SCOTT LOGIC / ALTOGETHER SMARTER

Environmental Impact Report 2021

This report documents Scott Logic's carbon footprint in 2021 and what we are doing to significantly reduce our on-going environmental impact.

Overview

Scott Logic is committed to creating sustainable prosperity and safeguarding the future of the natural environment. In living up to that commitment, we aspire not only to mitigate the risk of rising emissions from our own fast-growing business, but also to demonstrate climate leadership amongst our peers, industry and clients by going beyond minimum requirements.

We want to align Scott Logic with the Paris Agreement goal of limiting global warming to 1.5°C compared to pre-industrial levels, with the intention to accelerate our progress towards net zero ahead of 2050. To achieve this, we are focusing both on how we run our business and how we contribute to wider climate action. Both will require technical ingenuity and innovation to ensure that the growth of greenhouse gas (GHG) emissions is decoupled from business growth.

As an initial step, this year we are increasing the transparency with which we communicate our environmental impact to everyone interested, and we have measured our full operational impact across Scope 1, 2 and 3 emissions in line with the GHG Protocol.

Collective Action

We believe that collective action to combat the climate crisis is vital, and are taking proactive steps to lead and support the network of businesses committed to fighting the climate crisis. We are an active member of Tech Zero, a UN Race To Zero partner climate action group, and are committing to validated Science Based Targets. We will continue to work with our clients, suppliers, employees, neighbours and local communities to share best practice and help each other safeguard the future of the natural environment.
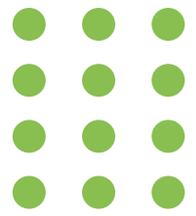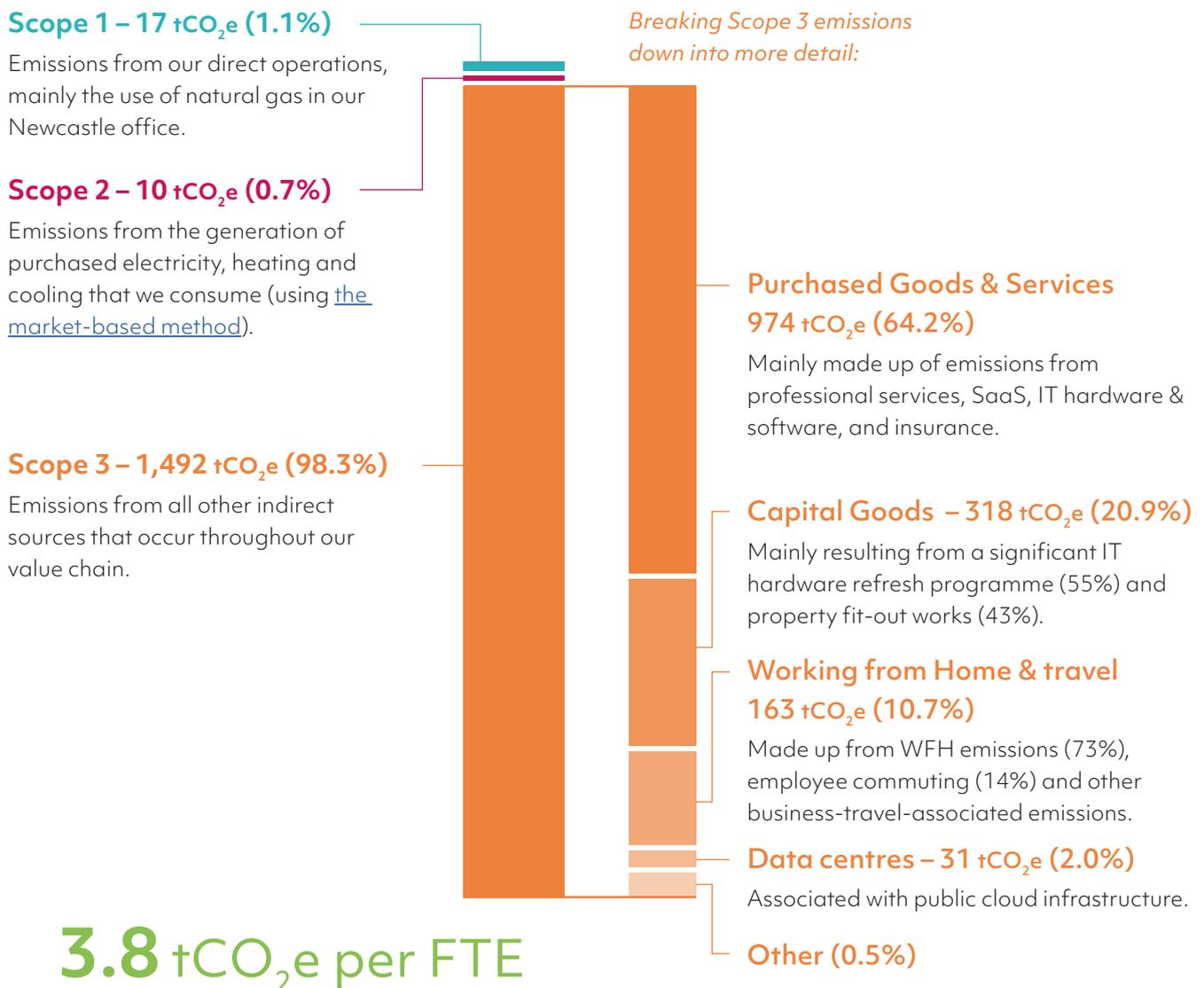
2021 Carbon Footprint

In the calendar year 2021, our GHG emissions from all business-related activities totalled **1,519** tCO$_2$e*

Scope 1 – 17 tCO$_2$e (1.1%)

Emissions from our direct operations, mainly the use of natural gas in our Newcastle office.

Scope 2 – 10 tCO$_2$e (0.7%)

Emissions from the generation of purchased electricity, heating and cooling that we consume (using the market-based method).

Scope 3 – 1,492 tCO$_2$e (98.3%)

Emissions from all other indirect sources that occur throughout our value chain.

Breaking Scope 3 emissions down into more detail:

Purchased Goods & Services 974 tCO$_2$e (64.2%)

Mainly made up of emissions from professional services, SaaS, IT hardware & software, and insurance.

Capital Goods – 318 tCO$_2$e (20.9%)

Mainly resulting from a significant IT hardware refresh programme (55%) and property fit-out works (43%).

Working from Home & travel 163 tCO$_2$e (10.7%)

Made up from WFH emissions (73%), employee commuting (14%) and other business-travel-associated emissions.

Data centres – 31 tCO$_2$e (2.0%)

Associated with public cloud infrastructure.

Other (0.5%)

3.8 tCO$_2$e per FTE

The GHG emissions (tCO$_2$e) per full-time equivalent (FTE) employee is a ratio that allows for a normalised comparison of performance efficiency over time, and can be used to compare similar organisations.

We consumed **288,042** kWh of energy

* Tonnes of Carbon Dioxide Equivalent (tCO$_2$e) is a standardised unit for measuring GHG emissions regardless of which gas the emission refers to.

Greenhouse gas emissions by source

tCO$_2$e

Scope 1		
	Natural gas	13
	Company and leased cars	4
	Total	17

Scope 2		
	Electricity	41
	Total	41

Scope 3		
	Capital goods	318
	Electricity transmission and distribution	14
	Data centres	31
	Natural gas well-to-tank	2
	Water	1
	Employee commuting	27
	Working from home	136
	Hotel stays	6
	Company and leased cars well-to-tank	< 1
	Employee cars	2
	Rail	5
	Business flights	7
	Paper	< 1
	Purchased goods and services	943
	Waste and recycling	< 1
	Total	1,492

Total		
	Market-based*	1,519
	Location-based*	1,550

*A market-based method calculates emissions resulting from the electricity that organisations have chosen to purchase, where a location-based method utilises the emissions intensity of the local grid area where the usage occurs.

Further detail on our most material emissions

Purchased Goods & Services and Capital Goods
Procurement – 1261 tCO$_2$e (83%)

Spend data was used to estimate supplier emissions using Avieco's Economic Input Output (EIO) model. Two significant 'one-off' programmes – new Newcastle office fit-out works (136 tCO$_2$e) and staff IT hardware refresh (72 tCO$_2$e) – and a multi-year SaaS contract (129 tCO$_2$e) (fully attributed to 2021, to align with GHG Protocol methodological approach for capital goods emissions) have significantly contributed to these categories in 2021. We were able to source product-specific emissions factors for the majority of our purchased IT hardware, and used this alongside the EIO modelling to form a hybrid approach for this category.

Employee commuting, business travel and working from home
Travel – 186 tCO$_2$e (12%)

Working from home (WFH) and commuting emissions were estimated through data collected via an employee survey, with a high response rate (72%). The majority of these emissions resulted from working from home (9% of total footprint) – the power required for home office equipment and heating during working hours – which we included in this category since they are intrinsically linked to commuting. Business travel was limited due to the public health context of 2021, and consisted mostly of rail travel (total: 110,237km – 4.72 tCO$_2$e) and flights (total: 27,324km – 6.83 tCO$_2$e).

Emissions impacts: working from home vs from the office?

1.78 tCO$_2$e
Working from home emissions* per FTE per day

2.94 tCO$_2$e
Office emissions* per FTE per day (incl. commute)

1.36 tCO$_2$e
Office emissions* per FTE per day (excl. commute)

* Natural gas & scope 2 electricity only

Electricity, natural gas, waste, water and paper
Buildings – 40 tCO$_2$e (3%)

These emissions are attributed to our six offices, in Newcastle, Edinburgh, Bristol, London, Leeds and Glasgow. The Newcastle, Edinburgh and London offices procured renewable electricity tariffs with zero associated electricity emissions. Electricity emissions from Bristol, Glasgow and Leeds contributed to 60% of all building emissions. Natural gas can only be found in the Newcastle office, and is mainly used for heating. It accounts for the largest proportion of building emissions (39%). Waste-, water- and paper-related emissions made up around 1 tCO$_2$e combined.

Data centres & hosting – 31 tCO$_2$e (2%)

Emissions from our direct use of public cloud and associated infrastructure for Scott Logic's own purposes were estimated based on spend data using Avieco's EIO model. We did not include emissions from the use of public cloud, data centres and other infrastructure we access and use day-to-day as part of our client work.

How we calculated our footprint

In partnership with Avieco, we calculated our GHG emissions in accordance with the requirements of the World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol (revised version), aligning with the expectations of the Science Based Targets initiative (SBTi).

For categories where emissions were estimated based on spend data, we used Avieco's Economic Input Output (EIO) model, which is underpinned by additional supplier, sector and location data.

Following an operational control approach to defining our organisational boundary, our calculated GHG emissions from business activities fall within the reporting period of 1 January 2021 to 31 December 2021.

Our Road to Net Zero

Science Based Targets

Our intentions align with the international best practice set out by the Science Based Targets initiative (SBTi) in attempting to achieve the Paris Agreement goal of limiting global warming to 1.5°C compared to pre-industrial levels. By being a member of Tech Zero, a UN Race To Zero partner climate action group, and committing to validated Science Based Targets, we must target, at a minimum, a 50% reduction of our 2021 baseline emissions by 2030, and a 90% reduction by 2050, with residual emissions being removed through high quality carbon removal projects.

Our ambition is stronger. We are focused on accelerating our net zero journey by bringing the target year forward to 2040:

90% reduction of scope 1 and 2 baseline emissions by 2026

Scopes 1 and 2 emissions are fully within our control, and given the nature of our business, we can target significant reductions relatively quickly.
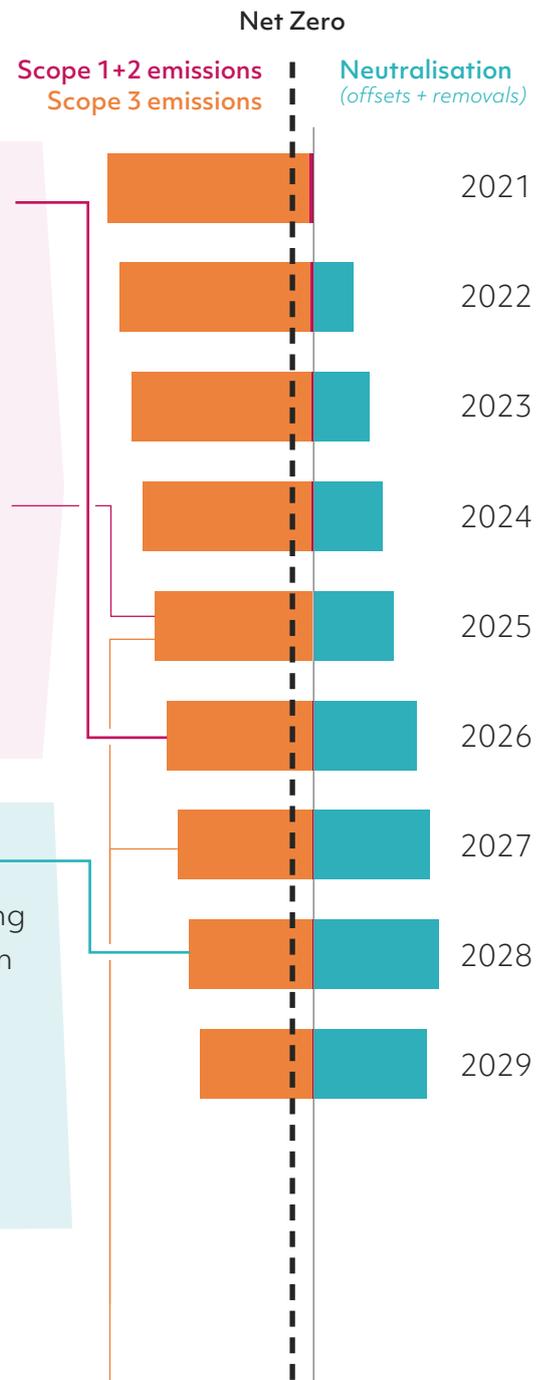
Specifically within that ambition:

100% renewable or low-carbon energy procured across the business by 2025

Our business cannot eliminate its need for electricity, so we are setting out to ensure the electricity we purchase is generated from appropriately considered sources.

Carbon Neutral from 2028

We will steadily grow our emission neutralisation (offsetting and removal) investment towards 100% emissions offset in 2028. This will ensure we explore this nascent space early in our roadmap, so that we develop the understanding and relationships to navigate beyond the hype and invest appropriately in schemes that align with our broader values and ambitions.

Net Zero

Scope 1+2 emissions
Scope 3 emissions

Neutralisation
(offsets + removals)

2021
2022
2023
2024
2025
2026
2027
2028
2029

50% reduction of all baseline emissions by 2030

By placing appropriate, realistic pressure on ourselves to reduce emissions sooner, we will have a better understanding of the challenge ahead of us sooner and we will reduce the compound environmental impact of our emissions.

In order to help achieve this ambition, we will need to:

Engage with the top 50% of our supply chain (spend-based) to provide carbon impact measurement by 2025, and 75% by 2027

The vast majority of our emissions are scope 3, and therefore we need to drive significant supplier engagement on this subject to inform our detailed approach to emissions reduction.

Any investment in emission neutralisation will be in schemes that consider biodiversity and communities alongside climate action

We must do our best to ensure we do not approach tackling our environmental impact with blinkers on; our broader social values and ambitions must also be present in our thinking.

Net Zero by 2040

This represents an ambition well ahead of the SBTi Net Zero standard's target of achieving this by 2050. In practice, this means a 90% reduction of all our 2021 baseline emissions, with residual emissions being removed through high quality carbon removal projects.

2030
2031
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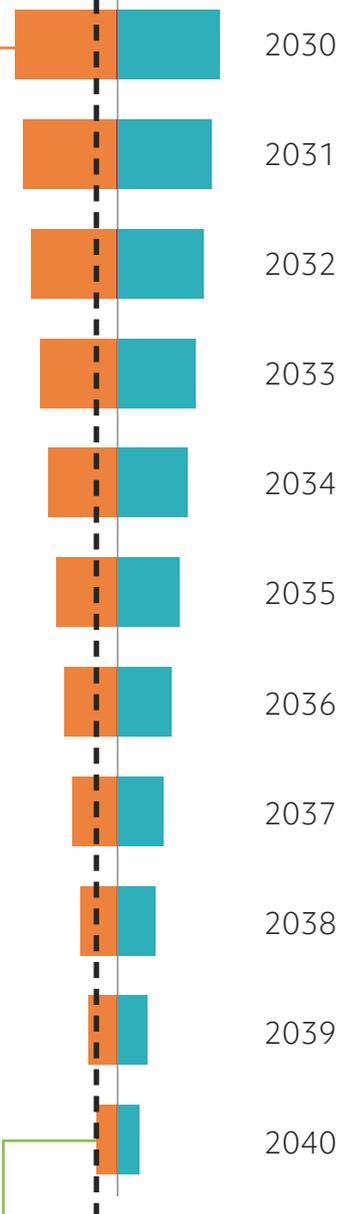
Roadmap principles

We have set out the following principles to guide our design of internal policies with environmental sustainability in mind, and to connect any roadmap actions to those policies:

Sustainable by design

Bake sustainability into decision-making and measure business success on environmental impact as well as financials. Ensure clear ownership of carbon ambitions and reduction efforts.

Abatement over neutralisation

Focus efforts on preventing, reducing and eliminating emissions. Consider offsetting and removal investments only as a measure of absolute last resort.

Continual improvement

Measure and monitor our performance, with increasing accuracy. Continually strive to drive performance improvements and align with evolving best practices.

Force for good

Be a responsible service provider and an open exemplar of best practice. Collaborate with suppliers, clients, peers and others in our communities alike.

2021 energy efficiency improvements

In the calendar year 2021, we have undertaken the following emissions and energy reduction initiatives:

- We made the decision to move to a more energy-considerate office in Newcastle; moving from an EPC D-rated, gas-heated building to an A-rated one that achieves the LETI 2025 target of whole lifecycle embodied carbon, at the start of 2022.

- We fully transitioned to cloud-based internal systems, alleviating our reliance on hardware infrastructure, and therefore reducing our energy consumption.

- We have fully embraced hybrid working following the pandemic, taking a more prudent approach for face-to-face meetings, helping us reduce our travelling and commuting habits.

- We have established a commercial partnership to ethically dispose of our end-of-Scott-Logic-life IT hardware through a variety of zero-landfill routes to reduce waste and wastefulness.

Short term objectives & actions

Throughout the next two years, we will specifically pursue the following areas for improvement, alongside embedding our ambitions opportunistically when appropriate situations arise:

Improve our data quality and measurement

We need to improve our data quality and measurement to better understand our carbon footprint and the underlying drivers in order to more precisely guide our decarbonisation efforts. We will work more closely with suppliers, particularly those making up Purchased Goods & Services emissions, to collect service- and product-specific emissions rather than relying on spend-based estimation, and more clearly align those emissions to business functions.

Formalise our supplier engagement expectations

We will communicate clearly our sustainability ambitions internally and with suppliers, and look to incorporate sustainability considerations into screening and decision-making processes. We will establish bi-directional expectations with suppliers, aiming to guide effective ways for both sides of the relationship to make progress and appropriately share any burden.

Better understand and shape the footprint of technology we use and create

We design and build technology solutions, so it is vital that we are appropriately considerate of the consequences of what we create and use, both for ourselves and our clients. We will explore best practices in terms of measurement, architecture and tooling, and share our findings publicly on an on-going basis.

Refine our approach to business travel

Our business travel emissions in 2021 were low, but we expect to see an increase as COVID-19 restrictions continue to lift. We will formally embed sustainability considerations into travel, from minimising travel and moving away from a "cheapest & quickest" default, to incentivising lower carbon transport and better tracking the activities associated with travel emissions.

Clarify our expectations of physical premises

We will establish and formalise the sustainability requirements of our office buildings to inform any procurement of new office space and guide improvements to our existing demises. These will include aspects such as renewable energy procurement, energy efficiency measures and certifications, and operational sustainability considerations like waste recycling, circular economy, and public transport accessibility.

Educate ourselves and support each other

Environmental sustainability is a complex, evolving space that we are all beginning to grapple with in our personal lives as well as the business world. We will continue to explore best practice in all settings, raise awareness, share findings and thoughts, and find practical ways to support our employees, clients, suppliers, and the communities in which we operate.

Anticipated challenges

We recognise that our road to net zero is not a beautifully paved one. We will undoubtedly come across all sorts of obstacles and complexities, and want to be open about them. Here are the key challenges we already see ahead of us:

Predicted business growth

We anticipate rapid and significant year-on-year growth of our business, resulting in escalating headcount, greater procurement spend and expansion into new offices. At the same time, our climate impact commitments are based on absolute emission reductions. Significant effort will be required to decouple emissions growth from business growth.

Engaging with suppliers

As the majority of our footprint falls within scope 3, we will require a robust supplier engagement process to reduce our emissions. We will need to influence our partners' behaviours to ensure they are seeking to decarbonise at rate consistent with our own ambitions.

Evolving best practice & net zero inconsistencies

Net zero is an evolving concept that may be redefined with advancements in climate science. The commitments made to achieve net zero may therefore need to be raised or altered as associated frameworks and standards evolve.

Rebaselining the footprint & targets

There are many examples of times when the rebaselining of our carbon footprint and targets may be required, which is permissible under the SBTi and GHG Protocol guidance, such as: structural changes to the organisational boundary; changes in calculation methodology or significant changes in data quality; and, discovery of error. Furthermore, SBTi criteria require full review and revalidation at a minimum every five years.

Want to engage with us around sustainability or environmental impact?

We're always keen to share experiences and ideas, and know that we have much to learn from each other in this space. If you'd like to discuss anything related, we're always happy to chat.

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