



Helping businesses  
transition to a low  
carbon economy

20<sup>th</sup> July 2023



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# FY23 Carbon Footprint

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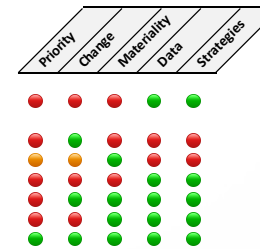


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# FY23 Carbon Footprint

## BIS - Carbon Footprint

GHG Scope Category		FY23			FY22		
		Emissions (tCO2e)	Usage (kWh)	Intensity (tCO2e/£M)	Emissions (tCO2e)	Usage (kWh)	Intensity (tCO2e/£M)
Scope 1	Company Vehicles	66.3	275,076	8.4	51.3	216,759	6.3
Scope 3	1 Purchased goods and services	5,245.0		661.7	5,955.2		732.6
	2 Capital goods	84.1		10.6	73.7		9.1
	3 Fuel and energy related activities (not included in scope 1 or scope 2)	15.8		2.0	12.5		1.5
	6 Business travel	14.3		1.8	25.3		3.1
	7 Employee commuting	33.3		4.2	8.3		1.0
	8 Upstream leased assets	-		-	220.5		27.1
	<b>Total</b>	<b>5,392.5</b>		<b>680.3</b>	<b>6,295.5</b>		<b>774.5</b>
Scope 1 & 3		5,458.8	275,076	688.7	6,346.9	216,759	780.8



- The intensity ratio used for reporting purposes is tCO2e/£M which is consistent with FY22
- We've used a "traffic light" approach to highlight hotspots
  - Change** – indicates the year on year improvement (or otherwise) of the carbon intensity of the emissions category
  - Materiality** – reflects the quantum of the relevant GHG emissions

- Data** – is an indication of how granular the data is for reporting/decision making purposes
- Strategies** – is an indication of how easy or difficult it is for BIS to reduce the emissions
- Priority** – based on the all of the above, this indicates where attention needs to be focussed

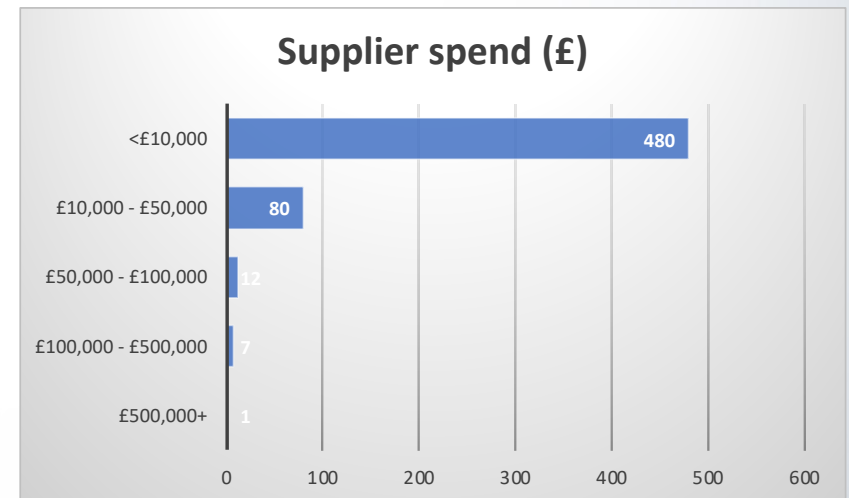
# Scope 1 – Company vehicles

- GHG emissions relating to the vehicle fleet have increased both in absolute terms and from an intensity perspective
- Based on the tracking data this would appear to be due to increased mileages over and above any overall changes in business activity (as measured by turnover)
- There are already ULEV equivalents for your vehicle fleet and from 2030 new diesels will not be available
- Range and charging options are evolving rapidly
- BIS should consider committing to phasing out diesels by FY30 for its transition plan to have any real credibility
- This will reduce Scope 1 and Scope 3 - well to tank emissions (category 3) to zero over this period

Vehicle Reg	Model & Description	FY23			FY22		
		Mileage	Litres	Consumption (litres/mile)	Mileage	Litres	Consumption (litres/mile)
CF68 XMH	PEUGEOT BOXER 435 PRO BLUE HDI	25,056	3,087.0	8.12	24,552	3,651.6	6.72
WT17 OOG	MERCEDES SPRINTER 314 CDI	29,152	4,934.0	5.91	27,494	3,811.5	7.21
FY17 ZHB	PEUGEOT BOXER 335 PRO BLUE HDI	4,062	1,121.3	3.62	4,718	964.1	4.89
FX67 NJK	PEUGEOT BOXER 335 PRO BLUE HDI	5,131	858.8	5.97	9,017	1,434.0	6.29
CK21 TYZ	FORD TRANSIT CUSTOM 280 EBLUE	43,601	6,205.4	7.03	38,081	5,585.2	6.82
CK21 UJF	FORD TRANSIT CUSTOM 280 EBLUE	36,995	5,703.9	6.49	34,968	4,989.4	7.01
OE21 AKU	MERCEDES SPRINTER 317 CDI	27,455	3,565.4	7.70			
HL21 ZNW	FORD TRANSIT CUSTOM 300 EBLUE	3,749	458.1	8.18			
		<b>175,201</b>	<b>25,933.8</b>	<b>6.76</b>	<b>138,830</b>	<b>20,435.8</b>	<b>6.79</b>
	tCO2e	<b>66.3</b>			<b>51.3</b>		
	tCO2e/£M	<b>8.4</b>			<b>6.3</b>		

# Scope 3 – Purchased goods & services

- Purchased goods & services are likely to be your largest source of GHG (scope 3) emissions - calculated at 5,245 tCO<sub>2</sub>e for FY23 (FY22: 5,995 tCO<sub>2</sub>e) using an approximate spend model which will give you an indication of the quantum but is not sufficiently accurate for reporting purposes – see later
- BIS has a large (c.600) supplier base but spends less than £10,000 with the majority (over 80%) of them
- Only 6 of the top 20 suppliers currently utilised actually measure emissions and have any kind of published reduction plan
- If BIS is to transition to net zero then without changing its business model, it will have to align itself with suppliers that are on the same glide-path as it is committed to



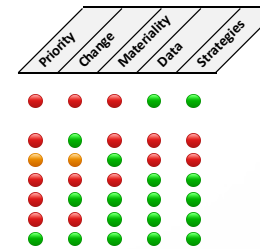
- This will require changes to procurement practices and may need significant supplier rationalisation



# Employee commuting

## BIS - Carbon Footprint

GHG Scope Category		FY23			FY22		
		Emissions (tCO2e)	Usage (kWh)	Intensity (tCO2e/£M)	Emissions (tCO2e)	Usage (kWh)	Intensity (tCO2e/£M)
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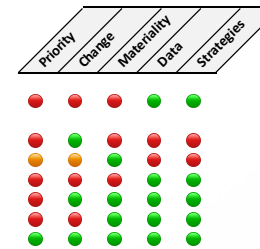


- To estimate this category of scope 3 emissions in FY22 we used the most recent published data regarding UK commuting habits
- During this year you undertook a survey of your employees and as a result we are able to calculate this category of emissions more accurately
- Currently 100% of your employees travel to work by car (or bus) compared to 68% nationally and they travel further than the national average (3,922 compared to 1,276 miles) to get to there
- Given the forecast growth trend in the adoption of electric vehicles in the UK together with the fact that new non ULEV cars will not be available to buy in the UK from 2030 onwards then it is reasonable to assume that emissions from this source will decline steadily over time
- BIS may wish consider accelerating the adoption of ULEVs by it workforce through, say, salary sacrifice schemes and promoting car sharing (30% interested)

# Business travel

## BIS - Carbon Footprint

GHG Scope Category		FY23			FY22		
		Emissions (tCO2e)	Usage (kWh)	Intensity (tCO2e/£M)	Emissions (tCO2e)	Usage (kWh)	Intensity (tCO2e/£M)
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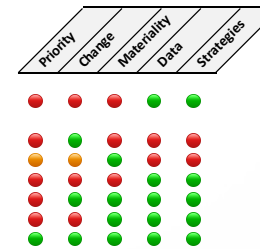


- Business travel emissions relate to grey fleet activities (reimbursed business mileage)
- This is seen as high priority despite not being particularly material because it is required to be disclosed under SECR
- Overall reimbursed mileage has decreased significantly from 99,556 in FY22 to 53,160 this year
- As with employee commuting, it is reasonable to assume that emissions from this source will decline steadily over time with the trend in adoption of ULEVs
- BIS may wish consider accelerating the adoption of ULEVs by its grey fleet drivers through, say, salary sacrifice schemes

# Upstream leased assets

## BIS - Carbon Footprint

GHG Scope	Category	FY23			FY22		
		Emissions (tCO2e)	Usage (kWh)	Intensity (tCO2e/£M)	Emissions (tCO2e)	Usage (kWh)	Intensity (tCO2e/£M)
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Scope 1 & 3		5,458.8	275,076	688.7	6,346.9	216,759	780.8



- In FY22 we did not have any energy data from the landlord so we used a “spend model” to estimate this category of emissions
- This year we have had confirmation that 100% of the electricity purchased is from renewable sources and so this emissions category is effectively zero and requires no further attention



# Supplier Engagement

- Out of BIS' top 20 suppliers (based on FY23 spend), 6 of these suppliers are publicly reporting their Scope 1&2 emissions. This equates to 11% of total supplier spend
- Using the emissions from these 6 suppliers, BIS' associated Scope 3 emissions are **26.84tCO2e**
- Using the current DEFRA emission factors, the equivalent emissions are **482.1tCO2e**, highlighting a significant potential overstatement. While this is just a sample which may not represent the population, it reinforces the need to engage with suppliers to ascertain their Scope 1&2 emissions and their plans to decarbonise
- Improved data will need to be obtained so that Scope 3 emissions can accurately be reported



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# Stakeholder review

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# Our approach

We researched publicly available information to consider the following:-

- **Scope 1 & 2** – whether or not Scope 1 & 2 emissions were measured and reported and on what basis (location or market or both)?
- **Scope 3** – whether or not Scope 3 emissions were measured and reported (over and above the grey fleet SECR requirements)?
- **Intensity ratio** – if relevant, what intensity ratios were reported?
- **Verification** – if relevant, are the reported GHG emissions subject to independent verification?
- **Targets** – have GHG emissions reduction targets been set?
- **Initiatives** – have any voluntary initiatives been adopted (SBTi or Race to Zero)
- **Web-site/social media** – is there relevant content on the web-site and social media platforms that show case green transition credentials?
- **Environmental qualifications** – do they have any relevant environmental qualifications?
- **CDP submission** – has a recent CDP submission and if so, what is the score?
- **TCFD** – have the recommendations of the Task Force on Climate related Financial Disclosures been adopted?



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# Stakeholder review

	Scope 1 & 2	Scope 3	Intensity ratio	Verification	Emissions reduction target	Web-site/social media content	Environmental qualifications	CDP submission/Score	SBTi	Race to Zero	TCFD
<b>Customers</b>											
BAE Systems Global Combat	YES	NO	tCO2e/FTE	YES	YES	YES	ISO 14001	B	YES	YES	YES
Arcus Fm Ltd	YES	YES	tCO2e/EM	YES	YES	YES	ISO 14001	Not Available	YES	NO	NO
Celsa Manufacturing (GB) Ltd	YES	YES	tCO2e/t Crude Steel	YES	YES	YES	ISO 14001	Not Available	YES	NO	NO
Sainsbury's Supermarkets Ltd	YES	YES	tCO2e/'000 sq ft	YES	YES	YES	ISO 14001	A	YES	YES	YES
Argos	YES	YES	tCO2e/'000 sq ft	YES	YES	YES	ISO 14001	A	YES	YES	YES
Euroclad	YES	YES	tCO2e/EM	YES	YES	YES	ISO 14001	A	YES	YES	YES
Rockwool	YES	YES	tCO2e/t stone wool	YES	YES	YES	ISO 14001	A-	YES	NO	YES
PCI	Not available	Not available	Not available	Not available	YES	YES	ISO 14001	NO	YES	YES	NO
Norgine	YES	NO	tCO2e/m packets	NO	NO	NO	NO	NO	NO	NO	NO
<b>Competitors</b>											
Cromwell Industrial Tools Limited	YES	YES	tCO2e/E	YES	YES	YES	ISO 14001	A-	NO	NO	NO
Hayley Group Limited	YES	NO	tCO2e/EM	YES	YES	YES	ISO 14001	NO	YES	YES	NO
The Rubix Group	YES	NO	tCO2e/EM	YES	YES	YES	ISO 14001	C	NO	NO	YES
MSC Industrial Supplies Limited	YES	NO	NO	NO	NO	YES	NO	Not Available	NO	NO	NO
Wurth UK Limited	YES	NO	tCO2e/EM	NO	YES	YES	ISO 14001	NO	NO	NO	NO
Sturdy Fluid Power Limited	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
County Industrial Supplies Limited	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
<b>Suppliers</b>											
Loctite	YES	YES	tCO2e/ t of product	YES	YES	YES	ISO 14001	A-	YES	YES	YES
3M	YES	YES	tCO2e/\$M	YES	YES	YES	ISO 14001	B	NO	NO	YES
Oakley Industrial Services	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
Titanserv Control Ltd	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
Kenfield Ltd	NO	NO	NO	NO	NO	YES	ISO 14001	NO	NO	NO	NO
Degaflor Ltd	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
CB Frost	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
Indestructible Paints	NO	NO	NO	NO	NO	NO	ISO 14001	NO	NO	NO	NO
<b>BIS</b>	YES	YES	tCO2e/EM	YES	NO	YES	NO	NO	NO	NO	NO



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# Stakeholder review

	Location / Market based	Intensity ratio	Scope 1 & 2 (tCO2e)	Revenue (£m)	Intensity ratio (tCO2e/£m)
<b>Customers</b>					
BAE Systems Global Combat	Both	4tCO2e/FTE	394,271	21258	18.5
Arcus Fm Ltd	Both	33tCO2e/£M	6,157	166.129	37.1
Celsa Manufacturing (GB) Ltd	LB	2.6tCO2e/T Crude Steel	226,000	372.822	606.2
Sainsburys Supermarkets Ltd	Both	17.08tCO2e/'000 sq ft	461,692	31491	14.7
Argos	Both	17.08tCO2e/'000 sq ft	461,692	31491	14.7
Euroclad	LB	4tCO2e/£m	558	126.632329	4.4
Rockwool	Both	84tCO2e/t stone wool	1650000	956	1725.9
PCI	NO	NO	NO	NO	NO
Norgine	LB	69.31tCO2e/m packets	2,327	95.138	24.5
<b>Competitors</b>					
Cromwell Industrial Tools Limited	Both	0.0000076tCO2e/£	98,618	13022	7.6
Hayley Group Limited	Both	14.88 tCO2e/£M	3,551	259.189	13.7
The Rubix Group	LB	7.8 t CO2e/£M	21,162	2206.68	9.6
MSC Industrial Supplies Limited	NO	NO	14,468	2656.77	5.4
Wurth UK Limited	LB	21.4tCO2e/£M	364,869	17054.86	21.4
Sturdy Fluid Power Limited	NO	NO	NO	NO	NO
County Industrial Supplies Limited	NO	NO	NO	NO	NO
<b>Suppliers</b>					
Loctite	MB	0.046tCO2e/t of product	398,000	19,168	20.8
3M	Both	97.8tCO2e/\$M	3,340,000	26,896	124.2
Oakley Industrial Services	NO	NO	NO	NO	NO
Titanserv Control Ltd	NO	NO	NO	NO	NO
Kenfield Ltd	NO	NO	NO	NO	NO
Degaflor Ltd	NO	NO	NO	NO	NO
CB Frost	NO	NO	NO	NO	NO
Indestructible Paints	NO	NO	NO	NO	NO
<b>BIS</b>					
	LB	8.4tCO2e	66	7.93	8.4



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# Stakeholder review

	Emissions Reduction target	Industry specific initiatives	Change from previous review
<b>Customers</b>			
BAE Systems Global Combat	Net Zero 2050	Sustainable Aviation 2050	12% intensity decrease
Arcus Fm Ltd	Net Zero 2050	British Retail Consortium Net Zero 2040	Reporting Scope 3 but 6% intensity increase
Celsa Manufacturing (GB) Ltd	Net Zero 2030	World Green Building Council Net Zero 2050	Reporting Scope 3
Sainsburys Supermarkets Ltd	Net Zero 2040	British Retail Consortium Net Zero 2040	50% intensity decrease
Argos	Net Zero 2040	British Retail Consortium Net Zero 2040	50% intensity decrease
Euroclad	Cut Scope 1&2 by 90% 2030	World Green Building Council Net Zero 2050	NO
Rockwool	Cut Scope 1&2 by 38% 2034	World Green Building Council Net Zero 2050	NO
PCI	Net Zero 2045	ATACH UK Net Zero 2040	NO
Norgine	NO	ATACH UK Net Zero 2040	NO
<b>Competitors</b>			
Cromwell Industrial Tools Limited	Cut Scope 1&2 30% 2030	NO	Reporting Scope 3 & 39% intensity decrease
Hayley Group Limited	Net Zero 2050	NO	35% intensity decrease
The Rubix Group	Cut GHG 15% 2024	NO	CDP Score B- to C
MSC Industrial Supplies Limited	NO	NO	20% intensity increase
Wurth UK Limited	Carbon Neutral 2024	NO	NO
Sturdy Fluid Power Limited	NO	NO	NO
County Industrial Supplies Limited	NO	NO	NO
<b>Suppliers</b>			
Loctite	Climate positive operations 2030	NO	25% intensity decrease
3M	Carbon Neutral 2050	NO	13% intensity decrease
Oakley Industrial Services	NO	NO	NO
Titanserv Control Ltd	NO	NO	NO
Kenfield Ltd	NO	NO	ISO 14001
Degaflor Ltd	NO	NO	NO
CB Frost	NO	NO	NO
Indestructible Paints	NO	British Coatings Federation Net Zero 2050	NO
<b>BIS</b>	NO	NO	33% intensity increase



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# Stakeholder review

- We have updated the review to include additional customers (Euroclad, Rockwool, PCI and Norgine) and suppliers (CB Frost and Indestructible Paints)
- Your main customers are already on their green transition journey and reporting Scope 1 & 2 emissions. Some customers are reporting Scope 3 emissions or addressing these for action to be implemented in the near future. Therefore, it is crucial that BIS implement a carbon reduction plan as it is only a matter of time before they start focussing on their supply chain
- Top Competitors are measuring their GHG emissions and a number have published carbon reduction targets so this is a key area for BIS to address to stay competitive
- Some suppliers are measuring their carbon footprint, which will allow for more granular data to be used to accurately report BIS' Scope 3 emissions. However for a complete Scope 3 emissions inventory, data will need to be gathered from all major suppliers. An alternative option would be to seek suppliers that are measuring their carbon footprint, however the cost-benefit would need to be considered



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# Summary

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# Decisions to be made

- BIS is now at the stage where it needs agree and publish a realistic pledge as everything else (including stakeholder communications and web-site messaging will flow from this)
- Given the nature of your business and particularly your current supply base its probably unrealistic to commit to net zero until 2040 (as ultimately this will be dictated by your suppliers)
- As an interim target you should consider committing to eliminate scope 1 emissions (diesel fleet) by 2030. This can be framed as “net zero operationally by 2030” which is quite useful for stakeholder engagement/PR purposes
- Other matters to consider are:-
  - Expanding your SECR disclosures to include scope 3 as this elevate BIS ahead of its competitors
  - Joining the Science Based Targets initiative (see <https://sciencebasedtargets.org>)
  - Adopting the recommendations of the TCFD
  - Making a CDP submission for FY24
- Stakeholder communications



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# Science Based Targets Initiative (SBTI)

- As this is the first time setting a target, BIS must submit a predetermined near-term target (42% reduction Scope 1&2 from baseline by 2030) and Net-Zero.
- Also included is the long-term target. This must be a minimum of 90% reduction of Scope 1,2&3 by a target date between 2028-2050.
- Route for SMEs allows a simplified process as shown by the steps below:
- Step 1: Complete the Target Validation Form (<https://form.jotform.com/targets/sme-target-validation>)
- Step 2: SBTi review form and whether information is complete. After passing, SBTi will send confirmation email
- Step 3: Invoicing and fee payment
- Step 4: Payment verification and final confirmation of target
- Step 5: Communications pack and target published to SBTi
- **PRICING: \$2,000, approximately £1,530**



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# Race to Zero (R2Z)

- Global campaign with the objective of shifting to a decarbonised economy. By signing up you are committing to:
  - Halving greenhouse gas emissions before 2030
  - Achieving net zero emissions before 2050
  - Disclosing progress on a yearly basis
- Becoming increasingly common along with SBTi and demonstrates a public commitment
- To make the commitment, a short form needs to be completed. Upon completion, the company name will be added to the R2Z website, under 'SME Climate Hub'.



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# Next steps?

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