ESG spotlight

How UK organisations are tackling
environmental, social and governance issues

Foreword

Decision makers are facing a growing array of pressures.

Economic uncertainty means we're all having to make difficult choices. Environmental, social and governance (ESG) is in the spotlight now more than ever.

Consumers no longer just want sustainability targets – they want to see measurable changes from brands. Finding new and efficient ways to make ESG progress is essential to ensure we continue to meet their expectations and those of our employees.

As demands from regulators and stakeholders increase for accurate, transparent reporting against net zero targets, organisations have been clear about what they need to make this happen: accessible and reliable carbon data.

Meanwhile the inclusion of social value criteria in public sector tenders means creating social value is now intrinsically tied to success for many organisations.

But success in 2023 and beyond means placing ESG goals at the heart of business strategy.

So how do we get there?

This spotlight report holds all the information you need to make better decisions and progress towards your own ESG goals, from your carbon footprint to your community impact.

In partnership with Censuswide, we've surveyed over 1,200 UK workers, from decision makers to junior staff, to understand where UK organisations are at with their ESG goals and what obstacles currently lie in the way of achieving them.

We've also combined our research with first-hand customer insights to better understand the challenges, opportunities and influences at play in the UK right now.

Finally, we've surveyed 1,000 general consumers to understand their views on how important ESG is to them and how UK organisations align with their values.

Read on to find out more.

Jo Bertram, Managing Director, Virgin Media O$_2$ Business

Less waste

Don't let good tech go to waste

Every organisation in the UK produces waste of some kind.

Whether it's commercial waste, e-waste, paper or even energy, each of us is faced with daily decisions on reducing our impact on the environment.

The government already has several initiatives in place to influence the amount of waste created.

The UK Environment Act contains a range of commitments for businesses on recycling and the handling, management and disposal of waste, including:

- Extending producer responsibility to make producers pay for 100% of the cost of disposal of products, starting with plastic packaging
- A deposit return scheme for single-use drinks containers
- Charges for single-use plastics
- Electronic waste tracking to monitor waste movements and tackle fly-tipping
- Regulating shipment of hazardous waste
- Banning or restricting export of waste to non-OECD countries

But when it comes to types of waste, the telecoms industry faces one challenge above most: e-waste.

E-waste is the fastest growing waste stream in the world, with 5.3 billion mobile phones set to be discarded globally this year alone.

5.3bn

mobile phones will be discarded globally this year alone

Business
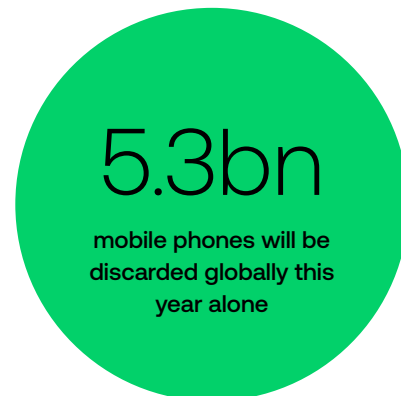
How we can tackle the problem of e-waste one device at a time

'We've been piloting refurbished devices and we've had great feedback. We currently offer this as an option employees can select but would like to move to refurbished devices being the default option.'

Naomi O'Neill, Head of IT Governance, Amey

As of 2021, all retailers who sell over £100,000 of electrical and electronic equipment must provide takeback systems for customers who purchase new equipment.

Manufacturers will soon have to make critical spare parts available to repairers and offer system upgrades for at least five years, and tablets and phones will need to meet stricter resilience requirements when it comes to accidental drops or scratches.

These policies might help to stem the rate of decay of phones and laptops. But there will still come a time when it's a choice between 'throw away' or 'go the extra mile'.

Initiatives like O₂ Recycle for Business exist to make this crucial moment an easy choice. This scheme helps organisations reduce their electronic waste and give back to communities by taking old devices and recycling them.

O₂ Recycle for Business operates on a zero-landfill policy, so all phones will be reused, repaired or recycled. By the end of 2025, we will recycle **95%** of this waste responsibly and fulfil 10 million circular actions.

These initiatives, combined with stricter government policy on the horizon, will be fundamental if we're to create a future where we commit less e-waste to landfill every year.

'We want to make sure our products are sourced from ethical locations. We will challenge suppliers where necessary.'

Steve Packer, Strategic Engagement Manager, Royal National Institute of Blind People

Less waste

Key actions
for decision makers

Educate
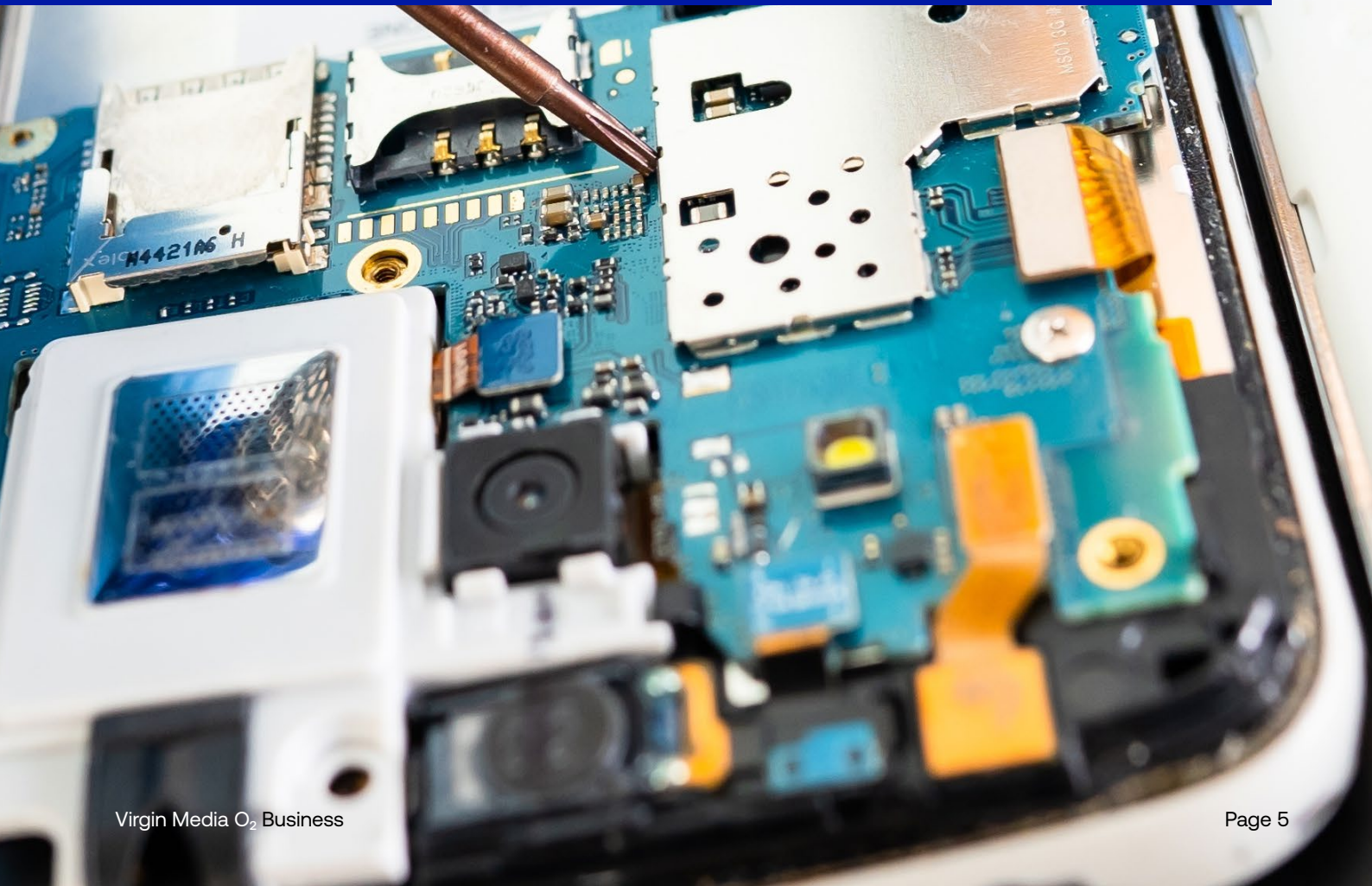employees on the prevalence of waste and how to reduce it

Communicate
authentically on your current waste management activities and progress

Reduce
barriers to action by making information readily available on waste disposal processes

Less carbon

The road to net zero will be paved with accurate data

The UK government has made a commitment to decarbonise all sectors of the UK economy by 2050.

2050 might feel like a long way off, but there are milestones and targets along the way that are much more immediate and require action today.

The Corporate Sustainability Reporting Directive (CSRD) requires all large companies to begin publishing regular reports on their environmental and social activities by 2025. The CSRD also includes listed small and medium businesses (SMBs) and it's likely all UK businesses will soon follow.

Meanwhile, public sector organisations are making strong commitments to change. The NHS has a net zero target of 2040. Over 300 councils have declared climate emergencies in the UK and are developing climate change action plans to help meet the government's net zero target.

All of these are positive statements of intent at a time when they're needed most. And the greatest weapon UK organisations have at their disposal to reduce carbon emissions is reliable data.

But just where does the UK currently stand on quality, reliable carbon data?

Over

300

councils have declared climate emergencies in the UK

'Measurement is one of the biggest challenges. The measurement criteria involve many different systems and processes, which have to be carefully verified for their absolute degree of accuracy.'

Steve Packer, Strategic Engagement Manager, Royal National Institute of Blind People

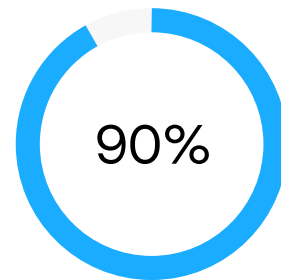# UK organisations have a firm grasp of their own emissions data

90% of senior business respondents are at least moderately confident in easily accessing accurate data to assess their organisation's performance, with **45%** very confident.

Just **6%** say they are not very confident and encounter challenges in obtaining reliable data of their own.

Scope 1 and 2 emissions have been on UK organisations' radars for a long time now, which could explain this confidence we're seeing from respondents.

The public sector is notably more confident than the private sector.

We found **95%** of senior public sector respondents express some degree of confidence in their own data compared to **87%** in the private sector.

90%

of business respondents are at least moderately confident when accessing accurate data

6%
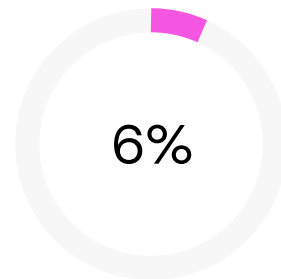
lack confidence and encounter challenges when obtaining data

95% **87%**

Public sector | Private sector
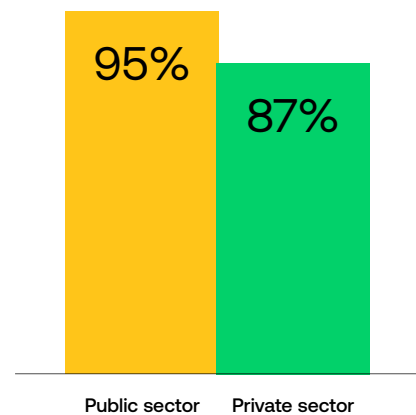
Show confidence in their own data

Virgin Media O₂ Business

Confidence in the availability of supplier data is low

Scope 3 emissions are at the heart of the CSRD. And this is where the data gaps start to appear for many organisations.

51% of senior business respondents say they either have gaps in, or lack entirely, access to clear and reliable information about the carbon footprint of the products and technologies their organisation uses.
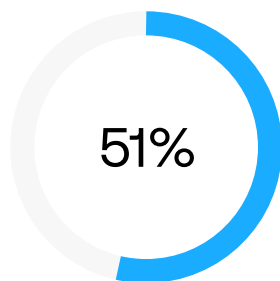
40% cite limited availability of data from suppliers or manufacturers as a challenge when obtaining data on the carbon impacts of the products and technologies their organisation uses.

If quality data is a vital part of how we'll reach net zero, suppliers need to do more to support UK organisations with easier access to carbon emissions about the products and services they purchase.
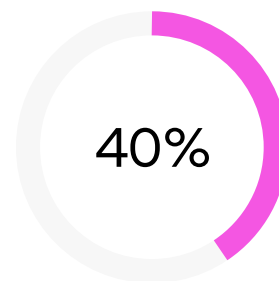
In the face of mounting economic pressures, it's up to suppliers to come to customers with reliable, accurate data – not for customers to have to go looking for it.

> 'Utility data and supply chain data is where we've struggled the most. Suppliers need to be able to tell us what the associated emissions are with providing that service or product to us, and that's something that is a bit lacking at the moment. We like to work with local, smaller suppliers but they don't always have that data.'
>
> **Lindsay Harling, Head of Commissioning and Procurement at Fedcap**

51%

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cite limited availability of data from suppliers or manufacturers as a challenge when obtaining data on the carbon impacts of the products and technologies their organisation uses.

Business

Don't underestimate the importance of properly validated data

90% of senior business respondents say carbon transparency is important in their decision making process when choosing products or technologies for their organisation. So it's vital this data is properly accredited.
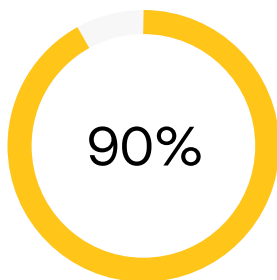
29% of senior business respondents say they have difficulty in verifying the accuracy and reliability of data provided to them.

This means that even when suppliers are bringing carbon emissions data to respondents, nearly a third have questions over its accuracy.

There are ways around these doubts.

The carbon calculator we offer on some of our most popular business solutions, for example, is based on a model that has been verified by the Carbon Trust as conforming to the Greenhouse Gas Protocol Product Lifecycle Standard.*

As we move towards net zero, the gap between demand for carbon transparency and the current level of reliable data from suppliers can only be bridged by properly accredited data that is proactively placed into the hands of decision makers.

'There's lots going on for organisations. You've got to deliver performance as well as sustainability and it's about making it part of the organisational strategy. We've revamped our strategy this year and we've embedded social value and sustainability throughout.'

Lindsay Harling, Head of Commissioning and Procurement at Fedcap

'We're focusing more on the environmental credentials of our suppliers. This will play an increasingly important role in our supplier selection.'

Naomi O'Neill, Head of IT Governance, Amey

90%

of senior business respondents say carbon transparency is important in their decision making process

*Model outputs do not constitute a verified product/organisation footprint

Key actions
for decision makers

Challenge

your suppliers to offer carbon emissions data to you proactively

Ask

for independently accredited data that you can depend on for your reporting

Prepare

for future regulations by placing sustainability at the heart of business strategy today

Social value leads to economic value

Virgin Media O₂ Business

'We're putting a real focus on delivering social value back into the communities in which we work. At Fedcap we're committed to demonstrating 25% social value impact on our local communities across the UK.'

**Lindsay Harling, Head of Commissioning and Procurement at Fedcap**

Whether through company volunteering schemes or local hiring initiatives and apprenticeships, the 'social' aspect of ESG was present in organisations long before ESG became the prominent topic it is today.

Which likely explains our respondents' confidence around the subject.

40% of business respondents rate their organisation's understanding of, and contribution to, social impact as very high and **48%** would rate it as moderate.

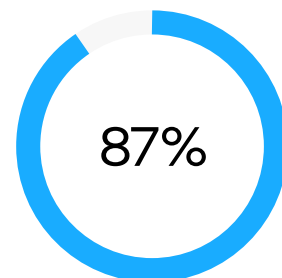**87%** are therefore already taking steps to support social causes.

But what steps are UK organisations already taking? And which social causes are they focusing on?
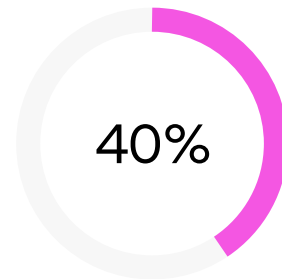
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of business respondents rate their organisation's understanding of, and contribution to, social impact as **very high**

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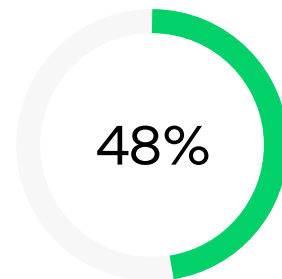
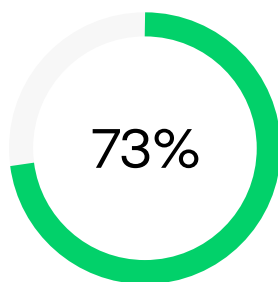rate their organisation's understanding and contribution to social impact as **low**

87%

are therefore already taking steps to support social causes

Social value is on the rise

73%

of our business respondents noted at least a slightly higher priority of social value at their organisation compared to one year ago

'We need to demonstrate what we're doing from an ESG perspective. We need to show current and potential new clients how serious we are about this, we've got great examples of work to improve sustainability and we need to ensure this comes out in our bids.'

Naomi O'Neill, Head of IT Governance, Amey

As our focus on ESG grows, so too does our focus on social value.

73% of our business respondents noted at least a slightly higher priority of social value at their organisation compared to one year ago.

Interestingly, the public sector leans towards social value more than any other element of ESG.

30% of respondents at public sector organisations chose social value as their main focus out of the three elements of ESG, compared to just **19%** of those in private sector businesses.

The public sector has a big part to play in the rise of social value. The 2012 Social Value Act requires all public sector contracts over £100,000 to have a minimum **10%** social value weighting.

This not only shows the public sector's commitment to the subject but also encourages private sector organisations wanting to work on public sector contracts to create value themselves.

In the face of this growing focus, many decision makers will be looking to the various different ways of creating social value for inspiration, particularly in a year when financial and capacity constraints mean they need to find smarter ways to create social value that don't require significant investment.

From local recruitment to apprenticeships, volunteering schemes and free products and services, there are a range of ways your organisation can create social value.

And one increasingly popular area is around digital inclusion.

Less inequality

UK organisations look to digital inclusion to create change

The UK has a growing digital divide.

According to The Communications and Digital Committee, digital skill shortages cost our economy £63 billion every year.

Closing this gap won't just help the economy though – it will change lives.

It's why more and more organisations are choosing to tackle the digital divide through social value work.

Together with Good Things Foundation, our National Databank recently opened its 1000th National Databank Hub, with free O2 mobile data, texts and calls to help people in need get online and stay connected to loved ones.

86% of our business respondents say their organisation would be at least somewhat likely to consider initiatives like tech donation programmes that contribute to improving digital inclusion across the UK.

But it can be difficult to know where to start with digital inclusion. That's why it can help to work with partners who are able to offer ways to contribute to closing the divide.

Our own tech donation programme lets organisations donate smartphones and mobile data to digitally excluded people in local communities when they enter a contract with us.

By handling the donation on our customers' behalf at no extra cost, we take the pressure off them in a difficult economic year while allowing them to continue to progress against their ESG goals.
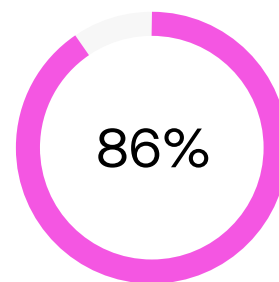
86%

of business respondents say their organisation would consider initiatives like tech donation programmes that contribute to digital inclusion.

Business

Consumers are searching for socially responsible businesses

55% of consumers surveyed say they are at least somewhat more likely to support a company that offers products or services tied to tangible social impact.

54% of consumers surveyed say a company's commitment to ESG at least somewhat influences their buying decisions.

This, coupled with the public sector's Social Value Act, mean social impact is now impossible to ignore.

Social impact works best when we come together. Public sector organisations bring in-depth community knowledge to help deploy resources to those who need them most.

And private sector organisations are able to bring those resources – be that time, money or people – to support often stretched public sector resources.

Our own Connect More Programme allows our employees to volunteer at drop-in digital skills sessions with partner local authorities, helping to narrow the digital divide by building digital confidence.

'It's a constant education process with numerous different sectors to ensure blind and partially sighted people are represented. And we hope, in five to ten years' time, we don't have to do anything because it's embedded in everyone's school of thoughts. And our ESG strategy is embedded within that overarching strategy.'

Steve Packer, Strategic Engagement Manager, Royal National Institute of Blind People
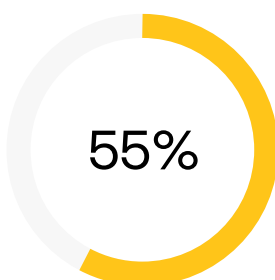
55% of consumers surveyed say they are somewhat more likely to support a company that offers products or services tied to social impact
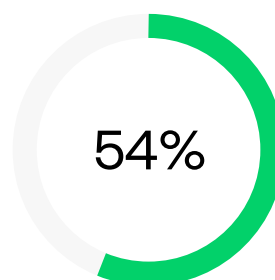
54% of consumers surveyed say a company's commitment to ESG could influence their buying decisions

Less inequality

Key actions
for decision makers

Explore

new and efficient ways to
create social value

Focus

social value activity on
achievable goals that align
with your business strategy

Talk

to your employees
to learn which issues
matter most to them

UK organisations expect more from suppliers on ESG

Through our research and interviews, UK organisations have made their needs clear.

88% of business respondents are now at least somewhat motivated to accelerate their ESG ambitions and make faster progress in light of the global focus on advancing sustainability and responsible business.

But to do so, they will need readily available and accurate data to inform decision making. They will need new ways to create social value in the face of economic constraints. And they will need the right technology to drive ESG advancements.

We found that the outlook is positive.

The majority of organisations are familiar with ESG and have strategies in place. The onus is now on partners to step up and become another channel to ESG progress, not a barrier.
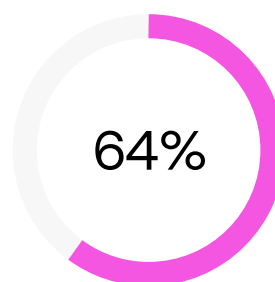
64% feel they could be better equipped in using technology and innovation to drive ESG advancements and this is where partners can step in and help.

'We have a database of suppliers and we've shaped the types of suppliers we work with to align with our values and the way we work. We've built a lot of parameters to ensure they follow an ESG line of thinking.'

Steve Packer, Strategic Engagement Manager, Royal National Institute of Blind People

88%
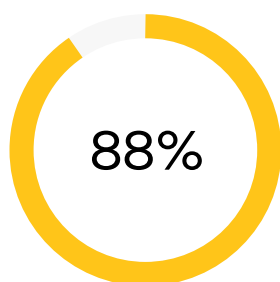
of business respondents are somewhat motivated to accelerate their ESG ambitions

64%

feel they could be better equipped using technology and innovation to drive ESG advancements

Let's do more to **achieve less**

These are just some of the ways we can support your organisation with ESG, all at no extra cost to you.

Carbon calculator

Predict the carbon footprint of some of our most popular business solutions, with a model verified by the Carbon Trust as conforming to the Greenhouse Gas Protocol Product Lifecycle Standard*

Learn more

O_2 Recycle for Business

Extend the life of your old or unwanted devices by trading them in for cash to help bring tech waste down and support the circular economy

Learn more

Tech donation programme

Give digitally excluded children and over-65s free smartphones and mobile data, creating more opportunities for them and their communities

Learn more

Connect more programme

Help narrow the UK's digital divide through local digital skills sessions supported by our own staff volunteers in partnership with the public sector

Learn more

*Model outputs do not constitute a verified product/organisation footprint.

'Do one thing'
to progress towards your ESG goals this year
(as told by our customers)

'It's about relationships and building partnerships. We're not going to do this solo. That is really key, especially in the current economic climate, we've got to support one another.'

Lindsay Harling, Head of Commissioning
and Procurement at Fedcap

'For experts in this field to share their own best practice and ESG journeys. I am fully aware the charity sector is lagging behind other sectors and its maturity of ESG development we're looking at. Any help from large corporate organisations such as Virgin Media O_2 Business is absolutely invaluable.'

Steve Packer, Strategic Engagement Manager,
Royal National Institute of Blind People

'It doesn't have to be complicated. Almost any existing process could be improved to make it more environmentally friendly or have a bigger social impact. It's not about starting from scratch. Every part of the organisation can start small but we all need to think big about collectively what we can achieve in terms of our ESG impact.'

Naomi O'Neill, Head of IT Governance, Amey

Virgin media O2 Business

Ready to make meaningful
ESG progress?

Visit our sustainability hub