

Sustainability Plans – Why so important?

Principal businesses implications

San Juan, October 12, 2023



Kevane Grant Thornton



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Our culture drives our behavior

Collaboration | Collaboration

We'll work as part of your team. Not "We" and "You," but "Us." One voice, one team, one goal

Leadership

Receive insights from partners who are there for you, not playing a cameo role.

Innovation | Excellence

See real risks and opportunities, not just a checklist. Discover upsides and traps.. Never settle for status quo.



Agility | Agility

We are big enough to make a difference, but we are small enough to make a decision. We'll be adaptable to your needs and your culture.

Respect | We Care

Respect is the cornerstone of our service model. Honest, clear, and concise communications .

Responsibility | Responsibility

No excuses here. We want your trust. We'll earn it and get the job done with quality. Success is the only option.



Environmental, Social, Governance

What is ESG?



Environmental

Habitat preservation & enhancement
Sustainability
Pollution
Carbon emissions
Water efficiency
Packaging
Energy management
Climate change
Waste management
Ecological impact



Social

Human capital management
Working conditions
Employee relations
Human rights
Labor standards
Community investment
Gender equality
Employee benefits
Health & safety
Diversity & inclusion



Governance

Corporate behaviour
Regulatory compliance
Data privacy
Board & executive oversight
Internal controls
Board independence
Business ethics
Executive compensation
Anti-corruption
Shareholder rights
Responsible marketing

The ESG Imperative

Despite the complex ESG landscape, there are clear business and organizational imperatives to incorporating ESG into operations.



Suppliers, Consumers, and Employees care about ESG



Authenticity is a real concern



Investors are incorporating ESG into their investment and operational approach



Government and regulatory pressure will only grow



ESG is shifting the way we work

ESG Global Trends

ESG is experiencing significant traction globally, as environmental, social and governance issues become increasingly relevant for actors in the public and private sectors. Understanding the emerging analytical tools and developing global landscape will enable successful ESG integration.



Decarbonization: building a road to net-zero



Codified metrics: standardizations emerging globally



"S" Pillar takes the stage: social issues influence investment



Required disclosures: getting serious about ESG



Shareholder activism: shareholders, investors and customers exercising greater influence over C-suite accountability



Smarter Analytics: quality and quantity driving integration



Importance of a Sustainability Plan

Why sustainability is so important?

The business reality is that half of the managers say they do not know how to measure sustainability in their company:

- ✓ 4 out of 10 companies recognize that **financial success and sustainability are equally important**, while 17% still believe that it is a minor issue.
- ✓ 54% of entrepreneurs believe that the general trend towards sustainability will require **fundamental changes in their business model**.
- ✓ More than half of the companies interviewed (57%) **will activate measures** aimed at improving sustainability and commitment to the environment in the coming months.
- ✓ Dialogue with stakeholders, social aid programs and reporting, **key sustainability actions** for the future.

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With this scenario, **non-financial information** will undoubtedly be the most important development aspect for Sustainability in the coming years.

What does a sustainability plan contribute to a company?

Add value and reduce risks

When a company decides to implement a sustainability plan, it seeks to add value and reduce risks. The sustainability plan allows organizations to define the principles of their strategy, considering relevant environmental, social and governance issues (ESG).

Reputation

Integrating sustainability into corporate strategy, not only increases the organization's reputation, but also the contribute to its development and growth.

Sustainability brings many benefits to companies that decide to put it into practice, taking into consideration that customers are increasingly paying more attention to the environmental terms of brands.

Advantages of having a sustainability plan

Each day sustainability keeps getting more relevant for businesses, consumers, investors, employees and stakeholders.



Improve brand image and competitive advantage

Everyday more and more customers choose sustainable brands.



Increases productivity and reduce costs

Sustainability helps businesses to be efficient, optimize effort and conserve resources, which improves the work of employees and reduce costs.



Increases the ability to comply with legislation and regulations

Integrating sustainability into businesses will help face new regulations that will be coming into effect.

Each day more regulated bodies express the importance of sustainability.

This will position the organization with a competitive advantage and being ahead of competitors.

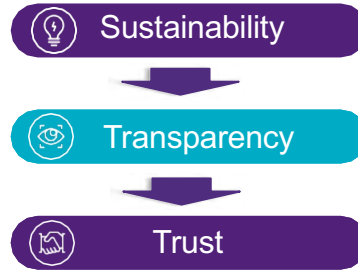
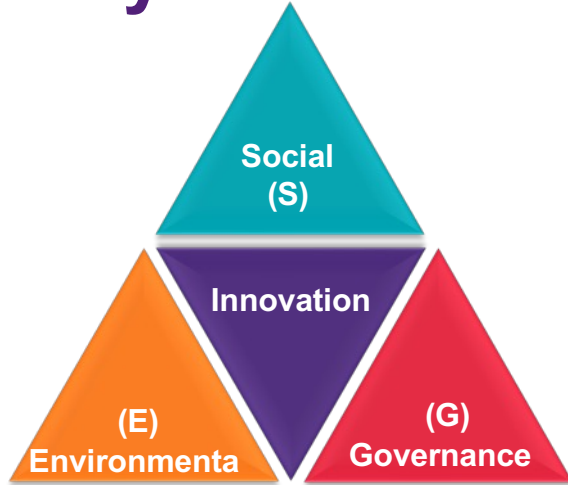


Attracts employees and investors

Being a sustainable business attracts quality talent and investors for potential business expansion.

Furthermore, when competing for public auctions, it continues to have an increasing relevance the sustainability criteria.

Why sustainability is so important



Increased
SUSTAINABILITY
disclosure through
non-financial
information

*"It matters not
only how much
the company
earns, but how
it earns it".*

- Many organizations already have Corporate Social Responsibility (CSR) **Reports**, corporate presentations and presentations to investors.
- **Technology Innovation** contributes to ESG compliance, through processes automatization and by obtaining key sustainability indicators of
- **Non-financial information** can serve as a pillar for understanding the organization, its strategy and its positioning in terms of sustainability
- It will be necessary to measure the **impact that sustainability** policies has in the organizations... This is the great challenge for the coming years.



How to implement a Sustainability Plan

Steps to implement a Sustainability Plan

There are six basic steps in the elaboration and implementation of a Sustainability Plan. Obviously, every plan must be tailored to each organization, the industry in which operates and the services it provides.



Step 1. Materiality assessment

It is a priority to carry out a **materiality analysis**. It constitutes an essential step for establishing preferences for action and relevant steps to focus. In this way, it is possible to **optimize the investments made**, both in time and in financial or human capital.

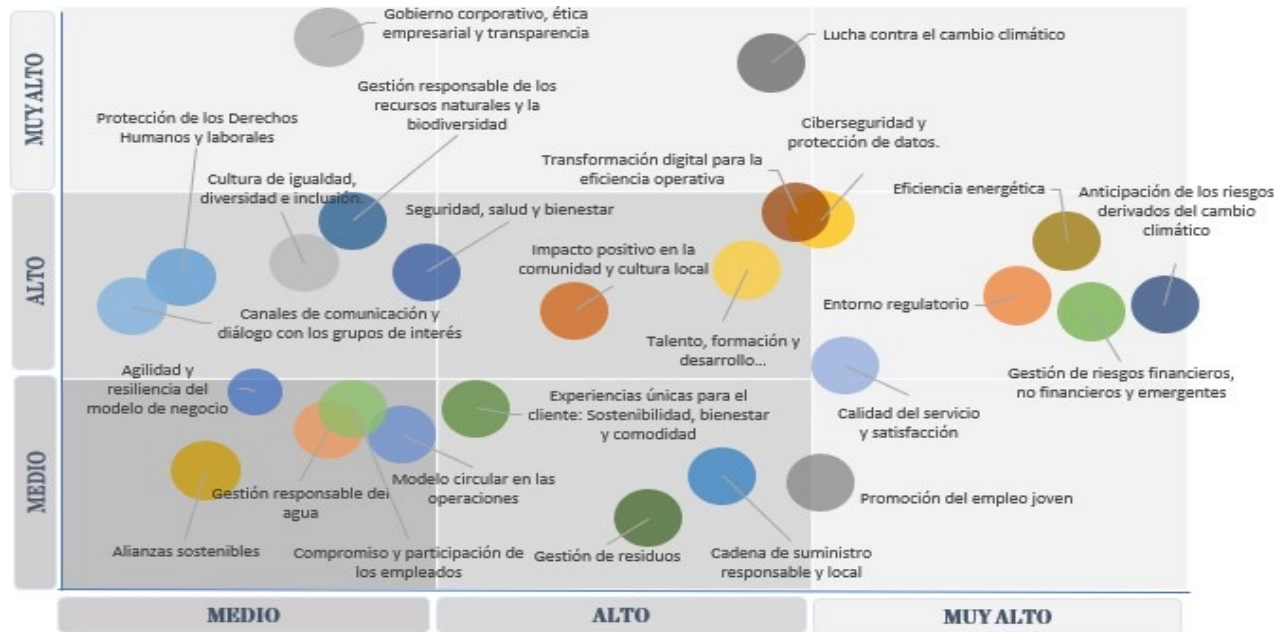
To prepare the materiality assessment, the **impact that the organization has in the environmental, social and economic sense** must be evaluated each year. In other words, the presence that the company has in its sector when it comes to creating true change.

Then, it is important to determine what resources exist and direct them towards sustainable development.

Step 1. Materiality assessment, cont.

Materiality matrix, focused for the hospitality sector.

Impacto de los asuntos en el medioambiente y en la sociedad



Step 2. Goals and objectives

The goals and objectives identified must have certain characteristics:

Defined and detailed

- Avoid vague proposals and make commitments that are demanded by society.
- Especially when we talk about issues such as minimizing the carbon footprint or reducing the waste of natural resources (circular economy).

Measurement capacity

- Essential that can be evaluated with appropriate metrics. They must integrate a series of indicators, using standards such as GRI or SASB.
- Some examples of basic indicators related to the environment (E) are the percentage reduction of GHG emissions or the compensation of the carbon footprint.

Evaluation and monitoring

- Objectives must be subjected to constructive criticism during their planning stage. When they are implemented and work is being done to achieve them, an independent entity must review them to verify if they are being met.

Step 3. Strategies and action plans

Any action needs to be oriented towards the goals and objectives established, in terms of Sustainability, as indicated in the previous Step. Only in this way is it possible to achieve the intended change and **minimize obstacles or difficulties**.

Strategies and action plans must be part of a guide with contributions from all staff and, if possible, also from society.

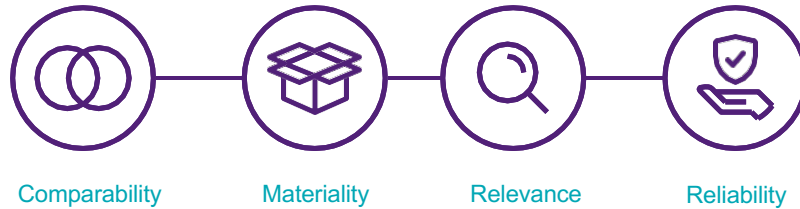
There are certain strategies that go beyond the organization activity sector, and that are priorities:

- Optimize **energy efficiency**
- **Manage waste effectively and intelligently**, avoiding waste and contamination of natural spaces.
- **Integrate an ecological policy** in the production chain, (for example, with a tourism sustainability plan)
- **Reduce salary gap** between groups (women/men) and **diversity** in the workplace

Step 4. KPIs and monitoring

The information presented must be accurate, comparable, and verifiable

Non-financial KPIs need to be tailored to the business activities of the organization and the following criteria:



Relevant KPIs should be identified. The organizations will make this decision based on the analysis in relation to the information available in each of the geographies and for each of the indicators.

One of the keys that defines the adequate implementation of a Sustainability Plan is the establishment of indicators to address the challenge that arises. These indicators must always be personalized to the organization and should have a real-time data management system.

As a result, it will be easier to monitor the actions integrated into the Sustainability Plan.

Step 5. Communication and participation

A recommendation when adopting a sustainability plan is to create interest groups. Frequently, these groups have influence on the organization and the people who work there or relate to the organization. The most effective plans are those that integrate different parts:

- **Investors** – are responsible for the capital and resources that are allocated to the sustainability plan of the organization
- **Customers** – are willing to pay more for sustainable products or services. Everyday more customers are betting for organizations that provides ecological solutions and better working conditions and equality.
- **Stakeholders** – are key for the development of sustainability plans. Stakeholders helps drives what is important for the business

Step 6. Improvement of the sustainability plan

This last step is **permanent**, since it follows a circular scheme. What it proposes is to implement a methodology of constant review, monitoring and development. To achieve this, it is a priority that there be a structure in companies with professionals in charge of this role.

The review will always be carried out jointly, with representation of the different interest groups involved. Then accountability will be carried out by those who have invested in the ideation and preparation of the plan. The goal is to demonstrate how time and money have paid off in terms of being a sustainable organization.

It is advisable, at this stage, to sit down and review the KPIs previously chosen and compare the degree of achievement of each objective. This will allow organizations to know if they are moving in the right direction. Otherwise, there is no need to be alarmed, since this step is precisely to detect it for the sustainability plan of a project.



Preparation of a Sustainability Report

What is the added value of the Sustainability Report?

Beyond mere regulatory compliance, companies highlight the following positive aspects:

- **Normalizes non-financial information**
- **Provides measurable indicators for the evaluation of the organization's situation in basic ESG aspects**
- **Improvement of social awareness in the management bodies and employees**
- **Increase in efficiency and cost reduction**
- **Sense of belonging**
- **Positive reputation/ Brand recognition / COMPETITIVE EDGE**

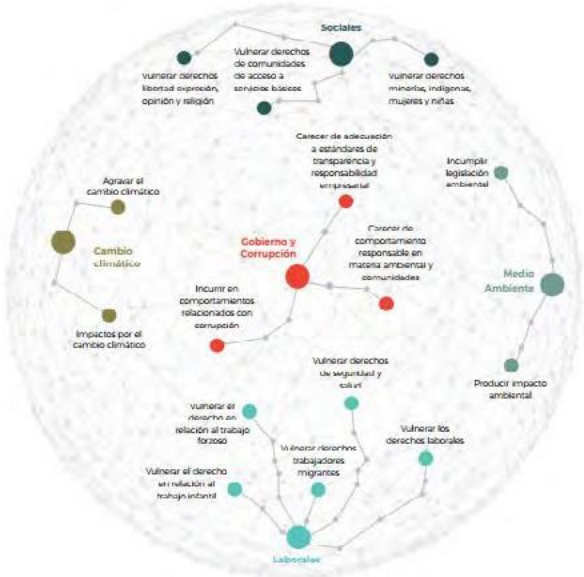
Additionally, we must bear in mind that compliance with social/environmental requirements will provide an advantage when:

- **Be approved as an authorized supplier (requirement to the entire chain of suppliers already established by large corporations) and be able to submit to public tenders**
- **Access to Public Funding**
- **Progressively obtain more and better financing**
- **Be more proactive in the internationalization processes**

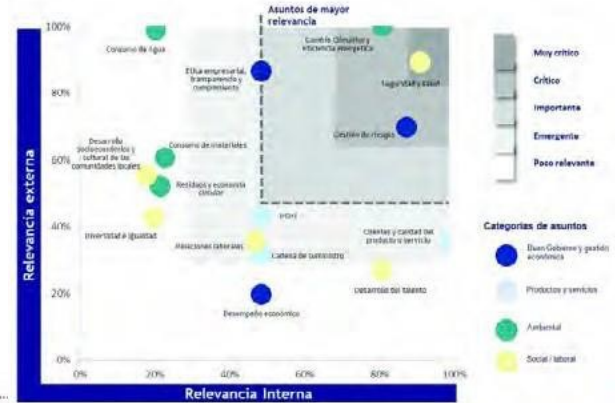
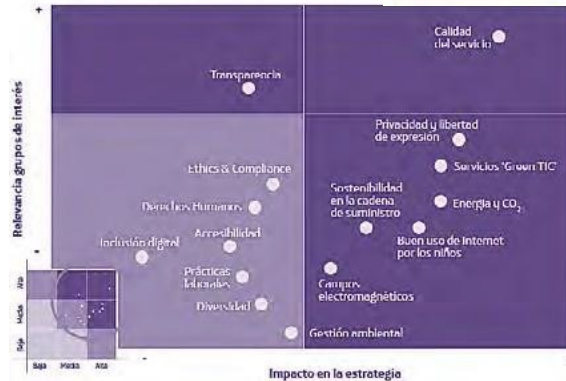
General content of the Sustainability Report

The report should include all those aspects that:

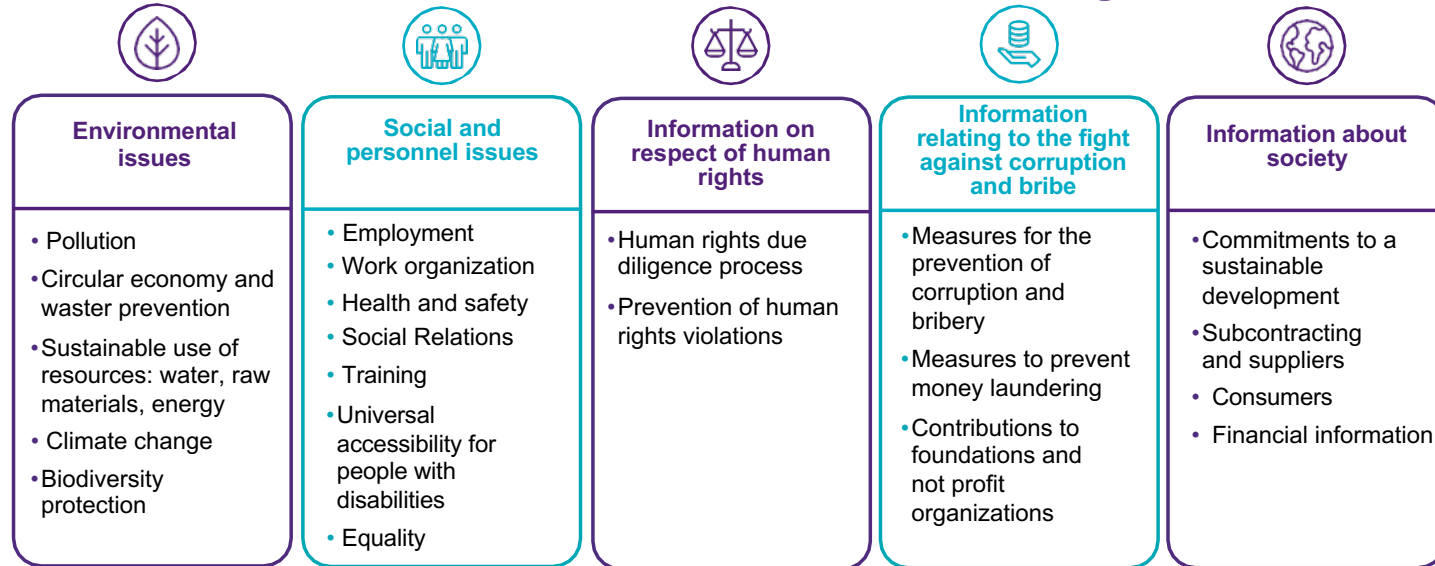
- Reflect the economic, environmental and social impact of the organization; or
- Influence stakeholders' assessment and decisions



Matriz de materialidad



General content of the Sustainability Report

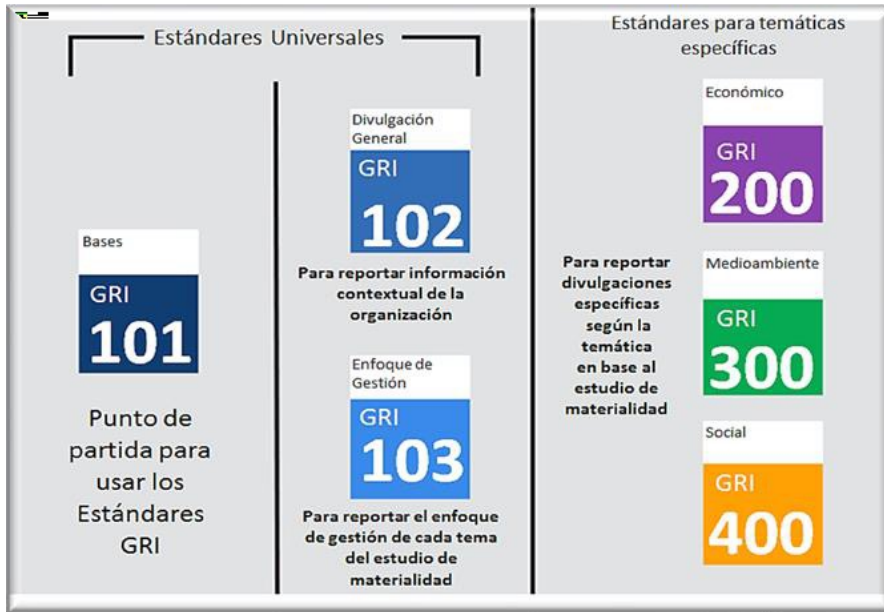


Business model description

It will include a description of the business environment, its organization and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends that may affect its future evolution.

General content of the Sustainability Report

When preparing the **Sustainability Report**, standards of non-financial key indicators that apply and comply with the application guidelines in each matter should be used (i.e., the Global Reporting Initiative standards in Europe). The report must mention which national, European or international framework was used for each subject”.



Topic-specific Standards

GRI 200: Economic

- 201: Economic Performance
- 202: Market Presence
- 203: Indirect Economic Impacts
- 204: Procurement Practices
- 205: Anti-corruption
- 206: Anti-competitive Behavior

GRI 300: Environmental

- 301: Materials
- 302: Energy
- 303: Water
- 304: Biodiversity
- 305: Emissions
- 306: Effluents and Waste
- 307: Environmental Compliance
- 308: Supplier Environmental Assessment

GRI 400: Social

- 401: Employment
- 402: Labor/Management Relations
- 403: Occupational Health and Safety
- 404: Training and Education
- 405: Diversity and Equal Opportunity
- 406: Non-discrimination
- 407: Freedom of Association and Collective Bargaining
- 408: Child Labor
- 409: Forced or Compulsory Labor
- 410: Security Practices
- 411: Rights of Indigenous Peoples
- 412: Human Rights Assessment
- 413: Local Communities
- 414: Supplier Social Assessment
- 415: Public Policy
- 416: Customer Health Safety
- 417: Marketing and Labeling
- 418: Customer Privacy
- 419: Socioeconomic Compliance



SDG: Application context and inclusion in the Sustainability Report



The organizations' commitment must be accompanied by concrete actions that results in the greater Good for the society and the planet.

Integration of SDGs to organizations

SDGs offer an impact-oriented roadmap

- Its goals arise from a deep analysis and strong commitment with the prosperity of all countries.
- They are an interconnected system. Aligning interests and strategic efforts with have a **real contribution**, **new synergies** and **valuable information** for setting business scenarios and business perspectives.
- The **achievement of the 2030 Agenda** will not be possible without the organizations' contribution. Organizations have a main role, have a lot to gain, in the short and long term: new markets and economic strengthening.

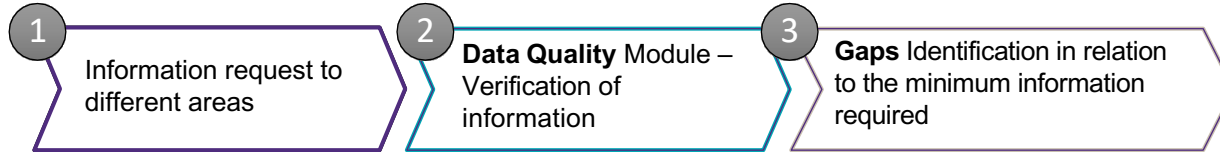
Key aspect that differentiate the former Millennium Objectives and the SDGs:

- Emphasize in **sustainability**
- Seek **equality**
- Are **universal**: commitment of development countries as well as developed countries.
- Recognize the **essential role of organizations**
- Establish **compatibility** between sustainable development and benefits generation
- **Prioritize in obtaining relevant data** for monitoring and compliance

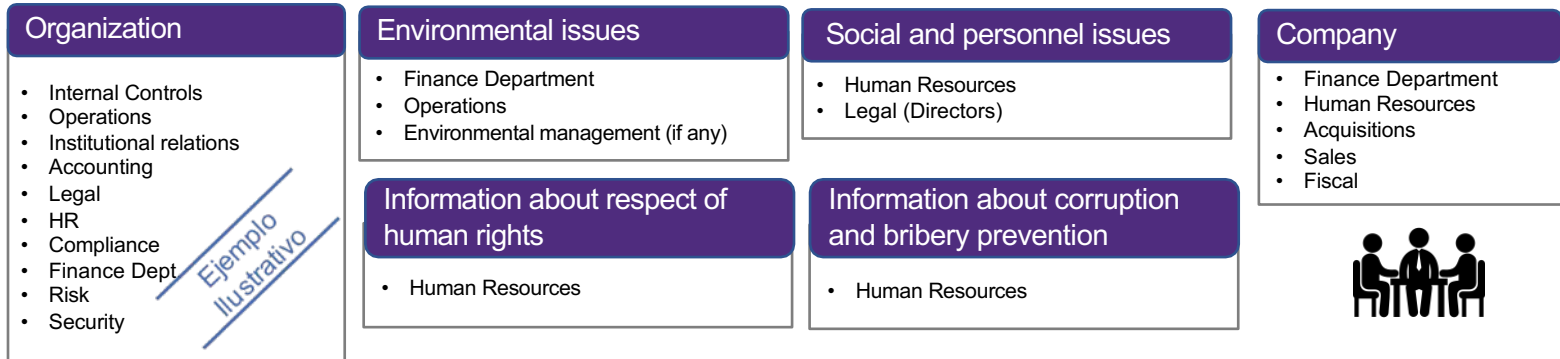
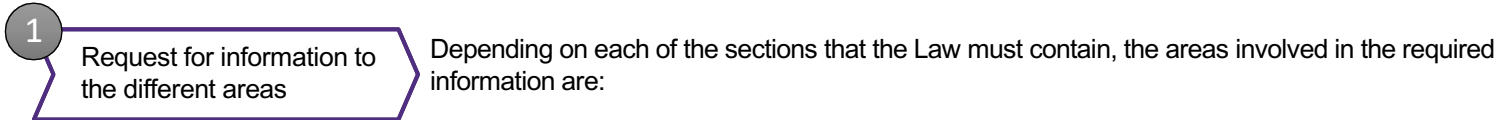
Methodology: Sustainability Report preparation

Phase 1: Contrast non-financial information with requirements

This first phase contains the following **subphases**:



Details for each of the sample subphases below



Methodology: Sustainability Report preparation

Phase 1: Contrast non-financial information with requirements

2

Data Quality –
Information verification

Information received from the organization will be evaluated, as to **accuracy, comparability and verifiability**. **Integrity** will also be evaluated.

Is all required data included? Local and international geographies

Is the data available in a timely manner?

For data reflecting the same information, is it consistent across different areas?



Do they have sufficient granularity?

Does the data reflect reality?
Does it make sense?

Is the data consistent? Are there any duplicates or irrelevant information?

Methodology: Sustainability Report preparation

Phase 1: Contrast non-financial information with requirements

3

Gaps identification

For each topic, they will be identified the **degree of adequacy** to requirements. Therefore, the information necessary to comply with requirements will be determined.

TABLE OF MINIMUM CONTENTS

In Grant Thornton we have identified GRIs that cover all aspects required, so we have a checklist of aspects and indicators that the Sustainability Report should contain.



For example:

	Status	Additional Information
• Environment – Pollution		XX no register of this data
• Environment – Waste recycling		OK
• Social and personnel – Payment of meals and allowances		YY aggregated figures by professional category
• Social and personnel – Number of accidents at work		OK
• Human rights – Cases of human rights violations		Information available in ZZ up to 2016
• Fight against corruption and bribery – Anti-money laundering measures		OK

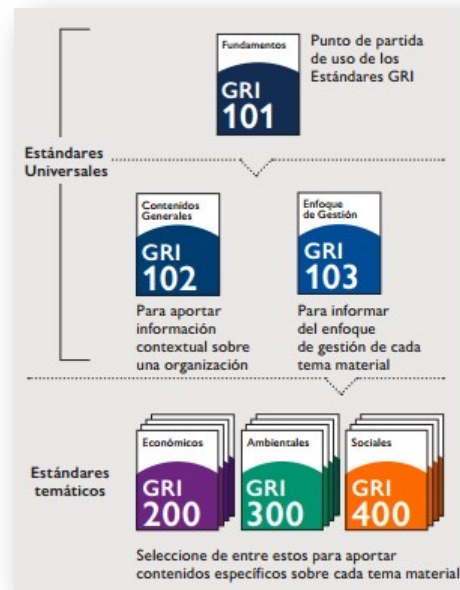
Methodology: Sustainability Report preparation

Phase 2: Identifying KPIs

It is necessary to ensure that the organization conforms to the standards of **Global Reporting Initiative (GRI)** or **SASB**, according to applicative regulations.

- These global sustainability reports standards serve as **reference** to define the ratios that should be calculated to comply with regulations.
- The GRI indicators contain a modular, interrelated structure, and represent the **best global practice** to inform about various economic, environmental, and social impacts.

Contenido	Subcontenido	Estándar GRI
ORGANIZACIÓN		
Descripción del modelo de negocio del grupo		
- Entorno empresarial		102-1 Nombre de la organización 102-2 Actividades, marcas, productos y servicios 102-3 Ubicación de la sede 102-4 Ubicación de las operaciones 102-5 Propiedad y forma jurídica 102-7 Tamaño de la organización
- Organización y estructura		102-10 Cambios significativos en la organización y su cadena de suministro 102-18 Estructura de gobernanza
- Mercados en los que opera		102-6 Mercados servidos
- Objetivos y estrategias		102-14 Declaración de altos ejecutivos responsables de la toma de decisiones
- Principales factores y tendencias que pueden afectar a su futura evolución		102-14 Declaración de altos ejecutivos responsables de la toma de decisiones
Descripción de las políticas que aplica el grupo respecto a estas cuestiones		
		102-35 Políticas de remuneración
Resultados de las políticas		
	- Indicadores clave de resultados no financieros pertinentes que permitan el seguimiento y evaluación de los progresos y que favorezcan la comparabilidad entre sociedades y sectores	
RIESGOS		
Principales riesgos relacionados con esas cuestiones vinculados a las actividades del grupo		
	- Relaciones comerciales, productos o servicios que puedan tener efectos negativos en esos ámbitos - Cómo el grupo gestiona dichos riesgos, explicando los procedimientos utilizados para detectarlos y evaluarlos - Impactos detectados (dejarlos de los riesgos, en particular a corto, medio y largo plazo)	102-15 Principales impactos, riesgos y oportunidades 102-30 Eficacia de los procesos de gestión del riesgo 102-15 Principales impactos, riesgos y oportunidades
INDICADORES CLAVE DE DESEMPEÑO		
Que sean pertinentes respecto a la actividad empresarial concreta, y que cumplan con los criterios de comparabilidad, materialidad, relevancia y fiabilidad		
		201-1 Valor económico directo generado y distribuido









Methodology: Sustainability Report preparation

Phase 2: Identifying KPIs

Relevant KPIs should be included for each requirement, so that the organization will decide which of them to include. The organizations will make this decision based on the analysis in relation to the information available in each of the geographies and for each of the indicators.

For example:

Information on social and personnel issues	Status	Additional information
• Employees distribution by gender		<i>Not required</i>
• Employees distribution by age		<i>Not required</i>
• Employees distribution by country		<i>Request employee distribution</i>
• Employees distribution by professional classification		<i>Not required</i>
• Employees distribution by contract type (permanent/temporary)		<i>No data on interns</i>
• Employees distribution by contract type (full-time/part-time)		<i>Not required</i>

Methodology: Sustainability Report preparation

Phase 3: Bibliographic review

An **analysis of the bibliographic information** must be carried out to confirm compliance with national and international standards (for example: United Nations Global Compact, Convention on the Rights of Persons with Disabilities - OHCHR, ILO - Occupational Health and Safety Management System, the Sustainable Economy Law and the Non-Financial Disclosure Directive, etc.).

- Review of **other references** that may be of interest
- Review of **other applicable documentation** relating to the organization



Phase 4: Narratives and elaboration of indicators and graphs

From the information analyzed, the organization's information must be compiled.

During this phase,

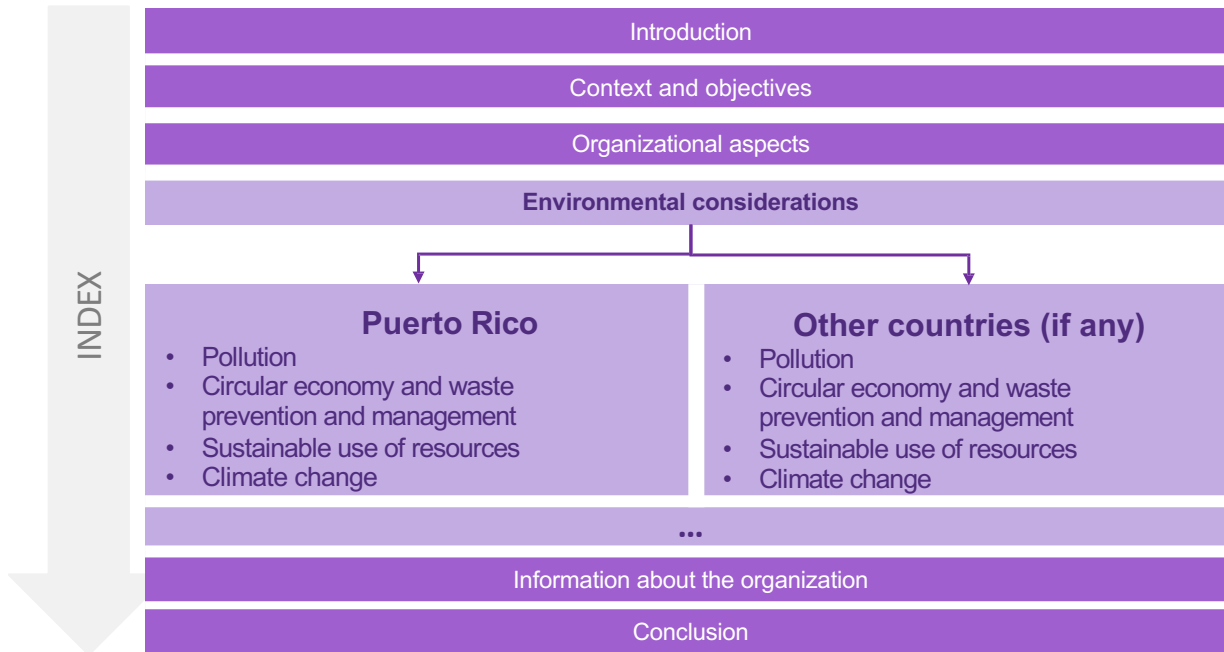
- Indicators identified in previous phases must be developed
- Narratives to be included in the report must be drafted with the information provided by the organization



Methodology: Sustainability Report preparation

Phase 5: Preparing Sustainability Report


During this final phase, the Sustainability Report will be prepared using the indicators, graphs and narratives developed throughout the previous phases.




The SR will have common topics to all geographies, and in those sections in which specific indicators are required, it will be disaggregated into as many sub-topics as geographies apply.

ESG Report example


5 GENDER EQUALITY




- Certification Woman Who Lead
- Businesswomen's NETWORK Puerto Rico Chamber of Commerce
- Girls Scouts of America – education
- Programs aimed at eliminating situations of discrimination and promoting equal opportunities.



8 DECENT WORK AND ECONOMIC GROWTH

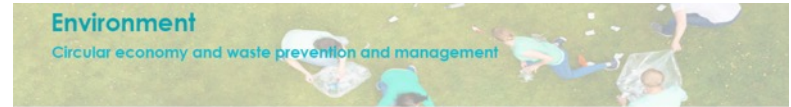


- Help people cope with adversity through social protection and basic services
- Guide the necessary increase in fiscal and financial stimulus to make macroeconomic policies work for the most vulnerable and strengthen multilateral and regional responses
- Promote social cohesion and invest in community-driven resilience and response systems.



Human Rights

- o **Labor exploitation and child labor:** KGT is committed to complying with the law, respecting human rights and rejecting any kind of child, forced or compulsory labor.
- o **Lack of freedom of association and collective bargaining:** KGT supports freedom of association and the effective recognition of the right to collective bargaining.
- o **Discrimination:** KGT supports the abolition of discriminatory practices in employment and occupation, eradicating all signs of inequality based on race, gender or religion.
- o **Corruption:** KGT works with measures that prevent corruption and punishes it in all its forms, including extortion and blackmail or bribery.
- o **Measures to promote respect for human and workers' rights:** As a means of monitoring and preventing human rights, KGT ensures that all employees work in accordance with these labor standards and norms, enforcing working hours as far as possible, in strict compliance with employment contracts and social and trade union obligations.



Environment

Circular economy and waste prevention and management

- o Communication to all partners and employees the firm's full support for achieving corporate social responsibility objectives for environmental management.
- o Communication to all partners and employees the importance of individual responsibility and innovation to help improve, protect and preserve the environment.
- o Respect the environment in the offices by encouraging the creation of environmental policy officers, with environmental awareness-raising activities.



As part of the policy for the protection of the environment, the reduction, reuse and recycling of paper and materials is established. To comply with the policy, a Reduction, Reuse and Recycling Programme is developed and established at Kevane Grant Thornton's administrative offices.

Energy Consumption	San Juan
Total kWh office annually	227 175,00
Monthly Consumption	18 931,25



Social and Employees Issues

KGT had 200 employees at the end of the financial year 2022:

2022					
Age	Gender	Administrative	Professional	Management	TOTAL
< 30	Total	2	77	1	80
	Male	0	43	0	43
	Female	2	34	1	37
30 - 50	Total	9	82	44	135
	Male	3	21	18	42
	Female	6	31	26	63
> 50	Total	7	8	8	18
	Male	0	2	2	4
	Female	7	1	3	11
TOTAL	-	18	167	60	200

Age	Administrative	Professionals	Management	Average
< 30	34,000	45,200	80,000	45,400
30 - 50	32,300	54,900	93,700	49,300
> 50	38,100	49,800	74,700	57,300
TOTAL	34,800	49,100	93,500	58,900

The result of the wage gap in 2022 is only

2.23%



45%



55%

Thank you

Questions



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