

# Broadstone 2023 Sustainability Policy



We introduced Broadstone's Sustainability Policy in 2022 to show that long term success depends on more than just financial measures. We looked at how we can empower prosperity for our clients, our people, our environment and our firm and set ourselves targets to improve over time. We are proud to have achieved almost all the targets we set.

This document shows the improvements we have made and the new targets we have set ourselves. We will continue to monitor these and share our progress in future.

**Patrick Gale, Chair**

# Introduction

## **Empowering people's prosperity**

At Broadstone, our aim is empowering people's prosperity and to do this, we look beyond just financial concerns, choosing to focus on sustainable prosperity for **our clients, our people, our environment and our firm.**



# Key highlights

Last year we set ourselves a range of sustainability targets covering carbon emissions, our employees and how we run the company.

Here is how we have performed against these targets.

Target	Achieved?	Comments
To measure Broadstone's Scope 3 emissions	✓	We have calculated our Scope 1, 2 and 3 emissions for our financial year 2021-22 and also 2022-23.
To increase the proportion of employees from minority ethnic groups, up from 12%	✗	We achieved 11% as at 31 August 2023, largely as a result of acquisitions and disposals during the year, hence not exactly comparable to last year.
To reduce median gender pay gap from 10%	✓	Below 10% as at 31 August 2023. As a comparison, OECD data shows the UK average to be approximately 12.2%
To maintain the 50-50 gender split in our workforce	✓	As at 31 August, employee base is 49% female, 50% male and 1% non-binary.
To maintain appropriate Information Security controls and processes	✓	Now certified by a third party under the Cyber Essentials Plus (CE+) scheme and have renewed our ISO 270001 accreditation.
To rehost our Broadstone.co.uk website, running on more renewable energy, with the aim of reducing carbon emissions by 40%.	✓	Achieved with over 80% carbon reduction.
To re-use IT equipment where possible: every 20 laptops save 6 tonnes of CO <sub>2</sub> e.	✓	The equivalent of 47 tonnes of CO <sub>2</sub> was saved by re-using IT equipment. As well as saving carbon, the equipment is now also being used in a socially responsible manner.

For our **clients**, the advice we give can influence where hundreds of millions of pounds are invested so we take this responsibility seriously. As well as working with pension schemes, Broadstone advises over 70 charities, universities, non-profit organisations and family offices who have bespoke sets of ethical investing needs. To best advise them, we work closely with investment managers to develop relevant products and improved reporting.

In 2023 we launched the Broadstone Advantage, our **employee proposition**. This shows what makes working for Broadstone different from working anywhere else and is based on four key themes: Valuing People, Supporting Growth, Making an Impact and Belonging.

Regarding the **environment**, we measured the 'Scope 3' carbon emissions across our operations covering our 2021-22 and also our 2022-23 financial years: we have offset 100% of these carbon emissions across a range of projects. We have also improved the education for our employees on what we are doing and how we can all help reduce our emissions.

To make sure sustainability is integrated across our firm, we track a range of ESG metrics and this is reported each month to our main Board and to other decision-makers. To maintain the strong governance of the firm, we also have appointed an additional Non-Executive Director to our Board.

## Improving over time

This policy shows how Broadstone has progressed over the past year and what further targets we have set ourselves. We will continue to set and monitor targets across the firm and will publish how we achieve these in future.



# Sustainable prosperity for our clients

To best advise our pensions, investment and employee benefits clients, we need to look beyond the short term and take a wider view of what may impact their interests in the long run.

## Broadstone's sustainability beliefs

Environmental, Social and Governance (ESG) factors, including climate change, are **financially material**.

There are risks, **and also opportunities** in the likely transition from carbon to renewable energy sources.

Effective **engagement and stewardship** can positively influence behaviours.

**Reporting is key:** effective reporting highlights where actions need to be taken by decision makers.

## ESG integrated investments

An increasing number of our clients want to integrate sustainable investing into their portfolios and there is now a huge range of sustainable funds available in the market. To help our clients choose what is best for them, we help them agree the most appropriate level of integration as a Trustee Board, highlighting the relevant risks and opportunities.

We then propose funds which achieve their long term aims, while integrating sustainability in the investment approach.

## How we turn this into action

### Charities and non-profit organisations.

As well as working with pension schemes, Broadstone is the trusted investment advisor to charities, universities, non-profit organisations and family offices. We have over 70 clients with bespoke sets of ethical investing needs and take our responsibility to hold investment managers to account seriously. We are led by our clients' individual objectives and beliefs when it comes to investing and ensure our recommendations include the required ethical and ESG objectives.



A key focus within our manager research process is how we can encourage investment managers to focus not just on financial returns, but also the impact the money has through their investment policies. Our charity and non-profit clients want portfolios which deliver more than just 'doing no harm'. To achieve this, we believe that collaborative efforts are key to ensure there are more impact products, better ESG alignment and useful reporting.

**Broadstone ESG Metric.** Our Employee Benefits Consulting team have developed a framework which enables employers to score how their benefits package or Employee Value Proposition measures up against ESG principles. While much of the ESG conversations regarding employee benefits relates to the 'E' of ESG, this assesses each of the E, S and G pillars. Our consultative approach creates a baseline score where we provide suggested actions and improvements, with agreed timelines for these to be reviewed.

**Investor in Customers (IIC).** We have been awarded a Gold assessment by IIC, covering both customer experience and employee engagement.



# Sustainable prosperity for our people

As a professional services firm, Broadstone's reputation and success depend on its people. People can choose who they work for, so it's up to us to make sure Broadstone is where they want to work.

## The Broadstone Advantage

This year we launched the Broadstone Advantage. It is based on four key themes and articulates what makes working for Broadstone different from working anywhere else.

<b>Valuing people</b>	Our family friendly policies and flexible working support our employees' work-life balance, while maintaining a collaborative and friendly workplace.
<b>Supporting growth</b>	Our performance and progression framework ensures that employees are given the tools, support and opportunities to achieve their potential.
<b>Making an impact</b>	We believe that all of our colleagues can and should have the opportunity to directly enhance and improve the client experience.
<b>Belonging</b>	We are a Living Wage employer, we are Disability Confident and we invite all of our employees to be part of our Diversity & Inclusion initiatives, to improve our own working lives and the lives of those around us.

## Achievements this year

**Gender Pay gap.** We continue to focus on reducing the gap between what women and men earn, and there have been a number of senior female hires and promotions over the last 12 months. While the structure of the firm is slightly different this year due to acquisitions, our median gender pay gap as at 31 August 2023 is under 10% and remains below most of our peers.



## Increasing visibility of **Diversity & Inclusion (D&I)**.

D&I is at the forefront of both our HR and wider business agenda with Broadstone being a Living Wage employer and a Disability confident employer. Over the past year the Broadstone D&I committee has worked hard to promote and publicise issues that we see as pivotal to signposting, educating and creating understanding. The Committee have also worked with the Head of HR to agree actions and targets for the business. These include the specific quantitative targets set out below, plus actions to increase the visibility of D&I internally with additional D&I communications, more training and an additional question in the employee engagement survey. We have also implemented a new HR system and run a data collection exercise to improve ongoing monitoring against our targets.

## **Targets we have set ourselves over the next year**

- To continue to aim for 50% of our workforce being female, even though this may be affected by business changes across Broadstone.
- To target an annual improvement of 1% in our median gender pay gap and reduce this further below 10%.
- Increase the percentage of our workforce from minoritised ethnic groups by 1% to 12.5%.

## **Our successes over the past year**

- Our mentoring scheme has been well received and out of approximately 600 staff, we now have 30 mentoring partnerships in place.
- We have reviewed and enhanced our family friendly policies with a much more generous offering across the range of absences, with improvements being made to parental, fertility and dependent leave.
- Helping our employees with increased cost of living, 40% of our staff are now covered by Private Medical Insurance, with more planned to be covered in future.
- In our employee engagement surveys, we ask: “Our organisation treats everybody with dignity and respect, regardless of gender, race, sexuality, age etc”. In our latest survey, employees gave that question a score of 8.5 out of 10, in the very positive range.





# Sustainable prosperity for our environment

Broadstone's aim is to secure people's prosperity and to do this, we have to consider the wider environment in which we live.

## Climate pledge

- We will continue to offset 100% of Broadstone's Scope 1 and 2 carbon emissions which we control directly, as well as the Scope 3 emissions from our operations.
- As well as offsetting, we will look to make meaningful reductions to our emissions across our value chain.
- We will incorporate climate risks into the advice we give to our clients and how we run the firm.

## Targets we have set ourselves over the next year

- To make carbon reduction targets across the business, informed by the detailed emission measurement we have undertaken.
- To continue to re-purpose IT equipment and make efficiencies in power consumption where possible across our IT infrastructure. We aim to save over 15 tonnes of CO<sub>2</sub>e doing this, almost the annual carbon footprint of two people in the UK.
- To review our HR policies and practices to better understand how they measure up against a range of Environmental, Social and Governance principles and where to focus attention on improving them.



## How we turn this into action

### Measuring Broadstone's Scope 1, 2 and 3 carbon emissions.

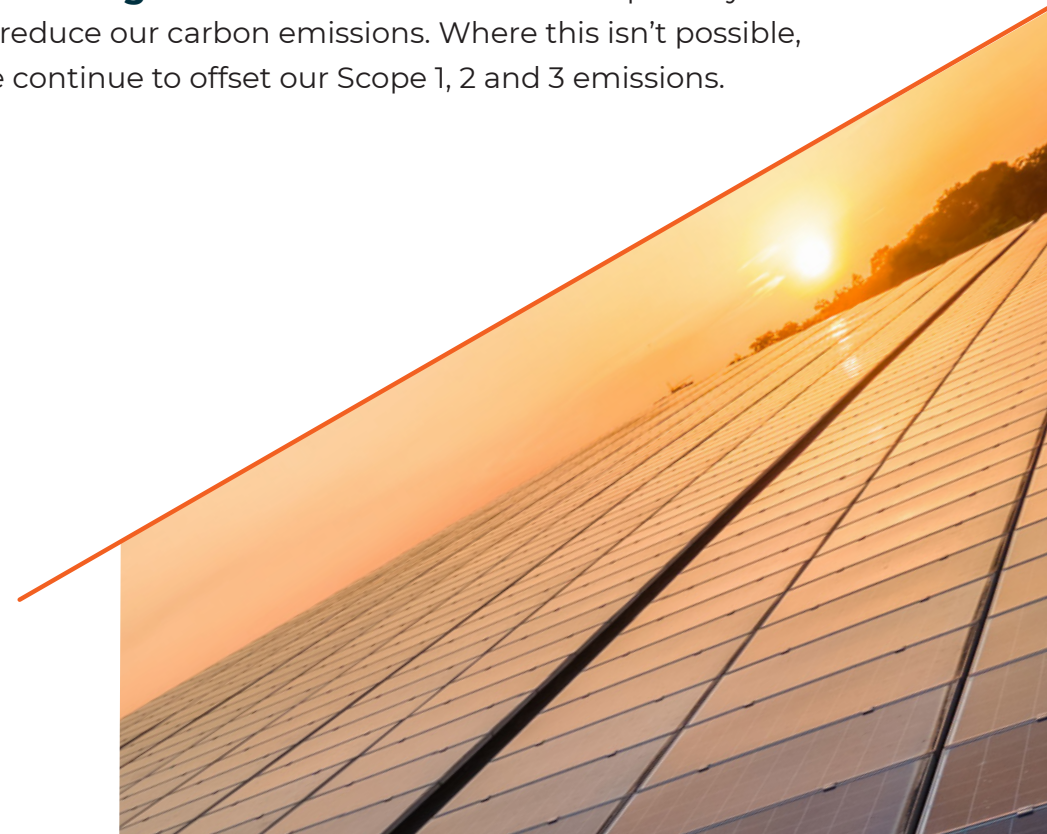
To know how to improve an issue, you need to know the facts. We have therefore invested time and money this year to measure Broadstone's 'Scope 3' carbon emissions across its operations, both for the financial year 2021-22 and also 2022-23. We now have a much better understanding of which activities and parts of the business contribute most to our carbon emissions, and will use this information to focus our attention in future.

Here's more information on what makes up Scope 1, 2 and 3 carbon emissions:

Emissions examples	Scope 1	Scope 2	Scope 3
Emissions directly from operations*	✓		
Electricity bought from heating / cooling offices		✓	
Emissions from commuting & home working			✓
Business travel / hotel stays			✓
IT equipment			✓
Food and drink bought			✓

**Employee education.** This year we have spent time improving awareness of Broadstone's carbon emissions and what employees can do to reduce these. As well as an 'all employee' training session on our carbon emissions and offsetting, we have developed an intranet site with a range of resources to help employees better understand the topic. To change peoples' behaviours we also highlighted the carbon savings of using public transport or sharing lifts when travelling to meetings: taking a train uses less than a quarter the emissions of a petrol car!

**Offsetting our carbon emissions.** Our primary aim is to reduce our carbon emissions. Where this isn't possible, we continue to offset our Scope 1, 2 and 3 emissions.



# Sustainable prosperity for our firm

To ensure Broadstone's long term success, we have to ensure the firm itself is well governed.

## How we conduct ourselves at Broadstone

- We conduct business with integrity and with the highest ethical standards, which is supported by our internal policies.

## How we turn this into action

**ESG reporting to Board.** Each month we report to the Board on a range of metrics including carbon use and wider ESG metrics which you can see below.

Climate change	HR	Diversity
Carbon footprint	Employee turnover	Gender diversity
	Absenteeism	Equal pay
	Training spend	Ethnic diversity
	Employee engagement	

### Independent Chair and female Board members.

As well as having an independent non-executive director as Chair, to improve the diversity of the Board, one-third of its members are now female.

**Enhanced policies.** We have recently updated our parental, dependent and other leave policies so they are more attractive and significantly more generous than what is legally required.

**Cyber security.** Cyber security is critical to the Broadstone business and is incorporated into all aspects of our business practices and operations. To reflect this our information security policies are backed up by a formal set of standards and we are proud to hold the **ISO 27001 accreditation** and the **Cyber Essentials Plus (CE+) certification**. These show we have industry-recognised information security policies and procedures safeguarding the security, confidentiality, integrity and availability of our systems and data. We also focus on implementing best industry practice and frameworks to improve our security and risk management over time, across the standard five functions of Identify, Protect, Detect, Respond and Recover.

**Compliance.** As a group that includes businesses regulated by the FCA, we have appropriate policies which our employees must adhere to: we have a strict anti-bribery and corruption policy as well as a whistleblowing process. As part of our systems and controls, our staff are required to complete an annual programme of online training, covering topics such as financial crime, bribery and corruption, data protection and cyber security.







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