Securities and Exchange Commission
PHILIPPINES

SEC-GRI Workshop Series on

Corporate Governance and Sustainability

GRI

AUGUST
18-27
2021
10:00AM - 12:00NN

Session 1 (Aug. 18, 2021):
Updates and guidance on sustainability reporting for Philippines PLCs

Session 2 (Aug. 20, 2021):
Corporate Leadership and Governance

Session 3 (Aug. 25, 2021):
Human Capital and Work Environment

Session 4 (Aug. 27, 2021):
Environmental Impact Management

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SEC-GRI Workshop Series
The Center for Social Responsibility
Sustainability Reporting Guidelines for PLCs
SEC Memorandum Circular No. 4, Series of 2019

OVERVIEW OF THE SEC SUSTAINABILITY REPORTING GUIDELINES FOR PLCs

Atty. Shiena Angela D. Aquino
Securities and Exchange Commission

DISCLAIMER

Let us make things clear

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DISCUSSION POINTS

What are we covering today?

01
Investor Interest in Sustainability

02
Globally recognized Standards In Sustainability Reporting

03
Sustainability Reporting Guidelines SEC MC 4, Series of 2019

04
Reporting Template and Materiality Assessment

05
SEC's Vision in Sustainability Reporting

1. Investor Interest in Sustainability

Investor interest in ESG will continue to swell.

Investor interest in environmental, social and governance (ESG) factors has gone mainstream, and the experts we spoke with believe this trend will continue into 2019 (and beyond), with socially responsible investing gradually becoming the new normal.

The Forbes data is backed up by several studies:

- Global Sustainable Investment Alliance;
- BlackRock;
- Morgan Stanley research;
- 2018 Global survey by FTSE Russell; and
- IHS Markit (of London)

Source: PowerPoint Presentation of Comm. Kelvin Lee on Sustainability Reporting as Mandated by the SEC.

BlackRock’s CEO, Mr. Larry Fink

announced initiatives to make climate change and other sustainability issues a cornerstone of its investment strategy, including plans to increase offerings of sustainable funds.

“To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society.

“Greater transparency on questions of sustainability will be a persistently important component of every company’s ability to attract capital.”

“Disclosure should be a means to achieving a more sustainable and inclusive capitalism.”

Sources: PowerPoint Presentation of Comm. Kelvin Lee on Sustainability Reporting as Mandated by the SEC
http://sustainiaworld.com/blackrock-ceo-larry-fink-letter-to-ceos-words-or-action/
https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter

Investor Interest in Sustainability

BlackRock's viewpoint towards a common language on Sustainable Investing

Sustainable as the new standard

Providing clear, transparent information based on objective metrics will empower informed asset owner choice and be a catalyst to achieving this objective

3 High-level sustainability categories:

1. Screened investments
2. ESG investments
3. Impact investments

Source:*https://www.blackrock.com/corporate/literature/whitepaper/viewpoint-towards-a-common-language-for-sustainable-investing-january-2020.pdf*

Investor Interest in Sustainability

ASEAN CAPITAL MARKETS FORUM (ACMF)
in relation to Sustainability Reporting

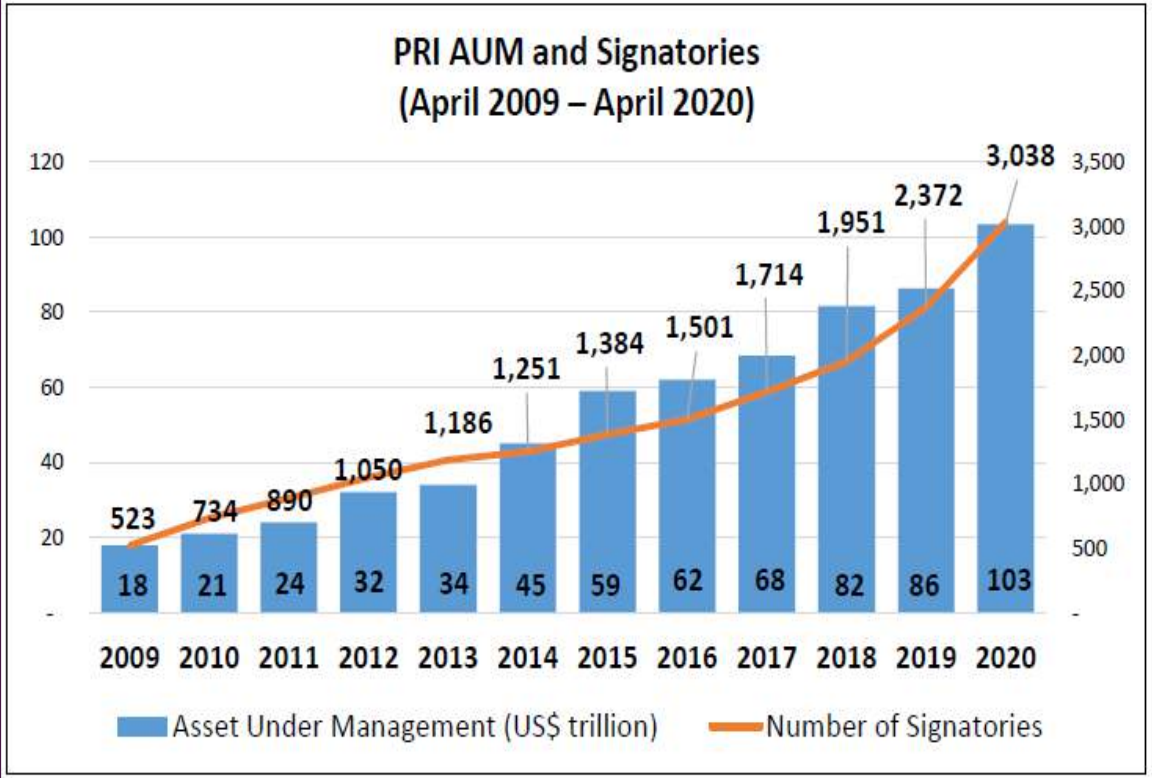
A forum which comprises capital market regulators from ASEAN countries whose primary task is to promote greater integration and connectivity of regional capital markets.

One of ACMF's key initiatives: Development of sustainable asset classes in line with the growing importance of sustainable finance in ASEAN, particularly in meeting ASEAN's environmental and social needs.

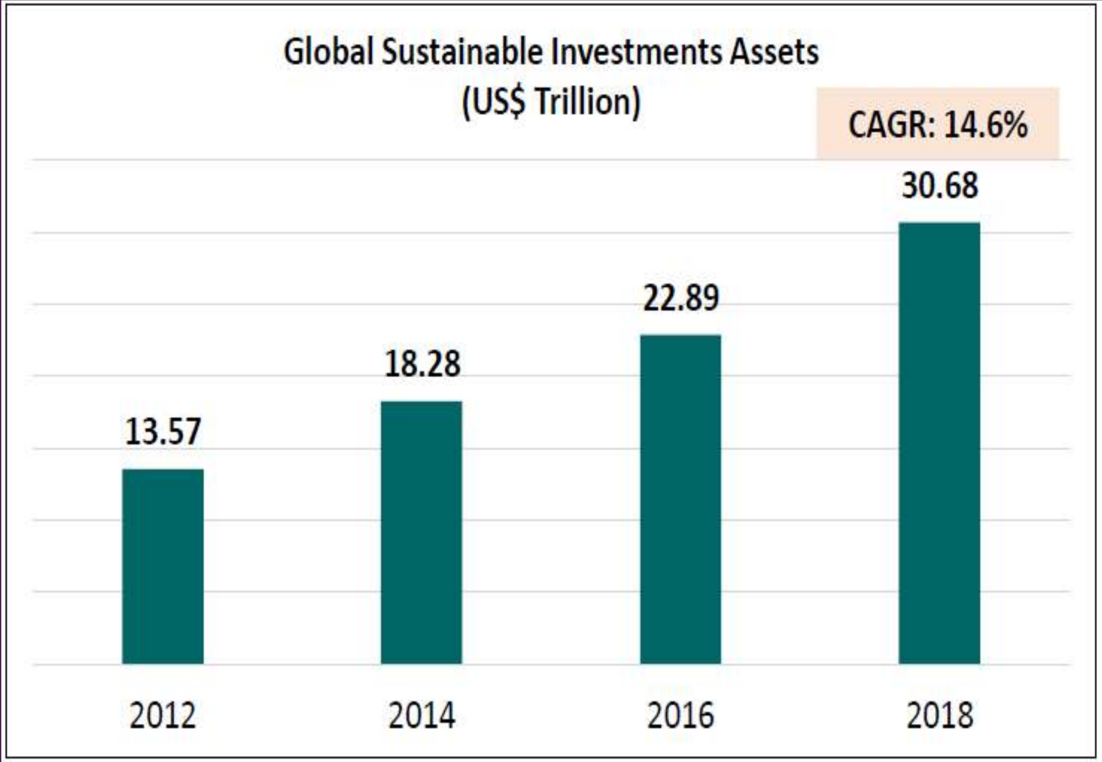
Source:
http://www.sc.com.my/api/documentms/download.ashx?id=3c4f768-a290-4722-b9d1-ef55942fbfde
http://www.theacmf.org/ACMF/webcontent.php?content_id=00001

Investor Interest in Sustainability

Globally, investors place more importance towards sustainable investments.



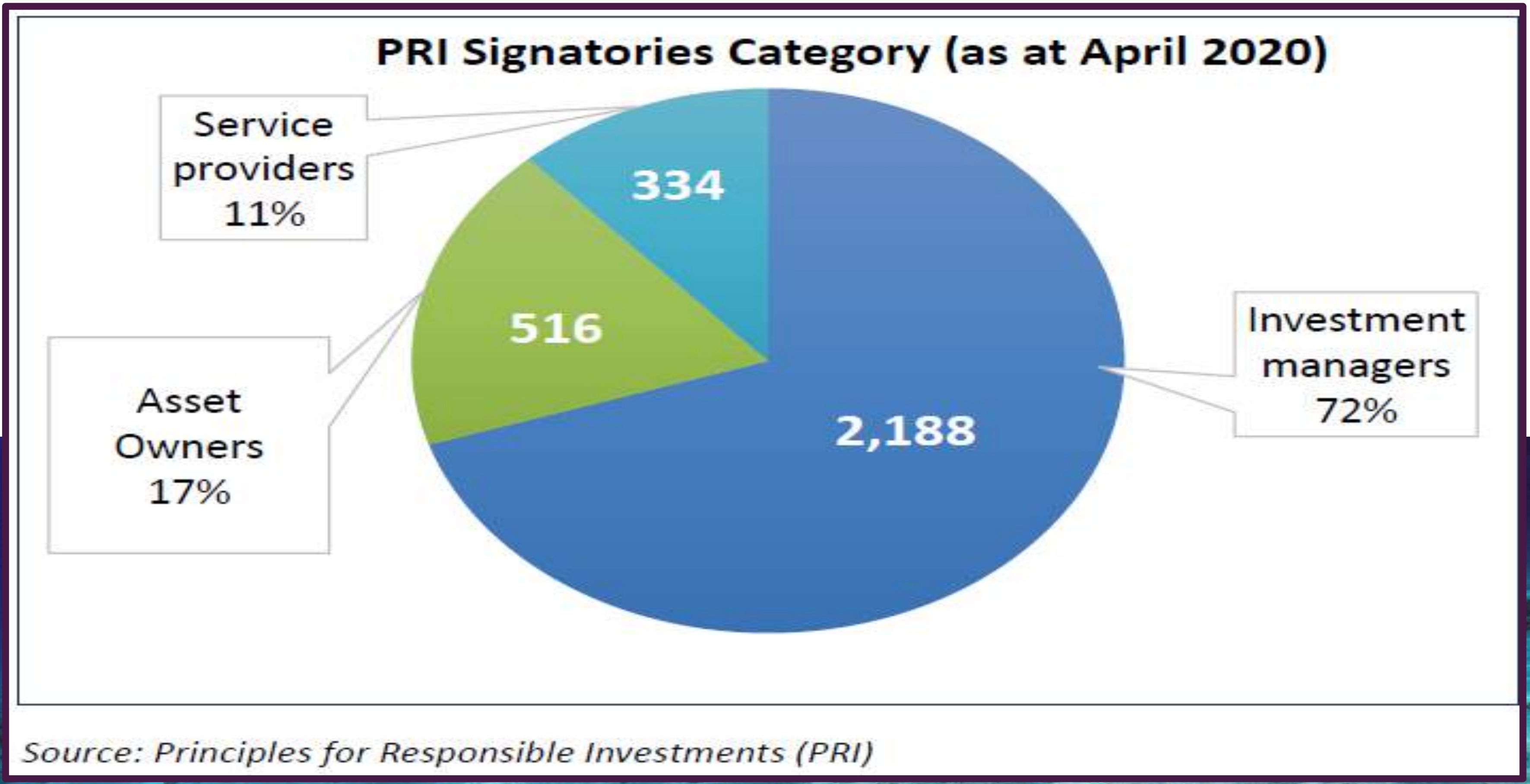
Source: Principles for Responsible Investments (PRI)



Source: Global Sustainable Investment Alliance (GSIA) Report 2018

Source: PowerPoint Presentation on the ACMF ASEAN Sustainable and Responsible Fund Standards by the Securities Commission Malaysia (Co-chair of the ASEAN Sustainable Finance Working Group)

Investor Interest in Sustainability



Source: PowerPoint Presentation on the ACMF ASEAN Sustainable and Responsible Fund Standards by the Securities Commission Malaysia (Co-chair of the ASEAN Sustainable Finance Working Group)

Investor Interest in Sustainability

Growing Demand from Retail Investors globally

HSBC Sustainable Financing and Investing Survey 2019

- **64%** Global retail investors view **environmental and social issues as very important**
- **92%** Investors factor in **ESG considerations** into their investment decisions
- **75%** Will start buying green, social and sustainable bonds in the next two years
- **75%** Investors feel that **investment firms must be equipped** with skills in ESG and responsible investing
- **86%** **Asian investors** believe that **ESG issues are important**

Findings from Schroders Global Investor Study 2019

Asia

Asian countries, particularly India, China, and Thailand **ranked the highest for having investors who are most concerned and keen on sustainable investments**

- **87%** Investors in **India**
- **80%** Investors in **Thailand**

believe their **personal investment behaviour could contribute to a more sustainable world**

Generation X (38-50 years old) are more motivated by sustainability

- **61%** **Generation X**
- **59%** **Millennials**

Will always **consider sustainability factors** when selecting an investment product

Climate change

- **87%** Investors believe that **climate change impacts their investment**
- **71%** Investors believe that man-made **climate change is a real phenomenon** which is impacting the world

Source: PowerPoint Presentation on the ACMF ASEAN Sustainable and Responsible Fund Standards by the Securities Commission Malaysia (Co-chair of the ASEAN Sustainable Finance Working Group)

Investor Interest in Sustainability

ASEAN Asset Owners and Fund Managers COMMITTED TOWARDS SUSTAINABLE INVESTMENTS

PRI signatories - asset owners from ASEAN member countries

Employee Provident Fund (Malaysia)	Retirement Fund (Incorporated) (Malaysia)	Khazanah Nasional Berhad (Malaysia)	PT. ASABRI PERSERO (Indonesia)	Government Pension Fund (Thailand)

PRI signatories – fund managers from ASEAN member countries

Singular Asset Management (Malaysia)	BIMB Investment Management Berhad (Malaysia)	UOB Asset Management Ltd (Singapore)	Antler (Singapore)	Corfina Capital (Indonesia)	VietNam Holding Limited (Vietnam)	PT Batavia Prosperindo Aset Manajemen (Indonesia)

Source: Principles for Responsible Investments (PRI)

Source: PowerPoint Presentation on the ACMF ASEAN Sustainable and Responsible Fund Standards by the Securities Commission Malaysia (Co-chair of the ASEAN Sustainable Finance Working Group)

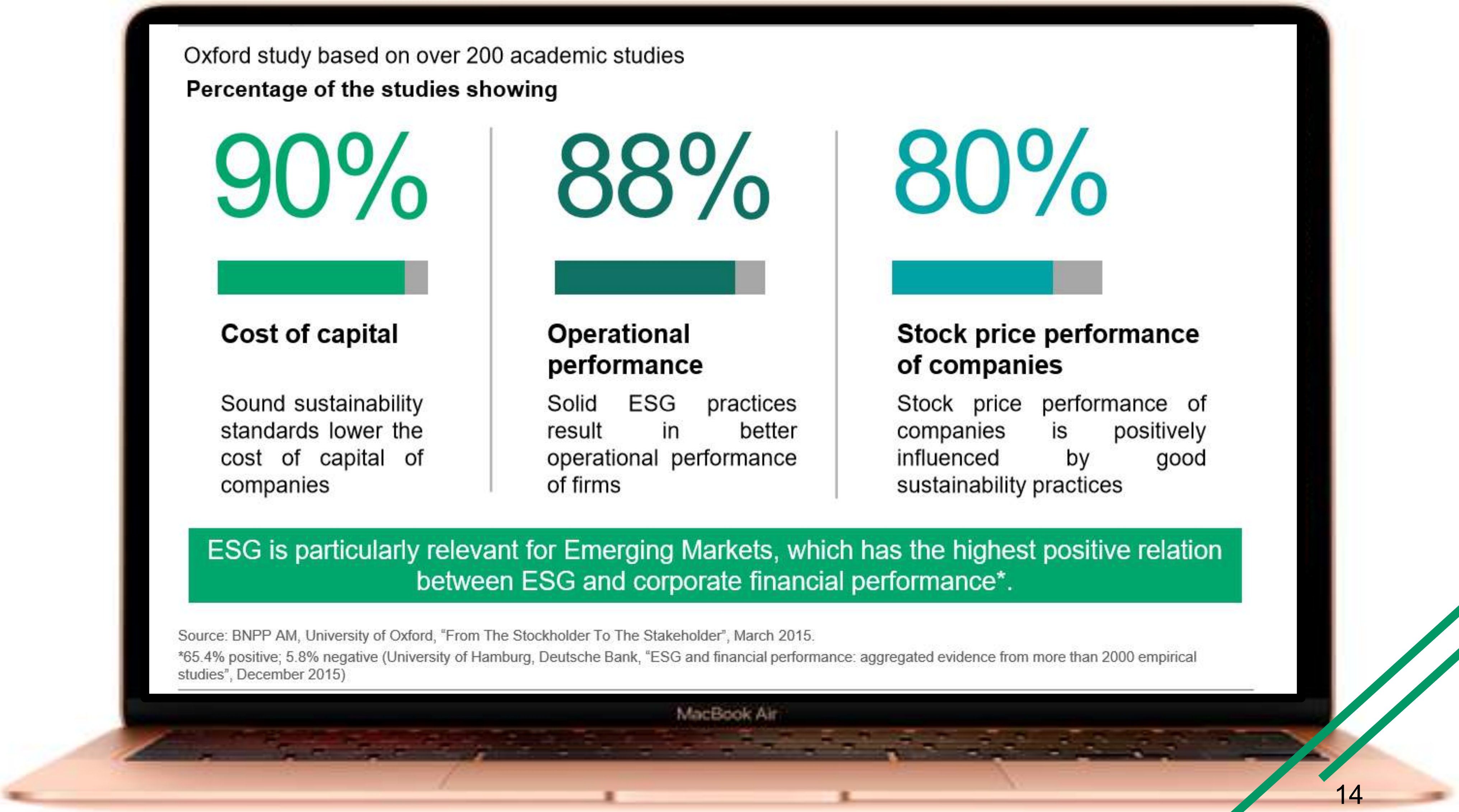
Investor Interest in Sustainability

Foreign Fund Managers with Sustainability Focus also have presence in the ASEAN

J.P. Morgan Asset Management (United States)	BlackRock (United States)	Nomura Asset Management (Japan)
Eastspring Investments (a member of Prudential plc UK)	BNP Paribas Asset Management (France)	Aberdeen Standard Investments (UK)
Amundi (France)	State Street Global Advisors (United States)	The Vanguard Group (United States)

Source: PowerPoint Presentation on the ACMF ASEAN Sustainable and Responsible Fund Standards by the Securities Commission Malaysia (Co-chair of the ASEAN Sustainable Finance Working Group)

WHY SUSTAINABILITY REPORTING MATTERS



2. Globally Recognized Standard in Sustainability Reporting

IR

GRI Empowering Sustainable Decisions

SUSTAINABILITY ACCOUNTING SASB STANDARDS BOARD

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Sustainability Reporting Framework

GRI

- GRI Standards has a comprehensive reporting requirement covering governance, economic, environmental, and social topics.

<IR>

- IR Framework aims to monitor how the capitals are used and created by the business model and discloses the companies’ strategies in light of risks and outlook.

SASB

- The SASB Standards provides industry-based sustainability standards for more than 77 specific industries.

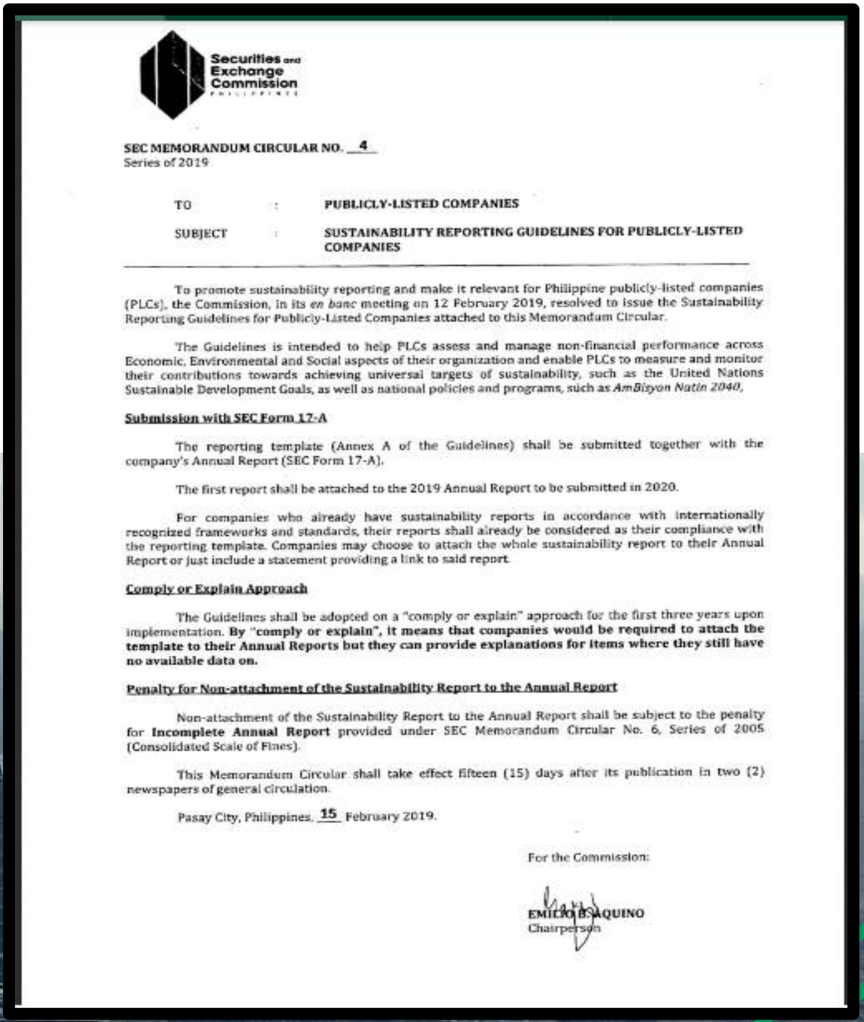
TCFD

- TCFD’s recommendations on climate- related financial disclosure focused on climate-related risks, opportunities, and financial impacts, as well as scenario analysis.

3. Sustainability Reporting Guidelines for PLCs SEC Memorandum Circular No. 4, Series of 2019

SEC Memorandum Circular No. 4, Series of 2019

(Sustainability Reporting Guidelines for Publicly-Listed Companies or PLCs)



Securities and Exchange Commission
PHILIPPINES

SEC MEMORANDUM CIRCULAR NO. 4
Series of 2019

TO	:	PUBLICLY-LISTED COMPANIES
SUBJECT	:	SUSTAINABILITY REPORTING GUIDELINES FOR PUBLICLY-LISTED COMPANIES

To promote sustainability reporting and make it relevant for Philippine publicly-listed companies (PLCs), the Commission, in its *en banc* meeting on 12 February 2019, resolved to issue the Sustainability Reporting Guidelines for Publicly-Listed Companies attached to this Memorandum Circular.

The Guidelines is intended to help PLCs assess and manage non-financial performance across Economic, Environmental and Social aspects of their organization and enable PLCs to measure and monitor their contributions towards achieving universal targets of sustainability, such as the United Nations Sustainable Development Goals, as well as national policies and programs, such as *AmBisyon Natin 2040*,

Submission with SEC Form 17-A

The reporting template (Annex A of the Guidelines) shall be submitted together with the company's Annual Report (SEC Form 17-A).

The first report shall be attached to the 2019 Annual Report to be submitted in 2020.

For companies who already have sustainability reports in accordance with internationally recognized frameworks and standards, their reports shall already be considered as their compliance with the reporting template. Companies may choose to attach the whole sustainability report to their Annual Report or just include a statement providing a link to said report.

Comply or Explain Approach

The Guidelines shall be adopted on a "comply or explain" approach for the first three years upon implementation. **By "comply or explain", it means that companies would be required to attach the template to their Annual Reports but they can provide explanations for items where they still have no available data on.**

Penalty for Non-attachment of the Sustainability Report to the Annual Report

Non-attachment of the Sustainability Report to the Annual Report shall be subject to the penalty for **Incomplete Annual Report** provided under SEC Memorandum Circular No. 6, Series of 2005 (Consolidated Scale of Fines).

This Memorandum Circular shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation.

Pasay City, Philippines, 15 February 2019.

For the Commission:

EMILIO B. AQUINO
Chairperson

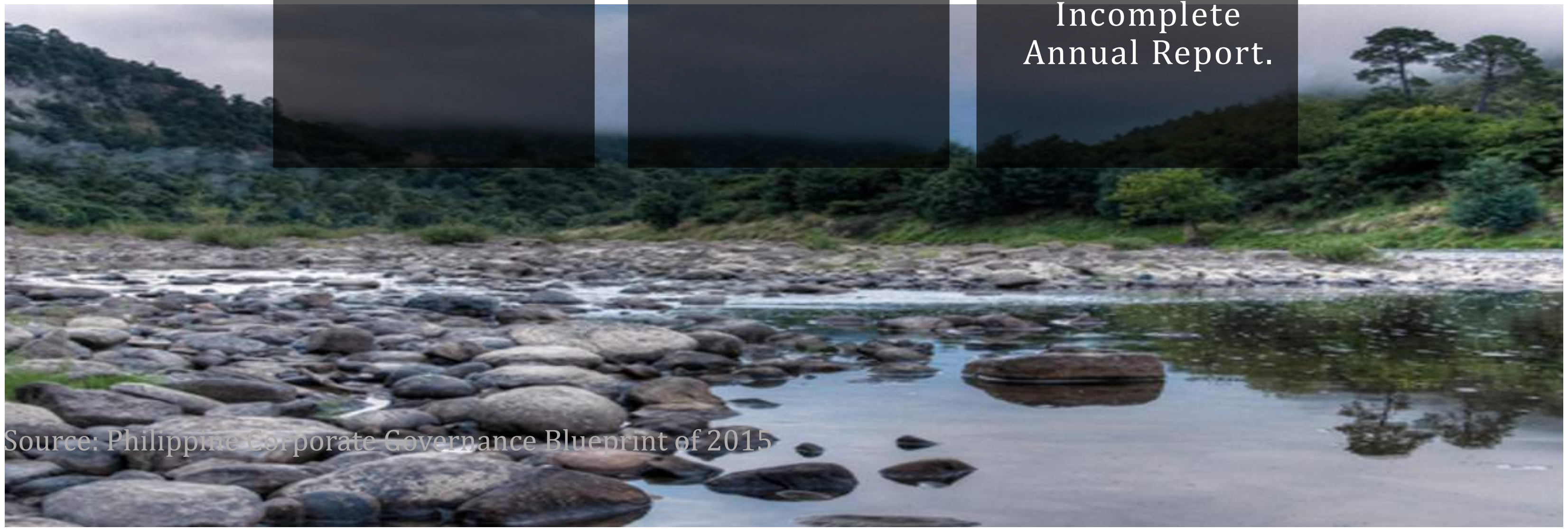
Source: Philippine Corporate Governance Blueprint of 2015

SEC Memorandum Circular No. 4, Series of 2019

I
SEC's Comply/ Explain Approach

II
Submission of the SR with the Annual Report (SEC Form 17-A).

III
Non-attachment of the SR to the Annual Report = Penalty for Incomplete Annual Report.



Source: Philippine Corporate Governance Blueprint of 2015

*Extension re submission of the first Sustainability Report to **30 JUNE 2020**, pursuant to **SEC MC No. 13, series of 2020.***

As of 30 June 2021, 246 out of 271 PLCs have submitted their SRs or 90.77%

ISAR Honours 2019 for the Issuance of the Sustainability Reporting Guidelines

UNITED NATIONS BODY HONORS SEC FOR INITIATIVE ON SUSTAINABILITY REPORTING AT ISAR HONOURS

Cambridge 3G Awards

3G Advocacy and Commitment to Corporate Governance Award 2021

4. Reporting Template and Materiality Assessment

Economic

- Impacts: Economic conditions of its stakeholders and on economic system *(local, national and global levels);*

Environment

- Impacts: Living and non-living natural systems *(land, air, water and ecosystems)*

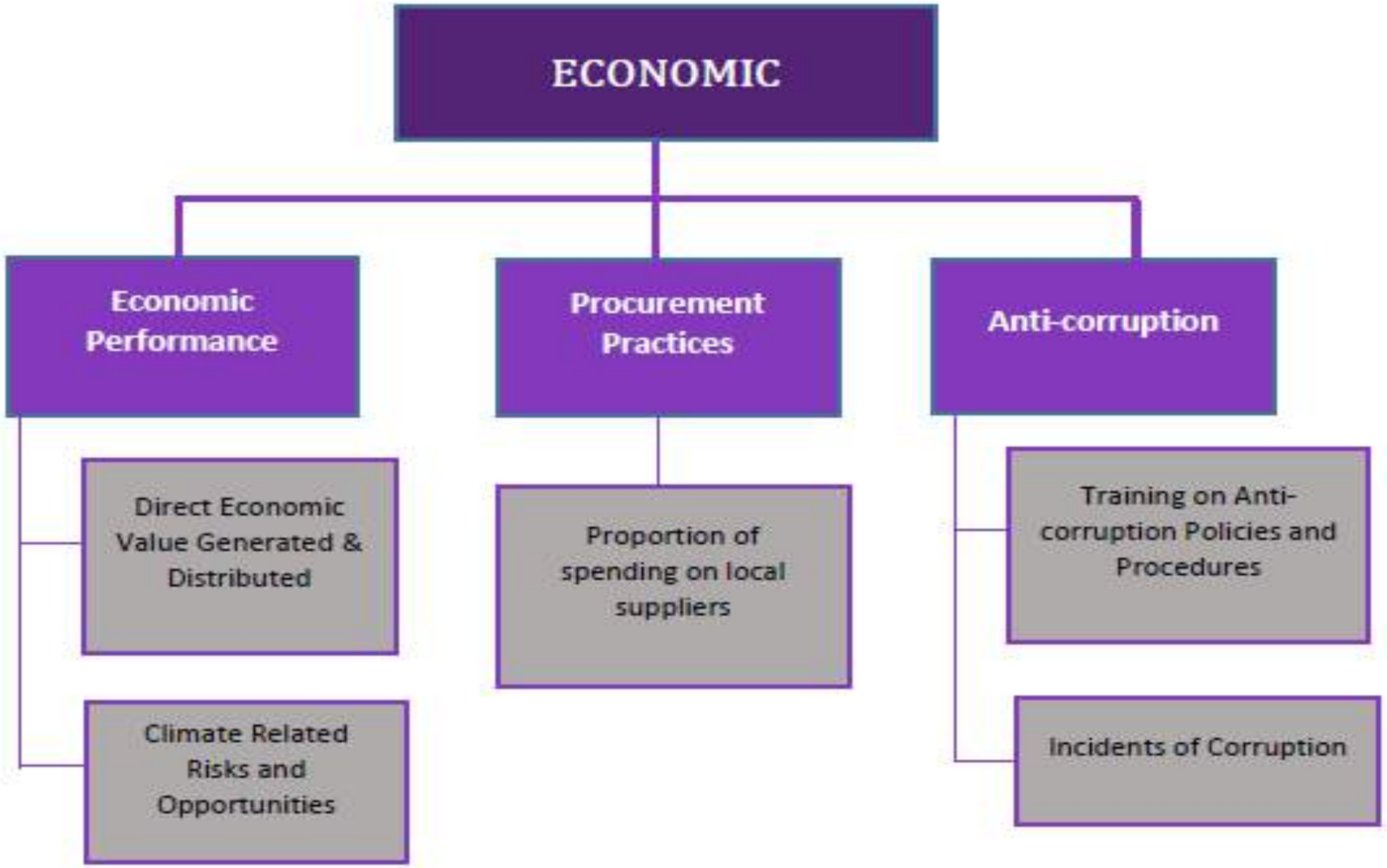
Social

- Impacts: Social systems in which the organization operates

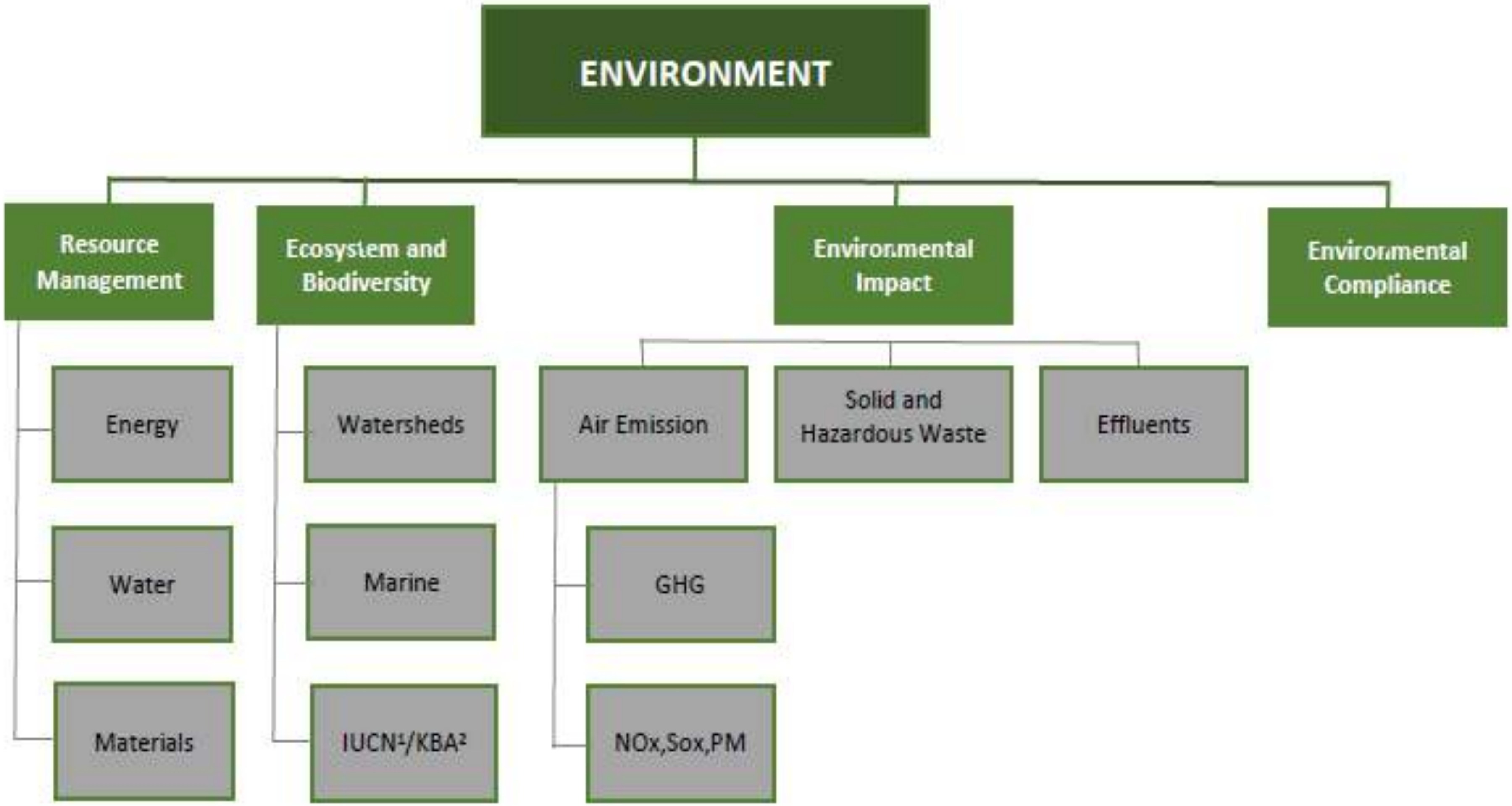
SDGs

- Key products and services that contribute to SDGs

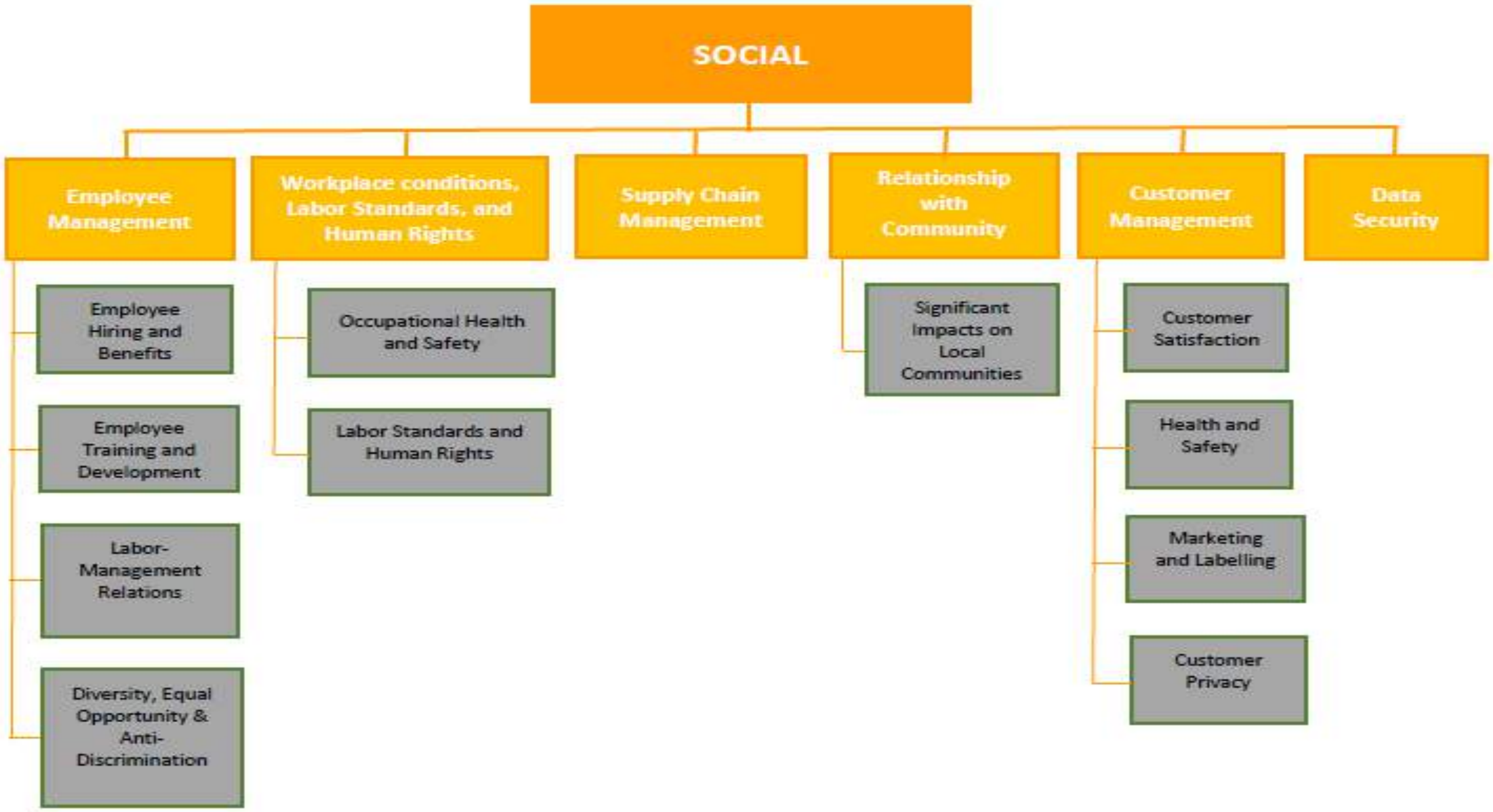
Economic Related Disclosure



Environment Related Disclosure

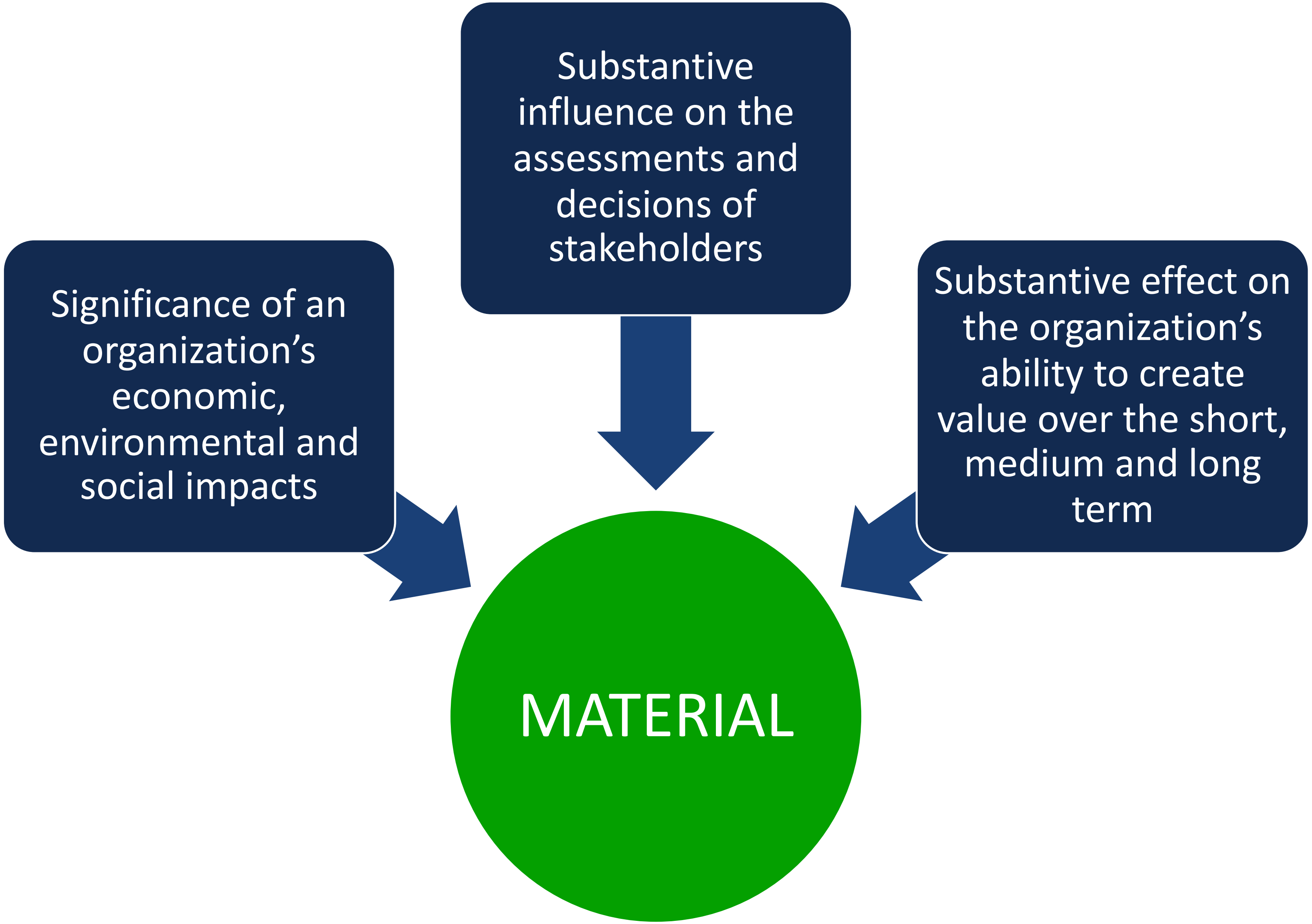


Social Related Disclosure

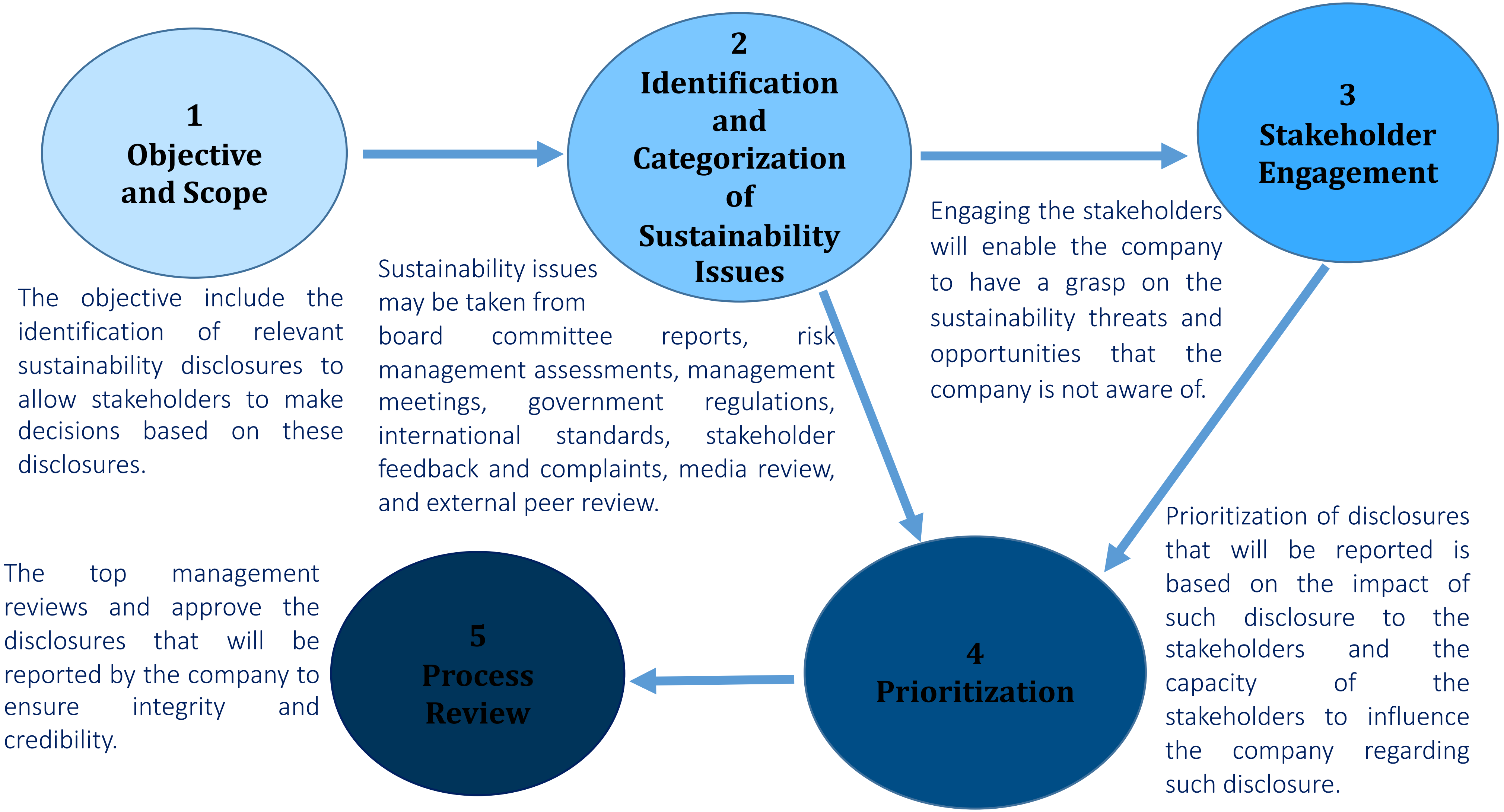



SUSTAINABLE DEVELOPMENT GOALS
1 NO POVERTY
2 ZERO HUNGER
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS
SUSTAINABLE DEVELOPMENT GOALS

Determining Materiality



Suggested Materiality Assessment Process



Source: Bursa Malaysia Sustainability Reporting Guide

SEC's Vision in Sustainability Reporting (2020 – 2023)

Short-Term Goals

- Make SR relevant and value-adding for PLCs
- Help PLCs identify, evaluate and manage EESG risks and opportunities
- Help PLCs optimize business operations, improve competitiveness and long term success
- Provide for a mechanism that would allow PLCs to communicate with its stakeholders, including investors
- Enable PLCs to measure and monitor its contributions towards achieving universal targets of sustainability

Source: PowerPoint Presentation of Comm. Kelvin Lee on Sustainability Reporting as Mandated by the SEC

SEC's Vision on Sustainability Reporting

Long-Term

Action	Status Quo	Plan
Adopt a mandatory approach to SR for PLCs	Status Quo: Comply or Explain Approach	By **2022**, SEC is looking to change the approach from *"Comply or Explain"* to *"Mandatory"*
Require all other types of corporations to submit their SR on a "comply or explain" basis	Status Quo: Only PLCs are required to submit SR	The plan is to methodically introduce the concept of SR to all types of corporations on a Comply or Explain approach
Adopt a mandatory approach to SR for all types of corporations	Status Quo: Only PLCs are required to submit SRs; SR adopts a Comply or Explain approach	To require submission of SR for all types of corporations; SR adopts a mandatory approach

- ✓ Strengthened partnership with PSE and other non-governmental organizations
- ✓ Attainment of the UN SDGs

Source: PowerPoint Presentation of Comm. Kelvin Lee on Sustainability Reporting as Mandated by the SEC

SEC's Action Plan

- Creation of a Technical Working Group
- Strict Monitoring of SR Submissions
- Strict Imposition of Penalty for Non-Submission of SR
- SR Workshops Conducted by the SEC
- Issuance of SEC Memorandum Circulars
- Coordination with Different Market Groups on Sustainability Reporting

Global Initiative to Develop Consensus-Based Standards

The European Commission

announced its Green Deal a set of policy initiatives and green investments to make Europe carbon-neutral by 2050.

The US Securities and Exchange Commission (SEC)

amended its business disclosure rules to enhance the focus on human capital disclosures

The International Organization of Securities Commissions (IOSCO)

established a board-level task force to harmonize the wide range of sustainability standards and disclosures

Voluntary framework- and standard-setters

commitment to work together and with other stakeholders towards building the more integrated, international corporate reporting system

The trustees of the IFRS Foundation,

agreed to consult on the Foundation broadening its mandate and including another standard-setter focused on sustainability issues under their umbrella.

Source: Measuring Stakeholder Capitalism Towards Common Metrics and Consistent Reporting of Sustainable Value Creation, White Paper, September 2020

SUSTAINABILITY IS EVERYONE'S RESPONSIBILITY.

Source: PowerPoint Presentation of Comm. Kelvin Lee on Sustainability Reporting as Mandated by the SEC

THANK YOU!

CONTACT US

facebook.com/PhilippineSEC

Link (Interim Online Registration System for OPCs and Corporations with 2-4 Incorporators:: https://www.sec.gov.ph/opc-and-2-4-registration/

Direct Link: https://apps004.sec.gov.ph:8001/application

8818-7264

www.sec.gov.ph

Secretariat Bldg., PICC Complex, Roxas Boulevard, Pasay City, 1307

Updates and Guidance on Sustainability Reporting for Philippine PLCs

Workshop Series

18 August 2021, 10:00am -12:00nn

Agenda

- Introduction to GRI
- ESG Reporting Guidelines and Sustainability Reporting in the Philippines
- Why Sustainability Reporting Matters
- Sustainability Reporting Tips and Tricks

Dr. Allinnettes Go Adigue
Head, ASEAN Regional Hub

Ma. Katreena Pillejera
GRI Country Manager - Philippines

About GRI

About GRI

- GRI is an **independent, international** organization providing the **global common language** for corporate transparency.
- We help businesses and other organizations understand and communicate their **sustainability impacts**.
- We deliver the **GRI Standards**, the world's most widely adopted sustainability reporting framework – which is **freely provided** as a **public good**.

Our Focus Areas

1. **Create** and maintain world-class sustainability disclosure standards

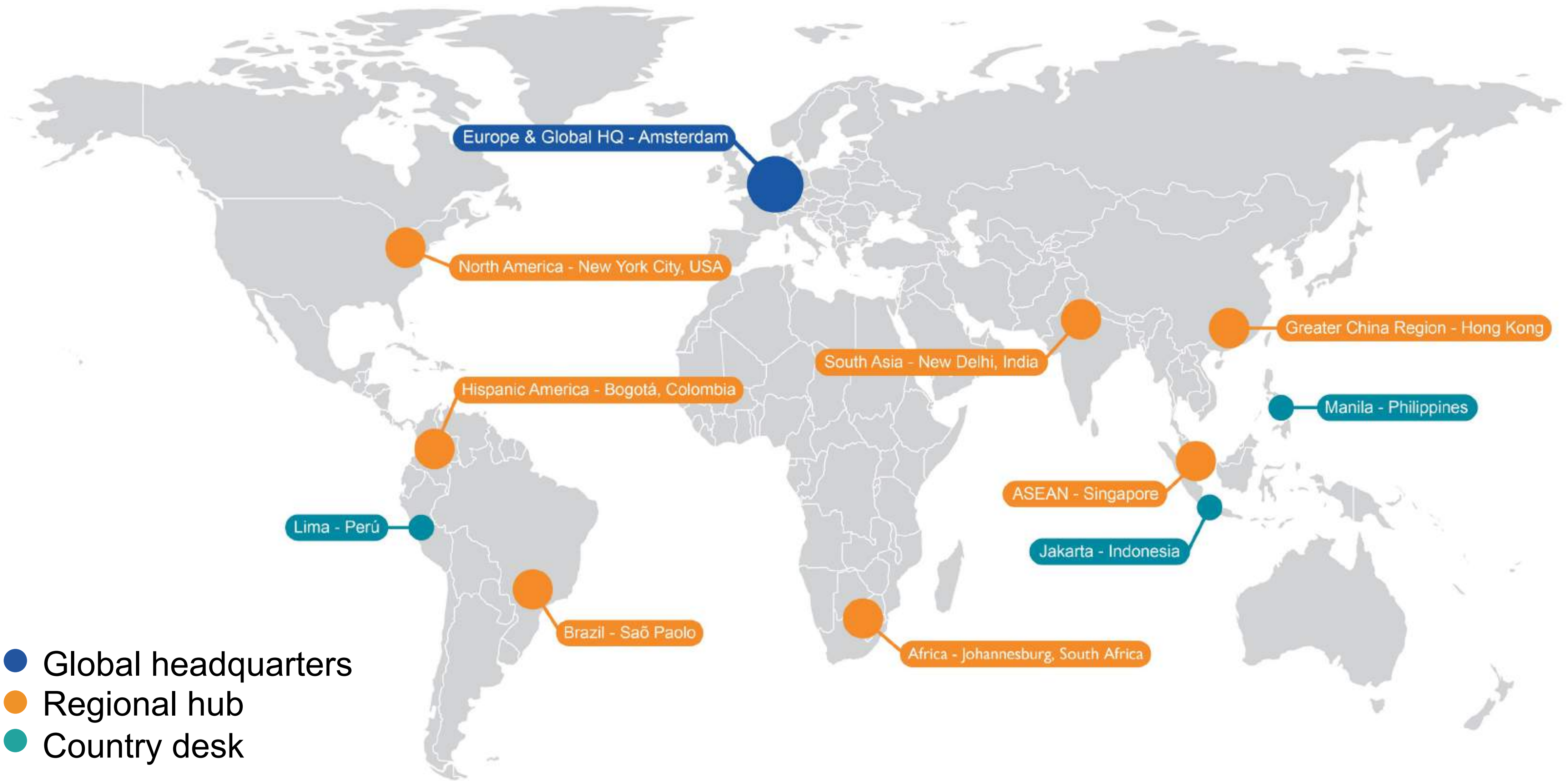
2. **Drive** global adoption of the GRI Standards

3. **Improve** the quality of reporting

4. **Support** full public access to sustainability disclosures

Where we are

Our secretariat is based in Amsterdam, with seven regional hubs providing a presence around the world



- Global headquarters
- Regional hub
- Country desk

Our impact

75%

of the **largest 250 companies** in the world reporting on sustainability use GRI.

90% SGX issuers

reference GRI

Around 450 organizations from **68 countries** active in the GRI Community

More than 100 training partners across **57 countries** offer GRI Certified Training Courses

Five in SG

13 across ASEAN

186,000

unique downloads of the GRI Standards in 2019, a **44% increase** on previous year

Asia downloads increased 41% from 2018

168

policies in **67 countries** and regions reference or require the GRI Standards SG, Malaysia, Indonesia, Philippines and Thailand all require sustainability disclosure

Working with companies to unlock the benefits of Sustainability Reporting

The hub supports ASEAN companies on their sustainability journey to improve ESG performance and transparency

- Build capability and promote adoption of GRI Standards
- Facilitate access to services
- Create opportunities for peer to peer knowledge exchange

Liaison with market regulators, governments, capital markets, civil society and other stakeholders

Sustainability Challenges in the Philippines

Sustainability-related policies and regulations in the PH

Securities Exchange Commission (SEC)

Sustainability Reporting Guidelines and Template

Banko Sentral ng Pilipinas (BSP)

Circ. No. 1085: Sustainable Finance Framework

Insurance Commission (IC)

Revised Code of Corporate Governance for IC-regulated companies (Principle 16)

Sustainability reporting in the Philippines

Key findings of KPMG Review

- The report reviewed 73 PLCs that submitted sustainability reports for the financial year ending Dec. 31, 2019.
- **First year of reporting focused more on compliance.** 64% out of the 73 companies used the SEC reporting template. However, more organizations will likely transition to stand-alone or integrated reports moving forward.
- Of the PLCs assessed, 40% released stand-alone sustainability reports, while 30% disclosed sustainability information as part of their Annual Reports. Only a small percentage released Integrated Reports, which included financial and non-financial disclosures.
- Most widely referenced or adopted sustainability reporting standard was the GRI Standards. Some companies also used other frameworks or standards such as SASB, IR and TCFD to disclose climate change or industry-specific material sustainability topics.
- Only 11% of the PLCs obtained independent external assurance
- 77% of the sustainability disclosures were linked to the SDGs, and 45 PLCs used the SDGs to inform their sustainability strategy, materiality assessment process and/or material sustainability issues. Occupational Health and Safety (OHS) was the most disclosed topic by PLCs, while the least discussed were environmental topics.
- 60% established the scope and boundary of their reports while only 52% disclosed their materiality assessment process.
- Only 32% disclosed having sustainability governance in place

https://www.bworldonline.com/sustainability-reporting-in-the-philippines-year-one-review/

U.N. climate change report sounds 'code red for humanity'

Catastrophic implications for ASEAN

- Southeast Asian nations are projected to suffer among the harshest effects of climate change, most of the region's countries' do not have carbon reduction strategies in place that will effectively mitigate the severity of the climate
- 19 of the 25 cities most exposed to a one-metre sea-level rise are in Asia, **7 in the Philippines alone**.
- **Manila could see 87% of its GDP affected** from typhoons and extreme flooding. Historical landmarks and popular tourist destinations such as Binondo, Intramuros, Malacanang Palace, and the Jose Rizal National Monument in Luneta Park could be **immersed in floodwater by 2030**.

City	Impacted area in km²	Impacted GDP (PPP) in US$ billion	Impacted population in millions
Bangkok	1512.94	512.28	10.45
Hong Kong	27.36	2.24	0.09
Tokyo	79.28	68.19	0.83
Jakarta	109.38	68.20	1.80
Seoul	16.52	4.69	0.13
Taipei	46.93	29.64	0.43
Manila	37.29	39.24	1.54

2030 projections for the impact of sea-level rise on seven major Asian cities. Source: Greenpeace

*15 million people in these seven cities will live in areas at risk from rising sea levels by 2030.

Southeast Asia facing calamitous weather extremes as 1.5°C global warming to hit by 2030s: IPCC report

The first major assessment from climate experts in nearly a decade predicts no end to rising temperatures before 2050 unless greenhouse gas emissions are slashed. Vulnerable Southeast Asia needs to mount stronger climate defences.

https://www.eco-business.com/news/southeast-asia-facing-calamitous-weather-extremes-as-15c-global-warming-to-hit-by-2030s-ipcc-report/
https://www.eco-business.com/news/rising-seas-could-cost-asias-biggest-cities-us724-billion-by-2030/

Climate Change Impacts

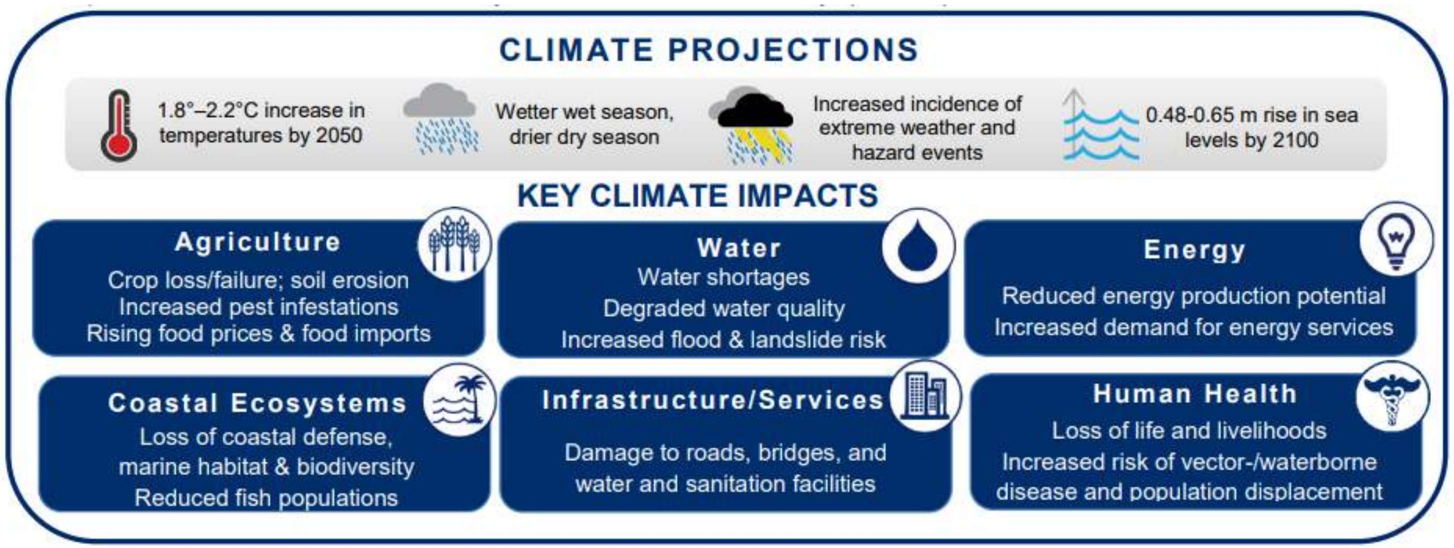
Philippines is the 3rd most vulnerable country to climate change

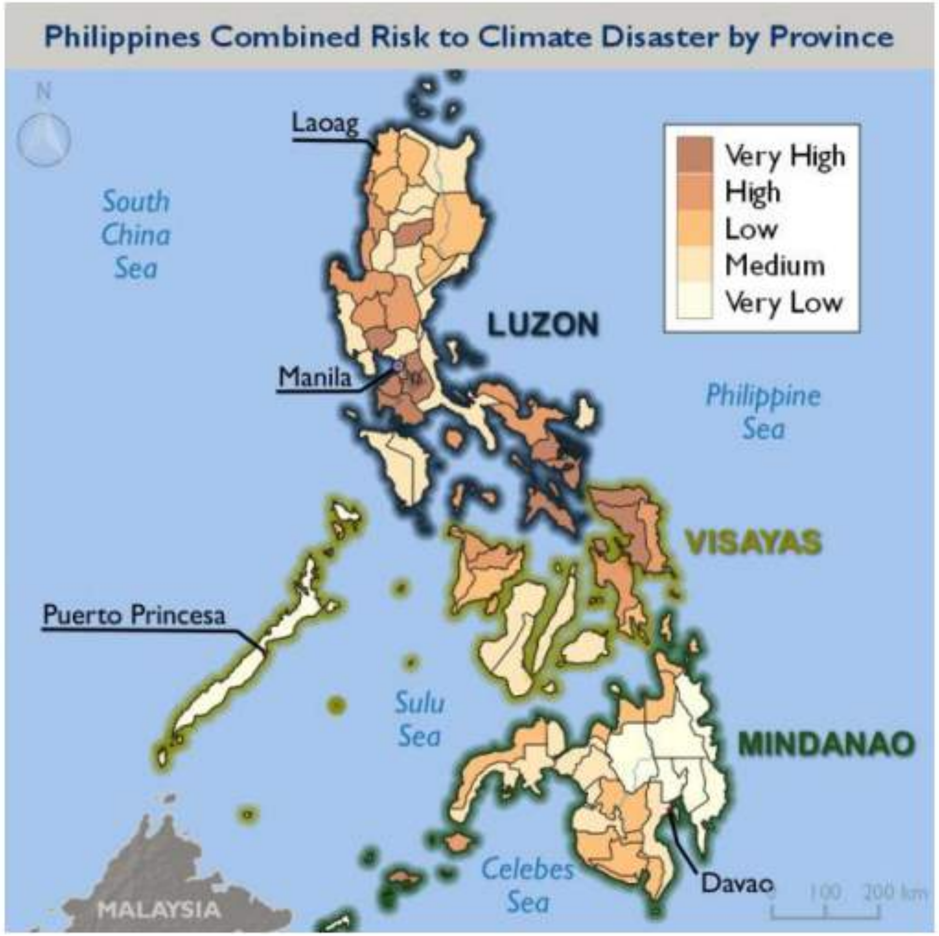
- Philippines to lose 6% GDP annually by 2100 if it disregards climate change risks
- Number of days with heavy rainfall (e.g., greater than 200 mm) is expected to increase with global warming by the year 2020 and 2050.
- Approximately 1 million hectares of grasslands highly vulnerable to climate change
- 98% of coral reefs in Southeast Asia will die by 2050
- Maximum fish catch potential of Philippine seas will decrease by as much as 50%
- Sea level rise is highest at 60 cms., about three times that of the global average of 19 centimeters. This puts at risk 60% of LGUs covering 64 coastal provinces, 822 coastal municipalities, 25 major coastal cities, and an estimated 13.6 million Filipinos that would need relocation.
- Higher temperatures trigger the surge of diseases such as dengue, malaria, cholera, and typhoid.

NICCDIES | Climate Change Impacts

Climate change risk profile

Philippines





The Philippines is highly vulnerable to the impacts of climate change due to its high exposure to natural hazards (cyclones, landslides, floods, droughts), dependence on climate sensitive natural resources, and vast coastlines where all major cities and the majority of the population reside.

https://www.climatelinks.org/sites/default/files/asset/document/2017_Climate%20Change%20Risk%20Profile_Philippines.pdf

Climate change risk profile

Philippines

Climate Stressors and Climate Risks AGRICULTURE

Stressors	Risks
Increased temperatures **Increased rainfall variability** **Increased frequency of extreme weather events** **Sea level rise**	Increased heat stress and reduced yields
	Increased pest infestations
	Increased frequency of crop and/or productivity loss from floods and droughts
	Failure of rainfed crops and increased need for irrigation
	Higher food prices and increased demand for imports
	Reduced soil and crop productivity through nutrient leaching, erosion and runoff
	Loss of arable land and irrigation water to salinity

Climate Stressors and Climate Risks WATER RESOURCES

Stressors	Risks
Increased temperatures **Increased incidence of drought and severe weather events** **Sea level rise**	Reduced river flows and water levels, reducing water quality and seasonal supplies
	Water shortages and disrupted provision of water supplies
	Increased incidence of floods and landslides, degrading watershed health and reducing water quality
	Increased sedimentation of reservoirs from runoff and erosion
	Saltwater intrusion of freshwater coastal aquifers

Climate Stressors and Climate Risks COASTAL ECOSYSTEMS

Stressors	Risks
Increased sea surface temperatures **Ocean acidification** **Increased severe weather events; storm surges** **Sea level rise**	Increased coral bleaching and collapse of coral reefs from ocean acidification and runoff
	Loss of reef, seagrass and mangrove habitat, which supports fisheries, reduces coastal erosion and supports water quality
	Increased coastal flooding and loss of land due to erosion
	Temperature-induced shifts in adult fish distributions and reproduction cycles; decreased fish stocks; loss of livelihoods

Climate Stressors and Climate Risks ENERGY

Stressors	Risks
Increased temperatures **Increased incidence of drought and severe weather events**	Reduced hydropower production
	Damage to energy infrastructure; disruption to services
	Increased incidence of power outages and resultant economic losses
	Increased demand for energy services, particularly cooling

Climate Stressors and Climate Risks URBAN INFRASTRUCTURE/SERVICES

Stressors	Risks
Increased temperatures **Severe weather events** **Sea level rise**	Damage to urban infrastructure, including roads and bridges
	Damage to water and sanitation facilities, increasing health risks
	Coastal inundation and storm surges, leading to infrastructure damage and forced migration

Climate Stressors and Climate Risks HUMAN HEALTH

Stressors	Risks
Increased temperatures **Increased frequency of severe weather events, flooding and landslides** **Sea level rise**	Increased risk of vector- and waterborne diseases such as malaria, dengue and diarrhea
	Increased disaster risk to communities and livelihoods, such as loss of life and reduced access to health care systems.
	Increased risk of food insecurity and malnutrition and reduced maternal and child health
	Forced migration and relocation from high-risk areas

https://www.climatelinks.org/sites/default/files/asset/document/2017_Climate%20Change%20Risk%20Profile_Philippines.pdf

Why Sustainability Reporting Matters

Why does reporting (still) matters?

The role of sustainability reporting in advancing the SDGs

Tracking progress will be key to the success of the SDGs

Governments are demanding more data from business

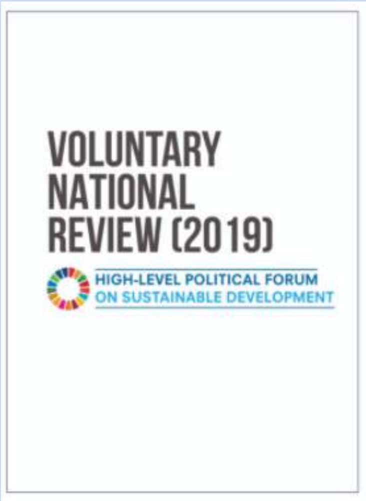
BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 1085

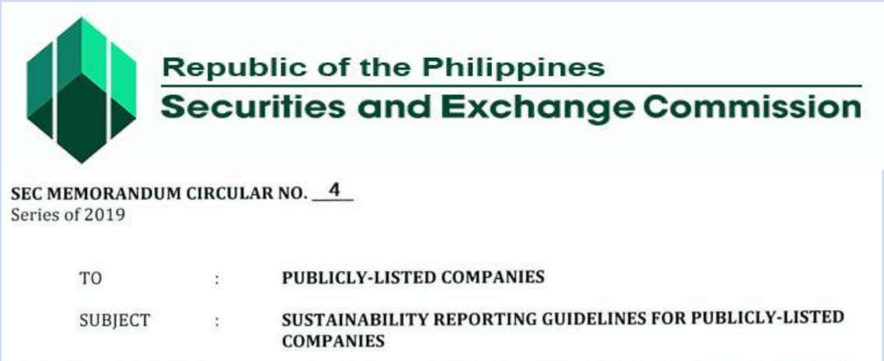
Series of 2020

Subject : Sustainable Finance Framework



VOLUNTARY NATIONAL REVIEW (2019)

HIGH-LEVEL POLITICAL FORUM ON SUSTAINABLE DEVELOPMENT



Republic of the Philippines

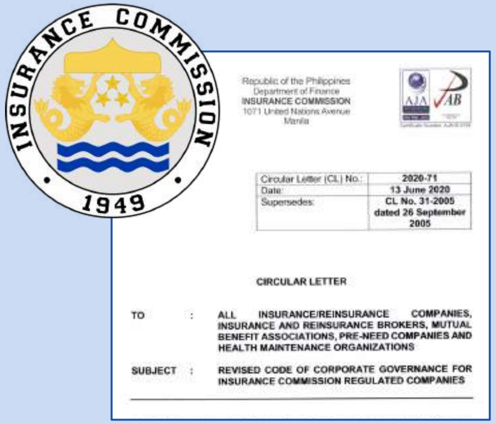
Securities and Exchange Commission

SEC MEMORANDUM CIRCULAR NO. 4

Series of 2019

TO : PUBLICLY-LISTED COMPANIES

SUBJECT : SUSTAINABILITY REPORTING GUIDELINES FOR PUBLICLY-LISTED COMPANIES



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila

Circular Letter (CL) No.:	2020-71
Date:	13 June 2020
Supersedes:	CL No. 31-2005 dated 26 September 2005

CIRCULAR LETTER

TO : ALL INSURANCE/REINSURANCE COMPANIES, INSURANCE AND REINSURANCE BROKERS, MUTUAL BENEFIT ASSOCIATIONS, PRE-NEED COMPANIES AND HEALTH MAINTENANCE ORGANIZATIONS

SUBJECT : REVISED CODE OF CORPORATE GOVERNANCE FOR INSURANCE COMMISSION REGULATED COMPANIES

Insurance Commission (IC)
Revised Code of Corporate Governance for IC-regulated companies (Principle 16)

1. Corporate contribution to the SDGs

Main themes: humankind, planet, prosperity, peace and partnership

The SDG Challenge:

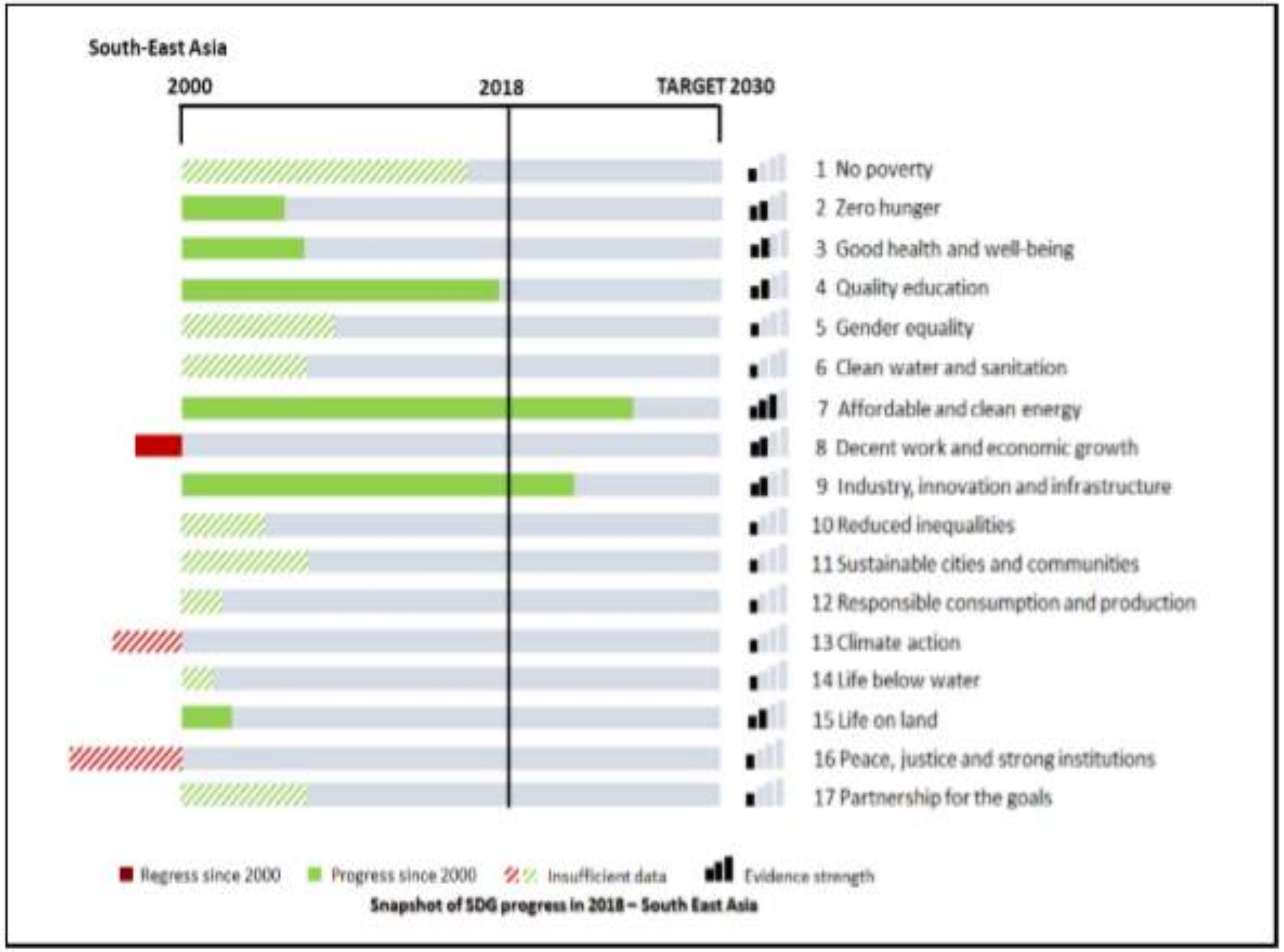
1) Can business and governments take action? How?
2) How can business and governments track their progress in advancing the SDGs?

- The initial concept of sustainable development was introduced in 1972 as a vision recognizing the **interconnectedness of social, economic, and environmental issues.**
- Set up the SDGs is a set of **17 goals and 169 targets** adopted in 2015, by world leaders at the UN to end poverty, fight inequality and tackle climate change **by 2030**.
- The SDGs **call for action by ALL countries and stakeholders**
- Governments take ownership and establish national frameworks to achieve the SDGs.
- Business, civil society and others are expected to contribute to meeting the SDGs

United Nations Sustainable Development Goals (SDGs)

SDGs Progress in ASEAN

- The SDGs is global aspirational roadmap towards achieving a sustainable future for all which “requires a **solid framework of indicators and statistical data** to monitor progress, inform policy, and ensure accountability of all stakeholders.”
- Many ASEAN countries do not have adequate financing mechanisms, and few have examined the financial implications to ensure effective implementation of the SDGs
- To effectively monitor progress, the quantity and the quality of the SDG indicators currently generated in the region may need to be increased, further refined and improved with granularity.



UNESCAP (2019), Asia and Pacific SDG Progress Report 2019

https://asean.org/storage/2012/05/Report-on-Promoting-Sustainable-Finance-in-ASEAN-for-AFCDM-AFMGM.pd
fhttps://asean.org/storage/2020/10/ASEAN-SDG-Indicator-Baseline-Report-2020.pdf

2. As a tool for better risk management

Capital markets, regulators and shareholders are showing greater interest in understanding how companies are managing and responding to sustainability risks

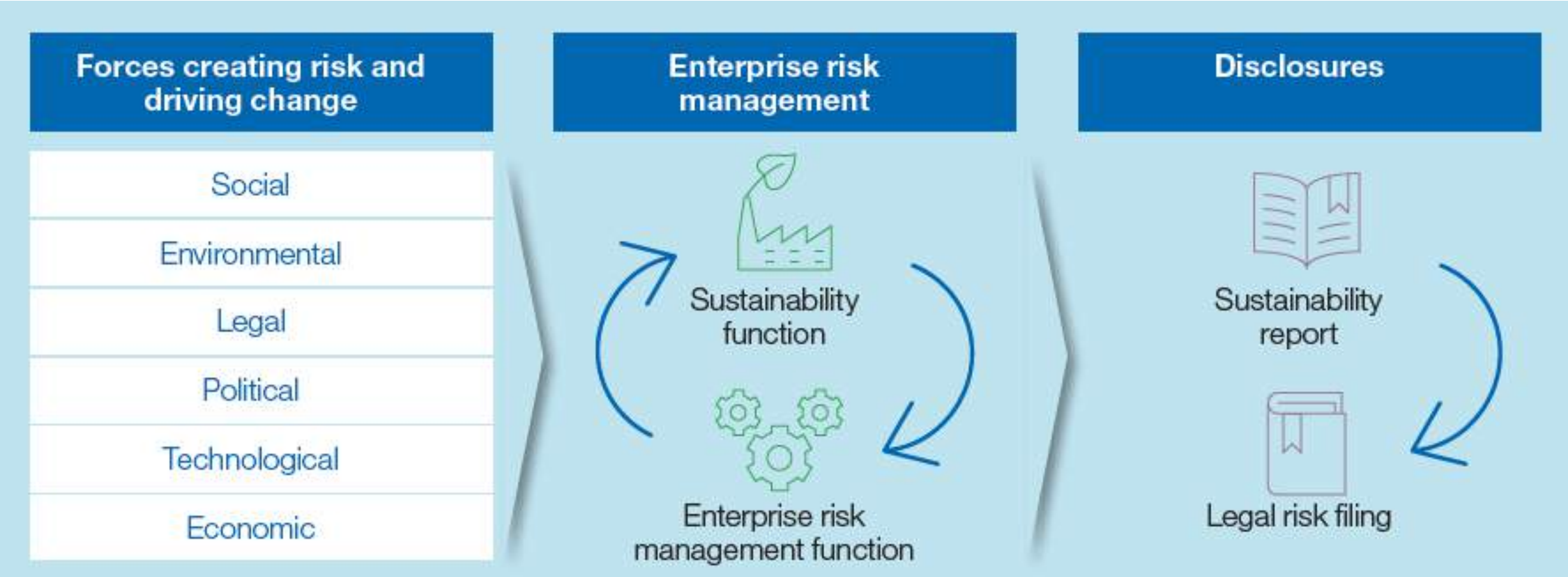
However, research shows that sustainability risks are not being managed or disclosed effectively:

1.Sustainability risks disclosed in company sustainability reports and legal filings are not aligned.
2. A survey of sustainability practitioners and risk management professionals revealed challenges in integrating sustainability into mainstream risk management.
3. There are historical examples of consequences from companies failing to integrate sustainability risks.

What is a sustainability risk?
A sustainability risk is an **uncertain social or environmental event or condition** that, if it occurs, **can cause a significant negative impact on the company.** It includes the opportunities that may be available to an organization because of changing social or environmental factors.

https://docs.wbcsd.org/2017/01/WBCSD_Risk_Publication_2016.pdf

2. As a tool for better risk management



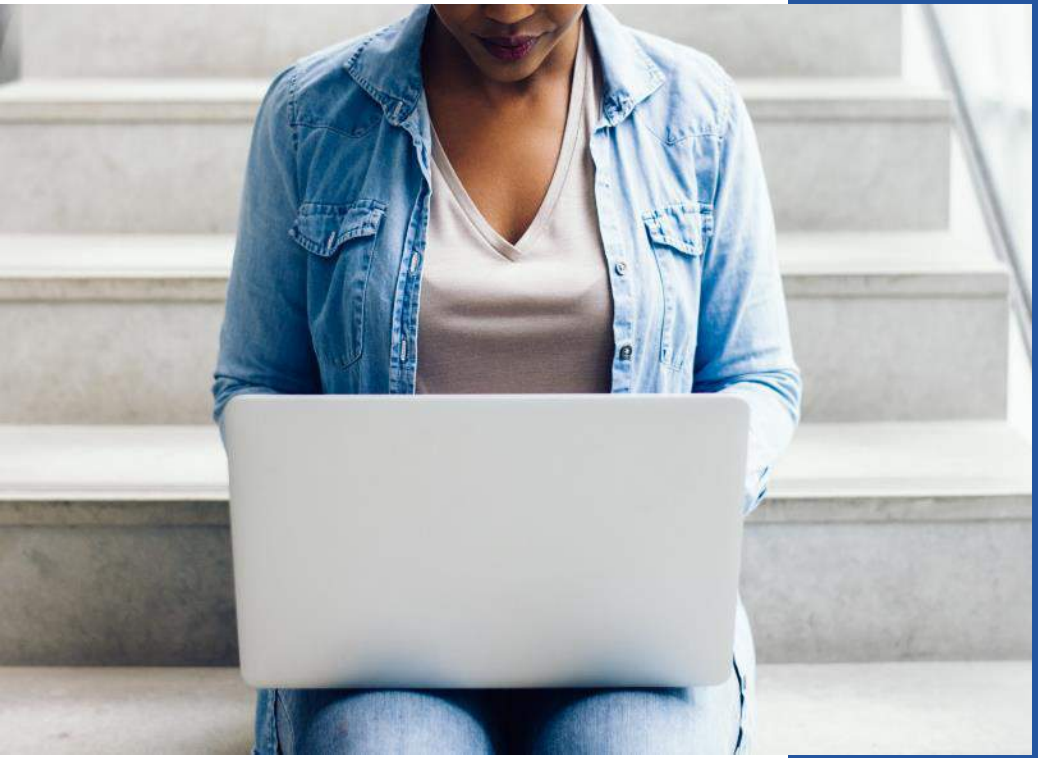
- The ERM function collaborates with other business functions to identify and respond to external forces that may impact the business.
- Risks are disclosed to investors and other interested stakeholders in a company's legal risk filings, annual report and sustainability reports

https://docs.wbcsd.org/2017/01/WBCSD_Risk_Publication_2016.pdf

Actors in the Sustainability Reporting Ecosystem

Principles and framework reference	PRI Principles for Responsible Investment; Sustainable Development Goals; PSI Principles for Sustainable Insurance; UNEP Finance Initiative – Principles for Responsible Banking; UN Global Compact; OECD Guidelines for Multinational Enterprises; GRI
Standards and report frameworks	See next slide
Reporting organizations	Large companies; SMEs; State entities and state-owned Corporations; Others (universities, NGOs, etc.)
Auditors and verifiers	KPMG; pwc; EY; Deloitte.
Data aggregators	Bloomberg; Sustainalytics; RobecoSAM Sustainability Investing; MSCI
Sustainability indices	Dow Jones Sustainability Indexes; FTSE4Good; S&P Global; MSCI; Refinitiv
Distinctions and certifications	Certified B Corporation; Great Place To Work.; ESR Empresa Socialmente Responsable
Information users	Investorx; Clients and users; Business partners or allied corporations; Public entities; Others

Disclaimer: the logos are examples do not imply sponsorship or endorsement



Sustainability Reporting Tips and Tricks

Sustainability Reporting

"You can only improve what you measure"
Tom Peters

Sustainability reporting is an organization's practice of reporting publicly on its **economic, environmental, and/or social impacts,** and hence its contributions – positive or negative – **towards the goal of sustainable development.**

- Assists in goal setting, measuring performance, managing change
- Includes the company´s most significant impacts
- Makes abstract issues tangible and concrete
- Helps companies develop sustainability related strategies and continuous improvement activities
- Is stakeholder-focused
- Is a journey

*The practice of disclosing sustainability information **inspires accountability**, helps identify and manage **risks**, and enables organizations to seize **new opportunities.***

Measuring and Communicating Sustainability

SEC Sustainability Reporting Guidelines and Template

The Guidelines are built upon the following reporting standards/frameworks and recommendations:

Overall sustainability reporting framework:

OUR COMPANY is a Sustainable Business	We conduct our businesses in an ETHICAL and RESPONSIBLE manner	Corporate Governance
	We manage our KEY IMPACTS	Economic Environmental Social
	Our products and services create VALUE TO SOCIETY	Contribution to Sustainable Development

Revisiting Sustainability Reporting Process

1. Preparations and Process Kick-off
2. Stakeholder Engagement
3. Materiality Analysis
4. Data Collection, Review and Analysis
5. Report Content Development
6. Communications and Branding

__DISCLAIMER__: What we describe here are most common activities, based on reporters' experience. It is not part of the GRI Sustainability Reporting Standards (GRI Standards), therefore it should be considered as suggestion and not as a requirement to produce a report in line with the GRI Standards.

Tips and Tricks: Stakeholder Engagement

1 **You cannot start early enough** – plan the process and decide on the content needed on time

2 Choose **small scale engagement** activities and **simple survey** formats to secure positive and high quality feedback

3 Identify **stakeholder touchpoints** to gather consolidated results and existing inferences

Stakeholder Engagement Process

Gap Assessment and Method Selection

- Assess current practices in the organization and available channels of engagement
- Review available best practices of peers regarding stakeholder engagement
- Develop ad-hoc engagement activities implemented specifically for the purposes of the sustainability report

Stakeholder Mapping

- Identify your relevant internal and external stakeholder groups (customers, tenants, employees, etc.)

Prioritization, Profiling, and Planning

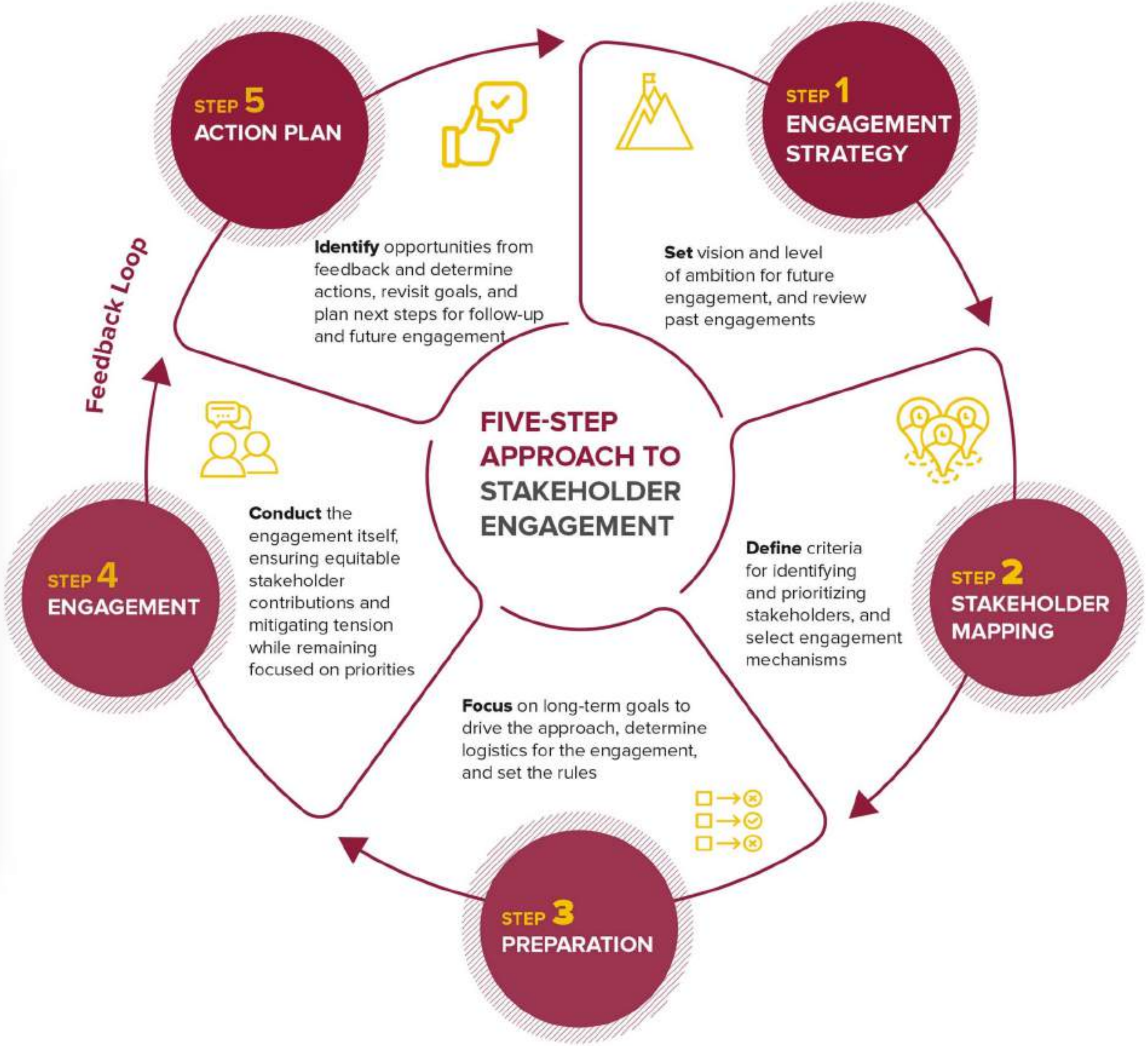
- Define prioritization criteria (how many to interview, from where, gender, age, tenure)
- Identify specific people to contact (direct or touchpoint)
- Plan when and how to conduct the interview
- Plan what to ask (backbone: concerns, frequency and channel of engagement)

Information Gathering and Synthesis

- Document the process
- Share the results with internal functions, including management, also to assess any of the organizational actions needed and how to revert to the stakeholders

__DISCLAIMER__: What we describe here are most common activities, based on reporters' experience . It is not part of the GRI Sustainability Reporting Standards (GRI Standards), therefore it should be considered as suggestion and not as a requirement to produce a report in line with the GRI Standards.

Five-step Approach to Stakeholder Engagement



New edition written by Alison Taylor and Charlotte Canchilhon, 2019.
BSR's Five-Step Approach to Stakeholder Approach by Jonathan Morris and Farid Baddache, 2011.

Stakeholder Engagement and Reporting

Methods of engagement

Interviews

- Build personal connection
- Allows for concrete input
- Significant resource implication

Focus Groups, Webinars

- Build trust and capacity
- Easy to confirm feedback
- Input can be more superficial
- Roadshows & dialogues
- Practical considerations and constraints

Surveys

- Reach broader audience
- Quick way to generate feedback
- Need to ensure questions are straightforward
- Utilise existing surveys, complaint management processes
- Lower percentage of responses

Digital tools help organizations develop more meaningful connections with stakeholders

Case Study: Stakeholder Engagement

GRI

Stakeholder Identification and Engagement

[102-21, 102-29, 102-40, 102-42,102-43, 102-44]

Stakeholders, both internal and external. Integrity, fairness and trustworthiness are essential attributes that the Company espouses to enable it to develop new and enhance existing relationships. Partnerships are key to Vivant as the creation of long term and sustainable value are essentially reliant on the cooperation, mutual understanding and shared goals between the Company and its stakeholders.

Given this, Vivant employs formal and informal avenues in engaging its stakeholders with the objective of identifying and understanding their needs to enable it to adapt and come up with better solutions.

Disclosure 102-43: Approach to stakeholder engagement

Disclosure 102-42: Identifying and selecting stakeholders

Disclosure 102-40: List of stakeholder groups

Disclosure 102-44: Key topics and concerns raised

Despite the challenges met in 2020 brought about by the pandemic, Vivant exerted all efforts in ensuring engagement strategies for each key stakeholder were implemented.

Our Shareholders and Investors

Availability of pertinent information for the investing public

Use of various channels, including but not limited to regulatory-based reporting, to ensure timely dissemination

What concerned them in 2020?

- Company strategy and growth
- Business prospects amidst macroeconomic and socio-political landscape
- Corporate governance
- Financial performance

2020 Initiatives

- Virtual annual stockholders meeting
- Website
- PSE and SEC disclosures
- Press releases / media coverage

Our Business Partners

Conduct business professionally

Maximize value creation by considering core competencies of each partnership

Conduct of extensive due diligence prior to establishing new partnerships

What concerned them in 2020?

- Value contribution of Vivant
- Management and succession
- Work relationships
- Governance
- Financial capability and performance
- Reputation
- Professionalism and work ethic

2020 Initiatives

- Virtual meetings (Board, Management, Executive levels)
- Virtual strategic planning sessions
- Project team / committee meetings
- Regular coordination meetings
- Press releases / media coverage

Our Creditors and Banking Partners

Maintain good relations with reliable, responsible and financially sound banks

Maintain integrity, transparency and reliability with the timely dissemination of relevant and accurate information to partner banks

What concerned them in 2020?

- Credit risk
- Financial performance (profitability and liquidity)
- Business and industry outlook
- Heavy reliance on conventional power technology
- Potential high regulatory risk exposure due to highly regulated businesses
- Collection risk for its investee companies

Tips and Tricks: Materiality Process

1 Have a **dedicated team** for the sustainability report and initiatives, and secure support and directive from **top management** to establish a **top-down approach**

2 Align **sustainability** goals with the **business strategy** and focus on the **benefits.**

3 Have a **continuous dialogue** with the **stakeholders and learn about their expectations**

4 Review current material topics and analyse new sustainability **requirements/frameworks** through the available tools

The report shall cover topics that…

- Reflect the reporting organization's significant economic, environmental, and social impacts;

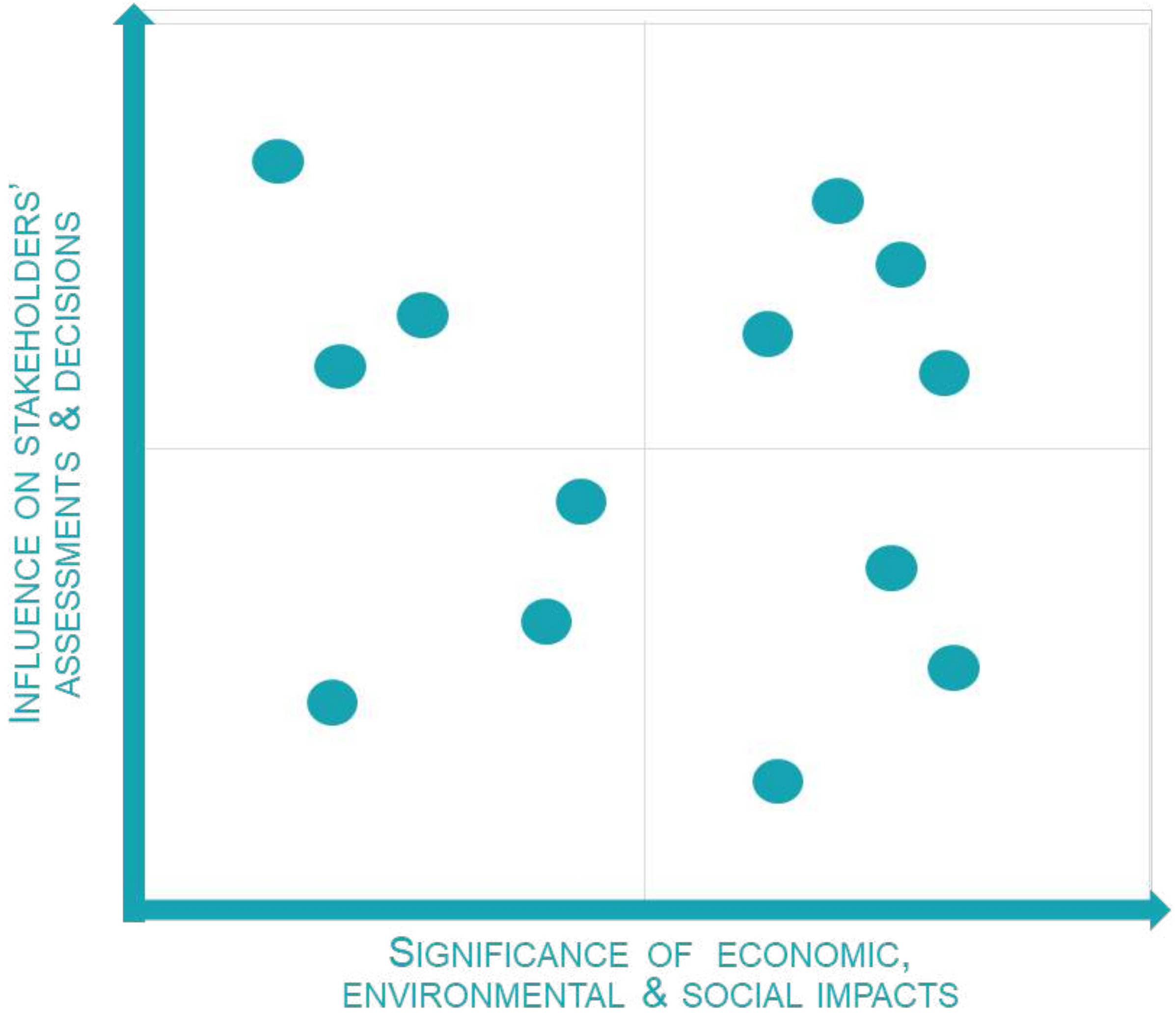
OR

- Substantively influence the assessments and decisions of stakeholders.

Putting into action:

Step 1: Identify initial topics that are important to your organization

Step 2: Plot the topics in the materiality matrix according to significance of EES impacts and influence on stakeholders



The GRI Sustainability Reporting Standards

Topic-Specific Standards

- 201 Economic Performance
- 202 Market Presence
- 203 Indirect Economic Impacts
- 204 Procurement Practices
- 205 Anti-corruption
- 206 Anti-competitive Behavior
- **207 Tax**

- 301 Materials
- 302 Energy
- **303 Water and Effluents**
- 304 Biodiversity
- 305 Emissions
- **306 Waste**
- 307 Environmental Compliance
- 308 Supplier Environmental Assessment

- 401 Employment
- 402 Labor/Management Relations
- **403 Occupational Health and Safety**
- 404 Training and Education
- 405 Diversity and Equal Opportunity
- 406 Non-discrimination
- 407 Freedom of Association and Collective Bargaining
- 408 Child Labor
- 409 Forced or Compulsory Labor
- 410 Security Practices
- 411 Rights of Indigenous Peoples
- 412 Human Rights Assessment
- 413 Local Communities
- 414 Supplier Social Assessment
- 415 Public Policy
- 416 Customer Health and Safety
- 417 Marketing and Labeling
- 418 Customer Privacy
- 419 Socioeconomic Compliance

Tests for Materiality

For your consideration

- **The core competencies of the organization** and the manner in which they can contribute to sustainable development
- Key organizational values, policies, strategies, operational management systems, goals, and targets
- Laws, regulations, international agreements, or voluntary agreements of strategic significance to the organization and its stakeholders
- The **interests and expectations of stakeholders** specifically invested in the organization, such as employees and shareholders
- Broader **economic, social, and/or environmental interests and topics raised by stakeholders** such as workers who are not employees, suppliers, local communities, vulnerable groups, and civil society
- The main topics and **future challenges** for a sector, as identified by peers and competitors
- Reasonably estimable economic, environmental, and/or social impacts (such as climate change, HIV-AIDS, or poverty) identified through sound investigation by people with recognized expertise, or by expert bodies with recognized credentials
- **Consequences for the organization** which are related to its impacts on the economy, the environment, and/or society (for example, risks to its business model or reputation)

GRI 101: Foundation 2016

Tips and Tricks: Data Collection, Review and Analysis

1. Identify specific data managers for the established metrics and disclosures. Key people shall be involved in the process from the beginning
2. Identify the main consolidator to oversee the data completeness and organization
3. Establish or invest in a data management system where data submissions can be centralized, automated, and updated through time
4. Quality data submission accomplishment could also be tied up with company Key Performance Indices

Tracking Sustainability Journey requires consistent KPIs

"You can only improve what you measure"

Tom Peters

In the NUS Report on SGX Sustainability Reporting Progress and Challenges (2019)

Out of **495 companies*** that submitted their sustainability reports

96%

Disclosed performance data

25%

Linked targets with business strategy

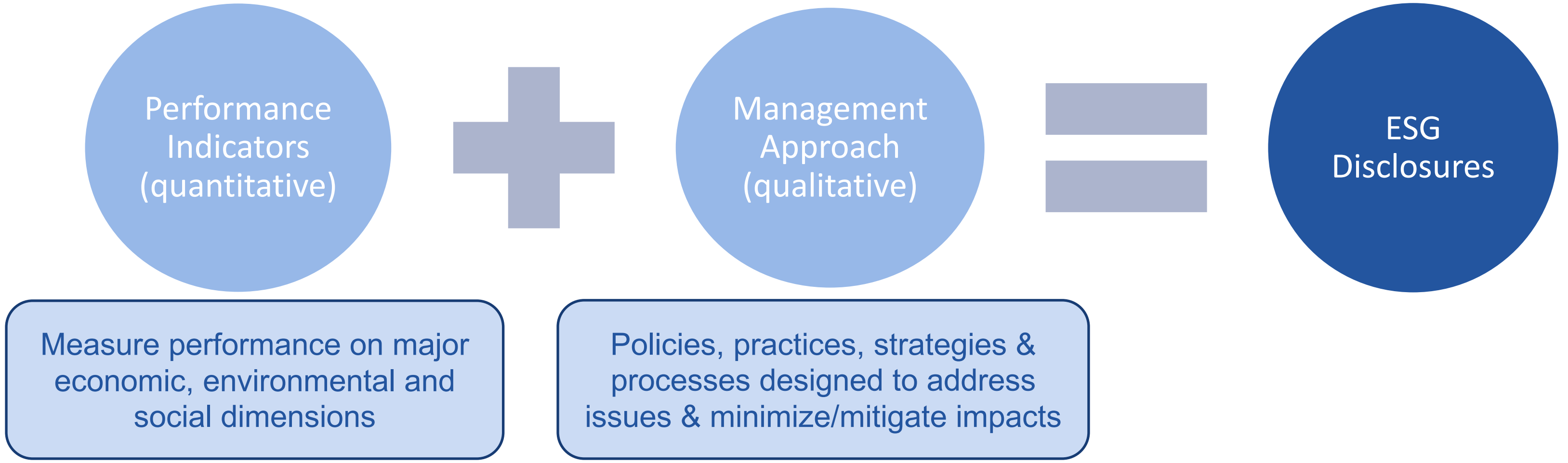
*About 80% of the 495 listed issuers are first-time reporters

- Sustainability KPIs should be included in performance measurement system. *(NUS SGX Sustainability Reporting Progress and Challenges, 2019)*
- the high rate of inclusion of sustainability data in annual reporting is driven by **regulatory and investor requirements for more reliable and detailed disclosures**, as such climate-related disclosures (TCFD) are also required by the stock exchanges. *(The Time has Come, KPMG 2020)*
- …specific and measurable key performance indicators (KPIs) for all material issues to **increase comparability and provide accountability**…. provides context to performance trends so that **they can be monitored and improved on** as required. *(Reporting matters: Maintaining ambition amidst disruption, WBCSD 2020 Report)*
- performance disclosures given are those that are **most relevant to shareholders**…. focus on those measures of performance that are **most relevant to their long-term prospects and business value**…*(A practical guide to the strategic report, KPMG 2014)*

Develop and report specific and measurable KPIs for all material issues for comparability and accountability

What should Boards take note of?

- Disclose **KPIs for all material issues** with a range of indicator types (input, output, process, outcome, context);
- Present data and metrics in a visual way with **at least three years of past performance data to demonstrate trends**;
- Accompany the data with **clear narrative on performance trends**, including areas of poor performance;
- Include a **breakdown of data by region or division** where appropriate; and
- Combine quantitative metrics with narrative to provide context on performance trends:



> "Companies are not expected to achieve all their sustainability goals tomorrow. Some necessarily take time. What is expected is **long-term commitment and conviction, honest reporting and steady progress**."
>
> **Board Agenda (2019)**

https://boardagenda.com/2019/01/03/sustainability-imperative/

Reporting matters :Maintaining ambition amidst disruption, WBCSD 2020 Report

Set KPIs on material issues with a range of indicators

Sustainability framework supported by specific targets, performance and trends

GRI

Environmental Stewardship
- Climate Action
- Environmental Management

Responsible Business
- Economic Sustainability
- Corporate Governance & Risk Management
- Supply Chain & Responsible Procurement
- Product Quality & Safety

People and Community
- Occupational Safety & Health
- Labour Practices, Talent Management & Human Rights
- Community Development

PERFORMANCE OVERVIEW
GRI 103-2 | 103-3

2019 TARGETS
- Achieve a 28.8% reduction in carbon emissions intensity by 2030 from 2010 levels, in addition to the target of a 16% improvement in carbon emissions intensity from 2020 business-as-usual levels.
- Increase the generation and usage of renewable energy in our operations.
- Review climate change risks and refine climate change strategy.

2019 PERFORMANCE
- Achieved a 30.1% average reduction in carbon emissions intensity from our 2010 baseline.
- Keppel Offshore & Marine installed 21,000 solar panels with a peak capacity of 8.8 MW at its yards in 2019 to offset its energy demand.
- Keppel Bay Tower is the first commercial development in Singapore to utilise renewable energy to power all its operations, including the offices of tenants in the building.
- Refined the Group's environmental sustainability strategy, which incorporates climate change risks and opportunities.

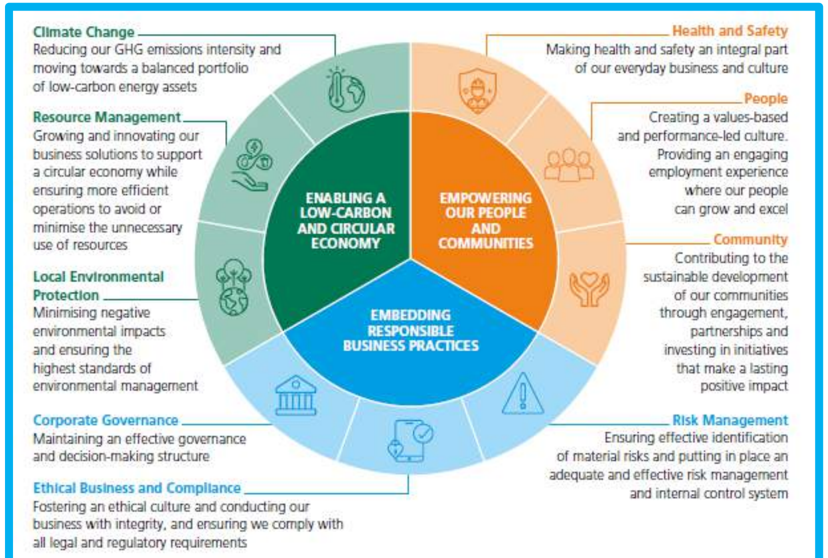
2020 TARGETS
- Achieve a 16% improvement in carbon emissions intensity from 2020 business-as-usual levels.

LONGER TERM TARGETS
- Achieve a 28.8% reduction in carbon emissions intensity by 2030 from 2010 levels.
- Achieve a 10% reduction in waste intensity by 2030 from 2019 levels.
- Achieve a 20% reduction in water consumption intensity by 2030 from 2019 levels.
- Grow portfolio of renewable energy to 7 GW by 2030.

TOPICS
- Management systems
- Sustainable design
- Energy efficiency
- Carbon emissions
- Renewable energy
- Water, waste and effluent management
- Compliance

SDGs
- 3 GOOD HEALTH AND WELL-BEING
- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION

Keppel Sustainability Reporting 2019



Key Performance Indicators

	2019	2018	2017
Environmental			
Climate Change			
Direct GHG emissions[1] (Scope 1) *(million tCO_2e)*	**26.0**	23.6	22.2
GHG emissions intensity[1] *(tCO_2e/MWh)*	**0.54**	0.55	0.54
Renewable energy generation capacity *(MW)*	**2,601**	2,569[r]	2,181[r]
Resource Management			
Water withdrawal[2] *(million m^3)*	**1,971.3**	1,856.2	1,856.4
Net water consumption[3] *(million m^3)*	**46.1**	54.3	49.3
Water discharge[2] *(million m^3)*	**1,925.3**	1,801.9	1,807.1
Waste generated[4] *(thousand tonnes)*	**1,894.3**	1,713.3	1,452.7[e]
Hazardous waste	**51.3**	39.9	10.0
Non-hazardous waste	**1,843.0**	1,673.4	1,442.7
Local Environmental Protection			
Significant spills[5]	**0**	0	0
Social			
Health and Safety[6]			
Number of fatalities[7]	**2**	1	3
Lost time injury rate[8] *(number per million man-hours)*	**1.1**	0.5	1.1
Accident severity rate[9] *(number per million man-hours)*	**473.1**	137.0[r]	263.4[r]
People			
Employee turnover[10] *(%)*	**12.1**	11.6	10.1
Training hours[11] *(average hours per employee)*	**29.4**	25.2	23.8
Community			
Community contributions *(S$ million)*	**1.4**	1.1	5.5

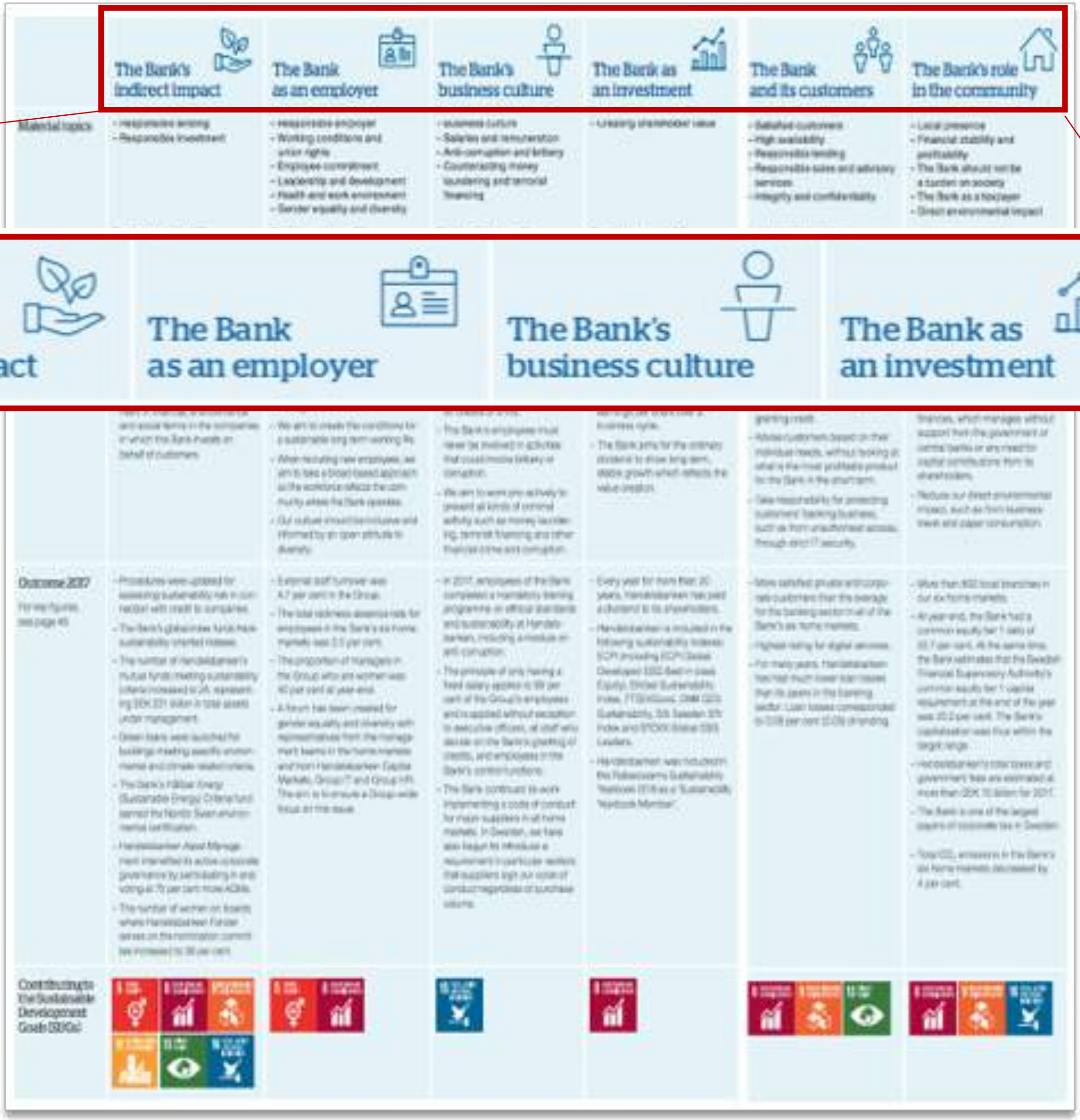
Sembcorp Sustainability Reporting 2019

Tips and Tricks: Report Content Development

(and Communications)

1. Prepare an annotated report content outline – with page allocations and intended content (i.e. key messages, testimonials, photos, graphs)
2. Identify highlight performances and how this funnels through the bigger – local and global, context and into the company goals and aspirations
3. Hire a sustainability writer or groom one/some within the company

Case Study: Stakeholder-dependent Outline



From Handelsbanken 2017 Sustainability Report

Takeaways:

- Reflect on various roles of the company
- Tie up to material topics and SDGs

https://www.banktrack.org/download/sustainability_report_2017_5/sustainability_report_2017_1.pdf

Case Study: Value Chain-dependent Outline

Our impact from Barley to Bar

We brew enjoyment of life for consumers, customers and our people. Over the past decade, we have built a solid foundation that ensures we make a positive impact on the environment, local communities and society as a whole. Today, Brewing a Better World is integral to our business strategy and drives our contribution to the UN Sustainable Development Goals.

Agriculture
We brew beer and make cider from **natural ingredients**. By supporting sustainable agriculture, 58% of our raw materials now come from **sustainable sources**. Our new **low carbon agriculture** programme will support **500** pilot farms to reduce CO_2 emissions. We continue our efforts towards local sourcing in Africa.

Brewing
We operate 166 breweries, malteries, cider plants and other facilities around the world. All have contributed to surpassing our global **water consumption** targets. We are **reducing emissions** by shifting to more efficient processes and work on low carbon innovations.

Packaging
We aim for our packaging designs to be distinctive and visible without burdening the environment. By investing in design and innovation, we develop **sustainably sourced**, **low carbon** and **circular** solutions. We are working closely with our suppliers to share our knowledge in order to accelerate the decarbonisation of their sectors.

Distribution
Most of our products are produced in the countries where they are consumed. To reduce the environmental impacts of distribution and **drive down emissions**, we aim to **optimise routes**, **support suppliers** to adopt low carbon technologies and shift to fuel-efficient transport.

Customers
Our drinks are sold in bars, restaurants and through retailers around the world. Our **Green Cooling** programme has resulted in 100% of newly purchased fridges meeting low carbon footprint standards emitting over 55% less carbon than those 10 years ago.

Consumers
We pay special attention to advocating for moderation and use our advertising and sponsorship platforms to campaign against **harmful drinking**. Expanding our **low-** and **no-alcohol portfolio** is an important part of our business strategy.

Employees
The ingenuity of our people is integral to Brewing a Better World. We keep them safe, healthy, motivated and engaged.

Suppliers
Our suppliers sustain our resilient business. We partner with them to set and achieve shared sustainability goals.

Communities
We seek to make a positive contribution to local communities through our core business and by working together to develop targeted initiatives.

Brewing a Better World supports the following SDGs:

- **Every Drop: Protecting water resources**
- **Drop the C: Reducing CO_2 emissions**
- **Sourcing sustainably**
- **Advocating responsible consumption**
- **Promoting health and safety**
- **Growing with communities**

From Heineken 2020 Sustainability Report

Takeaways:

- Reevaluate company value chain
- Tie up with the stakeholders and SDG contribution areas

https://www.theheinekencompany.com/our-sustainability-story/our-progress/reporting-centre

Case Study: Idea for showcasing aspirations and performance

From Siemens Energy 2020 Sustainability Report

From Ansell 2020 Sustainability Report

Takeaways:

- Good to highlight to which global context (i.e. SDGs) the efforts of the organization contribute to
- Highlight important numbers to draw the readers' attention
- Companies could disclose targets to enhance transparency and accountability

Takeaways:

- Highlight to which global context (i.e. SDGs) the efforts of the organization contribute to
- Report both on negative and positive impacts
- Utilize the power of infographics

https://www.siemens-energy.com/global/en/company/sustainability.html#SustainabilityReport

Case Study: Disclosure and Management Approach in the Social Dimension

GRI

Employee engagement continued

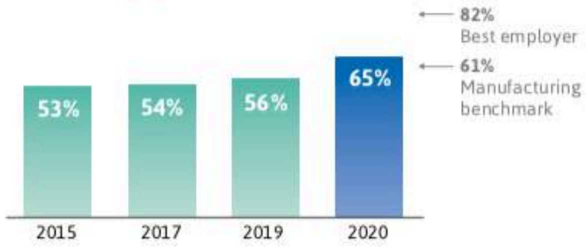
Our performance

Goal: Ensure that Ansell employee engagement scores approach best in class levels globally by the end of FY25.

Ansell has conducted an all-employee engagement survey every two years since 2015. We conducted a global pulse survey this year to place a greater focus on our professional population's engagement and to gauge how employees viewed the Company's response to COVID-19.

The response was impressive. Over the past year, our engagement rose by nine points, from fifty-six per cent in 2019 to sixty-five per cent in 2020, as compared to global average. Historically, engagement levels of production workers at Ansell have been consistently higher than that of our professional employees and were improving at a faster pace; however, a nine-point jump in one year is a remarkable increase and a testament to leadership's commitment to make Ansell a better place to work.

Employee engagement



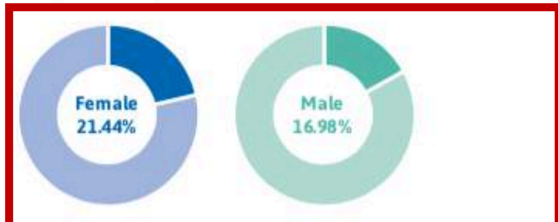
The survey tells us that the increase in professional employee engagement is partially driven by improved leadership, our response to COVID-19, and the actions we took in response to prior engagement survey results. Three-quarters of professional employees believe that Ansell delivers on the promises it makes to its employees, has an excellent reputation among its community, and is a socially and environmentally responsible organisation.

Communicate stories behind the numbers

After seeing steady but modest improvement in employee engagement for our professional employees over the past four years, the FY20 jump in professional employee engagement means that these employees now exceed the global manufacturing engagement benchmark (61%), but we have more work to do to achieve our aspiration to break through to the 'best employer' threshold (82%).

Employee turnover

We aim to keep total turnover below 20% or less, which is below industry comparators as part of our focus on improving quality and productivity.



Add some infographics, with demographics, if applicable

Looking ahead

Our next all-employee global survey will take place in 2021. We will continue to listen to employees and take clear actions to accelerate towards our goal of meeting the 'best employer' benchmark. Priority areas of focus include improving our decision-making processes, collaborating across the organisation, and ensuring that we communicate clearly and regularly with all of our workforce in our new COVID-19 reality.

Considered stakeholder concerns in the narrative managed by the inclusion of future plans, and clear, definitive actions

https://meralcomain.s3.ap-southeast-1.amazonaws.com/2020-06/2019_meralco_sustainability_reportdesktop_3.pdf

From Ansell 2020 Sustainability Report

Case Study: Disclosure and Management Approach in the Social Dimension

SCALING OUR EFFORTS

Achieving Edison International's DEI vision requires collaboration with a range of partners, including suppliers, who underpin the success of the business, and community organizations that operate on the front lines of societal change.

Supplier Diversity

Diverse businesses drive economic growth and stability in communities. In turn, partnerships with diverse businesses provide us with a more competitive and sustainable supply base. SCE has a longstanding commitment to increasing partnerships with diverse suppliers, including women, minority, disabled veteran, and lesbian, gay, bisexual and transgender business enterprises. In particular, we look to work with diverse suppliers that can help us with our strategic objectives, primarily the safe delivery of reliable, affordable and clean energy, including wildfire mitigation efforts.

Between 2012 and 2019, SCE met or exceeded our aspirational goal to allocate at least 40% of our total annual procurement spend to diverse suppliers. We fell short of that aspirational goal in 2020, spending 37.66%, or $2.4 billion, with diverse suppliers. This was largely due to SCE's rising wildfire insurance costs and limited diverse suppliers from which to procure the insurance.

SCE's 2020 procurement spend with diverse suppliers was more than 40% when excluding wildfire insurance. While the percent of annual procurement spend declined in 2020, SCE's total spend with diverse suppliers increased by 9% compared to 2019, from $2.2 billion to $2.4 billion.

In 2021, SCE will commission a marketplace study to assess the availability of diverse businesses in procurement categories where we have needs, using the findings to inform access and spend targets, with an emphasis on Black-owned businesses.

More details, including additional data, about SCE's supplier diversity program are available in our Supplier Diversity Annual Report.

Community Investment

Edison International provides ongoing support to organizations and initiatives that share our dedication to promoting racial equality in our communities. In 2020, $19 million of $22 million in annual philanthropic funding went to organizations and initiatives focused on diverse and underserved communities. As part of this investment, we committed $1 million in incremental shareholder funding over the next five years to support organizations that address racial and social justice.

This included a $100,000 contribution to the Black Equity Collective. Our support will strengthen the long-term capacity and infrastructure of Black-led and Black-empowering social justice organizations in Los Angeles County, through a community public-private partnership with Black Equity Collective as its central, unifying force. Another $25,000 went to the African American Alliance Fund in the Orange County Community Foundation to help the organization raise awareness of systemic racism and support programs that serve Black communities within Orange County and the surrounding area.

Learn more about how we support our communities, including our approach to community investments.

SCE's Supplier Diversity Program: 2020 Highlights

600+
diverse business suppliers

$2.4B
spent with diverse businesses, representing 37.66% of total annual purchases

$601M+
of this spend is in subcontracting spend with more than 300 diverse businesses as reported by SCE's prime contractors

From Edison International 2020 Sustainability Report

Takeaways:

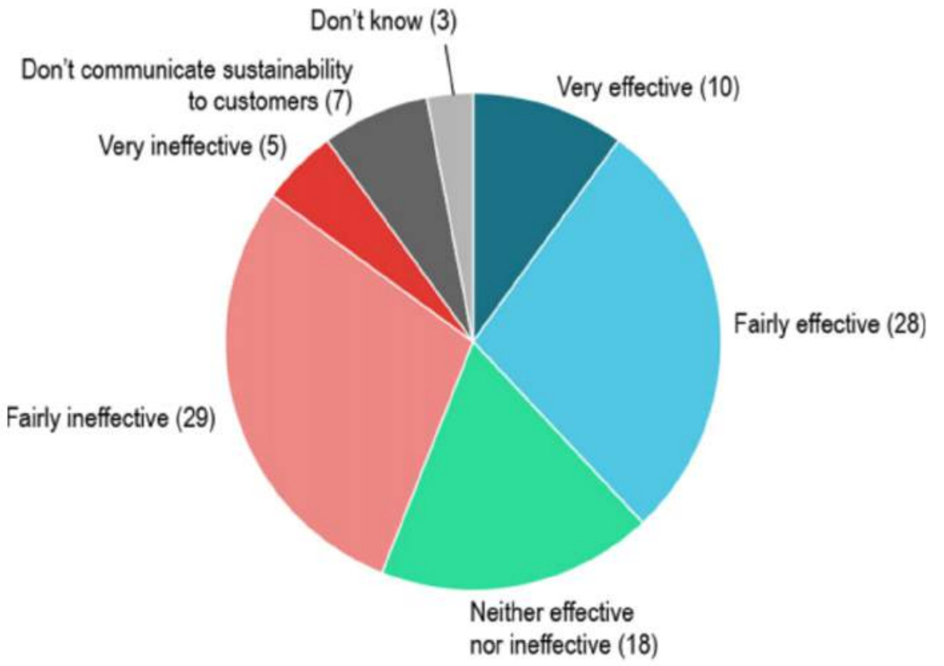
- Include input (e.g. monetary contribution, human resource capital), output, outcome, and impact to the community or area of operation
- Transparency on performance, especially fallbacks. Include reasons and actions taken or intended follow-throughs

https://www.edison.com/content/dam/eix/documents/sustainability/eix-2020-sustainability-report.pdf

Sustainability performance should be communicated

Only four in ten companies report success in communicating sustainability to customers and consumers

To date, how effective, if at all, has your company been in communicating your sustainability story to your customers/consumers?



https://www.bsr.org/reports/BSR-Globescan-State-Sustainable-Business-2019.pdf

**The research draws from the responses of one sustainability practitioner at each of 125 BSR member companies who participated*

***59% of respondents from North America; 30% Europe; 11% other regions*

- Effective and appropriate KPIs **enables SMART targets**, which can be embedded in processes, such as audits, supplier contracts and executive remuneration.
- Targeted KPIs and SMART targets allow companies **to report on sustainability performance that tracks and drives improvement** on those issues most tied to a **corporation's environmental, social and economic performance**.
- Focus on what's important and communicate progress on sustainability journey, thereby **avoiding a report with excessive amounts of extraneous information** that are irrelevant for stakeholders.

https://iri.hks.harvard.edu/files/iri/files/from_transparency_to_performance_industry-based_sustainability_reporting_on_key_issues.pdf

"The use of globally accepted standards—such as **GRI Standards**—**builds confidence among stakeholders**."

https://boardagenda.com/2019/01/03/sustainability-imperative/

THANK YOU

GRI

www.globalreporting.org

global-reporting-initiative-gri @GlobalReportingInitiative @GRI_Secretariat