ARDMORE GROUP PROCEDURE

ENVIRONMENT & SUSTAINABILITY STRATEGY 2024-2026

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Contents

Purpose

This document outlines the strategy to embed Environmental and Sustainability excellence throughout the projects we deliver and communities that we work in.

This strategy will develop a culture of ownership and improvement throughout our people whether project or core based, and throughout our supply chain and help to raise the profile of Environment and Sustainability to that of Health and Safety within the HSQE function.

The strategy will contribute to Core Goals 02, 03, 04, 05 and 06 detailed within the overarching Business Plan.

To demonstrate ACGs commitment to driving sustainability throughout its projects we have become a Partner of the Supply Chain Sustainability School which will be utilised to upskill key supply chain members to help deliver on our corporate Key Performance Indicators detailed throughout the Strategy.

Focus

Ardmore Construction Group is committed to limiting the impact of its activities and delivering value in the communities it works in. To aid focus we have developed 4 corporate focus themes which will form the nucleus of this strategy and guide decision making throughout Pre-Construction, Design, Procurement and Construction disciplines. Kep Performance Indicators have been developed for each theme to deliver benefits for 2024-2026 as follows.

Theme 1 – Carbon

Context

The built environment contributes nearly 40% of the UK's annual carbon emissions and construction accounts for up to 11% of global carbon emissions. This provides an opportunity and responsibility to make a significant positive impact by decarbonising our activities.

ACG established its Carbon Baseline across all Scopes (1, 2 and 3) in 2021-22 which were used to develop reduction targets against. These are shown in Table 1 below;

Table 1 Summary of Emissions Across all Scopes, Targets and Reduction Measures

Scope	Emissions		Net-Zero Emissions Target	Measures to Achieve Reductions in 2024-2026
	(tCO_2e)	$tCO_2e/£k$		
1	1,439.81		2035	▪ Prioritise Mains Connections ▪ Hybrid set up for all Generators Site/Tower Cranes ▪ Investigate Use of HVO/Alternative to Diesel With Target of 100% Procurement by 2035l ▪ Prioritise Electric Vehicle Employee and Business Fleet

2	838.4		2026	▪ Mandate of Renewable Tariffs for all new Connections/Contracts ▪ Investigate Opportunities for Renewables/Battery Storage on Projects ▪ Develop Action Plan as part of Energy Saving Opportunities Scheme
Sub-Total 1&2	**2287.9**	**5.26**	2035	
3	144,737		2050	▪ Develop and Cascade of Supply Chain Sustainability Requirements ▪ Partner of Supply Chain Sustainability School ▪ Prioritise Low-Carbon Products/Materials with Environmental Product Declarations ▪ Target Zero Carbon Steel by 2040 and Zero Carbon Concrete by 2045

To deliver the greatest immediate reductions, Scope 1 and 2 emissions will be prioritised for 2024-2026 using the reduction measures detailed in Table 1. During this initial period mechanisms will be put in place for the capture, monitoring, reduction and reporting of Scope 3 emissions across the Supply-Chain.

Key to the sustainability success of the Carbon Reduction Strategy will be normalising the data by Turnover. Whilst an absolute reduction of Scope 1&2 emissions is the reportable KPI, kgCO2e/£turnover will enable greater understanding that the activities we are undertaking are being decarbonised in addition to simple total reduction.

Corporate Key Performance Indicator 1

- 10% Year on Year Reduction of Scope 1&2 emissions.

Table 2 and 3 below show how emissions will fall by realising a 10% Year on Year reduction with a larger 23.5% reduction to be delivered by eliminating Scope 2 emissions completely.

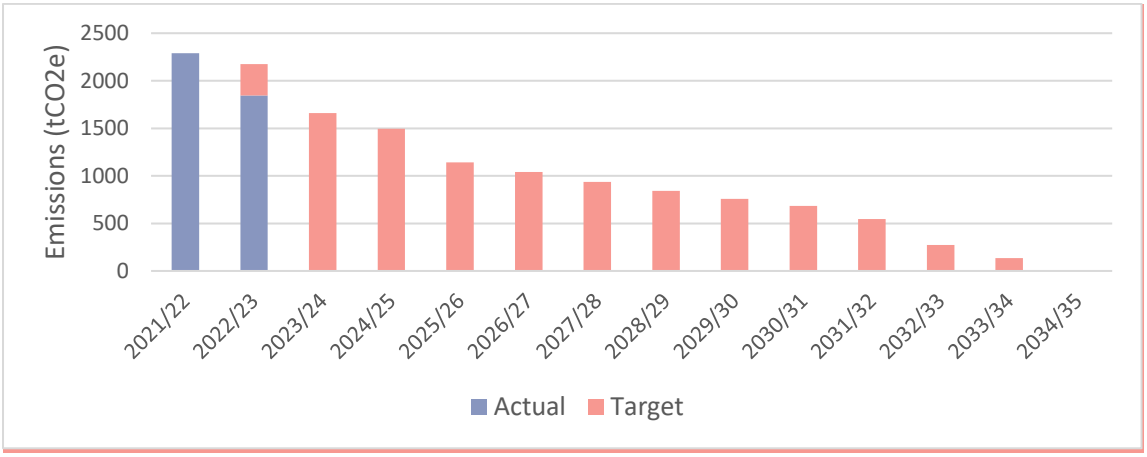
These figures will be assessed on a yearly basis to ensure relevance with measures prioritised according to performance against targets.

Table 2 Year by Year Targets for Scope 1&2 Emissions

Year	Period	Targeted Emissions (tCO_2e)	Targeted Normalised Emissions (tCO2e/£k)	Targeted Reduction	Actual Emissions tCO_2e & tCO_2e/£k	Realised Reduction % tCO_2e

1	2022-23	2173.49	4.73	10%	1843.91 4.59	19.28% 443.97
2	2023-24	1659.52	4.13	10%		
3	2024-25	1493.57	3.72	10%		
4	2025-26	1141.91	3.35	23.5%		

Figure 1 Scope 1&2 Emissions Journey from Baseline to Net-Zero

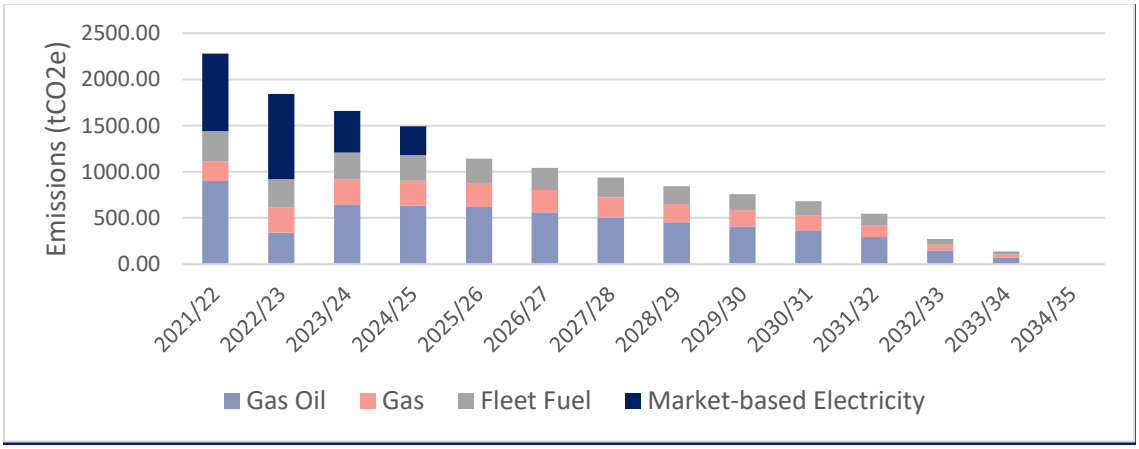


The breakdown of sources contributing to emissions is shown in Table 4.

100% renewable electricity will be procured by 2025/26 delivering the greatest immediate reduction available.

Action Plans to target the remaining individual sources will be produced with persons given accountability for each plan.

Figure 2 Anticipated Emissions Reduction by Source to Net-Zero



Theme 2. Waste and Materials Resource Efficiency

Context

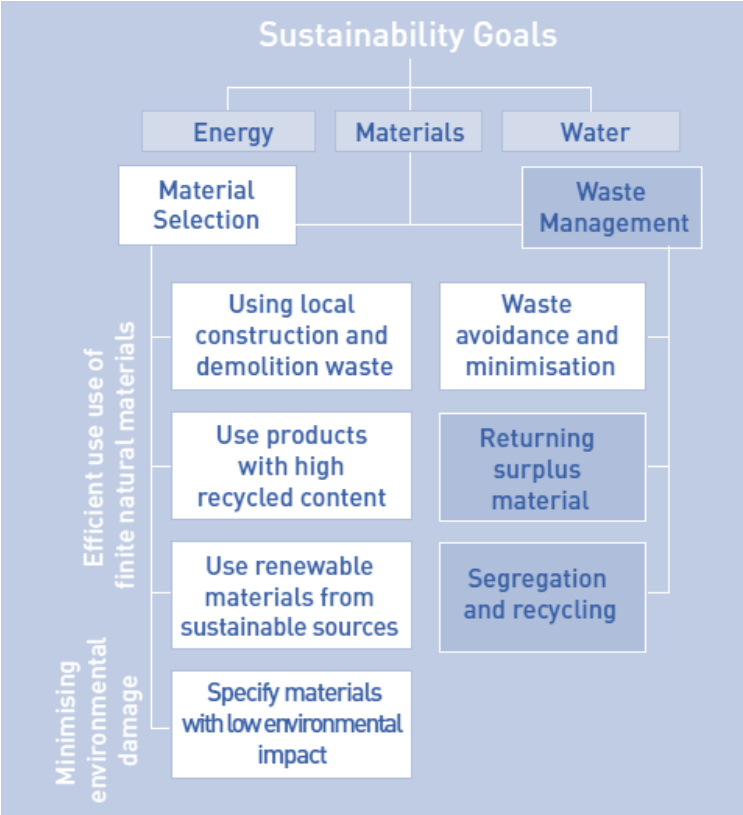
Despite covering just 2% of the world's surface, cities contributed to half of all resource consumption and 70% of carbon emissions. Construction sites consume more than 50% of the world's raw materials, and the built environment generates more than 62% of the world's waste. The built environment needs to move away from the take-make-waste economy. For a sustainable future, a regenerative, circular economy that rewards the reuse of finite materials and resources must take its place.

Construction sites generally work on a linear basis whereby Virgin materials are extracted and manufactured into a product for a single use before being removed from site as waste. Perfectly suitable materials are lost during the demolition phase with new materials procured in their place. Over ordering or poor site management leads to material wastage. The consequence of these scenarios is an impact on supply-chains and emissions associated with manufacture and logistics but also on the bottom-line with a cost for additional purchased materials and increased waste movements.

Using materials more efficiently (materials resource efficiency) is a highly effective sustainability strategy and involves a balanced approach, ensuring that at each stage in construction, including demolition, materials are used in an efficient manner.

Efficient use of materials reduces the quantity of materials used in the first instance, lowering purchasing costs, minimising waste and reducing subsequent handling and disposal costs.

Figure 3. Materials resource efficiency as part of sustainable construction.



Again, key to providing a holistic picture will be the normalisation of data by turnover. Reducing the amount of waste generated according to turnover will contribute to increased financial performance as a result of a lower waste management spend per waste generated. Targets are shown in Table 3 below.

Corporate Key Performance Indicator 2

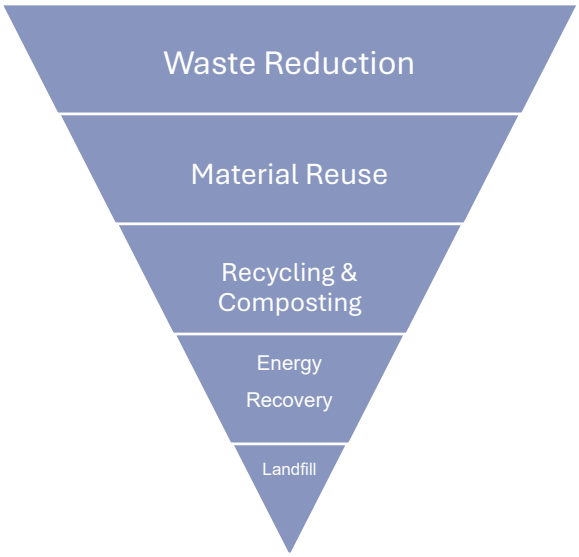
- 5% Year on Year Reduction of generated Construction and Demolition Waste

Table 3 Summary of Construction and Demolition Waste, Targets and Reduction Measures.

Year	Period	Targeted Waste (tonnes)	Targeted Normalised Waste (kg/£k)	Targeted Reduction	Actual Waste Tonnes & Kg/£k	Realised Reduction % tCO_2e
1	2022-23	--	-	-	13,091.31 30.11	
2	2023-24	12,436.74	28.60	5%		
3	2024-25	11,814.91	27.17	5%		
4	2025-26	11,224.16	25.81	5%		

Key to driving reductions in Construction and Demolition waste will be the implementation of the Waste Hierarchy (Figure 4)

Figure 4 Waste Hierarchy

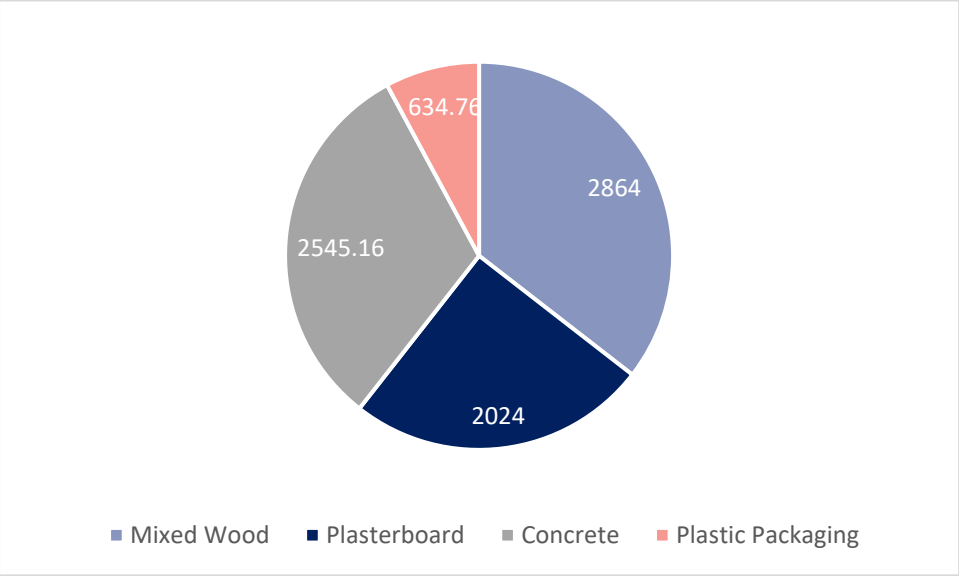


Major improvements in materials resource efficiency are possible without increasing cost by;

- Reducing the quantity of materials being discarded as waste during the construction process by designing out waste and effective site waste management
- Reusing, recycling and recovering materials as appropriate, and
- Utilising more recycled materials and mainstream projects containing high levels of recycled material including material not necessarily sourced from construction and demolition waste.

The key Construction and Demolition waste streams generated on Ardmore sites (2021-22) are detailed below in Figure 5

Figure 5. Significant Waste Streams Generated in 2021-22 (tonnes)



The areas of focus, implementing the Waste Hiearachy, for each of these waste streams are as follows;

1) **Mixed Wood**
   - Can packaging waste be eliminated by working with suppliers
   - Can range of materials required be standardised to encourage reuse of offcuts?
   - Utilisation of Community Wood Recycling for disposal of generated timber waste.
2) **Plasterboard**
   - Can design be coordinated to avoid/minimise excess cutting and joining of materials?
   - Is building designed to standard material dimensions?
   - Can range of materials required be standardised to encourage reuse of offcuts?
3) **Concrete**
   - Can any part of the design be manufactured off site? Precast solutions for stairs/wells, cores etc
   - Consider structural solutions to use less material (post tensioning instead of in-situ reinforced concrete
   - Reuse of bricks, paving for landscaping/features
4) **Plastic Packaging**
   - Can packaging waste be eliminated by working with suppliers
   - Use baler for soft plastic waste to maximise volume.

Theme 3 – Responsible Material Sourcing

Context

Global consumption of raw materials is expected to almost double by 2060 with the construction industry being a significant proportion of this. This increased demand is likely to put more stress on already exacerbated supply-chains and product manufacturers to source raw materials throughout the world where unacceptable ethics may be present, with profits from these sales returning to the producer compounding the status quo in these environments.

Timber, paper and cardboard sectors have led the way in this area throughout the past 20 years to the point where Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certified materials are stipulated as part of Ardmore contracts. This blanket requirement is therefore not included as a new item within the strategy.

The independent third-party certification scheme – BES6001 The Framework Standard for Responsible Sourcing focuses on the economic, sustainability and social impacts of the manufacturing process and enables consumers to demonstrate responsible sourcing achievements over a broad and balanced scorecard of objectives.

Corporate Key Performance Indicator 3

- Year on Year increase of Key materials (Concrete, Aggregates, Metals, Plasterboard) certified to BES6001: Very Good (minimum) standard.

Table 4. Responsible Sourcing Targets for Key Materials

Year	Period	Target	Stretch Target
1	2023-24	50%	60%
2	2024-25	70%	80%
3	2025-26	90%	95%

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Theme 4 – Social Value

Context

Social Value is a broader understanding of value which moves beyond money as the main indicator of value, instead putting emphasis on social, environmental and economic performance.

The priority of Year 1 will be to quantify the value of our existing impacts using the TOMs Framework. This will provide an understanding of the impact of the company within the communities surrounding its projects and provide a baseline and target areas to increase focus on for subsequent years.

This quantification will include input from Learning and Development, Recruitment and Community Liaison representatives amongst others to ensure a holistic approach.

Corporate Key Performance Indicator 4

- Volunteering Hours increasing Year on Year

Table 5. Target Volunteering Hours

Year	Period	Target	Stretch Target
1	2023-24	500	750
2	2024-25	1000	1250
3	2025-26	1500	1750