



Our journey to Net Zero
Sustainability Strategy 2023

Supporting the energy transition in the islands

From gas supply to energy transition solutions

In 2022, we launched a new strategic direction for the business, which included setting a new vision, purpose and values. As part of this change in direction, we launched a rebrand in each island and set out to transform and diversify the products and services we can offer to support the energy transition; with a focus on diversifying to new energy technologies and energy management. We are keeping the tradition of great service, and gas shall be our primary product for the foreseeable future, but gas will not be all that we are known for. We are proactively embracing emerging technology and being more future-focused to ensure our business meets the changing needs of this generation and the next.

As well as new products and services we have also taken a fresh look at how we deliver our purpose and values as a business. Our new direction for the business has a strong focus on building the right culture, sense of purpose and pride in what we do. The aim, to ensure we become a cleaner, greener and more community focused business. Key parts of our future-focused approach include our role in the islands' and our customers' transition to Net Zero, the evolution and sustainability of the goods and services we offer, and the positive impact we can make to the environment and community of the islands we live and work in.

We have in the past pledged to go carbon neutral. We recognise however that carbon neutral is not enough, and that our new strategy needed to go much further so that it aligned with the new values of the business. We acknowledge that carbon offsetting shall contribute to global efforts to combat climate change. In committing to become a Net Zero business, the focus of the IEG group is now all about prioritising efforts to avoid, remove and reduce as much of our carbon emissions, and only offsetting the emissions that we cannot reduce. This Sustainability Strategy marks the start of this exciting, yet challenging, journey.

A strategic plan for change

We spent 2022 working hard to put in place the foundations to deliver on this Strategy - including a sustainability framework and new science-based carbon emissions reporting process which aligns with best practice international guidelines. Our focus for 2023 and beyond is all about delivery.

We know our targets are ambitious, we cannot role model Net Zero if we don't set our ambitions high. We shall report against our progress annually so that you can see how we are doing, be it highs or lows, and our plans where we need to improve our performance.

At the core of this Strategy is our commitment to deliver products and services to our customers and the islands of Guernsey, Jersey and the Isle of Man that offer value, purpose and support the Islands in finding an affordable and achievable way to meet Net Zero by 2050. We look forward to sharing our journey with you!

Jo Cox
Group Chief Executive



We're in this together, for the long run

Islands Energy Group (IEG) owns and operates the gas distribution network companies in the Isle of Man (Isle of Man Energy), Guernsey (Guernsey Energy) and Jersey (Island Energy). We also continue to grow in the non-regulated space by accelerating commercial opportunities. This remit means that IEG is responsible for heating over 35,000 homes and businesses across the three islands; a privilege we do not take for granted.

We are committed to accelerating each of the islands towards a shared Net Zero future by 2050, by reducing our business carbon footprint and decarbonising the gas transported through our network. We acknowledge that as an integral part of the community of each island, we can't reach our targets or help achieve the Net Zero aspirations for the islands, without a coordinated approach that focuses on what matters to our customers, stakeholders and our employees.

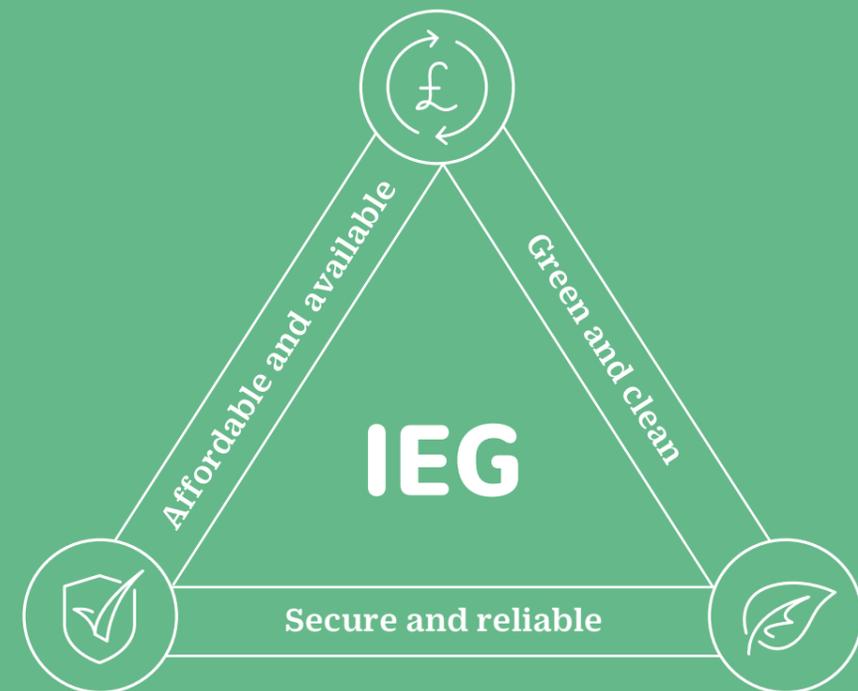
We recognise that it shall be vital for energy providers and the government on each island to work together to focus on how to increase energy independence, which in turn shall deliver energy security and a resilient supply (without exposing the islands to the escalating geopolitical risk and volatility of the European energy market), at a cost that is affordable over the longer term and delivers continual improvement in environmental performance (locally and along the value chain). IEG is fully committed to helping to solve these challenges.

We are very aware however that there is no one 'magic bullet' that solves this trilemma, (or three-way problem), and each island presents a different mix of transition challenges. Long range thinking and an integrated approach shall be key to be able to solve heating and power, waste, agriculture and transport as a whole energy system rather than looking at each sector in isolation, which could inadvertently cause greater challenges in the future as the islands struggle to reduce emissions in the harder to abate sectors.

IEG welcomes the opportunity to work with other sectors and government to identify how we can help solve the energy transition challenges. Over the coming years we shall be trialing various low-carbon technologies and hybrid projects; with the electricity and gas networks working together to play a central role in enabling and facilitating decentralised renewable energy generation – and offering new and innovative ways to increase energy efficiency and demand management; which is ultimately the most vital component part of the energy transition.

We acknowledge that many of the solutions required for the energy transition do not exist yet, so we shall be following, and working, closely with the wider industry in order that new technologies can be incorporated into our energy propositions for each island as swiftly as possible. We want to be able to help provide a shining light to show what is possible on each island.

The Energy Trilemma



A leading light for the energy transition for almost 200 years

Founders in history

Since our businesses were first founded in the 1830s, IEG has been involved in delivering huge changes, for the better, in the islands we serve.

In Guernsey, it was in 1830 when Mr J Edge first approached the Royal Court for permission to manufacture gas from coal in the island. Thomas Edge manufactured gas in Jersey to light the streets of St Helier in 1831 with large crowds gathering in King Street to watch the dazzling effects. In the Isle of Man, the business started life as The Douglas Gas Light Company in 1835, formed under the Lighting the Town of Douglas with Gas Act, with the mission to light the streets of Douglas.

Back then, the gas lights that the businesses brought to the islands delivered more modern, cleaner and brighter lighting that quickly replaced the dirty oil lamps of the time. The businesses have continued to invest and evolve to improve the products and services it offers its customers, and island communities, ever since.

Forging ahead

Forging ahead was the apt company strapline in Jersey in the early 1900s and the businesses have continued with that ethos. The way gas has been produced and distributed on the islands has changed dramatically in the last two centuries.



The original Guernsey Gas shopfront

In Guernsey, the coal-powered gas plant, which had been in use since 1888, was replaced in the 1950s with a new method of gas manufacture from butane. It was the first plant of its kind in Britain, and it marked the end of coal gas production in the island. The Guernsey Evening Press described it as a "bold and courageous experiment". In 1960 a new gas reformation plant led to cleaner, quieter production using less space and ensured the gas produced was sulphur-free. In 1975 the business transitioned to synthetic natural gas that further reduced emissions.

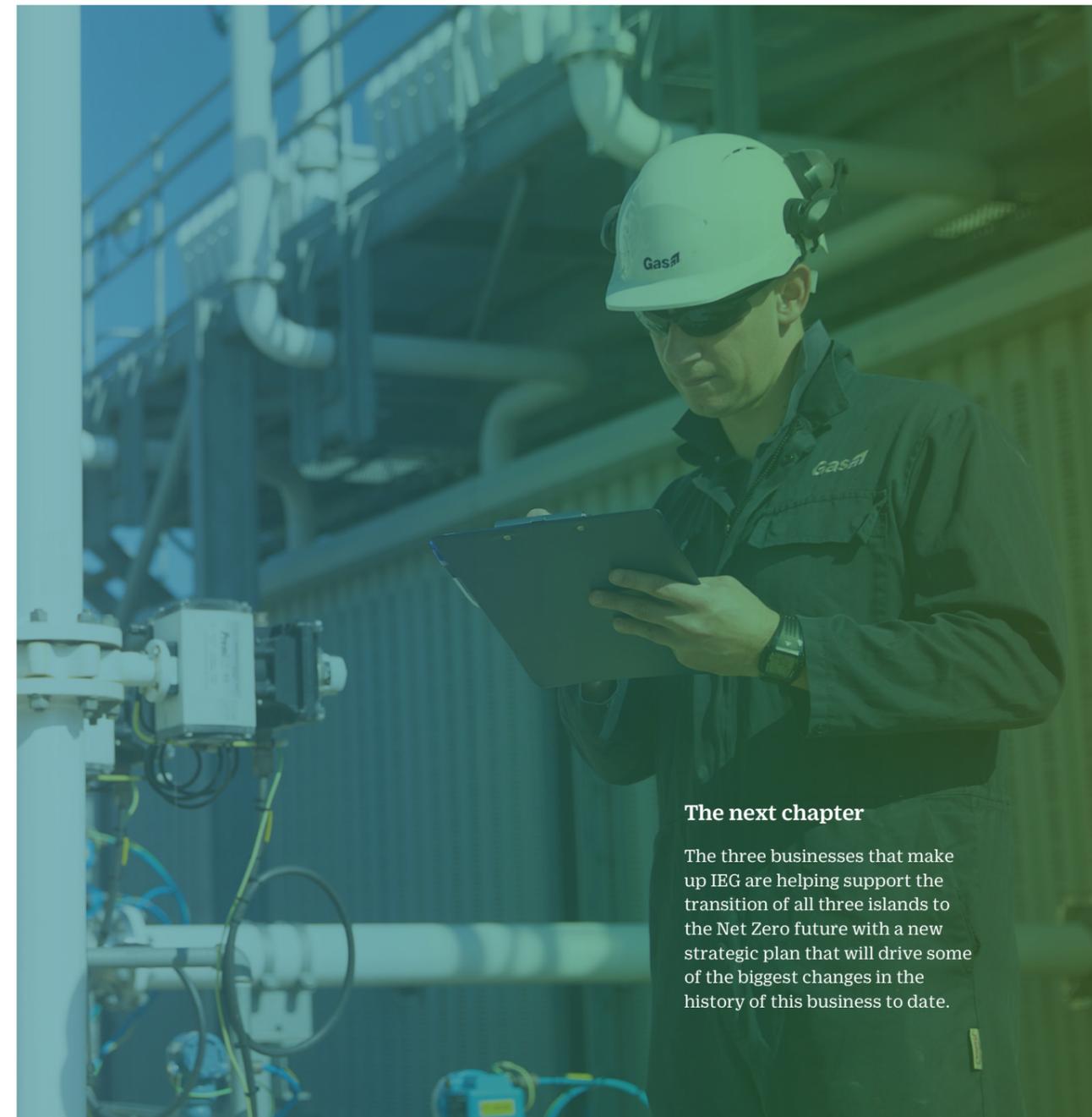


In Jersey, during the 1960s it was decided to manufacture mains gas from Liquefied Petroleum Gas (LPG) Butane and Propane. This improved both the quality and safety of the fuel and enabled the introduction of a modern range of gas appliances. The business could now supply gas throughout the island via the mains network and beyond the mains through bottled gas and bulk tank deliveries.

Also in the 1960s, change was happening for the company in the Isle of Man when LPG gas displaced coal as the source material for gas. In 2003 the mains network covering Douglas and Onchan was converted from LPG to natural gas.

The next chapter

For almost 200 years the three businesses that make up IEG have each played a major role in the energy transition for the islands. We are continuing this commitment to support the transition of all three islands to the Net Zero future with a new strategic plan that will drive some of the biggest changes in the history of this business to date.



The next chapter

The three businesses that make up IEG are helping support the transition of all three islands to the Net Zero future with a new strategic plan that will drive some of the biggest changes in the history of this business to date.

Dependable Energy to be proud of, for every generation

All new purpose

At the time of the rebrand, there was a recognition of the need for change and agreement on what the business would now stand for. The move from 'just gas' is reflected in our new vision '**Dependable Energy to be proud of, for every generation**'.

The new Purpose for the business is to *shape an ethical and sustainable future for people and energy, whilst delivering safe and reliable services that employees customers and communities are proud of.*

Our vision is steered by what we call our four North Stars.



Our values

Our values are the heartbeat of our company: they are our DNA, they help us differentiate our company from others, and like our own DNA they are what makes us unique. These values are not set by the company, they are defined by our colleagues and what is valued by them.

Safety

Our primary goal is to achieve no harm to people and minimise our impact on the environment.

Teamwork

Let's work together effectively to achieve success for our business.

Customer Satisfaction

Our mantra is '*putting the customer at the heart of everything we do*'.

Honesty

Always be sincere and truthful when dealing with colleagues and customers.

Humour & Fun

Have fun while being the best – be human!





Tackling the challenges of the energy transition

Changing and challenging times

Energy supply chains have never been under such scrutiny and such strain as now.

- * An economic rebound after the global COVID-19 pandemic has triggered price spikes for multiple commodities including gas and other energy sources.
- * The conflict in Ukraine has put security-of-supply much higher up the agenda, led to ratcheting of energy prices and increased the urgency of transition further.
- * The climate commitments of many countries and organisations around the globe has created urgency on finding the practical solutions for the energy transition to greener, cleaner fuels and lower carbon economies. The ambition and destination are clear but the path there is less so.

No one knows exactly what the future holds, but we know we will see a rapidly changing energy landscape throughout the medium and long term.

Gas is a transition fuel

As a clean-burn fossil fuel with a lower carbon intensity and environmental impact when compared to other fossil fuels, our existing gas shall continue to play key role to play as a transition fuel and in the success of the island's energy transition. As part of our commitment to a Net Zero future, we shall be exploring options to diversify our future energy offering and launch fuels with steadily reduced carbon intensity, including green gases such as Bio Liquid Petroleum Gas (LPG), Renewable Dimethyl Ether (rDME) and Green Hydrogen.

The energy mix

One of the key challenges of the transition is moving to lower carbon energy generation without causing disruption of supply. Europe, the UK and the three islands we serve are all looking at rapidly increasing the amount of energy they get from renewables and other energy sources such as Hydrogen. However, there are challenges: in 2021, renewables only made up about 50% of the UKs energy generation capacity, and currently the power they supply is highly intermittent and needs to be balanced. The ability of the existing electricity grids on each island to accept additional load and macro and micro renewables is, and shall continue to be a challenge, which in turn creates additional hurdles and costs which shall need to be solved.

Hydrogen and other green gases are now proven technology for transport and off-grid hybrid energy solutions, and whilst all may take time to become a mainstream energy option for the islands, significant investment and innovation in green gases is meaning that energy generation and storage solutions shall likely become available faster than previous predictions.

For this reason, ensuring a market that promotes a mix of energy solutions is vital for the islands' energy needs to be met without disruption whilst achieving the aims of Security, Economy and Sustainability of supply during the journey towards Net Zero.

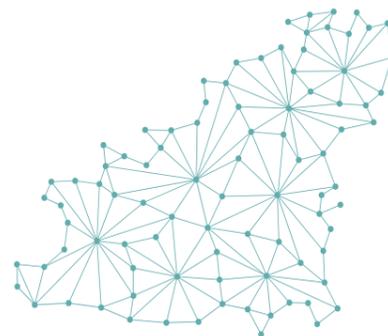
Supporting the transition of each island we serve

Policymakers on all islands have agreed Net Zero aspirations, but most of the detailed action plans for delivery are not yet figured out. The decisions that Governments make will significantly influence how this Sustainability Strategy evolves but we're not waiting to get started. We know that collaboration, data sharing and partnerships are key for a successful energy transition, so we're going to be working even more closely with Governments, the island's energy forums, other energy providers and green energy innovators to cement the relationships that will drive change.

The key policy headlines in each of our island jurisdictions are as follows:

Guernsey

- Energy Policy 2020-2050 commits to a transition to decarbonisation, the policy lacks clear action plans
- Electricity Strategy is under development, scheduled to be debated by the States in Q4 2022. In the interim renewable electricity is imported from France and via a HFO fueled power station
- Significant capital expenditure shall be required on electrical infrastructure and funding incentives, the costs have yet to be defined



Guernsey energy 



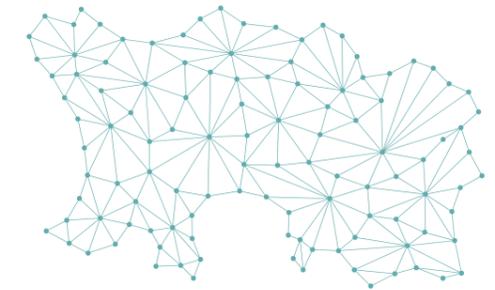
Isle of Man energy 

Isle of Man

- Climate Change Bill 2020 sets a Net Zero target by 2050
- Details of "how" are not defined yet, however all electricity is currently produced on island by gas-powered Combined Heat & Power, there are no renewables, which makes IEG's gas business the lowest emissions energy source on the island
- 2019 IMPACT report estimates cost to reduce GHG by 24%-45% at £260m-£545m

Jersey

- Pathway 2050 was introduced in 2014 and reviewed annually
- Carbon Neutral Strategy 2019 – sets out framework to achieve carbon neutrality by 2030
- Estimated to cost up to £600m to achieve neutrality by 2030.



Island energy 

We will spearhead lower-carbon green gases and diversify our business into other products and services that help with the energy transition whilst setting ourselves some ambitious targets to reduce our carbon footprint, support biodiversity and reduce waste.

Alex Herschel

Chief Sustainability Officer



Role Model Net Zero

As an energy company, we need to go above and beyond in the standards we set for ourselves, hence our commitment in our North Stars to 'Role Model Net Zero'. This commitment is reflected in our decision to align our Sustainability Framework (and internal processes) to internationally recognized carbon reporting and ESG frameworks and standards. This in turn shall enable us to fully understand our environmental, social and climate change related risks and opportunities and ensure that our disclosures are robust, transparent and comparable.



International standards

Our Greenhouse Gas (GHG) emissions reporting conforms to the GHG Protocol Corporate Standard and ISO14064. Our Sustainability Framework is being developed to align with internationally recognised standards for environmental and social management, ISO14001 and ISO26000, which ensures we have a robust 'Plan, Do, Check, Act' framework to monitor and drive the delivery of this Sustainability Strategy. To inform the development of our Sustainability Framework we mapped our climate change, environmental and social performance and risks against international best practice ESG guidelines including Organisation for Economic Co-operation and Development (OECD), Task Force for Climate related Financial Disclosures (TCFD) and the UN Global Compact (UNGC). We shall monitor how our business delivers against these standards, which shall in turn help to build our ESG scoring and help us measure and manage ESG risks better.



Align with Science-based targets

Through the 2015 Paris Agreement, world governments committed to curbing global temperature rise to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. Companies that set carbon reduction targets underpinned by a defined methodology to measure and reduce carbon emissions to limit global temperature rise by a set °C are said to have a 'science-based target'.

The international organisation which developed the standard for Net Zero (Science Based Targets Initiative (SBTi)) are in the process of developing guidance for the Oil & Gas sector. In the interim, IEG has committed to be proactive and align our methodology and target setting with the requirements of the SBTi standard, as follows:

- * Scope of the Net Zero targets shall include the whole organization (Scope 1 - 3)
- * We shall develop a Net Zero Action Plan to reduce emissions that demonstrates continual improvement
- * IEG shall only use removal offsets (and no longer purchase avoidance offsets)
- * Any offsets IEG use to offset our carbon shall be good quality - I.e. Gold Standard



Good governance

We recognise that responsibility for embedding ESG and sustainability into our business culture starts with a governance structure that involves our Executive Directors and Leadership Team. Our Chief Sustainability Officer reports on our group sustainability activities to the IEG Leadership team and in turn quarterly to the IEG Board. We have a Sustainability Team that engages with our service areas in the delivery of aspects of sustainability matters, and a Net Zero Working Group made up of Sustainability Champions that ensure sustainability is embedded in everyday thinking. An Annual Management Review of our Sustainability Framework shall be carried out in alignment with ISO14001 guidelines. We shall be publishing our progress annually on a Sustainability Dashboard so that everyone can see how we're doing.

The United Nations Sustainable Development Goals

The UN Sustainable Development Goals (UN SDGs) or 'Global Goals' are a collection of 17 interlinked goals designed to be a "shared blueprint for peace and prosperity for people and the planet, now and into the future". The SDGs were set up in 2015 by the United Nations General Assembly and are intended to be achieved by 2030. We support the principles of the Global Goals and like thousands of other national and international organisations, we shall be using them to underpin our ambition to embed sustainability into our energy transition activities.

We have prioritised the four that are most relevant to our business activities and have started to look at how we can play our part in contributing to them through the delivery of this Strategy.

<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p>What does this mean to IEG? We shall support or local communities become more resilient and sustainable, including the promotion of sustainable energy and transport systems.</p>
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>Build resilient infrastructure, promote sustainable industrialisation and foster innovation.</p>	<p>What does this mean to IEG? We shall pursue innovation in energy production to provide sustainable heat and power sources for current and future generations</p>
<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 	<p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<p>What does this mean to IEG? We shall contribute towards making places for the economy, communities and nature to thrive</p>
<p>13 CLIMATE ACTION</p> 	<p>Take urgent action to combat climate change and its impacts</p>	<p>What does this mean to IEG? We shall identify and manage our climate related risks and opportunities and diversify our business into climate adaptations and reducing our Scope 1 – 3 emissions</p>



We are a member of **Support the Goals**, an initiative to rate and recognise the businesses that support the UN Global Goals

Purpose: To role model how to be a sustainable energy business that meets the needs of the present generation without compromising the ability of future generations to meet their own needs.

Our strategy has a focus on four sustainability pillars which show our long-term ambition for the environment and Net Zero.



**Pillar 1:
Climate Action**

Set science-based targets and measure, manage and reduce our emissions to Net Zero

Annual Objective

Externally report on our externally verified Scope 1 to Scope 3 emissions against our science-based targets

5-year Objectives

- Demonstrate how we have contributed to climate change mitigation and adaptation through the implementation of a transition plan to net-zero with near and long-term science-based targets
- Carry out periodic review of IEG's climate change risks and opportunities
- All IEG employees to be Carbon Literate



**Pillar 2:
Protect our environment & give back to our community**

Positively impact the communities & islands we serve

Annual Objective

Align and report upon our environmental and social performance and CSR contributions against international guidelines

5-year Objectives

- Support local offsetting initiatives which bring positive impact to the islands and help IEG offset residual emissions in the future.
- Implement a sustainable procurement Code of Conduct
- Implement a Sustainability Framework (aligned to international standards) and annually report ESG performance in an external Sustainability Report
- Periodic ESG materiality assessments to ensure we focus on ESG topics that are important to IEG and our stakeholders.



**Pillar 3:
New energy management products and services**

Support our customers to manage their energy and costs, and play a vital part in the energy transition

Annual Objective

Establish a comprehensive range of energy transition solutions to help our customers better measure and manage their energy usage to reduce their environmental impact and their bills

5-year Objectives

- Expand services to include energy system design and energy performance services to help our customers reduce their energy consumption and costs
- Support demand management and energy conservation awareness initiatives within the community



**Pillar 4:
Cleaner, greener energy**

Transition the energy we supply to lower carbon alternatives

Annual Objective

Develop and trial a Green Gas Plan to transition new gas fuels with steadily reduced carbon intensity

5-year Objectives

- Explore and diversify propositions to include mixed energy solutions
- Continue to explore and roll out green gas solutions across the island – including the role of IEG in macro-scale renewables and grid-scale energy storage for the islands
- Proactively engage and collaborate with the island Governments and industry on the role of IEG and gas in the energy transition for each island



Our emissions

Pillar 1: Net Zero targets

Targets

- * Reduce Scope 1 & 2 emissions 50% by 2030 (from a 2021 base year)
- * Become a Net Zero Business by 2050 (or sooner)

Performance measures

- * Annual Scope 1 – 3 emissions (tCO₂e)
- * Carbon saved per year across our offices and fleet (tCO₂e)



Defining our scope boundaries and targets

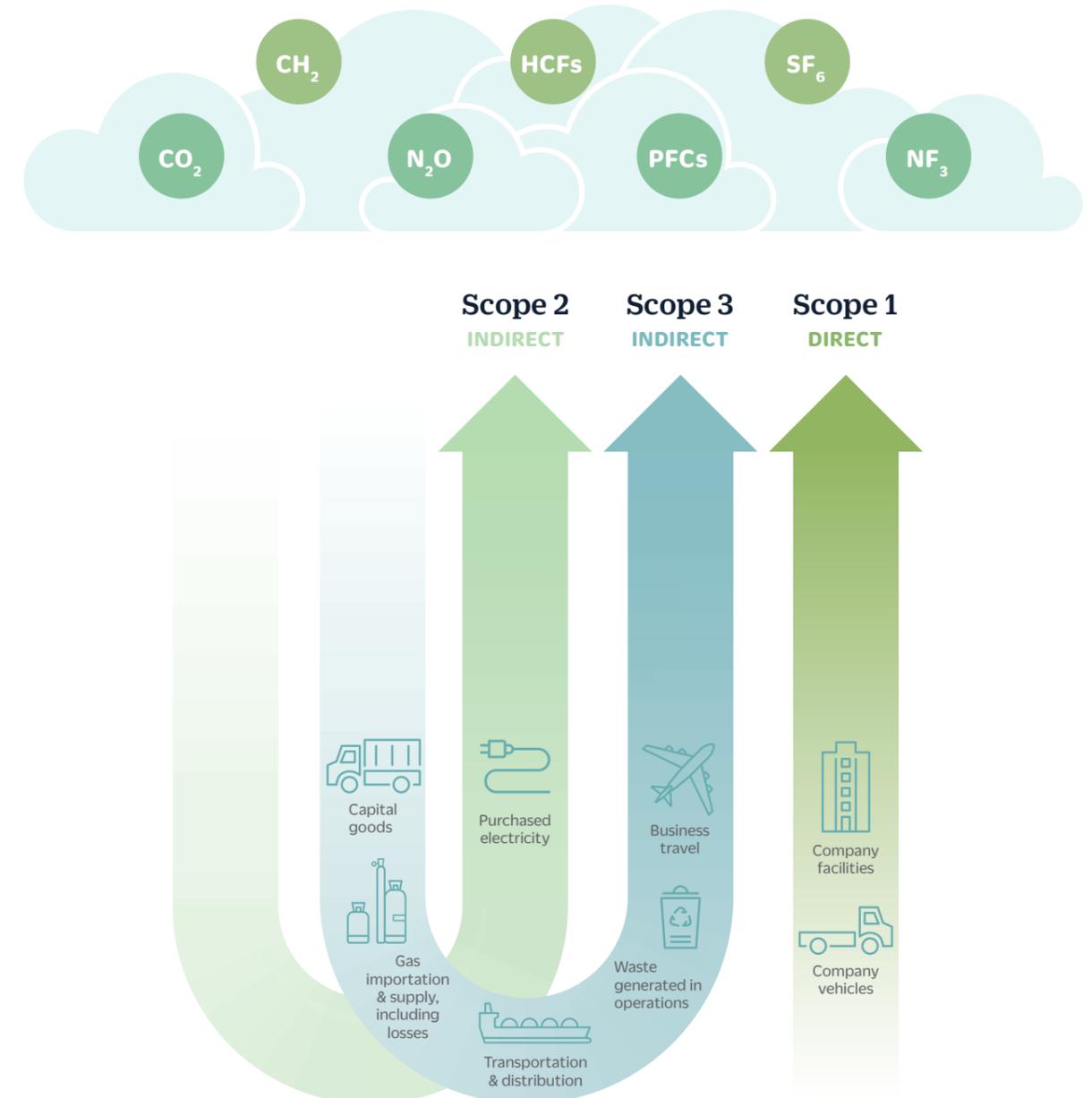
You can't manage what you don't measure, so one of the first steps on this journey was to calculate our operational carbon footprint of our business. In 2022 we calculated our 2021 baseline for the business and defined our organisational and Scope 1 - 3 boundaries in alignment with the international guidance for carbon reporting, ISO14064 and the GHG Reporting Protocol. The output of the carbon footprint modelling has been used to set our Net Zero action planning and science-based targets for the business.

The international standard Science Based Targets Initiative (SBTi) does not currently provide guidance for the Oil & Gas sector. In the interim, IEG has committed to be proactive and align our methodology and target setting with the requirements of the SBTi standard, as follows:

Scope of the Net Zero targets shall include the whole organization (Scopes 1 - 3)

- We will further develop our Net Zero Action Plan to reduce emissions that demonstrates continual improvement, and
- IEG only use high standard carbon offsets - I.e. Gold Standard. - and/ or explore local initiatives to support carbon insetting.

The GHG Protocol Corporate Standard classifies a company's GHG emissions into three 'Scopes'





Positively impact the communities
& islands we serve

Pillar 2: Protect our environment and give back to our community

Targets

- * Implement our Sustainability Framework (to international standards) by 2024 to drive continual improvement in our environmental and social performance
- * Number of CSR initiatives supported by IEG which contribute to achieving our UN Sustainable Development Goals on each island



Performance measures

- * TCO₂e removed by local initiatives which IEG has funded

Protecting our local environment & giving back to our local community

As part of this Goal, IEG shall continue to identify local initiatives which shall offer environmental and social benefits to our three islands, now and for future generations. We are currently supporting the development of a 'carbon insetting' initiative which works with local landowners in Guernsey, Jersey, and the Isle of Man, to provide access to the education, products and services required to transition to regenerative farming and land management, which in turn shall increase the natural capital value of our soil, including the amount of carbon stored. This initiative in turn supports our local communities in many ways including: improved food nutrient density, reduced negative effects of climate change, water and food security. In supporting initiatives such as this, IEG can make a meaningful contribution to net zero on our Islands.

Sustainability Framework

We shall use internationally recognised guidelines and align and monitor our environmental and social performance against international guidelines (UN SDG, UNGC, OECD), implement a sustainable procurement Code of Conduct and implement a Sustainability Framework and annual performance reporting on ESG. Periodic ESG materiality assessments to ensure we focus on ESG topics that are important to IEG and our stakeholders.

Sustainable Development Goals (UN SDGs)

The UN SDGs were set up in 2015 by the United Nations as a universal call to protect the planet and society and are intended to be achieved by 2030. At IEG we recognize that every business needs to play its part to support the UN SDGs, and at the same time demonstrate progress against our Net Zero and wider ESG commitments. As part of the development of this Pillar, we mapped the 17 SDGs along the axes of their relative importance to our stakeholders and the relative significance to our new business strategy. The work identified six that were of highest priority to IEG. Each of which we have assigned internal actions to support our contribution to meeting the global UN SDGs. Using our Sustainability Framework, we shall report against our progress against these actions under this pillar – which encompasses the actions we do to reduce our environmental and social impact locally and across our supply chain.



We are underlining
and reinforcing our
commitment to the
communities we
serve by supporting
the UN Sustainable
Development Goals



Diversify into demand management products & services that support our customers and the energy transition

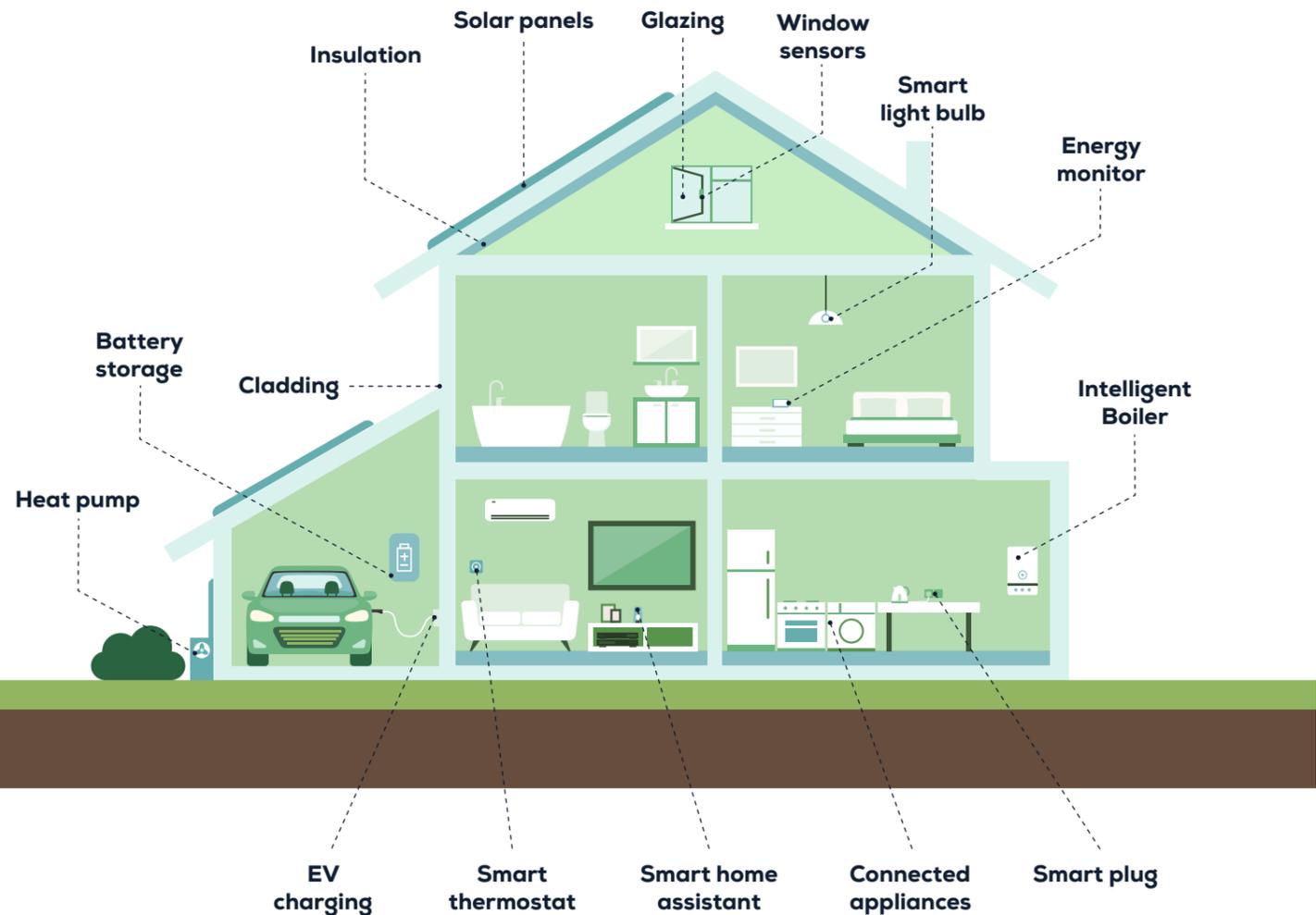
Pillar 3: New energy management products and services

Targets

- * Start trialling and offering low carbon and hybrid heating systems in 2023
- * 3,000 tCO₂e emissions avoided by IEG energy management initiatives and trials within our local communities by 2025

Performance measures

- * Estimated annual emissions avoided by energy management initiatives (in tCO₂e)



Smart home and energy conservation

The three step solution to reducing energy consumption

To help our customers reduce their carbon footprint and their energy costs we will help them manage their home's energy better in a joined-up and holistic way:

1. The Right Boiler

Whatever the fuel type, modern boilers are significantly cleaner, more efficient and cost less to run than older units, and often have smart features that can further drive economies. Heat pumps and micro-renewables energy like solar panels can also be added to further optimise efficiencies.

2. Improved Building Fabric

Changes to the thermal properties of the building can deliver some of the biggest savings to homeowners, which is why we have added Insulation, thermal cladding, thermal glazing and energy audits and certification to our offering.

3. Smart Controls

When you add modern intelligent controllers into your system you can connect smart thermostats, connected appliances, intelligent energy saving lighting, window sensors and battery storage that will cleverly help you reduce the energy you are using dramatically cutting down waste.

Managed footprint

We'll help our customer how they are reducing their carbon footprint and what that means in real terms for the planet and their pockets.

Our partners' Carbon Calculators show carbon savings in simple, tangible terms like trees and car journeys. We want to work with them to report annually on how the carbon savings of the entire IEG community add up to make a big difference.

Our partners:



Pillar 4: Cleaner, greener energy

Targets

- * Launch green gas options across all islands by 2024
- * Reduce the carbon footprint of our gas products by 50% from our baseline (2021) levels of emissions by 2035

Performance measures

- * Carbon Intensity of our products (per unit of output)
- * Estimated annual Scope 3 GHG emissions avoided by converting to lower carbon gas for customers (in tCO₂e)



Greener Gas is coming

There are a number of green gases that will be key to the energy transition of the islands we serve. We will publish our Green Gas plan in 2023 which will outline how we will phase these into our supplies on our journey to Net Zero. This is an area of great pace of innovation and change, so our plans will reflect that.

BioGas and BioLPG are a naturally occurring and renewable source of energy, resulting from the breakdown of organic matter, often food-waste. These gases can be added and mixed into our existing gas supplies and utilised by existing appliances without any modifications. The greater the levels of BioGas in our supply, the lower the carbon intensity. We are working on a plan to source or generate them and distribute to our customers by 2024 (or before if realistic) and build up the proportion over time.

Green Hydrogen is generated from renewable energy and water to produce a gas that produces almost zero greenhouse gas emissions when combusted. To introduce hydrogen, a number of challenges need to be solved: we need hydrogen-ready boilers, hydrogen-ready networks, regulation changes and a steady surplus of renewable energy to make the gas.

We will work with partners in the UK and Europe to tap into developments in these areas, but it looks likely that our first hydrogen supply will not be until after 2025. Due to several factors, the Isle of Man is likely to be the first island to receive hydrogen supply.

Gas as the fuel of transition

Gas is not like other hydrocarbons. The EU and the UK see fossil gas as a strategic and key transition energy source. There is agreement that gas will play a pivotal role throughout the transition due to its versatility, its wide range of applications, and low local environmental impact and carbon intensity.

Fossil gas is unique in that:

- * It is significantly **cleaner and more efficient** than oil and coal
- * It has the lowest carbon impact in its transportation
- * It can be mixed with other low-carbon gases (or green gases) to further decrease carbon emissions

A roadmap for delivery

Becoming a Net Zero business is a journey, and we are at the start of that journey. We have developed an outline roadmap of actions, which we shall keep reviewing to identify new and improved ways to support, innovate, understand and influence government policy and evaluate how each might impact our strategic plan and our progress towards our targets. We have divided the Sustainability Strategy (and action roadmap) into three horizons; the Short (Annual Objective), Medium (out to 2030 year objective) and Longer term (out to 2050), with uncertainty naturally increasing along the way. Our roadmap has been prioritized using a combination of high level assessments (Climate change risks & opportunities assessment, ESG materiality assessment, PESTLE assessment and stakeholder mapping) which shall be expanded on during 2023 and beyond.

Environmental & Social Action Plan		2022	2023	2024	2025	2030
 Pillar 1	Start annual reporting of our Scope 1 and Scope 2 emissions					
	Put in place an annual climate change risks and opportunities assessment					
	Develop and implement a decarbonisation plan to Net Zero (with science-based targets)					
	Define scope of and start to quantify Scope 3 emissions					
 Pillar 2	Launch initiative to support local nature based carbon initiatives on each island					
	Baseline and set up an annual ESG materiality assessment					
	Complete and implement a Sustainability Framework – to drive Plan, Do, Check, Act sustainability within business					
	Implement a sustainable procurement Code of Conduct					
 Pillar 3	Baseline and monitor our environmental and social performance					
	Launch Smart Home products and services					
	Launch wider energy assessment and management products and services					
 Pillar 4	Start to support energy awareness initiatives within the community					
	Develop a Green Gas Plan and transition to new gas fuels with steadily reduced carbon intensity					
	Explore and diversify propositions to include mixed energy hybrid solutions					
	Engage and collaborate with Governments and industry on the energy transition					

