

Policy: Carbon Reduction Policy

This policy sets out the Stroke Association’s approach to carbon reduction and complements the Environmental Policy.

This policy applies to:

- **Staff, including permanent and temporary colleagues, as well as colleagues on fixed term contracts.**
- **Volunteers, including trustees and people on student placements.**

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1. Introduction

The Stroke Association has an ethical and financial duty to become a net zero organisation by 2045. **Climate change contributes directly** to Cardio Vascular Disease and Stroke by increasing air pollution, and **indirectly** by increasing economic inequalities, which lead to health inequalities that increase the incidence of stroke.¹

The **Greenhouse Gas Protocol** (GHG) helps companies (and charities) understand GHG emissions that are necessary to develop an effective corporate climate change strategy. As good corporate citizens we should be seeking to reduce emissions as far as possible for ethical reasons. We also have to support our key customers in meeting their duties, this is particularly the case for the NHS where they are legally bound to eliminate CO₂e² emissions in their supply chain, of which we are a part.

NHS England has Climate Care duties enshrined into the Health and Care Act 2022. To meet these duties, it has committed to become a **Zero Carbon organisation by 2045, with an 80% reduction compared to 1990 between 2028 and 2032**³. These are the targets for the NHS Scope 3 emissions, but with tighter targets (2040 and 2028-32 for the NHS' own Scope 1 and Scope 2 emissions). This includes working with the Stroke Association and other parts of their supply chain and commissioned services to assure full alignment with this plan as part of the NHS Net Zero Supplier Roadmap (see s2). The NHS within Scotland, Wales and Northern Ireland have not yet set out their plans, but we expect they will align with NHS England. To maintain and indeed grow our income from commissioned services we need to produce a Carbon Reduction Plan to meet these targets. Already we are seeing commissioners evaluating our bids on this basis.

¹ [Greener NHS campaign to tackle climate 'health emergency'](#), Sir Simon Stevens, NHS England, 25 January 2020

² CO₂e is CO₂ equivalent for other greenhouse gasses emitted namely Methane, Nitrous Dioxide, HFCs, Perfluorocarbons and Sulphur Hexafluoride

³ ['Delivering a 'Net Zero' National Health Service'](#), NHS England, October 2020, p15

2. Stroke Association Environmental Policy

The board adopted the environmental policy in June 2023. This stated that:

"We'll support the UK Government's net zero strategy and ten-point plan for a green industrial revolution"

The policy will be amended to:

"We'll support the UK Government's net zero strategy and ten-point plan for a green industrial revolution *and commits the organisation to reduced CO₂e emissions by 80% by 2036-39 and Net Zero by 2045.*"

3. NHS Net Zero Supplier Roadmap

The [NHS Net Zero Supplier Roadmap](#) requires suppliers of all new contracts above £5m per year from 2023/24 onwards to publish a Carbon Reduction Plan for their UK Scope 1 and Scope 2 emissions and a subset of Scope 3 emissions.

Scope 1: Direct emissions from owned or directly controlled sources, on site

Scope 2: Indirect emissions from the generation of purchased energy, mostly electricity

Scope 3: All other indirect emissions that occur in producing and transporting goods and services, including the full supply chain, and investments

This requirement is being extended from April 2024 so that suppliers for all contracts between £10k and £5m will be required to set out a Net Zero Commitment. As we do not have any single contract currently above £5m this means that we do not have to publish a carbon reduction plan now, **but we must state our commitment to achieving net zero**, and of course deliver on it in two stages which are set out as an 80% reduction compared to 1990 by 2036-39 and 100% reduction by 2045.

In aggregate we receive more than £5m from NHS England so it is possible that we would be asked to publish a plan. This not entirely clear but NHS England are signalling that the **trend is for increasing requirements**. In either case we need a commitment and a plan to get there, whether we publish it or not.

4. NCVO Road Ahead 2024

The National Council for Voluntary Organisations (NCVO) is the umbrella body for the voluntary and community sector in England of which we are members. In their

outlook for 2024⁴ they highlight the **need for the sector to transform charity operations to get to net zero**. Interestingly there is a divergence with the NHS and UK government policy. The NHS has a 2045 target for its supply chain (i.e. us), 2045 for wider emissions such as visitor transport, whereas the UK government has committed to 2050. Their summary is set out in the box below.

Transform your charity operations to get to net zero

Reaching the UK target of net zero by 2050 will involve every sector of our economy, including charities. However, high energy and price inflation have increased costs for charities at a time when they are still recovering from the pandemic. This will impact charities' ability to lower their carbon footprints.

Many smaller charities in particular face operational challenges around capacity, skills and resources that will make it difficult to do more.

Research from Pilotlight estimates that 100,000 additional skilled volunteers are needed to make sure charities working on climate and sustainability are achieving their missions effectively.

While there are practical things you can do to your property and reduce waste, you can also consider changes to your digital footprint such as:

- choosing a web host that runs on renewable energy
- choosing a web server closer to where you operate
- picking efficient software
- not storing unnecessary or outdated content on your website.

5. Global Greenhouse Gas (GHG) Protocols

The GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (referred to as the Scope 3 Standard), offers an internationally accepted method to enable GHG management of companies' value chains.

Under this protocol we should seek to understand our total CO₂e emissions. The protocol covers 15 categories of emissions, which can fall under Scope 3. These categories are:

⁴ <https://www.ncvo.org.uk/news-and-insights/news-index/the-road-ahead-2024-opportunities-challenges-charities-voluntary-sector/#:~:text=This%20year%20is%20certain%20to,a%20path%20through%20the%20year.>

No.	Category	Relevance
1	Purchased Goods and Services	This is the primary source of Scope 3 emissions. We can use supplier specific emissions for very large suppliers or else use government datasets to estimate
2	Capital Goods	This would include office installation and IT systems. We would count all emissions in year of purchase: there is no concept of depreciation
3	Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	Not applicable
4	Upstream Transportation and Distribution	Inbound and outbound logistics from supplier data or datasets. Also offsite storage of purchased products
5	Waste Generated in Operations	Landfill, incineration, recycling and wastewater.
6	Business Travel	We collect this through travel provider (trains and planes) and through mileage claims
7	Employee Commuting	We do not collect this but should do for office-based employees and all employees using Stroke House but not claiming travel expenses. NB we will also need to survey staff to understand CO ₂ e from employee homeworking.
8	Upstream Leased Assets	Leased buildings and leased laptops including disposal
9	Downstream Transportation and Distribution	Unlikely to be material, e.g. if we sent Xmas Cards to a wholesaler
10	Processing of Sold Products	Not applicable
11	Use of Sold Products	Emissions from Research Grant activity
12	End-of-Life Treatment of Sold Products	Disposal of stroke survivor leaflets and mailshots

13	Downstream Leased Assets	Not Applicable
14	Franchises	Not Applicable
15	Investments	We can use carbon intensity for our baseline (see 4b) but will still need to report total emissions from our investments

Where material, we need to report on the emissions from each of these categories.

6. Establishing Our Baseline

It is **difficult to establish a baseline for our carbon emissions** as we had not been tracking any of them until 2019/20. The NHS itself has used economic models to assess that it has already reduced its emissions by 62% since 1990. As the NHS is 4% of the UK economy, it can use macro-economic modelling to make broad assumptions. This avenue is not open to us. It is very difficult to look at 1990 as a baseline, as we were a fundamentally different organisation, with just over 100 employees and expenditure of £4.5m (1990-91 Accounts). By 2019-20 we spent 9 times as much with 7 times as many employees. Financial reporting requirements have also changed so it is not practical to compare activity on a like for like basis.

We propose a twin-track approach:

We will try to establish a baseline based on current operations. We will track, measure and report from 2023-24 for all Scopes 1 – 3 emissions. This will be a learning process, which will improve as we get better and supplier data becomes more available.

For NHS England we will **attempt – if possible and beneficial - to estimate our baseline from 2019-20**. We will base this on 2023-24 and try to work backwards using supplier data and known datasets for each industrial sector. This is a significant year as the COVID lockdown started at the very end of that year, in late March 2020. This was when we were considering moving to remote working and we had higher building costs and staff travel.

We will measure all emissions in total, per employee and per £m of expenditure.

a. Energy Consumption

We have been tracking **Scope 1 and Scope 2 emissions since 2019-20**. We have partly tracked Scope 3 emissions – principally staff business travel – but not our wider supply chain.

For **investments**, which are part of our Scope 3 emissions we have information for 2023, however that is limited to the corporate sector, where emissions can be tracked and attributed. This does not include any investments we have in government bonds which then fall outside the scope of CO₂e measurement.

The 2019-20 data gives us a baseline of **773.5 tonnes** of CO₂e emissions, consisting of the following:

Scope 1 - Gas and company vehicles	224.3
Scope 2 - Purchased Electricity	221.5
Scope 3 - Employee vehicles used in business	327.7

NB this excludes the rest of the supply chain as set out in s3, which we need to calculate, and investments which are discussed below.

b. Investments

Investments count fall under Category 15 of our Scope 3 emissions and in 2023 accounted for 1,441 tonnes of emissions. This is more than **five times** the emissions from our energy consumption.

Our investment managers (Waverton) **can estimate emissions** from our investments by looking at our share of the emissions made by the companies we invest in. However, it does not include investments in government bonds, where the CO₂e cannot be calculated.

The **nature of our investments has changed since 2019-20**. First the overall size has grown by 48% (£8.7m) and second the percentage invested in the private sector – and thus countable – has increased from 81% to 95%. Thus, our total private sector investments have increased by 72% (£10.6m) to £25.5m.

We have asked Waverton to estimate our Scope 3 emissions from investments in 2019. The Ethical and Responsible Investment policy commits us to reducing the **carbon intensity** of our investments. This is measured as tonnes CO₂e Emitted per \$m invested. Waverton are able provide this data over time. We consider that tracking carbon intensity is more meaningful than overall emissions. This will also

ensure that we invest in companies that are meeting their corporate responsibilities.

We will also report on the total CO₂e from our investments each year as part of our carbon reporting

c. Supply Chain

We are working with our auditors, Moore Kingston Smith (MKS), to develop a methodology for calculating our Category 1 to 15 emissions.

7. What Would a Net Zero Stroke Association Look Like?

We need to establish a commitment to a net zero goal by 2045. This involves **strenuously moving towards low or zero carbon models** of running the charity and delivering services. There will inevitably be emissions that we need in order to support stroke survivors such as the production of pamphlets, the issuing of uniforms to staff, and IT equipment.

If we are to look at 2019-20 as a baseline we should **set targets in three areas** to achieve 80% reduction by 2036-39 and 100% reduction by 2045. These areas are:

Energy

Other Supply Chain

Investments.

These targets are set out below

a. Energy (Scopes 1, 2 and 3)

We can identify substantial progress over the 2019-20 baseline with a 65% reduction already by 2022-23.

Emissions and Energy Use	tCO ₂ e							
	KwH Energy	Scope 1 - Gas and company vehicles	Scope 2 - Purchased Electricity	Scope 3 - Employee vehicles used in business	Total Energy	% Reduction	Per Employee	% Reduction
2019-20	3,203,614	224.3	221.5	327.7	773.5	0.0	0.96	91.6
2020-21	1,192,645	74.8	174.1	9.8	258.7	66.6	0.40	96.5
2021-22	1,039,156	132.4	79.6	0.3	212.3	72.6	0.35	96.9
2022-23	1,252,140	70.5	51.1	148.4	270.0	65.1	0.33	97.1
2028-32 Target					154.7	80.0		
2045 Target					0.0	100.0		

Our CO₂e due to energy has fallen from 773.5 tonnes to 270.0 tonnes. **We need to reduce this to 154.7 tonnes** between 2036-39 and have a commitment to reducing it to **zero by 2045**. This reduction of 115.3 tonnes can be achieved by reducing energy consumption by buying from renewable resources, continuing to reduce our property estate, and encourage more digital delivery of services.

The disposal of Bromsgrove will help significantly, as will the **refurbishment of the Northampton Resource Centre**. The expiry of the lease for Stroke Association House in December 2027 will also provide an opportunity to review the carbon requirements of office space.

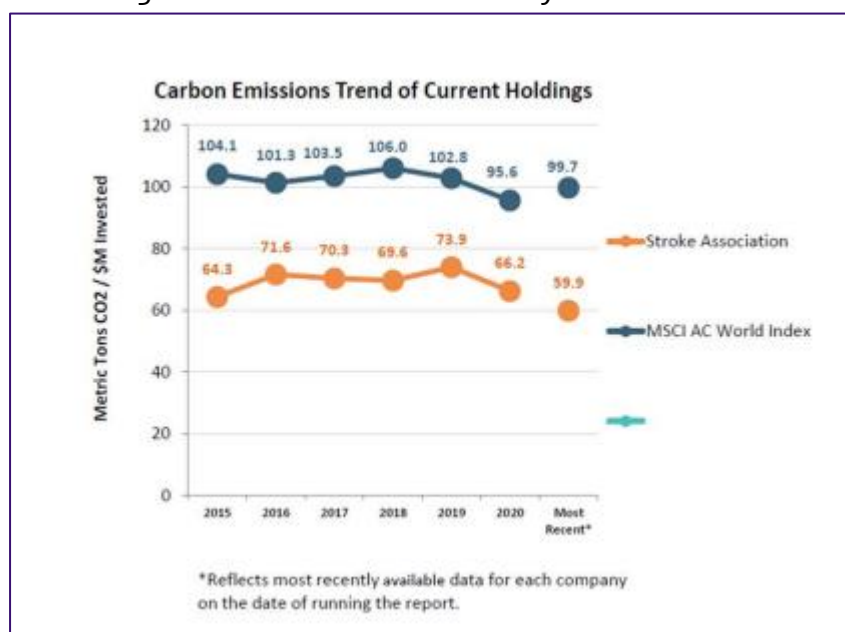
To reach zero in 2045 we will need to ensure that all **employees are using electric vehicles**. This is consistent with government aims. However the vast majority of our employees would be unable to afford electric vehicles at the current prices. Once the long-term market for second hand electric vehicles has been established this may become more affordable. However all new vehicles after 2035 will be required to be zero emission so the 2045 target of zero emissions should be more affordable. We need to consider if we can re-introduce **bike-to-work** schemes and the use of e-bikes for staff with significant business travel, particularly in urban settings.

We also need to count emissions by staff **working from home**, and survey how much this contributes under Scope 3. The Department for Business provides metrics on standard emissions for every hour of home working. We would need to survey staff to understand how many hours are spent working at home.

b. Investments (Scope 3)

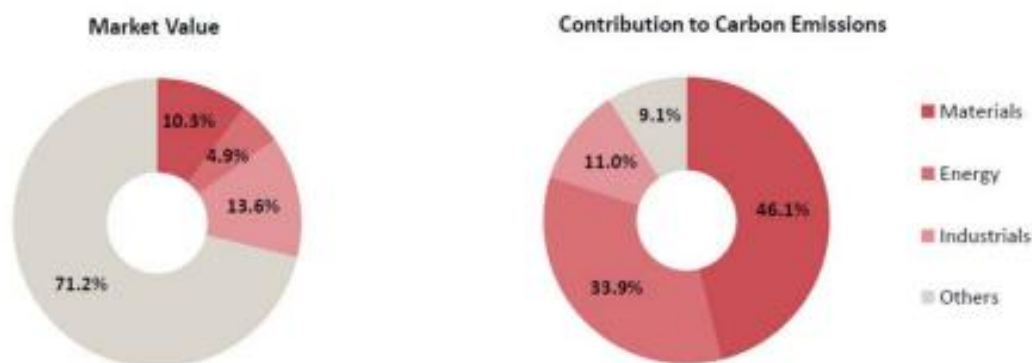
Attributable CO₂e emissions due to investments were 1,441 Tonnes CO₂e in 2023. As explained in 3b **we do not have a baseline** for 2019-20. If we take 2023 as the baseline we would need a reduction of 1,153 tonnes by 2036-39 and the full

remaining reduction to be achieved by 2045.



An alternative measure is to look at the **carbon intensity** of our investments. This table shows Metric Tons per \$m invested. This has fallen from 73.9 to 59.9 (19%) if we take 2019 as a baseline.

Whilst many of the companies will be meeting their own net zero carbon requirements, **we need to reduce carbon intensity to 14.8 by 2036-39 and to 0.0 by 2045.**



The Materials, Energy, and Industrials sectors in the Stroke Association portfolio contribute 28.8% of the weight versus 90.9% of the carbon emissions. (Page 3)

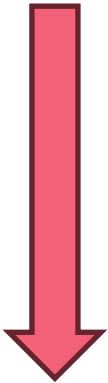
Materials account for 46.1% of our emissions, despite being 10.3% of our holdings. With energy contributing 33.9% of our emissions despite being only 4.9% of our holdings. The new **Ethical and Responsible Investment** policy, if agreed would immediately remove the energy sector and replace it with sectors with lower carbon intensity or those that can demonstrate meaningful CO₂e reduction.

The Investment Committee, alongside Waverton, will need to assess how we achieve this reduction with the **least possible impact** on either reduced returns or increased risk by having a less-diversified portfolio. Any reduction in the scope of investments will have a negative impact on returns or risk. This has to be weighed against the impact of losing our ability to bid for NHS contracts and indeed the wider risk of contributing the negative health effects of increased emissions.

c. Supply Chain (Scope 3)

We are working with MKS to find the best way to calculate emissions from our supply chain. This is not an easy task, and their best feedback is that **we have to get started and accept that we have limited knowledge** and may have to re-calculate as we gain more insight.

There are **four methods** to calculating emissions from the supply chain, these are listed below in descending order of accuracy.

Accuracy		Method	Methodology
	A	Supplier Specific	Collects data directly from suppliers – large suppliers more likely to have this
	B	Hybrid	Uses Supplier-Specific data where available and secondary data where not
	C	Average Data	Secondary data collected on the basis of the mass of goods or services purchased and multiplied by relevant secondary emission factors
	D	Spend	Secondary data based on economic value of goods and services multiplied by an emissions factor based on spend

The UK government provides **conversion factors** for most emissions that we can use to plug into our consumption [c] or expenditure on goods and services. We can use this to create a baseline and improve as more suppliers provide specific data. When the methodology improves, we would need to revise previous calculations.

Finally we cannot achieve Net Zero independent of governmental and societal action, such as delivering on electric vehicles. There will always be residual carbon e.g. on paper materials that we would need to seek to offset eventually.

We need to make a **commitment to meeting the NHS carbon reduction plan** targets. This means an 80% reduction by 2036-39 and 100% reduction by 2045. This

will be reported in the **annual report** and should be considered by an appropriate committee, presumably the **Audit and Risk Committee**.

Whilst the Chair of Trustees and the Chief Executive need to **champion** this approach, the driving of the target needs to be owned by EDT and monitored by the entire board. In line with the NHS guidance, we propose that there should be an **EDT lead on this (Chris Fyfe) and a trustee lead** who would be a member of the Audit and Risk Committee.