

Carbon Reduction Plan

August 2023



Supplier name: Galliford Try Holdings plc¹

Publication date: 24 August 2023

¹This Carbon Reduction Plan captures the operations of Galliford Try Holdings Plc and all its subsidiaries (“the Group”), including Galliford Try Construction Limited.

Commitment to achieving Net Zero

As a progressive business, committed to doing the right thing, Galliford Try recognises the urgency of the climate change agenda and champions the role we have to play in decarbonising the economy for a greener, more sustainable future. We are already well advanced on our carbon reduction journey across our own operations, having reduced Scope 1 and 2 carbon dioxide equivalent emissions by 69% from 2012 to 2022.

We have pledged to achieve Net Zero carbon across our own operations (Scope 1 and 2) by 2030 and to achieve Net Zero across all activities (Scope 1, 2 and 3) by 2045 at the latest.

To provide a clear route to reduce greenhouse gas emissions, we have also set a near term science-based target, that has been validated by the Science Based Targets initiative (SBTi). In doing so, we have joined the Business Ambition to limit global warming to 1.5°C and the UN-backed campaign Race to Zero.

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Baseline Year: 2012

Additional details relating to the Baseline Emissions calculations

The scope of our carbon emissions reporting from 2012 – 2020 is shown below.

Scope 1

- Fuel consumed in company-owned vehicles
- Fuel oil used to power plant and equipment on site
- Gas used to power office heating systems
- Fugitive emissions from air-conditioning systems.

Scope 2

- Purchased electricity (offices and temporary site supplies).

nmcn

In October 2021, we acquired the water business of nmcn plc which triggered the 5% materiality threshold in our re-baselining policy. This was followed by further, smaller acquisitions in July 2022 and November 2022. As a result, we have re-baselined our 2012 scope 1 and 2 emissions to reflect the current composition of the Group. We don't have emissions data for these businesses in 2012. Therefore, we have taken 2022 emissions data and grossed them up to reflect the likely reduction in emissions between 2012 and 2022, assuming that these businesses have achieved the same % reduction in scope 1 and 2 emissions as the rest of Galliford Try over the same period.

Baseline year emissions: 2012

Emissions	As reported Total (tCO ₂ e)	Re-baselined Total (tCO ₂ e)
Scope 1	26,619	33,251
Scope 2 - Location-based	3,968	4,281
Scope 3:	-	-
▪ Emissions from business travel	Not included in reporting boundary	Not included in reporting boundary
▪ Upstream transportation and distribution	Not included in reporting boundary	Not included in reporting boundary
▪ Waste generated in operations	Not included in reporting boundary	Not included in reporting boundary
▪ Employee commuting	Not included in reporting boundary	Not included in reporting boundary
▪ Downstream transportation and distribution	Not relevant to Galliford Try	Not relevant to Galliford Try
Total emissions	30,587	37,533

Current Emissions Reporting

Verified emissions

Carbon reporting processes conducted by Galliford Try are undertaken on a calendar year basis and have been subject to external verification to ISO 14064-1: 2019 since 2014. From 2021, this has included certain Scope 3 categories, as well as Scope 1 and 2 emissions.

Estimated, but not verified

As explained in more detail below, we now have a methodology for estimating the carbon emissions from all Scope 3 categories, including those that are not required to be reported under PPN 06/21. Given the reliance on spend-based methodologies, we currently do not include all Scope 3 categories within the scope of our external carbon verification, however, we have included below to provide transparent disclosure of our full carbon footprint.

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Reporting Year: 2022

Emissions	Total (tCO ₂ e)
Scope 1	10,614
Scope 2 - Market-based (note 1)	633
Scope 3:	477,042
Verified emissions:	
▪ Emissions from business travel	647
▪ Employee commuting	5,095
▪ Fuel and Energy related activities	3,018
Estimated, but not verified	
▪ Purchased goods and services	459,639
▪ Capital goods	907
▪ Upstream transportation and distribution	4,558
▪ Waste generated in operations	1,272
▪ Downstream transportation and distribution	45
▪ Investments	1,862
Total emissions	488,289

Notes:

1. 100% of the electricity we purchase for our permanent offices, and a growing proportion of the temporary site supplies are from REGO accredited renewable sources. Therefore, the market-based approach most appropriately reflects the emissions associated with our purchased electricity. Using a location-based approach, our Scope 2 emissions in 2022 were 1,208 tCO₂e.

Like for like comparison to 2021

We saw a 9.5% increase in the absolute value of our reported Scope 1 and 2 carbon emissions in 2022, driven by the acquisition of nmcn in late 2021. However, on a like-for-like basis (excluding nmcn emissions from both years, our Scope 1 and 2 emissions showed a 5.6% reduction in 2022, continuing our downward trajectory since we first started reporting in 2012).

Developments to our scope 3 reporting

With support from the Carbon Trust, during 2022 we developed a model for estimating the carbon emissions across our full Scope 3 footprint. The model is aligned to the GHG Protocol and uses a combination of quantity-based and spend-based methodologies. An outline of the methodology used for each of the categories reported under 'estimated, but not verified' is provided below. The methodology used for calculating the verified emissions categories did not change in 2022.

Purchased goods and services

This is our main source of emissions, representing 94% of our total carbon footprint. Purchased goods and services emissions have been estimated using a combination of methodologies:

- *Average data method* – using invoice data on the type and volume of materials and applying the relevant ICE/DEFRA/Ecoinvent emissions factors.
- *Spend based method* - using invoice data and applying relevant EEIO spend based emissions factors.

Using the spend-based methodology has allowed us to estimate our full scope 3 footprint for the first time. However, it is an approximate estimate, and we continue to work with our supply chain to develop product-specific carbon data capture systems and reporting methodologies.

Capital goods

Emissions have been estimated using asset additions data obtained from our fixed asset register and applying the relevant EEIO emissions factors.

Upstream transportation and distribution

Emissions have been estimated using a spend-based method and assuming that 5% of the cost of all material purchases, both direct and indirectly through subcontractors, relates to delivery and applying the relevant EEIO emissions factors. We are continuing to develop our systems for recording and monitoring deliveries to our sites and intend to move away from the spend-based method for estimating upstream transportation emissions from 2024.

Waste generated in operations

All our waste emissions are calculated using waste data provided by our waste carriers. The monthly waste reports detail the volume collected by the different waste fractions and disposal routes. The emissions have been calculated using DEFRA emissions factors.

Downstream transportation and distribution

Historically, this category of emissions was not relevant as there are no downstream transportation and distribution activities associated with the construction activity we perform. In October 2021 we acquired Lintott Control Systems (as part of the acquisition of nmcn's water business) and in July 2022 we acquired MCS Controls Systems. Both businesses manufacture and supply products to their clients and therefore have downstream transportation emissions. Emissions were estimated using mileage and vehicle data recorded in the freight distribution logs maintained by Lintott and MCS Control Systems.

Investments

All activity data is provided by our Facilities Management business who manage most of the assets where we retain an equity share. For assets that they do not manage, our FM business obtains the activity data from the asset manager. We have calculated the total emissions for each building/asset using DEFRA emissions factors and then applied our equity share.

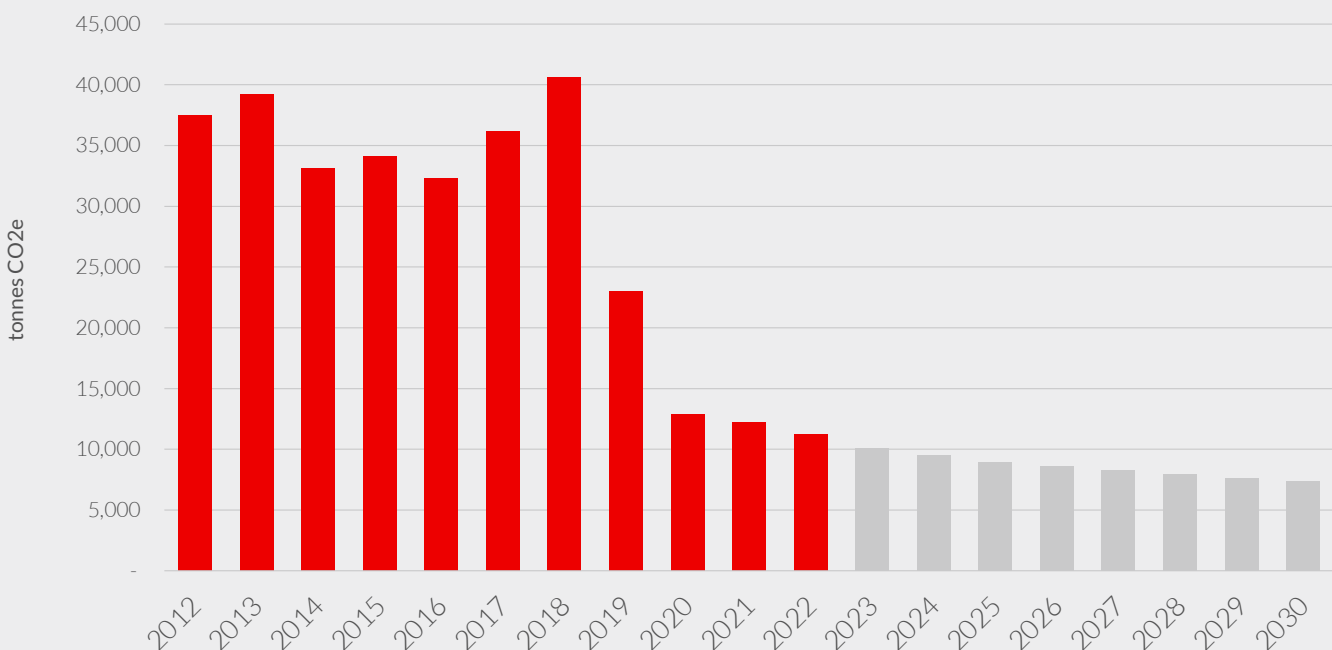
Emissions reduction targets

In order to continue our progress to achieving Net Zero, we have adopted the following carbon reduction targets.

- 2030 - Achieve Net Zero in our own operations (Scope 1 and 2)
- 2030 - Achieve near term Science-Based Target (aligned to 1.5°C ambition)
- 2045 - Achieve Net Zero across all operations (Scope 1, 2 and 3).

We project that our Scope 1 and 2 carbon emissions will decrease over the next five years to circa 8,000 tCO₂e by 2027. This is a reduction of 34% compared to 2021 (our science-based target baseline year) and 79% compared to our PPN 06/21 baseline year of 2012.

Scope 1 and 2 Carbon Emissions - Projected reduction trajectory



Note: In the above chart, emissions for the years 2012 to 2021 have been re-baselined to reflect the current composition of the business, following the acquisitions in 2021 and 2022.

The projected reduction trajectory has been refined during 2023 and now reflects a detailed analysis of our existing Scope 1 and 2 emissions, and modelling performed by the Carbon Trust of the likely impact of our existing and planned carbon reduction initiatives.

The projected reduction trajectory also now includes an allowance for year-on-year organic growth of the business, as well as reflecting the acquisitions of the nmcn water business (including Lintott Control Systems) and MCS Control Systems.

Based on our current projections, by our target year of 2030, we will have reduced our Scope 1 and 2 emissions by 43% compared to 2021 (our science-based target baseline year), and by 81% compared to our PPN 06/21 baseline year of 2012, leaving circa 7,000 tCO₂e of residual emissions to offset to achieve net zero.

Carbon reduction projects

Completed carbon reduction initiatives

The following environmental management measures and projects have been completed or implemented since the 2012 baseline. The Scope 1 and 2 carbon emission reduction achieved by these schemes equate to 25,711 tCO₂e, a 69% reduction against the 2012 baseline (re-baselined) and the measures will be in effect when performing the contract.

- Sourcing 84% of all electricity we purchase to supply our permanent offices and construction sites from renewable sources.
- Installing electric vehicle charging points at our main permanent office locations.
- Introducing in September 2021, an EV or PHEV only company car policy, with reduced emissions limits for those who opt for a cash allowance. As of 30 June 2023, electric or hybrid vehicles represented 79% of the 1,512 vehicles in our company car fleet, and the average carbon emissions per vehicle is now 30.0g/km (In 2011, average carbon emissions per vehicle was 133g/km).
- Making early grid connections on our construction sites to minimise our use of diesel generators.
- Decreasing on-site fuel use through the greater use of non-fossil fuel powered plant/equipment (e.g., power cubes/hybrid power systems), where early grid connections cannot be made.

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- Using energy efficient welfare and site office cabins as well as LED/solar/hybrid lighting systems.
 - Operating an 'Agile Working' policy to maximise the use of technology such as Microsoft Teams to reduce travel and improve work-life balance.
 - Achieving and maintaining third party certification to ISO 14001:2015; consequently, all our activities are subject to defined environmental management standards applicable across all of our business activities.

Current and future carbon reduction initiatives

In the future we will implement further measures such as:

General carbon reduction initiatives

- Developing carbon training for our people. In 2022, we developed and rolled out a 'Journey to Net Zero' carbon literacy e-learning course for all staff. This will continue to be delivered to new joiners as part of their induction and can be made available to our clients and supply chain. We are also developing role-based learning with more detailed content for our teams across different disciplines.
- Focusing upon digitalisation and enhancing our award-winning technical services such as Building Information Modelling (BIM) systems and other technologies to design low carbon (embodied and operational) buildings and infrastructure and leverage more carbon efficient modern methods of construction.
- Leading the way with research projects which allow us to benchmark and provide solutions to our clients that reduce both operational and embodied carbon.

Reducing carbon within our own operations (Scope 1 and 2)

- Reducing emissions associated with the use of site diesel:
 - Establishing more robust and efficient methods of collecting diesel consumption data from our sites.
 - Continuing to ensure that grid connections are made at the earliest opportunity and are sized appropriately.
 - Implementing renewable energy generation solutions, such as solar panels, where mains supply is not feasible.

- Increasing the use of electric plant, as the technology develops.
- Maximising the amount of off-site manufacturing.
- Transitioning to low-carbon alternative fuels, such as HVO, as market conditions and availability allow.

→ Reducing emissions associated with the use of our vehicle fleet:

- Continue the transition to an EV/PHEV only company car fleet.
- Ensuring EV charging points are installed in all our permanent office locations, and temporary sites where feasible.
- Monitoring opportunities to electrify our van fleet.
- Continuing to support agile and remote working to minimise unnecessary travel.

→ Reducing emissions associated with the use of energy:

- Maximising the use of 'Eco' rated site accommodation and welfare cabins.
- Reviewing our temporary supply procurement process to ensure that all supplies are on renewable tariffs.
- Continuing to prioritise energy efficiency when identifying new permanent office locations.
- Using technology such as smart distribution boards to optimise site electricity consumption.

Reducing emissions associated with embodied carbon and operational carbon in the buildings and infrastructure we construct (Scope 3)

- Expanding our in-house use of carbon calculator tools throughout the business to give better understanding of whole life carbon to allow our design teams to make more informed decisions.
- Improving the detail of purchased goods and services data, especially materials, to enable expanded and more accurate Scope 3 reporting.
- Continuing to roll out our Net Zero Partner initiative to the value chain to increase collaboration and industry wide learning, and to identify and adopt the use of low carbon construction plant, materials and working practices.
- Undertaking pilot studies to monitor real world embodied and operational carbon and use the results to drive continuous improvements in our approach to carbon reduction.
- Achieving PAS 2080 Carbon Management in Infrastructure accreditation.

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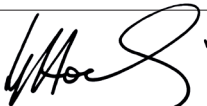
- Expanding the use of our in-house operational energy data analysis capability to gain greater insights into the assets we design and build.
- Supporting the achievement of the CLC's CO2nstruct Zero framework and priorities through active participation as a Business Champion.
- Collaborating with industry peers as a member of the UK Net Zero Carbon Buildings Standard, a cross-industry initiative which will enable industry to prove their built assets are net zero carbon.

Declaration and sign-off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans. Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard and uses the appropriate Government emission conversion factors for greenhouse gas company reporting. Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard.

This Carbon Reduction Plan has been reviewed and signed off by the Executive Board of Galliford Try Holdings plc.

Signed on behalf of Galliford Holdings Try plc and Galliford Try Construction Limited:

	Bill Hocking; Chief Executive
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Date: 24 August 2023