Carbon Reduction Plan

Supplier name: **Kainos Software Limited**

Publication date: **31 August 2023**

Commitment to achieving Net Zero

Kainos Software Limited has been Carbon neutral from 2021 and is committed to achieving Net Zero emissions by 2025.

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions provide the reference point against which emissions reduction can be measured.

Baseline Year: 2020 *(1 April 2019 through to 31 March 2020)*
Additional Details relating to the Baseline Emissions calculations.
At Kainos, we work with our customers and partners on projects that make a real difference. In doing so, we want to build a better world through technology, and leave a lasting positive impact for our customers and our communities. With over 3000 people operating across 22 countries in Europe and the Americas and working with some of the world's biggest brands, our commitment to sustainability sits at the heart of our company strategy, culture, and values. Our environmental commitments and targets for net zero by 2025 are set globally with close oversight provided by our Chair and Chief Executive Officer – our aim being to achieve a Net Zero near term target in 2025. Our climate action strategy and activities are cascaded through our business units with reporting completed centrally for each. "Kainos" is the trading name of the Kainos group of companies, further details of which can be found here: <u>Corporate Information (kainos.com)</u>. Our environmental commitments and targets are supported and adopted by Kainos Software Limited and all of its wholly owned subsidiaries/bidding entities, and as described herein, can be applied by our subsidiaries / bidding entities when performing the relevant contract. This CRP is published on Kainos.com; setting out our net zero commitment and details of our Scope 1, 2 and selected Scope 3 emissions for our UK companies (namely Kainos Software Limited, Kainos Evolve Limited, Kainos Worksmart Limited and Formulate Kainos Limited).

Kainos' reporting period is from 1 April to 31 March in line with our financial year. Our baseline year for emissions is financial year 2020 (FY20: 1 April 2019 to 31 March 2020). Our near time Science-Based Initiative (SBTi) near time targets oblige us to reduce our Scope 1 and 2 emissions by 70% on an absolute basis and Scope 3 emissions by 45% on an intensity basis using FY20 as our base year. From 2020 we have used a market-leading tool (Watershed), internal data modelling and automatic ingestion mechanisms to measure progress and guide our global Climate Action strategy.

Note: Kainos' FY20 Annual Report measured a subset of our scope 3 emissions. Since then we have been able to measure our entire footprint and have used this to establish our baseline year footprint, as the basis for our near time Science Based Targets that are built into our Carbon Net Zero reduction plan. Our methodology is based on The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), The Greenhouse Gas Protocol: Scope 2 Guidance, & The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard.
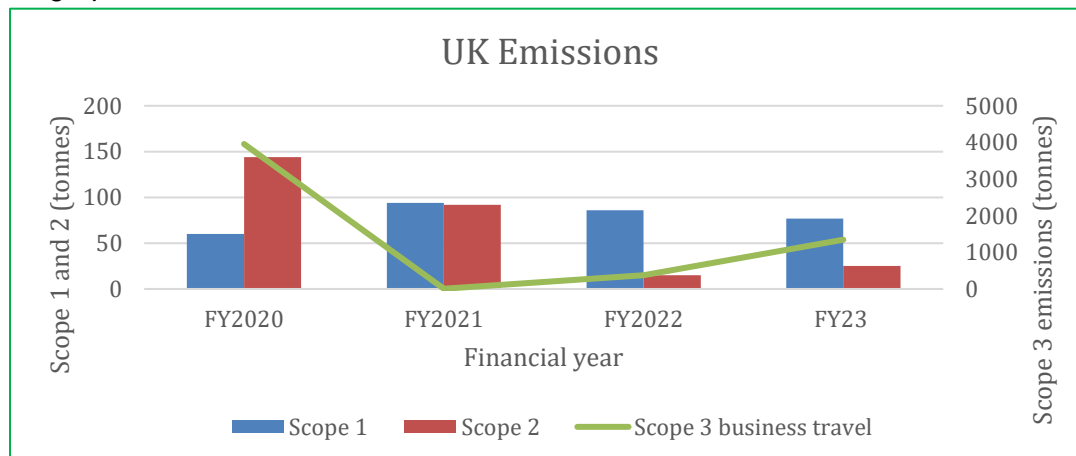
Baseline year emissions: Kainos Software Ltd (UK data): FY20 (1 Apl 2019 - 31 Mar 2020)

EMISSIONS	TOTAL (tCO$_2$e)
Scope 1	60
Scope 2 (location and market based)	144
Scope 3 (Included Sources)	5476.3

3.5 Waste Generated in Operations	170.8
3.6 Business Travel	3958
3.7 Employee Commuting	1347.5
Total	**5476.3**

3.4 Upstream transportation and distribution- Is excluded as this category is not relevant to Kainos' business as Kainos provides digital and Cloud services.

3.9 Downstream transportation and distribution- Is excluded as this category is not relevant to Kainos' business. This category is specific to transportation and distribution of sold products in vehicles and facilities not owned or controlled by the reporting company. This is not applicable as Kainos provides digital and Cloud services.

Total Emissions	5680.3

Current Emissions Reporting

Reporting Year: Kainos Software Ltd (UK data): FY23 (1 Apl 2022 - 31 Mar 2023)	
EMISSIONS	**TOTAL (tCO$_2$e)**
Scope 1	77
Scope 2 (location and market based)	25
Scope 3 **(Included Sources)**	2620.2 | 3.5 Waste Generated in Operations	17.91
3.6 Business travel	1343
3.7 Employee Commuting	1259.3
Total	2620.2 | 3.4 Upstream transportation and distribution- Is excluded as this category is not relevant to Kainos' business as Kainos provides digital and Cloud services. 3.9 Downstream transportation and distribution- Is excluded as this category is not relevant to Kainos' business. This category is specific to transportation and distribution of sold products in vehicles and facilities not owned or controlled by the reporting company. This is not applicable as Kainos provides digital and Cloud services.
Total Emissions	2722.2

The graph below shows **Kainos' UK emissions from FY2020-2023**.

Emissions reduction targets

As of June 2023, we are on track with our emission reduction targets for achieving Net Zero carbon emissions by 2025 – see more about [sustainability at Kainos](#) and our latest [Carbon Disclosure Project submission.](#)

To continue our progress to achieving Net Zero by 2025, we have applied the following carbon reduction targets, as approved by the SBTi in June 2022.

We project that our combined Scope 1 and 2 carbon emissions will decrease to 61 tCO2e by 2025. This is a reduction of 70%. We project that Scope 3 carbon emissions will decrease by 45% on a relative intensity basis per £1M GBP of gross profit by 2025.

Carbon Reduction Projects

Completed Carbon Reduction Initiatives

The following environmental management measures and projects have been completed or implemented since the 2020 baseline and the measures will be applied by all of Kainos' wholly owned subsidiaries/bidders when performing the relevant contract.

1. **Strategy and data:**
   - We have fully verified SBTi near-term net zero targets that guide the activities comprising our global Climate Action strategy and plan, which itself is aligned to the 'Climate Action' UN Sustainability Development Goal.
   - We use Watershed (an enterprise climate platform) for carbon accounting, to measure and monitor our carbon footprint (six monthly) and travel (monthly) to manage trends.

2. **Engaging our people:**
   - We continue to build awareness across our teams about the benefits of sustainability, about our Climate Action approach and to encourage involvement in energy conservation initiatives.
   - Employee sentiment about our climate action activities now forms part of our employee engagement survey tool (Peakon), enabling people to share their views and ideas for improvement.
   - Linked to our 'quality education' UN Sustainability Development Goal), we have continued to offer comprehensive training opportunities for our people while significantly reducing the need to travel for in-person learning. We offer more technical and professional skills training virtually and through self-service eLearning, thus reducing the need for travel for our people.

3. **Supporting new behaviours:**
   - Applying our Environmental and Renewable Energy policies has helped to reduce our environmental impact, including promoting the efficient use of natural resources and green energy sources, and investment in practices and technologies that reduce energy usage and minimise waste to landfill.
   - Our remote working policy has been embedded to support employee wellbeing post-pandemic. Since 2020 this has resulted in a significant reduction in business travel for meetings and project working at customer sites, and in our employees commuting to and from our Kainos offices.
   - We introduced an Electric Vehicle leasing plan in 2021 to support our employees in transitioning to lower-pollution transportation. This program is ongoing with continued uptake from our people.

4. **Energy use:**
   - Over 60% of our workforce can now use Kainos offices that use renewable energy sources. Our Belfast HQ underwent a major refurbishment in 2020, during which we started the process of adopting low-energy, long-life LED lighting and PIR lighting controls. This process was completed in 2022/23 with all lighting in our Belfast office how using LED. This has resulted in an estimated 80% reduction energy consumption for lighting in our HQ building.

5. **Waste:**
   - Decommissioning of all our physical servers started in May 2019 and is now complete. In FY23, we retired 69 physical servers and 380 virtual servers, reducing our carbon emissions by 19.6 tonnes CO2e per year.
   - As we operate a cloud-based infrastructure, most of our equipment recycling focuses on laptops. We disposed of our Waste Electronic and Electrical Equipment (WEEE) with two partners, resulting in over 152 tonnes being reused and 47 tonnes being recycled. In total 201 tonnes (100%) of WEEE being diverted from landfill.
   - Other examples of waste avoidance include removal of single use plastics from our offices, and use of 100% reusable packaging by our employee kit (phones, laptops) supply partner.
   - 100% of office waste at our Belfast, London and Birmingham offices is diverted from landfill, where it is recycled or recovered (a reduction of 152 tCO_2e from FY20 (170 tCO_2e) to FY23 (17.9 tCO_2e).

6. **Partners and collaborations:**
   - Kainos is a member of the UK Government Digital Sustainability Alliance (GDSA). Sponsored by DEFRA, the Alliance helps to inform sustainability policy decisions relating to IT/digital towards a 1.5°c future.
   - We signed the GDSA Charter in January 2023, participate in the GDSA Board and supplier working groups to help shape future Government policy (e.g. the impact of digital on ecology).
   - Kainos is a proud signatory of both The Climate Pledge and the Business Ambition for 1.5°C Campaign.

7. **Carbon neutrality:**
   - We have been carbon neutral since 2021, investing in high-quality projects (VCS and Gold Standard) for all direct and indirect emissions. In 2023 this included carbon sequester of 14% for the entire Kainos Group.

8. **Green Software:**
   - We know that green software represents a powerful opportunity to drive positive change in the software industry by designing and implementing solutions that limit energy consumption and emissions in the services we provide to customers.
   - We have developed our [Green Software Commitment](#) to combine climate science with design and technology practice, the aim of which is to create applications that have a positive impact on our planet and help our customers to achieve their own low carbon futures.

Future Plans

In the future we plan to implement further measures across Kainos, including:

1. **Engaging our people:**
   - Continued engagement with our people to encourage activism about sustainable behaviours at work and at home, including the global roll out of new on-demand eLearning and green software practitioner training, promotion of energy-saving practices and recognising colleague contributions to climate action.

2. **Supporting new behaviours:**
   - Implementation of 'think green' principles to support our travel policy to further reduce and manage scope 3 business travel emissions.
   - Continued focus on energy efficient practices and technologies wherever possible to optimise energy consumption, reduce physical and electronic waste and achieve cost effective and measurable emissions reductions. This will include incorporating sustainability principles into the build of the new Kainos HQ premises in Belfast and further promotion of our electric vehicle initiative.
   - Continued focus on clean energy adoption through the procurement of renewable energy from reliable sources, and the continued reduction of energy consumption across our estate.

3. **Supply chain engagement:**
   - Increased engagement with our main suppliers in relation to Scope 3 'Purchased Goods and Services' to ensure accurate emissions data and activities to further reduce these.

4. **Partners and collaborations:**
   - Continued collaboration with providers, researchers, industry and government to stay informed about the latest advancements in renewable energy technologies and practices, joint projects and innovation.
   - Continued engagement with our customers and partners to advance innovative digital solutions (Green Software Commitment), help our customers and partners to reduce their environmental impact, and reduce Kainos' scope 3 emissions.

5. **Carbon neutrality:**
   - Ongoing investment in approved carbon sequestration for unavoidable emissions, until we are removing all our residual emissions in 2025.
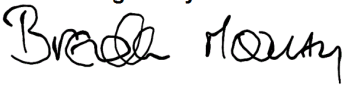
Declaration and Sign Off

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

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard[1] and uses the appropriate Government emission conversion factors for greenhouse gas company reporting[2].

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

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of the Supplier:

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Brock Moriny

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Date: ....

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