

# SUSTAINABILITY: THE BUSINESSES CASE

The KINA logo features the word "KINA" in a bold, white, sans-serif font. To the right of the text is a red triangle pointing downwards.

**KINA**

The  
socio-economic  
advisory

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## Introduction to Sustainability for Businesses: The Objectives

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At the end of this session, participants should be able to:

- Define Sustainability.
- Have an overview of the changing trends in Sustainability.
- Understand how Sustainability best practices could relate to their business operations.
- Appreciate the importance of integrating a Sustainability agenda and ESG best practices into their business models and how this can enhance core business value drivers.



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## Definitions of Sustainability and ESG

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## What is Sustainability?

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- **Sustainability** means meeting our own needs without compromising the ability of future generations to meet their own needs.<sup>1</sup>
  - ❖ Covers natural, social and economic resources needs
  - ❖ Embeds environment, health, social equity and economic development
- **ESG** refers to the three central pillars for measuring sustainability for businesses.
  - ❖ Environmental: Taking care of your surroundings and the natural environment.
  - ❖ Social: Taking care of your people – i.e. those impacted by your business operations such as local communities, employees, suppliers, and customers.
  - ❖ Governance: Doing business efficiently and with integrity – how your company policies itself with a focus on leadership, board diversity and structure, internal controls and audits, corruption and bribery.

<sup>1</sup> Definition as provided by the United Nations General Assembly, 1987, p.43 of the Brundtland Commission Report *Our Common Future*



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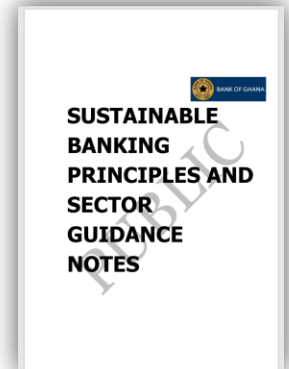
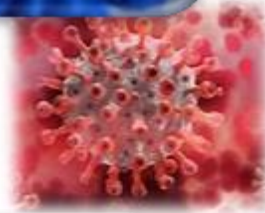
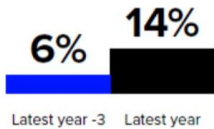
## Global trends in Sustainability and ESG

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**BLACKROCK**



COMPANIES WITH SUSTAINABILITY COMPENSATION INCENTIVES FOR EXECUTIVES



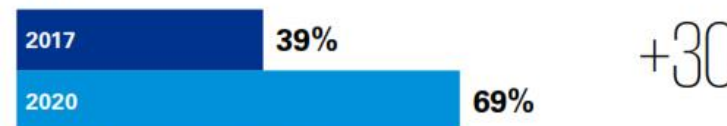
## SDGs and link to Sustainability

- The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.



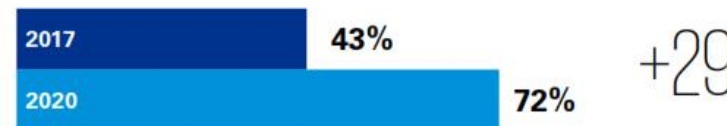
### Number of companies that connect their business activity with the SDGs

#### N100



Base: 3,983 N100 companies that report on sustainability

#### G250



Base: 239 G250 companies that report on sustainability  
Source: KPMG Survey of Sustainability Reporting 2020



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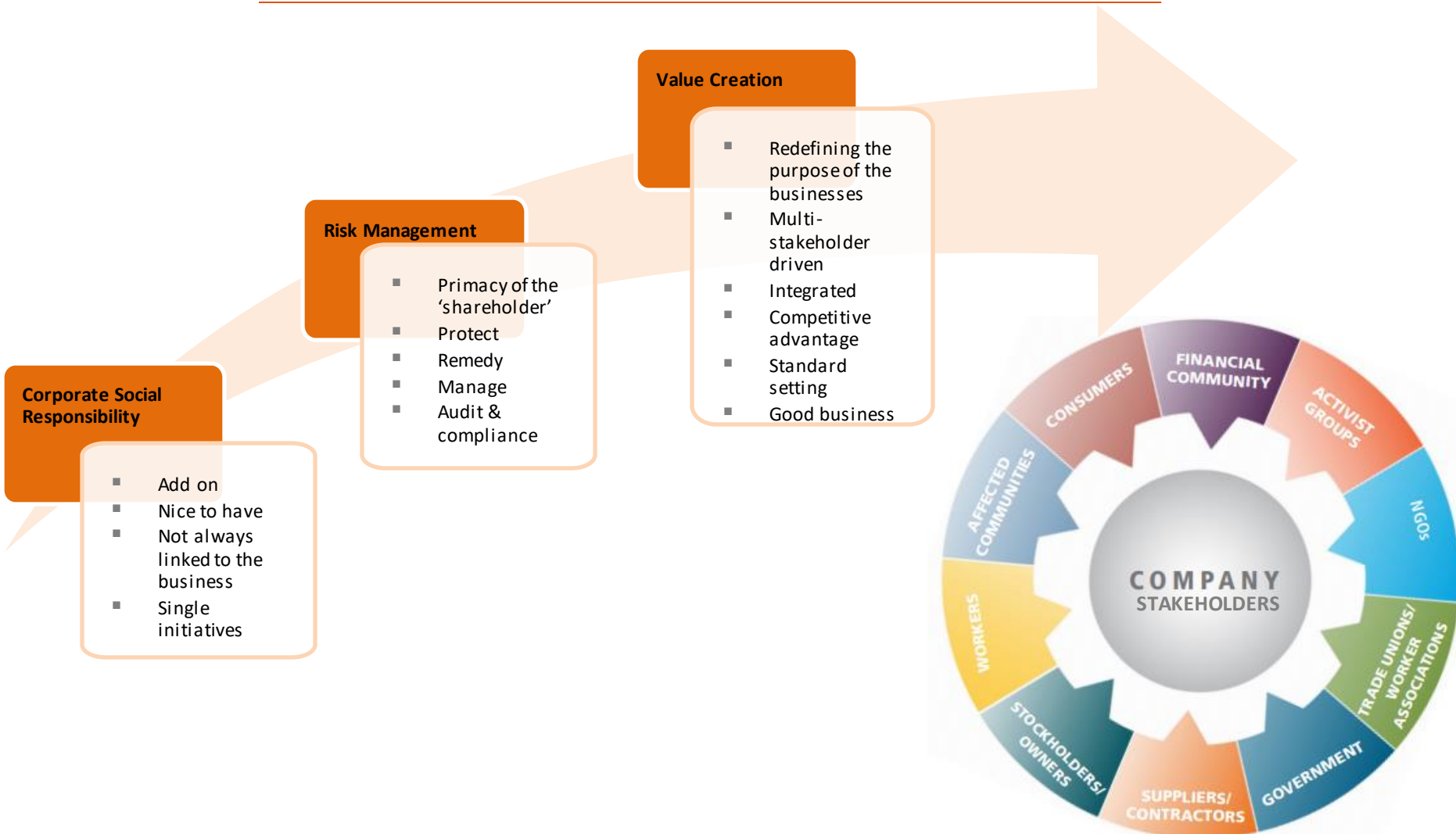
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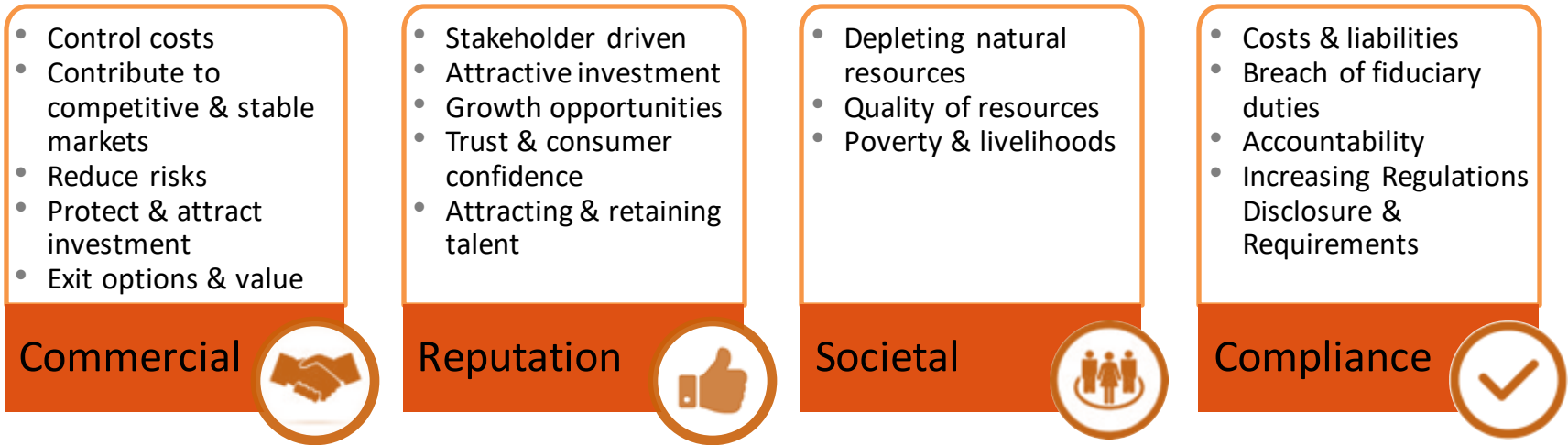
The business case for integrating Sustainability practices into business

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## Changing Approach to Sustainability



## The Business Case



### Why is Sustainability important?



Research and empirical evidence show that good sustainability practices improve business performance and increase the chance of a company's long-term survival.

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## The key components of ESG and linkage to SDGs

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## Components of ESG



### Environmental

- **Climate Change**
- **Pollution & Waste Management** – Air, Water, Land, Space
- **Biodiversity** – Deforestation, Pollution, Agriculture, Construction, Endangered species, overfishing
- **Natural Resources** – Overuse of fossil fuels, metals & minerals, water; overfishing, land mismanagement



### Social

- **Human Rights** – Force, Child Labour; Displacement of indigenous people; Personal data breaches, Low wages, Job insecurity, Labour Relations
- **Diversity & inclusion** – Gender, Disability, Religious or Racial, Ethnic minority, Age, Sexual orientation
- **Health & Safety** – Employees, Customers, Suppliers
- **Community Impact** – Community neglect, Social investment, Displacement



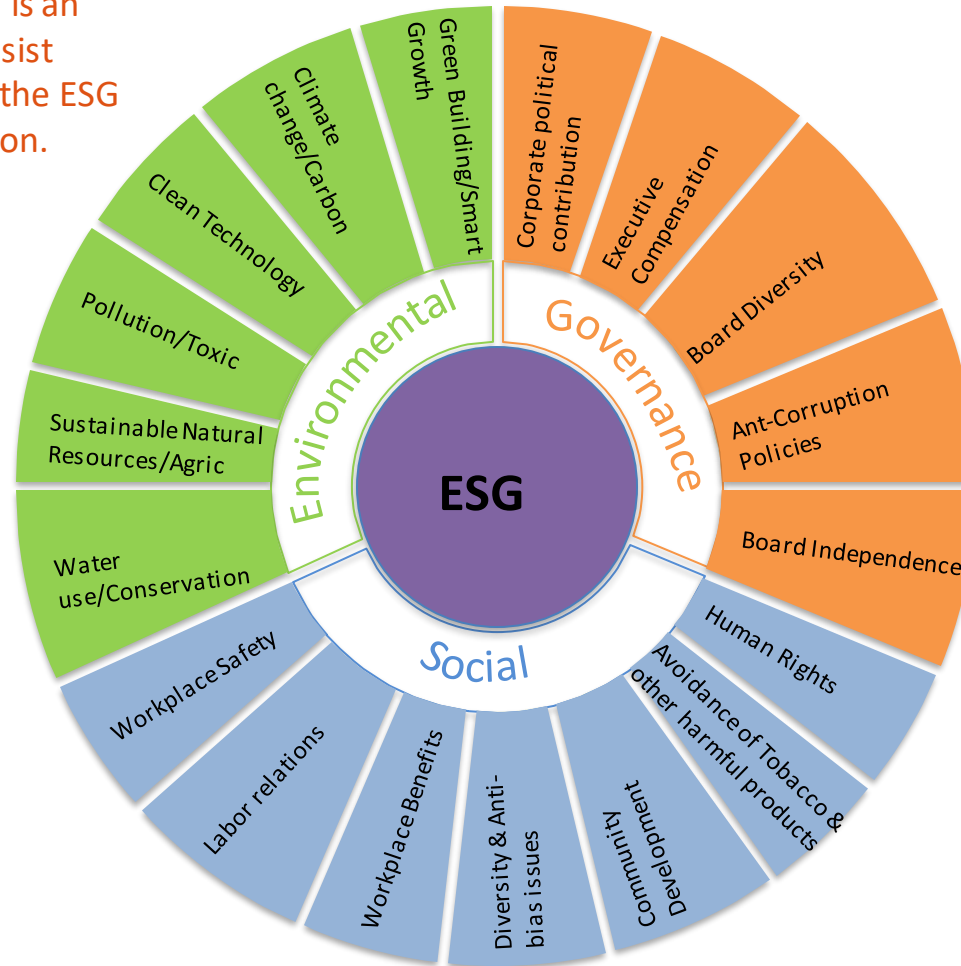
### Governance

- **Corporate Structure** – Board Independence, Incentives & Remuneration; Representation & oversight
- **Risk Management** – Sustainability Plans, Cybersecurity breaches, Stakeholder Engagement
- **Corruption & Bribery** – Political Contributions, Related Party Transactions, Unsuitable causes, Money Laundering, Tax Evasion
- **Ethics** – Conflicts of Interest, Compliance, Complaints & Grievance Management Mechanisms, Personal data sharing, Anti-competitive behaviors



# The Kina-InteStrat ESG Health Check

The ESG health check tool is an online tool designed to assist companies easily identify the ESG issues they need to focus on.



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# Role of leadership and how to effectively integrate Sustainability practice

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**VISION**



**BOARD FOCUS**



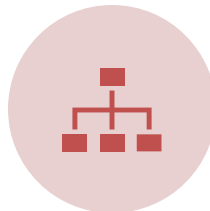
**POLICIES**



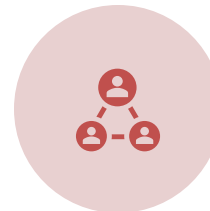
**CULTURE**



**PLANNING  
& KPIS**



**ORGANISATION  
& RESOURCES**



**LEADERS'  
ENGAGEMENT**



**FUNCTIONAL  
INTEGRATION**

## Legislation and Guidance



International, National and Local Legislation



**United Nations**



**IPIECA**



INSTITUTE OF CORPORATE  
RESPONSIBILITY AND  
SUSTAINABILITY



1. Regulatory Requirements
2. Business Fundamentals
3. Industry Context



**Environmental and Social Management System (ESMS)**

Set of policies, procedures, tools and internal capacity to manage ESG risks



**Environmental and Social Management Plan (ESMP)**

Documents the organisation's risk management strategy and plan based on its ESMS

## Some Questions and Reflections





Any Questions?





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