

Carbon Reduction Plan

Year Ended 30 June 2022

About Arco

Arco is the UK's leading safety products and services company that exists to keep people safe at work. We distribute a world-class range of over 170,000 quality assured, branded and own brand products, including personal protective equipment (PPE), workwear, footwear, gloves, workplace safety and hygiene products. Arco Professional Safety Services provide consultancy, training, services and equipment to manage the most complex and high-risk, high hazard scenarios.

Founded in 1884 and with a heritage spanning five generations, Arco demonstrates traditional family values and are dedicated to help keep communities safe, inspire young people to achieve their full potential and to enhance local life, making the communities we serve better places in which to live, work and invest.

Commitment to achieving net zero

Arco recognises the challenge for all businesses to reduce their carbon emissions and has committed to achieving net zero emissions by 2045.

We have been monitoring and reporting our energy management since 2005, taking action to improve energy efficiency every year across the estate and operations as part of our drive for continual improvement in both energy performance and in the delivery of our ISO 14001 Environmental Management System (EMS). Certification to ISO 14001 was first awarded in 2005 by the British Standards Institution (BSI) and has been held continuously since this date.

We understand that our journey will involve both reducing emissions within our own operations as well as making reductions in our extensive supply chain.

In relation to our own operations, over the next three years we are undertaking specific projects to help reduce emissions as part of our transition towards carbon net zero, at the same time as offsetting our carbon emissions through accredited schemes. These projects include lower energy lighting replacement, increasing the percentage of zero and ultra-low emission vehicles in our fleet, and exploring energy reduction technologies across our property estate. Over the longer term, by 2030 we aim to have reduced net carbon emissions from our own operations by 50% and to ensure that our vehicle fleet is 100% electric.

We are engaging with our supply chain to reduce our Scope 3 emissions. We understand that some of our larger-vendors are already on a journey but that we will need to engage others in our value chain towards this aim in order to achieve our aims.

Responsible for product design and distribution, our 'net-zero' objective challenges us to reduce the carbon footprint of each products and to ensure that the natural resources and carbon that have gone into producing these are not preserved – even when they reach the end of their life. Re-designing our products for 'circularity', ensuring these are durable and providing innovative recycling solutions for our customers is part of Arco's solution today.

Baseline emissions footprint

| | |
|-----------------------|---|
| Baseline year: | 1st July 2018 – 30th June 2019 Scope 1 and 2 only |
| | 1st July 2020 – 30th June 2021 Scope 3 |

Additional Details relating to the baseline emissions calculations

Arco has been measuring its Scope 1 and 2 carbon emissions since the financial year ending 2019, which forms the baseline for Scope 1 and 2 in respect of the Public Procurement Notice (PPN) 6/21. This is now the foundation of its annual Streamlined Energy and Carbon Report (SECR) and decarbonisation ambitions. The baseline emissions for Scope 3 were estimated for the first time in 2022, covering the previous financial year.

Our baseline emissions were estimated using carbon conversion factors published by the UK Government and we have set an operational control boundary for our carbon footprint activities. All sites and activities take place in the UK. Our Scope 1 and 2 carbon emissions are reported largely from primary data sources. The data used in the estimations for the Scope 3 baseline was as accurate as the sources allowed at the time and followed the GHG Protocol Standard for approved calculation methodologies. We are undertaking a continual process of improving the quality of our internal data, which may result in a recalculation of the baseline in the future.

Due to the nature of our business activities, it was determined that Scope 3, Category 9, “downstream transportation and distribution” was not applicable at this time, and we have chosen to not include ‘customer travel to stores’, as per the GHG Protocol allowance. Distribution of online orders is captured in Category 4.

Baseline year emissions:

| EMISSIONS | TOTAL tonnes of carbon dioxide equivalent (tCO ₂ e) |
|--|--|
| Scope 1 | 2,481 tCO ₂ e |
| Scope 2 | 1,629 tCO ₂ e |
| Scope 3 (included sources) | 18,200 tCO ₂ e |
| Category 4 - Upstream transport and distribution | |
| Category 5 – Waste generated from operations | |
| Category 6 - Business travel | |
| Category 7 - Employee commuting | |
| Total emissions | 22,310 tCO₂e |

Current emissions reporting

| Reporting year: | | 1st July 2021 – 30th June 2022 |
|--|--|--|
| EMISSIONS | | TOTAL tonnes of carbon dioxide equivalent (tCO ₂ e) |
| Scope 1 | | 2,074 tCO ₂ e |
| Scope 2 | | 1,029 tCO ₂ e |
| Scope 3 (included sources) | | 11,727 tCO ₂ e |
| Category 4 - Upstream transport and distribution | | |
| Category 5 – Waste generated from operations | | |
| Category 6 - Business travel | | |
| Category 7 - Employee commuting | | |
| Total emissions | | 14,830 tCO ₂ e |

Emissions reduction targets

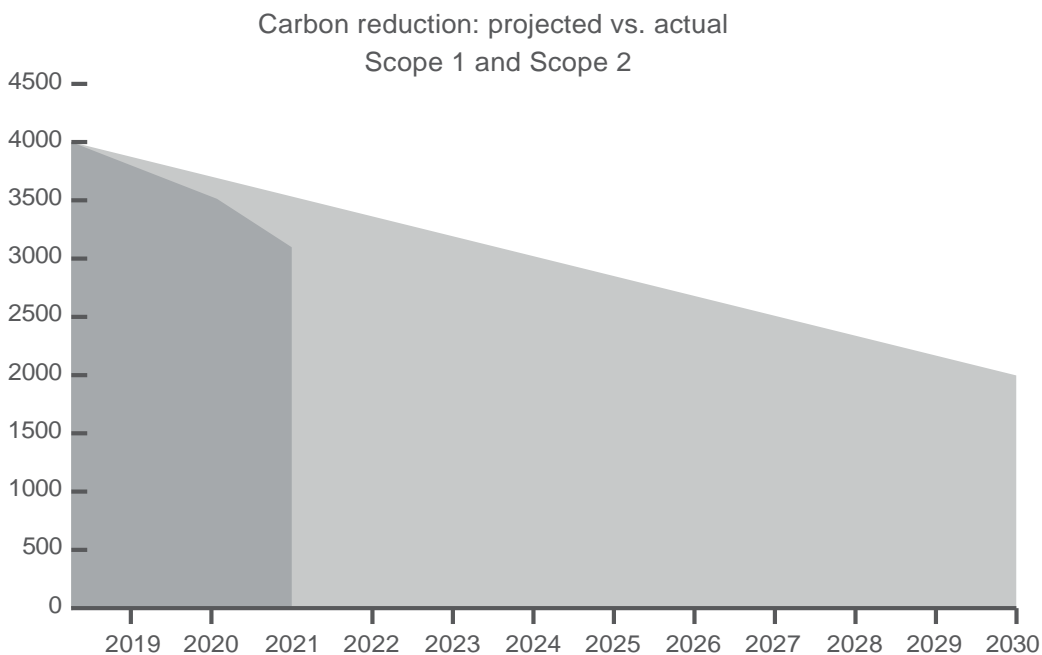
In order to continue our progress to achieving net zero, we have adopted the following carbon reduction targets:

- net zero emissions by 2045 (all Scopes), against our baselines.
- 50% absolute reduction in Scope 1 and 2 carbon emissions by 2030, against our 2019 full financial year baseline.

We project that carbon emissions for Scope 1 and 2 will decrease over the next five years to 2615 tCO₂e by 2028. This is a reduction of 36% from our baseline of 2018 – 2019.

Our long-term target is to achieve a net zero position by 2045 and to achieve this reducing our Scope 3 emissions will be the most significant challenge. To address this challenge, we have a short-term focus on collecting more accurate data from our suppliers on their emissions to allow us to agree action plans with them and to allow us to make more informed sourcing decisions. Our supplier engagement in relation to Scope 3 emissions will also allow us to identify and commit to intermediate targets.

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



Carbon reduction projects

Completed carbon reduction initiatives

The following environmental management measures and projects have been completed or implemented since the 2019 baseline. The carbon emission reduction achieved by these schemes equates to 1,007 tCO₂e, a 25% reduction against the Scope 1 and 2 (2019) baseline and 15.5% reduction on a rolling three-year average performance. These measures will be in effect when fulfilling the contract.

Certification to ISO 14001

Certification to ISO 14001 was first awarded to Arco in 2005 by the BSI, and has been held continuously since this date. Arco Limited takes action each year to improve its energy efficiency and reduce its environmental impacts. This drives our cycle of continual environmental improvement across the business, which will be maintained throughout the length of our contracts.

Improved energy efficiency across the Arco estate

New and refurbished Arco buildings are designed with energy efficiency at the forefront, including high efficiency lighting, renewable energy sources, smart meters and smart controls. In addition, our new Head Office is rated as BREEAM “Very Good” status and has improved energy efficiency against the previous Head Office, incorporating energy efficient glazing, chill beam cooling system, and intelligent lighting systems.

Implemented move to ultra-low emission vehicles

The Company has also initiated a full review of its company car fleet and as a result has taken the opportunity to improve accessibility to electric and plug-in hybrid vehicles for its colleagues within the company car scheme, encouraging lower carbon travel. We are now exploring the provision of electric vehicle charging infrastructure across the Arco estate.

Scope 3

With regards to our reduction in Scope 3 emissions, over 90% of our solid waste streams are now diverted from landfill disposal, reducing our carbon impact associated with the landfill of waste. Whilst business travel has increased following the full lifting of pandemic restrictions, many office-based employees have taken advantage of our ‘hybrid’ working approach, enabling staff to reduce the carbon impact of their daily commute. Part of our reduction in Scope 3 emissions is also attributed to the updating of economy-wide carbon data. Therefore, where Environmentally-Extended Input Output (EEIO) modelled conversion factors have been updated, our carbon emissions have reduced *without* targeted activity within our business. In this reporting year the impact of this is likely to be greater than will be noted in subsequent years.

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 the Supplier:



Neil Dodds
Company Secretary
Arco Limited

Date: December 2022