

Our approach to **Environmental, Social and Governance (ESG).**

Not for the faint hearted.

If you are looking for a minimum compliance approach and a bland set of small print pages in your annual report that 'ticks the ESG box', many other consultancies are waiting for you.

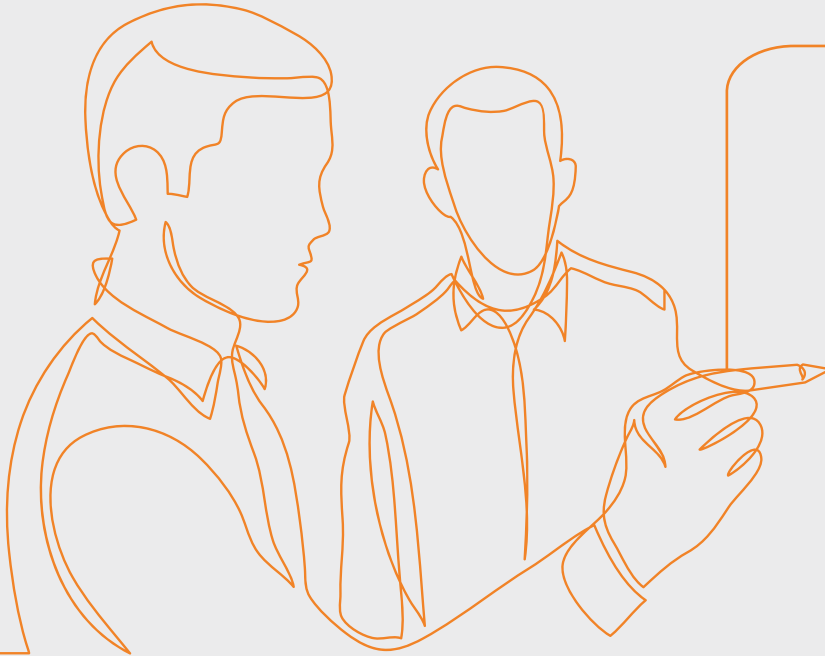
At Oaklin, we are **making a difference.**



Oaklin



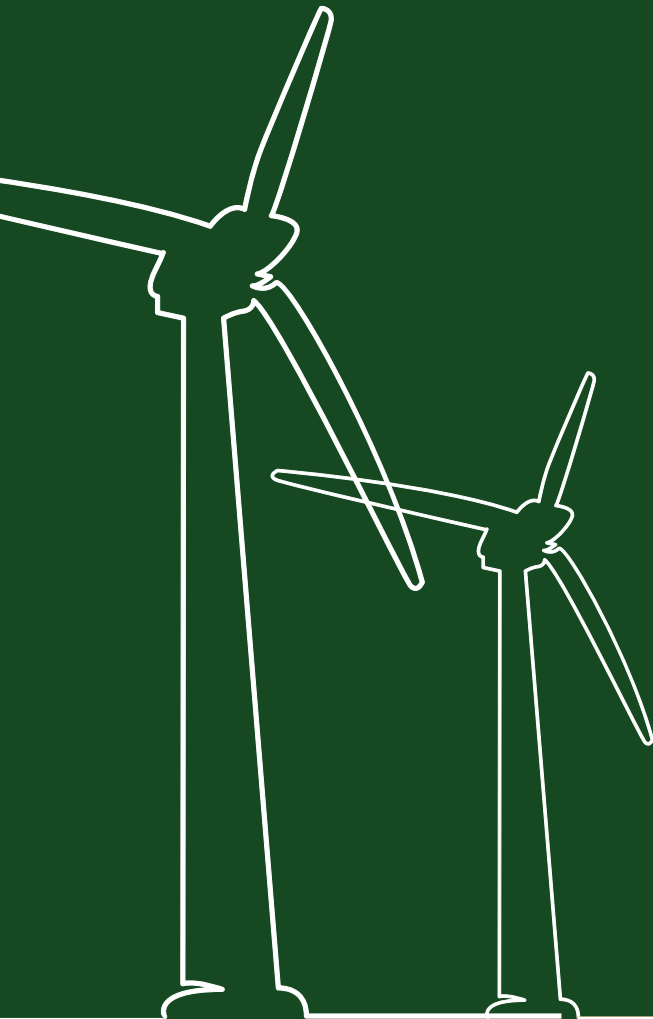
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What is ESG?

At its simplest, ESG is a framework for companies and corporations to include environmental, social and governance risks and opportunities in their objectives and assessment of performance.



ESG grew out of efforts to introduce a measurable assessment of a company's Corporate Social Responsibility (CSR) and was greatly accelerated by the UN's adoption in 2015 of the 17 Sustainability Development Goals (SDGs).

ESG has gathered pace quickly, attracting both attention and criticism. There has been more talk than progress towards the aim of changing the cost of capital for firms with poor performance on the environmental, social or governance indices, but this situation is changing quickly. Awareness of issues like climate change, greenhouse gas emissions, biodiversity loss, deforestation, pollution, along with outcomes such as equity and responsible corporate behaviour, is transforming how ESG is perceived and implemented.

Customers, employees, investors (and even suppliers) are demanding that companies commit to a professional and thoughtful approach that delivers meaningful results. ESG is no longer a peripheral or discretionary activity — it is increasingly a central part of a company's performance. This makes ESG a daunting challenge for many executives.

At Oaklin, we have been helping our clients to turn ESG challenges into opportunities for well over a decade. Our work started with a small and specialist team at the World Bank in Washington, D.C., but has now become part of our core consulting offer. We are at the leading edge of innovation and redefining what ESG should mean for business.

COP26

Oaklin and our environmental and social charity partner Word Forest sent a joint delegation to the **UN Climate Change Conference** (COP26) in Glasgow. Between delegate events, we spoke on Word Forest's science-based sustainability panel and joined several of our clients in redoubling our commitment to the green energy transformation.



**UN CLIMATE
CHANGE
CONFERENCE
UK 2021**

IN PARTNERSHIP WITH ITALY

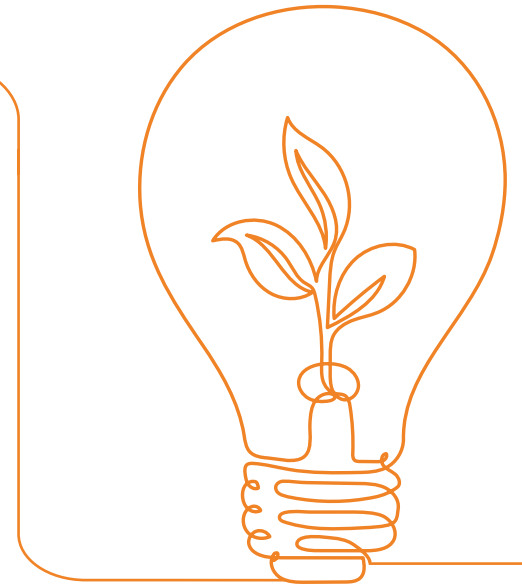
But what is it really all about?

ESG is tough to tackle because it is vast. It is clean supply chains, it is careful site and vendor management, it is responsible waste disposal, it is carbon reduction. For some it is even cyber security.

Any ESG agenda must be part of a new approach to bring a more responsible and informed vision to the protection of the planet and the development of society. It must also embrace the complexity of reporting against global regulatory frameworks, along with new ISO and accounting standards. Adding ESG data to a company report is important, but that data must tell the story of progress towards ambitious goals. Without vision and leadership, the danger is that ESG will become simply another reporting exercise, with no real environmental or social good making it all worthwhile.

At Oaklin, we are setting bold targets and challenging existing approaches with new and visionary thinking. We help companies to create a bold and exciting agenda for ESG that offers real value, while rightsizing the diktat of reporting and not adding further to red tape.

As demands on leadership teams become more acute, we have invested all our experience, creativity and robust 'no-nonsense' approach into producing pragmatic tools that actually get the job done.



Case study



Oaklin worked with the **World Bank** to look at how text based micro-finance, successful in eastern Africa, could be applied in other settings around the world. Drawing on our expertise in retail banking and mobile technology, we put together a practical tool kit, governance framework and communications strategy to enable finance houses and mobile service operators in developing countries to accelerate their aspirations to offer the same service model in their own countries.

Environment

What if every company in the world committed to restoring the natural world and sustaining a balanced global eco-system?

Businesses succeed by focussing on their core products and services and gaining a competitive edge. In today's digitally enabled, hyper efficient markets, there is little scope for excess, so how can companies possibly begin to make a meaningful difference?

They must start by committing to making meaningful change, baselining the environmental footprint of their operations, benchmarking against best practices and identifying areas where changes can be made.

What materials go into their products? Where are they sourced? Where did the wood come from in the office furniture? What happens to waste? How carbon-intensive is their energy supply? A clear declaration of intent that environmental sustainability is a core part of a company's product and service base will drive a surprising change in the behaviour of its entire sphere of influence.

How can Oaklin help?

Climate risk and adaptation:

- Consider the impact of climate change on operations. This is as much an assessment of how climate change could affect business, as it is how business activity will affect the environment.
- Develop sustainable products and value chains, underpinned by robust biodiversity and natural capital strategies.
- Prepare for and mitigate the impacts of climate change through adaptation planning.

Emissions trading, reduction and offsetting:

- Maximise value through effective trading of carbon credits.
- Review carbon assessment methodologies and enable accurate calculation of carbon footprint across all emissions scopes.
- Identify emissions reduction opportunities and design operating models to build sustainability into day-to-day operations.
- Identify reputable offsetting programmes that make a genuine and meaningful difference.

Supply chain:

- Integrate ethical and sustainable thinking into procurement processes, including decarbonisation of supply chains.
- Identify key supply chain elements, or lack thereof, that represent an environmental risk.
- Build genuine transparency and visibility into complex, global supply chains.



Case Studies



Oaklin is helping environmental and social charity **Word Forest** to create a Gold Standard certified carbon offsetting scheme for forestry projects in equatorial Kenya. Word Forest are unlocking the dual benefits of raising revenue that is directly linked to a beneficial outcome and achieving independent certification to widen their appeal to corporate partners.



Oaklin is helping **SSE and National Grid** to set up and deliver the multi-billion-pound Eastern Green Link 2 construction project that represents a major investment in the UK's subsea electricity transmission infrastructure. This work is critical to enabling the UK's Net Zero ambitions because it will transmit green, renewable power from where it is generated to population centres where it is consumed.



Social

What if every company cared about its social impact and made a conscious effort to deliver the social impact outcomes in the SDGs?

No business is an island. Every company must manage relationships with its workforce and the societies in which it operates. With increasingly complex and global supply chains, these workforces and societies are more distributed and less easily accommodated than ever.

Being a good employer has always been good business, but employee, customer, investor, supplier and community sentiment have become closely intertwined. While in many cases flexible working can be beneficial for productivity and wellbeing, it has joined outsourcing in challenging companies' ability to secure workplace environments and data. Similarly, companies cannot meaningfully commit to inclusive hiring and promotion practices without considering the people policies of their suppliers and customers.

Companies can no longer adopt 'plausible deniability' of their non-employed workforces and their global societal impact. For example, the recent EU directive on corporate sustainability puts a clear onus on businesses to identify, prevent and mitigate human rights and environmental violations throughout their value chains.

Every aspect of operations must consider how it is delivering the SDGs and social good. This field is hard to measure and assure, but we are well-versed in strategies and approaches to maximise positive impact on people and wider societies.



How can Oaklin help?

Human rights risks and due diligence:

- Identify potential human rights risks and establish robust risk management frameworks to embed human rights into all aspects of operations and the supply chain.

Environment, health and safety:

- Improve productivity and enable compliance through the proper management of environment, health and safety (EHS).

Diversity, equity and inclusion (DE&I):

- Embed awareness of, and commitment to, DE&I throughout operations to deliver social and commercial impact.
- Drive inclusive workplace strategies, robust management of DE&I, appropriate policies and inclusive hiring and promotion practices.

People and talent strategies:

- Develop people strategies and employee value propositions that actively support financial security, career development, engagement and satisfaction regardless of tenure.
- Consider how to ensure social sustainability in dealings across the full workforce, including the non-employed population.

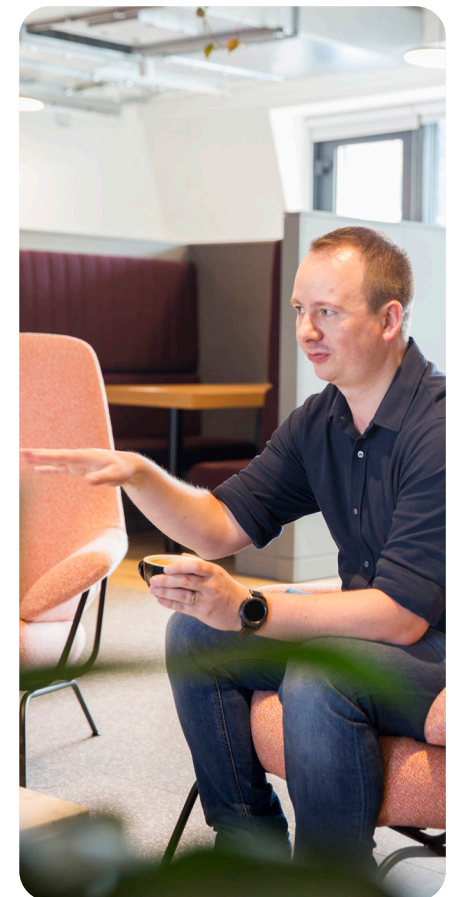
Case Studies



Oaklin implemented the UK government's Social Value Model as a foundation of **National Highways'** £70m+ digital workplace procurement. Focusing on the themes of COVID-19 recovery, economic inequality, climate change, equal opportunity and wellbeing, the Social Value Model set ambitious targets in alignment with the Public Services (Social Value) Act 2012.



Oaklin designed a new organisational structure and career path for **NewDay**, a major financial services provider facing rapid growth. The new structure provided autonomy to staff at every level, and included a new career path that provided meaningful people management and technical advancement opportunities.



Governance

What if every company valued transparency, honesty and justice — and actually lived those values?

The ways in which companies govern themselves are perhaps the hardest aspects of ESG to define, and as a result are too often overlooked.

Governance is the most crucial pillar of ESG because it sets the strategy and framework for the environmental and social impacts that follow.

Good governance starts with strategy. A clear mission should focus as much on sustainable impact as on profit — the two need not be mutually exclusive. For example, circular business models can improve margins over time and sustainable products and services are quickly becoming key to winning public sector contracts. Performance metrics, executive compensation and reporting will then naturally start to align to sustainable strategy.

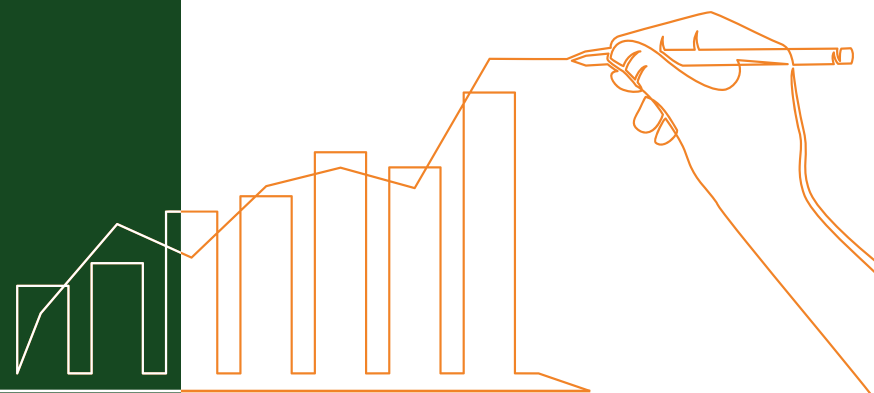
Good governance also relies on transparency and ethics. Governance structures that ensure anti-corruption and ethical dealings at every level demonstrate that the company is genuine and committed to its sustainable strategy. Sustainable brands are increasingly highly valued, but even minor accusations of hypocrisy can undo painstaking and costly efforts to build a positive brand.

Of course, no business can be considered sustainable if it not financially stable. Strong finances, fair taxation policies, clear controls and safeguards, and transparent auditing are just as fundamental to any business that wishes to operate sustainably. Intentional shareholder structures and innovative employee ownership models can also demonstrate that a business has genuinely set its sights beyond pure profit.

How can Oaklin help?

ESG Strategy and Reporting:

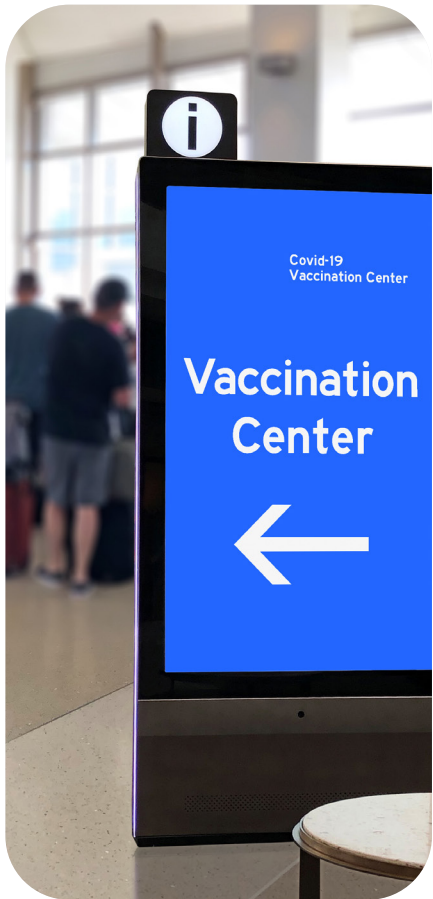
- Develop a clear organisational strategy that puts ESG at its heart and creates sustainable, shared value for all stakeholders — genuine, mission-locked and able to communicate a compelling ESG story.
- Embed sustainability data into corporate decision-making.
- Implement the right metrics and reporting to highlight social and environmental performance.
- Increase confidence in ESG reporting through external assurance of non-financial disclosures.



Case Studies



Oaklin designed metrics and reporting to highlight social and environmental performance as part of the merger of NHS Test & Trace, Public Health England and the Joint Biosecurity Centre. The new **UK Health Security Agency** effectively combined the legacy organisations' cultures, values and commitments while responding to the pandemic at unprecedented pace and scale.



Oaklin carried out a strategic review of the UK's **Financial Ombudsman Service** that looked at many aspects of their operation, including good governance of the service it provides to the people of the UK. The publicly available report assessed financial and operational performance and highlighted clear recommendations for change. These recommendations are currently being implemented and significant improvements have already been realised.

Conclusion

No company can simply rely on a reporting framework to drive meaningful change. It takes informed thinking, intellect, passion and a whole lot of drive.



Our approach to driving ESG success:

1. Assess the current situation

- Areas of strength and risk.
- Regional and local operations.
- Supply chain sweep.
- Robust ESG analysis is about understanding the whole company's impact on the planet and its communities as much as on customers, employees, investors and suppliers.

2. Identify immediate opportunities to make a real difference

- Opportunities can arise when mitigating risks or developing strengths.
- We call these the **primary ESG objectives**.

3. Examine supporting details

- This can drive more systemic changes to the business model.
- We call these the **secondary ESG objectives**.

4. Review reporting

- Existing obligations and reporting frameworks.
- Tailor to primary and secondary objectives.

5. Develop an action plan

- Clear accountabilities and ownership of change to drive and sponsor ESG throughout the company.
- Extensive communications plan for customers, employees, investors and suppliers to build awareness and support.

6. Deliver a plan

- Iteratively deliver change as the business adapts to new ways of working.
- Track and report benefits to demonstrate return on investment.

Oaklin practice what we preach. We have long been carbon neutral and are taking steps to reduce our carbon emissions that require offsetting — with particular attention to our office footprint and business travel. We also have vibrant DE&I and CSR agendas that raise not only awareness of key issues and concepts among our staff, but also coordinate volunteering and fundraising opportunities throughout the year. Finally, we are fully committed to financial stewardship, including ethical employee pension funds, fair tax practices and always paying above the London living wage.



Oaklin



Please contact us if you would like to discuss your approach to ESG and how Oaklin could deliver lasting change in your business.

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