

CARBON REDUCTION PLAN



Supplier: GVS Filter Technology UK Ltd

Publication date: 2nd February 2024

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

1. COMMITMENT TO ACHIEVING NET ZERO

GVS Filter Technology UK Ltd (henceforth referred to as GVS UK) is committed to achieving a 90% reduction in scope 1, 2 and 3 emissions by 2050 from a base year ending 31st December 2022 (FY22).

Residual emissions (10%) will then be removed via high quality third party verified carbon removal programmes.

1.1 Background

The business has robust governance controls and processes in place covering structure and oversight, code of conduct, reporting and the integrity and security of systems. The Board of Directors have the primary responsibility for promoting the short- and long-term success of the company and set the standard of conduct for the company. The Board also approves the necessary procedures, ESG policies and investments and is responsible for defining the company's ESG strategy.

GVS UK is aware of its social, environmental, and economic impact and pays special attention to these themes, going beyond compliance with current regulations. GVS UK is at the forefront, both technologically and production-wise, in the manufacture of its products, respecting the environment surrounding its production sites and sales offices. GVS UK is committed to protecting natural resources and aims to reduce the environmental risks and impacts of its production activities by promoting efficient use of resources and limiting waste as much as possible.

Sustainability has always been fundamental for the growth of the GVS UK and determines its strategic direction both in terms of product development and people. As GVS UK is mainly active in the processing of plastics which uses electricity a process of gradually converting electricity supplies from non-renewable sources to renewable sources has started along with aims to reduce the energy consumed, through various structural and managerial interventions.

2. 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.

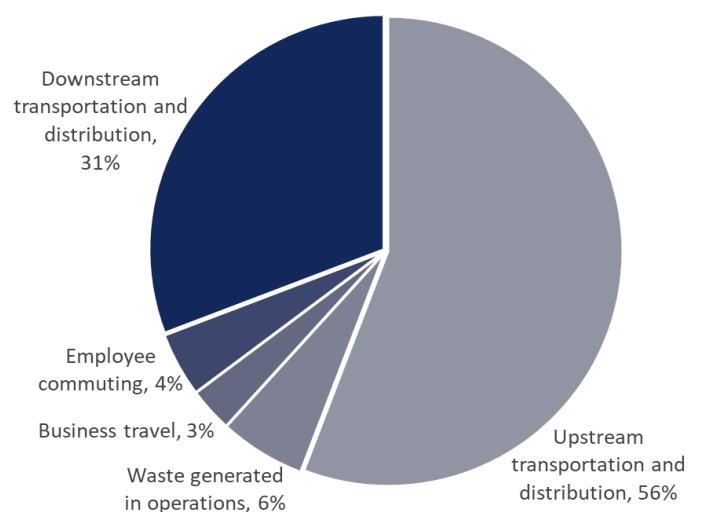
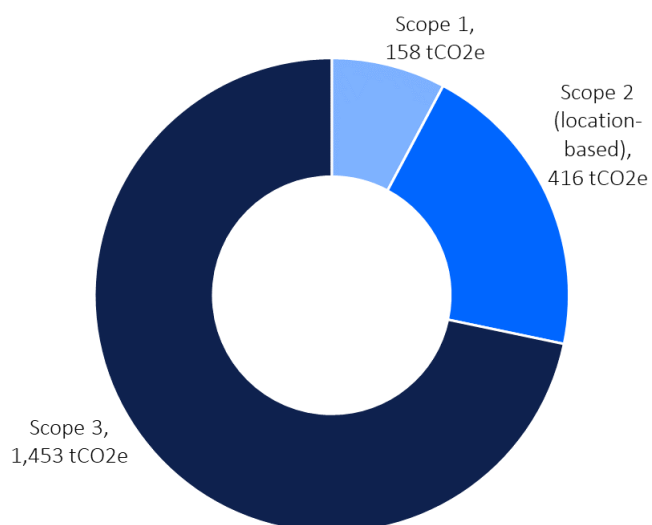
GVS UK aligns carbon reporting to its financial year (1st January through to 31st December). Scope 1 and 2 emissions have been reported at a group level in annual statements for a number of years. Without the historical data collection of the 5 scope 3 categories, it is our intention to use the calendar year 2022 as the baseline and 1st reporting year for the purposes of this report. GVS UK also intend to expand the measurement of scope 3 emissions to cover all categories for inclusion in future reporting.

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Baseline year and current emissions (2022):

Emissions scope	2022 tCO ₂ e	Calculation method
Scope 1		
Stationary fuels	116	Fuel data x DEFRA emission factor
Fuelcards	39	Fuel data x DEFRA emission factor
Fugitive emissions	3	Activity data x DEFRA emission factor
Scope 2		
Location-based electricity	416	Fuel data x DEFRA emission factor
Scope 3		
Upstream transportation and distribution	812	Spend data x DEFRA emission factor
Waste generated from operations	86	Activity data x DEFRA emission factor
Business travel	44	Distance & spend data x DEFRA emission factor
Employee commuting	64	Staff survey
Downstream transportation and distribution	447	Spend data x DEFRA emission factor
Total emissions	2,027	



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The above left graphic provides a breakdown of GVS UK's Scope 1, 2 and subset of scope 3 emissions for 2022. What is instantly clear is that, by far, the largest contributor towards our emissions comes from Scope 3, contributing 72% to total carbon emissions.

The above right graphic shows a breakdown of the scope 3 emissions by the 5 categories measured and both the upstream and downstream emissions from transportation and distribution are the largest contributors, representing 56% and 31% of scope 3 emissions respectively.

3. EMISSION REDUCTION TARGETS

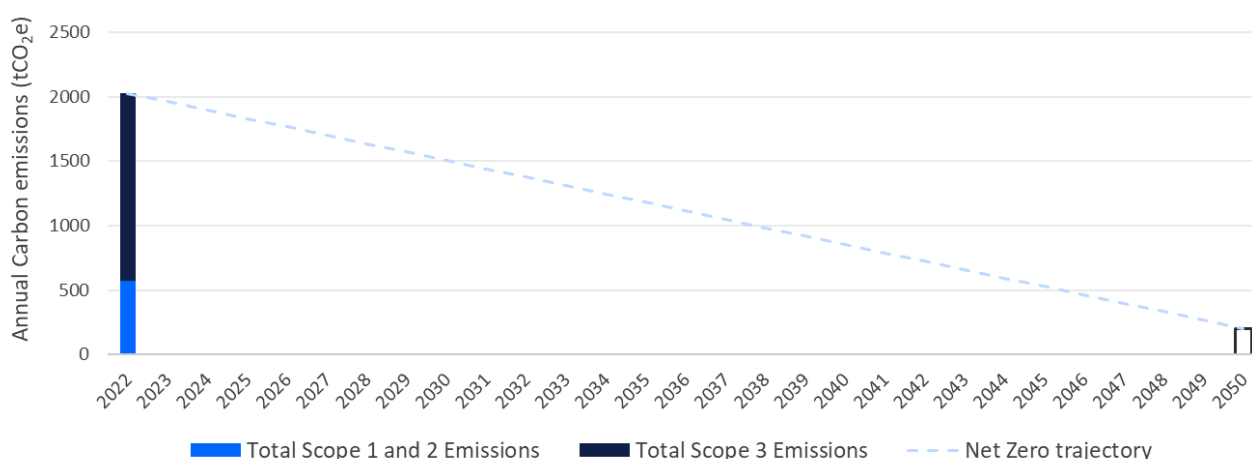
Respect for the environment represents a crucial aspect of GVS UK's way of conducting business and has always been at the core of GVS UK's work. GVS UK has committed to becoming net zero carbon in our business operations by 2050 and, to capture and continuously improve the data quality of our value chain emissions. Below sets out our approach so far to achieve this, and what we propose to do during 2023 to continue working towards this.

The interventions that GVS UK is advised to pursue in order to achieve net zero are summarised below:

- **Absolute target:** A 90% reduction in total scope 1, 2 and 3 emissions by 2050 to achieve net zero.
- **Scope 3:** Extend scope 3 emissions measurement and reporting to all material categories to take account of all value chain impacts. This will form the basis of targeted measures to reduce scope 3 emissions.

Key measures to achieve the above target include reducing business mileage, supporting the uptake of staff owned EV's, installing on-site solar photovoltaics (PV), 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:



4. CARBON REDUCTION PROJECTS

A range of initiatives will be required to address the breadth and complexity of carbon reduction across GVS UK'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. Current initiatives will all still be in effect when performing the contract.

4.1 Current initiatives

The following measures have been implemented:

- The introduction of a new company car scheme for staff is facilitating the transition to electric or plug-in hybrid vehicles. Currently there are 5 EV/PHEV cars in use on the scheme.
- The installation of electric chargers to support workplace charging, currently there 4 units in use
- Provision of external bike storage facilities to support staff commuting
- Energy efficiency improvements in facility such as fitting sensor lighting in offices and led light replacement (ongoing)
- Continue to be very active in raising awareness among its employees to reduce the environmental impact of emissions. Many awareness-raising activities are promoted within the company on topics such as energy saving, renewable energy sources, conscious use of natural resources and lifestyle changes, to promote sustainable behaviour such as, for example, switching off devices not in use and minimising the use of printed paper by using digital methods.
- GVS UK continues to recycle any waste materials where possible with additional recycling facilities being provided in the past year
- GVS UK has been working to develop its circular economy principles by working towards eliminating single-use plastic from offices, realised through the "Keep our office plastic free" initiative. This includes removing plastic cups and water bottles to reusable options

GVS UK operates out of one facility in Morecambe in the UK, this facility will be closed and operations moved to a new facility in Lancaster at the end of 2024. Sustainability criteria were considered as part of this relocation such as connectedness and supporting facilities, however some carbon reduction measures have not been previously conducted at the current facility due to this planned closure.

4.2 Future plans

The following data management and carbon reduction measures are being looked into:

Operations

Opportunities to minimise energy and resources in our manufacturing facility are continually being assessed. Due to the move to a new location at in 2024/2025 a number of site-based measures are being deferred until this time. Those include:

- 40kWp of new rooftop solar photovoltaics to be installed to generate on-site renewable energy
- The natural gas supply will be removed to eliminate fossil fuel use in space heating
- Provision of secure internal bike storage, showers and washing facilities to encourage active transport

- Computers will have an automatic switch off system to save energy when not in operation
- GVS UK will reuse thermal energy generated from industrial activities for space heating purposes. The installation of energy recovery units will harvest waste heat from equipment (such as moulding machines) and use for heating in on-site offices
- Transition energy procurement in offices to 100% renewable energy backed with Renewable Energy Guarantee of Origin (REGO) certificates.
- The installation of EV chargers will support the transition to EV company cars for sales team and additionally workplace charging for employees commuting and using private cars for business travel purposes.
- Moving 100% of new company cars to electric/hybrid by 2025.
- Designing biodiversity features into the new site such as living walls and wellbeing gardens to improve employee wellbeing and contribute to increasing nature which is intrinsically linked to climate change.
- Encouraging our people to select the most sustainable option for business travel through revised policies.

In addition, this new facility is better connected via road networks and active transport routes. The site is located closer to a motorway junction and can be accessed via a riverside cycle path which will facilitate reductions in both road freight and employee commuting due to increased accessibility.

Currently there is significant intercompany freight movements due to the export of UK manufactured products to other European facilities, such as Romania, to package products before transporting these back to the UK. The introduction of new packing facilities in the UK is being investigated to consolidate these operations and eliminate this emission source.

Suppliers

GVS UK bases its relationship with suppliers on close cooperation and observance of the principles of loyalty, integrity, confidentiality, transparency and professionalism.

- GVS UK is oriented towards including specific environmental and social criteria in the evaluation of suppliers, with the future objective being to disseminate a “green purchasing” policy and establish multi-channel communication to help suppliers improve the quality of their products and services from a sustainability standpoint.
- Engagement with supply chain to aid data maturity and collaborate to collect actual supplier carbon emissions data. Discuss their carbon reduction initiatives
- Consider and transition to suppliers with low carbon credentials, if necessary.
- Develop a sustainable procurement policy in line with ISO 20400 to guide supplier expectations and GVS UK’s planned journey

Scope 3

Scope 3 emissions reporting is complex, especially where data may sit with third-parties. GVS UK’s two priorities for scope 3 are to expand reporting to all material categories and to incrementally improve data quality. Limited scope 3 emissions have been included in this report, as required by PPN 06/21.

Due to the nature of GVS UK’s business it is anticipated that the below categories will be key carbon hotspots and should be focused on for data collection:

- Purchased goods and services
- Capital goods

- End of life treatment of sold products

Increase data quality provides the benefit of greater insights into emission sources and allows GVS UK to create data-driven and targeted initiatives. Currently spend data has been used for logistics emissions. A move from a spend-based to an activity-based method for calculating emissions from upstream and downstream transportation and distribution is a significant opportunity to improve accuracy of reporting. This is especially true given these are two of GVS UK's largest emission sources. Engagement with the supply chain will be fundamental to ensure the collection of consistent data.

Following the expansion of our scope 3 inventory to all material emission sources, we will develop a net zero roadmap alongside improving data quality. This exercise will enable us to review our current net zero commitment and review other initiatives which we could commit to bolster and verify our commitment such as Business Ambition for 1.5°C and Science-Based Targets.

4.3 Governance

We recognise climate change is a global urgency. GVS UK is committed to embedding our net zero commitments throughout the business and communicating our progress to stakeholders. This has been supported through governance practices such as:

- Complying with the EU Directive and Global Reporting Initiative Sustainability Reporting Standards on Non-Financial Statements and disclose within this environmentally material information at the group level.
- Continue to hold environmental certification schemes such as ISO 14001:2015 environmental management system and ISO 50001:2018 energy standard.
- Awarded Ecovadis Gold for our group, placing us in the top 5% for sustainability for organisations.
- Committed to the corporate responsibility initiative of the United Nations Global Compact and have highlighted climate action (13), responsible consumption and production (12) and industry, innovation and infrastructure (9) as 3 out of the 5 of our key focus areas.
- Embedding Net Zero into job descriptions and performance reviews and linking Net Zero targets to remuneration.

5. DECLARATION

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

6. COMMITMENT TO ACHIEVING NET ZERO AND SIGN OFF

GVS Filter Technology UK Ltd is committed to achieving a 90% reduction in scope 1, 2 and 3 emissions by 2050 from a base year ending 31st December 2022 (FY22).

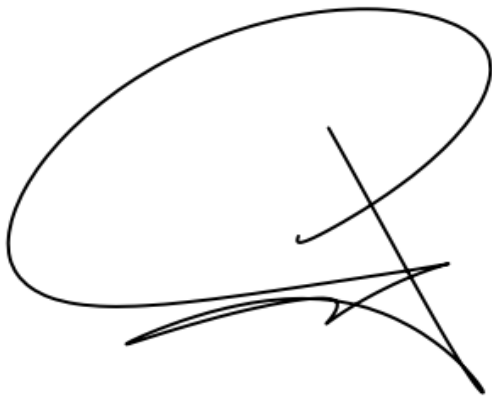
GVS Filter Technology UK further commit to removing the residual emissions (202 tCO₂e) through high quality third party verified carbon removal programmes by 2050 to achieve net zero emissions.

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 GVS Filter Technology UK Ltd (company number: 02647901):



Name	Miguel Angel Aranda Balaguer
Position	Managing Director
Date	2 February 2024