

Elkins Construction Net Zero Report 2023



in partnership with **positive planet™**

Executive Summary

In 2023, we partnered with Positive Planet to measure our carbon footprint for the first time. This carbon footprint measurement has helped us gain valuable insight into our emissions hotspots and allowed us to prioritise actions for the year ahead.

We included materials and subcontractor services in our measurement, choosing to measure our full impact as opposed to only our operational emissions. The emissions from suppliers and subcontractor services were estimated to be 96% of our entire footprint, the remaining 4% included our utilities, company cars, business expenses and employee commuting. As this was our first measurement, we relied heavily on spend-based data. One of our main goals for the year ahead is to improve the data we collect and use to improve the reliability and usefulness of future measurements.

As well as measuring our impact, we have also committed to some Science Based Targets (SBTs), including a commitment to **reach Net Zero by 2044**.

In this document, you can find our full carbon footprint measurement results and methodology, our carbon reduction plan and our targets.

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 (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.

It has been estimated that the construction industry accounts for approximately 40% of global greenhouse gas emissions (WBCSD, 2018). This presents us with an opportunity to have a significant and positive impact on the future through our commitment to sustainability and reducing emissions.

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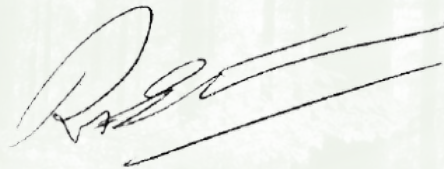


Why are we taking Action?

Why we're taking action

(Message from our Managing Director)

"At Elkins Construction it has never been more important for our business to take action to reduce emissions associated with our operations. We have a duty of care to ensure our construction activities actively seek to promote the reduction of emissions as we push towards a net zero future. Not only that, but we seek to inspire our Employees, Partners, Suppliers and Subcontractors to join us on our net zero journey as it will be the effort of all that will make the real difference. "



Ray Elkins | Managing Director



Elkins is a leading new-build, refurbishment, planned maintenance, reactive maintenance and roofing construction company. Family-owned since 1963, we work for private and public sector clients in London and the south-east. We have built a reputation for quality, value and fairness developed over six decades and two generations of family ownership.

Risks & Opportunities

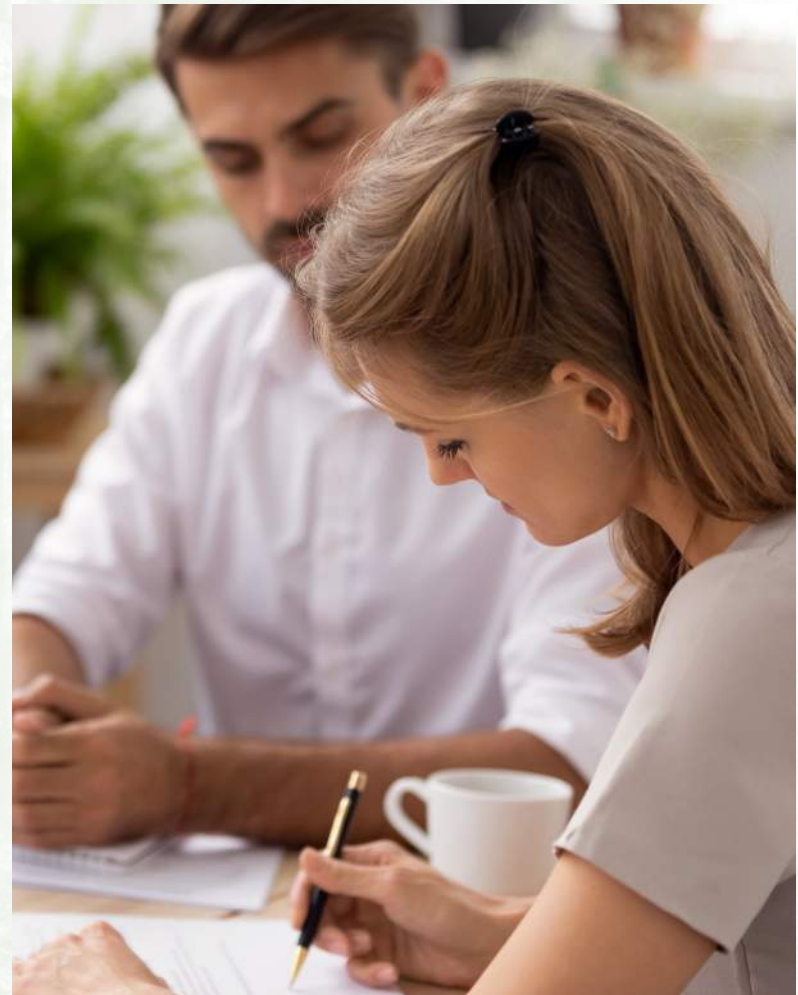
Embracing sustainable practices isn't just a response to warnings of the worsening state of our climate. Many actions that are required to reduce emissions are expected to have a positive impact on other areas of our business. It is also important for the success of our business that we consider the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

Opportunities

- Attract and retain talent and customers
- Develop new offerings
- Attract investment
- Decrease insurance costs
- Optimise efficiencies and therefore reduce costs
- Increased resilience to change
- Enhance and deliver our brand

Risks

- Supply chain disruption
- Staff health issues
- Rapidly changing regulations
- Increased insurance costs
- Increased heating and cooling costs
- Reputational risks
- Challenging working conditions





Our Carbon Footprint

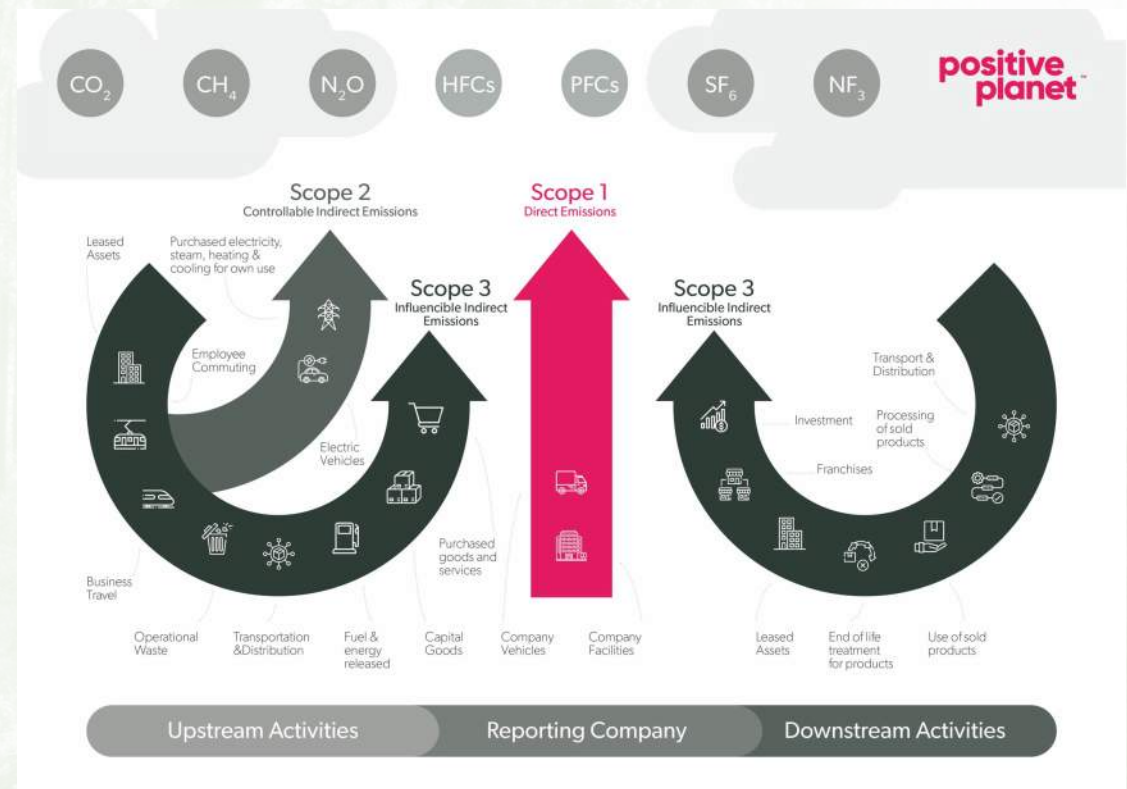
How we measure our footprint

As a first step to devising our carbon reduction plan, we recognised that it was critical that we first understand where our emissions are coming from. We partnered with Positive Planet to measure our first annual carbon footprint and to consult on actions and targets.

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. For emissions reporting, these gases are simplified and measured in the unit 'tonnes of carbon dioxide equivalent' (tCO₂e).

We have measured emissions for the majority of applicable business activities and have reported these under the 3 scopes outlined by The GHG Protocol.

As this was our first reporting year, some of the data used was low quality and we were missing some procurement data for some sites, including scope 2 site electricity data. As we continue to measure our footprint, we will improve the data quality and availability year-on-year.



Our Baseline Emissions

Reporting Period

1st March 2022 – 28th February 2023

Emissions Breakdown

Scope 1: 52.4 tCO₂e

Scope 2: 34.6 tCO₂e

Scope 3: 12,205.2 tCO₂e

Emissions Hotspots

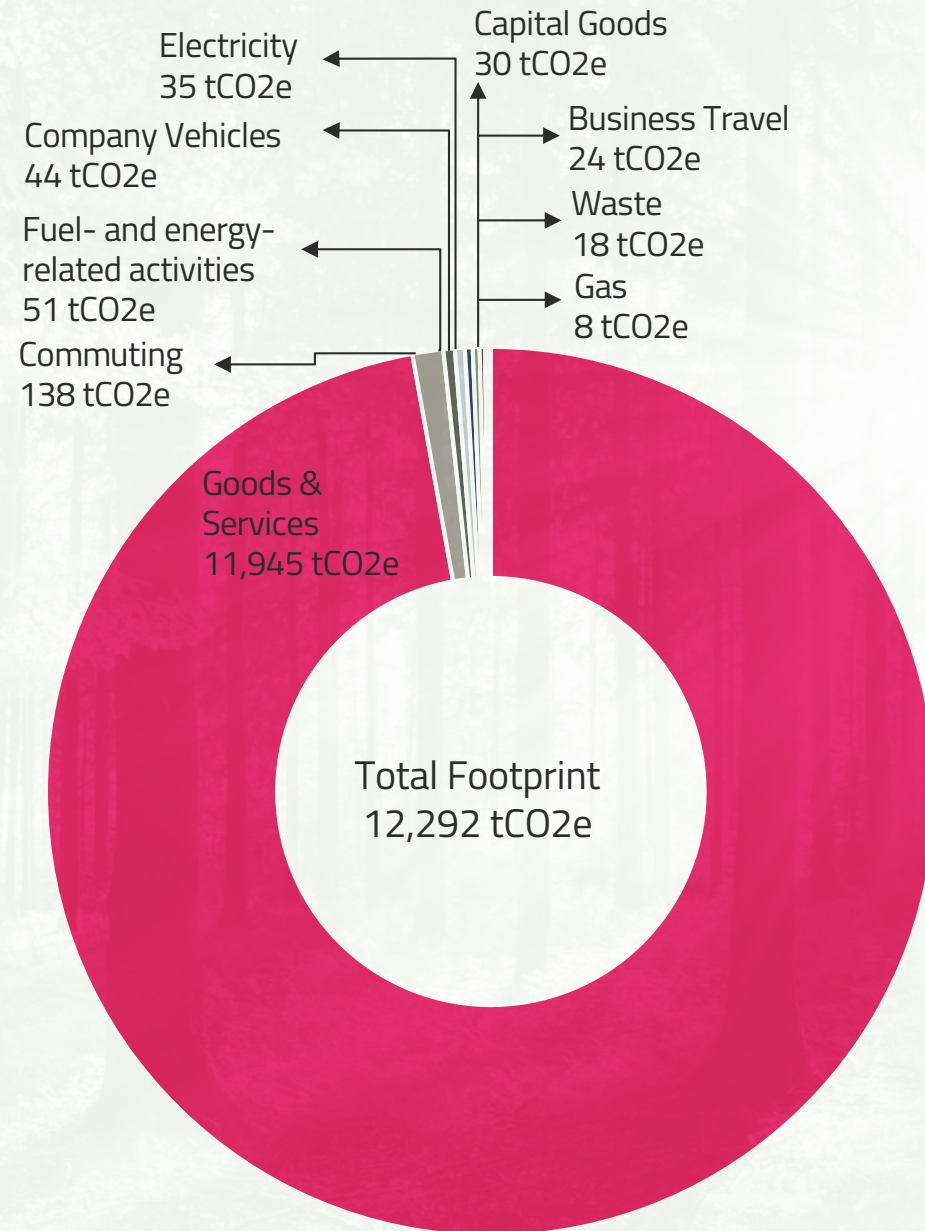
- Subcontractor services
- Construction Materials
- Employee Commuting

Carbon Intensity – Employees

159.6 tCO₂e per FTE (based on monthly average FTE)

Carbon Intensity – Turnover

214.4 tCO₂e per £ million



Breakdown of Procurement Emissions

Procurement emissions include those categorised under the scope 3 categories; Goods & Services (which includes both our business support goods and services, but also our project procurement) and Capital Goods.

To estimate our procurement emissions, we multiplied our annual spend by a relevant spend-based factor. These spend-based factors represent average emissions per £ spent in different categories rather than the emissions of the suppliers and subcontractors we used.

Subcontractor emissions were estimated to be the largest part of our footprint due to our large spend on these services.

Breakdown of Procurement Emissions

Scope 3 Category: Goods & Services	11,944.7 tCO2e
<i>Business support goods and services</i>	<i>180.8 tCO2e</i>
<i>Project procurement</i>	<i>373.5 tCO2e</i>
<i>Subcontractors</i>	<i>11,390.5 tCO2e</i>
Scope 3: Capital Goods	30.4 tCO2e

What is included in each of these procurement categories?

- Business support goods and services: pension contributions, insurance, expenses, consultancy, marketing, renting and leasing.
- Project procurement: machinery, waste removal, tools, lighting, materials (e.g. tiling, roofing, locks etc).
- Subcontractors: subcontractor procurement of materials, machinery and tools, as well as their transportation to the site and any other emissions that occur because of activities required for the completion of the project.
- Capital goods: furniture, vehicles.



Our Net Zero Targets

What does Net Zero mean?

To achieve Net Zero, we will be aiming to reduce emissions in line with the latest science-based targets (SBTs). 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**.

There is currently a SBTi pilot phase underway for the building sector. Once guidance is released, we will look to align our targets with this new guidance.

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).

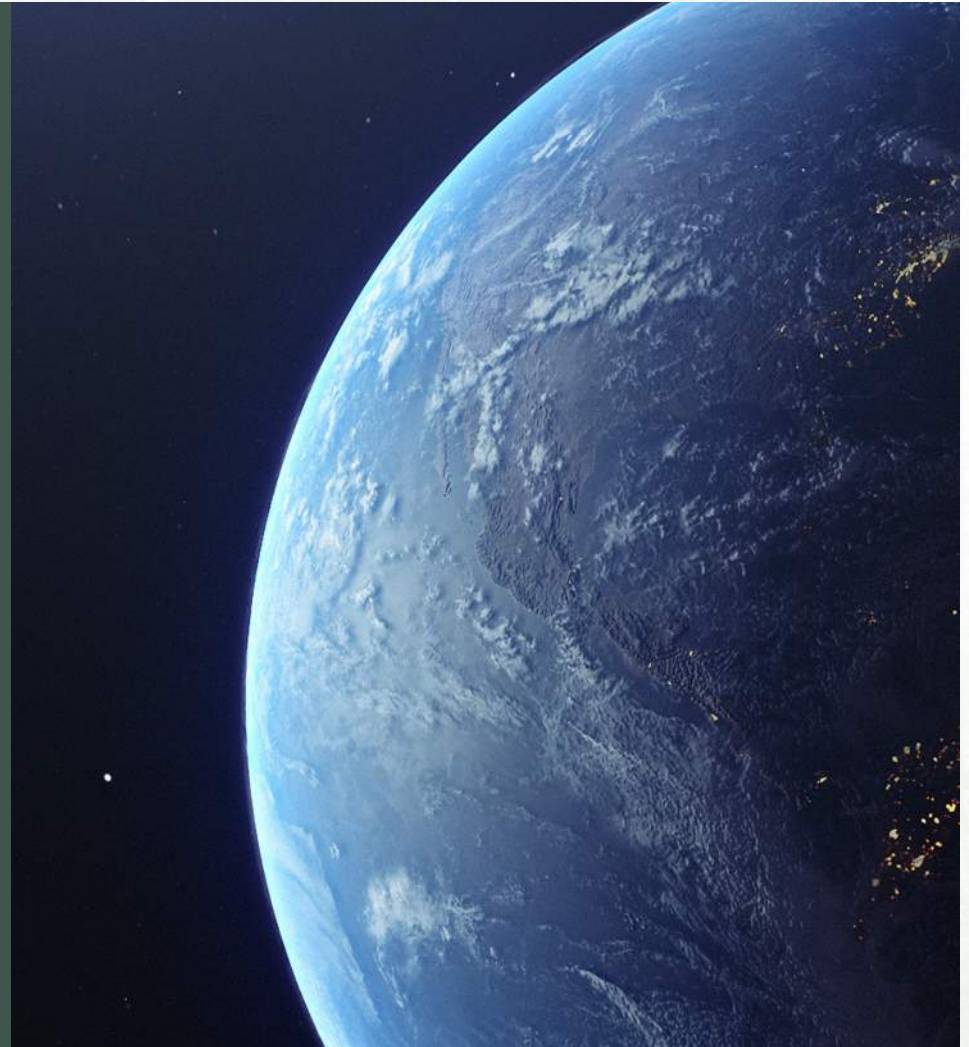
Our Net Zero targets

Elkins Construction is committed to reaching **Net Zero by 2044.**

We have also set some near-term targets to 2030:

- Reduce our Scope 1 & 2 emissions by 60% by 2030.
- Reduce our Scope 3 emissions by 50% by 2030.

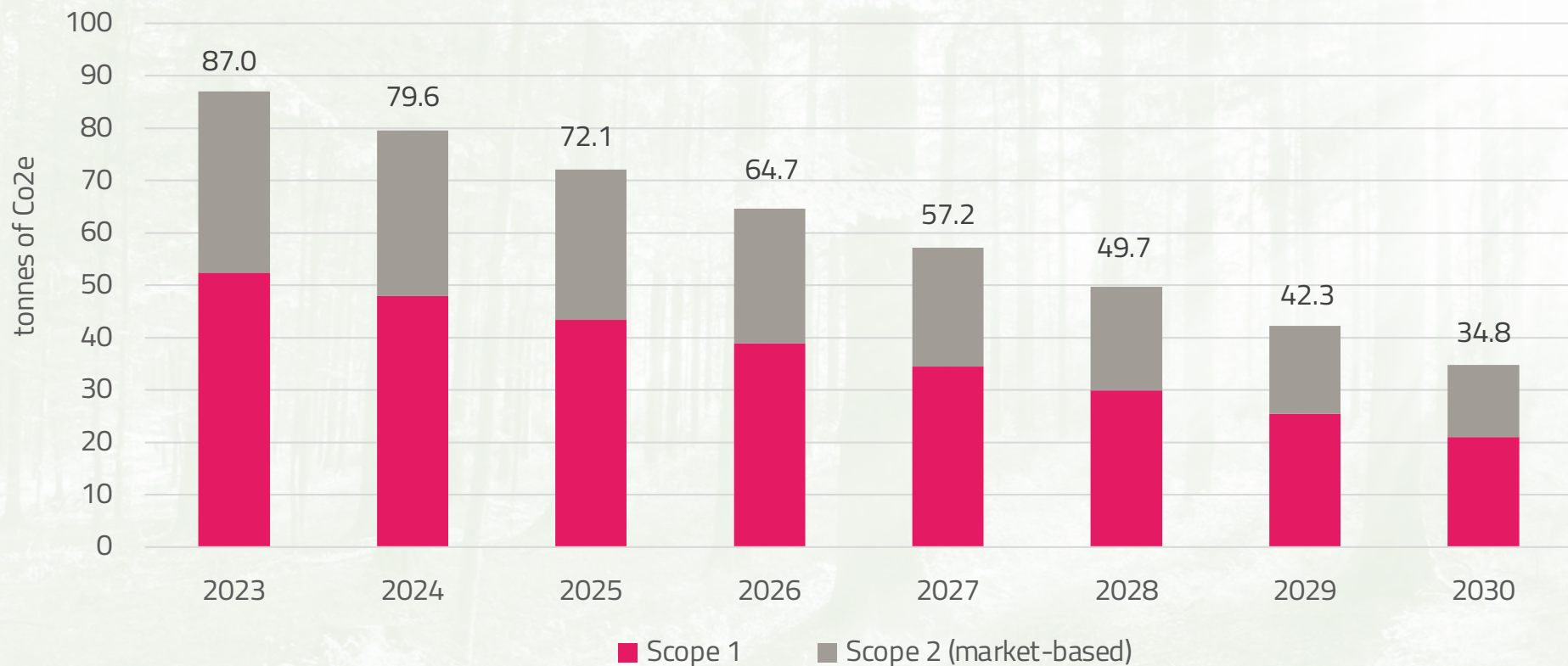
There is currently a SBTi pilot phase underway for the building sector. Once guidance is released, we will look to align our targets with this new guidance.



Targeted annual reduction: Absolute Emissions

To align our reduction targets with current SBTi guidance, we are setting absolute carbon reduction targets. Our scope 1 and market-based scope 2 target is to reduce absolute emissions by 60% by 2030, this will require an annual reduction of 8.6% for both scopes.

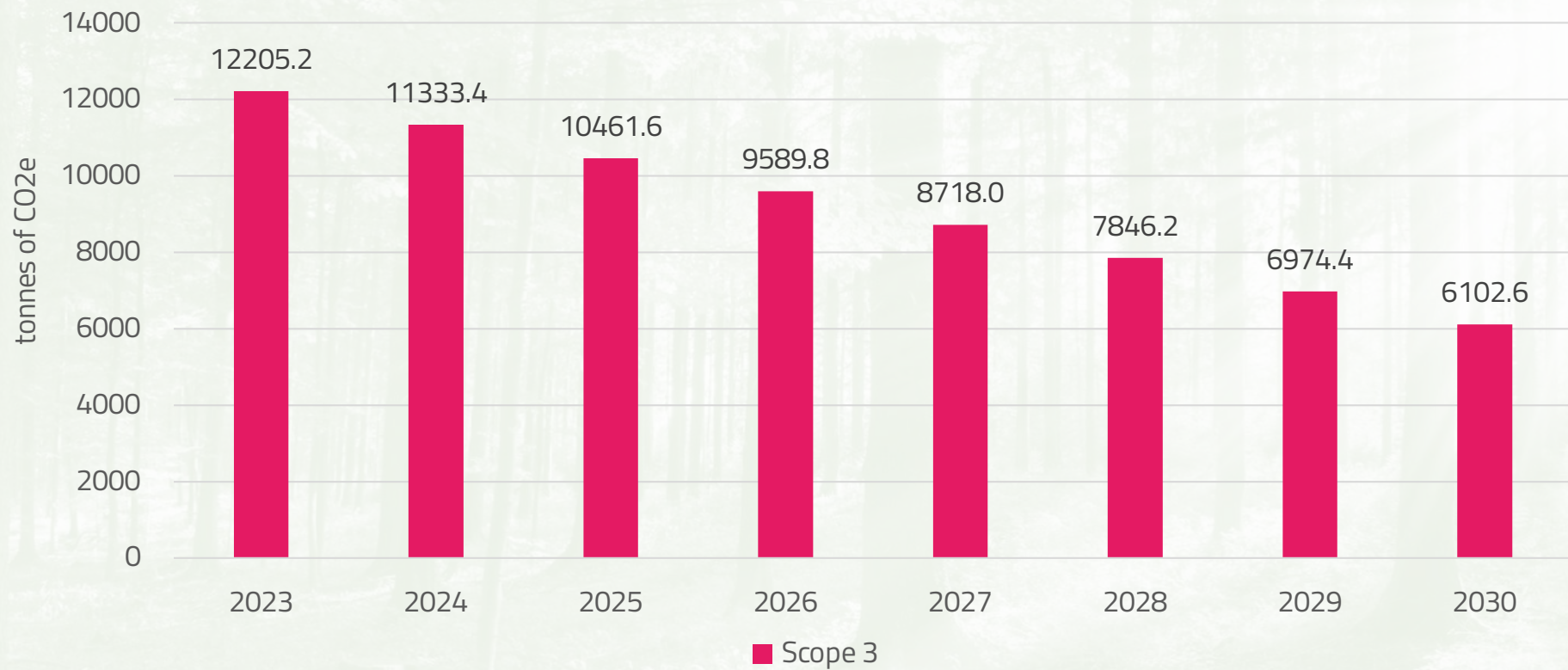
Absolute Scope 1 and 2 Reduction Targets to 2030



Targeted annual reduction: Absolute Emissions

We are also committed to reducing our absolute scope 3 emissions by 50% by 2030, this will require an annual reduction of 7.1%.

Absolute Scope 3 Reduction Targets to 2030





Our Carbon Reduction Plan

Actions we have already taken...

Measuring our carbon emissions

In 2023 we committed to measuring and reporting our business' carbon footprint with the support of Positive Planet. Measuring our carbon footprint has allowed us to evaluate the contribution of emissions from each of our business activities and create a strategy to reduce their impacts.

ISO 14001 Certification

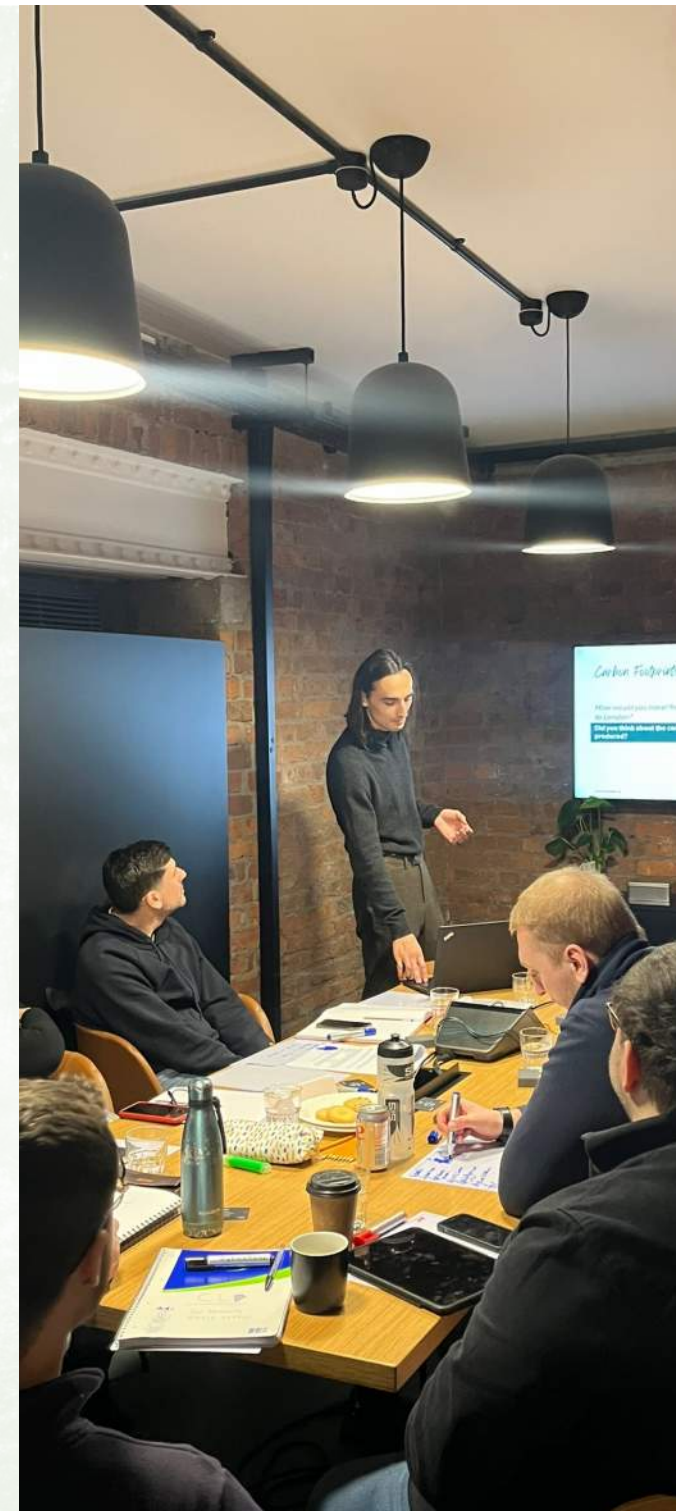
We have implemented an effective environmental management system, allowing us to use resources more efficiently and reduce waste from our projects.

Adoption of BREEAM Management Standards

We aim to align with the BREEAM framework for many of our new build commercial projects.

Modern Methods of Construction (MMC)

Many of our new builds utilise MMC. Homes are largely constructed in factories or delivered in kit forms such as SIPs (structural insulated panels). Non-traditional methods of construction typically produce less CO₂e than traditional methods through a reduction in waste, site deliveries and carbon-intensive materials such as concrete.



Short-term Actions: Scope 1

Our **Scope 1 emissions totalled 52.4 tCO₂e**, 8.2 tCO₂e of this came from the combustion of gas in boilers in our Juno Way site, and the **remaining 44.2 tCO₂e came from our combustion engine vehicles**.

As our company vehicles are responsible for a significant portion of our scope 1 emissions, we will be prioritising reducing our company vehicle emissions as a priority.

We are committed to reducing emissions from combustion engine vehicles by switching to electric alternatives at the earliest viable opportunity. We will establish a fleet strategy that introduces sustainability into the decision-making process and prioritises realistic opportunities for conversion. We will also monitor opportunities for vehicle charging at facilities backed by renewable energy tariffs to prevent the increase in our scope 2 market-based emissions.

Action: *Create a vehicle upgrade plan*

Target Date: April 2024





Short-term Actions: Scope 2

Our purchased electricity emissions were estimated to be 34.6 tCO₂e. This was estimated using spend-based data which means the figure may not be accurate and does not take into account our energy tariff.

To address the low data quality, we are going to make sure that a system is in place for collecting kWh usage for electricity for use in future measurements.

We are also going to retrieve some details regarding our current tariff and enquire about moving to one backed by REGO certificates. Purchasing electricity through a 100% renewable energy tariff will result in zero market-based scope 2 emissions.

Action: *Improve data collection methods for electricity purchases and enquire about renewable energy options*

Target Date: April 2024

Short-term Actions: Scope 3 – Goods & Services and Capital Goods

Our Goods & Services (including both project goods and subcontractor services and business expenses) and Capital Goods emissions came to **11,975.2 tCO₂e**. This figure was estimated using only spend-based data, and so we have two priorities for the year ahead:

1. Publish a Sustainable Procurement Policy

Whilst we will not be able to track emission reductions across the supply chain until actual emissions data becomes available, we will lay the groundwork for sustainable procurement by publishing a Sustainable Procurement Policy.

Action: *Publish a Sustainable Procurement Policy*

Target Date: April 2024

2. Collect supplier/product emissions data

Once our suppliers/subcontractors begin to measure their organisational emissions and the emissions of their products, we will be able to use this data to calculate our share of those emissions rather than spend. We will ensure that suppliers and subcontractors are asked basic questions regarding sustainability so that supplier/product emissions data can be collected where available.

Action: *Add sustainability considerations to the procurement process*

Target Date: April 2024

Short-term Actions: Scope 3 (Business Travel)

Business travel includes any travel in any third-party vehicles that is paid for by us as well as any stays in hotels. We estimated this year that our business travel emissions came to 23.9 tCO₂e.



As a first step to reducing our business travel emissions, we will be looking to publish a Sustainable Business Travel Policy that specifies a preference for low-emissions travel.

Action: *Publish a Sustainable Business Travel Policy*

Target date: April 2024

Short-term Actions: Embedding Sustainability into our Company Culture

We recognise that reaching Net Zero will involve many changes to the way that we work, and we know this thing will not be possible without buy-in from across the organisation.

It is important that we provide our teams with the skills, support and finance that they need to make sustainable choices, and so are committed to carrying out any action that will help to embed sustainability into the culture of Elkins.

We will consider training opportunities, and incentives and will also survey our staff to find out how we may support each team best when it comes to making sustainable decisions, with regards both to their roles but also to commuting and business travel.

We are looking to set a sustainability budget that can be used to implement actions from our plan and ensure that resources are available for the changes that need to happen.

Action: Set a sustainability budget

Target date: April 2024





Reaching Net Zero

Our Roadmap

- Ensure a system is in place for collecting supplier data
- Share targets and expectations with suppliers

- Measure emissions
- Set Net Zero targets

2023

2024

- Measure our second reporting year
- Share our vehicle upgrade plan
- Send out our first supplier survey
- Publish Sustainable Procurement Policy
- Publish a Sustainable Business Travel Policy

2025

2026

TBD – based on the decarbonisation success of actions taken.

2027

TBD – based on the decarbonisation success of actions taken.

2028

TBD – based on the decarbonisation success of actions taken.

2029

TBD – based on the decarbonisation success of actions taken.

2030

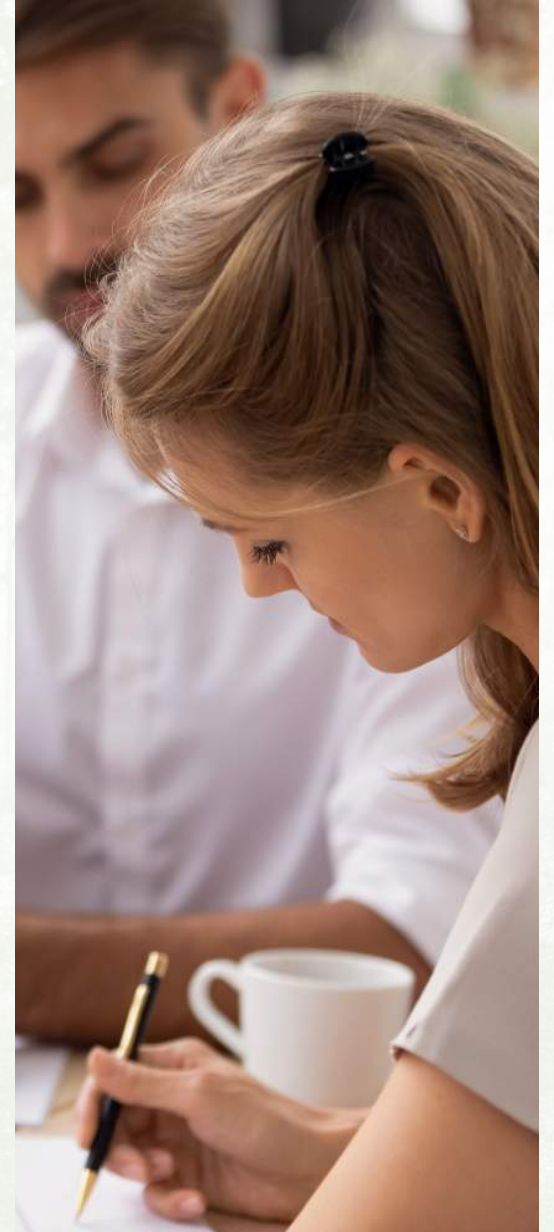
Assess progress towards targets

What does Net Zero look like for us?

For each part of our footprint, we have identified some statements that will need to be true for us to reach Net Zero.

- **Company Vehicles:** All electric fleets charged at facilities backed by renewable energy tariffs/self-generated electricity.
- **Utilities:** Electricity purchased through a renewable tariff, no gas heating in office sites, and 100% of waste recycled via Net Zero removal organisation.
- **Goods & Services/Capital Goods:** All goods and services (including subcontractor services) to be purchased from organisations that are also progressing to Net Zero.
- **Business Travel:** Essential company business travel to take place via public transport or in electrified private vehicles. Progress in the aviation industry to allow some essential air travel.
- **Commuting:** Staff members to be commuting via low emissions transport such as active travel or public transport, or in electrified private vehicles, and to be on renewable energy tariffs in the home.

It is important to remember that some residual emissions are expected so there is some flexibility with the above statements, particularly when it comes to our indirect emissions e.g. from employee commuting. We have set some short-term actions for the year ahead, and depending on the success of the actions we plan for each year, we will develop new priorities that will progress us towards the above.





Summary

We are proud of our progress to date and our ambitious decarbonisation targets as we aim to become Net Zero by 2044. 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, clients, 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.

in partnership with **positive
planet**



Appendix

Our stance on offsetting

What is offsetting?

Carbon offsetting is the removal of CO₂ from the atmosphere to counter the greenhouse gases that an organisation has emitted. Tree planting is one of the most popular ways of doing this, as trees naturally absorb and store CO₂. Some initiatives aim to reduce future carbon emissions, like solar panels, whilst others remove it from the atmosphere. Some organisations pay to offset their footprint and can then be considered carbon neutral.

Why have Elkins decided not to offset this year?

Elkins has been advised by Positive Planet to not offset their emissions this year. This is due to several reasons including the opportunity for internal investment that will prevent the emissions from being emitted in the first place, and a lack of clarity surrounding the requirements of carbon neutrality in the building sector. Positive Planet has recommended that Elkins first look to reduce their emissions and revisit offsetting once opportunities for reduction have started to decrease.

Elkins Construction is committed to investing in the planet and will be committing an annual budget to sustainability projects rather than offsetting.

