



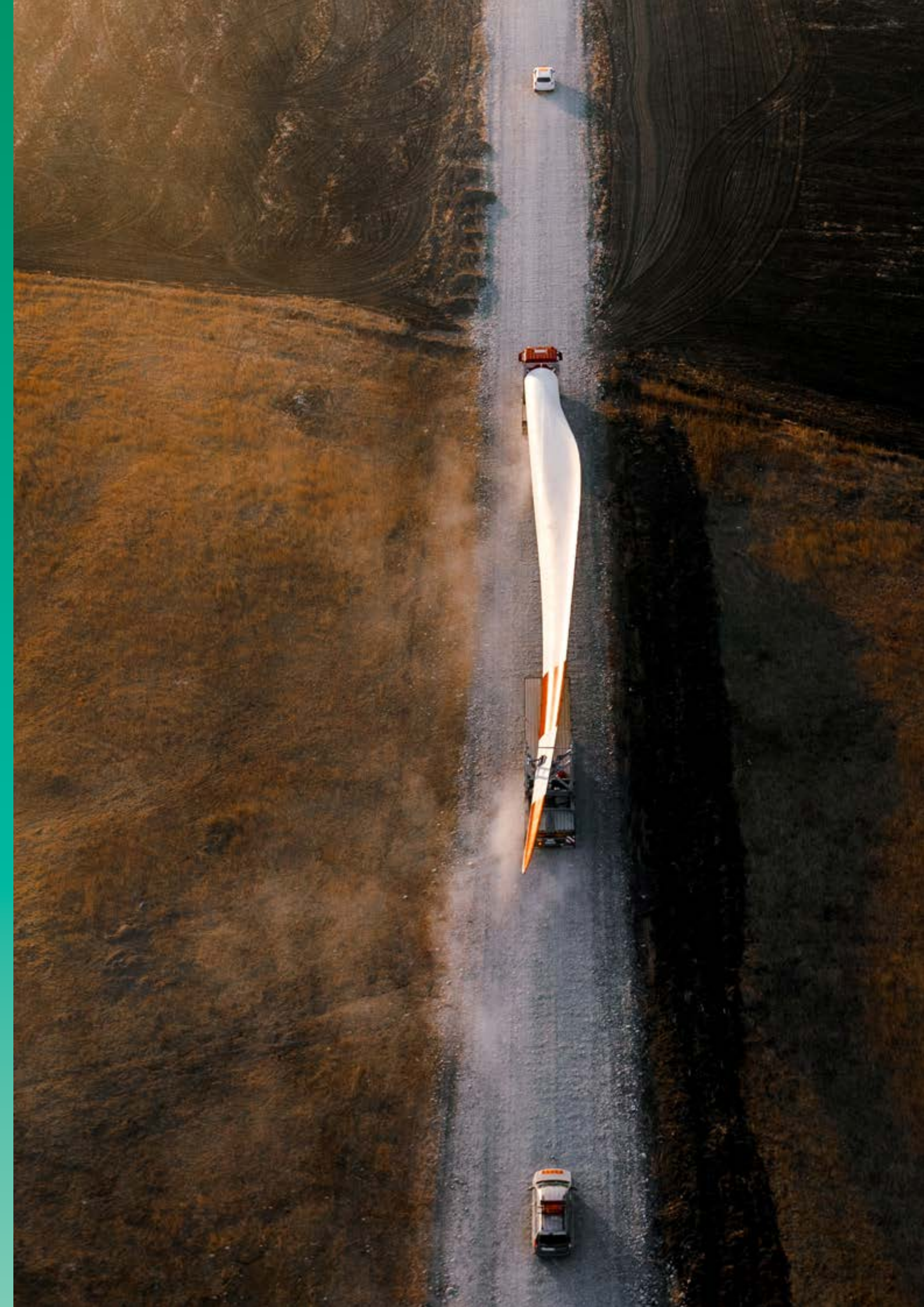
# Plan to Net Zero

## Achieving Net Zero

Direct emissions 2027

Indirect emissions 2035







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# Introduction

With the global climate crisis looming, there is an increased requirement and urgency for staying within the 1.5°C warming trajectory. The Glasgow Climate Pact, agreed at COP26 towards the end of 2021, set this as a target and also stated the need for companies to make Net Zero a key business principle.

## Global mean temperature increase by 2100

**Figure 1:**

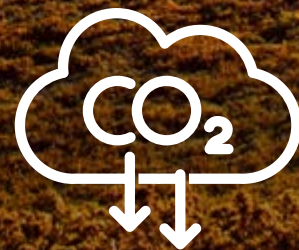
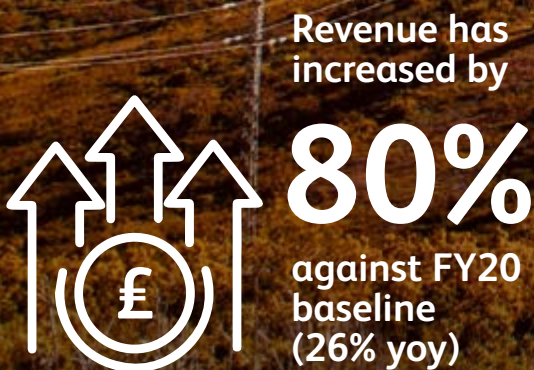
Figure 1: From the COP26 Presidency Outcomes: The Climate Pact (COP26, 2021)



“I believe we have a responsibility to our employees, customers and the wider communities we serve across the UK to do what we can to reduce our carbon footprint, protect the environment and ensure we leave our planet in the best possible shape for future generations. To achieve this, we have implemented a number of initiatives including electrifying our fleet, transitioning to green energy across our estate and working with suppliers who have a low or are moving to a low carbon footprint.

Being a Net Zero business is key to increased growth and long-term sustainability by being both an employer and partner of choice for employees and clients. We take this responsibility seriously, it is one which drives our operations, partnerships and strategy forwards to ensure we deliver on our commitment to Net Zero.”

Peregrine Lloyd  
Group Chief Executive





# Important Update

**After careful consideration and a thorough review of our sustainability strategy, we have adjusted our Net Zero targets on direct emissions by two years from 2025 to 2027. The decision was not made lightly and is rooted in our commitment to making meaningful and lasting contributions to the environment.**

We established our carbon footprint baseline in FY20 since then the company has grown significantly, turnover has increased by 80% to £192m, full time equivalent employees (FTE's) are up by 48% to 3,140 employees and our fleet has increased by 64% to 622 vehicles.

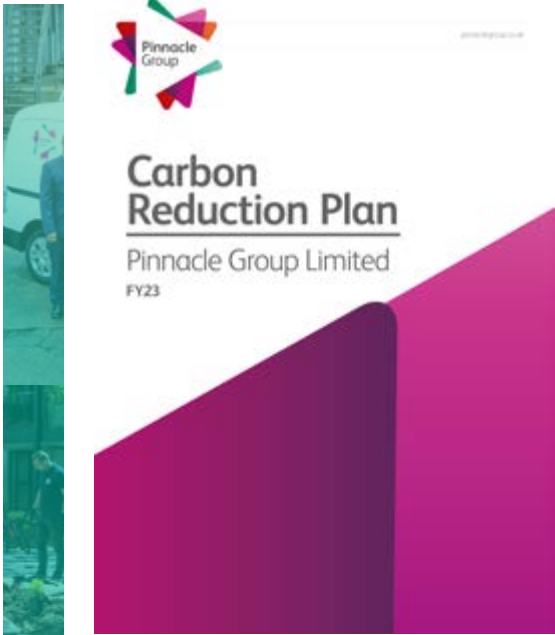
This growth, accelerated by the acquisition of two business and the Group's largest contract win to date, has led to a rise in emissions due to the increase in supply chain spend, additional offices and depots, increased vehicles, mileage and fuel consumption. This expansion has created several challenges on our pathway to Net Zero, however, the Group is committed to its role in achieving these goals and has continued to show progress over the past few years.

See [Definitions](#) section of terms used throughout, at the end of this document.



# Our Commitment to Achieving Net Zero

We are committed to achieving Net Zero by reducing direct emissions by 95% from the FY20 baseline in 2027 (Scope 1 and 2) and reducing total emissions by 90% from the FY20 baseline in 2035 (Scope 3). This commitment is supported by our [Carbon Reduction Plan](#), a Home Office declaration, which states we will meet or exceed the government’s 2050 target.



**Pinnacle Group’s  
Carbon Reduction  
Plan**

[Click to download.](#)



# Scope Definitions

## Scope

# 1

Direct greenhouse gas emissions from owned or controlled sources.



Company Vehicles



Fuel Combustion



On-Site Energy Generation

## Scope

# 2

Indirect greenhouse gas emissions from generation or consumption of purchased electricity, heat or steam and cooling consumed by the reporting company.



Purchased Energy

## Scope

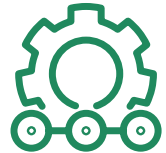
# 3

Other indirect emissions that occur in the value chain, including upstream and downstream emissions. These could include:

- Extraction and production of purchased materials and fuels
- Transport-related activities in vehicles not owned or controlled by the reporting entity
- Electricity-related activities (e.g., transmission and distribution losses)
- Supply Chain
- Outsourced activities
- Waste disposal



Waste



Supply Chain



Procurement



Travel

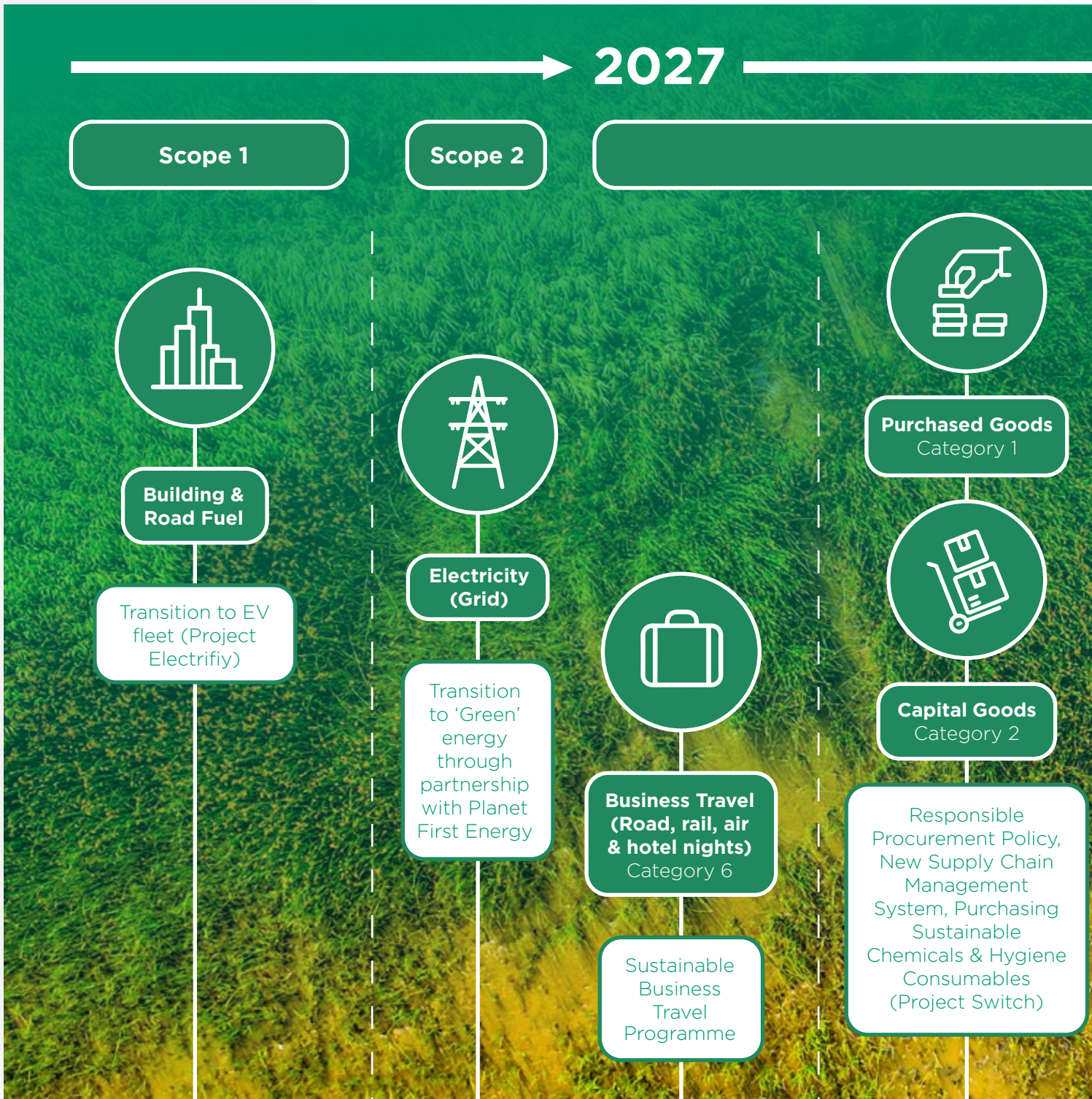






# Our Net Zero Roadmap

Our Roadmap details our pathway to achieve our Net Zero targets on direct emissions in 2027 and total emissions in 2035. The plan is pivotal to ensure we remain on track and monitor our progress towards reaching our Science Based Target initiative (SBTi) aligned targets.

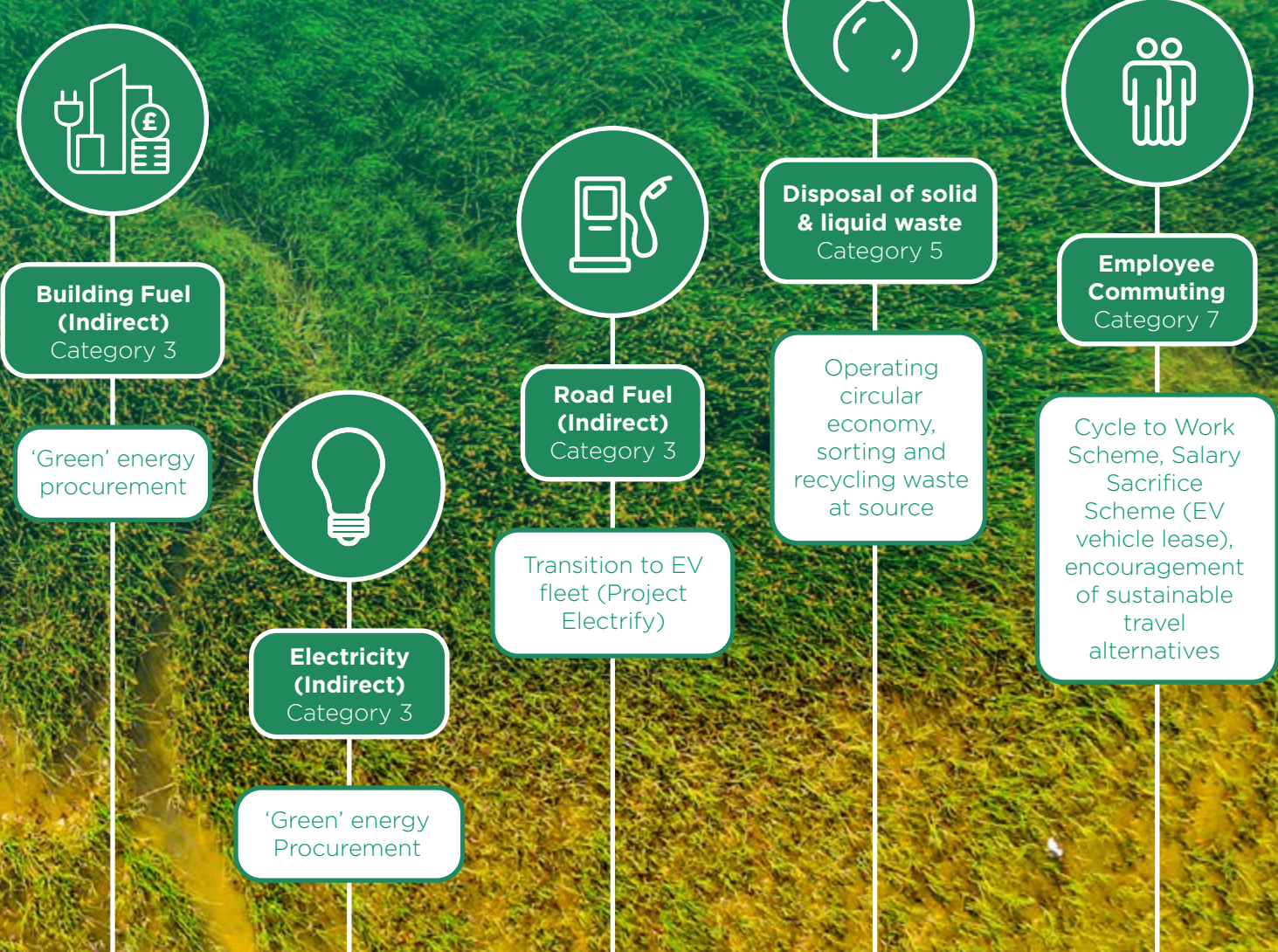






→ 2035

Scope 3



# Our Carbon Footprint

**FY23 is our first full non-pandemic year since our FY20 baseline. It is therefore best to compare changes against our baseline as opposed to the two intervening years. However, the tables below provide both for completeness.**

The tables below provide a breakdown of emissions by scope and category of the GHG protocol. Scope 3, category 4 and 8 are not included as the information has been captured within other categories or is not relevant to Pinnacle. During FY23, our carbon footprint increased from 14,054 tCO<sub>2</sub>e (in FY20) to 16,429 tCO<sub>2</sub>e (equating to a 17% increase).

FY23 v FY22 YoY	Source	FY23 v FY20 Baseline
<b>+26%</b>	Turnover (£192m)	<b>+80%</b>
<b>+18%</b>	Fleet (662)	<b>+64%</b>
<b>+2.4%</b>	FTEs (3,140)	<b>+48%</b>
<b>+15%</b>	<b>Total Emissions (16,429 tCO<sub>2</sub>e)</b>	<b>+17%</b>
<b>+12%</b>	<b>Total Emissions per FTE (5.23 tCO<sub>2</sub>e)</b>	<b>-21%</b>
<b>-8.7%</b>	<b>Total emissions per £1m revenue (85.48 tCO<sub>2</sub>e)</b>	<b>-35%</b>

Scope	Source	Emissions (tCO <sub>2</sub> e) FY20	Emissions (tCO <sub>2</sub> e) FY23
<b>1</b>	Building & Road Fuel	2,777	2,232
<b>2</b>	Electricity (Grid)	35	88
<b>3</b>	Category 1, 2, 3, 5, 6, 7	11,242	14,109
	<b>Total Emissions (tCO<sub>2</sub>e)</b>	<b>14,054</b>	<b>16,429</b>
	<b>Total Emissions (tCO<sub>2</sub>e) per FTE</b>	<b>6.61</b>	<b>5.23</b>
	<b>Total Emissions per £m of Revenue</b>	<b>131.2</b>	<b>85.48</b>

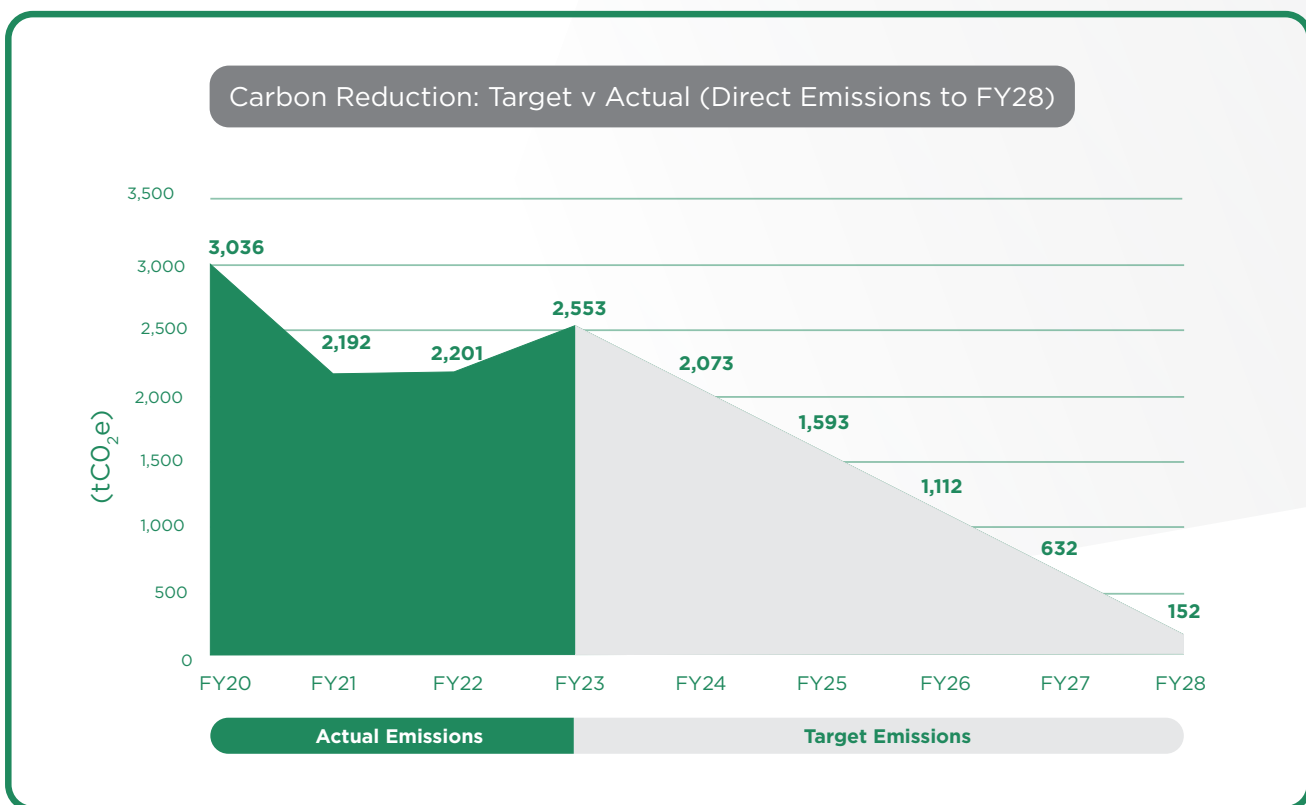


# Emissions Reduction Pathway (Direct Emissions)

We have committed to reducing direct emissions by 95% from the FY20 baseline in 2027, with specific focus on Scope 1, 2 and Category 6 of Scope 3.

These targets have been set in line with Science Based Targets definition of Net Zero. The table below demonstrates the emissions reduction pathways required for each scope. We are yet to finalise plans for addressing residual emissions, but we have initiated preliminary market research. The Group will assess and prioritise initiatives and standards that positively impact local communities.

Scope	Cat.	Source	FY20	FY23	FY28
1		Building & Road Fuel	2,777	2,232	138
2		Electricity (Grid)	35	88	3
3	6	Business Travel (Road, rail, air & hotel nights)	224	233	11
<b>Total Emissions (tCO<sub>2</sub>e)</b>			<b>3,036</b>	<b>2,553</b>	<b>152</b>



# Emissions Reduction Pathway (Total Emissions)

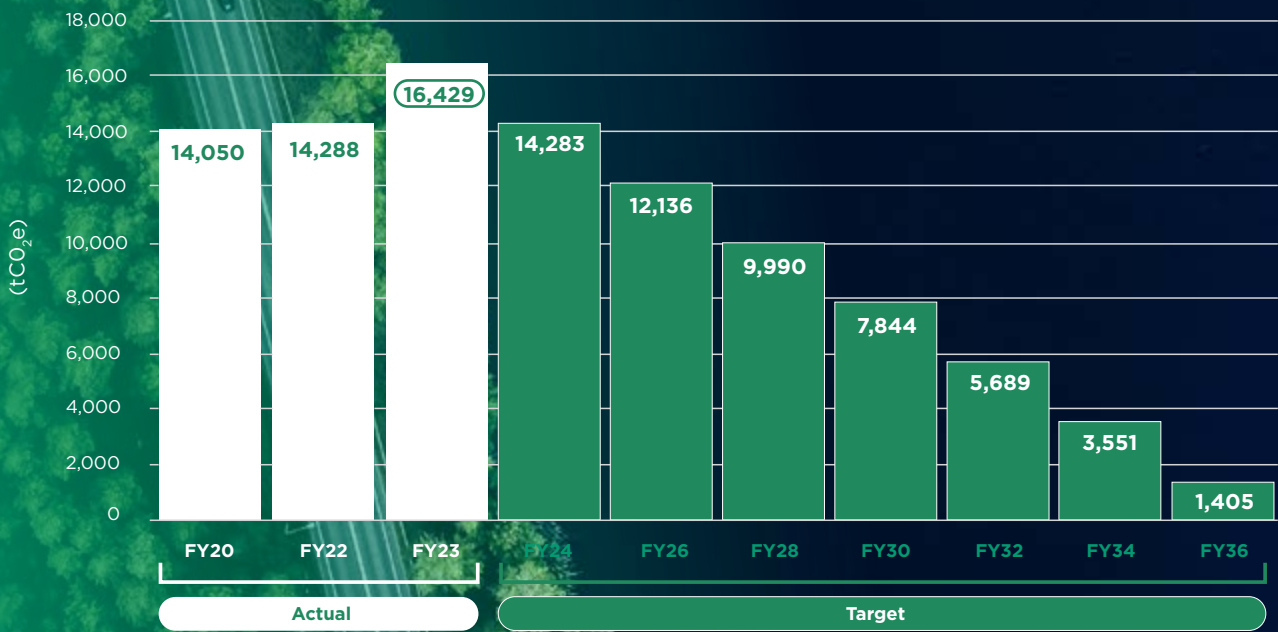
In the long term, we will achieve Net Zero in line with SBTs in 2035, with Scope 1 and 2 emissions cut by at least 95% and Scope 3 by 90%.

Once all indirect emissions have reached a residual level, the remaining emissions will be removed via offsetting. The table below demonstrates our total GHG emissions, and the projected emissions required to meet our 2035 target.

Scope	Cat.	Source	FY20	FY23	FY36
1		Building & Road Fuel	2,777	2,232	191
2		Electricity (Grid)	35	88	8
3	1	Purchased Goods & Services	8,931	11,606	993
	2	Capital Goods			
		Building Fuel (Indirect)	102	28	2
	3	Road Fuel (Indirect)	829	1,434	123
		Electricity (Indirect)	3	10	1
	5	Disposal of Solid and Liquid Waste	7	0.3	0
	6	Business Travel (Road, rail, air & hotel nights)	224	233	20
	7	Employee Commuting	1,146	798	68
<b>Total Emissions (tCO<sub>2</sub>e)</b>			<b>14,054</b>	<b>16,429</b>	<b>1,405</b>



Carbon Reduction: Target v Actual (Total Emissions to FY36)



# Achievements So Far

Since calculating our FY20 baseline, we have worked rigorously to implement the following initiatives to continue the progress towards reducing emissions and achieving Net Zero:

## Project Electrify Scope 1 & 3.3

Work has continued on 'Project Electrify' to replace the Group's diesel fleet with Electric Vehicles (EVs) thereby significantly limiting the Group's reliance on fossil fuels and reducing emissions by c3,000 tonnes per annum, equivalent to 1 million litres of road fuel. By the end of FY23, we had over 100 EV's in fleet or on order.



## Energy Transition Scope 2 & 3.3

Established a partnership with **Planet First Energy**, a social value enterprise and green energy broker, to manage the transition of our directly consumed energy across the Group to green energy. We have now transitioned 20% of our offices and depots over to green energy suppliers, saving up to 17 tCO<sub>2</sub>e annually.



## Carbon Reporting

Established a partnership with Greenstone, a market-leading sustainability software provider to calculate and track the Group's carbon emissions and footprint, which allows us to monitor annual figures against our FY20 baseline and ensure we remain on course to achieve our set targets. Last year, Greenstone updated its software with the new Department for Environment Food and Rural Affairs (DEFRA) Emission Factors for all scopes and categories (last updated in 2009). Subsequently, the Group recategorised its supply chain data to ensure calculations follow latest guidance and are up to date and accurate.





## Project Switch

Scope 3 cat 1 & 2

Established a partnership with Bunzl Cleaning and Hygiene Supplies (BCHS) on 'Project Switch' to ensure responsible procurement through a move to chemical-free cleaning supplies. As part of the partnership, Bunzl has committed to offsetting carbon emissions associated with our deliveries equating to an annual saving of c1,355kg CO<sub>2</sub>e.

Project Switch 

## Employee Incentives

Offered Salary Sacrifice Scheme incentives for employees with a car allowance by offering an additional green bonus if they opt for an EV.



## Vehicle Telemetry

Scope 1

After implementing vehicle telemetry across our fleet, to monitor driver behaviours, we implemented a management dashboard. This dashboard sets out key fleet information for EV's including driver and vehicle behaviour and route planning to reduce associated emissions.



## ESG Framework

Published an ESG Framework in 2021 to track the company's ESG journey, which is aligned to the Group's vision of 'transforming communities, changing lives'. The Framework includes 4 pillars, one of which is 'Protect our Planet'. We have also released ESG Impact reports for both **FY22** and **FY23**.

 **Protect Our Planet**

 **Our People**

 **Community Impact**

 **Responsible Business**

## ISO14001








Continued to work within and be governed by its ISO14001: Environmental Management standard accreditation.








## ESOS and SECR

We continued to comply with ESOS and SECR throughout our whole Net Zero journey in order to drive continual improvements.

# Actions to Take

## Looking forward, we will:

-  **1** Address the gaps in our pathway, such as agreeing what method/offsetting strategy we will use for our residual emissions.
-  **2** Account for the environmental and social benefits from offsetting schemes, in line with our ESG Pillars.
-  **3** Account for the impact our operations have on nature, with the aim at implementing nature-related targets.
-  **4** Validate our Science Based Targets through the SBTi validation process in 2024.
-  **5** Consider behavioural changes as well as technological changes to adopt a holistic approach to the plan's delivery.
-  **6** Continue the switch to electric and hybrid vehicles.
-  **7** Implement a supply chain management system to provide more visibility and collaboration with our supply chain partners.

-  **8** Provide support for the upskilling of our clients and supply chain partners that lack Net Zero and sustainability resources and expertise.
-  **9** Continue to increase the accuracy of our emissions data, for example using real time data rather than benchmarks or proxy data.
-  **10** Implement a 'Green Business Travel Programme' to promote sustainable alternatives for employee commuting.
-  **11** Ensure we are reporting transparently on our progress towards Net Zero, both internally and externally on an annual basis.
-  **12** Account for emissions from home working.
-  **13** Implement employee education and engagement initiatives to reduce office and remote working emissions.
-  **14** Consider the role and future partnership with SME's in the delivery of this plan.



# Definitions

## Carbon Neutral

'Companies, processes and products become carbon neutral when they calculate their carbon emissions and compensate for what they have produced via carbon offsetting projects' (ClimatePartner, 2022).

## Direct Emissions

Greenhouse gas emissions from 'sources which are owned or controlled by the reporting entity' (GHG Protocol, 2022).

## ESOS

Energy Savings Opportunity Scheme, is a mandatory energy assessment scheme for organisations in the UK that meet the qualification criteria. Organisations that qualify for ESOS must carry out ESOS assessments every 4 years. These assessments are audits of the energy used by their buildings, industrial processes and transport to identify cost-effective energy saving measures. Pinnacle meets the requirements for ESOS reporting.

## Financial Year (FY)

1st April to 31st March.

## Indirect Emissions

Greenhouse gas emissions which are 'a consequence of the activities of the reporting entity but occur at sources owned or controlled by another entity' (GHG Protocol, 2022).

## Net Zero

'Net Zero refers to a state in which the greenhouse gases going into the atmosphere are balanced by removal out of the atmosphere. The term Net Zero is important because this is the state at which global warming stops' (Greenstone, 2022).

## Science-Based Targets (SBTs)

Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. Science-based targets provide a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth (Greenstone, 2022).

Targets which are set under the Science Based Targets Initiative, claim Net Zero is reached when at least 95% of company-wide Scope 1 and 2 emissions and 90% of Scope 3 emissions have been reduced, without removal via offsetting (Science Based Target Initiative, 2021).

## SECR

Streamlined Energy and Carbon Reporting is a requirement which is used to 'increase awareness of energy costs within organisations to provide them with data to inform adoption of energy efficiency measures and reduce impact on climate change'. It covers Scope 1, 2 and Scope 3: Category 6 (Business Travel) GHG Protocol emissions (UKGOV, 2022). Pinnacle meets the requirements for SECR reporting.

## TCFD

Task Force on Climate-Related Financial Disclosures was created in 2015 by the Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders. Pinnacle does not currently meet the threshold and is therefore not required to report against TCFD.

## 1.5°C Trajectory

This came about from the Paris Agreement in December 2015, stating the need to limit global temperature rise to 1.5°C above pre-industrial levels (IPCC, 2021).

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