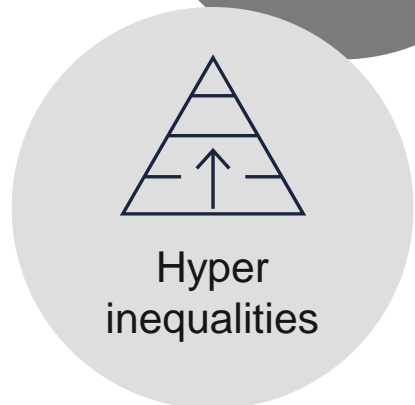
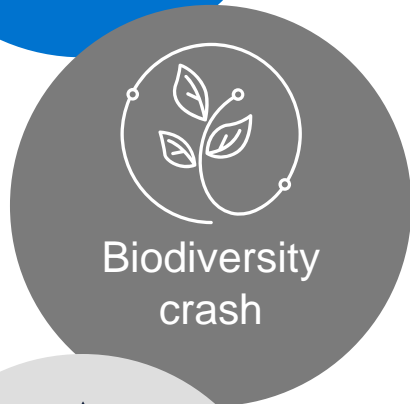




Why ESG is important to the business sector

Our world is undergoing unprecedented change



15% of global Covid deaths may be attributed to air pollution

EMERGING MARKETS MAY 19, 2020 / 12:31 PM / UPDATED 6 MONTHS AGO

South Asia scrambles to bring home crisis-hit migrant workers

Why deepfakes could threaten everything from biometrics to democracy

Deepfake technology has been rated the most serious AI crime threat, but there are ways to fight back

by: Keri Allan 30 Oct 2020

World fails to hit all targets to halt biodiversity collapse, UN reports

Fragile habitats like coral reefs and tropical forests are in greater peril than even before

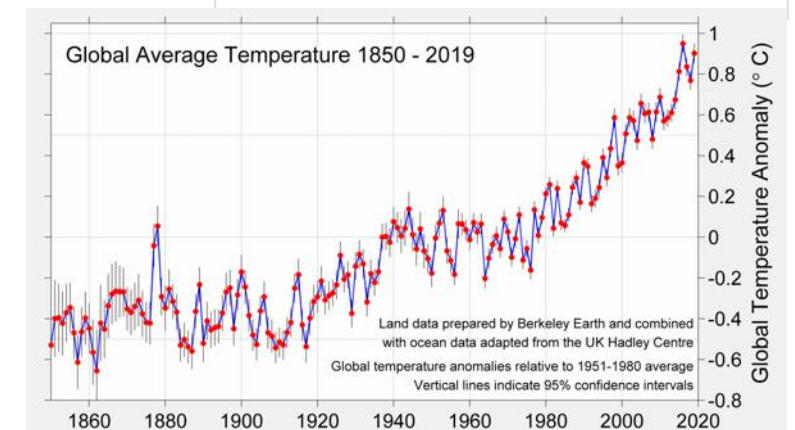
Louise Boyle New York | @LouiseB_NY | Tuesday 15 September 2020 17:32

Smoke cloud from Australian summer's bushfires three-times larger than anything previously recorded

Plummeting insect numbers 'threaten collapse of nature'

Top 10 risks in terms of Likelihood

- 1 Extreme weather
- 2 Climate action failure
- 3 Natural disasters
- 4 Biodiversity loss
- 5 Human-made environmental disasters
- 6 Data fraud or theft
- 7 Cyberattacks
- 8 Water crises
- 9 Global governance failure
- 10 Asset bubbles



This has led to transformation of entire sectors



Nikkei Asian Review

Toyota named top ESG brand in Japan survey



TOYOTA



The Australian

Lendlease reaps \$500m from green bond issue in largest local deal

“We are aiming to earn back the trust of society,” said Bernard Looney, BP’s chief executive, at a news conference in London.
“We have got to change, and change profoundly.”



And Asian governments are taking climate seriously

China pledges to be 'carbon-neutral' by 2060

South Korea vows to go carbon neutral by 2050 to fight climate emergency

Japan will become carbon neutral by 2050, PM pledges

Joe Biden, has made clear that climate change would be one of his administration's highest priorities. He has committed to re-join the Paris agreement and to use climate policy as one of the cornerstones of efforts to revive the role of the US in global diplomacy.

"A significant element of that will be holding the Chinese government accountable to its commitments," says one Biden campaign official, adding that the presidential candidate would seek to pull together allies "to put pressure on Beijing to ensure it does not shirk its vital responsibility to address climate change".



In the last year, Asia has outpaced the rest of the world in terms of commitments by cities and regions to net zero emissions with Tokyo, Wuhan, Hong Kong and eight Australian states and territories all joining the list.

Ignoring ESG trends will lead to business failure

Linked to corporate purpose, ESG is the most significant change in business norms in the last 100 years.

Companies that do not embrace ESG will face going out of business:

*“It is not necessary to change.
Survival is not mandatory.”*

— W Edwards Deming



**Inability to attract
and retain top talent**



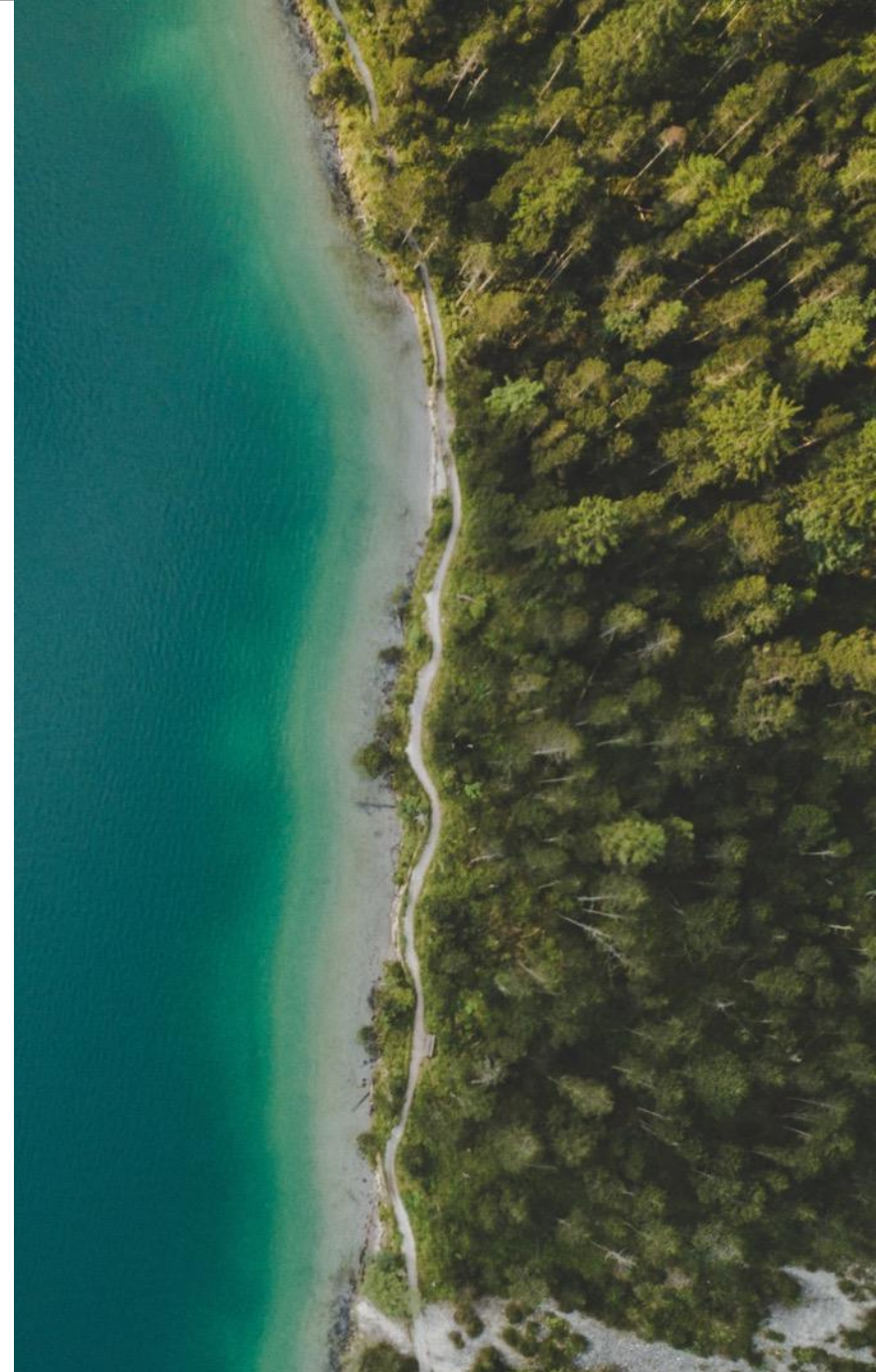
**Rising costs
of capital**



**Erosion of license
to operate**

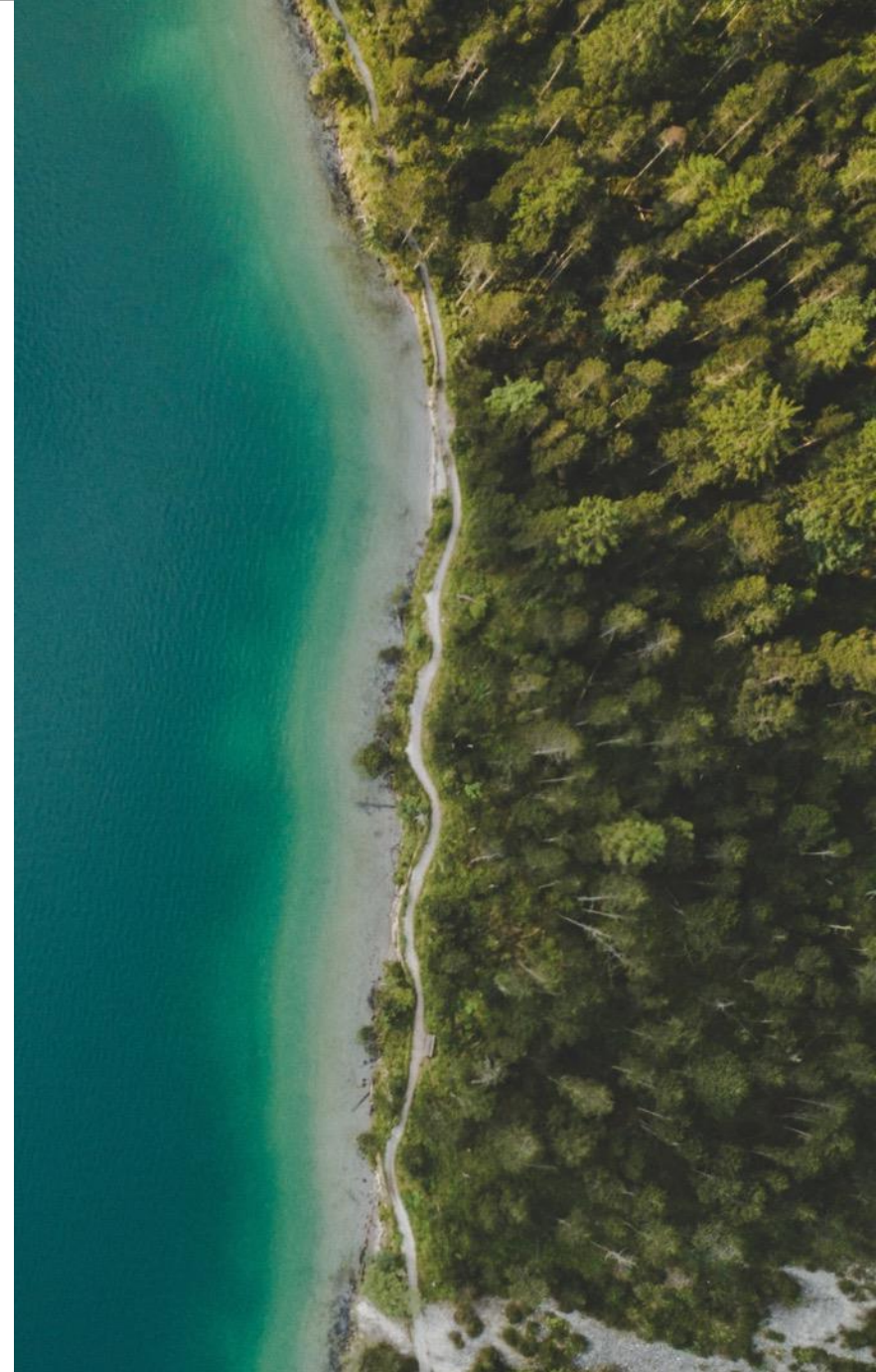
What does ESG mean for business?

- Sustainability: the ability of a company to create value over the long term
- ESG includes the environmental, social and governance dimensions of a company's operations and performance, which are used to measure the sustainability of investments
- ESG is about assessing risks and opportunities with a view to maximizing shareholder value
- Businesses do not “do” ESG – it is an interconnected framework for companies and investors to track progress over the long-term



ESG factors impacting businesses in Asia

- Government-led implementation of both long-term and short-term de-carbonization initiatives
- Pressure to innovate in a rapidly changing environment
- Heightened corporate governance and regulatory challenges and demands, such as stewardship codes, risk management guidelines and disclosure requirements
- Effect of increasing EGS-focused regulatory requirements outside of Asia
- Other concerns: sourcing and supply chains risks; diversity and inclusion goals; increased litigation risk from non-compliance with requisite standards; and adoption of adequate governance measures to address a range of risks (cybersecurity, bribery, corruption, etc.)



Integrating ESG into business strategy pays off

Properties of a Future-Fit Society

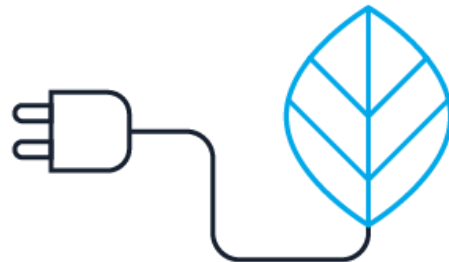


Figure 4.2: The seven core properties of a Future-Fit Society, plus an eighth enabling property, which identifies the socioeconomic drivers required to pursue the others.

Sustainable Growth Top Priority for ASEAN As It Becomes Fastest Growing Region for Data Centres

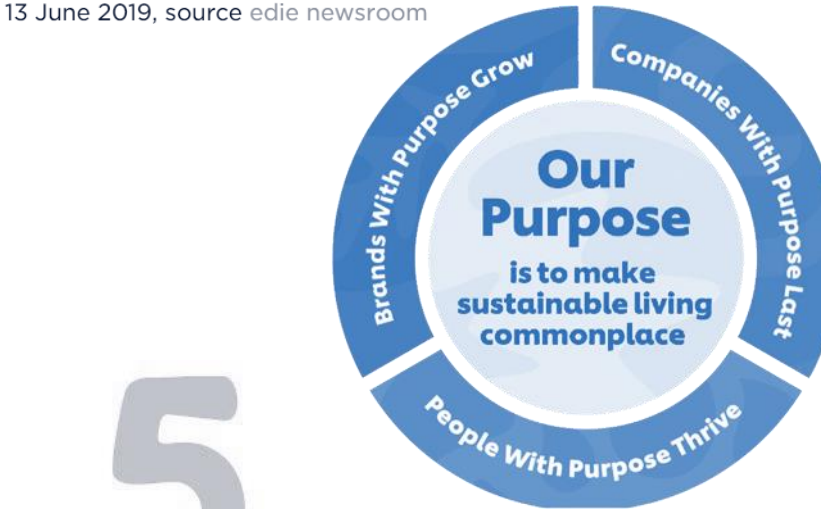
 DataCenterNews Asia

Why Southeast Asia is at the forefront of a new wave of sustainable data centers



Sustainable Living Brands delivered record 75% of Unilever's 2018 turnover growth

13 June 2019, source edie newsroom



5
OUR BIGGEST BRANDS ARE
ALL SUSTAINABLE LIVING BRANDS



We all have a part to play in building a better future.
What's yours? #collectiveaction

An evolved corporate purpose

“I welcome this thoughtful statement by Business Roundtable CEOs on the Purpose of a Corporation. By taking a broader, more complete view of corporate purpose, boards can focus on creating long-term value, better serving everyone – investors, employees, communities, suppliers and customers,”

— Bill McNabb, former CEO of Vanguard.

“A company cannot achieve long-term profits without embracing purpose and considering the needs of a broad range of stakeholders.”

*— Larry Fink, Chairman & CEO of BlackRock
(world’s biggest asset management company)*

Business Roundtable Redefines the Purpose of a Corporation to Promote ‘An Economy That Serves All Americans’

AUG 19, 2019



How have ESG trends already affected businesses?

Laggards

Rio Tinto CEO and senior executives resign from company after Juukan Gorge debacle

RioTinto

Rio Tinto's board bowed to intense investor pressure for strong action over its decision to blow up 46,000-year-old rock shelters at Juukan Gorge in Western Australia's Pilbara region.

MUFG

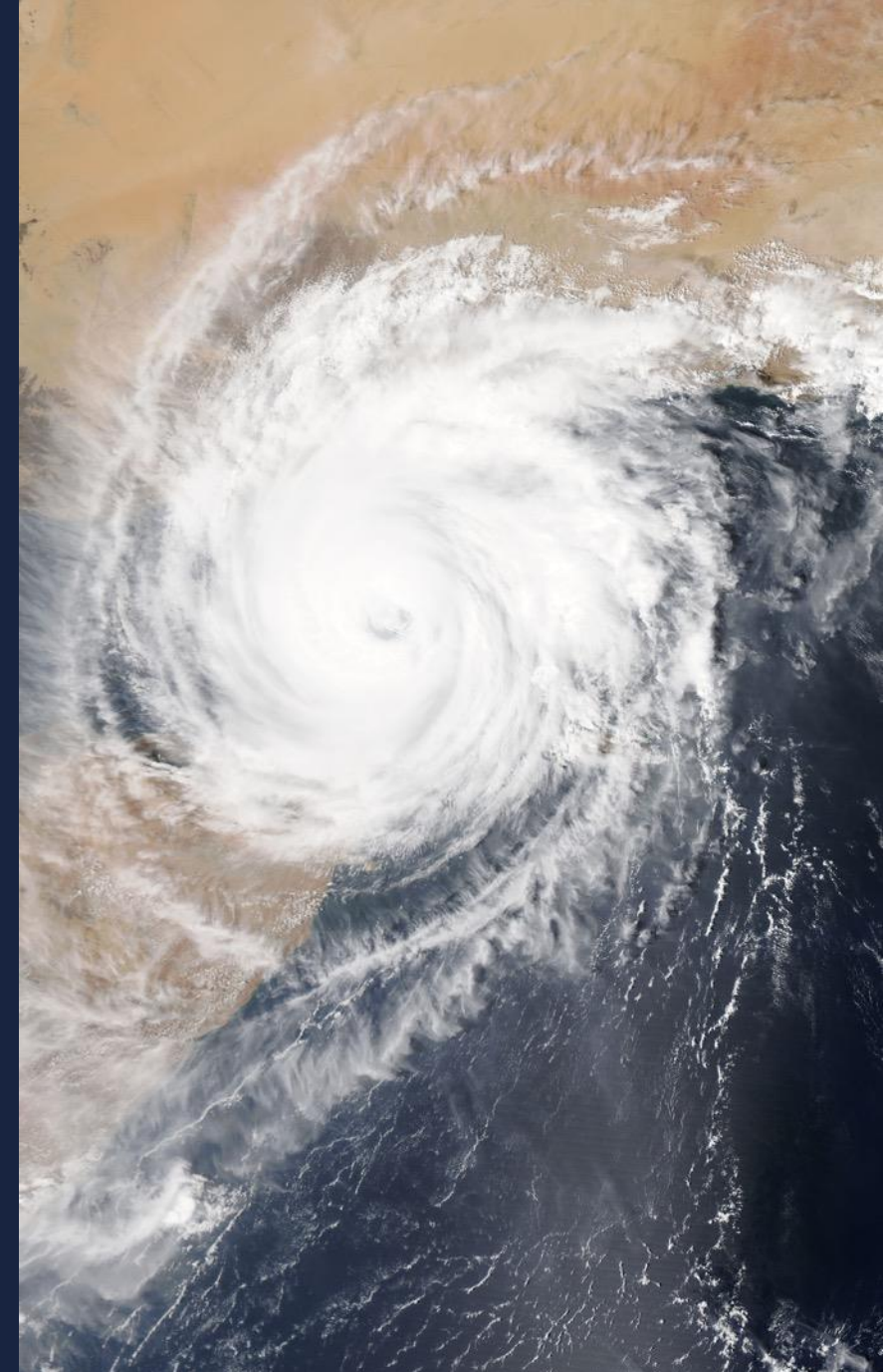
MUFG acknowledges that the decision to reverse its coal policy was made, in part, because of "changes in the perspective of institutional investors."

Japanese bank MUFG rethinks policy on coal-fired power projects

MAY 16, 2019

MUFG puts oil sands, Arctic drilling on 'restricted transactions' list

MAY 13, 2020



How have ESG trends already affected businesses?

Laggards

Kirin Holdings Co Ltd

Kirin orders independent probe of Myanmar beer ventures

Activists have been pushing brewer to exit country over alleged ties to military

John Reed in Bangkok and **Kana Inagaki** in Tokyo JUNE 5 2020

Activists have been pushing the Japanese brewer to cut its commercial ties with the South-east Asian country's military over alleged human rights abuses.

KIRIN

L&G, the U.K.'s biggest asset manager, picked 19 large Japanese companies with no women on the board or at executive levels and began voting against their proposals.

FINANCE

Global investors press harder for women on Asian boards

Legal & General and other managers use voting power in Japan, China and India
July 24, 2019

How have ESG trends already affected businesses?

Early adopters



In Japan, the company launched products and services designed to increase the productivity of care workers to better meet the needs of an aging society, improve health and quality of life, and support a safe and secure society.

Konica Minolta aims to reduce its CO₂ emissions by 80% by 2050. It has joined RE100, and is committed to sourcing 100% renewable electricity for its global operations by 2050.

"Climate change is on the radar across our whole business."
– David Yates,
Executive General
Manager

Towards Climate Resilience

Meeting the challenge of climate change

dexus

CONSTRUCTION & DEVELOPMENT / BY POPPY JOHNSTON / 30 JUNE 2020

Dexus looks to the future risks on climate and prepares

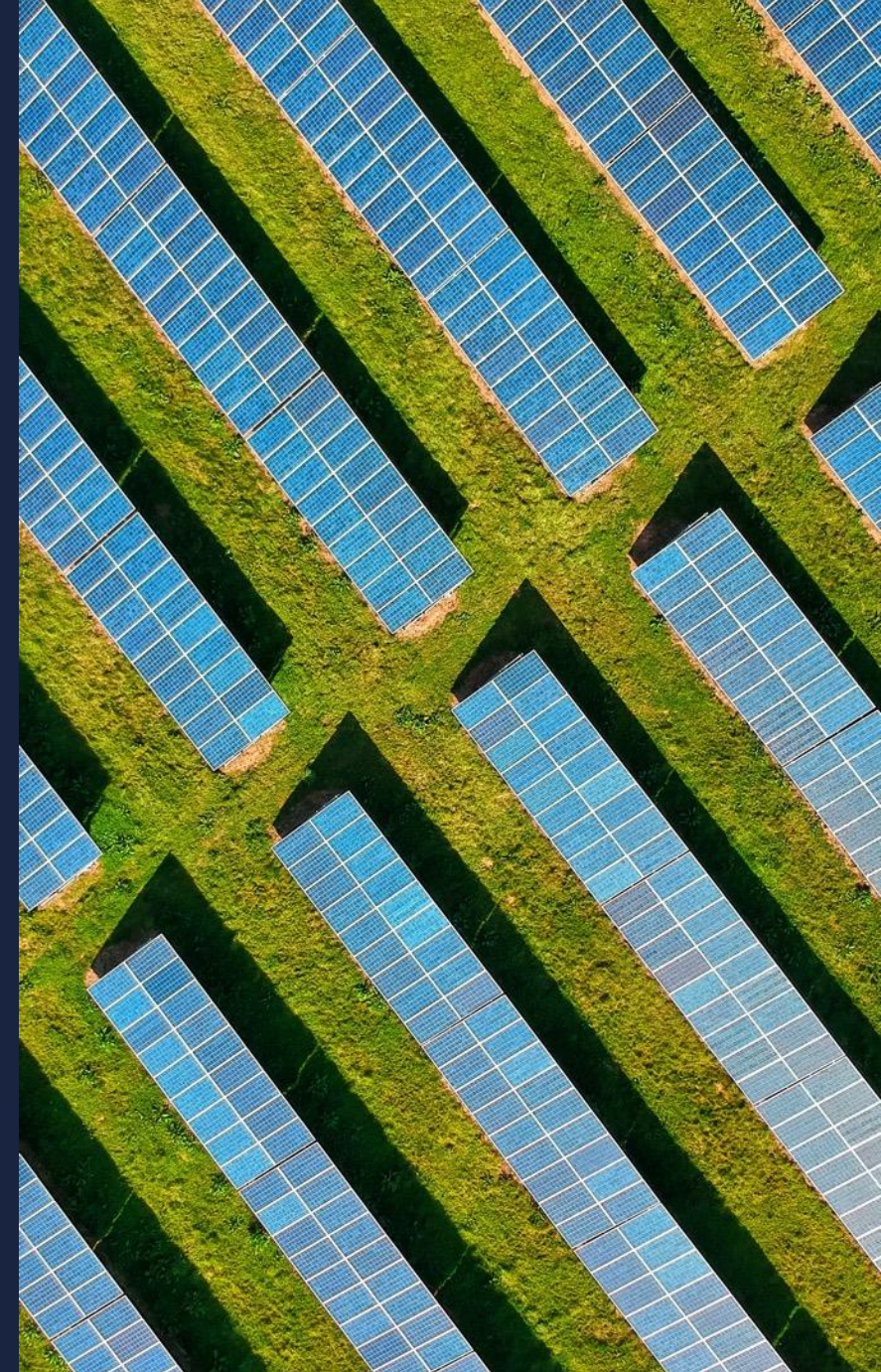


How have S & ESG trends already affected businesses?

Early adopters



In 2019 ThaiBev became the first ASEAN beverage company to be ranked as the Global Beverage Industry Leader in the Dow Jones Sustainability Indices (DJSI) for a second consecutive year, while retaining its place in the DJSI World Index for a third consecutive year and Emerging Markets Index for a fourth consecutive year. This reflects our progress towards fulfilling our goal of becoming a stable and sustainable ASEAN leader.



How have ESG trends already affected businesses?

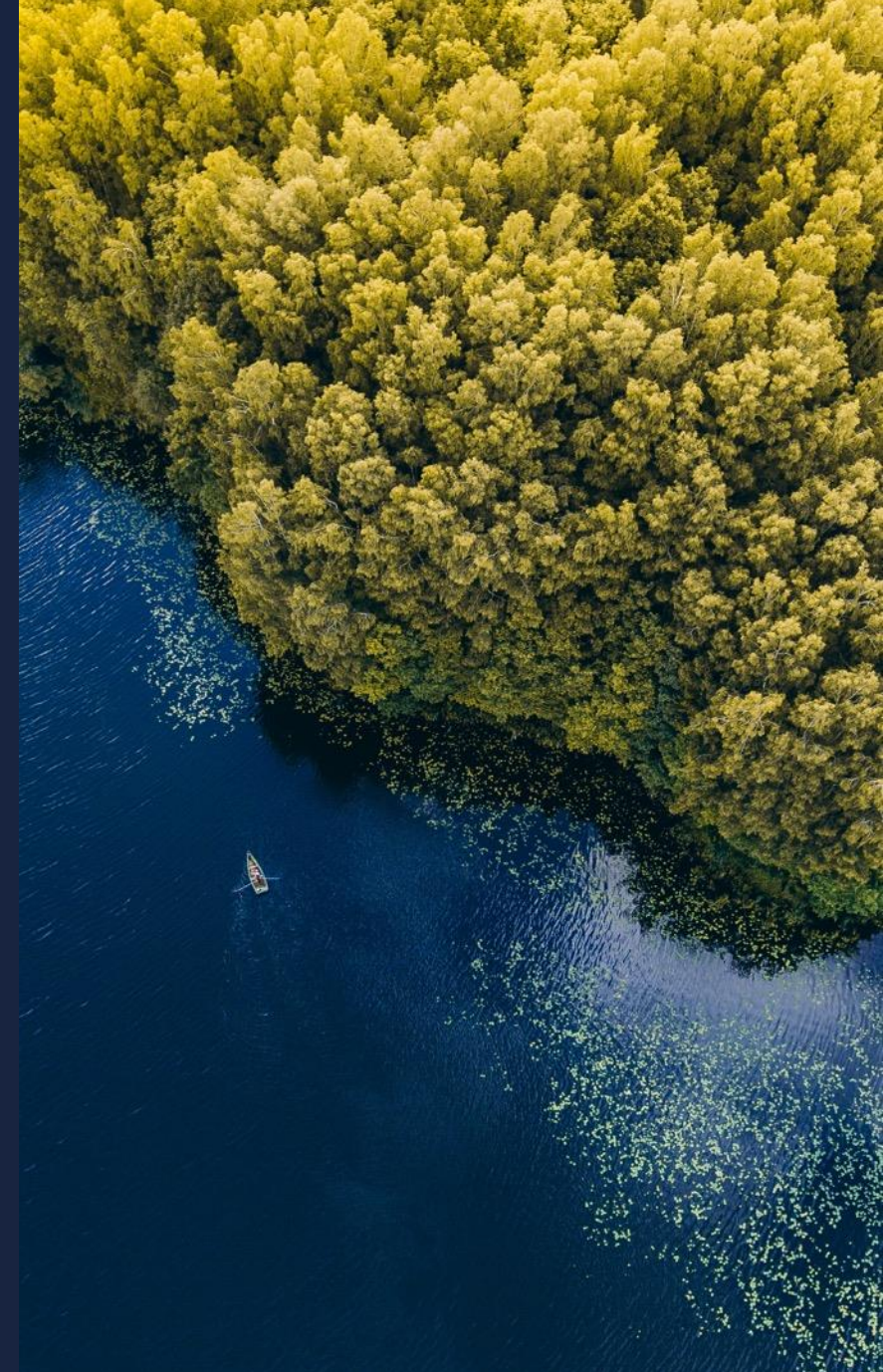
Early adopters

We established our mission 'Compassionate Finance, Your Companion for the Future,' with the goal of nurturing mutual growth according to the values of 'customer,' 'society,' and 'Shinhan.' As a responsible financial institution, Shinhan has played a significant role in building a sustainable ecosystem for the environment and society.



Banks

UN recognizes Shinhan's sustainable finance efforts



Is authenticity important, and how does a business achieve it?

The danger of 'SDG washing'

Report: Most oil majors' net-zero strategies are greenwash, with US firms faring the worst

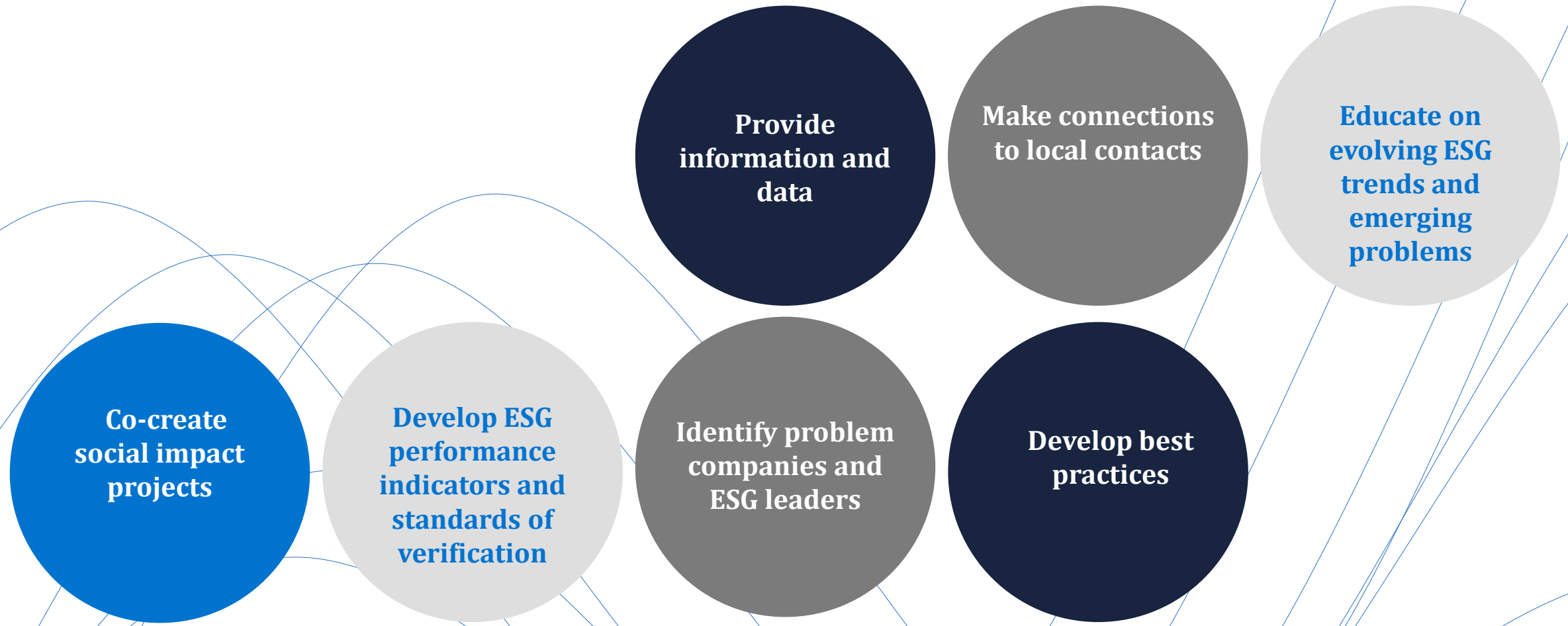
25 June 2020, source edie newsroom

WOKE-WASHING: HOW FAST FASHION BRANDS USE SOCIAL ISSUES FOR SALES

Investors probe ESG credentials of bond sellers on 'greenwashing' fears



How NGOs can drive the ESG agenda of businesses



How businesses benefit from working with NGOs

- Gain from outside-in perspective of a social stakeholder and learn from unique lived experience of key issues that businesses are concerned about at a local level
- Re-frame corporate purpose beyond profit maximization
- Understand what collaboration looks like and co-create solutions
- Learn to engage and cooperate with organizations and entities that may be new for many businesses
- Benefit from enhanced reputation from genuine partnership with NGOs
- Leverage off effective campaigns by NGOs in order to lead on issues
- Promote professional development of employees



Questions and comments



