



Navigating the ESG Landscape

06 December 2023

Zoom Event



Making Digital Real

- We are a **specialist** information systems consultancy
- We only work with **charities**, associations, trusts and others in the not-for-profit sector
- We are completely **supplier-independent**
- Our consultants have held **senior** positions in a broad range of different organisations
- Our advice and guidance is based on **practical experience** gained over many years

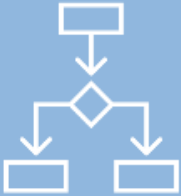
Depth and breadth



Digital, Data & Technology Strategies



Reviews & Health Checks



Business Processes & System Requirements



Supplier & Solution Selection



Interim Technical Leadership



Programme & Project Management



Risk, Compliance, Data Protection & Security



Governance & Business Cases



Change & Organisational Development

Our Mission and Purpose

Our Mission

We **empower** organisations to deliver transformational impact through more effective use of technology and ways of working

From our minds...

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From **our minds to your minds** – our team of experienced, independent consultants work with you to transfer their knowledge, share their expertise, and **develop your organisational capability**

...to your minds

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Programme

- 14:00 Arrival and welcome
- 14:10 Understanding ESG in the NFP Sector – **Three pillars of ESG, communicating your engagement**
- 14.20 Benefits of engaging with ESG – **Wheel of responsibility**
- 14:30 Discussion – **Early thoughts from participants**
- 14:40 ESG Frameworks and checklists – **Management of ESG**
- 14:50 Case studies of ESG in the sector
- 15:00 Implementing ESG into your Organisation
- 15:10 Review and close

Three Pillars of ESG

ESG is made up of three pillars:

➤ Environmental

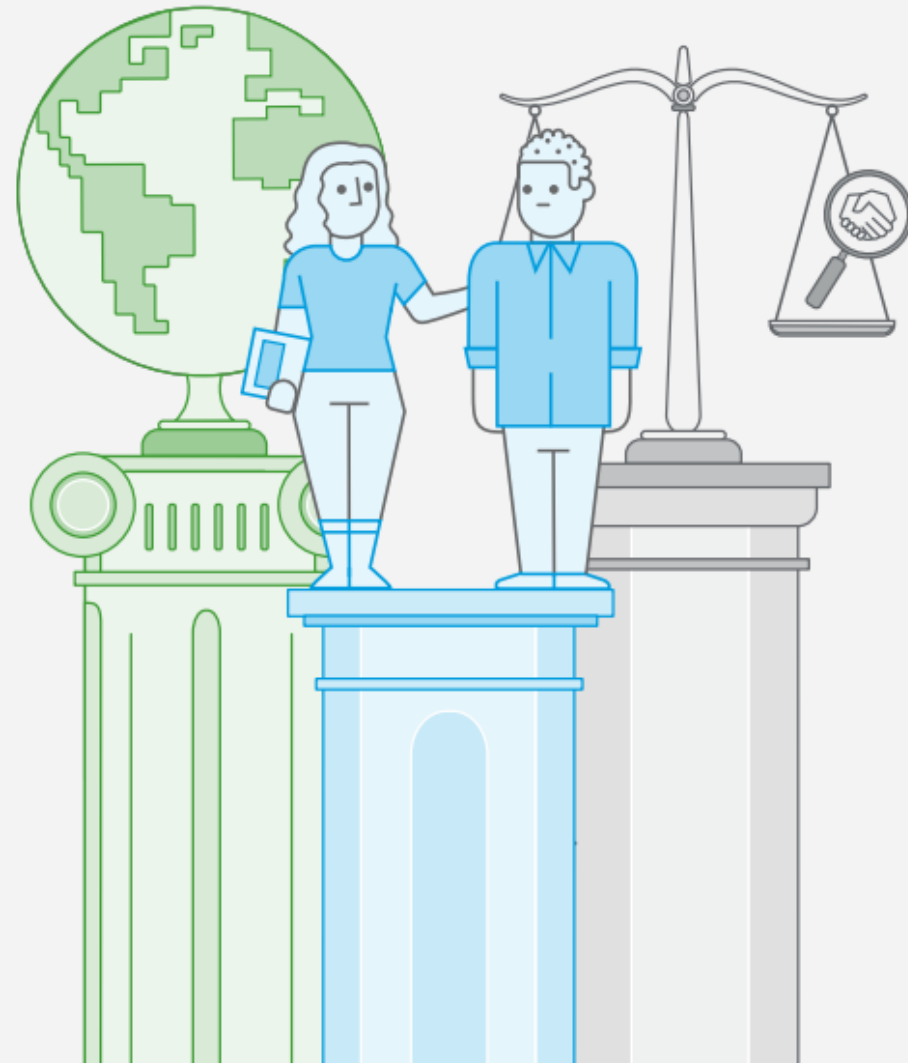
How an organisation interacts with and impacts its surrounding environment

➤ Social

How it interacts with society

➤ Governance

How it manages its governance

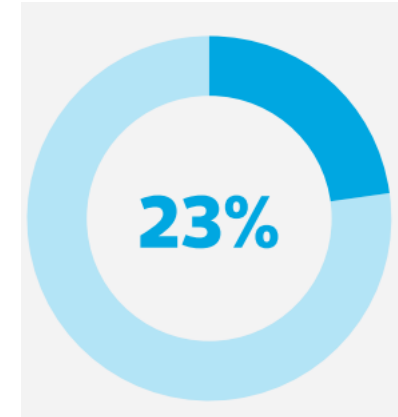


Latest analysis of ESG in the sector

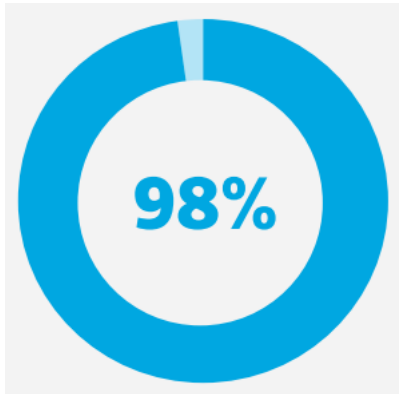


Key findings

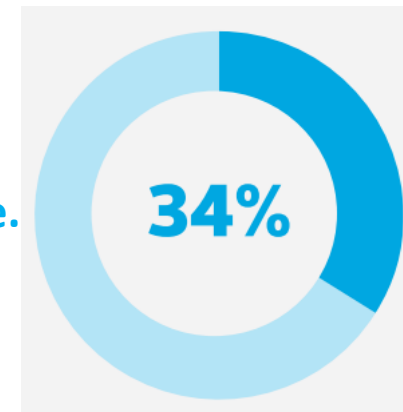
23 per cent of charities include a section referencing activity that falls under the ESG umbrella in their annual reports.



98 per cent of charities stated in their annual report that their organisation met public benefit requirements.



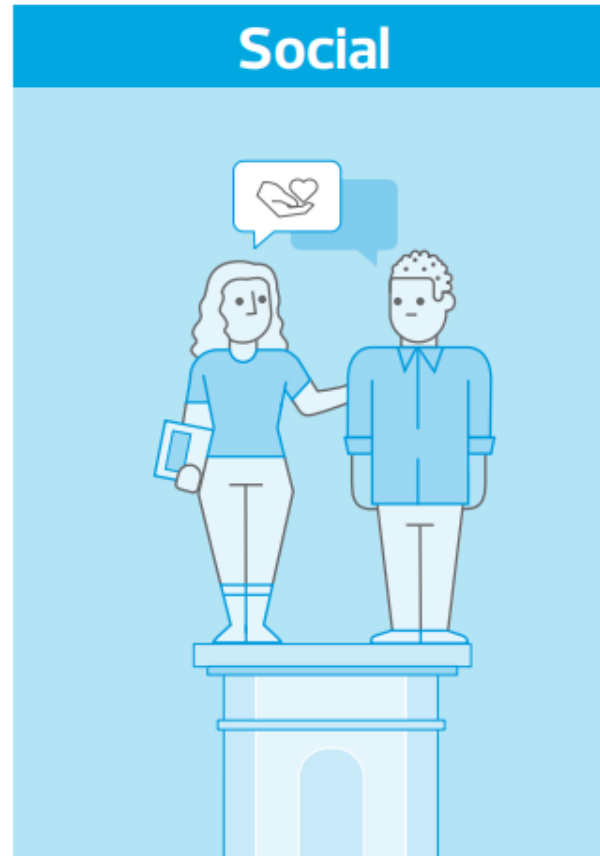
Just over a third of charities referenced a charity code.



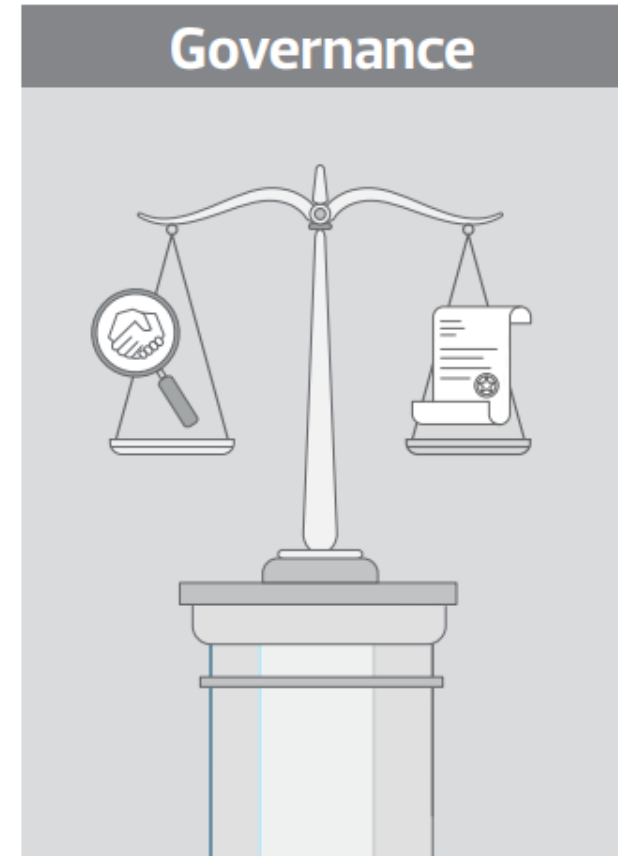
Communicating your engagement with ESG



The environment and sustainability are increasingly on the Board agenda.



The social impact of organisations both in communities and on employees must be proactively managed.



Effective governance is critical for a well run charity.

What are the benefits for engaging with ESG



Demonstrating value and responsibility to funders



Contributing to requirements for bid proposals



Helping attract the best talent and retention of staff



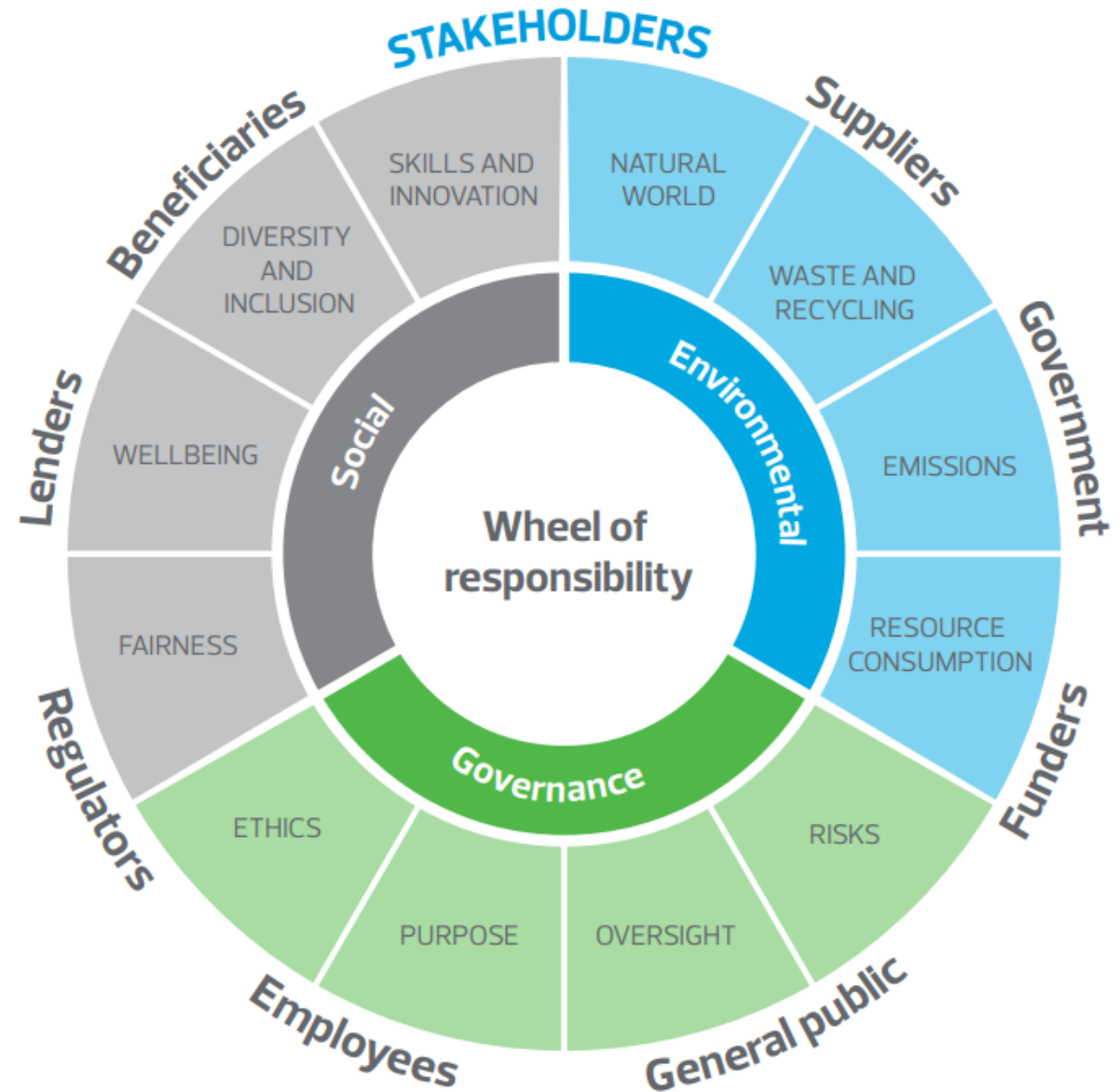
Providing partnership opportunities with corporates who want to engage with sustainable and responsible charities



Driving improvements in operational efficiencies



Building understanding of wider stakeholder needs



What type of ESG reporting is available

Sustainable Development Goals

47%

World Economic Forum

43%

Sustainability Accounting Standards Board (SASB)*

37%

Global Reporting Initiative

37%

Climate Disclosure Standards Board (CDSB)

35%

SUSTAINABLE DEVELOPMENT GOALS

1



No poverty

2



Zero hunger

3



Good health and wellbeing

4



Quality education

5



Gender equality

6



Clean water and sanitation

7



Affordable and clean energy

8



Decent work and economic growth

9



Industry, innovation and infrastructure

10



Reduced inequalities

11



Sustainable cities and communities

12



Responsible consumption and production

13



Climate action

14



Life below water

15



Life on land

16



Peace justice and strong institutions

17



Partnerships for the goals

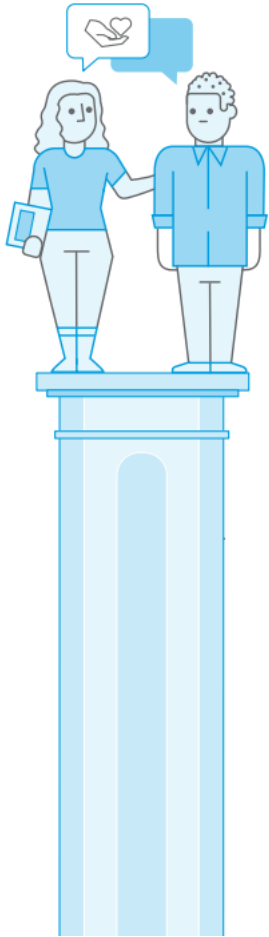
ESG checklist – ‘E’ Environmental

Checklist to help with your ESG journey:

Even if you are not legally required to comply with SECR, knowing how much energy your organisation uses can help inform your energy efficiency activities – particularly as flexible working is adopted more widely. So, consider:

- ✓ Which activities release greenhouse gas emissions? This list could include electricity use, gas use, waste disposal, business travel, commuting and employee owned vehicles.
- ✓ Access and compile the data from the sources available to you. For example, the total kilowatt hours used from your electricity bills over a 12-month period.
- ✓ Make use of The Department for Environment, Food and Rural Affairs', (DEFRA) greenhouse gas conversion factor to calculate your organisations greenhouse gas emissions.
- ✓ Once you have compiled your charity's information, look for opportunities to reduce your emissions even further.





It is important that you understand the ‘public benefit’ requirements asked of your charity.

Public Benefit is defined in the Charities Act 2011 as:



Key findings

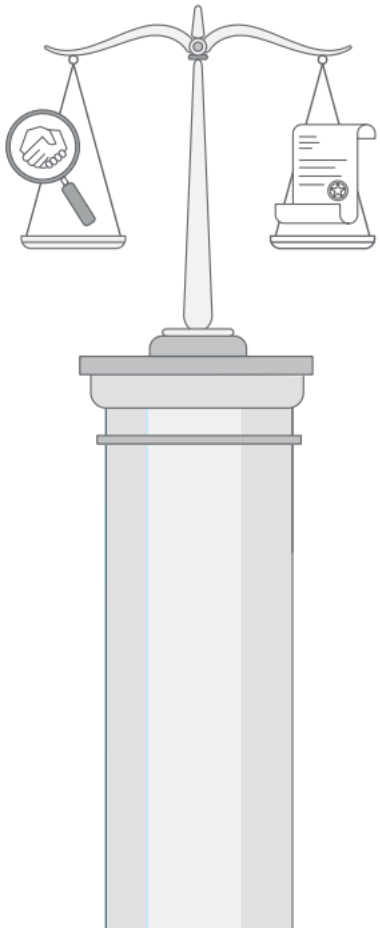
In **England and Wales** 98 per cent of charities stated that their organisation met public benefit requirements within their annual report.

In **Scotland**, the legal requirements differ from those in England and Wales. A charity in Scotland must demonstrate a public benefit through their objectives, but they do not have to declare it in the same way. Whilst charities in England and Wales have to state that they meet public benefit requirements, in Scotland it can be inferred from a charity’s activities.

Of the Scottish charities we looked at, only 65 per cent comment on the public benefit of their organisation.



ESG checklist – ‘G’ Governance



Checklist to help with your ESG journey:



By aligning with the Charity Governance Code Principle 6 consider your charity's culture as you establish equality, diversity and inclusion approach and other related practices.



Consider your approach to equality and diversity in your board and committee structures.



When considering social responsibility of a charity, be aware of the wellbeing of employees and implement programmes and related activities to support their needs.



Examples of other codes that could be followed:

- National Housing Federation (NHF) Code of Governance
- Institute of Fundraising Code of Practice
- UK Corporate Governance Code
- CBI Better Payment Practice code
- The Code of Sports Governance

Management of ESG

Checklist to help with your ESG journey:



Find out what kind of ESG activity really matters to your employees and engage them in the wider discussion around your organisations ESG activities.

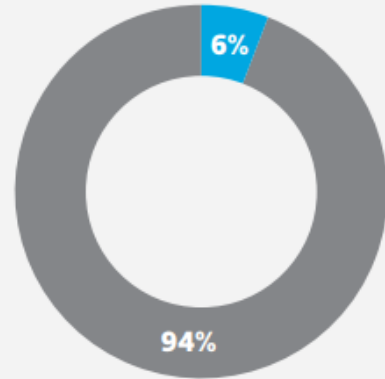


Clearly define and assign your ESG reporting and strategy responsibilities.



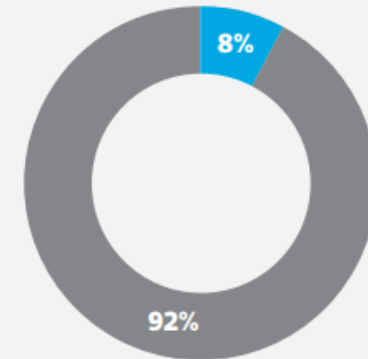
Get your leadership teams on board and let them lead by example.

Is there a Governance Manager mentioned in the annual report or on the website?



● Yes ● No

Is there a director of ESG/Sustainability mentioned in the annual report or on the website?



● Yes ● No

Case Studies – The Children’s Trust



Case study:

The Children’s Trust is a top 250 children’s charity and is an excellent benchmark for best practice ESG reporting. The trust has a Sustainability Lead and have developed a ‘Responsible Organisation Strategy for 2021 – 2025’.



WHAT IS THE STRATEGY?

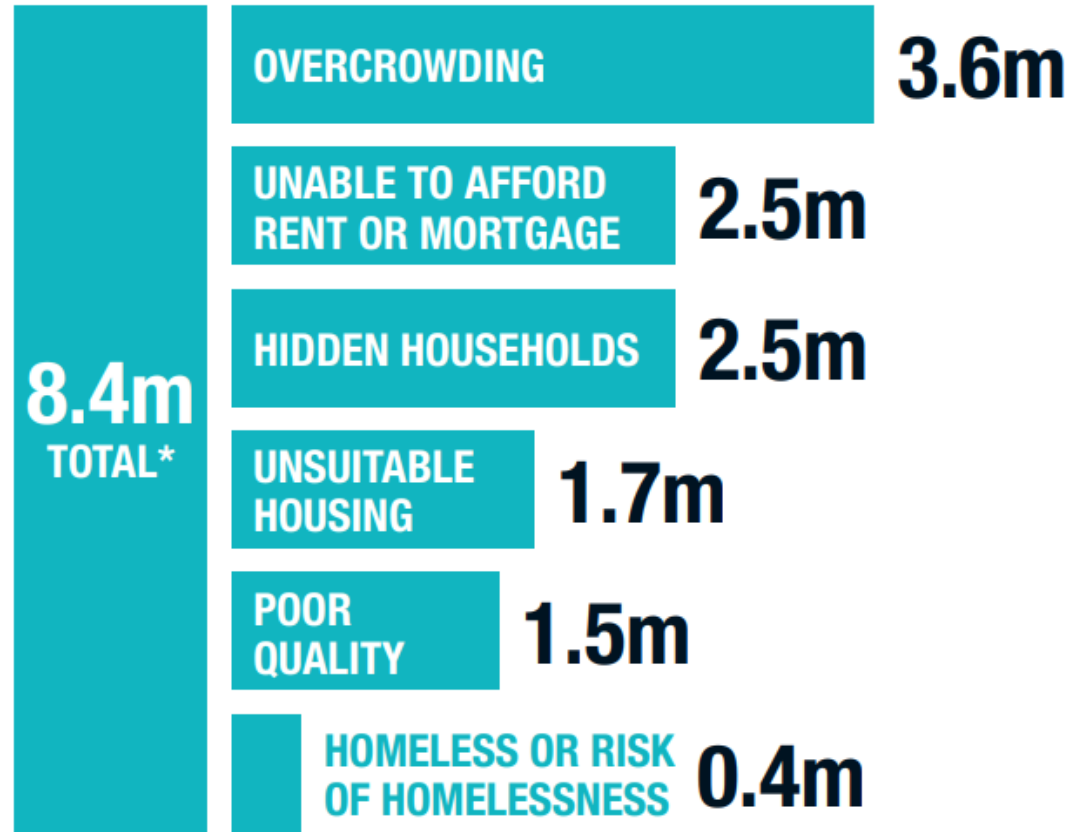
The Children’s Trust strategy identifies where responsibility sits in their organisation on a number of themes and the reporting mechanism for each theme, including:



We know we provide great services for children, young people and families across rehabilitation, education, care and in the community. By implementing robust impact reporting, we wish to further measure and evidence the difference we make to their lives, and to their families. We want to demonstrate this to our key stakeholders, connecting them with our work, and in creating assurance and building confidence that their support is helping to deliver the best possible impact on the lives of the children we support, and our work as a charity."

THE CHILDREN'S TRUST

Case Studies – Social Housing



*People may experience more than one of these problems with their home, therefore the totals of each problem cannot be directly combined to create the overall total.

Source: National Housing Federation (NHF), <https://www.housing.org.uk/press/press-releases/1-in-7-people-in-england-directly-hit-by-the-housing-crisis/>, How many people need a social rented home?, September 2019

Housemark

Housemark is the data-driven solutions provider for the UK housing sector.



Cost and performance comparisons with over 300 social landlords



Shared learning and networking through our clubs and events



Targeted support on data quality, VFM, compliance and service design

ESG report

December 2022

Environmental, Social and Governance (ESG) reporting is a global initiative that helps investors, customers and wider stakeholders understand the impact a business has on the environment, how it benefits society and how its governance structures ensure transparency about risks and opportunities.

For UK social housing, ESG reporting has developed into a consistent set of measures laid out in the Sustainability Reporting Standard (SRS). This voluntary reporting framework covers 48 quantitative and qualitative criteria across ESG categories. Adopters of the Standard pledge to make their report publicly available, usually on their organisation's website.

In April 2022, Housemark adopted 23 quantitative SRS measures alongside existing annual performance measures, which are available for members to compare using our online reporting tools. We have captured data published by 112 landlords, including all early adopters of the SRS, into a set of comparable results for the sector's first 2021/22 ESG benchmarking report.

Case Studies – Benchmarking ESG in social housing – ‘Environmental’

Environmental

The UN’s 2015 Paris Agreement was put in place to strengthen the global response to the threat of climate change by taking action to limit global temperature rises. Follow-up scientific reports and conferences, including 2021’s COP26 event have tightened climate change targets to halve emissions over the next decade and reach net zero carbon emissions by the middle of the century.

Social housing’s Sustainability and Reporting Standard measures the sector’s progress towards these global targets by looking at the work landlords do – building homes, managing property – and setting out relevant metrics for adopters to compile and report on. Climate change ESG measures put figures on the sector’s environmental impact in terms of energy efficiency, emissions and ecology.

Top energy efficiency actions undertaken in the last year

1	Improving building fabric and components of existing homes
2	Strategic and financial planning
3	Building efficient new homes
4	Utilising smart technology in homes
5	Refining stock data
6	Switching energy supply to renewable sources

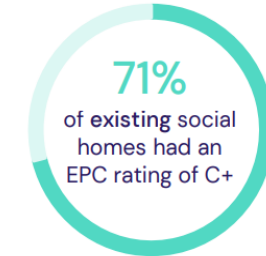
EPC ratings of new and existing homes



1.45 million social homes have an EPC rating of D or lower



1 in 4 landlords were unable to report the rating for some or all of their properties



Scope 1, 2 & 3 green house emissions

Scope 1 14%

Direct emissions from owned or controlled sources

Scope 2 6%

Indirect emissions from owned or controlled sources

Scope 3 80%

Other indirect emissions, capturing value chain emissions



1.5 tonnes of CO₂ are emitted by the social housing sector per unit

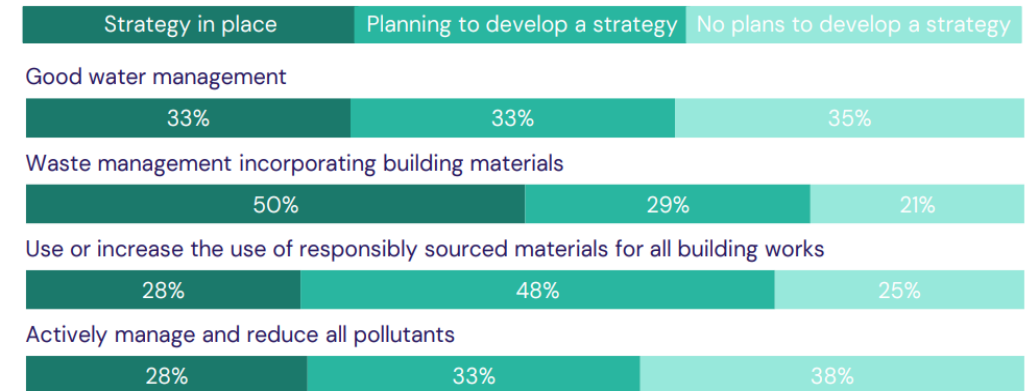


59% were able to provide some figures for Scope 1 – 3 emissions



43% were able to provide a full breakdown of figures for Scope 1 – 3 emissions

Ecology and resource management strategy



Case Studies – Benchmarking ESG in social housing – ‘Social’

Social

ESG metrics apply globally to all types of businesses and all industries. While some sectors may struggle to highlight examples of positive social outcomes resulting from their work, social housing has a demonstrable social purpose and a well-established sense of corporate responsibility and social value.

Many of the Sustainability and Reporting Standard measures falling into the social category are focused on qualitative results – tangible examples rather than simply numbers. This is highlighted by adopters’ responses to SRS measures looking at the residents’ voice and support provided to customers. Other quantifiable measures show how the sector provides good quality, safe, secure and affordable homes for people in housing need.

Affordability



Homes are being let at around a **40% discount** from both market and Local Housing Allowance



90% of the properties developed were social homes

Key ways landlords are reducing the impacts of fuel poverty on residents

- 1 Improving efficiency of existing homes
- 2 Raising awareness on how to get the most from your energy
- 3 Financial support for tenants
- 4 Utilising smart technology in homes

Building safety and quality







Most common resident support services





1	General advice	5	Practical help
2	Employment skills/training	6	Community support
3	Partnering with a charity	7	Digital inclusion
4	Mental health and wellbeing	8	Partnering with local public sector

Resident voice

How resident satisfaction is measured

-  83% use perception surveys
-  57% use transactional surveys
-  21% use resident focus groups
-  9% use complaints

Ways residents can hold management to account

-  93% use formal groups
-  53% use informal feedback and groups
-  31% include tenants on the board
-  18% follow NHF Together with Tenants

Case Studies – Benchmarking ESG in social housing – ‘Governance’

Governance

Around 60% of UK social housing is provided by housing associations operating not-for-profit models that see commercial approaches generating surpluses for reinvestment. Regulatory bodies across each UK nation provide assurance through stringent governance requirements to safeguard taxpayers’ interests and the reputation of social housing as a safe option with well-managed finances backed by robust regulation.

Governance in the Sustainability and Reporting Standard uses measures that demonstrate adopters’ adherence to industry and regulatory standards as well as establishing some benchmarks to show how governing bodies demographically represent people who live in social housing.


Structure and governance





 National Housing Federation’s Code of Governance

4 out of 5 landlords are using the NHF Code of Governance and most are either now compliant with the 2020 version or are transitioning from the 2015 code. Welsh landlords use the Community Housing Cymru code.


 83% of board members are non-executive members and 1 in 5 have no executive representation.

 The roles of the board chair and CEO are held by 2 different people at all organisations.


 4 out of 5 have presented succession plans to the board in the past 2 years.


 Landlords have been working with their current audit partner for 5 years, on average.


 95% of boards’ audit committees have current members with relevant financial experience.

 Half conducted an independently run board effectiveness review in the past two years.

Staffing

 81% are paying the Real Living Wage to all employees.

 6.3 days were lost, on average, due to sickness absence.

 84% reported data on the gender pay gap at their organisation.

Gender pay gap



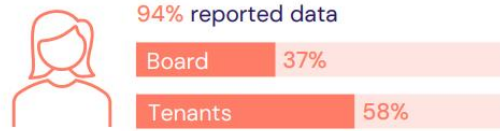
Median CEO to worker pay ratio



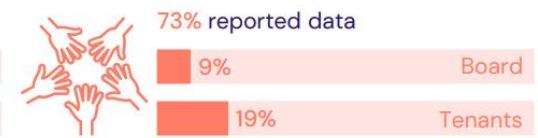
Board demographics

Board figures represent the median and tenant figures are taken from the 2019–20 English Housing Survey.

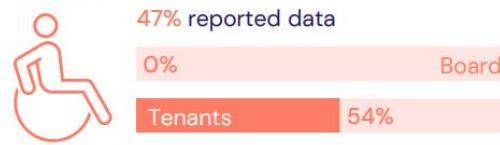
Women



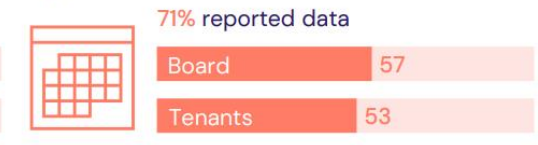
BAME



Disability



Age



Board tenure

 3.5 years is the average length current board members have been active.

26% of board and exec have turned over in the past 2 years – slightly higher than sector staff turnover over same period.



Implementing ESG in the sector – Pre-event questions

Name	Position	Organisation	Question
Sacha Dingomal	Director of Finance & Business Operations	YoungMinds	<p>We are at the start of the journey and want to get create a feasible plan to achieve Net Zero so I have a couple of questions around the basics really....</p> <p>1. Any suggestions on how an organisation might go about measuring it's carbon footprint, to get a baseline to set goals/performance against. Now we are thinking the only option will be to access a specialist provider (not cheap!) as we couldn't see many useful self-assessment tools out there.</p> <p>2. Any advise on how we might measure our Scope 3 emissions and to what degree will the ESG reports requirements specify any standards around how this measurement might take place?</p>



<https://360carbon.org/en-gb/>

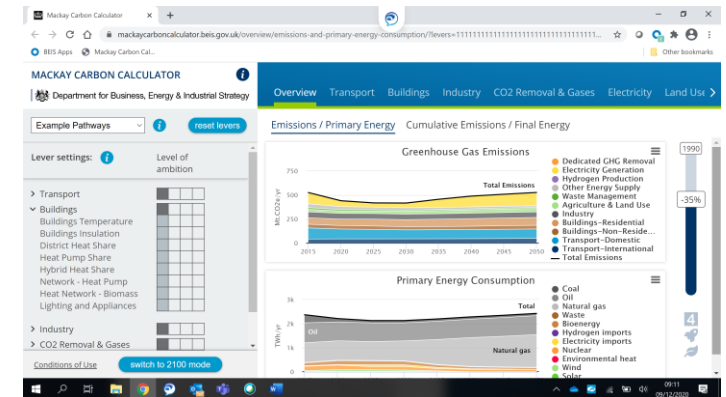


<https://www.carbontrust.com/our-work-and-impact/guides-reports-and-tools/sme-carbon-footprint-calculator>

Julie's Bicycle

CREATIVE • CLIMATE • ACTION

<https://juliesbicycle.com/our-work/creative-green/creative-climate-tools/>



<https://www.gov.uk/guidance/carbon-calculator>

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Identify Scope 3 Categories:

Determine the categories relevant to your charity. Scope 3 emissions can include categories like purchased goods and services, business travel, employee commuting, and more.

Engage Stakeholders:

Collaborate with relevant stakeholders, such as suppliers, to gather data on their emissions. Establish clear communication channels to ensure accurate and comprehensive information.

Continuous Improvement:

Recognise that measuring Scope 3 emissions is an evolving process. Regularly review and refine your approach as more accurate data becomes available and measurement methodologies improve.

Implementing ESG in the sector – Pre-event questions

Name	Position	Organisation	Question
James Byron	Director of Marketing & Engagement	Dorothy House Hospice Care	We've reached the conclusion that the right way for us to internally frame our work in this space is as 'Social Value' against the three pillars of Economic, Environmental and Community activities. This is to better incorporate our charitable activities as part of our role as a corporate citizen. What are the practical implications of choosing to prioritise an ESG framework over Social Value or vice versa?

Prioritising ESG Framework

Environmental Impact - Emphasis on reducing environmental footprint, including carbon emissions, energy consumption, and waste.

Risk Management - Focus on governance structures to ensure ethical business practices, transparency, and accountability.

Investor and Stakeholder Relations - Attraction of socially responsible investors who prioritise companies with robust ESG practices.

Practical Implications - Investment in sustainable technologies and practices. Regular reporting on environmental performance and governance structures. Integration of ESG factors into decision-making processes.



Prioritising Social Value

Community Impact – Direct focus on social issues and positive contributions to communities. Prioritisation on social inclusion, diversity, and community engagement.

Employee Well-being – Emphasis on creating a positive and inclusive workplace. Employee welfare, diversity, equity, and inclusion become key focal points.

Measurable Social Outcomes – Clear measurement of social impact, often through metrics such as job creation, community development, or support for vulnerable populations.

Practical Implications – Implementing social programs and initiatives that directly benefit communities, measuring and reporting on social impact metrics.

Implementing ESG in the sector – Pre-event questions

Name	Position	Organisation	Question
Kirsten Ottley	Director of Business Services & Change Management	Comic Relief	Does Adapta recommend any resources / tools / checklists which are either free or cheap to help track ESG progress? Ideally ones with a charity / not for profit focus.



Standards

A flexible framework for creating standalone sustainability or non-financial reports, or integrated ESG reports



GRI provides a set of sustainability reporting standards widely used for ESG reporting.



The image displays the 17 Sustainable Development Goals (SDGs) in a grid format. Each goal is represented by a colored icon with a number and a brief description:

- Goal 1: NO POVERTY** - End poverty in all its forms everywhere
- Goal 2: ZERO HUNGER** - End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- Goal 3: GOOD HEALTH AND WELL-BEING** - Ensure healthy lives and promote well-being for all at all ages
- Goal 4: QUALITY EDUCATION** - Ensure inclusive and quality education for all and promote lifelong learning
- Goal 5: GENDER EQUALITY** - Achieve gender equality and empower all women and girls
- Goal 6: CLEAN WATER AND SANITATION** - Ensure access to water and sanitation for all
- Goal 7: AFFORDABLE AND CLEAN ENERGY** - Ensure access to affordable, reliable, sustainable and modern energy for all
- Goal 8: DECENT WORK AND ECONOMIC GROWTH** - Promote inclusive and sustainable economic growth, employment and decent work for all
- Goal 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE** - Build resilient infrastructure, promote sustainable industrialization and foster innovation
- Goal 10: REDUCED INEQUALITIES** - Reduce inequality within and among countries
- Goal 11: SUSTAINABLE CITIES AND COMMUNITIES** - Make cities inclusive, safe, resilient and sustainable
- Goal 12: RESPONSIBLE CONSUMPTION AND PRODUCTION** - Ensure sustainable consumption and production patterns
- Goal 13: CLIMATE ACTION** - Take urgent action to combat climate change and its impacts
- Goal 14: LIFE BELOW WATER** - Conserve and sustainably use the oceans, seas and marine resources
- Goal 15: LIFE ON LAND** - Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss
- Goal 16: PEACE, JUSTICE AND STRONG INSTITUTIONS** - Promote just, peaceful and inclusive societies
- Goal 17: PARTNERSHIPS FOR THE GOALS** - Revitalize the global partnership for sustainable development

At the bottom of the grid is the logo for the Sustainable Development Goals, featuring the United Nations emblem and the text "SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD".



- Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6:** We will each report on our activities and progress towards implementing the Principles.

Thanks & Goodbye!

Upcoming events...

DPA, Information Security & Cake, 7 Feb 2024

www.adaptaconsulting.co.uk/upcoming-events



help@adaptaconsulting.co.uk



www.adaptaconsulting.co.uk



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