



# ESG – an international business perspective

John Ditty - Partner

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# AGENDA

1. **Sustainability and ESG metrics**
2. **Why ESG metrics are important**
3. **The International Business Council's ESG metrics and disclosures**
4. **ESG – Actions companies can take**

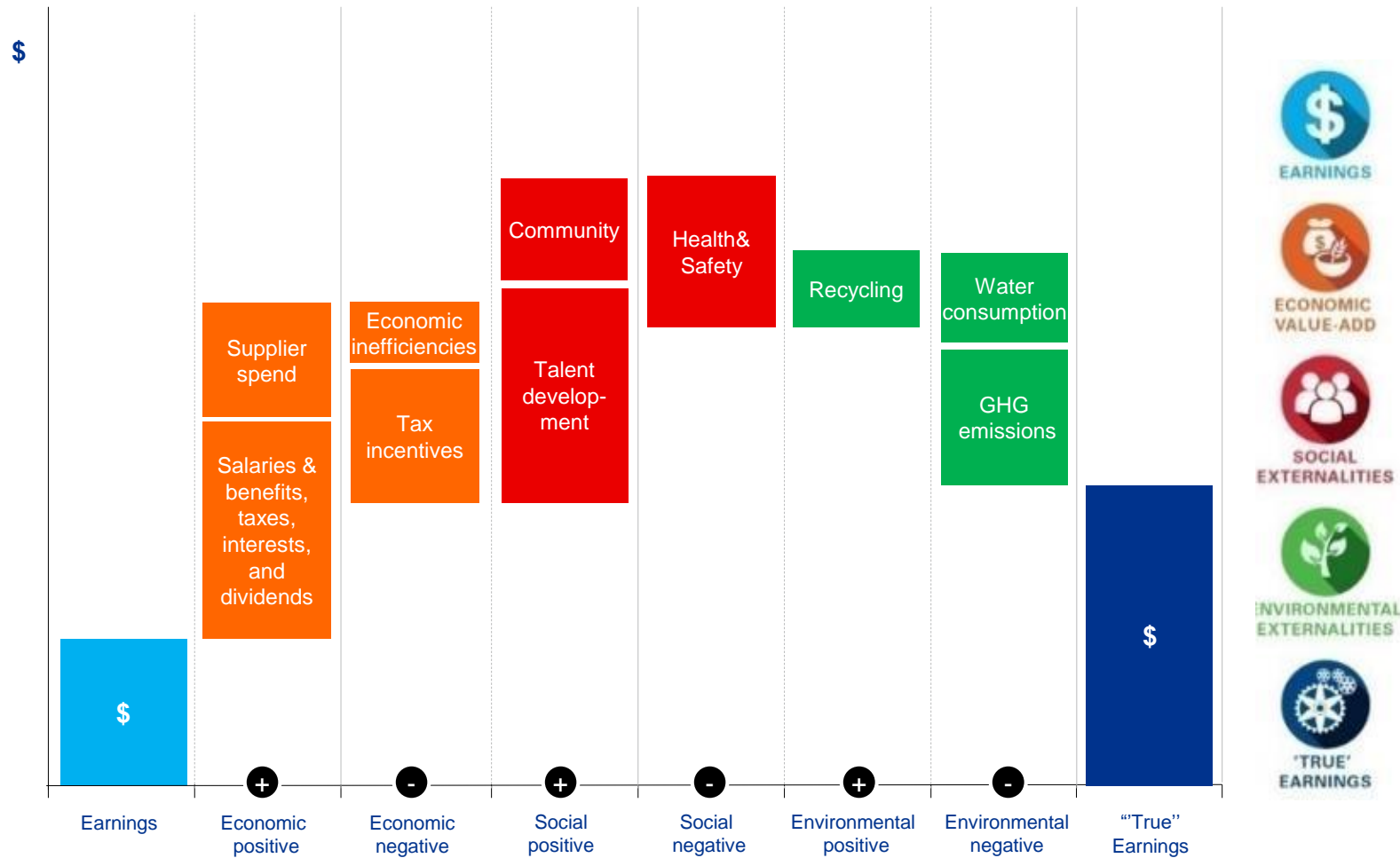


# What is sustainability and what are ESG metrics

- Sustainability focuses on meeting the needs of the present without compromising the ability of future generations to meet their needs.
- The concept of sustainability is composed of three pillars: economic, environmental and social - also known informally as prosperity, planet, and people.
- ESG metrics are, quite simply, a means measuring how sustainable a company is and how well a company is performing on the various pillars of sustainability.
- ESG metrics help to measure the True Value that a company creates.
- Sustainability (as reflected through ESG metrics) is more of a “whole of business” issue as compared to CSR



# ESG Metrics help us to measure "True Value"



# Why are ESG metrics important for companies

It is becoming increasingly important for companies to measure and report on ESG metrics

- Investors may only want to invest in and provide capital to “good” companies
- Banks and financiers may only want to lend money to “good” companies
- Insurers may only want to provide insurance coverage to “good” companies
- The best people may only want to work for “good” companies
- Consumers may only want to buy from “good” companies





# How common is performance measurement and what metrics are used

- 80% of companies (96% of the largest 250 companies globally) now report on sustainability
- Only one country in Asia (Malaysia) is in the top 10 countries with the highest rates of sustainability reporting
- GRI remains the dominant global standard for sustainability reporting used by 67% of companies (and by 73% of the largest 250 companies globally)
- Other reporting frameworks used include the Sustainability Accounting Standards Board (SASB) framework, International Standards Organization (ISO) standards, the Task Force on Climate-related Financial Disclosures (TCFD), the Climate Disclosure Standards Board (CDSB) Framework, the Embankment Project for Inclusive Capitalism (EPIC) and country specific stock exchange regulations

# The IBC's ESG metrics



Environmental



Social

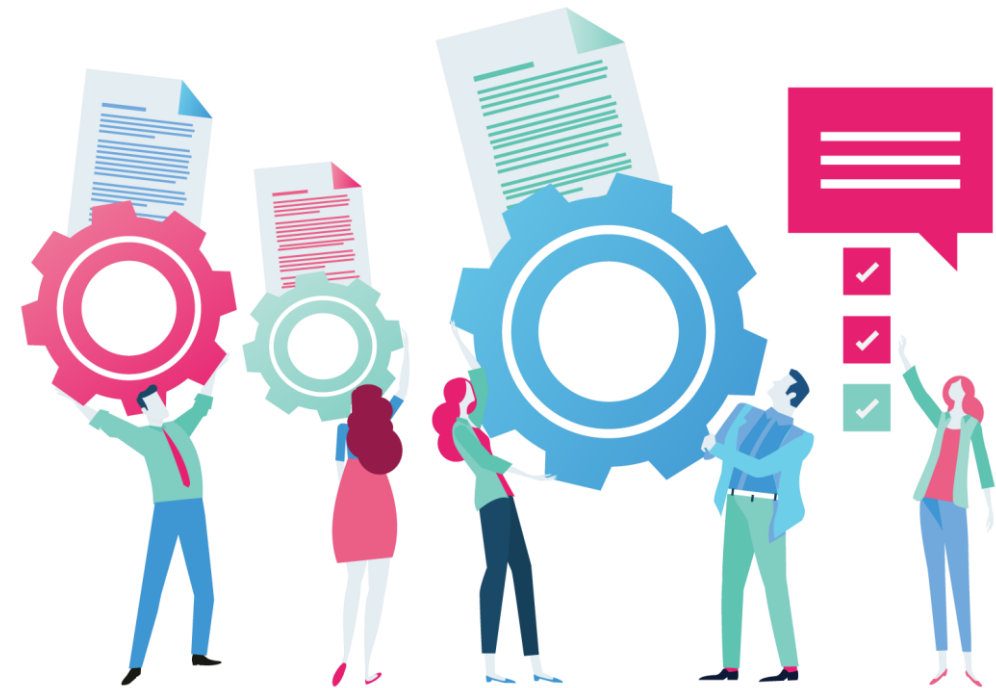


Governance

- The existence of multiple ESG measurement and reporting frameworks and lack of consistency and comparability of metrics were identified as pain points that hinder the ability of companies to meaningfully and credibly demonstrate the progress they are making on sustainability, including their contribution to the SDGs
- In 2019 the International Business Council (associated with the WEF) launched an initiative to identify a core set of material ESG metrics and recommended disclosures that companies could use to report to stakeholders.
- It was agreed that the metrics and recommended disclosures should be capable of verification and assurance, further helping to raise the level of transparency and alignment among corporations, investors and all stakeholders with the goal of building a more sustainable and inclusive global economy.
- The metrics and disclosures proposed by the IBC have been organized in four pillars that are aligned with the SDGs and principal ESG domains: Principles of governance, Planet, People and Prosperity.

# The IBC's ESG metrics

## Principles of Governance





# The IBC's ESG metrics

## Planet

7

Climate Change - Greenhouse Gas (GHG) emissions

8

Climate Change - TCFD-aligned reporting on material climate risks and opportunities

9

Nature Loss - Land use and ecological sensitivity

10

Fresh Water Availability - Fresh water consumption in water stressed areas



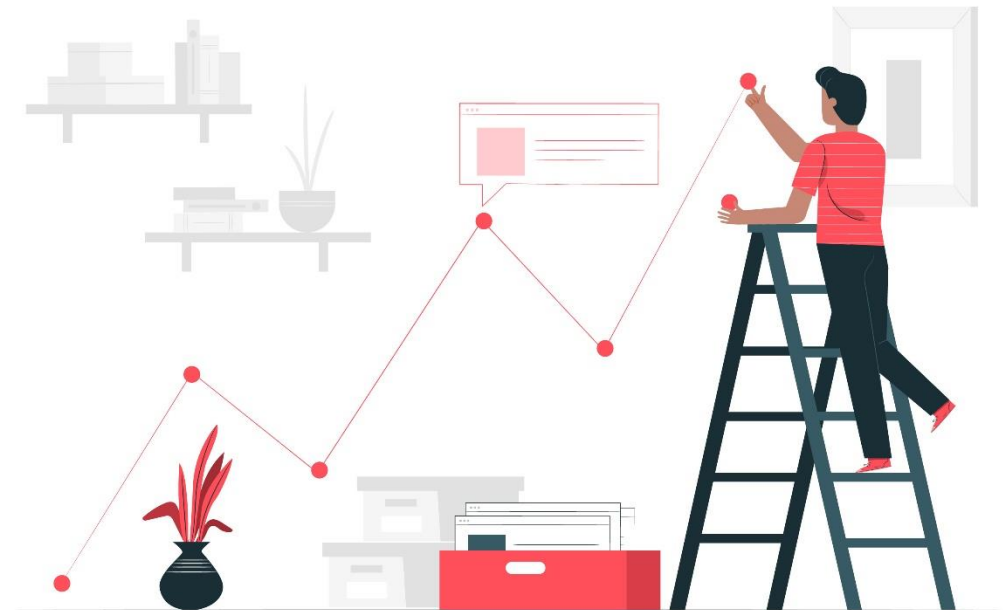
# The IBC's ESG metrics

## People



# The IBC's ESG metrics

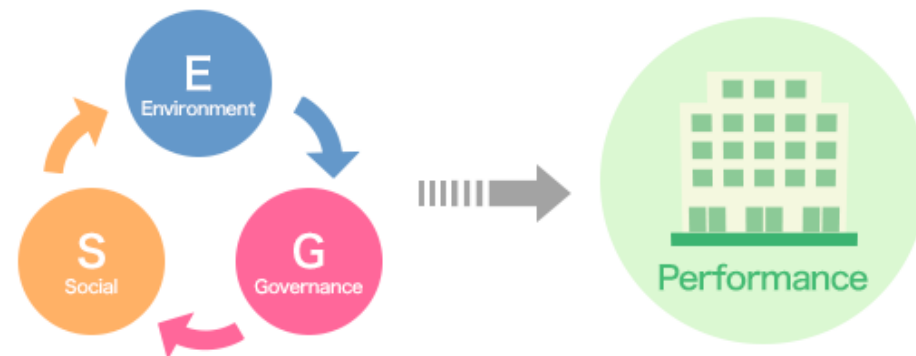
## Prosperity



# ESG – Actions corporates can take

**Taking action to improve relevant ESG metrics contributes to the value of the company, drives sustainable behaviours and practices and ESG actions should be an integrated part of a company's business plan. ESG actions need to be owned by the business as a whole and driven by the Board and EXCO**

- Start by identifying one, two or more focus areas relevant to the Principles of Governance, Planet, People or Prosperity and relevant to your business and stakeholders and clarify how you can do better in the relevant area(s) and how you will measure whether you have done better
- Make this desire to do better known in the relevant area(s) known to your stakeholders
- Measure and report on whether you are actually doing better



# Recommended reading

**Toward Common Metrics and Consistent Reporting of Sustainable Value Creation** - [Toward Common Metrics and Consistent Reporting of Sustainable Value Creation | World Economic Forum \(weforum.org\)](#)

**The Time has Come - The KPMG Survey of Sustainability Reporting 2020**  
(<https://home.kpmg/xx/en/home/insights/2020/11/the-time-has-come-survey-of-sustainability-reporting.html>)





## Contact us



**John T. Ditty**

Partner

**E:** [jditty@kpmg.com.vn](mailto:jditty@kpmg.com.vn)

**T:** +84 28 3821 9266 (ext 8100)

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## KPMG Offices

### Hanoi

46<sup>th</sup> Floor, Keangnam Hanoi Landmark Tower,  
72 Building, Plot E6, Pham Hung Street,  
Cau Giay New Urban Area, Me Tri Ward,  
South Tu Liem District, Hanoi, Vietnam

**T:** +84 (24) 3946 1600

**F:** +84 (24) 3946 1601

**E:** [kpmghanoi@kpmg.com.vn](mailto:kpmghanoi@kpmg.com.vn)

### Ho Chi Minh City

10<sup>th</sup> Floor, Sunwah Tower,  
115, Nguyen Hue Street,  
Ben Nghe Ward, District 1,  
Ho Chi Minh City, Vietnam

**T:** +84 (28) 3821 9266

**F:** +84 (28) 3821 9267

**E:** [kpmghcmc@kpmg.com.vn](mailto:kpmghcmc@kpmg.com.vn)

### Danang

Unit D3, 5<sup>th</sup> Floor, Indochina Riverside Tower,  
74, Bach Dang Street, Hai Chau 1 Ward,  
Hai Chau District, Danang, Vietnam

**T:** +84 (236) 351 9051

**E:** [kpmgdanang@kpmg.com.vn](mailto:kpmgdanang@kpmg.com.vn)

[kpmg.com.vn](http://kpmg.com.vn)