





Deloitte.



Our sustainability offering

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Introduction

Sustainability – *“Meeting the needs of the present without compromising the ability of future generations to meet their own needs”*

The Brundtland Commission

The concept of sustainability is not new. What is relatively new however, is the worldwide awakening that action needs to be taken quickly to address the huge economic, social and environmental challenges facing our planet and people to ensure a sustainable future. Stakeholders such as governments, regulators, consumers and investors are all calling for immediate change.

Sustainability is a critical business issue that presents both risk and opportunities. Organisations need to understand and mitigate these risks within their organisation and across its supply chain, navigating a fast-changing regulatory landscape. They need to

balance this with finding opportunities to innovate their operations, business model and products to not only have a better impact on the environment and society, but to provide a competitive edge. Whether you are trying to grasp the impact of sustainable finance, understand new regulations, implement a decarbonisation strategy or adopt a circular business model, our multidisciplinary team can support you with assessing your sustainability risk and opportunities, aligning your sustainability ambitions to your purpose and strategy and integrating it into your governance, risk and rewards.



The changing risk and regulatory landscape

Sustainability risk – “an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment”.

Defined under the Sustainable Finance Disclosure Regulation

Seven of the ten global risks of highest concern (in terms of impact and likelihood) identified in 2021 by the World Economic Forum are environmental and societal issues*.

Sustainability risks are different to traditional risk types, for instance, environmental risks tend to be non-linear in their propagation and occur over a longer time horizon. These can affect multiple risk categories simultaneously. Unlike traditional risk types, historical loss experience may not be the best barometer to estimate sustainability risks.

The changing risk landscape should also be viewed as a source of competitive advantage.

Illustrative examples of ESG risks and opportunities			
Sustainability metrics	Sub-section	Risks	Opportunities
Environmental	<ul style="list-style-type: none"> Climate change Carbon emissions Water stress Renewable energy Natural capital Biodiversity 	<ul style="list-style-type: none"> Transition risks (a risk resulting from mitigation challenges as societies decarbonise) Physical risks (a risk of acute and/or chronic weather events which impact operations) 	<ul style="list-style-type: none"> Product and service innovation providing a competitive advantage Resource and energy efficiency to ensure operations are effectively utilised
Social	<ul style="list-style-type: none"> Human capital Labour standards Human rights Privacy and data security Community engagement 	<ul style="list-style-type: none"> Reputational risks (a risk that an ESG issue causes a detrimental impact to brand and reputation) 	<ul style="list-style-type: none"> Enhancing your brand in the market resulting in a stickier client base
Governance	<ul style="list-style-type: none"> Corruption and bribery Business ethics Board pay Board diversity Ownership 	<ul style="list-style-type: none"> Regulatory and reporting risks (a risk of non-compliance to sustainability disclosure regulation and/or marketing sustainable when not sustainable) Conduct risk (a risk that action leads to customer detriment or negatively impacts market stability) 	<ul style="list-style-type: none"> Demonstrating your resilience and transparency to the market Communicating accurate and transparent data to the market

*World Economic Forum, the Global Risks Report 2021



Our services

Strategy and governance

Our team can work with you to design, implement, embed and review sustainability strategies, risk architecture and governance structures to help your organisation achieve its sustainability goals.

Risk and regulation

Our team can advise you on the changing policy and regulatory landscape, identifying the key laws and regulations that apply to your business and undertake a gap analysis to understand your level of compliance and any necessary actions that need to be taken.

Product and innovation

The increased focus on sustainability is causing all businesses to think differently about their products. For example, seeking ways they can innovate to either change existing products or production to lower the impact on the environment, or to introduce new 'greener' products. We can assist with the research to understand the feasibility of your innovative concept, how it will fair in the market and the specific regulatory criteria to consider.

Reporting and assurance

Our team can assist organisations in applying the concept of integrated thinking to achieve strategic objectives and communicate corporate performance through integrated reporting. We assist our clients in increasing the credibility and reliability of sustainability disclosures by providing both internal and external assurance (using a wide range of internationally-recognised frameworks and standards such as GRI, TCFD, and SASB) on sustainability reports, greenhouse gas (GHG) statements, and other forms of non-financial information.

Climate change and decarbonisation

Our team help our clients reframe and rethink their future as they navigate their way through the climate change transition. We take our clients beyond risk identification and mitigation to decarbonisation strategies and abatement projects that deliver competitive advantage. Our team can also provide

training on climate changes and related at all levels of the business, including Board and executive level, to increase awareness and understanding of the environmental issues and how it impacts your business and sector.



About us

Our mission is support our clients to identify, assess, understand and navigate their sustainability risks in order to create opportunities and a competitive advantage in the market.

Our Risk Advisory team are passionate about sustainability and are dedicated to providing support and solutions to the challenges that organisations face in a modern, competitive and digital market.

Our team is composed of multi-disciplinary risk professionals with extensive subject matter experience including but not limited to specific climate, governance, risk, regulatory, data and assurance expertise.

Our team also has coverage over multiple industries in both the financial, non-financial and public sectors respectfully.



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Appendix

Strategy and governance

The challenge

Due to the increasingly complex environment, more and more focus has been placed on the role and responsibilities of the Board and Executive in driving sustainability and embedding it into the organisation's strategy, governance and risk oversight.

How can Deloitte help you?

Our team can work with you to design, implement, embed and review sustainability strategies, risk architecture and governance structures to help your organisation achieve its sustainability goals.

- Providing advice on the alignment of company purpose, value creation and culture
- Supporting the development of sustainability strategies, associated implementation plans and key performance metrics
- Identifying key performance indicators and designing reporting mechanisms that allows the Board and management to measure progress
- Stakeholder engagement support

and research

- Embedding sustainability into existing governance and risk management frameworks and supporting the development of new infrastructure
- Governance reviews, to include independent Board and Committee evaluations

Policy and regulation

The challenge

With increasing regulations and changes in the policy landscape, it can be difficult for organisations to be clear on what regulations apply to them and which policies and standards to address.

How can Deloitte help you?

Our team can advise you on the changing policy and regulatory landscape, identifying the key laws and regulations that apply to your business and undertake a gap analysis to understand your level of compliance and any necessary actions that need to be taken.

- Reviewing and designing ESG policies and frameworks
- Advising on regulatory developments and requirements to include undertaking gap analysis and supporting the implementation of new regulations
- Providing Board and Executive training on sustainability and related topics
- Diversity and inclusion advisory support



Product and innovation

The challenge

Governments are working together to collectively agree how to reduce the carbon impact on the planet. This has resulted in the emergence of innovative product lines within organisations but also increased regulation, monitoring and disclosure, all of which have affected the historical views on businesses and the value placed on assets. It is time to take a considered view and first mover advantage on how to ensure doing the right thing is also good for business. There are competitive opportunities for organisations to innovate within the production cycle and product catalogue to remain at the leading edge of the industry.

How can Deloitte help you?

The increased focus on sustainability is causing all businesses to think differently about their products. For example, seeking ways they can innovate to either change existing products or production to lower the impact on the environment, or to introduce new 'greener' products, by consumer and investor demand. Our team can assist with the research to understand the feasibility of your innovative concept, how it will fair in the market and the specific regulatory criteria to consider.

- Feasibility study focusing on concept, market and criteria
- Provide advice on the regulatory requirements for new products
- Benchmarking on market trends and ESG product development
- Impact assessments
- Setting up the sustainable financing frameworks to determine ESG opportunities, needs and capabilities.

Reporting and assurance

The challenge

External reporting, through annual reports and sustainability reports, represents the primary method for a company to provide investors, market participants and its stakeholders with a summary of the risks and opportunities arising from sustainability issues and the company's approach to managing these issues. It is therefore necessary to ensure that boards, investors and other stakeholders have confidence in the information disclosed.

How can Deloitte help you?

Our team assists organisations in applying the concept of integrated thinking to achieve strategic objectives and communicate corporate performance through integrated reporting. We assist our clients in increasing the credibility and reliability of sustainability disclosures by providing both internal and external assurance (using a wide range of internationally-recognised frameworks and standards such as GRI, TCFD, and SASB) on sustainability reports, greenhouse gas (GHG) statements, and other forms of non-financial information.

- Analysing compliance with regulatory reporting requirements, voluntary standards and best practice

- Reviewing and improving data reporting methodologies and controls
- Drafting sustainability disclosures for sustainability and annual reports
- Providing external assurance over the processes, systems, data and reporting relating to sustainability using a wide range of internationally recognised frameworks and standards (e.g. GRI, TCFD, and SASB).
- Providing co-sourced internal audit services over the processes, systems, and data and reporting relating to sustainability.



Climate change and decarbonisation

The challenge

In 2016, countries around the world came together and signed the Paris Agreement to keep global temperature rise this century to well below 2 degrees Celsius above pre-industrial levels. Over 70 countries have now announced that they are working towards net-zero emissions by 2050. Businesses have started to publicly commit to science-based emissions reductions targets in line with the Paris Agreement following their country commitments. This in turn has led Investors to align their portfolios with the Paris Agreement and, as a result, has increased pressure on companies to act and divest from carbon-intensive industries.

How can Deloitte help you?

We help our clients reframe and rethink their future as they navigate their way through the climate change transition. We take our clients beyond risk identification and mitigation to decarbonisation strategies and abatement projects that deliver competitive advantage. Our team can also provide training on climate changes and related at all levels of the business, including Board and executive level, to increase awareness and understanding of the environmental issues and how it impacts your business and sector.

- Climate change strategy, simulations, scenarios, training and reporting
- Assessing climate risks and opportunities
- Undertaking scenario analysis, climate modelling and developing, defining and implementing net-zero carbon strategies
- Assessing the impact of complex supply chain based on decarbonisation ambitions and targets
- Determine emission pathways (scope 1, 2 and 3) and low carbon transition strategies.
- Alignment and guidance on science-based targets





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