

Taking climate action

Introduction

The climate emergency will affect every sector of the global and UK economy. We are committed to taking science-based action to support decarbonisation of the UK and global economy in line with the UK Government 2050 net zero target.

This year we set a new climate ambition for the business:

- to minimise our emissions and support the development of low carbon infrastructure; and
- to help the UK deliver on its net-zero carbon commitment.

Esken has a vital role to play in the development of low carbon infrastructure. Our businesses support low carbon energy infrastructure, rail infrastructure and we are committed to carbon efficient airport operations. We have outlined here the work we do to mitigate our climate impacts, manage climate-related risks, and provide information on our climate and energy performance.

We have expanded our climate reporting for FY19/20 and are further expanding our reporting for FY20/21 in line with the Streamlined Energy and Carbon Reporting (SECR) framework. We recognise the guidance provided by the Task Force on Climate-related Financial Disclosures (TCFD) and are committed to expanding our disclosure over time in line with their recommendations.

Our approach to managing climate and energy

Energy use is an important business cost and is tracked, managed and minimised as part of our continuous improvement processes across our operations including the management of our buildings and fleet. We are also working to reduce our climate impacts by investing in renewable energy infrastructure, electrification and developing climate smart operating protocols. Climate management and governance is part of the mandate of the ESG Steering Group, which has Board representation and responsibility through Nick Dilworth, Chief Operating Officer, as chair of the ESG Steering Group. The ESG Steering Group includes representatives from across Esken and its divisions.

Our carbon emission and energy reduction priorities

Fleet efficiency

Through Stobart Energy, we operate a fleet of 150 trucks transporting biomass fuel to our customers. We have in place a vehicle replacement programme resulting in all vehicles being less than three years old. Euro VI vehicles come with the additional benefit of the AdBlue engine treatment which further reduces the emission of harmful exhaust gases. The current fleet is predominantly made up of the Scania R450s, a model which was the winner of the Green Truck Award 2019. The Scania R450s is renowned for its onboard low carbon technology innovations that ensure fuel efficiency and reduced emissions, which include active prediction and Opti Cruise functions that combined can reduce fuel consumption by over 10%.

Our climate and energy efficiencies

We continuously review and investigate initiatives to reduce our consumption of energy, waste and water. We have chosen to report our 2019/20 energy consumption in kWh for the Group and will use this as a benchmark year going forwards.

Energy efficiency activities in 2019/20 included:

- Route planning for the Stobart Energy fleet where routes and schedules are being constantly improved to ensure optimal efficiency and all drivers use the GloSmart app.
- The procurement team expanded to include a manager dedicated to managing and optimising the procurement of fuel across Esken.
- We have made improvements to data collection and the methodology for assessing Scope 1 and Scope 2 carbon emissions and energy consumption for the Group. We worked with an external adviser to report on our Energy Saving Opportunity Scheme (ESOS) phase II compliance activities.

We identified further energy efficiency measures – specifically relating to our fleet and buildings – that we will consider and implement where appropriate during 2020/21.

Our climate and energy performance

Esken had emissions of 26,408 tonnes of carbon dioxide equivalent (tCO₂e) in FY19/20, a decrease of 84 tCO₂e against the baseline year of FY18/19. The intensity ratio that we report is tCO₂e emissions per £m revenue (tCO₂e/£m) and this ratio saw a 19% reduction compared to our baseline year. We reviewed and restated our FY18/19 total gross emissions data, which is our benchmark year, to include all Scope 1 and Scope 2 emissions. This process included correcting a data error for reported vehicle diesel use by the Rail & Civils division in FY18/19 (Scope 1) and capturing all refrigerant (fugitive) emissions (Scope 1).

Our carbon data reporting methodology

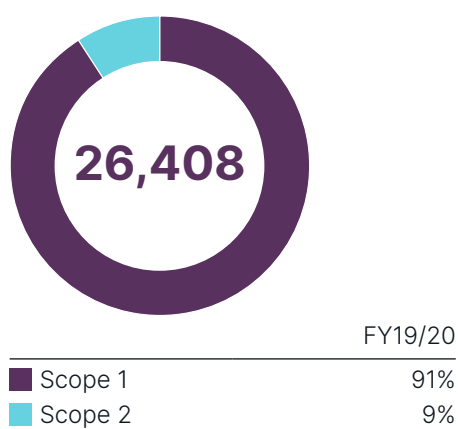
The carbon data for Esken has been prepared using the following methodology which underpins our carbon calculations:

- Based on DEFRA and BEIS, Environmental Reporting Guidelines (March 2019).
- Includes emissions that Esken is responsible for based on an operational control approach.
- The baseline year is FY18/19 and compared to the current reporting year of FY19/20.
- All Scope 1 and Scope 2 emission sources estimated to be greater than 1% have been deemed material and are included.
- We use the intensity metric of total Greenhouse Gas (GHG) emissions per £m revenue (tCO₂e/£m) for normalising emissions.

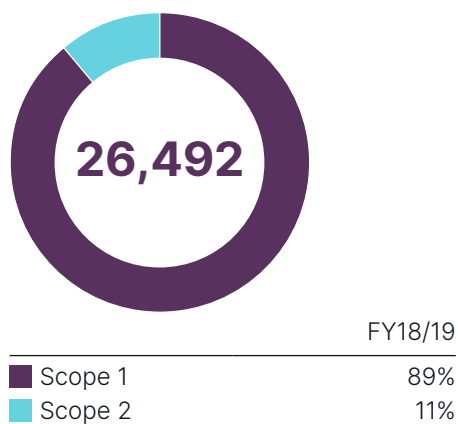
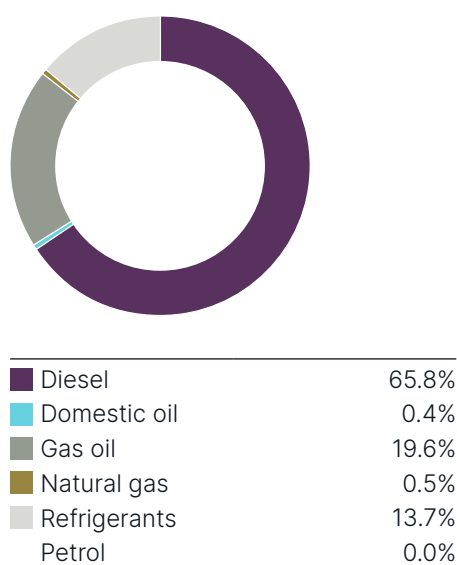
Greenhouse gas (GHG) emission source

	FY18/19		FY19/20		Total change		
	tCO ₂ e	tCO ₂ e/£m	tCO ₂ e	tCO ₂ e/£m	tCO ₂ e	% change	tCO ₂ e/£m
Scope 1	23,523	160	23,987	133	464	2%	-17%
Fuel combustion	20,561	140	20,696	115	135	1%	-18%
- Vehicle fleet (mobile)	16,825	115	16,176	90	-649	-4%	-22%
- Sites (stationary)	3,735	25	4,520	25	785	21%	-1%
Operation of facilities	2,963		3,291				
-Fugitive emissions	2,963	20	3,291	18	328	11%	-9%
-Process emissions	n/a						
Scope 2	2,968	20	2,420	13	-548	-18%	-34%
Purchased electricity	2,968	20	2,420	13	-548	-18%	-34%
Purchased heat	n/a						
Purchased steam	n/a						
Purchased cooling	n/a						
Total gross emissions	26,492	180	26,408	147	-84	0%	-19%

Total emissions tCO₂e (Scope 1 and 2) for FY18/19 and FY19/20



Analysis of Scope 1 emissions by key sources (tCO₂e in FY19/20)



Intensity ratio tCO₂e/£m (decrease of 19%) in FY19/20

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Energy consumption by source

	FY18/19		FY19/20		Change kWh	Change kWh/£m
	kWh	kWh/£m	kWh	kWh/£m		
Scope 1	81,673,740	556,024	84,056,727	466,425	3%	-16%
Fuel combustion	81,673,740	556,024	84,056,727	466,425	3%	-16%
– Vehicle fleet (mobile)	67,936,456	462,502	66,272,118	367,739	-2%	-20%
– Sites (stationary)	13,737,284	93,522	17,784,608	98,686	29%	6%
Operation of facilities	n/a	n/a	n/a	n/a	n/a	n/a
–Fugitive emissions	n/a	n/a	n/a	n/a	n/a	n/a
–Process emissions	n/a	n/a	n/a	n/a	n/a	n/a
Scope 2	12,908,788	87,881	11,754,401	65,224	-9%	-26%
Purchased and consumed electricity	10,486,380	71,390	9,469,754	52,547	-10%	-26%
Self-generated and consumed renewable electricity	2,422,408	16,491	2,284,647	12,677	-6%	-23%
Purchased heat	n/a	n/a	n/a	n/a	n/a	n/a
Purchased steam	n/a	n/a	n/a	n/a	n/a	n/a
Purchased cooling	n/a	n/a	n/a	n/a	n/a	n/a
Total gross emissions	94,582,528	643,905	95,811,127	531,649	1%	-17%

Scope 3 emissions

We have not included Scope 3 emissions within our GHG disclosure, as this will require a separate analysis to be undertaken. The Board will review the parameters of current GHG disclosure during the current financial year and take a decision on when Scope 3 emissions will be included and how these will be defined.