

 **ESS modular**

 **Spatial Initiative**

**CARBON
REDUCTION PLAN**

Our Corporate Commitment

ESS Modular is an environmentally conscious organisation, which acknowledges the impact that our operations may potentially have on the environment.

We are committed to reducing our environmental impact and achieving Net Zero emissions by 2050, aligned with pathways that limit warming to 1.5°C by:

- Reducing waste, sourcing responsibly and minimising our carbon emissions.
- Balancing any remaining emissions by use of carbon removal.
- Embedding a culture of environmental responsibility throughout our workforces and workspaces.

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past. The baseline emissions are the reference point against which emissions reduction can will be measured from 2021 onwards

Baseline Year: Calendar Year 2020	
Additional Details relating to the Baseline Emissions calculations.	
The baseline defined relates to the ESS Modular Group and covers our operations in the UK & Ireland. We have not been previously assessed or reported emissions, our baseline will be our first reporting.	
Baseline year emissions:	
EMISSIONS	TOTAL (tCO₂e)
Scope 1	375
Scope 2	162
Scope 3 (Included Sources)	Our baseline for scope 3 emissions will be calendar year 22 (Jan22-Dec22) See 'Scope 3 Reporting'
Total Emissions	536

Current Emissions Reporting

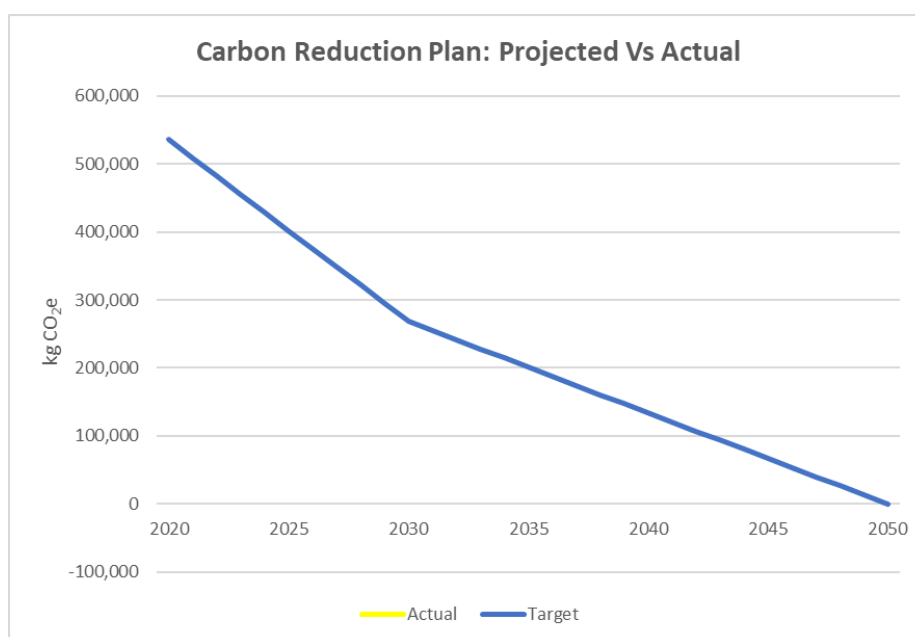
Reporting Year: Calendar Year 2020	
EMISSIONS	TOTAL (tCO ₂ e)
Scope 1	375
Scope 2	162
Scope 3 (Included Sources)	Our baseline for scope 3 emissions will be calendar year 22 (Jan22-Dec22) See 'Scope 3 Reporting'
Total Emissions	536

Emissions reduction targets

In order to continue our progress to achieving Net Zero, we have adopted the following carbon reduction targets for the present time but may change as a science-based target established.

We project that carbon emissions will decrease over the next five years to 402 tCO₂e by end of 2025. This is a reduction of 25% when compared to the baseline period.

Anticipated progress against this intermediary target can be seen in the graph below:



Scope 3 Reporting

We have not provided Scope 3 emissions in our reporting as we will be creating a baseline scope in the calendar year 2022 (Jan22 – Dec22).

We have undergone substantial organisational restructuring including acquisitions in 2020/21 to create ESS Modular Group. Our updated organisational boundary includes all operations within this group structure and data for this baseline is being established for the Scope 3 reporting.

Our financial and operational reporting is currently being aligned under this group structure. As part of this we are setting up new systems and restructuring our carbon emissions reporting data to ensure this is in line with our new business structure and provides a baseline relating to the ESS Modular Group. This will allow for accurate reporting and targets supporting our roadmap to achieve net zero across the group.

We have outlined below the categories that we will be reporting within our Scope 3 emissions:

- Upstream transportation and distribution.
- Waste generated in operations.
- Business travel.
- Employee commuting.
- Downstream transportation and distribution.

Carbon Reduction Projects

Completed Carbon Reduction Initiatives

The following environmental management measures and projects have been completed or implemented since the 2020 baseline. The carbon emission reduction achieved will be assessed within the ongoing reporting.

- Accreditation to the internationally recognised ISO14001 standard supported by our Environmental management system (EMS) and Policy. This continues to manage, monitor and improve our environmental performance.
- Developing our Responsible Business Plan (RBP) including targets for Net Zero.
- Established our Responsible Business Plan (RBP) group including Directors and stakeholders from all sectors and functions.
- Flexible working policy introduced reducing commuting and accommodation requirements for employees.
- Promoting virtual meetings via Microsoft Teams.
- Updated Pre-Qualification process ensuring that all suppliers have Environmental and waste management policies in place in order to ensure that their impacts are minimised as much as possible.
- Target to engage with local suppliers wherever possible which allows us to reduce our CO₂ emissions.
- Monitor operative travel distances on our larger sites.
- Centralised waste management contractors who engage with local suppliers for each site, reducing mileage driven for deliveries and exchanges.
- Waste management contractors engaging with suppliers who can provide higher recovery figures which allow us to improve our diversion rates.
- Introduction of The Mileage Capture (TMC) online application (UK only) and roll out to Ireland from 1st January 2022. TMC allows us to report on costs, consumption, travel patterns, tax liabilities and Co₂ emissions which allows us to establish a benchmark to measure progress against.

Our carbon emissions in 2020 were reduced significantly from previous years due to the global impact from the COVID-19 pandemic which resulted in reduced business operations and travel. Our level of emissions are anticipated to be lower throughout 2021 due to the continued impact from COVID-19.

Future Carbon Reduction Initiatives

We are developing carbon reduction projects to increase energy efficiency and the use of renewable energy across operations, apply smart thinking towards reducing embodied carbon in all operations and to lower our fossil fuel consumption and carbon emissions. In the future we hope to implement further measures such as:

- Signing up to SBTi to establish a science-based target and work on an emissions reduction target in line with the SBTi's criteria.
- Internal communication campaign on our Responsible Business Program initiatives including our target of Net Zero by 2050.
- Employee climate and environmental awareness training.
- Reduction in energy usage – employees encouraged to only use energy they require and 'switch it off' campaigns.
- Introducing improved data and reporting of emissions
- Using Whole Life Cost modelling for procuring company vehicles
- Introducing ULEV into the company car options
- Imposing a cap on the Co2 rating of cars allowed
- Updating of Company travel, and vehicles policies focused on carbon reduction measures
- Using The Mileage Capture (TMC) to report on data on both volume and distance for each individual driver's carbon footprint to use the information to implement initiatives to reduce costs and cut carbon emissions.
- Provide driver training on fuel efficiency and effective driving strategies
- Offices and factories to procure renewable sources of energy, where practical.
- Monitoring energy use and install eco cabins including PIRS, increased insulation and timers and identify opportunities for further energy use reductions.
- Procurement policies directing those materials used in our designs are assessed for embodied carbon emissions in line with the Green Guide to Specification and Construction Products Association guidance.
- Stipulating, where feasible, materials are sourced locally, with a focus on suppliers who hold BES 6001 Responsible Sourcing certification.
- Encourage efficient home working practices
- Signing up to the Supply Chain School Sustainability School Plant Charter

Carbon Reduction Plan

Declaration and Sign Off

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

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard¹ and uses the appropriate Government emission conversion factors for greenhouse gas company reporting².

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions will be reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard³.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of the Supplier



Name: Warren Donnelly

Director of Compliance

Date: 8th December 2021