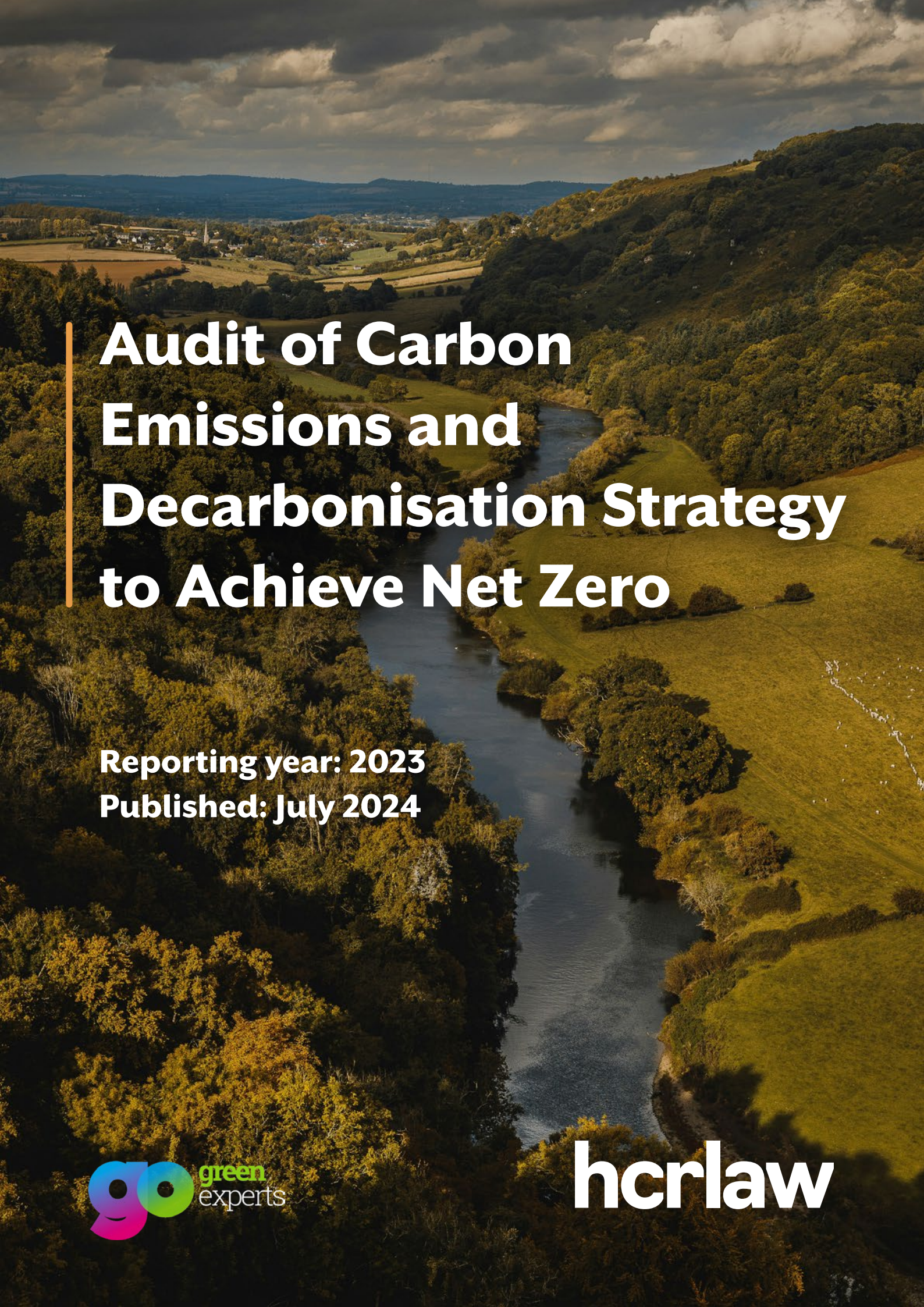
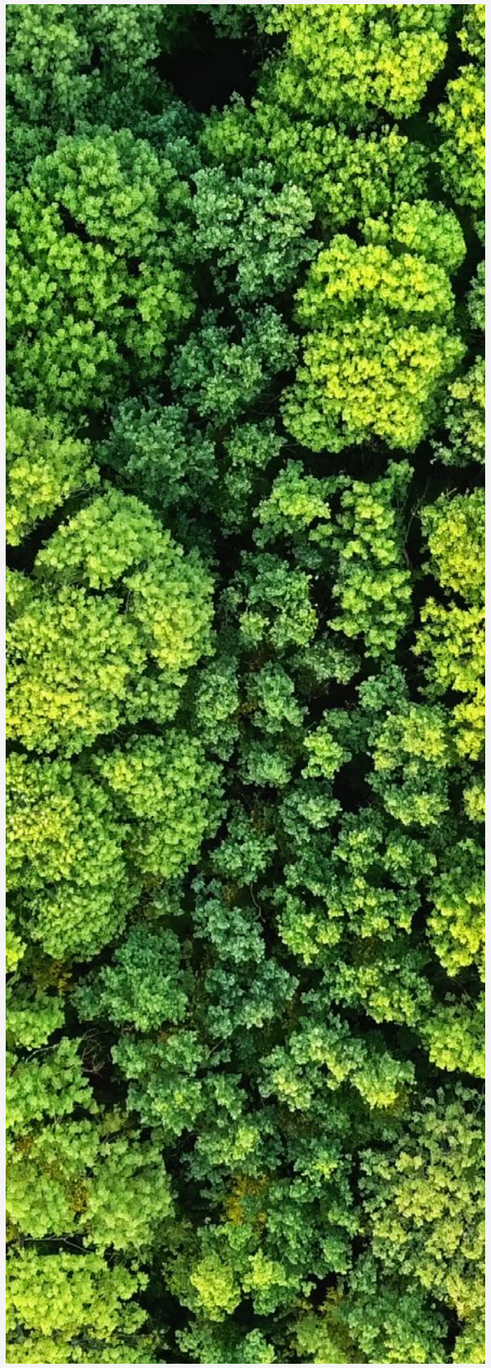


Audit of Carbon Emissions and Decarbonisation Strategy to Achieve Net Zero

Reporting year: 2023
Published: July 2024

go green experts

hcrlaw



Go Green Experts supports organisations in the measurement and reduction of their carbon footprint. We have a wealth of experience supporting companies and non-profits in their drive to reach a lower environmental impact. We ensure that our work is in line with the latest science and standards.

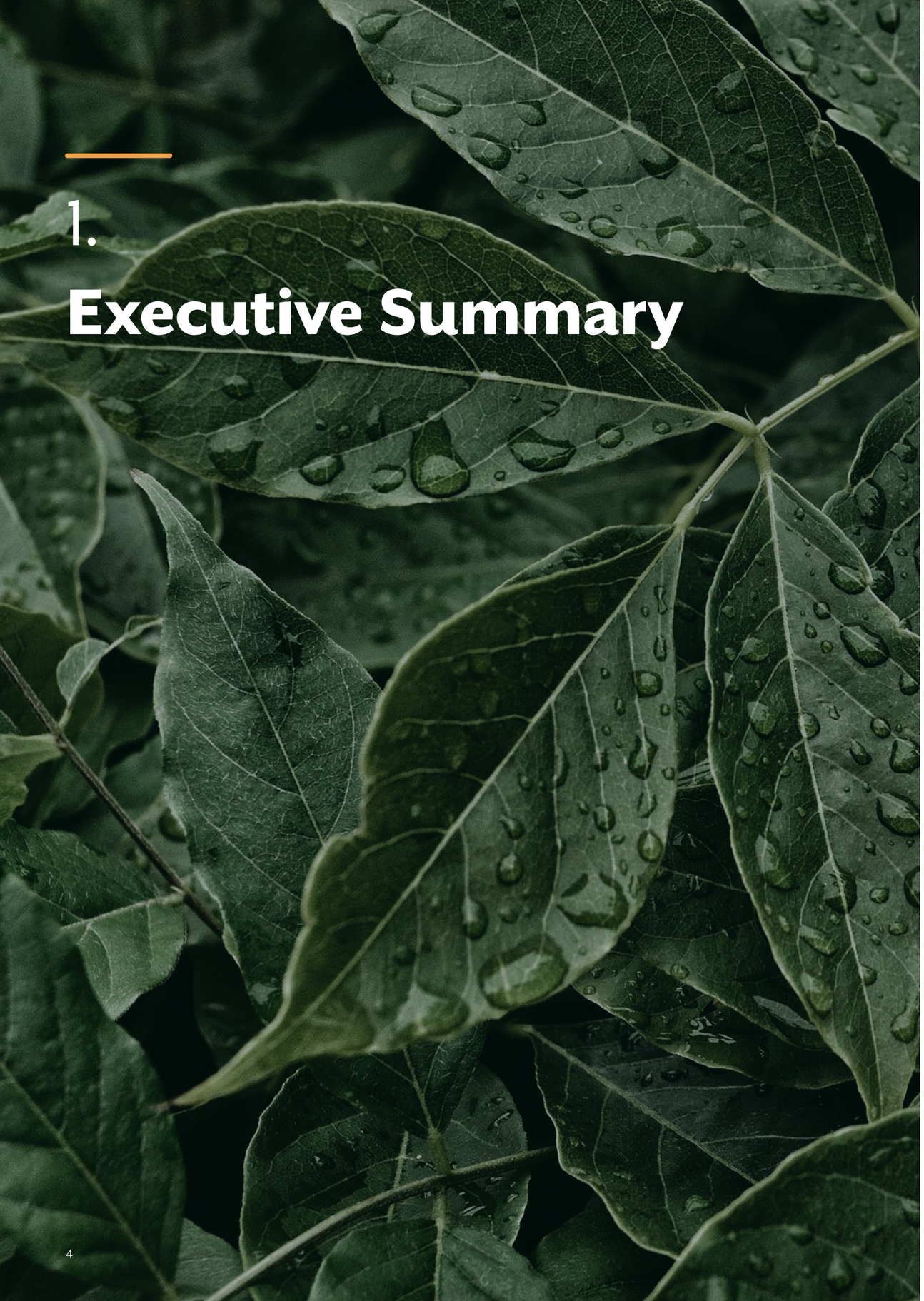
HCR Law (HCR) is a leading UK law firm with offices throughout England and Wales.

An award-winning Top 60 UK law firm, HCR provide the full range of legal services to organisations, business leaders and individuals.

Our sector experts provide specialist advice nationally and are leaders in their field, recognised with industry award nominations and for their contributions to national conferences.

Title: Audit of Carbon Emissions and Decarbonisation Strategy to Achieve Net Zero
Version: 0.31DL
For Period: 1 April 2022 to 31 March 2023
Company: HCR
Project Sponsor and Approval: Philip Parkinson - Partner
Company Authors: Mandy Jones
Consultants: Go Green Experts Ltd
Consultant Co-Authors: Dominic Lavelle & Neil McGregor
Dated: 17 July 2024

Contents



1. Executive Summary

To achieve Net Zero, HCR needs to remove carbon from our operations and wider business activities consistently each year until we reach a Net Zero position by 2040. We committed to our 2040 target in 2022, and this report now provides a progress update on our Net Zero journey.

In 2022 an interim target of 72% reduction in scope 1 & 2 CO2e emissions by 2032 from the 2019 baseline position was set. HCR commits to reduce scope 1 and scope 2 GHG emissions by this amount, with an ambition to also reduce scope 3 emissions by at least 50%.

These targets are consistent with a 1.5°C reduction pathway and are set in accordance with the Science-Based Targets Initiative (SBTi) guidance.

The company baseline emisisons were calculated for 1 April 2019 to 31 March 2020. We are now pleased to confirm that our underlying Greenhouse Gas (GHG) emisisons, measured as CO2e, have reduced from our financial year 2020 to 2023, and our scope 1+2 emisisons have also reduced. Within the 2023 period there has been coolant gas leakage from air conditioning units at our Northampton site which we have since vacated, which did increase overall emissions for the period as a one-off event.

Scope 1 and 2 emissions have fallen overall, which support us on our journey to hitting our interim 2032 target.

We are also pleased to report that our key carbon intensity metric of emissions per employee has reduced in the period, from 3.51 tCO2e per employee in 2019 to 2.45 tCO2e per employee. This highlights that, as we grow as an organisation, we continue to drive down our carbon footprint, both in absolute terms and through the lens of the key intensity metric.

We also monitor the tCO2e per £m turnover metric and this increased from 29.73 tCO2e per £m turnover in 2019 to 32.36 tCO2e per £m turnover in 2022. This increase was due to the one-off air con gas leak, but the underlying trend of this measure is also downwards.

Looking ahead, we are streamlining our office estate from 14 offices in 2019 down to 10 offices in 2024, whilst simultaneously increasing employee headcount. This estate streamlining has supported a significant reduction in gas and electricity emissions since 2019. Further, we have progressed with our development of our flagship Worcester office, whilst improving the heat retention of the building in the process.

Further carbon reduction initiatives completed and planned are set out in section 3 of this report.

Our targets have been set using the market-based methodology of electricity carbon accounting rather than the location-based methodology. HCR will report on both the market based and location-based carbon footprint in future and aim to become Net Zero by 2040 under both measures.

Changes to our carbon footprint from the baseline 2020 year to 2023 is shown here:

Baseline Comparison: 2020 year verses 2023 year

Aspect	2023 Year (April 2022 to March 2023)					2020 Year (April 2019 to March 2020)				
	Total	Scope 1	Scope 2	Scope 3	%	Total	Scope 1	Scope 2	Scope 3	%
Mains Gas	27.46	23.46		4.00	1.3%	74.50	63.60		10.90	1.3%
Electricity	48.15		35.60	12.55	2.4%	334.18		270.38	63.80	2.3%
Business Travel	85.40	0.00	0.00	85.40	4.2%	333.88	0.00	0.00	333.88	4.0%
Staff Commuting	1,036.12			1,036.12	50.9%	893.80			893.80	48.8%
Work From Home	59.82			59.82	2.9%	0.00			0.00	2.8%
Waste	123.12			123.12	6.0%	106.60			106.60	5.8%
Water & Sewerage	1.02			1.02	0.1%	1.04			1.04	0.0%
Air Con Cooling	254.94	254.94	0.00	0.00	12.5%	0.00	0.00	0.00	0.00	16.1%
Purchases	399.64			399.64	19.6%	70.00			70.00	18.8%
Total	**2,035.67**	**278.40**	**35.60**	**1,721.67**	**100%**	**1,814.00**	**63.60**	**270.38**	**1,480.02**	**100%**
Revenue: £m	62.90					61.00				
Employees	832.00					517.00				
Revenue Intensity: £m	32.36	4.43	0.57	27.37		29.74	1.04	4.43	24.26	
Employee Intensity	2.45	0.33	0.04	2.07		3.51	0.12	0.52	2.86	

Aspect	Delta			
	Total	Scope 1	Scope 2	Scope 3
Mains Gas	-47.04	-40.14	0.00	-6.90
Electricity	-286.03	0.00	-234.78	-51.25
Business Travel	-248.48	0.00	0.00	-248.48
Staff Commuting	142.32	0.00	0.00	142.32
Work From Home	59.82	0.00	0.00	59.82
Waste	16.52	0.00	0.00	16.52
Water & Sewerage	-0.02	0.00	0.00	-0.02
Air Con Cooling	254.94	254.94	0.00	0.00
Purchases	329.64	0.00	0.00	329.64
Total	**221.67**	**214.80**	**-234.78**	**241.65**

HCR Carbon Footprint – Comparison to Baseline

To show the underlying trend in emissions, if the one off Air Con Cooling leak is excluded from the analysis then this shows a material reduction in scope 1, scope 2 and scope 3 emissions.

Aspect	2023 Year (April 2022 to March 2023)					2020 Year (April 2019 to March 2020)				
	Total	Scope 1	Scope 2	Scope 3	%	Total	Scope 1	Scope 2	Scope 3	%
Mains Gas	27.46	23.46		4.00	1.5%	74.50	63.60		10.90	1.3%
Electricity	48.15		35.60	12.55	2.7%	334.18		270.38	63.80	2.3%
Business Travel	85.40	0.00	0.00	85.40	4.8%	333.88	0.00	0.00	333.88	4.0%
Staff Commuting	1,036.12			1,036.12	58.2%	893.80			893.80	48.8%
Work From Home	59.82			59.82	3.4%	0.00			0.00	2.8%
Waste	123.12			123.12	6.9%	106.60			106.60	5.8%
Water & Sewerage	1.02			1.02	0.1%	1.04			1.04	0.0%
Air Con Cooling	0.00		0.00	0.00	0.0%	0.00	0.00	0.00	0.00	16.1%
Purchases	399.64			399.64	22.4%	70.00			70.00	18.8%
Total	**1,780.73**	**23.46**	**35.60**	**1,721.67**	**100%**	**1,814.00**	**63.60**	**270.38**	**1,480.02**	**100%**
Revenue: £m	62.90					61.00				
Employees	832.00					517.00				
Revenue Intensity: £m	32.36	4.43	0.57	27.37		29.74	1.04	4.43	24.26	
Employee Intensity	2.45	0.33	0.04	2.07		3.51	0.12	0.52	2.86	

Aspect	Delta			
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Staff Commuting	142.32	0.00	0.00	142.32
Work From Home	59.82	0.00	0.00	59.82
Waste	16.52	0.00	0.00	16.52
Water & Sewerage	-0.02	0.00	0.00	-0.02
Air Con Cooling	254.94	254.94	0.00	0.00
Purchases	329.64	0.00	0.00	329.64
Total	**221.67**	**214.80**	**-234.78**	**241.65**

HCR Carbon Footprint – With One Off 2023 Event Removed

2.

Data Sets & Organisational Boundary

Data Sets Analysed

Go Green Experts Ltd has reviewed the following data sets submitted by HCR, including;

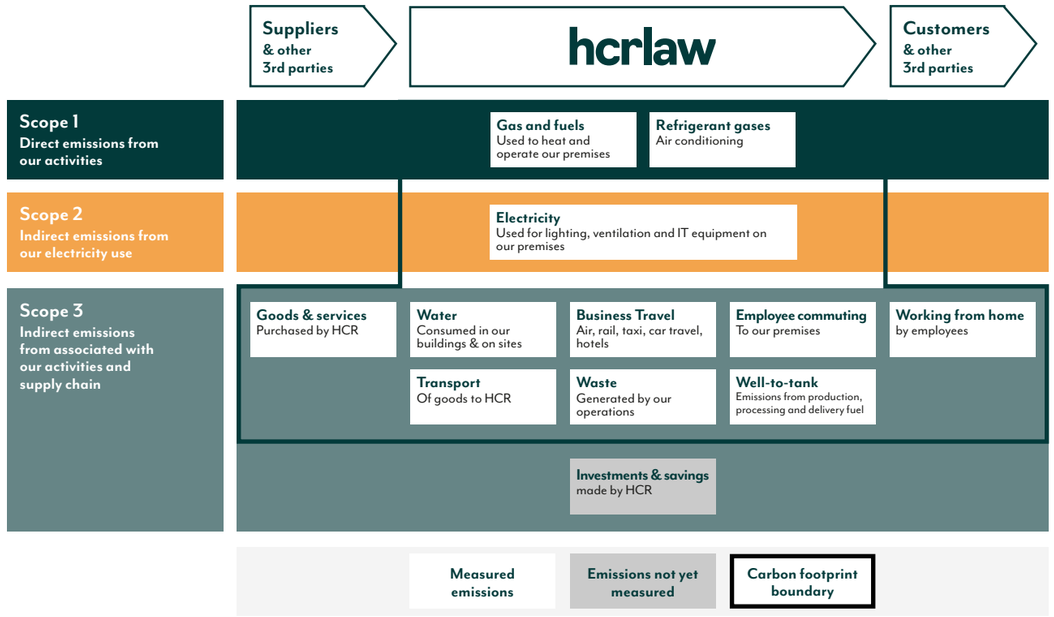
1. Energy, electricity, gas and water usage from statements and information provided by the landlord of the office properties
2. Business travel by air and land from submitted expenses
3. Employee commuting survey data
4. Air conditioning usage from reports submitted by the AirCon contractor
5. Purchased goods and services from company accounts
6. SECR reports.

The data was used to calculate the carbon footprint of HCR as described in section 3.

Carbon Footprint Boundary

HCR has adopted the Operational control approach to GHG measurement – we record emissions from facilities, sites and operations over which we have operational control.

The boundary for the measurement of the carbon footprint has been set as the operations for HCR. The below diagram highlights what is included and excluded from the boundary.



HCR - Organisational Boundary

3.

Calculations & Key 2023 Initiatives

The carbon emissions for each category of consumption were calculated using the methodology defined in the Greenhouse Gas Protocol and the Carbon Conversion Factors published annually by DEFRA on behalf of the UK Government.

Emissions consist of several atmospheric greenhouse gases which include Carbon Dioxide (CO2), Sulphur Hexafluoride (SF6), Methane (CH4), Nitrous Oxide (N2O), Ozone O3, Hydrofluorocarbons (HFCs) and Perfluorocarbons (PFCs). For simplicity of comparison, the global warming potential of all these gases is combined into a Carbon Dioxide Equivalent (CO2e). All 'carbon emissions' quoted in this report are in CO2e units.

For the period 1 April 2022 to 31 March 2023 the carbon footprint (scopes 1,2 and 3) for HCR was calculated to be:

Current Period - Total 2023:

2,035.67 Tonnes CO2e

- **Baseline Period - Total 2020:**
  1,814.00 Tonnes CO2e
- **Increase from baseline:**
  221.67 Tonnes CO2e (one off air con gas leak)

Key Carbon Intensity metric: TCO2e per employee:

- **Current Period - Total 2023:**
  2.45 tCO2e per employee
- **Baseline Period - Total 2020:**
  3.51 tCO2e per employee

Key Carbon Intensity metric: TCO2e per £m turnover:

- **Current Period - Total 2023:**
  32.36 tCO2e per £m turnover
- **Baseline Period - Total 2020:**
  29.74 tCO2e per £m turnover

To enable a clear understanding of the carbon footprint that HCR has control over, versus the element where the company has influence, but not control, the carbon reduction plan has also been categorised into Scope 1, Scope 2, and Scope 3 elements.

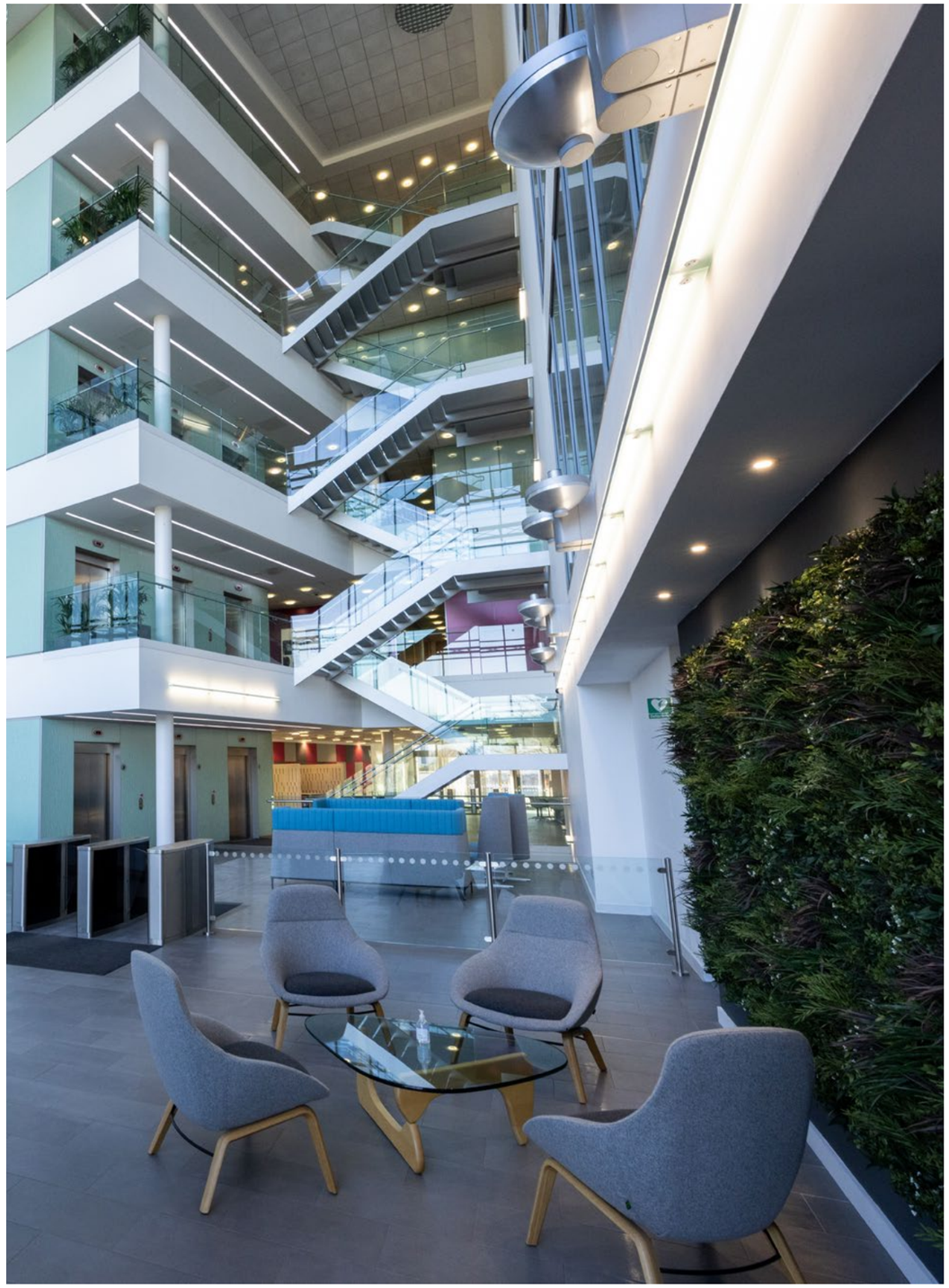
The carbon footprint is estimated to be the same under the market-based approach and location-based approach for electricity consumption.

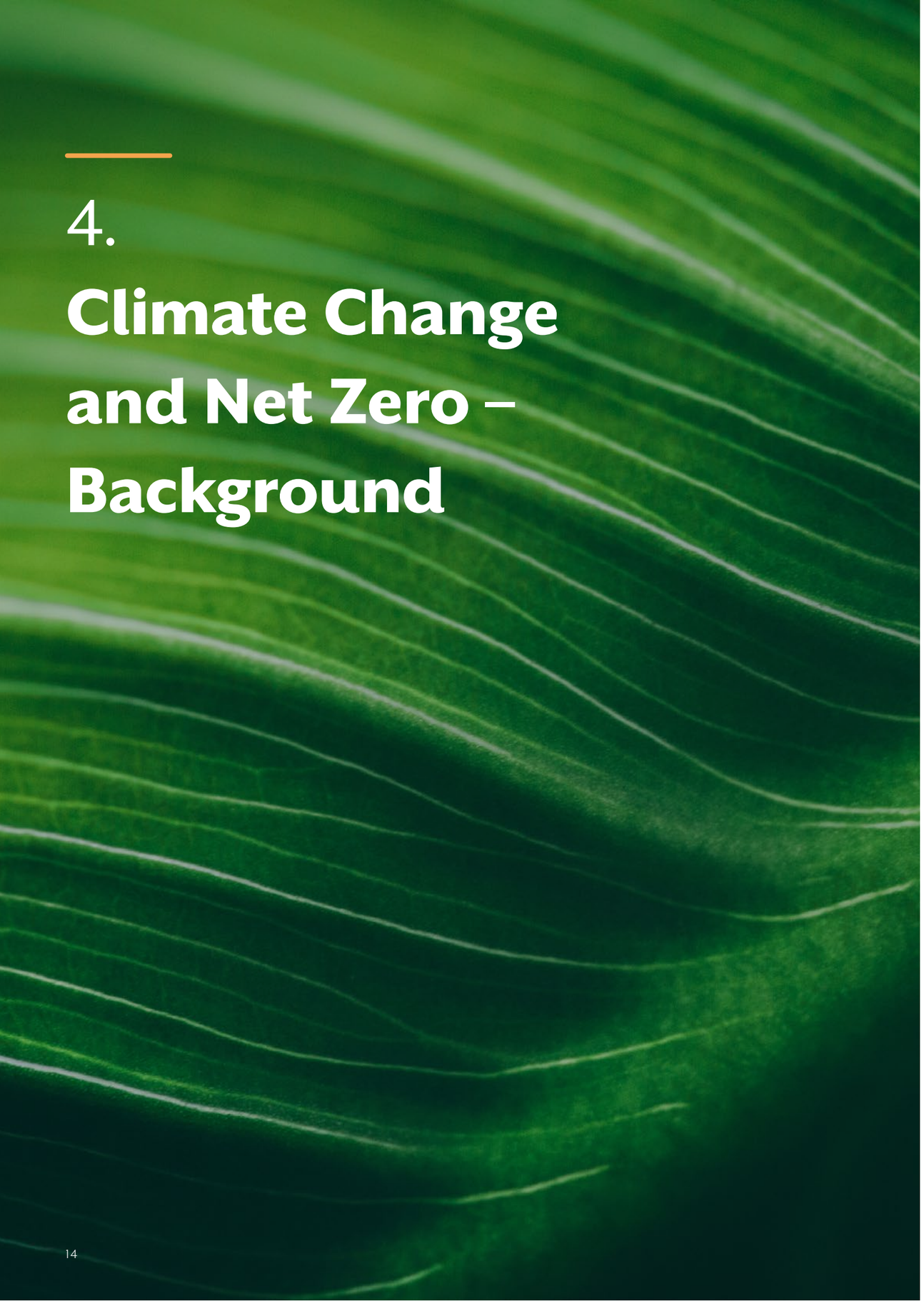
Key 2022 Carbon reduction initiatives

- ✓ We planned in upgrading our 99 High Street office facilities to support reduction in energy usage, including new double-glazed windows and external wall insulation
- ✓ We have scaled our office footprint down from 14 offices to 12 offices, which has supported gas and electricity emissions reductions. In 2023 we further reduced our office count to 10 offices.
- ✓ We have installed LED lighting so that we now have LEDs throughout all offices, leading to a reduction in electricity usage.
- ✓ We have switched our electricity tariffs for our owned buildings to renewable energy tariffs.
- ✓ We have reduced business travel and commuting emissions through prioritising online meetings where appropriate, and adopting flexible working patterns, so employees can work at home 2 to 3 days a week.

Looking ahead: Carbon reduction initiatives

- Complete refurbishment of 99 High Street Worcester office: double glazing, insulation and rendering as well as LED lighting fitted throughout the building accompanied by motion sensor system.
- Lighting timers and sensors will be added to owned buildings to reduce electricity consumption.
- From April 2023 we are launching an electric vehicle programme salary sacrifice scheme offered to all employees to lease an electric vehicle.
- We are looking into a company subscription for employees for electric cycle rental in Worcester (Beryl Bikes) to complement the existing cycle to work salary sacrifice scheme we have has in place for several years.
- We are looking to implement a long-term supplier engagement programme to support supply chain emissions reductions both in the short, medium and long term.
- We are receiving quotes for new solar and EV charge points at our owned office sites.
- We are receiving quotes for heat pumps to remove gas for heating from our owned sites.
- We are receiving quotes for 100% renewable electricity REGO purchases for our leased sites in the short term.
- Employee training: the cross-functional Sustainability Team are in the process of completing carbon literacy training. Once completed the training will be rolled out as an optional course for additional employees.





4.
Climate Change and Net Zero – Background

Since the Industrial Revolution, the average temperature of the planet has risen by around 1°C. This is a rapid change in terms of our global climate system and the temperature rise is continuing. Governments and businesses globally are taking action to minimise this rise and minimise the most severe impacts of climate change.

The Paris Agreement of 2015 committed member countries to reduce their carbon output "as soon as possible" and to do their best to keep global warming "to well below 2°C".

Definition of net zero

Net zero means cutting greenhouse gas emissions to as close to zero as possible, with companies then obliged to ensure that any remaining emissions that cannot be avoided by the company activity are removed from the atmosphere, for example via Direct Air Capture technology (DAC) – per SBTi guidance.

Science-based targets

SBTi is a collaboration between the CDP (formerly the Carbon Disclosure Project), the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

The SBTi's goal is to provide companies worldwide with the confidence that their climate targets are supporting the global economy to achieve net-zero before 2050.

Individual business contribution

Whilst national and local Governments are setting targets and policies, including legislation, individual businesses can contribute to the process. Thousands of businesses around the world of all types and sizes are committing to measure and reduce their emissions by:

- **Measuring,** understanding, and taking steps to reduce their own greenhouse gas emissions (Carbon Footprint)
- **Reducing** emissions across all aspects of their operations, including energy use, transport and travel, supply chain, finance and waste
- **Influencing** stakeholders including suppliers, customers, staff, and the public to take steps to reduce emissions in parallel
- **Reporting** and publicising progress.

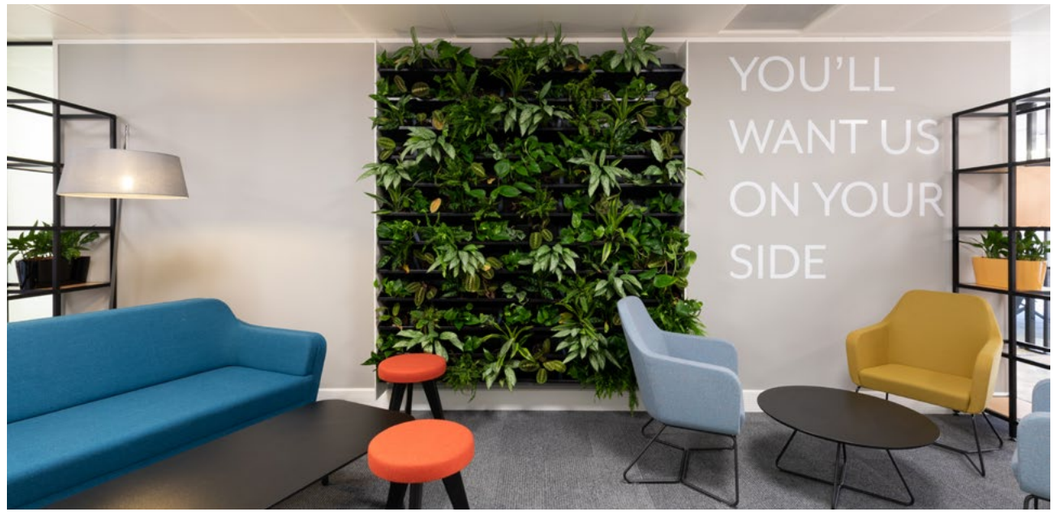
Individual business benefits

By following this route, a company can benefit from:

- **Cost-saving:** Where most carbon is emitted is almost certainly where spend is highest
- **Winning business:** More and more companies and government agencies are making sustainability a factor in requests for proposals
- **Funding and investment:** Banks and investors are increasingly treating organisations that have clear sustainability plans favourably, for example via offering improved lending rates for sustainability projects
- **Public relations and marketing:** Publicising sustainability goals and reporting achievements
- **Social and environmental:** Helping to reduce society's carbon emissions and waste.

5.

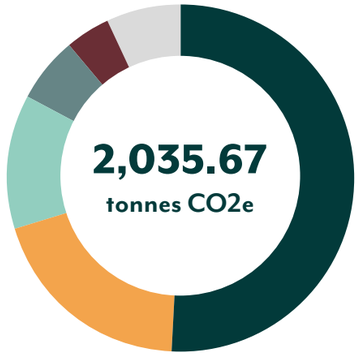
Carbon Footprint



Total Carbon Emissions for the period 1st April 2022 to 31st March 2023

Aspect	Tonnes CO2e				
	Total	Scope 1	Scope 2	Scope 3	%
Mains Gas	27.46	23.46		4.00	1.3%
Electricity	48.15		35.60	12.55	2.4%
Fuel oil	0.00	0.00		0.00	0.0%
LPG	0.00	0.00		0.00	0.0%
Business Travel	85.40	0.00	0.00	85.40	4.2%
Transport	0.00	0.00	0.00	0.00	0.0%
Staff Commuting	1,036.12			1,036.12	50.9%
Work From Home	59.82			59.82	2.9%
Waste	123.12			123.12	6.0%
Water & Sewerage	1.02			1.02	0.1%
Air Con Cooling	254.94	254.94	0.00	0.00	12.5%
Purchases	399.64			399.64	19.6%
Total	2,035.67	278.40	35.60	1,721.67	100%

HCR Total Carbon Footprint



Baseline Comparison: 2020 Year Verses 2023 Year

Aspect	2023 Year (April 2022 to March 2023)				2020 Year (April 2019 to March 2020)			
	Total	Scope 1	Scope 2	Scope 3	Total	Scope 1	Scope 2	Scope 3
Mains Gas	27.46	23.46		4.00	74.50	63.60		10.90
Electricity	48.15		35.60	12.55	334.18		270.38	63.80
Business Travel	85.40	0.00	0.00	85.40	333.88	0.00	0.00	333.88
Staff Commuting	1,036.12			1,036.12	893.80			893.80
Work From Home	59.82			59.82	0.00			0.00
Waste	123.12			123.12	106.60			106.60
Water & Sewerage	1.02			1.02	1.04			1.04
Air Con Cooling	254.94	254.94	0.00	0.00	0.00	0.00	0.00	0.00
Purchases	399.64			399.64	70.00			70.00
Total	**2,035.67**	**278.40**	**35.60**	**1,721.67**	**1,814.00**	**63.60**	**270.38**	**1,480.02**

Aspect	Delta			
	Total	Scope 1	Scope 2	Scope 3
Mains Gas	-47.04	-40.14	0.00	-6.90
Electricity	-286.03	0.00	-234.78	-51.25
Business Travel	-248.48	0.00	0.00	-248.48
Staff Commuting	142.32	0.00	0.00	142.32
Work From Home	59.82	0.00	0.00	59.82
Waste	16.52	0.00	0.00	16.52
Water & Sewerage	-0.02	0.00	0.00	-0.02
Air Con Cooling	254.94	254.94	0.00	0.00
Purchases	329.64	0.00	0.00	329.64
Total	**221.67**	**214.80**	**-234.78**	**241.65**

Commentary – changes from baseline year

The total carbon footprint for HCR has increased from 2020 to 2023 by 221.67 tCO2e. This absolute increase in emissions has occurred largely due to coolant gas leakage from air conditioning units at our Northampton site which we have since vacated. This is partially offset by a large fall in electricity emissions and business travel emissions as we scale down our office units and focus on efficiencies.

Scope 1 & 2 emissions have fallen overall, which supports us on our journey to hitting our interim target 2032 target.

Commentary – calculations

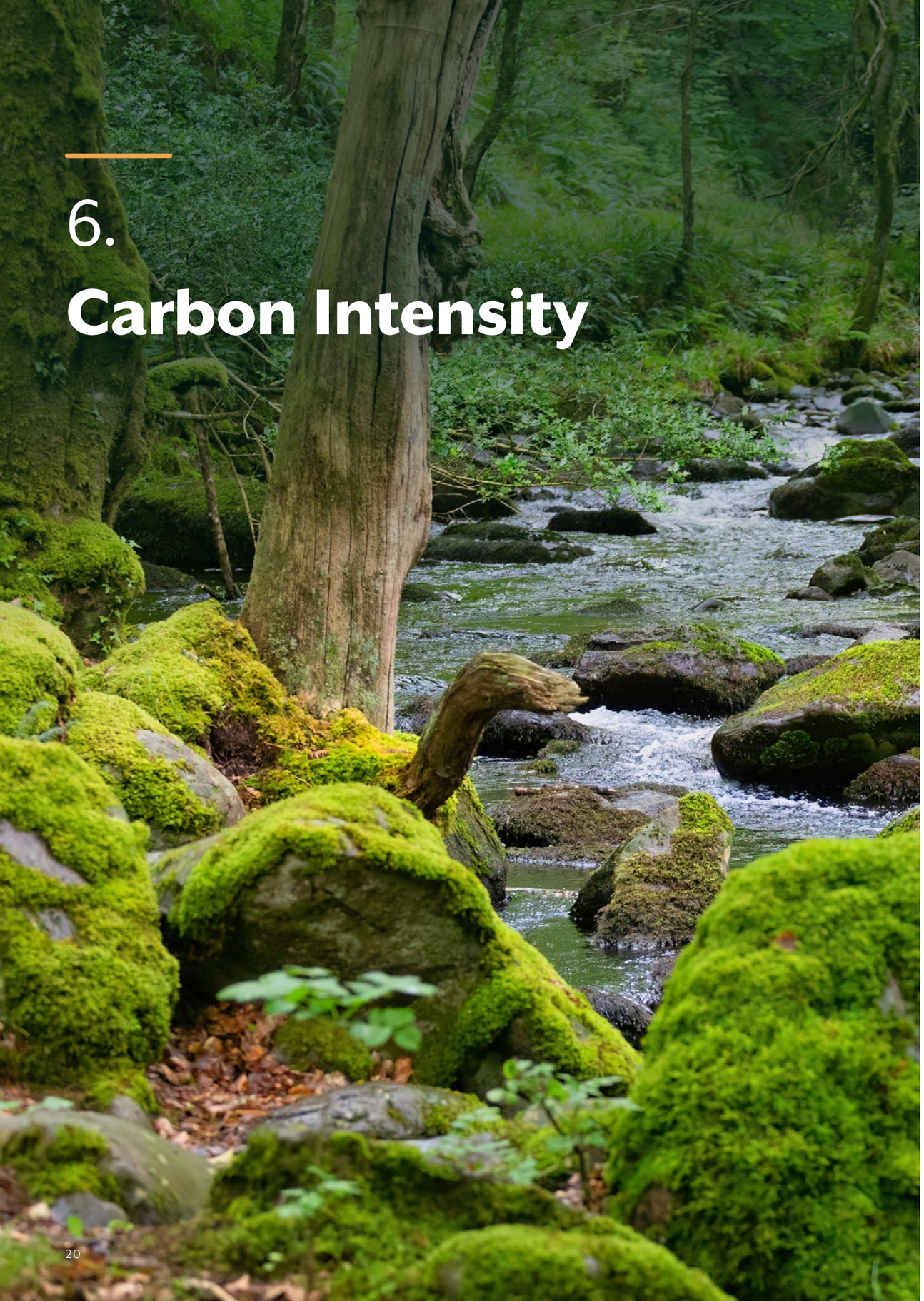
The total carbon footprint for HCR has been calculated using the methodology defined in the World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol and The Carbon Conversion Factors published annually by DEFRA on behalf of the UK Government.

The chart includes all scope emissions (Scope 1, Scope 2 and significant Scope 3).

Home working emissions were estimated using the principles outlined in the 2020 Ecoact whitepaper prepared in conjunction with Lloyds Bank and Natwest: https://info.eco-act.com/en/homeworking-emissions-whitepaper-2020

Categorisation: gas and electricity are reported in Scopes 1, 2 & 3, where the Scope 3 element covers upstream distribution losses.

HCR Total Carbon footprint - Comparison



6. Carbon Intensity

Carbon Intensity is a metric that allows a company to compare its emissions year on year as the size and activity of the business increases or decreases. This is calculated by measuring emissions per £ revenue or staff or product.

The metrics also allows comparison to industry averages and similar organisations that are also publishing their carbon intensity metrics.

Finally, the metric also allows HCR's customers to estimate their own carbon footprint from doing business with HCR by using the revenue intensity metric of HCR multiplied by the customer expenditure with HCR.

HCR's key carbon intensity metric is company £m turnover.

The intensity for this period, and the baseline period, are shown below.

We are also pleased to report that our key carbon intensity metric of emissions per employee has reduced in the period, from 3.51 tCO2e per employee in 2019 to 2.45 tCO2e per employee. This highlights that, as we grow as an organisation, we continue to drive down our carbon footprint, both in absolute terms through and through the lens of the key intensity metric.

We also monitor the tCO2e per £m turnover metric and this increased from 29.73 tCO2e per £m turnover in 2019 to 32.36 tCO2e per £m turnover in 2022. This increase was due to the one-off air con gas leak, but the underlying trend of this measure is also downwards.

Current Year: 2023

Carbon Intensity	
Employee FTE Count	832
Turnover £m	£62,900,000
Tonnes CO2e	**2,036**
T CO2e Per FTE	2.45
Tonnes Per £m turnover	32.36

Carbon Intensity by scope			
Scope 1	**Scope 2**	**Scope 1+2**	**Scope 3**
278.40	**35.60**	**314.00**	**1,721.67**
0.33	0.04	0.38	2.07
4.43	0.57	4.99	27.37

Baseline Year: 2020

Carbon Intensity	
Employee FTE Count	517
Turnover £m	£61,017,050
Tonnes CO2e	**1,814**
T CO2e Per FTE	3.51
Tonnes Per £m turnover	29.73

Carbon Intensity by scope			
Scope 1	**Scope 2**	**Scope 1+2**	**Scope 3**
63.60	**270.38**	**333.98**	**1,479.97**
0.12	0.52	0.65	2.86
1.04	4.43	5.47	24.26

HCR Carbon Intensity Metrics – 2020 and 2023

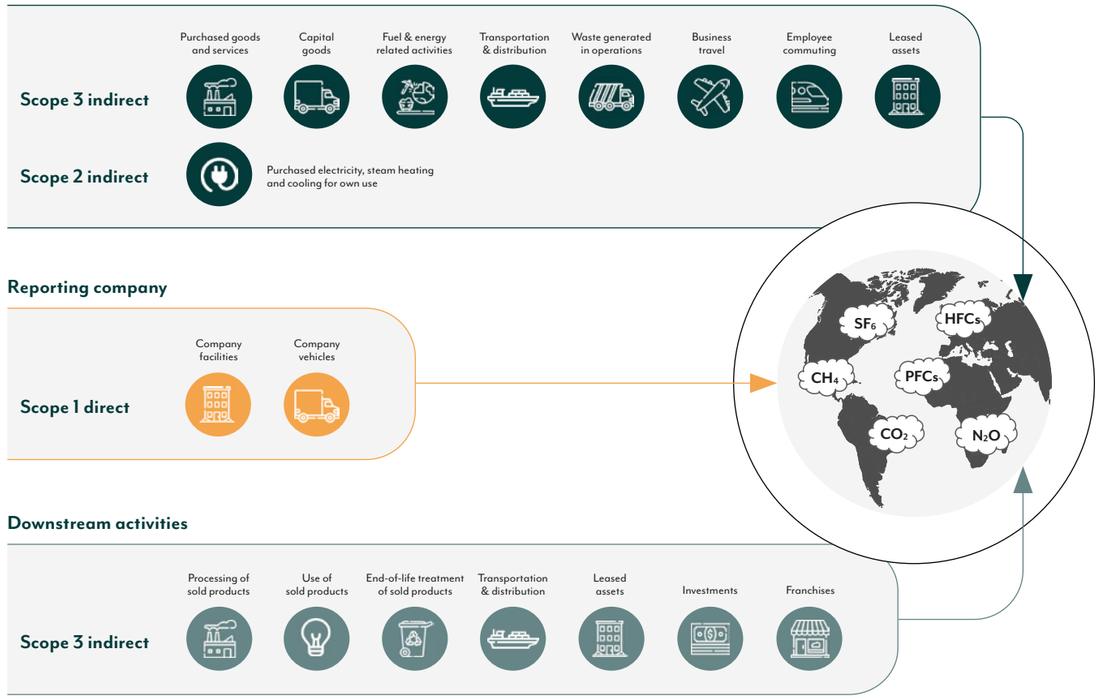
7.

CO2e Emissions – Scopes 1, 2 & 3 and data quality

Emission scopes are defined by the internationally accepted Greenhouse Gas Protocol. The protocol has been developed through many years' cooperation with The World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

They are based on an assessment of which emissions from operations the organisation can directly control versus those which the organisation can merely influence.

The below diagram summarises the categories of emissions that are classified into each scope.



Depiction of Scope 1, Scope 2 and Scope 3 emission categories

Key assumptions when calculating the carbon footprint:

- **Scopes 1 and 2 – Gas & electricity:** Consumption data was available by site for both Gas and Electricity. Where there was not a full years' worth of data available for the exact date range specified then a pro-rate calculation was made.

- **Scope 3.1 - Purchases:** Based on spend by purchase type and average carbon intensity by industry sector per the UK Office for National Statistics (ONS). Where spend information did not match exactly t the date range of the Carbon Footprint then an estimate on spend in the period was made.

- **Scope 3.7: Commuting and WFH:** Based on an employee survey that received a 56% employee response rate.
  - For respondents the commuting emissions were calculated for each respondent based on travel type or vehicle type, commuting distance and days on the office.
  - Work from home emissions were calculated for each respondent based on days working from home (WFH) and the average WFH carbon emissions per the principles outlined in the 2020 Ecoact whitepaper prepared in conjunction with Lloyds Bank and NatWest.
  - For employees that did not respond to the survey the average respondent commuting and WFH emissions were assumed to be consistent with an average employee that did respond to the survey

- **Scope 3.5: Waste:** Due to limitation of waste date in the period an extrapolation was made using previous period waste data uplifted for increased employee numbers in 2023.

8.

HCR Carbon Reduction Target

In 2022 an interim target of 72% reduction in scope 1 & 2 CO2e emissions by 2032 from the 2020 baseline position was set. HCR commits to reduce scope 1 and scope 2 GHG emissions by this amount, with an ambition to also reduce scope 3 emissions by at least 50%.

Following the re-measurement of HCR carbon footprint, a detailed analysis has been undertaken using developments from prior year to date, plus industry trends, to ascertain where our carbon reductions could be made in the short-term, medium-term and long-term, and whether our current carbon reduction targets and plan need any amendments.

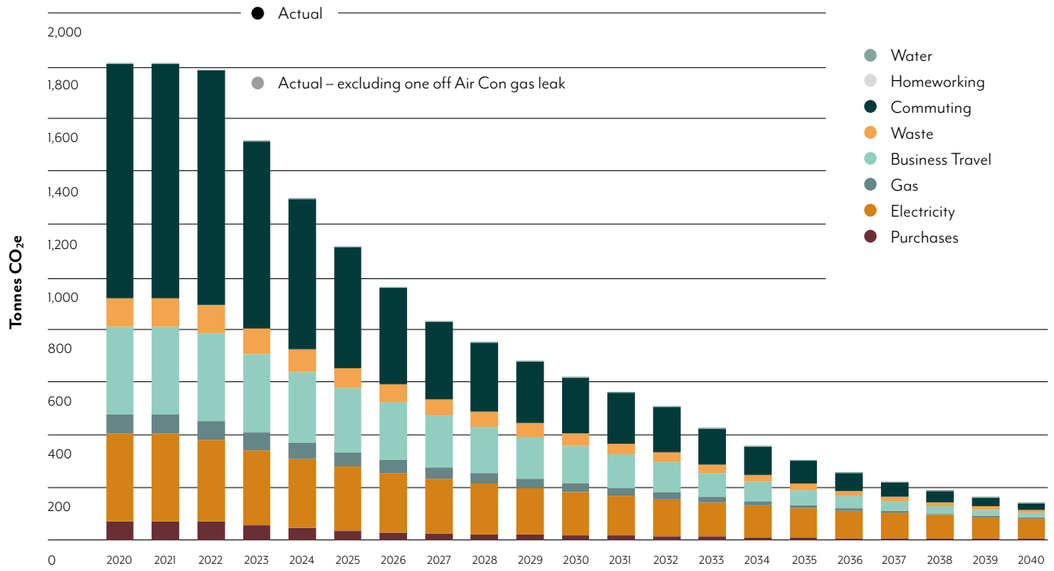
Our conclusion is that our ambitious Net Zero 2040 target and interim target should remain in place, and so a summary of the annual carbon reduction forecast by category to achieve this target is shown in figure 8.1 below.

The company baseline emisisons were calculated for 1 April 2019 to 31 March 2020. We are now pleased to confirm that our underlying Greenhouse Gas (GHG) emisisons, measured as CO2e, have reduced from our financial year 2019 to 2022, and our scope 1+2 emisisons have also reduced. Within the 2022 period there has been coolant gas leakage from air conditioning units at our Northampton site which we have since vacated, which did increase overall emissions for the period as a one-off event.

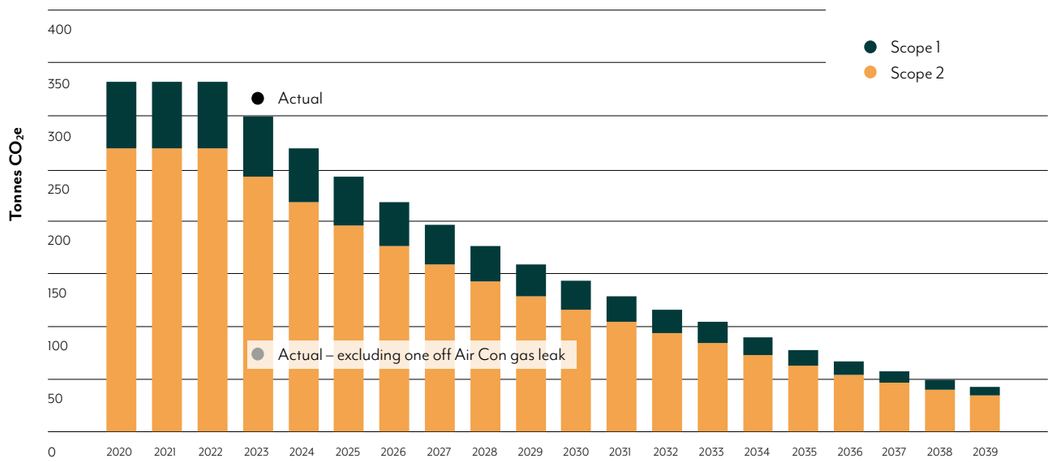
Scope 1 & 2 emissions have fallen overall, which support us on our journey to hitting our interim 2032 target.

As part of the glide path to Net Zero informed assumptions on the wider UK economy decarbonisation milestones. For example, it is assumed that electricity will become increasingly renewable resulting in a lower greenhouse gas conversion factor. Further, over time, the usage of electric vehicles will increase dramatically, as will the usage of alternative, lower-carbon forms of transport – including cycling, trains, zero-emissions buses, and EV car share – facilitated by improvements in the UK's low-carbon transportation infrastructure and active travel commitment.

The supply chain, both nationally and internationally will also become less carbon-intensive over time, with more options for very low-carbon products and services, thus supporting a reduction in HCR's Scope 3 emissions.



HCR carbon reduction plan summary: All scopes

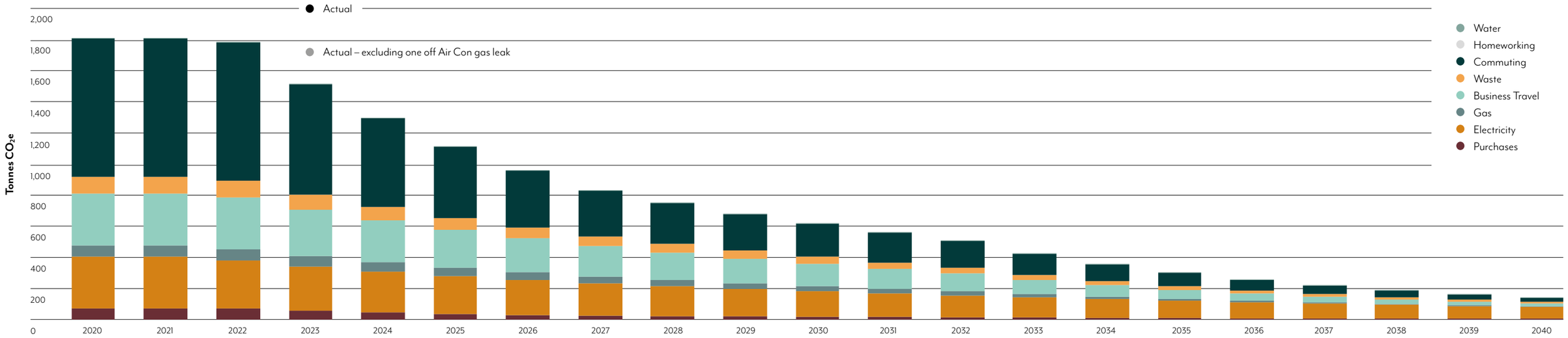


HCR carbon reduction plan summary: Scope 1 & 2 focus

9.
HCR Carbon Reduction Plan

HCR have committed to being Carbon Net Zero by 2040. In order to achieve this ambition, a mixture of measures is available to reduce HCR's carbon emissions over time. In section 8 of this report, the necessary annual carbon reductions were highlighted by category and scope. This section aims to illustrate all targeted opportunities in the short, medium, and long-term. The options are presented using a hierarchy of consumption avoidance and usage optimisation, followed by decarbonising energy consumption by moving away from fossil fuels.

As the timing of the plan is starting from the baselined carbon footprint period, particular focus has been on the short-term initiatives which represent the 'low hanging fruit' for HCR.



Initiatives Delivered:
See Section 3 of this report

Short term initiatives:

- Electric vehicle salary sacrifice scheme for employees
- Supplier engagement to enable scope 3 reduction
- Facilities carbon management project workstream
- Employee engagement to enable culture shift

Medium term initiatives:

- Business case for heat pumps to remove gas for heating from our owned sites
- Engage with office managers and landlords to improve buildings' energy efficiency
- Reduce emissions from Cloud software usage

Long term initiatives:

- Project to reduce commuting and business travel emissions
- Work with landlords to reduce emissions, or investigate moving to low emission office space
- Only work with suppliers who are committed to Net Zero

HCR carbon reduction plan summary: 2023 to 2040

Appendix A.
Documents and references used in calculation

The calculations were carried out using mathematical models and the methodology defined in the Greenhouse Gas Protocol in particular.

GHG Corporate Accounting and Reporting Standard and Scope 2 Guidance

GHG Scope 2 Guidance

GHG Technical Guidance for Calculating Scope 3 Emissions

The Carbon Conversion Factors published annually by DEFRA on behalf of the UK government.

https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021

https://www.ons.gov.uk/economy/environmentalaccounts/datasets/ukenvironmentalaccounts atmosphericemissionsgreenhousegasemissionsbyeconomicsectorandgasunitedkingdom

The Greenhouse Gas Protocol has been developed between The World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

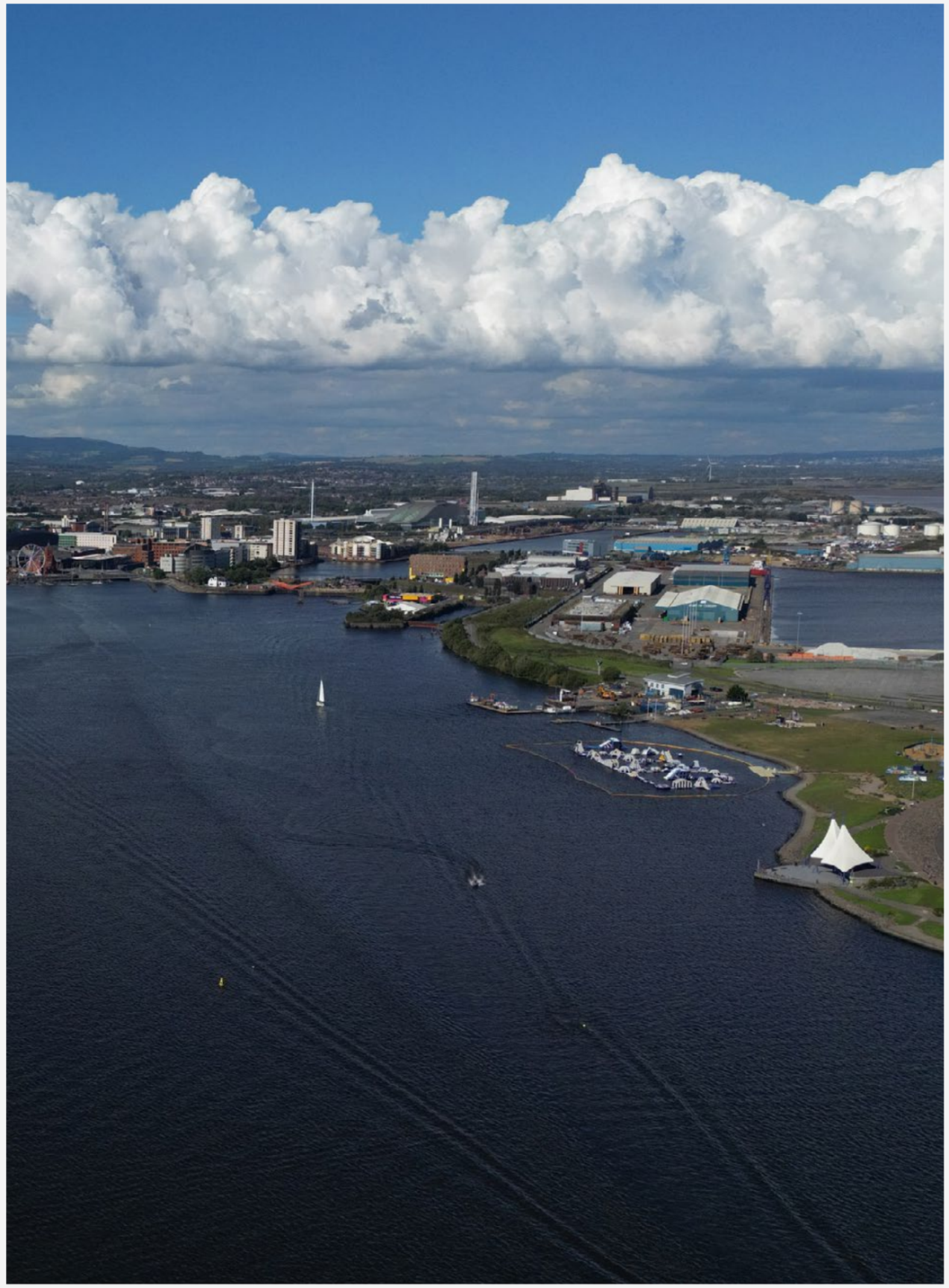
Greenhouse Gas Protocol | (ghgprotocol.org)

The calculations were performed using Go Green Experts' specialist emission calculation tool (DataCollator) aligned with the above protocols.

Appendix B.
Glossary

Term	Description
Absolute reduction	The actual reduction in emissions.
Base year	A historical datum (e.g., year) against which a company's emissions are tracked over time.
Base year emissions	GHG emissions in the base year.
Baseline	The initial measurement or reference point of greenhouse gas emissions over a specified period. This baseline serves as a benchmark for tracking and comparing future emissions, enabling the assessment of progress in reducing the carbon footprint and the effectiveness of mitigation strategies.
Business travel	Transportation of employees for business-related activities.
Capital goods	Final goods that have an extended life and are used by the company to manufacture a product, provide a service, or sell, store, and deliver merchandise. In financial accounting, examples of capital goods include equipment, machinery, buildings, facilities, and vehicles.
Carbon footprint	The total greenhouse gas (GHG) emissions caused by an individual, event, organization, service, place or product, expressed as carbon dioxide equivalent (CO2e).
Carbon intensity	A measure of carbon emission against a variable of business operations such as turnover, output or staff.
Carbon neutral	The removal of the equivalent amount of CO2 by an organisation from what is emitted through activities across its supply chains, by investing in 'Carbon Sinks' that absorb CO2.
Circular economy	A circular economy tries to break that cycle of make-use-dispose with adaptive reuse.
CO2 equivalent (CO2e)	The universal unit of measurement to indicate the global warming potential (GWP) of each greenhouse gas, expressed in terms of the GWP of one unit of CO2.
Direct emissions	Emissions from sources that are owned or controlled by the reporting company.
Downstream emissions	Indirect GHG emissions from sold goods and services.
Embodied carbon	The emissions that result from the entire project.
Emission factor	A factor that converts activity data into GHG emissions data (e.g. kg CO2e emitted per litre of fuel consumed, kg CO2e emitted per Kilometre travelled).
Employee commuting	Transportation of employees between their homes and their worksites.
Environmental Product Declaration (EPD)	A document that quantifiably demonstrates the environmental impacts of a product.

Term	Description
Equity share approach	A consolidation approach whereby a company accounts for GHG emissions from operations according to its share of equity in the operation.
Extrapolated Data	Data from a similar process or activity that is used as a stand-in for the given process or activity and has been customized to be more representative of the given process or activity.
Global Warming Potential	A factor describing the radiative forcing impact (degree of harm to the atmosphere) of (GWP) one unit of a given GHG relative to one unit of CO2
Greenhouse Gas	Gasses contributing to global warming. Seven gases, Carbon Dioxide (CO2); Methane (CH4); Nitrous Oxide (N2O); Hydrofluorocarbons (HFCs); Perfluorocarbons (PFCs); Sulphur Hexafluoride (SF6), and Nitrogen Trifluoride (NF3).
Greenhouse Gas Inventory	A quantified list of an organization's GHG emissions and sources.
Greenwashing	PR tactic used to make a company or product appear environmentally friendly, without meaningfully reducing its environmental impact.
Indirect Emissions	Emissions that are a consequence of the activities of the reporting company but occur at sources owned or controlled by another company.
Life Cycle Assessment (LCA)	Total emissions from the inputs and outputs throughout a product's life cycle. From the moment it was created to the moment it has decayed.
Location-Based Method	A method to quantify Scope 2 GHG emissions based on average energy generation emission factors for defined locations.
Market-Based Method	A method to quantify Scope 2 GHG emissions based on GHG emissions emitted by the generators from which the reporter contractually purchases electricity.
Net Zero	A state in which the greenhouse gases going into the atmosphere are balanced by removal from the atmosphere. Per SBTi guidance on how companies achieve Net Zero emissions must fall by at least 90% before carbon removal balancing tools are used
Offsetting	The action or process of compensating for carbon dioxide emissions arising from industrial or other human activity, by participating in schemes designed to make equivalent reductions of carbon dioxide in the atmosphere.
Proxy Data	Data from a similar process or activity that is used as a stand-in for the given process or activity without being customized to be more representative of the given process or activity.
Reporting Year	The year for which emissions are reported.
Scope 1 Emissions	Emissions from operations that are owned or controlled by the reporting company.
Scope 2 Emissions	Indirect emissions from the generation of purchased or acquired electricity,
Scope 3 Emissions	All indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.
Secondary Data	Data that is not from specific activities within a company's value chain.
Supply Chain	A network of organizations (e.g., manufacturers, wholesalers, distributors, and retailers) involved in the production, delivery, and sale of a product to the consumer.
Upstream Emissions	Indirect GHG emissions from purchased or acquired goods and services.
Value Chain	All of the upstream and downstream activities associated with the operations of the reporting company, including the use of sold products by consumers and the end-of-life treatment of sold products after consumer use.
Waste	An output of a process that has no market value.



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