Our route to Net Zero

The Instant Group

September 2021

Incendium
RETHINKING REAL ESTATE

Background: Government Procurement Requirement PPN:06/21

Government Commercial Function

PPN: 06/21 - Key facts

- We have published PPN: 06/21 which will introduce a new selection criteria for major government contracts to support the Government's commitment to achieving Net Zero by 2050
- The measure applies to in-scope contracts over £5m p/a where it is related and proportionate to the contract.
- The measure goes live later in the year, and will be applied to in-scope procurements which commence on or after 30th September 2021
- To comply with the measure, suppliers will need to provide a 'Carbon Reduction Plan' which has:
  - Been published on your website
  - Detailed the bidding organisation's GHG emissions in the UK
  - Confirmed the bidding organisation's commitment to achieving Net Zero by 2050
  - Detailed the environmental management measures you have in place

Government Commercial Function

What is the anticipated environmental impact?

- This will be the first exclusion measure based on Net Zero targets
- The measure will apply at the organisational level, not just in the delivery of the contract; and not just to the winning supplier, but all bidding suppliers
- Broadest scope yet implemented - Scope 1, Scope 2 and a subset of Scope 3 emissions
- The measure will drive behavioural change for buyers and suppliers
- In the future, we hope to be able to evidence suppliers' progress to show meaningful carbon reduction

Emission scopes required within PPN:06/21 – minimum ambition for our net zero commitment
Scope 1 & 2: energy, company & leased cars
Scope 3: business travel, commuting, waste

Our Route to Net Zero

In a year that has seen first-hand the effects of climate change, The Instant Group is pleased to announce its commitment to achieving Net Zero Carbon by 2030.

This commitment covers Instant's operations in addition to supporting clients and supply partners in achieving their own net zero ambitions through the services and delivery that the company undertakes on their behalf.

Post-pandemic, as the corporate real estate sector evolves, The Instant Group will be at the forefront of driving flexibility into corporate and public sector portfolios. With this commitment, we hope to draw on the wealth of experience within the business and unique service offering to reduce the carbon impact of the sector as a whole.

Instant's commitment is based on three key aspects to achieve by 2030:

1. Net zero emissions across our operations, aligning our emissions reduction targets with the Science Based Target Initiative.
2. Proactively increasing the accuracy and completeness of Instant's Scope 3 carbon inventory through engagement with its whole value chain including both suppliers and customers.
3. Take a proactive and increasingly leading role in driving the net zero agenda throughout the flexible office sector.

Emission scopes required within PPN:06/21 – minimum ambition for our net zero commitment
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Scope 3: business travel, commuting, waste

The Instant Group Carbon Emissions

2020

	Bluefin	Kiln	Transport	Total
Fuel	-	-	90,809	90,809
Electricity	112,256	24,461	-	136,717
Gas	26,322	-	-	26,322
Total	**138,578**	**24,461**	**90,809**	**253,848**
Scope 1	4.8	-	-	4.8
Scope 2	26.2	5.7	-	31.9
Scope 3	-	-	21.2	21.2
Total	**31.0**	**5.7**	**21.2**	**57.9**

2021

	Bluefin	Kiln	Transport	Total
Fuel	-	-	126,955	126,955
Electricity	128,674	25,565	-	154,239
Gas	35,574	-	-	35,574
Total	**164,248**	**25,565**	**126,955**	**316,768**
Scope 1	6.5	-	-	6.5
Scope 2	27.3	5.4	-	32.7
Scope 3	-	-	29.9	29.9
Total	**33.8**	**5.4**	**29.9**	**69.2**

The emissions associated with Instant's direct operations for FY2020 and 2021 are shown in these tables.

They are similar to those presented for both SECR and what will be required for PPN 06/21.

Additional data points required for PPN that are currently being calculated:

- Emissions resulting from energy consumption during client fit-outs
- Emissions associated with the production of waste from our direct operations including from our offices and construction waste from fit-outs
- Emissions associated with the transportation and distribution of goods from our tier 1 suppliers (including fit-outs and office supplies)
- Emissions from business travel (air & sea)

The Instant Group's Carbon Management Plan

The Instant Group formally began measuring its Scope 1 & 2 carbon emissions in 2020. These emissions are solely generated by the operation of the offices in London and Newcastle. In 2020 we also calculated the carbon emissions from its grey fleet i.e. employee expensed mileage in private or rented vehicles. This has expanded in 2021 where we are calculating. There is widespread interest and engagement in sustainability across the business, including within the direct operations and as part of the services provided across its client base. Instant's team of operations specialists work with building management teams to identify projects in our direct operations, managed offices and serviced offices that increase energy efficiency.

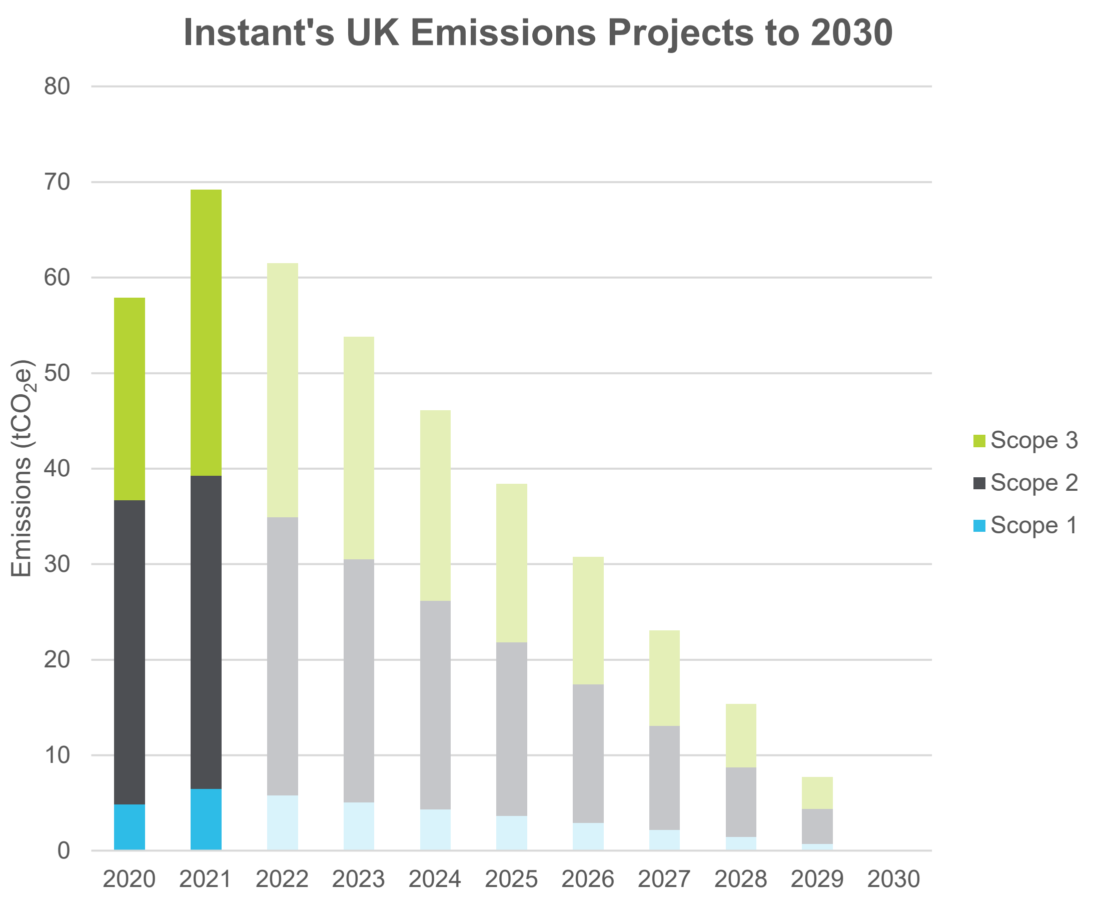
Moving forward, to achieve our ambition of net zero by 2030 we will implement the following measures:

- Ensure all our office operations procure 100% renewable electricity by 2023 and when introducing new workplaces into our portfolio.
- Update our travel policy to eliminate unnecessary travel. Where travel is essential, trains and public transport should be prioritised over individual car travel and commercial air travel. We are also planning to introduce an internal price on the carbon emissions associated with business travel to help our managers make more sustainable choices.
- Implement an engagement strategy with our employees to decrease the amount of waste produced in our offices and increase recycling rates. We will also work with the managing agents of our offices to obtain more accurate waste data from our offices.
- Implement an engagement strategy with our employees to help them make more sustainable choices during their commute, and equip them to work from home in the most sustainable way possible.
- Improve how we monitor and measure the carbon emissions associated with our clients' fit-outs, including prioritising procuring 100% renewable electricity and making more sustainable design choices including the reduction and reuse of materials.
- Producing a guide to help our clients increase the energy efficiency and reduce the carbon emissions of their office spaces during their occupation.
- Engaging with our supply chain to increase the accuracy of our Scope 3 emissions and incorporate sustainability requirements into our procurement process.
- Develop a process that is both fair and transparent for offsetting unavoidable emissions to achieve Net Zero by 2030.

The Instant Group Carbon Management Plan

In order to achieve Net Zero emissions, we will follow this trajectory.

- This is based on the location-based methodology for calculating Scope 2 emissions and so relies on the greening of the UK electricity grid by 2030.
- Using a market-based methodology, we will procure 100% renewable electricity by 2023 so will eliminate our Scope 2 emissions by then.
- Our scope 1 emissions come from the combustion of natural gas for heat in our offices. We will prioritise the office space that has full electrification as our organisation develops.
- For scope 3, we will implement the strategies described previously for engagement with our supply chain partners and employees to decrease our emissions to as near 0 as possible and offset any unavoidable emissions.



Appendices

What is a Science Based Target (SBT)?

SBTs are modelled **emission reduction targets** for businesses, aligned to limiting global warming to 1.5°C

They provide a **consistent framework** to define how much and how quickly companies need to reduce emissions by, to contribute to mitigating global climate change

The **Science Based Targets Initiative (SBTi)** is an industry partnership body providing **methodologies & a certified framework** for global companies to set science based targets

Targets should be set for group-wide **Scope 1 & 2** and **Scope 3 Investments** and include short-medium (5-15 years) and long-term (e.g. up to 2050)

SBTi released finance-sector specific **methodologies, guidance** & supporting **tools** to support the emissions calculation and target validation process of Scope 1, 2 and Scope 3 Investments

Determining what emission scopes are relevant

Scope	Category	Determine relevance	What data is required?
Scope 1	Direct emissions from activities controlled by us that release emissions into the atmosphere	Relevant	• Gas consumption & any other on-site fuels • Fuel related to owned or leased cars • Fugitive emissions from F-Gas related use e.g. HVAC units
Scope 2	Indirect emissions associated with our consumption of purchased energy (eg. electricity)	Relevant	• Purchased electricity consumed • Purchased district heating, cooling
Scope 3	**Category 1: Purchased goods and services** - emissions from all purchased goods and services not captured in other Scope 3 emission categories	Relevant	• Operational purchased goods & services (eg. stationery, furniture, FM services, IT support, water use, etc)
	Category 2: Capital goods - final products that have an extended life and are used by the company to provide a service	Relevant	• Operational fixed assets/capital investments (eg. generators, HVAC systems, boilers)
	Category 3: Fuel-and-energy-related activities – eg. upstream emissions from extraction of fuels & electricity, transmission & distribution	Relevant	• All Scope 1 & 2 emissions: well to tank emissions, & transmission and distribution
	Category 4: Upstream transportation and distribution - Third-party transportation and distribution services purchased between a company's tier 1 suppliers and its own operations	Relevant	• Operational services, eg. couriers • Managed contracts – transport related to suppliers involved in construction/fit-out
	Category 5: Waste generated in operations - emissions from third-party disposal and treatment of waste generated in the reporting company's owned or controlled operations	Relevant	• Leased offices where Instant entity disposes of waste in operations • Managed contracts where Instant entity has control of waste – in fit-out stage or operations stage

Determining what emission scopes are relevant

Scope	Category	Relevance – assumed & to be confirmed through the review	What data is required?
Scope 3	**Category 6: Business travel** - emissions from the transportation of employees for business related activities in vehicles owned or operated by third parties	Relevant	• Operational commuting for all employees that fall into boundary
	Category 7: Employee commuting - emissions from transportation of employees between their homes and worksites	Relevant	• Operational commuting for all employees that fall into boundary
	Category 8: Upstream leased assets - emissions from the operation of assets that are leased by the reporting company and not already included in scope 1 or scope 2.	Relevant	• Energy use from assets that are leased and do not fall under scope 1 & 2 e.g. licensed/serviced offices
	Category 9: Downstream transportation and distribution - emissions that occur in the reporting year from transportation and distribution of sold products	Relevance tbc	• Any travel related to customer use of sold services
	Category 10: Processing of sold products - emissions from processing of sold intermediate products by third parties (e.g., manufacturers)		• Emissions related to sold products
	Category 11: Use of sold products - emissions from the use of goods and services sold by the reporting company (eg. web-based software)		• Assumption on software use profiles
	Category 12: End of life treatment of sold products - emissions from the waste disposal and treatment of products sold by the reporting company		
	Category 13: Downstream leased assets - emissions from the operation of assets that are owned by the reporting company (acting as lessor) and leased to other entities		• Portfolio data on any buildings that are sub-let
	Category 14: Franchises - emissions from the operation of franchises		• Legal counsel confirmation of franchise entities in the group
	Category 15: Investments - emissions associated with the reporting company's investments, applicable to investors and companies that provide financial services		• Legal counsel confirmation of investment entities in the group

How to determine your GHG data boundary?

The SBTi requires that a GHG inventory is submitted in accordance with the GHG Protocol Corporate Standard, The below outlines the key steps to be taken:

- **Determine Boundary Control Approach** – Determine whether you are taking a financial control or operational control approach to determine your reporting boundary
    - **Financial Control** – An organisation accounts for 100 percent of the emissions from operations at which it can direct financial and operating activities with a view to gaining economic benefits from those activities as its direct emissions.
    - **Operational Control** – A financial institution accounts for 100 percent of the emissions from operations at which it has the full authority to introduce and implement operating policies. It does not account for any of the emissions from operations in which it owns an interest but does not have operational control.
- **Define Boundary** – To outline what data should be included in your boundary the following must be considered.
    - **Organisational Boundary** – This refers to the legal composition of the company and its associated operations.
    - **Operational Boundary** – When an organisation has determined its organisational boundary, it must then establish its operating boundary which will define the scope of both direct and indirect emissions. This may differ depending on whether you take the financial or operational control approach.
    - **Business context** – When determining the boundary, the nature of activities and geographic locations must also be taken into account.
- **Determine GHG Emission Scopes** – Once the boundary has been determined an organisation must clearly define what operations fall into in each category Scope (1, 2, 3).
- **Undertake Data Gap Analysis** – an organisation must establish where there is existing data across the GHG boundary for 2019 and 2020 and where there are data gaps.
- **Undertake Data Estimations** – Estimate data where there are gaps. Organisations are encouraged to use complete and accurate data sets for consistencies in their accounting. Estimations can be used however where emissions have been estimated, it is important that this is transparently **documented** and **justified**.

What is the operational data collection process?

In order to complete your GHG inventory the following steps must be taken to ensure all data is captured within your defined boundary. The following steps apply to collecting data for Scope 1 & 2 emissions and Scope 3 Waste.

Step	What is needed?	Output
1	Obtain full portfolio list covering all assets active in base year	Define your business operations, which includes all assets that fall under your control boundary (operational or financial). This should include any offices, data centres, BCP sites or any other facilities owned or controlled.
2	Establish nature of ownership	Determine whether the site is owned, leased or licensed. This will inform what energy emissions scope each asset falls under.
3	Establish floor area and occupancy	Identify key asset metrics for the base year, to allow for estimation capabilities where there is missing environmental data
4	Determine scope allocation	Depending on your control approach (operational or financial) for example the financial control approach, all assets which are owned or you have a financial capital lease agreement, will fall into Scope 1 & 2 Energy. All licensed assets or assets not treated as wholly owned on the balance sheet will fall into Scope 3.
5	Undertake data gap analysis	Undertake gap analysis of data against all scopes that apply to each asset e.g. Scope 1 & 2 or any voluntary Scope 3 categories e.g. Scope 3 Waste incl. Waste Water.
6	Collect missing data	Where there is missing data reach out to local sites to gather raw consumption data and calculate the associated emissions. E.g. gas invoices, electricity invoices, waste reports, FGas records, for the reporting year.
7	Estimate data gaps	Where you have data gaps that you are unable to get actual consumption data, estimate using defined estimation approach. See slide 9.

What are the GHG data accounting and reporting principles?

The following principles as outlined by the GHG protocol must be adhered to when accounting for and reporting on your emissions. Reported information shall be “relevant, complete, consistent, transparent and accurate”.

- **Relevance** – Ensure the GHG inventory appropriately reflects the GHG emissions of the company.
- **Completeness** – Account for and report on all GHG emission sources and activities within the chosen inventory boundary. Disclose and justify any specific exclusions.
- **Consistency** – Use consistent methodologies to allow for meaningful comparisons of emissions over time. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series
- **Transparency** – Address all relevant issues in a factual and coherent manner, based on a clear audit trail. Disclose any relevant assumptions and make appropriate references to the accounting and calculation methodologies and data sources used.
- **Accuracy** – Ensure that the quantification of GHG emissions is systematically neither over nor under actual emissions, as far as can be judged, and that uncertainties are reduced as far as practicable.

Energy Estimation Methodology Hierarchy

Most Accurate

	1	2	3	4
Data Availability	Building specific data available		Portfolio data available	No building specific or portfolio data available
Data Point	Obtain sub-meter energy data for the demised floor	Obtain whole building energy usage data	Calculate average energy usage from own portfolio dataset	Use average industry benchmarks, eg. UK REEB benchmarks
Calculation for 'whole floor'/ defined floor area	Use sub-meter data provided to calculate emissions	Pro rata whole building usage by floor area for the demise	Pro rata average portfolio usage by floor area for the demise	Use demised floor area to calculate estimated kWh usage based on most applicable kWh/m2 intensity benchmark
Calculation for cowork space	Pro rata for individual desks based on floor area assigned to the number of desks in the coworking agreement. Global average typically 3-5 sq.m/desk			

Rethinking Real Estate.

Incendium was founded on a rebellious and independent spirit that remains to this day.

Our 6 founders had built enviable careers and reputations in their respective fields delivering results in senior positions in the Big 4, top Real Estate consultancies and Fortune 100 businesses.

But in 2014, driven by a goal to disrupt how clients accessed innovative and independent CRE expertise, they quit their jobs and Incendium was born. Their passion for sourcing the best talent and delivering transformational results quickly attracted a diverse pool of like-minded rebels.

Combined with a commitment to working shoulder-to-shoulder with clients, the business grew rapidly. Then, on a fateful day in 2018 the founders met the team at **The Instant Group**, and it became very clear, very quickly they were kindred spirits. Shortly after, Incendium joined Instant and the rest is, as they say, history.

Founded in 1999, The Instant Group is a workspace innovation company that rethinks workspace on behalf of its clients injecting flexibility, reducing cost and driving enterprise performance. With offices across the globe, Instant employs 300 experts and has clients in more than 150 countries.

www.incendiumconsulting.com
www.theinstantgroup.com

Contact

Sam Pickering
Director

+44 (0)7718 647177
Sam.Pickering@incendiumconsulting.com

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Photography:
Instant photography shot on location at Instant HQ, Fora (Borough, Central Street), Halkin (Paris Gardens), Uncommon (Borough, Liverpool Street), TOG (The Shard) and WeWork (Waterloo). All other images used under license from Adobe Stock.