

CARBON REDUCTION PLAN 2026



McAlpine Grant Ilco
Temperature controlled environments

January 2026

LCMB Building Performance Ltd

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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 period of January 2024 to December 2024.

MGI's scope 1 emissions are **85.28 tCO₂e** (tons of carbon dioxide equivalent), stemming predominantly from company vehicle emissions.

Scope 2 emissions are **4.70 tCO₂e** stemming mainly from MGI's office building and electric vehicles.

Scope 3 emissions were calculated from a limited number of scope 3 categories and total **0.37 tCO₂e** over the same baseline period.

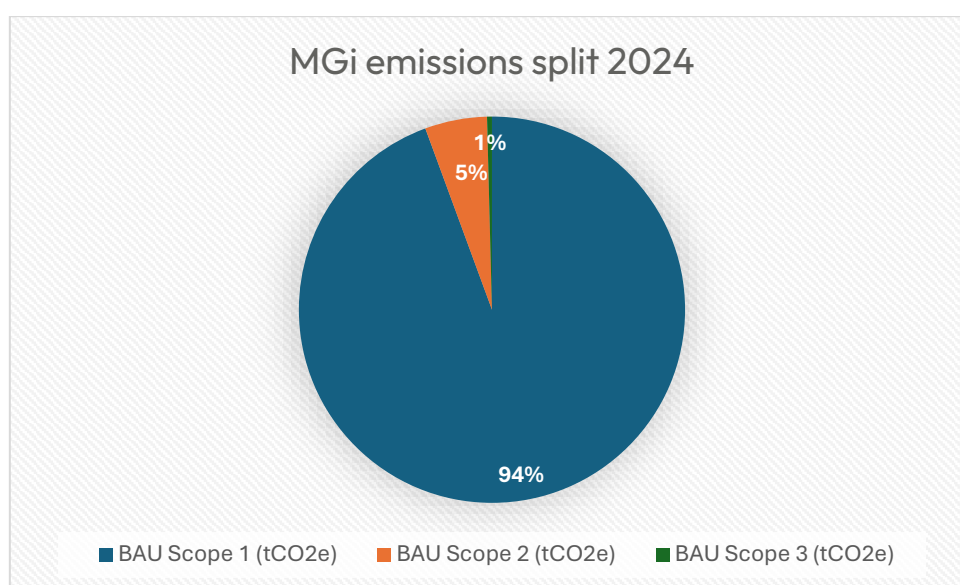


Figure 1: Emissions split for MGI for 2024, displayed as a pie chart

Scope 3 make up only 1% of MGI's emissions; however, it is expected that scope 3 emissions account for over 85% of total emissions based on other similar organisations' CRPs. Scope 3 emissions are more difficult and labour intensive to calculate compared with scope 1 and 2 emissions. As part of this initial CRP and

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.



baselining exercise, MGi is setting up processes to improve data capture and availability so that the next iteration of the CRP provides a more accurate and comprehensive picture of total organisational emissions.

The CRP proposes recommendations to track scope 3 emissions, reduce all emissions and forms 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 emissions reduction recommendations and offset the residual carbon emissions to ensure this target is met. The CRP sets out the most economically advantageous path to mitigating and minimising the emissions, before offsetting the residual 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 emissions trajectory for scope 1 and 2 emissions with a business as usual (BAU) approach; compared to a proactive approach implementing recommendations to reduce emissions as suggested in this CRP.

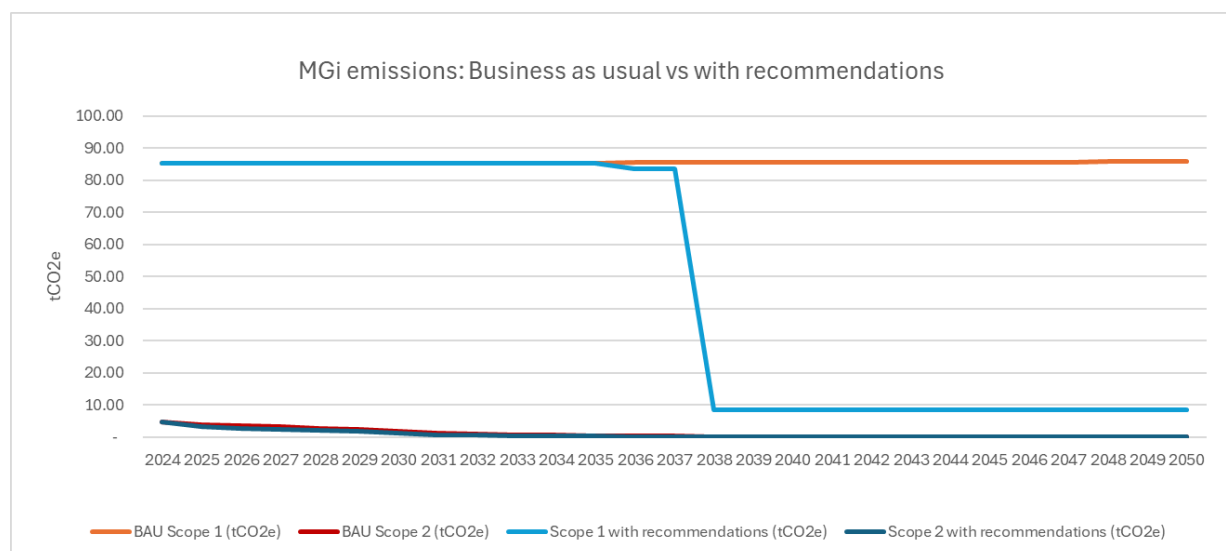


Figure 2 - Emissions pathways for scope 1 and 2 emissions, with and without implementing recommendations.

The CRP is designed to comply with Procurement Policy Note (PPN) 06/21 of 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.



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 CRP will establish a baseline of performance and highlight 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 verified utility invoices, 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 MGi Ltd.

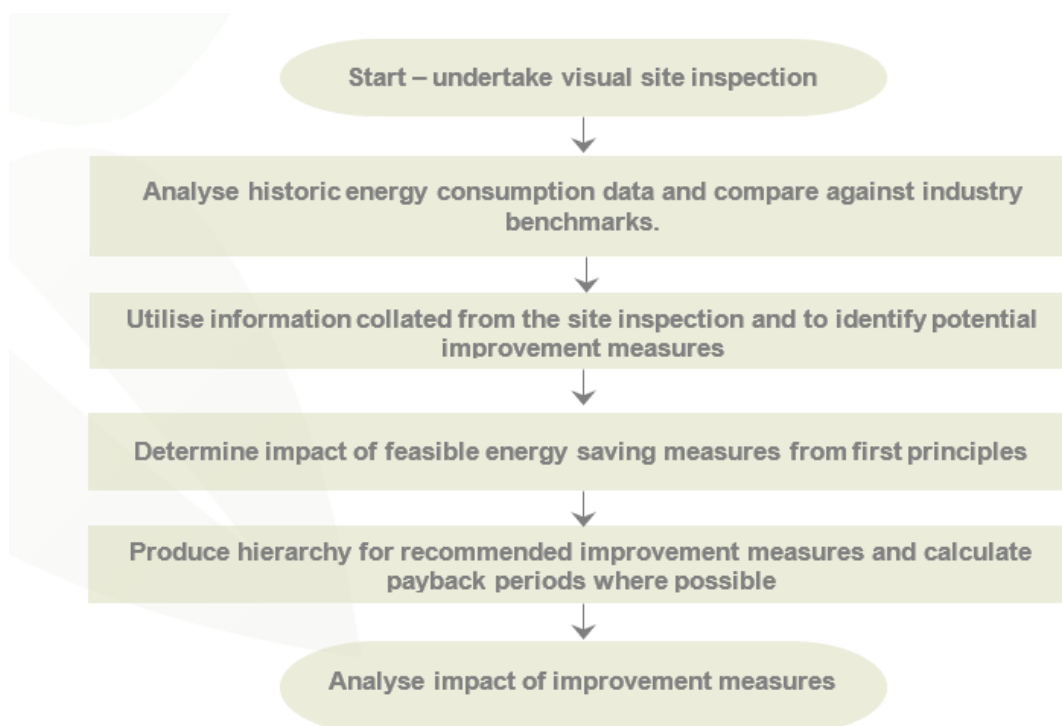


Figure 3 Energy Assessment Methodology

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 MGi 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 MGi 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.

The NHS SBS CRP guidance refers to five relevant Greenhouse Gases (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 MG 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.

For the EVs, an approximate split between business, personal and commuting of 50%, 25%, 25% was used as the data granularity to discern this was not available. The split provides an approximate allocation of emissions related to business travel and employee commuting, avoiding double counting. Personal use is part of employee commuting.

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



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.
- No refrigerant gas was lost/bought in 2024 according to the F-gas register
- The building is shared by 2 companies, MG i and ORAC. Based on the site visit and discussions with key stakeholders, we have assumed a 50/50 split in energy consumption.
- Diesel data from the 7 vans was provided for 6 months and doubled to get a full 12 months.
- For simplicity, we have assumed a 50%, 25%, 25% split between business related miles, personal use and commuting for the electric vehicles. 50% of EV related charging emissions will be considered scope 2 and 50% scope 3.



- 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 charges for fleet vehicles.

Scope 1 emissions

The largest proportion of scope 1 emissions at MGi captured in this first iteration of the CRP stem from the company's 7 diesel vans used for transport activities. This has resulted in scope 1 emissions totalling 83.39 tCO₂e. Diesel makes up 97.8% of scope 1 emissions which make up 94% of MGi's total emissions.

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.

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 currently in operation. 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 MGİ 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 3 emissions

From the five scope 3 categories that the NHS SBS CRP guidance refers to, limited data was available in this initial CRP.

a) Upstream Transportation and Distribution – Category 4

Data was unavailable for the transportation of goods and services at the time of writing the CRP. 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 iteration of the CRP.

b) Waste Generated in Operations – Category 5

Data was unavailable for waste disposal routes, including recycling, landfill, and clinical waste at the time of writing. It is expected that this data will be made available. 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.

The wastewater emissions at MGİ were taken from the water invoices and equate to 0.0419 tCO₂e for the 2024 period.

c) Business Travel – Category 6

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



d) Employee Commuting - Category 7

Emissions from the 5 EVs on site were captured for the baseline year. An approximate split between business travel, personal travel and commuting of 50%, 25%, 25% was used as the data granularity to discern the split was not available.

Personal travel and employee commuting, using the percentage split from above, are estimated at **0.33 tCO₂e**.

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 at the time of writing the CRP.

BASELINE ENERGY AND CARBON FOOTPRINT

Electricity, gas and diesel consumption were calculated for 2024 from invoices provided by MGİ. The annual total for the baseline emissions is stated below:

Electricity (kWh)	Gas (kWh)	Diesel (L)
44,767	5,153	33,224

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.

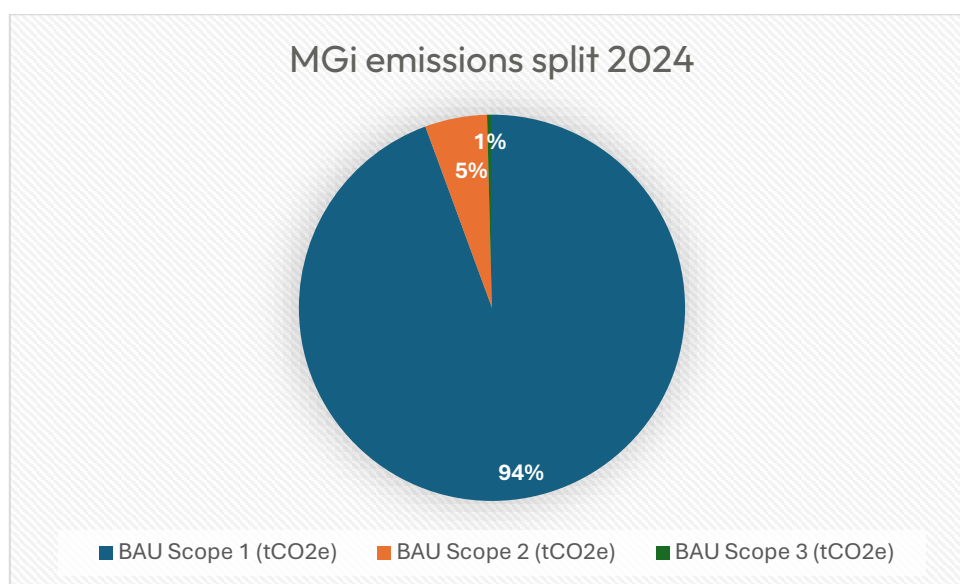


Figure 4: Emissions split for MGİ for 2024 – (Including diesel emissions)

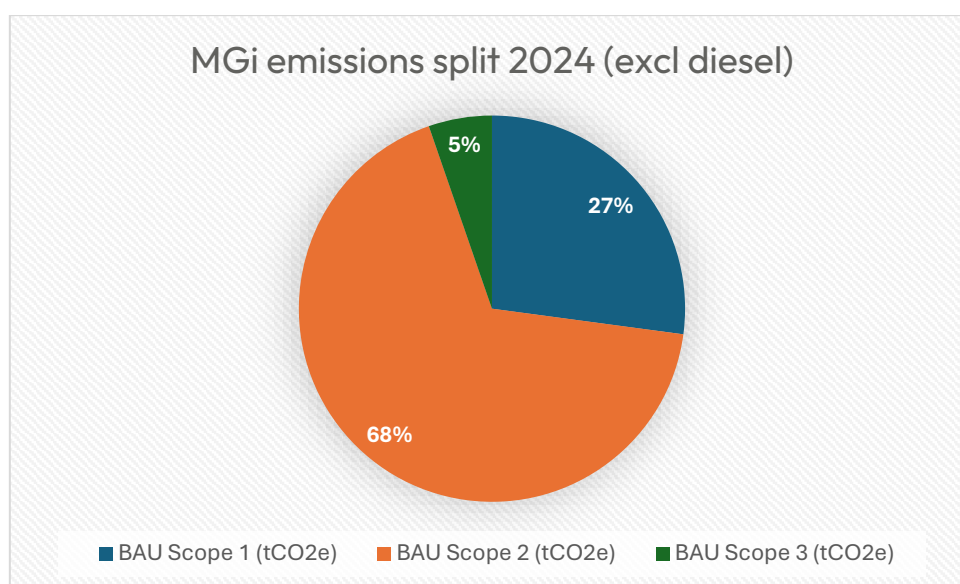


Figure 5: Emissions split for MGi building for 2024 excluding diesel

RECOMMENDATIONS TO REDUCE EMISSIONS

Focussing on MGi's building, the Green Building Council UK 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.

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 are from company owned vans. To reduce emissions from this source, two options stand out. However, in both scenarios there is a capital cost, plus a cost per annum to change from diesel. It is expected that this cost will reduce over time, however the costs are based on current electricity unit rates.

Recommendation	Cost Saving	CO2 Savings	Energy Savings	Cost	Payback
	£	Tonnes/year	kWh/year	£	Years
Vans to HVO	-£4,210	75.05	0	£25,000	N/A
Vans to EV	-£126,528	77.20	0	£350,000	N/A

List of recommendations include:

1. Solar Panel PV Array installation

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



Figure 6: 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 Solar Edge. 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 there are minimum maintenance and 'free' electricity as the price of grid supplied electricity is predicted to increase. The predicted increased cost of electricity will also improve the payback figure 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. Electrical heating panel

	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 will also allow for the building to be considered a gas free building which will bring scope 1 emissions close to 0.

6. Moving the server to the cloud

	Removing the server			
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 are already in the process of moving data back-up and processes from the server on site on ground floor to a cloud-based system. This will have a significant effect on electricity demand at the building, assuming that the server is about 2kW and the split unit AC in the server room is about the same.

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	-£126,528	77.20	£350,000	N/A

Transport is the most significant contributor to MG's carbon footprint and accounts for 92.8% of scope 1 and 2 emissions. 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 MG. 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 to replace than 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 (NOx) 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 a relatively new fuel and is not yet available at petrol 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 costs on average 10 – 15% more than traditional diesel per litre, however, HVO has been shown to deliver more efficiency, getting more miles to the litre, and in the long term can reduce engine maintenance and repair costs.



Recommendation 2 – EV vans

The second recommendation is to formally review the feasibility of transitioning the van fleet to electric vehicles (EVs) in the next 5 years, in line with the next 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 has been assumed.

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 Base 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 2050 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 are required to commit to reducing their scope 1 and scope 2 greenhouse gas (GHG) emissions by at least 50% by 2030.
- 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 pursue signing up to the SBTi. However, it is recommended that at this stage to progress without the accreditation due to the cost and administrative burden required to report on ongoing milestones and SMART targets.

Scope 1 & 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 datasets are as follows:

⁵ Accessible through the SBTi SME Hub



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 reflects no 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. Depending on the decision on how to decarbonise the fleet, limited carbon offsetting is likely to be required for the residual emissions.

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

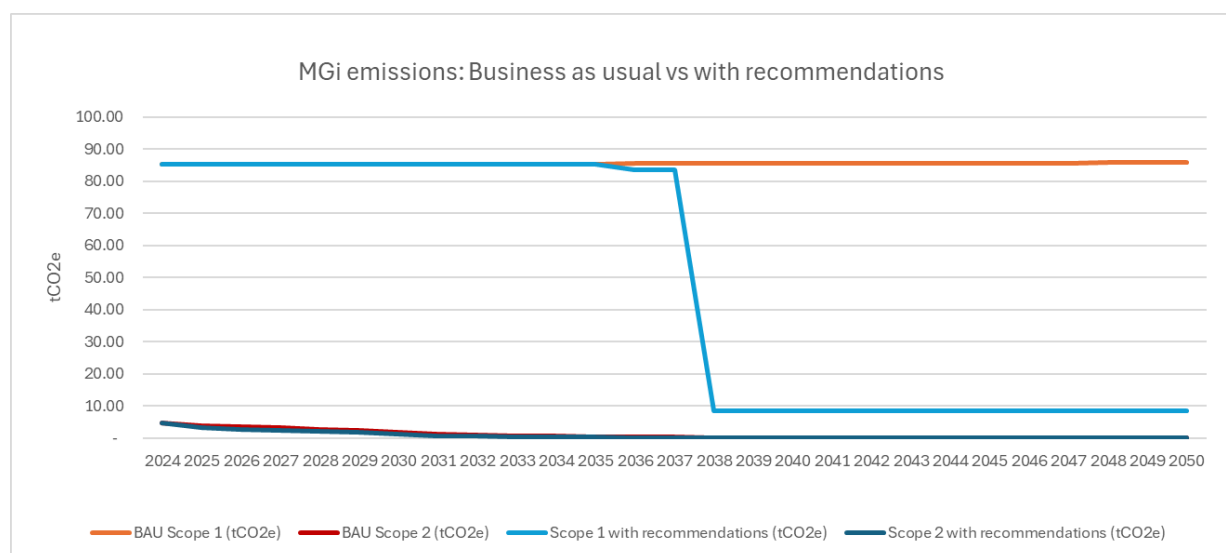


Figure 7: Scope 1 & 2 emissions with and without interventions, including fleet emissions

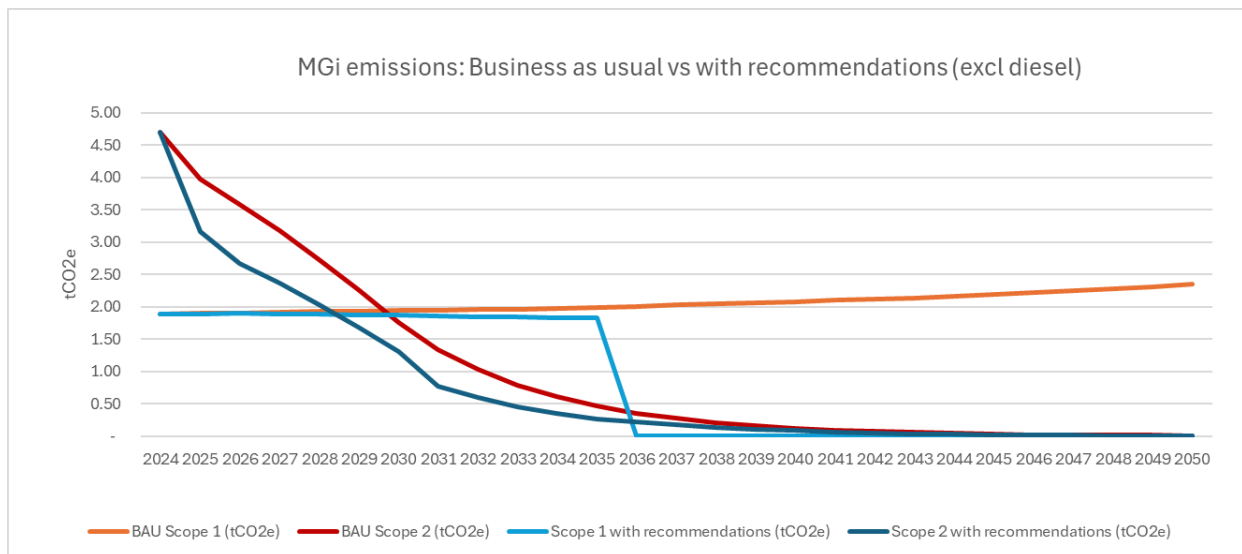


Figure 8: Scope 1 & 2 emissions with and without interventions, excluding fleet emissions from vans

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.



APPENDIX 1

Please see attached “MGi Solar Report”