

CARBON REDUCTION PLAN 2026



McAlpine Grant Ilco
Temperature controlled environments

October 2026 update (reporting year 2025)

LCMB Building Performance Ltd

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CARBON REDUCTION PLAN SUMMARY

This summary follows the Carbon Reduction Plan template in the NHS Shared Business Services (SBS) Carbon Reduction Plan Guidance, which is based on Procurement Policy Note (PPN) 06/21. The rest of this document sets out the supporting analysis, method and recommendations.

Supplier name	McAlpine Grant Ilco Ltd
Publication date	October 2026
Version	2 (October 2026 update). Supersedes version 1 (January 2026).
Baseline year	2024 (1 January to 31 December 2024)
Reporting year	2025 (1 January to 31 December 2025)
Next review due	By 30 June 2027, using calendar year 2026 data

Commitment to achieving Net Zero

McAlpine Grant Ilco Ltd is committed to achieving Net Zero emissions by 2040 for scope 1 and 2 emissions, and by 2050 for scope 3 emissions.

Net Zero means at least a 90% absolute reduction in emissions against the 2024 baseline. Carbon offsets will not be counted towards these targets.

Baseline emissions footprint

Baseline emissions are a record of the greenhouse gases produced before the introduction of any strategies to reduce emissions. They are the reference point against which emissions reduction is measured.

Baseline year: 2024

Additional details relating to baseline emissions calculations

- 2024 was the first year MGi measured its emissions.
- Scope 1 covers diesel used by company vehicles and natural gas used for heating. No refrigerant was added to MGi's own equipment.
- Scope 2 covers MGi's share of electricity at Units 2 and 3, Oakfield Industrial Estate, Eynsham, including on-site charging of MGi's electric company cars. The building is shared with ORAC and building electricity is split 50:50. ORAC's EV charging is excluded.
- Diesel data was available for January to June 2024 and was doubled to estimate the full year. EV charging data was available for April to December 2024, at Unit 2 only.
- Scope 3 covers the included sources set out below. Data for the other categories was not available.



Emissions	Total (tCO ₂ e)
Scope 1	85.28
Scope 2	4.70
Scope 3 (included sources)	0.37
Total emissions	90.35

Current emissions reporting

Reporting year: 2025

Emissions	Total (tCO ₂ e)
Scope 1	84.67
Scope 2	4.92
Scope 3 (included sources)	0.64
Total emissions	90.23

Total emissions in 2025 were 0.12 tCO₂e (0.1%) lower than the 2024 baseline. Recorded diesel use fell by 4.6%, but a higher government conversion factor for diesel, higher recorded gas use and more EV charging recorded at the site offset most of this reduction. Full details are in the Baseline and 2025 energy and carbon footprint section.

Scope 3 categories

Category	2024 (tCO ₂ e)	2025 (tCO ₂ e)	Status
Upstream transportation and distribution	Not quantified	Not quantified	Data not yet available.
Waste generated in operations	0.04	0.04	Water use from invoices. 2024: wastewater treatment at Units 2 and 3. 2025: water supply and wastewater treatment at Unit 2. Data on other waste not yet available; cardboard is compacted on site.
Business travel	Not quantified	Not quantified	Travel in vehicles not owned by MGi is not yet tracked. Company vehicle travel is reported in scopes 1 and 2.
Employee commuting	0.33	0.59	Commuting share (25%) of on-site charging of MGi's electric company cars. Commuting in employees' own vehicles not yet captured.
Downstream transportation and distribution	Not quantified	Not quantified	Data not yet available.



Emissions reduction targets

MGi has set targets of Net Zero for scope 1 and 2 emissions by 2040 and for scope 3 emissions by 2050. The main route to the 2040 target is moving the van fleet from diesel to HVO (renewable diesel) as an interim step, and to electric vans when they meet MGi's operational needs, together with the building measures in this plan. The projected pathway is shown in the Executive Summary and the Net Zero Targets section.

Carbon reduction projects

Completed carbon reduction initiatives

The following measures have been completed or are in place, and will be in effect when performing the contract:

- Server moved to the cloud (completed January 2026). This removes the on-site server and most of the cooling it needed. The saving will show in the 2026 reporting year.
- Building refurbishment (2021): most of the gas-fired wet heating was replaced by air source heat pump air conditioning with heat recovery.
- Five electric vehicle charge points (four at the main office and one at the stores) supporting electric company cars, with charging tracked for each vehicle.
- Cardboard waste compacted on site for recycling.

Reported emissions in 2025 were 0.12 tCO₂e (0.1%) below the 2024 baseline. The server move took place after the 2025 reporting year, so its saving is not yet reflected in the figures above.

Future carbon reduction measures

In the future MGi plans to implement further measures such as:

- Switching the diesel vans to HVO as an interim measure, which can cut diesel emissions by up to 90%.
- Formally reviewing a move to electric vans within five years.
- Installing a rooftop solar PV array.
- Centralising heating and cooling controls and reducing temperature setpoints.
- A signage and behaviour campaign to switch off equipment when not in use.
- Installing smart sockets to cut out-of-hours electricity use.
- Replacing the hallway radiator with an electric panel heater, removing gas from the building.
- Improving data capture for scope 3 categories: waste, business travel, deliveries and commuting.



Declaration and sign off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard and uses the appropriate Government emission conversion factors for greenhouse gas company reporting.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and Scope 3 emissions within the required subset have been reported, where data is available, in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of McAlpine Grant Ilco Ltd	<i>David Sutherland</i>
Name	David Sutherland
Position	Technical Sales Director
Date	13-10-26



EXECUTIVE SUMMARY

McAlpine Grant Ilco (MGI) have committed to continue improving their environmental sustainability by developing a Carbon Reduction Plan 2026 (CRP). The CRP considers MGI's direct carbon emissions (scope 1¹), emissions from purchased energy (scope 2²) and makes a start at collating the data for indirect emissions (scope 3³) for the baseline year (January to December 2024) and the reporting year (January to December 2025).

This October 2026 update replaces the January 2026 version of the plan. It adds the 2025 reporting year, as required for the annual review under the NHS SBS framework. The 2024 baseline, targets and recommendations are unchanged, except that the running cost estimate for electric vans has been corrected.

In 2025, MGI's scope 1 emissions were **84.67 tCO₂e** (tonnes of carbon dioxide equivalent), down from 85.28 tCO₂e in 2024, stemming predominantly from company vehicle diesel.

Scope 2 emissions were **4.92 tCO₂e** (4.70 tCO₂e in 2024), stemming mainly from MGI's share of the office electricity and on-site EV charging.

Scope 3 emissions were calculated for a limited number of scope 3 categories and total **0.64 tCO₂e** (0.37 tCO₂e in 2024).

Total emissions were **90.23 tCO₂e**, essentially flat against the 2024 baseline of 90.35 tCO₂e (-0.1%). Recorded diesel use fell by 4.6%, but a higher government conversion factor for diesel, higher recorded gas use and more EV charging recorded at the site offset most of this reduction.

¹ Scope 1 emissions are direct emissions from sources owned or controlled by the organisation such as burning gas for heating on site. This includes F-gases.

² Scope 2 emissions are indirect emissions from the generation of purchased energy such as electricity.

³ Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting organisation, including both upstream and downstream emissions.

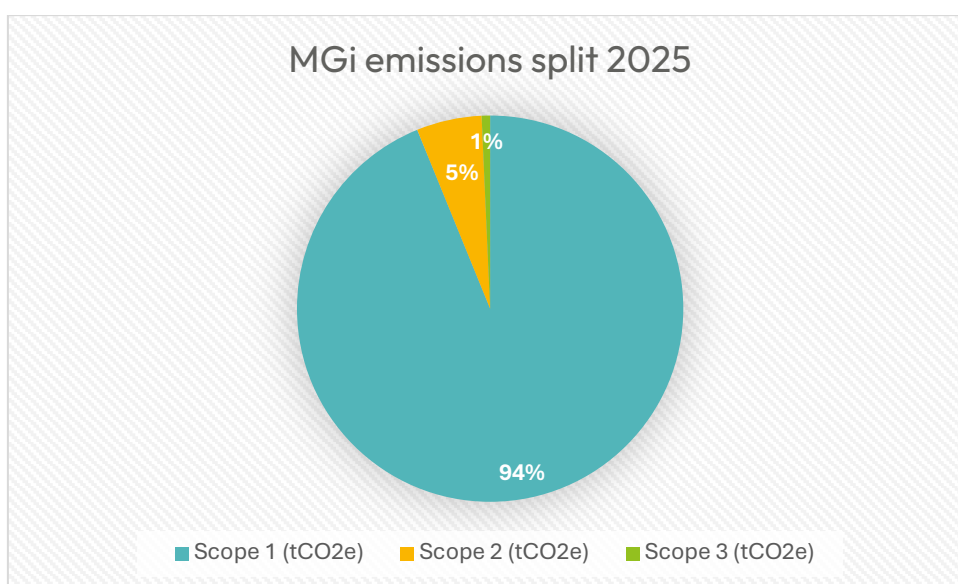


Figure 1: Emissions split for MGi for 2025, displayed as a pie chart

Scope 3 makes up less than 1% of MGi's reported emissions. However, scope 3 emissions typically account for the majority of an organisation's total emissions, and they are more difficult and labour intensive to calculate than scope 1 and 2 emissions. MGi is continuing to improve data capture so that future updates provide a more accurate and comprehensive picture of total organisational emissions.

The CRP proposes recommendations to track scope 3 emissions, reduce all emissions and form a path to net-zero emissions keeping in line with the UK's 2050 legally binding net-zero commitment. The most important recommendation is to switch the diesel vehicles to HVO or electric to reduce scope 1 emissions by 90 to 100%.

Based on the information presented in this CRP, MGi are setting a target to **achieve net-zero for scope 1 and 2 emissions by 2040**.

MGi are committing to strategically implement the emissions reduction recommendations to meet this target. In line with the NHS SBS guidance, net zero means at least a 90% absolute reduction in emissions. Carbon offsets may be used for any small residual emissions but will not be counted towards the target. The CRP sets out the most economically advantageous path to reducing emissions.

The scope 3 emissions baseline is still in its infancy and therefore a **net-zero target date of 2050 is most appropriate**, in line with the UK's legally binding target.

The chart below shows the projected emissions trajectory for scope 1 and 2 emissions from the 2024 baseline with a business as usual (BAU) approach, compared to a proactive approach implementing the recommendations in this CRP.

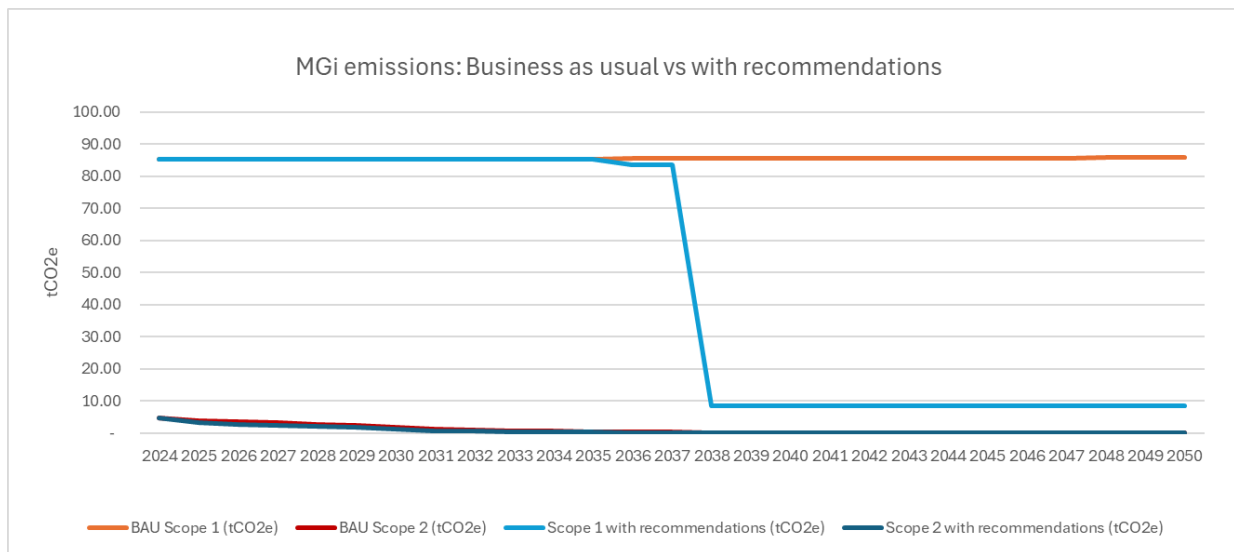


Figure 2: Emissions pathways for scope 1 and 2 emissions, with and without implementing recommendations

The pathways have not been re-modelled for this update. Actual 2025 scope 1 and 2 emissions (89.59 tCO₂e) were slightly above the projected 2025 BAU figure (89.25 tCO₂e): diesel emissions were lower than projected, but electricity use was higher, mainly from EV charging.

The CRP is designed to comply with Procurement Policy Note (PPN) 06/21, as applied in the NHS Shared Business Services (SBS) tendering requirements. Emissions reporting is in line with the GHG Protocol Inventory Guidance for Scope 1 & 2 Emissions, and GHG Technical Guidance for Calculating Scope 3 Emissions. The plan will be reviewed and updated annually, within six months of MGi's financial year end, using the previous calendar year's data. The next update is due by 30 June 2027.



INTRODUCTION

Established in 1981, McAlpine Grant Ilco Ltd (MGi) specialise in providing installation, maintenance and servicing of cooling and heating units to properties throughout the UK. This includes design, installation and maintenance for air conditioning & heating and refrigeration. These services are offered across all business sectors, from domestic environments through to complex commercial, retail, banking, industrial, healthcare and ‘mission critical’ locations.

Purpose and scope

The purpose of this Carbon Reduction Plan (CRP) is to highlight MGi’s carbon reduction goals by providing MGi with a clear, data-driven understanding of its current carbon footprint and to identify practical, achievable opportunities to reduce emissions across its operations. By analysing the company’s energy and resource consumption in 2024 (the baseline year) and 2025 (the reporting year), the CRP establishes a baseline of performance, reports progress against it and highlights areas where improvements can support long-term decarbonisation ambitions, including progression towards net-zero emissions.

The CRP covers MGi’s operational emissions associated with scope 1, 2 and 3:

- Scope 1: natural gas usage where applicable, fuel from company vehicles and F-gases.
- Scope 2: electricity including building systems, transport etc.
- Scope 3: emissions associated with transport and distribution, waste, business travel, employee commuting and downstream transportation.

The assessment is based on utility invoices, fuel card records, EV charge point reports, available metering records and operational information collected during the site visit.

This CRP refers to the NHS Shared Business Services (SBS), Hard Facilities Management 3 Invitation to Tender (ITT), Carbon Reduction Plan Guidance. This is to ensure general alignment with public-sector expectations and meet ITT requirements for tenders in 2026 and beyond. This plan meets the principles of the SBS CRP guidance by:

- Providing transparent reporting of scope 1 and scope 2 emissions, with a simple review of relevant scope 3 areas.
- Using recognised and standard greenhouse-gas calculation methods.
- Outlining practical recommendations that support ongoing carbon reduction.



METHODOLOGY

The BS EN 16247 series methodology has been used to conduct the energy assessment for MGİ.

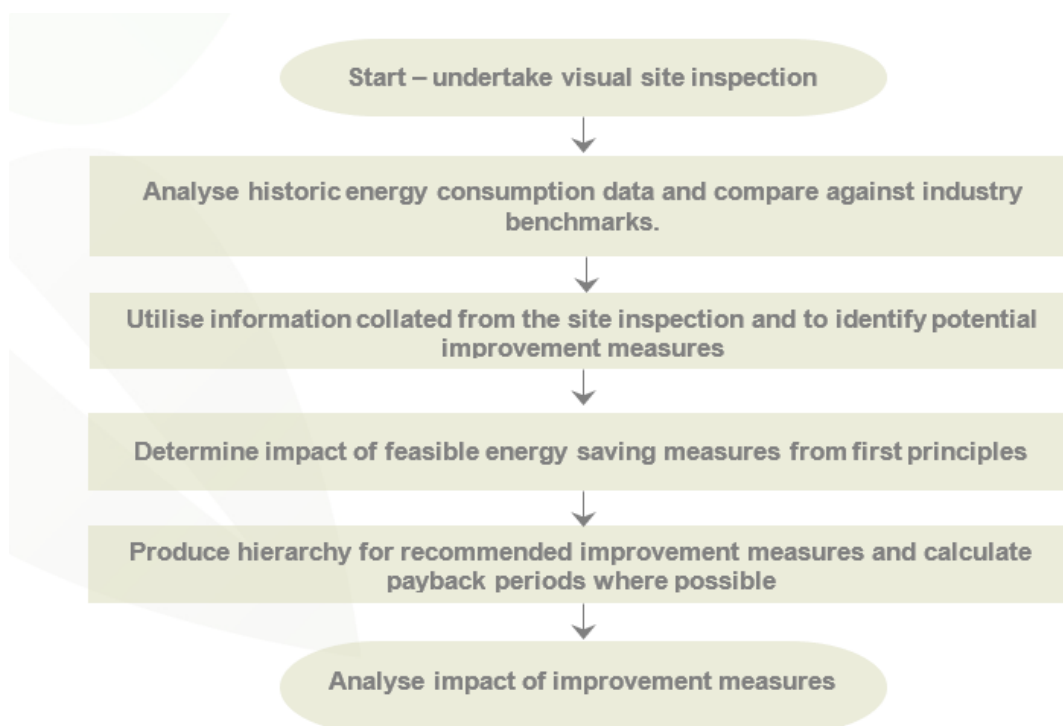


Figure 3: Energy assessment methodology

The methodology for this CRP is built around four key stages designed to produce an accurate carbon baseline, a targeted set of recommendations and a path to net-zero emissions.

1. Data collection and verification

A site visit to MGİ Unit 2 & 3, Oakfield Industrial Estate, Eynsham, Oxfordshire, OX29 4TS, was carried out by Kostan Banos and Joel Taylor from LCMB on 12 November 2025. The team met with MGİ staff David Sutherland, Technical Sales Director and Cathy Scholtz, PA to Managing Director and Sales Office Administrator.

The purpose of the site visit was to interview key stakeholders and understand the building's current operational conditions, energy-using systems, and factors influencing carbon emissions. The visit provided insight into the building services, equipment performance, and organisational behaviours that will inform the carbon baseline and reduction opportunities.



During the visit, LCMB reviewed how the building operates, including the split between gas and electricity, small power usage, underutilised areas, and zones where energy consumption was excessive. This assessment allowed LCMB to gain a detailed understanding of the building's energy usage, which informed the recommendations in the subsequent stage.

This October 2026 update is a desk-based review. MGİ provided fuel card transactions for all vehicles, electricity, gas and water invoices and EV charge point reports for 2025. MGİ also confirmed that it still shares the building with ORAC and that no refrigerant was added to its own office equipment in 2025. The 2025 figures use the same calculation method as the 2024 baseline.

The NHS SBS CRP guidance refers to five relevant Greenhouse Gas (GHG) Protocol scope 3 categories. The categories are:

- a) Upstream transportation and distribution – Category 4
Emissions from the transportation of goods and services purchased by the organisation should be identified where data is available.
- b) Waste generated in operations – Category 5
Emissions associated with waste disposal routes, including recycling, landfill, and wastewater. Estimates should be based on waste volumes and standard emissions factors where supplier data is unavailable.
- c) Business travel – Category 6
Indirect emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and rental cars. This should be captured using mileage, survey and expense data. The use of standard government conversion factors is recommended where actual fuel data is not available.
- d) Employee commuting – Category 7
Several MGİ staff have company cars which are mostly electric vehicles. All EV charging that occurs on site is tracked and attributed to the individual car, making data capture accurate and reliable.

The rest of the employees' vehicles are not tracked and therefore grey fleet mileage⁴ is an unknown. Employee commuting emissions from personal vehicles can be estimated using staff numbers, commuting modes, average distances and average days working from home. Where detailed data is limited, reasonable assumptions and published emission factors are acceptable.

⁴ Grey fleet mileage is the distances driven by employees in their own personal vehicles for work purposes.



For the EVs, an approximate split between business, personal and commuting use of 50%, 25% and 25% was used, as more detailed data was not available. Business and personal use (75% of on-site charging by MG vehicles) is reported in scope 2 and commuting (25%) in scope 3. The split provides an approximate allocation of emissions related to business travel and employee commuting, avoiding double counting.

This allocation impacts reported scope 2 and scope 3 totals and helps target fleet decarbonisation measures effectively. Over time, changes in carbon conversion factors—particularly due to grid decarbonisation—may reduce reported emissions even where mileage remains unchanged. This has been factored into calculations, in line with NHS SBS guidance.

e) Downstream transportation and distribution – Category 9

Emissions related to the distribution of goods and services to end users where these activities are not owned or controlled by the organisation. Emissions may be estimated using supplier information or standardised transport assumptions.

2. Current state analysis

An analysis of the energy and water data was conducted to generate a comprehensive picture of the organisation's operational emissions. This is essential for assessing the company's carbon emissions and performance against industry standards set by regulations and carbon efficiency organisations.

3. Recommendations

The results from the data analysis provided a baseline to identify areas where the organisation can improve efficiencies leading to emissions reductions. The focus was on the building and fleet related emissions. Targeted recommendations for enhancing sustainability were developed and discussed with key stakeholders.

4. Decarbonisation pathway

Using the emissions from the analysis, a baseline emissions pathway was created. This utilised government carbon factor projections for electricity and gas to 2050.

Assumptions and omissions

- 2024 is used as the baseline year and 2025 (January to December) as the reporting year, matching MG's financial year.



- No refrigerant gas was lost or bought in 2024 according to the F-gas register. MGİ confirmed that no refrigerant was added to the systems in its own offices in 2025.
- The building is shared by 2 companies, MGİ and ORAC. Based on the site visit and discussions with key stakeholders, we have assumed a 50/50 split in building energy consumption. MGİ confirmed in October 2026 that it still shares the building with ORAC. EV charging by ORAC vehicles is excluded.
- For 2024, diesel data was provided for 6 months and doubled to estimate a full 12 months. For 2025, a full year of fuel card transactions was provided for all vehicles (16 registrations, several used for only part of the year). One transaction (15 September 2025, recorded as 543.65 litres for £61.08) appears to contain a decimal error and has been corrected to 54.37 litres, in line with the vehicle's other fuel purchases.
- For simplicity, we have assumed a 50%, 25%, 25% split between business mileage, personal use and commuting for the electric company cars. Business and personal use (75% of on-site charging by MGİ vehicles) is reported in scope 2 and commuting (25%) in scope 3. The January 2026 version of this plan described this as a 50:50 split; the 2024 figures were calculated on the 75:25 basis and are unchanged.
- EV charge point reports for November and December 2025 list users by name rather than company, so the MGİ and ORAC shares for these months were estimated from the January to October 2025 split.
- In 2025, EV charging at Unit 3 was deducted from building electricity before the 50:50 split; the 2024 baseline deducted Unit 2 EV charging only. The effect is less than 0.1 tCO₂e.
- December 2025 electricity and gas figures are based on the supplier's estimated meter readings.
- Emissions are calculated using the UK Government greenhouse gas conversion factors for company reporting (DESNZ) for the relevant year. Scope 2 is reported on a location-based basis, excluding transmission and distribution losses, as in the baseline.
- Electricity use is taken from supplier bills by billing month, as in the baseline. The January 2025 bills include the last few days of December 2024; the effect is about 0.1 tCO₂e.
- Fuel card data is grouped by weekly invoice date, so fuel bought in the last days of each year can fall in the adjacent year.
- Some 2025 fuel card transactions show a cost per litre well above the diesel price, which may reflect non-fuel purchases on the same card. The recorded litres have been used; these transactions will be checked against the fuel card supplier's invoices.
- Water: the 2025 figure covers water supply and wastewater treatment for Unit 2. The 2024 figure covered wastewater treatment for Units 2 and 3. Both are about 0.04 tCO₂e. Unit 3's metered water (about 35 m³ in 2025) will be added at the next update.



- MGi's scope 3 emissions analysis was conducted in line with the Greenhouse Gas Protocol Technical Guidance for Calculating Scope 3 Emissions (v1.0). Scope 3 presented a more complex problem than scopes 1 & 2, as limited data availability restricted the accuracy of the analysis. The calculation of scope 3 emissions baseline was not concluded due to data gaps, and the need to implement small changes to capture relevant data. Only the above-mentioned vehicle emissions were captured, and waste from wastewater obtained through the water invoices.

CURRENT STATE ANALYSIS

MGi took over occupation of the current leased building in 2021, following a refurbishment programme coinciding with the post-Covid transition back into office-based working. As part of this refurbishment, significant emissions reduction measures were implemented across the building's systems. The site assessment thus found a highly efficient building running predominantly on electricity and providing EV charging for fleet vehicles.

Scope 1 emissions

The largest proportion of scope 1 emissions at MGi stem from diesel used by the company's vehicle fleet. In 2025, fuel card records show 16 vehicle registrations, several used for only part of the year as vehicles were replaced. Diesel emissions were 81.48 tCO₂e in 2025 (83.39 tCO₂e in 2024). Diesel makes up 96% of scope 1 emissions and 90% of MGi's total emissions.

Recorded diesel use fell from an estimated 33,224 litres in 2024 to 31,692 litres in 2025, a reduction of 4.6%. Because the conversion factor for diesel rose from 2.51 kgCO₂e per litre (as used for the 2024 baseline) to 2.57 kgCO₂e per litre (DESNZ 2025), diesel emissions fell by 2.3%. The 2024 figure was estimated from six months of data, so part of the change may reflect that estimate.

As these emissions arise directly from fuel combustion within the organisation's owned vehicle fleet, they represent a key area where targeted interventions can deliver significant, measurable carbon reductions. In response, two strategic recommendations have been developed with the objective of reducing transport-related scope 1 emissions to near zero, discussed in the Recommendations section of the report.

A small amount of gas for heating the building is consumed each year stemming from one small boiler. The boiler was in a cage and the plate with specifications such as the size were not visible, accessible or known to the onsite staff.



Gas use was 17,448 kWh in 2025 (3.19 tCO₂e), against 10,306 kWh (1.89 tCO₂e) in 2024. The 2024 figure appears low: the January 2024 invoice shows only 133 kWh, and EDF estimates the site's annual use at 17,800 to 19,200 kWh. The 2024 gas baseline should be reviewed at the next update. Gas accounts for less than 4% of MGi's emissions.

Scope 2 emissions

MGi has installed five electric vehicle charge points—four at the main office and one at the stores—to support the transition to electric cars, with five EVs in operation at the time of the November 2025 site visit. Energy consumption, costs, and vehicle usage data (including key fob tracking) are monitored and can be extracted directly from MGi systems, enabling accurate performance assessment. Although electric cars have been successfully integrated, a full transition to electric vans is not currently feasible due to range limitations that do not yet meet the operational requirements for transport and deliveries. This transition to an EV fleet has converted some scope 1 emissions to scope 2.

The existing gas fired wet heating system was mostly replaced when the building was renovated, with the majority of traditional radiators removed and replaced by air source heat pump-driven air conditioning units incorporating heat recovery. Each office space is now served either by a centralised exhaust or dedicated split system units located above the room. The heat recovery provides efficient space heating through recovered heat rather than direct fossil fuel combustion.

While the main lobby and stairwell do not have active ventilation or air conditioning, a retained wet heating system is used during colder periods to prevent damp and maintain acceptable internal conditions. The upgrades MGi completed in 2021 have materially reduced space-heating-related carbon emissions by shifting demand away from conventional gas heating towards electrically driven, high-efficiency systems.

Scope 2 emissions were 4.92 tCO₂e in 2025 (4.70 tCO₂e in 2024). MGi's share of building electricity was almost unchanged (17,794 kWh in 2025 against 17,951 kWh in 2024). The increase came from EV charging: MGi vehicles drew about 13,360 kWh from the site chargers in 2025, against about 6,310 kWh recorded in 2024, which covered April to December at Unit 2 only. On a like-for-like basis (Unit 2, April to December), MGi's EV charging rose by about 50%, so part of the increase reflects more complete data rather than more charging. The lower 2025 grid conversion factor (0.177 against 0.207 kgCO₂e per kWh) offset most of the increase.

Scope 3 emissions

From the five scope 3 categories that the NHS SBS CRP guidance refers to, limited data was available for 2024 and 2025.



a) Upstream transportation and distribution – Category 4

Data was unavailable for the transportation of goods and services for 2024 and 2025. Staff are tasked to set up a system to capture spend on this category so that, at the very least, the spend-based methodology can be applied in the next update of the CRP.

b) Waste generated in operations – Category 5

Data was unavailable for waste disposal routes, including recycling and landfill, for 2024 and 2025. There was a cardboard shredder on site which compacts the waste into easily transportable cubes. This saves money and emissions. Waste management appeared highly efficient compared to other similar organisations, and it is expected that waste related emissions are very low.

Water-related emissions were taken from the water invoices and equate to 0.04 tCO₂e in both 2024 and 2025. The 2024 figure covered wastewater treatment at Units 2 and 3; the 2025 figure covers water supply and wastewater treatment at Unit 2.

c) Business travel – Category 6

Emissions data from business travel in vehicles not owned by MGİ was not available for 2024 or 2025 but will be tracked going forward.

d) Employee commuting – Category 7

On-site charging of MGİ's electric company cars was captured for 2024 and 2025. An approximate split between business travel, personal travel and commuting of 50%, 25% and 25% was used, as more detailed data was not available.

The commuting share (25%) is estimated at 0.33 tCO₂e in 2024 and 0.59 tCO₂e in 2025. The increase mainly reflects more complete EV charging data in 2025 (a full year at both units).

This does not include rail, air, and grey fleet mileage for non-EV cars.

e) Downstream transportation and distribution – Category 9

Data related to the distribution of goods and services to end users was unavailable for 2024 and 2025.

BASELINE AND 2025 ENERGY AND CARBON FOOTPRINT

Electricity, gas and diesel consumption were calculated for 2024 and 2025 from invoices, fuel card records and EV charge point reports provided by MGİ. The table



below shows the energy use attributed to MGİ, on the same basis as the emissions calculations.

Energy use attributed to MGİ	2024 baseline	2025	Change
Electricity in scope 2 (kWh)	22,684	27,817	+22.6%
of which building, MGİ 50% share	17,951	17,794	-0.9%
of which EV charging, 75% share	4,733	10,023	+111.8%
EV charging, commuting share in scope 3 (kWh)	1,578	3,341	+111.8%
Natural gas (kWh)	10,306	17,448	+69.3%
Diesel (litres)	33,224	31,692	-4.6%

Note: the January 2026 version of this table showed 44,767 kWh of electricity and 5,153 kWh of gas for 2024. Those figures were prepared on a different basis to size the recommendations and were not used for the emissions figures, which are unchanged. The 2024 EV charging figure covers April to December at Unit 2 only.

The table below shows emissions by source for the baseline and reporting years.

Emissions by source (tCO ₂ e)	2024 baseline	2025	Change	Change (%)
Scope 1: diesel, company vehicles	83.39	81.48	-1.91	-2.3%
Scope 1: natural gas	1.89	3.19	+1.30	+68.9%
Scope 1: refrigerant losses	0.00	0.00	0.00	-
Scope 1 total	85.28	84.67	-0.61	-0.7%
Scope 2: purchased electricity (location-based)	4.70	4.92	+0.22	+4.8%
Scope 1 and 2 total	89.98	89.59	-0.39	-0.4%
Scope 3: employee commuting (EV charging share)	0.33	0.59	+0.26	+79.2%
Scope 3: water (see assumptions)	0.04	0.04	+0.00	+12.0%
Scope 3 total	0.37	0.64	+0.27	+71.9%
Total scopes 1, 2 and 3	90.35	90.23	-0.12	-0.1%

Baseline figures are as published in the January 2026 plan. Totals may not sum exactly because of rounding.

Year-on-year changes partly reflect updated government conversion factors, shown below. On the 2025 diesel factor, 2024 diesel emissions would have been 85.41 tCO₂e, so the like-for-like fall in diesel emissions is 4.6%.



Conversion factor	2024 baseline	2025
Diesel, average biofuel blend (kgCO ₂ e per litre)	2.51	2.57082
Natural gas, gross CV (kgCO ₂ e per kWh)	0.1829	0.18296
UK grid electricity, location-based (kgCO ₂ e per kWh)	0.20705	0.17700

Source: UK Government greenhouse gas conversion factors for company reporting (DESNZ). Baseline factors as used in the January 2026 plan.

Using the energy data, emissions profiles for scope 1, 2 & some scope 3 emissions can be deduced. Figure 4 below shows the percentage split of all emissions. Figure 5 shows the emissions excluding diesel to provide a more granular breakdown of building related emissions.

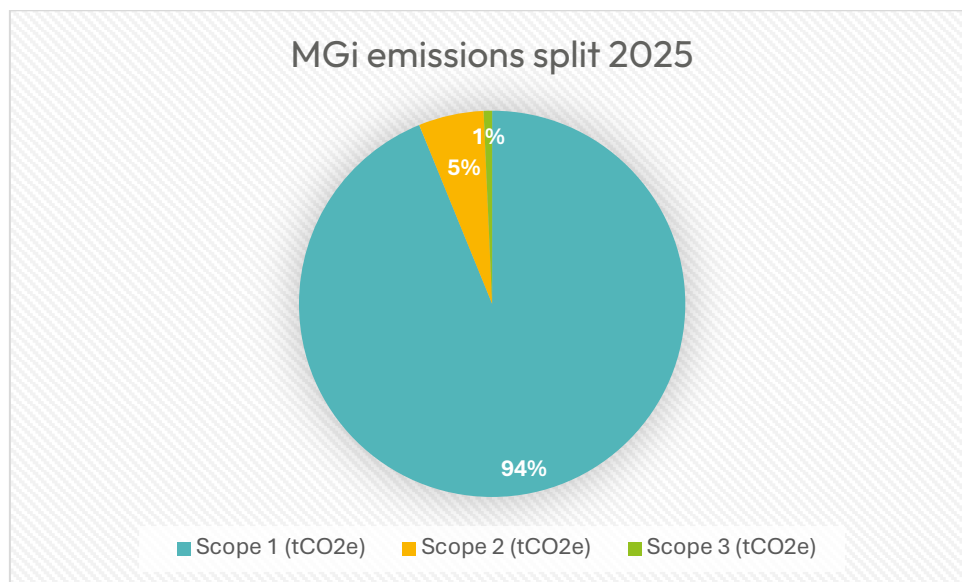


Figure 4: Emissions split for MG i for 2025 (including diesel emissions)

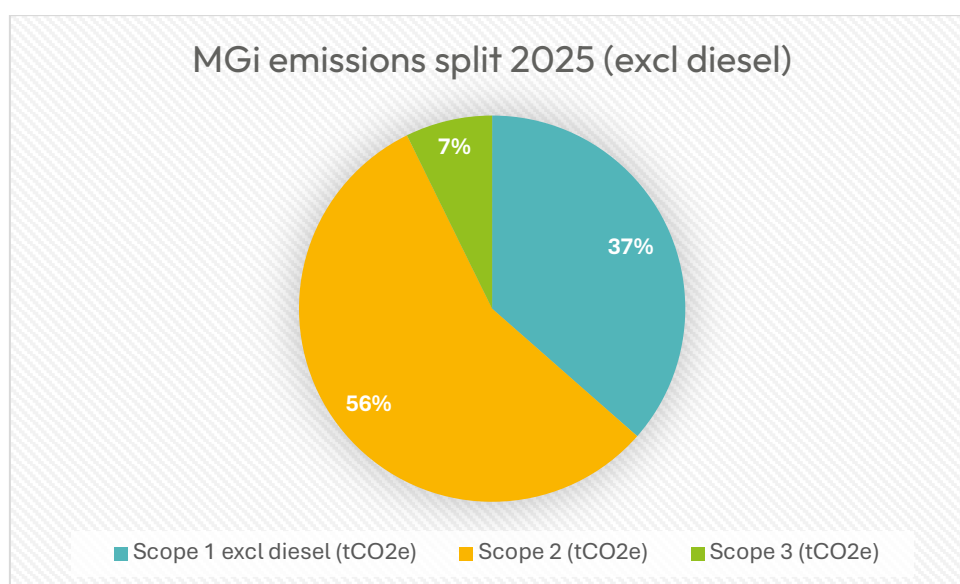


Figure 5: Emissions split for MGi building for 2025 excluding diesel

The chart below compares 2025 with the 2024 baseline by emission source.

MGi emissions by source: 2024 baseline and 2025

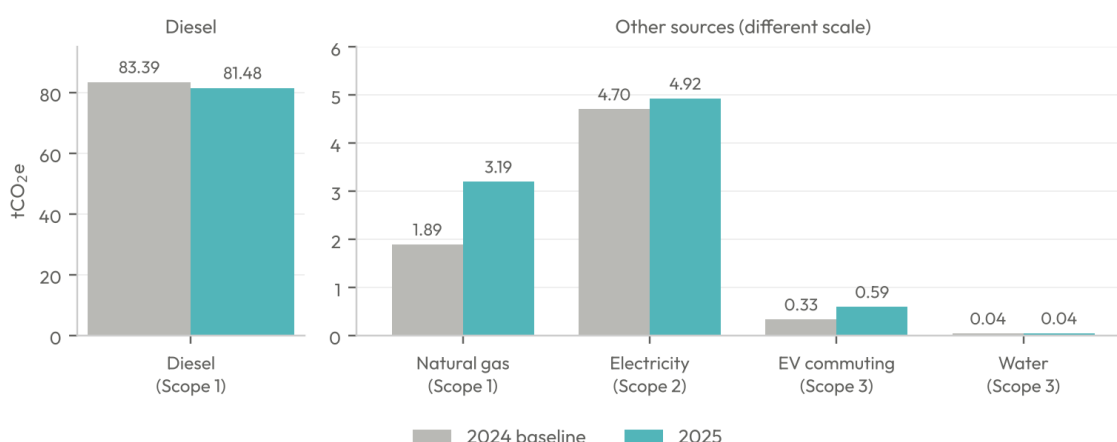


Figure 6: Emissions by source, 2024 baseline and 2025 (tCO2e)

RECOMMENDATIONS TO REDUCE EMISSIONS

Focussing on MGi's building, the UK Green Building Council suggests a fabric-first approach to reduce the energy and carbon used for heating and cooling buildings. This means prioritising enhancements to the building's envelope—the walls, roof, windows, floors, and doors—before investing in systems like HVAC, lighting, or renewable energy. However, as a full internal retrofit, including the heating systems, was only completed in 2021, and as MGi do not own the premises, the CRP does not



take a fabric first approach. The recommendations below find other ways to reduce emissions associated with MGi's business operations.

MGi moved its server to the cloud in January 2026, completing one of the recommendations below. MGi did not report any other measures as completed by October 2026. The costs and savings for the building measures below are indicative and are as estimated in the January 2026 plan. They were calculated on the whole building's electricity use, before the 50:50 split with ORAC, so MGi's share of the savings is likely to be lower. They will be re-based to MGi's share, using current conversion factors and prices, at the June 2027 update.

Recommendation	Cost Saving	CO ₂ Savings	Energy Savings	Cost	Payback
	£	Tonnes/year	kWh/year	£	Years
Solar PV	£2,990	2.25	9,980	£16,200	5.42
Centralise and reduce temperature	£670	0.51	2,240	£1,000	1.49
Signage campaign to turn off electrics and lower gas radiator use	£150	0.11	500	£200	1.33
Install smart sockets	£90	0.07	290	£500	5.56
Degassing building	£410	0.94	5,150	£800	1.95
Moving server to the cloud	£2,710	2.05	9,070	£100	0.04
TOTAL	£7,020	5.92	27,230	£18,800	2.68

The largest source of emissions calculated as part of the CRP is the company's diesel vans. To reduce emissions from this source, two options stand out, and both need capital investment. HVO costs more per litre than diesel, so it adds an annual cost. Electric vans are cheaper to run than diesel vans at MGi's 2024 electricity unit rate, but have a high upfront cost. The electric van running cost in the January 2026 plan was overstated because the fleet's electricity use was multiplied by the number of vans twice; the figures below have been corrected.

Recommendation	Cost Saving	CO ₂ Savings	Energy Savings	Cost	Payback
	£	Tonnes/year	kWh/year	£	Years
Vans to HVO	-£4,210	75.05	-	£25,000	N/A
Vans to EV	£18,010	66.73	-	£350,000	19.43

Electric van figures assume about 230,000 fleet miles a year (based on 2024 diesel use), 0.35 kWh per mile, MGi's 2024 electricity unit rate (about £0.30 per kWh) and 7 vans at £50,000 each. CO₂ savings use the 2024 grid conversion factor and will



increase as the grid decarbonises. HVO figures assume HVO costs 10% more per litre than diesel and cuts diesel emissions by 90%.

List of recommendations include:

1. Solar PV array installation

	Install solar PV array			
Cost Saving £	CO ₂ Savings Tonnes/year	Energy Savings kWh/year	Estimated Cost £	Payback Years
£2,990	2.25	9,980	£16,200	5.42

MGi's building has a fairly flat roof, with areas suitable for a roof-mounted PV array (area modelled below). Only the portion of roof above MGİ's office has been selected, noting that the building has multiple tenants.



Figure 7: Potential location of rooftop solar PV array

Structural surveys should be carried out to ensure that the existing roof is strong enough to support the weight of solar panel installations. Moreover, consideration should be given to the method of fixing the array to the roof to ensure that membranes are not penetrated which could lead to water ingress.

The solar generation figures have been calculated twice, once using OpenSolar software and the second using SolarEdge. Both software platforms gave similar results. The costs and savings for the rooftop schemes have been calculated based on real data for a PV scheme at other clients' sites. The full analysis from the software is attached as an appendix to this report.



The initial purchase price is high with a medium payback, but maintenance needs are minimal and the electricity generated is free once the array is installed, while the price of grid electricity is predicted to increase. Higher grid prices would also improve the payback, making solar arrays more attractive as a project.

2. Centralise and reduce temperature setpoints

	Centralise and reduce temperature setpoints			
Cost Saving £	CO₂ Savings Tonnes/year	Energy Savings kWh/year	Estimated Cost £	Payback Years
£670	0.51	2,240	£1,000	1.49

Centralising control of the heating and cooling systems will help prevent unnecessary overheating and improve overall efficiency. By reducing temperature setpoints, the building can achieve immediate energy and cost savings with little to no upfront investment.

On the individual split system units, there are multiple off times for different units in individual offices. Some are on Wi-Fi and will be easy to centralise, or are able to be controlled remotely through an app.

In the common areas with AC there is heat recovery. The units turn on at 7am and off at 5pm. This provides limited scope for improvements of temperature set points and start times, but without spending big on occupancy sensors and smart controls, simple changes will have incremental benefits over the long term.



3. Signage and behavioural campaign

	Signage campaign			
Cost Saving £	CO ₂ Savings Tonnes/year	Energy Savings kWh/year	Estimated Cost £	Payback Years
£150	0.11	500	£200	1.33

A targeted signage campaign will be introduced to encourage occupants to switch off split AC units and other electrical equipment when not in use, particularly in areas where systems are frequently left running unnecessarily. This may also extend to reducing the temperature on gas radiators when not needed. By raising awareness and promoting better everyday habits, this is a low-cost behavioural measure which can help reduce energy waste across the building while delivering quick cost savings with minimal effort or disruptions.

4. Smart sockets

	Smart sockets			
Cost Saving £	CO ₂ Savings Tonnes/year	Energy Savings kWh/year	Estimated Cost £	Payback Years
£90	0.07	290	£500	5.56

Installing smart sockets will allow non-essential equipment to be controlled and scheduled more effectively, ensuring devices are not left running unnecessarily. This will help eliminate out-of-hours and standby energy consumption, reducing wasted electricity and lowering overall energy costs without affecting day-to-day operations.

5. Electric panel heater (degassing the building)

	Install electric panel heater			
Cost Saving £	CO ₂ Savings Tonnes/year	Energy Savings kWh/year	Estimated Cost £	Payback Years
£410	0.94	5,150	£800	1.95

Degassing the building by replacing the hallway wet radiator with an electric panel heater can help simplify the heating system and reduce ongoing maintenance



requirements. Removing parts of the wet system also eliminates the need for regular degassing while supporting the wider electrification of heat across the building, making the system more efficient and ready for the future. This would also allow the building to become gas-free, removing natural gas from MGi's scope 1 emissions (3.19 tCO₂e in 2025). The saving in the table counts half of the 2024 gas use and will be re-based at the next update.

6. Moving the server to the cloud

Move the server to the cloud (completed January 2026)				
Cost Saving £	CO ₂ Savings Tonnes/year	Energy Savings kWh/year	Estimated Cost £	Payback Years
£2,710	2.05	9,070	£100	0.04

MGi completed the move of data back-up and processes from the on-site server on the ground floor to a cloud-based system in January 2026. This removes the server's continuous electricity use and most of the cooling load in the server room. The saving estimated in the January 2026 plan will be confirmed from the 2026 electricity data at the next update.

7. Reduce vehicle transport emissions

Recommendation	Cost Saving	CO ₂ Savings	Cost	Payback
	£	Tonnes/year	£	Years
Vans to HVO	-£4,210	75.05	£25,000	N/A
Vans to EV	£18,010	66.73	£350,000	19.43

Electric van figures assume about 230,000 fleet miles a year (based on 2024 diesel use), 0.35 kWh per mile, MGi's 2024 electricity unit rate (about £0.30 per kWh) and 7 vans at £50,000 each. CO₂ savings use the 2024 grid conversion factor and will increase as the grid decarbonises. HVO figures assume HVO costs 10% more per litre than diesel and cuts diesel emissions by 90%.

Transport is the most significant contributor to MGi's carbon footprint and accounted for about 91% of scope 1 and 2 emissions in 2025. Significant inroads have been made to electrify the fleet and five EV chargers have been installed on site. Only the working vans have not transitioned due to the weight they carry when travelling.

Although there are some electric vans on the market, they are currently not fit for purpose for MGi. It is still recommended to make this shift, but the decision needs to



be made when the technology exists for it to be a realistic and financially viable option.

In the interim period before the fleet is converted to electric, an option to mitigate the emissions of the fleet more quickly is to use green hydrogen, or more practically, to use HVO in place of diesel.

Recommendation 1 - HVO

Hydrotreated Vegetable Oil (HVO) is also known as renewable diesel. It's a fossil-free diesel fuel that can be used as a direct replacement for mineral diesel with up to 90% lower net CO₂ emissions. HVO usage also reduces nitrogen dioxide and nitric oxide (NO_x) emissions by up to 27% and particulate matter (PM) emissions by up to 84%. This not only reduces greenhouse gas emissions but contributes to overall cleaner air.

HVO meets EN 15940 standards and Fuel Quality Directive 2009/30/EC Annex II so can be used as a direct, drop-in alternative to mineral diesel without modifications to infrastructure or high initial investments.

The reason for HVO's efficiency comes down to the composition of this fuel. Fossil fuel diesel has a higher density and is formed of different sized hydrocarbons, as well as sulphur, metals and aromatics, which means it does not burn cleanly. HVO, on the other hand, is composed of uniform hydrocarbon molecules, has a lower density and is virtually free of aromatics, metals and sulphurs. The result is that HVO can help to boost the cleanliness and efficiency of a vehicle engine, as well as offering better performance during cold weather.

HVO fuel has a shelf life of up to 10 years compared to just 1 year for mineral diesel, which means there's a significantly reduced need for regular testing and standing stock replacement.

Whilst some biofuels are grown specifically for that use (first generation biofuels), it is possible to buy HVO in the UK that is second generation, in that it is derived from certified waste materials.

HVO is not yet widely available at fuel forecourts, but HVO storage and dispensing tanks are widely available in a variety of sizes. They require a solid concrete base and an electrical connection. Deliveries of HVO are available for purchase from a number of different fuel merchants.

HVO typically costs 10–15% more per litre than diesel; the estimate above assumes 10%. Fuel use per mile is assumed to be unchanged. Some suppliers report lower engine maintenance costs over the long term.



Recommendation 2 – EV vans

The second recommendation is to formally review the feasibility of transitioning the van fleet to electric vehicles (EVs) within the next five years, reporting progress in each annual update of the CRP. A transition to EV would be required before 2040 to meet a 2040 net-zero target.

While EV technology is advancing rapidly, current limitations such as vehicle range, payload capacity, charging infrastructure availability, charging times, and grid capacity constraints may not yet fully align with the operational requirements of the existing fleet. Additionally, upfront capital costs and potential disruption to service delivery must be considered. In the calculations an average price of £50,000 per van has been assumed for 7 vans. The fleet size should be confirmed at the feasibility review: fuel card records show 16 vehicle registrations in 2025, several used for only part of the year.

A five-year review point allows sufficient time for technological improvements, market maturity, cost reductions, and infrastructure development. This strategic pause ensures that any transition to EVs is both technically viable and economically justified. If, at that stage, EV technology is capable of meeting operational demands, a phased fleet replacement programme could be implemented to eliminate emissions entirely, thereby permanently reducing Scope 1 emissions without reliance on offsets.

Together, these two recommendations provide both an immediate actionable solution and a longer-term strategic pathway, balancing operational practicality with MGi's commitment to reducing carbon emissions and progressing toward net zero.

NET ZERO TARGETS

Net-zero means achieving a balance between the carbon emitted into the atmosphere, and the carbon removed from it. Setting a target date for net-zero emissions is an important step for an organisation, and the Science Based Targets initiative (SBTi) criteria states that the net-zero target year shall be no later than 2050 in line with the UK Government's legally binding target date.

MGi's journey to achieving net-zero emissions by 2040 for scopes 1 and 2 has been outlined using the SBTi methodology for guidance. SBTi is the most well-regarded methodology for developing a pathway to net-zero. For the purpose of the CRP, the methodology for SMEs was selected as a guide because it streamlines and simplifies the process. The methodology was not implemented in full as aspects are not



appropriate for MGi's specific circumstances. However, the framework is consistent and aligned with the SBTi.

For reference, the methodology for SMEs is:

1. Commitment Process

- SMEs commit to an absolute reduction in scope 1 and scope 2 greenhouse gas (GHG) emissions by 2030, aligned with a 1.5°C pathway. The percentage depends on the base year chosen (for example, 50% from a 2018 base year).
- They must also commit to measuring and reducing scope 3 emissions, where relevant, though specific targets are not mandatory.

2. Simplified Target-Setting

- SMEs can use a predefined target-setting framework⁵, avoiding the need for complex modelling or detailed sector-specific calculations.
- Targets are aligned with a 1.5°C trajectory, the most ambitious goal of the Paris Agreement.

3. Scope 1, 2, and 3 Emissions

- **Scope 1:** Direct emissions from owned or controlled sources, such as company vehicles.
- **Scope 2:** Indirect emissions from purchased electricity, steam, heating, or cooling.
- **Scope 3:** Indirect emissions occurring in the value chain, such as supplier emissions or employee commuting.
- SMEs are encouraged to focus on scope 1 and 2 emissions but are also required to measure and report on scope 3 emissions.

4. Validation Process

- Unlike larger companies, SMEs do not undergo the full validation process.
- Instead, they submit a simple form to the SBTi, confirming their commitment to the predefined targets.
- The validation fee is significantly reduced for SMEs.

5. Reporting and Transparency

- SMEs are encouraged to report progress annually, demonstrating their commitment to achieving the targets.
- Reporting can be integrated into existing sustainability or annual reports.

MGi senior staff may wish to consider setting a target through the SBTi. However, at this stage LCMB recommends that MGi progresses without SBTi validation, because of the cost and administrative effort of reporting on ongoing milestones and SMART targets.

⁵ Accessible through the SBTi SME Hub



Scope 1 and 2 target

The projected pathways are broken down into 2 datasets for scope 1 and scope 2 emissions. The baseline year is 2024 using electricity, gas and diesel data from MGi invoices. The pathways have not been re-modelled for this update. The datasets are as follows:

Business as Usual (BAU):

The BAU scenario represents projected carbon emissions if no recommendations to reduce emissions are implemented. It assumes a constant rate of diesel consumption. It accounts for the expected planned decarbonisation of the UK electricity grid and assumes that MGi's gas boiler is retained past its end of life out to 2050.

Under BAU, scope 1 emissions from MGi's building gradually increase due to the aging of the gas boiler, while scope 2 emissions decline relatively quickly due to the government projected decarbonisation of the electricity grid. The BAU scenario therefore shows little change in scope 1 emissions and a modest improvement in scope 2 emissions without significant investment.

With recommendations:

This projection details the journey to net-zero based on the suggested recommendations within this report. The figures demonstrate that recommendations allow MGi to reduce carbon emissions much faster than the BAU scenario and more effectively, reaching near net-zero by about 2040. The modelled pathway assumes the van fleet moves to HVO in 2038; switching earlier would bring these reductions forward, and the timing will be reviewed at the June 2027 update. Depending on the decision on how to decarbonise the fleet, some residual emissions may remain. Any carbon offsets used for these will be reported separately and will not count towards the target.

The Figure below reflects the emissions trajectory with and without interventions, separating scope 1 and scope 2 emissions.

In 2025, actual scope 1 and 2 emissions were 89.59 tCO₂e, slightly above the 2025 BAU projection of 89.25 tCO₂e and the with-recommendations projection of 88.45 tCO₂e. Diesel emissions were lower than projected, but electricity use was higher, mainly from EV charging.

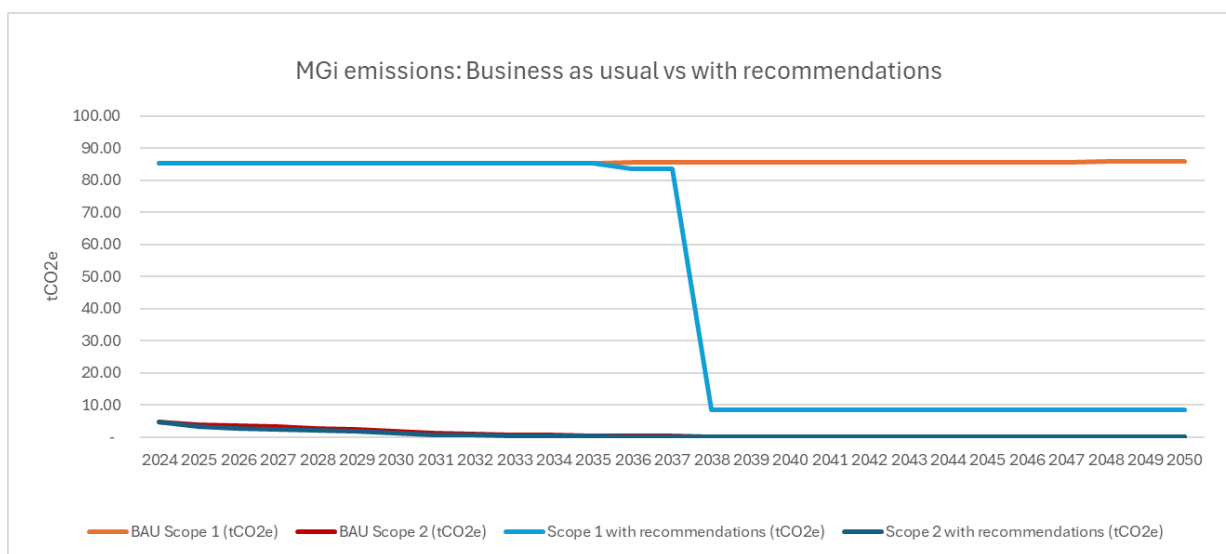


Figure 8: Scope 1 & 2 emissions with and without interventions, including fleet emissions

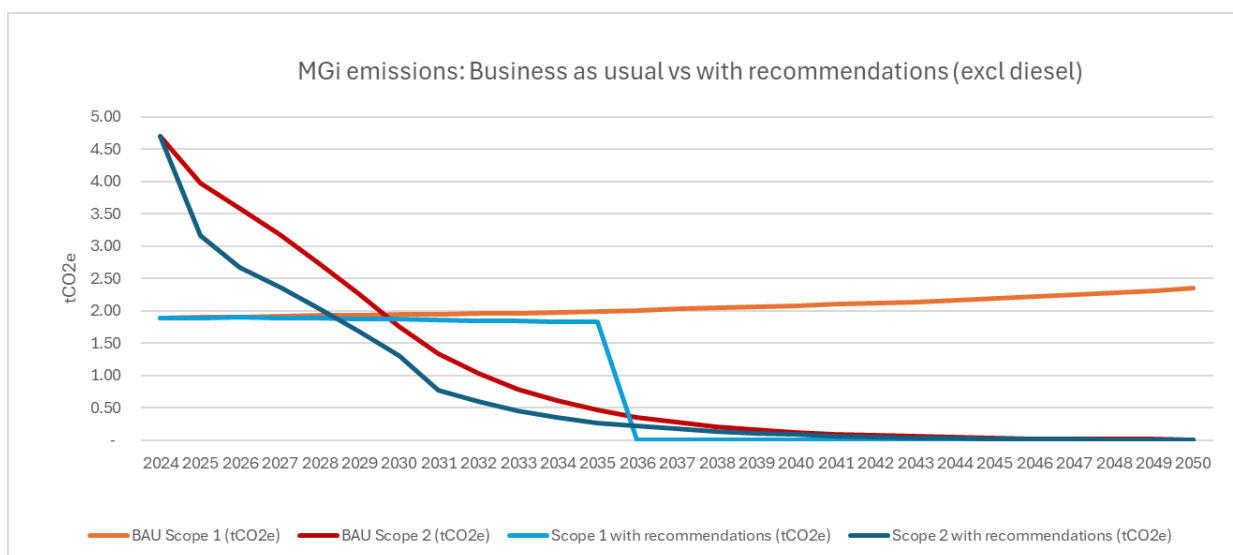


Figure 9: Scope 1 & 2 emissions with and without interventions, excluding fleet emissions from vans

GOVERNANCE AND LEADERSHIP

Responsibility and oversight for the CRP is assigned to the Technical Sales Director at MGi, which appears to be the appropriate level of support to ensure recommendations are considered, and the path to net-zero is abided by.

The CRP will be reviewed and updated annually, within six months of MGi's financial year end, using the previous calendar year's data, and approved by a director before publication on MGi's website. The next update, covering calendar year 2026, is due by 30 June 2027.



APPENDIX 1

Please see attached “MGi Solar Report”