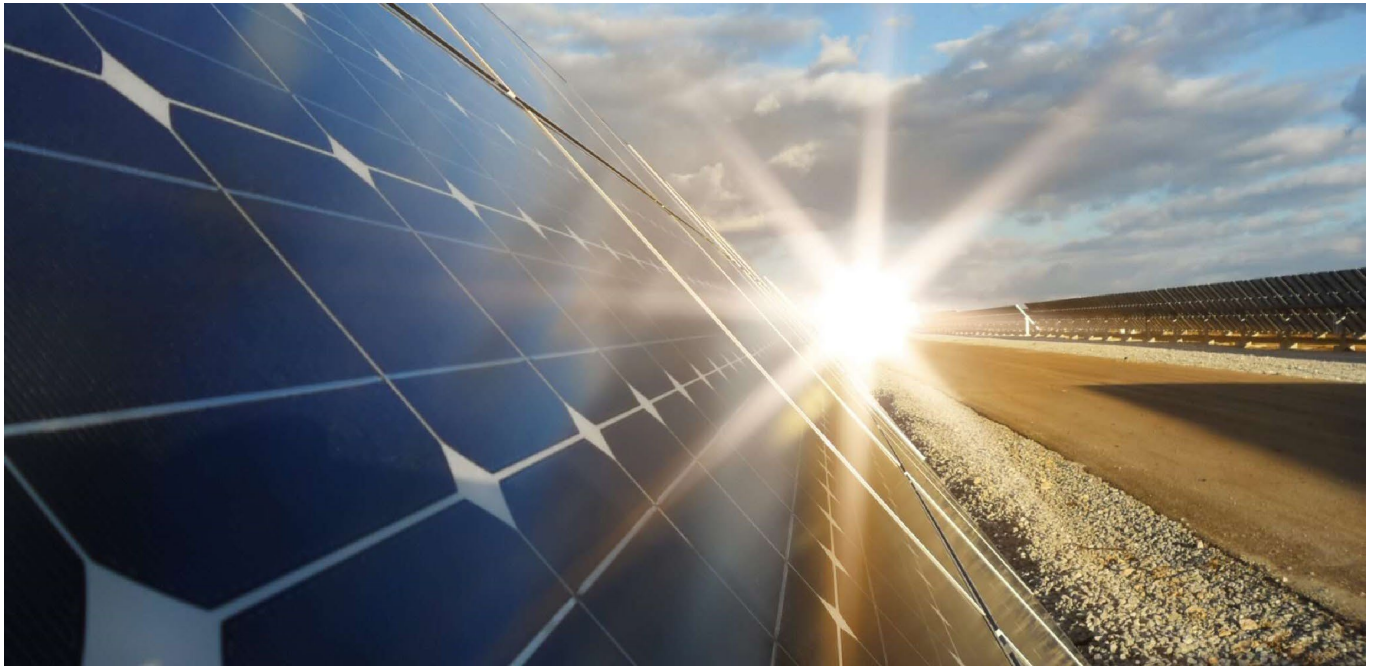


Steatite - Carbon Reduction Plan



Steatite Ltd is committed to achieving Net Zero emissions by 2050.

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Baseline Year: 1 st April 2019 - 31 st March 2020 (FY20)	
Baseline year emissions:	
EMISSIONS	Tonnes CO ₂ e
Scope 1	148.26
Scope 2	88.58
Scope 3 (Included Sources)	2.124 Waste Processing. 0.528 - Water/Sewage 7.524 Electricity T & D Losses 184.68 Commuting** 194.856 Total
Total Emissions	431.696

Current Emissions Reporting

Reporting Year: April 2022 - March 2023 (FY23)	
EMISSIONS	Tonnes CO ₂ e
Scope 1	71.4
Scope 2	79.2
Scope 3 (Included sources)	300.7 - Freighting goods 223.5 – Commuting** 25.2 - Business miles in private vehicles 7.2 - T& D losses 1.3 - Waste Processing. 0.17 - Water/Sewage 558.2 total scope 3
Total Emissions	708.8***

Please note:

- **Data for commuting are taken from voluntary surveys of staff. Not all staff responded, and numbers are scaled up to account for this, but inevitably means there is some uncertainty in the figures.
- *** 300.7 tCO₂e from Freighting goods are now included which weren't in the FY20 figures.
- The current emissions listed above include 38.88 tCO₂e from a company that was acquired in FY22, after the baseline year.
- In the period from FY20 to FY23 our Value added has increased by 48%

We have also brought into our carbon reporting for the year ended 31st March 23 (FY23), emissions from:

- Work from Home
- Business miles in private vehicles
- Freighting goods

We will continue to bring in other relevant carbon sources in the coming year.

Carbon Reduction Strategy

In order to continue our progress to achieving Net Zero, we have adopted the following carbon reduction strategy.

Our Short-Term (Immediate) Strategy is Reduce Consumption and Reduce Waste.

Consistent with this approach we will:

- Minimise CO₂e from electricity use by:
 - Switching electrical equipment off when there is no business benefit to leaving it on,
 - Considering the environmental impact of new electrical equipment unless there are other compelling business reasons not to do so.
- Minimise CO₂e from gas use by ensuring that the temperature in our workplaces is adequate but not excessive, and any warm-up times are reasonable.
- Minimise CO₂e from use of company vehicles by:
 - Reducing Average CO₂e emissions of the fleet,
 - Reducing the amount of company miles travelled by considering other alternatives to travel where feasible.
- Minimise CO₂e from processing of waste by applying the waste hierarchy.

- Minimise CO2e from airfreight by working with our customers to move from airfreight to sea freight where lead-times / other operational constraints allow or purchase closer to the business unit where there are viable options.

Note 1: Moving from airfreight to sea freight also provides a financial dividend that can benefit both the company and its customers.

We will continuously challenge the status quo and look for opportunities to reduce wasted energy.

Medium-term Strategy.

- **Company Vehicle Use (Scope 1 wholly owned)**

All replacement company vehicles will be battery powered unless operational constraints make this unworkable. This will ensure that emissions from company vehicles will be zero from **2035**.

Note 1: The UK Government is committed to the grid being green by 2035 so carbon from electricity will be removed from that date([Plans unveiled to decarbonise UK power system by 2035 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/plans-unveiled-to-decarbonise-uk-power-system-by-2035)).

- **Gas Use (Scope 1 wholly owned)**

If there is no low carbon alternative for gas for heating by **2035**, we will change to electric heat-pump heating in all Business Units.

Note 2: We believe that at current energy costs moving from gas to heat pump heating will result in similar running costs, but more work needs to be done to confirm this.

Note 3: There will be upfront costs for the removal of gas systems and the installation of heat pumps. The upfront costs for converting to heat pump in the production, canteen and chamber areas at Redditch has been quoted at circa £40K by 2 suppliers (this is included simply to give an idea of the magnitude of the upfront costs involved).

Note 4: The increased electricity use if we move to electrical heat pump heating will likely require additional Authorised Supply Capacity, this needs to be investigated to establish if this likely to be available and whether any additional costs are likely to apply.

- **Electricity Use (Scope 2 wholly owned)**

The UK and US Governments have committed to the respective grids being green by **2035** so carbon from electricity will be removed from those dates.

Providing the UK and US governments meet their commitments our **Mid-term strategy** will result in our scope 1 and 2 emissions being eliminated by **2035**.

Long-term strategy.

- **Freighting Goods (Scope 3 shared)**

This is currently one of our largest emissions. Although leading freight carriers, such as DHL, are making great strides in decarbonising their processes e.g., battery vehicles, cleaner fuel for aircraft, etc., there is still great uncertainty in this area. There is currently no clear path to net 0 by 2050 although as new technologies and cleaner fuels emerge this may change.

We will diversify our supply chain to open up new opportunities and work with all our partners to reduce carbon. We will continue to keep an open mind and review new options as they arise.

- **Commuting**

The vast majority of our employees currently commute by car. By 2050 only cars older than 20 years will still be non-electric. Where this is the case, we will consider taking actions to share the responsibility with the employees concerned.

- **Business miles in private vehicles (Scope 3 shared)**

We currently have a relatively small footprint in this area. After 2040 we will only authorise business miles in private vehicles where the private vehicle is electric.

- **Waste Processing (Scope 3 shared)**

Waste processing currently amounts for a very small proportion of our overall emissions.

We will diversify our supply chain to open up new possibilities and work with all our partners to reduce the amount of waste in our supply chain. We will continue to keep an open mind and review new options as they arise to reduce waste.

We will continue to look for further opportunities to segregate new recyclable streams from our general waste.

- **Water / Sewage processing (Scope 3 shared)**

Although water use /sewage processing currently amounts for the least proportion of our overall emissions due to the fact that most of our business units don't use water in their processes, we will ensure water is not wasted by applying our objective of **Reduce Consumption, Reduce Waste**. We will continue to identify ways to share the responsibility for any residual carbon emissions.

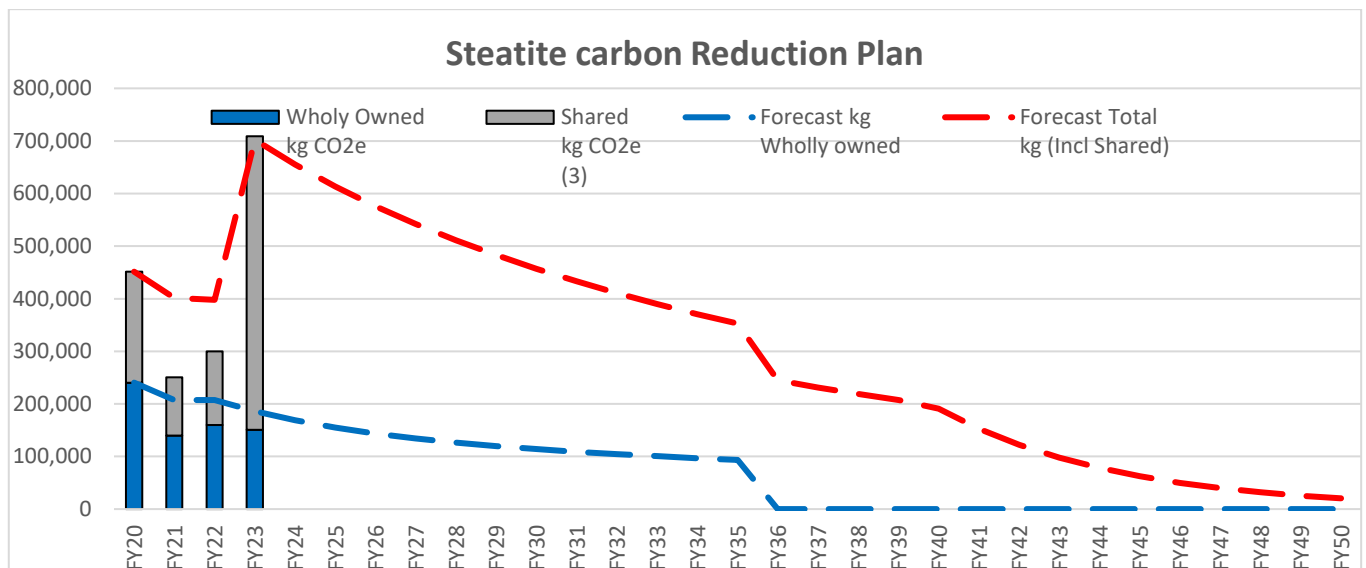
Summary

We currently project that carbon emissions that we now include in our carbon accounting will decrease over the next five years from 708.7 tCO₂e to 511.2 tCO₂e by end FY28. This is a reduction of 191 tCO₂e 27% on the FY23 level. Please note, this is based on the emissions we are currently reporting on and will change significantly when the additional emissions mentioned earlier are brought into the carbon accounting system.

Progress against these targets can be seen in the graph below:

Please note the chart below will change significantly when the additional emissions are brought into the carbon accounting.

The step change in 2035 is when we move from gas to electric heating (if there is no viable low carbon alternative to gas), and the levelling out of the target in FY22 is when 38.88 tCO₂e from a company that was acquired after the baseline year was added into the plan.



Carbon Reduction Projects

Completed Carbon Reduction Initiatives

The following environmental management measures and projects have been completed or implemented since the 2000 baseline. The carbon emission reduction achieved by these schemes equate to 137.352 tCO₂e, a 32% reduction against the 2000 baseline. Although the improvements recorded above have been seen it is not certain that they all come from the actions we have taken and the pandemic will inevitably have contributed to the improvements.


Since 2020 we have introduced:

- LED Lighting,
- Electric and Hybrid electric cars to the fleet.
- We have also introduced 4 days/week working in one of our business units to reduce the amount of warm up periods of the gas heating system.
- We have also introduced sub metering of electricity use to give us better control and help us identify and reduce any wasted electric. We define wasted energy as anything that consumes energy that doesn't bring a business benefit.
- We have replaced office heating, in one of our business units, from Gas to electric heat pumps.
- We have installed Destratification fans on the stores area in another business unit.

We operate an Environmental Management system certified to IS014001 by UKAS accredited certification body and it is intended to align our carbon accounting with IS014064-1, although this has not yet been completed.

Declaration and Sign Off:

This Carbon Reduction Plan has been reviewed and signed off by Matthew Richards, Managing director.

Signature	Date
	08.08.2023