



# ISG Limited

(and subsidiary companies as detailed below)

# Carbon Reduction Plan 2023



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# Right Thing First

At ISG, sustainability is at the forefront of everything we do. We launched our first formal social value and sustainability strategy 16 years ago demonstrating that sustainability is truly embedded in our operations. Since then, we've grown our environmental and social sustainability teams to more than 50 people nationally.

We have evolved our strategies year on year and, most importantly, learned a significant amount from our peers, clients, and stakeholders about how to be a truly responsible business.

2022 saw the launch of our most recent environmental, social and governance (ESG) strategy, 'Right Thing First', setting ambitious goals to be achieved by 2028. This is a company-wide strategy to position a positive and sustainable business purpose at the centre of all our operations. Our vision is to be the world's most dynamic construction services company, delivering places that help people and businesses thrive.

Each corporate goal has a series of master KPIs, containing actions against targeted outcomes, with a series of recommendations to enable clear implementation and monitoring of progression.

A key component of the environmental pillar of our Right Thing First strategy is the short-term focus on decarbonising construction operations across our portfolio of work. Our approach here has evolved since its inception and over the last 6 months.

Whereas previously there was a focus on short term Net-Zero targets and a reliance on 3rd party certified offsetting schemes, recent developments have shifted our focus away from this approach. Challenges to the credibility of the offsetting market and revaluation of the short-term actions we should be taking in terms of decarbonisation have created the following new objective and targets:

## ***Decarbonise ISG operations by removing or avoiding more carbon than we emit by 2028.***

- *Reduce carbon emissions by 40%\* by 2028.*
- *Set a long-term target\*\* aligned to SBTi net zero standard, reducing our emissions by 90%.*
- *Delivery of a 3rd party verified 'in-setting'\*\*\* programme with our supply chain and communities.*
- *Begin to store or remove ISG's historic carbon emissions from 2028.*

The delivery of a 3rd party verified 'in-setting' scheme outlines our ambition to invest in initiatives that focus on immediate carbon reduction through the supply chain, support R&D in climate action where appropriate.

To support this, our Climate Change and Carbon Policy 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 in line with SBTi standards
- 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

## Emission Datasets

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 2024.

However, for information and in line with the 2024 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 on the next page 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 2024.

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 2024 reporting year.</p>	2024
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		Included within current report	Included
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 2024 baseline.	2024

# Baseline Emissions - 2019

Scope	Construction	Fit Out	Retail	Engineering	Total
Scope 1	1,938	837	1,872	3,194	7,841
Scope 2 (Market Based)	270	936	389	120	1,714
Scope 3 – Upstream transportation and distribution	n/a	n/a	n/a	n/a	n/a
Scope 3 – Waste generated in operations	275	75	16	78	443
Scope 3 - Business travel	1,298	98	662	343	2,401
Scope 3 – Employee commuting	n/a	n/a	n/a	n/a	n/a
Scope 3 – Downstream transportation and distribution	n/a	n/a	n/a	n/a	n/a
Scope 3 - Water	n/a	n/a	n/a	n/a	n/a
Scope 3 – Supply Chain fuel use	n/a	n/a	n/a	n/a	n/a
Scope 3 – Fuel- and energy-related activities	n/a	n/a	n/a	n/a	n/a
<b>Total</b>	<b>3,780</b>	<b>1,947</b>	<b>2,939</b>	<b>3,734</b>	<b>12,401</b>

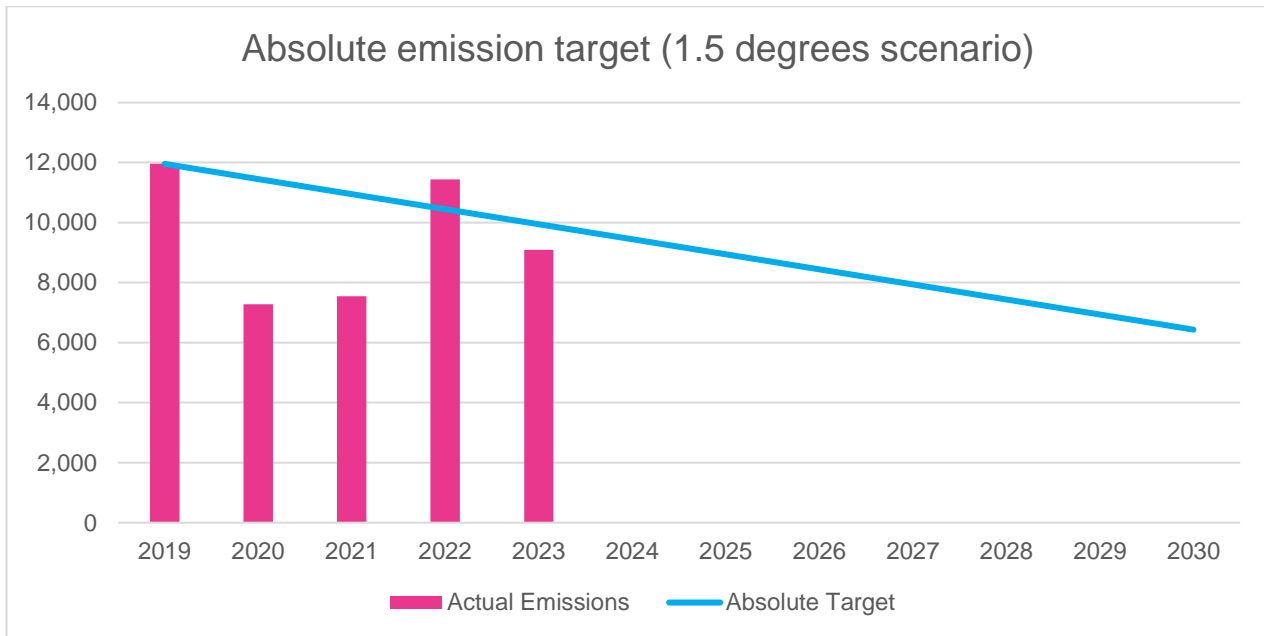
# Current Years Emissions – 2023

Scope	Construction	Fit Out	Retail	Engineering	Total
Scope 1	2,435	224	152	93	2,904
Scope 2 (Market Based)	167	153	78	3,024	3,422
Scope 3 – Upstream transportation and distribution	n/a	n/a	n/a	n/a	n/a
Scope 3 – Waste generated in operations	718	71	58	263	1,110
Scope 3 - Business travel	2,482	405	468	1,215	4,570
Scope 3 – Employee commuting	1,146	1,015	504	333	2,998
Scope 3 – Downstream transportation and distribution	n/a	n/a	n/a	n/a	n/a
Scope 3 - Water	27	15	47	7	96
Scope 3 – Supply Chain fuel use	n/a	n/a	n/a	n/a	n/a
Scope 3 – Fuel- and energy-related activities	51	6	13	68	138
<b>Total</b>	<b>7,025</b>	<b>1,888</b>	<b>1,321</b>	<b>5,003</b>	<b>15,237</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).

# 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 2024 baseline. Given the timeframes involved for this new baseline, we have used our 2019 baseline to set targets for 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.

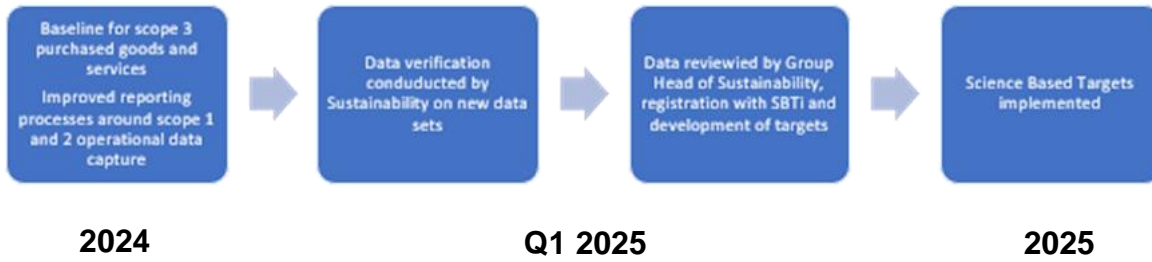


	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Absolute Target</b>	11,957	11,455	10,953	10,450	9,948	9,446	8,944	8,442	7,939	7,437	6,935	6,433
<b>% Reduction</b>	0%	-4%	-8%	-13%	-17%	-21%	-25%	-29%	-34%	-38%	-42%	-46%
<b>Actual Emissions</b>	11,957	7,281	7,548	11,436	9,093							
<b>Actual Reduction</b>	0%	-39%	-37%	-4%	-24%							

Following on from our current SBTi aligned target which we set in 2019, we are now moving towards capturing more of our scope 3 emissions. 2024 will be critical in the collation of new activity-based data sets, namely associated with scope 3 procurement of goods and services. An enhanced and broader set of carbon data will be critical to our next phase of moving towards certified Science Based Targets initiative (SBTi) targets.



Our timescales for implementation of this can be seen over the page.



Regarding scope 3 emissions reduction targets, we will be setting targets against a wider boundary once our new 2024 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

## Carbon Reduction Initiatives

The absolute reduction in our emissions in 2023 has largely been down to a change in behaviour in construction practice and site setup, alongside some policy developments.

Implementation of REGO renewables tariffs through our industry partner Sustainable Advantage has helped to secure green tariffs where ISG is responsible for energy procurement on our sites.

A recent focus across ISG has been the implementation of Hydrotreated Vegetable Oil (HVO) fuel and green technology in relation to our plant and machinery. We now have first-hand experience in using electric plant including a telehandler for one of our construction projects, electric dumpers, and electric breakers. In 2023, these further measures helped us reduce emissions across the business:

- Our hybrid working policy, which has led to lower energy consumption at offices and sites.
- An increased proportion of larger, higher-value, longer-duration projects has resulted 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.
- Increased use of hybrid / electric plant and machinery on sites.
- Incorporating renewable technologies for temporary power on project sites.
- A new travel & expenses policy, putting greater emphasis on sustainable travel and video conferencing.
- Introduction of an electric vehicle salary sacrifice scheme for employees.

Further to our absolute carbon reduction target, specific sub targets have been identified and enacted for 2024. These include:

- 100% REGO back energy tariffs where ISG are responsible for procuring supplies.
- 100% use of HVO where ISG are procuring liquid fuel.

- 98% of construction & demolition waste diverted from landfill.
- Construction waste generation limited to 1.44Tns/£100k of revenue.

These sub targets have been aligned to identified risks and opportunities identified, allowing us to add in greater resilience to the strategy and delivery of our services. Further to supporting resilience in our strategy, these sub targets also aid in terms of our reputation and work winning as we meet greater sustainability requirements set out by our clients.

## Memberships and certifications

2023 was the tenth year ISG has voluntarily responded to the CDP climate change programme. Our 2023 submission saw us score a B and aligning with the construction industry average score and staying ahead of the global average of a B-. To increase our scores in future submissions, some key actions aligned to the risks and opportunities identified previously are planned for 2024/2025. Targeting direct carbon reduction, they will also support greater resilience to climate risk across our supply chain. These actions include:

- Validation of carbon reduction targets with SBTi
- Better capture of carbon reduction activity across the business
- Greater transparency of our decarbonisation strategy
- Delivery of our Insetting strategy, supporting greater decarbonisation within our supply chain

Last year we continued with our Planet Mark certification, demonstrating year-on-year carbon reductions in line with the programme. Through this partnership we are also fully committed to the UN Race to Zero. Other process and certification actions that continued in 2023:

- Independent verification of our emissions annually by Achilles.
- Voluntary submission to CDP and completion of supply chain modules for clients.
- Sponsorship of the UK Green Building Council (UKGBC) Advancing Net Zero programme



We are Planet Mark certified for the 3<sup>rd</sup> year running and have obtained CDP score of B through our voluntary submission again in 2022

## 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".

Zoe Price  
CEO  
31 July 2024