

# SUSTAINABILITY REPORT 2023



Following the success of our first report, I am pleased to present Horizon Energy Infrastructure's (HEI) second annual sustainability report. HEI has been reporting its Environmental, Social and Governance obligations internally for four years and will continue to evolve this report and issue it annually. Our aim is to show progress as well as share the good work we've been doing.

HEI continues to measure, record, and monitor key statistics, enabling us to set targets and improve. We are working with our parent company Arcus Infrastructure Partners LLP ("Arcus") and our agreed net zero strategy to drive improvements over the next 12 months.

HEI has been installing smart and AMR meters for 15 years and this has enabled customers to monitor and reduce their own energy usage. HEI continues to support the UK's smart meter rollout programme such that all customers can achieve the benefits from smart meters, reduce their energy usage and save CO<sub>2</sub> emissions as a result.

**Tom Thorp, CEO**  
Horizon Energy Infrastructure

## Environment, Social and Governance

HEI has an ESG policy which applies to all employees and contractors. The ESG policy sets out HEI's ESG objectives, which are:

- Setting targets for environmental, social and governance matters which will be reported, monitored, reviewed, and disclosed to our Board, employees, and shareholders.
- Adopting high standards of governance and ethics in our business conduct.
- Ensuring that our vision and ESG objectives are relevant, understood and communicated and that our employees demonstrate alignment to them.
- Identifying all material ESG risks in the business activities undertaken by HEI and ensuring that the risks are fully considered and managed in a responsible and ethical way.
- Developing, implementing, and maintaining a best practice, process oriented, integrated management system, which will be continuously re-examined through audits and a continuous improvement process.
- Ensuring that key decisions are only taken after full consideration of all material environmental, social and governance issues and risks.
- Providing appropriate information, instruction and training and ensuring that this policy is communicated to all team members working for HEI.
- Working together with our customers, suppliers, and business partners to encourage them to adopt the principles or similar policies resulting in the same outcomes.
- Aspiring to achieve appropriate benchmark levels in environmental, social and governance performance and making these themes core to what we do.

Please click [here](#) for HEI's Green Finance Framework, setting out our innovative funding and partnership solutions for the UK energy revolution.

# Environmental - Energy consumption & Greenhouse Gas Emissions

HEI is committed to minimising our carbon emissions and now reports annually on both energy consumption and greenhouse gas emissions.

## Energy Usage

Year	2021	2022	2023	2024
Target (MWh)	n/a	15.316	19.610	19.000
Actual (MWh)	13.547	19.610	18.914	n/a

HEI reports energy usage quarterly in board reporting and has been monitoring this since 2021. After the uncertainty following Covid and the installation of two electric vehicle (EV) chargers at our Salisbury office, our energy usage has now settled to around 19MWh per year. Employees have the option of joining an EV salary sacrifice scheme which could increase the amount of electricity consumed if the chargers are used more. However, we don't expect our energy usage to increase in 2024.

## Green House Gas Emissions

HEI has reported internally on GHG emissions for two years using a tool produced by an external consultancy. The methodology for reporting was agreed and validated externally.

### Scope 1 - these are our direct emissions

Year	2021	2022	2023	2024
Target (tCO <sub>2</sub> e)	n/a	3	3	3
Actual (tCO <sub>2</sub> e)	0	0	0	n/a

HEI doesn't consume natural gas at its office in Salisbury and the heating/hot water is provided by air source heat pumps. These air source heat pumps have a refrigeration unit which will need topping up at some point. This has been expected since we started measuring but hasn't been required yet.

### Scope 2 - these are our indirect emissions

Year	2021	2022	2023	2024
Target (tCO <sub>2</sub> e)	n/a	3	4	4
Actual (tCO <sub>2</sub> e)	3	4	4	n/a

HEI's scope 2 emissions come from our energy consumption and are based on the average UK energy mix. We don't expect our energy consumption to increase significantly.

## Scope 3 - these are the emissions we are indirectly responsible for

HEI reports internally on scope 3 emissions, looking at purchased goods and services, capital goods, upstream transportation and distribution, waste generated through the disposal of meters, business travel, employee commuting, downstream transportation and distribution, downstream leased assets.

### Net Zero

In December 2022, Arcus, HEI's parent company committed to a net zero target by 2050 in line with a 1.5 degree temperature increase limit scenario. The target includes investment and investee companies. Arcus commits as a signatory to recognised industry net zero initiative, Initiative Climat International (iCI), and is in the process of adopting the Science Based Targets Initiative (SBTi) as the key framework to guide its implementation of net zero targets. The commitment is publicly disclosed through the Arcus ESG Policy.



### Waste

Waste is a factor of our GHG emissions. When a meter is removed from a customer's premises, this has to be disposed of. Currently SMETS2 meters can't be reset or re-used which is a concern for HEI as there has been a high number of removals across the market in 2023, echoing our findings in 2022. HEI is working with Energy Suppliers and Industry Bodies to look at ways to reduce waste.

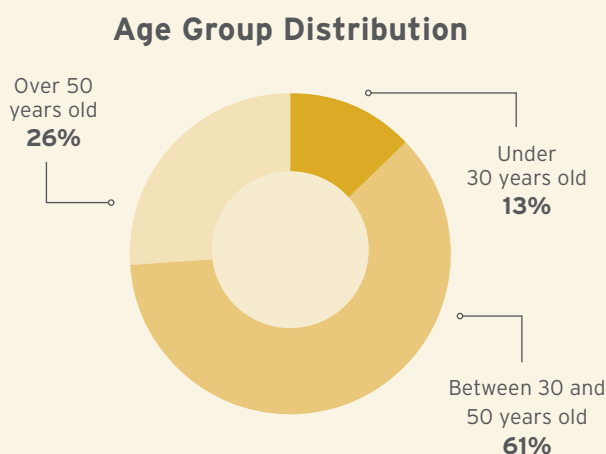
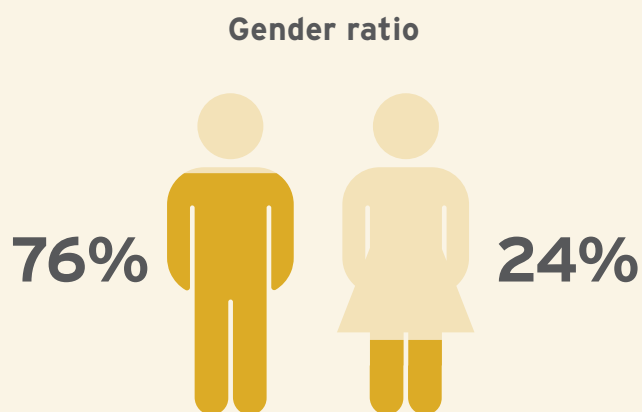
## Social - Employee diversity and inclusion

HEI is committed to providing equality and fairness to everyone at HEI and not to provide less favourable facilities or treatment on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy, maternity and parental status, race, ethnic origin, colour, nationality." Extract from HEI's Diversity, Equity and Inclusion Policy.

HEI offers flexible working and has an office in the centre of Salisbury with most of the Operations and Finance Teams being employed from within 30 miles of Salisbury. Employees are also able to work from home to provide flexible working to those who aren't in Salisbury or require flexibility in their working hours.

Employee views are gathered through an annual "Investors in People" survey. This shows us the areas where we can improve and what we're doing well. We've now run the same survey for 3 years in a row providing us with a good sense of how employees feel. All employees have access to training and development opportunities each year (both provided internally and externally) and are encouraged to expand their skills.

HEI has also introduced monthly "well being" half days where each team member is encouraged to take some time away from work to spend time doing something active or mindful.



## Health and Safety Incidents

Year	2021	2022	2023	2024
Target	n/a	0	0	0
Actual	0	0	1	n/a

There was a minor incident in our office which was treated with no lasting effects.

## Governance - ISO9001 and Policies

HEI is ISO9001 accredited, hence we have many policies which contain our processes and procedures on the key aims and goals of embracing ESG throughout our organisation and within our partner networks. These policies are reviewed annually.

### Governance policies cover

- Whistleblower protection
- Risk Management
- IT software and cyber security
- Fraud, Anti Bribery and Conflicts of Interest

HEI also has an Independent Chair and the Board receives a monthly report on all ESG matters.



Each year HEI responds to the GRESB questionnaire for infrastructure giving details of how we report, monitor and drive change in our ESG journey. GRESB (Global Real Estate Sustainability Benchmark) independently benchmarks ESG data. Our performance in GRESB has improved each year and now in our 3rd year of official reporting, we have achieved 92%.

HEI aligns with EU Taxonomy criteria, meaning that HEI supports the climate change mitigation objective whilst doing no significant harm to the other 5 environment objectives and meets the minimum social safeguard requirements.

## Sustainable Development Goals - HEI SDG Focus

At the United Nations (UN) Sustainable Development Summit in 2015, world leaders adopted the 17 Sustainable Development Goals (SDGs).



These global goals aim to address inequalities and challenges all across the planet whilst aiding development and protecting the environment. Meeting the target date of 2030 will require the work and co-operation of all these governments and the UN along with businesses and members of the public.

HEI focuses its sustainable efforts on the following goals:

**7** AFFORDABLE AND CLEAN ENERGY



**12** RESPONSIBLE CONSUMPTION AND PRODUCTION



**13** CLIMATE ACTION



**17** PARTNERSHIPS FOR THE GOALS



## Sustainable Development Goals - HEI SDG Focus (Continued)

Smart metering technologies allow real-time visibility of energy use, consumer control over their energy consumption, time-based variable tariffs and ease in switching to lower carbon energy suppliers. Visibility provides users with data to understand, measure and reduce their energy usage. The introduction of time-of-use tariffs helps shift energy consumption to periods of low demand and/or high renewable generation, reducing the need for grid reinforcement supply from fossil fuels or curtailment of renewable plants, contributing to UN's SDG 12 **"Responsible Production and Consumption"** and SDG 13 **"Climate Action"**.

Smart meters are also a key technology to allow energy suppliers to offer pioneering packages to alert customers to time windows where it is possible for consumers to be paid for electricity consumption when taking excess energy off the grid (for example when the grid is oversupplied by renewables and paying users of energy is required to balance the grid). This allows customers to shift non-time sensitive consumption to windows when renewables are plentiful and costs are low or non-existent, supporting affordable and renewable energy consumption patterns in line with SDG 7 **"Affordable and Clean Energy"**.

Beyond smart meters, HEI has developed a platform to fund the infrastructure required in adjacent technologies of solar/battery, EV charging and heat pumps, with partnerships already agreed and projects either in operation or soon to be launched. HEI's role in funding the UK's evolving energy infrastructure positions the business as a key enabler of the UK Government's net-zero carbon strategy and its compliance with international climate agreement commitments, supporting the SDG 17 **"Partnership for the Goals"**