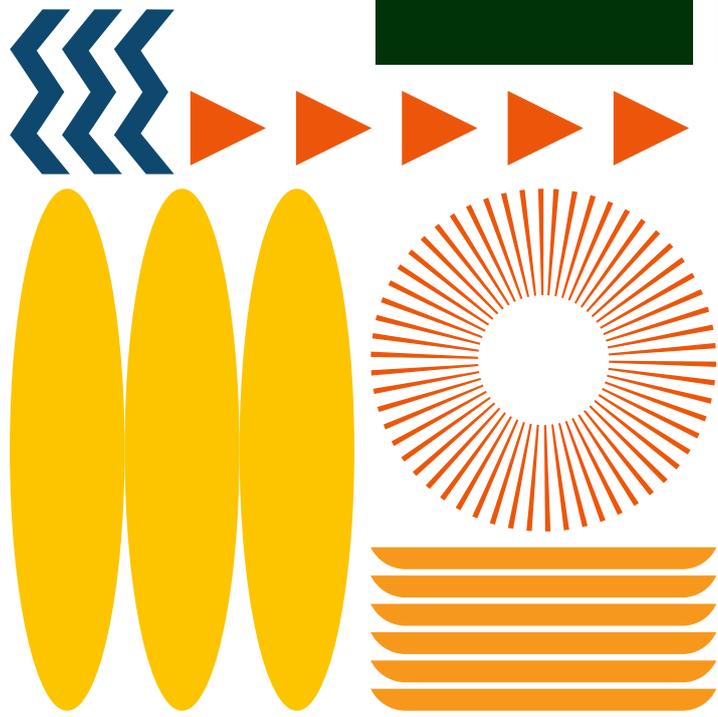
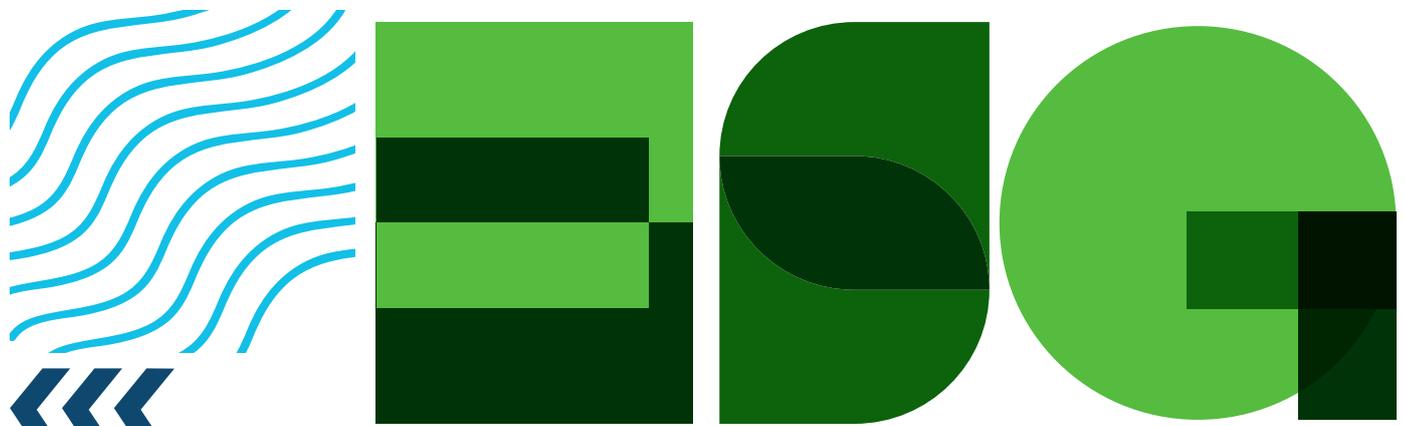




2021

ESGPath



ESG Definition & History

ESG (short for Environmental, Social and Governance) is a set of standards and criteria against which businesses are measured for investors, and has grown to encompass what consumers look for in the brands they choose.

According to Investopedia, **ESG** criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments. **Environmental** criteria consider how a company performs as a steward of nature. **Social** criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. **Governance** deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.



ESG Then

Past

Key events throughout history, and how they shaped ESG into what it is today.

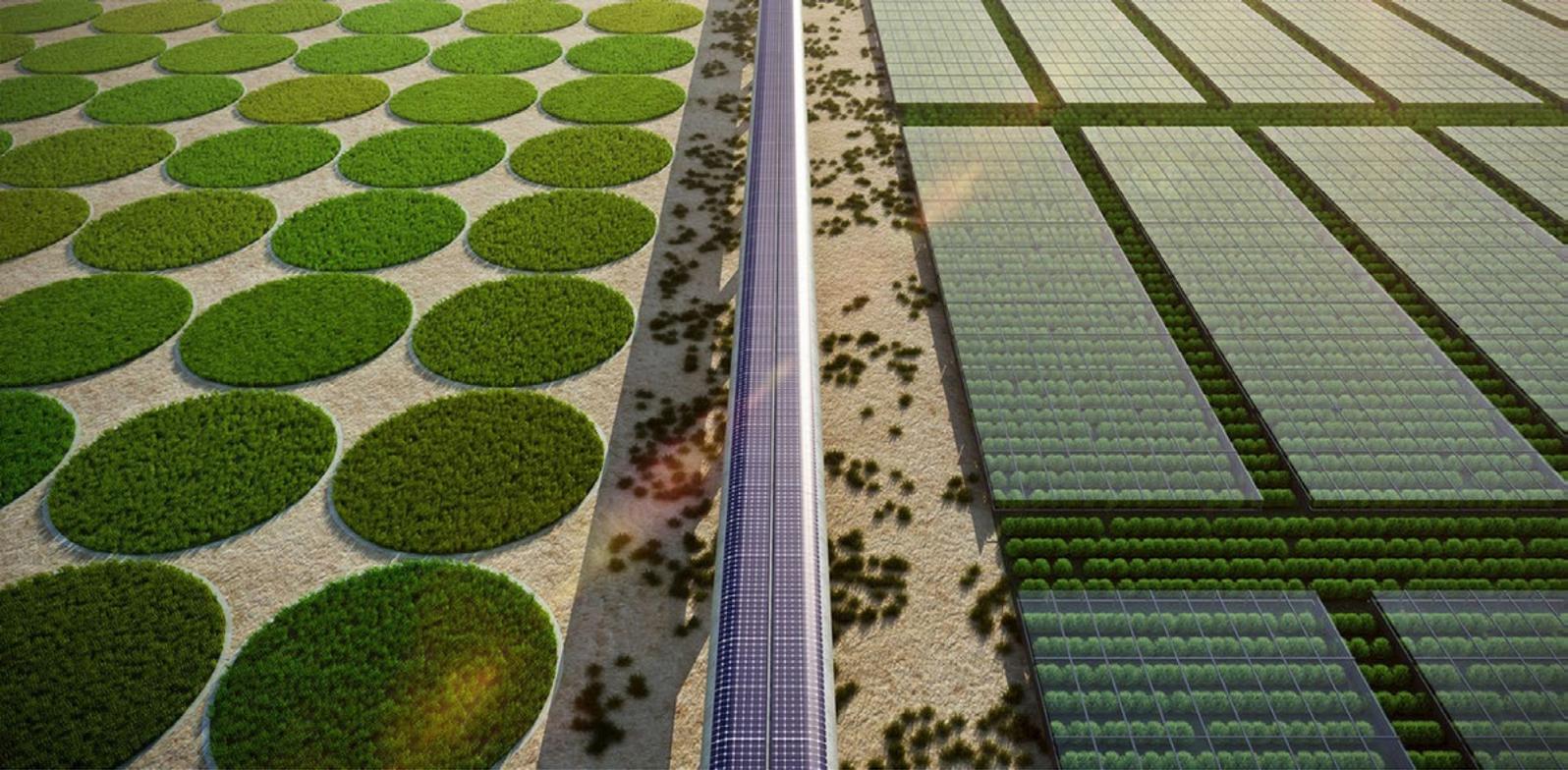
- 1950 – Unions start investing pension capital in affordable housing and health facilities.
- 1960
- 1960s
 - Anti-Vietnam War protests in the USA and globally
 - Women's Rights Movement
 - Farmworkers' Rights Movement
 - Green Power Movement
 - Black Power Movement
- 1970 Global Earth Day is established.
- 1980s The Coalition of Environmentally Responsible Companies (CERES) is founded.
- 1992 United Nations Framework Convention on Climate Change (Earth Summit) convenes in Rio de Janeiro and 154 countries sign an international environmental treaty.
- 1997 The Kyoto Protocol is signed by 192 countries pledging to limit and reduce greenhouse gases.
- 2000 The United National Global Compact is launched.
- 2011 The Sustainability Accounting Standards Board (SASB) is launched.
- 2015 The Paris Agreement is born, and the Sustainable Development Goals are created.
- 2020 The COVID-19 pandemic highlights economic disparities and gaps in healthcare systems.
- 2021 ESG-related funds are breaking records.

The phrase ESG may have first appeared in 2003 in a United Nations report called Who Cares Wins, and has evolved over the past two decades from a reporting system for investors to a more generic term that, simply put, refers to how a business considers the impact of its products and services on the planet and its people. Closely linked to the older and arguably more familiar concept of

CSR (Corporate Social Responsibility), the two ideas are intertwined, but different. While CSR can be thought of as a company's qualitative values – a statement of intent outlining how it has committed to running its affairs, ESG is much more quantitative in its expression, with clear goals, objectives, strategies and tactics.

CSR
Qualitative values

ESG
Quantitative with
clear goals, objectives,
strategies and tactics.



Present

ESG as a concept has been around for more than 70 years now. This is what the ESG world looks like today.

In an IBM Institute for Business Values study called Meet The 2020 Consumers Driving Change,

19,000 consumers **28** countries

were divided into two segments: value-driven consumers who are primarily concerned with getting value for money, and purpose-driven consumers who select brands based on how well they align with their own personal values. Southeast Asia, Europe and parts of Latin America have the biggest representation of these purpose-driven consumers, and 51% of this group report middle or above-middle income.

A 2020 World Economic Forum report focused on the ASEAN region predicted that “sustainability will be non-negotiable” going forward. It also said that **80% of ASEAN consumers** have already made changes to their lifestyles to become more eco-friendly.

Future

In 2015, the United Nations published its 2030 Agenda for Sustainable Development. According to the United Nations Foundation, one way to measure progress is to focus on the “5 Ps” that shape the **UN’s 17 Sustainable Development Goals (SDGs)**: People, Planet, Prosperity, Peace, and Partnerships. Progress on one P must balance and support progress on another.



People The SDGs declare the world’s determination “to end poverty and hunger, in all their forms and dimensions, and to ensure that all human beings can fulfill their potential in dignity and equality and in a healthy environment.”



Planet The SDGs set a goal to protect the planet “so it can support the needs of the present and future generations.”



Prosperity The SDGs aim to “ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social, and technological progress occurs in harmony with nature.”



Peace The SDGs note that “There can be no sustainable development without peace and no peace without sustainable development.”



Partnership The SDGs call for “a spirit of strengthened global solidarity.”

Source: The United Nations Foundation

ESG Now

Countless important studies conducted in recent years by heavyweights such as the United Nations, IBM, PwC, Deloitte and myriad others are all saying the same thing: getting serious about ESG issues as a business is no longer optional if leaders want to survive now and long term. In the US, where the majority of consumers are millennials, 66% of them

say they are willing to spend more money on brands that sustainable, and 75% think it is important that brands give back to the community instead of just chasing profits.

ESG Next

In a May 2021 interview with Vietnam Investment Review, Dr. Bournet Gregory, partner, head of Corporate Finance at PwC Vietnam and Malaysia, had this to say to VIR’s Celine Luu: “Investors will be looking closely for signs that companies are aware of the impact ESG factors can have on the business, and if they have a robust reporting on ESG strategies and risk assessment. Some investors may put pressure by only considering companies that meet certain ESG criteria, thereby having a direct impact on the company’s access to the investment pool.”

According to PwC, “ESG isn’t just a responsibility. It’s a mindset and an opportunity.”



**SUSTAINABLE
DEVELOPMENT
GOALS**