HIGHBOURNE GROUP LTD

CARBON REDUCTION PLAN

Client:

Highbourne Group Limited

Date:

5th December 2024

Prepared for:

Dave Evans, CEO

Robbie Bell, CFO

Prepared by:

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Principal Carbon Accountant & Verifier

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Foreword

Highbourne Group Ltd recognises how important it is for us to make sure we are committed to reducing our carbon emissions and the impact we have on the environment in everything we do.

This Carbon Reduction Plan (CRP) sets out how we will continue to improve the ways in which we use our resources to ensure the least harm to our environment.

Each year this grows in importance as our awareness is raised on the critical importance of changing our behaviours regarding climate change and sustainability. Legislation and regulation reflect this priority and we are committed to ensuring we meet our requirements and where possible exceed expectations.

Whether we are thinking of how to travel to work, what cup to drink from, how we design a new product, where we hold a meeting and the myriads of choices we make in our daily life, having carbon underpinning every choice we make and every action we take must be integral to us delivering our vision, mission, and strategic goals.

This year we have calculated our carbon footprint and the engagement with our colleagues has proved very useful in helping us to identify where we need to change our behaviour and how to do it. This has helped us to prioritise the key areas we want to focus on for the next year as outlined in the detailed action plan.

We also recognise that many of the measures we plan to take to reduce our carbon footprint will also help us operate more efficiently, cut costs, and go some way to protecting us from the inevitable future increases to fuel and energy costs.

Using the information gathered and working with our dedicated colleagues, we will be able to set challenging targets and report our progress on the journey to Net Zero.

Highbourne Group is committed to being a force for positive change in the industry. We believe that sustainability is not just a buzzword but a core value that should guide our operations. Our goal is to minimise our environmental impact, support our communities, and contribute to a more sustainable future

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Introduction

This Carbon Reduction Plan conforms to the requirements of Procurement Policy Note PPN06/21; "Taking Account of Carbon Reduction Plans in the procurement of major government contracts", PAS2060:2014 "Specification for the demonstration of Carbon Neutrality" and ISO14064-1.

It also meets the requirements for Global Reporting Initiative, the Carbon Disclosure Project, and the National Health Service Evergreen criteria.

Context

Climate change is a real and immediate threat for us all. Carbon dioxide (CO_2) levels have already reached their highest level and are rising faster than ever.

Like all businesses, Highbourne Group Ltd has a key role to play in mitigating the effects of climate change, both as an employer and through the products we provide. Although Highbourne Group Ltd direct energy consumption is reducing due to initiatives in place and working with our estate landlords, its indirect CO_2 emissions from business operations such as transport are significant.

Highbourne Group Ltd climate change challenge, falls into:

- Cutting the businesses operational carbon footprint.
- Preparing for the impacts of a changing climate.
- Aside from the moral and environmental case for taking action to tackle climate change there are many other drivers for Highbourne Group Ltd to address this issue. These include:
    - **Cost savings** - With increasing pressure on all businesses to cut costs, reducing the amount spent on energy bills is a key driver for lowering our energy consumption.
    - **Reputation** - With stretching national targets, there is increasing pressure on businesses to be seen as "doing their bit" and playing a leadership role on climate change action. Failure to act could lead to reputational risks and adversely affect the company's public image.
    - **Leadership** - Taking strategic action towards reducing carbon emissions will ensure that Highbourne Group Ltd can lead the way in developing effective mechanisms to tackle climate change. This will help stimulate low carbon transitions across the regions in which we operate

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Reporting Standards and Scope

The calculations of Highbourne Group Ltd Ltd.'s carbon footprint is in line with the International Standards Organisation's standard ISO14064-1:2018

Highbourne Group Ltd employs Auditel as the consultancy proving carbon accounting services.

Auditel undertake a series of quality assurance checks in line with industry best practice to ensure that the Greenhouse Gas statements represent a faithful, true, and fair account of Highbourne Group Ltd's GHG emissions from the data available.

The process follows the principles of ISAE3410, Assurance Engagements on Greenhouse Gas Statements standard, but is not a formal assurance to the standard currently.

It is carried out to ensure that the statement is considered materially correct, a fair representation of the Greenhouse Gases emitted and is prepared in alignment with ISO14064-1:2018 and the relevant activities of Highbourne Group Ltd.

This reduction plan has been prepared using the GHG Protocol methodology, breaking emissions into Scope 1, 2, & 3. This has been done for ease of understanding, and for the use in tender submissions.

Auditel's Credentials – Verification Bodies

IEMA CORPORATE PARTNER

nqa.app Associate Partner

bsi. | Associate Consultant

Commitment to achieving Net Zero

Highbourne Group Ltd is committed to achieving Net Zero emissions by 2050 at the latest.

We are preparing ourselves to achieve a roadmap that is in line with Science Based Targets, which are to achieve a minimum of 42% reduction in emissions for Scope 1, & 2 and a minimum of 25% reduction in Scope 3 by 2030.

Baseline emissions footprint

Baseline Year: 2023

Our baseline emissions inventory includes all our measurable Scope 1, 2, & 3 emissions. We include all seven Kyoto Protocol Greenhouse Gas groups in our emissions footprint calculations.

Highbourne Group Ltd's carbon footprint was first measured in 2024 for the baseline year of 2023. From this, carbon reduction targets for 2030 have been developed. The 2023 footprint shown below covers all scope 1 and 2 emissions and all scope 3 emissions which could be accurately calculated on an operational control basis.

2023 Carbon Footprint Summary

Scope 3 emissions were responsible for 64.01% of our 2023 carbon footprint, with the largest emitters being purchased goods & services, commuting & homeworking, upstream and downstream transport & distribution.

The remaining 35.99% was due to Scope 1 emission sources and for Scope 2, we purchase 100% renewable energy across our entire estate, however under ISO14064-1 rules, location-based calculations have been used. These factors are compiled by the UK Government and consider the entire mix of energy generation.

Scope	Emissions (tCO2e)	% of contribution to total footprint
1	6,315	24.35%
2	3,017	11.64%
3	16,597	64.01%
Total	25,929	100%

Emissions reduction targets

Our pathway to Net Zero has been developed as part of our engagement with Auditel and agreed by the senior management team. To achieve Net Zero, we have adopted the following carbon reduction targets.

- Highbourne Group Ltd is targeting Net Zero emissions across all our activities by 2050.
- We will align our reduction target with Science Based Targets.
- Drive behavioural change throughout the organisation.

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Completed Carbon Reduction Initiatives

The following environmental management measures and projects have been completed or implemented.

- 22 EV chargers have been installed at Highbourne House in Crick with a further 18 branches fitted with chargers.
- LED lighting and PIR's installed at Highbourne House, 42 new branches have been fitted with LED lighting and the policy on all new branches is that LED lighting is installed as part of the refit. 18 existing branches have been retrofitted with LED lighting.
- Non gas usage policy across all new branches
- Smart meters installed at all sites
- The entire property portfolio now runs on REGO backed renewable energy and all branches now have an energy management plan in place to promote best practice, signage has been placed in all sites to encourage switching from all unused electrical items while the site is closed.
- Single use carrier bags replaced with paper bags
- Waste policy to minimise waste to landfill
- Company car policy directing choice away from petrol/diesel towards EV & PHEV.
- Last man out switches have been installed in the 23 highest usage sites, rollout to all sites is scheduled.
- Solar PV installed at Omega, Highbourne House and across a further 6 sites.
- Green training modules have been added to the "My Learning" platform, this is designed to educate all employees on carbon reduction, the organisation is also able to track those that have completed the modules. This will enable a change in behaviour, which will lead to what is currently an unmeasurable reduction. This is designed to reduce carbon at work as well as at home.
- Creation of an ESG (Environmental, Social, & Governance) champions community, which will underpin the green training modules.

Since the Group was formed in 2021, sustainability and carbon reduction has been at the forefront of the decision making in the business and in the short amount of time we have had the business, the achievements above are considerable.

We have a long way to go but are committed to the journey. This has enabled us to set reasonable and achievable goals for the business by 2030 and in turn 2050 to meet the UK Governments target of Net Zero.

Planned Carbon Reduction Initiatives

Carbon Reduction Targets

Gas & Oil for Heating

It is the organisations' goal to remove gas supplies from existing sites, however, this is currently not commercially viable, a policy has been put in place to ensure that all new sites are free from gas powered heating.

Fleet Fuel

This section refers to the commercial fleet, company cars are not fully financed, and the fuel used for business is reclaimed by the driver via their expenses claims and is covered in category 3.4 Business Travel. The commercial fleet is ageing and inefficient, there are 500 vehicles in the commercial fleet, due to the age of the current vehicles, 100 new more efficient diesel engine vehicles have been ordered for delivery by the end of 2024, the estimated reduction in fuel on these first 100 is 15%, this would result in a reduction of 167.45 tCO2e. By the end of 2025 a further 50 vehicles will be replaced each year to 2027 which could result in a reduction of 418.73 tCO2e per year from 2028. 150 EV's will be purchased between 2028 and 2030, in addition, we are planning to replace 90% of diesel in our fleet with HVO by 2030 resulting in an overall reduction of 65% in overall emissions, this assumes that HVO will be readily available at forecourt. The remainder of the fleet will be replaced with EV's by 2038.

Purchased Electricity

15 branches will be retrofitted with LED lighting during 2025, this will save 368,569 kWh's of electricity usage and 86.5 tCO2e including generation and transmission & distribution losses. A planned programme, for a further 20% of sites each year in 2026 to 2030 which will reduce the energy further by an average of 474,414 kWh's per year or 108.39 tCO2e which will result in a total reduction of 628.45 tCO2e.

An extension to the solar PV array at the Omega central warehouse will generate 477,400 kWh's of usable energy, reducing the grid energy consumption by 21.6% or 112.11 tCO2e. This will go live in 2025.

Upstream Transport

Two Group companies have container shipping in their upstream transport. City Plumbing Supplies, equates to 805 tCO2e and will switch to low carbon fuels when booking its container shipping. This will result in a reduction of 86% equating to 692.3 tCO2e. The second is Plumbworld, currently the emissions from the container shipping for this brand is 2,805 tCO2e, discussions are taking place to switch these shipments to low carbon fuels which will result in a further reduction of 2,412.3 tCO2e. The overall result of this is a reduction of 64.65% in upstream transports total emissions. This will be enacted when commercially viable.

Commuting & Homeworking

We are encouraging low carbon commuting practices. We understand that our emissions are some 9% of our overall emissions from commuting and homeworking. We are targeting to reduce this, by encouraging public transport use, cycling and walking, we believe that by encouraging our carbon conscious culture we can reduce these emissions by 10% by 2030.

Business Travel

During 2023 we replaced 263 diesel/petrol vehicles with full EV's and a further 85 were replaced with PHEV's. We will replace the remaining vehicles as their lease periods expire in 2024. Once fully implemented this will reduce our carbon emissions on our company car fleet by 228 tCO2e. We then plan to replace all the diesel/petrol and PHEV vehicles with EV's by the end of 2028.

Disposal of Solid & Liquid Waste

We have made major inroads into reducing our plastic waste and diverting our waste from landfill, we are still working hard to reduce the remaining waste that goes to landfill and are targeting a total diversion by 2028, this will result in a 68 tCO2e reduction.

Downstream Transport

The current emissions that have been calculated for the downstream transport have been made using the tonne.km methodology, this has now been replaced by using the actual litres of fuel used for the purposes of downstream transport, this is possible due to the provider using a dedicated fleet for all Highbourne Group deliveries from Omega central warehouse to the sites. Discussions have begun with the provider around HVO fuels.

Planned Reductions Table

Category	Category Number	2023 Emissions Total (tCO2e)	Emission Reductions (tCO_2e)	% of Overall Emissions	Year target
Gas for Heating	Scope 1	738	185	25.00%	2030
Fleet Fuel & Gas Oil	Scope 1	5,023	3,300	65.69%	2030
HVAC	Scope 1	554	55	10.00%	2030
Purchased Electricity	Scope 2	3,017	1,509	50.00%	2030
Upstream Transport	Scope 3	4,802	3,105	64.65%	2030
Downstream Transport	Scope 3	3,059	1,529	50.00%	2030
Commuting & Homeworking	Scope 3	2,369	237	10.00%	2030
Business Travel	Scope 3	579	315	54.40%	2028
Purchased Good & Services	Scope 3	2,839	561	19.75%	2030
Fuel & Energy Related Activities	Scope 3	2,796	1,793	64.11%	2030
Waste from Operations	Scope 3	154	68	44.21%	2028
Total		25,930	12,655	48.81%	2030

Total emissions & reductions

Category	Category Number	2023 Emissions Total (tCO2e)	Emission Reductions (tCO_2e)	% of Overall Emissions	Year target
Gas for Heating, Fuel & Oil	Scope 1	6,315	3,540	56.05%	2030
Purchased Electricity	Scope 2	3,017	1,509	50.00%	2030
All other categories	Scope 3	16,597	7,607	45.83%	2028/30
Total		25,930	12,655	48.81%	2030

Total reductions to SBT

Category	Category Number	2023 Emissions Total (tCO2e)	Emission Reductions (tCO_2e)	% of Category Emissions	Year target
Gas for Heating, Fuel & Oil & Electricity	Scope 1 & 2	9,332	5,048	54.10%	2030
All other categories	Scope 3	16,597	7,607	45.83%	2030

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Other Initiatives to Support our Carbon Reduction Plans

Behavioural Change

- Build awareness amongst our workforce of the impact of their decisions on our journey to Net Zero.
- Reduce business travel by air, rail and road through effective measurement and a sustainable travel policy with a digital first procedure.
- Actively quantify carbon emissions from commuting and home working via staff surveys and use this as an opportunity to encourage alternative travel arrangements via employee engagement.
- Encourage sustainable ways for employee commuting including the UK Governments Cycle to Work scheme.
- Issue regular reminders of the energy plan and establish a business-as-usual approach to energy saving.
- Review of emissions data sources, processes and methodology, emissions categories and business reporting structure.

Investment

- LED lighting and PIR sensors installed where possible throughout the estate.
- Last man out switches will be installed at all sites where possible which will reduce consumption of energy.
- Install onsite EV charging stations at new branches where feasible.
- Investigate the availability of HVO close to site locations and possibly switch where the fuel is readily available.

Procurement

- Continue to purchase 100% renewable electricity.
- Switch the entire fleet to EV's as and when the current fleet arrangements expire. Including our commercial vehicles where feasible.
- Work with our suppliers to encourage them to record their own carbon emissions and set realistic carbon reduction targets.
- Collaborate with our logistics partners to look at alternative fuel, routes, and innovative solutions to reduce our scope 3 emissions due to transportation and distribution.

Covered Subjects

Highbourne Group Ltd is the entity and the subject of this operational reduction plan, the plan covers the following subjects.

City Plumbing Supplies Holdings Ltd
PTS Group Ltd
Direct Heating Spares Ltd
National Shower Spares (Partial)
Highbourne Group t/a PlumbNation
Underfloor Heating Store (Partial)
Online Home Heating t/a Plumbworld

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. Its construction has also been designed to comply with ISO14064-1 and ISO14068-1.

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

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

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

This Carbon Reduction Plan has been reviewed and signed off on behalf of Highbourne Group Ltd.

Signed

David Evans
Chief Executive Officer
Highbourne Group Ltd
Date: 5th December 2024

Signed

Robbie Bell
Chief Financial Officer
Highbourne Group Ltd
Date: 5th December 2024

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Appendix A - Planned Reduction Table

Catagory	Category Number	Initiative	2023 Emissions Total (tCO2e)	Emission Reduction (tCO2e)	% of Overall Emissions
Gas for Heating	Scope 1	Goal to remove all gas, but not currently economically viable, however all new sites and any replacements will be free from gas powered heating.	738.18	184.55	25.00%
Fleet, Fuel & Gas Oil	Scope 1	100 new efficient diesel vans by end 2024, 15% reduction in fuel A further 50 diesel vans replaced each year 2025~2027 150 EV's will be purchased between 2028 and 2030 Replace 90% of diesel in our fleet with HVO by 2030, assume HVO will be readily available at forecourt	5,023.45	3,300.00	65.69%
HVAC	Scope 1	Replace older R410A systems with new R1234YF gas	553.51	55.35	10.00%
Purchased Electricity	Scope 2	All sites LED conversion - 15 branches will be retrofitted with LED lighting during 2025, program 20% of sites from 2026~2030 An extension to the solar PV array at the Omega central warehouse Location based electricity is reported, this is calculated on the mix of the entire UK grid. As renewables increase, our emissions will also reduce.	3,017.12	1,508.56	50.00%
Upstream Transport	Scope 3	CPS - switch to low carbon fuels when booking its container shipping Plumbworld - switch to low carbon fuels when booking its container shipping	4,802.14	3,104.60	64.65%
Downstream Transport	Scope 3	Discussions have begun with the provider around HVO fuels - reductions are estimated until more accurate information available	3,058.53	1,529.27	50.00%
Commuting & Homeworking	Scope 3	We are encouraging low carbon commuting practices	2,369.01	236.90	10.00%
Business Travel	Scope 3	Replace diesel/petrol with EV Consider other areas of business travel to be low carbon where available	578.73	314.81	54.40%
Purchased Goods & Services	Scope 3	This category accounts for emissions from the transportation of our goods not for resale. As we work with our supply chain, further reductions will be archived	2,838.99	560.70	19.75%
Fuel & Energy Related Activities	Scope 3	This category accounts for the transmissions & distribution losses in the energy supply and the well to tank generation of fuels. As we reduce our Scope 1 and 2 emissions, this will reduce accordingly. The effect calculated on the reduction planned in Scope 1 and 2 has been applied	2,795.80	1,792.50	64.11%
Waste from Operations	Scope 3	Reduction in plastic waste and diverting our waste from landfill by 2028	154.27	68.20	44.21%
Gas for Heating, Fuel & Oil	**Scope 1**		**6,315.14**	**3,539.90**	**56.05%**
Purchased Electricity	**Scope 2**		**3,017.12**	**1,508.56**	**50.00%**
All other categories	**Scope 3**		**16,597.47**	**7,606.98**	**45.83%**
TOTAL			**25,929.73**	**12,655.44**	**48.81%**

Total Reductions to SBT

Gas for Heating, Fuel & Oil & Electricity	**Scope 1 & 2**	**9,332.26**	**5,048.46**	**54.10%**
All other categories	**Scope 3**	**16,597.47**	**7,606.98**	**45.83%**
TOTAL		**25,929.73**	**12,655.44**	**48.81%**