

STEP 1 – DEVELOP THE SUSTAINABILITY BASELINE AND ACCURATE PICTURE OF “NOW”

- **MATERIALITY** – What issues are material to your organisation? This will vary massively with sector, scale and geography.
- **RISK V OPPORTUNITY** – We think of ESG analysis in risk terms as a default, but it is true this helps to identify opportunities also.
- **DATA AVAILABILITY AND QUALITY** – Gather 1 - 2 years historic data. If you are starting from scratch this is the hardest bit. Gathering the data is one task – actually understanding it another. There is a level of technical scrutiny that must be applied to drive an effective strategy.
- **BUY IN/SPONSORSHIP FROM SENIOR LEVELS** – Important to have a senior sponsor (C-suite if possible) and keep them regularly updated. We have at least weekly progress checks in the early stages of projects.
- **FOCUS ON SAVINGS** – The best way to get your plans funded is to find savings or opportunities for revenue generation and shareholder value. Be mindful of this in materiality assessment. For example, as well as quantifying your energy usage – are you on the best tariff? Are you being ripped off on waste management? It is important to align data capture with financial and compliance related information to get the full picture.
- **DIRECT V INDIRECT** – what is the organisation’s direct impact on the environment & society operationally? how do their business undertakings impact their customers or the people/organisation’s they are servicing?

STEP 2 – BUILD POLICY/STRATEGY POSITION

- **ACTION PLAN** – Start with an Action plan of key initiatives to tackle over the next 12 months.
- **FINANCIAL IMPACT** – Cost the potential impact, show ROI, whole life costs if applicable.
- **ALIGNMENT** – Align your policy with your materiality assessment.
- **GOVERNANCE** – Ensure you understand how this policy interacts with other existing policies and governance procedures.

STEP 3 – IMPLEMENT MANAGEMENT SYSTEM AND REPORTING FRAMEWORK

- **POLICY OBJECTIVES** – Align your data capture and reporting with your policy objectives.
- **Quantitative ANALYSIS** – Quantify your impact and performance wherever possible.
- **INTENSITY FACTORS** – Apply intensity factors and normalisers to your data.
- **AUDIENCES** – No need for one size fits all - vary reporting to audience needs in line with roles and responsibilities, internal or external.
- **DATA SECURITY** – How secure is info you are sharing? Should some of it be confidential?

STEP 4 – INTERNAL ENGAGEMENT

- **PRIORITY AUDIENCE** – Don’t forget your people! It’s easy to focus on externals, comms, shareholders but engage your people early and look for feedback.
- **SPHERE OF INFLUENCE** – Varying roles will require varying access to information, skills, training.
- **ALIGN WITH DATA** – Impact of engagement initiatives on performance i.e. launch energy efficiency engagement piece - impact on energy consumption?

STEP 5 – SUPPLY CHAIN/EXTENDED STAKEHOLDER ENGAGEMENT AND COMMUNICATION

- **RISK/OPPORTUNITY** – Based on our materiality assessment - what contracts/services are high risk in ESG terms?
- **COMMUNICATION** – How do we best communicate our Sustainability/ESG Policy position and procedures to the supply chain/stakeholders? What are they looking for from us? What are our competitors/peers doing?

STEP 6 – MONITORING, REPORTING AND CONTINUAL IMPROVEMENT

- A centralised ESG platform and ongoing monitoring and reporting function is essential to drive continual improvement.
- We recommend setting up our ESG platform Rio to enable the on-going analysis, engagement and reporting requirements.