

Welcome to this FSB national webinar

**We will start shortly, please keep
your microphone on mute**



What is ESG and how to tackle your ESG strategy

Thursday, 7th April 2022



The **co-operative** bank
for people with **purpose**





Muryel Boulay
B Other Wise Ltd



Maria Cearn
Managing Director, Customer and
People at The Co-operative Bank



Sat Pillai
CircledUp



Catherine Douglas
Managing Director, SME Banking
at The Co-operative Bank



What is ESG and why does it matter for your business



Muryel Boulay
B Other Wise Ltd



What is ESG and why does it matter for your business



MURYEL BOULAY
DIRECTOR & FOUNDER
B Other Wise Ltd



- **ESG stands for Environment, Society & Governance.** It's a framework that was developed by Financial Institutions to measure and score a company's impact on People & Planet
 - It encompasses Corporate Social Responsibility (CSR) and Sustainability
-
- Businesses need to rethink the way they operate in order to become resilience. Thinking long-term is key when it comes to positive impact
-
- Your business operates within the boundaries of Society, which itself operates within the boundaries of the Environment. For your business to thrive, it must allow both to thrive with you!

What is ESG and why does it matter for your business



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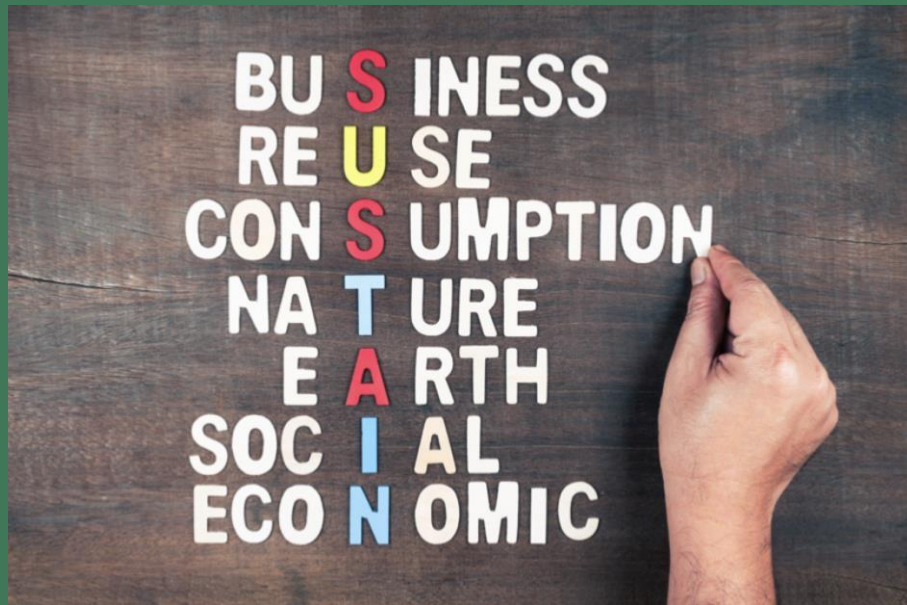
- ESG is permeating in all aspects of business nowadays from engaging with clients to recruiting new staff
- Benefits of running your business sustainably:
 - Resilience
 - Operational cost savings
 - Brand reputation and customer loyalty
 - Right to play: tendering demonstrating the right business practices
 - Access to capital and investors
 - Talent attraction and retention



What can your business do? 'E' for Environment



MURYEL BOULAY
DIRECTOR & FOUNDER
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- Whether you are a sole trader working from your spare bedroom or leasing a small office, it all starts with your **consumption: REDUCE! (energy, water, raw material, goods)**
- An absolute must when it comes to **Reducing is your carbon emissions**. Climate change is a risk to your business and humanity...We are the frog in the pan!
- The key thing is to go further and **regenerate**: wild flowers in your garden, donate to organisations that protect ancient woodlands or starting growing vegetables on your front lawn
- That would cover the 'E'... albeit wild flowers and gardening could be a major wellbeing contributor for yourself and your staff

What can your business do? 'S' for Society



MURYEL BOULAY
DIRECTOR & FOUNDER
B Other Wise Ltd



- Society means your people, your **stakeholders** (clients, customers, regulators...etc..), your community
- Your business' commitment towards People and Planet should be translated in the type of **suppliers** you interact with – eg supporting your local community through local sourcing, suppliers who share your ESG Values
- Answering our customers' need in terms of your contribution to their ESG impact is also a priority



- Finally, **give away your surplus** to your local charity, a cause that reflects your business values, a plot of land to protect from developers...
- Last but not least, the stronger your mission and purpose, the more likely you will **attract and retain talent** within your organization, giving your staff an opportunity to contribute to the greater good.
- Take care of your employees (H&S, wellbeing), giving them **fair wages** and opportunity to progress are also major satisfaction factors

What can your business do? 'G' for Governance



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- **Article 172** – your article of association = back bone of your business. Make sure it reflects your commitment to positively impact society and the environment
- Your **organization's purpose** should then be translated into strategy, business plan, policies, objectives and targets in order for you to demonstrate that profits are generated 'the right way'
- Run your business in a way that you would feel comfortable discussing with your grand-mother: **ethically, fairly, respectfully, with the common good in mind**
- Include your employees in the decision making process, connect regularly with all your stakeholders, they will help you stay honest and on track!



Where to find help on your ESG journey?



MURVEL BOULAY
DIRECTOR & FOUNDER
B Other Wise Ltd



- The FSB has a [sustainability hub](#)
- Many sustainability frameworks such as [B Corp](#) or [Future Fit Business](#) have open-source guidelines on their websites
- Large biodiversity and environmental charities such as [WWF](#), [Greenpeace](#), [Sustain](#), [Rewilding Britain](#) (just to name a few) have a wealth of data and tips at your disposal
- There is a plethora of carbon footprint assessment softwares on the market – e.g. [Ecologi](#), [Climate Partner](#), [Compare Your Footprint](#) which would help you start on your carbon assessment journey
- Your local CoC, LEP will also have information, guidelines, templates to support your journey
- Get in touch with a sustainability consultant near you!



Practical ESG



Sat Pillai
CircledUp



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Collaboration | Competition | Cooperation | Catch 22



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An Epiphany in the Desert



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*"If you want to go fast, go alone. If you want to go far, go together."**



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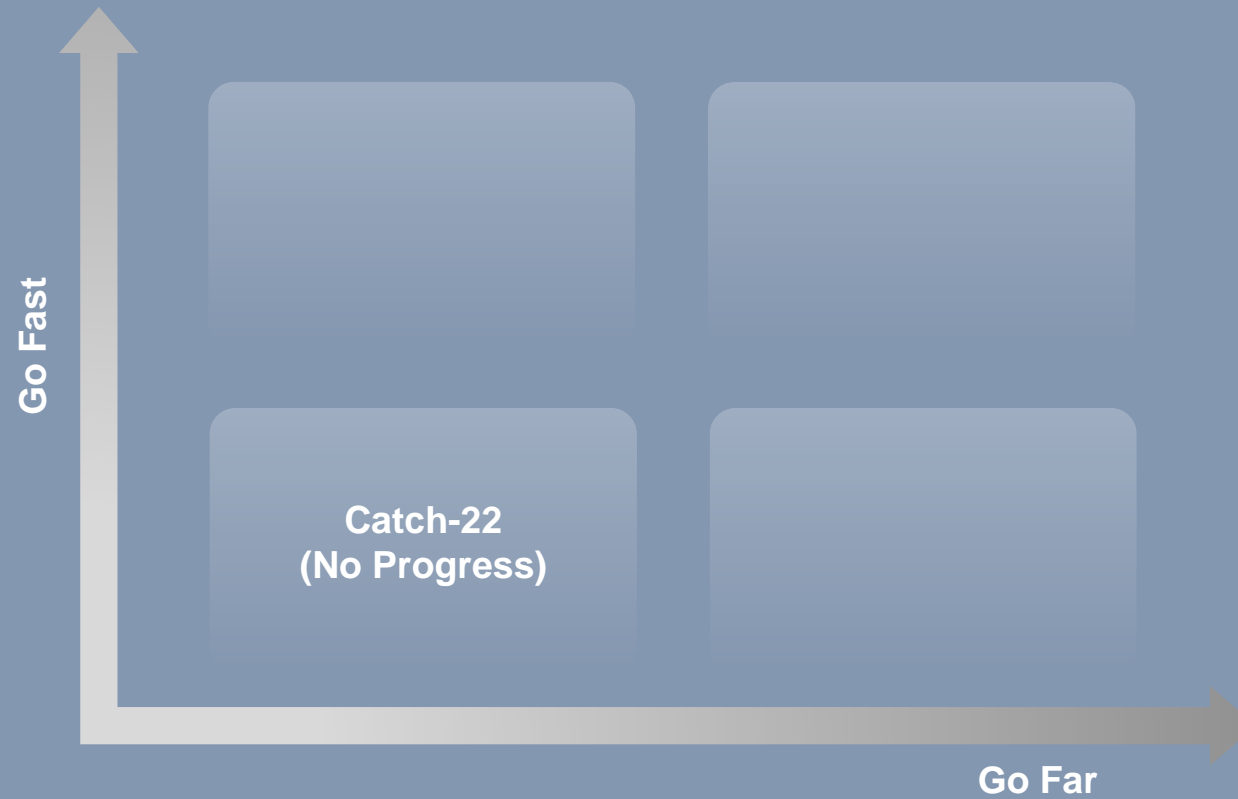


*An African proverb – according to Al Gore, former US Presidential Candidate 2000, Nobel Peace Prize Recipient 2007

Catch-22 = No Progress



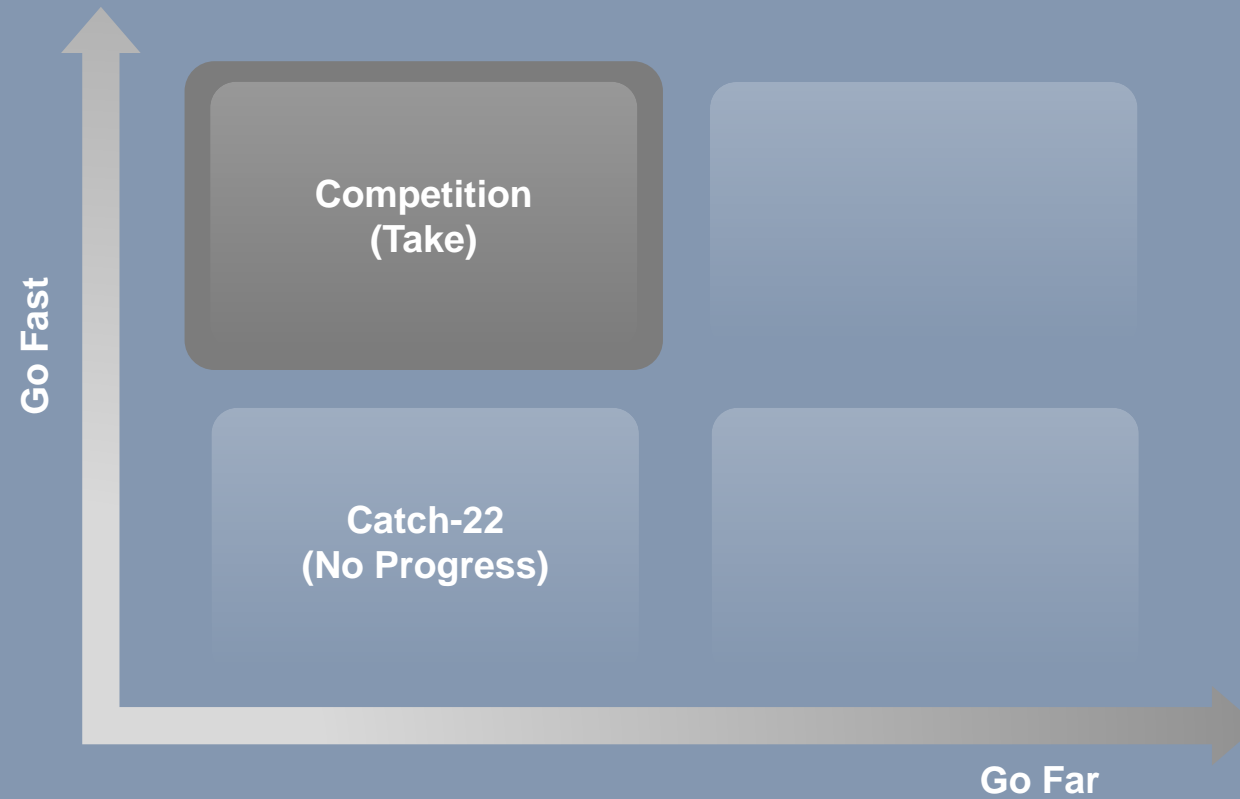
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Competition = Take



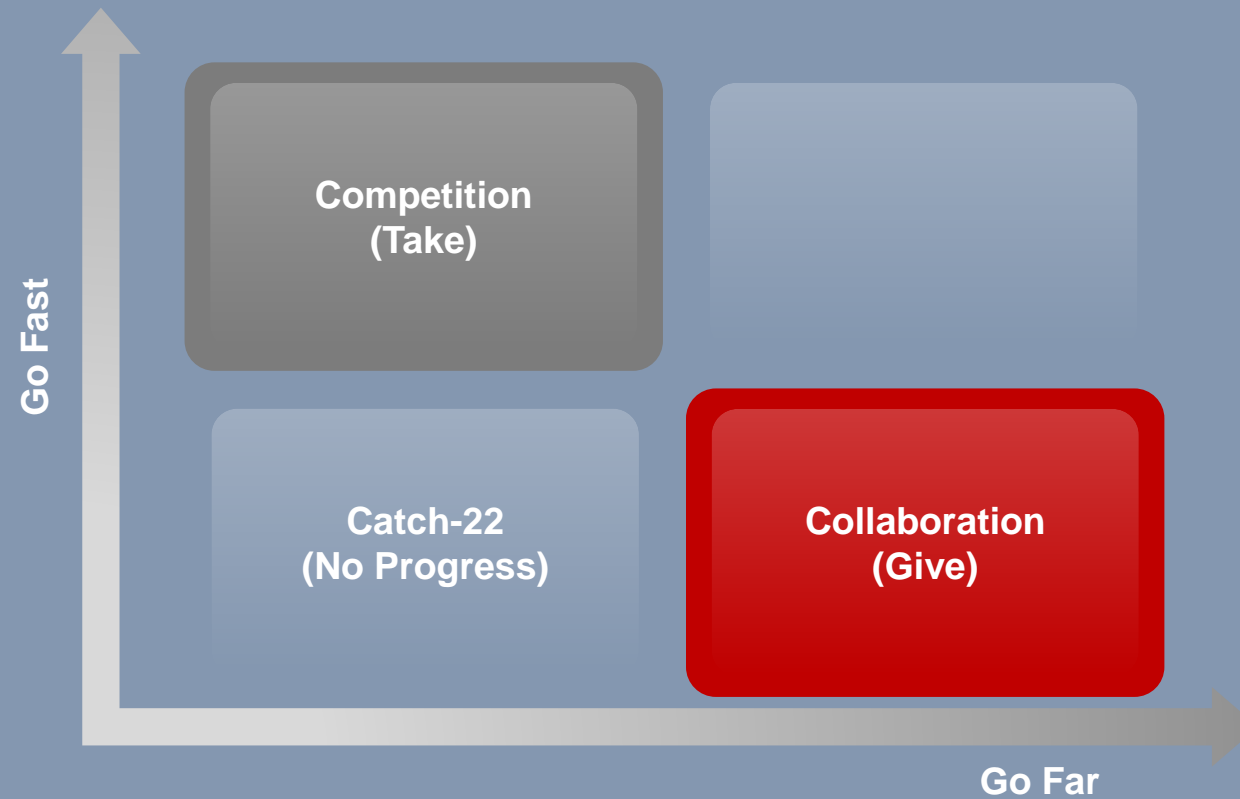
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Collaboration = Give



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Co-operation = Give + Take



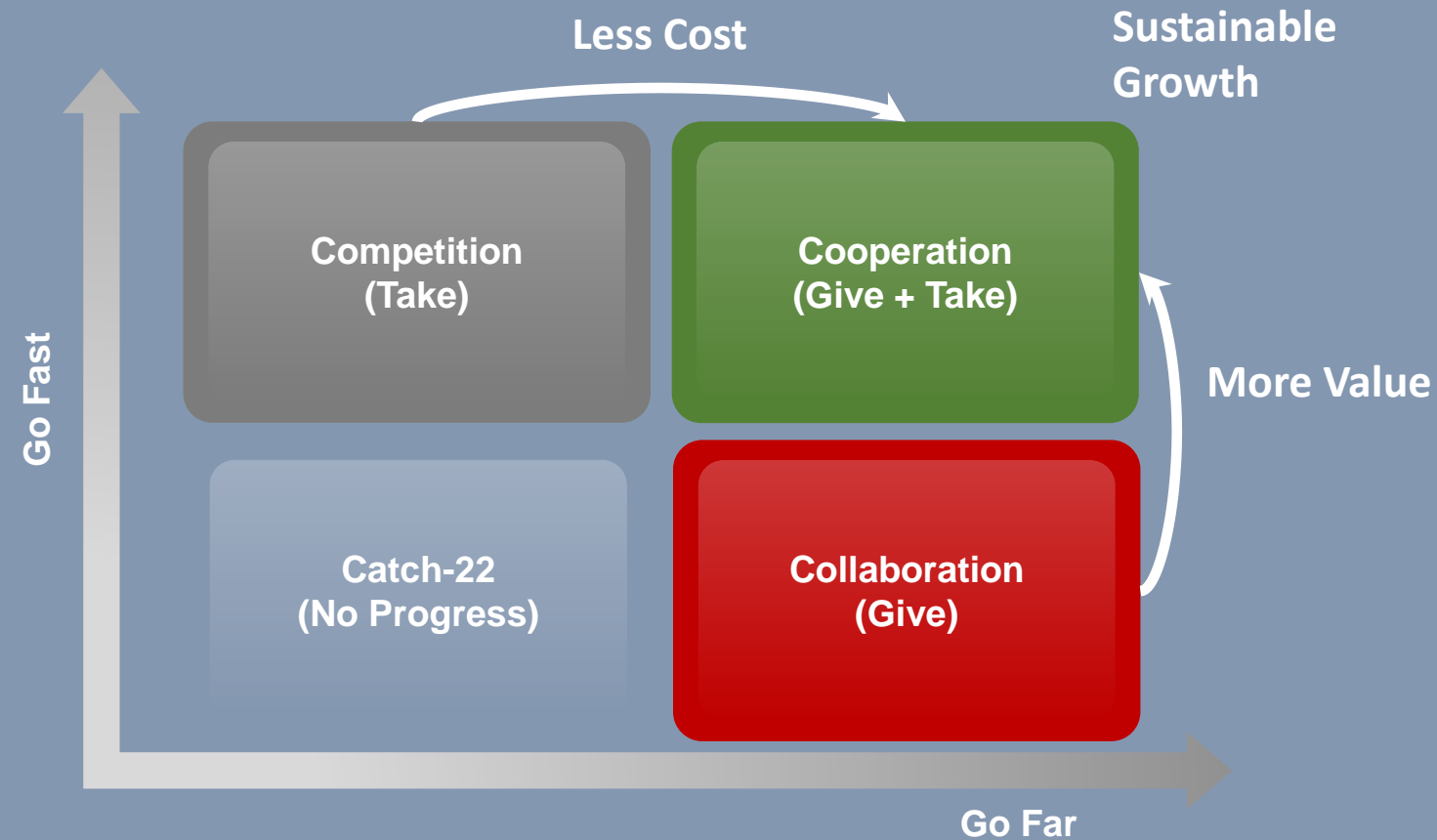
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Co-operation = Give + Take



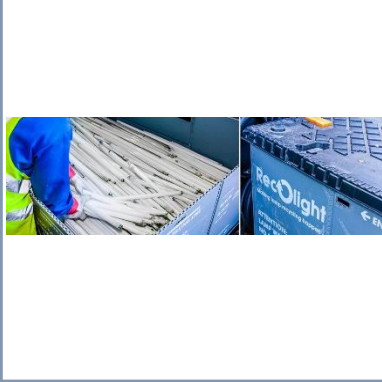
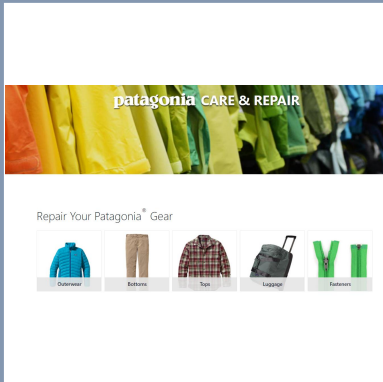
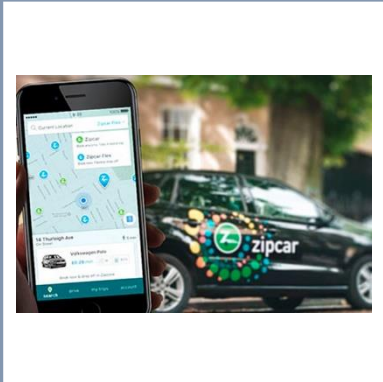
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Five Ways to Give + Take



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1) Product-As-A-Service



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2) Circular Supply



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3) Sharing Platforms



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4) Product-Life-Extension



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Repair Your Patagonia® Gear



5) Resource Recovery



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The **co-operative** bank for people with **purpose**



Maria Cearns
Managing Director,
Customer and People at
The Co-operative Bank



Catherine Douglas
Managing Director, SME
Banking at The Co-operative
Bank



The Co-operative Bank's ESG journey

MARIA CEARNIS

MANAGING DIRECTOR – CUSTOMER AND PEOPLE
THE CO-OPERATIVE BANK



The Co-operative Bank has been rated as the UK's best Environmental, Social and Governance (ESG) high street bank by Sustainalytics, a leading ESG and corporate governance research, ratings and analytics firm.

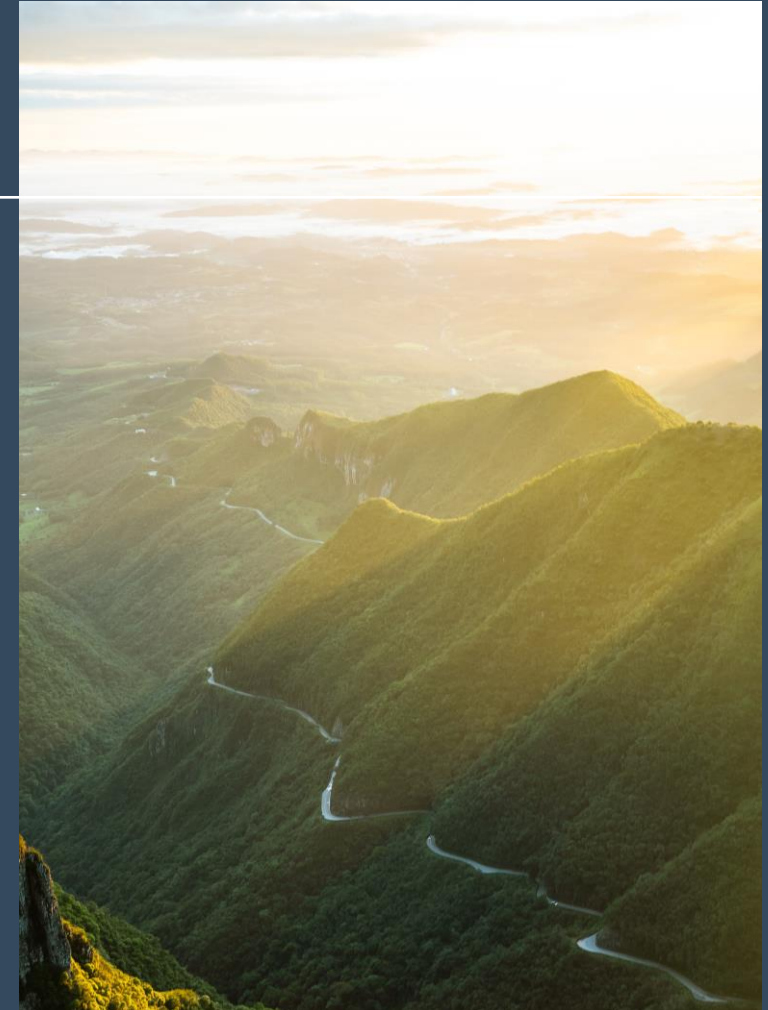
How have we achieved this?

We have achieved this through our Ethical Policy and co-operative business culture which defines how and who we do business with focused on:

- 1) **Building a greener future for young people**
- 2) **Co-operation for the nation**
- 3) **Inspiring others**

Our unique customer-led Ethical Policy, first launched in 1992, is one of the main reasons our customers choose to bank with us.

Our Ethical Policy means that for 30 years we have refused banking services to businesses and to work with suppliers or organisations that conflict with our values and ethics.



The Co-operative Bank's ESG journey

MARIA CEARNIS

MANAGING DIRECTOR – CUSTOMER AND PEOPLE
THE CO-OPERATIVE BANK



ENVIRONMENTAL

We continue to champion and act as ambassadors for the Climate and Ecological Emergency Bill.

We have been a beyond carbon neutral bank since 2007 and are committed to continuously reducing our operational carbon emissions

100% of the electricity purchased directly by the Bank is sourced from renewables.

We refuse to provide banking services to business involved in a range of environmental and social issues, including the extraction and production of fossil fuels.

We achieved zero waste to landfill for the first time in 2020 and are striving to establish a circular economy.

We were the first bank to sign the Paris Pledge Agreement and have since become a member of UNEPFI Principles of Responsible Banking.

SOCIAL

We are the only bank with an unique customer-led Ethical Policy informed by over 320,000 customer responses since 1992.

We've raised over **£2 million to tackle youth homelessness with Centrepont**, since 2017 and our customers have **donated over £1.3m** to their chosen charities since 2016 through our Everyday Rewards product (Amnesty, Refuge, Oxfam, Hospice UK and Woodland Trust).

We **support co-operatives with £2.1m investment in The Hive**, a specialist business support programme for co-operatives, since 2016 and continue to offer free charity banking.

1,122 charity and community customers have received £986,045 of support for their special projects since the Customer Donation Fund scheme started in 2003.

We've partnered with Refuge to raise awareness of economic abuse through the My Money My Life and Know Economic Abuse campaigns and by co-chairing the Online Banking Commission on Economic Abuse.

GOVERNANCE

From this year, we are linking Executive Pay to ESG performance targets.

We are committed to being an equal and inclusive employer and now have **42% women in our senior roles, targeting 45% by 2023**.

We have a board level Values and Ethics Committee which provides board level oversight of our values, ethics and sustainability strategy.



Consider creating your own Ethical Policy

MARIA CEARNIS
MANAGING DIRECTOR – CUSTOMER AND PEOPLE
THE CO-OPERATIVE BANK



Create a simple Ethical Policy which could form the Governance element of your ESG strategy:

- 1 Use our Ethical Policy for small business template that we'll email you after this session to create your own Ethical Policy and make 4 ESG pledges.
- 2 Consult your staff, suppliers and customers to ask them their views and come up with 4 pledges to support ESG going forwards document these on the PDF guide. This can be used on your website so your staff, suppliers and business networks are aware of your commitment to ESG.

Don't forget to share this on your social media and within your communications or website. You can tag our social media handles if you wish using **#OurEthicalPolicy** so we can see and share your pledges.

We'll send you a follow up email with a link to this guide and also an image to create your own social media campaign to share your commitment to ESG with your communities.

Our Ethical Policy Your logo here

Add a description of your business and your purpose here.

In support of this, we make the following pledges to our customers and other stakeholders:

- 1 Add your first Ethical Policy statement here. It should reflect your business's purpose and your environmental or social ambitions and/or targets.
- 2 Add your second Ethical Policy statement here. It should reflect your business's purpose and your environmental or social ambitions and/or targets.
- 3 Add your third Ethical Policy statement here. It should reflect your business's purpose and your environmental or social ambitions and/or targets.
- 4 Add your final Ethical Policy statement here. You should consider using this statement to establish how your Ethical Policy statements will be governed. What checks or reports will you carry out to show how you have met or are working towards your targets and ambitions.

Dated _____

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for people with **purpose**

How to implement an ESG strategy

MARIA CEARNIS

MANAGING DIRECTOR – CUSTOMER AND PEOPLE
THE CO-OPERATIVE BANK



Things to consider for your small business:

REVIEW

- 1 Review what you do now that supports ESG and define where you want to be in the short, medium and long term. Consider what improvements you could make, set some ESG objectives for your business and employees.
- 2 Consider how you can measure against your ESG objective. There are many apps and resources online that can help or just keep your own documentation.
- 3 Research your suppliers, bank and customers to ensure your business relationships are socially responsible and consider making changes if there are any conflicts.

COLLABORATE

- 1 Ask your colleagues and business relationships/networks for their views and ideas to foster a collaborative working culture and approach to ESG share ideas and work together.
- 2 Consider making ESG part of your business culture and set SMART business and individual goals as part of performance management and HR policies.

IMPLEMENT

- 1 Consider setting up small task forces or networks across your teams, customers and suppliers to collaborate focused on one particular area to empower colleagues to make a difference together.

Making positive sustainable financial decisions

CATHERINE DOUGLAS
MANAGING DIRECTOR – SME BANKING
THE CO-OPERATIVE BANK



Where small business and individuals choose to bank and invest their money significantly influences their social impact and carbon footprint and should be a key consideration when developing an ESG strategy, this can often make one of the most significant impacts to ESG.

Recent research conducted by The Co-operative Bank, revealed that **over a third of UK adults (37%) would consider switching to a banking provider with stronger credentials and social issues.**

Despite this, only 15% of UK adults currently know what their banking provider's ESG rating is.

What is sustainable finance?

The economy plays a pivotal role in society and, therefore financial decisions need to consider the impact on society and the environment and these must align with commercial needs and goals.

From an ethical perspective sustainable finance means taking social and environmental factors into account when making investment or financial decisions. It means growing constantly without harm to the planet; reducing the devastation of climate change; and, in future generations, bridging the gap with more vulnerable groups.



Making positive sustainable financial decisions

CATHERINE DOUGLAS
MANAGING DIRECTOR – SME BANKING
THE CO-OPERATIVE BANK



Types of sustainable finance include;

Sustainable investment funds:

Investments that put money towards projects that uphold ethics and values.

Green and social bonds:

Debt instruments issued by organisations that fund socially responsible projects.

Social venture capital:

Investment in companies whose purpose is to solve social and environmental issues. Investors expect returns and sustainability.

Green loans:

To finance the purchase of efficient domestic appliances, equipment/machinery low-emissions vehicles and other eco-friendly items, materials etc.

Areas of consideration for your small business

1

Challenge your financial decisions and consider if you could use a more sustainable finance solution.

2

Explore some of the sustainable finance options that may be available to you with your finance partners . We can offer **lending solutions for the implementation of renewable energy technologies and improvements.**

3

Find out what the financial institutions you work with are doing with your money to ensure you're not funding activities that conflict with your values and ethics and contributing unknowingly to, for example deforestation or arms trades.