

# ESG-Essentials

Sustainability as a service  
for private businesses



## ESG: How to get started?

ESG is **mission critical** for large, regulated businesses, but what of mid-sized businesses, and rapidly growing start-ups and scale ups? It is only a matter of time before this will be a hygiene factor. Without, there is no **license to operate**.

Knowing where your business is in terms of ESG relative to competitors, stakeholder and investor expectations and forthcoming legislation or supply-chain/procurement mandates is **a struggle** for mid-sized businesses in many sectors

Doing nothing is no longer an option but investing in an in-house team and infrastructure is time consuming and costly. **Is there another way?**

## Our offer: Sustainability As A Service

How easy would it be to have directly available and scalable sustainability expertise at the palm of your hand? Why does this not exist yet? As TDH, we thought they same! We found out that:

- Many growing businesses **don't have a readily available tool** to assess where they are, provide guidance for remediation and improvement and a means to monitor and evaluate their progress and the changing concerns of stakeholders.
- Equally, they often don't have **ESG or reputation management expertise** in place to help them take the necessary steps and shape and manage comms.
- And importantly, they don't have a **steady stream of information and data** from intelligence monitoring to give them early warning of issues to manage.

ESG is constantly evolving, meaning your strategy requires ongoing monitoring and adjusting to reflect changes in the ecosystem.

**Recognising this gap in the market, we've built a simple, expert and scalable solution called ESG Essentials to help you start taking action today.**

Four simple steps:





## Four steps efficiently scaled for size and maturity:

**Educate**, **remediate** and **validate** your company's ESG journey from basic awareness through to strategic planning and execution.

1. **Audit - ESG-Essentials Automated Scorecard**: Multi-format automated assessment scoring your business against over 25 key sustainability metrics within the E,S & G pillars, enabling efficient strategic planning and stakeholder disclosure.
2. **Plan - ESG-Essentials Report**: Analyst-curated report provides feedback and benchmarking to accelerate your ESG strategy.
3. **Execute - ESG-Essentials Pathway**: Membership service including a bespoke action plan to define, monitor and deliver your sustainability strategy as the ESG industry evolves. For resource constrained businesses who want ESG at their core.
4. **Monitor - ESG Performance Validation**: Employee survey to validate the results of the ESG survey and monitor impact of ESG programme on staff performance. Annual reassessment to demonstrate progress towards sustainability goals.

# We fit all relevant Global Sustainability Standards

Adapted to meet mid-sized business needs, the methodology is aligned with global sustainability frameworks and an extensive range of agency, regulator, NGO and academic sources, to ensure relevant and measurable results.

- The ESG-Essentials audit uses a proprietary survey of 133 strategic questions broken down into 25 specific topics within the E, S & G framework
- Enables firms to demonstrate transparency and early-stage commitment to sustainable responsibility by measuring them against a comprehensive list of core metrics.



BSI



Ethical OS



WEF



SASB



Carbon Trust



GRI Standards

# ESG-Essential Assessment Metrics

TDH's unique ESG Assessment enables firms to demonstrate their transparency and early-stage commitment to sustainable responsibility by measuring them against a comprehensive list of core metrics.



## ENVIRONMENTAL

- Environmental policies
- Emissions
- Resource consumption
- Energy management
- Renewables and recycling
- Environmental supply chain management
- Certification



## SOCIAL

- Employee welfare
- Diversity and inclusion
- Employee engagement
- Training and career progression
- Customer engagement
- Health and safety
- Community engagement and Charitable policies
- Product responsibility



## GOVERNANCE

- Business ethics
- ESG awareness
- ESG policies
- ESG stewardship
- Board independence
- Board diversity
- Management remuneration
- Risk management
- Data security
- Supply chain management

## Execute via the ESG-Essentials Pathway action plan:

Bespoke Action Plan with recommendations and guidance on how to take what we find and create an improvement programme, communicate it internally and externally and use it to create value across your business.

Clear guidance on what to prioritise, where the quick-wins are and which stakeholders will be most interested and responsive to movement in each pillar.

Access best-in-class remediation partners to help you to cost effectively improve your performance and monitor emerging risks to your reputation as the sustainability eco-system evolves.



# ESG Performance validation and monitoring

TDH offers three levels of validation and monitoring:

1. Benchmarking – there is an expected performance range for companies at each stage of their maturity. Significant variation in expected performance is flagged for further investigation and requests for evidence of claims
2. Voice of Employee – be a more sustainable workplace. Gain actionable insights from the TDH ESG Employee survey. Listen to your team, understand key challenges and embed their feedback in your Pathway action plan.
3. Monitor progress - annual reevaluation to measure and demonstrate how you're improving and the tangible benefits flowing to the business over time.

## Why join the ESG-Essentials programme?

Early adoption of sustainable commitments will ensure the right ESG structure is embedded in your business DNA

Futureproof ahead of inevitable regulation and non-financial disclosure requirements

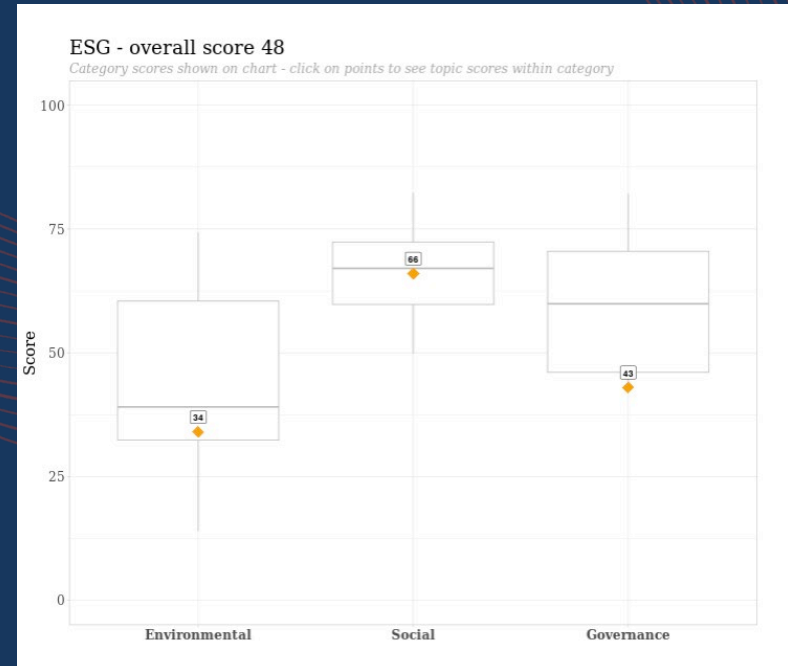
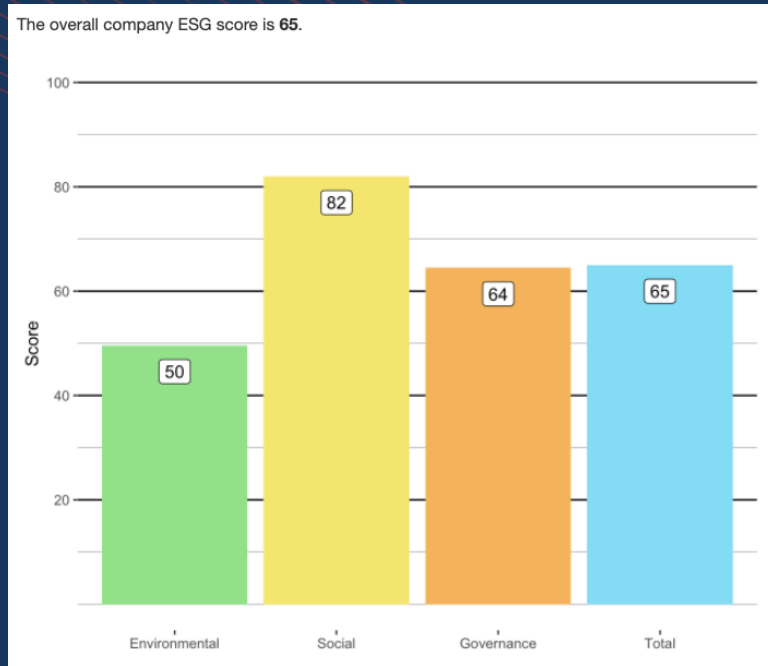
- Save time, money and resources via our data powered subscription programme
- Enhance your reputation and add value for stakeholders, employees and customers
- Attract and retain the workforce you need
- Access pools of dedicated funds
- Meet increasingly rigorous supply chain and procurement requirements

# ESG Essentials – Examples findings and analyses

Clear guidance on everything you need to do to begin and successfully develop your own ESG journey.

# 1. Audit - ESG-Essentials Automated Scorecard

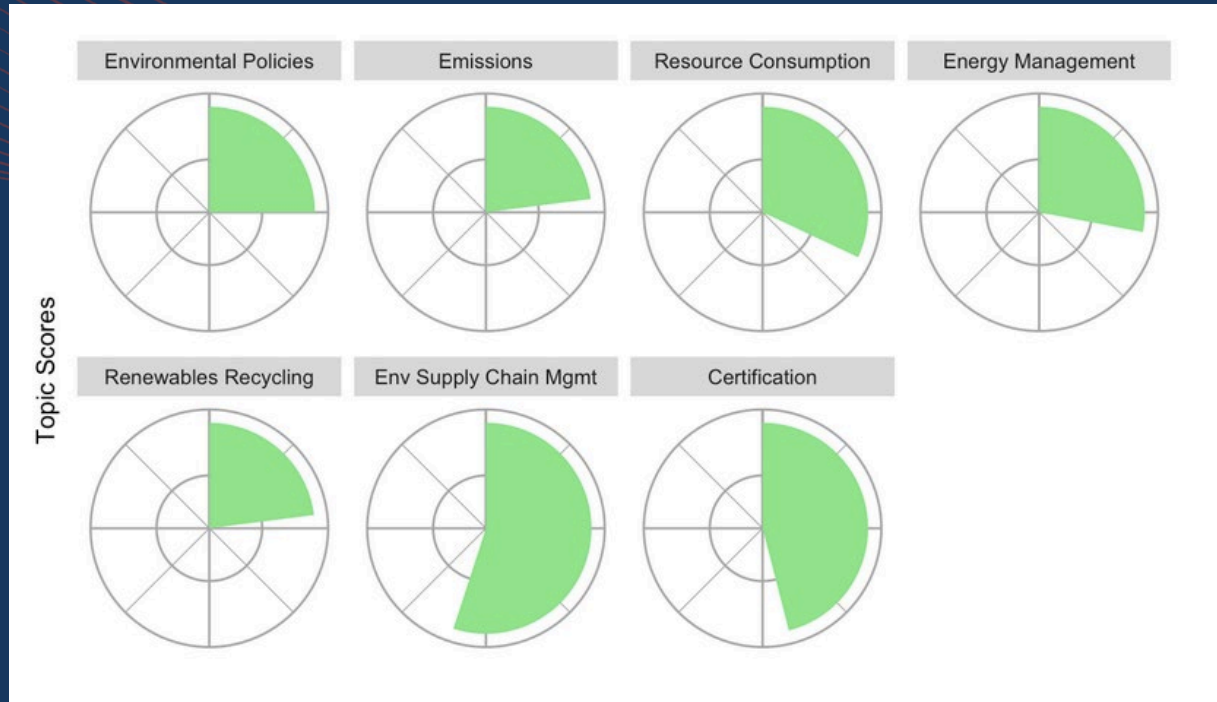
An automated report, giving you an overall score, and benchmark analysis broken down by ESG pillar:





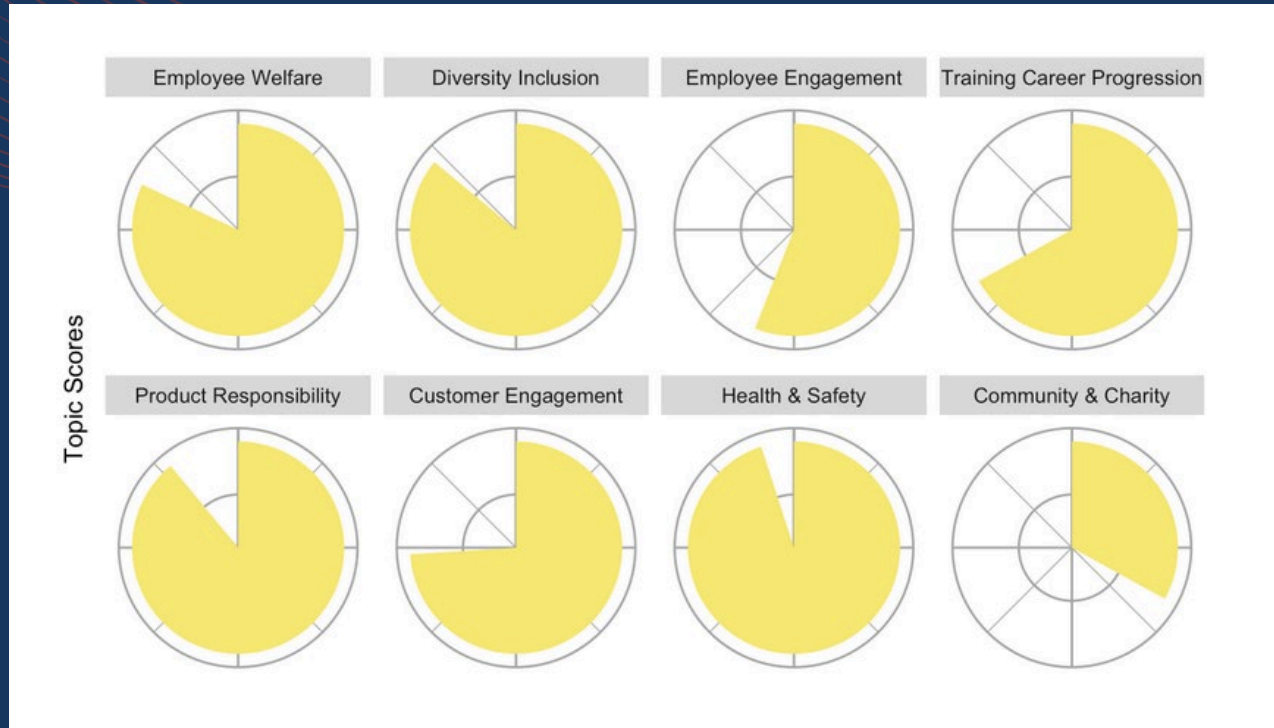
# 1. Audit - ESG-Essentials Automated Scorecard

The environmental pillar is broken down into 7 topics:



# 1. Audit - ESG-Essentials Automated Scorecard

The Social pillar is broken down into 8 topics:



# 1. Audit - ESG-Essentials Automated Scorecard

The Governance pillar is broken down into 10 topics:



## 2. Plan - ESG-Essentials Report

### Executive Summary:

The score of 28 is reflective of a business starting out on the ESG journey. Although low, there are many relatively simple changes and improvements that can be made for scores to increase (highlighted below). Importantly, the scores are appropriately aligned with a business at this stage of expansion, where focus on the Social pillar is prioritised.

There are several simple measures that can be put in place to enhance the overall score, which can be addressed and monitored via the ESG Pathway.

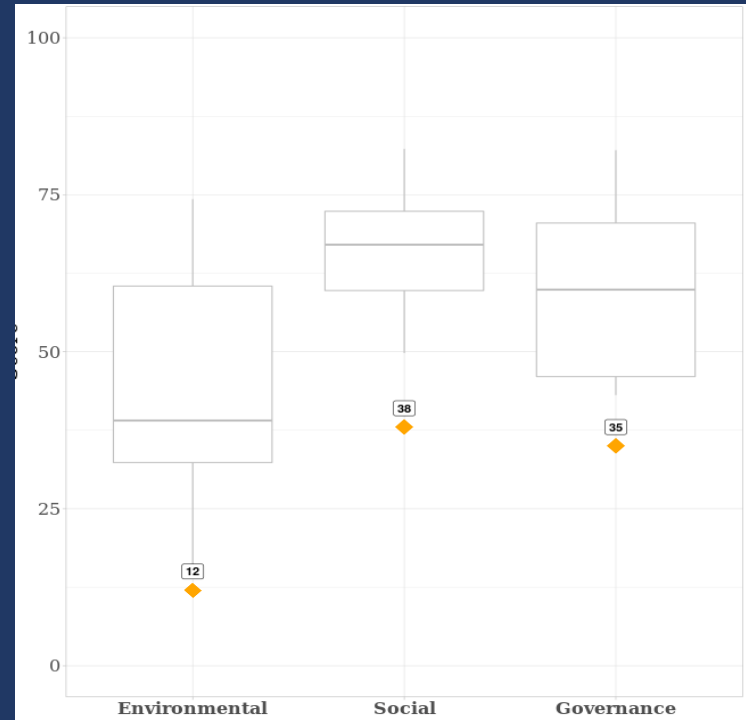
#### Maturity Band: 3 (Scale)



Scale: A growing company with an increasing user base and market traction in a large or rapidly growing market. They intend to scale rapidly and have the potential to do so.

## ESG Assessment: 28

### Median Score Across Industries





## 2. Plan - ESG-Essentials Report

### Environment: 12

This level demonstrates a basic environmental awareness and provides scope for immediate and significant improvements, starting with gaining a better understanding of the company's environmental impact, and taking basic measures without incurring costs.

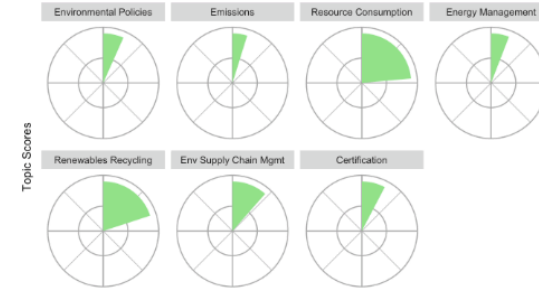
The simple rule of thumb is to know the emissions being produced, measure these and reduce where possible and remove residual emissions through mitigation strategies.

Company can raise their E score by increasing their awareness of the environmental impact and this can be achieved by putting an ESG strategy in place which will see their scores improve to a more satisfactory level.

Understanding the main ESG framework providers such as SASB (Sustainable Accounting Standards Board) and GRI (Global Reporting Standards) will support the company's learning in this area and help to implement relevant policies.

#### Environmental

The overall approach to the environment pillar from energy consumption, waste and water management and supply-chain risk can make a significant difference to the long-term costs, value proposition and attractiveness to counterparties for small companies.



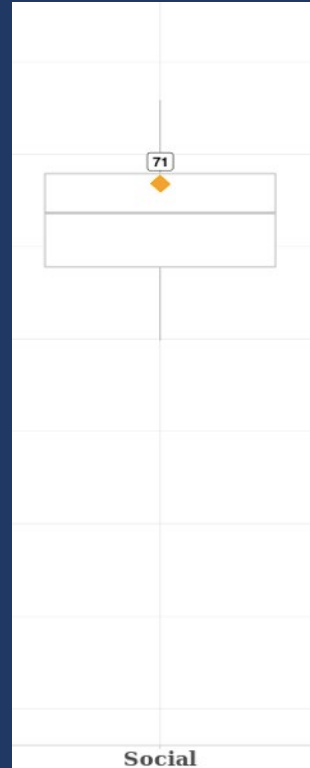
#### Environmental Score vs peer average



### 3. Execute - ESG-Essentials Pathway

## Social: 71

The score of 71 is very high and inline with a company of this maturity and scale in the financial services industry where the regulatory requirements and stakeholder activism in both S & G are more prevalent.



#### *Key “Social” recommendations:*

- Review intelligence from the Employee ESG Survey to develop a social strategy that motivates, incentivises and rewards participation in your target outcomes while providing workforce stability.
- Review mental health awareness and training.
- Consider ESG training and certification for employees.
- Conduct periodic review of community and engagement policy for value and ‘transactional’ benefits, cultural fit and reputational risk.

### 3. Execute - ESG-Essentials Pathway

## Community Engagement & Charitable Policies:

Community engagement, charity and philanthropic activity are very important and can be characterised as mutually beneficial if effectively structured.

The Company has the opportunity to develop a strategy that can achieve multiple objectives including:

- Employee support and approval
- Financial economics
- Effective use of resources
- Branding and marketing strategy
- Cultural fit
- Monitoring and reporting
- Success factors.

The Company has a strong community and engagement platform which fulfils the key recommendations scoring above average. At this point the Company should be deciding whether it should document its charitable and philanthropic vision, and also whether it is delivering the highest level of result by leveraging the right combination of resources, capital and time.

With respect to C&P being 'mutually beneficial' the Company could communicate its citizenship achievements on the website (Ref 'Charity' search brought no results), and investigate ways to collaborate more with the workforce on building a long term C&P strategy (see Employee survey).

## 4. Monitor - ESG-Essentials Validation

### Executive Summary

TDH surveyed the Company's employees in a targeted 32 question survey taking approximately 10-13 minutes to complete, providing a window into the internal Environmental, Social, and Governance (ESG) views and practices of its staff.

The aim of the survey is to understand how effectively ESG is integrated within the company.

The survey produced a strong response rate with around 28.6% of the workforce filling out the questionnaire over a two week period. There is a drop rate to respondents from Qu.13, after which it remains stable. This is a sufficiently large sample and cross-section to provide a fairly detailed analysis.

Overall there is a good understanding of ESG across the company with 72% of respondents recognising that ESG is relevant across all business types (Qu. 11).

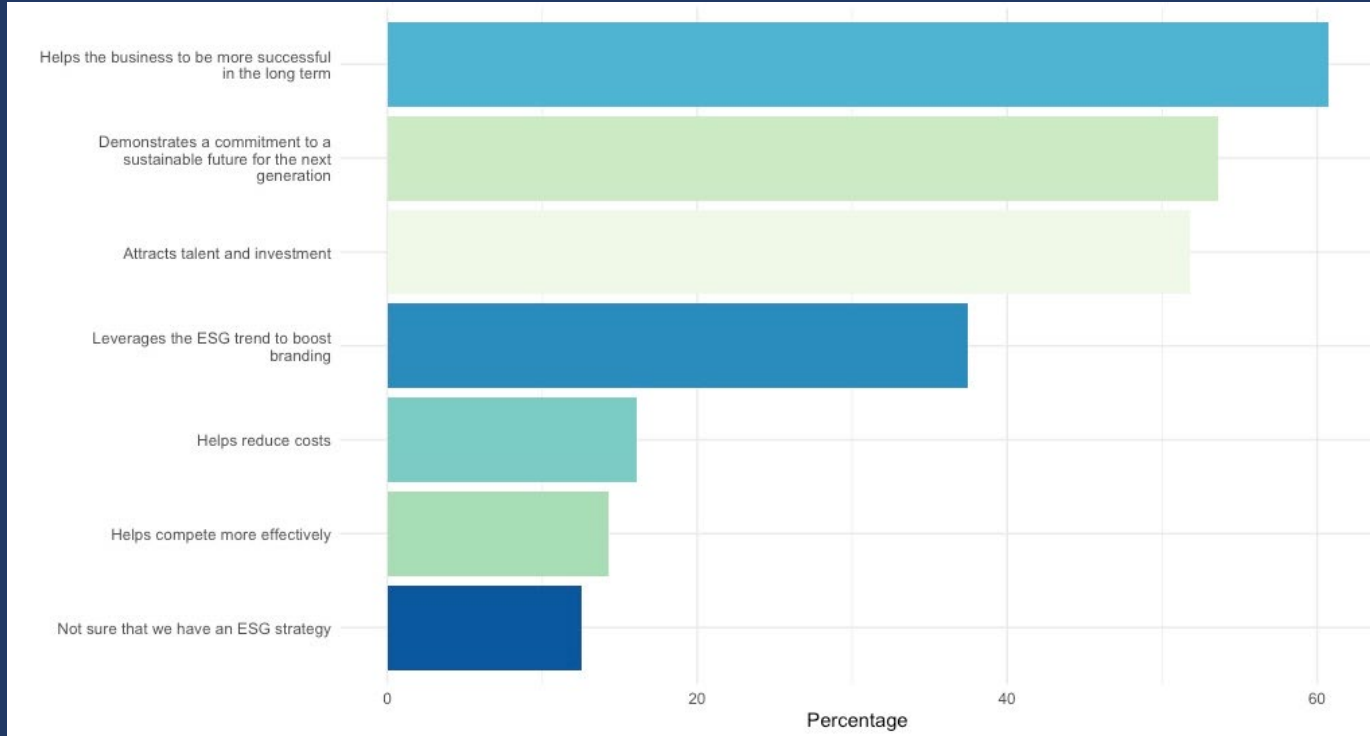
32% of employees responded that their employer actively seeks out their views when taking decisions around ESG direction and target setting. 34% were not consulted but trusted the ESG related decisions taken by the management team. However, 20% of respondents indicated that they would like to be consulted in the future.

The three statements employees thought that best reflected the company's ESG strategy were to create a more successful business in the long term (61%); demonstrate a sustainable future for the next generation (54%) and to attract talent and investment (52%).



## 4. Monitor - ESG-Essentials Validation

Qu 15: Which 3 statements best reflect your company's ESG strategy?



This question looks at how ESG strategy is perceived internally, what the company is communicating to its employees, and to a degree, what the employees think they understand by the firms actions and messaging. There is no right or wrong here, what counts is whether the firm agrees on the above order, which statements it wants to emphasise, and how this might improve engagement.

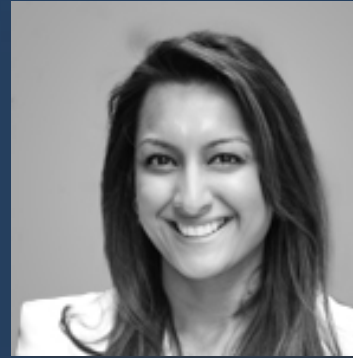
# The Research Leadership Team



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**Head of Product**

- 25 years in investment banking, research and sales
- Former Head of Sustainability Research Product at Barclays



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