

# Sustainability Report 2020

The smarter infrastructure company



## 2020 highlights

**-34%**  
carbon intensity (kgCO<sub>2</sub>e)

**2.4kgCO<sub>2</sub>e**  
reduction in carbon emissions per employee (2019: 3.6 kgCO<sub>2</sub>e)

**73%**  
response rate to our first Group-wide employee survey in 2020

## Dear Stakeholder,

I am pleased to present Calisen's first sustainability report. We are a leading owner and manager of essential energy infrastructure assets and our purpose is to accelerate the development of a cleaner, more efficient and sustainable energy segment.

Our business is 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. In particular, our smart meter business supports the UN's targets relating to modern energy services and doubling the global improvement in energy efficiency by 2030.

Calisen ("Calisen" or the "Company" and together with its subsidiaries the "Group") is also committed to reducing our own emissions and has engaged a specialist carbon consultant to map our carbon footprint. We have disclosed our scope 1 and 2 emissions for the first time this year – consistent with the UK's Streamlined Energy and Carbon Reporting ("SECR") requirements (see page 4) – and we are completing an audit of our scope 3 emissions. This work will inform the development of emissions reduction targets for all three scopes in the next 12 months consistent with the goals of the Paris Agreement (the legally binding international treaty on climate change which was adopted by 196 parties at COP 21 in Paris on 12 December 2015 and entered into force on 4 November 2016). As part of this process, we will examine all aspects of our operations and supply chain – working with external parties where necessary to address emissions hotspots and promote broader change in the energy industry.

As the world of work changes, we want to make sure that our business is fit for growth now and in the future. To achieve this, the most important place to start is with our people. Aligning our people with our purpose will be a focus for 2021 and will be at the heart of delivering our business strategy.

**Bert Pijls**  
Chief Executive Officer

### Focused on sustainability



## Our ESG strategy

### Regulatory outlook

The UK energy system requires rapid and radical change to reach the Government’s target of net zero carbon emissions by 2050. A smarter grid, new energy storage, charging infrastructure and better energy efficiency will all be needed as fossil fuels are phased out of the power, heating and transportation sectors and more activities are electrified.

The pace of change is set to rise. In December 2020, the Government announced it would target a 68 per cent reduction in emissions by 2030 (relative to 1990 levels) up from the previous 57 per cent target. Over the course of the year, it also announced several initiatives promoting decarbonisation across the economy. These have the potential to create new opportunities for Calisen.

### Smart meter roll-out

The Government has announced plans to accelerate the roll-out of smart meters with a new four-year policy framework set to begin on 1 July 2021. This targets 100 per cent coverage by 2025 with individual energy suppliers mandated to install a minimum number of smart meters each year.

The Government recently consulted on setting each energy supplier an individual target obligation, subject to annual tolerance levels that apply across the industry as a percentage of their customer base. The Government believes the regulatory certainty provided through this process will drive consistent long-term investment.

The wider success of the smart-meter installation programme is highly dependent on consumer acceptance, which has been a key hurdle to the roll-out so far. To address this challenge, the Government plans to change the way household tariffs are set alongside a broader set of market reforms. This will see the energy industry shift to half hourly price settlement – allowing consumers to access different prices for every 30-minute period of the day.

These smart tariffs will reward consumers for using less electricity when demand is high or for using more when overall demand is low and there is surplus generation available, for example on a sunny or windy weekend, the Office of Gas and Electricity Markets (“Ofgem”) estimates this will save consumers between £1.6 billion and £4.6 billion by 2045.

### A Green Industrial Revolution

Smart meters are just one part of the Government’s plan to reshape the UK’s energy landscape. Its broader proposals for a “Green Industrial Revolution” may also create opportunities for Calisen.

The Government has committed to invest £9.2 billion to improve the energy efficiency of homes, schools, and hospitals – which will be supported through a new Heat and Buildings Strategy set to be published in early 2021. This includes an extension to the Green Homes Grant, which subsidises domestic energy efficiency improvement, in addition to £1 billion to support the installation of 600,000 heat pumps by 2028.

The transport sector is also set for rapid change with the sale of new petrol and diesel cars and vans banned by 2030 and hybrids banned by 2035. To facilitate this shift several measures have been announced to promote the uptake of Electric Vehicles (“EV”), including £1.3 billion to accelerate the roll-out of the charging network, grants to subsidise the purchase of zero or ultra-low emission vehicles and funding to assist with the development and production of EV batteries. Completion of the smart grid – enabled by the meters Calisen installs – will facilitate this process by supporting smart EV charging.

### Seizing the opportunity

Calisen has already begun assessing the opportunities created by the transition to a low carbon economy through a Board level annual strategy review process. For example, over the last year, the Company has assessed the EV charging market and other areas consistent with its focus on small-scale, high-volume energy infrastructure assets.

The Company has developed a plan to further enhance the identification and management of climate-related opportunities and risks. As part of this process, it has established a Sustainability Steering Committee (the “SSC”) of functional experts from across the Company, chaired by CEO Bert Pijls, to lead the development of an emissions reduction plan and appropriate targets alongside the Company’s broader sustainability strategy. The Company will further define accountability for climate action at Board and management level in 2021 and further integrate climate change into its strategic business and financial planning.

## Smart meter benefits

My name is My-Yen Butler. I live in Cardiff currently with my husband and my small child. One of my favourite features of the in-home display on the smart meter is knowing exactly how much energy and money we’re using, because it’s so exact. So, for example, the kettle could be on for a few seconds and I can see exactly how much energy consumption it’s used.

For us it was a logical next step to get a smart meter because it ensured that we could bring our energy use down and help tackle climate change. It’s definitely had a positive effect because I know what I need to do in terms of saving energy in our household, and also saving money,

and just knowing that there are things on in the house that don’t need to be.

I think that if more people in Great Britain were to get a smart meter it would definitely help to tackle climate change because it just gives a better insight into what energy you are using and how you can bring energy use down when you don’t actually need to use it.

It’s really important for me and my family to make these changes now. By having a smart meter I feel like it’s just a small step that we’ve made to help future generations to come, in particular, my son’s generation.

Source: Smart Meter GB



**Tackling Calisen’s emissions**

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, our smart meter business supports the UN’s targets relating to modern energy services, increasing the share of renewable energy, and doubling the global improvement in energy efficiency by 2030.

Calisen already plays a role in reducing the UK’s greenhouse gas emissions. Analysis by the Department for Business, Energy and Industrial Strategy (“BEIS”) suggests that the average smart meter helps reduce household energy use from electricity by 3 per cent and gas by 1.9 per cent.

Using this analysis as a guide, our carbon consultant, Green Element Limited (“Green Element”), has estimated that Calisen’s installed smart meter portfolio as at 31 December 2020 is anticipated to contribute towards a total lifetime carbon emissions reduction of 3.2 million tonnes by 2035 resulting from household energy savings alone (excluding emissions from manufacture, installation or end of life).

Calisen is also committed to reducing its own emissions and continues to work with Green Element to map its carbon footprint. The Company has disclosed its Scope 1 and 2 emissions this year for the first time – consistent with the UK’s SECR requirements – and is completing an audit of its Scope 3 emissions. This work will inform the development of emissions reduction targets for all three scopes in the next 12 months consistent with the goals of the Paris Agreement. As part of this process, the Company will examine all aspects of its operations and supply chain – working with external parties where necessary to address emissions hotspots and promote broader change in the energy industry.

Calisen’s carbon emissions and energy use fell in 2020 as meter installation activity was curtailed by COVID-19-related restrictions and this was the primary driver of the change in energy intensity over the year. The Group closed three depots and reporting centres within the Lowri Beck Holdings Limited (“Lowri Beck”) business which also reduced energy use relating to buildings and transport.

Calisen also began to take actions which will sustainably reduce its carbon footprint within the ongoing business. For example, Lowri Beck began to switch to renewable energy tariffs at its major sites and adopted a centralised logistics process which will reduce energy use in its buildings and vehicles. It has also refreshed its telematics system and trained teams in how to access driver data to promote fuel efficient driving and identify excessive fuel use. In addition, Lowri Beck has changed its policies to favour lower emissions company cars and plans to begin a commercial trial of full electric and hybrid vehicles in 2021 to assess their potential to reduce the carbon footprint of its fleet.

Over the course of 2020 Calisen also decided to improve its environmental disclosure, in keeping with the longstanding ISO 14001 certifications of Calvin Capital Limited and Lowri Beck. Further details on its plans to comply with the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) standards are set out later in this section.



Smart meters – lifetime carbon savings

This table represents Green Element’s calculations of the carbon savings associated with the revenue generating meters installed in the Group’s portfolio. It includes household energy savings due to the installation of smart meters and associated energy consumption behavioural changes.<sup>2</sup>

	Electricity	Gas
Annual per meter consumption (kWh)	3,550 <sup>1</sup>	12,000 <sup>1</sup>
Weighted <sup>3</sup> average energy saving (%)	3.0% <sup>2</sup>	1.9% <sup>2</sup>
Annual per meter energy reduction (kWh)	106.5	225.2
Annual per meter annual carbon reduction – energy saving (tCO <sub>2</sub> e)	0.03	0.05
<b>Total annual carbon reduction – energy saving (tCO<sub>2</sub>e)</b>	<b>96,178</b>	<b>117,947</b>
<b>Total lifetime<sup>4</sup> carbon reduction – energy saving (tCO<sub>2</sub>e)</b>	<b>1,442,674</b>	<b>1,769,201</b>

Assumptions:

1. Obtained from the 2020 average UK household energy consumption: Source, Ofgem (2020): Typical Domestic Consumption Values.
2. The 3.0% and 1.9% figures represent the average household energy savings resulting from changes in consumer behaviour after switching to smart meters for electricity and gas respectively. These figures were reported by BEIS in the “Smart meter Roll-Out Cost-Benefit Analysis” published in 2019 and take account of the proportions of credit and prepayment meters in use in the UK.
3. The number of smart meters in prepayment mode is assumed to be 19%. Source: BEIS’s 2019 Q4 Smart Meters Statistics Report.
4. Illustrative lifetime based on prudent estimate consistent with the Group’s smart meter depreciation policy, whilst assuming meters are installed and operational during the full depreciation period.
5. Calculation focuses specifically on the household savings benefit of a smart meter versus a traditional meter excluding certain carbon costs such as emissions from manufacture, installation and end of life.

**Task Force on Climate-related Financial Disclosures**

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

Calisen’s purpose is to develop a clean, more sustainable energy sector. This has informed its strategy of focusing on small-scale high-volume energy infrastructure and the development of its smart meter business. The Board has considered the risks and opportunities created by the transition to a low carbon economy in this context and in 2020, consistent with this approach, the Group entered the EV charging market.

During the year Calisen established a SSC, chaired by the Chief Executive Officer, whose 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 voluntary climate-related disclosures, including but not limited to TCFD and SECR reporting.

The SSC has engaged special advisers to assist the Group in developing climate-related financial disclosures consistent with the TCFD recommendations. It has also developed an action plan to enhance its climate governance, risk management and strategy and will introduce appropriate metrics and targets accordingly – including a science-based emissions reduction target.

In 2021, the Company plans to further enhance its governance, defining responsibility for climate change at Board level and enhancing its processes for identifying both physical and transition risk. This process will allow the Company to factor climate issues more holistically into its strategy, business and financial planning.

**Calisen’s SECR for 2020**

	2020 global (all UK)	2019 global (all UK)	% Difference
<b>Energy consumption used (kWh)</b>			
Electricity	515,411	623,615	-17%
Gas	25,847	30,470	-15%
Transport fuel	10,789,405	16,588,333	-35%
<b>Emissions (tCO<sub>2</sub>e)<sup>1</sup></b>			
<b>Scope 1</b>			
Emissions from combustion of gas	5.37	6.33	-15%
Emissions from combustion of fuel for transport purposes	1,141.55	1,774.55	-36%
Emissions from other activities which the Company owns or controls including operation of facilities	2.71	49.90	-95%
<b>Scope 2</b>			
Emissions from purchased electricity – location based	120.16	159.40	-25%
Emissions from purchased electricity – market based	114.93	152.17	-24%
<b>Scope 3</b>			
Emissions from business travel in rental cars or employee vehicles where the Company is responsible for purchasing the fuel	1,523.44	2,426.04	-37%
Emissions from upstream transport and distribution losses and excavation and transport of fuels – location based	668.83	1,038.49	-36%
Emissions from upstream transport and distribution losses and excavation and transport of fuels – market based	667.66	1,036.78	-36%
Total location based	3,462.07	5,454.71	-37%
Total market based	3,455.60	5,445.77	-37%
<b>Intensity (kg tCO<sub>2</sub>e/£m turnover)</b>			
Revenue £m	248.1	208.8	19%
Intensity ratio: kg tCO <sub>2</sub> e from Scope 1, 2 and 3 (fuel for business travel only)/£m Market based	13.93	26.08	-47%
Average number of Full Time Equivalent employees (“FTE”)	1,448	1,504 <sup>2</sup>	-4%
Intensity ratio: tCO <sub>2</sub> e from Scope 1, 2 and 3 (fuel for business travel only)/FTE Market based	2.4	3.6	-34%
Methodology	Greenhouse Gas Protocol Corporate Accounting and Reporting Standard		
External verification	Green Element Limited and Compare Your Footprint Limited external verification process		

Notes:

1. tCO<sub>2</sub>e is tonnes of carbon dioxide equivalent gases.
2. 2019 FTE count represents the year end numbers and not average FTE as is the case in 2020 since the Lowri Beck business joined the Calisen Group part way through 2019.

## Electric vehicle charging

During 2020 the Lowri Beck business successfully established a new operating division for the provision of EV charging point installations.

Trained by our in-house Training Academy Centre to City & Guilds standards and having become a registered member of NICEIC (the National Inspection Council for Electrical Installation Contracting) for Electric Vehicle installations as well as achieving Office for Zero Emission Vehicles approved installer status, our highly qualified team successfully delivered our first installation in 2020 and we will continue to grow this business.



### Training Academy operations

The Training Academy Centre in our Lowri Beck business, while having a very strong background in delivering single and dual fuel smart meter training, has also established a comprehensive EV charging training programme and our highly skilled in-house trainers are themselves qualified in power, gas, quality assurance, teaching and assessing.

We are proud of our relationships with our awarding bodies and these range from BPEC Certification which enables our assessors to directly deliver and assess the level 2 diploma in “Smart Metering Gas and Power”. This extends through to City and Guild diplomas which allow highly trained staff to directly assess qualifications under the 18th Edition Electrical Regulations for Electrical Installations and Electric Vehicle Charging installations.

Finally, our registration schemes are quality controlled via audits carried out by both our own in-house team and external auditors as required. Where appropriate, these schemes are held on the Energy and Utility Skills Register recording the skills of meter operatives, which also incorporates an agreement on the standard of training and assessment aligned with the Meter Operation Code of Practice Agreement (“MOCOPA”). The assurances that we gain from these external industry bodies provide confidence that the content and delivery of our training programmes are absolutely to industry standard.

After our last EU Skills audit in January 2020 the feedback received was:

*“I would like to thank the team at Lowri Beck, as they put the time and effort into preparing the evidence for today’s audit. All questions were answered immediately with supporting evidence shown which was to a very high standard. It was also evident that the training team within Lowri Beck operate to a high standard. Lowri Beck are always striving to improve. Lowri Beck maintain Energy and Utility Skills Provider status with no Actions or Recommendations. Well done.”*



## Training Delivery in 2020

During 2020, the Training Academy Centre delivered around 9,500 hours of training either face to face or on-line across a number of courses ranging from gas and electric dual fuel training, EV charging through to asbestos awareness and first aid.



## Supporting our charities

This year the Group continued to support, through donations and fundraising activities, the Manchester Youth Zone which is a children's charity for those aged between 6-19 years of age (and up to 25 years for those with additional needs). It works with children to equip them with tools to increase their confidence, competencies, and self-reliance.

Additionally, through voluntary deductions in pay of members of the Board and Executive Committee, £160,000 was given to NHS Charities Together in 2020 in support of our front-line workers.

## Health and safety at work

The potential hazards associated with working on gas and electricity supplies require us to work to the very highest standards of health and safety. We are committed to protecting our staff and anyone affected by our operations as we work to achieve zero harm in all that we do.

No activity can be totally without risk, but we strive to ensure that our operations are carried out in ways that remove unnecessary risk, and control and manage any residual risk to prevent injury or harm. Where risk cannot be managed, and safety assured, then work is required to stop until a safe solution can be found using the expertise of our in-house technical teams.

Protecting the health, safety and welfare of our employees, contractors and customers remains a clear and shared responsibility across all our teams, as is ensuring that we deliver services with minimal impact on the environment. Achieving these goals is essential to our hard-won reputation as a leading and trusted service provider and employer.

We continue to develop and embed a strong health, safety and welfare culture in our day-to-day operations and work hard to ensure that we fully consider our environmental impacts. In all our activities we target zero incidents as we believe it supports our aim to ensure that Calisen is a great place to work and a business in which all employees can work safely and reach their full potential.

## Health and safety performance

2020 was a challenging year for the Calisen Group as it sought to integrate and develop the Lowri Beck business acquired in 2019 while working through the issues created by the COVID-19 pandemic.

While the availability of mobile IT solutions and a history of agile working allowed office and contact centre-based services to work from home relatively easily, there were more challenges for our field force. For this group we had to try to achieve smart meter installation and data recording targets against a background of travel restrictions, lockdowns, and social distancing rules associated with COVID-19 restrictions.

During this period, we continued to deliver the usual safety communications and toolbox talks to ensure that our people and customers are safe. The business has responded positively and continues to make significant improvements to safety and quality standards within its field teams.

In order to properly assess Calisen's health and safety performance we monitor all accidents and incidents reported by employees, paying particular attention to the annual number of total and reportable incidents, the areas of the Group from which these arise, the proportion of these that fall under the relevant Reporting of Injuries, Diseases and Dangerous Occurrences Regulations ("RIDDOR") category and the total number of days lost as a result of reportable incidents.

This information is used to agree effective remedial actions and determine where resources should be allocated to ensure any areas of residual risk are dealt with effectively. In the year ended 31 December 2020, Lowri Beck incurred 35 lost time accidents which was a decrease of 40 per cent from 2019. Of these, four incidents were reported to the Health and Safety Executive in line with RIDDOR requirements which was a decrease of 55 per cent from 2019. These four incidents resulted in a loss of 59 working days which was a decrease of 82 per cent on 2019 figures.

In 2020 Lowri Beck joined other industry members in discussion with the Association of Meter Operators to explore behavioural safety techniques that could assist in further improving safety standards in a remote workforce.

Over the course of 2020, we have seen an improved health and safety focus through developing and implementing an electronic "near miss" reporting system in order to improve rates of near miss and hazard reporting. We have also worked to upgrade equipment provided to our field teams, including issuing electronic manometers to improve the accuracy of leaks checks undertaken after the installation of new gas metering equipment.

This improved focus has also included the implementation of a new electronic data system for data collection field teams allowing for quicker and easier data input. Additionally, we have partnered with a new personal protective equipment supplier to improve the range of products available to our field teams and ensuring improved order fulfilment times.

We have trained our field managers and employees in the use of vehicle data systems to ensure that driver standards and fuel use are effectively monitored. Finally, we have revised Lowri Beck's incident management system to ensure improved investigation and response standards including earlier deployment of occupational health support to ensure an effective return to work process for anyone injured at work.



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