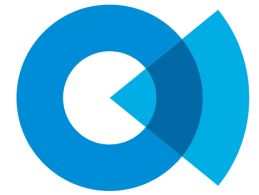


SOCOTEC UK (Group)

**Carbon Management Plan (2020-24) &
2020 Annual Emissions Report**



SOCOTEC

For A More Sustainable World





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Foreword from the CEO



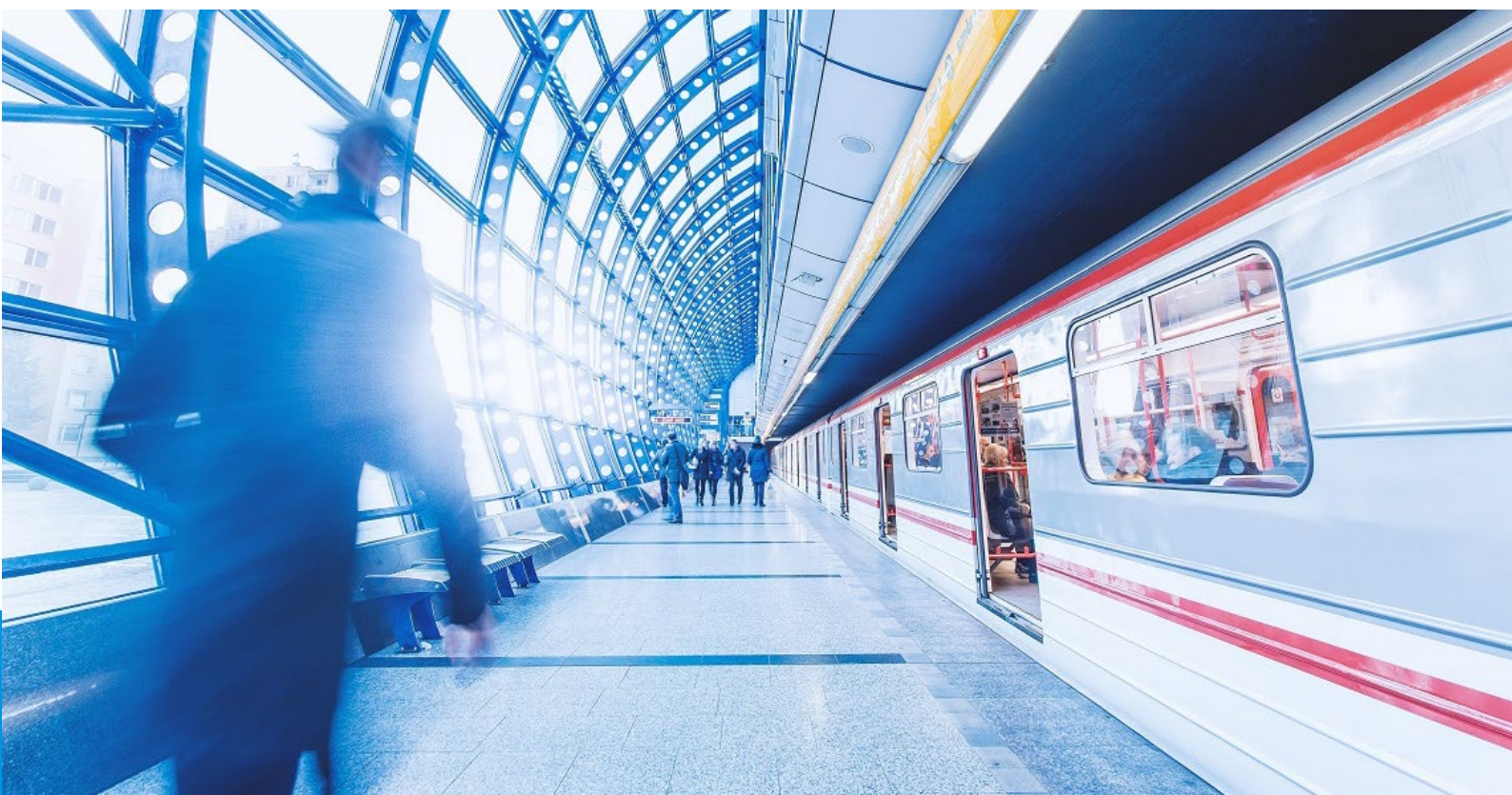
Nicolas Detchepare

Chief Executive Officer

SOCOTEC UK Group

“Climate Change is widely accepted as being one of the greatest threats and challenges to global stability and economic security. Infrastructure, construction, compliance, and the built environment are core to our business and with a greater focus on safety, the sustainability of buildings, and infrastructure, we will work together to help support our clients as they meet this critical challenge.”

Our Carbon Management Plan underpins SOCOTEC’s own commitment to reducing our environmental impact by achieving Carbon ‘Net Zero’ by 2050 at the latest. As a rapidly growing business, the targets set out in the plan will no doubt represent a significant undertaking, but I am confident that we will succeed in achieving our vision and values in delivering a more sustainable world.”



Executive Summary

SOCOTEC UK is committed to achieving the UK Government target of 'Net zero' by 2050 and is actively taking steps to reduce our Greenhouse Gas emissions. We aim to work towards this by reducing annual scope 1 and 2 GHG emissions 16.7% by 2024, and 53.3% by 2035 from a 2019 base year.

An initial baseline assessment of our Greenhouse Gas inventory for scope 1 and 2 emissions has been provided, accounting for 6770.9 tonnes in the 2019 calendar year. From this baseline, science-based targets are set consistent with a linear absolute reduction approach, equivalent to a minimum of 3.33% annual reduction over a 30-year period to meet 'Net Zero' by 2050. Screening estimates for certain scope 3 emissions categories for SOCOTEC UK are outlined to identify main areas of supply and value chain emissions to prioritise data collection and develop a more comprehensive GHG inventory.

The period 2020 to 2024 sets the timeline for our first carbon management plan and outlines the company's strategy to achieve our interim target. A long-term carbon reduction target for 2035 frames the direction of travel and allows for the development of our longer-term carbon reduction strategy.

Finally, we provide an annual emissions report for the 2020 calendar year compared to 2019 baseline figures.

1. Introduction

1.1. Background

SOCOTEC is the UK's leading provider of testing, inspection, and compliance services. Providing comprehensive solutions to a broad range of clients operating in the infrastructure, environment & safety, environmental science, building control and fire safety sectors. The Group has over 1,700 members of staff with an annual turnover exceeding £116 million. We recognise that in our day-to-day operations we inevitably impact on the environment in a number of ways and are committed to reduce that impact through continual improvement of our environmental performance.

1.2 Context and Drivers

This Carbon Management Plan (CMP) has been developed in response to several drivers both internal and external. Key drivers are outlined to highlight their significance and linkage to progressing our carbon reduction targets.

1.2.1 Strategic & Regulatory

Climate Science - IPCCs Sixth Assessment

The latest climate science as outlined in the IPCCs Sixth Assessment report points to unequivocal and indisputable evidence that human activity is warming the planet. Global average temperature was 1.09°C higher in the last decade compared to pre-industrial levels which has resulted in sea level rise, acidification of the oceans, declining land ice and changes to weather patterns. Latest model pathways now indicate with a no or limited overshoot of 1.5 °C, global anthropogenic CO₂e emissions need to decline 45% from 2010 levels by 2030 reaching net zero within an interquartile range of 2045-2055.

Paris Agreement 2015

In 2015 a legally binding international agreement - Paris Climate Agreement - saw 195 countries agree to long term carbon reduction targets to limit global warming to well below 2°C and pursue efforts to limit warming to no more than 1.5°C. The latest climate science is increasingly clear on risks associated with warming above 2°C which are widely regarded as unacceptable. Increasing pressures on the natural environment will inevitably affect human society and the economy in which we operate and rely upon.

UK Climate Change Act 2008 (as amended 2019)

The Act was first introduced in 2008 to set legally binding carbon reduction targets of 34% by 2020 and 80% by 2050 compared to a 1990 baseline over various carbon budgets. The sixth carbon budget (for period 2033 to 2037) brings a 78% reduction by 2035 into law. Following the Paris Agreement, an amendment in 2019 has seen the UK Government adopt a 'Net Zero' by 2050 approach. Businesses therefore risk heightened exposure to future regulatory and financial pressures where their own carbon reduction strategies do not align with national targets.

Client Requirements

Central government departments, executive agencies and public organisations have been used as a lever to drive the governmental national agenda on sustainability and carbon management. This has placed requirements on principle contractors to report on environmental key performance indicators as part of delivered goods and services. In turn, client requirements are disseminated throughout the supply chain as companies seek to understand, influence, and optimise their own supply chains as well as gain competitive advantage. It therefore follows that having a transparent carbon reduction strategy and sustainability reporting is integral to future business growth.

Proposed Ban on Combustion Vehicles

The UK government has confirmed that sales of new petrol and diesel cars will end by 2030 with the latest outlook including the phase out of light vans by 2035 to achieve national carbon reduction targets. With vehicles accounting for 70% of SOCOTEC UK's carbon footprint (2019), decarbonisation must be built into our strategy over coming years whilst investing in infrastructure to support the future needs of our fleet.

1.2.2 Organisational & Financial

Market Position

As a leader in testing, inspection, and compliance SOCOTEC has acquired and developed a broad range of technical expertise through our employees and services provided to address our clients' environmental challenges. The company holds a clear position in the UK to contribute towards the sustainable development of the built environment and are well placed to collaborate with clients, professional institutions, universities, employees, suppliers, and local communities to innovate and develop low carbon goods and services. In doing so, we recognise our own business activities should be modelled on good carbon management and best practice to maximise standards of respect for the environment.

Corporate Profile & UN Sustainable Development Goals

In May 2020 SOCOTEC Group published the updated Code of Ethics which included a pledge to *'...the protection of the environment and to sustainable development'* by *'rational and sustainable use of energy and 'reduction in greenhouse gas emissions'*. This is transposed into the CSR strategy as one of the three main commitments - 'A More Sustainable World'. Creation of a carbon management plan contributes to the fulfilment of this strategy and is aligned with 2 of the UN's SDG's to take climate action & ensure access to clean energy.

Performance Monitoring

SOCOTEC UK operates a Group wide Environmental Management System (EMS) for which core aspects of the business are externally certified to ISO 14001:2015. The EMS provides a framework to measure and monitor our environmental performance (including energy, carbon, and waste) via key performance indicators as well as setting targets and objectives. The EMS is regularly audited via our internal audit programme and via external certifiers (certificates available on website) to ensure continual improvement.

Energy Costs

The UK has experienced increased volatility of energy prices in recent years which presents a financial risk to our business. We are reliant on the mains gas network and the national grid to power our buildings and oil imports for fuels used in our vehicles and equipment. One of the largest factors influencing energy costs is the price of oil which is susceptible to foreign conflict, changes in global supply and demand as well as international crises. The falling costs of renewable energies and increase in national capacity is considered to provide a feasible alternative to long term reliance on fossil fuels.

2. Emissions Baseline Assessment

A baseline assessment of SOCOTECs GHG Inventory is established for Scope 1 and 2 emissions for the 2019 calendar year. Initial estimates of screening outputs for certain scope 3 categories are presented.

2.1 Measurement

SOCOTEC UK contributes to changing climate directly through emissions from our building facilities, fleet activities as well as indirectly from procurement of electricity, demand for goods and services and waste disposal. Emissions are measured according to the following scopes defined in the Green House Gas Protocol (Corporate Standard):

- Scope 1:** Direct emissions from sources wholly owned or operated by the organisation (e.g., gas boilers, fuel from fleet and equipment).
- Scope 2:** Indirect emissions from generation of procured electricity consumed by the organisation.
- Scope 3:** All other indirect emissions associated with activities upstream within the supply chain, or downstream in the value chain from sources not owned or operated by the organisation (e.g., water supply, business travel, procurement).

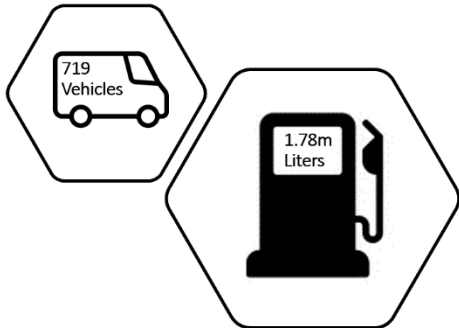
Throughout this CMP, Carbon is expressed as Carbon Dioxide Equivalent (CO₂e) which accounts for seven main gases defined by the Kyoto Protocol attributed to global warming. Measurable metrics are applied to annual conversion factors published by the Department for Environment, Food and Rural Affairs and other recognised average industry factors.

2.2 Significant Emissions Sources

Baseline emissions have been calculated for the 2019 calendar year which is representative of business acquisitions made up to the end of December 2018 following SOCOTECs entry into the UK market in 2017. Emissions data for acquisitions made 2019-present remain to be identified pending full integration and 12-months available data. However, these are not thought to present a significant impact on or deviation from base year figures.

TABLE 1: Total Scope 1 & 2 Emissions			
SOURCE	Scope	Tonnes CO₂e	Percentage Total
Gas	1	495.4	7.3%
Transport (Fleet)	1	4758.2	70.3%
Electricity	2	1517.3	22.4%
TOTAL	-	6770.9	100%

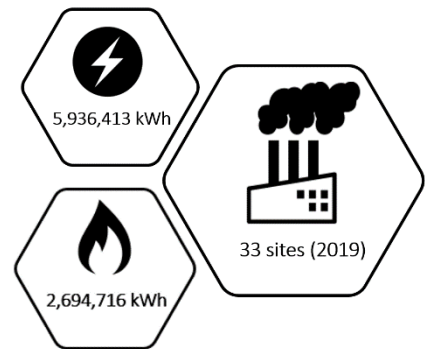
2.2.1 Transport (Fleet) & Equipment – Scope 1



Carbon derived from fuels used in vehicles and equipment owned and operated are the most significant source of emissions accounting for 70.3% of total scope 1 and 2 emissions in 2019. The fleet comprises predominantly vans and other off-road vehicles required to bring testing, inspection, and compliance services to our client sites throughout the UK. We also operate a small number of company cars to management and consultancy staff. Fuel cards are issued across the business to capture data on all forecourt purchases (Diesel, Petrol, LPG).

2.2.2 Energy Use in Buildings – Scopes 1 & 2

Energy is consumed by our buildings and facilities for heating, lighting, and powering equipment. It is our second largest contributor of carbon emissions accounting for 29.7% of scope 1 and 2 emissions. A combined 8,631,078 kWh was consumed for gas and electric across 33 sites in 2019 drawn from the mains gas network and national grid. Data is obtained via various means including half hourly metering, smart metering, meter readings, invoicing and bill validation.



2.2.3 Business Travel – Scope 3



Business travel including employee use of personal vehicles (grey fleet) is a vital part of delivering services to our clients. Data for emissions has been obtained through expenses submissions through the central finance team which currently includes travel by road vehicles. A distance-based approach has allowed data capture via mileage expense data, vehicle type, fuel type and engine size.

2.3 Scope 3 – Estimated Emissions

Certain Scope 3 emissions categories have been screened using the WRI/Quantis Scope 3 Evaluator Tool for the 2019 calendar year to provide an initial estimate of our emissions, prioritise data collection and develop a more comprehensive GHG inventory. As a business providing professional services rather manufacturing and sale of products, initial estimates have focused on upstream categories. With the exception of business travel, there was little or no scope 3 reporting prior to 2019 due to limited data from companies acquired by SOCOTEC and organisational changes.

Table of estimated emissions and summary are provided below:

Table 2 – Estimated 2019 Scope 3 Emissions (TCO₂e) by Category		
Scope 3 Category	2019	% Estimated Scope 3 Emissions
1. Purchased Goods & Services	13,431	62.19
2. Capital Goods	2,153	9.97
3. Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	1,617	7.49
4. Upstream Transport & Distribution	315	1.46
5. Waste Generated in Operations	826	3.83
6. Business Travel*	278	1.29
7. Employee Commuting	2,975	13.78
8. Upstream Leased Assets	Included in Scope 1 & 2	-
9. Downstream Transportation and Distribution	Not Applicable**	-
10. Processing of Sold Products	Not Applicable**	-
11. Use of Sold Products	Under Review	-
12. End-of-Life Treatment of Sold Products	Not Yet Evaluated**	-
13. Downstream Leased Assets	Included in Scope 1 & 2	-
14. Franchises	Not Applicable**	-
15. Investments	Not Applicable**	-
	TOTAL	21,596
		100%

* Business travel based on mileage data. ** Subject to annual review.

Purchased Goods & Services, Capital Goods, Waste Generation

The most significant proportion of scope 3 emissions is estimated to derive from purchased goods and services including capital goods (15,584tCO₂e). This includes plant, machinery, equipment, and consumables required to carry out geotechnical investigation, materials testing, laboratory, and office-based activities. The processing of samples and use of consumables from a range of testing services subsequently leads to carbon emissions associated with waste generation, removal, and final treatment (826tCO₂e). There is therefore considerable opportunity to reduce carbon emissions through promotion of sustainable procurement and engaging with suppliers.

Employee Commuting & Business Travel

With over 1700 members of staff across the group employee commuting from home to a place of work is estimated to be a material category accounting for up to 2,975 tCO₂e of scope 3 carbon emissions. There is opportunity to obtain more accurate measurement carbon emissions from employee commuting through a detailed travel survey to inform mode of travel and distance-based calculations.

Upstream and Downstream Distribution, Use of Sold Products

As a predominantly service-based business, there is little activity leading to carbon emissions relating to upstream/downstream distribution. A limited amount of sold products exist in the form of safety and water treatment equipment transported by third party suppliers which form part of our supply & value chain emissions.

Water treatment equipment containing electrical components is likely to contribute significant scope 3 emissions over the lifetime of the product as they directly consume energy during use. Due to the bespoke nature of equipment and components sold, there is limited aggregated data to inform carbon estimates on the use of sold products. We are therefore working to collect the information necessary to estimate and report these emissions in the future.

Main Assumptions & Exclusions

(Refer to Table 2 above.)

Categories 8, 13: SOCOTEC occupies several buildings that are leased from and to third parties to as part of our business operation. These emissions are accounted for in scope 1 and 2 emissions.

Category 10: Category is not applicable to SOCOTEC UK; SOCOTEC does not sell intermediate goods.

Category 12: End of life treatment of sold products has not yet been evaluated. The expected lifetime of equipment is relatively long making assessment of emissions difficult due to uncertainty and complexity surrounding future ability to recycle materials used in components.

Category 13: Category is not applicable to SOCOTEC UK; SOCOTEC does not operate in franchise business.

Category 14: Category is not applicable to SOCOTEC UK; SOCOTEC does not operate in investment banking operations or hold any external investments in third party organisations.

3. Carbon Strategy – Overview

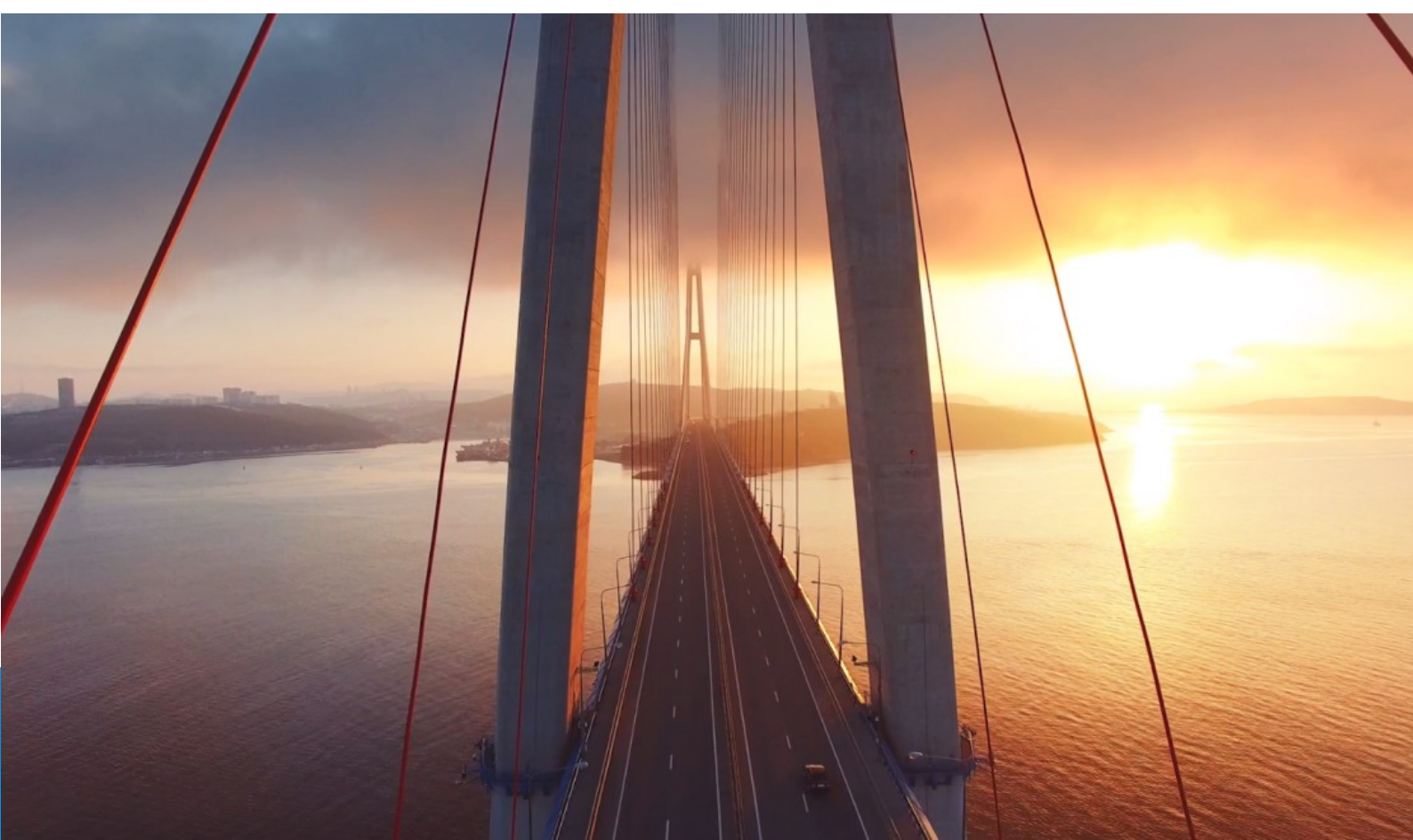
The following Carbon Management Strategy has been developed to express SOCOTEC's commitment to carbon reduction in-line with latest climate science, national legislation, and client requirements.

Our carbon reduction strategy is shaped to respond to the risks and opportunities presented by climate change and forms part of our wider Corporate Social Responsibility (CSR) agenda.

The business strategy focuses on growth of existing services together with key acquisitions which complement and add to our current services offering and client base. In doing so, we understand the need to work towards a more sustainable world by decoupling business growth from increased carbon emissions and transitioning to a net-zero economy.

It is crucial that any reduction targets are based on the latest climate science to mitigate the worst effects of climate change, build resilience in our business, and strengthen confidence with our stakeholders. As the UK has cemented its ambition to be 'Net Zero' by 2050 in legislation to meet commitments made under the Paris Climate Agreement, this sets the foundation for our ambition towards carbon reduction.

The strategy is reflective of present-day policies and frameworks. Nevertheless, it is likely subsequent years will present further change of circumstances through updated climate science, government and regulatory policy, industry guidance, business growth and stakeholder requirements. This strategy is therefore subject to annual review to ensure strategic re-evaluation on carbon reduction trajectory taken and initiatives to be implemented.



4. Carbon Reduction Targets

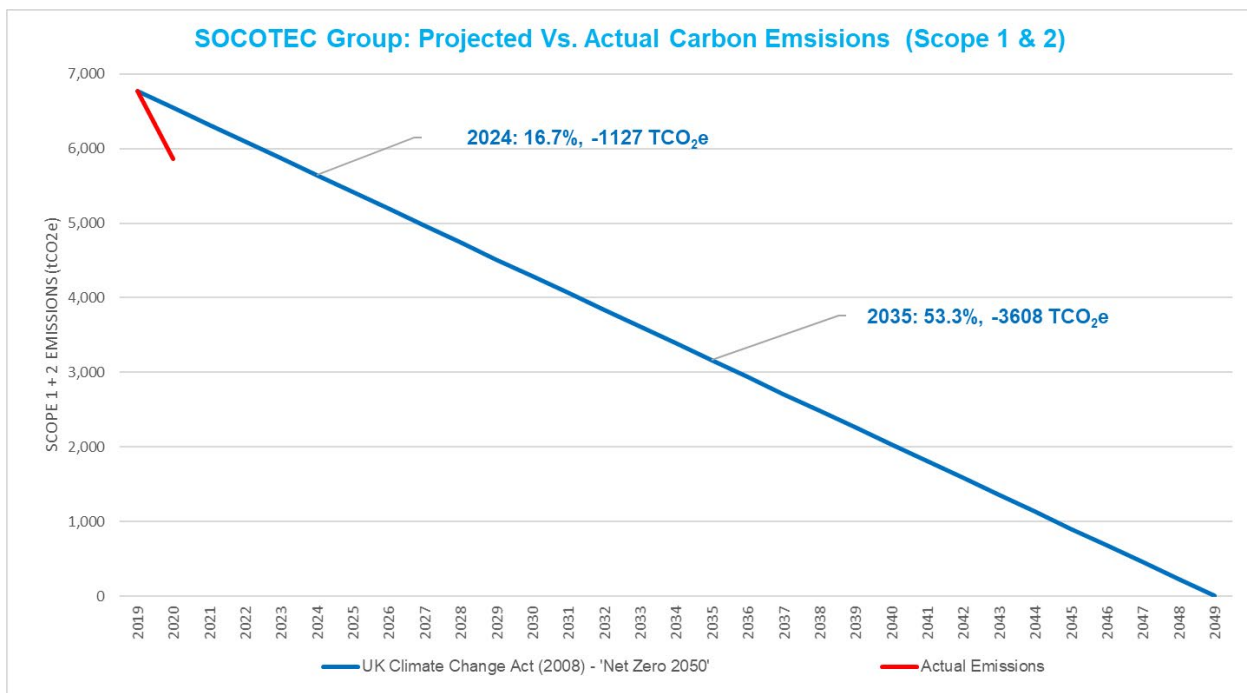
SOCOTEC commits to reduce absolute scope 1 and scope 2 emissions 16.7% by 2024, and 53.3% by 2035 from a 2019 base year, and to measure and reduce scope 3 emissions.

4.1 Emissions Reduction Trajectory & Ambition – Scope 1 & 2

An emissions baseline has been set from the 2019 calendar year representative of pre-Covid 19 business operations. We have used the SBTi tool¹ to model targets consistent with a ‘well-below 2 degrees’ emissions scenario and adopted an absolute contraction approach which requires a minimum annual reduction of 2.5%. To achieve Carbon ‘Net zero’ by 2050, a trajectory with an annual reduction of 3.33% over a 30-year period (2020-2050) will have to be taken which informs the basis of our carbon reduction targets.

Against a total Scope 1 and Scope 2 baseline of 6770.9 tonnes, the following carbon reduction targets are adopted:

- Absolute reduction target of 1127 TCO₂e (16.7%) by 2024.
- Absolute reduction target of 3608 TCO₂e (53.3%) by 2035.



¹ Science-Based Targets Initiative Target Setting Tool v.1.2.1 (2021)

4.2 Improving Data Accuracy & Completeness

Screening of certain scope 3 emissions has outlined the activities that have the most significant contribution to GHG emissions and therefore the greatest opportunity for carbon reductions. There is also a need to improve data accuracy and completeness to refine emissions estimates for highest emissions categories. We plan to achieve this by:

- Improving the categorisation of procured goods and services as well as capital goods in our central procurement system.
- Conducting an annual employee commuter survey from 2021 to capture distanced-based emissions data on modes of transportation.
- Integrating technical specification of products and sales data to estimate carbon emissions associated with use of sold products.

5. Implementation Plan

The following carbon reduction initiatives are planned or are in progress to reach our 2024 target.

The following initiatives will be taken to achieve carbon reduction across the business. These are categorised into 4 main areas –

- Optimising Energy Performance of Buildings.
- Adopting Responsible Behaviours.
- Fleet Decarbonisation.
- Sustainable Procurement.

No.	Initiative	Scope	Description	Saving (TCO _{2e})
Optimising Energy Performance of Buildings				
1	LED Lighting Upgrades	2	LED lighting upgrades to cover top 5 energy consuming sites.	201.6
2	Building Energy Audits/Surveys	1-2	Review of property portfolio and building energy audits to identify further energy efficiency improvements.	-
Adopting Responsible Behaviours				
3	Driver Awareness & Behavioural Change	1	Vehicle telematics to inform driver awareness and behavioural change training, awareness, and engagement. Carbon reductions of up to 5% through improved driving style, minimising engine idling.	230.1
4	Half-Hourly Metering (Gas) at sites	1	Installation of Gas Automatic Meter Readers to additional sites to identify detailed energy trends, spikes in consumption. Improved reporting to lead to greater awareness of energy consumption and identification of excessive energy use.	11.7
5	Half-Hourly Metering (Electric) at sites	2	Installation of Electric Half Hourly Meters to additional sites identify detailed energy trends, spikes in consumption. Improved reporting to lead to greater awareness of energy consumption and identification of excessive energy use.	3.7
Fleet Decarbonisation				
6	Fleet Decarbonisation Strategy	1	Development of a long-term strategy for ultra-low and zero emissions vehicles.	-
7	Electric Car Feasibility study	1	Feasibility study to inform trial of plug-in electric vehicles.	-
8	Plug-in/ Electric Cars	1	Introduce 25 plug-in/electric vehicles by 2023.	130
Sustainable Procurement				
9	Renewable Energy Procurement	2	For all fiscal (non-landlord) meters.	550
10	Supplier Engagement Programme	3	Review of Approved Supplier Process and procurement of consumables.	-
				1,127

6. Annual Emissions Report – 2020

SOCOTEC has a strategic ambition to achieve carbon net zero by 2050. We are developing our strategy and implementation roadmap to achieve this. Annual GHG emissions for the activities of SOCOTEC UK (Group) are presented for the 2020 calendar year.

Figures for the Calendar Year:	2019 (Baseline)	2020	% Change on 2019
Scope 1 (TCO₂e)			
Gas	495.4	449.5	-9.3%
Transport (Fleet) ⁺	4,758.2	4,150.8	-12.8%
Total Scope 1 (Gross)	5,253.6	4,600.3	-12.4%
Scope 2 Emissions (TCO₂e)			
Electricity	1,517.3	1,261.0	-16.9%
Total of Scope 1 and Scope 2	6,770.9	5,861.3	-13.4%
Total Location-based method emissions (TCO₂e) per £million	58.2	50.5	-13.2%
Scope 3 – Supply & Value Chain Emissions (TCO₂e)			
1. Purchased Goods & Services ^(e)	13,431.4	12,190.0	-9.2%
2. Capital Goods ^(e)	2,153.0	3,140.2	45.9%
4. Upstream Transport & Distribution ^(e)	315.5	306.2	-2.9%
5. Waste Generated in Operations ^(e)	826.3	929.3	12.5%
6. Business Travel	278.0	191.0	-31.1%
7. Employee Commuting ^(e)	2,975.0	2,975.0	0%
9. Downstream Transportation and Distribution ^(e)	-	-	-

A financial control approach has been taken. Emissions presented include business acquisitions made up to the end of December 2018. Emissions data for acquisitions made 2019-present remain to be identified pending full integration and available data.

Calculated GHG emissions have been reported using a Location-based method utilising national grid averages and conversion factors published by BEIS/DEFRA. We have followed the 2019 HM Government Environmental Reporting Guidelines and WRI GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition).

(e) Where calculated emissions are unavailable, estimates have been provided based on screening data using the WRI/Quantis Scope 3 Evaluator for scope 3 categories. The Group is working with internal and external stakeholders to improve data quality and completeness to provide more accurate emissions figures in the future.

Scope 3 emissions associated with 9. Downstream Transportation and Distribution is excluded as transport and distribution of products are paid for by SOCOTEC.

6.1 Progress During 2020

6.1.1 Optimising Energy Performance of Buildings

In 2020 we invested significantly into opening a new site – SOCOTEC Central - near Coventry to develop new and high specification facilities to service our growing infrastructure division. This included new state of the art laboratories and related equipment, new offices and a new training and development operation. The opening of the new premises consolidates facilities held at 2 former sites which were closed in the same year. It is expected this will offer efficiency improvements following extensive fit out which included LED lighting throughout, energy efficient heating systems, thermal and acoustic insulation.

6.1.2 Fleet Decarbonisation & Adopting Responsible Behaviours

The use of fleet vehicles is central to our business operations and presents the greatest challenge in our efforts to reach our internal targets and ultimately carbon 'net zero'.

A long-term project to install vehicle telematics across the fleet is well under way. Renewal of commercial leases and newly acquired vehicles fitted with telematics, has allowed 51% of our fleet to have the technology installed by the end of 2020. Telematics not only serve to improve driver safety, but also provide detailed insight into poor driver behaviour which can be attributed to higher emissions from fleet.

A total of 9 sites have been fitted with automated meter reading (AMR) devices which allow detailed monitoring and data interpretation of electric and gas usage. Identification of peaks in energy consumption are intended to improve awareness, change behavioural habits, and inform purchasing decisions for more efficient appliances and equipment.

6.2 Variation to Emissions

6.2.1 COVID-19 Pandemic

Inevitably Covid-19 had an impact on business operations in the year to December 2020. Whilst many of our critical services continued throughout, early disruptions and changes to working patterns had an effect on energy and fuel consumption. Temporary closure of client sites caused suspension of some services where work could not be carried out during the lockdown periods. Consequentially, there was a reduction in the use of our fleet and company cars which led to carbon reductions – particularly during the months of April-May and November-December.

To maintain social distancing measures and ensure continuity of services that could be delivered remotely, we also accelerated the rollout and investment in digital technologies. This facilitated flexible and home working arrangements for some staff which reduced numbers of persons working from our buildings, and therefore energy demand at our fixed premises.

Although a return to more normal usage of buildings and vehicles across Group is expected, the delivery of remote based services where practicable is likely to remain, mitigating excessive future carbon emissions. We are currently developing SMART work guidance in preparation for business operations post-pandemic.

Statement of Directors' responsibility and approval

The Directors are responsible for preparing the Greenhouse Gas Emissions Report, for selecting appropriate reporting policies, for making appropriate judgements and estimates, for presenting the information fairly and in accordance with regulation, and for maintaining records from which to prepare the report.

This Carbon Reduction Plan and Annual Emissions Greenhouse Gas Emissions Report was approved by the Board on 29 September 2021.



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Nicolas Detcheperre

Chief Executive Officer

SOCOTEC UK Group