
THE ENERGY SAVING TRUST LIMITED
(A Company Limited by Guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Engagement with employees

The Company has strong regard to the interest of its staff team of more than 300, as they are at the heart of everything we do and we invest in their success. All employees have regular touch points with managers, as well as clear objectives and a personal development plan. To support their training and development needs, we offer access to courses and information covering professional and personal development, in addition to wellbeing, on our in-house platform. In 2021-22 we have invested in coaching for staff, in developing a comprehensive diversity and inclusion strategy and in supporting staff in dealing with the stresses and strains of working at home as a result of the pandemic. We provide access to a 24/7 employee assistance helpline via our Employee Assistance Programme, provided by Health Assured. We carry out regular employee surveys to assess and understand what our people think and get employee input, and the Chief Executive and senior leadership team brief all teams on group operations and plans every two months. There is also a staff recognition scheme by which employees' achievements in line with our values are publicly celebrated. All staff are paid at least the real living wage.

Greenhouse gas emissions, energy consumption and energy efficiency action

Impact of our advice

Consideration of CO2 saved from Energy Saving Trust advice:

| | 2021 | 2020 |
|------------------------------------|-------------|-------------|
| | £ | £ |
| Estimated cost per tonne CO2 saved | 6.07 | 9.96 |

Whilst not considered to be a KPI, Energy Saving Trust assesses the impact of its energy advice for a number of funding stakeholders. These assessments include information delivered through advice centres and via our website covering household advice, renewable technologies and consumer transport. The following methodology is applied for evaluating the estimated lifetime tonnes of carbon dioxide saved (tCO2). Datasets of customers that are recorded as having received advice are provided to an external contractor or the internal evaluation team as appropriate. Surveys of these customers are undertaken on a sample basis to assess the impact of the advice given and conversion of advice into uptake of energy efficient or low carbon measures or behaviours. Where advice is considered to have been crucial or at least some support to the action taken the lifetime savings associated with the measure are attributed to the advice; where measures are not yet installed but only planned, Energy Saving Trust's research has shown that 28% of these measures are likely to actually come to fruition and so 28% of savings associated with planned measures are also applied.

Analysis of the results of the survey enables the average attributed CO2 savings per customer to be calculated by taking the total savings achieved by those in the sample and dividing by the total number of customers advised in the sample. The CO2 savings for each measure have been estimated using Energy Saving Trust's standard savings factors. The savings factors are calculated using a number of metrics which are updated annually by Energy Saving Trust's insight and evaluation team including energy prices (£/kWh), fuel CO2 factors (kgCO2/kWh or kgCO2 per km), heat loss rates (U-values), fuel economy (mpg), heating system efficiencies and housing type characteristics. In addition, Energy Saving Trust assess strategic carbon dioxide lifetime savings. These are defined as savings from measures which have or will be installed as part of a local authority or housing association project where the organisation confirms in writing that the strategic advice provided was either crucial or of some help in securing funding for the project. The variations in cost of carbon saved from advice provided between 2020 and 2021 are attributable to changes in the advice provided (a higher proportion of customers provided with telephone advice compared to just emails, a higher number of website visitors as well as changes in the mix of measures installed by customers).

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Our environmental performance

Energy Saving Trust has measured its complete emissions inventory to support the development of its net zero targets and action plan. This inventory covers all emission sources, including all categories of scope 1, 2 & 3. The primary source of emissions from our operations arises from our value chain (primarily purchased goods and services). We also produce a small amount of scope 1 emissions from a diesel-powered car. Our scope 2 emissions are generated by leased offices in London and Edinburgh, and an electric car.

Our emissions are currently managed through our accredited ISO 14001 Environmental Management and ISO 50001 Energy Management systems. However, we are committed to reaching net zero emissions (across all scopes) on an aggressive timeline. We are currently developing a net zero strategy to be in place before the next reporting cycle.

Energy consumption data used to calculate basic emissions:

| Scope | Sub-scope | Energy (kWh) |
|----------------------------------|-----------------------------------|---------------------|
| Scope 1 | Passenger vehicles | 6,267.70 |
| Scope 2 | Heat and steam | 163,174.49 |
| Scope 2 | UK electricity | 161,818.85 |
| Scope 3 | Business travel - fuel purchased* | 659.30 |
| Total (including heat and steam) | | 331,920.34 |
| Total (excluding heat and steam) | | 168,745.85 |

Emissions in tCO₂e (location-based):

| Scope | Sub-scope | Emissions (tCO₂e) |
|---------------------------------------|-----------------------------------|-------------------------------------|
| Scope 1 | Passenger vehicles | 0.93 |
| Scope 2 | Heat and steam | 28.17 |
| Scope 2 | UK electricity | 37.73 |
| Scope 3 | Business travel - fuel purchased* | 0.16 |
| Total (including heat and steam) | | 66.99 |
| Total (excluding heat and steam) | | 38.82 |
| Scope 3 | All categories | 2,841.25 |
| Total scope 1, 2 & 3 (all categories) | | 2,908.07 |

*Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel.

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Ratio Performance Indicator (based on the totals provided above):

tCO₂(including Heat and Steam)/number of employees = 0.22

tCO₂(excluding Heat and Steam)/number of employees = 0.13

The number of employees, including our board members, were counted on the 31 March 2021.

Reporting period and Baseline Year

The financial year has been selected as a reporting period to aid the comparability and consistency of information across the Company's reports.

The 2019-20 financial year was the previous base year as it was the first year when scope 1 and scope 2 emissions were fully accounted (and the year the GHG Protocol standard was implemented). The 2020-21 financial year has replaced this as the baseline since it was the first year for which scope 3 emissions were calculated.

Methodology

We have applied the methodology defined under the GHG protocol. In doing so, we have adopted the centralised calculation approach. Activity data is collected locally at each of our offices and emissions are then calculated centrally by our Insight & Evaluation team.

Organisational Boundary and Consolidation Approach

As required by the GHG protocol, we have selected and applied the most appropriate consolidation approach to carry out our reporting; the "operational control" approach. This approach was the most appropriate for the Group as the majority of our emission-generating assets are leased and in our control.

Operational Boundary

We operate one source of scope 1 emissions, a diesel car, and do not have operational control over any other mobile or stationary combustion sources or sources of fugitive emissions. On-site boilers and air conditioning are owned and controlled by building landlords, therefore gas usage has been accounted for under scope 2 (for leased office space). Similarly, the emissions generated from purchasing electricity to charge the electric vehicle have been accounted under scope 2 emissions.

Our 2020-21 complete GHG report, which will be available on the website, includes Scope 3 emissions of the following categories:

- Purchased Goods and Services
- Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2
- Upstream Transportation and Distribution
- Waste Generated in Operations
- Business Travel
- Employee Commuting
- Use of Sold Products
- Investments

This list comprises all Scope 3 categories applicable to Energy Saving Trust under the GHG protocol.

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Energy Efficiency Measures

Due to the COVID-19 pandemic, our Scope 1, Scope 2 and business travel emissions went down. On the other hand, this situation did not allow us to implement any measures to reduce our emissions associated with the offices.

We used this time to work on our procurement policy, which will include requirements for selecting suppliers with a lower environmental footprint. We also decided to migrate our IT systems onto Microsoft Azure, which committed to being carbon negative by 2030 and remove all carbon produced by them as a company since the 1970's by 2050.

Additionally, we included information on how employees could reduce their environmental impact while working from home in our sustainability induction video. This video is mandatory to watch for all new employees.

Other

Our complete GHG report as well as our Carbon Reduction strategy will be available on our website.

Matters covered in the strategic report

Where necessary, disclosures relating to principal risks & uncertainties have been made in the Strategic Report and have not been repeated here in accordance with Section 414C of the Companies Act 2006.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:


Mike Thornton (Sep 30, 2021 16:23 GMT+1)

M C Thornton OBE
Director

Date: 30/09/2021