Carbon Reduction Plan

Supplier name: **AND Digital**

Publication date: **31st April 2024**

Commitment to achieving Net Zero

AND Digital is committed to achieving overall Net Zero emissions by 2040.

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Baseline Year: 2021
Additional Details relating to the Baseline Emissions calculations.
AND Digital has assessed its emissions for a number of recent years. We established calendar year 2021 as our baseline, which is the same as our financial year (1st January to 31st December). We enhanced footprint data quality during 2022 and restated the base year numbers accordingly. We have also further expanded our measurement boundary during 2023 but have decided at this stage to retain 2021 as our baseline year. This will be reviewed during 2024. We have developed our GHG footprint following the guidance of the Greenhouse Gas Protocol Corporate Standard. This includes the Scope 1, Scope 2, and the specific set of Scope 3 emissions required under PPN06/21 related to our offices and operations (where applicable).

Baseline year emissions: 2021 (1st January 2021 to 31st December 2021)

EMISSIONS	TOTAL (tCO_2e)
Scope 1	**44.36 tCO_2e** - Natural Gas
Scope 2	**51.66 tCO_2e** - Purchased electricity (Location-based method)
Scope 3 (Included Sources)	**512.88 tCO_2e** A breakdown is provided below.

Scope 3 category	Total tCO_2e

	Category 3: Fuel & energy related activities. This includes well to tank losses related to gas and liquid fuels and electricity transmission and distribution losses.	26.81
	Category 4: Upstream transportation and distribution. As a provider of digital services our upstream transportation and distribution is limited, but we have included an assessment of our use of courier services.	25.95
	Category 5: Waste generated in operations. This includes wastewater. Water consumption has also been measured (and reported under this category for simplicity).	1.23
	Category 6: Business travel. This includes flights, car mileage, hotels, and other forms of public transport (and related WTT).	63.32
	Category 7: Employee commuting	395.57
	Category 9: Downstream transport and distribution. As a provider of digital services we do not produce any physical products, and as such we have no emissions related to downstream transport and distribution	Excluded: explanation provided.
Total Emissions	**608.91 (tCO$_2$e)**	

Current Emissions Reporting

Reporting Year: 2023 (1st January 2023 to 31st December 2023)	
EMISSIONS	**TOTAL (tCO$_2$e)**
Scope 1	**0.0 tCO$_2$e** - Note reclassification of Scope 1 under Scope 2 in 2023
Scope 2	**127.6 tCO$_2$e** - Purchased electricity (Location-based method), Gas/ Heat
Scope 3 **(Included Sources)**	**1650.37 tCO$_2$e** A breakdown is provided below. Note expanded measurement boundary in 2023

Scope 3 category	Total tCO$_2$e
Category 1 : Purchased Goods and Services. This includes all upstream (i.e., cradle-to-gate) emissions from the production of products purchased or acquired by the reporting company in the reporting year. Products include both goods (tangible products) and services (intangible products).	**1083.25**
Category 2: Capital Goods. This includes all upstream (i.e., cradle-to-gate) emissions from the production of capital goods purchased or acquired by the company in the reporting year	**51.07**
Category 3: Fuel & energy related activities. This includes well to tank losses related to gas and liquid fuels and electricity transmission and distribution losses.	**29.38**
Category 4: Upstream transportation and distribution. As a provider of digital services our upstream transportation and distribution is limited, but we have included an assessment of our use of courier services.	**12.64**
Category 5: Waste generated in operations. This includes wastewater. Water consumption has also been measured (and reported under this category for simplicity).	**2.7**
Category 6: Business travel. This includes flights, car mileage, hotels, and other forms of public transport.	**298.17**
Category 7: Employee commuting	**173.16**

	Category 9: Downstream transport and distribution. As a provider of digital services we do not produce any physical products, and as such we have no emissions related to downstream transport and distribution	Excluded: explanation provided.
Total Emissions	**1777.97 tCO$_2$e**	

Emissions reduction targets

To achieve Net Zero, we set the following original carbon reduction targets:

- *To achieve Net Zero for Scope 1 and Scope 2 emissions by 2025, compared to a 2021 baseline*
- *To achieve Net Zero for Scope 3 emissions by 2040, compared to a 2021 baseline*

In widening the measurement boundary to include all of Scope 3, this has caused us to re-evaluate these targets in relation to footprint materiality and adjust carbon plans accordingly. In addition we have significantly restructured the business through 2023 continuing into 2024 which has impacted most directly on the timeline of our Scope 1 & 2 emissions targets, partially related to a shifting geographical footprint.

As a result we have revised our Scope 1 and 2 target as follows.

- *To achieve Net Zero for Scope 1 and Scope 2 emissions by 2030, compared to a 2021 baseline with a stretch goal of achieving this target in 2028*

Our Scope 3 targets remain the same whilst we undergo a deeper analysis throughout 2024

Whilst we anticipate planned growth over the next four years, our aim is to achieve intensity based reductions year on year as we have achieved in 2023 (reduction from 0.47 to 0.42 tCO$_2$e/ employee on a like for like basis), effectively decoupling growth from carbon impacts for the modelled emission areas. In terms of absolute reduction targets, we plan to examine this more closely throughout 2024 in the light of fuller 2023 data.

The chart overleaf illustrates our pathway to Net Zero

CRP Targets (Scope 1, Scope 2 and Scope 3) vs Actual in tCO2e

● Actual　■ Target S3　■ Target S2　■ Target S1
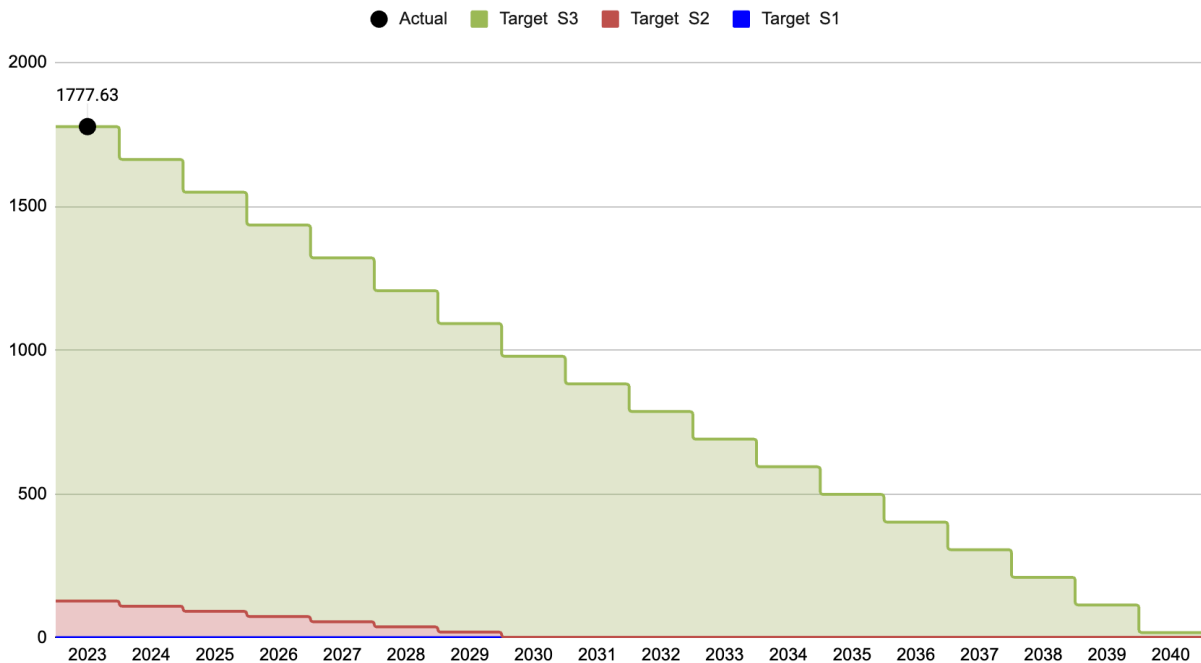
Notes on 2023 Boundary expansion, restatements and data collection

The Company is committed to developing its carbon footprint and related disclosures as accurately and transparently as possible. The Group has engaged and invested in a third party Carbon Accounting Platform to independently calculate the emissions during 2023. The approach taken in developing this report is in accordance with HM Government's Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (SECR), March 2019. Emissions were calculated based on current Government conversion factors for reporting of greenhouse gas emissions.

- In engaging with a new 3rd party consultant, this has given rise to a number of adjustments to the way the Company categorises and reports emissions in a number of areas. This has had little material impact on our overall emissions numbers but some emissions have been re-classified.
- The company does not own or directly control any of its office locations, with energy purchase, use and efficiency being managed by the Company's landlords. The Company is committed to taking ownership of its impacts and is reporting within Scope 1 and Scope 2 guidelines. In engaging with the new 3rd party consultant, given this context we have established that all of our emissions previously divided under Scope 1 and Scope 2 now sit entirely under Scope 2.
- Our primary footprint calculation is based on a 'location' based approach.
- The most significant reporting boundary change is to include purchased goods and services plus capital goods in the Scope 3 calculation. Together, these represent nearly 69% of the scope 3 footprint and 64% of the combined corporate footprint. Through 2024,

we will look at strategies and approaches to both improve this data from a spend based approach and avenues for mitigation through dialogue with the supply chain.

- The company does not own any vehicles, as such there are no Scope 1 emissions for this category.
- Business travel data is based on the expense claims of employees travelling on group business. This includes flights, car mileage hotels and other public transport. This has seen some significant increase across the course of 2023 which is attributable to a number of factors including a vastly improved classification of travel types and quantification of impact, increased business travel related to international expansion and long and short haul flight impacts, and overall an increase in business activity.
- Employee commuting data was based on an extensive staff survey - voluntary completion. This has reduced significantly relative to our 2022 assessment. This partially correlates to the increase in our business travel activity and we see this reflected in lower claimed attendance at our offices. We are also observing some potential switching of modes of transport amongst our workforce.

Carbon Reduction Projects

Completed Carbon Reduction Initiatives

The following environmental management measures and projects have been completed or implemented since the last report, and **these measures will be in effect when performing the contract.**

During 2023 the group committed to and made significant investments in enhancing its data collection and footprint calculation as a mechanism to target carbon reduction efforts where the greatest material impacts can be made. Impact highlights of this approach include the following

- Significant reduction in energy consumption for gas/ heat which is attributable to a number of factors - improved landlord data and methodology plus some consolidation of premises which were heavily gas reliant

- Established a dedicated ESG/ Net Zero team to drive progress within the Group Strategy and Governance function.

- Engaged with our landlords to include 'Green clauses' with new office licenses to both drive commitment to capturing data more accurately and to encourage transition to lower carbon office solutions

- Further enhanced expenses reporting processes to enable more accurate assessment and reporting of travel-related carbon impacts.

- Tightened our Travel and Expense policies to encourage and facilitate the adoption of lower emission modes of transport for business purposes

- Continued to support a hybrid working model, with employees encouraged to work in either their local office, client site or from home as best suits the work they are undertaking.

- Undertook an enhanced commuting survey to help us better understand how our employees travel to work to enable us to both measure and report this impact as well as consider steps to help minimise the impact of commuting.

- Further enhanced our Community of Practice for sustainable software development and implemented training and development initiatives to upskill capabilities in low carbon engineering

- Continued to offer the Government's Cycle to Work Scheme which is actively publicised when joining as part of the ANDi's Benefit Package as well as annual reminders of the scheme as part of the annual benefits and entitlement renewal process.

- Offering a vehicle salary sacrifice benefit scheme for employees to access significant reductions if taking an electric or ULEV vehicle.

- Completed a full assessment of our Supply Chain impacts for both Scope 3, Category 1 and Category 2 expenditure as a foundation for further engagement and analysis through 2024

Future Plans

Our 2024 programme includes:

- Develop an estate transition and consolidation strategy, continuing to use the Group Office Blueprint and global property partner relationship to reduce the impacts of our existing office based operations, and to select new office locations aligned to our Scope 1 and Scope 2 emission reduction targets.

- Conducting a full ESG materiality assessment folding in our Net Zero ambitions alongside our wider ESG priorities and in the light of our enhanced 2023 data. As part of this assessment we will develop more granular Scope 3 targets with enhanced 'intensity' based target setting more aligned to a business with a dynamic operational footprint

- Leveraging our Software Engineering Community of Practice to increasingly engage clients and advocate for enhanced sustainable software development and solutions in addition to internal investigation of mitigation approaches related to our own ICT footprint.

- Strengthening our own supply chain engagement through enhanced contract management including developing a Sustainable Procurement Policy and approach and a new Supplier Code of Conduct

- Automating elements of our data capture and carbon accounting process and further enhancing our carbon footprint calculation data,

- Assessing the feasibility of wider environmental certification measures including but not limited to ISO 14001 and SBTi

- Devolving and localising impact reduction delivery plans to our hubs and clubs.
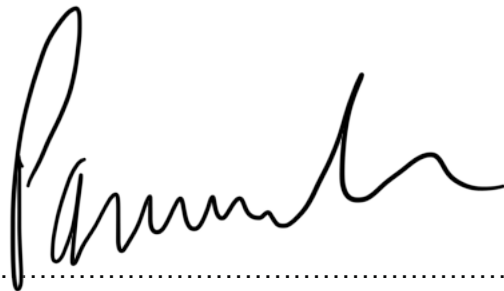
Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standards for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard[1] and uses the appropriate Government emission conversion factors for greenhouse gas company reporting[2].

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard[3].

This Carbon Reduction Plan has been reviewed and signed off by the Board of Directors (or equivalent management body).

Signed on behalf of the Supplier:

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Paramjit Uppal - Founder and CEO

Date: 31/04/24

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[1]https://ghgprotocol.org/corporate-standard
[2]https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting
[3]https://ghgprotocol.org/standards/scope-3-standard