



# ISG Limited

(and subsidiary companies as detailed below)

# Carbon Reduction Plan 2021-2022



# Contents

Climate Change and Carbon Policy	3
Baseline Emissions - 2019	4
Current Years Emissions – 2021	7
Carbon Reduction Targets	8
Carbon Reduction Initiatives	9
Sign Off	10

# 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 2023.

However, for information and in line with the 2023 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 2023 reporting year.</p>	2023
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 are reporting carbon emissions associated with car, trains, flights and ferries for business as of 2021.	Included
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.	Included
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.	2022/23
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 2023 baseline.	2023

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 – 2021

## Financial Control Approach

Scope	Construction	Fit Out	Retail	Engineering	Total
Scope 1	0	26	6	0	32
Scope 2 (Market Based)	0	0	0	0	0
Scope 3 – Total*	4,685	1,338	4,359	1,165	11,547
<b>Total</b>	<b>4,685</b>	<b>1364</b>	<b>4,365</b>	<b>1,165</b>	<b>11,579</b>

## Operational Control Approach

Scope	Construction	Fit Out	Retail	Engineering	Total
Scope 1	1,320	181	2,656	162	4,319
Scope 2 (Market Based)	770	210	49	41	1,070
Scope 3 – Total*	2,596	974	1,659	961	6,190
<b>Total</b>	<b>4,686</b>	<b>1,365</b>	<b>4,364</b>	<b>1,164</b>	<b>11,579</b>

\*Our current years scope 3 emissions are not a like for like representation of our baseline year. This is due to the fact that we have included new scopes in the form of electricity transmission & distribution, business travel and employee commuting within our 2021 reporting year

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 2021, reducing our emissions, both absolute and normalised, through our metric of tonnes per £1m revenue. The table below highlights these reductions.

	2019	2021	% Change
Absolute Totals (tCO <sub>2</sub> e)	12,401	8,454*	-32%
Normalised Totals (tCO <sub>2</sub> e/£1m)	4.8	3.7	-22%

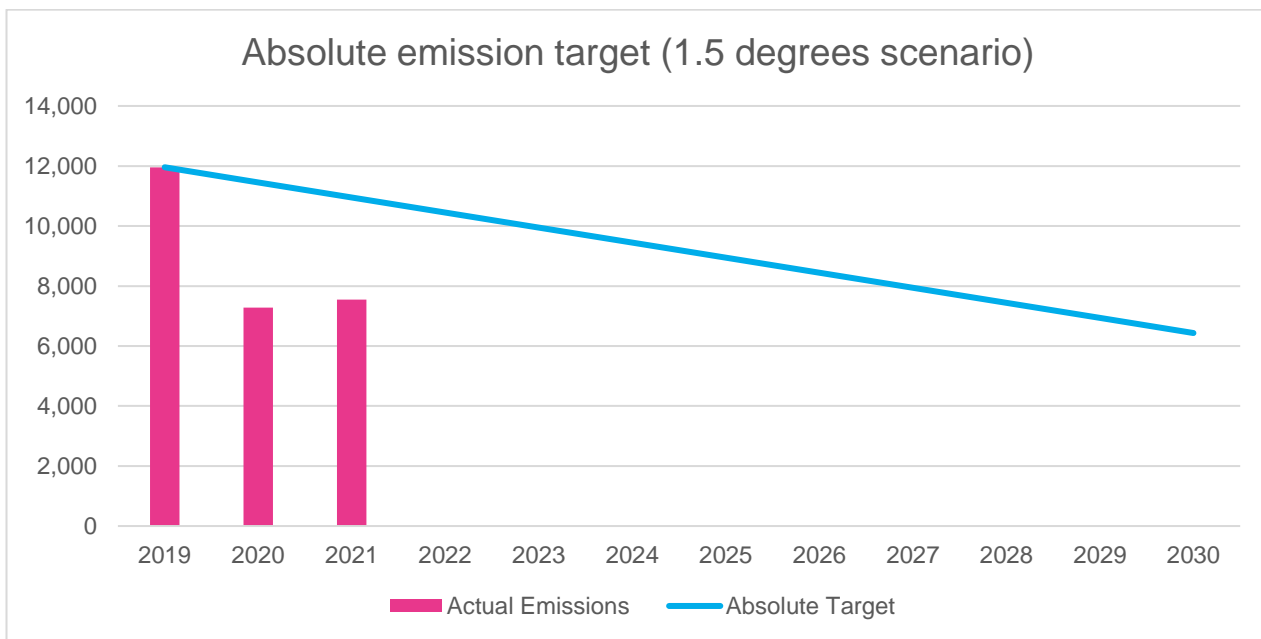
\*This is total is a like for like representation of our baseline year and does not include electricity transmission & distribution, business travel and employee commuting

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 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	7,548									
<b>Actual Reduction</b>	0%	-39%	-37%									



In regard to scope 3 emissions reduction targets, we will be setting targets against a wider boundary once our new 2023 baseline has been recorded. For transparency the scopes below have been covered within our current targets:

Electricity – Directly purchased by ISG	Scope 2
Gaseous fuels - Directly purchased by ISG	Scope 1
Liquid fuel - Directly purchased by ISG	Scope 1
Business Travel - Mileage ISG Owned	Scope 1
Business Travel - Mileage ISG Leased	Scope 1
Business Travel - Mileage Employee-vehicles	Scope 3
F-Gas	Scope 1

# Carbon Reduction Initiatives

## 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
- Further use of electric plant on sites
- Expansion of our use of HVO (Hydrotreated Vegetable Oil) fuel across construction projects as a transition fuel on route to all electric construction delivery
- Use of solar pods and batteries for site temporary power needs
- Embedding circular economy principles in our delivery, in turn reducing waste created across our projects

## 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 and participate in the UK Green Building Council (UKGBC) Advancing Net Zero 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 2022/23
- 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 3rd year running and have obtained CDP score of B through our voluntary submission again in 2021

# Sign Off

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

For and on behalf of ISG Limited

A handwritten signature in black ink that reads "zprice". The signature is written in a cursive, lowercase style.

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Zoe Price  
COO  
22<sup>nd</sup> July 2022