



# Net Zero Report

GHG Emissions and Reduction Plan

FY YEAR 2023

# Net Zero Carbon reduction plan

Publication date: 25 November 2023

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Signed: Andy Morgan

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Position: CEO

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“At Smart CT we are committed to sustainability. We are at the early stages of our Net Zero Journey to reduce our carbon emissions, and we plan to use this first year to highlight areas where we can improve.”

We are committed to reducing our carbon emissions through targeted projects within our supply chain and within our own business. This is a large undertaking as our contracts are across over 50 countries, and so we are prioritising projects that facilitate the types of reductions that are most effective. In particular, there is significant long-term work to be done with our supply chain to reduce our Scope 3 emissions further and a reliance on national infrastructure to support the electrification of our fleet.

We have measured our emissions across Scopes 1, 2 and 3, and we are still on a journey to improving the coverage of our carbon footprint data due to the complexity of our operations. We are working to improve our data collection each year to improve the quality of our reporting and accurately track our emission reduction goals.

We want to communicate this message in a compliant way so that we can help to improve the sustainability of our services and its contribution to the economy.

# About us

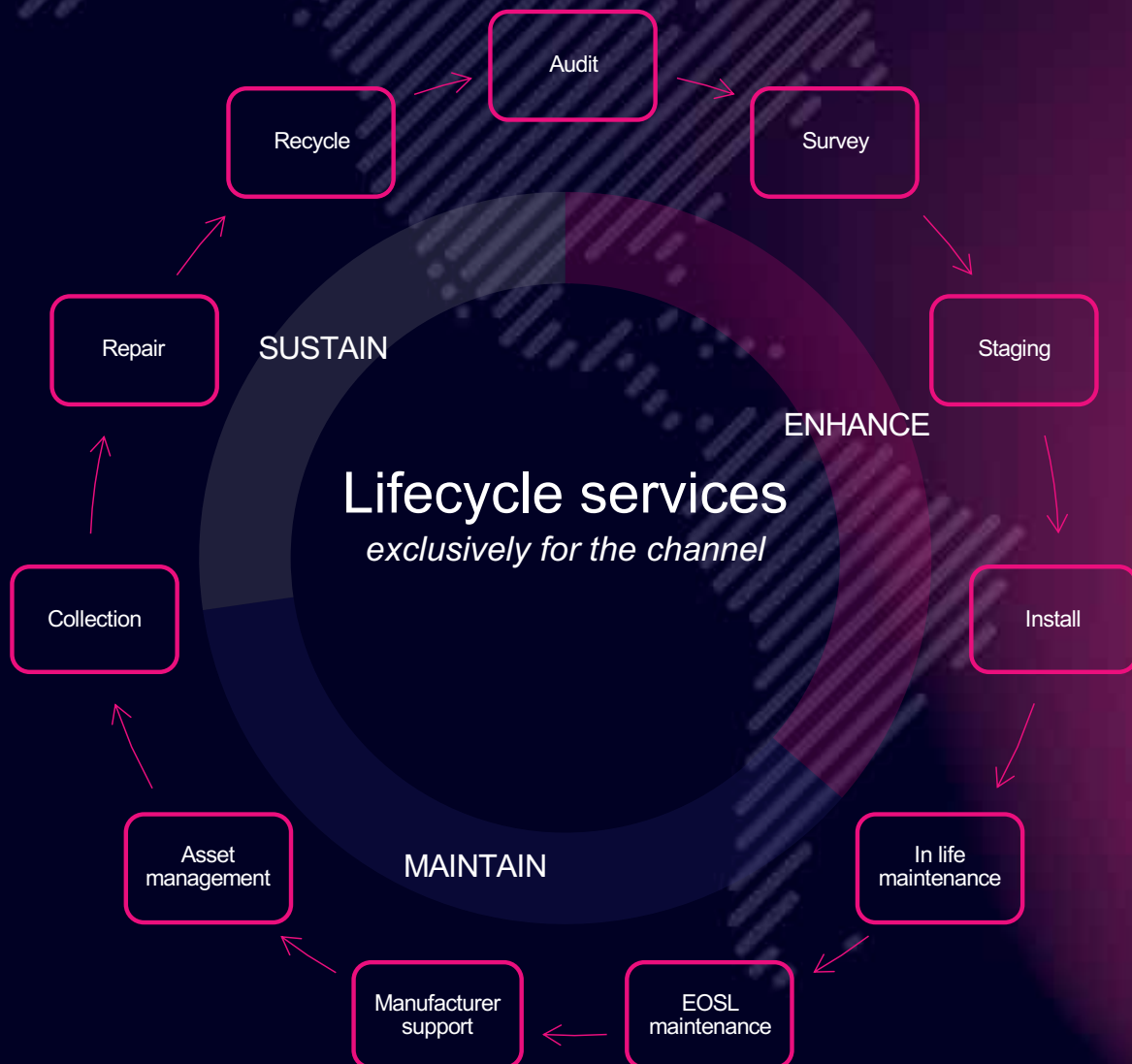
Technology downtime diminishes business performance and Smart CT minimizes disruption by keeping technology connected. Our world-class customer support, extensive spare parts and highly trained engineers ensure our customers achieve maximum uptime via its 24x7x365 operations across Europe.

Smart CT offers bespoke, trusted technology services and support, designed exclusively for the Technology Channel. We act quickly to provide highly experienced engineers to our customers within four hours of an issue being raised. During critical operating periods engineers are located on-site ready to support within minutes. This is because we are committed to providing a reliable service.

We understand that when a business needs a spare part, they expect us to have it in stock. That is why we have over 20,000 of them in storage and our experts know exactly what to send within as little as two hours

We work with the world's leading IT manufacturers and offer a full suite of smart IT services, all designed to keep businesses connected and to boost efficiency and profitability.

Smart CT is not just an IT services provider; we are on a path to becoming a global sustainable IT solutions provider and we offer services across the full hardware lifecycle.



# Commitment to Net Zero

We will aim to reduce our emissions year-on-year and will achieve:

45%

Reduction in our Scope 1 and 2 emissions by 2030

2024

We plan on offsetting our residual Scope 1 and 2 emissions from the end of 2024 to become carbon neutral via high-quality verified offsets

93%

Overall reduction in all Green House Gas (GHG) emissions across Scopes 1, 2, and 3 by 2045, offsetting any residual emissions via high-quality nature-based or direct air capture projects and becoming Net Zero

Smart CT is committed to taking action to reduce our annual emissions and achieving Net Zero emissions by 30 April, 2045, five years earlier than the UK Government's target. Should the supply chain and nationwide infrastructure be available, Smart CT will endeavour to re-assess whether this can be achieved at an earlier date.



# To achieve these goals, Smart CT has taken the following actions:

1. We have appointed an external specialist carbon consultancy to collate and verify data, calculate carbon emissions and help advise on carbon reduction options
2. We have set the base year (May 2022 – April 2023) and calculated our carbon footprint in line with the GHG protocol for that base year:

## Scope 1

- i. Transport and gas
- ii. Refrigerants

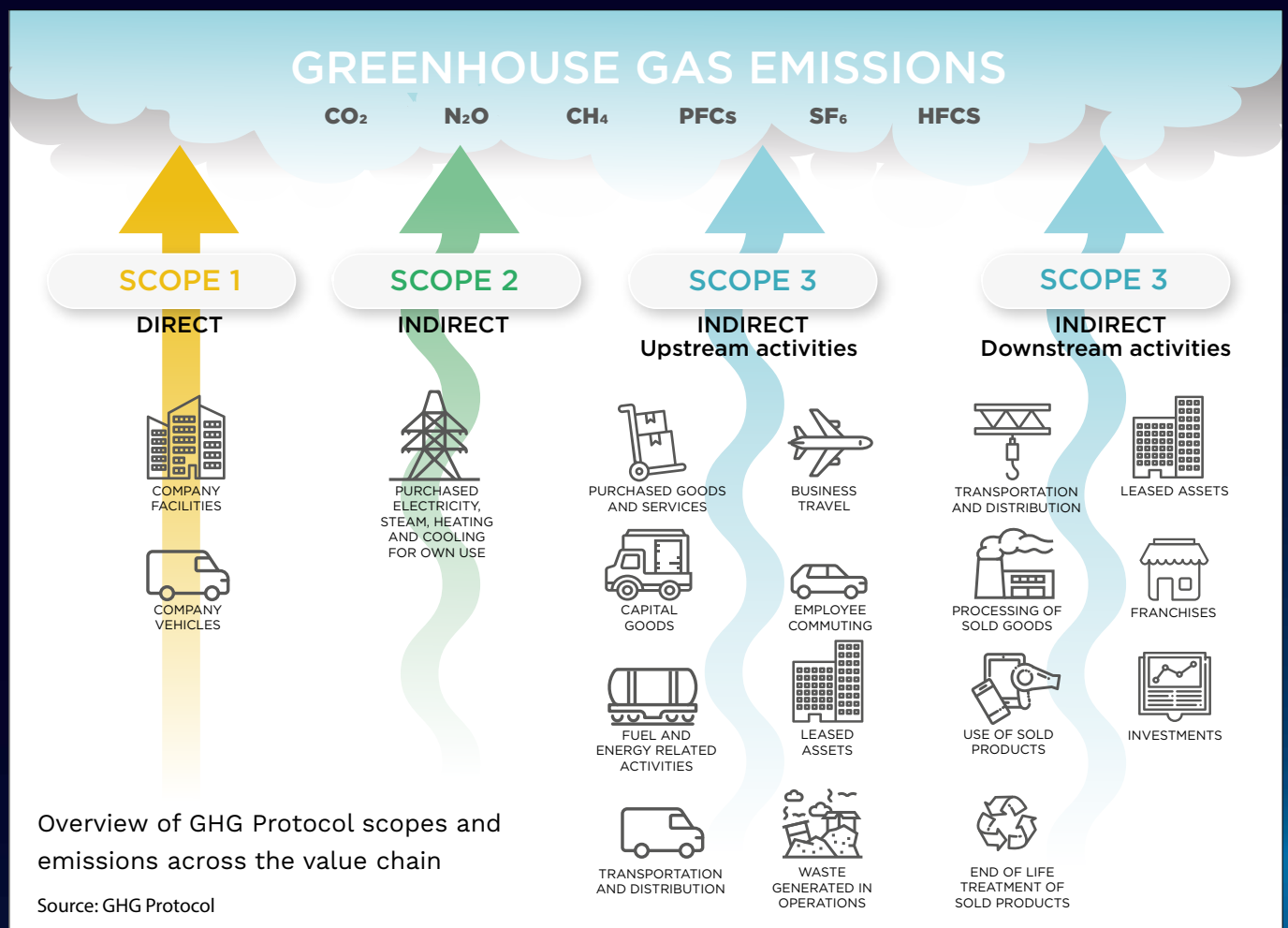
## Scope 2

- i. Electricity

## Scope 3

Selected categories from the below based on materiality:

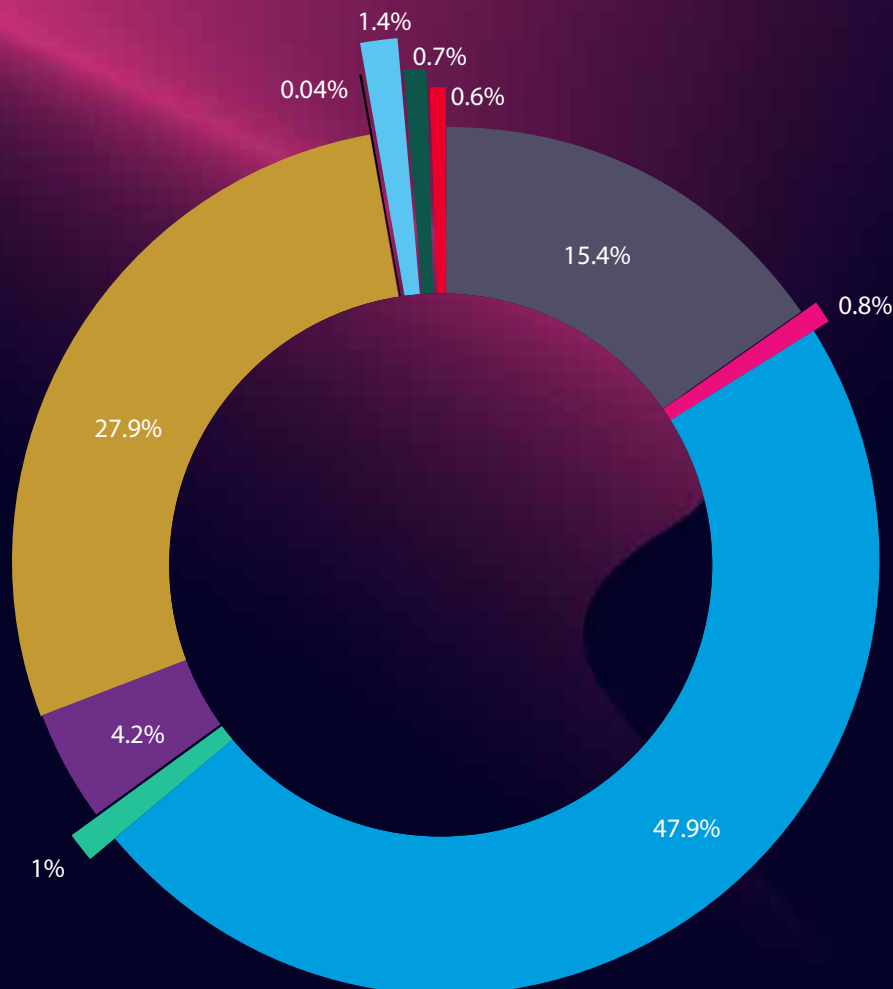
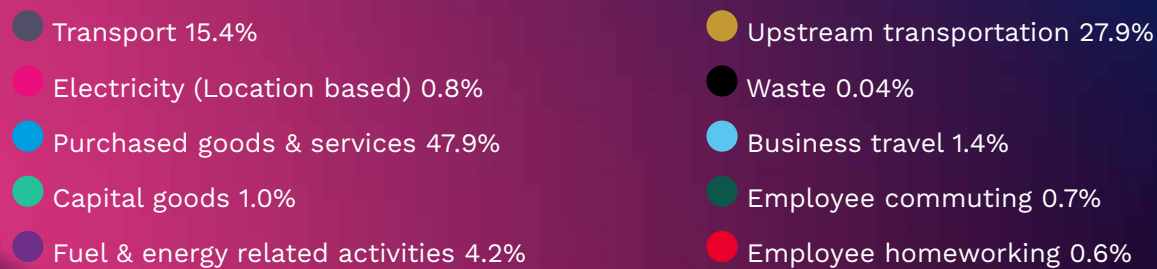
- i. Category 1 – Purchased Goods and Services
  - ii. Category 2 – Capital Goods and Services
  - iii. Category 3 – Fuel and Energy
  - iv. Category 4 – Upstream Transportation
  - v. Category 5 – Waste
  - vi. Category 6 – Business Travel
  - vii. Category 7 – Employee Commuting and Working from Home
3. We have created a carbon reduction plan for each Scope and category
  4. We have set the Net Zero date and committed to updating our carbon footprint annually with April 2024 to be the first year post the base year



# Baseline emissions footprint

Baseline emissions are a record of the greenhouse gases that were produced in a previous financial year prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured. Smart CT have chosen May 2022 – April 2023 as our baseline year. Smart CT's April 2023 baseline carbon emissions footprint is as follows:

## Breakdown of GHG emission sources



Below is an itemised breakdown showing the amount of carbon emissions (tCO<sub>2</sub>e) produced by each scope and category from 1st May 2022 to 30th April 2023 baseline calculation.

Scope/Category	Item	Total tCO <sub>2</sub> e	%
<b>SCOPE 1</b>			
Stationary combustion (Gas)	Gas consumed	-	0.0%
Transport	Owned and leased vehicles	289.86	15.4%
Refrigerants	HVACs	-	0.0%
<b>SCOPE 2</b>			
Electricity (Location based) <sup>1</sup>	Purchased electricity, for own use (grid average)	15.96	0.8%
Electricity (Market based) <sup>2</sup>	Purchased electricity, for own use (specific contract or onsite generation)	15.96	N/A
<b>SCOPE 3</b>			
Cat 1: Purchased Goods & services	Goods and services	902.25	47.9%
Cat 2: Capital Goods	CapEx Expenditure	18.88	1.0%
Cat 3: Fuel & energy related activities	WTT <sup>3</sup> & T&D <sup>4</sup> for S1 and 2	79.43	4.2%
Cat 4: Upstream Transport	Paid transport for goods (upstream & downstream), WTW <sup>5</sup>	524.99	27.9%
Cat 5: Waste	Waste	0.83	0.04%
Cat 6: Business travel	Land and air travel for business purposes (WTW)	25.97	1.4%
Cat 7: Employee commuting	Employees commuting to and back from work, (WTW)	12.34	0.7%
Cat 7: Employee commuting	Employees working from home	11.58	0.6%
<b>Total Gross Emissions (Location based)</b>		<b>1,882.09</b>	<b>100%</b>
Less emissions avoided by procurement of renewable electricity		(0.00)	
<b>Total Gross Emissions (Market based)</b>		<b>1,882.09</b>	
Less carbon offsets		(0.00)	
<b>Total Net Emissions</b>		<b>1,882.09</b>	

<sup>1</sup> Location based represents emissions from electricity consumption based on grid average emissions

<sup>2</sup> Market based represents emissions from electricity consumption based on specific energy contracts

<sup>3</sup>WTT – Well-To-Tank emissions. Emissions associated with the extraction refinement and transport of fuels before consumption

<sup>4</sup>T&D losses – Transmission and distribution losses. Emissions associated with the energy lost during the transmission of electricity through the network

<sup>5</sup>WTW – Well-to-wheel emissions. Includes emissions associated with the extraction, refinement, transport, and consumption of fuels

To further understand our emissions, we have also recorded them using intensity ratios as this will allow us to track our emissions as our business grows and develops.

Intensity Ratios	Gross Emissions (Location based)	Gross Emissions (Market based)	Net Emissions
tCO <sub>2</sub> e per employee (start of year)	24.44	24.44	24.44
tCO <sub>2</sub> e per square meter	2.37	2.37	2.37
tCO <sub>2</sub> e per million £ turnover	160.86	160.86	160.86

When calculating carbon emissions, the GHG Protocol Corporate Accounting and Reporting Standard states that a company must set its organisational boundaries<sup>6</sup>. This can be done either by an “Equity Share” or “Control” approach. The Equity Share approach reflects a company’s economic interests and percentage ownership of companies or subsidiaries to assign GHG emissions. The Control approach can follow two routes and defines the boundary by looking at either how much Financial or Operational Control a company has. To fully cover all of its operations and subsidiaries, Smart CT has selected the Operational Control method when setting our organisational boundary. The Operational boundary will include all three Scopes as outlined by the GHG Protocol. Smart CT’s emissions are reported in tCO<sub>2</sub>e and have been calculated utilising the following formula:

Source emissions data x conversion factor\* = total source emissions

Source unit x (tCO<sub>2</sub>e/unit) = tCO<sub>2</sub>e

\*Conversion factors are primarily derived from the latest:

- UK Government GHG conversion factors for Company Reporting
  - DEFRA (Department for Environmental, Food and Rural Affairs)
- Environmentally extended input-output (EEIO) tables
  - EPA

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



# Emissions methodology: Inclusions within current numbers

## Scope 1

Scope 1 sources included in the inventory are onsite (or “stationary”) natural gas combustion, mobile fuel combustion from leased and owned vehicles and refrigerants.

## Scope 2

Purchased electricity was the only identified Scope 2 emissions source. However, per the GHG Protocol Scope 2 Guidance, Scope 2 emissions have been calculated and reported using two separate methodologies:

- A location-based method reflecting the average emissions intensity of grids on which energy consumption occurs
- A market-based method reflecting emissions from the electricity that Smart CT has purposefully chosen via our energy procurement activities. This accounts for energy purchased from green energy suppliers

## Scope 3

### Category 1: Purchased goods and services

Includes all upstream (i.e., cradle-to-gate) emissions from the production of goods purchased or acquired by Smart CT in the reporting year

### Category 2: Capital goods

Includes all upstream (i.e., cradle-to-gate) emissions from the production of goods purchased or acquired, classified as capital expenditure, by Smart CT’s in the reporting year

### Category 3: Fuel and energy related services

This relates to transportation and distribution losses, and the well-to-tank emissions for all fuels consumed as a result of Smart Capital Technology’s operation

- Well-to-tank emissions account for all the emissions related to the extraction,

production, and shipping of fuels excluding only the direct combustion of the fuel. (e.g., fuel consumed by Smart CT owned or leased vehicles)

- Transmission losses account for all the energy that is lost between the electricity production in the powerplant and when it is used (e.g., resistance in power lines)

### Category 4: Upstream transportation and distribution

Includes the emissions which relate to products being transported by tier one suppliers or paid for by Smart CT. It includes both the transport and warehouse related emissions.

- We have converted spend data into average distance using averages. We will in future years collect data which relates to the masses of the devices being shipped, the total load of the ship, exact distances travelled

### Category 5: Waste

Includes emissions from third-party disposal and treatment of waste generated in Smart CT’s owned or controlled operations in the reporting year

- We have utilised the ‘waste-type-specific’ method, which involves using emission factors for specific waste types and waste treatment methods

### Category 6: Business travel

Includes emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars. This also includes emissions resulting from hotel stays resulting from business-related trips

- We have used the distance-based method, which involves determining the distance and mode of business trips, and then applying the appropriate emission factor for the mode used where possible

- We have used the number of nights stayed in hotels to calculate the emissions

#### Category 7: Employee commuting

Includes emissions from the transportation of employees between their homes and Smart CT's offices. Emissions from employee commuting may arise from car, bus, train, or cab travel. We have also included energy consumption and waste production which occur from employees working from home in this category

- We have used employee travel surveys which collect data from employees on commuting patterns (e.g., distance travelled, and mode used for commuting) and apply the appropriate emission factors for the modes used using the distance-based method

#### Emissions methodology – Material exclusions from current numbers:

##### Scope 3 Category 11 and Scope 3 Category 12:

Use of Sold Goods and End of Life Treatment are excluded from the current numbers as we do not collect data on this. However, we plan to collect this data for future reporting

#### Emissions methodology – non-material exclusions for FY23 baseline emissions:

##### Scope 3 Category 8: Upstream Leased Assets:

Is excluded from FY23 baseline emissions, as we do not lease any assets

##### Scope 3 Category 9: Downstream Transportation and Distribution:

Is excluded from FY23 baseline emissions as we do not have any distribution which is paid for by our customers

##### Scope 3 Category 10: Processing of sold products:

Is excluded from FY23 baseline emissions as we do not manufacture products.

##### Scope 3 Category 13: Downstream Leased Assets:

Is excluded from FY23 baseline emissions, as we do not own any leased assets that we lease to other businesses

##### Scope 3 Category 14: Franchises:

Is excluded from FY23 baseline emissions, as we do not operate franchises

##### Scope 3 Category 15: Investments:

Are excluded from FY23 baseline emissions, as we do not have any investments whereby, we provide capital or offer financing as a service

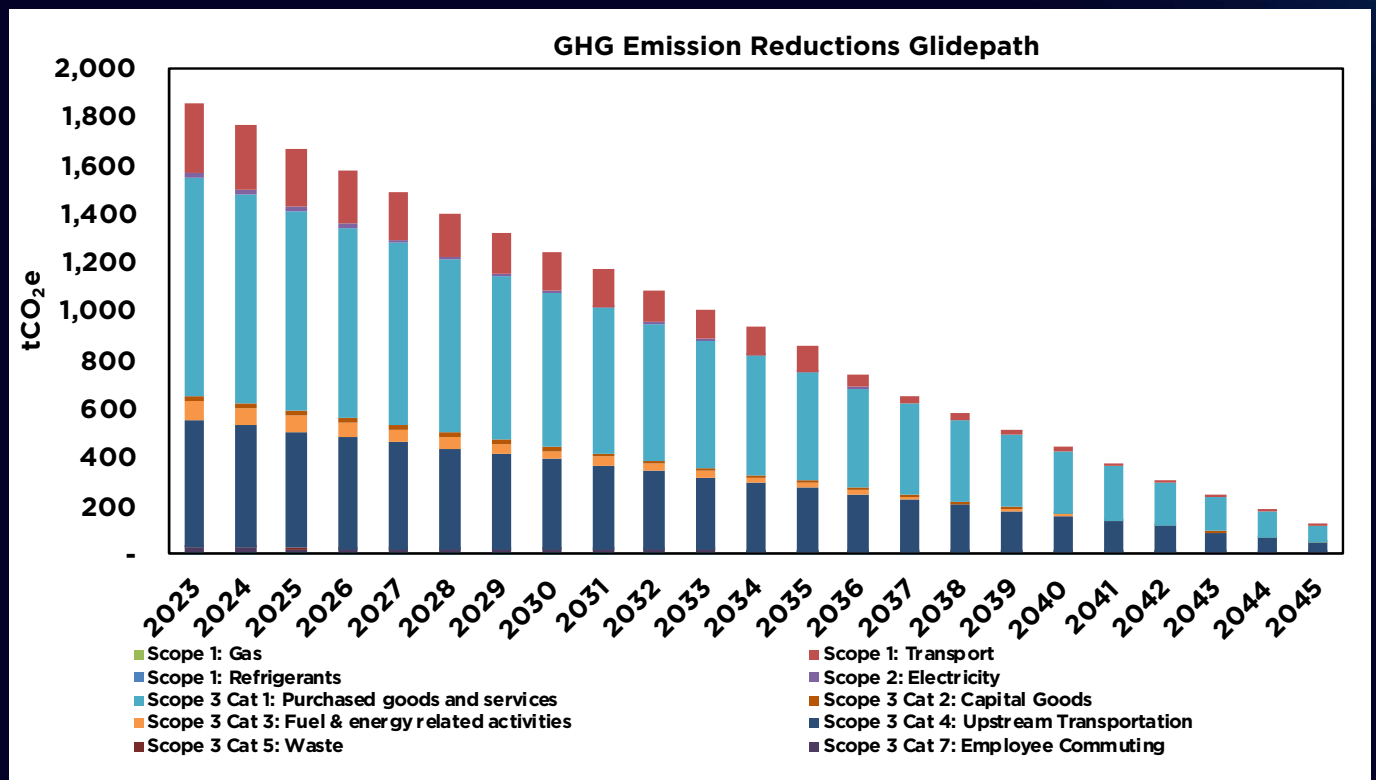


# Emission reduction targets

In order to continue our progress to achieving Net Zero, we have mapped out and planned a number of positive actions to achieve the following carbon reduction targets:

- ✔ **10% absolute reduction in emissions by 2025 from 2023 baseline levels**
- ✔ **33% absolute reduction in emissions by 2030 from 2023 baseline levels**
- ✔ **54% absolute reduction in emissions by 2035 from 2023 baseline levels**
- ✔ **76% absolute reduction in emissions by 2040 from 2023 baseline levels**
- ✔ **93% absolute reduction in emissions by 2045 from 2023 baseline levels**

## Carbon Emission Glidepath tCO<sub>2</sub>e



Smart CT's approach is to always focus our efforts on reducing our own emissions, with significant planning and finances set aside to do this. However, a large proportion of our carbon emissions lie within Scope 3, it is difficult to reduce these emissions within the short term as these are within our supply chain where we have influence but not control. To try and reduce these emissions Smart CT will use our purchase power and choice of suppliers to encourage the correct carbon reducing behaviour within our supply chain.

# Environmental management measures / emission reduction plan

As a responsible business, Smart CT has for many years had a focus on the environment and reducing our carbon emissions. To drive this to the next level, we engaged the services of Sustainable Advantage to advise the Smart CT Board on global best practices on carbon reduction. We have a detailed carbon emissions reduction plan, the key actions of which are summarised below:



## SCOPE 1: Transport (owned and leased vehicles)

- Move diesel and petrol-owned and leased vans to electric vans as soon as it is practical
- Ensure electric vans are charged using green electricity sources where possible including installing charging points at our sites
- Where moving to electric vans are not practical switch to hybrid vans
- Provide driver training on how to drive more efficiently to reduce emissions
- Install telematics where feasible to gather granular data on driver performance to issue further guidance



## SCOPE 2: Electricity

All our electricity contracts are 100% brown which we will progressively switch to green contracts and consider:

- Speaking to the landlord to understand if it is feasible to have onsite generation, such as solar panels on our warehouse roof

We will also reduce our energy consumption as best we can at our leased warehouse by:

- Providing energy efficiency guides to staff to facilitate more energy efficient practices
- Appointing “Green Champions” at each site to gather up-to-date monthly energy performance data and provide feedback
- Ensure we use energy efficient systems wherever possible e.g., replacing lights with LED and using passive infra-red sensors (PIRs) where possible



### SCOPE 3: Category 1 and Category 2: Purchased goods and Services and Capital Goods and Services

Smart CT realises that much of the GHG reductions in these categories will happen because of our suppliers reducing their carbon emissions and becoming more carbon aware as the UK progresses towards a Net Zero 2050. However, that does not mean that we will take a passive approach for these categories especially as it accounts for approximately 49% of our total emissions.

To try and enact positive change on our suppliers we will:

- Engage with tier 1 suppliers to first understand their carbon footprint (scopes 1 and 2) by sending out carbon surveys
- Be selective about working with sophisticated carbon suppliers (where possible), and additionally, support suppliers to reduce their emissions
- Work with suppliers to collaboratively set carbon emissions reductions targets
- Request life cycle assessments for electrical products purchased and consider products which are lower emission



### SCOPE 3: Category 4: Upstream transportation

We will aim to get a better visibility on how goods are delivered to our facilities and work with suppliers who offer low carbon delivery services:

- Evaluate the types of electronic equipment that we store for our clients to understand if there are opportunities to reduce the emissions through more efficient delivery services
- Consider lower carbon carriers who will help us to reduce our emissions



### SCOPE 3: Category 5: Waste

Smart CT already follows the waste hierarchy where a preference is given in order to:

- Reducing the waste generated
  - Re-using / recycling as much as possible
  - Residual general waste to be incinerated to limit the volume of waste that goes to landfill
- Smart CT aims to have zero waste to landfill by 2028
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### **SCOPE 3: Category 6: Business travel**

- We will prioritise carbon-reducing travel modes, choosing rail over air and / or cars
- Considering the installation of an EV charging point by engaging with the landlord
- Evaluate the possibilities of a communication tool that can support more sustainable travel methods
- Reducing the number of face-to-face meetings by replacing them with virtual meetings



### **SCOPE 3: Category 7: Employee commuting**

We recognise that we cannot massively influence what modes of travel our employees use. That said we need to do all we can to encourage them to join us on our sustainable journey. We will endeavour to achieve this by:

- Cycle-to-work schemes
- Encouraging carpool arrangements
- Providing information on public transport alternatives

We will monitor the effectiveness of these initiatives by continuing to regularly survey our employees to understand their commuting habits.

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# Conclusion

We will investigate the best options for reducing our emissions and communicating this to our customers. This Net Zero Report marks the first year of our Net Zero journey. We're keen to progress this journey and will weigh up how we can continue to reduce our emissions.

Smart CT will recalculate our carbon footprint annually for each year with 2024 being the first post-base year. We will track how we are performing versus our targets and adjust our methods to ensure we stay on track to hit our Net Zero target. Smart CT will continue to do all we can to minimise our emissions and do our part to minimise the negative effects of climate change on the planet.



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