h2o creative
Environmental & BCorp Impact Report

2022-23 and 2023-24



READY. SET. GROW.

Taking our values **further**



In the third quarter of 2023 we started our journey to become a B Corp. Whilst our position on the environment and society has been implicit it has not been explicit, and we want to use the B Corp process to step up further and see what more we should be doing. We didn't rush it, just to get a badge, we have taken a year to embed the necessary changes and submit our application (September 2024 - we are now in the queue for audit.)

We want to be at the leadership end of the responsibility agenda and to model best practice. We know that it is an increasingly important agenda and one that requires greater rigour and urgency, and we also know that we have more to do. We have started by amending our mission to include aiming to make a net positive impact on society and the environment.

We have long had the value of Transparency as the first of our values, and this is a key aspect of being a B Corp, or Beneficial Corporation.

In that respect, our carbon footprint is prepared externally to a significant level of detail, and our intention is to include everything we have an influence over. Consequently, our pensions and the purchases we make on behalf of our clients are included. The former is not yet in the UN GHG Protocol, but considering that the UK pension industry is reported to have a carbon footprint greater than that of the UK it is otherwise disingenuous for a company to talk up green issues whilst investing in fossil fuels via its pensions. We will start by including that impact.

All company cars are already full electric.

As a company, we are committed to continually assessing and improving our impact on the environment and society. Our largest carbon footprint comes from client spending and our pension investments. To address this, we are actively exploring more sustainable pension options. We regularly review all KPIs to ensure we're making meaningful progress and successfully reducing our environmental impact each year.

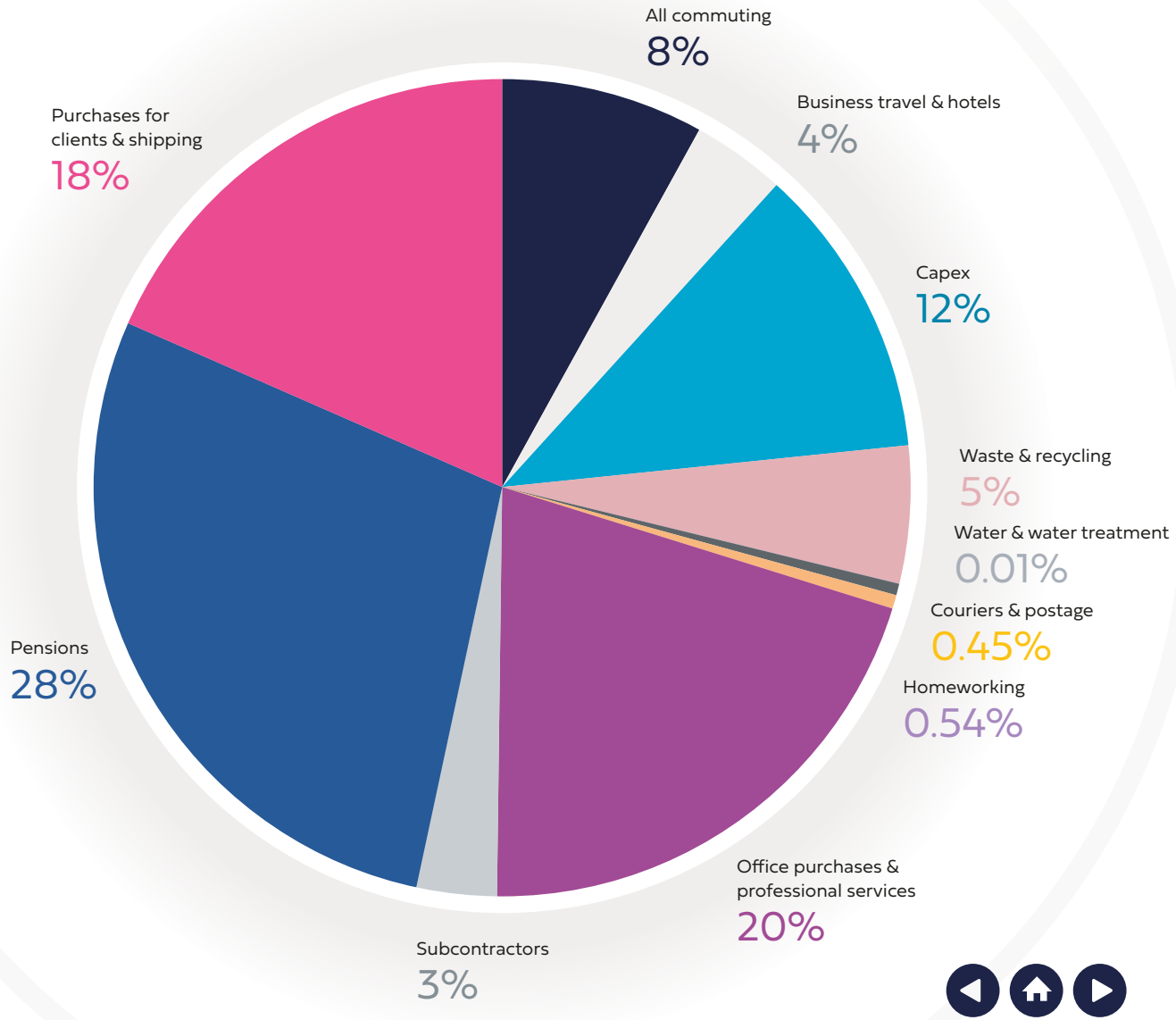
Our mission

We aim to grow our clients' businesses by turning ideas into exceptional work. We achieve this by hiring, nurturing, retaining, and motivating the best colleagues and by providing an environment, both virtual and physical, where talent can flourish. Additionally, our goal is to create a net positive impact, ensuring that the benefits we provide to society and the environment outweigh any negative effects.

2022-23 carbon impacts **by category**

	Tonnes CO_2e	
Scope 1	0.8	0.3%
Scope 2	0.0	0.0%
Scope 3	234.4	99.7%
Total	**239.7**	**100.0%**

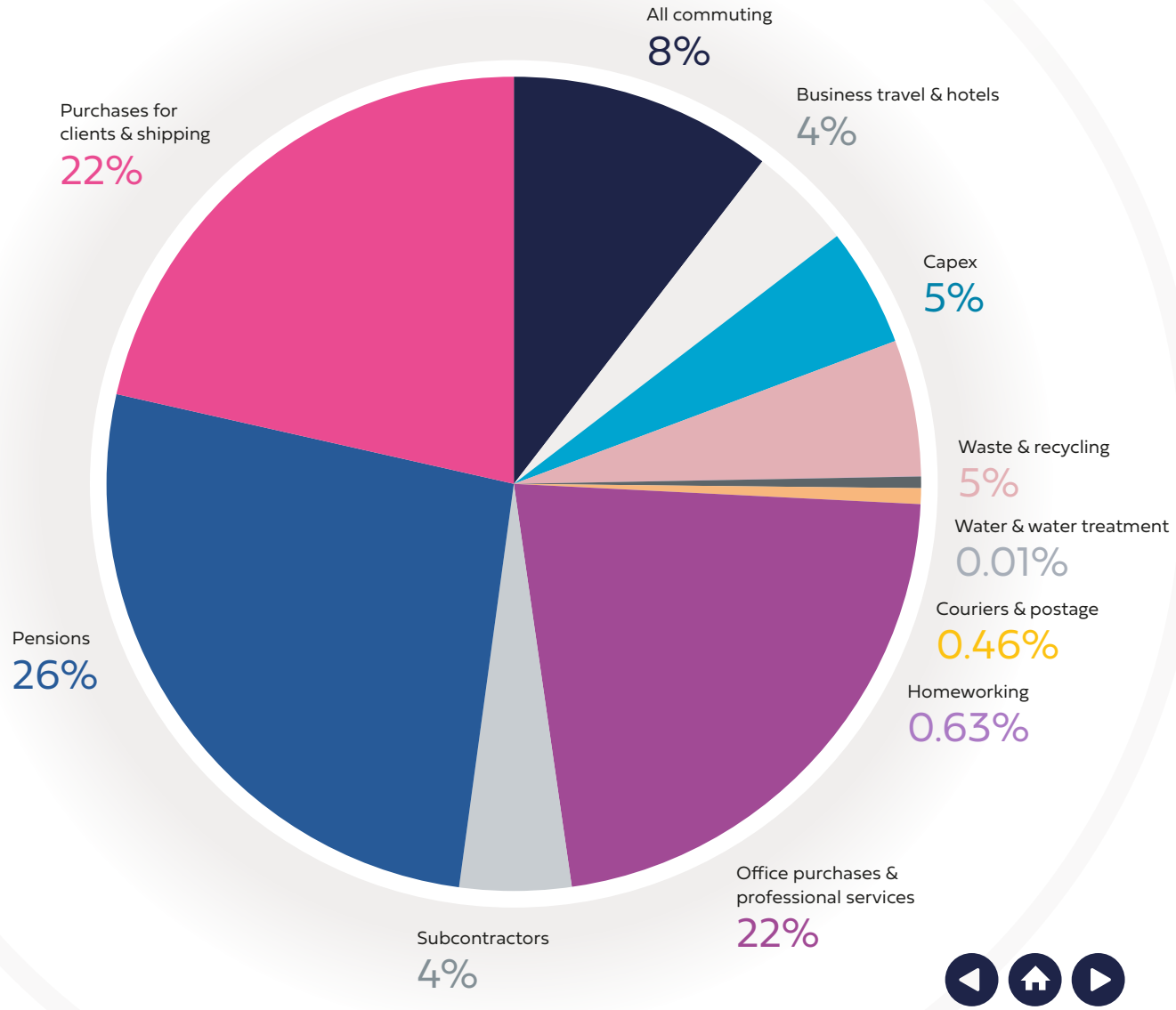
	TCO2e
Market based	239.7
Location based	242.6



2023-24 carbon impacts **by category**

	Tonnes CO_2e	
Scope 1	0.9	0.5%
Scope 2	0.0	0.0%
Scope 3	197.7	99.5%
Total	**198.6**	**100.0%**

	TCO2e
Market based	198.6
Location based	201.7

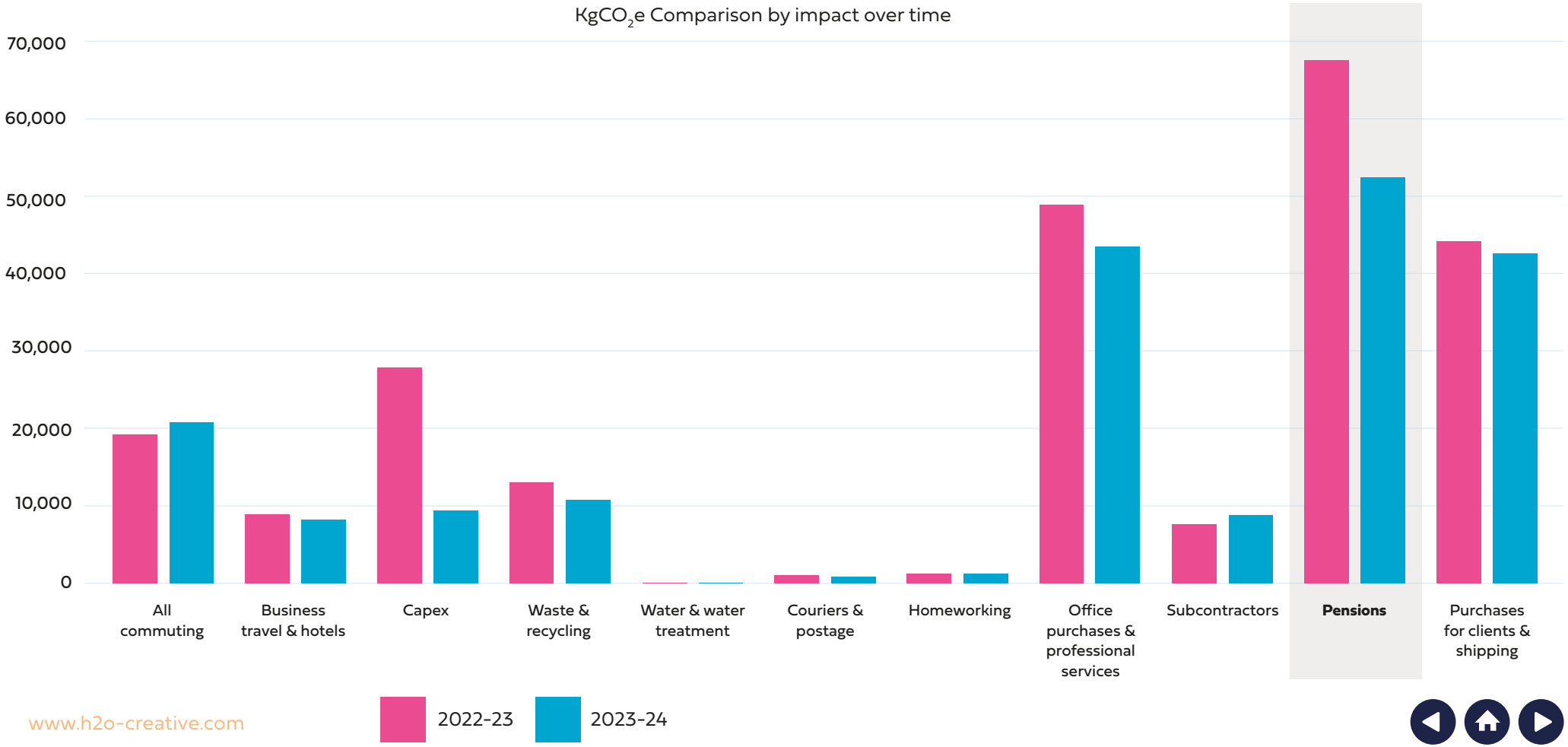


How our footprint has changed over time (kg CO2e)

	2022-23	2023-24	Change	Change in tonnes
All commuting	19,240	20,748	7.8%	1.5
Business travel & hotels	8,894	8,216	-7.6%	-0.7
Capex	27,877	9,354	-66.4%	-18.5
Waste & recycling	13,019	10,747	-17.5%	-2.3
Water & water treatment	26.0	19.41	-25.4%	0.0
Couriers & postage	1,089	907	-16.7%	-0.2
Homeworking	1,300	1,244	-4.3%	-0.1
Office purchases & professional services	48,892	43,556	-10.9%	-5.3
Subcontractors	7,580	8,789	15.9%	1.2
Pensions	67,612	52,412	-22.5%	-15.2
Purchases for clients & shipping	44,179	42,626	-3.5%	-1.6
Total	**239,708**	**198,618**	**-17.1%**	**-41.1**

Pensions are now our **single largest carbon impact**

We also include purchases we make on behalf of clients.



h2o-creative carbon footprint **in detail**

GHG assessment emission sources				Required or recommended	Included in assessment Yes/No/N.A.	2022-23 Market tCO_2e	2022-23 Location tCO_2e	2023-24 Market tCO_2e	2023-24 Location tCO_2e
Category	Emission source category (aligned to the GHG Protocol Corporate Standard)								
Scope 1	Direct emissions from owned, leased or directly controlled stationary sources that use fossil fuels and/or emit fugitive emissions (e.g. refrigerant gases)			Required	Yes	0	0	0	0
	Direct emissions from owned, leased or directly controlled mobile sources			Required	Yes	0.8	0.8	0.9	0.9
Scope 2	Location-based emissions from the generation of purchased electricity, heat, steam or cooling			Required	Yes		1.4	0.0	1.3
	Market-based emissions from the generation of purchased electricity, heat, steam or cooling			Required	Yes	0			
Scope 3	1	Purchased goods and services		Recommended	Yes	98.3	99.3	93.3	94.6
	2	Capital goods		Recommended	Yes	27.9	27.9	9.4	9.4
	3	Fuel & energy related activities (not included in Scope 1 and 2)	3a Upstream emissions of purchased fuels	Recommended	Yes	2.0	2.0	1.7	1.7
			3b Upstream emissions of purchased electricity	Recommended	Yes	0.0	0.3	0.0	0.3
			3c Transmission and distribution losses (T&D)	Required	Yes	0.2	0.3	0.2	0.3
	4	Upstream transportation and distribution	Outbound courier deliveries of packages	Recommended	Yes	1.1	1.1	0.9	0.9
			Third-party transportation and storage of inbound production related goods	Recommended	Yes	0.6	0.6	0.6	0.6
	5	Waste generated in operations	Wastewater	Recommended	Yes	0.0	0.0	0.0	0.0
			Other waste	Required	Yes	13.0	13.0	10.7	10.7
	6	Business travel	All transport by air, public transport, rented/leased vehicle, and taxi	Required	Yes	6.6	6.6	5.9	6.0
			Emissions arising from hotel accommodation associated with business travel	Recommended	Yes	0.1	0.1	0.3	0.3
	7	Employee commuting and homeworking	Employee transport between home and places of work	Recommended	Yes	18.5	18.5	19.9	19.9
			Emissions arising from employee homeworking and remote work	Required	Yes	1.3	1.3	1.2	1.2
	9	Downstream transportation and distribution	Third party transportation and storage of sold products	Required	Yes	1.7	1.7	1.0	1.0
	12	End of life treatment of Sold Products		(For product manufacturers)	N.A.	0.0	0.0	0.0	0.0
	OOS	Pensions			Yes	67.6	67.6	52.4	52.4
					Total tonnes	**239.7**	**242.6**	**198.6**	**201.7**

Our ESG KPIs 1/3

Environmental & Social Impact Dashboard and Targets

Demonstrably grow our clients' business by translating ideas into exception work... by hiring, nurturing, retaining and motivating the very best colleagues and by providing an environment (virtual and physical) which allows talent to flourish. And we have a goal to create a net positive impact, ensuring that the benefits we provide to society and the environment outweigh any negative effects.

	2022/23	2023/24	% Change	2024/25 Target	Lead / comments
Governance					
Achieve B-Corp Status (with and exemplary score)				2024 Q4	Pass mark is 80
Employees					
Employees FT/ PT	21f/t vs 2p/t	21f/t vs 2p/t	0%%		
Professional development % of staff doing	9%	4%	-50%	10%	
Working from home (% working days at home)	70%	64%	-9%	50%	This includes some staff who work entirely from home.
Staff participation in wellness programmes % of staff	0%	4.34%	4%	25%	
Staff complaints / (feedback) and resolution / implementation rate. (Number of complaints/feedback and % resolution) - complaint resolved within one month	Not recorded	5 requests / 1 complaint		5 suggestions 0 complaints	
Accidents at work	0	0	0%	0	
Staff attrition	0	4.5% (1 psn)		≤4.5% (1 psn)	We outperform the industry
Staff attrition: Industry benchmark	32.4%	31.2%	-4%		https://www.1stformations.co.uk/blog/employee-satisfaction-statistics/
Staff engagement & satisfaction	Not recorded	100%		100%	We outperform the industry
Ethical incidents	0	0		0	
Staff feel that they are "fairly paid"	Not recorded	87%		90%	
Fairly paid: National benchmark		39%			https://www.1stformations.co.uk/blog/employee-satisfaction-statistics/
Gender pay analysis	Not recorded	Women paid 4.5% more		Not less than equal	Excludes business owners

Our ESG KPIs 2/3

Environmental & Social Impact Dashboard and Targets

	2022/23	2023/24	% Change	2024/25 Target	Lead / comments
Community					
Total pro bono hours	22.5 hours	165 hours		165 hours	
% staff doing volunteering	10%	70%	600%	as per 2023/24	
Total volunteer days	3 days	22 days	633%	22 days	Allow 1 day per year per staff member
Donations / charitable giving £ / % Revenue or Profits	£500	£2,500 donated	400%	£3,500	
Staff diversity M%/F%	60.87% vs 39.13%	60.87% vs 39.13%	0%	M/F 55%/45%	
Staff diversity (ethnicity)	4.3%	8.7%	102%	10%	
Advocacy: # campaigns supported					
% of purchases from suppliers with diverse ownership		9.3%		10%	
% of supplies from local & independent businesses (<50 miles)		28%		32%	
% suppliers with "fair relationships"				100%	Small suppliers paid within 30 days

Our ESG KPIs 3/3

Environmental & Social Impact Dashboard and Targets

	2022/23	2023/24	% Change	2024/25 Target	Lead / comments
Environment					
Energy					
Renewable electricity	100%	100%	0.00%	100%	
Electricity usage kWh	7,069	6430	-9.0%	-5%	
Energy use kWh per FTE employee	441.8	378.2	-14.4%	-5%	
Climate					
Scope 1 & 2 emissions (tonnes CO2e)	0.8	0.9	12.5%	0%	
Scopes 1, 2 & 3 emissions (tonnes CO2e)	239.7	198.6	-17.1%		Target of carbon neutrality by 2030
Offsets	Scopes 1 & 2 +10%	Scopes 1 & 2 +10%			
Air quality					
Commuting: people cycling, driving electric vehicles*	4 x electric cars	4 x electric cars	0%		
% company owned vehicles which are full electric	4/4	4/4	0%		
Total business vehicle miles	30,900	28,550	-7.6%	-5%	Take more business trips by train
Water					
Water use (assumed 90% is mm*) M3	61.8	51.35	-16.9%	0%	This depends on staff office numbers
Waste					
Percentage of waste which was recycled %	39.6%	32.2%	-18.69%	+5%	
Total waste kg	611.8	505	-17.46%	-5%	
Glass waste kg / items	20.88	8.63	-58.67%	0%	This is insignficant
Purchasing & Suppliers					
Est. % office stationery supplies made from recycled materials, recyclable, or environmental impact has been considered	20%	25%	5%	30%	Source 100% of raw materials sustainably by 2030
Clients					
Customer satisfaction	100%	93.3%	7.18%	100%	

Next steps:

We want to be net positive, not just on carbon, but for the planet.

- Pensions are our largest impact. We will aim to give all staff sustainable pension fund options and look to get data from our pension provider for our actual carbon footprint. Investing in a sustainable pension fund, also known as a “green pension”, can be an effective way to reduce our carbon footprint
- We now have a sustainable purchasing policy and will aim to reduce the impact of our client and company purchases
- We will encourage renewable home energy contracts by staff and contractors
- Develop a Net Zero target and strategy for all Scopes
- Work with clients to support their sustainability engagement plans



Carbon footprint **assessment**

April-March 2022-23 and 2023-24

Company name: **h2o-creative Ltd** | Calculations done by: **Empathy Sustainability Ltd** | Date finalised: **October 2024**

ASSUMPTIONS

- Cloud storage is estimated based on annualised data pro rata.
- Client purchases have been included (in Scope 3) because h2o have influence over this.
- Assumptions for London taxis: £3.37/mile and average journey of 6 miles.
- Vehicle leasing emissions have been assumed to be 1/10th of the emissions to make the vehicle per year.
- For misc office items an average emissions factor of 0.38KgCO_2e/£ was assumed.
- Courier deliveries have assumed a share of vehicle of 1/100 or 1/200 depending on size.
- Assumed that those with company EVs without renewable electricity at home charge 50% at home. 50% of "UK Electricity for EVs" apportioned for commuting and business travel. Others assumed to be renewable also for business travel.
- Homeworking: no credit given for staff with renewable electricity contracts since heating will mostly be fossil fuels and it can't easily be disaggregated.
- Supplier van deliveries calculate both legs. Truck deliveries one way.
- Upstream distribution in 2023 has been assumed to be the same as 2022.

NOT REQUIRED

- The company does not have any investments.
- A/C was not regassed.
- No leased assets and franchising.
- No gas.

PROTOCOL

- The Climate Impact Partners Carbon Neutral Protocol 2024, based on the UN GHG Protocol.

BOUNDARIES

- The carbon footprint is for the design and marketing agency h20-creative, and includes Scopes 1, 2 and 3 as well as purchases made on behalf of clients.
- End of life was not included for client purchases since those will be in the footprint of the client.
- Although it is not strictly required, we have included pensions.

EMISSIONS SOURCES:

1. 1 https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023
2. DEFRA "Table 13" 2019 Indirect emissions from the supply chain.
3. Pensions use the MakeMoneyMatter emissions factor as quoted by The Economist. https://impact.economist.com/sustainability/net-zero-and-energy/data-point-is-your-pension-funding-the-climate-crisis

UK emission factors were used in the majority of cases except where there was nothing available, in which case DEFRA Table 13 factors based on spend were used.

DEFRA has ceased to support Table 13. However, the factors are likely to now be on the high side and consequently will report higher than likely emissions.

GHGS TO BE MEASURED

- CO2e was used in all instances, being a summary emission factor for all GHGs.

CORPORATE GHG INVENTORY

- Emissions offset by suppliers have been included as not offset in the Location Based figure. The Market Based total figure is net of the offsets made by suppliers.

EXCLUSIONS

- Business rates -cannot find an emissions factor.
- Shipping for small purchases, considered to be insignificant.
- End of life for client purchases.