

The background of the slide features a photograph of three business professionals in a modern office setting. An older man with grey hair and a beard, wearing a light-colored button-down shirt, stands and points at a laptop screen. A woman with brown hair tied back, wearing a blue button-down shirt, stands next to him, also looking at the laptop. A younger man with dark hair, wearing a grey button-down shirt, is seated at the table, looking at the laptop. On the table, there is a small potted plant, a laptop, and a coffee cup. The scene is brightly lit, suggesting a large window in the background. A large green diagonal shape is overlaid on the left side of the image, containing the title and date.

# Sustainability Trends and Landscape

13 August 2024

## Today's presenter



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[View profile](#)

## Today's panel

Philip Aw  
BDO Singapore

Ricky Cheung  
BDO Hong Kong

Johan Sebastien  
BDO Indonesia



A woman with long brown hair and glasses, wearing a red top, is sitting at a desk. She is holding a small white model of a wind turbine in her right hand. In the background, there is a larger white model of a wind turbine and a laptop. A green diagonal overlay covers the left side of the image.

What is sustainability?

# What is sustainability?





The background of the slide is a photograph of several white wind turbines on a rolling green field under a blue sky with scattered clouds. A diagonal line divides the image: the area to the left of the line is a solid green color, while the area to the right is the original photograph. The text "Why is sustainability important NOW?" is written in white, sans-serif font on the green background.

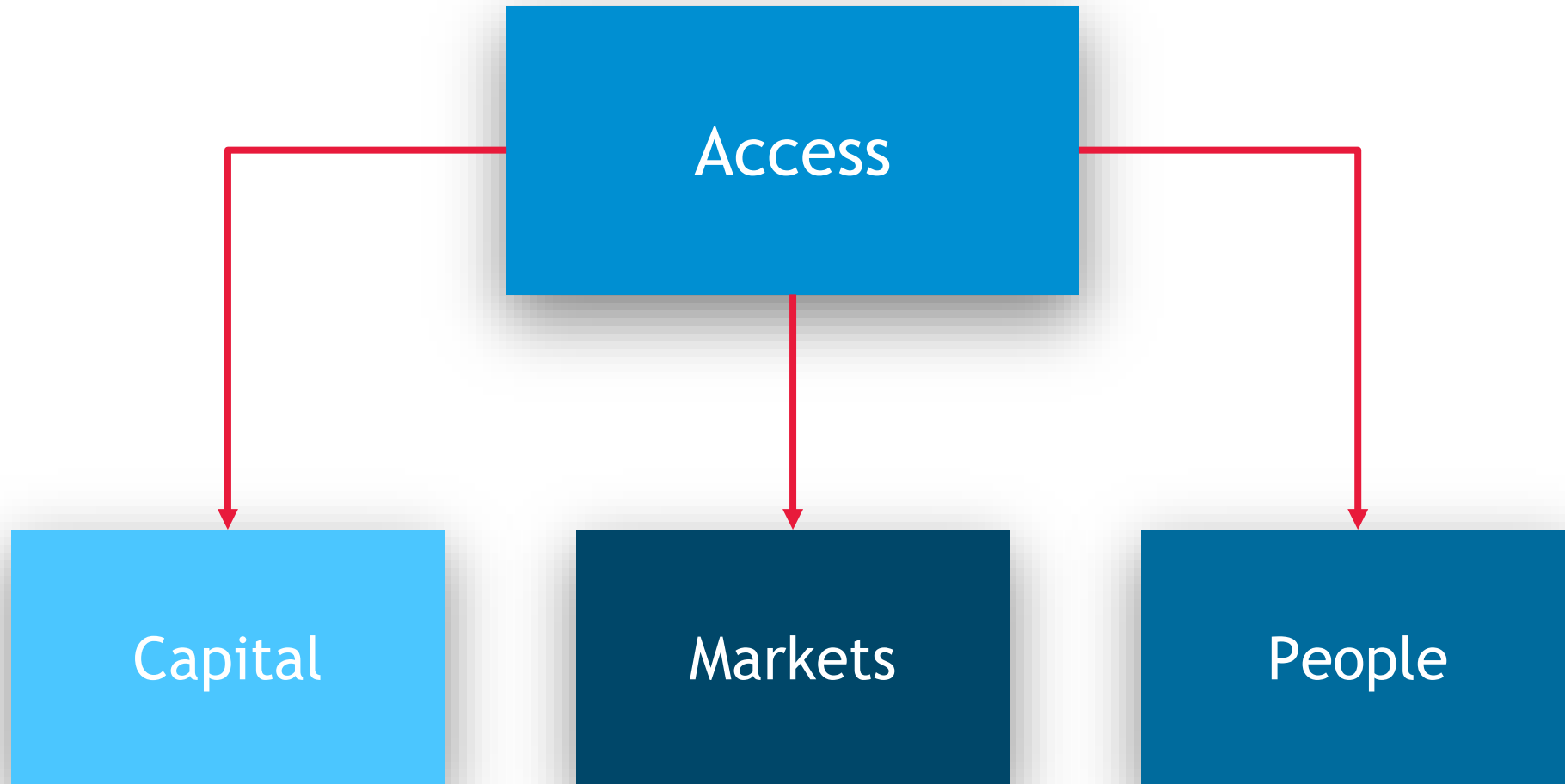
Why is sustainability  
important NOW?

## Why is sustainability important NOW?

**Strategic  
imperative**

**Compliance  
imperative**

# What is the strategic imperative?



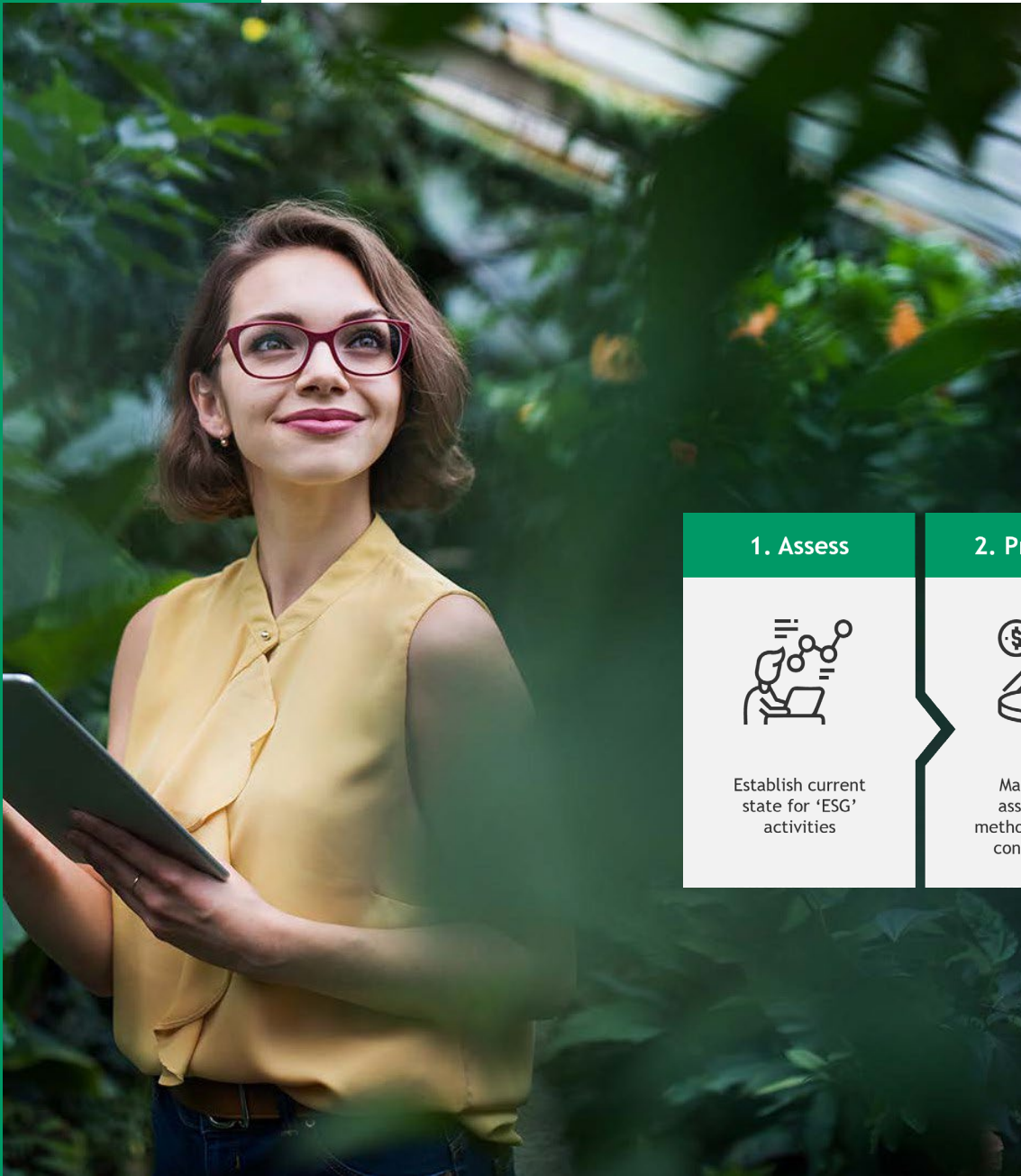


What is the compliance imperative?

**Mandatory sustainability reporting in  
annual reports  
+  
Assurance**

# Strategic imperative

Voluntary Reporting to Stakeholders in Various Forms



# A checklist for developing your sustainability roadmap

If your organisation hasn't started its sustainability journey, you're certainly not alone - but there's no better time to start. Keep in mind that sustainability is a journey, a process of continuous improvement which you can't tick off in one step.

Demands for transparency on sustainability and climate-related risks and opportunities have been increasing for businesses around the world.

Stakeholders are calling out for information that is accessible, informative, comparable, and - of course - not misleading.

This six-step sustainability roadmap will help to guide you to establish which sustainability activities are a priority to your organisation, based on the importance and value to your stakeholders.



## Here to help

If you need a hand to step you through this roadmap to activate sustainability within your organisation, BDO's national team of sustainability experts can help.

[Get in contact](#)



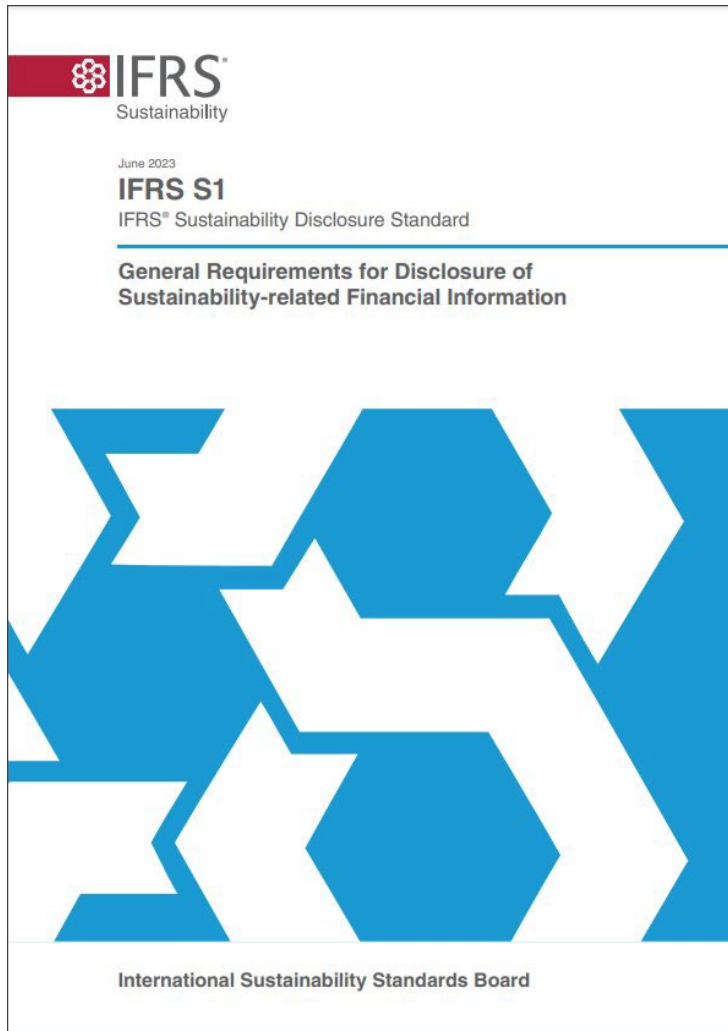
# Compliance imperative

Mandatory Reporting in Annual Report,  
and need for assurance



# International Sustainability Standards Board (ISSB)

Publication on Monday, 26 June 2023



## Current situation in Australia

- ▶ On Friday, 12 January 2024, the Australian Government released draft legislation for significant reforms establishing Australia's climate risk disclosure framework
- ▶ The draft legislation amends the *Australian Securities and Investment Commission Act 2001* and the *Corporations Act 2001* to introduce mandated climate-related financial disclosures in a **separate sustainability report**, as part of some entities' **annual reports**
- ▶ Entities will also be required to obtain an **assurance report** over the sustainability report from their financial auditors



The final legislation is expected to  
be approved by Parliament this  
week...!

The background image shows a person in a blue button-down shirt sitting at a desk. They are holding a white sheet of paper and looking at a laptop screen that displays various charts and graphs. On the desk, there is a small model of a wind turbine. The scene is set in an office with large windows in the background. A green diagonal overlay covers the bottom left portion of the image, containing the text.

Next steps ... develop  
a practical roadmap

# Best practice roadmap - Australian entities

PROJECT STREAMS			30 June 2024	30 June 2025	30 June 2026	30 June 2027
1	COMPLIANCE FOCUS: Carbon footprint measurement	Scope 1 and 2 emissions		<ul style="list-style-type: none"> <li>Set carbon inventory boundary</li> <li>Develop a Basis of Preparation (carbon accounting methodology)</li> <li>Measure and report internally scope 1 &amp; scope 2 emissions</li> <li>Set targets in relation to scope 1 &amp; 2</li> <li>Conduct an assurance readiness assessment</li> </ul>	<ul style="list-style-type: none"> <li><b>Mandatory</b> calculation and reporting of Scope 1 and 2 emissions</li> </ul>	
		Scope 3 emissions		Initial measurement (significant estimation) and report internally scope 3 emissions	<ul style="list-style-type: none"> <li>Improve measurement (less estimation) and report internally scope 3 emissions</li> <li>Set targets in relation to scope 3</li> <li>Conduct an assurance readiness assessment</li> </ul>	<b>Mandatory</b> calculation and external reporting of Scope 3 emissions
2	COMPLIANCE FOCUS: Climate-related disclosure	TCFD	Include <u>some</u> TCFD disclosures in the annual report with a focus on the following pillars: <ul style="list-style-type: none"> <li>Governance; and</li> <li>Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Include <u>all</u> TCFD disclosures in the annual report, including the following pillars:               <ul style="list-style-type: none"> <li>Governance</li> <li>Strategy</li> <li>Risk Management</li> <li>Metrics and Targets</li> </ul> </li> </ul>	TCFD disclosures replaced by IFRS S2	
		IFRS S2 and Australian equivalent	Conduct an IFRS S2 (and Australian equivalent) gap analysis	<ul style="list-style-type: none"> <li>Conduct a climate risk assessment</li> <li>Prepare a scenario analysis</li> <li>Financial modelling of impact on financial statements</li> <li>Prepare draft IFRS S2 (and Australian equivalent) disclosures for internal use</li> </ul>	<ul style="list-style-type: none"> <li><b>Mandatory</b> reporting of all IFRS S2 / ASRS disclosures</li> </ul>	
3	STRATEGIC FOCUS: Sustainability-related strategy disclosure	IFRS S1		<a href="#">Activate sustainability strategy</a> <ul style="list-style-type: none"> <li>Step 1: ASSESS - Current state assessment</li> <li>Step 2: PRIORITISE - Materiality assessment (stakeholder engagement)</li> <li>Step 3: COMMIT - Identify gaps</li> </ul>	<a href="#">Activate sustainability strategy</a> <ul style="list-style-type: none"> <li>Step 4: MEASURE - Commit and measure to address gap identified</li> <li>Step 5: REPORT - Prepare separate voluntary sustainability report</li> </ul>	Continuous improvement of reporting to stakeholders (e.g. separate voluntary reporting)
					Conduct an IFRS S1 gap analysis	



The background of the slide is a photograph of a woman in a warehouse or industrial setting. She is wearing a red and blue plaid shirt over a grey t-shirt. She is looking down at a clipboard and a calculator on a table. To her right are several stacked black plastic crates. The scene is dimly lit, with light coming from above. A large green diagonal shape is overlaid on the left side of the image, containing the text.

What are the opportunities  
and risks for BDO

## The biggest risk for BDO

Our existing financial report audit clients go to other firms for sustainability assurance services

## The biggest risk for BDO

Do our existing financial report audit clients know that BDO has sustainability knowledge and experience?

Are our audit partners trained to have sustainability conversations with clients?

## The biggest opportunity for BDO

1

Providing sustainability assurance services to our existing financial report audit clients



## The biggest opportunity for BDO

2

Providing sustainability assurance services to financial report audit clients of other firms, because these firms do not have sustainability knowledge and experience

The biggest risk and opportunity for BDO

Sustainability assurance services

## So, what about sustainability advisory services?

1. Opportunity to help clients on their sustainability journey over multiple years, i.e. large fees over multiple years due
2. Opportunity to collaborate with other service lines to provide great services to clients
3. Sustainability is now in the hands of the CFO, and the Audit & Risk Committee - they are often our key contacts
4. All roads lead to carbon accounting (both strategic and compliance imperative)

## Beware of the hidden risks around sustainability advisory services!

1. Risk of information included in annual reports and website for investors
2. Quality considerations - methodology, accreditation of suitably qualified partners
3. Legal considerations
  - ▶ Engagement letters
  - ▶ Sharing of final reports
  - ▶ Disclaimers
4. Potential independence issues re audit clients



# BDO Australia's core sustainability services

## Advisory services



### Carbon footprint measurement

- Carbon accounting (GHG Protocol)
- Baseline measurements and benchmarking
- Target development (e.g. Science Based Target initiative (SBTi))



### Sustainability reporting

1. Mandatory reporting in the annual report:
  - TCFD and IFRS S2 readiness
  - IFRS S1 readiness.
2. Voluntary reporting in separate sustainability reports (e.g. GRI, WEF IBC)



### Sustainability and decarbonisation strategy

- Current state assessment (ESG health check)
- Materiality assessment
- ESG risk and opportunity assessment
- Sustainability or decarbonisation strategy development
- ESG priorities and targets identification and communication
- Sustainability roadmap development
- Organisational transformation

## Assurance services



### Assurance

Third-party assurance over mandatory and voluntary sustainability reporting.

This also includes:

- NGER audits
- Carbon credit audits and certification assurance
- Second-party opinion on sustainable finance products.

The background of the slide is a photograph of a coastal wind farm. Numerous white wind turbines with three blades are scattered across a grassy field that meets a sandy beach and the ocean. The sky is a pale blue with soft, wispy clouds. A large, semi-transparent green triangle is overlaid on the left side of the image, pointing towards the bottom right.

# Go-to-market strategy

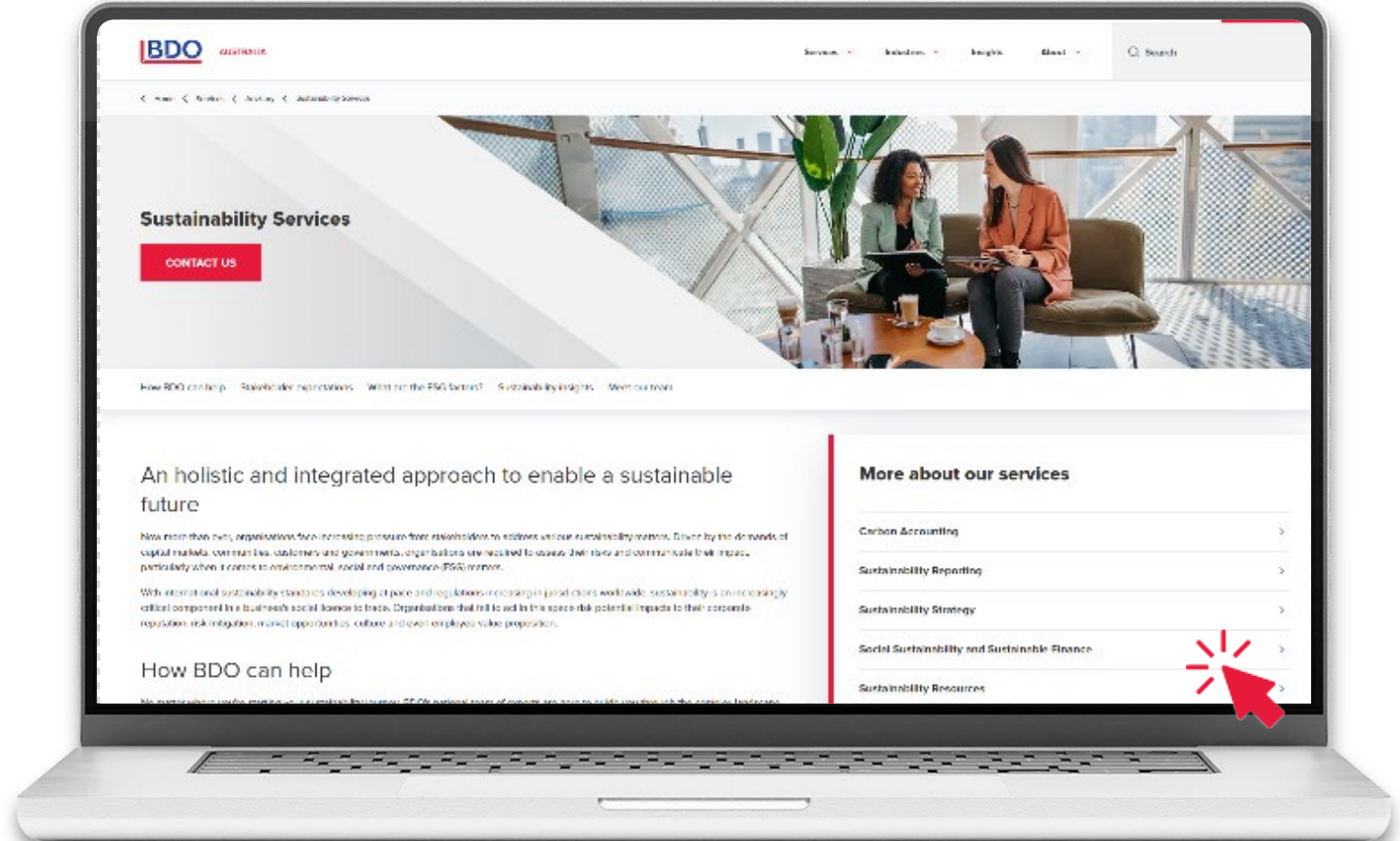
# Building awareness of our services

Launched new Sustainability web content

In January 2024, we launched a fresh, new web hub to:

- ▶ Reflect our refined Sustainability services offering
- ▶ Maximise our findability through keywords and SEO
- ▶ Offer practical, informative resources to engage our audience and build credibility
- ▶ Utilise the new website layouts for best engagement

We also launched new content on our intranet for internal awareness building in February.



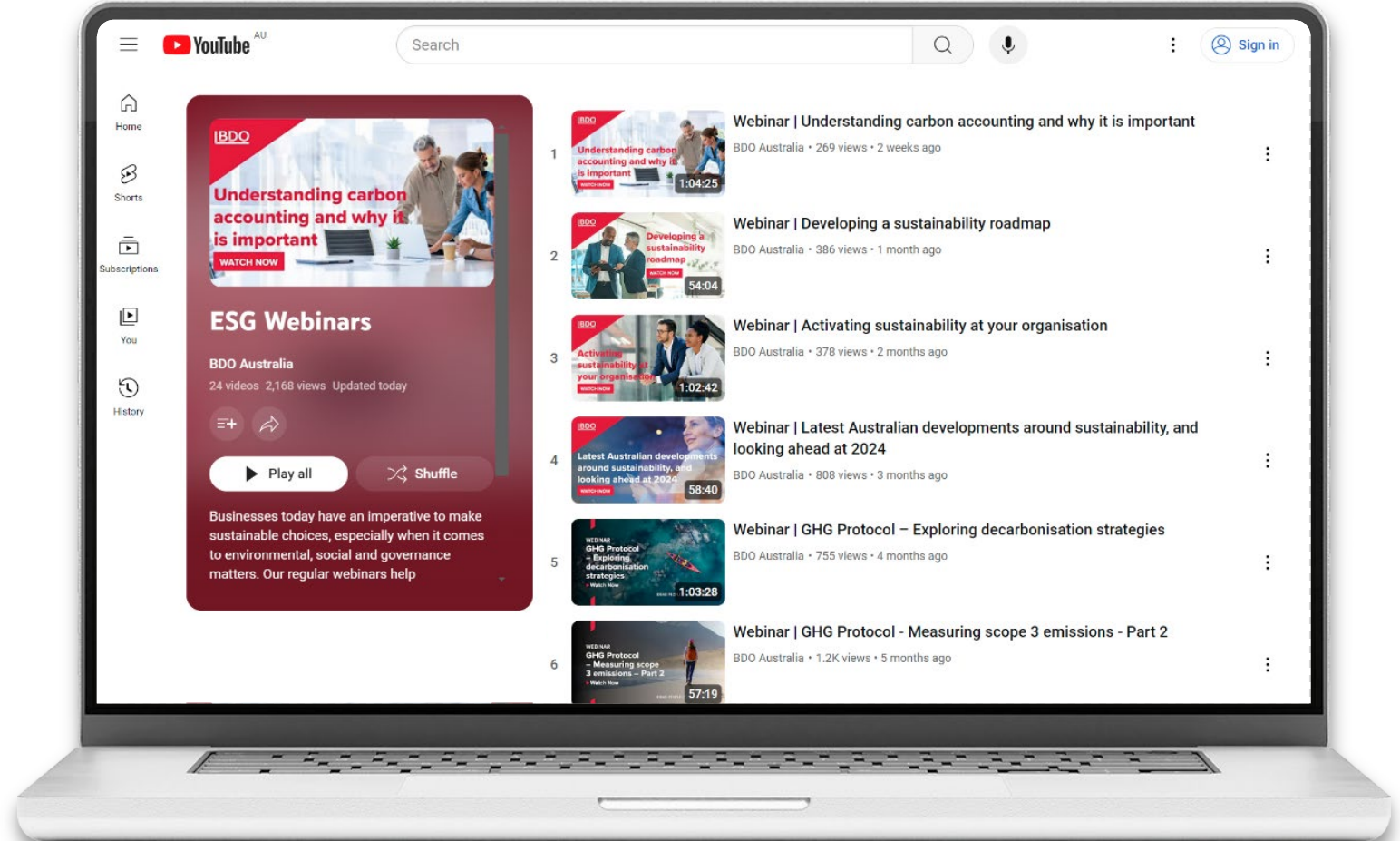


# Knowledge sharing and education

## Sustainability webinar series

We continued our monthly Sustainability webinar series:

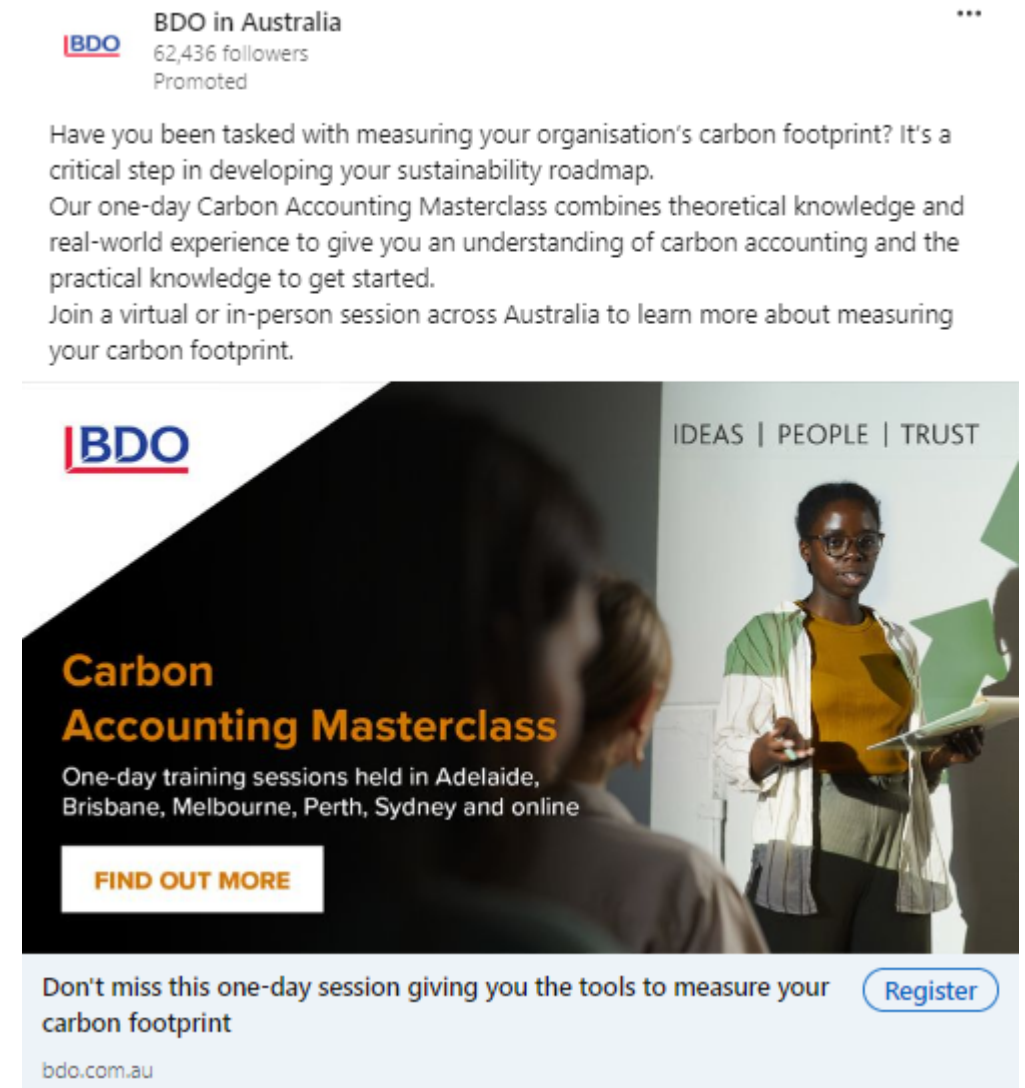
- ▶ Included a 6-part mini-series on the GHG Protocol
- ▶ Other topics include:
  - Activating sustainability
  - Developing a roadmap
  - Carbon accounting and setting carbon targets
  - Voluntary vs mandatory reporting
- ▶ Average 600 registrations per event, and over 300 live attendees
- ▶ YouTube recordings average 1,200 views



# Knowledge sharing and education

## Carbon Accounting Masterclass

- ▶ Launched a series of one-day Carbon Accounting Masterclasses, running from 10 May to 7 June
- ▶ Being held in-person in our Adelaide, Brisbane, Melbourne, Perth and Sydney offices - plus one virtual event
- ▶ 83 registrants to date
- ▶ Promoted via eDM to clients and subscribers, social media channels, industry partnerships
- ▶ Running a paid LinkedIn campaign:
  - Currently in week three of four of the campaign
  - 11x ads (9x static - see example, 2x carousel)
  - 58,000+ impressions
  - 246 clicks through to website



**BDO in Australia**  
62,436 followers  
Promoted

Have you been tasked with measuring your organisation's carbon footprint? It's a critical step in developing your sustainability roadmap. Our one-day Carbon Accounting Masterclass combines theoretical knowledge and real-world experience to give you an understanding of carbon accounting and the practical knowledge to get started. Join a virtual or in-person session across Australia to learn more about measuring your carbon footprint.

**BDO** IDEAS | PEOPLE | TRUST

**Carbon Accounting Masterclass**  
One-day training sessions held in Adelaide, Brisbane, Melbourne, Perth, Sydney and online

[FIND OUT MORE](#)

Don't miss this one-day session giving you the tools to measure your carbon footprint [Register](#)

bdo.com.au



# Lead generation

## Gated content

Our content ranked in BDO in Australia's Top 5 gated content list for CY2023:

- ▶ TCFD Checklist - #1
  - 502 unique views (FY24)
- ▶ Sustainability Activation Checklist - #3
  - 380 unique views (FY24)



### TCFD checklist

A consolidated checklist to support organisations looking to implement a systemised modelling approach and address climate-related financial risks. This resource outlines the recommended disclosures and general guidelines from the TCFD, covering governance, strategy, risk management and metrics.

[Download checklist](#)



### Sustainability Activation Checklist

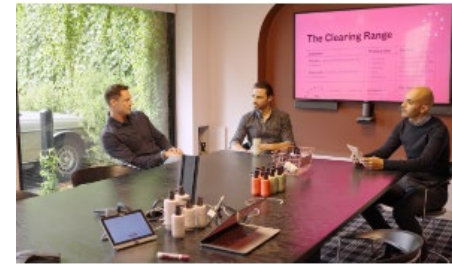
This practical guide can help your organisation to develop a sustainability roadmap in six steps, including assessing, prioritising, committing, measuring, reporting and improving your business' sustainability.

[Download checklist](#)

# Industry focus - Retail

## Inspiring Tomorrow campaign

- ▶ Collaboration between our Retail industry group and Sustainability Services
- ▶ The 'Inspiring Tomorrow' video series showcases organisations in the retail and wholesale space that are progressing on their sustainability journeys. Their leaders share their stories. They are innovators, entrepreneurs, designers and futurists.
- ▶ Campaign included:
  - Five video stories + related insights
  - Social media campaign
  - LinkedIn paid campaign - 28,000 views, 390 clicks, 1.39% CTR
  - Direct promotion through - launch eDM, Corporate Reporting Insights and Sustainability News (monthly)
  - In-person events - Melbourne, Sydney, Brisbane
- ▶ [bdo.com.au/InspiringTomorrow](https://bdo.com.au/InspiringTomorrow)



### frank body

Want to break beauty standards. They celebrate champion bodies of all shapes, sizes, and abilities. They are working towards reducing their environmental impact and recognise this is an ongoing journey.

BE INSPIRED ▶



### Fonz Moto

State-of-the-art zero-emission bikes using innovation, and intuitive design. Their bikes are fully electric, but most importantly, they make a positive impact by reducing the world's carbon footprint.

BE INSPIRED ▶



### Circonomy

Bring together leading retailers, resource recovery partners, resale channels and everyday Australians to give new life to items.

BE INSPIRED ▶



### Australian Bay Lobster Producers

Are dedicated to the advancement of sustainable land-based aquaculture biotechnology and progressive Australian wild catch fisheries.

BE INSPIRED ▶



### Intrepid Travel

Make responsible, off-the-beaten-track adventures and believe that travel can make a positive change in the way we all see the world.

BE INSPIRED ▶



# Relationship building

## Events

Hosting in-house events for clients and prospects, on sustainability generally or industry specific.

Events this year have included:

- ▶ ‘Inspiring tomorrow’ roadshow in Melbourne, Sydney and Brisbane for the retail sector (avg 30 attendees, see previous slide)
- ▶ Sustainability Networking Forum - in person events in Perth, held quarterly, now in conjunction with CA ANZ (average 55 attendees)
- ▶ Local in-person events, by invitation only to build relationships with clients and prospects (averaging 25+ per event)





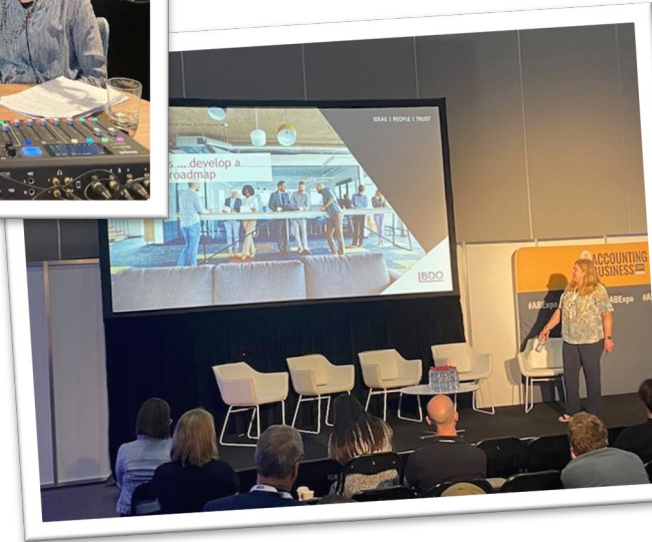
# Thought leadership and profile building

## External events

Participated as thought leaders in external events through sponsorships, our networks, and on request.

Events hosted by/include:

- ▶ CA ANZ
- ▶ Australian Industry Group
- ▶ Australian Institute of Company Directors
- ▶ FinTech Australia
- ▶ Institute of Public Accountants
- ▶ REC industry client
- ▶ Retail industry group
- ▶ Women on Boards
- ▶ Universities
- ▶ ESG Summit
- ▶ Accounting Business Expo (Sydney and Melbourne events)

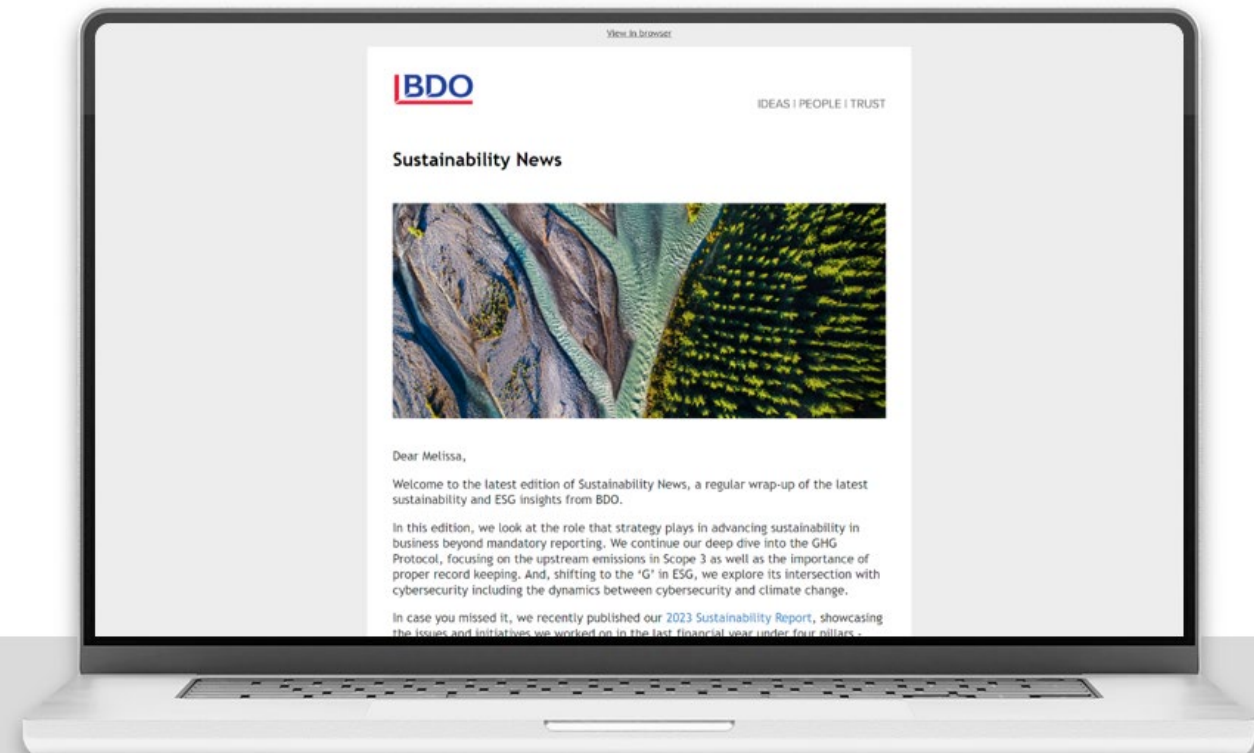


# Thought leadership and profile building

## Insights and Sustainability News

Publishing regular insights and thought leadership pieces on topical issues in the sustainability space.

- ▶ 59 articles published from July - May
- ▶ Distribution of Insights via Sustainability News - our monthly newsletter
  - 600+ avg recipients per edition
  - 26.1% open rate
  - 3.3% click through rate
- ▶ Two standalone campaigns intended to quickly inform our subscribers of important updates from the Federal Government on mandatory sustainability reporting
  - 14,500+ average recipients
  - 34.6% open rate
  - 6.2% click through rate





# Thought leadership and profile building

## Media mentions

- ▶ 11 unique media articles
- ▶ 30 total media mentions
  - Tier 1 media outlet: 7
  - Tier 2 media outlet: 12
  - Trade media: 11
- ▶ Advertising Value Equivalency (AVE): over AU\$210,000

### THE AUSTRALIAN<sup>®</sup> BUSINESS REVIEW

Friday, February 2, 2024 | Today's Paper | Mind Games

#### Small business may inadvertently be impacted by government's mandatory climate reporting

By MATT BELL  
BUSINESS REPORTER

#### Ethical investor: How to make ESG claims the whole truth

Experts say that 'greenwashing' is a major impediment to tackling climate change. Here's how firms can avoid harsh judgment and investors can evaluate ESG claims.

Eddy Sunarto

🕒 4 min read · April 14, 2024 · 12:13PM  
Stockhead

## ACCOUNTING TIMES

### AASB releases draft standards for climate-related financial disclosure

Profession | 27 October 2023 | Miranda Brownlee

## ACCOUNTING TIMES

### Businesses urged to prepare for 'evolving sustainability requirements'

Profession | 24 July 2023 | Miranda Brownlee

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