

CARBON REDUCTION PLAN

2025/2026

Document	Shepley Group Carbon Reduction Plan
Reporting period	2025 / 2026
Baseline year	2022 / 2023
Review cycle	Annual – following financial year end (October–September)
Status	Current

1. Commitment to Net Zero

The Shepley Group is committed to reducing greenhouse gas emissions in line with the carbon strategy of its parent company, Renew Holdings plc. **The Group's operational ambition is to achieve Net Zero Scope 1, Scope 2 and relevant Scope 3 greenhouse gas emissions by 2040.** This accelerated 2040 ambition sits within the wider UK Net Zero framework and will be supported by progressive improvement in Scope 3 data collection and reduction activity.

For public procurement purposes, this plan is intended to support the requirements of Procurement Policy Note PPN 006. **Where a procurement requires a formal supplier commitment to Net Zero by 2050, the Shepley Group confirms that 2050 represents the latest date for achievement, with the Group maintaining the more demanding 2040 Scope 1, Scope 2 and relevant Scope 3 ambition.**

The Carbon Reduction Plan is reviewed and updated annually following completion of the Group's financial-year emissions calculation (October to September).

2. Organisational Boundary and Reporting Method

This plan covers the Shepley Group activities included within the Group carbon inventory and is intended to provide a consistent basis for measuring performance, setting reduction priorities and reporting progress.

- Scope 1 – direct greenhouse gas emissions from sources owned or controlled by the Group, including relevant fleet, fuel and operational combustion sources.
- Scope 2 – indirect greenhouse gas emissions associated with purchased electricity.
- Scope 3 – indirect emissions outside Scope 1 and Scope 2. No Scope 3 data collection commenced during the 2022/2023 Baseline year but will continue to be expanded as data quality and supply-chain information improve with engagement with the Supply Chain Sustainability School Carbon Calculator producing supply chain Data from 2025 / 2026.

Emissions are reported in tonnes of carbon dioxide equivalent (tCO₂e), using the applicable UK Government greenhouse gas conversion factors and the principles of the GHG Protocol Corporate Standard.

3. Baseline Emissions Footprint

Baseline year: 2022 / 2023 financial year. The baseline provides the reference point against which future carbon reduction performance is assessed. During the original baseline period, Scope 3 data was not available. Following review of historic emissions information, improvements were made to the completeness and verification of source data. Earlier reporting did not contain all relevant figures provided through the data collection process. Later reporting therefore reflects a more complete carbon inventory.

This data-quality improvement must be considered when comparing current reported emissions with the original baseline.

Baseline year: 2022 / 2023 financial year.

Emissions	Baseline total (tCO ₂ e)
Scope 1	631.394
Scope 2	104.726
Scope 3	0.000
Total emissions	736.120

4. Current Emissions Reporting

Reporting year: 2025 / 2026 financial year

Emissions	Current total (tCO ₂ e)
Scope 1	323.100
Scope 2	66.509
Scope 3	28.731
Category 4 see section 6.1 for explanation	2.300
Category 5 see section 6.1 for explanation	0.510
Category 6 see section 6.1 for explanation	25.192
Category 7 see section 6.1 for explanation	0.000
Category 9 see section 6.1 for explanation	0.000
Total emissions	418.341

5. Explanation of Reported Variance

Reported emissions increased between the baseline year and the 2024/2025 year. The principal operational factor affecting the planned reduction pathway was the delayed rollout of Hydrotreated Vegetable Oil (HVO), which had been forecast to deliver a substantial proportion of the Group's early carbon reduction.

The HVO programme was delayed by logistical and contractual constraints and was subsequently rescheduled through 2024/2025. As a result, the anticipated reduction was not realised within the original timeframe.

Separately, the Group strengthened its carbon data collection and verification arrangements after identifying that historic information supplied for reporting did not contain all relevant figures. This means the current dataset is more complete than earlier reporting. The operational impact of delayed HVO implementation and the improvement in data completeness should therefore be considered as separate factors when reviewing the emissions trend.

6. Carbon Reduction Targets and Measures

6.1 Scope 1 and 2

The Group will pursue the 2040 Scope 1 and Scope 2 Net Zero ambition through fuel transition, fleet rationalisation and electrification, energy efficiency, on-site renewable generation and improved emissions data management.

Projected carbon savings shown below are retained from the existing reduction model. They should be treated as forecast savings and verified against actual consumption, mileage, fuel and generation data during each annual review.

6.2 Scope 3

Our Scope 3 emissions are reported in strict compliance with the UK Government's PPN 006 Technical Standard. In line with these requirements, our reporting covers the five mandated value chain categories outlined below. Calculations have been performed using the GHG Protocol Corporate Value Chain (Scope 3) Standard and the latest applicable UK Government greenhouse gas conversion factors.

The Current Reporting year emissions for Category 4 utilise conservative, spend-based proxy calculations via the Supply Chain Sustainability School, which intentionally overestimate our actual footprint due to the lack of granular supplier data which will predictably increase until anticipated peak reporting period of 2030.

As our supplier engagement program gains momentum and we reach our target of 90% engagement by 2030, we will replace these high-level estimates with actual supplier-reported data. While this refinement means our reported baseline figures may initially appear higher than our true footprint, it ensures absolute transparency and will allow us to accurately track our progress toward a refined peak of 34.50 tonnes of CO₂e by 2030

- **Category 4**

Explanation: This category accounts for the transport and distribution of products and materials purchased by our company from Tier 1 suppliers, alongside any inbound logistics that we directly control or pay for.

Methodology: We have calculated our greenhouse gas emissions for Scope 3, Category 4 using the official Supply Chain Sustainability School Carbon Calculator and EEIO estimates. Our methodology aligns directly with the GHG Protocol Corporate Value Chain Standard. It utilises a hybrid approach combining spend-based estimates and supplier-reported data to ensure accuracy. Through our Supply Chain Sustainability School Dashboard, we engaged directly with our core transportation partners and material suppliers. Participating suppliers securely uploaded their primary activity and apportioned a clear percentage of their operational carbon footprint to us based on financial turnover.

Future outlook: This data-refinement strategy will steadily gain momentum as we onboard and engage a wider share of our supply chain via the school ecosystem. We forecast that as supplier engagement scales to our internal milestone of a 90% data capture rate, our reported Category 4 emissions will realistically scale to a predicted 34.50 tCO₂e due to broader reporting boundaries, before absolute reductions begin."

- **Category 5**

Explanation: This covers emissions stemming from the third-party disposal and treatment of waste generated by our day-to-day commercial operations.

Methodology: We track our total operational waste volumes– general waste, dry mixed recycling, confidential paper shredding, Metal waste, Hazardous waste, other waste types. Calculations are based on weight receipts from our waste management providers, mapped against specific disposal methods using standard conversion factors.

Our operational footprint accounts for 109 tonnes of total operational waste (including 60 tonnes of scrap metal and 49 tonnes of mixed commercial waste). Due to a strict 100% landfill diversion strategy where all streams are successfully recycled, our net emissions for Category 5 are minimised to 0.51 tCO₂e using current DESNZ/DEFRA processing factors. Our Continued waste reduction strategy will continue to minimise our operational waste results.

- **Category 6**

Explanation: This accounts for the transportation of employees for company-related business activities during the reporting period in vehicles operated by third parties (such as flights, trains, taxis, and public transit) or private employee vehicles used for business ("grey fleet").

Methodology: Data is captured systematically through employee expense claims, corporate travel booking systems, and mileage logs. Distances travelled by mode of transport are aggregated and multiplied by the respective transport conversion factors. Reporting year resulted in a 25.921(tCO₂e) figure – with future carbon reduction strategy to utilise company transport with de-carbonised measures applied such as Electrification and renewable fuels.

- **Category 7**

Explanation: This category tracks the emissions arising from employees travelling between their primary residences and our operating facilities.

Methodology: This resulted in a total emissions of 0.00 tCO₂e. All employee transit is conducted using our commercial fleet vehicles. The fuel and emissions associated with this travel are fully accounted for and reported under Scope 1 and Scope 3 –Category 6 (Business Travel). To avoid double-counting the same mileage, Category 7 is declared as 0.00 tCO₂e.

- **Category 9**

Explanation: This covers the transportation and distribution of products sold by our company to our clients or end-users, occurring after the goods leave our operational control.

Methodology: This resulted in a total emissions of 0.00 tCO₂e. All products sold by the Shepley Group are collected directly from our facilities by the customer, or the customer takes full ownership and arranges 100% of the transportation logistics at the point of sale. Under PPN 006 guidelines, these emissions fall out of our operational boundary and are declared as zero.

6.3 Planned Measures – 2024 to 2030

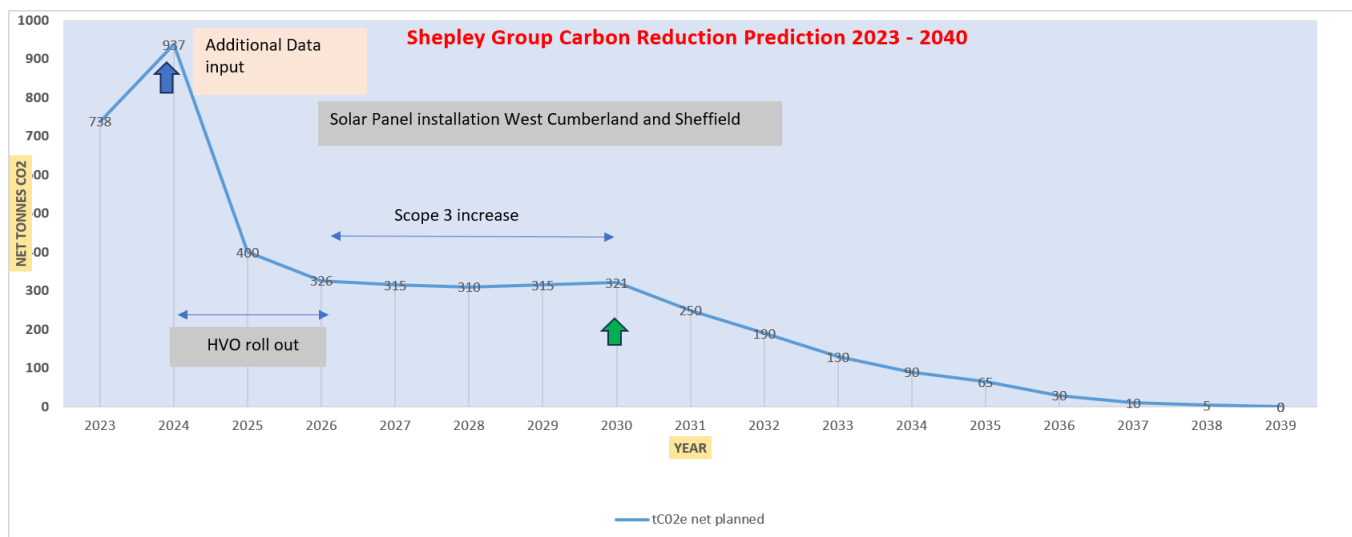
Measure	Status / intent	Projected saving/ increase (tCO ₂ e)
Removal of kerosene at West Cumberland site	Completed / retained benefit	38.00
HVO rollout across applicable fleet, combined with fleet reduction	Implementation program ongoing	496.73
LED lighting upgrades at Sheffield, Barrow and Crosslanes / OTH	Completed / monitored and ongoing	26.00
Reduced business mileage through EV salary-sacrifice uptake and increased EV use	Ongoing	16.40
Use of HVO in applicable mobile plant and generators	Ongoing	1.40
Alternative heating / energy-reduction strategy at West Cumberland Lillyhall –	Investigation / feasibility	To be quantified- following renewable energy installation

Measure	Status / intent	Projected saving/ increase (tCO ₂ e)
proposed Gas depletion		
Solar panel installation projects at workshop 3, 2 and 4 West Cumberland sites	Implementation program ongoing	176.00
Scope 3 emissions- Phase 1 (Data Expansion Phase: 2026–2029)	Enhanced Engagement with the Supply Chain Sustainability School- reported Scope 3 emissions are projected to artificially increase	Category 4- 34.50 Category 5- 0.51 Category 6- 26.00 Category 7- 0.00 Category 9- 0.00

Existing modelled saving for quantified 2024–2030 measures: 693.52 tCO₂e. A projected 61.01 tCO₂e increase in Scope 3 emissions is anticipated due to Data Maturity Peak from SCSS as supplier response hits 90% target.

6.3 Planned Measures – 2030 to 2040

Measure	Projected saving (tCO ₂ e)
Replacement of suitable end-of-life vans with electric vehicles	5.00
Renewable energy installation at West Cumberland Engineering – Workshop 1	49.00
WCEL Workshops 1 and 3 LED upgrades- Crosslanes, OTH also	30.00
Further energy-reduction programmes and commercial vehicle electrification	28.97
Scope 3 emissions- Phase 2 (Absolute Reduction Phase: 2030–2040)	15.00- 2035 0.00- 2040



7. Progress to Date

Year	Initiative	Position
2021	Fleet reduction programme commenced; route planning improved and multi-user vehicles introduced.	Completed / ongoing optimisation
2022	Electricity supply transitioned to 100% renewable tariffs.	Completed
2023	LED lighting and PIR sensors installed at Barrow and Sheffield; inefficient space heaters replaced.	Completed
2023	Kerosene removed from West Cumberland site.	Completed
2024	HVO rollout Stage 1 – Sellafeld.	Implemented
2025	HVO Stage 2 – cross-hired Sellafeld vehicles; Stage 3 – Springfields / off-site fleet.	Implemented / continuing
2026	Solar Panel installation West Cumberland facilities	Continuing

8. Future Carbon Reduction Strategy

- Fuel transition – continue substituting conventional diesel with certified HVO in compatible fleet, plant and generators where operationally and commercially practicable.
- Fleet modernisation – align vehicle replacement cycles with operational need, fleet reduction opportunities, EV suitability and charging infrastructure.
- Renewable energy – progress solar generation projects at Sheffield and West Cumberland sites subject to technical and commercial approval.
- Energy efficiency – continue LED and smart-control deployment, print-management controls and energy-efficient equipment replacement.
- Scope 3 development – improve category-level data collection, supply-chain information and reporting maturity, with a view to setting future reduction objectives.
- Performance assurance – verify projected savings against actual energy, fuel, mileage and generation data during the annual carbon review.

9. Governance and Annual Review

The Carbon Reduction Plan will be reviewed annually following completion of the October–September reporting year. The review should confirm data completeness, progress against reduction measures, changes to the organisational boundary, current Government conversion factors and the continuing suitability of the 2040 pathway.

Control	Owner	Frequency	Evidence
Carbon inventory and factor review	Environmental / SHE function	Annual	Verified calculation file and source records
Fleet and HVO performance	Transport / operational management	Quarterly / annual consolidation	Fuel, mileage and vehicle data
Energy and renewable projects	Facilities / operational management	Quarterly	Utility data, project records, generation data
Scope 3 data quality	Environmental / procurement interfaces- engagement with SCSS	Annual	Category-level supporting records
CRP approval and publication	Managing Director	Annual	Signed plan and published current version

10. Declaration and Sign-Off

This Carbon Reduction Plan has been prepared using the Group's reported emissions data and carbon reduction programme. Emissions are reported in tCO₂e using the principles of the GHG Protocol Corporate Standard and applicable UK Government greenhouse gas conversion factors.

The plan is intended to support the current requirements of PPN 006 for Carbon Reduction Plans.

Emissions are reported in accordance with the Group's applicable reporting arrangements, and the Carbon Reduction Plan is subject to annual review and Managing Director approval.

Approved by	Managing Director – Shepley Group
Signature	
Date	20 th October 2026

References and Definitions

- Procurement Policy Note PPN 006 – Taking account of Carbon Reduction Plans in the procurement of major government contracts.
- GHG Protocol Corporate Standard.
- UK Government greenhouse gas conversion factors for company reporting.

Key definitions: GHG – greenhouse gases. tCO₂e – tonnes of carbon dioxide equivalent. Net Zero – a state in which residual greenhouse gas emissions are balanced by equivalent removals, following deep emissions reduction.