



Environmental, Social and Governance (ESG) services

mazars



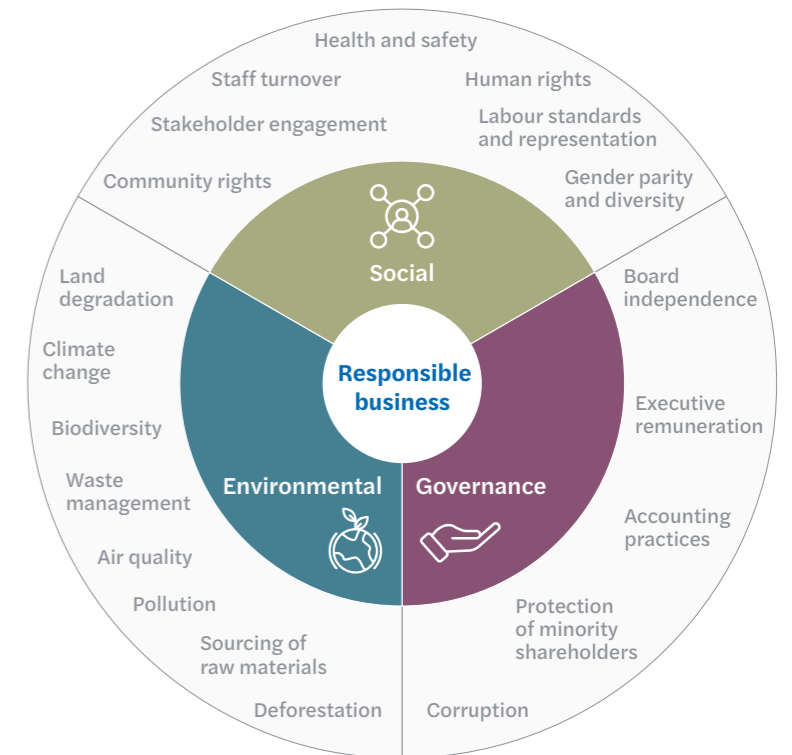
What is ESG?

For organisations to succeed, ESG must be at the heart of their business model.

ESG matters have become a 21st century issue that all businesses will need to address. The topic is broad and is likely to impact all aspects of business in the coming years from meeting legal obligations and controlling costs to attracting and retaining, clients, staff and capital.

Sustainability related issues offer your organisation opportunities, that over time will, improve corporate resilience, create economic value and contribute to a healthy ecosystem and strong community.

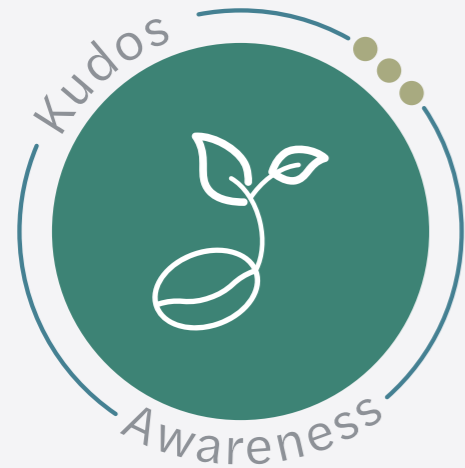
We also understand the challenges that can prevent Boards, Key Stakeholders and Trustees from taking the necessary actions to systematically implement the Environmental, Social and Governance (ESG) actions required to integrate sustainability into the core of your organisation.



ESG health check

Businesses can no longer afford to ignore environmental, social and governance considerations.

ESG health check



For clients that are considering or only just commencing their ESG journey, our ESG health check is an effective tool to assist in making that start.

About the ESG health check

- Our ESG assessment is a ‘health check’ of the current status and a gap analysis of your business’s minimum regulatory and societal requirements.
- The results of your online questionnaire will be compiled with high-level insights and benchmarked data to inform a personalised action plan formulated to address these gaps.
- We’ll also refer you to the United Nations SDGs and guide you through which goals are best addressed by your business.

Value

- You’ll be rewarded with an ‘ESG awareness’ accreditation.
- The ESG Health check will provide you with a suggested path forward and specific actions that will enable you to plan your ESG path.

Business benefits of addressing ESG:



Finance

Signatories to the Principles of Responsible Investment (PRI) have been responsible for the growth in Assets under Management (AUM) from \$6tn in 2006 to \$121tn in 2021. Ignoring ESG will limit access to capital. In addition, embracing ESG will reduce costs.



Clients

Larger organisations are making ESG commitments that are partially dependent on their suppliers to deliver. If you aren’t prepared they may not contract with you.



Employees

As individuals we have become more aware of ESG issues and want to work for organisations that are addressing ESG challenges.



Compliance

Non-financial reporting requirements will become mandatory. Planning early will reduce the compliance cost.

ESG strategy consulting services

To be effective, your ESG strategy must be fully integrated into your business model.

ESG strategy formulation

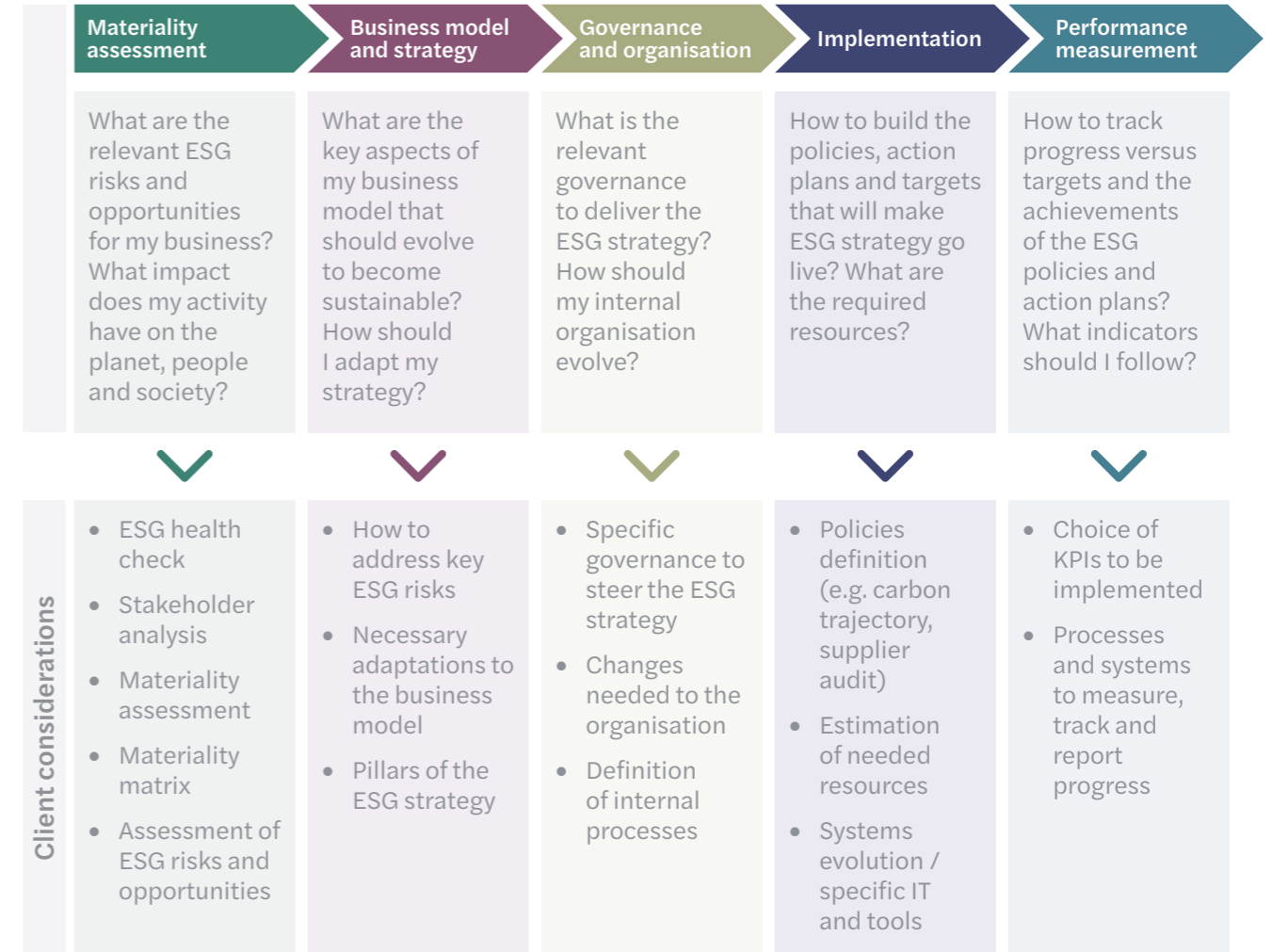
- An effective ESG strategy will be integrated into your wider business and will align all your objectives with the aim of creating long-term value for your organisation, your stakeholders and wider society, while sustaining and enhancing our natural resources for future generations.
- To be effective your ESG strategy must sit at the heart of your organisation and be fully integrated into your business model.

How Mazars can help

- At Mazars we have the expertise to assist you to connect the dots and design an ESG based strategy that is tailor-made for your organisation while at the same time ensuring compliance to increased levels of regulation.
- Mazars will support you in understanding the complexities in the detail of the commitment to embedding ESG strategically into your organisation and our approach will follow five key steps:

Key steps to sustainable business

Every company will have to undertake five key steps on their ESG journey





Net Zero consulting services

Making a commitment to Net Zero and reducing the environmental footprint of your organisation demonstrates a commitment to being a responsible organisation as well as contributing to the UK's 2050 Net Zero ambitions.

Our approach will follow the methodology of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) which is a market-driven initiative, set up to develop a set of recommendations for voluntary and consistent climate-related financial risk disclosures and recommended by the Financial Reporting Council.

How Mazars can help

Mazars will support you in understanding the complexities in the details of the commitment to Net Zero and ensure that a cohesive emissions reduction strategy is tailored around your business activities and operations. The emissions reduction strategy will focus on:

- **Governance** – the organisation's governance around climate-related risks and opportunities.
- **Strategy** – the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning.
- **Risk management** – the processes used by the organisation to identify, assess, and manage climate-related risks.

- **Metrics and targets** – the metrics and targets used to assess and manage relevant climate-related risks and opportunities, which includes your Net Zero target.
- **Measurement** – measurement of your scope 1, scope 2 and material scope 3 emissions.
- **Reporting** – preparing the organisation for mandatory TCFD reporting to Companies House.



Streamlined energy and carbon reporting (SECR)

The UK government has made it mandatory for large unquoted businesses incorporated in the UK to report on their energy use and carbon emissions.

Which businesses are affected by the SECR Requirements?

The requirements apply to:

- Quoted companies for example FTSE 100, FTSE 250, FTSE Small-cap and FTSE Fledgling companies, of any size.
- Large unquoted companies; including AIM-listed companies and private companies.
- Large LLPs.

Companies and LLPs are defined as large where they exceed two or more of the following thresholds in the last two preceding financial years:

- Annual turnover > £36 million.
- Balance sheet total > £18 million.
- Number of employees > 250.

SECR



What needs to be reported?

UK energy use, covering at a minimum, purchased electricity, gas and petrol/diesel use for transport (expressed in kWh) – this includes fuel use or mileage for all company vehicles and other vehicles driven on company business where fuel is purchased by or for the company

Associated GHG emissions (expressed in tonnes of CO2)

At least one intensity ratio

Comparative information (except in the first year of reporting)

Information on energy efficiency action and initiatives taken by the business during the year

Methodologies used in the calculations

How Mazars can help

We can help support you with your energy use and emissions reporting depending on your needs. We understand the complexities of the requirements whilst considering your wider business functions.

Specifically, we can help you with:

- **Scoping** – Understanding which entities and parts of your business fall within the requirements, including whether any exemptions are able to be applied.
- **Collection and measuring data** – Establishing the appropriate systems to collect and measure data, ranging from simplified approaches to building and developing management information systems linked to reporting systems.
- **Calculation of carbon emissions** – In accordance with the Greenhouse Gas Reporting Protocol – Corporate Standard and HM Government emission factors for greenhouse gas company reporting.
- **Reporting** – Drafting the energy use and emissions information for disclosure within your annual report.
- **Benchmarking** – Provide you with assurance that your energy use and emission information is appropriate for your business, comparing your information to benchmarked companies and best practice.



Task force on climate-related financial disclosures (TCFD)

By 2025 all UK businesses will need to report under the TCFD on the four key areas: governance, strategy, risk management and metrics and targets.



The recommendations have since been adopted by more than 1,300 companies, including over 700 financial firms, and regulators are looking to accelerate this trend.

In 2020, the UK government published an indicative Roadmap to require TCFD-aligned disclosures across the economy by 2025, and as early as 2022 for UK premium listed companies. International regulators have also encouraged adoption, including the European Central Bank (ECB) and the European Commission in its guidelines on non-financial reporting.

How Mazars can help

- We provide a unique blend of expertise in climate regulation, governance, risk management, quantitative solutions and non-financial report production.
- We maintain up-to-date knowledge of industry best practice and work with institutions of all sizes, delivering recommendations that are relevant and proportionate to each of our clients. Importantly, our approach is collaborative – we work closely with decision-makers throughout delivery.
- Our TCFD implementation service is structured across three stages.

	Governance	Strategy	Risk management	Metrics and targets
Gap analysis and action plan	Identify gaps in firm's current governance against TCFD recommendations			
	Develop implementation roadmap to fully embed TCFD recommendations			
Implementation	Assign climate responsibilities at Board, sub-committee and management levels	Run materiality assessment to identify exposures to transition and physical risk drivers	Review risk policies and processes to embed steps for climate risk identification, assessment and mitigation	Define and monitor metrics to assess climate risks and opportunities
		Run scenario analysis to identify opportunities and risks in the short, medium and long term		Set targets for climate metrics where relevant
		Implement processes to measure emissions (Scopes 1, 2, 3)		
Reporting	Incorporate TCFD reporting into governance and internal control framework			
	Develop and publish TCFD-aligned disclosures			
	Continuously improve TCFD disclosures in line with evolving guidance and practices			

Business and human rights

The days when lip service could be paid to the issue of human rights are long behind us; it is now essential every business ensures its policies, processes, procedures and controls do not harm others.

Companies can harm people in many ways: not paying a living wage, discrimination, poor working conditions, unethical behaviours in supply chains. Each have the potential to destroy value in the company. It is therefore vital that companies have in place systems that not only mitigate against these risks arising but also procedures to react when they do arise. The UN Guiding Principles on business and human rights (UNGPs) are the lead guidance and Mazars was the co-author of the authoritative framework (www.UNGPreporting.org) to help companies embed such robust systems.

How Mazars can help

Mazars can help your business understand its actual and potential human rights impacts in a way that is beneficial to you as a company, and your stakeholders.

- Undertake human rights due diligence.
- Map out risks and opportunities related to human rights via a risk assessment.

- Design and assist in the implementation of appropriate procedures and controls to mitigate against adverse human rights impacts.
- Design an appropriate internal monitoring methodology.
- Develop a communications strategy which relays a business's commitment to human rights and how it is addressing the risk of its impacts.
- Review, track and report performance; and recommend industry best practices that are applicable to the company.
- Preparation of Strategic Report content (UK) and Non-Financial Statement (EU).
- Drafting of standalone human rights reports or relevant sections to wider sustainability reports.
- Independent assurance of human rights reports.

Why demonstrate respect for human rights?

The benefits for companies to demonstrate greater respect for human rights are many:

-  Attracting investment given the size and importance of ethical funds
-  Improved reputation risk management
-  Greater engagement with workers, communities and suppliers and thereby generating greater trust
-  Reduced costs arising from fewer adverse human rights impacts
-  Attractive to Gen Y recruits
-  Greater worker retention

“The UNGP Reporting Framework, as co-authored by Mazars puts the corporate responsibility to respect human rights into everyday language: a set of smart, straightforward questions to which any company needs to have answers – inside and outside its own walls.”

Professor John Ruggie, Former Special Representative of the UN Secretary-General for Business and Human Rights

Modern Slavery Act

Organisations with a turnover of over £36m are required to publish a transparency in supply chain statement. This must be approved and signed by a director and linked to the front page of the company website.

At Mazars, we understand that supply chains are often dynamic and complex. Globalisation of both supply and demand, the requirement for greater flexibility and the development of new business models have all contributed to the challenge of managing the supply chain effectively. The introduction of the Modern Slavery Act 2015 has created further challenges by testing the ability of the business to comply with the requirements and for suppliers to provide clear statements of compliance.

Clause 1 of S54 of the Modern Slavery Act 2015 requires all companies within its remit to prepare an annual transparency in supply chain which must be approved by the Board of Directors and signed by a director.

How Mazars can help

Our in-depth expertise has been developed by working with a wide range of companies and their supply chains around the world as well as through our position as one of the lead architects of the globally authoritative human rights reporting framework. As a result, we are ideally placed to help companies start their journey of understanding how to manage their supply chain risk. We can help companies identify their greatest risks and advise on the most efficient and effective approach to implementing appropriate processes.

We will help companies understand the information to be reported in the Transparency in Supply Chain statement and assist in any drafting that may be required.

Diversity toolkit

Promoting diversity in the workforce has tangible and direct benefits to organisations: a strategic priority that Mazars can help you achieve.

Promoting equality and diversity in the workplace

Beyond the benefits of improving a company's reputation and promoting inclusion among employees, greater workplace equality and diversity provides a tangible competitive advantage.

Companies with a more diverse workforce can outperform the competition.

How Mazars can help

- Meet the legal and regulatory requirements.
- Report on diversity statistics.
- Gender pay gap reporting.
- Assess your current diversity maturity.
- Rethink your business model to improve diversity.

Mazars diversity toolkit

1. Diversity predictive model

An analytics tool that uses historical headcount and salary data to predict future diversity and identify variables that help clients to make strategic decisions that improve future workforce diversity

4. Linguistic bias detection

A tool for analysing job descriptions aiming to help clients write in gender neutral language and attract a broader range of applicants



2. Diversity and inclusion risk analysis

A tool designed to assess risk areas at each stage of the employee lifecycle and produce an overall diversity readiness assessment

3. Governance assessment

A tool for analysing different variables embedded within governance that impact diversity

Incorporating ESG into your reward strategy

Recruiting and retaining key talent has never been more important to organisations.

Two central aspects to this are:

1. Rewarding individuals effectively.
2. Managing tax and national minimum wage risk compliance.

How we help employers

1. Training Workshops to help employers understand the technicalities of Employment Tax, IR35, NMW and CJRS/Furlough compliance requirements.
2. Desktop review of relevant documentation.
3. Analyse the interaction with flexible furlough.
4. Establish internal guides and policy papers, including frequently asked question documents.
5. Support with proactive reviews and HMRC prompted reviews.
6. Designing effective reward strategies to manage costs and retain key talent, including pay differentials, non-cash benefits, salary sacrifice, pension etc.
7. Interaction with regional, gender pay gaps.

8. Consideration of Voluntary Living Wage accreditation.
9. Alignment of workforce structure and training programmes (e.g. apprenticeships), including pay bandings.
10. Evaluating employment status to establish if NMW applies (volunteers, sole traders).

Why we help employers with employment tax, IR35, CJRS NMW

To manage compliance and reputational risk effectively – for example NMW errors are front page news and carry significant fines (up to £20,000 per underpaid worker) as well as potential criminal prosecution.

To ensure attractive reward packages are in place for employees – knowing how to structure pay and benefits can play a key role in recruitment, retention and NMW compliance.

To manage cost – knowing the tax and the NMW regulations can help employers put in place cost effective travel, pay, benefits and HR policies.

Pay and reward

Tax, enhanced 'take home' pay and reduced employer costs

How organisations pay workers is always a key topic and goes beyond basic salary/hourly pay. Organisations need to consider what is right culturally, reputationally and legislatively to make sure they remain attractive to work for.

We help organisations by supporting them with designing effective reward strategies that look at the overall picture, not just whether there is a tax liability...

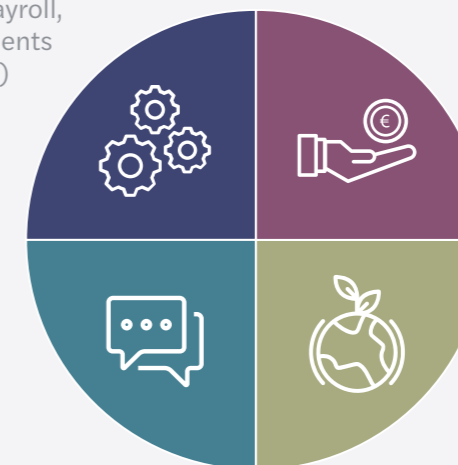
Compliance

We help organisations review their overall compliance with tax/NIC legislation (including IR35 and CJRS) as well as report pay and benefits to HMRC via payroll, P11Ds, PAYE Settlement Agreements and disclosures (where relevant)

Alongside this, we support employers manage their compliance with the National Minimum Wage to help ensure they pay employees effectively

Communication

Communicating the benefits of your reward strategy clearly can help manage compliance and enhance employee retention. We help with frequently asked questions, employee workshops, podcasts and total reward statements



Cost reduction

We help employers reduce costs and enhance net pay through salary sacrifice arrangements, flexible benefits, available tax exemptions and reviewing policies connected to travel, expenses and training

Sustainability

Aligning with carbon and environmental targets, we support organisations with putting sustainable benefits at the heart of their reward strategy. This helps reduce costs and enhance net pay, as well as make environmental objectives tangible for workers

A sound culture reflecting organisational strategy and values, is a key driver for both financial and operational success and, influences ethical behaviour. It drives innovation, attracts talent and protects the brand.



Auditing culture

Boards and audit committees are increasingly having to examine and assess the concept of culture and if it supports of their strategy and mandate. Executive management teams are examining what aspects of culture they should change and how. This is particularly pertinent in the current environment and through periods of change as it can highlight both successes to be replicated and recommendations to address areas of divergence.

As a result, many HR and internal audit functions are being asked to conduct a review or audit of their organisational culture. Many are not sure where they should start.

How can Mazars help

Mazars has created an award-winning tool called the ‘Mazars Culture Compass’ which measures cultural alignment throughout an organisation. It uses a proprietary six-dimensional framework to examine culture. Within each of the six dimensions, there are 5 variables (either a trigger or a response) which serve as the basis for our analysis.

By exploring these six dimensions and the 30 variables across them, it allows us to examine the Culture that is present in the organisation.



ESG assurance services

“An engagement in which a practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria.”

Assurance Standards Board (IAASB)

What are the benefits of providing assurance on ESG reporting

- To enhance the credibility of disclosures related to corporate responsibility and sustainability activities.
- To inform stakeholders of the progress made towards set objectives.
- To provide management and those charged with governance comfort over the quality of the information provided.

Demand for assurance of ESG reporting

Whilst external assurance remains voluntary in the UK, an increasing number of entities are providing independent assurance of their ESG disclosures.

This is driven by a growth in investor demands for greater transparency and a booming sustainable financing market (bonds, loans, facilities).

Assurance frequently focuses upon

- Integrated Reports, including environmental, social, governance (ESG) and economic disclosures.
- Sustainability or corporate responsibility reports, including performance disclosures, data, targets and KPIs relating to environmental, social, economic and governance topics.
- Adherence to principles as defined by external or internal standards or codes of conduct.
- Specific communications made to particular stakeholders or the board including ESG information such as KPIs, targets, performance against targets etc.
- Claims related to social and environmental outcomes of specific products or services.

At Mazars we have designed a specific methodology and tools and have implemented quality control processes enabling us to provide assurance in line with international standards.

Our assurance engagements are performed by a global team of professionals with expertise across a wide range of industry sectors.

Supply chain risk

Supply chain sustainability is increasingly recognised as a key generator of business value and an important element of strong corporate responsibility performance.

Knowing and managing the economic, social and environmental risks of your supply chain is an essential measure of your organisation's performance.

Why supply chain risk is important

Organisations are exposed to a multitude of risks from their supply chains including breaches to intellectual property rights and company assets, compromising human rights or labour rights, risks to occupational health and safety and causing environmental damage.

These can cause substantial reputation or business risks to any organisation.

Our evaluation and support approach is pragmatic and collaborative leading to mutual benefits for your company and your suppliers.

How Mazars can help

- In order to effectively manage risks in the supply chain, Mazars can help you design a comprehensive approach to sustainable supply chain management including.
- Designing of global processes for supplier sustainability risk assessments, self-assessments and sustainability audits.

- Understanding your supply chain better.
- Defining a responsible purchasing policy consistent with your organisation's CSR issues.
- Mapping your CSR risks from your supply chain to develop a relevant action plan that is tailored to your challenges.
- Managing your responsible purchasing policy based on reliable and relevant performance indicators.
- Developing pragmatic tools to implement and drive your responsible purchasing policy (supplier audits, integration of sustainable development criteria in your consultations, buyer training, etc.).
- In addition we offer supply chain audits with specific focus on Social Responsibility, Human Rights, Environmental, Quality, Business Continuity, Anti-Bribery and Corruption, and many more.

About Mazars

Mazars is an international audit, tax and advisory firm, helping to shape the economic foundations of a fair and prosperous world.

Operating as a united partnership, Mazars works as one integrated team, leveraging expertise, scale and cultural understanding to deliver exceptional and tailored services in audit and accounting, as well as tax, financial advisory, consulting and legal services.

Founded in Europe, Mazars is present in over 90 countries and territories, with 44,000+ professionals 28,000 in our integrated partnership, 16,000 via the Mazars North America Alliance – dedicated to helping clients make the most of business opportunities and operate with confidence.



Breadth and depth of expertise

- Audit and assurance
- Legal
- Tax
- Consulting
- Outsourcing
- Financial advisory
- Environmental, social and corporate governance

Experience across industries

- Consumer
- Industrials
- Public and social sector
- Financial services
- Real estate
- Healthcare and life sciences
- Energy, infrastructure and environment
- Transport and logistics
- TMT

We have worked with many organisations to support them on their sustainability journey

McGinley Support Services	BIS	JTI	CAF Bank
ASN Bank	4COM Technologies	Karsten	Kingdom Bank
Allica Bank	Rape Crisis Cape Town Trust	Account Technologies	Unilever
Criteo	Alpha Bank	Heineken	Haribo
Tipp Focus	Zenith	BIC UK	Akzo Nobel



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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 95 countries and territories around the world, we draw on the expertise of more than 47,000 professionals –30,000+ in Mazars' integrated partnership and 17,000+ via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws

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