

# THE STATISTICS

The below pie charts have been created using data collected by KPMG, which looked into how the percentage of businesses who had an established ESG (environmental, social, governance) plan or are in the process of creating one against the business size.

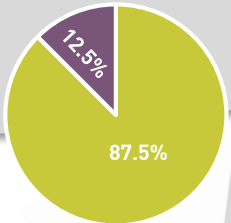
As you can see from the data, the general trend is the smaller the business the less chance they have of having an established ESG plan or are in the process of creating one. Reasons why?

Lack of funds

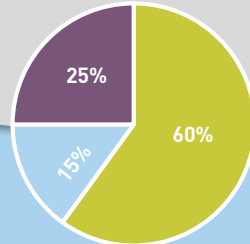
Other priorities

Lack of internal knowledge

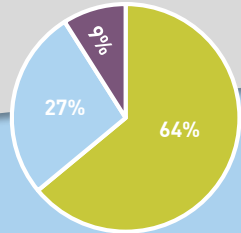
Self-employed



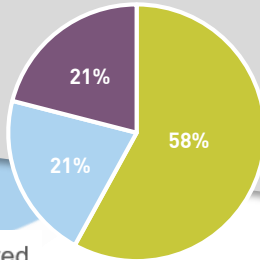
1-5 Employees



6-10 Employees



11-50 Employees



■ Have an ESG plan    ■ Planning in Progress    ■ Not Started

Adapted from KPMG's 'Your journey to net zero' presentation from the 8 February 2022. The data collected within the report was derived from business across the Isle of Man, Guernsey and Jersey.

Although not included in this slide, for larger businesses with over 101 employees the percentage of businesses who have begun planning or have already established an ESG plan is much greater, at 81.25% compared to just 29.5% of self-employed persons or small businesses with 1-10 employees.

DO YOU HAVE AN ESG OR SUSTAINABILITY STRATEGY? IF NOT, WHAT ARE YOUR REASONS WHY?

## QUESTION

- What is a sustainable strategy?
- Why does my business need a sustainability strategy?
- Will this be relevant to my business?
- How do I develop a sustainability strategy?
- How do I embed this within my business?
- What are the disadvantages?

## ANSWER

- A sustainable strategy or a sustainability strategy is a strategy focused around how a business can take actionable steps to improve their overall impact on their stakeholders in a positive way. By having a defined strategy you are able to plan how you are going to reach your targets over a defined period of time.
- To effectively integrate sustainable practice within your organisation you need to develop a strategy to align the overall objectives of your business, enabling you to meet the needs of your stakeholders. Embedding sustainability within your overall strategy requires a change in mind-set, it is not just an add-on.
- A strategy encompassing sustainability can be embedded no matter what your business size or what sector you sit within. You just need to adjust the goals of the strategy to best fit your organisations aims and objectives.
- There are a number of steps involved in developing a sustainability strategy; these are outlined within this section. It is a process that requires time and commitment but is a worthwhile process if you believe it will add value to your business.
- As discussed already, culture plays a crucial role in the integration of a sustainability strategy. It requires commitment from the top of the businesses and throughout. Having clear objectives in place ensures that colleagues are all working towards a shared goal.
- Having a defined strategy with set targets means that if you fail to meet those targets you'll be held accountable by your stakeholders. There is also additional time resource that will need to go into creating initial strategy.

How you build and develop a sustainability strategy will differ from other businesses as the context your business operates within will differ. The culture of your business will play a vital role in the effective implementation of a new strategy. When reading through each step, consider how it might relate to your business and what ideas you could use for development and implementation.

# DEVELOPING A SUSTAINABLE STRATEGY

**Step 1:** Analyse the impact your business has on the community and environment around it. Conduct research into the energy your business uses, the emissions it creates, and peoples perceptions of your business to identify areas of improvement.

Developing a strategy is a continuous process that needs to be constantly reviewed – it should not be viewed with a 'one and done' approach.

**Step 2:** Benchmark against other businesses to help you visualise where you want your business to get to. This will involve doing some research into your competitors and researching best practice in your industry sector.

What external pressures are there?

**Step 6:** After a year, review and evaluate the actions you have taken throughout the year and compare this to the research you undertook at the beginning of the process.

**Step 3:** Analyse the data and information you have collected surrounding best practice alongside the information you have gathered about your business.

Engage with stakeholders

**Step 5:** Take action. The implementation of the actions identified through your research.

Monitor actions

**Step 4:** Use the analysis to develop a set of criteria that you can assess your progress against (SMART targets and objectives).

These targets and objectives will form the basis of your strategy.

# NET ZERO ISLE OF MAN

Net Zero Isle of Man have created a Resource Hub on their website which contains a variety of different resources for businesses and for individuals looking to make changes. Included on the 'Hub' page are a number of strategies that have been outlined by the Government and the accompanying legislation.



Scan or click on the QR code to visit the Resource Hub.

One of the documents contained within the 'Hub' is the Fair Change Framework. The framework offers guidance on sustainable decision making and policy development in a transition towards a sustainable future. It also provides guidance on how to apply the principles outlined in the Climate Change Bill 2021 within decision making in your business. Click on the image below to view the framework.

## FAIR CHANGE FRAMEWORK

Guidance for delivering a just transition and climate justice through environmentally and socially sustainable decision making and policy development.



Within the appendices of the framework are tools which allow you to create your own Fair Change Plan by defining an action, identifying the relevant stakeholders, assessing the action and giving you the space to produce a timeline. When drawing up a sustainability strategy this may be something you could include.

Understand current GHG emissions

Develop an action plan

Monitor and report progress

Although the Climate Change Duties document is targeted at public bodies, there is guidance within the document which can assist businesses.

Section five within the document is concerned with understanding carbon emissions, what the different types of carbon are and how they can be reduced.

## CLIMATE CHANGE DUTIES GUIDANCE FOR PUBLIC BODIES



### a. Define your action

Description of proposed action

How does this action reduce emissions or facilitate/enable the reduction of emissions?

Key Success Indicators – what outcomes will indicate that your action and your Fair Change Plan has been successful?

# FOR THOUGHT...

HOW DO YOUR CURRENT BUSINESS OBJECTIVES RELATE TO SUSTAINABILITY?

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WHAT ARE YOUR COMPETITORS DOING THAT YOU COULD DO?

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WHAT ARE THE KEY AREAS OF SUSTAINABILITY YOU WOULD LIKE TO ADDRESS IN YOUR BUSINESS?

HOW WOULD YOU DEVELOP A STRATEGY GOING FORWARD?

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