

A vibrant, modern urban street scene. On the left, a tall building with a white facade and black vertical stripes. Next to it is a building with a warm, reddish-brown brick facade and a blue-tinted glass section. Further along is a building with a blue and white checkered pattern. The street is lined with trees, some with purple blossoms. People are walking, cycling, and sitting on the sidewalk. The sky is blue with some clouds.

HG Construction Carbon Plan 2024



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INTRODUCTION

IPCC Special Report on Global Warming of 1.5°C concluded that we need to keep temperature rise to a maximum of 1.5°C to avoid high risk of catastrophic consequences for people and nature. To do so, the world needs to halve emissions every decade by 2050 from a 2020 baseline, which amounts to a year-on-year reduction rate of 7%. This is called the Carbon Law. As a simple rule of thumb, it can be applied to companies, cities, nations and citizens. Since the Carbon Law outlines the global average it must be viewed as a minimum ambition and the wealthiest should go fastest.

HG Construction recognises that climate change is already causing severe harm to societies and the global economy. To achieve this HG Construction has set an ambitious target of achieving Net Zero 2035 in scopes 1 & 2.

This Carbon Reduction Plan has been developed to meet the requirements of Procurement Policy Note PPN06/21; “Taking Account of Carbon Reduction Plans in the procurement of major government contracts”, published in June 2021.

HG Construction financial year starts on 1st January and end on 31st December; our carbon reporting baseline year has been set at 2019

ABOUT

HG Construction HG Construction is a forward-thinking design and build partner, delivering exceptional new build and refurbishment schemes across London and the South East.

HG Construction falls within the definition of a 'large' company (Companies Act 2006). As such we currently report Scope 1, 2 and Scope 3 (Grey fleet) under SECR legislation.

We are working towards a full Scope 1, 2 & 3 pathway to Net Zero which will be reviewed at board level.

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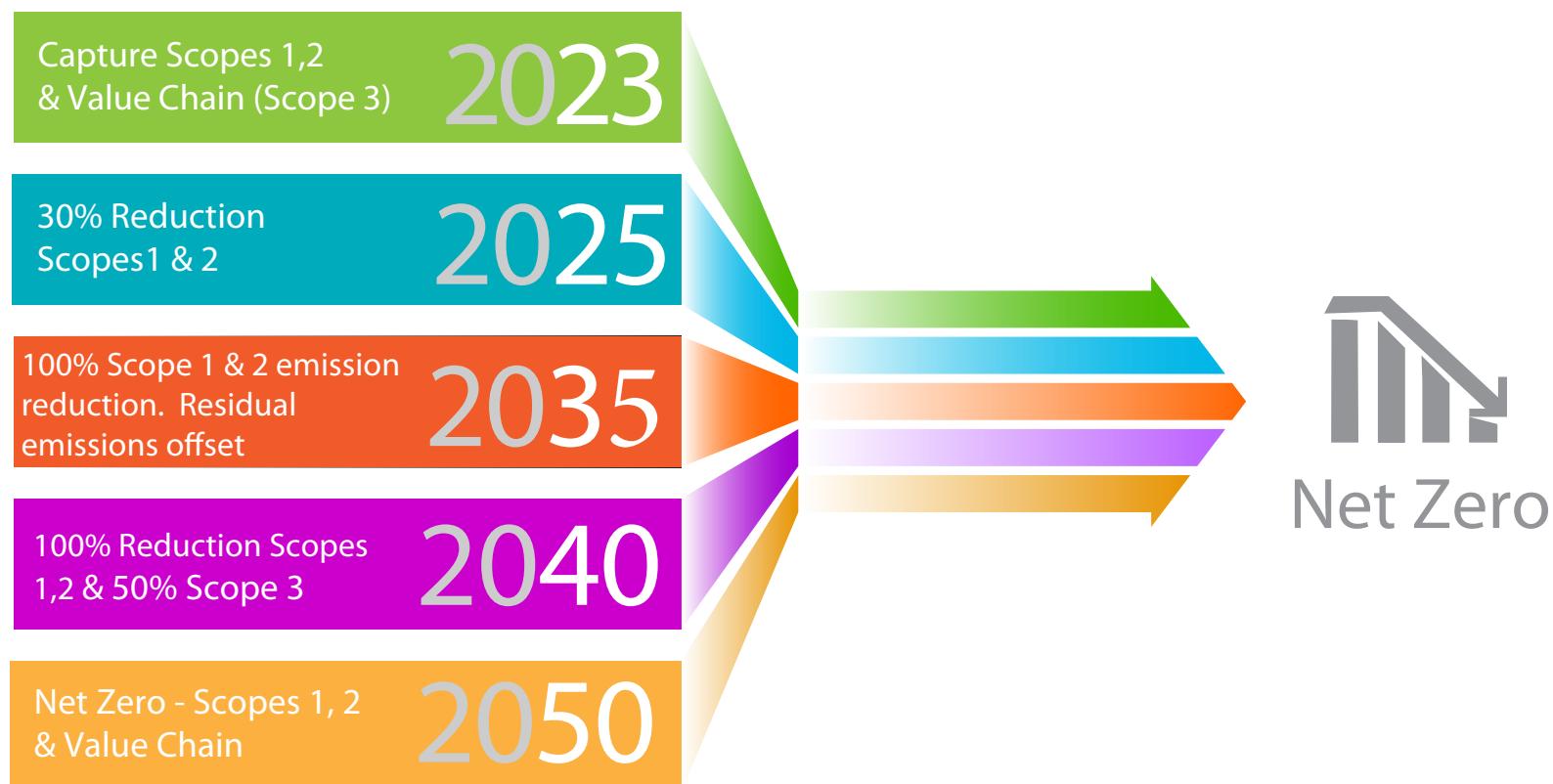
This report was produced jointly by EnergyFit and 001 and authored by Paul Bleasdale. Paul holds an MSc in Energy and Sustainable Development (Distinction), is a qualified ESOS Lead Assessor and ISO 14064 Lead Verifier, and has extensive experience as an energy and low-carbon consultant.

EMISSION REDUCTION TARGETS

In order to continue our progress to achieving net zero, we have adopted the following carbon reduction targets.

HG Construction is committed to achieving net zero scope 1 & 2 carbon emissions by 2035 only offsetting residual emissions.

We refer to our scope 1 and 2 carbon emissions as our operational carbon, as it relates to our own use of energy for our own operations and is under our control. We will achieve net zero for scope 1 and 2 by 2035. We are aiming to achieve this target only offsetting residual carbon. We will achieve net zero across our scope 3 carbon emissions by 2050. As part of our pathway to net zero we will achieve a number of interim targets as below.



METHODOLOGY

Incorporate net zero management into current management systems. Engage stake holders across the organisation to enable positive company wide change.

Apply Internal Carbon Price system. HG Construction Limited is committed increasing the price on an annual basis and re-investing money generated in emission reductions

Set realistic annual emission targets mapped to Net Zero 2040 target.

Improve data capture to enable accurate profiling of operational and value chain emissions.

Invest in energy & carbon reduction technologies/ services. Incentivise stake holders to reduce emissions. If required, purchase carbon credits.

Produce detailed reports analysing emission reduction achievements and adjusting goals/ investments as required to reach Net Zero target.

Detail emission savings and future reduction initiatives and targets in annual Directors Report.



BASELINE EMISSIONS FOOTPRINT

Baseline Year: HG Construction Limited Financial Year 2019 (01/01/2019 to 31/12/2019). Base year Scope 3 emissions are limited due to incomplete data.



Reporting Year: 01/01/2024 to 31/12/2024

EMISSIONS	TOTAL (tCO2e)	CO2 (mt)	CH4 (mt)	N2O (mt)	HFCs (mt)	PFCs (mt)	SF6 (mt)
Scope 1	1,469.80	0.00	0.00	0.00	0.00	0.00	0.00
Scope 2	91.07	0.00	0.00	0.00	0.00	0.00	0.00
Scope 3	35,756.87						

CURRENT EMISSIONS REPORTING

Reporting Year: HG Construction Limited Financial Year 2024 (01/01/2024 to 31/12/2024). Scope 3 2019, 2020, 2021, 2022 and 2023, Scope 3 emissions are limited due to incomplete data in those years.

EMISSIONS BREAKDOWN BY SCOPE	2024 UK Emissions	2023 UK Emissions	2022 UK Emissions	2021 UK Emissions	Base Year UK Emissions	% Change -Current year to base year
	tCO ₂ e					
Scope 1	2,132.94	1,714.83	1,555.69	1,430.08	1,469.80	45%
Gas	114.02	102.92	82.67	71.28	38.42	197%
Transport Fuels	1,151.37	502.21	1,177.75	1,273.04	1,431.38	-20%
Other direct emissions	0.00	0.00	0.00	0.00	0.00	
Scope 2 (electricity - Location based)	422.44	477.99	263.05	193.99	91.07	364%
Scope 3	88,805.79	81,349.78	55,580.08	46,958.39	35,756.87	148%
 Total Gross tCO2e	 91,361.18	 83,542.60	 57,398.82	 48,582.46	 37,317.74	 145%
Intensity Value: £ Turnover	385.00	338.00	241.00	201.58	150.47	
Intensity Metric: tCO2e/Turnover	237.30	247.17	238.17	241.01	248.00	-4%
 Scope 1: Controlled Vehicles - kWh	 4,534,578.01	 1,573,897.42	 1,154,061.26	 341,529.43	 517,732.97	 776%
Scope 1: On-site Vehicles/plant - kWh	3,415,188.42	4,443,842.74	4,311,099.94	4,660,070.06	4,757,350.85	
Scope 1: Onsite fuel (Mains Gas) - kWh	623,376.00	562,631.00	452,912.00	389,162.03	208,974.95	198%
Scope 1: Onsite Fuels (Other)* - kWh	0.00	0.00	0.00	0.00	0.00	
Scope 2: Electricity - kWh	2,040,304.00	2,308,288.00	1,360,286.00	913,605.93	390,618.90	422%
Scope 3 Grey Fleet Transport - kWh	804,905.97	866,695.42	649,433.70	449,112.78	237,885.01	238%
Total UK Energy Consumption (kWh)	11,418,352.40	9,755,354.58	7,927,792.91	6,753,480.23	6,112,562.68	87%

CURRENT EMISSIONS REPORTING

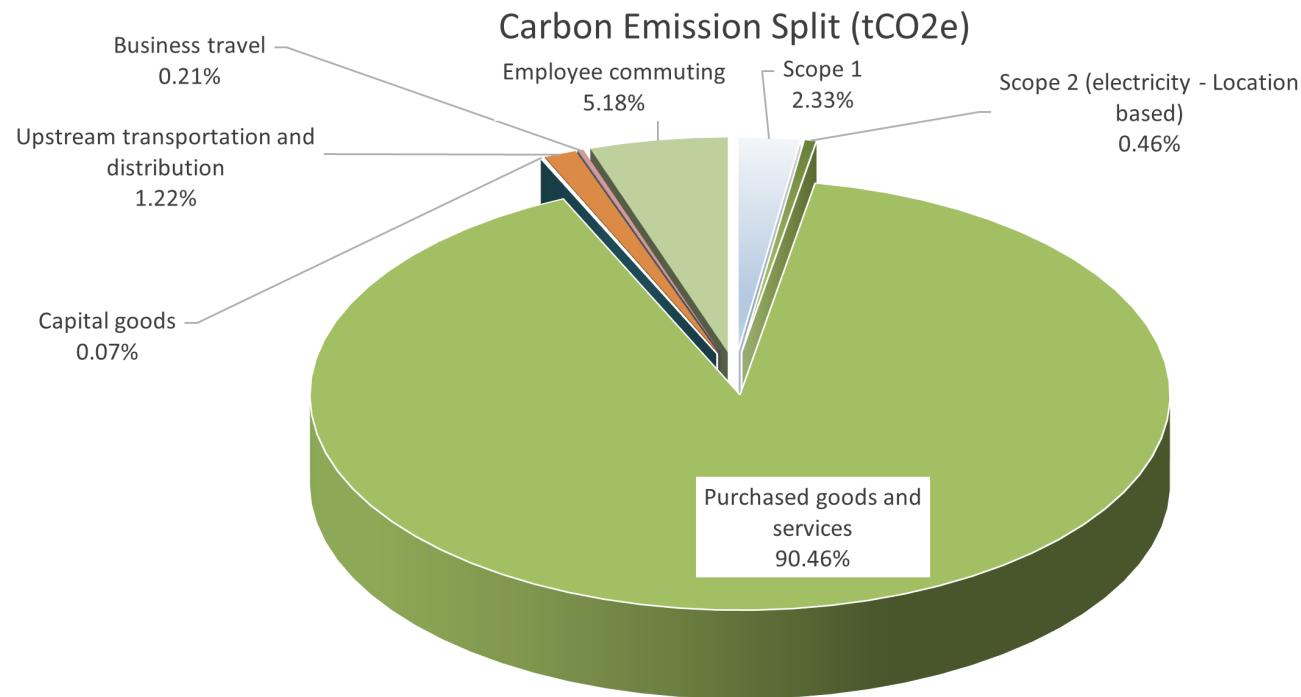


Figure 1.2

OFFSETTING

At HG Construction Limited, we have committed to achieving net zero across all three greenhouse gas emissions scopes, including all of the energy that we use and carbon we emit. Residual emissions that can not be eliminated will be offset by the purchase of Gold Standard carbon credits.

CURRENT ENERGY PROFILE

SECR ENERGY BREAKDOWN

Fuel	UK Energy Consumption	
	MWh	kWh
Scope 1: Controlled Vehicles - kWh	4,534.58	4,534,578.01
Scope 1: On-site Vehicles - kWh	3,415.19	3,415,188.42
Scope 1: Onsite fuel (Mains Gas) - kWh	623.38	623,376.00
Scope 1: Onsite Renewables - kWh	0.00	0.00
Scope 1: Onsite Fuels (Other)* - kWh	0.00	0.00
Scope 2: Electricity - kWh	2,040.30	2,040,304.00
Scope 3 Grey Fleet Transport - kWh	804.91	804,905.97
	11,418.35	11,418,352.40

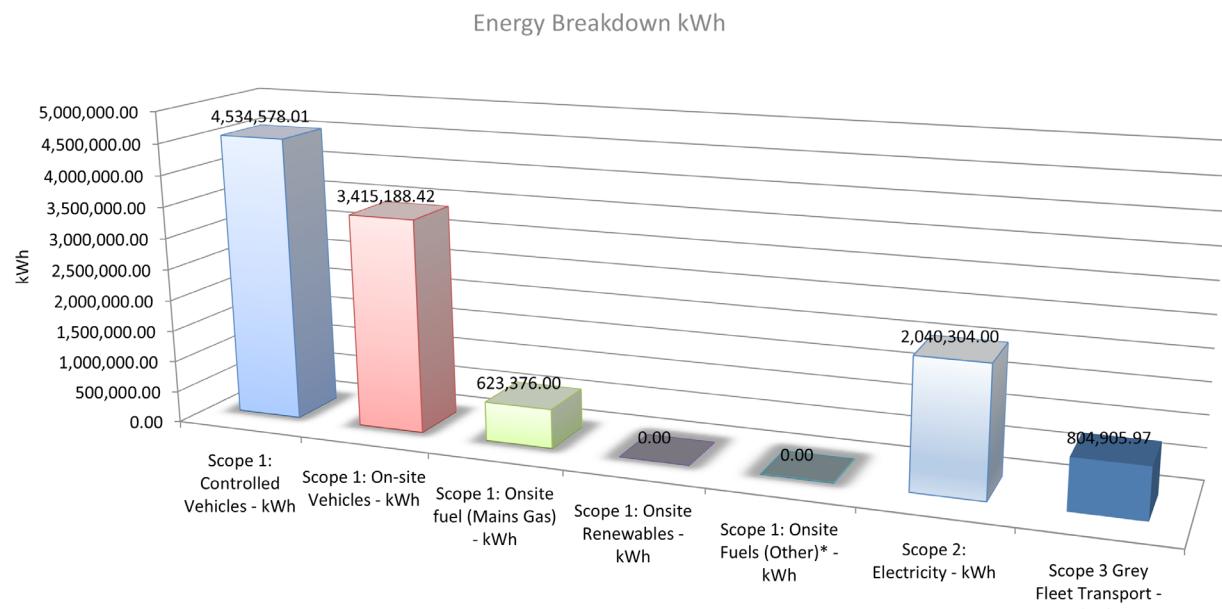


Figure 1.1

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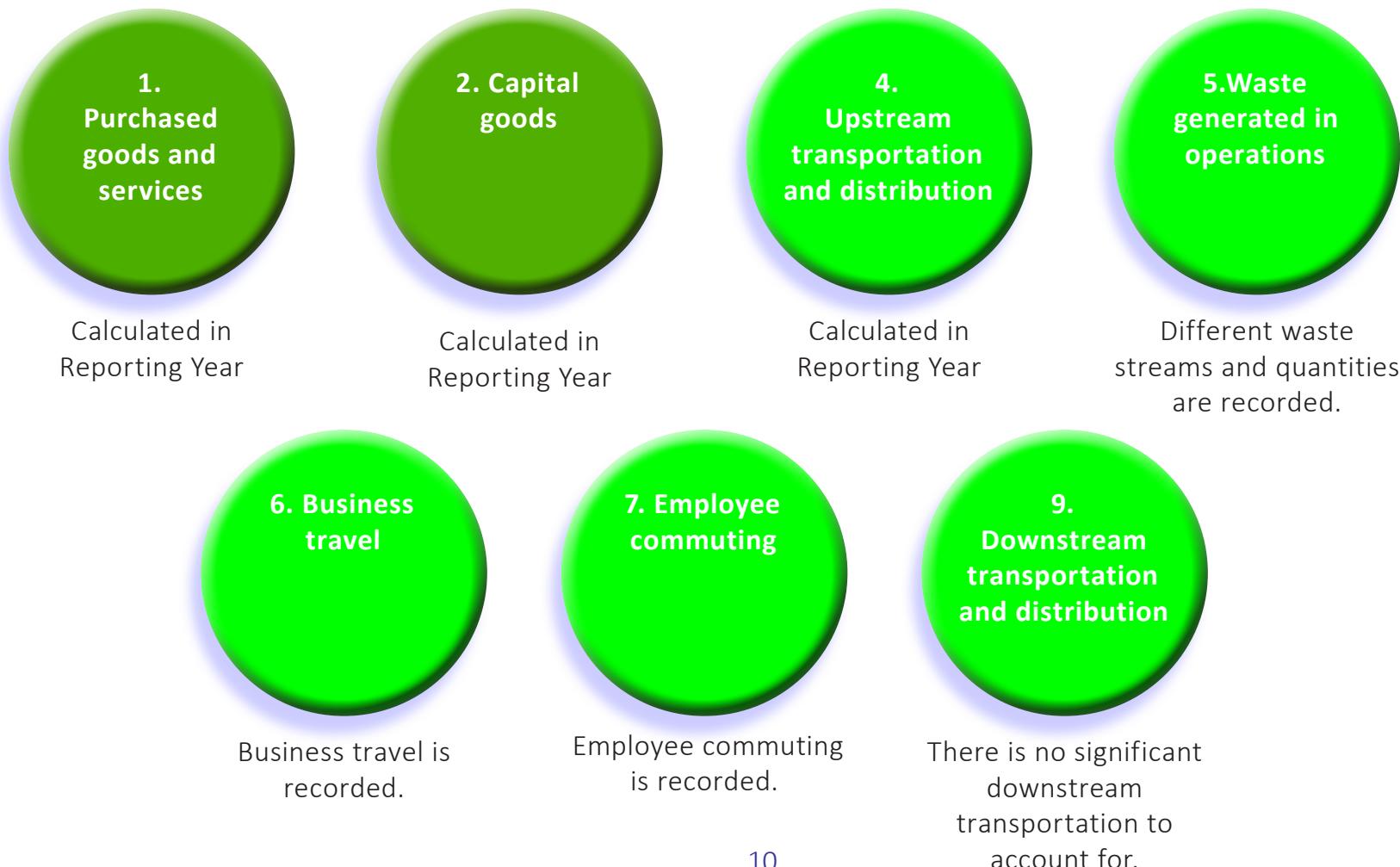
SCOPE 3 CARBON (VALUE CHAIN)

Historically our data capture for scope 3 carbon has been limited to grey fleet for SECR reporting. We will be developing a robust, clear and consistent reporting methodology for our carbon data for scope 3. On completion of the pathway to net zero work we will be able to clearly detail the data sources, emissions types and how they interact with reportables such as the Net Zero Carbon Strategy and SECR. It is our intention to map out our value chain and to identify and report scope 3 emissions that are significant, quantifiable and offer tangible opportunities for reduction through our actions and choices. PPN 06/21 guidance states that Carbon Plans must report the following subset scope 3 emissions.

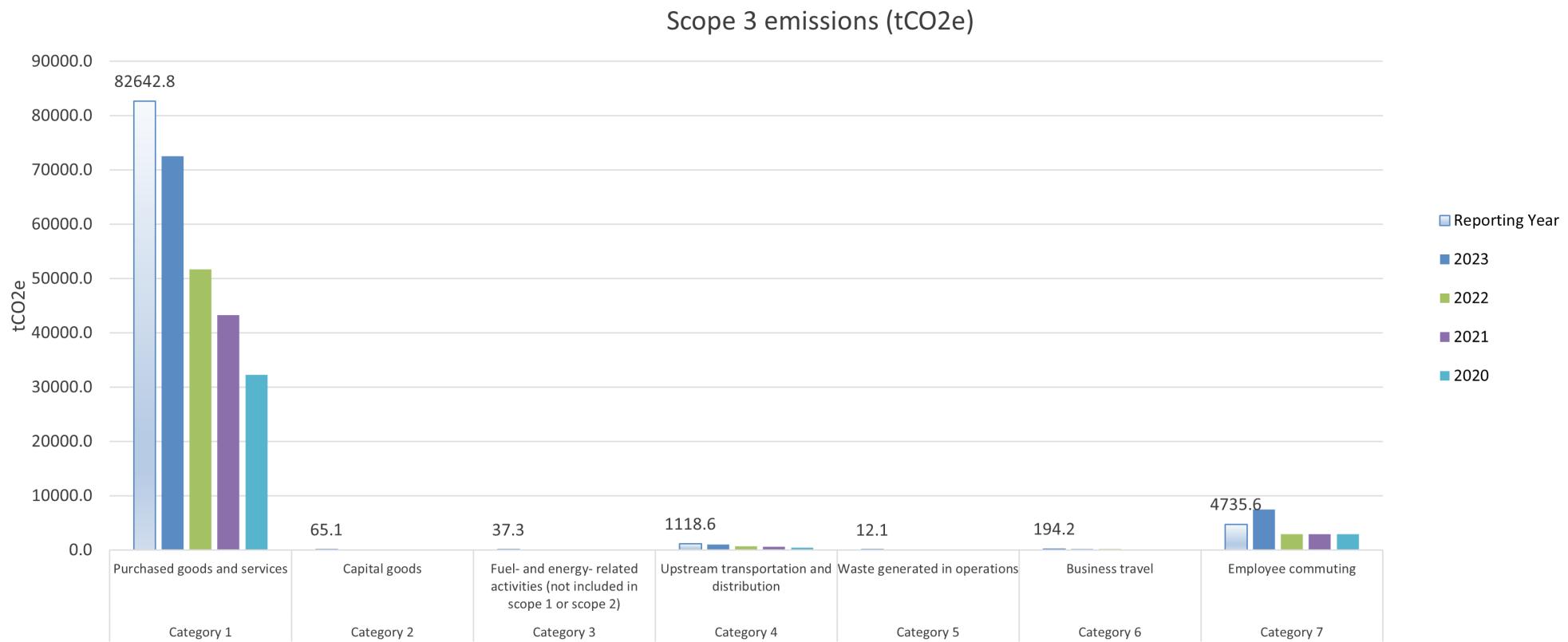
4. Upstream transportation and distribution	Transportation and distribution of products purchased by the reporting company in the reporting year between a company's tier 1 suppliers and its own operations (in vehicles and facilities not owned or controlled by the reporting company) Transportation and distribution services purchased by the reporting company in the reporting year, including inbound logistics, outbound logistics (e.g., of sold products), and transportation and distribution between a company's own facilities (in vehicles and facilities not owned or controlled by the reporting company)	The scope 1 and scope 2 emissions of transportation and distribution providers that occur during use of vehicles and facilities (e.g., from energy use) Optional: The life cycle emissions associated with manufacturing vehicles, facilities, or infrastructure
5. Waste generated in operations	Disposal and treatment of waste generated in the reporting company's operations in the reporting year (in facilities not owned or controlled by the reporting company)	The scope 1 and scope 2 emissions of waste management suppliers that occur during disposal or treatment Optional: Emissions from transportation of waste
6. Business travel	Transportation of employees for business related activities during the reporting year (in vehicles not owned or operated by the reporting company)	The scope 1 and scope 2 emissions of transportation carriers that occur during use of vehicles (e.g., from energy use) Optional: The life cycle emissions associated with manufacturing vehicles or infrastructure
7. Employee commuting	Transportation of employees between their homes and their worksites during the reporting year (in vehicles not owned or operated by the reporting company)	The scope 1 and scope 2 emissions of employees and transportation providers that occur during use of vehicles (e.g., from energy use) Optional: Emissions from employee teleworking
9. Downstream transportation and distribution	Transportation and distribution of products sold by the reporting company in the reporting year between the reporting company's operations and the end consumer (if not paid for by the reporting company), including retail and storage (in vehicles and facilities not owned or controlled by the reporting company)	The scope 1 and scope 2 emissions of transportation providers, distributors, and retailers that occur during use of vehicles and facilities (e.g., from energy use) Optional: The life cycle emissions associated with manufacturing vehicles, facilities, or infrastructure

In addition to the mandatory PPN06/21 scope 3 subset, we have identified category 1 (Purchased goods and services) and category 2 (Capital goods) to contribute significantly to the company's total anticipated scope 3 emissions and are potential emissions reductions that could be undertaken or influenced by the company. We have developed a traffic light signal to indicate our current scope 3 emission data quality and to communicate the actions we have put in place to record more comprehensive data in the future.

To update the Scope 3 base year where historic data was unavailable, we applied a proportional turnover-based estimation method across all affected years. First, we calculated the current year's Scope 3 emission intensity (emissions per unit of turnover). This intensity was then used as a constant factor to retrospectively estimate Scope 3 emissions for previous reporting years by adjusting in line with each year's turnover. This approach maintains consistency, provides a reasonable proxy where direct data is missing, and ensures the recalculated base year and subsequent years remain comparable and aligned with recognised GHG reporting principles.



SCOPE 3 CARBON (VALUE CHAIN)



ROAD TO NET ZERO

Figure 1.6 charts our actual and projected emission reductions towards Net Zero 2040. We believe that as our business maturity in carbon grows our ability to accelerate the carbon reductions through improved commercial arrangements and availability of enhanced technology in other sectors will also be improved.

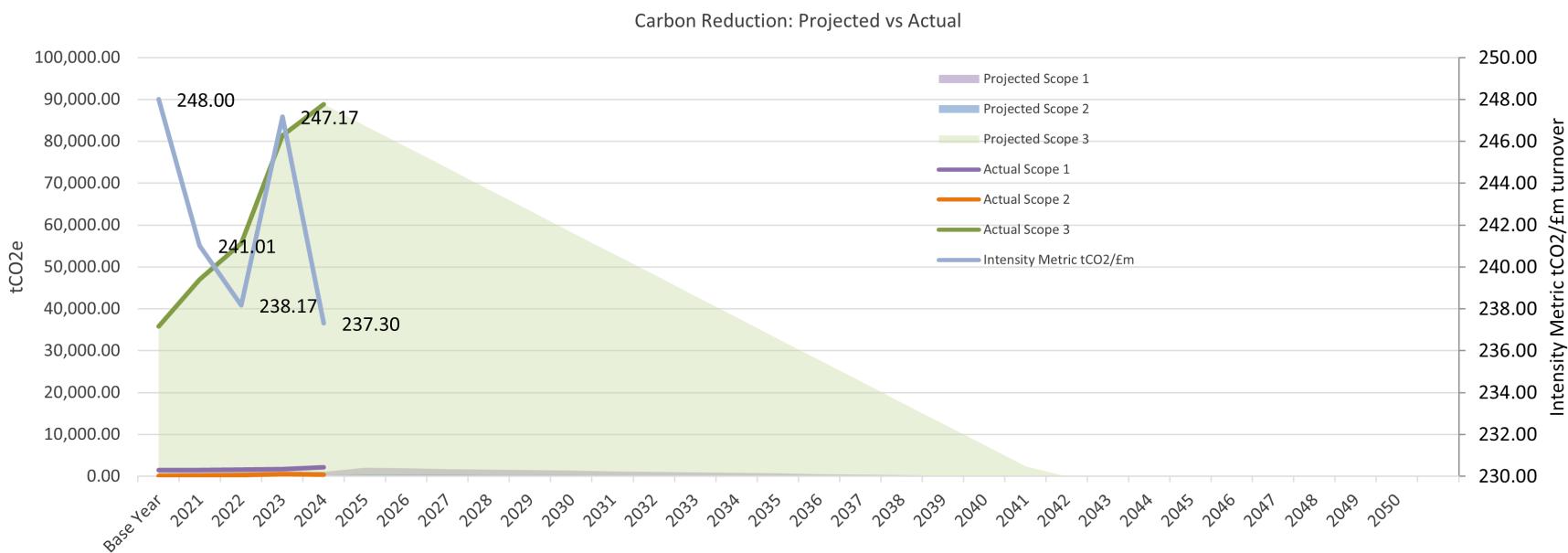


Figure 1.6



C A R B O N R E D U C T I O N P R O J E C T S

Current projects on our pathway to Net Zero include:

Scope 1 emission reduction actions:

1. All company cars issued to employees will be electric
2. Investment into low or zero carbon HGVs and plant.

Scope 2 emission reductions actions:

1. HG Construction commits to purchasing 100% green electricity.
2. To reduce our location based Scope 2 emissions, HG Construction commits to assessing the feasibility of installing solar panels at our sites, including temporary solar panel at construction sites.

DECLARATION AND SIGN OFF

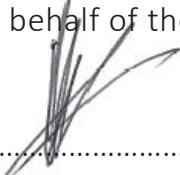
This Net Zero Carbon Strategy has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Net Zero Carbon Strategies.

Emissions have been reported and recorded in accordance with the published reporting standard for Net Zero Carbon Strategies and the GHG Reporting Protocol corporate standard¹ and uses the appropriate Government emission conversion factors for greenhouse gas company reporting².

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Net Zero Carbon Strategies and the Corporate Value Chain (Scope 3) Standard³.

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

Signed on behalf of the Supplier:


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Date: ...23 May 2025.....

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

2 <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

3 <https://ghgprotocol.org/standards/scope-3-standard>