

On the
board's agenda

Sustainability

Agenda 2030

Creating legacy,
prosperity and continuity
for your business



MAKING AN
IMPACT THAT
MATTERS
since 1845

Agenda 2030

Why now?

Overview

In 2015, all 193 member countries of the United Nations adopted a resolution known as the "Agenda 2030". The aim of this agenda is the achievement of sustainable development until 2030, that is the achievement of human development needs across the globe, taking into account the constraints of natural ecosystems. The achievement of the Agenda 2030 is guided by 17 Sustainable Development Goals (SDGs) or "Global Goals", which are accompanied by a total of 169 targets and 231 indicators.

In order to fulfill the highly interdependent SDGs, all members of the global community, be that from civil society, intergovernmental bodies, academia, or the private sector, are called upon to maximise their respective contributions. Goal 17 recognises that this endeavour must be underpinned by global and cross-sector collaboration to bring together the requisite knowledge, technologies, financial capital, and political prowess.

The SDG imperative for your business

The United Nations Conference on Trade and Development (UNCTAD) estimates that the financing gap to achieve the SDGs amounts to US\$2.5 trillion annually in developing countries alone.¹ In view of this challenge, financial institutions and businesses have a tremendous role to play for the attainment of the world's sustainable development needs.

Engagement with the SDGs is not only a "nice-to-have"; it simply makes good business sense. In fact, it is estimated that the private sector can unlock more than US\$12 trillion in business opportunities by delivering on the most promising Global Goals.² Business leaders in Asia and around the world have already recognised that the pursuit of SDGs offers outstanding opportunities for value creation and value protection, resulting in measurable returns for businesses and society. At the same time, it is clear that business-as-usual will not suffice; the SDGs need to be integrated in core business activities for firms and society to thrive.



Stakeholders shaping the demand

There is a growing body of evidence indicating that sustainability factors influence financial returns and present an opportunity to drive long-term value. Over the last decade, environmental, social and governance (ESG) risks have gained increasing attention, particularly among investors, regulators, and customers. Today, some of the world's largest organisations are seeking to proactively manage and report on their ESG risks and to partner with or invest in "ESG ready" companies. Sustainability factors are part of the fundamentals needed to attain higher returns, organisational resilience, and stakeholder trust. Companies that neglect ESG risks do so at their own peril.

By understanding how to easily integrate the 17 Sustainable Development Goals (SDGs) into your value chain, you will be better positioned to uncover and act upon the most pressing threats and most promising opportunities facing your industry and your business.

The resulting benefits include:

- Brand differentiation
- Reputational risk mitigation
- Innovation and market opportunity creation
- Attracting, engaging, and retaining talent
- Increased operational efficiency and supply chain resilience
- Access to international investors or business partners
- Partnerships with international organisations

Ask yourself

- Why is sustainability a board-level challenge?
- How frequently does the board discuss sustainability risks?
- Does the board consider societal issues as business opportunities?
- Has the board incorporated sustainability priorities and initiatives into business strategy?
- Do sustainability measurement and reporting practices enable management to effectively communicate how sustainability drives value for the organisation?
- Is there clear governance around our reporting processes and controls?
- Does the board discuss how partnerships can be leveraged to discover and capture new value?

¹ UNCTAD (2014), from: <https://unctad.org/en/pages/PressRelease.aspx?OriginalVersionID=194>

² Business and Sustainable Development Commission (2017), from: <http://report.businesscommission.org/uploads/Better-Business-Better-World-Asia.pdf>

Making maximum impact

Corporate sustainability

Corporate sustainability, which encompasses environmental, social, and governance (ESG) concerns, is increasingly positioned at the top of board agendas around the world. It is essential for corporate competitiveness and a company's continued ability to successfully operationalise its business model. Encompassing topics ranging from environmental degradation and labour relations to safety incidents and scandals, sustainability affects all sectors and challenges even the most progressive companies and the most thoughtful directors.

While investors have traditionally focused on the governance element (G), they increasingly demand a holistic view from corporate boards on the interrelations between strategy, risk, and corporate sustainability that considers environmental (E) and social (S) factors.

Among those companies that recognise the significance of sustainability for their success, Deloitte sees this topic securing more time at and in between board meetings. This is due to the fact that there is no single, standardised approach to incorporating ESG into boardroom discussions on corporate strategy and risk.

For this reason, Deloitte has developed an integrated approach to incorporate ESG factors through the SDGs in core business.

Integration of SDGs in business – Deloitte examples



Key matters for investors

Environmental (E) and social (S)

Investors believe that well-managed companies will deal effectively with the E and S aspects of their businesses. Therefore they expect companies to identify and report on their material, business-specific E and S risks and opportunities, and to explain how these are managed.

This explanation should make clear how the approach taken by the company best serves the interests of shareholders and protects and enhances the long-term economic value of the company. The key performance indicators in relation to E and S matters should also be disclosed and performance against them discussed, along with any peer group benchmarking and verification processes in place.

Deloitte's Sustainability Risk Management Framework helps shareholders to better understand and assess how well a company's management is dealing with the E and S aspects of the business.

Governance (G)

Investors typically focus on a company's board of directors. As the agent of shareholders, the board should set the company's strategic aims within a framework of prudent and effective controls, which enables risks to be assessed and managed. Corporate governance practices vary internationally, and expectations in relation to individual companies are based on the legal and regulatory framework of each market. However, there are some overarching principles of corporate governance that apply globally to promote and protect shareholder interests by:

- Establishing an appropriate corporate governance structure
- Supporting and overseeing management in setting strategy
- Ensuring the integrity of financial statements
- Making decisions regarding mergers, acquisitions and disposals
- Establishing appropriate executive compensation structures
- Addressing business issues including environmental and social issues when they have the potential to materially affect the business

Sectors and top 3 SDG impact based on ESG materiality*

Sectors	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Healthcare																
Consumption																
Resource Transformation																
Non-renewable Resources																
Renewable Resources																
Technology																
Infrastructure																
Transportation																
Services																
Financials																

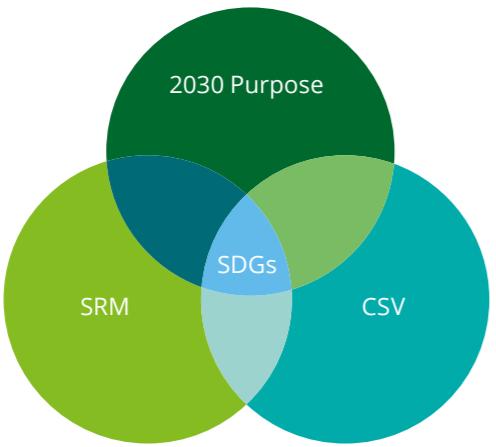
1st 2nd 3rd

*Top 3 SDGs per industry (excluding SDG 17), from: MIT Sloan Management Review (2018)

Sustainable business

Aligning strategy and sustainability to drive purpose

Aligning your organisation's strategy with sustainability through the platform of the Sustainable Development Goals (SDGs) will enable you to achieve your 2030 Purpose over the coming decade; the main lever to achieve this is Sustainability Risk Management (SRM). In addition, targeted initiatives based on the concept of Creating Shared Value (CSV) can capture strategic opportunities for your business to spur new waves of growth.



Sustainable Development Goals (SDGs)

The achievement of the SDGs constitutes an opportunity for businesses to unlock new avenues for growth and cost-savings. In Asia alone, the value of achieving the SDGs is estimated at a minimum of \$5 trillion, which is associated with an increase of 230 million jobs.³

2030 Purpose

To fully benefit from the interdependency between sustainable development and commercial success, businesses must articulate a clear purpose that can be linked to the SDGs and use it to shape the activities and culture of the organisation. We call this 2030 Purpose.

Sustainability Risk Management (SRM)

SRM is the key for businesses to work towards their 2030 purpose in a holistic and continuous manner. By focusing on the organisation's culture, capabilities, and practices SRM offers an approach that is aligned with the particularities of your business.

Creating Shared Value (CSV)

At the heart of a successful CSV strategy lies the recognition that societal issues constitute business opportunities. A CSV approach goes beyond philanthropy and social responsibility, and instead focuses on creating social value through commercial activities.

³ Business and Sustainable Development Commission (2017), from: <http://report.businesscommission.org/uploads/Better-Business-Better-World-Asia.pdf>

High-level approach to sustainable business

Truly sustainable business incorporates all three components: 2030 Purpose, Sustainability Risk Management (SRM), and Creating Shared Value (CSV). The implementation of the components typically follows a process that starts with an assessment of the corporate strategy and associated value chain, and consequently is followed by the design and deployment of responses and monitoring and control measures.

		Components →		
Process		2030 Purpose	Sustainability Risk Management (SRM)	Creating Shared Value (CSV)
	Corporate strategy	Purpose Accelerator Lab		CSV Strategy
Value chain drivers			Risk Exposure	
Response design			Risk Capacity	New Business Development
			Mitigation Strategy	Business Model Transformation
			Change Management	Supply Chain Transformation
			Business Continuity	New Organisation Establishment
			Capacity Building	Brand Strategy
		Stakeholder Engagement and Partnerships		
Monitoring and control			Outcomes	Performance (ESG)

2030 purpose

"Purpose answers the critical questions of who a business is and why it exists beyond making a profit, through a set of carefully articulated core beliefs. But, to be more than just words, purpose must guide behaviour, influence strategy, transcend leaders – and endure."

Punit Renjen, Deloitte CEO

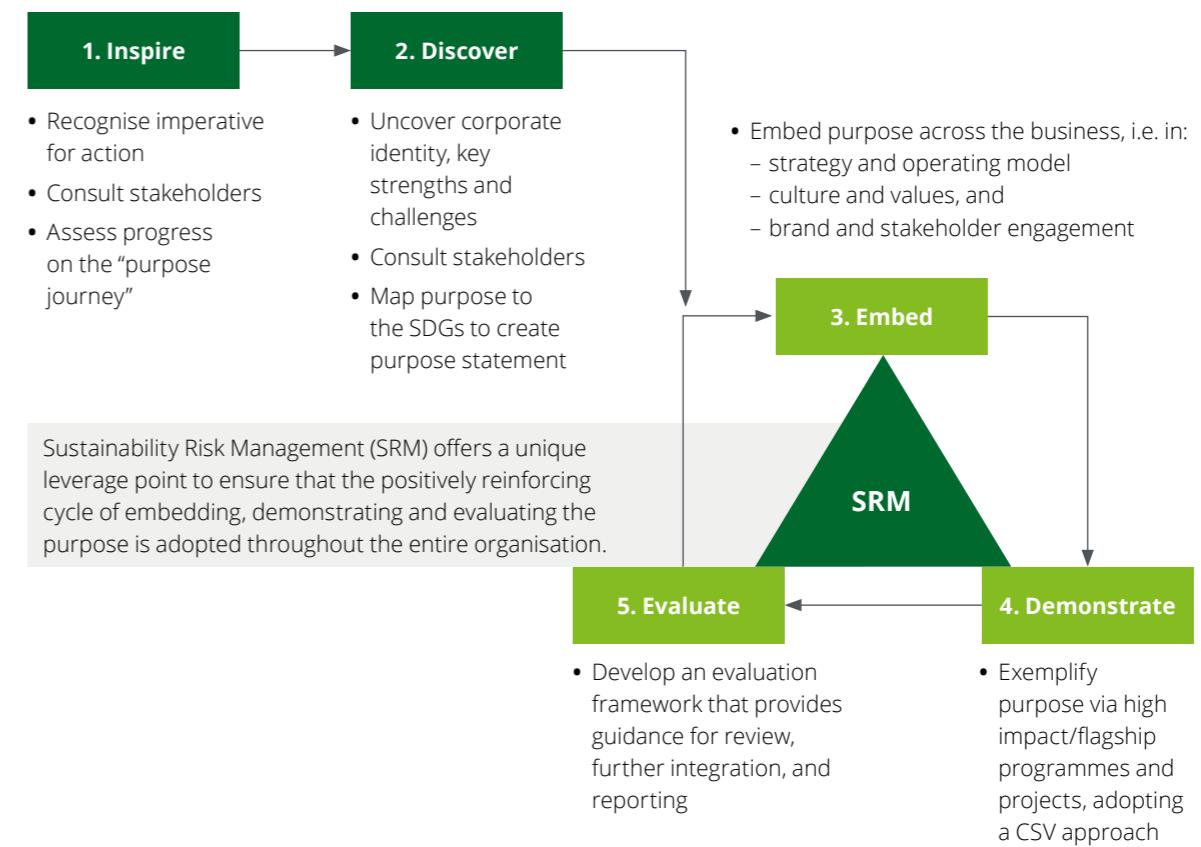
The opportunity of 2030 purpose

2030 Purpose describes the link between why a business exists and a social, environmental or wider economic goal. It demonstrates the connection of the business to the 2030 Agenda for Sustainable Development. Ensuring that the purpose can be linked to one or more of the 17 SDGs allows businesses to clearly articulate their positive impact on the 2030 Agenda in a way that is universally recognised and that facilitates collaboration with a wide range of stakeholders.



Unlocking the power of purpose

There are a number of key steps individual companies can take to discover and live their purpose to the benefit of long-term performance and a flourishing society alike.



A note on the 2030 Purpose statement

A strong purpose statement should be:

- Related to a social, environmental or wider economic goal
- Connected to the business model
- Transformational
- Distinctive
- Inspiring

Sustainability Risk Management (SRM)

A strategic approach to sustainability

The Deloitte Sustainability Risk Management Framework addresses the key elements required to maximise stakeholder value and organisational performance. The framework considers your corporate strategy as the basis to make sustainability-related information more decision-relevant for the business and investors.

At Deloitte, we recognise the potential of risk powering performance. Therefore, our framework offers a comprehensive view on how to effectively align the interests of your business with those of investors and society through a risk-based approach towards your ESG performance.

Directors have an important role to play in overseeing how the strategy and risk management practices of their companies meet the ESG demands of a wide range of stakeholders, as a means of driving shareholder value. Managing relationships and creating trust and transparency are key to obtain approval and support from the firm's most relevant stakeholders. Through the lens of the SDGs, the Deloitte framework will enable you to acquire a detailed picture of your business's exposure.

The Sustainability Risk Management Framework summarises key dimensions to help executives and governance leaders to make an impact that matters by building legacy, prosperity and continuity for your business.

Business



ESG metrics recommended by the World Federation of Exchanges (2018)

Environmental

- Greenhouse gas emissions
- Emissions intensity
- Energy usage
- Energy intensity
- Energy mix
- Water usage
- Environmental operations
- Environmental oversight
- Climate risk mitigation

Social

- CEO pay ratio
- Gender pay ratio
- Employee turnover
- Gender diversity
- Temporary worker ratio
- Non-discrimination
- Injury rate
- Global health & safety
- Child & forced labour
- Human rights

Governance

- Board diversity
- Board independence
- Incentivised pay
- Collective bargaining
- Supplier code of conduct
- Ethics & anti-corruption
- Data privacy
- Sustainability reporting
- Disclosure practices
- External assurance

Creating Shared Value (CSV)

"The concept of shared value can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress."

Michael E. Porter & Mark R. Kramer, Harvard Business Review (01/02 2011)

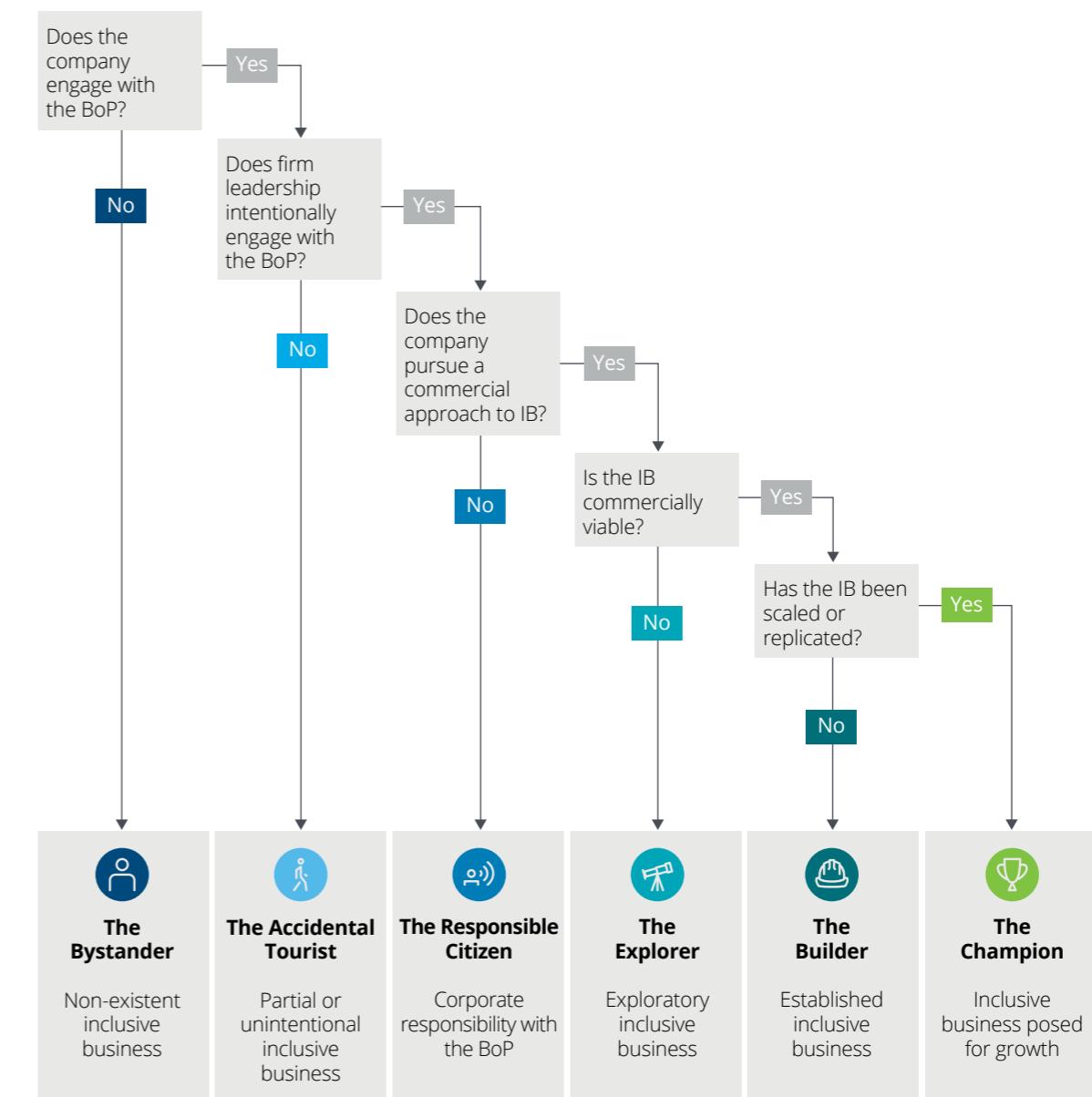
Driving corporate growth through social progress

The fundamental premise of the Creating Shared Value (CSV) approach rests on the notion that unmet societal needs constitute opportunities for businesses to boost their bottom line. It is upon the directors and managers of each firm to understand and act upon the most promising and relevant of such opportunities through leveraging the business's resources and capabilities.



Organisational CSV maturity assessment: inclusive business (IB)

One way of assessing the maturity of a company's CSV approach is through evaluating its engagement with the bottom of the pyramid (BoP), the poorest socio-economic groups in the countries within which it operates.



Note: adapted from "Uncharted Waters: Blending Value And Values For Social Impact Through The SDGs" (2016)

United Nations Global Compact

Overview

Launched in 2000, the UN Global Compact is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support United Nation's (UN) goals. It provides a framework for developing more sustainable and responsible business practices.

Participation in the UN Global Compact is open to companies of all sizes and location that are serious about their commitment to implement the UN Global Compact principles throughout its operations and to report on their progress, with the exception of entities in the tobacco industry.

14,000+
participant organisations

11,000+
businesses

3,000
non-business entities

60+
local networks

160+
countries

Benefits

By joining the network, businesses are connected to the knowledge and expertise to set and meet their sustainability objectives and achieve long-term growth. The mandatory annual report of progress helps to build trust and transparency of member companies.



Improved corporate governance



Increased financial performance



Higher Environmental, Social, and Governance (ESG) scores



Increased employee engagement

Sustainability leaders will be formally recognised by UNGC, and obtain publicity as their success stories will be featured and promoted across different platforms.

The Ten Principles of the UN Global Compact

With a commitment to join the UN Global Compact Network, members are obliged to incorporate the following ideas into decision-making process and their overall strategies.



Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.



Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.



Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.



Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

How UNGC principles fit into your SDG agenda

SDGs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Human Rights	•	•	•	•	•	•	•	•	•	•	•				•	•	
Labour	•		•		•			•	•	•					•	•	
Environment		•				•	•		•		•	•	•	•	•	•	
Anti-Corruption									•						•	•	

Global Compact Network Malaysia (GCMY)

Overview

The Global Compact Network Malaysia (GCMY) is the local chapter of the UNGC, that supports Malaysian members by enabling them to contribute towards the SDGs and achieve business excellence via our 10 principles, programmes and tools while providing access to partnerships with a range of stakeholders.

Learn more: www.ungcmalaysia.org

Why should businesses engage with UNGC Local Networks?

81%

of companies attribute progress on their sustainability work to participating in the Global Compact.

80%

of member companies agree that being part of the network increases trust in the company through a commitment to sustainability.

58%

of member companies agree that UNGC promotes action on sustainability within the company.

What does GCMY have to offer?

On the ground, companies face unique challenges to operating responsibly and have different opportunities to make a positive impact. GCMY advances corporate sustainability at the strategic and grassroots level by helping companies understand what responsible business means within global, regional and national contexts and facilitate outreach, learning, policy dialogue, collective action and partnerships.

We aspire to be Malaysia's leading Corporate Sustainability Platform in catalysing Private Sector Sustainability Performance in achieving business excellence via the Sustainable Development Goals (SDGs) by:

➤ Aligning with the SDGs

➤ ESG Data for Performance

➤ Accelerating Business Excellence

➤ Local & International Facilitation

➤ Advocating Corporate Sustainability Thought Leadership

➤ Action Platforms for Change

SDGs for Corporate Malaysia

GCMY provides a universal language for corporate responsibility and provides a framework to guide all businesses regardless of size, complexity or location. Our member programmes are localised from the global context or developed specifically for the Malaysian Private Sector. Joining us unlocks access to key sustainability development opportunities including:



Access to UNGC world class resource centre



First Access to Insight Reports & Open Source Data



Networking and access to global and national events



Digital tools for organisation wide deployment



Senior Management Onboarding



Members only Expert Talk, Master Classes & Coaching Clinics



Preferential rates for all GCMY and partners' paid events

GCMY SDG Performance Model

Our programmes, events and research are designed based on our Corporate SDG performance Model to enable sustainable business performance:

(People + Process + Resources) Leadership = **SDG Performance**



People

The sustainability talent and culture of an organisation. The level of engagement and inspiration to perform at both the skill and will level.



Process

The availability of clearly defined sustainability processes, SOPs and standards and integrated with capacity for innovation.



Resources

Financial and non-financial components available to an organisation to implement sustainability.



The capacity to inspire and lead people to perform at optimum skill and will level and being key role models for sustainability.

Our global alliances

Deloitte maintains active involvement in the public discourse on sustainability issues through collaboration with leading global institutions that are dedicated to finding and promoting solutions to sustainability challenges.

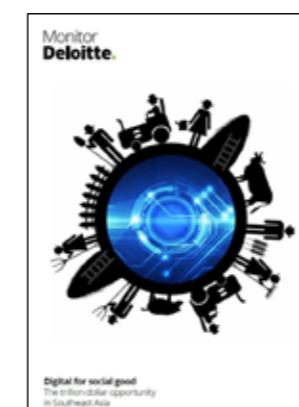
A4S	The Prince's Accounting for Sustainability Project
	<ul style="list-style-type: none"> • Deloitte has provided secondments.
ACCA	ACCA (the Association of Chartered Certified Accountants) Global Forum for Sustainability
	<ul style="list-style-type: none"> • Deloitte has a representative on the Global Forum.
CDP	Formerly the Carbon Disclosure Project
	<ul style="list-style-type: none"> • Deloitte is a past global and U.S. sponsor of CDP Water Disclosure, and DTTL has developed reports to Investor and Supplier questionnaires on CDP Climate Change.
GISR	Global Initiative for Sustainability Ratings
	<ul style="list-style-type: none"> • Deloitte is a strategic sponsor, has committed financial and in-kind support on a multi-year basis, and has a seat on the Technical Review Committee.
GRI & GSSB	Global Reporting Initiative & Global Sustainability Standards Board
	<ul style="list-style-type: none"> • Deloitte has been involved since the GRI's inception and has been an organisational stakeholder since 2004, and two Deloitte partners are members of the governance structure.
IIRC	International Integrated Reporting Council
	<ul style="list-style-type: none"> • Deloitte has provided secondments.
SASB	Sustainability Accounting Standards Board
	<ul style="list-style-type: none"> • Deloitte has provided funding and a secondment, participated in industry working groups, and has a seat on the Assurance Task Force.
SSE	Sustainable Stock Exchanges Initiative
	<ul style="list-style-type: none"> • Deloitte has a representative on the SSE Corporate Working Group.
UNGC	United Nations Global Compact
	<ul style="list-style-type: none"> • Deloitte was a founding signatory in 2000 with several high-impact pro bono projects and secondments.
UNLEASH	Global Innovation Lab for the SDGs
	<ul style="list-style-type: none"> • Deloitte was a lead innovation partner for UNLEASH 2017, 2018, and 2019, and facilitated labs for social entrepreneurs.
WBCSD	World Business Council for Sustainable Development
	<ul style="list-style-type: none"> • Deloitte was a founding member in 1995, has provided secondments, and has appointed Leadership Programme members.
WEF	World Economic Forum
	<ul style="list-style-type: none"> • Deloitte is a strategic partner, involved in the WEF Project Advisor Programme and has representatives in the Forum of Young Global Leaders.

Deloitte recognitions

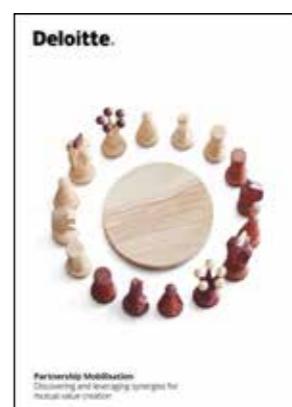
- **Number 1 in consulting service providers** by market share, by ALM Intelligence and Gartner, and named as a Leader by IDC MarketScape
- **Leader in transformation** by Forrester, calling transformation "the most complex and highest-risk projects an organisation can take on"
- **Global leader firm in enterprise risk management**, based on our capabilities, including factors such as resources, proprietary methodologies, and intellectual properties, by ALM Intelligence
- **Global leader in IT operations consulting**, based on our robust methodology to identify and quantify value opportunities, by ALM Intelligence
- **Number 1 professional service provider to the life sciences & healthcare industry**, based on our ability to provide one of the widest ranges of capability in the industry and the relationship models to support large programme initiatives, by Kennedy
- **ISO 27001 certified**: Internationally recognised standard that specifies the requirements for establishing, implementing, maintaining and continually improving an information security management system within the context of an organisation

Integrated solutions

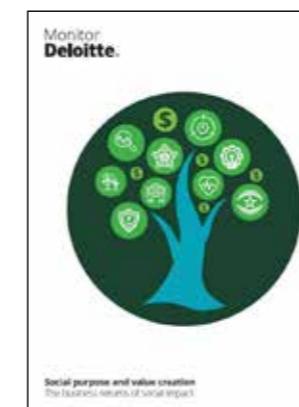
The Agenda 2030 brochure is part of a set of brochures that Deloitte has developed to offer targeted solutions to businesses, not-for-profit and international organisations, and partnerships between these entities. Complementary publications are:



Digital for social
good: The trillion dollar
opportunity in
Southeast Asia



Partnership
Mobilisation:
Discovering and
leveraging synergies
for mutual value creation



Social Purpose and
Value Creation: The
business returns
of social impact



Social Responsibility
in Business:
Focus on Human
Rights

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