

Emergent Ventures (EVI)

Sustainability Reporting as a Business Driver



An Introduction to Emergent Ventures International

Company Vision:

“Sustainable Solutions for the **Environment**”

Pioneer in:

- ☐ Carbon advisory,
- ☐ Sustainability & risk advisory,
- ☐ Policy advisory,
- ☐ Carbon finance & technology advisory and
- ☐ Clean energy generation.

Scale:

- ☐ > 120 consultants
- ☐ Over 300 client engagements in 15 countries across 5 continents



Our Business Verticals



Sustainability and Climate Value Advisory



Carbon Advisory



Carbon Finance & Technology Solutions

EVI Service Offerings

Leveraging on its deep climate change advisory expertise, EVI is now expanding into clean energy generation space

Carbon Advisory (CA)	Sustainability and Climate Value Advisory (SCVA)	Carbon Finance & Technology Solutions (CFTS)	Clean Energy Generation (Asset Ownership)
<ul style="list-style-type: none"> Project conceptualization and carbon credit due diligence CDM / VER project origination CDM execution & CER generation Carbon asset management (Compliance & Voluntary Markets) Carbon trading and brokerage 	<ul style="list-style-type: none"> Climate Change & Regulation <ul style="list-style-type: none"> Policy research and advisory Climate Change & Business Strategy <ul style="list-style-type: none"> Climate change risk assessment Green branding assessment Sustainability reporting Renewable energy advisory Climate Change & Business Operations <ul style="list-style-type: none"> Life-cycle assessment GHG Management Water Management 	<ul style="list-style-type: none"> Prefeasibility analysis & survey; Techno-economic viability study Financial closure / Syndication Engineering, procurement & construction services (EPC) Overall development & management of projects (Owners' engineer) Carbon asset management for in-house projects Operation & management of project (Management lease) 	<ul style="list-style-type: none"> Projects under development; <ul style="list-style-type: none"> Biomass Waste to energy Wind farms Solar energy
Key Projects / Highlights			
<ul style="list-style-type: none"> Registered 35 CDM projects with UNFCCC; including: <ul style="list-style-type: none"> HFC23 destruction, N₂O capture & destruction, Renewable energy Waste heat & CH₄ recovery Presence in South East Asia and Africa, Pipeline of 200+ projects 	<ul style="list-style-type: none"> Government Clients include: <ul style="list-style-type: none"> MNRE Ministry of Urban Development Govt. of Sikkim Corporate Clients include: <ul style="list-style-type: none"> HDFC & GMR Jain Irrigation & Jubilant Jindal Steel & Loreal Project Examples: <ul style="list-style-type: none"> Sustainable City concept note LCA for a beverage major 	<ul style="list-style-type: none"> 5 Technology areas developed (biomass combustion, biomass gasification, anaerobic digestion, wind farm development, solar, plantations) and won engagements ~ 300 MW+ Engaged in conceptualization and development of large scale solar projects for the government as well as clients. 	<ul style="list-style-type: none"> Biomass fired <ul style="list-style-type: none"> 60MW (Bihar) + 30MW (Bihar-II) Waste to Energy <ul style="list-style-type: none"> 5.6MW (Haryana) + 12MW (AP) Wind farms <ul style="list-style-type: none"> 75MW (TN) + 225MW (TN-II) Solar <ul style="list-style-type: none"> 100MW (AP) Biomass gasification <ul style="list-style-type: none"> 8MW (Sri Lanka) + 7MW (TN & West Bengal)

What is Sustainability Reporting?

Sustainability Reporting

- ▶ **Sustainability Reporting** is a structured, continuous process of collecting, monitoring & reporting information on the company's economic, environmental & social performance. The information to be disclosed must be in alignment with the stakeholder's expectations.

- ▶ “Triple Bottom Line”



Why do Sustainability Reporting?

The Market Landscape

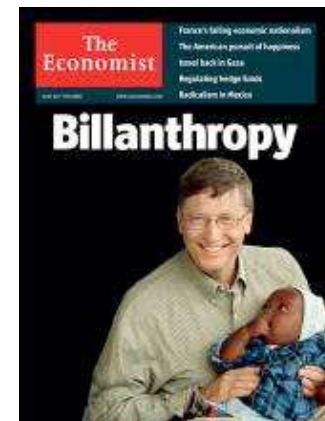
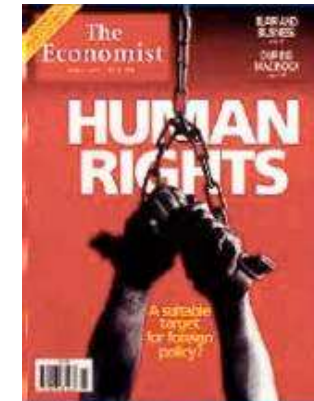
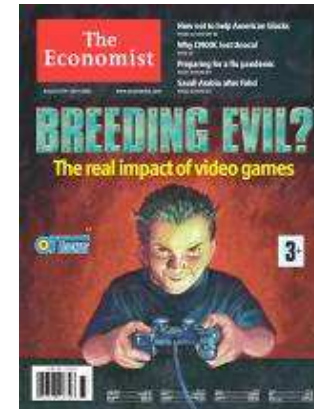
- ▶ Companies are under increasing pressure from key stakeholders to be transparent about their values, principles & performance as regards sustainable development.
- ▶ Sustainability Reporting is an effective response to this need for greater accountability and transparency.
- ▶ It has now become established as an important element of business communication by the world's leading companies, with over 2,500 reports published in 2007 and with over 3,100 reports published in 2008.

- ▶ Paradigm Shift in Investing World is slowly underway:-
 - ▶ A comprehensive definition of long-term investing must address three issues:
 - ▶ the benefits of holding stocks for long periods of time;
 - ▶ the incorporation of environmental, social and corporate governance (ESG) factors into investing; and
 - ▶ the willingness to add value to investments.

Consumer driven approach

- ▶ coalition of responsible investors representing trillions of dollars in assets has come together under the aegis of the Carbon Disclosure Project to urge emissions disclosures by the largest corporations in the world
- ▶ Mainstream investment banks, insurance companies and asset managers
→ have in-house “green teams” that work with their traditional stock analysts on valuations issues
 - ▶ Examples: Citigroup, Goldman Sachs, Société Générale, Henderson Global Investors, F&C Investments, Morley Asset Management (Aviva), and Insight Investment (HBOS)

A Matter of Awareness



Why should one report?



- ▶ Most structured process of stakeholder engagement
- ▶ Helps in formulating a comprehensive corporate strategy by eliminating risks
- ▶ Attracts Favorable Financing - Better valuation in partnerships, joint ventures or acquisitions
- ▶ Ensures continuous improvement - Public Disclosure of goals & targets puts extra responsibility
- ▶ Can instill consumer confidence in the brand, give a license to operate and confer a competitive advantage

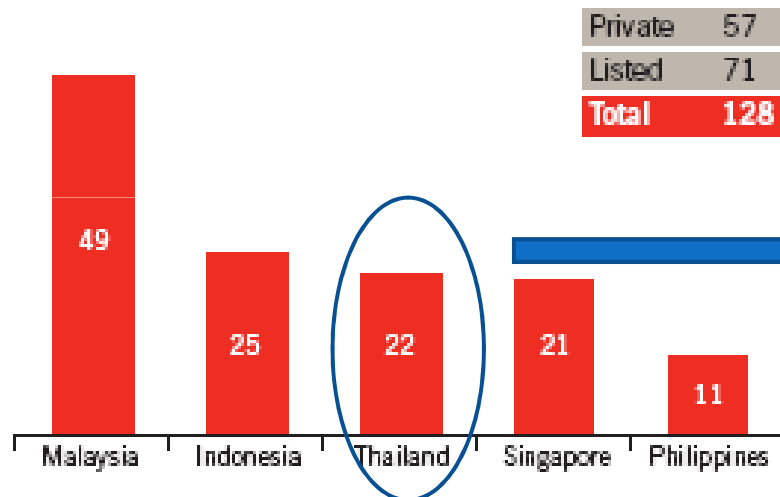
Sustainability Reporting in Thailand?

Current scenario in Thailand

- ▶ In 2007 , the Thai Govt. launched Corporate Social Responsibility Institute(“CSRI”)
- ▶ Stock Exchange of Thailand’s(SET) corporate governance code
 - ▶ Mentions – “clear policies on environmental and social issues”
 - ▶ Does not mention the how to disclose the issues
 - ▶ SET have a working committee on listed companies corporate social responsibility → to standardize CSR
- ▶ Thai Ministry of Labour, Dept. of Labour Protection and Welfare has established Thai Labour Standard (TLS 8001 – 2003)
- ▶ Corporate recognition limited to two awards
 - ▶ AMCHAM CSR Excellence Awards
 - ▶ SET Corporate Governance Awards

Comparative Analysis – ASEAN Region

Number of companies that produced a report by country



Last reporting year	Number of companies
2001	1
2004	2
2005	1
2006	1
2007	3
2008	9
2009	6
Total	22

Baseline from 2001

How to do Sustainability Reporting?

How is it done?

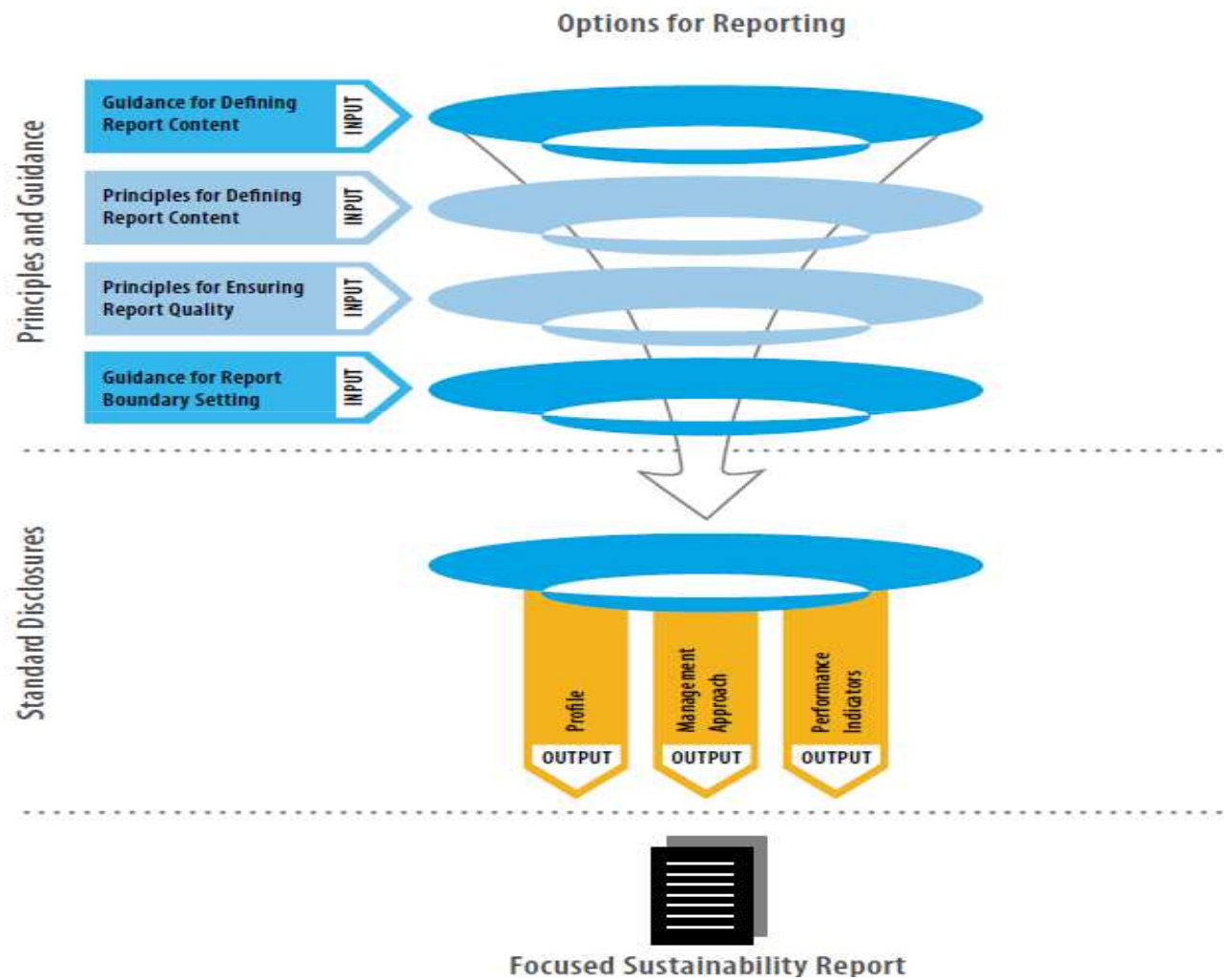
- ▶ GRI Guidelines

- ▶ Most accepted framework
- ▶ Designed for use by organizations of any size, sector, or location.
- ▶ Contains general and sector-specific content that has been agreed by a wide range of stakeholders around the world to be generally applicable for reporting an organization's sustainability performance.

- ▶ Global Compact

- ▶ AA1000 Series

Reporting using GRI Guidelines



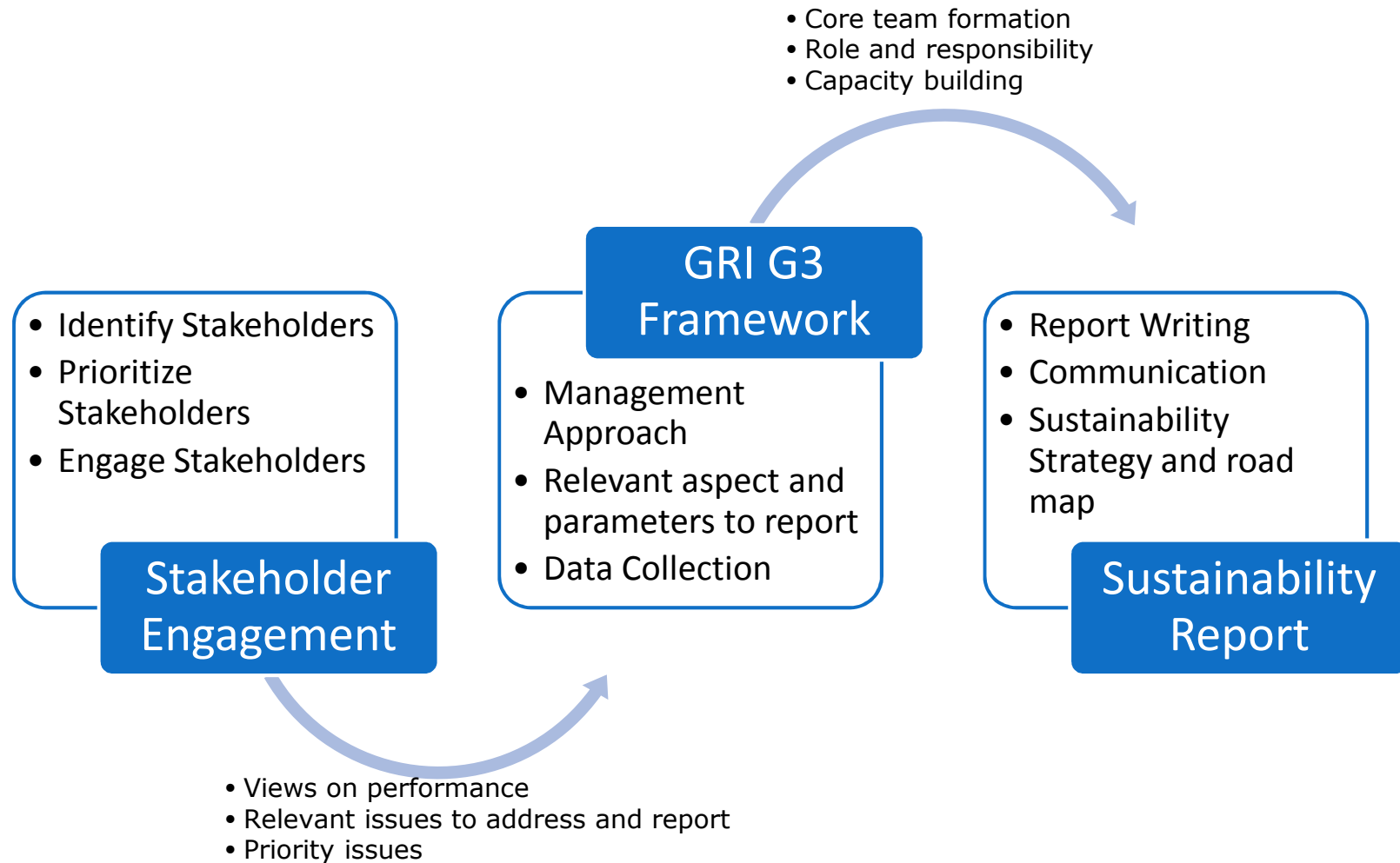
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What does a report contain?

- ▶ CEO's statement
- ▶ Key Risks & Opportunities
- ▶ Organizational Profile
 - ▶ Primary Products/Services
 - ▶ Scale of the Organization - Turnover, Markets served, No .of employees etc.
 - ▶ Nature of ownership
- ▶ Report Parameters
 - ▶ Process for defining report content - Materiality
 - ▶ Boundary of the report
 - ▶ Assurance
- ▶ Corporate Governance
- ▶ Stakeholder Engagement
- ▶ Management Approach on each of the bottom-line
- ▶ Performance Disclosures

EVI Approach to Sustainability Reporting



Reporting Aspects - Environment

- ▶ **Environment:** Aspects to be reported under this head are:
 - ▶ **Materials** (Raw material Consumed, Recycled)
 - ▶ **Energy** (Direct Energy – Diesel, Petrol etc, Indirect Energy – Electricity, Initiatives taken for improving energy efficiency)
 - ▶ **Water** (Water Consumed, Recycled/Reused, Initiatives taken for improving water efficiency)
 - ▶ **Emissions, Effluents & Waste** (SO_x, NO_x emissions, Waste Water Discharge, Solid Waste Disposal, Initiatives for waste minimization)
 - ▶ **Biodiversity**
 - ▶ **Product & Services**
 - ▶ **Environmental Compliance**

Reporting Aspects - Social

- ▶ **Social:** Aspects are classified into 4 sub-categories:

- ▶ **Labor Practices**

- ▶ **Employment** (Total Workforce by type, contract, region; Attrition, Employee Benefits)
 - ▶ **Labor Management Relations** (Collective Bargaining, Employee Union etc.)
 - ▶ **Occupational Health & Safety** (Occupational Diseases, Absenteeism, Training regarding serious diseases etc.)
 - ▶ **Training & Education** (Average hours of training per employee, Skills Management)
 - ▶ **Diversity & Equal Opportunity** (Composition of governance bodies etc.)

- ▶ **Human Rights**

- ▶ **Investment & Procurement Practices** (No. of Investment Agreements, suppliers which have undergone human rights screening)
 - ▶ **Non-discrimination**
 - ▶ **Freedom of Association & Collective Bargaining**
 - ▶ **Child Labor**
 - ▶ **Force & Compulsory Labor**

Reporting Aspects – Social Contd....

▶ **Society**

- ▶ **Community** (Details about programs that assess & manage impact of operations on communities, CSR Initiatives, Case Studies etc.)
- ▶ **Corruption** (Policy related to corruption, Business Units analyzed for corruption, Action)
- ▶ **Public Policy** (Participation in public policy development, Contributions to political parties)
- ▶ **Compliance**

▶ **Product Responsibility**

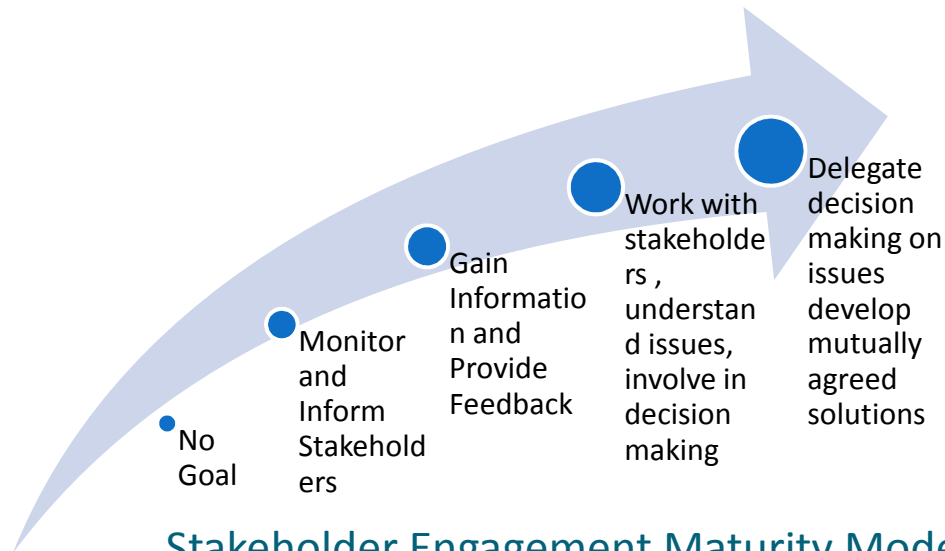
- ▶ **Customer Health & Safety** (Health & Safety Aspect of product & services)
- ▶ **Product & Service Labeling** (Product/Service Information requirement, Customer Satisfaction Assessment etc.)
- ▶ **Marketing Communications** (Marketing Communications, Advertising etc.)
- ▶ **Customer Privacy** (Customer Privacy & Loss of customer data)
- ▶ **Compliance**

Reporting Aspects - Economic

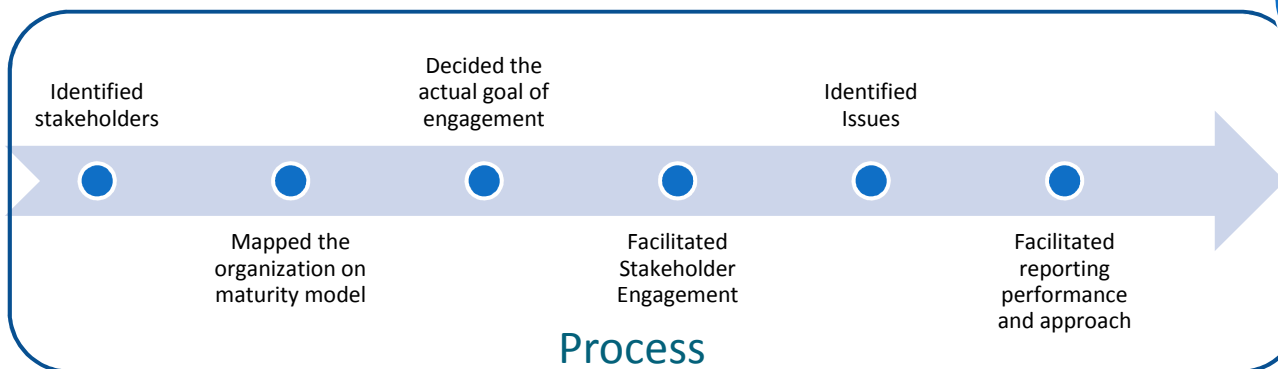
- ▶ **Economic:** Aspects to be reported under this head are:
 - ▶ **Economic Performance** (Direct economic value generated – Net Sales, Revenue from financial investments, Revenue from sale of assets etc; Direct Economic Value Distributed – Operating Costs, Employee Salaries & Benefits, Taxes, Community Investments etc; Financial Implications of Climate Change)
 - ▶ **Market Presence** (Policies, Practices of spending on locally-based suppliers; Procedures for local hiring etc.)
 - ▶ **Indirect Economic Aspects** (Development & Impact of Infrastructure investments and services provided primarily for public benefit e.g. road development etc.)

Sustainability Reporting Case Study

GRI Reporting – Case Study



Stakeholder Engagement Maturity Model



Process

Leading Indian Bank

Phase 1- Internal reporting for capacity building

Phase 2 – Stakeholder engagement and handholding for external reporting

Leading Pig Iron Company

Handholding for external reporting

Leading Irrigation, Food Processing Company

Phase 1- Setting if Sustainability cell , strategy and gap identification

Phase 2 – Stakeholder engagement and handholding and writing of report

Key Learning: Best Practices

- ▶ Project Coordinator should be from top management. Ensure involvement of senior management at every step.
- ▶ Boundary determination to be done and agreed mutually before start of data collection
- ▶ Maintain track and back-up of every source of data
- ▶ Roles & Responsibilities to be unambiguously determined and adhered
- ▶ Challenge each statement which makes a claim (e.g. water positive) and have sufficient supporting documents

Thanks

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Sustainable
Solutions
for the
Environment