

# Lazada Sustainability Academy

Cultivating **sustainable growth** in the digital commerce ecosystem through **empowering SMEs** with the new skills and knowledge to **future-proof** and **transform their businesses sustainability**

1

## Bite Size Learnings

*Designed for SMEs considering embarking on a sustainable journey*

2

## In-depth Experts Interviews

*Designed for SMEs seeking more in depth sustainability knowledge*

3

## Sustainable Seller Incubation

*Designed for SMEs that are ready for sustainable transformation*

### I. Sustainability 101

- Demystifying Sustainability Concepts
- Understanding the Business Case of Practicing Sustainability
- Identifying Relevant and Key Sustainability Topics

### II. Sustainability in Action

- Enhancing Bottom Line with Energy Efficiency
- Reducing Business Vulnerability by Enhancing Employee Health and Safety
- Enhancing Business Opportunities with Supply Chain Transparency
- Differentiating with Sustainability Packaging
- Improving Cost Efficiency with Waste Management

### III. Sustainability Communication

- Quantifying Environmental Impact
- Communicating Sustainability Practices Effectively

### I. Education

Sustainable Practices Incubation Camp for SMEs, featuring Key Subject Matter Experts providing in depth knowledge

### II. Coaching

Months of coaching from subject matter experts throughout sustainable transformation Implementation and impact measurement

### II. Reward

Recognition from Lazada for effectively embracing responsible business practices

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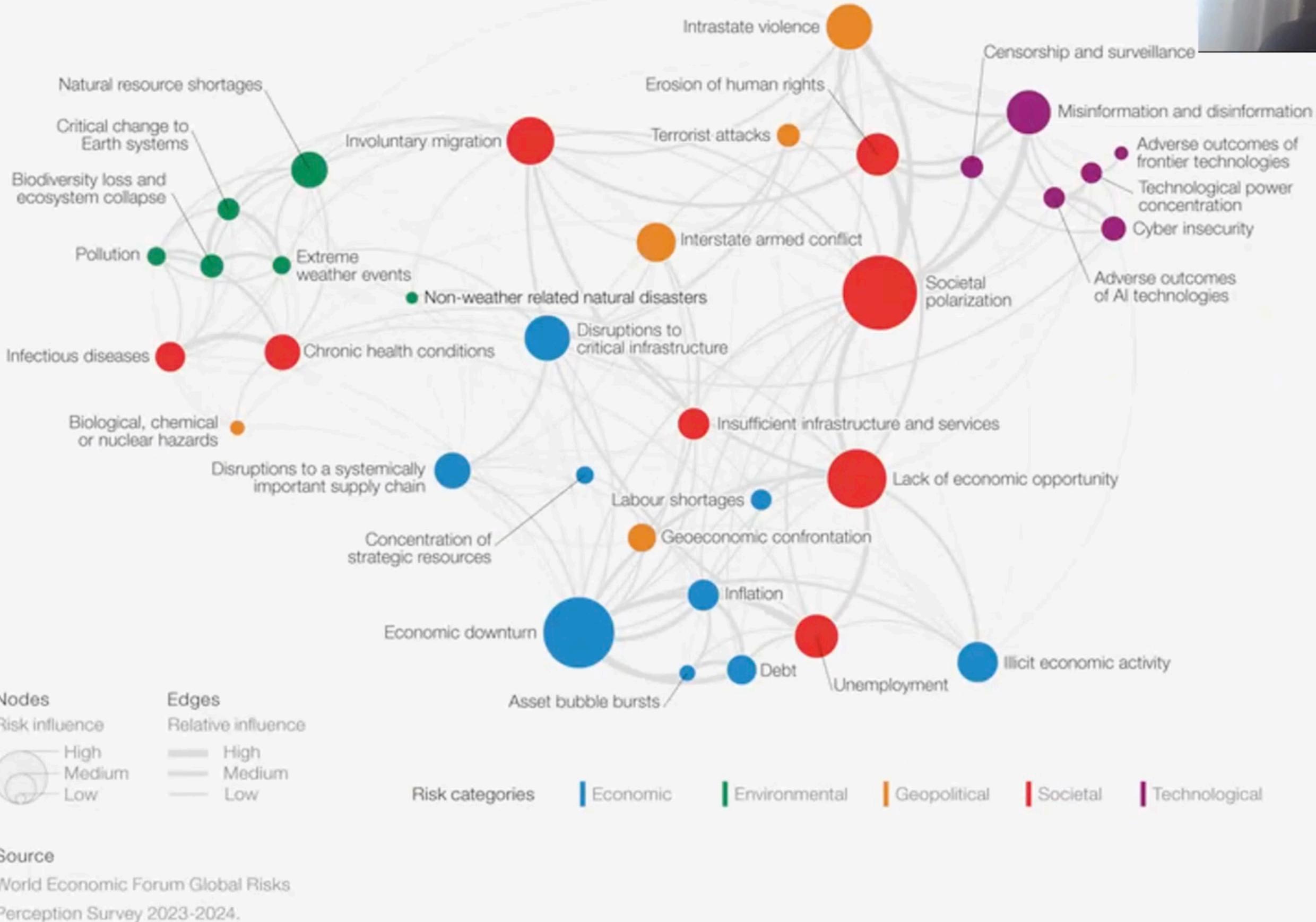
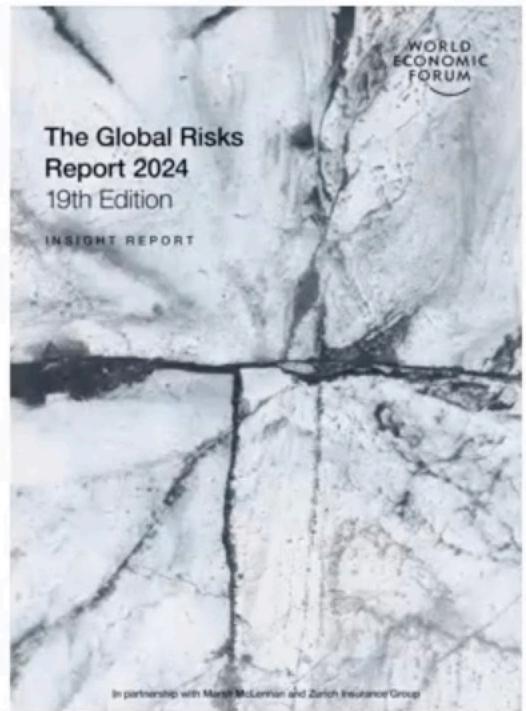
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FIGURE D

Global risks landscape

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# Corporate Risk Management

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## Taskforce for Climate-related Financial Disclosure (TCFD) Framework



# From CSR to ESG



	<b>CSR (Corporate Social Responsibility) Report</b>	<b>ESG (Environmental, Social, and Governance) Report</b>
<b>Motivation</b>	To maintain corporate reputation and showcase brand image.	To specifically meet the information needs of capital markets and regulators; to enhance recognition from investors, regulators, and other stakeholders.
<b>Response Mechanism</b>	Reactive and discretionary responses; writing social responsibility reports.	Mandatory disclosure for compliance; improving the ESG governance system; proactively responding to capital markets and establishing routine management.
<b>Management</b>	A single department.	Company-wide, top-down, with an emphasis on the Board of Directors' involvement.
<b>Management Focus</b>	Emphasizes considering stakeholder requests and providing appropriate responses; focuses on management policies and philanthropic projects, with reports being mostly qualitative.	Emphasizes monitoring quantitative ESG environmental performance indicators to ensure data accuracy; setting ESG goals to comprehensively improve corporate ESG management; determining material issues to identify and manage the company's ESG risks.
<b>Key Issues</b>	<ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Fair Trade Procurement</li> <li>• Product Responsibility</li> <li>• Human Resource Management</li> <li>• Environmental Protection</li> <li>• Targeted Poverty Alleviation</li> <li>• Social Welfare</li> </ul>	<ul style="list-style-type: none"> <li>• Carbon Emissions</li> <li>• Natural Resources</li> <li>• Clean Technology Opportunities</li> <li>• Corporate Governance</li> <li>• Fair Operations</li> <li>• Chemical Safety</li> <li>• Toxic Emissions and Waste</li> <li>• R&amp;D and Innovation</li> <li>• Operational Risks &amp; Opportunities</li> <li>• Supply Chain Management</li> </ul>

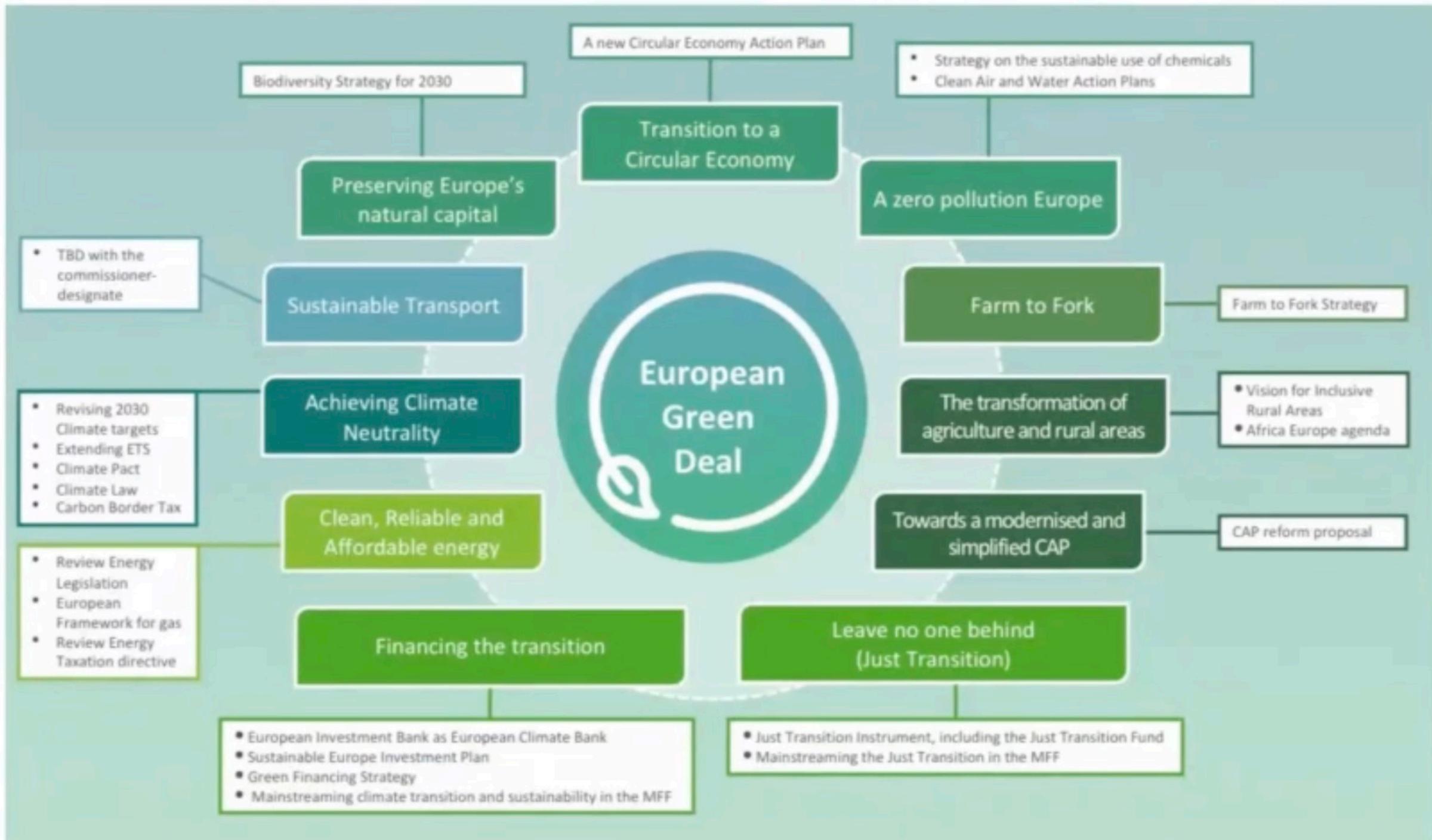
# FY25 Alibaba ESG Report



Environmental	Social	Governance
1. Climate change and carbon neutrality 2. Energy management 3. Resource circularity and waste management 4. Water management and utilization 5. Biodiversity and ecosystems	6. Talent retention and management 7. Human and labor rights 8. Occupational health and safety 9. Diversity, equity, and inclusion 10. Products and service quality 11. Technology innovation 12. Technology ethics 13. Rural revitalization 14. Social and community contributions 15. Small and medium-sized enterprises development 16. Supply chain management 17. Privacy protection and data security 18. Intellectual property protection 19. Business ethics	20. Corporate governance 21. Risk management

# EU Green Deal

General Simplifications Paired with Stricter Specific Requirements, Including EPR.



Source: The European Commission

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- CSRD
- CSDDD
- EU Taxonomy
- CBAM

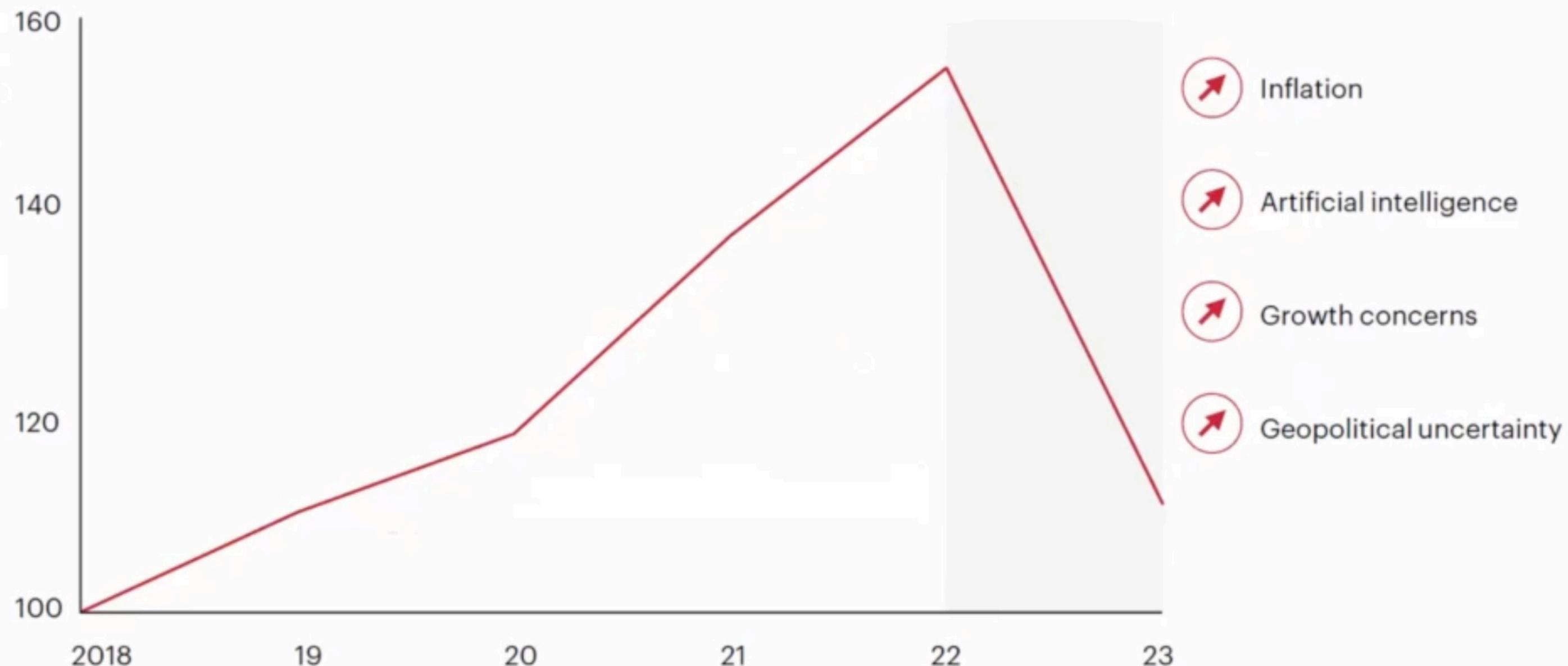
## Prepare for Extended Producer Responsibility (EPR) Costs

- **Register** with national EPR schemes and report packaging waste on time.
- **Design** packaging to lower EPR fees by prioritizing recyclability and waste reduction.
- Perform regular packaging **audits** for compliance.
- Use simpler, single-material packaging to cut costs.



# Turn of the wave

Importance of sustainability according to CEOs, indexed to 2018



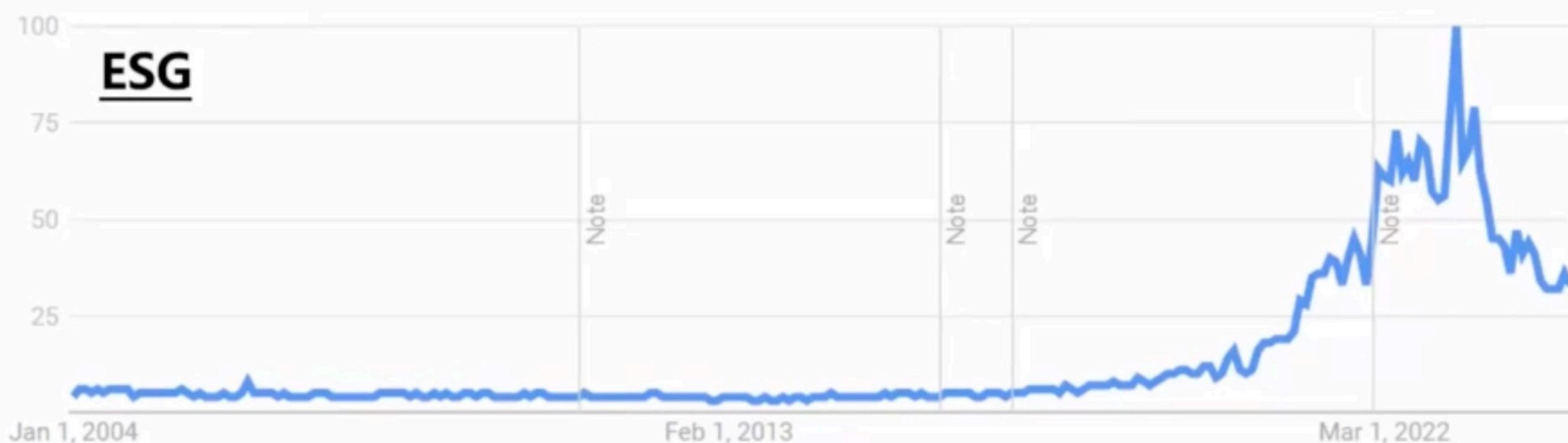
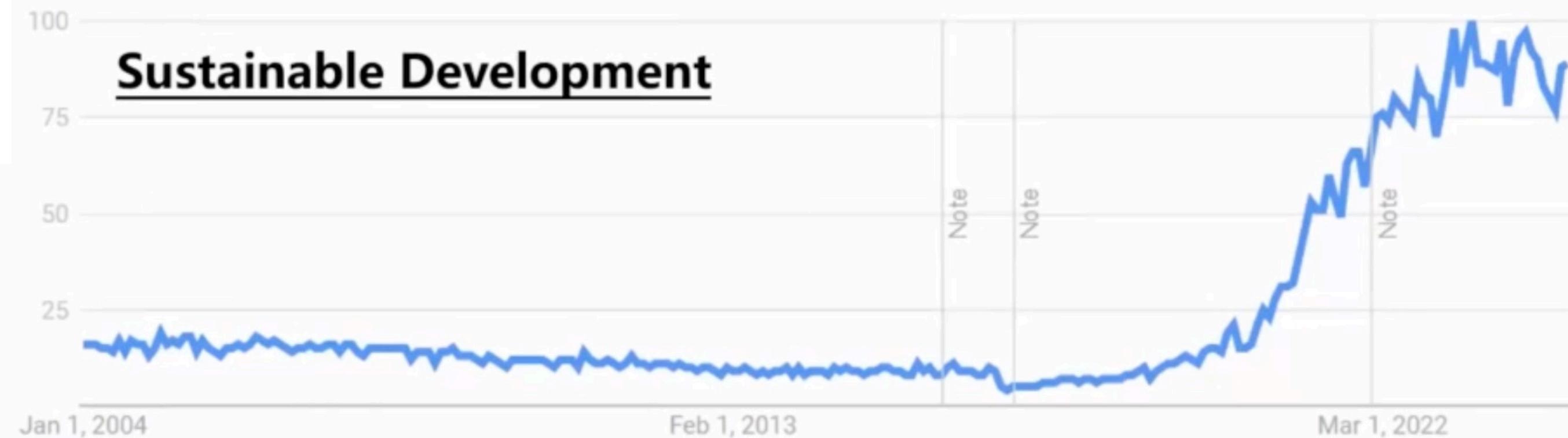
Note: Based on separate CEO surveys

Sources: IBM; Gartner; PwC; KPMG; Bain analysis

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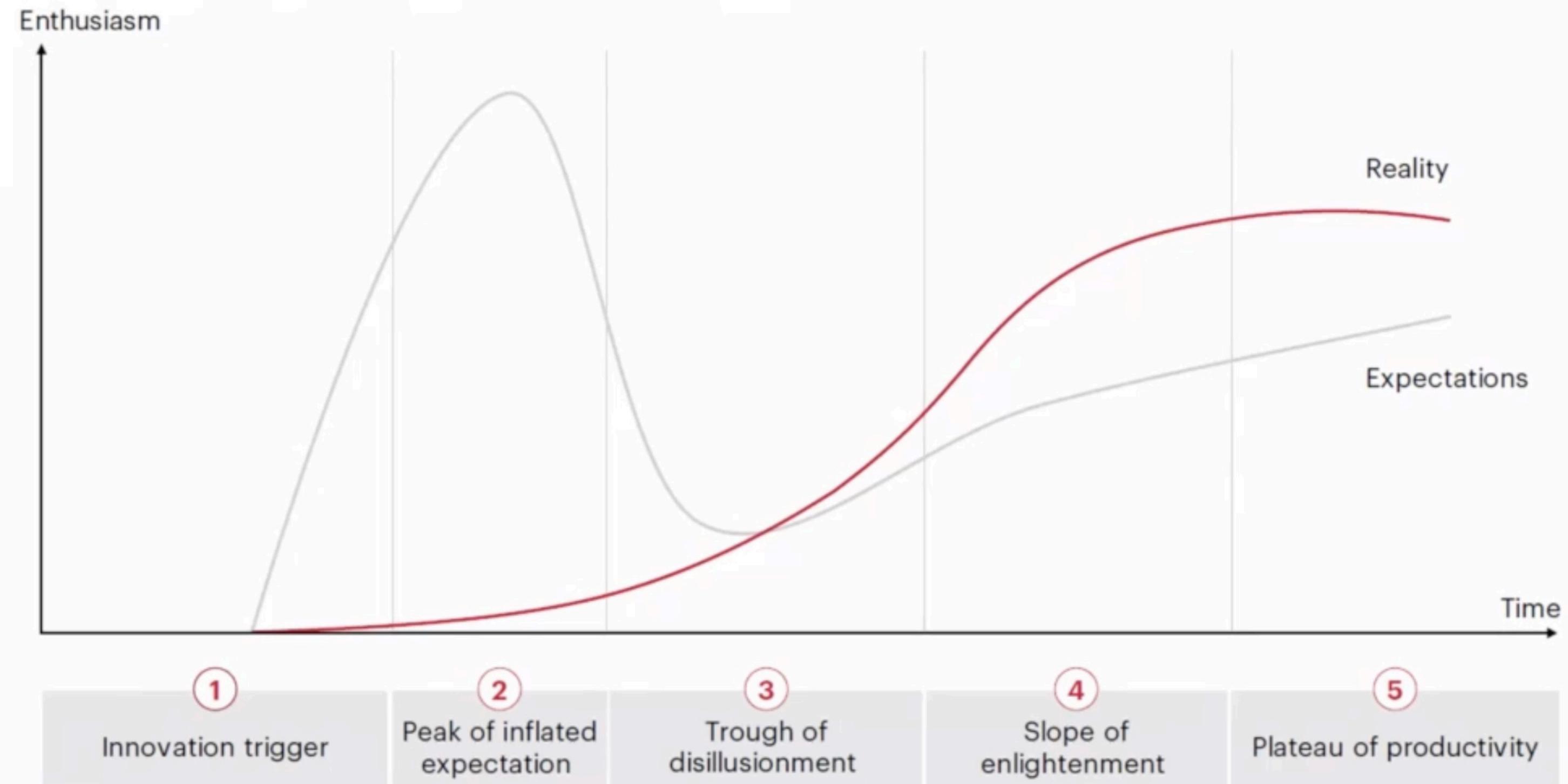


# Signals of Hype – Google Trends



# The Gartner Hype Cycle

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Sources: Gartner; Bain analysis



## Some implications for SMEs

# Why Is ESG Important for SMEs



A global trend redefining business rules. Adapting is key to sustainable success.



## Stronger Regulation

- ✓ Governments clarify vague guidelines into strict regulations
- ✓ Proactive planning prevents compliance risks and penalties



## Supply Chain Requirements

- ✓ Corporations push sustainability demands upstream
- ✓ "Green supplier" status is crucial for core supply chains



## Market Preferences

- ✓ Consumers and investors prefer socially responsible brands
- ✓ Strong ESG performance boosts reputation and financing

# ESG IS A Cost, but can also be A Competitive Edge



Shift your mindset—view ESG as a strategic investment that will reward your business in unexpected ways.



## Cost & Efficiency

Reducing packaging, saving energy, and optimizing resources, ESG practices cut costs and boost profits.



## Brand Premium

A purposeful, responsible brand story attracts and retains customers. A strong ESG image is the most powerful marketing asset.



## Market Access

Strong ESG performance unlocks new markets, secures green financing, and attracts like-minded top talent.

## Top 10 Challenges SMEs Face in ESG Implementation



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Source: DBS & Bloomberg survey, covering 900+ decision makers from small (22%) and medium-sized (67%) companies.



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Source: DBS & Bloomberg survey, covering 900+ decision makers from small (22%) and medium-sized (67%) companies.

# Alibaba Cloud “Tech-Driven Sustainability Trends and Index 2024”



## Methodology

The survey was independently conducted by Yonder Consulting with advisory, design and analytical support from The Purpose Business. It collected feedback from May 10 to June 19, 2024, involving 1,300 business leaders and senior management from various industries, including technology and communications, finance, infrastructure, renewable resources, healthcare, transportation, retail, and manufacturing.

100 interviews were conducted in each the following 13 markets:

### Asia Developed

- Hong Kong SAR
- Japan
- Singapore
- South Korea

### Asia Emerging

- Indonesia
- Malaysia
- Philippines
- Thailand

### Europe

- France
- Germany
- UK

### Middle East

- Saudi Arabia
- UAE

# Step 1: Identify Your "Material Issues"



Don't try to solve everything at once. Focus your resources on tackling one or two core issues that have the greatest impact on your business and the highest potential to create value.

## What is Materiality?

Simply put, materiality covers ESG issues that are critically important to both your financial performance and your stakeholders (customers, employees, investors, etc.).

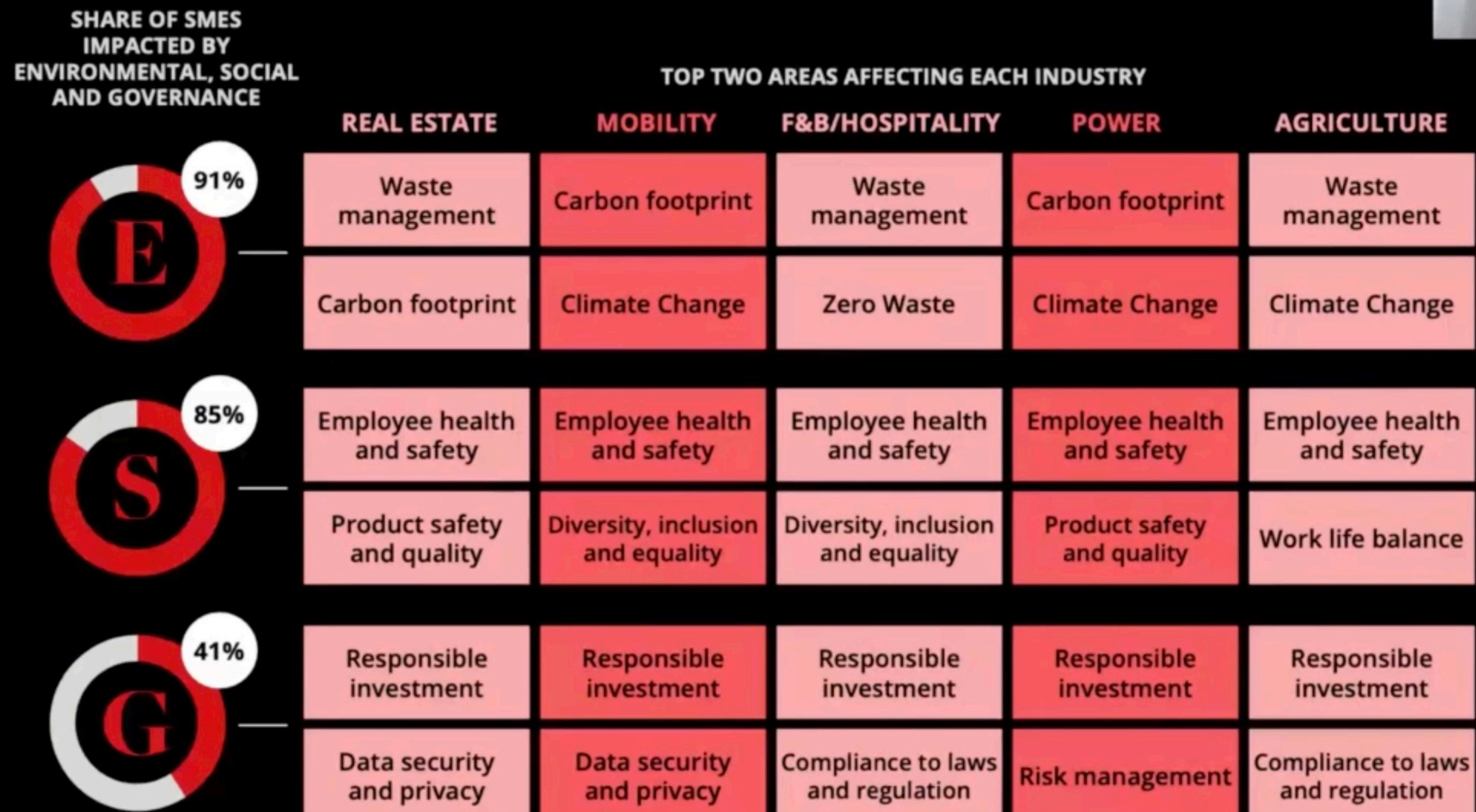
### E-commerce Seller Example

- Material issues might include:
- ✓ Reducing Packaging Waste
  - ✓ Product Safety & Quality

### Tech Startup Example:

- Material issues might include:
- ✓ Energy Consumption & Carbon Footprint
  - ✓ User Data Privacy & Security

# ESG Trends: An Industry View



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S & Bloomberg survey, covering 900+ decision makers from small (22%) and medium-sized (67%) companies.

# Management by Technology: Energy Expert Provides End-to-End Carbon Management Digitalized Solution



Energy Expert is a data-driven tool aiding companies in achieving carbon neutrality. Acting as a carbon management assistant, it quantifies greenhouse gas emissions, generates reports for emissions standards and provides certifications from international assessment organizations.

## Methodologies from Authority

Assessment(LCA) Methodology from International Organization



Sports for Climate Action Framework



Energy, Climate change, Environment



ISO14044  
ISO16064  
ISO14067  
ISO14068



Product Carbon Footprint Management Platform

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## Digitalized Platform by Energy Expert

UPSTREAM

Product Carbon Footprint Management Platform

MIDSTREAM

Enterprise Carbon Management Platform

DOWNSTREAM

Green Supply Chain Management Platform

Manufacture Platform for Energy Management

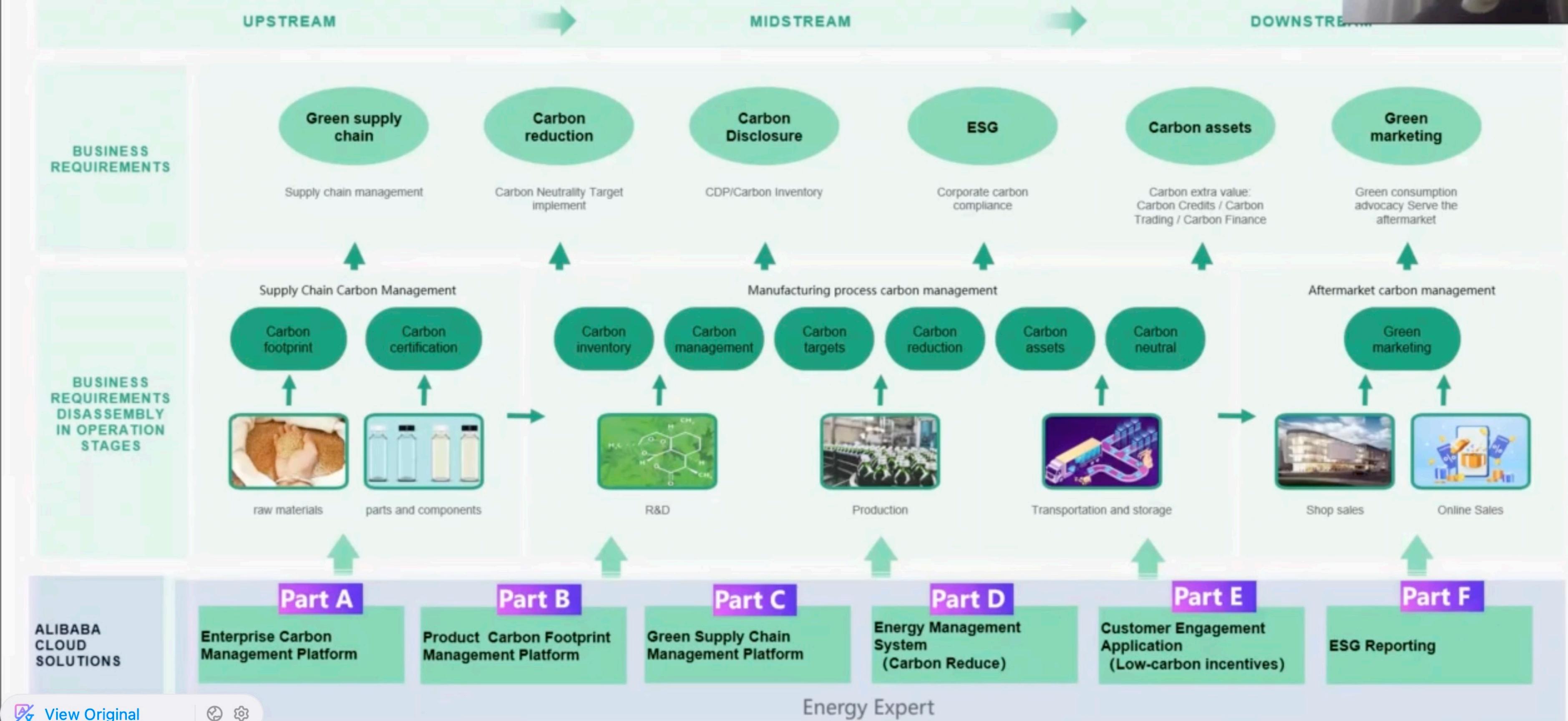
Customer Engagement Application

## Certified by Authority

Carbon accounting tool of Energy Expert is certified by TÜV Rheinland, SGS, DNV.



# Comprehensive solution framework for corporations



# Step 3: Turn Every Progress into a Brand Story



Authenticity matters more than perfection. Consumers value your genuine efforts and continuous progress, not an impeccable facade with no substance.

## How to Tell a Compelling ESG Story?

### Dare to Share

- ✓ Highlight eco-friendly actions
- ✓ Promote via product pages, website, or social media

### Let the Data Talk

- ✓ Share measurable eco-friendly actions
- ✓ Specific achievements are more impactful than vague claims

### Showcase Your Team

- ✓ Share employee photos in sustainability/community efforts
- ✓ Add a human touch and build emotional connections

### Stay Transparent

- ✓ Communicate challenges with honesty
- ✓ Share improvement plans to build trust
- ✓ Transparency shows long-term commitment

# Case Study: Patagonia

## The Climate Crisis Is Our Business

To radically reduce carbon emissions, Patagonia is transforming how we make our products. Our answer to climate change is systems change.

### Challenge: Supply-chain opacity

Multi-tier, cross-border supply chain hid significant environmental and social risks that the company could not fully track.

#### Patagonia's actions

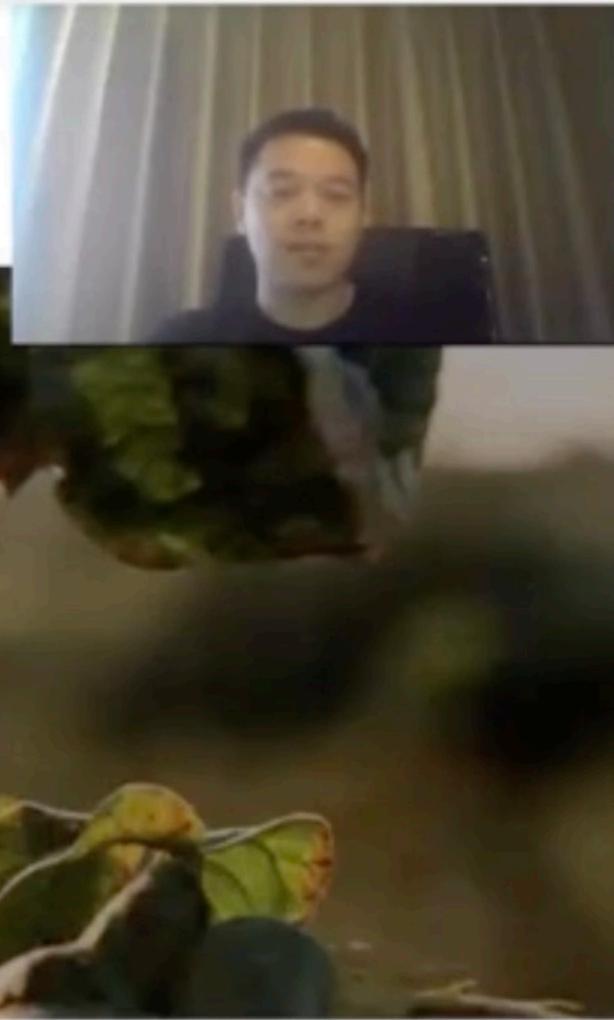
- Launched the "Footprint Chronicles" transparency portal.
- Publishes factory locations, ownership, transport routes and impact data for every product.
- Invites public scrutiny and stakeholder feedback to drive continual improvement.

### Challenge: Inconsistent enforcement of labor and environmental standards among suppliers

Because national regulations and oversight vary widely, factory safety, wages and working hours were difficult to standardize.

#### Patagonia's actions

- Introduced independent third-party audits across key supplier facilities.
- Joined the Fair Labor Association to align with its code of conduct.
- Expanded Fair Trade Certified™ programs that pay direct worker bonuses.
- Uses corrective-action plans and capacity-building to lift lagging factories to higher standards.



# Summary: A Kickstart Checklist

ESG is a marathon, not a sprint. Start today, and take small steps toward meaningful, long-term change.



## Key Takeaways:

### ESG is an Opportunity, Not a Burden

ESG is about cost management, brand building, and market access—it's your future competitive advantage.

### Start Small and Focused

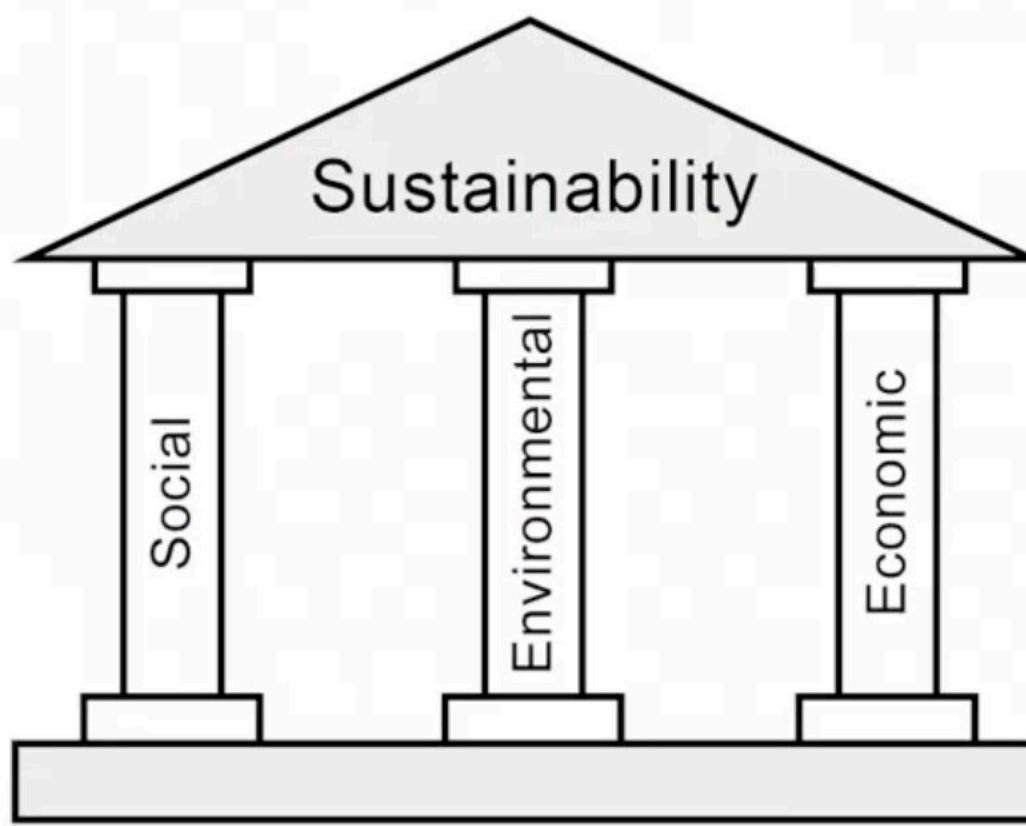
Identify the 1–2 material issues most critical to your business, and channel resources to make a big impact in those areas.

### Authentic Communication

Every effort you make deserves recognition. Consistent and transparent communication is key to building trust with stakeholders.

# Sustainable Development

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21<sup>st</sup> century



2000-2015

# Sustainable Development

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## ECONOMY

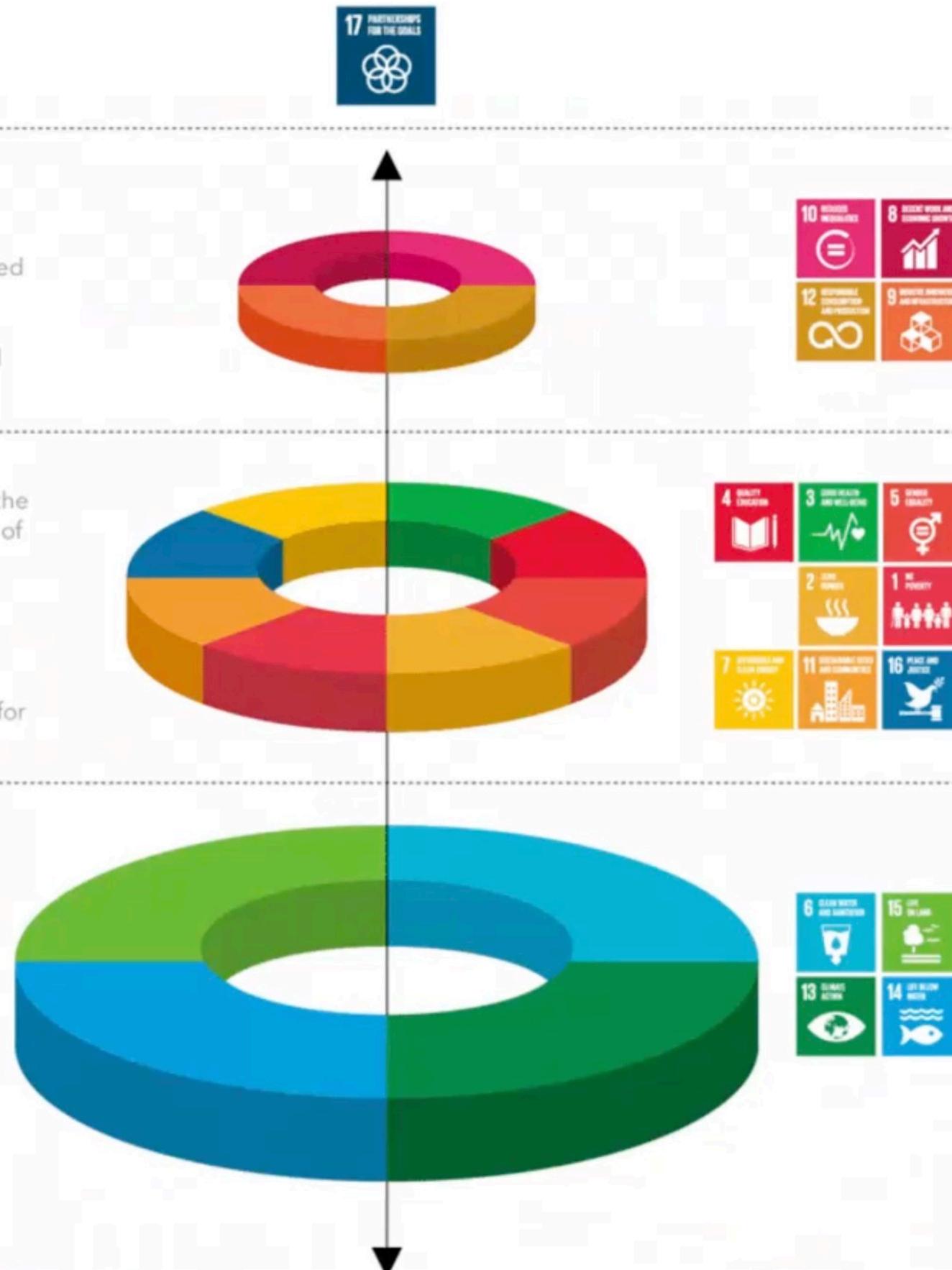
Building on the biosphere and society, the economic goals direct attention towards industry, innovation and infrastructure; reduced inequalities; responsible consumption and production; and decent work and economic growth that is decoupled from environmental degradation.

## SOCIETY

The goals addressing societal issues, call for the eradication of poverty, and the improvement of social justice, peace and good health. Social development depends upon a protected biosphere. In addition, the goals on clean energy, no poverty, zero hunger, peace and justice, sustainable cities, education, gender equality and good health are the foundation for the goals related to the economy.

## BIOSPHERE

Protecting the biosphere is an essential precondition for social justice and economic development. If we do not achieve the goals related to clean water and sanitation, life below water, life on land, and climate action, the world will fail to achieve the remaining goals.



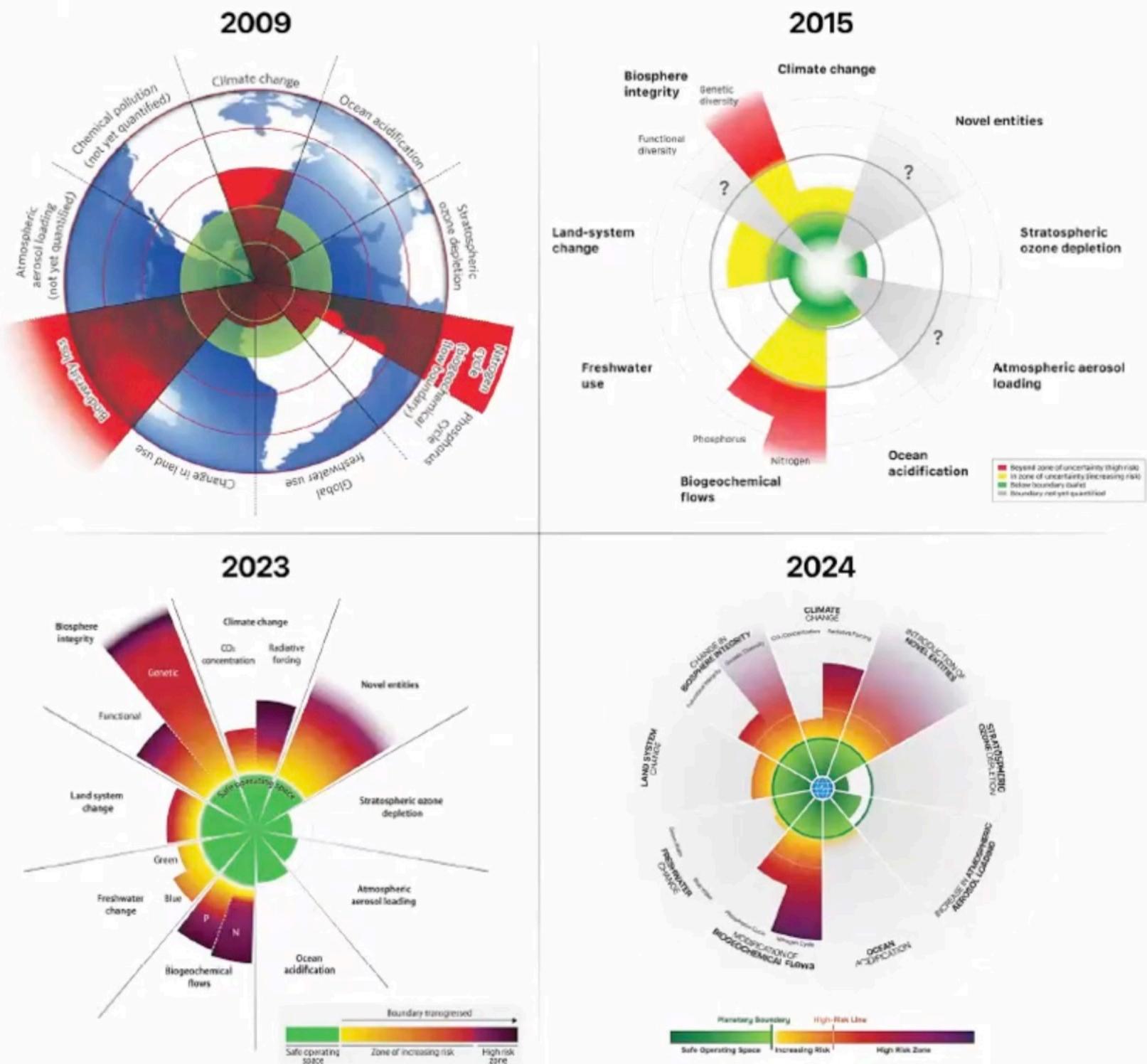
## Sustainable Development Goals

2015-2030



# Global Megatrends

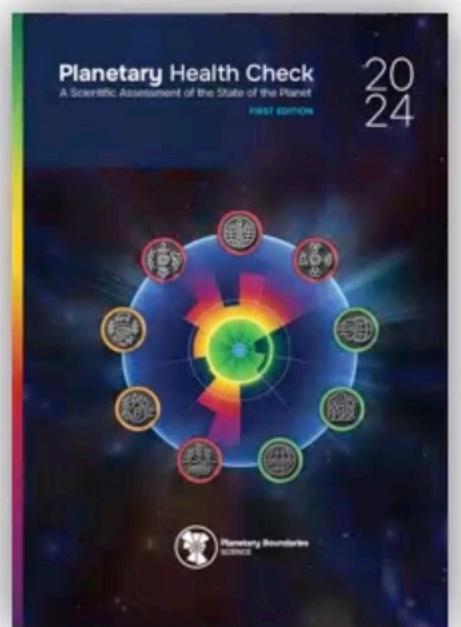
- Climate change
- Biodiversity crisis
- Digital/AI revolution
- Energy transition
- Inequity
- Ageing
- Geopolitics
- .....



Latest assessment of the **financial cost** of exceeding **only** the **Climate Change** Boundary by 2050:

**COST TO PEOPLE**  
\$38 trillion USD / year

**IMPACT ON ECONOMY**  
18% loss in GDP



# ESG = Environmental, Social, and Governance

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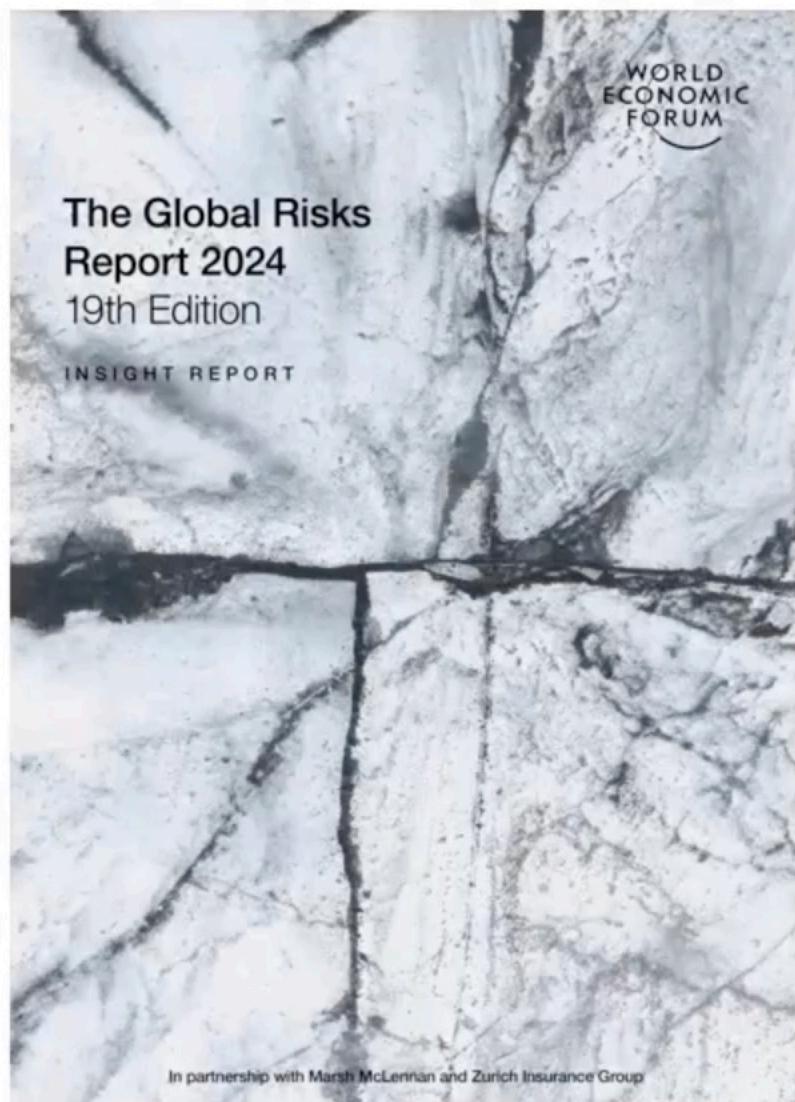


FIGURE B

## Current risk landscape

"Please select up to five risks that you believe are most likely to present a material crisis on a global scale in 2024."

Risk categories  
Economic  
Environmental  
Geopolitical  
Societal  
Technological

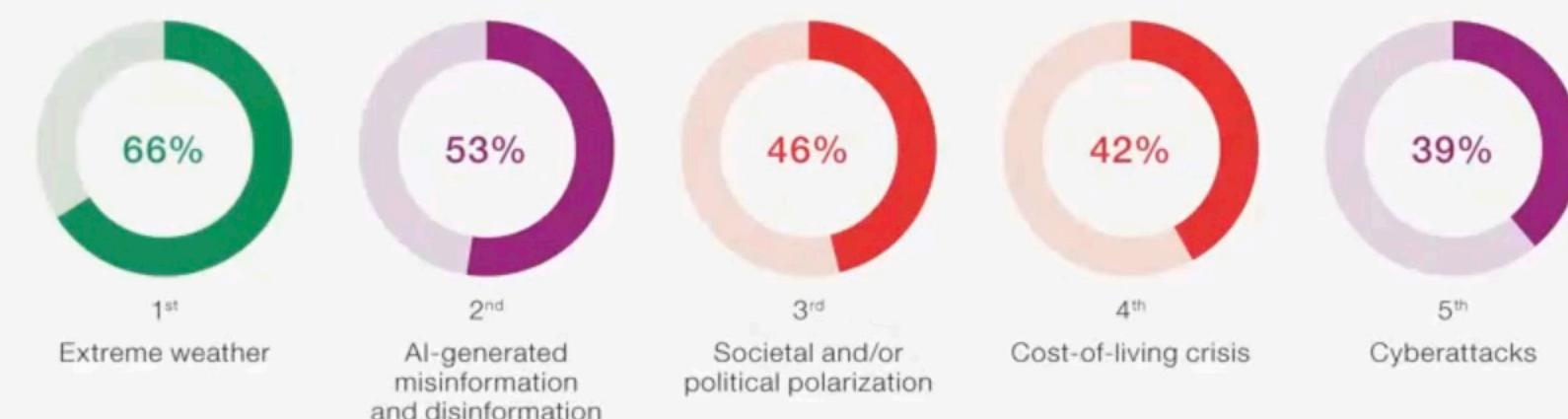


FIGURE C

## Global risks ranked by severity over the short and long term

"Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period."

Risk categories  
Economic  
Environmental  
Geopolitical  
Societal  
Technological

### 2 years

1 <sup>st</sup>	Misinformation and disinformation
2 <sup>nd</sup>	Extreme weather events
3 <sup>rd</sup>	Societal polarization
4 <sup>th</sup>	Cyber insecurity
5 <sup>th</sup>	Interstate armed conflict
6 <sup>th</sup>	Lack of economic opportunity
7 <sup>th</sup>	Inflation
8 <sup>th</sup>	Involuntary migration
9 <sup>th</sup>	Economic downturn
10 <sup>th</sup>	Pollution

### 10 years

1 <sup>st</sup>	Extreme weather events
2 <sup>nd</sup>	Critical change to Earth systems
3 <sup>rd</sup>	Biodiversity loss and ecosystem collapse
4 <sup>th</sup>	Natural resource shortages
5 <sup>th</sup>	Misinformation and disinformation
6 <sup>th</sup>	Adverse outcomes of AI technologies
7 <sup>th</sup>	Involuntary migration
8 <sup>th</sup>	Cyber insecurity
9 <sup>th</sup>	Societal polarization
10 <sup>th</sup>	Pollution