

Environmental impact strategy

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 implement the government's policy on Streamlined Energy and Carbon Reporting, requiring disclosure of the environmental performance of the Group's assets through calculating the Group's greenhouse gas ("GHG") emissions and subsequently, setting strategies to minimise these emissions. The following information summarises the Group's environmental performance over the year.

Methodology

GHG emissions are quantified and reported according to the Greenhouse Gas Protocol. Consumption data has been collated and converted into CO₂ equivalent. To collect consumption data, the Group has reviewed utility invoicing and its staff expense software to track business mileage in employee vehicles. We have used the UK Government's 2022 GHG Conversion Factors for Company Reporting in order to calculate emissions from corresponding activity data, save that this year we have reflected the actual low carbon intensity at our head office due to our 100% renewable supply of electricity. We have restated the prior year accordingly, as we made the switch in 2020.

We have collected data for MAB and our subsidiaries: First Mortgage, Fluent and Vita. Auxilium only has two employees and is considered to have minimal impact. MAB owns 80% of First Mortgage, 75.4% of Fluent, and 75% of Vita, but we have factored in 100% of the Scope 1, Scope 2, and Scope 3 emissions for these subsidiaries.

Fluent and Vita became Group subsidiaries in July 2022, and we have included their Scope 1 and Scope 2 GHG emissions (in tCO_{2e}) from the date of completion. We have calculated energy intensity (in tCO_{2e} per employee per year) using the average number of employees during the year. We consider this to be a good indicator of the scale of the business and our energy intensity. To derive a meaningful energy intensity metric for Fluent and Vita, we have factored in their emissions data for the whole year and actual average employee numbers during the year. The alternative approach, to count emissions and employees only from completion of the acquisitions would have slightly artificially depressed emissions per employee across the Group so we chose the more conservative approach.

As part of the data collection, a materiality assessment was applied to determine which indicators were relevant to the Group. We have assessed each indicator in terms of its impact on the Group and its perceived importance to stakeholders.

Reporting boundaries and limitations

The GHG sources that constitute our operational boundary for the reporting period are:

- Scope 1: Natural gas combustion within boilers. MAB does not provide any company cars;
- Scope 2: Purchased electricity consumption for our own use; and
- Scope 3: Fuel consumption from employee-owned cars for business use.

Fuel connected with employee train and plane travel for business use has been excluded as amounts are likely to be immaterial and we consider it impractical to make estimations. Water usage has also been excluded as amounts are also likely to be immaterial. Fugitive gasses from office air conditioning are also considered immaterial. We have estimated Scope 3 emissions based on the split of Diesel vs. Petrol cars in the UK.

Performance

The table below shows absolute performance and like-for-like performance of our Scope 1, 2 and 3 emissions for the year, restated for 2021 as explained above:

		2021		
Energy consumption and associated GHG emissions (tCO ₂ e)		Restated	2022	Change
Scope 1	Fuel consumption (gas office heating) (kWh)	484,361	692,986	43%
	Associated GHG (tCO ₂ e)	89	126	43%
Scope 2	Electricity consumption (office electricity) (kWh)	322,017	742,817	131%
	Associated GHG (tCO ₂ e)	50	128	155%
	Total Scope 1 & 2 emissions	139	255	83%
Scope 3	Fuel consumption (own cars for business use) (miles)	245,841	450,662	83%
	Fuel consumption (own cars for business use) (kWh)	302,359	549,699	82%
	Associated GHG (tCO ₂ e)	74	134	82%
	Total Scope 3 emissions	74	134	82%
Summary	Gross Scope 1, 2 and 3 emissions	213	389	83%
	Total average employees (including First Mortgage, Fluent and Vita)	445	983	121%
	Scope 1 & 2 emissions intensity (tCO ₂ e/employee/yr)	0.31	0.26	-17%
	Scope 3 emissions intensity (tCO ₂ e/employee/yr)	0.17	0.14	-18%

The Group's absolute increase in fuel consumption is due to our acquisitions in 2012, with Fluent, Vita and Auxilium having added over 500 employees to the Group.

We are pleased that our Scope 1 and 2 emissions intensity per employee decreased by 17%. This is mainly as a result of the following reasons:

- Further energy efficiency actions at MAB and FMD,
- a 9% year-on-year reduction in the UK electricity conversion factor, likely caused by an increasing proportion of UK electricity being produced from renewable sources, and
- an efficient use of space by our Fluent subsidiary, which added approximately 500 employees to the Group.

Our scope 3 emissions per employee decreased by 18% year-on-year, which is due to the relatively low mileage per employee at Fluent compared to MAB.

Sustainability is embedded into our core values and we have taken a number of steps to reduce our impact on the environment. These included upgrading our heating and ventilation system as part of the major refurbishment of our head office in Derby with a new single high-efficiency Variable Refrigerant Flow AC system. This will further reduce our energy emissions from 2023 onwards. We also installed higher efficiency LED lighting and a new suite of audio-visual display monitors throughout the building with minimum A-rated energy efficiency.

Minimising our carbon footprint was a major consideration during the design phase of the refurbishment. Our supplier selection was deliberately weighted towards engaging businesses local to Derby, and the re-use or recycling of our old equipment was a key priority. We commissioned two EPC reports, before and after, and are proud to report that our energy performance rating has improved from 84 (D rating) to 39 (B rating). More details on our energy efficiency actions can be found in the Environmental, Social and Governance section on pages 9 to 11.

We continue to investigate new strategies to make our business more sustainable and through collaboration with all our stakeholders we expect to make further positive steps in this regard in 2023.