

Streamlined Energy & Carbon Reporting (SECR) 2020

Inspired Energy PLC



INSPIRED
ENERGY

Inspired Energy PLC

Streamlined Energy & Carbon Reporting

1st January – 31st December 2020 Summary

Overall

0.47 tCO₂e per FTE
YOY change -54%

285.3 tCO₂e
tCO₂e YOY change -42%



Carbon & Consumption

YOY = Year-on-year change

Natural Gas

233,402 kWh
42.9 tCO₂e
tCO₂e YOY change: -42%



Electricity

457,057 kWh
106.6 tCO₂e
tCO₂e YOY change: -55%



Transport

573,409 kWh
135.8 tCO₂e
tCO₂e YOY change: -26%



Carbon Intensity Metric

FTE = Full Time Equivalent employees

0.07 tCO₂e per FTE
YOY change: -53%



0.18 tCO₂e per FTE
YOY change: -63%



0.22 tCO₂e per FTE
YOY change: -41%



Energy Saving Projects

Implemented

- No projects implemented due to COVID-19 pandemic. Planned projects for 2020 have been prioritised for implementation in 2021.

Growth

Acquisitions

Two businesses within reporting year

Headcount Increase

99 additional FTE

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Executive Summary

Energy usage, associated emissions, energy efficiency actions and energy performance for Inspired Energy PLC.



Streamlined Energy & Carbon Reporting

This report summarises the energy usage, associated emissions, energy efficiency actions and energy performance for Inspired Energy PLC (Inspired), under the government policy Streamlined Energy & Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

It also summarises, in the appendix, the methodologies utilised for all calculations related to the elements reported under Energy & Carbon.

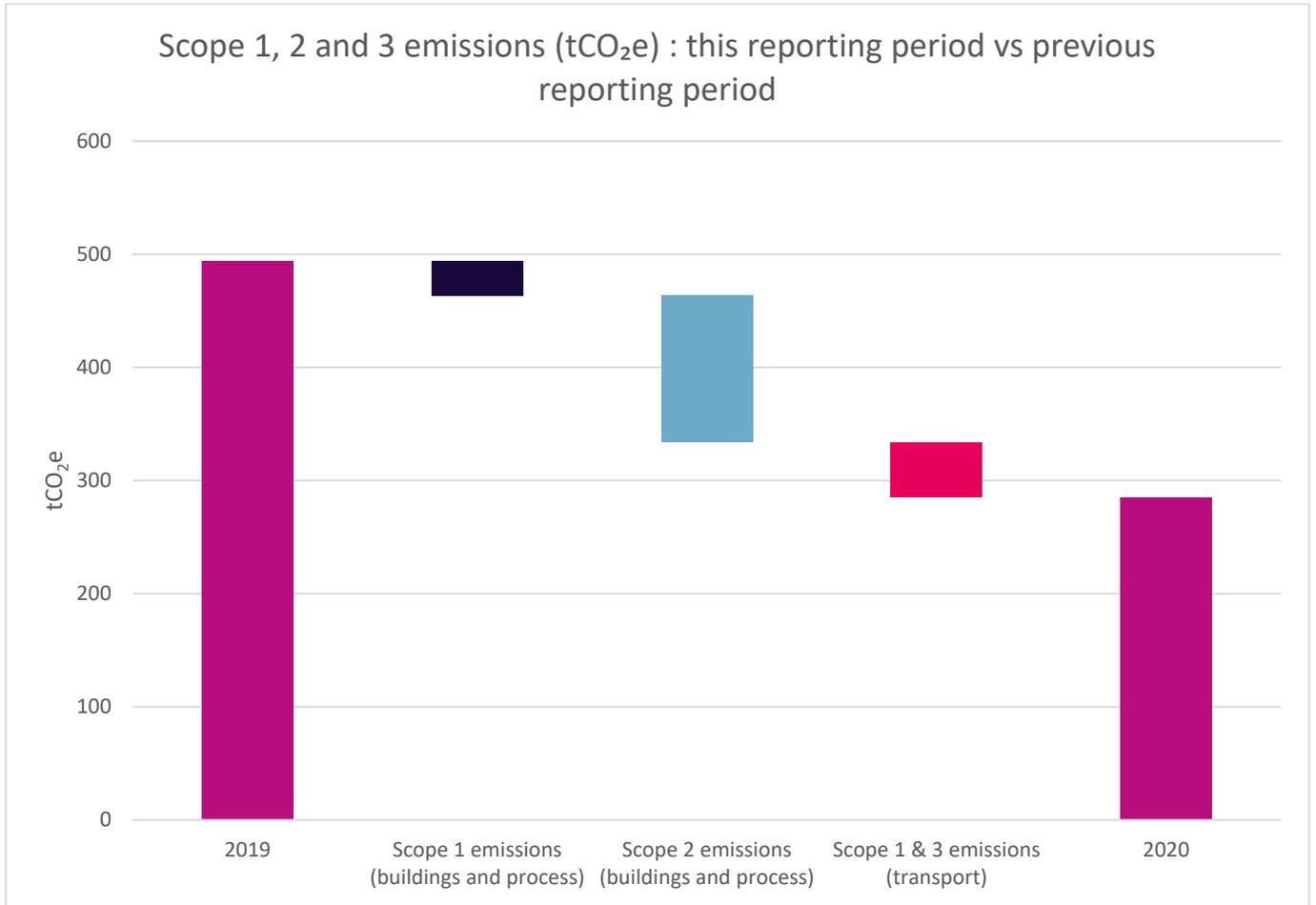
Inspired are a UK incorporated business and is also a quoted company. Under the SECR legislation we are mandated to include energy consumption, emissions, intensity metrics and all energy efficiency improvements implemented in our most recent financial year.

Inspired have acquired two organisations over the reporting year, growing the organisation by an additional 99 full time employees (FTE) from 2019 employee levels. A portion of the group (EnergiSave) was sold in December 2020.

Inspired have compiled a large amount of consumption data from our operations for the purpose of SECR – invoice data for 38 meters have been processed for this data collation.

We are proud to say we achieved 88% verifiable data coverage with 12% of consumption data estimated to achieve 100% data coverage.

Year 2 Variance Bridge



Inspired’s Scope 1 and 3 direct emissions (combustion of natural gas and transportation fuels) for this second year of reporting are 178.7 tCO₂e, resulting from the direct combustion of 806,811 kWh of fuel. This is a decrease of 31% on Year 1 emissions.

Scope 2 indirect emissions (purchased electricity) for this second year of reporting are 106.6 tCO₂e, resulting from the consumption of 457,057 kWh of electricity purchased and consumed in day-to-day business operations. This is a decrease of 55% on Year 1 emissions.

Inspired’s operations have an intensity metric of 0.47 tCO₂e per FTE for this reporting year. This is a decrease of 54% on Year 1 emission intensity.

Organisational Structure and Qualification



Inspired Energy PLC

Inspired Energy PLC is the parent company of Inspired Energy Solutions Limited and other subsidiaries.

Inspired is required to comply with SECR, as we exceed the qualification thresholds of two of the three criteria (employee numbers, turnover, or balance sheet total). Inspired is also listed on the London Stock Exchange (AIM: INSE).

Within the corporate group, there is one business – Inspired Energy Solutions - which qualifies for SECR as an individual entity. The breakdown of consumption and emissions for this business are detailed in this report, ensuring transparency and compliance throughout the group.

Data Quality and Completeness

Invoices have been entered into a fully managed energy database up to 31st December 2020.



Data Completeness

All Inspired's electricity and gas invoices have been entered into a fully managed energy database up to 31st December 2020, and data quality checks have been carried out for data completeness and accuracy. All transport information has also been entered into the energy database up to 31st December 2020.

There were a number of instances, equating to 12% of the total reported consumption, where it was necessary to calculate some estimated consumption to achieve 100% data coverage. Methodology of these estimation techniques is detailed in the appendix.

Annual Reporting Figures

The total consumption and emissions figures for energy supplies reportable by Inspired Energy PLC



Consumption (kWh) and Greenhouse Gas emissions (tCO₂e) Totals

The following figures demonstrate year on year changes in consumption and resulting emissions for the Group for 2020, following the voluntary reporting completed in 2019.

Scope 1 consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as company vehicle fleets, or pool car usage.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day-to-day business operations.

Scope 3 consumption and emissions relate to emissions resulting from sources not directly owned by the reporting company. For Inspired, this is related to grey fleet (business travel undertaken in employee-owned vehicles) only.

Totals

The total consumption (kWh) figures for energy supplies reportable by Inspired are as follows:

Utility and Scope	2020 UK Consumption (kWh)	2020 Global (excluding UK) Consumption (kWh)	2019 UK Consumption (kWh)	2019 Global (excluding UK) Consumption (kWh)
Grid-Supplied Electricity (Scope 2)	440,769	16,288	899,966	24,565
Gaseous and other fuels (Scope 1)	233,402	0	400,121	0
Transportation (Scope 1 and 3)	573,409	0	769,995	0
Total	1,247,579	16,288	2,070,081	24,565

The total emission (tCO₂e) figures for energy supplies reportable by Inspired are as follows. These have been calculated utilising both location-based and market-based conversion factors. Conversion factors utilised in these calculations are detailed in the appendix:

Utility and Scope	2020 UK Consumption (tCO ₂ e) Location-based	2020 Global (excluding UK) Consumption (tCO ₂ e) Location-based	2019 UK Consumption (tCO ₂ e) Location-based	2019 Global (excluding UK) Consumption (tCO ₂ e) Location-based
Grid-Supplied Electricity (Scope 2)	102.8	3.8	230.0	6.3
Gaseous and other fuels (Scope 1)	42.9	0	73.6	0
Transportation (Scope 1 and 3)	135.8	0	184.2	0
Total	281.5	3.8	487.8	6.3

Utility and Scope	2020 UK Consumption (tCO ₂ e) Market-based	2020 Global (excluding UK) Consumption (tCO ₂ e) Market-based	2019 UK Consumption (tCO ₂ e) Market-based	2019 Global (excluding UK) Consumption (tCO ₂ e) Market-based
Grid-Supplied Electricity (Scope 2)	0	0	315.2	12.3
Gaseous and other fuels (Scope 1)	0	0	73.6	0
Transportation (Scope 1 and 3)	135.8	0	184.2	0
Total	135.8	0	573.0	12.3

The market-based emission figures above reflect the carbon savings achieved through the purchase of REGO backed electricity and Green Gas Certificates. 2019 emissions have been recalculated utilising the residual mix factor for 2019.

Intensity Metric

An intensity metric of tCO₂e per FTE has been applied for the annual total emissions of Inspired. The methodology of the intensity metric calculations is detailed in the appendix, and results of this analysis is as follows:

Intensity Metric	2020 Intensity Metric	2019 Intensity Metric
tCO ₂ e / FTE (location-based)	0.47	1.01
tCO ₂ e / FTE (market-based)	0.22	1.27

Inspired has one subsidiary that qualifies for SECR as an individual entity in 2020. The consumption and emission figures for this subsidiary for the 2020 reporting year are shown below:

Inspired Energy Solutions

Utility and Scope	2020 Consumption (kWh)
Grid-Supplied Electricity (Scope 2)	283,446
Gaseous and other fuels (Scope 1)	94,406
Transportation (Scope 1 and 3)	83,948
Total	461,800

Utility and Scope	2020 Consumption (tCO ₂ e)
Grid-Supplied Electricity (Scope 2)	66.1
Gaseous and other fuels (Scope 1)	17.4
Transportation (Scope 1 and 3)	19.8
Total	103.2

COVID-19 Pandemic – Impact Assessment

Inspired Energy PLC have undertaken a COVID-19 assessment to see what consumption and emissions would have looked like in a 'normal' operating year.

The UK's 'normal' business operations were severely hit by the COVID-19 pandemic when the UK government issued a 'Stay at Home' order. For Inspired, this meant that as of 23rd March 2020, a working from home where possible policy was implemented. A small number of staff, essential to business continuity, carried on working from the office in a COVID secure environment.

This resulted in a significant decrease in Inspired's actual emissions, however we are conscious that this does not provide a true comparison of the year-on-year changes. Inspired has therefore undertaken an analysis of the 2019 consumption to determine an illustration of the emissions, should Inspired have continued to operate as normal.

UK and offshore emissions (tCO ₂ e)	2020 Emissions	2019 Emissions	Percentage Reduction 2020 v 2019	2020 Estimated Emissions	2020 Estimated Carbon Intensity	Estimated Percentage Reduction
Grid-Supplied Electricity (Scope 2)	106.6	236.3	55%	230.8	0.38	2%
Gaseous and other fuels (Scope 1)	42.9	73.6	42%	73.6	0.12	0%
Transportation (Scope 1 and 3)	135.8	184.2	26%	178.2	0.29	3%
Total	285.3	494.1	43%	482.6	0.79	2%

Total consumption for Inspired is likely to have increased due to the acquisition of two businesses within the reporting year under normal operations. The FTE count increased from 492 in 2019 reported figures to 608 in 2020, alongside an additional four offices.

The estimations therefore are based on an estimated increase of 2019 electricity consumption within the offices due to increased occupancy. This has resulted in increased Scope 2 consumption, however due to reductions in the electricity conversion factors, a decrease in Scope 2 emissions. This has also resulted in a decrease to the total carbon intensity of our operations.

We would also have expected for our transportation emissions to have reduced through 2020, with the rationalisation of workload processes minimising inter-office travel, and a broader use of teleconferencing facilities to avoid unnecessary travel, however the expected impact of this is not possible to quantify robustly. We have taken measures in 2020 to quantify the percentage of internal and external travel undertaken, and look to reduce this year on year.

The methodology for estimated emissions for the 2020 reporting year are detailed within the appendix of this report.

Energy Efficiency Improvements

Inspired Energy PLC are committed to year on year improvements in their operational energy efficiency.



Energy Efficiency Improvements

Inspired Energy PLC are committed to year on year improvements in their operational energy efficiency. As such, a register of energy efficiency measures available to Inspired Energy PLC has been compiled, with a view to implementing these measures in the next 5 years.

Measures ongoing and undertaken through 2020:

Due to the COVID-19 pandemic, physical energy efficiency projects planned to be undertaken within the 2020 year have not been able to be implemented by Inspired. These have been prioritised for implementation when the usual operations of Inspired are able to resume.

Scope 3 (supply chain) inventory has been undertaken in order to understand the full extent of Inspired's carbon emissions, taking into account the supply chain of our operations.

Measures prioritised for implementation in 2021:

LED retrofit in offices currently utilising fluorescent lighting.

Heating and cooling controls optimisation across the office portfolio.

Creation and implementation of a travel policy encouraging the use of public transportation and available technology for virtual meetings to reduce the business travel emissions, through the use of company and personal vehicles, of group employees.

Environmental Social Governance (ESG) performance will be underwritten into board level reporting throughout 2021. Inspired are also working to implement Sustainable Development Goals (SDGs) into the business growth strategy, and we have committed publicly to disclose details of our ESG performance alongside our annual accounts.

Inspired also look to create a new board committee for ESG performance, incorporating employee input for Environmental and Social Action activities for the business.

Installation of automatic meter reading (AMR) meters to be implemented throughout the portfolio. This will improve the data quality of consumption measured by Inspired for reporting and allow for monitoring and targeting to be undertaken to further reduce out-of-hours and unnecessary energy consumption.

The setting of Science Based Targets for the business has been identified as a key aim for Inspired, and we are working to formalise these through 2021.

Compliance Responsibility

This report has been prepared for Inspired Energy PLC by Net Zero Compliance: a division of Inspired Energy PLC



Inspired Energy

This report has been prepared by Net Zero Compliance (a division of Inspired Energy PLC, a recipient of the LSE Green Economy Mark) for Inspired Energy PLC by means of interpreting the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 as they apply to information supplied by Inspired Energy PLC and its energy suppliers.

Inspired Energy PLC's registered CEO and CFO are ultimately responsible for complying with the Regulations. They must be satisfied that to the best of their knowledge all relevant information concerning Inspired Energy PLC's organisation structure, properties, activities and energy supplies has been provided to Inspired Energy.

This includes details of any complex ownership structures (e.g. private equity funds, franchises for private finance initiatives), generated on-site (including CHP), or supplied to/from a third party (i.e. not a licenced energy supplier or a landlord/tenant).

Appendix

Reporting Methodology

Scope 1 and 2 consumption and CO₂e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. The following Emission Factor Databases consistent with the 2019 UK Government environmental reporting guidance have been used, utilising the current published kWh gross calorific value (CV) and kgCO₂e location-based emissions factors relevant for reporting year 01/01/2020 – 31/12/2020:

Database 2020, Version 1.0.

Estimations undertaken to cover missing billing periods for properties directly invoiced to Inspired Energy PLC were calculated on a kWh/day pro-rata basis at meter level. These estimations equated to 12% of reported consumption.

For properties where Inspired Energy PLC is indirectly responsible for utilities (i.e. via a landlord or service charge), an average kWh/m² consumption was calculated at meter level and was applied to the properties with similar operations with no available data. Where floor area was unknown, an estimate of kWh/FTE was calculated per utility and applied to the known number of employees in occupation.

These full year estimations were applied to three electricity supplies and one gas supply for Inspired Energy PLC.

Estimations for the '2020 Estimated Emissions' should the COVID-19 pandemic have not impacted Inspired's operations were calculated based on 2019 consumption figures, with electricity consumption uplifted by 2.21 kWh per day per Full Time Equivalent Occupancy (FTEO) increase. 2020 conversion factors were then applied to the consumption to calculate the resulting carbon emissions.

Intensity metrics have been calculated utilising the 2020 reportable figures for the following metrics, and tCO₂e for both individual sources and total emissions were then divided by this figure to determine the tCO₂e per metric:

- Full time equivalents (FTE) (2019) **608 (492)**



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