

Deloitte.



A purpose led organization Driving on insights and impact

Deloitte Sustainability
The Netherlands

Contents

Deloitte sustainability in the Netherlands

- Our vision
- Emerging areas
- Services in sustainability
- Portfolio of approaches

Sustainable strategy

- Development of a responsible business strategy
- Stakeholder dialogue
- Sustainable Development Goals

Sustainable performance management

- The implementation of sustainable performance management
- Responsible supply chain
- Economic, social and environmental impact
- Regulatory impact assessment
- Sustainable governance

Sustainable transformation management

- Sustainability change management
- Climate risk and resilience
- Sustainable governance

Sustainable reporting & assurance

- Integrated reporting
- Non-financial reporting
- Assurance

Deloitte Sustainability in The Netherlands

Sustainability is emerging as a source of competitive advantage. For organizations to gain this advantage, the focus is on long term value creation and a sustainable position within society. A transformation to integrate all organizational aspects therefore offers leverage for a step forward.

 Globally 900 experts  >200 projects  >100 clients



Get in touch with us!



Jeffrey Colin

Senior Manager

+31 (0)6 57 88 99 42

jecolin@deloitte.nl

Our vision

Sustainability is a strategic issue that can help our clients to create value. Change the dialogue with risk driving performance and successful execution of strategies. Deloitte is recognized by business and Dutch government to help responding to significant challenges in sustainability.

We are convinced Deloitte Sustainability can fulfil an overarching role in integrating purpose and performance. Our main focus will be on a combination of: expertise, data-driven solutions and transition management. Our strengths is a pragmatic approach towards sustainability, which means that we focus on the impact our clients can make with sustainable choices in the core of their business. We help our clients to make an impact on their financial, social and environmental goals in the short-term while sustaining their long-term goals.

The objective of our work is to determine:

- 1 Where do you, as a company, want to be in middle/long-term?
- 2 How can sustainability support your business activities in the short run?
- 3 How do you intend to minimize the risks associated with your impact on the surrounding environment?
- 4 How do you wish to build long-lasting relationships with consumers, employees and business partners?
- 5 How can sustainability help achieve competitive advantage?
- 6 How do you mitigate the impact of climate change on your business?

Emerging areas

Within our strategy we have developed thought leadership in the following four strategic areas



Energy Transition

The energy transition is more than a shift from fossil fuels to renewable energy sources. It is about changing systems of production, ownership and value creation. It will require a shift towards systems thinking with respect to understanding systemic changes required in the economy with respect to energy sources based on collaboration, cultural changes as well as evolving revenue and financial models, regulation and innovative technology. Deloitte is involved in the energy transition coalition where we are working with 60 other partners to accelerate the energy transition that optimally utilizes the economic and ecological opportunities.



Circular Economy

Instead of discarding assets after only one product cycle, companies are developing ways to continually re-acquire and reintroduce these assets to market. A circular economy goes beyond the pursuit of waste prevention and waste reduction and inspires technological, organizational and social innovation across and within value chains. Collaboration is key for a circular economy and questions of clients are to be addressed as such.

Emerging areas



Sustainable Finance

Sustainable finance considers integrating environmental, social and governance factors in financial investment decisions through minimizing negative impact and maximizing positive impact.

Sustainable finance consist of:

Responsible investment

Mainly focused on screening and excluding investments in certain countries, companies or sectors (e.g. ban investments in the weaponry sector or in countries that do not respect human rights)

ESG integration

Mitigating the impacts by integrating ESG factors in the decision process. This means seeking possibility to identify issues and engage to make a change.

Impact investing

Investments made with the primary goal of achieving specific, positive social or environmental benefits while also delivering a financial return.



Responsible Business

Deloitte acts as an external assurance provider for non-financial information (including sustainability related information) in the external reporting. Advise on how to define robust non-financial KPIs, set target values and design data processes, and integrate them in the 'three lines of defense' to ensure quality. Deloitte advises clients how to formulate indicators conform international standards in order to disclose sustainability information, identify and manage risks, and to seize new opportunities. Deloitte advises clients on how to translate new developments in standards and integrate them within their organization.

Services in sustainability

Sustainable strategy

Climate change both positively and negatively impacts business. Here, new views and business activities take time yet help set one apart from competition. Deloitte proposes three steps for organizations to capture the most value out of any required change. First, it helps organizations in their (sustainable) strategy formation, supported by stakeholder dialogue, landscape analysis, and materiality assessment to identify current risks and opportunities. Second, feasibility studies and scenario building maps potential impact and value of proposed changes. Finally, the governance structure to best suited to supported change is created.

Sustainable transformation management

We help organizations prepare for sustainable transitions using inter-business unit collaboration. We facilitate value creation to create insights into the current impact of the organization and its business environment. Coaching, training and advise is available to support more adaptive organizations. We also work with sustainability & transformationlabs helping organizations resolve some of the most complex and challenging business issues and build competitive advantage through aligning their organizations with their sustainability strategies.

Sustainable performance management

In order to monitor performance in relation to organizational strategy, Data and insights is deemed key. We help clients design, build and run insight driven organizations. For management information, we offer dashboarding and risk sensing services, providing the high-level tracking of strategic performance throughout the value chain. Through compliance framework design and supply chain analysis, supported by data quality analysis and third party screening and visits, the quality of data is ensured in for example the CO2 footprint, waste streams and safety performances.

Sustainable reporting & assurance

Deloitte knows two roles relating to reporting; either as the external auditor or as a reporting and pre-audit advisor for non-financial information. Through our involvement in for example the Taskforce for Climate related Financial Disclosures (TCFD), the Global Reporting Initiative (GRI) and the International Integrated Reporting Council (IIRC) we ensure quality and support our clients in their external publications. Next to alignment to the standards and frameworks, initiatives such incorporating Sustainable Development Goals (SDGs) are taken into account.

Portfolio of approaches

Sustainable strategy

- Materiality analysis
- Stakeholder dialog
- Scenario building
- Sustainable strategy formulation
- Designing governance structure
- Feasibility study
- Value Mapping/impact assessment
- Landscape analysis



Sustainable transformation management

- Scenario building
- Business model Innovation
- Change management
- Operationalization
- Governance transformation
- Maturity scan (culture)
- Feasibility studies
- Transformation Lab (Deloitte GreenHouse Lab)



ENERGY TRANSITION | CIRCULAR ECONOMY | SUSTAINABLE INVESTMENT | RESPONSIBLE ORGANIZATION

Sustainable performance management

- KPI/target setting
- Risk Sensing/Third party screening
- Compliance framework design
- Data quality analysis
- Maturity scan
- Suppliers audit/Supply chain analysis
- Dashboarding
- Third party (risk) management



Sustainable reporting & assurance

- Compliance framework design
- Value Mapping/impact assessment
- GAP-analysis Integrated Reporting <IR>
- Pre-Audit advising
- Maturity scan
- Non-financial Audits
- Site visits (check)
- GAP-analysis sustainability standards



Sustainable strategy

Development of a responsible business strategy

A purpose led organization

As long term success and wider positive impact become ever more interdependent, businesses must explicitly connect what they do to the contribution they make to the wider world. Every company has an impact on society. It uses environmental resources, hires employees and pays salaries, encourages customers to use its products and services and financial institutions to invest in its development.



Identify positive impact and created shared value for the company and its stakeholders as well as taking into consideration negatively impact and business risks.



The aim of a responsible business strategy is to show the company a growth path that will minimize the organization's negative impact on the surrounding environment and present opportunities for development.



Incorporation of the idea of sustainable development offers an opportunity to create shared value through improved brand trust and reputation among consumers, employees and business partners and effective impact management.



Stakeholder dialogue

Why stakeholder dialogue is important

Lack of social acceptance becomes one of the key risks associated with current and future projects.

Social partners' concerns resulting from the lack of knowledge or lack of dialogue may lead to strong opposition from the citizens and NGOs or reluctance of local authorities to locate an investment project in a given area. It has become a common issue which poses a serious reputational risk businesses. A hostile climate for an investment project may lead to prolonged formal and legal procedures and if the opposition is particularly strong the planned investment project may need to be abandoned.

What is the solution?

- Minimizing such risks through planning and implementing appropriate communication and consultation should be a permanent element of every project.
- Identification of potential social risks at an early stage and its mitigation through appropriate education and dialogue helps build stakeholders' trust and expert dialogue.
- Public consultation and provision of information about the project are also an important element to support administrative, planning and environmental procedures.
- The principles of good neighborhood in planning, execution and use of new projects help build trust and dialogue with the social partners and thus ensure responsible coexistence.

Strategic communication, dialogue and consultation in the case of new projects help build social acceptance and a favorable climate for the projects. It also supports administrative and environmental procedures.

Sustainable Development Goals

The risk and opportunities Sustainable Development Goals offers

In 2015 the UN launched the Sustainable Development Goals (SDGs), a set of 17 global goals aimed at changing the world by 2030. Their goal is to make the route of sustainable development more tangible and actionable for all organizations in both the public and private sector. They demonstrate how organizations have the unique opportunity to increase their societal and environmental impact. By all taking on this responsibility everyone can contribute with their own means available. Big or small contribution, all matters and brings us closer to a better world. Contributing to the SDG's can change your organization and the world for the better, and Deloitte can help you with this.

The SDGs give organizations an opportunity to rethink and reset their sustainability strategy. Organizations can demonstrate how their actions and strategy are aligned with these global standards for sustainable development and how organizations are able to position themselves as global leaders. Deloitte Sustainability Advisory offers a multi-disciplinary and cross-sectoral expertise in order to assist businesses in aligning their strategy with the SDG framework. We are able to implement and assess the impact of actions, measure stakeholder needs and proactively manage sustainability associated risks and opportunities across all five elements of sustainable development.



People

We work with clients across sectors and geographies to help individuals live safer, healthier, more comfortable lives.



Planet

Issues like resource depletion, reliance on fossil fuels and greenhouse gas emissions in increasing terms form strategic risks for our clients. Deloitte assists clients in gaining increased transparency and visibility into their sourcing and consumption patterns to enable efficient allocation of resources to drive value.



Prosperity

We understand that sustainable economic growth requires action across many dimensions, and work with clients to advance a wide spectrum of market development and growth strategies.



Peace

We work with clients across sectors and geographies to help individuals live safer, healthier, more comfortable lives.



Partnerships

Our issue-led, ecosystem-driven approach to societal problem solving positions us to initiate and sustain impactful global collaborations.

Sustainable performance management

The implementation of sustainable performance management

Having an efficient sustainability strategy enables a company to grow responsibly in today's uncertain world. In many organizations the value that sustainability can bring is not realized to its full potential. Having a robust sustainability performance can be key in unlocking this potential value. If sustainability is rightfully embedded throughout the whole organization, both in its strategy and operations, it brings value in generating revenue, controlling costs, building trust and managing your risks.

The value that sustainability brings must be quantified and linked to business performance, in order for the benefits to prevail. By implementing a sustainability performance management the information necessary for decision makers to analyze and identify the value of sustainability relevant for their organization can be provided.

In order to monitor performance in relation to organizational strategy, Data and insights is deemed key. We help clients design, build and run insight driven organizations. For management information, we offer dash-boarding and risk sensing services, providing the high-level tracking of strategic performance throughout the value chain.



Benefits

Sustainability has the potential to boost performance throughout the whole organization, create valuable opportunities and strengthen the balance sheet. Some more concrete benefits that derive from sustainability performance management are:

Revenue generation: Research shows that targets to reduce CO2 offers huge opportunities, in EU an opportunity worth of EUR 2.9 trillion before 2020.

Cost control: Cost control derives from reducing energy- and water consumption, carbon costs, production costs etc. which are all products of a sustainability program.

Building trust: By implementing sustainability performance management trust increases among employees, but also customers. Having a well-established sustainability program, increase your brand reputation. Additionally, involving employees makes them more motivated and appreciated.

Risk management: Not embedding sustainability throughout your operations can become a major risk in terms of reputation and damages to your practices. Implementing sustainability performance management increases your control over the whole value chain of your organizations, which increases the potential to manage the risks.

Transparency in the value chain: Sustainability performance management increases the transparency of business activities in the value chain and helps improve the impact measurement of these activities.

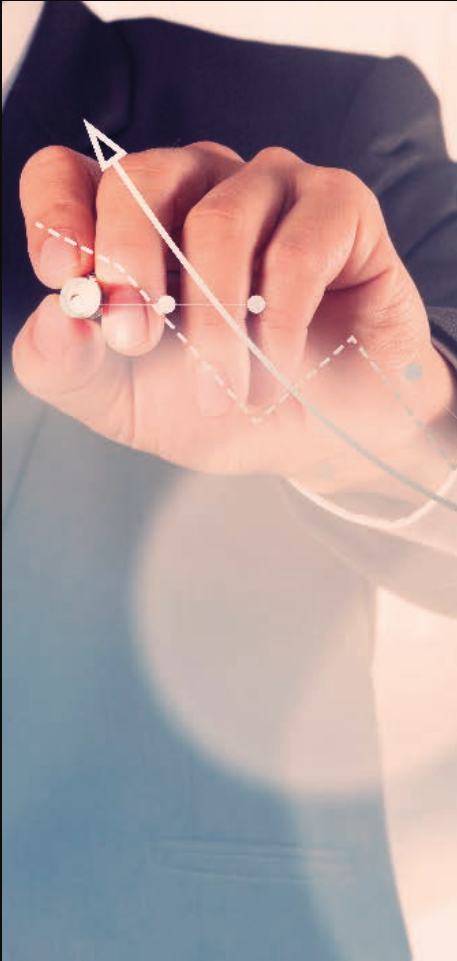
Responsible supply chain

Why is a responsible supply chain important?

In increasing terms companies are faced with challenges and barriers to identify, mitigate and manage their negative societal and environmental impacts. Businesses depend for a large amount on the services and products of their suppliers and therefor also on their impact on the world. In increasing terms businesses expect the highest ethical standards throughout their whole supply chain, which means that there is the need to identify the degree of sustainable responsibility in your supply chain and how to improve it.

What has Deloitte to offer?

- Identification of key risks and issues in the scope of sustainability throughout the whole supply chain.
- Design of formal documents and tools.
- Implementation of the solutions.
- Periodical system reviews through:
 - Identification of the strengths and weaknesses of the formal solutions adopted by the organization.
 - Checking whether the employees know and understand the system.
 - Assessment of the effectiveness of the activities taken as part of responsible supply chain.



Economic, social and environmental impact

What is impact measurement and why is it worthwhile to measure the impact?

- Every company, whether operating locally or globally, exerts a significant impact.
- This happens because companies locate their production plants or headquarters in a specific regional setting and hence influence the development of such regions, creating additional jobs, adding value, generating income for the people and tax and fee income for the local governments.
- Measuring impact on a local scale may be a significant tool to influence the opinions and the perception of the company by key stakeholders (e.g. customers, politicians, regulators, members of the local community).

Imperfect and incomplete information about the actual implications of the company's activity leads to misallocation of resources and more often than not – poor decision making.

Survey: WBCSD baseline report 2013.

Regulatory impact assessment

Purpose of regulatory impact assessment

Sustainability issues are increasingly important to both policy makers and business leaders. Sustainability reporting on environmental, social, and governance (ESG) issues has traditionally been voluntary in the EU. But recent development such as the Paris climate agreement and given heightened regulatory and legal scrutiny, along with other market developments, the transparency and accuracy of sustainability reporting is becoming increasingly important. European sustainability disclosures legislation is changing at an ever-increasing pace. Timely detection of upcoming legislative and supervisory changes is necessary to be able to remain compliant.

According to a new EU directive on non-financial information, companies are accountable for how they deal with societal interests. The directive requires that companies publicly report on their impacts on society. This requires comparable, accessible, relevant and complete information.

The EU directive on non-financial and diversity information (2014/95/EU), stipulates that companies with more than 500 employees and a net turnover of € 40 million have to be transparent about a number of non-financial aspects.

Deloitte's view is that capturing regulatory and supervisory developments, identifying priorities, assessing impacts and capitalizing on optimization opportunities are key for business success and provide an opportunity to improve your business' controls.

A regulatory impact assessment can support your business as this offers a comprehensive analysis of the impact of the discussed changes in legislation on the economy, public finance, administration and society, required in the course of the legislation procedure.

Sustainability transformation management

Sustainability change management

What are change management processes?

Every day organizations face the challenge of effectively changing the key areas of operation. In terms of sustainability change management, leaders must take appropriate steps to involve and engage employees in the sustainability vision and implementation process. Whether it is about implementing a new sustainable business strategy, organizational changes, restructuring the supply chain or impact measuring tools, the success to a large degree sustainability change management stand at its core. Lack of understanding of the change, its basis as well as effects may lead to lack of acceptance and failure of the entire process.

What is the solution?

- Incorporation of strategic communication into the change management process helps address the natural fears related to the processes, supports engagement and creates the right perception of the conditions and effects among internal and external stakeholders.
- An analysis of reputational and social risks and then selection of relevant contents and communication platforms helps reach employees, clients, business partners or supervisory bodies with the right message.

The benefits

- Understanding the reasons for the change, the process and ensuing benefits of sustainability by internal and external stakeholders;
- Early identification of potential reputational and employee risks and factoring them in the change process;
- Support for the ongoing sustainability change management through flawless communication of key stages and implementations;
- Support for the change leaders in flawless change communication and thus improving the effectiveness of individual activities.



Climate risk and resilience

Scenarios for Climate action

Climate change is arguably the most severe challenge facing our planet during the 21st century. Human interference with the climate system – through the emission of greenhouse gases (GHG) and changes in land use – has increased the global and annual mean air temperature at the Earth's surface. It's key to identify the risk and mitigate accordingly.



1

BUSINESS ACTIVITIES AT STAKE

Positive and negative impacts of climate change risks on business activities

Climate change risks can positively or negatively impact business activities and businesses have also an impact on climate change. A strategy supported by visible tools, is needed to address potential change risks and challenges for the company; policy regulation, availability of raw materials, geopolitical context, etc.

2

SHORT-TERM OBJECTIVES

Identify key climate change risks, priority risks and mitigation actions

Understand “**hot spots**” and design framework for risks monitoring and potential communication to internal and external stakeholders, including shareholders, based on a **robust and transparent** risk framework.

3

LONG-TERM OBJECTIVES

Monitor and mitigate risks

Monitor and mitigate risks, ensure findings contribute to key business decisions, **communicate** to stakeholders using appropriate risk frameworks.

Sustainability governance

Dilemmas in sustainability typically occur in times of transition, confrontation, incidents and reputational events, with probably the worst conditions for well-informed and balanced decision-making. Having the right governance in place is key to counterbalance these adverse conditions.

The setup of governance mechanisms in the boardroom has a big influence on the way how executives deal with sustainability dilemmas. Decision-making is not just an activity of individuals, it is a matter of creating the right conditions so decision makers can make balanced choices. Identifying the moments that matter, acknowledging to have dilemmas and understanding how the right governance will help is essential.

How can you create good governance, help boards enhance their decision-making and improve performances?

- Consider opportunities for embedding ESG in the entity's culture and core values.
- Be informed of the ways to increase board awareness of ESG-related risks.
- Map the operating structures, risk owners for ESG-related risks, reporting lines and end-to-end ERM and strategic planning process to identify areas for improved oversight and collaboration.
- Create opportunities for collaboration throughout the organization.
- Embed ESG-related skills, capabilities and knowledge in hiring and talent management to promote integration.

Sustainable reporting & assurance

What is an integrated report?

Integrated reporting <IR> relies on integration of the sustainability issues which are crucial from the perspective of the organization and the specifics of the industry into the organization's business strategy that produces a periodical integrated report showing – against the backdrop of the external environment – how the organization's strategy, corporate governance and performance help create values in the short, medium and long term.

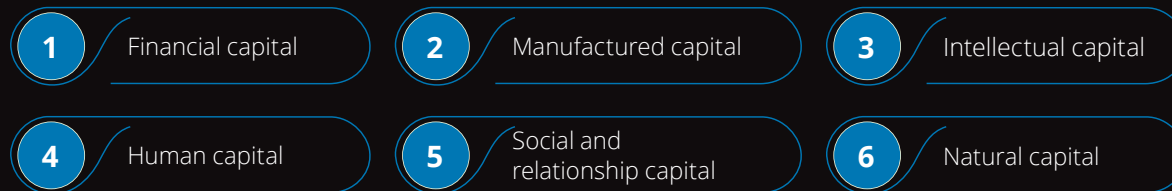
What drives the adoption of <IR>?

One force is the social relevance of value creation where society, with an increasing amount of empowered millennials, demands companies to show their impacts, both negative and positive and demonstrate how they are actively managing these impacts both in the present and the future.

Second are regulatory pressures, stimulated by agreements such as the COP21, which will increase reporting requirements by demanding reporting entities to provide information on the progress of their ESG activities.

Furthermore, shareholders show more and more interest in non-financial information as they realize that sustainability has a real influence on the ability of the company to create value and shareholders seek to thoroughly understand the companies in which they invest.

IIRC has introduced a categorization of 6 capitals which should be adapted for integrated reporting and supports organizations with developing integrated business model and integrated thinking. These are:



What is a non-financial report?

Reporting on sustainability and corporate social responsibility (CSR) means the disclosure of non-financial data. These may include, among others, customer relationships, product liability, ethics and anti-corruption, employees, the environment, dialogue with stakeholders and social engagement. According to the guidelines of the Global Reporting Initiative (GRI), the most internationally recognized non-financial reporting guidelines, the report should present management's links between CSR activities and business strategy, achieved results, and plans for the next reporting cycle.

Deloitte's vision on non-financial reporting

- Natural development of an organization – it provides insight into what the organization stands for and what it wants to be known for.
- Sustainable objectives lead to performance – monitoring performance provides a complete picture and supports business decisions.
- Transparency – strengthen reputation and trust in the chain.
- Leadership – progressive business leaders endorse the added value of sustainability as future-proofing.
- Legislation and regulations – increasing obligation to report on non-financial information.

Benefits

79%

of global leaders in non-financial reporting confirmed that the reporting of non-financial data in conjunction with the financial data improves decision-making processes.

80%

of respondents confirmed that the reporting process which integrates non-financial and financial data contributes to the business success of the organization.

84%

of respondents have seen an improvement in the quality of reported data over the years.

84%

of a company is now comprised of intangible assets. This means the importance of non-financial reporting.

As the only company in the market, we offer clients support throughout the entire life cycle of the reporting process, from defining the basic assumptions to the graphics and external communications



Assurance

Disclosures on Environmental, Social and Governance (ESG) information are maturing rapidly across all industries, boosted by both stricter and clearer regulation as well as an intensified demand for transparency by stakeholders on these topics.

These trends result in more demand for assurance on sustainability reports, integrated reports or separate sustainability statements, for example CO2 reduction statements. Furthermore the use of reporting standards such as GRI is becoming more common.

The Deloitte Sustainability team enables clients to be more transparent by offering multiple assurance services regarding Sustainability and non-financial information and GRI compliance. This can be either reasonable or limited assurance on Sustainability information in annual reports of Sustainability reports and can be on specific parts of information or on full scope integrated reports. The Sustainability team works in close cooperation with our financial auditors in integrated teams. Clients have one signing lead auditor signing both financial and non-financial audit reports.

Get in touch with us!

Deloitte Sustainability in The Netherlands

Get in touch with us!



Jeffrey Colin

Senior Manager

+31 (0)6 57 88 99 42

jecolin@deloitte.nl



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.nl/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 264,000 people make an impact that matters at www.deloitte.nl.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte network”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.