



Cabinet Office

## CARBON REDUCTION PLAN GUIDANCE

### Notes for Completion

Where an In-Scope Organisation has determined that the measure applies to the procurement, suppliers wishing to bid for that contract are required at the selection stage to submit a Carbon Reduction Plan which details their organisational carbon footprint and confirms their commitment to achieving Net Zero by 2050.

Carbon Reduction Plans are to be completed by the bidding supplier<sup>1</sup> and must meet the reporting requirements set out in supporting guidance, and include the supplier's current carbon footprint and its commitment to reducing emissions to achieve Net Zero emissions by 2050.

The CRP should be specific to the bidding entity, or, provided certain criteria are met, may cover the bidding entity and its parent organisation. In order to ensure the CRP remains relevant, a Carbon Reduction Plan covering the bidding entity and its parent organisation is only permissible where the detailed requirements of the CRP are met in full, as set out in the Technical Standard<sup>2</sup> and Guidance<sup>3</sup>, and all of the following criteria are met:

- The bidding entity is wholly owned by the parent;
- The commitment to achieving net zero by 2050 for UK operations is set out in the CRP for the parent and is supported and adopted by the bidding entity, demonstrated by the inclusion in the CRP of a statement that this will apply to the bidding entity;
- The environmental measures set out are stated to be able to be applied by the bidding entity when performing the relevant contract; and
- The CRP is published on the bidding entity's website.

Bidding entities must take steps to ensure they have their own CRP as soon as reasonably practicable and should note that the ability to rely on a parent organisation's Carbon Reduction Plan may only be a temporary measure under this selection criterion. The Carbon Reduction Plan should be updated regularly (at least annually) and published and clearly signposted on the supplier's UK website. It should be approved by a director (or equivalent senior leadership) within the supplier's organisation to demonstrate a clear commitment to emissions reduction at the highest level. Suppliers may wish to adopt the key objectives of the Carbon Reduction Plan within their strategic plans.

A template for the Carbon Reduction Plan is set out below. Please complete and publish your Carbon Reduction Plan in accordance with the reporting standard published alongside this PPN.

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<sup>1</sup>Bidding supplier or 'bidding entity' means the organisation with whom the contracting authority will enter into a contract if it is successful.

<sup>2</sup>Technical Standard can be found at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/991625/PPN\\_0621\\_Technical\\_standard\\_for\\_the\\_Completion\\_of\\_Carbon\\_Reduction\\_Plans\\_\\_2\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/991625/PPN_0621_Technical_standard_for_the_Completion_of_Carbon_Reduction_Plans__2_.pdf)

<sup>3</sup>Guidance can be found at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/991623/Guidance\\_on\\_adopting\\_and\\_applying\\_PPN\\_06\\_21\\_\\_Selection\\_Criteria\\_\\_3\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/991623/Guidance_on_adopting_and_applying_PPN_06_21__Selection_Criteria__3_.pdf)

# Carbon Reduction Plan Template

Supplier name: Merit Holdings Limited

Publication date: October 2022.

## Commitment to achieving Net Zero

Merit is committed to achieving Net Zero emissions by 2040

## 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.

<b>Baseline Year: 1<sup>st</sup> July 2020 – 30<sup>th</sup> June 2021</b>	
<b>Additional Details relating to the Baseline Emissions calculations.</b>	
In 2022, Merit partnered with expert sustainability consultants to develop the company's first carbon baseline and Roadmap to Net Zero. Our baseline year is <b>1<sup>st</sup> July 2020 to 30<sup>th</sup> June 2021</b> , as this is the period in which we have the most accurate data for our emissions.	
<b>Baseline year emissions:</b>	
<b>EMISSIONS</b>	<b>TOTAL (tCO<sub>2</sub>e)</b>
<b>Scope 1</b>	<b>293.7</b>
<b>Scope 2</b>	<b>70.8</b>
<b>Scope 3 (Included Sources)</b>	<b>4,940.8:</b> <b>Upstream Transportation &amp; Distribution: 4,652</b> <b>Downstream Transportation &amp; Distribution: 70</b> <b>Waste: 2</b> <b>Business Travel: 20.6</b> <b>Employee Commuting: 196.2</b>
<b>Total Emissions</b>	<b>5,305.3</b>

## Current Emissions Reporting

Reporting Year: 1 <sup>st</sup> July 2020 – 30th June 2021	
EMISSIONS	TOTAL (tCO <sub>2</sub> e)
Scope 1	293.7
Scope 2	70.8
Scope 3 (Included Sources)	<b>4,940.8:</b> <b>Upstream Transportation &amp; Distribution: 4,652</b> <b>Downstream Transportation &amp; Distribution: 70</b> <b>Waste: 2</b> <b>Business Travel: 20.6</b> <b>Employee Commuting: 196.2</b>
<b>Total Emissions</b>	<b>5,305.3</b>

### Emissions reduction targets

Merit is still in the progress of developing its near and long-term emission reduction targets. We will ensure these targets are consistent with the SBTi's latest guidance.

For Scope 1 and 2 emissions, we plan on setting absolute reduction targets that are consistent with the level of decarbonisation required to keep global temperature increase to 1.5°C compared to pre-industrial temperatures. This represents a 4.2% minimum year-on-year reduction of absolute emissions compared to the base year emissions.

For Scope 3 emissions, we will aim to set either:

- a 2.5% minimum year-on-year reduction target of **absolute emissions** compared to the base year emissions (covering at least two thirds of Scope 3 emissions in the near-term and 90% in the long-term) and/or:
- **Economic intensity targets**, considering the growth we are anticipating for the business in the coming years. If we can target absolute reductions, then by 2026, Scope 3 will be lower than the equivalent base year emissions by at least 12.5% for the relevant categories included in the target. If we set economic intensity targets for near-term targets, they will comprise a minimum 7% year-on-year reduction; for long-term targets, the minimum reduction will be an overall 97% reduction.

Assuming we reduce our Scope 1 and 2 emissions by 21% and our Scope 3 emissions by 12.5% over the next 5 years, we project that carbon emissions will decrease to **4611.1 tCO<sub>2</sub>e** by **2027**. This is a reduction of **13%**.

## **Carbon Reduction Projects**

### **Completed Carbon Reduction Initiatives**

Merit has implemented various initiatives in recent years to enable us to achieve our target of Net Zero Carbon by 2040. The carbon emission reduction achieved by these schemes have not been quantified yet, but we plan on monitoring these reductions in future. We have detailed our current and future initiatives below:

As a business, we have been accredited to ISO14001 since 2007.

#### **Zero Carbon Emissions 2020**

In 2019 we introduced our own 'Zero Carbon Emissions 2020' strategy to design and build zero carbon emission facilities. Since this time, we have eliminated fossil fuel designs for heating and hot water systems, replacing them with heat recovery and heat pumps.

We completely redesigned an 80,000ft<sup>2</sup> facility for a prestigious client, providing them with a unique solution to eliminate all natural gas from the facility and generated £160,000 in annual energy savings through heat recovery.

The client had a target to build their first zero carbon emissions facility by 2030. Through our innovative zero carbon initiatives, we were able to provide them with their first zero carbon emissions building in terms of operational energy, 9 years ahead of target.

In addition, we have worked extensively with our supply chain, including specialist suppliers, to remove gas from their product offerings.

We have also implemented a buy British policy, reducing emissions due to transportation and have in place an advisory board for our carbon emissions.

#### **Pre-Manufactured Value (PMV)**

Through our offsite manufactured approach, Merit can provide facilities to clients with a PMV of up to 95%, dependent on product and project specifications. Through this initiative, we have reduced travel to sites and reduced material usage and waste.

Our product-based approach is fundamentally different to any other tier 1 contractor in the UK. Merit has spent years of research and development time and expenditure to develop a pre-designed platform that can be adapted to a completely diverse range of facilities.

Our POD and PAM approach allows us to complete up to 95% of a project completely offsite in our factories, with onsite works consisting of groundworks and structural connections.

Onsite works usually coincide with factory works, meaning less contractors on site, reduced health and safety issues and quicker programmes. Because manufacturing is undertaken in our factories, we are able to plan material throughput and minimise waste. Cut lengths are

planned in advance to minimise waste and reuse where possible, or alternatively recycled/disposed of responsibly.

### **Electric Car Scheme**

We have in place an electric company car scheme and have installed electric car charging points at most of our parking bays at our head office. We have commenced trials for electrical emergency generation.

### **Environmental Targets and Reporting**

Merit maintains an Environmental Impacts Register which includes environmental impact targets, a risk rating, plans for improvement and any updates. This is reviewed regularly by our HSE team who will add any comments or further targets. We comply with a variety of regulations, including the Clean Air Act 1993, Climate Change Act 2008, Environmental Protection Act 1990, Landfill Tax Regulations 1996; and Pollution Prevention and Control Act 2000, to name a few. Our targets are monitored and reviewed annually.

We use Go Green for waste management and recycling solutions on our projects. For every project, waste management targets are set and our Zero Carbon Emissions strategy is implemented. Go Green provides a breakdown of waste and waste recycled on each of our projects.

Our actions over the next 2 years will be to focus on procuring net zero emissions and low carbon products with reduced packaging, engaging with our supply chain partners to sign up to the SBTi scheme, as well as on monitoring improvements against set targets. One of our key aims will be to engage with high energy using suppliers such as glass and façade manufacturers to understand how we can collaborate to reduce energy consumption.

### **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<sup>4</sup> and uses the appropriate Government emission conversion factors for greenhouse gas company reporting<sup>5</sup>.

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<sup>6</sup>.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

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<sup>4</sup><https://ghgprotocol.org/corporate-standard>

<sup>5</sup><https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

<sup>6</sup><https://ghgprotocol.org/standards/scope-3-standard>

**Signed on behalf of the Supplier:**

A handwritten signature in black ink, consisting of a large capital letter 'A' followed by a stylized, cursive signature.

Date: 6<sup>th</sup> October 2022