

A close-up photograph of a hand with fingers spread, gently touching a large, vibrant green leaf. The background is filled with other similar green leaves, creating a dense, natural texture. The lighting is soft, highlighting the veins on the leaves and the skin of the hand.

Sustainability 101

EY Sustainability Skills Lab
April 2024

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow diagonal line is positioned above the 'Y', extending from the top right towards the center. Below the logo, the tagline 'Building a better working world' is written in a smaller, white, sans-serif font.

EY
Building a better
working world

Acknowledgement of Country

We like to acknowledge the Traditional Owners and Custodians of the land, the Wurundjeri People of the Kulin Nation and on which I present from today and pay our respect to their Elders both past and present, and to emerging community leaders.

We also acknowledge the important role of Aboriginal and Torres Strait Islander people within EY and in the communities we work with and acknowledge and respect their continuing culture and the contribution they make to the life of this region.

Artwork is Vast Stretch of Country by PJ Kemarre, an Eastern Arrernte, Wiradjuri, Wangaaypuwan and Yawuru man. EY commissioned PJ to create Vast Stretch of Country for our EY Australia Stretch RAP, September 2021 – August 2024.



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Introductions



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Workshop outline

		Duration
01	What is sustainability, climate change and ESG?	15 min
02	Why sustainability?	15 min
03	Applying ESG concepts to your organisation	30 min
04	Your sustainability plan	30 min



1

What is sustainability,
climate change and ESG?

What is sustainability?

In 1987, the United Nations defined sustainability as “meeting the needs of the present without compromising the ability of future generations to meet their own needs”

More recently, the UN contended “In the rush to transform business models and systems for the future, integrity and values will have a huge role to play”

A successful sustainability framework should be led by the values of your organisation and generate positive long-term financial, consumer, human and societal value for all stakeholders.

What is sustainability?



United Nations Sustainable Development Goals and the role of organisations



The SDGs can be the foundation for collaboration between development NGOs, environmental NGOs and social NGOs.

IDDR, Sustainable Development Thinktank¹



¹ SDGs need NGOs, NGOs need SDGs | IDDR

What is sustainability?

- Greenhouse gas emissions (i.e. mitigation)
- Water and waste management
- Diversity and inclusion
- Climate risk and opportunity (i.e., adaptation)
- Modern slavery
- Anti-bribery and anti-corruption
- Health, safety and wellbeing
- Community development
- Biodiversity management

2 Why sustainability?

Sustainability issues confronting us

Climate change



BBC News

Biodiversity loss

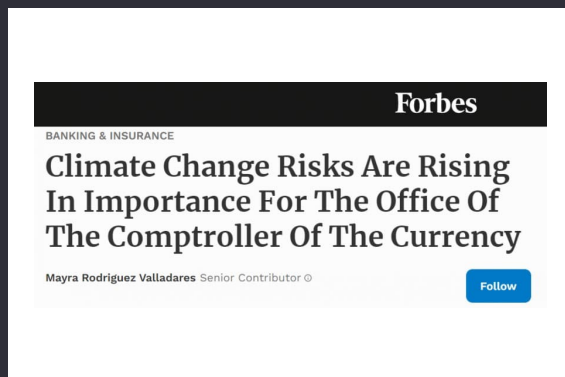


Living Planet Report 2022 | WWF

Depletion of natural resources



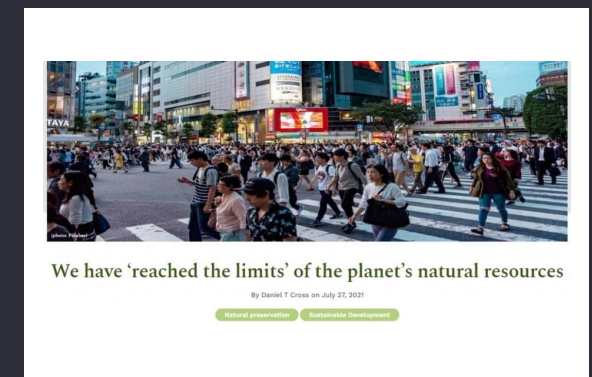
UN Reports | Earth.Org



Forbes



'Biodiversity loss is humanity's greatest threat'



Sustainability-times.com

The sustainability imperative



Stakeholder expectations (1/2)

How are stakeholders demanding that organisations align with sustainability?



Beneficiaries

“Demonstrating/communicating an NGO’s mission” is one of the three top benefits for an NGO to instill an ESG program.¹

¹ ESG reporting in the nonprofit sector



Regulators

The Australian Parliament has introduced mandatory climate reporting for listed and unlisted companies from 2025, with more organisations phased in over time. (Entities registered with the ACNC are exempt)²

² Minister's Treasury Portfolio



Corporate Partners

Increasingly, donors are paying more attention to how nonprofits conduct their work rather than simply what they do in communities.³

³ ESG is good for non-profits too

Stakeholder expectations (2/2)

How are stakeholders demanding that organisations align with sustainability?



Employees

Millennials are three times more likely to seek employment with a company because of its stance on social and/or environmental issues.¹

¹ An interview with Morgan Stanley's Audrey Choi



Community

Impact entrepreneurs and NGOs have a crucial role to play in creating a multiplier effect in their communities to encourage sustainability.²

² Aligning Business With The UN Sustainable



Government

As governments focus on achieving their own ESG goals, NGOs and government partnerships can unlock ESG value for both parties.³

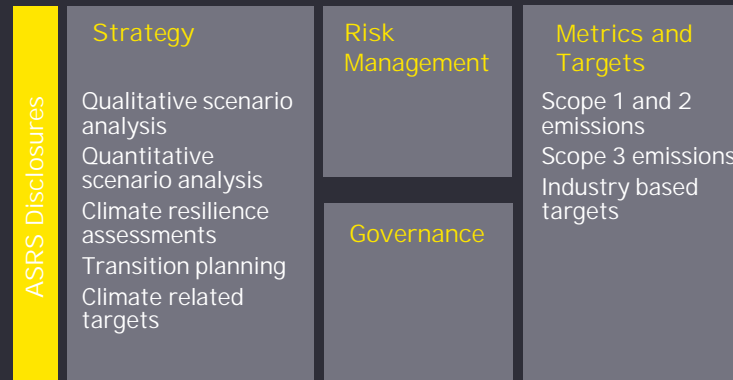
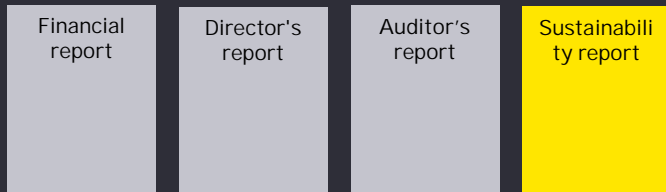
How NGOs Can Work With Governments to Build Partnerships That Will Scale

Regulatory requirements

Amendment Bill 2024 being introduced into Parliament on 27 March 2024.

The requirements will phase in mandatory climate-related reporting, starting with the largest companies and greenhouse gas emitters in Australia.

A new 'sustainability report' within the annual report package



Entities registered with the ACNC are exempt from these draft requirements. While not mandated, going through the reporting process can be a useful exercise with multiple benefits.

Select one or two stakeholders and explore the risks and opportunities these present for your organisation

3 Applying ESG concepts to your organisation

What is ESG?

Defining ESG

ESG is a framework within sustainability. The term ESG is often used interchangeably with the term's 'sustainability' and 'corporate responsibility' but is specifically used in the context of identifying sustainability-related risks and opportunities in organisations. Issues under ESG include, but are not limited to:



Environmental

- ▶ Risks of climate change
- ▶ Greenhouse gas emissions
- ▶ Energy efficiency
- ▶ Biodiversity and land-use impacts
- ▶ Pollution and waste management
- ▶ Water management

Social

- ▶ Diversity and inclusion
- ▶ Employee safety and wellness
- ▶ Modern slavery and labor exploitation
- ▶ Tenant health and safety
- ▶ Community engagement and impacts
- ▶ Employee wages and benefits

Governance

- ▶ Business ethics
- ▶ Management of environmental and social risks
- ▶ Compensation policies
- ▶ Data privacy and security
- ▶ Board diversity

Embedding ESG into your organisation

By building and executing successful ESG strategies and embedding them into your organisation, you are contributing to a more sustainable future.

You help sustain the competitive landscape of good corporate citizenship, nudging other organisations in the same industry or sector to be more involved.

The rise of ESG regulatory requirements and disclosures frameworks also means that ESG is a matter of organisation compliance, due diligence and best practice.

4

Your sustainability plan

Building a sustainability plan

These five steps can help you build your sustainability plan.

We will walk you through these steps as inspiration to begin your sustainability plan for your organisation.

REFER TO YOUR WORKSHEET AS WE GO THROUGH EACH OF THESE STEPS.



Identifying

Determine ESG issues, risks and opportunities relevant to you.

Goal setting

Define your long-term ambition and short-term goals.

Implementing

Put together a detailed roadmap for success to help you achieve your goals.

Monitoring

Track your performance in achieving your goals with simple data management tools.

Communicating

Inform internal and external stakeholders of your sustainability plan.

1 Identifying

ESG issues that may be relevant to your organisation...

Environmental

- ▶ Risks of climate change
- ▶ Greenhouse gas emissions
- ▶ Energy efficiency
- ▶ Biodiversity and land-use impacts
- ▶ Pollution and waste management
- ▶ Water management

Social

- ▶ Diversity and inclusion
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- ▶ Business ethics
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- ▶ Board diversity

Determine what ESG issues, risks and opportunities are relevant to your organisation with these guiding questions:

01

What are the most severe negative impacts to your organisation?

02

Which ESG issues present as opportunities for your organisation to have the most

03

What topics are material to your organisation?

Identifying – Conducting materiality assessments

A materiality assessment will help identify which topics are the most important to your organisation and stakeholders. ESG materiality assessments take a double materiality approach:

Financial materiality

To the extent necessary for an understanding of the organisation's development, performance and position



Primary audience:
Donors, corporate partners

Environmental and social materiality

And impact of its activities



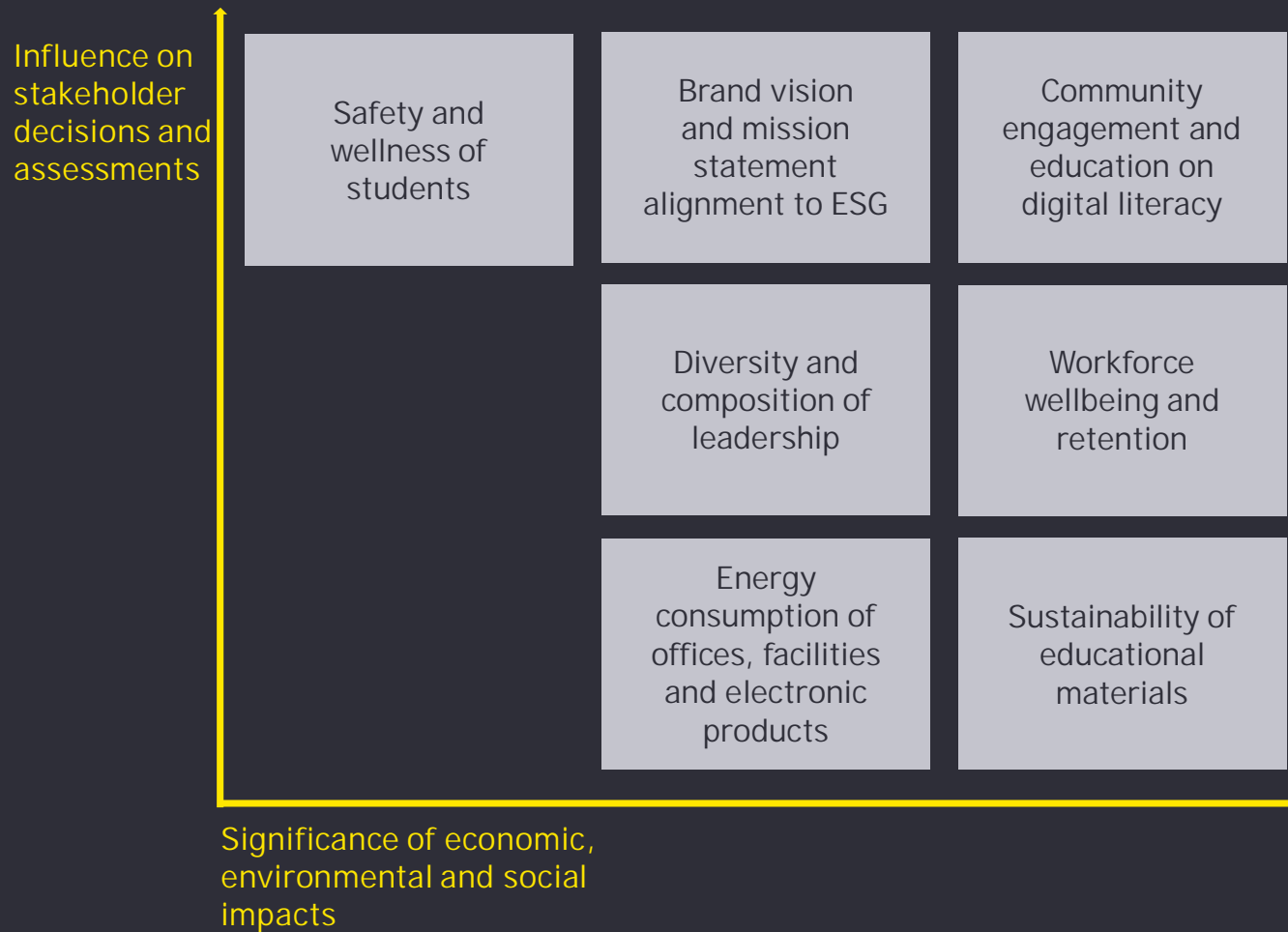
Primary audience:
beneficiaries, civil society, employees, donors

Financial materiality is used here in the broad sense of affecting the value of the company, not just in the sense of affecting financial measures recognised in the financial statements

Adapted from: [Guidelines on reporting climate-related information \(europa.eu\)](https://european-council.europa.eu/media/en/press-communications/inline/attachment/114000/114000.pdf)

After identifying material ESG risks and issues, you can also look into building a materiality matrix.

1 Identifying – Materiality matrix template



Determine issues by analysing what your peers and relevant stakeholders see as important. Consider where these issues would be plotted on the matrix.

If the ESG issue or risk is very likely to occur and the consequences will be significant to both internally in your organisation and externally to the economy, environment and society, the issue or risk should be placed on the top right.

Example of a materiality matrix relevant to an education non-profit

2 Goal setting - Long-term ambition

- 1 Create an overarching vision for stakeholders in your organisation to work towards

- 2 It should be simple, aspirational and relevant to your organisation

- 3 This long-term vision can act as the basis for more concrete, smaller goals that you can develop

2 Goal setting - Short-term goals

- 1 Specific, Measurable, Attainable, Relevant, Timely (SMART) goals

- 2 Set SMART goals against the ESG risks or issues you have identified

- 3 The SMART goals you set form the basis of the implementation plan that you will build later

What are some SMART goals that could address one of the ESG issues or risks you have identified?

2 Goal setting - Activity

Global Reporting Initiative
www.globalreporting.org

- Sustainability standards for businesses, governments and other organisations
- Global best practice for reporting on economic, environmental and social issues

Taskforce on Climate-related
Financial Disclosures
www.fsb-tcfd.org

- Climate disclosure recommendations to help companies understand and integrate climate risks into organisational processes
- Reporting on the impact an organisation has on the global climate
- Now subsumed into the ISSB (in Australia, will be covered by the imminent ASRS standards)

Taskforce on Nature-related
Financial Disclosures
<https://tnfd.global/>

- Inspired by and takes reference from TCFD
- Nature-related disclosure and risk management framework
- Reporting on the impact an organisation has on the global biodiversity

CDP - Formerly the Carbon
Disclosure Project
<https://www.cdp.net/en>

- Global environmental disclosure system for companies, cities, states and regions to measure and manage environmental risks and opportunities
- Main areas of disclosure are climate, water and forests

3 Implementing

It is also helpful to think of your implementation steps through this simpler process:



You can build out your implementation steps with the items in the following table:

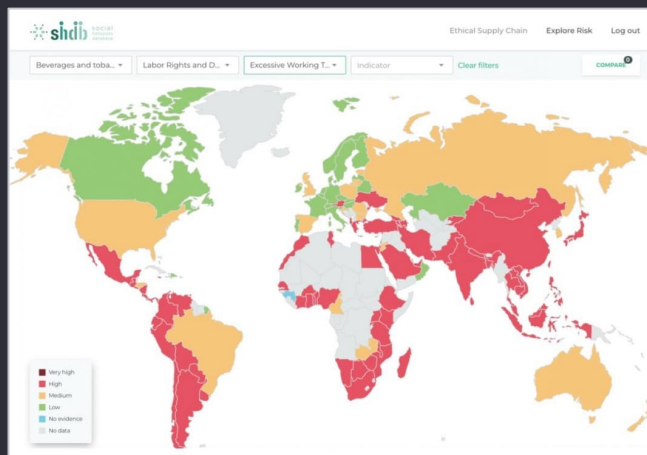
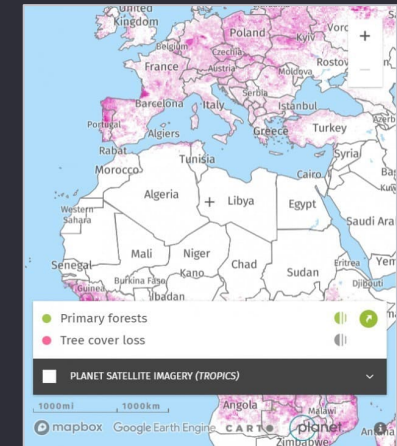
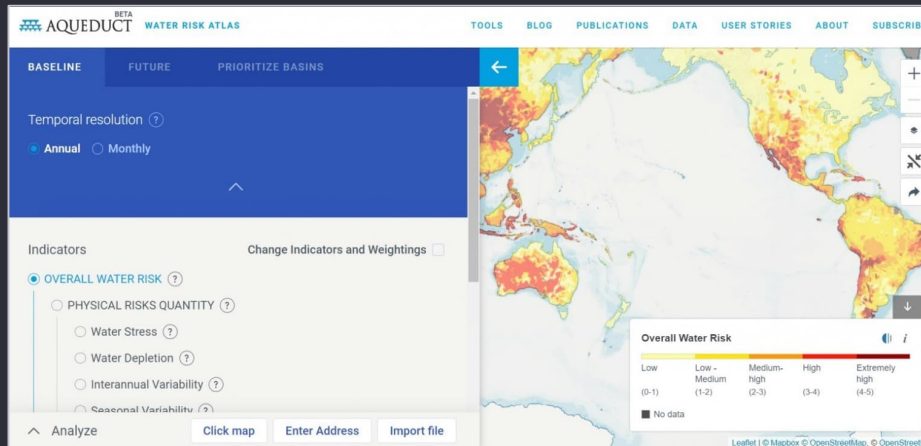
ESG Risk or Issue Identified	Identify the risk or issue you want to address. You can use the one you identified earlier today.
Relevant SMART Goal	Create a smart goal using the steps we practised earlier.
Action	Summarise the target you want to achieve or impact you want to reach.
Owner	Note down the name and job title of the team member/s responsible for overseeing the action.
KPI	Define the indicator you will use to monitor your success.
Baseline	Note your starting position. This might be the value of KPI before any intervention has occurred.
Target and target year	Identify your target value for the KPI and the time by which the target is expected to be reached.
Priority	Decide if it's a high, medium or low priority for your organization to achieve this particular goal.
Investment	List capital resources that you may require both internally or externally.
Expenses	Include a tangible cost of expenses. Consider researching similar projects and include quotes.
Expected benefits and impact	Outline the benefits that will come from this achievement. This might include impact to reputation, increased outreach of initiative or creating tangible behavioural change.

Would anyone like to share what their implementation steps might look like and any considerations you need to take into account?

4 Monitoring – Data tools and repositories

Data monitoring tools – to instantly map out ESG risks and issues and generate comparative ESG data

Data repositories – to source raw data and integrate into your own monitoring documentation



451 Research Datacenter KnowledgeBase — Market Intelligence The 451 Research Datacenter KnowledgeBase delivers essential insights.	Trucost Environmental — Sustainable1 Complete environmental performance.	Physical Risk — Sustainable1 The Physical Risk Score and Financial Impact Score assess climate-related physical and transition risks.	Trucost Metals & Mining Climate Competitiveness — Sustainable1 Climate risk exposure and resiliency of metals companies and their supply.
Trucost Carbon Earnings at Risk — Sustainable1 Company-level exposure to carbon pricing and revenue-related climate change.	RatingsXpress ESG Credit Indicators — Market Intelligence Credit & Risk Solution: Provides additional performance-level insights on credit risk.	SNL Energy — Market Intelligence Provides operational and financial data on energy companies and their supply.	SNL Real Estate Property — Market Intelligence Portfolios, development pipelines and company transactions for real estate.
Trucost Sovereign Carbon Exposure — Sustainable1 Territorial and import-export greenhouse gas (GHG) emissions data for 210 sovereigns.	Trucost Environmental Private Companies — Sustainable1 Complete environmental performance profiles for over 400 private companies.	RatingsXpress ESG Evaluations — Market Intelligence Credit & Risk Solution: Provides a robust scoring system from S&P Global.	TCFD Analytics Suite — Sustainable1 Data and analytics suite that enables delivery of physical and transition insights.

Tools and repositories cited:

World Resources Institute – Aqueduct | World Resources Institute (wri.org)

Social Hotspots Database – Purchase-Risk Mapping Tool - SHDB (socialhotspot.org)

Global Forest Watch – Global Deforestation Rates & Statistics by Country | GFW (globalforestwatch.org)

S&P ESG Data Suite – ESG Data Suite Dataset | S&P Global Marketplace (spglobal.com)

5 Communicating

IMPOSSIBLE

TURN BACK THE CLOCK

2020 IMPACT REPORT

LETTER FROM PAT

December 4, 2020

Let's turn back the clock on climate change – and halt biodiversity collapse

To the outside world, Impossible Foods is a food company – but at its heart is an audacious yet realistic strategy to turn back the clock on climate change and stop the global collapse of biodiversity.

Here's how:

If we could wave a magic wand and instantly make the animal-based food industry disappear, two game-changing, natural pathways for greenhouse gas reduction would turn on:

- 1. Methane decay:** 45% of anthropogenic (ie, due to human activities) atmospheric methane comes from livestock operations. The cumulative livestock-derived atmospheric methane has a climate impact equivalent to roughly 10.4 times that of total global greenhouse gas emissions in 2020. Unlike carbon dioxide, atmospheric methane spontaneously decays, with a half-life of about 9 years. So if we turned off livestock methane emissions today, half of the livestock-derived methane in the atmosphere today would decay within 9 years, effectively negating 5.2 years worth of ongoing GHG emissions. And in the 20 years after flipping the off-switch on livestock methane decay would negate 8.2 years-worth of total ongoing GHG emissions.
- 2. Biomass recovery:** Photosynthesis is the original carbon capture technology, optimized over 3 billion years of evolution, using solar energy to convert atmospheric CO₂ into plant biomass. Because animal agriculture currently exploits more than 45% of Earth's ice-free land area, grazing livestock and feed-crop harvesting suppress potential accumulation of biomass. (That opportunity cost has been estimated by [2020 National Academies study](#)) The potential biomass recovery on land currently exploited for animal agriculture would capture about 800 million tons of CO₂ as plant biomass and soil carbon, equivalent to about 16 years of total GHG emissions at current rates. Think of this as burning the Amazon rainforest – in reverse.

The combined effect of these two mechanisms (and other smaller factors) would result in a net reduction in atmospheric GHGs over the next 20 years, even if we did nothing to reduce all other emissions.

If only we had that magic wand, we could literally turn back the clock on climate change!

The use of animals for food is also, overwhelmingly, the primary driver of a catastrophic global collapse in biodiversity. Through destruction and degradation of biodiverse ecosystems by [livestock operations](#) and overfishing. Thus, the same magic wand could halt and reverse the biodiversity collapse.

Impossible 2020 Impact Report

Sustainability Overview Climate action

Designing a more sustainable future

Canva's sustainability practices and goals

We're proud of what we've achieved and excited about our big goals

2021 <small>CARBON NEUTRAL GLOBALLY</small>	+90% <small>DECREASE IN EMISSIONS FROM CLOUDY SERVICES</small>	3.5M+ <small>TREES PLANTED BY 2022</small>	800+ <small>CLIMATE TEMPLATES</small>
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Be a force for good with bold climate action

The scientific consensus is clear that we must limit global warming to 1.5°C. To achieve this, the planet needs to reduce emissions by 50% by 2030 and achieve net-zero emissions by 2050.

Tackling climate change and thinking about our own ability to reduce carbon emissions is one of the ultimate ways of "being a force for good"; one of our guiding values.

Canva Sustainability Overview

Blog > Social Impact

Mid-Year Impact Report 2022

23rd Jul 2022

We just donated another **\$615,333*** to our impact partners!

lari *Room to Read* *Mandakalani* *Code.o*

*AU dollars

This is our biggest half-year donation to date - thank you so much for being a part of this! This brings our total donations to **\$1,508,390.** 🍷🍷🍷

Humanitix Mid-Year Impact Report 2022 (Blogpost)

Conclusion and next steps

Recap of our workshop today

- ▶ The concept of sustainability
- ▶ The importance of sustainability in your organisation and shifting to a value-led model
- ▶ The concept of ESG
- ▶ A sustainability plan to bring back to your organisation

What you can do from here

- 1 Continue building your sustainability plan and action it
- 2 Read our workshop handout for more resources
- 3 Share us your feedback on the workshop today using the QR code link on this slide!

EY | Building a better working world

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