

# FINAL EDIT

## Summary notes from Drivers for Change: ESG Reporting Online panel debate, 28 April 2022.

Hosted by Dr Shelley James and chaired by John Bullock.

Speakers, in alphabetical order, profiles at the end of this note.

- Amy Brachio, Partner, Global Deputy Vice Chair, Sustainability, EY
- Graham Edgell, Director of Sustainability and Procurement, Morgan Sindall Group and Board Member of the Supply Chain Sustainability School
- Penny Goodall Quraishi, Director, EMEA Region at International WELL Building Institute
- Florence Lam, Arup Fellow and Global Lighting Design Director, Arup
- Helen Loomes, Vice President and Fellow of the Society of Light and Lighting, Head of the Trilux Akademie

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## [00:00:00] Amy Brachio:

I get to see the topic of ESG, both through the lens of us as a large professional services organization, but also in how we help our clients. So I'll focus more on what we're hearing from our clients, because that cuts across a wide variety of industries.

For many years, our clients have been wanting an interesting point of view and to understand what others are doing, but haven't necessarily pushed to what can they do. And when we look over the last six to nine months, a big change that we've seen is that those at the absolute top tables, those who are the CEO's, are saying: 'Sustainability must be part of our agenda'. What we're seeing is that there are a wide variety of stakeholders that are putting pressure on organizations that they weren't feeling in the past. And so you've got, obviously, the shareholders and the business owners who want to make the short-term profit, but also want businesses that are going to withstand for the future.

You've got a regulatory agenda, which in the EU, the UK and the US is progressing with respect to expectations around sustainability. And if you're a business that works cross border, you need to understand the requirements coming from across the borders. But there are three that I think are driving it even more: So one the financial services sector and the investment sector in particular, asking more questions about sustainability and at the heart of that is if your business was not putting sustainability at the center, you are going to be higher risk in the near future, if you aren't already. And so that makes the investments riskier. It makes lending, insurance riskier. You also have an employee base. And especially as we look in today's environment where we're all struggling to make sure we're attracting and retaining the top talent, employees are choosing to work for organizations that share their values. And sustainability, particularly amongst the younger generation, is so critically important.

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So if you're not an organization focused on this, you're not going to be able to attract and retain the top talent that you want. And then lastly, consumers. And consumers may not always be willing to pay more. And what we're seeing in studies is that about 20% of consumers are willing to pay more for a sustainable product. So definitely go after those! But they are willing to make decisions based on whether or not a product is sustainable. So they'll make a choice to buy the sustainable one over the other, if the pricing is close. So when you put those together, you see a real need for change. And so then organizations are putting into place Chief Sustainability Officers at higher levels within the organization than they were in the past with more clout than they necessarily had in the past and embedding sustainability across the organization.

## [00:03:02] Penny Goodall-Quraishi:

In terms of the context of the IWBI our purpose is very simple and that is to create people- first places. So we are the authors of the WELL building standard. And we specifically look at health focused spaces that address health and wellbeing. One of my favorite quotes is from Larry Fink. You may know him as the CEO of BlackRock, but what's interesting is to understand from his perspective, what he's seeing in the market.

And what he says is that over the long term ESG issues ranging from climate change to diversity, to board effectiveness have a real quantifiable impact on financials. So that companies where ESG issues are handled well often signal an operational excellence, which I think is probably in a nutshell is what we are talking about here.

From my perspective from the IWBI, we address specifically the S of ESG. And particularly after the recent pandemic, we find that workplace wellbeing is an emerging ESG concern.

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## [00:04:03] Florence Lam:

Actually, my perspective is that ESG is not new. Last year, Arup celebrated our 75th anniversary. So some actually say Arup is like a 75 year old start up. As we are an independent firm and we are owned in a trust by our members and founded both on humane principles and excellence, our members are driven by a common purpose. And this common purpose is to shape a better world through our design expertise and a commitment to environmental, social, and governance priorities. And that has been from day one. So, it's not about reporting. The ESG principles basically need to be the north star for any responsible business and business that want to have the resilience for longevity as well.

And the second question is about what are the biggest barriers to this meaningful change? So, if I take an example of de-carbonisation, the transition to a circular economy has been highlighted as a necessity to achieve net zero.

And for lighting industry, we had this desirable and feasible hypothesis. We think we can expand to recovery of light. For example, recovering luminaires the materials, the electronic components, etc from buildings and feeding back to the lighting supply chain instead of down cycling. But to scale this kind of circular principles in mass market, it does need to have a different and a viable business model.

And I think the significant barrier to the reuse is the associated risks. The risks that are perceived, shared, and resolved would need to rely on the relationship between different parts of the value chain beyond just the lighting sector. And I am quite looking forward to Graham's comment on that.

And what would I say to others who might feel this as being very difficult, expensive to make this tough choice on coming onboard this

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ESG train? And I would say one can choose to tackle any climate action challenge as a threat to their business or an opportunity.

The adoption of ESG is a requirement. I think as a minimum it is a matter of business survival. However, I would say one could shift the mindset from surviving and approach this as an opportunity for innovation, for differentiation, and that's how successful businesses thrive and possibly prosper from now and in future as well.

## [00:06:40] **Helen Loomes:**

From a manufacturing point of view at the moment with Trilux they have been a green organization for a long time, and have always had these principles.

And now we're feeling these real drivers in the industry pushing us towards doing more, but also giving the information. It's the data that people want that is proving a little bit difficult at the moment. There's so many diverse ways that people want this information. So I think from a success point of view, we have completed some of these reports now and it does have to be more than one.

But it does give us the credibility to bet for the large projects, with these type of ESG requirements. But it is difficult. You have to start off with the headline accreditations probably starting with ISO type scores and then things like EcoVadis and climate choice, all of those are the headlines.

But then when you get down to each project, you are driven by the client. What information do they really want and what bit is more important to them? And I think ESG is just part of the bigger sustainability picture. So some people will concentrate on the ESG aspects. Others want to know your carbon footprint.

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And so each one will want something slightly different. And I think from an SLL perspective they're trying to give people the tools to ask the right questions. We're still early days in that they're learning a lot with TM 66, which is in its beta version. And there is only a very small element of TM 66 which covers those ESG areas. Everything else is about carbon footprint.

And so there is an opportunity at the moment to change TM 66 to add more. So feedback would be very welcome so that we can add the elements that people really want to know about. However, I would give one word of caution. You end up with an average score and averages always blur the details.

So there is something that we've got to get somehow across all of the different reporting methods that are now coming out in Europe. Lighting Europe have now said they're going to cover a different one. At some point we've got to have all these methods in the mix and come up with something that everybody can find useful.

But I think also from the SLL point of view, they're trying to raise the discussion. They have got their Roland conference next week. But look at that responsible outdoor lighting at night. So this is covering environment, ecology, people's health, flora, and fauna, all sorts of stuff. Again, trying to raise the discussion and driving the industry.

And then I think also one of the really big things is that they are liaising with the government. So we're talking a lot with BASE and, contributing to Part L and British standards. And I think these are the big drivers that will force the industry to go down the route that we want. And we've got to make sure it is the route that we all want.

And what would you say to others? And what is it that makes it feel difficult? And I think the key word here is persistence. Even within a large organization, like Trilux that has always been green orientated and

had these green principles at heart for a long time, it is sometimes difficult to really get the commitment from them in the short-term that is needed. And we've had a couple of people in our organization that have held their ground and fought the battle and they're now being listened to. And I think it's really interesting the way the tide has changed fairly recently. And as you said very quickly, and I think we're really beginning to make some headway. I'm quite hopeful, quite positive at the moment.

## [00:10:37] **Graham Edgell:**

The ESG arena is confusing to a contractor. But the regulatory and the investment pressure have meant that we do now have to engage and move forwards to future-proof the business and in a tight margin arena direct where we go. And I will add to the other bits of ESG, apart from the fact that we had to simplify it, because one of the barriers is that need for different data sets the understanding whether it be the social piece or the climate piece or the regulatory reporting is that people don't understand. It's talked about in different languages in different ways. And therefore the interpretation is different and whatever way you look at it, it does cost money to get involved.

And there were lots of people saying, in the early days, many years ago, now, John and I was one of those people batting on in those days as well. 'You'll save yourself money.' Trust me, you, don't. What you do is that you become a different business and what we've decided eight years ago we stopped CSR. We didn't move to ESG. We do the responsible business route, which enables them to do the right thing at the right time. And I guess that one of the questions was how would you get it off the ground? Helen said persistence, which I would wholeheartedly agree with, but the other word is collaboration. There is no way that either a contractor or even a client in a market which is entry-cost based, everything is entry cost, not exit costs.

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And so we all have to get together to share our experience, understand a common way of going forward and actually make sure that the datasets are also in a common format that it actually reduces that on-cost, so that we can all measure what we're doing and what progress we're making. And I guess my final point would be on top of collaboration: this isn't a top down thing. It's a bottom up thing. In our business, there are 7,000 employees of which 4,000 voluntarily already signed a carbon pledge and a social value pledge. And so you drive that back up the business and guess what? It hits the boardroom like a sledge. It just does because all of us depend on talent. And I think that once we can share and collaborate and not cover up our work in a communal room, which people still do then we'll make some progress.

## [00:13:31] Amy Brachio:

I wish I had a beautiful answer to the challenge that Graham laid out at the beginning of his piece: that it's hard to understand, different people use different language. There are all of these different reporting frameworks and that challenge is real.

Maybe I'm hopeful things are going, but would not guarantee things are going. What we see from investors today is that they are asking questions and they want to understand, but they also don't have the answers. Organizations are receiving long questionnaires about an organization's approach to ESG.

So I do think that there isn't any one answer. But you need to be able to, especially in this field, answer the environmental question. So how you've thought about the environmental angle, how emissions will be reduced, anything about circular that you can include and all of that is going to be really important.

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Are we seeing, E, S and G or mostly E? I will say in many respects, we're seeing first E and then an advancement to S and G depending on the market. But in Europe, in the UK, we're seeing the E come first. So then you need to be able to also describe what you're doing from a social standpoint, how you're considering that as well as what type of governance you've put into play.

There are lots of different organizations that have laid out the elements that they'd be looking for on each of these. And I think your organization needs to be prepared to respond. What I had said I was maybe hopeful about. But I wouldn't guarantee anything. It does feel like these different governing bodies that put out frameworks for reporting are starting to come together more because ultimately, especially when you think about the fact that we've got to be able to speak through the lens of how our vendors are contributing to our overall carbon footprint, if you don't have a common way of talking about it, it's very hard to be able to report on that. So I do think that we'll see some more coalescing around the reporting requirements and the definitions. But I do think it's probably going to be a bit down the road before we see real progress on it. Sorry to say...

## [00:15:41] Penny Goodall-Quraishi:

We're finding from our market, we are really trying to answer the question: what is the return on investment for healthy buildings and how does that specifically contribute to our organizations that we service to their ESG reporting. And to be able to give quantifiable measures and statistics and to assist them on that return of investment is absolutely key.

So we've done a lot of work to provide scientifically based or evidence-based details on that. So we can show, and it's not just through the IWBI but institutes like MIT have done some really interesting work on the

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return on investment. And the biggest one of course would be on people costs.

There are some staggering figures, as you can imagine. One, for example, in a Gallup survey, I found that absenteeism is costing, this is in the US, they're costing organizations \$153 billion. And so you wonder what that would translate to in the UK. But that is really a substantial figure.

That's just absenteeism which is directly related to your healthy building. We then take into account things like retention and recruitment. So I think the people cost related to a healthy building would probably be the most significant. But we also need to think about what it also means from a risk mitigation perspective.

So the S is a tricky one to define. So I think that's certainly a big area that we are seeing our market needing assistance with: how do we begin to even define and measure this S? And so something like the EU's social taxonomy is something we are keeping a close eye on to help us give us the definition of how we can at least begin to start to define what that 'S' might look like.

## [00:17:26] **Graham Edgell:**

It's difficult really because with new buildings, we tend not to have that influence because we're too far down the road when it hits us. We tinker however, in the fit-out market, which is rapidly growing, particularly following the pandemic, our buildings need to change and adapt and use the WELL standards and other things, that's where we are able to influence clients and actually bring them to the table, to the fact that it will enhance the capital reputation of the building in real terms. So fiscally as well as attracting people to work there and changing spaces help that. So we try, but we're very much a prompter from the rear really that says, look, we can do this.

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And it's only the broad minded client, at the minute that accepts it, because I'm afraid it's still the bottom right hand corner in the commercial analysis that wins.

## [00:18:26] Florence Lam:

I think it is quite important to just take a step back about how one approaches lighting and before we come down to the specification is, what is the context of the project? Is it repurposing a building or a space for different use? And what is the space for? Designing for whom? And a lot of those questions do not really start from a lighting standard. What is the space for people? How is it designed for people? So, there are a lot of fundamental questions to be asked.

So, if we're designing something for a client that does need to address the ESG from a corporate level, they would have their own requirements and the 'social' could cover quite a diverse range from health and wellbeing to ethical conduct, to equity, diversity inclusion, et cetera. So we need to bring them into how you design that space and enable environmental good practice and also show social aspects as well, beyond going to lighting.

But I think coming back to lighting, one of the key things I think would address both the E and S are the controls, how we design the light for the right time for the right people for the right purpose and the controls can do a lot to make the space right for people as well. So, it is a very big subject and we can go into many different directions, but that's why the role of design is so important: is actually questioning what the purpose of the space and how one design before actually come on to the product specification.

## [00:19:59] John Bullock:

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I have to say this is not just about lighting this conversation about specifications, where they come from, what kind of design we use goes throughout the construction jigsaw, if you like it's about the mechanical services, it's about the carpets. It's about the furniture. It's about the windows and the doors. Everybody's having this conversation.

We happened to be talking about lighting today because it's what we know about. But this is a very big conversation. I'm having lots of fun conversations with manufacturers that are telling me what they're up to with their circular economy plans and their remanufacturing plans and their refitting of CatA projects and I've never heard these kinds of conversations before.

The conversations we normally have: 'if we wait until day 366, we can crack open a bottle of champagne because the guarantee is over!' and now we don't do that.

## [00:20:47] **Helen Loomes:**

Really when it comes to lighting, we're in a very privileged position. We live in an affluent part of the world and we are just looking at what the lighting can do for our wonderful office spaces in London that's going to make everybody happy and feel good. For me, the S part of the ESG is where we need to start thinking about the wider world. And I think from a lighting perspective, there's lots of little hidden secrets. We've got all those tiny components that might come from a sweatshop from the far east, things like this, which I think we need to explore a little bit more. For instance, I don't want to blow the trumpet too much, but Trilux bought a smaller electronics components factory in the Philippines, and we make sure that their living and working conditions are acceptable to the Western norms.

Now, how do I say to my specifier: 'Look, we're doing our bit, can I have another point for doing that?'

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It's when we start to look at what truly is a value to us: it's no longer just the monetary value that we should be looking at. And I know I'm talking about utopia here. But I think we have got to get us to a stage within the next five years at the longest, where we start looking at more than just the cost. The value is so much more now for us. The challenge is how do we describe that value? How do we get paid for that value? And how do we tell you what we're doing so that you can compare it with somebody else that's not.

And I think these are the much, much bigger questions rather than just how to really design an office in London to keep those privileged people there happy. We've got to think about the much bigger picture.

### [00:22:47] **Graham Edgell:**

We've got a social value bank, which actually measures social value. But what it doesn't include is a lot of the fittings and fixtures nor did the TOMS. The TOMS are the government measures for social value for builders in the UK. So most clients specify it. The local authorities use the TOMS for instance. So that's how they measure the social value in their buildings. And yet it doesn't actually touch a lot of the things that need to be included: until component parts are brought into those measures, it won't figure in the social value arena. I'm quite happy to provide an introduction to anybody.

### [00:23:26] **Amy Brachio:**

So we're a pretty simple business in that we provide advice to clients. We have people who travel and we have real estate. So if you look at our emissions, it's pretty straightforward where they come from. And one of the things we're doing around our commitment is we're really looking at our space and how we can better use our real estate. So our Stockholm home office is, I think, one of the most advanced and what they did is

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they looked at how people work and what they need for that day. So if you think about the reason why people historically needed an individual office, it was so that it could be quiet when you want it to be quiet. It could be loud when you needed it to be loud, but it's static. So they actually created spaces by zones. So if you need a quiet day, you work in this part of the building.

And then if you are working together, you work in this other place. And if you're going to be working in a bigger group, here's the other part of the office that houses that. And then we have a small number of individual offices where you truly need a private space.

You can go into one of those and they're teeny tiny, right, because we don't want to encourage people to be working in them when you don't need to be. But by doing it that way, we were able to reduce our footprint, save cost, provide a great experience for our people and reduce our carbon emissions associated with that real estate. But it took turning (the problem) on its head to work out how to do it. And I give credit to them because they actually brought in the younger people to design the space, as opposed to probably those of us who would have put in a whole bunch of offices all around.

### **[00:25:00] Florence Lam:**

It is going beyond hybrid working: if one actually needs to work alone, why not just stay at home and you even save on commuting. It is this kind of the broadest out-of-the-box thinking that we need to do to truly address ESG at a corporate level, but also as individual responsible professionals as well.

### **[00:25:19] Graham Edgell:**

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I think that it depends on the circumstances and the business involved and the building involved. It's specific. And I think there are different solutions for different people.

### [00:25:28] Amy Brachio:

Governance happens in the boardroom. And so I do think that the profit element comes into the governance aspect of things, because you're not going to have a long-term sustainable business, you're not going to be able to have the impact you want on social, on environment if your business is no longer in business. And so the decisions that are made through the ESG lens need to be a component of the overall strategy of the organization. And I was with some clients recently, and we were talking about your ESG strategy or your sustainability strategy. And the challenge was this actually has to be the strategy of your organization. And then how does ESG or sustainability fit into that overall strategy? The other angle of governance is: is there a way to have an ESG program that's future-proofed?

I think the only way to think about it through that future proof lens, if you are constantly scanning stakeholder expectations and looking for trends and changes and stakeholder expectations and adapting your program on an ongoing basis through that governance process, will you get to something that's future-proof. ?

### [00:26:44] Penny Goodall-Quraishi:

I've just gone through a process of examining the EU social taxonomy and they talk specifically about governance being a fundamental component that actually needs to cut through every element of every objective that they're trying to achieve. So I think that in terms of addressing profits, governance is really the underlying component of that. And to answer your question about what that means from a wealth

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perspective, I think, looking at things like return on investment are ways to really demonstrate what we are talking about. Those organizations that are taking the lead and doing this well are anticipating what potentially is coming down the line in terms of regulation and assimilating that into their current ESG frameworks.

## [00:27:32] **Graham Edgell:**

I think that you need to have a heart, a drum beat don't you. That drum beat comes from the boardroom and the regularity of reporting. We engage with CDP for instance, (Carbon Disclosure Project) 10 years ago. And it gave us a benchmark. So in the environmental space and this isn't an advert, but we're an, 'A-list-er'. There's only 206 in the world. So at the end of the day that then can turn the business into a heartbeat of climate change and everything else.

And if you look at the TCFD piece, which is the financial disclosure, and then next year, the nature-related financial disclosure that's coming out in the UK, where you go over to Germany and look at the due diligence that's been applied to the supply chain in law that is coming to the UK. And so that is where we take our drum beat from, and then we interpret it to meet our sector.

And that means then we collaborate, hopefully, with companies like Arup. And we do speak to people like Ernst Young and the experts in their field to actually try and pull that together. And we create, in our business, a minimum standard. That minimum standard gets raised, not year on year, but month on month incrementally, to actually push the business. Because people respond to a challenge. And when they know where they have to jump. And for us, it's building a picture and that becomes a responsible business because all of a sudden your talent in the business understands that you're doing the right thing for the right reasons. And you can explain it. It's not just some mythical piece

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This is one of the oldest adages, you and I have heard it a million times, but if you don't measure it, it doesn't happen.

And these things that are now coming in as regulatory barriers, they are opportunities now to jump over that fence, not by an inch, but clear it by a foot. That's where we are with it. And I think that's where most of the tier one contractors in the UK are now picking up pace.

### [00:29:31] **Florence Lam:**

The advice to any business, it is finding this common purpose about this business: really clear what it is, and it is the E and S first. And then a governance will hang off it because with a clear purpose, you unite people within your practice or firm and others who you collaborate with that we also want to strive with this purpose that we agree to. And then we can agree to all the governance, the strategy, how we implement it, what is the plan. Because otherwise everybody will just look into their own, I will say their own agenda of what might serve individual's businesses best rather than keeping that common purpose

At board level, I think what they discuss is the reputation. If they have the right reputation, the profit will come. Rather than chasing a profit. Any good business should be thinking in that way. So, the purpose, reputation and the profit will come. And a profit is not achieved through driving a cost down, is actually articulating: what is the value? Talk about opportunities to value and that is when you open up the profit margin. That's why the purpose is so important to identify the real values behind why you do what you do.

### [00:30:52] **Helen Loomes:**

I think what we're really talking about in all of these things is the quality, in our case of light. So when you're talking about the quality of light,

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you need to make sure you're giving the right light at the right time in the right place. So it's the design of the scheme, the distribution of the light fitting. And then you come down to the elements of the light: is it the right color temperature, the right color rendering. Is it the right intensity all at the right time? And all of those things come into everything. So human centric lighting is just one part of it.

And now we're talking about having to look at the carbon footprint and all of the other parts of quality that come behind our product. So we still need it to be energy efficient. We need to make sure that what we actually provide is going to last for a long time, so we can make sure that we're not wasting resources in that way.

So almost everything we do comes down to the quality of the product. And it has lots of different elements within that. Now we're talking about governance and that becomes another element of quality. So the quality of your data, how you report it, we do have to measure these things so that we can tell you what we're doing and how we measure it and how we report it is getting harder and harder because at the moment, there are so many different organizations asking for different elements.

So I think from a board level, we've always had the support on that quality of our product. We've got to have faith in our product and the quality of light we actually present. But now the big challenge is what elements of those do we concentrate on? How do we report it all? In a way marketed to our customer so that they know what we really are doing.

And I think at the moment, the governance bit is very hard because we haven't got a level playing field at the moment.

**[00:32:52] Graham Edgell:**

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At the moment we're not disqualifying anybody, but we are helping we are assisting either directly ourselves or by the Supply Chain Sustainability School which is free to the supply chain, unless you want to be a partner. But the companies that are on our system now, which are flagged, will not be picking up work, but they remain our supply chain.

## [00:33:17] Florence Lam:

I mentioned before about the Luminaire Broker, a specification platform, and we will be adding the information about how they deal with embodied carbon in that and how they approach the circular principles as well as the production of the fixtures, et cetera.

So, all of those are becoming more and more of the expectation if not becoming an industry requirement quite yet. But this is the kind of direction we would like to go. We need to do that because this is also what we are advising our clients from a broader design perspective.

How can we help our clients to reduce their carbon footprint on the projects and how do we help our clients to achieve ESG principles as well? So, all these need to stack up and in the end, data is important because by establishing what our starting points are, we can start improving and changing the kind of conversation we'll have with others along the value chain.

Recently I'll just give an example on a project that's in the tender process. Contractor is on board. They have decided on a particular manufacturer, everything's signed off, and come to the point that because of the long-term shortage of materials in the industry, the lead time has turned to become much, much longer. And in the end, the contractor needed to replace or change the suppliers and they had to bear the cost of it. So, from a manufacturer's perspective, they lose these kinds of project opportunities. Not that they cannot beat on the cost side, but it is

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because of other issues that they have. They should now start foreseeing where they source materials from.

And that will come down to not just about carbon, not quite there yet, but it is where they come from and the reliability of getting those in time and the shortage of materials are real. And it's also reflected on, we do have a limited resources on the planet that manufacturers with a long-term view, they should start thinking and addressing it.

### [00:35:25] **John Bullock:**

I've made the point that where we're fast approaching the the position where we'll be making decisions on specification as to whether aluminium is coming from being smelted via dirty coal fired power stations in Eastern Europe or hydroelectric plant in Norway or whatever, and a lot of our friends are going to be disappointed if they're not able to respond.

### [00:35:46] **Penny Goodall-Quraishi:**

What we've done as an organization is respond to what we've understood is changing in the market. We've seen two fundamental shifts versus the definition of sustainability, which is what we're talking about here. People and planet. The second is: the application of health and wellbeing has moved beyond single building certification, which is where you might associate well being more of an exclusive certification because of the expense involved. So what we've done as an organization is to respond to our client's needs and actually, we need to make us accessible to organizations that are much wider and bigger in scale so that organizations can start applying health and wellbeing across their full portfolio.

So in doing so we have an in response to COVID recently launched our health rating health safety rating. We've recently launched our performance rating and what those are is an entry point or a runway into the full WELL program which allows the WELL to be more accessible at a much bigger scale. I think we understand that you can't address health and wellbeing in a healthy building, in one of your assets. It has to actually be applied across the board. So that is the approach we are taking now is: how do we apply this at scale?

**[00:37:01] John Bullock:**

Who looks after, who manages, who is responsible for an ESG strategy on a project?

**[00:37:09] Graham Edgell:**

The client's the driver for us. He's our customer. When the customer says, 'that's what we do', we try and influence it. But he's the guy who measures and pays.

**[00:37:19] Florence Lam:**

I cannot disagree with Graham, but I would love to take one more step. It is much easier to influence than police. So, I would have liked to see all contribution parties will see that it's part of their responsibility to achieve the ESG.

**[00:37:33] Helen Loomes:**

I agree: it has to be collaborative. But I suppose the person that we ultimately all have to influence is the client.

## [00:37:41] John Bullock:

If I was a CEO, I would want to know who I throw things at when it doesn't work or who I say 'have the bonus of a million pounds on me, because this is such a fantastic project'.

## [00:37:51] Penny Goodall-Quraishi:

When we talk about ESG because it cuts across every area of the business I really feel that it is a responsibility of the C-suite and ultimately the CEO. So that's coming back to it being a top down, bottom up approach.

Who's ultimately responsible? I think it is that C-suite. And part of that responsibility then potentially is designating one individual with the administrative duties of that. But actually through the implementation throughout every part of that organization is the responsibility of HR and facilities and finance, et cetera, across the full organization.

## [00:38:26] Amy Brachio:

I think the buck stops with the CEO of the organization and they need to set clarity around the role that sustainability plays in the strategy as a whole, and then each member of the C-suite needs to understand the role that they play in executing against that strategy.

We have seen an elevation of the Chief Sustainability Officer role to one that is a direct report to the CEO. But that individual won't have end to end command and control like the CEO would, right? So the CFO needs to understand the role. They play the head of the supply chain, the head of HR et cetera around the table so that each is thinking about what are their components to be able to meet the strategy as a whole. But if the



CEO doesn't set it as an important part of the strategy, it's not going to happen within the organization.

### [00:39:23] **Shelley James:**

My challenge would be what would it take for that to really change?

### [00:39:27] **Graham Edgell:**

I actually think it's started to happen now. But mainly because of the investment community coming into the boardroom. TCFD made everybody sit up and say, 'hang on a minute!' we are now responsible to report this back. There's still a nervousness. Because if you read the press, everybody declares a net zero declaration every five minutes. But that goes back to the mystification of what does that mean? And does the CEO know that, so that networking at the minute is not quite happening. But in the UK with the CLC and Build UK et cetera, the RICS is building a database now for product accreditation, the BCD.

So it's beginning to happen. I don't think we should be as gloomy as we seem to be going. I think that collaboration has started.

### [00:40:23] **Amy Brachio:**

I actually think that things are changing and I'll go back maybe to what I talked about in the beginning that you've got these multiple points coming together, that's putting incredible pressure. So you've got the investors, like Graham mentioned, you've got the regulators and now you've got regulators across multiple jurisdictions coming too. And then this aspect of talent expectations and consumer expectations.

And so with all of those, we are seeing CEOs take a different approach to the strategy and how they're thinking about things. So you have some

who say, 'you know what, for today we're comfortable complying and we're just going to comply with the rules that come in front of us no more, no less.'

We have others that are very much in a wait and see mode and looking at, 'I know we're going to have to do something, but we don't have to be the first movers on it'... all the way through to those who are in the crowd of making their net zero commitment. And those would see that if they spend a little more today, that they're getting ahead of the market to be differentiated, not too far down the line.

And so I think that's where boards come into play in asking the CEO the question of 'where do we stand on that spectrum with respect to our strategy, and are we sitting where we need to be a long term viable organization?'

## [00:41:48] **Florence Lam:**

I sense that the time is changing and even the recent COP 26, you can sense there is a huge impatience among the industry that we're not going to wait for the government to impose even more regulations for them to react. They want to do more because they know that there's an urgency. If they do not, they will be behind the race with their business.

They wouldn't have a business going forward because of all these sorts of things that we touched on earlier. The investors are looking for that. Some of the biggest investment funds are pension funds. So those are in people's hands. People are desperate for it. So, they are asking for it. They are requesting this.

So there's no reason why businesses don't respond. So a lot of them need to turn the commitment into reality through actions. Otherwise their reputations are at risk, so it's: 'Do we need to do more? Do I need to do more?' I think there's constantly upping our game ourselves, but the

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businesses themselves, the CEO's are actually listening, moving forward and want to drive that forward.

### [00:42:55] Penny Goodall-Quraishi:

It's interesting to note that 70% of millennials are making investment decisions based on sustainability. So I think that's interesting because we do have the pressure from different areas investors and regulators, and many now consumers. And that really is interesting. And that number's certainly going to increase as time goes on.

### [00:43:15] Helen Loomes:

I have seen huge changes over the last 18 months to two years. So it definitely is at CEO level and the board are fully behind all of the sustainable topics. And I think that pressure has come from many angles from bottom up from our customers, our clients. But now it really is one of the top pillars of everything we do. And it's good to see that happening. I liked what Amy said about everybody getting frustrated because the change just isn't happening quick enough. I think that's been one of our biggest challenges. We are an ocean liner. And how do you turn that huge ship around?

And then we've got the whole built environment, which has got lots of challenges as well. So where does everything dovetail and how do we all start to speak a common language, but I really am optimistic. I do think the change is happening. And this is happening extraordinarily quickly.

### [00:44:18] Amy Brachio:

I think it's that we should have urgent optimism. We're starting to see change at the C-suite level that we haven't seen in the past. I think we're

seeing new innovations take hold. We're seeing a younger generation push really hard, but at the same time we can't wait.

And so if we all apply urgent optimism in the roles that we've got to be able to drive some change, I think we can help be part of the solution.

## [00:44:46] Penny Goodall-Quraishi:

My final comment is one of optimism and encouragement that we are seeing from the industry. We are seeing that the definition of sustainability has expanded. We are no longer in terms of ESG just looking at the 'E'. So certainly from our perspective it's wonderful to see the likes of an Ikea talk about their sustainability strategy, being about people and planet.

And we then start to understand the more holistic view. Sure we've got lots of acronyms, but how do we actually distill this down to the important issues? So we have these market leaders that are showing the way and I'm looking forward to seeing what other organizations do.

## [00:45:27] Florence Lam:

I have to say that it is really an exciting time. So, if we can take us this kind of mission oriented approach to innovation, and while we talk about ESG, I would actually like to focus on the UN SDGs, the UN sustainable development goals that does cover how you tackle climate change through tackling both the environment, as well as societal challenges at the same time and using technology and our industry to make change.

That is the ultimate purpose of what we do. And it's, it will be meaningful for business to use that as guidance, to help them to build resilience in the business and thrive in the long-term.

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## [00:46:06] **Helen Loomes:**

I am optimistic. But I also think just forums like today, if everybody can start talking about this, it does change the perspective on everything. Everybody's learning more every day. I say people don't know what the acronyms mean, but the more we talk about it, the more everybody understands the whole topic. And it really is on the tip of everybody's tongue. So it's very exciting times

## [00:46:36] **Graham Edgell:**

I've just listened to the chat about acronyms. So I'm going to give you another one. So on top of ESG And on top of SDG, you need CDC. Which is for the 'E', you've got to collaborate. For the S you've got to differentiate, and for the governance, you've got to comply. So CDC works for me. I just made that up by the way.

## [00:46:58] **John Bullock:**

What a fantastic session. Thank you very much everyone!

# Speaker profiles, in alphabetical order

## **Amy Brachio**

Amy is a Partner at EY with over 25 years' experience advising global companies at Board and C-suite level across a wide range of strategic topics. Amy has recently taken up a position as Global Deputy Vice Chair of Sustainability at EY. She has built an outstanding reputation as a champion of diversity, inclusiveness and belonging.

## **Graham Edgell**

Graham Edgell is Group Procurement Director for the Morgan Sindall Group managing a supply chain of 5000+ businesses across all sectors. He is also the Sustainability Director responsible for both strategy and implementation to ensure Morgan Sindall is a responsible business in all aspects of sustainability. Graham is on the Board of the Supply Chain Sustainability School, Chair of the UK Contractors Declare and an active member of the UK Green Building Council Members Committee.

## **Penny Goodall-Quraishi**

Penny is the Director of the EMEA Region at the International WELL Building Institute. Penny brings a unique perspective on health and well-being from many years' experience in Human Resources.

## **Florence Lam**

Florence is an Arup Fellow and Global Lighting Design Director. As member of the Region Board and Arup University Director for the

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region, she also has an oversight role for the firm's foresight, research, innovation and learning in the UK, India, Middle-East and South Africa.

Florence is a Visiting Professor for Lighting Design and Engineering at the UCL Bartlett's Institute of Environmental Design and Engineering.

### **Helen Loomes**

Helen Loomes represents the lighting industry in her role as Vice President and a Fellow of the Society of Light and Lighting. Helen has also played a leading role in education in the sector in her role at the Trilux Innovation Akademie.