

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

REPORT 2024

ArmstrongWatson®
Accountants, Business & Financial Advisers



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ABOUT ARMSTRONG WATSON

Armstrong Watson are a trusted and leading independent Accountancy and Business Advisory firm based in the North of England and Scotland, with over 155 years of experience, providing a full range of specialist services and financial advice. Our services and advice are all centred around our 'Quest' to support our clients achieve prosperity, a secure future and peace of mind, which cannot be achieved without the expertise of our dedicated and valued colleagues.

With close to 700 colleagues situated across 19 offices, our people and our culture are central to our business. We recognise the unique impact we have on not only our clients, but also our colleagues, and the communities in which we operate.



ONE OF THE UK'S
**LEADING
INDEPENDENT
ACCOUNTANCY
FIRMS**

ESTABLISHED
IN **1867**



DELIVERING BESPOKE
ADVISORY SOLUTIONS THAT
ADD TANGIBLE VALUE



**ADVISING, SUPPORTING AND
PROTECTING CLIENTS FOR THEIR
LONG TERM FUTURE**

19 OFFICES ACROSS THE
NORTH OF ENGLAND AND
SCOTLAND



**SPECIALIST TEAMS
OFFERING THE BREADTH
AND DEPTH OF SERVICES
EQUAL TO TOP TIER
FIRMS**



...we're with you.

Environmental, Social, and Governance (ESG) principles are increasingly becoming a cornerstone of responsible business practices. Our commitment to ESG is not just about our commitment to being a responsible business, it is a strategic imperative that drives innovation, resilience, and long-term value creation for our stakeholders; our clients, our colleagues and our communities.

As we navigate the complexities of modern-day practises, our ESG initiatives serve as a beacon, guiding our journey towards sustainable growth and shared prosperity.

We believe that our dedication to ESG principles enhances our operational efficiency, mitigates risks, and unlocks new market opportunities. Our ESG commitment positively impacts on our financial performance, affording us competitive advantage, increasing job security, and business longevity.

In our latest ESG report, we delve into the ways in which our ESG efforts are integrated into our business model, influencing decision-making processes, and fostering a culture of sustainability and ethical responsibility.

Environmental - We are committed to ensuring we are preventing and minimising our operational carbon footprint. We plan to get to net zero by 2045 using aligned science-based targets, by integrating sustainable strategies into our day-to-day operations.

Social - Our values and behaviours ensure we have a working environment where all our people are treated fairly and have access to opportunities and reward. We are proud of our development programmes and our place in the top 100 apprenticeship employers. Supporting our local communities is important to us, personally and as a firm, and alongside our dedicated charity of the month, we have many colleagues undertaking their own charity fundraising.

Governance - We aim for our approach in our governance frameworks to build confidence, and to ensure as a business that the understanding flows from our board throughout the firm. Our senior team understands and identifies the priorities which are most relevant to Governance, and in the scope of ESG, governance acts as the cornerstone of sustainable growth and ethical business conduct. As we present this report, we reaffirm our commitment to transparency, accountability, and ethical leadership. Our governance framework is designed not only to comply with regulations but to exceed them, ensuring that we create value responsibly for all stakeholders. Let this report serve as a testament to our unwavering dedication to governance that fosters long-term trust and success.

We invite you to explore this report, which reflects our achievements and outlines our unwavering commitment to creating a positive impact on society and the environment, while driving business success.



Paul Dickson
Chief Executive & Managing Partner
Armstrong Watson LLP

ABOUT THIS REPORT

In the realm of corporate responsibility, our ESG reporting stands as a beacon of transparency and commitment to sustainable practices. Our ESG report is not just about compliance, it's about taking a strategic approach to sustainability that resonates with stakeholders and underscores the business's dedication to making a positive impact.

Our ESG report articulates Armstrong Watson's environmental initiatives, social contributions, and governance protocols, providing a clear roadmap of our sustainability journey. It showcases progress, sets benchmarks, and ensures we engage in meaningful dialogue with clients and the community at large.

As we continue to navigate the complexities of sustainability, we embrace the power of ESG to drive change and build a more resilient and equitable future for all involved at Armstrong Watson.



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

ENVIRONMENTAL

DOING THE RIGHT THING

We are at the beginning of our journey towards net zero. Our planning to be net zero as a business is a strategic move that aligns with global efforts to combat climate change.

It involves reducing carbon emissions to the greatest extent possible, often resulting in cost savings through improved energy efficiency and reduced resource consumption. Moreover, it enhances our firm's reputation, attracts high calibre people who want to be associated with a responsible employer, and provides a competitive edge by demonstrating commitment to sustainability.

Additionally, it prepares businesses for future regulations and increases resilience against fluctuating fossil fuel-based energy supplies.

ARMSTRONG WATSON'S COMMITMENTS

As part of our continuous commitment to tracking and reducing our carbon footprint, we have worked with various parties to investigate scopes and begin the journey towards net zero.

Our carbon accounting platform has been developed in accordance with the Greenhouse Gas (GHG) Protocol which provides the world's most widely used environmental accounting standards. The GHG Protocol principles of relevance, completeness, consistency, transparency and accuracy have been followed throughout our approach.

Our Reporting is designed to align with the Government's SECR (Streamlined Energy and Carbon Reporting) guidelines that are compulsory for large organisations.

We have captured the full impact of our operational business and also the activities of our people via an employee survey, which can form a significant proportion of our carbon footprint.

Our net zero targets have been developed in accordance with science-based targets to align to the goals as set out in the Paris Agreement, which limit global temperature rises to below 1.5 degrees above pre-industrial levels.

Subject to continuous review, we aim to achieve our net zero target by 2045 and reduce our CO2 to around 550 tCO2 by 2030.

In the next five years we are looking to:

Travel - reduce by 30%

Energy - use of 100% renewable electric

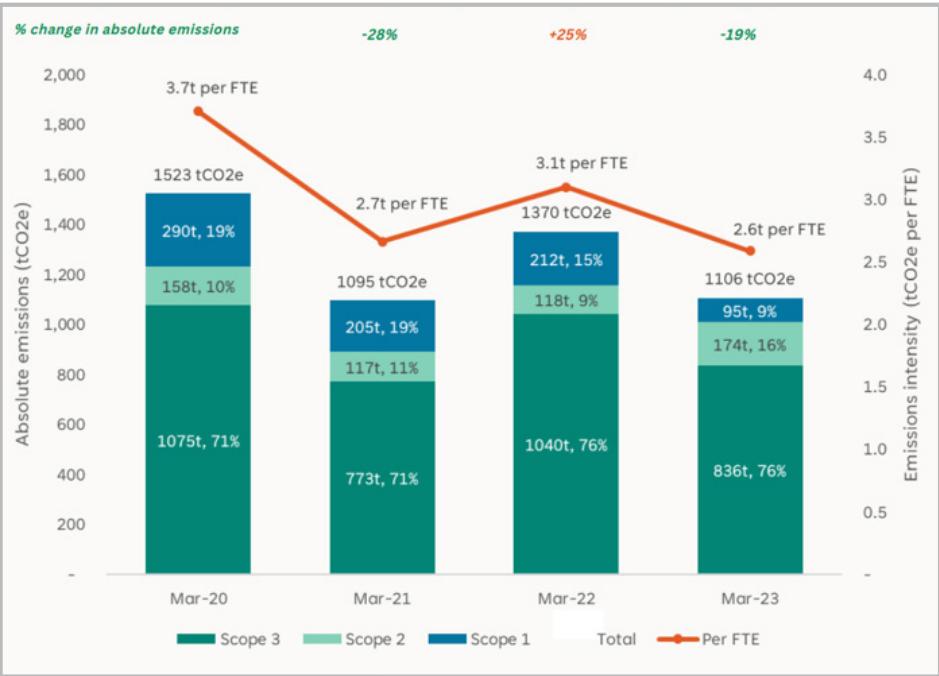
Consumables - reduce by 40%

Supply Chain - reduce by 30%

ENVIRONMENTAL

ARMSTRONG WATSON CARBON REPORTING

Armstrong Watson’s footprint has decreased, mainly due to savings on heating and supply chain.



AWs footprint per FTE was 2.6 tCO2e in 2022/23, which is 16% lower than the previous year and 30% lower than baseline target

Scope 1: Heating

Six out of our 14 offices submitted gas spend data, resulting in Scope 1 emissions for heating the firm’s offices of 95 tCO2e, a significant reduction compared to the prior year. The biggest savings were in our Carlisle offices which together reported a £10k lower spend - a footprint saving of 70 tCO2e. The relocation of our three Carlisle offices to our new Head Office at James Watson House in 2023 is not captured in this report as it took place after the year end.

Scope 2: Electricity

Electricity spend rose by just over 60% in 2022/23, largely due to the global rise in energy prices, resulting in an increase of 56 tCO2e in the company’s Scope 2 footprint. Gathering usage data in kWh would increase the accuracy of the Scope 2 footprint. All offices remain on standard (non-renewable) electricity tariffs.

Scope 3: Supply chain

Supply chain emissions include business travel and commuting, facilities, consumables, subsistence, hotel stays, staff training, professional fees and technology. The 204 tCO2e (20%) decrease in Scope 3 emissions in 2022/23 is mainly due to:

- 61 tCO2e lower emissions associated with professional services;
- reduced embodied emissions in relation to the leasing of office equipment (30 tCO2e saving vs prior year); and
- 25 tCO2e savings in technology emissions (mainly software).

To read our full Carbon Report which explains the changes and our actions, click [here](#).

SOCIAL

EQUALITY, DIVERSITY & INCLUSION

Armstrong Watson is dedicated to encouraging a supportive and inclusive culture for all employees and partners. We are committed to promoting diversity and eliminating unlawful and unfair discrimination.

The firm aims to create a culture that encourages and values diversity, and that appoints, rewards, and promotes colleagues based on merit.

All colleagues should feel respected, valued, and able to give their best. They are given encouragement to develop their full potential and utilise their skills.

The firm and our colleagues abide by our core values of Trust, Honesty, Passion, and Humanity. This reinforces our commitment to providing equality and fairness to all employees, partners, and job applicants.

Our Equal Opportunities clause emphasises the firm's commitments to being an equal employer for all colleagues and job applicants throughout their relationship with the firm.

There is regular and mandatory training for all colleagues in the firm to complete on equality, diversity, and inclusion.



SOCIAL

CULTURE

Culture is accepted behaviours of a group, and at Armstrong Watson the culture of our business is important to all of us. It is these behaviours that define our success and what Armstrong Watson is.

Our culture is not determined or something we write on a wall or a website. It is something we live and breathe every day; in everything we do. It is the ideas and behaviours of each and every one of us within our business that define our success.

Our success is not measured by numbers or awards, but by the impact we have on our client, our colleagues, and our communities.

Click [here](#) to download our Culture Book.



Our Core Values

Our guiding principles drive our behaviours and actions; our success depends on all of us delivering consistently across all four values.



Passion

An enthusiasm for Armstrong Watson and for the firm's clients. A real desire to contribute to making Armstrong Watson and our people successful and to ensuring clients achieve success. A commitment to making us a business we all want to work for.



Honesty

We show fairness, consistency, integrity and are committed to being truthful, sincere and frank.



Humanity

We actively demonstrate compassion, consideration and kindness for others.



Trust

We can be relied upon as others have confidence in us, in our ability and in our integrity.

SOCIAL

GENDER PAY GAP REPORT

It is important to note that the gender pay gap is not the same as equal pay. The 'gender pay gap' measures the difference in average earnings between men and women within the workforce, whereas 'equal pay' refers to the pay differences between men and women who perform the same jobs, similar jobs or work of equal value. Within our firm, men and women with the same performance and experience in equivalent roles are paid equally.

You can read the full report [here](#).



Our Headline Figures



10% MEAN GENDER PAY GAP
(DECREASED FROM 12.5% LAST YEAR)



11.6% MEDIAN GENDER PAY GAP
(DECREASED FROM 13.5% LAST YEAR)



14.4% OF MALE EMPLOYEES RECEIVING A BONUS
(INCREASED FROM 9% LAST YEAR)



8% OF FEMALE EMPLOYEES RECEIVING A BONUS
(INCREASED FROM 7% LAST YEAR)

The below table outlines the proportion of females and males in each quartile band.

QUARTILE	MALE	FEMALE
UPPER	55.3%	44.7%
UPPER MIDDLE	39.4%	60.6%
LOWER MIDDLE	34.6%	65.4%
LOWER	38.5%	61.5%



MEAN GENDER PAY BONUS GAP
(DECREASED FROM 61% LAST YEAR)



MEDIAN GENDER PAY BONUS GAP
(DECREASED FROM 74.5% LAST YEAR)

SOCIAL

COMMUNITIES

Caring for our communities, our clients and colleagues is part of our culture and how we express our vision to both our people, and externally, is through our tagline 'we're with you!'

At Armstrong Watson, our approach to charitable donations has always been to support national, regional and local charities based on our employees' and clients' experiences and recommendations. Whilst other businesses choose to adopt one corporate charity, or rotate similar larger charities each year, we continue to be more supportive of many local and grassroots initiatives.

We do this through our Charity of the Month award. We encourage our people to get involved with charitable events and are invited to nominate any charity they wish, whether large or small, national or local. Each month, the nominated charities are reviewed, and one is selected for the cash donation.

Across our offices we have 'Culture Champions' who organise 'in office' events that raise money for both local and national charities. These include Macmillan Big Coffee Morning, Children in Need, Red Nose Day and Christmas Jumper Day.



GOVERNANCE

ETHICS

We operate by our Code of Ethics. This provides a principles-based guide of our ethical expectations of our people covering all aspects of our business when we are dealing with clients, colleagues and any other third parties.

Our code applies to everybody within any of the Armstrong Watson Group entities and applies equally when at work, and also in our personal lives. Our Code of Ethics can be viewed [here](#).

Ethical behaviour forms part of our core values of Honesty and Trust, and we strive to model these behaviours at all times, both when acting for our clients and working with our colleagues. We have appointed an Ethics Partner and we monitor our supply chains and ask that suppliers sign up to our [Supplier Charter](#) reflecting our behaviours.

PRIVACY AND DATA PROTECTION

The Armstrong Watson group is committed to data security. Our [Privacy Notice](#) describes how and why we collect and use personal data; it also provides information about individuals' rights under current UK data protection laws.

DATA GOVERNANCE

Our board as well as the Risk Committee oversees firm-wide privacy and data protection compliance initiatives, alongside leaders from the different service lines and the firm's data protection representatives. Together, they continually review our key business and legal processes, identify remedial policy, procedural and technical changes of our operations as required.

DATA SECURITY

The Risk Committee oversees the security in place to protect the data we hold. We use a range of technical and organisational measures to protect our data as outlined in our [GDPR Policy](#).



GOVERNANCE

EMPLOYEE WELLBEING

We understand as a firm that all colleagues may need further support with their health and wellbeing.

Across the firm we have access for any colleague who would like to talk about their health and/or wellbeing. They can speak to managers, members of our people team, and the firm's wellbeing champions, or they can choose to use some of our external support providers.

TRAINING AND DEVELOPMENT

We are dedicated to developing talent, with robust training and development programs that support the growth of our colleagues.

Through AWSUM+ we provide a range of e-learning and face-to-face training tailored to specific roles, ensuring that all employees, from trainees to senior leaders, have access to the resources they need to be the best they can be in their current roles and future careers with Armstrong Watson.

Focusing on continuous professional development, we work closely with professional bodies and have established partnerships with dedicated training providers to ensure each individual receives the necessary skills and career enhancement opportunities to thrive.

Our Leadership Development programme prepares colleagues to become our leaders of tomorrow, focusing on business and soft skills development, self-awareness, and self-improvement.

Our approach to employee development cements our commitment to being a great place to work.

SMART WORKING/FLEXIBLE WORKING

Armstrong Watson is committed to helping all colleagues manage an effective work-life balance. By enabling a flexible approach to working, we seek to support a balance between personal interests, family commitments and work demands, while still maintaining a high level of client service.

Smart Working helps to support colleagues in achieving a good work-life balance. We are a "happy to talk flexible working" employer. For individuals, this means having the ability to work with their line manager to agree the best times and place(s) to work, varying start and finish times and choosing work settings that suit the nature of the task and personal preferences. Smart working also includes the ability to purchase extra annual leave.



GOVERNANCE

ANTI-CORRUPTION

The Group is committed to professional and ethical behaviour. We have policies in place to manage gifts and hospitality which are monitored. We also ensure that our suppliers sign up to our Supplier Charter to engage with our values.

HUMAN RIGHTS

At Armstrong Watson, we are dedicated to maintaining the highest standards of human rights across all aspects of our operations. We believe that respecting and promoting human rights is central to our core values. Our policies and practices are designed to ensure fair treatment, non-discrimination, and the protection of the rights of all individuals, including our colleagues, clients, and the communities we serve. We continually strive to promote a safe, inclusive, and equitable environment, nurturing a culture of respect and dignity for all.



IMPORTANT INFORMATION

Armstrong Watson LLP is a limited liability partnership registered in England and Wales, number OC415608. The registered office is James Watson House, Montgomery Way, Rosehill, Carlisle, CA1 2UU where a list of members is kept. Armstrong Watson LLP is regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities. Unless otherwise indicated, either expressly or by the context, we use the word “partner” to describe a member of Armstrong Watson LLP or an employee of Armstrong Watson LLP in their capacity as such.

Armstrong Watson Audit Limited is registered to carry out audit work in the UK by the Institute of Chartered Accountants in England and Wales. Registered as a limited company in England and Wales, number 8800970. The registered office is James Watson House, Montgomery Way, Rosehill, Carlisle, CA1 2UU. Armstrong Watson Audit is a trading style of Armstrong Watson Audit Limited.

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