



Channel 3[®]
CONSULTING

Net Zero Report

GHG Emissions and Carbon Reduction Plan

1st April 2022 – 31st March 2023

Better lives. Better care. Better digital.

About us

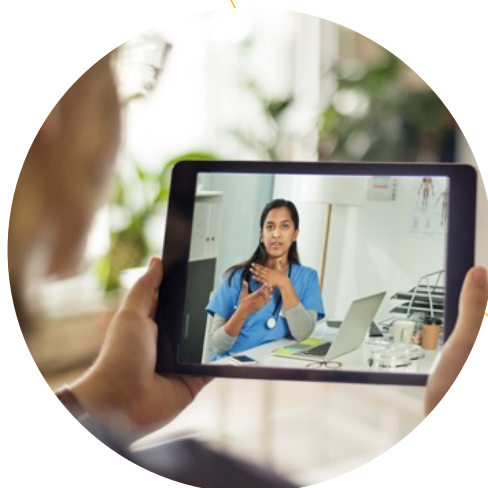
Channel 3 was founded in 2009 with a simple vision: to empower forward-thinking health and care organisations to harness the power of technology to improve care and help transform services for patients, service users and communities.

From the outset, our aim was to help everyone working across health and care feel the benefits of digital – and that remains our focus to this day. Our approach was disruptive. We were ahead of the curve in recognising the benefits the sector could realise through technology. Working alongside our clients, over the years we have helped give clinicians, care providers, patients and citizens better access to lifesaving information and use technology to enable transformational improvements to services and outcomes. We believe success comes from working with our clients in teams that blend their skills and ours, and that is how we have approached every project since day one.

As technology has evolved at pace over the last decade, so have our services. But one thing has stayed the same: our passion for rolling up our sleeves and helping our clients make digital health and care happen. We relish the challenge.

Channel 3 is committed to building a diverse team that demonstrates passion, loyalty and enthusiasm in everything we do. We care deeply about making a difference and building a team ready to drive change in the health and care sector.

Our purpose: We exist to help the health and care sector improve lives by using digital and data. We help clients deliver better outcomes for the people they serve and enable positive change for their workforce and operations.



Executive endorsement

Building on previous carbon emissions calculations, Channel 3 has set out to make detailed commitments towards Net Zero as part of the wider formalisation of Environmental, Social and Governance strategies. This report sets out the basis of our detailed baseline calculation against which we will measure in the years to come. It highlights what improvements and actions are required to meet the necessary trajectory for our ambitious 2040 target. It also shows the progress we have made on our carbon journey, which we are eager to share with our employees, customers and our supply chain.

We are conscious of our responsibility, and the role we can play, in protecting our planet and its inhabitants for future generations. Part of this responsibility is putting a strategy in place to support initiatives that positively impact the environment and holding ourselves accountable against the commitments we make. We are putting in place plans to reduce emissions across all Scopes, with a primary focus on emissions created through our supply chain.

We have set a target of Net Zero by 2040 and in doing so, we hope to grow Channel 3 into a more efficient, profitable, and financially sustainable business through the reduction and elimination of our unnecessary emissions.

Nick Deman

Chief Financial Officer

November 2023

Our commitment to Net Zero

Channel 3 is committed to ensuring that we play our role in working alongside other UK organisations to achieve the UK Government's Net Zero target of at least a 100% reduction in the net UK carbon emissions by 2050 (based on 1990 levels).

2040

Channel 3 is committed to taking action to reduce our annual emissions and achieving Net Zero emissions by 31 March 2040, 10 years earlier than the UK Government's target. Through the selection of a sustainable office provider, Channel 3 does not have any associated market-based Scope 1 and 2 emissions, making us a carbon-neutral business. In addition to this, we have decided to offset material emissions we have direct control of. This is highlighted in the additional Scope 3 categories within this report.

84%

We will aim to reduce our emissions year-on-year and will achieve a 84% overall reduction in all Green House Gas (GHG) emissions across Scopes 1, 2 and 3 by 2040 offsetting any residual emissions via high-quality nature-based or direct air capture projects and becoming Net Zero.

To achieve this goal, Channel 3 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. Set the base year (April 2022 – March 2023) and calculated our carbon footprint in line with the GHG protocol for that base year for the following scopes:

Scope 1

- i. Transport and gas

Scope 2

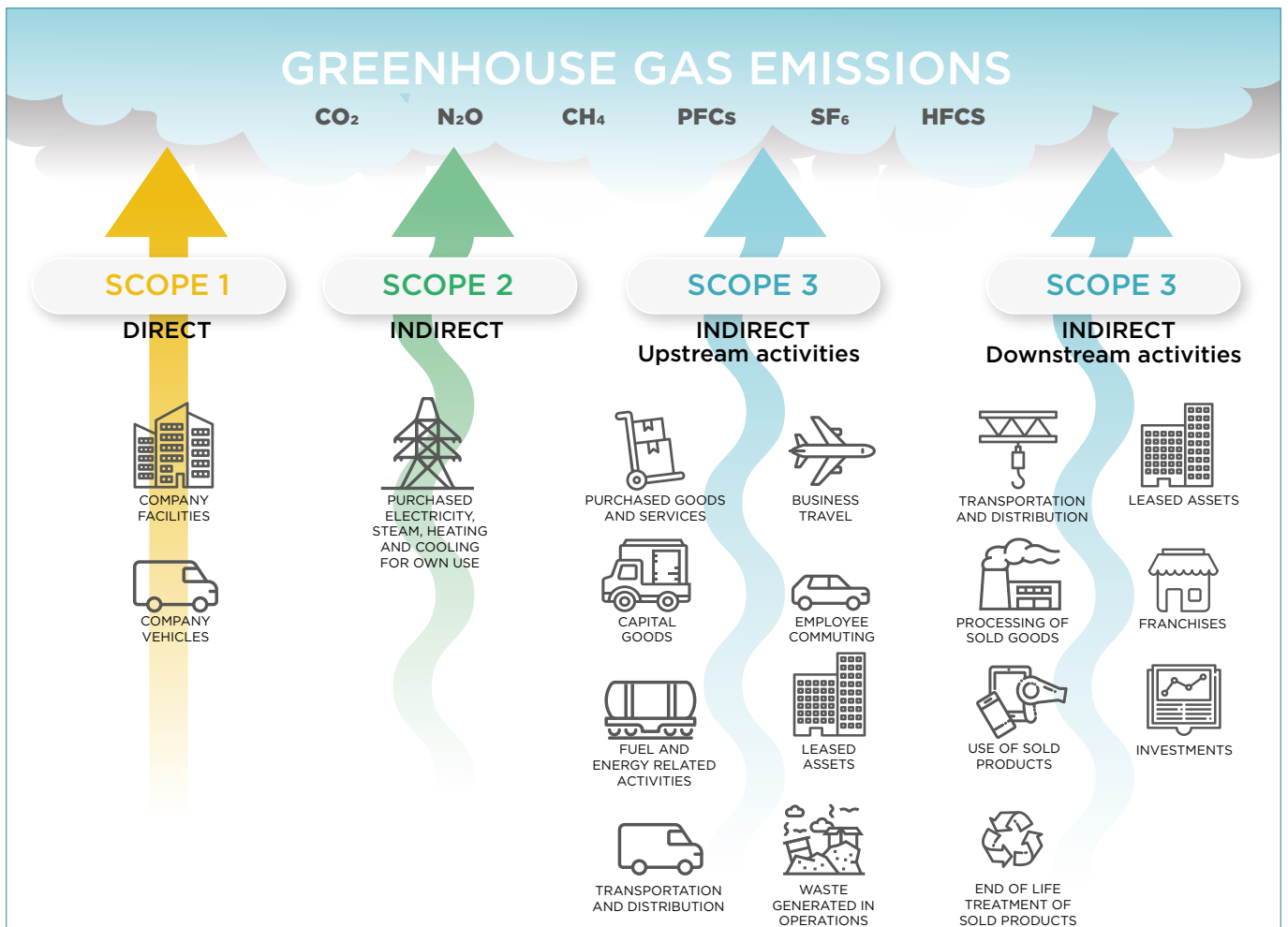
- i. Electricity

Scope 3

Selected categories from the below based on materiality:

- i. Eight upstream categories
 - ii. Seven downstream categories
3. Created a carbon reduction plan for each scope and selected category
 4. Set the Net Zero date and committed to updating our carbon footprint annually with March 2024 to be the first year post the base year.

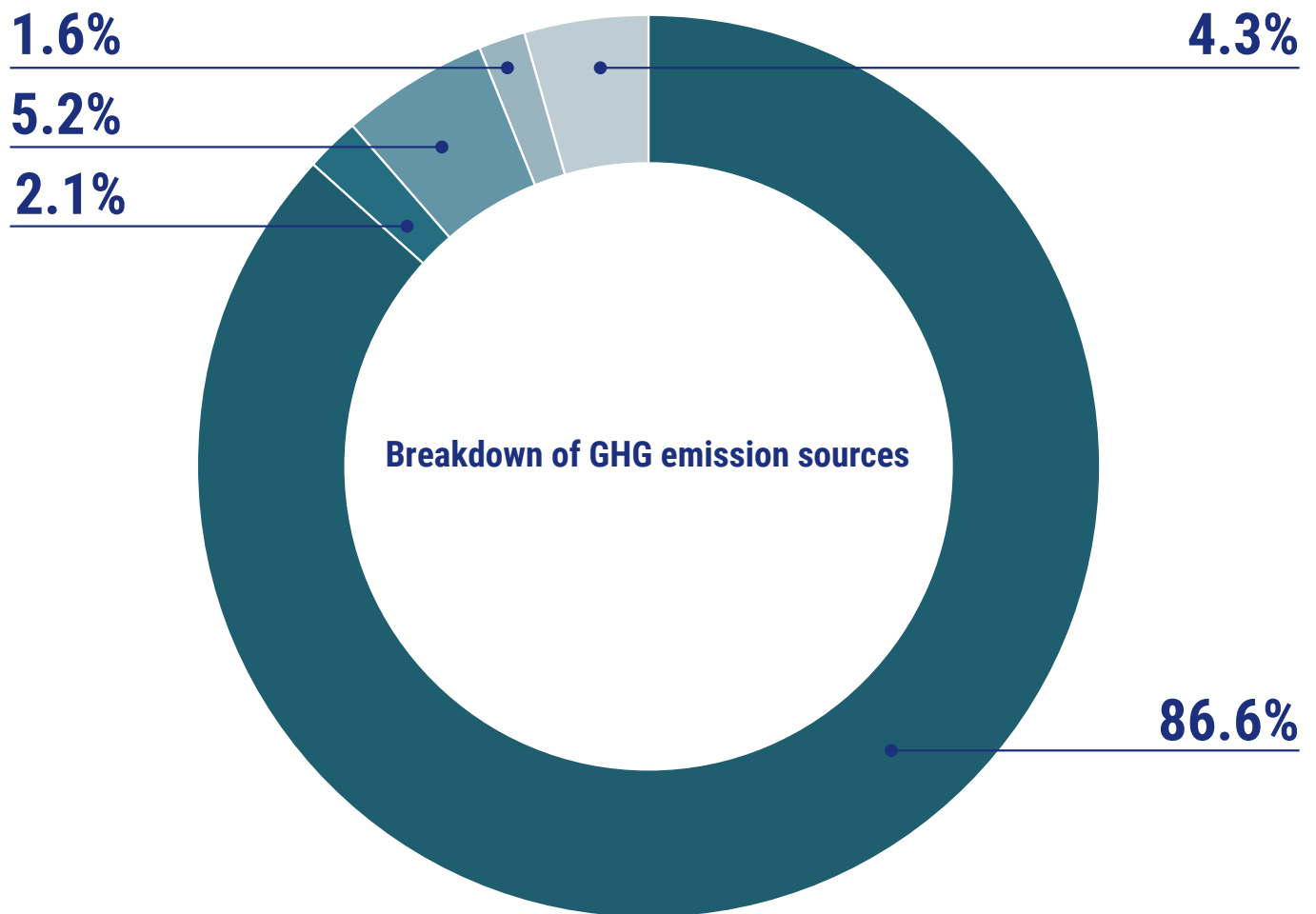
Overview of GHG Protocol scopes and emissions across the value chain



Source: GHG Protocol

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. Channel 3 has chosen April 2022 – March 2023 as our baseline year. Our March 2023 baseline carbon emissions footprint is as follows:



- Purchased goods & services 86.6%
- Capital goods 2.1%
- Business travel 5.2%
- Employee commuting 1.6%
- Employee homeworking 4.3%

Below is an itemised breakdown showing the amount of carbon emissions (tCO₂e) produced by each scope and category from April 2022 – March 2023 baseline calculation.

Scope/Category	Item	Total tCO ₂ e	%
SCOPE 1			
Stationary combustion of fuels	Gas consumed	-	0.0
Transport	Owned and leased vehicles	-	0.0
Refrigerants	HVAC's	-	0.0
SCOPE 2			
Electricity (Location based) ¹	Purchased electricity, steam, heating and cooling for own use	1.08	0.1
Electricity (Market based) ²	Purchased electricity, for own use (specific contract)	0.00	0.0
SCOPE 3			
Cat 1: Purchased goods and services	Goods and services	671.84	86.6
Cat 2: Capital Goods	CapEx expenditure	16.49	2.1
Cat 3: Fuel and energy related activities	WTT (Well-To-Tank) and T and D (Transmission and Distribution losses) from electricity, gas, transport, business travel and employees commuting	0.00	0.0
Cat 5: Waste ³	Waste	0.04	0.005
Cat 6: Business travel ³	Land and air travel for business purposes	40.33	5.2
Cat 7: Employee commuting ³	Employees commuting to and back from work	12.71	1.6
Cat 7: Employee homeworking ³	Employees working from home	33.56	4.3
Total Gross Emissions (Location based)		776.04	100.00%
Less emissions avoided by choice of renewable electricity		(1.08)	-
Total Gross Emissions (Market based)		774.96	-
Less carbon offsets		(90.00)	-
Total Net Emissions		684.96	-

¹ Location based represents emissions from electricity consumption based on grid average emissions

² Market based represents emissions from electricity consumption based on specific energy contracts

³ Emissions that have been offset

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	Number / Quantity	Gross Emissions (Location based)	Gross Emissions (Market based)	Net Emissions
tCO ₂ e per employee (FTE)	69.00	11.25	11.23	9.93
tCO ₂ e per requested desks	14.00	55.43	55.35	48.93
tCO ₂ e per £m turnover	17.40	44.60	44.54	39.37

Before calculating GHG emissions, companies must first decide which emissions they will be responsible for and report against. As part of the GHG Protocol Corporate Accounting and Reporting Standard, this is known as setting organisational boundaries, which 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 be defined either by how much Financial or Operational Control a company has. Channel 3 has selected the Operational Control method to fully cover all of the carbon emissions generated from its operations. The Operational boundary includes all three Scopes as outlined by the GHG Protocol. Channel 3’s emissions are reported in tCO₂e and have been calculated utilising the following formula:

Source emissions data x conversion factor* = total source emissions
Source unit x (tCO₂e/unit) = tCO₂e

* Conversion factors are primarily derived from the latest:

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

Emissions methodology: Inclusions within current numbers

Scope 2

Purchased electricity was the only identified Scope 2 emissions source. As 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 Channel 3 has purposefully chosen, through our office service provider the Office Group (Fora). This accounts for energy purchased from green energy suppliers.

Scope 3

Category 1: Purchased goods and services

This includes all upstream (i.e., cradle-to-gate) emissions from the production of goods purchased by Channel 3 in the reporting year.

Category 2: Capital goods

This includes all upstream (cradle-to-gate) emissions from goods purchased within the reporting year that are not included as part of purchased goods and services – typically capex expenditure or plant and equipment purchases.

Category 3: Fuel and energy related services

This relates to transmission and distribution losses, and the well-to-tank emissions for all fuels consumed as a result of Channel 3's operations:

- Well-to-tank emissions would account for all the emissions related to the extraction, production, and shipping of fuels excluding only the direct combustion of the fuel. However, Channel 3 does not consume fuels.
- Transmission and distribution 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 5: Waste

This includes emissions from third-party disposal and treatment of waste generated in Channel 3's 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

This Includes emissions from the transportation of employees for business-related activities and related hotel stays. Travel includes employee-owned vehicle mileage as well as business travel in vehicles owned or operated by third parties, such as aircraft, trains, buses, and cars or taxis.

- We have used a spend and distance-based method which involves using spend data to determine an approximate distance by mode of transport for business trips, and then applying the appropriate emission factor.
- We have used the number of nights stayed in hotels to calculate the emissions.

Category 7: Employee commuting

This includes emissions from the transportation of employees between their homes and Channel 3's offices. Emissions from employee commuting may arise from car, bus, train, or taxi travel. We have also included energy consumption and waste production which occur from employees working from home in this category.

- We have used an employee survey to understand the commuting practices of our employees in greater detail (e.g., distance travelled, and mode used for commuting). We have then applied the appropriate emission factors for the travel modes used using a distance-based method.

Emissions methodology: Material exclusions from current numbers

Scope 1

Sources such as onsite (or “stationary”) natural gas combustion and mobile fuel combustion from leased and company-owned vehicles have been excluded due to no gas use and no vehicle fleet.

Scope 3

Category 4: Upstream Transportation and Distribution

This is excluded from the current numbers as we do not collect data on this, and it is assumed that it will be a small part of our GHG emissions. Associated emissions related to product distribution are included as part of Scope 3 Category 1 Purchased Goods and Services.

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.

Category 9: Downstream transportation and distribution

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

Category 10: Processing of sold products

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

Category 11: Use of sold products

Is excluded from the FY23 baseline emissions as we do not sell physical products.

Category 12: End-of-life treatment of sold products

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

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.

Category 14: Franchises

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

Category 15: Investments

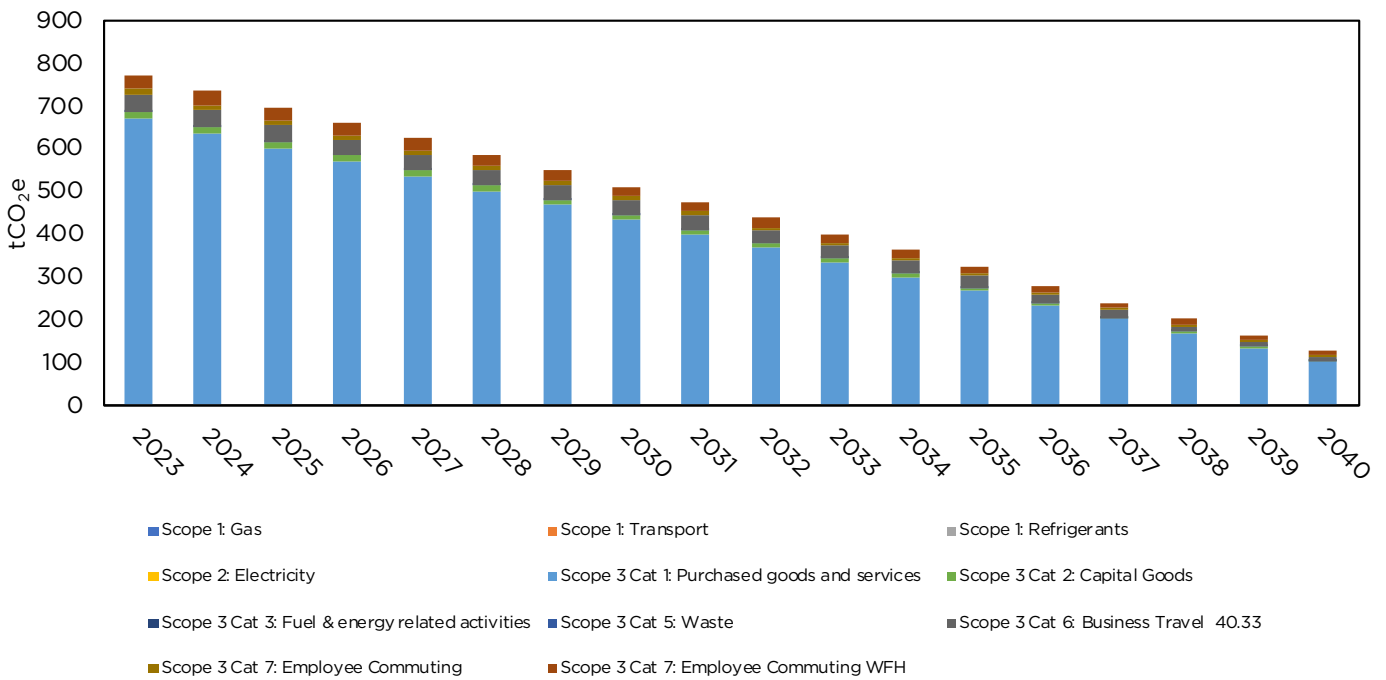
Is excluded from FY23 baseline emissions, as we do not have any investments whereby, we provide capital or offer financing as a service.

Emission reduction targets

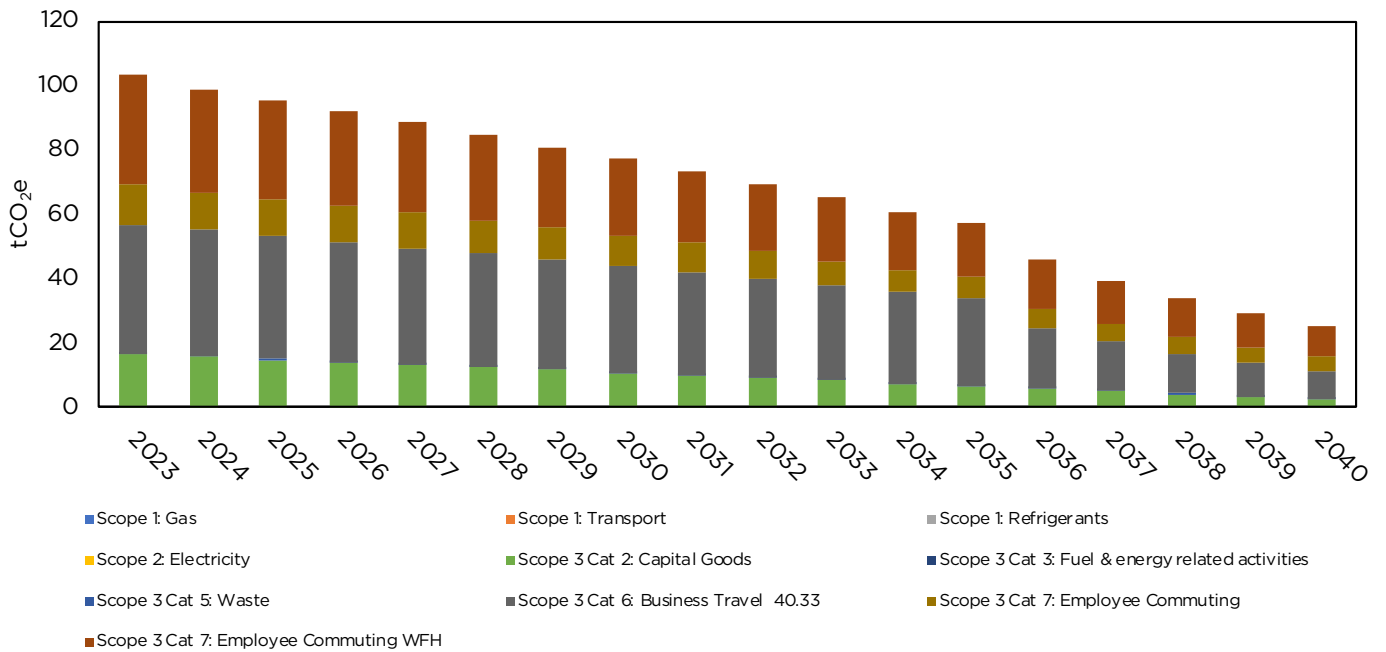
In order to continue our progress to achieving Net Zero, we have mapped out and planned a number of positive actions in order to achieve the following carbon reduction targets:

- ✓ **10%** absolute reduction in emissions by 2025 from 2023 baseline levels.
- ✓ **34%** absolute reduction in emissions by 2030 from 2023 baseline levels.
- ✓ **58%** absolute reduction in emissions by 2035 from 2023 baseline levels.
- ✓ **84%** absolute reduction in emissions by 2040 from 2023 baseline levels.

Total carbon emissions Scope 1, 2 and 3



Total emissions Scope 1, 2 and 3 – excluding Scope 3: Category 1 Purchased Goods and services



Channel 3's approach is to always focus our efforts on reducing our own emissions, with significant planning and finances set aside to do this. However, as 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 Channel 3 will use our purchasing 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, Channel 3 has for many years had a focus on the environment and reducing our carbon emissions. To drive this to the next level, we have engaged the services of Sustainable Advantage to advise the Channel 3 Board on global best practices on carbon reduction, and we have developed a detailed carbon emissions reduction plan.



Scope 2: Electricity

All our electricity contracts are 100% green however working with our facilities provider the Office Group (Fora) we will still endeavour to reduce our electricity consumption, by acting as a champion for environmental best practice by:

- Requesting and promoting energy efficiency guides, to be issued to all site staff to facilitate positive behavioural change.
- An environment champion at our office site will monitor up-to-date monthly energy performance data to provide feedback. The champion will gather ideas from colleagues across our organisation. These ideas will be collated and shared, supplemented by what we consider to be best practice.



Scope 3 Category 1: Purchased goods and services and Category 2: Capital Goods

Channel 3 realises that much of the GHG reductions in this category 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 to these categories especially as they account for the majority of our emissions. Scope 3 Category 1 accounts for nearly 87% and Scope 3 Category 2 accounts for 2.1% of our total emissions. To try and enact positive change on our suppliers. Over the next seven years, 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.
- Prefer local suppliers where possible to reduce transport as part of the service.
- Request life cycle assessments for products purchased and choose lower emission products.



Scope 3 Category 5: Waste

- Waste is managed through the office facilities provider, Fora, which already follows the waste hierarchy where a preference is given, in order, to:
 - Reduce 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
- We will work with our facilities team at Fora to promote communications to provide clear, consistent training and information to minimise waste and maximise recycling.
- We will also work with Fora to monitor our various waste streams and ensure these are low/zero waste to landfill, managing our recyclable waste effectively.
- Emissions from this category have been offset for 2023.



Scope 3 Category 6: Business travel

- COVID-19 has taught us that video conferencing tools such as Teams and Zoom can very successfully host meetings, although we still encourage our colleagues to meet clients in person where possible.
- Where travel is required, for client meetings for example, we will promote and prioritise carbon-reducing travel modes, choosing rail over air and/or cars where possible.
- We will also continue to collect more granular data on hotel stays to better calculate our GHG emissions in future years.
- We will look to encourage the uptake of EV vehicles by highlighting cost reductions and efficiencies available to employees that can be realised by paying standard mileage reclaim rates in respect of EV vehicles.
- Emissions from this category have been offset for 2023.



Scope 3 Category 7: Employee commuting and working from home

We recognise that we may have limited influence over what modes of travel our employees use. That said we need to do all we can to encourage them to join us on our sustainability journey. We will endeavour to achieve this by:

- Issuing annual travel surveys to each of our employees to understand how they get to and from work to support our emission calculations.
- Putting in place initiatives to include:
 - Cycle-to-work schemes.
 - EV salary sacrifice schemes.
 - Providing information on public transport alternatives.
 - Highlighting cost reductions and efficiencies available to employees that can be realised by paying standard mileage reclaim rates in respect of EV vehicles.

To reduce emissions generated as part of our employees working from home we will consider:

- Collecting granular data by sending a survey to all employees working from home to understand their energy, waste and water usage during working hours.
- Implement an awareness campaign for reducing the carbon footprint for employees working from home, including:
 - Encouraging switching to renewable energy tariffs where possible.
 - Encouraging the installation of SMART meters.
 - Offering advice on how to reduce energy consumption of appliances used as a direct result of working from home (such as computers).
 - Reduce, reuse, recycle, and limit waste sent to landfill.
- Emissions from this category have been offset for 2023.

Conclusion

A critical part of our ESG programme is recognising our emissions, and how we can reduce our impact on climate change and the planet. As part of this, Channel 3 will recalculate our carbon footprint annually for each year ending 31st March, with 2024 being the first post-base year. We will track how we are performing against our targets and adjust our methods to ensure we stay on track to hit our Net Zero target by 2040. In addition to developing a pathway for absolute emissions reduction, we have offset the carbon emission impacts of our business today which includes Scope 3 areas where we have direct control. Channel 3 will continue to do all we can to minimise our emissions and do our part to promote change across our business to achieve our goals of reducing our overall environmental impact.



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