



## Carbon Reduction Plan 2023



Cabinet Office

### **SME HCI Limited**

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REPORTING PERIOD:

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Produced & Verified By

**Furthr.**



## CARBON REDUCTION PLAN GUIDANCE

### Notes for Completion

Where an In-Scope Organisation has determined that the measure applies to the procurement, suppliers wishing to bid for that contract are required at the selection stage to submit a Carbon Reduction Plan which details their organisational carbon footprint and confirms their commitment to achieving Net Zero by 2050.

Carbon Reduction Plans are to be completed by the bidding supplier<sup>1</sup> and must meet the reporting requirements set out in supporting guidance, and include the supplier's current carbon footprint and its commitment to reducing emissions to achieve Net Zero emissions by 2050.

The CRP should be specific to the bidding entity, or, provided certain criteria are met, may cover the bidding entity and its parent organisation. In order to ensure the CRP remains relevant, a Carbon Reduction Plan covering the bidding entity and its parent organisation is only permissible where the detailed requirements of the CRP are met in full, as set out in the Technical Standard<sup>2</sup> and Guidance<sup>3</sup>, and all of the following criteria are met:

- The bidding entity is wholly owned by the parent;
- The commitment to achieving net zero by 2050 for UK operations is set out in the CRP for the parent and is supported and adopted by the bidding entity, demonstrated by the inclusion in the CRP of a statement that this will apply to the bidding entity;
- The environmental measures set out are stated to be able to be applied by the bidding entity when performing the relevant contract; and
- The CRP is published on the bidding entity's website.

Bidding entities must take steps to ensure they have their own CRP as soon as reasonably practicable and should note that the ability to rely on a parent

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<sup>1</sup> Bidding supplier or 'bidding entity' means the organisation with whom the contracting authority will enter into a contract if it is successful.

<sup>2</sup> Technical Standard can be found at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/991625/PPN\\_0621\\_Technical\\_standard\\_for\\_the\\_Completion\\_of\\_Carbon\\_Reduction\\_Plans\\_\\_2\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/991625/PPN_0621_Technical_standard_for_the_Completion_of_Carbon_Reduction_Plans__2_.pdf)

<sup>3</sup> Guidance can be found at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/991623/Guidance\\_on\\_adopting\\_and\\_applying\\_PPN\\_06\\_21\\_\\_Selection\\_Criteria\\_\\_3\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/991623/Guidance_on_adopting_and_applying_PPN_06_21__Selection_Criteria__3_.pdf)

organisation's Carbon Reduction Plan may only be a temporary measure under this selection criterion.

The Carbon Reduction Plan should be updated regularly (at least annually) and published and clearly signposted on the supplier's UK website. It should be approved by a director (or equivalent senior leadership) within the supplier's organisation to demonstrate a clear commitment to emissions reduction at the highest level. Suppliers may wish to adopt the key objectives of the Carbon Reduction Plan within their strategic plans.

A template for the Carbon Reduction Plan is set out below. Please complete and publish your Carbon Reduction Plan in accordance with the reporting standard published alongside this PPN.

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# Carbon Reduction Plan

Supplier name: SME HCI Ltd

Publication date: 11/04/2024

## Commitment to Achieving Net Zero

SME HCI Limited is committed to achieving Net Zero emissions by 2040.

## Baseline Emissions Footprint

Baseline Year: 2022				
Additional Details relating to the Baseline Emissions calculations.				
<i>SME HCI's baseline emissions were quantified in the reporting year of 2022. As of this reporting year (2023), SME HCI have rebaselined their emissions for 2022 to cover a change to methodology of measurement within Scope 3 category: Capital Goods.</i>				
Baseline year emissions:				
EMISSIONS	TOTAL(tCO <sub>2</sub> e)			
Scope 1	0.345			
Scope 2	0.021			
Scope 3	896.53			
(Included Sources)	Emissions Category	Emissions (CO <sub>2</sub> e)	Included in CRP?	Explanation
Total Emissions				

Purchased Goods and Services	401.746	Yes	Emissions Associated with the purchase of business services.
Capital Goods	392.373	Yes	Emissions Associated with the purchase of IT goods.
Well to Tank	0.002	Yes	Emissions associated from sources not owned or controlled by SME HCI Limited.
Transportation and distribution (upstream / downstream)	0	Yes	This category (upstream transportation) is in scope but emissions from this category are classed as not applicable or <i>de minimus</i> .
Waste Generated from Operations	0.774	Yes	Associated emissions from waste generation, including both municipal waste and water treatment.
Business Travel	52.368	Yes	SME HCI Limited regularly engages with employee business travel
Employee Commuting	0	Yes	SME HCI Limited has permanent employees that work 100% remotely, and do not own or control any physical office facilities
Employee Home Working	49.267	Yes	SME HCI Limited has permanent employees that spend certain periods working from home.
Leased assets (upstream / downstream)	N/A	Yes	SME HCI Limited does not hold any upstream or downstream leased assets.
Processing, use of, and	N/A	No	Negligible for SME HCI Limited

	end-of-life treatment of sold products.			
	Franchises	N/A	No	SME HCI Limited is neither a franchisee nor a franchisor with relation to business operations.
	Investments	N/A	No	The UK entity for SME HCI Limited does not hold any investments.
Total Emissions	896.90			

## Current Year Emissions Reporting

Reporting Year: 2023(Jan-Dec)				
EMISSIONS	TOTAL (tCO <sub>2</sub> e)			
Scope 1	0.208			
Scope 2	0.037			
Scope 3 (Included Sources)	1262.26			
	Emissions Category	Emissions (CO <sub>2</sub> e)	Included in CRP?	Explanation
	Purchased Goods and Services	565.516	Yes	Emissions Associated with the purchase of business services.
	Capital Goods	517.288	Yes	Emissions Associated with the purchase of IT goods.

	Well to Tank	0.068	Yes	Emissions associated from sources not owned or controlled by SME HCI Limited.
	Transportation and distribution (upstream / downstream)	0.052	Yes	This category (upstream transportation) is in scope but emissions from this category are classed as not applicable or <i>de minimus</i> .
	Waste Generated from Operations	1.243	Yes	Associated emissions from waste generation, including municipal waste.
	Business Travel: Air	16.360	Yes	SME HCI Limited regularly engages with employee air business travel.
	Business Travel: Hotel Stays	88.721	Yes	SME HCI Limited regularly engages with employee business travel requiring overnight stays.
	Business Travel: Rail Travel	26.425	Yes	SME HCI Limited regularly engages with employee rail business travel.
	Business Travel: Road Travel	12.331	Yes	SME HCI Limited regularly engages with employee road business travel.
	Employee Commuting	0	Yes	SME HCI Limited has no permanent employees that commute to SME HCI Limited office locations.
	Employee Home Working	124.064	Yes	SME HCI Limited has permanent employees that spend certain periods working from home.
	Leased assets (upstream / downstream)	N/A	Yes	SME HCI Limited does not hold any upstream or downstream leased assets.
	Processing, use of, and end-of-life treatment of sold products.	N/A	No	Negligible for SME HCI Limited



	Franchises	N/A	No	SME HCI Limited is neither a franchisee nor a franchisor with relation to business operations.
	Investments	N/A	No	The UK entity for SME HCI Limited does not hold any investments.
Total Emissions	1262.51			

## Operational Boundaries

### Locations

SME HCI Limited does not operate any physical offices and has a fully remote workforce. As such, no facility-associated emissions have been measured as part of this report, apart from venue booking and waste generated onsite estimation associated with temporary meeting room bookings.

### Time Period

This report covers emission for period 1st of January 2023 to 31st of December 2023

## GHG Emission Conversion Factors

GHG Emission Conversion factors are value coefficients that describe the rate at which a given human activity releases greenhouse gases into the atmosphere. Furthr's carbon accounting platform and database was used to streamline data collection, analysis and reporting of Vivup's GHG emissions. Furthr offers end-to-end carbon reporting functionality, with direct/indirect activities automatically categorised, meaning Scope 1, 2 and 3 conversion factors are automatically assigned to respective Activity Data. Emissions are measured in metric tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). Where tonnage for the measurement of category weight is specified, Furthr refers to metric tonnes. For intensity metric calculations, Employees ("staff") are all full-time equivalent employees, including payroll as well as contractors.

Furthr's carbon accounting platform is compliant with ISO 14064-1:2018<sup>4</sup> and is aligned to the GHG Protocol Corporate Accounting and Reporting Standard. It is also compliant with the accounting principles detailed in the IPCC 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories and its accompanying database of GHG emissions factors and other related environmental metrics EFDB.

Emission factor databases used to calculate the emissions stated in this report include:

- Ember 2022
- AIB 2021
- DEFRA 2023
- EPA 2022
- Government of Canada
- World EEIO, adjusted for CPI
- Exiobase 2023
- UK National Grid

## Activity Data

Activity Data can be captured using a variety of different metrics for each resource type; however, it is best practice to minimise the number of calculations required to arrive at the overall emissions attributed to the specific activity. As such, the best quality Activity Data was used, which, where possible, required only

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<sup>4</sup> We note that, should Vivup choose to independently audit this measurement against ISO 14064-1:2018, certain additions to this report will be inputted before independent audit takes place, notably:

- Disaggregation of GHG Categories across CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, NF<sub>3</sub>, SF<sub>6</sub> and other appropriate GHG groups.
- A description of how biogenic CO<sub>2</sub> emissions are treated in the GHG inventory and the relevant biogenic CO<sub>2</sub> emissions quantified separately in tonnes of CO<sub>2</sub>e.
- The historical base year selected by Vivup and the base-year GHG inventory (currently in-flight at the time of release of this report).
- Explanation of any change to quantification approaches (specifically given Vivup's commitment to retrospective calculation of their chosen base year, which is currently in-flight and which makes sense to complete before this measurement is independently audited against ISO 14064-1:2018).
- Standalone uncertainty assessment description and results.
- The GWP values used in the calculation, as well as their source.

a single, One-step Conversion to arrive at total emissions<sup>5</sup>. Wherever possible, one-step conversion data was obtained throughout the measurement program, with any exceptions listed within the 'Estimates' section of the relative result.

## Estimations and Limitations

Vivup recognises that there are certain elements of this report which have been estimated, based on the best available data provided during the measurement program. These figures will be updated and disclosed in subsequent reports, should more accurate data become available. In some cases, estimations have been made in order to calculate the carbon footprint for specific resource types at select facilities.

### Scope 1 & 2:

Sources of GHGs were quantified by reported mileage on salary-sacrifice purchased vehicles which were used to travel to in-person meetings organised by Vivup staff.

### Scope 3:

Purchased Goods and Services and Capital Goods were calculated using spend-based data provided by the Vivup team.

Travel emissions were calculated using a mixture of activity data for air transport and road travel, as well as spend-based data for train, taxi and hotel stays.

Transport and Distribution emissions were calculated using mileage data provided by Vivup from supplier warehouses to Vivup storage locations, and subsequent deliveries to end-client locations.

Homeworking emissions (solely electricity and natural gas heating) was estimated using [EcoAct guidance](#) on estimations for energy consumption and heat consumption for time working from home. Number of days of staff working from

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<sup>5</sup> An example of Activity Data that enables a One-Step Conversion to emissions relates to processing direct Kwh consumption of electricity, and converting this Kwh consumption directly into CO<sub>2</sub>e via listed and accredited data sources.

home was based on Vivup's average office attendance gathered from staff surveys.

Location and Market-based emissions were reported for home working and residual emission factors were applied for Market-based emissions where such factors were publicly established.

Travel emissions were calculated using reported data for expenses travel with mileage information provided by Vivup.

There was no disclosure of Activity Data, including waste generation for in-person meetings. Estimation for waste generation was calculated using EPA guidelines alongside expected team in-person meeting data. .

Scope 3 emissions in this report also consider Well-To-Tank (WTT) emissions.

## Key Changes Between Current Reporting Year and Baseline Year

GHG Category	2023	2022	% Change	Rationale
Scope 1 - Fuel	0.208	0.345	-39.71%	<p>Increased accounting (via financial control methodology) for mileage of petrol cars purchased via salary sacrifice.</p> <p><i>Nb: 2022 reported emissions will take place to include financial control methodology during SME HCl's next emissions reporting window. This has been accepted as not in-scope for this reporting window given the relative immateriality of Scope 1</i></p>

				<i>emissions within the company</i>
Scope 2 - Energy	0.037	0.021	76.19%	Increase in electric vehicles purchased via salary sacrifices.
Scope 3 - 1. Purchased Goods and Services	565.516	401.746	40.76%	Follows Vivup's increased spending as part of business growth.
Scope 3 - 2. Capital Goods	517.28	392.37	31.84%	38% increase in spending on IT infrastructure during 2023.  <i>Nb. 2022 reported emissions for capital goods have been re-baselined due to missed scope of capital goods inventory. This was a priority for rebaselining during this reporting window due to its materiality in SME HCI's total reported emissions.</i>
Scope 3 -3. Well-to-tank	0.068	0.002		
Scope 3 - 4. Upstream transportation and distribution	0.004	0		
Scope 3 - 5. Waste generated in operations	1.243	0.77	60.59%	Increased number of in-person meetings for Vivup teams.
Scope 3 - 6.. Business Travel	54.033	52.368	3.18%	
Scope 3 - 7. Commuting	124.064	49.267	151.82%	Increase in headcount and inclusion of WFH emissions
Scope 3 - 9. Downstream transportation and distribution	0.048	0		

## Emissions Reduction Targets

SME HCI Limited is committed to achieving a long term target of Net Zero by 2040 and near term target of 2030, using 2022 as the baseline year, in alignment with the SBTi's guidance.

To progress towards Net Zero, this plan sets near-term carbon reduction targets for the 7-year period to 2030, achieving a reduction of 52.2% Scope 1 and 2 emissions, and 42% Scope 3 emissions from the baseline year. A wider Net Zero Strategy and implementation plan will be developed to ensure Net Zero will be achieved by 2040, a reduction of 90% from the baseline year.

As of 2023, SME HCI Limited's total reported carbon emissions accounted for 1262.51 metric tonnes of carbon dioxide equivalent (CO<sub>2</sub>e), with Scope 3 accounting for approximately 99% of emissions. This, together with baseline emission trends, emphasises a need to address indirect emissions alongside direct emissions from SME HCI Limited's operations.

Emission hotspots from SME HCI Limited's 2023 Emissions Accounting report were identified as the following categories (in descending order of total emissions):

- Purchased Goods and Services (Scope 3)
- Capital Goods (Scope 3)
- Employee Home Working (Scope 3)
- Business Travel: Hotel Stay (Scope 3)
- Business Travel: Air (Scope 3)

As such we have identified a number of initiatives which will support reduction of emissions in these areas, in line with the required levels of abatement recommended by the Science Based Targets initiative (SBTi).

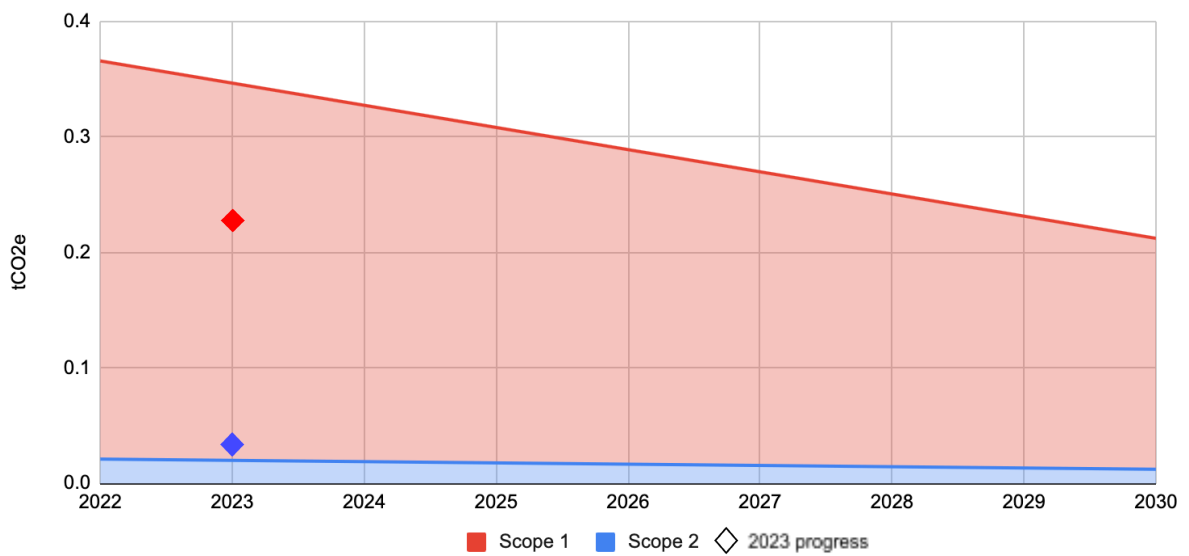
## Reduction Pathway

Mitigation pathways play a key role in setting science-based targets (SBTs). For near-term SBTs covering a 5-10 year timeframe, mitigation pathways inform the rate of emissions reductions or emissions intensity reductions that are needed. For long-term SBTs with a target year as late as 2050, they inform the overall

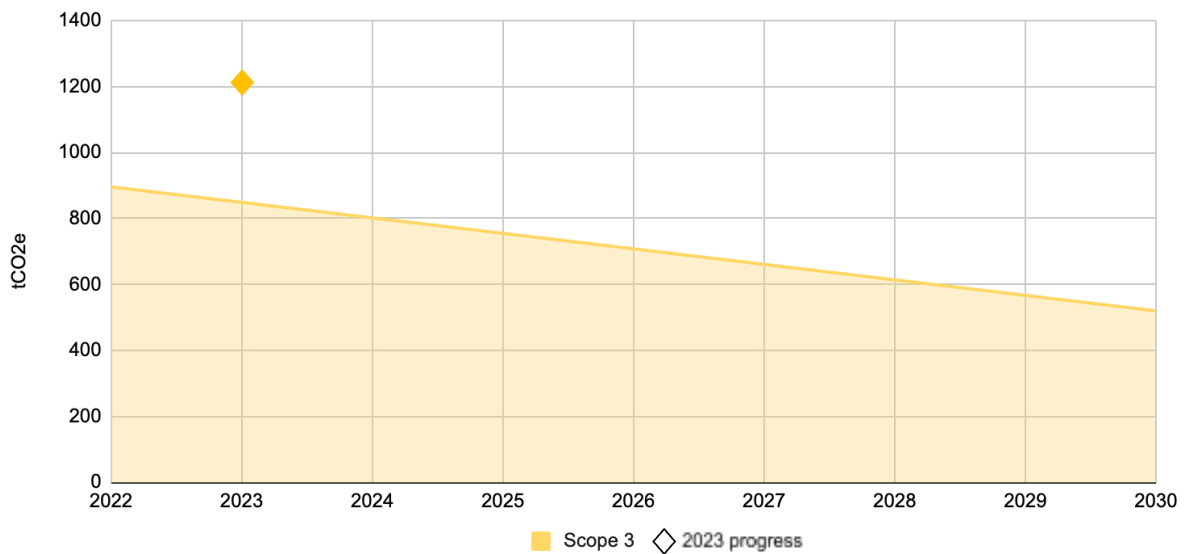
emissions reduction or convergence intensity that must be reached to be consistent with net-zero at the global or sector level. SBTs are emissions targets that do not include carbon dioxide (CO<sub>2</sub>) removal. The SBTi recommends absolute targets are set using the cross-sector pathway, to limit global warming to 1.5°C.

Below we have provided the trajectory of the near-term targets set, as well as progress in 2023 against these targets:

### Scope 1&2



### Scope 3



## Progress against targets

Below we outline our progress in 2023 against the emission reduction targets set:

Scope	Status
1	On track - emissions were significantly lower as compared to the baseline year.
2	Off track - emissions were marginally higher as compared to the baseline year.
3	Off track - emissions were significantly above as compared to the baseline year.

A rebaselining of emission data from 2022 was undertaken in order to ensure consistency of emission factors used during the calculation, increasing the final Scope 3 data for 2022 from 701.79tCO<sub>2</sub>e to 896.90tCO<sub>2</sub>e.

It is expected that this is due to an increase of 50% in the overall FTE across SME HCI Limited's workforce, as well as an investment increase of 38% in Capital Goods and 39.15% respectively for Purchased Goods and Services in 2023. Additionally, the scope of emissions measurement has increased for calendar year 2023 to include working from home emissions, contributing to a significant growth in Category 7 emissions in SME HCI Limited's scope 3 emissions.

## Completed Carbon Reduction Initiatives

The following environmental management measures and projects have been completed or implemented since 2022. Overall, in 2023, Scope 1 saw a reduction in emissions by 40% compared to the baseline, whereas Scope 2 and Scope 3 saw an increase in emissions by 76% and 41% respectively. SME HCI Limited recognises that given an overall increase in emissions in 2023 of 41%, compared to 2022, beyond the carbon reduction initiatives already completed, additional near- and long-term initiatives are required to ensure Net Zero targets will be met. The measures below will continue to be in effect when performing the contract.



ACTIVITY	COMPLETE DATE	SCOPE(s)
<p>Commit to measuring carbon footprint of business activities year on year to gain an understanding of hotspots and regularly be making efficient and direct improvements to reduce these emissions.</p> <p>Year 1 appointed Positive Planet to support with calculating baseline carbon footprint and reduction recommendations.</p>	2023	1,2,3
<p>Created a Social Value Steering Group to lead initiatives. This team has been made up of members of different departments to support the role out of sustainable ideas organisational wide.</p>	2023	1,2,3
<p>Partnered with On hand, an employee volunteering app, to encourage employees to make choices in their daily lives that reduce carbon emissions. Participation is encouraged through comms and a leader board</p>	2022	1,2,3
<p>Updated statement within Travel Cost &amp; Expenses policy to require staff to use the lowest-carbon travel options available when they undertake business travel.</p>	2024	1,3
<p>Updated statement within Remote &amp; Home Working Policy to support employees in reducing their work-related carbon footprint as they undertake remote and home working. This covers work-related energy-saving measures such as using standby, however also includes more general, personal energy-saving advice at home.</p>	2024	3
<p>Updated Employee Volunteering Policy Guiding Principles clause to encourage staff to engage in volunteering which supports Effective Stewardship of the Environment and this Carbon Reduction Plan</p>	2024	N/A
<p>Updated Travel Cost &amp; Expenses Policy to require:</p>	2024	3

<p>-That staff use cars with emissions intensity of less than 150g/km where possible</p> <p>-That no domestic flights are taken without explicit approval of a company director</p>		
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## Near and Long-term Reduction Initiatives

In the future, we hope to implement further measures such as:

Activity no.	Scope and category	Activity	Target date	Total planned tCO2e reduction %
1	1 - Mobile Combustion  3 - Business Travel	To build on and administer existing policy updates, a commitment to offering support to the workforce with options for active travel schemes; such as bike to work, car sharing opportunities (where appropriate) and internal carbon credit setting to support unavoidable travel.	2024	5
2		Monitoring and discouraging domestic UK flying, incentivising train for any company trips between London & Glasgow	2024	
3		Utilising technology to support meetings to offer more flexibility to clients and to own internal workforce.	2024	

4	<p>3 - Purchased Goods and Services</p> <p>Capital Goods</p>	<p>Review supply chain emission hotspots as a primary step, to identify key areas of focus for reduction.</p> <p>Secondarily, engage with key suppliers in a phased approach:</p> <p>Phase 1 - Survey long standing suppliers and gain granular information with regards to their targets and commitments, including emissions measurement, Net Zero targets and strategies, and reporting.</p> <p>Phase 2 - Create a global procurement policy to guide spend towards preferred suppliers who meet sustainability requirements, including those related to carbon reduction. Support suppliers who are not yet able to meet requirements to develop a strategy.</p>	2025	5
5	3 - Working from home	<p>Improve data collection on activities related to homeworking, to increase accuracy and reduce estimation.</p> <p>Encourage employees to procure low carbon energy at home wherever</p>	2024	5

		<p>possible, including use of renewable energy and reduced reliance on fuel-based heating methods.</p> <p>Provide guidance on how to improve energy efficiency at home, including choice of appliances, building fabric and behaviour.</p>		
6	1,2,3	Implement an Environmental Management System (EMS) certified to ISO14001 standards to support the implementation and monitoring of carbon reduction measures.	2024	N/A
7	1, 2,3 - All	<p>Training</p> <p>Carbon literacy and reduction training led Vivup's Governance, Risk and Compliance Team, to ensure awareness of objectives, targets and responsibilities for performance improvement.</p> <p>Engagement:</p> <p>Internal and external communication with key stakeholders to promote engagement with initiatives and performance.</p>	Ongoing	N/A

# Alignment with ISO 14001

## Context (Stakeholders)

SME HCI Limited has identified several key stakeholders which have an interest in the organisation's objectives to reduce emissions and set net zero targets. Their needs as well as expectations are outlined below. For more information see BMS Section 4, clause 4.2.

### Employees

- Driver: Fostering a culture of environmental responsibility can enhance employee engagement and satisfaction, ultimately driving progress towards SME HCI Limited's goal of achieving net zero emissions.
- Need: Employees expect SME HCI Limited to prioritise their health and safety as part of its environmental initiatives. They need assurance that efforts to reduce emissions and improve environmental performance will not compromise workplace safety or health standards.
- Expectation: Employees want to be actively involved in sustainability initiatives and decision-making processes and expect SME HCI Limited to provide opportunities for engagement, such as participation in sustainability workshops, training and feedback mechanisms to share ideas and suggestions for improvement.

### Customers/Clients

- Driver: Increasingly, organisations are looking to partner with companies that demonstrate environmental responsibility. Customers have expressed an interest in the level to which SME HCI Limited adopts sustainable practices, including plans to achieve net zero emissions, as part of wider sustainability initiatives.
- Need: Customers require assurance that SME HCI Limited is committed to environmental sustainability and reducing its carbon footprint.

- Expectation: Cue plans outlining how the company will achieve net zero emissions. They also expect the company to offer environmentally friendly products and services as part of its benefits packages in the future.

## Government and Regulatory Bodies

- Driver: Governments worldwide are implementing policies and regulations to combat climate change. SME HCI Limited is required by regulatory bodies to reduce its carbon footprint and align with national targets for achieving net zero emissions.
- Need: Governments and regulatory bodies need companies like SME HCI Limited to contribute to national or international efforts to mitigate climate change and achieve net zero emissions targets.
- Expectation: Regulatory bodies expect SME HCI Limited to comply with existing environmental regulations and standards, as well as to proactively engage in efforts to reduce its carbon emissions and report progress on its sustainability initiatives.

## Investors/Shareholders

- Driver: Investors and shareholders are increasingly considering environmental, social, and governance (ESG) factors when making investment decisions. They may require SME HCI Limited to develop and disclose plans to achieve net zero emissions as part of its commitment to sustainability.
- Need: Investors and shareholders seek long-term sustainable returns on their investments and view environmental sustainability as a critical factor in assessing the company's performance.
- Expectation: Investors and shareholders expect SME HCI Limited to incorporate environmental considerations, including plans to achieve net zero emissions, into its corporate strategy. They also expect regular disclosures on sustainability performance and progress towards net zero goals.

## Community and Society

- Driver: SME HCI Limited operates within communities that are affected by climate change and environmental degradation. Stakeholders within these communities would like the company to take action to reduce its environmental impact and contribute to the transition to a low-carbon economy.
- Need: Communities affected by climate change and environmental degradation need companies like SME HCI Limited to take responsibility for their environmental impact and contribute to solutions.
- Expectation: Community stakeholders expect SME HCI Limited to demonstrate corporate citizenship by implementing sustainable business practices, including plans to achieve net zero emissions. They also expect SME HCI Limited to engage with local communities and support initiatives that address environmental challenges.

### Competitors:

- Driver: Competing companies are already implementing sustainability initiatives, including plans to achieve net zero emissions. To remain competitive, SME HCI Limited seeks to keep up with or surpass competitors in terms of environmental performance to maintain its market position.
- Need: Competitors in the benefits industry need to maintain their market position and reputation while meeting evolving customer expectations and regulatory requirements.
- Expectation: Competitors expect SME HCI Limited to demonstrate leadership in environmental sustainability by setting ambitious targets to achieve net zero emissions. They also expect the company to innovate and differentiate itself through its sustainability initiatives to remain competitive in the marketplace.

Meeting these needs and expectations requires SME HCI Limited to develop comprehensive plans and strategies to reduce its carbon footprint, transition to renewable energy sources, improve energy efficiency, and engage stakeholders in its sustainability efforts.

Transparent communication and collaboration with stakeholders are also essential to build trust and demonstrate commitment to achieving net zero emissions goals. Thus, this carbon reduction plan will be reviewed on a bi-annual basis and where relevant, updates will be made to ensure the plan aligns with the latest climate science, stakeholder expectations and business planning.

## Leadership

The organisation's CCO holds the role of ESG Champion and thus is responsible for the review and implementation of the environmental management system (EMS), aligned with ISO 14001. As part of this, resources are allocated to ensure the carbon reduction plan will achieve its objectives. The Senior Management Team is responsible for ensuring requirements are understood and complied with at all levels of the organisation. In addition, achievement of the environmental objectives including carbon reduction is measured via a Conduct Risk Dashboard. Staff contribution towards objectives is measured in supervision and documented in annual appraisals.

## Planning

Identifying the environmental aspects of SME HCI Limited's activities is essential for understanding its environmental impact, prioritising efforts, ensuring compliance with regulations, managing risks, improving efficiency, and engaging stakeholders. By assessing how its operations, products, and services contribute to greenhouse gas emissions and other environmental impacts, SME HCI Limited can prioritise areas for emissions reductions and resource efficiency improvements. This not only helps SME HCI Limited meet regulatory requirements and mitigate environmental risks but also enhances the company's reputation and credibility among stakeholders.

Developing and implementing a carbon reduction plan based on the identified environmental aspects allows SME HCI Limited to demonstrate its commitment to sustainability, optimise operational efficiency, and contribute to long-term environmental and financial sustainability.



## Environmental Aspects and Impact

- Risks and opportunities are identified and recorded on central Risk Registers and the Risk Management Policy is followed to ensure consistent review. As part of this, SME HCI Limited holds an Aspects and Impacts Register for EMS aspects, compliance obligations and objectives.
- SME HCI Limited has considered the below Environmental Aspects, with those in bold the ones the company has most control and influence over:
  - a) emissions to air;
  - b) releases to water;
  - c) releases to land;
  - d) use of raw materials and natural resources;
  - e) use of energy;
  - f) energy emitted (e.g. heat, radiation, vibration (noise), light);
  - g) generation of waste and/or by-products; devices, paper
  - h) use of space
- SME HCI Limited has also considered environmental aspects related to the Organisation's Activities, Products and Services and consider those in bold to be the ones it has most control and influence over:
  - Design and development of its facilities, processes, products and services;
  - Acquisition of raw materials, including extraction;
  - Operational or manufacturing processes, including warehousing;
  - Operation and maintenance of facilities, organisational assets and infrastructure;
  - Environmental performance and practices of external providers;
  - Product transportation and service delivery, including packaging;
  - Storage, use and end-of-life treatment of products;
  - Waste management, including reuse, refurbishing, recycling and disposal

Environmental risks, including those associated with climate change and resource scarcity, can impact SME HCI Limited's operations and long-term viability. By identifying environmental aspects, SME HCI Limited can assess and manage these risks effectively. This carbon reduction plan helps mitigate risks associated with

potential regulatory changes, physical impacts of climate change, and reputational risks related to environmental performance.

- Compliance requirements
  - The UK has regulations and reporting requirements related to greenhouse gas emissions and environmental impacts which will impact SME HCI Limited.
  - By identifying environmental aspects, SME HCI Limited ensures compliance with relevant laws and regulations, as well as demonstrates its commitment to environmental stewardship to regulators, customers, and other stakeholders.
  
- Objectives

SME HCI Limited have set the following objectives, relevant to this carbon reduction plan:

  - Improve the way SME HCI Limited impacts on the environment.
  - Use business resources efficiently to reduce waste and maximise value.
  - Promote the concept of sustainable development and individual accountability amongst employees and encourage them to be active participants in environmental initiatives.
  - Promote the concept of sustainable development and business accountability to SME HCI Limited's third party providers.
  - Ensure Net Zero will be achieved by 2040 utilising planned carbon reduction initiatives.
  
- Action planned
  - By identifying environmental aspects, SME HCI Limited can determine the extent to which its activities, products, and services contribute to greenhouse gas emissions and other environmental impacts. This understanding is essential for prioritising areas where emissions reductions can have the most significant impact. This is because not all activities within SME HCI Limited's operations have the same environmental impact and resources should be allocated toward addressing the most significant sources of emissions. This helps in

creating a focused carbon reduction plan that targets areas with the highest potential for reducing greenhouse gas emissions.

## Operation

SME HCI Limited ensures that controls are in place for conditions of service provision, including delivery and post-delivery activities. This is completed through ongoing communication with the client and monitoring of service measures. SME HCI Limited determines and considers the environmental impacts of products and services throughout their entire lifecycle by evaluating the environmental aspects and potential impacts of each stage of a product or service. From Car Leasing to Gym Memberships, SME HCI Limited works to control and influence these impacts across the supply chain by:

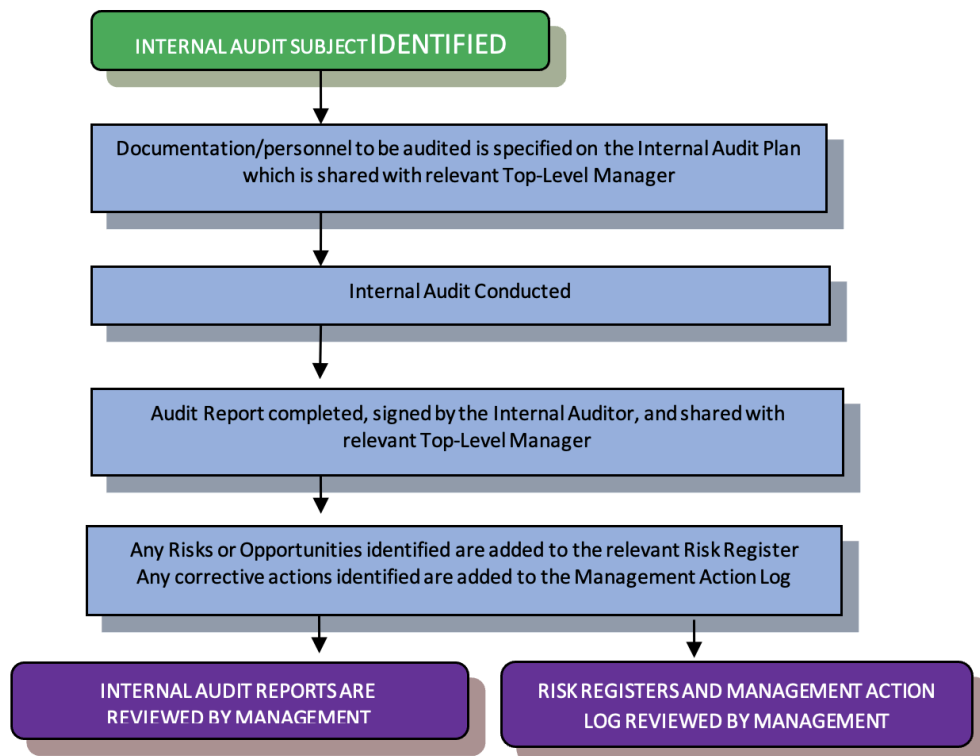
- Working closely with its suppliers to understand and address environmental impacts upstream in the supply chain. This involves setting sustainability criteria for suppliers, conducting audits or assessments, and providing support or incentives for suppliers to improve their environmental performance.
- Integrating environmental considerations into product design and procurement processes to minimise environmental impacts. This includes selecting materials with lower carbon footprints, designing products for durability and recyclability, and favouring suppliers with sustainable practices.
- Optimising transportation and distribution processes to reduce emissions associated with product delivery, such as consolidating shipments, using more efficient transportation modes, and optimising routes to minimise carbon emissions.
- Educating customers about the environmental impacts of their products and services and encouraging sustainable behaviours, including providing information on product usage efficiency and offering incentives for sustainable choices.
- Investing in carbon offset projects or mitigation measures to compensate for SME HCI Limited's carbon footprint, for emissions that cannot be eliminated directly.

SME HCI Limited is aligned with the UK government's requirement to include Scope 3 emissions in its carbon reduction plan and focuses on addressing indirect emissions associated with the supply chain and customer use of its products and services. Thus far, SME HCI Limited has quantified and reported Scope 3 emissions, whilst working to set reduction targets and implement strategies to mitigate these emissions collaboratively with suppliers and customers.

## Performance Evaluation

SME HCI Limited recognises that for carbon reduction to be effective, not only do emissions need to be measured on an ongoing and at least annual basis, but progress against reduction targets needs to be monitored. Performance monitoring is based on Risk and is linked to the Risk Register together with the risk assessments which are carried out.

Appropriately trained and/or supervised personnel are also allocated to complete internal audits on aspects relating to the carbon reduction plan. The internal audit process is shown below:



## Improvement

SME HCI Limited recognises that continual improvement will ensure the company makes progress towards the ultimate goal of achieving net zero. Thus, SME HCI Limited will monitor and review:

- Environmental performance including carbon emissions, energy consumption, and other relevant metrics. This data provides valuable insights into the effectiveness of current initiatives and helps identify areas for improvement.
- Aspects and Impacts to ensure relevance and maintain awareness of expectations related to internal and external driving factors.
- Outcomes of internal auditing against environmental objectives to assess progress towards achieving net zero emissions, identify areas where further improvements are needed, and adjust strategies and actions accordingly.
- Management feedback related to carbon reduction initiatives, such as energy-saving campaigns, waste reduction programs, and the adoption of renewable energy sources.

## Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard 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<sup>6</sup> and uses the appropriate Government emission conversion factors for greenhouse gas company reporting<sup>7</sup>.

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<sup>8</sup>.

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<sup>6</sup> <https://ghgprotocol.org/corporate-standard>

<sup>7</sup> <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

<sup>8</sup> <https://ghgprotocol.org/standards/scope-3-standard>

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:

DocuSigned by:  
*Simon Moyle*  
B087F3283AA947D

Simon Moyle, CEO

4/22/2024  
Date: .....

Signed on behalf of Furthr Ltd



Henry Bishop, Director

Date: 12/04/2024