



# Trends

## The Ongoing Evolution of Sustainable Business

2023 Trends Report APAC Webinar





# Introduction

The purpose of the SustainAbility Institute by ERM is to define, accelerate, and scale sustainability performance by developing **actionable insights** for business.

We collaborate with the world's leading organizations in ways that **operationalize** sustainability.

**#Trends2023**



Aiste Brackley

Associate Director of the  
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# Today's speakers



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Country Managing  
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# House rules

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We encourage active participation. You can post your questions at any time using the Q&A function at the bottom of your screen.

We will answer questions at the end of the presentation.



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If you have any additional questions or thoughts, we encourage you to share your feedback in a short survey at the end of this webinar.

The Ongoing Evolution of Sustainable Business  
**2023 Trends Report**



The  
SustainAbility  
Institute  
by  
ERM

# About the 2023 Trends Report

Our 2023 Trends Report explores the global sustainability issues and trends that will shape the business agenda in 2023 and beyond.

Read now on:  
[sustainability.com](https://www.sustainability.com)

# The most important trends now



Integrating ESG



Valuing human capital



Responding to climate change



Safeguarding natural systems



Building sustainable & resilient supply chains



Enabling sustainable consumption & production



Applying technology to sustainability



Respecting fundamental rights



Shaping policy, regulation & norms



Moving toward stakeholder capitalism

# Integrating ESG

In 2022, issues including fragile global supply chains and geopolitical instability challenged corporate ESG integration. Despite the difficulties such issues create, stakeholders have continued to propose more ESG-related regulations. ESG concepts are expected to be further integrated into the ways companies conduct business in 2023.

- **Corporate ESG activity and disclosure will become more standardized** across geographies and sectors
- Growing challenges like scoring discrepancy will **amplify calls for ESG ratings regulation**
- **ESG investing will continue to grow** in popularity



ESG investing has been picking up incredibly fast, particularly in Asian geographies. We are seeing more and more financial institutions in the region becoming signatories to ESG-related frameworks and peer groups such as PRI and PRB, or developing their own ESG frameworks, establishing net zero goals, and overall taking a more comprehensive approach to ESG investing.

- *Yulia Dobrolyubova, Partner, ERM*



# Responding to climate change

Combatting the climate crisis is a generation-defining challenge. While society is working to accelerate its efforts to secure a livable future, the pace of corporate climate action is not yet fast enough. Despite this situation and disruptive events like the war in Ukraine, companies continue to seek better ways to address climate change.

- **The global energy crisis will help accelerate the energy transition**
- Carbon credits, particularly those sourced from **Natural Climate Solutions**, will be increasingly utilized in net zero strategies
- **Demand for electric vehicles will continue to increase**, but supply chains and infrastructure may struggle to keep up



Business needs to take the next step in the decarbonization journey by counterbalancing unabated emissions, and NCS carbon credits provide a natural and scalable solution for companies to do exactly that. However, NCS projects must deliver benefits beyond emissions reductions and carbon sequestration; they must also result in positive biodiversity gains and benefits for local communities in order to be considered high quality solutions.

- *Giulia Carbone, Director, Natural Climate Solutions Alliance*



# Safeguarding natural systems

Concern about nature and biodiversity has lagged the attention drawn by the climate crisis, but that is changing. The nature agenda is now top of mind after the United Nations 15th Biodiversity Conference in December 2022 agreed to the Kunming-Montreal Global Biodiversity Framework and as the linkages between biodiversity and climate are recognized.

- The Taskforce on Nature-related Financial Disclosures to **transform nature-related reporting**
- Financial companies to **increase focus on nature-related impacts and risks**
- **Natural capital accounting to help companies better assess** their nature-related impacts and dependencies



COP15 was exceptionally high energy, with many companies expressing strong interest in increasing their nature ambition and collaborating with emerging global frameworks like the TNFD. We expect companies to expand their nature-related initiatives across their entire value chains as they respond to growing demands for nature positive action and a need to enhance operational and supply chain resilience as they work toward net zero goals

- **Matt Haddon, Global Innovation Leader, Biodiversity, Nature and Water, ERM**



# Building sustainable & resilient supply chains

Supply chain challenges have been front and center in recent years, especially since COVID-19 emerged. The pandemic and other complications have increased consumer awareness of where and how goods originate. At the same time, companies are finding that better understanding of complex supply chains is key to solving the most complicated ESG issues.

- Companies will increase supply chain **resiliency through production site shifts**
- Companies will **increase spending with diverse suppliers**
- **Companies' ESG goals will impact suppliers**



Education is crucial to helping suppliers achieve ESG goals. Companies can set very firm demands of their supply base, however, if suppliers lack context or understanding, they set themselves up for failure. To be successful, companies must understand what their value chain is capable of and ensure that they have the knowledge and tools to achieve what they are required to do.

- *JoAnne Sahli, Senior Consultant, ERM*



# Respecting fundamental rights

Numerous events across the world shaped the human rights landscape of 2022, from the war in Ukraine and massive protests against the Iranian government, to the overturning of *Roe v. Wade* in the U.S. Stakeholders will continue to demand that companies respect the fundamental rights of every person they interact with directly and indirectly.

- **Investor interest in corporate DEI practices will increase**
- More companies are likely to **issue social-related bonds**
- **Companies will continue to respond to fundamental rights as consumer pressure rises**



The energy transition, the technological revolution as well as geopolitical tensions and extremes are among the key drivers for business and human rights today. People want to know and have a say on how new infrastructure, land use, and economic activities – whether connected to renewables, data centers, mines or recycling facilities – will impact them. On top of that, in many geographies, governments have been absent or overwhelmed. Corporations have had to step in and figure out how to respond to societal expectations. We will certainly see companies working harder to embed human rights due diligence, address adverse impacts in their value chain, and enhance disclosures.

- **Alexandra Guaqueta, Senior Partner, ERM**

# Panel discussion and Q&A



Integrating ESG



Valuing human capital



Responding to climate change



Safeguarding natural systems



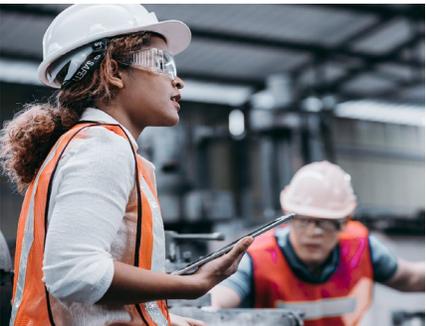
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# Thank you

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