



CARBON REDUCTION PLAN

2021 – 2035 v5.00 dated November 2023

This Carbon Reduction Plan will help our customers understand the impact any awarded contract along with the wider operations have upon the environment. They will detail our emission sources and greenhouse gasses.

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Introduction

Premier Modular Group (PMG) is committed to putting the principles of sustainable development into action in everything it does. This is so that our own infrastructure and that of our developments meet the needs of today without compromising the ability for future generations to meet their own.

As a Group, we have two embedded organisations (Premier Modular Limited and Net Zero Buildings Limited) and we have become increasingly determined to have a positive influence and effect on the environment and subsequently to avoid any unintended consequences through our actions or inactions. As such, we have developed and implemented our own Environment, Social & Governance Policy (ESG) which underpins the ISO 14001:2015 certified Integrated Management System, to strengthen our environmental and societal commitments, none more so than reducing our impact on climate change.

Premier Modular are now establishing new environment and climate related targets for the future. Our wider environmental commitments are set out within this document along with our ESG and Health, Safety, Environmental & Quality Policy statements. As such, we have identified that we should be at the forefront of climate change action within the modular building sector. As a business we will look to lead the way on tackling greenhouse gas emissions by:

- Using our influence and role as a sector leader to work with partners, other organisations and communities to tackle climate change through a common framework for action across our areas of operation;
- Improving our own operations through a reduction of emissions from our factories, with an aim for net zero carbon emissions by 2035.

This plan sets out the actions Premier Modular will undertake to reduce emissions from our own operations to net zero.

Context

The Intergovernmental Panel on Climate Change (IPCC) Special Report 'Global Warming of 1.5°C' (2018) was clear on the causes and the effects of climate change on the world. The report stated that the primary driver of long term global warming is carbon dioxide emissions (CO₂) and that global temperatures relate to increased cumulative CO₂ emissions from human activity, primarily energy use. This is likely to significantly impact the environment with a loss of ecosystems and biodiversity along with increased impacts on human health and the economy.

Furthermore, the UN Framework Convention on Climate Change (UNFCCC) Paris Agreement 2015, to which the UK is a signatory, aims to:

“strengthen the global response to the threat of climate change by keeping global temperature rise this century well below 2°C above pre-industrial levels to pursue efforts to limit the temperature increase even further to 1.5°C.”

The UK will look to delivery on the Paris Agreement by vigorously pursuing a target to reduce greenhouse gas (GHG) emissions to 'net zero' by 2050, ending the UK's contribution to global warming within what is now 28 years. This is enshrined in law in June 2019 through amendments to the 2050 GHG emissions reduction target in the Climate Change Act 2008.

The UK Government amended the Climate Change Act 2008 in 2019 by introducing a target of at least a 100% reduction in the net UK carbon account (i.e. reduction of greenhouse gas emissions, compared to 1990 levels) by 2050, or otherwise known as the 'Net Zero' target. In June 2021 the Government issued a Procurement Policy Note (PPN) setting out how to take account of suppliers' net zero Carbon Reduction Plans in the procurement of major government contracts, of which Premier Modular are on several government frameworks for construction works.

Environmental Management Measures

Premier Modular holds ISO certification for our Integrated Management System (IMS) which incorporates ISO14001:2015. This is supplemented by our ESG Policy Statement, designed to ensure that as a business we drive sustainability, whilst being held to account.

As a business we qualified under both the following schemes:

- Energy Savings Opportunity Scheme (Phase II) (ESOS); and
- Streamlined Energy & Carbon Reporting (SECR).

Under the ESOS scheme the requirement is to calculate the total energy consumption used by assets held by the organisation, which includes energy consumed by buildings, processes and transport. As an organisation we approached LG Energy as our auditors to define our consumption and assist with identification of potential opportunities for improvement, for which the 2019 Compliance Period will be held as our 'baseline' use.

Running concurrently is SECR a mandatory UK government framework that replaced the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme in April 2019. The aim of SECR is to simplify the reporting process and reduce emissions from business and industry by 80% by 2050.

At the basic level, the difference between SECR and ESOS is what they measure. SECR focuses on a company's emissions, whereas ESOS examines energy use.

Baseline Data

Commitment to achieving Net Zero

Premier Modular Limited is committed to achieving Net Zero emissions by 2035.

Emissions Footprint

Baseline emissions are a record of the greenhouse gases that we as a business have produced in the baseline year (2018) and were produced prior to the introduction of any strategies to reduce emissions but allow us an early indication as to levels of emissions in the latter part of the previous decade.

These baseline emissions are the reference point against which emissions reduction can be measured.

Data

Baseline Year: 01 January – 31 December 2018

Additional Details (relating to the baseline emissions calculations):

In qualifying through ESOS Phase II by way of meeting Balance Sheet and Turnover figures, we have used the primary data as derived from that report, given it is pre implementation of any remedial works as identified in our ESOS Report.

The Primary Data is:

- Utility data is from invoices;
- Transport Fuel is from mileage claims;
- Fuel oil data is from customer records.

Our ESOS audit, as conducted by LG Energy was conducted in April 2019.

The audit was conducted at the Brandesburton production facility, focusing on electricity and transport fuels as used in the production facilities, the manufacture and processes involved in our product, plus transportation fuels used at site and in a direct relation to the business (where mileage is paid for by the company).

Scope	Description	kWh	tCO ₂ e ¹
2	Buildings - Electricity	640,094	149.23
2	Buildings - Heating Oils	973,095	240.02
1	Business Fuel - Petrol	83,407	19.11
1	Business Fuel - Diesel	677,300	162.94
TOTAL		2,373,896	571.3

1. The factors used in the above are taken from BEIS' greenhouse gas conversion factors for company reporting, published in June 2020

Emissions Reporting

Emissions footprint FY20 (Financial Year End 30.06.2020)

Reporting Year: 01 July 2019 – 30 June 2020

Scope Fuel as per SECR criteria

Scope	Description	kWh	tCO2 e ¹
1	Transport-Company Fleet - Diesel	479,780	129.017
1	Buildings – Fuel Oil	162,042	46.156
1	Transport-Company Fleet – Diesel	55,520	14.156
1	Transport-Company Fleet - Petrol	2,326	0.563
2	Buildings – Electricity Purchased	712,255	166.055
3	Transport-Staff/Rental – Diesel	487,026	124.007
3	Transport-Staff/Rental – Petrol	71,442	17.219
3	Transport-Staff/Rental - Petrol	748	0.186
TOTAL		1,971,142	497.387
Intensity Ratio per '000 Employee Hours Worked			3.83

The factors used in the above are taken from BEIS' greenhouse gas conversion factors for company reporting, published in June 2020

The Primary Data is:

- Utility data is from invoices
- Transport Fuel is from mileage claims
- Fuel oil data is from customer records

Our SECR calculation, as conducted by LG Energy was conducted in August 2020, with submission in the FY2020 Directors Report.

The information provided was that evidenced from within the Brandesburton production facility, focusing on electricity and transport fuels as used in the production facilities, the manufacture and processes involved in our product, plus transportation fuels used at site and in a direct relation to the business (where mileage is paid for by the company).

Emissions footprint FY21 (Financial Year End 30.06.2021)

Reporting Year: 01 July 2020 – 30 June 2021

Scope Fuel as per SECR criteria

Scope	Description	kWh	tCO ₂ e ¹
1	Transport-Company Fleet - Diesel	806,117	190.93
1	Buildings – Fuel Oil	165,776	44.45
2	Buildings – Electricity Purchased	849,635	180.40
3	Transport-Staff – Diesel	279,723	70.08
3	Transport-Staff – Petrol	179,390	43.34
TOTAL			529.20
Intensity Ratio per '000 Employee Hours Worked			2.58

The factors used in the above are taken from BEIS' greenhouse gas conversion factors for company reporting, published in June 2021

The Primary Data is:

- Utility data is from invoices
- Transport Fuel is from mileage claims
- Fuel oil data is from customer records

Our SECR calculation, as conducted by LG Energy was conducted in August 2021, with submission in the FY2021 Directors Report.

The information provided was that evidenced from within the Brandesburton production facility, focusing on electricity and transport fuels as used in the production facilities, the manufacture and processes involved in our product, plus transportation fuels used at site and in a direct relation to the business (where mileage is paid for by the company).

Emissions footprint FY22 (Financial Year End 30.06.2022)

Reporting Year: 01 July 2021 – 30 June 2022

Comment

During the financial year Net Zero Buildings Limited became part of the Premier Modular Group. Net Zero do not qualify for SECR as a standalone company so their figures have been included in this report. This artificially increases the emissions for Premier Modular in comparison to the previous year. Furthermore, a number of scope 3 emissions such as train journeys, flights and waste emissions have now been included.

Scope Fuel as per SECR criteria

Scope	Description	kWh	tCO2 e ¹
1	Transport-Company Fleet - Diesel	1,075,398	275.64
1	Buildings – Fuel Oil	71,044	19.05
1	LPG	1,684	0.39
2	Buildings – Electricity Purchased	830,655	160.63
3	Fuel Combustion -Transport Staff	746,043	186.40
3	Mixed Waste		48.65
	Renewable Energy	-678,245	-131.16
TOTAL		2,724,826	559.60
Intensity Ratio per '000 Employee Hours Worked			3.59

The factors used in the above are taken from BEIS' greenhouse gas conversion factors for company reporting, published in 2022

The Primary Data is:

- Utility data is from invoices and ½ hourly data
- Transport Fuel is from mileage claims
- Fuel oil data is from customer records

Our SECR calculation, as conducted by LG Energy was conducted in September 2022, with information submitted for inclusion in the FY2022 Directors Report.

The information provided was that evidenced from within the Premier Modular Limited Brandesburton production facility and that of Net Zero Buildings in Newmarket, focusing on electricity and transport fuels as used in the production facilities, the manufacture and processes involved in our product, plus transportation fuels used at site and in a direct relation to the business (where mileage is paid for by the company).

Waste was included for the first time as a Scope 3 emission.

Premier Modular Limited operated a Renewable Energy contract from 01.08.2021, hence the reduction.

Emissions footprint FY23 (Financial Year End 30.06.2023)

Reporting Year: 01 July 2022 – 30 June 2023

Comment

During the financial year Net Zero Buildings Limited became part of the Premier Modular Group. Net Zero do not qualify for SECR as a standalone company so their figures have been included in this report. This artificially increases the emissions for Premier Modular in comparison to the previous year. Furthermore, a number of scope 3 emissions such as train journeys, flights and waste emissions have now been included.

Scope Fuel as per SECR criteria

Scope	Description	kWh	tCO2 e ¹
1	Transport-Company Fleet - Diesel	845,100	202.04
1	Buildings – Fuel Oil	22,620	6.06
1	LPG	2,180	0.47
2	Buildings – Electricity Purchased	822,500	170.32
3	Fuel Combustion -Transport Staff	914,870	225.56
3	Mixed Waste		46.09
3	Train Journeys		0.02
	Renewable Energy	822,500	-170.32
TOTAL		2,607,270	480.25
Intensity Ratio per '000 Employee Hours Worked			3.59

The factors used in the above are taken from BEIS' greenhouse gas conversion factors for company reporting, published in 2022

The Primary Data is:

- Utility data is from invoices and ½ hourly data
- Transport Fuel is from mileage claims
- Fuel oil data is from supplier invoices

Our SECR calculation, as conducted by LG Energy was conducted in September 2023, with information submitted for inclusion in the FY2023 Directors Report.

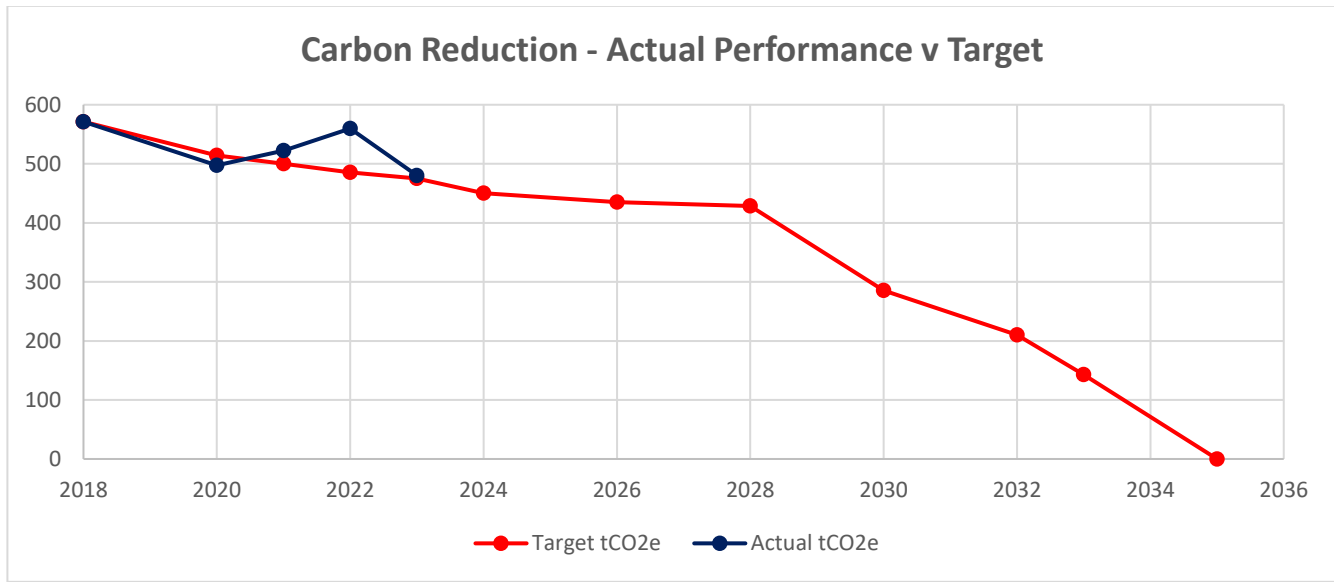
The information provided was that evidenced from within the Premier Modular Limited Brandesburton production facility and that of Net Zero Buildings in Newmarket, focusing on electricity and transport fuels as used in the production facilities, the manufacture and processes involved in our product, plus transportation fuels used at site and in a direct relation to the business (where mileage is paid for by the company).

Waste was included as a Scope 3 emission once more, and we continued to hold a renewable energy contract at Brandesburton, whilst the Newmarket facility obtained its own renewable energy contract with Eon. Both businesses had renewables for the year, hence the reduction.

Emissions Reduction Targets

Overall, the performance is somewhat artificial, as we are not providing data on a like for like basis, given the inclusion of the Net Zero Buildings figures from July 2022.

Progress



The graph demonstrates an increase in emissions, which is a direct result of two elements, that of the covid pandemic and the acquisition. Covid presented us with some significant challenges, which included a switch to 20-hour operations to support the DHSC for a period of 6 months; whilst in 2021 Premier Modular acquired Net Zero Buildings, who operated their own facilities.

However, in FY22 we showed significant reduction in combustion fuels, used for heating factories, whilst the energy contract signed in 2020 was triggered in August 2021, bringing 100% renewable energy to the Premier Modular Limited Brandesburton facility. FY23 showed a decline in a number of areas, particularly in company vehicles and the respective fuel use. Additionally, there was a reduction in electrical energy consumption year on year.

Beyond 2023

To continue our progress to achieving Net Zero, we have adopted the following reduction targets:

- Maintain Premier Modular Group's 100% renewable energy contract position;
- Installation of Solar PV arrays at Premier Modular Limited in 2023, due to be commissioned in Qtr 4 of 2023;
- Establish a procurement 'hire' strategy for Electrical Fork Lifts with our supply chain partner Windsors Material Handling, with first two trucks coming on line in Qtr 1 of 2024;

Whilst the above targets are realistic targets, we accept that there may be additional increases / decreases on percentages achieved, particularly in terms of 'Transport-Company Fleet – Diesel' and in our scope 3 emissions as we look to increase the area of reporting.

Additional Areas of Potential Savings

Whilst we have previously stated, we we an artificial increase in our emissions, given the acquisition of another company in FY2022 results. This does not deflect from our commitment to achieve Net Zero by 2035, and as a 'Group' we are virtually aligned to our target emissions.

As an organisation we continue to monitor opportunities, which will form part of targeted strategies to progress to the end of the decade with a 37% reduction in total tCO2 e, we continue to reviewing other strategies to promote Net Zero by 2035. These currently include, but are not limited to:

- Installation of Solar PV at the Brandesburton Facility, and possible expansion;
- Increasing use of 'electric' Forklift Trucks across the fleet by no later than 2025;
- Looking at official and approved routes for offsetting vehicle mileage.

Our existing procurement strategy on electricity is ensuring that we have a robust supply of energy, derived from 'green' sources e.g. wind, hydro etc. Our existing contract runs until 2024.

This is a live document and subject to change.

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 the required subset of Scope 3 emissions have been reported 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 the Supplier:



W P Fothergill, Group HSE & ESG Manager

28.11.2023

PREMIER MODULAR GROUP

Premier Modular Group of Companies Comprises:

PREMIER 
MODULAR

 **NET ZERO**
BUILDINGS
THE FUTURE'S GREEN