Carbon Reduction Plan

Supplier: Hydrock, now Stantec

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1. Commitment to achieving Net Zero

Hydrock, now Stantec, (HYDnS) fall under Stantec's Science Based Target (SBT) commitment to reduce absolute scope 1 and 2 GHG emissions 47% by 2030 from a 2019 base year. We also commit to reduce absolute scope 3 GHG emissions from business travel by 47% by 2030 and achieve net zero by 2050. HYDnS is exploring opportunities for further carbon reduction throughout our corporate value chain.

1.1 Background

Responsibility for carbon reduction is led at Board level and supported with action planning through the company Sustainability Working Group (SWG). The SWG core members and wider group of representatives represent all HYDnS disciplines, locations and levels of seniority and include a Board sponsor in the core group. They consider, and where necessary, challenge HYDnS's commitments and processes to ensure that the company operates in a sustainable manner that seeks to continually improve our environmental, social and economic impacts, both close to home and in wider society. Along with the Board, the SWG is responsible for ensuring that the targets set are achieved and will help deliver a sustainable business.

HYDnS's in-house Smart Energy and Sustainability (SES) specialists develop our carbon strategy on behalf of the SWG, and act as the technical advisors to the SWG and Board for HYDnS's journey to Net Zero and beyond.

In recent years, HYDnS has also started a Sustainable Procurement Working Group (SPWG), formed of members from procurement focused positions across the organisation. The aim of the group is to develop our understanding of supply chain and project-related emission hotspots and how best to address these through policy and corresponding supply chain engagement programs. A key stakeholder group includes the landlords through which we procure our leased office space.

HYDnS supports the UK Green Building Council's (UKGBC) framework for net zero carbon buildings which will ensure that our consultancy work will help the UK commercial real estate sector to transition new and existing buildings to becoming net zero carbon by 2050.

2. Emissions Footprint

2.1 Baseline emissions

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.

The reporting in this Carbon Reduction Plan (CRP) is specifically related to HYDnS and so aligns carbon reporting to HYDnS's financial year (1st April through to 31st March "FY"). However, when transitioning to Stantec's financial year this will follow the calendar year (1st January through to

31st December). Prior SECR reporting of scope 1 and 2 emissions as well as scope 3 grey fleet emissions began in FY20. Several entities have been acquired over the past few years including Kelly Taylor and Associates Ltd (company number: 01698632) in the FY22 reporting year. These acquisitions constitute substantial organisational change and therefore FY23 has been used as a new baseline moving forward.

FY23 is also the first year HYDnS measured the 5 scope 3 categories required as part of PPN 06/21 compliant reporting. The scope 3 screening carried out in FY23 has not been publicly reported but will be included in Stantec's future Scope 3 reporting.

2.2 Emissions Reporting

Emission scope and category	**FY20*** tCO_2e	**FY21** tCO_2e	**FY22** tCO_2e	**FY23** tCO_2e Re-baseline	**FY24** tCO_2e
Scope 1					
Stationary fuels	36.9	39.0	42.6	94.0	66.5
Fuelcards	129.0	108.8	108.5	121.2	119.7
Company cars	155.3	41.1	34.9	25.8	16.0
Scope 2					
Location-based electricity	122.0	56.6	118.8	203.0	244.0
Scope 3					
Upstream transportation and distribution				11.1	11.8
Waste generated from operations				288.2	156.9
Business travel	32.6**	23.2**	126.8**	177.3	410.4
Employee commuting				397.6	789.6
Downstream transportation and distribution				0.0	0.0
Total emissions	**476.1**	**269.0**	**431.6**	**1,318.3**	**1,814.9**

* This was previously a baseline for Scope 1 and 2 emissions only, as per SECR reporting. FY23 is the first year that Scope 3 has been reported for the 5 categories required for PPN 06/21 reporting and will form the new updated baseline.

** This covers business travel in staff owned vehicles only

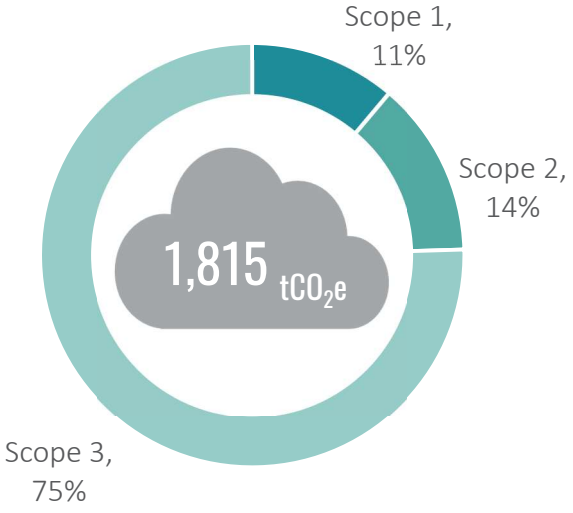
2.3 Methodology

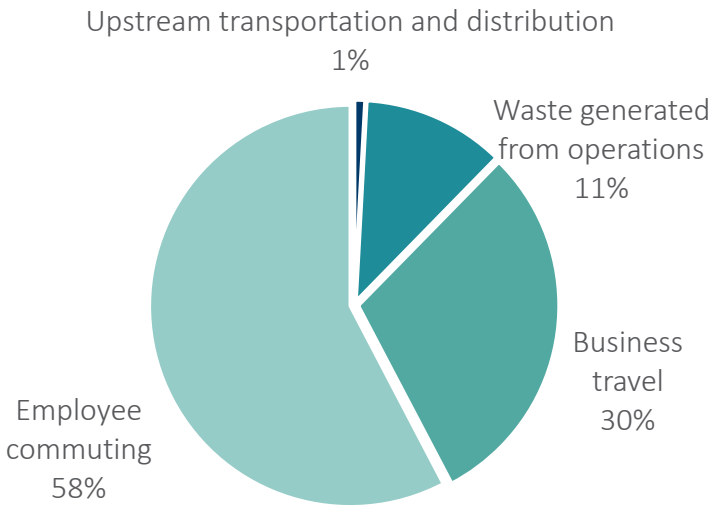
The methodology used in the creation of this report including organisational boundaries and scoping of greenhouse gas emissions is based on GHG Protocol. UK Government emission conversion factors for greenhouse gases were used for reporting.

HYDnS has carried out a detailed assessment of the buildings in which we operate and the vehicles that are owned and controlled by the organisation and used for business travel purposes. For fuel usage, a fuel-based approach was used. The majority of oil, gas and electricity data was taken directly from meter readings or invoices. However, when a reading was unavailable, a value was estimated using pro-rata extrapolation, benchmarking or comparative data from a similar asset, as instructed by the reporting guidance. Data on transport is collected via staff mileage claims and fuel card reports. In previous reporting, business travel in staff owned vehicles had been reported under scope 1, this has now been separated out for all reporting periods and included in scope 3.

A summary of the scope 3 methodology can be found in the table below. A discussion on scope 3 data improvement is found in section **Error! Reference source not found.** of this report.

Emission scope and category	Methodology
Scope 3	
Upstream transportation and distribution	Spend data x DEFRA emission factor
Waste generated from operations	Benchmark data x DEFRA emission factor
Business travel	Distance & expenses data x DEFRA emission factor
Employee commuting	National average data
Downstream transportation and distribution	Not relevant, HYDnS does not sell or transport products





The graphic on the left above provides a breakdown of HYDnS Scope 1, 2 and 3 emissions for the FY24, on the right is a breakdown of scope 3 emission categories.

Scope 1 and 2 emissions

HYDnS emissions from scope 1 and 2 reduced significantly in FY21 by 54.8% mainly driven by the business interruption caused by the global COVID-19 pandemic. The organisation has seen rapid business growth over the last few years and while absolute emissions increased, the emissions remained at similar levels in the last 2 years at 600tCO_2e/employee but have risen to 792tCO_2e/employee in FY23/24. Absolute scope 1 and 2 emissions are also the same in FY24 as they were in FY20 despite the rapid business growth over this period at 446tCO_2e.

The largest contribution towards our total Scope 1 & 2 emissions comes from company-controlled vehicles, followed by electricity usage within our offices. Oil and gas consumption (used for heating and hot water) has reduced by a third between FY23 and current FY24 reporting periods, primarily due to the consolidation of new office space.

Scope 3 emissions

Scope 3 emissions are the largest contributor to total emissions at 75%. We expect this proportion to increase when our full scope 3 inventory is completed and includes additional emission sources such as purchased goods & services and capital goods.

Currently employee commuting, which includes emissions from homeworking, is the largest scope 3 emission category, comprising 58% of total scope 3 emissions. A change in methodology between FY23 and FY24 may account for the significant change between the years. Previously an employee commuting survey was used to sample typical employee commuting journeys and frequency, however this year average national data was used. Business travel is the next largest emission source at 30%.

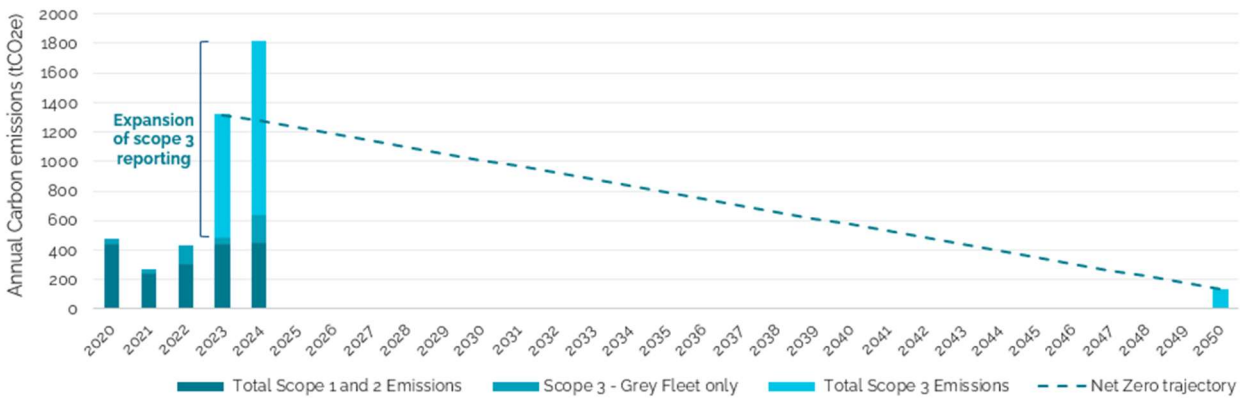
3. Emission reduction targets

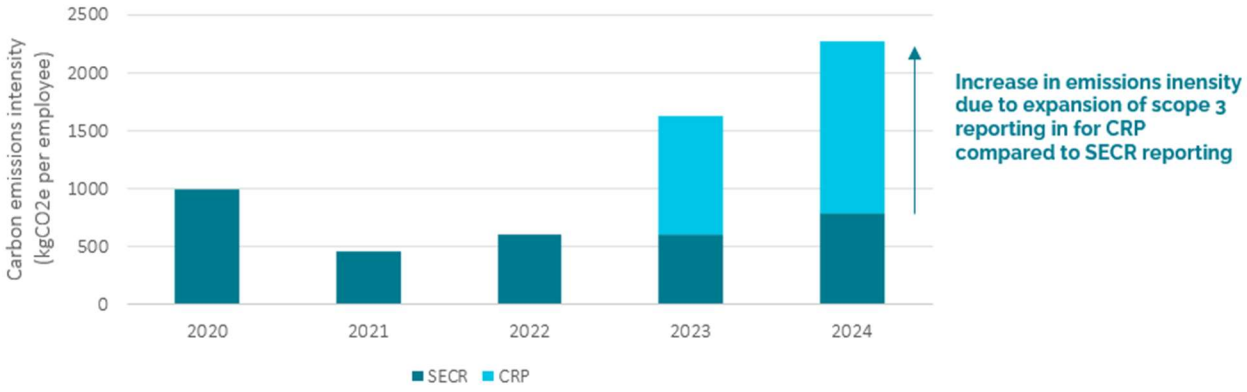
Hydrock, now Stantec, (HYDnS) fall under Stantec's Science Based Target (SBT) commitment to reduce absolute scope 1 and 2 GHG emissions 47% by 2030 from a 2019 base year. We also commit to reduce absolute scope 3 GHG emissions from business travel by 47% by 2030 and achieve net zero by 2050. HYDnS is exploring opportunities for further carbon reduction throughout our corporate value chain.

The interventions that HYDnS is advised to pursue in order to achieve net zero for scope 1 and 2 are summarised below:

> Pledges: Maintain membership or sign up to initiatives to bolster and verify this commitment such as: Business Ambition for 1.5˚C, Science-Based Targets initiative, Climate Group's EP100 Pledge, Canada Net Zero Challenge, CDP- A score.

Key areas focused on by HYDnS include reducing business mileage, enabling flexible working between home and the office, transitioning to an EV fleet, decarbonising heat and switching to more renewable energy providers. Carbon offsetting will be explored for hard-to-decarbonise emission sources to achieve net zero emissions for scope 1, 2 and 3 emissions by no later than 2050. Progress against a 2050 net zero target is outlined in the below graph:





When considering the emissions included in Streamlined Energy and Carbon Reporting (SECR) of scope 1, scope 2 and scope 3 emission from grey fleet only, emissions intensity has reduced 21% compared to 2020, this was a lower reduction than prior year due to the overall increase in emissions. Whilst HYDnS's employee count also increased FY24 saw a higher emissions intensity.

4. Carbon Reduction Projects

A range of initiatives will be required to address the breadth and complexity of carbon reduction across HYDnS's own operations and value chain. This will also include introducing new data management systems to better capture our emissions data and ultimately to identify emission reduction opportunities and realise further emission savings. The following measures have been implemented:

- Support for remote working and facilitating tools to reduce reliance on office space and vehicle mileage (in addition this will serve to reduce scope 3 emissions from employee commuting and business travel).
- HYDnS have introduced an electric vehicle (EV) benefit scheme to encourage staff to lease EV's and transition away from combustion vehicles.
- Continue to transition pool and company cars to electric vehicles

- To support uptake in EV benefit scheme and increase in use of EV pool cars, educational webinars on the practicalities and benefits of EV use have been marketed internally to support staff.
- For new offices, we have introduced sustainability selection criteria to prioritise procurement of office space that does not rely on fossil fuels and meets minimum energy efficiency standards.
- Introducing office waste reviews and audits to better understand how waste can be reduced, especially to landfill.
- In the past a survey was undertaken, and we plan to roll this out again as part of Stantec's Scope 3 Employee Commuting measurement.
- Procured a PPE waste collection specialist to recycle our PPE waste from project work.
- Established a Sustainable Procurement Working Group with the aim of overseeing the development of company policy and integrate carbon credentials of suppliers into contracts.

4.1 Future Plans

The following data management and carbon reduction measures are being looked into and will be considered going forward:

Offices

There are certain things that HYDnS, even as a tenant, can control therefore the following will be considered:

- All of HYDnS's offices are leased and as a tenant HYDnS largely has limited control over energy efficiency improvements. HYDnS should engage with landlords for existing offices to encourage the implementation of energy efficiency measures, electrification of heating and hot water systems and procurement of renewable energy through on-site or offsite measures.
- Transition energy procurement in offices to 100% renewable energy backed with Renewable Energy Guarantee of Origin (REGO) certificates (for serviced offices we may look into procuring additional certificates to cover these).
- Introduce sign-in app for offices to capture supplier and client travel data.

Employee engagement

HYDnS should rollout companywide engagement sessions to communicate their net zero roadmap strategy to staff. Engagement also offers an opportunity to educate staff in the impacts of their own behaviour and can encourage the use of EV pool cars, switching off lights, leaving HVAC systems on set points as well as better use of company systems and processes to capture data.

Additional training should be available to staff with procurement functions in their roles, for example, office managers, operations managers and project managers. This will aid in instilling sustainable procurement in company operations.

Suppliers

HYDnS are committed to minimising our environmental impact and operating ethically through the selection of the suppliers or sub-contractors we use and the products and services we procure. The following actions will be considered:

- Develop a sustainable procurement policy in line with ISO 20400 to guide supplier expectations and HYDnS planned journey
- Engagement with supply chain to provide guidance to aid in data maturity and collaborate to collect actual supplier carbon emissions data. Whilst improving data quality, we will concurrently support suppliers with measuring their emissions, setting targets and implementing a reduction plan
- Consider and transition to suppliers with low carbon credentials, if necessary.
- Integrate carbon data measurement, provision and decarbonisation into future strategic contracts.

Scope 3

Our organisation understands that Scope 3 emissions represent the largest source of emissions for companies and present the most significant opportunities to influence GHG reductions.
A subset of 5 scope 3 categories have been included in this report in line with PPN 06/21 and we are actively developing a full GHG emissions inventory in line with GHG Protocol Corporate Standard. A scope 3 screening was conducted for FY23 to take account of all material categories and value chain carbon impacts. Whilst a screening is valuable, data quality needs to be improved to develop a robust GHG inventory to enable carbon reduction planning. Therefore, improving data capture will strongly underpin our future strategy, to support this we will consider:

- Rollout of a supplier engagement program to knowledge share and collect activity data
- Encourage staff to use the central business travel booking system for all business travel to consolidate data collection and vastly improve data granularity and quality
- Update expense claims process to include better categorisation and limit inputs
- Amendments to central finance system to consistently capture and categorise information and align to scope 3 reporting of emissions from procured goods and services. Including removing the ability to enter free-text data as much as possible and using standardised inputs and dropdown menus.

5. 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 and uses the appropriate Government emission conversion factors for greenhouse gas company reporting.

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.

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

Signed on behalf of Hydrock, now Stantec (company number: 03118932):

Name	Mark Seberry
Position	Executive Board Representative
Date	2 December 2024