Addison Group

Net Zero Report 2024

ADDISON positive planet

Foreword

In 2023, we partnered with Positive Planet to measure our carbon footprint for the first time. Over the last year, we have been working to collect data, measure our emissions and produce this report, as well as working on some already underway carbon reduction initiatives.

For our first carbon footprint measurement, we focused on scope 1, scope 2 and upstream scope 3 activities. We have found that our procurement activities are the most significant contributor to emissions and that electricity use and employee commuting are also high-impact activities. We decided to exclude the emissions associated with Addison Project's project procurement from our total footprint but have measured and reported these emissions. Downstream impacts have not yet been quantified but we have set a target to do so by 2025.

As well as measuring our emissions and assessing our impacts, we have also committed to some Science Based Target Initiative (SBTi) aligned targets, including a commitment to reach Net Zero by 2050.

In this document, you can find our measurement results broken down by each business, the methodology used, near- and long-term reduction targets and our priorities for the year ahead.

The Addison Group is an award-winning family-owned business, with over 40 years of engineering, manufacturing and project management experience, backed by state-of-the-art facilities and industry-leading client-focused delivery.

The Addison Group is comprised of Addison Project, Addison Precision and Addison Engineering.

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Measured by Positive Planet

Why we're taking action

Measured by Positive Planet

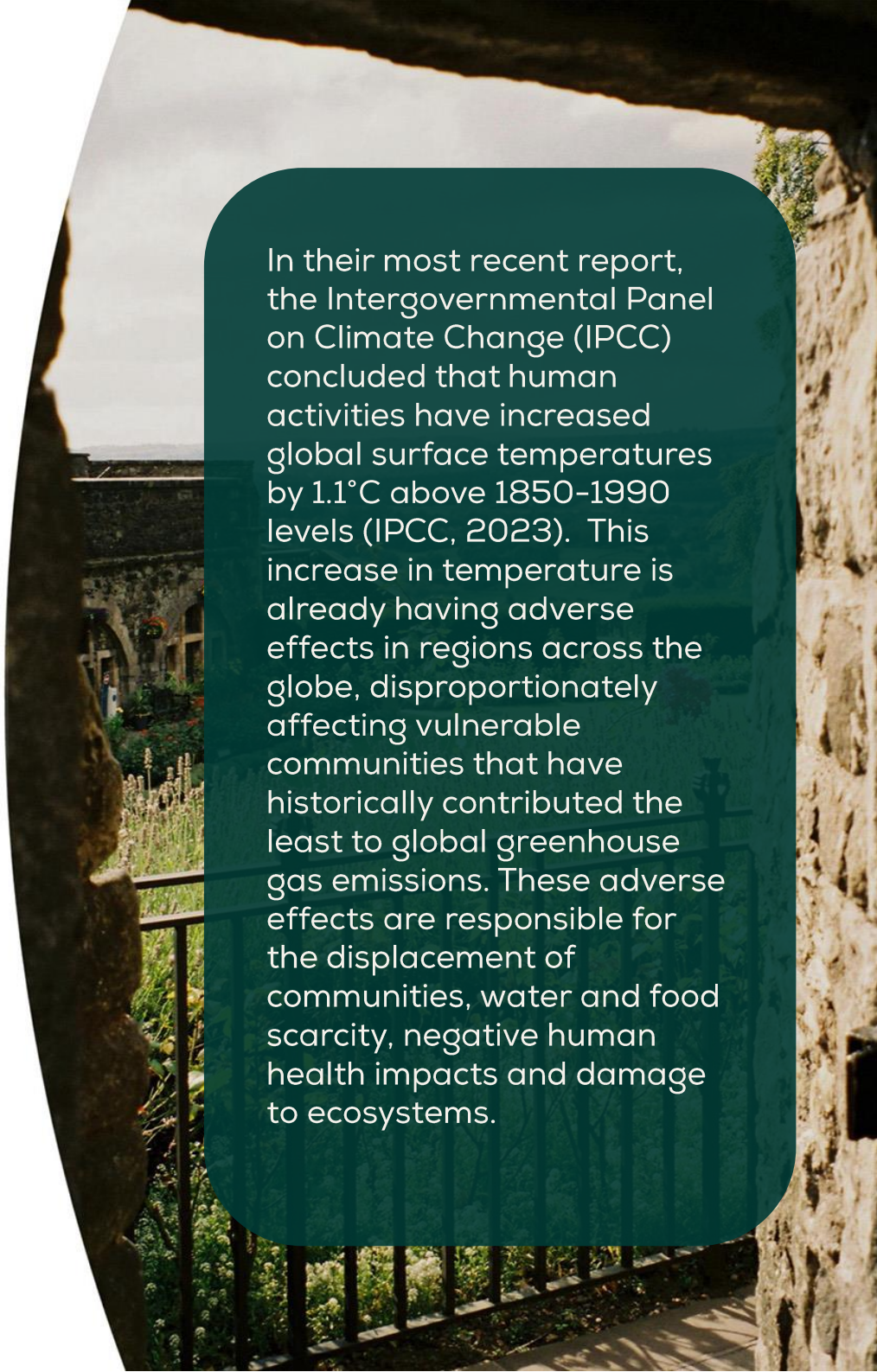
Why we're taking action

As a family business, we are extremely mindful of our impact on society and our responsibility to conduct ourselves in the right way. Sustainability is an increasing priority for Addison, our stakeholders, and the whole of society and so we are working to embed sustainability into every aspect of our business to be sure we are contributing to a fairer, more sustainable future.

We are committed to providing a safe and rewarding environment for our team, supporting the communities in which we live and work and contributing to a better world overall. We know that working to become a more sustainable business will help us to reach all of these other goals and whilst we understand that achieving Net Zero will be a significant challenge, we believe it is something that was can achieve by working with our teams, customers and partners.

The manufacturing industry accounts for one-fifth of global emissions.* This presents us with an opportunity to have a significant and positive impact on the future through our commitment to sustainability and reducing emissions.

*The World Bank, 2022



In their most recent report, the Intergovernmental Panel on Climate Change (IPCC) concluded that human activities have increased global surface temperatures by 1.1°C above 1850-1990 levels (IPCC, 2023). This increase in temperature is already having adverse effects in regions across the globe, disproportionately affecting vulnerable communities that have historically contributed the least to global greenhouse gas emissions. These adverse effects are responsible for the displacement of communities, water and food scarcity, negative human health impacts and damage to ecosystems.

Risks and opportunities

Embracing sustainable practices isn't just a response to warnings of the worsening state of our climate. Many actions that are required to reduce emissions are expected to have a positive impact on other areas of our business. It is also important for the success of our business that we consider the challenges that we may face to sustain stakeholder confidence throughout our response to this issue.

Risks

- Supply chain disruption
- Human health impacts
- Rapidly changing regulations
- Changing customer demands
- Increased insurance costs
- Increased heating and cooling costs
- Reputational risks

Opportunities

- Attract and retain talent and customers
- Develop new offerings
- Attract investment
- Decrease insurance costs
- Optimise efficiencies, reduce costs
- Increased resilience to change
- Brand enhancement

Our carbon footprint

Measured by Positive Planet

How we measure our footprint

In devising a carbon reduction plan with the goal of achieving Net Zero, it is critical that we first understand where our emissions come from. To support this, we have partnered with Positive Planet to measure our emissions.

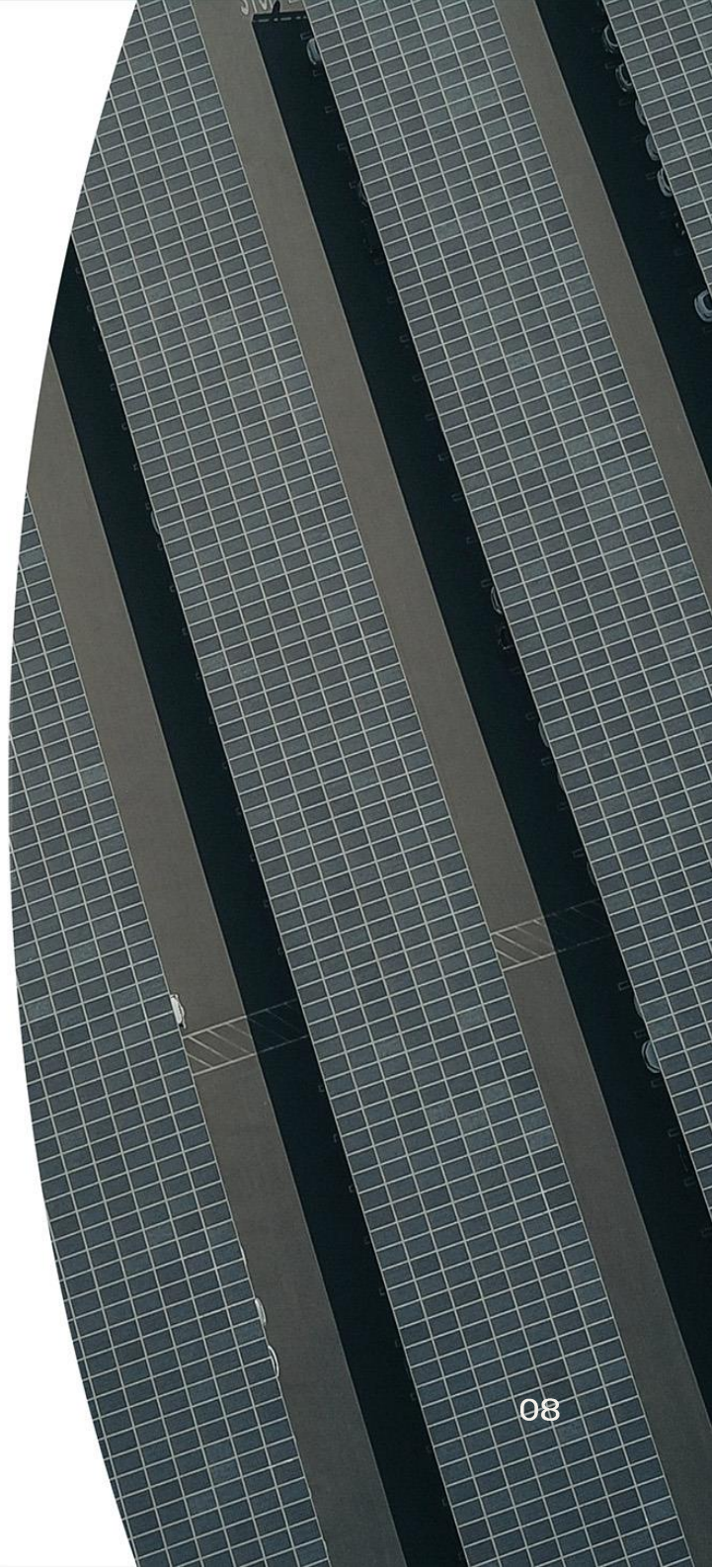
How our carbon footprint is calculated:

Our carbon footprint has been measured using principles from The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.

Six Greenhouse Gases are calculated as part of this emissions report, known as the six Kyoto Protocol GHGs. These gases occur the most often as a result of business activities, with the highest Global Warming Potential. For emissions reporting, these gases are simplified and measured in the unit of tonnes of carbon dioxide equivalent (tCO_2e).

We sorted our business activities into the scopes and categories outlined by The GHG Protocol and reported all direct and upstream indirect emissions.

We have not yet quantified our downstream impacts but commit to doing so by 2025.



CO_2 CH_4 N_2O HFCs PFCs SF_6 NF_3

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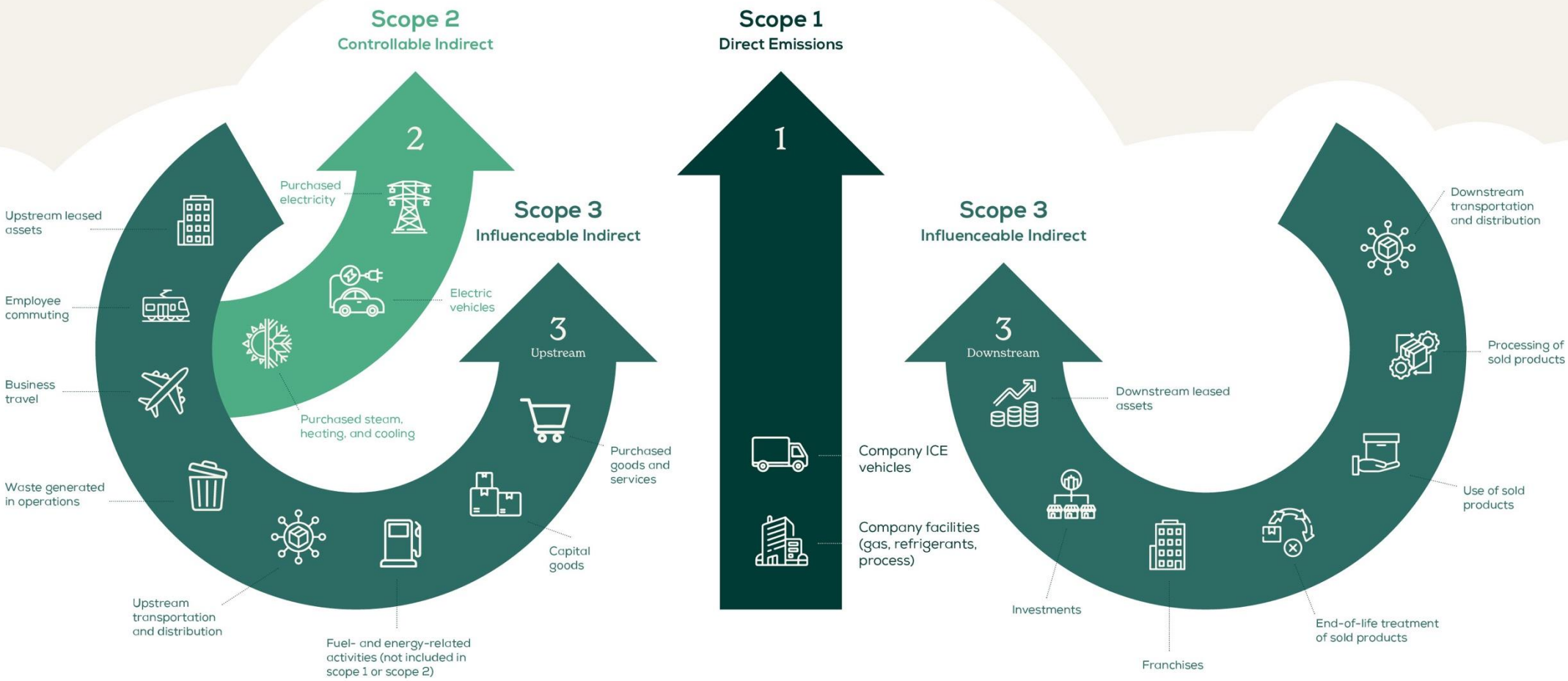
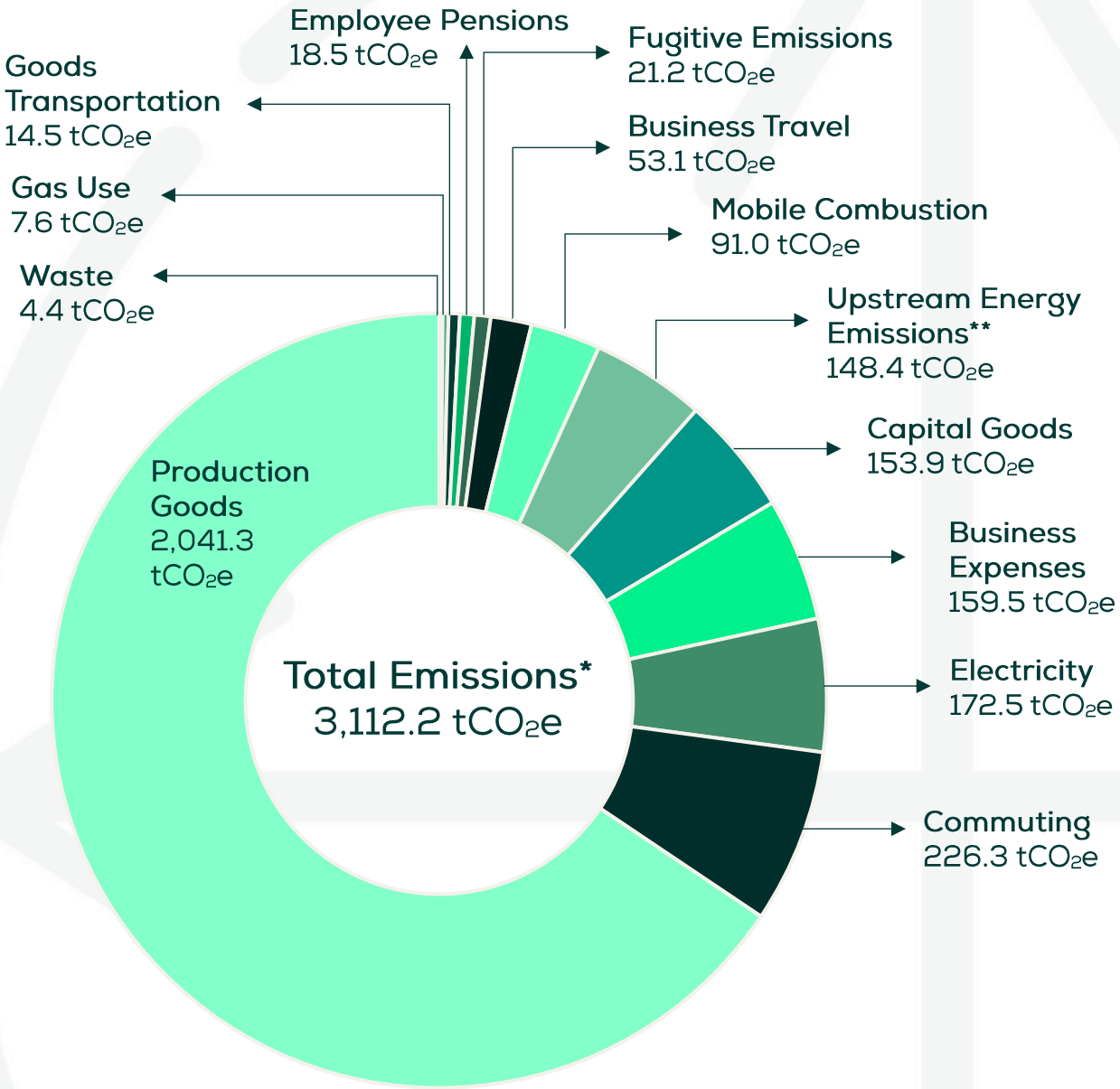


Upstream Activities | Reporting Company | Downstream Activities

Addison Group Emissions



Reporting Period
1st April 2022 – 31st March 2023

Carbon Intensity Per FTE
26.6 tCO_2e / Employee

Carbon Intensity Per £1 of Revenue
0.127 $kgCO_2e$ / £1

High Impact Activities
- Procurement of goods and services
- Employee commuting
- Electricity Use

*Exclusions:
- Procurement of materials and subcontractor services for project management activities
- Downstream impacts

**Upstream energy emissions include the WTT and transmission and distribution emissions that occur in addition to the combustion and generation emissions that are measured in the other energy use categories.

Our emissions hotspots

Measured by Positive Planet

Emissions breakdown

Procurement

Production Goods (2,041.3 tCO_2e), Business Expenses (159.5 tCO_2e) and Capital Goods (153.9 tCO_2e)

Procurement emissions include those categorised under the scope 3 categories; Goods & Services (which includes business expenses and production goods) and Capital Goods. Emissions associated with our purchase of goods and services across these categories made up 76% of our total measured emissions.

To estimate our procurement emissions, we multiplied our annual spending by relevant spend-based factors to estimate our emissions. These spend-based factors represent average emissions per £ spent in different categories rather than the emissions of the suppliers and vendors we used. Once these data become available, we hope to use it in our footprint instead of the spend-based factors.

Procurement Emissions (tCO_2e)	Addison Project	Addison Precision	Addison Engineering
Production Goods	22.4*	954.2	1,064.6
Business Expenses	102.5	26.6	30.4
Capital Goods	53.7	62.9	37.2
Total	**178.7**	**1,043.8**	**1,132.3**

What goods and services are included in each of these procurement categories?

- Production Goods: Materials, parts and components required to manufacture goods and deliver works.
- Business Expenses: Insurance, consultancy, legal services, marketing, office/vehicle repairs, cleaning services, training, entertainment, uniforms etc.
- Capital Goods: Vehicles, machinery and solar panels.

*The materials and subcontractor services procured on behalf of clients by Addison Project have not been included in the above figures. They have been measured and reported separately, see Appendix 2.

Emissions breakdown

Travel

Company Car Travel – 92.4 tCO_2e

Our fleet includes a mix of combustion engine vehicles and electric vehicles. We were able to provide miles travelled for our vehicles; our electric vehicles are charged on-site so the 1.4 tCO_2e of EV emissions included here, are can be found in the general 'electricity' category. The remaining 91.0 tCO_2e is categorised under mobile combustion.

Company Vehicle Emissions (tCO_2e)	Addison Project	Addison Precision	Addison Engineering
Diesel Car	34.3	5.7	12.9
Diesel Van	N/A	0.6	37.5
Electric Car	0.9	0.4	0.2
Total	35.2	6.7	50.6

Business Travel Emissions (tCO_2e)	Addison Project	Addison Precision	Addison Engineering
Air	34.3	N/A	N/A
Hotel Stays	10.0	0.1	1.5
Taxis	3.2	0.0	1.5
Hire Cars	2.0	N/A	0.04
Parking & Tolls	0.4	N/A	N/A
Employee Vehicle	0.4	N/A	N/A
Rail	0.2	0.1	N/A
Total	**50.6**	**0.2**	**2.3**

Business Travel – 53.1 tCO_2e

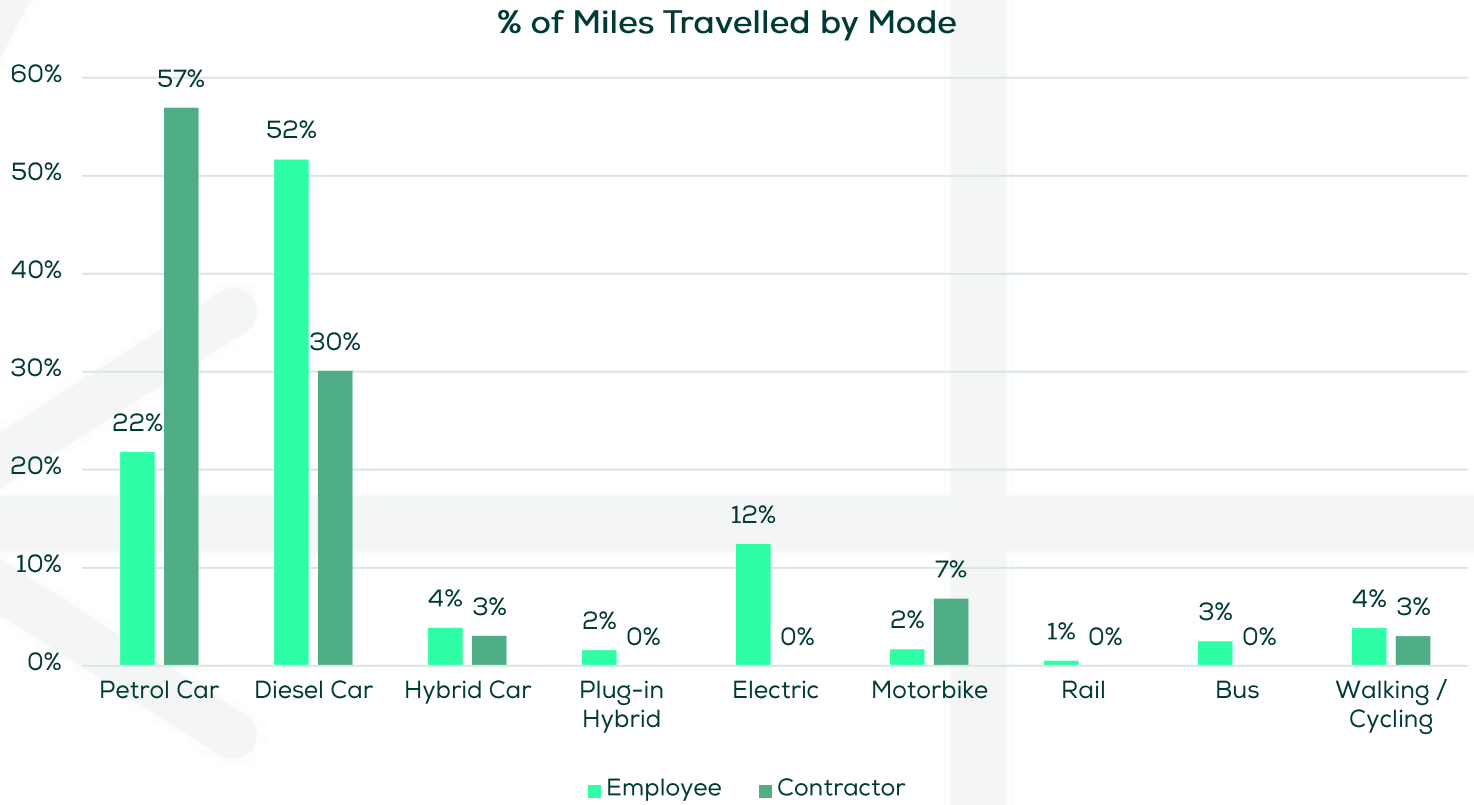
Business travel emissions include those that occur as a result of travel paid for by us in vehicles that we do not own or control, it includes emissions from all forms of transportation, plus transportation support services (parking and tolls) and emissions associated with hotel stays.

Emissions breakdown

Travel (cont)

Commuting – 226.3 tCO_2e

Commuting emissions were calculated using survey results; they include both emissions for commuting and homeworking, for both employees and contracted workers. Using survey results, we were able to calculate average emissions per employee and contractor and then scale these for each business' workforce.



We estimated that the average employee produces 0.9 tCO_2e per year commuting and homeworking, whilst contractors produce 1.4 tCO_2e. Contractors reported travelling more commuting miles each day; 25 miles vs 15 for employees, and less travelled via low-emission modes such as electric vehicles or rail.

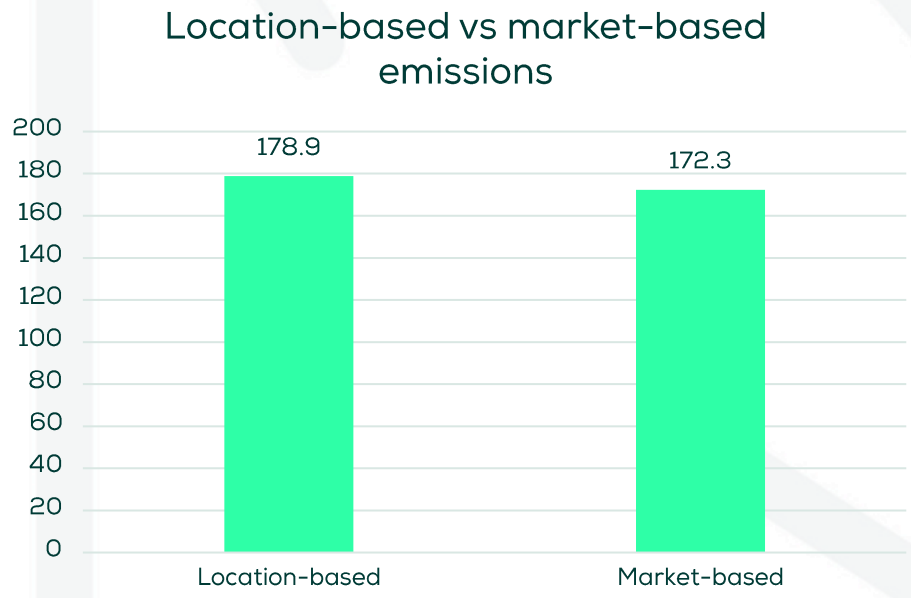
Emissions breakdown

Electricity

Electricity Use – 172.3 tCO_2e

Electricity emissions are measured in two ways, as outlined in The GHG Protocol:

- **Location-based:** Location-based emissions are calculated solely using the average emissions intensity of the local grid from which the electricity was purchased. It does not factor in any green measures adopted by the reporting organisation but instead considers the amount of low-emission electricity generated and used by the entire grid. Low-emission generation (nuclear or renewable) made up 59% of generation for this reporting period.



- **Market-based:** Market-based emissions calculations consider the decisions made by an organisation concerning tariffs and suppliers. 61% of electricity purchased through the current tariff is backed by Renewable Energy Guarantee of Origin (REGO) certificates.

We used a total of 1147.7 MWh of electricity, including 924.9 MWh of grid electricity (81%) and 222.8 MWh of solar PV electricity generated on-site (19%).

Our reduction targets

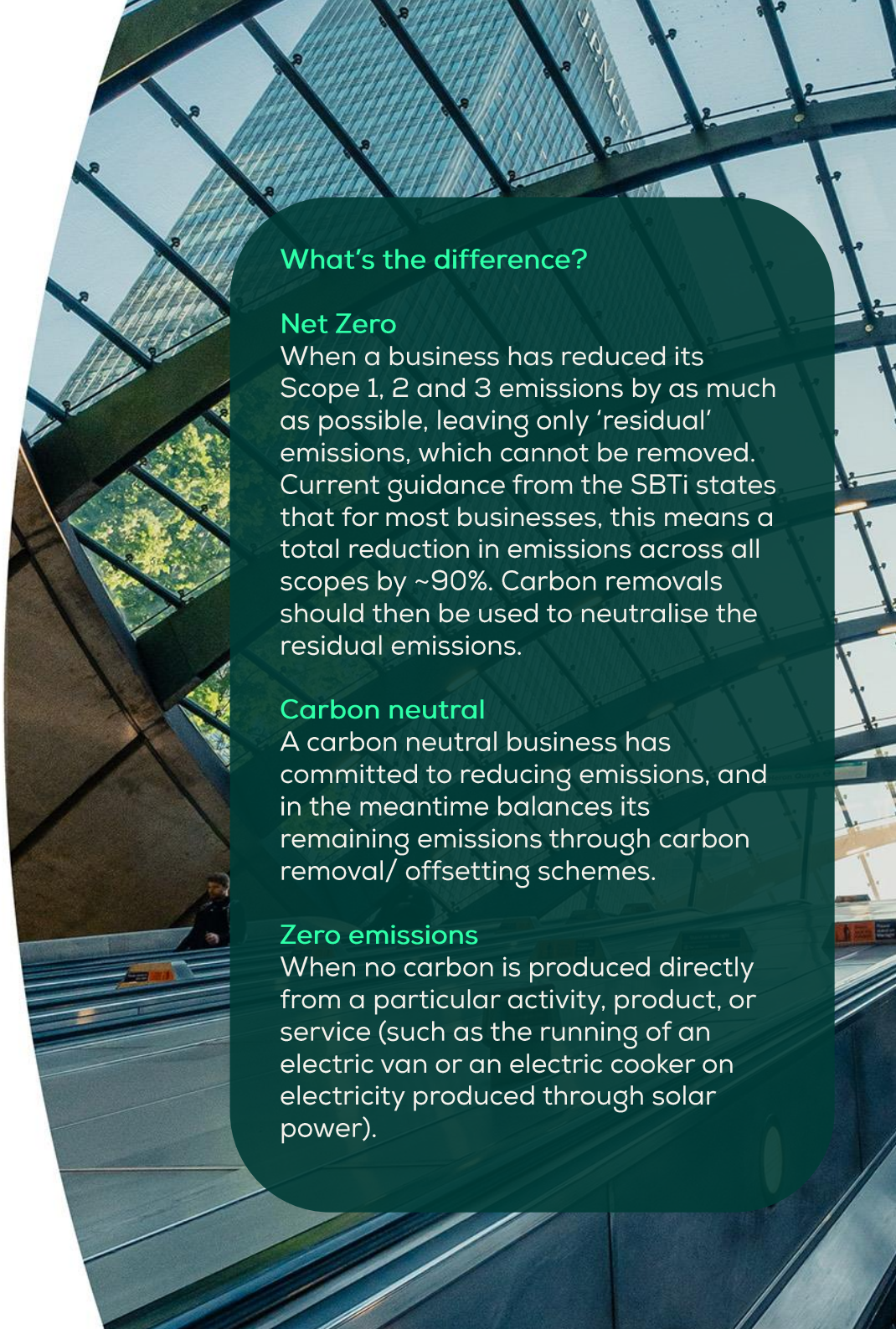
Measured by Positive Planet

What does Net Zero mean?

To achieve Net Zero, we will be aiming to reduce emissions in line with guidance from the Science Based Target Initiative (SBTi).

SBTs are greenhouse gas reduction goals set by organisations. They are defined as "science-based" when they align with the scale of reductions required to keep global temperature increases well below 2°C, and ideally below the 1.5°C agreed in the Paris Agreement, compared to pre-industrial temperatures. SBTs provide organisations with pathways to sustainable transformational change to accelerate the transition to a low-carbon economy.

Current guidance from the Science Based Targets Initiative (SBTi) states that for most businesses, this means a total reduction in emissions across all scopes by 90% by 2050 at the latest. Carbon removals should then be used to neutralise the residual emissions.



What's the difference?

Net Zero

When a business has reduced its Scope 1, 2 and 3 emissions by as much as possible, leaving only 'residual' emissions, which cannot be removed. Current guidance from the SBTi states that for most businesses, this means a total reduction in emissions across all scopes by ~90%. Carbon removals should then be used to neutralise the residual emissions.

Carbon neutral

A carbon neutral business has committed to reducing emissions, and in the meantime balances its remaining emissions through carbon removal/ offsetting schemes.

Zero emissions

When no carbon is produced directly from a particular activity, product, or service (such as the running of an electric van or an electric cooker on electricity produced through solar power).

Our targets*

Addison Group is committed to reaching Net Zero by 2050. We are aiming for a reduction of at least 90% and will neutralise any remaining residual emissions. We have also set the following near-term targets:

1

Reduce scope 1 emissions by at least 90% by 2030

2

Reduce market-based scope 2 emissions by 100% by 2030

3

Reduce location-based scope 2 emissions by 42% by 2030

4

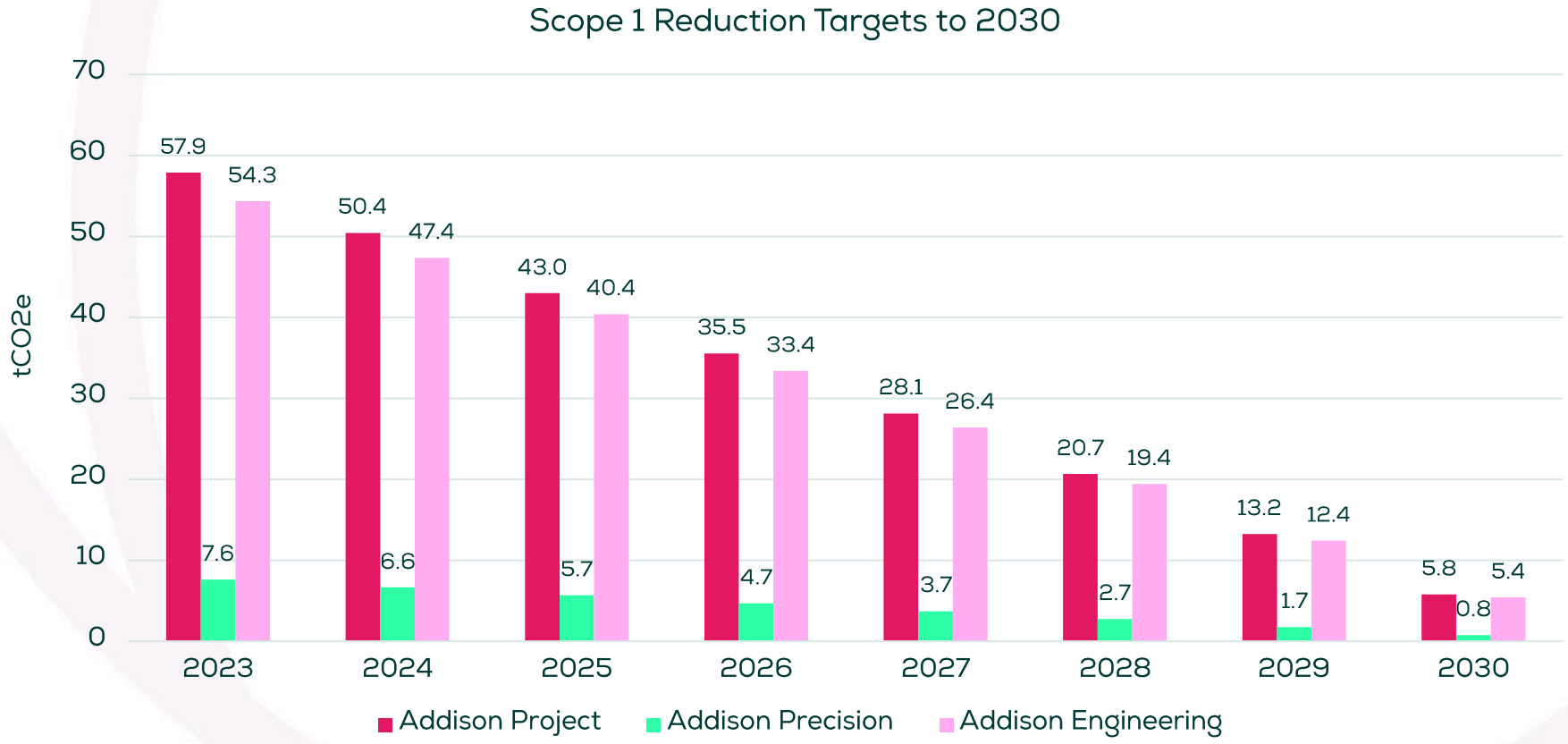
Reduce scope 3 emissions by 42% by 2030

*Targets apply to Addison Project, Addison Precision and Addison Engineering separately.

Targetted annual reduction

Scope 1 target

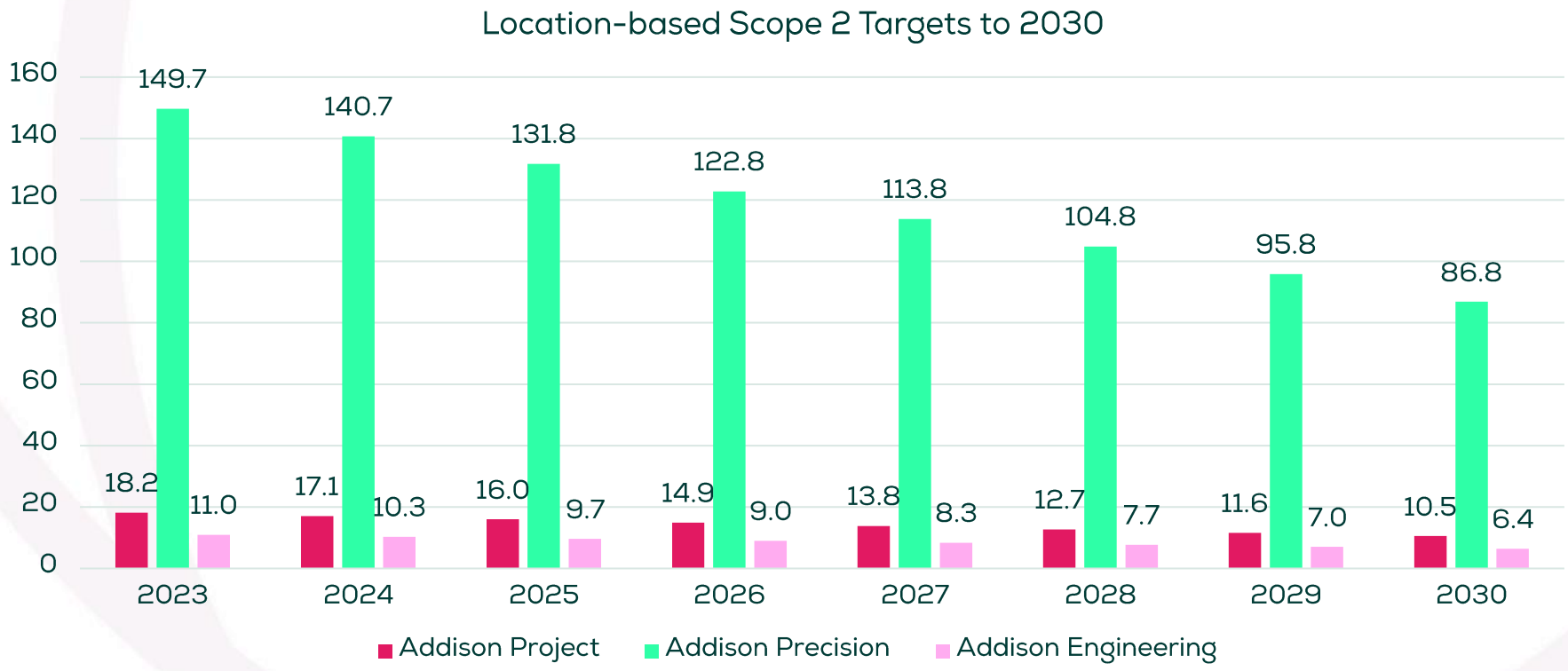
Our scope 1 target is to reduce emissions by at least 90% by 2030. To achieve this, we will be aiming to reduce Addison Project scope 1 emissions by 7.4 tCO_2e annually, Addison Precision scope 1 emissions by 1.0 tCO_2e annually and Addison Engineering scope 1 emissions by 5.4 tCO_2e annually.



Targetted annual reduction

Location-based Scope 2 target

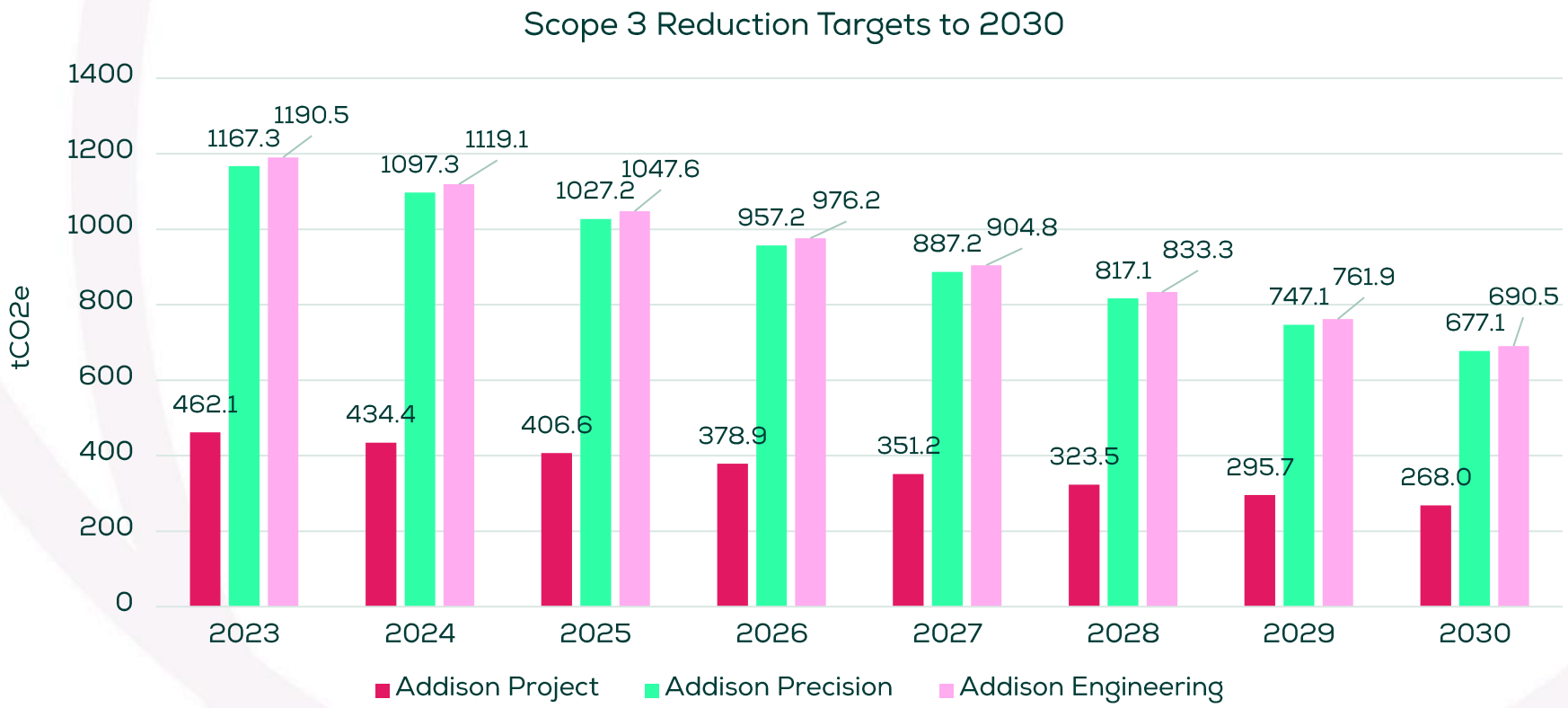
One of our scope 2 targets is to reduce location-based emissions by 45% by 2030. To achieve this, we will be aiming to reduce Addison Project location-based scope 2 emissions by 1.1 tCO_2e annually, Addison Precision scope 2 emissions by 9.0 tCO_2e annually and Addison Engineering scope 2 emissions by 0.7 tCO_2e annually.



Targetted annual reduction

Scope 3 target

Our scope 3 target is to reduce emissions by at least 42% by 2030. To achieve this, we will be aiming to reduce Addison Project scope 3 emissions by 27.7 tCO_2e annually, Addison Precision scope 3 emissions by 70.0 tCO_2e annually and Addison Engineering scope 3 emissions by 71.4 tCO_2e annually.



Reducing our emissions

Energy Use

Throughout our head office in Lancashire and our sites in Cheshire and Teesside, we use significant amounts of electricity as well as a small amount of gas to power our offices and manufacturing facilities.

The scope 2 emissions associated with our use of grid electricity for the 2023 measurement period were estimated to be 172.5 tCO_2e across the group. There was also an additional 63.1 tCO_2e recorded in scope 3 for the indirect impacts associated with the transmission and distribution of the electricity purchased. We generated 19% of our electricity during the measurement period, reducing scope 2 emissions by 43.1 tCO_2e and scope 3 emissions by 15.2 tCO_2e.

To further supplement our supply of self-generated energy, we are installing a solar wall and low-level wind turbines at Addison Precision (where the majority of our electricity is used), and are installing voltage optimisation equipment which is expected to reduce consumption by around 6% each year.

We are also working to minimise energy consumption where possible, through the use of LED lighting, LUX lighting, motion sensors, insulating materials and a vent system designed in-house that allows us to utilise the waste heat from our compressors in the winter months.

We are committed to switching to 100% renewable energy tariffs when current contracts expire.

Transport

Fleet

Our company vehicles form a relatively small part of our total measured carbon emissions but 75% of our direct emissions. To limit our direct impacts, we have committed to replacing all 25 of our current fleet vehicles with electric alternatives by 2030.

We have already replaced 2 of our vans and 6 of our cars with fully electric models, and have installed 6 charging ports on site with a solar car port on the way. Electric vehicle mileage in the most recent reporting period reduced emissions by 12.7 tCO_2e when compared with equivalent diesel vehicle emissions. As we increase the size of our electric fleet, emissions reduction will be magnified by our increasing onsite renewable energy generation that will feed into vehicle charging.

Business Travel & Commuting

Business travel and commuting emissions represent 9% of our total measured footprint. To reduce these emissions and support staff in adopting low-carbon transport methods, we will need to utilise a suite of actions, including financial support, investments and education. We have already been able to make some emissions reductions by enabling hybrid working patterns for some teams and are also offering free onsite EV charging for both staff and customers. We are now looking to expand our efforts with input from our teams and will be enforcing a strict travel policy. We expect fewer emissions from flights in future years with this year being atypical for travel.

Supply chain

The purchase of goods and services is our most carbon-intensive activity, making up 76% of our total measured emissions this year. Reducing these impacts will involve carbon reductions across our entire supply chain, which we look to progress with the following actions:

1. Initial Supply Chain Analysis

We will perform an initial screening of our supply chain and the current position regarding sustainability credentials, aiming to get a feel for current progress towards emissions measurement, target setting and reduction initiatives.

2. Target Setting

We will set some targets for our suppliers and procurement teams surrounding commitment and progress.

3. Procurement Process

We will establish a system for collecting, storing and monitoring supplier sustainability information. Data needs to be organised and available for use in our footprints, reduction forecasting and decision-making.

4. Engagement and Collaboration

We will maintain clear communication with our supply chain partners and evaluate the effectiveness of incentive mechanisms. Reductions have already been achieved through engagement with some of our material suppliers and we will look to identify further opportunities for collaboration.

Company culture

One of our priorities for the year is to make sure that sustainability becomes a part of our company culture and is a consideration in all areas of our business.

We have committed to providing Carbon Literacy training for all colleagues in 2025. This will ensure that the entire workforce is equipped with the knowledge and skills needed to contribute to our environmental goals and feel motivated to do so. We will be sure to give staff adequate opportunities to contribute ideas and to discuss potential barriers to taking action and therefore inform future actions. We will also discuss our progress towards targets and update the team on sustainability-related projects as part of major meetings and look to expand our internal carbon reduction task force.

We also commit to sharing our carbon footprint results and carbon reduction initiatives for the year ahead with our customers and wider networks via social media and our website to encourage similar action from others.

Summary

We are proud of our progress to date and our ambitious decarbonisation targets as we aim to become Net Zero by 2050.

Making a positive impact is part of our company culture and our roadmap provides feasible steps to help us protect our planet at pace. Engagement is an extremely vital piece of our climate puzzle, and we remain committed to engaging, educating, and inspiring change amongst our colleagues, suppliers, customers, and wider networks.

Whilst we reflect on our accomplishments to date, we look to the future and are excited by further opportunities to instigate change that will benefit our planet and people for generations to come.

Appendices

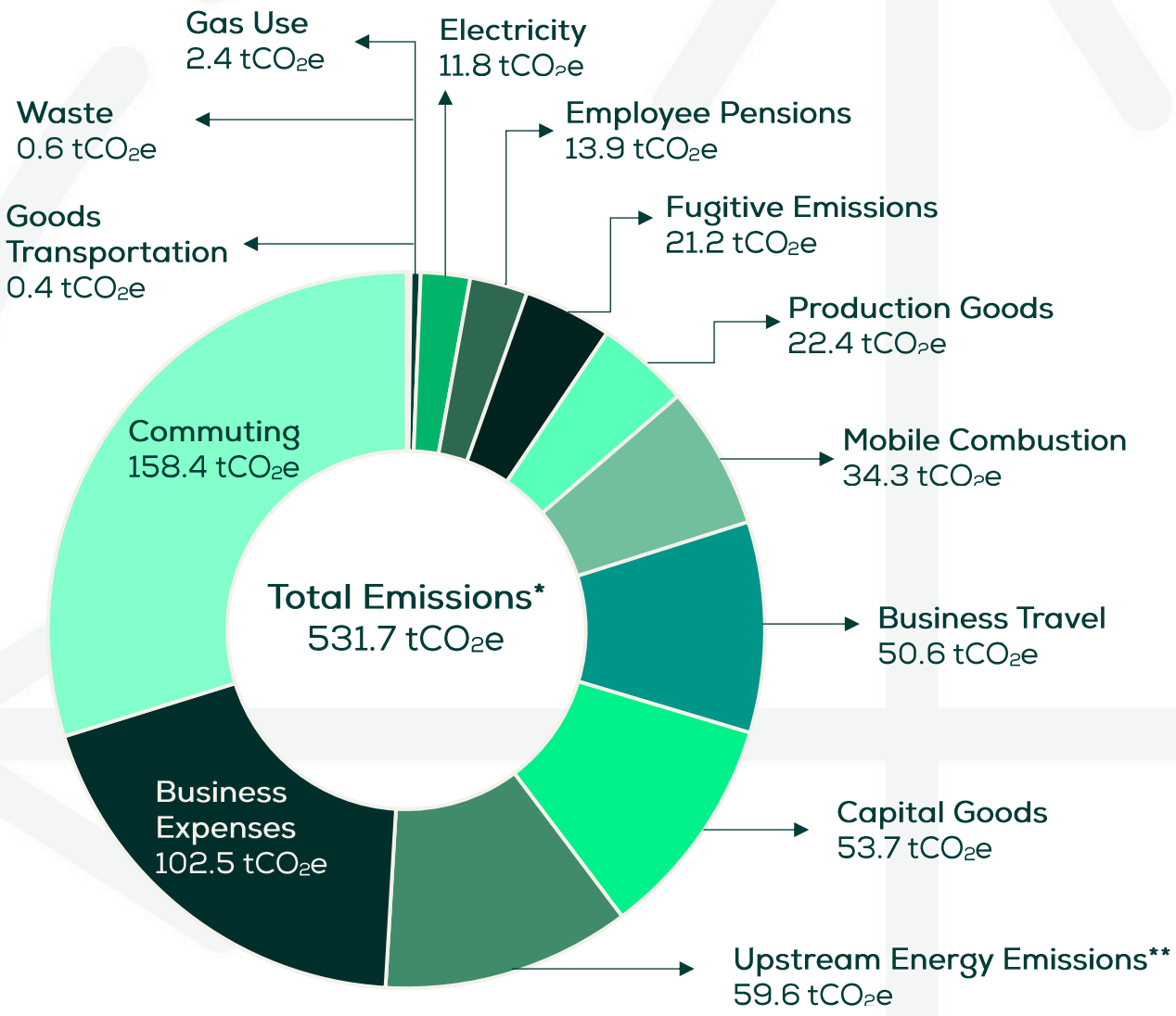
1 Addison Project Emissions

2 Addison Project Emissions: Project Procurement

3 Addison Precision Emissions

4 Addison Engineering Emissions

1. Addison Project Emissions



Reporting Period
1st April 2022 – 31st March 2023

Carbon Intensity Per FTE
11.8 tCO_2e / Employee

Carbon Intensity Per £1 of Revenue
0.032 $kgCO_2e$ / £1

High Impact Activities
- Procurement of goods and services
- Employee commuting
- Electricity Use

*Exclusions:
- Procurement of materials and subcontractor services for project management activities
- Downstream impacts

**Upstream energy emissions include the WTT and transmission and distribution emissions that occur in addition to the combustion and generation emissions that are measured in the other energy use categories.

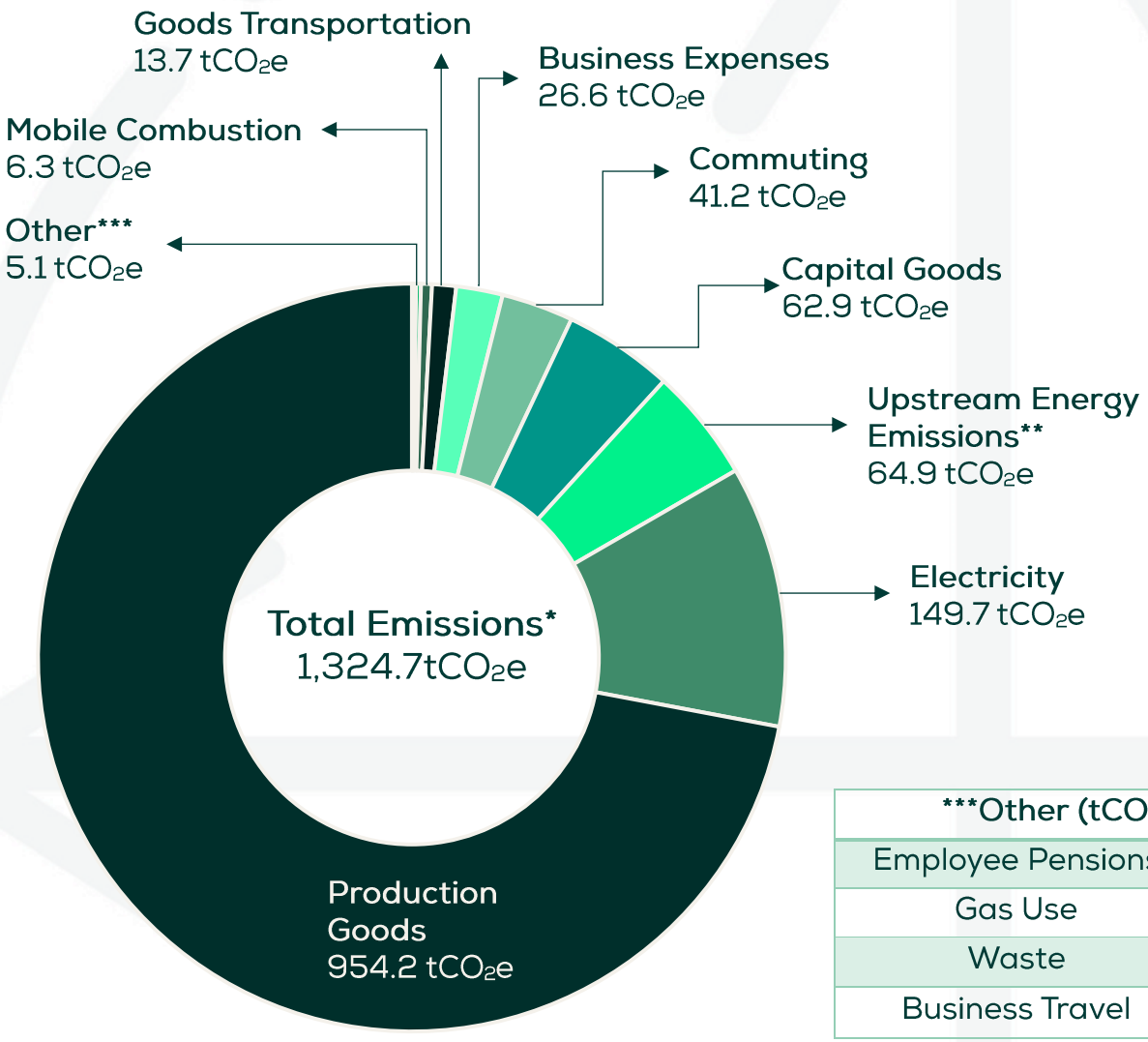
2. Addison Project Emissions

Project Procurement

Part of Addison Project's project and construction management services includes the procurement of goods and services on behalf of clients. During the reporting year, we spent around £12 million on behalf of our clients, on materials and subcontractor services, and estimated the emissions associated with this to be 4,153.9 tCO_2e.

Whilst we have excluded this figure from front page reporting, we do still consider these emissions to be part of our impact and are committed to reaching Net Zero emissions across project procurement by 2050 as with our direct procurement emissions.

3. Addison Precision



***Other (tCO_2e)	
Employee Pensions	2.8
Gas Use	1.3
Waste	0.8
Business Travel	0.2

Reporting Period
1st April 2022 – 31st March 2023

Carbon Intensity Per FTE
29.4 tCO_2e / Employee

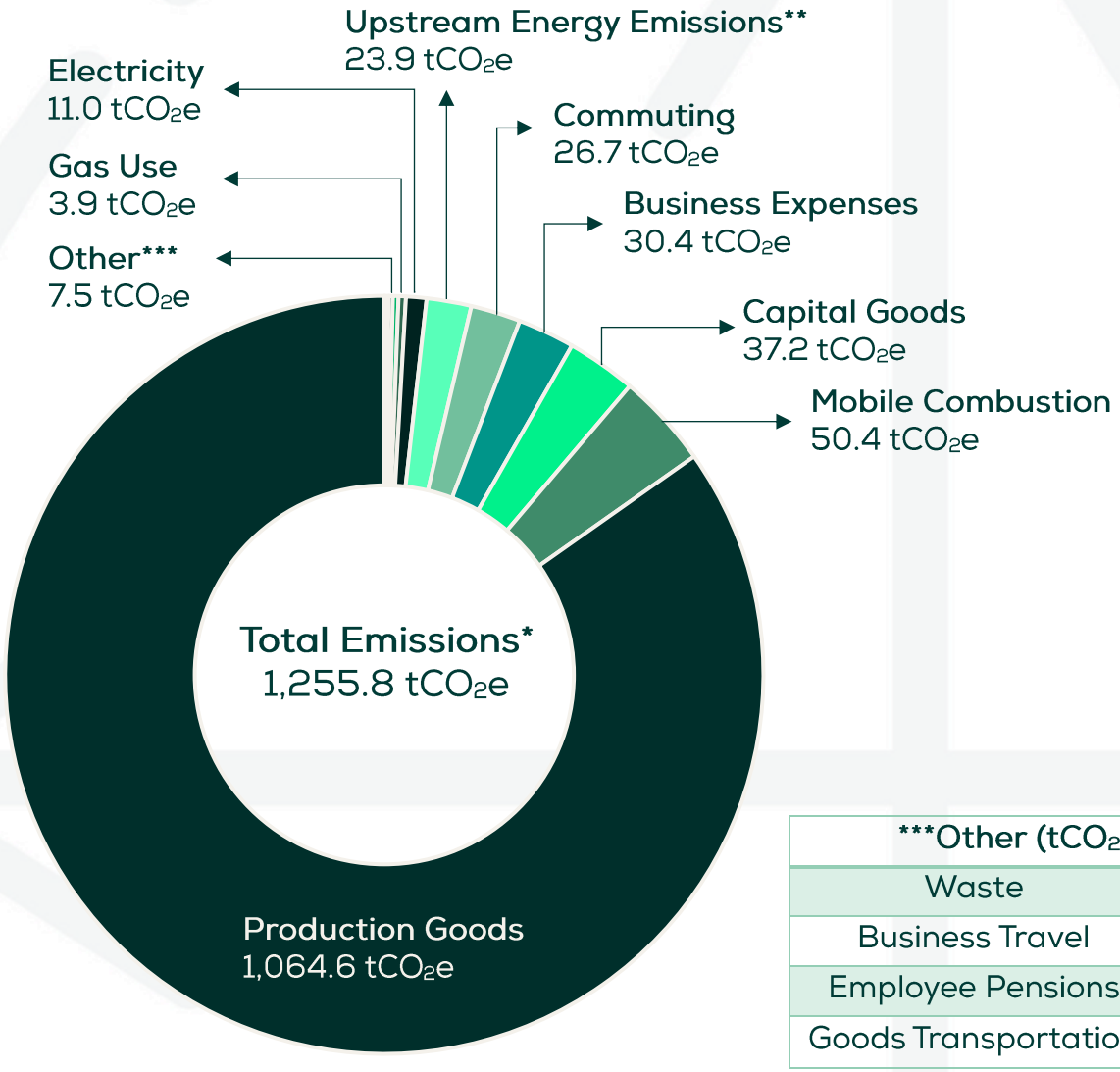
Carbon Intensity Per £1 of Revenue
0.340 $kgCO_2e$ / £1

High Impact Activities
- Procurement of goods and services
- Employee commuting
- Electricity Use

*Exclusions:
- Downstream impacts

**Upstream energy emissions include the WTT and transmission and distribution emissions that occur in addition to the combustion and generation emissions that are measured in the other energy use categories.

4. Addison Engineering



***Other (tCO_2e)	
Waste	3.0
Business Travel	2.3
Employee Pensions	1.9
Goods Transportation	0.4

Reporting Period
1st April 2022 – 31st March 2023

Carbon Intensity Per FTE
46.5 tCO_2e / Employee

Carbon Intensity Per £1 of Revenue
0.299 $kgCO_2e$ / £1

High Impact Activities
- Procurement of goods and services
- Employee commuting
- Electricity Use

*Exclusions:
- Downstream impacts

**Upstream energy emissions include the WTT and transmission and distribution emissions that occur in addition to the combustion and generation emissions that are measured in the other energy use categories.