



Dynamic ESG

The detail behind the overview



Corporate sustainability doesn't have to come at the cost of corporate profitability

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Why should you adopt ESG principles?

Historically, CSR (Corporate Social Responsibility) failed to deliver as intended. Whilst organisations laid claim to a CSR strategy, and even published it on their websites, the underlying substance was all too often lacking. What CSR lacked was clarity and clear metrics.

ESG combats the CSR deficiencies and informs how your organisation is viewed, and selected, by consumers, staff, customers, stakeholders and suppliers. ESG is no longer business-desirable, it's business-critical.

There are three aspects to the MHA ESG perspective:

- 1 Finance and business profit underpin all commercial organisations. This is the effective 'Return on Investment' (ROI) that drives the business.
- 2 Cash, People and Profit-generation are intrinsic to the achievement of the above. For an ESG-driven business to be truly sustainable, ESG and profit need to occupy a shared space. We call this 'Purpose with Profit'.
- 3 The business world, regardless of vertical sector, shifts ceaselessly and often rapidly. Consumers and customers do not expect, they increasingly demand that the businesses they engage with are economically, environmentally, and socially responsible. An organisation that fails to rise to today's expectations risks seriously damaging its competitive advantage.

ESG can both be societally and business beneficial

Businesses must evolve to be sustainable. MHA Dynamic ESG enables them to do so efficiently and effectively.

Whilst there are countless seminars, workshops, presentations and events dedicated to ESG, achieving an effective and sustainable ESG programme demands more than just knowledge. As mandated aspects increase, and confusion is added by countless newly created 'experts', businesses need to be selective in order to go beyond the 'expected' to meet the expectations of customers, consumers, stakeholders, staff and suppliers.

Whilst new approaches are needed, long-standing expertise is essential, particularly if businesses are to engage both their internal and external audiences successfully.

MHA has worked with businesses of all types and sizes to create ESG innovation, fresh-thinking and pragmatism around the critical sustainability agenda, reflected in the wider economic and corporate landscape. We have challenged the ESG status quo and looked to new models that integrate the external world into business, reflecting society and demonstrating outstanding governance.

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MHA Dynamic ESG is a route to leading your field, not just existing within it

ESG (Environmental, Social & Governance) risk is more than just another item on the lengthy list of concerns that companies must manage: it is a critical business driver that has the potential to energise company performance, build increased profits and create market advantage.

ESG initiatives can contribute to outcomes across the entire company value proposition, from reducing costs to enabling differentiation and distinction. The importance of sustainability risk within business planning mirrors the heightened expectations of consumers, customers, shareholders, regulators, communities, staff and suppliers.

ESG policy is being embedded in companies' investment decisions, and mainstream business management for good reason. Business leaders are expected to be fully aware of the impact of non-financial risk on their cash flow and returns. The corporate future is firmly embedded in what we, at MHA, describe as Dynamic ESG which:

- Removes the CSR 'misunderstanding-legacy', deals with the issues that lead to green-washing, green-wishing and green-wanting
- Defines ESG within a beneficial framework
- Demonstrates the reasons why businesses should align their priorities with an Integrated External Engagement Framework (IEEF) and a Dynamic Environmental, Social & Governance Plan (DESGP)
- Resolves the conflict of Integrated External Engagement (IEE) and Environmental, Social and Governance (ESG) with cash flow through a 'whole-company' approach
- Implements sustainable accounting disclosures and changes a company's profile and standing within its industry sector
- Supports management and leadership teams in reducing the business items all too often consigned to the 'too difficult' pile with a comprehensive and pragmatic IEE Framework and Dynamic ESG planned implementation programme.

The MHA approach to ESG - Dynamic ESG

We use the term 'Dynamic' because our ESG approach relies on a forward-thinking 'action vision' towards sustainability under a Dynamic ESG Plan (DESGP).

Working with us begins with a Dynamic Assessment using our proprietary MHA Dynamic ESG 'Activate' tool.

This risk-based tool assesses where you are on your ESG journey (from zero to mature) and creates a unique hierarchy of actions under the banners of E (Environmental), S (Social), G (Governance), E (Economic) and L (Legal) – ESGEL. Where other organisations limit their engagement to just ESG, Activate goes further in order to deliver the Purpose with Profit perspective that enables us to stand apart from our competitors and provide the advice you need to deliver business sustainability.

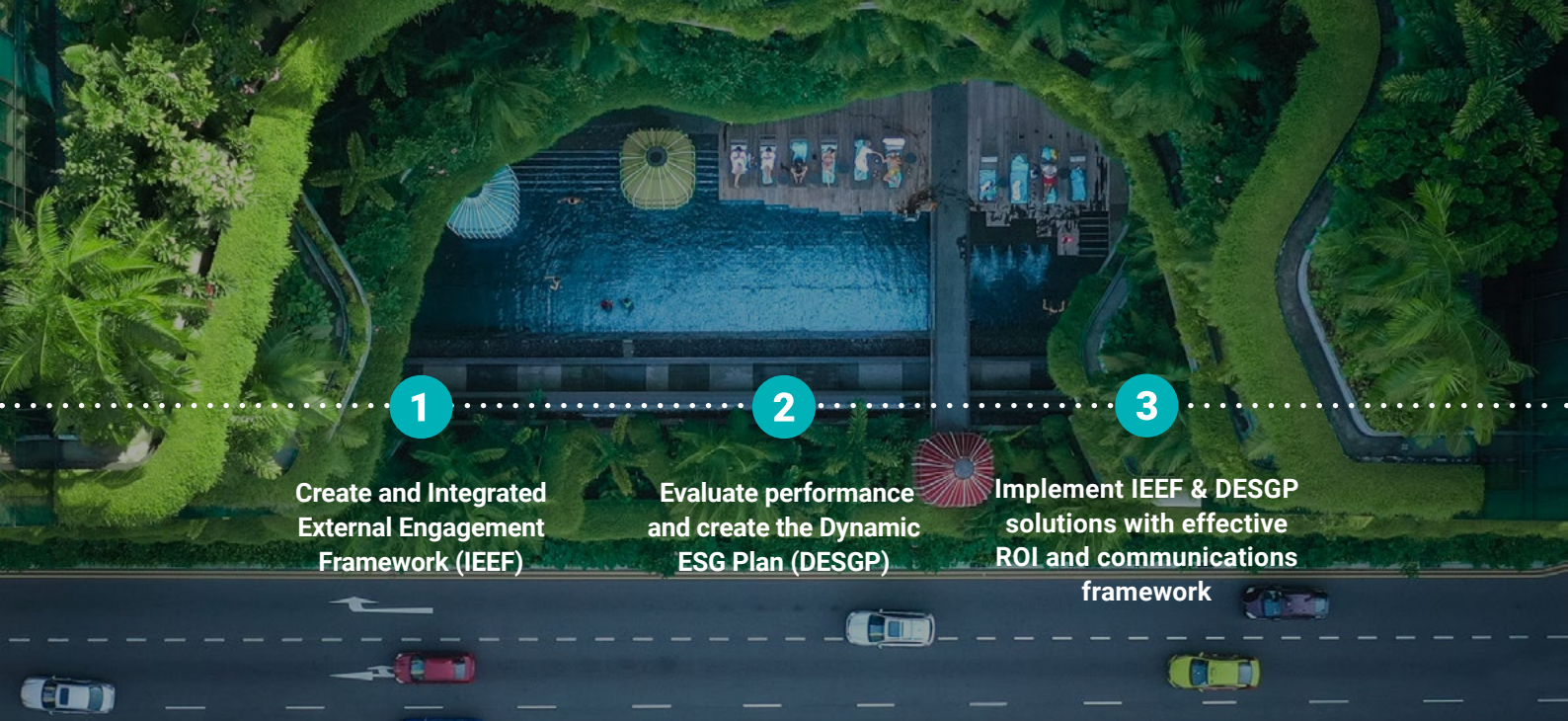
With the outputs from Activate, and additional scoping, we create your unique Dynamic ESG Framework – the way you integrate ESG into all aspects of your business sustainably.

This process follows three stages:

C **Create:** creation of an IEEF (Integrated External Engagement Framework) that drives your ESG programme management; mapped to existing progress (as appropriate) into business operations and identifying both your 'knowns' and 'unknowns'.

E **Evaluate:** evaluation of your existing activity for effectiveness, impact and performance. We work with you to build on previous progress, shaping your programme to generate a suite of pragmatic ESG targets and metrics mapped into your IEEF to produce a robust and sustainable Dynamic ESG Plan (DESGP).

I **Implement:** collaborative implementation of the Dynamic ESG Plan (DESGP), underpinned by the Integrated External Engagement Framework (IEEF), with measurable return on investment (ROI) and structured staff and stakeholder on-boarding and communications.



1

Create and Integrated External Engagement Framework (IEEF)

2

Evaluate performance and create the Dynamic ESG Plan (DESGP)

3

Implement IEEF & DESGP solutions with effective ROI and communications framework

The MHA three-stage methodology

The methodology ensures your business has:

- 1 A robust IEEF for all its activities, mapped into a comprehensive Dynamic ESG Plan (DESGP)
- 2 A DESGP that goes beyond the traditional principles of ESG that provides the basis for competitive advantage and ensures you avoid the pitfalls related to greenwashing, green wishing or green wanting
- 3 A clear and consensual implementation plan for your ESG agenda, increasing business performance and delivering measurable ROI

The IEEF is a critical contributor to profitability and the sustainable future of a business. ESG should not be 'bolted on' or a 'tick box' exercise, measured qualitatively – it should be an integral part of the business with equal responsibility to deliver an ROI that is not just measured through environmental, social and governance metrics. In essence, it should be measured like any other business function with critical evaluation, assessment and measured implementation and action planning.

The combination of DESGP and IEEF delivers a platform for gaining competitive advantage as well as addressing essential ESG criteria; future-proofing the organisation even through periods of significant change.

MHA - today, for tomorrow

MHA is one of the leading firms of chartered accountants, tax and business advisors and consultants. From offices across the UK, we provide a full range of financial and business services to enterprises and individuals, helping them to achieve growth and long-term success.

MHA identifies with your goals and your needs, because we've been there ourselves. We've navigated the complexity, taken advantage of the opportunities and we're here to help you do the same.

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MHA is agile, competitive, partner led and human-centred. We have access to the wider networks of MHA and Baker Tilly International, making us a truly national and international partner of choice for entrepreneurs and business builders.

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