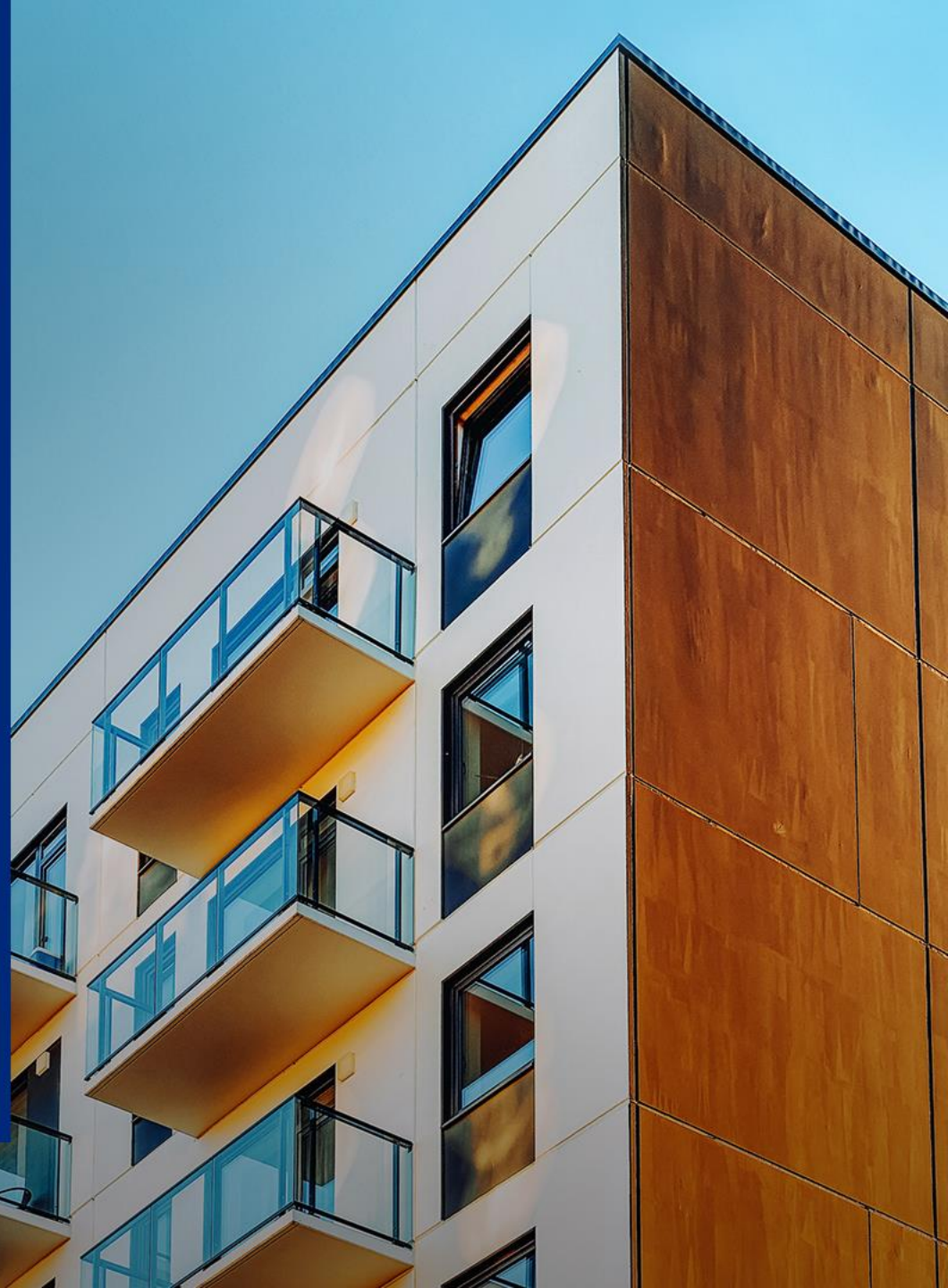


ESG & Construction

Why Should I Care?

November 2022

A business of Marsh McLennan



Construction and the transition to a sustainable economy



We are as bad as Germany...when it comes to emissions

“by the time you hear the band wagon coming, the moneys gone!” (Peter Jackson)

A short history – the overarching framework for sustainability

2015 all UN Member States adopted “Agenda 2030”; at its heart are the 17 **UN Sustainable Development Goals** (SDGs)



- Seek to **address global challenges**, including poverty, inequality, climate change, environmental degradation, peace and justice.

Why does this matter?

- **Common blueprint for state or major organisations** to achieve a better and more sustainable future for all
- Opportunity to make a positive impact, and **attract commitments from sustainably minded investors.**

ESG is not just about your impact on the world..

An “inside out” view



What is the **impact** of my organisation **on the planet and people?**

An “outside in” view



What is the **potential impact** of **ESG risk** on my organisation?

A look at some key risks and opportunities...

Non Exhaustive

Transition



Policy and Legal



Technology



Market



Reputation

Climate risk taxonomy



Physical



Acute



Chronic

ESG is a lens through which stakeholders assess an organisation's sustainability

ESG is a framework to map out a company's impact on the world, and what it is doing about it.

Stakeholders are demanding transformational change; a view on your ESG performance is critical.

**E**

Environmental captures climate change, energy efficiencies, carbon footprints, greenhouse gas emissions (GHG), deforestation, biodiversity, and other environmentally sensitive issues.


**S**

Social covers labour standards, wages and benefits, diversity, human rights, community relations, privacy and data protection, health and safety, supply chain, and other social justice issues.

**G**

Governance captures the governing of the “E” and the “S” categories plus corporate governance considerations.

	Why?	Benefit
1 Can you think of a recent regulation that may impact you?	linked to financial outcome.	Lower cost of finance.
2 Regulators	Regulation on ESG topics is tightening.	Protect reputation and avoid adverse action.
3 Customers	Customers are favouring companies with a good ESG story.	Improve revenue streams.
4 Employees	Good ESG helps win the competition for talent.	Attract the best staff.
5 Partners/Suppliers	Businesses are requiring ESG adherence from vendors.	Protect reputation and maintain relationships.

*ESG: Environmental, Social, and Governance
 Marsh

TCFD...and other regulations to look out for

Some will either qualify for TCFD Mandatory reporting or may consider voluntarily reporting against it to gain a competitive advantage. There are plenty of other requirements out there also.

<input type="checkbox"/>	2022 TCFD qualifiers*
<input type="checkbox"/>	Premium or standard listed company firms on UK Stock exchanges, banks, insurance companies.
<input type="checkbox"/>	An AIM listed company.
<input type="checkbox"/>	Private company with turnover of >£500 million.
<input type="checkbox"/>	LLPs with a turnover of >£500 million.



*not a full list of criteria but should you match any of the above we recommend contacting a specialist. 2025 this will apply to smaller organisations

Fastest finger first...

Acronym challenge

Acronym Academy

BIM



**Building Information
Modelling**

UK GBC



**UK Green Building
Council**

BNG



Biodiversity Net Gain

SECR



**Streamlined Energy
and Carbon
Reporting**

ESOS



**Energy Saving
Opportunities
Scheme**

TCFD



**Task Force on
Climate-Related
Financial Disclosures**

**EU Equivalent =
Prize**

Take control of your ESG message

Key stakeholders are already
assessing you



Six steps to inform your ESG journey

Managing ESG risks is a 6-step process; these are designed to meet your immediate priorities and lay the right foundations as part of your broader ESG strategy and roadmap

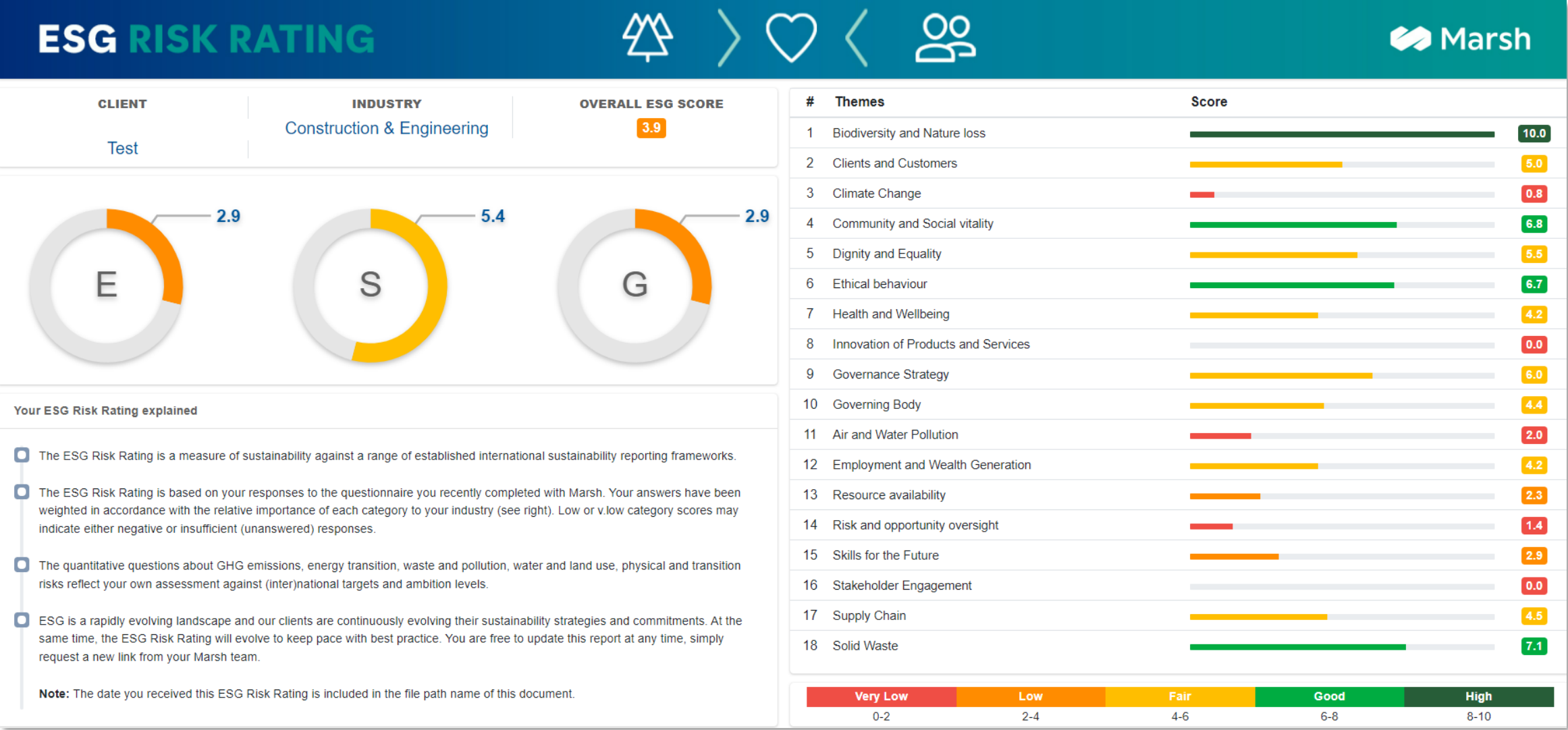


Six steps to inform your ESG journey

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What does the scorecard look like?



What does the scorecard look like?

Risk Assessment

We have assessed ESG risk to your business in the context of controls, reporting and resilience

Controls are the policies, procedures and practices in place to comply with ESG-related laws, regulations and/or industry best-standards

Reporting is voluntary and/or mandatory disclosures of qualitative or quantitative ESG-related metrics

Resilience is about identifying, analysing, and treating ESG-related risks now and in the future

	Controls	Reports	Resilience
Environmental	5.0	0.0	2.0
Social	7.0	5.0	0.0
Governance	4.0	0.0	3.0




You have completed ERR questionnaire based on:

Total Question	94
Answered	92/94
Did not answer	2/94
Selected as currently not applicable	8/94

Recommendations

Based on your responses, the following will help to improve your ESG risk rating score along Controls, Reporting and Resilience levers

Controls

-  E - Company has well-integrated environmental- /climate risk- related policies, procedures and practices; company shall seize the opportunity to improve by further integrating with industry best practices
-  S - Company has well-integrated social-related policies, procedures and practices; company shall seize the opportunity to improve by further integrating with industry best practices
-  G - Company has established foundational Governance-related policies, procedures and practices should build capacity to align with industry best-practices

Reports

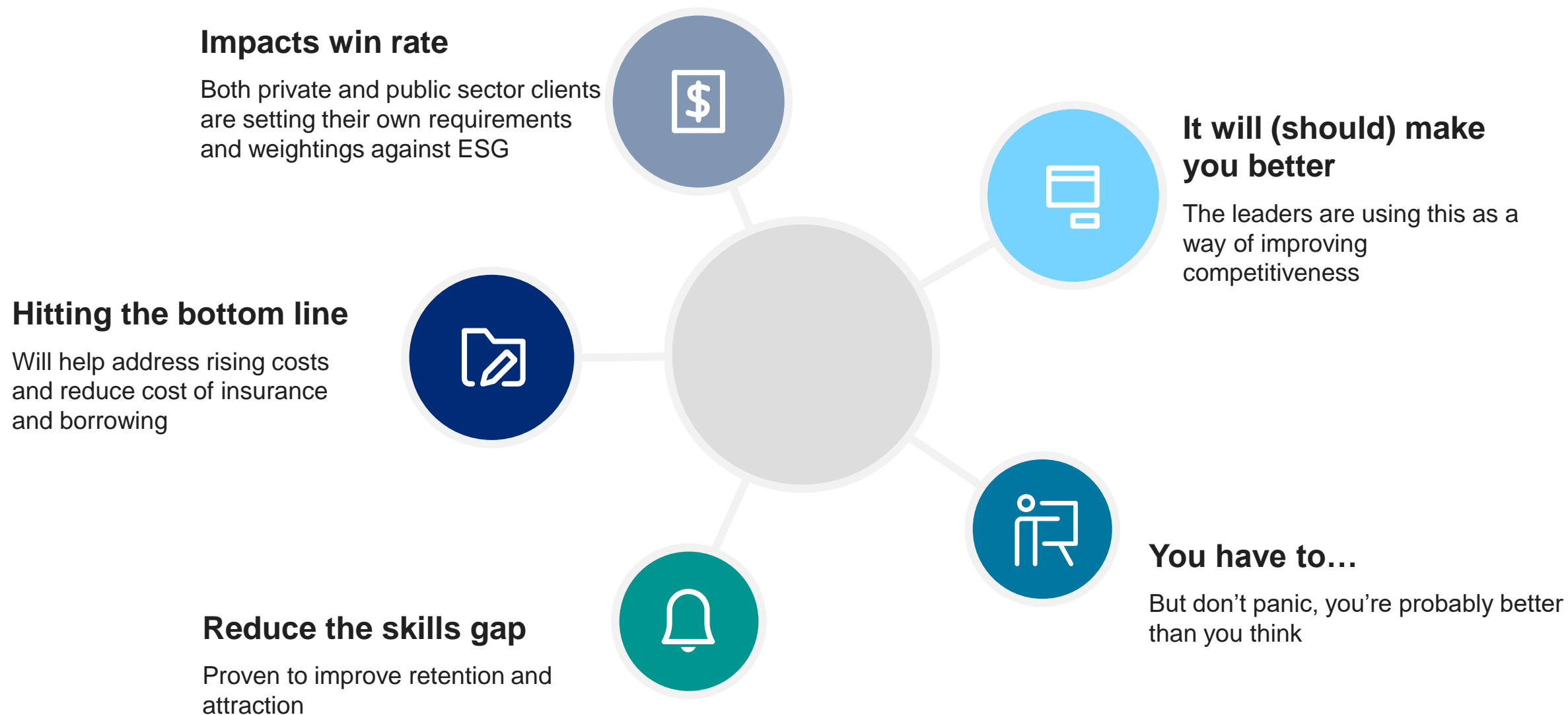
- ☐ E - Company does not disclose environmental- / climate risk-related metrics and should build capacity to begin disclosing foundational information in-line with industry best-practices
- ☐ S - Company discloses only basic social-related metrics and should build capacity to disclose more information in-line with industry best-practices
- ☐ G - Company does not disclose Governance-related metrics and should build capacity to begin disclosing foundational information in-line with industry best-practices

Resilience

- ☐ E - Company has established foundational practices that build environmental- / climate risk-related resiliency, but should consider adopting further initiatives to anticipate and forecast risks
- ☐ S - Company has not established practices that build social-related resiliency and should consider adopting initiatives to anticipate and forecast risks
- ☐ G - Company has established foundational practices that build governance-related resiliency, but should consider adopting further initiatives to anticipate and forecast risks

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Summary – Why should we be ~~paying attention to~~ acting on ESG?





Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer, and Oliver Wyman.

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