Carbon Reduction Plan

Supplier Name: Hippo Digital Limited
Publication Date: January 2024

Commitment to achieving Net Zero

Hippo is committed to achieving Net Zero emissions by 2050 through the implementation of carbon reduction targets and initiatives.

Hippo aims to achieve Net Zero before the government deadline and has set an ambitious target of 2040. This represents a revised target in response to the continued business growth of the company (including acquisitions) and the increasing demand from clients for in-person working. Hippo is actively developing a comprehensive roadmap to outline how this will be achieved, set to be completed in early 2024.

Hippo is committed to annually reviewing its greenhouse gas emissions (GHG) and maintaining its commitment to Net Zero. This commitment will be supported by an annual quantification of all Scope 1, Scope 2 and a subset of Scope 3 emissions.

Emissions are quantified in accordance with ISO 14064-1:2019, the international standard for the quantification and reporting of GHG emissions. Emission factors produced by DEFRA have been used to calculate emissions in tCO_2e, tCO_2, tCH_4 and tN_2O.

This Carbon Reduction Plan has been produced in collaboration with Carbonology® Ltd and Dodo.

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past, prior to the implementation of any emission reduction initiatives. Baseline emissions serve as a reference point against which emissions reductions can be measured.

Categories referenced below are from the GHG Protocol as referenced in PPN 06/21 guidance.

Baseline Year: 2021 (1st November 2020 – 31st October 2021)
Additional Details relating to the Baseline Emissions calculations
The year 2020/21 was the first that Hippo quantified organisational emissions. Emissions were calculated using Dodo Software Limited (hereafter referred to as Dodo).   For Scope 1 and Scope 2 emissions, Dodo uses an activity-based approach. This means emissions have been calculated by entering the specific volume or number of items consumed, for example, the total kWh of electricity used. Where this information is not available, such as consumption within a serviced office, a location based method has been used. DEFRA conversion factors have been used to calculate scope 1 & 2 emissions for items including electricity, heating, water, waste, refrigeration.   For Scope 3 emissions, Dodo uses a spend-based approach which uses the total amount spent on goods and services from suppliers as a way to calculate emissions. BEIS/GHG information has been used to calculate scope 3 emissions for items including travel and services.   For commuting and working from home, Dodo uses national average figures using EcoAct data. We internally track how many individuals are visiting our offices in order to understand the split between working from home and commuting. We have chosen to include these figures within our Scope 3 emissions calculations.   There are two points to note with regards to our baseline assessment: i. Our baseline footprint was calculated during the COVID-19 pandemic. The relevant UK lockdown and travel restrictions will have affected this measurement as follows: - Consultants were mainly working from home   - Hippo offices were not in full time use   - Clients were not facilitating on-site working or meetings   ii. Secondly, Hippo is a rapidly growing business. There is a projected headcount growth anticipated in the next 5 years of reaching approximately 600 members of staff. Therefore, an intensity factor per person will be the key metric to monitor in terms of

carbon reduction.

We anticipate our emissions increasing as we return to usual ways of working and as our headcount grows and number of offices increases.

To calculate the intensity factor per person we have taken the average headcount between the start and end of the period i.e. 1st November 2020 and 31st October 2021 – including permanent and non-permanent members of staff (e.g. contractors).

EMISSIONS	TOTAL (tCO2e)
Scope 1	3.55
Scope 2	6.51
Scope 3 (Included sources)	223.42 • Category 2 – Capital goods: 103.07 • Category 4 – Upstream transportation and distribution – 0 (not relevant for digital consultancy providing services, not goods) • Category 5 – Waste generated in operations: 1.14 • Category 6 – Business Travel: 50.15 • Category 7 – Employee commuting: 5.38 • Category 7 – Employee home working: 63.68 • Category 9 – Downstream transportation and distribution – 0 tonnes (not relevant for digital consultancy providing services, not goods)
Total Emissions	233.48 (giving an intensity factor of 1.40 tonnes/person)

Previous Year's Emissions Reporting

Categories referenced below are from the GHG Protocol as referenced in PPN 06/21 guidance.

Previous Reporting Year: 2022 (1st November 2021 – 31st October 2022)	
Additional Details relating to Emissions calculations	
The year 2021/22 was the second period that Hippo quantified organisational emissions. Emissions were again calculated using Dodo. There were no changes to the organisational boundaries during the reporting period and emissions were calculated using the same methodology as our baseline year.	
EMISSIONS	**TOTAL (tCO2e)**
Scope 1	10.19
Scope 2	1.56
Scope 3 (Included sources)	229.95 • Category 2 – Capital goods: 55.61 • Category 4 – Upstream transportation and distribution – 0 (not relevant for digital consultancy providing services, not goods) • Category 5 – Waste generated in operations: 1.19 • Category 6 – Business Travel: 73.40 • Category 7 – Employee commuting: 5.11 • Category 7 – Employee home working: 94.64 • Category 9 – Downstream transportation and distribution – 0 tonnes (not relevant for digital consultancy providing services, not goods)
Total Emissions	241.70 (giving an intensity factor of 1.03 tonnes/person)

Current Year's Emissions Reporting

Categories referenced below are from the GHG Protocol as referenced in PPN 06/21 guidance.

Current Reporting Year: 2023 (1st November 2022 – 31st October 2023)
Additional Details relating to Emissions calculations
The year 2022/23 was the third period that Hippo quantified organisational emissions. Emissions were calculated using a combination of DEFRA conversion factors and Dodo. There were changes to the organisational and reporting boundaries during the reporting period. In addition to ongoing hiring, Hippo acquired another business (The Data Shed, which has been included in the carbon footprint from 1st August 2023),. Additional offices were opened and added to the footprint (London, Birmingham, Bristol, Data Shed office in Leeds and Edinburgh), the Manchester office was relocated into a serviced space, and the Coventry office closed in June 2023. This means we now operate 2 leased offices and 5 serviced offices and anticipate an increase in Scope 2 emissions due to estimating electricity and gas consumption based on floor area. Also, this is the first footprint that includes Scope 3 emissions from T&D (transmission and distribution) emissions. Over the course of the reporting period, we also saw an increase in consultants returning to work in our offices (for collaborative working) as well as client requirements to work onsite at their premises, which has increased both commuting and business travel. Dual reporting (location and market) has been applied for Scope 2 electricity generation and for Hippo's total emissions, this has been done to highlight the emissions reductions from renewable energy. Our actual emissions are market emissions, which factors in the emissions savings attributed to renewable energy, whereas location emissions are a projection of emissions in the absence of renewable energy. The use of renewable energy resulted in a reduction in emissions of 4.09 tCO2e. Emissions from upstream transportation and distribution, as well as downstream transportation and distribution have not been included, as the associated emissions are not estimated to be significant given that Hippo provides digital services rather than physical goods. Additionally, data for the distribution of hardware (employee laptops) is currently unavailable. We are collecting this data for the next reporting period and should historical data for previous reporting periods become available, results will be added retrospectively.

EMISSIONS	TOTAL (tCO2e)
Scope 1	11.50
Scope 2 (market = actual emissions)	8.51 (location) 4.42 (market)
Scope 3 **(Included sources)**	462.88 • Category 2[1] – Capital goods: 106.43 • Category 3 – Fuel and energy related activities (T&D): 0.72 • Category 4 – Upstream transportation and distribution – 0 (not relevant for digital consultancy providing services, not goods) • Category 5 – Waste generated in operations: 1.90 • Category 6 – Business Travel: 229.23 • Category 7 – Employee commuting: 8.04 • Category 7 – Employee home working: 116.56 • Category 9 – Downstream transportation and distribution – 0 tonnes (not relevant for digital consultancy providing services, not goods)
Total Emissions (market = actual emissions)	482.89 (location) 478.80 (market) (giving an intensity factor of 1.65 tonnes/person)

Emissions Reduction Targets

To ensure that we continually reduce our carbon emissions and achieve Net Zero by our target date of 2040, we have developed the following carbon reduction targets. Reductions listed below are against the current reporting year.

- **Remove gas heating by 2030**
  - Work with landlords to remove existing gas infrastructure and replace with electric alternatives.
- **Reduce emissions from electricity consumption by 12% each year**
  - **2.09 tCO2e** reduction over the next 5 years
- **Reduce emissions from homeworking by 8% each year**

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[1] Made up of Computers and Office Machinery, Electrical Equipment, Phones, TV and Communication Equipment

- 　 ○ **39.74 tCO2e** reduction over the next 5 years
- **Reduce emissions from commuting by 10% each year**
  - ○ **3.29 tCO2e** reduction over the next 5 years
- **Reduce emissions from business travel by 8% each year**
  - ○ **78.15 tCO2e** reduction over the next 5 years
- **Reduce emissions from capital goods by 10% each year**
  - ○ **43.41 tCO2e** reduction over the next 5 years

Based on these targets and our milestones, we project that carbon emissions will decrease over the next five years to 314.21 tCO_2e by FY27/28. This is a reduction of 34.38% from the current reporting year. Projections are based on market-based emissions.

Forecasted progress against these targets is detailed in the graph below.

Emission Forecasts – tCO_2e
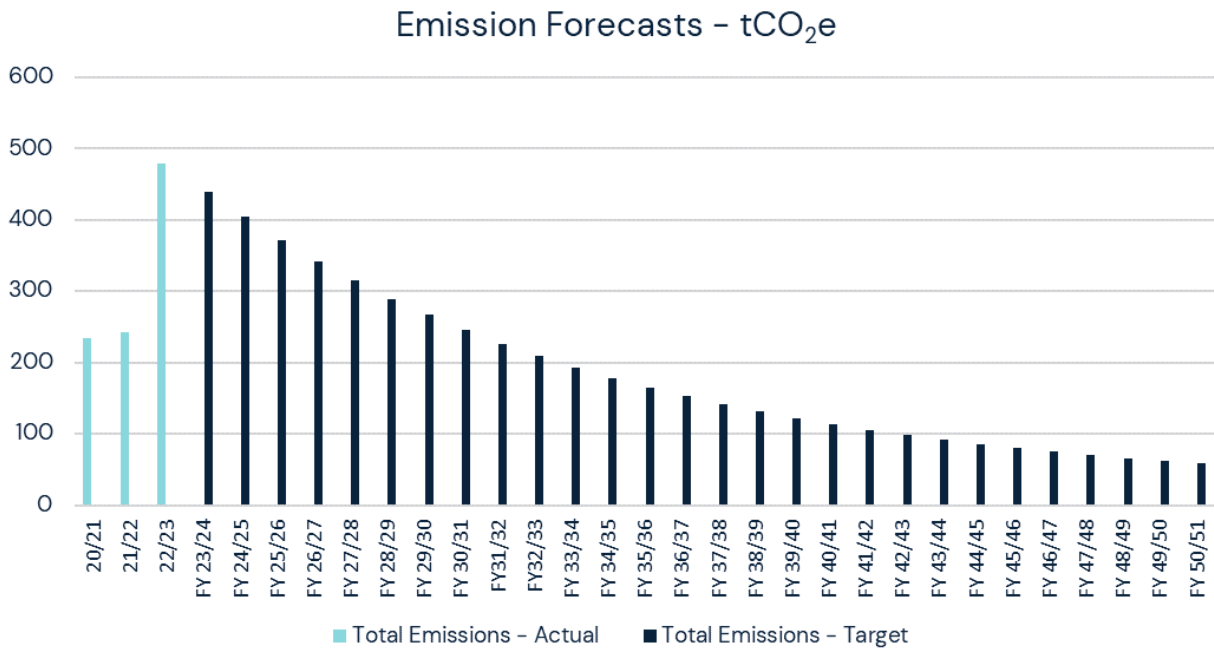
Carbon Reduction Projects

Completed Carbon Reduction Initiatives

- Obtained ISO 14001:2015 Environmental Management System.
- Implemented renewable electricity at our leased offices.
- In October 2022, all permanent members of staff were gifted an electric blanket to help reduce heating consumption/costs and to reduce carbon emissions whilst working from home.
- In December 2023, all permanent members of staff were offered the option of being sent an oodie and thermal socks which is an item of warm clothing that can be used when working at home to help reduce the need for additional heating.
- Hired a full time ESG & Social Value Lead (February 2023).
- Offset 100% of our carbon emissions for our base year and previous reporting year through TravelPerk and Gold Standard initiatives through Dodo.
- As part of the refurbishment of Hippo's head office in Leeds in 2023 we have disconnected our gas supply, replaced old fluorescent tube lighting with LED, installed new energy efficient hot water boilers to all kitchen tap units, installed PIR movement sensors in low traffic areas, and repurposed as much existing furniture as we could, including all office desk chairs, the majority of meeting room seating and all our existing desk frames -installing new tops only. We also procured several upcycled items from reputable local providers including our pool table, leather armchairs, meeting pods, phone booth and storage cupboard.

Ongoing Carbon Reduction Initiatives

- Fully maintain HVAC systems to ensure zero leaks of F-gases.
- Launched a salary sacrifice electric car scheme providing a more affordable solution for Hippos to move to using an electric vehicle. To date, 16 Hippos have enrolled in this scheme.
- Our employee-led environmental community, Green Hippos, provides employees with information and support on how they can personally reduce their carbon footprint at work and at home.
- Introduced 2 volunteer days per permanent employee per year which can be used on sustainability and social value initiatives.
- Implementation of cycle to work scheme. To date, 8 Hippos have enrolled in this scheme.
- Use of Google products as Google matches 100% of its annual electricity consumption with a purchase of renewable energy.

- Implemented Hippo "Ways of Working" which identifies what work is best achieved face-to-face with clients and what work can be done remotely in order to reduce unnecessary business travel.
- New life for phones and laptops - where laptops are no longer needed for business use but are in good condition, these can either be purchased by Hippos or are donated to charity. To date, 51 laptops have been donated to Solidaritech, and 31 laptops and 9 mobile phones purchased by Hippos.
- Offset 100% of our carbon emissions for this current year through TravelPerk and Gold Standard initiatives through Dodo.
- Reduced waste paper by sending festive ecards with one tree planted for every card sent.
- 5 trees planted on each permie's work anniversary and offer a tree planting option as part of our flexible benefits scheme. To date, 2,420 trees have been planted.

In the future we hope to implement further measures such as:

- Moving new leased offices to renewable electricity.
- Assessing new serviced offices against sustainability and accessibility criteria.
- Working with landlords of our existing serviced offices to request that they move to renewable energy.
- Enhancing our waste management process to include measuring waste volumes in our leased offices and identifying reduction/recycling opportunities that will reduce the waste we send to landfill.
- Identifying and working with suppliers that prioritise recycling and minimising energy and waste, and also allow us to measure our waste emissions more accurately.
- Working with our carbon footprint measurement supplier to introduce the ability to capture if people working from home have renewable electricity so that we can look to introduce this data point to more accurately measure our carbon footprint and track if individuals move to renewable energy.
- Consider potential incentives to encourage Hippos to switch to renewable energy at home.
- Rolling out Environmental Awareness (mandatory) and Sustainability and Climate Change (optional) training to our Hippos to support more environmentally friendly ways of working and how they can reduce their carbon footprint.

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standards for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard[2] and uses the appropriate Government emission conversion factors for greenhouse gas company reporting[3].

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard[4].

This Carbon Reduction Plan has been reviewed and approved by the Hippo Executive Team.

Signed On behalf of Hippo Digital Limited:

Lara Longhurst

Name: Lara Longhurst

Position: Chief Operating Officer

Date: 24th January 2024

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[2] https://ghgprotocol.org/corporate-standard
[3] https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting
[4] https://ghgprotocol.org/standards/scope-3-standard