OT GROUP ACHIEVING NET ZERO BY 2050



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What OTG Does

OT Group Ltd. works to connect our clients with their customers and employees across every channel by providing expert support at every stage of their journey.

Our solutions address clients' needs for data-driven customer engagement, multichannel marketing, transactional communications, workplace solutions, recruitment services and automated inbound communication workflows. Put simply, we help clients to transform how their businesses operate. This document lays out our high-level carbon reduction plan, outlines our short and long-term targets, and explains how they will be achieved.

OT Group Ltd (OTG) is committed to supporting our clients' ambitions and the UK Government's targets by achieving Carbon Net Zero by 2050.

This plan sets out short and long-term targets on how we will achieve this. To align with the Paris Climate Agreement to limit global warming to a 1.5°C increase on pre-industrial levels, we are setting Science-Based Targets (SBT) of a 67% reduction in Scope 1, 2 and 3 emissions by 2035.

The proceeding years to 2050 will see a further commitment to a 90% reduction, with residual emissions removed through credible offsetting schemes. With an increasing emphasis on sustainable business operations set against increasingly stringent regulations on the horizon, we have developed a Net Zero Strategy and Implementation Plan.

This will ensure the future sustainability of the business, add further value for clients, and help deliver the lasting change our planet and societies need.

Defining Net Zero

Carbon emissions' is the term used to describe the seven main Greenhouse Gases (GHGs) responsible for global warming. It is commonly expressed as CO 2 e (carbon dioxide equivalent), based on the global warming potential over 100 years of GHGs, such as methane and nitrous oxide, in relation to carbon dioxide. Achieving Net Zero means that our total annual GHG emissions would be equal to, or less than, the emissions it can actively remove from the environment. Thus, through a combination of emissions reduction and emissions-removal measures, Net Zero is achieved over a given timeframe.

Setting a Science-Based Target (SBT)

Science-based reduction targets for GHG emissions need to be in line with the latest climate science to meet the goals of the Paris Agreement. The Agreement aims to limit global warming to less than a 2°C increase on preindustrial levels, but there is common agreement that it is better to aim for limiting warming to below 1.5°C.

The Science-based Targets Initiative (SBTi) recently launched the world's first Corporate Net Zero Standard for corporate net zero target setting, in line with climate science to limit warming to below a rise of 1.5°C. The SBTi advises that most companies will require deep decarbonisation of around 90-95% to reach net zero under the Standard.

We are committed to aligning our Net Zero strategy with the SBTi Net Zero Standards. Having submitted our letter of intent in August 2023, OTG will be focussing on the bellowing requirements.

I. Rapid, deep emission cuts: Rapid and deep cuts across Scopes 1 and 2, and all relevant categories of Scope 3, thus covering our entire value chain emissions.

II. Near and long-term targets: Setting near-term and long-term science-based targets, making rapid emissions cuts in the next five to 10 years, and by 2050 producing close to zero emissions and neutralising any residual emissions that are not possible to eliminate by credible offsetting or 'carbon removal' measures.

III. No net zero claims until long-term targets are met: Net Zero will only be claimed once its long term science-based targets are fully delivered by OTG.

IV. Go beyond the value chain: The SBTi recommends that companies go further by making investments outside their science-based targets to help mitigate climate change elsewhere. Therefore, we will follow the mitigation hierachy, commiting to reduce our value chain emissions before investing to mitigate emissions outside those value chains.

ESTABLISHING THE BASELINE

The methodology for calculating our emissions footprint uses the Greenhouse Gas Protocol: Corporate and Accounting Standard (revised 2004, further amended 2013). The organisational boundary is the 'Financial Control' approach, which ensures that the emissions reported comprise all the activities and assets under our direct financial control. The agreed baseline reporting year for establishing the company's greenhouse gas emissions footprint was the financial year 01/07/2021 to 30/06/2022. This enables the alignment of financial and emissions reporting frameworks. The GHG Protocol is the most widely used international accounting tool for Government and business leaders to understand, quantify, and manage Greenhouse Gas emissions.

The different types or 'scopes' of emissions are:

Scope 1 emissions

These are direct GHG emissions from sources that are directly owned or controlled by our business. Scope 1 includes emissions from fossil fuels burned on site, such as natural gas for space heating and catering, emissions from entity-owned or entity-leased vehicles using petrol or diesel fuel, and other direct sources of combustion. Also, this includes fugitive emissions such as refrigerants that may leak from air conditioners and similar equipment at sites

Scope 2 emissions

These are indirect GHG emissions resulting from the off-site generation of electricity, heating, cooling, or steam purchased.

Scope 3 emissions

These are the indirect GHG emissions from sources not owned or directly controlled by our business, but which are related to essential activities, including all goods and services bought by the business, employee commuting, business travel, contracted solid waste disposal and contracted wastewater treatment. In total there are 15 categories of Scope 3 GHG emissions and our baseline emissions inventory has been screened for materiality against each of these categories.

CURRENT GHG EMISSIONS

The results of the energy audit for Scope 1 and 2 emissions, and Scope 3 supplier expenditure-based emissions have been used to generate our baseline emissions footprint for the 2021/22 financial reporting year. Our total GHG emissions for the agreed baseline reporting year totalled 48,842 tonnes of CO2e, of which 1% are Scope 1, 1% are Scope 2, but the majority (98%) are Scope 3 supply chain emissions. These are the indirect GHG emissions from sources not owned or directly controlled by our business, but which are related to essential activities, including all goods and services bought by the business, employee commuting, business travel, contracted solid waste disposal and contracted wastewater treatment. In total there are 15 categories of Scope 3 GHG emissions and our baseline emissions inventory has been screened for materiality against each of these categories.

Our total Carbon Emissions for the financial year 22/23 (from 1st July 2022 to 30th June 2023) have reduced by 34% to 32,461 tCO_a. Scope 1 accounts for 1%, Scope 2 accounts for 2% and Scope 3 accounts for 97%. However overall, our Scope 1 and Scope 2 emissions have increased by 4.25% and 13.9% respectively.

Data Gaps

Category 15 - Investments

Operation of investments (including equity and debt investments and project finance) in the reporting year, not included in scope 1 or scope 2. This category includes investments made by the company in its pension portfolio.



Net Zero Workbook Summary Data

Client	OT Group	Contro	Boundary Op	GHG Current Reporting		ent Reporting Year	2022/23				
GHG Baseline Re	Baseline Reporting Year 2021/22 Base Year Method		dology Fix	blogy Fixed Year - All-Year		Total Units on Sites					
								2022/23	Emissions		
Scope					Boundary	%	Tonnes CO	D ₂ e Total	%		
	Scope 1	Total Emissions		Ir	1	- 330.5			1%		
	Scope 2	Total Emissions		Ir	1		647.5		2%		
	Grid	Electricity		Ir	1	-	647	7.5	2%		
	Steam, H	leat & Cooling		0	ut	-	0		0%		
	Scope 3	Total Emissions		Ir	1	-	31,4	83	97%		
	Scope 3 Emi	issions (Upstream)		Ir	1	-	30,7	751			
Cat 1 - Purchased Goods & Services				Ir	1	-	29,99	95.5	92.4%		
	Cat 2 - 0	Capital Goods		Ir	1	-	0		0%		
	Cat 3 - Fuel & Er	nergy Related Activiti	es	Ir	1	-	56	.6	0.2%		
	Cat 4 - Upstream Tre	ansportation & Distril	oution	Ir	1	-	0		0%		
	Cat 5 - Waste G	enerated in Operatio	ons	Ir	1	-	13	3	0%		
	Cat 6 - E	Business Travel		Ir	1	-	19	9	0.6%		
Cat 7 - Employee Commuting				Ir	1	-	487	7.6	1.5%		
Cat 8 - Upstream Leased Assets ¹				0	ut	-	0		0%		
Scope 3 Emissions (Downstream)				Ir	1	-	740	.8	0%		
Cat 9 - Downstream Transportation & Distribution			0	ut	-	74	1	0%			
Cat 10 - Processing of Sold Products			0	ut	-	0		0%			
Cat 11 - Use of Sold Products			0	ut	-	0		0%			
Cat 12 - End-of-life Treatment of Sold Products			0	ut	-	0		0%			
Cat 13 - Downstream Leased Assets				0	ut	-	- 0				
Cat 14 - Franchises				0	ut	-	0		0%		
Cat 15 - Investments				Ir	1	-	0		0%		
Total Emissions/GHG Baseline Footprint						-	32,4	161	0%		
Emissions KPL (tCO, e / f.M. Turnover)							290	0.0			

▲ Table 1

Foot Notes

¹ As operational boundry set and disaggregating attributable activity data to Leased assets is not yet possible the GHG emissions sit elsewhere with Inventory ² This only includes Forklift Trucks. There are no leased vehicles, only company car allowance or private cars

SBT FOR EMISSIONS REDUCTION

The SBTi's free-to-use tool has been used to generate SBT emissions reduction trajectories for Scopes 1, 2 and 3 for the next 15 years. Trajectories beyond this date are not given because technological and policy changes will occur beyond this timeframe, with implications for target trajectories for 2050.

As a subsidiary of a larger corporate entity, we are unable to make a formal commitment to the SBTi, but we are committed to aligning our Net Zero Strategy with the SBTi Net Zero Standard.

SBT Trajectory for 2050

Scopes 1 & 2, Absolute contraction method for 1.5 degree scenario

1.5 degree scendrio (1.5C)	Base year (2022)	Same as base year	Target year (2035)	% Reduction to date	% FLA Adjustment	% SBT Reduction					
Scope 1 emissions (tCO2e)	317		117		Not Required	63.0%					
Scope 2 emissions (tCO2e)	572		212		Not Required	63.0%					
Scope 1&2 emissions (tCO2e)	889		329		Not Required	63.0%					
scope 3, Absolute contraction method for 1.5 degree scenario											

	Base year (2022)	Base year (2022) Target year (2035)		
Company Scope 3 emissions - WB2C (tCO2e)	47,617.0	29,760.6	37.5%	
Company Scope 3 emissions - 1.5C (tCO2e)	47,617.0	17,618.3	63.0%	

OTG's target emissions reduction for scopes 1 and 2 is calculated to require a 63 % decrease by 2035 for meeting the 1.5 degree scenario using the absolute contraction method. This is also the same reduction target for OTG's scope 3 emissions, but the trajectory is considerably steeper which you can see on the diagrams below.





IMPLEMENTATION

We already have ISO 14001 at our Head Office & Warehouse locations and are currently working towards both our ISO 50001 and ISO 45000 with an active programme of implementation that will see us gain our ISO 45001 by December 2023 and our ISO 50001 energy management certification by the summer of 2024. In addition to these frameworks, OTG is also implementing ISO Greenhouse Gas protocol and ISO Procurement processes, these will be implemented during the later part of 2023 and 2024.

These management systems provide the framework to drive both site and group level improvements to our energy and carbon reporting, efficiency, and emissions. Across our operations, improvement programmes focus on the following areas:

- Production efficiency Lean manufacturing, kit optimisation and upgrades.
- Facilities efficiency HVAC, lighting, and facilities infrastructure.
- Supply chain governance and supply chain consolidation.
- Specific programmes in our Head Office and Warehouse facilities in the reporting period include:
 - Lighting upgrades to LED technology.
 - Air conditioning monitoring and upgrades to production, offices, and server rooms.
 - Investigation into photovoltaic panels.
 - Improvements in our waste management programme.

FROM ISO CERTIFICATION TO CARBON NET ZERO

We recognised that to develop a credible Carbon Net Zero Plan, we would need some expertise. In May 2022, we engaged external consultants JRP Solutions to help define our Carbon Net Zero strategy. This vital project determined how Net Zero could be achieved through governance enhancements, resource efficiency measures and behavioural shifts, both within the business and through working closely with its supply chain.

The scope of work comprised:



A desk-based corporate governance review, including the current 14001 EMS framework



Determining a sciencebased target (SBT) and trajectory



Establishing a greenhouse gas (GHG) emissions baseline and inventory



Developing an outline Net Zero Strategy, including environmental aspects and impacts



Undertaking a site energy and environmental audit at our Head Office & Warehouse facility



Establishing a forward-looking Net Zero Action Plan



Advising on an effective data collection and reporting process

SCOPE 1 & 2 OPPORTUNITIES

Site energy and environmental surveys were undertaken as part of the JRP consultancy project at our Head Office & Warehouse Facility. This identified opportunities that would reduce our Scope 1 & 2 carbon emissions by approximately 192.4 tCO/yr. The opportunities are summarised below.

Rec No	Site	Reccomendation	Energy kWH Saving	M ³ Savings (Water & Effluent)	Energy & Water Only Savings (£/yr)	Total Saving (£/yr)	Expected Simple Payback	tCO ₂ e/yr Saved	CO ₂ Savings @ £25/t	Payback with CO ₂ Savings
Opportunity 1.1	Ashton Under Lyne	Energy Management and Awareness (ISO50001)	233,208	0	£41,943	£29,943	1.0	44.2	£1,105	1.0
Opportunity 1.2	Ashton Under Lyne	Metering and monitoring	93,283	0	£16,777	£13,527	1.4	17.7	£442	1.3
Opportunity 1.3	Ashton Under Lyne	Compressed air pressure reduction	126,315	0	£30,316	£29,816	0.5	24.4	£611	0.5
Opportunity 1.4	Ashton Under Lyne	Warehouse lighting	517,977	0	£124,315	£153,617	1.2	100.2	£2,504	1.2
Opportunity 1.5	Ashton Under Lyne	Office lighting	26509.056	0	£6,362	£7,862	1.8	5.1	£128	1.8
Opportunity 1.6	Ashton Under Lyne	Heating control for offices	4300	0	£1,032	£1,032	Immediate	0.8	£21	0.0
			1,001,593	0	£220,744	£235,796	1.1	1.1	£4,811	1.1

Beyond 2035

We have intentionally avoided making reduction plans beyond 2035 as technological and policy changes will occur beyond this timeframe, with implications for target trajectories for 2050. During 2033 – 2035 we will review the technological and regulatory landscape to scope our trajectory and reduction programmes to achieve Net Zero by 2050

Declaration and Sign Off Our Carbon Net Zero Plan has been reviewed and signed off by the Board of Directors.

Signed

Andrew Jones Chief Executive Officer, OT Group 1st October 2023



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