



# ISG Limited

(and subsidiary companies as detailed below)

# Carbon Reduction Plan 2020-2021



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# Climate Change and Carbon Policy

In 2021 we published our net gain strategy and series of policy statements that describe ISG's stance on sustainability, the environment, procurement and the use of materials, products, and components / systems. Specifically, in regard to carbon, we published our Climate Change and Carbon Policy that outlines our commitment towards a net zero carbon built environment, specifically aiming to:

- Take a whole-life view of carbon in the projects we deliver.
- Deliver fossil fuel free construction operations, while optimising energy use on sites.
- Support our clients to operate net zero carbon buildings.
- Take a holistic view of sustainability through our delivery, balancing the drive to a low-carbon economy with that of both circular principles and delivering real social value.

We are committed to:

- Targeting net zero carbon in our operations by 2030.
- Developing and introducing an internal carbon fund to be paid into by ISG's business units and implemented from 2024 onwards.
- Utilising money raised through our internal tax fund to invest in the research and development (R&D) of low-carbon technologies and methods of construction.
- Collaborating with our supply chain and innovative organisations to support the uptake of new low-carbon technologies in the construction industry.
- Developing a strategy to measure and reduce embodied carbon through the projects we deliver.
- Creating an aftercare service and app to support our clients in operating their assets in line with the original design intent.
- Developing and delivering carbon literacy training to all ISG employees, thereby working to integrate carbon reduction into the decision-making processes of our workforce.
- Utilising our experience to influence and support our clients in delivering a net zero carbon built environment, striving for earlier engagement to maximise the opportunities to reduce embodied, construction and operational carbon.
- Identifying and ensuring compliance with relevant low-carbon planning requirements at national, regional and city level, and influencing industry best practice to ensure we are continually showing leadership and therefore driving revolutionary change.

This plan covers our carbon reduction strategy across 4 key service areas at ISG and the associated legal entities they trade through, being:

- ISG Fit Out Limited
- ISG Engineering Services Limited
- ISG Construction Limited
- ISG Retail Limited

## Baseline Emissions - 2019

ISG takes the financial control approach to the consolidation of its organisational boundary. ISG leases (operating leases) all its offices and equipment except for a small number of owned cars. According to the GHG Protocol Corporate Standard on the categorisation of greenhouse gas (GHG) emissions associated with leased assets, emissions from leased assets which have operating leases, not finance/capital leases, should be categorised as scope 3 under the financial control approach. As such the only scope 1 emissions in the ISG footprint are emissions from a small number of owned cars and under this approach ISG does not have any scope 2 emissions.

This approach has been influenced by our formation initially as a fit out contractor, where electricity supplies on site are provided by our clients, but we recognise the need to capture a greater sphere of influence in terms of our carbon footprint. Initial plans were set out to capture our emissions in line with an operational control approach using 2020 as our new baseline. Unfortunately, with the onset of the

Covid-19 pandemic, this exercise has been put on hold until we transition to our 'new' normal way of operating and plan to re-baseline our carbon footprint across a broader set of scopes in 2022.

However, for information and in line with the 2022 baselining exercise set out above, we have split out the equity share of our emissions during the base year and in our current reporting year in line with an operational control approach. The table below sets out where ISG currently are in terms of reporting against the minimum emission scopes set out in PPN 06/21 and our plans to integrate further datasets across 2022.

Scope	PPN 06/21	Current Reporting Status	Year for inclusion
Scope 1	✓	Included within current report	Included
Scope 2	✓	Included within current report	Included
Scope 3 – Upstream transportation and distribution	✓	<p>Emissions from the transportation and distribution of products purchased by ISG between its Tier 1 suppliers and its own operations (in vehicles and facilities not owned or controlled by ISG) are relevant because they contribute significantly to our total anticipated scope 3 emissions. In the past we calculated these emissions using data for six key BREEAM projects and then extrapolating this based on revenue.</p> <p>However, during recent annual GHG calculations we excluded this given the extrapolation exercise was causing large fluctuations of scope 3 emissions; However, due to the relevance of this measure, we are committed to implement procedures to monitor these emissions in our 2022 reporting year.</p>	2022
Scope 3 – Waste generated in operations	✓	Included within current report	Included
Scope 3 - Business travel	✓	Historically we have collected and reported emissions associated with business travel undertaken via car. After a move to a new travel booking service in 2021, we will be reporting carbon emissions associated with all forms of business travel moving forward.	2021
Scope 3 – Employee commuting	✓	We have established a new reporting procedure in line with GHG Protocol Corporate Standard to capture employee commuting emissions in 2021.	2021
Scope 3 – Downstream transportation and distribution	✓	n/a – not applicable to our operations as we do not transport and distribute any products from our services.	
Scope 3 - Water		We capture volumes of water used across our projects in most cases, but not all. As part of our new Environmental Management Policy, we are recording water use across our operations more consistently from 2022 onwards and will capture emissions associated in future revisions of this plan.	2022

Scope 3 –  
Supply Chain  
fuel use

This is a source of emissions that we capture across many of our projects, but not consistently across all of them. We have put new reporting procedures in place this year and will capture a full year's data to support our new 2022 baseline.

2022

The two tables below set out the baseline emissions split across our business units, from both a financial control approach and an operational control approach, in tonnes CO<sub>2</sub>e.

### Financial Control Approach

Scope	Construction	Fit Out	Retail	Engineering	Total
Scope 1	0	73	0	183	256
Scope 2 (Market Based)	0	0	0	0	0
Scope 3 - Total	3,780	1,873	2,939	3,552	12,145
<b>Total</b>	<b>3,780</b>	<b>1,947</b>	<b>2,939</b>	<b>3,734</b>	<b>12,401</b>

### Operational Control Approach

Scope	Construction	Fit Out	Retail	Engineering	Total
Scope 1	3,236	936	2,535	3,536	10,243
Scope 2 (Market Based)	270	936	389	120	1,714
Scope 3 - Total	275	75	16	78	443
<b>Total</b>	<b>3,780</b>	<b>1,947</b>	<b>2,939</b>	<b>3,734</b>	<b>12,401</b>

# Current Years Emissions – 2020

## Financial Control Approach

Scope	Construction	Fit Out	Retail	Engineering	Total
Scope 1	0	38	0	0	38
Scope 2 (Market Based)	0	0	0	0	-
Scope 3 - Total	2,954	651	3,071	1,093	7,769
<b>Total</b>	<b>2,954</b>	<b>689</b>	<b>3,071</b>	<b>1,093</b>	<b>7,807</b>

## Operational Control Approach

Scope	Construction	Fit Out	Retail	Engineering	Total
Scope 1	2,372	375	2,167	910	5,825
Scope 2 (Market Based)	269	255	810	122	1,456
Scope 3 - Total	313	59	95	60	527
<b>Total</b>	<b>2,954</b>	<b>689</b>	<b>3,071</b>	<b>1,093</b>	<b>7,807</b>

For calculating the carbon emissions reported, we used the internationally recognised Greenhouse Gas Protocol Corporate Accounting and Reporting Standard from the World Resources Institute and World Business Council for Sustainable Development, known as the GHG Protocol Corporate Standard. Our figures have undergone independent third-party verification (limited assurance).

In terms of the environmental impact of our own operations, we have clear performance targets and made good progress during 2020, reducing our emissions, both absolute and normalised, through our metric of tonnes per £1m revenue. The table below highlights these reductions.

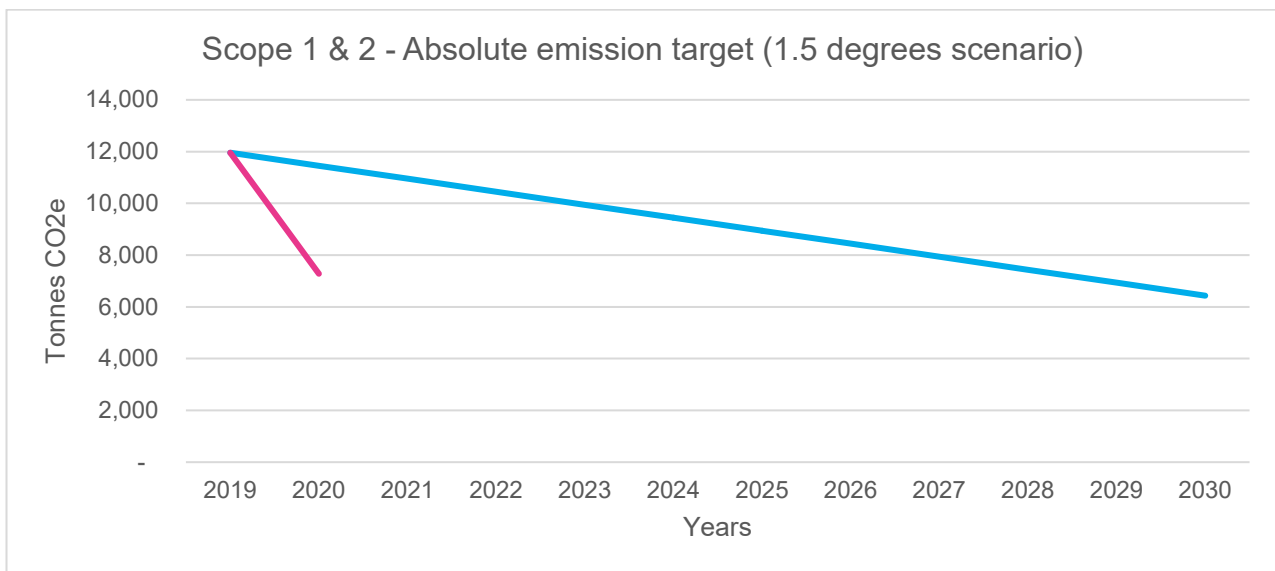
	2019	2020	% Change
Absolute Totals (tCO <sub>2</sub> e)	12,401	7,807	-37%
Normalised Totals (tCO <sub>2</sub> e/£1m)	3.9	4.8	-19%

Some of the actions that account for this reduction in our emissions include:

- Energy consumption at offices and sites is down due to reduced occupancy levels during the pandemic.
- An increased proportion of larger, higher value, longer duration projects resulting in:
  - Faster connection to grid energy and reduced reliance on diesel-powered site generators/plant
  - More delivery staff dedicated to single sites rather than travelling to multiple projects.
- Greater use of remote working facilities through the Covid-19 pandemic.
- Use of hybrid / electric plant and machinery on sites.
- Incorporation of renewable technologies for temporary power on project sites.
- Continued procurement of renewable grid energy.

## Carbon Reduction Targets

As noted in the baseline emissions section of this plan, we have taken the data collected under a financial control approach and aligned it with our plans to move to an operational control approach, targeting reductions based upon a 2022 baseline. Given the timeframes involved for this new baseline, we have used our 2019 baseline to set targets for 2022 operations and have realigned the scopes as if they were reported under an operational control approach. In doing this, it allows us to model a reduction trajectory and set targets in line with science-based methodologies. The graph and tables below set out year on year targets for our scope 1 & 2 emission in line with this approach.



	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Absolute Target</b>	11,957	11,455	10,953	10,450	9,948	9,446	8,944	8,442	7,939	7,437	6,935	6,433
<b>% Reduction</b>	0%	-4%	-8%	-13%	-17%	-21%	-25%	-29%	-34%	-38%	-42%	-46%
<b>Actual Emissions</b>	11,957	7,281										
<b>Actual Reduction</b>	0%	-39%										

In regard to scope 3 emissions reduction targets, we will be setting targets against a wider boundary once our new 2022 baseline has been recorded.

# Carbon Reduction Initiatives 2021/2022

## Carbon Reduction Activities

- 100% REGO backed electricity supplies to site and offices where ISG are procuring
- Energy efficient site accommodation
- LED temporary lighting used across construction sites
- Expanding the use of electric plant on sites
- Expanding in house capabilities in Lifecycle Analysis (LCA) modelling on ISG projects
- Trialling of alternative low carbon temporary power for sites

The 525-60E is the first of JCB's electric generation, and its first fully electric compact telehandler. The telehandler was trialled on the STEAM academy project in Pencoed to reduce construction site impacts and limit the use of fossil-fuel



## Certification and process improvement

- Planet Mark certification and assessment continues on an annual basis
- Independent verification of our emission annually by Avieco
- Voluntary submission to CDP on an annual basis, also completing supply chain modules for clients
- Sponsor of several UK Green Building Council (UKGBC) workstreams, including:
  - UKGBC Advancing Net Zero Programme
  - UKGBC Circular Economy Programme
  - UKGBC Nature Based Solutions Programme
- Ongoing participation on the London Business Climate Leaders Forum
- Greater focus given to sustainability within supply chain forums
- Recruitment of a supply chain sustainability manager to embed sustainability requirements across our supply chain and foster greater collaboration on carbon reduction activities in supply chain delivery
- Carbon literacy training for all parts of the business to be developed and rolled out in 2022
- Expanding sub-metering strategies across projects, to capture more granular data and target reduction initiatives at high usage activities



We are Planet Mark certified for the 2nd year running and have maintained our CDP score of A- through our voluntary submission again in 2020



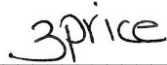
# Sign Off

This carbon reduction plan has been reviewed by the below ISG Limited subsidiary company board of Directors. Their approval has been given to it being published on the ISG website.

For and on behalf of ISG Limited



ISG Fit Out Limited  
Matt Blowers  
Director  
01 October 2021



ISG Construction Limited  
Zoe Price  
Director  
01 October 2021



ISG Engineering Services Limited  
Bart Korink  
Director  
01 October 2021



ISG Retail Limited  
Kevin Dengate  
Director  
01 October 2021