Kinovo

Year 3

Net Zero Report

Carbon Reduction Plan 2024

Executive Summary

Publication date: **September 2024**

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Position: **Chair of the ESG Committee**

Welcome to our third 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 overall emissions have decreased by 14.07% due to a reduction in our spending within our supply chain and our continued efforts to electrify our fleet. In the last year we have increased our fleet of electric vehicles (EV) by seven and will continue to transition our remaining vehicles to EVs as soon as we can. However, our supply chain emissions are still significant, and we will continue to focus on how we can obtain long term operational control to reduce emissions. We have begun this journey by engaging with our supply chain and this year sent out our first supplier emissions survey. This survey not only helped us to collect emissions data from our suppliers but also allowed us to understand where they were on their emissions reduction journey and how we can help them progress their emissions reductions strategies and join us on our journey to Net Zero. We've also carried out a materiality assessment to evaluate the ESG and environmental aspirations of our customers. This will be used to support a business case for suppliers that depicts the importance of implementing our carbon management and Net Zero recommendations, which are being delivered as part of our Supplier Engagement work with our external ESG and Sustainability consultancy, Sustainable Advantage.

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 we have installed a ground source heat pump at our Head Office.

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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Part of the Kinovo Group

Commitment to Net Zero

We are 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 a:

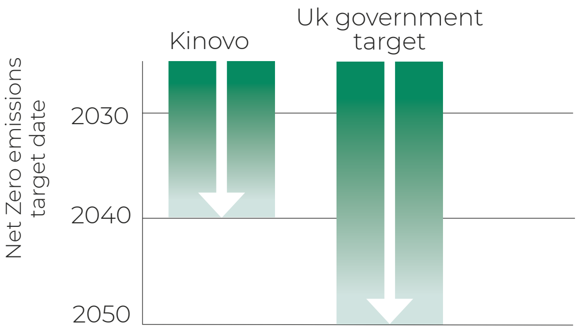
49%

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

Net Zero emissions

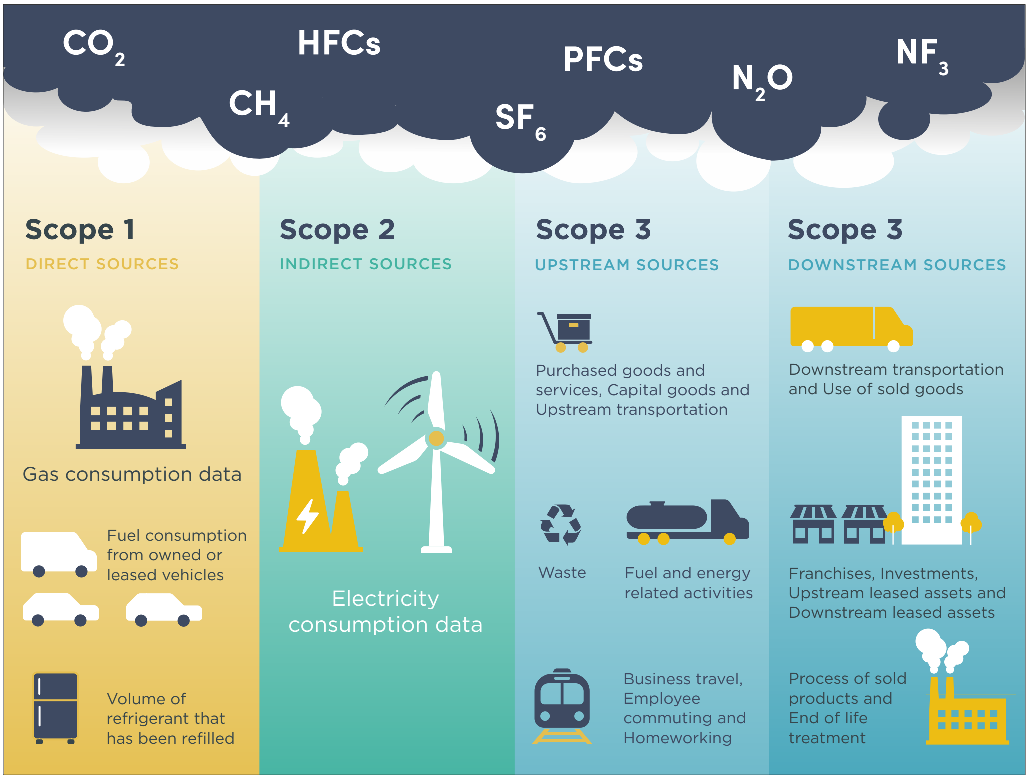


How we are doing this

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, business travel, employee commuting and upstream leased assets
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



GHG Emissions footprint

Baseline emissions are a record of the greenhouse gases produced in a previous financial year before introducing any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured. As part of the journey to reduce carbon emissions, we calculated our carbon footprint for our most recent financial year (April 2023 – March 2024) and then compared our emissions for FY 23 and FY 24 to the baseline year. Kinovo's Year 3 carbon emissions footprint is as follows:

Category	Item	tCO_2e Base FY22	tCO_2e FY23	tCO_2e FY24	% tCO_2e FY24	% difference from FY22
Scope 1						
Stationary combustion (Gas)	Gas consumed	14.3	8.3	16.1	0.1	+12.2
Transport	Owned and leased vehicles	545.3	355.7	334.7	2.1	-38.6
Refrigerants	HVACs	5.25	5.25	67.5	0.4	+1,185.6
Scope 2						
Electricity (Location based)[1]	Purchased electricity, for own use (grid average)	18.0	15.7	7.1	N/A	+60.4
Electricity (Market based)[2]	Purchased electricity, for own use (specific contract)	17.4	15.1	13.2	0.1	-24.4
Scope 3						
Cat 1: Purchased goods & services	Goods and services	17,827.6	25,840.6	15.301.2	94.0	-14.2
Cat 2: Capital goods	CapEx expenditure	93.3	38.8	41.1	0.3	-55.9
Cat 3: Fuel & energy related activities	WTT (Well-To-Tank) & T&D (Transmission & Distribution losses) for S1 and 2	142.4	100.1	93.5	0.6	-34.3
Cat 5: Waste	Waste generated in operations	9.6	10.7	29.9	0.2	+211.4
Cat 6: Business travel	Land and air travel for business purposes (Well TO Wheel (WTW))	26.2	34.8	53.6	0.3	+104.6
Cat 7: Employee commuting (WTT)	Employees commuting to and back from work (WTT)	262.6	264.1	301.4	1.9	+14.8
Cat 8: Upstream leased assets	Assets leased for business activities	20.6	19.6	31.3	0.2	+52.1
Total Gross Emissions (Location-based)		**18,964.6**	**26,693.7**	**16,277.4**		**-14.1**
Change in emissions due to green electricity production		-0.5	-0.5	2.5		
Change in emissions as a result of energy contract		Residual mix consider for FY 24 only as part of improvements to GHG emissions reporting	Residual mix consider for FY 24 only as part of improvements to GHG emissions reporting	-6.05		
Total Gross Emissions (Market-based)		**18,964.1**	**26,693.1**	**16,283.4**		**-14.3**
Less carbon offsets		-698	-525	-465		
Total Net Emissions		**18,266.1**	**25,618.1**	**15,283.4**		**-11.0**

[1]Location based represents emissions from electricity consumption based on grid average emissions
[2]Market based represents emissions from electricity consumption based on specific energy contracts

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	2024	2022	2023	2024	2022	2023	2024
tCO_2e per employee	64.7	113.6	63.8	64.7	113.6	63.9	62.3	109.0	62.0
tCO_2e per million £ turnover	355.8	425.7	253.9	355.8	425.7	254.0	342.7	408.6	246.8

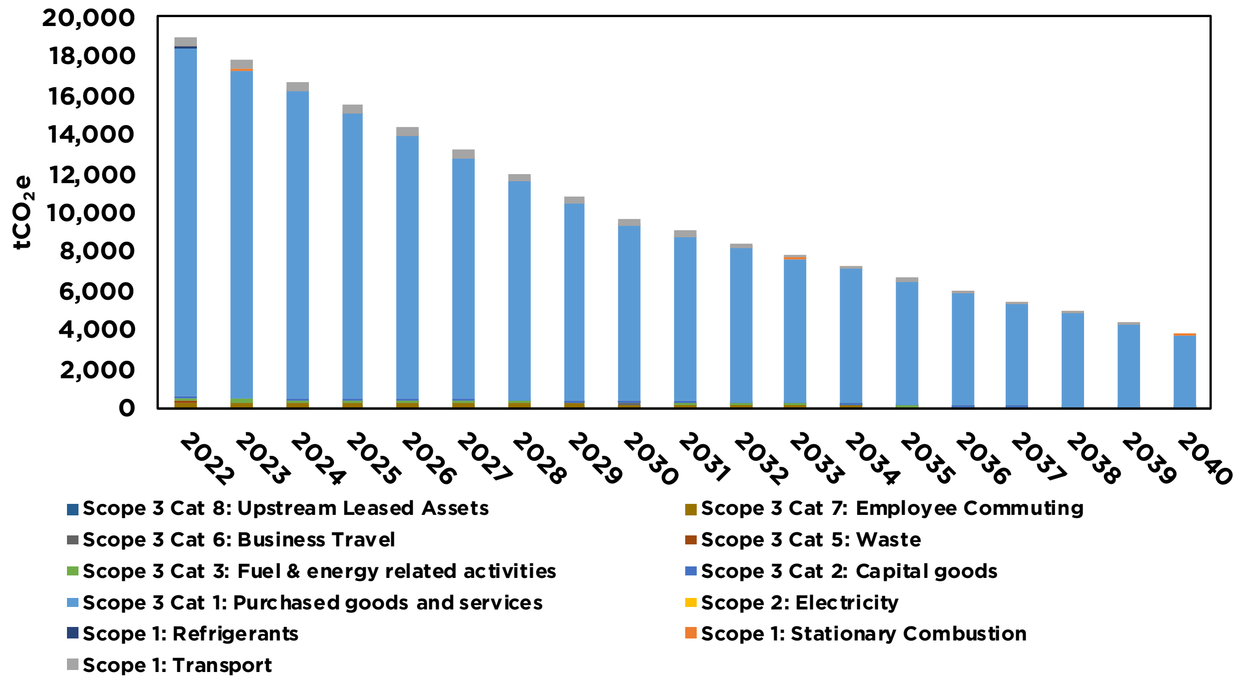
We have demonstrated that our emissions have reduced for per an employee and also decreased per a million £ turnover. This is demonstrating that our actions to reduce and manage our emissions are helping us to decouple our growth from our emissions.

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

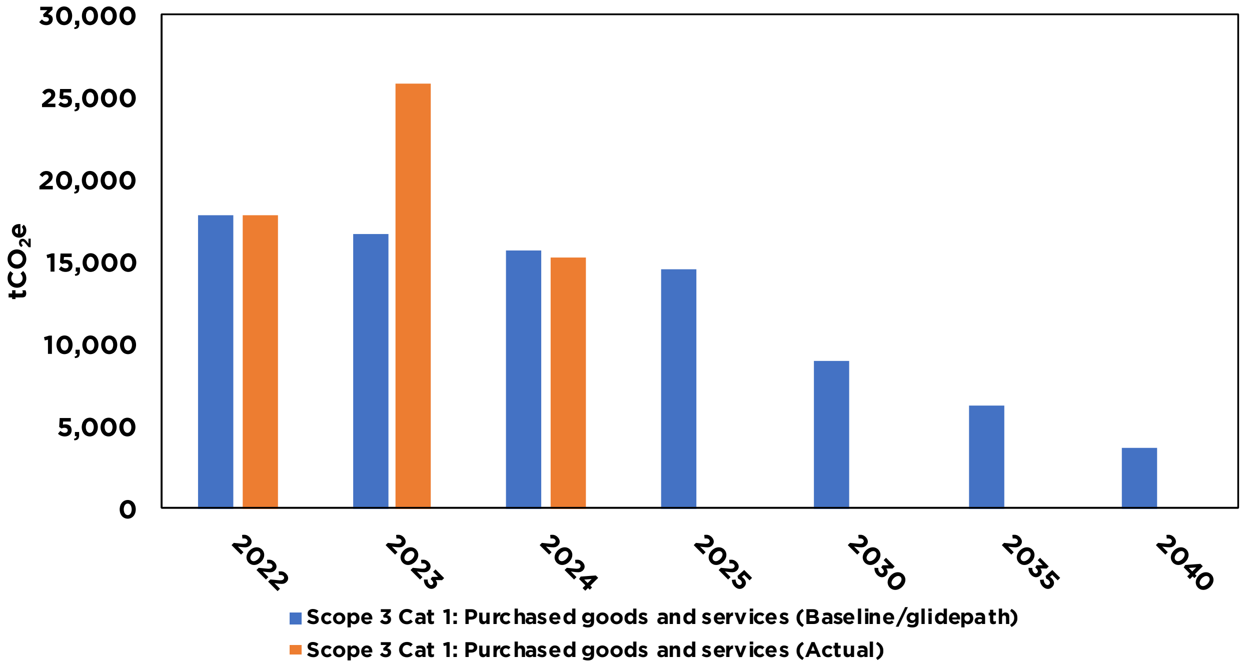
Carbon Emission Glidepath tCO_2e



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 we have split them into a separate glidepath. The emissions have reduced as a result of spending less on products and services within Purchased goods and services and an update to the methodology which have helped to reduce the emissions per a £ spend. However, in the future we will utilise our Supply Chain Management system to reduce emissions further.

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, undertaking carbon surveys, to identify those who are ESG aware and are on a similar journey to us. We have shared the report and our findings with our supply chain and invited them to educational workshops.

Purchased goods and services



Current emissions vs target emissions

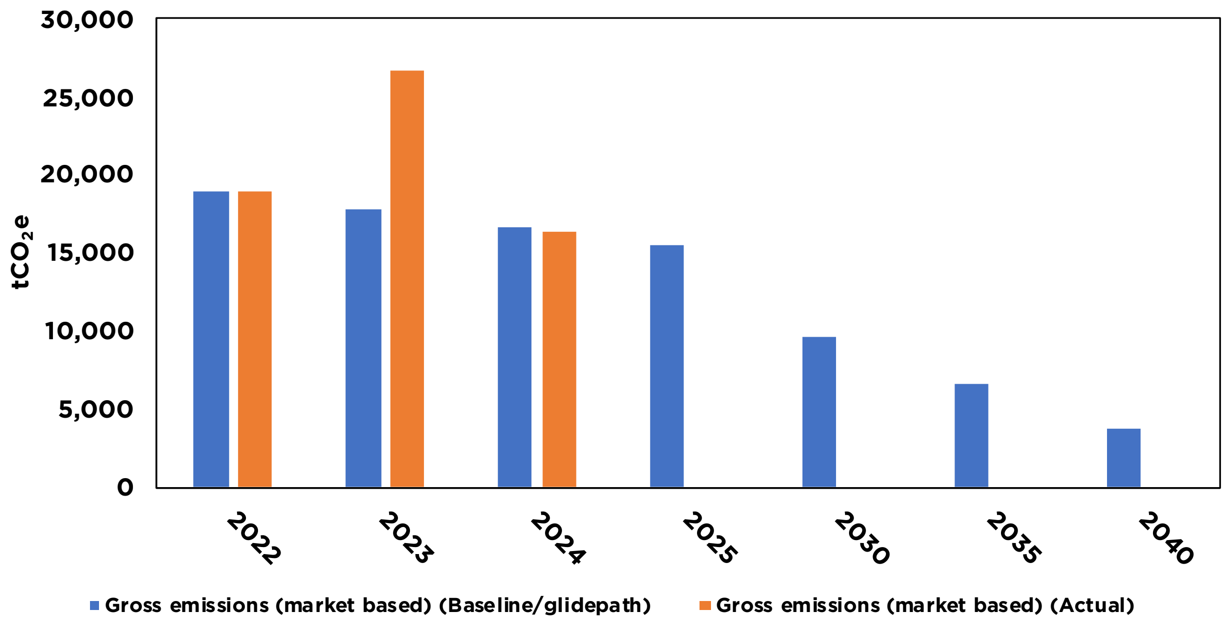
To keep our target carbon emissions reduction pathway on track to reach our Net Zero goal, we will report our total emissions against our target emissions every year. We are aware as a company that progress in some years will be better than others but by regularly assessing and reporting our emissions,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

The figures below shows Kinovo's absolute emissions:

2021-22	2022-23	2023-24
18,964.1 tCO_2e	26,693.7 tCO_2e	16,283.4 tCO_2e

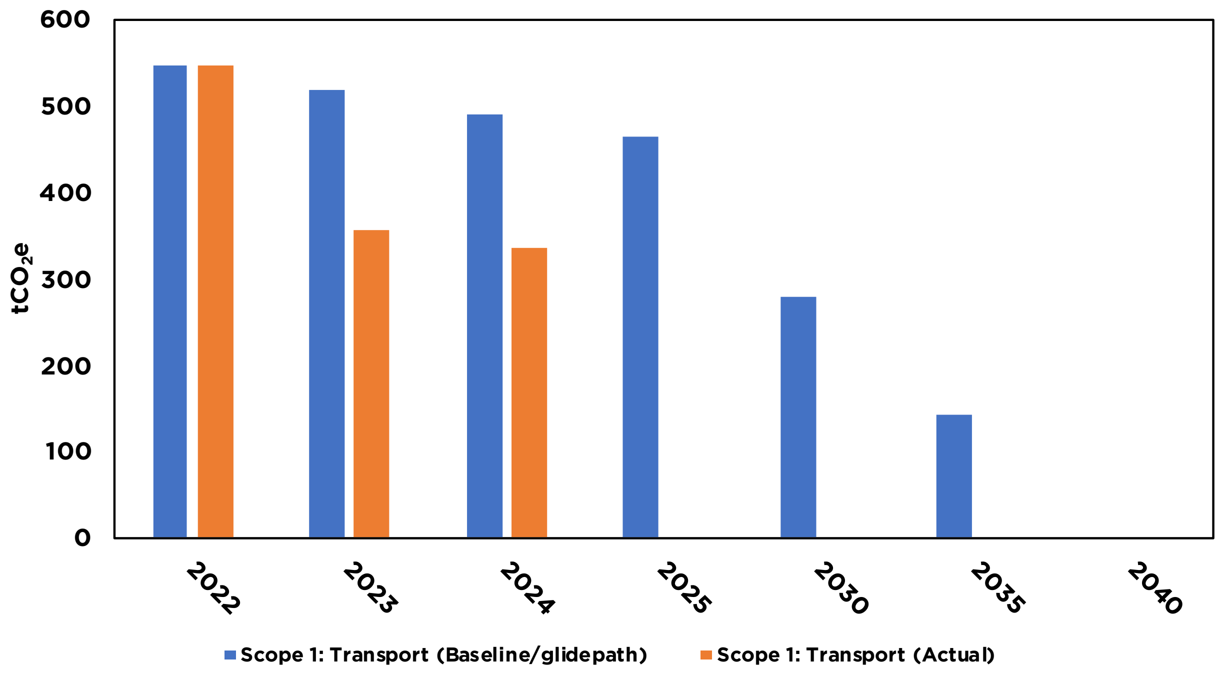
The overall decrease is as a result of our Scope 3 category 1 Purchased goods and services decreasing compared to the base year of 2022. This is demonstrated in the overall emissions compared to our target glidepath shown below.

Glidepath vs Actual FY 22, 23 and 24



Our emissions for this year have decreased as we've reduced emissions in core hotspot areas such as Scope 1 Transport, and Purchased goods and services. Last year these Scopes and categories made up 26,196.3 of our FY 23 carbon footprint of 26,693.1 tCO_2e. Our activities include progressively switching our fleet to Electric vehicles, providing wall mounted home charging for our engineers, and engaging with our supply chain to understand their carbon literacy, Net Zero target setting, and their carbon management activities.

Transport



Environmental management measures / emission reduction plan

As a responsible business, Kinovo has for many years had a focus on the environment and reducing its carbon emissions. To drive this to the next level, we engaged the services of Sustainable Advantage to advise the Group on global best practices relating to carbon reduction. We have produced 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

- Installed a Mechanical Ventilation Heat Recovery unit (MVHR) and invested in internal and external wall insulation for our buildings. This has helped us to reduce our reliance on brown gas
- Implemented 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

- Investigate the opportunities to reduce gas consumption at leased sites
- Consider what options are best to replace gas consumption at leased sites
- Consider increasing the amount of solar to increase the amount of electricity we generate within the head office site which can be used for electric heating purposes

SCOPE 1: Transport (Leased vehicles)

What we have done since the last year

- We have invested in Electric Vehicle charging points at all of our offices
- Committed to investing in seven new Electric Vehicles for our operational service teams
- Additional investment in our 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

- Ordering another ten Electric Vehicles that will help us to continue to decouple our emissions within this area

SCOPE 2: Electricity

What we have done since the base year

We've reduced our electricity demand and increased the volume of renewable electricity on site:

- The energy efficiency register has helped us to change our behaviours, and enabled us to look for opportunities to reduce our electricity demand
- We have switched to LED lighting, helping us to further reduce our electricity demand
- At our head office we have installed twelve more solar voltaic panels helping us to increase the proportion of green electricity we consume and reducing 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

- Engage with the landlord for the leased sites to consider energy surveys to reduce consumption and look for energy efficiency improvements
- Consider switching the remaining brown contracts over to green when we are out of contract
- Assess the possibility of solar panels both ground mounted, and on viable roof space for our owned head office building

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

We realise that a lot of our emissions are spread across a range of different size suppliers. Having said this, we still need to engage with our supply chain and support both theirs and our commitment to Net Zero. Therefore, we engaged with our suppliers to understand the below themes:

– Carbon literacy

– Sustainability and Net Zero management

– Net Zero commitment

- These themes were then analysed by our external ESG and Sustainability consultants who created the survey for us. We sent this survey to seventy one suppliers, of which thirty one of our suppliers completed the survey
- The survey results were evaluated and tailored carbon management recommendations were presented. Our first action was to organise a workshop for our suppliers to educate them on the best options to reduce their emissions

What we plan to do in future

We understand that we still need to dive deeper into our supply chain, specifically the suppliers who provide materials and products for our services. We intend to further our supply chain engagement by:

- Requesting LCA based assessments of our suppliers
- Understand what the opportunities are to reduce consumption of resources and switch to lower carbon forms of these materials and ingredients
- Update the criteria for our preferred supplier list to include emissions management considerations

SCOPE 3: Category 5: Waste

What we have done since the base year

We already send less than 1% of our waste to landfill. This is done by using the waste hierarchy to extract and recycle our waste as much as possible by:

- Segmenting the waste into different areas
- Reclaiming all materials so they can be reprocessed, which extends their life and helps to reduce the pressure humans have on our Earths precious resource

What we plan to do in future

- Evaluate how and where excess waste is produced from our material suppliers, considering ways that we can reduce this
- Consider ways to reuse our materials within our projects to reduce the amount of waste we produce, and therefore diverting from landfill. This utilises the waste hierarchy by focusing efforts further on reusing rather than recycling. This will help to further reduce our emissions, and help to tackle global resource scarcity within our industry

SCOPE 3: Category 6: Business travel

What we have done since the base year

We've installed Electric Vehicle chargers at our offices, and this has helped us to encourage more business travel to site using Electric Vehicles

What we plan to do in future

- Look at paying more favourable mileage reclaim rates for Electric Vehicles
- Where Electric Vehicle business travel is not possible, we'll continue to prioritise rail transport to the construction site
- Continue to use 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 transport 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 Electric Vehicle charging points at all of our office locations, enabling employees to commute using their Electric Vehicles
- We have encouraged employees to embrace green commuting through our cycle-to-work scheme
- We have assessed the effectiveness of these schemes and gathered 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

What we have done since the base year

Kinovo leases offices on customer sites that we do not have control of the energy contracts or the leases. As a result of this, they fall under category 8 Upstream leased assets. These emissions make up a small percentage of our gross emissions, and we are offsetting these emissions for FY 24. In order to try and reduce these emissions we will:

- Engage with the landlord to see if it is possible to switch to green contracts
- Evaluate how well insulated the office structures are and invest in insulation if required
- Move away from gas heating and instead use electric heating

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

In **2023** we installed solar panels at our Head Office and started the roll out of electric vehicles and charger points for our employees to charge at home

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

2024

By **2024** we will procure 100% of electricity in our owned offices from renewable energy contracts

We have also updated our preferred supplier list and started engagement of product level emissions from suppliers

2025

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

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 achieve 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 switching 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

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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 transport related emissions, and we have done this by increasing our fleet's access to electric vehicles. We are trying to reduce our emissions further by switching to LED lighting, making investments in low carbon technologies for heating and electrical power generation and operational control mechanisms such as supplier engagement.

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

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[3]. 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 tCO_2e and have been calculated utilising the following formula:

Source emissions data x conversion factor* = total source emissions

Source unit x (tCO_2e/unit) = tCO_2e

*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 – Environmental Protection Agency (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 and residual mix that assumes all green energy has been sold to other businesses

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 missions 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 five 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 and 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 emissions 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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