

AUDIT • TAX • ADVISORY

# From cost to profit: Sustainability - a way of doing business

Brendan Sharkey,  
Head of Construction & Real Estate, MHA



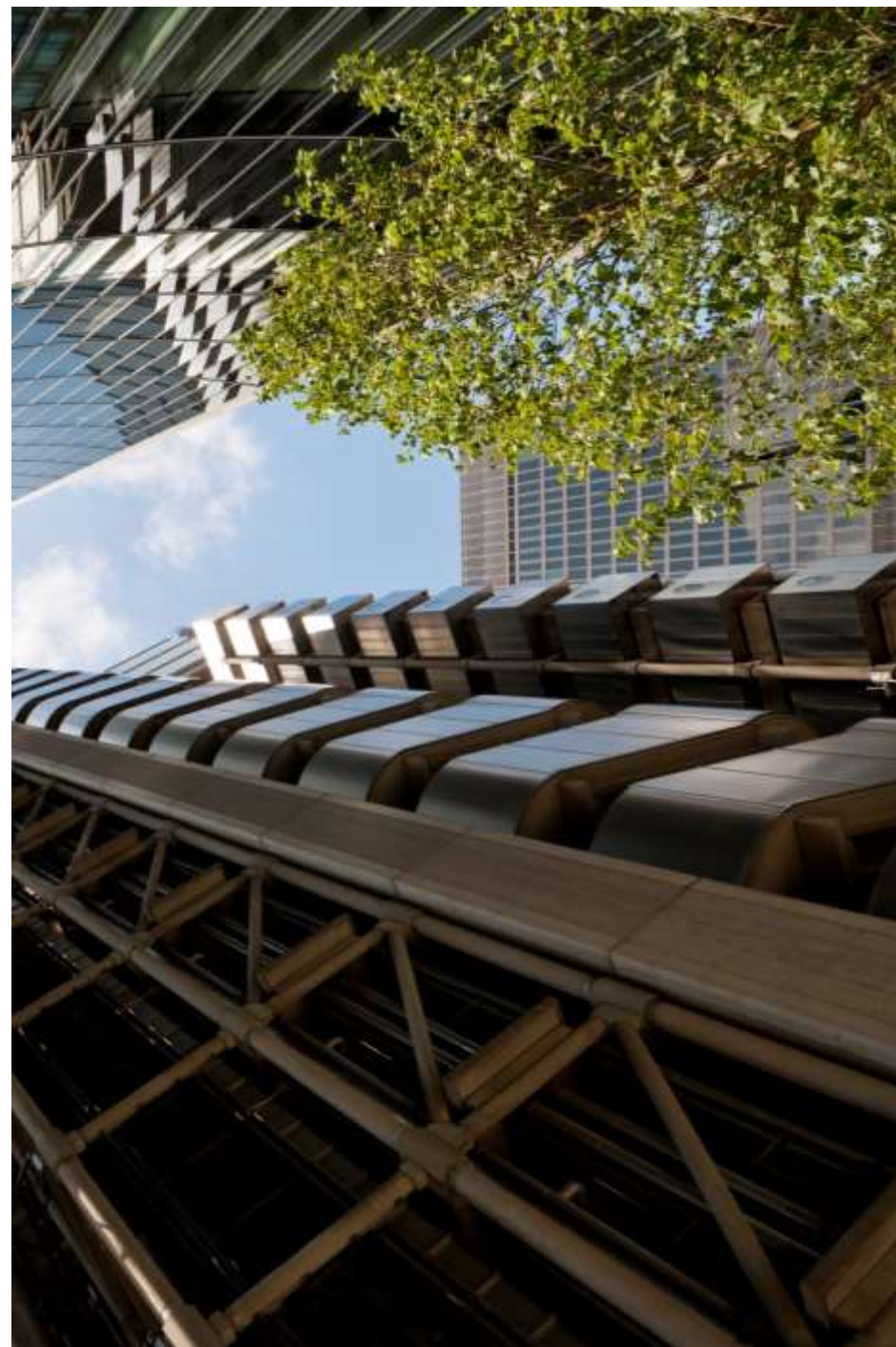
# What are the drivers behind sustainability?

- Government targets
- Future investment
- Social accountability



# Regulatory environment

- Public Services (Social Value) Act 2012
- MEES
- EPC ratings
- Biodiversity Net Gain (BNG)



# Opportunities

Tradespeople & Niche markets – opportunities to specialise in retrofit and new build:

- renewable energy resources such as solar, wind or hydro energy
- LED lighting
- Double or triple glazing
- Installation of smart energy meters
- Replacing boilers with a carbon neutral heat pumps



# Opportunities

- **Modular Construction**
- **Technology**
  - Timely on-site delivery
  - Measurement
  - Virtual site inspections
  - Integrated financial systems
  - QR barcodes round sites to report near misses on site
- **Un-tapped workforce**
  - Women in construction
  - Flexible working for recent retirees?
  - Apprenticeships for older workers



# Energy Performance Criteria

- **Energy Performance Certificates** (“EPC”)- potential assessment of a buildings energy efficiency – last 10 years
- **The National Australian Built Environment Rating System** (“NABERS”) looking at a buildings actual performance
- **Simplified Building Energy Model** (“SBEM”)- assessing energy use when occupied
- **BREEAM** – one of rating – 5 steps – no need to revisit



# Accountability

- Financial Reporting Council (FRC)
- Streamlined Energy & Carbon Reporting (SECR)
- Task Force on Climate Related Financial Disclosures (TCFD)





# Top 10 considerations to support your ESG reporting

1

**Sustainability & ESG are a board level issue. Start discussions on the strategy now.** How are we expecting to allocate responsibilities between the board and management team in managing material ESG related risks and opportunities?

2

**Invest time/ and focus in understanding the meaning of Net Zero, TCFD framework and scenario analysis to guide current reporting and assessment.** Do we have the right set of skills and/or do we need external training on TCFD and scenario analysis?

3

**Transparency in disclosure is key.** How do I even start the process of ESG disclosures (for example Net Zero Journey)? and how do I communicate the strategy across the organisation?

4

**What is going to be our ESG reporting roadmap (short term, medium term and long term) to be a carbon neutral & Net Zero organisation, and TCFD reporting?** It is key you are transparent with clear interim targets!

5

There has been a significant number of companies who have and will disclose scope 3 emissions which will directly affect a significant number of organisations included in the supply chain. **Speak to customers and understand their Net Zero journey.**



An aerial photograph showing a large concrete dam structure with water flowing through its spillways. The dam is situated in a lush, green forested area. The image is oriented vertically on the left side of the page.

# Top 10 considerations to support your ESG reporting

6

Do I have the right capabilities and know who to successfully perform climate risk assessment on the operations? Do I understand the meaning of transition and physical risk?

7

**Risk management:** Have I consider if climate change could generate a direct or indirect principal and/or emerging risk that should be disclosed? Don't just include climate change in the risk register, and perform an assessment as to the impact of physical risks? Do we need to monitor and invest in flood defences?

8

**Have I measured my carbon footprint,** and do I understand the boundaries and scope of each type of emissions? What is going to be my baseline year? What is the company's greenhouse gas (GHG) footprint across scopes 1, 2, and 3?

9

Start **understanding your supply chain climate related risks** and opportunities now. Do I need to implement controls and processes to capture accurate and complete data?

10

**How is climate data going to be reported across the organisation?** The systems to produce, distribute and consume climate data are significantly less mature than those for financial information.



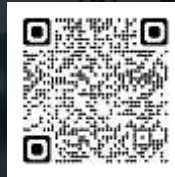


Brendan Sharkey  
Head of Construction &  
Real Estate

T: 020 7429 4100

M: 07979 517217

E: [Brendan.sharkeyl@mhllp.co.uk](mailto:Brendan.sharkeyl@mhllp.co.uk)




**LinkedIn**

MHA MacIntyre Hudson is the trading name of MacIntyre Hudson LLP, a limited liability partnership, registered in England with registered number OC312313. A list of partners' names is open for inspection at its registered office, Moorgate House, 201 Silbury Boulevard, Milton Keynes MK9 1LZ.

MHA MacIntyre Hudson is an independent member of MHA and an independent member of Baker Tilly International Limited, the members of which are separate and independent legal entities. Arrandco Investments Limited is the registered owner of the UK trade mark for the name Baker Tilly. The associated logo is used under licence from Baker Tilly International Limited. Further information can be found via our website <https://www.macintyreHUDSON.co.uk/legal-disclaimer>

**[macintyreHUDSON.co.uk](https://www.macintyreHUDSON.co.uk)**

 @MHUpdates

 MHA MacIntyre Hudson

**Now, for tomorrow**

 An independent member of  
**bakertilly**  
INTERNATIONAL