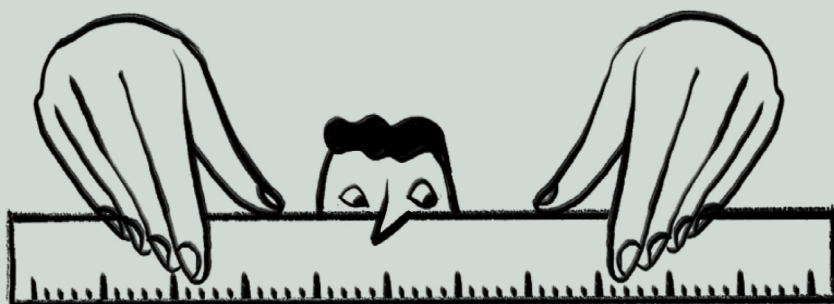


# Example Ltd.

ESGgen Assessment™ 2020

DRAFT



**ESGgen**°

Unlocking the value of ESG for SMEs

# Contents

ESG Assessment™	3
ESG Plan™	5
Estimated ESG Value & Risk™ Potential	7
Methodology	8

# ESG Assessment™

ASSESSMENT OF ESG IMPACT FOR THE YEAR ENDED 31 DECEMBER 2020

The company's putative ESG impact for the year is calculated based solely on the company's self-reporting of data required for completion of the ESGgen Scorecard™. The original data have not been verified and the results are not audited. The materiality of ESG for the business can not be assessed on the basis of this data.

## Environmental

	ESGgen Measure	What is it?	2020
E1	CO2 Emissions	Total carbon dioxide (CO2) and CO2 equivalents emissions	2,318 kg
E2	Renewable Energy	Percentage of renewable energy purchased and produced	1,082 kg
E3	Waste Recycling	The percentage of waste recycled	50%
E4	Recyclable Packaging	Percentage of recyclable packaging used in supplying the company's products and services	45%
E5	Water Usage	Total water withdrawal in cubic metres	190 m3
E6	Energy Efficient Vehicles	Total environmentally-friendly vehicles registered	75%
E7	Supply Chain CO2	Total carbon dioxide (CO2) and CO2 equivalents emissions for the supply chain	4,000 kg
E8	Total Expenditure on Improving Environmental Impacts	Total investment and/or spend switched to reducing negative environmental impacts (or increasing positive impacts)	£14,000

## Social

	ESGgen Measure	What is it?	2020
S1	Number of Employees	Number of employees (include all types of employment such as part-time and full-time employees)	25
S2	Net Employment Creation	Employment growth over the last year	3
S3	Salaries and Wages	Average value of salaries and wages paid to all employees and officers (including all benefits, payments and allowances)	£40,000
S4	Gender Diversity	Percentage of female employees	30%
S5	Ethnic Diversity	Percentage of BAME employees	40%
S6	Gender Pay Gap	Percentage of remuneration of women to men	95%
S7	CEO Salary Gap	CEO's (or the highest salary) total remuneration compared to average employee remuneration	6 Times
S8	Employee Support	Employee benefits and support (including working conditions)	£30,000
S9	Employee Training	Investments in employee training	£5,000
S10	Supply Chain ESG	Requests for requirements and disclosures of social impacts from supply chain (over the value of £10,000)	60%
S11	Customer Complaints	Customer complaints as a percentage of sales	10%
S12	Management of Personal Data	Number of reportable incidences (internal and external) about company's use of personal data	3
S13	Responsible Marketing	Brand ranking/Customer satisfaction	4.6 Stars
S14	Product & Service Quality	Sales refunds due to faulty or deficient products or service failure	7.50%
S15	Total Expenditure on Improving Social Impacts	Total investment and/or spend switched to increase positive social impacts (or reduce negative impacts)	£20,000

# ESG Assessment (cont'd)

ASSESSMENT OF ESG IMPACT FOR THE YEAR ENDED 31 DECEMBER 2020

## Governance

	<b>ESGgen Measure</b>	<b>What is it?</b>	<b>2020</b>
G1	External, Independent Advisors	Percentage of strictly independent Board members or Advisors	60%
G2	Board Gender Diversity	Percentage of females on the Board	5%
G3	Board Meeting Attendance	Average overall attendance of Board meetings	90%
G4	Tax Interventions	Number of interventions with tax authorities that have resulted in further taxes being demanded/paid	0
G5	Business Ethics	Number of involvements with regulatory bodies that have necessitated reformative actions	0
G6	ESG in Decision Making	Inclusion of relevant non-financial indicators and KPIs in the company's decision making	Yes
P1	UNGC/OECD Monitoring	Is there material evidence to support systems and procedures to handle violations and grievances/complaints in relation to UNGC principles and OECD guidelines (e.g. policies, meeting notes, stakeholder correspondence)	Yes
P2	Whistleblower	Reporting person as defined in Article 5(7) of Directive (EU) 2019/1937	No

This summary sets out the company's reported ESG plans for the coming fiscal year. The % change is the amount the company plans to increase or reduce their ESG impact on selected measures compared to the previous fiscal year. These % changes are used to calculate a planned ESG score.

## Environmental

	ESGgen Measure	What is it?	2020	% Change	2021 Plan
E1	CO2 Emissions	Total carbon dioxide (CO2) and CO2 equivalents emissions	2,318 kg	-16.7%	1,931 kg
E2	Renewable Energy	Percentage of renewable energy purchased and produced	1,082 kg	14.3%	1,236 kg
E3	Waste Recycling	The percentage of waste recycled	50%	20.0%	60%
E4	Recyclable Packaging	Percentage of recyclable packaging used in supplying the company's products and services	45%	-33.3%	30%
E5	Water Usage	Total water withdrawal in cubic metres	190 m3	5.3%	200 m3
E6	Energy Efficient Vehicles	Total environmentally-friendly vehicles registered	75%	-20.0%	60%
E7	Supply Chain CO2	Total carbon dioxide (CO2) and CO2 equivalents emissions for the supply chain	4,000 kg	-12.5%	3,500 kg
E8	Total Expenditure on Improving Environmental Impacts	Total investment and/or spend switched to reducing negative environmental impacts (or increasing positive impacts)	£14,000	7.1%	£15,000

## Social

	ESGgen Measure	What is it?	2020	% Change	2021 Plan
S1	Number of Employees	Number of employees (include all types of employment such as part-time and full-time employees)	25	20.0%	30
S2	Net Employment Creation	Employment growth over the last year	3	66.7%	5
S3	Salaries and Wages	Average value of salaries and wages paid to all employees and officers (including all benefits, payments and allowances)	£40,000	5.0%	£42,000
S4	Gender Diversity	Percentage of female employees	30%	16.7%	35%
S5	Ethnic Diversity	Percentage of BAME employees	40%	-37.5%	20%
S6	Gender Pay Gap	Percentage of remuneration of women to men	95%	-10.5%	85%
S7	CEO Salary Gap	CEO's (or the highest salary) total remuneration compared to average employee remuneration	6 Times	33.3%	8 Times
S8	Employee Support	Employee benefits and support (including working conditions)	£30,000	-16.7%	£25,000
S9	Employee Training	Investments in employee training	£5,000	110.0%	£10,500
S10	Supply Chain ESG	Requests for requirements and disclosures of social impacts from supply chain (over the value of £10,000)	60%	33.3%	80%
S11	Customer Complaints	Customer complaints as a percentage of sales	10%	-50.0%	5%
S12	Management of Personal Data	Number of reportable incidences (internal and external) about company's use of personal data	3	-100.0%	0
S13	Responsible Marketing	Brand ranking/Customer satisfaction	4.6 Stars	-2.2%	4.5 Stars
S14	Product & Service Quality	Sales refunds due to faulty or deficient products or service failure	7.50%	-20.0%	6.0%
S15	Total Expenditure on Improving Social Impacts	Total investment and/or spend switched to increase positive social impacts (or reduce negative impacts)	£20,000	75.0%	£35,000

# ESG Plan (cont'd)

PLANNED ESG PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2021

<b>Governance</b>					
	<b>ESGgen Measure</b>	<b>What is it?</b>	<b>2020</b>	<b>% Change</b>	<b>2021 Plan</b>
G1	External, Independent Advisors	Percentage of strictly independent Board members or Advisors	60%	-8.3%	55%
G2	Board Gender Diversity	Percentage of females on the Board	5%	100.0%	10%
G3	Board Meeting Attendance	Average overall attendance of Board meetings	90%	5.6%	95%
G4	Tax Interventions	Number of interventions with tax authorities that have resulted in further taxes being demanded/paid	0	100.0%	0
G5	Business Ethics	Number of involvements with regulatory bodies that have necessitated reformative actions	0	100.0%	0
G6	ESG in Decision Making	Inclusion of relevant non-financial indicators and KPIs in the company's decision making	Yes	N/A	Yes
P1	UNGC/OECD Monitoring	Is there material evidence to support systems and procedures to handle violations and grievances/complaints in relation to UNGC principles and OECD guidelines (e.g. policies, meeting notes, stakeholder correspondence)	Yes	N/A	Yes
P2	Whistleblower	Reporting person as defined in Article 5(7) of Directive (EU) 2019/1937	No	N/A	Yes

# Estimated ESG Value & Risk™ Potential

Based on the company's reported ESG plans for the following fiscal year, this summary reveals how ESG can be material to the business if those plans are achieved. It helps managers understand the potential value created (left-hand side below), and the potential value of risk managed (right-hand side), through the company's planned performance on ESG.

In line with methods used in the Scope 3 Calculations Guidance\*, ESGgen uses the *hybrid method* in order to assess both the ESG impacts and their economic value to the business. Unlike other methodologies that rely on the *spend based* and *usage based* methods, our proprietary hybrid methodology builds on the strengths of each and minimises their respective weaknesses.

The calculations use a mix of primary and secondary methodologies and sources such as government data, professional bodies, industry best practice and leading-edge academic research. Calculations are unique to each measure and are regularly updated in line with best practice and changing regulations.



The original data have not been verified and the results are not audited. The materiality of ESG for the business cannot be assessed on the basis of this data.

*\*Issued by the Greenhouse Gas Protocol*

# Methodology

## Based on unaudited company disclosures

ESGgen Assessments™ are based solely on the company's reporting. We request relevant inputs from the company to calculate its putative ESG impact. The original data have not been verified and the results are not audited. The materiality of ESG for the business cannot be assessed on the basis of this data.

## ESGgen Scorecard™

We measure ESG impact using a proprietary scorecard of 29 measures developed by Marc Lepere (Founder and Chief ESG Officer) as part of his research at King's College London. There are 8 environmental, 15 social, and 6 governance measures. The data used to compile the scorecard is verified by **Chartered Accountants who have also been certified in ESG**.

The ESGgen Scorecard was developed in four steps:

- I. Fifty measures were selected from the Refinitiv database (of 400+) and mapped to the World Economic Forum Framework (September, 2020).
- II. Each measure was assessed against 6 ESG disclosure properties. Only measures that fulfilled all 6 properties qualified.
- III. The 27 qualifying measures were tailored to SMEs & Startups in workshops and 2 measures were added.
- IV. The final selection of 29 measures was cross-checked with EU mandatory disclosure requirements. The data is Sustainable Finance Disclosure Regulation (SFDR) and scope 3 'compliance ready'. When company-specific or industry-specific data are required, we include additional measures in the scorecard.

The methodology was tested and refined with the University of Edinburgh and Redrice Ventures, a private equity venture capital company working with the British Business Bank.



THE UNIVERSITY  
of EDINBURGH



REDRICE







Unlocking the value of ESG for SMEs

© 2021. ESGgen. All Rights Reserved. ESGgen Limited (ESGgen) is a company registered in England with company number 13408145 at 7-9 The Avenue, Eastbourne, East Sussex, United Kingdom, BN21 3YA. ESGgen is a registered trademark and the trading name of ESGgen Limited.