG factors may influence strongly core business effects – both in financial and non-financial terms.

Why is ESG so important?

Driven by investors, regulators, and other stakeholders, ESG is becoming increasingly important on business decisions and investments. Climate change, in particular, is one of the world's most pressing ESG issues and has become a top priority on government and corporate agendas.

In the near future, corporate reporting will need to integrate the disclosure of both financial and ESG information; ESG information will become increasingly significant to stakeholders, as will traditional financial information.

Companies should take immediate action to develop clear plans to assess, document, manage and disclose ESG-related risks and challenges in preparation for the upcoming corporate reporting that will create long-term sustainable value for the business.



Organisations that **consider climate-related risks and opportunities make better business decisions.**

Organisations that align their goals with the long-term goals of society will be **more viable—and valuable—in the future.**

- ▶ Reduced risks and costs
- ▶ Improved ratings and market evaluations
- ▶ More efficient processes and decision-making
- ▶ Increased performance
- ▶ Driving innovation and collaboration
- ▶ Attracting and retaining employees
- ▶ Meeting and exceeding stakeholder expectations
- ▶ Accurate and reliable disclosures
- ▶ Enhanced brand reputation

SEA has clear opportunities to accelerate its Net Zero journey¹



Reduction of SEA's emissions

A small number of sectors provide an opportunities to value nature and accelerate the energy transition, and transform the agri-food sector, which helps to reduce 90% of SEA's emissions and reduce global emissions.



SEA's emissions from energy

With 46% of SEA's emissions coming from energy, it creates an opportunity for SEA to leapfrog and pivot to cleaner energy sources through energy efficiency, adoption of renewables, grid modernisation and electrification.



SEA investors expect sustainability

Investor sentiments have shifted in favor of unlocking green capital flow to accelerate the transition – in 2021, 57% of investors integrated sustainability into their investment thesis, while impact investors account for roughly 19%.



Infrastructure investment required

With a huge need to enable SEA's sustainability transition, \$2 trillion of investments in infrastructure over the next decade is required.

¹ Source: Southeast Asia's Green Economy 2021 Report: Opportunities on the Road to Net Zero

What can companies expect and when can they expect it?

2020 – 2021

Rapid move toward acceptance of reporting initiatives of authoritative climate-related and other ESG standard-setters

- International Sustainability Standards Board (ISSB) established
- Leading sustainability standards and frameworks include Global Reporting Initiative (GRI), Task Force on Climate-related Financial Disclosures (TCFD), and Sustainability Accounting Standards Board (SASB)

2022 – 2023

2022: ISSB publishes two exposure drafts for public consultation

- IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2: Climate-related Disclosures

2024: Expected implementation period for required disclosures

Are you ready to manage the risks and challenges associated with ESG?

Driven by risks and demand, companies need to take early actions to improve their management and performance in ESG. Deloitte suggests that companies can use questions below to quickly assess your readiness for the increasingly stringent ESG disclosure requirements and stakeholder expectations, and to prepare for corporate reporting.

- ❓ Do you have policies and guidelines related to the environment?
- ❓ Do you have a designated person/structure assuming responsibility or promotion of this topic?
- ❓ Do you have initiatives to ensure that the company's operation and supply chain does not contribute to or reduces the impact on deforestation or loss of biodiversity?
- ❓ Do you have initiatives to ensure compliance with all applicable laws and regulations related to the environment in the country where products and services are manufactured or delivered?
- ❓ Do you have initiatives to increase the efficiency of resources usage such as water, air, raw materials and energy?
- ❓ Do you have initiatives to monitor and reduce the emission of greenhouse gases (GHG)?

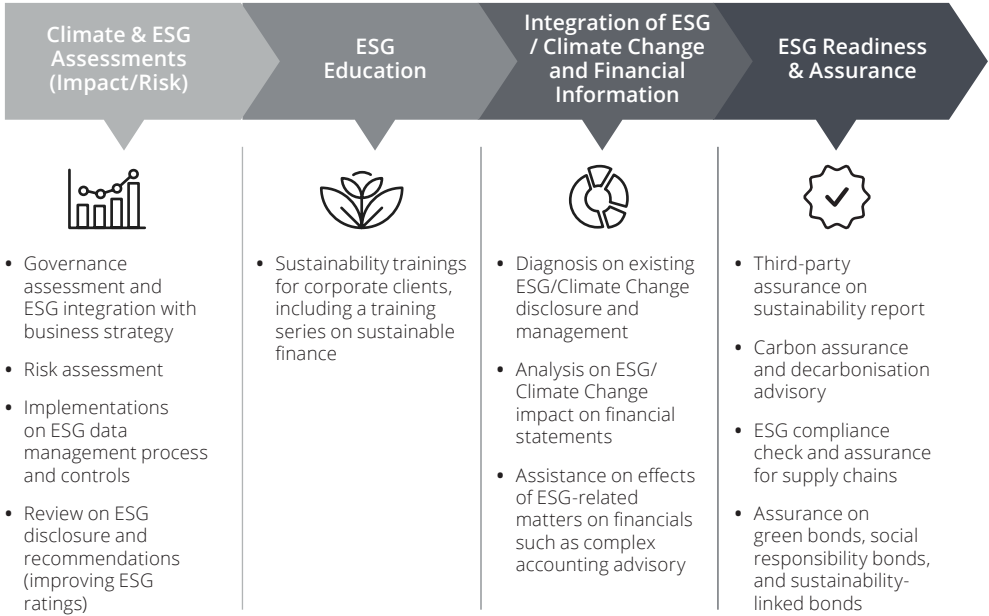
If your company is not ready for the above mentioned, you need to prepare and deploy well in advance. Deloitte can provide you with tailored and comprehensive solutions to help you turn sustainability into a competitive advantage and create long-term sustainable value.



How can Deloitte help you?

Leveraging our extensive capabilities and experience, we assist our clients in embedding ESG and climate risks into every aspect of business strategy, day-to-day management and financial reporting.

Our service overview



Industry-focused services

Understanding that ESG challenges and opportunities vary among industries, the professionals from our diverse ESG team aim to provide industry-specific services tailored to address your needs.



Financial Services



Life Sciences & Health Care



Consumer



Technology, Media & Telecommunications



Government & Public Services



Energy, Resources & Industrials



How do we respond to your needs?



Climate & ESG Assessments (Impact/Risk)

Your needs and challenges

- Develop governance structure, policies and procedures to fulfill the evolving ESG requirements and investors' demand
- Limited ESG experience and expertise that hinder companies to integrate ESG into their business model

How do we help?

- Analyse existing ESG governance and strategies through gap analysis and peer benchmarking
- Conduct risk assessments to identify ESG related risks and opportunities, and integrate the major ESG risks into the risk management and investment strategies
- Provide ESG data management, target setting and review solutions
- Review ESG data against ESG rating's requirements and provide strategies for improvement

How do we add value to your business?

- Lay a solid foundation for holistic reporting and high-quality ESG data, and improve corporate branding with robust ESG management practices
- Provide insights to improve business practices and support business decision-making with conviction
- Enhance corporate resilience to ESG risks and improve long-term business performance
- Improve corporate ESG ratings to attract more investors



ESG Education

Your needs and challenges

- Prepare for the demand for high-quality ESG and climate reporting
- Lack of understanding of ESG issues

How do we help?

- Offer training sessions and workshops on ESG and climate change
- Offer the latest ESG development information and trends

How do we add value to your business?

- Provide our industry-specific experience to help companies integrate sustainability awareness into the board, management and operational level
- Promote effective decision-making which contributes to company's long-term value creation
- Raise employees' ESG awareness for corporate sustainable development



How do we respond to your needs?



Integration of ESG/Climate Change and Financial Information

Your needs and challenges

- Meet the more stringent ESG disclosure requirements and investor demand
- Lack of tools and methodologies to identify the relevant climate risks and quantify the impact of climate risks on corporate finance

How do we help?

- Identify gaps between the existing practices and international standards and local requirements
- Identify linkage between ESG and climate indicators and financial items, and help to assess the impact on each financial item
- Provide editorial advice on preparing integrated disclosure
- Assist in complex accounting such as carbon accounting

How do we add value to your business?

- Improve risk management and internal control systems by identifying and mitigating climate-related financial risks
- Build company branding through supporting global initiatives to enhanced climate-related reporting



ESG Readiness & Assurance

Your needs and challenges

- Meet investors' demand on more detailed and verified ESG information
- Prepare for mandatory assurance in the future

How do we help?

- Provide assurance services in accordance with international standards (e.g. ISAE 3000), including
 1. Sustainability reports against recognised frameworks such as TCFD recommendations
 2. Assurance on selected ESG metrics
 3. Supplier ESG compliance assessment
 4. Pre- and post-issuance assurance of sustainability bonds in compliance with Green Bond Principles, Social Bond Principles or Sustainability-Linked Bond Principles

How do we add value to your business?

- Create additional confidence for investors by strengthening the credibility of the ESG disclosure with third-party assurance
- Boost business reputation and differentiate it from its competitors with a sound management of ESG issues and better ESG ratings
- Accelerate carbon emission reduction, low-carbon transformation, and carbon cost reduction

Our Strengths and Experience



Deloitte Brand

At Deloitte, the sustainability services follow our philosophy of professionalism and high quality standards, and gives full play to the strengths of Deloitte's various business lines, in order to provide clients with more powerful one-stop solutions. Here, we aim to help local and global clients achieve excellence and sustainable development goals.



Professional Team

Deloitte's 750 partners and professionals provide sustainability services to clients in more than 50 countries and regions worldwide. At SEA Deloitte, our colleagues have diverse backgrounds, covering sustainability fields such as ESG disclosure, climate change, carbon management and verification.



Rich Practical Experience

Deloitte brings rich practical experience to different projects; our ESG team is experienced in ESG reporting services and carbon services. With in-depth knowledge of various industries in Southeast Asia, we have provided sustainability services to many well-known companies and have successfully helped them become industry leaders.



Global Impact

Deloitte has a strong presence in both international and local sustainability, and has worked with many global organisations such as the GRI, the CDSB, the WBCSD, the UNGC, and the IFC, etc.. We not only have deep understanding of local and international ESG standards and regulations, but also actively promote the standardisation and transparency of ESG disclosure.

Our ESG leaders

Get in touch with our team to find the right solution for your organisation.

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