

Smarter energy for all

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Dear Stakeholder,

I am pleased to present Calisen's 2021 sustainability report. Calisen funds, manages, installs, and monitors the assets that are the essential 'last mile' infrastructure for greener energy consumption, such as meters and charge points, and our purpose is to enable smarter energy for all.

During the course of the year, Calisen laid out its objective to endeavour to achieve net zero emissions by 2030, significantly ahead of the UK's emissions targets to be net zero by 2050. Our business remains aligned with the targets of the United Nations ("UN") Sustainable Development Goal 7 which aims to ensure access to affordable, reliable, sustainable and modern energy. Our smart meter business supports the UN's targets relating to doubling the global improvement in energy efficiency by 2030.

Calisen Group (Holdings) Limited ("Calisen" or the "Company" and together with its subsidiaries the "Group") is also committed to reducing our own emissions. Working with a carbon consultant, we record and report on our Scope 1, 2 and part of our 3 greenhouse gas emissions ("GHG"). Work on developing our Scope 3 GHG emissions is ongoing with our supply chain.

As part of this commitment, we have now laid out our sustainability targets and ambitions for the future, namely:

- Environment: We will track the greenhouse emissions created by our operations, the energy we buy, and our supply chain (Scope 1, 2 and 3 emissions) so we can assess our progress;
- Communities: We will track installations of smart meters and vehicle charging points installed against our targets, as we assess how Calisen makes the UK energy system more sustainable;
- People: We will track the makeup of our workforce - including the split by gender and the number of diverse colleagues as well as statistics on absences, turnover and promotions to assess whether our teams are diverse, inclusive and engaged; and
- Social: We will report our charitable donations, our community projects and the time our people spend volunteering to assess our community contribution.

Calisen and its leadership are committed to best-in-class governance and sets the tone from the top via a dedicated governance and risk management framework that underpins the ambitions and targets set out by the business to ensure they stay on track and on target.

As the country looks to transition to new technologies, Calisen is well placed to play a key role in the future. We choose to start with our people in the pursuit of these goals. Aligning our people with our purpose will be a focus for 2022 and will be at the heart of delivering our business strategy.

Sean Latus
Chief Executive Officer

Our ESG strategy

Calisen Impact

Sustainability and the requirement to acknowledge and take appropriate action to embed the core ESG principles of Environmental, Social and Governance into the fabric of our organisation has provided the bedrock for Calisen to develop a robust Sustainability Strategy and the subsequent launch of “Calisen Impact” in March 2021.

Calisen Impact delivers a single purpose: ‘To accelerate the use of smarter energy’. Calisen Impact is chaired by the CEO, Sean Latus. Sean is passionate in his commitment to leading the business to achieve the organisation’s sustainability ambitions of:

- Calisen will endeavour to achieve net zero carbon emissions by 2030.
- Help our communities be net zero by 2050 through the implementation of smart meters and providing infrastructure assets into the energy sector.
- Foster an engaged and diverse workforce that reflects the communities that we serve.
- Support economic development in the communities in which we operate (e.g. job opportunities, skills training and development, education/community/charity support).

The purpose of Calisen Impact is to provide a clear sustainability framework that holds the business to account by demonstrating our commitment to environmental, social and governance performance through a clear programme of activity. Calisen Impact operates with clear policies and practices to identify, address and manage all aspects of ESG efficiently throughout all business activity and is designed to extend further to our supply chain. Calisen Impact is not only a brand that employees become familiar with, in addition, it underpins the principles required to create a more inclusive and sustainable future that supports our communities, our customers and each other.

Throughout 2021, Calisen Impact has focused on our aspiration to become more sustainable as an organisation. We have agreed a challenging Sustainability Strategy that underpins our ambition to endeavour to become net zero carbon in our day-to-day business by 2030. The appointment, in November 2021, of a Chief of Staff is designed to advance our commitment to a robust and action-orientated ESG agenda.

In launching Calisen Impact we used the opportunity to assess our Company and identify ways to strengthen our culture to embed equity, diversity and inclusion to be integral to what we do and how we do it. We continue to strengthen a positive and inclusive culture with the ability to listen to one another and implement change to ensure that Calisen is a great place to work. Through our Company employee opinion survey and workforce engagement forums, we aim to ensure that all employees have a voice and the opportunity to influence key strategies, share ideas and suggestions.

An important foundation of Calisen Impact depends on our people driving the sustainability agenda by becoming involved in the efforts to achieve a more sustainable organisation.

To provide a clear route for employees to share ideas Calisen launched: ‘Get InTouch’ a communication route. Get In Touch provides a direct line to the Sustainability Steering Committee with employees encouraged to share any sustainability ideas, activities and process improvements.

Environment

Energy

Calisen Impact is about taking action, and is committed to climate change mitigation, including actions to limit global warming and its related effects. As part of our continuous efforts to lower emissions over the long term, Calisen has reformed the electricity in our buildings. In 2020 Calisen implemented the transition of all Lowri Beck and Calvin Capital sites to renewable energy tariffs, 2021 saw the full transition of power which now comes from renewable energy sources such as wind or hydropower. The use of simple control devices like occupancy sensors are instrumental in limiting the amount of energy used.

Telematics

Calisen is continuing the roll out of upgraded on-board diagnostic technology – telematics across all of the Lowri Beck fleet.

Telematics are used to track and monitor travel speeds and GPS location, and in addition are used to track driving habits, speeding, harsh braking, and sudden acceleration, behaviours that are known to increase fuel consumption and resulting carbon emissions. Calisen utilises the information to help reduce fuel consumption and the environmental footprint of the fleet.



One of the Renault Zoes being used in our EV trial.



Recycling

Calisen Impact led a project in 2021 to assess the organisation's recycling opportunities. As part of the review we identified a 'meter graveyard' collecting in a Lowri Beck warehousing facility in Greater Manchester. The meter graveyard consisted of over 28,000 end-of-life meters that had been retired for a number of reasons. The primary importance of the project was to ensure that the meters were responsibly recycled. Therefore, over a period of 3 days, 80 pallets containing over 28,000 meters were transported to Dragon Recycling in South Wales. Dragon Recycling specialises in responsible recycling to fully minimise the impact of recycling on the environment. The Calisen Impact team utilised the recycling project to align the recycling process for all end-of-life meters and regulators at Lowri Beck with the Calvin Capital recycling process.

Electric Vehicle trial

Calisen recognises that to truly impact carbon emissions we will need to focus on the organisation's fleet. With the ban on sales of new petrol and diesel cars coming into force in 2030, and hybrid cars by 2035, over the last 24 months Calisen has reviewed the current Lowri Beck fleet's carbon emissions and are currently trialling the organisation's first electric cars. The trial of Renault Zoes will feed into a structured EV adoption strategy aligned to the Company's ambition to endeavour to achieve net zero carbon emissions by 2030.

Social

Calisen Impact has a clear focus on enhanced wellbeing. A key objective for this aim includes working to improve our employees' physical and mental health and wellbeing, creating a positive environment around mental health through supportive action, and by tackling stigmas, and supporting health and wellbeing in local communities.

Mental health and wellbeing

The mental health and the wellbeing of our employees and their families is important for Calisen. In April 2021 Calisen Impact launched the organisation's Wellbeing Hub as an integral part of the Company intranet. The Wellbeing Hub provides a one-stop-shop for employees to access support and provides direct access to our employee assistance programme ("EAP") to support health and wellbeing. It is accessible 24 hours a day, every day and offers support on specific health concerns, illness, bereavement, divorce, financial concerns and other significant life events. The Wellbeing Hub provides access to Calisen Mental Health First Aiders, who are trained in providing immediate support to employees and signposting further mental health support services. In addition, the Wellbeing Hub provides a calendar of events relating to health and wellbeing, nutrition and volunteering opportunities.

Calisen's SECR for 2021

	2021 Global (all UK)	2020 Global (all UK)	2019 Global (all UK)
Energy consumption used: (kWh)			
Electricity	418,024	515,411	623,615
Gas	220,216	290,020	341,893
Transport fuel	13,245,159	10,789,405	16,588,333
Other energy sources	-	-	-
Emissions (tCO₂e)			
Scope 1			
Emissions from combustion of gas tCO ₂ e	40.33	53.33	62.86
Emissions from combustion of fuel for transport purposes tCO ₂ e	1,287.03	1,141.55	1,774.55
Emissions from other activities which the company own or control including operation of facilities	-	2.71	49.90
Scope 2			
Emissions from purchased electricity – location based, tCO ₂ e	88.76	120.16	159.40
Scope 3			
Emissions from business travel in rental cars or employee vehicles where company is responsible for purchasing the fuel tCO ₂ e	2,000.10	1,523.44	2,426.04
Emissions from upstream transport and distribution losses and excavation and transport of fuels – location based tCO ₂ e	839.69	675.15	1,046.67
Total emissions for mandatory reporting – location based, tCO ₂ e	4,255.91	3,516.35	5,519.41
Intensity (kgCO₂e)			
Revenue £m	268.8	248.1	208.8
Intensity ratio: tCO ₂ e from Scope 1, 2 and 3 (fuel for business travel only)/£m location based	15.83	14.17	26.43
Average number of full time employees (FTE)	1,228	1,448	1,504
Intensity ratio: tCO ₂ e from Scope 1, 2 and 3 (fuel for business travel only)/FTE location based	3.5	2.4	3.7
Methodology	Greenhouse Gas Protocol Corporate Greenhouse Gas Accounting and Reporting Standard.		
External verification	Green Element Limited and Compare Your Footprint Limited external verification process.		

Charity partnerships

Throughout 2021 we continued to grow our partnership with Manchester Youth Zone ("MYZ"). MYZ supports young people between the ages of 8 and 19, extended to an age limit of 25 for young people with additional needs, primarily drawing from the UK's highest area of child deprivation. Throughout 2021 we have continued to support MYZ with funding to enable specific events:

MYZ Inclusion Day:

Calisen funded the event and supported the facilitation with volunteers from the business who utilised their Company Charity Day to support youth workers, with over 80 children benefiting from attending.

MYZ Take Over Day

A team of 8 volunteers attended MYZ to deliver a day of fun activities split across morning and afternoon sessions for local children aged 8 to 11 years old.

Christmas Hamper Appeal

In December 2020 Calisen provided four Christmas hampers to vulnerable families who otherwise would struggle to celebrate Christmas. The hampers included everything from food to decorations. Christmas 2021 saw an increase to six hampers, with each department delivering one hamper each. For 2022, Calisen has committed to further increasing this to ten hampers. A team of volunteers will deliver the hampers to families in December.

WYZ

Throughout 2022 Calisen broadened its charity partnership strategy to include Wigan Youth Zone ("WYZ"). While WYZ is linked in purpose to MYZ, each charity is a stand-alone charity. Lowri Beck is a founding patron of WYZ, and during 2022 has re-established a partnership, with Lowri Beck supporting WYZ's Christmas fundraising activities.

Further to the growing partnerships with both MYZ and WYZ, Calisen has undertaken additional community outreach programmes.

Ryder Brow Community Allotment

Ryder Brow Community Allotment is a self-funded charity and relies solely on donations to provide a safe place to go for both the elderly and local children. The project focuses primarily on education and teaches members about the benefits of growing food and about the eco system. Calisen provided a donation to purchase much needed equipment and in addition a team of volunteers attended the allotment to build, paint and repair the garden after the impact of Covid-19.

Diversity and inclusion

Calisen has a strong diversity, equity and inclusion ("DE&I") focus, with DE&I included in our strategic planning. In order to ensure the actions we undertake to deliver our gender, racial and equality ambitions, it is important that we have a clear and factual representation of the breadth of diversity across our current workforce. Therefore, we are currently evaluating our diversity data collection which will, in turn, allow Calisen to analyse and more importantly understand the diversity of our workforce, and implement targeted and focused initiatives to ultimately achieve our inclusion and diversity goals.

Calisen has placed a clear focus on equality and inclusion throughout 2022 with the formation of a Diversity & Inclusion Steering Committee ("DISC") chaired by the Chief of Staff, Jo Leech. The committee is focused on identifying our DE&I ambition and goals for gender and racial diversity.

Aligned with establishing our DE&I ambition, Calisen is also reviewing our current practices to ensure a culture of inclusivity commencing with our recruitment practices. The review of our current practices will minimise barriers and ensure Calisen is inclusive and welcoming to everyone with the right skill set, regardless of difference. Calisen is committed to increasing diversity across the organisation and with a high priority on gender balance and an emphasis on our engineering population. Women make up just 21 per cent of the UK's STEM workforce, and only 11 per cent of the engineering workforce, ensuring that our recruitment practices are free from gender stereotyping alongside inclusive attraction strategies.

Governance

Our governance structure is embedded within the framework of Calisen Impact, consisting of the Calisen Sustainability Steering Committee ("SSC") responsible for driving the sustainability agenda. The SSC is chaired by the CEO and includes committee members at executive level with accountability to deliver the ESG strategy. In addition, the Calisen Sustainability Reporting Committee 'Green Bean' chaired by the Group Finance Director, Phillip McLelland, alongside Green Element, an Environmental Management Consultancy, both monitors and reports monthly performance against our strategy and net zero ambition and aims.

Calisen has developed a comprehensive and broad-reaching Code of Conduct to support the achievement of the Company's purpose to accelerate the use of smarter energy, helping our customers and communities as a whole to manage energy better.

The Code of Conduct provides a statement of the fundamental principles and key policies and procedures that govern the conduct and applies to all the Company's directors, officers, employees, and agents such as workers, consultants, and contractors (collectively 'Employees'), which address all facets of sustainability.

The Code of Conduct sets out Calisen's commitment to long-term sustainability strategies and is the framework for putting the Calisen core purpose into practice. The Code of Conduct is the foremost operating document in terms of sustainability and establishes, together with the Calisen Sustainability Policy, the basis of the Group's sustainability agenda. The Code of Conduct, which is agreed by the Board of Calisen Limited, details the guidelines for business ethics including responsibility to our environment and stakeholders, responsible procurement, modern slavery, child labour, competition and fair dealing, and responsibility to employees.

Task Force on Climate-related Financial Disclosures (“TCFD”)

Calisen is committed to voluntarily implementing the recommendations of the TCFD, recognising that better reporting helps sustain stakeholder confidence in the Group and its strategy.

Calisen’s purpose is to accelerate the use of smarter energy. This has informed its strategy of focusing on small-scale high-volume energy infrastructure and the development of its smart meter business.

Calisen’s business is aligned with the targets of the UN Sustainable Development Goal 7 which aims to ensure access to affordable, reliable, sustainable, and modern energy. In particular, Calisen’s smart meter business supports the UN’s targets relating to modern energy services and doubling the global improvement in energy efficiency by 2030. Where relevant, our operating companies are committed to operating in accordance with ISO 14001: 2015 requirements.



Governance of climate-related risks and opportunities

Calisen has put the following governance structures and reporting mechanisms in place to ensure the Group meets its sustainability responsibility and ambitions.

The Board

The Board is responsible for ensuring that the Group meets its obligations and addresses the risks and opportunities created by climate change and by the transition to a low carbon economy. The Board reviews our ESG performance on a quarterly basis.

For 2022 the costs and resources required to help us to meet our climate risk and sustainability ambitions will be built into our budget and planning process.

The Sustainability Steering Committee (“SSC”)

The SSC coordinates our sustainability activities and is chaired by the Group Chief Executive Officer, with members drawn from finance, risk, sustainability and the company secretariat, and support from external specialists as required. The SSC’s purpose is to assist the Board with the development, delivery and reporting of the Group’s Sustainability Strategy and targets, the oversight of social and environmental risks, and its compliance with both mandatory and appropriate climate-related voluntary disclosures, including but not limited to TCFD and SECR reporting. The SSC meets every month and oversees and directs the work of its three sub-committees, each of which supports the business in achieving its sustainability ambitions by focusing on separate facets of sustainability improvement and reporting within the Group.

The TCFD working group

This group oversees progress against the reporting recommendations of the TCFD and reports to the sustainability reporting sub-committee of the SSC. Although no longer a listed company, the Company has chosen to continue to report on TCFD.

The Risk Committee

This committee assists the Board in the oversight of the Group’s risk management system. The committee assesses the overall risk appetite, tolerance and strategy of all current, new and emerging risks including climate-related risks. The committee advise s the Board on the risk aspects of proposed changes to strategy and strategic transactions, focusing in particular on implications for the risk appetite, tolerance and strategy of the Company.

The committee meets at least six times a year, or more frequently as circumstances dictate.

Management, employees and third parties

This year the Group launched its Code of Conduct which sets out how we will operate, and the behaviours we expect of our people and those with whom we do business. The Code of Conduct includes policies and procedures to eliminate as far as possible the risks from illegal or unethical business practices, and covers such topics as bribery, corruption, competition law, and slavery.

Responsible procurement

Ensuring that we identify how the products that we manage are manufactured, the materials they consist of, how they are disposed of and recycled is key to living by and achieving our purpose. As such, the cooperation of our suppliers throughout the whole supply chain is essential so that working in partnership, we can reduce the negative impact on our environment.

SDGs

We have reviewed our sustainability ambitions against the 17 UN Sustainable Development Goals and have identified those which are most relevant to our business.



Strategy

We have considered how climate-related issues may affect the Group, its strategy and financial planning across the business and describe below those risks and opportunities that may be potentially significant to the Group:

1. Supply chain

Transition risks:

- Supply chain partners not addressing their own climate-related risks and transitioning to a low to no carbon infrastructure, and being unable to supply the goods and services upon which Calisen depends.

Transition opportunities:

- To save resources and business costs within the supply chain through collaboration with suppliers and stakeholders across the value chain in mutually beneficial decarbonisation strategies and increasing resilience in the supply chain, wherein insurance strategies are embedded into the business models of all players, e.g. hauliers collaborate with Calisen to co-fund EV charging stations or lobby for these.

2. Customers

Transition risks:

- That customers do not transition to a low to no carbon infrastructure and that customers do not understand the consequences of not transitioning.
- That the National Grid is not decarbonised sufficiently to provide renewable energy to customers.

Transition opportunities:

- To work with customers to educate and inform them about climate risks, thereby providing a valuable climate risk service that will enable the business to support their customers to transition.

3. Adaption and mitigation activities

Transition risks:

- Not decarbonising our fleet or not doing so quickly enough to take advantage of government grants and EV charging partnerships etc.

Physical risks:

- That the roadmap to adaptation does not include all the eventualities of climate change impacts on the physical aspects of the business, such as power lines, transport routes and supply chain vulnerabilities, not being addressed.
- That smart meters will not operate correctly in high temperatures.
- That the installation of smart meters will not be possible in flooded areas or in times of heat stress.

4. Investment in research and development

Transition risks:

- Not investing in research and development for climate change-adapted products, manufacturing processes etc.

Transition opportunities:

- To invest in resilient products that can resist impacts of extreme temperatures but can also potentially aid customers to manage energy supply in extreme temperatures or flood conditions etc.
- To create a meter that can measure self-generated renewable energy and allow its export to the grid or storage / use in the customer's battery as well as measuring use of grid energy imported.

5. Our operations

Transition risks:

- Not decarbonising the fleet in time and there being a shortage of EV batteries or other parts and not being able to purchase EVs or take advantage of government grants to aid transition to EVs. Risk of not decarbonising our premises' energy supplies, and spiralling energy costs of fossil fuels e.g. gas for heating.

Physical risks:

- Impact of extreme weather on ability of workforce to install and read meters.
- Supply chain not delivering meters.
- Energy supply interruptions.
- Transport fuel interruptions or shortages.
- Employees being unable to install meters due to illness caused by heat stress or due to flooding in their homes and inability to travel through flood plains. etc.

Transition opportunities:

- The most significant climate-related opportunity is the reduction of carbon emissions that can be made through electrification of the fleet. Details of our EV trial are on page 39.

Physical opportunities:

- To render the business model more resilient to climate risks and other related business risks through scenario analysis of 2 degrees, 1.5 degrees and 3 degrees of global heating above pre-industrial levels.

Risk management

The processes used by the organisation to identify, assess, and manage climate-related risks.

We have a clear framework for the management of risk within the Group.

We record and report on our Scope 1, 2 and part of our Scope 3 greenhouse gas emissions ("GHG"). Work on developing our Scope 3 GHG emissions is ongoing. Our GHG emissions are included in the table on page 39 of the report.

Targets

Our ambitions and targets on sustainability are listed below, and we make sure that all our targets cascade from our ambitions such that we achieve our strategy, and that sustainability is at the heart of our strategy.

Our sustainability targets and ambitions

	Environment	Communities	People	Communities
Our ambitions	Calisen will endeavour to achieve net zero emissions by 2030.	Help our communities be net zero by 2050 through the implementation of smart meters and providing infrastructure assets into the energy sector.	Foster an engaged and diverse workforce that reflects the communities that we serve.	Support economic development in the communities in which we operate (e.g. job opportunities, skills training and development, education/community/charity support).
Our targets	We will track the greenhouse emissions created by our operations, the energy we buy, and our supply chain (Scope 1, 2 and 3 emissions) so we can assess our progress.	We will track installations of smart meters and EV charging points installed against our targets, as we assess how Calisen makes the UK energy system more sustainable.	We will track the make-up of our workforce – including the split by gender and the number of diverse colleagues as well as statistics on absences, turnover and promotions to assess whether our teams are diverse, inclusive and engaged.	We will report our charitable donations, our community projects and the time our people spend volunteering to assess our community contribution.
Our progress in 2021	<ul style="list-style-type: none"> Accredited by Ecovadis. Pilot of hybrid vehicles for our fleet. Begin to transition the fleet to newer diesel engines. Pilot of EV vans. 	<ul style="list-style-type: none"> Launch of Plug Me In to install electric vehicle charging points. 	<ul style="list-style-type: none"> Launch of ED&I Committee. Trial of flexible working policy. Launch of Calisen Impact. Employee survey on sustainability. 	<ul style="list-style-type: none"> Support of Manchester Youth Zone. Researched potential strategic partners to work with to help achieve our sustainability ambitions.
Actions planned for 2022	<ul style="list-style-type: none"> To target the replacement of 5% of the vehicle fleet with electric vehicles. 	<ul style="list-style-type: none"> To develop the Plug Me In service. 	<ul style="list-style-type: none"> To build integrity and accuracy of reporting. To set targets for female and diverse employees. 	<ul style="list-style-type: none"> To develop of strategic partnerships. To record and report social and charitable enterprise.
Risk	<ul style="list-style-type: none"> Linked to Principle Risk – Environmental and Sustainability 	<ul style="list-style-type: none"> Linked to Principle Risk – Strategy Execution and Development 	<ul style="list-style-type: none"> Linked to Principle Risk – Attracting and Retaining Talent 	<ul style="list-style-type: none"> Linked to Principle Risk – Environmental and Sustainability
UN SDGs				



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