Argyll
Net Zero Carbon Routemap

2025

Contents

What do we mean by net zero carbon?

Net zero carbon refers to achieving a balance between greenhouse gas emissions released into the atmosphere and those removed or offset. In practice, this requires organisations to prioritise deep emissions reductions across their operations and value chains and only use high-quality removals or offsets for residual emissions that cannot be eliminated. Net zero is increasingly defined by frameworks such as the Science Based Targets initiative (SBTi), which requires at least a 90% reduction in emissions by 2050, with the remainder neutralised through carbon removals.

Here is a useful guide to key terms.

1/ Introduction

About us

Argyll offers sophisticated offices with exceptional service in London's finest locations, for businesses built on reputation.

As owners and long-term leasers of a portfolio of 22 buildings, we see ourselves as custodians of some of London's most iconic buildings. We recognise the importance of maintaining these assets to preserve both heritage and embodied carbon, and enhancing their environmental performance over time.

Our ESG Mission:

"As custodians of some of London's most iconic buildings, our mission is to improve their condition and enhance their social and environmental value. We will strive to empower our team to deliver sustainable outcomes for our business and collaborate with our customers to support them to reach their ESG goals."

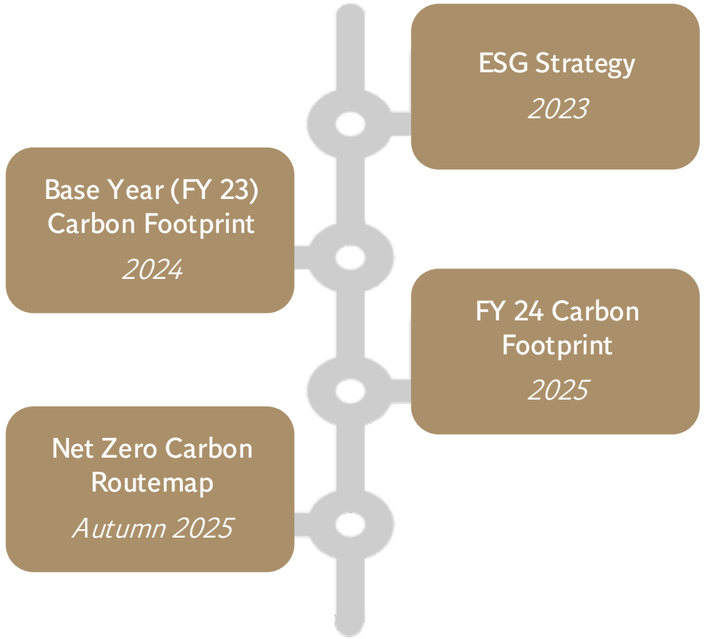
Introduction to our net zero carbon routemap

Our Environmental Social Governance (ESG) Strategy was developed and agreed by the board in 2023, and we have published annual impact reports since. It established a commitment to be a net zero carbon organisation and to develop a roadmap to achieve this goal.

To align with the UK Government's long-term net zero target and ensure a realistic, financially sustainable pathway, we have set a goal to reach net zero by 2050. This target will be reviewed in 2029.

This net zero carbon routemap summarises:

- Previous actions we've taken to reduce energy consumption and carbon emissions.
- A breakdown of our carbon footprint.
- Our long-term net zero target.
- Key actions to reduce our emissions 2025-2030.



How this routemap relates to previous workstreams

2/ Work undertaken to date

Previous carbon reduction actions

- Invested in an extensive, capital expenditure programme to improve the energy efficiency of owned buildings (This totaled £28.5m* over the last 3 years and includes £11.7m** in financial year 2023 alone – covering 28% of our portfolio).
- Achieved improved Energy Performance Certificate (EPC) ratings on six Argyll-owned properties.
- Four Argyll-owned buildings moved from gas to 'environmentally efficient' VRF systems.
- Replaced the company-owned diesel van with an electric alternative.
- Moved away from single use bottles and switching to Belu filtration, saving 48,000 water bottles per year.
- Donated unwanted office and general furniture to charities such as IRMO and METRO charity.

** This figure includes capex spend on non-buildings related items such as new IT infrastructure.*

*** The FY 23 figure of £11.7m only includes costs incurred in the capex investment directly into buildings and includes capex spend on IT upgrades.*

Argyll carbon footprint calculation

In May 2024, we appointed Useful Projects to measure our base year operational carbon footprint (scope 1, 2, and 3).

The financial year 2023 (FY 23) was selected as the best available representation of the 'new normal' for post-Covid operations and ways of working, particularly with regards to customer building use, business travel, employee commuting, and homeworking.

The base year operational carbon footprint provides a 'baseline' against which carbon reduction targets are set and decarbonisation progress is tracked and reported year-on-year.

Relationship to SECR reporting

Since the 2018 financial year, we have reported against the Streamlined Energy and Carbon Reporting (SECR) framework, annually reporting data on building gas use, electricity use, and business travel.

The SECR framework does not mandate reporting on several of the emissions sources covered by the GHG Protocol, including purchased goods and services and employee commuting. As such, the carbon footprint calculation is more comprehensive covering all relevant emissions sources.

3/ Our carbon footprint

Argyll's base year carbon footprint results

Our FY 23 base year operational carbon footprint is approximately 9,883 tonnes of carbon dioxide equivalent greenhouse gases (tCO_2e).

- This is equivalent to approximately 49 tCO_2e per employee, based on 202 average FTE in the base year FY 23.
- 6% of the footprint is from scope 1 emissions sources, from gas heating and refrigerant use at our facilities.
- 21% of the footprint is scope 2 emissions from purchased electricity at our facilities.
- 73% of our base year carbon footprint is from scope 3 emissions.

Emissions scope	tCO_2e	% of footprint
Scope 1 – natural gas and refrigerants	557	6%
Scope 2 – Market-based electricity	2,064	21%
Location-based electricity *	1,340	-
Scope 3 – value chain	7,262	73%
Total	**9,883**	**100%**

Table 1- Argyll's FY 23 operational carbon footprint

The largest emissions sources contributing to our FY 23 base year operational carbon footprint are:

- Capital goods at 39%
- Purchased goods and services at 25%
- Purchased electricity at 21%

In FY 23, we invested £11.7 million in building refurbishment and IT infrastructure upgrades. This spend combined with the high embodied emissions associated with building works (reflected in the relevant emissions factor), underpins why capital goods are the highest emissions category for FY 23.

Carbon emissions from capital goods and purchased goods and services were estimated using spend-based emissions factors. Spend-based emissions factors can only provide a high-level estimate of emissions associated with the good or service. This spend-based data should be replaced with activity-specific (e.g., distance) data over time, to improve the accuracy of our carbon footprint.

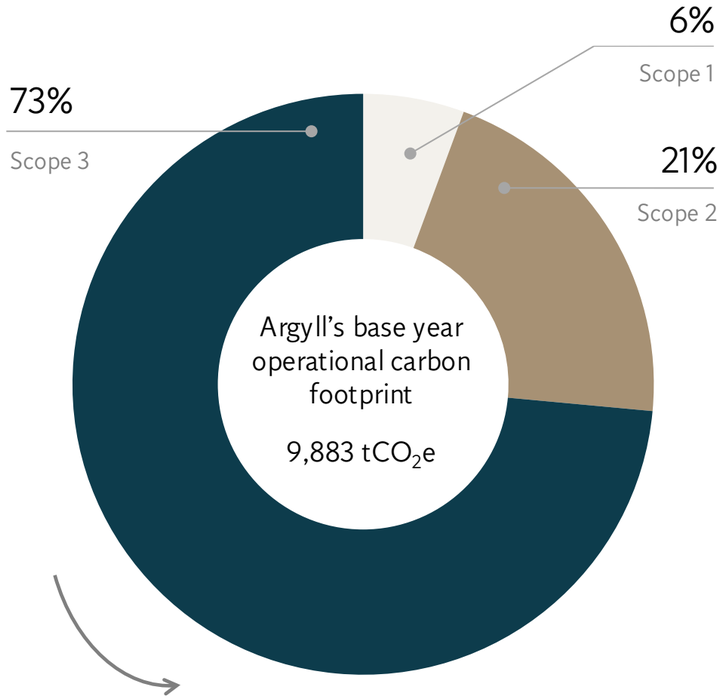
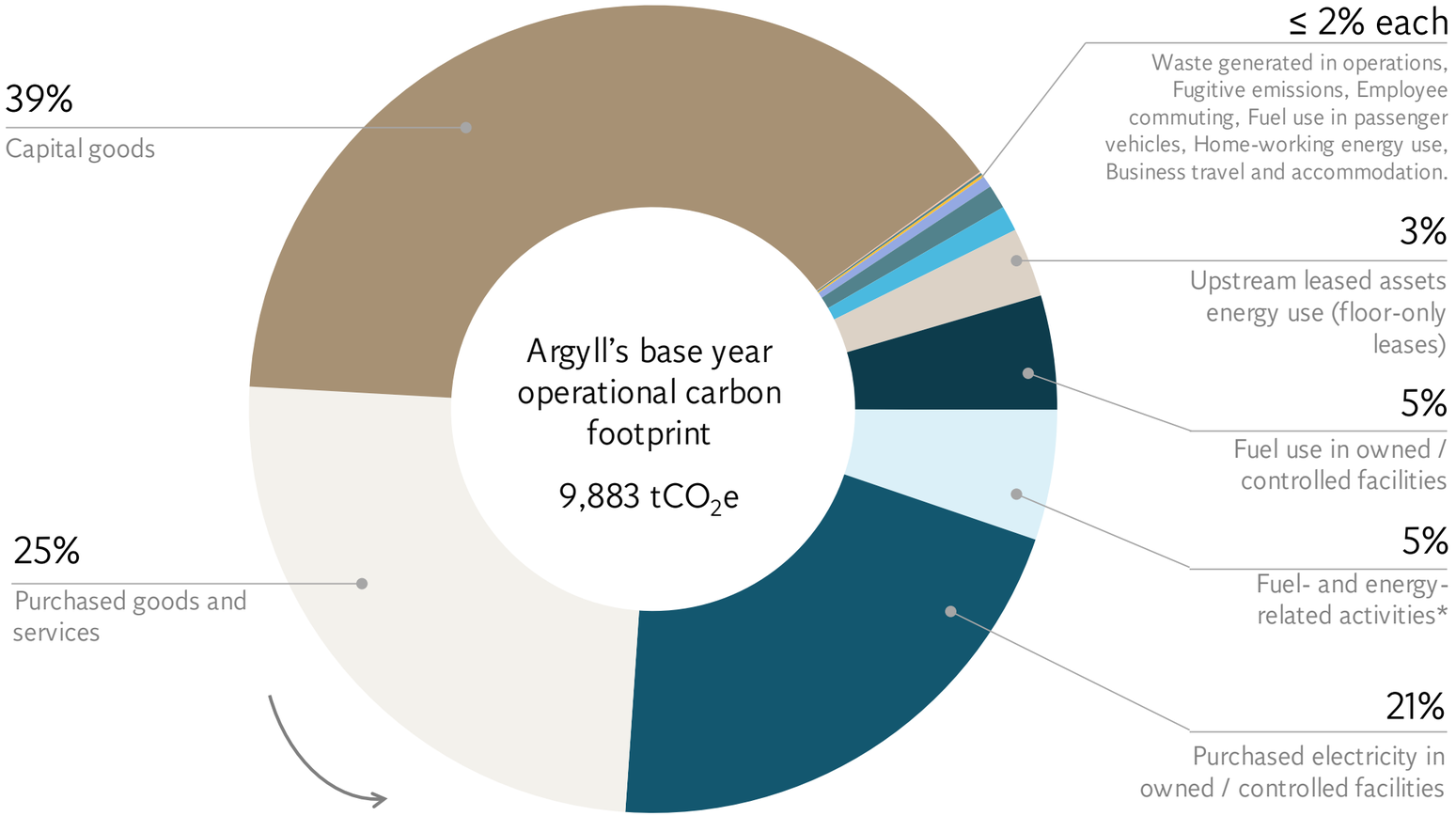


Figure 3 – Argyll's FY23 base year carbon footprint breakdown by scope

3/ Our carbon footprint

Top emissions sources – carbon hotspots



Argyll's FY23 base year operational carbon footprint breakdown by scope category

**Fuel- and energy- related activities are the 'embodied' emissions associated with scope 1 and 2 fuels. For example, the extraction, refining, and transportation of the raw fuels, or the grid losses associated with purchased electricity*

Capital Goods

Capital Goods (scope 3.2) are estimated to be the most significant contributor to the base year carbon footprint, representing 39% of total emissions. Construction materials required for building refurbishment projects (concrete, steel, plasterboard, paints etc) make up the majority of this.

Purchased goods and services

Purchased goods and services (scope 3.1) account for an estimated 25% of total emissions. Includes purchased goods such as food products, paper products etc., and purchased services such as cleaning services, insurance policies, consultancy services, employee training etc.

Energy use in buildings

Energy use in buildings accounts for 34% of total emissions. This includes purchased electricity (21%), fuel use in owned/controlled facilities (5%), fuel and energy-related activities (5%), and upstream leased assets energy use (3%). These emissions cover electricity within the owned and leased Argyll offices, the consumption of natural gas, and air conditioning refrigerants.

3/ Looking to the future

Acknowledging our decarbonisation challenges

Common challenges

Like all businesses, Argyll faces many challenges, including the costs of decarbonising owned assets; capacity to deliver; spheres of control and influence; dependency on decarbonisation of the electricity grid, supply chain and transport systems; and poor data quality.

We are committed to navigating these challenges and making progress where we can. This routemap is reflective of these challenges whilst also ensuring we achieve our ESG mission.

Business growth

Argyll has recently changed ownership following significant new investment. This new relationship may prioritise growth and therefore, increase acquisitions of properties. A larger portfolio of buildings will increase our operational carbon footprint unless emissions and growth are decoupled.

It is worth noting that organic business growth does not trigger a recalculation of the base year carbon footprint (for target setting purposes). Only larger one-off changes like mergers and acquisitions (of other organisations) would trigger this.

Portfolio of listed buildings

Decarbonising historic and listed buildings presents unique challenges. Listed status often prohibits or limits changes to the building's structure and appearance, making it hard to install low-carbon technology.

Replacing gas heating systems with air-source heat pumps, often the most viable low-carbon heating option, requires Listed Building Consent. Placement of external units would have to be discreet and heritage-approved.

Working closely with heritage consultants will allow us to identify permissible changes for each building. Any retrofit works are likely to be more expensive due to technical complexity and the need to hire specialist consultants and obtain appropriate consents.

Scope 3 emissions – calculation limitations

The current, best practice method for estimating emissions from an organisation's capital goods and purchased goods and services rely on average spend-based emissions factors based on the wider UK economy. This is a key limitation in the current process, resulting in estimated figures and an inability to reflect emissions reductions achieved by switching suppliers.

This makes it challenging to set specific carbon reduction targets for scope 3, given purchased goods and service make up such a large portion of our scope 3 emissions.

This is very common for service-based organisations. In the short term, we will need to engage with our supply chain, to understand their product- or service-specific emissions and more accurately calculate the emissions from purchased goods and services in future footprints. This is particularly important for our retrofit construction contracts with capex work.

Following this understanding, in the medium term, we can look to influence our supply chain, and/or switch to lower-carbon suppliers.

4/ Our net zero carbon targets

We are committed to achieving net-zero greenhouse gas emissions by 2050, in line with the UK Government's legally binding net-zero target.

To achieve net zero by 2050, Argyll will:

- Reduce more than 90% of emissions across operations and value chain.
- Neutralise any residual emissions with permanent removals.

This will be challenging given 70% of our emissions sit within scope 3 and therefore relies upon supply chain decarbonisation.

Regardless, Argyll have a responsibility to help drive the transition to net zero by using our control and influence.

We have also set two other targets related to eliminating the purchase of fossil fuel-using equipment and vehicles (summarised in Table 2).

We will review our targets in 2029, as part of our net zero carbon routemap development for the 2030-2035 period.

Target	Base year emissions	Long-term Net Zero target (2050)	Emissions scope category included
Scope 1, 2 & 3	9,900 tCO_2e	90% reduction (aligned with UK Government)	All emissions
Install no new fossil-fuel-using equipment (gas boilers) in owned buildings from 2030			Scope 1.1 gas use
Purchase no new fossil-fuel-powered vehicles from 2025			Scope 1.2 fuel use in company-owned vehicles

Table 2 – Our net zero carbon targets

5/ Our net zero carbon targets

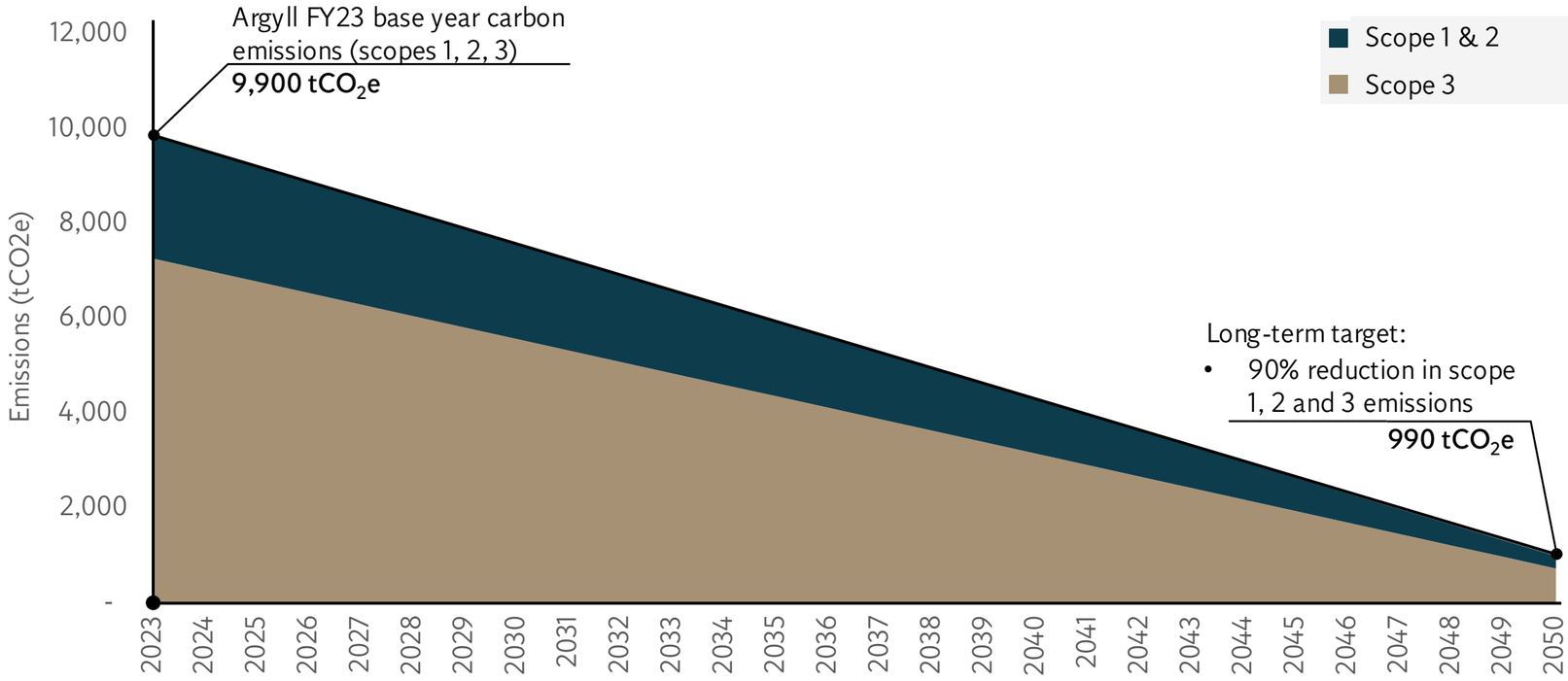
Proposed net zero carbon targets for Argyll

Here is an indicative emissions pathway for Argyll to reach net zero (90% reduction) by 2050. It assumes linear year-on-year reductions, as a simplification.

There are external policy factors that will influence carbon emissions; some of these are presented below the graph. These factors are also indicative and subject to change.

Targets

- Reduce scope 1 and 2 operational GHG emissions of owned buildings 90% by 2050, from a FY 23 base year.
  - 2024 – 2050: - 87 tCO2/year (-3%)
- Reduce scope 3 emissions 90% by 2050, from a FY 23 base year.
  - 2024 – 2050: - 242 tCO2/year (-3%)



Argyll's indicative pathway for all emissions scopes

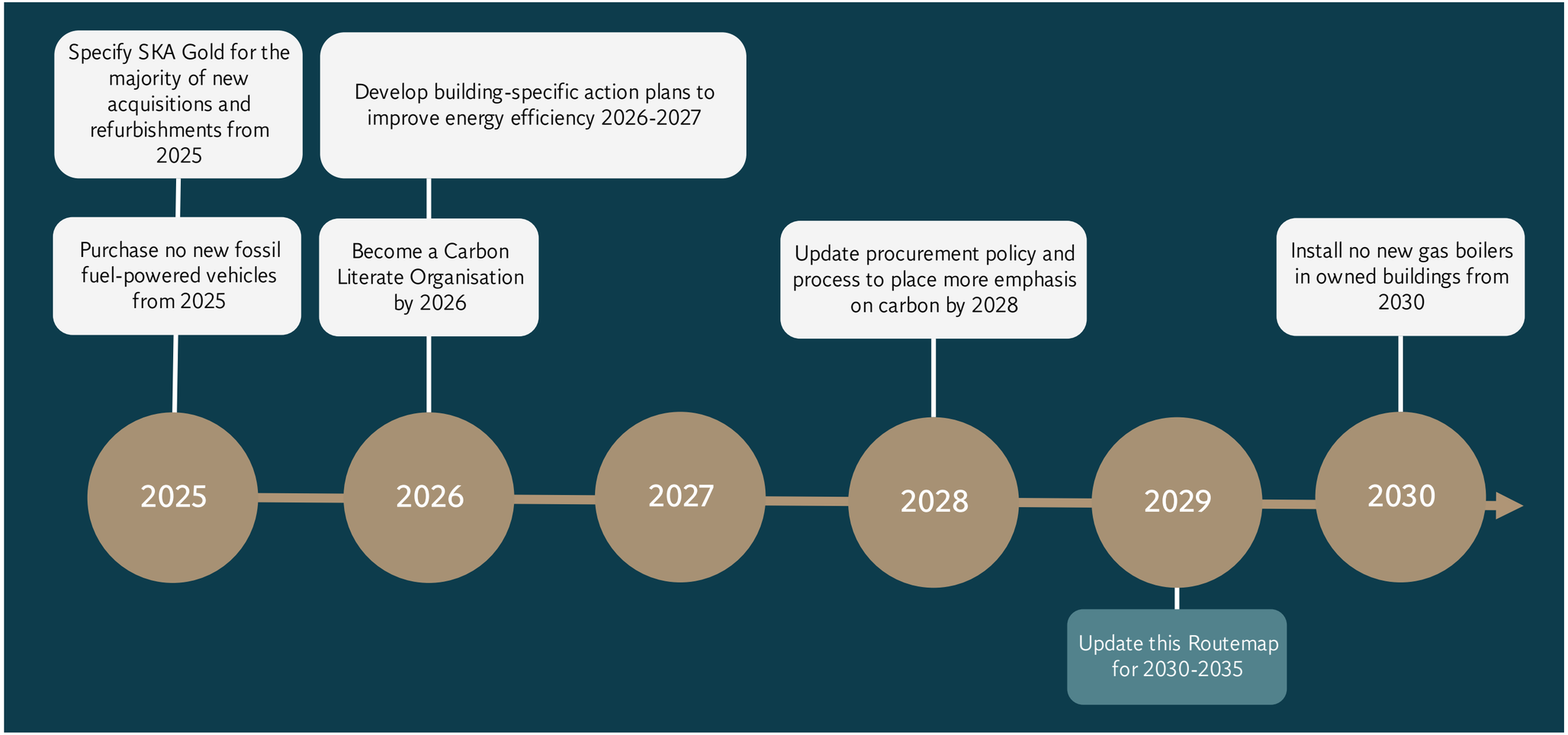
2030 policy influence
UK 68% carbon reduction target*
Minimum EPC B for all rented commercial buildings
UK 79% F gas reduction target**
Local Authority net zero targets

2035 policy influence
UK 78% carbon reduction target*
UK grid decarbonisation target
Ban on sale of new gas boilers
Ban on sale of all new non-zero emissions road vehicles

**compared to 1990 levels*
***compared to 2011 levels*

6/ Key actions
A visual routemap

A selection of our key actions and milestones are visually summarised in this routemap for the period 2025-2030.



6/ Key actions
10 key actions for 2025-2030

Ref	Focus Area	Action	Lead Department	Timeframe
1	Capital goods	Specify SKA Gold for the majority of new acquisitions and refurbishments from 2025 and embed into contracts	Property Services	2025 onwards
2	Capital goods	Create a preferred materials register that specifies low-embodied carbon construction materials and prioritises materials with Environmental Product Declarations (EPDs) and Life Cycle Analysis (LCA) data	Property Services	2026
3	Energy use in buildings	Develop building-specific action plans to improve Energy Use Intensity (EUI). Include recommended equipment, submetering, smart controls and measures to ensure tenants are saving energy	Property Services	2026-2027
4	Energy use in buildings	Install no new gas boilers in owned buildings from 2030	Property Services	2030 onwards
5	Energy use in buildings	In the short-term, consider procuring a 100% high quality REGO-backed renewable energy tariff if it is deemed affordable (next contract renewal is 2026)	Procurement	2026
6	Owned vehicles	Purchase no new fossil-fuel-powered vehicles from 2025	Business operations	2025
7	Purchased goods and services	Review and update the procurement policy and associated processes to embed low-carbon and sustainability considerations throughout operations	Procurement	2026-2029
8	Purchased goods and services	Engage with top 10 suppliers to understand their carbon reduction plans and targets, and request supplier-specific emissions factors (accurate emissions from their product or service)	Procurement	2025-2030
9	Training	Continue the roll-out of carbon literacy training for all employees, achieve Carbon Literate Organisation Bronze by 2026 and provide the training annually for new starters	Business operations	2026
10	Governance	Calculate and report our carbon footprint annually, and renew our Net Zero Carbon Routemap by 2029 for the period 2030-2035	Business operations	2026-2029

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