

A central photograph shows two hands, one older and one younger, gently holding a small green seedling with soil. The background is dark, making the hands and the plant stand out. The title text is overlaid on this image.

Integrating ESG for impact

Prepared for Management Association of the Philippines (“MAP”)

May 2022

Strictly Private and Confidential

APAC Net Zero commitments are above that of global peers, but ESG operationalisation is lacking

Current State of Global Efforts to Operationalise ESG

The climate commitments made in Asia Pacific are a positive step...

26%

of APAC CEOs have made a Net Zero commitment
(Global: 22%)

71%

of the above APAC Net Zero commitments are science-aligned
(Global: 61%)

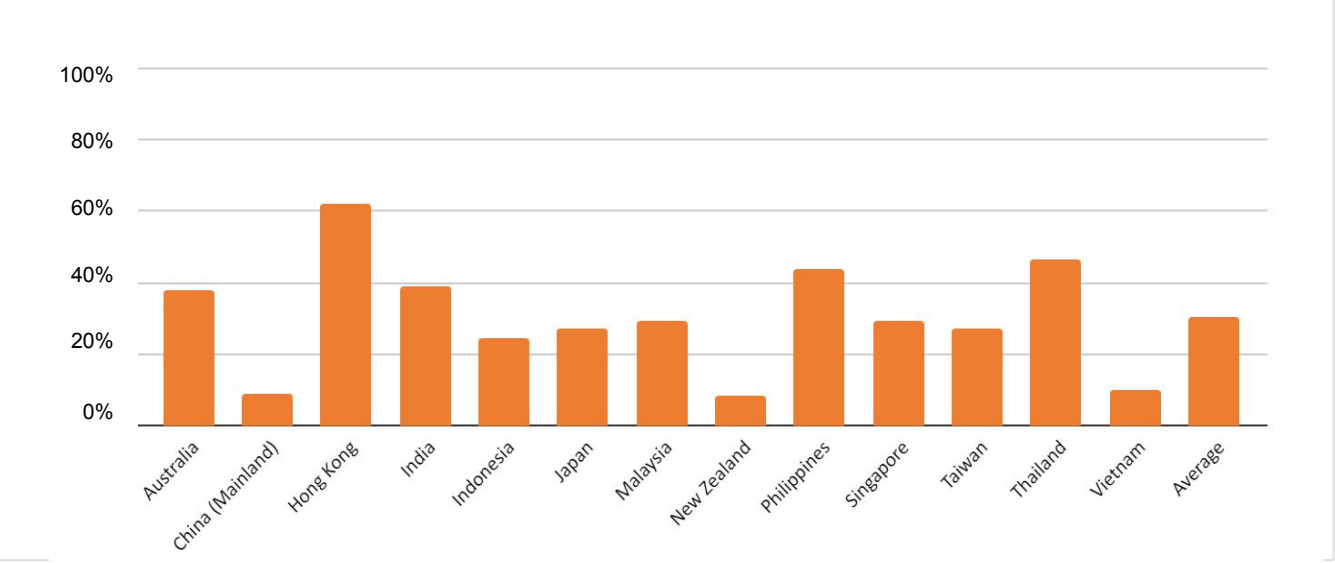


34%

of APAC CEOs are working towards this journey
(Global: 29%)

...but, there is low uptake by APAC companies in linking their financial performance to ESG targets

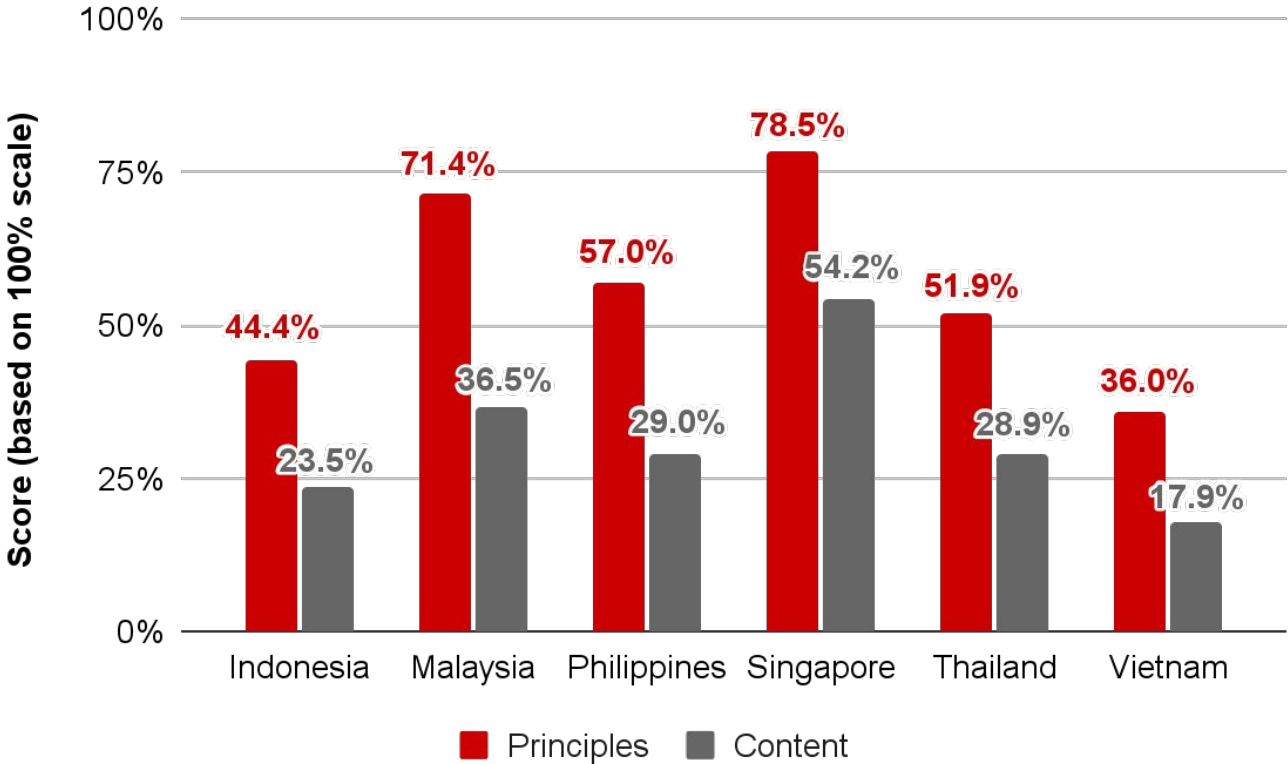
% of companies that disclosed the linkage between financial performance and ESG targets



Sustainability reporting at the principles level is covered well, but content needs to be improved

Current State of Global Efforts to Operationalise ESG

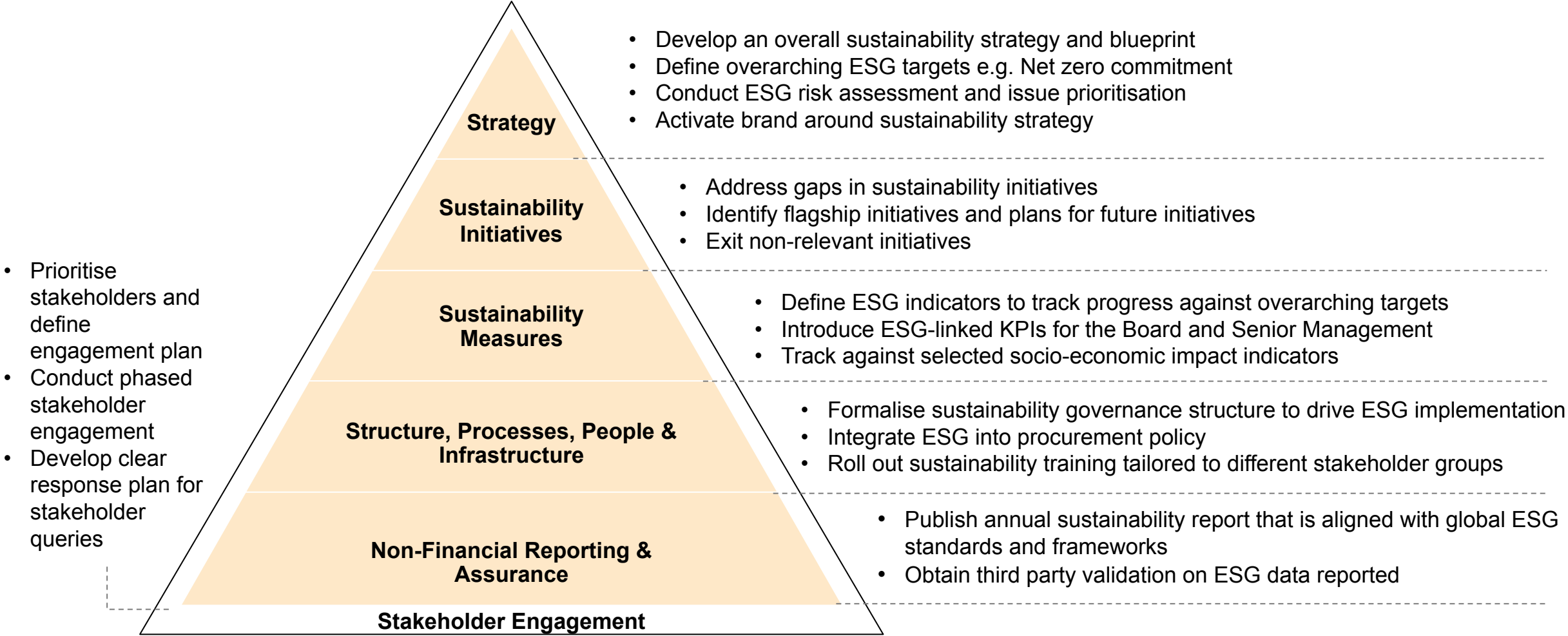
Overall score for principles and content across SEA¹



Note: [1] Reporting principles refer to stakeholder inclusiveness, materiality and completeness; Reporting content refers to the quality of the sustainability report in terms of accuracy and clarity | Sources: PwC research, Corporate Sustainability Reporting in ASEAN Countries, ASEAN CSR Network and NUS Business School Dec 2021

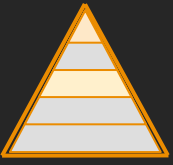
A compelling sustainability narrative should be authentic and cohesive across the dimensions of response

PwC's Corporate Sustainability Framework



CDL shows clear linkage of their performance metrics to targets and overall sustainability strategy

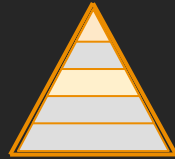
Example: City Developments Limited



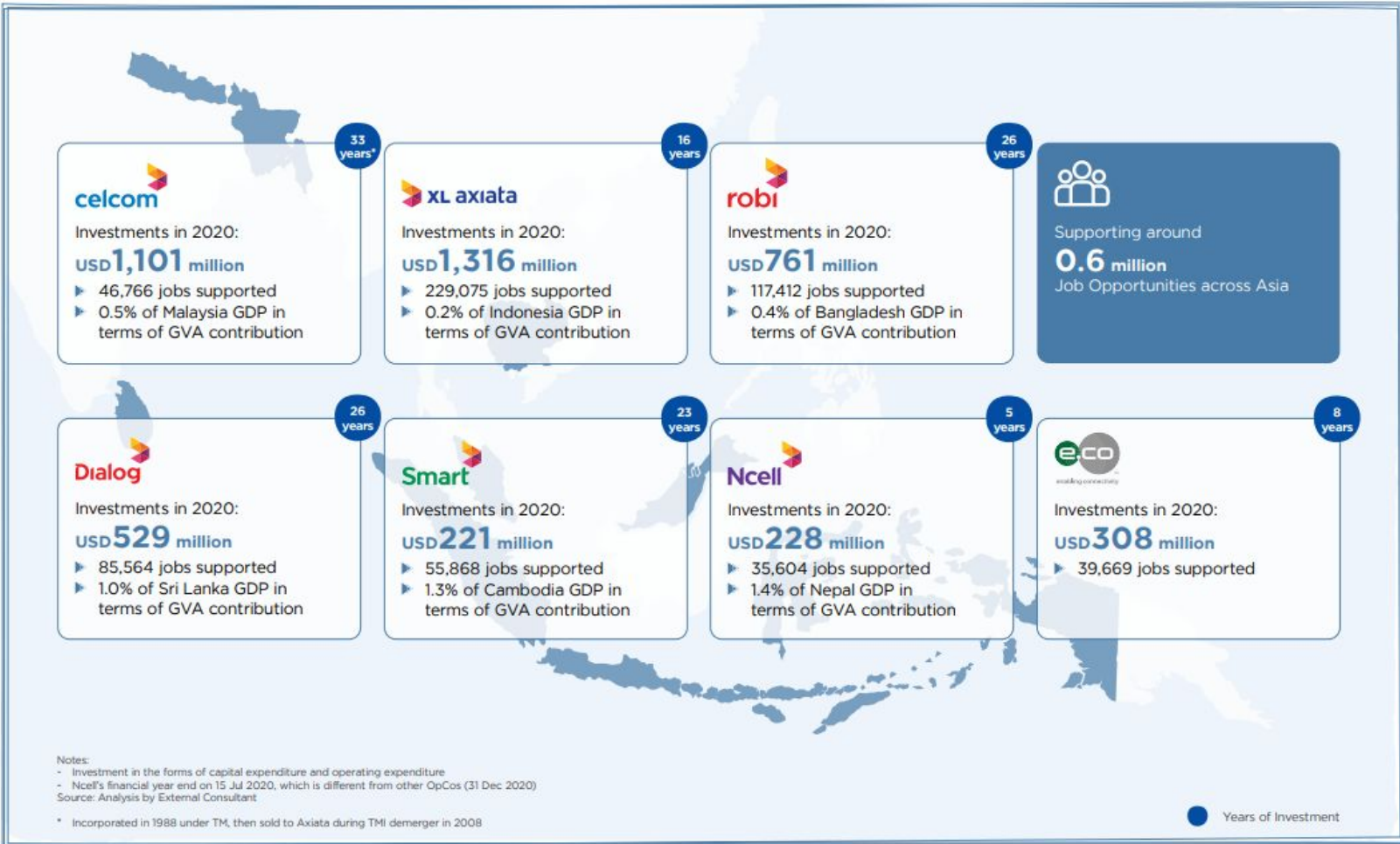
Future Value 2030 Goals	2030 Targets	Interim 2020 Annual Targets	FY2020 Performance
Goal 1: Building Sustainable Cities and Communities 	Achieve Green Mark certification for 90% of CDL owned and/or managed buildings ¹	≥ 85%	○○● 85% achieved
	Maintain 100% retail and office tenant participation in CDL Green Lease Partnership Programme	Achieve 100%	○○● 100% maintained
	Maintain high level of commitment to adopt innovations and technologies	Average of two innovations or new technology	○○●
Future Value 2030 Goals	2030 Targets	Interim 2020 Annual Targets	FY2020 Performance
Goal 2: Reducing Environmental Impact 	Corporate Office:		
	Reduce energy use intensity by 31% from 2007 levels	Energy use intensity: 28% reduction	○○● Energy use intensity: 41% reduction
	Property Development (PD)⁵:		
	Achieve an energy use intensity of 95 kWh/m² ⁶	Energy use intensity: ≤ 105 kWh/m²	○○● Energy use intensity: 82.12 kWh/m²
	Achieve a water use intensity of 1.54 m³/m² ⁶	Water use intensity: ≤ 1.75 m³/m²	○○● Water use intensity: 0.78 m³/m²
	Achieve a waste intensity of 40 kg/m² ^{6,7}	Waste intensity: ≤ 50 kg/m²	○○○ Waste intensity: 53.66 kg/m² More waste was generated at Forest Woods during construction from 2017 to Nov 2020 due to modification works to meet regulatory compliance.
	Ensure 100% of appointed suppliers ⁸ are certified by recognised EHS standards	≥ 85% of suppliers appointed by AM; 100% of main contractors and ≥ 85% of key consultants appointed by PD	○○● 93% of suppliers appointed by AM; 100% of main contractors and 100% of key consultants appointed by PD
	Reduce embodied carbon of building materials by 24% compared to their conventional equivalents	7% reduction for new projects awarded from 2018 onwards	○○○ Performance is on track to meet target. Data will be reported at end of 2022 ⁹ when projects obtain TOP.
	Goal 3: Ensuring Fair, Safe and Inclusive Workplace		
		Maintain zero corruption and fraud incidents across CDL's operations	Zero
Maintain zero fatality across CDL's operations and direct suppliers in Singapore		Zero	○○● Zero fatality
Maintain zero occupational disease across CDL's operations and direct suppliers in Singapore		Zero	○○● Zero occupational disease
Maintain a Major Injury Rate (Major IR)¹⁰ of 10.0 across CDL's operations and direct suppliers in Singapore		≤ 17.5	○○● Zero Major IR
Maintain a Minor Injury Rate (Minor IR)¹⁰ of 250.0 across CDL's operations and direct suppliers in Singapore	≤ 361.0	○○● 225.3 Minor IR	

Source: CDL Integrated Sustainability Report 2021

Axiata discloses their sustainable development contribution in the communities they operate in across ASEAN



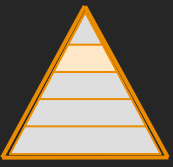
Example: Axiata



Axiata highlights their **positive direct and indirect value creation, contribution to GDP and employment of locals** through their annual **National Contribution Report**

Nestle shares insights from initiative implementation and the identified gaps for improvement

Example: Nestle



Assess and address human rights impacts

Our commitment

Assess and address human rights impacts across our business activities

Partially achieved 🟡

Our objectives

By 2018 (2020): Carry out six human rights impact assessments in our upstream supply chain*

Achieved ✓

By 2019: Have a functioning governance structure in place in all markets that looks after human rights risks and opportunities

Achieved ✓

By 2020: Train all Nestlé employees on human rights

Extended 🟡

Our action and achievements in 2020

Raising awareness and driving implementation

We need our own people to help us respect and promote human rights across our supply chain. Training them drives awareness, understanding and the implementation of best practices. Since 2011, we have trained 282 532 employees on human rights globally, starting with the countries that have a high risk of human rights violations.

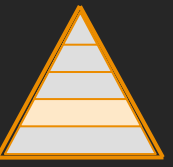
In 2019, we launched an online human rights training tool in all countries where we have operations and made it a mandatory element of induction training. By the end of 2020, 157 250 employees had completed their training during the year. As our commitment came to an end, we analyzed data at country level, and have identified a handful of countries with gaps in terms of percentage of employees trained. These are mainly low-risk countries with a substantial number of factory workers with no computer access and where in-person training was made difficult in 2020 because of COVID-19 restrictions. However, we will ensure that we close the gap in these countries by the end of 2021.

Nestle launched an online human rights training tool and realised a substantial number of **factory workers** in their supply chain **do not have computer access** - this was flagged as a gap to close in the following year



CIMB's and DBS's Climate Steering Committee meet regularly to discuss expectations of stakeholders and ESG issues

Example: CIMB and DBS



Key climate-related matters addressed at various board- and management-level committee meetings in 2021 included the following, which are discussed either as a standalone topic, or as part of a broader discourse on related topics:

- The Group's strengthened sustainability commitments including net zero targets and plan, and our GSSIPS commitments
- Appetite for and exposure to high sustainability risk sectors and clients
- Key sector requirements and policies, such as No Deforestation, No Peat, No Exploitation (NDPE) requirements
- The Group's Sustainability Risk Management Framework
- Updates on climate-related regulatory developments and trends
- Progress on ongoing and planned climate-related risk projects including CCPT implementation in Malaysia, scenario analysis pilot, and financed emissions baselining

	Meeting frequency	Climate-related discussions
Board-Level Forums		
Group Board	Bi-monthly	2
Group Sustainability and Governance Committee	Quarterly	1 [^]
Board Risk and Compliance Committee	Quarterly	1
Audit Committee	Quarterly	1
Group Nomination and Remuneration Committee	As required	2

	Meeting frequency	Climate-related discussions
Management-Level Forums		
Group Transformation Committee	Monthly	5
Group Sustainability Council	Bi-monthly	5

[^] Only one meeting was held as the committee was only set up in September 2021.

Source: CIMB Sustainability Report 2020, DBS Sustainability Report 2021



Roles and responsibilities

To ensure full oversight and accountability for our sustainability strategy, the Group Sustainability Council (GSC), through regular updates and reporting to the Group Management Committee (GMC), supports the CEO and the Board Sustainability Committee (BSC) on ESG matters.

The BSC is chaired by the Group Chief Executive Officer (CEO), and oversees DBS' overall plans and approves its strategies, goals, and targets in relation to climate and the broader ESG matters, strategically centred around our three sustainability pillars. The BSC will meet quarterly and as and when required.

The GSC is chaired by the Chief Sustainability Officer (CSO) and consists of senior management members from various business and support units. The GSC serves as an executive forum for discussions and operational decision-making on sustainability matters. These include the setting, tracking, and reporting of key performance indicators in consultation with stakeholders, as well as overseeing the execution of sustainability initiatives across the bank.

The GSC also advises the BSC on material ESG matters that contribute to the overall materiality assessment, which is utilised for strategic planning and long-term value creation. The GSC meets every two months and provides periodic updates to the BSC.

During 2021, we focused our initiatives and programmes on building knowledge and deepening subject-matter expertise, clarified roles and responsibilities, and integrated climate change – identified as a top priority and most immediate issue – within our strategic and risk management framework, that is aligned with our overall aspiration and ambition. As such, updates on climate-related developments, our climate ambitions, and risk management approaches regularly feature on the Board and Board Committees' agendas.

In April 2021, the Climate Steering Committee, co-chaired by the Group Chief Risk Officer, Group Head of Institutional Banking Group (IBG), and the CSO, was established to further strengthen DBS' climate risk management. A dedicated working team has also been formed at the Group level and is managed by senior members from IBG, Risk, Finance and the CSO office.

The Climate Steering Committee meets monthly to coordinate the multi-year climate roadmap and oversees the analyses and implementation of disclosures in alignment with the TCFD recommendations updated in 2021 and the Environmental Risk Management Guidelines issued by the Monetary Authority of Singapore in 2020. As a specialised function, the Climate Steering Committee also acts as an expert group that will inform the GSC on the progress made in managing our climate risk.

Across our core markets, China, Hong Kong, India, Indonesia, and Taiwan, we have also established Local Sustainability Councils to ensure sustainability is embedded consistently across the organisation. These Local Councils follow a similar structure as the GSC and have a broad mandate to execute initiatives in line with the Group's sustainability approach while adapting to local market conditions.

Read more about "Corporate Governance" in the Annual Report.

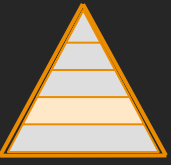
Performance measurement

We use a balanced scorecard approach to measure how successful we are in serving our key stakeholders and executing our long-term strategy, including driving our sustainability initiatives. Progress against the scorecard is monitored and measured regularly. The Group Sustainability Scorecard reflects activities across the Group, core markets, and business and support units. It is a living tool that continually sets and refines objectives, drives relevant behaviours, and measures performance.

Read more about "Our 2021 Priorities" and "Remuneration Report" in the Annual Report.

Volvo material suppliers complete an ESG self-assessment and Volvo performs regular supplier audits

Example: Volvo



Volvo's suppliers self assessment for sustainability

Self-Assessment Sustainability for A...

Corporate Social Responsibility (CSR)/Sustainability environmental and supply chain sustainability information Drive Sustainability has a set of common guidelines on key CSR/Sustainability issues including human resources. It is currently being put into use by Volvo Cars to improve efficiency.

In line with the **Guiding Principles**, this Self-Assessment supplier performance on CSR/Sustainability.

It was developed in 2014 and revised in 2017* by Volvo Cars. It is currently being put into use by Volvo Cars to improve efficiency.

The questionnaire relates to both Company and Site refers to "the industrial location where production takes place".

Suppliers filling out this questionnaire can click on the "Help" icon for more information.

* 2017 Working Group members: 2008 Group, Daimler AG, Ford, General Motors, Volvo Cars and Volvo Group

** Data using the ISO 26000 Group, Daimler AG, Ford, General Motors, Volvo Cars

Company: Name: _____
Location: _____
Number of employees: _____
Business area: _____
Total yearly turnover: _____

Site: Name: _____
Location of site (country, city and postal code): _____
Number of employees working on site: _____
Headquarters: Yes No
Supplier ID: (fill in those that apply)
DUNS number: _____
Other (please specify): _____

Filled in by: Name: _____
Position: _____
Email: _____
Tel: _____

1a. Does your company have a Social Sustainability responsible management person?
 No
 Yes*, at company level
 Yes*, at site level
If yes, please provide:
Name: _____
e-mail: _____

1b. Does your company have a Compliance responsible management person?
 No
 Yes*, at company level
 Yes*, at site level
If yes, please provide:
Name: _____
e-mail: _____

1c. Does your company have an Environmental Sustainability responsible management person?
 No
 Yes*, at company level
 Yes*, at site level
If yes, please provide:
Name: _____
e-mail: _____

* Please fill out the contact details, even if the person is the same as above.

2

B. WORKING CONDITIONS AND HUMAN RIGHTS

7. For which of the following working conditions and human rights issues does your company have a policy in place?
 Child labour and Young Workers
 Wages and Benefits
 Working hours
 Forced or compulsory labour and human trafficking
 Freedom of association and collective bargaining
 Health and Safety
 Harassment
 Non-discrimination
Please upload relevant document

7a. Does your company use any of the following channels to communicate its Policy to employees?
 Intranet / Meetings / Brochures, etc.
Please upload relevant documents
 Training
Please upload relevant documents
 Others (please specify): _____
Please upload relevant documents

BACKGROUND INFORMATION

A company policy refers to a business approach to a given issue and contains general principles and/or practical how-to-do items. A policy may include components such as prohibited behaviours, rights, and dispute procedures. Social issues could be contained in the company CSR policy, HR policy, Human Rights policy, etc. The list here presented refers to the Global Automotive Sustainability Guiding Principles.

Human rights are the rights we are entitled to simply because we are human beings. They represent the universally agreed minimum conditions that enable all people to maintain their dignity. Human rights are inherent to all of us, whatever our nationality, place of residence, sex, national or ethnic origin, colour, religion, or any other status.

Child labour and Young Workers relate to the prohibition of employment of children who are under the legal minimum working age. Moreover, suppliers are expected to ensure that legally young workers that are under 18 years of age do not work at night or overtime and are protected against conditions of work which are harmful for their health, safety or development consistent with ILO Minimum Age Convention No. 138, ILO 138 light work consistent (article 6.7). The supplier should ensure that young workers' duties don't interfere with their school attendance. Young workers' daily total study time and schooling shall not exceed 10h.

Wages & benefits relate to the basic or minimum wage or salary and any additional entitlements payable directly or indirectly, in cash or in kind, by the employer to the worker and arising out of the worker's employment. Examples include paid sick days, family and medical leave, paid overtime, etc.

Working hours relate to regular workweeks that should not exceed 48 hours. A workweek shall be restricted to 50 hours in emergency situations, including overtime. All overtime shall be voluntary. Employees should have minimum one day off every seven days. Laws and regulations on maximum number of working hours and time off shall be respected.

5

SWC version 1.0, revised by January 30, 2018
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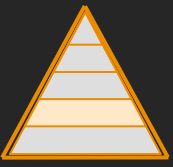
Volvo's statement on supplier sustainability audits

Supplier sustainability audits

The purpose of Volvo Cars Sustainability Audit Program is to make comprehensive on-site evaluations of suppliers' sustainability performance that is based on the Code of Conduct for Business Partners. Most audits are conducted by an accredited third-party auditor, but we also have qualified in-house capacity to perform supplier audits. During 2020, we conducted 25 supplier audits prioritised from a list of suppliers receiving a high-risk score or for other commercial reasons. Since 2015, we have performed 153 sustainability audits amongst our tier 1 and directed sub-tier suppliers. As of 2020, we have addressed approximately 83 per cent of the improvement findings identified in our audit program. For the remaining findings, we continue to work for improvements in close collaboration with our suppliers.

Stakeholders are asking for more evidence that ESG has gone beyond strategy, targets and reporting

Corporate Functions Need to be Involved



Strategy

- Do we have a clear ESG strategy linked to our purpose?
- Has our ESG strategy been operationalised effectively and cohesively across the company?

Finance

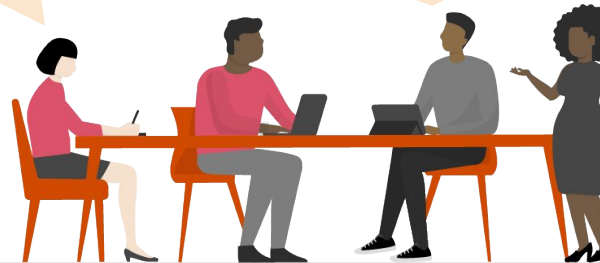
- Are we able to access sustainable finance and what is the benefit to us?
- How can we embed ESG into our finance function and financial planning?

Human Resource

- Do we have the appropriate policies and programmes in place to manage material social risks¹, including those to support diversity, equity and inclusivity across the company?
- Are our people properly equipped to deal with business model changes?
- Are our people sufficiently motivated to take action?

Information Technology

- Are we using our IT systems and technology to manage ESG data and generate business relevant insights?
- How can we leverage new technology to support our ESG strategy?



Procurement

- How can we manage all our ESG risks across our supply chain?
- How can we better engage with our suppliers and support them with the low-carbon transition?
- What weightage should be applied for ESG factors in procurement decisions?

Risk Management

- Do we understand and articulate our ESG-related risks effectively?
- How can we embed ESG risks into our ERM?
- What long-term ESG risks do we face?

Tax

- Are our tax policies and strategies safeguarded from ESG risks such as carbon taxes?
- How do our tax policies, incentives and reporting practices intersect with our ESG strategy and agenda?

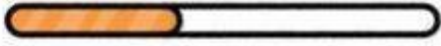
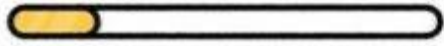
Note: 1) Social risks covers social factors that impact various stakeholders, e.g. employees, vendors, community
Source: PwC analysis

Key takeaways

- 1 Commitments need to be followed up with **actions and measurements of the progress made against them**
- 2 Good practices in reporting **demonstrate effectiveness and impact**
- 3 ESG considerations should be **integrated across all functions** of the organisation

Key contacts

THE FASTEST THINGS ON EARTH



CHEETAH

AIRPLANE



SPEED OF LIGHT

PEOPLE BECOMING
"SPECIALISTS" IN ESG

imoflio.com



Andrew Chan

Sustainability & Climate Change
Leader,
Strategy and Transformation
PwC Asia Pacific
andrew.wk.chan@pwc.com



Alexander Cabrera

Chairman Emeritus and ESG Leader
PwC Philippines

alex.cabrera@pwc.com



**Mary Jade Roxas-Divinagracia,
CFA®, CVA**

Managing Partner, Deals and Corporate
Finance
PwC Philippines

jade.roxas@pwc.com



Geraldine H. Apostol

Broader Assurance Services Lead
Partner and Learning & Development
Lead Partner
PwC Philippines

geraldine.h.apostol@pwc.com



Veronica Bartolome

Consulting Principal, Financial Crime
Leader, and Environment Champion
PwC Philippines

veronica.r.bartolome@pwc.com

Andrew Chan

Partner

Strategy & Transformation Leader, Sustainability
& Climate Change, PwC Asia Pacific

- MEng (Honours) Engineering, Economics and Management, University of Oxford, UK
- Visiting Scientist on Sustainability, MIT Sloan School of Management, USA
- Founder of PwC's SE Asia Sustainability & Climate Change practice
- Leading a team of over 40 advisors who have delivered over 450 client engagements
- Conducted leading edge projects to value the impact of companies' sustainability performance to both shareholders and to society

