

The logo for Kinovo, featuring the word "Kinovo" in a white, lowercase, sans-serif font. A small, white, stylized icon resembling a house or a square with a diagonal line is positioned to the upper right of the letter "o".

kinovo[®]

Second year

Net Zero Report

Carbon Reduction Plan 2023

Executive Summary


Publication date: October 2023
Name: Sangita Shah
Position: Chair of the ESGM Committee

Welcome to our second Net Zero Report. As a leading provider of specialist property services, we continuously assess our carbon footprint within every aspect of our operations including our impact on the environment, communities and our stakeholders.

Specifically, in terms of our climate impact, we have examined our entire value chain and implemented an achievable emissions reduction strategy for the whole Group. In our first Net Zero Report we set out our ambitious carbon reduction plan and Net Zero pathway. This detailed how we are targeting reducing our emissions by 49 per cent by 2030 and will attain Net Zero by 2040. This is 10 years ahead of the UK Government's plan "Build Back Greener" and exemplifies our commitment to proactively reducing our impact on the planet and helping the lives of those living on it.

Our businesses reported a combined increase in revenue of 18 per cent for the financial year April 2022 to March 2023. Consequently, while our Scope 1 and Scope 2 emissions - which we have control over – reduced substantially, our absolute emissions increased by 40 per cent since last year's Net Zero Report as a direct result of our increased spend on Scope 3 purchased goods and services.

We remain focused on achieving our target while continuing to provide services that enhance people's living standards and provide sustainable property solutions. While we are making our workplaces greener through the use of EV chargers and solar panels, and installing a ground source heat pump at our Head Office, the majority of our emissions (97 per cent) are in our purchased goods and services over which we have influence but no direct control. To try and reduce these emissions we will use our purchasing power and choice of suppliers supported with supplier engagement surveys to encourage the correct carbon-reducing behaviour within our supply chain.

 **We continuously assess our carbon footprint within every aspect of our operations including our impact on the environment, communities and our stakeholders.**



Net Zero Reduction Plan

About us

As a leading provider of specialist property services, we work to align our everyday operations with our vision which is to provide “...safe and sustainable property solutions and services that protect our customers, benefit the environment and enhance communities and the lives of our employees.” Integral to this vision we will investigate every aspect of our business including the emissions we are directly responsible for and those that lie in our supply chain so we can build a better world for future generations. To achieve this, we have examined our entire value chain and planned our emissions reduction strategy accordingly..



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Commitment to Net Zero

Kinovo is committed to taking action to reduce our annual emissions and achieving Net Zero emissions by 2040, ten years earlier than the UK government's target. We will aim to reduce our emissions year on year and will achieve:

49%
reduction in our Scope 1, 2 and 3 emissions
by 2030

81%
overall reduction in all Green House Gas
(GHG) emissions across Scopes 1 2 and 3
by 2040 offsetting any residual emissions
via high-quality nature-based or direct air
capture projects and becoming Net Zero



Net Zero emissions



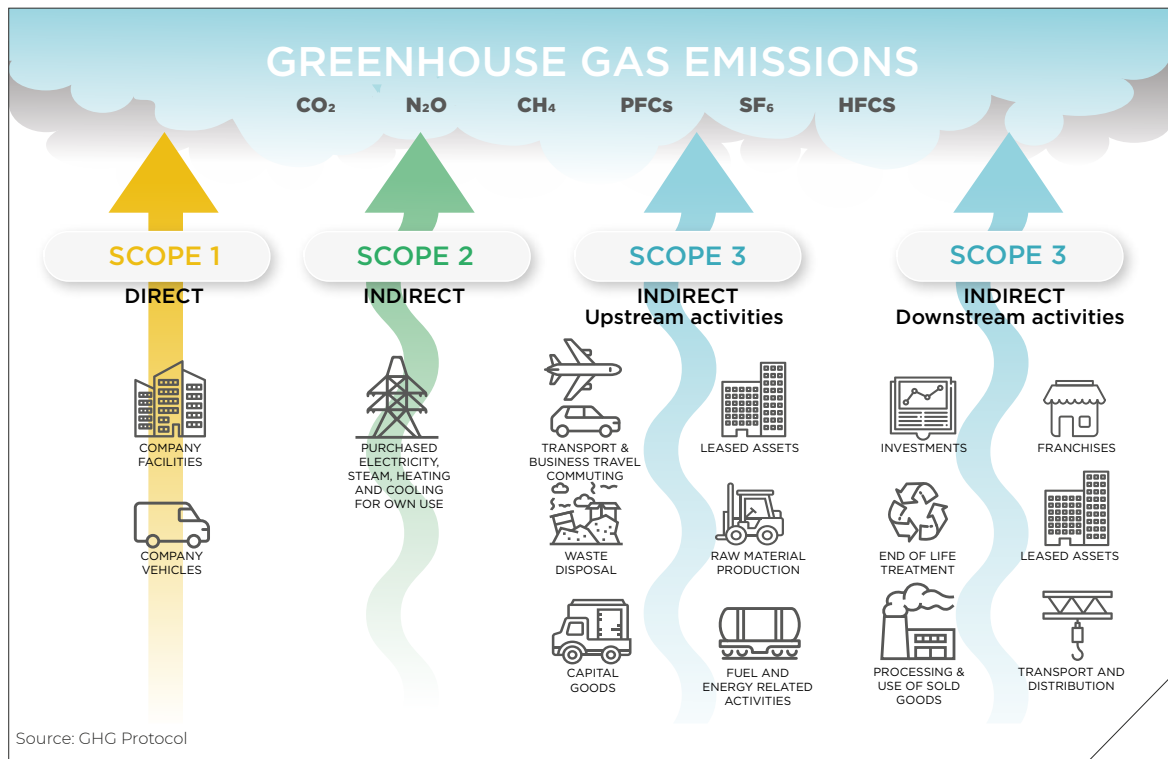
How we are doing this

1. We have set our base year (April 2021 – March 2022)
2. We have committed to updating our carbon footprint calculation annually in line with the GHG protocol, including all relevant emissions sources:

- Scope 1** ■ Gas, Transport and Refrigerants
- Scope 2** ■ Electricity
- Scope 3** Selected categories from the below based on materiality
 - Purchased goods and services, capital goods, fuel and energy-related activities, waste, business travel and employee commuting

3. We have created a carbon reduction plan for each Scope and category
4. We have compared our Year 2 emissions with our Year 1 emissions to help us to keep on track through our 'Measurement and Verification process'
5. We will reflect on the targets and the environmental management techniques we've undertaken
6. We will consider areas that we can focus on to help drive down emissions further

Overview of GHG Protocol scopes and emissions across the value chain



Category	Item	tCO ₂ e Base FY22	tCO ₂ e FY23	% tCO ₂ e FY23	% difference from FY22
Scope 1					
Stationary combustion (Gas)	Gas consumed	14.30	8.28	0.03%	-42.10%
Transport	Owned and leased vehicles	545.30	355.74	1.33%	-34.76%
Refrigerants	HVACs	5.25	5.25	0.02%	0.00%
Scope 2					
Electricity (Location based) ¹	Purchased electricity, for own use (grid average)	17.96	15.66	0.06%	-12.81%
Electricity (Market based) ²	Purchased electricity, for own use (specific contract)	17.44	15.12	N/A	-13.30%
Scope 3					
Cat 1: Purchased goods & services	Goods and services	17,827.62	25,840.59	98.74%	+44.95%
Cat 2: Capital goods	CapEx expenditure	93.30	38.81	0.15%	-58.40%
Cat 3: Fuel & energy related activities	WTT (Well-To-Tank) & T&D (Transmission & Distribution losses) from electricity, gas, transport, business travel and employees commuting	142.35	100.08	0.37%	-29.69%
Cat 5: Waste	Waste generated in operations	9.64	10.74	0.04%	+11.41%
Cat 6: Business travel	Land and air travel for business purposes	26.24	34.83	0.13%	+32.74%
Cat 7: Employee commuting (WTT)	Employees commuting to and back from work	262.63	264.10	0.13%	+0.56%
Cat 8: Upstream leased assets	Assets leased for business activities	20.57	19.59	0.07%	-4.76%

	tCO ₂ e Base FY22	tCO ₂ e FY23
Total Gross Emissions (Location based)	18,964.62	26,693.67
Less emissions avoided by choice of renewable electricity	(0.52)	(0.54)
Total Gross Emissions (Market based)	18,964.10	26,693.13
Less carbon offsets	(698.00)	(525.00)
Total Net Emissions	18,266.10	25,618.13

To further understand our emissions, we have also recorded them using intensity ratios as this will allow us to track our emissions as our business grows and develops.

Intensity ratios	Gross Emission (Location based)		Gross Emissions (Market based)		Net Emissions	
	2022	2023	2022	2023	2022	2023
tCO ₂ e per employee	64.73	113.59	64.72	113.59	62.34	109.01
tCO ₂ e per million £ turnover	355.81	425.74	355.80	425.73	342.70	408.58

¹Location based represents emissions from electricity consumption based on grid average emissions

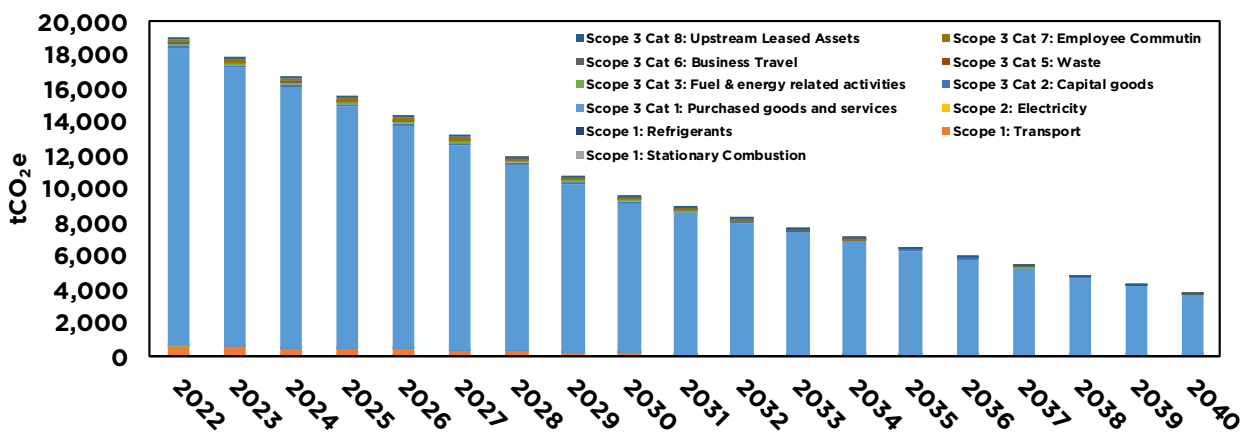
²Market based represents emissions from electricity consumption based on specific energy contracts

Emission Reduction Targets

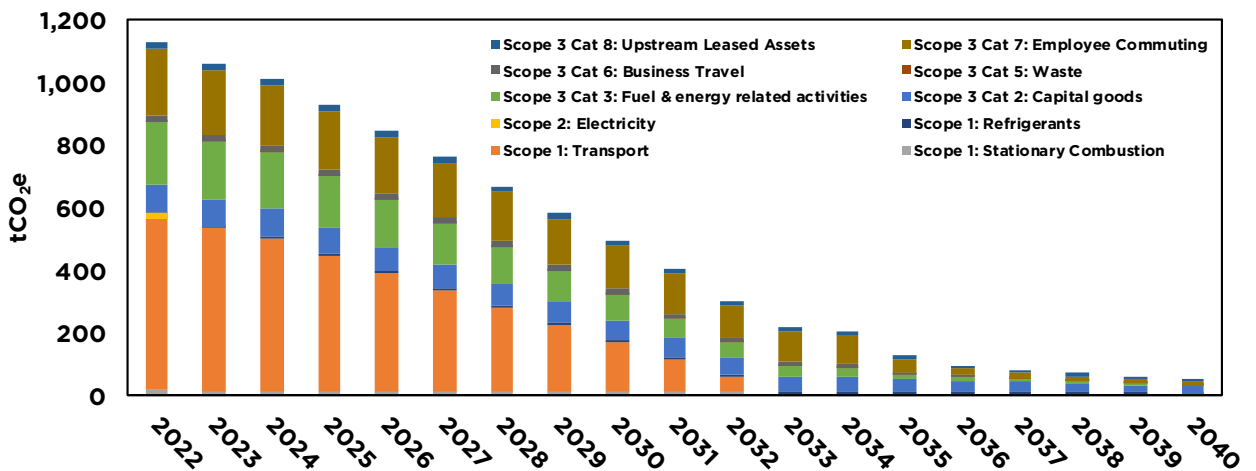
In order to continue our progress to achieving Net Zero, we have mapped out and planned a number of positive actions to achieve the following carbon reduction targets:

- ✓ **49%** reduction in Scope 1, 2 & 3 emission by 2030 from 2022 baseline levels
- ✓ **65%** reduction in Scope 1, 2 & 3 emission by 2035 from 2022 baseline levels
- ✓ **81%** reduction in Scope 1, 2 & 3 emission by 2040 from 2022 baseline levels

Carbon Emission Glidepath tCO₂e



The nature of our business means that our GHG emissions inventory is dominated by our purchased goods and services. To better show the breakdown of the rest of our emissions and how we are aiming to reduce them, we have also created a glidepath excluding purchased goods and services.



Our approach is to focus our efforts on reducing our own emissions and we have significant planning and budget set aside to do this. A large proportion of our carbon emissions are Scope 3 within our supply chain where we have influence but no direct control. Since Kinovo procures a large volume of materials to fulfil our service offering we are engaging with our suppliers to identify those who are ESG aware and are on a similar journey. To try and reduce these emissions we will use our purchasing power and choice of suppliers supported with supplier engagement surveys to encourage the correct carbon-reducing behaviour.

For example, we are focusing on wherever possible minimising needless travel of raw materials across the globe, especially when more local options exist. We are also continually examining how we can avoid buying and using single-use items, as well as avoiding items that are made from scarce resources, or are difficult to recycle. We have shifted our preference to items that include recycled materials.



Current emissions vs target emissions

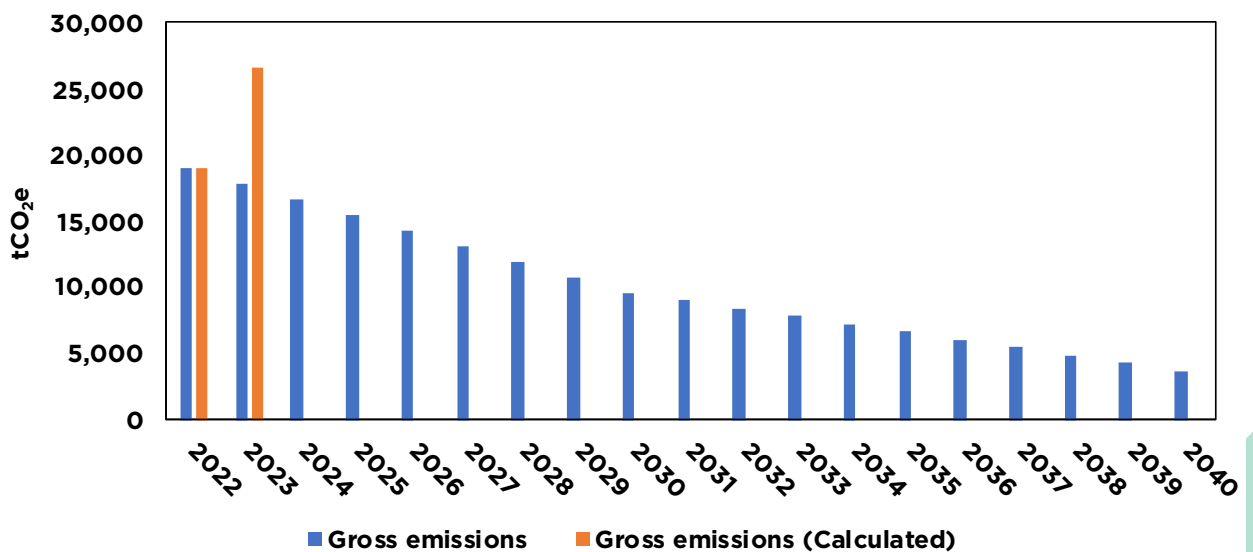
To keep our target carbon emissions reduction pathway on track to reach our Net Zero goal, we will report our total emissions against our target emissions every year. We are aware as a company that some years we will make better progress than others but by regularly assessing and reporting our emissions we can ensure that we are holding ourselves accountable to our target reductions.

The figures below shows Kinovo's absolute emissions:

2021-22 - 18,964.10 tCO₂e

2022-23 - 26,693.67 tCO₂e

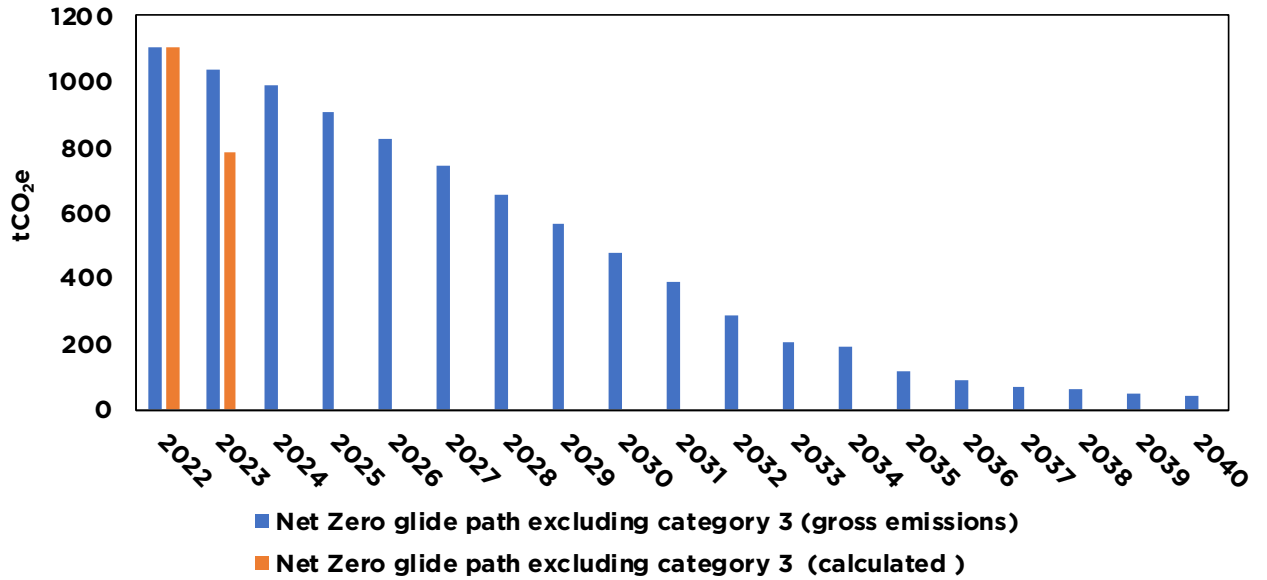
The overall increase is as a result of us making more material purchases compared to the base year of 2022. This is demonstrated in the overall emissions compared to our target glidepath shown below.



While we recognise our emissions have increased due to our increased spending the only category where we saw actual increases was purchased goods and services, this category is the one where we have the least control and so we are working with suppliers to identify how we can bring these emissions down. Although our overall emissions are up we have successfully implemented sound environmental management techniques to reduce our emissions in areas over which we have control, namely Scope 1: Transport, Scope 2: electricity, and our Scope 3 Category 6: Business Travel. This is indicated in our progress against our targets not including Scope 3 Category 1: Purchased Goods and Services.



Carbon Emission Glidepath Excluding Purchased Goods and Services tCO₂e 2022 vs 2023



Intensity ratios	Gross Emissions (Market-based) Year 1	Gross Emissions (Market-based) Year 2
tCO ₂ e per million £ turnover (including category 1)	355.80	425.73
tCO ₂ e per million £ turnover (excluding category 1)	21.32	13.60



Environmental management measures / emission reduction plan

As a responsible business, Kinovo has for many years had a focus on the environment and reducing our carbon emissions. To drive this to the next level, we engaged the services of Sustainable Advantage to advise the Kinovo Board on global best practices on carbon reduction. We have a detailed carbon emissions reduction plan, the key actions of which are summarised below:



SCOPE 1: Stationary combustion (Natural gas)

What we have done since the last year

- Installation of a Mechanical Ventilation Heat Recovery unit (MVHR) and investment in internal and external wall insulation for our buildings. This has helped us to reduce our reliance on brown gas
- Implementation of an energy efficiency register for our buildings which will help us to identify more opportunities to reduce our heat loss through the implementation of energy efficiency measures

What we plan to do in future

- Identify sites with high gas consumption and perform energy surveys to identify capital expenditure (CapEx) opportunities
- Investigate new technologies as they become available and install these where practical (e.g., hydrogen powered boilers)
- Reduce reliance on gas use and replace gas boilers with electrical heating systems such as air / ground source heat pumps, infra-red panels, electric storage heaters etc. where feasible



SCOPE 1: Transport (Leased vehicles)

What we have done since the last year

- We have invested in EV charging points at 5 of our offices
- Additionally, we are looking ahead to 2024 with the planned investment of 8 new EV vans for our building services teams
- By investing in charging infrastructure and vehicles, this will help us to reduce our scope 1 transport related emissions and transition to an electric fleet



What we plan to do in future

- We will also look into accessing less environmentally damaging fuels, such as HVO, that can be used as a direct replacement for diesel while we transition our fleet to green vehicles
- Provide driver training on how to drive more efficiently to reduce emissions to supplement the “Light foot” telematics already in place in all vans
- Ensure EV’s are charged using green electricity sources where possible including installing additional charging points at our office locations following on from those already in place at all our offices
- We will investigate other emerging green transportation technology as alternatives where moving to fully EV is not possible, such as hydrogen powered vans



SCOPE 1: Refrigerants

Whilst it is assumed fugitive emissions from refrigerant gases will remain the same due to lack of knowledge surrounding new technologies, we will endeavour to reduce our impact where possible:

- Avoid emissions through improved leak tightness; consider fitting leak-detection systems and following a regular maintenance schedule
- Ensure correct end-of-life treatment of refrigerant gases; recover and dispose of refrigerant gases correctly when maintaining, upgrading or decommissioning a system
- Substitute refrigerants with other less harmful substances e.g., refrigerant gas with zero ozone depletion potential (ODP) and low global warming potential (GWP)
- When renewing HVAC system, choose the most efficient systems:
- Investigate systems using least damaging refrigerant gasses with low potential leakage
- Installing new systems may offer energy savings as well as next generation refrigerants (HFOs (hydrofluoro-olefins) and natural refrigerants)

Limit use of refrigeration / air conditioning systems





SCOPE 2: Electricity

What we have done since the base year

We're reducing our electricity demand and increasing the volume of renewable electricity on site:

- The energy efficiency register will help us to change our behaviours, and will enable us to look for opportunities to reduce our electricity demand
- We have also switched to LED lighting, which will help us to further reduce our electricity demand
- Our head office has 12 more solar voltaic panels helping us to increase the proportion of green electricity we consume and reduce our reliance on the grid

These actions are helping us to continually reduce our emissions within this scope.

What we plan to do in future

- Energy surveys will be undertaken at sites consuming large amounts of electricity to identify capex opportunities
- Investigate opportunities to install more green energy production facilities onsite where practicable



SCOPE 3 Category 1: Purchased goods and services and Category 2: Capital goods

What we plan to do in future

Kinovo realises a significant proportion of our emissions fall within purchased goods and services. That's why we're undertaking a specialist environmental management strategy in carbon material areas. This will help us work with our suppliers to reduce our shared emissions, by:

- Sending out a supply chain survey to our tier one suppliers
- Collecting data that will help us to identify strategic opportunities and improve the accuracy of the carbon accounting
- Be selective about working with sophisticated carbon suppliers (where practical), and encourage suppliers to reduce their emissions (where possible)
- Work with suppliers to collaboratively set carbon emissions reductions targets

We're in the process of improving this as part of our Net Zero disclosure and our supply chain survey will facilitate the use of the purchasing power we have





SCOPE 3: Category 5: Waste

What we have done since the base year

- Kinovo already follows the waste hierarchy:
 - Reduce the waste generated
 - Re-using / recycling as much as possible
 - Residual general waste to be incinerated to limit the volume of waste that goes to landfill
- We'll continue to implement these environmental management processes, which will further help to drive down this category of emissions

What we plan to do in future

- Staff training programmes will be rolled out to provide clear, consistent training and information to minimise waste and maximise recycling



SCOPE 3: Category 6: Business travel

What we have done since the base year

We've installed EV charging at our offices, and we're encouraging more business travel to site by EV

What we plan to do in future

- Paying favourable mileage reclaim rates for EV vehicles
- Where EV business travel is not possible we'll continue to prioritise rail transport to the construction site
- Additionally, we'll continue to prioritise video conferencing tools such as Teams and Zoom to host meetings





SCOPE 3: Category 7: Employee commuting

What we have done since the base year

We recognise that we cannot massively influence what modes of travel our employees use. That said we need to do all we can to encourage them to join us on our sustainable journey.

- We've invested in EV charging at five of our locations which is enabling employees to commute using their EV's
- Additionally we are currently encouraging employees to embrace green commuting through our cycle-to-work scheme
- We will assess the effectiveness of these schemes and gather feedback on how we can further help our employees in their commuting choices by carrying out regular commuting surveys



SCOPE 3: Category 8: Upstream leased assets

Kinovo leases two offices over which we do not have operational control to make changes to either the buildings or the energy contracts that supply them. As these offices are outside of our control we have calculated their emissions as part of Category 8 downstream leased assets. We will endeavour to reduce the emissions from these facilities as much as possible by engaging with the landlord to:

- Switch energy contracts from brown to renewable when they come up for renewal
- Investigate possible building upgrades to improve energy efficiencies
- Move away from gas heating to electrical heating systems, such as heat pumps where practicable



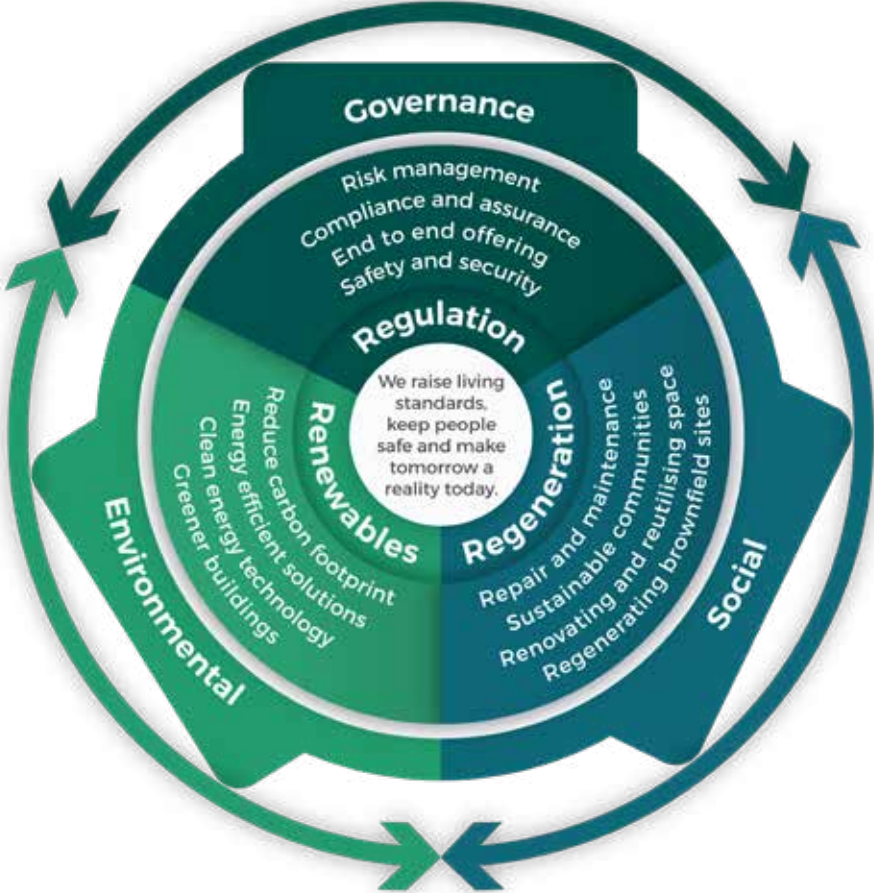
Further actions

Kinovo is working hard to minimise the emissions related to our supply and value chain. We will continue to work with sustainability experts and invest strategies and management techniques which are proven to decouple our growth and consumption habits.

Kinovo will continue to recalculate our carbon footprint annually for each year and will track how we are performing versus our targets and adjust our methods to ensure we stay on track to hit our Net Zero target. Kinovo will continue to do all we can to minimise our emissions and do our part to minimise the negative effects of climate change on the planet.

ESG is at the heart of our strategy

We have organised our business around three strategic pillars to ensure they drive everything we do. We call this the 3 R's. They encapsulate what we do now and aspire to do next.



Our Pathway to Net Zero

Offset all scope 1 and 2 emissions from **2022** to become carbon neutral in operations and commit to maintaining this by offsetting all following years emissions

2023

By **2024** we will procure 100% of our electricity from renewable energy contracts, in the buildings that we own

By **2025** we will introduce an EV salary sacrifice scheme for all of our employees

2025

Carbon surveys sent to key suppliers in 2023 to understand their emissions and the positive actions they are taking to become a carbon conscious supplier so we can begin limiting the emissions embedded in our supply chain

2027

We will send zero waste to landfill by **2027**

By **2027** all of our offices will have LED lighting controlled by PIR



2030

50% reduction in Scope 1 and 2 emissions achieved by **2030**

50% of fleet vehicles will be run by greener technology in 2030 with charging points available at all our sites

2035

65% reduction in emissions from use of natural gas in our facilities through switch to bio-gas and moving away from gas powered heating systems achieved by **2035**

75% of fleet vehicles will be run by greener technologies by 2035

2040

All fleet vehicles will be run by greener technologies by **2040**

81% reductions in all emissions achieved by 2040 offsetting all residual emissions via nature based or carbon removal offsets and becoming Net Zero



Conclusion

We will continue along our Net Zero pathway and monitor progress throughout the year. Annually, we will report our emissions against the targets set to ensure we continue to take proactive steps to meet our Net Zero ambitions. We have already achieved key reductions in energy, transport, waste, and business travel related emissions, and we have done this by increasing our fleet's access to electric vehicles, switching to LED lighting, and making investments in low carbon technologies for heating and electrical power generation.

We will continue to engage with our supply chain and drive improved environmental performance. Kinovo is steadfastly committed to act as a catalyst for change in the communities we serve and so help to preserve this precious planet.

**Care about
tomorrow**



**We value
accountability,
authenticity, professionalism
and consistency.**



Our emissions methodology – Inclusions within current numbers:

When calculating carbon emissions, the GHG protocol corporate accounting and reporting standard states that a company must set its organisational boundaries.¹ This can be done either by an “Equity Share” or “Control” approach. The Equity Share approach reflects a company’s economic interests and percentage ownership of companies or subsidiaries to assign GHG emissions. The Control approach can follow two routes and defines the boundary by looking at either how much Financial or Operational Control a company has. To fully cover all of its operations and subsidiaries, Kinovo has selected the Operational Control method when setting our organisational boundary. The Operational boundary will include all three Scopes as outlined by the GHG Protocol. Kinovo’s emissions are reported in tCO₂e and have been calculated utilising the following formula:

Source emissions data x conversion factor* = total source emissions

Source unit x (tCO₂e/unit) = tCO₂e

*Conversion factors are primarily derived from the latest:

- UK Government GHG conversion factors for Company Reporting
- DEFRA (Department for Environmental, Food and Rural Affairs)
- Environmentally extended input-output (EEIO) tables
– EPA

¹ <https://ghgprotocol.org/corporate-standard>



Scope 1

Sources included in the inventory are onsite (or “stationary”) natural gas combustion, fugitive emissions of refrigerant gas and mobile fuel combustion from leased and owned vehicles.

Scope 2

Purchased electricity was the only identified Scope 2 emissions source. However, per the GHG Protocol Scope 2 Guidance, Scope 2 emissions have been calculated and reported using two separate methodologies:

- Location-based method reflecting the average emissions intensity of grids on which energy consumption occurs
- A market-based method reflecting emissions from the electricity that Kinovo has purposefully chosen via our energy procurement activities. This accounts for energy purchased from green energy suppliers

Scope 3:

Category 1: Purchased goods and services

– Includes all upstream (i.e., cradle-to-gate) emissions from the production of goods purchased or acquired by Kinovo in the reporting year

Category 2: Capital goods – Includes all upstream (i.e., cradle-to-gate) emissions from the production of capital goods purchased or acquired by Kinovo in the reporting year

Category 3: Fuel and energy related services – This relates to transportation and distribution losses, and the Well-to-Tank emissions for all fuels consumed as a result of Kinovo’s operation

- Well-to-Tank emissions account for all the emissions related to the extraction, production, and shipping of fuels excluding only the direct combustion of the fuel. (e.g., fuel consumed by company-owned or leased vehicles)
- Transmission losses account for all the energy that is lost between the electricity production in the powerplant and when it is used (e.g., resistance in power lines)

Category 5: Waste – Includes emissions from third-party disposal and treatment of waste generated in Kinovo’s owned or controlled operations in the reporting year

- We have utilised the Waste-type-specific method, which involves using emission factors for specific waste types and waste treatment methods

Category 6: Business travel – Includes emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars. This also includes emissions resulting from hotel stays resulting from business-related trips

- We have used the distance-based method, which involves determining the distance and mode of business trips, and then applying the appropriate emission factor for the mode used where possible
- We have used the cost spent on hotels to calculate the emissions



Category 7: Employee commuting –

Includes emissions from the transportation of employees between their homes and Kinovo's offices. Emissions from employee commuting may arise from car, bus, train, or cab travel

- Where appropriate we have used the average-data method, which involves estimating emissions from employee commuting based on average (e.g., national) data on commuting patterns
- We will in future years supplement the above with employee travel surveys which collect data from employees on commuting patterns (e.g., distance travelled, and mode used for commuting) and apply the appropriate emission factors for the modes used using the distance-based method

Category 8: Upstream Leased Assets –

Includes emissions from our 2 offices where we do not have operational control over the energy procurement. We have estimated the energy consumption for these facilities to calculate the emissions we will work with the landlords to improve this data in future years

Emissions methodology – non-material exclusions:

Scope 3

Category 4: Upstream transport

Is excluded from GHG emissions inventory as we do not sell goods that need to be transported by our customers

Category 9: Downstream Transportation and Distribution

Is excluded from GHG emissions inventory as we do not distribute any materials to customers

Category 10: Processing of sold products

Is excluded from GHG emissions inventory as we do not manufacture products

Category 11: Use of sold products

Is excluded from the GHG emissions inventory as we do not sell physical products

Category 12: End-of-life treatment of sold products

Is excluded from GHG emissions inventory as we do not sell physical products

Category 13: Downstream Leased Assets

Is excluded from GHG emissions inventory, as we do not own any leased assets that we lease to other businesses

Category 14: Franchises

Is excluded from GHG emissions inventory, as we do not operate franchises

Category 15: Investments

Is excluded from GHG emissions inventory, as we do not have any investments, provide capital or offer financing as a service





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