



## **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 entity 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 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.

# Carbon Reduction Plan (FY25)

Supplier name: Neos Networks Ltd

Publication date: June 2024

## Commitment to achieving Net Zero

Neos Networks Ltd is committed to achieving Net Zero emissions by **2030**, for Scope 1 & 2, and by 2050 for Scopes 1, 2 & 3.

## 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.

## Emissions Reporting – Baseline period

Reporting Year: 2021 <sup>1</sup>		
EMISSIONS	TOTAL (tCO <sub>2</sub> e)	BREAKDOWN
Scope 1	304.82	Fleets vehicles fuel: Petrol = 1.65, Diesel = 300.76, Fuel Oil: = 2.41
Scope 2	327.10	Non-renewable electricity at Neos Networks owned sites (renewable energy (i.e. location-based) = a further 502.24)
Scope 3 (Included Sources)	1,991.87	Business travel = 54.88 (incl. EV distance travelled of 11,294 kms/7,017.6 miles (1.1 tCO <sub>2</sub> e)) Employee Commuting = 0 (no mandatory office travel) Upstream/Downstream transportation and distribution = 0 (no reliable data) <sup>2</sup> Waste generated in operations = 10.17 Water = 0.29 Leased Offices and Sites = 1,779.07 1281.13 (location-based Renewable Energy), 474.26 (Non-Renewable Energy), 23.68 (Gas) T&D Losses = 73.4 Well-to-Tank (WTT) = 74.07
Total Emissions	2,623.79	Of which 3,126.04 (full emissions) less renewable energy 502.24 (Scope 2 Location-based)

<sup>1</sup> 2021 Calendar year, reported in line with GHG Protocol and using UK Gov conversions

<sup>2</sup> Creating relationships with suppliers to accommodate

## Interim Emissions Reporting

Reporting Year: 2022 <sup>3</sup>		
EMISSIONS	TOTAL (tCO <sub>2</sub> e)	BREAKDOWN
<b>Scope 1</b>	<b>276.83</b>	Back Generators= 17.1 Fleets vehicles fuel: Petrol= 1.53 Diesel= 256.34, Oil Fuel= 1.86
<b>Scope 2 (Market based)</b>	<b>0</b>	Non-renewable electricity at Neos Networks owned sites = 0 (renewable energy (i.e. location-based) = 716.29)
<b>Scope 3 (Included Sources)</b>	<b>2,232.99</b>	Business travel = 164.78 (incl. EV distance travelled of 19,901.76 kms/12,366.38 miles (1.02 tCO <sub>2</sub> e)) Employee Commuting = 127.56 (estimated) Upstream/Downstream transportation and distribution = 0 (no reliable data) <sup>4</sup> Waste generated in operations = 2.56 Water = 0.12 Leased Offices and Sites = 1,806.47 1346.83 (Renewable Energy i.e. market-based), 431.93 (Non-Renewable Energy), 27.70 (Gas) T&D Losses = 65.52 Well-to-Tank (WTT) = 65.98
<b>Total Emissions</b>	<b>2,509.82</b>	Of which 3,226.11 (full emissions) less renewable energy 716.29 (Scope 2 Location-based)

<sup>3</sup> 2022 Calendar year, reported in line with GHG Protocol and using UK Gov conversions

<sup>4</sup> Creating relationships with suppliers to accommodate

## Current Emissions Reporting

Reporting Year: 2023 <sup>5</sup>		
EMISSIONS	TOTAL (tCO <sub>2</sub> e)	BREAKDOWN
<b>Scope 1</b>	<b>217.7</b>	Back Generators= 1.35 Fleets vehicles fuel: Petrol= 1.48 Diesel= 213.79, Oil Fuel= 1.11
<b>Scope 2 (Market-based)</b>	<b>0</b>	Non-renewable electricity at Neos Networks owned sites = 0 (renewable energy (ie. location-based) = 766.63 tCO <sub>2</sub> e)
<b>Scope 3 (Included Sources)</b>	<b>2559.64</b>	Business travel = 197.97 (incl. EV distance travelled of 45,791.52 kms/28,453.53 miles (2.35tCO <sub>2</sub> e)) Employee Commuting = 127.56 (estimated) Upstream/Downstream transportation and distribution = 0 (no reliable data) <sup>6</sup> Waste generated in operations = 1.30 Water = 0.21 Leased Offices and Sites = 2,114.32 1486.77 (Renewable Energy i.e. location-based); 605.28 (Non-Renewable Energy); 22.25 (Gas) T&D Losses = 66.32 Well-to-Tank (WTT) = 51.96
<b>Total Emissions</b>	<b>2,777.37</b>	Of which 3,544.00 (full emissions) less renewable energy 766.63 (Scope 2 Location-based)

<sup>5</sup> 2023 Calendar year, reported in line with GHG Protocol and using UK Gov conversions

<sup>6</sup> Creating relationships with suppliers to accommodate

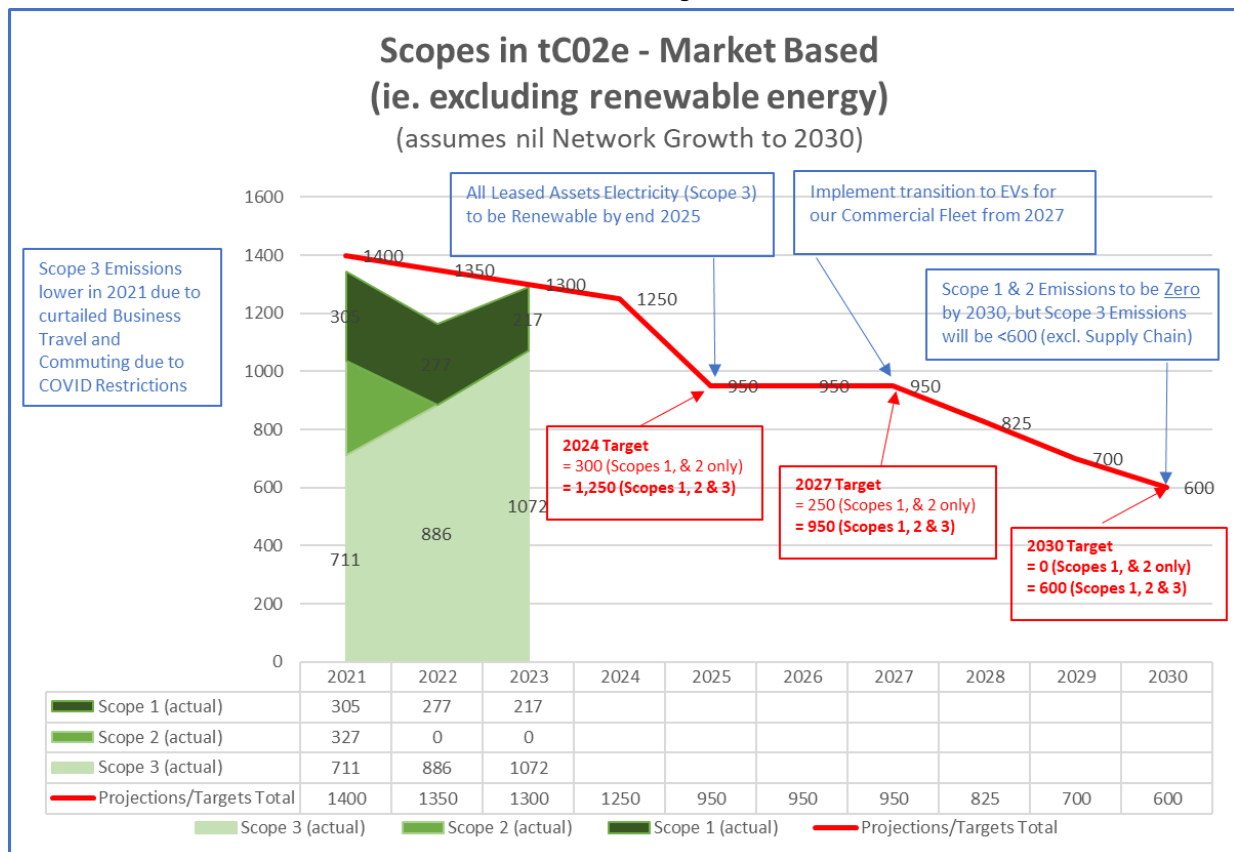
## Emissions reduction targets

Neos Networks aims to meet Net Zero by **2030**, across Scope 1 and Scope 2 Emissions, and to continue our progress to achieving Net Zero, we have adopted the following carbon reduction targets.

We had projected that our Scope 1 and 2 carbon emissions would decrease over the period 2021 to 2024 to **<250 tonnes of CO<sub>2</sub> emissions**, by **2024**, but had achieved this by end 2022. This is a reduction of **>60%** from our baseline 2021 year-end tCO<sub>2</sub>e (Scope 1 and 2) emissions of **632 tCO<sub>2</sub>e**.

Progress against these targets can be seen in the graph below:

### Carbon Reduction: Projected vs Actual



Note: Figures shown are for non-renewable emissions (market-based). Renewable (Scope 2 or 3) not shown.

## Net Zero by 2050 across Scopes 1, 2 and 3

Neos Networks is continuing to work to establish an accurate Baseline for its Scope 3 Emissions, recognising that we do not yet have any reliable data from our Supply Chain for Upstream/Downstream transportation and distribution Emissions (as our Supply Chain does not yet have reliable data, a number not even having begun to measure and report their emissions).

As societal-trends support the reduction of carbon emissions associated with Aviation, Rail and Ferry use, Business Travel emissions (Scope 3) will be able to be reduced, similarly for Commuting-related emissions (Scope 3).

Neos Networks is working closely with operators of our Leased Offices and Sites (Scope 3), and most have already demonstrated Renewable Energy Guarantee of Origin certificates for energy consumed at these locations, accordingly our “Market-based” Scope 3 emissions are significantly downward trending, though SBTi aligned GHG Reporting requires Scope 3 Leased Offices and Sites to be reported with “Location-based” figures.

## Carbon Reduction Projects

### Completed Carbon Reduction Initiatives

The data we're reporting here includes the benefits of securing Renewable Energy Certificates of Origin (hereon known as REGO certificates).

An important update to our Carbon Reduction Plan for FY25 is that our new baseline year is **2021** after a data review exercise was completed in early 2023, to align with a re-baselining across one of our Shareholder's Asset Portfolio to 2021. From 2021 to 2022, we've observed a reduction of 355 tCO<sub>2</sub> emissions (>55%) primarily due to the securing of REGOs during 2022, as we consume more green energy across Neos Networks' owned sites in the network (our Scope 2 emissions). This decrease is observed despite the reduced impacts of the Covid-19 pandemic, which have resulted in an increase of other activities during 2022 and 2023 relating to business operations, and therefore a natural increase in carbon emissions. This is due to a rise in office attendance (including commuting, business travel and utility usage) plus general network expansion.

In 2022 all of our Scope 2 consumption was from REGO certified sources, reducing our Scope 2 (market-based) emissions to zero.

The following environmental management measures and projects have been completed, or implemented, since before our baseline year, in preparation for achieving Net-Zero:

Neos Networks has secured ISO 14001 Environmental Management System Certification, the complete renewal of our IT Equipment to the highest Energy Efficient rating available at the time, and the implementation of our Obsolescence Programme (renewal of aged network IT components with more energy efficient equipment), which will run to 2025. Working with our Landlord at our main Offices, the adoption of LED/PIR lighting controls has been completed, installation of EV charging points in the carparks has begun, and the increased adoption of EVs through the Company Car Scheme (although Neos Networks has implemented EV Company Car options since 2019, though data is only available July 2021 to inform Scope 3 Business Travel reporting.<sup>7</sup>). Neos Networks build-out has introduced alternative solutions to network construction, which reduces carbon emissions associated with network expansion, through the adoption of Physical Infrastructure Access (PIA). Neos Networks has implemented employee education and training and continues to explore employee incentives within the 'Ways of Working' HR procedures e.g., cycle to work and increased flexible home working. We have also secured REGOs for our electricity consumption at our owned Sites (i.e. Scope 2) and are working with our Supply chain for them to demonstrate REGOs against electricity consumption at Sites that we Lease (i.e. Scope 3) – though we note that SBTi aligned GHG Reporting means that Scope 3 is required to be against Location-Based, not Market-Based, data, so even if all of our Leased Sites were consuming REGO-certified Renewable Energy, we would be unable to show a reduction towards 0tCO<sub>2</sub>e. Energy consumption across our network is reported between Scope 2 and Scope 3, dependent on the nature of the source (direct procurement from an energy supplier at a Site we own (Scope 2) or indirectly through a service provider at a site we Lease (Scope 3)) hence including' Leased Offices and Sites' data in our Scope 3 reporting. Moreover, we have implemented an ESG Framework (Environment, Social and Corporate Governance) to underpin Neos Networks' activities, culture and work ethos, and inaugurated an Annual Sustainability Report (first Report covering FY23).

In the future we hope to implement further measures such as:

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<sup>7</sup> EV distance-based approach data for company cars only available from July 2021 due to change in ERP software

- Decrease energy consumption at our owned Sites through the installation of energy efficient kit, such as modern air conditioning units and LED lighting.
- Implementation of a Salary Sacrifice Car Scheme, available to all staff, from FY25, offering EV options only.
- Currently Neos Networks' Commercial Vehicle fleet is diesel-based. Neos Networks intends to Decarbonise its Commercial vehicle fleet by 2030, replacing vans and 4x4s with EV equivalents from FY27, though it is noted that, currently, there are no commercially viable 4x4 EVs that would safely support our rural and highland operational obligations, nor an adequate charging infrastructure for them or our vans to support 24/7 call-out requirements to maintain Critical National Infrastructure.
- Provision of more EV charge points at Sites and Offices, as appropriate. Implementation of Operational EVs, for Scope 1 reporting, is forecast to be from during FY27.
- Neos Networks aims to work more closely with our Supply Chain to reduce waste and focus on Scope 3 indirect emissions e.g., goods and services within our network. Gathering further Scope 3 data is another priority to support reporting requirements and gain deeper understanding around our environmental impact, subject to availability of relevant information from our Supply Chain.
- Neos Networks' design policy will include impact assessments and aim to prioritise the use of alternative construction techniques in the network expansion programmes to lower carbon emissions in a developing network. Neos Networks will continue to engage with staff, contractors, and stakeholders to expand the plan and the range of actions that help us to meet our target.
- Neos Networks is investigating Carbon Offsetting solutions, though to align with SBTi GHG Reporting would limit that to <5% of our Scope 1 & 2 Emissions, as baselined in 2021 (ie. <17 tCO<sub>2</sub>e).



## 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>8</sup> and uses the appropriate Government emission conversion factors for greenhouse gas company reporting<sup>9</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>10</sup>.

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

### Signed on behalf of the Supplier:



Lee Myall, CEO, Neos Networks

**Date:** ...18 of June 2024.....

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<sup>8</sup> <https://ghgprotocol.org/corporate-standard>

<sup>9</sup> <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

<sup>10</sup> <https://ghgprotocol.org/standards/scope-3-standard>