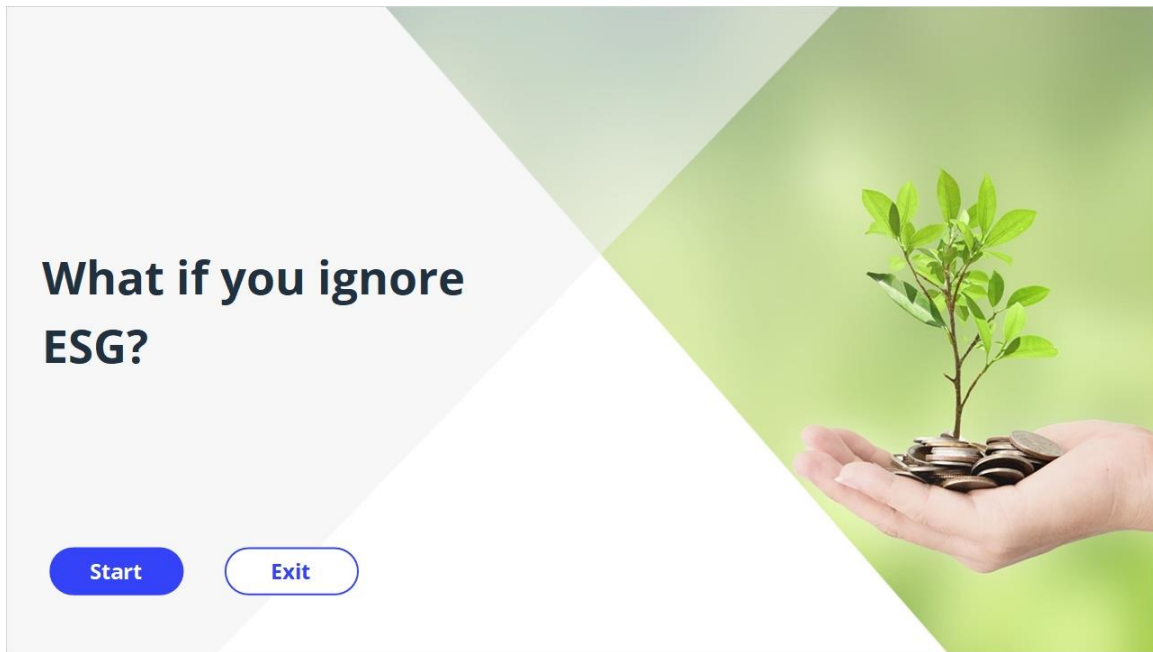


Lestari Module 4

1. ESG Module 4

1.1 What if You Don't?



Notes:

<prosody rate="-10%">

Welcome to Future-Proof Your Business With E.S.G. <break strength="medium"/>

Environmental, social, and governance or E.S.G. issues are to be considered by business entities in their decisions because companies with a higher focus on sustainability are viewed as reliable and fundamentally sound.

</prosody>

1.2 What If You Ignore ESG?

What If You Ignore ESG?

What if you ignore ESG?

1/14



What is on the Dark Side?

Notes:

1.3 Brand Boycott

Brand Boycott

2/14

What if you ignore ESG?

- Two thirds of consumers worldwide will buy or boycott a brand based on its position on a social or political issue – [Edelman Survey 2018](#)
- 3 out of 4 consumers switch, avoid or boycott grocers based on environmental policies – [Kantar Survey 2019](#)
- 61% of consumers in New York, London and Singapore are not likely to buy a product from brands with bad environmental practices - [the Dutch Banking Group 2020](#)



Notes:

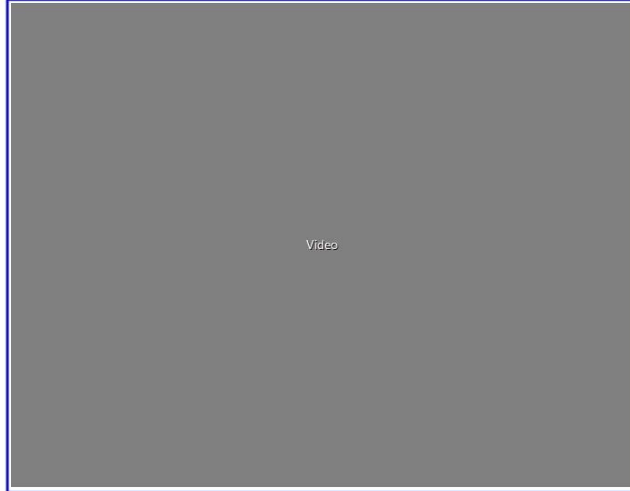
1.4 Bank Boycott

Bank Boycott

3/14

What if you ignore ESG?

- More than four in five SMEs believe they will become unbankable if they don't adopt sustainable businesses practices, according to a survey by ACCA.
- 83% of business owners think that future funding and access to finance will be directly affected by their performance on ESG measures.
- Finance will increasingly flow to those businesses that are meeting environmental and societal needs, and banks have a unique role to help bridge that gap between finance and sustainability.



Notes:

1.5 Climate Threats

Climate Threats

What if you ignore ESG?



- Extreme weather, natural disasters and global warming will severely disrupts business operations and increase cost
- Low water level in Rhine river caused by extreme drought
- ThyssenKrupp lost USD 111.2 million in 2019
- BASF forced to limit its production of certain materials at its Ludwigshafen site in 2018

Sources: [I.C.I.S](#) & [Reuters](#)

4/14



Notes:

1.6 Other Potential Issues

Other Potential Issues

5/14

What if you ignore ESG?



Case studies have proven that companies that overlook ESG will face:

- a. Legal Action
- b. Loss of Clients and Markets
- c. Loss of Shares
- d. Tarnished Reputation



Notes:

1.7 Facebook

Facebook

6/14

What if you ignore ESG?



- Unilever, Honda, Samsung and more than 1000 companies boycotted Facebook for not doing enough in facilitating hate speech and fake news.
- Facebook Shares plunged 8.3% (56 billion)
- Facebook hired head for civil-rights work, and agreed to a new audit on certain policies to improve its systems and practices.

Sources: [WSJ](#) and [Bloomberg](#)

Notes:

1.8 The US Customs and Border Protection Boycott – Top Glove



Top Glove

What if you ignore ESG?

- Top Glove's Subsidiaries were boycotted by US. Customs and Border Protection in July 2020
- Top Glove was alleged to use forced labour in its manufacturing process
- Its foreign workers were required to pay up to 20,000 Malaysian ringgit or USD 4,700 to their agents to secure jobs - [Thomson Reuters 2018](#)

Notes:

1.9 Top Glove

Top Glove

8/14

What if you ignore ESG?

- In December 2020, Top Glove facilities became Malaysia's biggest coronavirus cluster
- More than 5000 infection cases among its foreign workers
- Top Glove retaliated against a whistleblower for leaking photos of poor working conditions in its facilities, receiving negative publicity from the press
- Peninsular Malaysia Labour Department opened 19 investigation papers against Top Glove for failing to comply with the Workers' Minimum Standard of the Housing and Amenities Act.

For more information about the case, please click on [THIS ARTICLE](#) by The Vibes, and [THIS NEWS](#) by CNA.

TOP GLOVE
TOP QUALITY, TOP EFFICIENCY



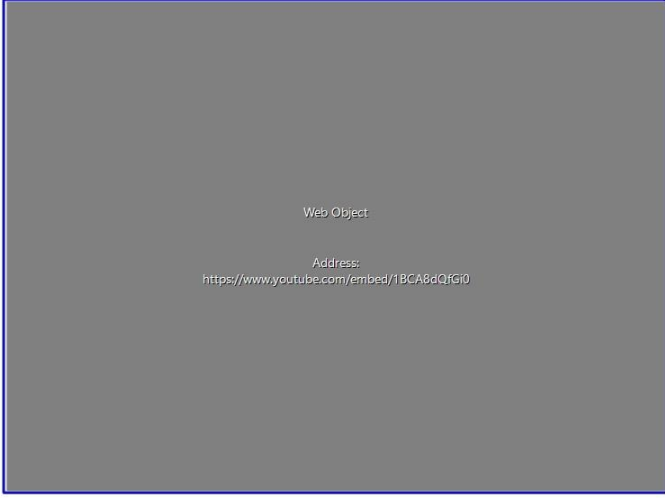
Notes:

1.10 Kit Kat, Nestlé

Kit Kat, Nestlé

9/14

What if you ignore ESG?



- Nestlé, maker of KitKat faced intense campaigning from activist organisation, Greenpeace
- Their palm oil supplies are from companies that are destroying Indonesian rainforests, threatening the livelihoods of local people and pushing orangutans towards extinction
- Nestlé agreed to develop a comprehensive policy which will identify and remove any companies in their supply chain with links to deforestation so their products will have “**zero deforestation footprint**”

Notes:

The third case is the Kit Kat crisis. In 2010, NEST-lay, maker of Kit Kat faced intense campaigning from activist organization, Greenpeace for using palm oils from companies who were destroying Indonesian rainforests, threatening the livelihoods of local people and pushing orangutans towards extinction. NEST-lay gave in to pressure and agreed to develop a comprehensive policy which will identify and remove any companies in their supply chain with links to deforestation so their products will have zero deforestation footprint. Let's watch this video clip that ends with a play on Kit Kat's famous slogan, Have a break? Give orangutans a break.

Subtitles (Slide Layer)

Kit Kat, Nestlé

9/14

What if you ignore ESG?

Web Object

Address:
<https://www.youtube.com/embed/1BCA8dQFGi0>

Hide transcript

- Nestlé, maker of KitKat faced intense campaigning from activist organisation, Greenpeace
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1.11 Asia Pulp & Paper


Asia Pulp & Paper

10/14

What if you ignore ESG?

- NTUC FairPrice Sheng Siong, Prime Supermarket removed all Asia Pulp & Paper Group products from stores.
- Additionally, Cold storage says it has suspended further purchase of APP. related products while Watsons Singapore has confirmed that it does not stock such brands as Paseo, Jolly and Nice.

To learn more about this case study, please click [HERE](#).



Notes:

The last case study is the Forever 21 Bankruptcy. In September 2019, the global fashion brand filed for bankruptcy

and shut down its operation in 40 countries, including 350 of its 800 stores worldwide. According to marketing experts from the University of Pennsylvania, the fashion retail group failed to identify the shift of consumer trend, that focuses on climate issue and sustainability especially among Gen z and Millennials. This is evident when its sales dropped 25% in 2018 from \$4.4 billion, two years earlier. As one of the disposable fashion pioneer, Forever 21 does not appeal to the younger generation as they preferred long lasting and better-quality clothing. Not mentioned that the industry is well studied to contribute to pollution and green house gasses.


1.12 Forever 21

Forever 21

11/14

What if you ignore ESG?

- Forever 21 Filed for Bankruptcy, shut down its operation in 40 countries, including 350 stores
- Reason shift of consumer's trend, focusing on climate change and sustainability, particularly the Gen Z and Millennials
- Sales dropped 25% in 2018 from \$4.4 billion in 2016



To learn more about this case study, please click [HERE](#) to read or listen the podcast by marketing experts from the University of Pennsylvania or read the Washington featured article [HERE](#).

Notes:


The last case study is the Forever 21 Bankruptcy. In September 2019, the global fashion brand filed for bankruptcy and shut down its operation in 40 countries, including 350 of its 800 stores worldwide. According to marketing experts from the University of Pennsylvania, the fashion retail group failed to identify the shift of consumer trend, that focuses on climate issue and sustainability especially among Gen z and Millennials. This is evident when its sales dropped 25% in 2018 from \$4.4 billion, two years earlier. As one of the disposable fashion pioneer, Forever 21 does not appeal to the younger generation as they preferred long lasting and better-quality clothing. Not mentioned that the industry is well studied to contribute to pollution and green house gasses.

1.13 Module Summary

Module Summary

12/14

What if you ignore ESG?



Notes:

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1.14 The End

The End

What if you ignore ESG?

13/14

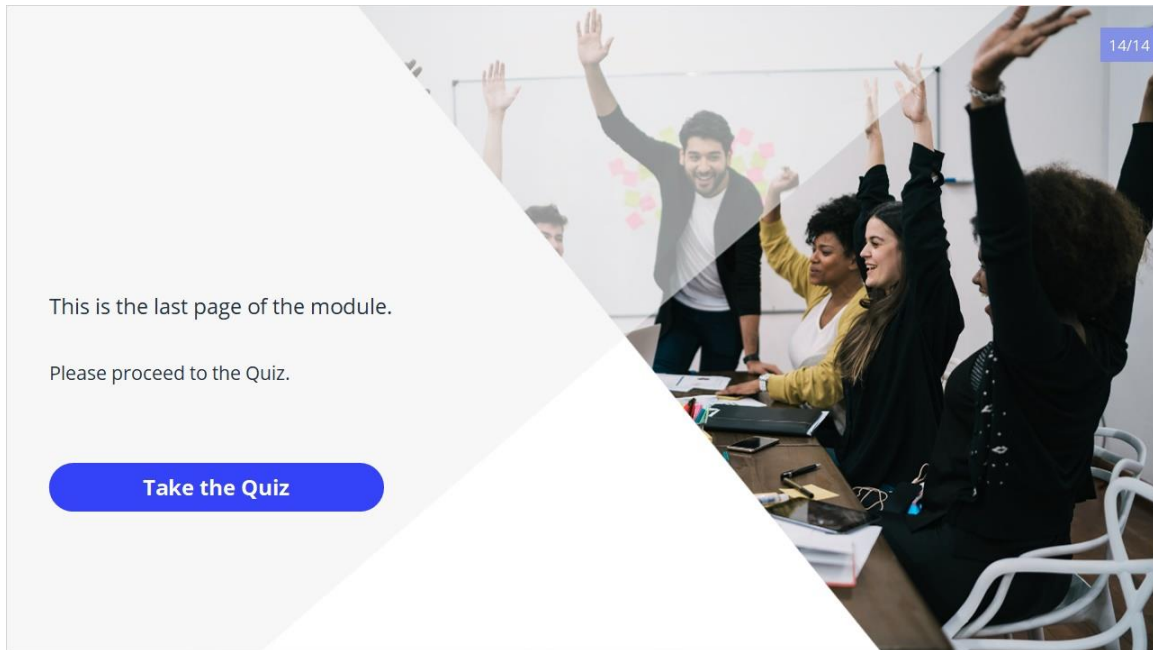
“Companies may have had an option of embracing ESG practices in the past, implementing those initiatives is now becoming imperative in a world reshaped by the effects of the global pandemic.”

- Richard Hartung, Managing Director & CEO @ Transcarta



Notes:

1.15 End



14/14

This is the last page of the module.

Please proceed to the Quiz.

[Take the Quiz](#)

Notes: