SOCOTEC

SOCOTEC UK (GROUP) ANNUAL EMISSIONS REPORT 2023

13 CLIMATE ACTION

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EXECUTIVE SUMMARY

In 2020, we launched our first carbon management plan setting out the direction of travel for carbon reduction on our pathway to 'Net Zero' by 2050 in-line with UK Government ambition. An emissions baseline was established from the 2019 calendar year, representative of pre-Covid19 business operations. To achieve the target trajectory, an average annual reduction of 3.33% over a 30-year period (2020-2050), informs an annual carbon budget and implementation plan. This report offers an overview of our emissions performance and progress against the implementation plan.

2023 Summary

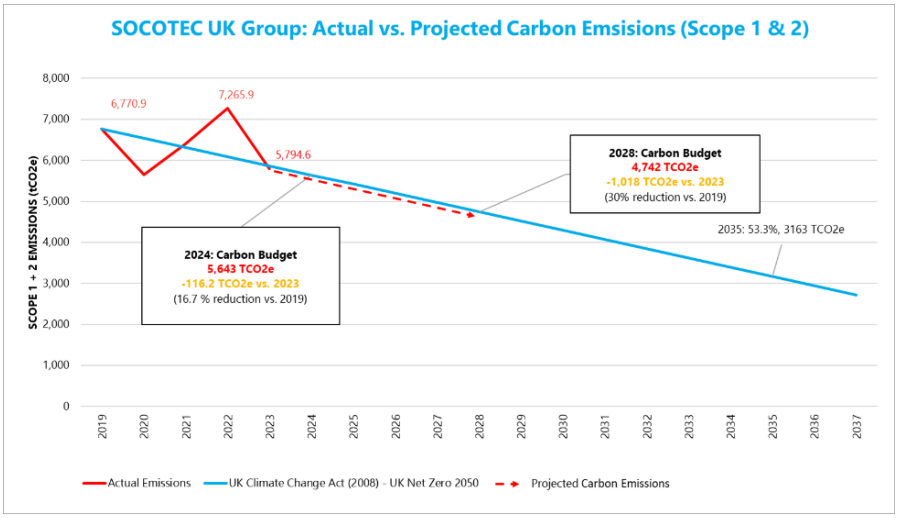
Overall scope 1 & 2 emissions decreased 20.3% (1,471.2TCO2e) year on year driven by a significant reduction in purchase fuels associated with fleet usage. Total emissions during the period represents a 14.4% decrease in absolute emissions vs. the 2019 base year which puts the Group on track to meet a 16.7% reduction by the end of 2024.

Supporting a fleet of 914 vehicles to service client requirements remains the most significant contributing factor (83%) of SOCOTEC UK Group emissions. Continued reductions in this area are fundamental to achieve our carbon reduction ambitions. In recognition of this, SOCOTEC UK has adopted an 80% Car fleet electrification target by 2028.

Carbon derived from use of natural gas remains significantly below that of the base year (30.3% lower), despite an uptick of 3.3% year on year attributed to fluctuation in demand for heating. Electricity use exhibited a further 3.3% reduction year on year, some 30.6% lower than in 2019.

For the first time, 2023 emissions presented include consolidated figures for Quadrant Improved Inspectors Limited (A SOCOTEC Company) acquired in December 2022. Shore Engineering and a further two acquisitions made during the period (IETG/40SEVEN and Hutton & Rostron) have yet to be included in emissions disclosures pending further data collection.

Finally, this annual emissions report aims to fulfil SOCOTECs UK obligations in accordance with local legislation/regulation and stakeholder requirements within the UK market. We continue to align carbon reduction strategy, ambition, and methodology with SOCOTEC Group (parent company) across all major geographies in Europe and the US. More information can be found in our Group Sustainability Report 2023.



IMPLEMENTATION PLAN: PROGRESS MADE IN 2023

SOCOTEC

Fleet Decarbonisation

Summary of Fleet Emissions

Gross scope 1 emissions from conventionally fuelled company vehicles decreased 22.4% (1,382.6 TCO2e) compared to 2022, returning to levels more consistent in previous years. At the same time, fleet size remained a similar size at 914 (+1 vs. 2022). Company vehicles represented 83% of total emissions in 2023.

Emissions associated with grey fleet increased 449.6TCO_2e (215%). This is explained by the first-time inclusion Quadrant Approved Inspectors (a Socotec company). In addition, reporting completeness and accuracy has been improved where scope 3 well-to-tank emissions associated with extraction, refining and transportation of the raw fuels before they are used in employee-owned vehicles are included for the first time.

Strategic Outlook

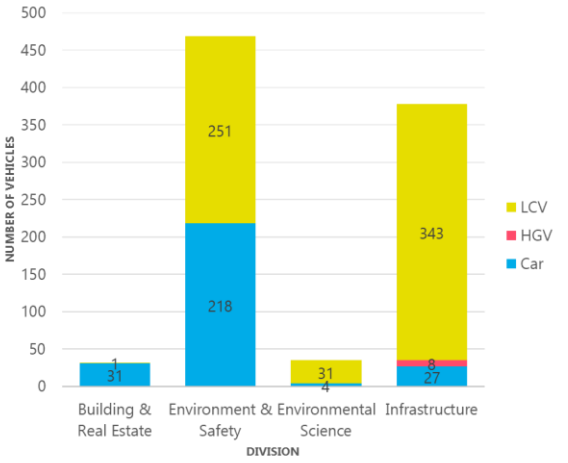
Fleet operations remain central to our business and represents the greatest challenge in efforts our to reach interim targets and ultimately 'Net Zero'.

Our current fleet model requires field operatives to regularly travel directly from their homes to client sites. Charging solutions and use of EV vehicles will therefore need to balance cost of ownership across vehicle types, suitability of the work tasks and journey type as well as charging solutions at home, on the move and at our facilities whilst minimising 'downtime'.

SOCOTEC UKs fleet make-up is diverse, primarily comprising light commercial vehicles. We have a range of different journey types to support field operations in delivery of testing, inspection, and certification services to our clients.

In the short-term, the existing market offering of EV light commercial vehicles have limited real-world range which means there is no 'one size fits all' solution to our existing operations.

The expansion and development of the EV car market in recent years does, however, provide a variety of vehicle choice, availability and range capability which would be suited for certain operations. This is particularly the case for our Environmental Science, Environment & Safety and Building & Real Estate divisions.



	Diesel	Electric	Hybrid	Petrol	Grand Total
Car	171	4	41	64	280
HGV	8				8
LCV	626				626
Total	**805**	**4**	**41**	**64**	**914**

SOCOTEC UKs fleet by vehicle type (as of Dec 2023) with 68% light commercial vehicles, 32% Cars and HGVs.

In 2022, we launched our salary sacrifice scheme for Electric Cars in partnership with Zenith which saw limited initial uptake and long-lead time for delivery of vehicles due to market demand. The intention was to build confidence in EV technologies, by providing affordable means to access alternatives to conventional fuelled vehicles as existing company car agreements came to an end. However, we recognise the traditional company car offering for certain roles provides an important affordability mechanism that will promote uptake of EVs.

In the mid-long term, the market availability and range offering of EV and alternative fuel light commercial vehicles will necessitate a shift in our overall fleet make-up and business model. Property and estates will likely play a part, with an increasing need for available charging capacity and infrastructure at key regional hubs and smaller sites servicing urbanised and or local areas (e.g., London, Midlands). Therefore, greater emphasis and consideration to future EV requirements will be incorporated into our property and estate management.

A full review of fleet and the role of property & estates will be made in 2024 as we develop a strategy to deliver our 2028 business plan and launch our Second Carbon Management Plan (2025-30).

Fleet Developments in 2023

In line with the strategic outlook and support of our carbon reduction targets, several milestones were made for fleet in 2023:

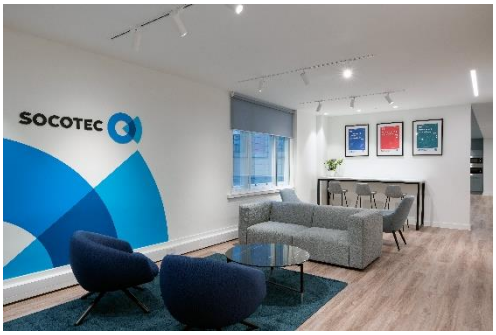
- SOCOTEC UK adopted a target to achieve 80% EV Car Fleet target by the end of 2028 - tapping into the existing car market to begin our fleet transition and building confidence in EV technology.
- Launched a new company car fleet list in November – to provide a dynamic fleet composition that is fit for purpose throughout SOCOTEC UK, with greater focus on EVs and Mild Hybrid Electric Vehicles (MHEVs) options.
- Limiting company car offering to vehicles with emission of =< 125gCO2 per Km driven, with the aim of reducing average grams CO2 per km driven. The Average Order Bank across all vehicles is now 79gCO2e/Km.
- Surveyed key sites to develop a business case for installing EV charging infrastructure at SOCOTEC UK sites.

To further our Fleet Strategy in 2024 SOCOTEC will aim to:

- Trial use of EV cars, light commercial vehicles, and back-office management systems in areas offering greatest potential to replace conventional fuelled vehicles where existing infrastructure is in place (e.g., London).
- Explore potential collaboration with clients to use their charging infrastructure 'on the job'.
- Take delivery of up to 48 EV Cars following launch of the new fleet list in 2023.
- Re-assess salary sacrifice options for EV cars.

Optimising Energy Performance of Buildings

In 2022, we reported emissions from buildings (natural gas & electricity) had been significantly reduced – far exceeding the targets set out in 2020 plan. This trend has continued across our property & estates into 2023, achieving a combined reduction of 643.4TCO$_2$e on 2019 levels (location-based methodology - excluding purchased renewable energy).



In 2023, projects contributing to energy and carbon reduction:

- Refurbishment of Head Office (Burton on Trent), including LED lighting upgrades throughout and improving break-out facilities improving working environment for our employees.
- Upgrading remaining lighting units at our facility located in Dicot, Oxfordshire.
- Downsize of our Bicester Office (formerly Murdock House) and relocation to St. Edburgs Hall.
- Consolidation of two London-based Offices into Queens House, Lincon-inn Fields (refurbished in 2022).
- Vacating three further properties in Birmingham, Glasgow, and Deeside.

Maintaining a portfolio over 70 sites across the UK represents a significant cost to the Group but also presents opportunity to improve efficiency. Consolidating property, opening new strategic hubs in key locations, and investing in existing facilities will continue to be a core part of SOCOTEC UKs strategy as we integrate newly acquired business, deliver organic growth and continue to bring sustainable solutions closer to our clients throughout the UK.

Whilst we have achieved our aims in set out at the inception of our first Carbon Management Plan for this category, further savings are likely possible through improved workplace behaviour and improved data insights to energy consumption.

To further optimise energy performance of building in 2024, SOCOTEC will aim to:

- Explore the use of sub-metering of high energy consumption sites.
- Open a new, efficient purpose-built strategic hub in the North-west of England, consolidating 3 of our existing location and provide capacity for future growth.

Sustainable Procurement

In April 2023, we renewed our commitment to procure 100% renewable energy through to March 2025. Energy supplied directly to our sites backed by Renewable Energy Guarantees of Origin (REGO), mitigated 376.1TCO_2e attributed to electricity consumption during the reporting period.

Overall electricity consumption across the group has reduced 16.6% vs 2019, which has in turn impacted the potential carbon savings compared to our original estimate of 550TCO_2e.

Further reductions of carbon through purchased renewables are limited to the sites obtained through mergers and acquisition sites and engagement with landlords where consumed energy is not directly procured by SOCOTEC UK.

To further support sustainable procurement in 2024, SOCOTEC UK will aim to:

- Launch SOCOTEC Group Groups Sustainable Procurement Charter – setting the basis for engaging with suppliers on ESG performance – including carbon.
- Continue to work with third party-assessment frameworks such as CDP, EcoVadis to support our client requirements and leverage data insights to improve our own procurement practises.

Improved Data and Accuracy

Business Travel

SOCOTEC UK Scope 3 Business travel emissions increased 355.8% year on year due to inclusion of emissions associated with Train Travel, Air Travel and Hotels (overnight stays) which have not been reported in previous years.

During 2023, we partnered with a market leading travel agency and introduced a new user-led system for bookings which has largely replacing our manual system. This has greatly improved the centralisation and automation of data collection which can be normalised with other data sources such as our SaaS expenses system (implemented in 2022). This has enabled a complete and a representative footprint for Business Travel for SOCOTEC UK.

Scope 3 Supply Chain

Consistency in data collection across scope 3 supply chain emissions remain a significant challenge between reporting periods. There are often delays in available data and different levels of data maturity across the UK as acquisition companies are integrated into Group systems. SOCOTEC UK continues to work with the global SOCOTEC Group (Parent Company) to measure and monitor supply chain emissions with the ambition to set a scope 3 carbon reduction target aligned to the SBTi methodology.

To further support Scope 3 Supply Chain emissions procurement in 2024, SOCOTEC UK will aim to:

- Pilot and implement a software solution that enables a spend-based approach across all 15 scope 3 categories of the GHG Protocol standard.

3. ANNUAL GHG EMISSIONS – 2023

Annual GHG emissions for the activities of SOCOTEC UK (Group) are presented for the 2023 calendar year.

Figures for the Calendar Year:	2019 (Baseline)	2021	2022	2023	YOY % Change	% Change vs. 2019
Scope 1 – Direct Emissions (TCO_2e)						
Gas	495.4	420.2	333.1	343.7	3.2%	(30.6%)
Transport (Fleet)	4,758.2	4,845.0	6,179.3	4,796.7	(22.4%)	0.8%
Total Scope 1 (Gross)	5,253.6	5,265.3	6,512.4	5,140.4	(21.2%)	(2.2%)
Scope 2 – Indirect Emissions (TCO_2e)						
Location Based - Electricity	1,517.3	1,127.9	1,060.5	1,025.7	(3.3%)	(32.4%)
Market-Based Reductions (Renewable Electricity)			(307)	(376.1)		
Transport (Electric Vehicles)				4.6		
Total Scope 2 (Gross)	1,517.3	1,127.9	753.5	654.2	(13.2%)	(56.9%)
Total of Scope 1 and Scope 2	6,770.9	6,393.1	7,265.9	5,794.6	(20.3%)	(14.4%)
Emissions Intensity: TCO_2e per £million	58.2	54.6	51.5	37.4	(27.2%)	(35.6%)
Scope 3 – Supply & Value Chain Emissions (TCO_2e)						
4. Upstream Transport & Distribution[e]	315.5	638.4	Not Available			
5. Waste Generated in Operations[e]	826.3	1,849.2	Not Available			
6. Business Travel	278.0	288.9	208.8	951.7	355.8%	242.4%
Employee-Owned Vehicles (Grey Fleet)	*278.0*	*288.9*	*208.8*	*658.4*	215.3%	136.9%
Trains	*Not Available*	*Not Available*	*Not Available*	*14.1*		
Flights	*Not Available*	*Not Available*	*Not Available*	*83.7*		
Overnight (Hotel) Stays	*Not Available*	*Not Available*	*Not Available*	*195.5*		
7. Employee Commuting	2,975.0	1,723	1,858	Unavailable		

A financial control approach has been taken. Emissions data for acquisitions made in 2023-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 up to an including the 2022 calendar year, 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.

Our Key Figures 2023

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Countries

Austria
Belgium
Colombia
France
Germany
Ireland
Italy
Ivory Coast
Japan
Lebanon
Luxemburg
Madagascar
Mauritius Island
Monaco
Morocco
Philippines
Poland
United Arab Emirates
United Kingdom
United States
Saudi Arabian
Singapore
Spain
Thailand
The Netherlands
Vietnam

7
Platforms

190
Sites in France

including **29** technical training centers and **17** school worksites for Nuclear Training

11 300
People

6 500
Engineers

200 000
Clients

250
External recognitions

1,2Md€
Turnover