

Independent Greenhouse Gas Verification Statement

Carbon Smart Ltd have prepared this Verification Statement for ISG Plc (“ISG”), through which it confirms that ISG’s global reported direct and indirect greenhouse gas (GHG) emissions have received limited verification in accordance with the requirements of the ISO 14064 – part 3 standard.

The verification covers ISG’s stated historic emissions for one reporting year – the 12 months starting 1st January 2018 and ending 31st December 2018 including the intensity metric (tCO₂e/£m turnover), as shall appear in ISG’s Annual Report and Accounts and wider environmental reporting.

Responsibilities of ISG and Carbon Smart

ISG were responsible for the preparation of the GHG emissions assertions and the internal management controls governing the data collection, collation and GHG calculations performed.

Carbon Smart were responsible for carrying out a limited verification assessment in accordance with the ISO 14064-3:2006 ‘Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions’ and providing an independently expressed conclusion on the reported GHG emissions totals and performance, for each of the data sources included in the scope of this verification exercise.

Organisational scope and subject matter

The boundary of the verification process included emissions related to the operation of offices, sites and accommodation related to UK and international ISG sites over which ISG have financial control. ISG leases all of its offices and equipment with the exception of a small number of owned cars; these leases are all operating leases. According to Appendix A to the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard on the categorisation of GHG emissions associated with leased assets, emissions from leased assets under operating leases (i.e. not finance/ capital leases) should be categorised as Scope 3 under the financial control approach. As such ISG does not have any Scope 2 emissions.

GHG sources included in the verification process:

- Scope 1: Mileage in owned vehicles
- Scope 3: Electricity (location and market based), gaseous fuels, liquid fuels, F-gas (UK and international offices and accommodation; UK operational sites); vehicles (UK and international, owned and non-owned), waste generated in the UK & EU
- Types of GHGs included, as applicable: CO₂, N₂O, CH₄, HFCs/PFCs/NF₃/SF₆

ISG’s GHG assertions verified by Carbon Smart cover 100% of emissions by scope (in tCO₂e) as follows:

Emission Source	Market Based Emissions (tCO ₂ e)	Location Based Emissions (tCO ₂ e)
Electricity	645	1,803
Gaseous fuels	351	351
Liquid fuel	1,598	1,598
Business mileage	2,413	2,413
F-Gas	137	137
Waste	425	425
TOTALS	5,570	6,728

Emissions Breakdown	Market based (tCO ₂ e)	Location based (tCO ₂ e)	Intensity (tCO ₂ e/£1M)
Scope 1	30	30	2.5
Scope 3	5,540	6,698	3.0
Global carbon footprint	5,570	6,728	-

Methodologies

ISG's GHG inventory has been completed in accordance with the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard, Revised Edition (for Scope 1) and WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (for Scope 3); and adheres to the best practice reporting principles of relevance, completeness, consistency, transparency and accuracy.

Carbon Smart conducted the verification engagement in January and February of 2019. We used the appropriate verification planning, validation, GHG assessment and evaluation steps in accordance with the requirements of ISO 14064:3, and in adherence to the standard's principles of independence, ethical conduct, fair presentation and due professional care.

Objectives

The objectives of the verification engagement were to ensure ISG's GHG assertion is free of material misstatements to an acceptable materiality threshold of 5% at the GHG source level and organisational level; and to ensure the GHG inventory provides the relevant material information required by stakeholders for the purpose of decision making.

Carbon Smart's verification process

Our verification conclusions are based on the following activities:

- Agreement on the level of verification, objectives, criteria, organisational scope and materiality thresholds
- Review of the processes and procedures for establishing the organisational and financial boundary, ensuring relevance in emissions reporting across direct and indirect emissions sources
- Development of the verification project plan and data sampling plan (based on risk and materiality)
- Assessment of the GHG data collection system and controls through interviews by phone and face-to-face
- Assessment of the data collection process from raw data comparison with primary evidence, through to local and global collation in GHG aggregation worksheets. This step included assessment of estimations and extrapolation systems in place and their underlying assumptions
- Review of the appropriateness and application of the methodologies and calculations used for conversion of activity data to CO₂e emissions
- Evaluation of the internal quality assurance procedures and results
- Our activities included one site visit to ISG's office in Salford, as well as interviews with the Accounts team and representatives from Singapore and Brazil offices.

Limited verification statement

Based on the verification procedures followed by Carbon Smart of ISG's direct and indirect emissions across the annual reporting period, we have found no evidence to suggest that the GHG emissions assertions in ISG's operational GHG inventory are not:

- Prepared in accordance with ISG's relevant internal GHG emissions reporting methodologies, which adhere to the internationally recognised WRI/WBCSD Greenhouse Gas Protocol GHG corporate and scope 3 standards

- Materially correct and a fair representation of their GHG emissions
- Prepared in adherence to the best practice reporting principles of relevance, completeness, consistency, transparency and accuracy
- Worthy of the award of limited verification

Carbon Smart's independence, team competencies and quality control

We can confirm our independence, ethics and competence as follows:

- We are independently appointed by ISG and no member of the verification team has a business reason for bias with regards to the limited verification engagement
- We have complied with the ethical requirements relevant for the performance of the ISO14064:3 engagement in respect of professional experience in environmental reporting and assurance. We have acted with the integrity, objectivity, professional competence, due care and confidentiality to be expected of a professional services provider and the rigor of our work is sufficient to the level required by the ISO 14064:3 standard
- Our team is experienced in GHG reporting to WRI/WBCSD GHG Corporate Accounting and Reporting Standard (revised) standard and ISO 14064:3.

Recommendations for improvement

In the future ISG should:

- Improve the internal reporting guidance to include: a) boundary and scope of reporting, b) estimation methodologies applied per emission source and c) details of the data checks performed by offices / central team.
- Consider expanding the scope 3 emissions by adding further categories such as electricity transmission & distribution and waste disposed across offices and international sites.

I declare that ISG have received limited verification for reporting years 1st January 2018 - 31st December 2018, for the following:

- Direct and indirect emissions
- Intensity metric (tCO₂e/£m turnover)

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