



TFAC



ASEAN

Accountancy Conference
on **Sustainability**



8th October 2022



A hand is shown holding two globes. The globe on the left is scorched, brown, and has a dead tree on top. The globe on the right is blue and green, with a healthy tree on top. The background is split: the left side is a hazy, brown landscape with smoke, and the right side is a clear blue sky with birds and green hills.

Race to net zero

Opportunities for growth and recovery

ASEAN Accountancy Conference on Sustainability, 2022

Sajjeed Aslam, Regional Lead Public Affairs

ACCA Asia Pacific

We're a force for public good. We lead the global accountancy profession by creating opportunity.

Our History

Since **1904**, **ACCA** has been known for its progressive and modern thinking, driving innovation across the global profession.

We are building partnerships around the world and protecting the public interest.

Our Commitment



ACCA Community

241,000
members

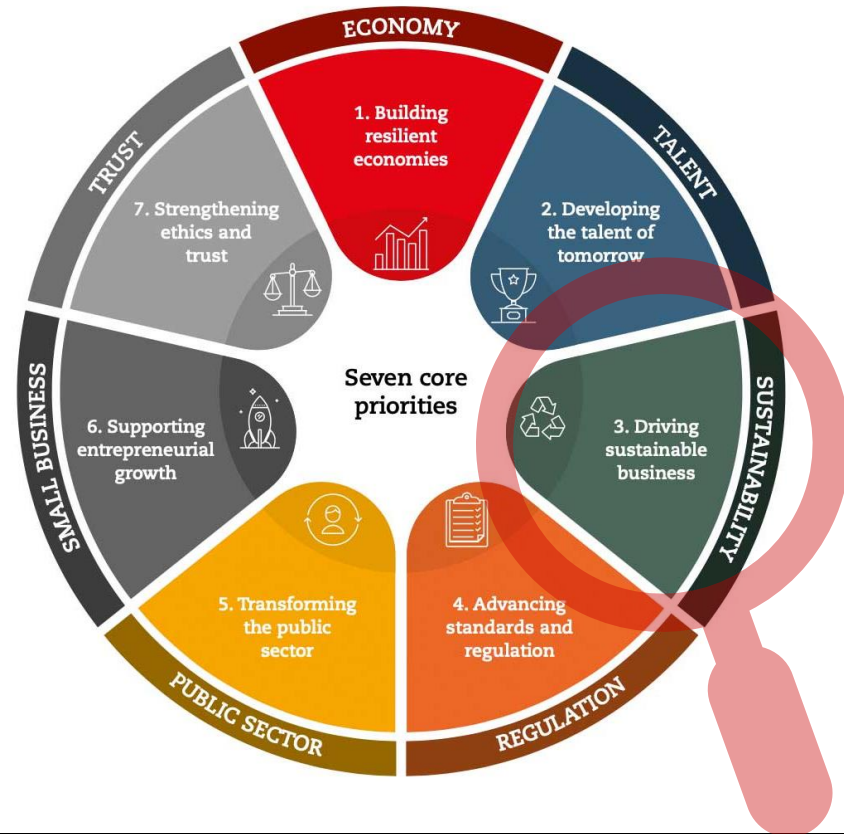
542,000
future members

Accounting for a better world

priorities for a transforming profession

"If all accountants learn what they are capable of doing and apply it to creating sustainable businesses and economies, then they can make a real difference. If they use their ethics, responsibility, and knowledge, they can save the world"

**Nasir Ahmad FCCA, CIMB Group
Chairman and ACCA Council Member**



150+

ACCA professional insights
focused on sustainability

<https://www.accaglobal.com/gb/en/professional-insights.html>

. . . professional accountants have a fundamental role and purpose to be intergenerational value protectors and creators . . .

Climate action and the
accountancy profession:

Asia Pacific key findings



Building a
sustainable
future:
Asia Pacific
summary

TODAY
less than

10%

of the respondents are
significantly involved in
dealing with change.

ONLY

12%

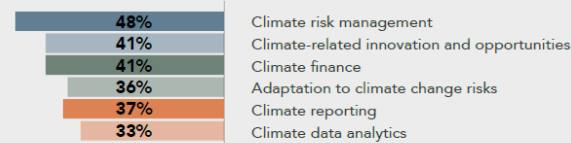
say that their
companies have set
Net Zero targets
by 2050

BUT

67%

say it's important that
their future careers
involve taking action
on climate change

Opportunities for finance in supporting
organisations deal with climate change:



Need for the profession to expand
these numbers in the coming years:

20% integrate climate
KPIs into
business strategies

36% considers climate-
related matters and
risks in due diligence
on third parties

27% organisations willing
to invest much
more in addressing
climate change

TOP

3

climate-related factors that
respondents believe will
impact their organisation
in the next five years



Physical
Impact



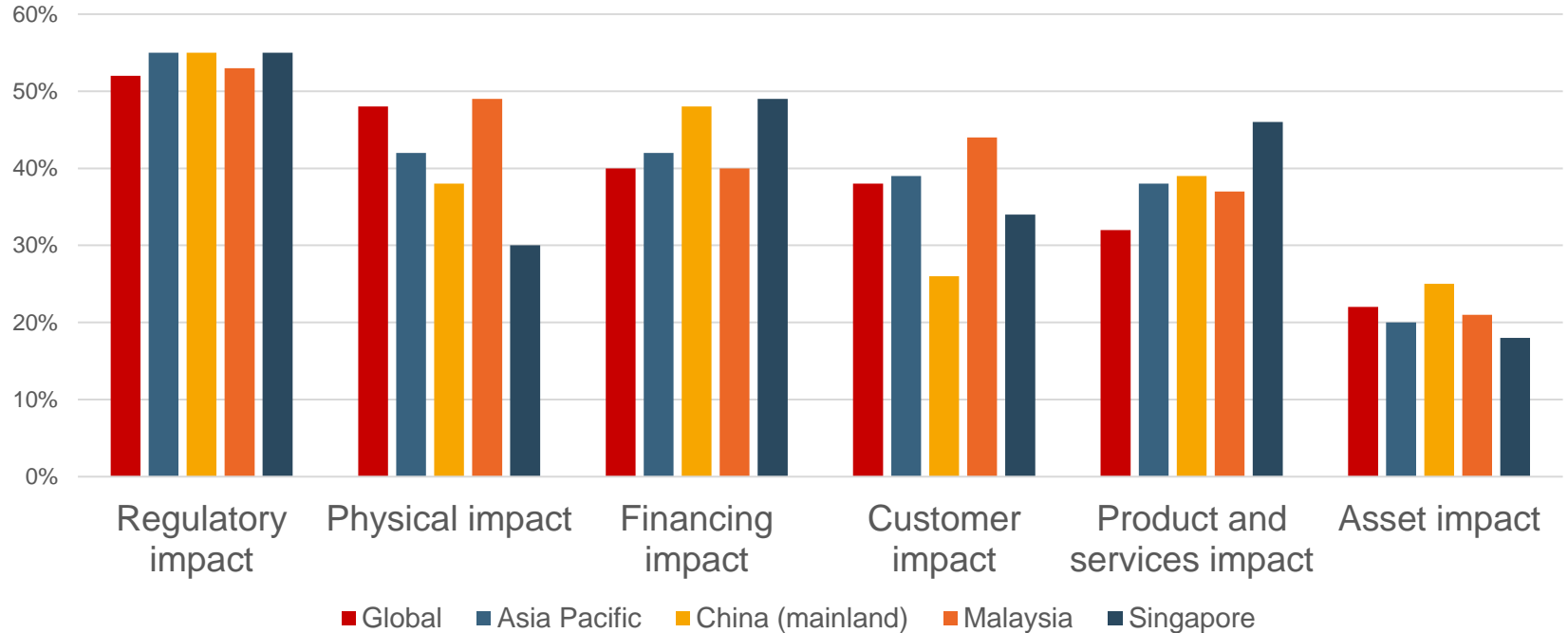
Financing
Impact



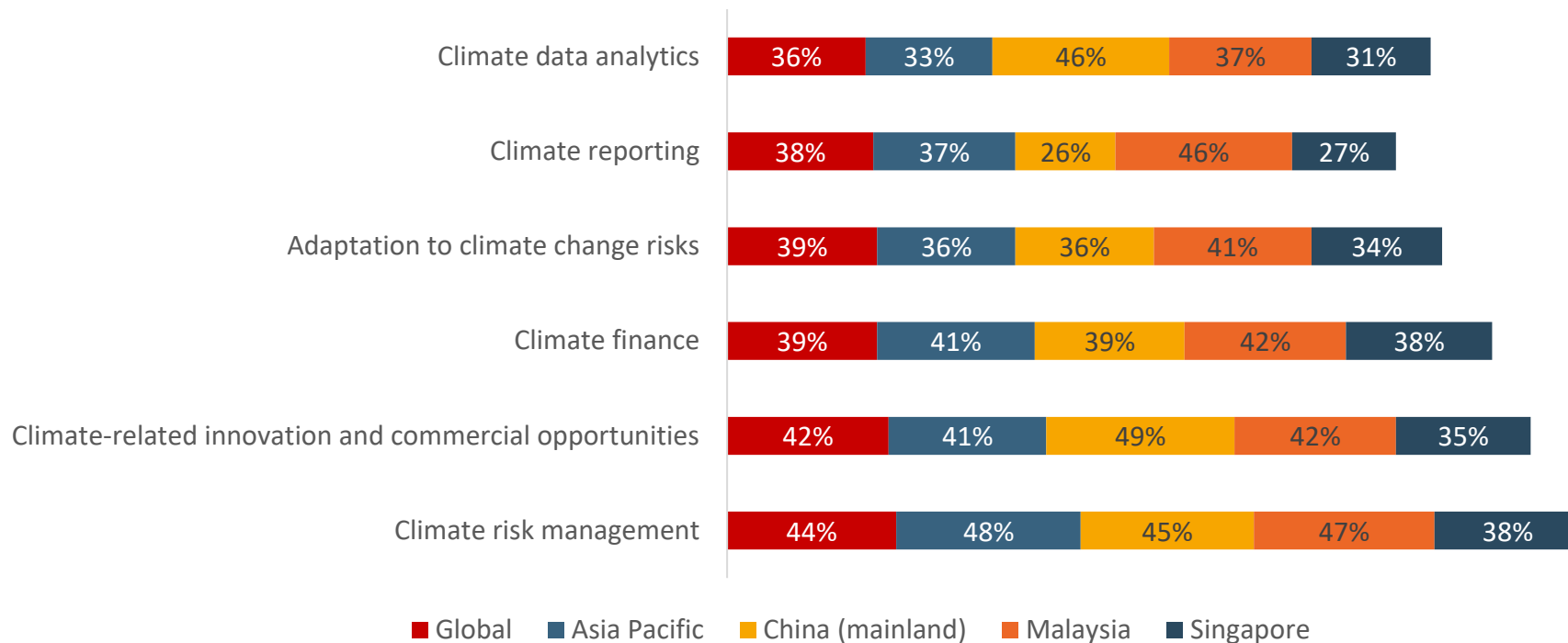
Regulatory
Impact

... despite recognizing *huge climate-related impacts* ...

How will climate change impact your organisation in the next 5 years



... opportunities for accountants to catalyse climate action are vast ...



Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy

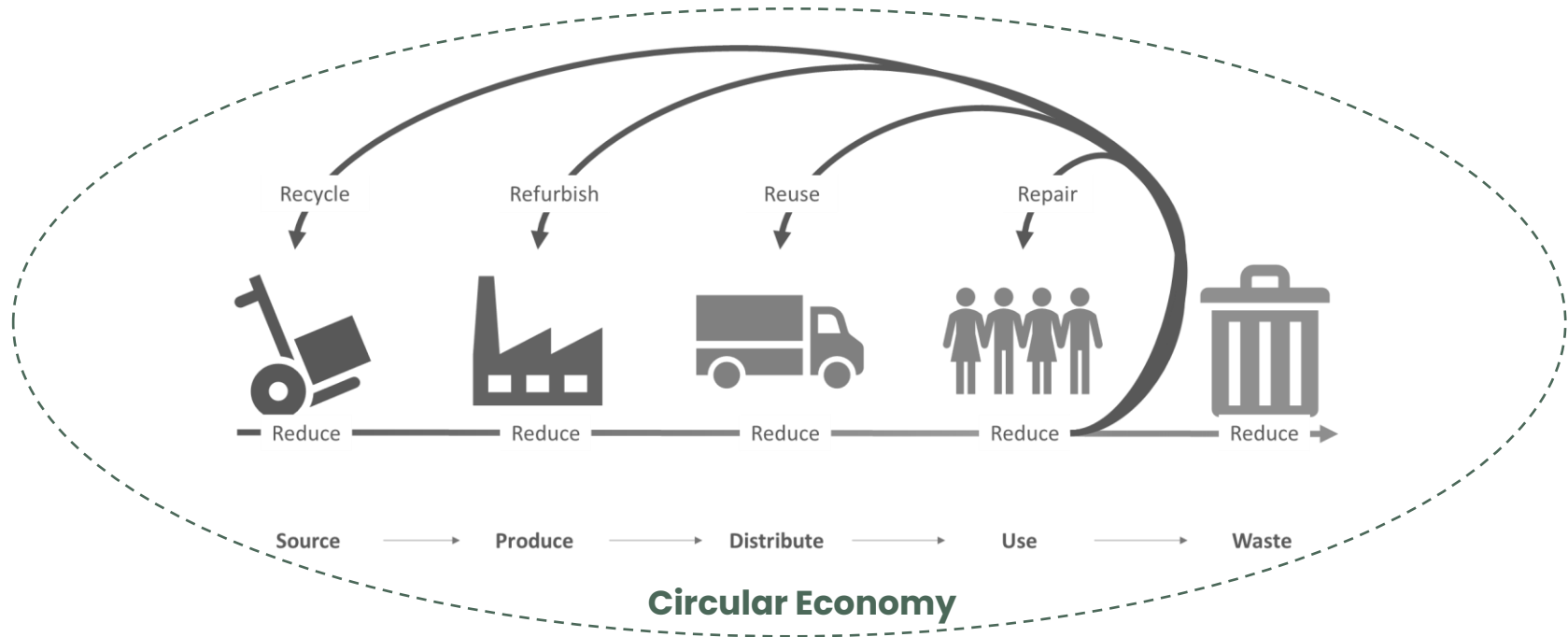
“ ... \$44 trillion of economic value generation – **more than half** of the **world's** total **GDP** – is **moderately** or **highly dependent** on nature and its services and is therefore exposed to nature loss.

- Three largest sectors that are **highly dependent** on nature: **construction** (\$4 trillion); **agriculture** (\$2.5 trillion); and **food and beverages** (\$1.4 trillion).

...consequences for secondary and tertiary industries can also be significant;

- six industries – **chemicals and materials; aviation, travel and tourism; real estate; mining and metals; supply chain and transport; retail, consumer goods and lifestyle**

Investors, customers and regulators are demanding disclosures, tangible actions, and product stewardship from businesses for Sustainability (ESG) risks, opportunities and practices



Call to Action

1. **National/ Regional Adaptation Plans** and related financing **(Governments)**
2. **Common Framework** - ASEAN taxonomy for sustainability finance **(Regulators, Businesses, Investors)**
3. **Supply Chain** – Incorporate sustainability consideration in trade agreements **(Regulators, Businesses)**
4. **Policy formation** & advocacy for green finance **(Regulators, Businesses, Investors)**
5. Use of **technology and data** **(Governments, Businesses, Auditors)**

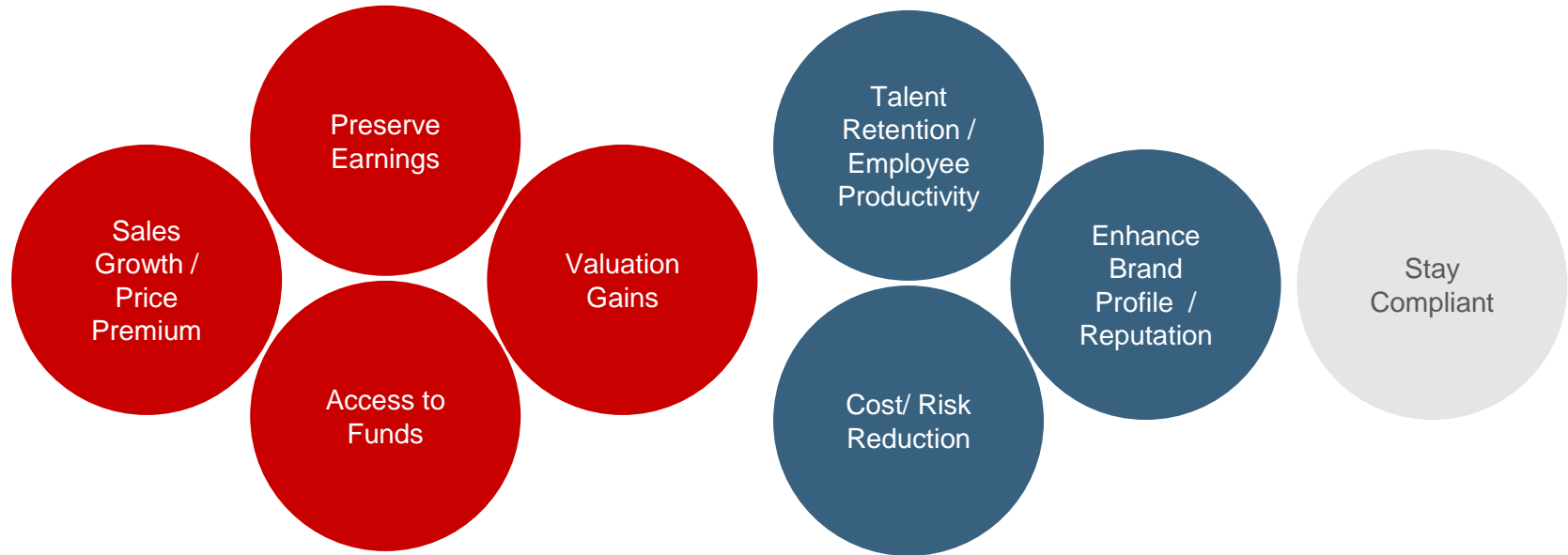


CFOs as *inter-generational* **value creators** and **protectors**

- Make it a **Board agenda now**
- **Net Zero Transition plans**, with intermediate targets for 2030 → at the heart of strategy
- **Integrate** climate **KPIs** and **risks** into decision making; analyse **impact from** and **on** supply chain over long term
- Push hard on **green opportunities**
- Use **sustainability-linked finance**
- **Report** meaningfully on **non-financial information**
- Value chain constraints – materials, logistics
- Write off stranded assets
- Loss of customers to eco-primed competitors
- Bankers raise borrowing cost or not give out new loans
- Investors sell down stakes, pressure Boards
- Community and employee pressure
- Insurers no longer give good cover

... simplify the sustainability journey for businesses ...

minimum viable compliances to scaling opportunities



Simplicity → **Viability** → **Pace**



ASEAN Federation of Accountants



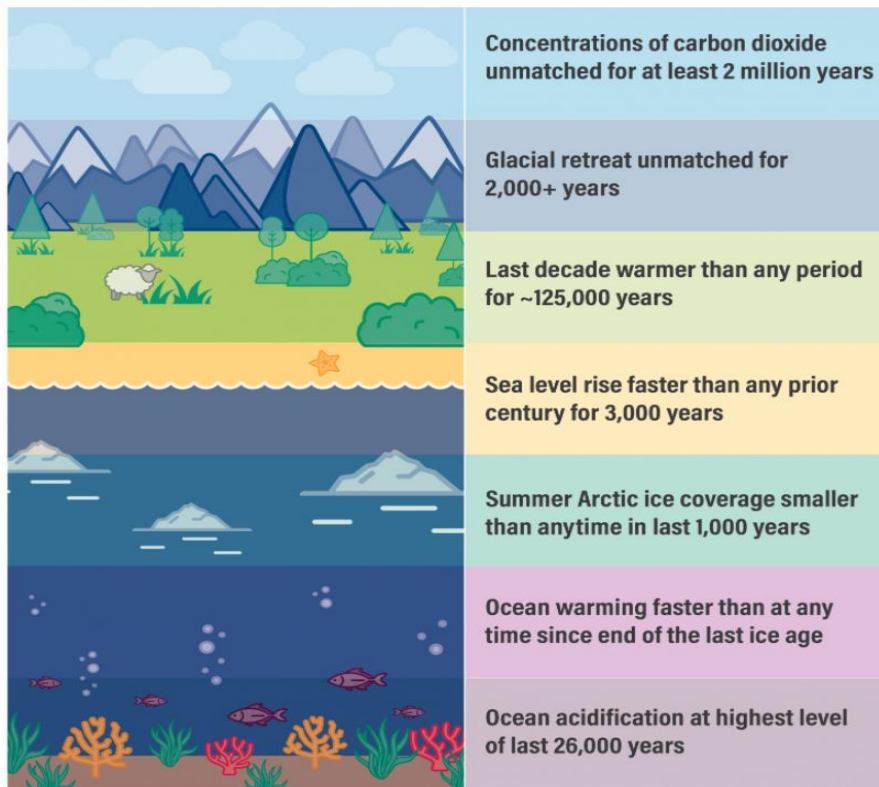
Thank You

ขอบคุณ



Annexures

Evidence of Global Warming Already Underway



Source: IPCC.
21/08/06

 WORLD RESOURCES INSTITUTE

So what.. ?!

- “We experience temperature rises daily of more than 1.5 °C. It’s normal. Why should this matter?”
- “What does this mean for my business? I don’t get it”
- “I get it .. but addressing it seems too big for my business!”

Remaining carbon budget

- What happens when we go beyond these points?
- How will it impact eco-systems we depend on?

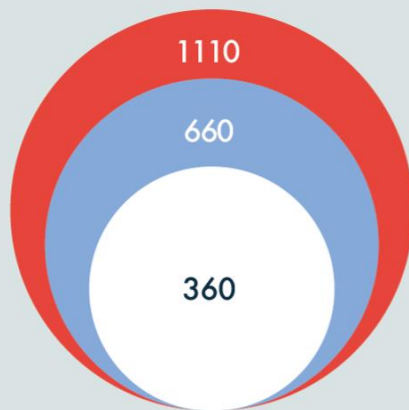
Global warming since pre-industrial

2.0°C

1.7°C

1.5°C

Remaining carbon budget 2021+, GtCO₂ (66% chance of success)



For a 66% chance to keep warming to 1.5°C, the amount of CO₂ emissions that can be released in the atmosphere is about 360 GtCO₂. For a 66% chance of staying below 1.7°C, it is about 660 GtCO₂.

Source: BP, Global Carbon Project, IPCC, CTI analysis, 2021

We are currently emitting about 41.5 GtCO₂ each year.



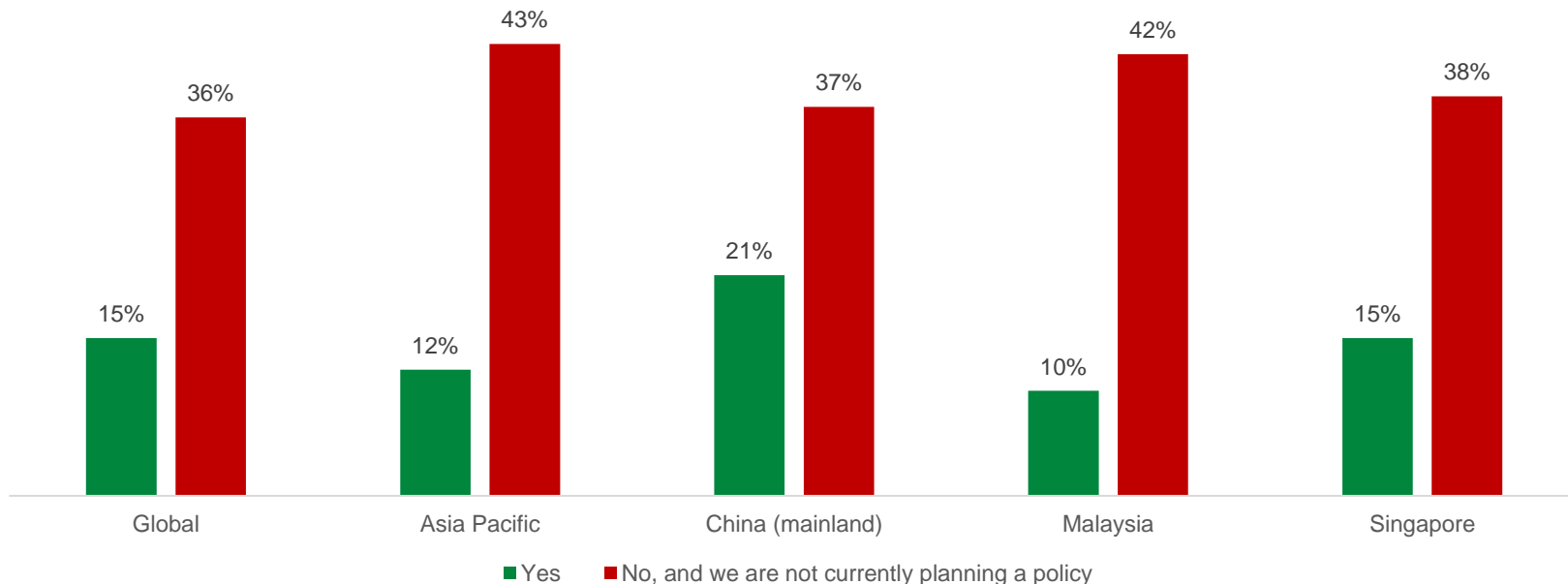
So, at current rate of production, that means that we have approximately:



 Carbon Tracker ^{Initiative}

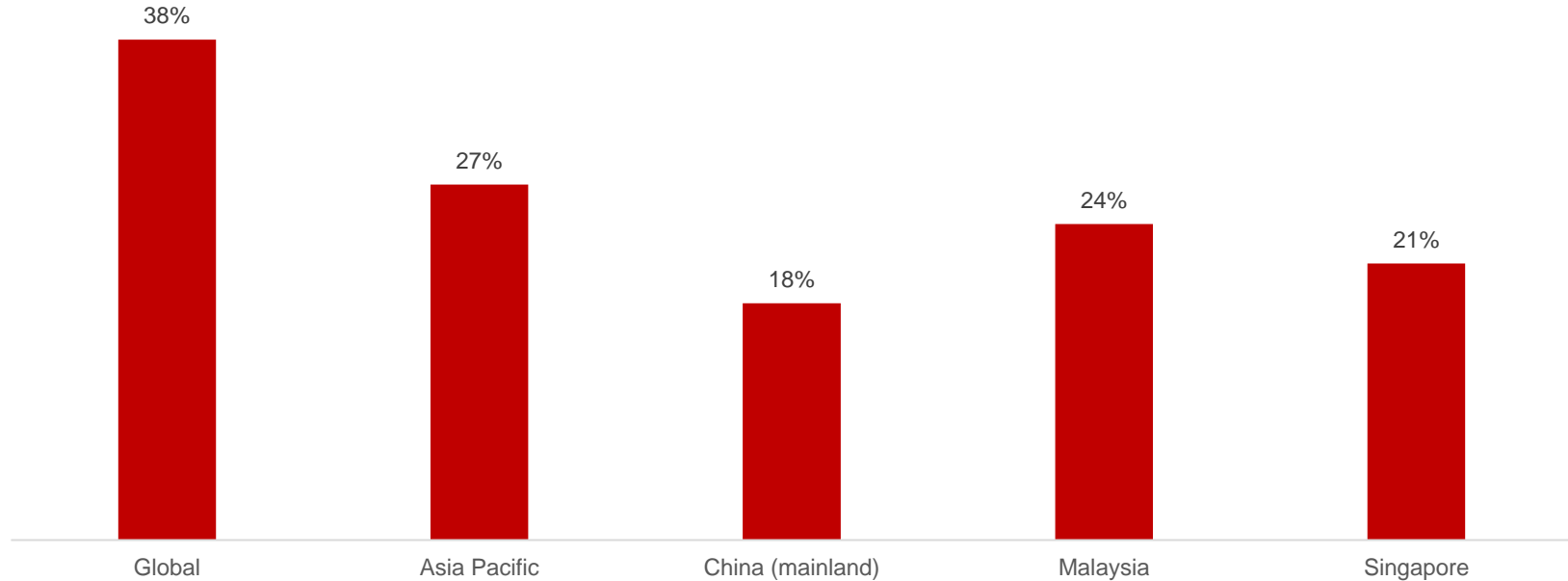
Transitioning towards net zero is **well off the pace**

Has your organisation set targets to be net-zero by 2050?



Are we **investing** enough to address climate change?

Willing to invest much more than today in addressing climate change over the next 3-5 years



Responsible Banking and Investment: *pincer attack or leverage?*

NET-ZERO BANKING ALLIANCE

- 55 banks, 28 countries, USD37 trillion or 25% of global banking assets
- **Align lending and investment portfolios to net zero**

NET ZERO ASSET MANAGERS INITIATIVE

The Net Zero Asset Managers initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner.

128 signatories
\$43 trillion in assets under management

NET-ZERO ASSET OWNER ALLIANCE

- Over 40 owners, USD 6.6 trillion AUM
- **Align investment portfolios to net zero and 1.5 degrees scenario**

Growing climate litigation

- In terms of magnitude and scale of entities affected - both financial and non-financial entities (central banks are not spared either!)
- The growing field of climate science enables this as the causation between CO2 emissions and its negative impact becomes better established.
- Some examples – see [link](#) for details
 - 1) *ClientEarth vs Banque Nationale de Belgique (NBB)* (pending)
 - 2) *Urgenda vs. the Netherlands* (won by NGO)
 - 3) *Friends of the Irish Environment vs. Ireland* (won by NGO)
 - 4) *Oxfam et al vs. France* (won by NGO)
 - 5) *Greenpeace et al vs. Germany* (lost by NGO)
 - 6) *Constitutional complaints against the German Federal Climate Change Act* (won by plaintiffs)
 - 7) *Sharma et al vs. Minister of Environment (Australia)* - (brought by 8 young children) (won by plaintiffs in first instance – on appeal)



Source: greenbiz.com

What about the “S”?

Alarming wealth and income inequality

Retirement fund insufficiency

Lack of growth in graduate salaries for more than a decade

Loss of education from pandemic – approx. 9 months to more than a 1 year?

Digital divide = educational divide

Vaccine inequity globally

Healthcare system constrained – elective procedures

Treatment of foreign labour

Women in private and public sector leadership

Subsidy allocations benefitting the rich

Corruption levels

Emergency services from extreme weather events

Ageing population

Trust levels in society

Etc.
Etc.
Etc.

What is our role as CFOs?

What is our role as corporates?