



LOCAL KNOWLEDGE,
GLOBAL PRESENCE

BDO SUSTAINABILITY
A GUIDE TO ACTIVATING YOUR
SUSTAINABILITY JOURNEY

Inspiring a new approach to business

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BDO aims to inspire, educate and lead an unstoppable movement for sustainable business practice in our markets

INTRODUCTION



What is sustainability?

'Sustainability' presents a challenge due to its breadth and complexity. According to the Oxford English dictionary, the definition of Sustainability is 'the ability for something to be maintained at a certain rate or level' and /or 'avoidance of the depletion of natural resources in order to manage ecological balance'. Companies use this blanket term as essentially a catch-all phrase to mean 'do better'.

The vernacular, terminology and even the meaning of sustainability has changed over time. For business we have seen it evolve from 'corporate social responsibility' which generally refers to the practices and policies that a company adopts to promote positive impact, to ESG (Environmental, Social, Governance) which is a metric-based reporting process that promotes the ongoing process of assessing, monitoring and improvement.

Given the breadth and depth of scope that sustainability entails, our objective here is to provide a brief overview of ESG and outline how a company can approach incorporating sustainability practices into its business to drive value across the organization.



Changing business landscape

Right now, for most companies, there is a growing business imperative to address sustainability. Material risks companies face are broadening and becoming more complex with the realities of climate change, global health pandemics and rising industrialisation. These mounting risks are seeing a global movement emerge driven by capital markets, governments, community and various stakeholders calling for transparency and accountability across 'environmental, social and governance' (ESG) to better understand the impact of business and industry on the environment and our societies. To date, business has not fully accounted for the true cost of doing business, and as such those costs have at times been unduly passed on to others.



Drivers of change

The diagram at the bottom of the page illustrates why a business needs to embed continuous consideration and improvement processes to adapt to external market drivers. They are evolving at lightspeed and challenging organisations' to remain agile.

Investors / stakeholders - Investor appetite is increasingly moving away from short term gains to longer term purpose, in addition, there is enormous reallocation of capital occurring towards the 'green economy'.

Risk management - As a result of climate change and energy transition, there are physical (extreme weather), transition (technology, market shifts) and regulatory (government policy/ carbon tax) risks that will see many companies under pressure to operate. Social risks include diversity & inclusion, talent and workforce considerations.

Regulation - Government, industry and institutions are waking to the costs of inaction. The EU taxonomy comes into force in January 2022 requiring listed companies with more than 500 employees to disclose that proportion of their sales and capital expenditures to comply with the taxonomy's definition of sustainability. Many other countries, are similarly looking to enforce new compliance and disclosure measures in the near future.

Customers / Vendors / Employees - As markets are being disrupted and new markets rapidly emerge, organisations that integrate sustainability into their business stand to realise benefits as consumers and stakeholders reward those that demonstrate the social licence to operate. There is also growing acceptance that it is also just the right thing to do.

It is expected that with nature loss and climate risk continuing to accelerate at unprecedented rates and the costs of inaction increasing, a more rigid and challenging policy environment is expected. Business as usual is no longer an option with more acute economic, environmental and health crisis events likely. Companies will need to stay informed around industry and government policy, both locally and globally, that may impact their business.

Regulatory Driver - Climate Risk Disclosure

- ▶ UK will require all companies to disclose on climate risk by 2025
- ▶ Investors are urging G7 countries to follow
- ▶ Securities & Exchange Commission (SEC) & the Financial Security Board (FSB) are reviewing its existing guidance towards supporting TCFD recommendations & developing a climate disclosure standard

Challenge -

- ▶ Lack of single global industry recognised, detailed framework for measuring climate risk
- ▶ Evolving standards and frameworks

Opportunities -

- ▶ Improve allocation of capital
- ▶ Creating new products
- ▶ Access to new markets
- ▶ Risk management

[LEARN MORE ESG, and the business case for dealing with climate change](#)

Investor Driver - Sustainable finance

- ▶ Sustainability-linked lending is taking off
- ▶ Financial institutions & private equity are expanding due diligence processes to account for E-S-G risk factors
- ▶ ESG narrative is becoming a prerequisite, a licence to operate

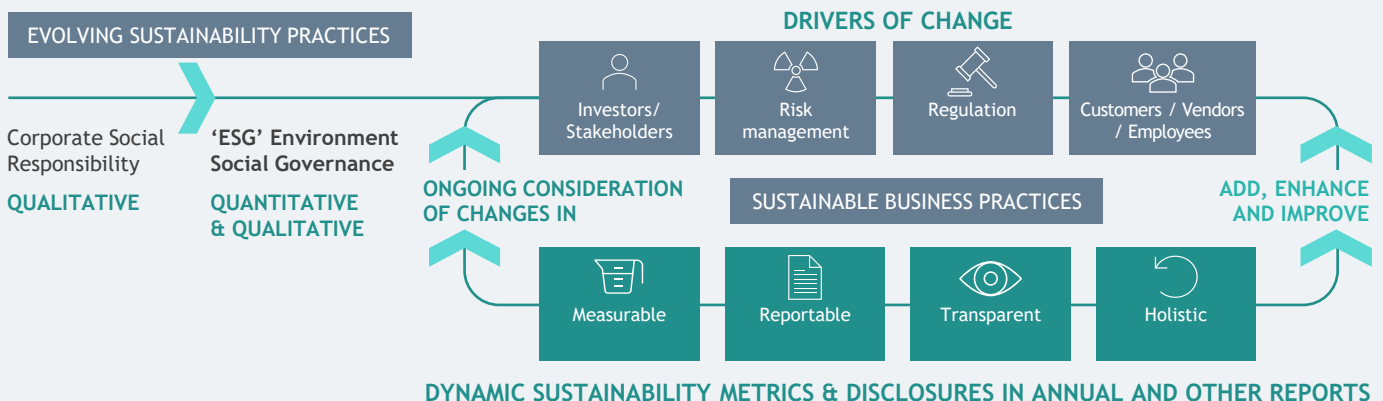
Challenge -

- ▶ Regulatory push factors
- ▶ Investment risks (stranded assets)
- ▶ Transition risks

Opportunities -

- ▶ New markets
- ▶ Performance rewards against ESG metrics
- ▶ Lower borrowing rates on green finance
- ▶ Higher valuations / lower risk profile

[LEARN MORE The need to have a clear narrative on ESG](#)





Sustainability will be transformational.

Sustainability parameters are setting a new tone for all businesses going forward.

Recent government announcements across the globe aimed at meeting the Paris Agreement (below 1.5-degree target) and the UN Sustainable Development Goals are having huge impacts on the current business landscape. In addition to growing government intervention, business and institutions are also taking a role in transforming unsustainable production and consumption patterns.

Below are a few examples, that further illustrate the broad nature of sustainability on how shifting policy and practices are reshaping the business landscape.

Energy Transition - The EU has dedicated 30% of the EUR 2021-2027 budget to fight climate change and a new EU climate law which aims to transform political promises that the EU will become climate neutral by 2050 into a binding obligation.

Circular Economy - Walmart, the world's largest retailer has set the goal to become a regenerative company with net zero emissions by 2040.

Gender Equality - The largest bank in Norway recently terminated their business contract with one of the most respected law firms because they could not document nor prove a positive change in gender equality amongst their equity partners.

Sustainable Finance - The SDFR (EU Sustainable Finance Regulation) requires asset managers to disclose information about the ESG risks in their portfolios, and how they address them.

Supply Chain - Mars, Nestle, Olam, Mondelez and Hershey face a child slavery lawsuit in the US. Wesfarmers in Australia has cut ties with 20 suppliers over concerns about modern slavery¹.

Corporate Reporting - On June 16th, 2021, the U.S. House of Representatives passed legislation that would impose new ESG due diligence and disclosure requirements on publicly traded companies and the SEC recently signaled that the agency is considering mandatory ESG reporting for SEC-listed companies. Furthermore, President Biden issued an Executive Order to address predicted financial instability in the federal government as a result of climate change.

With economies transitioning, Blackrock estimates that over the next 30 years the energy transition and the development of climate infrastructure will be worth US\$10 trillion². Gender diversity and women's equality could add US\$ 12 trillion to global growth by closing the gap³.

Global pressures around environmental and social issues will see corporate reporting move to a more systematic approach to measuring and accounting for non-financial information and intangible assets.

¹Australian Financial Review - Companies risk litigation over modern slavery ignorance, 16 Dec, 2020

²Blackrock - Global Renewable Power - blackrock.com/institutions/en-gb/strategies/alternatives/real-essets/infrastructure/global-renewable-power

³The Power of Parity - <https://www.mckinsey.com/featured-insights/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>



Time to rethink our approach to business.

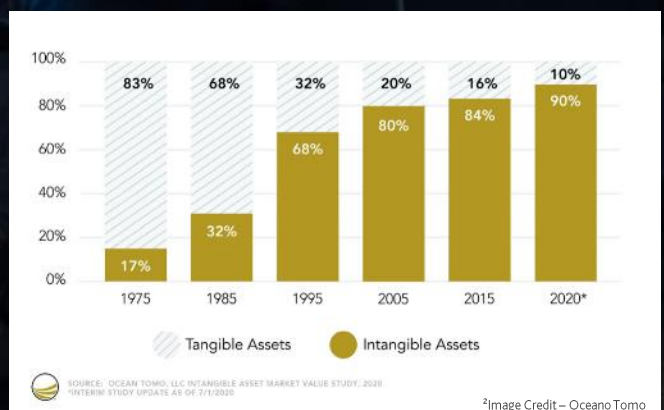
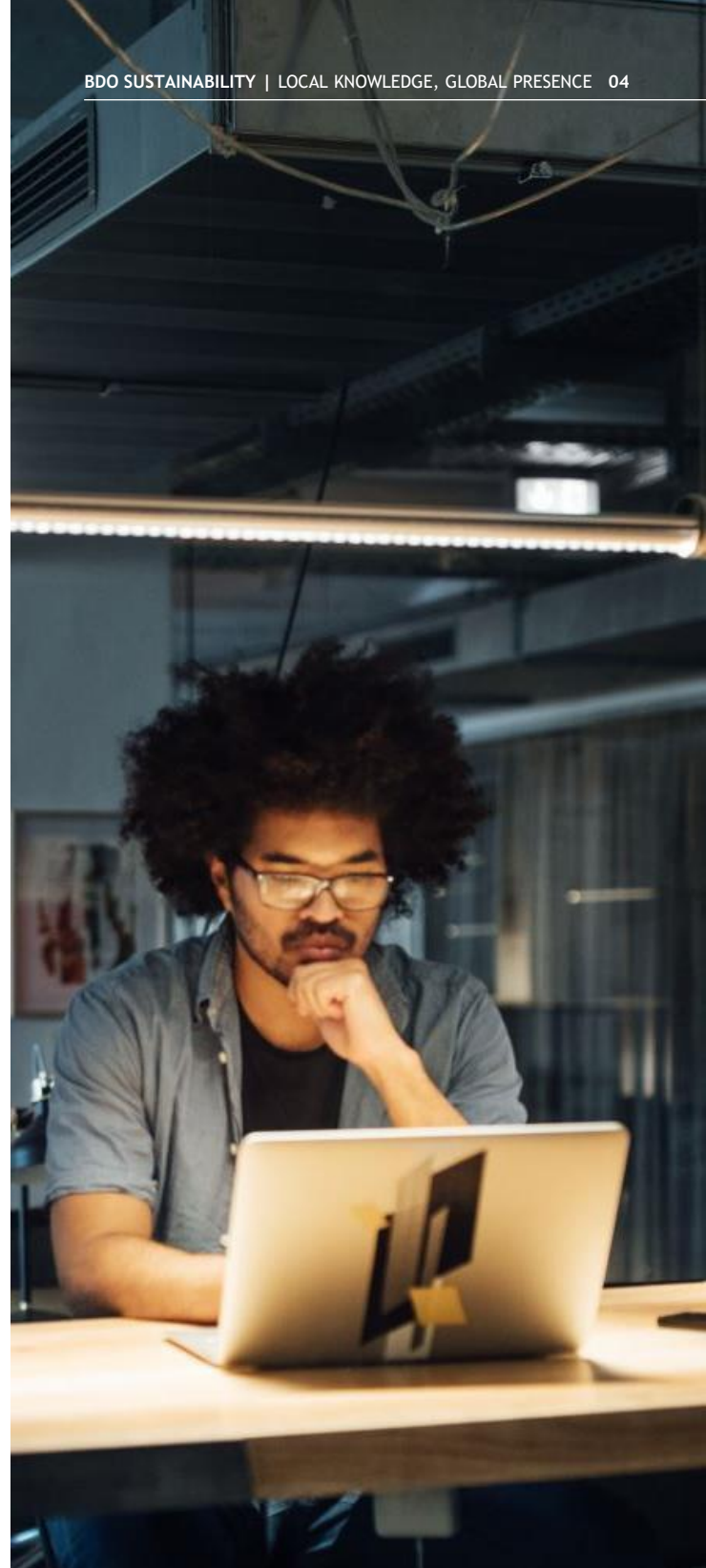
It is imperative that we rethink how our businesses operate and behave if we are to ensure our systems and foundations are resilient and fit for a sustainable future.

We believe that all elements of a business can be viewed through a sustainability lens - and for a business to create resilience and long-term value, a sustainable business model should be adopted. Right now, it is not a question of whether a company 'should' do anything - because doing nothing today is not an option - the question is how companies will respond. We also believe it is the right thing to do.

Covid-19 and extreme climate events remind us how interconnected our economies, environment and societies are, and that our individual success is largely driven by societies success. We believe, as individuals and employees we have a role to play in promoting responsible and sustainable business.

In addition to being the right thing to do, a variety of research and studies show that sustainability creates value for businesses. It suggests sustainability improves financial performance, builds customer loyalty and attracts and engages employees. A recent study of publicly traded companies in the U.S. noted '70-90% of a company's value was attributable not to the physical and financial assets but was embedded in what many have described as intangible assets, which can include intellectual property, customer loyalty, employee engagement and productivity, labor relations, community goodwill, brand reputation and analysts' perceptions.'¹ This indicates how businesses behave, how they engage their stakeholders and their overall purpose is driving value across the organisation.

By rethinking our businesses through the sustainability lens, we have the opportunity to unlock value and create positive change. At BDO, we aim to inspire, educate and lead an unstoppable movement for sustainable business practice in our markets



¹<https://www.triplepundit.com/story/2021/intangible-assets-matter/721491>

²<https://www.oceantomo.com/intangible-asset-market-value-study/>

BENEFITS OF ADOPTING A SUSTAINABILITY PROGRAMME



Consolidates corporate image and reputation



Defines an innovative vision of the business by identifying non-financial drivers



Improves access to credit and the ability to attract investment



Systematically reports the link between strategy and financial performance, including impacts of ESG factors



Identifies, monitors and manages non-financial risks correctly



Improves data quality for more effective information management and decision making



ESG FRAMEWORK

In today's world, the actions of organizations are deeply intertwined with environmental, social and governance concerns. Excelling in these three areas is no longer a "nice to have" but have become "table stakes" and validation among organisational stakeholders is essential. Thus, the adoption of ESG programmes are integral to maintaining and creating sustainable organizational value and impact.

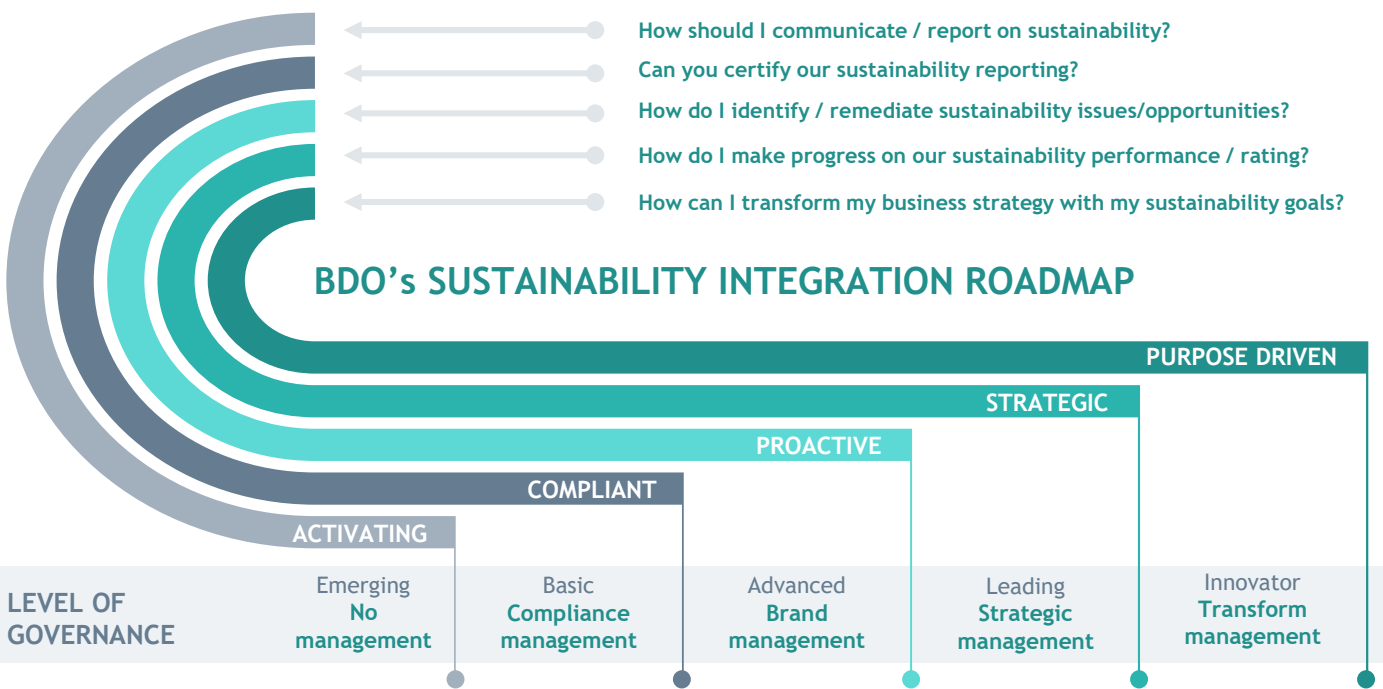


HOW TO GET STARTED

Part of the challenge for many businesses is understanding where to start. BDO's roadmap is not meant to be linear, and the adoption and execution of sustainability will not be the same in any two businesses. In some cases, a company may leapfrog several steps or be forced to join in at the 'compliant' stage. But what is important, is understanding that it is a journey - an ongoing journey that will increase in value and importance.

Integrating sustainability into a business is a journey - a transformational journey that will be an ongoing process of monitoring and modification and rethinking 'how' you can ultimately embed sustainability across the organization.

BDO has identified a five-stage maturity roadmap that helps illustrate the sustainability integration journey. It aims to help simplify the complexities of sustainability and to promote the value that sustainability integration can create for a business.



ACTIVATING - A business at this stage is looking to **ACTIVATE** their sustainability agenda by assessing and prioritising their materiality risks and opportunities through the lens of various stakeholders. The process involves education, training and a review of the business operations and governance.

COMPLIANT - A business at this stage has elements of a sustainability programme in place, albeit on an ad hoc basis as a result of being **REACTIVE** and narrowly focusing on responding to regulatory and stakeholder requirements.

PROACTIVE - A business at this stage has approached their sustainability programme in a systematic, whole-of-business approach, looking to boost value creation opportunities internally as well as externally.

STRATEGIC - A business at this stage has embedded sustainability across most parts of the business and is developing products and services, with a focus on circularity and technology, and ensuring they have a positive impact in the markets they operate in.

PURPOSE DRIVEN - A business at this stage has embedded sustainability across all parts of their business and is using social, economical and environmental criteria beyond what is required by law to positively impact those in their value chain.

INTEGRATING SUSTAINABILITY INTO YOUR BUSINESS

In an ever-evolving sustainability landscape, BDO has been providing our clients value driven sustainability services for over 20 years. Below tracks how BDO can assist clients on their sustainability journey following our five-stage maturity integration roadmap.

COACH & FRAME

1	ACTIVATE
<ul style="list-style-type: none"> ▶ Sustainability awareness - training ▶ Sustainability maturity / risk assessment ▶ Sustainability plan & programme ▶ Sustainability reporting 	<ul style="list-style-type: none"> ▶ Internal and external engagement on sustainability issues ▶ Materiality analysis ▶ Design / improvement of sustainability governance ▶ Sustainability policy development and sustainability operational plans ▶ Analysis of industrial plans according to the Sustainable Development Goals (SDGs) ▶ Update/development of the code of ethics ▶ Development of code of conduct for suppliers ▶ Sustainability reporting (GRI, SASB, TCFD, etc.) ▶ Integrated report (IIRC framework)

STRUCTURE AND BENCHMARK

2	COMPLIANT
<ul style="list-style-type: none"> ▶ Specialised sustainability certifications ▶ Non-financial assurance & due diligence ▶ Alignment with preferred standards/ enhanced disclosures ▶ Tax transparency & governance 	<ul style="list-style-type: none"> ▶ Assurance ISAE 3000 - audit of social report and non-financial report ▶ HSE (health, safety & environmental) due diligence ▶ Human rights and social due diligence ▶ Carbon footprint verification (CDP) ▶ Climate change strategy formation and implementation advisory reviews ▶ Climate change and ESG internal audit reviews ▶ Corporate social responsibilities internal audit reviews ▶ Carbon, energy, water and resource disclosure & management (CDP) ▶ Life cycle assessment (ISO 14041 standards) ▶ Greenhouse gases (ISO 14064-1 standards)

REFINE SUSTAINABILITY

3	PROACTIVE
<ul style="list-style-type: none"> ▶ Sustainability structured governance ▶ Testing of internal controls on sustainability reporting ▶ Corporate investigations ▶ Global forensics 	<ul style="list-style-type: none"> ▶ Sustainability risk intelligence ▶ Development of non-financial information control systems ▶ Implementation of quality management systems (ISO9001) environment (ISO14001) security (OHSAS18001) energy (ISO50001) ▶ Implementation of risk management systems (ISO31000) security information (ISO 27001) and business continuity (ISO22301) ▶ Gap analysis/guidance on social responsibility (ISO 26000) ▶ Reputational risk assessment & management ▶ Management and second part verification on the value chain (conflict minerals, RJC, ISO 20400, SA 8000, etc.) ▶ Investment governance and process assurance and advisory reviews ▶ Investment stewardship assurance reviews ▶ Sustainable / responsible investment internal audit reviews or occupational pension schemes and other investment managers

POLICY & PROCESS INTEGRATION

4	STRATEGIC
<ul style="list-style-type: none"> ▶ ESG ROI (impact measurement) & improvement ▶ Responsible tax ▶ Science based targets 	<ul style="list-style-type: none"> ▶ Process and reporting procedures development ▶ Social impact measurement (also SROI) ▶ Profit & loss impact measurement ▶ Information systems' development or their integration for non-financial information (IT automation of sustainability reporting) ▶ IT roadmap and architecture for sustainability

BUSINESS MODEL TRANSFORMATION

5	INTEGRATED
<ul style="list-style-type: none"> ▶ Sustainability consulting ▶ Circular economy ▶ ESG remuneration policies 	<ul style="list-style-type: none"> ▶ Analysis of the business model and the value chain According to the circular economy ▶ IT roadmap and architecture for sustainability ▶ Sustainability board induction & training ▶ ESG linked remuneration

GETTING STARTED: BDO SUSTAINABILITY TOOLBOX

To help our clients start their journey BDO have developed several Sustainability tools to help raise awareness around how ESG / Sustainability concerns impact their organisations. They also provide guidance on the path to achieving and transforming for a sustainable future.

BDO Sustainability Readiness Tool

The Sustainability Readiness Tool has been developed based on globally recognised academic research utilising a growth-set maturity model and strength-based readiness milestones. The tool uses the UN Sustainable Development Goals (SDGs) framework as the roadmap for business transformation.

This 'Readiness Tool' has been specifically designed to help chart an organisation's business against the global goals, providing guidance and a maturity assessment based on responses. Furthermore, the survey can be taken periodically to track progress of an organisation's sustainability transformational journey.

SDGs provide a unified language and globally recognized goals, that business can align to. The SDGs were officially endorsed by 193 countries and 12,000+ companies have since signed up to the UN Global Compact, a movement aimed to mobilize companies and stakeholders towards achieving the goals.

The survey framework is built on six pillars covering an organisations functional, operational and strategic workings. Once completed the participant will receive an 'maturity benchmark' report providing an assessment of the answers and guidance on how an organisation can progress and further integrate sustainability business practices within its business. [TAKE THE SURVEY HERE](#)

 External Expression
Explore

 Internal Conditions
Explore

 Supplier Requirements
Aware

 Operational Processes
Explore

 Products and Services
Explore

 Business Model
Aware

GETTING STARTED: BDO SUSTAINABILITY TOOLBOX

BDO Energy Transition Diagnostic Tool

Energy is a concern for everyone. Pressure on companies to reduce their carbon emissions is seeing alternative energy solutions become vital to a company's strategy. Today, every industry across the globe is looking to adopt energy efficiency technologies, understanding that regulatory requirements, industry standards, financiers, and most importantly customers, will demand it of them. The Energy Transition Diagnostic Tool is a short 7-minute survey that helps raise awareness of energy consumption and the tools and strategy available to companies to help reduce emissions.

The Energy Transition tool is aimed at delivering insights that can better steer a company's strategic decisions around how and what solutions may best suit their organisation.

The survey framework is built on five pillars, covering awareness and deployment of renewable energy, awareness and deployment of energy efficient technologies, challenges and opportunities, strategy and commitment and monitoring and reporting. Once completed the participant will receive a 'Personalised Benchmark' report against their industry peers (if sufficient data is available, otherwise benchmarked against the broader dataset) providing an assessment of the answers and guidance on how an organisation can progress and further progress its strategy towards operating in a low carbon world. [TAKE THE SURVEY HERE](#)



Awareness & deployment

Your score: **4.1**

Industry average: **2.9**



Energy efficiency

Your score: **2.4**

Industry Average: **3.7**



Challenges & opportunities

Your score: **2.2**

Industry Average: **3.2**



Strategy & commitment

Your score: **2.5**

Industry Average: **3.4**



Monitoring & reporting

Your score: **5.0**

Industry Average: **3.4**

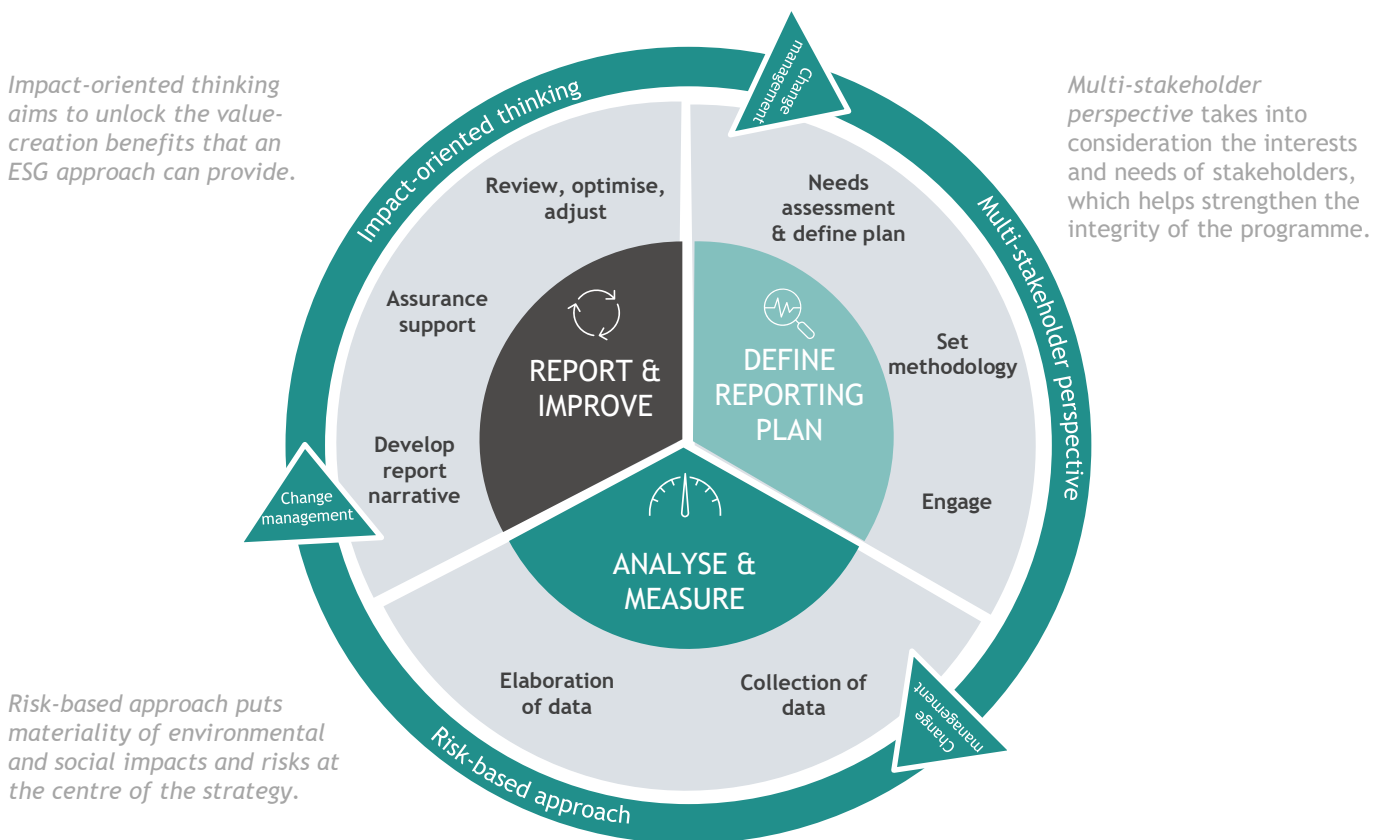
Other tools currently available include BDO's Smart & Sustainable Cities Tool and BDO's ESG Portfolio Due Diligence Tool. Coming soon, BDO Modern Slavery Tool and BDO's TCFD due diligence tool.

BDO SUSTAINABILITY METHODOLOGY



Continuous improvement process

As mentioned earlier, sustainability is a journey which means constant monitoring and assessment of a sustainability programme even once a programme has been designed. Below illustrates the approach that BDO takes in addressing the continuous improvement process which aims to consolidate an organization's commitment to sustainable development, focusing on the measurement of impacts, corporate objectives and change management.



IN PRACTICE

PHASE 1

DEFINE REPORTING PLAN

Define and plan the activities to be carried out, taking into consideration corporate objectives and consistency with internationally recognised standards for non-financial reporting (i.e. GRI Standards, SASB) and other regulatory frameworks recognised as best practice (i.e. Task Force on Climate-related Financial Disclosures - TCFD). BDO supports the organization in setting up the process, identifying the most appropriate methodology, alignment with corporate priorities, defining parameters and activities, conducting materiality risk assessment and ensuring stakeholder engagement.

PHASE 2

ANALYSE AND MEASURE

Within this phase BDO selects tools and processes (including advice around reporting frameworks) to effectively capture ESG data and content. BDO supports the organisation in collecting the necessary information, verifying the data, and ensuring that the data & sequence is interpreted and correctly captured within the defined report parameters.

PHASE 3

REPORT AND IMPROVEMENT

During this phase BDO facilitates the preparation of the final draft of the report based on careful analysis and collaboration with management. As a result of this coordination effort, BDO supports the organisation in defining the contents by ensuring the alignment with the appropriate reporting frameworks and regulatory requirements, also providing stylistic refinement for effective and transparent communication.

A STRATEGIC & INTEGRATED PATH

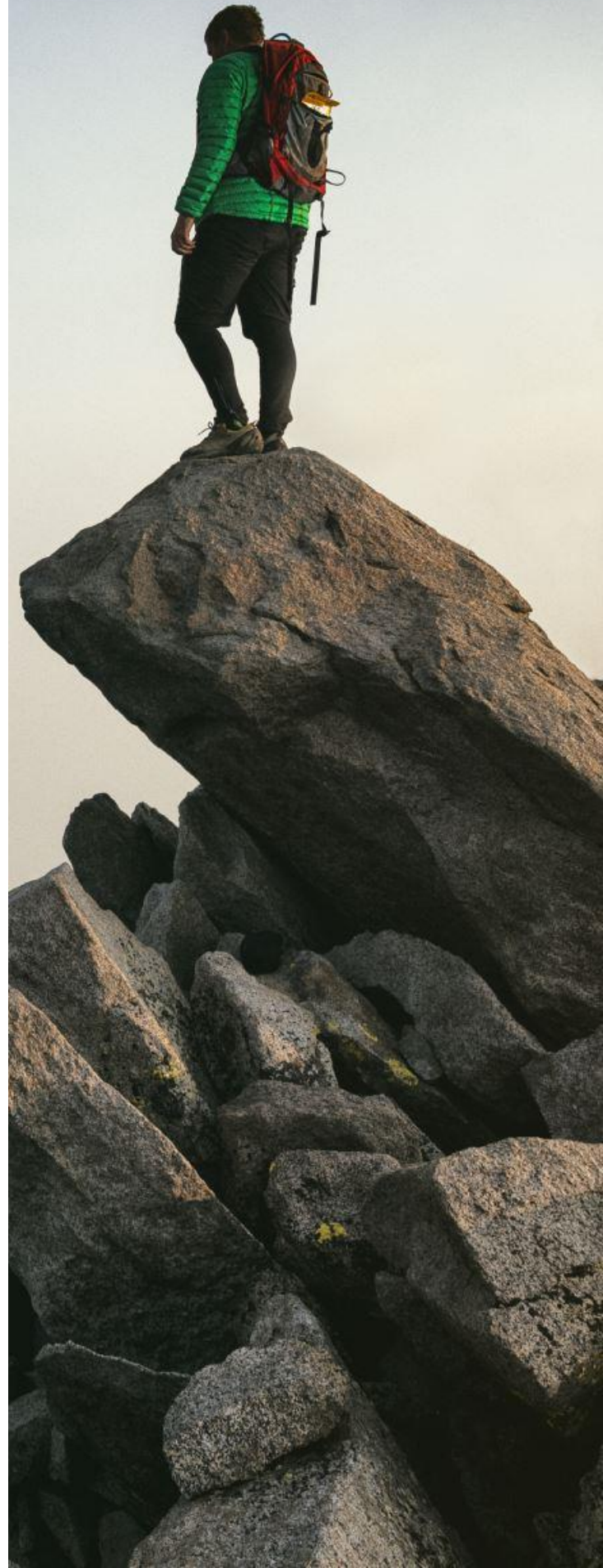
BDO supports our clients towards a strategic path of reporting, communication, dialogue and positioning among its stakeholders and market:

MATERIALITY ANALYSIS, is the foundational activity for the start of reporting. It consists of *identifying the primary impacts of economic, environmental and social elements*, summarized in a Materiality Matrix. This methodological analysis helps to determine the broader dimensions of the company, defining its strategic role with respect to the sector and the challenges within a national and international context.

STAKEHOLDER ENGAGEMENT, an activity carried out with the purpose of updating the Materiality Analysis. BDO would propose a strategic engagement programme with key stakeholders to ensure communication and alignment of programme objectives.

"INTEGRATED THINKING" aims to look at a business wholistically to find value-creation opportunities using a combination of financial and non-financial methods. BDO accompanies the organization in a journey of value creation including a short, medium, and long-term horizon. Using internationally recognized frameworks, BDO promotes ESG reporting processes that allow the periodic publication of non-financial report (besides the annual financial report), or integrated financial report - namely a single annual document containing both financial and non-financial information in accordance with industry standards.

ROLE OF THE SUSTAINABLE DEVELOPMENT GOALS - The SDGs encourage business to make sustainable development a central part of their business strategy to ensure organisations meet the needs of the present without compromising the needs of generations to come.



REPORTING FRAMEWORK

As of the date of this publication, the ESG reporting landscape is highly fragmented with more than 5000 sustainability / ESG / CSR reporting and communication standards in play globally. The lack of consistent, comparable and assurable metrics and information being used by reporters, investors and stakeholders is cause for confusion and discrepancies.

However, there is consolidation occurring in the market and we are likely to see an internationally agreed upon reporting framework reflecting the key sustainability metrics and information needed by reporters and report users to assess and compare company performance, risks and prospects. The IFRS Foundation have prepared a Sustainability Standards Board (SSB) in 2021 to analyse and recommend a single framework for future reporting.

In the meantime, BDO is recommending our clients follow the WEF/IBC framework as it integrates key metrics from existing standards, the Sustainable Development Goals (SDGs) and provides flexibility to cross report using other standards when required and if desirable.

WEF/IBC Sustainability Framework



To view a summary of the metrics and the Sustainable Development Goals - please see the appendix.

Ref. http://www3.weforum.org/docs/WEF_IBC_Measuring_Stakeholder_Capitalism_Report_2020.pdf

As CEOs, we want to create long-term value to shareholders by delivering solid returns for shareholders AND by operating a sustainable business model that addresses the long-term goals of (the) society, as provided for in the SDG roadmap. At the same time, data on responsible business and sustainability is proliferating, enabling companies to better understand their impact and implement responsible strategies. What we seek is a general framework for companies to demonstrate their long-term sustainability; a framework that integrates financial metrics along with relevant non-financial criteria such as ESG considerations, gender equality, compensation practices, supply chain management, and other activities..

—Brian Moynihan, Chairman and CEO Bank of America

BDO SUSTAINABILITY KNOWLEDGE CENTRES

To ensure we keep in step with the fast pace in which sustainability is evolving, we have established the following knowledge centres. These are supported by a global team of professionals who are focused on creating solutions to global issues impacting business.



Sustainable finance

Supporting the re-allocation of capital towards well rated ESG companies

BDO support companies and financial services providers in effectively meeting the challenges of sustainable financing and investment decisions

- ▶ ESG due diligence
- ▶ Green bonds external assurance
- ▶ ESG portfolio / fund assessments & reporting
- ▶ ESG risk management
- ▶ ESG regulatory services
- ▶ ESG transformation credit business
- ▶ [ESG Portfolio Due Diligence Tool](#)



Smart & sustainable communities

Developing strategic partnerships across communities to reach sustainability goals

BDO provides systematic support to governments & municipalities to reach smart & sustainability community goals

- ▶ SSC programme identification & development
- ▶ SSC implementation
- ▶ SSC programme management
- ▶ SSC tracking & development
- ▶ Circular economy advisory
- ▶ [Smart & Sustainable Cities Tool](#)



Energy transition

Supporting companies move to a low-carbon world

BDO helps support and report on GHG emissions, carbon tax and climate related financial impact & disclosures

- ▶ GHG accounting / assurance / audits
- ▶ Carbon tax
- ▶ Energy assessments
- ▶ Decarbonisation strategy advisory
- ▶ Government incentives
- ▶ [Energy Transition Diagnostic Tool](#)



Supply chain

Creating value through a sustainable supply chain

BDO's integrated GVC (Global Value Chain) solution aims to engineer operational resilience and agility across a clients supply chain.

- ▶ Supply chain due diligence
- ▶ Responsible procurement & supply chain advisory
- ▶ Ethical trade audit
- ▶ Supply chain conflict minerals audits
- ▶ Environmental impact analysis & documentation of cross border projects
- ▶ [Modern Slavery Tool \(coming\)](#)



Corporate reporting

Financial & non-financial reporting delivered as one

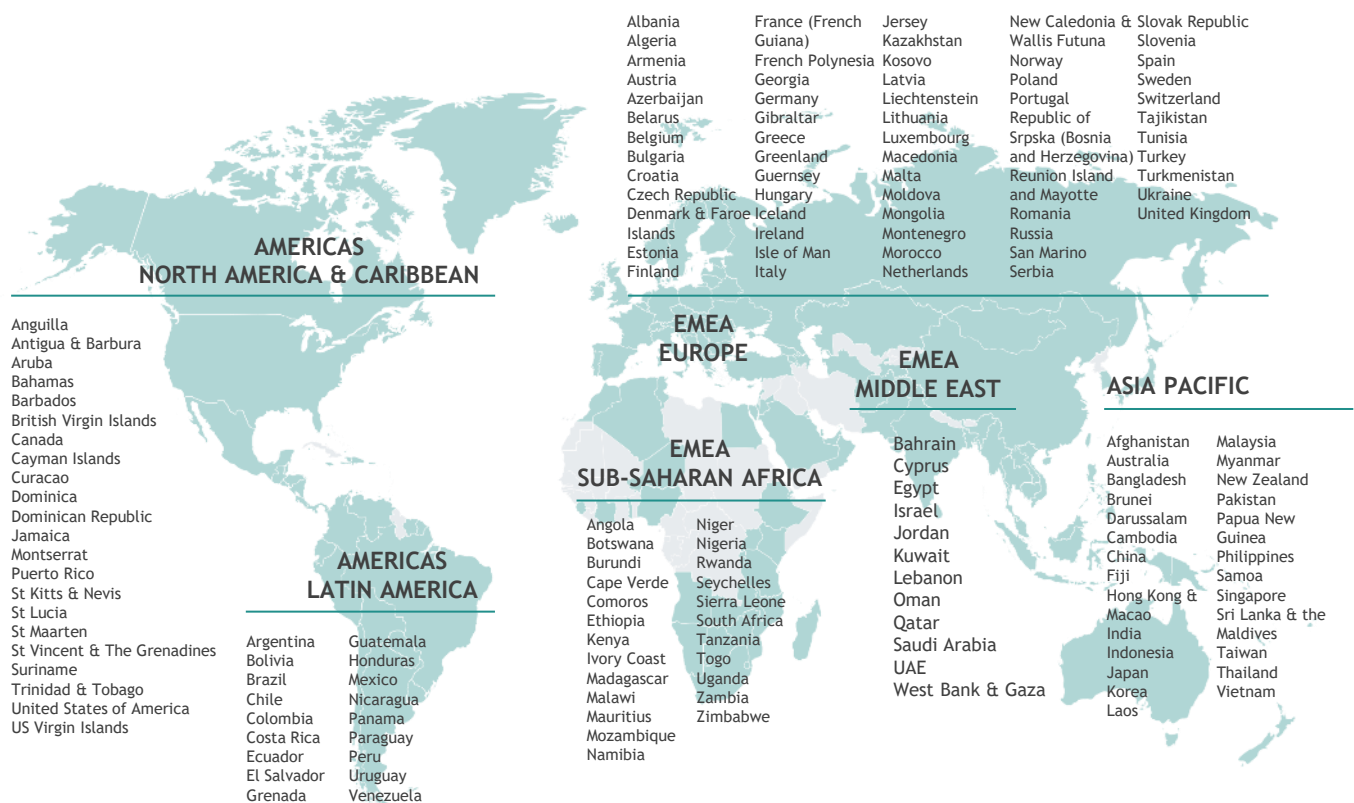
BDO helps architect and deliver meaningful integration of ESG information into traditional organizational disclosures

- ▶ Development of non-financial reporting structure & frameworks
- ▶ Assurance of non-financial reports
- ▶ Attestations of non-financial information used for public disclosures
- ▶ Climate reporting
- ▶ Carbon verification
- ▶ [Sustainability Readiness Tool](#)
- ▶ [TCFD Tool \(coming\)](#)

OUR GLOBAL TEAM

Given the transformational nature of integrating sustainability into an organization, BDO has developed comprehensive advisory support to ensure we offer clients best-in-class solutions.

BDO’s global reach across 167 countries and workforce 90,000+ enables us to work globally while acting locally. We benefit from a global presence, access to industry and commercial insights and a globally diverse workforce that our clients can access. Our global sustainability services framework stitches together BDO’s best, both from service expertise to industry experts.



“Transforming our businesses to meet the challenges of climate change, biodiversity loss and social inequality will be one of the greatest challenges of our time. At BDO, we have committed to doing our part in rethinking our business, in addition to supporting our clients on their sustainability journey.”

Trond-Morten Lindberg
CEO, EMEA
BDO



OUR GLOBAL TEAM

ESG

Brazil

Vivienne Bauer
Luana Castilho

Belgium

Michael van Cutsem

Canada

Janet Stockton

France

Frederic Leger
Audrey Leroy

Finland

Eeva Koivula

Germany

Nils Norsherding

Hong Kong

Ricky Cheng

Italy

Carlo Luison
Valeria Fazio

Israel

Nofar Wallach Lazersko
Anat Even-Chen

Jordan

Azzam Hamaideh

Malaysia

Francis Cyril Singham

New Zealand

Richard Croucher

Netherlands

Adrianca Mens

Norway

Tina-Irene Amundsen
Hilde Loseth Modell

Switzerland

Moritz Reisser

Ukraine

Henning Drager

South Africa

Thuto Masasa
Dineo Mokono

Mauritius

Pamele Leste

UK

Fiona Davis
Zoe White

Guernsey

Steve Desmond
Stuart Philips

US

Amy Rojik
Karen Baum

SUSTAINABLE FINANCE

Argentina

Maria Florencia Bo

Australia

Geoff Rooney

Austria

Adeline Loerinczi

Canada

Sam Khoury

Germany

Gebhard Zemke
Ahsbahs Anne-Kathrin
Karsten Paape

Guernsey

Steve Desmond
Stuart Philips

Hong Kong

Ricky Cheng

Israel

Shani Avrahami
Widad Altouche

Italy

Emmanuele Berselli
Fabio Magnoni

Latvia

Andrei Surmach
Andrejs Derbenovs
Marcis Kupfers
Simanis Broks

Norway

Ann-Cathrin Hoffmann

Nigeria

Ajibola Falola

Singapore

Chin Beng Koh
Netherlands
Reinout Mensink

UK

Richard Barnwell
Mark Spencer
Adam Soilleux

US

Karen Baum

SMART & SUSTAINABLE COMMUNITIES

Austria

Katharina Scheidl

Belgium

Ingrid Evers
Erik Van Den Broeck
Thomas Gayzal

Germany

René Frieze

Italy

Aurora Bardoneschi

Netherlands

Marco Pot

Norway

Morten Thuve
Tina-Irene Amundsen

Switzerland

Jacques Blanc

UK

Sohasini Sudtharalingam

SUSTAINABLE ENERGY

Argentina

Marcelo Cannetti

Australia

Sherif Andrawes
Dylan Byrne

Brazil

Jairo Saoris

Canada

Stephen Payne

Chile

Mauricio Benitez

Germany

Matthias Moekenmeir

France

Delphine Chavinier

South Africa

Bert Lopes
Carla Clamp

UK

Marc Reinecke

US

Brian Taggert

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APPENDIX

WEF / ICB FRAMEWORK - Core 21 Metrics

Governance Metrics

Theme	Sub-themes, Core Metrics & Disclosures	Sources
Governing Purpose	<p>Setting purpose Whether the company has a stated purpose linked to societal benefit and their core business</p>	GRI (102-26), EPIC, Colin Mayer and others
Quality of Governing Body	<p>Board composition Composition of the highest governance body and its committees by: executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; competencies relating to economic, environmental and social topics; stakeholder representation</p>	GRI (102-22), GRI (405-1a)
Stakeholder Engagement	<p>Impact of material issues on stakeholders A list of the material topics identified in the process of defining report content and how they impact stakeholders</p>	GRI 102-47
Ethical Behaviour	<p>Anti-corruption 1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region 2. Total number and nature of incidents of corruption confirmed during the current year but related to previous years 3. Total number and nature of incidents of corruption confirmed during the current year, related to this year</p>	Adapted from GRI (205-2) and GRI (205-3)
	<p>Protected ethics advice and reporting mechanisms A description of internal and external mechanisms for: 1. seeking advice about ethical and lawful behaviour, and organizational integrity; 2. reporting concerns about unethical or unlawful behaviour, and organizational integrity</p>	GRI (102-17)
Risk and Opportunity Oversight	<p>Integrating risk and opportunity into business process Company risk factor disclosures clearly identify the principal risks facing the company specifically (as opposed to generic sector risks), the Board appetite in respect of these risks, how these risks have moved over time and the response to those changes. These should include discussion of data security and other emerging principal risks and should disclose the number of data breaches in the reporting period.</p>	Combination of EPIC and SASB (230a.1 and 2)

http://www3.weforum.org/docs/WEF_IBC_ESG_Metrics_Discussion_Paper.pdf



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Planet Metrics

Theme	Sub-themes, Core Metrics & Disclosures	Sources
Climate Change	Greenhouse Gas (GHG) emissions Report GHG Protocol Scope 1 and 2 emissions in tonnes of carbon dioxide equivalent (tCO ₂ e) and estimate and report upstream and downstream (GHG Protocol Scope 3) emissions where material.	GRI (305-1), CDP (C6, C7), CDSB (R03, R04), SASB (110a.1), GHG Protocol
	TCFD-aligned reporting on material climate risks and opportunities TCFD-aligned reporting on governance and risk management for all. If climate change is material in short, medium or long term, disclose strategy and metrics/ targets as well, including whether the company has committed to set a science-based target in line with net zero by 2050.	TCFD, CDSB R01, R02, R03, R05 and R06; SASB 110
Nature Loss	Land use and ecological sensitivity Report for operations and estimate & report for upstream supply chain, where material, on: <ul style="list-style-type: none"> ▶ overall area of land used or affected ▶ annual change in area of land used or affected ▶ number of IUCN Red List species present in areas used or affected. 	Adapted from: GRI (304-1, 304-3, 304-4), CDP (F1)
Fresh Water Availability	Fresh water consumption in water stressed areas Report for operations and estimate & report for upstream and downstream supply chain, where material, on: <ul style="list-style-type: none"> ▶ mega-litres of fresh water consumed (withdrawals minus discharges of equal quality) in water-stressed areas. 	Adapted from: GRI (303-3), CDP (W1), CDSB (R04), SASB (140a.1)

People Metrics

Theme	Sub-themes, Core Metrics & Disclosures	Sources
Dignity and Equality	Gender pay equality (%) Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.	GRI (405-2)
	Diversity and inclusion (%) Percentage of employees per employee category, by age group, gender and other indicators of diversity	GRI (406-1)
	Wage level (%) Ratios of standard entry-level wage by gender, compared to local minimum wage for specific categories of workers.	GRI (202-1)
	Risk for incidents of child, forced or compulsory labor (#, %) Number and percentage of operations and suppliers considered to have significant risk of: a) incidents of child labour, and b) incidents of forced labour, by type of operation and supplier, in terms of countries or geographic areas with operations and suppliers considered at risk.	GRI (408, 409)
Health and Well Being	Health and safety (%) 1. The total recordable injury rate (TRIR) by specific categories of workers 2. The absentee rate (AR) for specific categories of workers	SASB (CN0101-18), GRI (403-2.a4)
	Training provided (#) 1. Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of trainings provided to employees divided by the number of employees) 2. The average training and development expenditure per full time employee	GRI (404-1), SASB (HC0101-15)
Skills for the Future	Training provided (#) 1. Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of trainings provided to employees divided by the number of employees) 2. The average training and development expenditure per full time employee	GRI (404-1), SASB (HC0101-15)

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Prosperity

Theme	Sub-themes, Core Metrics & Disclosures	Sources
Wealth creation and employment	<p>Net number of jobs created</p> <ol style="list-style-type: none"> 1. Total number and rate of new employee hires during the reporting period, by age group, gender and region 2. Total number and rate of employee turnover during the reporting period, by period, by age group, gender and region 	GRI (401-1a & b)
	<p>Net Economic Contribution</p> <ol style="list-style-type: none"> 1. Direct economic value generated and distributed (EVG&D) - on an accruals basis, covering the basic components for the organization's global operations, including revenues, operating costs, employee wages and benefits, payments to providers of capital, payments to government 2. Financial assistance received from the government (e.g. tax breaks, subsidies, investment grants etc.) 3. Net Economic Contribution = (EVG&D) minus (Financial assistance received from the government) 	GRI (201-1 and 201-4)
	<p>Net investment</p> <ul style="list-style-type: none"> ▶ Total capital expenditures (CapEx) ▶ Depreciation ▶ Share buybacks ▶ Dividend payments <p>Calculation: (Total CapEx - depreciation) / (Total cost of share buybacks + dividend payments)</p>	International Accounting Standard (IAS) 7 - Cash Flow Statements
Innovation in better products and services	<p>R&D spend ratio (%)</p> <p>Total amount of spending on R&D as a percentage of total sales</p>	2015 edition of the Frascati Manual for measuring R&D (OECD, 2015a)
Community and social vitality	<p>Community investment (%)</p> <p>A percentage breakdown of community investment, including monetary contributions such as charitable gifts and community partnerships; time contributions such as staff volunteering in paid time; in-kind contributions from services or equipment; and management costs, normalized as a percentage of pre-tax profit</p>	GRI (G4-ECI)
	<p>Integrating risk and opportunity into business process</p> <p>Company risk factor disclosures clearly identify the principal risks facing the company specifically (as opposed to generic sector risks), the Board appetite in respect of these risks, how these risks have moved over time and the response to those changes. These should include discussion of data security and other emerging principal risks and should disclose the number of data breaches in the reporting period.</p>	Combination of EPIC and SASB (230a.1 and 2)
	<p>Country by country tax reporting</p> <ol style="list-style-type: none"> 1. All tax jurisdictions where the entities included in the organization's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes. 2. For each tax jurisdiction reported in Disclosure 207-4-a: <ul style="list-style-type: none"> ▶ Names of the resident entities ▶ Primary activities of the organization ▶ Number of employees and the basis of calculation of this number ▶ Revenues from third-party sales ▶ Revenues from intra-group transactions with other tax jurisdictions ▶ Profit/loss before tax ▶ Tangible assets other than cash and cash equivalents ▶ Corporate income tax paid on a cash basis ▶ Corporate income tax accrued on profit/loss ▶ Reasons for the difference between corporate income tax accrued on profit/ loss and the tax due if the statutory tax rate is applied to profit/loss before tax 3. The time period covered by the information reported in Disclosure 207-4. 	GRI (207-4)

SUSTAINABLE DEVELOPMENT GOALS

UN Sustainable Development Goals (SDGs) provide a unified language and goals, globally recognized, that business can align to. The SDGs were officially endorsed by 193 countries and 12,000+ companies have since signed up to the UN Global Compact, a movement aimed to mobilize companies and stakeholders towards achieving the goals.

BDO's Sustainability Readiness Tool has been specifically designed to help chart an organisation's business against the global goals, providing guidance and a maturity assessment based on responses.

[TAKE THE SURVEY HERE](#)



End poverty in all its forms everywhere.



End hunger, achieve food security and improved nutrition and promote sustainable agriculture.



Ensure healthy lives and promote well-being for all at all ages



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



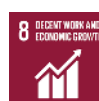
Achieve gender equality and empower all women and girls.



Ensure availability and sustainable management of water and sanitation for all.



Ensure access to affordable, reliable, sustainable and modern energy for all.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation



Reduce inequality within and among countries.



Make cities and human settlements inclusive, safe, resilient and sustainable.



Ensure sustainable consumption and production patterns.



Take urgent action to combat climate change and its impacts.



Conserve and sustainably use the oceans, seas and marine resources for sustainable development.



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.



Strengthen the means of implementation and revitalise the global partnership for sustainable development

DESCRIPTION OF ESG FACTORS



Environmental

Environmental factors address an organisation's environmental impact and environmental stewardship. It is focused on improving the environmental performance of an organisation.

The following table lists (not all-inclusive) and provides a description of the environmental factors:

Environmental factor	Description
Climate change	Strategy and metrics targets, including whether the company has committed to set a science-based target in line with net zero by 2050.
Land use and ecological sensitivity	For upstream supply chain: <ul style="list-style-type: none"> ▶ Overall area of land used or affected ▶ Annual change in area of land used or affected ▶ Number of International Union for Conservation of Nature (IUCN) Red List of Threatened Species present in areas used or affected.
Air and water pollution	Introduction of harmful materials into the environment. Examples of pollutants are volcanic ash, trash or runoff produced by factories. Pollutants damage the quality of air, water, and land.
Biodiversity	Biodiversity boosts ecosystem productivity where each species, no matter how small, all have an important role to play. Greater species diversity ensures natural sustainability for all life forms.
Deforestation	Decrease in forest areas across the world that are lost for other uses such as agricultural croplands, urbanisation, or mining activities. Deforestation negatively affects natural ecosystems, biodiversity, and the climate.
Energy efficiency	Using less energy to perform the same task - that is, eliminating energy waste.
Water management	The control and movement of water resources to minimise damage to life and property and to maximise efficient beneficial use.
Fresh water availability	Fresh water consumption in water stressed areas.



Social

Social factors refers to how an organisation manages relationships with, and creates value for, stakeholders. The social dimension is focused on an organisation's impact on its employees, customers and the community.

The following table lists (not all-inclusive) and provides a description of the social factors:

Social factor	Description
Customer satisfaction	▶ Innovation in better products and services
Data protection and privacy	<ul style="list-style-type: none"> ▶ Data protection from compromise by external attackers and malicious insiders ▶ Data privacy governs how data is collected, shared and used
Diversity and inclusion	<ul style="list-style-type: none"> ▶ Gender pay equality ▶ Percentage of employees per employee category, by age group, gender and other indicators of diversity ▶ Wage composition
Employee engagement	Training provided
Health and Safety	<ul style="list-style-type: none"> ▶ Total recordable injury rate (TRIR) ▶ Absentee rate (AR)
Community engagement	<ul style="list-style-type: none"> ▶ Community investment ▶ Country by country tax reporting
Human rights	Risk for incidents of child, forces or compulsory labour
Wealth creation and employment	<ul style="list-style-type: none"> ▶ Net number of jobs created ▶ Net Economic Contribution ▶ Net investment




Governance

Governance factors refers to an organisation's leadership and management philosophy, practices, policies, internal controls, and shareholder rights. The governance dimension is focused on an organisation's leadership and structure.

The following table lists (not all-inclusive) and provides a description of the governance factors:

Governance factor	Description
Governing purpose	Whether the organisation has a stated purpose linked to social benefit and their core business.
Quality of governing body	Composition of the highest governance body and its committees by: <ul style="list-style-type: none"> ▶ Executive or non-executive ▶ Independence ▶ Tenure on the governance body ▶ Number of each individual's other significant positions and commitments, and the nature of the commitments ▶ Gender ▶ Membership of under-represented social groups ▶ Competencies relating to economic, environmental and social topics ▶ Stakeholder representation.
Stakeholder engagement	A list of the material topics identified in the process of defining report content and how they impact stakeholders.
Ethical behaviour	Internal and external mechanisms for: <ul style="list-style-type: none"> ▶ Seeking advice about ethical and lawful behaviour, and organisational integrity; ▶ Reporting concerns about unethical or unlawful behaviour, and organisational integrity.
Risk and opportunity oversight	Integrating risk and opportunity into business processes by clearly identifying the principal risks facing the organisation specifically, the governing body's appetite in respect of these risks, how these risks have moved over time and the response to those changes.
Bribery and corruption	<ul style="list-style-type: none"> ▶ Accountability for governance body members, employees and business partners who have received training on the organisation's anti-corruption policies and procedures, broken down by region ▶ Frequency and nature of incidents of corruption confirmed during the current year but related to previous years ▶ Total number and nature of incidents of corruption confirmed during the current year, related to this year.
Executive compensation	Incentives to senior executives to enhance company performance relative to prior years and relative to its competitors for the benefit of all shareholders.
Lobbying	Influencing or attempting to influence legislative action or non-action through oral or written communication.



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