NET ZERO ADVISORY

ocean

Ocean Net Zero Roadmap

Client:	Ocean Property Services
Title:	Net Zero Roadmap
Date Issued:	10/12/2024
Document Ref:	23011-NZA-XX-XX-RP-X-0001_P02
Revision:	For Information

Contents

Key Concepts & Terminology

Term	Explainer	Considerations for Ocean
Scope 1, 2, 3 Emissions	Scope 1 covers direct emissions from owned sources. Scope 2 covers indirect emissions from purchased electricity. Scope 3 includes all other indirect emissions in the value chain.	Prioritise identifying and reducing Scope 1 and 2 as direct emissions sources. For Scope 3, focus initially on the most significant categories like purchased goods and services, and capital goods.
Carbon Neutrality	Achieving “zero” carbon emissions by balancing a measured amount of carbon released with an equivalent amount sequestered or offset.	While achieving carbon neutrality is commendable, it’s not a solution for the climate crisis. Ocean must be wary of greenwashing claims; genuine impact comes from actual emissions reductions, not just offsetting.
Net Zero Carbon	Going beyond carbon neutrality by reducing all greenhouse gas emissions to as close to zero as possible, with any remaining emissions reabsorbed from the atmosphere through credible offsetting measures.	Ocean should focus on deep reductions across all Scopes, pursuing innovative solutions for the residual emissions to achieve a net-zero carbon footprint by a specified year.
Science-Based Targets Initiative (SBTi)	SBTi guides companies in setting emissions reduction targets in line with the latest climate science to meet the goals of the Paris Agreement.	Commit to setting science-based targets to align with global efforts to limit warming. Engage SBTi early to understand target-setting criteria and process.
GHG Protocol	A set of standards providing guidance on how to quantify and report greenhouse gas emissions.	Ensure all emissions accounting adheres to GHG Protocol standards for consistency and comparability.
Emissions Factor	A coefficient that quantifies the emissions or removals of a greenhouse gas per unit of activity.	Use reputable sources for emissions factors, like DEFRA databases, and update them as more specific data becomes available.
Location and Market Based Reporting	Location-based accounting reflects the national average emissions intensity of the electricity grid. Market-based accounting reflects emissions from electricity that companies have chosen to purchase with a specific generation technology make-up.	Ocean should use location-based reporting for a standard benchmark and market-based reporting to recognise the use of renewable energy choices.
Materiality Assessment	A process to determine the most significant sources of emissions based on their magnitude, risk, and stakeholder interest.	Conduct a materiality assessment to prioritize efforts on the most impactful emissions sources in the supply chain and operations.
Validation vs. Verification	Validation is the process by which an organisation confirms that targets align with climate science. Verification is the third-party confirmation of the accuracy of reported emissions data.	While aiming for SBTi validation of targets, also plan for third-party verification of emissions data to bolster credibility.
Lifecycle Emissions	Total emissions associated with a product or service throughout its lifecycle, from production to disposal.	For key products or services, consider lifecycle emissions in procurement decisions, focusing on cradle-to-grave assessments where possible.

Executive Summary - 1 of 2

Carbon Inventory

This Net Zero Roadmap outlines a practical and actionable strategy for Ocean to achieve its carbon reduction goals, aligning with its commitment to sustainability and the Science Based Targets initiative (SBTi) framework for SMEs. By leveraging Ocean's first comprehensive carbon footprint assessment for the 2022/23 financial year, this report identifies key areas of focus and provides a clear pathway toward meaningful emissions reductions.

Ocean's total greenhouse gas (GHG) emissions for 2022/23 are estimated at 546.8 tCO2e, with an error range of ±19%. This comprehensive inventory forms the baseline for tracking progress toward net zero.

Scope 1, 2 & 3 Emissions

Ocean's emissions are categorised according to the GHG Protocol:

- **Scope 1**: Direct emissions from gas heating and fleet vehicles.
- **Scope 2**: Indirect emissions from purchased electricity.
- **Scope 3**: Indirect emissions from the value chain, such as procurement, staff commuting, and waste.

Emissions Themes

The inventory highlights three primary themes, which offer a clearer reflection of the sources of Ocean's emissions. This approach makes it easier to visualise and understand the key contributors, enabling Ocean to set targeted, actionable strategies. By focusing on these themes rather than GHG scopes alone, the business can identify broader opportunities for operational improvements, cost efficiencies, and stakeholder engagement.

1. **Estate (91.8 tCO2e, 16.8%):**

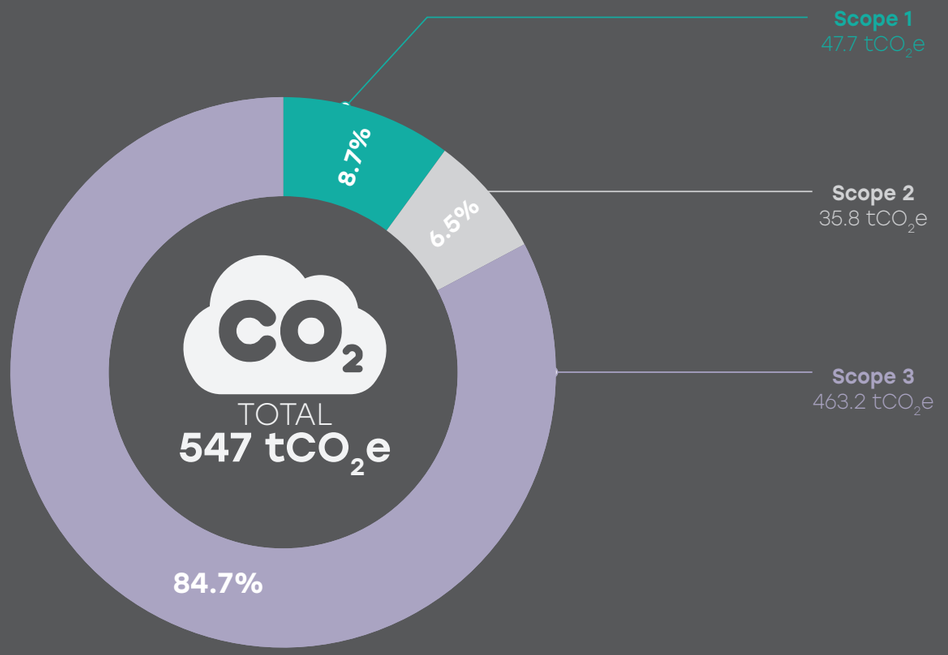
   Includes building energy use and related Scope 1 and 2 emissions. 76% of estate emissions are from Scope 1 and 2 activities, primarily gas heating, while 24% are Scope 3.

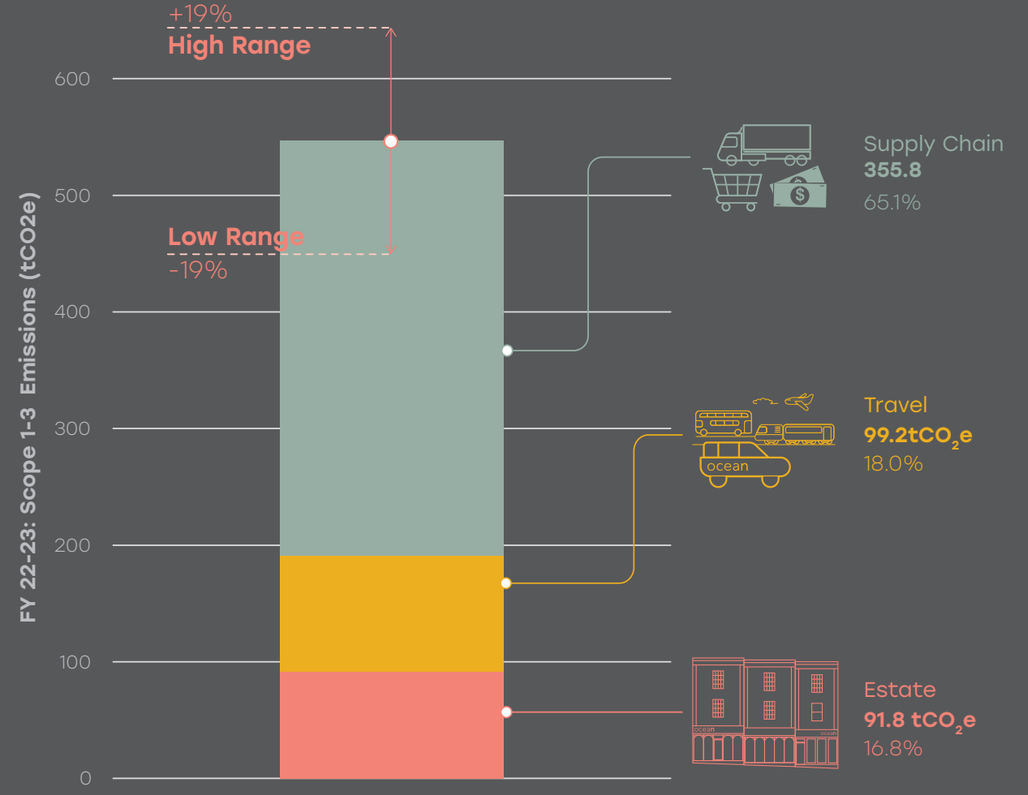
2. **Travel (99.2 tCO2e, 18.1%):**

   Covers fleet emissions, business travel and staff commuting. 86% of travel emissions are Scope 3, reflecting commuting patterns, while 14% come from Scope 1 and 2 vehicle fuel use.

3. **Supply Chain (355.8 tCO2e, 65.1%):**

   Represents Scope 3 emissions from procured goods and services. This is Ocean's largest emissions category and reflects the carbon intensity of its suppliers and purchasing habits.





Executive Summary - 2 of 2

Net Zero Roadmap

Strategic Recommendations

Ocean's net zero roadmap focuses on immediate, impactful actions that align with the SBTi framework for SMEs. By prioritising Scope 1 and 2 reductions and addressing key Scope 3 categories, Ocean can drive meaningful progress toward its goals. Recommendations include:

1. **Scope 1 and 2 Priorities**

- Transition owned offices (Bishopston, Portishead, and Clifton) from gas heating to low-carbon alternatives like air source heat pumps.
- Explore the feasibility of solar PV installations to offset electricity use and reduce energy costs.
- Fully electrify Ocean's fleet by replacing remaining PHEVs with battery-electric vehicles (BEVs).

2. **Scope 3 Opportunities**

- Supply Chain: Improve data granularity by refining spend categories and engaging suppliers to collect product-specific emissions data.
- Commuting: Use survey insights to develop targeted initiatives like carpooling programs, public transport subsidies, and cycling incentives.

3. **Data Quality and Improvement**

- Automate data capture using smart meters, improved tracking systems, and supplier engagement.
- Maintain annual reporting cycles to ensure consistent progress tracking.
- Monitor and adapt to evolving climate science and reporting guidance.

Achieving SBTi Targets

Ocean must now set a near-term reduction target for Scope 1 and 2 emissions by 2028-2034 from the 2022/23 baseline. The comapny's journey to net zero is an opportunity to demonstrate leadership in sustainability while aligning with its operational goals. By focusing on immediate actions and setting realistic targets, Ocean can create a measurable, meaningful impact on its carbon footprint and set a new benchnmark within the property sector.

1.0 Introduction

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1.1 About Ocean

Ocean Property Services is a leading independent estate agent and property management firm based in Bristol. Established in 1983, Ocean has over 40 years of experience managing property sales, lettings, and conveyancing across Bristol and surrounding areas. The company employs roughly 150 staff operating across 11 offices, ensuring a comprehensive presence in key localities. Ocean provides a range of services including property sales, lettings, conveyancing, and mortgage solutions, supported by its specialist Property Management Hub, which ensures efficient, professional management for landlords and tenants alike.

In 2022, Ocean undertook its first **carbon footprint appraisal**, which provided an initial assessment of the company's emissions profile. This comprehensive report covered many areas, such as energy consumption at offices and business travel, but it did not fully account for some key emissions categories, including employee commuting and procurement-related activities (e.g., paper and computers). While this was a solid foundation, the current report aims to expand the scope and provide a more holistic view of Ocean's carbon impact, focusing a complete emissions profile for Ocean.

Given the scale of Ocean's operations in Bristol, its emissions profile spans diverse activities, from office energy use to supply chain emissions associated with property management and staff transportation. These factors are crucial for formulating an accurate carbon footprint and identifying reduction strategies moving forward.

Purpose of this Report

This report aims to provide Ocean with a thorough analysis of its carbon footprint, identifying key emissions hotspots and setting realistic targets to achieve net-zero carbon. It expands on the previous appraisal by including more comprehensive data and serves as a strategic guide to facilitate the company's journey towards sustainability in collaboration with its clients and supply chain.

With the insights and recommendations provided, Ocean will be equipped to make informed decisions that reinforce its net-zero commitment, positioning the company as a leader in sustainable practices within the real estate industry.

Figure 1: Ocean Property Services office locations

1.2 Net Zero Carbon Definition

The definition of net zero carbon has evolved in recent years. Initially, the concept of “carbon neutrality”, which is primarily achieved primarily through carbon offsets, was widely accepted. However, this led to confusion and instances of greenwashing. Today, we understand that to tackle global heating effectively, we must focus on drastic emission reductions over offsetting.

Net zero carbon now mandates reducing emissions by 90-95% by 2050, with only the remaining unavoidable emissions being balanced through carbon removal strategies. This rigorous approach is essential to limiting global temperature rise to 1.5°C above pre-industrial levels and mitigating severe climate impacts..

Science Based Targets

The Science Based Targets initiative (SBTi) plays a pivotal role in guiding companies towards net zero, advocating for rapid and significant emissions reductions. The SBTi’s ‘Corporate Net-Zero Standard’ serves as the global framework for companies to set and achieve science-based targets that address their greenhouse gas (GHG) emissions.

The key components of the Corporate Net-Zero Standard include:

- **Near-Term Targets**: These science-based targets focus on reducing a company’s emissions within a 5–10-year timeframe. All companies must set near-term targets for their Scope 1 and Scope 2 emissions, depending on size and industry some must also set near-term targets for Scope 3 (more information on Scopes 1, 2 and 3 in Section 1.5 of this report).
- **Long-Term / Net Zero Targets**: These targets define the company’s trajectory to reduce GHG emissions to nearly zero by no later than 2050. Companies are required to cover all relevant scopes of emissions and aim for a minimum reduction of 90% by the net zero date.
- **Emission Reductions Before Offsetting**: The standard emphasises that companies must prioritise emission reductions across their value chain before turning to carbon offsetting. Carbon removal mechanisms, such as nature-based solutions or technological carbon capture, can only be used to neutralise any residual emissions that are hard to abate.
- **Residual Emissions and Carbon Removal**: By the time a company reaches net zero, it must remove an equivalent volume of carbon dioxide from the atmosphere to balance any residual emissions. This ensures that companies achieve a balance between emissions produced and those removed.
- **Accountability and Reporting:** Companies are required to regularly report their progress toward near-term and long-term targets, maintaining transparency and ensuring that their targets remain aligned with the latest climate science.

These components ensure that companies take a structured and transparent approach to achieving net zero, focusing on real emissions reductions before relying on carbon removals. This rigorous, science-based approach ensures that every step contributes meaningfully to mitigating climate change.

Figure 2: Net zero carbon emissions trajectory

1.3 Reporting Standards - GHG Protocol

Following the SBTi's guidance, developing a net zero strategy for Ocean Property Services requires transparent reporting of its emissions and progress toward net zero. For this reporting to be globally comparable and credible, adherence to a recognised standard is essential. The most widely used is the *Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard*, developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI).

The GHG Protocol provides a clear framework for companies to identify direct and indirect emissions sources, offers guidelines on the minimum requirements for credible reporting, and illustrates best practices through real-world examples.

Reporting Boundaries

A crucial first step outlined by the GHG Protocol is the establishment of two boundaries;

- **Organsational Boundary**: Defines the emissions for which Ocean is accountable. By focusing on operational control, this boundary encompasses all the activities and assets over which it exercises authority, ensuring a comprehensive assessment of its carbon responsibilities.
- **Operational Boundary**: Identifies the specific emissions sources within the organisational boundary and categorises them into Scope 1, Scope 2, and Scope 3 emissions. This distinction is vital for pinpointing actionable areas across the breadth of Ocean's operations and supply chain.

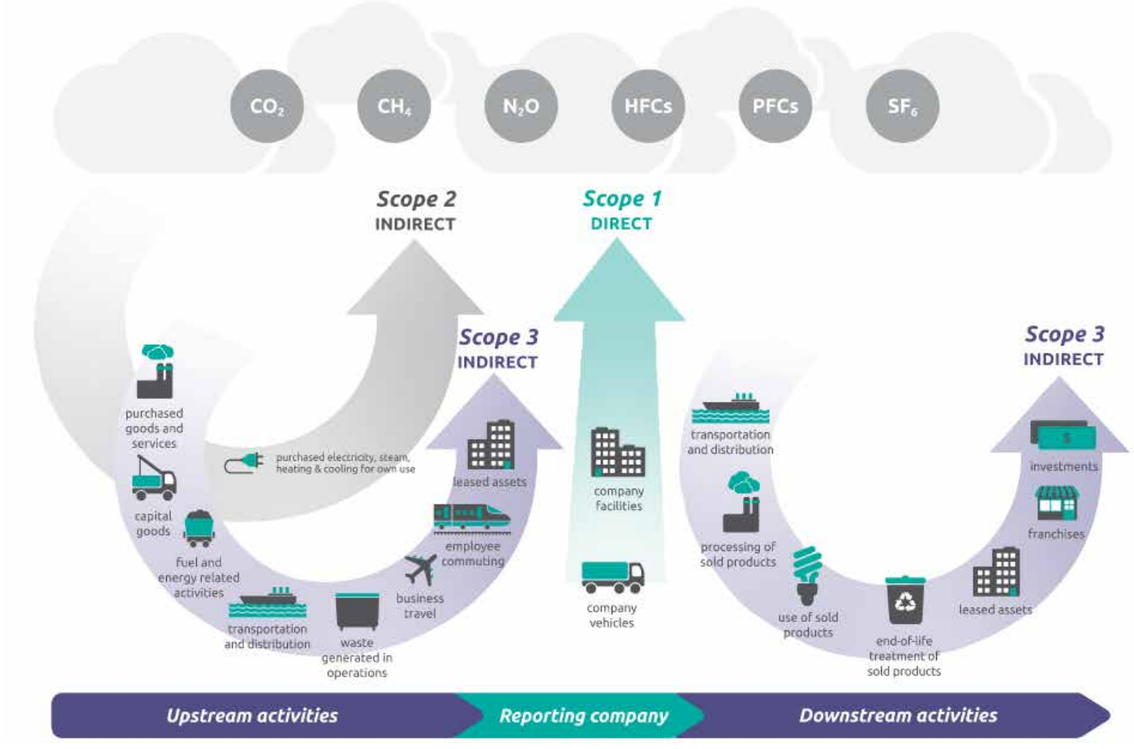

Figure 3: Overview of GHG Protocol scopes and emissions across the value chain. Source: GHG Protocol

Organisational Boundary

As a standalone entity with a clear operational structure, Ocean Property Services will apply the **operational control** approach to define its GHG reporting boundary. This ensures that its GHG reporting reflects the full spectrum of activities–ranging from conveyancing to lettings and sales–capturing both direct emissions from owned operations and indirect emissions linked to the services it provides. This approach underscores Ocean's comprehensive responsibility for the emissions it can directly influence.

Operational Boundary

The operational boundary for GHG emissions reporting covers three scope categories for which which Ocean is accountable for:

Scope 1: Includes emissions directly released in to the atmosphere from sources that Ocean owns or controls, such as gas boilers and vehicles with internal combustion engines.

Scope 2: Accounts for indirect emissions associated with the generation of purchased electricity, heating, and cooling that Ocean consumes. Although these emissions occur at the site of the energy generation, they are a result of Oceans's energy demand.

Scope 3: This is the most comprehensive category, covering all other indirect emissions across Ocean's value chain. There are 15 categories in total, spanning both upstream and downstream activities:

- **Upstream emssions** include emissions from the extraction and production of purchased goods and services (e.g. in the creation of office materials), business travel, employee commuting, waste generated in operations and the external distribution and logistics leading to Ocean's operations.
- **Downstream Emissions** involve the use and end-of-life treatment of products sold by Ocean. However, as Ocean Property Services does not manufacture or sell physical products, downstream emissions are not a significant part of its emissions profile.

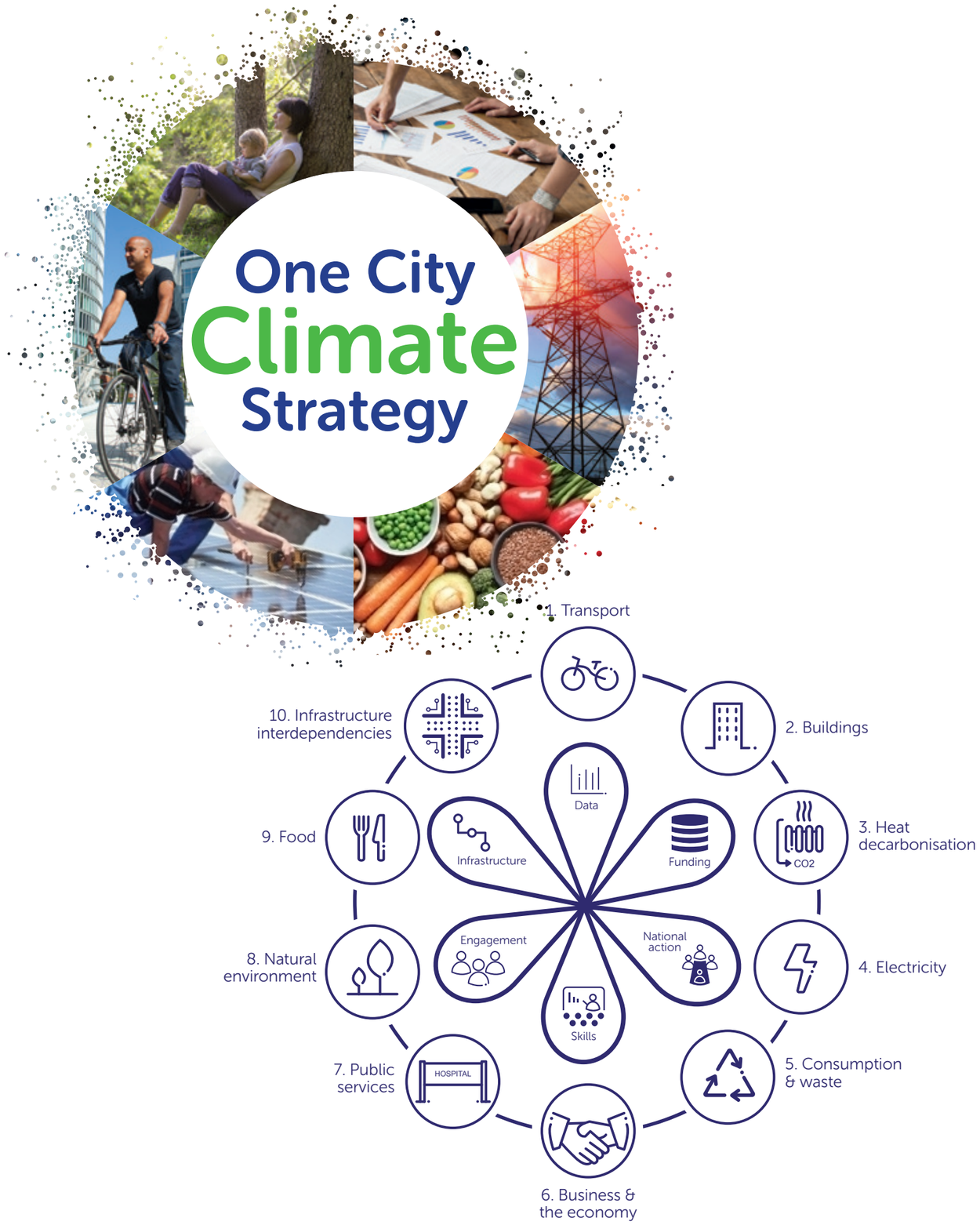

Figure 4: Bristol One City Climate Strategy ten key areas where climate action is needed to achieve the vision for Bristol in 2030.

1.4 Bristol Net Zero

Bristol has committed to becoming carbon neutral and climate resilient by 2030, a bold and challenging goal. The city's climate strategy includes emissions from Scopes 1, 2, and 3, covering not only those generated within the city limits but also the broader consumption-based carbon footprints of residents and businesses. This makes Bristol's strategy one of the most comprehensive in the UK.

Launched in 2019, the **Bristol One City Climate Strategy** serves as the city's roadmap for achieving carbon neutrality. It reflects Bristol's commitment to addressing climate change through collaboration across businesses, communities, and local authorities. The strategy covers a wide range of actions, including reducing emissions from buildings, transportation, energy use, and waste. It also promotes circular economy principles and addresses climate resilience, particularly in the face of increasing extreme weather events.

Role of Ocean in Supporting the Strategy

As Bristol's largest independent estate agent, Ocean is uniquely positioned to contribute to the city's climate goals. With a significant role in the housing market, Ocean has several opportunities to educate clients, advocate for sustainable homes, and influence the development of greener properties. Here's how Ocean can support Bristol's One City Climate Strategy:

1. **Educating Clients on Energy Efficiency**: Ocean can help homeowners, buyers, and renters understand the value of energy-efficient properties. Promoting homes with high energy performance and advising clients on retrofitting opportunities, such as insulation upgrades, low-carbon heating systems, and renewable energy options (e.g., solar panels), aligns directly with the city's decarbonisation objectives.

2. **Promoting Green Building Standards:** By collaborating with developers and property managers, Ocean can promote certifications such as BREEAM or Passivhaus for new builds and retrofits. Supporting green building practices will significantly reduce emissions from the housing sector.

3. **Facilitating a Circular Economy in Housing:** Ocean could encourage the reuse and recycling of materials during renovations, helping reduce waste. By raising awareness of sustainable construction practices, Ocean can further support the city's goal of fostering a circular economy.

4. **Highlighting Green Property Listings**: Ocean can spotlight properties with strong sustainability credentials, such as low energy consumption, use of renewable energy, or eco-friendly building materials. This not only educates potential buyers but also increases the attractiveness of environmentally friendly homes.

5. **Collaborating with Local Initiatives:** Ocean can engage with local sustainability projects that align with the One City Climate Strategy. By supporting community-led initiatives or championing Bristol's sustainable transport efforts, Ocean can enhance its corporate social responsibility while actively contributing to the city's net-zero ambitions.

By taking these steps, Ocean can position itself as a leader in promoting net-zero goals within the Bristol real estate market, helping shape the city's transition to a more sustainable future.

1.5 Value Chain Activities & Inclusion

To develop a robust and credible decarbonisation strategy, it is essential for Ocean Property Services to address emissions across its entire value chain. While Scope 1 and 2 emissions - those over which Ocean has direct control - are often the starting point due to their relative ease of measurement and control, Scope 3 emissions are critical in providing a full picture of the company's carbon footprint.

Scope 3 emissions represent a significant challenge because they encompass a wide range of indirect emissions from Ocean's value chain, including procurement of goods and services, business travel, employee commuting, and waste management. These emissions are harder to control and report on accurately, but they often represent the largest share of a company's overall footprint. The image illustrates how Scope 3 emissions extend across many activities that may overlap with emissions from other entities in the value chain, creating a complex but necessary web of accountability.

Following the **GHG Protocol** and **SBTi guidelines**, Ocean must ensure its reporting framework follows the principles of **relevance, completeness, consistency, transparency,** and **accuracy**. This means that Ocean cannot simply pick and choose which emissions to report on - rather, the company must aim to cover all material sources of emissions to produce a comprehensive carbon inventory.

Ocean's Scope 3 emissions overlap with the emissions of other entities within the value chain, but this overlap is intentional in the Scope 3 framework. It ensures that all emissions are accounted for, even if reported by multiple organisations, reinforcing the collective responsibility across the value chain to address carbon reduction. This also aligns with the broader climate goals outlined in Bristol's One City Climate Strategy.

In this updated strategy, previously underreported activities like employee commuting, upstream leased assets, and procurement must be included to ensure a more complete understanding of Ocean's carbon impact. By addressing these additional categories, Ocean will be able to set more effective reduction targets and fully align with net-zero pathways.

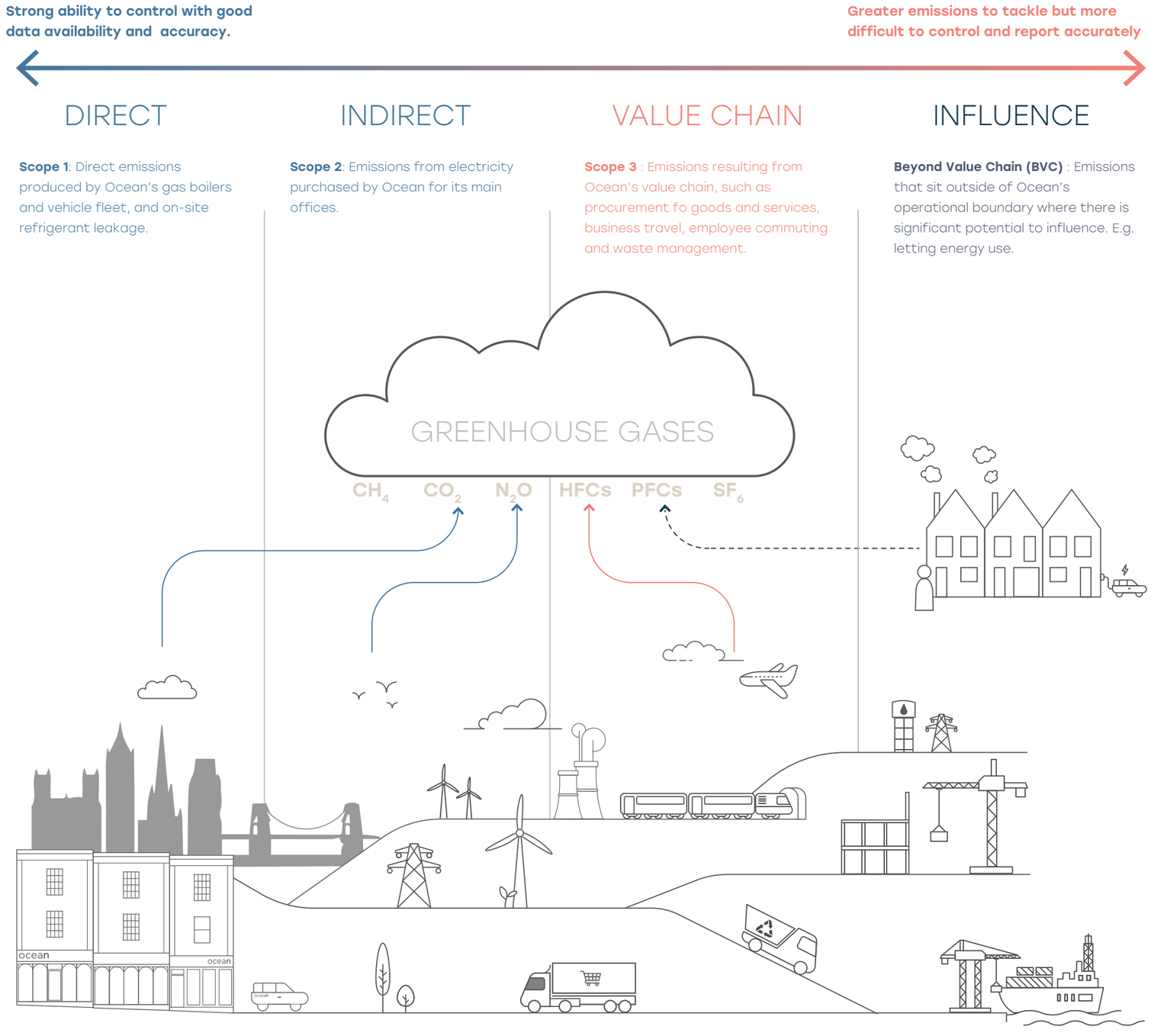

Figure 5: Ocean Property Services's emissions and considerations for influence, control and data collection.

1.6 Identified Emissions & Exclusions

The following table outlines the recommended boundaries for Ocean's emissions reporting, developed in accordance with the Greenhouse Gas (GHG) Protocol standards. Each category has been carefully evaluated to ensure that Ocean's carbon inventory captures all emissions sources over which the company exercises direct operational control, as well as those within its broader sphere of influence across the value chain.

In particular, Ocean's Scope 1 and Scope 2 emissions are comprehensively included, reflecting the company's building energy and vehicle fuel use. Scope 3 emissions, which represent indirect emissions from Ocean's supply chain and business activities, have been assessed based on the company's ability to monitor and influence these areas. This approach ensures that Ocean's reporting captures the majority of its climate impact, from procurement to waste management and employee commuting.

Reassessing Boundaries

This framework provides a solid foundation for emissions reporting, but it is essential for Ocean to periodically revisit and reassess these boundaries. As data collection methods improve and new industry standards emerge, Ocean must ensure that its emissions reporting remains relevant and reflects the latest insights on value chain emissions. Expanding the scope where necessary will reinforce the company's commitment to transparency and leadership in sustainability.

Scope & Category		Emissions Source	Included within Assessment	Rationale for Inclusion/Exclusion	Potential for Influence
Scope 1		Direct emissions (company vehicles, gas boilers, refrigerant leakage)	Yes	Direct operational control over emissions from owned assets such as vehicles and building heating systems.	Operational changes, energy efficiency improvements, transition to electric vehicles.
Scope 2		Indirect emissions (purchased electricity.)	Yes	Significant for managing energy consumption and utility choices in Ocean's offices.	Energy sourcing decisions, switch to 100% renewable energy contracts, efficiency improvements in office operations.
Scope 3: Upstream	1	Purchased goods and services.	Yes	All purchased goods and services essential to Ocean's operations are included (e.g., office supplies, marketing materials).	Supplier engagement to prefer low-carbon options, sustainable procurement policies.
	2	Capital goods.	Yes	Investments in assets that are integral to service provision and have long-term use.	Investment in low-carbon technologies and durable goods.
	3	Fuel- and energy-related activities (not included in Scope 1 or 2).	Yes	Accounts for emissions linked to the production of purchased fuels and energy not directly consumed - e.g transportation and distribution prior to consumption.	Selection of low-carbon fuels, optimisation of energy usage.
	4	Upstream transportation and distribution.	Yes	Includes emissions from transporting all goods and services essential for Ocean's operations.	Logistics planning, choice of transportation modes, route optimisation.
	5	Waste generated in operations (office and site).	Yes	Reflects waste management practices for waste generated in Ocean's offices. Includes collection and processing of all waste streams.	Waste reduction strategies, recycling initiatives, contractor waste handling procedures.
	6	Business travel (transport and hotels).	Yes	Necessary for client meetings, site visits, and project management activities.	Adoption of virtual meeting technologies, optimsation of travel, sustainable travel policies.
	7	Employee commuting.	Yes	Incorporates emissions from staff travel to and from the office only, assuming all travel to project sites is included within 'Business Travel'.	Encouragement of public transportation, carpooling, or cycling
	8	Leased assets (upstream).	Yes	Some leased offices are outside of Ocean's direct control but are accounted for due to associated energy consumption.	Engage with landlords to encourage renewable energy use and energy-efficient building systems.
Scope 3: Downstream	9	Downstream transportation and distribution.	No	Ocean does not require logistics for any products.	N/A
	10	Processing of sold products.	No	Not applicable, as Ocean does not manufacture or process physical products	N/A
	11	Use of sold products.	No	Ocean's services do not involve physical products, so this category is not relevant.	N/A
	12	End-of-life treatment of sold products.	No	Ocean's services do not involve physical products, so this category is not relevant.	N/A
	13	Franchises.	No	Ocean does not operate franchises; not applicable.	N/A
	14	Downstream leased assets.	No	Ocean does not own assets that are leased.	N/A
	15	Investments.	No	Ocean does not have financial investments.	N/A

2.0 Baseline Emissions

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2.1 Previous Carbon Invetory Assessments

In March 2023, Ocean Property Services received its Carbon Footprint Appraisal for the period covering November 2021 to October 2022. This report, conducted by Carbon Footprint Ltd, assessed the company's emissions across Scope 1, 2, and selected Scope 3 emissions in line with the GHG Protocol standards.

The report provided two key types of results: location-based and market-based emissions.

- **Location-based emissions** represent Ocean's carbon footprint based on the average emissions intensity of the grid and do not account for any specific energy contracts.
- **Market-based emissions**, on the other hand, reflect the emissions associated with Ocean's specific energy purchases, such as renewable energy contracts where available.

As guidance on energy procurement evolves (see Appendix B for more information), it is increasingly important to take a cautious approach when reporting emissions. To avoid accusations of greenwashing, and in alignment with the Science Based Targets initiative (SBTi), we recommend prioritising location-based emissions reporting. This method provides a clearer reflection of Ocean's energy consumption without the complexities introduced by energy procurement contracts.

Key Findings and Progress

The 2021-2022 appraisal reported total emissions of 145.09 tonnes CO2e (location-based). The most significant contributors to Ocean's emissions were:

- **Electricity consumption**, which accounted for 41.8% of the total footprint.
- **Gas consumption**, contributing 33%.
- **Waste management** at 11.7%.
- **Company car travel**, responsible for 9.7%.

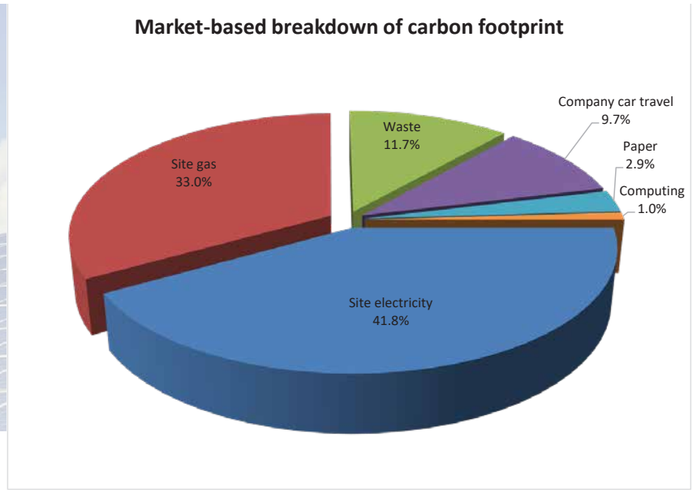
The report also provided per-employee emissions, calculated at 0.98 tonnes CO2e, and per £1 million turnover emissions, which stood at 13.98 tonnes CO2e.

Rebaselining and Historical Data

Importantly, this isn't Ocean's first carbon footprint assessment. A previous report for the 2019/2020 period provided an initial emissions baseline. However, since the scope of the 2021/2022 appraisal was expanded to include additional sources of emissions, such as purchased goods and services, a rebaselining of data was conducted. This ensured that the comparison of emissions between reporting periods remained accurate.

Carbon Footprint Appraisal
for
Ocean Property Services Ltd

Assessment Period:
1st November 2021 – 31st October 2022



Metric	Location-Based	Market-Based
Total Tonnes CO_2e	145.09	152.35
Tonnes of CO_2e per employee	0.98	1.03
Tonnes of CO2e per £ million turnover	13.98	14.68

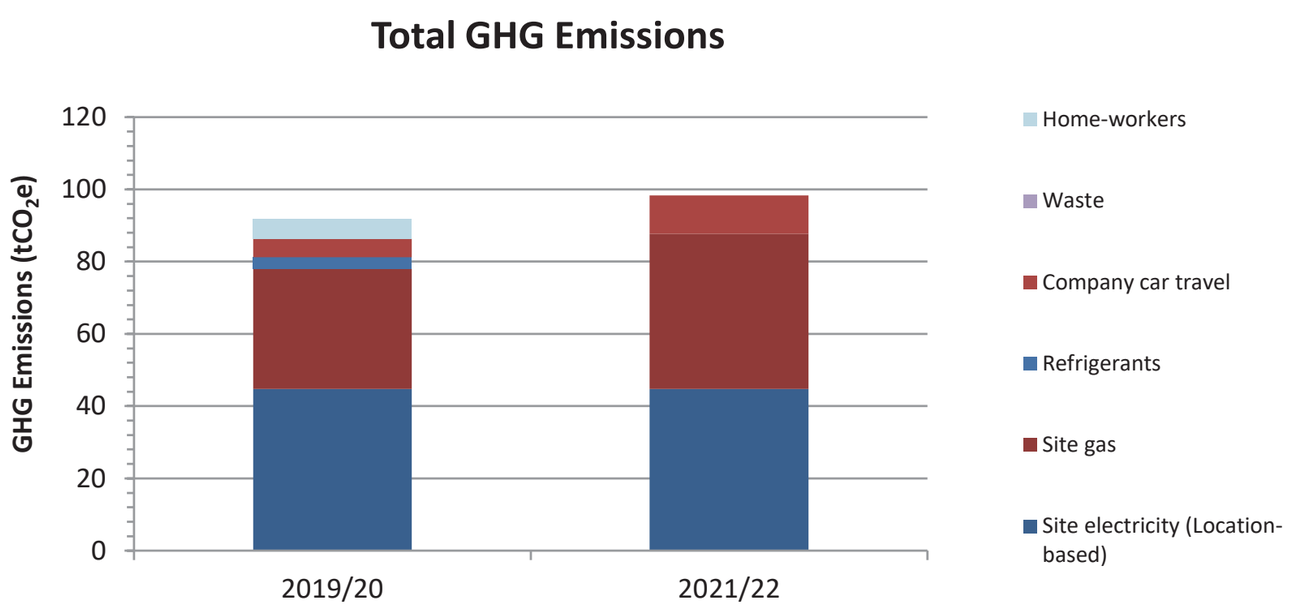


Figure 6: Information from Carbon Footprint Ltd's 2022-23 Carbon Footprint Appraisal

2.2 Methodology

Baseline Year Establishment

An essential first step in developing a net zero roadmap is to set a baseline year, which serves as the reference point for measuring future emissions reductions. In Ocean's case, two previous baseline assessments have been completed: the first for the 2019/2020 financial year and the second for 2021/2022. However, due to changes in the scope and inclusion of additional emissions categories, a rebaselining process is now required to ensure consistency and accuracy moving forward, unless Ocean wishes to retrospectively calculate a complete carbon inventory for each year.

For this updated GHG inventory, the assessment will include a complete dataset, covering a broader range of activities - particularly within Scope 3. If Ocean chooses this as teh new baseline year, it will allow for better tracking of emissions reduction progress and ensure that future comparisons are accurate. The rebaselined dataset will allow Ocean to either adjust historical data for consistency or treat this reporting year as a fresh baseline if necessary.

Emissions Factors and Activity Data

GHG emissions are calculated by multiplying activity data (such as energy use, transport distances, waste volumes etc.) by relevant emissions factors, which convert activities into CO_2e emissions. Accurate and geographically relevant factors are crucial to ensuring reliable estimates.

Emissions Factors and Activity Data

For this inventory, we applied DEFRA's 2022 emissions factors, which are widely accepted for UK-based reporting. For Scope 3 emissions related to procurement, we used Standard Industrial Classification (SIC) codes from DEFRA's carbon factor database to map financial spend data to relevant industry categories.

SIC Codes & Scope 3 - Procurement

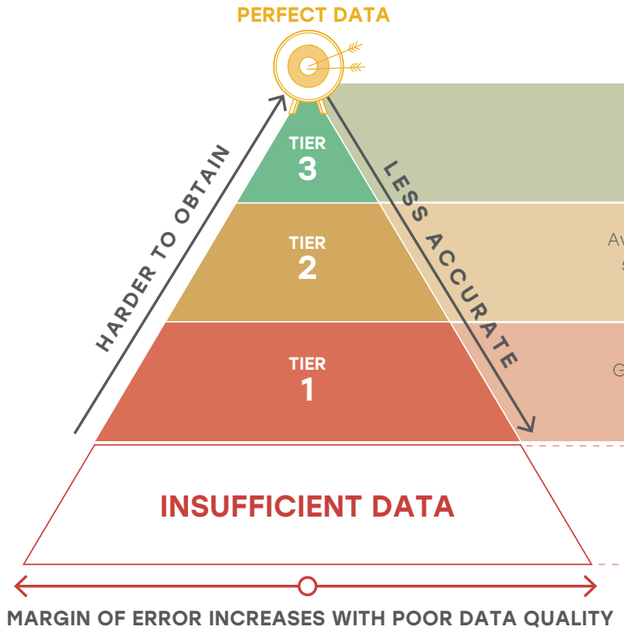
SIC codes help estimate emissions when supplier-specific data isn't available. This spend-based method allows us to link Ocean's procurement activities to industry standards. However, it does not account for individual supplier practices, which may result in over-generalizations. Moving forward, improving supplier engagement will refine the accuracy of procurement emissions estimates.

Data Integrity and Quality

Underpinning our methodology is a data tier approach to ensure the integrity and quality of the information we use. This approach categorises data into three tiers:

- **Tier 3**: Provides the most precise data, ideally company-specific emissions factors based on direct measurements.
- **Tier 2**: Offers a better approximation with more specific emissions factors.
- **Tier 1:** Represents the least accurate data, typically generic emissions factors that provide a rough estimate.

Given the inherent uncertainties in emissions calculations, we apply relative standard deviations to each data tier. Lower quality data (Tier 1) carries a higher margin of error, while higher quality data (Tiers 2 and 3) provide more accurate emissions profiles. As Ocean progresses, improving the quality of data from Tier 1 to Tier 2 and Tier 3 will be a key objective, ensuring that the GHG inventory becomes more precise over time.



	DESCRIPTION	METHODOLOGY	EXAMPLE CALCULATION	ocean POSITION
TIER 3	Highly accurate and potentially time-consuming methods are used.	Obtain detailed data from **suppliers** about specific **products and services**. This involves engaging suppliers for precise emissions figures or using detailed LCA data for specific products.	£1 spent on specific product or service = X kgCO2e	Used for office energy consumption (kWh)
TIER 2	Average and hybrid data is used specific to industry sector or country.	Combines **specific supplier/product** data with **industry averages** for elements of the assessment where direct data isn't available.	1 mile travelled in vehicle type = X kgCO2e	Used for business travel and staff commuting (miles travlled) and waste management (kg recycled material)
TIER 1	Generic conversion factors are applied to activity data.	Use **industry** specific or benchmarked carbon factors	£1 in generic industry = X kgCO2e	Used for procurement adopting Standard Insutrial Classification (SIC) codes and carbon factors from DEFRA
INSUFFICIENT DATA	No applicable methodology due to data gaps.	N/A	N/A	TBC following workshop with Johnny

Figure 7: Data quality and exmple calculation methodologies

2.3 Scope 1, 2 and 3 Summary

Ocean's carbon footprint across all three scopes for FY22-23 is estimated to be **547 tonnes of CO2 equivalent (tCO2e)**. The total footprint comes with an uncertainty range of ±19%, reflecting the challenges of data quality and the assumptions needed in some areas. This number represents a significant improvement in coverage compared to previous assessments, which omitted several key Scope 3 categories due to data gaps, which have now been addressed. Ocean's emissions are split across three scopes:

Scope 1 and 2 (Direct and Indirect Energy Use): Together, these account for 83 tCO2e (18%) of the total footprint.

- **Scope 1:** Responsible for 48 tCO2e (9%), this includes emissions from burning fossil fuels in company vehicles and office heating systems.
- **Scope 2**: Contributing 36 tCO2e (7%), these emissions come from purchased electricity for office operations and charging electric/hybrid vehicles.

The GHG Protocol identifies **15 categories of Scope 3 emissions**, most of which are not relevant to Ocean's operations. The table to the right highlights the eight categories that are relevant to Ocean. As shown, the majority of Scope 3 emissions are attributed to the following key contributors:

- **Purchased Goods and Services**: Emissions from the production, processing, and transportation of goods and services procured to support Ocean's operations, such as office supplies and IT equipment.
- **Fuel and Energy-Related Activities:** Upstream emissions from the extraction, refining, and transport of fuels and electricity, including transmission losses.
- **Employee Commuting:** Emissions from staff travel between home and office, primarily from personal vehicles.

Categorising for Clairty

To make this inventory easier to understand and manage, we've organised the emissions into three thematic areas that reflect Ocean's operations. These areas will be explored further in the report:

1. **Estate:** Covers emissions from energy, water use, and waste in Ocean's offices.
2. **Travel:** Captures emissions from company vehicles, business travel, and staff commuting.
3. **Supply Chain**: Reflects the emissions associated with goods and services procured by Ocean.

The breakdown of these categories is illustrated in the bar chart to the right, providing a visual summary of the proportional contributions. This segmentation helps identify the key areas for action and ensures Ocean can focus its efforts on the most impactful sources of emissions.

Scope		Description	Carbon Emissions (tCO2e)	% of total	Data Integrity (tier 1, 2 or 3)
Scope 1		Building gas consumption	**35.5**	6.5%	Tier 3 - kWh for building energy consumption.
		Company fleet fuel use	**12.3**	2.2%	Tier 1 - annual mileage allowance per vehicle
		Fugitive emissions (refigerant)	**-**	-	No reported refrigerant leaks
Scope 2		Building electricty consumption	**34.0**	6.2%	Tier 3 - kWh (using location-based / average grid carbon method.
		Company fleet fuel use	**1.8**	0.3%	Tier 1 - annual mileage allowance per vehicle
Scope 3	3.1	Purchased goods and services (excluding interior design project spend)	**355.8**	65.1%	Tier 1 - Using SIC Codes and industry average carbon factors.
	3.2	Capital goods	**-**	-	
	3.3	Fuel- and energy-related activities (not included in Scope 1 or 2)	**22.2**	4.1%	Tier 3 - kWh or litres of fuel used.
	3.4	Upstream transportation and distribution	**-**	-	Insufficient data to be able to separate - captured within 3.1 and 3.2
	3.5	Waste generated in operations	**0.04**	~0%	Tier 2 & 3 - volume/weight of waste streams measured.
	3.6	Business travel	**-**	-	Tier 2 - distance travelled and spend on fuel.
	3.7	Employee commuting	**85.2**	15.6%	Tier 2 - distance travelled.
	3.8	Upstream leased assets	**-**	-	All energy associated with lesased assets captured in Scopes 1 and 2
Total Emissions			**546.8**	100%	

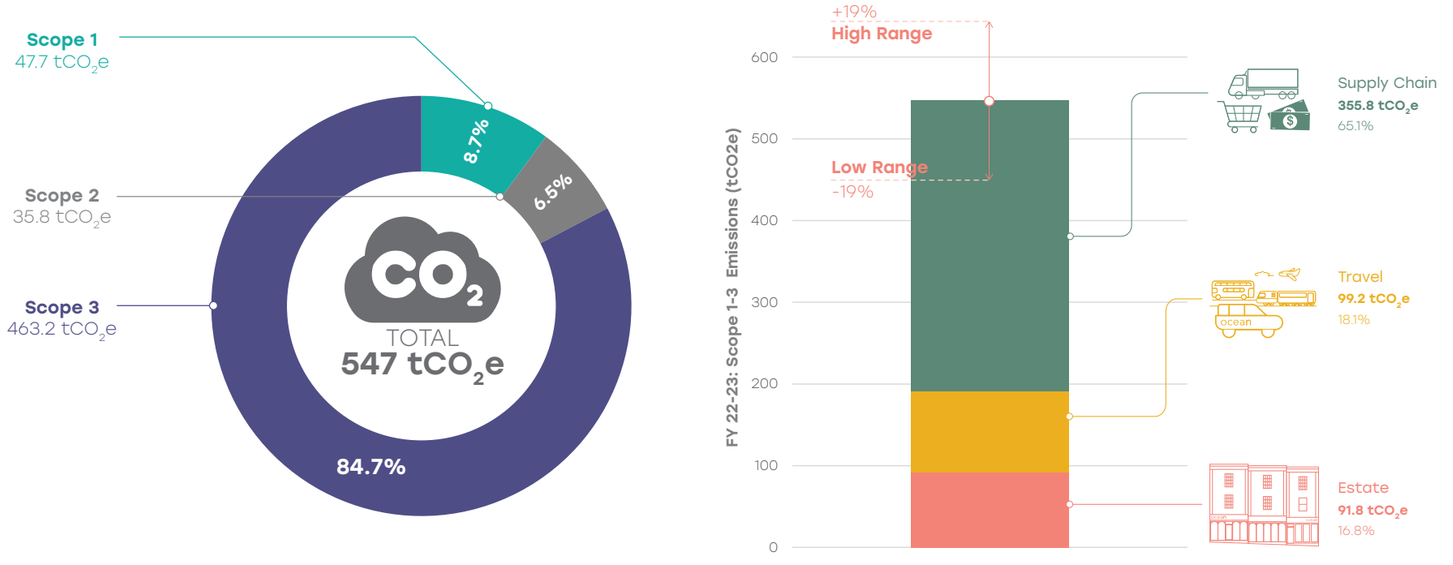


Figure 8: Ocean's Scope 1, 2 and 3 emissions and thematic grouping.

3.0 Estate

3.0 Estate

3.1 Estate Emissions Overview

Emissions from Ocean's estate span several categories, as outlined by the GHG Protocol. The largest contributors are Scope 1 and Scope 2 emissions, arising from the direct use of gas and electricity in buildings. In addition, associated Scope 3 emissions from the extraction, processing, and transportation of these energy sources are significant. Other estate-related emissions include refrigerant leaks (Scope 1) and waste generation (Scope 3, Category 5).

Building Energy Use

Energy consumption from gas and electricity is the primary source of emissions from Ocean's estate. In FY22-23, these accounted for **87.2 tCO2e**, representing **18% of total emissions**. This reflects a 10% reduction compared to FY21-22, following consistent reductions across most offices. This progress highlights the potential for further improvements in energy efficiency across Ocean's operations.

Refrigerants

Fugitive emissions from refrigerants used in air conditioning systems can be a significant, though often overlooked, component of Scope 1 emissions. Ocean operates air conditioning in four offices, with refrigerants that vary in Global Warming Potential (GWP).

Maintenance of these systems is handled by Avonaire, who track refrigerant usage. To date, no leaks or refills have been reported, resulting in **zero emissions recorded** for refrigerants in this inventory. However, we recommend closer monitoring to ensure refrigerant usage is accurately tracked, as leaks or top-ups could contribute significantly to Ocean's overall carbon footprint..

Waste Management

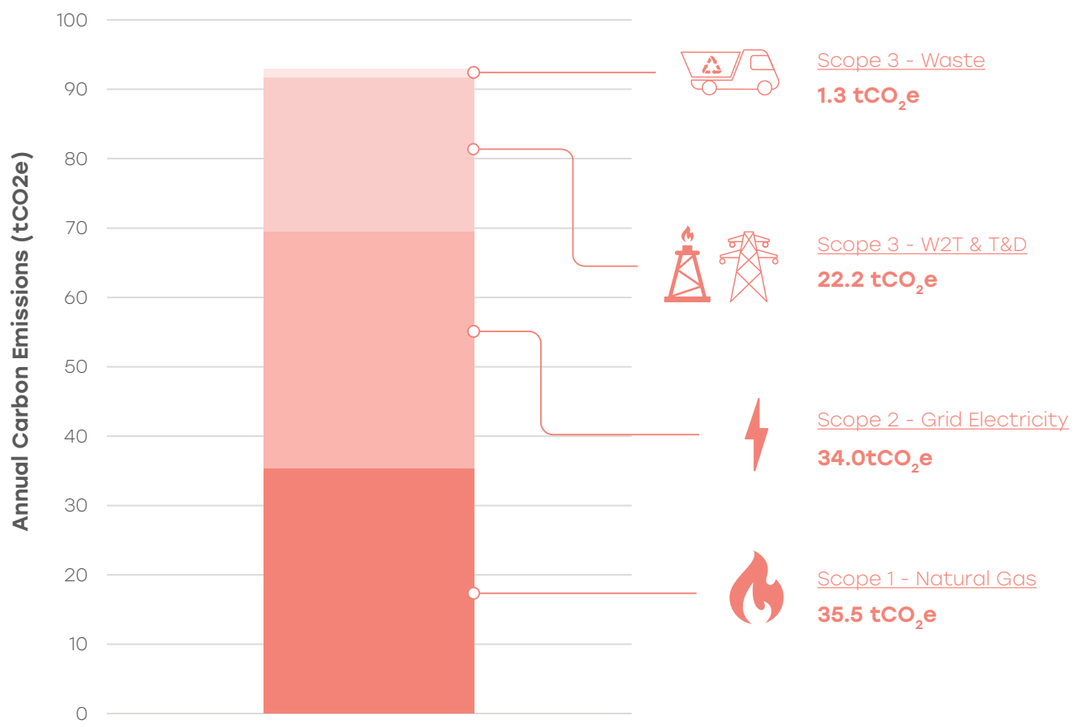
Ocean's waste is managed by the Bristol Waste Company, which recently introduced an online portal to improve transparency about waste destinations. Although the portal provides information on waste streams, it does not yet offer weight-based data. As a result, benchmark figures of 200kg per full-time employee per year were used for this assessment.

Waste breakdown:

- <1% sent to landfill.
- 27% recycled.
- 10% processed through anaerobic digestion.
- The remainder is incinerated with energy recovery.

Emissions from waste management amount to **1.3 tCO2e** (~0.3% of total emissions). While small, waste presents an opportunity for Ocean to improve recycling rates, reduce overall waste, and adopt circular economy principles as part of its sustainability strategy.

Figure 9: Estate emissions relative to overall carbon footprint and key factors contributing to estate emissions



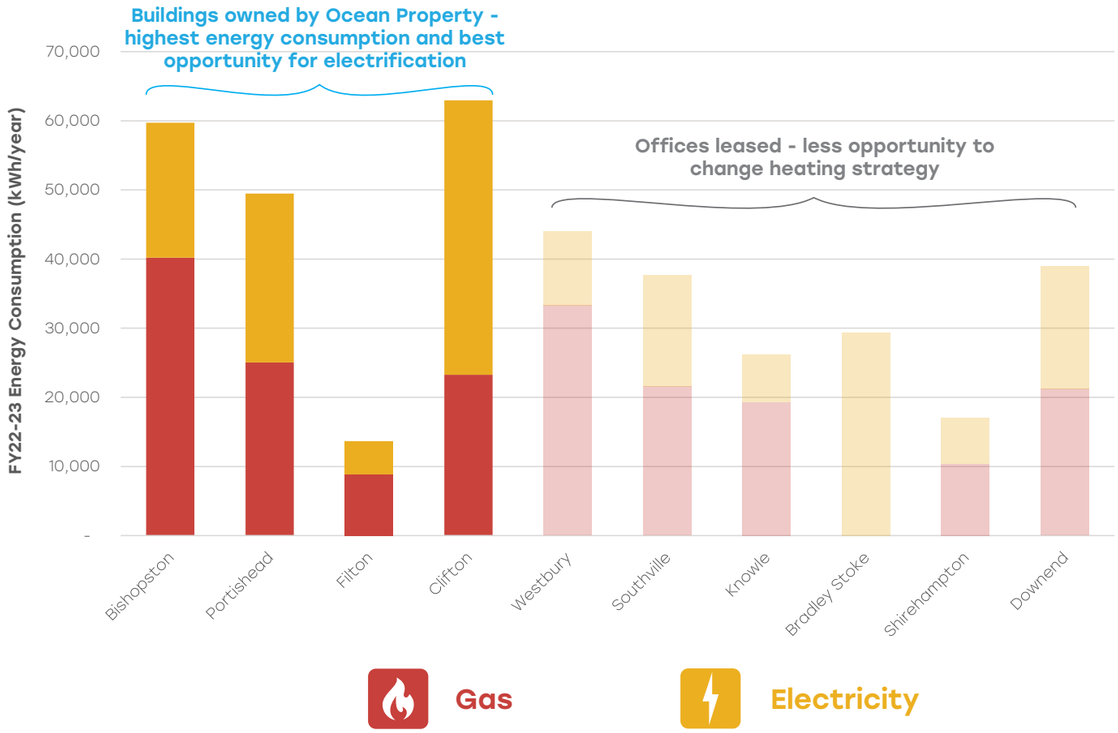


Figure 11: Ocean offices annual gas and electricity consumption

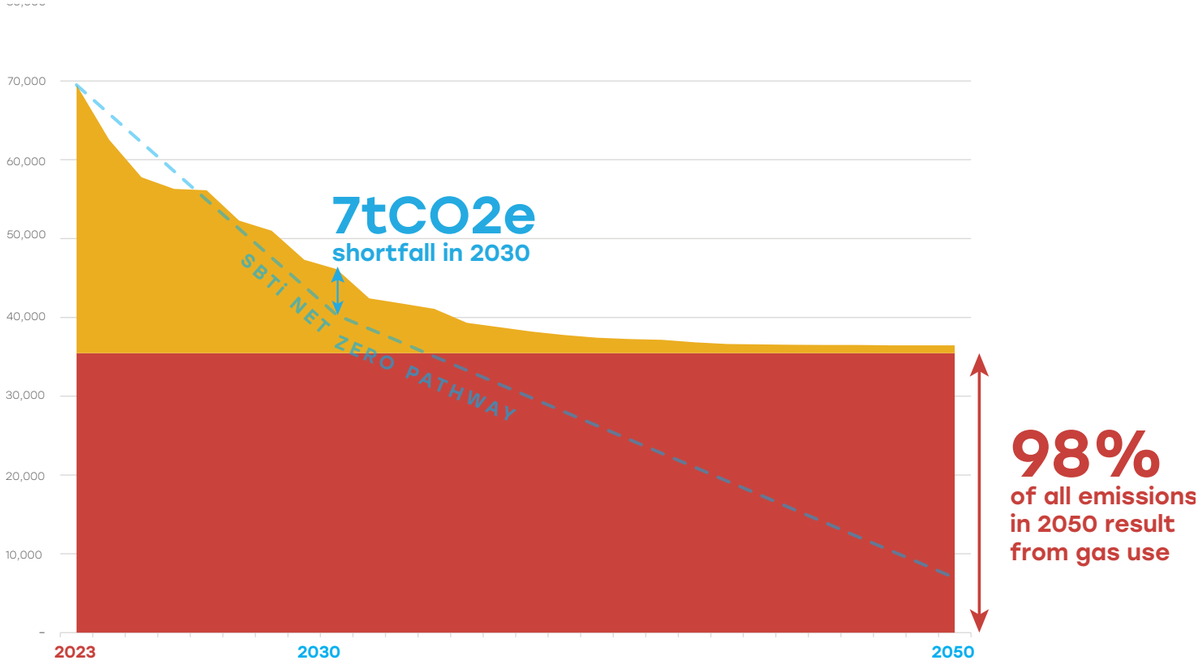


Figure 12: Ocean's estate business as usual trajectory and SBTi new zero pathway

3.2 Strategic Pathways for Estate Decarbonisation

Heat Decarbonisation

With **98% of Ocean's estate emissions** stemming from energy use, the priority for decarbonisation should be to transition each office's energy supply away from fossil fuels. The most effective route is to phase out gas heating and adopt **electric alternatives**, such as heat pumps, which are significantly more efficient and have the potential to run on renewable electricity as the grid continues to decarbonise.

The figure at the top left highlights the **four offices** where Ocean has partial or full **ownership**. These offices collectively account for approximately **50% of the company's total building energy use**. Since Ocean has greater control over these buildings, they present the most viable opportunity to implement low-carbon heating solutions. As such, these offices should be prioritised for upgrades, focusing on electrified heating systems when existing gas boilers reach the end of their useful life.

Net Zero Trajectory

For SMEs like Ocean, the SBTi requires a **42% reduction in Scope 1 and 2 emissions by 2030**. Since 83% of Ocean's Scope 1 and 2 emissions are from office energy use (the remainder from fleet use), decarbonising the energy supply of these offices is a critical focus area.

The figure at the bottom left illustrates Ocean's **business-as-usual (BAU) energy trajectory** for office energy use, extending to 2050. A BAU trajectory assumes no major operational changes, with emissions reductions resulting only from the National Grid Future Energy Scenarios (FES), which estimate progressive improvements in the carbon intensity of the electricity grid. For more detailed information on this refer to **Appendix A**.

However, the blue dotted line on the figure shows the **SBTi reduction pathway,** demonstrating the necessary reductions to achieve the near- and long-term targets. By **2030**, Ocean's office emissions could still be **7 tCO2e short of the target.** This gap is equivalent to the gas-related emissions from Bishopston during the 2022-23 reporting year. Achieving the SBTi target would require transitioning the gas heating systems in Ocean-owned offices to electric heating, such as heat pumps.

A Feasible Plan for 2030 and Beyond

The promising aspect of this pathway is that much of the heavy lifting will be done by the continued decarbonisation of the UK electricity grid. To meet the near-term SBTi targets, Ocean only needs to focus on addressing emissions from its owned offices by replacing gas heating systems with electric options when current systems reach the end of their life. While this will involve upfront costs, it represents one of the simplest and most effective routes to align with SBTi requirements.

Looking toward 2050, the benefits of grid decarbonisation will plateau, leaving 98% of estate emissions tied to gas usage unless further action is taken. By that time, it is likely that new legislation will mandate the removal of fossil fuel heating altogether. Therefore, Ocean's short-term focus should remain on tackling emissions sources within its direct control, ensuring that progress is made toward the SBTi near-term targets and setting a strong foundation for future decarbonisation efforts.

4.0 Travel & Transport

4.0 Transport & Travel

4.1 Travel & Transport Emissions Overview

Travel and transport are integral to Ocean's operations, with most staff working in offices and agents frequently traveling across Bristol to attend property meetings. For the financial year 2022/23, transport-related emissions were estimated at **99 tCO2e**, accounting for approximately 20% of Ocean's total emissions.

Fleet

Ocean operates a mixed fleet, including 1 owned vehicle and approximately 40 leased vehicles. These vehicles are used as company cars for directors and pool cars for the sales team. Ocean has already begun transitioning to a **hybrid-electric fleet**, with nearly two-thirds of its vehicles now plug-in hybrids.

In 2022/23, fleet emissions equated to **14 tCO2e**, representing around 2.8% of total emissions. Each vehicle has an annual mileage allowance of ~1,800 miles, with any additional mileage falling under staff commuting.

Staff Commuting

Staff commuting emissions arise from employee travel between home and work. A 2023 commuting survey conducted by NZA had a strong response rate of 78% (110 responses), providing a clear understanding of commuting patterns. From this survey data, NZA estimates that commuting emissions for FY22-23 amounted to **85.2 tCO2e**, or approximately 17% of Ocean's total emissions.

This makes commuting the second-largest contributor to Ocean's overall carbon footprint. For an organisation based in a single city, this represents a significant opportunity to reduce Scope 3 emissions.

Working from Home (WFH)

Emissions from working from home were not included in this report. According to the Standardised Carbon Emissions Framework (SCEF), these emissions are typically estimated at 0.3 tCO2e per full-time employee annually. However, Ocean's emphasis on in-person work means WFH emissions are likely minimal and were excluded from the baseline inventory. Future assessments may revisit this category to ensure comprehensive reporting.

Business Travel

Business travel refers to trips made for work purposes in vehicles that are not under Ocean's operational control. An analysis of Ocean's annual expenditure revealed no spending on business travel modes such as trains, taxis, buses, or flights. This aligns with Ocean's local focus in Bristol and its reliance on its fleet for travel. However, if Ocean's business travel practices change in the future, it will be essential to capture and report on these emissions separately.

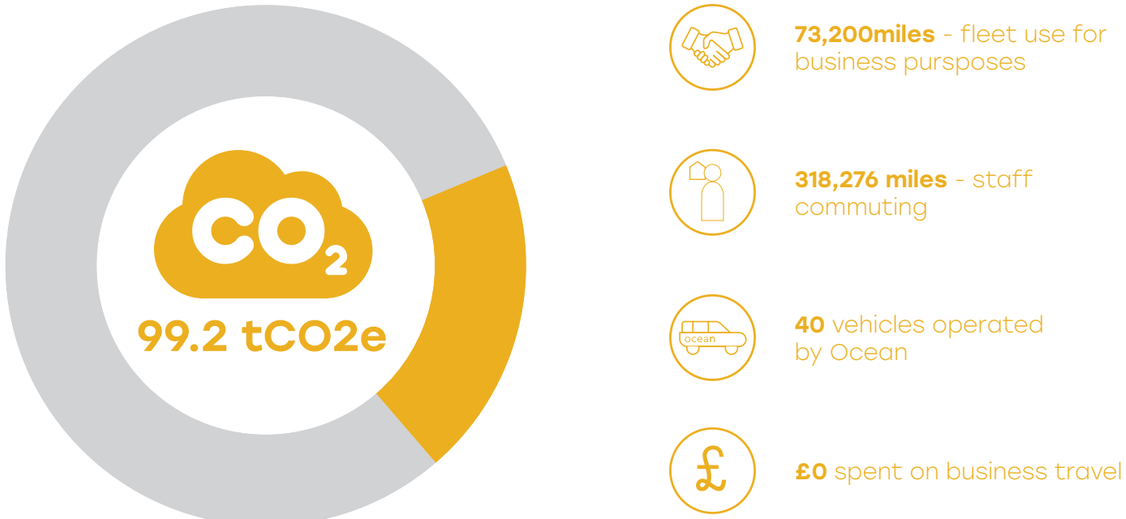


Figure 13: Travel and transport emissions relative to overall carbon footprint and key factors contributing to these emissions

Figure 14: Scope 1, 2 and 3 emissions related to travel and transport

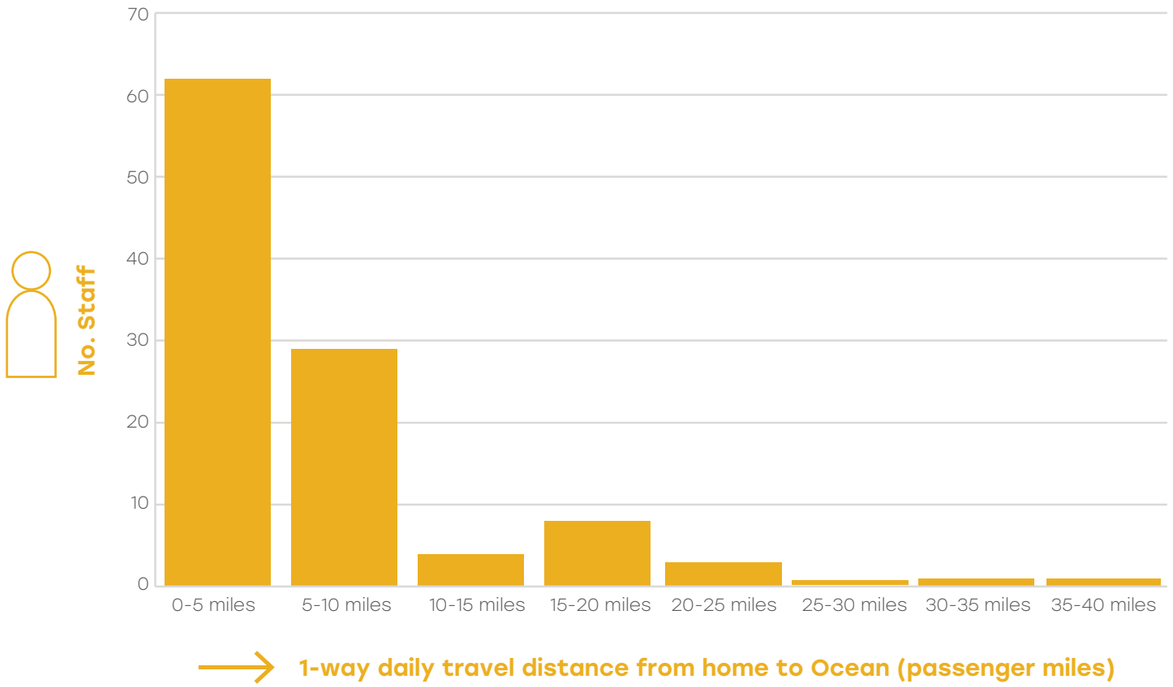


Figure 15: Ocean data on 1-way travel distance for staff.

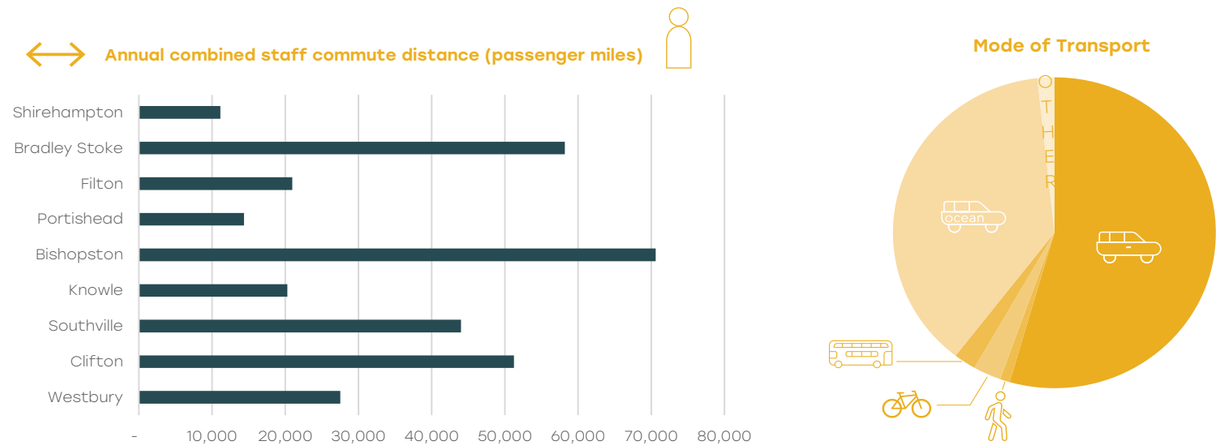


Figure 16: Staff commuting locations and annual distance travelled (left) with modes of transport (right)

4.2 Commuting Data Deep Dive

The NZA commuting survey provides valuable insights into the commuting patterns of Ocean staff. While commuting distances vary, the majority of employees travel less than 5 miles to work, which is promising for reducing overall emissions. However, there are a few outliers who commute from further afield.

Key Insights from the Data:

1. **Commuting Distances by Office**

   The figures to the left illustrate the annual commuting distances traveled by staff at each office. The three largest contributors to total commuting distances are Bradley Stoke, Bishopston, and Clifton offices. While these offices have the highest commuting totals, the associated emissions depend heavily on the mode of travel.

2. **Modes of Travel**

   The pie chart at the bottom left shows that the majority of Ocean staff commute using either personal cars or company vehicles. Given that Ocean is transitioning its fleet to plug-in hybrids (PHEVs) and plans to adopt full battery electric vehicles (EVs) in the future, company car emissions are already being addressed. However, personal car emissions remain a significant unknown, as the types of personal vehicles used (e.g., petrol, diesel, hybrid) are not currently tracked. For this analysis, average petrol vehicle emissions factors were assumed.

4.3 Reducing Travel & Transport Emissions

Ocean has an opportunity to further reduce commuting emissions by addressing travel modes and supporting low-carbon alternatives. Targeted initiatives could include:

- **Carpooling Programs:** Encourage car sharing to reduce single-occupancy vehicle trips.
- **Public Transport Subsidies**: Provide financial incentives for staff to switch to public transport.
- **Cycling Incentives**: Promote cycling by offering bike-to-work schemes, secure bike storage, or shower facilities.
- **Flexible Working Options**: Explore hybrid working arrangements to reduce the frequency of commuting

These initiatives could be implemented company-wide or tailored to specific offices, such as Bradley Stoke, Bishopston, and Clifton, which represent the largest contributors to commuting distances.

5.0 Supply Chain

5.0 Supply Chain

5.1 Supply Chain Emissions Overview

Supply Chain Complexity and Opportunity

A significant portion of any business's carbon footprint lies within its supply chain, often far exceeding the emissions from direct energy use (Scope 1 and 2). These **Scope 3** emissions are indirect and arise from the **procurement of goods and services**, including IT infrastructure, food and catering, office supplies, construction materials, and professional services.

In the 2022/23 financial year, Ocean spent approximately **£1.7 million** on goods and services, resulting in an estimated **341.8 tCO2e** of supply chain emissions. This equates to **64% of Ocean's total GHG inventory,** making it the largest contributor to its overall carbon footprint. Understanding the sources of these emissions is crucial, as procurement decisions directly influence how emissions arise and where reductions can be targeted.

What is Included in Supply Chain Emissions?

Supply chain emissions represent the full lifecycle of goods and services purchased by a business, from **cradle to gate**. This includes:

- **Raw Material Extraction**: The mining, harvesting, or extraction of raw materials.
- **Processing and Manufacturing:** The emissions from factories and facilities where goods are produced or assembled.
- **Packaging and Distribution:** Energy used in packaging and transporting goods to their final destination.

For some items, emissions may also include **cradle to grave** impacts, which consider the end-of-life stage, such as recycling or disposal. For example:

- A **laptop** may include emissions from its production, shipping, use phase, and eventual recycling or disposal.
- Office **furniture** may include emissions from raw material extraction (wood or metals), manufacturing, and delivery to Ocean's offices.

This lifecycle view underscores how procurement choices - such as opting for products made with recycled materials, selecting local suppliers, or choosing services with lower carbon intensity - can significantly reduce supply chain emissions.

Data & Analysis

To estimate Ocean's supply chain emissions, NZA analysed its financial records, categorising expenditures into relevant Scope 3 categories. Ocean's spending was organised into 56 nominal codes, which were grouped into 18 Standard Industrial Classification (SIC) codes. Each SIC code was assigned a DEFRA carbon factor, allowing for a high-level estimate of the emissions associated with each category.

While this initial analysis provides a valuable starting point, further refinement is necessary to achieve a more accurate and actionable understanding.

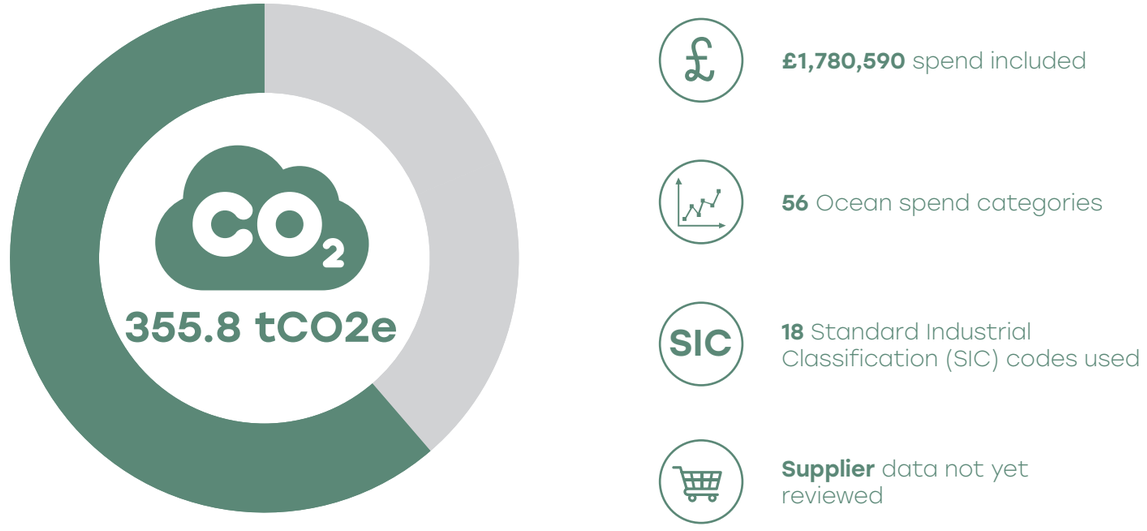


Figure 13: Supply chain emissions relative to overall carbon footprint and key data sources contributing to these emissions

SIC Code	Reference	Scope 3 Procurement Emissions (kgCO2e)	% Total
26	Computer, electronic and optical products	68,359	19%
10.8	Food products	57,735	16%
17	Paper and paper products	55,876	16%
73	Advertising and market research services	39,712	11%
65.1-2	Insurance and reinsurance services, except compulsory social security	30,769	9%
69.2	Accounting, bookkeeping and auditing services; tax consulting services	24,594	7%
61	Telecommunications services	20,330	6%
95	Repair services of computers and personal and household goods	16,178	5%
18	Printing and recording services	15,983	4%
62	Computer programming, consultancy and related services	6,292	2%
74	Other professional, scientific and technical services	4,975	1%
90	Creative, arts and entertainment services	3,591	1%
53	Postal and courier services	2,696	1%
11.07	Soft drinks	2,619	1%
94	Services furnished by membership organisations	2,329	1%
24.4-5	Other basic metals and casting	2,220	1%
85	Education services	1,334	<1%
32	Other manufactured goods	170	<1%

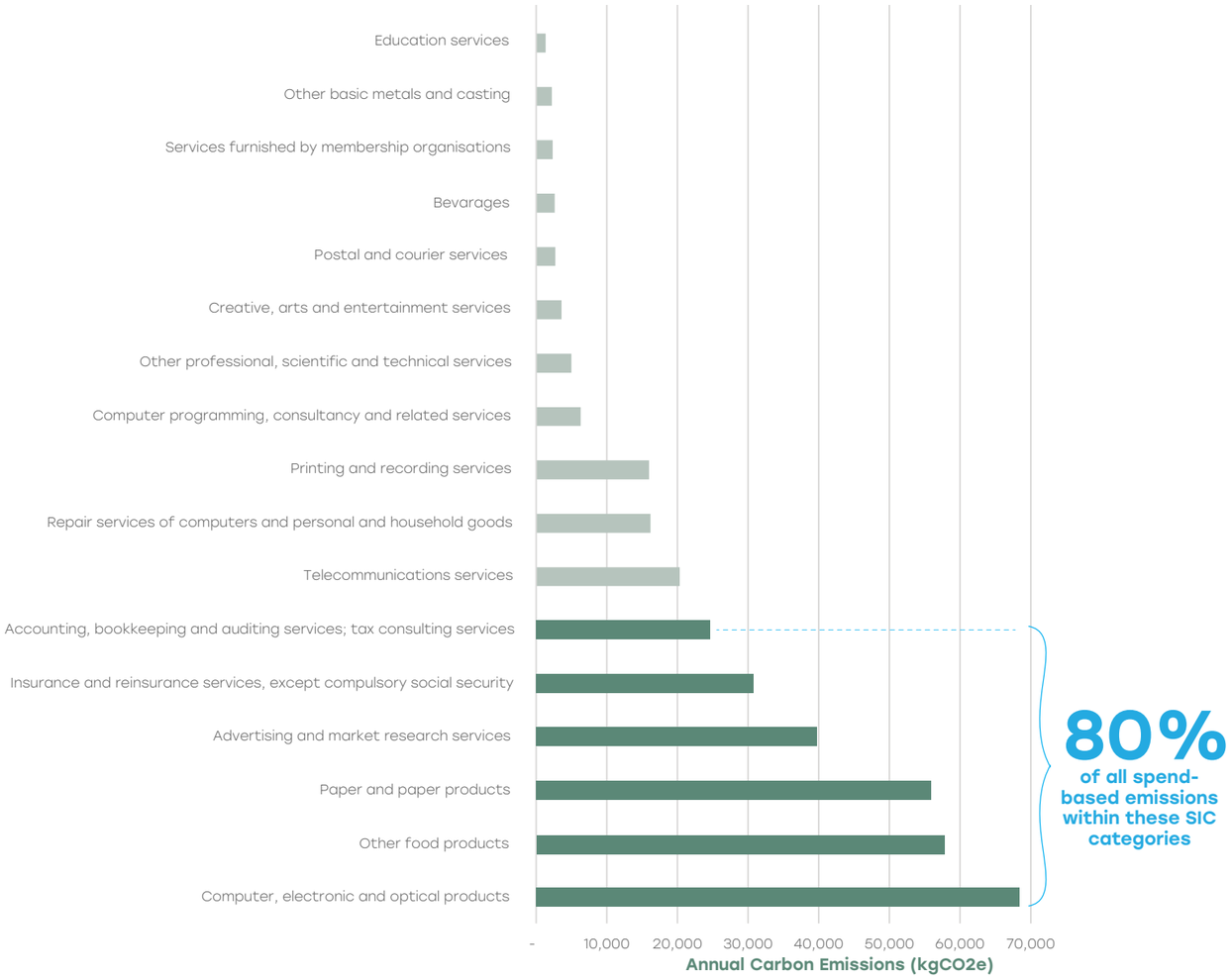


Figure 15: Table showing breakdown of emissions by SIC codes (above)

5.2 Supply Chain Deep Dive

Biggest Contributors

The analysis of Ocean's 2022/23 financial data highlights the emissions associated with its supply chain, categorised using SIC codes. The chart on this page identifies the most carbon-intensive SIC groups, with **80% of all spend-based emissions** concentrated in a handful of categories.

The largest contributors include:

- **Computer, electronic, and optical products**: Emissions primarily stem from energy-intensive manufacturing and raw material extraction.
- **Food products**: This includes emissions from agricultural production, processing, and packaging of food for internal use or events.
- **Paper and paper products**: Driven by emissions from forestry, production, and distribution.
- **Advertising and market research services**: Reflecting the use of digital tools, media production, and associated energy consumption.

These findings underscore the importance of procurement decisions in shaping Ocean's supply chain emissions. By focusing on high-emission categories, Ocean can achieve targeted reductions while ensuring operational needs are met.

Opportunities for Improvement

As an SME, Ocean's resources for addressing Scope 3 emissions are limited, which aligns with the **SBTi framework**, requiring **only Scope 1 and 2 near-term targets**. While supplier engagement and Scope 3 actions are valuable, Ocean's immediate focus should remain on Scope 1 and 2 reductions to drive meaningful progress. However, Ocean can take steps to lay the groundwork for future supply chain improvements by focusing on these five key actions:

1. **Refine Spend Categorisation:** Reassess how spending is categorised to apply more specific DEFRA emissions factors. For example, broad categories like "food" could be broken down into more granular types, such as dairy, meat, or packaged goods. Collaborating with the accounts team to refine nominal codes and groupings would improve the accuracy of supply chain emissions estimates.
2. **Prioritise High-Impact Categories**: Focus on emissions-intensive SIC groups like IT, electronics, paper, and food by sourcing sustainable alternatives and reducing waste.
3. **Develop Sustainable Procurement Policies**: Embed environmental criteria into procurement decisions and set minimum sustainability standards for suppliers.
4. **Engage Suppliers**: Encourage transparency by requesting emissions data and collaborating on sustainability initiatives.
5. **Enhance Tracking and Monitoring:** Refine procurement data and automate tracking systems to improve emissions accuracy over time.

6.0 Net Zero Roadmap

6.0 Net Zero Roadmap

6.1 Scope 1 & 2 Strategy

Ocean's Scope 1 and 2 emissions are central to its decarbonisation efforts, particularly given the Science Based Targets initiative (SBTi) requirement for SMEs to set near-term targets focused on these emissions. Scope 1 and 2 represent direct emissions from gas use in buildings and vehicle fuel use, along with indirect emissions from purchased electricity. Below, we outline a clear pathway for Ocean to achieve its SBTi-aligned near-term target.

Understanding the Current Footprint

- **Building Energy Use**: Approximately 76% of Ocean's Scope 1 and 2 emissions stem from energy consumption across its offices. Three offices - Bishopston, Portishead, and Clifton - are responsible for the majority of these emissions due to their reliance on gas heating systems. These buildings, which Ocean owns, provide the greatest opportunity for targeted action.
- **Fleet Emissions**: The remaining 24% of Scope 1 and 2 emissions arise from Ocean's vehicle fleet. While two-thirds of the fleet consists of plug-in hybrid electric vehicles (PHEVs), further progress will require transitioning to a fully battery-electric fleet.

Strategic Actions for Decarbonisation

Decarbonising Building Energy Use:

- Over the next 5-10 years, tranisition Bishopston, Portishead, and Clifton offices from gas heating to low-carbon alternatives like air source heat pumps (ASHPs).
- Explore the feasibility of installing solar photovoltaic (PV) systems, which could offset electricity consumption and reduce long-term energy costs.
- Prioritise these upgrades as part of a phased decarbonisation plan, focusing on boiler replacements at end-of-life to minimise disruption and costs.

Fleet Electrification:

- Over time, shift to a fully electric fleet, replacing remaining PHEVs with battery-electric vehicles (BEVs).
- Align vehicle upgrades with fleet replacement cycles to maximise cost efficiency.

Near-Term Target Setting

The SBTi requires companies to commit to an absolute reduction in Scope 1 and 2 emissions, using a baseline year against which future progress is measured. For Ocean, the 2022/23 financial year represents the first comprehensive carbon audit, capturing all Scope 1 and 2 emissions. This baseline year is likely the most practical starting point for target setting, as it reflects the most accurate and complete data.

However, as Scope 1 and 2 emissions are relatively straightforward to measure and account for, Ocean has the flexibility to select an earlier baseline year if desired. This would involve revisiting previous audits and recalculating emissions in line with SBTi requirements. For simplicity and consistency, retaining 2022/23 as the baseline ensures alignment with the full dataset, but the table below outlines Ocean's reduction targets based on different base years.

The SBTi's target template for SMEs suggests the following commitment:

"Our company commits to reduce absolute scope 1 and scope 2 GHG emissions __ % by 20__ from a 20__ base year, and to measure and reduce its scope 3 emissions."

Reduction Trajectory

The table below demonstrates the reduction targets Ocean would need to achieve based on selected baseline years. For example, if 2022/23 is the baseline, Ocean must reduce emissions by **33.6% by 2028** and **58.8% by 2034** to align with SBTi's 1.5°C pathway:

Base / Target Year	2028	2029	2030	2031	2032	2033	2034
2022	33.6%	37.8%	42.0%	46.2%	50.4%	54.6%	58.8%

Recommendations for Ocean's Scope 1 and 2 Strategy

1. **Commit to 2022/23 as the Baseline**: Retaining the 2022/23 audit as the baseline year ensures consistency and uses the most reliable data available.
2. **Plan for Near-Term Reductions**: Target a reduction of 33.6% by 2028, with further reductions aligning to the 58.8% target by 2034.
3. **Focus on High-Impact Actions**: Prioritise transitioning gas heating in the owned offices (Bishopston, Portishead, and Clifton) to low-carbon alternatives and completing the fleet electrification to reduce emissions.
4. **Evaluate Costs and Timelines**: Work with NZA to explore cost-effective pathways for meeting these targets and determine if earlier reductions (e.g., targeting 2030 instead of 2034) are feasible within budget.

By committing to these steps, Ocean can confidently align its short-term Scope 1 and 2 strategy with SBTi requirements, laying the groundwork for future emissions reductions.

6.0 Net Zero Roadmap

6.2 Scope 3 & Data Quality Improvement Plan

Accurate and reliable data is essential for Ocean's net zero roadmap. High-quality data enables informed decision-making, accurate progress tracking, and the identification of key opportunities for emissions reductions. While Ocean's data quality has improved significantly through its recent audits, there are still areas requiring further refinement, particularly around Scope 3 data collection.

For Ocean as an SME, improving data does not need to be complex or resource-intensive. A pragmatic, step-by-step approach can gradually enhance the granularity and accuracy of the data, laying the foundation for effective carbon reduction strategies.

Key Focus Areas for Data Improvement

1. **Energy Consumption**:
   Improve building energy data by introducing smart meters and sub-metering in key offices like Bishopston, Portishead, and Clifton. These upgrades can automate data capture, enabling real-time tracking of electricity and gas usage.
2. **Travel and Transport**:
   Refine staff commuting data by building on the 2023 survey results. Regular updates to surveys can track evolving travel patterns, while fleet data should be reviewed to monitor the vehicle use along with the shift from PHEVs to fully battery-electric vehicles.
3. **Procurement and Supply Chain**:
   Work with the accounts team to enhance the categorisation of procurement data. Breaking down broad spending categories (e.g., food, IT equipment) into more granular subcategories will allow for the application of more accurate DEFRA emissions factors. Engaging with suppliers to collect product-specific emissions data will refine Scope 3 estimates over time.

Recommendations & Next Steps

Achieving net zero is a journey that requires continuous effort, adaptation, and commitment. While this report outlines the foundation for Ocean's strategy, the path forward will involve refining data, embracing innovation, and making bold, decisive changes. By focusing on what can be measured and improved today, Ocean can build momentum toward its long-term goals. The following recommendations outline the practical steps Ocean can take to turn its vision into a reality, ensuring that its net zero ambitions are not only achievable but transformative for the business.

1. **Automate Data Collection:** Invest in systems like smart meters, fleet telematics, and digital procurement tools to streamline and automate data capture across Scope 1, 2, and 3 emissions categories. This reduces manual effort and improves accuracy.
2. **Annual Reporting and Review:** Establish a process for consistent annual reporting to ensure emissions data is updated regularly. Use these reports to measure progress against net zero targets and make adjustments as needed.
3. **Monitor New Guidance and Science:** Stay informed about the latest developments in emissions reporting standards and climate science. This ensures Ocean's approach remains aligned with industry best practices and evolving regulatory requirements.
4. **Scope 3 Inclusion:** While Scope 3 data is less detailed at this stage, gradually improving its accuracy will strengthen Ocean's overall emissions profile. Begin with high-impact areas, such as procured goods and services, and expand over time.

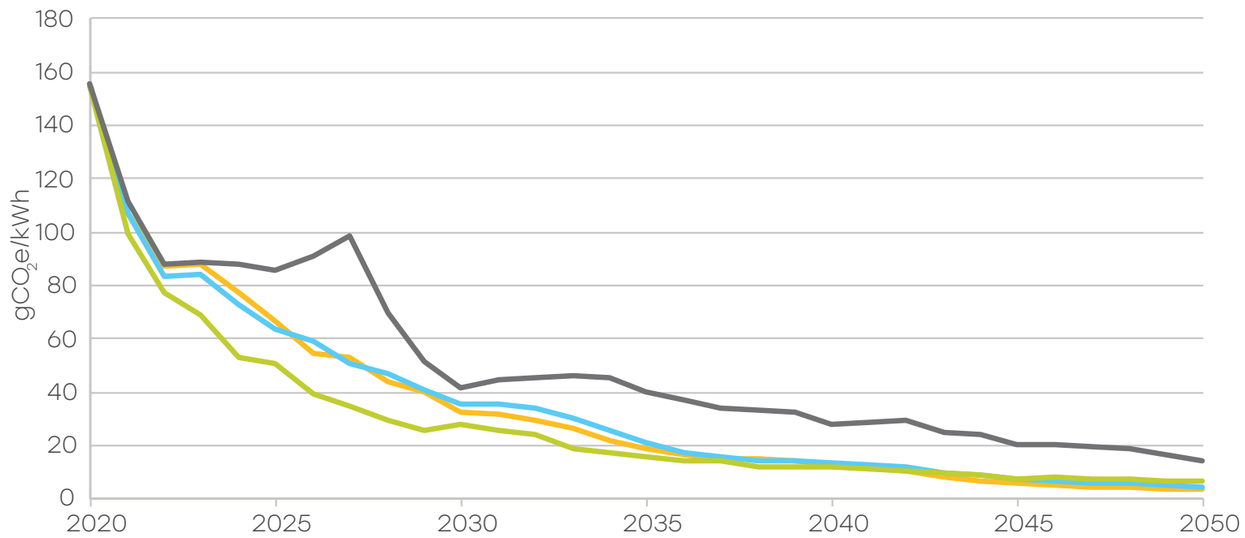
APPENDICES

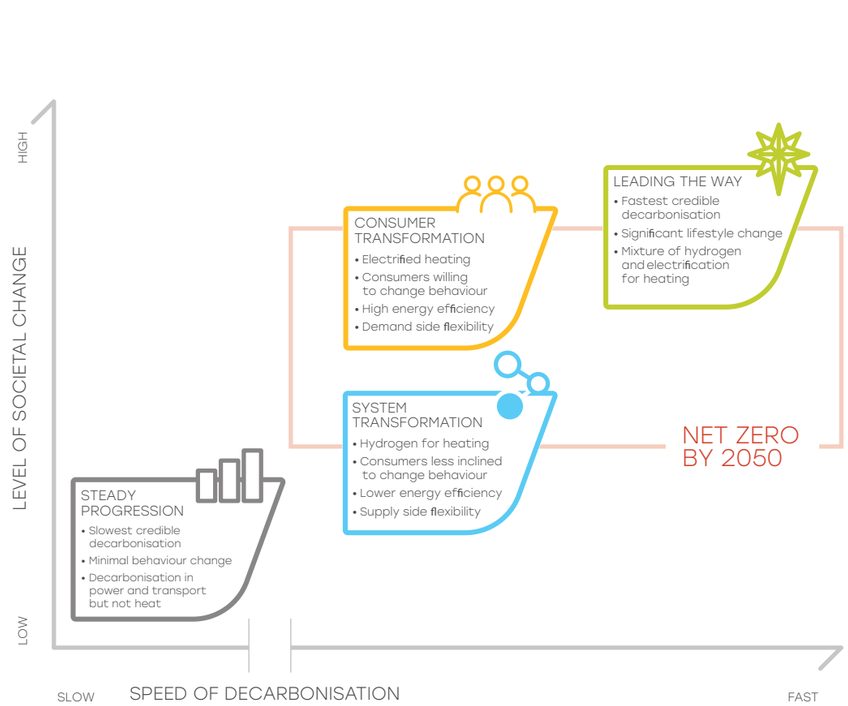
Appendix A - Grid Decarbonisation

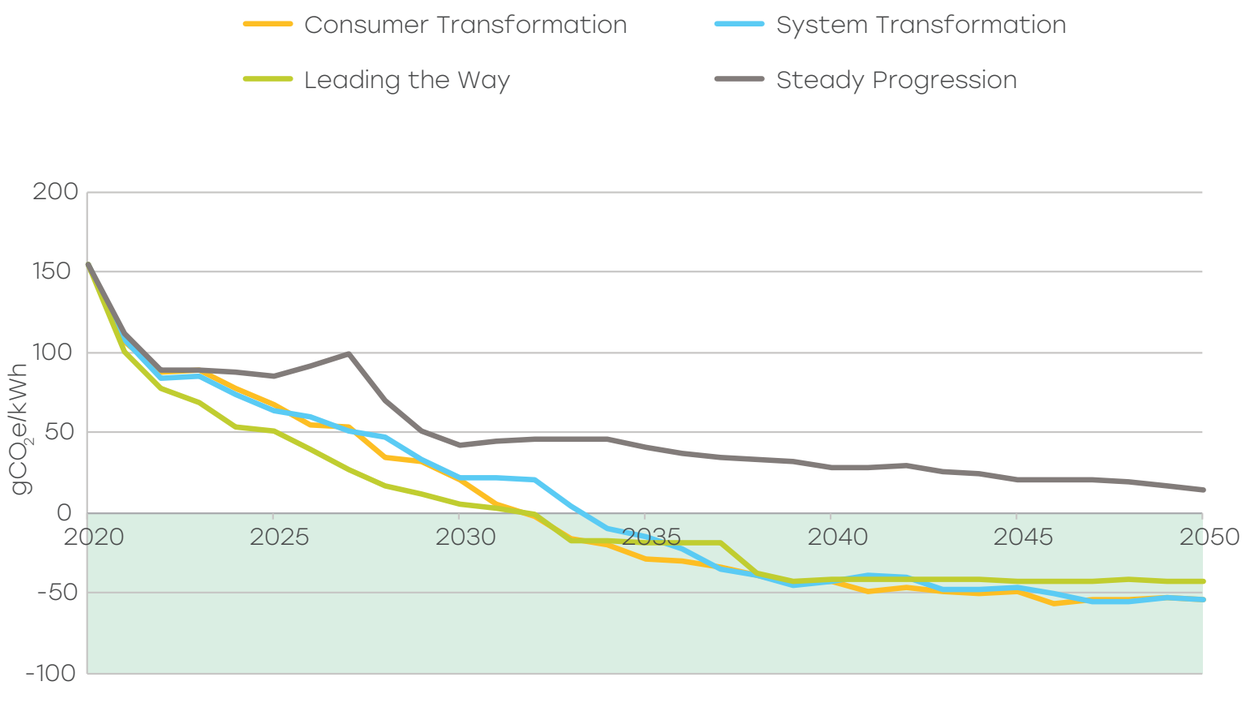
In the last two decades, the UK's electricity supply has undergone significant decarbonisation, transitioning from a dependence on fossil fuels like coal and natural gas to an increased integration of renewable energy sources. This shift has led to a dynamic and less carbon-intensive electricity grid. In contrast, natural gas has not seen a parallel decarbonisation, with efforts to transition to low-carbon alternatives such as 'green hydrogen' facing technological and infrastructural challenges.

Forecasting the future of electricity carbon emissions is feasible using projections from the National Grid's Future Energy Scenarios (FES). These scenarios range from 'Steady Progression,' where the UK progresses towards its 2050 net-zero target at a slower pace, to 'Leading the Way,' where a carbon-negative grid could be achieved as early as 2032, when factoring in Bio-Energy Carbon Capture & Storage (BECCS).

For Ocean, shifting any aspect of its operations towards electrification will align with the collective effort to reach net-zero emissions. By actively collaborating with partners and stakeholders within the supply chain who are also transitioning to electric solutions, Ocean can amplify this impact. As each element of the business ecosystem moves away from fossil fuels, the cumulative effect can accelerate the nation's journey towards a sustainable future.







Appendix B - Energy Procurement

Emissions reporting for energy procurement can be approached in different ways, each with its unique methodology and implications. The two primary methods are **market-based** and **location-based** reporting. The market-based approach, notably, allows organisations with Renewable Energy Guarantees of Origin (REGO) backed energy to declare their energy supply as zero emissions. However, this perspective doesn't fully align with the actual emissions impact. REGO certificates certify that a given amount of electricity was generated from renewable sources, yet they do not change the fact that the electricity consumed is still part of a mix that includes fossil fuels. Therefore, while REGO-backed energy supports renewable generation, it doesn't equate to true zero emissions from a consumer's standpoint.

Emerging guidance on reporting emissions from energy procurement is shifting the landscape. The UK Green Building Council (UKGBC), for instance, has set out clear recommendations for high-quality energy procurement, focusing on three key metrics: Renewable, Additionality, and Time Matching. Future strategies may benefit from aligning energy procurement more closely with these evolving standards, especially to support broader decarbonisation objectives.

Recommendation:

For the purpose of this report, all emissions assume a **location-based approach** employing an annual average carbon factor for grid-imported energy. This method aligns with the National Grid's decarbonisation scenarios and ensures a realistic evaluation of Ocean's energy supply chain's impact.

Ocean has already moved some of its electricty supply to Ecotricity who are one of the few energy supply companies in the UK offering a REGO-backed, additionality offering, meaning that for every pound spent on electricty with them, they invest in to additional renewables to meet the equivalent demand

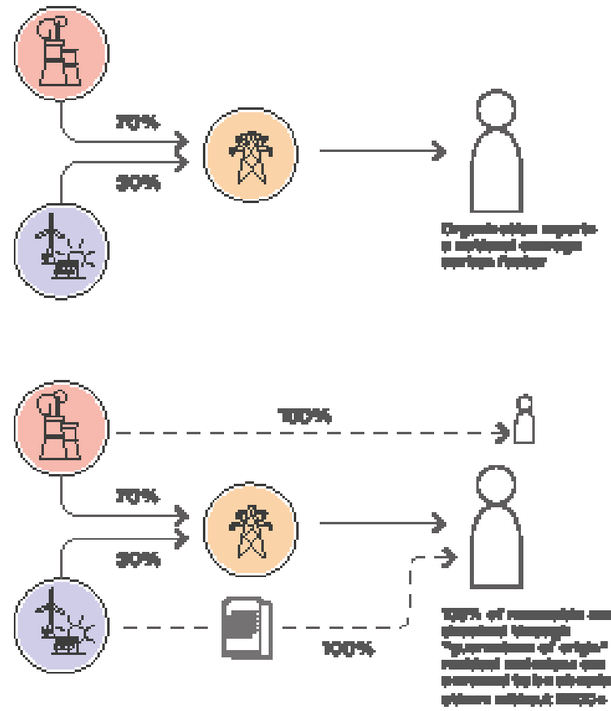
As Ocean moves towards incorporating more renewable energy and dynamic energy purchasing, it should align itself to the UKGBC's recommended approach of emissions reporting.

Location-Based Reporting

The location-based method calculates emissions using the average emissions intensity of the entire system from which electricity is consumed, accounting for all the sources of generation feeding the grid. This emissions factor can be determined on an annual basis.

Market Based Reporting

The market-based approach allows consumers to claim the benefit of their procurement strategy in their emissions reporting and, in theory, support and send demand signals for renewable generation. In the case of the UK market, which implements a certificate-based renewables market, REGO (Renewable Energy Generation of Origin) certificates provide the primary mechanism through which the 'zero emissions' benefit of renewable electricity is typically claimed under a market-based approach. However, in a system where some consumers calculate their emissions using a location-based approach and some use a market-based approach, these 'zero emissions' are at risk of being double counted.



The Future of Emissions Reporting

In the evolving landscape of electricity procurement, the most effective strategies are increasingly defined by their adherence to three principal criteria:

1. **Renewable**: This principle focuses on ensuring a high proportion of electricity is sourced from renewable energy, accompanied by associated energy attributes like Renewable Energy Guarantees of Origin (REGO). It's about not just using green energy, but also verifying its sustainable origin.
2. **Additionality**: This aspect evaluates how the procurement contributes to creating new renewable energy capacity or supporting related technologies and infrastructure. It's a step beyond just consuming renewable energy; it's about actively encouraging the growth of renewable energy sources.
3. **Time-matched:** This criterion is about aligning the electricity consumed with renewable generation on an hourly (or better) resolution. It ensures a more direct and real-time link between consumption and the generation of renewable energy, enhancing the immediate environmental benefits of using renewable sources.