NEILCOTT CONSTRUCTION LTD

Carbon Reduction Plan 2023-24

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Commitment to Achieving Net Zero

Neilcott Construction Ltd is committed to achieving Net Zero Carbon for Scope 1 & 2 emissions by 2030 & by 2050 for Scope 3 emissions.

Our Carbon Reduction Plan is based on emissions within our operational boundary using a financial control methodology & will continue to be published annually, reporting data using an intensity ratio of tonnes of carbon dioxide equivalent (tCO_2e) per £1 million of turnover.

Baseline Emissions Footprint

Baseline Year Emissions: 2021
Baseline Emissions calculations Baseline emissions are a record of the greenhouse gases that have been produced in the past & prior to the introduction of any strategies to reduce emissions, providing the reference point against which emissions reduction can be measured. For the purposes of reporting we used available data for 2021 as our baseline, making reasonable assumptions where data was not available. Our original baseline year did not include Scope 1 & 2 emissions for sites as this data was not collected, however this represents a significant portion of our operations, preventing a like for like comparison to be made for subsequent years where this data has since been included. Therefore, along with our identification of errors in allocating fuel card data & the widening of our scope 3 data collection, we have recalculated our baseline for 2021 in-line with our Base-Year Review & Recalculation Policy. Our rationale & methodology for recalculation is summarised below: **Site fuel & electricity consumption** – Actual 2023 data demonstrated that fuel use on our sites within financial control accounted for 78.5% of Scope 1 emissions & 97.6% of Scope 2 emissions, therefore the omission of these figures in our baseline does not allow for like for like comparison of our carbon reduction progress. **Fuel card & travel data** - A review of our organisational boundaries & operational control has resulted in an adjustment to the assumptions & allocation of our company fuel card data to more accurately account for emissions relating to: • Business Use - Scope 1 Direct Emissions • Business Use – Scope 3, Category 6 (Business Travel) • Employee Commuting - Scope 3 Category 7: Employee Commuting • Personal Use - Scope 3 Category 8: Use of Leased Assets (Downstream) Even though the company pays some employees a car allowance & their fuel through fuel cards, these vehicles remain employee owned, maintained & controlled, therefore the emissions from these vehicles have been categorised as Scope 3. Only company-owned van fleet or leased vehicles now fall under Scope 1 emissions. **Scope 3 information** – Going forward we intend to expand our accuracy & extent of scope 3 data collected, therefore an expanded baseline is required to enable comparison. As future categories are added, we will consider when a further recalculation is required in-line with SBTI best practice & our Base-Year Review & Recalculation Policy.

<table>
<tr><th>2021 EMISSIONS</th><th>TOTAL (tCO_2e)</th></tr>
<tr><td>Scope 1</td><td>
228 (original 888)
Original Scope 1 emissions included:

Gas consumption at our Winchester office – 4.38
Fuel consumption for the company van fleet – 20.81
Company fuel card consumption – petrol 336.46 & diesel 547.11

Recalculated Scope 1 emissions include:

Gas consumption at our Winchester office – 4.38
Fuel consumption on sites – 167.79 (estimated based on 2023 actual figures adjusted for turnover)
Fuel consumption for the company van fleet – 20.81
Company leased vehicles fuel card consumption – petrol 23.33 & diesel 11.29 = 34.61 (based on actual 2023 lease figures from same cars). This element had previously included 100% of fuel card data regardless of whether business travel, employee commuting or personal use.
Fugitive emissions – 0 (actual)

</td></tr>
<tr><td>Scope 2</td><td>
93.83 (original 37)
Original Scope 2 emissions included:

Electricity consumption at our Orpington head office – 34.64
Electricity consumption at our regional Winchester office – 2.34

Recalculated Scope 2 emissions include:

Electricity consumption at our Orpington head office – 0 [1] (market based – EDF Zero Carbon tariff)
Electricity consumption at our regional Winchester office – 2.34 (market based – standard tariff)
Electricity consumption on our sites where we hold financial control – 91.49 (market based – standard tariff)

</td></tr>
<tr><td>Scope 3

(Included Sources:</td><td>
1057.49 (original 107)
Original Scope 3 emissions included:

Category 5: Third party waste disposal at our offices & sites – 27.70
Category 6: Business related (not covered under fuel cards) – 25.88
Category 7: Employee commuting (not covered under fuel cards) – 53.01

Recalculated Scope 3 emissions include:
<table>
<tr><th>Scope 3 Category</th><th>Scope</th><th>Emissions Breakdown</th></tr>
<tr><td>1. Purchased goods and services</td><td>Future reporting target (2025)</td><td>-</td></tr>
<tr><td>2. Capital goods 3</td><td>Out of scope</td><td>-</td></tr>
</table>
</td></tr>
</table>

[1] chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.edfenergy.com/sites/default/files/edf_zero_carbon_for_business.pdf

3.	Fuel- and energy-related activities (not included in scope 1 or scope 2)	Future reporting target (2025)	-
4.	Upstream transportation and distribution	Included (partial)	Not included in original baseline data 92.79 Estimate based on CDP construction sector data technical guidance 7.21% [2] due to incomplete data. From Q3 24 subcontractor & supplier transport will be recorded using SustainIQ
5.	Waste generated in operations	Included	Same as baseline data, based on 33% actual, 67% estimate 27.70 Waste generated at our offices & sites
6.	Business travel	Included	Original baseline data 25.88 based on 3% of fuel card data only. Recalculated 195 As a regional business, this is primarily local travel to sites or between offices using employee owned vehicles or public transport Based on actual fuel card data, travel expense data & estimated mileage for those employees without fuel cards. Allocation based on employee travel survey: Car – 130 (14%) Rail – 65 (7%)
7.	Employee commuting	Included	Original baseline data 53.01 based on 6% of fuel card data only. Recalculated 585

[2] https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/003/504/original/CDP-technical-note-scope-3-relevance-by-sector.pdf

			Local travel to home site or office using employee owned vehicles or public transport. Based on actual fuel card data, travel expense data & estimated mileage for those employees without fuel cards. Allocation based on employee travel survey: Car – 530 (57%) Rail – 55 (6%)
	8. Upstream leased assets	Included (partial)	Not included in original baseline data Recalculated 157 Personal travel where the company pays via fuel card. Based on actual fuel card data, allocation based on employee travel survey (17%).
	9. Downstream transportation and distribution	Not relevant to our business	-
	10. Processing of sold products	Not relevant to our business	-
	11. Use of sold products	Not relevant to our business	-
	12. End-of-life treatment of sold products	Not relevant to our business	-
	13. Downstream leased assets	Not relevant to our business	-
	14. Franchises	Not relevant to our business	-
	15. Investments	Not relevant to our business	-
Total Emissions	**Original 1032** **Recalculated 1379**		
Emissions Intensity tCO2e per £1m turnover	**Original 10.70** **Recalculated 14.30**		

Current Emissions Reporting

Reporting Year: 2023	
Changes since the baseline year Scope 1 & 2 emissions data for sites has been collected since 2022, with accuracy of data gathering increasing through new resource, processes & technology for 2023. Since the 2021 baseline year, we have expanded our business area by establishing two new office locations - a specialist Fit Out office based in central London in June 2022 and a new regional office in Hemel Hempstead in May 2023. This expansion has resulted in an increase in our turnover of 4% in 2022 and by 38% in 2023 over the 2021 baseline year. As serviced offices within a larger shared office, electricity from both new regional offices is not within our financial control, therefore consumption is included within Scope 3 Category 8 Upstream Leased Assets.	
2023 EMISSIONS	**TOTAL (tCO_2e)**
Scope 1	**307.82** Scope 1 emissions included: • Gas consumption at our Winchester office – 6.94 • Fuel consumption on sites - 241.77 • Fuel consumption for the company van fleet – 34.61 • Company leased vehicles fuel card consumption – petrol 23.33 & diesel 11.29 = 34.61 • Fugitive emissions – 0
Scope 2	**132.58 (market based)** Scope 2 emissions included: • Electricity consumption at our Orpington head office – 0 [3] (EDF Zero Carbon tariff) • Electricity consumption at our regional Winchester office – 3.14 (EDF standard tariff) • Electricity consumption on our sites where we hold financial control – 129.36 (mixed, assumed standard tariff) • Electricity consumption on company leased electric vehicles – 0 (market based – Octopus 100% renewables tariff)
Scope 3 **(Included Sources)**	**576.71** Scope 3 emissions included:

[3] chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.edfenergy.com/sites/default/files/edf_zero_carbon_for_business.pdf

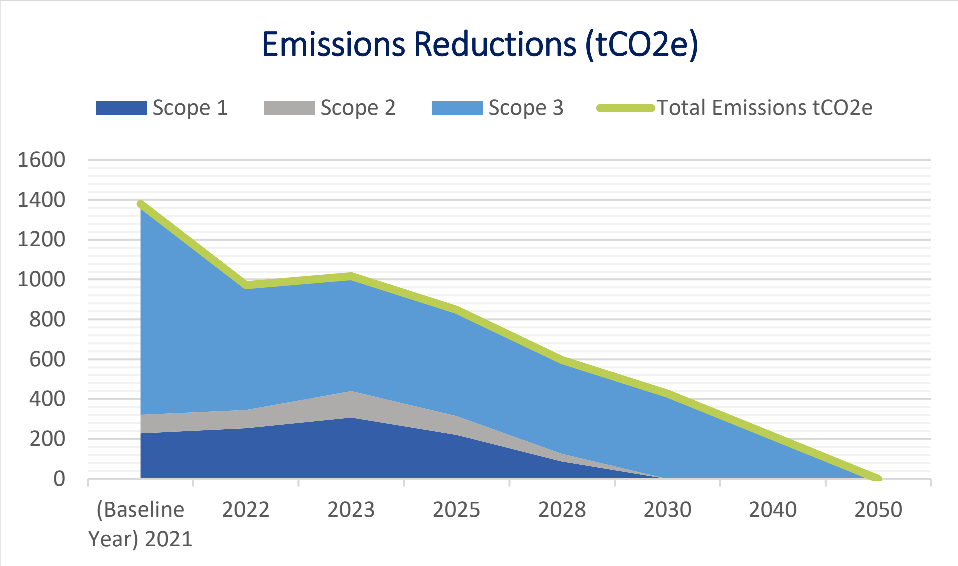
Scope 3 Category	Scope	Emissions Breakdown
16. Purchased goods and services	Future reporting target (2025)	-
17. Capital goods 3	Out of scope	-
18. Fuel- and energy-related activities (not included in scope 1 or scope 2)	Future reporting target (2025)	-
19. Upstream transportation and distribution	Included (partial)	68 Estimate based on CDP construction sector data technical guidance 7.21% [4] From Q3 24 subcontractor & supplier transport will be recorded using SustainIQ
20. Waste generated in operations	Included	39.90 Waste generated at our offices & sites (actual)
21. Business travel	Included	97 As a regional business, this is primarily local travel to sites or between offices using employee owned vehicles or public transport. Based on actual fuel card data, travel expense data & estimated mileage for those employees without fuel cards. Allocation based on employee travel survey: Car – 65 (14%) Rail – 31 (7%)
22. Employee commuting	Included	295 Local travel to home site or office using employee owned vehicles or public transport

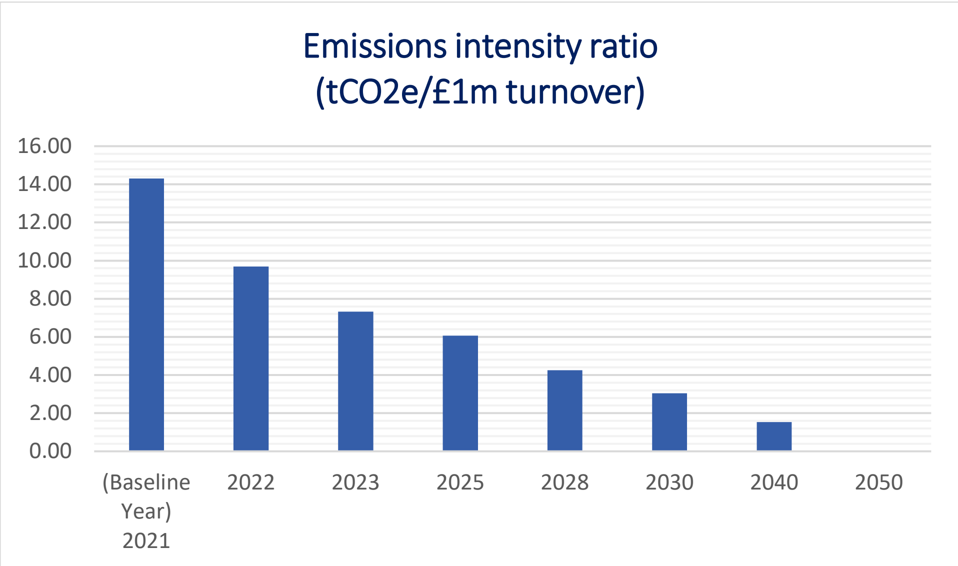
[4] https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/003/504/original/CDP-technical-note-scope-3-relevance-by-sector.pdf

			Car – 265 (57%) Rail – 30 (6%)
	23. Upstream leased assets	Included (partial)	78 Regional serviced office electricity consumption not within our financial control Hemel – 0.74 Fit out – 0.07 Personal travel where the company pays via fuel card. Based on actual fuel card data, allocation based on employee travel survey (17%). 77
	24. Downstream transportation and distribution	Not relevant to our business	-
	25. Processing of sold products	Not relevant to our business	-
	26. Use of sold products	Not relevant to our business	-
	27. End-of-life treatment of sold products	Not relevant to our business	-
	28. Downstream leased assets	Not relevant to our business	-
	29. Franchises	Not relevant to our business	-
	30. Investments	Not relevant to our business	-
	31.		
Total Emissions	**1017.03**		
Emissions Intensity tCO2e per £1m turnover	**7.32**		

Summary Data

	2021 (recalculated)	2022	2023	% change from baseline
Scope 1	228	255	307.82	
Scope 2	94	91	132.5	
Scope 3	1057	626.39	576.71	
Total emissions (tCO2e)	1379	972.39	1017.03	26.27% reduction
Turnover	£96,428,076	£100,305,898	£138,880,690	44% increase
Emissions intensity ratio - tCO2e per £1m turnover	14.30	9.69	7.32	48.80% reduction





Emissions Reduction Targets

During this reporting cycle we have adjusted our Net Zero Carbon targets to 2030 for Scope 1 & 2 emissions & 2050 for Scope 3. Noting that Scope 3 emissions typically account for 80-95% of an organisation's total value chain footprint[5], we have decoupled our Net Zero target dates to reflect the complexity of identifying, quantifying & addressing such Scope 3 data across our supply chain.

To ensure progress to achieving Net Zero, we have adopted carbon reduction targets focused primarily on Scope 1 & 2 emissions & are implementing systems to expand our recording & reporting of Scope 3 emissions across our supply chain, alongside measures to increase awareness of shared decarbonisation objectives & how these can be achieved.

Building on previous actions, a raft of initiatives have been commenced during 2024 that will have a measurable impact on accelerating our emissions reduction programme within 2025, particularly scope 1 & 2 emissions reductions from our head office decarbonisation works & implementation of new systems to allow simpler data capture & greater visibility of emissions 'hot spots' on sites. Going into 2025, primary emissions reduction initiatives include on-site renewable energy generation, a company-wide carbon literacy & waste reduction programme, & roll-out of our EV salary sacrifice scheme which will address key scope 3 emissions.

Our carbon reduction actions will reduce emissions reductions across our business & value chain as far as possible through sustained behavioural change & implementation of new technologies. However, in order to achieve Net Zero Carbon, some emissions that cannot be removed, replaced or reduced may need to be offset. Where this is necessary, it will be only undertaken through approved, high-quality projects located in the UK that simultaneously generate social & biodiversity benefits for local communities.

Carbon Reduction Projects

Several measures to reduce our carbon footprint were already in place prior to our baseline year of 2021, including replacement of lighting with low energy systems in our head office & the adoption of a zero-emissions energy tariff for electricity. Accelerated by COVID, we also optimised the use of video conferencing to eliminate unnecessary travel & maximise business efficiency.

Completed & Ongoing Carbon Reduction Initiatives

The following environmental management measures & carbon reduction projects have been implemented since the 2021 baseline. We have:

1. Added dedicated sustainability resource to drive & implement energy/carbon saving & biodiversity initiatives across our operations & within our projects.
2. Commenced a head office refurbishment project which will improve thermal performance of the building through addition of roof insulation (48% improvement from u value 0.33 to 0.1), new curtain walling & windows (60% improvement from u-value of 2.5 to 1.0). Natural lighting & control systems have also been improved, along with heating & ventilation enhancements. These measures will reduce energy demand & improve employee wellbeing. Completion towards the end of 2024 will see measures taking effect from 2025.
3. Installed 58kWp of PV panels on the head office roof to generate energy on-site for export to the grid, reducing our emissions from mid-2024 onwards.
4. Invested in electric vehicle charging infrastructure, with installation of 3 points at our head office during Q4 2024.
5. Reviewed company van, car & car allowance policies to encourage adoption of lower & zero emission vehicles. This includes trialling a new salary sacrifice electric car leasing scheme to encourage employees to switch to greener transport options & reduce our fuel card emissions. This will be rolled out across the business in Q4 2024.

[5] https://newclimate.org/resources/publications/corporate-climate-responsibility-monitor-2022

6. Virtualisation of our server estate which will reduce our overall power consumption.
7. Adopted new technologies that drive resource efficiency, low carbon product selection & enable faster data collection including SustainIQ, Procore, Payapps, Supplyo & 1Breadcrumb.
8. Agile working & greater emphasis on considering employee location when allocating staff to projects, also supporting improved wellbeing through reduced travel time. Similarly, local supply chain is targeted to provide best value & support social value initiatives.
9. Formed links between organisations, sites & suppliers to support a circular economy by reusing existing materials & reducing waste e.g. Excess Materials Exchange.
10. Introduced waste segregation within our head office to improve recycling rates & reduce overall waste.
11. Adopt low & zero carbon energy tariffs both at our offices & on sites where we have control of energy procurement.
12. Increased the adoption of MMC to minimise transportation emissions & limit site waste
13. Reviewed & where possible updated our site accommodation within normal renewal cycles to improved environmental performance (insulation standards, low energy lighting, PIR systems etc).
14. Encouraged the use of public transport, lift-sharing & cycle to work schemes for staff.
15. We are certified to ISO 14001 & have liaised with our network of suppliers to adopt ambitious carbon reduction targets in line with the protocol.

Future Carbon Reduction Initiatives

Going into 2025, we will adopt measures & monitor KPIs outlined within our Sustainability Strategy. This was updated in 2024 & will be reviewed on an annual basis & updated every 3-5 years.

We have targeted the following future initiatives to drive down emissions:

1. Roll out a carbon literacy programme to raise awareness & education across the business – creating a culture of sustainability & responsible energy/resource usage. This will cover office & on-site energy saving measures, supported by targeted information & awareness campaigns e.g. fuel efficient driving, energy switch off.
2. Undertake a company-wide waste review to identify & implement waste reduction strategies including circular economy principles to maximise reuse, recycling & waste reduction of 40% overall waste reduction by 2030.
3. Introduce the use of renewable diesel/ Hydrotreated Vegetable Oil (HVO) for plant or electric equipment/plant on suitable sites
4. Optimise heating, ventilation & air conditioning systems in site offices to reduce energy consumption
5. Explore possibilities for on-site energy generation
6. Taking account of normal replacement cycles, begin to transition the company fleet to EV or hybrid vehicles.
7. Work with our supply chain to reduce their carbon emissions & encouraging upskilling e.g. through the Supply Chain Sustainability School.
8. Continue to review the company travel policy & explore the potential of a Green Bonus initiative in connection with cycle to work schemes.
9. Introduce a new electronic supply chain management platform which allows us to ask specific questions about their carbon & sustainability performance credentials.
10. Explore ways to collaborate with our suppliers to improve & expand our Scope 3 data collection processes, design innovative solutions & make low-carbon materials more economical/readily available.
11. Expand our Scope 3 data collection capability with implementation of new systems to record Category 4: Upstream transportation & distribution & Category 1: Purchased goods & services.

Declaration & Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 & associated guidance & reporting standard for Carbon Reduction Plans.

Emissions have been reported & recorded in accordance with the published reporting standard for the GHG Reporting Protocol corporate standard & uses the appropriate Government emission conversion factors for greenhouse gas company reporting.

Scope 1 & 2 emissions have been reported in accordance with SECR requirements, & the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans & the Corporate Value Chain (Scope 3) Standard.

This Carbon Reduction Plan has been reviewed & signed off by:

David Huxley, Managing Director

20th September 2024

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