



Experience a company's first ESG reporting journey

ESG & Sustainability Transformation

Hung NINH

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Our business community is under unprecedented pressure from consumers, regulators and partners to reduce environmental and social impacts while ensuring financial performance – also known as Sustainable Development or ESG. This is no longer just a temporary trend of a few small groups of new-generation investors, it has become a powerful megatrend that cannot be reversed on a global scale.

There are only 2 options, one is to follow the trend, and the other is to be eliminated from the game soon. The outdated question: Should we? The timely question now is: How do we do it? We would like to share positive energy and inspire businesses in their sustainability practices and ESG reporting journey through the story below.

This is a true story of a business in Europe that is a big customer of many Asian manufacturers. We temporarily call it Fashion Company (our partner who asked not to be named), a big brand specialising in textiles.

Before Fashion released its first annual report on environmental, social and governance (ESG) in 2021, many major investors and even some key partners pressed on the level of ESG impact of the Company, even though every year they learned that the Company still made some improvements in the working environment for employees, initiatives of energy-friendly materials and materials savings in its supply chain. During the COVID-19 pandemic, there has been the strongest-ever movement in the capital market for investors to change their selection criteria and build sustainable portfolios, to match their values.

Proud of its position and market share in the industry, Fashion sees it as a wake-up call and does not want to be left behind, in particular, ESG brings a lot of long-term benefits to a business that is sensitive to external factors. Immediately, Sarah (a member of the Board of Directors, now concurrently Chief Sustainability Officer - CSO) was sent to find out more information about sustainable development when this concept was still very confusing and not really unified in the community.

Sarah said: "Our management, after hearing my composite report, agreed ESG should be considered a priority and a roadmap to take. But no one is really sure where to start, although there seems to be a lot of work to be done."

Immediately, HR was asked to recruit ESG specialists. After months of searching, then screening, the head of the department finally reported that no one was satisfied. Ask more carefully to know that in fact, HR is not really confident what skills and knowledge to learn during the candidate interview process.

She also said: "At that time, the Fashion Board was very confused about this issue while the production and business situation was almost frozen at the end of the COVID-19 pandemic, affecting the supply chain and leading to a catastrophic drop in revenue."

With very high determination and strong support from the top, the HR - Legal Departments volunteered to conduct self-research to prepare ESG Reports. The first data on E, S and G began to be collected and sent back from other places, including suppliers for evaluation and classification. The selection of the standard set to use for the report alone took a little over a week.



Sarah, head of ESG at Fashion, said compiling the first ESG Report was a difficult step forward. For example, no one is sure exactly what metrics ESG includes, when verifying documents and data from the source, she and colleagues have encountered instances where they felt there was a risk of mis command due to human error in collecting or communicating. It is also an extremely difficult but very important task for the Company to identify all stakeholders.

In the final week before Fashion planned to release its first ESG Report, Sarah knew that she was not happy about the results and wanted to use technology to improve the reporting process, similar to what the Company is doing with its annual Financial Statements and Management Reports.

"As we are looking for a partner to help refine and store ESG information in a secure ecosystem, it can help not only track all HR and stakeholder outreach on this sensitive topic but also control internal communications," she said. Fortune seemed to be falling in the sky when we received an invitation email for an ESG Reporting consultation from YTT Consulting".

"As the person directly representing the Company, I asked so many questions that I snatched my mask off. Let you know that during the taxi ride back to the office to inform my colleagues, I felt indescribably lightheaded like sitting on Aladin's flying carpet." She recounted emotionally.

Earlier this week, YTT Consulting representatives were invited to join Sarah as the entire senior leadership team convened at the headquarters.

She recalled: "It all happened incredibly fast. As soon as the contract is officially signed, there are successive meetings, consulting, training, setting up,... very smooth. After identifying the Company's actual needs as well as the existing starting point in the ESG journey, YTT Consulting has outlined a clear roadmap, helping us build a team and train the first ESG nuclei. Unexpectedly, they were selected from the functional departments in the Company. At that time, YTT Consulting insisted that this group be multi-gendered, culturally and age-diverse."

The consultation using the framework and sets of standards according to the needs and specific characteristics of Fashion is quite convenient with high consistency Task Force on Climate-Related Financial Disclosures (TCFD), Global Reporting Initiative (GRI), and United Nations Sustainable Development Goals (UNSDGs).

"The day that Fashion published its first ESG Report since its inception was the same as the day the Company was re-established, many partners, customers, and large investors called to congratulate us. In the days that followed, a series of friends and other businesses reached out asking for real experience. We're really like a star." The CSO recalled.

Now that she has time to sit down and reflect, she draws some experiences:

"The application of smart technology helps us collect the right data from all sources systematically and fully automatically update in real-time. Whether they are from single documents or existing ERP or CRM systems. It is easy to trace the most problematic stages, such as greenhouse gas emissions. Don't forget to take advantage of the system's functionality to decentralise and control access and redaction, especially sensitive information."



"It's not a good idea to set goals that are too unrealistic, your goals need to be based on resource practices, macro conditions and your own experiences. But on the other hand, do not be too rigid with your goals when conditions are no longer the same. Your boat must obey changes in the tides or risk being swept out to sea. Finally, there's no reason to over polish your ESG Report. Sincerity and transparency are the essence and goals of ESG, as well as creating long-term value for the business."

The Chief Sustainability Officer added: *"Now whenever there is great joy or difficulty, we often think of YTT Consulting. Such as we recently signed a huge contract with a client who hadn't noticed Fashion before. Or Fashion is also working with YTT Consulting on the Target Operating Model transformation project."*

"Now I can say that we really have an ESG program that we can be proud of. We know where we are, where this journey leads us, we know how to get there. And I know we have the right partner to help us do that."

Thank you for Sarah's sincerity and the trust of so many partners across the markets for giving YTT Consulting the opportunity to accompany you on your proud ESG journey.

To learn more about ESG and sustainability-related models, don't hesitate to contact [**YTT Consulting!**](#)

