

ESG insights

Practitioner lens
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Red Cross pays our respects to the Aboriginal and Torres Strait Islander Custodians across this country, and to Elders, past, present and emerging.

Australian Red Cross

01

History

- The International Red Cross and Red Crescent Movement started in 1863 and was inspired by Swiss businessman Henry Dunant.
- The suffering of thousands of men on both sides of the Battle of Solferino in 1859 upset Dunant. Many were left to die due to lack of care.
- He proposed creating national relief societies, made up of volunteers, trained in peacetime to provide neutral and impartial help to relieve suffering in times of war.
- Dunant also proposed that countries adopt an international agreement, which would recognise the status of medical services and of the wounded on the battlefield. This agreement – the original Geneva Convention – was adopted in 1864.
- Australian Red Cross was started in 1914 as a branch of the British Red Cross and in 1927 was recognised as a national society in its own right



Our Guiding Star

Our Purpose:

Bringing people and communities together in times of need and building on community strengths. We do this by mobilising the power of humanity

Bringing people and communities together

- At our core, we are about bringing people together – members, volunteers, staff, business, government, communities...bringing people together to find solutions.
- We do things with rather than to people.

In times of need

- That means disasters and emergencies – but so much more too. We are here to help drive long-term systemic change as well as respond to immediate community needs.

Building on community strengths

- We recognise that even in times of need, communities have strengths. We seek to leverage and build on those strengths in our work.

Mobilising the power of humanity

- This is core to how we work as an organisation and part of what makes Red Cross unique. We recognise the power that exists in bringing people together around a common cause/goal.

Our Guiding Star

Our Vision:

Trusted as the leading humanitarian organisation making a genuine difference in the lives of people and communities

Trusted

- We know how critical trust is to our work. We have a powerful brand built over more than 100 years of service.
- We also recognise that trust can be fragile and must be actively fostered / built.

The leading humanitarian organisation

- We aspire to be the best at what we do -- experts in our field, the people others turn to for guidance, and the desired destination for employees, members, volunteers, donors, business, government, and communities.
- We also recognise we will only achieve that goal by working in collaboration and partnership with others.

Making a genuine difference in the lives of people and communities

- Ultimately, we want to have a significant positive impact on the people and communities we serve
- Again, we do things with rather than to people.

ESG evolution

02



Environment, Social and Governance (ESG), is about the ability to *create and sustain long-term value* in a rapidly changing world and manage the *opportunities and risks* associated with these changes

When did ESG start?





ESG vs CSR

CSR refers to organisational efforts to make the world a better place. This can include philanthropy, community engagement, environmental programs, employee wellbeing programs

ESG goes one step further, to demonstrate positive impact with data

Why important?

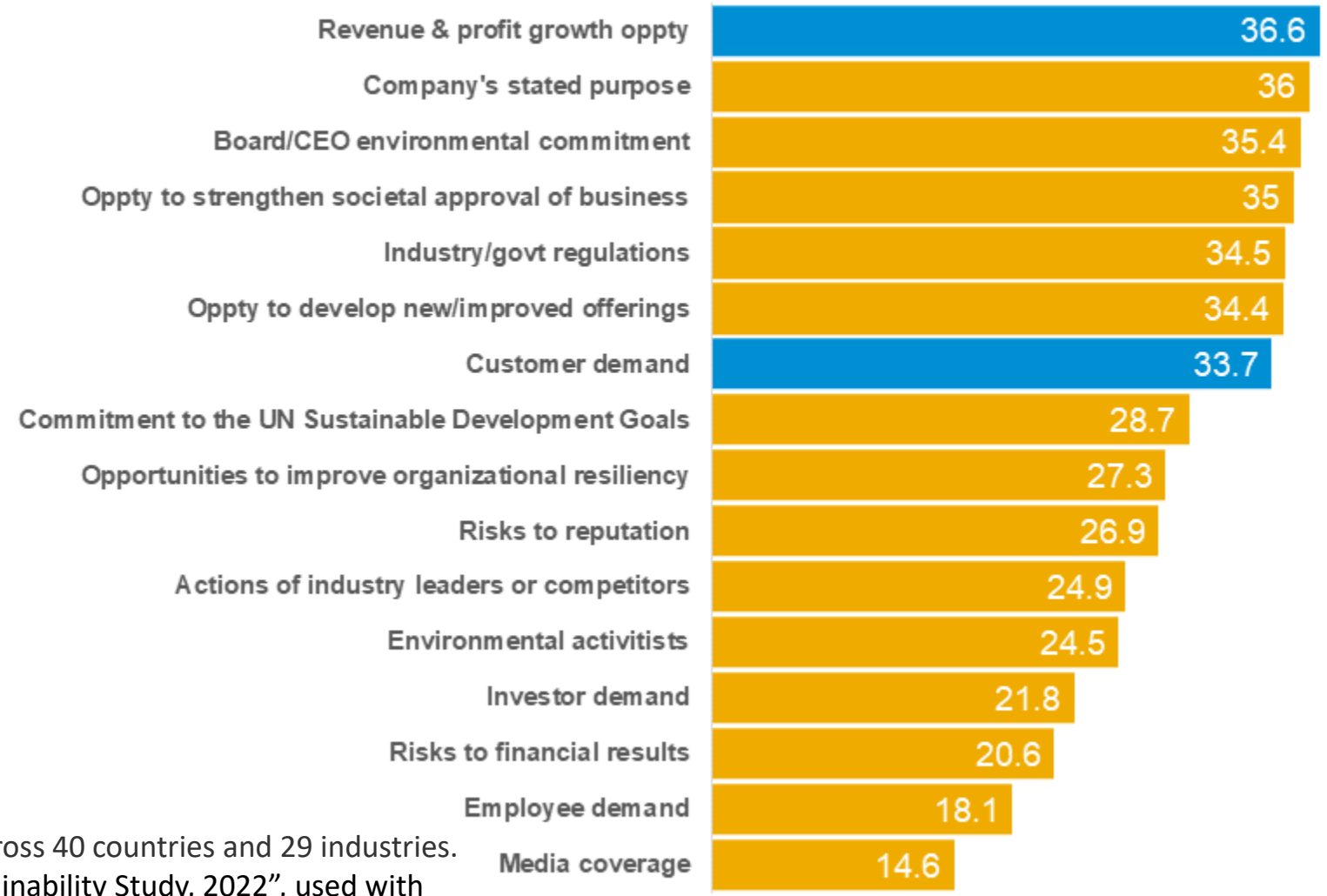
Strategy

 03



Sustainability is increasingly viewed as a strategy for achieving positive business outcomes

- **37%** of businesses see **revenue and profit growth** as the strongest motivation for taking action on sustainability
- **Customer demand** showed a **7X** increase in importance as a motivator from Wave 1 to Wave 2, the largest change of any motivator



Based on a survey of over 6,000 businesspeople across 40 countries and 29 industries. SAP Insights Research Center, "Environmental Sustainability Study, 2022", used with permission

<https://insights.sap.com/does-your-business-have-a-talent-for-sustainability/>

What forces motivate your company to take action to improve the planet's environment? (ranked within Top 5) N=6,669

Strategy - Making a genuine difference



Humanitarian consequences

“Today’s climate and environmental crises threaten the survival of humanity. All dimensions of our lives are affected, from our physical and mental health to our food, water and economic security. While the crises are impacting everyone, those who have contributed least to the problem are hit hardest – and it is only getting worse.”

- **Climate and Environment Charter for Humanitarian Organizations**

What does success in ESG at Red Cross look like?

Environment

- We understand our environmental footprint
- We work towards zero harm, not just to our people, but also to our environment
- We reduce, recycle and reuse our material resources
- We engage community in positive climate action and waste reduction
- Carbon neutral organisation (Scope 1 and 2)
- We work with our supply chain and others, to encourage our objectives are also shared with our partners

Social

- We improve community connection, resilience and wellbeing and can measure transparently
- We ensure that all people can safely access and be included in support that is dignified, adhering to the principle of 'do no harm', putting individuals and populations at the centre of all work we do
- We have identified and eliminated modern slavery in our operations and supply chain
- We are an inclusive, diverse, fair, constructive culture organisation
- We maintain constructive stakeholder relationships

Governance

- We embrace the Fundamental Principles, Statutes of the Red Cross movement, are an ethical organisation with leadership that embrace our humanitarian values, social and environmental outcomes
- Open, ethical organisation with access to whistleblowing and EAP
- We comply with legislation and standards, including having sound governance, strategic and operational processes in place.
- We are a trusted organisation and report transparently on our environmental, social and financial outcomes

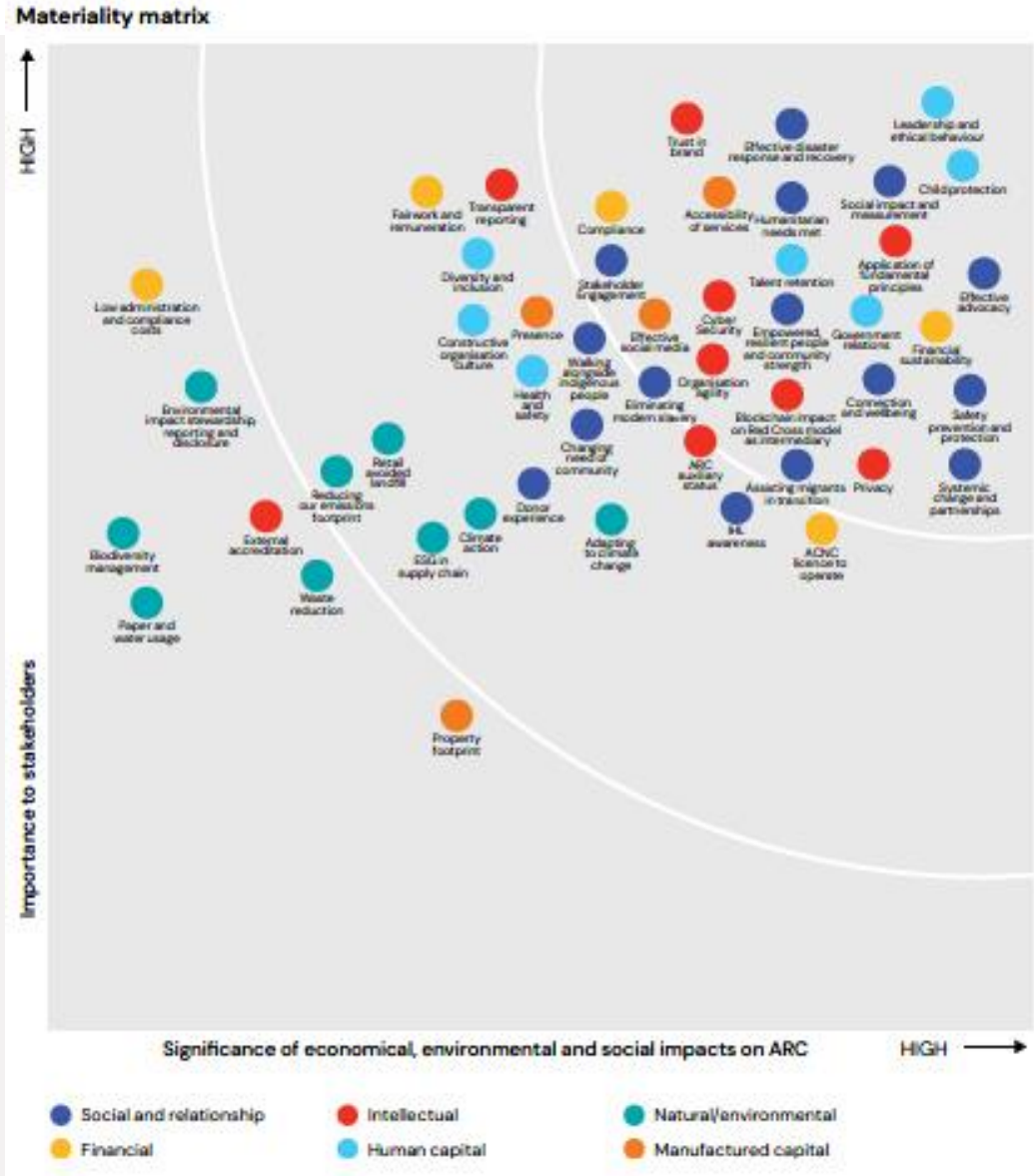
Materiality

Risk and Opportunity

 04



Double Materiality



Governance

Accountability



 05

Core elements of ESG

Governance

Strategy

Risk Management

Value Proposition including theory of change

Social and environmental base line

Resourcing (people, partners, training)

Change management

Program planning and design

Technology

Performance Metrics & Targets

Reporting, monitoring and evaluation

Governance

- **Audit & Risk committee Terms of Reference**
- **Governance Work Plan**
- **Annual Report content and Board sign off**

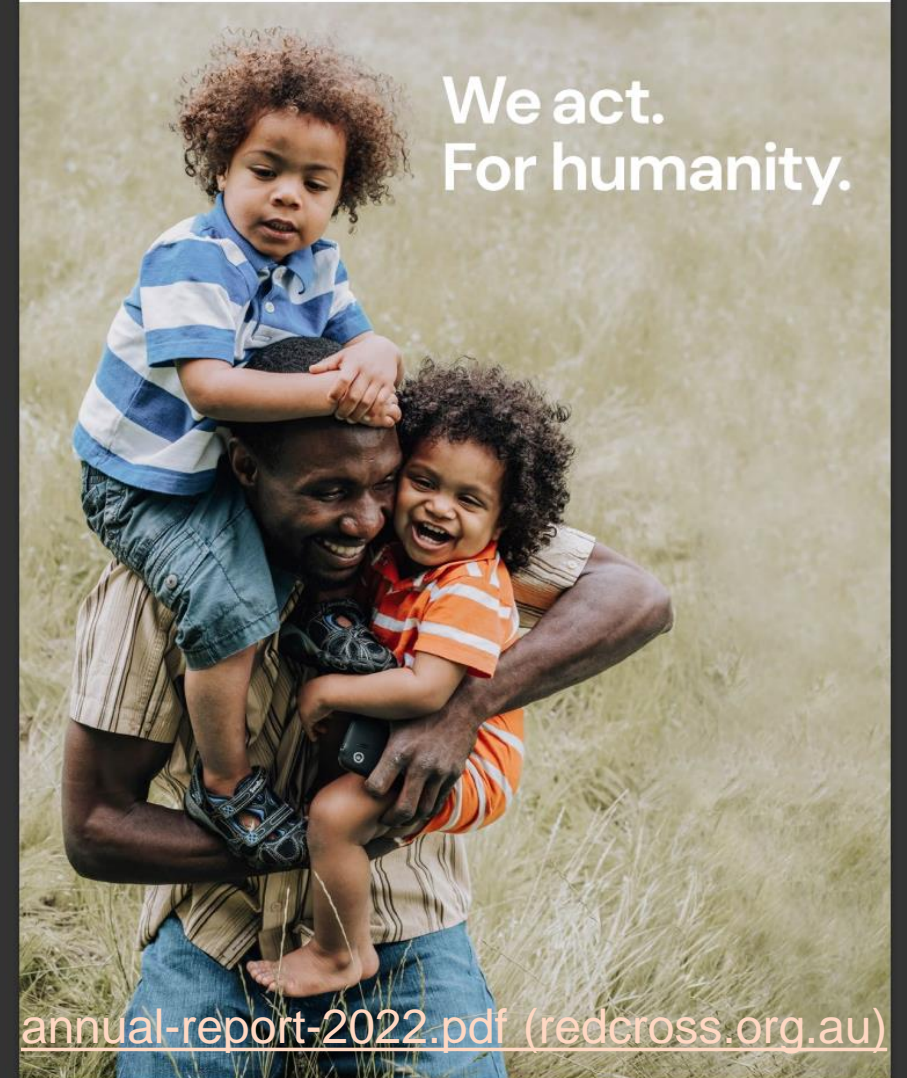
Fundamental Principles

- Humanity
- Impartiality
- Independence
- Neutrality
- Universality
- Unity
- Voluntary service

Leadership, ethics & culture

- Policy, process & procedures (eg ethical investment guidelines)
- Our people and supply chain
- EAP and whistle-blower
- Protection, gender and inclusion

We act.
For humanity.



Relevant standards

- 1.ISSB / ASSB– International Sustainability Standards Board / Australian Sustainability Standards Board
- 2.TCFD – Taskforce for Climate related Financial Disclosures
- 3.Greenhouse gas emissions protocol
- 4.UN SDG – United Nations Sustainable Development Goals
- 5.UN Guiding principles on business and human rights
- 6.GRI standards
- 7.ACFID Code of Conduct

Relevant legislation

1. Australian Charities and Not-for-profits Commission Act 2012 (Cth) which implements Governance Standards
2. Modern Slavery Act 2018 (Cth)
3. Fair Work Act 2009 (Cth)
4. Australian Human Rights Commission Act 1986 (Cth), Age Discrimination Act 2004 (Cth), Disability Discrimination Act 1992 (Cth), Racial Discrimination Act 1975 (Cth), Sex Discrimination Act 1984 (Cth) and anti-discrimination laws in each State and Territory.
5. Workplace Gender Equality Act 2012 (Cth)
6. Workplace Health & Safety laws in each State and Territory
7. Environment Protection laws in each State and Territory
8. Child and vulnerable person safeguarding laws (in each State and Territory)

Culture

Training, development, humanistic

06



People – human capital

(Clients, employees, volunteers and governance)



Inclusion, Equity & Diversity

Gender / Age / Ethnic diversity
Indigenous identified
Ability
Thought diversity
Skills & experience
Pay equality



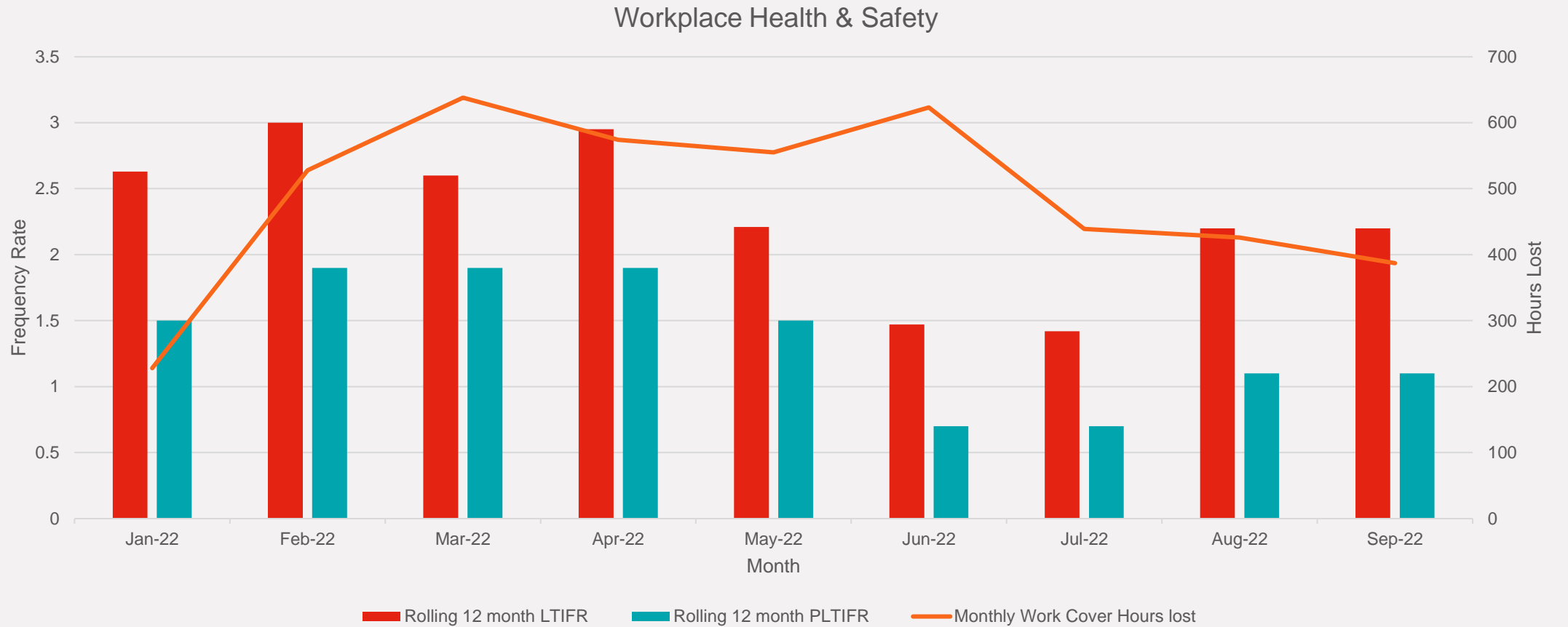
Talent retention and growth



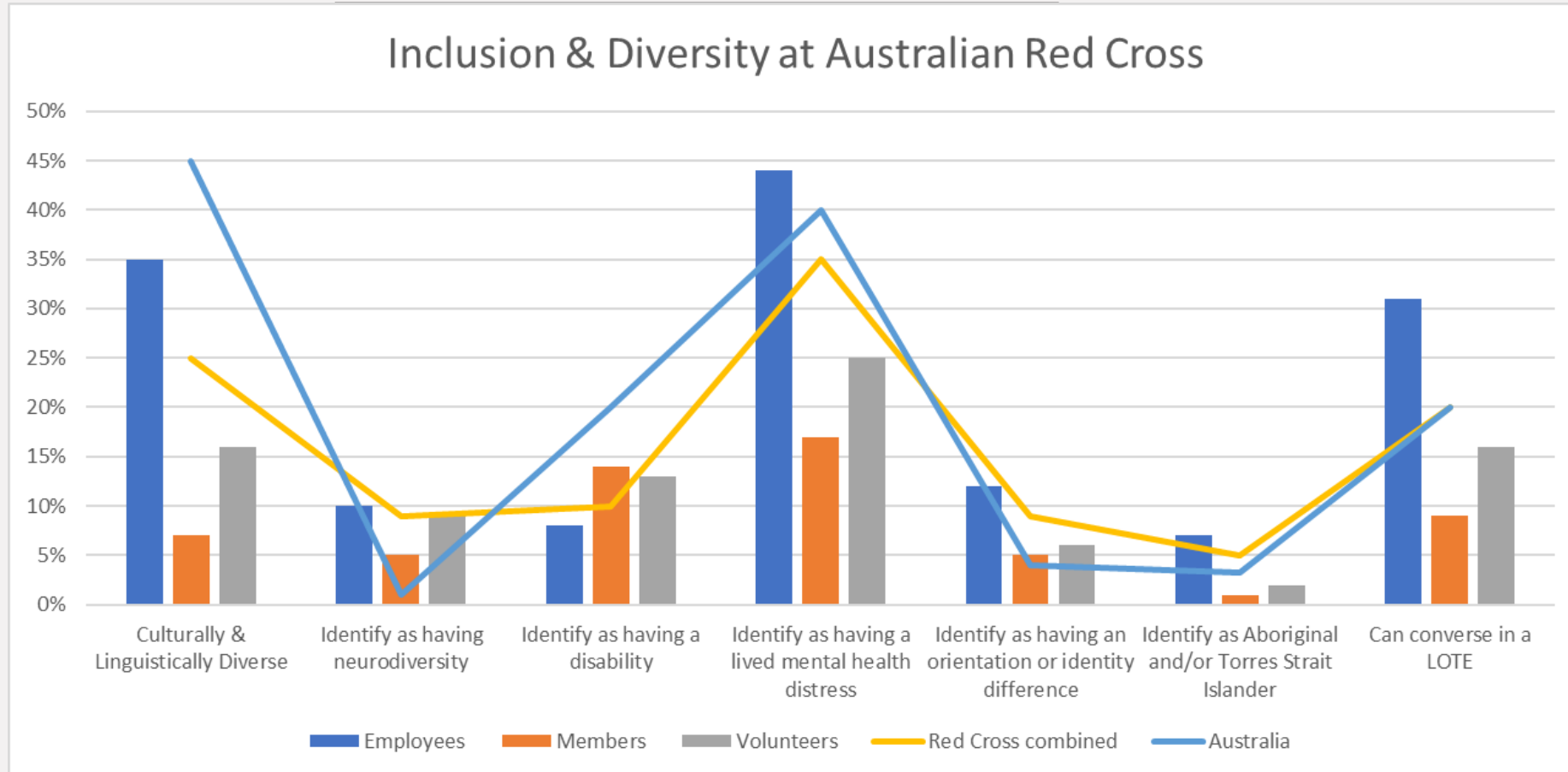
Cultural growth

Achievement
Self Actualisation
Humanistic encouraging
Affiliative

Health & Safety



Inclusion & Diversity



Source: Data sourced from Inclusion and Diversity Survey

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4.0

Overall Score



3.8

Last Year Overall



3.9

This Year's Goal

September Pulse 2022

Total Organisation Results

Aspire

Respect

Collaborate

Stand Up

Deliver

4.0

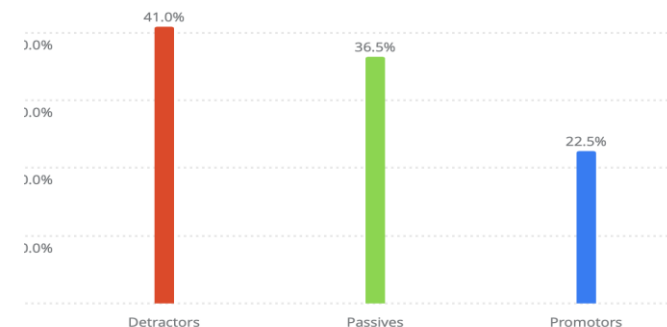
4.0

3.6

4.1

4.1

Goal for each Domain is 3.9



Question Responses

I understand what is expected of me in my role.	846	85%	8%	7%
I understand why we need to make changes to how we operate.	846	84%	11%	5%
I receive communication from my immediate manager to support me through the changes currently occurring.	846	80%	11%	9%
I actively call out unacceptable behaviour such as bullying, sexism and racism in our workplace.	846	78%	17%	5%
Senior leaders (Executive/ Directors) are encouraging constructive feedback on what is happening in the organisation.	846	63%	23%	14%

Participation

46%



48%

Last Year Overall



55%

This Year's Goal

Transparency

Data, metrics and reporting

07



Planet – natural capital



Carbon emissions reduction

Scope 1 - direct fuel consumption (fleet), paper usage

Scope 2 - electricity usage (indirect energy consumption)

Scope 3 – supply chain -eg air travel, investment portfolio



Waste Reduction

Total annual tonnes of materials:

- diverted from landfill
- recycled
- reused

OUR APPROACH TO REDUCING OUR GREENHOUSE GAS EMISSIONS



WHY DEVELOP AN EMISSIONS REDUCTION PLAN?

Climate change is an urgent humanitarian crisis¹.

We must limit our contribution by reducing our carbon footprint.

IFRC and ICRC have pledged to reduce emissions².

As part of this movement we must set targets to reduce emissions.

Calls for climate action have increased globally.

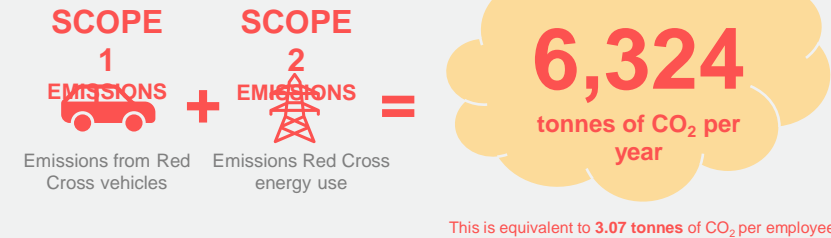
We must join this shift and lead by example to reduce our emissions.

Reducing our carbon footprint is an investment.

Reducing our emissions will increase the organisations value.

OUR EMISSIONS SOURCES...

Our carbon footprint was calculated for financial year 2018/19 due to the effects of COVID-19. Emissions were measured from two sources:



A NOTE ON SCOPE 3 EMISSIONS

Scope 3 includes emissions from sources **not** owned, controlled or operated by Red Cross.

RED CROSS FULL EMISSIONS INVENTORY

We **did not** include scope 3 emissions in our carbon footprint due to measurement complexities.

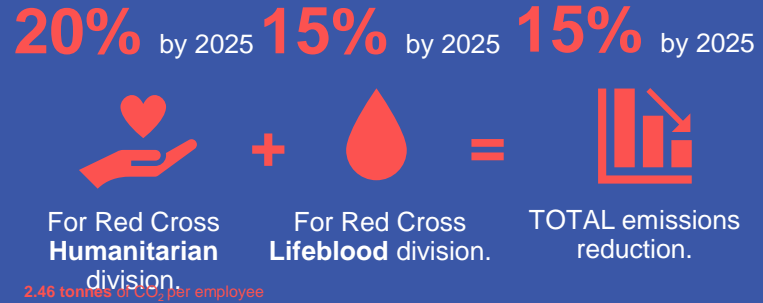


OUR PROGRESS SO FAR...

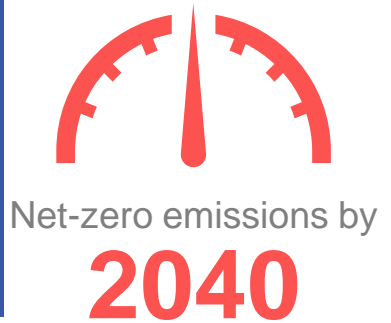
We have already made significant changes to our operations and programs since our 2010 Environmental Sustainability Strategy³. Our progress has included:

- Upgrading to newer vehicles
- Upgrading to electric vehicles and hybrids
- Upgrading HVAC efficiency
- Using recycled furniture and materials
- Removing diesel and six-cylinder vehicles
- Installing solar power on buildings
- Installing LED lights in SA and VIC stores
- Reducing travel via video conferencing
- Increasing building energy efficiency
- Reducing textile waste going to landfill

AUSTRALIAN RED CROSS WILL REDUCE EMISSIONS...



This will put us on a path to achieve:



HOW WILL WE ACHIEVE THIS?

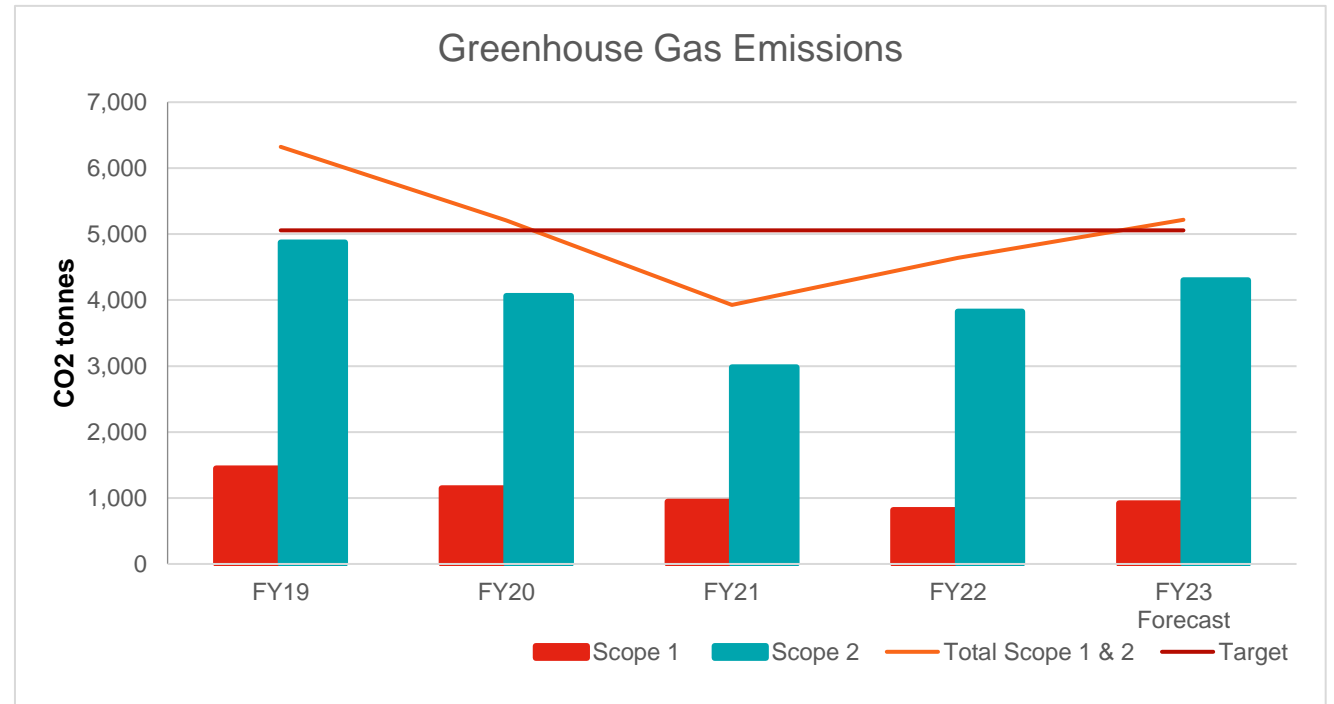
REDUCE SCOPE 1 EMISSIONS...	REDUCE SCOPE 2 EMISSIONS...	REDUCE SCOPE 3 EMISSIONS WHERE POSSIBLE...
<ul style="list-style-type: none"> REDUCE unnecessary vehicle use INVESTIGATE efficient driving technique INVEST in alternate vehicle technology 	<ul style="list-style-type: none"> INVEST in renewable energy solutions INCREASE the energy efficiency of buildings ENCOURAGE staff behaviour change 	<ul style="list-style-type: none"> REDUCE non-essential business travel SEEK environmentally sustainable partners IMPROVE waste management systems
<ul style="list-style-type: none"> Increase hybrids and EVs in fleet 	<ul style="list-style-type: none"> Reduce emissions by 15% 	<ul style="list-style-type: none"> Investigate custom offset projects
<ul style="list-style-type: none"> Install solar across major facilities 	<ul style="list-style-type: none"> Re-assess emissions reduction plan 	<ul style="list-style-type: none"> Roll-out offset projects

Timeline: 2022 → 2025 → 2030 → 2040 (Pathway to net-zero)

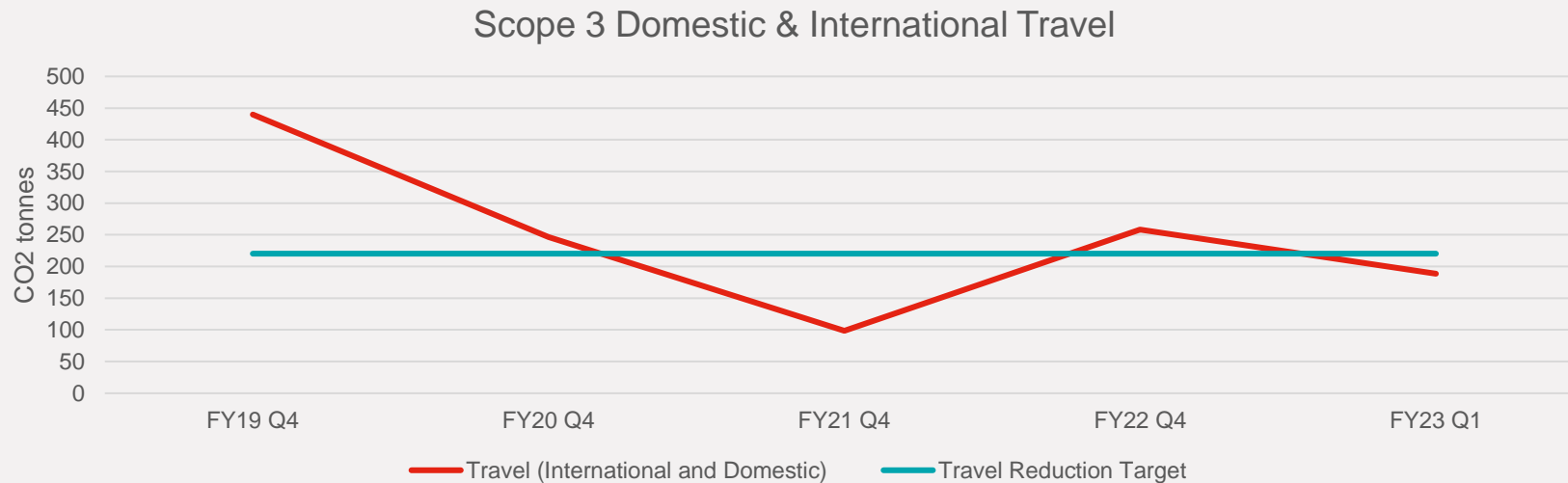
1. International Federation of Red Cross and Red Crescent Societies. World disasters report 2020: Tackling the humanitarian impacts of the climate crisis together. Geneva: International Federation of Red Cross and Red Crescent Societies; 2020. 2. ICRC and IFRC. The Climate and Environment Charter for Humanitarian Organizations (2021). Available from: <https://www.climate-charter.org/>. 3. Australian Red Cross. Environmental Sustainability Strategy 2010-2013. Australia: 2010. Available from: <https://www.yumpu.com/en/document/read/41527128/environmental-sustainability-strategy-2010-2013-australian-red->

Australian Red Cross emissions trend

- Emissions trending down from FY19 baseline, partially COVID-19 office closure driven.
- Up turn in FY22 and Q1 in FY23 as offices start to reopen.
- Will require efficiencies, strategic solar panel installation and purchase of carbon offsets to achieve FY25 target.

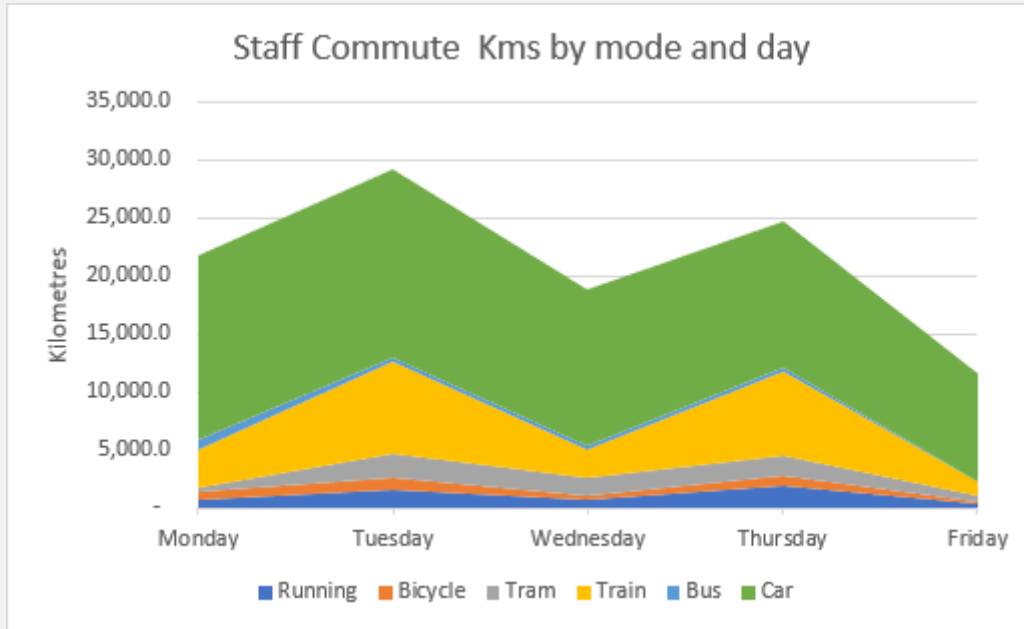


Scope 3 trend – Red Cross travel

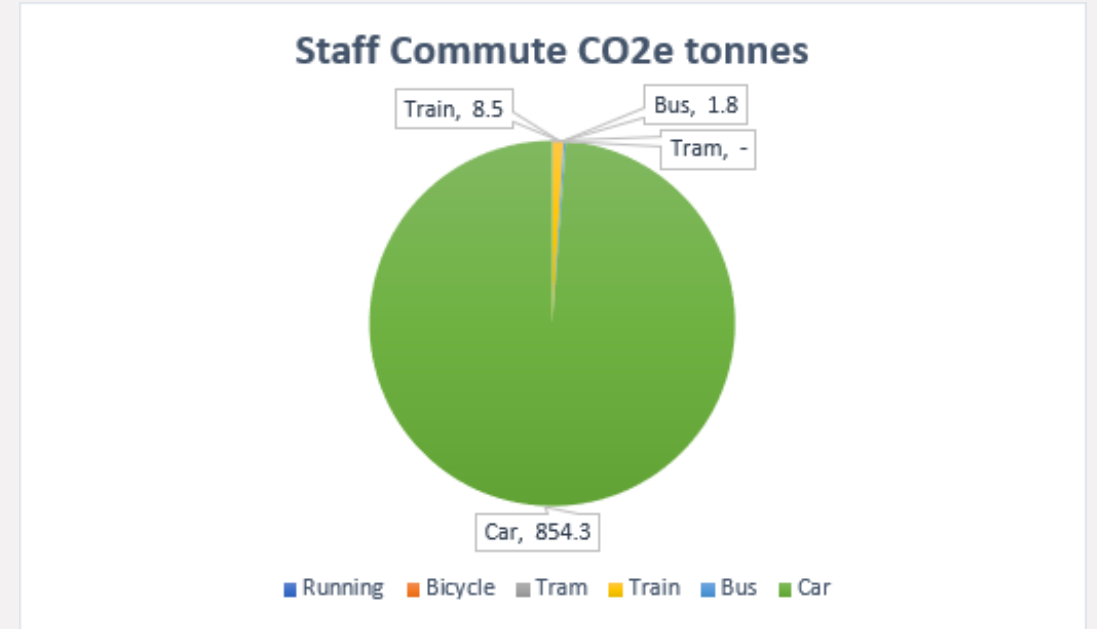


Airline travel significantly reduced since FY19 due to Covid restrictions. Increased adoption of online meeting technology going forward will help ARC stay below the target. Trending upwards as staff start to travel.

Scope 3 – Staff Commute emissions



The number of Kms travelled by staff each day varies depending on which days staff choose to work from home. Travelling by car is the predominant mode of travel.

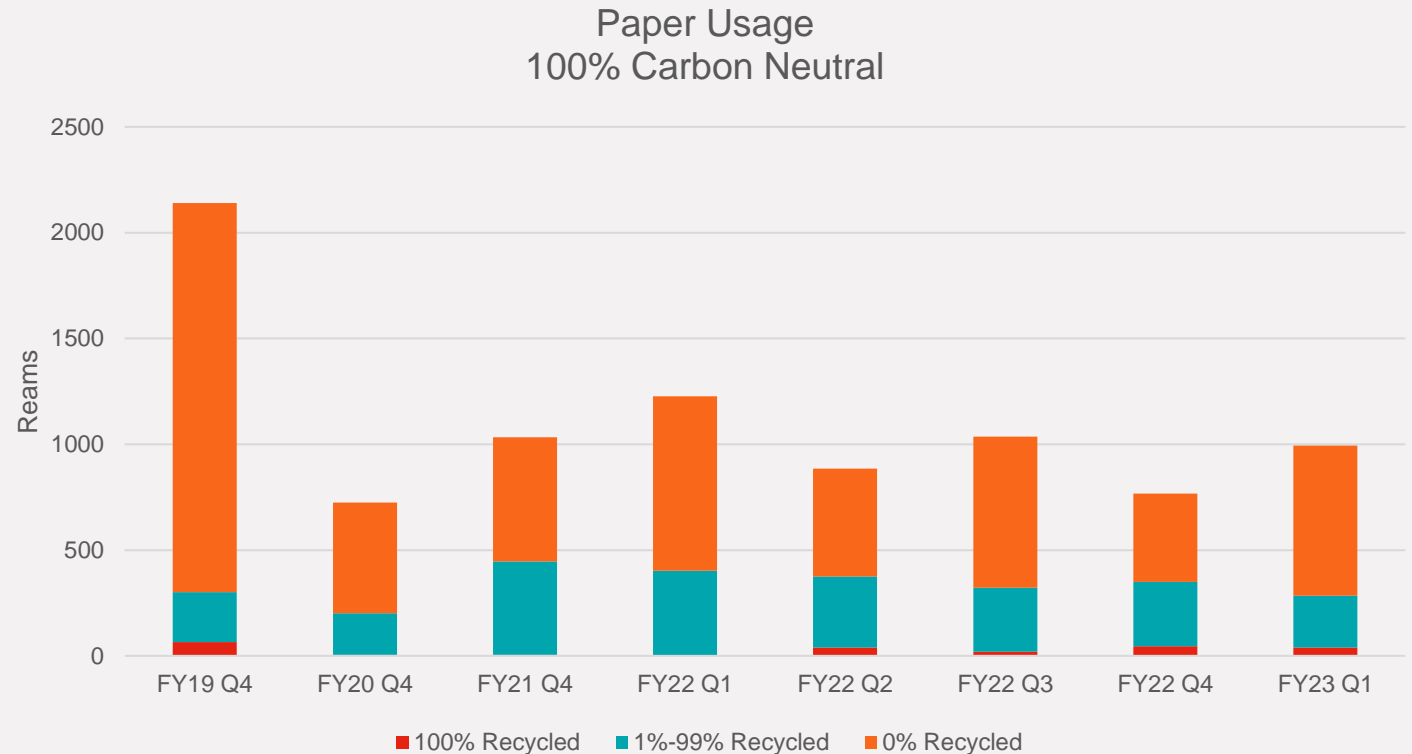


Motor vehicles produce the highest carbon emission per km and 32 times more carbon than travelling by train.

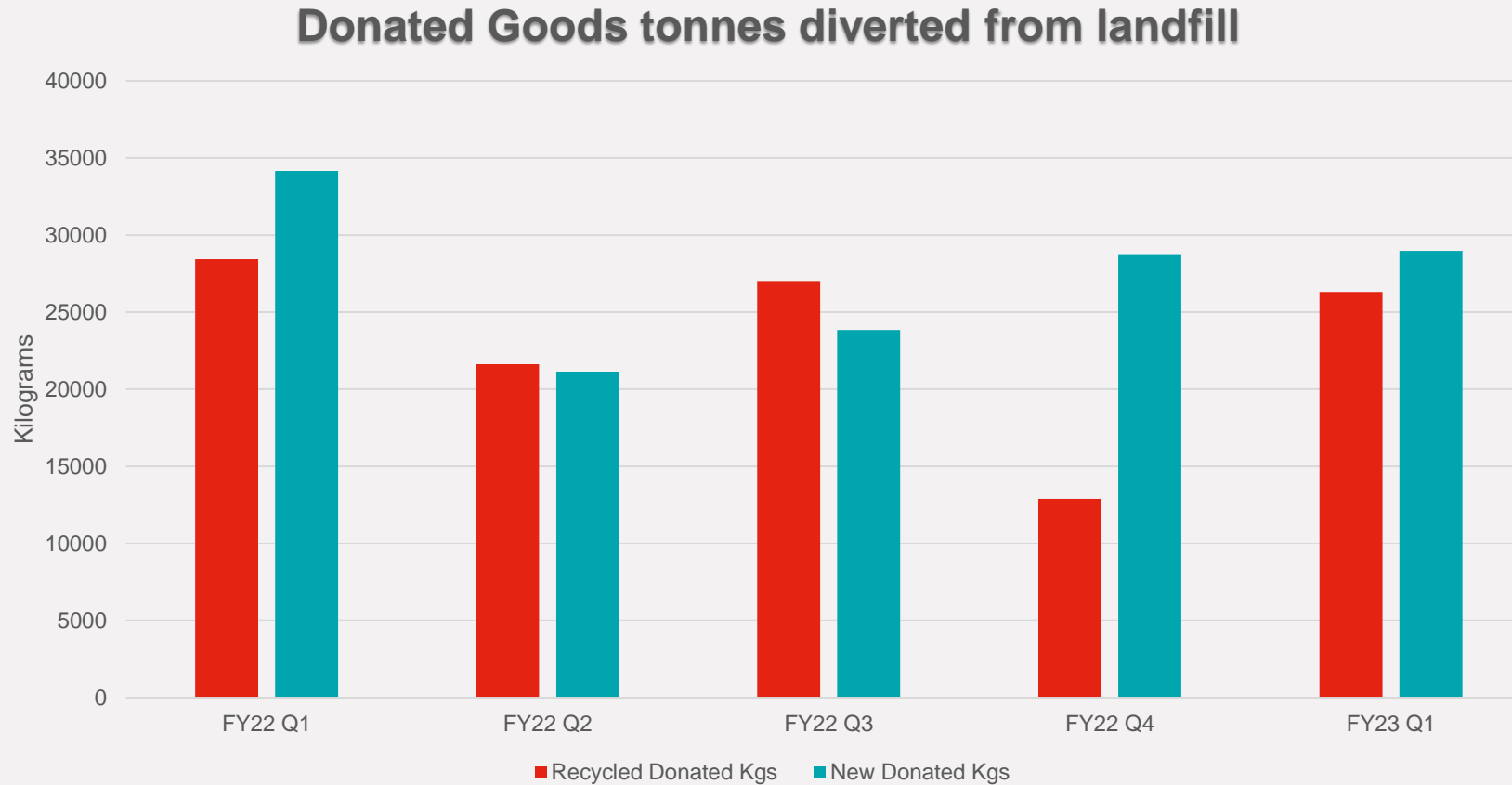
Red Cross Paper usage

Paper usage has declined as a result of implementation of scanning technology, document hubs and digital spaces such as Teams.

Can we do more to reduce our paper usage?



Scope 4 - Retail – avoided landfill



Social impact - social and relationship capital



Stakeholder management

Inventory
Requirements
Prioritise
Map



Strategy -clear value proposition founded on evidence based social base line study in each focus area



Program design – Planning, Monitoring , Evaluation - tracking of activities, outputs and impacts against social base;

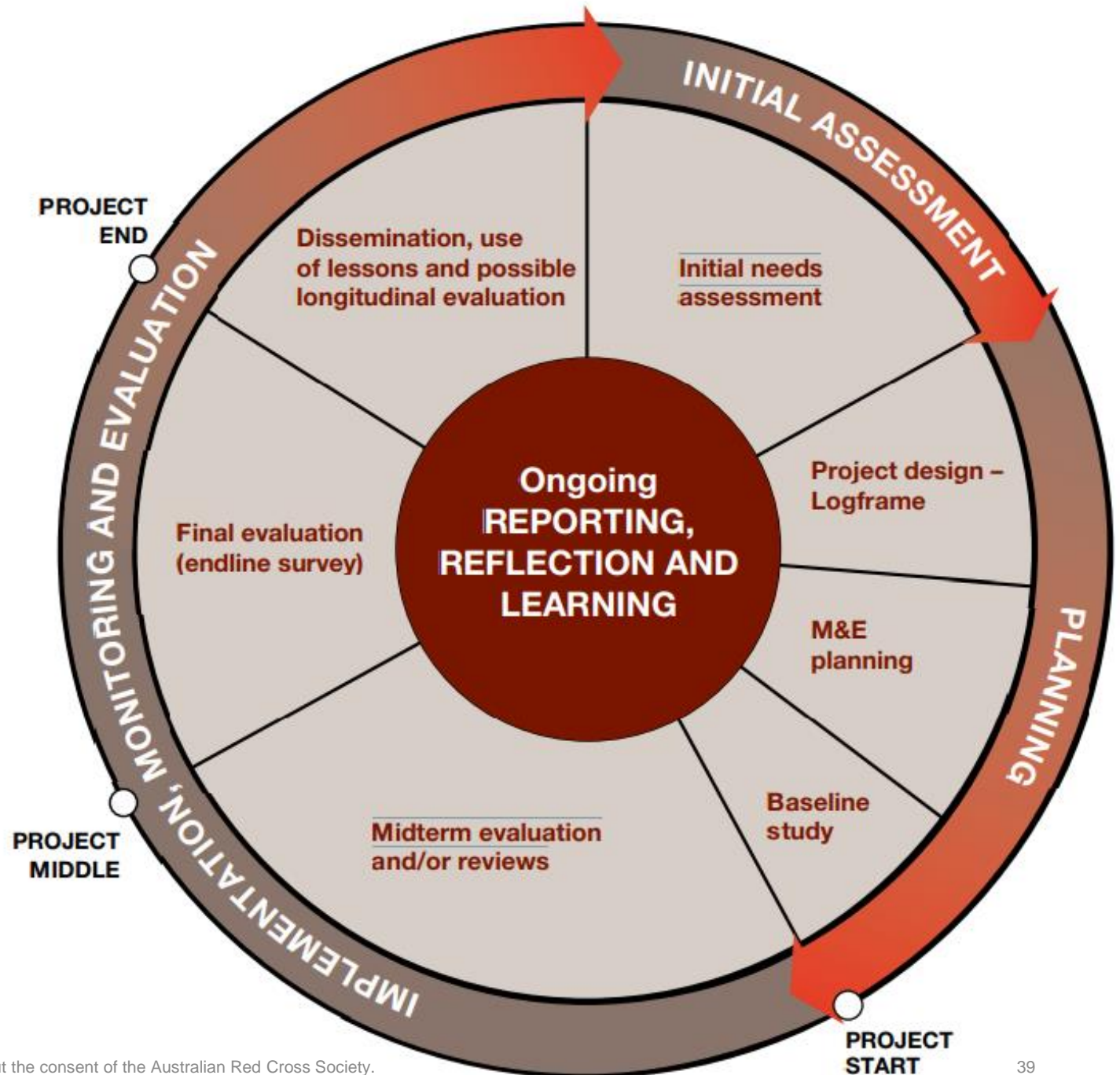


Longitudinal research and evaluation to continuously monitor medium and long term social impacts line or alternative proxy measures



Humanitarian diplomacy – tracking of outputs and impacts against social base line, in achieving policy and other social change

Key activities in the program cycle



[IFRC-ME-Guide-8-2011.pdf](#)

Impact on a Page	Eco- nomic partici- pation	Safety, prevention and protection	Connection & well-being	Empowered, resilient people and community strength	Humanitarian needs met	Climate action	Systemic change – advocacy, partnerships, policy
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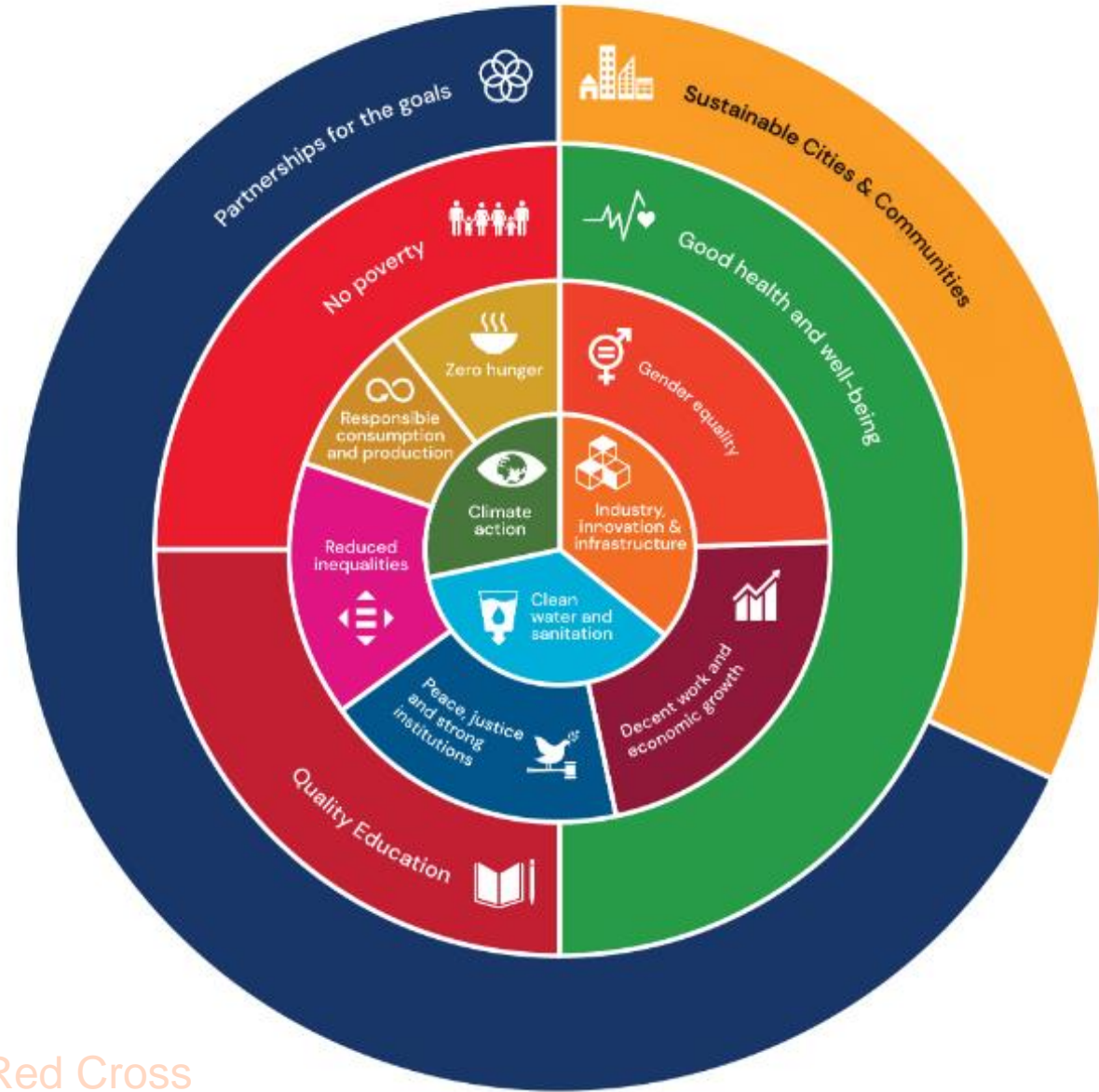
Fundamental Principles

Resilience

Walking alongside First Nations peoples	X	X	X	X	X	X	X
Migration support	X	X	X	X	X	X	X
Emergencies- resilience & recovery		X	X	X	X	X	X
Overcoming social exclusion	X	X	X	X	X	X	X
Red Cross National society development		X	X	X	X	X	X
Community connection and partnerships		X	X	X	X	X	X
International Humanitarian Law		X	X	X	X		X

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Sustainable Development Goals



[Sustainable Development Goals | Australian Red Cross](#)

Challenges

Next steps

08



Challenges

Environment

Systems change required for Australian organisations to get to net zero

Social

Impacts can be many and diverse across the organisation

Research and time are needed to establish social baselines

Impacts of social programs can take time -sometimes more than 5 years

Impacts can also be different to what initially expected – a learning journey

Impacts are made but not in isolation. Attributing impact is sometimes subjective.

Impact measurement is generally not funded

Supply chain influence and capability

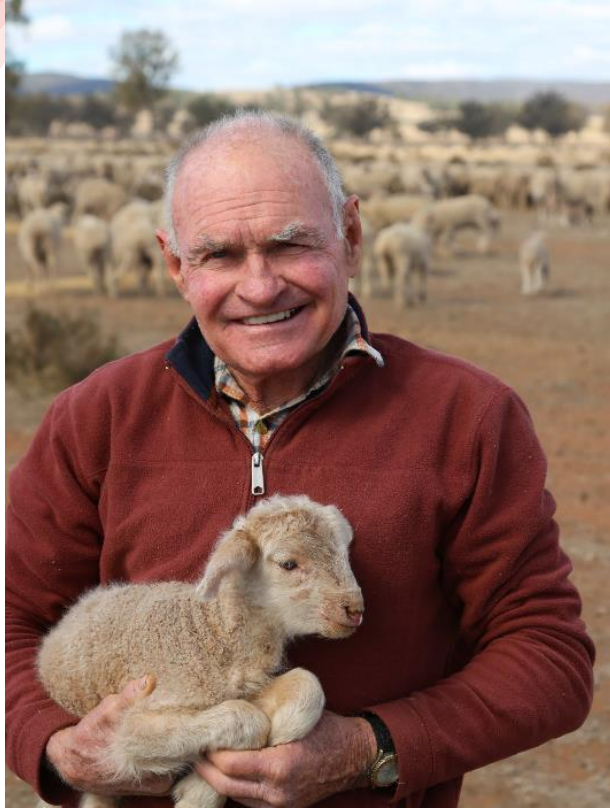
Governance

Organisational time, capacity, cross organisational collaboration and skills

System change requires partnerships

- Internal collaboration
- Funding
- Social baseline research
- Training & awareness
- Government policy and incentives
- Social change management
- Innovation
- Working together towards common goals
- Coalitions [Australian Climate Leaders Coalition](#)
- Sharing expertise





‘The secret of change is to focus all your energy not on fighting the old, but on building the new’

- Socrates



Contact Details



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Thank you.