NET ZERO REPORT

CARBON REDUCTION PLAN | FY2023

EQUE2

ESTIMATING
CONSTRUCTION
HOUSEBUILDING
MAINTENANCE

ABOUT US

Eque2 provide solutions for construction projects using the cloud to allow you to manage and update from any device from anywhere. Working with contracting, construction and housebuilding, Eque2 support businesses with a fully integrated software providing visibility and control ensuring projects can remain on budget and on time.

The construction industry face varying challenges but with over 25 years of experience, Eque2 work with a team who can aid and provide understanding to the ever changing needs of the sector ensuring their software is at the forefront of helping businesses achieve their goals.

Since last year, I am pleased to report a 30% reduction in overall emissions.

EXECUTIVE ENDORSEMENT

Welcome to Eque2's second Net Zero report, showcasing the progress made since our 2023 baseline year. As a key service provider to the construction industry, Eque2 is acutely aware of the importance of preparing for a low-carbon economy. Additionally, as a responsible business, we recognise our own agency in reducing emissions. To guide us on this journey, we have partnered with external carbon specialists, Sustainable Advantage, to advise the Eque2 Board on global best practices for carbon reduction.

In our inaugural 2023 report, we quantified our full scope of greenhouse gas emissions and developed a reduction pathway to Net Zero. This assessed the CO_2e 'reduction potential' across the entirety of our emissions, considering variables such as operational considerations, the level of control, and wider politico-economic factors. From this, we set an ambitious, but realistic, target to attain Net Zero by 2035 – 15 years ahead of the UK government.

Achieving this goal will require annual monitoring to ensure we continue to refine and adjust our strategy. Since last year, I am pleased to report a 30% reduction in overall emissions. We've also begun to put in some foundational steps, such as enhancing the quality of our data reporting, introducing an electrical vehicle scheme with Octopus Energy, and reducing our supply chain spend.

However, as set out in this report, we recognise that to fulfil our Net Zero pledge will require sustained, sufficient investment and resource across the board. The increased intensity and frequency of climate disasters that swept the globe in 2024 served as a stark reminder of the devastating consequences of inaction. And while achieving Net Zero emissions is a momentous task, requiring nothing short of a complete overhaul of our current systems, going into 2025 we remain steadfast in our commitment to placing ourselves at the forefront of this transition.

Justin Moule, Chief Executive Officer

COMMITMENT TO NET ZERO

Eque2 is committed to ensuring that we play our role in working alongside other UK organisations to achieve the UK Government's Net Zero target of at least a 100% reduction in the net UK carbon emissions by 2050 (based on 1990 levels).

Eque2 is committed to taking action to reduce our annual emissions and achieving Net Zero emissions by 31 March 2035, 15 years earlier than the UK Government's target. In addition to this, we have decided to offset material emissions we have direct control of from Scope 1 and 2.

We will aim to reduce our emissions year-on-year and will achieve a 69% overall reduction in all Green House Gas (GHG) emissions across Scopes 1, 2 and 3 by 2040 offsetting any residual emissions via high-quality nature-based or direct air capture projects and becoming Net Zero.

To achieve this goal, Eque2 has taken the following actions:

1. We have appointed an external specialist carbon consultancy to collate and verify data, calculate carbon
2. Set the base year (April 2022 – March 2023) and calculated our carbon footprint in line with the GHG protocol for that base year for the following scopes:

   Scope 1

   i. Stationary combustion, and transport (owned and leased vehicles) and refrigerant gases

   Scope 2

   i. Electricity

   Scope 3

   i. Category 1: Purchased goods and services

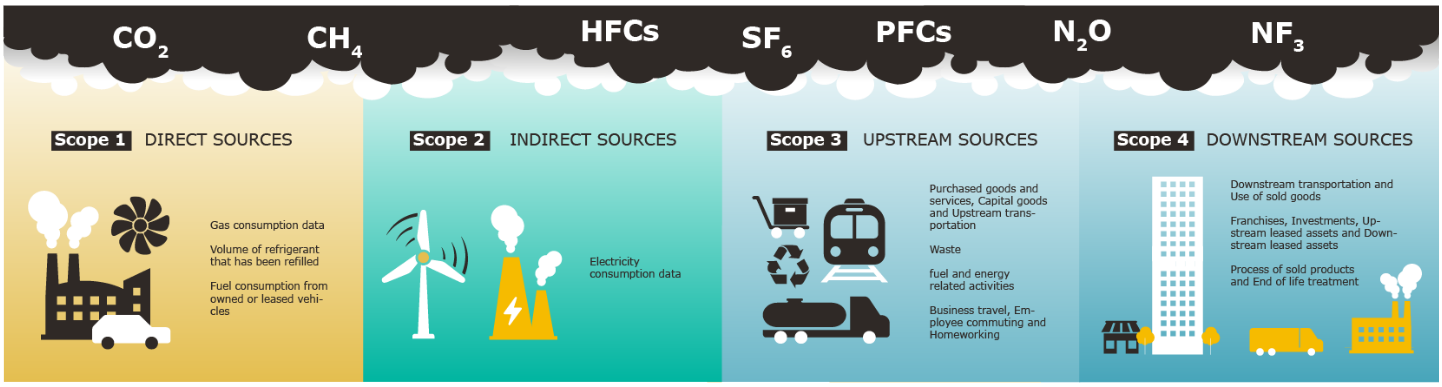
   ii. Category 3: Fuel and energy related activities

   iii. Category 5: Waste generated in operations

   iv. Category 6: Business travel

   v. Category 7: Employee commuting
3. Created a carbon reduction plan for each scope and selected category
4. Set the Net Zero date and committed to updating our carbon footprint annually with March 2024 to be the first year post the base year.

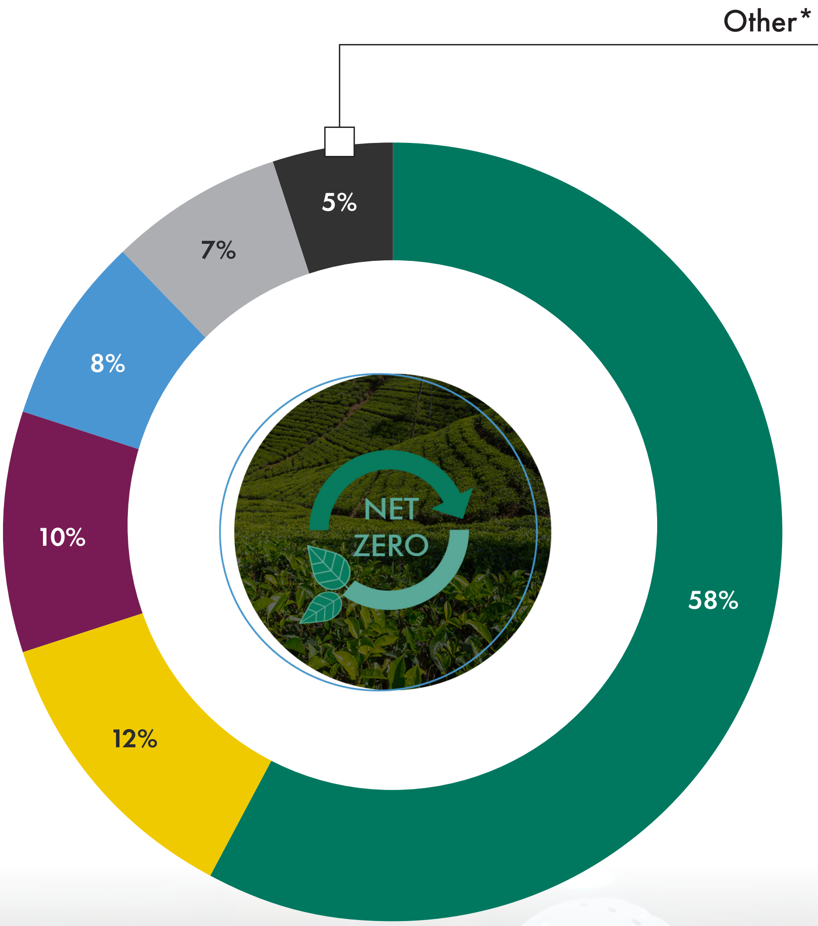
Overview of GHG Protocol scopes and emissions across the value chain

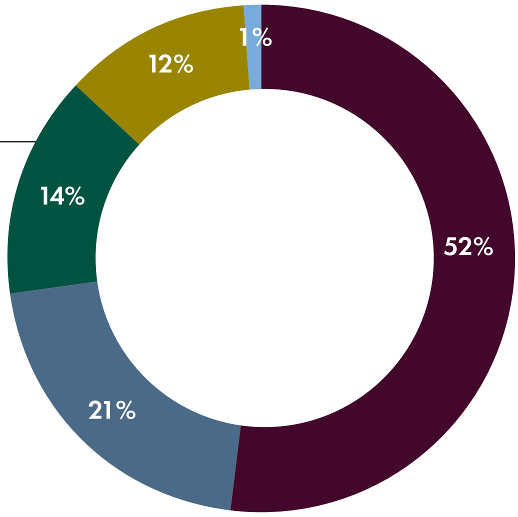


EMISSIONS FOOTPRINT

Baseline emissions are a record of the greenhouse gases that were produced in a previous financial year prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured. Eque2 has chosen April 2022 – March 2023 as our baseline year. Our March 2024 carbon emissions footprint is as follows:

BREAKDOWN OF FY24 GHG EMISSION SOURCES





- 58% Purchased goods and services
- 12% Business travel
- 10% Employee commuting
- 8% Capital goods
- 7% Employee commuting
- 5% Other

*Other:

- 52% Electricity (market-based)
- 21% Upstream transport and distribution
- 14% Stationary combustion (Gas)
- 12% Fuel & energy related activities
- 1% Waste

Below is an itemised breakdown showing the amount of carbon emissions (tCO_2e) produced by each scope and category from April 2023 – March 2024 calculation in comparison to the baseline emissions of April 2022 – March 2023.

Scope/Category	Item	Total tCO_2e FY2023	Total tCO_2e FY2024	% for FY 24	% Difference
SCOPE 1					
Stationary combustion (Gas)	Gas consumed	35.56	6.9	0.77	-80.5
Transportation	Owned and leased vehicles	1.70	0.4	0.4	-74.6
Refrigerants	HVAC's	1.58	-	0%	-100
SCOPE 2					
Electricity (Location-based)[1]	Purchased electricity, for own use (grid average)	17.23	13.8	N/A	-20
Electricity (Market-based)[2]	Purchased electricity, for own use (specific contract)	17.23	25.58	2.84	+48.5
SCOPE 3					
Cat 1: Purchased goods and services	Goods and services	832.45	522.27	58.04	-37.3
Cat 2: Capital goods	CapEx expenditure	220.66	70.46	7.83	-68.1
Cat 3: Fuel & energy related activities	WTT[3] & T&D losses[4] from electricity, stationary combustion of fuels and transport	12.59	5.80	0.64	-53.9
Category 4: Upstream transport and distribution	The warehousing and transport of goods from Tier 1 suppliers	-	10.45	1.16	N/A
Cat 5: Waste generated in operations	Waste generated in operations	0.09	0.089	0.01	-3.8
Cat 6: Business travel	Land and air travel and hotel stays for business purposes WTW	71.73	103.36	11.49	+44.1
Cat 7: Employee commuting	Employees commuting to and back from work	74.84	87.4	3.72	+16.8
Cat 7: Employee commuting	Employees working frowm home	77.71	67.0	7.44	-13.8
Total Gross Emissions (Location-based)		**1,346.10**	**888.01**	**-**	**-34.0**
Less emissions avoided by procurement of renewable electricity		(0)	(0)		
Less emissions avoided by production of renewable electricity		(0.0)	(0.0)		
Total Gross Emissions (Market-based)		**1,346.10**	**899.77**	**100**	**-33.2**
Less carbon offsets		(60)	(55)		
Total Net Emissions		**1,286.10**	**899.77**		

[2] Location based represents emissions from electricity consumption based on grid average emissions
[3] Market based represents emissions from electricity consumption based on specific energy contracts
[4] WTT – Well-to-tank emissions. Emissions associated with the extraction, refinement, and transport of fuels before consumption
[5] T&D losses – Transmission and distribution losses. Emissions associated with the energy lost during the transmission of electricity through the network

To further understand our emissions, we have also recorded them using intensity ratios as this will allow us to track our emissions as our business grows and develops.

Intensity Ratios	Gross Emissions (Location-based)		Gross Emissions(Market-based)		Net Emissions	
Intensity Ratios	FY 23	FY 24	FY 23	FY 24	FY 23	FY 24
tCO_2e per employee (start of the year)	7.94	12.33	7.94	12.50	7.59	12.01
tCO_2e per requested desk	1.13	1.39	1.13	1.40	1.08	1.35
tCO_2e per million £ turnover	64.41	34.82	64.41	35.29	61.54	33.91

Before calculating GHG emissions, companies must first decide which emissions they will be responsible for and report against. As part of the GHG Protocol Corporate Accounting and Reporting Standard, this is known as setting organisational boundaries, which can be done either by an "Equity Share" or "Control" approach.

The Equity Share approach reflects a company's economic interests and percentage ownership of companies or subsidiaries to assign GHG emissions.

The Control approach can be defined either by how much Financial or Operational Control a company has. Eque2 has selected the Operational Control method to fully cover all the carbon emissions generated from its operations. The Operational boundary includes all three Scopes as outlined by the GHG Protocol. Eque2's emissions are reported in tCO_2e and have been calculated utilising the following formula:

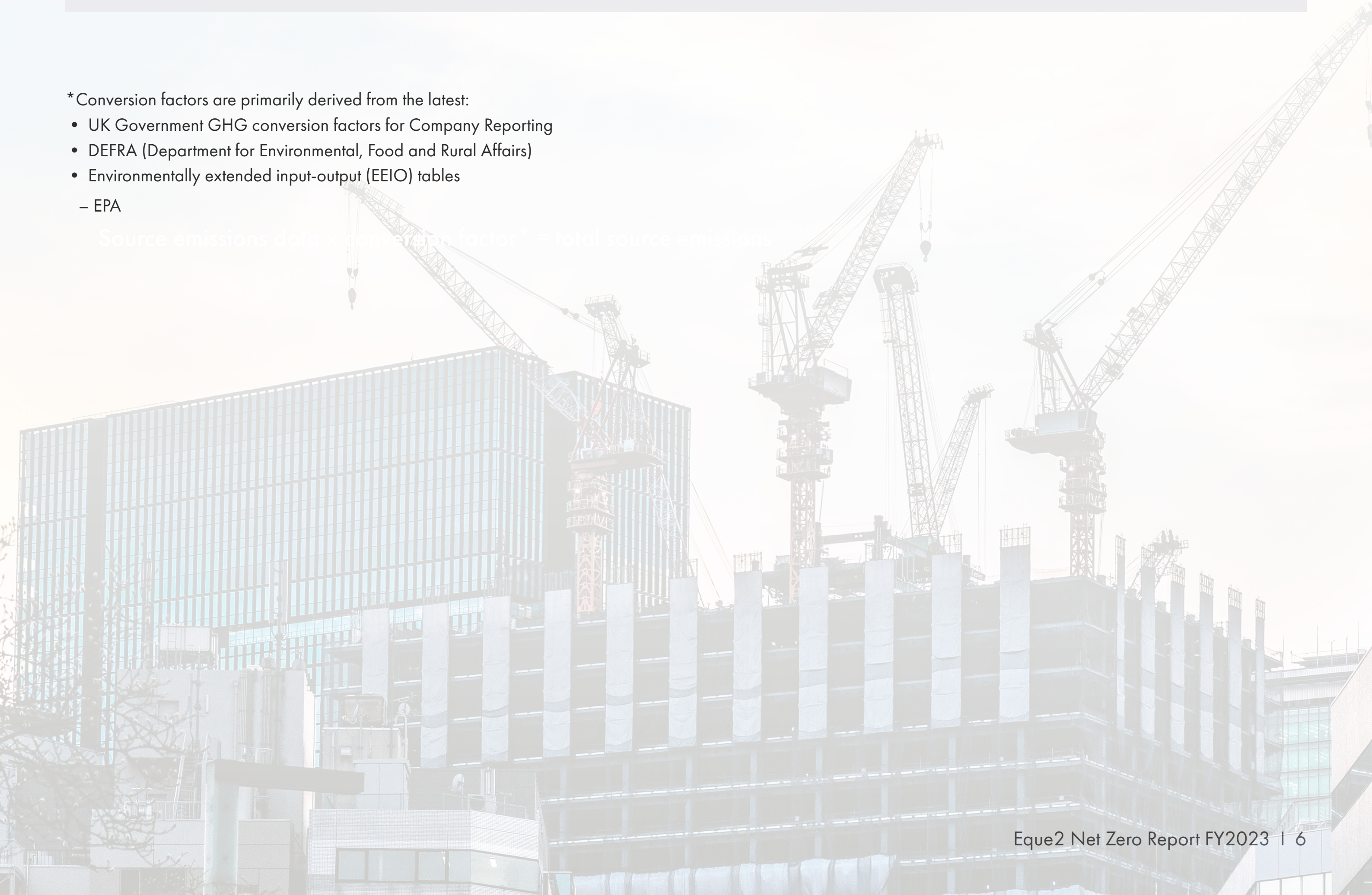
Source emissions data x conversion factor* = total source emissions

$$\text{Source unit} \times (tCO_2e/\text{unit}) = tCO_2e$$

*Conversion factors are primarily derived from the latest:

- UK Government GHG conversion factors for Company Reporting
- DEFRA (Department for Environmental, Food and Rural Affairs)
- Environmentally extended input-output (EEIO) tables

– EPA



EMISSIONS METHODOLOGY: INCLUSIONS WITHIN CURRENT NUMBERS

Scope 1

Sources such as onsite (or "stationary") natural gas combustion and mobile fuel combustion from leased and company-owned vehicles have been calculated under Scope 1 emissions.

Scope 2

Purchased electricity was the only identified Scope 2 emissions source. As per the GHG Protocol Scope 2 Guidance, Scope 2 emissions have been calculated and reported using two separate methodologies:

- A location-based method reflecting the average emissions intensity of grids on which energy consumption occurs.
- A market-based method reflecting emissions from the electricity that Eque2 has purposefully chosen. This accounts for energy purchased from green energy suppliers.

Scope 3

Category 1: Purchased goods and services – This includes all upstream (i.e., cradle-to-gate) emissions from the production of goods purchased by Eque2 in the reporting year.

Category 2: Capital goods – This includes all upstream (cradle-to-gate) emissions from goods purchased within the reporting year that are not included as part of purchased goods and services – typically CapEx expenditure or plant and equipment purchases.

Category 3: Fuel and energy related services – This relates to transmission and distribution losses, and the well-to-tank emissions for all fuels consumed as a result of Eque2's operations:

- Well-to-tank emissions account for all the emissions related to the extraction, production, and shipping of fuels excluding only the direct combustion of the fuel.
- Transmission and distribution losses account for all the energy that is lost between the electricity production in the powerplant and when it is used (e.g., resistance in power lines).

Category 4: Upstream Transportation and Distribution – We were unable to gather valuable data on the distribution of products purchased by Eque2 and it has been assumed that the emissions associated with this category would be comparatively small. In light of the difficulty to gather data, we have proceeded to acknowledge the emissions here are included as part Scope 3 Category 1 Purchased Goods and Services.

Category 5: Waste – This includes emissions from third-party disposal and treatment of waste generated in Eque2's operations in the reporting year.

- We have utilised the 'waste–type-specific' method, which involves using emission factors for specific waste types and waste treatment methods.

Category 6: Business travel – This Includes emissions from the transportation of employees for business-related activities and related hotel stays. Travel includes employee-owned vehicle mileage as well as business travel in vehicles owned or operated by third parties, such as aircraft, trains, buses, and cars or taxis.

- We have used a spend and distance-based method which involves using spend data to determine an approximate distance by mode of transport for business trips, and then applying the appropriate emission factor.
- We have used the number of nights stayed in hotels to calculate the emissions.

Category 7: Employee commuting – This includes emissions from the transportation of employees between their homes and Eque2's offices. Emissions from employee commuting may arise from car, bus, train, or taxi travel. We have also included energy consumption and waste production which occur from employees working from home in this category.

- We have used last year's employee commuting survey and extrapolated it to this year as the number of employees has stayed comparable. We have then applied the appropriate emission factors for the travel modes used using a distance-based method.

EMISSIONS METHODOLOGY – NON-MATERIAL EXCLUSIONS FOR FY23 BASELINE EMISSIONS:

Scope 3

Category 9: Downstream transportation and distribution – Is excluded from FY23 baseline emissions as we do not distribute products.

Category 10: Processing of sold products – Is excluded from FY23 baseline emissions as we do not manufacture products.

Category 11: Use of sold products – Is excluded from the FY23 baseline emissions as we do not sell physical products.

Category 12: End-of-life treatment of sold products – Is excluded from FY23 baseline emissions as we do not sell physical products.

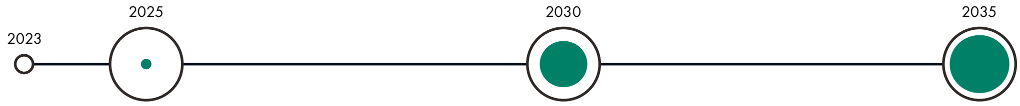
Category 13: Downstream leased assets – Is excluded from FY23 baseline emissions, as we do not own any leased assets that we lease to other businesses.

Category 14: Franchises – Is excluded from FY23 baseline emissions, as we do not operate franchises.

Category 15: Investments – Is excluded from FY23 baseline emissions, as we do not have any investments whereby, we provide capital or offer financing as a service.

EMISSION REDUCTION TARGETS

In order to continue our progress to achieving Net Zero, we have mapped out and planned a number of positive actions to achieve the following carbon reduction targets:

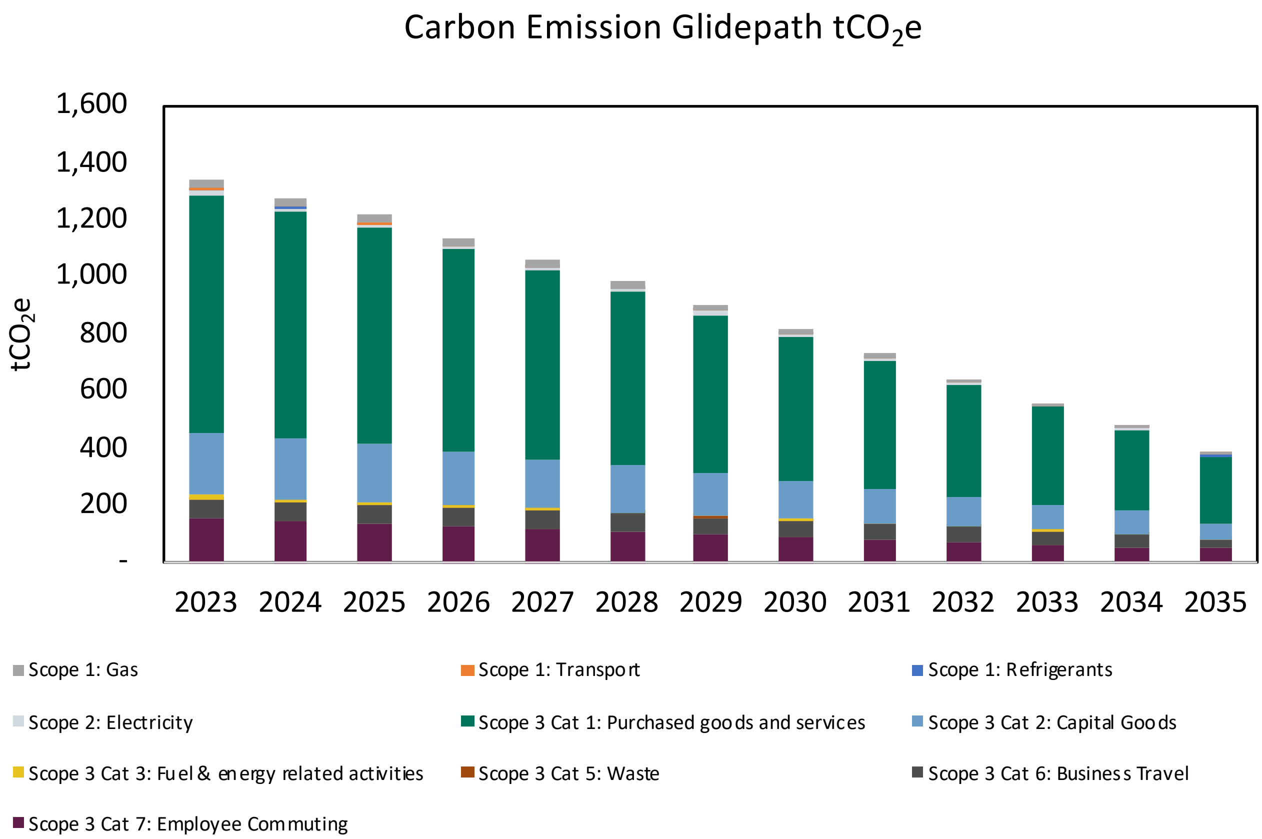


9%
reduction in Scope 1, 2 & 3 emissions by 2025

38%
reduction in Scope 1, 2 & 3 emissions by 2030

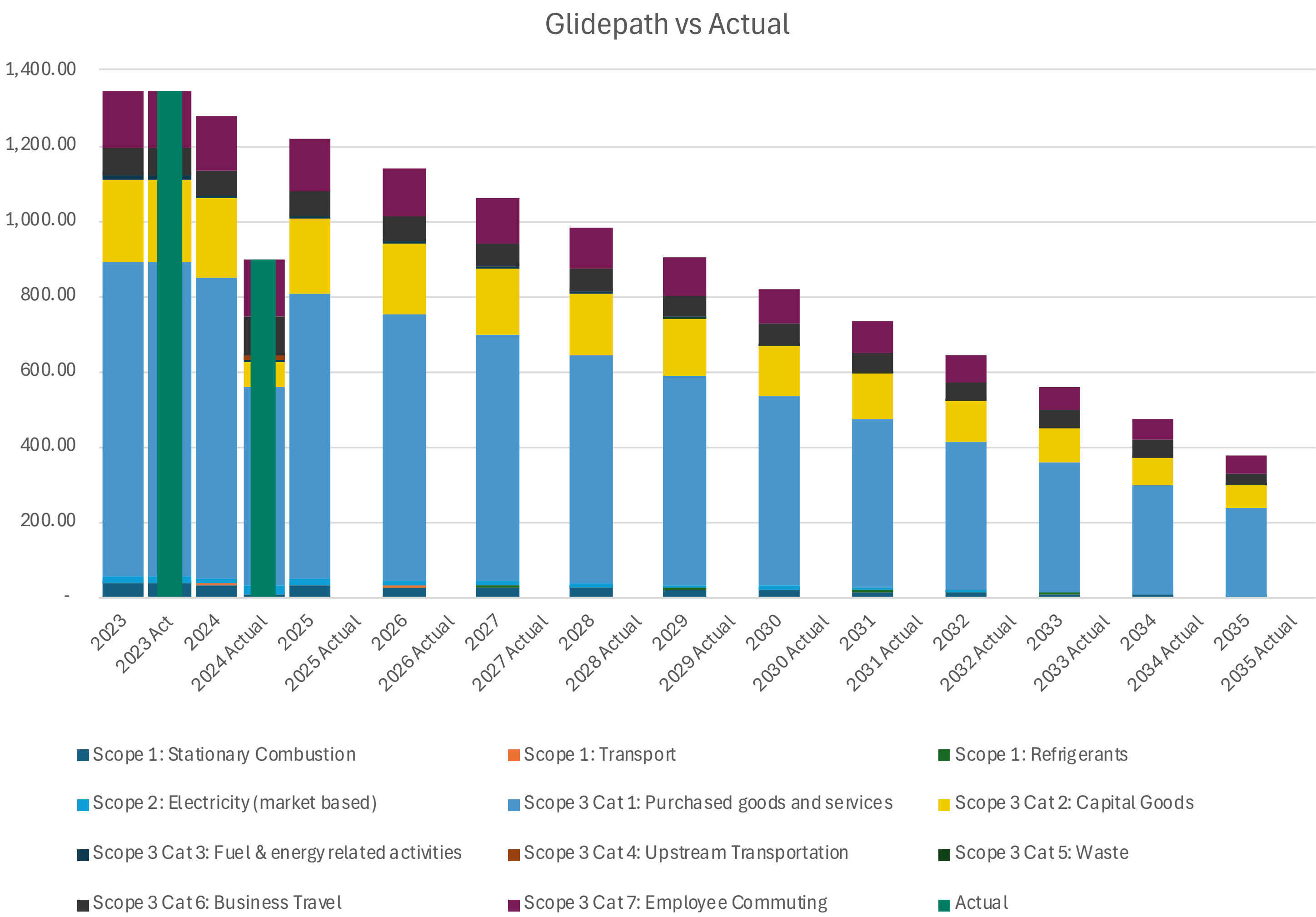
69%
reduction in Scope 1, 2 & 3 emissions by 2035

CARBON REDUCTION PLAN (TOTAL EMISSIONS SCOPE 1, 2 AND 3)



Eque2's emissions have decreased this year in comparison to last year. This is primarily a result of closing two office locations in Farnham and Birmingham. The below graph shows the base year glidepath target along with the actual reported figures for 2024. Eque2 is 26% ahead of the trajectory as a result.

CARBON REDUCTION PLAN ACTUAL VS TARGET (TOTAL EMISSIONS SCOPES 1, 2 AND 3)



Eque2's approach is to always focus our efforts on reducing our own emissions, with significant planning and finances set aside to do this. However, despite this year's significant decrease in emissions due to site closures, a large proportion of our carbon emissions lie within Scope 3. It is difficult to reduce these emissions within the short term as these are within our supply chain where we have influence but not control. To try and reduce these emissions Eque2 will use our purchasing power and choice of suppliers to encourage the correct carbon-reducing behaviour within our supply chain.

ENVIRONMENTAL MANAGEMENT MEASURES / EMISSION REDUCTION PLAN

As a responsible business, Eque2 has for many years had a focus on the environment and reducing our carbon emissions. To drive this to the next level, we have engaged the services of Sustainable Advantage to advise the Eque2 Board on global best practices on carbon reduction, and we have developed a detailed carbon emissions reduction plan.

SCOPE 1: STATIONARY COMBUSTION (NATURAL GAS)

As Eque2 work from properties which have been leased as part of a shared building, there is no control over the contract type, which is put in place however, we will work on the following actions to encourage landlords and to reduce the gas consumption:

- Engage with the landlords at our two remaining offices and encourage the progressive replacement of brown gas consumption with renewable gas consumption.
- Encourage the landlords to reduce reliance on gas use and replace gas boilers with electrical heating systems such as air source heat pumps, infra-red panels and electric storage heaters, where practicable.
- Engage with the landlords to ensure that all our facilities use minimal heating by making sure buildings are fully insulated.
- Encourage the landlords at our offices to identify sites with high gas consumption and perform energy surveys to identify capital expenditure (CapEx) opportunities.

SCOPE 1: REFRIGERANTS

Fugitive emissions from refrigerant gasses remain a low impact area for Eque2 however we continue our efforts to encourage fitting leak detection systems and follow a regular maintenance schedule.

SCOPE 1: TRANSPORT (OWNED AND LEASED VEHICLES)

Eque2 have already made a 67.3% reduction in our Transport emissions by introducing electric vehicles and minimising the amount of fuel consumption. There are three more ICE vehicles left in the fleet which will also be replaced as their lease contracts come to an end.

SCOPE 2: ELECTRICITY

Similarly to Scope 1 Gas emissions, Eque2 have had little control regarding the contracts in place in the management properties however, we continue to consider the following actions to help to reduce the electricity consumption through behavioural change and energy efficiency procurement policies:

- Encourage the landlords at our offices to complete an energy survey to identify CapEx opportunities.
- Energy champions to be appointed at both sites to collate ideas from colleagues across our organisation which can then be shared and put in practice where practicable.
- Procuring energy efficient laptops for all new staff and providing training using the laptops to ensure that their laptops are consuming the least amount of energy.
- Issue guidance around the importance of turning off IT equipment when not in use.
- Encourage the use of energy efficient systems in our offices wherever possible e.g., replacing lights with LED and using passive infra-red sensors (PIRs) where possible.

SCOPE 3 CATEGORY 1: PURCHASED GOODS AND SERVICES

Eque2 has seen a 37.3% reduction in emissions from purchased goods and services. This category accounts for 58.04% of this year's emissions which shows that there is still a significant opportunity for change. We continue to realise that GHG reductions in this category will happen because of our suppliers reducing their carbon emissions and becoming more carbon aware as the UK progresses towards a Net Zero 2050. However, we will continue to reduce our impact and encourage change using the following steps: will:

- Engage with tier 1 suppliers to first understand their carbon footprint by sending out carbon surveys.
- Consider applying a balanced score card approach to supplier selection.
- Collect emissions specific data as part of a management system so that these categories can be apportioned correctly.
- Create a procurement policy to support a balanced score card approach.
- Work with and support suppliers to encourage carbon reduction behaviours, reduce their emissions and collaboratively set carbon emissions reductions targets.

SCOPE 3 CATEGORY 2: CAPITAL GOODS

Like Scope 3 category 1, Eque2 realises the GHG reductions in this category will come from suppliers manufacturing products that have less impact on our environment. Scope 3 Category 2 accounts for 7.83% of our total emissions this year and we continue to believe this will fluctuate over the years depending on investments made. To encourage positive change in this category, we will employee the same principles used for Category 1 – Purchased goods and services.

SCOPE 3 CATEGORY 5: WASTE

As an office-based business, waste continues to account for a minimal proportion of our carbon emissions, 0.09%. Eque2 already follow the waste hierarchy where a preference is given in order to:

- Reduce the waste generated.
- Re-use / recycle as much as possible.
- Incinerate residual general waste to limit the volume of waste that goes to landfill.

With our waste champion in place who is responsible for overseeing our waste data and setting reduction targets. We continue to Educate employees on how they can reduce the amount of waste that enters the bin through staff training programmes to provide clear, consistent information to minimise waste and maximise recycling.

SCOPE 3 CATEGORY 6: BUSINESS TRAVEL

Business travel covers a wide range of different emission types such as reclaimed miles, business transport (planes, trains, and taxis), hotel stay, and food consumed during a business trip. The business travel category saw an increase in emissions by 44.1% this year which largely is a result of the significant increase in hotel spend and better data collection and calculation this year. To encourage a reduction in emissions in this category Eque2 will implement the below actions to try and reduce emissions in this area:

- Consider staying in low carbon and ESG focused hotels.
- Engage with the large hotel chains and ask questions about their Net Zero commitment.
- Create a policy requirement with a named list of hotels that are more ESG/lower in carbon.
- Promote rail over air when travelling for business.
- Encourage the uptake of EV vehicles by paying favourable mileage reclaim rates and considering the installation of EV charging points at our sites, where practicable.
- Continue to improve data collection and data granularity for more accurate calculations.

SCOPE 3 CATEGORY 7: EMPLOYEE COMMUTING

Having already implemented an Electric Vehicle salary Sacrifice scheme and cycle to work scheme to encourage our employees to embark on more sustainable modes of transport, Eque2 understand that we may have limited influence over what modes of travel our employees use. We continue to encourage our employees to join us on our sustainability journey and hope to conduct an employee commuting survey to understand the types of distances that employees are travelling to and from the office and what the barriers are for low emission commuting.

SCOPE 3 CATEGORY 7: EMPLOYEE HOMEWORKING

Eque2 are looking to encourage and help promote carbon emission reductions for their employees at home using the following steps in the next few years:

- Establish current trends with a details working from home survey. The aim being to gather accurate data and understand the barriers to reducing emissions faced by employees.
- Use the survey to evaluate how employees can lead more sustainable lifestyles.
- Promote best practice with home working guides.
- Provide support and information for procuring renewable electricity.

CONCLUSION

A critical part of our ESG programme is recognising our emissions, and how we can reduce our impact on climate change and the planet. As part of this, Eque2 will recalculate our carbon footprint annually for each year ending 30th April, with 2024 having been our first post-base year. This year we saw a total reduction of 33.2% across scopes 1, 2 and 3 in comparison to our baseline year. We can attribute this reduction to the closure of three of our office locations and the introduction of electric vehicles, reduction in carbon material spend and better data collection.

We will continue to track how we are performing against our targets and adjust our methods to ensure we stay on track to hit our Net Zero target by 2035. In addition to developing a pathway for absolute emissions reduction, we have offset the carbon emission impacts of our businesses Scope 1 and 2 areas where we have direct control. Eque2 will continue to do all we can to minimise our emissions and do our part to promote change across our business to achieve our goals of reducing our overall environmental impact.

EQUE2

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